

FIGURES | SALT LAKE CITY INDUSTRIAL | Q1 2025

Construction activity continued to slow amid robust leasing



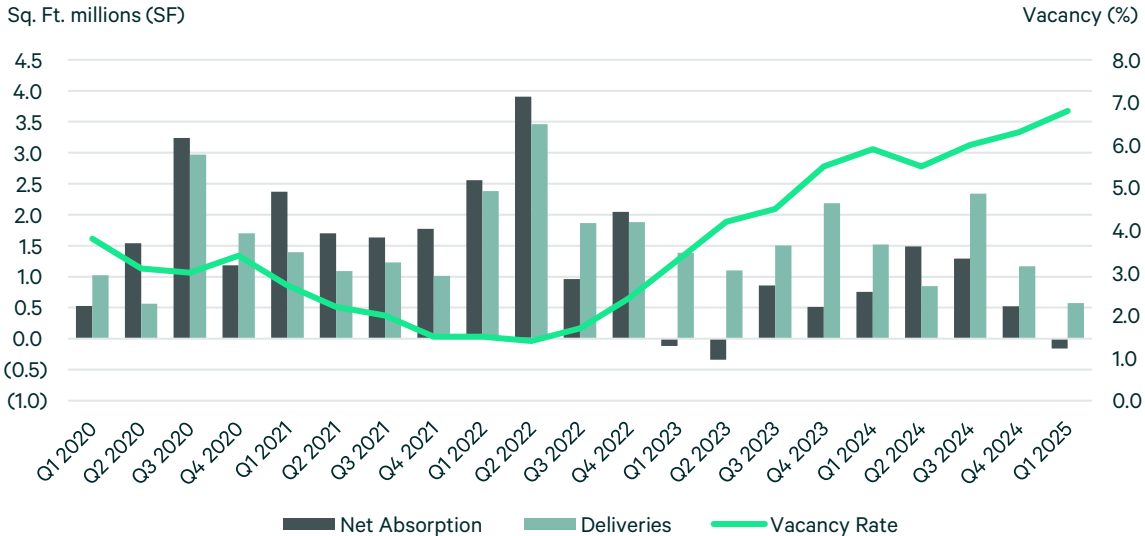
Note: Arrows indicate change from previous quarter.

SUMMARY

The Salt Lake City Industrial market in Q1 2025 experienced mixed trends with an increase in both vacancy and availability rates, negative net absorption, and a nine-quarter high in quarterly leasing activity. The market wide availability rate increased by 40 basis points (bps) quarter-over-quarter and reached a new peak. Total net absorption was negative for the first time since Q2 2023, largely due to occupied sublease listings switching to vacant direct listings. Despite these negative trends, leasing activity finished Q1 2025 at just over 3.5 million sq. ft., the highest single quarter in terms of total leasing activity since Q3 2022.

Construction activity continued to slow with the lowest amount of space delivered in a quarter since Q2 2020. This coupled with total space under construction falling just shy of Q3 2024's 8-year low, highlights the nation-wide trend of a slow down in industrial construction activity. Direct average asking lease rates experienced no change in Q1 2025. As available space reached new peaks continued strong leasing activity will be vital to stabilize the Salt Lake City industrial market key indicators.

