



# Wasatch Front Retail Market

Retail Movement Continues to Slow at Beginning of 2023 due to Availability Constraints and Lack of Development

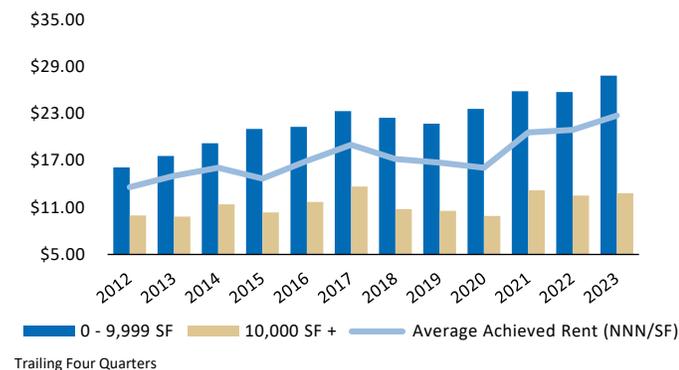
Lease Summary				
Leases 0 – 9,999 SF	Recent Four Quarters	Previous Four Quarters	% Change	12-Month Forecast
Number of Transactions	179	231	-22.5%	→
Average Achieved Actual Lease Rate (NNN)	\$27.87	\$25.76	8.2%	↑
Total Leased SF	417,512	636,413	-34.4%	→
Leases 10,000+ SF				
Number of Transactions	7	19	-63.2%	→
Average Achieved Actual Lease Rate (NNN)	\$12.84	\$12.52	2.6%	↑
Total Leased SF	204,280	382,108	-46.5%	→

- ### Current Conditions
- Direct vacancy moved upwards 10 basis points from 2.9% in fourth quarter of 2022 to 3.0% in the first quarter of 2023. Lack of new product and blocks of space contributed to minimal tenant movement as retail users anticipate to see how consumer spending pans out in the coming quarters in the wake of economic uncertainty.
  - Owner-user and investment sales continued to slow as interest hikes eat into investor yield and lenders are requiring more financial backing for approvals.
  - Achieved lease rates across all lease sizes have increased year-over-year, with leases under 10,000 square feet seeing the highest jump at 8.2%. Overall leasing activity across all deal sizes slowed year over year.

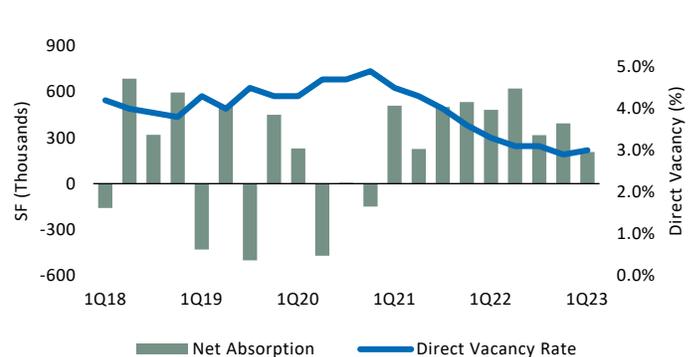
Sale Summary				
Single Tenant Investment Sales	Recent Four Quarters	Previous Four Quarters	%/BPS Change	12-Month Forecast
Number of Transactions	8	25	-68.0%	↓
Achieved Price PSF	\$400.45	\$583.80	31.4%	→
Price-Weighted Average Cap Rate	5.3%	5.1%	20 BPS	↑
Total Transaction Dollar Volume	\$20.0 M	\$82.6 M	-75.8%	→
Multi-Tenant Investment Sales				
Number of Transactions	15	29	-48.3%	→
Achieved Price PSF	\$310.11	\$312.09	-0.6%	↓
Price-Weighted Average Cap Rate	6.1%	6.1%	0 BPS	↑
Total Transaction Dollar Volume	\$65.3 M	\$312.4 M	-79.1%	↓
Owner-User Sales				
Number of Transactions	10	7	42.9%	→
Achieved Price PSF	\$279.15	\$206.09	35.5%	→
Total Sold SF	331,340	672,538	-50.7%	→

