

# MARKETBEAT REGIONAL SNAPSHOT



## UTAH COUNTY

A Cushman & Wakefield Alliance Research Publication

Q1 2012



### OVERVIEW

- Modest improvement in vacancy across the board from year end 2011 to Q1 2012.
- Retail rates are indicating they may be ready to rise but have not gathered the vacancy pressure necessary to start.
- Class A office continues to be popular despite new construction bringing more to the market. Developers should be careful to not over build which will cause rates to fall again.
- Industrial land values are showing they may have potential this year, but it is too soon to tell as bargain lease rates continue to sit at under \$0.30.
- Sublease activity does not show much activity. Vacancy rates remain largely unchanged.

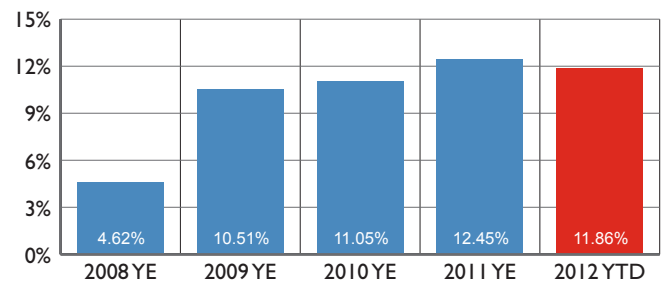
### RETAIL MARKET INDICATORS

|                       |                           |
|-----------------------|---------------------------|
| Retail Inventory SF   | 11,058,391                |
| Retail Lease Rate PSF | \$15 NNN avg (\$4 - \$32) |
| Retail Vacancy        | 11.86%                    |
| Retail Cap Rate       | 8%                        |
| Land Values           | \$9 avg                   |

### RETAIL MARKET OVERVIEW

|                  | TOTAL SF          | AVAILABLE SF     | VACANCY       |
|------------------|-------------------|------------------|---------------|
| Orem             | 4,579,343         | 512,444          | 11.19%        |
| Provo            | 2,352,285         | 350,170          | 14.89%        |
| UC North         | 3,173,606         | 380,483          | 11.99%        |
| UC South         | 953,157           | 68,112           | 7.15%         |
| <b>Total</b>     | <b>11,058,391</b> | <b>1,311,209</b> | <b>11.86%</b> |
| Anchorless Strip | 2,360,336         | 487,504          | 20.65%        |
| N. Center        | 2,373,564         | 257,865          | 10.86%        |
| Com. Center      | 4,148,148         | 421,015          | 10.15%        |
| Mail Space       | 2,176,343         | 144,825          | 6.65%         |
| <b>Total</b>     | <b>11,058,391</b> | <b>1,311,209</b> | <b>11.86%</b> |

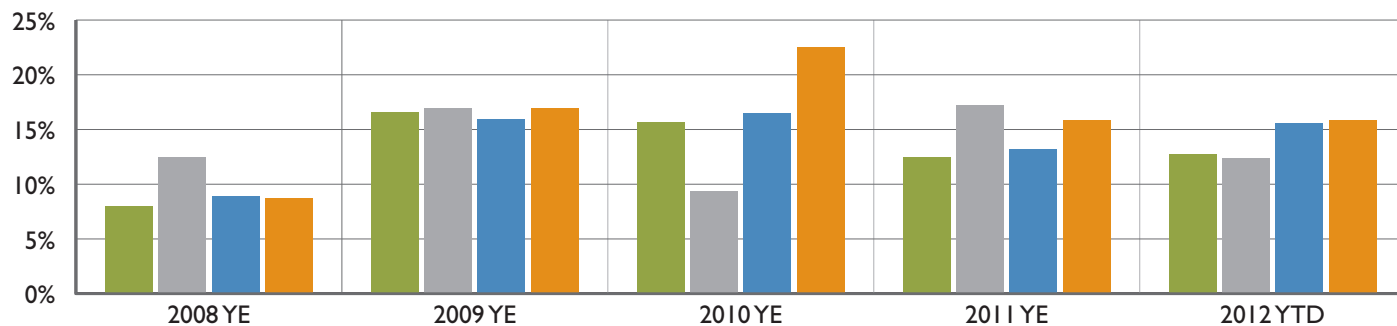
### OVERALL RETAIL VACANCY - 5 YEAR HISTORY



