



Overall Market Information 3Q 2017

Average Lease Rates

\$.61 NNN



Net Absorption

+336K SF



Average Vacancy Rates

2.32%



Under Construction

1.1M SF



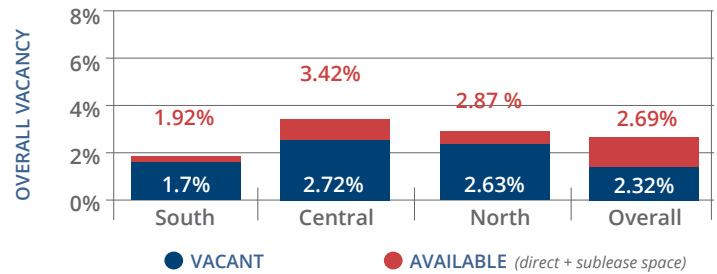
Arrows indicate changes based on year-over-year 3Q

Market Forecast

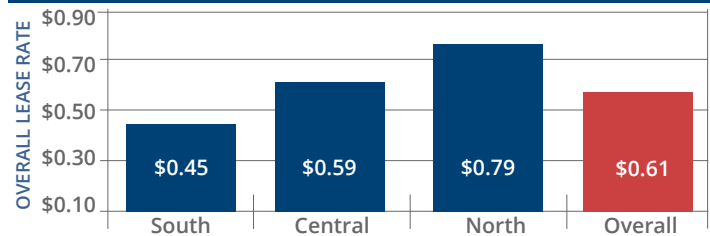
Utah County's industrial market has seen a slower completed deal pace for the 3rd quarter based on limited building supply. New construction has been active in 2017, which has been needed since 2014 in order to create a more balanced supply ratio. With vacancy rates continuing to drop and reaching historically low rates of 2.3%, quality available space is difficult to locate. Current net positive absorption settled at 336,536 square feet compared to last year's third quarter rate of 413,670 square feet. The cause of this decrease in leasing activity is again, due to continued lack of available space. With the supply not keeping pace with demand within the Utah County industrial market, leasing activity will remain challenging well into 2018. Without much retraction in market demand, local developers are continued to respond with more speculative space than in recent years. At this time last year, 702,526 square feet was under construction compared to this year's 1,108,414 square feet. Increased demand for distribution warehouse space as a result of strong e-commerce trends is adding to the demand pressure. The need for efficient distribution warehouse product in Utah county is becoming more prominent than ever before.

Most active tenants in the market have an e-commerce profile in their business they are trying to solve for. Asking lease rates have increased due to unrelenting tenant demand and increased land values and construction costs. Landlords are achieving higher than average rates, which will remain necessary to attract investment capital to this market segment. Currently the overall asking lease rate was at \$.61 NNN which is \$.02 higher than this same time last year. Expect continued higher asking rates throughout the remainder of the year and well into 2018. Sale prices also continue to hit new historic highs as well, with plentiful capital and profitable business results.

