Market Report

RETAIL 3Q/26

Salt Lake City Metro Area

IPA INSTITUTIONAL PROPERTY ADVISORS

Wasatch Front's Existing Stock Draws Expanding Retailers as New Supply Pulls Back

Tight conditions maintained. At 4.0 percent, Greater Salt Lake City entered the second half with the lowest vacancy among major Mountain and West Coast markets — despite local retail inventory growing by more than 1.3 million square feet in 2025. Pressure from new supply, however, is easing substantially. During the first half of this year, just 185,000 square feet came online, the lowest January-June tally on record. The active pipeline suggests this trend will continue in the near term. Combined with growth in the local consumer base, this has positive implications for property owners' retention and backfilling efforts. As such, the metro's retail sector is projected to record its 19th straight year of positive absorption, keeping vacancy below the long-term mean.

Utah County retail well positioned. The number of occupied apartments across Provo-Orem rose by more than 3,000 units over the past two years. This, along with active single-family homebuilding in Eagle Mountain, Saratoga Springs, and Lehi, is notably increasing Utah County's residential density and supporting robust retailer demand for available space. As of June, only 1.6 percent of the county's multi-tenant inventory sat vacant, one of the lowest rates among U.S. submarkets with at least 5 million square feet of shopping center space.

2026 FORECAST

EMPLOYMENT

19,000	1.3%
Jobs will be created	Increase Y-O-Y

CONSTRUCTION

290,000	0.3%
Sq. ft. will be added	Inventory increase Y-O-Y

VACANCY

3.9%	0
Vacancy rate	No change Y-O-Y

RENT

$22.80	0.8%
Average asking rent by year-end	Decrease Y-O-Y

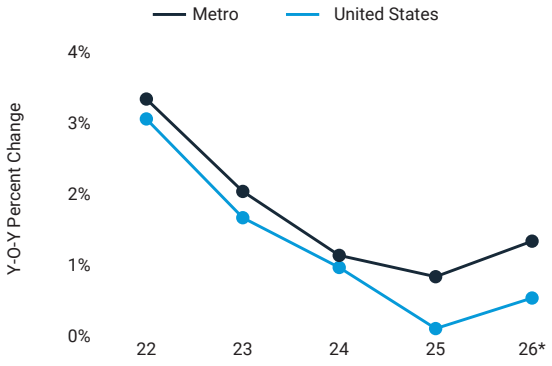
EMPLOYMENT

Salt Lake City employers created more than 14,000 positions in the first half of 2026, with eight of the market's 10 primary employment sectors recording gains. Aside from the education and health services sector, the professional and business services segment recorded the largest increase, adding 3,500 roles. These additions raised the metro's white-collar job count to a record mark in June, with positive implications for future household income growth and, ultimately, local retail sales.

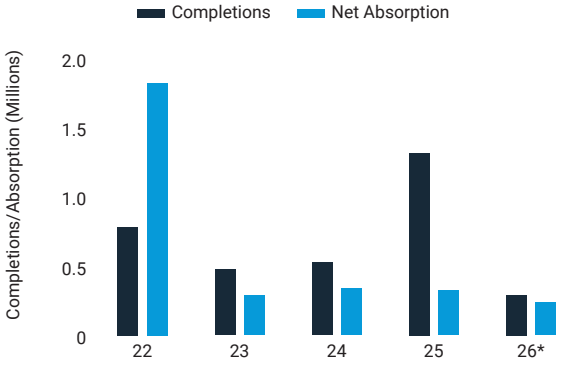
CONSTRUCTION

Last year, the metro's retail inventory grew at the third fastest rate among major U.S. markets. In 2026, more than 20 metros are projected to record larger increases in stock than Salt Lake City, with local inventory slated to expand by just 0.3 percent. The active pipeline, totaling less than 400,000 square feet, suggests that supply additions may also be historically minimal in 2027. Notably, build-to-suit projects for Target and Life Time Fitness, both in Lehi, accounted for half of the space underway in July.

