

MARKETBEAT INDUSTRIAL SNAPSHOT

SALT LAKE CITY, UTAH

A Cushman & Wakefield Alliance Research Publication

Q2 2013

ECONOMIC OVERVIEW

Economic expansion continued through the first half of 2013 with unemployment continuing to decline. The current U.S. unemployment rate of 7.6% resulted from an added average of approximately 170,000 jobs per month each month for 2013. Although the U.S. economy is improving, the overall Utah market showed even greater improvement. With a current unemployment rate of just 4.6%, Utah's labor force grew at a rate of 2.6% per year, 1.0 percentage point above the U.S. average. All sectors have added jobs over the last year with the exception of Government.

INDUSTRIAL MARKET

Overall vacancy rates continued to decline and ended Q2 2013 at 7.4%. These declining vacancy rates, which have occurred in all size increments, have pushed lease rates higher with an average increase compared to 2012 of 20.0%.

Total activity, which includes leasing and user-sale activity, is on track to achieve historic levels. Leasing activity remains strong and has translated to just over 2.2 million square feet of positive absorption year-to-date. User-sale activity at mid-year is already near or above full-year levels as compared with the past five years. The largest portion of this user-sale activity began in first quarter with Boeing's acquisition of the 850,000-square foot Kraftmade building.

OUTLOOK

Utah continues to perform well economically and receive national recognition for its workforce, quality of life and business-friendly orientation. As a result of this environment, regional growth is projected to outperform the overall U.S. economy. With absorption outpacing new construction through the end of the year, vacancy rates will continue to trend downward. Average asking rental rates will continue to rise, especially in the higher quality assets where demand is strongest. Although new construction has slowed, several speculative construction projects are in development stages and as these rental rates increase and supply becomes more constrained, expect to see some of these speculative projects come online.

STATS ON THE GO

	Q2 2013	CHANGE Q1 2013	SINCE Q2 2012
Overall Vacancy	7.4%	▼	▼
Direct Asking Rents (psf/mo)	\$.42	▲	▲
Completed Construction	120,756	▼	▲

INDUSTRIAL MARKET OVERVIEW

SQUARE FEET	AVAILABLE SF	TOTAL MARKET SF	VACANCY TOTAL MARKET	VACANCY INCREMENT
0 - 5,000	253,729	4,667,461	5.4%	0.2%
5,001 - 20,000	1,697,072	22,426,536	7.6%	1.5%
20,001 - 50,000	1,533,570	25,670,621	6.0%	1.3%
50,001 - 100,000	1,347,672	19,153,392	7.0%	1.2%
100,000 +	3,764,947	43,773,462	8.6%	3.3%
TOTAL	8,596,990	115,691,472	7.4%	

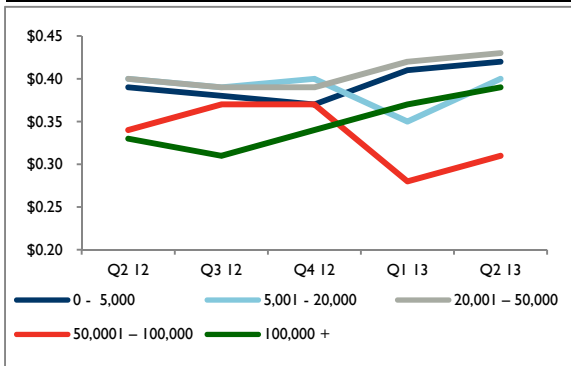
INDUSTRIAL LEASE RATES (NNN) / SQ. FT. / MONTH

SQUARE FEET	AVERAGE 2013 ASKING RATE	NUMBER OF 2013 TRANSACTIONS	AVERAGE 2012 ACTUAL RATE	AVERAGE 2013 ACTUAL RATE
0 - 5,000	\$0.48	52	\$0.38	\$0.42
5,001 - 20,000	\$0.44	45	\$0.36	\$0.40
20,001 - 50,000	\$0.40	18	\$0.34	\$0.43
50,001 - 100,000	\$0.41	4	\$0.28	\$0.31
100,000 +	\$0.34	3	\$0.33	\$0.39
TOTAL	\$0.39	122	\$0.35	\$0.42

INDUSTRIAL SALES PRICE / SQ. FT.

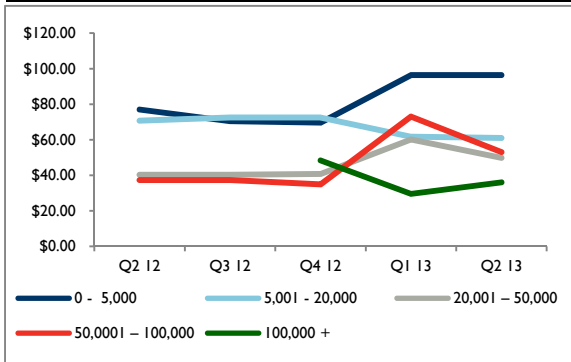
SQUARE FEET	AVERAGE 2013 ASKING PRICE	NUMBER OF 2013 TRANSACTIONS	AVERAGE 2012 SALES PRICE	AVERAGE 2013 SALES PRICE
0 - 5,000	\$101.84	3	\$69.64	\$96.39
5,001 - 20,000	\$78.19	8	\$72.53	\$60.95
20,001 - 50,000	\$81.63	2	\$40.71	\$49.84
50,0001 - 100,000	\$45.76	0	\$34.90	\$53.02
100,000 +	\$36.68	3	\$48.34	\$36.02
TOTAL	\$56.70	19	\$47.71	\$40.56

