



Davis and Weber Counties Industrial Market

Vacancy Remains Low and Net Absorption Reaches a Five-Year Quarterly High Amid Construction Deliveries

The Davis and Weber Counties market experienced a five-year quarterly high for net absorption of 1.4 million square feet, largely due to most of the 1.5 million square feet delivering pre-committed. Almost half of the net absorption total for the quarter is attributable to the new owner-user-built Lifetime Products distribution center. Discounting the new distribution center, net absorption would have measured the second highest quarterly total in the last five years. Leasing activity suffered for the second straight quarter as available supply remained scarce and new product delivered pre-committed. Vacancy of 1.2% persisted for the second straight quarter, and the market has not experienced a vacancy rate above 2.0% since the second quarter of 2019.

The overall achieved average first-year lease rate grew precipitously in the first quarter of 2022 compared to 2021. The average jumped an impressive \$0.23/SF and represented 34.8% growth. Low vacancy amid robust tenant demand, in addition to rising land, labor and material costs, continue to apply strong upward pressure on rents. While consumer spending remains resilient in the first quarter of 2022 at 3.7%, annualized and adjusted for inflation, persistent inflation is outstripping wage growth and is likely to be exacerbated by Russia's invasion of

Current Conditions

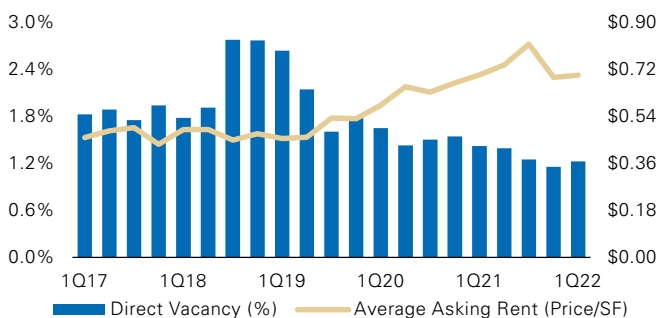
- Direct vacancy remained below 2.0% for the 11th straight quarter.
- New construction delivering accounted for most of the positive absorption.
- Overall achieved average lease rate growth continued, with the first quarter of 2022 seeing a 34.8% increase from 2021.

Market Summary

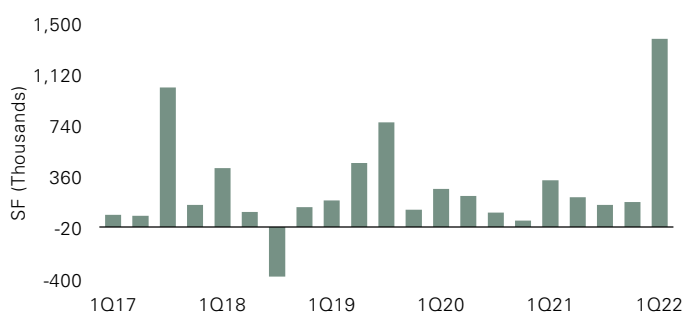
	Current Quarter	Prior Quarter	Year Ago Period	12-Month Forecast
Total Inventory (SF)	59.6 M	58.1 M	57.7 M	↑
Direct Vacancy Rate	1.2%	1.2%	1.4%	↓
Quarterly Net Absorption (SF)	1.4 M	0.2 M	0.3 M	↑
Average Asking Rent/SF	\$0.70	\$0.69	\$0.70	↑
Under Construction (SF)	0.7 M	2.2 M	1.5 M	↑
Deliveries (SF)	1.5 M	0.1 M	0.3 M	↑

Market Analysis

ASKING RENT AND VACANCY RATE



NET ABSORPTION



RESEARCH Q1 2022

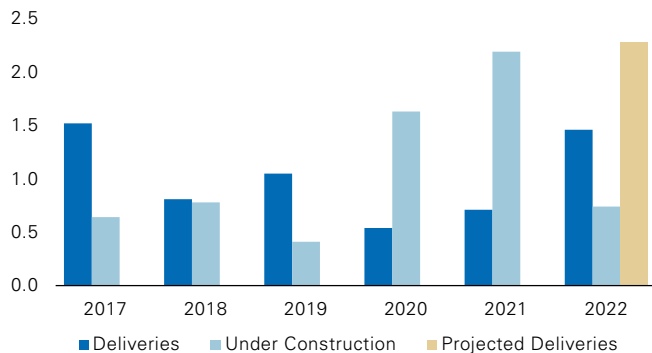
Ukraine and China's COVID-19 lockdowns. Additionally, the student loan pause due to the economic effects of the pandemic is set to expire at the end of August 2022, at which point borrowers will be shifting some consumer spending to pay off debt.

