

Utah Economic and Business Review

BE|BR
Bureau of Economic and Business Research
DAVID ECCLES SCHOOL OF BUSINESS | UNIVERSITY OF UTAH

2008 | Volume 68, Number 1

Highlights

- Over the next five years at least \$1.5 billion will be invested in Salt Lake City's Central Business District. This includes the largest project ever developed in the CBD, the 20-acre City Creek Center, with 750 residential units in five towers and 731,500 square feet of new retail space.
- Although the preparation for City Creek Center has caused some disruption, affecting downtown employment growth, the CBD remains one of the most significant economic and employment centers in the state. Within the CBD's 40-block area there are nearly 65,000 jobs paying \$2.3 billion in wages.
- The CBD currently has 12.7 million square feet of office space, comprising 7.8 million sf of leasable space and 4.9 million sf of government, institutional, and owner-occupied space. Recent demolitions and changes in use have reduced the inventory by 600,000 sf. This reduction, combined with increasing demand for Class A office space, has resulted in low vacancy rates—less than 2 percent for Class A space.
- Despite the phasing out of Crossroads Mall and the ZCMI Center, retail sales in the CBD set a new record in 2006 of \$555.1 million, breaking the record set in 1996 of \$550 million. Restaurant sales account for 49 percent, or \$271 million, of retail sales activity in the CBD.
- The development of City Creek Center will replace 1.2 million sf of retail in Crossroads Mall and the ZCMI Center with 731,500 sf of new retail. At completion in 2011 the CBD will have about 2.9 million sf of retail space.
- The CBD's seven cultural and entertainment venues, Abravanel Hall, Capitol Theater, Rose Wagner Center, Clark Planetarium, Energy Solutions Arena, LDS Church Family History Library, and the Museum of Church History, had 2.9 million in attendance in 2006.
- The CBD's hotel occupancy rate is 75 percent, the highest since 1997. In 2006, conventions at the Salt Palace accounted for 302,000 room nights. Spending by attendees at these conventions totaled \$108 million.
- In 2006, retail sales and lodging in the CBD generated \$42.6 million in taxes for the state, the county, and Salt Lake City.
- The CBD has a housing inventory of 3,700 units. Rental units make up 77 percent of the inventory; however, in the past two years the owner-occupied share has increased.
- In 2008, approximately 900 new or renovated condo units will be added to the housing inventory of the CBD and periphery, increasing the condo inventory by 45 percent.

2007 Economic Profile of Salt Lake City's Central Business District

James A. Wood, Director

The profile below presents the major economic indicators of the CBD economy.

Table 1
Economic Profile of the CBD, 2007

Category	Amount
Employment	64,950
Wages Paid	\$2.36 billion
Office Square Footage	12.7 million
Office Vacancy Rate	6.9%
Retail Sales (2006)	\$555.1 million
Retail Square Footage	2.2 million
Hotel Rooms (CBD)	3,000
Hotel Occupancy	75.0%
Convention Attendee Downtown Room Nights (2006)	302,500
Retail Spending by Convention Attendees	\$108.5 million
Housing Units	3,700
Population	7,500
Parking Spaces	31,795

Source: Bureau of Economic and Business Research, University of Utah.

Employment and Wages

Employment in Salt Lake City's CBD in 2007 is estimated to be 64,950 (Table 2). One out of every ten jobs in Salt Lake County is located in the CBD. Although much of the news coverage of downtown focuses on retail activity and Main Street, downtown is first and foremost an employment center. And while the size of the CBD labor force is impressive, growth has been held back by the recession of 2001–03, followed by the uncertainty related to the timing and scope of City Creek Center, and finally the launch of City Creek Center with the demolition of two major malls and the start of the \$1 billion four-year construction project.

The construction of City Creek Center will temporarily add over 2,500 construction jobs annually to the CBD. During the 2008–11 period there will be more construction employees downtown than retail employees.

The permanent CBD labor force is employed in a variety of settings: offices, malls, freestanding retail, restaurants, hotels, manufacturing facilities, and miscellaneous commercial

establishments. While the labor force is diverse, it is highly concentrated in office employment (Table 3). The estimated number of office workers in 2007 is 53,000, which accounts for 81.6 percent of the employment in the CBD. Salt Lake's downtown has the largest concentration of office employment in the state. Restaurant employment ranks a distant second to office employment with 7,200 jobs, or 11.1 percent of the CBD workforce, followed by the retail and hotel sectors, each at about 3 percent of CBD employment.

While total employment has remained virtually unchanged over the past six years, there have been some significant shifts in the distribution of employment among major sectors. The impending closure of Crossroads and ZCMI malls led to a reduction in retail employment as some retail establishments relocated outside the CBD. Consequently, retail employment has declined by a third, falling from 2,700 employees in 2001 to 1,800 employees in 2007. Over the same period, retail employment as a share of total downtown employment dropped from 4.2 percent to 2.8 percent.

The CBD's manufacturing sector has experienced an even more dramatic contraction. The relocation of the Newspaper Agency Corporation from Regent Street to West Valley City resulted in the loss of the CBD's major manufacturer and 450 jobs. The only

manufacturing remaining downtown is a few small binding and publishing operations.

Employment growth in the office sector and miscellaneous employment has helped to offset the losses from retail and manufacturing. Office employment, at 53,000, is at an all-time high. Employment in the miscellaneous category has increased substantially, growing from 750 in 2001 to 1,100 in 2007. The growth has been driven primarily by the location of KUTV's news operation on Main Street. KUTV employs over 200 workers full-time and another 12 part-time at its location in the Wells Fargo Tower. Big D construction has also recently located its company headquarters downtown, investing \$5 million to renovate the Fuller Paint building at 400 South and 400 West. Big D has 85 employees at this location.

