

# Salt Lake City

## Deliveries outpace near-term demand; record-low vacancy returns to pre-pandemic level

- Average total asking rent increased 4.4% quarter-over-quarter from \$0.69 p.s.f. in Q2 and \$0.72 p.s.f. in Q3 and was up 16.1% year-over-year.
- StitchFix announced it will close its Salt Lake City warehouse. The company leased one million s.f. in the Airport submarket in 2020.
- Four percent annual escalation is becoming more common as landlords seek to capture inflationary cost increases. This is occurring with leases 30,000 s.f. and larger.
- Pepsi inked a 200,000-s.f. build-to-suit in West Jordan.

The Salt Lake City industrial market continued its exceptional performance in 2022 with the third consecutive year of above-average leasing and the second-highest volume of annual absorption on record. However, leasing and absorption volumes were both below 2021 levels – something to watch in 2023 to see if the market is slowing amid economic headwinds.

Leasing volume declined 9.3% year-over-year, which contributed to lower annual absorption for 2022 compared to 2021. The largest volume of completions was recorded this year with 13.0 million s.f. delivered. At year-end, nine buildings that delivered in 2022 and totaled 2.8 million s.f. remained 100% vacant. Absorption was down 28.8% year-over-year after reaching a 12.3 million s.f. highpoint in 2021.

The Northwest Quadrant continues to outperform the rest of the market in terms of leasing, absorption and deliveries.

During the fourth quarter numerous leases in excess of 200,000 s.f. were signed including a 207,000 s.f. local expansion and an 805,000-s.f. new-to-market deal.

There is now a fourth co-warehousing operator in the market. Cubework leased 89,296 s.f. at RWK Doolittle in the Airport submarket. They join similar operators Chunker, Portal and Gyvr.

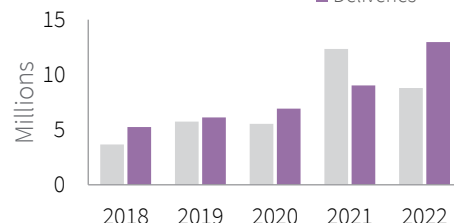
### Outlook

Sublease availability is expected to increase in 2023 as some industries like consumer goods lay off workers and re-evaluate supply chain needs. This may result in slowing rent growth.

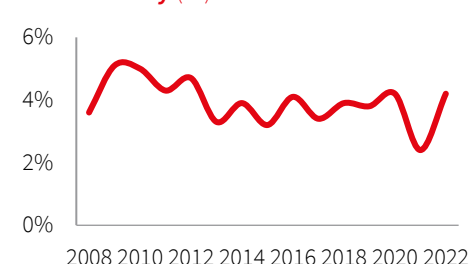
Salt Lake City's growing population, diverse economy, which is reflected in its industrial tenant base, combined with its skilled labor will help the market remain resilient.

| Fundamentals         | Forecast          |
|----------------------|-------------------|
| YTD net absorption   | 8,789,375 s.f. ▲  |
| Under construction   | 10,829,595 s.f. ▲ |
| Total vacancy        | 4.2% ▲            |
| Sublease vacancy     | 518,367 s.f. ▲    |
| Direct asking rent   | \$0.71 p.s.f. ►   |
| Sublease asking rent | \$0.88 p.s.f. ▲   |
| Concessions          | Stable ►          |

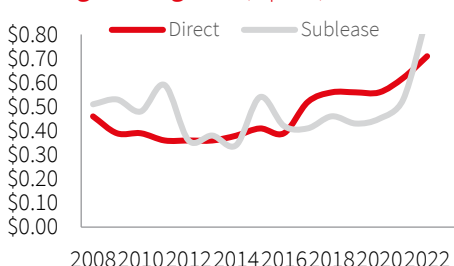
### Supply and demand (s.f.)



