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Salt Lake County: Industrial Market Overview

1Q26

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Salt Lake Market Observations



Economy

- The Salt Lake MSA entered 2026 with unemployment approximately 80 basis points below the national rate, though employment growth has narrowed to approximately 0.7% year-over-year as broader headwinds weighed on hiring through the end of 2025.
- Trade, transportation, and utilities and manufacturing employment both compressed through much of 2025, with growth rates settling at modest positive levels by January 2026 — well below the pace that drove industrial demand through the expansion years.
- Broader economic uncertainty and elevated material costs continued to weigh on business expansion decisions heading into 2026.



Leasing Market Fundamentals

- Direct vacancy reached 5.7% in Q1 2026, concentrated in bulk distribution at 12.4%, while non-bulk product types held considerably tighter at 2.5% combined.
- Total leasing volume fell to its lowest recorded level in Q1 2026, with both new leasing and renewals contracting simultaneously as occupiers across the board stepped back.
- Average asking rents eased to \$0.82/SF while achieved rents rose to \$0.99/SF, a divergence driven by deal mix skewing toward higher-rent segments and fewer, more specialized transactions.



Major Transactions

- The Northwest Quadrant remained the primary destination for industrial users in Q1 2026, drawing activity across a range of user types given its connectivity to the Inland Port and Salt Lake City International Airport.
- Black Diamond Equipment committed to 155,360 SF at 2215 Logistics Center in the California Avenue submarket, one of the more notable direct new transactions of the quarter.
- Among the quarter's notable renewals, Cardinal Health held its 173,182 SF footprint at 3595 W. Technology Drive in West Valley, and Rexel USA remained in place for 155,656 SF at Ninigret 1 in California Avenue.



Outlook

- The industrial market is working through the supply chain optimization phase of its cycle. Tenants are managing footprints and deferring expansion rather than contracting under distress.
- The market is approaching the transition toward inventory-driven demand, but that shift is not yet visible in leasing activity.
- The pace of lease expirations returning to the pipeline and the trajectory of sublease absorption will be the key indicators to watch as 2026 progresses.

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Economy

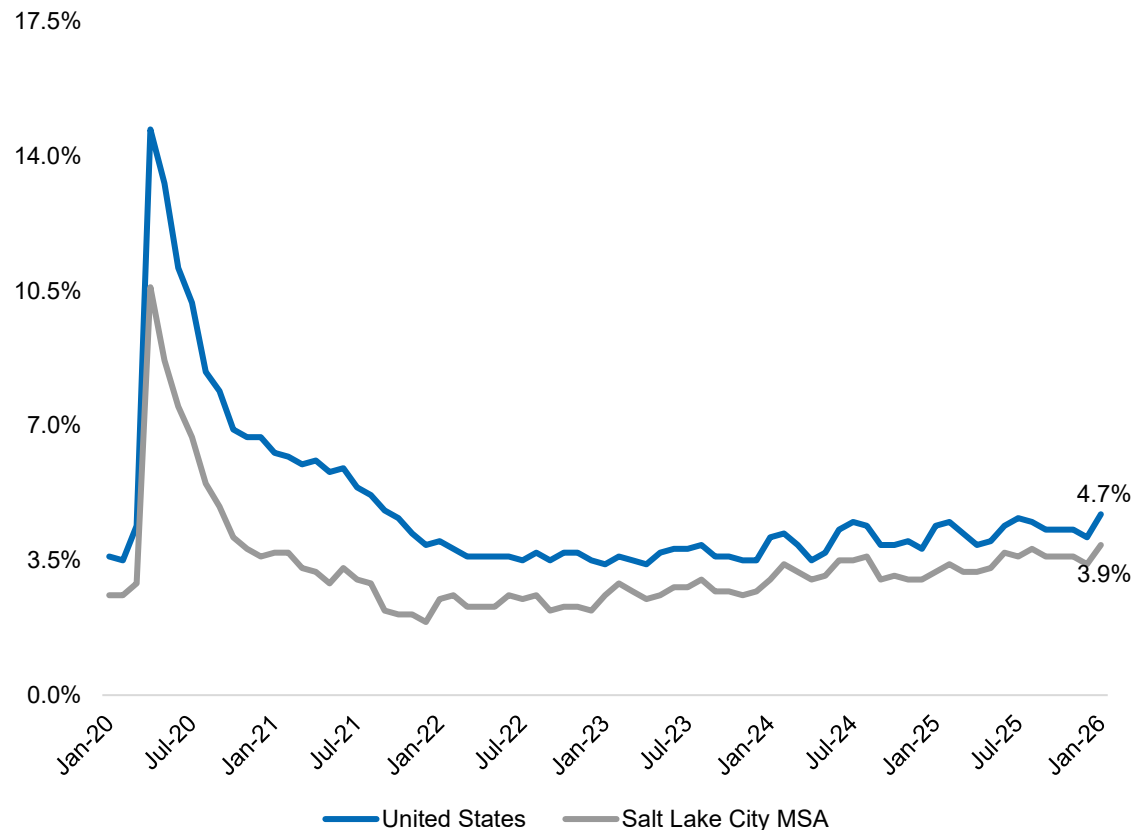
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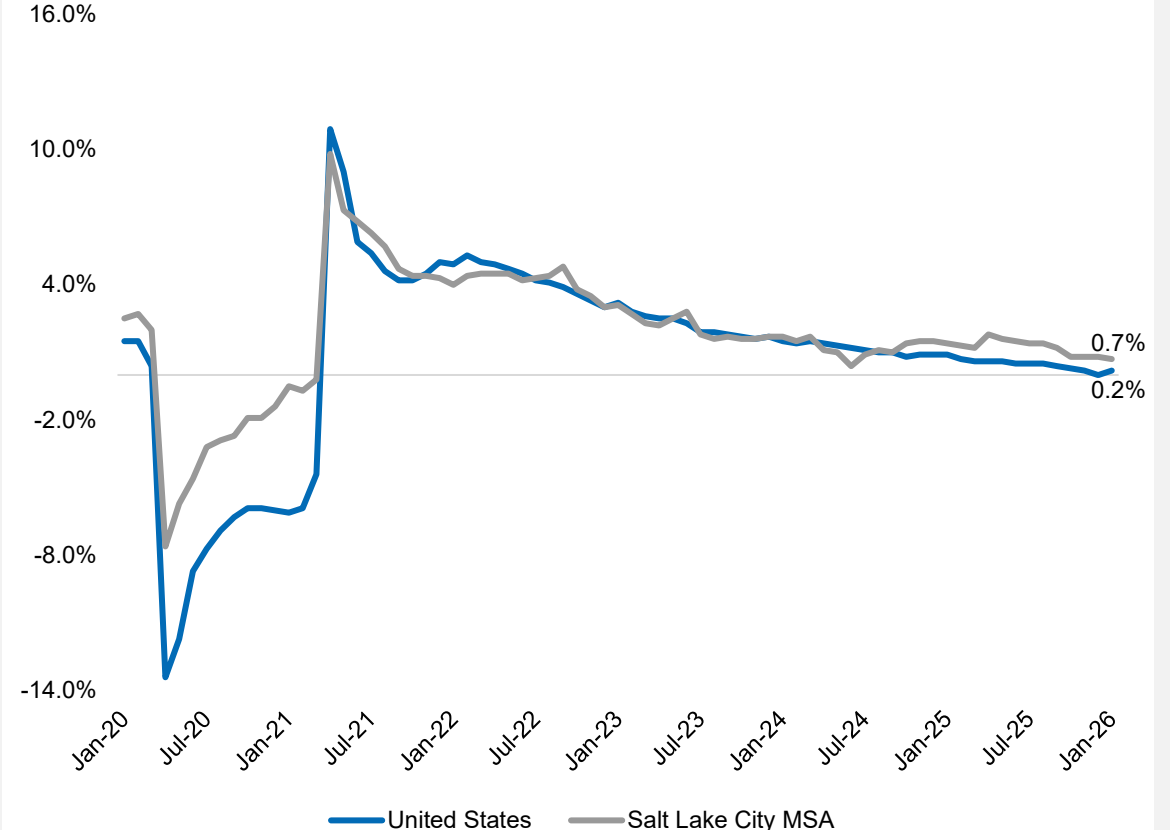
Salt Lake City Holds Its Labor Edge as National Hiring Slows

The Salt Lake City MSA entered 2026 with unemployment holding approximately 80 basis points below the national rate, a gap that persisted even as the U.S. reached 4.7% and payroll growth for both the metro and the nation settled near flat. Broader economic headwinds weighed on hiring through the end of 2025, narrowing the metro's earlier lead in job growth. Even so, the region's labor advantage continues to support the workforce-dependent sectors at the heart of industrial demand. The foundation is intact, though the expansion that defined the post-pandemic period has clearly moderated.

Unemployment Rate, Not Seasonally Adjusted



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

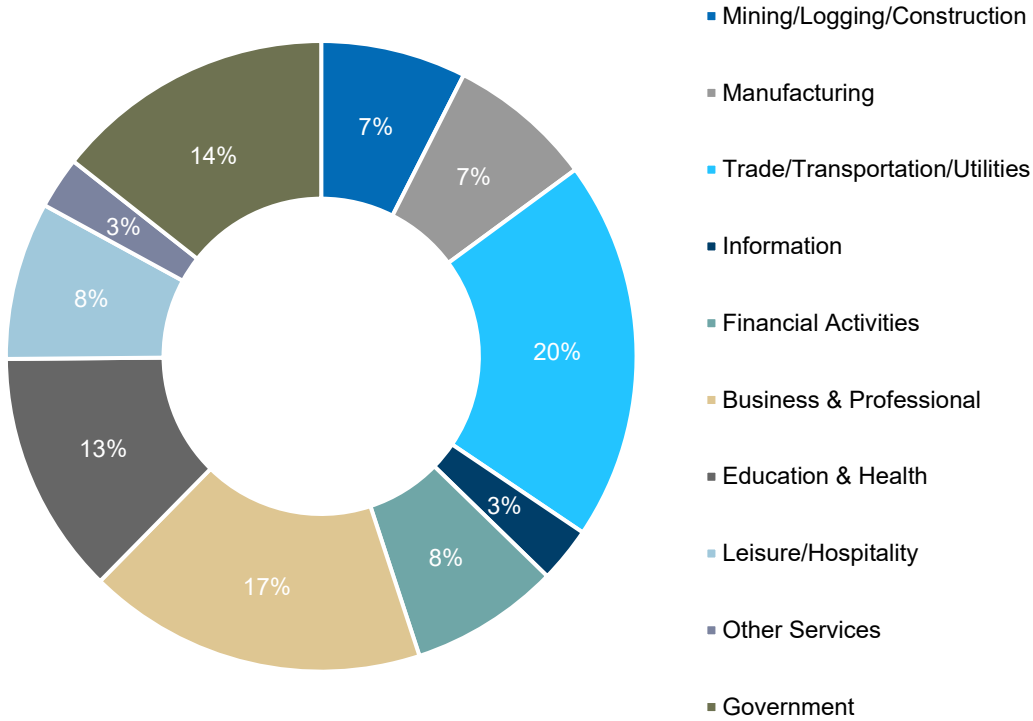


Source: U.S. Bureau of Labor Statistics. January 2026 data is preliminary.

