

# MARKETBEAT



## SALT LAKE COUNTY INDUSTRIAL REPORT

2Q11

EXPANDED MARKET COVERAGE REPORT

WWW.COMRE.COM

### Overview

- The Salt Lake Market has seen an 8 % increase in leasing over the second quarter of 2010. Sales have also shown a significant increase in activity, bringing the total market increase to 20% year over year. An increase in overall market activity together with a drop in net absorption indicates lateral movement and consolidation in the marketplace.
- Overall vacancy has increased to 8.95% from 7.42% over the last quarter as a few larger users (e.g., Kraftmaid Cabinets) have downsized and/or relinquished space.
- The industrial net absorption in Salt Lake County saw a contraction of just over 1,500,000 square feet occupied space. This is the first real decline since 2003 and the largest decline since 2001.
- Lease rates are beginning to show signs of stabilizing. Rents in 20,000 square feet and above are going up, though the spread between asking and actual lease rates are still showing discrepancy. Landlords continue to offer concessions and incentives such as free rent in an effort to keep their properties leased.

### Industrial Market Overview

Square Feet	Available Square Feet	Total Market Square Feet	Vacancy Total Market	Vacancy Increment
0-5,000	342,270	4,667,461	0.31%	7.33%
5,001-20,000	2,289,519	22,389,236	2.04%	10.23%
20,001-50,000	2,259,403	25,670,621	2.01%	8.80%
50,001-100,000	1,411,736	18,802,398	1.26%	7.51%
100,000+	3,731,627	40,646,200	3.33%	9.18%
<b>Total</b>	<b>10,034,555</b>	<b>112,175,916</b>	<b>8.95%</b>	

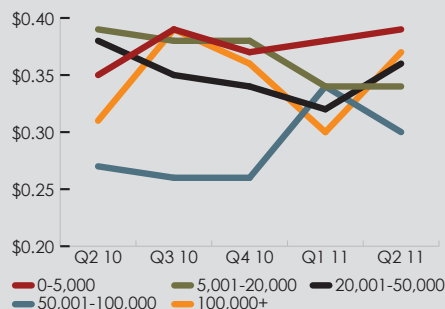
### Industrial Lease Rates (NNN) / Sq. Ft. / Month

Square Feet	Average 2011 Asking Rate <sup>^</sup>	Number of 2Q Transactions	Average 2010 Actual Rate <sup>^</sup>	Average 2011 Actual Rate <sup>^</sup>
0-5,000	\$0.44	56	\$0.37	\$0.39
5,001-20,000	\$0.44	41	\$0.38	\$0.34
20,001-50,000	\$0.40	12	\$0.34	\$0.36
50,001-100,000	\$0.42	9	\$0.26	\$0.30
100,000+	\$0.31	2	\$0.36	\$0.37
<b>Total</b>	<b>\$0.40</b>	<b>120</b>	<b>\$0.36</b>	<b>\$0.34</b>

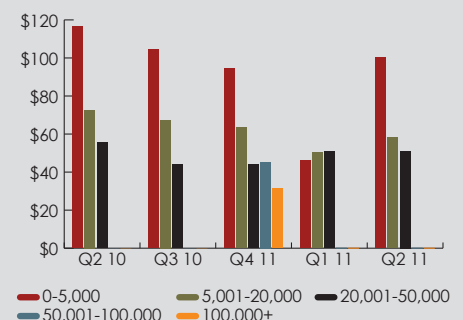
### Stats on the Go

	Current	Change since:	
		1Q11	2Q10
Industrial Vacancy	<b>8.95%</b>	↑	↑
Average Market Lease Rate	<b>\$0.34</b>	↔	↓
Completed Construction	<b>0</b>	↓	↓

### Average Lease Rates



### Average Sale Prices



### Cushman & Wakefield Commerce Real Estate Solutions

170 South Main St., Suite 1600, Salt Lake City, UT 84101 (801) 322-2000

www.comre.com

©2011, Commerce Real Estate Solutions. Disclaimer: The above information is given with the obligation that all negotiations relating to the purchase, renting, or leasing of the property described above shall be conducted through Commerce Real Estate Solutions. No warranty or representation, express or implied, is made as to the accuracy of the information contained herein, and same is submitted subject to errors, omissions, change of price, rental or other encumbrances, withdrawal without notice, and to any special listing conditions imposed by the seller. Prospective buyers should conduct their own due diligence.

## Industrial Sales Prices / Sq. Ft.

Square Feet	Average 2011 Asking Price	Number of 2Q Transactions	Average 2010 Sales Price	Average 2011 Sale Price
0-5,000	\$81.49	5	\$94.47	\$100.08
5,001-20,000	\$72.48	17	\$63.43	\$58.14
20,001-50,000	\$72.98	5	\$44.00	\$51.08
50,001-100,000	\$49.81	0	\$45.38	\$0.00
100,000+	\$44.62	0	\$31.47	\$0.00
<b>Total</b>	<b>\$58.68</b>	<b>27</b>	<b>\$49.53</b>	<b>\$57.63</b>

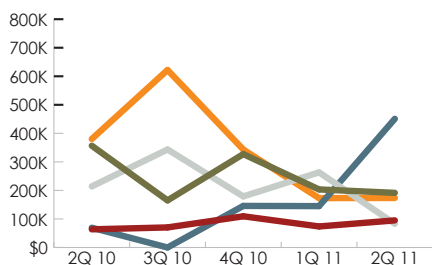
## Average Lease Rates \*^

Square Feet	2Q 10	3Q 10	4Q 10	1Q 11	2Q 11
0-5,000	\$0.35	\$0.37	\$0.37	\$0.38	\$0.39
5,001-20,000	\$0.39	\$0.38	\$0.38	\$0.34	\$0.34
20,001-50,000	\$0.38	\$0.35	\$0.34	\$0.32	\$0.36
50,001-100,000	\$0.27	\$0.26	\$0.26	\$0.34	\$0.30
100,000+	\$0.31	\$0.39	\$0.36	\$0.30	\$0.37
<b>Total</b>	<b>\$0.35</b>	<b>\$0.35</b>	<b>\$0.36</b>	<b>\$0.34</b>	<b>\$0.34</b>

