

## Mid Year 2015 Market Report

A Newsletter & Report on  
Commercial Real Estate in Southern Utah



**SOLD 2015** - Sandstone Retail Center - 88,307 SF on 6.8 AC

Wes Davis and Brandon Vandermyle

## Inside...

- 2 NAI in the News
- 5 INDUSTRIAL - Washington County
- 6 OFFICE - Washington County
- 7 RETAIL - Washington County
- 8 MULTI FAMILY - Washington County
- INDUSTRIAL, OFFICE & RETAIL - Iron County
- 9 Property Management
- 10 Area Market Activity
- 12 Special Report - Hospitality Division
- 13 Residential Market Report
- 14 2015 Development Map

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243 E St. George Blvd, Suite 200  
St. George, Utah 84770  
t 435 628 1609

[naiutahsouth.com](http://naiutahsouth.com)

A Few Clients  
**NAI** Assisted  
 With Their Transactions



## Tractor Supply Company

Tractor Supply Company is the largest operator of rural lifestyle retail stores in the United States. The company operates over 1,400 retail stores in 49 states. The recently completed store in Hurricane sold last week to a private investor that was represented by Wes Davis of NAI Utah South. The developer was represented by Cliff Gustin, CCIM of NAI Utah South. The 22,000 square foot building sits on 3.5 acres and is subject to a 15 year lease to Tractor Supply Company.



## North Carolina Industrial

Jason Griffith, with NAI Utah South, assisted a client with the investment purchase of a 78,736 SF Industrial development in Charlotte, NC. The Crossings at Nations Ford East is a multi-tenant industrial center that sold for \$5,000,000. The property had a 6% vacancy and yielded a 6.5% CAP rate which was due to one larger tenant having a significantly below market rent. Once stabilized, the investment's CAP rate should yield 8.59%. Jason Griffith represents investors with investment acquisitions in Utah and throughout the United States.



## Cedar City Travel Plaza

Cedar City Travel Plaza, located off of 200 North and Exit 59, was recently acquired by Jenkins Oil, based out of Cedar City. Jenkins felt the acquisition would complement their other convenience store operations in the Cedar City market. The store is approximately 9,400 SF on 1.18 acres with a large canopy and six pumps. Subway and the China King restaurants also occupy the property. Neil Walter at NAI Utah South represented buyer and seller.



## Sevier River Ranch

Recently R. Mark Walter of NAI Utah South listed and sold one of Southern Utah's most scenic small ranches. Located just off Highway 89 between Bryce Canyon and Zion National Park, this property features a ranch house, casitas, outbuildings, etc. The Sevier River runs through this 285 acre parcel. Buyer is from Moorpark, CA and is excited to reconnect his Utah roots and have this scenic getaway. Plans are to make this a family retreat.



## Mountain Ridge Motel & RV Park

This spring, a park city business owner acquired the Mountain Ridge Motel and RV Park. Slammed with his restaurant in the winter, and bored in the summertime, the entrepreneur was looking for a seasonal summertime business to operate. Located between Bryce Canyon and Zion Canyon National Parks in Hatch, UT, the Mountain Ridge Motel was the right opportunity. Jon Walter at NAI Utah South represented the parties in the transaction.



## 77 Development Acres

A local investor and developer acquired 77 acres off Bella Vista Dr and Telegraph in Washington. The new owner is working on plans with the city to include single family homes, town homes, and some multifamily units with a pool and clubhouse. This 77 acre parcel was the last of four transactions handled by Jon Walter and NAI Utah South. Future plans for these parcels include both commercial and residential development between Telegraph and the Bella Vista Subdivision.



## Morgan Pest Control

Morgan Pest Control is under construction on a 3,000 SF addition at the former Indy Auto location on Hilton Drive on I-15 exit 4. The existing building will be used as office space and for receiving customers. Jon Walter and Wes Davis, of NAI Utah South, worked together with both parties on the transaction. Morgan's new location is 1460 S Hilton Drive with construction scheduled to be completed this fall.



## iGlobal

With the assistance of Meeja McAllister, NAI Utah South, iGlobal Stores has moved and expanded into a 4,500 SF office space at Dixie Commons. iGlobal Stores empower global customers with all the data they need to make informed buying decisions, utilize technology that increases conversion and retention rates and supply customers with a total landed cost and options that fit their needs.

# Opportunity In Southern Utah

Mid Year 2015  
Market Report

While there is still some troubling global economic news, economic activity is accelerating locally. Greece and China's challenges are cause for concern, but so was the Asian crisis in 1998 that barely impacted the US Economic expansion during the last tech boom. Utah's economy is outperforming almost every other state, and Southern Utah is seeing its fair share of opportunity.

## Energy Development

It began five years ago with SunEdison's First Wind project in Milford totaling 165 turbines. Geothermal and other wind projects followed. Recently, Toquerville City approved the annexation of 3,158 acres of mostly SITLA and BLM land for new wind development. Solar has been red hot with Scatec Solar's 104 megawatt solar facility announcement and Sun Edison's groundbreaking on the 22.6 megawatt Seven Sisters solar project, both located in Parowan.

## Higher Education Expansion

Southern Utah University is under construction on the Beverly Taylor Sorenson Center for the Arts, which includes the Southern Utah Museum of Art, the Eileen and Allen Anes Studio Theatre, and the Englestad Shakespeare Theater. Southwest Applied Technology College is building a new campus near Cedar High School on 800 South.

Dixie State University launched its new strategic planning initiative, Dixie 2020, with the theme Status to Stature. This announcement included facility projects including the first new on campus student housing at Dixie State in 50 years and a land swap that would secure the East Elementary site for University expansion. Dixie Applied Technology College received \$32 million in funding for a permanent 30 acre campus and a 177,000 SF building at the old St. George airport.

## Around Town

Aside from the numerous office, retail, industrial, and multifamily projects mentioned in the following pages, the Southern Corridor continues to take shape as UDOT targets December for the completion of the \$21 million Warner Valley to Washington Dam segment. St. George City continues its efforts to revitalize downtown and preserve historic buildings with the Electric Theater renovations currently underway. Washington City is building a new police station. Last, Bloomington Country Club will come under the management of Sun River, which is welcome news for golfers in St. George.

Local economic activity is diverse and robust in the current expansion. For those interested in real estate from either an investment or a development perspective, Southern Utah is full of opportunity.



