

Salt Lake County Industrial Market



Market Observations

Economy

- The Salt Lake City MSA continues to outperform national labor trends, with unemployment approximately 70 basis points below the U.S. average and year-over-year employment growth of roughly 1.5%, tripling the national pace.
- Industrial employment has softened following modest gains earlier in 2025, reflecting manufacturers' reassessment of staffing needs amid moderating demand and operational adjustments.
- Persistent inflation, elevated construction costs, and tariff-related uncertainty continue to weigh on business sentiment, contributing to more measured expansion and investment decisions.

Major Transactions

- The Northwest Quadrant continues to attract a broad range of industrial users, supported by strong logistics connectivity to the Inland Port and Salt Lake City International Airport.
- Leasing activity declined sequentially throughout 2025, with renewals accounting for more than 45% of total leased square footage, as occupiers face lease rates approximately 30% above pre-pandemic levels.
- Achieved rental rates declined by approximately 4.8% year-over-year, driven by increased landlord concessions, while flex and general-purpose assets continued to outperform traditional industrial space.

Leasing Market Fundamentals

- Demand for specialized, flex, and small-bay industrial space remains strong, supporting rental premiums amid limited availability across non-bulk product types.
- Industrial sublease availability remains relatively balanced at approximately 2.4 million square feet, as new listings have largely offset absorbed space while tenants recalibrate space requirements.
- Direct vacancy increased year-over-year to approximately 5.6%, driven primarily by new bulk distribution deliveries, while vacancy across non-bulk product types remains tight near 2.4%.
- Class A properties continue to account for roughly 55% of total leasing activity, well above pre-pandemic norms, reflecting sustained tenant preference for modern, high-quality facilities.

Outlook

- The industrial market is expected to remain in a recalibration phase through 2026, with leasing activity driven primarily by renewals and selective expansions in high-demand and specialized product types.
- Ongoing tariff impacts and elevated material costs are expected to further constrain new construction activity, particularly within bulk distribution segments.
- Landlords are increasingly relying on concessions and tenant improvement packages to remain competitive as tenants adopt a more deliberate and cost-conscious leasing strategy.

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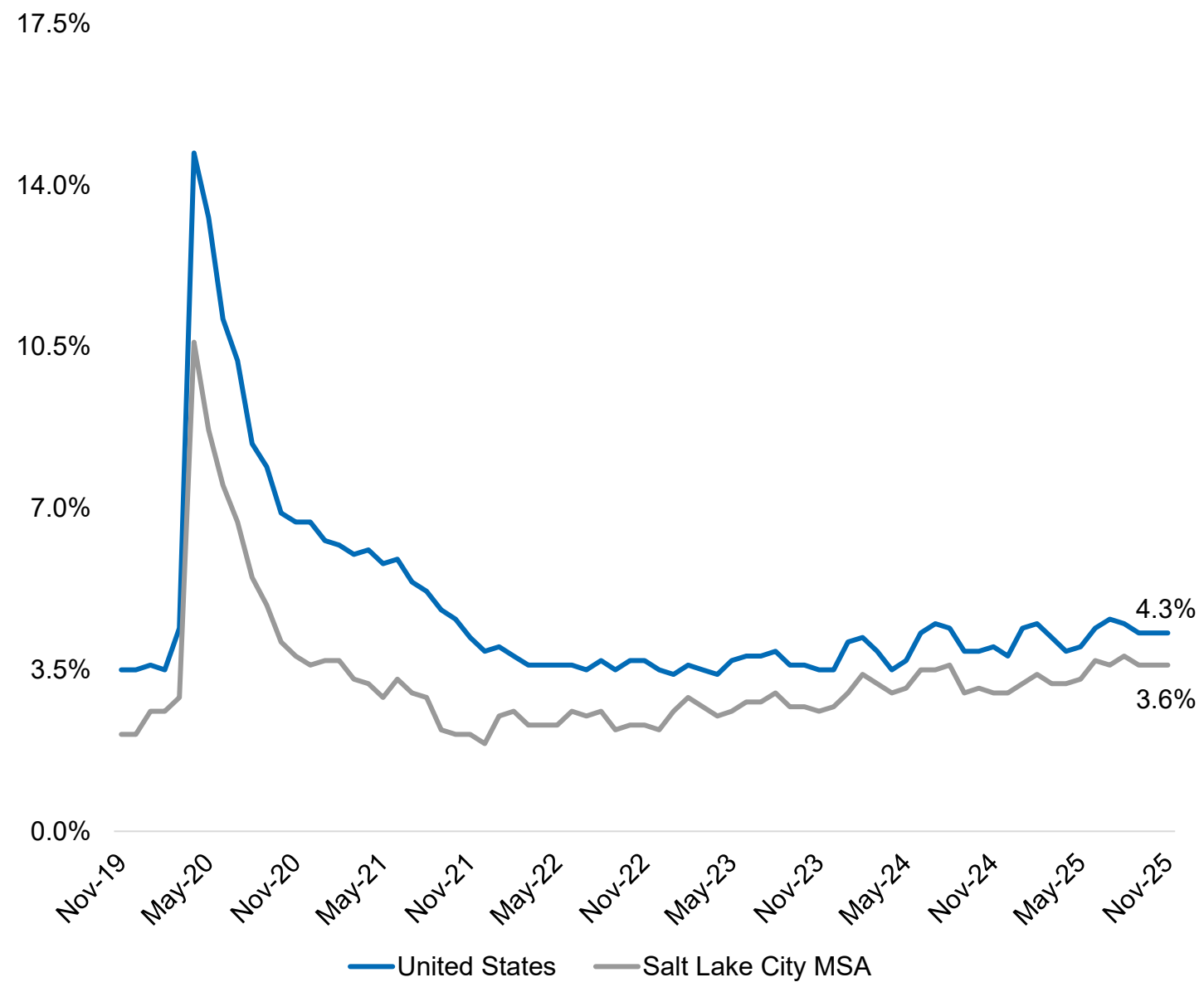
Economy



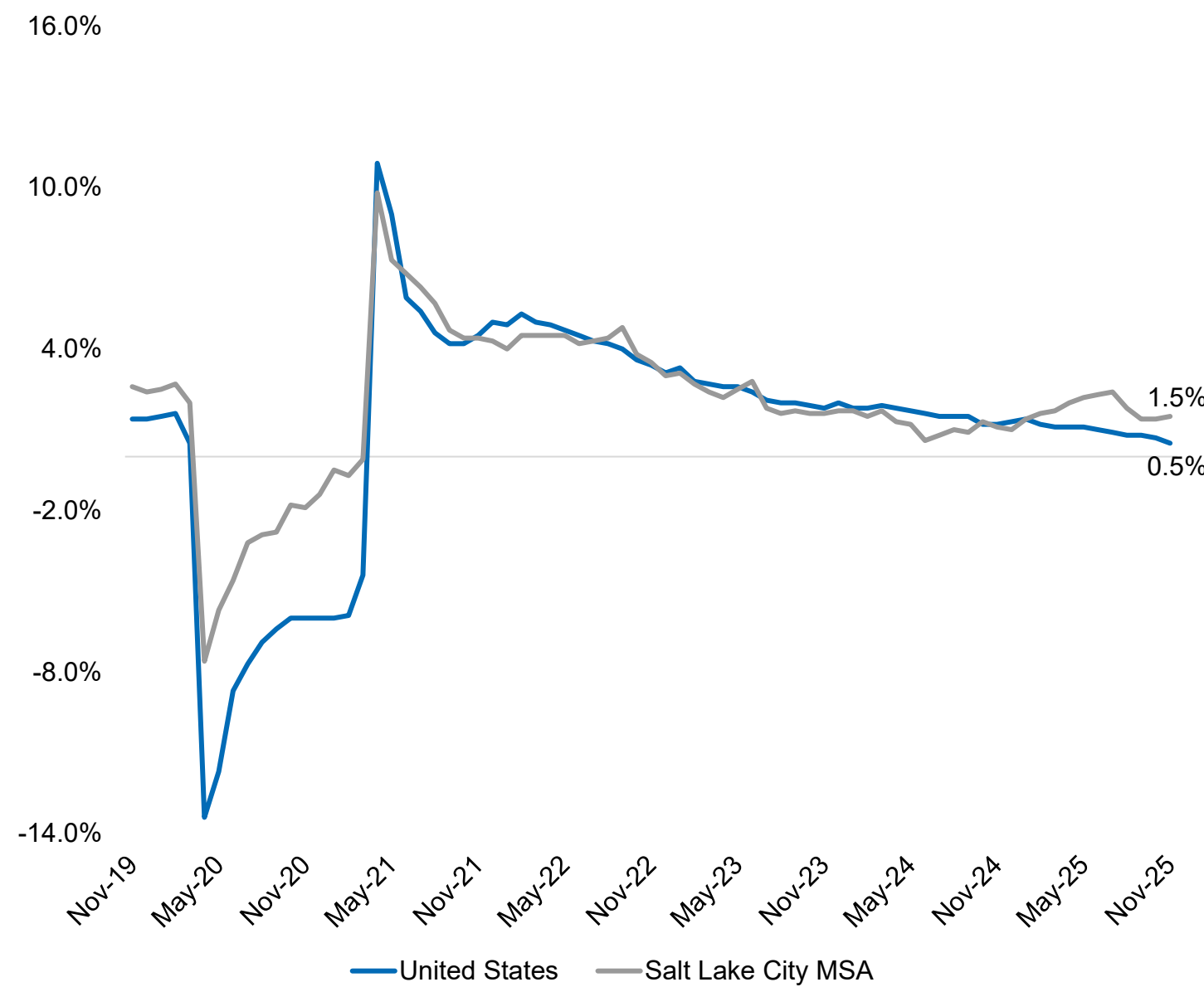
Salt Lake City Labor Market Outperforms Amid National Uncertainty

As of November 2025, the Salt Lake City MSA continues to separate itself from national labor trends. The metro’s unemployment rate remains approximately 70 basis points below the U.S. average, signaling sustained labor market strength despite broader economic volatility. Employment grew 1.5% YOY, tripling the national growth rate of 0.5%. This performance reflects consistent job creation and highlights the region’s ability to maintain economic momentum in an uneven national recovery.

