

2012 Economic Benchmark Report

Downtown Salt Lake City

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Purpose of the Economic Benchmark

The 2012 Economic Benchmark report for downtown Salt Lake City presents facts about the downtown economy to inform stakeholders, property owners, tenants, investors, developers, retailers, brokers, theaters, museums, policy makers and civic leaders.

This edition of the benchmark study collects historic data to highlight trends and growth within downtown, with a focus on the budget year 2012-2013. This information helps gauge opportunities for improvement and growth in the 1.08 square mile district.

The following economic indicators will be included in the report: infill development, employment and wages, office market conditions, housing, retail, conventions and tourism and culture and entertainment.



Executive Summary

2012 was a strong year for the Utah economy as the state continued to recover from the recession more quickly than the rest of the nation. According to the 2012 Economic Report to the Governor, employment growth statewide during 2012 was 3.4%, just above the long-term average (3.1%) and well above the national rate of 1.4%. As the economy continues to improve, job growth in Utah will be twice the national average, but will stabilize just above the long-term average. Housing and construction will play a leading role in the strengthening recovery.¹

A vibrant metropolitan center is an important economic engine for the entire region. Downtown Salt Lake City is the regional center for culture, commerce, and entertainment and Utah's capital city. As such, downtown far outpaced the rest of the state, with jobs growing by 4.8%.¹ Economic activity and tax revenues have largely recovered from the great recession of 2007-2009, with retail sales reaching a second all time high. The surge in activity is largely due to the 2012 opening of City Creek Center with 700,000 square feet of retail space. However, success is not only limited to the opening of the new shopping center. New retail leasing activity on Main Street, 300 South and at The Gateway are strong indicators that downtown is poised to continue expanding its share of Salt Lake County's retail sales.

2012-2013 Downtown Economic Highlights

- **The \$1.5 billion City Creek Center mixed-use development opens.** Since opening on March 22, 2012, the center added 2,000 jobs and brought over 16 million visitors into downtown. Combined with an improving economy, the mall helped downtown retail sales jump 36% in 2012, an increase of \$209 million in sales.
- **SLC GREENbike launch.** Utah's first bike share system launched downtown with 10 stations and 100 bikes in April 2013. As of July 1, 2013, more than 10,000 trips have been taken.
- **Utah Transit Authority airport TRAX line completion.** UTA's TRAX extension to the Salt Lake International Airport has been in operation since April 2013. With trains running every 15 minutes and averaging 20 minutes in travel time between downtown and the airport terminals, this new line offers unmatched access for visitors and residents to enter and exit the capital city.
- **Downtown welcomes Neumont University.** Neumont University, a leading computer science institution, relocated its Utah campus into the former Salt Lake Tribune building at 143 S. Main and opened doors on June 28th, 2013. The building was renovated to contain 16 high tech classrooms, labs, student common areas and housing for over 85 students. Located in the heart of downtown, the project will bring vibrancy and youth to downtown's active atmosphere.
- **The Downtown nightlife economy continues to grow.** New restaurants and bars are bringing life to downtown. From January 2012 to June 2013, 30 restaurants opened their doors and there are plans for 12 more to open in 2013.

¹ Governor's office of Management and Budget, 2012 Economic Report to the Governor

2013-2014 Downtown Economic Opportunities

- Increasing citywide conventions by adding additional convention quality hotel rooms.²** The convention industry is an economic engine for the entire state of Utah. In 2012, The Salt Palace Convention Center lost 26 conventions and \$139 million in direct visitor spending because downtown lacks adjacent convention quality hotel accommodations.³ Community leaders have developed a proposal for an 800-1200 room hotel adjacent to the Salt Palace Convention Center that would be privately funded.
- Positive absorption and growth in downtown office market.** While office market vacancy rose in 2012, expect downtown to experience renewed activity in 2013-2014 as the economy continues to improve. Downtown landlords and partnering organizations need to effectively market available space to attract employers and mitigate competition from surrounding cities.
- The Intermountain West's retail destination.** Downtown is home to two world-class shopping destinations, several boutiques and small storefront businesses, making it one of the most diverse retail destinations in the West. City Creek Center and The Gateway will continue to add retailers and generate shopping visits throughout the downtown area to the benefit of all retail business.
- Residential housing in downtown.** Downtown Salt Lake City is in the midst of a dramatic transformation with new business, shopping, dining, arts and entertainment. However, it is residents that bring the life and soul to a true urban center. Downtown needs more residential housing for all ages and income levels. Year-round residents help to create a more lively and dynamic community.
- Development-friendly codes and zoning.** The biggest concerns threatening any new investment in downtown development projects are impact fees and demolition ordinances. Office infill development roadway fees and parks impact fees for residential undermine office and residential investments (Tables 2-4).
- Downtown Salt Lake City streetcar.** Streetcars enhance and accelerate walkable, transit-oriented redevelopment in urban centers. A downtown streetcar will spur further infill mixed-use development and connect residents, workers, and visitors to downtown's shopping, dining, business, and entertainment destinations.
- Year-round public market.** Building on the success of the summer Downtown Farmers Market, a public market in the Rio Grande Depot will provide year-round vending opportunities and continue rapid redevelopment of downtown Salt Lake City's Depot District. The public market will act as an important public space within the community, bringing residents and visitors together while promoting small, local business.

Table 1: Economic Profile of Downtown Salt Lake City - 2012

(constant 2012 dollars)

Category	Amount
Employment	68,575
Wages Paid	\$2,900,996,800
Available Office Square Footage	7,096,041
Office Vacancy Rate	19.8%
Retail	\$781,793,600
Retail Sq. Ft.	2,400,500
Hotel Occupancy	64.91%
Convention Delegates*	189,407
Room Nights for Conventions	336,824
Spending by Convention Attendees**	\$174,822,661
Population***	9,386
Parking Spaces	33,000

* Convention delegates who attend a convention at the Salt Palace Convention Center. Tied directly to Visit Salt Lake sales efforts.

** Based on average spending habits of convention delegates determined by Bureau of Economic and Business Research.

*** Based on residents from 84101 and 84111 zip codes in 2010.

Source: Bureau of Economic and Business Research at the University of Utah, CBRE, Salt Lake CVB, Downtown Alliance

² Citywide conventions are events that use a convention center for a general session, meeting or exposition, and its hotels that are adjacent and/or connected to the convention center.

