Market Report

MULTIFAMILY 2Q/26

Salt Lake City Metro Area

IPA INSTITUTIONAL PROPERTY ADVISORS

2026 FORECAST

EMPLOYMENT

19,000 Jobs will be created

1.3% Increase Y-O-Y

CONSTRUCTION

3,800 Units will be added

2.2% Inventory increase Y-O-Y

VACANCY

5.2% Vacancy rate

50 BPS decrease Y-O-Y

RENT

$1,527 Average effective rent by year-end

1.5% Increase Y-O-Y

Metrowide Vacancy Contracting Despite Historically Elevated Vacancy in the CBD

Southern submarkets leading the charge. Local rental demand broadly improved during the first quarter of 2026, with eight of Salt Lake City's nine submarkets recording vacancy compression. Standout property performance was most evident in the metro's southern region, specifically Provo and Orem-Lehi. Vacancy dropped by 40 basis points in both submarkets over the three months, contributing to reductions of at least 100 basis points over the past 12 months. Orem-Lehi's recent compression is noteworthy, as it occurred alongside 6.8 percent year-over-year inventory growth. Moving forward, supply pressure should be minimal for both submarkets, as 400 to 500 units were underway in both areas as of April.

CBD accounts for one-fourth of all vacant units. Despite the recent improvement in demand, overall metro vacancy was 30 basis points above the national metric at the end of March, stemming from elevated unit availability in Downtown Salt Lake City-University. Here, vacancy rose 50 basis points in the first quarter to 7.8 percent, a record high, with further increases likely over the near term. As of April, its active pipeline consisted of 2,140 units — or nearly 8 percent of existing inventory — with ongoing projects averaging 270 rentals.

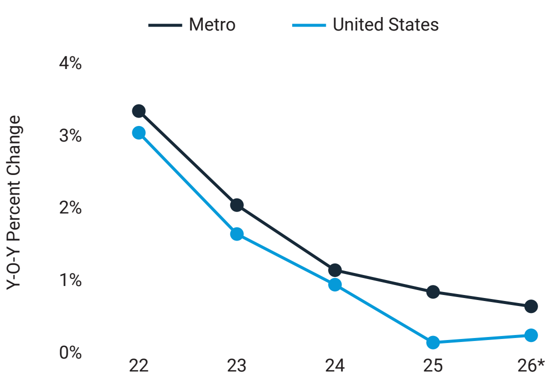
EMPLOYMENT

Following the addition of 7,300 roles during the first four months of 2026, the metro is on pace to record an employment growth rate comparable to last year. Of late, job creation has been most apparent in the education and health services sector; however, the market's count of traditional office-using positions is also rising. As of April, white-collar roles accounted for 25 percent of the local workforce. This share is well above the national mark and has positive implications for Class A rental demand moving forward.

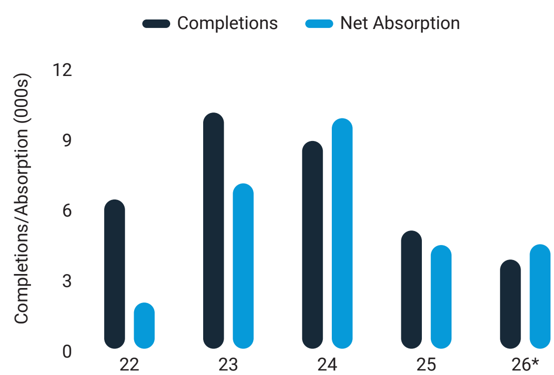
CONSTRUCTION

At least 1,100 units have been delivered across the Wasatch Front in every quarter since the start of 2021. This streak is poised to end, as roughly 2,500 rentals are slated for delivery from April to December. While another 3,450 units are slated for completion in 2027, the metro's active pipeline is contracting amid a pullback in unit starts. Developers broke ground on just 1,670 rentals during the yearlong period ended in March, after starting nearly 4,000 apartments during the prior 12 months.

