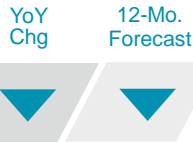


Salt Lake City

Industrial Q2 2022

2.3%
Vacancy Rate



2.0M
Net Absorption, SF



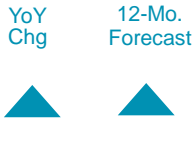
\$0.71
Asking Rent, PSF



Overall, Net Asking Rent

ECONOMIC INDICATORS Q2 2022

787.3K
Salt Lake City Employment



2.0%
Salt Lake City Unemployment Rate



3.6%
U.S. Unemployment Rate



Source: BLS

ECONOMIC OVERVIEW

Entering the midyear point of 2022, many offices in the Salt Lake City area continued remote or hybrid remote/in-person work, due to threats of Covid-19 variants and rising gas prices. Employee's also want to continue a flexible working model. Salt Lake City's nonfarm employment grew by 23,200 or +3% year-over-year (YOY) between May 2021 through May 2022. During the same time, the monthly unemployment rate decreased from 3.0% last year to 2.0%. 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 \$89.2 billion as measured by 2021 gross domestic product is forecasted to grow 4.1% in 2022 and up another 4% in 2023, above its 10-year average of 3.1%.²

SUPPLY AND DEMAND

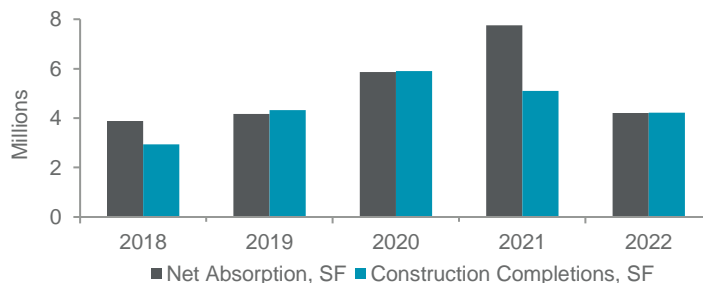
The overall vacancy rate, including sublease, increased 30 basis points (bps) quarter-over-quarter (QOQ), and decreased 130 bps YOY to 2.3% in Q2 2022. The current vacancy is modestly lower (-180 bps) than the five-year average of 4.1%, and well below the historical high of 8.9% recorded after the last recession in 2011. Vacancy continues to decrease despite a substantial 4.2 million square feet (msf) of new product that 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. Note that 101.6 msf or 69% of the base industrial inventory (145.9 msf) in Salt Lake City is comprised of W/D product type.

Tenants absorbed 2.0 msf across all product types in Q2 2022 compared to 2.1 msf during Q1 2022 and 2.7 msf during Q2 2021. Most occupancy gains during the second quarter were recorded in the North West submarket, which saw 1.9 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).

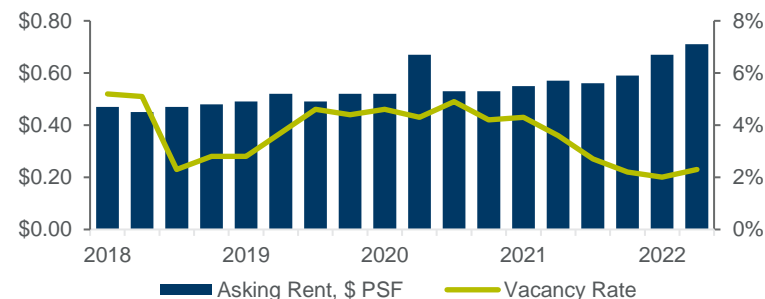
Leasing activity remained active during the second quarter at 1.6 msf (34 deals), excluding renewals, compared to 1.5 msf (49 deals) in Q1 2022 and 2.9 msf (63 deals) in Q2 2021. In the first two quarters of 2022, tenants leased 3.1 msf (83 deals) compared to 5.9 msf (129 deals) in the first two quarters of 2021. The North West submarket accounted for the most leasing or 1.2 msf (75%) in the second 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 2.4 msf (56 deals) or 76% 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 Q2 2022

PRICING

The average asking rent for all product types combined was \$0.71 per square foot (psf) per month on a triple net basis, a 2.8% increase QOQ and 23.6% 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 0.6% in Q2 2022, down 120 bps from 1.8% a year ago. Vacancy for flex space now stands at 1.3%, down 50 bps from 1.8% one year ago.