### RETAIL MARKET ABSORPTION

|                  |                |
|------------------|----------------|
| Orem             | 6,664          |
| Provo            | 51,999         |
| UC North         | 55,547         |
| UC South         | 47,256         |
| <b>Total</b>     | <b>161,466</b> |
| Anchorless Strip | (14,745)       |
| N. Center        | 93,758         |
| Com. Center      | 82,453         |
| Mail Space       | -              |
| <b>Total</b>     | <b>161,466</b> |

## OVERALL RETAIL VACANCY - 5 YEAR HISTORY



|                   | 2008 YE | 2009 YE | 2010 YE% | 2011 YE | 2012 YTD |
|-------------------|---------|---------|----------|---------|----------|
| Orem              | 7.97%   | 16.61%  | 15.67%   | 12.51%  | 12.71%   |
| Provo             | 12.45%  | 16.93%  | 9.33%    | 17.22%  | 12.34%   |
| Utah County North | 8.94%   | 15.95%  | 16.46%   | 13.17%  | 15.61%   |
| Utah County South | 8.77%   | 16.92%  | 22.55%   | 15.84%  | 15.84%   |

## OFFICE MARKET OVERVIEW - Q1 12

|                          | DIRECT OFFICE SPACE |                     |               | SUBLEASE       |              |
|--------------------------|---------------------|---------------------|---------------|----------------|--------------|
|                          | TOTAL SF            | AVAILABLE SF        | VACANCY       | AVAILABLE SF   | VACANCY      |
| <b>Orem</b>              |                     |                     |               |                |              |
| Class A                  | 1,314,693           | 128,282             | 9.76%         | 22,449         | 1.71%        |
| Class B                  | 718,102             | 93,114              | 12.97%        | 3,577          | 0.50%        |
| Class C/Condo            | 998,449             | 163,750             | 16.40%        | 4,140          | 0.41%        |
| Overall                  | 3,031,244           | 385,146             | 12.71%        | 30,166         | 1.00%        |
| <b>Provo</b>             |                     |                     |               |                |              |
| Class A                  | 1,493,070           | 238,225             | 15.96%        | 7,650          | 0.51%        |
| Class B                  | 1,204,857           | 98,328              | 8.16%         | 19,386         | 1.61%        |
| Class C/Condo            | 610,628             | 71,811              | 11.76%        | 0              | 0.00%        |
| Overall                  | 3,308,555           | 408,364             | 12.34%        | 27,036         | 0.82%        |
| <b>Utah County North</b> |                     |                     |               |                |              |
| Class A                  | 1,220,758           | 223,623             | 18.32%        | 62,357         | 5.11%        |
| Class B                  | 1,280,657           | 159,564             | 12.46%        | 15,387         | 1.20%        |
| Class C/Condo            | 658,244             | 110,175             | 16.74%        | 2,139          | 0.32%        |
| Overall                  | 3,159,659           | 493,362             | 15.61%        | 79,883         | 2.53%        |
| <b>Utah County South</b> |                     |                     |               |                |              |
| Class A                  | 6,400               | -                   | 0.00%         | 0              | 0.00%        |
| Class B                  | 261,199             | 36,929              | 14.14%        | 2,467          | 0.94%        |
| Class C/Condo            | 80,660              | 18,240              | 22.61%        | 0              | 0.00%        |
| Overall                  | 348,259             | 55,169              | 15.84%        | 2,467          | 0.71%        |
| <b>Totals</b>            |                     |                     |               |                |              |
| Class A                  | 4,034,921           | 590,130             | 14.63%        | 92,456         | 2.29%        |
| Class B                  | 3,464,815           | 387,935             | 11.20%        | 40,817         | 1.18%        |
| Class C/Condo            | 2,347,981           | 363,976             | 15.50%        | 6,279          | 0.27%        |
| <b>Total Market</b>      | <b>9,847,717</b>    | <b>1,342,041.00</b> | <b>13.63%</b> | <b>139,552</b> | <b>1.42%</b> |



