

08

Mid-Year Market Study

Coldwell Banker Commercial Salt Lake City, Utah



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Amid falling consumer confidence, tighter lending practices and higher gas prices across the nation, Utah continues to shine in the spotlight as national tenants and developers discover the potential expansion opportunities in this highly undervalued market.

Strong job growth, a relatively tight labor market and low unemployment compared to the rest of the country, coupled with impressive demographics and increased mass transportation conveniences are factors that contribute to the state's healthy economy. As another 84,000 people are added to Utah's population base by the end of 2008, pressure from the expanding residential housing market will continue to drive commercial real estate forward at a steady pace.

Healthy absorption, higher lease rates and lower vacancies continued to dominate the industrial market along the Wasatch Front during the first half of 2008. More than 1.6 million square feet of new big box industrial space was planned or under construction in the Salt Lake Valley during the first half of 2008.

Lease rates in Class A office buildings at the south end of the Salt Lake Valley and northern Utah County experienced upward pressure as a result of higher construction costs and continued positive absorption. Construction remained brisk as more than one million square feet of new office space was added, primarily in the Southeast and Southwest sectors of Salt Lake County.

Our long-term history of economic stability continued to stimulate new retail growth along the Wasatch Front in the first half of 2008. As expansion slowed, retailers selected sites more carefully. The southeast and southwest quadrants of Salt Lake Valley, northern Utah County along interstate 15 and the Layton and Davis county areas, continue to be the vibrant areas of retail activity.

Coldwell Banker Commercial NRT remains steadfast and bullish on the overall condition of the real estate market in Utah and continues to expand its presence in management, agent and support staff to meet the demands of our national and local clients.

To accommodate the significant sales and leasing activities south of Salt Lake City, we opened a new Utah County office earlier this year, providing more hands-on expertise in the office, retail, land and industrial sectors of that market.

During the first half of 2008, Coldwell Banker Commercial's Asset Services division launched a new construction management and engineering arm to specialize in tenant improvement and capital improvement projects along with highly experienced building management with on-site engineering. As continued upward pressure on operating expenses takes a toll on commercial property investments, investors and lending institutions continue to trust Coldwell Banker Commercial NRT to help lower costs and control expenses.

For the sixth consecutive year, the Salt Lake City Coldwell Banker Commercial office was recognized as the number one office worldwide in the Coldwell Banker Commercial network.

Overall, the Utah commercial real estate market continues to exhibit extraordinary strength and stability compared to the rest of the country. We at Coldwell Banker Commercial look forward to serving the needs of our clients during the remainder of 2008 and beyond with the highest degree of professionalism and knowledge available in the industry.





08

Office Market Study

Coldwell Banker Commercial Salt Lake City, Utah

As most real estate markets across the country face supply and demand challenges, the greater Salt Lake market continues to demonstrate strength and momentum as ongoing new construction and absorption of that space maintain a healthy equilibrium.

01. Vacancy

While predicted to rise slightly, local office vacancy rates actually improved to 10.66 percent during the second quarter of 2008, as compared to 11.71 percent at the end of 2007. Vacancy in Class A and B downtown and periphery space climbed slightly while Class C building vacancy dropped by 4.01 percent. Class B space in the South valley sector dropped 2 percent while the remainder of the South Valley and Central East quadrants experienced increased vacancy rates. In the Northeast area, Class B and C vacancies fell. Class B rates rose in the Northwest portion of the Salt Lake valley. Space available for sub-lease represented 8.25 percent of the total vacancy of 3.2 million vacant square feet.

02. Lease Rates

Overall lease rates remained constant during the first quarter of 2008, with some areas actually experiencing upward pressure as a result of increasing construction costs and continued positive absorption.

Although lease rates have remained healthy along the Wasatch Front, the vast majority of notable lease transactions were located in the Southeast and Southwest submarkets. A few projects in the West quadrants and in secondary areas around the Salt Lake valley continue to face challenging vacancy, which in turn could impact overall rates as more new product is introduced through 2008.

As expected, rents in Class A and B spaces in the Central Business District (CBD) and periphery climbed slightly to compensate for lack of product. The already tight Class A downtown market netted a slightly higher lease rate of \$24.77 per square foot, up from \$24.18 at year's

end and impatiently awaits delivery of the 403,000 square-foot 222 South Main office project in 2009.

