

FIGURES | SALT LAKE CITY INDUSTRIAL | Q2 2025

# Availability rate rose due to influx of new space in existing buildings



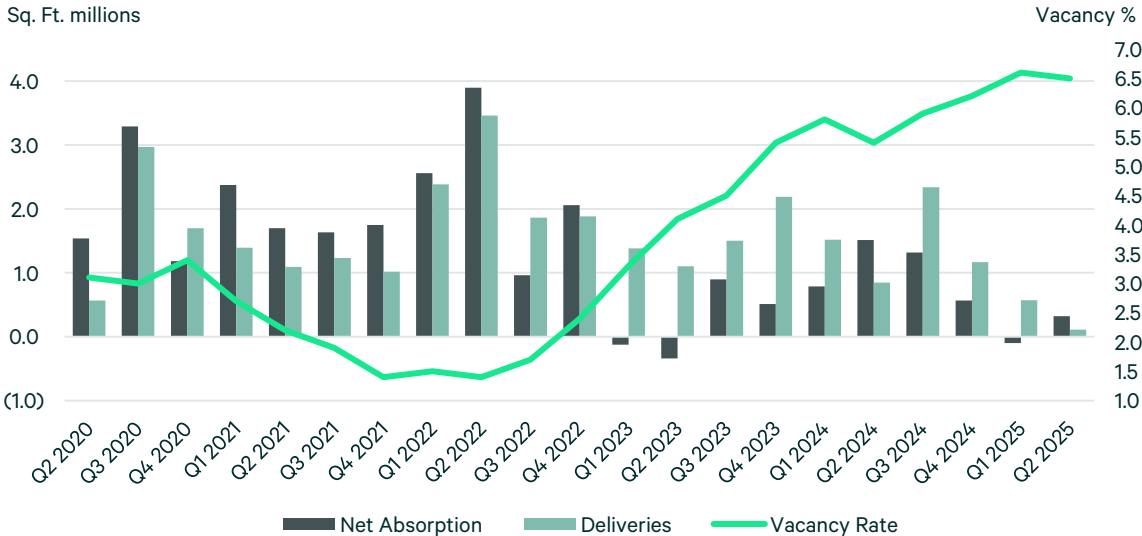
Note: Arrows indicate change from previous quarter.

SUMMARY

The Salt Lake County industrial market experienced mixed trends in the first half of 2025 as availability continued to climb amid above average leasing activity. The availability rate increased by 30 basis points to reach a new peak of 7.9%. This uptick was primarily driven by new availabilities in existing buildings, as new deliveries contributed 28,560 sq. ft. to total available space. Despite this, the average asking direct lease rate remained stable, with a slight increase to \$0.79 per sq. ft. However, the yearly weighted average achieved lease rate fell from \$0.81 per sq. ft. in 2024 to \$0.72 per sq. ft. in 2025 largely due to an increase in larger leases, which typically command lower rates. Also, the market rebounded with over 320,000 sq. ft. absorbed in Q2 2025, marking a recovery after the first negative net absorption quarter since Q2 2023. Meanwhile, construction activity continued to slow, with only 111,890 sq. ft. delivered, the lowest quarterly total since Q4 2015.

Despite a decline in leasing activity for smaller spaces under 50,000 sq. ft., larger leases in the Northwest Quadrant continued to drive overall leasing activity, an indicator of ongoing demand for big box spaces. As the availability rate continued to climb strong leasing activity is vital to maintain healthy net absorption and lease rates.

FIGURE 1: Absorption (SF), Deliveries (SF), and Vacancy (%)



