

	YoY Chg	12-Mo. Forecast
1.9% Vacancy Rate	▼	▼
2.3M Net Absorption, SF	▲	▲
\$0.67 Asking Rent, PSF	▲	▲

Overall, Net Asking Rent

ECONOMIC INDICATORS Q1 2022

	YoY Chg	12-Mo. Forecast
782.7K Salt Lake City Employment	▲	▲
2.1% Salt Lake City Unemployment Rate	▼	▼
3.6% U.S. Unemployment Rate	▼	▼

Source: BLS

ECONOMIC OVERVIEW

Salt Lake City's nonfarm employment grew by 25,200 or +3.3% year-over-year (YOY) between January 2021 through January 2022, with the professional and business services accounting for 8,800 jobs added (+6.6% YOY). During the same time, the monthly unemployment rate decreased from 3.1% last year to 2.1% and is currently 190 basis points (bps) below the 30-year monthly average of 4.0% and equal to the Q4 2021 quarterly average of 2.1%.¹ All employment sectors are expected to grow at a combined rate of 4.8% in 2022, while office employment is forecasted to grow 3.8% and high-tech employment 4.2%. Salt Lake City's economy of \$88.6 billion as measured by 2021 gross regional product is forecasted to grow 6.4% in 2022 and 4.2% in 2023, above its 10-year average of 3.1%.²

SUPPLY AND DEMAND

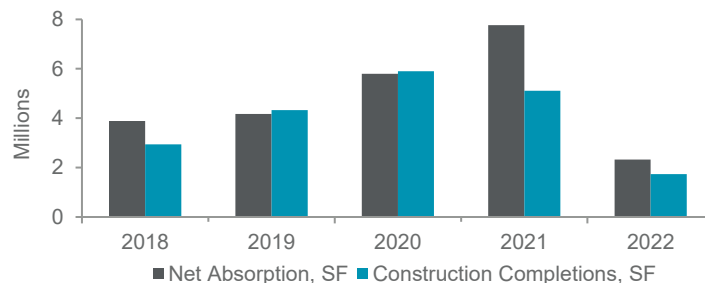
The overall vacancy rate, including sublease, decreased 30 bps quarter-over-quarter (QOQ), and decreased 250 bps YOY to 1.9% in Q1 2022. The current vacancy is modestly lower (-220 bps) than the five-year average of 4.1%, and well below the historical high of 8.9% recorded after the last recession in 2011. Vacancy continues to decrease despite a substantial amount of 1.7 million square feet (msf) of new product delivered since the beginning of 2022 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 2022 (98%). Note that 99.1 msf or 69% of the base industrial inventory (143.4 msf) in Salt Lake City is comprised of W/D product type.

Tenants absorbed 2.3 msf across all product types in Q1 2022 compared to 2.1 msf during Q4 2021 and 1.0 msf during Q1 2021. Most occupancy gains during the first quarter were recorded in the North West submarket, which saw 2.1 msf of positive net absorption. Occupancy growth of 7.7 msf in 2021 was the highest on record reported by Cushman & Wakefield. In comparison, the five-year average occupancy growth has been 5.1 msf (2018-2022).

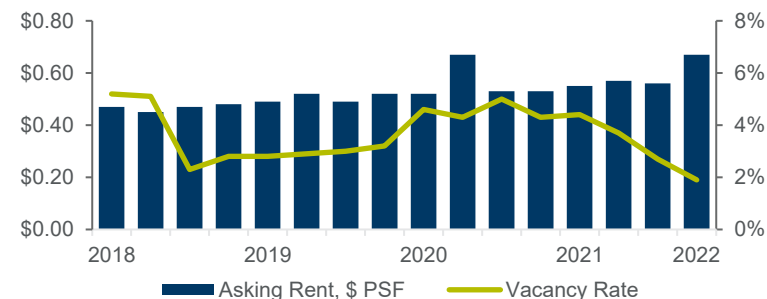
Leasing activity remained active during the first quarter at 1.4 msf (38 deals), excluding renewals, compared to 3.1 msf (45 deals) in Q4 2021 and 2.9 msf (66 deals) in Q1 2021. In 2021, tenants leased 11.4 msf (233 deals) compared to 9.8 msf (235 deals) in 2020. The North West submarket accounted for the most leasing or 1.1 msf (78%) in the first quarter of 2022 and 10.2 msf (90%) in all of 2021. This activity will boost future absorption as tenants occupy their space in 2022.

