

MARKETBEAT INDUSTRIAL SNAPSHOT

SALT LAKE CITY, UTAH

A Cushman & Wakefield Alliance Research Publication

Q3 2013

ECONOMIC OVERVIEW

Even with second quarter GDP raised to 2.5% from the previous estimate of 1.7%, the second part of 2013 is expected to come in below earlier estimates and economists surveyed by the Federal Reserve Bank of Philadelphia decreased their forecasted rate of 2.0% for the year to 1.5%. U.S. unemployment continued to fall to the current rate of 7.3%, but concerns abound as many of these jobs are lower paying and there is still a large number of people working part-time that would prefer full-time employment.

Despite some concerns with the overall U.S. economy, Utah continues to perform well with an unemployment rate of just 4.7% with the majority of jobs being added in Trade, Transportation and Utilities and Professional Services. The ISM Manufacturing Index, has been above 50 for 9 of the last 12 months. Scores above 50 are associated with an expanding manufacturing sector and healthy GDP growth overall.

INDUSTRIAL MARKET

The heated industrial market cooled off somewhat during Q3 13 as overall activity dropped to the lowest level over the past year but remained very strong on a year-over-year basis. Vacancy rates, compared with the prior quarter, ticked up slightly by a 0.3 percentage point (pp) with 767,007 sf of new product online, easily outpacing quarterly absorption.

Despite this slowdown on the quarter, year-to-date total activity, which includes leasing and user activity, totaled 4.4 million square feet (msf) outpacing the same period in 2012, which was a record setting year. Other year-over-year fundamentals remained strong as the overall vacancy rate decreased by 1.7 pps and rates held firm. Construction totaled 1.1 msf of new product year to date.

OUTLOOK

The overall success of Utah's economic expansion continues to attract new entrants to the market as well as fuel the expansion of current tenants. With stabilized vacancy and stronger rental rates, new construction is expected to continue, particularly in buildings larger than 100,000 sf. Vacancy rates in smaller buildings will continue to decrease due to the lack of new for-lease product that can accommodate smaller tenants looking for incubator or mid-bay space.

STATS ON THE GO

	Q3 2013	CHANGE Q2 2013	SINCE Q3 2012
Overall Vacancy	7.7%	▲	▼
Direct Asking Rents (psf/mo)	\$0.42	◄	▲
Completed Construction	1,123,963	▲	▲

INDUSTRIAL MARKET OVERVIEW

SQUARE FEET	AVAILABLE SF	TOTAL MARKET SF	VACANCY TOTAL MARKET	VACANCY INCREMENT
0 - 5,000	262,897	4,667,461	5.6%	0.2%
5,001 - 20,000	1,517,093	22,426,536	6.8%	1.3%
20,001 - 50,000	1,701,495	25,670,621	6.6%	1.5%
50,0001 - 100,000	1,624,765	19,153,392	8.5%	1.4%
100,000 +	3,773,800	45,933,615	8.2%	3.3%
TOTAL	8,880,050	117,851,625	7.7%	

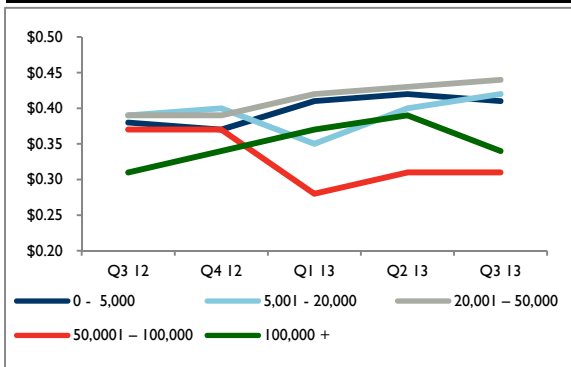
INDUSTRIAL LEASE RATES (NNN) / SQ. FT. / MONTH

SQUARE FEET	AVERAGE 2013 ASKING RATE	NUMBER OF 2013 TRANSACTIONS	AVERAGE 2012 ACTUAL RATE	AVERAGE 2013 ACTUAL RATE
0 - 5,000	\$0.50	66	\$0.38	\$0.41
5,001 - 20,000	\$0.46	65	\$0.42	\$0.39
20,001 - 50,000	\$0.45	24	\$0.39	\$0.44
50,0001 - 100,000	\$0.34	4	\$0.37	\$0.31
100,000 +	\$0.35	4	\$0.33	\$0.34
TOTAL	\$0.39	161	\$0.37	\$0.42

INDUSTRIAL SALES PRICE / SQ. FT.