³ Visit Salt Lake

Table 2: Total Impact Fees

City/Region	Single Family	Multi Family	Retail/SF	Office/SF	Industrial/SF
Salt Lake City	\$4,764	\$4,590	\$3.63	\$2.68	\$2.61
Utah Cities Highest Surveyed	\$6,549	\$5,627	\$4.74	\$2.94	\$2.62
Utah Cities Lowest Surveyed	\$821	\$320	\$0.28	\$0.27	\$0.07

Source: Salt Lake City Open Records

Table 3: Road Impact Fees

City/Region	Single Family	Multi Family	Retail/SF	Office/SF	Industrial/SF
Salt Lake City	\$424	\$249	\$3.28	\$2.33	\$2.26
Utah Cities Highest Surveyed	\$2,399	\$4,340	\$4.85	\$2.94	\$2.55
Utah Cities Lowest Surveyed	\$315	\$290	\$0.30	\$0.14	\$0.05

Source: Salt Lake City Open Records

Table 4: Parks Impact Fees

City/Region	Single Family	Multi Family	Retail/SF	Office/SF	Industrial/SF
Salt Lake City	\$4,180	\$4,180	n/a	n/a	n/a
Utah Cities Highest Surveyed	\$4,346	\$3,445	n/a	n/a	n/a
Utah Cities Lowest Surveyed	\$1,633	\$469	n/a	n/a	n/a

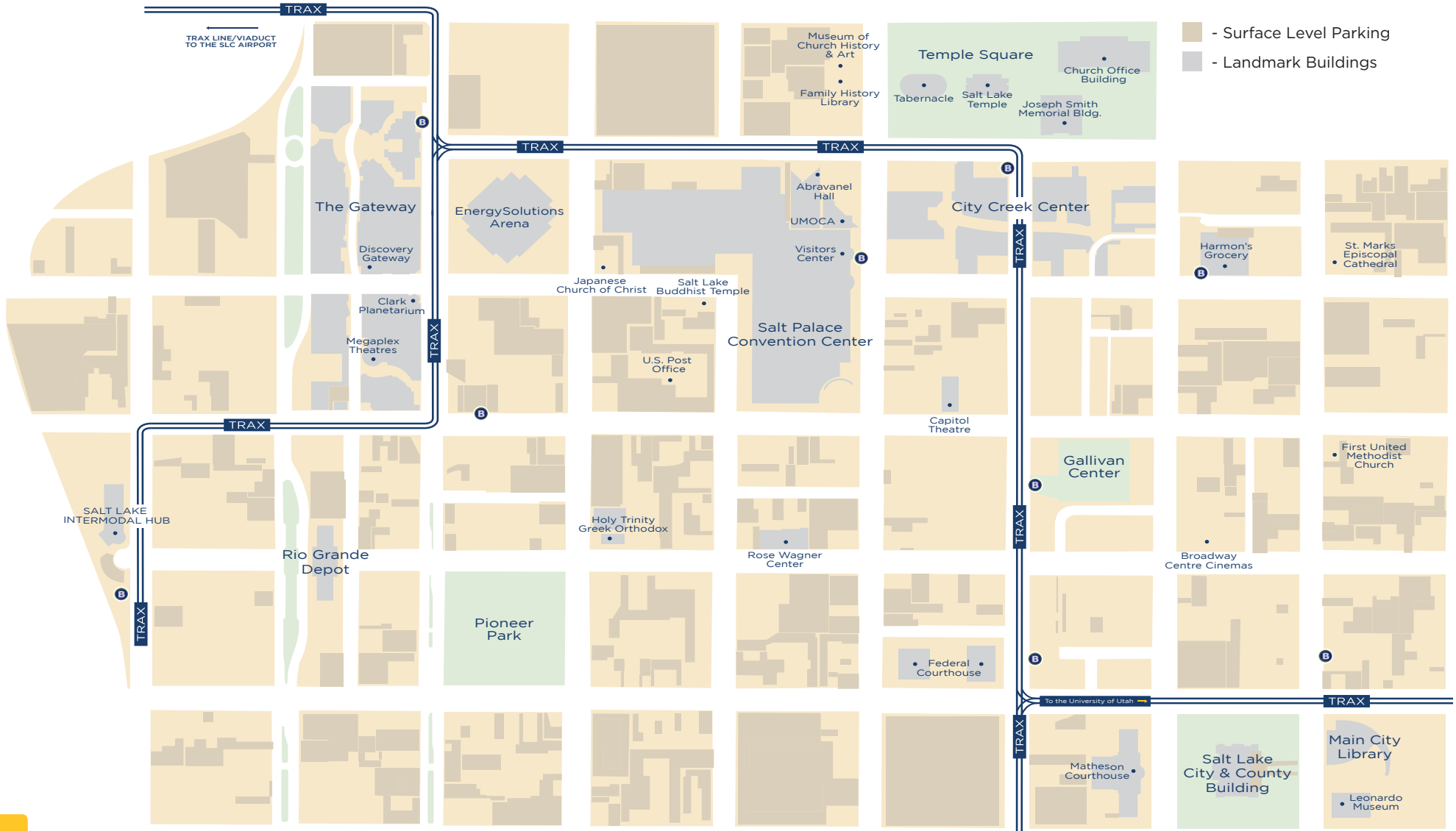
Source: Salt Lake City Open Records

Infill Development

One of the indicators of success in downtown is infill development, which helps to reduce traffic congestion, save open space, and bring economic vitality and vibrancy to urban areas. As of May 2013, building footprint coverage in downtown totaled 199 acres while surface level parking coverage totaled 87 acres (Surface Level Parking Map). Over 30.4% of downtown is covered by surface level parking. The future of downtown will be determined largely by smart, consensus driven policy and investment continuing infill development.

In 2012, infill development in downtown continued at unprecedented levels. Total project value either under construction or set to break ground in 2013 is over 793.6 million.⁴ Bolstered by the investment and opening of City Creek Center, expect more development projects to come on board in 2013 throughout downtown.

Surface Level Parking Map



⁴ \$793.6 million is an estimate based on development projections.