Mark Walter  
Managing Broker



Neil Walter  
Managing Director

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## About NAI Utah South

NAI Utah South is a locally owned Member of NAI Global. NAI Utah South provides brokerage services based out of St. George, Utah with agents licensed in Utah, Nevada, Idaho, and Washington State. NAI Utah Southern Region was formed in 2001 from a joint venture between Southern Utah's oldest commercial team and largest commercial brokerage firm, ERA Brokers Consolidated Commercial Division, and the premier commercial brokerage in Salt Lake City, NAI Utah.

Today, NAI Utah South is a subsidiary of Brokers Holdings, LLC. Brokers Holdings owns and operates both residential and commercial brokerages in Southern Utah and Southern Nevada. It operates its residential brokerages under the ERA Brokers Consolidated brand and is licensed in Utah, Nevada, and Arizona. With over 100 agents and staff, Brokers Holdings closes over 1,500 transactions worth over \$300 million in value each year and manages more than 700 property management units for its clients. Brokers Holdings celebrated its 30 year anniversary in 2012.

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### Review

Industrial vacancy rates continue to hover around 5% while industrial lease rates are on the rise. The total market vacancy rate declined sharply from 2011 to 2013 and has remained in the 5% range for the past few quarters. Average asking lease rates that were about \$.30/SF NNN in 2011 have risen to just over \$.50/SF NNN today. With the substantial rise in lease rates and decline in vacancy rates it is no surprise that industrial building prices have increased substantially as well. In some cases, industrial building prices have risen 50% or more from just a few years ago.

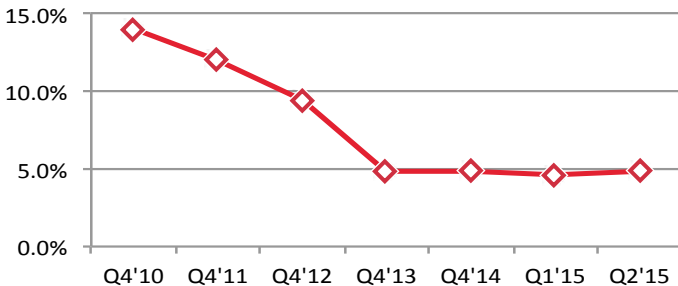
The construction industry continues to be a driving force for small industrial space. This demand helped push the vacancy rate down to 3.8% for buildings under 20,000 SF. The 5% vacancy rate for buildings over 20,000 SF is comparatively low as there are very few large buildings in the market.

Asking Lease Rates (NNN)	< 20K SF	> 20K SF
Low	\$0.40	\$0.35
High	\$0.70	\$0.50
Average	\$0.51	\$0.45
Vacancy	3.8%	5.0%
<b>Total Vacancy</b>	4.8%	
<b>2014 Year End Inventory</b>	9,239,000	
<b>Built Year To Date</b>	75,000	
<b>2015 YTD Inventory</b>	9,314,000	
<b>Land Value per SF</b>	\$2-4	
<b>CAP Rates</b>	7-8.5%	
<b>Under Construction</b>	13,000	

The Blue Bunny vacancy in Ft Pierce represents more than 1.5% of the total 5% vacancy rate for buildings over 20,000 SF. Large manufacturers and distributors have very few options for space over 50,000 SF. In some cases they are forced to look at new construction or pursue buildings available in other markets. There is almost no speculative construction in the industrial segment. While lease rates are rising, the land and new construction costs are also increasing. Developers remain reluctant to build without an end user in place.

Recent building completions includes a 26,000 SF building in the gateway industrial park next to True Audio, the 25,000 SF FedEx building in Ft Pierce, and the completion of the Paparazzi Accessories building in Hurricane.

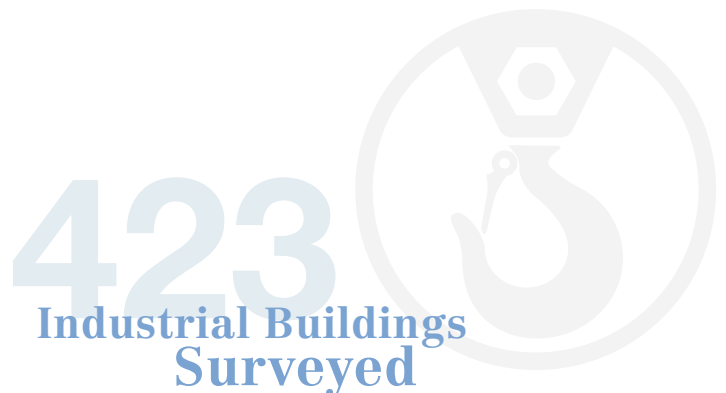
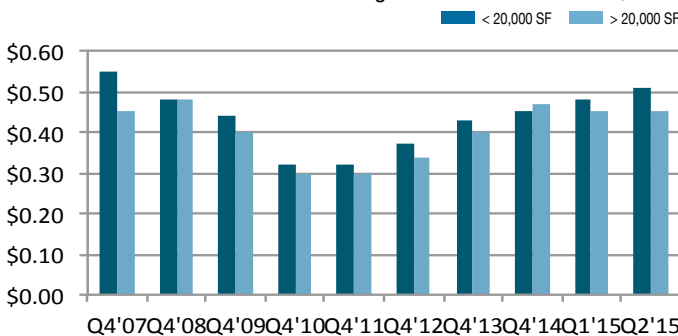
Industrial Vacancy Rates By Quarter



### Outlook

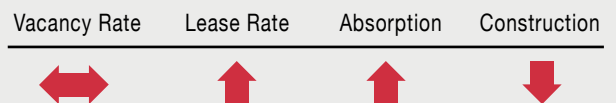
As asking prices for existing industrial buildings approach the cost of new construction, more business owners will elect to build. Vacancy rates will remain under pressure until significant new construction is completed. Lease rates, land prices, and construction costs are all expected to increase in the short term. Contractors and regional distributors are major users of industrial space in Washington County. Look to new construction trends in the area and regional consumer spending to gauge the long term demand for industrial space in Southern Utah.

