

Capital returns as fundamentals firm

CONSTRUCTION ACTIVITY



UNDER CONSTRUCTION **7,783**

UNITS DELIVERED (YTD) **1,414**

MARKET FUNDAMENTALS



VACANCY RATE **7.3%**

YEAR-OVER-YEAR CHANGE **+20bps**

ASKING RENTS **\$1,582**

YEAR-OVER-YEAR CHANGE **-1.0%**

TRANSACTION ACTIVITY (YTD)



AVERAGE PRICE PER UNIT **\$223,600**

SALT LAKE CITY
MULTIFAMILY
Q1 2026

HIGHLIGHTS

- The Salt Lake City multifamily market continued its gradual stabilization in the first quarter of 2026, with vacancy holding steady and annual rent declines narrowing. Projects totaling roughly 1,400 units came online during the first quarter, slightly below levels recorded in the same period last year.
- Vacancy ended the first quarter at 7.3%, unchanged from the prior quarter and up just 20 basis points year over year, continuing a trend of moderating annual increases.
- Rent growth rebounded to start the year after declining during the second half of 2025, a trend that has persisted for three years. Asking rents advanced 0.8% during the first quarter to \$1,582 per month. Year over year, rents dipped 1.0%.
- Transaction counts over the past three months rose 19% from the first quarter of last year, while the average sale price in the first quarter totaled \$223,600 per unit.

SALT LAKE CITY MULTIFAMILY MARKET OVERVIEW

The Salt Lake City multifamily market performed well to start the year, with vacancy holding at 7.3% and rents advancing after a downturn during the second half of 2025. While asking rents remain down 1.0% year over year, the quarterly trend turned positive in the first quarter, and several submarkets returned to meaningful growth. Provo and the Orem/Lehi corridor led the region with annual rent gains of 2.2% and 1.8%, respectively, reflecting the benefits of tighter supply conditions and continued tech-sector hiring. Elsewhere, lease-up competition remains elevated, with most submarkets offering concessions in the 10% to 18% range. Affordability continues to support demand across the Wasatch Front, as Salt Lake County's rent-to-income ratio remains well below levels recorded in comparable western metros.

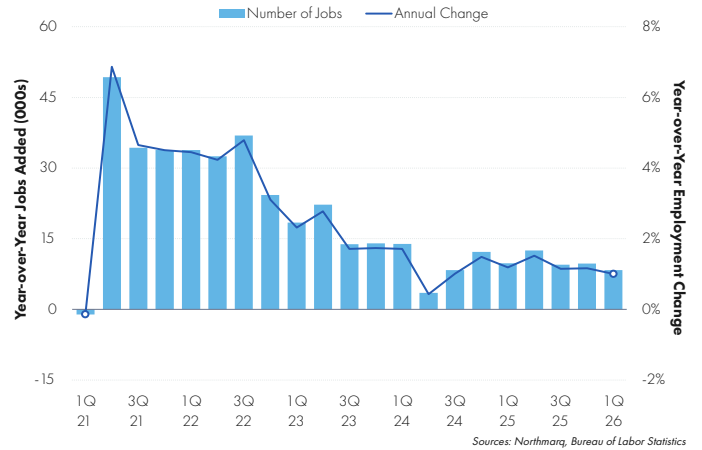
Investment activity picked up in the first quarter of 2026, with transaction counts rising 19% from the first quarter of 2025 and total volume reaching \$275.5 million. Weber County led the region's deal flow, a pattern consistent with the submarket's lower price points, lighter concession burden, and higher yields relative to the rest of the Wasatch Front. The year-to-date average price is running below the 2025 full-year average of \$274,500 per unit, reflecting a deal mix weighted toward smaller, lower-priced Class B and Class C assets in suburban submarkets. With cap rates holding near 5.3%, the broader market appears to have largely worked through the post-peak repricing cycle.