Office Development



101 Tower

The Boyer Company is currently in the construction phase for a new office tower located on the corner of 100 South and 200 East. The building, designed to service Class A office tenants, will consist of granite and glass exterior with steel frame construction. The \$34 million tower will have 144,000 square feet and an on-site parking structure.



111 South Main

111 South Main is a new Class A development by Hamilton Partners, developers of 222 South Main. The project is a 23-story office building adjacent to City Creek Center and the new Utah Performing Arts Center. Featuring 462,350 square feet of office space, the anticipated LEED gold project will help bolster downtown's economy with new opportunities for businesses and jobs along the evolving Main Street corridor. Parking, access, functionality, and design will be integrated from the foundation through the façade so that the project as a whole will capitalize on the unique opportunity to bridge the gap between City Creek Center and the rest of downtown.

Housing Development



The Plaza at 237 South State Street

La Porte Group is currently in the construction phase of a mix of 180 new market-rate and affordable rental residential units along with local retail, theater space and food outlets on 237 South State Street. Other planned highlights for the project include restoration of the Cramer House into a restaurant space and new community piazza. Scheduled opening is April 2014.



Liberty Gateway

Cowboy Partners is the developer of the Liberty Gateway, a 160-unit, 203 parking stall, market-rate residential apartment building located on two acres of land directly west of The Gateway. The \$25.2 million project will front most of 500 West from South Temple to 100 South and is scheduled to open in 2014.

Hotel Development

Hyatt House Hotel and Courtyard by Marriott

Maryland based Alex. Brown Realty Inc., in conjunction with PEG Development and Blue Diamond Capital (both based in Utah County) announced plans for two hotels on the block directly south of the Energy Solutions Arena in 2013. The first, a 159-room Hyatt House Hotel with a 349-space parking garage on the southwest corner of 100 South and 300 West, is expected to open in fall 2014. The second hotel will be a 175-room, select-service Courtyard by Marriott and will be built after the construction of the Hyatt House. The total development cost of the project is expected to be \$65 million.

Arts and Cultural Venue Development



The New Performing Arts Center

The design of the planned \$116 million new Performing Arts Center was unveiled in April 2013. The 2,500-seat theater will open in 2016 and will be designed to enhance the cultural and economic vitality of the region by attracting first-run touring Broadway shows and other nationally prominent music, comedy and family entertainment. Located at 135 South Main, the theater is also anticipated to continue revitalization of Main Street and

add a dynamic new retail component on Regent Street, bolstering investments made by City Creek Center and Salt Lake City's Gallivan Center.

The project will be paid for through a 25-year bond issued by the Salt Lake City Council. The bond will be paid off through a combination of private donations and the redirecting of existing City and County tax revenues currently obligated to Salt Lake City bonds. Parking will be located in the 962-stall Regent Street parking structure directly behind the theater.

Table 5: New Performing Arts Center - Economic Benefits at a Glance

Construction Jobs	Permanent Jobs	New Annual Property Tax Value	Construction Value	Est. Annual Direct, Indirect and Induced Spending (based on theater alone)
2,500	115-168	\$1 million	\$200-\$500 million	\$9.4 million per year

Source: New Utah Performing Arts Center



Infill Development (cont.)

Arts and Cultural Venue Development



Jessie Eccles Quinney Center for Dance and Capitol Theater Renovation

Ballet West and the Salt Lake County Center for the Arts have come together in a public-private partnership to renovate the Capitol Theatre and build the Jessie Eccles Quinney Center for Dance, home to local arts groups Ballet West and the Ballet West Academy. The \$33.4 million, 5-story addition to the Capitol Theatre will be built on the lot just west of the existing facility located at 50 West 200 South. The new facility will provide additional classrooms and rehearsal space, offices and technical support areas for both the company and the Ballet West Academy. The renovations to the Capitol Theatre itself will revamp the historical theatre to expand the lobby and concessions, increase restroom facilities, improve seating and sight-lines, and add a new banquet hall.

Public Landmark Development



New United States Federal Courthouse for the District of Utah

The new United States Federal Courthouse will be behind the existing Frank E. Moss Federal Courthouse on 351 South West Temple. Construction for the 10-story, 368,000 square foot building began on January 19, 2011 and is scheduled to finish by the end of March 2014. The entire project cost is estimated to be \$211 million and has created 1,500 to 2,000 construction jobs.



Salt Lake City Public Safety Building

Located just outside the boundaries of downtown on 300 East and 500 South, the new 313,662 square foot, 4-story public safety building and emergency operations center will house essential emergency services including police, fire and emergency response call centers, as well as community meeting rooms and department offices. The \$125 million project will open in summer 2013.

Employment

Downtown Salt Lake City is a regional business center with an affordable cost of living and housing opportunities. Recently ranked fourth among the top cities for young professionals by Forbes Magazine, downtown is home to both a well-educated workforce and several industry leaders.⁵

In 2012 the number of jobs in downtown grew by 4.8%; an increase of 3,725 jobs. This was the most significant annual increase in jobs in over ten years. Employment expansion was driven primarily by the opening of City Creek Center. The mall employs over 2,000 workers: 350 restaurant workers and 1,650 retail workers. The total number of jobs downtown in 2012 was 68,575 (Table 6).

Table 6: Estimated Employment Change by Sector in Downtown

	1990	2001	2005	2007	2012	Change 1990-2012	2001-2012
Office	42,000	51,350	51,250	53,000	54,675	30.2%	6.5%
Restaurants	3,350	7,300	7,400	7,200	7,650	128.4%	4.8%
Retail	1,550	2,700	2,600	1,800	3,350	116.1%	24.1%
Hotels	1,250	1,800	1,800	1,800	1,800	44.0%	0.0%
Manufacturing	500	500	450	50	50	-90.0%	-90.0%*
Miscellaneous	500	750	1,100	1,100	1,050	110.0%	40.0%
TOTAL	49,150	64,400	64,600	64,950	68,575	39.5%	6.5%

* Primarily due to the relocation of Newspaper Agency Corporation from Downtown to West Valley.
Source: Bureau of Economic and Business Research at the University of Utah

Employment in downtown is dominated by office workers. In fact, 80% of total employment is classified as office jobs (Table 6). Restaurant employment ranks second with 11% of all jobs. The restaurant sector has had the highest long-term growth rate, increasing by 128% since 1990. Employment in restaurants downtown increased to 7,650 workers in 2012 with the addition of 350 new jobs at the restaurants and fast food establishments in City Creek Center.

