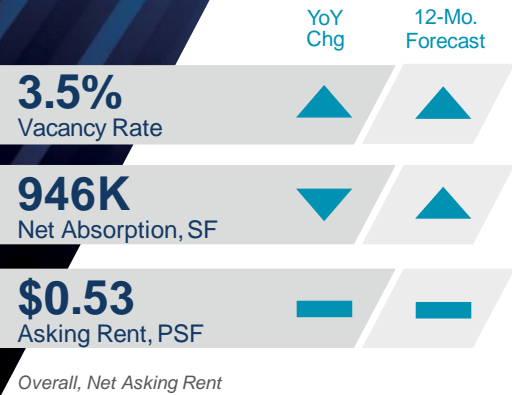


Salt Lake City

Industrial Q2 2020



ECONOMIC OVERVIEW

Employment market lost 47,500 jobs (-6.3%) year-over-year (YOY) through May 2020. During the same time period, the monthly unemployment rate increased from 2.5% to 9.4%. Notably, the current monthly rate is more than double the 30-year average of 4.1% and 90 basis points (bps) below the Q2 2020 average of 10.3%. All employment sectors are expected to shrink at a combined rate of -6.6% in 2020 and grow 1.2% in 2021. Salt Lake City's economy of \$87.8 billion as measured by gross regional product is forecasted to shrink -4.2% in 2020 and grow 2.6% in 2021, below its 10-year average of 3.1%.

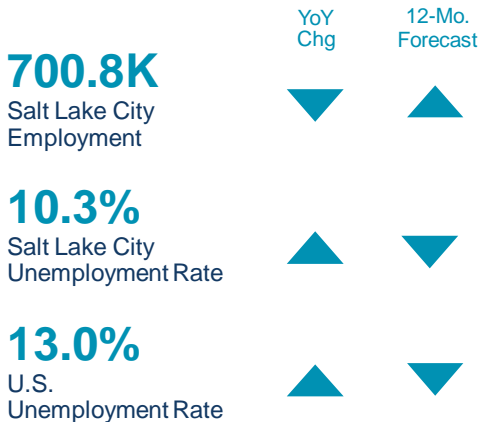
The COVID-19 pandemic struck the U.S. in March 2020, late in the quarter but with enough time to have a significant impact on first quarter market fundamentals. In the second quarter of 2020, the U.S. economy felt its effects more fully, as government-mandated shutdowns along with shelter-in-place ordinances pushed the country deeper into recession. The situation remains very fluid. Access the most recent information specific to COVID [here](#).

MARKET OVERVIEW

Industrial vacancy, including sublease, increased 20 bps from last quarter and 60 bps YOY to 3.5% in Q2 2020 and currently is 130 bps below the 5-year quarterly average of 5.0%. As vacancy remains low, developers have been responding by bringing new product to the market. In 2019, the Salt Lake City's industrial market added 4.4 million square feet (msf) to its inventory – most or 92% of it in North West submarket - and 3.5 msf (76%) already have been leased. Furthermore, warehouse and distribution (W&D) product made up 4.2 msf (93%) of new inventory added in 2019. With current low vacancies, market welcomed another 684,410 sf in Q2 2020 in addition to 1.1 msf completed in Q1 2020, bringing 2020 year-to-date (YTD) completions to 1.8 msf of which 1.1 msf (64%) is in W&D space. Of 1.8 msf delivered YTD, nearly half is built-to-suit (BTS), and nearly 70% of 1.8 msf already have been leased. Two noteworthy construction completions in Q2 include Bull Frog Spas, a 260,500-sf BTS W&D building located in the South West quadrant, and the Hunter Douglas Expansion, a 171,600-sf BTS expansion located in the North West quadrant. Tenants absorbed 946,000 sf across all product types in Q2 2020, bringing YTD occupancy gains to 1.9 msf across the market compared to 2.2 msf growth as of mid-year 2019 and 902,800 sf as of mid-year 2018. As of Q2 2020, there are 7.3 msf across 27 properties currently under construction of which 5.1 msf is speculative development and more than half is already pre-leased.

