

# Utah Investment Market

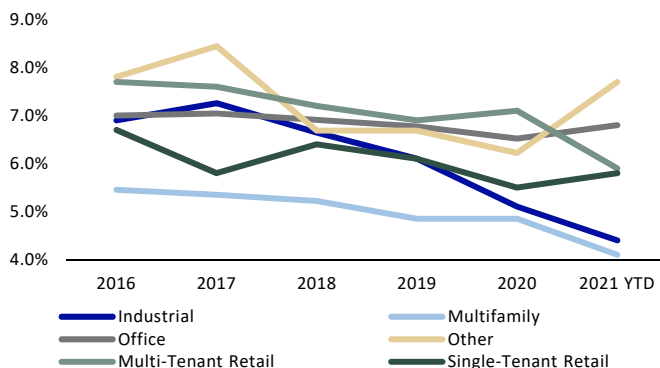
## Industrial Investments Continue Reign as Investors Top Pick for Utah Assets as Office and Multifamily See Increased Activity as 2021 Progresses

### Current Conditions

- Industrial investment transactions accounted for 45.1% of transaction dollar volume thus far into 2021, with the price-weighted average cap rate for industrial product dropping by 70 basis points since the start of 2021.
- Office investment transaction dollar volume continues its recovery, experiencing a 20.2% increase year-over-year.
- Multifamily transactions are still down year-over-year; however price-weighted average cap rates continue to compress with numerous deals closing under or near 4.0% in third-quarter 2021.
- As the heaviest hit industry, retail assets continue to see low transaction activity unless its tied to recession-proof and/or strong credit tenants.
- Western state investors turned to Utah during the third quarter of 2021, contributing 53.3% to the overall transaction dollar volume. Colorado (\$188.0M), Washington (\$170.4M), and California (\$119.6M) investors nearly surpassed local investors (\$190.8M) as Utah's quick economic recovery and diversity make it an attractive location to place equity.

### Price-Weighted Average Cap Rates

#### BY ASSET TYPE

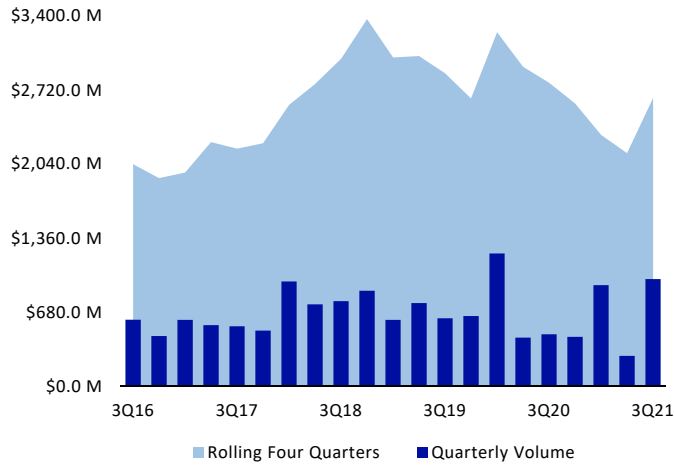


### Market Summary

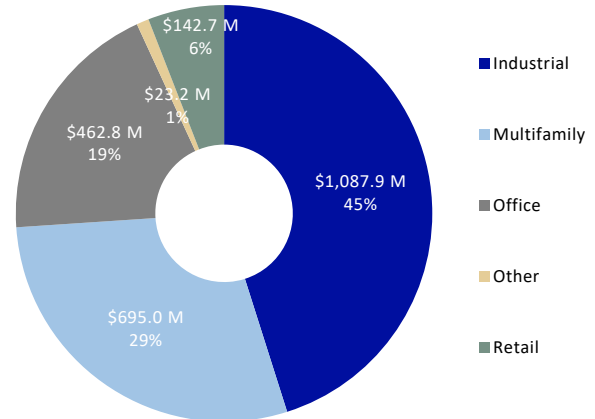
Overall	Last 12 Months	Prior 12 Months	%/BPS Change	12-Month Forecast
Transaction Volume	\$2.6 B	\$2.8 B	-5.0%	↑
Price-Weighted Average Cap Rate	4.9%	5.8%	-90 BPS	↑
Number of Transactions	175	227	-22.9%	↑
<b>Industrial</b>				
Transaction Volume	\$1.2 B	\$0.9 B	22.8%	↑
Price-Weighted Average Cap Rate	4.5%	5.5%	-100 BPS	→
Number of Transactions	53	54	-1.9%	↑
<b>Office</b>				
Transaction Volume	\$0.5 B	\$0.4 B	20.2%	→
Price-Weighted Average Cap Rate	6.7%	6.6%	10 BPS	↑
Number of Transactions	36	37	-2.7%	→
<b>Retail</b>				
Transaction Volume	\$0.2 B	\$0.3 B	-34.1%	→
Price-Weighted Average Cap Rate	5.7%	6.7%	-100 BPS	↑
Number of Transactions	43	67	-35.8%	↑
<b>Multifamily</b>				
Transaction Volume	\$0.8 B	\$0.9 B	-15.8%	↑
Price-Weighted Average Cap Rate	4.2%	4.9%	-70 BPS	→
Number of Transactions	34	54	-37.0%	↑