EMPLOYMENT

- Employers continue to add jobs in Salt Lake City. During the past year, total employment rose by 8,300 workers, an increase of 1.0%.
- Growth was led by two of the region’s most reliable employment sectors. Professional and business services added 4,400 positions year over year, while education and health services expanded by 3,700 jobs, building on a multi-year run of gains.
- In March 2026, Western Governors University announced a \$2.5 billion master-planned expansion downtown. Backed by a state EDTIF incentive, the multiphase project will deliver 1 million square feet of office space by 2030 and is expected to create 5,000 jobs across the technology, education, and administrative sectors.
- **FORECAST:** Employers are projected to add approximately 7,500 jobs in 2026, a 0.9% increase, with professional services and healthcare expected to remain the primary drivers of growth.

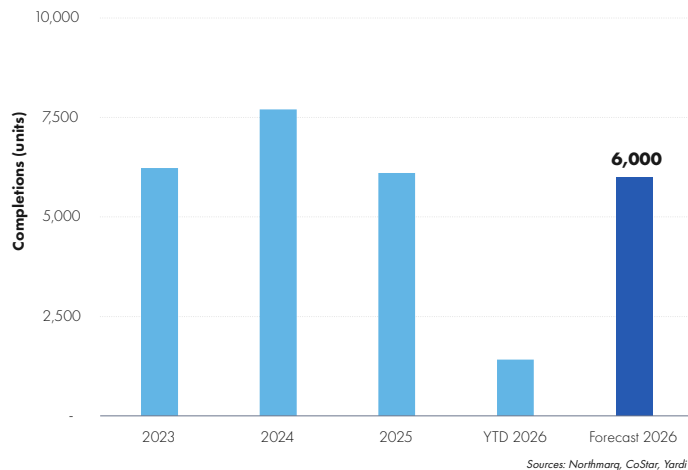
Employers added 8,300 net new jobs, a 1.0% increase.

EMPLOYMENT OVERVIEW



Roughly 7,800 units remain under construction.

DEVELOPMENT TRENDS

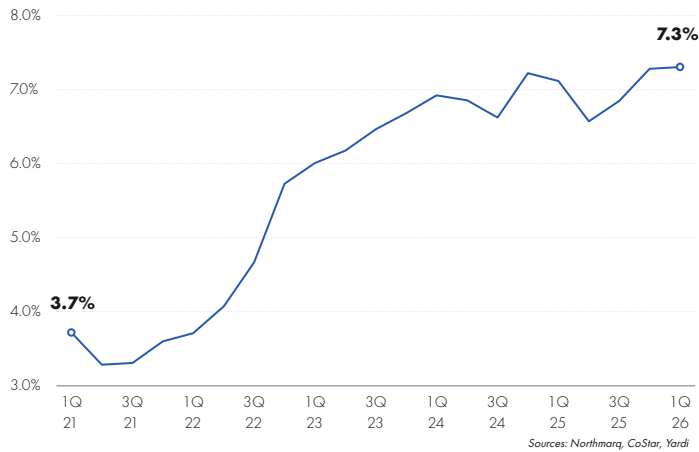


DEVELOPMENT & PERMITTING

- The Wasatch Front delivered approximately 1,400 units through the first quarter of 2026, pacing modestly below the same period last year. Annual completions have moderated from the cycle peak of 7,700 units in 2024 to 6,109 units in 2025.
- Roughly 7,800 units remain under construction across the region, with Salt Lake County accounting for the largest share. Davis County’s pipeline exceeds 1,600 units and is notably dense relative to its size, with projects including The Trail at Farmington Station and Lakeside Apartments on track to deliver in the coming quarters.
- Permitting activity has pulled back from the elevated levels of 2021 through 2023, when permits routinely exceeded 5,000 units annually. After falling to a decade low of 2,050 units in 2024, permits only partially recovered to 4,271 units in 2025.
- **FORECAST:** Completions are expected to approach 6,000 units in 2026, similar to 2025 levels. With permitting activity well below peak levels, the future pipeline is thinning.