Total wages paid in the CBD increased to \$2.4 billion in 2007, up nearly \$120 million in inflation-adjusted dollars over 2001 (Tables 4 and 5). Office workers account for over 90 percent, or \$2.1 billion, of the wages in downtown. The restaurant sector ranks second in wages paid with nearly \$100 million. Geographically, the CBD is the most highly concentrated wage center in the state. The \$2.4 billion in wages is more than double the \$1 billion in wages and benefits paid at another highly concentrated wage center, the University of Utah and its medical complex.

Table 2
Estimated Employment Change by Sector in the CBD

	1990	2001	2005	2007	Change	
					1990-2007	2001-07
Office	42,000	51,350	51,250	53,000	26.2%	3.2%
Restaurants	3,350	7,300	7,400	7,200	114.9%	-1.4%
Retail	1,550	2,700	2,600	1,800	16.1%	-33.3%
Hotels	1,250	1,800	1,800	1,800	44.0%	0.0%
Manufacturing	500	500	450	50	-90.0%	-90.0%
Miscellaneous	500	750	1,100	1,100	120.0%	46.7%
Total	49,150	64,400	64,600	64,950	32.1%	.9%

Source: Bureau of Economic and Business Research, University of Utah.

Table 3
Distribution of Employment by Sector in the CBD

	1990	2001	2007
Office	85.5%	79.7%	81.6%
Restaurants	6.8%	11.3%	11.1%
Retail	3.2%	4.2%	2.8%
Hotels	2.5%	2.8%	2.8%
Manufacturing	1.0%	0.8%	0.1%
Miscellaneous	1.0%	1.2%	1.7%
Total	100%	100%	100%

Source: Bureau of Economic and Business Research, University of Utah.

Table 4
Wages by Sector in the CBD, 2007

	Avg. Ann'l.	Employment	Total Wages
Office	\$40,263	53,000	\$2,133,939,000
Restaurant	\$13,653	7,200	\$98,301,600
Retail	\$27,401	1,800	\$49,321,800
Manufacturing	\$37,090	50	\$1,854,500
Hotels	\$22,289	1,800	\$40,120,200
Misc.	\$29,613	1,100	\$32,574,300
Total	\$36,850	64,950	\$2,356,111,400

Source: Bureau of Economic and Business Research, University of Utah.

Table 5
Percent Change in Wages Paid in the CBD
(millions of constant 2007 dollars)

	2001	2007	Change
Office	\$2,040.8	\$2,133.9	4.6%
Restaurant	\$82.4	\$98.3	19.3%
Retail	\$50.2	\$49.3	-1.9%
Hotels	\$31.4	\$40.1	27.7%
Misc.	\$15.7	\$32.6	107.7%
Manufacturing	\$16.6	\$1.9	-88.6%
Total	\$2,237.2	\$2,356.1	5.3%

Source: Bureau of Economic and Business Research, University of Utah.

Office Market in the CBD

Over the past two years demolitions and changes in use have reduced the CBD's office inventory from 13.3 million square feet to 12.7 million square feet in 2007. The current inventory comprises 7.8 million square feet of leasable space and 4.9 million square feet of government, institutional, or owner-occupied space (Table 6).

In 2006 and 2007 there was increased activity in new office construction in the CBD. Three new buildings were developed with a total of 712,000 square feet of new space: Gateway IV and Gateway V, with a combined 292,000 square feet, and Hamilton Partners' new 420,000-square-foot office tower on Main Street. The Gateway IV was completed in late 2007 and occupied by 1,800 employees of Fidelity Investments. Gateway V will be completed in the spring of 2008 and the Hamilton Partners building, which began construction in fall of 2007, will be completed in 2009. The new office construction just completed or

underway represents the highest level of activity in over 12 years (Tables 7 and 8).

Since 2000, nearly 1 million square feet of new office space have been added to the downtown inventory. Sixty percent of this new space has been in the five office buildings at Gateway. The Gateway office towers have a combined square footage of 651,000 square feet. Although office development has picked up in recent years, current levels of development remain relatively modest. In each decade since 1970 at least 2 million square feet of space have been added to the inventory, but that is unlikely in the current decade. The period of greatest office development in the CBD was the 1980s, when 3.5 million square feet were added to the inventory (Table 9).

In the past two years several office properties have been affected by changes underway in the market. As part of the redevelopment associated with City Creek Center, the Deseret Book office building (44,000 square feet) and Key Bank Tower (306,000

	Total SF	Avg. Lease
Class A	2,671,086	\$25.99
Class B	2,912,415	\$19.13
Class C	2,241,212	\$16.30
Total Leasable	7,824,713	\$21.21*
Government, Institutional or Owner-Occupied	4,901,233	NA
Total	12,725,946	NA

*Weighted full-service lease rate.
Source: Commerce CRG and Bureau of Economic and Business Research, University of Utah.

	Address	Yr. Completed	Sq. Ft.
One Utah Center	201 South Main Street	1991	419,000
Department of Workforce Services	140 East 300 South	1991	140,000
Broadway Center	111 East 300 South	1992	240,529
Joseph Smith Memorial Building	15 East South Temple	1993	337,400
Social Hall/IRS	150 East Social Hall Ave.	1996	161,146
Deseret News	30 East 100 South	1997	90,000
Gateway Tower West	South Temple and Main	1998	279,875
Wells Fargo Center	300 South Main Street	1998	535,270
Matheson Courts Complex	450 South State Street	1998	420,000
30 East 300 South	30 East 300 South	1999	23,095
Gateway One	400 West 100 South	2001	161,000
Gateway Two	400 West 100 South	2001	85,000
Alphagraphics Building	280 South State Street	2001	70,000
Gateway Three	400 West 200 South	2004	113,000
Gateway Four	50 North 400 West	2007	230,000
Gateway Five	200 South 500 West	2008	62,000
Hamilton Partners	222 South Main	2009	420,000

Source: Bureau of Economic and Business Research, University of Utah.

