Northmarq

MARKET INSIGHTS

Demand outpaces supply in the first half

CONSTRUCTION ACTIVITY

UNDER CONSTRUCTION	12,758
UNITS DELIVERED (YTD)	3,573

MARKET FUNDAMENTALS

VACANCY RATE	6.8%
YEAR-OVER-YEAR CHANGE	+10bps
ASKING RENTS	$1,608
YEAR-OVER-YEAR CHANGE	-0.4%

TRANSACTION ACTIVITY (YTD)

AVERAGE PRICE PER UNIT	$230,200

SALT LAKE CITY MULTIFAMILY **Q2 2026**

HIGHLIGHTS

- The Salt Lake City multifamily market firmed in the second quarter of 2026, with vacancy compressing and asking rents rising. New construction starts continued to decline, further thinning the development pipeline heading into the second half of the year.
- Vacancy tightened 30 basis points to 6.8% during the quarter, though it remains up slightly year over year. Each county improved relative to its 2025 year-end average.
- Asking rents rose 1.6% during the quarter, the strongest quarterly gain since 2022. Rents averaged $1,608 per month at midyear, an annual decline of just 0.4%. South Jordan/Riverton led the region in rent growth while maintaining one of the metro's lowest vacancy rates.
- The number of multifamily transactions closed reached 30 through midyear, with the year-to-date average sale price climbing to $230,200 per unit, an improvement from earlier in the year.

SALT LAKE CITY MULTIFAMILY MARKET OVERVIEW

The Salt Lake City multifamily market strengthened during the second quarter of 2026 as demand absorbed a slowing wave of new supply. Nine of the metro's 11 submarkets recorded vacancy compression from the previous quarter, led by West Jordan, South Jordan/Riverton, and Orem, where construction activity has remained comparatively limited. Some of the recent improvements have been supported by the local labor market, which added 12,000 jobs during the past 12 months. Recent rent growth highlights the momentum beginning to build. Rents posted their largest quarterly increase in years during the second quarter, helping return rents closer to year-earlier levels. While much of the region is showing signs of improvement, Downtown Salt Lake City was the clearest outlier, posting the region's highest vacancy and accounting for roughly a third of the metro's vacant units.

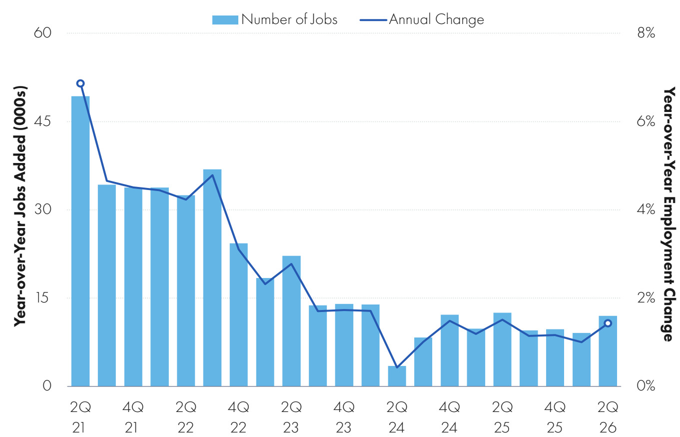
Investment activity across the Wasatch Front continued to be shaped by two distinct buyer profiles during the second quarter. A handful of larger, newer-vintage trades pushed the year-to-date average price to $230,200 per unit. At the same time, private buyers continued to anchor deal volume in older properties, with half of the second quarter's transactions involving Class C assets built before 1990, most trading below $4 million and spread across secondary markets including Logan, Provo, and Ogden. This combination, a small number of institutional-grade acquisitions alongside a steady count of smaller vintage deals, has remained a consistent feature of the market's recovery since 2022.

EMPLOYMENT

- Employment growth accelerated in the second quarter of 2026, as payrolls rose 1.4% year over year, with the addition of 12,000 jobs.
- Education and health services posted the fastest growth in the region, up 5.1% year over year with 5,200 jobs added, while professional and business services contributed the largest nominal gain, adding 6,500 positions. Together, the two sectors accounted for nearly all net job growth in the metro.
- In May, the Utah Inland Port Authority approved incentives for Motorola Solutions to build a $100 million, 165,000-square-foot manufacturing facility in the Northwest Quadrant. The plant will serve as a production hub for Silvus Technologies and is expected to support job growth in the region.
- **FORECAST:** Employers are projected to add approximately 8,000 jobs in 2026, a 0.9% increase. Quarterly hiring has ranged from roughly 3,500 to 12,500 net jobs over the past two years, and the full-year estimate falls within that historical range.