Table 7: Distribution of Employment by Sector in Downtown

	1990	2001	2007	2012
Office	85.5%	79.7%	81.6%	79.7%
Restaurants	6.8%	11.3%	11.1%	11.2%
Retail	3.2%	4.2%	2.8%	4.9%
Hotels	2.5%	2.8%	2.8%	2.6%
Manufacturing	1.0%	0.8%	0.1%	0.1%
Miscellaneous	1.0%	1.2%	1.7%	1.5%
TOTAL	85.5%	100.0%	100.0%	100.0%

Source: Downtown Alliance, Bureau of Economic and Business Research at the University of Utah

⁵ Forbes Magazine, *The 15 Best Cities For Young Adults*, 2012

Retail employment was the biggest beneficiary of the new City Creek Center. The number of retail jobs in downtown nearly doubled with the 2,000 new jobs in retail at City Creek Center. Retail jobs in downtown are now at an all-time high of 3,350 jobs, 24% higher than in 2001 when both Crossroads Mall and ZCMI Center were operating.

Table 8: Wages by Sector in Downtown - 2012

	Average Annual	Employment	Total Wages
Office	\$47,112	54,675	\$2,575,848,600
Restaurant	\$15,204	7,650	\$116,310,600
Retail	\$31,248	3,350	\$104,680,800
Manufacturing	\$39,120	1,800	\$1,956,000
Hotels	\$23,376	50	\$42,076,800
Other	\$33,142	1,050	\$34,799,100
TOTAL	\$42,304	68,575	\$2,900,996,800

Source: Utah Department of Workforce Services, Bureau of Economic and Business Research at the University of Utah, Downtown Alliance

Office, restaurant and retail employment account for 95% of all jobs in downtown and 96% of the wages paid in 2012 (Table 8). The 68,575 workers earned \$2.9 billion in wages and salaries in 2012. Nearly \$2.6 billion was paid to office workers in 2012. In inflation adjusted dollars, total wages paid to office workers since 2007 increased by 9%. The increase is due to a growing number of office jobs as well as an increase in real wages. Restaurant workers were paid \$116 million in wages during 2012; this figure understates the total income of restaurant workers because it does not include gratuity payments. With the additional retail workers at City Creek Center total wages for the retail sector are up 92% compared to 2007. Overall total wages based on inflation-adjusted dollars have increased by 11.2% over the past five years (Table 9).

Table 9: Percent Change in Wages Paid in Downtown

(2012 inflation adjusted dollars)

	2007 (million)	2012 (million)	Percent Change
Office	\$2,363.12	\$2,575.8	9.0%
Restaurant	\$108.86	\$116.3	6.8%
Retail	\$54.60	\$104.7	91.7%
Hotels	\$44.41	\$42.1	-5.2%
Other	\$36.10	\$34.8	-3.6%
Manufacturing	\$2.10	\$2.0	-4.9%
TOTAL	\$2,609.19	\$2,901.0	11.2%

Source: Utah Department of Workforce Services, Bureau of Economic and Business Research at the University of Utah, Downtown Alliance



Downtown Office Market

Salt Lake City's office market experienced improvement during 2012 and continues to reflect a strong local economy. Over the last year, challenges in the downtown market were primarily the result of large tenants using space more efficiently and the FBI offices moving into new suburban offices. At midyear 2013, demand was healthy in both suburban and downtown properties.

Downtown will experience renewed activity in 2013 and 2014 bolstered by City Creek Center and other new development projects. Although several unique circumstances affected downtown's office market in 2012, long-term trends appear to be favorable. With several large blocks of space available, downtown can accommodate growth that other areas of the valley cannot at the present time. Furthermore, with an increasing number of employers requiring access to public transportation, downtown stands out as an accessible point via rail or bus.

The vacancy rate in the downtown office market increased from 15.7% in 2011 to 18.8% in 2012 (Table 11). While all classes in the suburban office market experienced positive absorption for the year, only Class A properties in the downtown market experienced positive absorption during 2012, largely due to Questar occupying its new headquarters. At midyear 2013, downtown office vacancy decreased to 17.0%.

Table 10: Downtown Office Market Characteristics

Space Type*	Base SF	Number of Buildings
Class A	3,672,324	15
Class B	4,120,863	36
Class C	2,779,326	59
TOTAL LEASABLE	10,572,513	110

