

MARKETBEAT OFFICE SNAPSHOT



SALT LAKE CITY, UT

A Cushman & Wakefield Alliance Research Publication

Q1 2012



ABSORPTION

As anticipated, a significant amount of space became available in the downtown Salt Lake office submarket during the first quarter. These availabilities accounted for over 85% of the total negative absorption in the Salt

Lake valley. Absorption in the suburban office space remained relatively flat with nearly 30,000 square feet (sf) of negative absorption.

VACANCY

The overall direct combined vacancy rate for all property types in the Salt Lake City Metro Office Market stands at 14.7%, an increase of nearly one percentage point from year-end 2011. The increase in vacancy is largely a result of over 222,000 sf of vacated space in the Central Business District (CBD) of class B buildings. The overall suburban vacancy saw a modest decline from 14.2% to 13.8%. The remaining submarkets were relatively flat during the first quarter.

RATES

The methodology Commerce Real Estate Solutions used to calculate lease rates for the Salt Lake County Office Market has been changed to reflect rental rates for vacant space only. This provides a more accurate snapshot of current market rental rates. In the first quarter, direct full service rental rates stand at \$19.44 per square foot. Expect rates to remain stable as Landlords continue the trend of offering fewer concessions to Tenants.

NEW CONSTRUCTION

The Salt Lake market added 176,000 sf of new construction to the CBD during the first quarter. Questar, the region's natural gas firm, downsized from a 219,000 sf building to fully occupy the newly constructed build-to-suit project. The Salt Lake market is expected to add another 673,000 sf of new construction by year-end. More than half of this new construction is pre-leased, which signals an increase in tenant confidence.

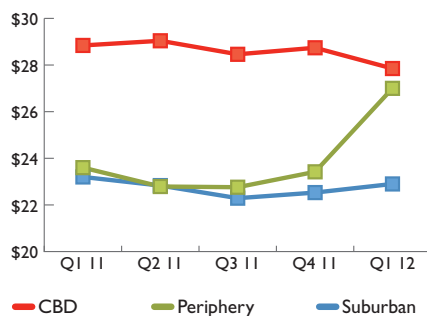
OUTLOOK

An increased number of office clients, particularly tech firms from the Bay area, are showing great interest in expanding in the Salt Lake market. As commuter and TRAX options increase and the downtown retail and residential markets have been revitalized, the Salt Lake valley will continue to attract tenants and new developments. The southern portion of the valley has continued to add positive absorption due to a larger employment base from Utah and Salt Lake counties.

STATS ON THE GO

	CURRENT	CHANGE SINCE:	
		Q4 2011	Q1 2011
Direct Office Vacancy	14.69%	▲	▼
Sublease Vacancy	0.95%	▼	▼
Average Lease Rate	\$19.44 PSF	▼	▼
Completed Construction	176,000 SF	▲	▲

LEASE RATES BY SUB-MARKET



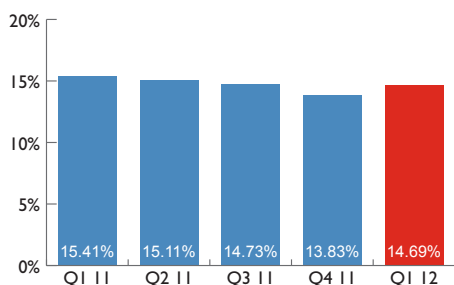
CLASS A QUOTED RENTS *

	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012
CBD	\$28.84	\$29.04	\$28.46	\$28.74	\$27.85
Periphery	\$23.60	\$22.79	\$22.76	\$23.42	\$27.00
Suburban	\$23.20	\$22.83	\$22.29	\$22.53	\$22.90

NOTABLE FIRST QUARTER TRANSACTIONS

PROPERTY	TENANT	SIZE (SF)	CLASS
One Gateway	Sunguard Financial Systems	35,266	A
Old Mill Corporate Center IV	Mass Mutual Life Insurance	20,081	A
222 South Main	Phillips, Edison & Co. LTD	14,240	A
10813 S Riverfront Parkway	Central Logic	12,817	A
255 East 400 South	Utah Pride Center	16,240	C

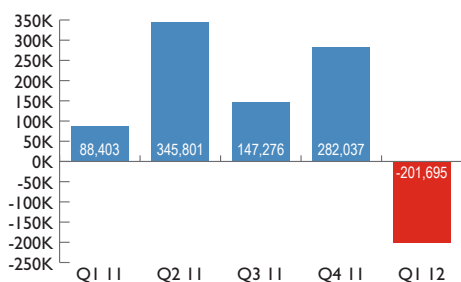
DIRECT MARKET VACANCY



OFFICE MARKET DIRECT VACANCY

	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012
CBD	15.27%	15.19%	14.66%	14.22%	18.52%
Periphery	10.78%	10.56%	10.86%	11.05%	11.60%
Suburban	16.27%	15.87%	15.44%	14.19%	13.84%
Overall	15.41%	15.11%	14.73%	13.83%	14.69%

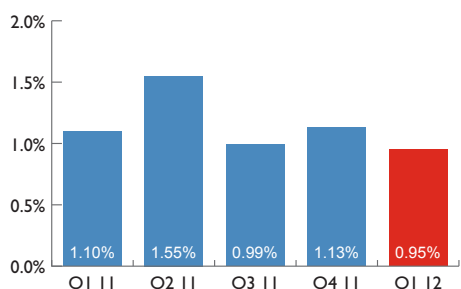
DIRECT MARKET ABSORPTION



OFFICE MARKET DIRECT ABSORPTION (SQUARE FEET) **

	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012
CBD	-1,619	-12,873	27,374	35,430	-169,449
Periphery	25,072	7,968	-3,281	-46,621	-2,784
Suburban	64,950	348,961	123,183	293,228	-29,462
Overall	88,403	345,801	147,276	282,037	-201,695

DIRECT MARKET SUBLEASE VACANCY



OFFICE MARKET SUBLEASE VACANCY

	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012
CBD	1.63%	1.75%	1.37%	1.46%	0.80%
Periphery	1.11%	0.89%	0.37%	0.46%	0.62%
Suburban	0.92%	1.60%	0.96%	1.13%	1.07%
Overall	1.10%	1.55%	0.99%	1.13%	0.95%

CONSTRUCTION COMPLETIONS

Property: 333 South State Street
Tenant: Questar Natural Gas
Size: 176,000

OFFICE MARKET CONSTRUCTION (SQUARE FEET)

	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012
CBD	0	0	206,000	32,000	-
Periphery	0	100,000	100,000	0	100,000
Suburban	0	573,000	395,000	125,000	573,000
Overall	0	673,000	701,000	157,000	673,000

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.

UNDER CONSTRUCTION

PROPERTY	TENANT	SIZE (SF)	COMPLETION
6330 South 3000 East	Old Mill IV	230,000	Q2 12
60 North Rio Grande	Six Gateway	100,000	Q3 12
5400 West Amelia Earhart	FBI Building	165,000	Q3 12
11874 South State Street	Hoopos Vision	58,000	Q3 12
15 West Scenic Pointe Drive	N/A	120,000	Q4 12

