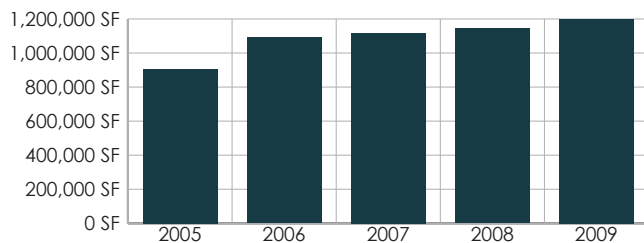


# SUMMIT COUNTY MARKET OVERVIEW

## SUMMIT COUNTY MARKET OVERVIEW

- The uncertainty of the national and local economies continues to have a broad impact on the Park City commercial real estate market. Although new construction in the area is at a virtual stand still, the residential real estate market has seen a slight increase in activity over the past six months. A portion of this activity is a result of an increasing number of distressed properties foreclosures and short-sale properties. There is a realignment of pricing in the residential market taking place, while developers are looking at creative ways to move product they still hold in inventory.
- Despite the slowdown over the past 18 months, several projects are moving forward in Summit County. In July the Waldorf Astoria opened the Dakota Mountain Lodge and Golden Door Spa at the Canyons Resort, and the St. Regis at Deer Valley, a condominium hotel, opened its doors in early December. Construction of The Montage, a 255 unit mix of condominiums and hotel rooms, at Empire Pass is well under way and slated for completion in 2010. Although these luxury projects were started before the economic downturn the fact they have been completed in a timely manner shows signs of optimism about the future.
- The tight credit market remains a factor for retailers who would like to open new locations or expand current outlets in the area. Retailers who are struggling and looking for loans to help them survive the sluggish economy are also being affected by the inability to secure any financing. In addition to the financial struggles, retailers are dealing with fewer tourists visiting the Park City area. Summer tourism was down compared to recent years and winter season bookings are slower than 2008, causing local property management companies to begin offering

OFFICE TOTAL INVENTORY - FIVE YEAR HISTORY



	2005	2006	2007	2008	2009
Sq. Ft.	906,017	1,091,591	1,117,886	1,143,371	1,198,362

## MARKET INDICATORS

### Summit County Office

Total Inventory	1,198,362 SF
Vacancy	15.41%
Lease Rates PSF - NNN	\$14 - \$24

### Summit County Industrial

Total Inventory	801,491 SF
Vacancy	16.61%
Lease Rates PSF - NNN	\$10 - \$15

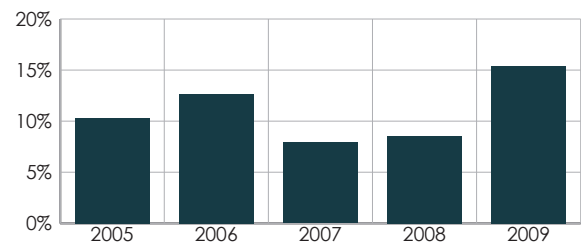
### Summit County Retail

Total Inventory	2,504,138 SF
Vacancy	9.15%
Lease Rates PSF - NNN	\$17 - \$45

discounted rates or other incentives to attract visitors. This is not unique to Park City as other resort towns across the west are experiencing the same troubles.

- During the past year and a half, Main Street has experienced a higher rate of tenant turnover than in the previous several years. Vacancy has increased in both retail and office space along the Main Street corridor. The increased movement in tenants has created a significant decline in lease rates in the Old Town district. Rents that were as high as \$45.00 per foot for prime Main Street retail space, are now down to the \$35.00 per foot range. There is some concern among tenants and owners about the uncertain future of vacant buildings and land along Main Street.
- The Kimball Junction area, which has become the retail headquarters of Summit County, is experiencing a slowdown in leasing activity. Redstone remains close to full occupancy, however, the recently completed

OFFICE VACANCY RATES - FIVE YEAR HISTORY



	2005	2006	2007	2008	2009
Vacancy	10.30%	12.68%	7.89%	8.55%	15.41%

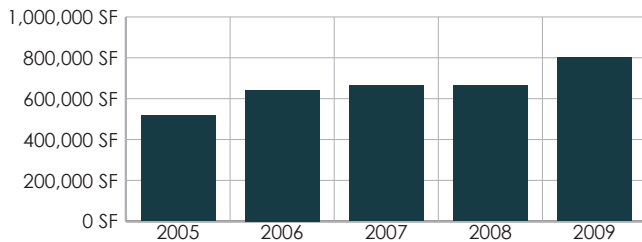
Newpark Center has struggled to find tenants. The balance of the 125,000 square foot retail center is vacant. Best Buy opened their doors in June to great success and the adjacent Jupiter Bowl bowling alley and activity center opened in the fall and is doing very well. There are a few smaller retailers slated to open in the Newpark Center soon, including a Kneaders Bakery.

