

The economic outlook for Davis County is showing signs of growth. Davis County posted a 4.5% increase in jobs over the last 12 months. The *Standard Examiner* is reporting that the county had a net gain of about 4,600 jobs from November 2010 to November 2011.

Office: Overall office vacancy rates have hovered between 17% and 18% for the past two years. The highest level of vacancy is found in Class B and Class C type properties. Consequently, these properties have seen the biggest decreases in lease rates. Lease rates in Class B and Class C type properties have been on a steady decline over the past two and a half years.

OFFICE MARKET INDICATORS

Total Inventory Surveyed (SF)	2,557,317
Overall Average Asking Lease Rates	\$13.01 - \$15.82 PSF, FS
Vacancy	18.43%
Available (SF)	471,439

Construction continues at the Falcon Hill Business Park on a multi-story building that will house Northrop Grumman's ICBM office. Work is also expected to start soon on a security forces building nearby, which will hopefully bring more tenant announcements in 2012. Expect office vacancy to rise as existing tenants relocate their operations to the Falcon Hill Business Park.

OFFICE MARKET OVERVIEW – FOURTH QUARTER 2011

Class	Total Market SF Surveyed	Available SF	Vacancy	Overall Average Full Service Low Rate	Overall Average Full Service High Rate
Class A	654,358	92,561	14.15%	\$16.50	\$20.03
Class B	1,114,908	224,085	20.10%	\$13.31	\$16.19
Class C	788,051	154,793	19.64%	\$11.88	\$13.81
Total	2,557,317	471,439	18.43%	\$13.01	\$15.82

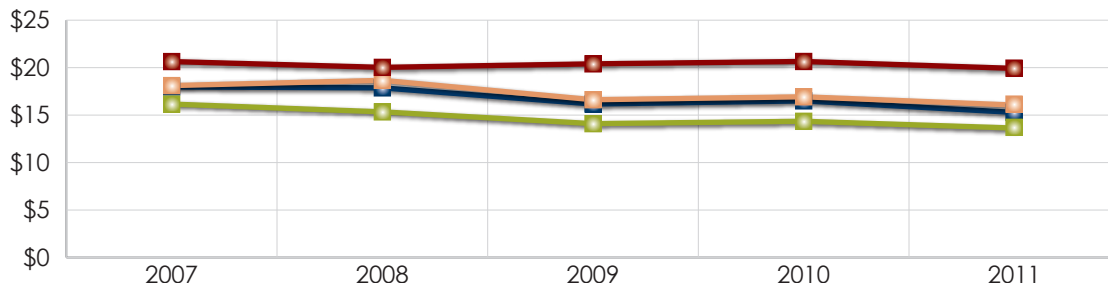
OFFICE RATES – FOURTH QUARTER 2011



	Class A	Class B	Class C	Overall Average
Low Rate*	\$16.00	\$13.31	\$11.88	\$12.76
High Rate*	\$19.60	\$16.19	\$13.81	\$15.54

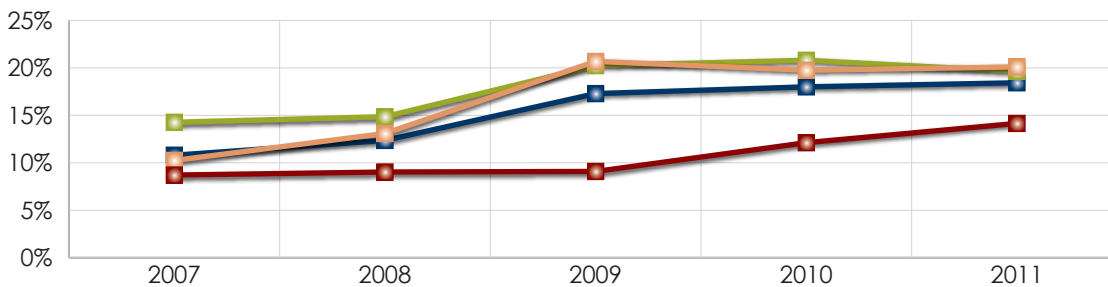
*Overall Average Full Service

OFFICE LEASE RATES (PSF / HIGH RATE) BY CLASS - FIVE YEAR HISTORY



	2007	2008	2009	2010	2011
Class A	\$20.64	\$20.03	\$20.40	\$20.65	\$20.03
Class B	\$18.11	\$18.66	\$16.62	\$16.93	\$16.19
Class C	\$16.16	\$15.34	\$14.10	\$14.35	\$13.81
Overall Average	\$17.97	\$17.87	\$16.17	\$16.50	\$15.52

