

	YoY Chg	12-Mo. Forecast
3.1% Vacancy Rate	▲	▼
538K Net Absorption, SF	▲	▲
\$0.78 Asking Rent, PSF	▲	▲

Overall, Net Asking Rent

ECONOMIC OVERVIEW

Nonfarm employment grew by 28,300 jobs or 3.6% year-over-year (YOY) from February 2022 through February 2023, with the service-producing sector leading with 22,879 jobs added, while the office-using sector added 6,357 jobs YOY. During the same time, the monthly unemployment rate increased from 2.2% to 2.5% YOY and is currently 100 basis points (bps) lower than the U.S. unemployment rate of 3.5%.¹ Eleven of the twelve employment sectors are expected to grow at a rate of 1.7% in 2023, notably the professional & business services sector is forecasted to grow 3.1% and the service-producing sector 1.7%. Salt Lake City's economy of \$94.5 billion as measured by 2022 gross regional product is forecasted to rise by 2.7% in 2023 and 3.6% in 2024, which mirrors the 10-year average of 3.6%.²

VACANCY AND DEMAND

The overall vacancy rate, including sublease, increased 30 bps quarter-over-quarter (QOQ), and climbed 140 bps YOY to 3.1% in Q1 2023. The current vacancy is modestly lower (-100 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 is slated to decrease despite a substantial 994,870 square feet (sf) of new product that delivered since the beginning of 2023 due in part to significant preleasing activity as developers seek to meet robust demand for industrial space. Most, or over 93%, of new construction has been concentrated in warehouse and distribution (W/D) space over the last 10 years and has continued through 2023. Approximately 108.5 million square feet (msf) or 71% of the base industrial inventory (152.5 msf) in Salt Lake City is comprised of W/D product type.

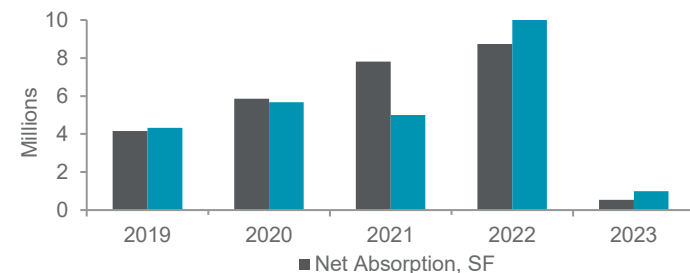
ECONOMIC INDICATORS Q1 2023

	YoY Chg	12-Mo. Forecast
818K Salt Lake City Employment	▲	▲
2.5% Salt Lake City Unemployment Rate	▲	▬
3.5% U.S. Unemployment Rate	▼	▲

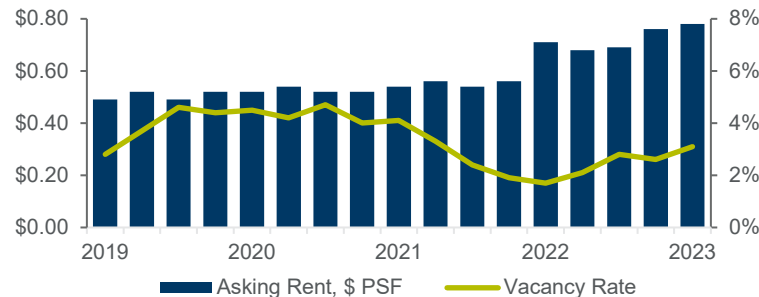
Across the region, the market's tightest product available is manufacturing space with overall vacancy at 0.3% in Q1 2023, down 160 bps from 1.9% a year ago. Vacancy for flex space now stands at 0.1%, down 60 bps from 1.1% one year ago. Warehouse/Distribution vacancy is at 4.2% as of Q1 2023, an increase of 240 bps since last year. Vacancy for all product types combined is up 140 bps from a year ago, but that number is expected to tick down as large tenants begin to occupy new spaces in the second quarter of 2023.

