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## Why Salt Lake City Is Primed to Lead Post-Pandemic

Strong fundamentals and major projects help Utah's capital city regain its real estate altitude.

By Brian Lee | August 18, 2020



(<https://images.globest.com/contrib/content/uploads/sites/296/2020/08/Colliers-Aug-1st-Article.jpg>) **Fugal (right): "Strong demographics are the foundation of sustained economic growth, and Utah's quality live-work-play environment has created an ideal environment for companies."**

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SALT LAKE CITY—Resilience is the buzzword in the Beehive State as Salt Lake City and its commercial real estate sector continue to benefit from economic diversity and a strong workforce. That's according to **Brandon Fugal**, chairman of **Colliers International – Utah**, and **Adam Long**, COO and director of special projects for the firm. It's combination of industries and workforce make-up are just some of the factors that suggest the economy should recover post-pandemic.

"Utah is ranked the most diverse economy in America, and we have a young median age talent pool that has led to continued resilience during past national downturns," said Fugal. "While most markets are certain to be impacted by the pandemic, Utah's financial, technology, and health and wellness sectors should actually gather strength."

Amazon, Facebook and Tyson's Foods have moved forward with plans to expand into the Utah market. Industrial speculative construction is still hitting record-high amounts at more than 6.67 million square feet, Colliers reports, and industrial/flex type product is showing continued growth during the COVID-19 pandemic. Also, Utah's office market has experienced large preleases by tech companies, most notably Acima Credit, Podium and DIVVY.

"High tech, real estate, wellness and manufacturing are eclipsing the previous economic drivers from 20 years ago, which included mining and agriculture, as the most prominent forces of expansion in Utah," Long said.

Still-low interest rates nationally and higher cap rates locally, relative to primary markets, have helped lead to an increase in CRE capital inflows to Utah from other states and internationally. Those incentives, combined with the state's young, highly educated workforce, add up to strong investment opportunity. "Utah has the lowest median age of any state at 31 and the highest birth rate in the U.S. This combined with sustained positive in-migration of young professionals, results in expanding economic growth through growing consumption and an abundance of the most valuable assets in an information economy, skilled labor," added Long.

"Strong demographics are the foundation of sustained economic growth, and Utah's quality live-work-play environment has created an ideal environment for companies," said Fugal, noting the state's top-ranked job growth, according to the US Bureau of Labor Statistics. "This has been recognized even more over the past 24 months with many of the largest financial institutions investing in Utah, especially the multifamily and industrial sectors. Investors look at Utah's economic position and growth potential and feel confident that it will continue to be an ideal market to invest in."

Things are looking up along the Wasatch Front, including a new \$4 billion airport to open in Salt Lake City in September. Colliers, which helped facilitate the largest single-phase office transaction in Utah's history during the deepest trough of the COVID-19 disruption with the planned 400,000-square-foot Zions Technology Center campus in Midvale, regularly collaborates in public-private partnerships and on major growth initiatives such as the airport, the proposed more than 16,000-acre intermodal transit center in northwest Salt Lake Valley and development of the massive Point of the Mountain master-plan in the south metro. "Even in the midst of COVID-19, investors and companies are recognizing Utah's potential and resilience. In the past week Blackstone invested \$4.7 billion to acquire Ancestry.com and SunRun acquired Vivint Solar for \$3.2 billion. COVID-19 pricing is not a phenomenon in the Utah market, as there is a mutual understanding that Utah will come out of this stronger than before," added Long.

"You hear a lot about the reemergence of nearshoring, as a consequence of COVID-19, and that trend accelerates the value of Utah's central location and their investment in being an environmentally friendly logistics hub," stated Long.

"Salt Lake City is a major transportation and logistics hub," Long added. "Being centrally located has become ideal as more opportunities move away from the overdeveloped coast to Utah where we have a newly expanded international airport and dynamic future inland port location."