

# Greater Salt Lake Multi-family Report

January 2000



**EquiMark**  
PROPERTIES INC.



# Utah Demographic & Economic Update



Although Utah's economy slowed in 1999, overall economic performance is still forecasted to exceed the national average.

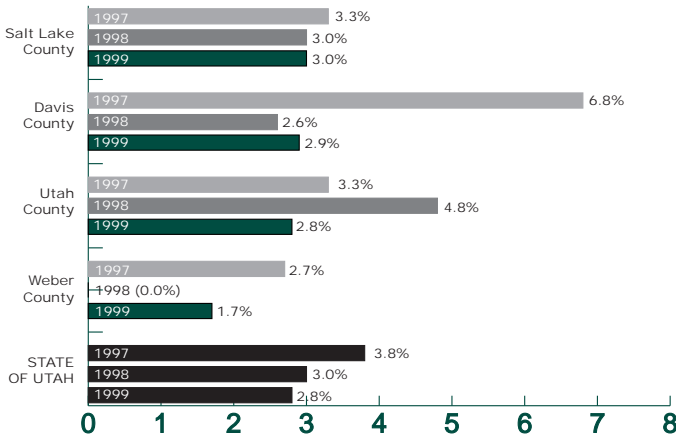
## Modest growth in 1999

Following the trend which began in 1998, Utah's economy experienced only modest growth in 1999. Job growth dropped from 3.0% in 1998 to 2.8% in 1999. Prior to 1998, the state enjoyed five consecutive years of 4.0% or higher job growth.

1999's lower job growth was accompanied by lower unemployment, and the lowest population increase in the decade of the 90s. For the first time since 1990, the state experienced negative net in-migration, which in part explains lower unemployment and the decline in population growth.

## Job Growth

Source: Utah Department of Workforce Services



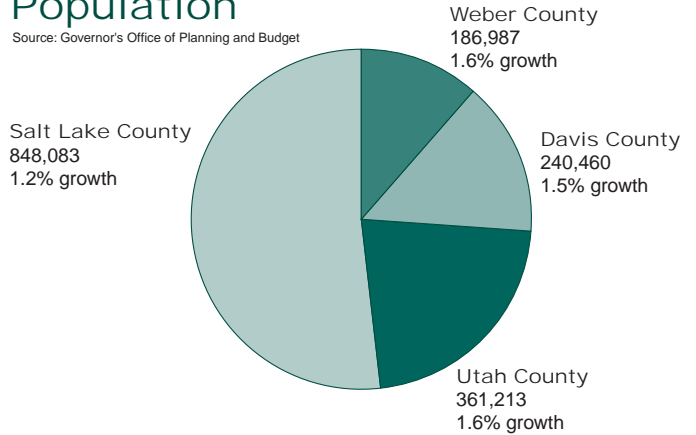
## Construction summary

Ongoing construction validates the continuing dynamics of the Wasatch Front economy. Construction activity has performed well above its historic norm for most of the 90s. While projects related to the 2002 Winter Olympics tend to receive a high profile, there is significant construction that is not related to the Olympics. Following are some major construction projects on the Wasatch Front in 1999:

- I-15 reconstruction (\$1.59 billion)
- East-West TRAX light rail (\$105 million)
- Little America Hotel (\$185 million)
- U of U Olympic Village (\$120 million)
- LDS Conference Center (\$240 million)
- Winter Sports Park Expansion (\$45 million)
- South Towne Hotel (\$35 million)
- Snow Basin Resort (\$67 million)
- Jordan Landing (\$100 million)
- Logan Canyon Highway (\$60 million)
- South Towne Convention Center (\$65 million)
- South Jordan South Gate Projects (\$130 million)
- McKay-Dee Hospital Complex (\$150 million)
- Park City Resort Expansion (\$150 million)
- Solitude Resort Expansion (\$100 million)