03. Transactions

Noteworthy lease transactions in the southern end of the Salt Lake Valley during the first half of 2008 include 51,354 square feet of space at Riverpark Corporate Center that will serve as the corporate headquarters of Boart Longyear, a 23,505 square foot lease for Healthcare Insight at Riverpark Corporate Center, and 28,393 square feet of space for WingateWeb at The Pointe. In addition, JP Morgan Chase is relocating its local branch to a 22,644 square foot space in downtown's Utah One Center while a 24,243 square foot space at Old Mill Corporate Center III has become the new headquarters of Fusion-io. Significant expansions include DaVinci Executive Suites, which inked a deal at the Cottonwood Corporate Center for another 22,260 square feet and ARUP Laboratories, which is currently negotiating for another 44,000 square feet in Research Park near the University of Utah to accommodate its next round of growth.

Significant Utah County deals signed during the first half of the year included Flagship Financial, which leased 11,124 square feet at Fairway Point 1 in Lehi, Agel Enterprises, which leased 26,023 square feet at Thanksgiving Point in Lehi, APX Alarm Security Solutions, Inc., which has taken 10,220 square feet in the Dynix Building in Provo and Credit Attorney, which will occupy 18,326 square feet at 2155 North Freedom Blvd., Provo.

04. New Construction

More than one million square feet of new office space is slated to be brought on line by the end of 2008, primarily located in the southeast and southwest submarkets, with a trend toward campus style Class A office parks such as Riverpark Corporate Center, which will deliver another 309,672 square feet of office space in the southwest quadrant this November. While another 1.2 million square feet is targeted for



development in 2009, current lending trends and tougher financial underwriting standards are forcing a more cautious approach with an emphasis on pre-leasing. As a result, some projects may be placed on hold.

Office construction activity in downtown Salt Lake was limited to the reconstruction of the Boston Building, which was pulled off the market for an interior retrofit last year but is now available for lease.

Outside the CBD, demand for office construction continued at a brisk pace in the Southeast and Southwest quadrants where residential growth and access to new retail services and amenities is the greatest. Corporate decision makers continue to gravitate toward developments that offer good freeway access, services and close proximity to their residences.

Record new office construction in Utah County isn't expected to slow down any time soon, with another half a million square feet scheduled for ground breaking before the end of 2008. Several new Utah County office projects that will be completed during the third quarter of 2008 include the 100 percent leased, four-story Grove Creek Center I in Pleasant Grove, the five-story Thanksgiving Point building 1 in Lehi that is 30 percent leased, and the North Pointe D office building, a 33 percent preleased, three-story building located in American Fork. Also on the drawing board is the Triumph Technology Park, a 234,000 square foot technology campus that will be part of the larger Traverse Mountain mixed use project in Lehi.

High demand for new office product 30 miles north of Salt Lake City has prompted a new development dubbed Falcon Hill, the new 550-acre aerospace research park that will be located at Hill Air Force Base in Clearfield. This project will boost Davis County's office inventory by another 1.245 million square feet of space.

05. Net Absorption

Net absorption in the Salt Lake office market remains steady and positive during the first half of 2008, with a net absorption of 178,000 square feet. The Southeast and Southwest quadrants are leading the market in net absorption as a result of significant leasing activity in recently completed projects.

National and Local Context

The Utah office market continues to outpace the majority of commercial office sectors in the nation thanks to our strong economy that is spurred on by a variety of factors. Utah continues to produce a highly educated workforce and is recognized for its exceptional living standards. While in-migration remains constant and we boast lower than average

unemployment and higher than average job growth rate, no wonder Forbes Magazine continues to rank Utah as one of the best places to do business in the nation. While Utah is still experiencing one of the nation's strongest economies, "cautious optimism" will continue to be the buzz words in the commercial real estate market through 2008.

01. Demand

Professional service jobs in areas such as medical research development and healthcare continue to support office market demand and attract new tenants. A steady need for office product will continue to translate into ongoing positive absorption and the need for additional construction. Out of state companies will continue to enter the market due to quality of life, lower operational costs and a highly skilled workforce. Demand for office space could outpace supply in some sectors if developers are unable to obtain financing commitments in this tight lending environment.

02. Construction Activity

Construction activity is expected to remain brisk throughout the remainder of the year with a total of 12 new buildings slated for devel-

opment in the Salt Lake valley by the end of the year. Another 1.2 million square feet of office product is scheduled to hit the Salt Lake market in 2009 if this trend continues and financing is made available. Significant new construction and projects in Utah County and Davis County will further establish these markets along the Wasatch Front and spur more economic growth in the state.

03. Lease Rates

Lease rates will steadily climb as oil prices, land, and construction costs impact new development. Developers are expected to revise their pro-forma expectations and push rates higher in order to make projects feasible. This being said, if a lack of activity continues in secondary locations, this could have an effect on overall market rates.