Employers added 12,000 net new jobs, a 1.4% increase.

EMPLOYMENT OVERVIEW



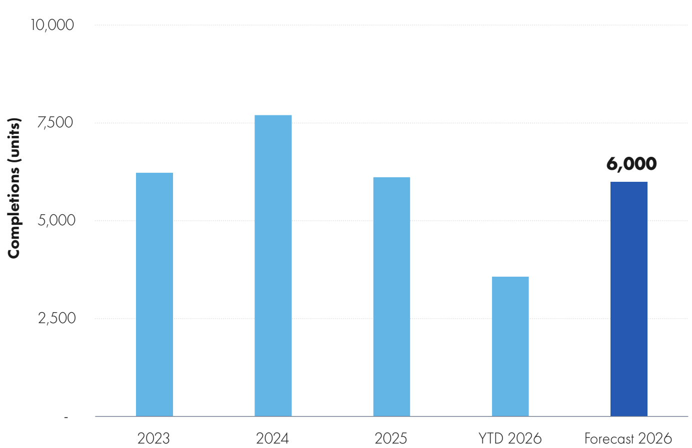
Sources: Northmarq, Bureau of Labor Statistics

DEVELOPMENT & PERMITTING

Multifamily permitting remains below the 10-year average.

- The Wasatch Front delivered approximately 3,600 units through the first half of 2026, with completions accelerating more than 50% from the first quarter to the second. Salt Lake County led all counties with 1,950 units delivered, followed by Davis and Weber counties.
- Roughly 12,700 units remain under construction across the region, concentrated in Salt Lake City's urban core submarkets and in Utah County's Vineyard submarket, where the large-scale Utah City development continues to advance across multiple phases.
- Multifamily permitting totaled 1,000 units through May 2026, down from the 10-year average of roughly 1,690 units over the same five-month period.
- **FORECAST:** Completions are projected to reach approximately 6,000 units in 2026, consistent with recent-year totals. With construction starts slowing and permitting activity still soft, the pipeline is expected to continue thinning heading into 2027.

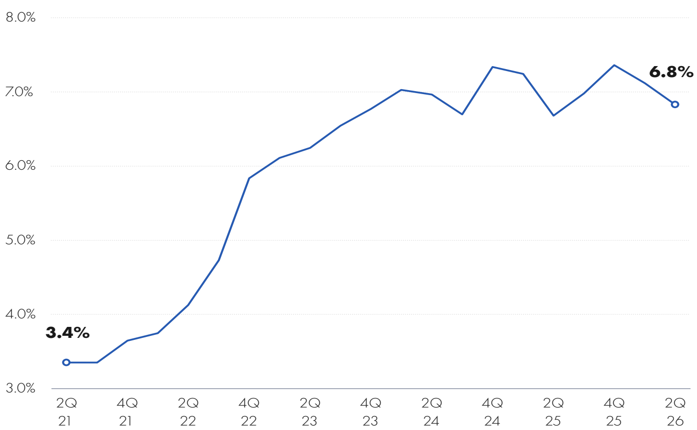
DEVELOPMENT TRENDS



Sources: Northmarq, CoStar, Yardi

Weber County posted the sharpest vacancy improvement.