## Population

Source: Governor's Office of Planning and Budget



## Utah's housing

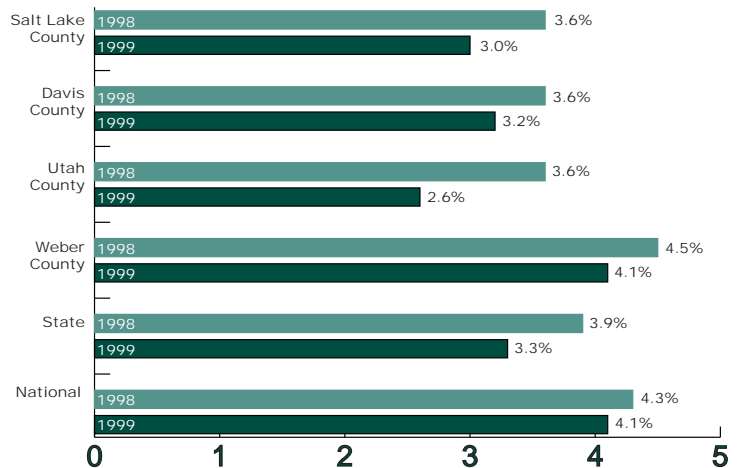
With the significant increase in housing prices over the past 5 years (36.5%) and Utah's high rate of home ownership (73.7% versus 66.3% nationwide, tenth highest in the nation), housing prices have lagged behind the rate of growth in U.S. housing prices for the last 5 quarters. This is expected to continue through 2000.

## A bright future

The fundamentals which promise to keep the Utah economy growing include a well-educated and high-quality work force, an attractive business climate, and a well-diversified economic structure. These strengths combine with record-setting investments in the transportation infrastructure necessary to sustain the economy well into the new century. It also suggests that Utah's current economic slowdown is not a precursor to a recession. Future economic conditions in Utah continue to be very promising.

## Unemployment Rate

Source: Utah Department of Workforce Services



The Economic Report to the Governor (January 2000) is available from the Governor's Office of Planning and Budget, 116 State Capitol, Salt Lake City, Utah 84111. Visit [www.governor.state.ut.us/dea](http://www.governor.state.ut.us/dea) or call 801-538-1036.

# 1999 Salt Lake County At a Glance

Rent Growth .....	1.49%
Vacancy .....	7.7%
Average Overall Rental Rate .....	\$614/unit
Average Rent Per Square Foot .....	\$0.73
Average Cap Rate .....	9.1%
Units Delivered .....	1,145 units
Absorption Rate .....	1.6%
Population Growth (National: 0.9%) .....	1.2%
Job Growth (National: 2.1%) .....	3.0%
Unemployment (National: 4.1%) .....	3.0%

## Vacancy rates increase

The reasons: slower economic growth and reduced net in-migration

Rents have temporarily plateaued due to slower economic growth and reduced net in-migration.

### The solution

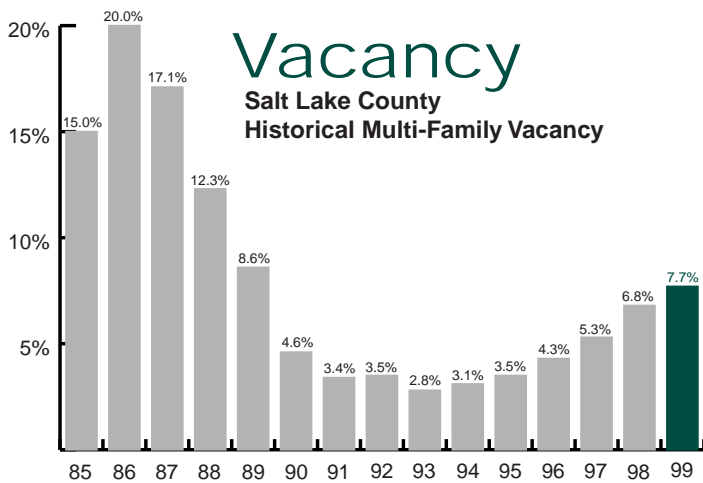
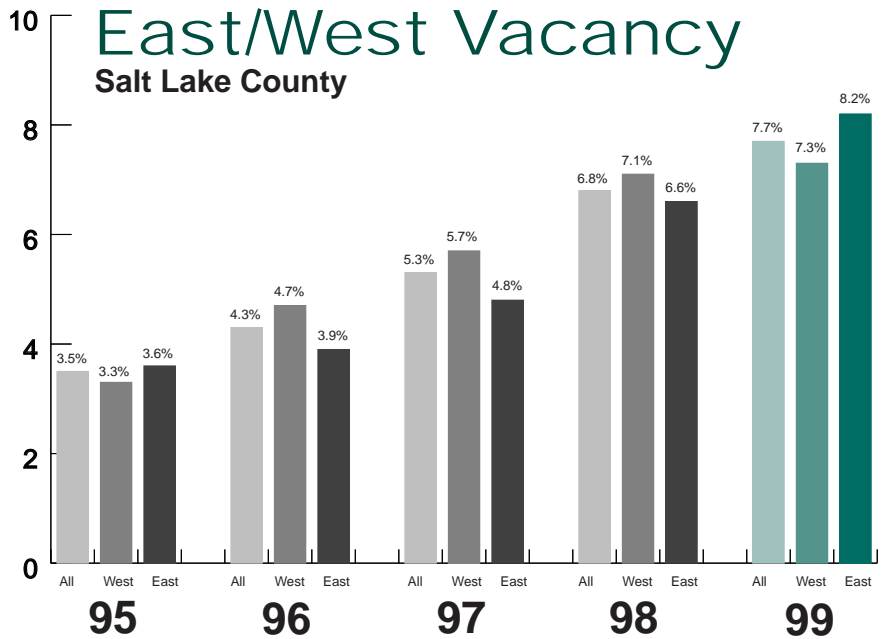
Developers are reluctant to build without the likelihood of imminent rent increases. Because of project economics and the difficulty of obtaining multi-family land entitlements, developers are exercising more restraint. The results should be moderate growth and greater market equilibrium.

