

# Greater Salt Lake Multi-family Report

January 2001



**EquiMark**  
PROPERTIES INC.



# Utah Economic Update

## Utah Economic Summary



Utah's economic performance continued to moderate in 2000. Since 1994, the peak year of the current cycle, the rate of job growth has fallen gradually from 6.2% to 2.5% in 2000. This orderly deceleration appears now to have stabilized; job growth in Salt Lake County is up slightly from 2.4% in 1999 and is expected to remain near the 2% to 3% range over the next two years.

**CONSTRUCTION:** The most recent period of growth has largely been driven by a construction boom and economic diversification. This construction boom is now in its twelfth year. There are currently a record high 73,000 construction jobs in the State, nearly three times as many as existed a decade ago.

**WORLD ECONOMY:** Global and national economic conditions are expected to remain favorable for the Utah economy during 2001.

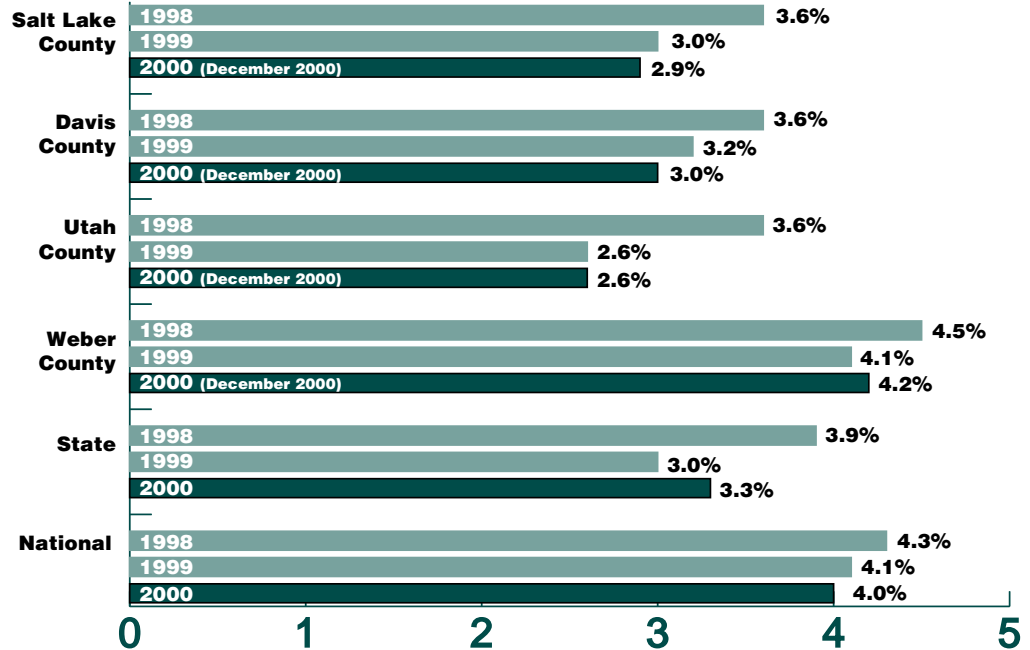
**POPULATION GROWTH:** The State's population climbed to 2,150,000 in 2000, a 1.6% increase. It was a record year for births and about 500 more person moved into the State than moved away during the year.

**2001 PREDICTIONS:** Economic activity is expected to pick up slightly as preparations are completed to host the 2002 Olympic Winter Games. Less net in-migration, a tight labor market, and continuing improvement in the economies of other states, particularly California, are expected to keep job growth moderate.

[Source: State of Utah, Fiscal Focus, An Annual Report on State Government to Citizens of Utah]

