

COMMERCIAL REAL ESTATE **OUTLOOK**

Volume 31

SOUTHERN
UTAH

NAIExcel
NAIVegas

COMMERCIAL REAL ESTATE SERVICES, WORLDWIDE

For the full report including research in Las Vegas, Northern Utah, Austin and San Antonio, visit naiexcel.com or naivegas.com

2023 Outlook

In 2022, commercial real estate markets faced economic headwinds of high inflation, material shortages, increased interest rates, and reduced corporate profits. While stock prices and residential real estate experienced market adjustments, commercial real estate has been more resilient.

Interest Rates and Cap Rate

Commercial financing rates nearly doubled between the first and fourth quarter of 2022. New loan originations subsided and refinancing became nearly nonexistent. However, cap rates only saw a minimal increase. Investors commonly seek cap rates that are a few hundred basis points above interest rates to achieve positive leverage, yet many investments in 2022 traded well below these spreads. Either interest rates will need to decrease, or cap rates will likely increase further in 2023.

New Construction and Supply Chain Shortages

Even with supply chain shortages, commercial construction in 2022 was one of the strongest years in the recent decade. Increased construction costs, higher financing costs, and reduced corporate profits are expected to contribute to slower commercial construction starts in 2023.

Property Values and Inflation

Increased interest rates and subsequently higher cap rates, will place downward pressure on prices. Inflation, however, will work to move lease rates, materials, and labor costs upward. In the long run, increased demand from continued population growth, and higher construction costs, are expected to move prices upward.

Much of the resilience in commercial real estate can be attributed to surplus cash held by property owners, business owners, and investors. Most holders of real estate remain slow to sell at a discount, and marketable properties that do come available often have owner user or investor candidates prepared to purchase. The direction of US inflation and the federal reserve interest rate policy will further influence the direction of commercial real estate in 2023.

Summary

We remain confident in the long-term fundamentals along the I-15 corridor in Utah and Nevada. In January 2023, we open our first commercial real estate office in Texas, serving the I-35 Corridor in San Antonio and Austin. Like Utah and Nevada, these markets offer robust population growth, a favorable business environment, and quality of life that is attracting growth. Where there is growth, we expect our clients will find many good opportunities to invest long term in commercial real estate.

Jon Walter
Principal Broker, Utah

Todd Manning
Principal Broker, Nevada

Neil Walter
Chief Executive Officer

Tom DeWine
Principal Broker, Texas



SOUTHERN UTAH OUTLOOK

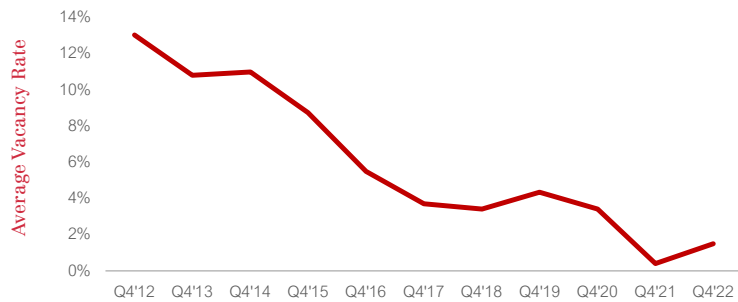
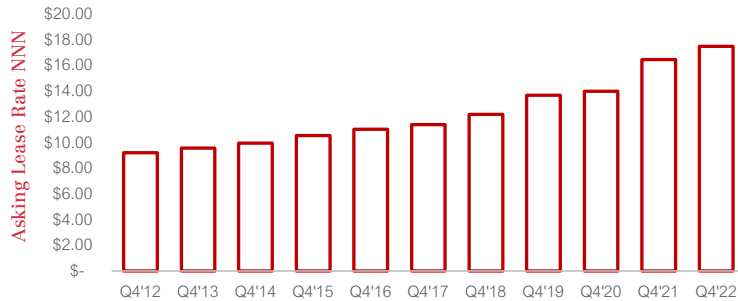
The quality of life in Southern Utah continues to attract individuals and businesses to Washington County. In 2022, the population grew by 4.4% to nearly 200,000 according to the Kem C. Gardner Policy Institute. A warm climate, over 300 days of sunshine, close proximity to national parks, and outdoor recreation are some of the reasons individuals choose to visit and relocate to the area.

Along the I-15 corridor, growth is prominent at exit 2 with retail, entertainment, and industrial development, and at exit 13 including an auto mall, retail, multifamily, and proposed hospital. The downtown area, university campus, southern corridor and west Washington County are expanding as commercial development supports business opportunity.



