



THE LAST LOOK
2012 UTAH INDUSTRIAL REVIEW
IPG COMMERCIAL MARKET REPORT

JANUARY 2013



IPG

2012 Utah Industrial Review

Utah's only independent industrial focused real estate firm, IPG Commercial, provides a brief yet comprehensive look at the greater Salt Lake metro area industrial marketplace by analyzing market reports from the three largest commercial real estate firms in the area, distilling the information and consolidating the results in a clear bullet format report. While our competitors reports may vary greatly in several key reporting areas, we determine the most likely result, and highlight areas of opportunity utilizing our extensive market experience and unique perspective.

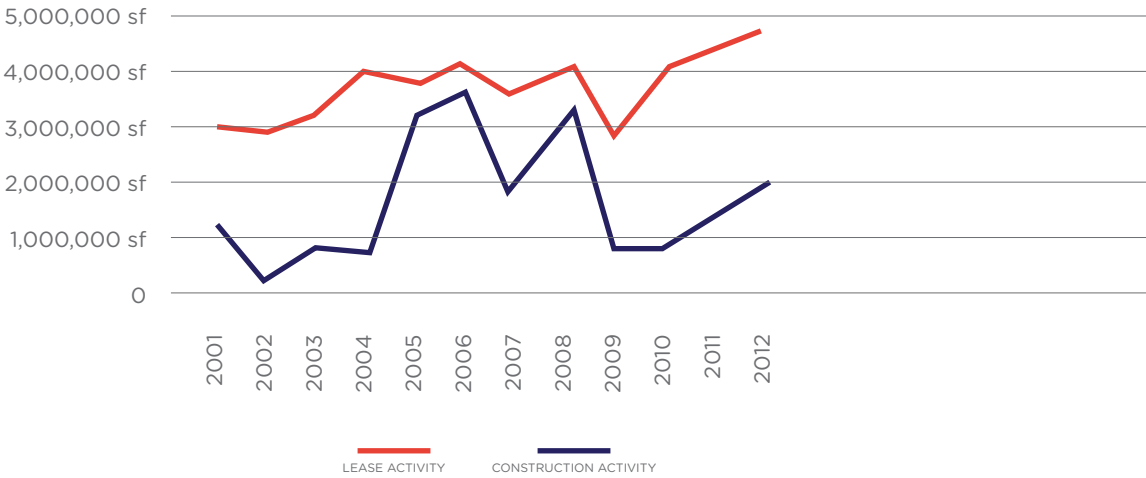
As Warren Buffet once said; "In the business world, the rear view mirror is always clearer than the windshield."

After finishing a record year for leasing and sales activity in Salt Lake County, the picture behind us is very clear; demand for space kept up with supply, and potentially will outpace it in 2013. The characteristics of our market demonstrate stability and equilibrium, and as we predicted last year at this time, pricing has increased, incentives have decreased, and new to the market and existing tenant's and buyers remain active.



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SALT LAKE COUNTY LEASE ACTIVITY & CONSTRUCTION COMPARISON



LEASING

- Third consecutive year of increased activity
- Year over year activity up 8% overall and 23% in increments 100,000 SF and up.
- Bulk distribution accounted for 54% of total lease activity
- Record number of transactions and total activity with over 5 million SF leased

SALES

- 115% Increase in square footage sold from 2011
- 42% of total activity was one sale to Boeing Corporation for 850,000 SF
- Weighted average achieved sale prices decreased
- Record activity of nearly 2 million SF sold

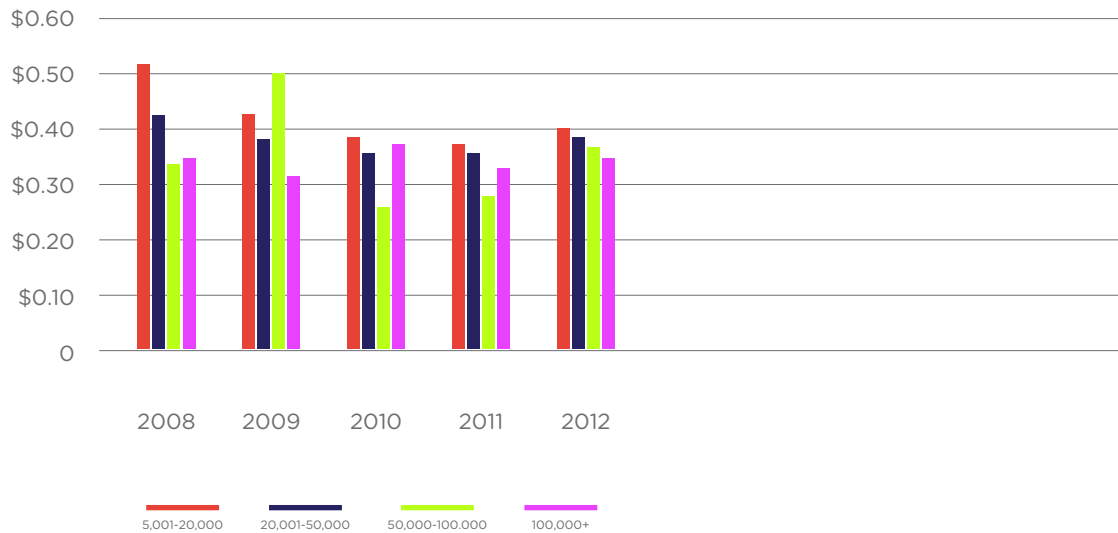
ASKING RATES & ACHIEVED PRICES

- Overall achieved lease rate of \$.37/SF up 5.7% from 2011
- 50,000 SF and up achieved lease rate of \$.35/SF 13.5% better than 2011
- Asking sale prices down 2%
- Achieved sale prices mixed as product less than 100,000 SF decreased and over 100,000 SF increased