Leasing of W/D space accounted for 1.0 msf (30 deals) or 78% of 2022 annual total leasing activity and 10.3 msf (164 deals) or 91% of 2021 annual total 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 2022

PRICING

The average asking rent for all product types combined was \$0.67 per square foot (psf) per month on a triple net basis, a 12.7% increase QOQ and 19.7% 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 2.0% in Q1 2022, up 20 bps from 1.8% a year ago. Vacancy for flex space now stands at 1.7%, down 60 bps from 2.3% one year ago.

Distribution space vacancy is at 2.0% as of Q1 2022, a decrease of 400 bps since last year. Vacancy for all product types combined is down 290 bps from a year ago, and that number is expected to tick further down as large tenants begin to occupy new spaces throughout 2022. 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

Four industrial buildings were completed in Q1 2022 in the North West submarket: a 1.0 msf speculative (SPEC) distribution building located at 1195 N. 6550 W., which is leased by Stich Fix; a 226,525-sf SPEC project located at 954 S. 4400 W., which is partially leased by Erkelens & Olson Auctioneers; a 184,800-sf distribution building at 4884 W. 1100 S., which is leased by a confidential tenant; and a 117,912-sf warehouse at 1845 W. 1040 S., which is leased by OmniMax International, Coated Metals Group, and Nations Benefits.

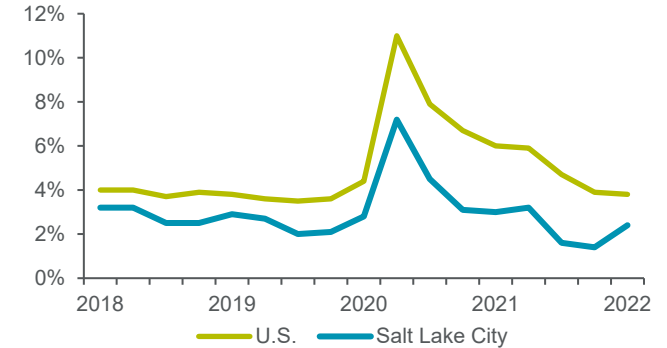
An additional two buildings totaling 190,555 sf at 9120 S. 500 W. and 12711 S. Old Liberty Way in the South West submarket were completed in Q1 2022, which are 64% leased to an undisclosed tenant and PAVmed, Inc., respectively. These deals bring Q1 leasing activity to 1.4 msf. Of the 1.7 msf projects completed in 2022, 66% has been leased.

Salt Lake City's development pipeline remains active with 11.5 msf across 39 new projects currently under construction, 10% of projects are build-to-suit and 90% are SPEC, with 36 slated for delivery in 2022. The remaining projects totaling 4.8 msf are slated to deliver in 2023. Of the total 11.5 msf currently under construction, 2.4 msf, or 21% of inventory, has been pre-leased. The North West submarket will welcome most of the new inventory of approximately 10.4 msf.

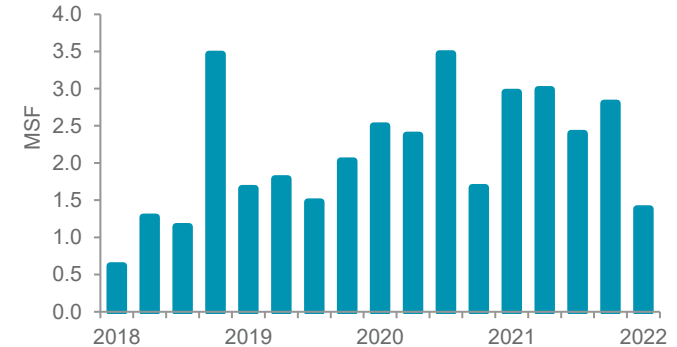
OUTLOOK

- The U.S. industrial market started off the year strong with demand outpacing supply for the sixth consecutive quarter. 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.