New supply continues to be scarce, and the square footage under construction dropped down to 0.7 million square feet in the

first quarter of 2022 from 2.2 million square feet in the fourth quarter of 2021. On the heels of delivering most of BDO West pre-leased, Boyer Company is going to start construction on an additional 750,000+ square feet in Weber County that will be available for occupancy in 2023. Given the horizon of new deliveries to the market and tenant demand, vacancy will likely stay low throughout the remainder of 2022 and tenants will need to continue to turn to pre-leasing to secure space.

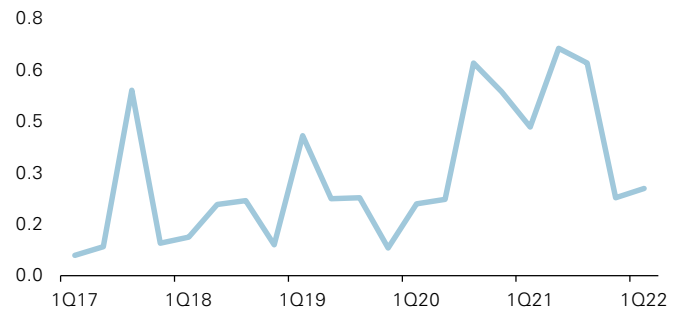
Construction and Deliveries

SQUARE FEET, MILLIONS



Leased Square Feet

SQUARE FEET, MILLIONS



Select Lease Transactions

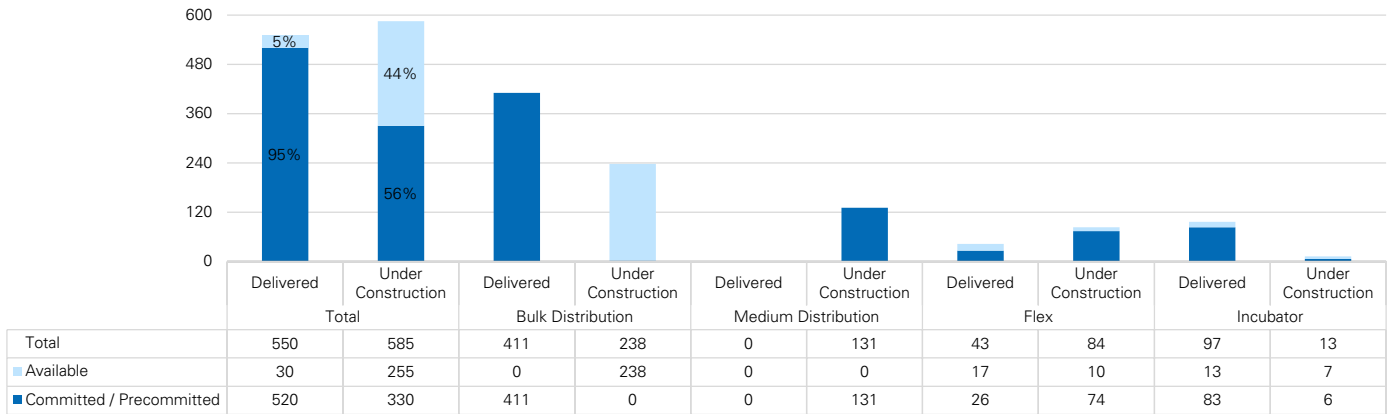
Tenant	Market	Building	Type	Square Feet
Confidential	BDO	BDO West D	New	51,786
Kongo Sports	South Davis	Farmington Legacy Industrial 2	New	48,424
Western Electrical Contractors Association	South Davis	Sky Landing 1	New	16,739
Confidential	BDO	BDO West A	New	16,732
Confidential	South Davis	Sky Landing 2	New	15,223

Select Sale Transactions

Buyer	Market	Building	Type	Square Feet
Paul Keyser	South Weber	3083 S. Scott Ln., West Haven	Capital Markets	40,908
Mountain States Property Management	South Davis	2250 S. 850 W., Woods Cross	Capital Markets	27,000
Flat Bottom Creek Partners	South Davis	2561 S. 1560 W., Woods Cross	Owner-User	15,499
Jonathan Simon	South Davis	66 N. 640 W., North Salt Lake	Owner-User	10,887

