

# Utah County Market Activity Report

Second Quarter 2010

## Market Overview - Q2 2010

Total Office Inventory	8,877,693 SF
Office Lease Rates PSF	\$12.00 NNN Avg. (\$5.00 - \$20.00)
Office Vacancy	16.50%
Office Cap Rate	8.5% Avg. (6% - 10%)
Office Land Values PSF	\$6.00 Avg. (\$3.00 - \$10.00 PSF)

Landlords across all property types have decreased rates to retain tenants and fill vacancies resulting in the lowest rates our market has seen in a decade. Provo has been the hardest hit sector of the market.

## Office Overview

- Vacancy is roughly the same as six months ago market-wide, but Provo has seen vacancies rise substantially while vacancies in Orem and most of the other market sectors have declined.
- New product that has entered the market i.e., Zions Bank tower has been slow to be absorbed. The addition to the market of Zion's downtown tower is a significant factor in Provo's increased vacancy percentage.

## Office Market Overview

		Total SF	Lease		Sublease	
			Available SF	Vacancy	Available SF	Vacancy
Orem	Class A	1,325,024	199,294	15.04%	32,117	2.42%
	Class B	657,088	89,458	13.61%	12,088	1.84%
	Condo	966,683	123,607	12.79%	0	0.00%
	Overall	2,948,795	412,359	13.98%	44,205	1.50%
Provo	Class A	1,192,473	364,659	30.58%	59,359	4.98%
	Class B	1,208,348	126,464	10.47%	33,555	2.78%
	Condo	548,208	100,605	18.35%	2,145	0.39%
	Overall	2,949,029	591,728	20.07%	95,059	3.22%
Utah County North	Class A	899,463	97,501	10.84%	21,206	2.36%
	Class B	1,270,646	136,876	10.77%	15,938	1.25%
	Condo	476,138	188,597	39.61%	3,536	0.74%
	Overall	2,646,247	422,974	15.98%	40,680	1.54%
Utah County South	Class A	6,400	0	0.00%	0	0.00%
	Class B	260,362	37,184	14.28%	5,800	2.23%
	Condo	66,860	950	1.42%	0	0.00%
	Overall	333,622	38,134	11.43%	5,800	1.74%
Totals	Class A	3,423,360	661,454	19.32%	112,682	3.29%
	Class B	3,396,444	389,982	11.48%	67,381	1.98%
	Condo	2,057,889	413,759	20.11%	5,681	0.28%
	Overall	8,877,693	1,465,195	16.50%	185,744	2.09%

Industrial Total Inventory SF	15,566,301
Industrial Lease Rate PSF	\$0.41 NNN Avg. (\$0.29 - \$0.60)
Industrial Vacancy	13.92%
Industrial Cap Rate	8.5% Avg. (6.5% - 11.0%)
Industrial Land Values PSF	\$4.00 Avg. (\$2.00 - \$6.00)

## Industrial Market Overview

- The vacancy rate has remained flat in the two largest sectors of the market, Provo and Orem, but has increased slightly in South County and almost doubled in North County.
- Modus Media, located in the North County sector, has continued to make space available in Lindon. That one large block of space availability has brought North County, which has historically been a low vacancy sector for industrial space, to vacancy levels similar to the rest of the county.
- Rates have dropped as pressure from vacancy continues, and landlords struggle to fill space.

	Total SF	Available SF	Vacancy
Orem	3,736,909	389,043	10.41%
Provo	2,679,384	331,084	12.36%
Utah County North	4,914,234	701,604	14.28%
Utah County South	4,235,774	745,218	17.59%
<b>Total</b>	<b>15,566,301</b>	<b>2,166,949</b>	<b>13.92%</b>

Retail Total Inventory SF	10,413,879
Retail Lease Rate PSF	\$14.00 NNN Avg. (\$8.00 - \$28.00)
Retail Vacancy	12.97%
Retail Cap Rate	8% Avg. (6.0% - 10.0%)
Land Values	\$9.00 Avg. (\$7.00 - \$16.00)

## Retail Market Overview

- Landlords are showing increased flexibility with rates and terms. Rates have declined substantially and more modified gross rate deals are being done.
- Vacancy rates seem to be leveling off in the market generally, but Provo's vacancy has increased by over seven percentage points while the other market sectors have declined slightly or been relatively flat.
- Retail rates have decreased in large centers and malls as well as in smaller strips.
- There have been several exciting new entrants into the market, notably, Winco, In-N-Out Burger and Smashburger, each with multiple new locations.

	Total SF	Available SF	Vacancy
Orem	4,262,470	463,739	10.88%
Provo	2,181,244	440,290	20.19%
Utah County North	3,129,365	391,413	12.51%
Utah County South	840,800	55,240	6.57%
<b>Total</b>	<b>10,413,879</b>	<b>1,350,682</b>	<b>12.97%</b>
Anchorless Strip	2,164,762	415,494	19.19%
Neighborhood Center	1,944,814	127,242	6.54%
Community Center	4,202,289	431,056	10.26%
Mall Space	2,102,014	376,890	17.93%
<b>Total</b>	<b>10,413,879</b>	<b>1,350,682</b>	<b>12.97%</b>

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