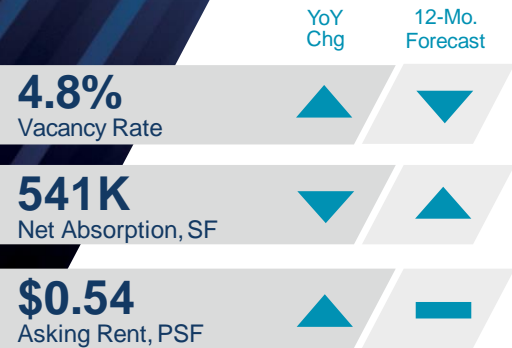


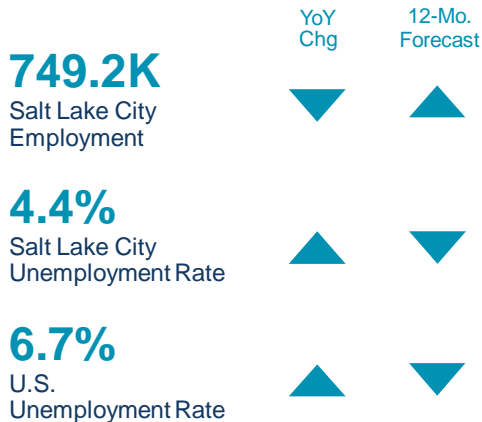
Salt Lake City

Industrial Q4 2020



Overall, Net Asking Rent

ECONOMIC INDICATORS Q4 2020



Source: BLS

ECONOMIC OVERVIEW

The Salt Lake City employment market has been affected by COVID-19 stay-at-home orders, resulting in a loss of 13,800 jobs or -1.8% year-over-year (YOY) through November 2020. Of the 13,800 jobs lost, 10,500 (-15.8% YOY) or 76.1% of losses were in the leisure and hospitality sector. Professional and business services sector lost 8,300 jobs (-6.4% YOY). On the bright side, monthly job gains have been positive for the last seven consecutive months. During the same time, the monthly unemployment rate increased from 2.0% last year to 4.2% and is currently 10 basis points (bps) above the 30-year monthly average of 4.1% yet 20 bps below the Q4 2020 quarterly average of 4.4%.¹ All employment sectors are expected to grow at a combined rate of 2.5% in 2021 and 3.3% in 2022. Salt Lake City's economy of \$84.0 billion as measured by gross regional product is forecasted to grow 5.7% in 2021 and 6.3% in 2022, above its 10-year average of 3.0%.²

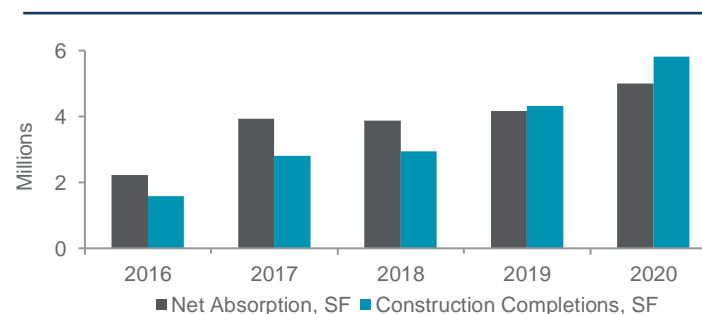
SUPPLY AND DEMAND

The overall vacancy rate, including sublease, decreased 10 bps from last quarter (QOQ), yet increased 160 bps YOY to 4.8% in Q4 2020. Current vacancy is in line with a five-year quarterly average of 4.9% and well below the historical high of 8.9% recorded after the last recession in 2011. This uptick in vacancy can be attributed to a substantial amount or 10.1 million square feet (msf) of new product delivered over the last 24 months, as developers seek to meet robust demand for industrial space. In 2019, 4.3 msf were delivered followed by 5.8 msf in 2020, more than double compared to a 10-year annual average of 2.5 msf. Most or over 90% of new construction has been concentrated in warehouse and distribution (W/D) space over the last 10 years as well as in 2020 as 68% or 95.0 msf of the base industrial inventory in Salt Lake City is comprised of W/D product type.