Source: CBRE Research, Q2 2025

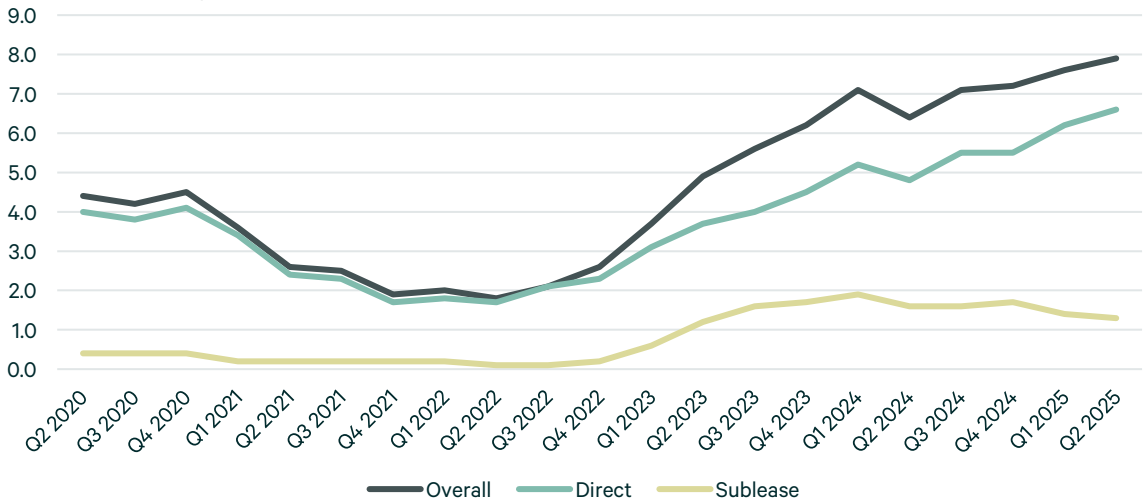
## Availability Rate

The overall availability rate reached a new peak in Q2 2025 due to an influx in available space in existing industrial product in Salt Lake County. The overall availability rate increased by 30 bps, reaching a new peak at 7.9%. Q2 2025 marked the first quarter since Q1 2023 that over 50% of total available sq. ft. added to the market was accounted for in existing buildings. As industrial sq. ft. under construction continues to slow, any further increases in the overall availability rate will likely occur primarily in existing product. This increase in available space in existing product was likely driven by tenants choosing to relocate to newly delivered space. Despite the overall increase, the available sublease rate did decrease for the second consecutive quarter by 10 bps. This decrease was mainly caused by spaces that were available for sublease switching to direct availabilities as the sublease expired. The overall availability rate continued to climb in Q2 2025, as construction activity slows further increases will occur primarily in existing product, which will impact key metrics including net absorption and asking rents in future quarters.

## Asking and Achieved Rents

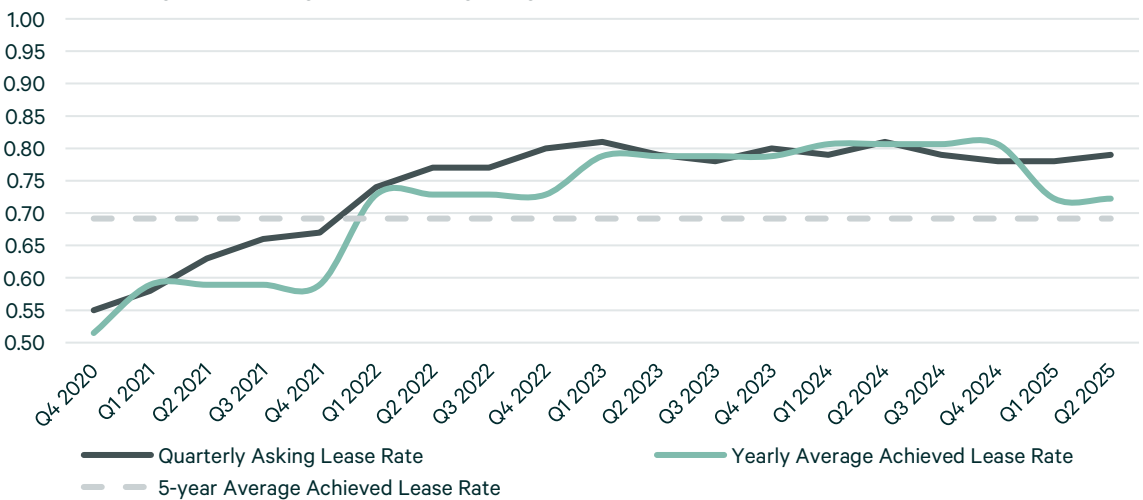
Salt Lake City industrial market’s average asking direct lease rate remained relatively unchanged quarter-over-quarter only increasing by \$0.01 to \$0.79 per sq. ft. Q2 2025 was the 10<sup>th</sup> straight quarter of little to no change following a 45.5% growth between Q4 2020 to Q4 2022. This stall was caused by the spike in the overall availability rate in that same period as rates have grown by 113.5% since Q1 2023. Despite this, the yearly weighted average achieved lease rate did decreased in the first half of 2025 by 11.1% This decrease occurred mainly in leases over 250,000 sq. ft. as the average weighted achieved lease rate fell by \$0.09 in that size range. Also, leases within the first half of 2025 over 100,000 sq. ft. accounted for 58.1% of leasing activity, while in 2024 the same size range accounted for 42.3%. This difference did cause a decrease in average weighted achieved lease rates as larger leases maintain lower average rates. Despite this decrease, the yearly average achieved lease rate remained above the 5-year average of \$0.69 per sq. ft. Average weighted and achieved lease rates experienced mixed trends in Q2 2025, as asking rates remained stagnant and weighted lease rates fell.