* Buildings over 20,000 SF in the CBD and CBD/Periphery.
Source: CBRE



Table 11: Historical Downtown Office Vacancy

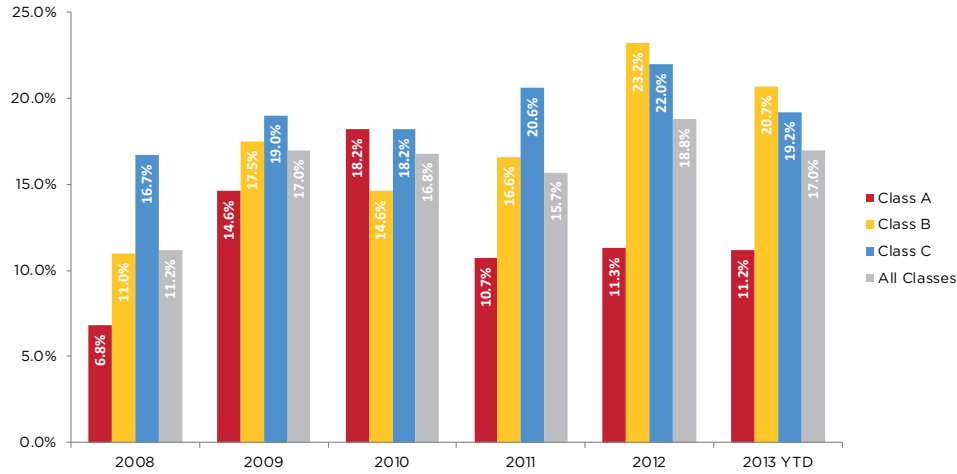


Table 12: Historical Office Lease Rates for Downtown and Salt Lake County

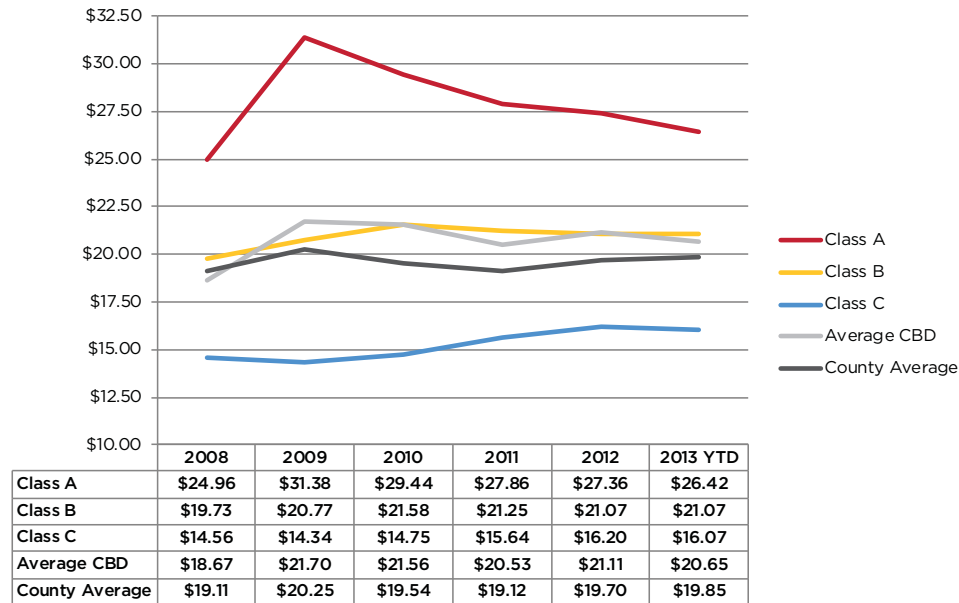


Table 13: Major Office Building Completed Since 1990

Office Name	Address	Year Complete	Square Footage
One Utah Center	201 South Main	1991	419,000
Dept. of Workforce Services	140 East 300 South	1991	140,000
Broadway Center	111 East 300 South	1991	240,529
Joseph Smith Memorial Bldg.	15 East South Temple	1993	337,400
Social Hall/IRS	150 East Social Hall Avenue	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 Buildings	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
222 S. Main	222 South Main	2009	459,000
Gateway 6	50 North 460 West	2012	105,000
Questar	333 South State Street	2012	170,000
City Creek IV	15 East South Temple	2012	42,000
Federal Courthouse	400 South West Temple	2014	368,000
101 Tower	101 South 200 East	2014	144,000
111 South Main	111 South Main	TBD	462,350

Source: CBRE, Utah Department of Workforce Services, Bureau of Economic and Business Research at the University of Utah, Downtown Alliance



Housing

Residential properties in the downtown area have experienced rapid growth over the past decade with open lofts, luxury condos, and affordable single-family housing units coming on line. This is part of a nation-wide trend — most urban metro areas are growing at a faster rate than their surrounding suburbs. Driving the urban living resurgence are young adults (18-29 year olds) interested in living, working, and playing in dense metropolitan areas. In more than two-thirds of the nation's 51 largest cities, the young, college-educated population in the past decade grew twice as fast within 3 miles of the urban center as in the rest of the metropolitan area.⁶ Below is a profile of housing in the 84101 and 84111 zip codes, which encompass downtown and its bordering neighborhoods.

Table 14: Profile of 84101 and 84111 Housing

Indicator	84101	84111
Houses and Condos	2,303	6,701
Renter Occupied Apartments	1,469	4,795
% of Renters	79%	78%
Population Density	1,603	4,512
Median Resident Age (Salt Lake County)	30.9 Years	30.9 Years
Average Household Size	1.9 People	1.9 People
Zip Code Population	2,916 (2010)	6,470 (2010)

Source: City Data

The Salt Lake Board of Realtors data shows that the median sales price for condominiums in Salt Lake City has begun to recover from the downturn years of 2009-2011 (Table 15). The 2012 median sales price of \$139,711 is 27.9% below the high set in 2008 of \$200,232. It should be noted that the zip code boundaries are slightly larger than the downtown boundaries in Table 15.

Table 15: Condominiums Sold in 84101 and 84111 Zip Codes

Year	Median Price	Total Units Sold	% Change Units Sold
2006	\$160,461	139	-36.31%
2007	\$190,285	126	-7.11%
2008	\$200,232	107	-14.38%
2009	\$140,490	99	-14.61%
2010	\$137,512	106	10.36%
2011	\$135,655	111	4.75%
2012	\$139,711	132	19.10%

Source: Salt Lake Board of Realtors, Downtown Alliance

⁶ USA Today's "Urban Centers draw more young, educated adults"; 2011

The condominium market continued to grow in 2012 with construction of 340 new units from two projects on 237 South State Street and 500 West South Temple. However, additional housing investment and growth will be key to downtown's future vitality.

Table 16: Inventory of Condominium Units in Downtown

Name	Address	Units	Year Built
Belvedere*	29 South State	131	1978
American Towers	46 West 300 South	370	1983
Eagle Gate	115 East South temple	66	1983
Warehouse Condominiums**	317 West 200 South	25	1997
Dakota Lofts**	380 West 200 South	39	1997
The Club	150 South 300 East	47	1999
Broadway Lofts**	159 West Broadway	58	1999
Pierpont Lofts**	346 West Pierpont	42	1999
Tire Town**	300 South 300 West	3	2000
Karrick Building**	236 South Main	9	2001
The Plaza	300 South State Street	5	2001
Uffens Market Place	336 West 300 South	45	2003
Library Square	226 East 500 South	29	2004
Parc at The Gateway	14 South 400 West	152	2004
Brooklyn Condominiums	700 North 300 West	36	2005
Westgate	200 South 238 West	73	2006 (phase 1)
Metro Condos	350 South 200 East	117	2006
Sampson Altadena*	276 East Broadway	18	2006
35 West 300 South*	80 South 300 West	8	2007
Broadway Tower*	300 South 230 East	96	2007
Patrick Lofts	163 West 200 South	40	2008
Promontory	99 W. South Temple	185	2011
Richards Court	45 East south Temple	90	2011
The Regent	45 East 100 South	149	2011
The Cascade	90 West 100 South	115	TBA
Broadway Park Lofts	300 South 350 West	92	N/A
Le Porte Group	237 South State Street	180	2014
Cowboy Partners	500 West South Temple	160	2014

