



THE LAST LOOK

2019 YEAR-END SALT LAKE CITY

INDUSTRIAL REVIEW

IPG COMMERCIAL MARKET REPORT

JANUARY 2020

2019 Year-End Utah Industrial Review

Salt Lake ends 2019 with historically exciting numbers as net absorption has taken 4.2 million SF in 2019. This was well balanced by the fact that Utah had the second highest annual total of delivered new construction at 4.1 million SF with 7.6 million under construction at year end. The new construction in 2019 gives little relief to the undersupplied market and with the strong interest for industrial real estate in Utah, the state prepares to continue its rapid growth.

High demand has created an average lease rate increase of 4.7% since 2018 and there is no indication of demand decreasing as Amazon, Exel and other large tenants expand their presence in the Salt Lake area. Overall Lease rates have been healthily increasing even as absorption rates decreased this year which largely can be attributed to large owner-user BTS projects that accounted for almost 60% if delivered construction. Sellers also had an exciting year with prices per square foot averaging a 15% increase PSF across the market from 2018 to 2019 continuing the high investor interest in the Utah market.

The economy is set to have another successful year with 2019 showing that Utah is prepared to grow with the large demand of the industrial sector. IPG is also prepared to find success in the Utah market with the leasing of Copper Crossings first building and with high activity in most other major markets nationwide. Below is a brief summary and key sale transactions in the market.



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INDUSTRIAL ACTIVITY AT A GLANCE

LEASING CHANGES YEAR OVER YEAR

- Direct vacancy up to 3.63
- Absorption up to 4.2 million SF
- Construction up 59.8%
- Leased SF up 22.8 % to 6.34 million SF
- Average lease rate up 8.3%

SALT LAKE ECONOMY

- 2.5 % Unemployment rate opposed to U.S. average of 3.6%
- 42% of population with associate's degree or higher
- 16,000 jobs added last year

SALES CHANGES YEAR OVER YEAR

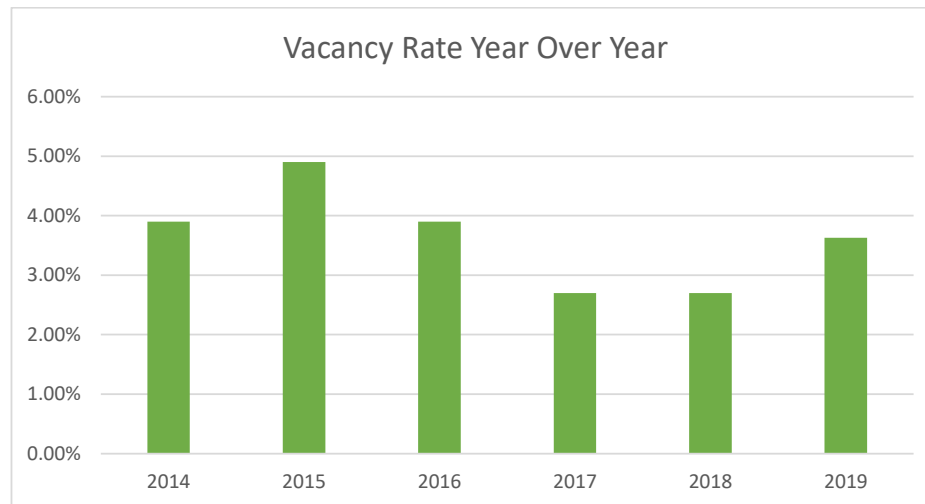
- User Sale Price PSF up 1.9% overall from 2018
- Owner User sold SF up 110.7%
- Overall Industrial Cap Rates down at 6.14% from last years 6.64%

CONSTRUCTION ACTIVITY

- 4.9 million SF Spec product under construction at years end
- 7 million SF of new product will deliver in 2020 beating 2018's record by almost 2 million SF/Owner

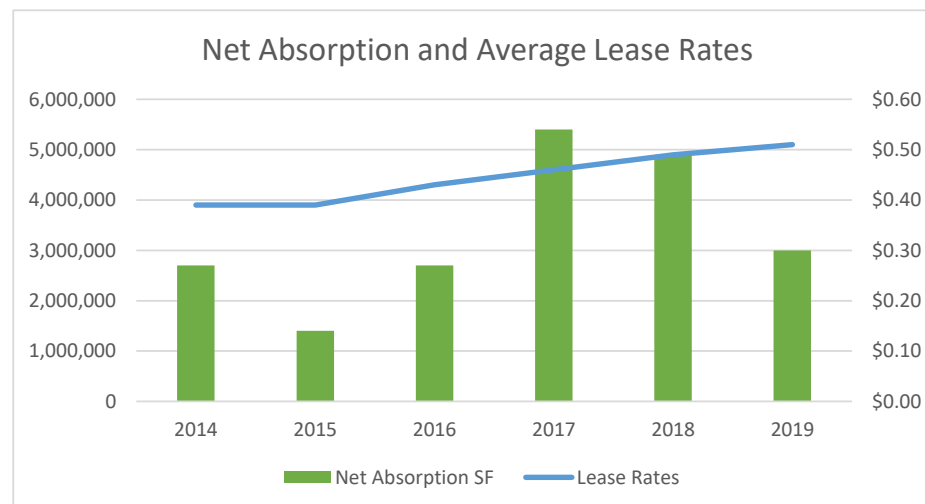
KEY LEASE TRANSACTIONS

Property	Tenant	RSF	City
XR International II	Amazon	281,948	Salt Lake City
XR International I	Kane is Able	103,600	Salt Lake City
Amazon Fulfillment Center	Amazon	1,330,843	West Jordan
I-215 Commerce Center B	Exel (DHL Supply Chain)	207,985	Salt Lake City
Copper Crossing 1	Olive & Cocoa	157,148	Salt Lake City



KEY SALE TRANSACTIONS

Property	Tenant	SF	Price	City
Blackstone/Nuveen Portfolio	Nuveen	1,546,000	\$148,639,000	Nationwide
Skyline Commerce Center 1 & 2	AEW Acquisitions	312,000	\$36,749,000	Salt Lake City
XR International 1	Greenlaw	457,000	\$37,042,000	Salt Lake City



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