### The difference between East and West?

West Side vacancy rates averaged 7.3% while East Side rates averaged 8.2%, reflecting the consumer's desire for the most affordable housing.

### Our predictions for 2000

We predict a vacancy rate between 7.25% and 8.25%. However, this depends on the rate of local economic growth and net in-migration. More importantly, the Salt Lake vacancy rate will be affected by the timing and delivery of new units into the market.



	1998		1999	
	East	West	East	West
Rent				
Average Rent	\$634	\$574	\$630	\$589
Avg. Square Feet	857	803	850	804
\$/Sq. Ft.	74¢	71¢	74¢	73¢
Vacancy	6.6%	7.1%	8.2%	7.3%

County	Average Rent	Average Sq. Feet	Dollar/Sq. Foot	Vacancy Rate
Salt Lake	\$614	840	\$0.73	7.7%
Davis	\$565	813	\$0.69	7.5%
Utah	\$604	831	\$0.73	5.4%
Weber	\$539	878	\$0.61	8.3%
<b>OVERALL</b>	<b>\$605</b>	<b>839</b>	<b>\$0.72</b>	<b>7.7%</b>

# Minimal rent increases for 2000

The overall increase in rental rates for Salt Lake County during 1999 was 1.49%. The average overall rental rate was \$614 per month. Increasing vacancy rates have created a more "renter friendly" environment for apartment dwellers. For the first time since 1990, net in-migration was negative for the Wasatch Front. During 1999, there were approximately 2,000 more "move-outs" than "move-ins." Considering projected construction activity and in-migration, we anticipate the overall increase in rental rates for the year 2000 to be minimal.

## Rental Rate Comparison

Salt Lake County

	1998		1999		% Change
Studio	\$403	98¢	\$410	98¢	-0.25%
1 Bed 1 Bath	\$530	81¢	\$536	82¢	0.94%
2 Bed 1 Bath	\$592	66¢	\$601	68¢	1.99%
2 Bed 2 Bath	\$732	73¢	\$733	74¢	0.39%
3 Bed 2 Bath	\$803	66¢	\$818	66¢	1.05%
<b>OVERALL</b>	<b>\$608</b>	<b>72¢</b>	<b>\$614</b>	<b>73¢</b>	<b>1.49%</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



### Utah Outlook

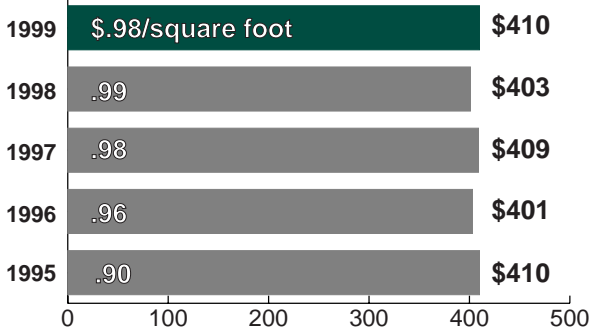
The state will weather a few disruptions as the current construction boom subsides and the state prepares for, hosts, and moves past the 2002 Olympic Winter Games. As Utah enters 2000, the state appears to be well-positioned to prosper in an information age where an attractive work force, quality infrastructure, and favorable quality of life become increasingly more important.

