3Q25

Salt Lake County Industrial Market

Market Observations

Economy

- The Salt Lake City MSA continues to outperform national averages, maintaining unemployment roughly 70 basis points below the U.S. rate and achieving 1.8% year-over-year job growth—more than double the national pace.
- Industrial employment has softened in recent months after early-year gains, as manufacturers adjust staffing levels in response to tempered demand and shifting production needs.
- Inflationary pressures, elevated construction costs, and tariff-related uncertainty have tempered developer and tenant confidence, prompting more cautious decision-making.

Leasing Market Fundamentals

- Demand for specialized and small-bay spaces remains high, commanding rental premiums amid tight supply.
- Sublease availability stabilized near 2.4 million square feet, with new listings offsetting absorbed space as occupiers continue to optimize their footprints.
- Vacancy rose to 5.9% as new deliveries outpaced absorption, though tight conditions persist outside bulk distribution, where vacancy averages just 2.5%.
- Class A leasing remains steady at roughly 55% of total transactions—well above pre-pandemic averages—demonstrating sustained preference for high-quality space.

Major Transactions

- The Northwest Quadrant continues to attract industrial users across sectors due to its connectivity to the Inland Port and Salt Lake City International Airport.
- Leasing volume has eased each quarter of 2025, with renewals accounting for more than 30% of total activity as tenants navigate rents roughly 30% above pre-pandemic levels.
- Achieved rents have moderated by 6% year-over-year, with flex and general-purpose assets outperforming traditional industrial properties.

Outlook

- The market is expected to remain in a recalibration phase through 2026, with leasing activity driven by renewals and selective expansions in specialized product types.
- Extended tariffs will raise raw material and replacement costs, further slowing construction activity.
- Moderate rent growth is anticipated in high-demand submarkets and flex assets, reflecting a more balanced, sustainable market environment ahead.
- Landlords are leaning on concessions and tenant improvements to remain competitive in a more cautious leasing environment.

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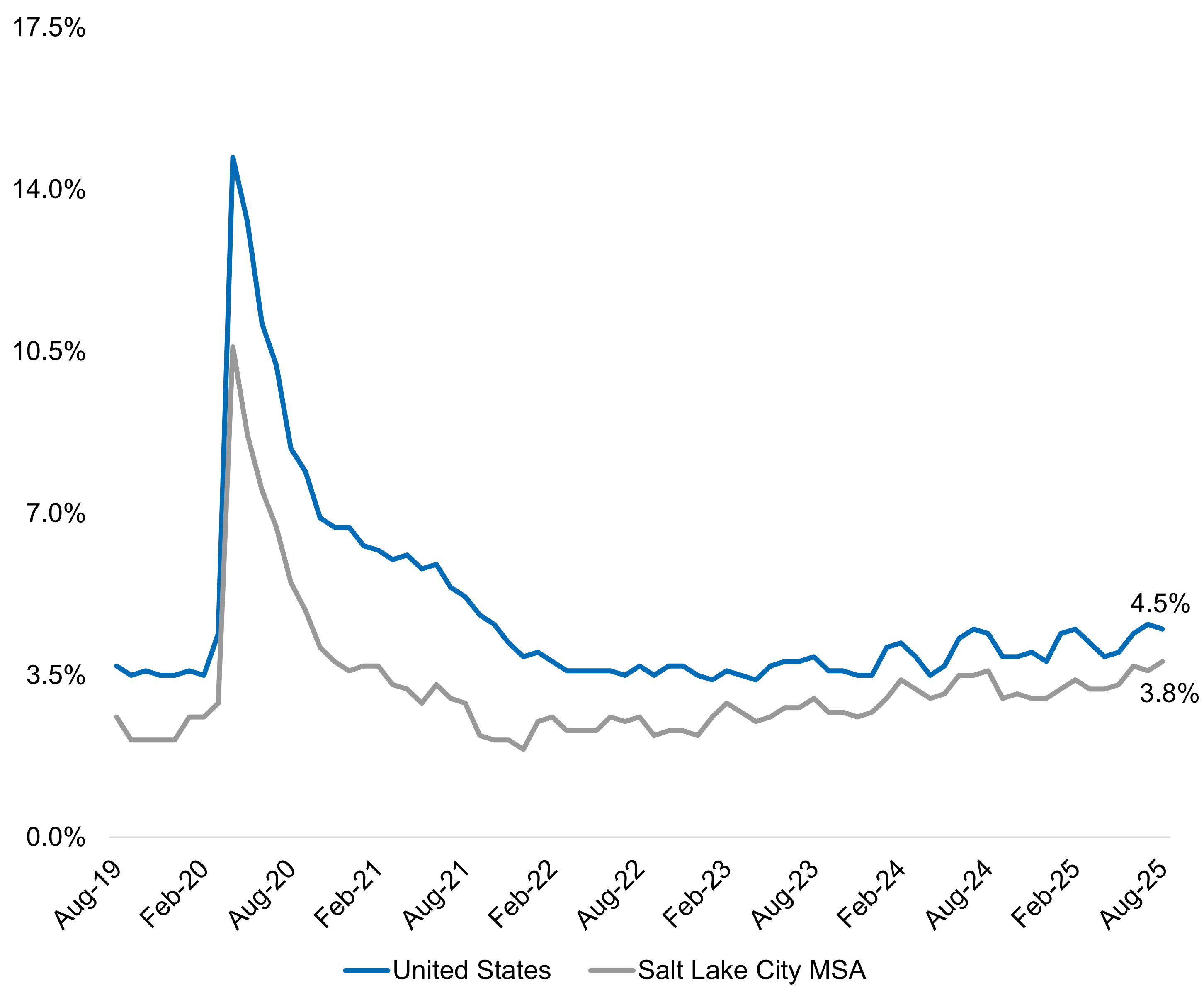
Economy

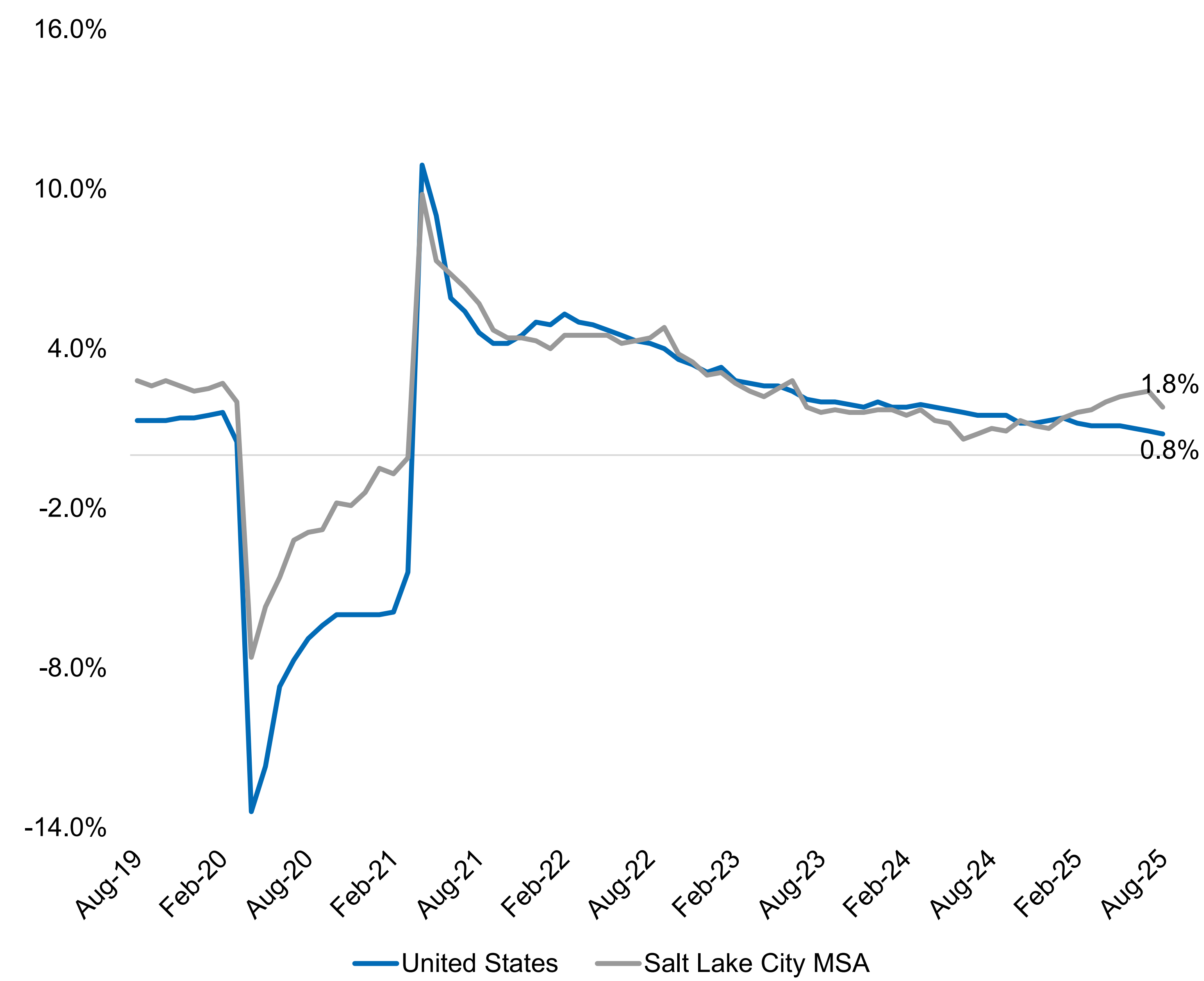
Salt Lake City Labor Market Defies National Slowdown

As of August 2025, the Salt Lake City MSA continues to outperform national labor trends, maintaining an unemployment rate roughly 70 basis points below the U.S. average. Even amid broader economic uncertainty, the region's labor market demonstrates remarkable durability. Employment expanded 1.8% year over year, more than twice the national growth rate of 0.8%, underscoring the metro's steady job creation and enduring economic momentum.