## Market Analysis

ACHIEVED AVERAGE LEASE RATES PSF (YEARLY NNN)



NET ABSORPTION SF AND DIRECT VACANCY %



**Q1 2023 Select Lease Transactions**

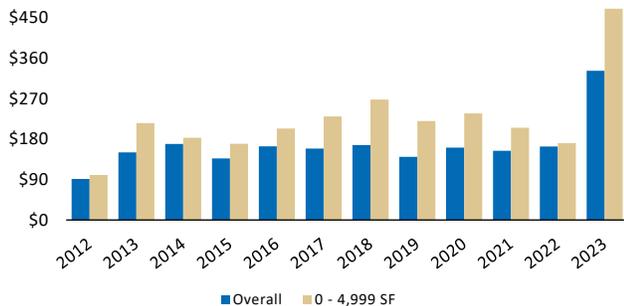
Tenant	City	Building	Type	Square Feet
Amavi Event Venue	Spanish Fork	160 N. Main St.	New	10,320
Bagel Project	Holladay	Holladay Center	New	4,015
Mesquite	Sandy	Willow Creek Center	New	3,791
Snooze Mattress	Pleasant Grove	Valley Grove Retail	New	3,105
Beaumont Bakery & Café	Holladay	Xcel Highland	New	2,906

**Select Sale Transactions – Last 12 Months**

Buyer	City	Building	Type	Square Feet
War Chest Real Estate	Provo	East Bay Shopping Center	Capital Markets	177,126
Asana Partners	Salt Lake City	Plaza 7-21	Capital Markets	114,687
HK Properties	South Ogden	Macey’s Anchored Center	Capital Markets	73,390
Tradewind Capital Group	Clinton	Park Plaza	Capital Markets	61,000
Old Post Holdings	Ogden	2754 Washington Blvd.	Capital Markets	48,100