EMPLOYMENT TRENDS



CONSTRUCTION TRENDS



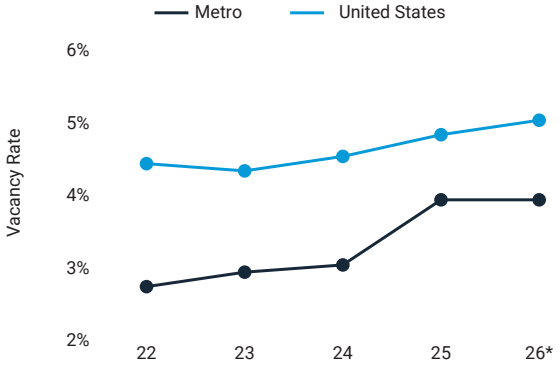
* Forecast

Sources: BLS; CoStar Group, Inc.

VACANCY

Metro vacancy rose 30 basis points over the year ended in June, with standout demand for shopping center space preventing a larger increase. During the period, multi-tenant vacancy fell 50 basis points to 3.2 percent, the third-lowest rate across major retail markets. In contrast, single-tenant vacancy rose 60 basis points to 4.3 percent, as the addition of 815,000 square feet over the past year outpaced demand. Still, the sector's June rate was slightly below its long-term average of 4.4 percent.

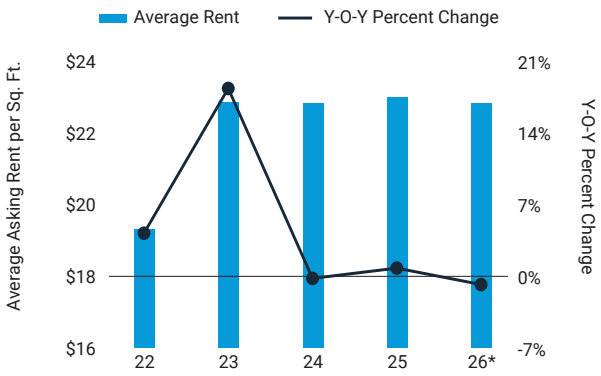
VACANCY TRENDS



RENT

After reaching $23.68 per square foot in June of last year, the metro's average asking rent receded by 5.2 percent over the subsequent 12 months. This mean reflects the quality and location of spaces available for lease rather than waning demand. Declines were apparent across both the single- and multi-tenant sectors, with their respective averages falling by 3.8 percent and 9.6 percent. Among submarkets, only West Valley registered upward rent movement, driven by the area's roughly 1 percent vacancy rate.

RENT TRENDS



* Forecast ** Through 2Q

Sources: CoStar Group, Inc.; Real Capital Analytics

INVESTMENT HIGHLIGHTS

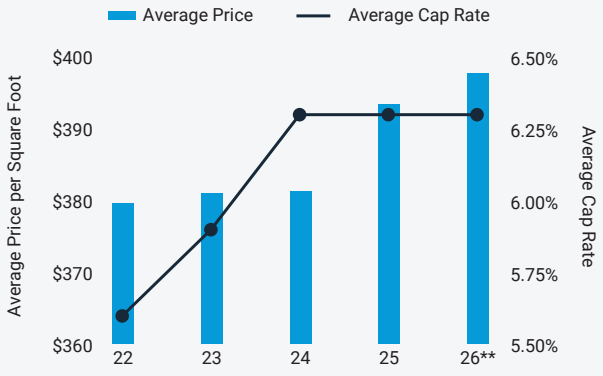
- Residential growth and some of the nation's lowest retail vacancy are drawing more active investors to Salt Lake City listings. Accordingly, the metro recorded a 40 percent year-over-year rise in sales activity over the 12 months ended June, with the number of transactions ranking highest among tertiary markets. Moving forward, increased interest from out-of-state investors and historically high average pricing are likely to generate additional sell-side momentum.

- Single-tenant trading increased more sharply over the past four quarters, signaling greater interest among private investors in less management-intensive assets net-leased to quick-service chains and restaurants. Nearly one-fourth of these trades involved properties built in the past five years. Still, the metro's average single-tenant price point, nearly $500 per square foot over the past 12 months, ranked middle-of-the-pack among major retail markets.

- Only Miami and Austin have lower multi-tenant vacancy than Salt Lake City, with the local rate below 4 percent since 2011. This consistency is attracting investors to community, neighborhood, and strip centers, with Utah County cities including Saratoga Springs and southern Salt Lake County suburbs prime targets.

- Some investors may comb Downtown Salt Lake City for listings, as foot traffic is poised to improve. Here, office vacancy fell 300 basis points over the past 18 months, and rental stock is up 25 percent since 2023.

SALES TRENDS



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