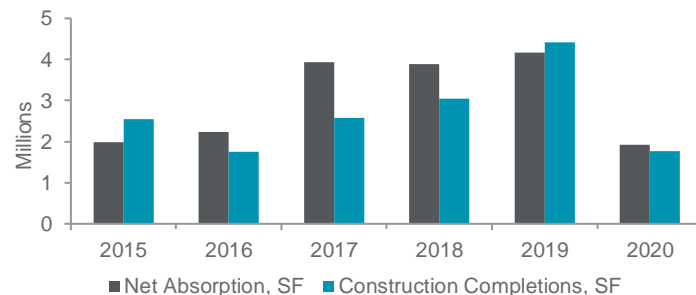
Average asking rent for all product types combined was \$0.53 per square foot (psf) per month on a triple net basis, unchanged from last quarter and 1.9% higher than a year ago and 13.0% above the five-year quarterly average of \$0.47 psf. This increase in YOY rents was led by South West (+11.3%), North West (+6.3%) and Central West (+5.6%) submarkets. Average rent for MFG space increased 10.0% and for W&D 6.0% YOY.

ECONOMIC INDICATORS Q2 2020



Source: BLS

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CONSTRUCTION (SF)	YTD CONSTRUCTION COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (MFG)	OVERALL WEIGHTED AVG NET RENT (W/D)	OVERALL WEIGHTED AVG NET RENT
North East	6,799,513	126,499	1.9%	-43,525	-48,523	0	0	N/A	\$0.58	\$0.48
North West	101,558,234	4,444,453	4.4%	384,597	1,395,461	5,277,010	1,278,907	\$0.45	\$0.65	\$0.51
Central East	5,616,793	51,504	0.9%	94,314	24,235	0	0	N/A	\$0.59	\$0.59
Central West	17,313,653	174,960	1.0%	-11,591	20,433	61,158	0	N/A	\$0.75	\$0.75
South East	3,121,346	38,007	1.2%	-5,500	-4,000	0	0	N/A	\$0.75	\$0.75
South West	8,619,111	115,012	1.3%	527,568	530,173	1,918,500	483,295	\$0.34	\$0.69	\$0.79
TOTAL	143,028,650	4,950,435	3.5%	945,863	1,917,779	7,256,668	1,762,202	\$0.44	\$0.67	\$0.53
OS/FX	26,306,473	552,740	2.4%	197,421	260,157	200,983	222,800			\$0.67
MFG	20,508,336	433,375	2.1%	-28,660	304,746	0	410,129			\$0.44
W/D	96,213,841	3,964,320	4.1%	777,102	1,352,876	7,055,685	1,129,273			\$0.53
TOTAL	143,028,650	4,950,435	3.5%	945,863	1,917,779	7,256,668	1,762,202	\$0.44	\$0.67	\$0.53

*Rental rates reflect weighted net asking \$psf/year. *Renewals not included in leasing statistics.

MF = Manufacturing OS = Office Service/Flex W/D = Warehouse/Distribution

KEY LEASE TRANSACTIONS Q2 2020

PROPERTY	SUBMARKET	TENANT	SF	TYPE
1862 S 4800 W	North West	Undisclosed	342,477	Direct New
2449 S 6755 W	North West	Blue Chip	158,387	Direct New
1137 S 3800 W	North West	McLane Company	135,153	Sublease
1525 S 5105 W	North West	Express Messenger Systems	130,893	Renewal**

KEY SALES TRANSACTIONS Q2 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
RWK Legacy Logistics II	North West	RWK Legacy 2, LLC / BCI IV Acquisitions, LLC	383,892	N/A
3195 W Professional Circle	North West	Sorrento Investments, LLC / Professional Circle, LLC	32,895	\$4.2M / \$126.23
3413 W 2400 S	Central West	CheckerProp Utah / FS II, LLC	22,378	\$2.8M / \$125.12

KEY CONSTRUCTION COMPLETIONS YTD 2020

PROPERTY	SUBMARKET	TENANT	SF	OWNER / DEVELOPER
7017 W 11800 S	South West	Bull Frog Spas	260,495	Riverbend Holdings Utah
995 South 4800 West	North West	BioFire	230,329	BioFire

Michael King

Senior Research Analyst

+1 801 303 5559/michael.king@cushwake.com

JOLANTA CAMPION

Director of Research, Nevada, Utah & San Diego

+1 858 625 5235 / jolanta.campion@cushwake.com

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