



## SALT LAKE CITY

## Economic Indicators

	Q1 15	Q1 16	12-Month Forecast
Salt Lake Employment	668.5k	686.6k	▲
Salt Lake Unemployment	3.4%	3.1%	■
U.S. Unemployment	5.6%	4.9%	▼

## Market Indicators

	Q1 15	Q1 16	12-Month Forecast
Overall Vacancy	6.7%	7.1%	▲
Net Absorption	454k	411k	▲
Under Construction	2.2M	2.9M	■
Average Actual Rate	\$0.38	\$0.40	■

## Economy

Job growth has been strong, pushing the unemployment rate down to 4.9%, nationally. However, economic expansion remained modest due to flat wage growth and inflation.

Utah's unemployment ticked slightly lower to 3.2%, as the state's year-over-year job growth of 3.3% continued to be among the strongest in the nation. The addition of 44,700 jobs during the past year demonstrated that even at full employment, Utah's friendly business environment is able to provide employment opportunities for skilled workers.

## Market Overview

Overall vacancy declined from year-end 2015 to 7.1% while the overall average achieved rate climbed to \$0.40 NNN. Leasing activity outpaced Q1 2015 by 17.7%, with the largest activity gains coming from deals within the 20,000 to 50,000 square foot (sf) size increment. In addition, absorption rose above 400,000 sf despite no new construction being completed during the first quarter; demonstrating high demand throughout the market.

The surge of industrial development continues with more than 2.9 million square feet (msf) currently under construction; adding to 2015's already impressive 2.5 msf of completed inventory. The majority of projects being constructed are big-box warehouse/distribution buildings being added to the northwest submarket. This remarkable level of sustained growth, particularly in the 100,000+ sf size increment, shows developers have a high level of confidence in the market moving forward.

## Outlook

2016 is expected to be a robust year for Salt Lake as construction completions start to hit the market around mid-year. As this occurs, tenants will begin taking occupancy of previously leased space, pushing absorption numbers higher. However, a temporary increase in vacancy is also expected, as the market works to keep pace with new inventory. Leasing activity will likely rise considerably as several large transactions currently in the pipeline materialize during second and third quarter.

## AVAILABILITY BY SIZE INCREMENT (SF)

	AVAILABLE SF	TOTAL MARKET SF	VACANCY INCREMENT
0 – 5,000	37,838	887,180	4.3%
5,001 – 20,000	560,949	15,978,564	3.5%
20,001 – 50,000	1,378,521	25,426,608	5.4%
50,001 – 100,000	893,354	20,302,116	4.4%
100,000 +	5,928,545	60,671,525	9.8%
<b>SALT LAKE TOTALS</b>	<b>8,799,207</b>	<b>123,265,993</b>	<b>7.1%</b>

## Industrial Snapshot Q1 2016

Salt Lake City


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LEASE RATES BY SIZE INCREMENT (SF)	ASKING RATES Q1 2015	TRANSACTIONS Q1 2015	ASKING RATES Q1 2016	TRANSACTIONS Q1 2016	ACTUAL RATES 12 MONTH AVERAGE	TRANSACTIONS 12 MONTH TOTAL
0 – 5,000	\$0.48	18	\$0.58	29	\$0.49	88
5,001 – 20,000	\$0.40	18	\$0.54	23	\$0.45	101
20,001 – 50,000	\$0.37	3	\$0.43	8	\$0.44	29
50,001 – 100,000	\$0.35	3	\$0.42	3	\$0.35	15
100,000 +	\$0.36	1	\$0.41	0	\$0.34	6
<b>SALT LAKE TOTALS</b>	<b>\$0.38</b>	<b>43</b>	<b>\$0.43</b>	<b>63</b>	<b>\$0.40</b>	<b>239</b>

\*Rental rates are \$psf/month NNN

Conversion from MG or G lease type to NNN is \$0.16 for 0 to 5k, \$0.12 for 5k to 50k and \$0.11 for 50k +

SALE PRICES BY SIZE INCREMENT (SF)	ASKING PPSF Q1 2015	TRANSACTIONS Q1 2015	ASKING PPSF Q1 2016	TRANSACTIONS Q1 2016	ACTUAL RATES 12 MONTH AVERAGE	TRANSACTIONS 12 MONTH TOTAL
0 – 5,000	\$105.82	1	\$109.60	1	\$87.60	9
5,001 – 20,000	\$73.06	8	\$72.78	5	\$77.64	21
20,001 – 50,000	\$70.38	1	\$71.43	1	\$72.11	15
50,001 – 100,000	\$75.66	2	\$61.36	1	\$58.14	4
100,000 +	\$47.63	1	\$54.66	0	\$28.81	4
<b>SALT LAKE TOTALS</b>	<b>\$56.65</b>	<b>12</b>	<b>\$61.71</b>	<b>8</b>	<b>\$55.94</b>	<b>53</b>