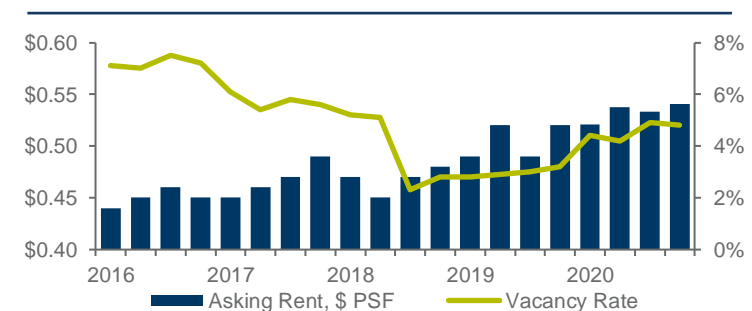
Tenants absorbed 541,453 square feet (sf) across all product types in Q4 2020, bringing annual occupancy gains to 5.0 msf, compared to 4.2 msf growth in 2019 and 3.9 msf in 2018. The highest occupancy gains were recorded in two submarkets: in North West, the largest industrial submarket with 98.6 msf of base inventory, and in South West, the third largest submarket with 10.0 msf of base inventory. Tenants absorbed 578,371 sf in Q4 2020 and 5.4 msf in 2020 in these two submarkets combined.

Leasing activity was lower in Q4 2020 at 1.2 msf (32 deals), including renewals, compared to 3.6 msf (65 deals) in Q3 2020. Tenants leased 10.6 msf in 2020 combined across 241 deals of which 9.0 msf (196 deals) were new leases and 1.6 msf (45 deals) were renewals. This year's leasing activity will positively affect absorption totals in 2021, which will be counted as tenants occupy their space. Two submarkets combined accounted for 10.2 msf or 96% of space leased in 2020: North West (78%) and South West (17%). Leasing of W/D space accounted for 9.7 msf across 169 leases or 91% of total 2020 leasing activity as the rapid growth of e-commerce and same-day delivery has created ever-greater demand for industrial space near major metropolitan areas.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY / ASKING RENT



Salt Lake City

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PRICING

Average asking rent for all product types combined was \$0.54 per square foot (psf) per month on a triple net basis, a 1.4% increase QOQ and 4.0% increase YOY. With stout demand for modern industrial distribution centers, average asking rents are expected to tick up led by newly delivered space.

Across the region, the market is the tightest for manufacturing space with overall vacancy at 2.3% in Q4 2020, 120 bps higher than a year ago. Vacancy for flex space now stands at 2.9%, up 70 bps from one year ago. Distribution space has the highest vacancy at 5.8% as of Q4 2020, an increase of 190 bps since last year. Though vacancy for all product types combined is up 160 bps from a year ago, that number is expected to tick down as large tenants begin to occupy new product during the first half of 2021. Tenant demand is expected to persist from online retail and distribution tenants as the COVID-19 pandemic continues to discourage in-person shopping.

FUTURE INVENTORY

Two distribution buildings were completed in Q4 2020 fully vacant, both in North West submarket: a 303,658-sf warehouse on 1250 N. Flyer Way and a 31,670-sf on 1180 N. Flyer Way. In 2020, 23 projects totaling 5.8 msf were completed in North West (68%) and South West (32%) submarkets of which 5.2 msf or 89% were W/D space. Occupancy gains of 23 projects completed in 2020 were recorded in 16 projects, totaling 3.4 msf.

Salt Lake City's development pipeline remains active with 8.3 msf (31 projects) currently under construction. Over 7.8 msf (29 projects) are expected to deliver during 2021. Majority (82%) of new inventory is speculative (SPEC) with the remaining 18% build-to-suit (BTS). North West submarket will welcome most of the new inventory (77% or 6.4 msf), followed by South West (12%), Central West (9%) and Central East (1%). The 843,078-sf building located at 5550 W. 150 S. in the North West submarket will be fully occupied by Gateway Plastics upon completion in Q1 2021. The 832,096-sf BTS project located at 6555 W. 2100 S. in the North West submarket will also be fully occupied by Henkel upon completion in the first half of 2021. Both transactions will translate into positive absorption during Q1 2021.

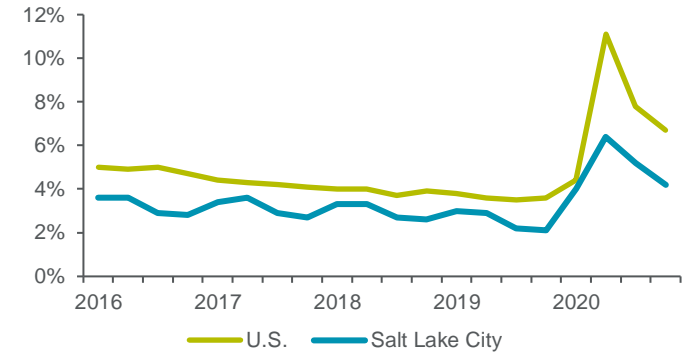
Additionally, there are 16 projects, totaling 5.5 msf, in proposed inventory. Tenants and landlords continue to seek space in the North West as 98% of proposed inventory across 14 projects is located in the North West submarket, followed by South West and Central West.