## Transaction Analysis

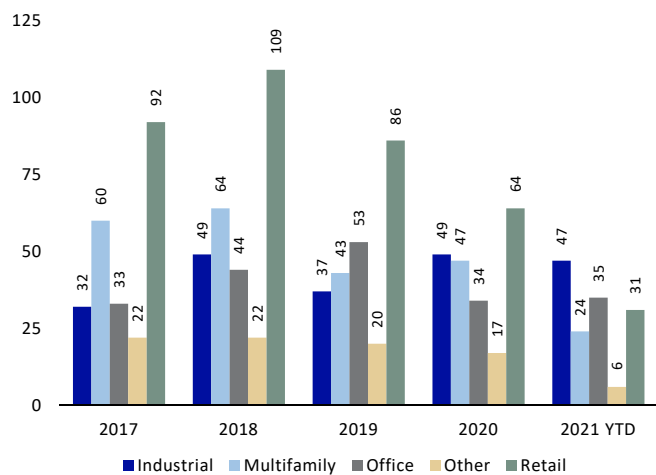
TRANSACTION DOLLAR VOLUME



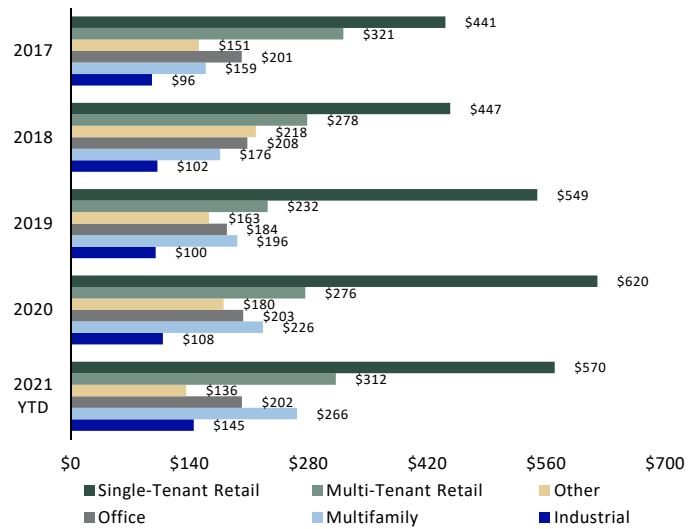
2021 YTD TRANSACTION VOLUME BY ASSET TYPE



NUMBER OF INVESTMENT TRANSACTIONS BY ASSET TYPE



ACHIEVED AVERAGE SALE PRICES PSF BY ASSET TYPE



## Select Sale Transactions

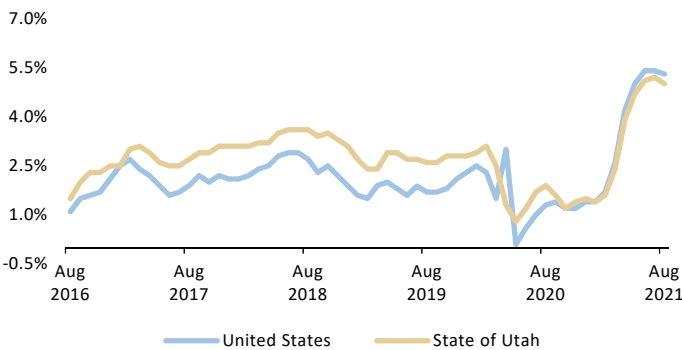
Property Name	Asset Type	City	Transaction Square Feet/Units
Vista Station Portfolio – Buildings 4, 7, 8, 10	Office	Draper	541,678 SF
XR1	Industrial	Salt Lake City	457,320 SF
Intermountain Space Center	Industrial	Salt Lake City	434,062 SF
Ace & Apollo Industrial Portfolio	Industrial	Salt Lake City	411,838 SF
Broadmoor Village Apartments	Multifamily	West Jordan	348 Units
Foothill Village	Retail	Salt Lake City	271,823 SF
Falls at Hunters Pointe Apartments	Multifamily	Sandy	276 Units
Lake Pointe Corporate Centre Investment	Office	Salt Lake City	182,121 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, the state was one of the quickest to recover. With the state unemployment rate coming in at 2.5% in August 2021 and ranking first for year-over-year real GDP growth, Utah is primed to return back to strong economic standing despite the COVID-19 disruption, with potential to become even more economically resilient and strong due to measures the state took to endure the pandemic. With over 60% of the state fully vaccinated and more employees returning to work, the state now faces the struggle of finding employees for open positions. Currently facing the fifth-largest labor shortage in the country, with 1.45 job openings available for each individual looking for work, companies are competing for quality candidates across all industries. Keeping businesses open and staffed will be important for real estate investors to keep rent rolls stabilized in coming quarters.

