



Utah Investment Market

Transaction Slowdown Continues into 2023

Current Conditions

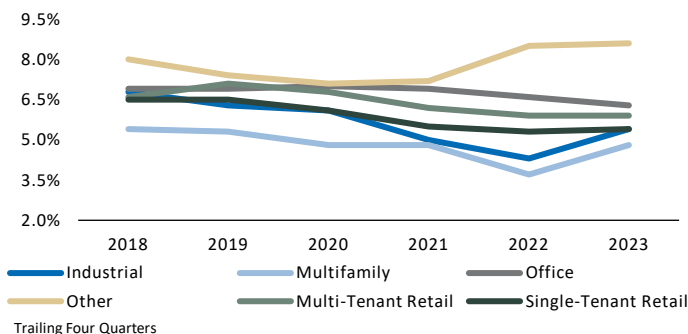
- Transaction dollar volume across all property types continued to diminish, down 54.0% quarter-over-quarter as market fundamentals softened into 2023. All asset types experienced a slowdown with office product being the most heavily hit at 88.6% loss in dollar volume year-over-year.
- Industrial investments made up 69.4% of the total transaction dollar volume in the first quarter of 2023 as it remained a desirable asset type to place capital for investors that remained active in the current climate. Price and cap rate exploration as financials are re-assessed due to changing rate hikes was a common trend and is expected to continue into 2023.
- Differing expectations among buyers and sellers persevere but is starting to stabilize as assets are re-priced and both sides of transactions are more creative in solutions to get deals closed such as sale-leasebacks, all cash transactions, and seller financing options built into deals. Upcoming loan maturities in 2024 and 2025 are expected to push the market into more activity in the coming quarters.

Quarterly Breakdown

Overall	Q2 2022	Q3 2022	Q4 2022	Q1 2023
Transaction Volume	\$1,280.0 M	\$351.9 M	\$371.6 M	\$170.8 M
Price-Weighted Average Cap Rate	4.2%	6.2%	6.2%	6.3%
Number of Transactions	57	33	18	14

Price-Weighted Average Cap Rates

BY ASSET TYPE

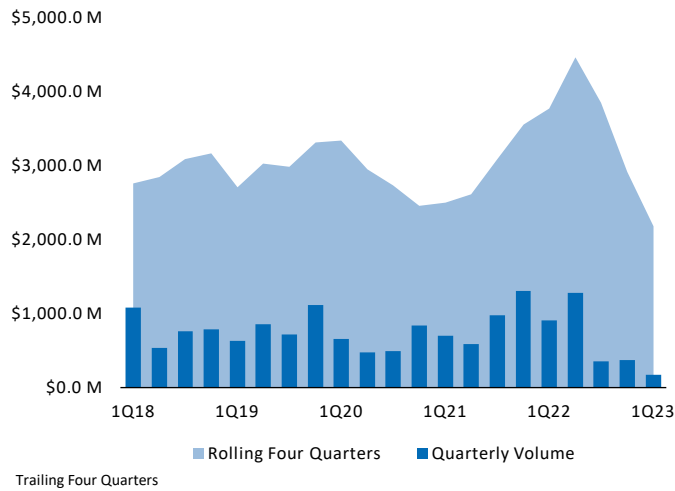


Year-Over-Year Market Summary

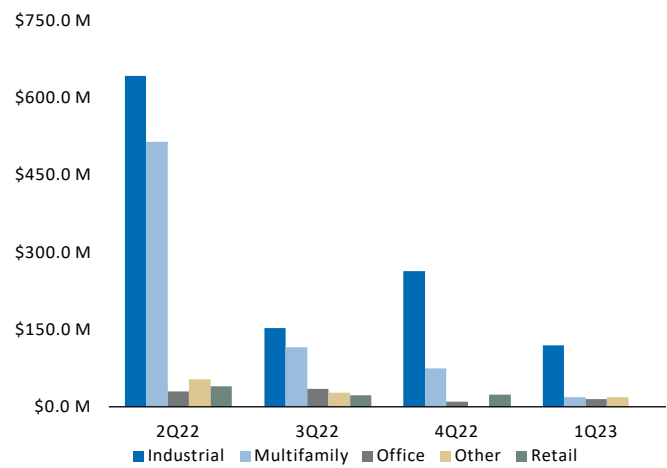
Overall	Recent Four Quarters	Previous Four Quarters	%/BPS Change	12-Month Forecast
Transaction Volume	\$2,174.2 M	\$3,763.6 M	-42.2%	↓
Price-Weighted Average Cap Rate	5.4%	5.0%	40 BPS	↑
Number of Transactions	122	216	-43.5%	↓
Industrial				
Transaction Volume	\$1,176.6 M	\$1,415.3 M	-20.0%	↓
Price-Weighted Average Cap Rate	5.4%	4.2%	120 BPS	↑
Number of Transactions	52	65	-20.0%	↓
Office				
Transaction Volume	\$89.7 M	\$788.5 M	-88.6%	↓
Price-Weighted Average Cap Rate	6.3%	6.6%	-30 BPS	↑
Number of Transactions	18	43	-58.1%	↓
Retail				
Transaction Volume	\$87.0 M	\$474.3 M	-81.7%	↓
Price-Weighted Multi-Tenant Average Cap Rate	5.9%	5.9%	0 BPS	↑
Price-Weighted Single-Tenant Average Cap Rate	5.4%	5.3%	10 BPS	↑
Number of Transactions	22	60	-66.3%	↑
Multifamily				
Transaction Volume	\$722.5 M	\$864.7 M	-16.4%	↓
Price-Weighted Average Cap Rate	4.8%	3.7%	110 BPS	↑
Number of Transactions	20	33	-39.4%	↓

