

# MARKETBEAT



## WASHINGTON COUNTY QUARTERLY REPORT

2Q11

EXPANDED MARKET COVERAGE REPORT

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### Industrial Market Overview - 2Q 11

Industrial Total Inventory SF	7,953,268
Industrial Lease Rate per SF	\$3.00 - \$6.60
Industrial Vacancy	11.71%
Industrial Cap Rate	8.5% - 10.5%
Industrial Land Values PSF	\$1.38 - \$4.50
Industrial Under Construction SF	30,000

- The vacancy rate continues to fall having gone from 16% a year ago, to 14.5% at year end to

11.71% currently. We expect this trend of positive absorption to continue.

- Czarnowski Display Services purchased an existing 95,000sf building in Ft. Pierce Industrial Park, expanding for the first time into the Utah market. The \$6.5 million facility is expected to bring over 50 new jobs to the market.
- Sunroc will occupy the former Stock Building Supply location in Ft. Pierce adjacent to their block plant, moving from their previous location on St. George Blvd.

- Lease rates have started to firm up on the low end with rates expected to slowly rise on premium spaces towards the end of the year.
- A few large deals over the last year have led to a shortage of available space in the larger building sector with only one building above 60,000 SF continuous space left available on the market. We expect this shortage to spur additional construction in the area for large manufacturers currently expressing interest in Washington County.

### Retail Market Overview - 2Q 11

Retail Total Inventory SF	4,969,411
Retail Lease Rates PSF	\$6.00 - \$31.00
Retail Vacancy	10.60%
Retail Cap Rate	8.5% - 10.5%
Retail Land Values PSF	\$7.25 - \$24.00
Retail Under Construction SF	98,178

- Vacancy is down over one percentage point from 11.7% at 2010 year end to 10.6%. We expect this trend of steady improvement to continue

- The retail leasing market is generally improving with more inquiries and leases written.
- Shorter term leases are still the norm as landlords anticipate a strengthening market over the next few years. Landlords are aggressive with up front rates and/or incentives, but include substantial escalations in lease rates to account for the improving market.

- Much of the new leases being written are current market tenants moving spaces to take advantage of lower rates and higher quality space.
- Construction has started on Red Rock Commons, a new 98,000 sf retail center with new major tenants including Dick's Sporting Goods, PetSmart, and Ulta. Old Navy will also be moving to the new center.

### Office Market Overview - 2Q 11

Office Total Inventory SF	2,227,724
Office Lease Rate per SF	\$5.40 - \$14.20
Office Vacancy	15.50%
Office Cap Rate	8.5%-10.5%
Office Land Values PSF	\$6.00 - \$14.00
Office Under Construction SF	8,000

- Vacancy is up from 15.2% to 15.5%.
- Mean asking lease rate down slightly from \$0.80/SF, NNN to \$0.78/SF, NNN.
- Biggest drop in lease rates is in Class C space.
- An increase in available Class A space, but with asking prices for the most part unchanged.

- Construction remains at near standstill with only 8,000 SF under construction.
- Strong tenants moving to from Class C to B and from Class B to A.

### Notable Second Quarter Transactions

Property	Location	Size
Ft. Pierce Spec Industrial Building	1251 E. Commerce Dr., St. George, UT	95,000 SF
Sunchase Business Park	3884 S. River Rd., St. George, UT	100,000 SF
Executive Plaza	491 N Bluff St., St. George, UT	34,557 SF
Creamer & Noble	35 S. 400 W., St. George, UT	8,976 SF
Bluff St. Retail	335 S. Bluff St., St. George, UT	8,959 SF



#### Cushman & Wakefield Commerce Real Estate Solutions

1363 East 170 South, Suite 100, St. George UT 84790 (435) 673-7111

www.comre.com

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