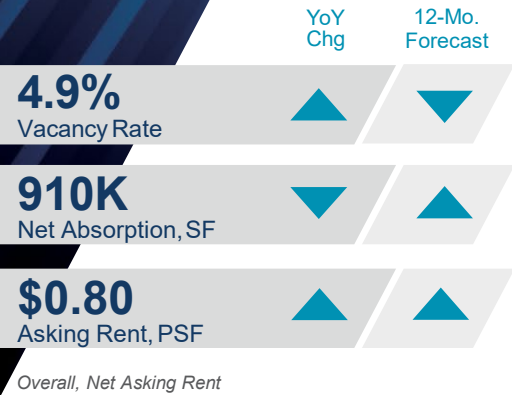
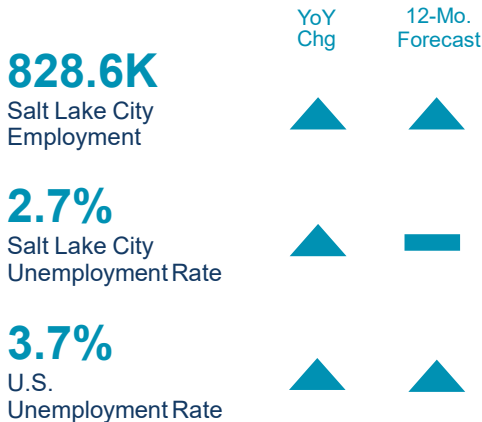


Salt Lake City

Industrial Q4 2023



ECONOMIC INDICATORS Q4 2023



ECONOMIC OVERVIEW

In Q4 2023, the Salt Lake City market recorded an employment level of 828,600 jobs while the unemployment rate increased from 2.4% in Q4 2022 to 2.7% in Q4 2023.¹ The metro area continues to record strong growth, as the number of households climbed since 2020 by 5.0% to 448,536 in 2023. Wage growth continues to bring job seekers back into the labor market, as the median household income reached \$99,900 in Q4 2023, an increase of 4.9% year-over-year (YOY). The Salt Lake City economy of \$98.3 billion as measured by 2023 gross metro product is forecasted to climb to \$100.7 billion in 2024 and \$104.4 billion in 2025.²

SUPPLY AND DEMAND

The overall vacancy rate, including sublease, edged higher by 20 basis points (bps) quarter-over-quarter (QOQ), and climbed 230 bps YOY to 4.9% in Q4 2023. The current vacancy rate is above the five-year average of 4.1%, and 50 bps higher than the 4.4% recorded in Q4 2019 before the COVID pandemic. Despite 6.9 million square feet (msf) of new industrial space delivered since the beginning of 2023, vacancy is slated to decrease. This is due in part to significant preleasing activity, as developers seek to meet the robust demand for industrial space. Over the past 10 years, more than 93% of new construction in Salt Lake City has focused on warehouse and distribution (W/D) space, a trend that continued through 2023. Of the city's total 158.3 msf of industrial inventory, 114.1 msf or 72% is W/D product.

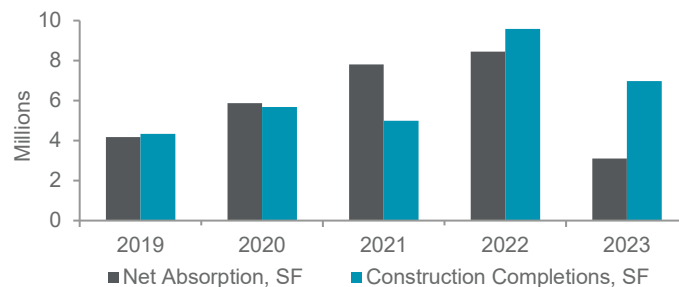
The region's office service/flex space remains the tightest product in the market, with an overall vacancy of just 0.2% in Q4 2023, down 10 bps since Q4 2022. Manufacturing vacancy now stands at 0.4%, a 10-bps increase from 0.3% in Q4 2022.

Warehouse/distribution vacancy surged to 6.8% in Q4 2023, up 320 bps YOY. While vacancy across all product types combined rose 230 bps over the past year, it is expected to decline as large tenants begin occupying new spaces in Q1 2024.