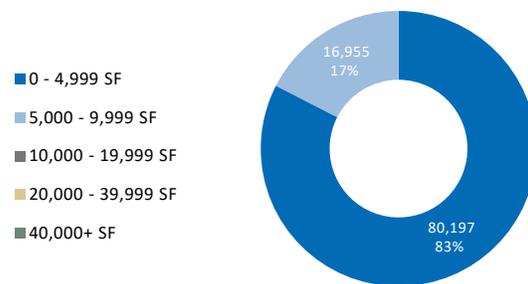
**Transaction Analysis**

ACHIEVED AVERAGE OWNER-USER SALE PRICES PSF

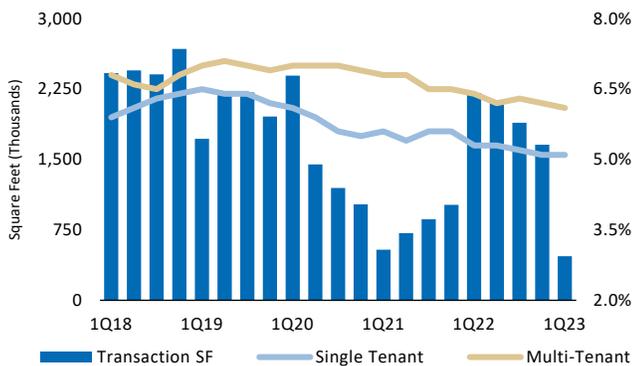


Trailing Four Quarters

Q1 2023 LEASE OVERVIEW BY TRANSACTION SF

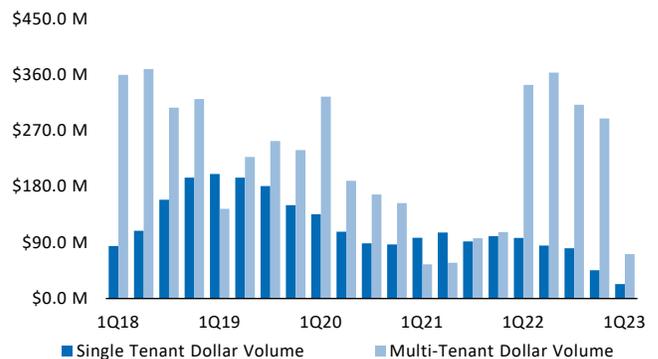


UTAH RETAIL INVESTMENT PRICE-WEIGHTED AVERAGE CAP RATES AND TOTAL TRANSACTION SF



Trailing Four Quarters

UTAH RETAIL INVESTMENT TRANSACTION DOLLAR VOLUME



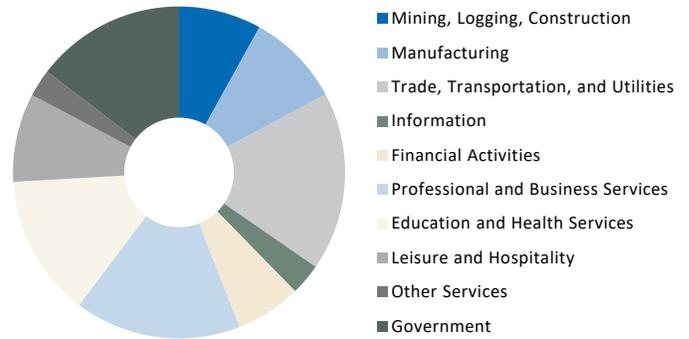
Trailing Four Quarters

### 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 Wasatch Front unemployment coming in at 2.5% in February 2023, the region is one of the fastest recovering in terms of employment rate. 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.

### Employment by Industry

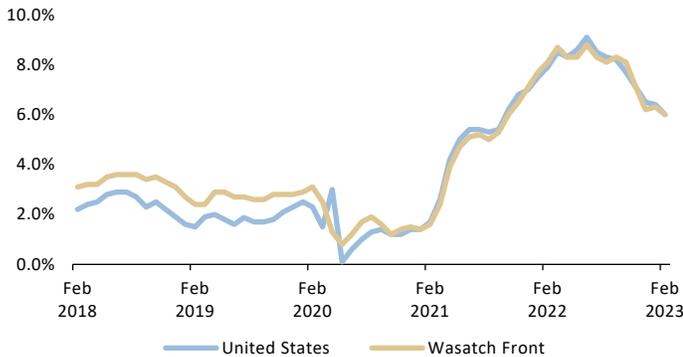
WASATCH FRONT, 2022 ANNUAL AVERAGE



Source: U.S. Bureau of Labor Statistics

### Consumer Price Index (CPI)

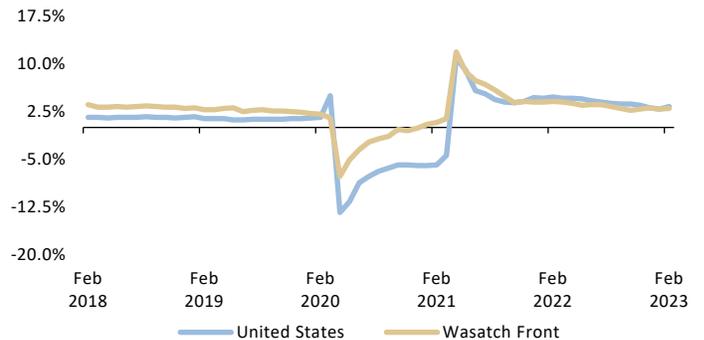
ALL ITEMS, NOT SEASONALLY ADJUSTED, 12-MONTH % CHANGE



Source: U.S. Bureau of Labor Statistics

### Payroll Employment

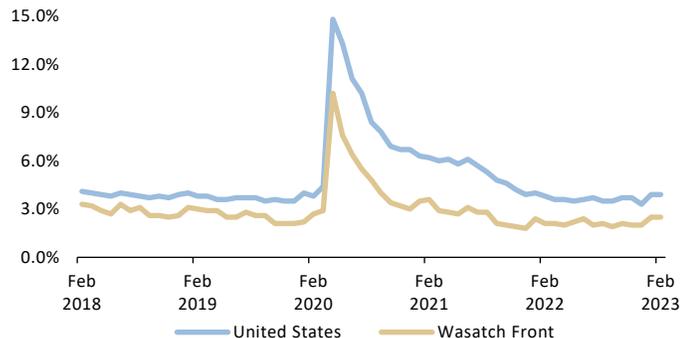
TOTAL NONFARM, NOT SEASONALLY ADJUSTED, 12-MONTH % CHANGE