Year	Class A	Class B	Class C	Total CBD	Suburban County	CBD as % of New Suburban Space
1995	14,993	73,611	42,488	131,092	287,514	45.6%
1996	150,000	83,108	0	223,108	892,472	25.0%
1997	0	0	0	0	624,322	0.0%
1998	262,500	0	0	262,500	1,045,301	25.1%
1999	0	23,095	0	23,095	1,004,190	2.3%
2000	0	0	0	0	1,604,954	0.0%
2001	246,000	0	0	246,000	1,440,368	17.1%
2002	0	0	0	0	504,077	0.0%
2003	0	0	0	0	304,000	0.0%
2004	0	0	0	0	250,000	0.0%
2005	0	0	0	0	400,000	0.0%
2006	230,000	0	0	230,000	775,000	29.7%
2007	482,000	0	0	482,000	NA	NA

Source: Commerce CRG.

	Square Feet
Inventory to 1970	4,203,283
1970-1979	2,135,901
1980-1989	3,526,154
1990-1999	2,215,294
2000-2007	958,000

Source: Bureau of Economic and Business Research, University of Utah.

square feet) have been demolished, the ultimate use of the Deseret Building (135,000 square feet) has yet to be determined, the Walker Center (128,000 square feet) is undergoing renovation, the Tribune Building (76,000 square feet) is empty after the relocation of the Salt Lake Tribune to The Gateway offices, and the Triad Center reduced its total office space use with the lease of 243,000 square feet to the LDS Business College.

The loss of space has contributed to the drop in vacancy rates, particularly Class A office space. Three years ago Class A office space had a vacancy rate of about 10 percent. In 2007 that rate had dropped to 1.4 percent (Table 10). The overall vacancy rate (Class A, B, and C buildings) in 2007 for the downtown office market is 10.1 percent. This overall rate, however, is distorted by the very weak market conditions in Class C space. Class C

buildings currently have a vacancy rate of 25.4 percent, compared with 9.2 percent for Class B and the 1.4 percent for Class A space. The CBD currently has 660,000 square feet of vacant office space of which only 37,000 square feet are Class A space, 210,000 square feet are Class B space, and 412,000 are Class C space. The vacancy rate data do not include institutional buildings and single-tenant owner-occupied buildings.

After a long period of price stability, CBD office lease rates have increased significantly in the past two years (Table 11). The overall lease rate for Class A, B, and C buildings is \$21.21, up 11 percent in two years. The lease rate for Class A space has risen by 15 percent in the past two years and is currently \$25.99 per square foot. Lease rates in downtown are 10 percent higher than lease rates in the suburban area of Salt Lake County.

Table 10
Office Vacancy Rates in the CBD*

Year	Class A	Class B	Class C	Total CBD	Total SL Co.
1990	6%	13%	22%	13%	14%
1991	21%	16%	17%	18%	NA
1992	14%	16%	19%	16%	NA
1993	7%	11%	18%	11%	11%
1994	5%	10%	20%	10%	8%
1995	4%	6%	14%	7%	6%
1996	3%	1%	11%	8%	7%
1997	2%	8%	8%	6%	6%
1998	4.5%	13.3%	7.7%	8.7%	8%
1999	5.1%	11.5%	6.5%	8%	8.4%
2000	4.5%	13.3%	7.7%	8.7%	8.9%
2001	10.1%	13%	9.1%	10.9%	12.1%
2002	14.3%	13.2%	24%	16.2%	17.2%
2003	11.3%	12.8%	29.2%	16.1%	16.7%
2004	9.8%	11.6%	29.5%	15.5%	15.3%
2005	4.4%	9.1%	25.6%	11.2%	10.8%
2006	1.4%	9%	25.1%	9.9%	10.3%
2007	1.4%	9.2%	25.4%	10.1%	10.1%
Vacant Space	37,096	210,640	412,215	659,861	2,866,823

*Sublease space not included.
Source: Commerce CRG.

Table 11
Average Office Lease Rates for the CBD and Salt Lake County
(full-service lease, per square foot)

Year	Class A	Class B	Class C	Total CBD	Total SL Co.
1995	\$17.57	\$13.01	\$11.33	\$12.84	\$12.92
1996	\$19.02	\$14.53	\$12.90	\$14.44	\$14.03
1997	\$19.70	\$15.05	\$13.05	\$14.93	\$14.76
1998	\$19.69	\$15.55	\$13.39	\$15.47	\$15.43
1999	\$20.56	\$16.33	\$13.95	\$15.92	\$15.90
2000	\$21.46	\$16.41	\$13.51	\$17.53	\$17.26
2001	\$22.51	\$16.94	\$13.73	\$18.52	\$17.78
2002	\$22.18	\$16.86	\$13.66	\$18.27	\$17.46
2003	\$22.23	\$16.70	\$13.75	\$18.25	\$17.37
2004	\$21.96	\$17.01	\$14.31	\$18.22	\$17.25
2005	\$22.64	\$17.35	\$14.47	\$18.70	\$17.63
2006	\$25.02	\$18.71	\$15.81	\$20.56	\$18.73
2007	\$25.99	\$19.31	\$16.30	\$21.21	\$19.17

Source: Commerce CRG.

Retail Trade in the CBD

In 2006 retail sales in the CBD set a new record of \$555 million, finishing just above the previous record set in 1996 of \$550 million (inflation adjusted) (Table 12). Despite the phasing out of retail at Crossroads and the ZCMI Center, retail sales gained momentum in the past two years and finally broke out of the \$420–\$480 million sales range. For seven years retail sales were stuck in this narrow \$60 million range. It took the economic expansion of 2005 to finally propel sales above the \$500 million level and on to \$555 million in 2006. The increase in retail sales in the CBD in 2006 was 9.1 percent, slightly above the 8.6 percent increase for Salt Lake County. At present, the CBD accounts for 8.7 percent of total retail sales in Salt Lake County.