EMPLOYMENT TRENDS



CONSTRUCTION TRENDS



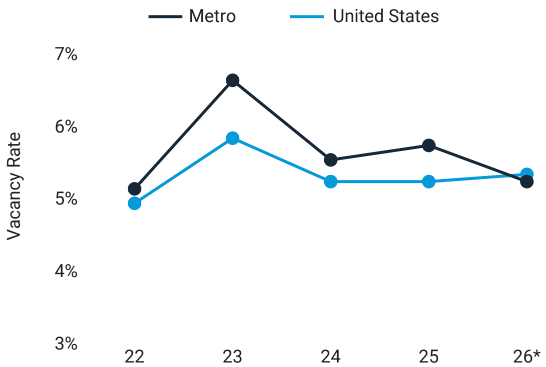
* Forecast

Sources: BLS; CoStar Group, Inc.; RealPage, Inc.

VACANCY

Supply and demand were aligned over the 12 months ended in March, holding overall vacancy at 5.4 percent. Vacancy movement, however, was noted on a class-cut level, with the metro's two primary hubs recording contrasting demand trends. In Provo-Orem-Lehi, all property tiers registered vacancy compression, highlighted by a 350-basis-point reduction in the local Class A rate. Salt Lake City-Ogden-Brigham City, meanwhile, noted 10- to 40-basis-point vacancy increases across class cuts.

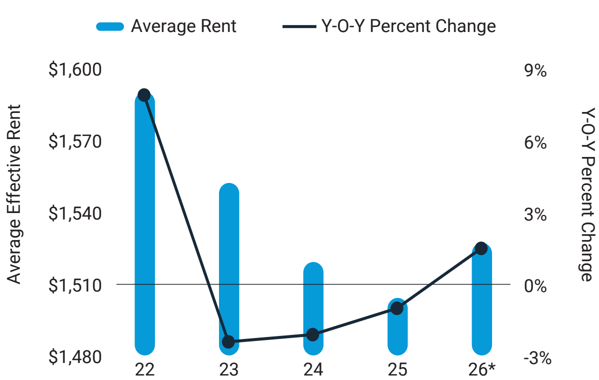
VACANCY TRENDS



RENT

The metro's average effective rent inched down over the past year despite favorable supply-demand dynamics. At $1,510 per month in March, the local mean is now in line with the first quarter of 2022. Class A rents, however, are on the rise, increasing by at least 1.6 percent in both Provo-Orem-Lehi and Salt Lake City-Ogden-Brigham City over the last 12 months. These gains were offset by moderate declines in lower-tier rent, with the average effective Class C rate falling to a four-year low in the latter area.

RENT TRENDS

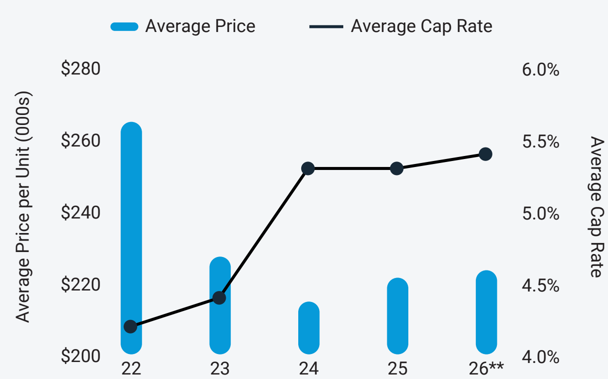


* Forecast ** Through 1Q
Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

INVESTMENT HIGHLIGHTS

- Deal flow across the Wasatch Front improved by 27 percent for the year ended in March, with sales activity up across price tranches. Investors paid an average of $223,000 per unit for rental properties over that period, a 16 percent discount to the 2022 peak despite some recent upward pricing movement.
- Transactions involving Class B and C properties built before 1990 continue to support overall sales velocity, with many of these assets selling for less than $4 million. Approximately one-third of these trades occurred in Salt Lake City proper, with East Central recording the most deals. Popular among younger residents, the neighborhood offers private investors pricing for sub-20-door assets in the $200,000-per-unit range. Listings here should continue to attract buyer competition as the metro's 20- to 34-year-old cohort is projected to grow by nearly 50,000 people over the next five years, boosting local renter demand in trendy areas.
- The delivery of more than 35,000 units over the past five years — supply additions that expanded inventory by 26 percent — could translate to local acquisition opportunities for institutional investors seeking newer-built properties in still-expanding markets. Transactions are most likely in Downtown Salt Lake City-University, Orem-Lehi, and South Salt Lake-Murray-Park City, submarkets that together accounted for half of recent deliveries. Buyers with a longer-term hold strategy may be willing to pay a premium for listings, as several newer-built properties in Sugar House recently traded for more than $430,000 per unit.

SALES TRENDS



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