MARKETBEAT

SALT LAKE CITY

INDUSTRIAL Q3 2025

CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	Outlook
7.1% Vacancy Rate	▲	▼
192K Net Absorption, SF	▼	▲
$0.80 Asking Rent, PSF *(Overall, Net Asking Rent)*	▼	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
840K Salt Lake City Employment	▲	▲
3.4% Salt Lake City Unemployment Rate	▲	▲
4.3% U.S. Unemployment Rate	▲	▲

Sources: [1]www.bls.gov [2]Moody's Analytics

ECONOMIC OVERVIEW:

In Q3 2025, the Salt Lake City market reported an employment level of 840,400 jobs and the unemployment rate increased slightly from 3.3% a year ago to 3.4%.[1] The Salt Lake City economy of $120.9 billion, as measured by 2025 gross metro product, is forecasted to climb to $123.8 billion in 2026 and $124.7 billion in 2027. [2]

SUPPLY AND DEMAND:

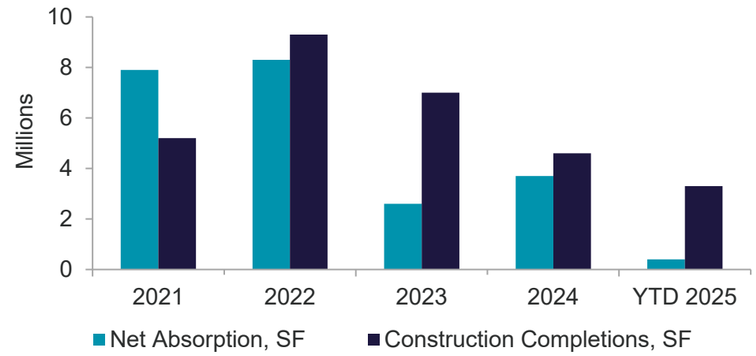
The Salt Lake City industrial market experienced a modest increase in overall vacancy during Q3 2025, reflecting the impact of new supply entering the market. Including sublease space, the total vacancy rate rose by 11 basis points (bps) quarter-over-quarter, from 6.4% in Q2 to 7.1% in Q3. Direct vacancy climbed to 6.4%, or approximately 10.5 million square feet (msf), up from 5.4% the previous quarter. This rise was largely driven by the delivery of Quadrant III, a newly constructed 1.2-msf facility that entered the market fully vacant. Additional new direct vacancies included a 45,000-sf space at ARA Industrial Center – Building C (2450 S. 6685 W.) and a 30,000-sf availability at Waterton Place I (2500 S. 3850 W.), both located in the North West. Sublease vacancy edged down to 0.7%, or 1.2 msf, from 0.9% in Q2 2025.

Manufacturing (MFG) space remained the tightest segment with a 1.6% vacancy rate followed by office service/flex (OS/FX) space at 1.7%. Warehouse and distribution (W/D) space posted a vacancy rate of 9.0%, up from 8.0% in Q2 and 20 bps higher YOY. This increase is largely due to the 8.0 msf of new industrial deliveries since early 2024, of which roughly 4.3 msf—about 55%—is still available for lease.

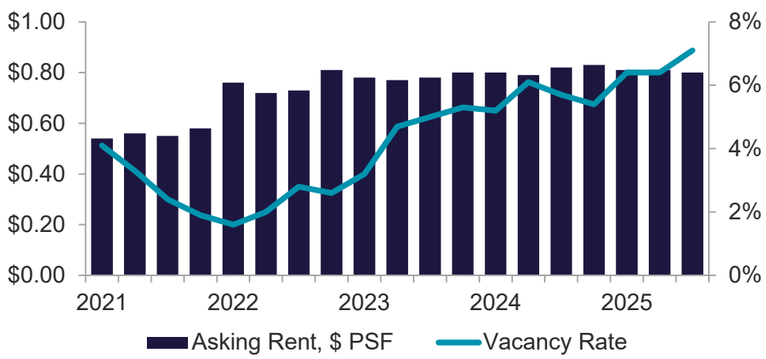
Net absorption totaled 192,500 sf in Q3 2025, down from 280,000 sf in Q2. The W/D sector led leasing activity, with the Central West and South West submarkets contributing most of the demand. Conversely, the MFG sector recorded negative net absorption, primarily due to a new 192,000-sf sublease vacancy at Wagner Industrial (2700 S. 900 W.), formerly occupied by Unitech, followed by an 89,000-sf sublease at SLC Global Logistics Center – Building 2 (6338 W. 700 N.), formerly occupied by SOLO Brands, both located in the North West submarket.