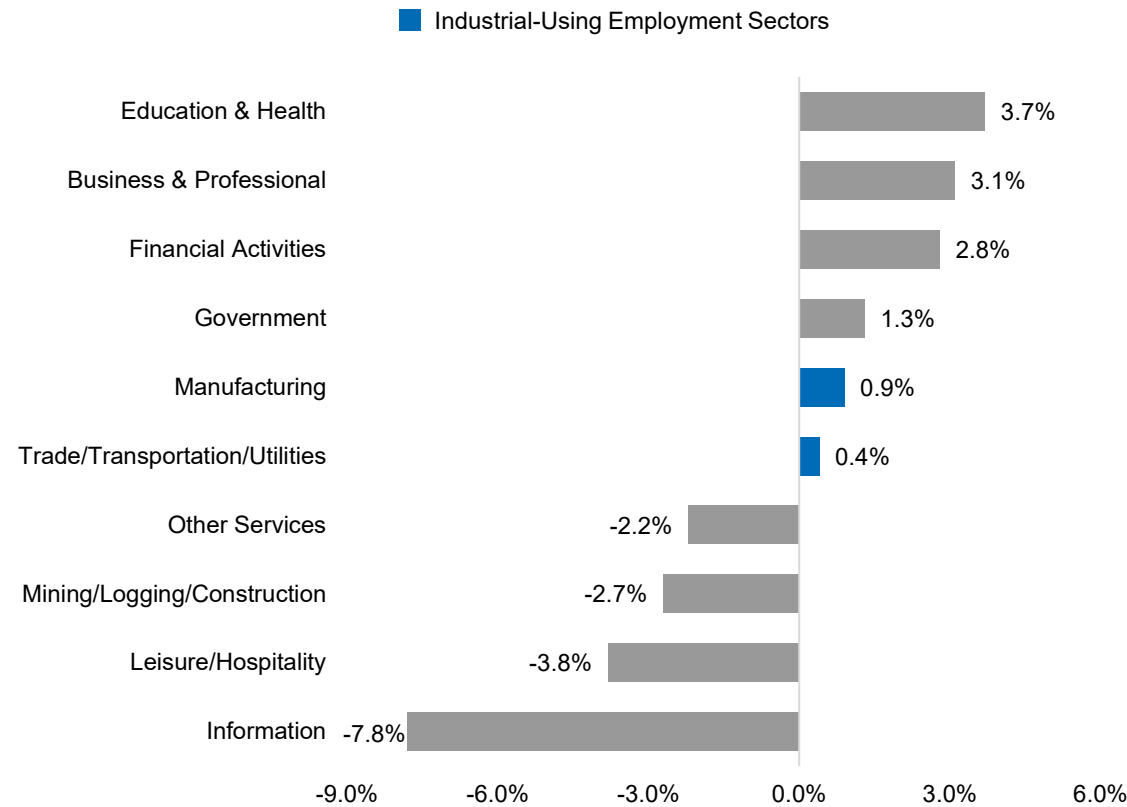
Salt Lake Outpaces National Growth, Though Industrial Sectors Signal a Slowdown

As of January 2026, the Salt Lake MSA posted overall employment growth of approximately 0.7% year-over-year, outpacing the national rate more than threefold. Growth spread across across service sectors, with education and health services leading at 3.7% and business and professional services following at 3.1%. For industrial demand, the more relevant story is in trade, transportation, and utilities and manufacturing — the two sectors the market depends on most — both of which are entering 2026 at a fraction of their recent peak growth rates.

Salt Lake MSA Employment by Industry, January 2026



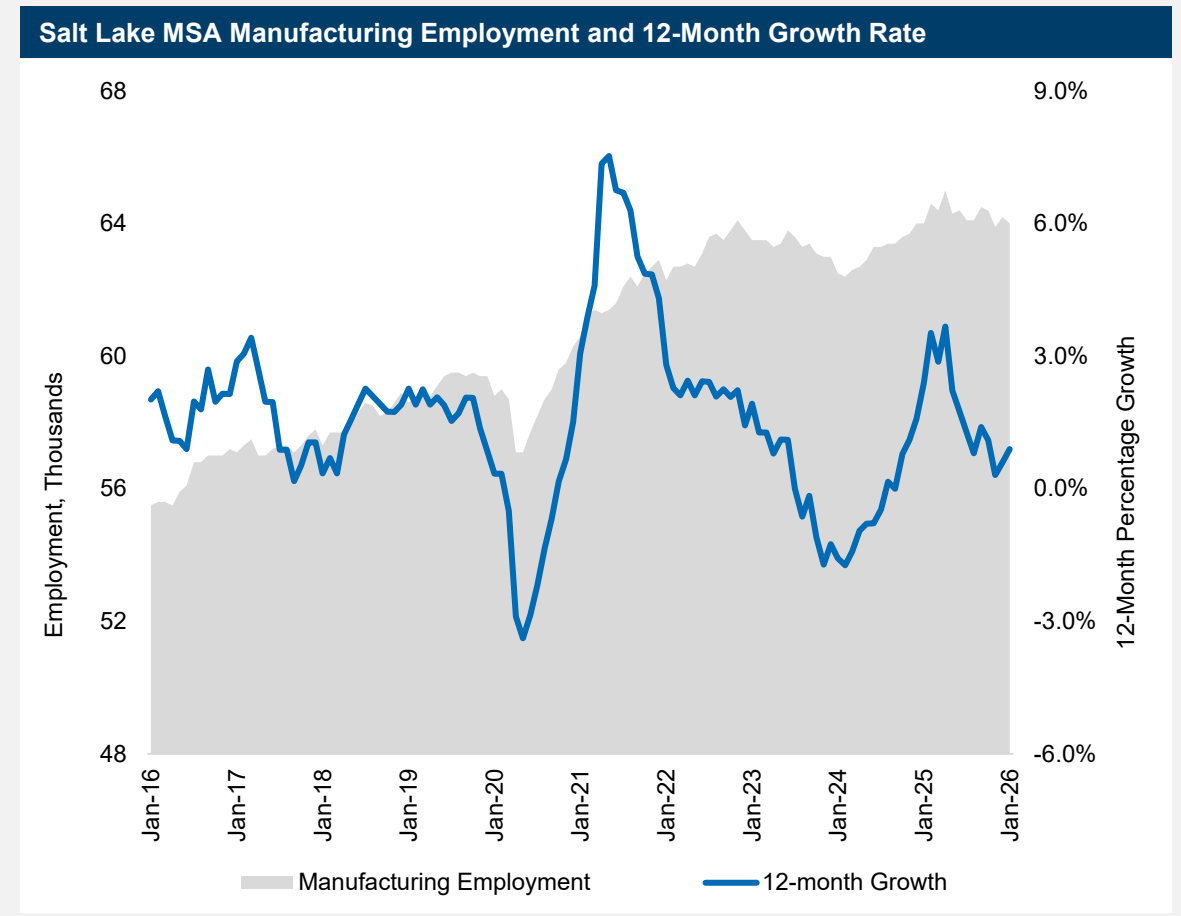
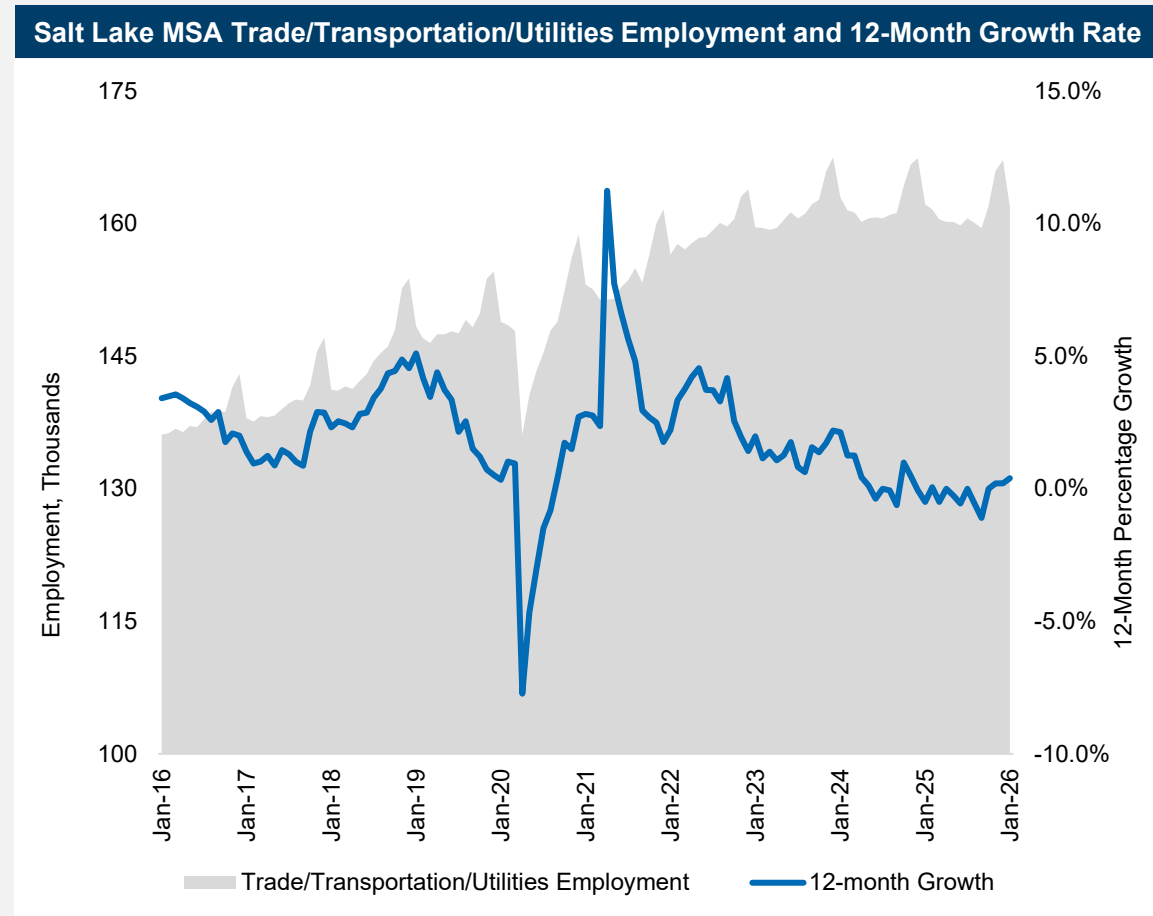
Salt Lake MSA Employment Growth by Industry, 12-Month % Change, January 2026



Source: U.S. Bureau of Labor Statistics. January 2026 data is preliminary.