OFFICE VACANCY BY CLASS - FIVE YEAR HISTORY



	2007	2008	2009	2010	2011
Class A	8.71%	9.03%	9.09%	12.12%	14.15%
Class B	10.25%	13.09%	20.68%	19.75%	20.10%
Class C	14.27%	14.86%	20.24%	20.80%	19.64%
Overall Average	10.80%	12.36%	17.29%	18.00%	18.43%

INDUSTRIAL MARKET INDICATORS

Total Inventory Surveyed (SF)	26,388,003
Overall Average Asking Lease Rates	\$0.53
Overall Average Asking Sales Price	\$74.10 PSF
Vacancy	5.72%
Available (SF)	1,508,357

Industrial: The industrial market continues to be the healthiest commercial sector in Davis County. Vacancy rates

have been on a steady decline for the past three and a half years. Average sale prices as well as average lease rates have remained stable with very little change over the past year.

Lifetime Products is expanding its manufacturing facility in Clearfield. It has announced that it will add 142 new full time jobs over the next decade.

ATK Composites Division opened its new 615,000 sf composites campus at the Freeport Center in August.

INDUSTRIAL MARKET OVERVIEW – FOURTH QUARTER 2011

Type*	Total Market SF Surveyed	Available SF	Vacancy	Overall Average Asking Lease Rate PSF	Overall Average Asking Sales Price PSF
0-5,000 SF	344,205	26,430	7.68%	\$0.59	\$86.47
5,001-20,000 SF	4,442,767	341,201	7.68%	\$0.46	\$73.32
20,001-50,000 SF	5,100,227	312,148	6.12%	\$0.37	\$58.49
50,001 + SF	16,500,804	828,578	5.02%	\$0.31	\$39.71
Total	26,388,003	1,508,357	5.72%	\$0.53	\$74.10

*Vacancy rate calculated by building square footage. Average lease rate / sales price calculated by available square footage.

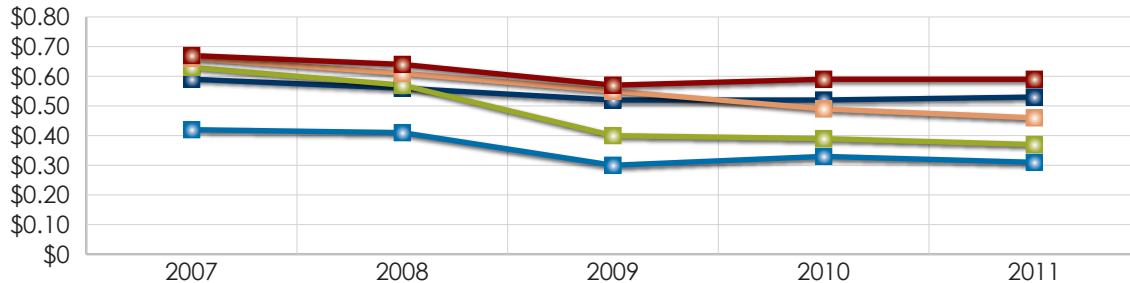
FREEPORT CENTER OVERVIEW – FOURTH QUARTER 2011