Change in retail sales has been relatively volatile in the CBD since 1990. There have been a number of years when year-over sales have declined, most notably the five consecutive years of 1996 to 2001, when the reconstruction of I-15 and construction of TRAX disrupted transportation and shopping patterns. The 2002 Olympics produced a 17.5 percent increase in sales in 2002, the greatest single-year gain in downtown retail history.

Retail sales receipts in the CBD are dominated by restaurant food sales: fast food, family, and theme restaurants. In 2006 restaurants accounted for \$271 million in retail sales, or 49 percent of the

retail sales activity in the CBD (Table 13), versus only 37 percent of retail activity in 2000. Other changes in the distribution of retail sales include the decline in shares of department store sales, jewelry sales, and other retail sales. The share of clothing sales has remained stable at about 21 percent.

The location of retail sales has shifted west with the maturation of The Gateway. Over 60 percent of retail sales in the CBD are now in ZIP Code 84101. Sales in this ZIP Code have increased by 54 percent since 1994, while sales in ZIP Code 84111 have declined by 28 percent (Table 14).

The inventory of retail space in the CBD in 2007 was 2.2 million square feet: 622,000 square feet in Gateway, 542,000 square feet in restaurants, and 1 million square feet in free-standing retail. The demolition of the Crossroads Mall and the ZCMI Center reduced downtown retail by nearly 1.2 million square feet. This space will be replaced with 731,500 square feet of new retail in City Creek Center. The major tenants at City Creek Center will be Nordstrom (124,000 square feet), Macy's (150,000 square feet), and Harmon's Grocery (50,000 square feet). There will be an additional 400,000 square feet of specialty shop retail. The development of City Creek Center will ultimately reduce retail located on or near Main Street by 438,500 square feet, from 1,170,000 square feet to 731,500 square feet.

Table 12
Retail Sales in the CBD and Salt Lake County
(millions of constant 2006 dollars)

Year	CBD	County	CBD Share of County
1990	\$409.8	\$3,315.3	12.4%
1991	\$443.2	\$3,412.3	13.0%
1992	\$425.8	\$3,657.1	11.6%
1993	\$460.9	\$3,850.7	12.0%
1994	\$517.5	\$4,081.6	12.7%
1995	\$518.5	\$4,411.1	11.8%
1996	\$550.5	\$4,730.7	11.6%
1997	\$532.9	\$4,762.0	11.2%
1998	\$483.7	\$4,937.2	9.8%
1999	\$472.0	\$5,016.7	9.4%
2000	\$461.0	\$5,083.6	9.1%
2001	\$419.9	\$5,124.6	8.2%
2002	\$493.3	\$5,375.0	9.2%
2003	\$469.4	\$5,408.1	8.7%
2004	\$458.5	\$5,600.8	8.2%
2005	\$508.7	\$5,851.9	8.7%
2006	\$555.1	\$6,359.8	8.7%

Source: Utah State Tax Commission and Bureau of Economic and Business Research.

Table 13
Distribution of Retail Sales by CBD Sector
(millions of constant 2006 dollars)

	2000	Share	2006	Share
Clothing	\$96.8	21.0%	\$121.3	21.9%
Department Stores	\$58.2	12.6%	\$57.8	10.4%
Food & Drinking	\$170.9	37.1%	\$271.8	49.0%
Jewelry	\$19.5	4.2%	\$14.7	2.6%
Furniture	\$11.2	2.4%	\$14.7	2.6%
Used Merchandise	\$4.7	1.0%	\$10.7	1.9%
Other	\$99.7	21.6%	\$64.2	11.6%
Total	\$461.0	100%	\$555.1	100%

Source: Utah State Tax Commission and Bureau of Economic and Business Research, University of Utah.

Table 14
Retail Sales by Zip Code in the CBD
(millions of constant 2006 dollars)

Year	84111	84101	Total
1994	\$295.1	\$222.4	\$517.5
2000	\$219.0	\$241.1	\$460.2
2006	\$211.2	\$343.9	\$555.1
Change 1994–2006	-28.4%	54.6%	7.4%

Source: Utah State Tax Commission and Bureau of Economic and Business Research.

Attendance at Cultural and Entertainment Venues

The CBD's cultural and entertainment venues distinguish it from the surrounding suburban commercial centers, provide an amenity-rich environment for downtown residents and inviting suburban dwellers to experience the CBD. Seven venues in the CBD offer a wide range of cultural and entertainment activities. The Energy Solutions Arena attracts the largest number of attendees with over 1.2 million in 2006 (Table 15). The Family History Library of the Church of Jesus Christ of Latter-day Saints ranks second with nearly 600,000 visitors in 2006. The number of visitors to the Family History Library has declined steadily due to the increase in online genealogy.

The sensitivity of attendance at these venues to specific event offerings is demonstrated by the 2005 attendance at the Museum of Church History. That year the museum offered a special exhibition commemorating the 200th anniversary of Joseph Smith's birth. This event more than doubled the attendance for the museum over the previous year.

Salt Lake County operates the cultural venues of the Rose Wagner Center, Capitol Theater, and Abravanel Hall. In recent years attendance at these venues has slowly declined, dropping a combined 12 percent over the past five years. The most serious decline has been at the Capitol Theater, where attendance in 2005 and 2006 dropped to around 175,000. In 2003 attendance was as high as 283,000 and has generally exceeded 250,000 over the past 15 years.

In terms of paid attendance, the Energy Solutions Arena is the most important cultural and entertainment venue, accounting for 43 percent of paid attendance in the CBD in 2006. And approximately 70 percent of the Energy Solutions Arena attendance in 2006 was generated by the Utah Jazz, followed by family events such as the circus and Disney on Ice.

Hospitality and Convention Data

For several years the CBD's hospitality sector experienced excess capacity due to declining travel following 9/11, the addition of several hundred new rooms for the Olympics, and the 2003-04 recession.

Occupancy rates dropped from 71.2 percent in 1998 to 61.3 percent in 2003. However, recently the CBD has rebounded with occupancy rates climbing to 75 percent (Table 16). The hospitality rebound is illustrated by the increase in estimated annualized room revenue for the CBD's 3,000 rooms.