* Converted from Apartment Use

** Converted from Commercial Use

Source: Downtown Alliance Survey of Apartments





Restaurants and Retail

Downtown is the regional destination for premier shopping and dining. With approximately 2.45 million rentable square feet of retail space, it has one of the highest densities. Retail sales downtown totaled \$781.8 million in 2012, an all-time high in inflation-adjusted dollars (Table 17). The previous record, set in 2007, was \$779.9 million. Retail sales jumped 36% in 2012, an increase of \$209 million. The jump can be attributed to the addition of over 700,000 square feet of retail space at City Creek Center combined with an improving economy.

While retail sales have recovered from the recession, county-wide sales show a different story. Salt Lake County's selected retail sales activities are still down 20% from the peak of 2007. The downtown and County comparison includes only those categories relevant to downtown retail. For instance, retail sales of automobiles, gasoline, building and garden were not included since these categories have little activity in downtown. The broad retail categories used in the comparison were: clothing, furniture, restaurants, department stores, general merchandise and specialty retail.

Table 17: Selected Retail Sales in Salt Lake County and Downtown*

Year	County (000)	Downtown (000)	Share of County
2005	\$8,273,234.5	\$665,715.7	8.0%
2006	\$8,923,818.8	\$716,447.0	8.0%
2007	\$9,214,705.8	\$779,905.9	8.5%
2008	\$7,206,518.3	\$675,616.3	9.4%
2009	\$6,735,316.5	\$688,544.0	10.2%
2010	\$6,132,407.5	\$634,389.9	10.3%
2011	\$6,993,730.0	\$572,028.7	8.2%
2012	\$7,424,456.2	\$781,793.6	10.5%

* Zip Codes 84101 and 84111 - 2012 Dollars
Source: Utah State Tax Commission

The mix of retail sales have also undergone a significant change with the opening of City Creek. Clothing sales increased by 115%, from 13% of downtown retail sales in 2011 to 22% in 2012 (Table 18). Twenty years ago, clothing and shoes accounted for as much as 45% of retail activity; it is likely clothing's share will reach that level again in 2013.

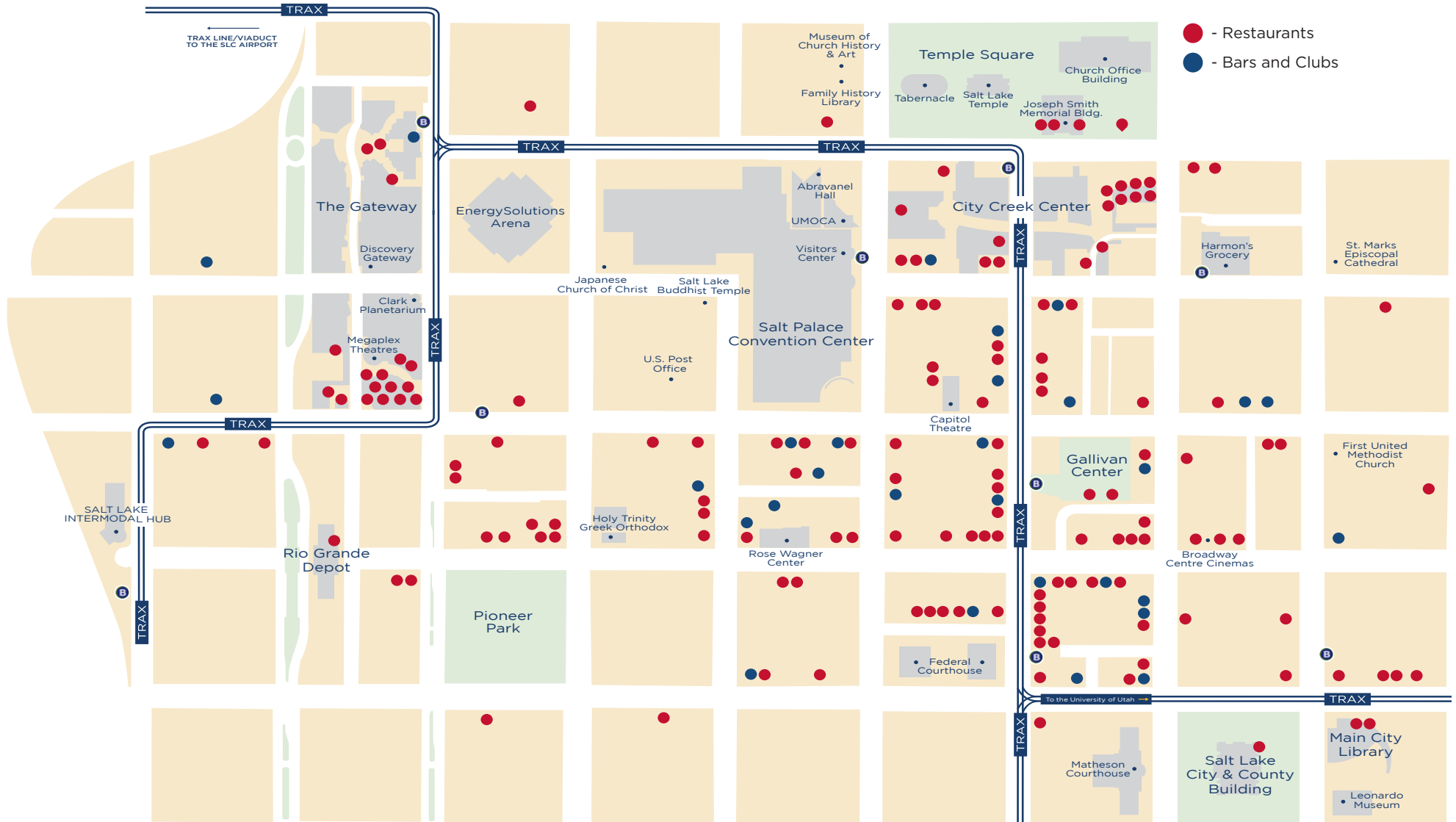
Table 18: Selected Retail Sales by Category in Downtown - 2012