Unemployment Rate, Not Seasonally Adjusted



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



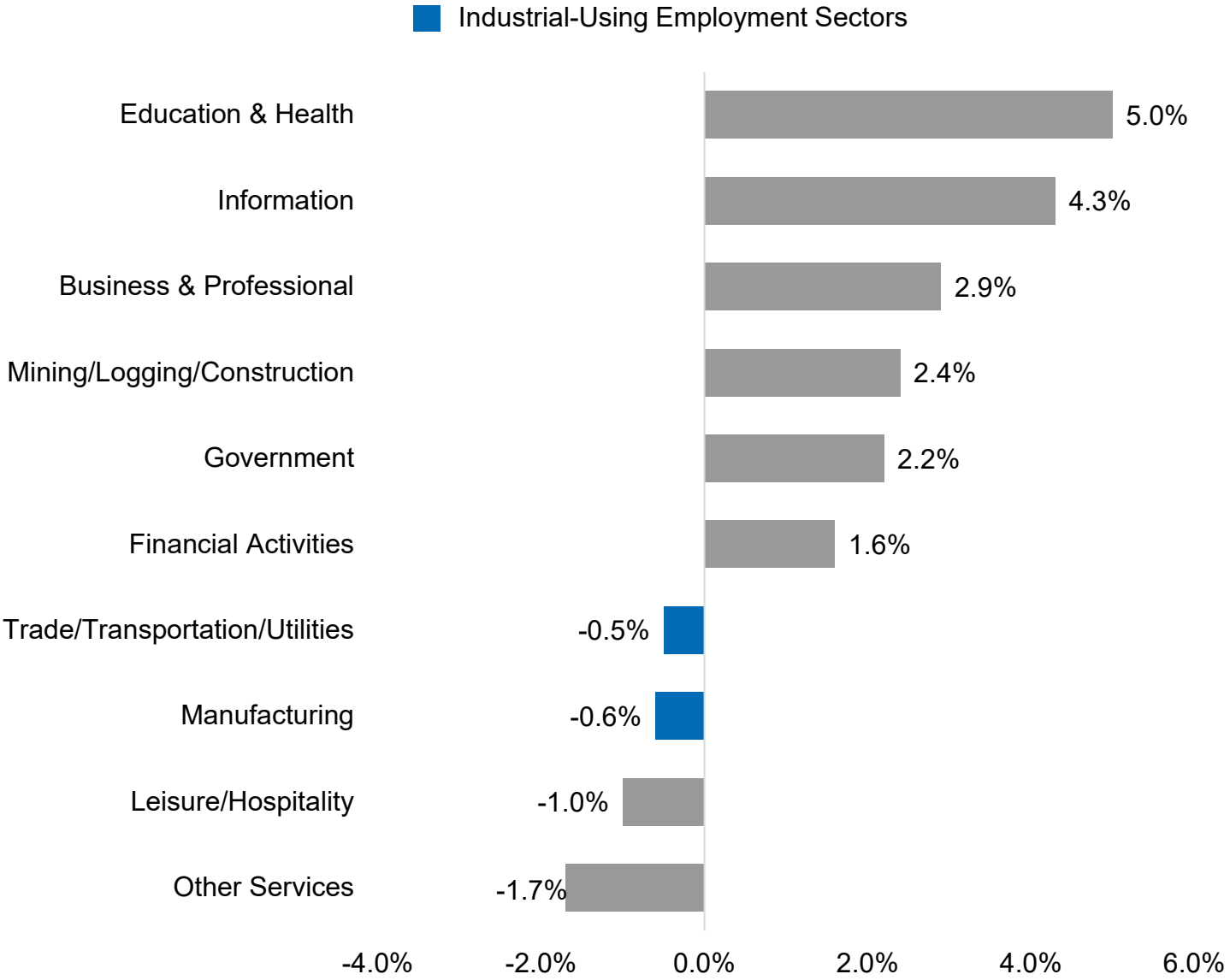
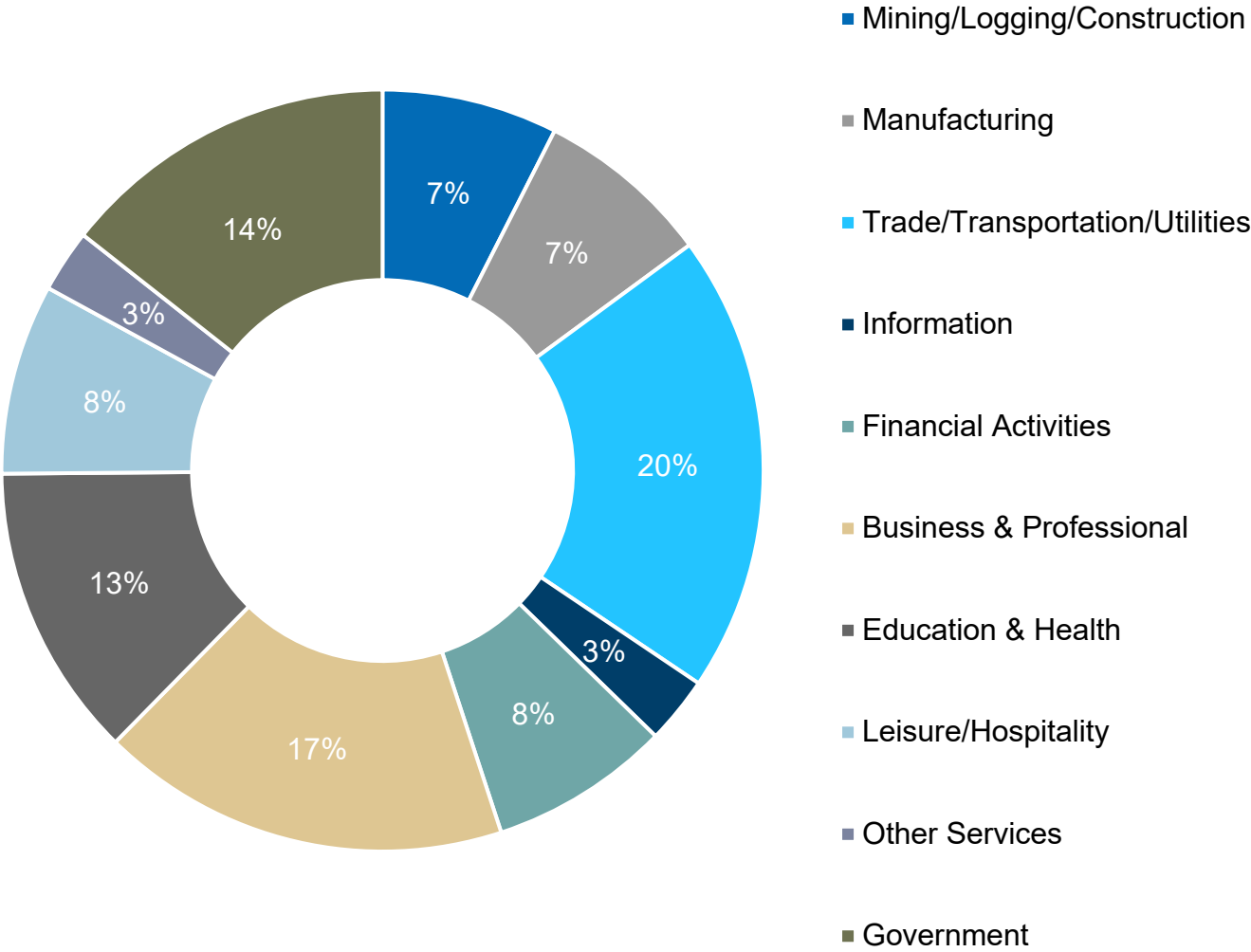
Source: U.S. Bureau of Labor Statistics
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Service-Sector Hiring Anchors Employment Growth

Over the past year, nonfarm employment growth has been led by education and health services, which expanded 5.0%, followed by information at 4.3% and business and professional services at 2.9%. Accelerating population growth continues to pressure schools and healthcare systems, prompting employers to increase hiring to address persistent labor shortages. While public and infrastructure-related sectors continue to provide a stabilizing base, slower growth in discretionary service roles introduces a potential drag on overall economic momentum in the near term.

