

MARKETBEAT INVESTMENT SNAPSHOT



STATE OF UTAH

A Cushman & Wakefield Alliance Research Publication

Q2 2012

ECONOMIC

- Utah continues to be among the nation's leaders in employment growth. This trend appears to be on firm footing, with nearly all industrial sectors adding jobs over the past 12 months.
- Forbes ranked Utah the #1 state for business in the United States. With the nation's youngest population, a highly educated workforce, low corporate tax rates, low energy costs, consistent economic growth, and a strategic location, Utah is highly appealing to companies looking to relocate or expand operations.*

TRENDS

- The overall number of transactions continues to increase, signaling a positive return toward pre-recessionary market norms. Total investment sales volume for all sectors increased nearly 65% year-over-year, while the overall average capitalization rate continues to experience a trending decline thus decreasing effective yield on rising asset prices.
- Both lenders and buyers are entering the market with increased confidence. Low interest rates and favorable terms are attracting not only large investors with capital, but also smaller private investors.
- There is a strong desire in the market for higher quality buildings that are fully occupied with credit worthy tenants. High demand exists for single-tenant net lease properties that are \$2,000,000 or less, suggesting that private investors are returning alongside the institutional players, only to find limited inventory.



- Year-over-year the investment market experienced an increase in sales activity/volume for all segments as follows: Apartments: 140%, Office: 80%, Industrial: 33%, and Retail: 9%.

FORECAST

- Employment in Utah is projected to grow 2.5% as compared to 0.6% for the US during 2012. This amounts to roughly 30,000 more jobs than in 2011.**
- Utah's economy grew at a rate more than double the national average from 2010 to 2011, and is expected to maintain that pace during 2012, with an anticipated population growth of 44,000 people (1.6%).*
- Weakness in several national indices, along with political and fiscal headwinds, creates some uncertainty in whether we can maintain the same pace of growth and activity in the second half of the year. However, locally we are seeing positive trends in employment and housing. The Intermountain area is forecast to continue to improve for commercial real estate through the end of the year.

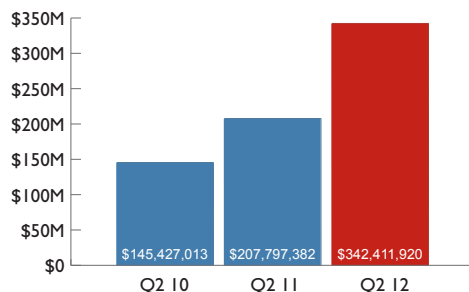
INVESTMENT OVERVIEW

Total Sales Volume	\$342,411,920
Total SF and Units	2,442,572
Total Number of Transactions	85

* Source: 2011 Economic Report to the Governor; Utah Department of Workforce Services

** Source: Economic Summary June 2012 - Governors Office of Planning and Budget

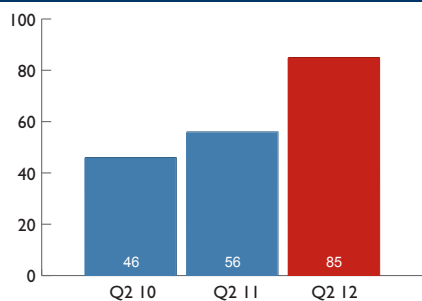
SALES VOLUME - Q2 2012



TOTAL COMMERCIAL INVESTMENT SALES VOLUME

CATEGORY	Q2 2010	Q2 2011	Q2 2012
Apartment	\$22,905,500	\$55,878,000	\$135,086,250
Industrial	\$72,926,738	\$59,539,000	\$78,804,348
Office	\$12,905,275	\$26,445,009	\$47,667,775
Retail	\$35,989,500	\$56,353,373	\$61,538,547
Other	\$700,000	\$9,582,000	\$19,315,000
Total	\$145,427,013	\$207,797,382	\$342,411,920

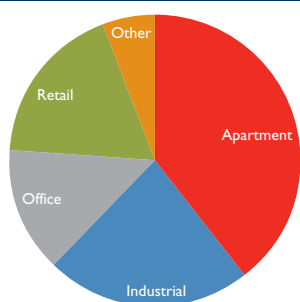
TRANSACTION VOLUME - Q2 2012



TOTAL INVESTMENT TRANSACTION

CATEGORY	Q2 2010	Q2 2011	Q2 2012
Apartment	12	13	27
Industrial	13	10	16
Office	9	9	9
Retail	11	21	27
Other	1	3	6
Total	46	56	85