Tenants absorbed 538,368 sf across all product types in Q1 2023 compared to 2.6 msf during Q4 2022. Most occupancy gains during the first quarter were recorded in the South East submarket, which yielded 310,230 sf of positive net absorption. In comparison, the five-year average (2019-2023) occupancy growth has been 5.1 msf. Occupancy growth of 7.7 msf in 2021 was the highest on record reported by Cushman & Wakefield.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY / ASKING RENT



Source: BLS, Moody's Analytics

Salt Lake City

Industrial Q1 2023

PRICING / LEASING ACTIVITY

The average asking rent for all product types combined was \$0.78 per square foot (psf) per month on a triple net basis, a 2.6% increase QOQ and 9.8% annually. With stout demand for modern industrial distribution centers, average asking rents are expected to tick up led by newly delivered space.

Leasing activity remained active during the first quarter at 936,443 sf (46 deals), excluding renewals, compared to 2.5 msf (30 deals) in Q4 2022 and 2.5 msf (51 deals) in Q3 2022. In Q1 2022 49 deals were inked totaling 1.4 msf. Throughout 2022, tenants leased 9.3 msf (175 deals) compared to 11.4 msf (230 deals) in 2021. The North West submarket accounted for the most leasing or 7.1 msf (85%) in 2022 and 10.3 msf (89%) in all of 2021. The recent healthy activity will boost future absorption as tenants occupy their space in 2023. Leasing of W/D space accounted for 851,351 sf (35 deals) or 91% of Q1 2023 total leasing activity and 8.5 msf (133 deals) or 91% in all of 2022 as the rapid growth of e-commerce and same-day delivery has created ever-greater demand for industrial space near major metropolitan areas. Tenant demand is expected to remain steady for online retail and distribution tenants.

DELIVERIES AND FUTURE INVENTORY

There were five industrial buildings totaling 994,870 sf completed in Q1 2023. Of these, two are within the North West submarket highlighted by Wingpointe Logistics, a 504,528-sf speculative (SPEC) project located at 4951 W. 150 S. Other top deliveries included a 253,825-sf SPEC project leased by KNS International at 13004 S. Pony Express Rd. and a SPEC building totaling 179,400 sf located at 150 S. 6020 W. Two additional SPEC buildings totaling 57,117 sf in the South West submarket were also completed in Q1 2023, both available for lease at Bringham Station. Of the 2.5 msf projects completed in the fourth quarter of 2022, 82% has been leased to major tenants including Harvest Right, Living Spaces Furniture, Global Mail, Novo Recycling, and Smalley & Company.

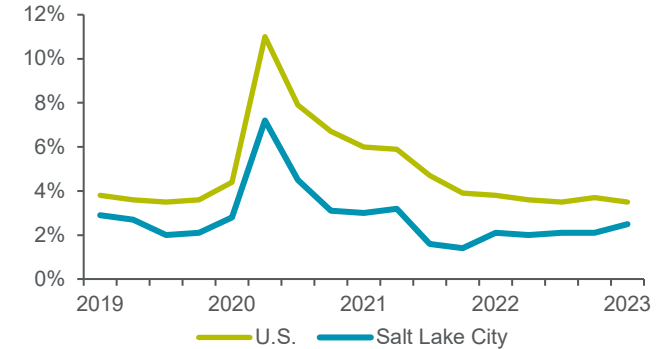
Salt Lake City's development pipeline remains active with 6.5 msf across 22 new projects currently under construction, 95% of which are on a speculative basis, with 15 slated for delivery in the second quarter of 2023. The remaining projects totaling 1.9 msf are slated throughout the remainder of 2023. Of the total 6.5 msf currently under construction, 926,832 sf, or 14% of inventory, has been pre-leased.