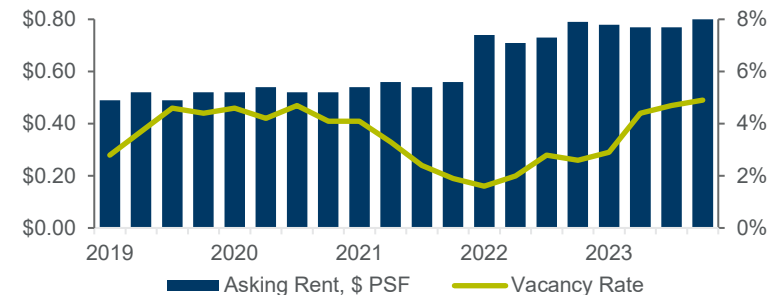
The Salt Lake City industrial market has registered a rise in sublease vacancies, with 2.4 msf currently available. Major new sublease spaces that came on the market this quarter are located in the North West submarket, including 243,000 square feet (sf) at 150 S. 6070 W., 89,000 sf at 5041 W. 2400 S., and 68,000 sf at 6252 W. Beagley Rd.

In the fourth quarter of 2023, tenants leased 910,174 sf across all product types, down slightly from 916,419 sf in the third quarter. The North West submarket recorded the most occupancy growth in Q4, with 903,182 sf of positive net absorption. By comparison, the five-year average from 2018-2023 was 5.1 msf. The highest on record was 7.7 msf in 2021, according to Cushman & Wakefield historical data.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY / ASKING RENT



Salt Lake City

Industrial Q4 2023

RATES AND LEASING ACTIVITY

The average asking rent across all product types was \$0.80 per square foot (psf) monthly, on a triple net basis, a 3.8% quarterly increase, and a 1.2% yearly increase. Driven by strong demand for modern industrial distribution centers, average asking rents are expected to rise, led by newly delivered properties.

Leasing activity rose in the fourth quarter to 1.5 msf, excluding renewals, up from 1.4 msf in the third quarter of 2023. As the North West submarket accounts for 72% of the market's inventory, it easily propelled leasing totals with 1.3 msf of volume (88% of the total) and was highlighted by a 340,000-sf deal inked by a confidential tenant at Airport Industrial S. Warehouse and logistics facilities are the key driver of the local industrial market and the strong demand within this sector stems from the rapid growth of e-commerce and same-day delivery, which has greatly increased the need for industrial facilities near major metropolitan areas. Tenant demand from online retailers and distributors is expected to remain steady. Notable fourth-quarter move-ins included Kane Warehousing, Thales USA, iGPS Logistics, Pirtek, and CWS, all contributing to the 910,174 sf of positive absorption.

DELIVERIES AND FUTURE INVENTORY

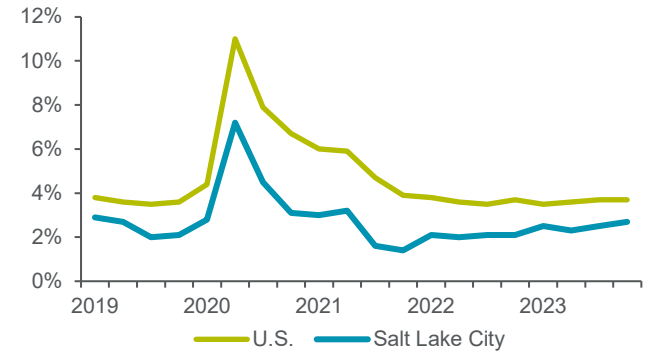
Three industrial buildings totaling 1.2 msf were completed in Q4 2023. The buildings were all W/D speculative (SPEC) projects located in the North West, Central East, and South West submarkets. The largest was a 1.0-msf building at 111 Commerce Center A, located at 6802 W. Old Bingham Highway, followed by a 172,847-sf building at 3175 W. 500 S., and a 99,052-sf building at 565 Parkland Drive. Of the 6.9 msf completed in 2023, 49% has been pre-leased to major tenants including Kane Warehousing, KNS International, Wier Group, and Western Cargo Services.

Salt Lake City has 14 new construction projects totaling 5.6 msf underway. The majority are located in the North West submarket, with delivery slated for 2024 through 2025. Of the 5.6 msf under construction, 2.3 msf (41%) has already been pre-leased to tenants including Firestone, New Balance, IDF, and Specialized Bicycle Components.