SALES VOLUME - Q2 2012



TOTAL INVESTMENT SALES SF OR UNITS

CATEGORY	Q2 2010	Q2 2011	Q2 2012
Apartment	360 Units	756 Units	1,448 Units
Industrial	1,627,344	1,033,926	1,433,136
Office	177,210	298,733	395,098
Retail	247,884	337,311	614,338
Other	68/0/0	0/246/128	2,636/0/95
Total	2,052,438	1,669,970	2,442,572

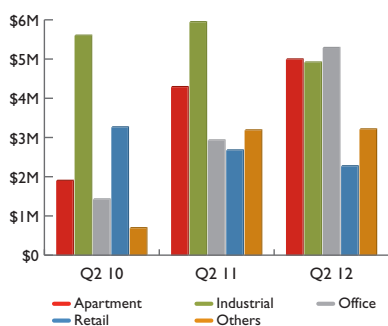
AVERAGE PSF / UNIT

CATEGORY	Q2 2010	Q2 2011	Q2 2012
Apartment	\$155,216.67	\$73,912.70	\$93,291.61
Industrial	\$44.81	\$57.59	\$54.99
Office	\$72.82	\$88.52	\$120.65
Retail	\$145.19	\$167.07	\$100.17

COMPARISON OF CAP RATES TO PRIOR YEARS

CATEGORY	Q2 2010	Q2 2011	Q2 2012
Apartment	8.39%	7.58%	6.39%
Industrial	8.20%	8.56%	8.38%
Office	8.21%	8.97%	8.38%
Retail	8.17%	8.28%	8.09%
Other	8.30%	11.42%	8.42%
Combined	8.25%	8.35%	7.67%

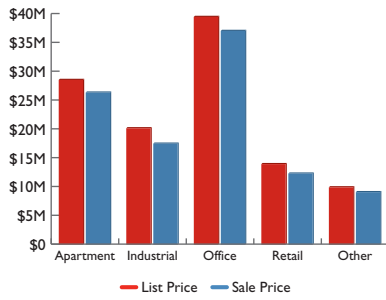
SALES SIZES - Q2 2012



AVERAGE SALES SIZE

CATEGORY	Q2 2010	Q2 2011	Q2 2012
Apartment	\$1,908,791.67	\$4,298,307.69	\$5,003,194.44
Industrial	\$5,609,749.08	\$5,953,900.00	\$4,925,271.75
Office	\$1,433,919.44	\$2,938,334.33	\$5,296,419.44
Retail	\$3,271,772.73	\$2,683,493.93	\$2,279,205.44
Other	\$700,000.00	\$3,194,000.00	\$3,219,166.67
Total	\$3,161,456.80	\$3,710,667.53	\$4,028,375.53

LIST PRICE VS. SALES PRICE



LIST PRICE VS. SALES PRICE

CATEGORY	LIST PRICE	SALE PRICE	%
Apartment	\$28,583,700	\$26,387,250	92%
Industrial	\$20,195,000	\$17,525,000	87%
Office	\$39,517,000	\$37,087,775	94%
Retail	\$13,976,638	\$12,336,000	88%
Other	\$9,950,000	\$9,115,000	92%
Total	\$112,222,338	\$102,451,025*	91%

* Calculated where sufficient information available

NOTABLE SECOND QUARTER TRANSACTIONS

PROPERTY	CATEGORY	LOCATION	PRICE
Gateway Tech Center	Office	155 North 400 West • Salt Lake City	\$30,262,000.00
Meadowbrook Station	Apartment	3994 South Howick Street • Millcreek	\$28,150,000.00
Watchman Self Storage	Storage	1450 West 800 North • Orem	\$8,450,000.00
California Business Park I	Industrial	3687 West California Avenue • Salt Lake City	\$7,900,000.00
Jupiter Peak Plaza Retail Center	Retail	710-900 Main Street • Park City	\$7,000,000.00

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