Downtown Salt Lake City led the region in net absorption.

VACANCY TRENDS



VACANCY

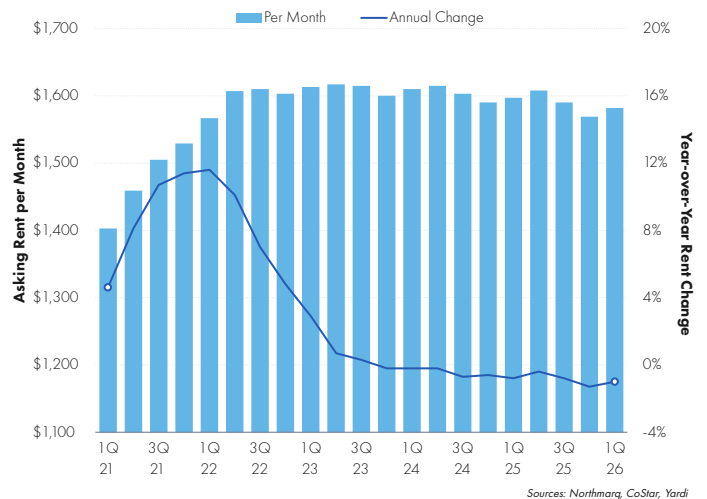
- Vacancy averaged 7.3% in the first quarter of 2026, unchanged from the prior quarter and up just 20 basis points year over year. The flat sequential reading and continued moderation in annual increases suggest the market is approaching a cyclical peak in vacancy.
- Downtown Salt Lake City posted a vacancy rate of 7.4%, although the area led the region in net absorption over the past 12 months, a sign that demand is actively working through the concentration of recent deliveries. Layton and Davis County posted the region’s strongest annual vacancy improvement, supported by a lighter pipeline and steady in-migration demand.
- By asset class, Class C properties maintained the tightest vacancy at 6.6%, reflecting persistent demand for affordable housing. Class A carried the highest vacancy at 8.0%, as newly delivered units continue to compete for higher-income renters.
- **FORECAST:** Vacancy is expected to reach 7.1% by year-end, a modest 20 basis point improvement from 2025 as absorption gradually narrows the gap with remaining deliveries.

RENTS

- Asking rents averaged \$1,582 per month in the first quarter, down 1.0% year over year, though still approximately 15% above 2020 levels. Rents increased 0.8% quarter over quarter, and with the pace of annual declines narrowing, the market may be approaching a rent floor following two years of gradual compression.
- Submarket performance remained uneven, with Provo leading the region at 2.2% annual rent growth, followed by the Orem/Lehi corridor at 1.8%. Downtown Salt Lake City, the region’s most expensive area, posted a 1.2% annual decline to \$1,813 per month.
- Class B properties experienced the steepest annual decline at 1.3%, pressured by competition from Class A lease-ups offering concessions. Class A rents held up comparatively well, declining just 0.4% year over year despite carrying the highest vacancy in the market.
- **FORECAST:** Asking rents are projected to close 2026 at \$1,570 per month, roughly flat year over year, as continued new supply limits near-term rent growth.

Rents increased 0.8% quarter over quarter.

