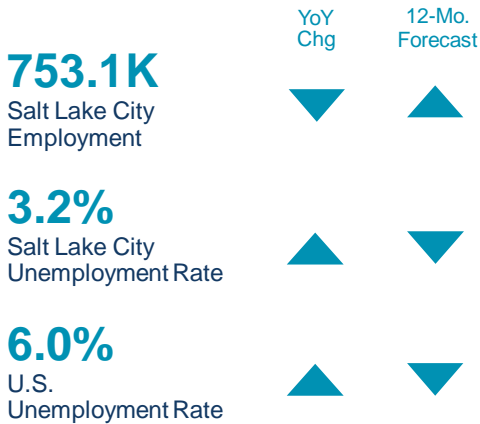


ECONOMIC INDICATORS Q1 2021



Source: BLS

ECONOMIC OVERVIEW

The Salt Lake City employment market has been affected by COVID-19 stay-at-home orders, resulting in loss of 7,300 jobs or -1.0% year-over-year (YOY) through February 2021. The leisure and hospitality sector lost, 8,100 (-12.3% YOY) yet has been adding jobs back for nine consecutive months. Professional and business services recorded gains of 1,200 jobs (+0.9% YOY). During the same time, the monthly unemployment rate increased from 2.7% last year to 3.6% and is currently 50 basis points (bps) below the 30-year monthly average of 4.1% yet 40 bps above the Q1 2021 quarterly average of 3.2%.¹

All employment sectors are expected to grow at a combined rate of 4.1% in 2021 and 5.1% in 2022. Salt Lake City's economy of \$87.9 billion as measured by gross regional product is forecasted to grow 6.3% in 2021 and 7.1% in 2022, above its 10-year average of 2.8%.²

SUPPLY AND DEMAND

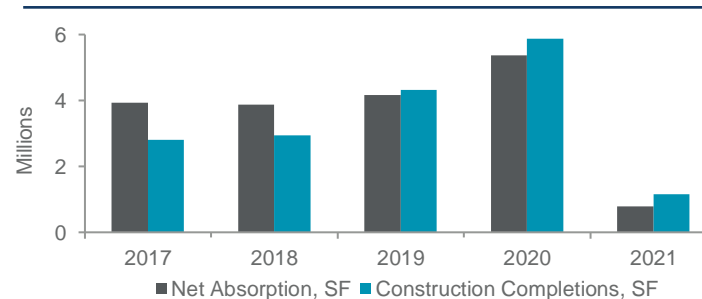
The overall vacancy rate, including sublease, increased 30 bps quarter-over-quarter (QOQ), and increased 40 bps YOY to 4.8% in Q1 2021. Current vacancy is modestly higher than the five-year average of 4.3%, but well below the historical high of 8.9% recorded after the last recession in 2011. This uptick in vacancy can be attributed to a substantial amount of 7.0 million square feet (msf) of new product delivered since the beginning of 2020, as developers seek to meet robust demand for industrial space. 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 2021 as 68% or 95.0 msf of the base industrial inventory in Salt Lake City is comprised of W/D product type.

Tenants absorbed 789,219 square feet (sf) across all product types in Q1 2021, compared to 922,764 sf during the Q4 2020 and 962,180 sf during the Q1 2020. The majority of occupancy gains during the first quarter were recorded in the North West submarket, which saw 788,226 sf of positive net absorption.

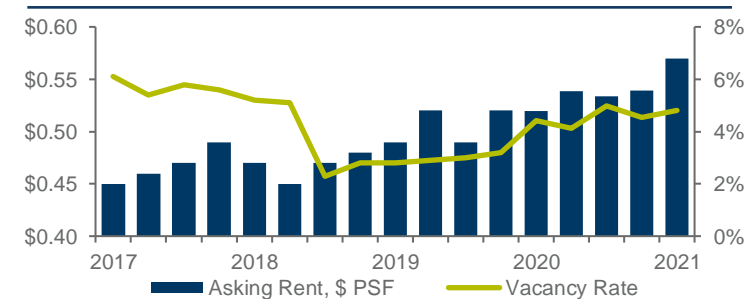
Leasing activity remained active during the first quarter, at 2.1 msf (39 deals), including renewals, compared to 1.7 msf (58 deals) in Q4 2020 and 2.9 msf (68 deals) in Q1 2020. In 2020 combined, 11.7 msf (276 deals) were leased with North West (78%) and South West (15%) accounting for the most activity. This activity will boost future absorption as tenants occupy their space in 2021.