Despite the uptick in vacancy, tenant activity remained steady. Ferguson Enterprises moved into 78,000 sf at Price California IX (1510 S. Gustin Rd.), while KFH Industries, Inc. took just over 53,000 sf at Raceway Commerce Center – Building B (2234 S. 5900 W.), both in the North West submarket. Big-D Construction also occupied 45,000 sf at RWK West Jordan Logistics Center II (5146 W. Old Bingham Hwy.) in the Central West submarket.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



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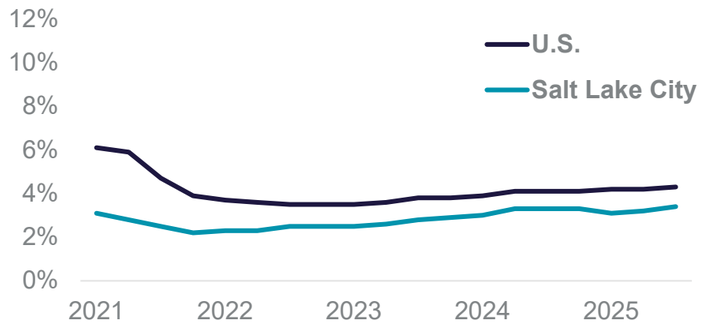
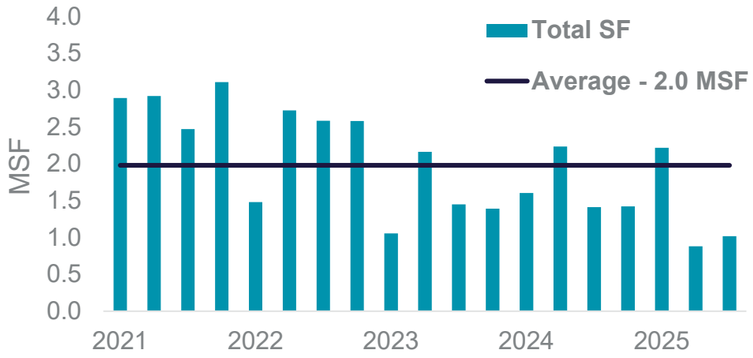
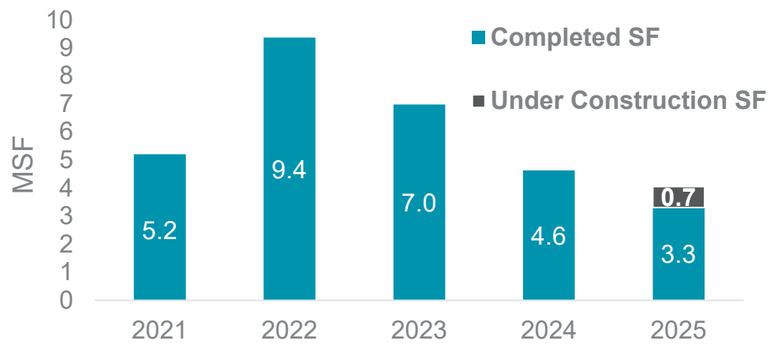
UNEMPLOYMENT RATE IN COMPARISON



NEW LEASING ACTIVITY - EXCLUDING RENEWALS



CONSTRUCTION COMPLETIONS BY YEAR IN SF



PRICING:

Average asking rents across all industrial product types remained stable in the third quarter of 2025, holding at $0.80 per square foot (psf), per month on a triple net basis—unchanged from the previous quarter. Direct lease transactions with five-year terms averaged $0.82 psf, with typical lease sizes around 50,000 sf. Industrial buildings ranging from 10,000 to 100,000 sf continue to experience the lowest vacancy rate in the market, currently at 3.6%. This sustained demand is placing upward pressure on rents within this segment. In contrast, larger big-box facilities exceeding 100,000 sf are facing elevated vacancy levels, with rates currently at 14.7%. Looking ahead, with limited new construction expected in the near term, direct asking rents are projected to rise as vacancy rates begin to tighten—particularly within the small to mid-size building segment. Market fundamentals suggest that landlords may gain pricing power in these categories as supply constraints persist.

LEASING ACTIVITY:

Leasing activity gained momentum in the third quarter of 2025, with over 1.0 msf of new leases signed, excluding renewals. This represents an increase from the 880,000 sf recorded in Q2, though it remains below the 2.2 msf leased in Q1. The North West submarket—home to approximately 74% of the region's total industrial inventory—continued to dominate leasing activity, accounting for 980,000 sf, or 96.5% of total quarterly volume. The most significant lease transaction of the quarter was Hydroblok, Inc.'s 225,000-sf commitment at Hamilton Inland Logistics Center, located at 8080 W. 1400 N. in the North West, set to occupy in Q1 2026.

While not included in the new leasing totals, renewal activity reached 600,000 sf in Q3, down from 1.0 msf in the previous quarter but up YOY from 367,000 sf in Q3 2024. Key renewals included Exel, Inc.'s 335,000-sf lease at Westport Distribution III and Kaddas Enterprises, Inc.'s 84,000-sf renewal at Exeter International Center II—both also located in the North West submarket.

INVENTORY:

During the third quarter of 2025, the Salt Lake City industrial market delivered four new W/D facilities, contributing a total of 1.4 msf of new inventory. Notable completions included The Quadrant III at 1195 N. 6550 W. and MOCA Mountain View Business Park I at 6845 W. 5400 S., both in the North West submarket. Currently, seven industrial buildings are under construction, representing nearly 750,000 sf of future supply. The largest among them is the 300,000-sf build-to-suit facility for O.C. Tanner, scheduled for completion in Q4 2025, with 200,000 sf still available for lease. Most ongoing developments are speculative W/D projects concentrated in the North West submarket, with approximately 550,000 sf anticipated to deliver by year-end. One exception is Northpoint Commerce Center, a fully preleased project slated for delivery in 2026. As new supply continues to enter the market, short-term vacancy rates are expected to rise. However, this trend is projected to stabilize—and potentially reverse—in 2026, assuming no significant additions to the construction pipeline. Developers are likely to delay new starts until capital markets, inflationary pressures, and lending conditions show signs of improvement. Meanwhile, demand remains robust for outdoor storage and trailer yard facilities.

OUTLOOK

- Short-term leases and extensions are on the rise as tenants and landlords remain cautious amid economic uncertainty and potential tariff impacts.
- Sublease availability is expected to decline through 2025, signaling a tightening market and improving tenant confidence.
- Asking rents are projected to increase in late 2026 due to limited new supply.
- Elevated land values and scarce sites in core areas are pushing development into peripheral submarkets.
- Larger yards are in high demand, especially for users needing outdoor storage.
- Freestanding buildings under 20,000 sf with yard space are leasing quickly and attracting strong interest.
- Power constraints in Utah are limiting hyperscale data center growth, affecting site selection and scalability.
- High interest rates and land costs are slowing industrial development and reducing speculative construction.

