

IPG INFORMER

COMMERCIAL REAL ESTATE REPORT | SEPTEMBER 2012



IPG

THE LAST LOOK

2012 MID-YEAR UTAH INDUSTRIAL REVIEW

Despite questions about the worldwide economy, elections, and a likely tax hike, the Utah industrial real estate market continues to be a bright spot for investors and occupiers of space. The relative safety of occupied industrial assets is appealing to a broad range of investors and investment opportunities are becoming competitive and sparse. Owner users are still finding purchase opportunities at depressed prices, but the market is in transition with well positioned speculative space being absorbed. And, although total activity has decreased, lease rates have been on the rise.

INDUSTRIAL ACTIVITY

Leasing

Lease Rates increased across the board in all size increments with the exception of spaces over 100,000 SF, which remained flat due to the fact that no leases were signed in this size increment. The majority of new deals that were completed were for smaller spaces under 20,000 SF with only 8 of the 70 transactions occurring over 20,000 SF. The average lease rate for all size increments was \$0.37/SF.

Sales

Total sales activity for Q2 was just under 275,000 SF, a slight increase from Q1 and a 25% increase in activity from Q2 2011. The average sale price per square foot for all increments was \$45.23 with, again, no activity in the 100,000 SF and above increment and the majority of sales (7 of the 11 sales) occurring in the 20,000 to 50,000 SF increment with a \$40.32/SF average in this size range.

Inventory and Vacancy Rates

In spite of the market delivery of nearly 1,000,000 square feet of speculative space, the 846,216 SF

HIGHLIGHTED PROPERTIES

FOR LEASE

Pacific Landing III
Office/Warehouse



345,710 SF 17.96 Acres,
Salt Lake City, UT

[Request Info >](#)

Newly Listed Investment Industrial Square



82,780 SF
Salt Lake City, UT

[Request Info >](#)

MARKET AT A GLANCE

Salt Lake County
Industrial Market
2012

VACANCY ↔

LEASE RATES ↑

SALES PRICES ↓

Kraftmaid facility remaining vacant, and the recent delivery of 279,002 SF of direct vacancy in the Compeq building, the vacancy rate remains a healthy 9.0%. The data suggests that the market is expanding at near equilibrium with the flight to quality still the prevailing market trend with older product suffering from this trend, especially with brand new speculative product available.

ACTIVITY ↓
CONSTRUCTION ↓

Construction

The majority of the nearly 2,000,000 SF of new space currently under construction is speculative and is heavily focused on bulk distribution in the primary vicinity of the California Avenue and Bangerter Highway area. However, large portions of new speculative space are being consumed by companies like Sun Products which recently leased a 500,000 Square Foot building from Freeport West.

Remainder 2012 Forecast

- ⌘ Leasing will reach equilibrium with consistent supply meeting softened tenant demand
- ⌘ Investment activity will continue to push cap rates downward as more capital is in the market than product can be supplied
- ⌘ Expect overall increases in sales activity, as planned capital gains tax rate increases hit in January 2013
- ⌘ Low interest rates combined with easier access to funding will spur increased land sale activity and new construction throughout 2012 and into 2013

NEWLY LISTED PROPERTIES

FOR SALE		FOR LEASE
82,780 SF MULTI-TENANT PARK \$3,750,000 Salt Lake City, UT Request Info >	34,470 SF INDUSTRIAL WHSE \$1,620,090 Salt Lake City, UT Request Info >	500,000 SF CLASS A DISTRIBUTION \$0.38/SF/Mo Salt Lake City, UT Request Info >
60,925 SF HIGH IMAGE OFFICE/WHSE Forclosure! Salt Lake City, UT Request Info >	155,100 SF INDUSTRIAL WHSE Bring all offers! Salt Lake City, UT Request Info >	25,000-145,000 SF HIGH IMAGE DISTRIBUTION \$0.45/SF/Mo Salt Lake City, UT Request Info >

RECENTLY COMPLETED TRANSACTIONS

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50,000 SF LEASED 600 SOUTH INDUSTRIAL PK	30,983 SF LEASE FORMER BEALL	27,500 SF SALE PREMIER PLASTICS
Lessee: Permalok Salt Lake City, UT Request Comp >	Lessee: United Rentals Salt Lake City, UT Request Comp >	Buyer: HJJ, LLC Salt Lake City, UT Request Comp >
69,513 SF LEASED FORMER VISION INTL	80,671 SF LEASED CAL BUSINESS CENTER	148,164 SF SALE CAL BUSINESS CENTER
Lessee: Olive & Cocoa LLC Salt Lake City UT Request Comp >	Lessee: Berlin Packaging Salt Lake City, UT Request Comp >	Buyer: Stuart Bond Salt Lake City, UT Request Comp >

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ABOUT IPG

IPG Commercial Real Estate (IPG) is Utah's independent commercial real estate firm specializing in industrial properties, and national asset management. We are committed to long-term relationships, and use innovation, technology, and sustainable strategies to enhance value for owners, buyers, and tenants.



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