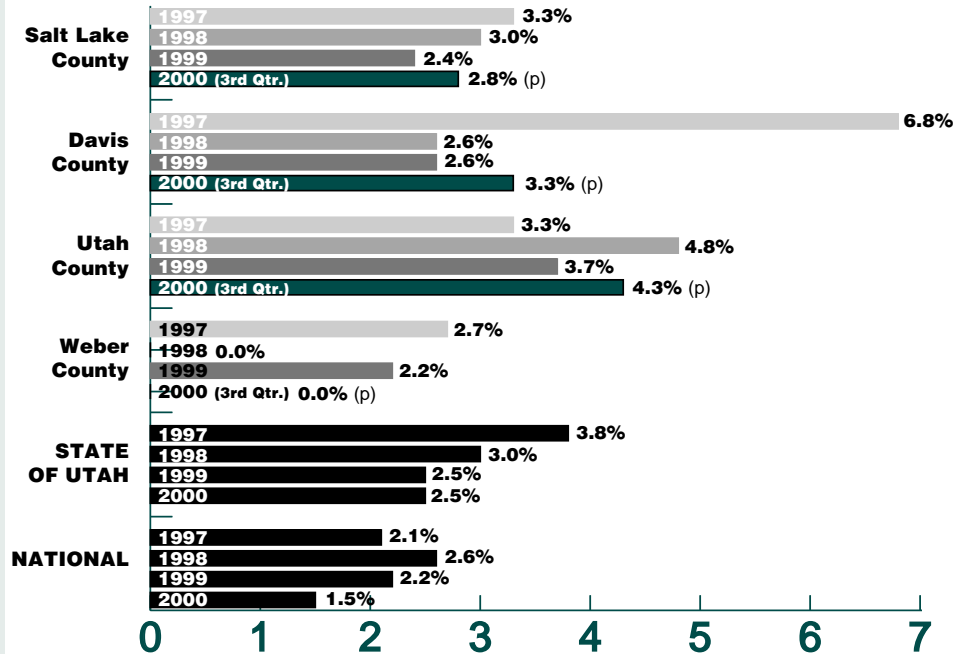
## Unemployment Rate

Source: Utah Department of Workforce Services



## Job Growth

Source: Utah Department of Workforce Services



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# 2000 Salt Lake County At A Glance

	1999 (12 mos.)	2000 (12 mos.)
Rent Growth.....	1.49%	3.26%
Vacancy.....	7.7%	6.3%
Average Overall Rental Rate.....	\$614/unit	\$637/unit
Average Rent Per Square Foot .....	\$0.73	\$0.75
Average Cap Rate .....	9.1%	9.2%
Units Delivered .....	1,145 units	494 units
Job Growth (National: 1.5%) .....	3.0%	2.8% <sup>3rd Qtr.</sup>
Unemployment (National: 4.0%) .....	3.0%	2.9%

## Vacancy rate drops to 6.3%

*Supply and demand nearing optimal balance*

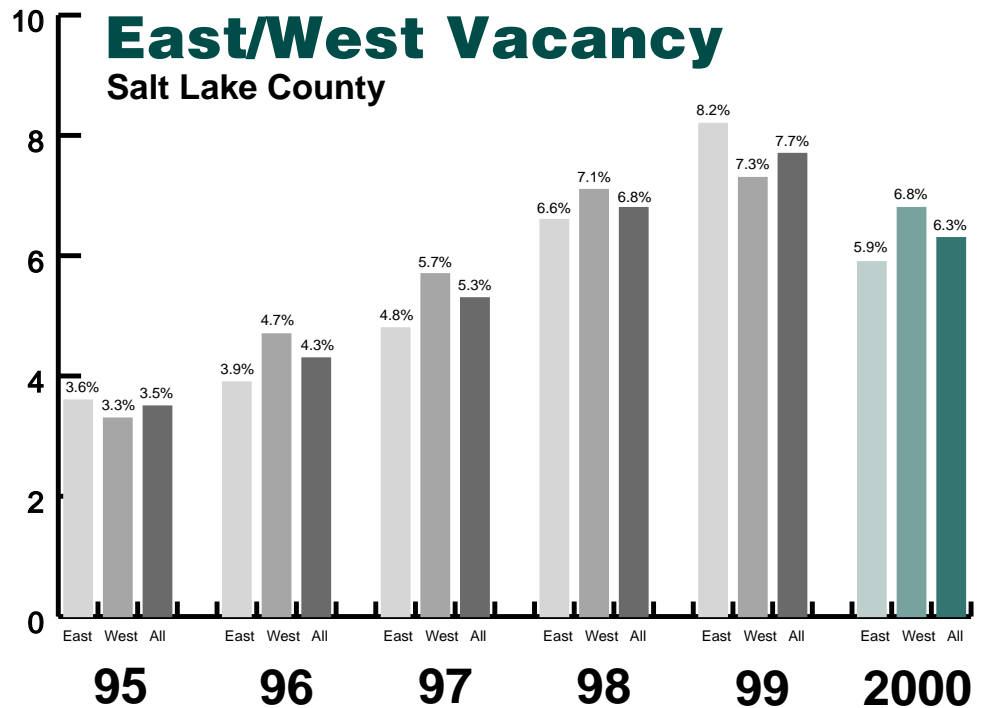
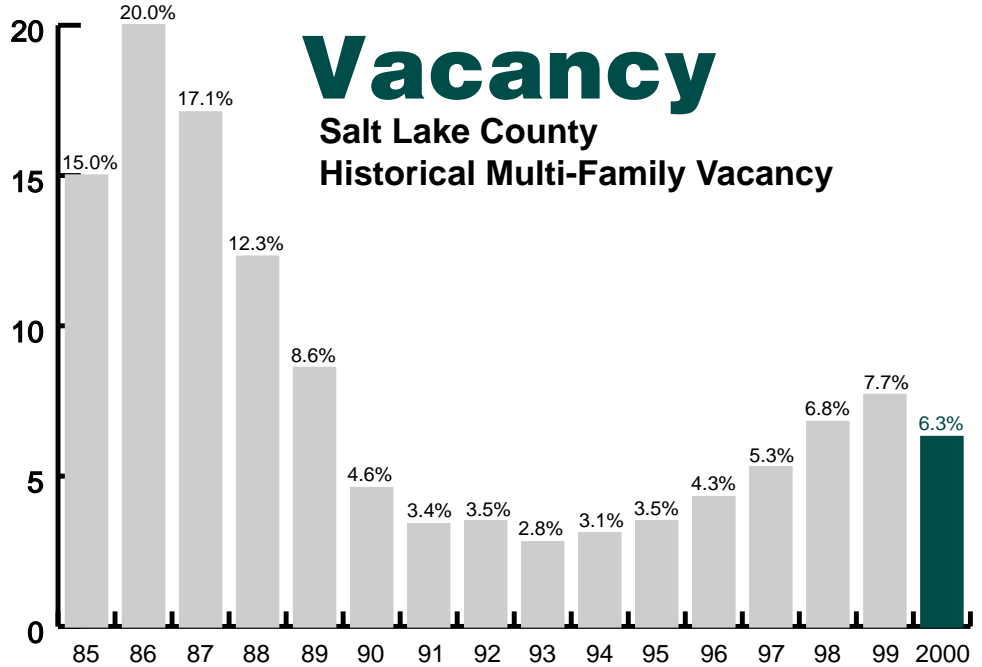
### The Story