Two submarkets combined accounted for 2.0 msf or 99% of leasing activity during Q1 2021: North West (94%) and South West (5%). Leasing of W/D space accounted for 1.9 msf (29 deals) or 94% of total Q1 2021 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

Industrial Q1 2021

PRICING

Average asking rent for all product types combined was \$0.57 per square foot (psf) per month on a triple net basis, a 5.7% increase QOQ and 9.6% 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 1.8% in Q1 2021, unchanged from a year ago. Vacancy for flex space now stands at 2.3%, up 40 bps from one year ago. Distribution space has the highest vacancy at 6.0% as of Q1 2021, an increase of 30 bps since last year. Though vacancy for all product types combined is up 40 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 Q1 2021 in North West submarket: an 843,078-sf warehouse on 5454 W. 150 S. which is fully leased by Gateway Plastics, and a 299,434-sf warehouse on 5252 W. 150 S. which is fully leased by Vobev. This leasing activity will boost absorption by 1.1 msf once these tenants occupy both buildings. Another 13,035-sf distribution building was completed in Central west submarket, available for lease. In 2020, 17 projects totaling 4.0 msf were completed in North West (68%) and South West (32%) submarkets of which 5.2 msf or 89% were W/D space.

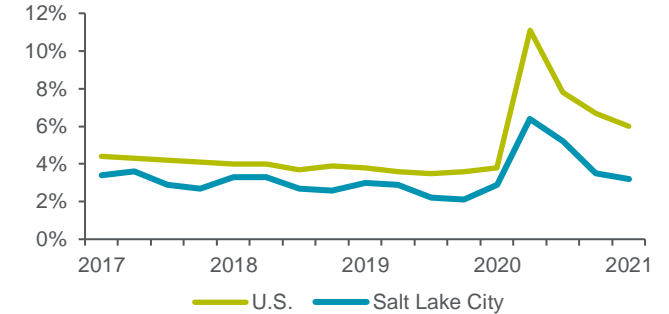
Salt Lake City's development pipeline remains active with 7.9 msf of new projects currently under construction slated for delivery in 2021. Of the 7.9 msf currently under construction, 1.8 msf or 22% of inventory has been pre-leased. The North West submarket will welcome the majority of the new inventory of approx. 6.2 msf. The 832,096-sf build-to-suit (BTS) project located at 6555 W. 2100 S. in the North West submarket will be fully occupied by Henkel upon completion in the first half of 2021, representing significant positive absorption for the submarket. Of the total of 2.7 msf estimated to be delivered in Q2 2021 market wide, over 45% already have commitments in place.

Additionally, there are 15 projects, totaling 5.2 msf, in proposed inventory. Tenants and landlords continue to seek space in the North West as 90% of proposed inventory (11 projects) are located in this submarket followed by South West and Central West.

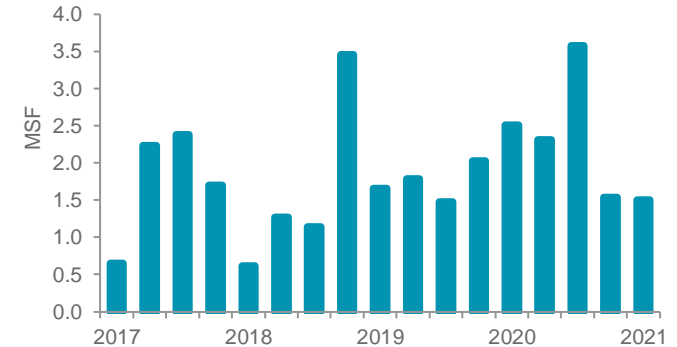
OUTLOOK

- 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.