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



Source: CBRE Research, Q1 2025

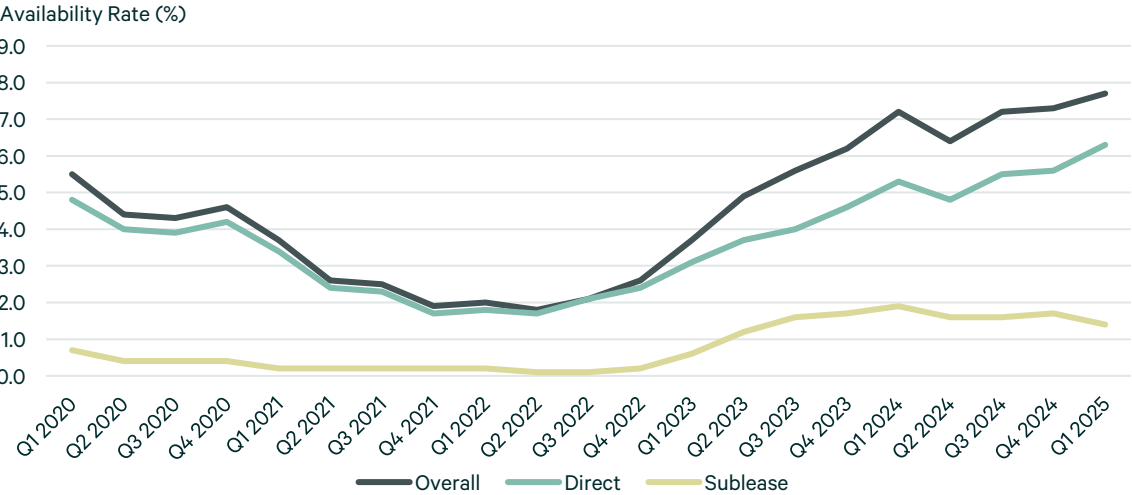
Availability Rate

Salt Lake City's industrial market's availability rate has increased for three consecutive quarters, reaching a new peak at 7.7% In Q1 2025, the market wide rate increased by 40 bps, this increase occurred due to new product delivering completely available, adding over 500,000 sq. ft. of new available space, and the first quarter of negative absorption since Q2 2023. Despite this increase in the market wide availability rate, available sublease space decreased by 30 bps quarter-over-quarter, marking the first quarter-over-quarter decrease since Q2 2024. This stabilization in available sublease space can be attributed to a few large sublease listings that switched to direct listings in Q1 2025. Among submarkets, the Airport submarket saw the largest quarter-over-quarter decrease in availability rate by 60 bps due to over 300,000 sq. ft. of positive net absorption.

Asking Rent

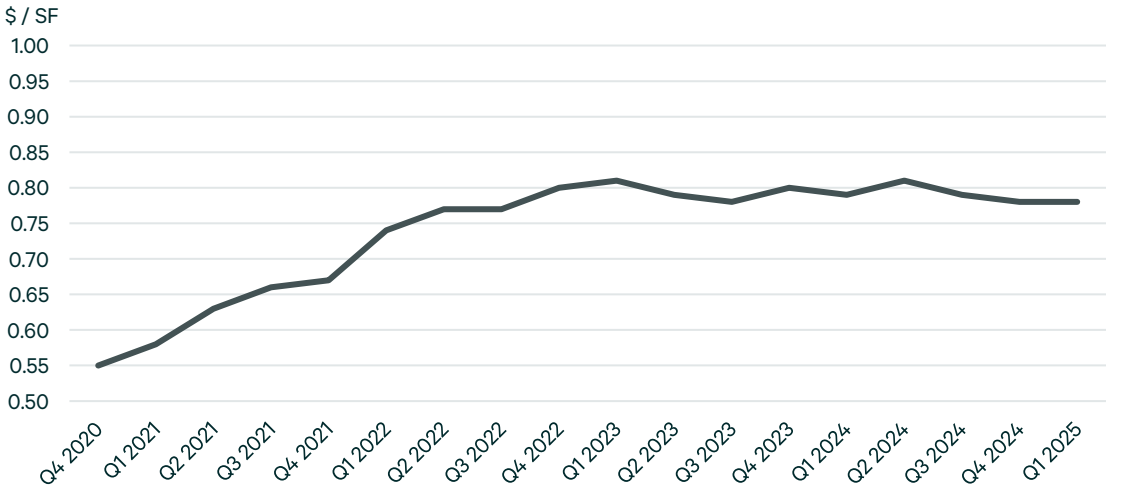
In Q1 2025, the Salt Lake City Industrial market's average monthly direct lease rate remained steady at \$0.78/sq. ft., unchanged from Q4 2024. After a 45.5% increase from Q4 2020 to Q4 2022, rates have stabilized due to an influx of available space since Q1 2023. This influx has prompted owners to offer concessions rather than raise rents. The South Valley quadrant commanded the highest average asking lease rate at \$0.86 per sq. ft., but experienced a 58 bps decrease quarter-over-quarter. This decrease occurred due to an influx in available big box space coupled with elevated availability rates in the quadrant. Conversely, the West Valley submarket experienced the largest quarter-over-quarter increase in average monthly direct lease rate's increasing by \$0.04 quarter-over-quarter. Continued elevated availability restricted owners from pushing asking rates which caused the metric to remain at \$0.78/sq. ft.