Asking Industrial Lease Rates By Quarter



Industrial Vacancy 2010 - 2015	Q4'10	Chart	Q2'15
All	14.0%		4.8%
Ft Pierce	18.8%		9.5%
MilCreek	24.1%		2.2%
RioVirgin	32.1%		2.9%
STG	3.2%		1.5%
Gateway	5.1%		2.0%
Riverside	n/a		0.8%
Sunset	n/a		3.0%

### Market Trend



# Office

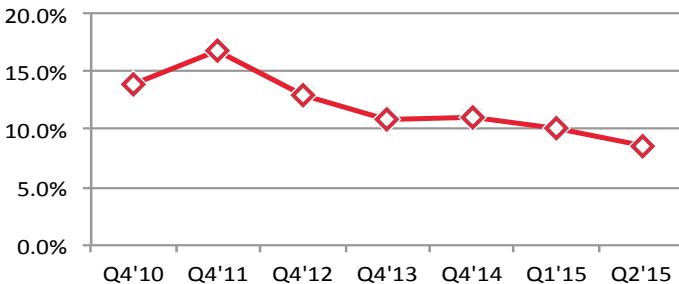
## 2015 Mid Year | Washington County

### Review

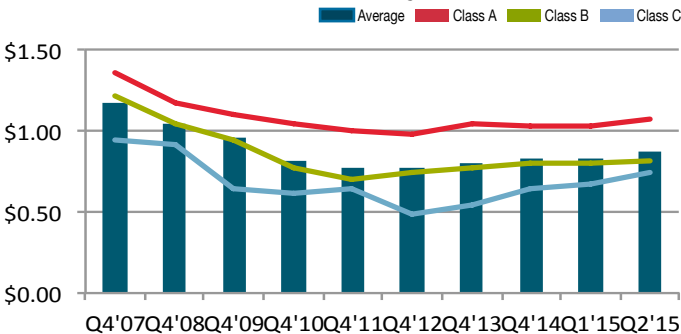
The overall office vacancy rate decreased from 11% at year end to 8.6%. Class A, B, and C office space each experienced positive absorption and lower vacancy. There has been a slow and gradual decline in the office vacancy rate over the past few years that has become increasingly noticeable to landlords. More landlords with good locations and flexible lease terms are experiencing full occupancy for the first time in more than five years. Buildings with unfinished space, out of date finishes, poor locations, awkward configurations, or high lease rates are still experiencing high vacancy. Desirable class A facilities are experiencing the lowest vacancy at 7.1% while class B and C vacancies hover around 9%.

Asking Lease Rates (NNN)	Class A	Class B	Class C
Low	\$0.80	\$0.60	\$0.55
High	\$1.25	\$1.05	\$0.75
Average	\$1.08	\$0.82	\$0.68
Vacancy	7.1%	9.0%	9.2%
Total Vacancy			8.6%
2014 Year End Inventory			3,366,000
Built Year To Date			26,000
2015 YTD Inventory			3,392,000
Land Value per SF			\$7-12
CAP Rates			6.5-8%

Office Vacancy Rates By Quarter



Asking Office Lease Rates By Quarter



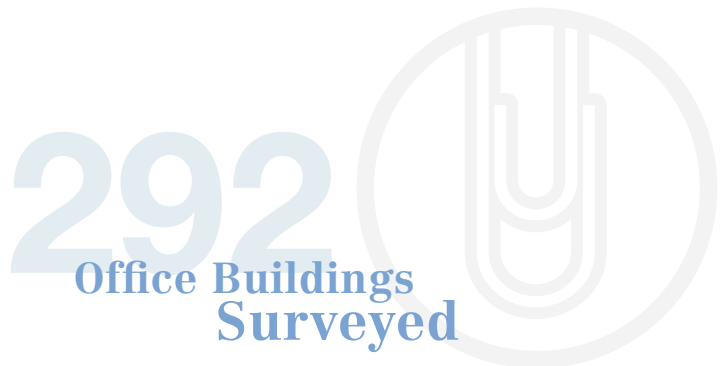
Office Vacancy 2010 - 2015	Q4'10	Chart	Q2'15
Office	13.9%		8.6%
A	12.6%		7.1%
B	16.4%		9.0%
C	11.5%		9.2%
CBD	12.9%		11.5%
Downtown	13.7%		6.0%
Suburban	23.0%		11.1%
Medical	0.2%		8.5%

Even with the improving conditions, tenants are still experiencing a good selection of office space at affordable lease rates. While office vacancy rates have improved, average lease rates haven't adjusted nearly as much. Relative to the investment made to acquire an office property, most lease rates still favor tenants. The office market is the last of the commercial segments to recover perhaps granting the most upside to investment buyers seeking higher future rents.

Newly completed office buildings include the Precision Hearing Building on Tabernacle and the 20,000 SF Southern Utah Kidney and Hypertension Center at 700 S along I-15. Washington City is under construction on a 14,000 SF police department facility and Boulder Springs has indicated Stevens Henager College is moving forward with a 20,000 SF building on South River Road. Joule Plaza is making progress on plans for a downtown mixed use project that would include approximately 24,000 square feet of office space and 129 residential units located across from the courthouse.

### Outlook

Tenants have enjoyed extremely low office lease rates for several years. The office market trend is expected to follow the retail and industrial trends in experiencing declining inventory then rising lease rates. New office construction is expected to continue as doctors, lawyers, and other professionals often have a preference toward building ownership. While a surge in new construction could increase supply, it is believed that absorption will outpace new construction in the near future.



### Market Trend



# Retail

## 2015 Mid Year | Washington County

## Mid Year 2015 Market Report

### Review

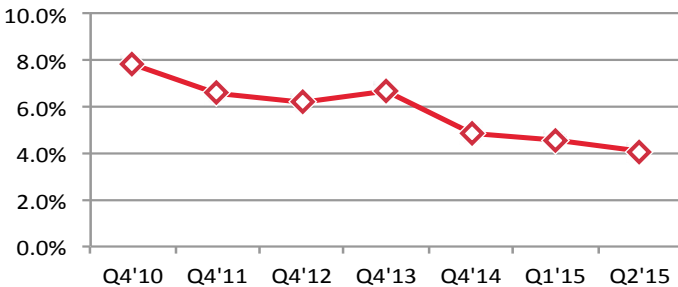
The retail market is the most visible sector in Southern Utah. Much of the existing retail space has been absorbed and increased demand is being met by new construction. The overall vacancy rate ticked down slightly to 4.1% with unanchored centers seeing a slight increase in available space and anchored locations seeing a decrease to 3.5% vacancy. While there is space available, selection has become limited and new construction is becoming an increasingly appealing alternative.