04. Net Absorption

Although the frequency of lease transactions may tighten as a result of a more cautious economic environment, smaller lease transactions will continue to keep absorption in check. Absorption is anticipated to remain steady and positive through the remainder of 2008 as recently completed projects are leased up.

CBD - Periphery Mid-Year 2008 Summary

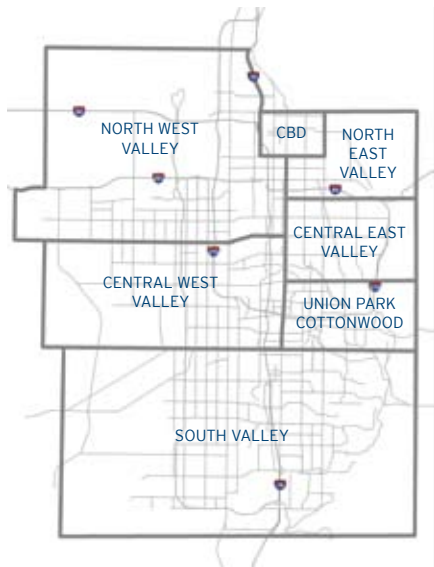
Class	Available SF	Vacant SF	Vacancy Rate	Lease Rate
Class A	170,456	147,465	3.91%	\$24.77
Class B	386,952	343,113	8.78%	\$18.61
Class C	503,395	453,634	13.50%	\$15.52
Overall	1,060,803	943,954	8.56%	\$18.08

Suburban Mid-Year 2008 Summary

Class	Available SF	Vacant SF	Vacancy Rate	Lease Rate
Class A	734,648	556,635	9.53%	\$22.67
Class B	1,517,060	1,223,527	13.63%	\$19.04
Class C	480,501	436,609	10.12%	\$15.57
Overall	2,732,209	2,216,771	11.59%	\$19.21

Overall Mid-Year 2008 Summary

Class	Available SF	Vacant SF	Vacancy Rate	Lease Rate
Class A	905,104	703,842	7.32%	\$23.11
Class B	1,990,367	1,652,995	12.73%	\$18.95
Class C	983,896	890,243	11.30%	\$15.55
Overall	3,879,367	3,247,080	10.66%	\$18.88



North East Valley

Class	Available SF	Vacant SF	Vacancy Rate	Lease Rate
Class A	38,724	13,724	2.11%	\$26.60
Class B	58,195	58,195	7.26%	\$19.63
Class C	30,539	30,539	5.51%	\$16.95
Overall	127,458	102,458	5.11%	\$19.76

Central East Valley

Class	Available SF	Vacant SF	Vacancy Rate	Lease Rate
Class A	64,468	44,053	39.27%	\$21.00
Class B	269,023	244,318	16.23%	\$18.35
Class C	96,936	96,936	10.93%	\$14.97
Overall	430,427	385,307	15.38%	\$17.81

Union Park / Cottonwood

Class	Available SF	Vacant SF	Vacancy Rate	Lease Rate
Class A	217,525	108,719	5.04%	\$24.89
Class B	164,961	128,267	9.54%	\$19.57
Class C	35,386	28,219	12.72%	\$16.09
Overall	417,872	265,205	7.12%	\$21.37

North West Valley

Class	Available SF	Vacant SF	Vacancy Rate	Lease Rate
Class A	46,603	46,603	8.48%	\$18.82
Class B	257,961	229,582	15.47%	\$17.02
Class C	176,606	148,022	8.26%	\$15.29
Overall	481,170	424,207	11.09%	\$16.53

Central West Valley

Class	Available SF	Vacant SF	Vacancy Rate	Lease Rate
Class A	79,635	79,635	22.12%	\$21.31
Class B	129,382	89,940	8.53%	\$19.84
Class C	81,120	72,979	18.89%	\$14.96
Overall	290,137	242,554	13.47%	\$18.98