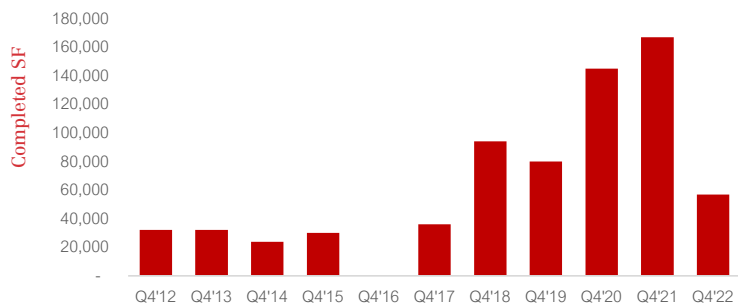
Office

WASHINGTON COUNTY



Asking Lease Rates (Annual PSF NNN)

	Class A	Class B	Class C
Low	\$16.00	\$14.00	\$11.00
High	\$28.00	\$20.00	\$16.00
Average	\$21.00	\$17.00	\$13.50
Vacancy	<1.0%	2.0%	2.2%
Total Vacancy	1.5%		
2021 Year End Inventory	3,828,000		
Built in 2022	57,000		
2022 Year End Inventory	3,885,000		
Land Value PSF	\$10-20		
CAP Rates	5.5-6.5%		
Under Construction	297,000		
YTD Absorption	15,000		



585 E Riverside Dr

Office 63,000 Under Construction

Office	Q4'12	Chart	Q4'22
All	13.0%		1.5%
A	9.5%		<1.0%
B	15.4%		2.0%
C	11.6%		2.2%
CBD	15.8%		2.3%
Downtown	9.8%		<1.0%
Suburban	21.5%		3.3%
Medical	3.4%		<1.0%

1.5% VACANCY
\$17.50 ASKING RENT
5.5-6.5% CAP RATE

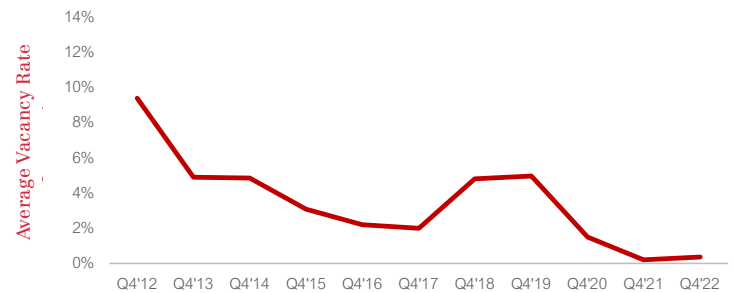
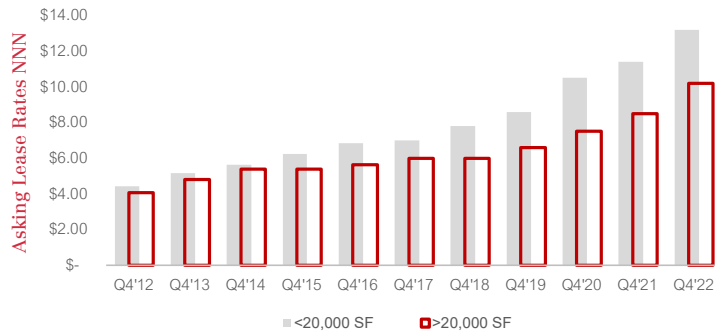
Demand for office space continued strong throughout 2022. Vacancy for all office properties was only 1.5% at the end of the year. Average asking lease rates increased slightly to an average of \$17.00 NNN. New construction for class A office quoted as high as \$28.00 NNN.

Office construction in the second half of 2022 increased with nearly 300,000 square feet under construction at year end.

Once completed, four healthcare buildings including Riverfront Medical Phase II will add 120,000 square feet of new medical office space to the market.

Industrial

WASHINGTON COUNTY



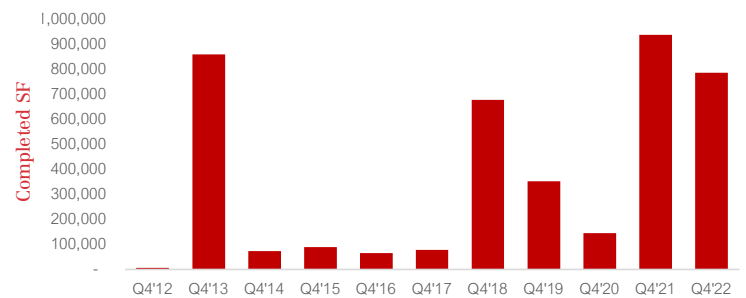
Rates (Annual PSF NNN)

	< 20k SF	> 20K SF
Low	\$10.00	\$9.00
High	\$16.00	\$12.00
Average	\$13.20	\$10.20
Vacancy	<1.0%	<1.0%
Total Vacancy	<1.0%	
2021 Year End Inventory	11,522,000	
Built in 2022	786,000	
2022 Year End Inventory	12,308,000	
Land Value PSF	\$5-12	
CAP Rates	5.0-6.5%	
Under Construction	671,000	
YTD Absorption	763,000	

Industrial	Q4'12	Chart	Q4'22
All	9.4%		<1.0%
Ft Pierce	11.9%		<1.0%
MilCreek	14.1%		<1.0%
RioVirgin	5.8%		2.2%
STG	8.4%		<1.0%
Gateway	5.6%		<1.0%
Riverside	8.8%		<1.0%
Sunset	4.1%		<1.0%

