

# MARKETBEAT INDUSTRIAL SNAPSHOT



## SALT LAKE CITY, UT

A Cushman & Wakefield Alliance Research Publication

Q2 2012

### OVERVIEW

- The overall vacancy rate has remained relatively flat, now sitting at 9.05%. We have about a two year supply of inventory in the 10 million square feet total of Salt Lake County industrial vacant space which is typical in this part of the market cycle.
- Overall leasing and sales activity is up 500,000 square feet, or 21% year over year, suggesting we are reaching comparable activity levels of 2006 and 2007.
- Lease rates are up nearly 6% over the same period last year. All size increments experienced a rise in rents with the exception of buildings over 100,000 square feet, which remained flat.
- Sale prices on a per square foot basis is down 15 to 20% over the past year suggesting demand and motivation to bite off on a major asset commitment is hard to come by.
- Construction is sluggish, except for buildings over 100,000 square feet, even though general activity remains strong. This respects our flat positive net absorption number of just over 59,000 square feet within a base of over 113 million square feet of existing industrial buildings throughout the county indicating that growth companies are in balance with contracting business sectors.

### TRENDS

- Corporate America and many small businesses to remain unwilling to commit to long term and major investment in real estate in light of the lack of confidence in future economic growth. Europe, Asia, U.S. political turmoil through the Presidential elections and the pending fiscal uncertainty is keeping many companies on the sideline.
- Regional growth will continue to outperform national statistics in most all categories.



### STATS ON THE GO

	CURRENT	CHANGE SINCE:	
		Q1 2012	Q2 2011
Industrial Vacancy	9.05%	▼	▼
Average Market Lease Rate	\$0.37	▲	▲
Completed Construction	0	▼	▼

### INDUSTRIAL MARKET OVERVIEW

SQUARE FEET	AVAILABLE SF	TOTAL MARKET SF	VACANCY TOTAL MARKET	VACANCY INCREMENT
0-5,000	425,696	4,667,461	0.37%	9.12%
5,001-20,000	2,202,998	22,401,136	1.94%	9.83%
20,001-50,000	2,076,194	25,670,621	1.82%	8.09%
50,001-100,000	1,665,347	18,945,045	1.46%	8.79%
100,000+	3,934,456	42,158,599	3.46%	9.33%
<b>Total</b>	<b>10,304,691</b>	<b>113,842,862</b>	<b>9.05%</b>	<b>—</b>

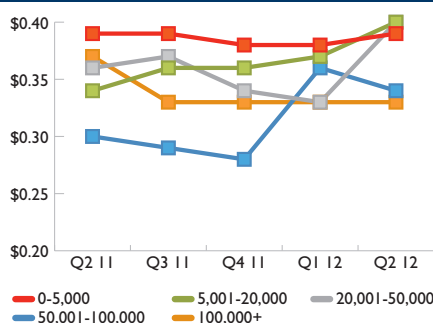
### INDUSTRIAL LEASE RATES (NNN) / SQ. FT. / MONTH

SQUARE FEET	AVERAGE 2012 ASKING RATE	NUMBER OF Q2 TRANSACTIONS	AVERAGE 2011 ACTUAL RATE	AVERAGE 2012 ACTUAL RATE
0-5,000	\$0.44	38	\$0.38	\$0.39
5,001-20,000	\$0.45	24	\$0.36	\$0.40
20,001-50,000	\$0.40	5	\$0.34	\$0.40
50,001-100,000	\$0.39	3	\$0.28	\$0.34
100,000+	\$0.34	0	\$0.33	\$0.33
<b>Total</b>	<b>\$0.39</b>	<b>70</b>	<b>\$0.35</b>	<b>\$0.37</b>

## INDUSTRIAL SALES PRICES / SQ. FT.

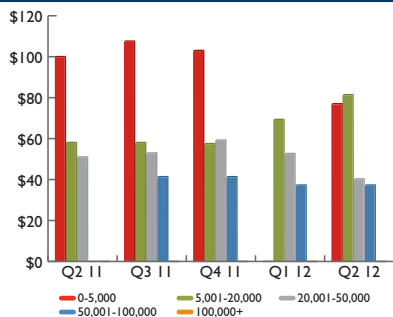
SQUARE FEET	AVERAGE 2012 ASKING PRICE	NUMBER OF Q2 TRANSACTIONS	AVERAGE 2011 SALES PRICE	AVERAGE 2012 SALES PRICE
0-5,000	\$81.40	3	\$103.09	\$77.05
5,001-20,000	\$74.21	1	\$57.60	\$81.34
20,001-50,000	\$69.01	7	\$59.31	\$40.32
50,001-100,000	\$52.02	0	\$41.40	\$37.34
100,000+	\$41.76	0	\$0.00	\$0.00
<b>Total</b>	<b>\$55.34</b>	<b>11</b>	<b>\$57.02</b>	<b>\$45.23</b>