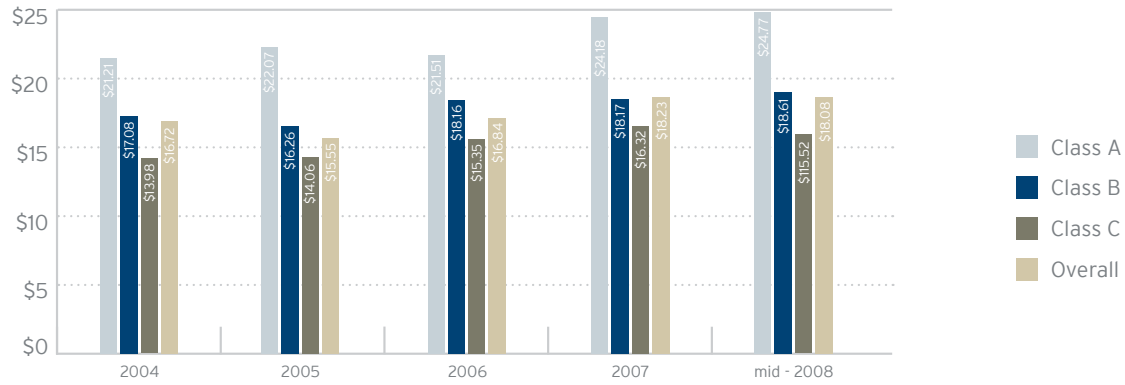
South Valley

Class	Available SF	Vacant SF	Vacancy Rate	Lease Rate
Class A	527,693	503,901	21.42%	\$22.21
Class B	397,538	233,225	9.53%	\$18.62
Class C	59,914	59,914	12.67%	\$17.11
Overall	985,145	797,040	15.12%	\$20.44

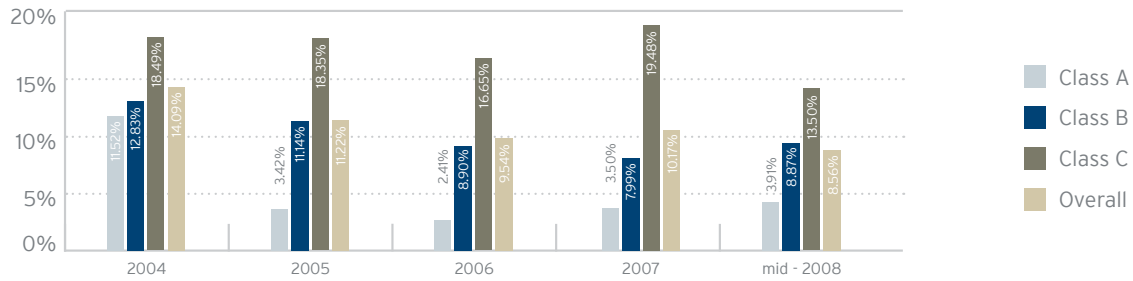


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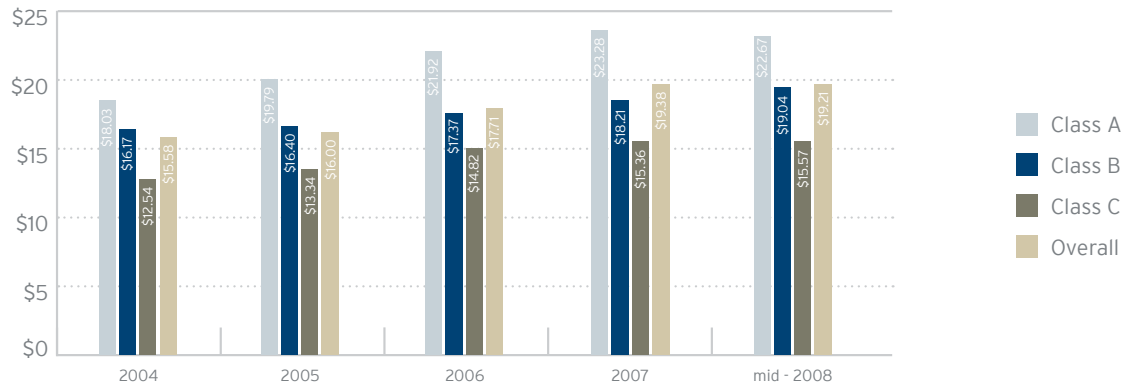
Downtown Historical Lease Rates