FIGURE 2: Availability Rates



Source: CBRE Research, Q1 2025

FIGURE 3: Avg. Direct Asking Rate (\$/SF/Mo NNN)



Source: CBRE Research, Q1 2025

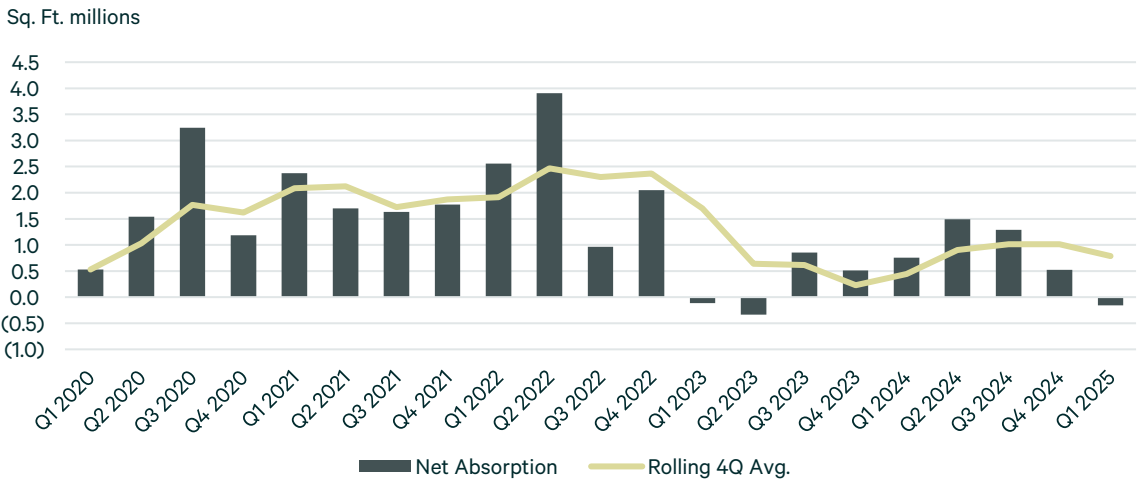
Net Absorption

Salt Lake City's industrial market experienced a rare setback in Q1 2025, with negative net absorption of nearly 160,000 sq. ft. after six consecutive quarters of growth. Q1 2025's metric fell almost 1.0 million sq. ft. shy of the rolling four quarter average of 785,082 sq. ft.. This negative net absorption occurred mainly due to sublease listings at Freeport West ARA Building C and 6077 W Wells Park Rd both switching to vacant direct listings in Q1 2025, which accounted for 713,585 sq. ft. of negative absorption. However, the Airport submarket posted just over 320,000 sq. ft. of positive net absorption due to Central Garden and Pet leasing 329,000 sq. ft. at Quadrant II. This performance highlights the sustained demand for industrial space in Salt Lake County despite Q1 2025's negative net absorption. Despite this quarter's dip, sustained demand for industrial space in Salt Lake County suggests a stabilization in net absorption on the horizon.

