

Wasatch Front Retail Market

Retail Leasing and Sales Lower in Wake of Economic Headwinds

Lease Summary

Leases 0 – 9,999 SF	Recent Four Quarters	Previous Four Quarters	% Change	12-Month Forecast
Number of Transactions	209	210	-0.4%	↓
Average Achieved Actual Lease Rate (NNN)	\$26.85	\$25.95	3.5%	↑
Total Leased SF	535,733	516,262	3.8%	↓
Leases 10,000+ SF				
Number of Transactions	16	17	-5.9%	↓
Average Achieved Actual Lease Rate (NNN)	\$14.13	\$11.03	28.1%	↑
Total Leased SF	370,843	340,131	9.0%	↓

Current Conditions

- Direct vacancy held stable at 3.1% in the third quarter of 2022, holding the record low for the Wasatch Front in place. Lack of new product and tenant movement contributed 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 lowered significantly quarter-over-quarter 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 over 10,000 square feet seeing the highest jump at 28.1%.

Sale Summary

Single Tenant Investment Sales	Recent Four Quarters	Previous Four Quarters	%/BPS Change	12-Month Forecast
Number of Transactions	18	22	-18.2%	↓
Achieved Price PSF	\$466.16	\$758.23	-38.5%	↓
Price-Weighted Average Cap Rate	5.2%	5.6%	-40 BPS	↑
Total Transaction Dollar Volume	\$62.2 M	\$86.5 M	-28.1%	↓

Multi-Tenant Investment Sales

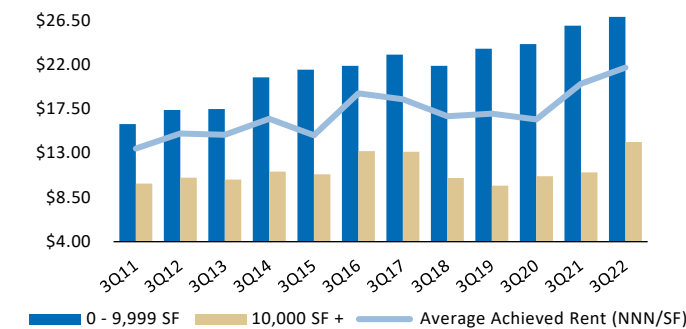
Number of Transactions	25	13	92.3%	↓
Achieved Price PSF	\$309.85	\$374.60	-17.3%	↓
Price-Weighted Average Cap Rate	6.1%	6.5%	-40 BPS	↑
Total Transaction Dollar Volume	\$273.4 M	\$96.9 M	182.0%	↓

Owner-User Sales

Number of Transactions	26	39	-33.3%	↓
Achieved Price PSF	\$305.86	\$198.45	54.1	↓
Total Sold SF	637,848	590,993	7.9%	↓

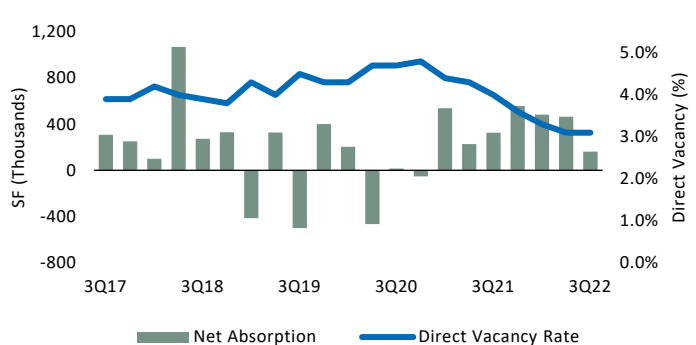
Market Analysis

ACHIEVED AVERAGE LEASE RATES PSF (YEARLY NNN)