Salt Lake MSA Employment by Industry, November 2025

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

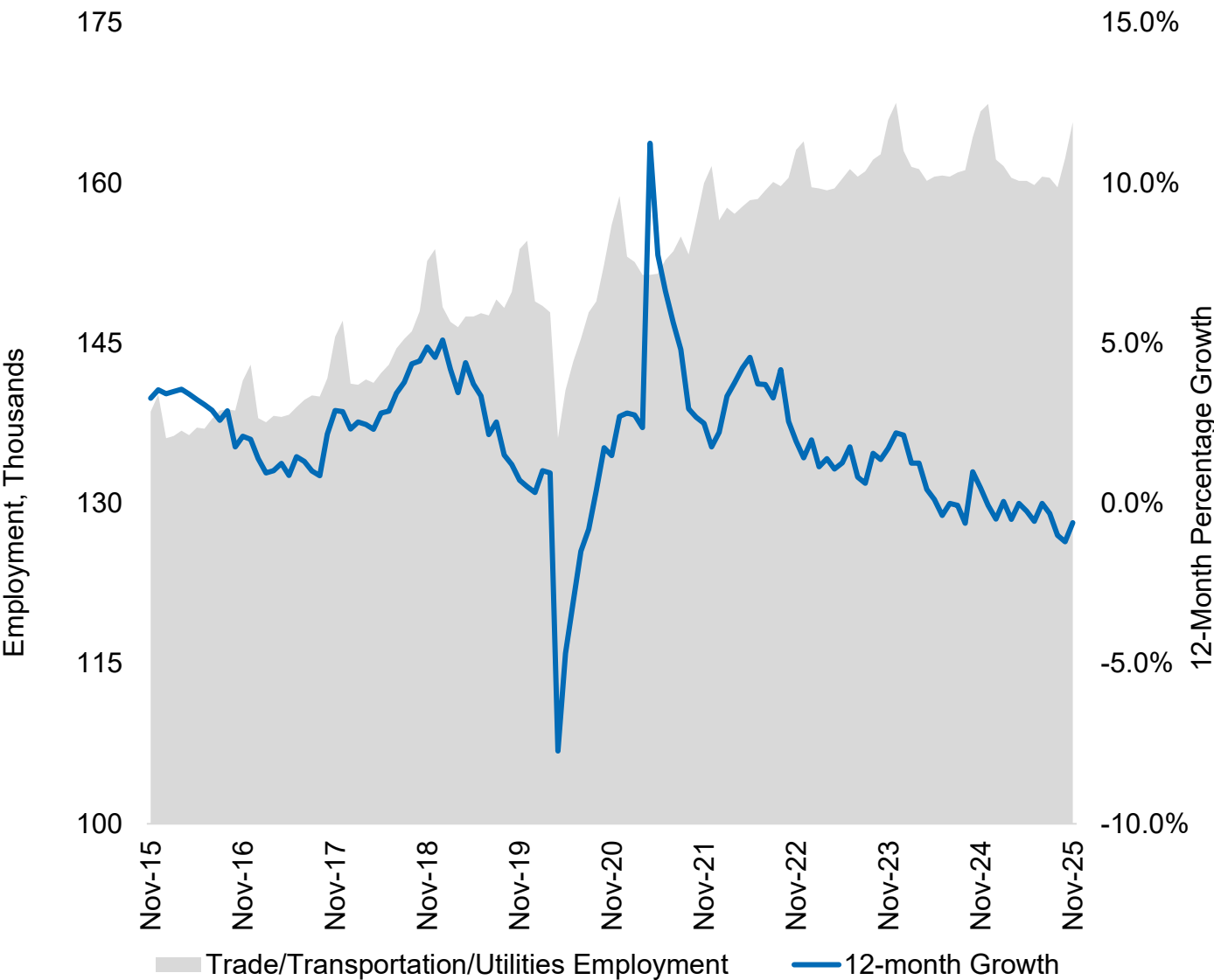


Source: U.S. Bureau of Labor Statistics

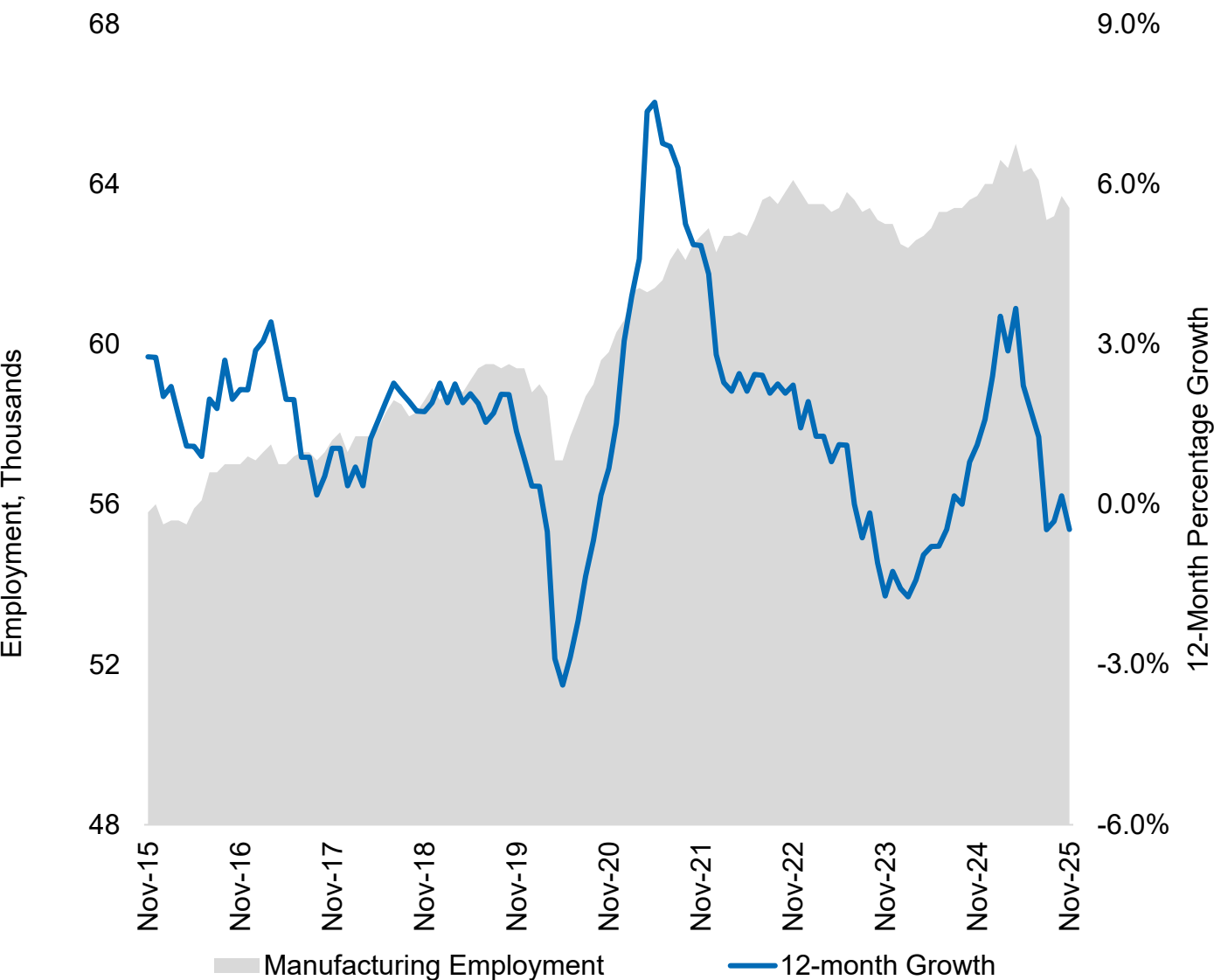
Employment Growth Cools as Key Sectors Rebalance

After nearly three years of rapid expansion, the trade, transportation, and utilities sector is settling into a more stable phase as consumer demand moderates. At the same time, manufacturing employment—after posting modest gains in early 2025—has begun to decline, reflecting employers’ reassessment of staffing needs amid shifting market conditions and operational adjustments.