Construction Activity

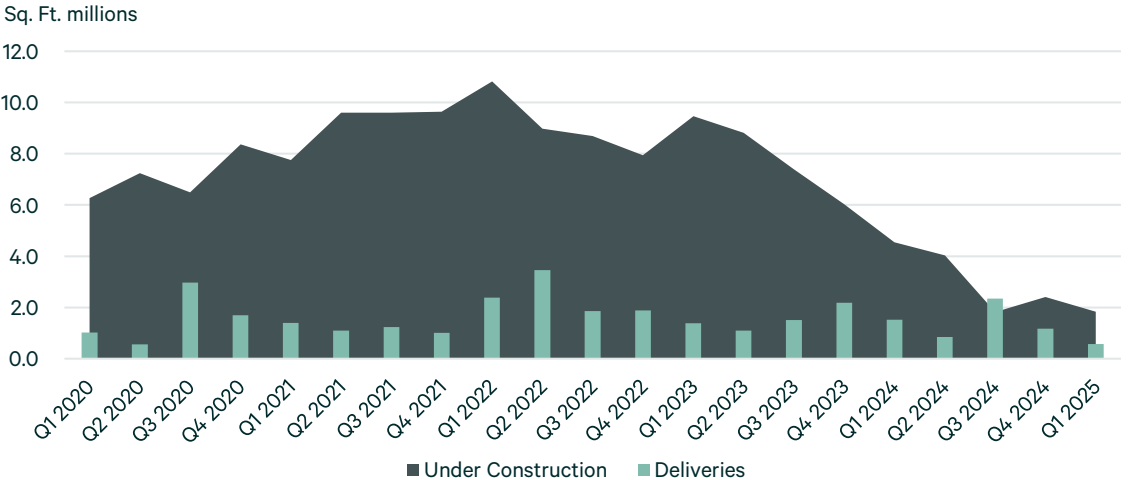
Over the past five years, the Salt Lake City industrial market has witnessed substantial construction activity with significant fluctuations in under construction and delivered space. In Q1 2025, 572,084, sq. ft. delivered and 100% of that space delivered available, a significant driver in the 40-bps quarter-over-quarter increase in availability rate. The most notable delivery this quarter occurred in the California Ave submarket where Central Commerce Center – Building 1&2 delivered completely available. Despite Q1 2025's delivered space remaining available, new construction has driven leasing activity in Salt Lake City and accounted for 63.1% of total new leasing activity since Q1 2023. This trend shows the demand for newly delivered space, but demand has lagged behind the rapid influx of new supply. With no ground breakings in Q1 2025, space under construction was just 13,000 sq. ft. behind Q3 2024's 8-year low. Construction activity is expected to remain subdued as substantial construction activity since Q1 2020 has caused the market wide availability rate to reach a new peak.

