

MARKETBEAT INDUSTRIAL SNAPSHOT



SALT LAKE CITY, UT

A Cushman & Wakefield Alliance Research Publication

Q3 2012

OVERVIEW

The Salt Lake Industrial market has held steady through 2012 with no significant downward trends. Utah's economy remains stronger than the nation's as a whole with an unemployment rate of just 5.8% compared to 7.8% at the national level. So far in 2012, the state has added 24,300 jobs with growth occurring in all sectors of the economy. This represents a healthy 2.0% increase and, more importantly, the industrial market has seen a 3.1% increase in its manufacturing sector.

VACANCY

The overall vacancy rate, now sitting at 9.41%, has increased slightly from third quarter 2011. Currently, about 10 million square feet (sf) is vacant which represents a two year supply of industrial space. This amount of inventory is not unusual for this point in the market cycle.

ACTIVITY

We have reached a consistent level of post-recession market activity with overall leasing and sales activity constant year over year. Year end market activity is expected to be approximately 5.4 million sf. Lease rates reflect this activity and are up nearly 6% from the end of 2011. However, increments above 100,000 sf are down

slightly due to the absorption of lower priced class "C" and sublease space.

The Salt Lake County market experienced negative net absorption of just over 250,000 sf on a base of nearly 114 million sf of existing industrial. Year end expectations are that net absorption will be flat or positive indicating that growth companies are in balance with contracting business sectors.



STATS ON THE GO

	CURRENT	CHANGE SINCE:	
		Q1 2012	Q2 2011
Industrial Vacancy	9.41%	▲	▲
Average Market Lease Rate	\$0.37	◆	▲
Completed Construction	91,200	▲	▼

INDUSTRIAL MARKET OVERVIEW

SQUARE FEET	AVAILABLE SF	TOTAL MARKET SF	VACANCY TOTAL MARKET	VACANCY INCREMENT
0-5,000	429,471	4,667,461	0.38%	9.20%
5,001-20,000	2,162,272	22,401,136	1.90%	9.65%
20,001-50,000	2,298,172	25,634,901	2.02%	8.97%
50,001-100,000	1,237,780	18,945,045	1.09%	6.51%
100,000+	4,600,518	18,945,045	4.04%	10.88%
Total	10,728,213	113,952,142	9.41%	—

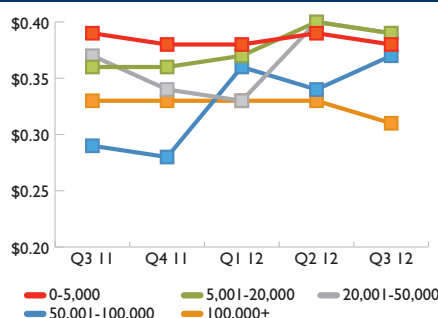
INDUSTRIAL LEASE RATES (NNN) / SQ. FT. / MONTH

SQUARE FEET	AVERAGE 2012 ASKING RATE	NUMBER OF Q3 TRANSACTIONS	AVERAGE 2011 ACTUAL RATE	AVERAGE 2012 ACTUAL RATE
0-5,000	\$0.44	26	\$0.38	\$0.38
5,001-20,000	\$0.44	22	\$0.36	\$0.39
20,001-50,000	\$0.39	11	\$0.34	\$0.39
50,001-100,000	\$0.42	4	\$0.28	\$0.37
100,000+	\$0.35	1	\$0.33	\$0.31
Total	\$0.39	64	\$0.35	\$0.37

INDUSTRIAL SALES PRICES / SQ. FT.

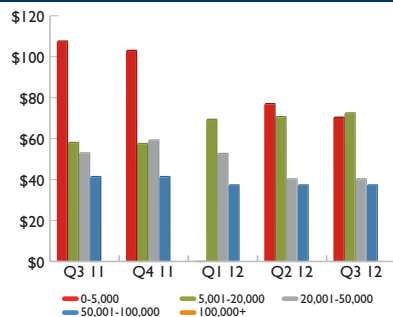
SQUARE FEET	AVERAGE 2012 ASKING PRICE	NUMBER OF Q3 TRANSACTIONS	AVERAGE 2011 SALES PRICE	AVERAGE 2012 SALES PRICE
0-5,000	\$82.05	5	\$103.09	\$70.42
5,001-20,000	\$76.67	10	\$57.60	\$72.55
20,001-50,000	\$70.53	0	\$59.31	\$40.32
50,001-100,000	\$51.98	0	\$41.40	\$37.34
100,000+	\$41.11	0	\$0.00	\$0.00
Total	\$55.66	15	\$57.02	\$49.15