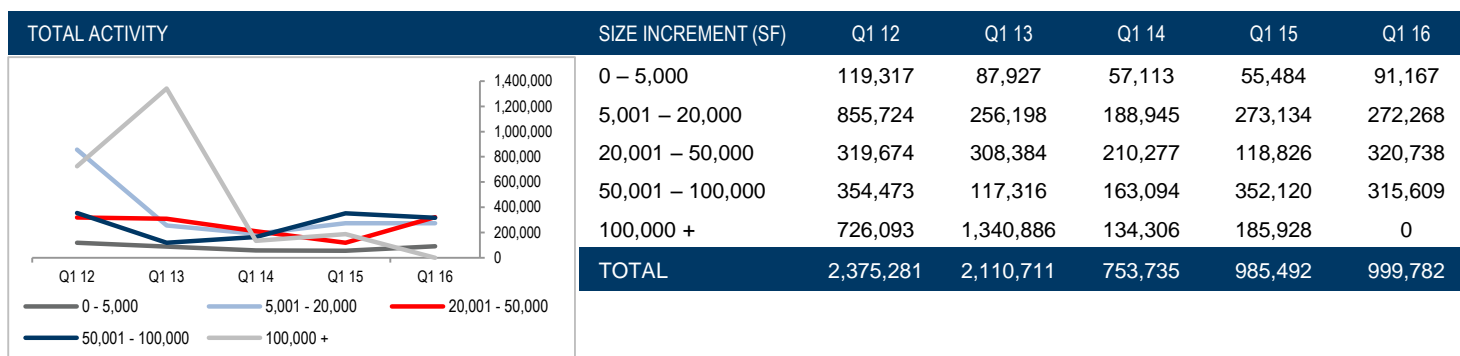
\*Investment sales are not included in sale price and sale activity calculations

LEASING ACTIVITY	SIZE INCREMENT (SF)	Q1 12	Q1 13	Q1 14	Q1 15	Q1 16
	0 – 5,000	119,317	80,001	56,688	51,484	86,267
	5,001 – 20,000	170,391	177,068	176,055	171,886	218,056
	20,001 – 50,000	264,874	272,664	132,617	87,396	290,740
	50,001 – 100,000	203,435	56,391	52,700	210,916	237,297
	100,000 +	726,093	380,878	134,306	185,928	0
	<b>TOTAL</b>	<b>1,484,110</b>	<b>967,002</b>	<b>552,366</b>	<b>707,590</b>	<b>832,360</b>

SALE ACTIVITY	SIZE INCREMENT (SF)	Q1 12	Q1 13	Q1 14	Q1 15	Q1 16
	0 – 5,000	0	7,926	2,425	4,000	4,900
	5,001 – 20,000	41,338	79,130	12,890	101,248	54,212
	20,001 – 50,000	54,800	35,720	77,660	31,430	29,998
	50,001 – 100,000	151,038	60,925	110,394	141,204	78,312
	100,000 +	0	960,008	0	0	0
	<b>TOTAL</b>	<b>247,176</b>	<b>1,143,709</b>	<b>203,369</b>	<b>277,882</b>	<b>167,422</b>

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## Key Lease Transactions Q1 2016

PROPERTY	SF	TENANT	PROPERTY TYPE	SUBMARKET
5445 W. Harold Gatty Dr.	79,500	Select Comfort	Warehouse/Distribution	Northwest
I-80 Logistics Center	76,055	Expeditors International	Warehouse/Distribution	Northwest
Majestic Airport #1	75,093	Walker Edison Furniture	Warehouse/Distribution	Northwest
580 N. Wright Brothers Drive	48,000	Intercon, Inc.	Warehouse/Distribution	Northwest
2625 S. 600 W.	42,600	United Subcontractors, Inc.	Flex	Northwest

## Key Sales Transactions Q1 2016

PROPERTY	SF	SELLER/BUYER	PROPERTY TYPE	PRICE	SUBMARKET
Sorenson Technology Park	354,255	Salt Lake Industrial Bldg. / Exeter	Warehouse/Distribution	CONFIDENTIAL	Northwest
Crossroads Corporate Buildings 2 & 4	342,000	Prologis / Exeter	Warehouse/Distribution	CONFIDENTIAL	Northwest
Honeyville Grain	193,658	Price Int'l Company / Intercon, Inc.	Warehouse/Distribution	\$10,956,000	Northwest
431 Neil Armstrong Road	123,074	Complete Packaging / NIN-CB, LC	Warehouse/Distribution	\$8,850,000	Northwest
Tradestar	103,179	STS Properties / LBA Realty	Manufacturing	\$8,800,000	Northwest

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