

MARKETBEAT RETAIL 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 continued to perform well with an unemployment rate of just 4.7%. Population growth in Utah also continues to drive demand for retail with population growth of 1.5% in 2012 and future growth to continue at that same rate through 2013 and 2014.

STATS ON THE GO

	Q3 2013	CHANGE Q2 2013	SINCE Q3 2012
Overall Vacancy	7.7%	▼	▼
Direct Asking Rents (psf/mo)	\$17.42	▲	▲

RETAIL MARKET OVERVIEW

The retail recovery in Utah continued the positive trends from the past year with decreasing vacancy rates and increasing average asking rental rates. Overall vacancy rates across the valley dropped by 1.5 percentage points (pps) on a year-over-year basis to end at 7.7%. Improvements in vacancy rate were fairly consistent with no submarket clearly outpacing another in decreases.

RETAIL MARKET OVERVIEW BY SUB-MARKET

	MARKET SF	VACANT SF	VACANCY
Northeast	5,578,911	355,612	6.4%
Central East	6,266,157	835,310	13.3%
Southeast	9,864,249	652,190	6.6%
Northwest	892,089	87,012	9.8%
Central West	7,386,752	904,387	12.2%
Southwest	8,863,505	152,027	1.7%
TOTAL	38,851,663	2,986,538	7.7%

Average asking rents were less bullish increasing by only 1.0% on a year-over-year basis. Despite seemingly unimpressive rent gains, the decrease in concessions provided, especially in anchored shopping centers, has transitioned the market to a more landlord-friendly environment.

Fashion Place Mall anchors began a shift as Macy's, currently a tenant, committed to the former Sears space. Macy's will renovate the larger Sears space and relocate there, but no plans have been released regarding their existing space.

Restaurant use continued to be the most dominate expander in the market. Popeyes, Mountain West Burrito and Firehouse Subs are just a few of the recent entrants that have been very active in the market. CVS Pharmacy, also very active, neared completion on its first location in Utah and continued to identify parcels for additional expansion.

OUTLOOK

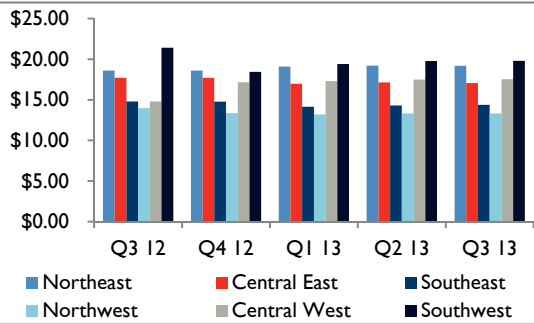
With vacancy rates continuing to decrease, land is becoming a topic once again, after having been dormant for much of the last five years. Expect developers to start tying up land in good locations in anticipation of future growth by local and national retail tenants. Expansion by existing retailers in the market as well as new entrants is expected to continue as Utah gains national recognition for its vibrant economy.

Despite an optimistic outlook, uncertainty continues to cloud the overall U.S. market as the government shutdown will have some type of negative effect. It also seems unlikely that much will be resolved as financial responsibility continues to be pushed down the road.

RETAIL MARKET OVERVIEW BY TYPE

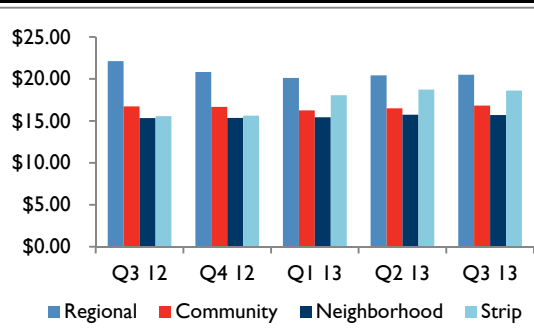
	MARKET SF	VACANT SF	VACANCY
Mall	3,972,316	322,135	8.1%
Regional	6,959,067	494,117	7.1%
Community	15,483,980	962,387	6.2%
Neighborhood	7,753,256	659,012	8.5%
Strip	4,683,044	548,887	11.7%
TOTAL	38,851,663	2,986,538	7.7%

