

Salt Lake City

Investment Q4 2019

	YoY Chg	12-Mo. Forecast
6.24% Cap Rate	▲	▼
\$678M Total Volume (USD)	▼	▲
53 Total Properties Sold	▼	▲
4.1 MSF Total SF (Excluding MF)	▲	▲
1,120 Total Units (MF)	▼	▲

(All Property Classes)
MF = Multifamily

ECONOMIC INDICATORS Q4 2019

	YoY Chg	12-Mo. Forecast
755.6K Salt Lake City Employment	▼	▲
2.5% Salt Lake City Unemployment Rate	▼	■
3.6% U.S. Unemployment Rate	▼	▲
1.8% U.S. 10-Yr Treasury Yield	▼	■

Source: BLS

ECONOMY: Continued Job Growth Momentum in Q4

The Utah economy continued to outperform the national economy across multiple key economic indicators through Q4 2019. The Salt Lake City unemployment rate remained one of the lowest in the country at 2.5%, 110 basis points (bps) below the national unemployment rate of 3.6%. Job growth also remained steady as Salt Lake City added 16,700 new jobs since Q4 2018, a growth rate of 2.3% and 90 bps above the national job growth rate of 1.4%. Low unemployment combined with positive job growth, spur an economy that is primed for continued economic expansion into 2020.

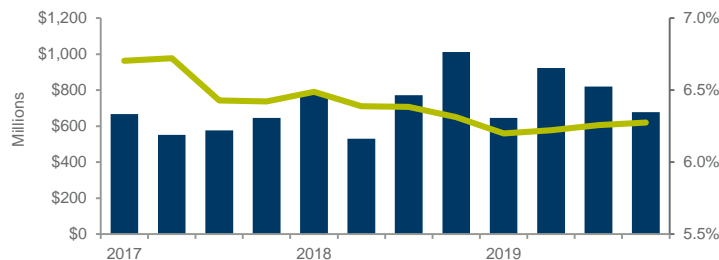
INVESTMENT OVERVIEW: Second Strongest Investment Year on Record

The Salt Lake City Investment market recorded its second strongest year on record in 2019 with \$3.06 billion (B) traded across the four major asset classes, down only 1% from last year's record-breaking investment year of \$3.1B in terms of total dollar volume. Contrary to last year, the bulk of that volume was traded throughout the first three quarters of the year as the Salt Lake City investment market cooled off in the fourth quarter, trading a total of \$678 million (M) in total volume, down nearly 33% quarter-over-quarter from Q4 2018. Industrial investments exploded in Q4, reporting \$352M in total volume in 22 property trades, bringing the total year-to-date (YTD) volume to \$846M, its best year on record. Multi-Family assets were the top performing asset class in 2019 but came in second for the quarter with \$198M in total volume traded, bringing the YTD total volume to an astonishing \$1.14B. Like industrial, office assets had their best year on record but cooled slightly during Q4 2019, trading only \$54M in volume over the last quarter of the year. A slow fourth quarter truly did not impact office performance as office investment totaled \$705M for the year, up a staggering 89% from 2018 and up 2.25% from 2014 which was previously the best performing year on record. Retail fell back into form after its breakout year in 2018, recording \$74M in total volume for the quarter and \$374M in total volume for the year, down 53% from 2018.

Cap Rates: Remain Relatively Flat

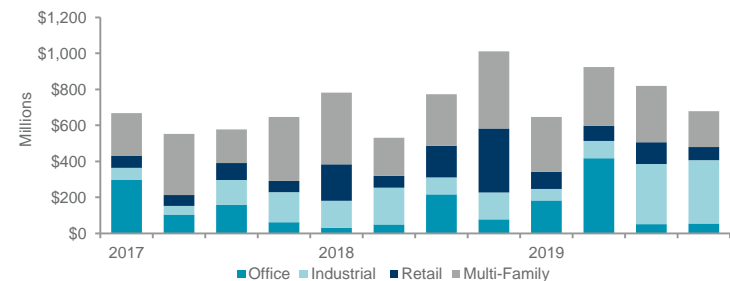
The overall weighted average cap rate remained relatively flat year-over-year (YOY) ticking up just 5 basis points to 6.24% from 6.19%. Office and retail asset cap rates increased but stayed within a point of their 2018 values while multi-family and industrial assets experienced continued cap rate compression throughout the year. With core markets across the West Coast dominated by institutional and REIT investors, pushing sub-4% cap rates, Salt Lake City will continue to be an attractive haven for private investors in search of core real estate quality and economic fundamentals without the core market premium.

