

# MARKETBEAT REGIONAL SNAPSHOT



## UTAH COUNTY

A Cushman & Wakefield Alliance Research Publication

Q2 2013



### OVERVIEW

Economic expansion continued through the first half of 2013 with unemployment continuing to decline. The U.S. unemployment rate currently stands at 7.6% and has added an average of 170,000 jobs per month each month throughout 2013. Although the U.S. economy is improving, the overall Utah market continues to show even stronger results. With a current unemployment rate of just 4.6%, Utah's labor force is growing at a rate of 2.6% per year, a full 1.0 percentage point above the U.S. average.

Utah County continues to be one of the strongest links in the Utah recovery. With a current unemployment rate of just 4.3%, Utah County is looking to continue adding jobs over the foreseeable future through company expansions, relocations and new startups. There has been an increased level of development particularly from 10600 South in Salt Lake County down to Provo. Between 2010 and 2012, 35% of jobs created in Utah, were within this corridor. Lehi in particular is leading Utah cities in value of permits pulled year-to-date.

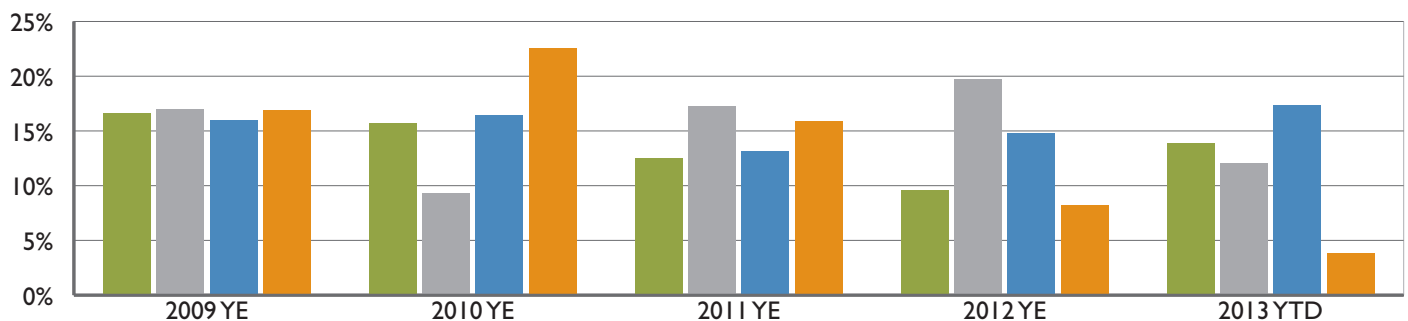
### OFFICE

- The vacancy rate for class C office buildings has increased while class A vacancy has decreased as tenants continue to favor quality
- Utah County North vacancy appears high but that is largely the result of Thanksgiving Park Building 4 coming online, a majority of this space has already been leased and this additional occupancy will show in subsequent reports

### OFFICE MARKET INDICATORS

Total Office Inventory (SF)	10,032,034
Office Lease Rates PSF	\$13.50 NNN
Office Vacancy	14.0%
Office Cap Rate	8.5%
Office Land Values PSF	\$7.00 (\$2.50 - \$14.00)

### OVERALL OFFICE VACANCY - 5 YEAR HISTORY



	2009 YE	2010 YE	2011 YE	2012 YE	2013 YTD
Orem	16.61%	15.67%	12.51%	9.6%	13.9%
Provo	16.93%	9.33%	17.22%	19.7%	12.0%
Utah County North	15.95%	16.46%	13.17%	14.8%	17.3%
Utah County South	16.92%	22.55%	15.84%	8.2%	3.8%

## OFFICE MARKET OVERVIEW - Q2 13

	DIRECT OFFICE SPACE			SUBLEASE	
	TOTAL SF	AVAILABLE SF	VACANCY	AVAILABLE SF	VACANCY
<b>Orem</b>					
Class A	692,774	74,874	10.8%	2,646	0.4%
Class B	1,250,430	190,751	15.3%	—	—
Class C	389,537	58,328	15.0%	—	—
Overall	2,332,741	323,953	13.9%	2,646	0.1%
<b>Provo</b>					
Class A	1,761,985	178,530	10.1%	6,584	0.4%
Class B	1,532,312	235,704	15.4%	7,750	0.5%
Class C	699,967	65,092	9.3%	6,000	0.9%
Overall	3,994,264	479,326	12.0%	20,334	0.5%
<b>Utah County North</b>					
Class A	2,085,436	369,160	17.7%	70,390	3.4%
Class B	1,222,334	190,766	15.6%	14,843	1.2%
Class C	92,271	28,546	30.9%	—	—
Overall	3,400,041	588,472	17.3%	85,233	2.5%
<b>Utah County South</b>					
Class A	80,328	—	0.0%	—	—
Class B	162,121	11,479	7.1%	—	—
Class C	62,539	—	0.0%	—	—
Overall	304,988	11,479	3.8%	—	—
<b>Totals</b>					
Class A	4,620,523	622,564	13.5%	76,974	1.7%
Class B	4,167,197	628,700	15.1%	22,593	0.5%
Class C	1,244,314	151,966	12.2%	6,000	0.5%
<b>Total Market</b>	<b>10,032,034</b>	<b>1,403,230</b>	<b>14.0%</b>	<b>105,567</b>	<b>1.1%</b>