Trade Uncertainty and Softening Demand Weigh on Industrial-Using Employment

The trade, transportation, and utilities sector saw year-over-year employment growth compress through much of 2025, briefly turning negative before recovering to 0.4% by January 2026. Manufacturing followed a similar arc, with growth rates falling sharply mid-year before settling near 0.9% heading into 2026. Both sectors have settled well below the pace that drove industrial demand through 2021 and 2022, and that slowdown is already showing up in how occupiers in those industries approach lease decisions.



Source: U.S. Bureau of Labor Statistics. January 2026 data is preliminary.

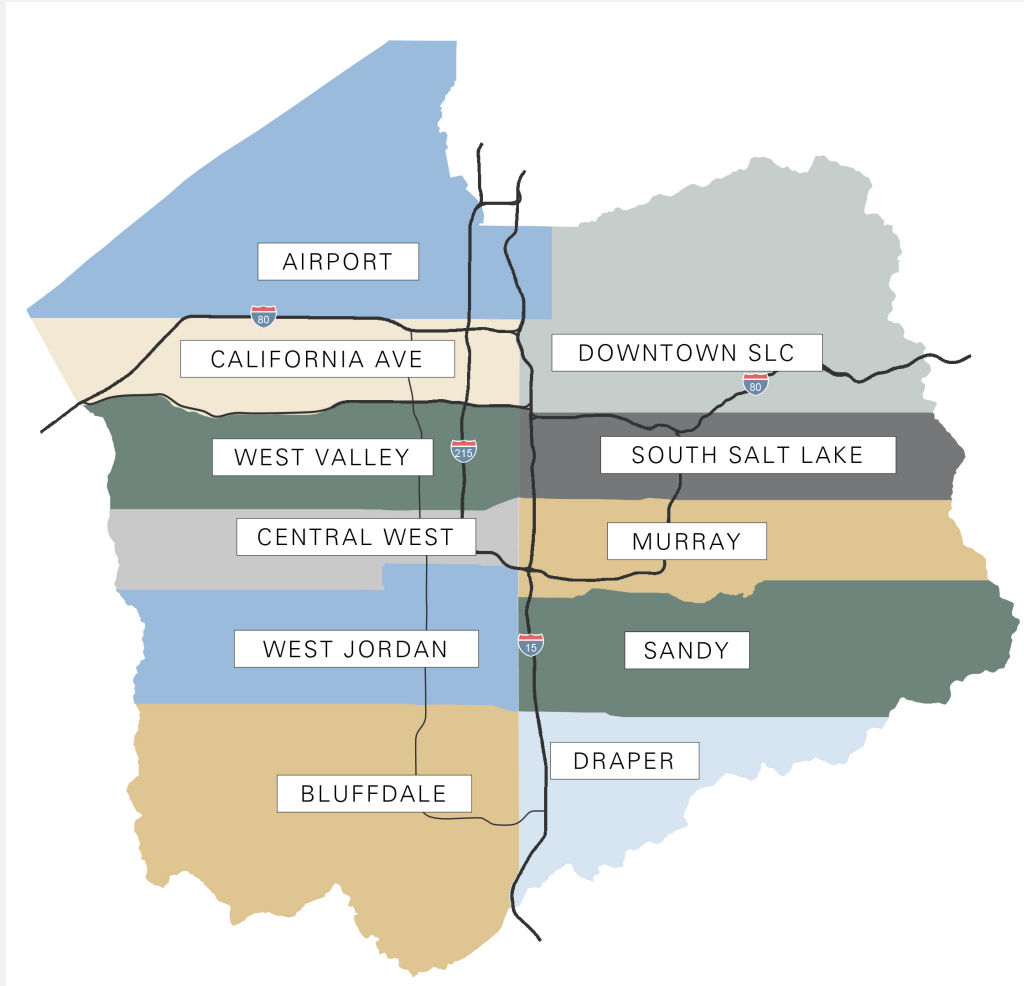
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Leasing Market Fundamentals

1Q26



Salt Lake County Industrial Submarket Map and High-Level Statistics – 1Q26

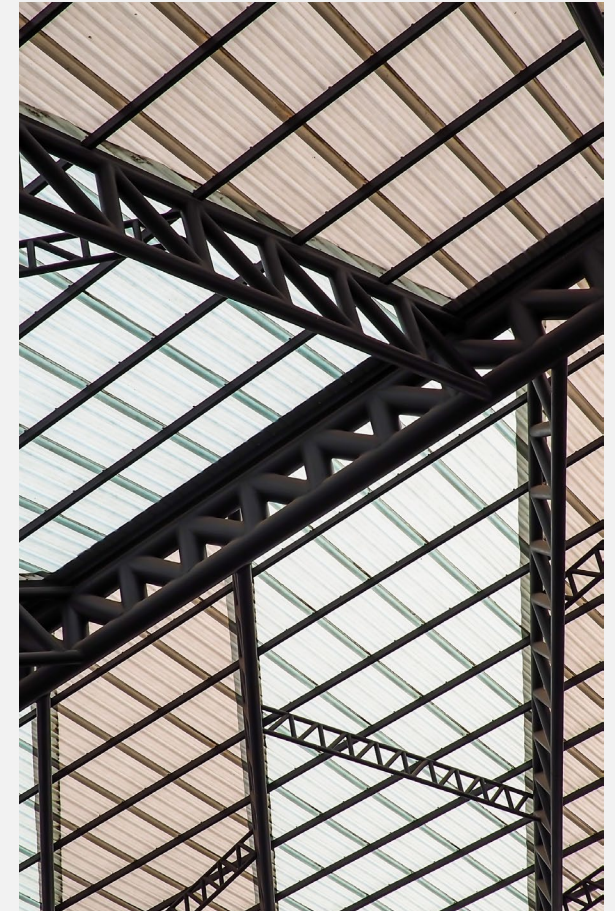
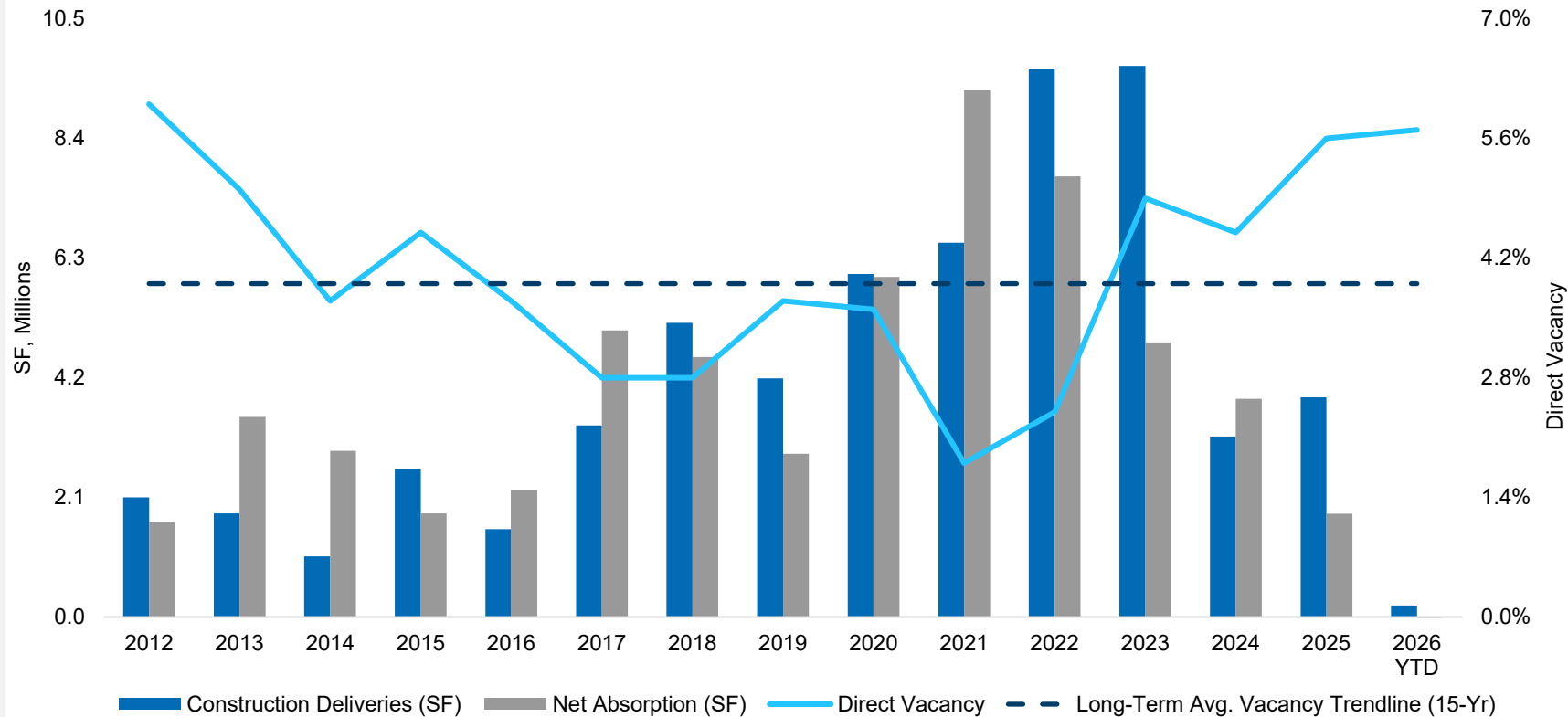


Market Summary				
	Current Quarter	Prior Quarter	Year Ago Period	12-Month Forecast
Total Inventory (SF)	188.4M	188.2M	185.9M	↑
Direct Vacancy Rate	5.7%	5.6%	4.9%	↓
Qtr. Net Absp. (SF)	-12.0K	0.7M	0.8M	↑
Average Asking Rent/SF/Month	\$0.82 NNN	\$0.85 NNN	\$0.80 NNN	↑
Deliveries (SF)	0.2M	26.6K	1.6M	↑
Under Const. (SF)	2.8M	2.7M	2.2M	↓