	Retail Sales	Share of Downtown
Eating and Drinking	\$305,310,855	39.1%
Furniture and Electronics	\$20,543,360	2.6%
Clothing and Shoes	\$168,153,719	21.5%
Other Retail	\$287,785,666	36.8%
TOTAL	\$781,793,600	100.0%

Source: Utah State Tax Commission

Eating and drinking remains the top ranked retail activity in downtown with \$305 million in sales, accounting for nearly 40% of retail activity. In recent years, restaurants have contributed as high as 55% of overall retail sales. An unprecedented 30 new restaurants opened doors between January 2012 and June 2013, bringing the total number of restaurants and bars downtown to 212. New restaurants include: Plum Alley, Roula's Café, Pallet, Eva's Bakery, Cheesecake Factory, Texas de Brazil, Farr's Fresh Creamery, Kneaders, Nordstrom's Sixth and Pine, Nordstrom's E-Bar, The Loft Café, Lenny's Subs, Winger's Roadhouse, Vivace, Zest Kitchen and Bar, NATA Gallery, Valter's Osteria, La Jolla Groves, Malawi's Pizza, Apple Spice Café and Bakery, Café Shambala, Loft Café, Bangkok Terrace, Good Dog, Grilla Bites, Johnny Rocket's Brio Tuscan Grille, Bodega, Mr. Sushi, and Lumi Bistro.

Restaurants and Bars in Downtown





Conventions and Tourism

Tourism is a major economic driver in the state of Utah. In 2012, over 20 million passengers arrived at Salt Lake International Airport during the year, with large impacts on Utah's recreation industry: 6.5 million recreation visits were made to Utah's five national parks, and an additional 5.1 million visits occurred at Utah's seven national monuments, two national recreation areas and one historic site. Utah's 14 ski resorts hosted 3.8 million skier days.

Connected by light rail, downtown is ideally situated within minutes of the Salt Lake International Airport. Downtown is a center for access to some of Utah's best ski and snowboard recreation zones, only 45 minutes from Park City, Big Cottonwood Canyon, and Little Cottonwood Canyon. It is also the center for Utah's convention industry. In 2012, over 189,000 convention delegates attended 50 conventions held at the Salt Palace Convention Center, consuming over 336,000 room nights.⁷ Table 19 is a summary of state, county, and city direct visitor spending sales and use tax impacts.

Table 19: 2012 State, County, and City Direct Visitor Spending Sales and Use Taxes

Type	Direct Visitor Spending	State	County	Cities	Total Taxes
Hotel	\$351,639,000	\$18,285,228	\$18,812,678	\$7,032,780	\$44,130,695
Car Rental	\$150,298,086	\$11,572,953	\$11,422,644	\$1,502,981	\$24,298,588
Restaurant	\$647,269,601	\$33,658,019	\$10,356,314	\$6,472,696	\$50,487,029
Retail/Attractions	\$287,301,672	\$14,939,687	\$1,723,810	\$2,873,017	\$19,536,514
TOTAL	\$1,436,508,358	\$78,455,887	\$42,315,465	\$17,881,474	\$138,652,825

Source: Bureau of Economic and Business Research at the University of Utah, Visit Salt Lake

The Salt Palace Convention Center is the main driving force for Salt Lake City's convention industry. However, surrounding convention district hotels also attract a convention business of their own. The conventions held in hotel meeting space are smaller and less frequent.

Downtown would benefit from a true convention center headquarter hotel to fully leverage significant investments in the Salt Palace Convention Center and increase citywide economic impact. A convention hotel will propel Salt Lake City's convention accommodations ahead of competitor cities, driving new demand and business to the city with tremendous economic benefit. The hotel would also serve as a symbol of the city, county and state's organized plan for establishing Salt Lake City as one of the country's premier convention and tourist destinations.

Downtown Salt Lake City has forfeited an estimated \$255 million through 866,473 lost room nights over the past five years due to lack of a sufficient headquarter hotel facility.⁸ Hotel supply has remained relatively stagnant over the 10 year period, growing only 0.7%, while demand growth was 2.0% and average daily rate grew by 1.8% (Table 21).

A convention hotel is needed to generate new tourism in Salt Lake City. Without it, the occupancy, demand, and growth will maintain its slow rate of growth.

Table 20: Estimated Spending Impact of a 1000 Room Convention Hotel in Downtown

Type of Spending	Construction	Operations (annual)
Direct Hotel	\$335.2 million	\$83.7 million
Direct Convention Delegates	-	\$13.9 million
Indirect and Induced	\$266.6 million	\$72.8 million
TOTAL	\$601.8 million	\$170.4 million

Source: Strategic Advisory Group (SAG)

Table 21: Occupancy and Demand Growth in Downtown

Year	Occupancy %	Demand Growth	Rate Growth
2002	63.7%	-	-
2003	57.7%	-9.4%	-6.1%
2004	58.8%	2.0%	-0.9%
2005	63.8%	8.6%	2.6%
2006	65.0%	5.0%	9.4%
2007	66.7%	4.4%	6.4%
2008	62.7%	-6.3%	3.5%
2009	56.9%	-9.1%	-11.2%
2010	58.6%	4.4%	0.1%
2011	62.1%	6.1%	3.4%
2012	64.9%	4.5%	4.0%

Source: Strategic Advisory Group (SAG), Smith Travel Research, Downtown Alliance



⁸ Bureau of Economic and Business Research at the University of Utah



Culture and Entertainment

Home to museums, performing arts and music theaters, a professional sports arena and large community spaces, downtown Salt Lake City is the cultural and entertainment center of the region and a premiere destination in the Intermountain West.

While physical brick and mortar developments are important to urban centers, it is the signature events and festivals that define what it means to be a great city. They showcase a city's physical and cultural identity, creating a sense of ownership, pride and emotional connection for residents and visitors alike. Some of the biggest signature events include: Twilight Concert Series, Downtown Farmers Market, Dine O' Round, EVE, Holiday Lights, Utah Arts Festival, Greek Festival, Living Traditions Festival, Pride Festival, Tastemakers, Gallery Stroll, Days of 47 Parade, Urban Arts Fest, and Urban Flea Market.