Demand for rental units in Salt Lake County continued steady during 2000. The delivery of new units into the market slowed to only 494, or 43% of 1999 new construction. Actual new multi-family building permits during 2000 also trailed 1999.

### The Result

The year-end vacancy rate in Salt Lake County was 6.3% compared to 7.7% in 1999. The east side showed a significant decrease during the past 12 months falling to 5.9% from 8.2% during the preceding year.

The decrease was largely due to the lack of new multi-family construction on the east side of the valley. The west side vacancy rate showed a more modest decline from 7.3 to 6.8% during the past 12 months. The majority of new construction continues to occur in the development corridor in the southwest sector of the valley.



## Rental and Vacancy Rates

Salt Lake County (East/West)

### Rent

Average Rent  
Avg. Square Feet  
\$/Sq. Ft.  
Vacancy

#### Year end 2000

	East	West
Average Rent	\$657	\$610
Avg. Square Feet	856	809
\$/Sq. Ft.	77¢	75¢
Vacancy	5.9%	6.8%

#### June 2000

### Rent

Average Rent  
Avg. Square Feet  
\$/Sq. Ft.  
Vacancy

	East	West
Average Rent	\$636	\$597
Avg. Square Feet	849	811
\$/Sq. Ft.	75¢	74¢
Vacancy	7.4%	6.8%

#### Year end 1999

### Rent

Average Rent  
Avg. Square Feet  
\$/Sq. Ft.  
Vacancy

	East	West
Average Rent	\$630	\$589
Avg. Square Feet	850	804
\$/Sq. Ft.	74¢	73¢
Vacancy	8.2%	7.3%

# Salt Lake rental rates increasing

Overall increase was 3.3%

The overall increase in Salt Lake County rental rates during 2000 was 3.26%. The average monthly rent increased \$23 per month during the past 12 months to \$637. Monthly rent for both one bedroom one bath and two bedroom two bath units increased an average of 3.7%, while two bedroom one bath and three bedroom two bath units grew an average of 2.4%. Rent growth for 2001 is expected to equal or exceed the levels achieved in 2000, however, growth for three bedroom units may lag if mortgage rates continue to decrease. While the demand for "affordable" rental units continues, rental rates for Salt Lake County and the Wasatch front still remain well below the national average of \$914 per month as published by MP/F Research.

