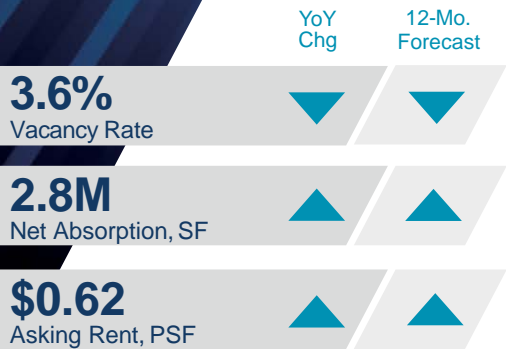


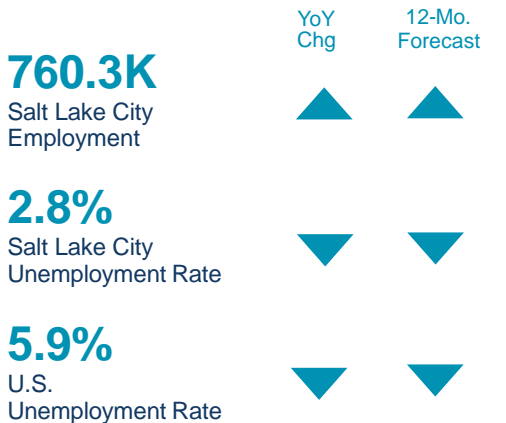
Salt Lake City

Industrial Q2 2021



Overall, Net Asking Rent

ECONOMIC INDICATORS Q2 2021



Source: BLS

ECONOMIC OVERVIEW

The Salt Lake City employment market over the last 13 months has recovered all (+68,000 jobs) of the 65,500 jobs lost during the beginning of the pandemic between March and April of 2020. Nonfarm employment grew by 50,300 or +7.1% year-over-year (YOY) between May 2020 through May 2021, with the leisure and hospitality sector accounting for 13,000 jobs added, and professional and business services accounting for 9,000 jobs added. During the same time, the monthly unemployment rate decreased from 8.5% last year to 2.8% and is currently 130 basis points (bps) lower than the 30-year monthly average of 4.1% and in line with the Q2 2021 quarterly average of 2.8%.¹

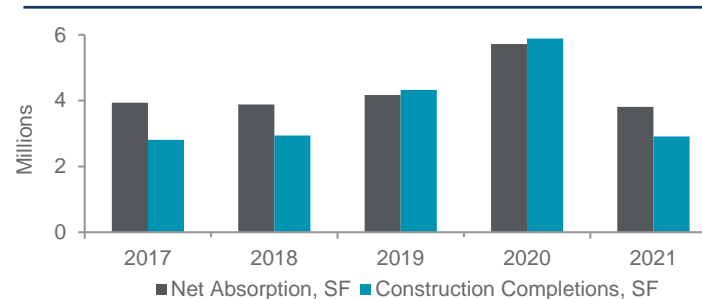
All employment sectors are expected to grow at a combined rate of 4.9% in 2021 and 5.0% in 2022, while employment in manufacturing sector is forecasted to grow 0.6% in 2021 and 0.7% in 2022. Salt Lake City's economy of \$82.9 billion as measured by 2020 gross regional product is forecasted to grow 8.1% in 2021 and 6.5% in 2022, above its 10-year average of 2.8%.²