In 2007, the estimated room revenue was \$81.2 million. In inflation-adjusted dollars this is the highest annual room revenue since 2002. The average room rate in 2007 was \$98.89. The only year with higher room rates was 2002 (Olympics), with an average room rate of \$101.56.

Retail spending by tourists and convention attendees is a component of CBD retail activity. Unfortunately, there are no data on spending patterns of tourists, but the Convention and Visitor's Bureau of Salt Lake County does conduct surveys on the

Year	Occ. Rate	Average Room Rate (current dollars)	Annual Room Revenue (millions of constant 2007 dollars)
1998	71.2%	\$95.79	\$93.40
1999	68.0%	\$89.75	\$82.20
2000	64.7%	\$83.26	\$70.90
2001	61.7%	\$82.97	\$65.20
2002	65.1%	\$101.56	\$82.00
2003	61.3%	\$85.03	\$64.00
2004	63.0%	\$85.20	\$64.30
2005	68.9%	\$85.35	\$68.80
2006	71.0%	\$92.02	\$74.20
2007*	75.0%	\$98.89	\$81.2

*Data are through August; annual revenue is an annualized estimate. Source: Rocky Mountain Lodging Report.

Year	Energy Solutions Arena	Family History Library	Museum of Church History	Clark Planetarium	Rose Wagner Center	Abravanel Hall	Capitol Theater	Total
1992	1,693,208	822,417	299,581	153,705		310,320	266,148	3,545,379
1993	1,801,656	756,264	401,827	170,630		281,783	313,715	3,725,875
1994	1,722,088	771,497	323,793	156,484		286,808	251,836	3,512,506
1995	1,716,558	814,464	293,244	172,025		322,238	364,699	3,683,228
1996	2,083,468	813,100	283,868	182,678		289,194	467,328	4,119,636
1997	1,916,731	816,869	307,973	169,561	8,233	286,957	249,417	3,755,741
1998	1,412,331	757,610	231,313	142,143	13,456	279,895	259,865	3,096,613
1999	1,583,877	708,347	202,038	132,017	11,132	300,266	330,070	3,267,747
2000	1,489,738	691,074	271,481	130,958	19,948	265,739	255,458	3,124,396
2001	1,626,858	608,097	234,528	114,428	38,685	240,551	230,121	3,093,268
2002	1,517,503	584,884	213,168	148,003	48,877	254,941	234,041	3,001,417
2003	1,335,271	571,849	218,130	356,298	55,290	213,232	282,973	3,033,043
2004	1,215,390	545,539	202,720	346,779	89,933	196,787	250,380	2,847,528
2005	1,183,219	580,000	437,787*	354,000	72,987	201,497	173,722	3,003,212
2006	1,227,824	592,000	210,613	365,000	79,715	192,797	175,644	2,843,593
Seating Capacity	19,911	NA	NA	Star: 280 IMAX: 297	Black Box: 190 Studio: 75 J. Wagner: 500	2,811	1,875	

* High attendance in 2005 was due to an exhibition commemorating the 200th anniversary of Joseph Smith's birth. Source: Survey of Venue.

spending patterns of convention attendees. In 2006, 45 convention groups used the Salt Palace as their convention headquarters. Attendees to these conventions had a total of 302,000 room nights. Based on surveys conducted by the Bureau

of Economic and Business Research, the average attendee spent \$358/day (Table 17). Two-thirds of this spending was for lodging and food. The total spending of all attendees was \$108 million. Restaurant and shopping expenditures accounted for about \$55 million, or 10 percent of total retail sales in the CBD in 2006.

Tax Revenues

Seven different taxes are applied to retail sales in the CBD. The total sales tax rate is currently 6.85 percent, comprising a 4.75 percent rate for the state and a 2.10 percent rate for the city and county. In 2006, retail sales in the CBD generated \$36.8 million in taxes, of which \$26.4 million went to the state and \$10.4 million to the city and county (Table 18). The sales tax revenue generated in 2006 was the highest on record; 1996 ranks second with \$33.7 million (in constant 2006 dollars).

Salt Lake County, like 25 other counties in Utah, imposes a 1 percent tax on restaurant sales. This county tax is used for tourist promotion and maintenance of

tourist, recreation, cultural, and convention facilities. Spending at restaurants in the CBD generated \$2.76 million in tax revenue for Salt Lake County (Table 19). The Salt Lake County transient room tax was 4.25 percent through 2006. This tax generated an additional \$3.2 million in taxes for the county in 2006 (Table 20).

In 2006 retail spending, including restaurant spending and expenditures on room rents, produced over \$42 million in taxes for the state, city, and county.

Table 17
Spending by Convention Attendees in the CBD, 2006

	Per Day	Total
Lodging	\$115.86	\$35,043,016
Laundry	\$0.38	\$114,935
Restaurants	\$126.07	\$38,131,132
Retail Food	\$10.28	\$3,109,289
Admissions	\$3.33	\$1,007,192
Recreation	\$2.03	\$613,994
Sight-Seeing	\$4.15	\$1,255,209
Sports	\$0.70	\$211,722
Shopping	\$56.70	\$17,149,482
Local Transport	\$9.00	\$2,722,140
Auto Rental	\$14.86	\$4,494,556
Gasoline	\$6.47	\$1,956,916
Parking	\$2.31	\$698,683
Other	\$6.61	\$1,999,261
Total	\$358.75	\$108,507,525

Source: Salt Lake CVB and Bureau of Economic and Business Research.

Table 19
Restaurant Tax Revenue in the CBD

(constant 2006 dollars)

Year	Restaurant Sales	Restaurant Tax Revenue
1995	\$150,450,000	\$1,504,500
1996	\$167,742,001	\$1,677,420
1997	\$168,354,019	\$1,683,540
1998	\$180,293,865	\$1,802,939
1999	\$166,765,306	\$1,667,653
2000	\$170,894,425	\$1,708,944
2001	\$134,903,783	\$1,349,038
2002	\$184,901,845	\$1,849,018
2003	\$179,916,203	\$1,799,162
2004	\$179,107,143	\$1,791,071
2005	\$192,605,072	\$1,926,051
2006	\$275,600,000	\$2,756,000

Source: Utah State Tax Commission and Bureau of Economic and Business Research.

