

MARKETBEAT



SALT LAKE AREA INVESTMENT REPORT

3Q11

EXPANDED MARKET COVERAGE REPORT

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Overview

Third Quarter 2011 has had increasing activity and we expect to exceed last year's investment volume. While the total is still one third of 2008 levels, this current growth is a sign that money is becoming more available. Lenders are demanding quality projects and underwriting standards that are higher than in the recent past. Eighty percent of the transactions that were closed this quarter were on a cash basis.

Investment Activity—Investment activity is increasing according to third quarter year-over-year results, in both dollar amount and number of transactions completed. Year over year activity is partially spurred by the increasing flow of debt capital to the upper end of the marketplace through a variety of lending sources for the top tier of projects. Lenders continue to focus on quality projects and sponsors. Cap rates have stabilized for quality properties but continue to decline for multi-family and retail projects. Cap rates continue to rise on second tier investments.

Transactions—Eighty percent of the completed transactions were cash deals in 2011, indicating a dramatic variance from pre-recession times.

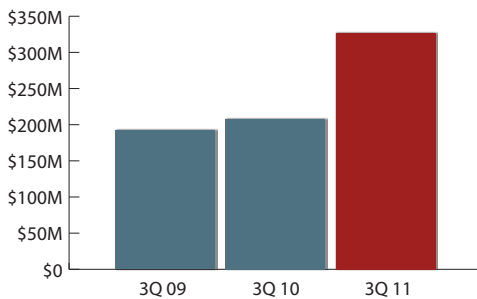
This statistic suggests capital is restricted for Main Street businesses and investors seeking affordable debt from lenders. Individual and smaller investment partnerships, mostly local, still make up the majority of active buyers completing deals in Utah.

Buyer profile

- **In-state/out-of-state:** currently 70% / 30%, 2010 3Q 87% / 13%
- **1031 exchange:** currently 31%, 2010 3Q 40-50%
- **Cash buyers:** currently 80%, 2010 3Q 40-50%

Outlook—Bifurcation appears to be the status of the marketplace for the near term. The investment market looks a little more promising today but we continue to have the unresolved issues with lending policies. Investors and lenders with cash are working to make things happen but there still remain enough obstacles to keep the market static.

Sales Volume - 3Q 11



Total Commercial Investment Sales Volume

Category	3Q 09	3Q 10	3Q 11
Apartment	\$69,767,280	\$45,073,500	\$69,533,000
Industrial	\$51,828,837	\$82,928,556	\$89,527,587
Office	\$24,919,453	\$17,318,050	\$50,237,909
Retail	\$28,000,795	\$58,865,750	\$103,895,773
Other	\$17,225,000	\$3,760,000	\$13,492,000
Total	\$191,741,365	\$207,945,856	\$326,686,269

Notable YTD 2011 Transactions

Property	Location	Size
Riviera BYU Student Housing	Provo, UT	137 Units
LNR Metro Logistics	Salt Lake City, UT	426,866 SF
Draper Peaks	Draper, UT	250,656 SF
Chase Suites Hotel/Apartment Conversion	Salt Lake City, UT	128 Units
Timesquare	Salt Lake City, UT	288,944 SF

Investment Overview - 3Q 11

Total Sales Volume	\$326,686,269
Total SF and Units	2,928,343 SF 993 units
Total Number of Transactions	97



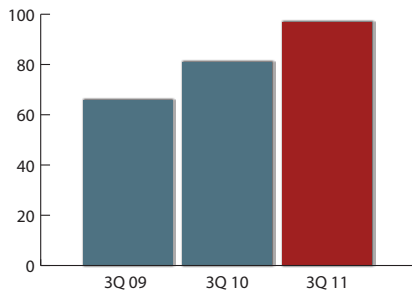
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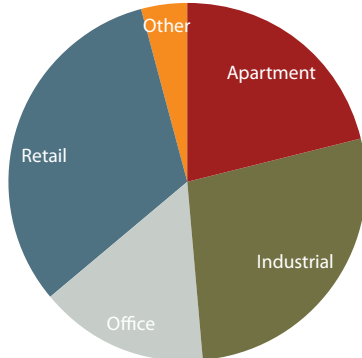
Transaction Volume - 3Q 11



Total Investment Transactions

Category	3Q 09	3Q 10	3Q 11
Apartment	22	21	24
Industrial	10	19	21
Office	10	11	16
Retail	17	26	30
Other*	7	4	6
Average	66	81	97

Sales Volume - 3Q 11



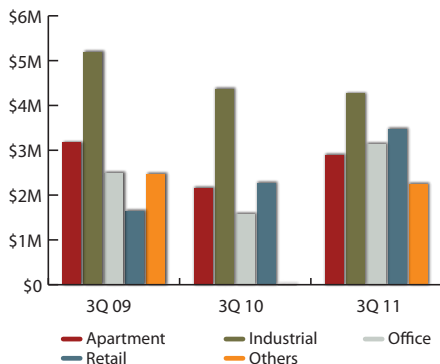
Total Investment Sales SF or Units

Category	3Q 09	3Q 10	3Q 11
Apartment	758 units	663 units	993 units
Industrial	1,122,534	1,867,751	1,669,813
Office	207,940	232,793	627,221
Retail	168,212	409,775	631,309
Other	1483/0/65	68/56/47	281/246/167
Total	1,498,686	2,510,319	2,928,343

Average PSF / Unit

Category	3Q 09	3Q 10	3Q 11
Apartment	\$92,041	\$67,984	\$70,023
Industrial	\$46	\$44	\$54
Office	\$120	\$74	\$80
Retail	\$166	\$144	\$165

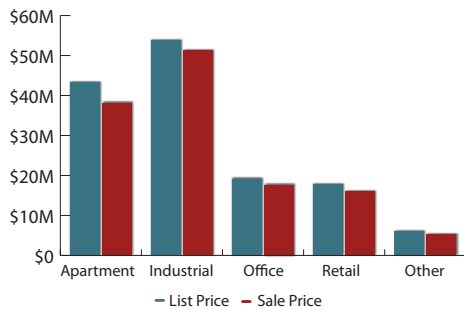
Average Sales Size - 3Q 11



Average Sales Size

Category	3Q 09	3Q 10	3Q 11
Apartment	\$3,171,240	\$2,146,357	\$2,897,208
Industrial	\$5,182,884	\$4,364,661	\$4,263,218
Office	\$2,491,945	\$1,574,368	\$3,139,869
Retail	\$1,647,106	\$2,264,067	\$3,463,192
Other	\$2,460,714	\$-	\$2,248,667

List Price vs. Sale Price



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Comparison of Cap Rates to Prior Years

Category	3Q 09	3Q 10	3Q 11
Apartment	7.56%	7.99%	7.35%
Industrial	8.36%	8.27%	8.35%
Office	7.98%	8.27%	9.13%
Retail	9.33%	8.96%	8.28%
Other	8.02%	8.70%	10.97%

List Price vs. Sale Price

Category	List Price Total	Sale Price Total	% of List Price
Apartment	\$43,423,900	\$38,183,000	87.93%
Industrial	\$53,763,900	\$51,256,637	95.34%
Office	\$19,212,144	\$17,699,400	92.13%
Retail	\$17,835,601	\$16,110,873	90.33%
Other	\$6,150,000	\$5,350,000	86.99%