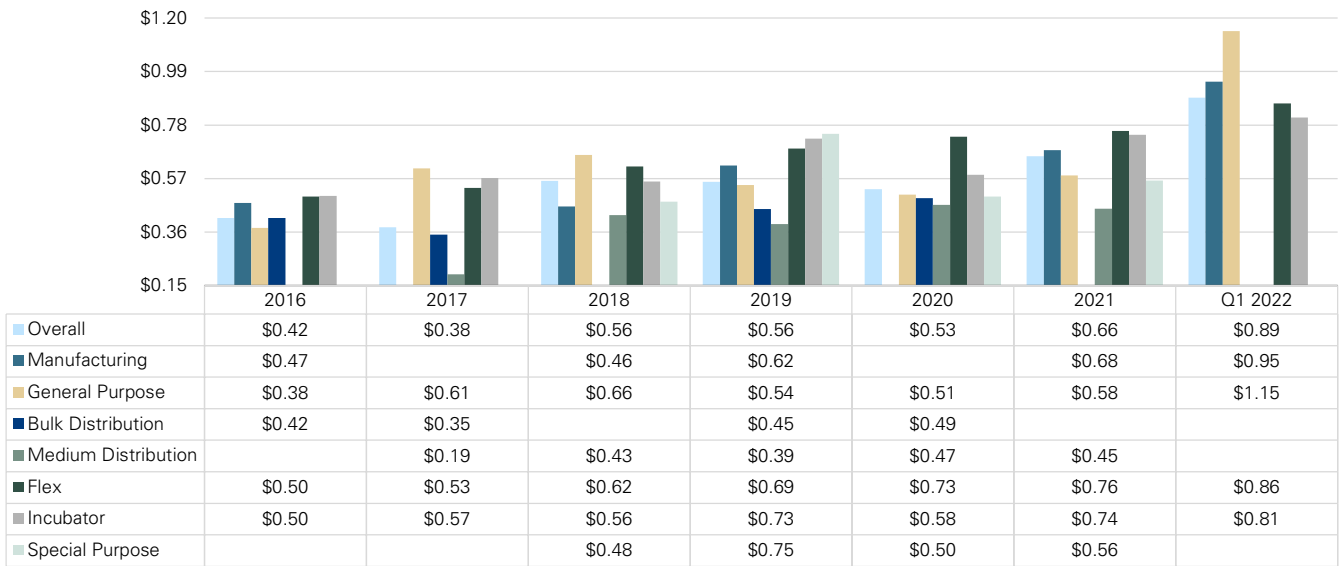
2022 Speculative Development – Delivered and Under Construction Square Feet Overview