FIGURE 2: Availability Rates (%)



Source: CBRE Research, Q2 2025

FIGURE 3: Average Direct Asking Rate and Average Weighted Achieved Rate (\$/SF/Mo NNN)



Source: CBRE Research, Q2 2025

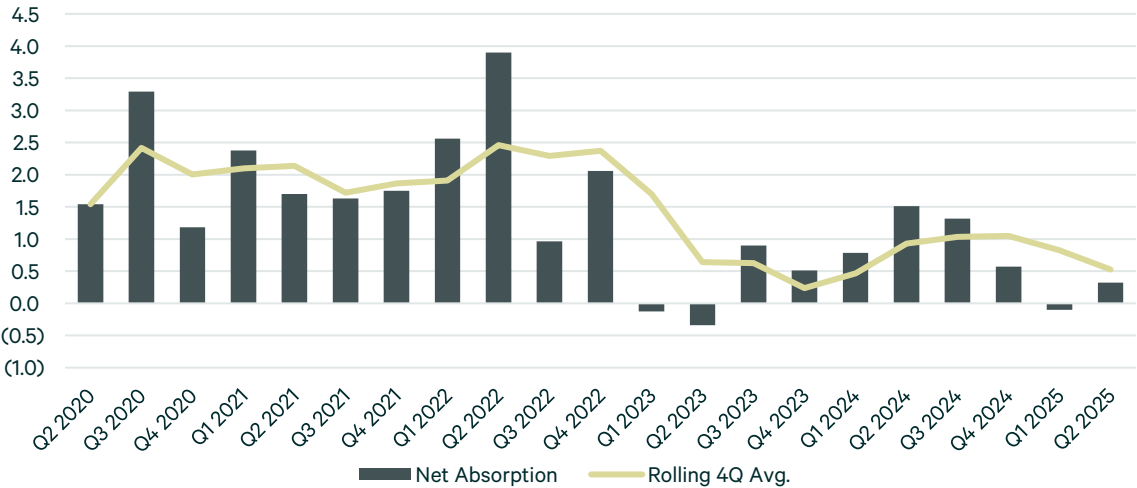
## Net Absorption

As availability increased in existing buildings in Q2 2025 net absorption remained positive due to a majority of these new listings remaining occupied. Total net absorption rebounded in Q2 2025 following negative net absorption in Q1 2025, with just over 320,000 sq. ft. absorbed, this brought the year-to-date total to 222,720 sq. ft. However, Q2 2025's total still fell 38.7% shy of the rolling four quarter average of 527,437 sq. ft. The South Valley quadrant drove net absorption growth, finishing Q2 2025 with just over 385,000 sq. ft. positively absorbed, which brought down the quadrant's availability rate by 50 bps quarter-over-quarter. Notable transactions that contributed to South Valley's strong positive net absorption included an 89,511 sq. ft. sublease leased at Dannon Way Industrial and 80,482 sq. ft. leased at Axia Business Park. Despite positive net absorption in Q2 2025, the market wide availability rate increased by 30 bps quarter-over-quarter. This increase is due to an influx of new available listings that have not been vacated yet. A surge in new leasing activity in H2 2025 will be crucial to keep net absorption positive as these new availabilities become vacant in the coming months.