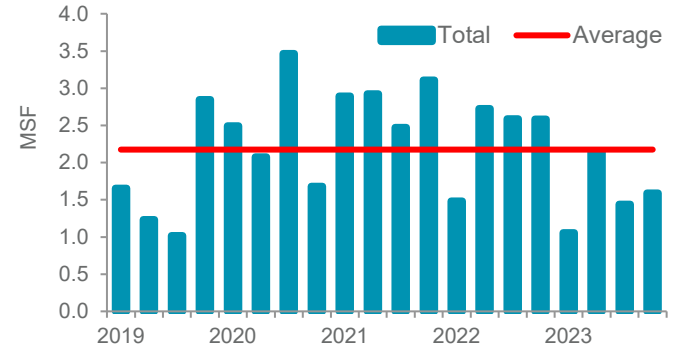
OUTLOOK / TRENDS

- Leasing activity should hold steady through the first quarter of 2024 as tenants continue seeking warehouse, distribution, and manufacturing spaces, especially those between 30,000-40,000 sf. Demand persists for outdoor storage and trailer yards, pushing asking rates up. While industrial land values have stabilized, tight inventory in core markets prompts developers to explore outlying areas. However, new construction may be postponed until capital markets, inflation, and lending conditions improve.
- As new industrial product deliveries and groundbreakings slow in 2024, absorption is expected to remain steady while average asking rents will continue rising. Vacancy rates are also forecast to drop as large tenants occupy current developments, shifting demand toward subleases and putting extra pressure on an already tight industrial real estate market.
- Salt Lake City is well-positioned to thrive as its local economy continues to outperform many of its peer markets. Ongoing net in-migration and demand for work-life balance make Salt Lake City an appealing location for industry and new businesses.

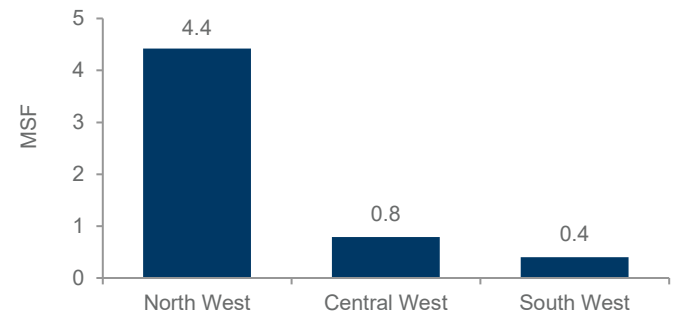
UNEMPLOYMENT RATE IN COMPARISON



NEW LEASING ACTIVITY - EXCLUDING RENEWALS



UNDER CONSTRUCTION BY SUBMARKET



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	DIRECT VACANT (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)*
North East	6,002,542	41,280	41,280	0.7%	-31,280	-16,490	0	0	0	100,470	\$0.81
North West	114,055,647	5,295,994	6,390,890	5.6%	903,182	2,258,182	1,397,523	4,420,276	5,548,253	10,379,580	\$0.79
Central East	5,349,626	99,052	99,052	1.9%	6,244	38,079	13,588	0	99,052	145,505	\$1.04
Central West	16,680,249	74,057	74,057	0.4%	0	97,691	16,801	785,860	0	985,456	\$0.98
South East	2,755,240	7,174	7,174	0.3%	0	326,165	37,864	0	253,825	124,539	\$1.11
South West	13,505,375	1,209,728	1,209,728	9.0%	32,028	388,046	124,957	399,665	1,079,744	1,516,365	\$1.23
TOTAL	158,348,679	6,727,285	7,822,181	4.9%	910,174	3,091,673	1,590,733	5,605,801	6,980,874	13,251,915	\$0.80
OS/FX	24,273,690	31,487	31,487	0.2%	0	48,508	0	117,767	0	264,279	\$0.99
MFG	19,936,242	85,189	85,189	0.4%	35,057	-75,480	13,575	0	0	294,468	\$0.82
W/D	114,138,747	6,610,609	7,705,505	6.8%	875,117	3,118,645	1,577,158	5,488,034	6,980,874	12,693,168	\$0.81
TOTAL	158,348,679	6,727,285	7,822,181	4.9%	910,174	3,091,673	1,590,733	5,605,801	6,980,874	13,251,915	\$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 Q4 2023

PROPERTY	SUBMARKET	TENANT	SF	TYPE	RENT (PER MONTH)
2260 N. 2200 W.	North West	DHL Supply Chain	374,360	Renewal/Expansion	Confidential
1630 S. 5070 W.	North West	Pacific Flyway Wholesale	297,900	Renewal	Confidential
4951 W. 150 S.	North West	Vobev	252,305	Direct	\$0.76 NNN
955 S. 3800 W.	North West	3Form Holding, Inc.	136,373	Renewal	\$0.67 NNN

