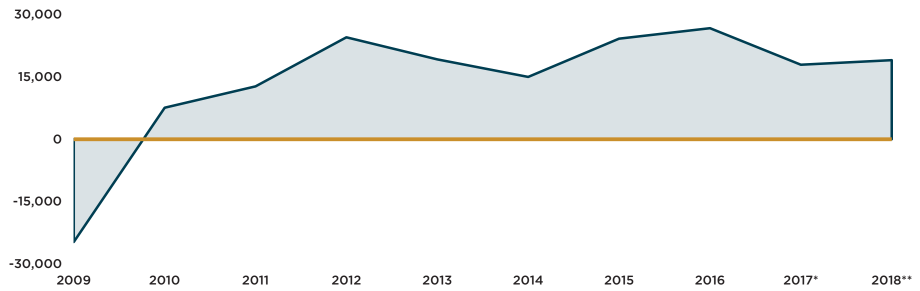
2017 REVIEW

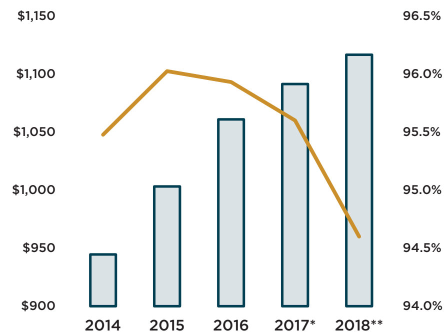
New apartment inventory was heavily concentrated in the northeast and southeast portions of the Salt Lake City metro area in 2017. Multifamily completions in the Central Salt Lake City and Midvale/Sandy submarkets accounted for more than three quarters of metrowide deliveries. Apartment demand followed a similar pattern, with both submarkets taking on the vast majority of new renters. Across the metro, 3,777 apartments came online in 2017, compared with the net absorption of 3,332 units. Consequently, average occupancy decreased 30 basis points to 95.6% in December. During the same period, average effective rent rose 2.9% to $1,091 per month. Occupancy in the lowest-rent submarket, Northwest Salt Lake/Airport, rose 30 basis points year over year, while effective rent appreciated 6.1%, the greatest increase among all submarkets in the metro. Employment rose 2.5% annually with the addition of 17,900 workers to local payrolls. The professional and business services sector led growth with 5,600 new hires, a 4.2% increase.

EMPLOYMENT CHANGE



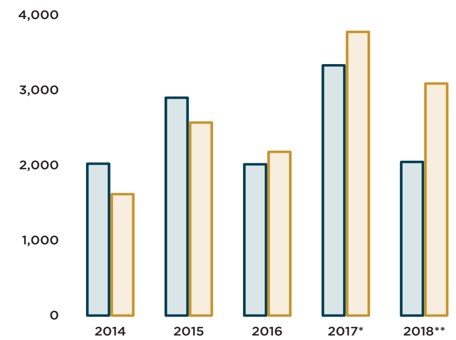
*Estimate; **Forecast | Source: Berkadia, Moody's Analytics

EFFECTIVE RENT AND OCCUPANCY



*Estimate; **Forecast | Source: Berkadia, Axiometrics, Moody's Analytics

ABSORPTION AND DELIVERIES

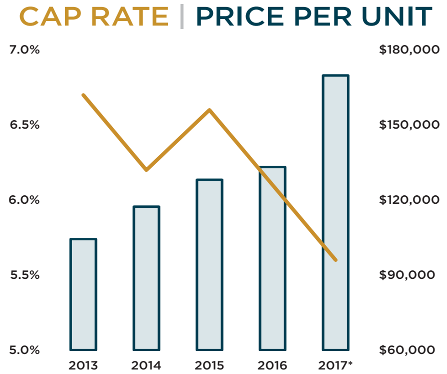


*Estimate; **Forecast | Source: Berkadia, Axiometrics, Moody's Analytics

2017 PERFORMANCE HIGHLIGHTS

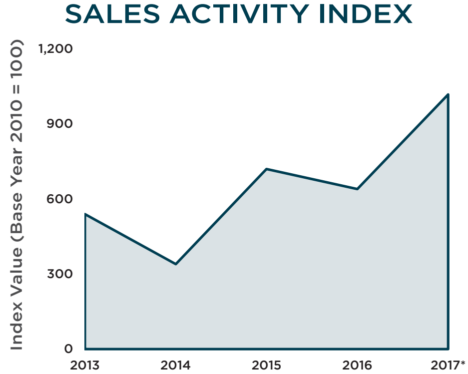
EMPLOYMENT	UNEMPLOYMENT RATE	OCCUPANCY
17,900	3.2%	95.6%
▲2.5% YOY	▲20 BPS YOY	▼30 BPS YOY
EFFECTIVE RENT	**ABSORPTION**	**CONSTRUCTION**
$1,091	3,332 Units	3,777 Units
▲2.9% YOY		▲73.3% YOY

CAP RATE | PRICE PER UNIT



*Estimate | Source: Berkadia, Real Capital Analytics

SALES ACTIVITY INDEX



*Estimate | Source: Berkadia, Real Capital Analytics

MARKET FACTS

POPULATION	HOUSEHOLDS	MEDIAN HOUSEHOLD INCOME	RENT SHARE OF WALLET
1,215,300	412,900	$74,201	17.7%
YE 2017 ▲1.6% YOY	YE 2017 ▲2.0% YOY	YE 2017 ▲3.5% YOY	YE 2017 ▼10 BPS YOY

2018 PREVIEW

More than 20 multifamily communities are scheduled for completion in the metro area in 2018. This activity will result in 3,089 apartments coming online. Nearly one-third of this new stock will be in the Central Salt Lake City submarket. The heightened apartment demand last year is expected to trend downward toward the historical norm as operators record net absorption of 2,045 units this year. The supply imbalance will fuel a 100-basis-point reduction in occupancy to 94.6%. Rent will continue to increase, albeit at a slower annual pace of 2.3%. By year-end, effective rent in the metro area will average $1,117 per month.

Local businesses and institutions are forecast to hire an additional 19,000 workers this year, a 2.6% annual gain. Expansion at established and up-and-coming high-tech companies in Silicon Slopes is expected to contribute significantly to this increase. The trade, transportation, and utilities sector will also be boosted as United Parcel Service Inc. begins hiring the first of 1,500 workers following completion of its 840,000-square-foot distribution center in northwest Salt Lake City this year. The subsequent opening of an Amazon.com Inc. fulfillment center in northwest Salt Lake City will also result in approximately 1,500 new jobs.

Data and images pertaining to employment, income, permits, population, rents, single-family housing, and occupancy are year-end figures. Absorption, construction, and apartment sales figures are full-year totals. Numbers for 2017 are estimated values, while 2018 figures are forecast projections. Apartment market data criteria and methodologies vary by market.