Unemployment Rate, Not Seasonally Adjusted



Nonfarm Payroll Employment, Non-Seasonally Adjusted, 12-Month % Change



Source: U.S. Bureau of Labor Statistics
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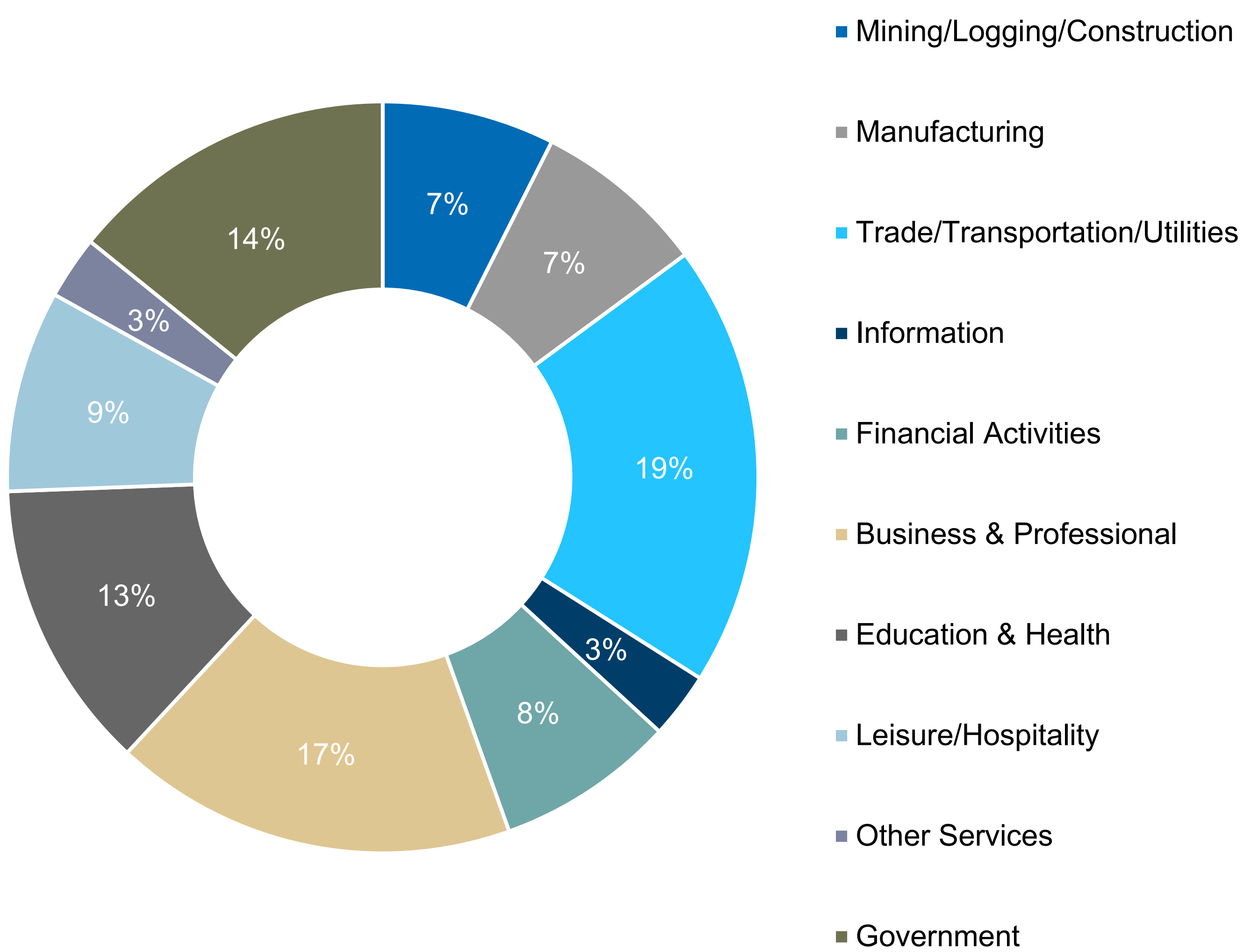
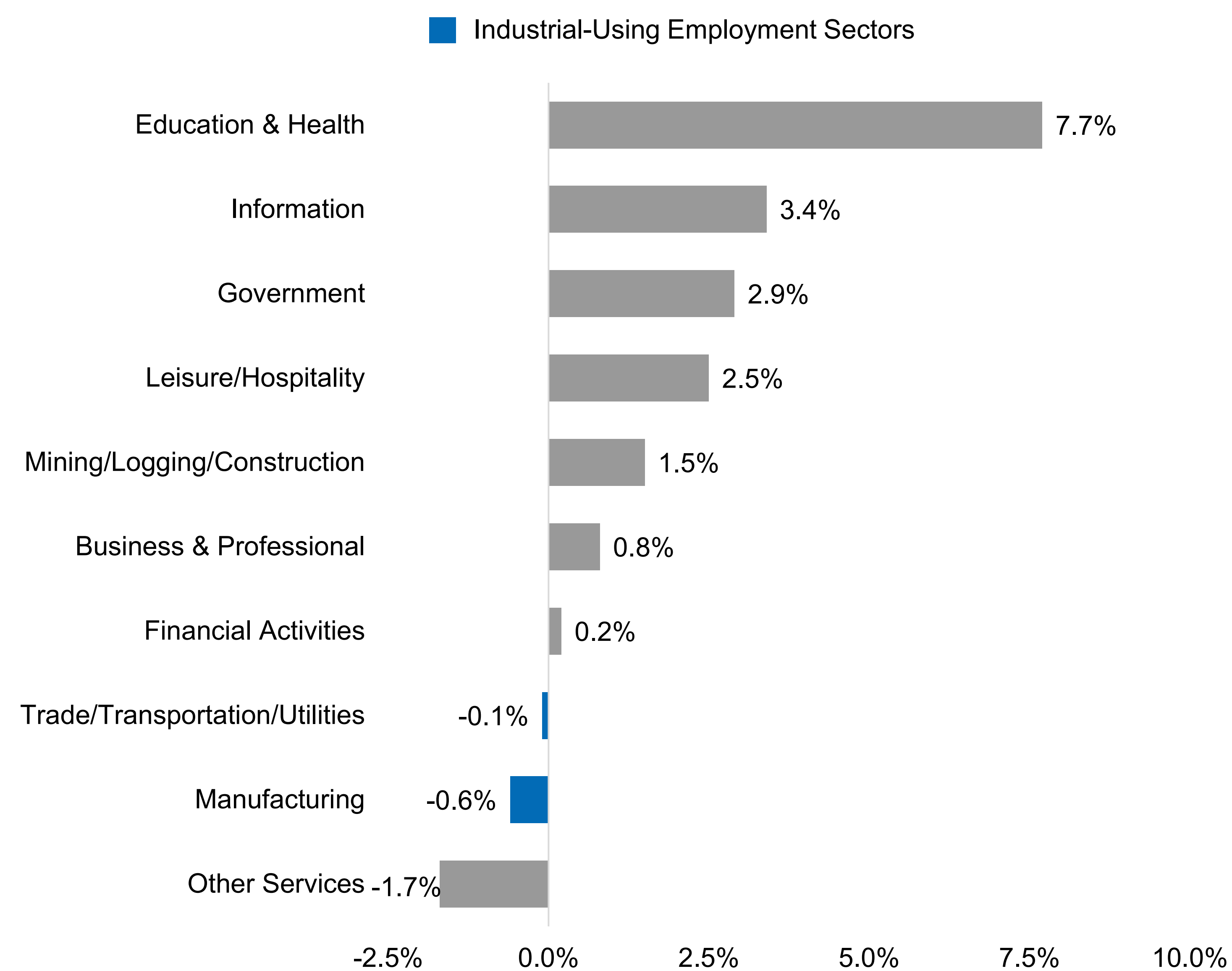
Population Growth Fuels Service-Sector Gains Amid Shifting Consumer Trends

Over the past year, nonfarm employment growth has been driven primarily by the education and health sector (+7.7%), followed by gains in information (+3.4%) and government (+2.9%). Rapid population increases continue to strain schools and healthcare systems, spurring employers to ramp up hiring to alleviate ongoing labor shortages. Meanwhile, employment in other services declined by 3.4%, signaling that inflation and tariff pressures are reshaping consumer spending habits. Although public and infrastructure-related sectors remain pillars of stability, the slowdown in discretionary service roles could temper the region's broader economic momentum in the months ahead.