## Rental Rate Comparison

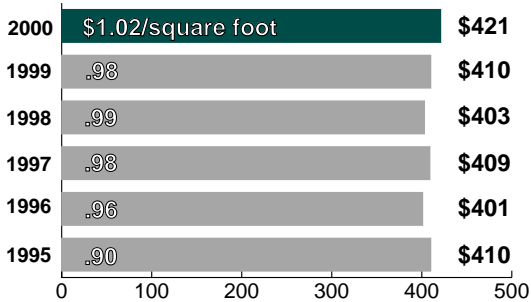
Salt Lake County

	Year end 1999		Year end 2000		% Change
Studio	\$410	98¢	\$421	\$1.02	4.10%
1 Bed 1 Bath	\$536	82¢	\$556	85¢	3.65%
2 Bed 1 Bath	\$601	68¢	\$619	69¢	2.38%
2 Bed 2 Bath	\$733	74¢	\$757	76¢	3.73%
3 Bed 2 Bath	\$818	66¢	\$837	68¢	2.37%
<b>OVERALL</b>	<b>\$614</b>	<b>73¢</b>	<b>\$637</b>	<b>75¢</b>	<b>3.26%</b>

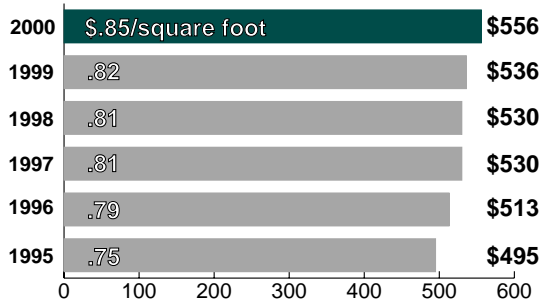
Note: The percent change is determined by dividing the actual aggregate rents per unit type, by the actual total square feet per unit type (as well as overall).

## Salt Lake County Rental Rates

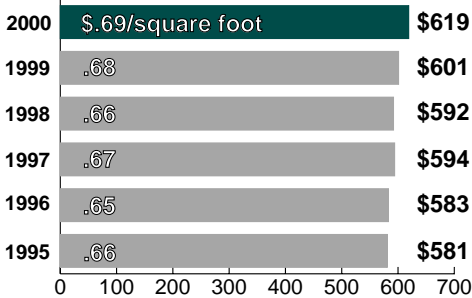
### Studio Rental Rates



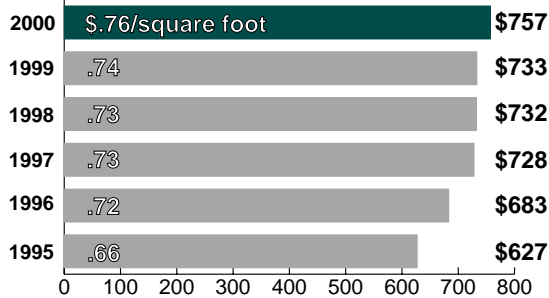
### 1 Bedroom 1 Bath



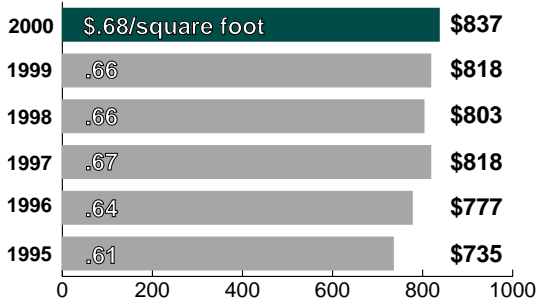
### 2 Bedroom 1 Bath



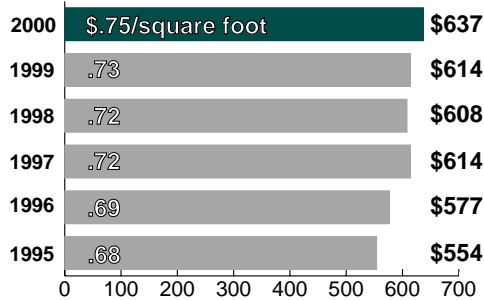
### 2 Bedroom 2 Bath



### 3 Bedroom 2 Bath



### OVERALL



## Wasatch Front Overview



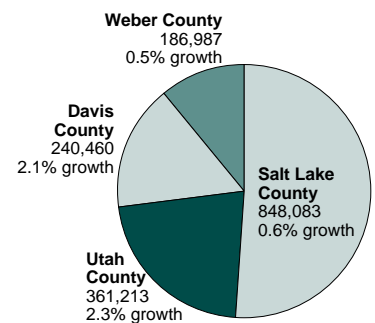
The Wasatch Front includes four counties: Weber, Davis, Salt Lake and

Utah County. About 76% of the state's population resides in these four counties. However, this area only encompasses about 4.4% of Utah's land mass. In 1998, the Wasatch Front population reached almost 1.6 million, an increase of 152,085 people since 1993.