### Consumer Price Index (CPI)

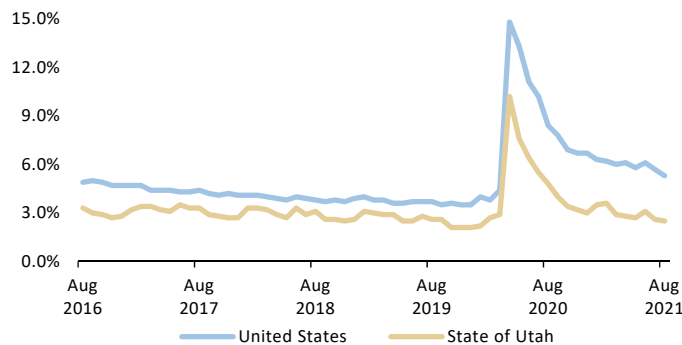
ALL ITEMS, NOT SEASONALLY ADJUSTED, 12-MONTH % CHANGE



Source: U.S. Bureau of Labor Statistics

### Unemployment Rate

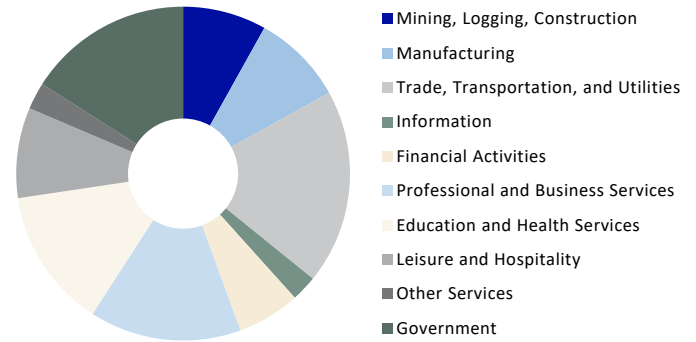
NOT SEASONALLY ADJUSTED



Source: U.S. Bureau of Labor Statistics

### Employment by Industry

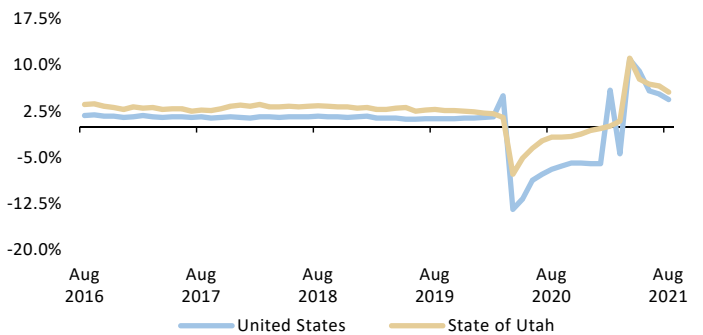
STATE OF UTAH, 2020 ANNUAL AVERAGE



Source: U.S. Bureau of Labor Statistics

### Payroll Employment

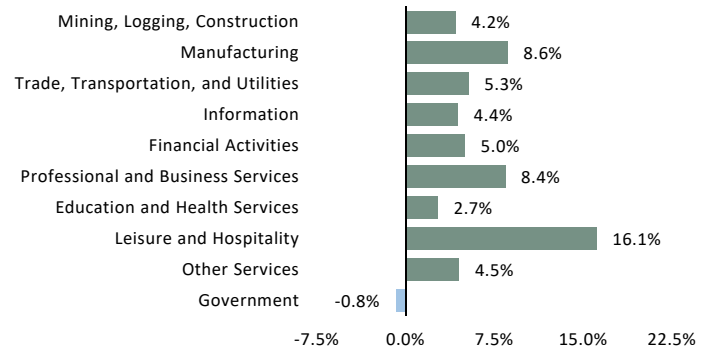
TOTAL NONFARM, NOT SEASONALLY ADJUSTED, 12-MONTH % CHANGE



Source: U.S. Bureau of Labor Statistics

### Employment Growth by Industry

STATE OF UTAH, AUGUST 2021, 12-MONTH % CHANGE, NOT SEASONALLY ADJUSTED



Source: U.S. Bureau of Labor Statistics

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