INVESTMENT FORECAST

Multifamily

Salt Lake City

IPA INSTITUTIONAL PROPERTY ADVISORS

2025

Record Job Count and Major Investments Strengthen Salt Lake City's Rental Market

Strong renter demand continues amid easing construction. Salt Lake City will again see above-average net rental absorption in 2025, fueled by an over 2 percent increase in its 20- to 34-year-old population — the fastest among major metros west of Texas. Renters seeking a live-work-play lifestyle are driving leasing activity, particularly employees from Lehi's burgeoning tech industry. With metrowide Class A rents averaging more than 20 percent below the U.S. mean, luxury rentals are more accessible, boosting demand and intensifying competition among new developments. Roughly 5,500 units are scheduled to finalize in 2025, concentrated in areas including Downtown Salt Lake City-University, South Salt Lake-Murray and West Valley City-Airport Area. The pace of deliveries, however, continues to moderate from the 2023 peak. Although the supply wave pressured occupancy and increased concessions in late 2024, job creation supports improved property performance, boosted by a new urban hospital and the arrival of an NHL team. By late 2025, strong demographic growth and high single-family home costs are expected to set rents and vacancy on dual paths to improvement.

Favorable conditions revitalize investment prospects in 2025. With renter demand projected to exceed supply for a second-straight year and modestly lower borrowing costs available to investors, Salt Lake City is poised for increased trading activity in 2025. Average pricing per unit, which fell to its lowest point in three years during 2024, should attract active buyers. Transaction velocity gained momentum, particularly at price points above $20 million, signaling a willingness among REITs and syndicates to target stabilized, larger-scale assets. Much of this recent activity involved properties that demonstrated resilience amid the construction boom. Deals involving newer Class A buildings typically commanded pricing above $320,000 per unit, while established Class B communities — often 1980s- or 1990s-vintage — traded between $180,000 to $225,000 per unit. Select larger Class C assets with over 100 units have also garnered interest from institutional buyers seeking to achieve scale in proven submarkets. As liquidity improves and strong employment and population trends persist, institutions are poised to pursue more local acquisitions in 2025.