Salt Lake MSA Employment by Industry, August 2025



Salt Lake MSA Employment Growth by Industry, 12-Month % Change, August 2025

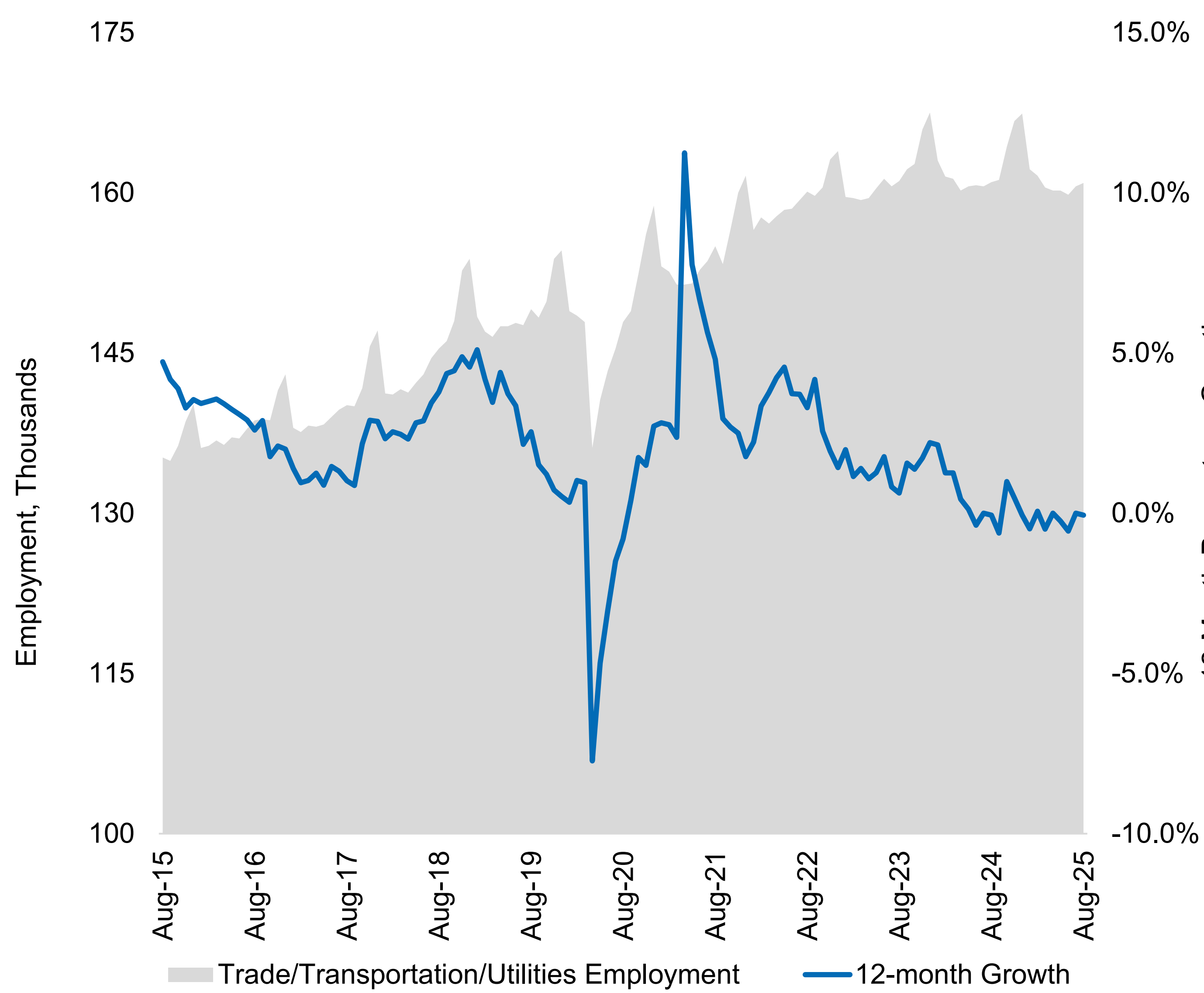


Source: U.S. Bureau of Labor Statistics

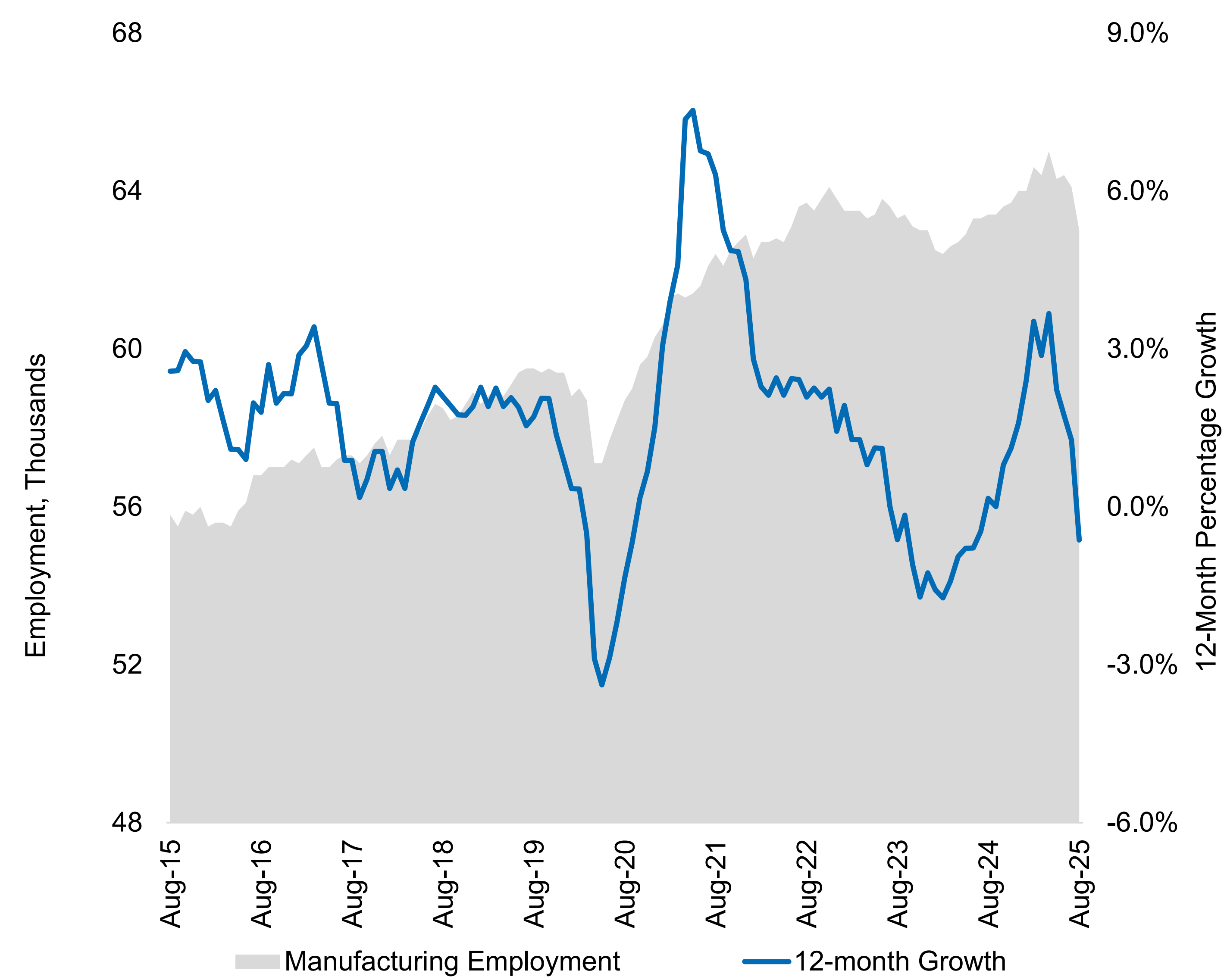
Shifting Momentum in Goods-Producing Industries

After three years of accelerated growth, the trade, transportation, and utilities sector has entered a period of stabilization as consumer demand eases. Meanwhile, manufacturing employment—having ticked upward in early 2025—has trended downward in recent months as companies reassess operational requirements and adjust to evolving market conditions.

Salt Lake MSA Trade/Transportation/Utilities Employment and 12-Month Growth Rate



Salt Lake MSA Manufacturing Employment and 12-Month Growth Rate



Source: U.S. Bureau of Labor Statistics

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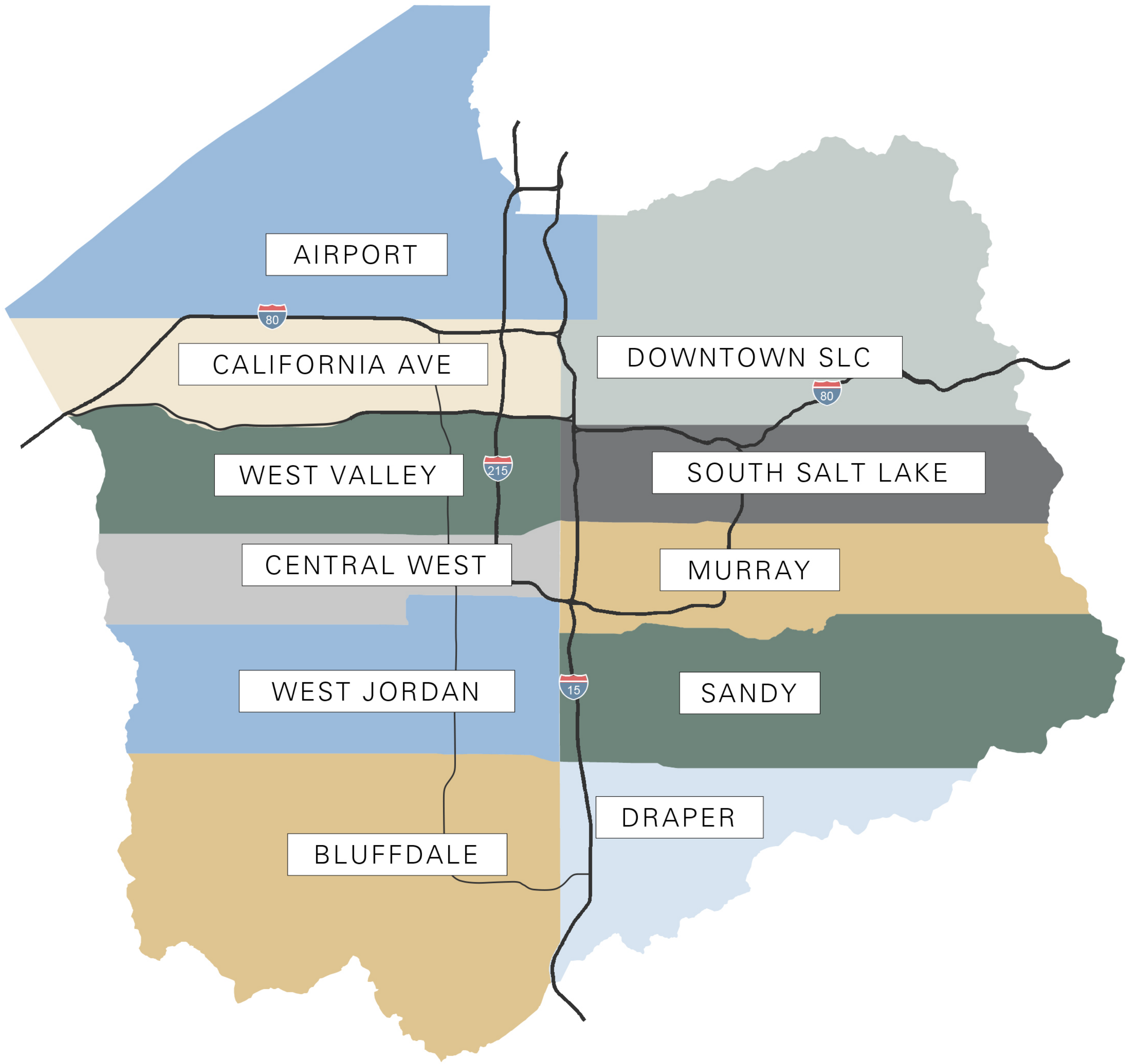
Leasing Market Fundamentals