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MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	DIRECT VACANT (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	YTD CNSTR COMPLETIONS (SF)	YTD SALES ACTIVITY (SF)	OVERALL WEIGHTED AVG NET RENT (ALL TYPES)*
North East	5,719,034	47,197	47,197	0.8%	0	-15,917	27,520	0	0	18,104	$0.50
North West	118,334,911	8,735,857	9,678,205	8.1%	-14,071	-50,695	3,223,457	748,337	2,781,690	1,776,536	$0.78
Central East	5,086,133	99,876	99,876	2.0%	28,362	34,998	64,645	0	0	0	$1.16
Central West	18,334,911	951,570	1,153,052	6.3%	110,509	497,483	420,095	0	233,080	245,705	$0.89
South East	2,707,201	59,199	126,778	4.7%	0	22,626	95,233	0	0	0	$0.98
South West	14,013,199	601,846	607,678	4.3%	67,657	-95,289	285,371	0	296,239	264,524	$0.96
MARKET TOTALS	**164,776,051**	**10,495,545**	**11,712,786**	**7.1%**	**192,457**	**393,206**	**4,116,321**	**748,337**	**3,311,009**	**2,304,869**	**$0.80**

PROPERTY TYPE	INVENTORY (SF)	DIRECT VACANT (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	YTD CNSTR COMPLETIONS (SF)	YTD SALES ACTIVITY (SF)	OVERALL WEIGHTED AVG NET RENT (ALL TYPES)*
Warehouse / Distribution	121,945,036	10,100,276	11,013,713	9.0%	378,085	596,293	3,964,615	729,153	3,277,609	2,031,263	$0.74
Manufacturing	19,683,953	80,476	314,535	1.6%	-216,695	-174,486	48,490	0	0	190,484	$0.85
Office Service / Flex	23,147,062	314,793	384,538	1.7%	31,067	-28,601	103,216	19,184	33,400	83,122	$1.04
MARKET TOTALS	**164,776,051**	**10,495,545**	**11,712,786**	**7.1%**	**192,457**	**393,206**	**4,116,321**	**748,337**	**3,311,009**	**2,304,869**	**$0.80**

**Rental rates reflect weighted net asking $psf/month*

KEY LEASE TRANSACTIONS Q3 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Westport Distribution III – 6050 W. 700 S.	North West	Exel, Inc.	334,647	Renewal*
Hamilton Inland Logistics Center – 8080 W. 1400 N.	North West	Hydroblok, Inc.	225,120	Direct
ARA Industrial Center – Bldg C 2450 S. 6685 W.	North West	Undisclosed	158,662	Direct
1095 S. 4800 W.	North West	USPS	150,300	Direct
SLC Global Logistics Center – Bldg. 9 6715 W. 905 N.	North West	Performance Health Holdings, Inc.	146,294	Direct

**Renewals not included in leasing statistics*

KEY SALE TRANSACTIONS Q3 2025

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / $ PSF
Salt Lake Infill Portfolio – 7 Properties	North West	Walton Street Capital / Longpoint Realty Partners	532,062	$116M / $218
Raceway Commerce Center – Bldgs. A & B	North West	Westcore CG Raceway, LLC / Hyde Development & Mortenson	397,894	Confidential
Central Valley – Buildings 1-3	North West	Blackstone / LBA Realty	368,694	Confidential
4250 W. 2070 S. & 369 Orange St.	North West	TPG Global, LLC / Nuveen	176,648	Confidential
593 N. Wright Brothers Dr.	North West	Easton Management Group / Kikorian Enterprises	148,747	$21.9M / $147

KEY CONSTRUCTION COMPLETIONS Q3 2025

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
The Quadrant III – 1195 N. 6550 W.	North West	Vacant	1,161,600	XR Quadrant III, LLC
MOCA Mountain View Business Park I – 6845 W. 5400 S.	North West	Undisclosed	142,851	Papa Pita
11196 Redwood Rd.	South West	Undisclosed	64,000	Bowler Holdings, LC
4145 W. 8370 S.	Central West	KH Love Construction	33,400	Love Enterprise Holding, LLC