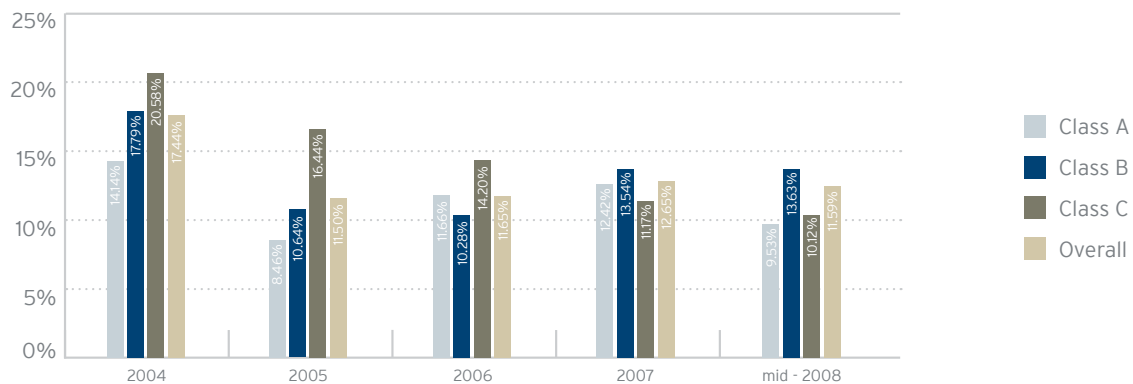
Downtown Historical Vacancy



Suburban Historical Lease Rates



Suburban Historical Vacancy





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Retail Market Study

Coldwell Banker Commercial Salt Lake City, Utah

Following on the heels of a banner year in 2007, the retail market along the Wasatch Front still managed to make an impressive showing during the first half of 2008. Low vacancy rates, steady activity and increased rents coupled with our long-term history of economic stability continued to stimulate new retail growth.

After a lackluster 2007 holiday season, national retailers took a conservative wait and see approach before making any deals. Tenants who came to the negotiating table drove harder bargains and were more particular about location and tenant mix.

01. Lease Rates

Dictated by higher construction and fuel costs, overall lease rates for retail centers (excluding regional malls) in the Salt Lake market climbed at mid-year 2008 to \$17.40 per square foot, up from \$16.45 at the end of 2007. The Central East and Central West quadrants of the valley saw the highest spike in rents for both anchorless and community centers while the remaining sectors shared the impact. Neighborhood center rates dropped 10 percent across the entire valley over the same period last year while lease rates for regional centers held their own in the Southeast and Southwest areas.

02. Vacancy Rates

Mid-year retail vacancy rates (not including regional malls) climbed 1.09 percentage points overall to 7.98 percent as compared to 6.89 percent at the end of last year. The Southeast and Southwest submarkets of the Salt Lake valley posted the highest rates while vacancy in the Northwest sector was down substantially as product was limited. As higher vacancy rates were posted at anchorless centers in The Northeast, Southeast and Central West quadrants, neighborhood centers saw numbers drop across the board. Vacancy rates at community centers in the Southern and Central areas of the valley rose, as did regional center rates.

03. Transactions

National, high-volume discount retailers and grocery chains like Costco and Wal-Mart continue to exceed sales expectations in the wake of a softened economy and expand stores along the Wasatch Front. Joining the local discount grocery ranks in the next year will be WinCo Foods, a Boise-based operator of over 60 stores in the west. WinCo, which has signed a 94,000 square foot lease at Riverwalk Center in the Southwest part of the valley, is currently eying several additional sites for expansion.

Nationally-branded casual dining restaurant chains continue to expand along the Wasatch Front and are seeing the fastest growth. California-based In-N-Out Burgers and Washington, D.C.-based Five Guys Burgers, direct competitors in other markets, will both establish a Salt Lake area presence by the end of the year. In-N-Out, which currently operates a store in St. George, targets up to 6 more locations around the state. Five Guys which brought its first area store on line in the Family Center at Fort Union in mid June, has signed another lease at South Towne Center and plans a total of 17 outlets in Utah.

Other national tenants entering this market in the later half of 2008 include Ulta Cosmetics, Sunflower Market, El Pollo Loco, Shari's Restaurant, On the Border, Zuppa's, Red Mango and Corner Bakery.

High volume national retailers including Cabela's, American Eagle, The Buckle, Ross, DSW, World Market, Casual Male and Barnes & Noble, continue to achieve their annual sales expectations and bolster confidence in the local retail market.

Limited-service hotel chain Hyatt Place has committed to bringing three locations to the Salt Lake valley to capture a portion of the travel industry that wants casual hospitality at affordable prices.

Although retailers are choosing sites more carefully, the Southeast and Southwest quadrants of Salt Lake Valley, northern Utah County along interstate 15 and the Layton and Davis county areas, continue to be the target areas of retail activity.

04. Construction

Development of new retail centers fell off slightly during the first half of 2008 as compared to the previous year as the lending industry increased its equity requirements for developers and required higher pre-leasing commitments.

In the face of waning retail development, several exciting new retail projects will continue to attract major national tenants.

