MARKETBEAT
SALT LAKE CITY
CAPITAL MARKETS MID-YEAR 2025

MARKET FUNDAMENTALS

	YOY Chg	Outlook
5.4% Multifamily Cap Rate	▲	▬
9.75% Office Cap Rate	▬	▲
6.0% Industrial Cap Rate	▲	▬
7.0% Retail Cap Rate	▲	▬
$1.60B YTD Total Volume (USD)	▼	▬

ECONOMIC INDICATORS

	YOY Chg	Outlook
844K Salt Lake City Employment	▲	▲
3.2% Salt Lake City Unemployment Rate	▬	▲
4.2% U.S. Unemployment Rate	▲	▲
4.4% U.S. 10-Yr Treasury Yield	▬	▬

Sources: [1]www.bls.gov [2]Moody's Analytics

ECONOMIC OVERVIEW:

In Q2 2025, the Salt Lake City market reported an employment level of 844,100 jobs, with the unemployment rate holding steady year-over-year (YOY) at 3.2%. [1] The Salt Lake City economy of $120.6 billion (B), as measured by 2025 gross metro product, is forecasted to climb to $123.9B in 2026 and $128.2B in 2027. [2]

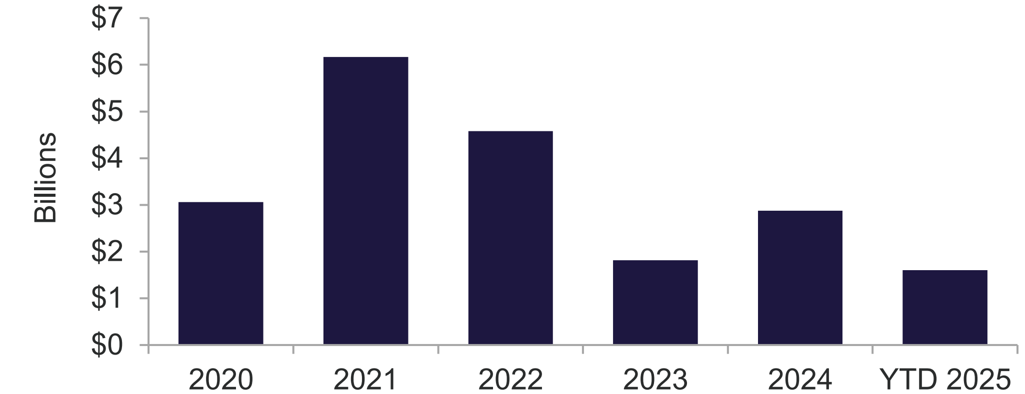
INVESTMENT OVERVIEW:

The Salt Lake City investment market demonstrated renewed momentum in 2025, with total transaction volume across the four major asset classes reaching $1.60B year-to-date. This marks a 28% increase from mid-year 2024, when volume totaled $1.25B. While activity remains below the 2021 peak of $6.17B, it reflects a meaningful rebound from the 2023 low of $1.82B. The multifamily sector continues to lead investor demand, recording $281M in transactions through mid-year. This follows a strong 2024 performance, when the sector accounted for $1.1B, or 37% of total investment volume. The industrial sector, which dominated in 2023 with $934M in trades, has shown exceptional resilience. As of Q2 2025, industrial volume stands at $750M, representing a 133% increase from the same period in 2024. In contrast, retail assets have seen a pullback, with $92M in sales during the first half of 2025, down from $155M YOY. The office sector has remained relatively flat, with $197M in volume—nearly identical to the $196M recorded at mid-year 2024—though still below 2022 and 2023 levels. Overall, Salt Lake City's investment landscape is showing signs of recovery, supported by strong fundamentals in the multifamily and industrial sectors, and growing interest from both private and institutional capital.