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



Salt Lake MSA Manufacturing Employment and 12-Month Growth Rate



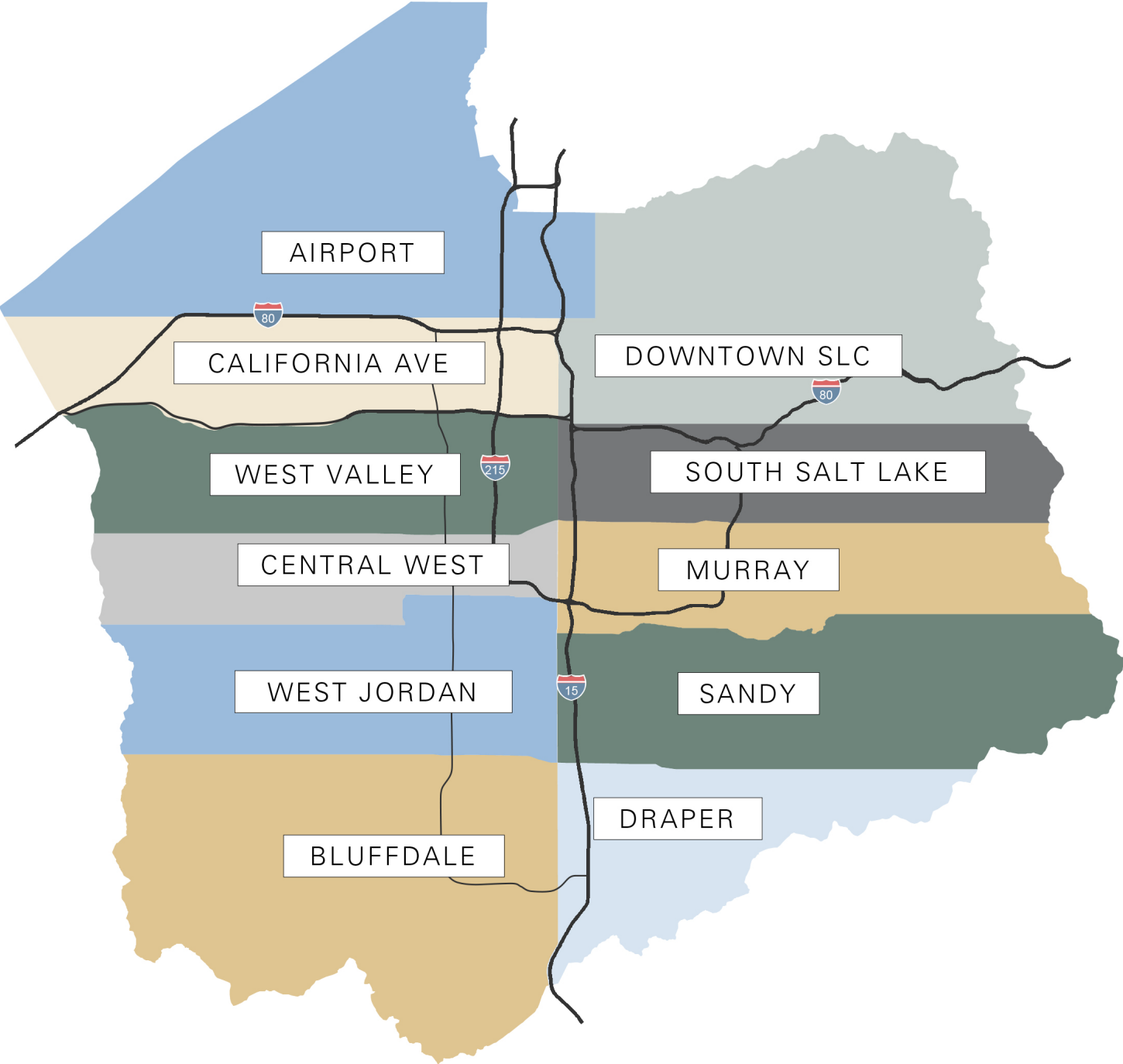
Source: U.S. Bureau of Labor Statistics

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Leasing Market Fundamentals



Salt Lake Submarket Map and High-Level Statistics | 4Q25



Marketwide Statistics | 4Q25

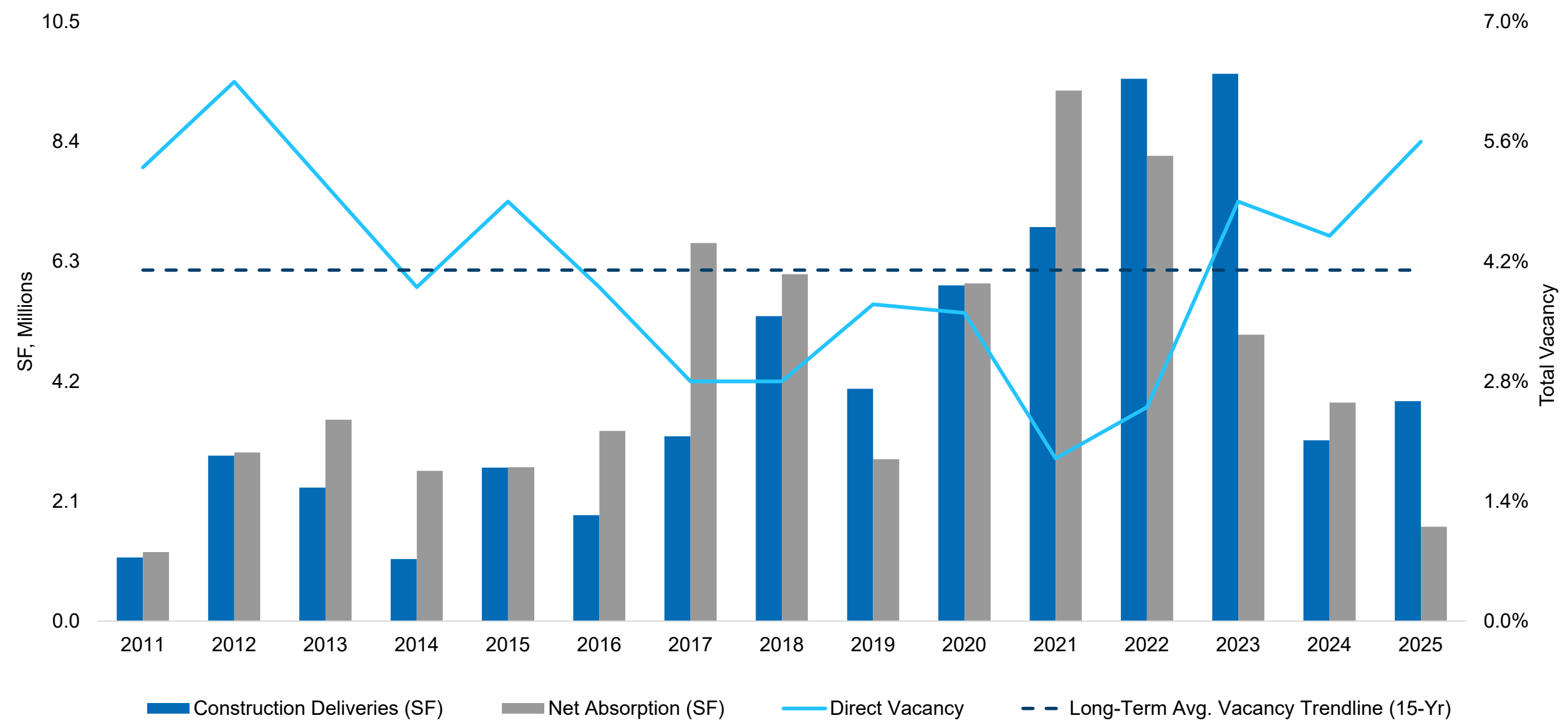
	Current Quarter	Prior Quarter	Year Ago	12-Month Forecast
Total Inventory (SF)	189.1M	189.0M	185.1M	↑
Direct Vacancy Rate	5.6%	5.9%	4.5%	↓
Qtr. Net Absp. (SF)	0.6M	-0.1M	-0.1M	↑
Average Asking Rent/SF/Month	\$0.85 NNN	\$0.87 NNN	\$0.81 NNN	↑
Deliveries (SF)	26.6K	1.8M	0.5M	↑
Under Const. (SF)	2.9M	0.8M	4.1M	↑

Source: Newmark Mountain West Research

New Supply Pushes Vacancy Higher as Leasing Conditions Remain Strong

Direct vacancy rose 110 basis points year-over-year to 5.6% by the close of 2025, driven by new construction deliveries that continued to outpace net absorption. The majority of available space is concentrated in recently completed bulk distribution facilities, while other industrial asset types remain significantly tighter, with a combined direct vacancy of just 2.4% across the region. Despite a slowdown in pre-leasing activity, new projects are leasing efficiently, typically reaching about 50% occupancy within three quarters and achieving full stabilization in less than two years.

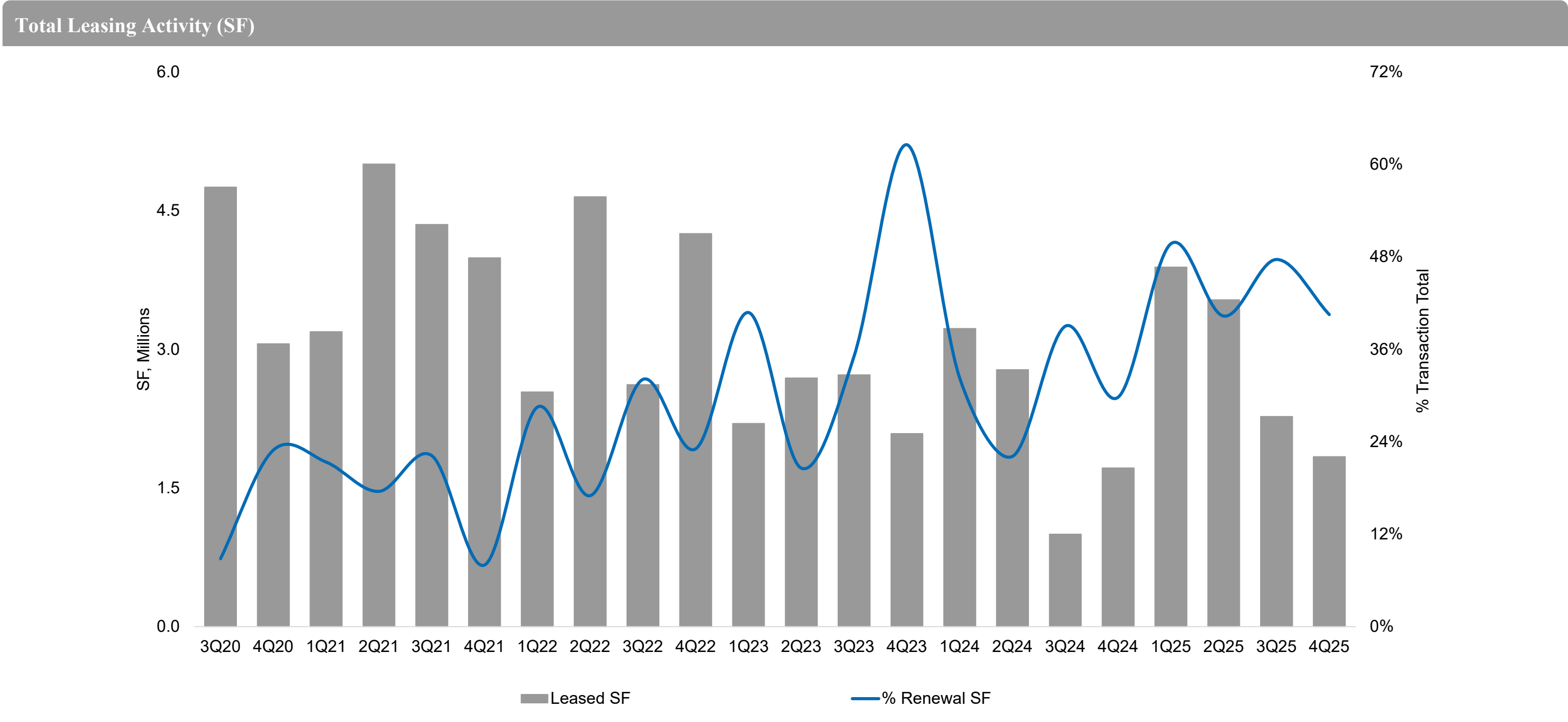
Historical Construction Deliveries, Net Absorption, and Vacancy