AVERAGE LEASE RATES **



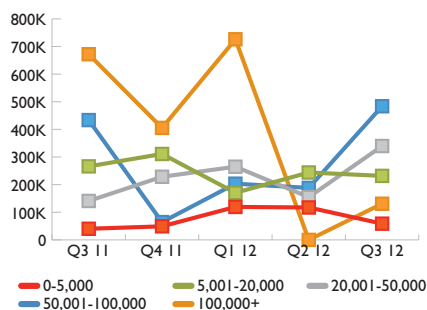
	Q3 11	Q4 11	Q1 12	Q2 12	Q3 12
0-5,000	\$0.39	\$0.38	\$0.38	\$0.39	\$0.38
5,001-20,000	\$0.36	\$0.36	\$0.37	\$0.40	\$0.39
20,001-50,000	\$0.37	\$0.34	\$0.33	\$0.40	\$0.39
50,001-100,000	\$0.29	\$0.28	\$0.36	\$0.34	\$0.37
100,000+	\$0.33	\$0.33	\$0.33	\$0.33	\$0.31
Total	\$0.34	\$0.35	\$0.35	\$0.37	\$0.37

AVERAGE SALES PRICES



	Q3 11	Q4 11	Q1 12	Q2 12	Q3 12
0-5,000	\$107.64	\$103.09	\$0.00	\$77.05	\$70.42
5,001-20,000	\$58.13	\$57.60	\$69.40	\$70.73	\$72.55
20,001-50,000	\$53.02	\$59.31	\$52.74	\$40.32	\$40.32
50,001-100,000	\$41.43	\$41.43	\$37.34	\$37.34	\$37.34
100,000+	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total	\$55.10	\$57.02	\$46.12	\$43.07	\$49.15

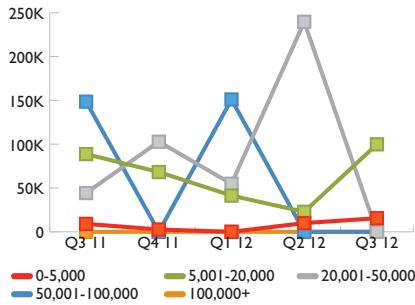
LEASING ACTIVITY



SQUARE FEET	Q3 11	Q4 11	Q1 12	Q2 12	Q3 12
0-5,000	40,274	49,063	119,317	117,307	58,745
5,001-20,000	266,091	310,967	170,391	244,007	231,650
20,001-50,000	140,875	228,495	264,874	154,715	339,725
50,001-100,000	433,627	64,399	203,435	188,197	483,676
100,000+	672,000	405,329	726,093	—	130,843
Total	1,552,867	1,058,253	1,484,110	704,226	1,244,639

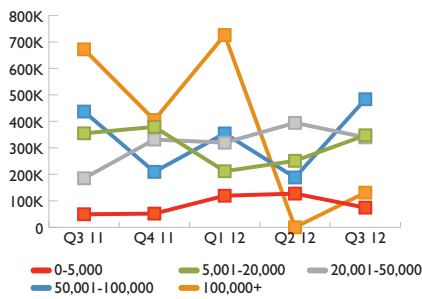


SALES ACTIVITY



	Q3 11	Q4 11	Q1 12	Q2 12	Q3 12
0-5,000	9,024	2,666	—	9,960	15,529
5,001-20,000	88,706	68,227	41,338	22,827	99,836
20,001-50,000	44,260	102,872	54,800	239,605	—
50,001-100,000	148,542	—	151,038	—	—
100,000+	—	—	—	—	—
Total	290,532	173,765	247,176	272,392	115,365

TOTAL ACTIVITY



	Q3 11	Q4 11	Q1 12	Q2 12	Q3 12
0-5,000	49,298	51,729	119,317	127,267	74,274
5,001-20,000	354,793	379,198	211,729	251,007	347,413
20,001-50,000	185,135	331,267	319,674	394,320	339,725
50,001-100,000	437,169	209,399	354,473	188,197	483,676
100,000+	672,000	405,329	726,093	—	130,843
Total	1,698,395	1,376,922	1,731,286	960,791	1,375,931

INDUSTRIAL PARKS

PARK	BUILDINGS AVAILABLE	AVAILABLE SF	TOTAL SF	VACANCY
Bonneville	1	127,442	768,482	16.58%
Centennial	22	424,300	6,996,050	6.06%
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.