Trailing Four Quarters

NET ABSORPTION SF AND DIRECT VACANCY %



Q3 2022 Select Lease Transactions

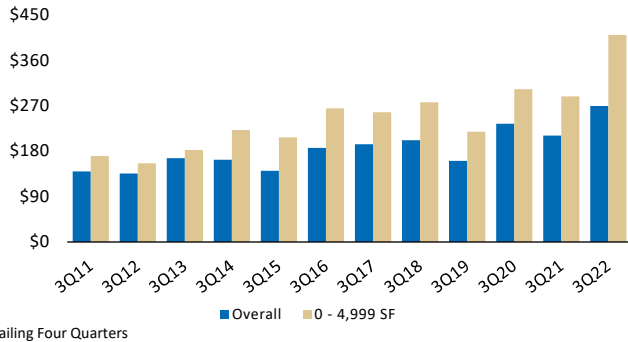
Tenant	City	Building	Type	Square Feet
Hawx Pest	Orem	1640 S. State St.	New	25,799
David's Bridal	Orem	Carillion Square	Renewal	25,514
Sierra Trading	Taylorsville	5636 S. Redwood Rd.	Renewal	10,763
Via 313 Pizzeria	Sandy	South Towne Center	New	5,400
Café Zupas	Pleasant Grove	Pleasant Grove Town Center	New	3,600

Q1-Q3 2022 Select Sale Transactions

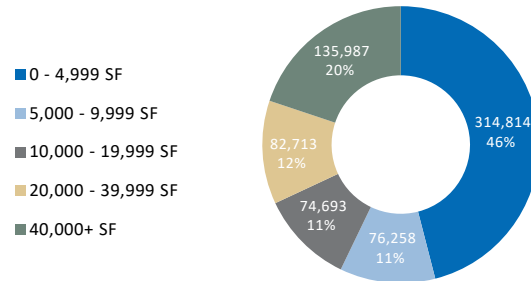
Buyer	City	Building	Type	Square Feet
War Chest Real Estate	Provo	East Bay Shopping Center	Capital Markets	177,126
Evergreen Devco	Saratoga Springs	Saratoga Crossroads	Capital Markets	103,392
HK Properties	South Ogden	Macey's Anchored Center	Capital Markets	73,390
Tradewind Capital Group	Clinton	Park Plaza	Capital Markets	61,000
Old Post Holdings	Ogden	2754 Washington Blvd.	Capital Markets	48,100

Transaction Analysis

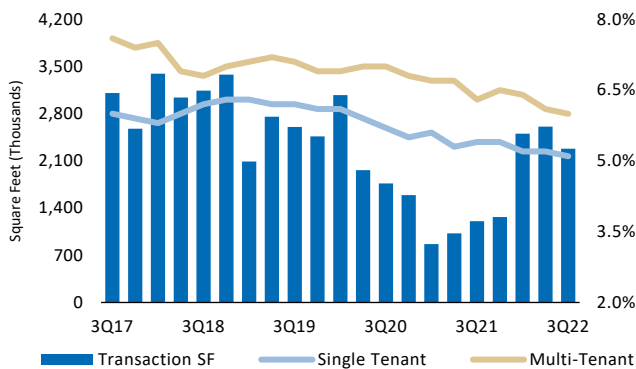
ACHIEVED AVERAGE OWNER-USER SALE PRICES PSF



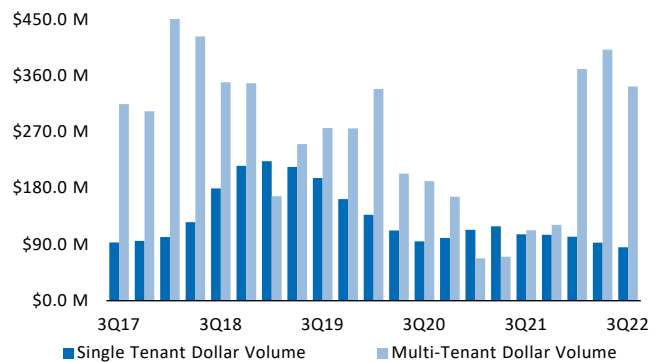
Q1-Q3 2022 LEASE OVERVIEW BY TRANSACTION SF