VACANCY TRENDS



Sources: Northmarq, CoStar, Yardi

VACANCY

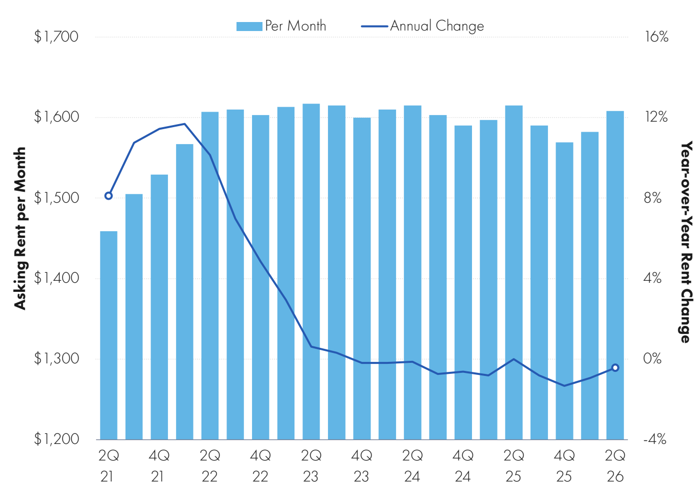
- Absorption outpaced new supply through the first half of 2026, holding metro-wide vacancy near 6.8%. The rate eased 30 basis points from the first quarter as net absorption of 2,370 units outpaced deliveries, though the rate remained 10 basis points above the year-ago level.
- County-level improvement varied in magnitude. Weber County posted the steepest gain in the region, with vacancy compressing nearly 200 basis points from its 2025 year-end average to 7.3%, while Utah County recorded the smallest decline, tightening roughly 50 basis points to 6.0%.
- By asset class, Class A posted the sharpest quarterly improvement, tightening 70 basis points as recently delivered product continued to lease up. Class C, still the tightest segment overall at 6.0%, posted the largest annual increase in vacancy, a modest reversal after several years as the market's most resilient tier.
- **FORECAST:** Vacancy is expected to end 2026 at 7.1% as the remaining development pipeline delivers through the second half of the year, modestly outpacing absorption.

RENTS

- Asking rents in the Salt Lake City metro improved in the second quarter, posting the strongest quarterly gain since 2022. The 1.6% quarterly increase narrowed the annual decline to just 0.4%, with average rents reaching $1,608 per month.
- South Jordan/Riverton led the region on two fronts, posting the strongest annual rent growth at nearly 2%, and the highest asking rent in the metro. In contrast, Downtown Salt Lake City recorded an annual rent decline as the submarket absorbed the bulk of new supply.
- Each property class posted modest declines during the past 12 months. Asking rents in Class A properties ticked down 0.8% year over year to $1,775 per month, while Class B and Class C units dipped 0.3% and 0.4%, respectively.
- **FORECAST:** Asking rents are projected to reach approximately $1,600 per month by year-end 2026, a 2.0% annual gain. Although rents already exceed that mark following the second quarter's rebound, the pace of growth could moderate in the second half of the year.

Asking rents posted their strongest quarterly gain since 2022.

RENTS TRENDS



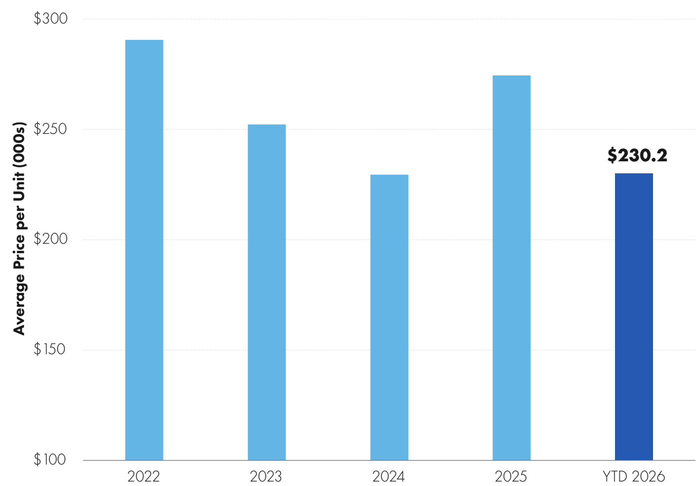
Sources: Northmarq, CoStar, Yardi

MULTIFAMILY SALES

- Investment activity moderated in the second quarter, with 12 multifamily transactions closing across the Wasatch Front, bringing the first-half total to 30 trades. At that pace, annual transaction counts are on track to modestly exceed the 2025 full-year total, though dollar volume remains lower due to a deal mix skewed toward smaller assets.
- The average price per unit rose to $249,700 in the second quarter, lifting the year-to-date average to $ $230,200 per unit. Despite the recent improvement, current pricing remains below the 2025 full-year average of $274,500 per unit.
- Deal activity was geographically dispersed. Salt Lake County led the region in dollar volume, while Utah County followed closely on activity in Lehi and Vineyard. Half of the quarter's transactions involved older Class C assets built before 1990, with most trading below $4 million and spread across secondary markets from Logan and Vernal to Provo and Ogden.
- Cap rates on the handful of second-quarter deals with disclosed pricing ranged from 5.3% to 6.2%, broadly in line with the 5.3% average recorded across all of 2025.