New Retail buildings completed year to date include Tractor Supply in Hurricane, Golden West Credit Union at Dino Crossing, Fiesta Fun's new building, and the Honda Polaris Dealership. At Kayenta they are making progress on the Coyote Gulch Art Village expansion. Stephen Wade auto continues their growth with a 15,000 SF addition to accommodate their collision center and a Mercedes-Benz dealership at the corner of Blackridge and Dixie Drive. Family Dollar continues to add stores with new locations under construction in Veyo and Ivins. New Car Washes are in the works with a Tagg-N-Go Wash under construction on Sunset and another rumored at Boulder Springs. St George City is well underway on the renovation of the Electric Theatre downtown and Morgan Pest Control is beginning a 3,000 SF addition to a building they just purchased on Hilton Dr.

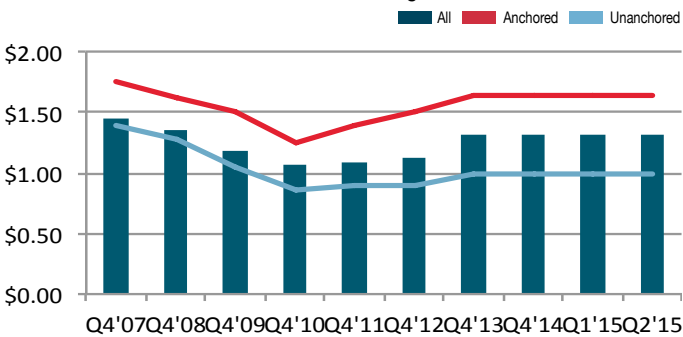
Asking Lease Rates (NNN)	Anchor	No Anchor
Low	\$1.10	\$0.70
High	\$2.50	\$1.25
Average	\$1.65	\$1.00
Vacancy	3.5%	5.6%
<b>Total Vacancy</b>		4.1%
<b>2014 Year End Inventory</b>		6,343,000
<b>Built Year To date</b>		99,000
<b>2015 YTD Inventory</b>		6,442,000
<b>Land Value per SF</b>		\$10-20
<b>CAP Rates</b>		6-8%
<b>Under Construction</b>		110,000

Major retail projects that continue to gain momentum include Smith's and Lin's Grocery Stores near the new Mall Drive Bridge, Harmon's in Santa Clara, and Boulder Springs on South River Road. These projects are drawing significant attention from national retailers and local entrepreneurs alike for a broad range of uses. Demand for national tenant retail investments is high. NAI agents brokered the sale of the net leased TJ Max Center on River Road and the new Tractor Supply in Hurricane in the second quarter of this year.

Retail Vacancy Rates By Quarter



Asking Retail Lease Rates By Quarter



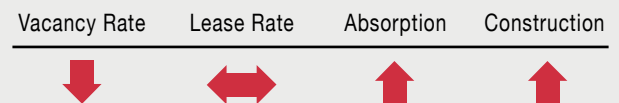
### Outlook

New retail development will continue to support the growing population. Looking forward, new centers will continue to be developed along the I-15 corridor, on arteries providing access to Little Valley and Washington Fields, and eventually along the Southern Corridor. Some of these area are being developed now while others will not come for years in the future. Rooftops and high traffic counts are key indicators of where new centers will emerge.



Retail Vacancy 2010 - 2015	Q4'10	Chart	Q2'15
Retail	6.6%		4.1%
Anchored	3.5%		3.5%
Unanchored	12.1%		5.6%
Free Standing	9.3%		3.7%

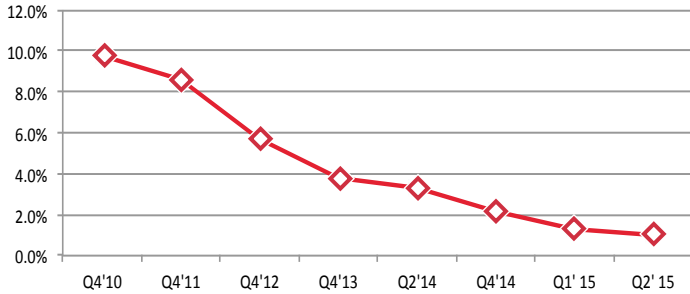
### Market Trend



# Multi-Family

2015 Mid Year | Washington County

Apartment Vacancy Rates By Quarter



Vacancy	Q4'09	Chart	Q2'15
1 Bed 1 Bath	7.4%		2.2%
2 Bed 1 Bath	23.1%		1.6%
2 Bad 2 Bath	30.0%		0.2%
3 Bed 2 Bath	20.8%		0.9%
Average	22.5%		1.0%

Rent	Q4'09	Chart	Q2'15
1 Bed 1 Bath	\$549		\$633
2 Bed 1 Bath	\$635		\$699
2 Bad 2 Bath	\$664		\$779
3 Bed 2 Bath	\$827		\$941
Average	\$648		\$744

Rent/SF	Q4'09	Chart	Q2'15
1 Bed 1 Bath	\$0.86		\$0.98
2 Bed 1 Bath	\$0.65		\$0.71
2 Bad 2 Bath	\$0.65		\$0.76
3 Bed 2 Bath	\$0.64		\$0.73
Average	\$0.68		\$0.77

## Review

Just when we thought Multi-Family vacancy rates couldn't go lower—they did. We ended 2014 at 2.1% average vacancy. At mid-year, vacancy rates stand at 1%. This is essentially turnover. While lease rates have increased steadily since 2010, they should increase faster in this hyper low vacancy environment. Over the past five years, vacancy rates increased by about 3% per year. They increased by 3% in just the first six months of 2015.

Multi-family investment opportunities have been non-existent over the past five years. That has changed. After Raintree student housing changed hands, the student housing market came alive and the broader market offered a few investment deals available for those looking in Southern Utah. Investors should expect to pay full value with CAP rates pushing lower.

## Outlook

For years, we have been saying conditions are right for multi-family development. Development is finally coming. There are multiple projects making their way toward approval in Washington County including proposed projects on both sides of the Mall Drive Bridge. In addition, with little construction since 1985 around Dixie State University, the student housing market is set to expand, led by Dixie State's own development of an on campus 350 bed student residence hall set for completion in 2016. In addition, a 600-800 bed facility is proposed for the ground between the Boulevard and Tabernacle Street on 600 East.