## YEAR-TO-DATE TRANSACTIONS

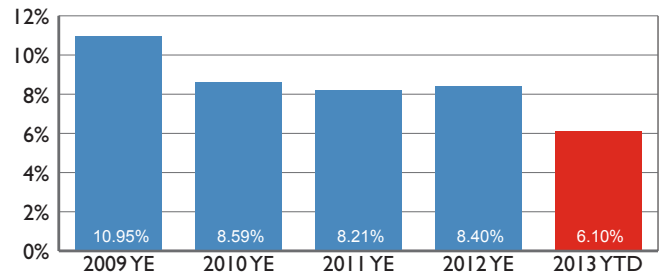
PROPERTY	LOCATION	SUBMARKET	SIZE	PRICE/RATE
Canyon Park Building G	1555 N. Technology Way	Orem	78,884 SF	\$17.10 FS
Xango II	2912 West Executive Way	Utah County North	31,083 SF	\$21.50 FS
Dynix	400 West Dynix Drive	Provo	26,966 SF	\$17.15 FS



## INDUSTRIAL

- Several large transactions occurred in American Fork and Springville which helped push vacancy rates down dramatically
- Tenant concessions have largely disappeared and lease rates have firmed up as tenants are looking for larger blocks of space with longer lease terms
- Speculative development is once again a common discussion in the market

### OVERALL INDUSTRIAL VACANCY - 5 YEAR HISTORY



### INDUSTRIAL MARKET INDICATORS

Industrial Total Inventory SF	24,363,194
Industrial Lease Rate SF	\$0.43 NNN
Industrial Vacancy	6.1%
Industrial Cap Rate	9.8%
Industrial Land Values PSF	\$4.25 (\$3.00 - \$7.00)

### INDUSTRIAL OVERVIEW

	TOTAL SF	AVAILABLE SF	VACANCY
Orem	4,316,029	202,153	4.7%
Provo	3,165,089	152,274	4.8%
UC North	7,211,906	375,875	5.2%
UC South	9,670,170	751,345	7.8%
<b>Total</b>	<b>24,363,194</b>	<b>1,481,647</b>	<b>6.1%</b>

### YEAR-TO-DATE TRANSACTIONS

PROPERTY	LOCATION	SUBMARKET	SIZE	PRICE/RATE
Neways Distribution Center	2089 N. Neways Drive	Utah County South	304,900 SF	\$12,125,000
Twinlab Corporation	600 E. Quality Drive	Utah County North	161,657 SF	\$0.37 NNN
Western Distribution Center	4000 E. US Highway 6	Utah County South	98,670 SF	\$0.30 NNN





## RETAIL

- Mall vacancy continues to be high with two vacant anchor spaces at the University Mall
- Large anchored centers and freestanding buildings continue to perform well
- The former K-Mart space at the Meadows in American Fork is currently under development for a Cal Ranch store which will take occupancy in July, 2013
- CVS began construction on their first Utah County location drugstore at the corner of University and Bulldog in Provo
- Lehi saw the addition of several new restaurants including a Pop-eyes, Mountain West Burrito and Firehouse Subs

### RETAIL MARKET INDICATORS

Retail Inventory SF	13,598,980
Retail Lease Rate PSF	\$16.75 NNN
Retail Vacancy	6.9%
Retail Cap Rate	8.2%
Land Values	\$6.75 (\$4 - \$14)

### YEAR-TO-DATE RETAIL TRANSACTIONS

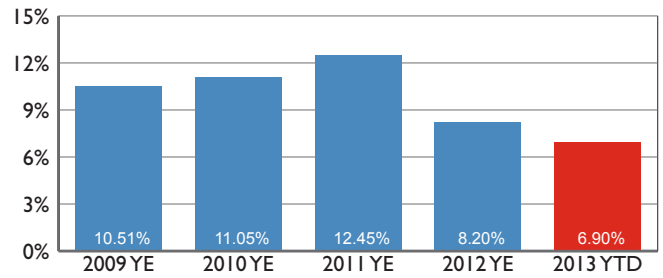
PROPERTY	LOCATION	SUBMARKET	SIZE	PRICE/RATE
Noah's Building	644 N. 2000 W.	Utah County North	32,517 SF	\$2,450,000
Flower Patch	1231 N. University Ave.	Provo	6,566 SF	\$1,200,000
Former Fazoli's Restaurant	1122 S. University Ave.	Provo	5,460 SF	\$1,075,000

As of 2013, Cushman & Wakefield's method of calculating stats was modified and all properties were assessed based on building class and property type

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

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### OVERALL RETAIL VACANCY - 5 YEAR HISTORY



### RETAIL MARKET OVERVIEW

	TOTAL SF	AVAILABLE SF	VACANCY
Orem	4,843,688	457,006	9.4%
Provo	3,203,799	265,979	8.3%
UC North	4,440,256	196,214	4.4%
UC South	1,111,237	24,545	2.2%
<b>Total</b>	<b>13,598,980</b>	<b>943,744</b>	<b>6.9%</b>
Freestanding	1,365,044	30,860	2.3%
Anchorless Strip	1,320,758	122,102	9.2%
N. Center	2,785,952	120,154	4.3%
Com. Center	5,016,292	338,836	6.8%
Reg. Center	714,000	24,178	3.4%
Mall Space	2,396,934	307,614	12.8%
<b>Total</b>	<b>13,598,980</b>	<b>943,744</b>	<b>6.9%</b>