### Total vacancy (%)



### Average asking rent (\$ p.s.f.)



## JLL Research Report

## Industrial Statistics

|                                | Inventory (s.f.)   | Quarterly total net absorption (s.f.) | YTD total net absorption (s.f.) | YTD total net absorption (% of stock) | Total vacancy (%) | availability (%) | Total average total asking rent (\$ p.s.f.) | Quarterly Completions (s.f.) | YTD Completions (s.f.) | Under construction (s.f.) |
|--------------------------------|--------------------|---------------------------------------|---------------------------------|---------------------------------------|-------------------|------------------|---|------------------------------|------------------------|---------------------------|
| <b>Salt Lake City total</b>    |                    |                                       |                                 |                                       |                   |                  |   |                              |                        |                           |
| Warehouse & Distribution       | 168,668,322        | 1,846,697                             | 8,940,165                       | 5.3%                                  | 5.1%              | 7.8%             | \$0.71                                      | 3,821,480                    | 12,632,125             | 10,829,595                |
| Manufacturing                  | 62,840,599         | -48,764                               | -164,722                        | -0.3%                                 | 2.1%              | 1.2%             | \$0.78                                      | 291,000                      | 314,100                | 0                         |
| Special Purpose                | 18,532             | 0                                     | 13,932                          | 75.2%                                 | 24.8%             | 24.8%            | \$0.00                                      | 0                            | 18,532                 | 0                         |
| <b>Overall Total</b>           | <b>231,527,453</b> | <b>1,797,933</b>                      | <b>8,789,375</b>                | <b>3.8%</b>                           | <b>4.2%</b>       | <b>6.1%</b>      | <b>\$0.72</b>                               | <b>4,112,480</b>             | <b>12,964,757</b>      | <b>10,829,595</b>         |
| <b>Bluffdale</b>               |                    |                                       |                                 |                                       |                   |                  |   |                              |                        |                           |
| Warehouse & Distribution       | 1,067,733          | 60,241                                | 445,616                         | 41.7%                                 | 12.8%             | 12.8%            | \$0.90                                      | 0                            | 520,845                | 0                         |
| Manufacturing                  | 147,424            | 0                                     | 0                               | 0.0%                                  | 0.0%              | 0.0%             | \$0.00                                      | 0                            | 0                      | 0                         |
| <b>Overall Total</b>           | <b>1,215,157</b>   | <b>60,241</b>                         | <b>445,616</b>                  | <b>36.7%</b>                          | <b>11.3%</b>      | <b>11.3%</b>     | <b>\$0.90</b>                               | <b>0</b>                     | <b>520,845</b>         | <b>0</b>                  |
| <b>California Avenue</b>       |                    |                                       |                                 |                                       |                   |                  |   |                              |                        |                           |
| Warehouse & Distribution       | 46,769,230         | 110,976                               | 2,726,882                       | 5.8%                                  | 7.3%              | 7.6%             | \$0.71                                      | 1,636,663                    | 4,541,725              | 2,271,234                 |
| Manufacturing                  | 10,623,495         | -30,649                               | -72,498                         | -0.7%                                 | 1.6%              | 1.5%             | \$0.88                                      | 0                            | 0                      | 0                         |
| <b>Overall Total</b>           | <b>57,392,725</b>  | <b>80,327</b>                         | <b>2,654,384</b>                | <b>4.6%</b>                           | <b>6.2%</b>       | <b>6.5%</b>      | <b>\$0.72</b>                               | <b>1,636,663</b>             | <b>4,541,725</b>       | <b>2,271,234</b>          |
| <b>Downtown</b>                |                    |                                       |                                 |                                       |                   |                  |   |                              |                        |                           |
| Warehouse & Distribution       | 5,454,204          | 19,020                                | 32,132                          | 0.6%                                  | 3.4%              | 2.9%             | \$0.66                                      | 0                            | 0                      | 0                         |
| Manufacturing                  | 2,928,783          | 12,150                                | -8,384                          | -0.3%                                 | 0.6%              | 0.8%             | \$0.63                                      | 0                            | 0                      | 0                         |
| <b>Overall Total</b>           | <b>8,382,987</b>   | <b>31,170</b>                         | <b>23,748</b>                   | <b>0.3%</b>                           | <b>2.4%</b>       | <b>2.2%</b>      | <b>\$0.66</b>                               | <b>0</b>                     | <b>0</b>               | <b>0</b>                  |
| <b>East 215 Belt</b>           |                    |                                       |                                 |                                       |                   |                  |   |                              |                        |                           |