# Cedar City

2015 Mid Year | Iron County

## Iron County

Cedar City's real estate market is waking from a long slumber. Residential building permits are up, home values are up, inventory is down, days on market is down, and closed sales are up. All are strong signals. In addition, the announcement of the LDS Temple in Cedar City will accelerate development on the southern end of the city.

Southwest Applied Technology College is under construction on their new campus. SUU is under construction on the Southern Utah Museum of Art, the Eileen and Allen Anes Studio Theatre, and the Englestad Shakespeare Theater, which will replace the Adams Theater next season. Last, Iron County has become a hot spot for solar. SunEdison's 22.6 megawatt project is the most recent announcement which followed the larger Scatec Red Hills solar plant at 104 megawatts earlier this year. Both solar projects are in Parowan.

Asking Lease Rates (NNN)	Industrial	Office	Retail
Low	\$0.30	\$0.55	\$0.60
High	\$0.60	\$1.25	\$1.40
Average	\$0.43	\$0.90	\$0.86
Vacancy	3.9%	7.3%	6.1%

Vacancy Rates	Q4'12	Chart	Q2'15
Industrial <20K	8.5%		19.9%
Industrial >20K	26.7%		1.3%
Office	16.0%		7.3%
Retail	7.2%		6.1%

## Industrial

Vacancy rates fell for both small and large spaces while lease rates continue to hold steady. There is only one facility available over 20,000 SF while tenants looking for smaller spaces will have more options. There are a few industrial buildings underway in Cedar City, although the planned 28,000 SF Syberjet facility was put on hold.

## Office

Office vacancy rates continue to fall with the vacancy rate showing 7.3% at midyear. Lease rates remain unchanged from year end 2014. The dialysis building on north Main Street is under construction, as is Grifols Plasma in Providence Center. Owner users will remain the primary source of new construction in the office segment in the near term.

## Retail

The retail market continues to be active. Completions include Christensen's next to the brand new Boulevard Home Furnishings Store, Bentley Plaza in Providence Center, and Family Dollar in Parowan. The LaQuinta hotel is nearing completion on the South Interchange as is the new KB convenience store in Parowan. Vacancy rates have held steady while asking lease rates have increased slightly.



## We Help Property Owners Increase Cash Flow

Choosing to retain a professional third party property manager for your real estate assets can be a difficult decision. NAI works with property owners to maximize the value of real estate assets by focusing on leasing, lease administration, and cost control.

*“We’re fortunate to be working with Jon, our property manager. He is always prompt and willing to take care of any questions or concerns that we may have regarding our building.”*

~ SunWarrior / Tenant

*“NAI is pleasant to work with, and because of all that, we renewed our lease and would recommend this property to other businesses looking for office space.”*

~ Sheldon Family Chiropractic / Tenant

*“How refreshing it is to have the confidence that we now have a manager who shows knowledge and professionalism in his work.”*

~ Owner of 100,000 SF of Commercial Properties Managed by NAI



Jon Vandermyde  
PM Director

435-627-5727



Tim Stroshine  
Property Manager

435-627-5704



April Reid  
Accounting

435-627-5713

## A Sample of Properties Managed by **NAI** Utah South



Synergy



Cedar City Towne Center



Sandale



River Park



Rio Plaza



Dino Crossing

*“We put our clients first and deliver the highest quality service.”*

# Area Market Activity



- A new Holiday Inn is under construction near the Dixie Center, marking the first in a series of new projects in the area. The five-story hotel will have 130 rooms. An adjoining property could eventually be used for a second hotel.
- Dixie Applied Technology College has appropriated \$31.9 million for a permanent school campus atop the Black Hill. The funding means the school will have a place to call its own for its job skills-ready courses.
- Dixie State unveiled new housing plans and a proposed downtown St. George apartment complex, paving the way for DSU's efforts to accommodate a growing number of students from outside of the area. DSU's strategic plan for the university's continued development includes several planned projects, including the school's year-long effort to acquire the neighboring East Elementary property from the Washington County School District. The Utah System of Higher Education Board of Regents gave approval to DSU trustees for an on-campus housing project that would add 350 student accommodations and an off-campus project north of the St. George Cemetery.
- The area near the new Mall Drive bridge could see additional development soon of a proposed 12-acre complex of apartment buildings adjacent to the river. The 244-unit complex will be the first large conventional apartment complex built in St. George since 2006.
- Construction continues to extend the Southern Parkway between the new airport and area recreation sites.
- The St. George City Council approved a zoning request from Stephen Wade Auto Center to accommodate construction of a 20,000 SF Mercedes-Benz dealership on the NW corner of Hilton Drive and Blackridge Drive.
- Construction is slated to begin in August of the new Cedar City LDS Temple. The August 8 event will be invite-only and transmitted through internet to church stake centers in the Temple district.
- The long anticipated reopening of the Electric Theater will reestablish it as a major cog in the area's cultural wheel. Staff members of the Leisure Services Department proposed a plan that would count on the theater as an anchor tenant in a new downtown arts district.
- City Council members approved a general plan amendment to make room for commercial office buildings near River Road and Bundy Lane.
- Groundbreaking began on a new Family Search Library, to be located to the south of the St. George Temple.
- Plans for a new grocery store and shopping center have moved forward with approval of a 29-acre project at the corner of Riverside and Mall Drives. The Dinosaur Crossing Shopping Center would include a Smith's Marketplace and space for a dozen other businesses, including retail, restaurants, offices, and a gas station.
- Washington City Police Department officials broke ground recently on a new 14,000 SF police station at 111 N. 100 E. The area's fast growing population was cited as making the new facility crucial.
- Ongoing negotiations between SunRiver Group and the Bloomington Golf Club have been underway in hopes of revitalizing one of the city's oldest golf clubs. SunRiver hopes to take over management of the club and breathe some new life into the property.
- SunEdison Inc., the world's largest renewable energy development company, broke ground on the 22.6 megawatt DC Seven Sisters solar project in Southern Utah. The Seven Sisters are seven separate solar power plants, four of which are located in Beaver County and three in Iron County.
- Scatec Solar ASA, an Oslo, Norway-based solar power producer, has entered into financing agreements totaling \$157 million for construction of a 104 megawatt solar power plant near Parowan, in Iron County.
- A new Harmons Neighborhood Grocer, moving in soon at the corner of Pioneer Parkway and Rachel Drive, will represent the largest retail operation yet to move into the Santa Clara area.
- Fiesta Fun Center opened the doors of its new 40,000 SF center, with 20 bowling lanes and a 2-story, themed laser tag arena, as well as more arcade-style games and more room for its restaurant.
- Toquerville City Council members approved a proposed annexation of land north of Anderson Junction for a set of wind turbines to supplement the city's energy grid.