Following the recent opening of UTA's Frontrunner commuter train from Salt Lake to Ogden, Oregon developer CenterCal Development has broken ground on the new 700,000 square foot Station Park retail center and hotel that will be located on the second train stop. Because of the proximity to I-15, the new Legacy Highway and Highway 89 in Farmington, the transportation oriented development (TOD) is drawing the likes of Best Buy, Bed Bath & Beyond, JC Penney and Cinemark, who have all signed letters of intent to occupy the center. Negotiations are underway with Barnes & Noble, Victoria's Secret, Bath & Body and American Eagle. The development is targeted for completion in the fall of 2010.

Moving forward with the trend of high-end discount fashion outlets is Traverse Mountain, a two-phased 350,000 square foot retail center that is slated to open its doors near Cabela's in Lehi during the summer of 2010. Developer is Stephen Christensen and Mountain Home Development joint venturing with Craig Realty Group.

Almost all regional malls along the Wasatch Front are undergoing reconstruction or renovation to make them more current with market trends and to attract new national retailers.

- *General Growth has completed demolition on its Cottonwood Mall property in the Central East quadrant of the valley as part of a major revamping of the center. Macy's is the only store that remains open.*
- *The 20-acre City Creek mixed-use project that is replacing Crossroads Mall and ZCMI Center in downtown Salt Lake is being co-developed by the LDS Church and Taubman Co. and will add 775,000 square feet of retail to the market in 2010.*
- *Portland Developer Scanlan Kemper Bard Companies continues its renovation and new parking structure project at Trolley Square in the downtown sector, gearing up for new anchor tenant Whole Foods and other smaller retailers,*
- *Valley Fair Mall, owned by Satterfield Helm Co, broke ground during the second quarter of 2008 on an addition that when complete will house new tenants, Ross Dress for Less,*

Olive Garden & Petco. JC Penney is also remodeling its store at the center.

- *General Growth is expanding Fashion Place Mall with construction of a new space for Nordstrom, which in turn will vacate its space to make room for several other tenants. Dillard's will follow suit with a new store. Cheesecake Factory opened its doors in the center six months ago and is doing well above their opening projections.*
- *In Utah County, Salt Lake's Woodbury Corp. has broken ground on a 110,000 square foot lifestyle component at University Mall, with Cinemark Theatres taking a portion of the space.*

Other notable development activity includes:

- *Eaglewood Village in North Salt Lake, which has netted leases with Fresh Market and Chase Bank.*
- *Quarry Bend in Sandy, which will develop a new store for national tenant Hobby Lobby.*
- *Raddon Development is completing the development of the 160,000 SF Smith's Marketplace grocery anchored center in Lehi. Best Buy will anchor a new 200,000 square foot shopping center that will be developed at Kimball Junction.*

05. Absorption

As year-end 2007 was the best year ever for the Utah retail market with an astounding 1.96 million square feet absorbed, mid year 2008 saw those numbers drop by a one million square feet as compared to mid 2007. Regional Centers continue to show positive absorption while smaller 10,000 square foot anchorless strip malls experienced the lowest numbers.

National and Local Context

Low vacancy, steady activity and stabilized rents will continue to stimulate new retail growth along the Wasatch Front during the second half of 2008 but not at the pace of 2007. As Utah continues to have the best economy and highest new job growth of 22,000 last year, retailers will continue to recognize this potential with new expansion.

01. Demand

As Utah's population continues to grow by 230 people a day, housing needs will climb and retail development will follow close behind.

While the credit crunch has affected national franchise expansion and local business start-ups, more financing at better rates is expected beginning in the first quarter of 2009.

02. Vacancy

Vacancy rates during the second half of the year should remain stable but may decline slightly as fewer speculative projects are brought on line.

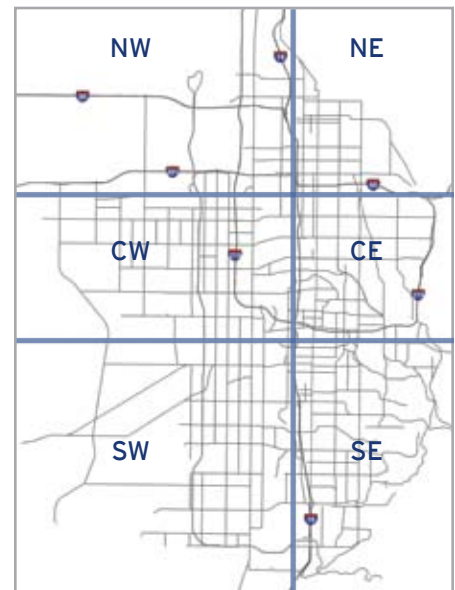
03. Construction

Less retail development is predicted for the remainder of the year as the ability to gain financing will dampen speculative projects and the majority of retail tenants slow their expansion plans. Any new construction will be absorbed quickly. Markets to the north and south of the Salt Lake Valley will continue to experience steady growth.