## Average Sale Prices

Square Feet	2Q 10	3Q 10	4Q 10	1Q 11	2Q 11
0-5,000	\$116.52	\$104.43	\$94.47	\$46.02	\$100.08
5,001-20,000	\$72.67	\$67.33	\$63.43	\$50.20	\$58.14
20,001-50,000	\$55.55	\$44.00	\$44.00	\$50.85	\$51.08
50,001-100,000	\$0.00	\$0.00	\$45.38	\$0.00	\$0.00
100,000+	\$0.00	\$0.00	\$31.47	\$0.00	\$0.00
<b>Total</b>	<b>\$66.36</b>	<b>\$56.88</b>	<b>\$49.53</b>	<b>\$50.47</b>	<b>\$57.63</b>

## Leasing Activity

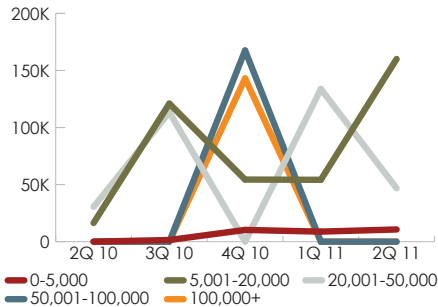


■ 0-5,000     ■ 5,001-20,000     ■ 20,001-50,000  
■ 50,001-100,000     ■ 100,000+

## Leasing Activity

Square Feet	2Q 10	3Q 10	4Q 10	1Q 11	1Q 11
0-5,000	63,685	70,301	109,329	73,714	94,962
5,001-20,000	356,637	165,046	327,244	203,446	191,430
20,001-50,000	214,131	343,484	178,996	263,263	82,891
50,001-100,000	69,300	0	145,661	145,000	450,882
100,000+	380,153	622,000	343,257	173,040	173,539
<b>Total</b>	<b>1,083,906</b>	<b>1,200,831</b>	<b>1,104,390</b>	<b>858,463</b>	<b>993,704</b>

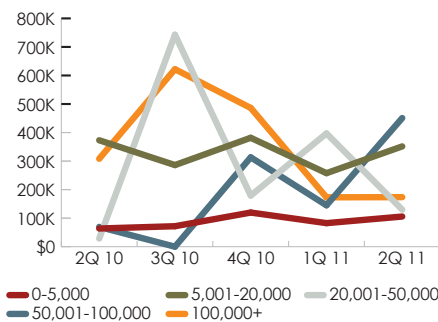
### Sales Activity



### Sales Activity

Square Feet	2Q 10	3Q 10	4Q 10	1Q 11	2Q 11
0-5,000	0	1,440	10,274	8,800	10,685
5,001-20,000	16,360	120,957	54,405	54,195	160,073
20,001-50,000	30,453	113,330	0	96,039	46,790
50,001-100,000	0	0	167,489	0	0
100,000+	0	0	143,000	0	0
<b>Total</b>	<b>46,813</b>	<b>235,727</b>	<b>379,168</b>	<b>159,034</b>	<b>217,548</b>

### Total Activity



### Total Activity

Square Feet	2Q 10	3Q 10	4Q 10	1Q 11	2Q 11
0-5,000	63,685	71,741	119,603	82,514	105,647
5,001-20,000	372,997	286,003	381,649	257,641	351,503
20,001-50,000	28,561	742,817	178,996	359,302	129,681
50,001-100,000	69,300	0	313,150	145,000	450,882
100,000+	308,153	622,000	486,257	173,040	173,539
<b>Total</b>	<b>914,696</b>	<b>1,436,558</b>	<b>1,483,558</b>	<b>1,017,497</b>	<b>1,211,252</b>

#### Notes:

\* Actual rates include tenant build-out.

^ Conversion from MG or G lease type to NNN is \$0.16 for 0 to 5K, \$0.12 for 5 to 50K and \$0.09 for 50K+.

**Disclaimer:** The enclosed information, while not guaranteed, has been secured from sources we believe to be reliable.

**Commerce Real Estate Solutions**  
© Copyright 2011 - All Rights Reserved

### Industrial Parks

Park	Buildings Available	Available SF	Total SF	Vacancy
Bonneville	1	512,482	768,482	66.69%
Centennial	26	319,593	6,996,050	4.57%
Commerce Park	0	0	980,283	0.00%
Decker Lake	32	409,286	4,320,727	9.47%
Metro Business	8	90,251	842,066	10.72%
Ninigret	6	265,548	3,576,296	7.43%
Landmark	6	766,563	6,330,574	12.11%
Pioneer	5	135,697	1,145,570	11.85%
Salt Lake International Center	10	503,967	5,249,488	9.60%
Sorenson Technology Park	9	286,510	3,023,527	9.48%
Wagner	12	336,085	5,261,957	6.39%

### Notable Second Quarter Transactions

Property	Tenant	Size	Class
1635 South 5070 West	Handstands, Inc.	173,040 SF	A
1730 South 4650 West	Platt Electric	78000 SF	A
5350 West Harold Gatty Dr.	Food for Health International	68,122 SF	B
580 North Wright Brothers Drive	Boart Longyear	56,882 SF	B
514 West Pickett Circle	Ryerson Steel	56,000 SF	B