Sources: The Spectrum, Utah Business Magazine, and The Enterprise

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# SPECIAL REPORT

## Hospitality Division

### New Hospitality Division

NAI Utah South announces its new Hospitality Division. As the area continues to expand there is a growing need for brokerage services that offer exclusive marketing, analysis, and expertise in the Hotel industry. NAI Utah South has long provided business brokerage services which have included Hotel and Motel transactions, however this is the first specialty practice in Southern Utah dedicated exclusively to Hospitality. NAI Utah South Agents are able to assist clients across the mountain west. Individual agents hold licenses in Utah, Nevada, Idaho, and Washington State.

### New Hotel Construction

A new Holiday Inn Hotel is under construction next to the Convention Center on Dixie Drive. The five story 130 room hotel has taken shape and will soon help relieve a little demand during the busy seasons. Sentierre Hotel and Resort is planned directly south of Tuachan at the base of Snow Canyon. The 42 acre development will include a Hotel, restaurant, conservatory, villas, casitas, and suites. In Cedar City, La Quinta Hotel is moving along and set to open in September. This Del Sol prototype is new for La Quinta brands and consists of 89 rooms and is the second of its type built in the country with many more planned.

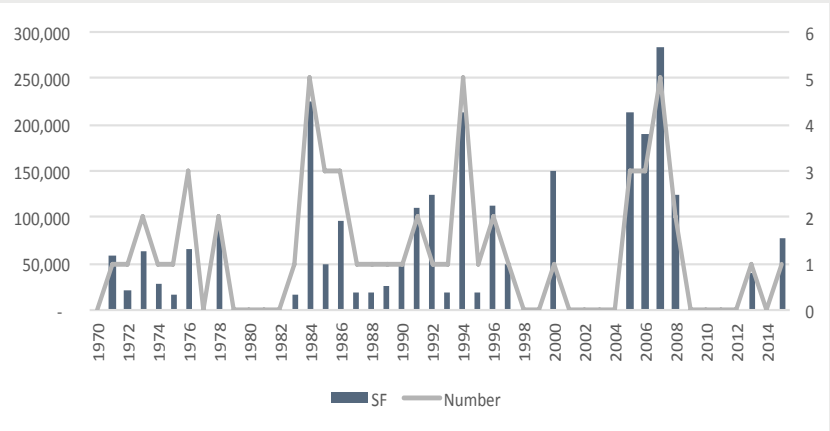
### Recent Hotel Transactions

The 101 room St George Crystal Inn at exit 6 was just acquired by St George Dixie Hospitality, LLC. Additionally, the Lexington Hotel at 900 S Bluff Street sold for a second time in recent years. The Mountain Ridge Motel between Bryce Canyon and Zions National Parks and the Pine Woods Resort on Cedar Mountain are also under new ownership in 2015.

### Changing Hospitality Dynamics

In February, Hurricane City changed its ordinance to permit vacation rentals. This structure gives license to individuals to rent homes out to travelers on a nightly basis. Other cities in Southern Utah have hesitated to adopt similar changes. Websites like Airbnb, Flipkey by trip advisor, and Homeaway.com connect home owners with travelers allowing them to compete for vacationers spend with hotel operators. It is yet to be seen how this vacation rental movement will impact the hospitality industry.

WASHINGTON COUNTY Hotel Construction By Year



### St George Area

2,750,000 Total SF  
67 Properties  
41,045 Avg SF

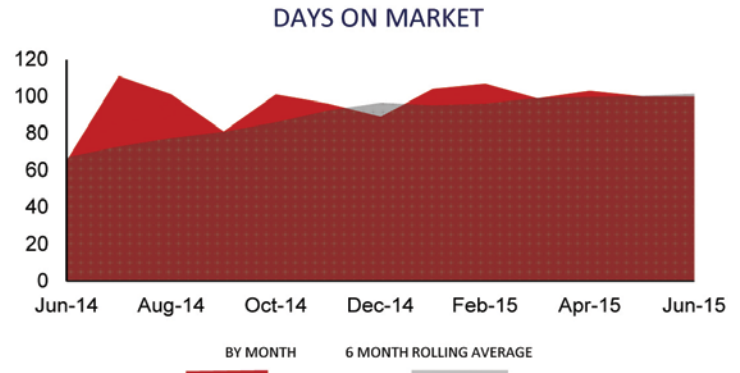
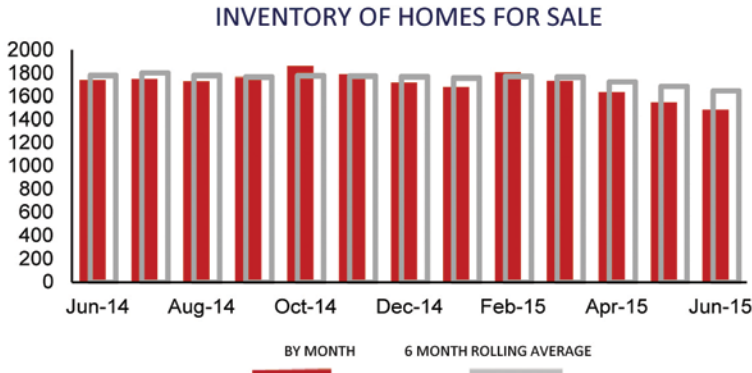
### Cedar City Area

800,000 Total SF  
28 Properties  
28,571 Avg SF

**HIGHLIGHTS:**

- Inventory at 12 month low of 1491 homes for sale.
- Median Sales price at 12 month highs.
- Discount to sale price ticked up to 6.4%.