Salt Lake Submarket Map and High-Level Statistics | 3Q25



Marketwide Statistics | 3Q25

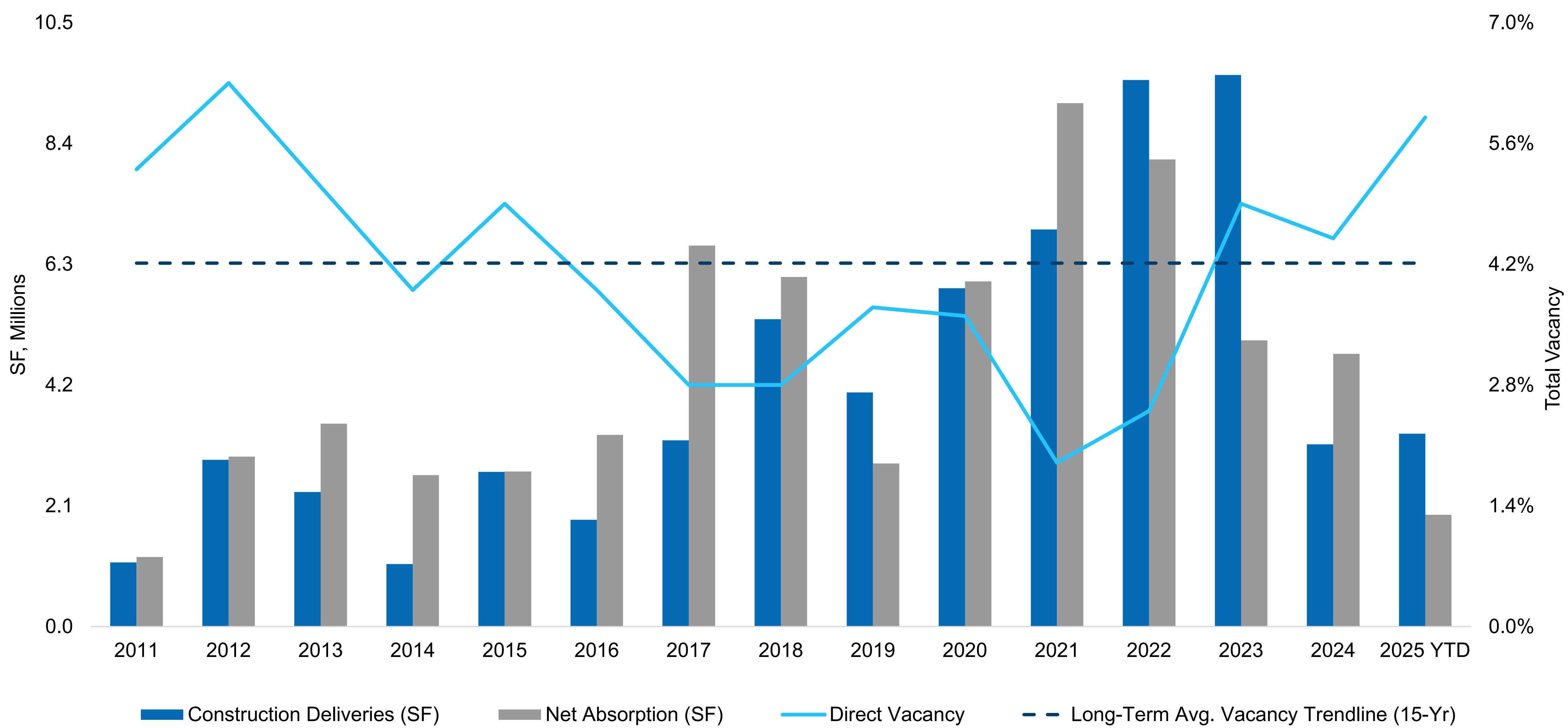
	Current Quarter	Prior Quarter	Year Ago	12-Month Forecast
Total Inventory (SF)	188.6M	187.1M	184.7M	↑
Direct Vacancy Rate	5.9%	4.9%	4.2%	↓
Qtr. Net Absp. (SF)	0.3M	0.9M	0.2M	↑
Average Asking Rent/SF/Month	$0.87 NNN	$0.83 NNN	$0.83 NNN	↑
Deliveries (SF)	1.3M	0.4M	0.8M	↓
Under Const. (SF)	0.8M	2.5M	3.0M	↓

Source: Newmark Mountain West Research

Vacancy Driven by New Supply, Not Weak Demand

Direct vacancy climbed 140 basis points year-over-year to 5.9% by the end of 2025, as fresh deliveries continued to outpace net absorption. Much of this vacant inventory stems from recently completed bulk distribution projects, while other asset types remain notably tighter, posting a combined direct vacancy of 2.5% across the region. Although pre-leasing activity has tapered, new developments are still performing well, reaching roughly 50% occupancy within three quarters and achieving full lease-up in under two years.

Historical Construction Deliveries, Net Absorption, and Vacancy

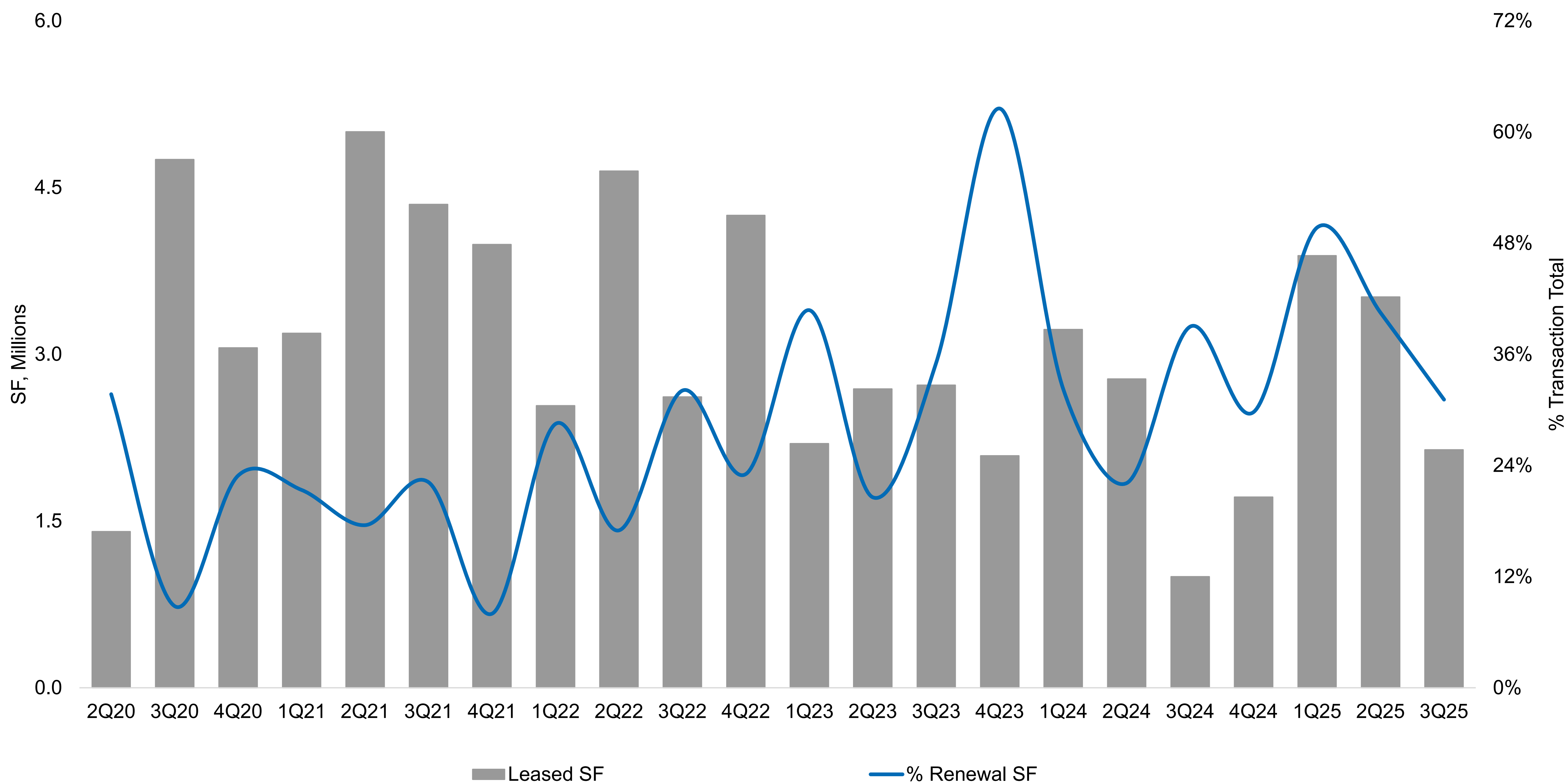


Source: Newmark Mountain West Research

Tight Market Leads to Lower Transaction Volume

Industrial square footage leasing activity has steadily declined each quarter of 2025, with renewals currently sitting at more than 30% of all transactions. Confronted with lease rates nearly 30% above pre-pandemic levels, occupiers are approaching expansion and relocation decisions with greater caution. This has led to a surge in renewal-driven deals, as tenants opt to remain in place or transition to smaller, more efficient footprints rather than commit to larger, costlier spaces. At the same time, finding suitable options outside of bulk distribution facilities has become increasingly difficult, further constraining overall leasing volume as tenants navigate an exceptionally tight market.

Total Leasing Activity (SF)