Table 18
Sales Tax Revenue by Type of Tax in the CBD

(millions of constant 2006 dollars)

Year	Retail Sales	State Sales Tax	Local Option Tax	County Option Tax	Local Transit Tax	Add'l Mass Transit	County Option Transit	ZAP Tax	Total Tax Revenue
1990	\$409.8	\$20.8	\$4.1	\$0.0	\$1.0	\$0.0	\$0.0	\$0.0	\$25.9
1991	\$443.2	\$22.2	\$4.4	\$0.0	\$1.1	\$0.0	\$0.0	\$0.0	\$27.7
1992	\$425.8	\$21.3	\$4.3	\$0.0	\$1.1	\$0.0	\$0.0	\$0.0	\$26.6
1993	\$460.9	\$23.0	\$4.6	\$0.0	\$1.2	\$0.0	\$0.0	\$0.0	\$28.8
1994	\$517.5	\$25.9	\$5.2	\$0.0	\$1.3	\$0.0	\$0.0	\$0.0	\$32.3
1995	\$518.5	\$25.4	\$5.2	\$0.0	\$1.3	\$0.0	\$0.0	\$0.0	\$31.8
1996	\$550.5	\$26.8	\$5.5	\$0.0	\$1.4	\$0.0	\$0.0	\$0.0	\$33.7
1997	\$532.9	\$26.0	\$5.3	\$0.0	\$1.3	\$0.0	\$0.0	\$0.0	\$32.6
1998	\$483.7	\$23.1	\$4.8	\$1.2	\$1.2	\$0.0	\$0.0	\$0.5	\$30.8
1999	\$472.0	\$22.4	\$4.7	\$1.2	\$1.2	\$0.0	\$0.0	\$0.5	\$30.0
2000	\$461.0	\$21.9	\$4.6	\$1.2	\$1.2	\$0.0	\$0.0	\$0.5	\$29.3
2001	\$419.9	\$19.9	\$4.2	\$1.0	\$1.0	\$0.0	\$0.0	\$0.4	\$26.7
2002	\$493.3	\$23.4	\$4.9	\$1.2	\$1.2	\$0.0	\$0.0	\$0.5	\$31.3
2003	\$469.4	\$22.3	\$4.7	\$1.2	\$1.2	\$0.0	\$0.0	\$0.5	\$29.8
2004	\$458.5	\$21.8	\$4.6	\$1.1	\$1.1	\$1.1	\$0.0	\$0.5	\$30.3
2005	\$508.7	\$24.2	\$5.1	\$1.3	\$1.3	\$1.3	\$0.0	\$0.5	\$33.6
2006	\$555.1	\$26.4	\$5.6	\$1.4	\$1.4	\$1.4	\$0.0	\$0.6	\$36.8

Source: Utah State Tax Commission and Bureau of Economic and Business Research, University of Utah.

Table 20
Transient Room Tax Revenue in the CBD

(current dollars)

Year	Hotel Room Rents	Transient Room Tax Revenue (millions)
2000	\$70.90	\$3.0
2001	\$65.20	\$2.8
2002	\$82.00	\$3.5
2003	\$64.00	\$2.7
2004	\$64.30	\$2.7
2005	\$68.80	\$2.9
2006	\$74.20	\$3.2

Source: Utah State Tax Commission and Bureau of Economic and Business Research.

The Housing Market in the CBD

Supply Conditions

Salt Lake County currently has an inventory of 350,500 housing units, of which 3,700 or 1 percent are located within Salt Lake City's Central Business District. These 3,700 units provide housing for approximately 7,500 residents of the CBD.

Combining the CBD with the periphery—600 East, I-15, 700 South, 700 North—increases the population of the area to 28,000 persons and 15,200 dwelling units, or about 4 percent of the housing inventory of Salt Lake County (Tables 21 and 22).

Wasatch Front Regional Multiple Listing Service data show that the median sales price for condominiums in the CBD has increased by 73 percent since 2002 (Table 23). The sales data are for condominiums sold in ZIP Codes 84101 and 84111. The ZIP Code boundaries are slightly larger than the CBD boundaries.

A review of recently sold condominiums (new and renovated) in the CBD/periphery shows that generally the price of condominiums built prior to 2000 average around \$250/square foot, with the exception of some gentrified and renovated units that may sell for as much as \$350/square foot. Recently completed condominiums and proposed new units are generally priced between \$300 and \$350/square foot.

On the apartment side, rental rates in the CBD are divided into three groups: (1) older, smaller non-subsidized properties; (2) tax credit properties; and (3) new market-rate properties. Average rental rates of new market (non-subsidized) apartments are \$897 for a one-bedroom unit, \$1,140 for a two-bedroom unit, and \$1,306 for a three-bedroom unit (Table 24). Since 1997 nearly 1,100 new market-rate units have been completed in the CBD/periphery (Table 25).

	Salt Lake County	Salt Lake City	Central Business District*
Total Housing Units	350,500	76,500	3,700
Occupied Housing Units	340,000	75,000	3,600
Owner Occupied	240,000	39,750	1,300
Condominium Units	NA	NA	1,300
Renter Occupied	100,000	35,250	2,300
New Single-family	2,900	75	0
New Condos	1,100	800	121
New Apartments	1,000	400	0
Existing Homes Sold	10,267	3,184	85
Median Sales Price of Home	\$250,000	\$236,500	\$177,850
Existing Condos Sold	2,448	857	106
Median Sales Price of Condo	\$172,900	\$166,650	\$223,000
Average Rental Rate			
One Bedroom	\$644	NA	\$897
Two Bedroom Two Bath	\$842	NA	\$1,140
Three Bedroom	\$950	NA	\$1,306
Vacancy Rate	3.2%	<2.0%	<2.0%
Population	1,020,000	180,000	7,500
Households	340,000	75,000	3,600

*The geographic boundaries of the Central Business District are 300 East, 400 South, 500 West and North Temple.
Source: Bureau of Economic and Business Research, University of Utah.