Source: Newmark Mountain West Research

Elevated Rents Shift Industrial Leasing Toward Renewals

Industrial leasing volume declined sequentially throughout 2025, with renewals accounting for more than 45% of total transaction square footage for the year. Facing lease rates that are roughly 30% higher than pre-pandemic levels, occupiers are taking a more measured approach to expansion and relocation decisions. As a result, renewal-driven transactions have increased, with many tenants choosing to stay in place or right-size into smaller, more efficient spaces rather than absorb higher costs tied to larger footprints. Compounding this trend, limited availability outside of bulk distribution facilities has reduced viable relocation options, further dampening overall leasing activity in an exceptionally tight industrial market.

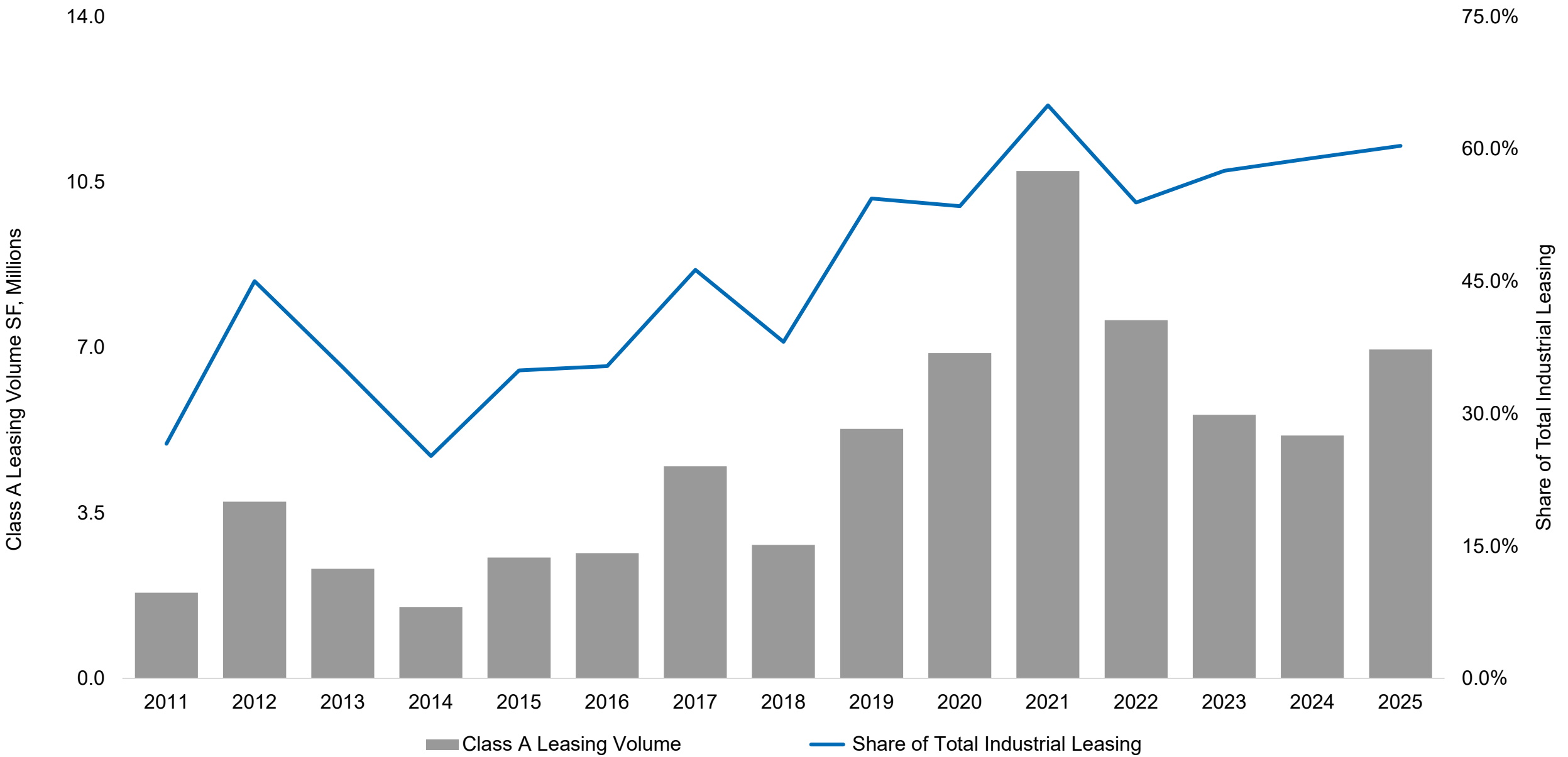


Source: Newmark Mountain West Research

Class A Industrial Space Retains Dominant Share of Leasing Activity

Although Class A leasing has not rebounded to the peak volumes recorded in 2021, it has sustained a consistent presence in the market, accounting for an average of approximately 55% of total transaction volume since 2022. This level of activity represents a meaningful increase compared with pre-pandemic norms and highlights continued demand for top-tier industrial facilities. Occupiers are prioritizing spaces that enhance operational efficiency and meet critical requirements for accessibility, labor availability, and power capacity—attributes most commonly found in Class A properties.

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

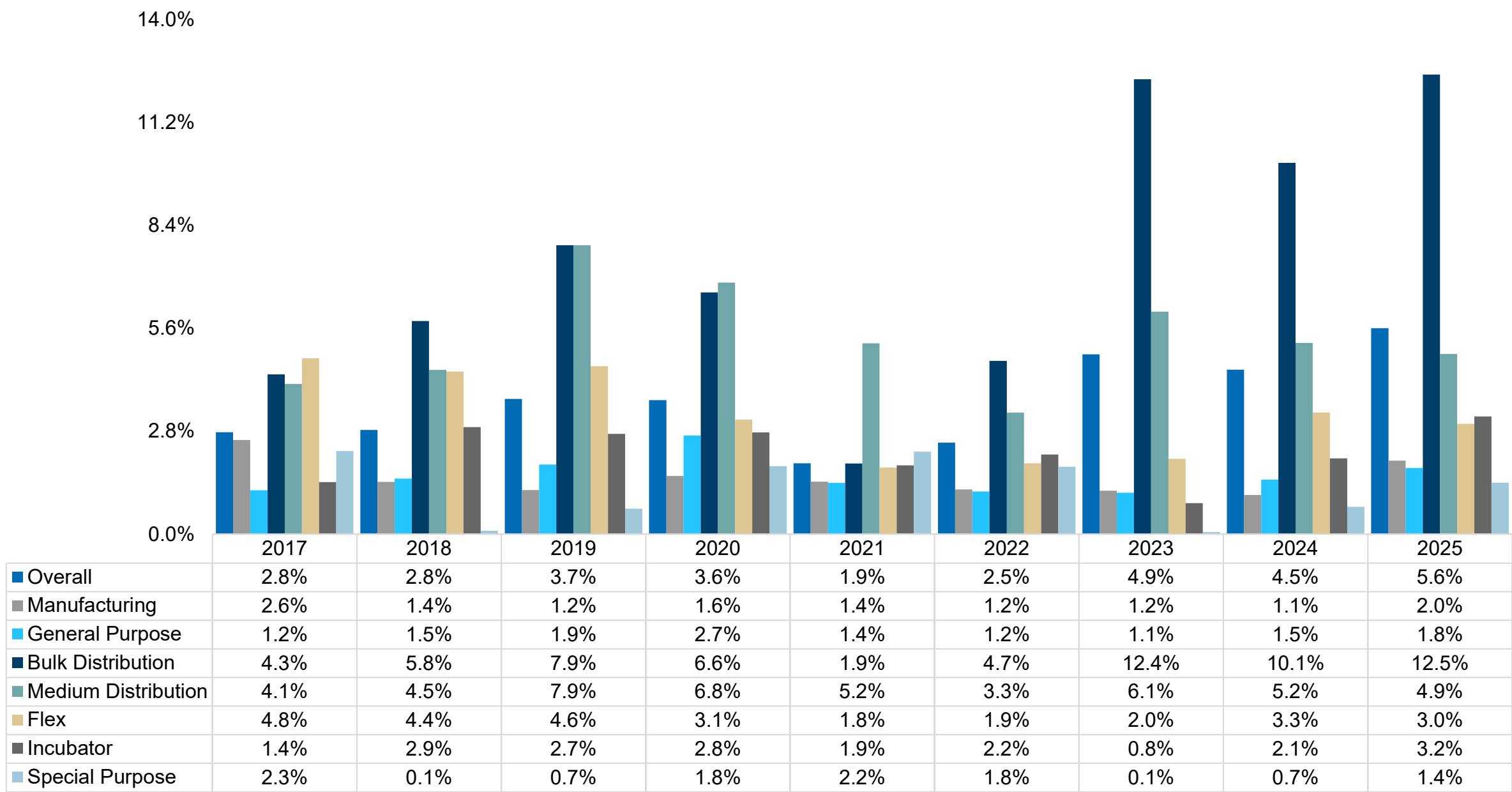


Source: Newmark Mountain West Research

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.