Vacancy Settles Above Long-Term Norms as Supply Cycle Meets Smaller Demand

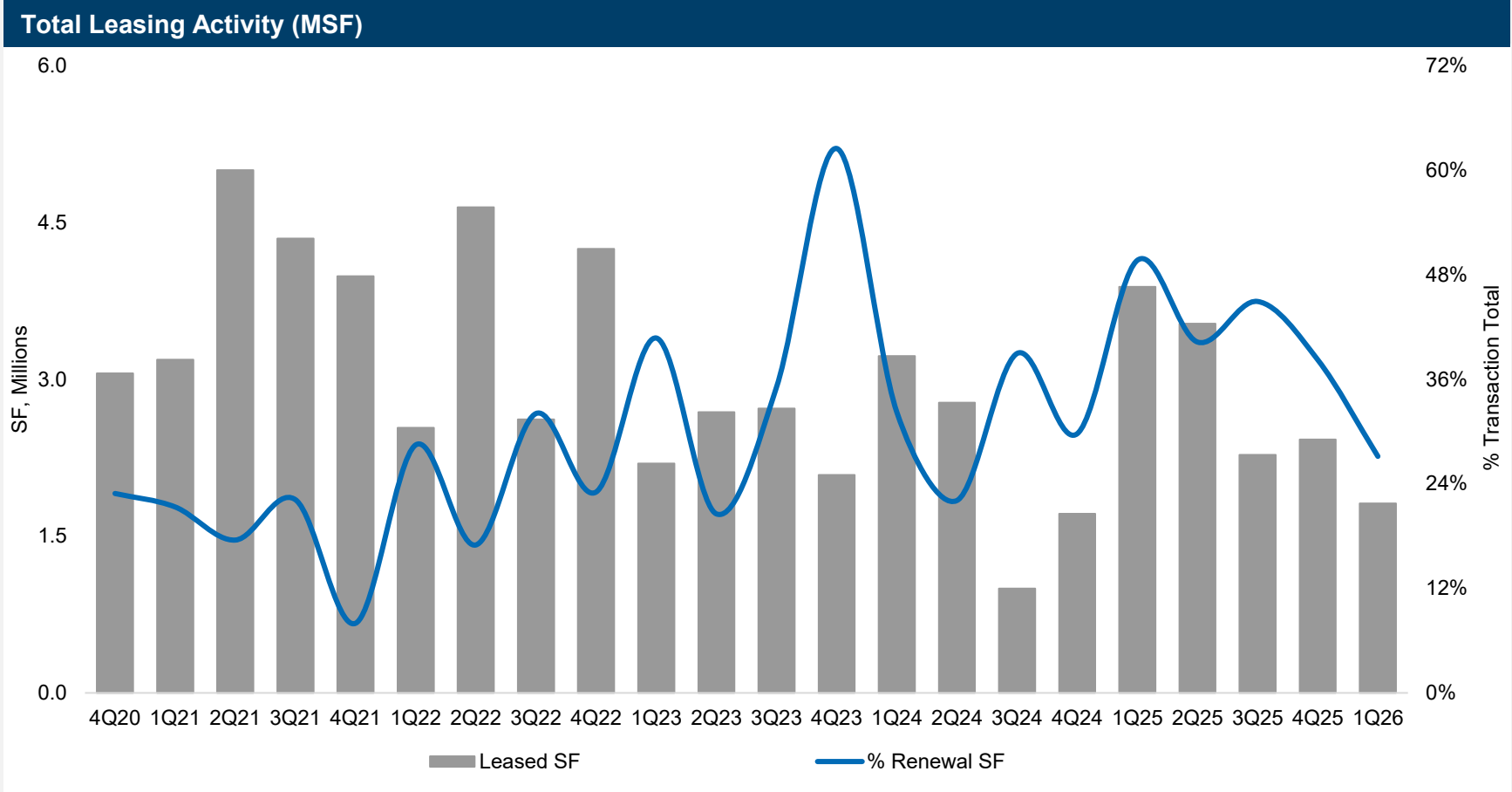
Direct vacancy reached 5.7% in Q1 2026, continuing an upward trend as new construction outpaced net absorption through much of the supply cycle. Q1 2026 saw net absorption tick into slightly negative territory as tenants returned space to the market. The majority of available space remains concentrated in recently completed bulk distribution facilities, while other industrial asset types hold considerably tighter, with a combined direct vacancy of 1.7% across the region. Despite a slowdown in pre-leasing activity, new projects are leasing efficiently, typically reaching about 50% occupancy within three quarters and full occupancy in under two years.

Historical Construction Deliveries, Net Absorption, and Vacancy



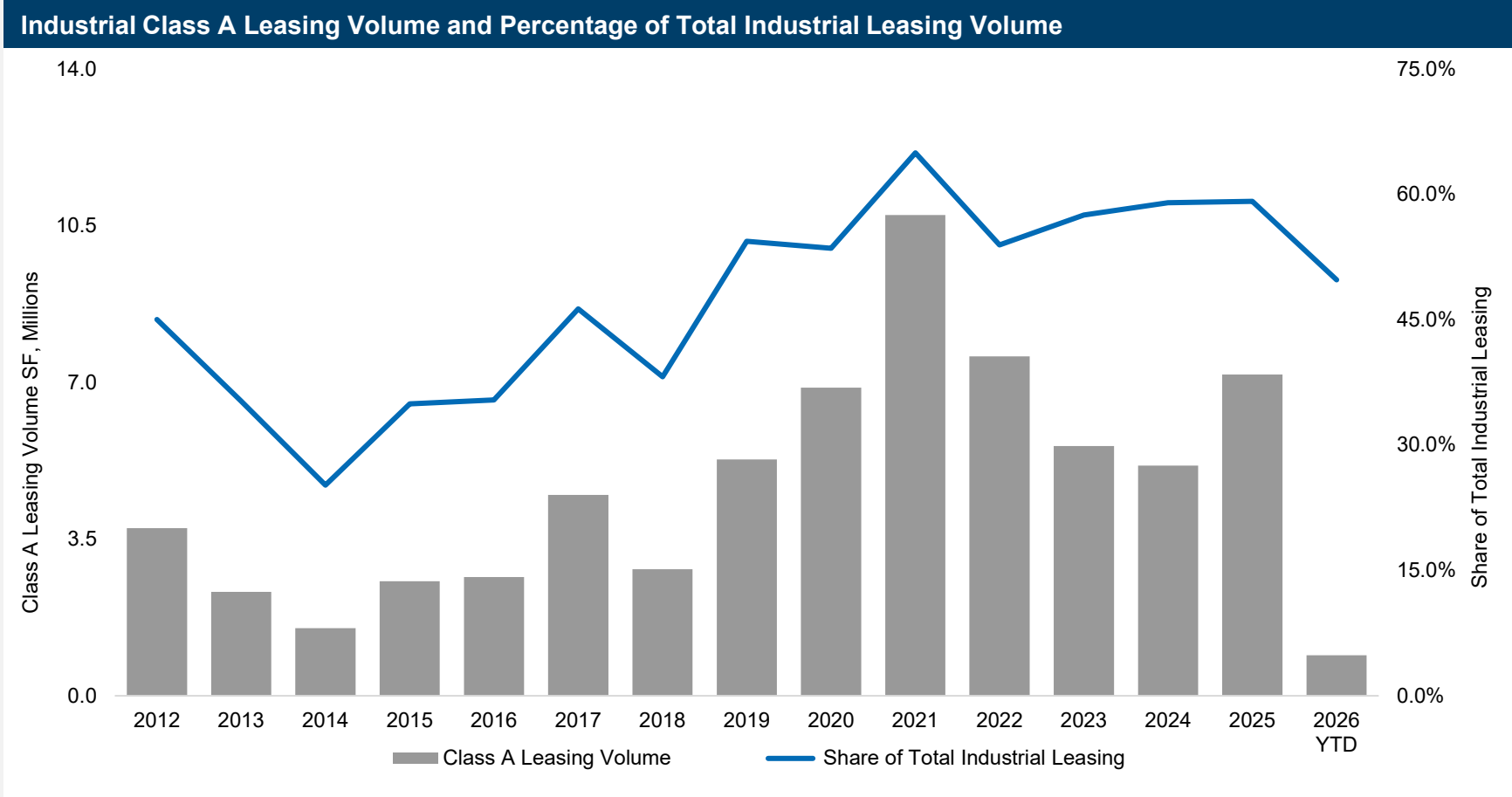
Leasing Activity Contracts as Occupiers Retreat Across the Board

Industrial Q1 leasing volume fell to its lowest recorded level in Q1 2026, extending the sequential decline that characterized much of 2025. Renewals — which accounted for more than 45% of total transaction square footage at their 2025 peak — also contracted in Q1 2026. The combination of slowing new leasing and retreating renewals points to a market working through the supply chain optimization phase of its cycle. Tenants are managing existing footprints and right-sizing, not contracting under distress. The pace of lease expirations returning to the pipeline will be worth watching as a leading indicator of when optimization gives way to expansion heading into the second half of 2026.