Available SF	108,000
Total SF	7,009,398
Vacancy	1.54%

FREEPORT WEST OVERVIEW – FOURTH QUARTER 2011

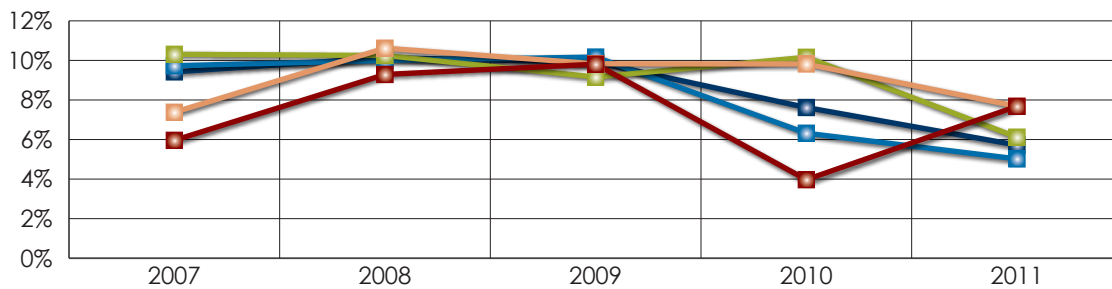
Available SF	337,600
Total SF	1,091,250
Vacancy	30.94%

INDUSTRIAL LEASE RATES BY SIZE - FIVE YEAR HISTORY



	2007	2008	2009	2010	2011
0-5,000 SF	\$0.67	\$0.64	\$0.57	\$0.59	\$0.59
5,001-20,000 SF	\$0.66	\$0.61	\$0.55	\$0.49	\$0.46
20,001-50,000 SF	\$0.63	\$0.57	\$0.40	\$0.39	\$0.37
50,001 + SF	\$0.42	\$0.41	\$0.30	\$0.33	\$0.31
Overall Average	\$0.59	\$0.56	\$0.52	\$0.52	\$0.53

INDUSTRIAL VACANCY BY SIZE - FIVE YEAR HISTORY



	2007	2008	2009	2010	2011
0-5,000 SF	5.96%	9.29%	9.81%	3.97%	7.68%
5,001-20,000 SF	7.38%	10.62%	9.83%	9.82%	7.68%
20,001-50,000 SF	10.31%	10.25%	9.16%	10.16%	6.12%
50,001 + SF	9.73%	10.00%	10.17%	6.32%	5.02%
Overall Average	9.42%	10.14%	9.91%	7.62%	5.72%

RETAIL MARKET INDICATORS

Total Inventory Surveyed (SF)	8,055,887
Overall Average Asking Lease Rates	\$11.03 - \$15.45
Vacancy	11.41%
Overall Average CAMs	\$3.64

Retail: Retail was a strong performer for 2011. Davis County saw new retailers move in as well as the expansion of existing ones.

Station Park, west of I-15 near the TRAX station in Farmington, is Davis County’s new power center. It has received a lot of attention and is rapidly growing. A new XD Cinemark Theatre Complex recently opened. Other retailers that opened this year include Harmon’s (first Davis County location), Marshalls (first Utah location), TJ Maxx, Ulta (first Davis County location), Sports Authority, Ross, Sally Beauty, Tilly’s (first Utah location), Chase Bank, and Famous Footwear. Restaurants coming soon include Johnny Rockets (first Utah location), Settebello Pizzeria and Park Stone – Wood Kitchen & Bar.

The following companies also entered or expanded in Davis County in 2011:

- Deseret Book opened a new store in Layton.
- PetSmart will be relocating to a new location in Layton.
- Dick’s Sporting Goods entered the Davis County market with a new 46,500 sf location in the Layton Hills Mall.

- Gold’s Gym opened in Syracuse filling the vacant Ace Hardware space.
- Happy Hashi, a new sushi restaurant, is opening near the Layton Hills Mall.
- C-A-L Ranch opened in Layton filling the vacant Dick’s marketplace store. This is their first Davis County location.
- A new 107 room extended stay hotel opened in Layton.
- Kneaders opened a new location in Layton.

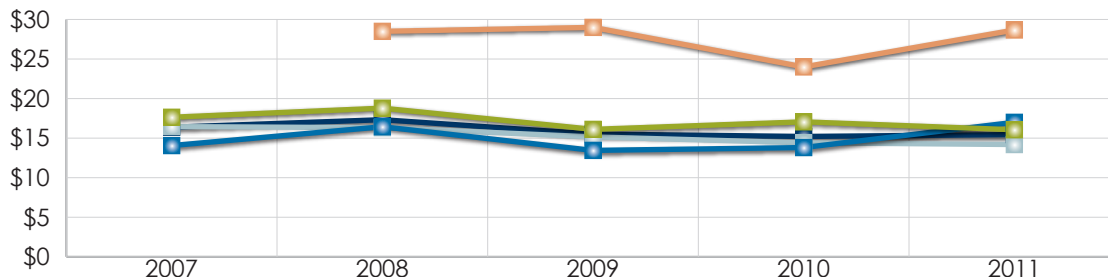
Ream’s closed a 47,000 sf grocery store in August. In October, Big Lots announced that it will be relocating from its current location next to Layton Hills Mall into part of the Ream’s space on Main Street. It has also been announced that DSW Shoes will be closing their Davis County location in Layton at the end of December. This space has already been leased to Shoe Carnival.