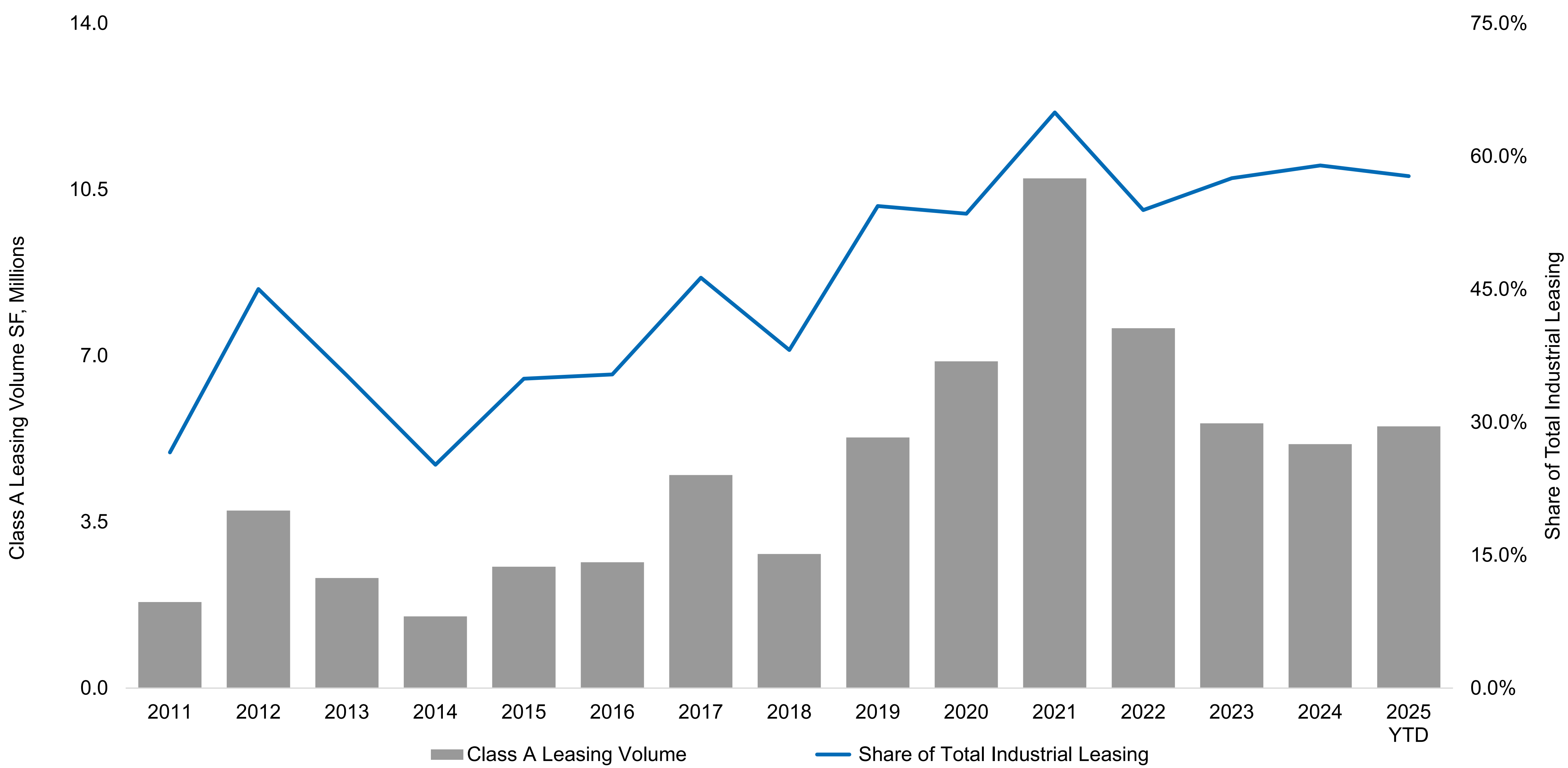


Source: Newmark Mountain West Research

Class A Leasing Holds Steady Above Pre-Pandemic Levels

While Class A leasing activity has not returned to the record highs seen in 2021, it has maintained a stable share, averaging roughly 55% of total transaction volume since 2022. This consistency marks a significant improvement over pre-COVID levels, underscoring sustained demand for high-quality industrial space.

Industrial Class A Leasing Volume and Percentage of Total Industrial Leasing Volume

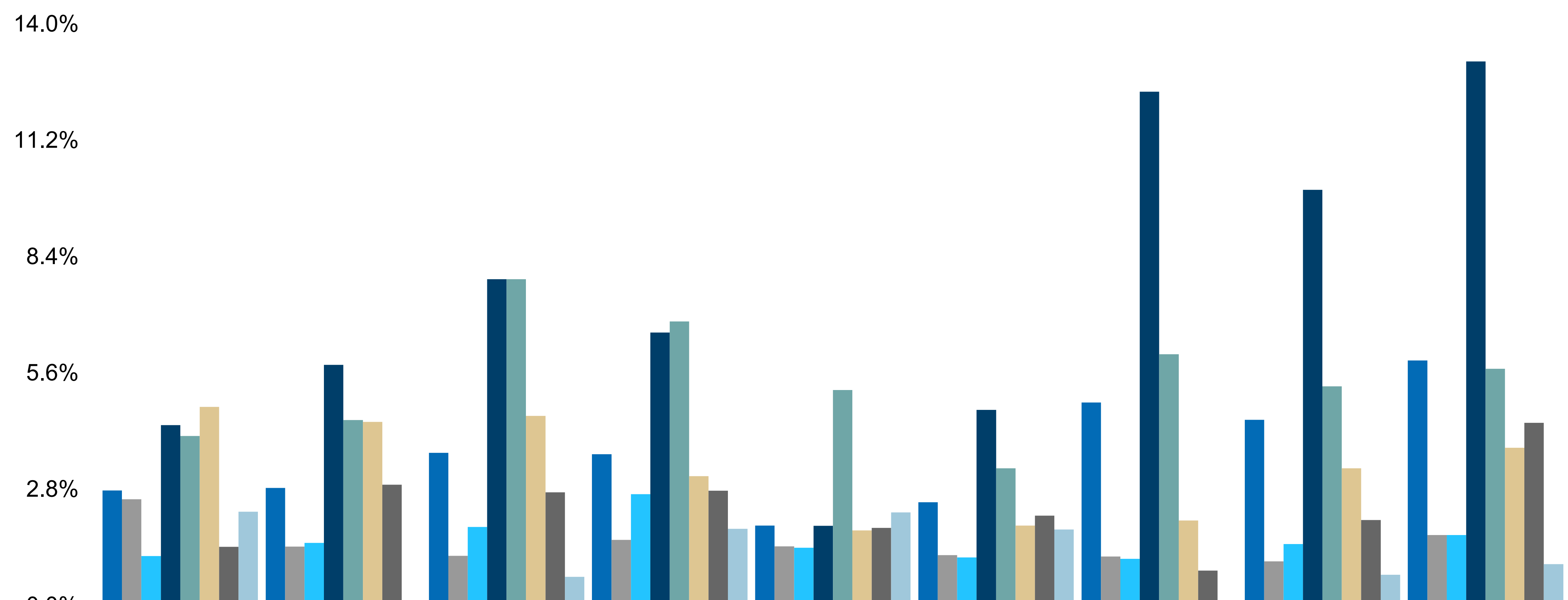


Source: Newmark Mountain West Research

Bulk Distribution Drives Vacancy Amid Otherwise Stable Market

Across most property types, direct vacancy rates have shown only minor quarter-to-quarter fluctuations throughout 2025. The exception remains bulk distribution, which continues to represent the largest share of available space. This imbalance stems largely from the wave of new deliveries added over the past two years, keeping vacancy elevated within that segment even as the broader market remains relatively steady.

Direct Vacancy Rates



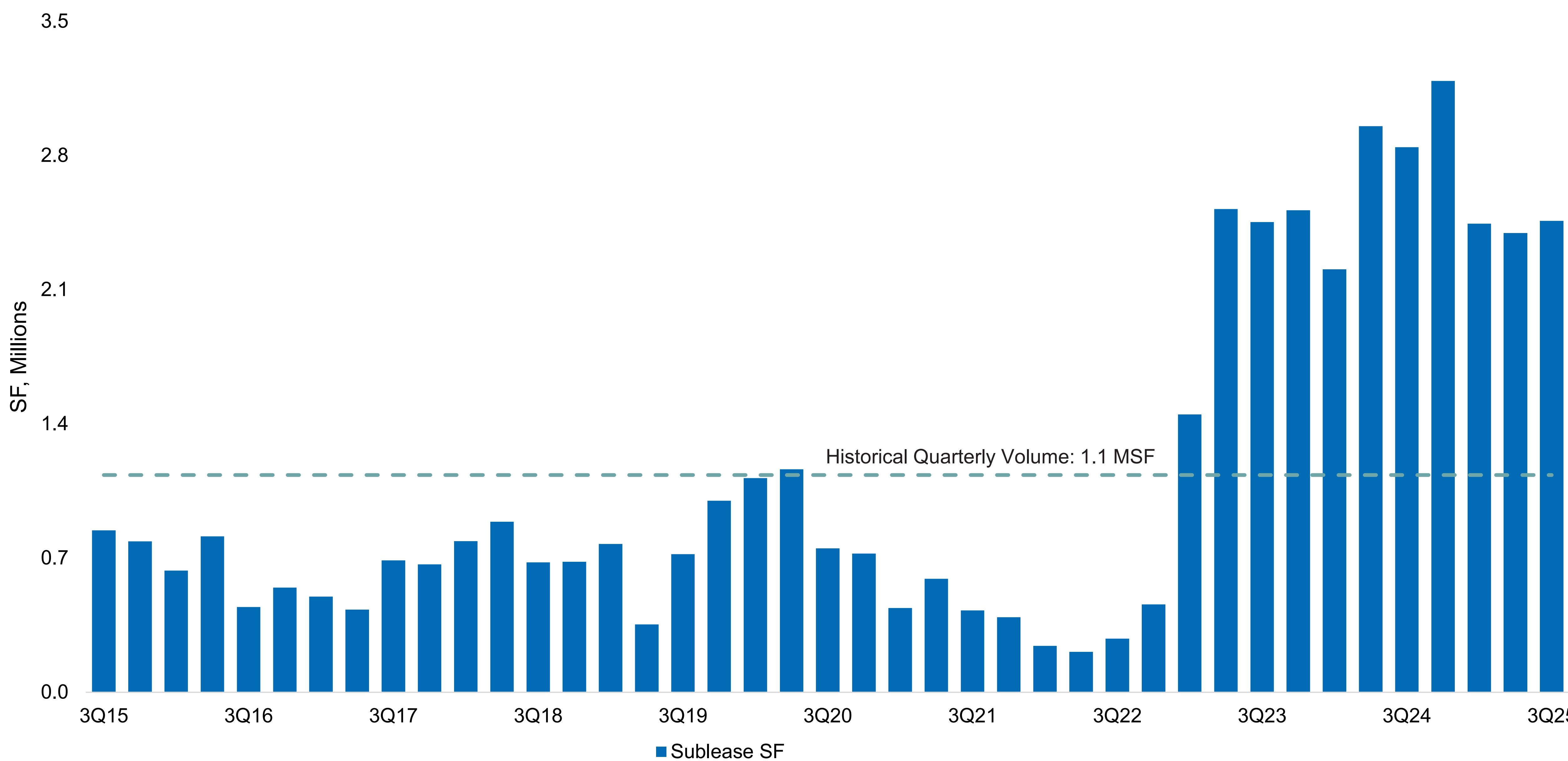
	2017	2018	2019	2020	2021	2022	2023	2024	2025 YTD
Overall	2.8%	2.8%	3.7%	3.6%	1.9%	2.5%	4.9%	4.5%	5.9%
Manufacturing	2.6%	1.4%	1.2%	1.6%	1.4%	1.2%	1.2%	1.1%	1.7%
General Purpose	1.2%	1.5%	1.9%	2.7%	1.4%	1.2%	1.1%	1.5%	1.7%
Bulk Distribution	4.3%	5.8%	7.9%	6.6%	1.9%	4.7%	12.4%	10.0%	13.1%
Medium Distribution	4.1%	4.5%	7.9%	6.8%	5.2%	3.3%	6.1%	5.3%	5.7%
Flex	4.8%	4.4%	4.6%	3.1%	1.8%	1.9%	2.0%	3.3%	3.8%
Incubator	1.4%	2.9%	2.7%	2.8%	1.9%	2.2%	0.8%	2.1%	4.4%
Special Purpose	2.3%	0.1%	0.7%	1.8%	2.2%	1.8%	0.1%	0.7%	1.0%

Source: Newmark Mountain West Research

Sublease Market Levels Off but Remains a Key Indicator Ahead

Available sublease space has steadied around 2.4 million square feet in 2025. Although portions of this inventory are being absorbed, new sublease listings continue to emerge at nearly the same pace as tenants fine-tune their space needs, keeping overall availability in balance. How quickly this sublease space is absorbed in the coming quarters will play a critical role in shaping direct vacancy levels as upcoming lease expirations approach.