Class A Share Eases in Q1 After Several Years Above Historical Norms

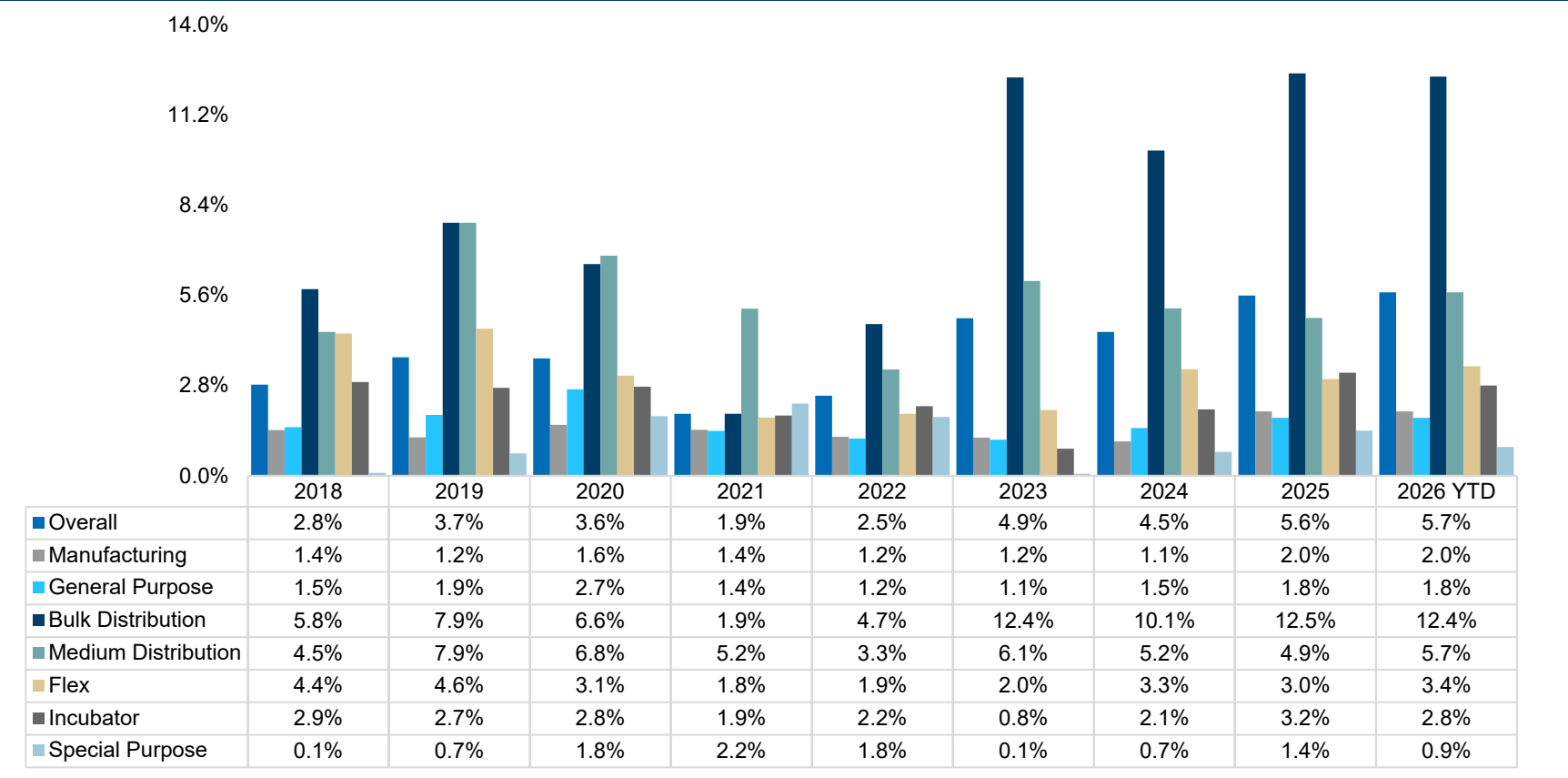
Class A industrial space averaged roughly 58% of total leasing volume from 2022 through 2025, well above pre-pandemic norms and reflecting sustained tenant preference for modern, high-quality facilities. In Q1 2026, that share eased to approximately 50%, still above historical averages, but a departure from the elevated levels of recent years. The shift aligns with the broader pullback in leasing activity, as occupiers across the board are taking a more selective approach to commitments.



Bulk Distribution Leads Vacancy While Most Others Tighten or Hold Steady

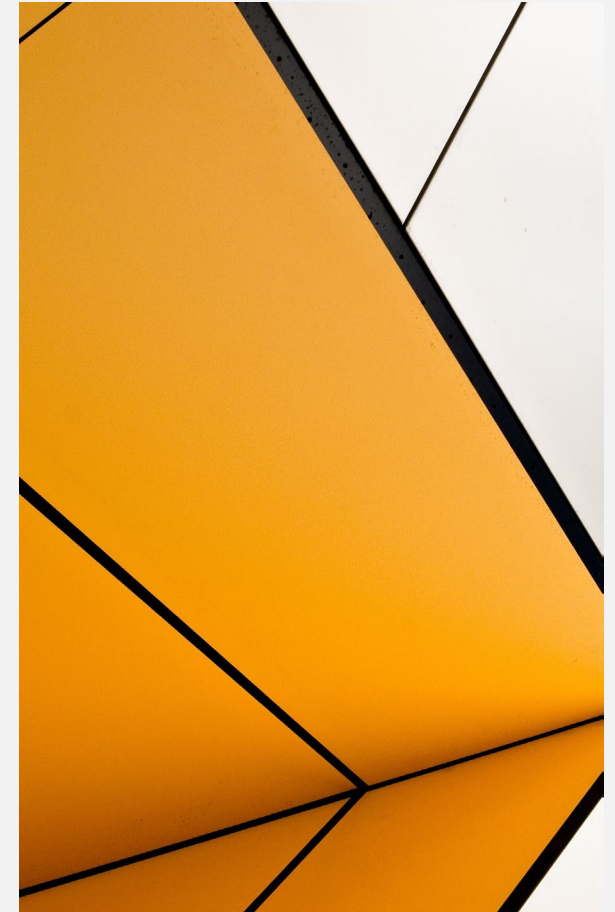
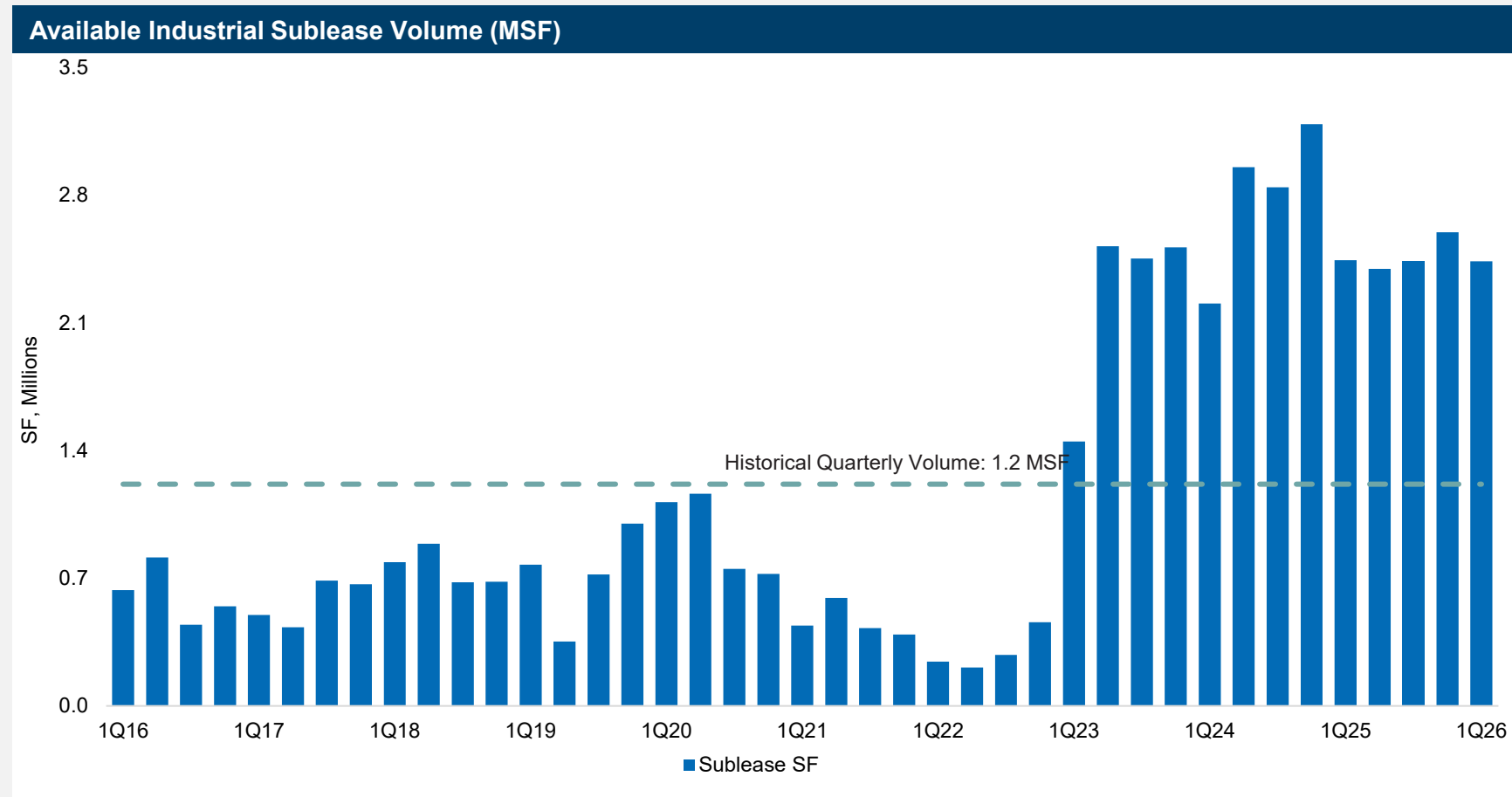
Heading into Q1 2026, direct vacancy across most property types held largely flat or ticked down from the prior year. Manufacturing and general-purpose space remain among the tightest segments in the market, at 2.0% and 1.8% respectively, while incubator and special purpose space posted the most meaningful vacancy improvements of the quarter. Bulk distribution remains the primary pressure point, with vacancy near 12.4% — a reflection of the supply wave added over the past several years.