FIGURE 4: Net Absorption Trend



Source: CBRE Research, Q1 2025

FIGURE 5: Construction Activity

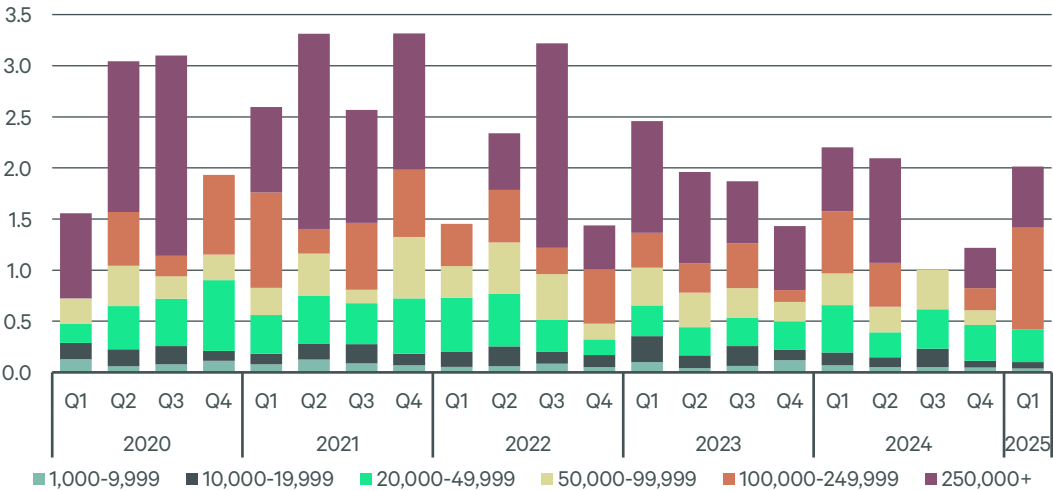


Source: CBRE Research, Q1 2025

Leasing Activity

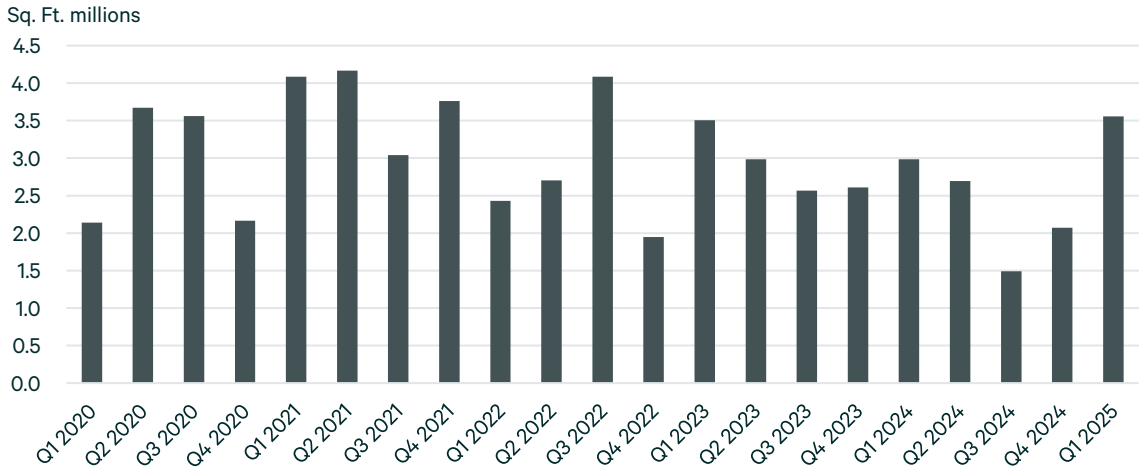
Despite mixed trends in Q1 2025, Salt Lake City’s industrial market experienced the largest amount of total leasing activity in a single quarter since Q3 2022. Q1 2025 also outperformed Q1’s 10-year historical average by 32.1%, a sign that demand for industrial space could rebound after a slow 2024. Despite this, no leases occurred in the 50,000-99,999 sq. ft. size range, as occupiers are either looking to downsize into smaller spaces or lease space in larger newly delivered buildings. The most notable new lease of the quarter occurred in the Airport submarket at Quadrant II where Central Garden & Pet leased just under 330,000 sq. ft. The Northwest Quadrant shouldered most of the market’s total leasing activity as the area accounted for 93.0% of Q1 2025’s total leasing activity. However, the same area accounted for 77.7% of the market’s total available space, so continued strong leasing activity will be vital to stabilized the market wide availability rate. The South Valley quadrant experienced a dip in leasing activity as the area accounted for 3.4% of total leasing activity and finished with the lowest amount of space leased in a single quarter in the area since Q3 2023. Leasing activity will be an important metric to measure the health of Salt Lake City’s industrial market as available space reached a new peak in Q1 2025.

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



Source: CBRE Research, Q1 2025

FIGURE 7: Leasing Activity Trend



Source: CBRE Research, Q1 2025

FIGURE 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Confidential	686,865	Renewal	1790 1862 S 4800 W	California Ave
Central Garden & Pet	329,331	New Lease	1195 N 6550 W	Airport
Alfwear	232,040	New Lease	1420 S 4800 W	California Ave
Maersk	202,236	Renewal/Expansion	6647 W 2100 S	West Valley
Purple Mattress	198,000	New Lease	6941 W 2100 S	California Ave
National Tire Warehouse	194,510	Renewal	5253 W 2100 S	West Valley
Penske Logistics LLC	129,890	New Lease	1510 S Gustin Rd	California Ave
Best Overnight Express	117,411	New Lease	821 N 6550 W	Airport
Woulf Group	113,771	New Lease	2475 S 3200 W	West Valley
Readywise	92,986	Renewal	3250 W Professional Cir	California Ave