Sources: ¹www.bls.gov ²GDP as of 2020. Moody's Analytics economy.com 12/2020

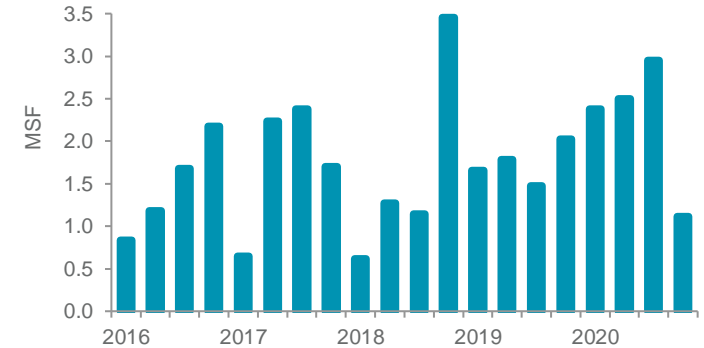
OUTLOOK

- Despite economic uncertainty caused by the COVID-19 pandemic, Salt Lake City's industrial market fundamentals remain strong, significantly outperforming all other property types. Statewide stay-at-home orders have increased the level of digital sales, accelerating demand for e-commerce leasing as well as third-party logistics providers that occupy W/D space.
- As new construction continues to deliver over the next 24 months, absorption is expected to remain stout while average asking rents tick up. Vacancy is expected to decrease as large tenants occupy developments accompanied by strong pre-leasing. Longer term, solid demographics and a business-friendly climate will allow Salt Lake City to shine.

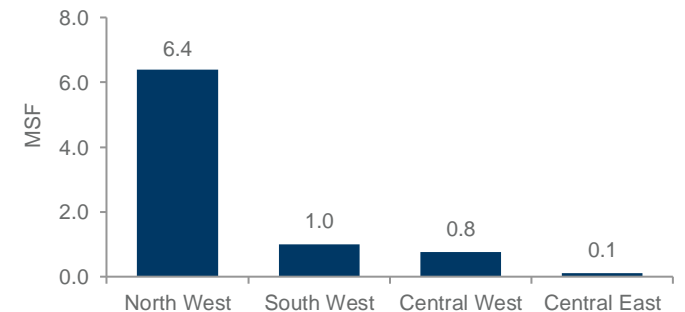
UNEMPLOYMENT RATE IN COMPARISON



NEW LEASING ACTIVITY - EXCLUDING RENEWALS



UNDER CONSTRUCTION BY SUBMARKET



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	YTD CNSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (ALL TYPES)*	OVERALL WEIGHTED AVG NET RENT (MFG)	OVERALL WEIGHTED AVG NET RENT (W/D)
North East	5,913,110	252,388	4.3%	-69,800	-191,991	0	0	\$0.60		\$0.67
North West	98,573,474	5,717,292	5.8%	534,010	3,552,695	6,395,731	3,962,836	\$0.53	\$0.53	\$0.52
Central East	16,482,678	256,081	1.6%	-11,144	-128,596	117,912		\$0.53	\$0.50	\$0.44
Central West	5,386,373	204,335	3.8%	44,026	-73,721	761,158		\$0.59	\$0.43	\$0.66
South East	3,008,846	197,476	2.0%	0	21,997	0	0			\$0.84
South West	9,897,424	32,953	1.1%	44,361	1,816,707	1,012,075	1,859,293	\$0.64	\$0.57	\$0.68
TOTAL	139,261,905	6,660,525	4.8%	541,453	4,997,091	8,286,876	5,822,129	\$0.54	\$0.52	\$0.53
OS/FX	24,766,610	730,935	2.9%	-67,878	-20,395	209,304	222,800	\$0.66		
MFG	19,963,807	460,527	2.3%	21,760	230,041	41,184	410,129	\$0.52	\$0.52	
W/D	94,531,488	5,469,063	5.8%	587,571	4,787,445	8,036,388	5,189,200	\$0.53		\$0.53
TOTAL	139,261,905	6,660,525	4.8%	541,453	4,997,091	8,286,876	5,822,129	\$0.54	\$0.52	\$0.53

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

*MFG= Manufacturing, OS/FX = Office Service/Flex, W/D = Warehouse/Distribution

KEY LEASE TRANSACTIONS Q4 2020

PROPERTY	SUBMARKET	TENANT	SF	TYPE
2260 N. 2200 W.	North West	Carter Distribution	166,450	New Lease
580-640 N. Wright Brothers Dr.	North West	Anchor 3PL, LLC	157,324	New Lease
350 N. John Glenn Rd.	North West	Expeditors International of Washington, Inc	131,334	Expansion
4475 W. 700 S.	North West	Agiliti Health	115,637	New Lease
346 N. John Glenn Rd.	North West	Strem Solutions, LLC	98,508	New Lease