Average pricing improved from the first quarter.

INVESTMENT TRENDS



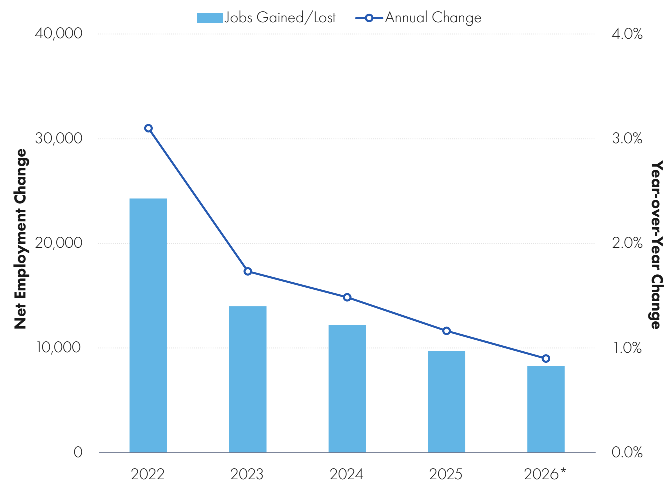
Sources: Northmarq, CoStar, Real Capital Analytics

LOOKING AHEAD

The remaining development pipeline is expected to keep vacancy elevated in the near term, with the rate expected to edge up to 7.1% by year-end as construction concentrated in Downtown Salt Lake City continues to deliver and lease-up. That pressure is expected to be temporary. Multifamily permitting has fallen well below its 10-year average, and with fewer projects breaking ground, the pipeline feeding 2027 is thinning quickly. Rent growth is likely to follow the same path, cooling from the recent rebound before firming again as the supply overhang clears, with asking rents projected to finish the year near $1,600 per month. Employment growth, which accelerated in the second quarter, should remain a steady source of underlying demand.

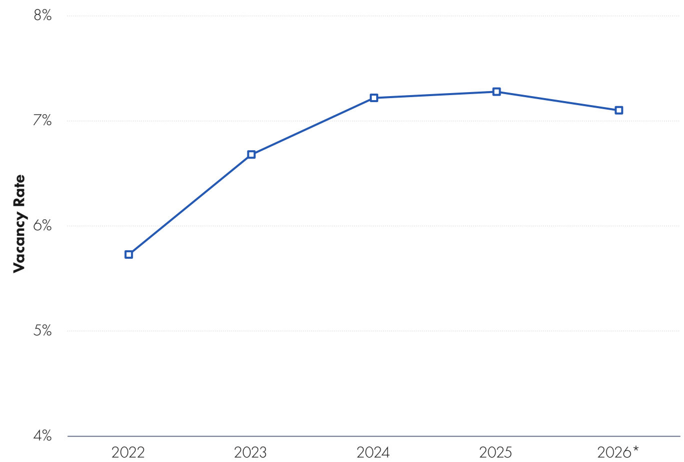
Investment activity should gain steadier footing over the remainder of 2026 as a thinning construction pipeline and firming rents provide owners greater visibility into future income growth and occupancy trends. Pricing power should build fastest in submarkets where fundamentals have already started improving, including South Jordan/Riverton and Orem, while Downtown Salt Lake City is likely to see more conservative pricing until elevated vacancy declines. The transaction mix that has defined the recovery so far, a small number of institutional-scale trades alongside a steady base of private buyers targeting older product, should persist. A further pickup in larger transactions would be the clearest signal that institutional capital is returning in earnest.