### Themes of 1999

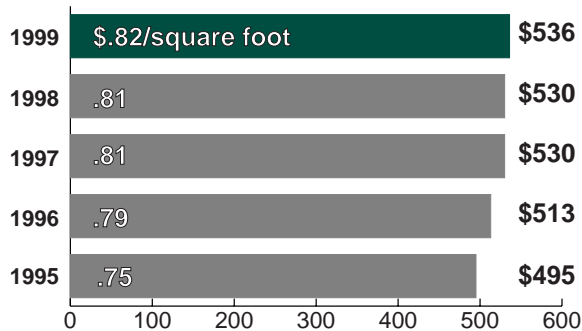
In many respects, 1999 was a repeat of recent years. The economy remains strong, but has moderated steadily and significantly, just as it has in each of the previous five years. Despite the tempering of activity, growth remains a dominant theme of the past year. Growth is still occurring and the economy remains prosperous.

(Source: 2000 Economic Report to the Governor)

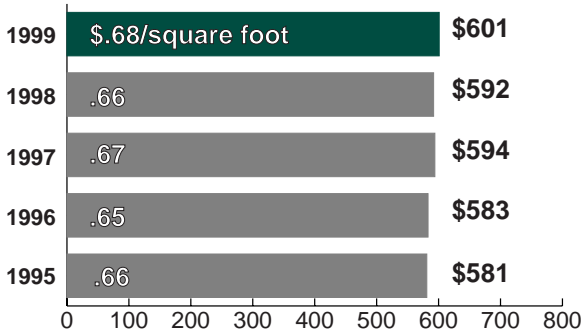
### Studio Rental Rates



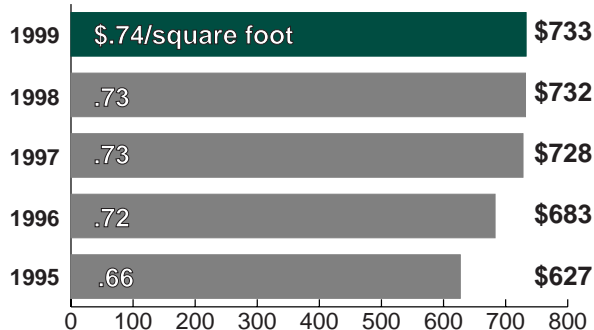
### 1 Bedroom 1 Bath



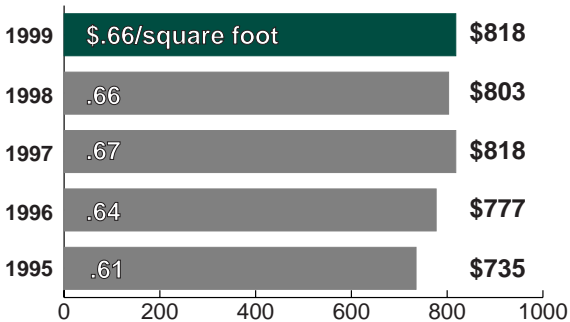
### 2 Bedroom 1 Bath



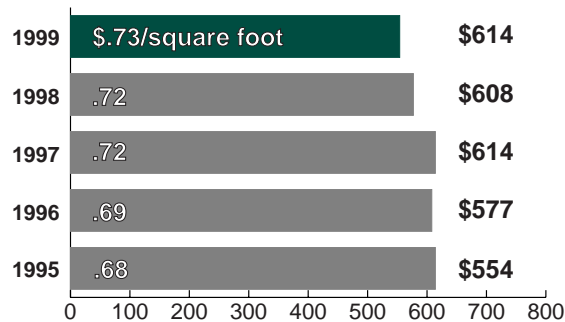
### 2 Bedroom 2 Bath



### 3 Bedroom 2 Bath

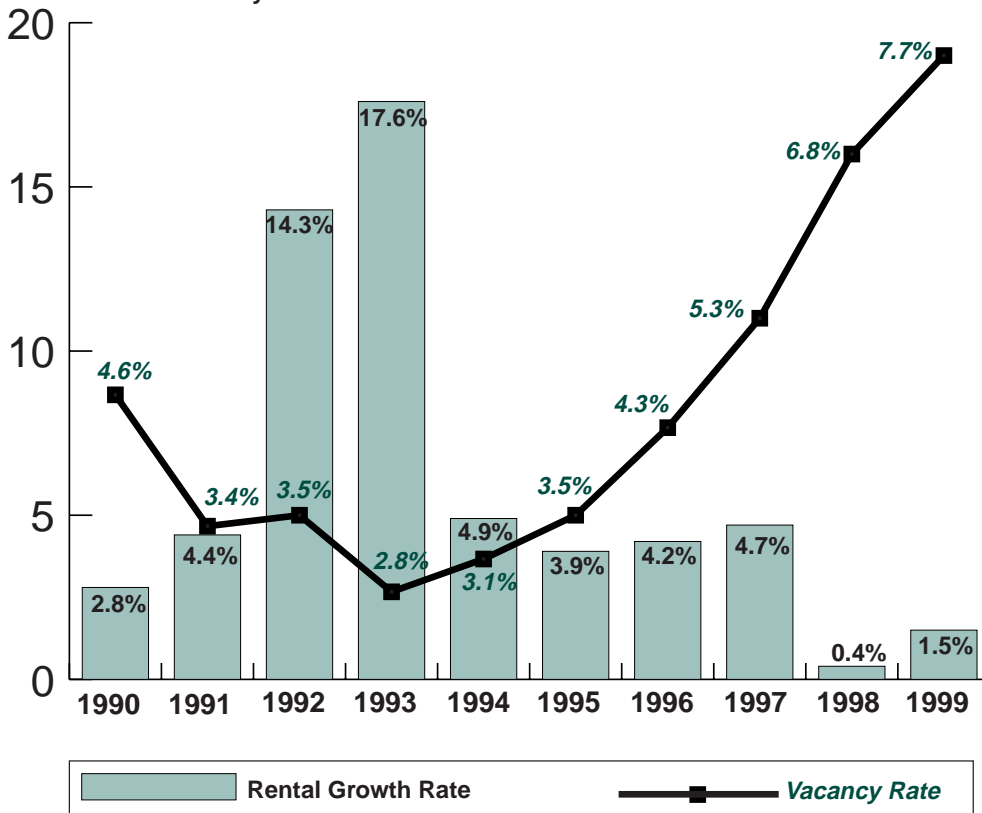


### OVERALL



# Rent Growth/Vacancy

Salt Lake County



Utah continues to grow

### Jobs and Wages

Economic activity in Utah, as measured by the rate of job growth, has slowed for the past five years, falling from 6.2% in 1994 to 2.8% in 1999. Despite the moderation, however, Utah is currently the sixth fastest growing state in terms of job creations (November 1998 to November 1999). During 1999, Utah added 29,400 net new jobs. The majority of these new jobs were in the service sector which now comprises slightly more than one in every four jobs in the state.

### High Technology

Intel Corporation's decision to build a research campus in the city of Riverton is a very positive development for Utah's high-tech industry. If fully developed, Intel will build a seven-building research facility that may eventually employ 6,000 to 8,000 people. An estimated 80% of Intel's workforce will be engineers and other technical workers who will earn an average of \$50,000.