KEY SALES TRANSACTIONS Q4 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
350 N. John Glenn Rd.	North West	USAA Real Estate Company/ Westcore Properties Inc	1,094,842	N/A / N/A
808 N. 6550 W.	North West	Phase 1 GLC 3 LLC/ Great Basin Ventures	585,912	N/A / N/A
5420 W. John Cannon Dr.	North West	CGGL XR 2 International, LLC/MMB Management, LLC	533,880	N/A / N/A

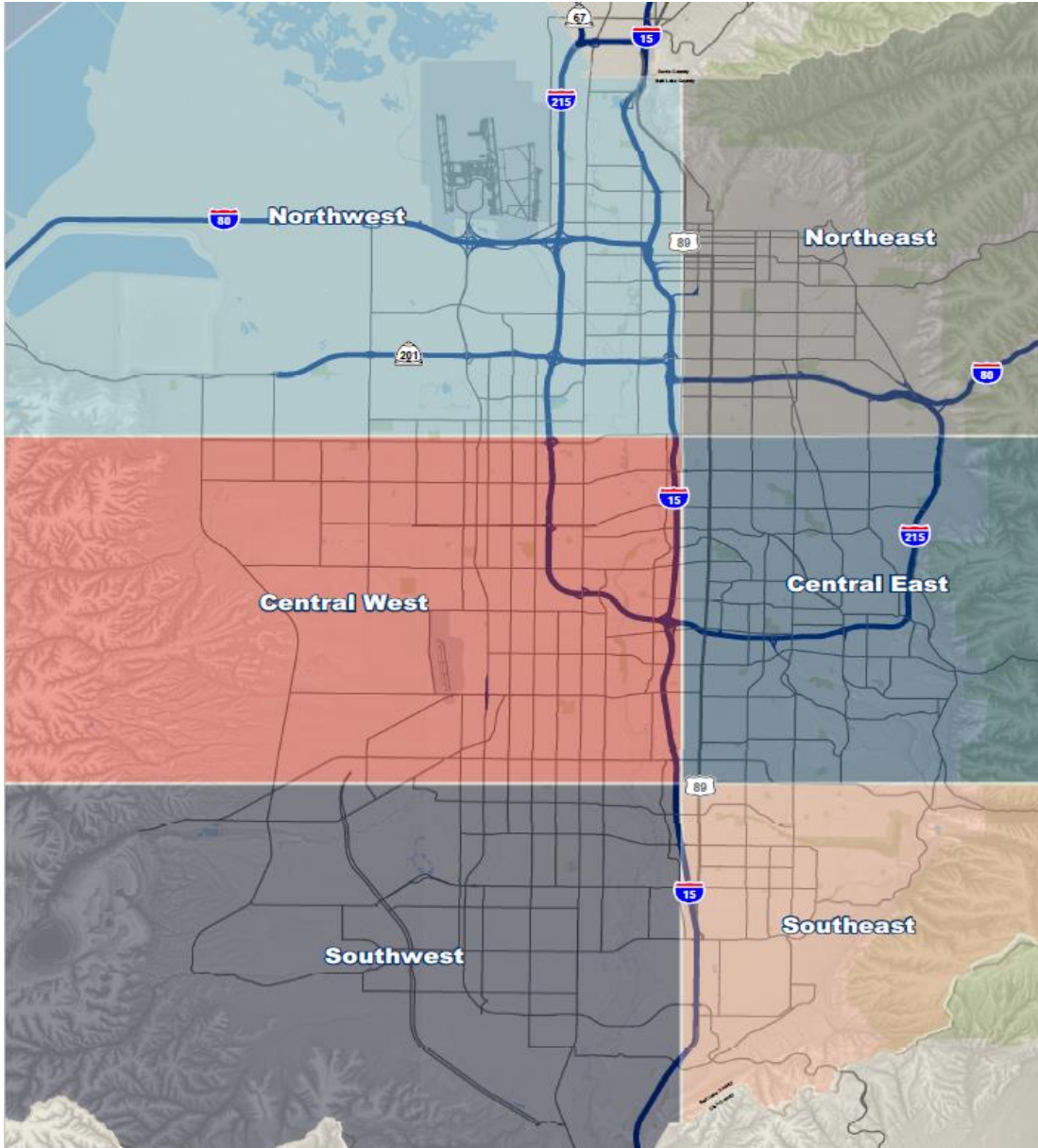
KEY CONSTRUCTION COMPLETIONS 2020

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
6802 W. Old Bingham Rd.	South West	Undisclosed	1,330,843	Seefried Industrial Properties
6620 W. 700 N.	North West	Undisclosed	585,912	Easton Foundations

Salt Lake City

Industrial Q4 2020

INDUSTRIAL SUBMARKETS



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