Direct Vacancy Rates



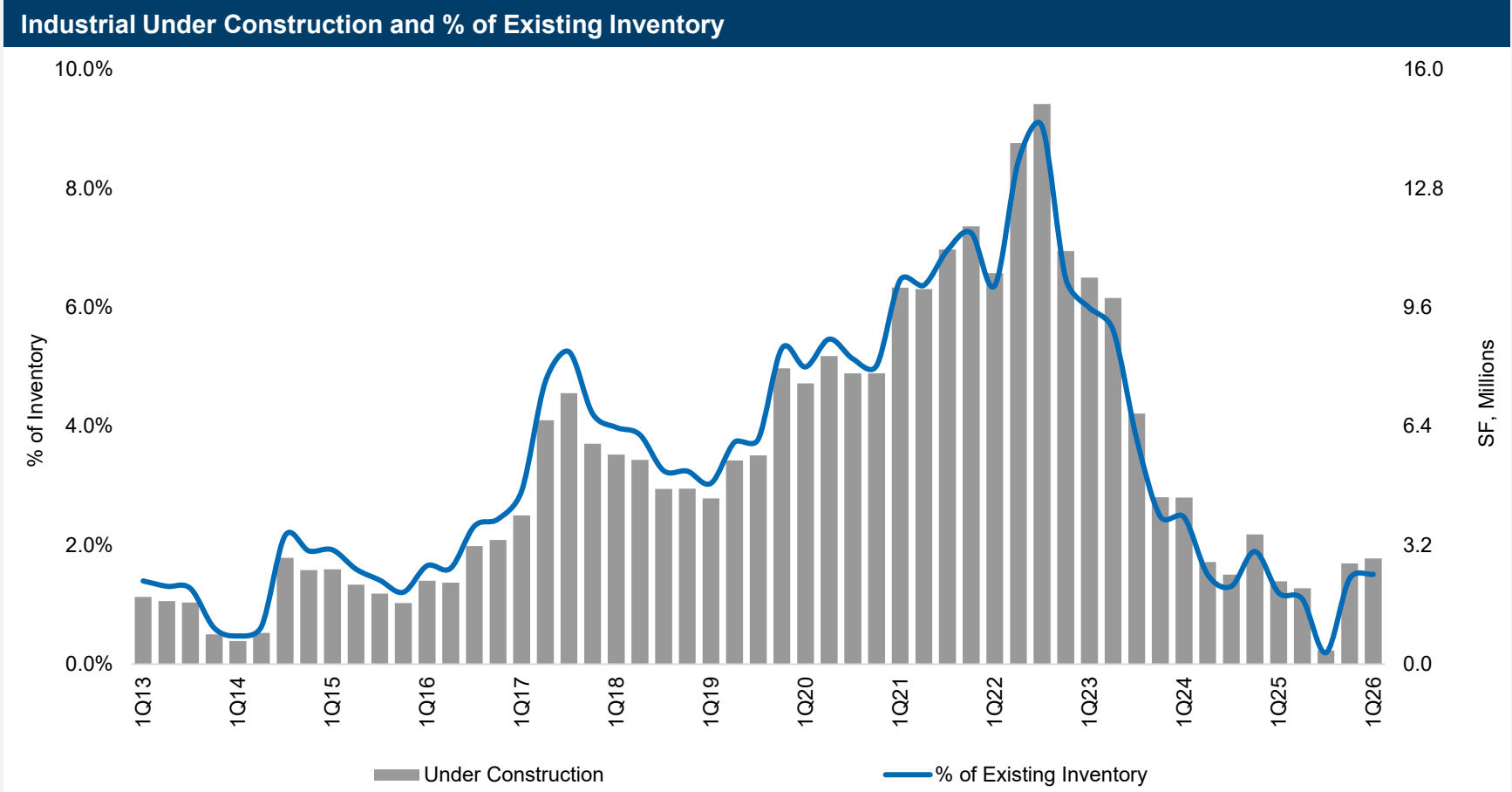
Sublease Availability Retreats in Q1 but Remains Well Above Historical Norms

Available sublease space edged down in Q1 2026 to approximately 2.4 million square feet. While the decline is a small positive, sublease availability remains approximately double the pre-2023 historical average, as tenants right-sized through two years of elevated rates and shifting space requirements. Whether this pullback represents the beginning of a more sustained absorption trend or a temporary fluctuation will become clearer as lease expirations return to the pipeline as the year progresses.



Industrial Construction Targeted to High-Demand Locations

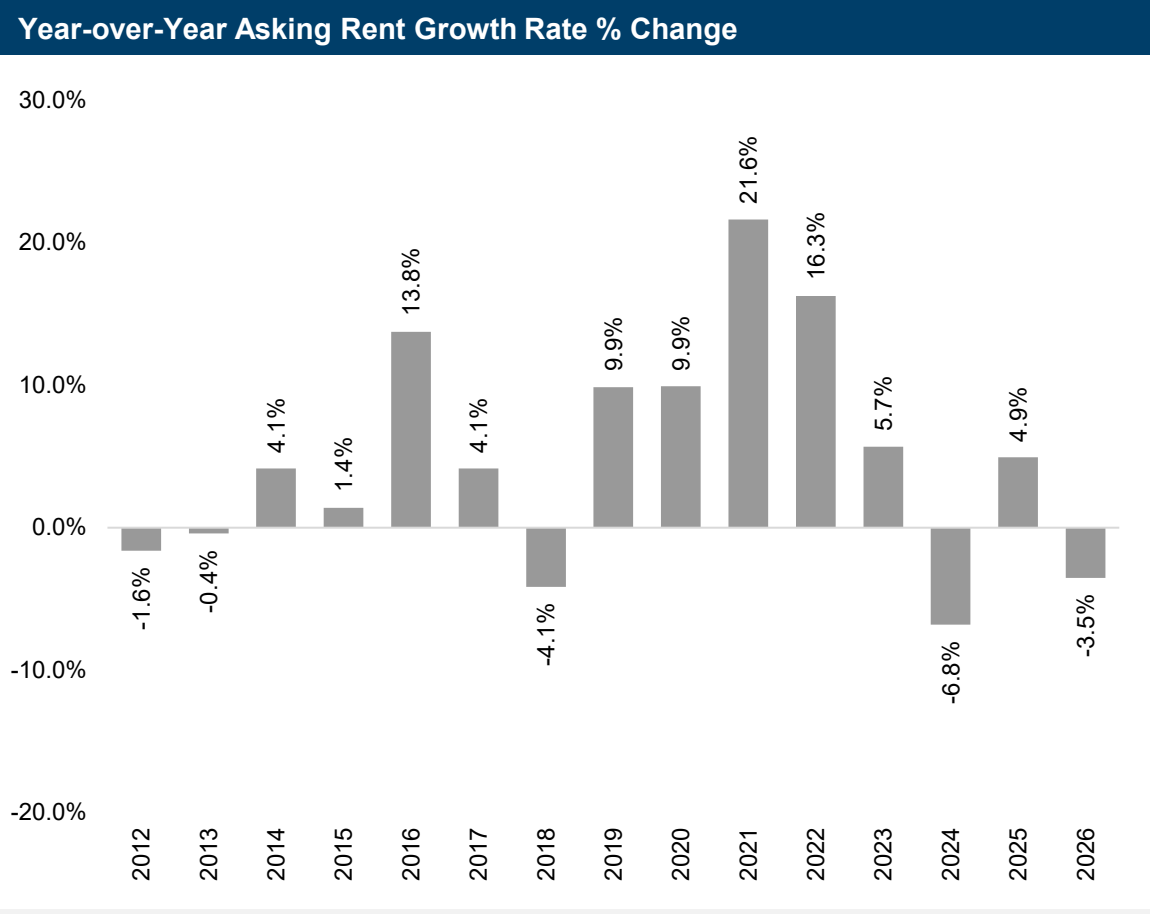
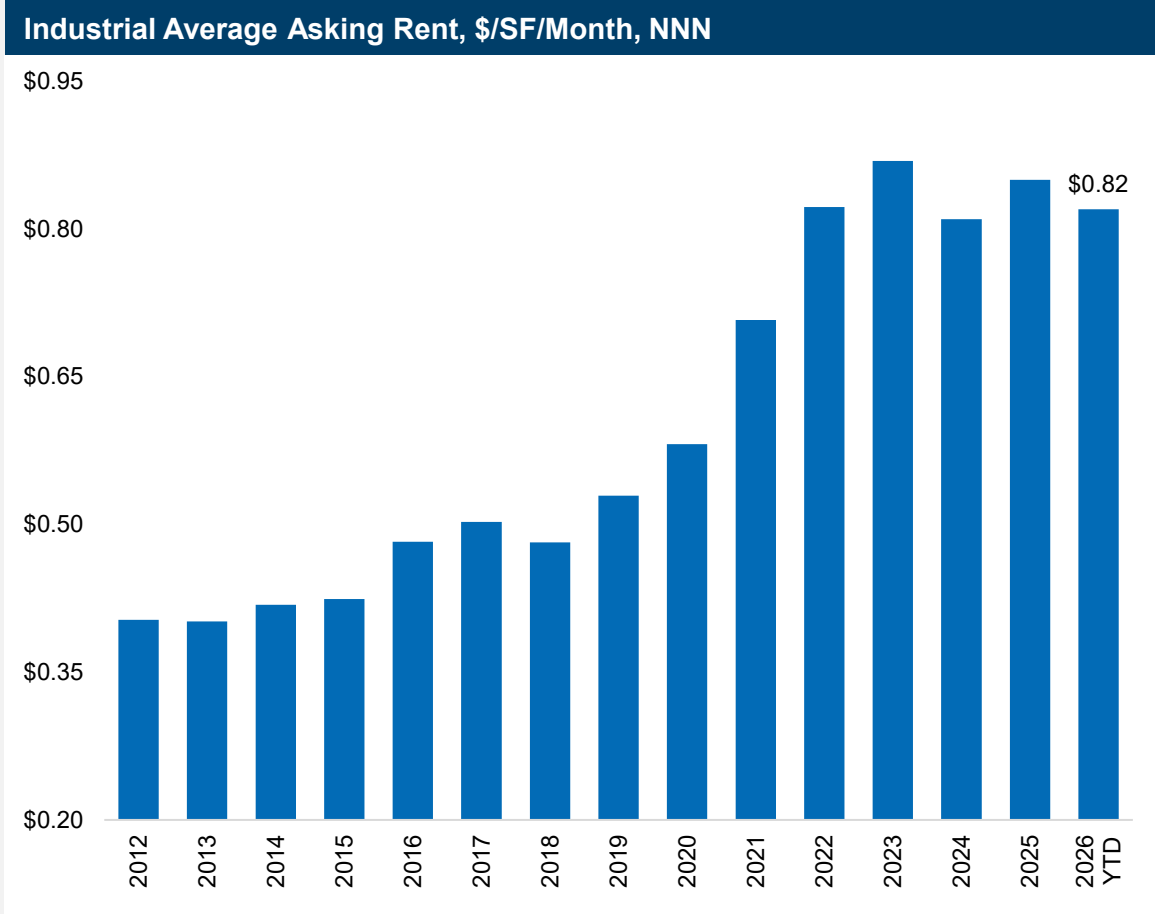
Industrial construction activity has pulled back considerably since peaking at 15.1 million square feet in 2022. Rising material costs, persistent inflation, and broader economic uncertainty cooled developer appetite through much of 2025, particularly for large-scale bulk distribution projects where vacancy has climbed. By the third quarter, the pipeline had contracted to near zero as a share of existing inventory. A recovery followed in Q4 2025 and carried into Q1 2026, with the under-construction pipeline reaching approximately 1.5% of existing inventory as developers moved selectively on sites with proven demand.