Table 22: Major Downtown Culture and Entertainment Facilities

Location	Seat Capacity	Type of Facility
Abravanel Hall	2,768	Performing Arts
Capitol Theatre	1,876	Performing Arts
Jeanne Wagner Theatre	501	Performing Arts
Leona Wagner Black Box	200	Performing Arts
Studio Theatre	75	Performing Arts
Off Broadway Theatre	250	Comedy/Performing Arts
The Depot	1,200	Live Music
The Complex-The Grand	850	Live Music
The Complex- Rockwell	2,500	Live Music
The Complex- Vertigo	425	Live Music
The Complex- The Vibe	200	Live Music
In the Venue	1,300	Live Music
Discovery Gateway	1,500	Children's Museum
The Leonardo	1,000	Science Museum
Utah Museum of Contemporary Art	500	Contemporary Art Museum
Hope Gallery and Museum of Fine Art	300	Art Gallery
Clark Planetarium	900	Science Museum
Energy Solutions Arena	19,911	Sports Arena

* Many facilities also have event space for special events.
Source: *Salt Lake County for the Arts*

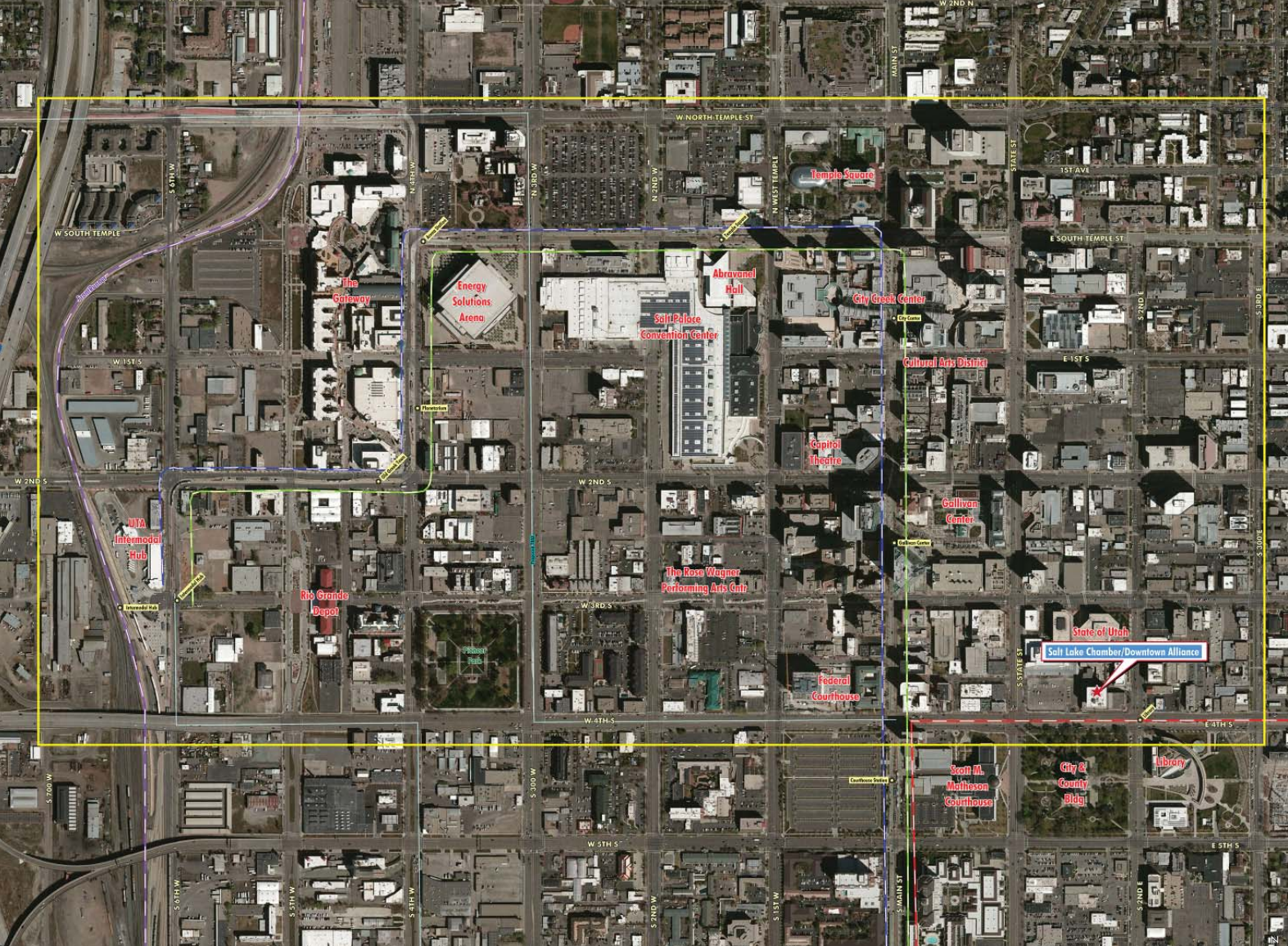
Conclusion

Cities offer unmatched possibility. They are centers for science and technology, for culture and innovation, for individuality and collective creativity, and for proximity and efficiency. Downtown Salt Lake City is a prime example.

Building on a long legacy as the Utah's historic center for finance, law, media and creative enterprises, downtown has reinvented itself in a dramatic transformation over the past decade. New public and private investments have reinvigorated the local economy, reinforcing Salt Lake City's entrepreneurial spirit and infusing downtown with new capital, optimism and sense of possibility. Looking forward, new growth will require forward-thinking public policies and additional investment to ensure downtown remains a dynamic and diverse emerging western cosmopolitan center, and Utah's premier place to shop, dine, live and work.

Thoughtful, transient-oriented development and redevelopment initiatives downtown will help foster further infill development, while also making the urban environment more diverse, green and walkable. In 2013 and 2014, expect more retail and restaurant business growth across downtown in addition to significant mixed-development projects that will expand office space, housing inventory, hotel rooms, and major arts and entertainment venues.





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