| Warehouse & Distribution       | 2,348,486          | 0                                     | 10,163                          | 0.4%                                  | 0.9%              | 0.1%             | \$0.63                                      | 0                            | 0                      | 0                         |
| Manufacturing                  | 1,260,638          | 0                                     | -6,631                          | -0.5%                                 | 4.9%              | 0.7%             | \$0.73                                      | 0                            | 0                      | 0                         |
| <b>Overall Total</b>           | <b>3,609,124</b>   | <b>0</b>                              | <b>3,532</b>                    | <b>0.1%</b>                           | <b>2.3%</b>       | <b>0.3%</b>      | <b>\$0.69</b>                               | <b>0</b>                     | <b>0</b>               | <b>0</b>                  |
| <b>Sandy</b>                   |                    |                                       |                                 |                                       |                   |                  |   |                              |                        |                           |
| Warehouse & Distribution       | 3,014,823          | -3,113                                | 9,974                           | 0.3%                                  | 1.3%              | 1.3%             | \$0.89                                      | 0                            | 21,018                 | 0                         |
| Manufacturing                  | 2,151,331          | -3,700                                | 13,087                          | 0.6%                                  | 0.6%              | 0.5%             | \$0.76                                      | 0                            | 0                      | 0                         |
| <b>Overall Total</b>           | <b>5,166,154</b>   | <b>-6,813</b>                         | <b>23,061</b>                   | <b>0.4%</b>                           | <b>1.1%</b>       | <b>1.0%</b>      | <b>\$0.87</b>                               | <b>0</b>                     | <b>21,018</b>          | <b>0</b>                  |
| <b>South Salt Lake</b>         |                    |                                       |                                 |                                       |                   |                  |   |                              |                        |                           |
| Warehouse & Distribution       | 7,300,409          | 18,608                                | 24,563                          | 0.3%                                  | 2.6%              | 1.9%             | \$0.77                                      | 0                            | 0                      | 0                         |
| Manufacturing                  | 4,488,448          | -14,290                               | -10,603                         | -0.2%                                 | 1.4%              | 1.4%             | \$0.83                                      | 0                            | 0                      | 0                         |
| <b>Overall Total</b>           | <b>11,788,857</b>  | <b>4,318</b>                          | <b>13,960</b>                   | <b>0.1%</b>                           | <b>2.2%</b>       | <b>1.7%</b>      | <b>\$0.79</b>                               | <b>0</b>                     | <b>0</b>               | <b>0</b>                  |
| <b>Utah County</b>             |                    |                                       |                                 |                                       |                   |                  |   |                              |                        |                           |
| Warehouse & Distribution       | 20,519,192         | 804,710                               | 1,883,449                       | 9.2%                                  | 4.1%              | 10.9%            | \$0.79                                      | 102,156                      | 1,727,207              | 3,053,609                 |
| Manufacturing                  | 12,366,380         | -2,308                                | -129,795                        | -1.1%                                 | 1.9%              | 1.7%             | \$0.75                                      | 0                            | 23,100                 | 0                         |
| Special Purpose                | 18,532             | 0                                     | 13,932                          | 75.2%                                 | 24.8%             | 24.8%            | \$0.00                                      | 0                            | 18,532                 | 0                         |
| <b>Overall Total</b>           | <b>32,904,104</b>  | <b>802,402</b>                        | <b>1,767,586</b>                | <b>5.4%</b>                           | <b>3.3%</b>       | <b>7.8%</b>      | <b>\$0.79</b>                               | <b>102,156</b>               | <b>1,768,839</b>       | <b>3,053,609</b>          |
| <b>West Jordan</b>             |                    |                                       |                                 |                                       |                   |                  |   |                              |                        |                           |
| Warehouse & Distribution       | 6,656,349          | 286,946                               | 430,577                         | 6.5%                                  | 4.5%              | 16.7%            | \$0.70                                      | 284,359                      | 564,180                | 1,022,624                 |
| Manufacturing                  | 3,775,952          | -3,580                                | 30,352                          | 0.8%                                  | 0.9%              | 1.0%             | \$0.88                                      | 0                            | 0                      | 0                         |
| <b>Overall Total</b>           | <b>10,432,301</b>  | <b>283,366</b>                        | <b>460,929</b>                  | <b>4.4%</b>                           | <b>3.2%</b>       | <b>11.5%</b>     | <b>\$0.71</b>                               | <b>284,359</b>               | <b>564,180</b>         | <b>1,022,624</b>          |