Source: Newmark Mountain West Research

Asking Rents Ease in Q1, Extending an Uneven Post-Pandemic Pricing Cycle

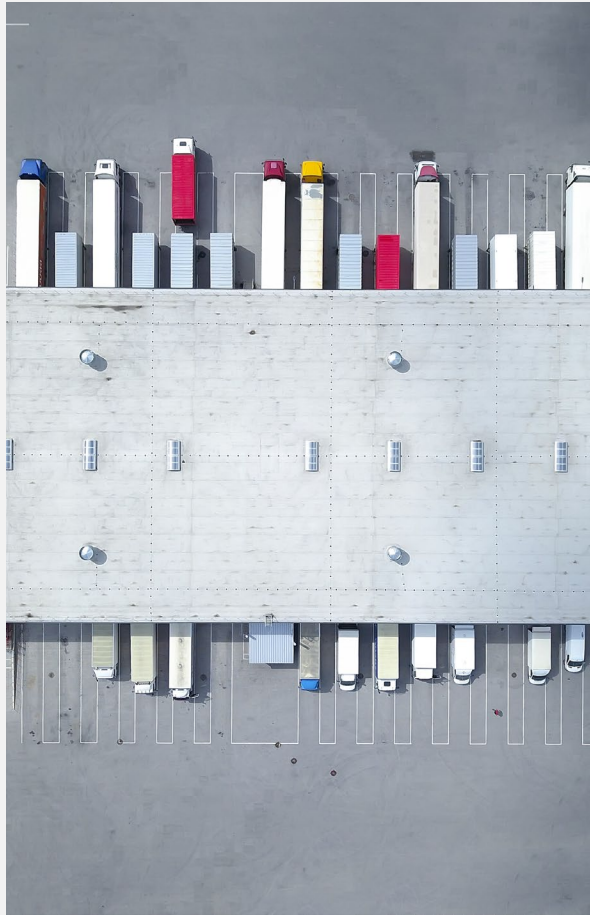
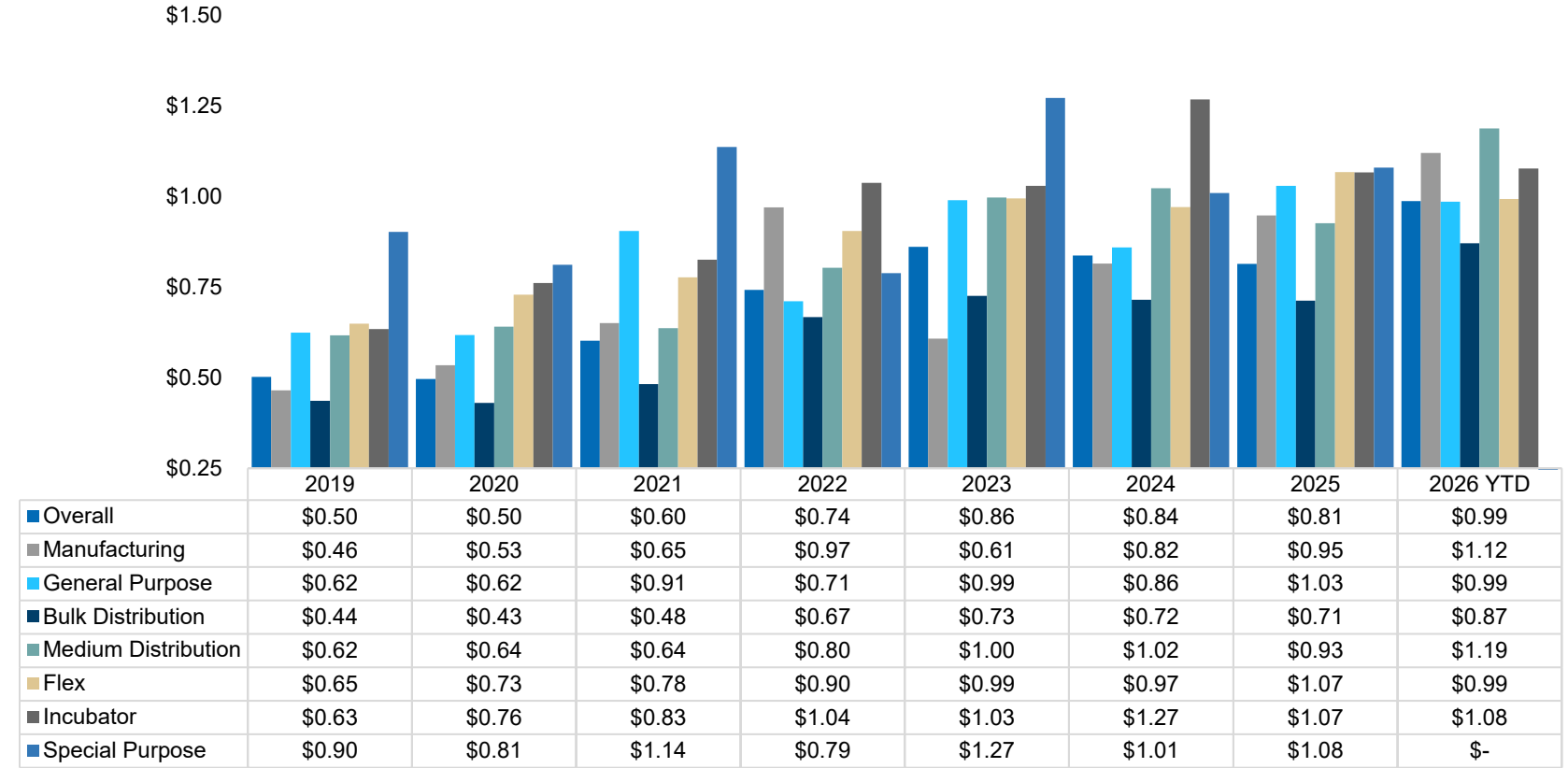
Average asking rents have traced a volatile path since the pandemic-era peak. After falling 6.8% in 2024, rents recovered 4.9% in 2025 to approximately \$0.85/SF. Q1 2026 has brought another pullback, with average asking rents easing to \$0.82/SF, roughly in line with 2024 levels. The pattern reflects an ongoing push and pull between landlords seeking to preserve pricing and occupiers who, facing rates still well above pre-pandemic benchmarks, have limited appetite for new commitments at the top of the range.



Achieved Rents Hold Firm as Active Tenants Favor Premium Segments

Achieved rental rates rose quarter-over-quarter in Q1 2026 to approximately \$0.99/SF, up from \$0.81/SF in Q4 2025. Manufacturing and medium distribution led the gains, reaching \$1.12 and \$1.19 respectively, as transactions in Q1 concentrated in product types that tend to command premium rates. General purpose and flex saw incremental pullbacks, consistent with the overall softening in activity across those segments. The composition of what got done this quarter says as much about which tenants are still moving as it does about where market rates are broadly headed.

Achieved Average First-Year Lease Rates, Monthly PSF NNN



Source: Newmark Mountain West Research

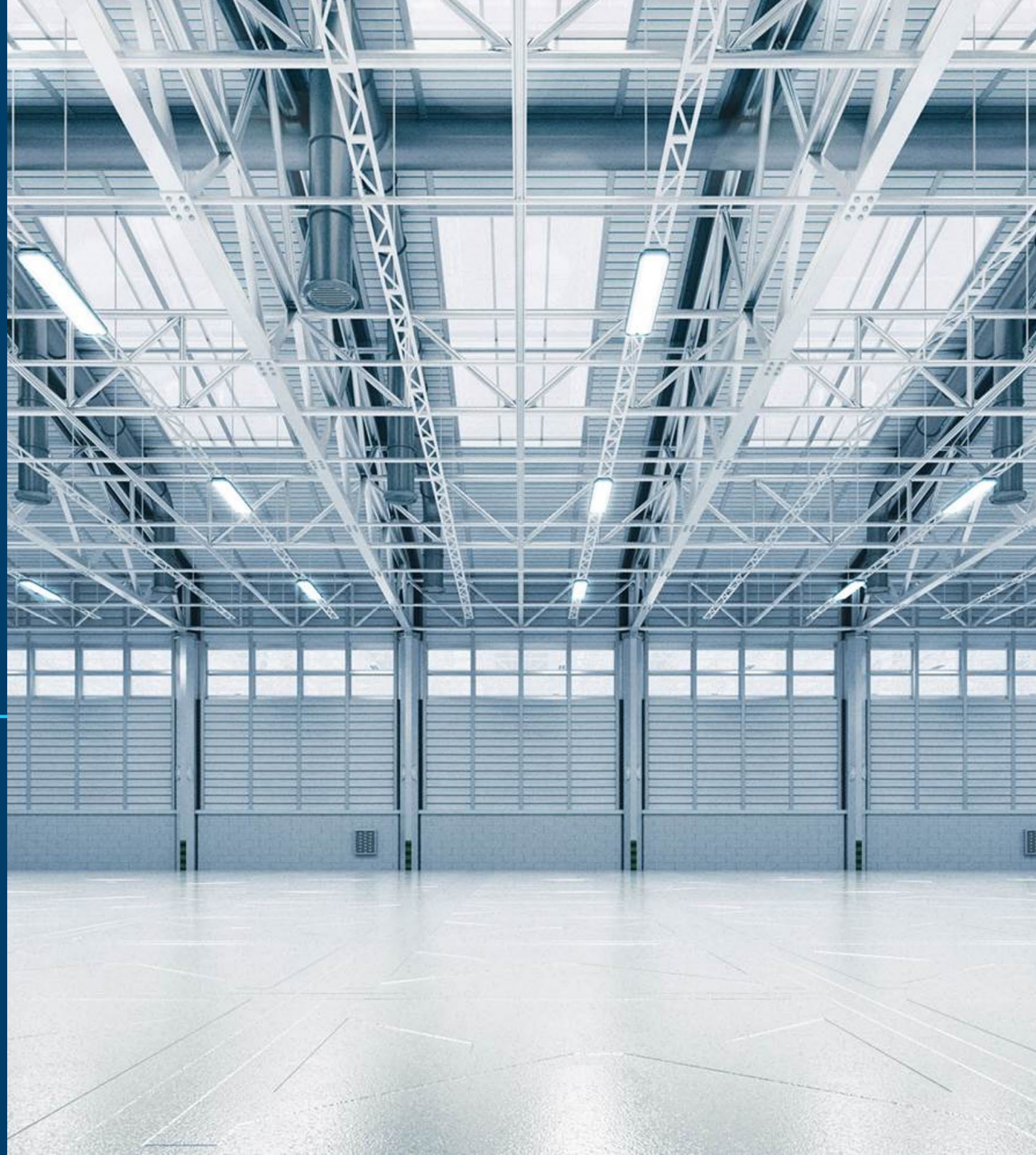
Q1 2026 Notable Lease Transactions

Salt Lake County Industrial				
Tenant	Building(s)	Submarket	Type	Square Feet
Cardinal Health	3595 W. Technology Dr.	West Valley	Lease Renewal	173,182
<i>Cardinal Health renewed for another term at the same footprint for 173,182 SF.</i>				
Rexel USA	Ninigret 1	California Avenue	Lease Renewal	155,656
<i>Rexel USA remained in place in the California Avenue submarket.</i>				
Black Diamond Equipment	2215 Logistics Center	California Avenue	Direct New Lease	155,360
<i>Black Diamond Equipment took the eastern half of 2215 Logistics Center.</i>				
Aerovironment	201 Commerce Center 2	West Valley	Direct New	130,733
<i>Currently under construction, Aerovironment signed on as the sole tenant at 201 Commerce Center 2.</i>				
RC Hunt Electric	I-215 Commerce Center A	Airport	Direct New	102,146
<i>RC Hunt Electric took the entirety of I-215 Commerce Center A in the first quarter of 2026.</i>				