Transaction Analysis

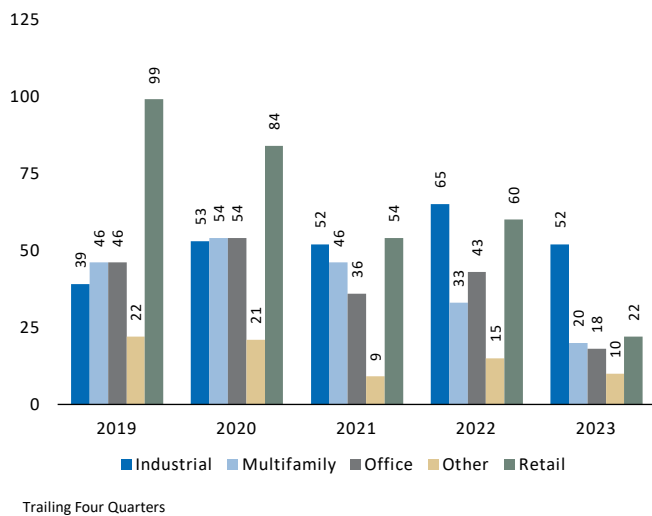
TRANSACTION DOLLAR VOLUME



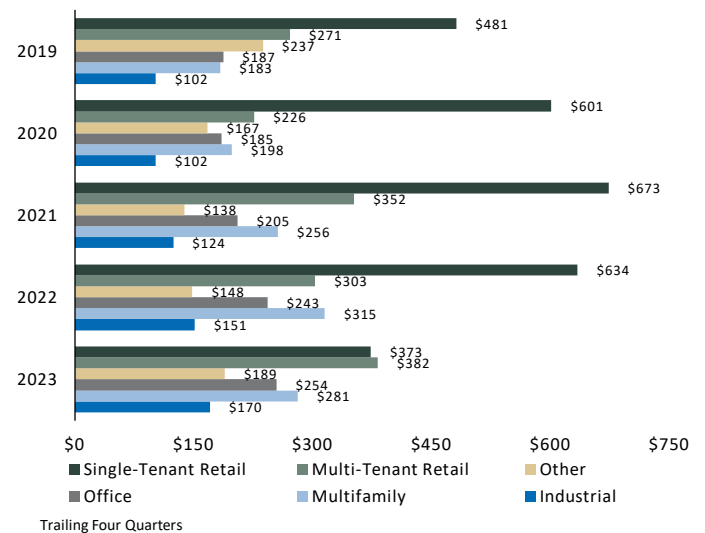
QUARTERLY TRANSACTION VOLUME BREAKDOWN BY ASSET TYPE



NUMBER OF INVESTMENT TRANSACTIONS BY ASSET TYPE



ACHIEVED AVERAGE SALE PRICES PSF BY ASSET TYPE



Q1 2023 Select Sale Transactions

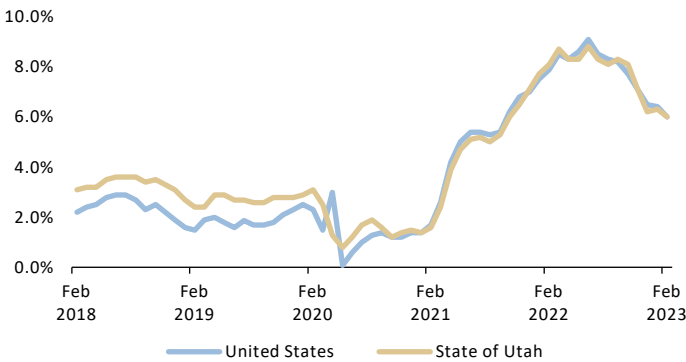
Property Name	Asset Type	City	Transaction Square Feet/Units/Rooms
Brennan Raceway Commerce Center A & B	Industrial	West Valley City	397,894 SF
American Tire Distributors	Industrial	Salt Lake City	160,230 SF
Copper Creek Senior Living	Hospitality	South Jordan	91,402 SF
The Lofts at Fort Union	Multifamily	Midvale	33 Units
5272 S. College Dr.	Office	Murray	45,520 SF

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 Utah unemployment coming in at 2.6% in February 2023, the state is one of the fastest recovering in terms of employment rate. With positive job growth across almost all industries excepting financial activities coupled with more employees returning to work, the region now faces the struggle of finding employees for open positions. With rising inflation costs that match those experienced across the nation, both employers and employees are more mindful than ever about where money is going and watching for ways to cut unnecessary expenses.