Available Industrial Sublease Volume (MSF)

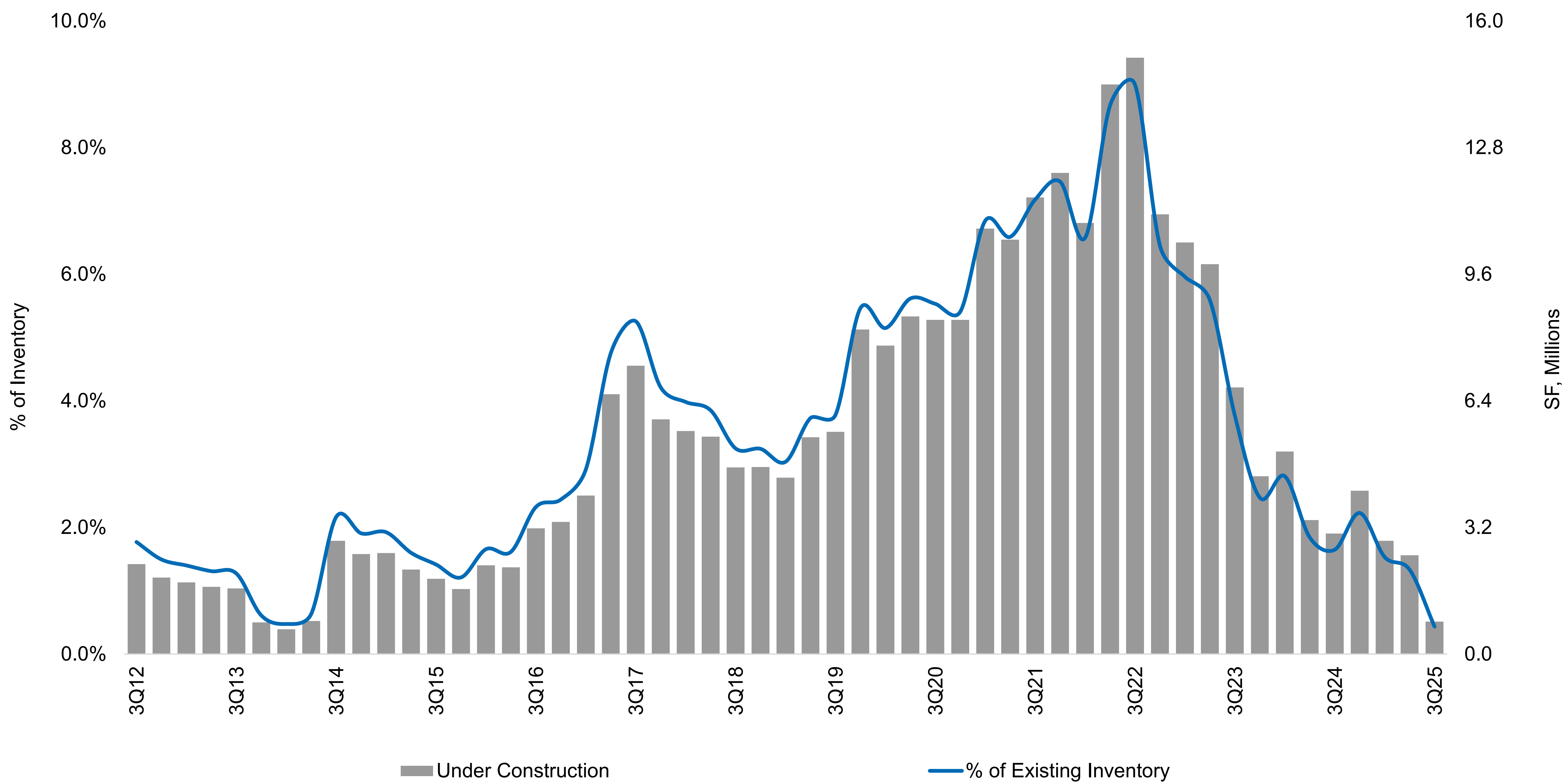


Source: Newmark Mountain West Research

Developers Scale Back Amid Rising Costs and Market Caution

Construction activity has trended downward since reaching a peak of 15.1 million square feet in 2022. By 2025, elevated material costs, persistent inflation, and tariff-related uncertainty have tempered developer appetite for new industrial projects, particularly large-scale ventures facing higher vacancy in bulk distribution space. In response, new starts have primarily shifted toward smaller flex projects and customized build-to-suit developments.