*(Source: 2000 Economic Report to the Governor)*

# 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	\$784	98¢	800
2 Bed 1 Bath	\$910	87¢	1,043
2 Bed 1-1/2 Bath	N/A	N/A	N/A
2 Bed 2 Bath	\$1,009	92¢	1,099
3 Bed 2 Bath	\$1,231	98¢	1,255
<b>OVERALL</b>	<b>\$940</b>	<b>95¢</b>	<b>994</b>

## Class B (3 Years and Newer)

Unit Type	Rent	\$/Sq. Foot	Avg. Size
Studio	N/A	N/A	N/A
1 Bed 1 Bath	\$625	85¢	734
2 Bed 1 Bath	\$712	75¢	944
2 Bed 1-1/2 Bath	\$697	70¢	1,000
2 Bed 2 Bath	\$768	77¢	997
3 Bed 2 Bath	\$910	73¢	1,249
<b>OVERALL</b>	<b>\$718</b>	<b>78¢</b>	<b>925</b>

## Class A (Other)

Unit Type	Rent	\$/Sq. Foot	Avg. Size
Studio	\$513	94¢	549
1 Bed 1 Bath	\$623	85¢	732
2 Bed 1 Bath	\$705	76¢	924
2 Bed 1-1/2 Bath	\$716	68¢	1,048
2 Bed 2 Bath	\$788	78¢	1,012
3 Bed 2 Bath	\$1,006	75¢	1,350
<b>OVERALL</b>	<b>\$721</b>	<b>79¢</b>	<b>912</b>

## Class B (Market Rates)

Unit Type	Rent	\$/Sq. Foot	Avg. Size
Studio	\$421	\$1.06	397
1 Bed 1 Bath	\$519	82¢	636
2 Bed 1 Bath	\$614	58¢	903
2 Bed 1-1/2 Bath	\$638	65¢	981
2 Bed 2 Bath	\$672	68¢	983
3 Bed 2 Bath	\$781	63¢	1,242
<b>OVERALL</b>	<b>\$596</b>	<b>72¢</b>	<b>829</b>

# Poised for the new millennium

## Outlook for 2000

Growth in Utah's economy has slowed over the past five years. This slower growth is largely due to no growth in exports, rapid escalation in housing prices, and economic improvements in other state economies.