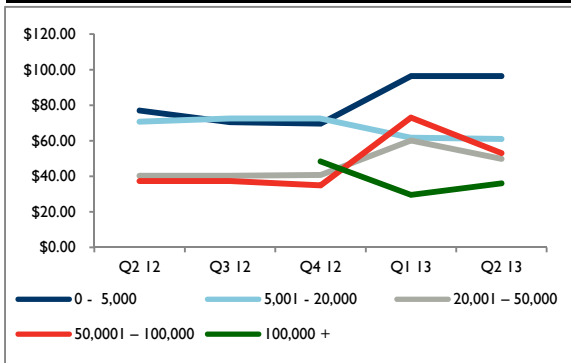
SQUARE FEET	AVERAGE 2013 ASKING PRICE	NUMBER OF 2013 TRANSACTIONS	AVERAGE 2012 SALES PRICE	AVERAGE 2013 SALES PRICE
0 - 5,000	\$119.37	9	\$70.42	\$98.39
5,001 - 20,000	\$63.41	19	\$72.55	\$58.83
20,001 - 50,000	\$81.63	7	\$40.32	\$50.31
50,0001 - 100,000	\$40.78	3	\$37.34	\$53.02
100,000 +	\$41.04	4	NA	\$37.68
TOTAL	\$50.92	42	\$49.15	\$43.77

AVERAGE LEASE RATES * ^



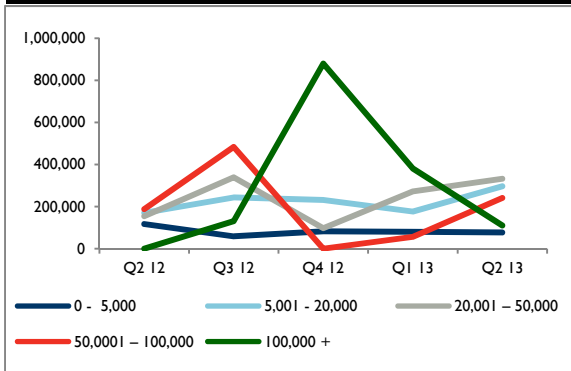
SQUARE FEET	Q3 12	Q4 12	Q1 13	Q2 13	Q3 13
0 - 5,000	\$0.38	\$0.37	\$0.41	\$0.42	\$0.41
5,001 - 20,000	\$0.39	\$0.40	\$0.35	\$0.40	\$0.42
20,001 - 50,000	\$0.39	\$0.39	\$0.42	\$0.43	\$0.44
50,0001 - 100,000	\$0.37	\$0.37	\$0.28	\$0.31	\$0.31
100,000 +	\$0.31	\$0.34	\$0.37	\$0.39	\$0.34
AVERAGE	\$0.37	\$0.37	\$0.38	\$0.42	\$0.42