720 S Regional Park Rd | Sold by NAI Excel

Industrial 82,000 Complete



<1.0%
VACANCY

\$11.00
ASKING RENT

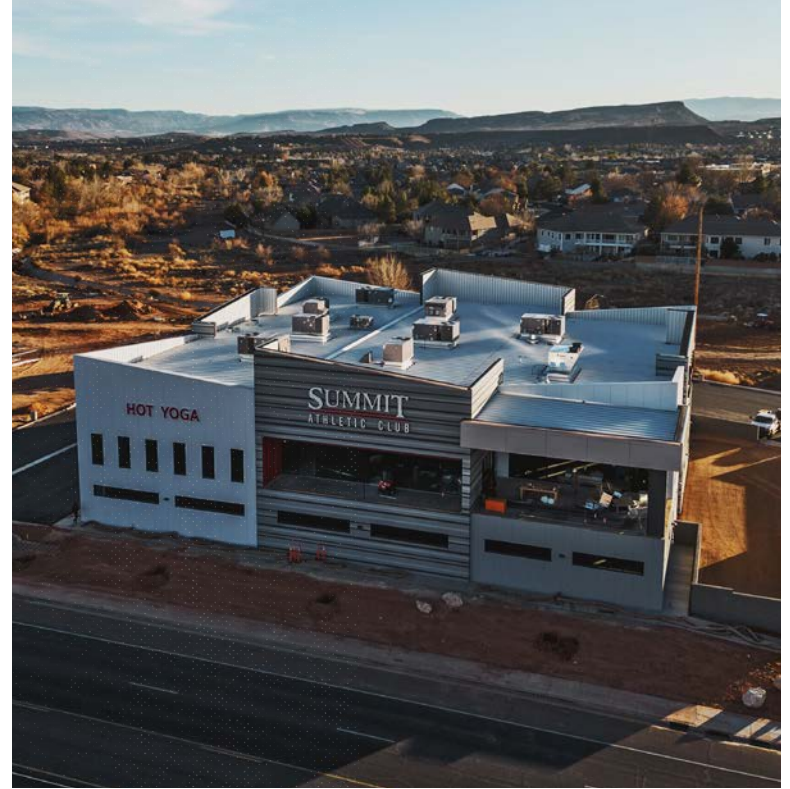
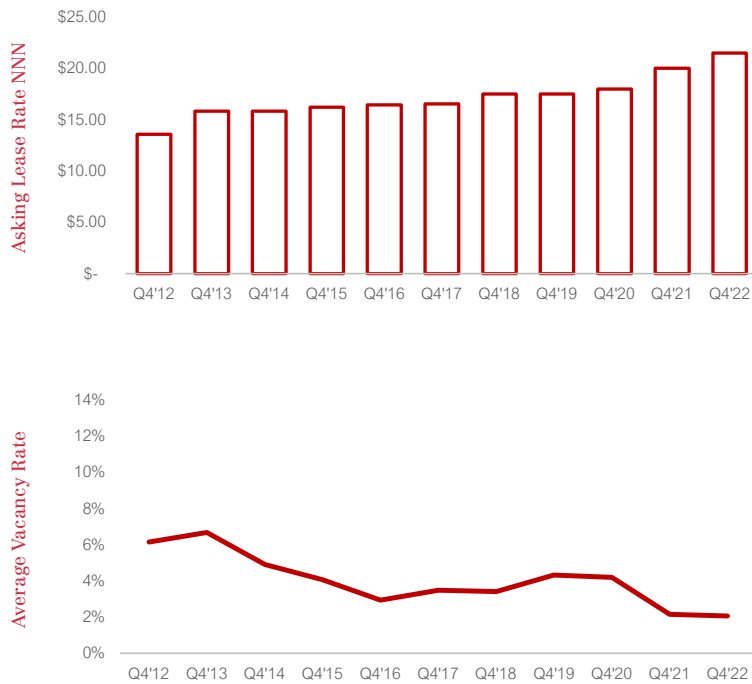
5-6.5%
CAP RATE

Industrial space remains in high demand with nearly 800,000 square feet completed in 2022. The industrial vacancy rate remains below 1.0% and the average asking rent for all industrial properties has risen to \$11.00 NNN. Rates above \$13.00 NNN were seen for smaller buildings in the latter half of 2022.

There is approximately 671,000 square feet currently under construction, with dozens of buildings less than 10,000 square feet being delivered. Quail Creek Industrial completed 33 buildings in Phase 4 and began 17 buildings in Phase 5. SunPro began construction of its new Truss plant in the Fort Pierce area which will add 3 buildings totaling 127,000 square feet.