Slower construction activity should dampen job growth slightly. Job growth is also expected to slow due to:

- lower net in-migration
- a tight labor market

- expensive housing compared to the national average
- building moratoriums and restrictions
- continued improvement in the business climates and economies of other states

## Construction

Construction continues to be the fastest growing industry in the Utah economy (at 7.0% job growth in 1999). Construction employment in 1999 was nearly 3 times as large as it was

in 1989 (73,000 versus 25,900 jobs). Permitted construction values also reached new historic highs of around \$3.8 billion in 1998 and 1999.

## Housing stock

Approximately 1 out of 6 housing units were added to the total stock of housing in Utah between 1990 and 1998. This ranked Utah second highest in the nation in housing units growth behind Nevada which added 1 in 3 units to its housing stock. By comparison,

only 1 out of 11 units were added to the total stock of housing in the U.S. over the same time period.

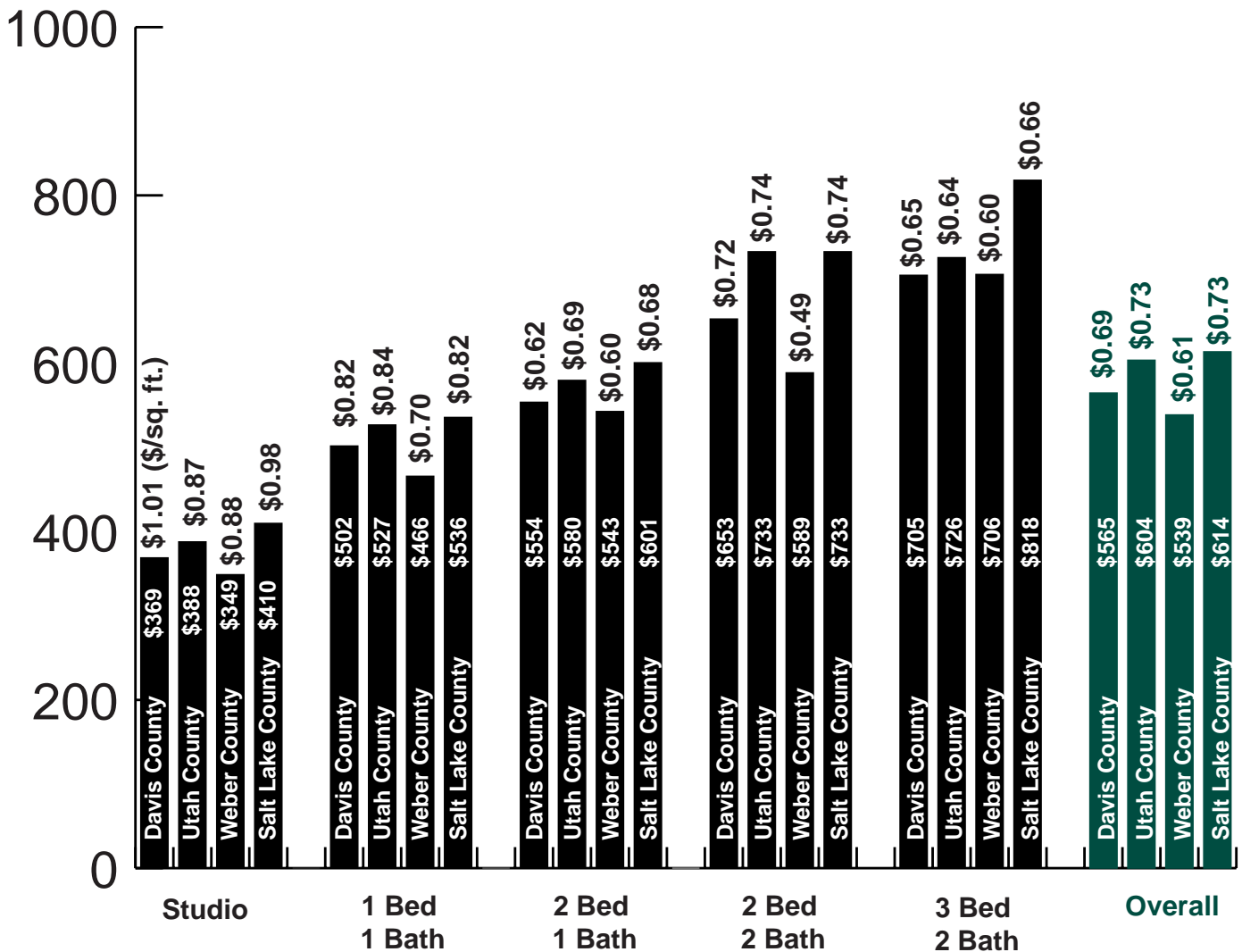
## Average pay

Average annual pay in Utah has been stronger over the past five-year period than at anytime since 1977. This strong growth in inflation-adjusted pay is expected to continue through 2000.