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Submarket Statistics

1Q26



Salt Lake County Industrial Submarket Statistics – 1Q26 (Page 1 of 4)

Submarket Statistics – All Classes						
	Under Construction (SF)	Direct Vacancy Rate	Qtr Absorption (SF)	Direct Asking Rent (Price/SF)	Sublet Asking Rent (Price/SF)	Total Asking Rent (Price/SF)
Airport	789,818	9.3%	155,472	\$0.77	\$0.63	\$0.75
Manufacturing	0	3.3%	(151,593)	\$1.03	\$-	\$1.03
General Purpose	0	0.0%	0	\$-	\$-	\$-
Bulk Distribution	175,383	12.6%	296,079	\$0.75	\$0.61	\$0.73
Medium Distribution	477,576	1.3%	0	\$-	\$-	\$-
Flex	136,859	1.8%	10,986	\$1.17	\$0.85	\$1.05
Incubator	0	2.2%	0	\$1.10	\$-	\$1.10
Special Purpose	0	1.4%	0	\$-	\$-	\$-
Bluffdale	273,254	6.9%	18,625	\$1.08	\$1.50	\$1.12
Manufacturing	0	0.0%	0	\$-	\$-	\$-
General Purpose	0	0.0%	10,625	\$-	\$1.50	\$1.50
Bulk Distribution	172,720	100.0%	0	\$1.08	\$-	\$1.08
Medium Distribution	100,534	0.0%	0	\$-	\$-	\$-
Flex	0	1.8%	8,000	\$1.02	\$-	\$1.02
Incubator	0	1.1%	0	\$1.45	\$-	\$1.45
Special Purpose	0	0.0%	0	\$-	\$-	\$-
California Avenue	120,482	6.7%	(2,400)	\$0.80	\$0.82	\$0.80
Manufacturing	0	2.9%	334	\$1.10	\$-	\$1.10
General Purpose	100,000	0.7%	(43,251)	\$1.04	\$1.15	\$1.07
Bulk Distribution	0	12.3%	180,812	\$0.73	\$0.78	\$0.74
Medium Distribution	0	6.2%	(143,358)	\$0.82	\$-	\$0.82
Flex	0	6.0%	(86,641)	\$0.94	\$0.84	\$0.93
Incubator	0	3.8%	32,097	\$0.78	\$-	\$0.78
Special Purpose	20,482	1.4%	57,607	\$0.95	\$1.58	\$1.00

Salt Lake County Industrial Submarket Statistics – 1Q26 (Page 2 of 4)

Submarket Statistics – All Classes						
	Under Construction (SF)	Direct Vacancy Rate	Qtr Absorption (SF)	Direct Asking Rent (Price/SF)	Sublet Asking Rent (Price/SF)	Total Asking Rent (Price/SF)
Central West	533,182	4.5%	0	\$1.15	\$-	\$1.15
Manufacturing	0	0.8%	0	\$-	\$-	\$-
General Purpose	0	0.0%	0	\$1.30	\$-	\$1.30
Bulk Distribution	373,085	0.0%	0	\$-	\$-	\$-
Medium Distribution	97,249	61.1%	0	\$1.15	\$-	\$1.15
Flex	62,848	0.0%	0	\$-	\$-	\$-
Incubator	0	0.0%	0	\$-	\$-	\$-
Special Purpose	0	0.0%	0	\$-	\$-	\$-
Downtown SLC	0	4.3%	136,177	\$0.79	\$-	\$0.79
Manufacturing	0	2.2%	97,980	\$1.25	\$-	\$1.25
General Purpose	0	2.9%	38,197	\$1.02	\$-	\$1.02
Bulk Distribution	0	100.0%	0	\$0.55	\$-	\$0.55
Medium Distribution	0	0.0%	0	\$-	\$-	\$-
Flex	0	5.4%	0	\$0.88	\$-	\$0.88
Incubator	0	0.0%	0	\$-	\$-	\$-
Special Purpose	0	2.3%	0	\$0.70	\$-	\$0.70
Draper	0	1.3%	32,845	\$1.19	\$-	\$1.19
Manufacturing	0	0.4%	38,287	\$1.15	\$-	\$1.15
General Purpose	0	1.7%	5,000	\$-	\$-	\$-
Bulk Distribution	0	0.0%	0	\$-	\$-	\$-
Medium Distribution	0	4.2%	(14,192)	\$1.15	\$-	\$1.15
Flex	0	1.4%	3,750	\$1.13	\$-	\$1.13
Incubator	0	0.0%	0	\$1.35	\$-	\$1.35
Special Purpose	0	0.0%	0	\$-	\$-	\$-

Salt Lake County Industrial Submarket Statistics – 1Q26 (Page 3 of 4)

Submarket Statistics – All Classes						
	Under Construction (SF)	Direct Vacancy Rate	Qtr Absorption (SF)	Direct Asking Rent (Price/SF)	Sublet Asking Rent (Price/SF)	Total Asking Rent (Price/SF)
Murray	15,602	2.7%	6,313	\$0.74	\$-	\$0.74
Manufacturing	15,602	1.1%	0	\$-	\$-	\$-
General Purpose	0	4.6%	3,692	\$0.55	\$-	\$0.55
Bulk Distribution	0	0.0%	0	\$-	\$-	\$-
Medium Distribution	0	0.0%	0	\$-	\$-	\$-
Flex	0	1.2%	5,329	\$0.93	\$-	\$0.93
Incubator	0	1.6%	(2,708)	\$1.03	\$-	\$1.03
Special Purpose	0	0.0%	0	\$-	\$-	\$-
Sandy	0	1.0%	(36,727)	\$1.11	\$1.00	\$1.08
Manufacturing	0	0.0%	0	\$-	\$1.00	\$1.00
General Purpose	0	1.7%	(30,091)	\$1.35	\$-	\$1.35
Bulk Distribution	0	0.0%	0	\$-	\$-	\$-
Medium Distribution	0	0.0%	0	\$-	\$-	\$-
Flex	0	2.5%	(17,568)	\$1.00	\$-	\$1.00
Incubator	0	0.2%	2,600	\$1.30	\$-	\$1.30
Special Purpose	0	0.0%	8,332	\$-	\$-	\$-
South Salt Lake	0	2.3%	(65,284)	\$0.92	\$-	\$0.92
Manufacturing	0	2.6%	8,720	\$0.91	\$-	\$0.91
General Purpose	0	2.5%	(25,501)	\$0.84	\$-	\$0.84
Bulk Distribution	0	0.0%	0	\$-	\$-	\$-
Medium Distribution	0	2.3%	0	\$1.25	\$-	\$1.25
Flex	0	2.9%	(35,070)	\$0.98	\$-	\$0.98
Incubator	0	2.5%	(13,433)	\$1.01	\$-	\$1.01
Special Purpose	0	0.0%	0	\$-	\$-	\$-

Salt Lake County Industrial Submarket Statistics – 1Q26 (Page 4 of 4)

Submarket Statistics – All Classes						
	Under Construction (SF)	Direct Vacancy Rate	Qtr Absorption (SF)	Direct Asking Rent (Price/SF)	Sublet Asking Rent (Price/SF)	Total Asking Rent (Price/SF)
West Jordan	34,994	4.0%	57,109	\$0.88	\$1.05	\$0.97
Manufacturing	0	0.9%	0	\$0.63	\$-	\$0.63
General Purpose	0	0.4%	0	\$0.75	\$-	\$0.75
Bulk Distribution	0	11.3%	76,870	\$-	\$-	\$-
Medium Distribution	0	5.8%	(23,013)	\$1.13	\$-	\$1.13
Flex	34,994	3.4%	760	\$1.30	\$-	\$1.30
Incubator	0	1.2%	2,492	\$0.99	\$-	\$0.99
Special Purpose	0	0.0%	0	\$-	\$1.05	\$1.05
West Valley	1,079,879	4.7%	(314,122)	\$0.86	\$0.75	\$0.84
Manufacturing	0	0.9%	0	\$0.58	\$0.65	\$0.64
General Purpose	0	3.0%	45,301	\$0.72	\$0.97	\$0.77
Bulk Distribution	130,733	9.1%	(371,943)	\$0.78	\$0.80	\$0.78
Medium Distribution	455,453	6.4%	300	\$1.04	\$0.90	\$1.03
Flex	0	3.3%	13,952	\$1.01	\$0.85	\$1.00
Incubator	0	6.2%	(1,732)	\$1.19	\$0.76	\$1.13
Special Purpose	493,693	0.4%	0	\$1.34	\$-	\$1.34
Market Total	2,847,211	5.7%	(11,992)	\$0.82	\$0.79	\$0.82
Manufacturing	15,602	2.0%	(6,272)	\$0.99	\$0.71	\$0.92
General Purpose	100,000	1.8%	3,972	\$0.85	\$1.12	\$0.89
Bulk Distribution	851,921	12.4%	181,818	\$0.75	\$0.70	\$0.74
Medium Distribution	1,130,812	5.7%	(180,263)	\$0.95	\$0.90	\$0.95
Flex	234,701	3.4%	(96,502)	\$1.01	\$0.85	\$0.99
Incubator	0	2.8%	19,316	\$1.07	\$0.76	\$1.05
Special Purpose	514,175	0.9%	65,939	\$0.94	\$1.08	\$1.02

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