Distribution space vacancy is at 2.8% as of Q2 2022, a decrease of 160 bps since last year. Vacancy for all product types combined is down 130 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 Q2 2022 in the North West submarket: a 1.0 msf speculative (SPEC) distribution building located at 990 N. 6550 W., which is leased by a confidential tenant; an 833,280-sf SPEC project located at 6020 W. 300 S., which is available for lease; a 206,800-sf vacant distribution building at 6941 W. 2100 S.; and a 198,000-sf warehouse at 6865 W. 2100 S., which is leased by Ready Alliance Group, Inc.

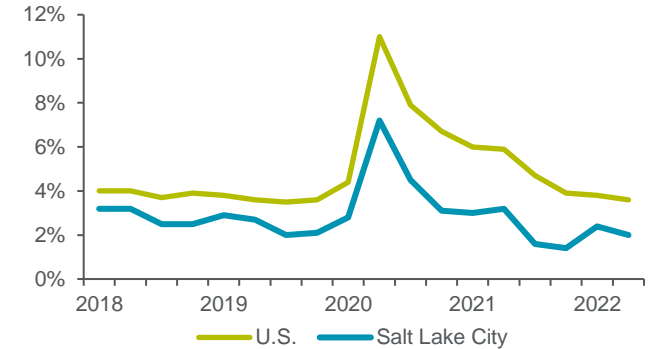
An additional four buildings totaling 212,699 sf at 287 W. 12300 S., 14655-14687 S. 855 W., and 14701-14725 S. 855 W. in the South West submarket were completed in Q2 2022, which are 87% leased to confidential tenants. These deals bring Q2 leasing activity to 1.6 msf. Of the 2.4 msf projects completed in the second quarter of 2022, 57% has been leased.

Salt Lake City's development pipeline remains active with 9.5 msf across 36 new projects currently under construction, 6% of projects are build-to-suit and 94% are SPEC, with 28 slated for delivery in 2022. The remaining projects totaling 3.2 msf are slated to deliver in 2023 and one building totaling 35,911 sf is slated to be completed in 2024. Of the total 9.5 msf currently under construction, 1.8 msf, or 19% of inventory, has been pre-leased. The North West submarket will welcome most of the new inventory of approximately 8.0 msf.

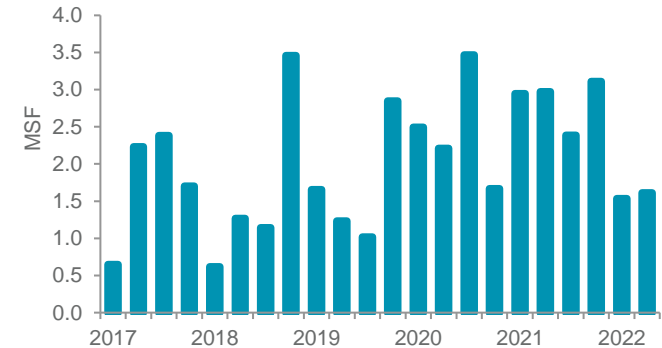
OUTLOOK

- Salt Lake City's industrial market fundamentals remained strong in the first two quarters of 2022, boosted by outperforming local job and population growth. Salt Lake City has weathered the pandemic-induced downturn better than most U.S. markets, and tenant demand for logistics and W/D space has substantially increased. Tenant demand also remains high for additional trailer/yard space as the market is uniquely positioned within a day's drive of most major Western cities.
- As new construction continues to deliver over the next two quarters, 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 stand apart from other markets.