Sources: ¹www.bls.gov ²Moody's Analytics economy.com 2/2023

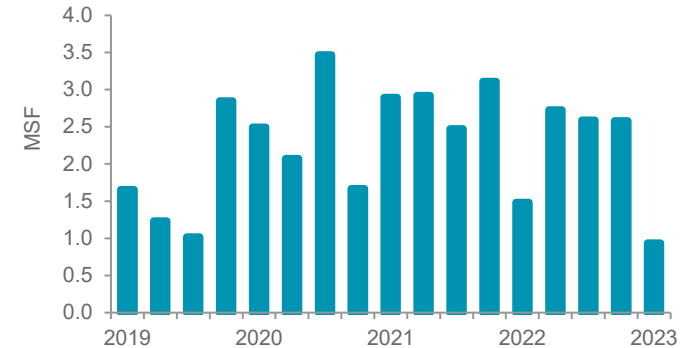
OUTLOOK / TRENDS

- Leasing activity will likely remain strong through the first half of 2023. Tenant demand for W/D and Manufacturing space has substantially increased. E-commerce continues to attract national tenants that are expanding their presence in the region. Tenant demand also remains high for outdoor storage and trailer/yard spaces, as the market is uniquely positioned within a day's drive of most major Western cities. Rates are expected to continue their trend upward, industrial land rates are stabilizing, and the lack of inventory in core markets is pushing developers to look at outlying areas. New construction starts are expected to be delayed until capital markets, inflation, and lending conditions begin to see an improvement.
- As new construction continues to deliver through the first half of 2023, absorption is expected to remain steady, 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 allows Salt Lake City to stand apart from other markets.

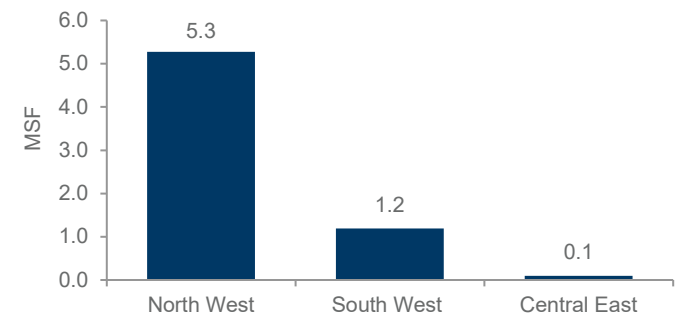
UNEMPLOYMENT RATE IN COMPARISON



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 AVAILABLE INCLUDING U/C (SF)	OVERALL WEIGHTED AVG NET RENT (ALL TYPES)*	DIRECT WEIGHTED AVG NET RENT (ALL TYPES)*
North East	5,947,749	10,000	0.2%	14,790	14,790	14,790	0	0	10,000	\$0.50	\$0.50
North West	109,571,317	3,945,302	3.6%	121,987	121,987	588,271	5,279,945	683,928	10,031,210	\$0.77	\$0.78
Central East	5,194,943	30,403	0.6%	0	0	52,224	98,619	0	182,158	\$0.81	\$0.94
Central West	16,563,591	243,116	1.5%	225	225	18,570	0	0	239,110	\$0.83	\$0.83
South East	2,755,240	23,109	0.8%	310,230	310,230	56,405	0	253,825	161,800	\$1.06	\$1.10
South West	12,482,748	494,327	4.0%	91,136	91,136	206,183	1,190,050	57,117	1,530,290	\$1.09	\$1.09
TOTAL	152,515,588	4,746,257	3.1%	538,368	538,368	936,443	6,568,614	994,870	12,154,568	\$0.78	\$0.80
OS/FX	24,321,263	103,209	0.4%	6,137	6,137	61,441	117,767	0	328,373	\$1.06	\$0.99
MFG	19,692,138	50,753	0.3%	-886	-886	23,651	0	0	148,777	\$0.89	\$0.78
W/D	108,502,187	4,592,295	4.2%	533,117	533,117	851,351	6,450,847	994,870	11,677,418	\$0.77	\$0.80
TOTAL	152,515,588	4,746,257	3.1%	538,368	538,368	936,443	6,568,614	994,870	12,154,568	\$0.78	\$0.80

*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 2023

PROPERTY	SUBMARKET	Tenant	SF	TYPE	Rent (Per Month)
1630 S. 5070 W.	North West	Pacific Flyway Wholesale, LLC	507,007	Renewal	\$0.73 NNN
2037 S. 5070 W.	North West	Alpha Plastics of Utah, LLC	159,995	Renewal	\$0.84 NNN
12722 S. 4000 W.	South West	Advance Displays & Store Fixtures, Inc.	76,675	New – Direct	\$1.30 NNN
350 N. John Glenn Rd.	North West	1-800 Contacts, Inc.	67,124	Renewal	\$0.88 NNN

KEY SALES TRANSACTIONS Q1 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SF	INVESTMENT / OWNER - USER	Price / \$PSF
2234 S. 5900 W.	North West	Brennan Investment Group Westcore Properties	397,894	Investment	\$52.2M \$131
5498 W. Hammerfest Dr.	South West	Daybreak Holiday, LLC Wagstaff Investments, LLC	76,160	Investment	Confidential
3815 West Parkway Blvd.	North West	JDE Investments, LLC EMK Equities	50,247	Investment	\$6M \$119