Source: U.S. Bureau of Labor Statistics

### Unemployment Rate

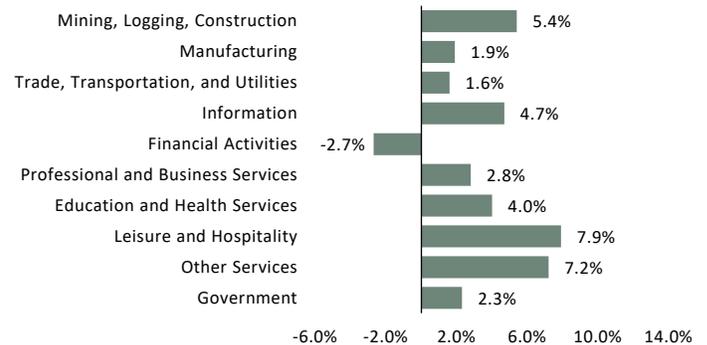
NOT SEASONALLY ADJUSTED



Source: U.S. Bureau of Labor Statistics

### Employment Growth by Industry

WASATCH FRONT, FEBRUARY 2023, 12-MONTH % CHANGE, NOT SEASONALLY ADJUSTED



Source: U.S. Bureau of Labor Statistics

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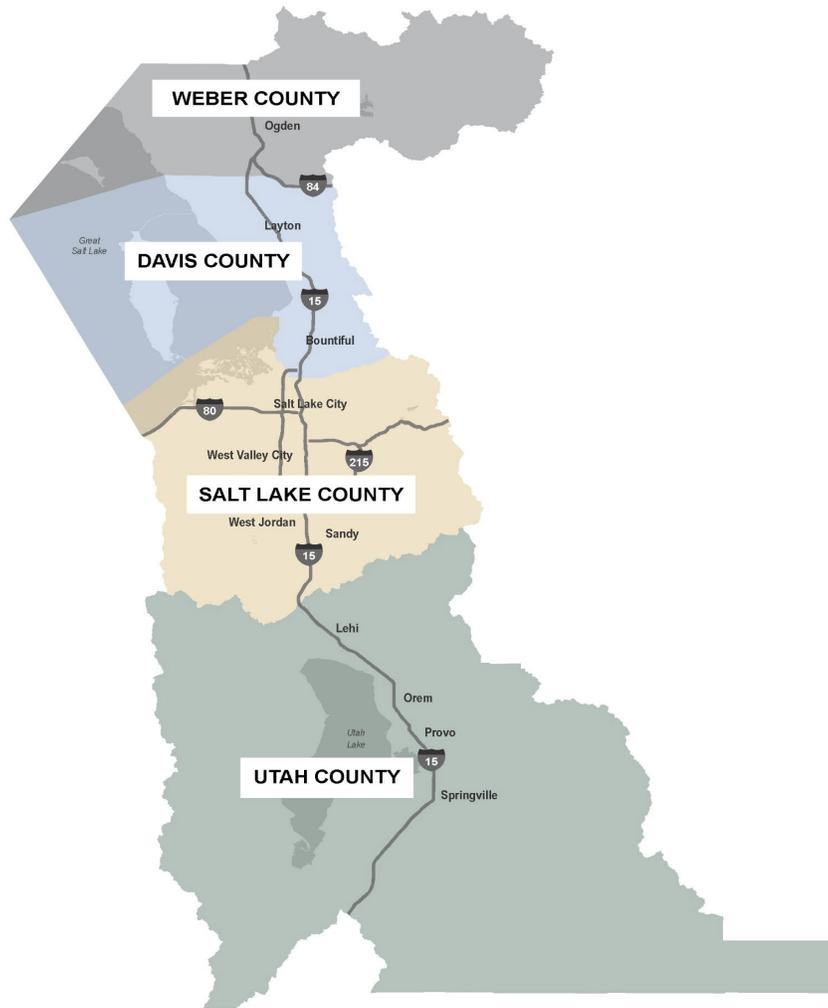
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