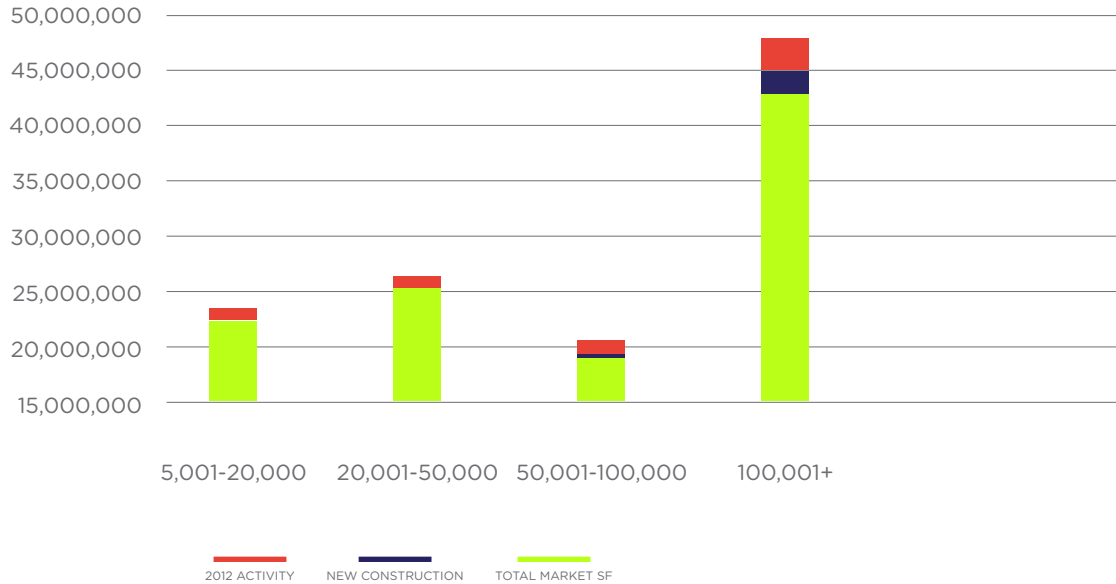
CONSTRUCTION

- Over 2 million SF of space added to the market in 2012
- Another 1 million SF under construction for 2013 delivery
- Substantial preleasing will offset approximately 50% of the new inventory
- Speculative opportunities exist in multiple increments

HISTORICAL LEASE RATES



INVENTORY ANALYSIS



INVENTORY AND VACANCY RATES

- Activity is matching increased supply
- Availability and Vacancy are down slightly from year end 2011 at 8.22% and 6.12% respectively
- Inventory of 50,000+ SF spaces hovers at a 12 month supply
- Small and Mid-box supply down 30% from EOY 2011 with a 16 month supply
- Net absorption for 2012 was approximately 1 million SF

INVESTMENT ACTIVITY

- Total dollars invested in industrial assets increased 8% from 2011
- Lack of institutional deals kept capitalization rate compression in check
- Average Capitalization Rate for industrial assets was 7.8%
- Out of State and Institutional buyers are back in the market

2013 FORECAST

- Existing tenants will look to expand in the coming months
- New tenants in the market will push lease rates higher
- Reasonable land prices, attractive financing alternatives, and above average yield spread will drive sales activity
- Increased capital gains rates and low interest rates will create capitalization rate compression on investments
- Historic activity levels will continue through 2013

KEY PERFORMANCE INDICATORS



2012 Notable Transactions

846,216 SF Sale
Kraftmaid/Masco
Buyer: Boeing Corporation
Salt Lake City

380,000 SF Sale
IDI Portfolio
Buyer: Industrial Income Trust
Salt Lake City, UT

82,780 SF Sale
Layton Portfolio
Buyer: Industrial Square LLC
Salt Lake City

969,000 SF Leased
Landmark 7a & 7b
Lessee: Sun Products
Salt Lake City, UT

150,300 SF Leased
Rockefeller Bldg E
Lessee: FedEx
Salt Lake City

56,882 SF Leased
Sauder Building
Lessee: ProStar Fulfillment
Salt Lake City

Newly Listed Properties

110,000 SF
Industrial Whse
\$2,950,000
Ogden, UT



98,608 SF
Industrial Whse
Negotiable
Salt Lake City



98,000 SF
Industrial Whse
\$3,800,000
Woods Cross, UT



163,336SF
Industrial Whse
Negotiable
Salt Lake City



51,835 SF
Industrial Whse
\$2,100,000
South Salt Lake



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