AVERAGE SALES PRICE



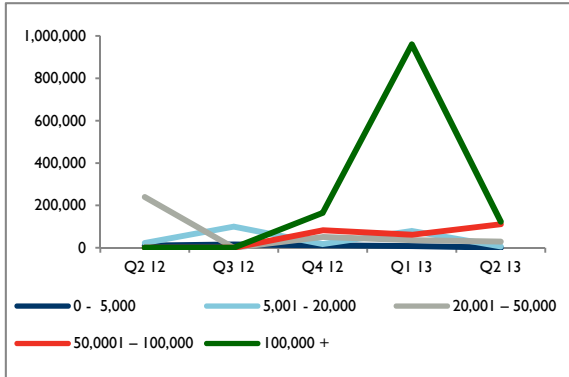
SQUARE FEET	Q3 12	Q4 12	Q1 13	Q2 13	Q3 13
0 - 5,000	\$70.43	\$69.64	\$96.34	\$96.39	\$98.39
5,001 - 20,000	\$72.55	\$72.53	\$61.72	\$60.95	\$58.83
20,001 - 50,000	\$40.32	\$40.71	\$60.19	\$49.84	\$50.31
50,0001 - 100,000	\$37.34	\$34.90	\$73.04	\$53.02	\$53.02
100,000 +	NA	\$48.34	\$29.54	\$36.02	\$37.68
AVERAGE	\$49.15	\$47.74	\$35.67	\$40.56	\$43.77

LEASING ACTIVITY



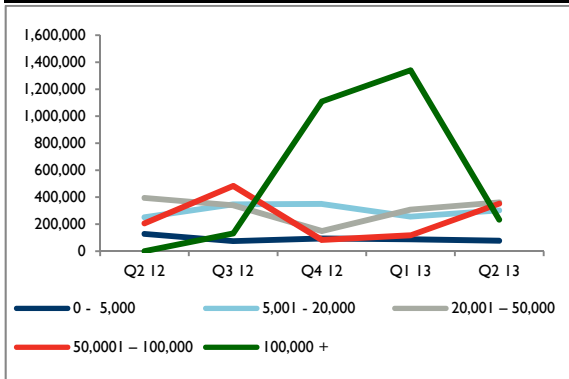
SQUARE FEET	Q3 12	Q4 12	Q1 13	Q2 13	Q3 13
0 - 5,000	58,745	82,604	80,001	76,854	52,598
5,001 - 20,000	244,007	231,650	177,068	296,548	190,266
20,001 - 50,000	339,725	97,597	272,664	332,540	163,080
50,0001 - 100,000	483,676	0	57,162	241,220	0
100,000 +	130,843	879,827	380,878	110,697	155,106
AVERAGE	1,244,639	1,391,958	967,773	1,057,859	561,050

SALES ACTIVITY



SQUARE FEET	Q3 12	Q4 12	Q1 13	Q2 13	Q3 13
0 - 5,000	15,529	11,046	7,926	0	22,071
5,001 - 20,000	99,836	17,552	79,130	6,000	106,548
20,001 - 50,000	0	50,911	35,720	28,691	144,494
50,001 - 100,000	0	82,223	60,925	110,990	0
100,000 +	0	164,674	960,008	123,074	145,889
AVERAGE	115,365	326,406	1,143,709	268,755	419,002

TOTAL ACTIVITY



SQUARE FEET	Q3 12	Q4 12	Q1 13	Q2 13	Q3 13
0 - 5,000	74,274	93,650	87,927	76,854	74,669
5,001 - 20,000	347,413	349,382	256,198	302,548	296,814
20,001 - 50,000	339,725	148,508	308,384	361,231	307,574
50,001 - 100,000	483,676	82,223	117,316	352,210	0
100,000 +	130,843	1,109,074	1,340,886	233,771	300,995
AVERAGE	1,357,931	1,782,837	2,110,711	1,326,614	980,052

INDUSTRIAL PARKS

PARK	BUILDINGS AVAILABLE	AVAILABLE SF	TOTAL SF	VACANCY
Bonneville	1	124,800	768,482	16.2%
Ninigret	5	1,061,949	3,576,296	29.7%
Centennial	17	445,776	6,996,050	6.4%
Commerce Park	0	0	980,283	0.0%
Landmark	9	530,644	7,601,360	7.0%
Wagner	7	301,716	5,261,957	5.7%

Notes:

*Actual rates include tenant build-out

^Conversion from MG or FG lease type to NNN is \$.16 for 0 to 5,000 sf, \$.12 for 5,001 to 50,000 sf and \$.09 for 50,000+ sf.