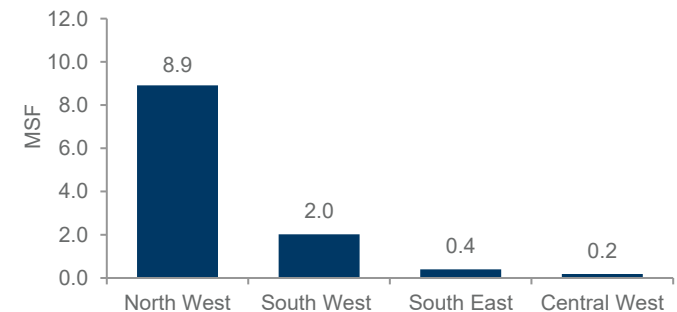
UNEMPLOYMENT RATE IN COMPARISON



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)	CURRENT QUARTER LEASING ACTIVITY (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	5,947,089	140,458	2.4%	31,659	31,659	52,661	0	0	\$0.71	N/A	\$0.70
North West	102,106,109	2,061,293	2.0%	2,141,189	2,141,189	1,084,212	8,912,171	1,540,947	\$0.64	\$0.89	\$0.62
Central East	5,002,381	132,148	2.6%	3	3	37,503	0	0	\$0.64	\$0.50	\$0.42
Central West	16,490,450	117,553	0.7%	0	0	9,290	184,020	0	\$0.72	\$0.65	N/A
South East	2,948,045	46,828	1.6%	-16,730	-16,730	18,417	401,881	0	\$0.90	N/A	N/A
South West	10,907,333	229,830	2.1%	168,588	168,588	180,702	2,016,751	190,555	N/A	N/A	N/A
TOTAL	143,401,407	2,728,110	1.9%	2,324,709	2,324,709	1,382,785	11,514,823	1,731,502	\$0.67	\$0.80	\$0.63
OS/FX	24,802,255	414,061	1.7%	216,664	216,664	62,752	141,775	0	\$0.74		
MFG	19,488,105	383,426	2.0%	0	0	240,274	0	0	\$0.80	\$0.80	
W/D	99,055,552	1,930,623	2.0%	2,108,045	2,108,045	1,079,759	11,373,048	1,731,502	\$0.63		\$0.63
TOTAL	143,401,407	2,728,110	1.9%	2,324,709	2,324,709	1,382,785	11,514,823	1,731,502	\$0.67	\$0.80	\$0.63

*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 2022

PROPERTY	SUBMARKET	TENANT	SF	TYPE
3490 W. 1820 S.	North West	Blue Chip Group	240,274	New
480 N. 5600 W.	North West	Closure Systems International	202,250	Renewal
2265 S. 900 W.	North West	Mesa Systems, Inc.	188,992	Renewal
4884 W. 1100 S.	North West	Confidential	175,560	New
1420 S. 5070 W.	North West	Kuehne + Nagel, Inc.	124,476	Renewal

KEY SALES TRANSACTIONS Q1 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	Investment / Owner/User
6020 W. 300 S.	North West	CH Realty IX-GBB Salt Lake City Street South, LP / REEF CPIF 6020 West 300 South, LLC (DWS)	833,280	Owner/User
4867 W. Harold Gatty Dr.	North West	Reich Bros. Western Avenue Capital	125,036	Owner/User
3215 W. 500 S.	North West	Confidential	36,913	Owner/User