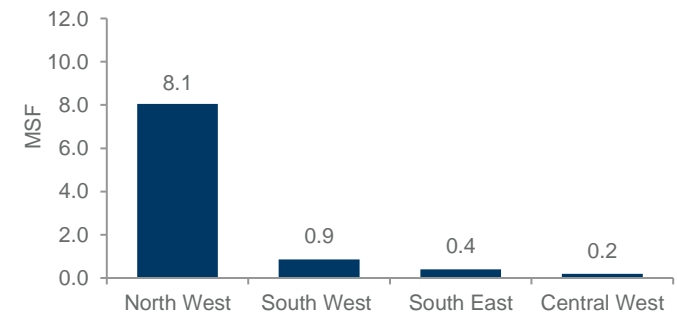
UNEMPLOYMENT RATE IN COMPARISON



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	148,825	2.5%	-7,000	12,209	6,020	0	0	\$0.72	N/A	\$0.71
North West	104,370,032	2,512,225	2.4%	1,957,437	3,986,580	1,208,627	8,053,299	3,811,275	\$0.67	\$0.68	\$0.64
Central East	5,060,847	88,822	1.8%	8,280	36,419	2,008	0	0	\$0.70	N/A	\$0.48
Central West	16,496,690	97,027	0.6%	-23,474	-17,234	17,092	184,020	6,240	\$0.73	\$0.65	\$0.79
South East	2,948,045	134,056	4.5%	-47,525	-103,958	271,625	401,881	0	\$0.92	N/A	\$1.05
South West	11,120,032	315,557	2.8%	126,972	295,560	108,893	861,390	403,254	\$0.81	N/A	\$0.76
TOTAL	145,942,735	3,296,512	2.3%	2,014,690	4,209,576	1,614,265	9,500,590	4,220,769	\$0.71	\$0.67	\$0.68
OS/FX	24,837,882	328,380	1.5%	20,723	242,988	118,211	141,775	0	\$0.75		
MFG	19,488,105	115,016	0.6%	240,274	268,410	296,410	0	0	\$0.67	\$0.67	
W/D	101,616,748	2,853,116	2.8%	1,753,693	3,698,178	1,199,644	9,358,815	4,220,769	\$0.68		\$0.68
TOTAL	145,942,735	3,296,512	2.3%	2,014,690	4,209,576	1,614,265	9,500,590	4,220,769	\$0.71	\$0.67	\$0.68

*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 2022

PROPERTY	SUBMARKET	TENANT	SF	TYPE
13004 S. Pony Express Rd.	South East	KNS International	253,825	New
6865 W. 2100 S.	North West	Ready Alliance Group, Inc.	198,000	New
954 S. 4400 W.	North West	Berlin Packaging	166,650	New
1396 N. 2200 W.	North West	Growve	148,018	New
175 N. Apollo Rd.	North West	Pretium Packaging	97,350	New

KEY SALES TRANSACTIONS Q2 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	Investment
2580-2620 S. Decker Lake Blvd.	North West	Summit Exchange Services FBO 2620 Decker Lake, LLC & DPRE 26 G&I X Decker Lake, LLC	423,881	Investment
514 W. Pickett Cir.	North West	BCG Pickett Circle, LLC & DC Pickett Circle, LLC Greenlaw Acquisitions	104,200	Investment