	2000	2006
Population	25,071	28,000
Households	12,444	14,000
Housing Units	14,255	15,200
Occupied Housing Units	12,444	14,000
Owner Occupied	2,676	3,225
% Owner Occupied	22	23
Renter	9,768	10,700
% Renter Occupied	79	77
Median Age	32	NA
Average HH Income	\$37,678	\$47,399

*Includes Census Tracts: 1001, 1007, 1008, 1011, 1019, 1020, 1021, 1022, 1023, 1024, 1025.
Source: U.S. Census Bureau and Bureau of Economic and Business Research, University of Utah.

Year	Condominiums		Single-Family Homes	
	Price	Units Sold	Price	Units Sold
2002	\$140,000	112	\$104,950	103
2003	\$155,200	103	\$103,250	115
2004	\$181,916	167	\$105,500	95
2005	\$180,000	232	\$123,000	100
2006	\$218,000	140	\$159,000	128
2007	\$242,000	91	\$177,700	74

Source: Wasatch Front Regional Multiple Listing Service.

The occupied housing stock in the CBD/periphery is dominated by rental units. Seventy-seven percent of all occupied dwelling units are rental units. Of the 10,000 rental units in the CBD/periphery about 10 percent are low-income tax credit units. These tax credit units are in 16 apartment communities with 531 new and 523 renovated units (Table 26).

New residential construction in the CBD/periphery is limited due to lack of developable land. Since 1990 there have been nearly 1,400 apartments and 1,300 condominiums built in the CBD/periphery but no detached single-family homes.

Like many urban areas, Salt Lake City's CBD is experiencing increased developer and buyer interest in downtown housing. The new and gentrified developments are primarily condominium

projects targeting two market segments: (1) The traditional market segment is characterized by eastside properties, new construction rather than gentrified or converted projects, and usually a high-rise building (more than three floors) with a greater share of empty-nesters as owners. These empty-nesters are attracted to downtown due to proximity to employment centers (CBD and University of Utah) and LDS Church amenities: temple, genealogy library, archives, and history library. (2) The non-traditional market segment is characterized by westside location (west of West Temple), gentrified or converted units, most units added to the market in the past 10 years, and a greater share of younger owners who place a high premium on downtown entertainment, retail, and cultural amenities.

Table 24
Average Monthly Rental Rates for New Non-Subsidized Apartment Communities in Salt Lake City
(apartments built since 1990)

	Avg. Rent	Avg. Sq. Ft.	Rent/Sq. Ft.
One-bedroom	\$897	710	\$1.26
Two-bedroom, two-bath	\$1,140	998	\$1.14
Three-bedroom, two-bath	\$1,306	1,226	\$1.06

Source: Survey of Apartment Communities.

Table 25
New Market-Rate Apartment Communities in or near the CBD
(built since 1997)

	Studio Units	One-Bdrm Units	Two-Bdrm One-Bath Units	Two-Bdrm Two-Bath Units	Three-Bedroom Two-Bath Units	Total Units
CitiFront*	0	34	0	21	4	59
Northgate*	0	124	0	57	0	181
Palladio*	0	140	0	68	0	208
Brigham Street	0	88	0	205	44	337
Hawthorne Ct	0	27	0	46	15	88
Emigration Ct.	0	100	0	109	0	209
Total	0	513	0	506	63	1,082

*Includes only market rate units in these three apartment projects. Each project also has tax credit units.
Source: Survey of Apartment Communities.

Table 26
Tax Credit Apartment Communities in or near the CBD

Apartment Community	Address	Units
New Construction		
Bridge Project	511 West 200 South	62
CitiFront	641 West North Temple	96
Huntsman	320 East 300 South	36
Liberty Metro	555 South 200 East	83
Liberty Midtowne	400 East 265 South	65
Northgate	100 South 500 West	152
Palladio	200 West 300 North	37
Total New Construction		531
Acquisition Rehab.		
Art Space	353 West 200 South	53
Ashby Apartment	358 East 100 South	27
Bigelow Apartments	225 South 400 East	45
Multi-Ethnic Apartments	120 South 200 West	141
Pauline Downs	110 South 300 East	111
Ritz Apartments	435 East South Temple	30
Stratford Hotel (Second and Second)	175 East and 200 South	46
Smith Apartments	228 South 300 East	38
Wendell Apartments	204 West 200 North	32
Total Acquisition Rehab.		523
Grand Total		1,054

Source: Utah Housing Corporation.

The 2007 inventory of condominiums in downtown Salt Lake (CBD/periphery) totals approximately 3,000 units (Table 27). In the past year development has begun on over 900 condominium units—part of the inventory of 3,000—in the downtown area: 800 in the periphery and 120 in the CBD. These additional units, which in most cases will come onto the market in 2008, have increased the inventory by 45 percent. This represents the largest increase since 1981, when an increase of 53 percent was recorded. These additional units will test the depth of demand for downtown living. To date, market indications show high demand for these new condominium developments. Reservations activity has been brisk and sales at completed projects have met expectations.

The conversion of apartments and commercial space to condominium units is playing an increasing role in the growth of the owner-occupied housing inventory in the CBD/periphery. Since 1978 nearly 650 converted condominium units have been developed in the CBD, 340 units or 52 percent were converted in 2006 and 2007. The 131-unit Belvedere, which was the first conversion, is also the largest converted project (Table 28).