| <b>West Valley Ind</b>         |                    |                                       |                                 |                                       |                   |                  |   |                              |                        |                           |
| Warehouse & Distribution       | 17,375,242         | -630                                  | 419,031                         | 2.4%                                  | 4.8%              | 4.8%             | \$0.65                                      | 397,294                      | 711,469                | 250,000                   |
| Manufacturing                  | 8,465,974          | 53,107                                | 72,169                          | 0.9%                                  | 2.2%              | 1.8%             | \$0.73                                      | 0                            | 0                      | 0                         |
| <b>Overall Total</b>           | <b>25,841,216</b>  | <b>52,477</b>                         | <b>491,200</b>                  | <b>1.9%</b>                           | <b>3.9%</b>       | <b>3.8%</b>      | <b>\$0.66</b>                               | <b>397,294</b>               | <b>711,469</b>         | <b>250,000</b>            |
| <b>Outlying Counties total</b> |                    |                                       |                                 |                                       |                   |                  |   |                              |                        |                           |
| Warehouse & Distribution       | 37,746,609         | 189,978                               | 777,616                         | 2.1%                                  | 3.3%              | 3.9%             | \$0.71                                      | 753,769                      | 1,451,194              | 775,254                   |
| Manufacturing                  | 11,689,607         | -81,164                               | -50,329                         | -0.4%                                 | 1.7%              | 0.8%             | \$0.71                                      | 0                            | 0                      | 0                         |
| <b>Overall Total</b>           | <b>49,436,216</b>  | <b>108,814</b>                        | <b>727,287</b>                  | <b>1.5%</b>                           | <b>2.9%</b>       | <b>3.2%</b>      | <b>\$0.71</b>                               | <b>753,769</b>               | <b>1,451,194</b>       | <b>775,254</b>            |
| <b>Davis County</b>            |                    |                                       |                                 |                                       |                   |                  |   |                              |                        |                           |
| Warehouse & Distribution       | 18,555,067         | 139,902                               | 96,441                          | 0.5%                                  | 2.5%              | 2.7%             | \$0.76                                      | 210,871                      | 294,668                | 302,053                   |
| Manufacturing                  | 4,289,522          | -7,004                                | -3,463                          | -0.1%                                 | 1.5%              | 1.5%             | \$0.72                                      | 0                            | 0                      | 0                         |
| <b>Overall Total</b>           | <b>22,844,589</b>  | <b>132,898</b>                        | <b>92,978</b>                   | <b>0.4%</b>                           | <b>2.3%</b>       | <b>2.5%</b>      | <b>\$0.76</b>                               | <b>210,871</b>               | <b>294,668</b>         | <b>302,053</b>            |
| <b>Summit County</b>           |                    |                                       |                                 |                                       |                   |                  |   |                              |                        |                           |
| Warehouse & Distribution       | 387,237            | 0                                     | -6,114                          | -1.6%                                 | 8.4%              | 8.4%             | \$1.15                                      | 0                            | 0                      | 0                         |
| Manufacturing                  | 337,314            | 0                                     | 0                               | 0.0%                                  | 0.0%              | 0.0%             | \$0.00                                      | 0                            | 0                      | 0                         |
| <b>Overall Total</b>           | <b>724,551</b>     | <b>0</b>                              | <b>-6,114</b>                   | <b>-0.8%</b>                          | <b>4.5%</b>       | <b>4.5%</b>      | <b>\$1.15</b>                               | <b>0</b>                     | <b>0</b>               | <b>0</b>                  |
| <b>Weber County</b>            |                    |                                       |                                 |                                       |                   |                  |   |                              |                        |                           |
| Warehouse & Distribution       | 18,804,305         | 50,076                                | 687,289                         | 3.7%                                  | 4.0%              | 5.0%             | \$0.66                                      | 542,898                      | 1,156,526              | 473,201                   |
| Manufacturing                  | 7,062,771          | -74,160                               | -46,866                         | -0.7%                                 | 1.9%              | 0.3%             | \$0.67                                      | 0                            | 0                      | 0                         |
| <b>Overall Total</b>           | <b>25,867,076</b>  | <b>-24,084</b>                        | <b>640,423</b>                  | <b>2.5%</b>                           | <b>3.4%</b>       | <b>3.7%</b>      | <b>\$0.66</b>                               | <b>542,898</b>               | <b>1,156,526</b>       | <b>473,201</b>            |