In general, landlords are still offering incentives for retailers as the market remains very competitive. Vacancy rates are slightly higher than last year at this time, but are down from six months ago. Anchorless Strip Centers continue to struggle with the highest level of vacancy at 25.17%, while the larger anchored centers enjoy higher levels of occupancy with an average vacancy rate at 9.32%. Lease rates remain stable with average lease rates running between \$11 and \$15 per sf with very little change from six months ago.

RETAIL MARKET OVERVIEW – FOURTH QUARTER 2011

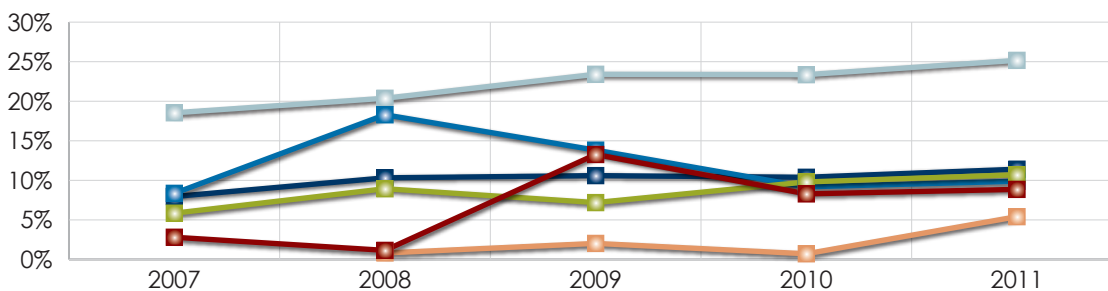
Type	Total Market SF Surveyed	Available SF	Vacancy	Overall Average Low Rate	Overall Average High Rate	Overall Average CAMs
Regional Mall	750,000	66,482	8.86%	n/a	n/a	n/a
Regional Center	1,396,367	75,564	5.41%	\$18.50	\$28.67	\$4.00
Community Center	3,701,609	396,467	10.71%	\$9.75	\$16.06	\$3.58
Neighborhood Center	1,144,264	113,154	9.89%	\$10.78	\$17.00	\$3.49
Anchorless Strip	1,063,647	267,680	25.17%	\$11.05	\$14.19	\$3.76
Total	8,055,887	919,347	11.41%	\$11.03	\$15.45	\$3.64

RETAIL LEASE RATES (HIGH RATE) – FIVE YEAR HISTORY



	2007	2008	2009	2010	2011
Regional Center	n/a	\$28.50	\$29.00	\$24.00	\$28.67
Community Center	\$17.64	\$18.79	\$16.11	\$17.06	\$16.06
Neighborhood Center	\$14.06	\$16.44	\$13.45	\$13.81	\$17.00
Anchorless Strip	\$16.46	\$16.32	\$15.16	\$14.41	\$14.19
Average Rate	\$16.38	\$17.33	\$15.52	\$15.21	\$15.45

RETAIL VACANCY BY TYPE – FIVE YEAR HISTORY



	2007	2008	2009	2010	2011
Regional Mall	2.81%	1.15%	13.27%	8.29%	8.86%
Regional Center	n/a	0.82%	2.03%	0.72%	5.41%
Community Center	5.85%	8.94%	7.19%	9.80%	10.71%
Neighborhood Center	8.36%	18.29%	13.82%	9.18%	9.89%
Anchorless Strip	18.54%	20.38%	23.41%	23.36%	25.17%
Average Rate	7.96%	10.32%	10.60%	10.39%	11.41%