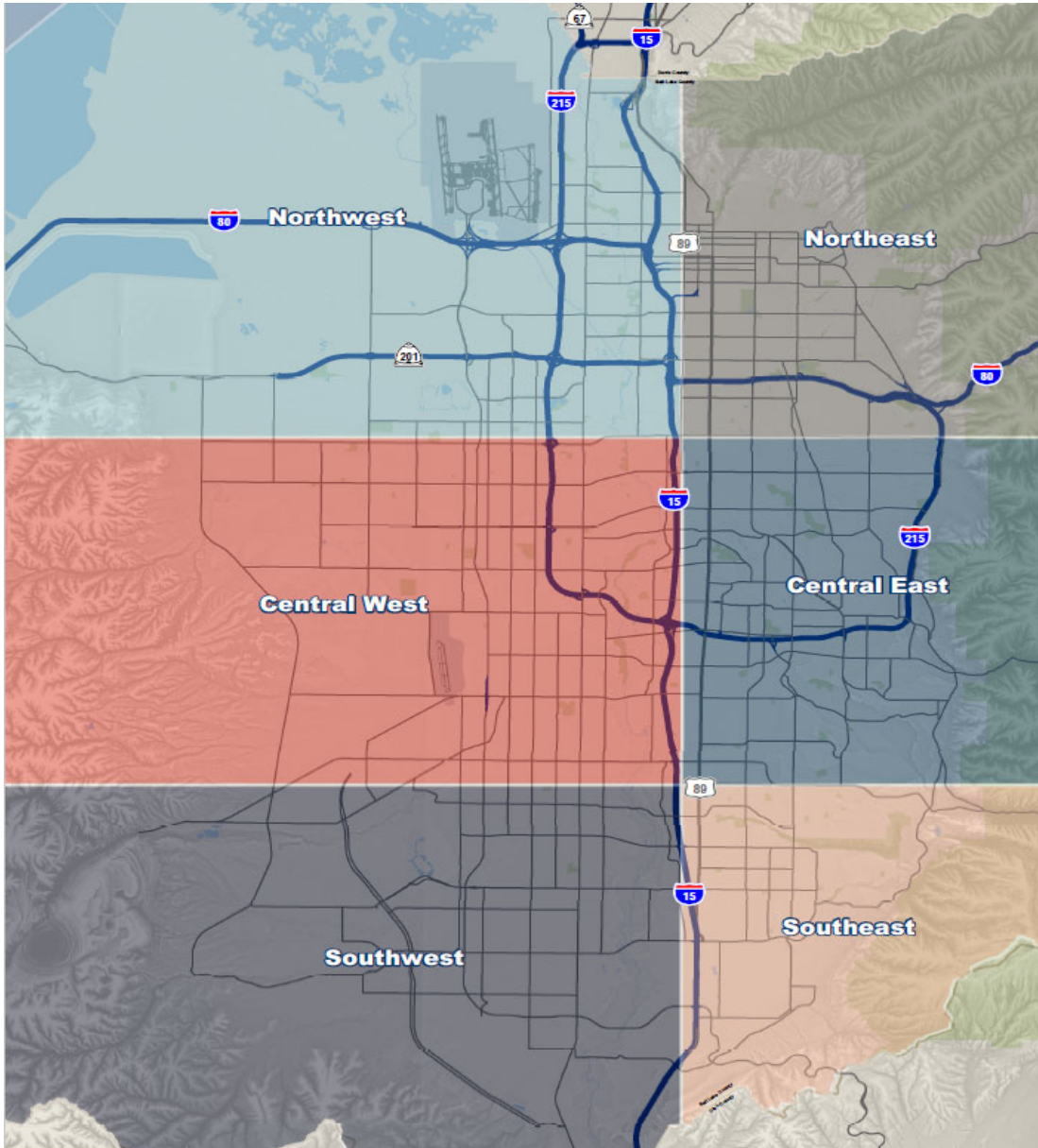
KEY CONSTRUCTION COMPLETIONS 2022

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
1195 N. 6550 W.	North West	Stitch Fix	1,011,710	The Ritchie Group The Ritchie Group
954 S. 4400 W.	North West	Erkelens & Olson Auctioneers	226,525	Phelan Development Phelan Development

Salt Lake City

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INDUSTRIAL SUBMARKETS



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