[Source: The Bureau of Economic & Business Research (BEBR)]

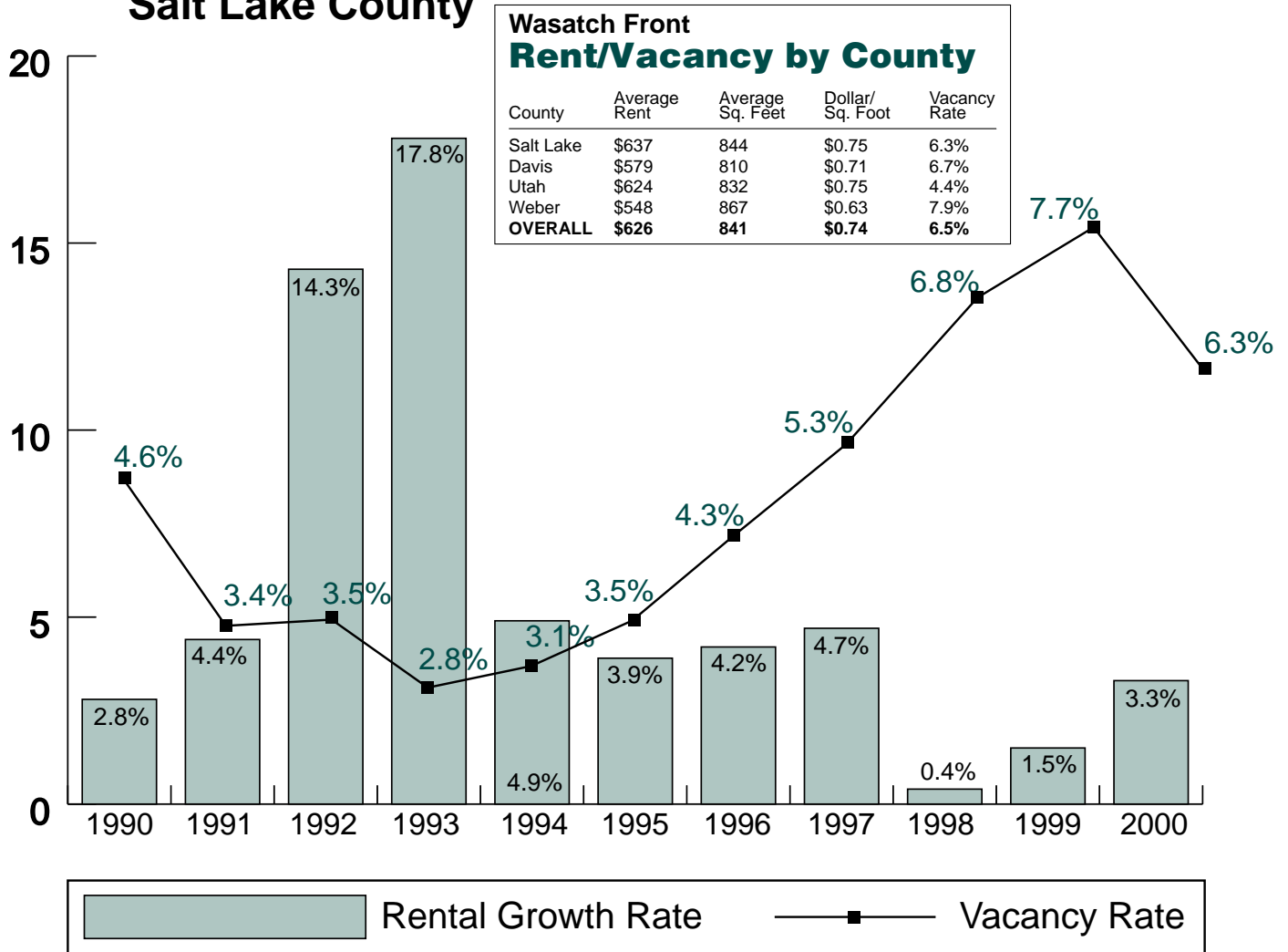
## Population Growth

Source: Governor's Office of Planning and Budget 2000 (f)



# Rent Growth/Vacancy

## Salt Lake County



## Rents by type, age, class

Salt Lake County

### Class A (3 Years and Newer)

Unit Type	Rent	\$/Sq. Foot	Avg. Size
Studio	N/A	N/A	N/A
1 Bed 1 Bath	\$866	93¢	927
2 Bed 1 Bath	\$965	93¢	1,043
2 Bed 1-1/2 Bath	N/A	N/A	N/A
2 Bed 2 Bath	\$1,222	94¢	1,296
3 Bed 2 Bath	\$1,418	98¢	1,443
<b>OVERALL</b>	<b>\$1,093</b>	<b>94¢</b>	<b>1,159</b>