Industrial Under Construction and % of Existing Inventory

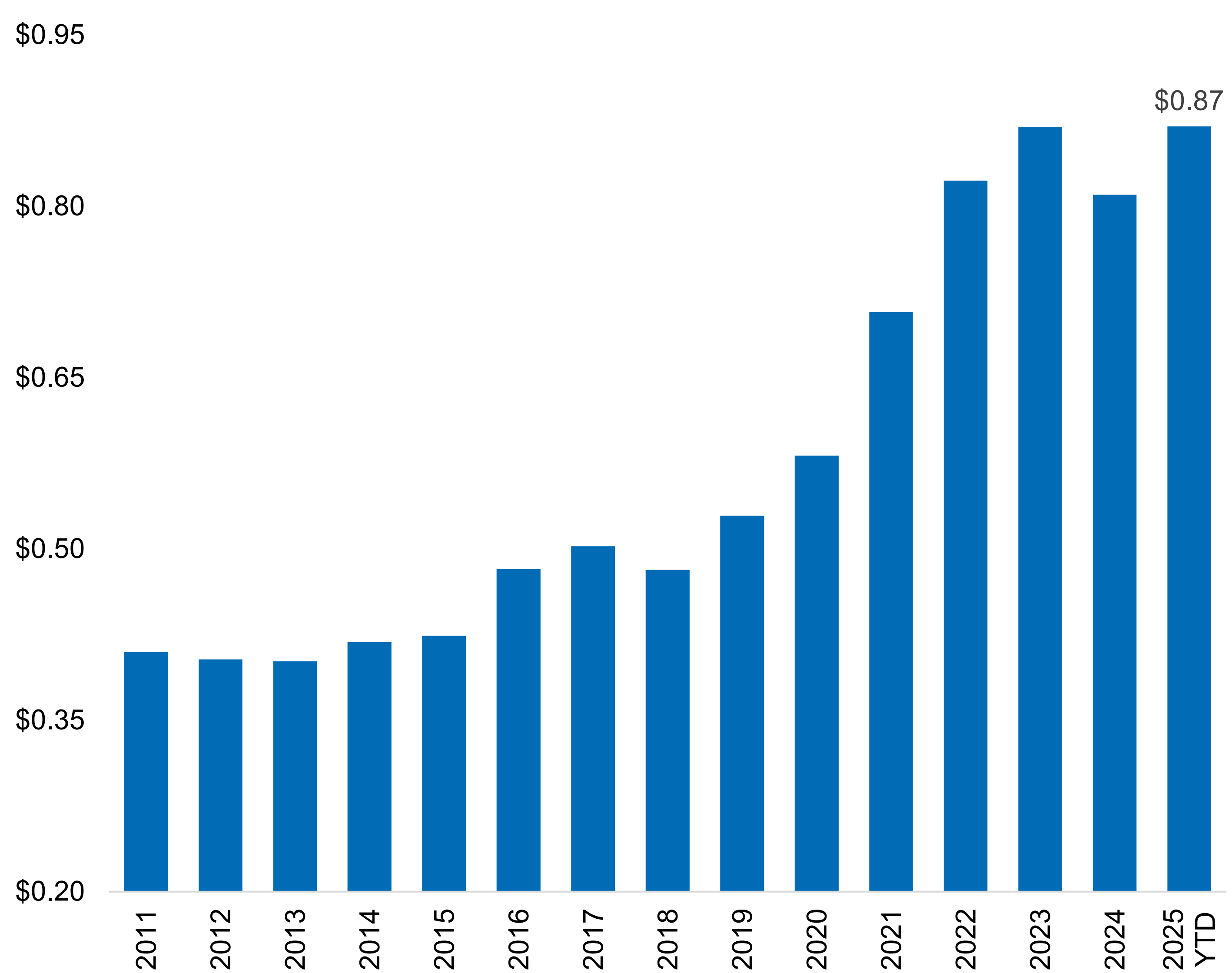


Source: Newmark Mountain West Research

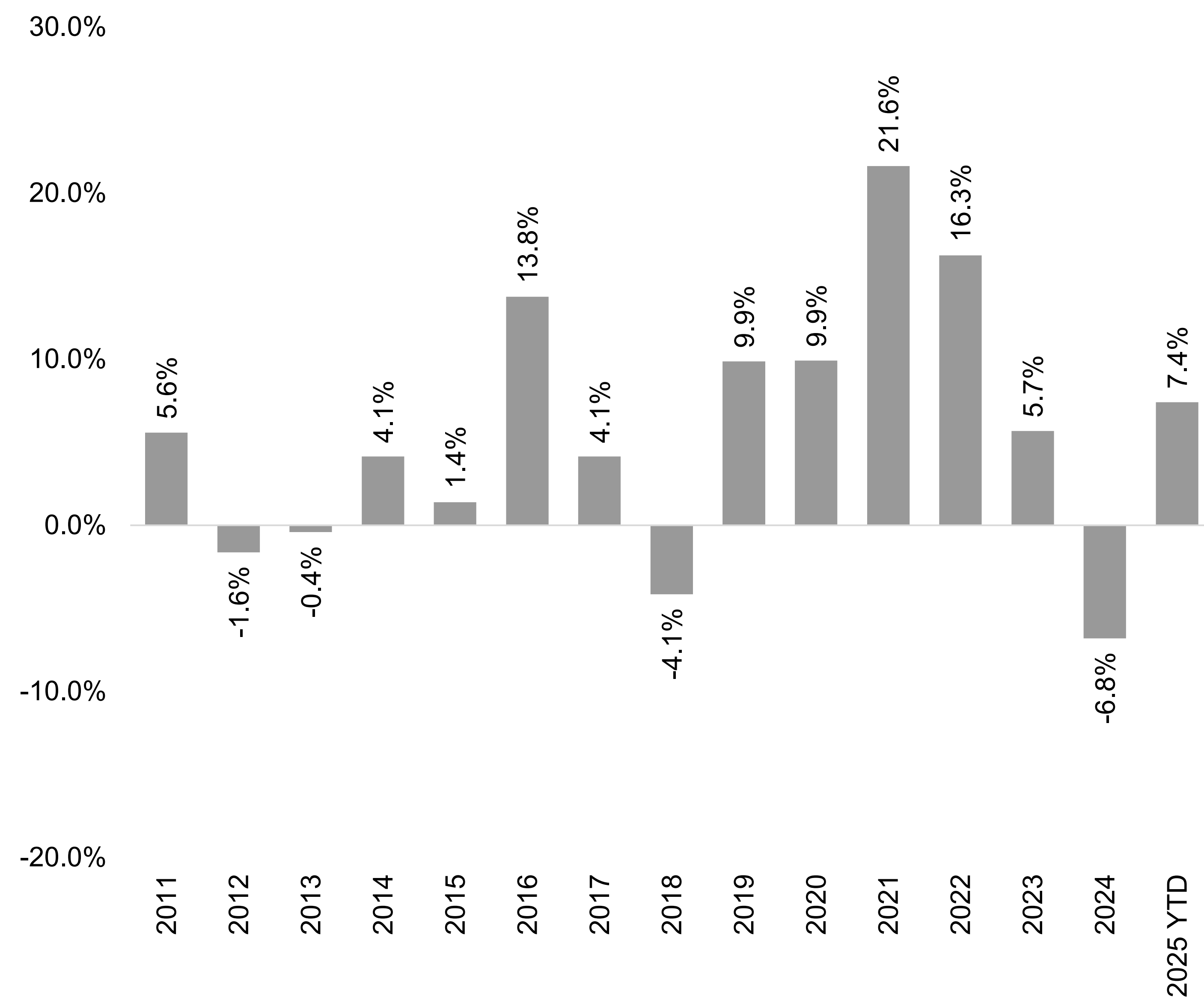
Rental Rates Recalibrate Toward a More Sustainable Balance

Following two consecutive years of double-digit growth, average asking rents increased 5.7% in 2023 before easing by 6.8% in 2024—slightly below 2022 benchmarks. By 2025, rents have rebounded to roughly 2023 levels, signaling a market finding its footing after a period of volatility. This recent ebb and flow in pricing reflects a broader recalibration, as landlords and tenants adjust to rising costs, shifting economic conditions, and a more sustainable pace of demand compared to the rapid expansion of 2021 and 2022.

Industrial Average Asking Rent, $/SF/Month, NNN



Year-over-Year Asking Rent Growth Rate % Change

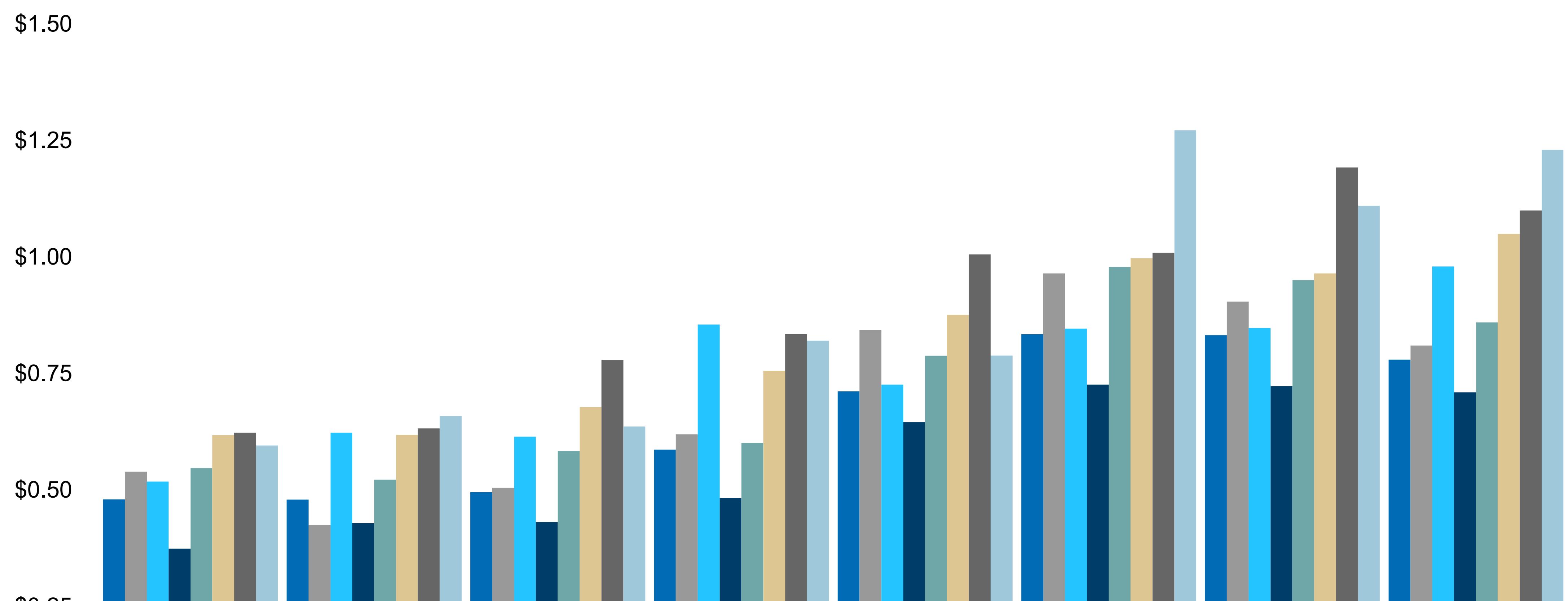


Source: Newmark Mountain West Research

Rent Performance Diverges Across Industrial Segments

Achieved rental rates have fallen 6.0% since year-end 2024, though trends differ sharply by product type and asset class. Greater use of landlord concessions has softened first-year rents, especially within traditional industrial spaces. In contrast, general-purpose and flex properties continue to register growth, buoyed by steady demand and tenants' preference for modern, high-quality facilities.

Achieved Average First-Year Lease Rates, Monthly PSF NNN



	2018	2019	2020	2021	2022	2023	2024	2025 YTD
Overall	$0.48	$0.48	$0.50	$0.59	$0.71	$0.83	$0.83	$0.78
Manufacturing	$0.54	$0.43	$0.50	$0.62	$0.84	$0.97	$0.90	$0.81
General Purpose	$0.52	$0.62	$0.61	$0.86	$0.73	$0.85	$0.85	$0.98
Bulk Distribution	$0.37	$0.43	$0.43	$0.48	$0.65	$0.73	$0.72	$0.71
Medium Distribution	$0.55	$0.52	$0.58	$0.60	$0.79	$0.98	$0.95	$0.86
Flex	$0.62	$0.62	$0.68	$0.76	$0.88	$1.00	$0.97	$1.05
Incubator	$0.62	$0.63	$0.78	$0.83	$1.01	$1.01	$1.19	$1.10
Special Purpose	$0.60	$0.66	$0.64	$0.82	$0.79	$1.27	$1.11	$1.23

Source: Newmark Mountain West Research

Notable 3Q25 Lease Transactions

Select Lease Transactions

Tenant	Building	Submarket	Lease Type	Square Feet
Exel, Inc	Westport Distribution Center III	California Avenue	Lease Renewal	334,647
Exel Logistics renewed for another term at the same footprint for 334,647 SF.				
Hydroblok	Hamilton Inland Logistics Center	Airport	Direct New	225,120
Building materials company, Hydroblock, leased the western half of Hamilton Inland Logistics Center.				
Performance Health Holdings	SLC Global Logistics Center 9	Airport	Direct New	146,294
SLC Global Logistics Center welcomed Performance Health Holdings as the first tenant in Building 9 which recently delivered at the beginning of 2025.				
McLane Group International	5350 W. Harold Gatty Dr.	Airport	Direct New	105,000
Distribution company, McLane Group, leased 105,000 SF during the third quarter of 2025.				
Red Stag Fulfillment	XR1	Airport	Lease Expansion	103,600
Expanding by 103,600 SF, Red Stag Fulfillment now is the sole tenant in XR1 for a total of 457,320 SF.				