RENTS TRENDS

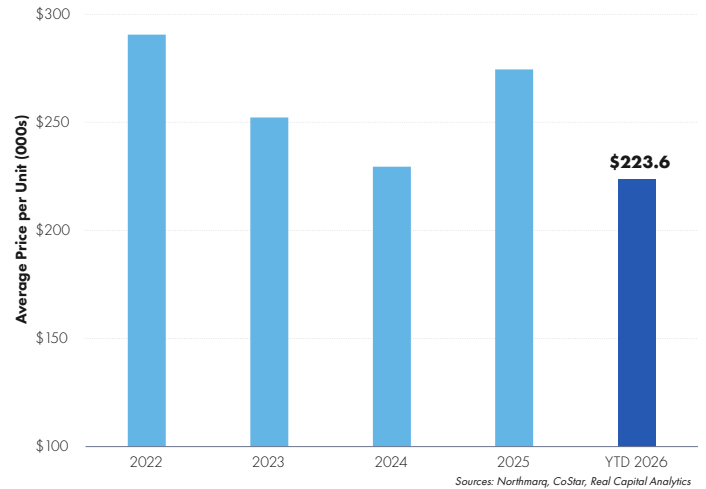


MULTIFAMILY SALES

- Investment activity accelerated in the first quarter of 2026, with transaction counts rising nearly 19% from the same period one year ago. Weber County led transaction activity, a pattern consistent with the submarket’s lower pricing, lighter concession burden, and higher yields relative to the rest of the Wasatch Front.
- Pricing rebounded materially in 2025, with the average price per unit reaching its highest point since 2022. The year-to-date 2026 average of \$223,600 per unit reflects a deal mix weighted toward smaller suburban assets rather than a broader pricing pullback.
- Private buyers remained active in smaller vintage assets, with several sub-50-unit Class C properties trading in Salt Lake County at prices ranging from \$175,000 to \$225,000 per unit. The preference for older product reflects a strategy to avoid lease-up competition, particularly in downtown, where approximately 40% of total inventory has been built since 2010.

Transaction activity rose nearly 19% from the first quarter of 2025.

INVESTMENT TRENDS

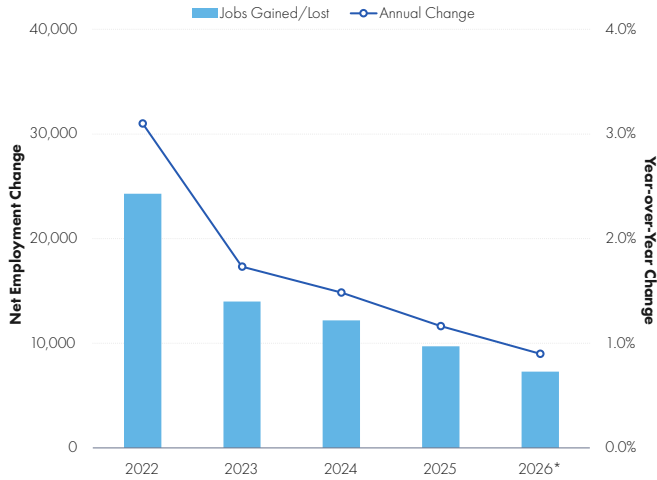


LOOKING AHEAD

The Salt Lake City multifamily market is positioned for gradual improvement through the remainder of 2026. Vacancy is expected to average approximately 7.1% by year-end, a modest improvement from 2025, as demand continues to absorb the remaining pipeline. Rent performance will likely remain mixed through the first half of the year, with supply-heavy submarkets such as Downtown Salt Lake City taking longer to stabilize, while tighter areas like Provo and the Orem/Lehi corridor build on recent momentum. The most important forward-looking indicator remains the thinning construction pipeline, with deliveries forecast to hold near 6,000 units in 2026. With permitting activity well below peak levels, the competitive pressure on new lease-ups is expected to ease in the coming quarters. Steady employment growth and continued in-migration should provide a supportive backdrop for demand throughout the year.