### Class B (3 Years and Newer) (Market Rate)

Unit Type	Rent	\$/Sq. Foot	Avg. Size
Studio	N/A	N/A	N/A
1 Bed 1 Bath	\$632	89¢	711
2 Bed 1 Bath	\$727	78¢	937
2 Bed 1-1/2 Bath	\$698	70¢	1,000
2 Bed 2 Bath	\$773	81¢	951
3 Bed 2 Bath	\$873	69¢	1,274
<b>OVERALL</b>	<b>\$721</b>	<b>79¢</b>	<b>913</b>

### Class A (Other)

Unit Type	Rent	\$/Sq. Foot	Avg. Size
Studio	\$514	94¢	548
1 Bed 1 Bath	\$657	89¢	735
2 Bed 1 Bath	\$718	78¢	924
2 Bed 1-1/2 Bath	\$722	69¢	1,048
2 Bed 2 Bath	\$853	84¢	1,012
3 Bed 2 Bath	\$1,042	80¢	1,306
<b>OVERALL</b>	<b>\$761</b>	<b>84¢</b>	<b>909</b>

### Class B (Other) (Market Rate)

Unit Type	Rent	\$/Sq. Foot	Avg. Size
Studio	\$431	\$1.09	394
1 Bed 1 Bath	\$542	84¢	641
2 Bed 1 Bath	\$630	69¢	909
2 Bed 1-1/2 Bath	\$676	67¢	1,011
2 Bed 2 Bath	\$693	70¢	983
3 Bed 2 Bath	\$815	66¢	1,230
<b>OVERALL</b>	<b>\$620</b>	<b>74¢</b>	<b>838</b>

# Utah: The New Silicon Valley

*Utah is a prime candidate for Silicon Valley relocations*



According to the University of Utah, the Beehive State is "well-positioned" to capture overflow from Silicon Valley. Why are businesses moving from the

Bay Area to Utah? What does Utah offer companies that relocate from Silicon Valley?

Utah offers:

- a high-tech presence across a wide range of industries including computers, communications equipment, electronic components, parts and measuring devices

- cost advantages relating to wages, cost of living, and cost of doing business
- well-established institutions of higher education and technical training that produce the skills Silicon Valley businesses demand
- a high quality of life
- a large, well-educated labor force
- an international airport

- highly developed infrastructure including transportation and fiber optic lines
- major established existing high-tech companies such as Intel, Micron and Novell

For these, and many other reasons, Utah is well suited to recruit and accommodate Silicon Valley relocations.

In short, Utah provides everything Silicon Valley companies need.