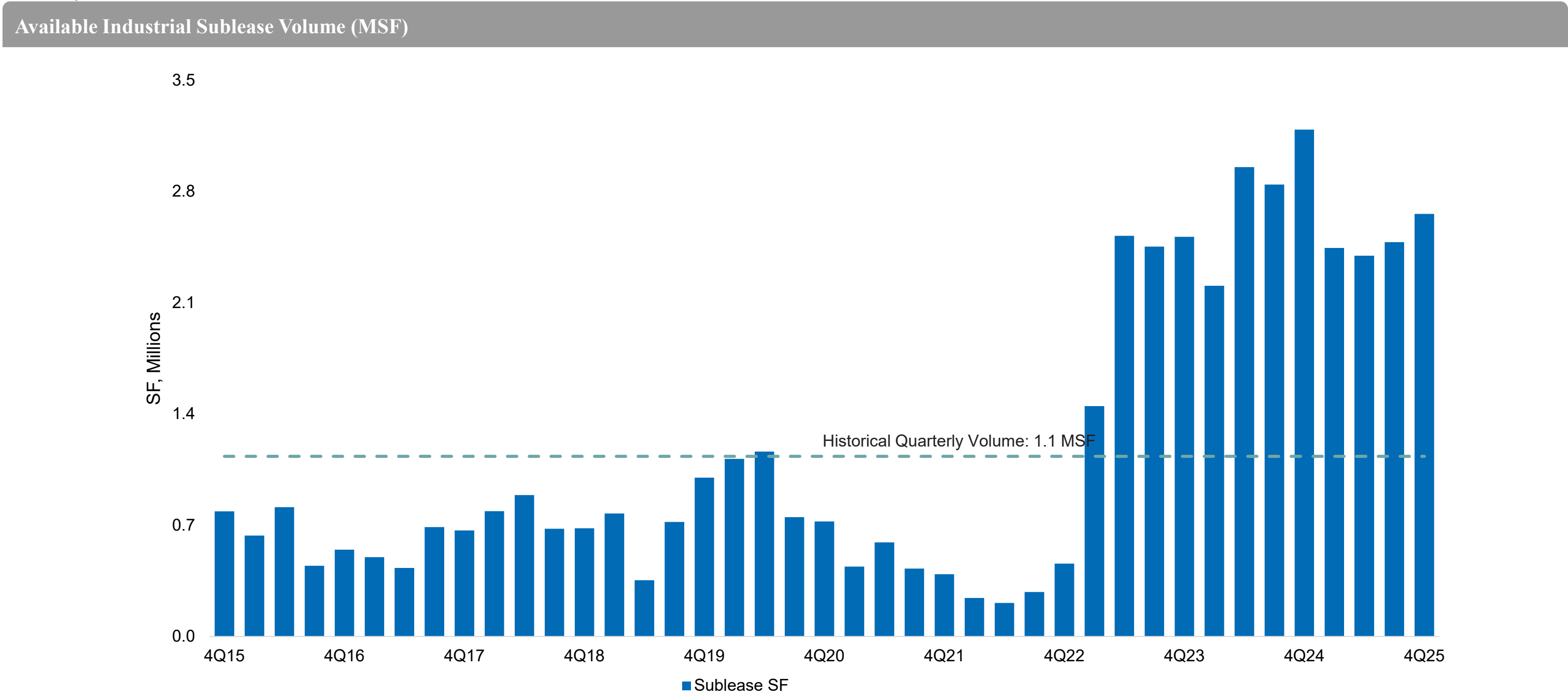
Direct Vacancy Rates



Source: Newmark Mountain West Research

Sublease Availability Edges Up as Tenants Rebalance Space Needs

Available sublease space increased modestly in the fourth quarter of 2025, driven by the addition of several larger listings within bulk distribution facilities. While portions of this space are being absorbed, new sublease offerings are entering the market at a comparable pace as tenants continue to recalibrate their footprint requirements. As a result, overall sublease availability remains relatively balanced. The rate at which this space is leased in the coming quarters will be a key factor influencing direct vacancy levels, particularly as a wave of lease expirations draws closer.

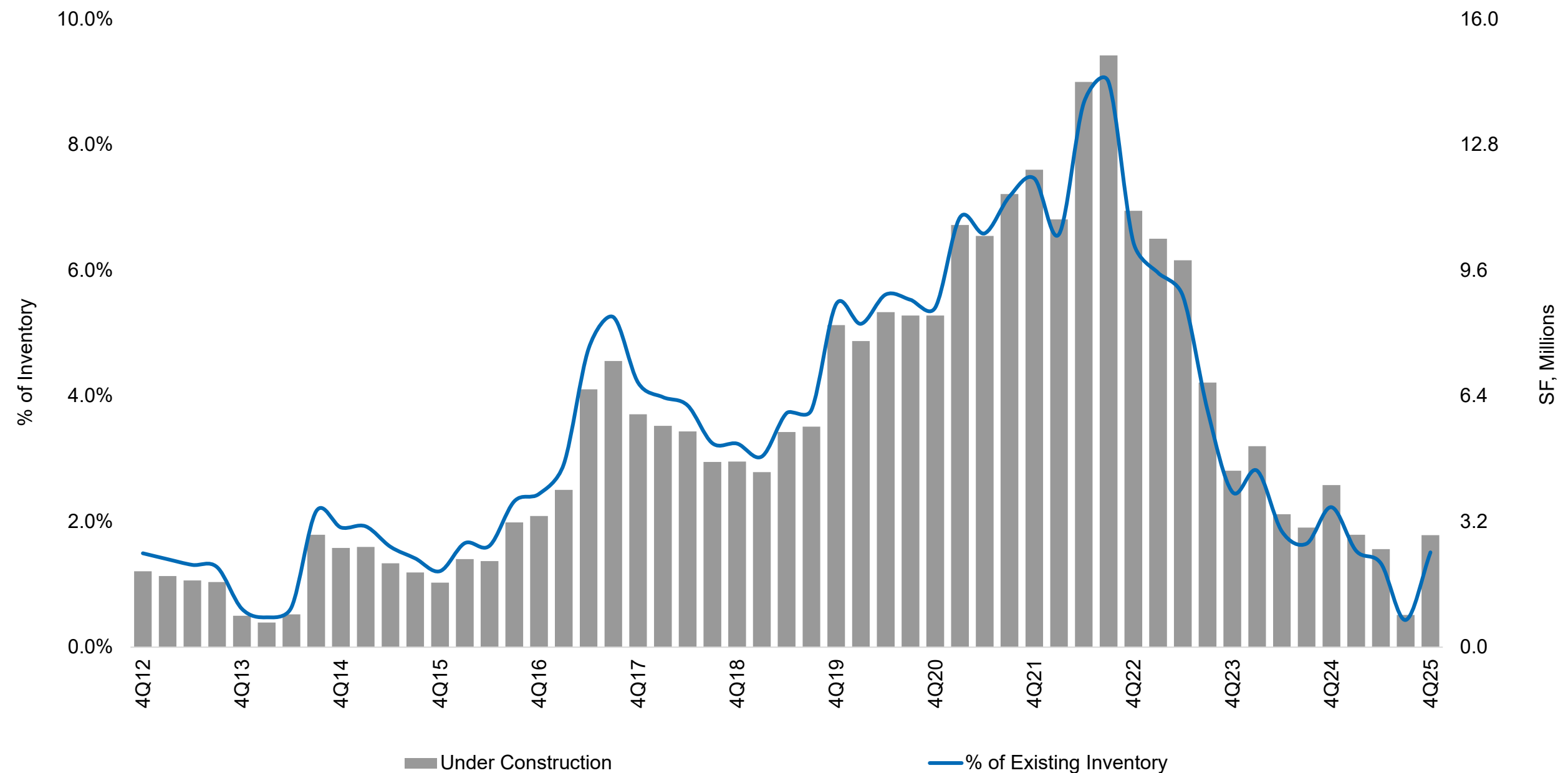


Source: Newmark Mountain West Research

Industrial Construction Targeted to High-Demand Locations

Industrial construction activity has moderated since peaking at 15.1 million square feet in 2022. By 2025, higher material costs, ongoing inflation, and uncertainty tied to tariffs had cooled developer interest in new projects—especially large-scale developments amid rising vacancy in bulk distribution space. As a result, new construction starts declined through the first three quarters of the year. Activity picked up modestly in the fourth quarter, however, as several developers initiated projects in strategically located submarkets where tenant demand remains strong.