SQUARE FEET, THOUSANDS



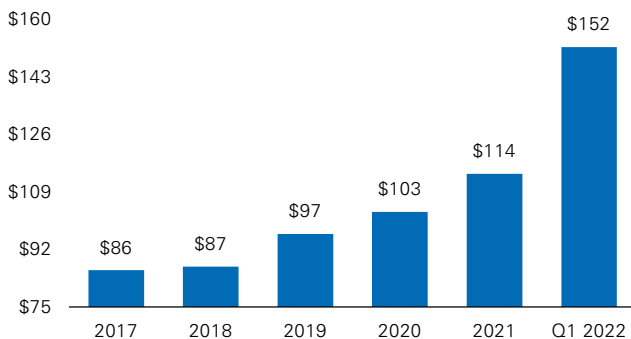
Achieved Average First-Year Lease Rates

MONTHLY PER SQUARE FOOT NNN



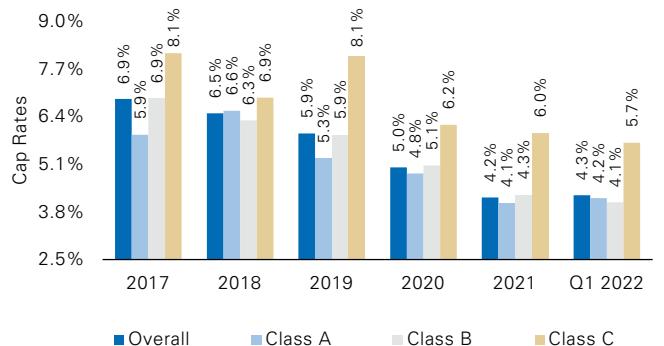
Achieved Average Owner-User Sales

PRICE PER SQUARE FOOT



Utah Industrial Capital Markets Sales

AVERAGE CAP RATES

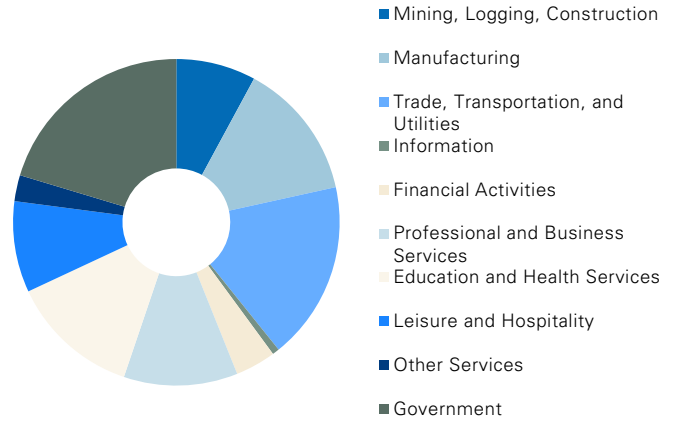


Economic Overview

Before the COVID-19 recession, Utah had the highest overall employment growth (33.1%) between the Great Recession and the onset of the pandemic. Although the state was not immune to the disruption that the pandemic caused globally, it was one of the quickest to recover. With the Ogden-Clearfield Metro unemployment coming in at 2.1% in February 2022, the metro is one of the fastest recovering in terms of employment rate. Increased job activity and creation among the office sector is much higher than surrounding metros, largely due to new government contracts around Hill Air Force Base. With positive job growth across all industries and more employees returning to work, the Ogden-Clearfield Metro now faces the struggle of finding employees for open positions. Currently facing a high labor shortage, companies are competing for quality candidates across all industries and will need to work hard to attract and retain talent.

Employment by Industry

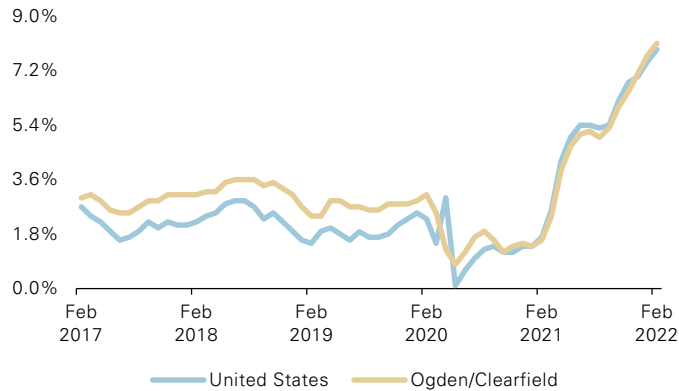
OGDEN-CLEARFIELD METRO, 2021 ANNUAL AVERAGE



Source: U.S. Bureau of Labor Statistics

Consumer Price Index (CPI)

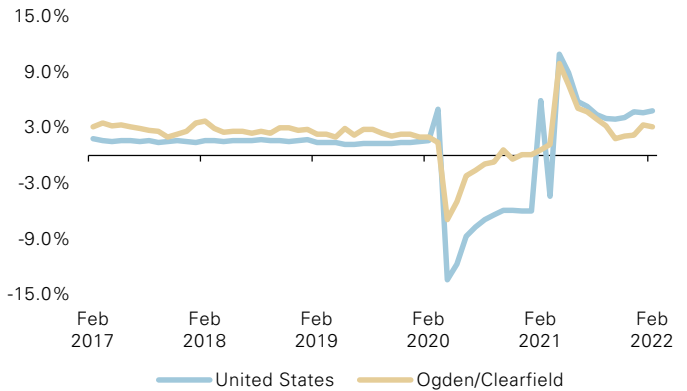
ALL ITEMS, NOT SEASONALLY ADJUSTED, 12-MONTH % CHANGE



Source: U.S. Bureau of Labor Statistics

Payroll Employment

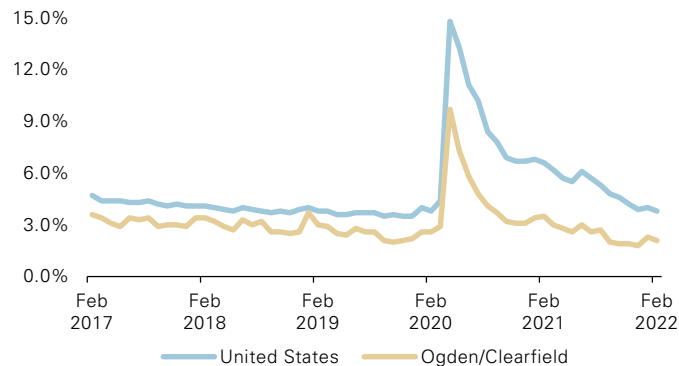
TOTAL NONFARM, NOT SEASONALLY ADJUSTED, 12-MONTH % CHANGE