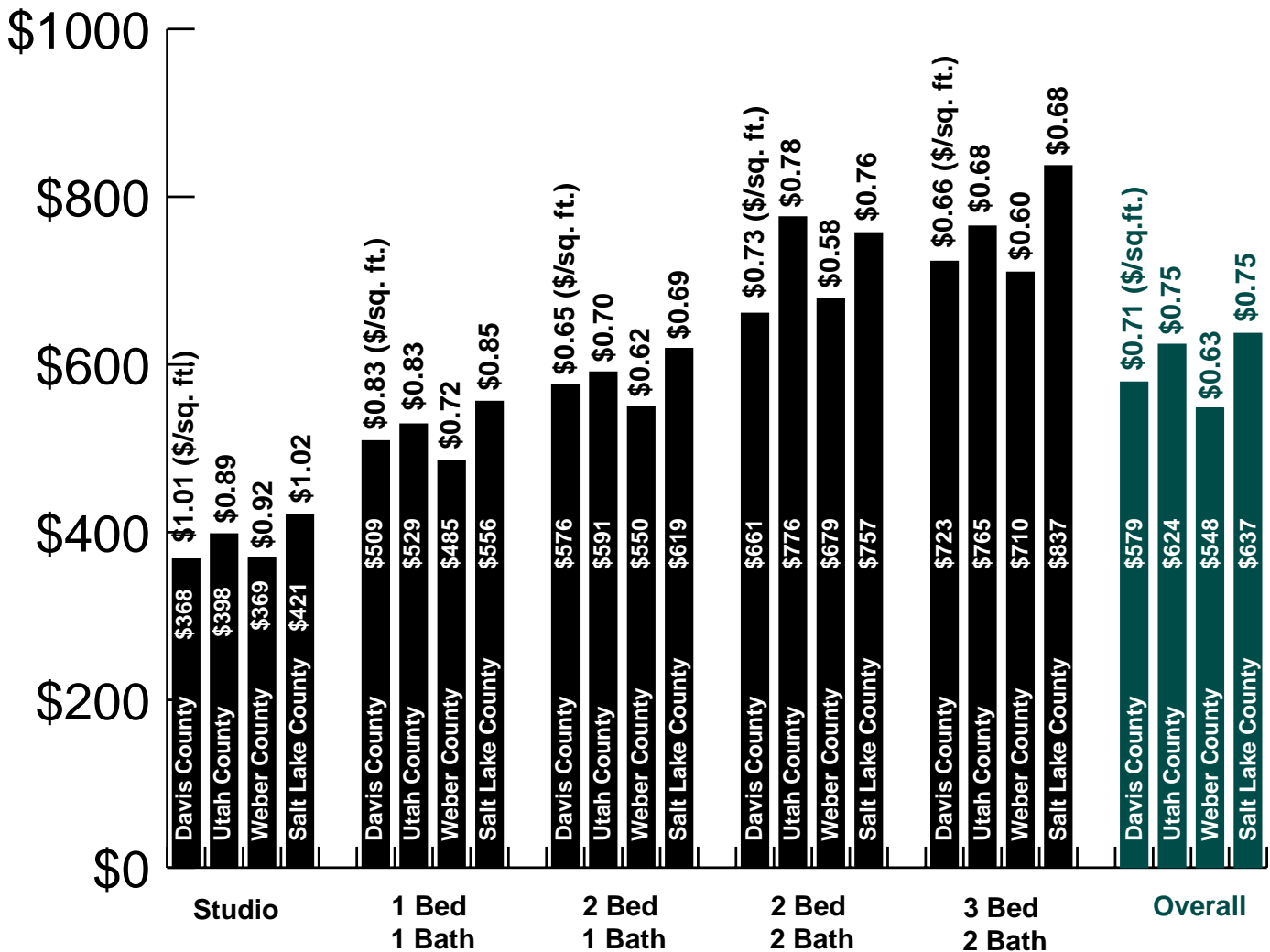
## Cost of Living Comparisons Second Quarter 2000

	All Items	Groceries	Housing	Utilities	Trans	Health Care	Misc
U.S. Average	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Salt Lake City, UT	102.5	114.0	103.2	76.1	102.3	105.7	102.2
Phoenix, AZ	101.4	104.7	100.8	98.5	110.2	113.3	96.4
Los Angeles, CA	148.1	113.0	238.7	117.7	116.2	125.6	108.6
San Diego, CA	123.7	122.1	149.4	126.0	127.8	118.8	101.5
Denver, CO	107.4	109.6	118.7	85.1	107.2	127.4	99.1
Las Vegas, NV	102.8	112.5	95.3	86.5	120.7	129.7	99.0

[Source: ACCRA, Arlington, Virginia]