INVESTMENT \$ VOLUME & CAP RATE (4-QTR TRAILING)



Source: Real Capital Analytics

INVESTMENT \$ VOLUME BY PROPERTY TYPE



INVESTMENT ACTIVITY

PROPERTY TYPE	PROPERTIES SOLD	SALES VOLUME (USD)	TOTAL SF SOLD	PRICE / SF*, UNIT	CAP RATE
Office	8	\$54,305,569	351,128	\$154.66	7.04%
Industrial	22	\$351,517,107	3,199,210	\$109.88	6.13%
Retail	8	\$74,119,200	579,198	\$127.97	6.84%
Multifamily	15	\$198,278,000	1,120 units	\$177,034	5.18%
TOTAL	53	678,219,876	4,129,536	\$116.22	6.24%

SIGNIFICANT SALES

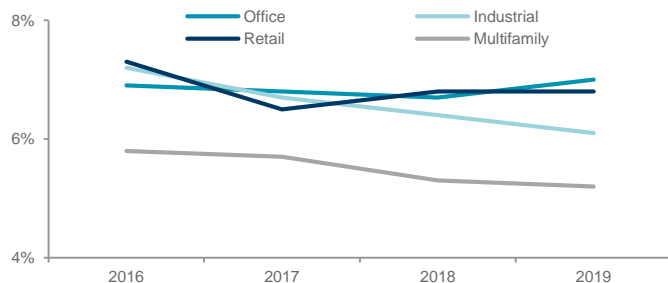
PROPERTY NAME	TYPE	BUYER	SELLER	TOTAL SF / UNITS	PURCHASE PRICE	PRICE / UNIT (\$ PSF)	MARKET
Nuveen SLC Portfolio	Industrial	Nuveen	Blackstone	1,545,872	\$154.1M	\$100	North West
Colony Capital Portgolio	Industrial	Blackstone	Colony Capital (REIT)	1,260,062	\$123.5M	\$98	North West
Avida Apartments	Multi-Family	Starwood REIT	Timberlane Partners	400	\$86.7M	\$216,750	Central East
Carrington Square	Multi-Family	Kearns Improvement District	Carrington Square, LLC	256	N/A	N/A	Central West
Cottonwood Mall	Retail	Woodbury Corp	Howard Hughes	737,716	\$46.0M	\$62	Central East
Union Park 6 & 7	Office	KWC Union Park	Washington Capital Management	184,901	\$44.2M	\$239	Central East

Sources: Real Capital Analytics, Cushman & Wakefield Research Closed transactions over \$10 million
 *SF includes office, industrial and retail. Unit calculation for apartment only

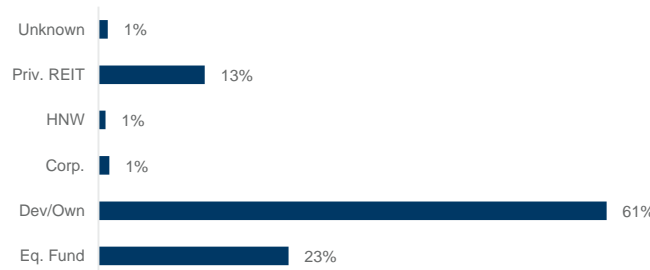
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CAP RATE TREND



TOTAL ACQUISITIONS BY CAPITAL SECTOR



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