SUPPLY AND DEMAND

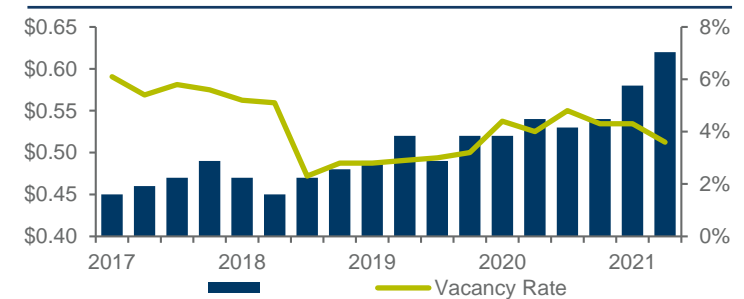
The overall vacancy rate, including sublease, decreased 70 bps quarter-over-quarter (QOQ), and decreased 40 bps YOY to 3.6% in Q2 2021. Current vacancy is modestly lower than the five-year average of 4.3%, and well below the historical high of 8.9% recorded after the last recession in 2011. As vacancy continues to decrease, 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 96.2 million square feet (msf) of the base industrial inventory in Salt Lake City is comprised of W/D product type. Since the beginning of 2020, 8.8 msf of new inventory have been added to the market with 5.9 msf in 2020 and 2.9 msf in the first six months of 2021. Tenants absorbed 2.8 msf across all product types in Q2 2021, compared to 1.0 msf during the Q1 2021 and 963,448 sf during the Q2 2020. The majority of occupancy gains during the second quarter were recorded in the North West submarket, which recorded 2.5 msf of positive net absorption.

Leasing activity remained active during the second quarter, at 1.9 msf (26 deals), excluding renewals, compared to 2.7 msf (56 deals) in Q1 2021 and 2.3 msf (62 deals) in Q2 2020. Leasing of W/D space accounted for 1.7 msf (16 deals) or 94% of total Q2 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. Through the first half of 2021, 4.6 msf (82 deals) were leased with North West (97%) submarket accounting for the most activity or 1.8 msf. Year-to-date, tenants have leased 4.6 msf across 82 deals with North West accounting for 95% or 4.3 msf leased. This activity will boost future absorption as tenants occupy their space later in 2021.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY / ASKING RENT



Salt Lake City

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PRICING

Average asking rent for all product types combined was \$0.62 per square foot (psf) per month on a triple net basis, a 6.9% increase QOQ and 14.8% 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 0.5% in Q2 2021, down from 1.9% a year ago. Vacancy for flex space now stands at 2.5%, up 60 bps from one year ago. Distribution space has the highest vacancy at 4.5% as of Q2 2021, a decrease of 60 bps since last year. Though vacancy for all product types combined is down 40 bps from a year ago, that number is expected to tick down further as large tenants begin to occupy new product during the second 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 W/D buildings were completed in Q2 2021 in the North West submarket: an 832,096-sf build-to-suit (BTS) project located at 6555 W. 2100 S., which is fully leased by Henkel, and a 358,400-sf warehouse on 5670 W. 300 S., which is fully leased by Quality Distribution, Inc. Another 200,272-sf distribution building was completed in the North West submarket, available for lease.

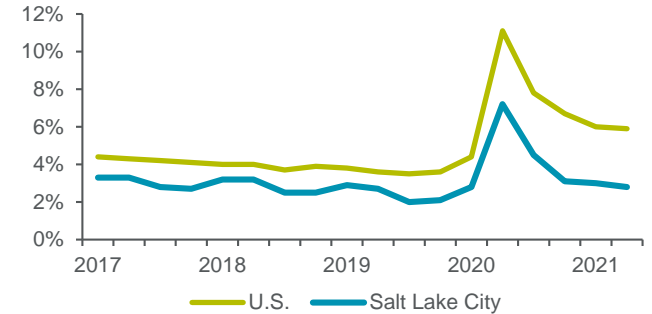
Salt Lake City's development pipeline remains active with 7.9 msf currently under construction across 34 projects, with 24.6% already pre-leased. The majority or 89% of inventory is speculative (SPEC) with the remaining 11% BTS. Twenty-seven projects (5.4 msf) are slated for delivery in 2021, followed by five (2.1 msf) in 2022. The North West submarket will welcome the majority (83%) of the new inventory – 19 projects or 6.6 msf.

Additionally, there are 12 projects, totaling 2.4 msf, in proposed inventory. Tenants and landlords continue to seek space in the Central East as 49% of proposed inventory across six projects is located in this submarket followed by North West (48%) and South West (3%).