Retail

WASHINGTON COUNTY



2203 W Sunset Blvd | Land Sold by NAI Excel

Retail 38,000 Under Construction

Asking Lease Rates (Annual PSF NNN)

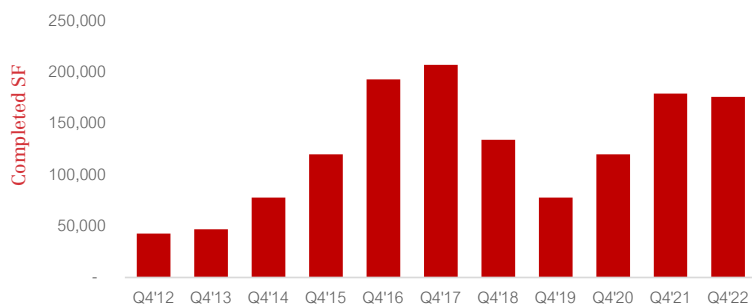
	Anchor	No Anchor
Low	\$14.00	\$12.00
High	\$48.00	\$38.00
Average	\$25.00	\$19.00
Vacancy	2.0%	2.1%
Total Vacancy	2.1%	
2021 Year End Inventory	7,379,000	
Built in 2022	176,000	
2022 Year End Inventory	7,555,000	
Land Value PSF	\$14-32	
CAP Rates	5.0-6.5%	
Under Construction	306,000	
YTD Absorption	191,000	

Retail	Q4'12	Chart	Q4'22
All	6.2%		2.1%
Anchored	5.0%		2.0%
Unanchored	10.6%		2.1%
Free Standing	3.3%		2.0%

✓ **2.1%**
VACANCY

▲ **\$21.50**
ASKING RENT

▲ **5-6.5%**
CAP RATE

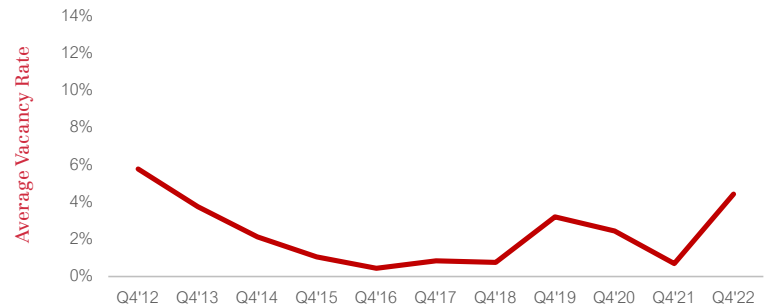
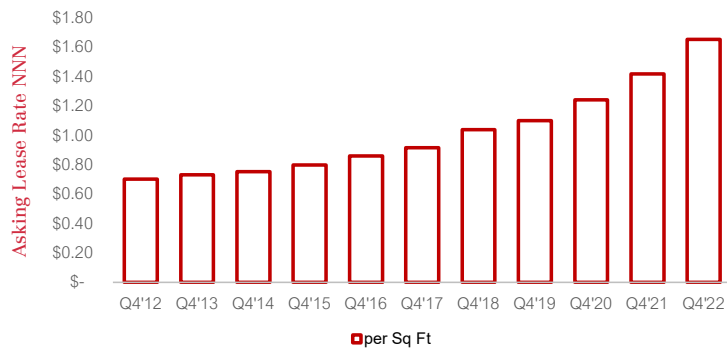


The average vacancy rate moved slightly from the previous year, ending 2022 at 2.1%. Lease rates for anchored and unanchored space increased to an average of \$25.00 NNN and \$19.00 NNN, respectively.

Completed projects of note include BigShots Golf and Reach Higher Athletics. River Crossing Retail Center began construction near the end of 2022. At Snow Canyon Commercial Center, Digby's Marketplace is near completion and Maverik is making progress next door. Additionally, CP Market Place and Summit Athletic Club continued construction into 2023.

Multifamily

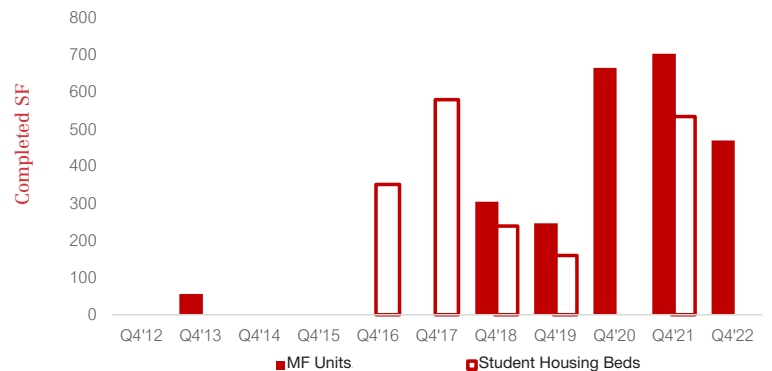
WASHINGTON COUNTY



Vacancy	Q4'12	Q4'22
1 Bed 1 Bath	2.0%	3.2%
2 Bed 1 Bath	5.0%	2.0%
2 Bed 2 Bath	8.4%	5.9%
3 Bed 2 Bath	3.6%	4.5%
Average	5.8%	4.4%

Rent	Q4'12	Q4'22
1 Bed 1 Bath	\$572	\$1,404
2 Bed 1 Bath	\$635	\$1,239
2 Bed 2 Bath	\$713	\$1,717
3 Bed 2 Bath	\$868	\$1,782
Average	\$680	\$1,574

Rent/SF	Q4'12	Q4'22
1 Bed 1 Bath	\$0.88	\$1.91
2 Bed 1 Bath	\$0.65	\$1.37
2 Bed 2 Bath	\$0.70	\$1.68
3 Bed 2 Bath	\$0.67	\$1.45
Average	\$0.70	\$1.66



