

MARKETBEAT



SALT LAKE COUNTY OFFICE REPORT

3Q11

EXPANDED MARKET COVERAGE REPORT

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Overview

Utah has fared better than the rest of the nation in the last year and is leading the fifty states as the recovery is strengthening. Over the past year, Utah has added over 30,000 jobs, or approximately a 2.5% increase as compared to the 1% nationally. Our unemployment rate is currently at 7.6%, compared to the nation's 9.1%. Utah's population growth over the past ten years has grown on an average of 2.39%, ranking the state one of the highest in the nation. All this has helped to fuel the economy and continues to make Utah one of the best places to do business.

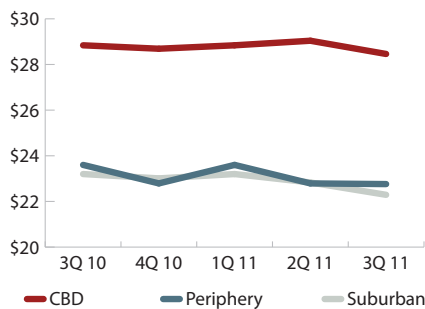
Absorption—Direct net absorption was a positive 147,276 RSF for the third quarter of 2011, bringing the total year-to-date to a positive 581,480 RSF. Ninety-two percent of this absorption occurred in the suburban market. Larger blocks of quality suburban office space are becoming

scarce resulting in several developers planning construction on multi-tenant spec buildings.

Vacancy—The overall direct vacancy decreased to a two year low this quarter, declining to 14.73%. Sublease vacancy also decreased, ending the quarter at 0.99%, and decreasing the overall vacancy rate to 15.72%. The Southeast and Northwest quadrants had significant vacancy decreases of 3.2% and 1.9% respectively, while the South West and Central West quadrants saw a small rise in vacancy.

Lease Rates—Direct full service lease rates decreased by 1.5% during the third quarter. The pendulum continues to swing slowly away from landlord concessions, although the tenant remains in the driver's seat on most transactions. The overall average full service market rental rate currently stands at \$20.12/RSF/year.

Class A Quoted Rents



Class A Quoted Rents*

	3Q 10	4Q 10	1Q 11	2Q 11	3Q 11
CBD	\$28.84	\$28.69	\$28.84	\$29.04	\$28.46
Periphery	\$23.60	\$22.79	\$23.60	\$22.79	\$22.76
Suburban	\$23.20	\$23.01	\$23.20	\$22.83	\$22.29

Office Market Direct Vacancy**

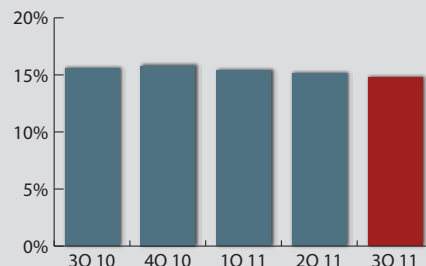
	3Q 10	4Q 10	1Q 11	2Q 11	3Q 11
CBD	15.05%	15.07%	15.27%	15.19%	14.66%
Periphery	10.75%	11.48%	10.78%	10.56%	10.86%
Suburban	16.54%	16.96%	16.27%	15.87%	15.44%
Overall	15.53%	15.78%	15.41%	15.11%	14.73%

Stats on the Go

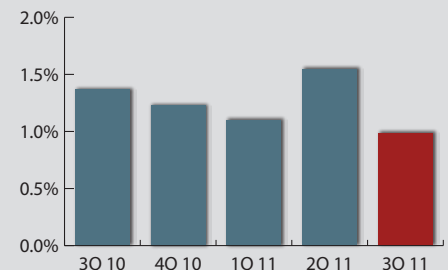
Total Market Square Feet: 31,201,774

	Current	Change since:	
		2Q11	3Q10
Direct Office Vacancy	14.73%	↓	↓
Sublease Vacancy	0.99%	↓	↓
Average Lease Rate	\$20.12	↑	↓
Completed Construction	0	↓	↓

Direct Market Vacancy



Sublease Vacancy



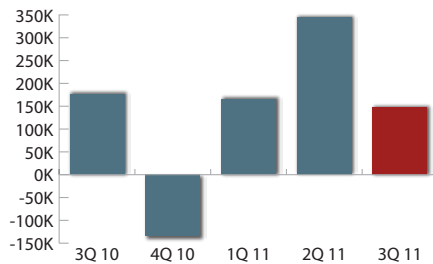
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Direct Market Absorption



Office Market Direct Absorption (Square Feet)**

	3Q 10	4Q 10	1Q 11	2Q 11	3Q 11
CBD	6,349	22,570	-1,619	-12,873	27,374
Periphery	7,484	-23,964	25,072	7,968	-3,281
Suburban	163,489	-132,474	64,950	348,961	123,183
Overall	177,322	-134,868	88,403	345,801	147,276

Office Market Sublease Vacancy

	3Q 10	4Q 10	1Q 11	2Q 11	3Q 11
CBD	1.90%	1.95%	1.63%	1.75%	1.37%
Periphery	1.20%	1.16%	1.11%	0.89%	0.37%
Suburban	1.22%	0.99%	0.92%	1.60%	0.96%
Overall	1.37%	1.23%	1.10%	1.55%	0.99%

Notable Third Quarter Lease Transactions

Property	Tenant	Size	Class
City Place	Disney Interactive Studios	43,471 SF	B
Stonewater	Apria Health	34,500 SF	B
One Airport Tech Center B	Salt Lake Community College	35,887 SF	B
8760 South Sandy Pkwy	ACS Business Solutions	98,500 SF	C
Decker Lake Office Bldg 1 & 2	Endeavor Hall, Utah Non-Profit	55,067 SF	C

Under Construction

Property	Size	Estimated Completion
50 East South Temple	32,000 SF	4Q11
333 South State Street	174,000 SF	1Q12
6330 South 3000 East	230,000 SF	2Q12
60 North Rio Grande	100,000 SF	3Q12
5400 West Amelia Earhart	165,000 SF	4Q12
Total	701,000 SF	

Notes:

* Weighted full service asking lease rates.

** Sublease space is not included in these figures.

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

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