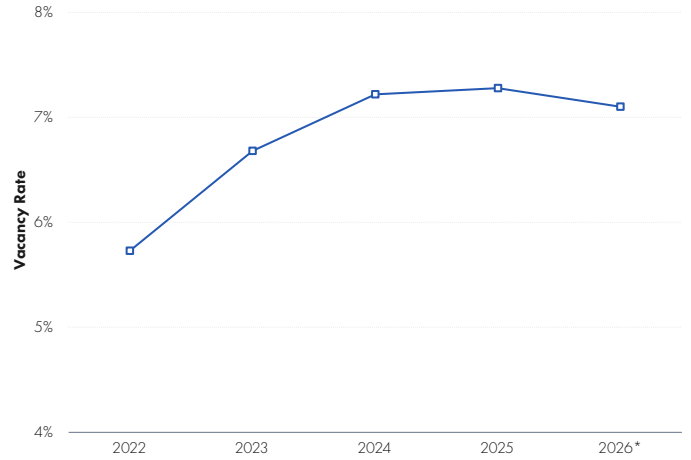
Investment activity is expected to build on the momentum established in the first quarter, supported by improving operating fundamentals and a gradually stabilizing pricing environment. The recovery in average pricing during 2025 suggests the market has largely worked through the post-peak repricing cycle, and with cap rates holding near 5.3%, the foundation is in place for a more active transaction market through the balance of the year. Private buyers are likely to remain the dominant source of demand for smaller vintage assets in Salt Lake County, while institutional capital should continue to gravitate toward markets with stronger near-term fundamentals, such as the Provo-Orem corridor. As concession levels moderate and rent growth re-emerges in the region’s tighter submarkets, improving net operating income should support further pricing gains and encourage additional sellers to bring multifamily assets to market.

EMPLOYMENT FORECAST



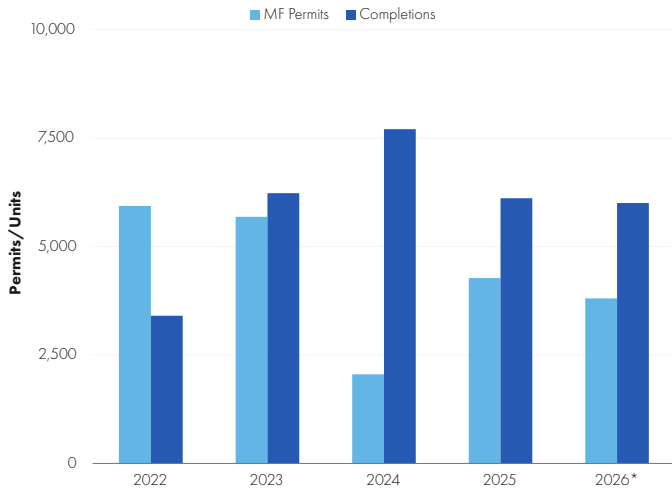
* Year End Forecast
Sources: Northmarq, Bureau of Labor Statistics

VACANCY FORECAST



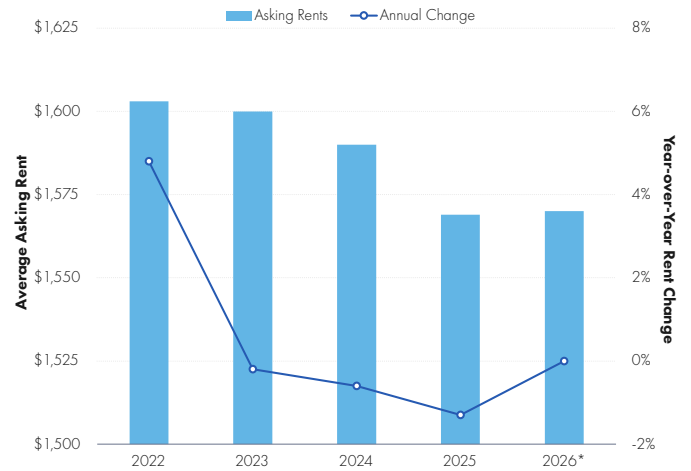
* Year End Forecast
Sources: Northmarq, CoStar, Yardi

CONSTRUCTION & PERMITTING FORECAST



* Year End Forecast
Sources: Northmarq, Census Bureau, CoStar, Yardi

RENTS FORECAST



* Year End Forecast
Sources: Northmarq, CoStar, Yardi



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