Consumer Price Index (CPI)

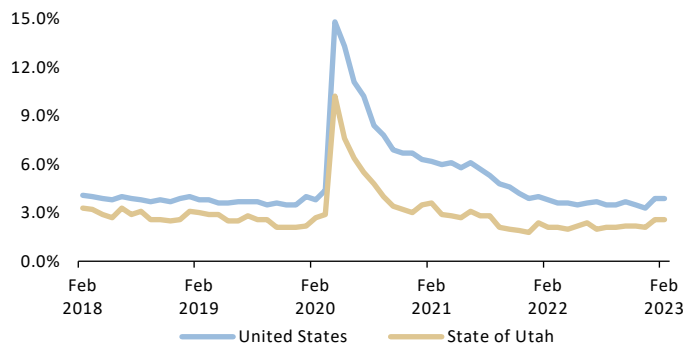
ALL ITEMS, NOT SEASONALLY ADJUSTED, 12-MONTH % CHANGE



Source: U.S. Bureau of Labor Statistics

Unemployment Rate

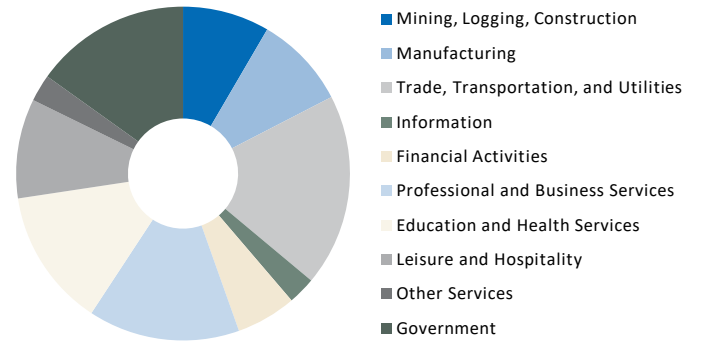
NOT SEASONALLY ADJUSTED



Source: U.S. Bureau of Labor Statistics

Employment by Industry

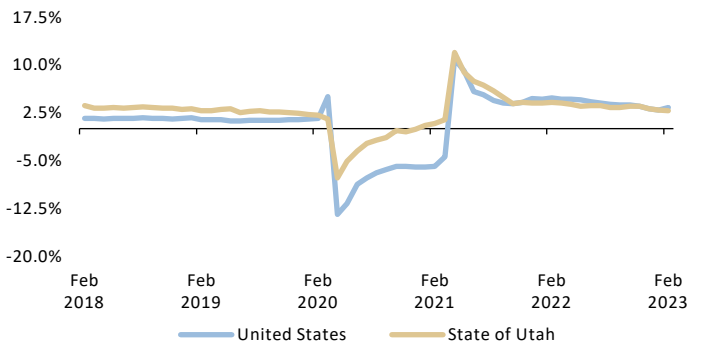
STATE OF UTAH, 2022 ANNUAL AVERAGE



Source: U.S. Bureau of Labor Statistics

Payroll Employment

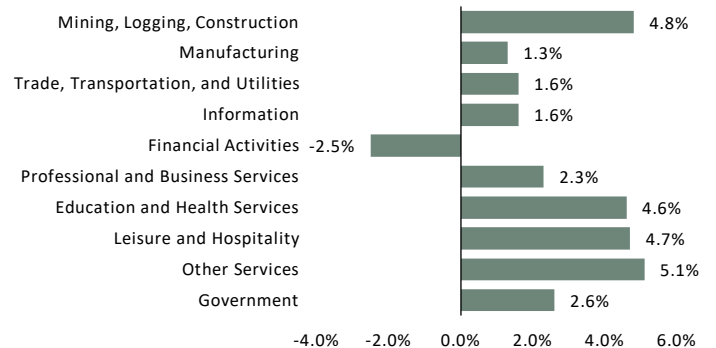
TOTAL NONFARM, NOT SEASONALLY ADJUSTED, 12-MONTH % CHANGE



Source: U.S. Bureau of Labor Statistics

Employment Growth by Industry

STATE OF UTAH, FEBRUARY 2023, 12-MONTH % CHANGE, NOT SEASONALLY ADJUSTED



Source: U.S. Bureau of Labor Statistics

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