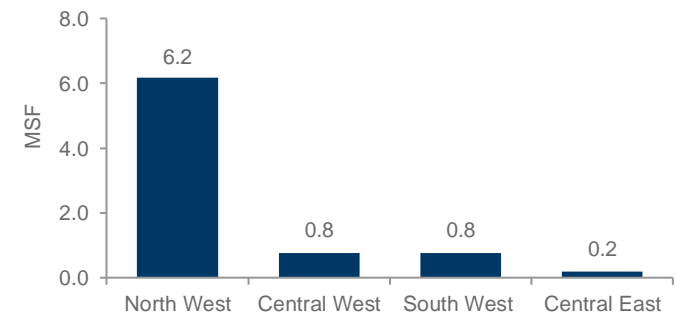
UNEMPLOYMENT RATE IN COMPARISON



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	5,927,963	227,600	3.8%	-9,972	-9,972	0	0	\$0.65		\$0.69
North West	98,940,227	5,758,719	5.8%	788,226	788,226	6,171,710	1,142,512	\$0.56	\$0.92	\$0.53
Central East	5,172,942	204,335	4.0%	0	0	197,032	0	\$0.53	\$0.50	\$0.44
Central West	16,549,139	228,665	1.4%	29,800	29,800	777,270	13,035	\$0.66	\$0.65	\$0.65
South East	3,008,846	28,953	1.0%	0	0	0	0	\$1.10		
South West	9,950,918	211,311	2.1%	-18,835	-18,835	761,818	0	\$0.68	\$0.74	\$0.78
TOTAL	139,550,035	6,659,583	4.8%	789,219	789,219	7,907,830	1,155,547	\$0.57	\$0.69	\$0.54
OS/FX	24,607,176	570,742	2.3%	32,320	32,320	410,176	0	\$0.70		
MFG	19,928,071	354,232	1.8%	175,245	175,245	73,254	0	\$0.69	\$0.69	
W/D	95,014,788	5,734,609	6.0%	581,654	581,654	7,424,400	1,155,547	\$0.54		\$0.54
TOTAL	139,550,035	6,659,583	4.8%	789,219	789,219	7,907,830	1,155,547	\$0.57	\$0.69	\$0.54

*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 Q1 2021

PROPERTY	SUBMARKET	TENANT	SF	TYPE
7595 W. 2500 S.	Central West	FedEx	500,000	New Lease
5550 W 150 S.	North West	Vobev	299,434	New Lease
5041 W. 2400 S.	North West	Tovala	230,517	New Lease
1711 S. 4650 W.	North West	Integrated Distribution Services SL, LLC	207,490	Renewal
6700 W. 2550 S.	North West	Stuart C. Irby Company	126,846	New Lease

KEY SALES TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
634 N. Challenger Rd.	North West	RPM Investments / Challenger 7, LLC	140,752	\$11,445,785 / \$81.32
5 S. 5100 W.	North West	Standlee Family Limited Partnership / SNL IOV SLC OWNER, LLC	66,080	\$9,950,000 / \$150.58
432 W. 3400 S.	Central West	Mountain Valley Properties, LLC / Feulner Enterprises, LLC	12,800	\$1,850,000/ \$144.53