45 N Red Trail Ln

Multifamily Draw-Square 110 Units ✓ Complete



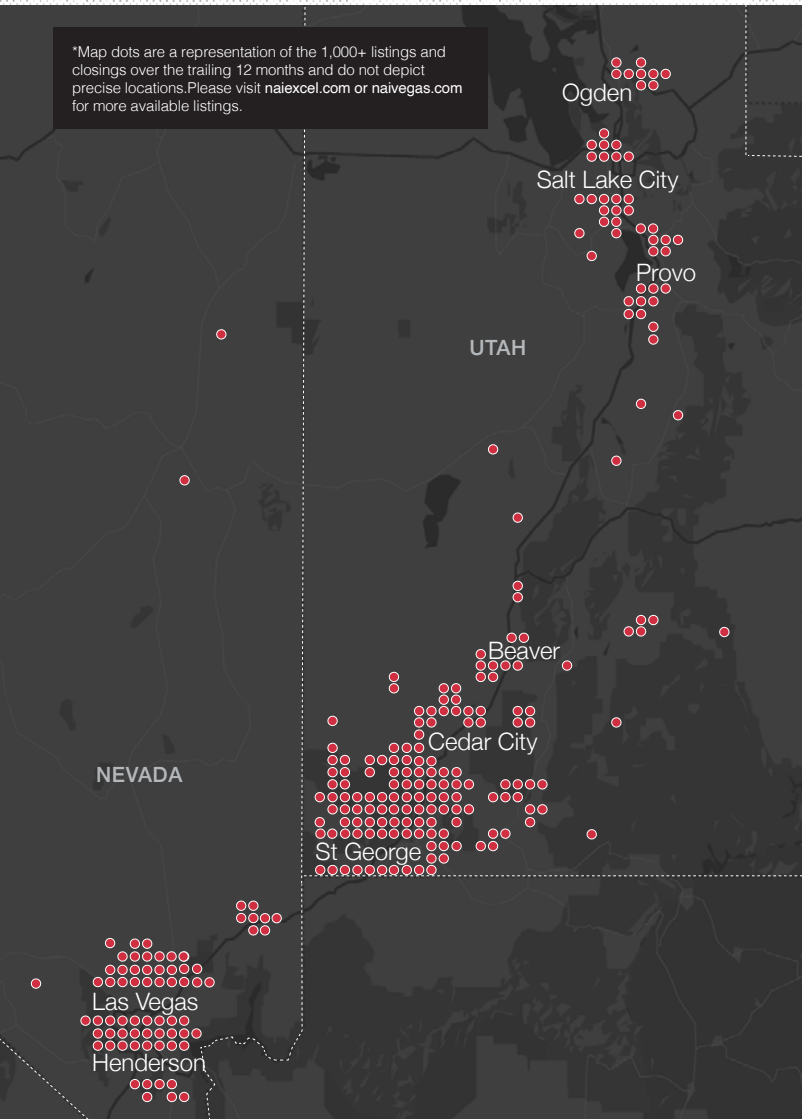
4.4% VACANCY
 \$1.66 ASKING RENT
 4.5-6% CAP RATE

Demand eased in the second half of 2022, with the average vacancy rate rising from less than 1.0% at mid year 2022 to 4.4% at year end. Average rent also increased. Average monthly rent among all unit sizes rose from \$1.42 per square foot seen at year end 2021 to \$1.66 per square foot at year end 2022.

Higher average vacancy and lease rates are also attributed to recent multifamily project completions. In 2022, 470 units were completed and another 771 units are under construction and expected to be complete in 2023.

Select 2022 Transactions

*Map dots are a representation of the 1,000+ listings and closings over the trailing 12 months and do not depict precise locations. Please visit naixel.com or naivegas.com for more available listings.



550+

Active Listings



630

Closings 2022 T12



\$780M

Listing Volume

Search 550+ Active Listings at
NAIEXCEL.COM | NAIVEGAS.COM



±146,318 SF

AGENTS: Eric Larkin, Leslie Houston
Mike Kenny & Zach McClenahan

LEASED

INDUSTRIAL



OFFERED AT \$36,850,000
135 ACRES

AGENT: Bryan Houser

SOLD

LAND



OFFERED AT \$22,500,000

AGENT: Anders Graciano



OFFERED AT \$15,923,620
±201 ACRES

AGENT: Meeja McAllister

SOLD

HOSPITALITY

SOLD

LAND



OFFERED AT \$5,350,000
±25.82 ACRES

AGENT: Wes Davis



OFFERED AT \$12,250,000
79,426 SF

AGENTS: Neil Walter Team &
Brandon Vandermyde

SOLD

LAND

SOLD

INDUSTRIAL



CORAL CANYON

OFFERED AT \$4,700,000
±26,622 SF

AGENT: Jason Griffith



±86,856 SF

AGENTS: Eric Larkin, Leslie Houston
Mike Kenny & Zach McClenahan

SOLD

OFFICE

LEASED

INDUSTRIAL



OFFERED AT \$8,400,000
TWO BUILDINGS

AGENTS: Erik Sexton
& Camila Rosales



±37,080 SF

AGENT: Anders Graciano

SOLD





INDUSTRIAL

LEASED

HOSPITALITY



*Logos represent the property name, buyer, seller, tenant or most recent occupant of the property transacted.
Logos are intellectual property of their respective owners.