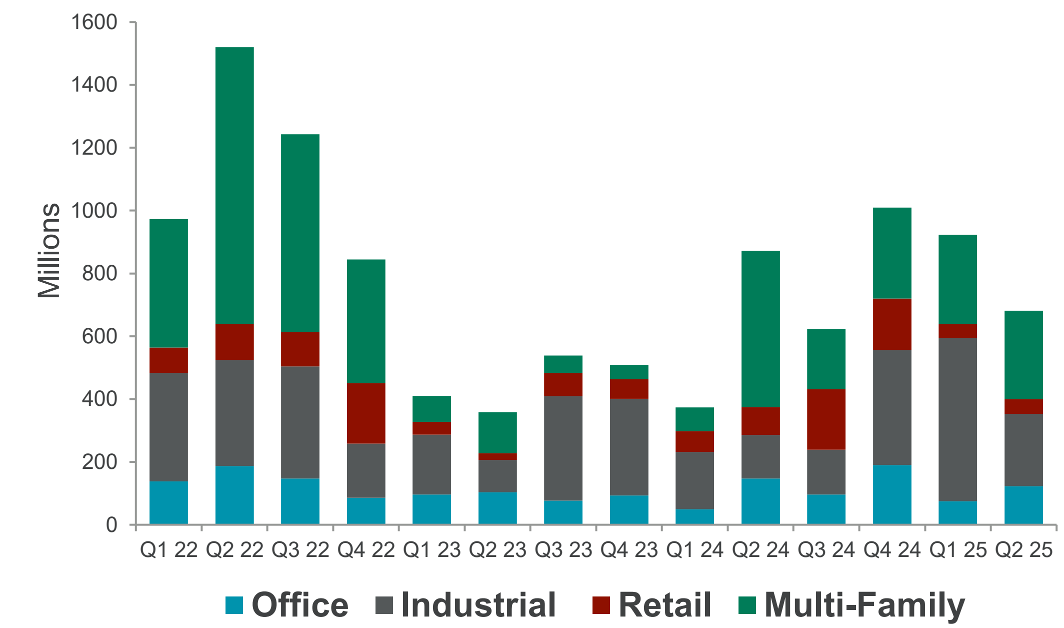
CAP RATES:

In 2025, capitalization rates increased across three of the four major commercial real estate asset classes, reflecting ongoing shifts in market dynamics and investor sentiment. The multifamily sector remained relatively stable, with cap rates inching up to 5.4% from 5.3% the previous year, signaling continued investor confidence. Retail also experienced a modest rise, moving from 6.75% to 7.0% YOY, indicating steady pricing expectations. The office sector held flat at 9.75%, unchanged since 2023, underscoring persistent uncertainty and cautious investor behavior. The industrial sector recorded the most notable increase, with cap rates rising from 5.5% to 6.0%, driven by pricing adjustments amid ongoing supply-demand imbalances. Market volatility, low transaction volume, and evolving fundamentals—such as tenant behavior, interest rate fluctuations, and economic uncertainty—continue to complicate precise cap rate assessments. As a result, investors are navigating a fluid environment where pricing remains highly sensitive to asset quality, location, and income durability.