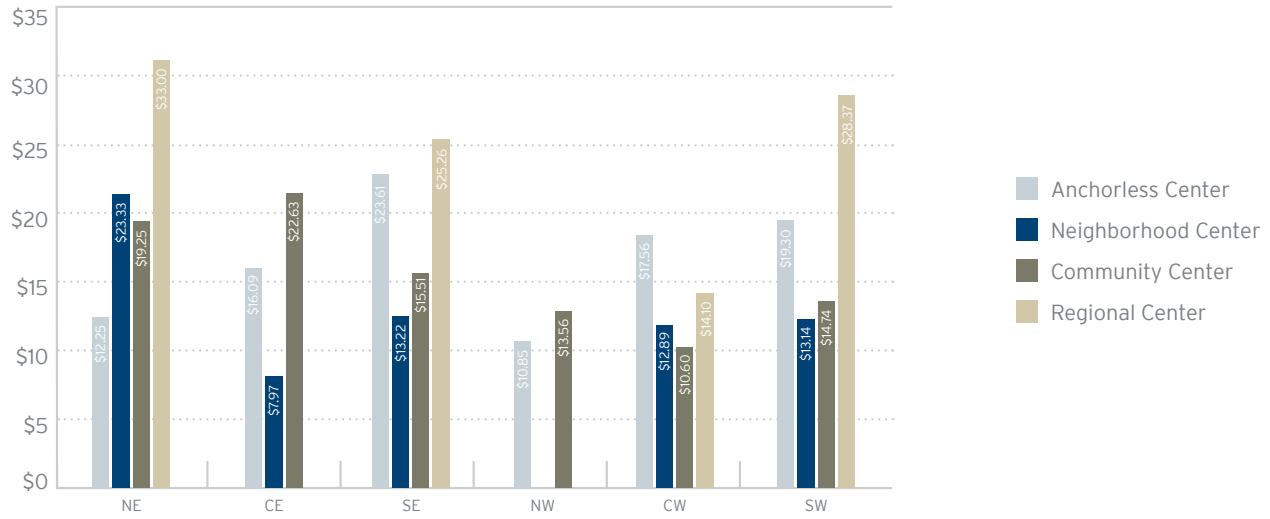
Until financial markets and oil prices stabilize and the dollar strengthens, new retail development will continue to slow and the supply and demand gap will tighten.

04. Absorption

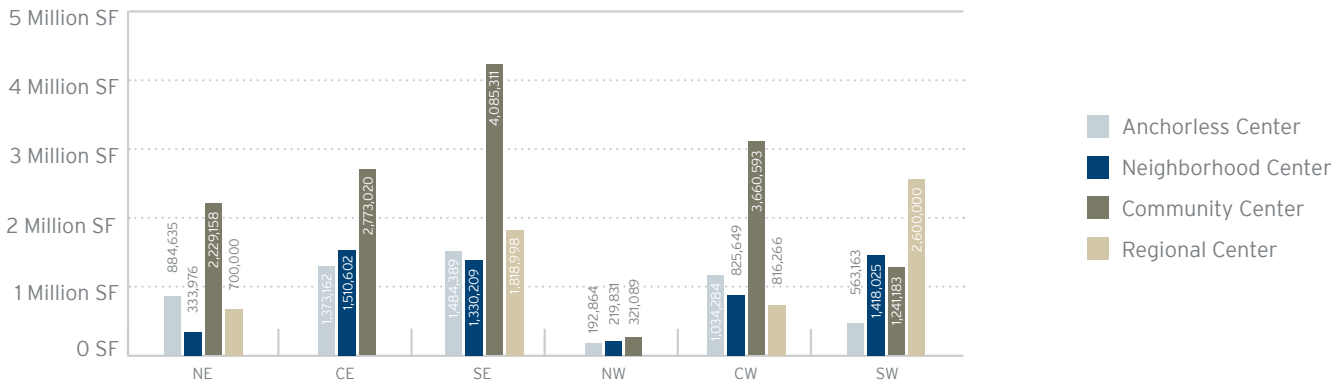
The retail market will continue to show positive leasing and absorption activity in the second half of 2008, picking up steam during the second and third quarter of 2009 as lending standards relax. Restored confidence will drive more retailers to the negotiating table.