- National retailers who are looking at possible expansion in the Summit County area have been slow to make commitments. Landlords are becoming more willing to work with tenants offering better lease rates and concessions to attract new tenants or retain current tenants. The Tanger Outlet Mall continues to experience success as shoppers are looking at outlet shopping for better deals in the down economy. The mall remains at nearly 100 percent occupancy. The Quarry Village project on I-80 at the Pinebrook exit has seen very little activity during the past 12 months and remains approximately 50 percent vacant.
- The overall office market in Summit County has remained relatively stable over the past year. Some lateral movement has occurred as companies have downsized and are looking for space that better suits their needs. Office lease rates

have held relatively steady throughout the Park City area. The prognosis is the office market will remain stable with little movement up or down during the coming year.

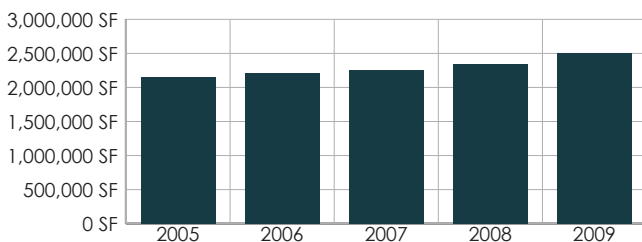
- The completion and opening of the new IHC hospital at Quinn's Junction has been a nice boost to the area. Over 200 new jobs were created with the hospital opening. In addition to the hospital, the US Ski Team Center for Excellence was opened during 2009, serving the needs of athletes and administrators for the United States Ski and Snowboard Association. Across highway 40 at Quinn's Junction the Park City Business Center is well under way with one spec building completed and ready for occupancy. Other buildings are planned for the Park City Business Center, but will not be constructed until later in 2010.
- Although the Park City market has experienced a marked slowdown over the past 12-18 months, it seems to be fairing better than most resort towns. Several organizations are looking at the area to expand, develop new projects, or use existing facilities to meet their needs. This activity indicates that Park City may have passed the low point in the market and is on the way back up.

INDUSTRIAL TOTAL INVENTORY - FIVE YEAR HISTORY



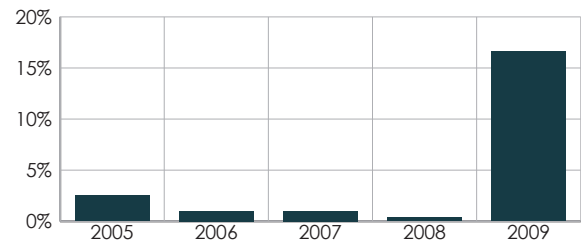
	2005	2006	2007	2008	2009
Sq. Ft.	517,768	641,352	664,610	664,910	801,491

RETAIL TOTAL INVENTORY - FIVE YEAR HISTORY



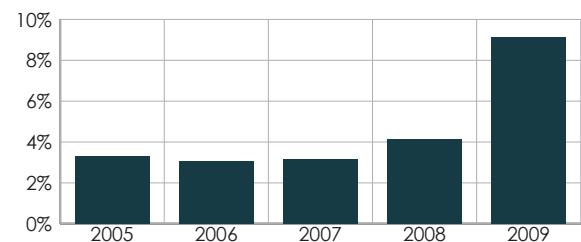
	2005	2006	2007	2008	2009
Sq. Ft.	2,144,953	2,207,763	2,257,632	2,339,152	2,504,138

INDUSTRIAL VACANCY RATES - FIVE YEAR HISTORY



	2005	2006	2007	2008	2009
Vacancy	2.5%	1.0%	1.0%	0.39%	16.61%

RETAIL VACANCY RATES - FIVE YEAR HISTORY



	2005	2006	2007	2008	2009
Vacancy	3.3%	3.08%	3.18%	4.14%	9.15%