<p>SIENNA HILLS AUTO MALL</p> <p>OFFERED AT \$6,033,060 ±6 ACRES</p> <p>AGENTS: Greg Whitehead & Gregg McArthur</p>	<p></p> <p>OFFERED AT \$5,000,000 ±4.09 ACRES</p> <p>AGENTS: Jon Walter & Kevin O'Brien</p>	<p></p> <p>±5,356 SF</p> <p>AGENTS: Stan Perkins, Zach Hatch & Jay Blacker</p>	<p></p> <p>OFFERED AT \$5,300,000 7,200 SF</p> <p>AGENT: Jason Griffith</p>
SOLD	SOLD	LEASED	SOLD
LAND	LAND	RETAIL	RETAIL
<p>7485 COMMERCIAL WY</p> <p>±21,010 SF</p> <p>AGENT: Bryan Houser</p>	<p></p> <p>PANATTONI®</p> <p>OFFERED AT \$10,000,000 ±9.19 ACRES</p> <p>AGENTS: Eric Larkin, Leslie Houston Mike Kenny & Zach McClenahan</p>	<p>1775 VILLAGE CENTER CIR</p> <p>OFFERED AT \$2,800,000 ±5,504 SF</p> <p>AGENT: John Lee</p>	<p></p> <p>OFFERED AT \$4,525,000</p> <p>AGENTS: Zach Hatch & Neil Walter</p>
LEASED	SOLD	SOLD	SOLD
INDUSTRIAL	LAND	LAND	LAND
<p></p> <p>OFFERED AT \$4,500,000 ±18,550 SF</p> <p>AGENT: Gregg McArthur</p>	<p></p> <p>KALIFANO</p> <p>CRYSTALS GEMSTONES FOSSILS METAL ART</p> <p>OFFERED AT \$4,875,000 ±14,212 SF</p> <p>AGENTS: Tina Taylor & Nick Till</p>	<p>2910 BROOKS PARK DR</p> <p>OFFERED AT \$1,500,000 ±5,500 SF</p> <p>AGENT: Bryan Houser</p>	<p>FARM & RANCH</p> <p>OFFERED AT \$2,700,000 ±312 ACRES</p> <p>AGENTS: Matt Chappell & Jeannie Sampson</p>
SOLD	SOLD	SOLD	SOLD
HOSPITALITY	INDUSTRIAL	INDUSTRIAL	LAND
<p></p> <p>OFFERED AT \$1,525,000 ±3.08 ACRES</p> <p>AGENT: Zach Hatch</p>	<p></p> <p>OFFERED AT \$2,405,200 ±5,320 SF</p> <p>AGENTS: Brandon Price & Dan Bertleson</p>	<p></p> <p>±12,000 SF</p> <p>AGENT: Maria Herman</p>	<p>8085 BLUE DIAMOND RD</p> <p>OFFERED AT \$5,700,000 10,309 SF</p> <p>AGENT: Maria Herman</p>
SOLD	SOLD	LEASED	SOLD
LAND	RETAIL	RETAIL	RETAIL
<p>ELDORA PROFESSIONAL CENTER</p> <p>±5,812 SF</p> <p>AGENTS: Asim Mehmood & Todd Manning</p>	<p></p> <p>OFFERED AT \$2,950,000</p> <p>AGENT: Brandon Price</p>	<p></p> <p>YESHIVA DAY SCHOOL LAS VEGAS</p> <p>OFFERED AT \$5,500,000 ±25,813 SF</p> <p>AGENTS: Erik Sexton & Camila Rosales</p>	<p>225 E FOSTER AVE</p> <p>OFFERED AT \$1,260,000 8 UNITS</p> <p>AGENT: Michael Albanese</p>
LEASED	SOLD	SOLD	SOLD
OFFICE	RETAIL	OFFICE	HOSPITALITY



MAKE AN OFFER

3D TOUR

LISTING AGENT
CONTACT

SCHEDULE
A TOUR

CUSTOM
MARKETING

DEAL VAULT

PROFESSIONAL
PHOTOGRAPHY

PROPERTY LISTING WEBSITES EVERY LISTING, EVERY DEVICE

Delivered over 1 MILLION virtual showings the last 12 months.

To learn more about ARTI go to:
brokerstechnology.com

inman



NAI Asset Management Services



Northgate Distribution Park
Managed Since 2023

\$1BIL
IN ASSETS
MANAGED*

★★★★★
5 STAR SERVICE

2,500
TENANTS*

naiexcel.com | naivegas.com

* NAI Excel, NAI Vegas & its affiliates.