*(Source: 2000 Economic Report to the Governor)*

# Wasatch Front Rental Summary

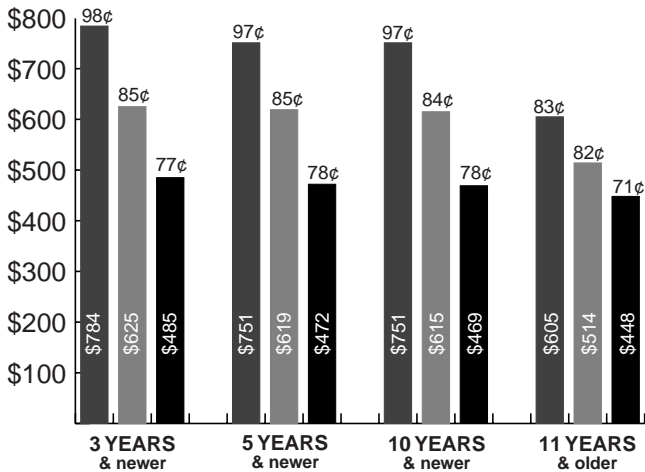
## Rents by unit type



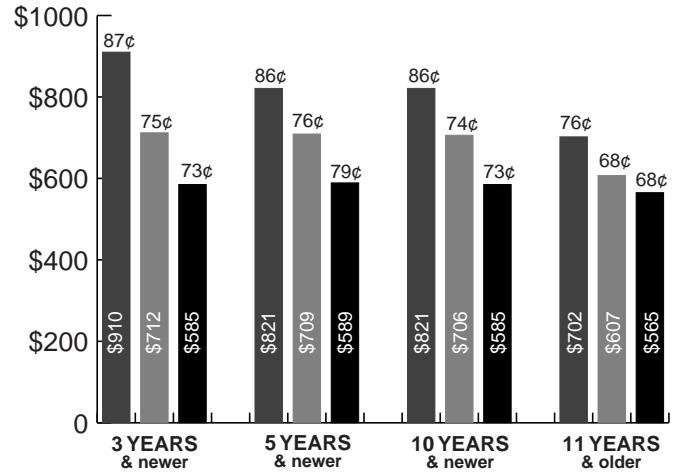
# Rental summary by unit type, age, property class

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.

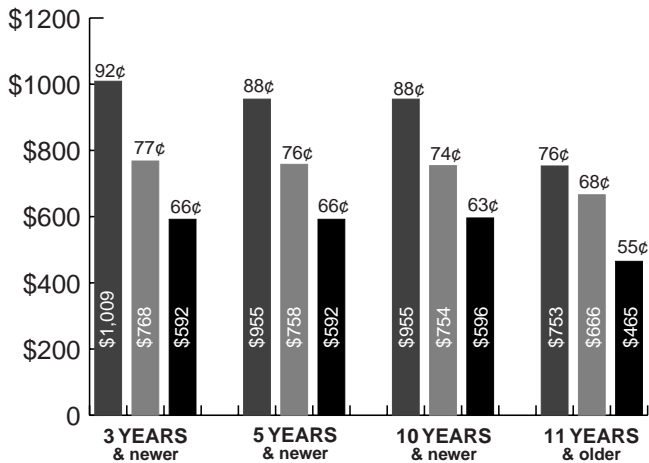
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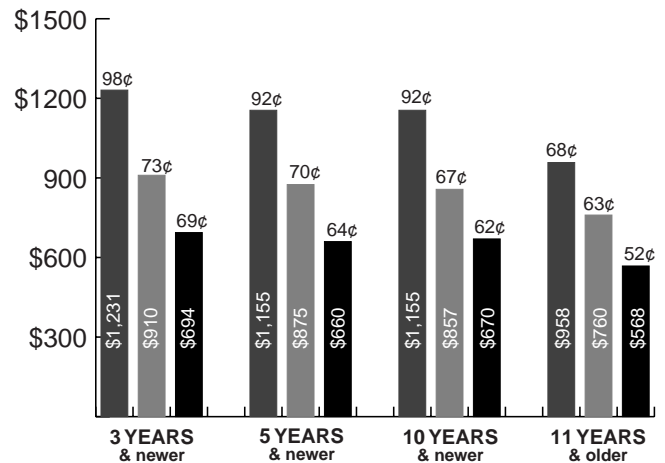
## 2 Bedroom 1 Bath



