

INVESTMENT FORECAST

Office
Salt Lake City Metro Area

IPA
INSTITUTIONAL
PROPERTY
ADVISORS

2025

Investment Strengthens as High Growth Neighborhoods Absorb Limited Supply

Availability stays historically tight, aided by demographics. Salt Lake City's population of 20- to 34-year-olds is growing at one of the fastest rates nationally, reinforcing consumer spending and retail space demand. Job growth and rising household incomes further support leasing momentum, while retail construction remains subdued. Just 670,000 square feet is slated for completion this year, roughly half the historical average. Regardless, vacancy will edge up to 3.5 percent in 2025, though this is only 30 basis points from its all-time low. Over half of the metro's retail stock lies in submarkets with sub-3 percent vacancy, with the South Valley — plus Davis, Weber and Utah counties — poised to capture much of 2025's net absorption. Meanwhile, the CBD should hold near 4.6 percent vacancy this year, supported by steady foot traffic from high residential density, as well as from major employers and the University of Utah. Despite broader economic uncertainties, the metro's demographic tailwinds and historically tight inventory should maintain healthy leasing activity through year-end.

Private buyers sustain deal flow as institutions remain cautious. Investment activity in Salt Lake City picked up in 2024, with transactions rising nearly 25 percent year over year. Private buyers, often utilizing 1031 exchanges, dominated as institutional capital stayed largely absent, resulting in few trades above \$10 million. The Southwest Valley and Central Valley East emerged as the most active submarkets for trades, particularly for sub-5,000-square-foot properties built before 1975, while the CBD had elevated sales velocity amid falling vacancy and steady rent growth. Although borrowing costs are still a challenge, Salt Lake City holds the lowest vacancy among major markets west of the Mississippi in 2025, reinforcing its investment appeal.

2025 MARKET FORECAST

+1.4%



EMPLOYMENT: Salt Lake City will welcome 20,000 positions in 2025 as hiring slows. Nevertheless, the total employment base will end this year roughly 190,000 jobs higher than the 2019 count.

670,000
sq. ft.



CONSTRUCTION: Completions will reach a four-year high, with new supply centered in Utah County. Even so, growth this year will be less than the long-term mean pace of approximately 1.1 percent.

+20 bps



VACANCY: After reaching an all-time low in 2022, vacancy will inch up slightly this year. At 3.5 percent, however, the metro's rate is still well below its 4.7 percent historical average.

+2.5%

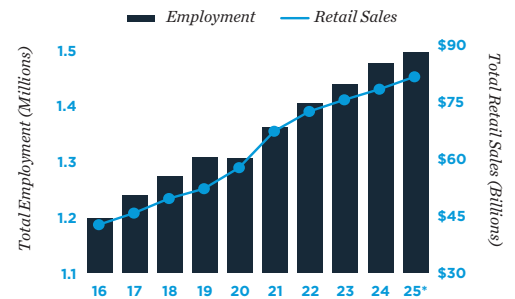


RENT: A slight softening in tenant demand will curtail retail growth, leading to a moderate rent increase. Salt Lake City's average asking rate will rise to \$23.85 per square foot by year-end.

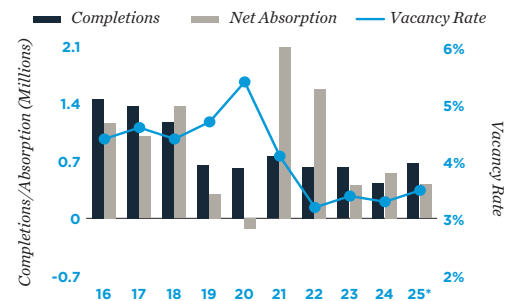
INVESTMENT:

Leasing velocity in buildings under 5,000 square feet highlights strong demand from local restaurants and fitness operators, presenting investors with stable small-format retail opportunities.

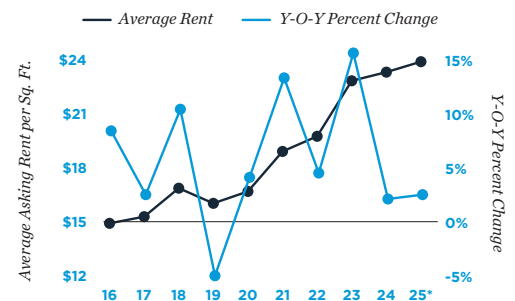
Economic Trends



Supply and Demand



Rent Trends



* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

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Metro-level employment, vacancy and effective rents are year-end figures and are based on the most up-to-date information available as of December 2024. Effective rent is equal to asking rent less concessions. Average prices and cap rates are a function of the age, class and geographic area of the properties trading and therefore may not be representative of the market as a whole. Sales data includes transactions valued at \$1,000,000 and greater unless otherwise noted. Forecasts for employment and apartment data are made during the fourth quarter and represent estimates of future performance. No representation, warranty or guarantee, express or implied, may be made as to the accuracy or reliability of the information contained herein. This is not intended to be a forecast of future events and this is not a guarantee regarding a future event. This is not intended to provide specific investment advice and should not be considered as investment advice.