Industrial Under Construction and % of Existing Inventory

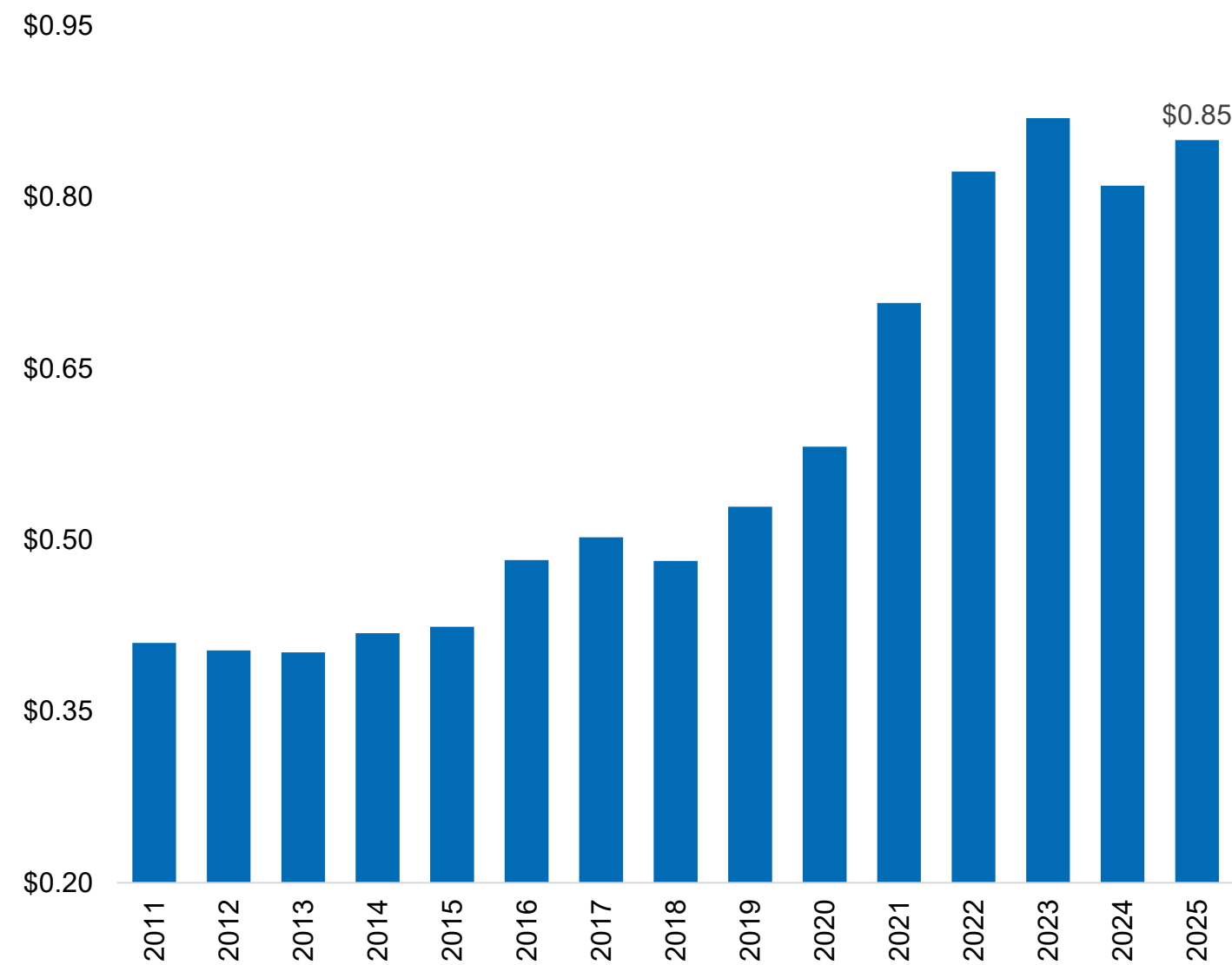


Source: Newmark Mountain West Research

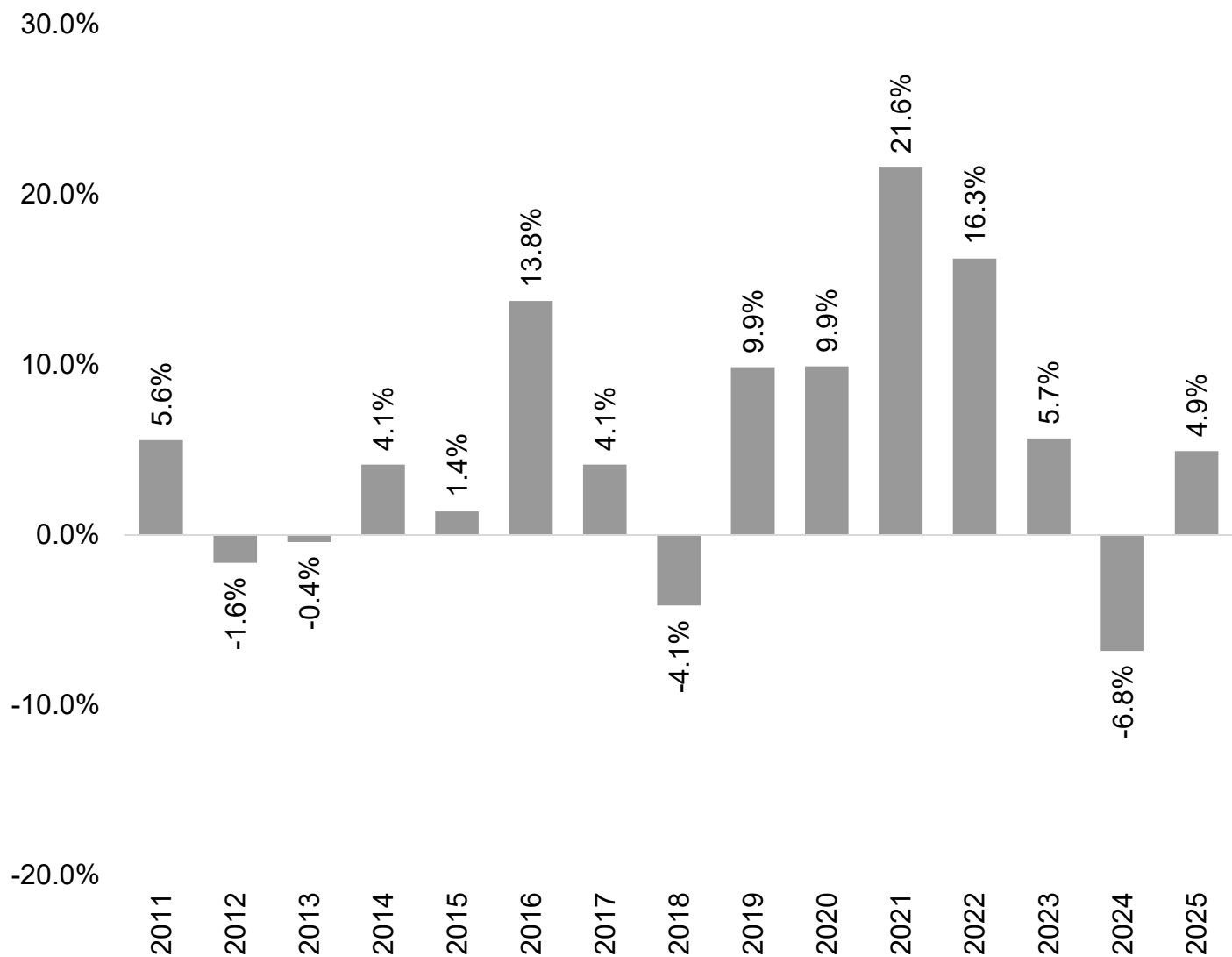
Rental Rates Recalibrate Toward a More Sustainable Balance

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 4.8% year-over-year, 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



Source: Newmark Mountain West Research

Notable 4Q25 Lease Transactions

Select Lease Transactions				
Tenant	Building	Submarket	Lease Type	Square Feet
Kennecott Utah Copper	Rio Tinto Distribution Center	West Jordan	Lease Renewal	239,900
Kennecott Utah Copper renewed for another term at the same footprint for 239,900 SF.				
CR Bard	Bard Access Systems	Airport	Lease Renewal	183,400
CR Bard remained in place in the Airport submarket.				
Olive & Cocoa	Copper Crossing 1	California Avenue	Lease Renewal	157,148
Another strong lease renewal at Cooper Crossing 1 with Olive & Cocoa.				
MEI Rigging & Crating	5600 Logistics Building A	California Avenue	Direct New	94,505
MEI Rigging & Crating took 94,505 SF in the California Avenue submarket.				
Radians	SLC Global Logistics Center 8	Airport	Direct New	82,423
PPE manufacturer, Radians, took 82,423 SF in the SLC Global Logistics Center.				