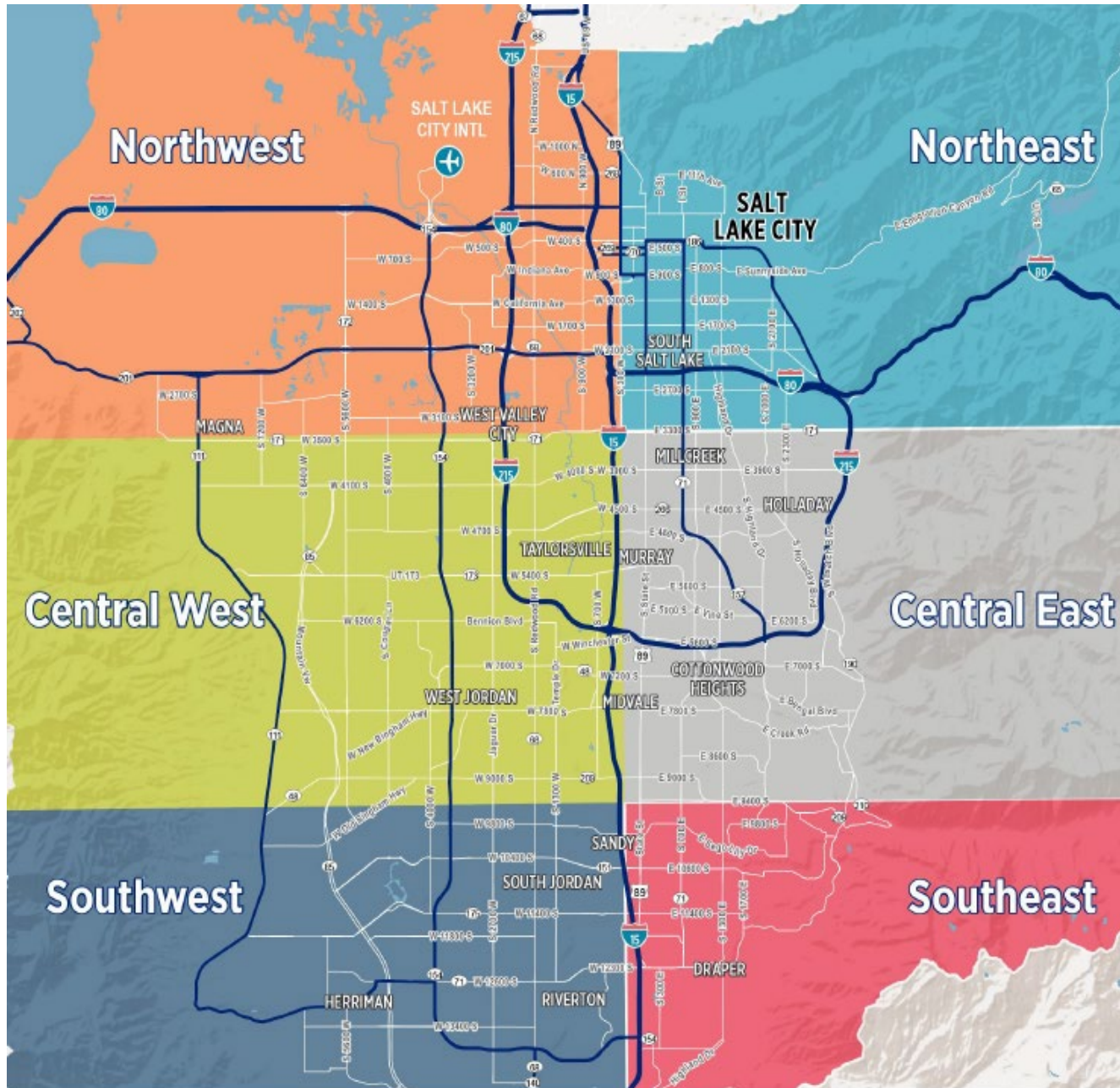
KEY CONSTRUCTION COMPLETIONS Q1 2023

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
4951 W. 150 S.	North West	N/A	504,528	Hines
13004 S. Pony Express Rd.	South East	KNS International, LLC	253,825	Exeter

Salt Lake City

Industrial Q1 2023

INDUSTRIAL SUBMARKETS



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