## Construction Activity

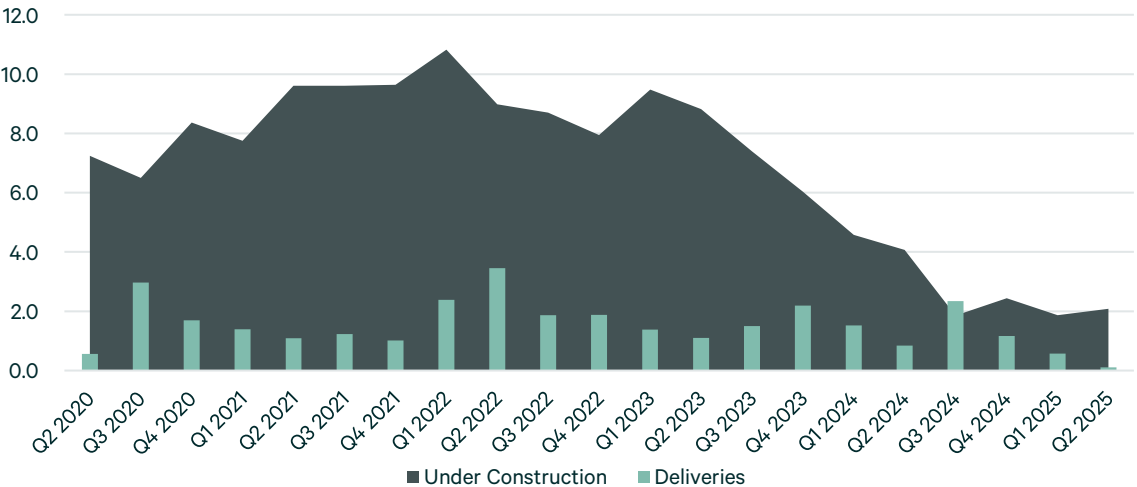
Industrial construction activity in Salt Lake County continued to slow in Q2 2025 with 111,890 sq. ft. delivered, the lowest amount of sq. ft. delivered in a single quarter since Q4 2015. Only three projects delivered in Q2 2025, and with an average 74.5% pre-committed rate due to two of the projects being build-to-suits. This slowdown in delivered properties has been driven by a decrease in total sq. ft. under construction as the industrial development pipeline has shrunk by 419.1%. from Q1 2022's peak. Despite this, one new property did break ground in Q2 2025, Scannell Logistics – Building 4, a 340,000 sq. ft. build-to-suit project in the Airport submarket. With 84.2% of space currently under construction set to be delivered in Q3 2025, total sq. ft. under construction is expected to fall to its lowest point in several years.

FIGURE 4: Net Absorption Trend (MSF)



Source: CBRE Research, Q2 2025

FIGURE 5: Construction Activity (MSF)