## OFFICE MARKET INDICATORS

|                             |                           |
|-----------------------------|---------------------------|
| Total Office Inventory (SF) | 9,847,717                 |
| Office Lease Rates PSF      | \$11 NNN avg (\$4 - \$20) |
| Office Vacancy              | 13.63%                    |
| Office Cap Rate             | 8.00%                     |
| Office Land Values PSF      | \$9.50 avg                |

## OFFICE MARKET ABSORPTION

### Orem

|                |              |
|----------------|--------------|
| Class A        | (9,180)      |
| Class B        | (16,019)     |
| Class C/Condo  | 29,109       |
| <b>Overall</b> | <b>3,910</b> |

### Provo

|                |                |
|----------------|----------------|
| Class A        | 166,188        |
| Class B        | 14,542         |
| Class C/Condo  | 12,433         |
| <b>Overall</b> | <b>193,163</b> |

### UC North

|                |                 |
|----------------|-----------------|
| Class A        | (38,565)        |
| Class B        | 3,696           |
| Class C/Condo  | 4,545           |
| <b>Overall</b> | <b>(30,324)</b> |

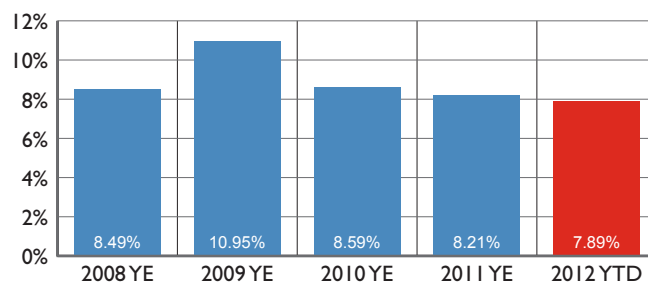
### UC South

|                |          |
|----------------|----------|
| Class A        | -        |
| Class B        | -        |
| Class C/Condo  | -        |
| <b>Overall</b> | <b>-</b> |

### Totals

|                     |                |
|---------------------|----------------|
| Class A             | 118,443        |
| Class B             | 2,219          |
| Class C/Condo       | 46,087         |
| <b>Total Market</b> | <b>166,749</b> |

## OVERALL INDUSTRIAL VACANCY - 5 YEAR HISTORY



## INDUSTRIAL MARKET INDICATORS

|                               |                                  |
|-------------------------------|----------------------------------|
| Industrial Total Inventory SF | 30,654,733                       |
| Industrial Lease Rate SF      | \$0.46 NNN avg (\$0.18 - \$0.75) |
| Industrial Vacancy            | 7.89%                            |
| Industrial Cap Rate           | 8.50%                            |
| Industrial Land Values PSF    | \$4 avg                          |

## INDUSTRIAL OVERVIEW

|              | TOTAL SF          | AVAILABLE SF     | VACANCY      |
|--------------|-------------------|------------------|--------------|
| Orem         | 5,767,773         | 374,588          | 6.49%        |
| Provo        | 4,521,143         | 169,459          | 3.75%        |
| UC North     | 9,276,996         | 801,436          | 8.64%        |
| UC South     | 11,088,821        | 1,072,237        | 9.67%        |
| <b>Total</b> | <b>30,654,733</b> | <b>2,417,720</b> | <b>7.89%</b> |

## INDUSTRIAL ABSORPTION

|              |                |
|--------------|----------------|
| Orem         | (15,265)       |
| Provo        | 46,322         |
| UC North     | 161,079        |
| UC South     | 112,166        |
| <b>Total</b> | <b>304,302</b> |

## NOTABLE FIRST QUARTER TRANSACTIONS

| PROPERTY                  | LOCATION       | SIZE (SF) |
|---------------------------|----------------|-----------|
| Concrete Production Plant | Pleasant Grove | 22,400    |
| Riverwoods Office Park    | Provo          | 20,549    |
| All Star Auto Plaza       | Pleasant Grove | 17,100    |
| Wasatch Point Warehouse   | Lindon         | 12,000    |
| Pinehurst Office          | Orem           | 6,867     |

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