Source: U.S. Bureau of Labor Statistics

Unemployment Rate

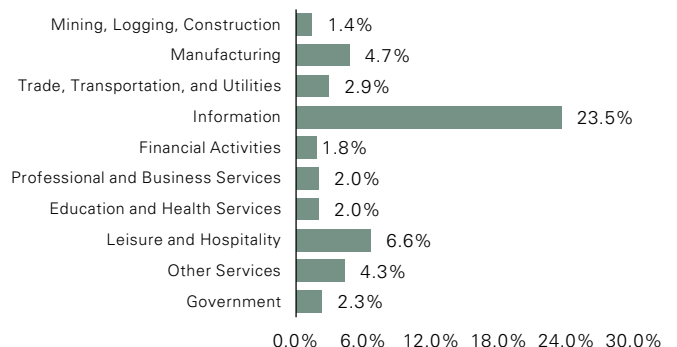
NOT SEASONALLY ADJUSTED



Source: U.S. Bureau of Labor Statistics

Employment Growth by Industry

OGDEN-CLEARFIELD METRO, FEBRUARY 2022, 12-MONTH % CHANGE, NOT SEASONALLY ADJUSTED



Source: U.S. Bureau of Labor Statistics

For more information:

Utah Office

376 E. 400 S., Suite 120
Salt Lake City, UT 84111
t 801-578-5555

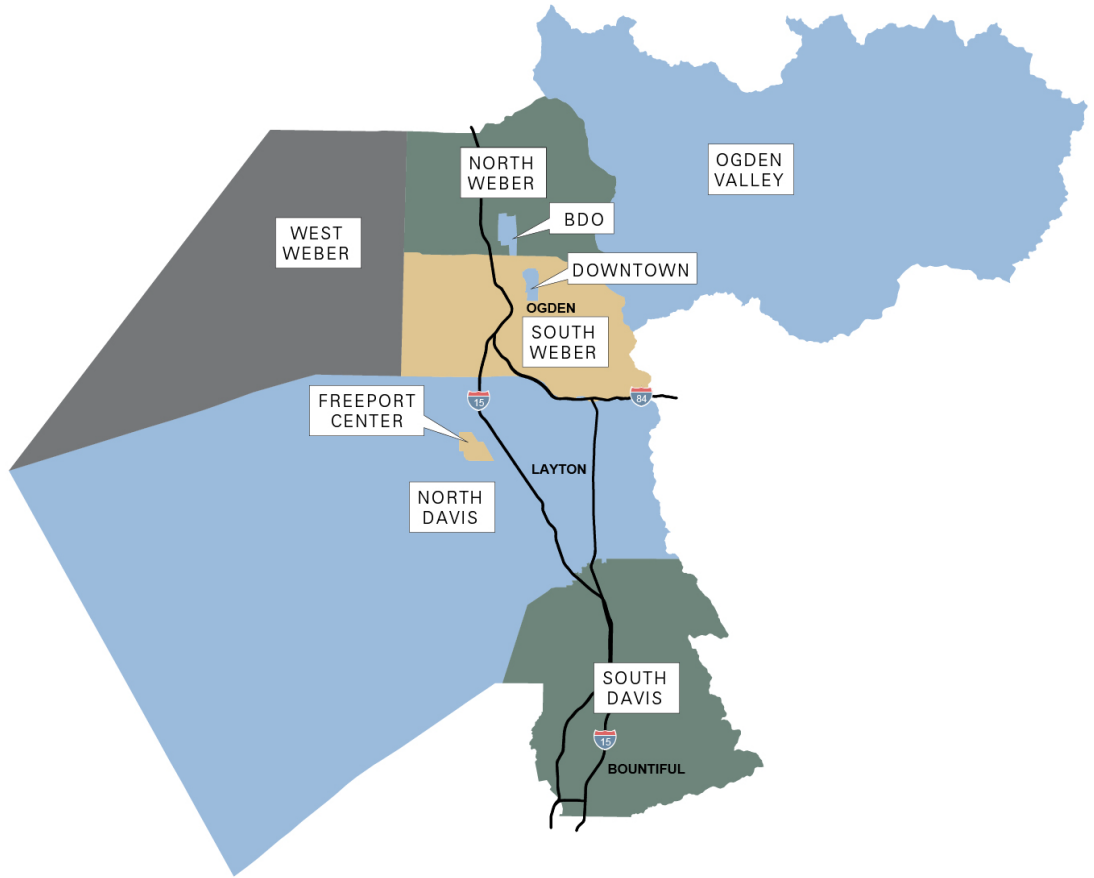
Rich Lachowsky

*Director, SLC Research and
National Industrial*
rich.lachowsky@nmrk.com

Amelia Yates

Research Manager
amelia.yates@nmrk.com

nmrk.com



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