INVESTMENT SALES VOLUME BY YEAR

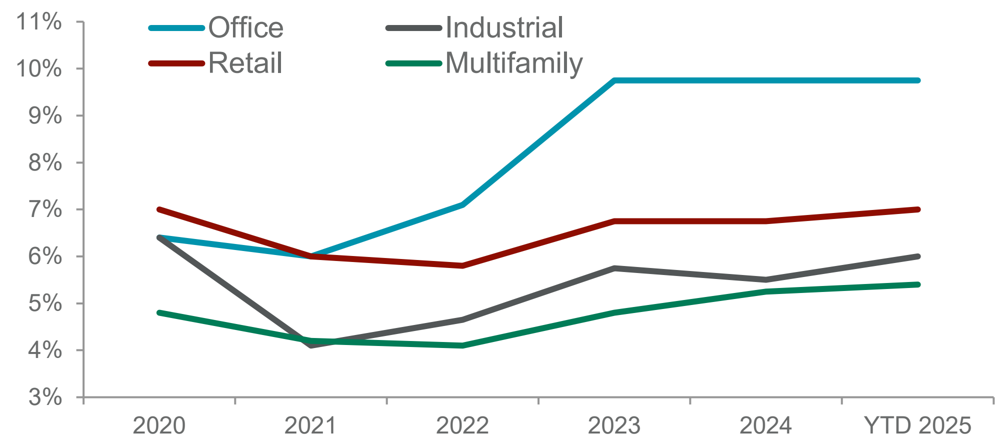


INVESTMENT SALES VOLUME BY SECTOR

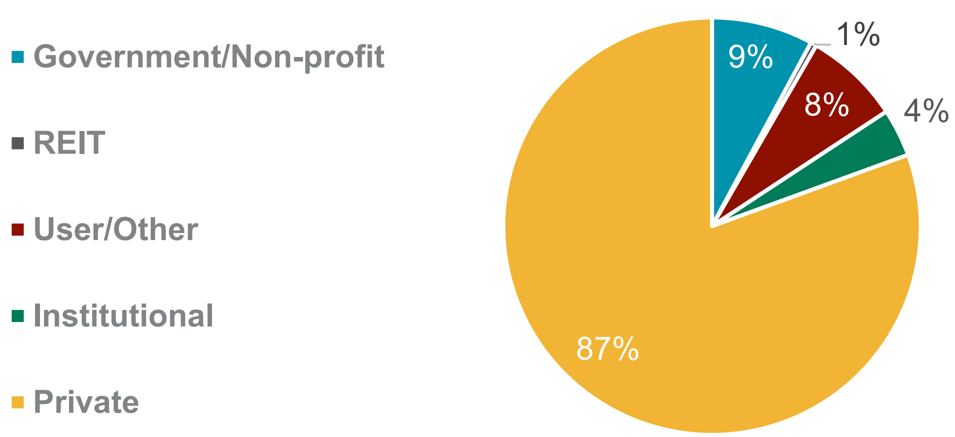


Sources: BLS, BEA, Federal Reserve, Moody's Analytics, Real Capital Analytics, Cushman & Wakefield Research

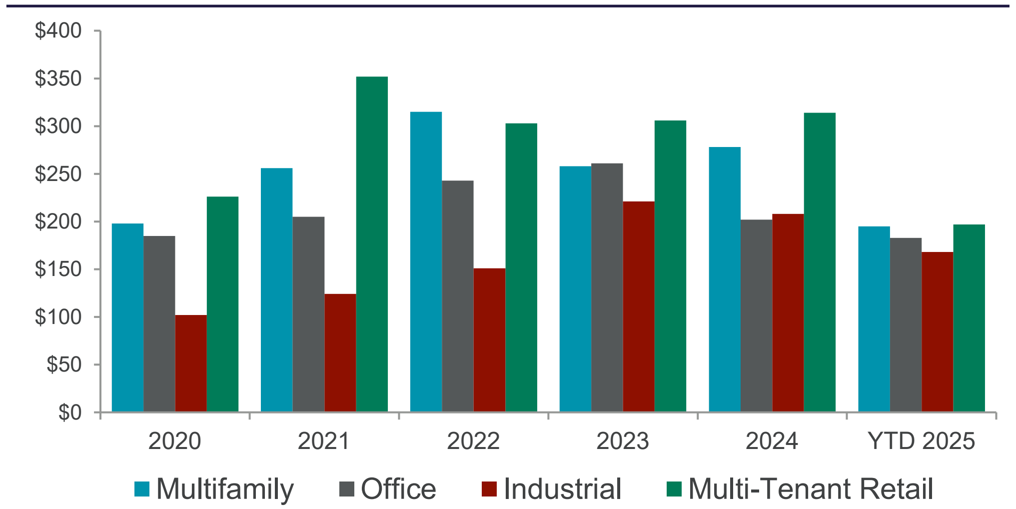
CAP RATE TREND



YTD 2025 ACQUISITIONS BY CAPITAL SECTOR



AVERAGE SALE PRICE PSF BY ASSET TYPE



DEBT / CAPITAL MARKETS:

Commercial lending is stabilizing, with the 10-year Treasury yield currently at 4.4%, reflecting a steady range between 3.7% and 4.6% over the past year. Private capital continues to dominate investment activity, accounting for 85% of asset purchases in 2025. Public and non-profit entities have also expanded their presence, representing 9% of acquisitions, driven by favorable pricing and strategic opportunities. Salt Lake City remains a compelling market for investors seeking strong fundamentals and attractive pricing relative to gateway cities. Competitive lending rates, resilient demand across asset classes, and a diversified economy support continued growth and investment momentum.

DEVELOPMENT PIPELINE:

New construction activity is projected to slow across all major property sectors as developers and investors navigate ongoing challenges in the capital markets, elevated inflation, rising construction costs, and tighter lending conditions. The office sector, in particular, has slowed significantly, with only one project currently under construction and a limited pipeline of future projects. Adaptive reuse continues to reshape the office landscape, with nine buildings totaling 805,561 sf removed from inventory since Q4 2022 for conversion to multifamily use. Additionally, owner-users and public institutions are increasingly acquiring office assets, further reducing available inventory. Notable institutional acquisitions in 2024 include Canyon School District's $50M purchase of the Vista Station (eBay Draper Campus), the University of Utah's $38M acquisition of City Centre, and Salt Lake County's $52M purchase of the Peace Coliseum Office Campus.

In the multifamily sector, a wave of new deliveries over the next two years is expected to temporarily elevate vacancy rates. However, with few new starts over the past 12 months and no projects currently in the pipeline beyond 2027, the market is positioned for tightening in the medium to long term. Only four multifamily developments with more than 100 units are currently underway in the downtown and Granary District areas, underscoring the limited future supply.