There are 10 condominium projects proposed for downtown Salt Lake City. These projects will have a total of 1,246 units (Table 29) which will reach the market over the next three years. The majority of these units will be in the City Creek Center development, which will have approximately 750 condominium units. The expected completion date for most of City Creek's units is 2010.

Table 27
Inventory of Condominium Units in the CBD/Periphery*

Year	Total Units	Year	Total Units
1976	298	1992	1,324
1977	490	1993	1,324
1978	621	1994	1,324
1979	653	1995	1,324
1980	692	1996	1,324
1981	1,062	1997	1,388
1982	1,062	1998	1,388
1983	1,324	1999	1,535
1984	1,324	2000	1,538
1985	1,324	2001	1,552
1986	1,324	2002	1,552
1987	1,324	2003	1,597
1988	1,324	2004	1,778
1989	1,324	2005	1,814
1990	1,324	2006	2,018
1991	1,324	2007	2,936

*Approximate area from 600 East to I-15, 700 South to 700 North.
Source: Bureau of Economic and Business Research, University of Utah.

Table 28
Conversions of Apartments and Commercial Space to Condominiums

	Address	Units	Yr. Conv.
Conversion from Apartments			
Belvedere	29 South State	131	1978
B Street Condominiums	86 North B Street	24	2006
Sampson Altadena	276 East Broadway	18	2006
35 West 300 South	80 South 300 West	8	2007
Armista	100 South 557 East	30	2007
Broadway Tower	300 South 230 East	96	2007
Capitol Hill One	24 East 300 North	6	2007
Marmalade Square	250 West 500 North	44	2007
The Manor	283 South Temple	21	2007
300 South 417 East	300 South 417 East	30	2007
Rockwell Condominiums	151 East First Avenue	18	2007
Total Apartment Conversions		426	
Conversion from Commercial			
Warehouse Condominiums	317 West 200 South	25	1997
Dakota Lofts	380 West 200 South	39	1997
Broadway Lofts	159 West Broadway	58	1999
Pierpont Lofts	346 West Pierpont	42	1999
The Town	300 South 300 West	3	2000
Karrick Building	236 South Main	9	2001
Westgate	200 South 328 West	45	2006
Total Commercial Conversions		221	
Grand Total for Conversions		647	

Source: Bureau of Economic and Business Research, University of Utah.

Demand Conditions

The determinants of housing demand in the Salt Lake metropolitan area indicate strong demand conditions. Population growth for Salt Lake County is 2.2 percent annually and the state ranks in the top five nationally in relative population growth since 1980. Utah currently leads the nation in relative employment growth (4.4 percent) and is ranked fourth in percent of employment growth since 1980. Although housing prices have increased significantly in the past 24 months, the median price for housing (\$250,000 in Salt Lake County) is not out of line with historical housing trends. The fundamentals of demographic growth, employment growth, and housing prices are favorable for Salt Lake's metropolitan area.

The demand for condominiums in the CBD will benefit from the age structure of Salt Lake County. Over the next three years the 55-to-69-year-old age group will increase at record levels due to the aging Baby Boomers. This age group is projected to increase by nearly 6,000 persons a year between 2007 and 2010 (Table 30). These are the prime empty-nesters, who are an important market segment of condominium demand. The growth of empty-nester

households should increase the demand for all types of condominium units in the CBD as well as suburban Salt Lake County.

The demand for downtown housing is predicated on the employment base and commercial, cultural, and retail amenities of the CBD. Salt Lake City's CBD is the most concentrated employment district in the state. In the CBD's 40-block area there are 65,000 jobs, and when combined with the 20,000 jobs at the University of Utah, two miles east, the CBD/University labor market accounts for about one in 12 jobs in the state.

The CBD is now on the threshold of impressive growth. By 2011 the CBD will have a population of over 10,000 living in over 5,000 housing units, commuter rail service north to Ogden, downtown campuses for Brigham Young University and LDS Business College, and the completion of 731,500 square feet of new retail space and 750 housing units at City Creek Center.

City Creek Center will be built over two city blocks and will include the anchors of Nordstrom and Macy's as well as open space, streams, and walkways. Property Reserve Inc. (the real estate entity of the Church of Jesus Christ of Latter-day Saints) has joined with Taubman, a large international developer of shopping centers, for the retail portion of City Creek Center. The impact of City Creek Center on the downtown housing market extends well beyond the 750 units included in the project. Its presence as a commercial entity will improve the market for all downtown housing.

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Table 29
Proposed Condominium Projects in the CBD/Periphery

	Address	Units	Anticipated Completion
Huntington Park	500 South 540 East	43	2008
Kirkland	739 South 300 West	60	2008
Westgate	200 South 328 West	17	2008
Radi 8	600 South 200 East	38	2009
Occam Lofts	244 South 500 West	80	2009
City Creek/Cowboy Partners	State Street Social Hall	210	2009
Providence Place	100 South 300 East	110	2009
Patrick Lofts	200 South 163 West	40	2009
Metro Park West	300 South 400 West	108	2009
City Creek Center	Scattered Sites	540	2010
Total		1,246	

Source: Bureau of Economic and Business Research, University of Utah.

Table 30
Population Change in Salt Lake County for 55-to-69-Year Age Group

Year	Population 55-69 yrs.	Percent Change	Numeric Increase
2000	78,622		
2001	81,611	3.8%	2,989
2002	86,121	5.5%	4,510
2003	91,163	5.9%	5,042
2004	96,104	5.4%	4,941
2005	101,484	5.6%	5,380
2006	106,976	5.4%	5,492
2007	112,682	5.3%	5,706
2008	118,640	5.3%	5,958
2009	124,712	5.1%	6,072
2010	131,068	5.1%	6,356
2011	137,220	4.7%	6,152
2012	142,780	4.1%	5,560
2013	148,017	3.7%	5,237
2014	153,196	3.5%	5,179
2015	158,858	3.7%	5,662

Source: Governor's Office of Planning and Budget.

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**Economic and
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David Eccles School of Business | University of Utah

2008 | Volume 68, Number 1

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