25.3%

2024 share of local population between 20 and 34 years old

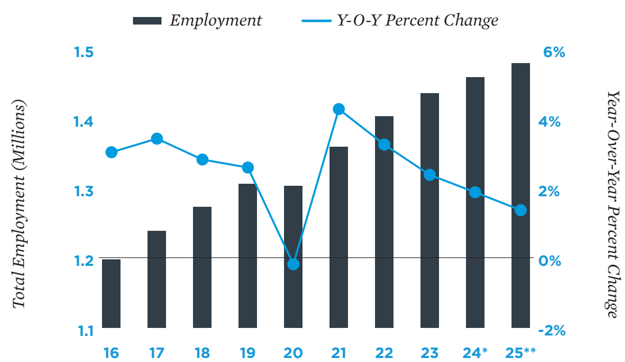
36.7%

of local population hold bachelor's degree or higher ⌘

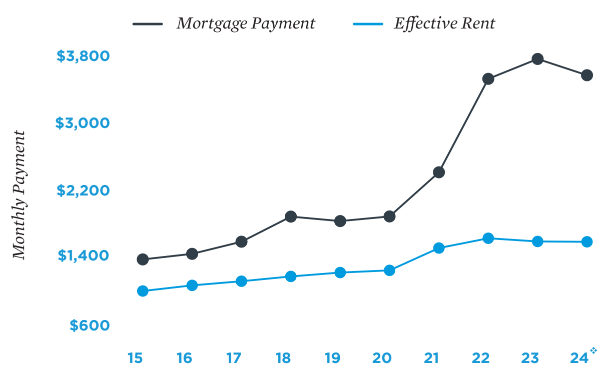
$535,400

2024 median home price ❖

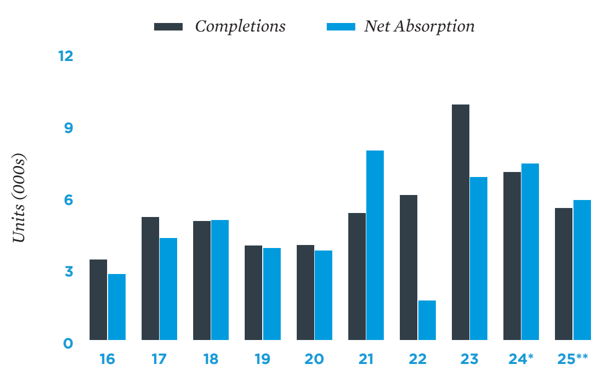
Employment Trends



Housing Affordability Gap



Supply and Demand



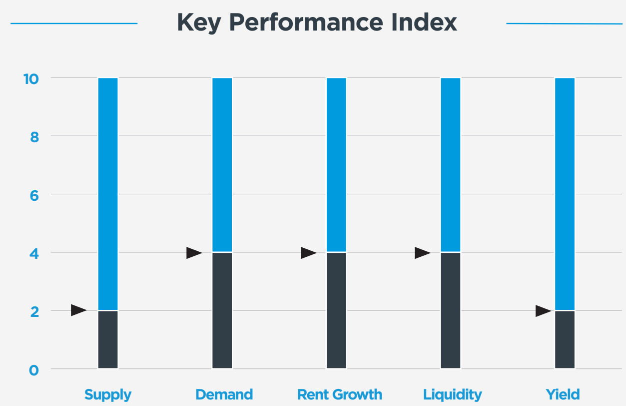
* Estimate ** Forecast ❖ Through 3Q
⌘2024: 25+ years old
Sources: IPA Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

Investment Outlook

With a consistent supply KPI score of 2, existing Salt Lake City apartments continue to experience pressure from recent deliveries. Yet, the market's demand index value still improves to a 4 this year. The metro joins other markets in recording greater rent gains in 2025, translating into a steady rent growth KPI value of 4 as well.

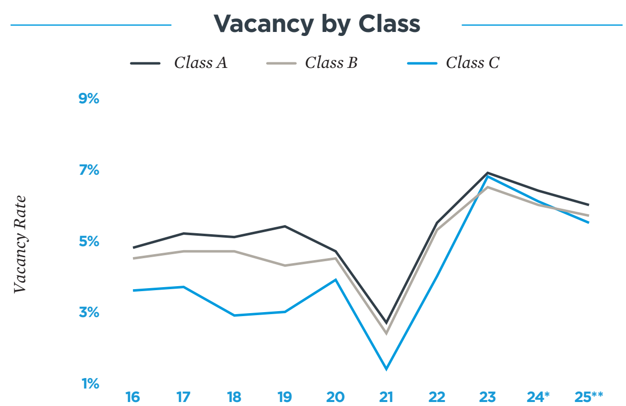
Salt Lake City is one of 16 other major markets to record net absorption for each year since 2019, while also noting the fifth-fastest pace of job growth in the same span. These favorable factors contribute to a low yield rating of 2.

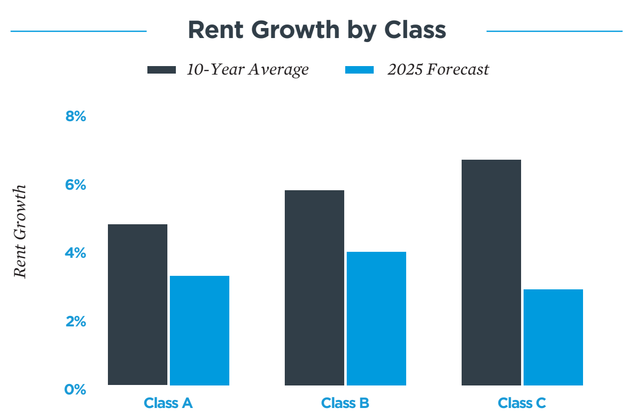
Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1-10 for five key metrics.



2025 MARKET FORECAST

	Metro	U.S.
Employment 20,000 *jobs*	1.4%	1.1%
Construction *% of inventory*❖	3.4%	2.1%
Class A Vacancy Down 40 bps	5.9%	6.1%
Class A Rent $1,911 *per month*	3.2%	2.8%





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** Estimate ** Forecast*
❖ Arrow reflects completions trend compared with 2024
Sources: IPA Research Services; CoStar Group, Inc.; RealPage, Inc.; Real Capital Analytics