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



UTAH RETAIL INVESTMENT TRANSACTION DOLLAR VOLUME



Trailing Four Quarters

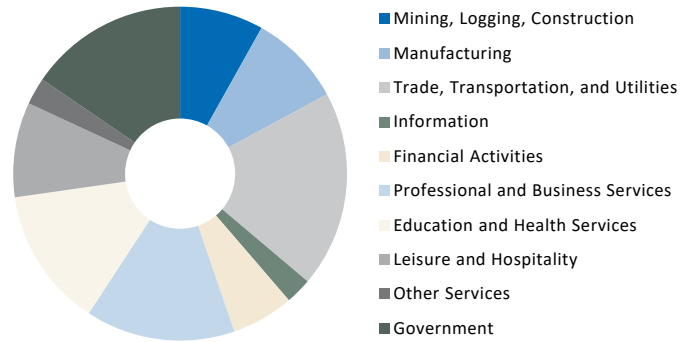
Trailing Four Quarters

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 2.1% in August 2022, the metro is one of the fastest recovering in terms of employment rate. Positive job growth across almost all industries excepting financial activities and professional and business sectors 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

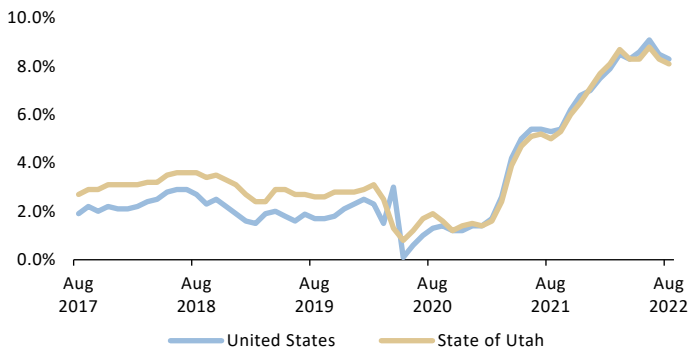
STATE OF UTAH, 2021 ANNUAL AVERAGE



Source: U.S. Bureau of Labor Statistics

Consumer Price Index (CPI)

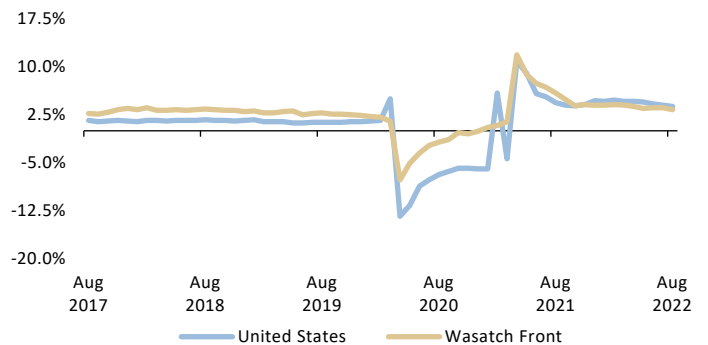
ALL ITEMS, NOT SEASONALLY ADJUSTED, 12-MONTH % CHANGE



Source: U.S. Bureau of Labor Statistics

Payroll Employment

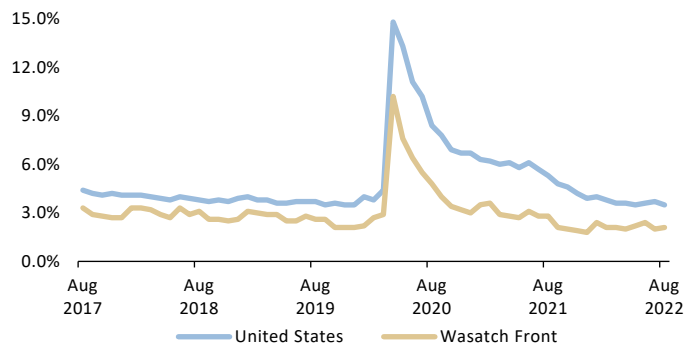
TOTAL NONFARM, NOT SEASONALLY ADJUSTED, 12-MONTH % CHANGE