WEIGHTED AVERAGE ASKING LEASE RATE BY SUBMARKET



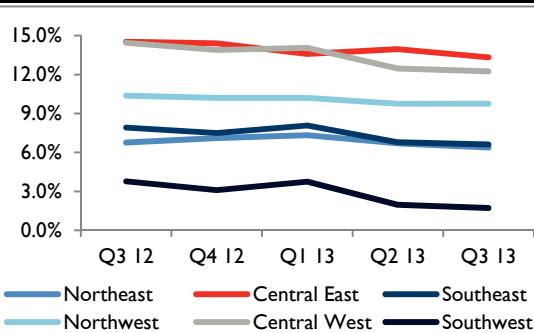
SQUARE FEET	Q3 12	Q4 12	Q1 13	Q2 13	Q3 13
Northeast	\$18.60	\$18.60	\$19.09	\$19.21	\$19.19
Central East	\$17.71	\$17.72	\$16.99	\$17.14	\$17.07
Southeast	\$14.79	\$14.77	\$14.15	\$14.30	\$14.38
Northwest	\$13.96	\$13.35	\$13.20	\$13.31	\$13.31
Central West	\$14.79	\$17.16	\$17.30	\$17.49	\$17.53
Southwest	\$21.42	\$18.44	\$19.41	\$19.77	\$19.80
AVERAGE	\$17.25	\$16.91	\$17.09	\$17.34	\$17.42

WEIGHTED AVERAGE ASKING LEASE RATE BY TYPE



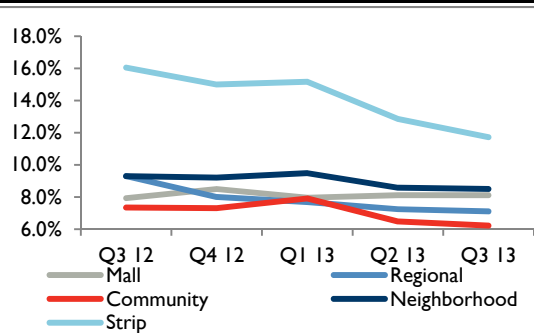
SQUARE FEET	Q3 12	Q4 12	Q1 13	Q2 13	Q3 13
Regional	\$22.13	\$20.82	\$20.13	\$20.42	\$20.51
Community	\$16.73	\$16.68	\$16.26	\$16.51	\$16.83
Neighborhood	\$15.34	\$15.35	\$15.44	\$15.73	\$15.70
Strip	\$15.56	\$15.63	\$18.06	\$18.73	\$18.62
AVERAGE	\$17.25	\$16.91	\$17.09	\$17.34	\$17.42

VACANCY BY SUBMARKET



SQUARE FEET	Q3 12	Q4 12	Q1 13	Q2 13	Q3 13
Northeast	6.8%	7.1%	7.3%	6.7%	6.4%
Central East	14.5%	14.4%	13.6%	14.0%	13.3%
Southeast	7.9%	7.5%	8.1%	6.8%	6.6%
Northwest	10.4%	10.2%	10.2%	9.8%	9.8%
Central West	14.5%	13.9%	14.1%	12.5%	12.2%
Southwest	3.8%	3.1%	3.8%	2.0%	1.7%
AVERAGE	9.2%	8.8%	9.1%	8.0%	7.7%

VACANCY BY TYPE



SQUARE FEET	Q3 12	Q4 12	Q1 13	Q2 13	Q3 13
Mall	7.9%	8.5%	8.0%	8.1%	8.1%
Regional	9.3%	8.0%	7.7%	7.2%	7.1%
Community	7.3%	7.3%	7.9%	6.5%	6.2%
Neighborhood	9.3%	9.2%	9.5%	8.6%	8.5%
Strip	16.1%	15.0%	15.2%	12.9%	11.7%
AVERAGE	9.2%	8.8%	9.1%	8.0%	7.7%