Source: Newmark Mountain West Research

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Submarket Statistics



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Submarket Statistics – All Classes

	Under Construction (SF)	Direct Vacancy Rate	Qtr Absorption (SF)	2025 Total Absorption (SF)	Direct Asking Rent (Price/SF)	Sublet Asking Rent (Price/SF)	Total Asking Rent (Price/SF)
Airport	732,959	9.2%	13,580	1,293,425	\$0.75	\$0.67	\$0.73
Manufacturing	0	0.0%	0	0	\$0.79	\$-	\$0.79
General Purpose	0	0.3%	0	9,553	\$1.28	\$-	\$1.28
Bulk Distribution	175,383	13.3%	0	1,323,943	\$0.74	\$0.65	\$0.72
Medium Distribution	477,576	1.3%	0	(8,500)	\$-	\$-	\$-
Flex	80,000	3.1%	10,480	(12,597)	\$0.90	\$0.85	\$0.88
Incubator	0	2.2%	3,100	(3,756)	\$1.10	\$-	\$1.10
Special Purpose	0	1.4%	0	(15,218)	\$-	\$-	\$-
Bluffdale	273,254	8.5%	(13,042)	168,839	\$1.19	\$1.54	\$1.22
Manufacturing	0	0.0%	0	0	\$-	\$-	\$-
General Purpose	0	4.1%	0	(13,104)	\$1.32	\$1.50	\$1.44
Bulk Distribution	172,720	100.0%	0	0	\$1.08	\$-	\$1.08
Medium Distribution	100,534	6.1%	0	110,004	\$1.25	\$-	\$1.25
Flex	0	2.5%	(18,000)	15,121	\$1.20	\$-	\$1.20
Incubator	0	2.3%	4,958	56,818	\$2.31	\$1.92	\$2.26
Special Purpose	0	0.0%	0	0	\$-	\$-	\$-
California Avenue	120,482	6.8%	327,373	76,225	\$0.81	\$0.82	\$0.81
Manufacturing	0	2.9%	-	(12,467)	\$1.09	\$-	\$1.09
General Purpose	100,000	0.3%	(18,462)	(75,939)	\$1.22	\$1.15	\$1.20
Bulk Distribution	0	13.0%	370,232	30,636	\$0.74	\$0.78	\$0.74
Medium Distribution	0	3.8%	(12,233)	171,484	\$0.84	\$0.60	\$0.81
Flex	0	4.4%	19,332	(8,427)	\$1.08	\$1.03	\$1.08
Incubator	0	6.7%	18,028	3,494	\$0.92	\$-	\$0.92
Special Purpose	20,482	2.8%	(49,524)	(32,556)	\$0.86	\$1.58	\$0.97

Source: Newmark Mountain West Research

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Submarket Statistics – All Classes

	Under Construction (SF)	Direct Vacancy Rate	Qtr Absorption (SF)	2025 YTD Total Absorption (SF)	Direct Asking Rent (Price/SF)	Sublet Asking Rent (Price/SF)	Total Asking Rent (Price/SF)
Central West	435,933	4.5%	0	34,720	\$1.35	\$-	\$1.35
Manufacturing	0	0.8%	0	0	\$-	\$-	\$-
General Purpose	0	0.0%	0	0	\$1.30	\$-	\$1.30
Bulk Distribution	373,085	0.0%	0	0	\$-	\$-	\$-
Medium Distribution	0	61.1%	0	34,720	\$1.35	\$-	\$1.35
Flex	62,848	0.0%	0	0	\$-	\$-	\$-
Incubator	0	0.0%	0	0	\$-	\$-	\$-
Special Purpose	0	0.0\$	0	0	\$-	\$-	\$-
Downtown SLC	0	5.6%	(138,101)	(327,489)	\$0.87	\$1.07	\$0.88
Manufacturing	0	6.5%	(3,100)	(136,413)	\$1.25	\$-	\$1.25
General Purpose	0	3.6%	(14,646)	(103,146)	\$0.94	\$1.07	\$0.94
Bulk Distribution	0	100.0%	(100,670)	(25,670)	\$0.55	\$-	\$0.55
Medium Distribution	0	0.0%	0	0	\$-	\$-	\$-
Flex	0	5.4%	6,600	(35,975)	\$0.88	\$-	\$0.88
Incubator	0	0.0%	0	0	\$-	\$-	\$-
Special Purpose	0	2.3%	(26,285)	(26,285)	\$0.70	\$-	\$0.70
Draper	0	2.0%	(778)	17,739	\$1.98	\$1.17	\$1.91
Manufacturing	0	3.3%	(1,354)	(43,811)	\$2.71	\$-	\$2.71
General Purpose	0	2.4%	(13,876)	5,267	\$-	\$-	\$-
Bulk Distribution	0	0.0%	0	0	\$-	\$-	\$-
Medium Distribution	0	1.7%	0	(10,000)	\$1.15	\$-	\$1.15
Flex	0	1.6%	12,182	70,845	\$1.19	\$1.17	\$1.19
Incubator	0	0.0%	2,270	0	\$-	\$-	\$-
Special Purpose	0	4.6%	0	(4,562)	\$-	\$-	\$-

Source: Newmark Mountain West Research

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Submarket Statistics – All Classes

	Under Construction (SF)	Direct Vacancy 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	15,602	2.8%	38,813	76,911	\$0.80	\$-	\$0.80
Manufacturing	15,602	1.1%	0	0	\$0.95	\$-	\$0.95
General Purpose	0	4.8%	28,000	83,806	\$0.67	\$-	\$0.67
Bulk Distribution	0	0.0%	0	0	\$-	\$-	\$-
Medium Distribution	0	0.0%	0	0	\$-	\$-	\$-
Flex	0	1.7%	(5,329)	(6,117)	\$0.93	\$-	\$0.93
Incubator	0	1.3%	5,280	(778)	\$1.09	\$-	\$1.09
Special Purpose	0	0.0%	10,862	0	\$-	\$-	\$-
Sandy	0	0.5%	82,779	68,001	\$1.14	\$1.00	\$1.10
Manufacturing	0	0.0%	0	0	\$-	\$1.00	\$1.00
General Purpose	0	0.0%	3,578	3,843	\$1.35	\$-	\$1.35
Bulk Distribution	0	0.0%	0	0	\$-	\$-	\$-
Medium Distribution	0	0.0%	70,458	56,725	\$-	\$-	\$-
Flex	0	1.2%	6,633	4,650	\$0.98	\$-	\$0.98
Incubator	0	0.7%	350	2,783	\$1.35	\$-	\$1.35
Special Purpose	0	1.1%	1,760	0	\$-	\$-	\$-
South Salt Lake	0	2.0%	21,634	(55,553)	\$0.95	\$-	\$0.95
Manufacturing	0	3.0%	(27,060)	(20,559)	\$0.98	\$-	\$0.98
General Purpose	0	2.4%	(27,218)	(42,348)	\$0.88	\$-	\$0.88
Bulk Distribution	0	0.0%	0	0	\$-	\$-	\$-
Medium Distribution	0	2.3%	0	(4,000)	\$1.25	\$-	\$1.25
Flex	0	1.0%	36,480	23,799	\$0.90	\$-	\$0.90
Incubator	0	1.7%	39,432	(12,445)	\$1.12	\$-	\$1.12
Special Purpose	0	0.0%	0	0	\$-	\$-	\$-

Source: Newmark Mountain West Research

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Submarket Statistics – All Classes

	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 Jordan	670,994	4.1%	136,060	577,994	\$0.88	\$1.05	\$0.96
Manufacturing	0	0.9%	0	37,090	\$0.63	\$-	\$0.63
General Purpose	0	0.4%	(3,578)	232,340	\$0.93	\$-	\$0.93
Bulk Distribution	0	13.1%	45,551	121,236	\$-	\$-	\$-
Medium Distribution	0	3.7%	23,013	62,774	\$1.15	\$-	\$1.15
Flex	34,994	3.5%	66,580	122,293	\$1.42	\$-	\$1.42
Incubator	0	1.6%	4,494	2,261	\$0.72	\$-	\$0.72
Special Purpose	636,000	0.0%	0	0	\$-	\$1.05	\$1.05
West Valley	605,370	3.7%	97,707	(275,840)	\$0.89	\$0.74	\$0.85
Manufacturing	0	0.9%	2,500	5,000	\$0.75	\$0.65	\$0.66
General Purpose	19,184	3.4%	0	(166,698)	\$0.63	\$0.90	\$0.70
Bulk Distribution	130,733	4.0%	137,824	92,544	\$0.84	\$0.80	\$0.83
Medium Distribution	455,453	7.4%	(54,541)	(145,765)	\$0.95	\$-	\$0.95
Flex	0	3.8%	(19,724)	(37,462)	\$1.03	\$0.85	\$1.02
Incubator	0	6.1%	32,683	(10,708)	\$1.21	\$0.76	\$1.14
Special Purpose	0	0.4%	(1,035)	(12,751)	\$1.34	\$-	\$1.34
Market	2,854,594	5.6%	566,025	1,654,972	\$0.86	\$0.81	\$0.85
Manufacturing	15,602	2.0%	(29,014)	(171,160)	\$1.13	\$0.71	\$1.03
General Purpose	119,184	1.8%	(46,202)	(66,426)	\$0.85	\$1.05	\$0.88
Bulk Distribution	851,921	12.5%	452,937	1,542,689	\$0.75	\$0.73	\$0.75
Medium Distribution	1,033,563	4.9%	26,697	267,442	\$0.98	\$0.60	\$0.96
Flex	177,842	3.0%	115,234	136,30	\$1.05	\$0.93	\$1.04
Incubator	0	3.2%	110,595	37,669	\$1.10	\$0.89	\$1.09
Special Purpose	656,482	1.4%	(64,222)	(91,372)	\$0.87	\$1.10	\$1.01

Source: Newmark Mountain West Research

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