

BRIEF | Intelligent Investment

Salt Lake’s Retail: a lesson in supply-demand imbalance

by Matthew Smith and Sierra Hoffer

Salt Lake’s retail market stood out among other comparable regional markets due to its low availability rate, coming in at 3.7% in Q1 2024. This rate was 80 basis points (bps) lower than the next lowest neighboring market, 100 bps below the national rate, and 810 bps lower than other comparative markets, such as Las Vegas (see Figure 1).

SLC Availability Rate,
June 2024

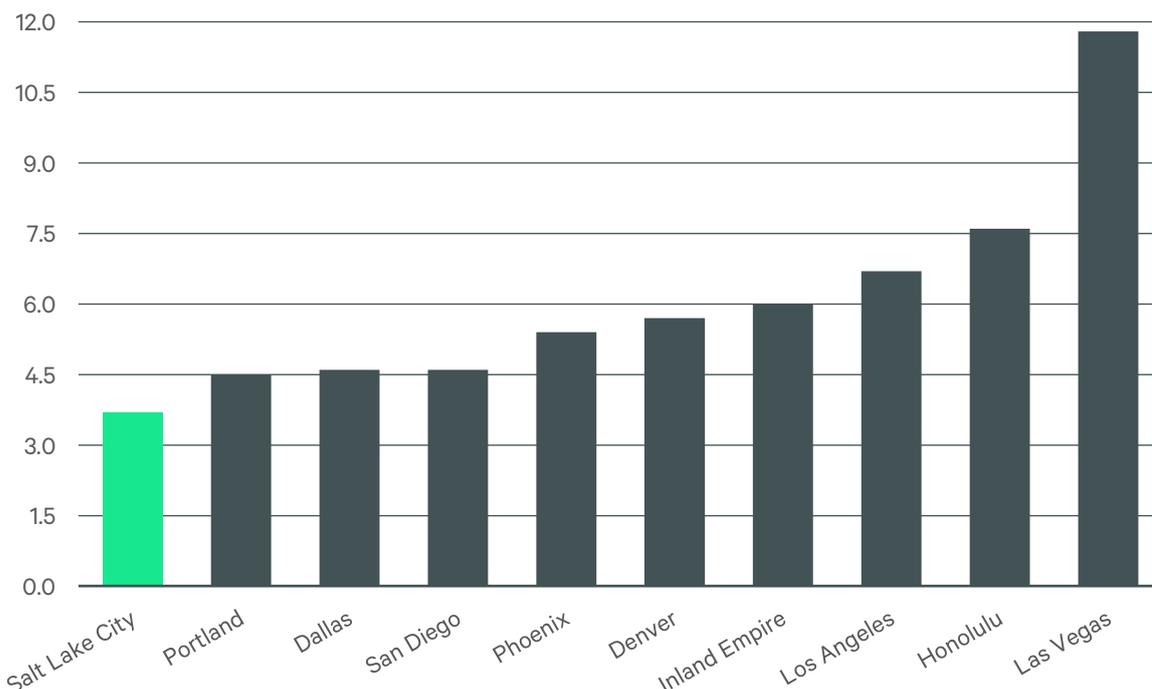
3.7%

Strong demand drivers for Salt Lake’s retail real estate, such as record population growth, increased household income, and healthy consumer spending have bolstered the need for more inventory. High occupancy in existing product highlighted the resilience of retail properties in the metro, suggesting demand for new product in the mid- and near-term. This is especially true in high-growth pockets across Utah, where retail is supported by strong consumer activity.

U.S. Availability Rate,
June 2024

4.7%

FIGURE 1: Total Availability by Market (%)



Source: CBRE Research, June 2024.

Metro demographics support need for retail growth

Ranking 3rd in the nation for highest percent change in personal consumer expenditure (PCE), Utah’s total personal consumer expenditures have changed 11.3% year-over-year to \$162,917, as compared to the national change of only 9.2%. Coupled with record population growth throughout the state, strong consumer demand provides a strong backing for retail growth. PCE is the largest component of GDP (nearly 70 percent) and reflects spending on activities that are attributable to the residents of a state, even when those activities take place outside of the state. This increased spending for Utah households compounds the need for more new development in the retail sector.

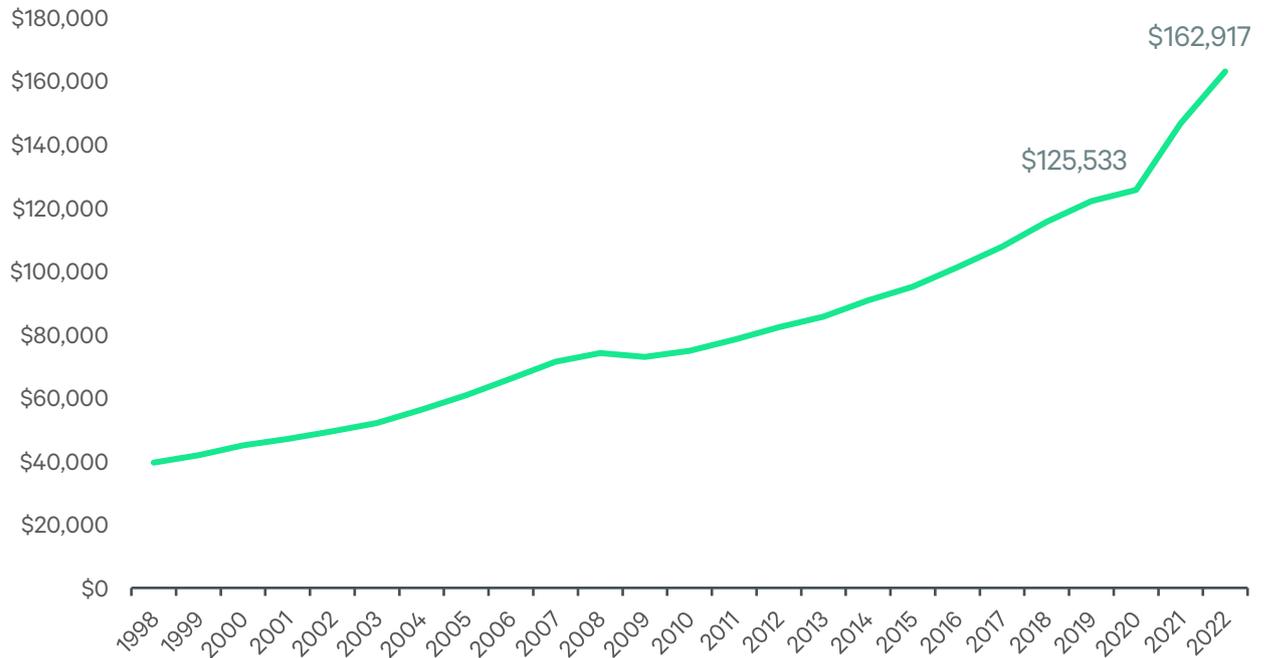
Utah Total Expenditures
Percent Change 2022

11.3%

United States Total Expenditures
Percent Change 2022

9.2%

FIGURE 2: Utah Total Personal Consumption Expenditures (\$)



Source: U.S. Bureau of Economic Analysis, June 2024.

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