Source: U.S. Bureau of Labor Statistics

Unemployment Rate

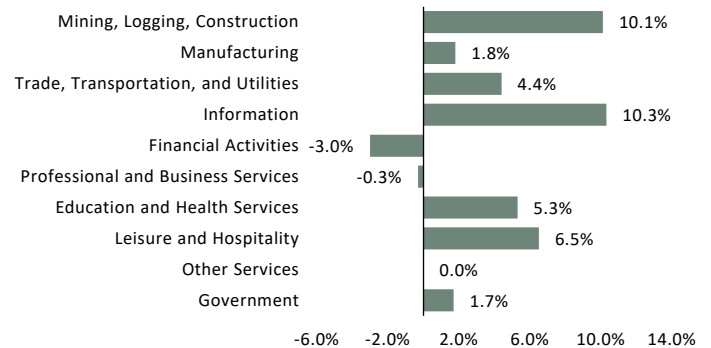
NOT SEASONALLY ADJUSTED



Source: U.S. Bureau of Labor Statistics

Employment Growth by Industry

WASATCH FRONT, AUGUST 2022, 12-MONTH % CHANGE, NOT SEASONALLY ADJUSTED



Source: U.S. Bureau of Labor Statistics

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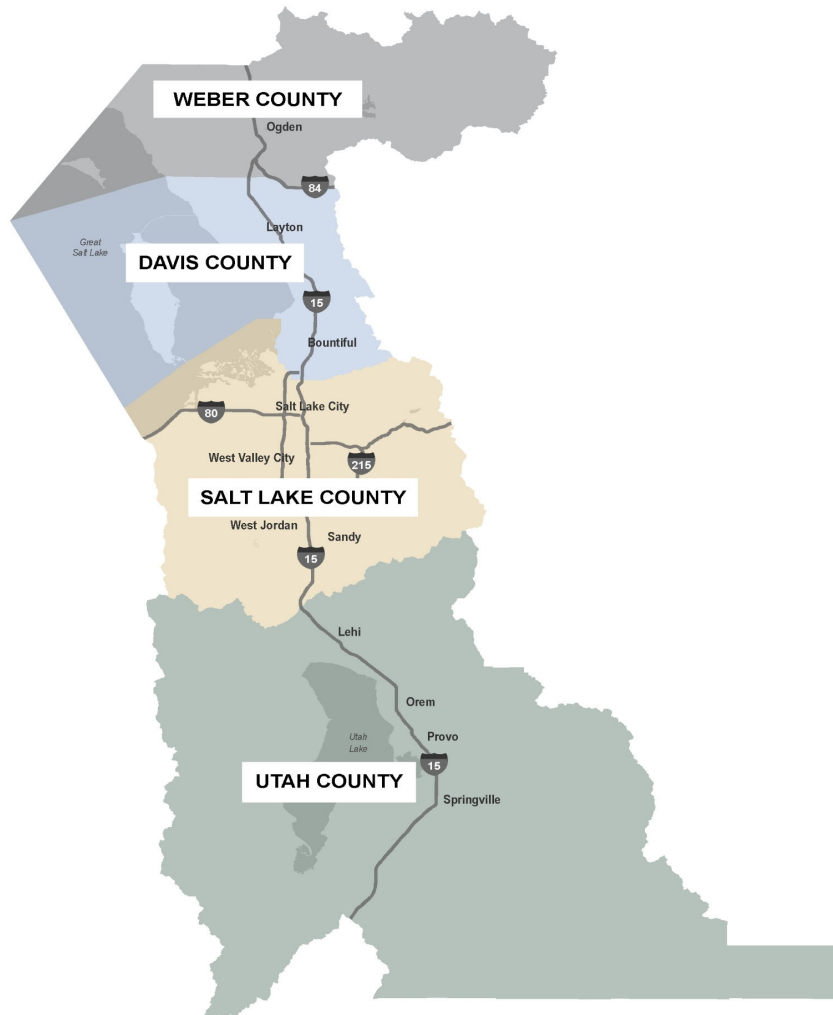
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