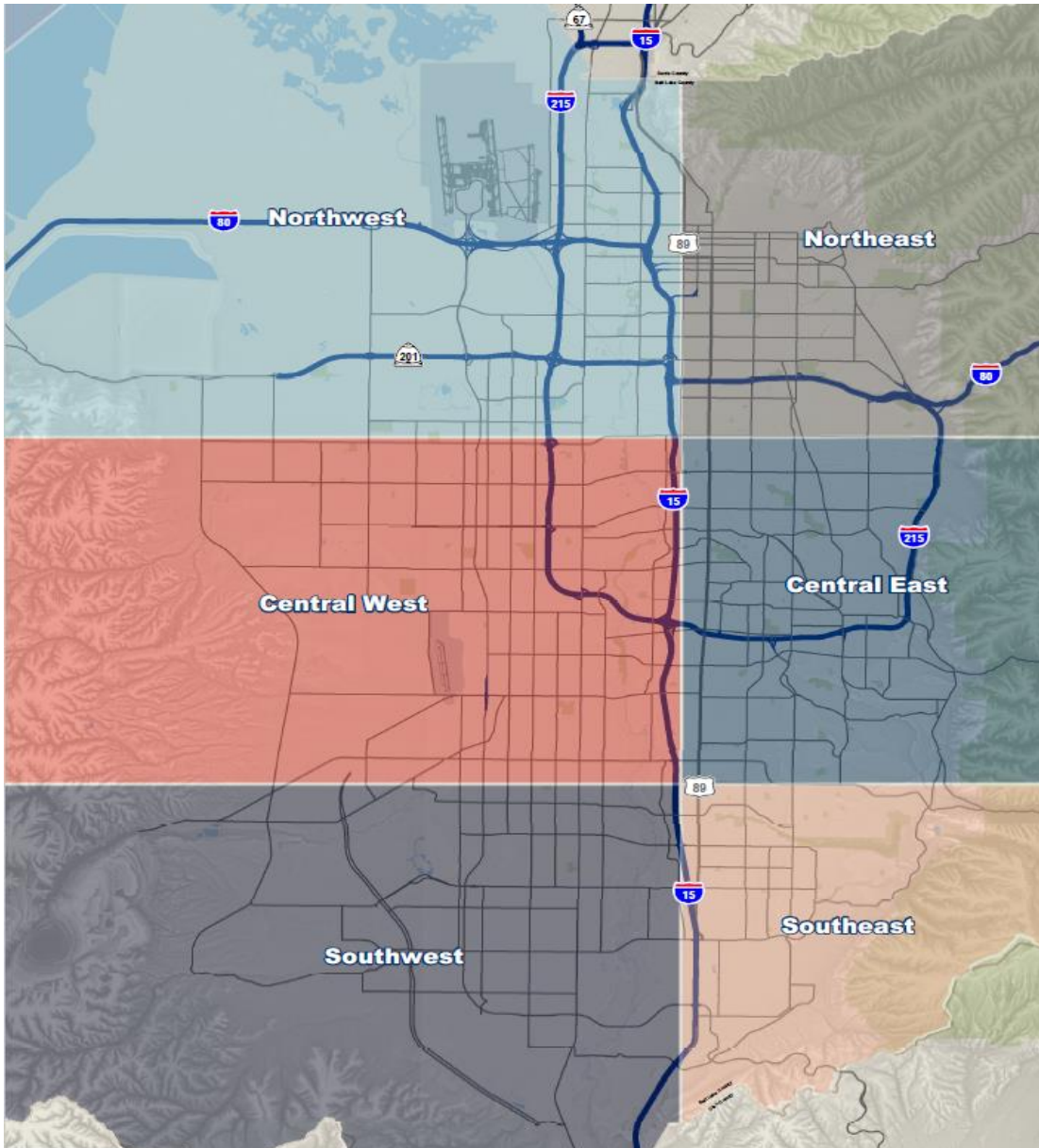
KEY CONSTRUCTION COMPLETIONS 2021

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
5454 W. 150 S.	North West	Gateway Plastics	843,078	Exeter Property Group
5252 W. 150 S.	North West	Vobev	299,434	Exeter Property Group

Salt Lake City

Industrial Q1 2021

INDUSTRIAL SUBMARKETS



TAYLORDAMM

Senior Research Analyst
Tel: +1 801 303 5400
Taylor.Damm@cushwake.com

JOLANTA CAMPION

Director of Research
Nevada, Utah & San Diego
Tel: +1 858 625 5235
jolanta.campion@cushwake.com

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