# Wasatch Front Rental Summary

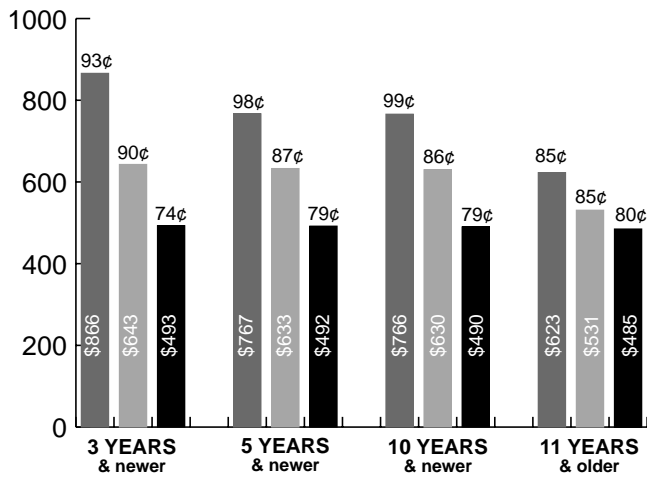
Rents by unit type



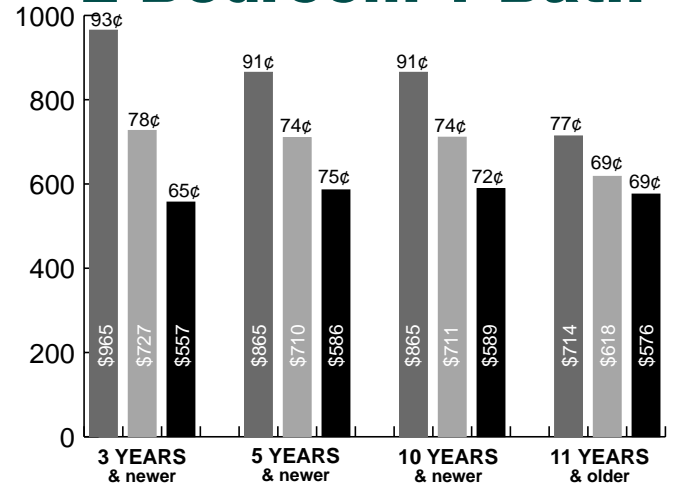
# Rental summary by unit type, age, property class

The dollar amount at the top of the graphs is the price per square foot. The dollar amount inside the graphs is the actual rental rate.

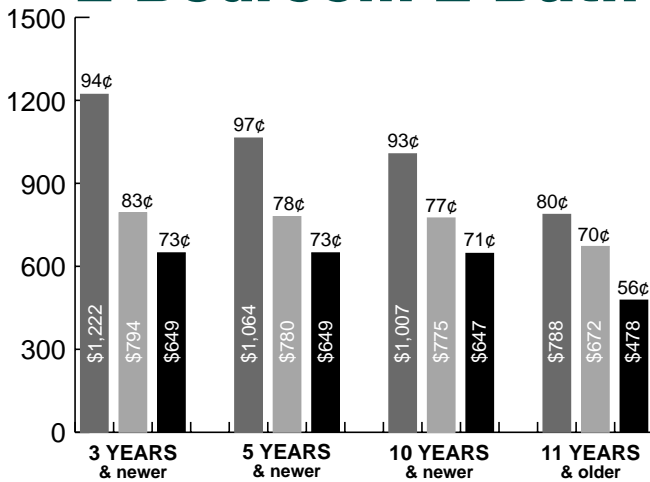
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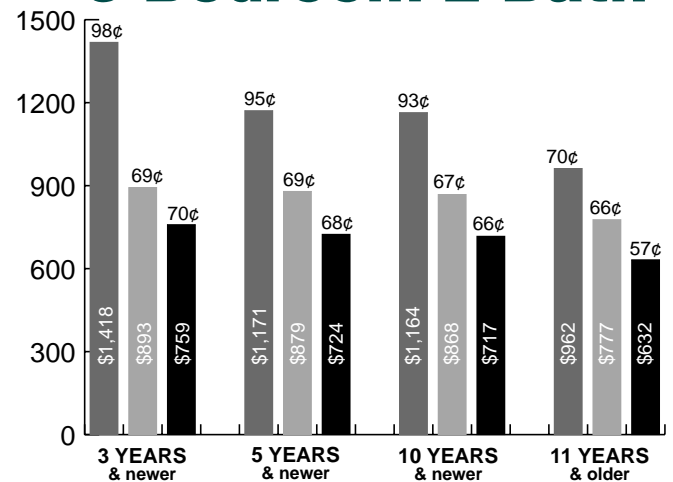
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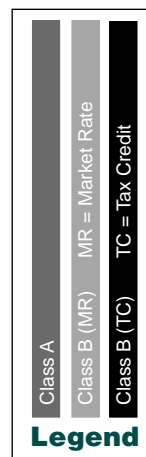
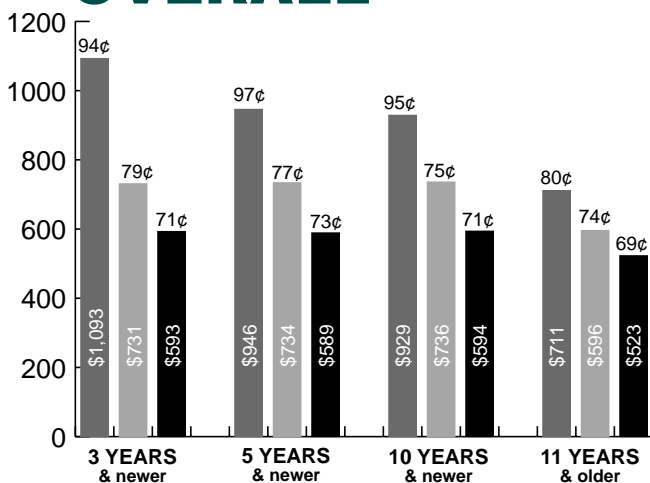
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## 3 Bedroom 2 Bath



## OVERALL



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