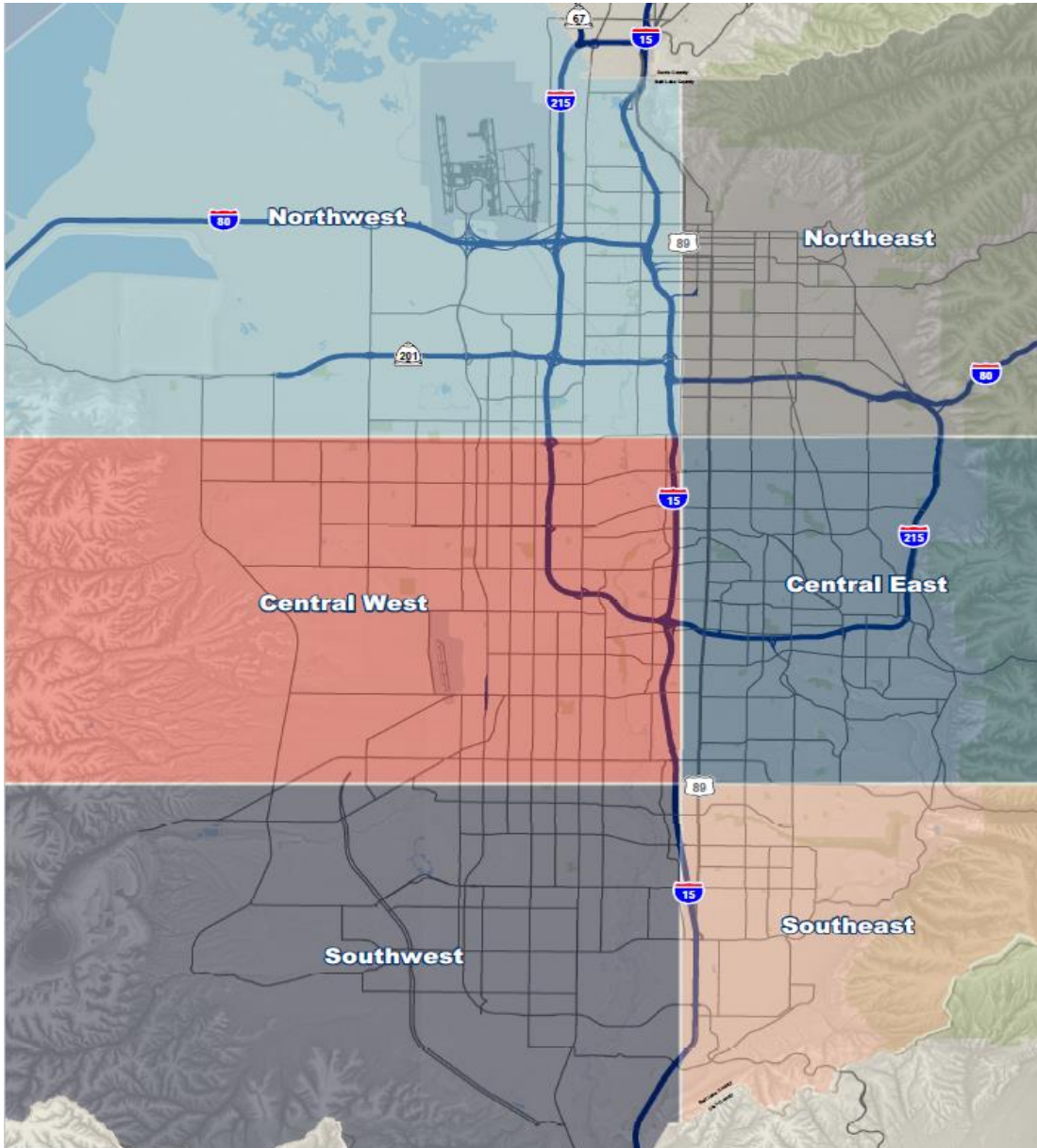
KEY CONSTRUCTION COMPLETIONS Q2 2022

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
990 N. 6550 W.	North West	Confidential	1,032,248	Colmena Group & Wadsworth Group
6020 W. 300 S.	North West	N/A	833,280	REEF CPIF 6020 West 300 South, LLC (DWS) Gardner Batt/BCG Holdings

Salt Lake City

Industrial Q2 2022

INDUSTRIAL SUBMARKETS



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