COMMITTED **LOCALLY.** CONNECTED **WORLDWIDE.**



Learn. Earn. Invest.



naixel.com | naivegas.com

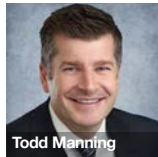


The people we surround ourselves with are our greatest assets. While other forms of marketing are critical, relationships are what produce results.

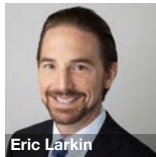
NAIExcel **NAI**Vegas

Our Team

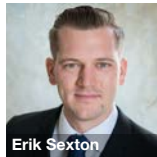
Las Vegas



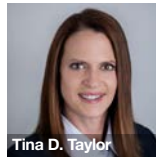
Todd Manning
Managing Broker
B.1001879.LLC



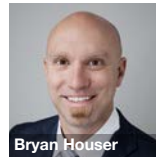
Eric Larkin
Executive Vice President
MBA, CCIM, SIOR
BS.0073906



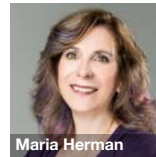
Erik Sexton
Senior Vice President
S.0067183.PLLC



Tina D. Taylor
Senior Vice President
S.0053184.PC



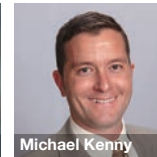
Bryan Houser
Senior Vice President
S.0038030



Maria Herman
Senior VP Retail
BS.0027640



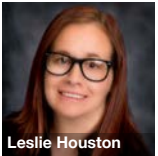
Nick Till
Senior Vice President
S.0060723



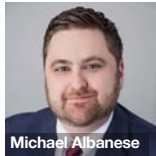
Michael Kenny
Senior Vice President
SIOR
S.0178188



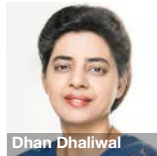
Anders Graciano
Senior Vice President
S.0179938.LLC



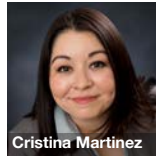
Leslie Houston
Director, Larkin Group
S.0187921



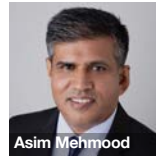
Michael Albanese
Multifamily Specialist
BS.144969



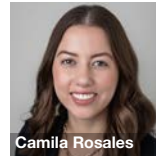
Dhan Dhalwal
Retail Associate
S.0065105



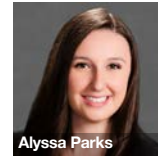
Cristina Martinez
Retail Associate
S.0174886



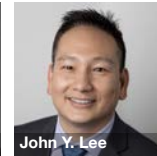
Asim Mehmood
Associate
CPA
S.01897000



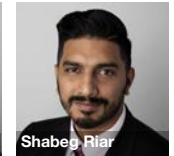
Camila Rosales
Associate
S.0183916



Alyssa Parks
Associate
S.0182581



John Y. Lee
Senior Advisor
BS. 1002266



Shabeg Riar
Associate
S.0198008



Zach McClenahan
Associate, Larkin Group
S.0198177



Curren Christensen
Executive Vice President
S.0173246



Gregg McArthur
Director of Hospitality
S.0183447



Neil Walter
Chief Executive Officer
MBA, CFA
BS.1001167



Jon Walter
Chief Operating Officer
MBA, CCIM
B.0145791.LLC

Southern Utah



Wes Davis
Executive Vice President
MBA, MCRE
5502820-SA00



Curren Christensen
Executive Vice President
6431250-SA00



Jason Griffith
Executive Vice President
CCIM
5478665-SA00



Brandon Vandermyle
Senior Vice President
6258108-SA00



Meeja McAllister
Senior Vice President
6081089-SA00



Jon Walter
Chief Operating Officer
MBA, CCIM
5640288-PB00



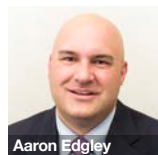
Neil Walter
Chief Executive Officer
MBA, CFA
5483438-BB00



Greg Whitehead
Senior Vice President
MBA
6510155-SA00



Gregg McArthur
Director of Hospitality
MBA
9895831-SA00



Aaron Edgley
Associate
MBA
10524076-SA00



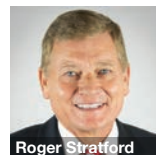
Kevin O'Brien
Associate
Ph.D.
10894893-SA00



Roy Barker
Associate
MBA
11056969-SA00



Chase Jensen
Associate
12277468-SA00



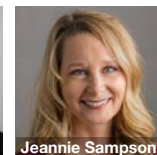
Roger Stratford
Associate Broker
5480693-AB00



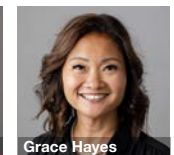
Mat Chappell
Vice President
MBA
5810504-SA00