<b>-14.3%</b>	<b>24.2%</b>	<b>-14.8%</b>
Change in New Listings	Change in Closed Sales	Change in Inventory

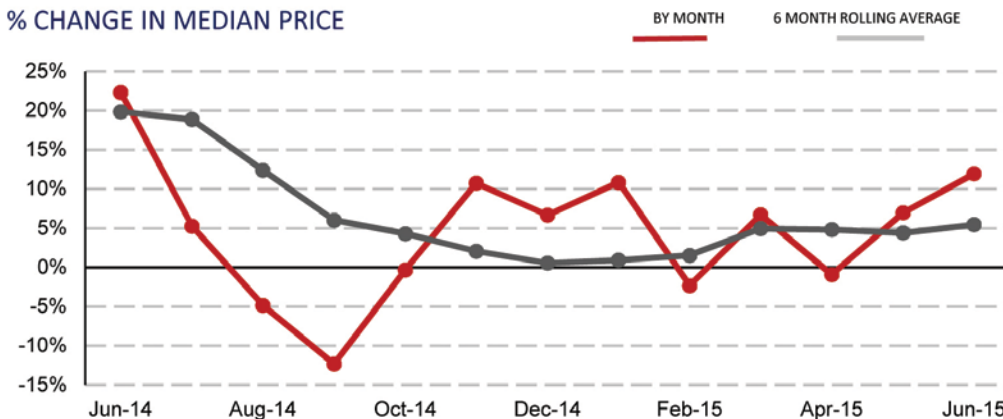


**12 MONTH COMPARISON**

**6 MONTH AVG**

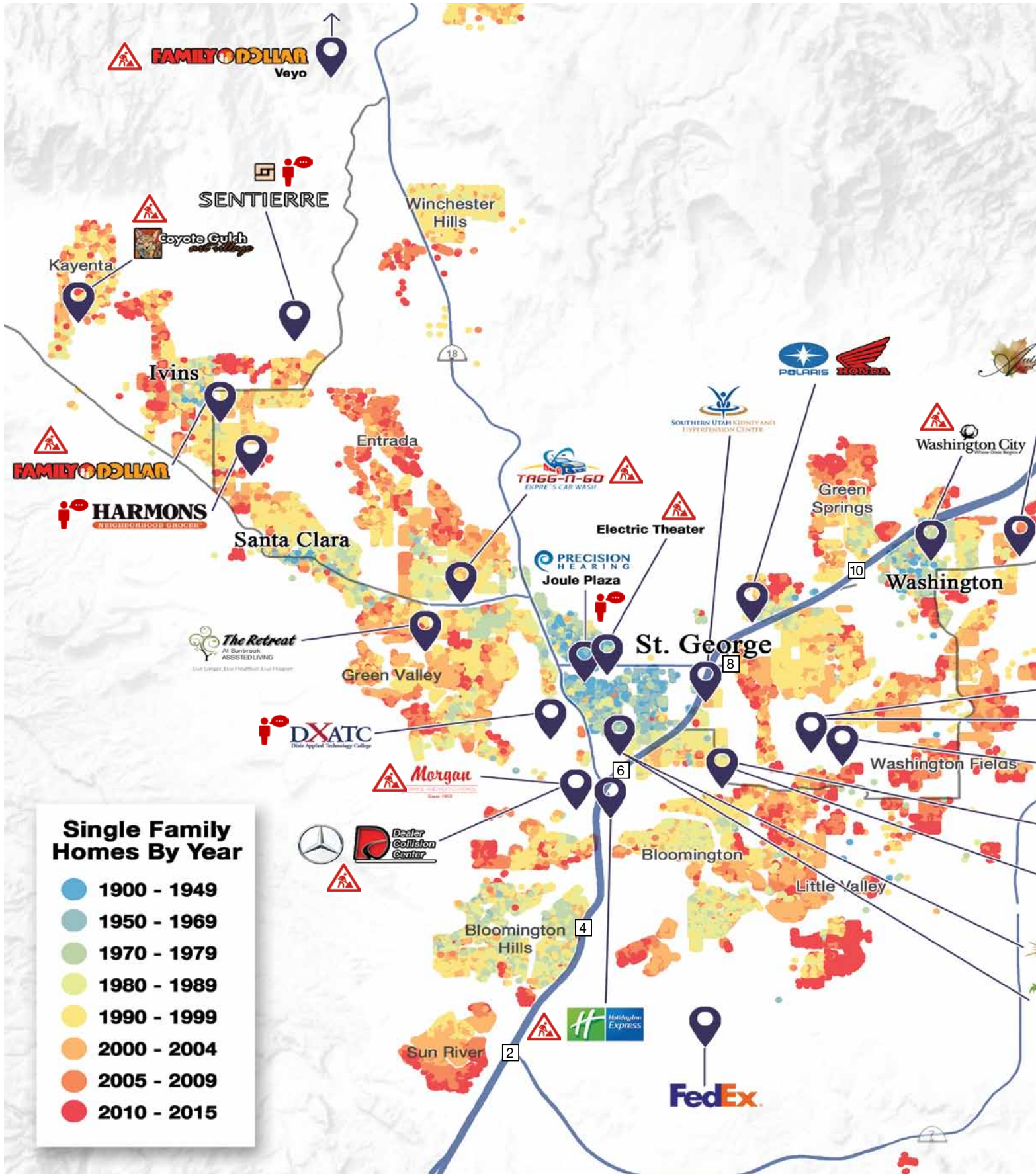
	June 2014	June 2015	+ / -	Last 6 Months	+ / -
New Listings	510	437	-14.3%	<b>507</b>	-10%
Pending Sales	285	354	24.2%	<b>380</b>	26%
Closed Sales	306	380	24.2%	<b>323</b>	15%
Median Sales Price	\$207,900	\$232,765	12.0%	<b>\$227,432</b>	5%
Average Sales Price	\$256,930	\$270,778	5.4%	<b>\$257,049</b>	2%
Discount to Sale Price	3.8%	3.2%	-15.8%	<b>3.9%</b>	4.5%
Days on Market	65	100	53.8%	<b>101</b>	51%
Inventory of Homes for Sale	1745	1486	-14.8%	<b>1649</b>	-7%
Months Supply of Inventory	5.7	3.9	-31.4%	<b>5.0</b>	-24%
Building Permits	142	148	4.2%	<b>121</b>	2%