KEY SALES TRANSACTIONS Q4 2023

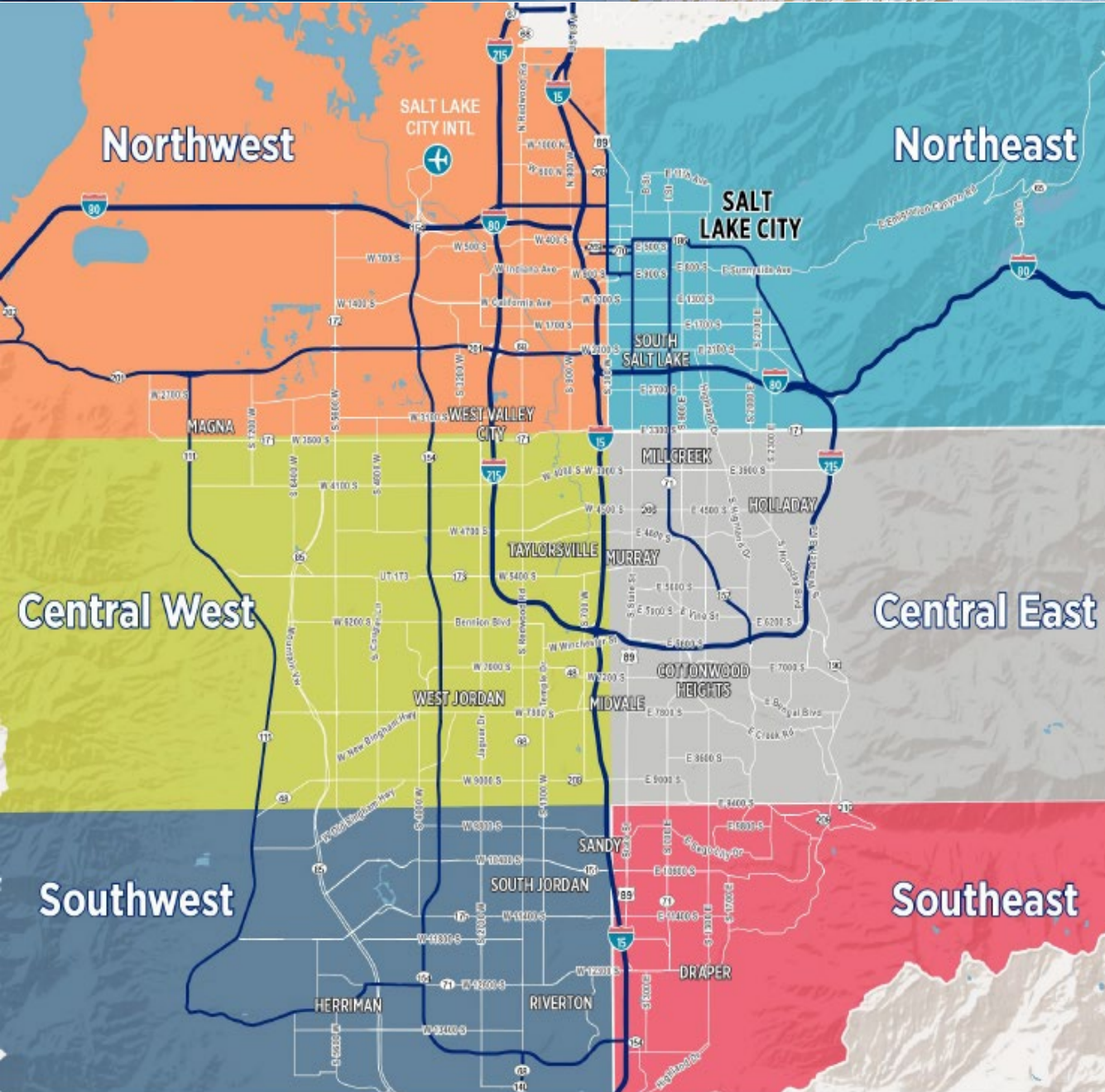
PROPERTY	SUBMARKET	SELLER / BUYER	SF	INVESTMENT / OWNER - USER	PRICE / \$PSF
2307-2401 N. 2200 W.	North West	Perry Commercial Confidential	339,394	Owner/User	Undisclosed
4850 S. 5300 W.	Central West	Cre-Provender Utah Equipment Share Com Inc.	85,837	Investment	Undisclosed
8275 S. Industry Cir.	Central West	W.P. Carey, Inc. JM Eagle	64,000	Investment	Undisclosed

KEY CONSTRUCTION COMPLETIONS Q4 2023

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
6802 W. Old Bingham Highway	South West	Vacant	1,022,624	Boyer
3175 W. 500 S.	North West	Vacant	172,847	ViaWest Group
565 Parkland Drive	Central East	Vacant	99,052	Greenlaw Partners

Salt Lake City

Industrial Q4 2023



Taylor Damm

Senior Research Analyst

Tel: +1 801 303 5400

Taylor.Damm@cushwake.com

Rebecca Lloyd

Research Manager

Tel: +1 801 303 5444

Rebecca.Lloyd@cushwake.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global commercial real estate services firm for property owners and occupiers with approximately 52,000 employees in approximately 400 offices and 60 countries. In 2022, the firm reported revenue of \$10.1 billion across its core services of property, facilities and project management, leasing, capital markets, and valuation and other services. It also receives numerous industry and business accolades for its award-winning culture and commitment to Diversity, Equity and Inclusion (DEI), Environmental, Social and Governance (ESG) and more. For additional information, visit www.cushmanwakefield.com.

©2024 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.