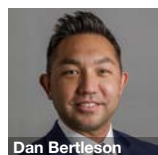
Brandon Price
Associate
11888747-SA00



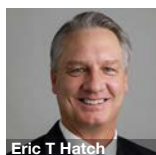
Jeannie Sampson
Associate
5928977-SA00



Grace Hayes
Associate
9482817-SA00



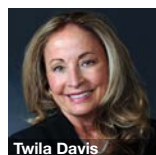
Dan Bertleson
Associate
5178703-SA00



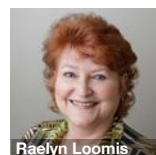
Eric T Hatch
Associate
12976216-AB00



Edward Waldvogel
Development Specialist
MRD
6498228-SA00



Twila Davis
Senior Vice President
5487719-BB00



Raelyn Loomis
Associate
5480091-SA00



Jerad Hunsaker
Associate
12101233-SA00

Northern Utah



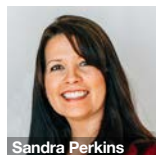
Stan Perkins
Senior Vice President
MBA
5493224-AB00



Jay Blacker
Retail Specialist
10696315-SA00



Zach Hatch
Managing Broker
MBA, MICP
10898120-BB00



Sandra Perkins
Associate
11281643-SA00



Nathan Johnson
Associate
12814732-SA00

San Antonio



Tom Dewine
Principal Broker
546368

Asset Management



Adam Corley
Asset Management
Director
12059151-SA00



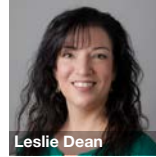
Colby Banner
Asset Manager
11849257-SA00



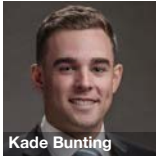
Todd Manning
Managing Broker
B.1001679.LLC



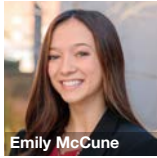
McKayne Moss
Asset Manager
12713478-SA00



Leslie Dean
Asset Manager
12991563-SA00

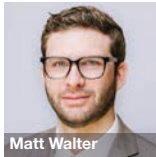


Kade Bunting
Facilities Coordinator

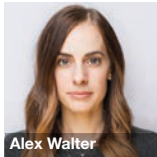


Emily McCune
Asset Management
Assistant

Utah & Nevada Support Team



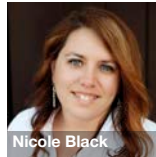
Matt Walter
Chief Technology Officer



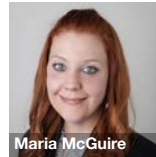
Alex Walter
Creative Director



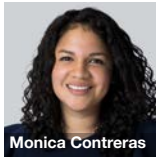
Radlee Iverson
Chief Financial Officer



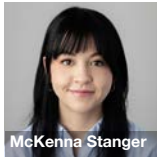
Nicole Black
Office Manager



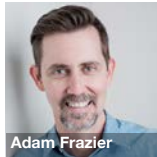
Maria McGuire
Office Manager



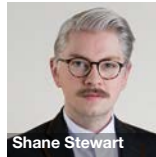
Monica Contreras
Sr. Graphic Designer



McKenna Stanger
Graphic Designer



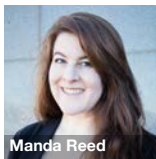
Adam Frazier
Lead Photographer



Shane Stewart
Photographer



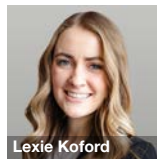
Tanner Lund
Photographer



Manda Reed
Photographer



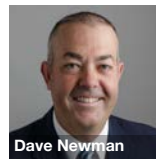
Jim Oberg
Photographer



Lexie Koford
Photographer



Trey Allred
Accountant



Dave Newman
Research Analyst



Over 550+
Offerings for
Sale or Lease in
Utah & Nevada

We provide fast, accurate access to information regarding market conditions and real estate available for sale or lease. Our agents have both the experience and the education to help you with your next investment. We represent buyers and sellers from the beginning to the end of each transaction.

Brokerage Services:

- Office
- Retail
- Industrial
- Investment
- Multifamily
- Hospitality
- Land Development
- Landlord & Tenant Representation
- Mergers & Acquisitions
- Farm & Ranch
- Asset Management

Search our inventory at:

naiexcel.com
naivegas.com



LAS VEGAS

6064 South Durango Dr
Las Vegas, NV 89113
702.383.3383

www.naivegas.com



SOUTHERN UTAH

243 E St. George Blvd, Ste 200
St. George, UT 84770
435.628.1609

427 S Main St, Ste 204
Cedar City, UT 84720
435.627.5757

NORTHERN UTAH

2901 Ashton Blvd, Ste 102
Lehi, UT 84043
801.341.0900

SAN ANTONIO & AUSTIN

19230 Stone Oak Pkwy, Ste 260
San Antonio, TX 78258
210.477.9400

www.naiaexcel.com

DATA SOURCES INCLUDE NAI EXCEL AND NAI VEGAS RESEARCH DIVISION, COSTAR, CONSTRUCTION MONITOR, AND VARIOUS PUBLIC NEWS OUTLETS.

NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, IS MADE AS TO THE ACCURACY OF THE INFORMATION CONTAINED HEREIN. THE INFORMATION IS PROVIDED SUBJECT TO ERRORS, OMISSIONS, CHANGES WITH OR WITHOUT NOTICE. DATA COMPILED FOR THIS REPORT AND THE INFORMATION CONTAINED HEREIN, WHILE NOT GUARANTEED, HAS BEEN SECURED FROM SOURCES DEEMED RELIABLE.