The industrial sector remains active, with 10 projects totaling 2.0 msf under construction and scheduled for delivery between 2025 and 2026. While this represents a healthy near-term pipeline, the absence of additional projects suggests a potential supply gap and declining vacancy rates in the years ahead.

Meanwhile, the multi-tenant retail sector is showing renewed momentum, with 681,000 sf currently under development. Despite facing headwinds in recent years, retail has emerged as a surprisingly resilient segment. Investor interest remains strong, though increasingly price-sensitive, reflecting a cautious but engaged approach to retail investment.

OUTLOOK

- The office sector is expected to experience a rise in distressed properties and foreclosures, leading to an increase in asset purchases.
- Due to the limited availability of properties for sale, the multifamily sector is unlikely to face the same level of distress as other sectors.
- The industrial sector is projected to maintain stability, driven by continued demand for warehousing, logistics, and e-commerce-related infrastructure.
- Retail is expected to experience a rise in market demand, leading to increased sales activity, particularly for multi-tenant retail properties.
- Overall, the Capital Markets are projected to experience a rise in transaction volume over the coming years. This increase in activity will likely be driven by greater liquidity and heightened interest from both institutional and individual investors seeking to capitalize on market movements.

INVESTMENT ACTIVITY

PROPERTY TYPE	PROPERTIES SOLD	SALES VOLUME (USD)	TOTAL SOLD	AVERAGE PRICE / SF*, UNIT	CAP RATE
Office	32	$196,678,354	1,154,370 MSF	$183 / SF	9.75%
Industrial	63	$749,801,166	5,295,038 MSF	$168 / SF	6.00%
Retail	20	$92,197,170	396,408 MSF	$197 / SF	7.00%
Multifamily	20	$564,637,032	1,836 UNITS	$358,802 / UNIT	5.40%
TOTAL	**135**	**$1,603,313,722**	**6,845,816 MSF***	**$183 / SF***	**7.04%**

**SF includes office, industrial and retail. Unit calculation for apartment only*

SIGNIFICANT 2025 SALES

PROPERTY NAME / ADDRESS	TYPE	BUYER	SELLER	TOTAL SF / UNITS	PURCHASE PRICE / PSF	CAP RATE	CITY
Sugarmont Apartments – (2191 S. McClelland St.)	Multifamily	Centerspace	Cottonwood Residential	341	$149,000,000 / $436,950 per unit	4.65%	Salt Lake City
SLC Global Logistics Center – Bldg. 4 (990 N., 6550 W.)	Industrial	Walmart	Colmena	1,032,242	$112,000,000 / $109	None	Salt Lake City
Cottonwood Broadway Apartments – (327 E. Broadway)	Multifamily	KDF Communities	Cottonwood Residential	254	$84,000,000 / $330,709 per unit	4.0%	Salt Lake City
Black Ridge Townhomes – (940 Capaldi Dr.)	Multifamily	Carson D. Nelson	Greystar	142	$53,240,000 / $374,930 per unit	5.3%	Saint George
Little Valley Townhomes – (4032 S. Dry Hollow Dr.)	Multifamily	Millburn & Company	Undisclosed	125	$46,800,000 / $374,400 per unit	5.7%	Magna
Landmark III – (1745-1851 S. 5350 W.)	Industrial	Longpoint Realty Partners LP	Starwood Captial	177,592	$34,852,175 / $196	Undisclosed	Salt Lake City
East Bay Shopping Center – (979 S. University Ave.)	Retail	Stein Beta LLC	War Chest Real Estate	172,573	$26,665,000 / $155	Undisclosed	Provo

TOP ACTIVE LISTINGS

PROPERTY NAME / ADDRESS	TYPE	SELLER	TOTAL SF / UNITS	SALE PRICE / PSF	CAP RATE	CITY
Lattice Apartments & North Tower	Multifamily	McWinney	354,712 / 388	$45,000,000 / $127	Undisclosed	Salt Lake City
Steele Ridge Retail Center	Retail	R&R Capital Enterprises	83,776	$44,139,000 / $527	6.71%	Saratoga Springs
407 W. 12th St.	Multifamily	Summa Terra Ventures	147,000 / 255	$39,900,000 / $271	Undisclosed	Ogden
Saratoga Crossroads	Retail	Mfre Saratoga Crossroads Sllc	100,897	$31,880,000 / $316	6.80%	Saratoga Springs
Riverwoods Business Park	Office	Dakota Pacific	185,382	$29,800,000 / $161	9.00%	Provo

Sources: Real Capital Analytics, CoStar, Cushman & Wakefield Research

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