Source: Newmark Mountain West Research

Submarket Statistics

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Submarket Statistics – All Classes

	Total Inventory (SF)	Under Construction (SF)	Total Availability Rate	Qtr Absorption (SF)	2025 YTD Total Absorption (SF)	Direct Asking Rent (Price/SF)	Sublet Asking Rent (Price/SF)	Total Asking Rent (Price/SF)
Airport	**29,725,714**	**0**	**11.3%**	**223,641**	**1,279,845**	**$0.77**	**$0.75**	**$0.77**
Manufacturing	4,531,361	0	2.4%	0	0	$0.97	$-	$0.97
General Purpose	2,100,124	0	0.5%	(6,000)	9,553	$1.43	$-	$1.43
Bulk Distribution	20,234,162	0	15.3%	248,268	1,323,943	$0.75	$0.77	$0.75
Medium Distribution	669,750	0	1.3%	(8,500)	(8,500)	$-	$-	$-
Flex	841,590	0	13.2%	14,413	(23,077)	$0.88	$0.63	$0.78
Incubator	282,043	0	3.3%	(9,322)	(6,856)	$1.03	$-	$1.03
Special Purpose	1,066,684	0	1.4%	(15,218)	(15,218)	$-	$-	$-
Downtown SLC	**10,547,222**	**0**	**5.1%**	**17,865**	**(192,331)**	**$1.01**	**$1.07**	**$1.01**
Manufacturing	2,345,953	0	6.2%	15,624	(133,313)	$1.25	$-	$1.25
General Purpose	5,118,447	0	4.3%	(48,991)	(88,500)	$0.98	$1.07	$0.98
Bulk Distribution	180,670	0	44.3%	75,000	75,000	$0.64	$-	$0.64
Medium Distribution	432,427	0	5.2%	0	0	$-	$-	$-
Flex	892,000	0	7.7%	(20,825)	(42,575)	$0.87	$-	$0.87
Incubator	418,796	0	0.0%	0	0	$-	$-	$-
Special Purpose	1,158,929	0	0.3%	(2,943)	(2,943)	$1.25	$-	$1.25
California Ave	**67,231,512**	**47,047**	**10.9%**	**224,022**	**504,632**	**$0.79**	**$0.81**	**$0.79**
Manufacturing	10,704,014	0	4.5%	70,160	(12,467)	$1.09	$0.81	$1.05
General Purpose	12,943,137	0	0.8%	72,165	(57,477)	$1.05	$1.15	$1.08
Bulk Distribution	27,920,372	0	20.5%	(113,743)	140,954	$0.72	$0.79	$0.73
Medium Distribution	5,739,766	0	5.1%	231,952	466,613	$0.87	$0.60	$0.80
Flex	4,025,539	0	7.2%	(35,656)	(35,425)	$1.15	$0.82	$1.06
Incubator	1,275,255	26,565	8.5%	(856)	(14,534)	$0.85	$-	$0.85
Special Purpose	4,623,429	20,482	6.7%	0	16,968	$0.86	$1.58	$0.96

Source: Newmark Mountain West Research

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Submarket Statistics – All Classes

	Total Inventory (SF)	Under Construction (SF)	Total Availability Rate	Qtr Absorption (SF)	2025 YTD Total Absorption (SF)	Direct Asking Rent (Price/SF)	Sublet Asking Rent (Price/SF)	Total Asking Rent (Price/SF)
West Valley	**28,215,848**	**19,184**	**9.5%**	**(146,679)**	**(344,985)**	**$0.87**	**$0.85**	**$0.87**
Manufacturing	3,388,942	0	7.0%	31,732	2,500	$0.75	$-	$0.75
General Purpose	6,563,317	19,184	6.1%	(143,259)	(120,987)	$0.63	$0.92	$0.72
Bulk Distribution	7,044,622	0	15.3%	158,662	(45,280)	$0.80	$0.83	$0.81
Medium Distribution	3,711,176	0	12.8%	(162,162)	(103,903)	$0.94	$-	$0.94
Flex	2,778,684	0	5.8%	7,998	(17,738)	$1.02	$-	$1.02
Incubator	1,788,462	0	10.2%	(39,650)	(47,861)	$1.15	$0.67	$1.07
Special Purpose	2,940,645	0	4.9%	0	(11,716)	$1.54	$-	$1.54
South Salt Lake	**12,337,619**	**0**	**3.4%**	**(74,438)**	**(77,187)**	**$0.98**	**$-**	**$0.98**
Manufacturing	2,049,877	0	3.4%	16,147	6,501	$0.94	$-	$0.94
General Purpose	5,815,957	0	3.2%	(35,185)	(15,130)	$0.92	$-	$0.92
Bulk Distribution	0	0	0.0%	0	0	$-	$-	$-
Medium Distribution	429,944	0	2.3%	0	(4,000)	$1.25	$-	$1.25
Flex	1,843,311	0	4.1%	(13,068)	(12,681)	$1.04	$-	$1.04
Incubator	1,244,342	0	6.6%	(42,332)	(51,877)	$1.04	$-	$1.04
Special Purpose	954,688	0	0.0%	0	0	$-	$-	$-
Central West	**2,557,732**	**0**	**4.8%**	**40,720**	**71,271**	**$1.35**	**$-**	**$1.35**
Manufacturing	1,811,717	0	0.8%	0	0	$-	$-	$-
General Purpose	482,783	0	0.0%	6,000	36,551	$-	$-	$-
Bulk Distribution	84,853	0	0.0%	0	0	$-	$-	$-
Medium Distribution	34,157	0	100.0%	34,720	34,720	$1.35	$-	$1.35
Flex	0	0	0.0%	0	0	$-	$-	$-
Incubator	0	0	0.0%	0	0	$-	$-	$-
Special Purpose	144,222	0	0.0%	0	0	$-	$-	$-

Source: Newmark Mountain West Research

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Submarket Statistics – All Classes

	Total Inventory (SF)	Under Construction (SF)	Total Availability Rate	Qtr Absorption (SF)	2025 YTD Total Absorption (SF)	Direct Asking Rent (Price/SF)	Sublet Asking Rent (Price/SF)	Total Asking Rent (Price/SF)
Murray	**5,452,290**	**15,602**	**5.1%**	**(19,692)**	**29,452**	**$0.81**	**$-**	**$0.81**
Manufacturing	411,212	15,602	3.3%	0	0	$0.95	$-	$0.95
General Purpose	2,441,091	0	8.3%	10,210	47,160	$0.74	$-	$0.74
Bulk Distribution	0	0	0.0%	0	0	$-	$-	$-
Medium Distribution	47,512	0	0.0%	0	0	$-	$-	$-
Flex	1,143,149	0	2.0%	(13,760)	(788)	$0.93	$-	$0.93
Incubator	871,973	0	3.1%	(5,280)	(6,058)	$1.09	$-	$1.09
Special Purpose	537,353	0	2.0%	(10,862)	(10,862)	$0.55	$-	$0.55
West Jordan	**16,544,996**	**636,000**	**10.0%**	**23,322**	**441,934**	**$0.99**	**$1.05**	**$1.01**
Manufacturing	4,239,763	0	1.9%	0	37,090	$0.63	$-	$0.63
General Purpose	3,513,708	0	6.4%	0	235,918	$0.99	$-	$0.99
Bulk Distribution	4,123,096	0	23.1%	44,795	75,685	$-	$-	$-
Medium Distribution	1,127,069	0	14.8%	(23,013)	39,761	$1.15	$-	$1.15
Flex	1,006,155	0	10.1%	7,123	55,713	$1.26	$-	$1.26
Incubator	683,948	0	2.6%	(5,583)	(2,233)	$0.89	$-	$0.89
Special Purpose	1,851,257	636,000	6.0%	0	0	$-	$1.05	$1.05
Sandy	**6,855,478**	**0**	**3.7%**	**(36,730)**	**(22,328)**	**$1.87**	**$1.00**	**$1.59**
Manufacturing	1,273,383	0	2.9%	0	0	$-	$1.00	$1.00
General Purpose	1,729,155	0	1.5%	(3,578)	265	$1.95	$-	$1.95
Bulk Distribution	120,800	0	0.0%	0	0	$-	$-	$-
Medium Distribution	735,714	0	9.6%	(28,362)	(13,733)	$-	$-	$-
Flex	1,387,327	0	4.2%	0	(1,983)	$1.30	$-	$1.30
Incubator	879,470	0	3.1%	(1,590)	(1,917)	$1.36	$-	$1.36
Special Purpose	729,629	0	4.4%	(3,200)	(4,960)	$1.37	$-	$1.37

Source: Newmark Mountain West Research

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Submarket Statistics – All Classes

	Total Inventory (SF)	Under Construction (SF)	Total Availability Rate	Qtr Absorption (SF)	2025 YTD Total Absorption (SF)	Direct Asking Rent (Price/SF)	Sublet Asking Rent (Price/SF)	Total Asking Rent (Price/SF)
Bluffdale	**3,743,300**	**100,534**	**10.1%**	**68,669**	**269,526**	**$1.19**	**$1.54**	**$1.22**
Manufacturing	841,301	0	0.0%	0	0	$-	$-	$-
General Purpose	320,715	0	10.3%	76,896	76,896	$1.32	$1.50	$1.44
Bulk Distribution	232,239	0	100.0%	0	0	$1.08	$-	$1.08
Medium Distribution	520,630	100,534	10.5%	0	110,004	$1.25	$-	$1.25
Flex	1,271,280	0	2.9%	(6,000)	33,321	$1.25	$-	$1.25
Incubator	492,599	0	4.3%	(2,227)	49,305	$2.31	$1.92	$2.26
Special Purpose	64,536	0	0.0%	0	0	$-	$-	$-
Draper	**5,351,798**	**0**	**4.8%**	**(63,852)**	**(14,831)**	**$1.72**	**$0.81**	**$1.42**
Manufacturing	1,346,724	0	3.2%	(38,287)	(42,457)	$2.75	$-	$2.75
General Purpose	799,501	0	3.6%	(5,000)	(5,000)	$1.25	$-	$1.25
Bulk Distribution	413,714	0	9.8%	0	0	$-	$0.75	$0.75
Medium Distribution	579,444	0	8.1%	(10,000)	(10,000)	$1.15	$-	$1.15
Flex	1,933,294	0	4.8%	(3,733)	49,458	$1.27	$1.17	$1.20
Incubator	179,779	0	1.3%	(2,270)	(2,270)	$1.80	$-	$1.80
Special Purpose	99,342	0	4.6%	(4,562)	(4,562)	$-	$-	$-
Market	**188,563,509**	**818,367**	**9.2%**	**256,848**	**1,944,998**	**$0.87**	**$0.85**	**$0.86**
Manufacturing	32,944,247	15,602	3.7%	95,376	(142,146)	$1.13	$0.89	$1.11
General Purpose	41,827,935	19,184	3.5%	(76,742)	82,698	$0.94	$1.05	$0.95
Bulk Distribution	60,354,528	0	18.6%	412,982	1,570,302	$0.75	$0.79	$0.75
Medium Distribution	14,027,089	100,534	8.9%	34,635	510,962	$1.01	$0.60	$0.98
Flex	17,122,329	0	5.9%	(63,508)	40,776	$1.11	$0.78	$1.06
Incubator	8,116,667	26,565	5.9%	(109,110)	(84,301)	$1.09	$0.76	$1.07
Special Purpose	14,170,714	656,482	4.5%	(36,785)	(33,293)	$0.91	$1.13	$1.01

Source: Newmark Mountain West Research

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Newmark has implemented a proprietary database and our tracking methodology has been revised. With this expansion and refinement in our data, there may be adjustments in historical statistics including availability, asking rents, absorption and effective rents. Newmark Research Reports are available at nmrk.com/insights.

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