**% CHANGE IN MEDIAN PRICE**

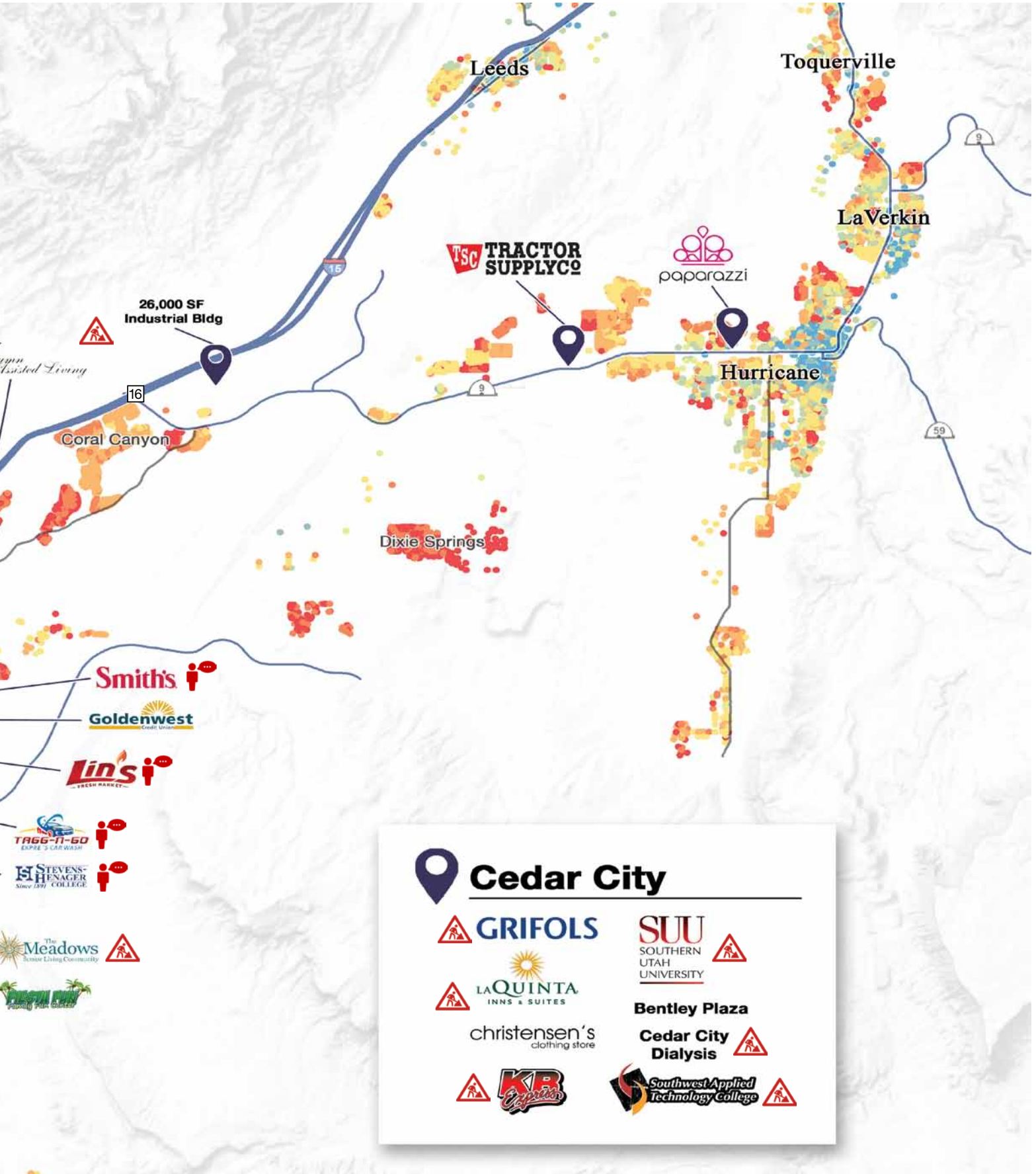


# New Commercial Development & Residential Growth

New, Under Construction & Rumored



 Under Construction     In Negotiations or Permitting Process



 **Cedar City**

 <b>GRIFOLS</b>	 <b>SUU</b> SOUTHERN UTAH UNIVERSITY
 <b>LAQUINTA</b> INNS & SUITES	<b>Bentley Plaza</b>
<b>christensen's</b> clothing store	<b>Cedar City</b> <b>Dialysis</b> 
 <b>KB</b> <i>Express</i>	 <b>Southwest Applied</b> Technology College 



### Eagle Mountain Ranch

Asking Price: **\$8,500,000**

Acreage: **925±**

Location: **Gunlock, UT**

*Description:*  
With the perfect balance of agriculture, recreation and rustic elegance, this 925 acre ranch is available to the discriminating buyer.  
Agent: **Mark Walter**

**CURRENT LISTING**



### 3 Mile Ranch

Asking Price: **\$1,450,000**

Acreage: **60±**

Location: **Panguitch, UT**

*Description:*  
An immaculate ranch with Hwy 89 frontage. The ranch has a beautiful 3,645 SF home, detached garage, and barn. The property has 107 shares of W Panguitch irrigation water.  
Agent: **Mark & Neil Walter**

**CURRENT LISTING**



### Producing Alfalfa Farm

Asking Price: **\$3,400,000**

Acreage: **643.76±**

Location: **Cedar City, UT**

*Description:*  
Beautiful central location and setting on the north end of the Cedar Valley. Located 9.8 miles north of I-15 Exit 55, with easy access to Highway 130 and Interstate 15.  
Agent: **Mat Chappell**

**CURRENT LISTING**



### Pole Canyon Ranch

Asking Price: **\$14,953,147**

Acreage: **12,000+**

Location: **Wells, NV**

*Description:*  
Hosts many canyons and streams. Ideally situated for a private reserve and supports over 2,000 head of cattle and abundant wildlife.  
Agent: **Neil Walter**

**CURRENT LISTING**



### Sevier River Ranch

Asking Price: **\$1,950,000**

Acreage: **284**

Location: **Hatch, UT**

*Description:*  
This beautiful 284+ acre ranch has a home, two log cabanas, shops and more. Also has one of Southern Utah's best water rights - 200 AF.  
Agent: **Mark Walter**

**SOLD**



### Seven Farms

Asking Price: **\$5,100,000**

Acreage: **1,500+**

Location: **White Pine, NV**

*Description:*  
Seven Farms property is a producing farm in White Pine County with over 1,500 irrigated acres.

Agent: **Curren Christensen**

**SOLD**

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