Source: CBRE Research, Q1 2025

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 20,000 sq. ft.	14,422,378	0.83	0.83	0.62	0.21	1.03	7,065	7,065	0	0
20,000-49,999 sq. ft.	30,822,738	1.20	1.46	1.13	0.33	0.96	13,669	13,669	0	26,000
50,000-99,999 sq. ft.	27,209,705	3.36	4.07	3.73	0.34	0.97	19,560	19,560	96,788	52,490
100,000-249,999 sq. ft.	40,186,407	8.74	10.16	7.71	2.45	0.82	532,429	532,429	475,296	290,642
Over 249,999 sq. ft.	58,871,504	11.33	12.56	10.65	1.91	0.71	-732,199	-732,199	0	1,463,967
Total	171,512,732	6.75	7.67	6.31	1.36	0.78	-159,476	-159,476	572,084	1,833,099

Market Statistics by Product Type

	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (NNN/MTH)	QTD Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Distribution / Logistics	136,438,592	7.7	8.8	7.2	1.7	0.77	(231,474)	(231,474)	572,084	1,780,609
Manufacturing	20,054,990	4.8	4.9	4.6	0.3	0.77	69,226	69,226	-	-
R&D / Flex	11,121,024	1.1	1.2	1.2	0.0	0.98	11,453	11,453	-	52,490
Other Industrial	3,898,126	0.3	0.3	0.3	0.0	1.39	(8,681)	(8,681)	-	-
Total	171,512,732	6.8	7.7	6.3	1.4	0.78	(159,476)	(159,476)	572,084	1,833,099

Market Statistics by Class

	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (NNN/MTH)	QTD Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	33,536,636	13.3	15.2	12.4	2.8	0.73	388,111	388,111	572,084	1,833,099
All Other Buildings	137,976,096	5.2	5.8	4.8	1.0	0.81	(547,587)	(547,587)	-	-
Total	171,512,732	6.8	7.7	6.3	1.4	0.78	(159,476)	(159,476)	572,084	1,833,099

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	6.8	7.7	6.3	1.4	0.78	(159,476)	(159,476)	572,084	1,833,099
Northwest	108,122,090	8.2	9.5	7.7	1.89	0.76	54,064	54,064	339,845	1,489,967
Airport	26,765,974	8.8	10.0	8.7	1.3	0.74	321,358	321,358	-	1,161,600
California Ave	58,458,596	8.9	10.7	8.4	2.4	0.77	52,570	52,570	339,845	328,367
West Valley	22,897,520	5.4	5.6	4.8	0.8	0.79	(319,864)	(319,864)	-	-
Northeast	36,615,127	1.8	1.9	1.9	0.1	0.75	28,310	28,310	-	-
Downtown	15,160,006	2.0	2.0	2.0	-	0.77	3,600	3,600	-	-
Murray	3,885,648	3.3	4.6	4.6	-	0.68	3,874	3,874	-	-
South Salt Lake	17,569,473	1.3	1.3	1.1	0.2	0.80	18,836	18,836	-	-
South Valley	26,775,515	7.8	8.3	6.8	1.4	0.86	(239,850)	(239,850)	232,239	343,132
Bluffdale	2,828,899	9.9	10.6	10.2	0.4	1.08	58,537	58,537	232,239	52,490
Draper	4,797,767	3.0	3.6	2.2	1.4	1.20	(15,821)	(15,821)	-	-
Sandy	5,767,466	2.6	3.2	2.9	0.3	0.96	2,840	2,840	-	-
West Jordan	13,381,383	11.3	11.6	9.4	2.2	0.77	(285,406)	(285,406)	-	290,642



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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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