EMPLOYMENT FORECAST



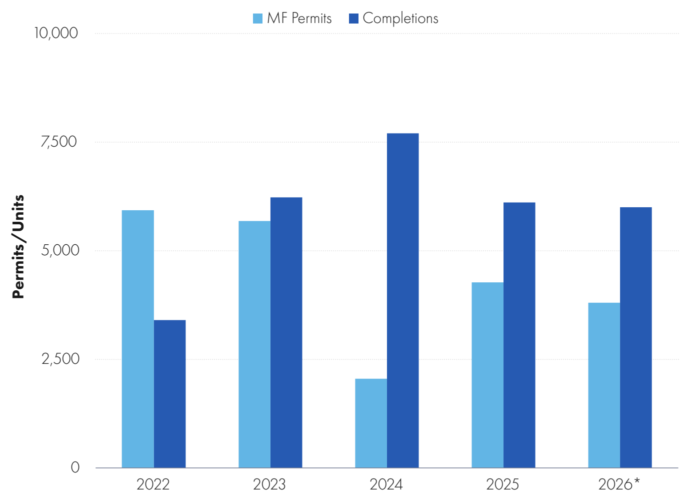
** Year End Forecast*
Sources: Northmarq, Bureau of Labor Statistics

VACANCY FORECAST



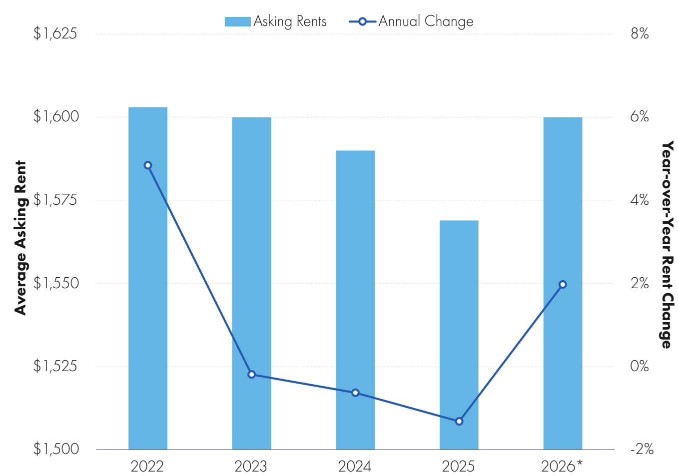
** Year End Forecast*
Sources: Northmarq, CoStar, Yardi

CONSTRUCTION & PERMITTING FORECAST



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

RENTS FORECAST



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

Northmarq

FOR MORE INFORMATION, **PLEASE CONTACT**

RAWLEY NIELSEN
Managing Director, Investment Sales
415.407.3942
rnielsen@northmarq.com

MARK JENSEN
Managing Director, Investment Sales
801.897.3663
mjensen@northmarq.com

MARK NUMBERS
Associate Broker, Investment Sales
801.201.8565
mnumbers@northmarq.com

SETH WEAVER
Associate Broker, Investment Sales
801.362.0567
sweaver@northmarq.com

LUKE MATA
Senior Investment Analyst, Investment Sales
949.521.3722
lmata@northmarq.com

JOHN BRADSHAW
Regional Managing Director, Debt + Equity
801.273.4100
jbradshaw@northmarq.com

NATE BARNSON
Managing Director, Debt + Equity
801.273.4103
nbarnson@northmarq.com

LARRY PINNOCK
Senior Director, Debt + Equity
801.273.4102
lpinnock@northmarq.com

BEN VROMAN
Vice President, Debt + Equity
801.273.4105
bvroman@northmarq.com

BRACKEN OSTLER
Vice President, Debt + Equity
801.300.5726
bostler@northmarq.com

ADAM BRADSHAW
Vice President, Debt + Equity
801.273.4108
abradshaw@northmarq.com

PETE O'NEIL, *National Director, Research* | 602.508.2212 | poneil@northmarq.com

JOHN TAGG, *Research Manager* | 972.455.4916 | jtagg@northmarq.com

JOHN SALTER, *Research Analyst* | 602.508.2231 | jsalter@northmarq.com

ABOUT **NORTHMARQ**

Northmarq is one of the largest privately held commercial real estate firms in the United States, combining a nationwide presence with deep local expertise. With more than 50 offices across the country, we provide a full suite of debt, equity, investment sales, loan servicing and fund management solutions for a comprehensive range of property types. Our unique structure allows us to connect clients with the best opportunities, yet be nimble enough to ensure access to every expert across our company. The firm manages a loan servicing portfolio of over $80 billion and has completed $91.3 billion in transactions over the past four years. At Northmarq, collaboration fuels results, helping clients achieve success in every market, nationwide. For more information, visit www.northmarq.com.