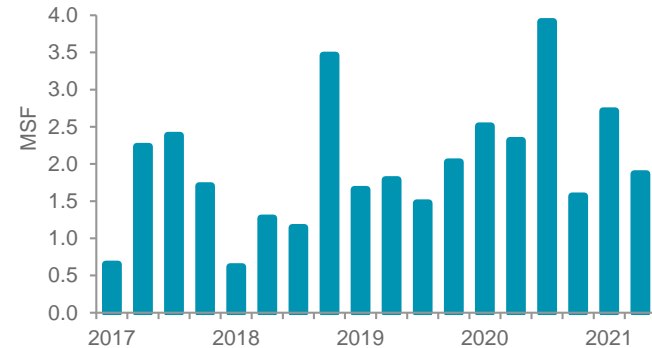
OUTLOOK

- 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.

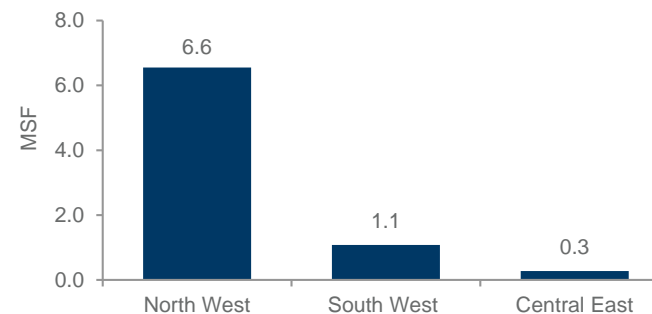
UNEMPLOYMENT RATE IN COMPARISON



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	192,600	3.30%	35,000	25,028	0	0	\$1.23	N/A	\$0.69
North West	100,225,490	4,145,435	4.10%	2,505,106	3,526,407	6,551,673	2,533,280	\$0.95	\$1.08	\$0.58
Central East	5,138,086	179,318	3.50%	-46,583	-46,583	276,952	0	\$0.70	N/A	\$0.55
Central West	16,625,299	136,234	0.80%	163,911	197,331	0	89,195	\$0.50	\$0.65	\$0.62
South East	3,008,846	28,953	1.0%	0	0	0	0	\$0.59	N/A	N/A
South West	10,349,217	356,724	3.50%	103,785	104,950	1,080,030	287,698	\$1.23	\$0.75	\$0.78
TOTAL	141,274,901	5,039,264	3.6%	2,761,219	3,807,133	7,908,655	2,910,173	\$0.62	\$0.95	\$0.59
OS/FX	25,062,154	628,879	2.5%	27,651	60,721	299,278	110,898	\$0.70		
MFG	20,008,592	95,054	0.5%	155,838	360,833	73,254	0	\$0.95	\$0.95	
W/D	96,204,155	4,315,331	4.5%	2,577,730	3,385,579	7,536,123	2,799,275	\$0.59		\$0.59
TOTAL	141,274,901	5,039,264	3.6%	2,761,219	3,807,133	7,908,655	2,910,173	\$0.62	\$0.95	\$0.59

*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 Q2 2021

PROPERTY	SUBMARKET	TENANT	SF	TYPE
1470 S. 5070 W.	North West	Orbit Irrigation Products, LLC	484,500	New Lease
2002 S. 5070 W.	North West	Reckitt Benckiser, LLC	416,634	New Lease
5670 W. 300 S.	North West	Quality Distribution, Inc.	358,400	New Lease
5656 W. John Cannon Dr.	North West	Red Stag Fulfillment, LLC	353,720	New Lease
1795 S. 5350 W.	North West	Clarus Corporation	111,892	Renewal

KEY SALES TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
2455 W. 1500 S.	North West	LBA Realty Black Creek Diversified Property Fund	421,367	\$61.0M / \$144.8
2319-2351 & 2355 S. Decker Lake Blvd.	North West	Decker Business Center, LLC Berkeley Partners	191,270	\$20.5M / \$106.9
6368 W. Beagley Rd.	North West	WVC Industrial, LLC Aligned Energy	99,216	Undisclosed