## AVERAGE LEASE RATES \*^



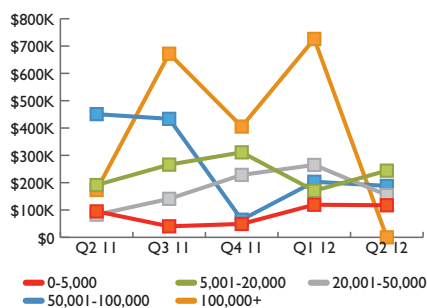
	Q2 11	Q3 11	Q4 11	Q1 12	Q2 12
0-5,000	\$0.39	\$0.39	\$0.38	\$0.38	\$0.39
5,001-20,000	\$0.34	\$0.36	\$0.36	\$0.37	\$0.40
20,001-50,000	\$0.36	\$0.37	\$0.34	\$0.33	\$0.40
50,001-100,000	\$0.30	\$0.29	\$0.28	\$0.36	\$0.34
100,000+	\$0.37	\$0.33	\$0.33	\$0.33	\$0.33
<b>Total</b>	<b>\$0.34</b>	<b>\$0.34</b>	<b>\$0.35</b>	<b>\$0.35</b>	<b>\$0.37</b>

## AVERAGE SALES PRICES



	Q2 11	Q3 11	Q4 11	Q1 12	Q2 12
0-5,000	\$100.08	\$107.64	\$103.09	\$0.00	\$77.05
5,001-20,000	\$58.14	\$58.13	\$57.60	\$69.40	\$81.34
20,001-50,000	\$51.08	\$53.02	\$59.31	\$52.74	\$40.32
50,001-100,000	\$0.00	\$41.43	\$41.43	\$37.34	\$37.34
100,000+	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Total</b>	<b>\$57.63</b>	<b>\$55.10</b>	<b>\$57.02</b>	<b>\$46.12</b>	<b>\$45.23</b>

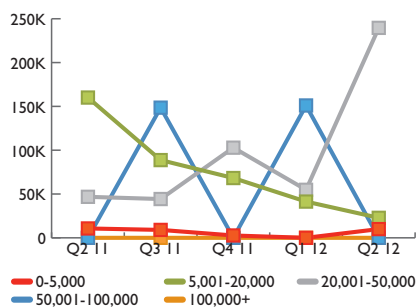
## LEASING ACTIVITY



SQUARE FEET	Q2 11	Q3 11	Q4 11	Q1 12	Q2 12
0-5,000	94,962	40,274	49,063	119,317	117,307
5,001-20,000	191,430	266,091	310,967	170,391	244,007
20,001-50,000	82,891	140,875	228,495	264,874	154,715
50,001-100,000	450,882	433,627	64,399	203,435	188,197
100,000+	173,539	672,000	405,329	726,093	—
<b>Total</b>	<b>993,704</b>	<b>1,552,867</b>	<b>1,058,253</b>	<b>1,484,110</b>	<b>704,226</b>

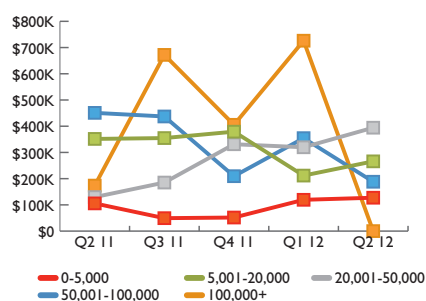


## SALES ACTIVITY



	Q2 11	Q3 11	Q4 11	Q1 12	Q2 12
0-5,000	10,685	9,024	2,666	-	9,960
5,001-20,000	160,073	88,706	68,227	41,338	22,827
20,001-50,000	46,790	44,260	102,872	54,800	239,605
50,001-100,000	0	148,542	-	151,038	-
100,000+	0	-	-	-	-
<b>Total</b>	<b>217,548</b>	<b>290,532</b>	<b>173,765</b>	<b>247,176</b>	<b>272,392</b>

## TOTAL ACTIVITY



	Q2 11	Q3 11	Q4 11	Q1 12	Q2 12
0-5,000	105,647	49,298	51,729	119,317	127,267
5,001-20,000	351,503	354,793	379,198	211,729	266,834
20,001-50,000	129,681	185,135	331,267	319,674	394,320
50,001-100,000	450,882	437,169	209,399	354,473	188,197
100,000+	173,539	672,000	405,329	726,093	-
<b>Total</b>	<b>1,211,252</b>	<b>1,698,395</b>	<b>1,376,922</b>	<b>1,731,286</b>	<b>976,618</b>

## INDUSTRIAL PARKS

PARK	BUILDINGS AVAILABLE	AVAILABLE SF	TOTAL SF	VACANCY
Bonneville	1	127,442	768,482	16.58%
Centennial	20	581,496	6,996,050	8.31%
Commerce Park	0	0	980,283	0.00%
Decker Lake	26	326,285	4,320,727	7.55%
Metro Business	10	115,755	842,066	13.75%
Ninigret	3	97,480	3,576,296	2.73%
Landmark	6	239,536	6,835,660	3.50%
Pioneer	9	196,725	1,145,570	17.17%
Salt Lake International Center	14	774,551	5,249,488	14.75%
Sorenson Technology Park	19	1,610,061	3,386,915	47.54%
Wagner	11	316,927	5,261,957	6.02%

### Notes:

\* Actual rates include tenant build-out.

^ Conversion from MG or G lease type to NNN is \$0.16 for 0 to 5K, \$0.12 for 5 to 50K and \$0.09 for 50K+.

**Disclaimer:** The enclosed information, while not guaranteed, has been secured from sources we believe to be reliable.