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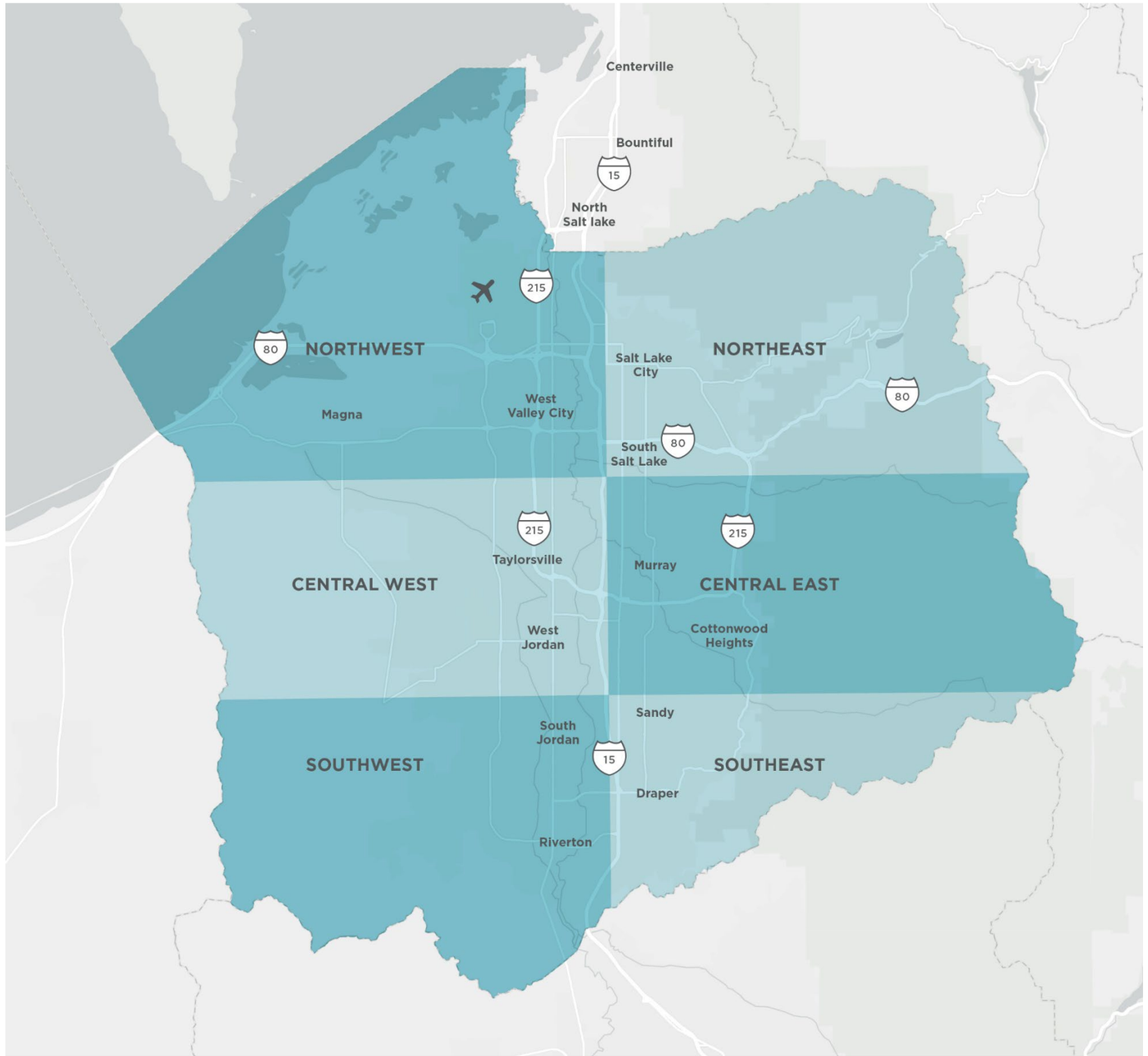
INDUSTRIAL SUBMARKETS



REBECCA LLOYD
Research Manager
Tel: +1 801 303 5444
Rebecca.Lloyd@cushwake.com

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