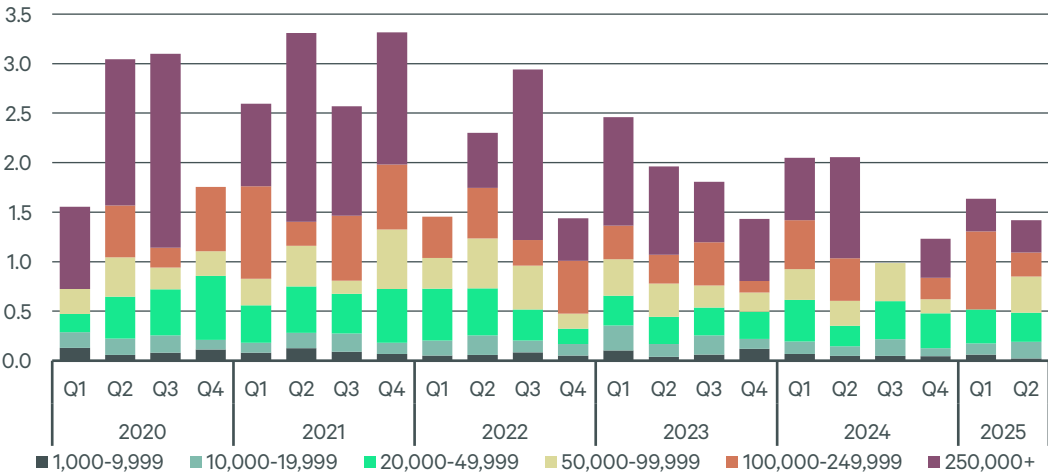


Source: CBRE Research, Q2 2025

## Leasing Activity

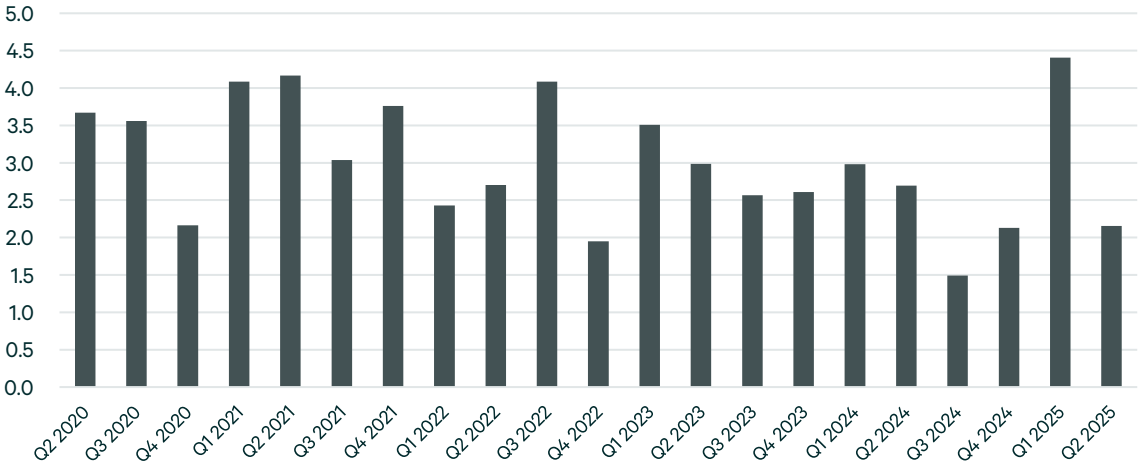
Salt Lake County’s leasing activity fell 10.5% short of the 5-year historical lease count average in 2025 year-to-date due to a slowdown in total leases under 50,000 sq. ft. There were 19.7% less total leases under 50,000 sq. ft. in 2025 year-to-date compared to the 5-year historical average, which accounted for a majority of the slowdown in total leases witnessed so far this year. This slowdown comes as available space under 50,000 sq. ft. increased by 12.8% quarter-over-quarter, an indicator that demand for space in this size range has shrunk in 2025. Despite this slowdown in lease count, the first half of 2025 did outpace the 5-year historical average in terms of total leasing activity by just over 350,000 sq. ft. due to leasing activity in the 100,000-249,999 sq. ft. size range outpacing the historical average by 40.8%. 2025 year-to-date also outpaced the 5-year historical lease activity average in the 50,000-99,999 sq. ft. size range by 9.7%, despite no new leases in that size range in Q1 2025. The Northwest Quadrant continued to drive leasing activity in Q2 2025, as the area accounted for 62.7% of Q2 2025’s leasing activity and 82.5% of 2025’s year-to-date total. As demand for space under 50,000 sq. ft. has begun to struggle, the northwest quadrant is expected to continue to drive activity as the area accounts for a vast majority of larger big box industrial space in the market.

FIGURE 6: Area Leased - New Leases and Expansions Only (MSF)



Source: CBRE Research, Q2 2025

FIGURE 6: Total Leasing Activity Trend (MSF)



Source: CBRE Research, Q2 2025

FIGURE 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
McLane Foods	328,387	New Lease	2691 N 2200 W	Airport
The Tondo Group	135,153	New Lease	1137 S 3800 W	California Ave
Rugby Holdings	127,432	Renewal	2850 S 900 W	South Salt Lake
Mclane Group Int'l	105,000	New Lease	5350 W Harold Gatty Dr	Airport
Sleep Number	100,800	Renewal	675 N Wright Brothers Dr	Airport
Biovation Labs	100,414	Renewal	2440 S 3600 W	West Valley
Woodland Foods	89,511	New Lease	6165 W Dannon Way	West Jordan
B&T USA	80,951	New Lease	15880 S Redwood Rd	Bluffdale
Undisclosed Tenant	77,731	New Lease	1510 S Gustin Rd	California Ave