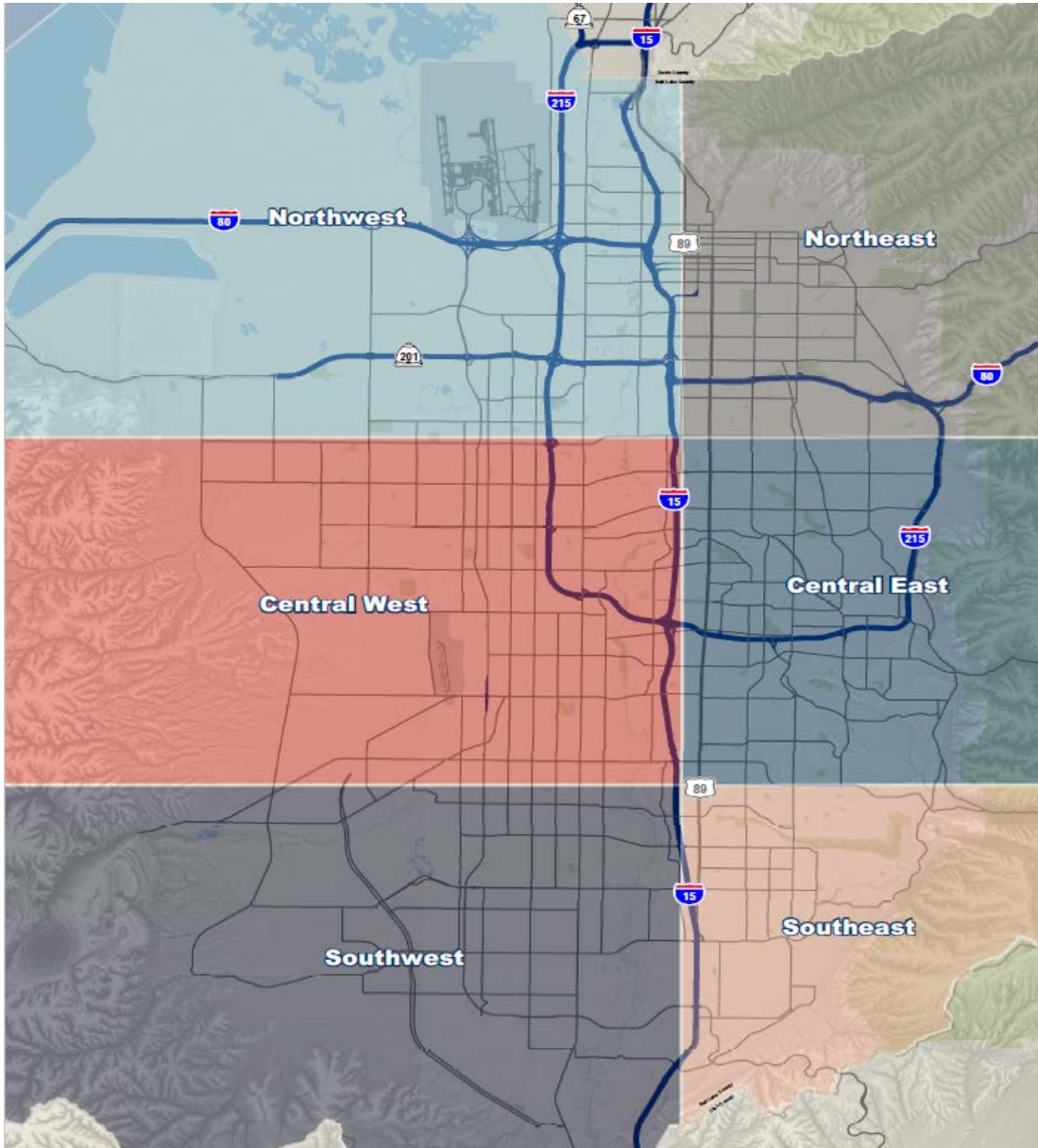
KEY CONSTRUCTION COMPLETIONS 2021

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
5454 W. 150 S.	North West	Gateway Plastics	843,078	Exeter Property Group Exeter Property Group
6555 W. 2100 S.	North West	Henkel	832,096	Freeport West Freeport West

Salt Lake City

Industrial Q2 2021

INDUSTRIAL SUBMARKETS



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