AVERAGE LEASE RATES * ^



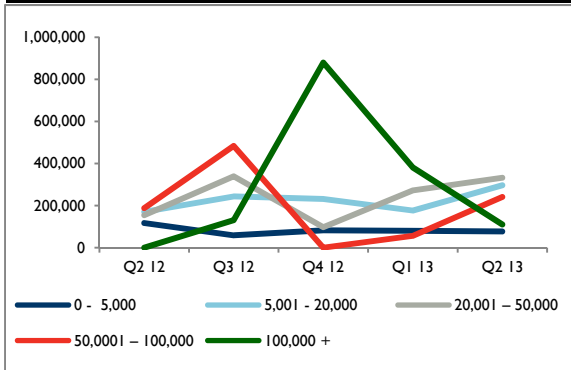
SQUARE FEET	Q2 12	Q3 12	Q4 12	Q1 13	Q2 13
0 - 5,000	\$0.39	\$0.38	\$0.37	\$0.41	\$0.42
5,001 - 20,000	\$0.40	\$0.39	\$0.40	\$0.35	\$0.40
20,001 - 50,000	\$0.40	\$0.39	\$0.39	\$0.42	\$0.43
50,0001 - 100,000	\$0.34	\$0.37	\$0.37	\$0.28	\$0.31
100,000 +	\$0.33	\$0.31	\$0.34	\$0.37	\$0.39
AVERAGE	\$0.39	\$0.37	\$0.37	\$0.38	\$0.42

AVERAGE SALES PRICE



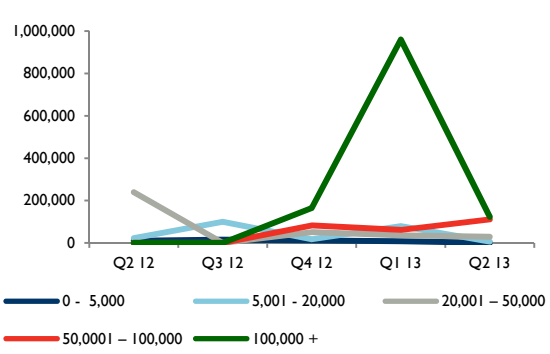
SQUARE FEET	Q2 12	Q3 12	Q4 12	Q1 13	Q2 13
0 - 5,000	\$77.05	\$70.43	\$69.64	\$96.34	\$96.39
5,001 - 20,000	\$70.73	\$72.55	\$72.53	\$61.72	\$60.95
20,001 - 50,000	\$40.32	\$40.32	\$40.71	\$60.19	\$49.84
50,0001 - 100,000	\$37.34	\$37.34	\$34.90	\$73.04	\$53.02
100,000 +	NA	NA	\$48.34	\$29.54	\$36.02
AVERAGE	\$43.07	\$49.15	\$47.74	\$35.67	\$40.56

LEASING ACTIVITY



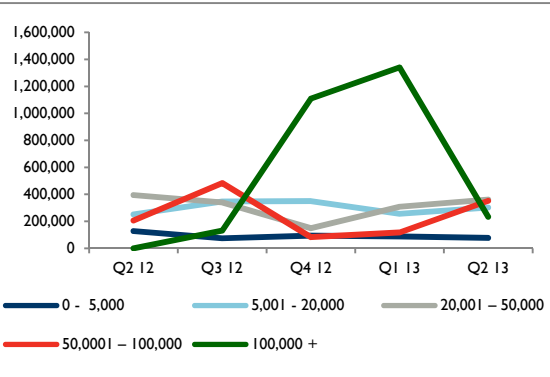
SQUARE FEET	Q2 12	Q3 12	Q4 12	Q1 13	Q2 13
0 - 5,000	117,307	58,745	82,604	80,001	76,854
5,001 - 20,000	170,391	244,007	231,650	177,068	296,548
20,001 - 50,000	154,715	339,725	97,597	272,664	332,540
50,0001 - 100,000	188,197	483,676	0	56,391	241,220
100,000 +	0	130,843	879,827	380,878	110,697
AVERAGE	704,226	1,244,639	1,391,958	967,002	1,057,859

SALES ACTIVITY



SQUARE FEET	Q2 12	Q3 12	Q4 12	Q1 13	Q2 13
0 - 5,000	9,960	15,529	11,046	7,926	0
5,001 - 20,000	22,827	99,836	17,552	79,130	6,000
20,001 - 50,000	239,605	0	50,911	35,720	28,691
50,001 - 100,000	0	0	82,223	60,925	110,990
100,000 +	0	0	164,674	960,008	123,074
AVERAGE	272,392	115,365	326,406	1,143,709	268,755

TOTAL ACTIVITY



SQUARE FEET	Q2 12	Q3 12	Q4 12	Q1 13	Q2 13
0 - 5,000	127,267	74,274	93,650	87,927	76,854
5,001 - 20,000	251,007	347,413	349,382	256,198	302,548
20,001 - 50,000	394,320	339,725	148,508	308,384	361,231
50,001 - 100,000	205,847	483,676	82,223	117,316	352,210
100,000 +	0	130,843	1,109,074	1,340,886	233,771
AVERAGE	978,441	1,357,931	1,782,837	2,110,711	1,326,614

INDUSTRIAL PARKS

PARK	BUILDINGS AVAILABLE	AVAILABLE SF	TOTAL SF	VACANCY
Bonneville	1	125,455	768,482	16.3%
Ninigret	4	118,906	3,576,296	3.3%
Centennial	18	305,589	6,996,050	4.4%
Commerce Park	0	0	980,283	0.0%
Landmark	7	446,230	7,601,360	5.9%
Wagner	8	309,140	5,261,957	5.9%

Notes:

*Actual rates include tenant build-out

^Conversion from MG or FG lease type to NNN is \$.16 for 0 to 5,000 sf, \$.12 for 5,001 to 50,000 sf and \$.09 for 50,000+ sf.