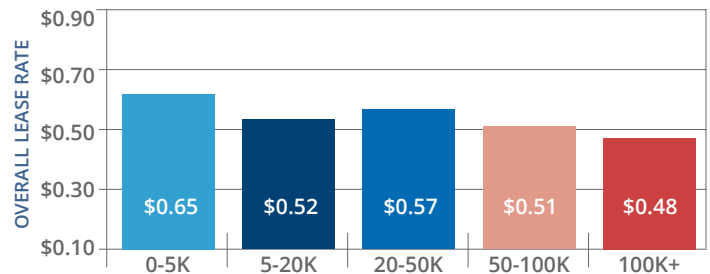
Vacant vs. Available by Quadrant



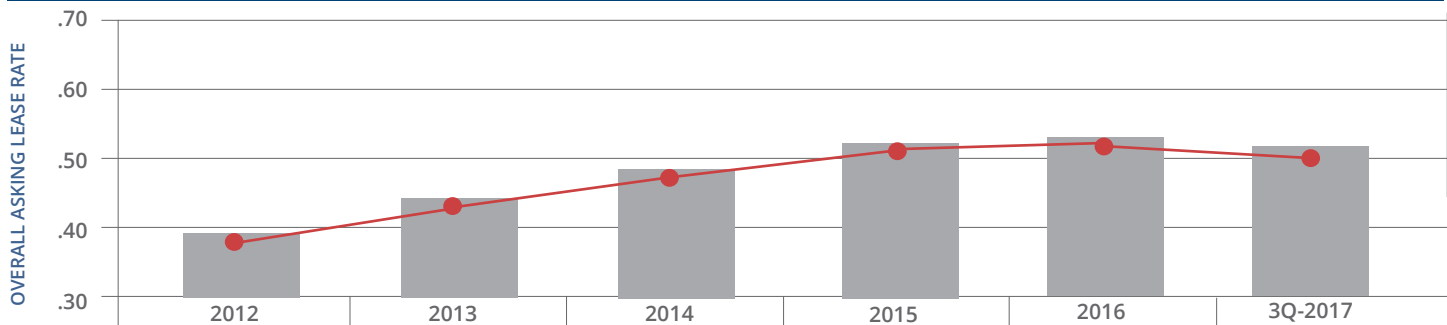
Asking Lease Rate by Quadrant



Asking Lease Rate by Building Size



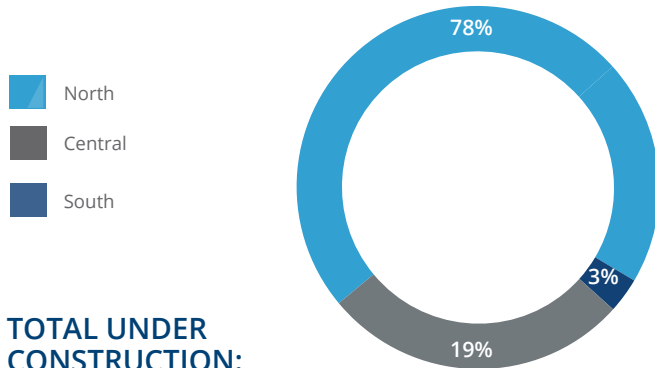
Historical Lease Rates



Utah County Industrial Market 3Q 2017

QUADRANT	BUILDINGS	TOTAL BUILDING SF	AVAILABLE SF	LEASE RATE NNN	SUBLEASE SF	VACANCY	NET ABS
Central	501	10,297,108	352,340	\$0.59	6,680	2.72%	162,651
North	284	10,489,441	301,532	\$0.79	28,317	2.63%	132,993
South	219	12,094,146	231,993	\$0.45	6,750	1.70%	40,892
OVERALL	1004	32,880,695	885,865	\$0.61	41,747	2.32%	336,536

Construction Update



**TOTAL UNDER CONSTRUCTION:
1,108,414 SF**

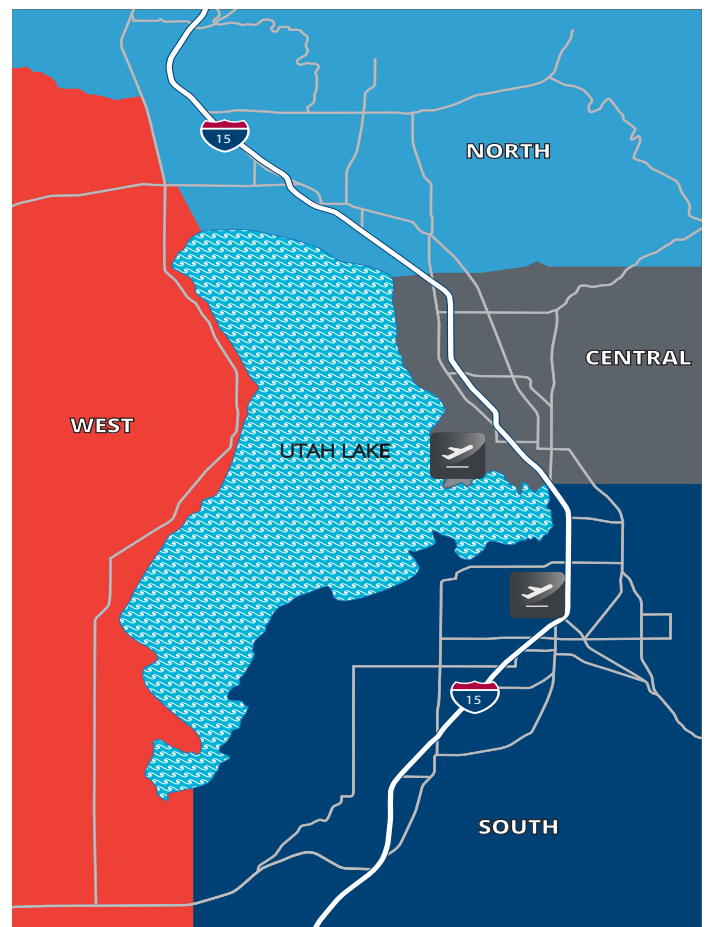
The North quadrant of Utah County continues to be the ideal location for growth as residential unit construction and other commercial ventures continue to thrive in this sector. Reasonably land parcels suitable for industrial development priced continues to be scarce. Significant construction activity includes the following projects:

Significant Construction

BLDG NAME	SIZE SF	QUADRANT	EXPECTED FINISH DATE	TYPE
North Point 2	206,000	North	4Q-2017	Spec
DoTerra Warehouse Expansion	200,000	North	1Q-2018	Owner/User
2499 W 700 S	215,000	South	1Q-2018	Spec
850 S Mill Pond Dr	98,000	North	4Q-2017	Build-to-Suit
351 E 1750 N	60,000	Central	2Q-2018	Spec
735 S Automall Dr.	57049	North	2Q-2017	Build-to-Suit

Significant Lease Deals 3Q-2017

BUILDING NAME	SIZE SF	TENANT NAME	QUADRANT
Granite Seed	53,709	Ferguson Enterprises	North
Lindon Tech Center A & B	32,636	IdealShape, LLC	North
Vineyard Industrial	24,115	Noah Corporation	Central
Lindon Tech Center	16,171	Club V Volleyball, LLC	North
Vineyard Industrial	15,680	Stevie & Co., LLC	Central



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