SL &amp; N Utah County Suburbs total

|                          |                   |                |                  |             |             |              |               |                |                  |                  |
|--------------------------|-------------------|----------------|------------------|-------------|-------------|--------------|---------------|----------------|------------------|------------------|
| Warehouse & Distribution | 20,416,045        | 359,961        | 2,180,162        | 10.7%       | 6.5%        | 15.2%        | \$0.67        | 647,239        | 3,094,487        | 3,456,874        |
| Manufacturing            | 4,942,567         | 21,670         | -2,090           | 0.0%        | 6.4%        | 0.5%         | \$0.76        | 291,000        | 291,000          | 0                |
| <b>Overall Total</b>     | <b>25,358,612</b> | <b>381,631</b> | <b>2,178,072</b> | <b>8.6%</b> | <b>6.5%</b> | <b>12.7%</b> | <b>\$0.67</b> | <b>938,239</b> | <b>3,385,487</b> | <b>3,456,874</b> |
| <b>Airport</b>           |                   |                |                  |             |             |              |               |                |                  |                  |
| Warehouse & Distribution | 16,566,421        | 322,447        | 1,996,623        | 12.1%       | 7.3%        | 17.6%        | \$0.65        | 567,239        | 2,817,850        | 3,054,993        |
| Manufacturing            | 3,965,850         | 0              | -23,760          | -0.6%       | 7.9%        | 0.6%         | \$0.75        | 291,000        | 291,000          | 0                |
| <b>Overall Total</b>     | <b>20,532,271</b> | <b>322,447</b> | <b>1,972,863</b> | <b>9.6%</b> | <b>7.4%</b> | <b>14.8%</b> | <b>\$0.65</b> | <b>858,239</b> | <b>3,108,850</b> | <b>3,054,993</b> |
| <b>Draper</b>            |                   |                |                  |             |             |              |               |                |                  |                  |
| Warehouse & Distribution | 3,849,624         | 37,514         | 183,539          | 4.8%        | 3.2%        | 4.1%         | \$1.02        | 80,000         | 276,637          | 401,881          |
| Manufacturing            | 976,717           | 21,670         | 21,670           | 2.2%        | 0.3%        | 0.3%         | \$0.80        | 0              | 0                | 0                |
| <b>Overall Total</b>     | <b>4,826,341</b>  | <b>59,184</b>  | <b>205,209</b>   | <b>4.3%</b> | <b>2.6%</b> | <b>3.4%</b>  | <b>\$1.01</b> | <b>80,000</b>  | <b>276,637</b>   | <b>401,881</b>   |