Source: CBRE Research, Q2 2025

Market Statistics by Submarket

	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF/Mo NNN)	QTD Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Market Total	171,512,732	6.5	7.9	6.6	1.3	0.79	322,973	222,720	683,974	2,082,989
Northwest	108,119,557	8.0	9.7	7.9	1.8	0.77	20,610	157,487	339,845	1,792,293
Airport	26,737,441	9.1	10.1	8.5	1.6	0.74	(135,040)	186,318	-	1,489,987
California Ave	58,484,596	8.6	10.7	8.6	2.1	0.77	131,934	267,317	365,845	302,360
West Valley	22,897,520	5.3	6.6	5.5	1.1	0.81	23,716	-296,148	-	-
Northeast	36,615,127	1.8	2.5	1.4	0.1	0.81	(83,181)	(56,871)	-	-
Downtown	15,160,006	2.1	2.4	2.4	0.0	0.78	(45,687)	-42,087	-	-
Murray	3,885,648	3.3	5.4	5.4	0.0	0.72	-	3,874	-	-
South Salt Lake	17,569,473	1.2	1.9	1.7	0.2	0.91	(37,494)	-18,658	-	-
South Valley	26,824,959	6.6	7.8	6.7	1.1	0.85	385,544	122,104	318,129	290,642
Bluffdale	2,881,389	6.4	7.2	7.2	0.0	1.06	138,678	197,215	284,729	-
Draper	4,797,767	2.0	3.3	1.9	1.4	1.16	38,447	22,626	-	-
Sandy	5,731,020	1.6	2.2	2.0	0.3	0.96	20,510	23,350	-	-
West Jordan	13,414,783	10.4	11.9	10.4	1.5	0.79	187,909	-121,087	33,400	290,642

Market Statistics by Size

	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF/Mo NNN)	QTD Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Under 100,000 sq. ft.	72,501,732	1.8	2.8	2.5	0.3	0.97	101,831	92,535	208,678	0
100,000-199,999 sq. ft.	30,147,720	6.0	7.8	6.9	0.8	0.80	318,306	731,286	0	290,642
200,000-299,999 sq. ft.	16,763,033	11.0	12.6	9.2	3.4	0.83	99,728	255,945	475,296	0
300,000-499,999 sq. ft.	27,289,881	10.9	13.5	10.9	2.6	0.73	(196,892)	(942,399)	0	630,747
500,000-749,999 sq. ft.	9,038,530	19.7	21.3	17.2	4.1	0.72	0	(229,805)	0	0
750,000 sq. ft.	15,818,747	9.1	9.1	8.2	0.8	0.68	0	315,158	0	1,161,600
<b>Total</b>	<b>171,559,643</b>	<b>6.5</b>	<b>7.9</b>	<b>6.6</b>	<b>1.3</b>	<b>0.79</b>	<b>322,973</b>	<b>222,720</b>	<b>683,974</b>	<b>2,082,989</b>

Market Statistics by Product Type

	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF/Mo NNN)	QTD Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Distribution / Logistics	136,428,146	7.3	8.9	7.3	1.6	0.78	284,213	135,552	598,084	2,082,989
Manufacturing	20,054,990	4.8	5.6	5.2	0.4	0.78	0	69,226	0	0
R&D / Flex	11,173,514	1.2	1.6	1.6	0.0	0.91	33,920	21,783	52,490	0
Other Industrial	3,902,993	1.1	1.1	1.1	0.0	1.40	4,840	(3,841)	33,400	0
<b>Total</b>	<b>171,559,643</b>	<b>6.5</b>	<b>7.9</b>	<b>6.6</b>	<b>1.3</b>	<b>0.79</b>	<b>322,973</b>	<b>222,720</b>	<b>683,974</b>	<b>2,082,989</b>

Market Statistics by Class

	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF/Mo NNN)	QTD Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	33,536,636	13.4	16.0	12.9	3.1	0.73	(49,229)	338,882	657,974	0
All Other Buildings	138,023,007	4.8	5.9	5.0	0.9	0.82	372,202	(116,162)	26,000	2,082,989
<b>Total</b>	<b>171,559,643</b>	<b>6.5</b>	<b>7.9</b>	<b>6.6</b>	<b>1.3</b>	<b>0.79</b>	<b>322,973</b>	<b>222,720</b>	<b>683,974</b>	<b>2,082,989</b>



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**Survey Criteria**

Includes all existing industrial properties over 10,000 sq. ft. in Salt Lake County. Leasing activity includes renewals, new leases, and extensions. Property must fit within a subtype. Property may be owner-user. Buildings which have begun construction are evidenced by site excavation or foundation work. Positive net absorption is calculated by lease signed date. Only existing buildings are included in vacancy and availability rate calculations.

**Methodology**

Positive absorption is based on the date the lease is signed. Achieved lease rates are calculated from base monthly rent for transacted deals, weighted by size/SF of deal. Sublease space can be vacant or occupied. Total Vacancy includes both direct and sublease. Lease activity is the sum of the square footage of leases signed during a designated time period. Data in previous publications is subject to change.

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