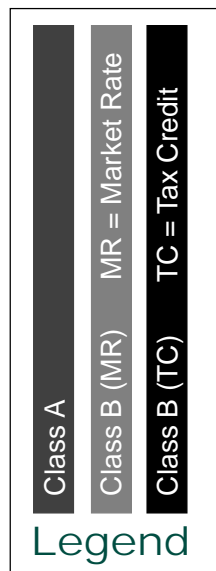
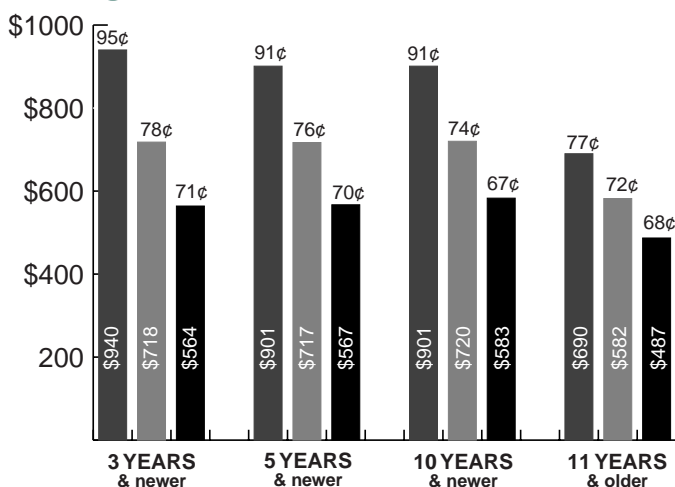
## 2 Bedroom 2 Bath



## 3 Bedroom 2 Bath



## OVERALL



### New firm openings and expansions in 2000

New firm openings and major expansions of existing firms with 100 or more workers in 2000 will include, but will not be limited to:

- First USA Paymentech (commercial credit card)
- Malt-O-Meal plant (cereal)
- Hill Air Force Base (Air Force)
- MarketStar Corp. (marketing)
- Salt Lake Organizing committee (Olympics)
- E-bay Inc., (on-line auction center)
- U.S. West (communications)
- Intel (research & development)

(Source: 2000 Economic Report to the Governor)



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# Home Prices, Rental and Vacancy Rates by sub-markets

## Average Rental/Vacancy Rates and Home Prices in Salt Lake County

Broken out by Multiple Listing Service (MLS) Sub-Markets (see map)

MLS Area	Home Price	Studio	1B/1B	2B/1B	2B/2B	3B/2B	Average Rental Rate		Average Vacancy	
							1999	1998	1999	1998
Area 101	\$255,209	\$370	\$471	\$616	\$684	\$783	\$513	\$506	6.0%	4.7%
Area 102	\$138,344	\$376	\$519	\$569	\$906	\$921	\$582	\$587	8.5%	7.2%
Area 103	\$220,379	N/A	\$579	\$657	\$780	N/A	\$657	\$633	4.6%	5.6%
Area 104	\$131,810	\$439	\$536	\$609	\$703	\$781	\$609	\$601	8.0%	7.5%
Area 105	\$232,255	N/A	\$625	\$674	\$765	\$940	\$715	\$709	7.7%	5.0%
Area 106	\$244,737	N/A	\$551	\$642	\$673	\$819	\$694	\$685	5.9%	7.1%
Area 107	\$249,736	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Area 108	\$188,514	N/A	\$612	\$667	\$753	\$860	\$708	\$700	9.1%	7.2%
Area 109	\$162,764	\$470	\$602	\$600	\$865	\$873	\$678	\$649	7.7%	6.4%
Area 110	\$116,562	\$448	\$522	\$587	\$642	\$759	\$583	\$566	7.8%	6.6%
Area 111	\$104,312	\$401	\$466	\$540	\$599	\$692	\$532	\$516	5.4%	6.4%
<b>Avg. Home Price</b>	<b>\$165,388</b>						<b>\$614</b>	<b>\$608</b>	<b>7.7%</b>	<b>6.8%</b>
<b>OVERALL.....</b>										

SOURCE: Home Prices—Wasatch Front Regional MLS (December, 1999)

# Salt Lake County MLS Areas

▲ = Completed Construction

■ = Under Construction

● = Proposed Construction