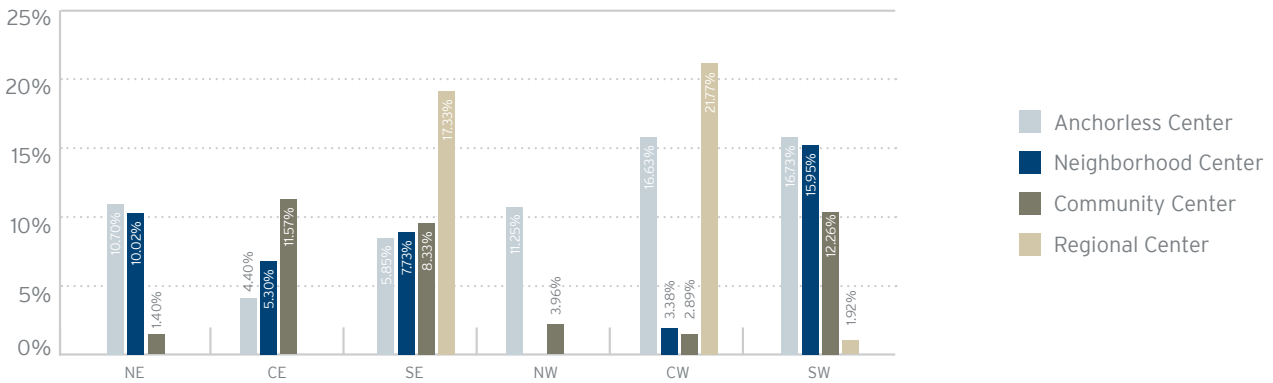
Asking Rate By Quadrant



Base Square Feet By Quadrant



Vacancy Rate By Quadrant





08

Industrial Market Study Coldwell Banker Commercial Salt Lake City, Utah

Would the developer of the world-renowned Rockefeller Center enter Utah in 2008 with close to 1 million square feet of speculative big box space without confidence in the local industrial market?

As strong absorption, higher lease rates and lower vacancies continue to dominate the industrial market along the Wasatch Front during the first half of 2008, both developers and big-box users continue to recognize Utah as the place to do business.

New York City based Rockefeller Group Development Corporation announced it would break ground this summer on six buildings with an aggregate 930,000 square feet of rentable space near the Union Pacific intermodal hub in the Northwest sector of Salt Lake City.

By the end of 2007, more than 1.8 million square feet of speculative big box distribution space was delivered and quickly absorbed. Another 1.6 million is planned or under construction this year. Overall leasing activity remained steady as an additional 640,000 square feet was grabbed up during the first half of 2008. This was attributed to a few large units of space that were absorbed by national big box tenants.

01. Lease Rates

Average lease rates climbed at mid-year 2008 to compensate for decreased supply as well as the cost of new construction and rising land prices.

Salt Lake area buildings with less than 10,000 square feet of space commanded the highest asking lease rates of .60 cents per square foot, with some leases in the south end of valley netting up to \$1.44 per blended square foot for flex space. Lease rates in the 10,000 to 19,999 square foot range climbed modestly. Big box product with 100,000 plus square feet saw an increase in actual rates by five cents over year end 2007. Rents increased during the first half of 2008 in the 20,000 to 99,999 square foot range.

02. Vacancy Rates

Overall industrial vacancy in the Salt Lake Valley decreased from 6.4 percent at the end of 2007 to 6.12 percent at mid-year 2008. The highest average vacancy rate of 8.01 percent occurred in 50,000 to 99,999 square foot facilities while 20,000 to 49,000 square foot buildings had the lowest vacancy rate of 4.12 percent. Contrasted with Salt Lake, Utah County vacancy rose, with most of the space available concentrated in buildings in the 5,000 to 10,000 range. The 1.1 million square foot Finger Hut facility located near the mouth of Spanish Fork Canyon in Utah County will lose two industrial tenants with an aggregate 350,000 square feet of space later this year, adding a significant amount of space to the limited big-box inventory.

03. Transactions

Overall Utah's economic stability and consistent population growth coupled with strategic location costs in the west and lower utility costs continued to attract major industrial clients during the first half of 2008.

Build-out is underway on a 600,000 square foot space in Freeport West for tenant Overstock.com.

Business Depot Ogden (BDO), formerly a military installation that Boyer Co. has transformed into a business and industrial park with over 1,100 acres, will soon be home to a few new national tenants including:

- *Confectionery giant The Hershey Co. will launch a new 540,000 square foot distribution facility, Southern Classic Foods, a supplier to Hershey, opened a 135,000 square foot location in the BDQ last year.*
- *Cornerstone Nutritional Labs, a manufacturer of natural and herbal supplements, will relocate its operations from Farmington to new 152,000 SF facilities in BDQ in the future.*



- *Barnes Aerospace is slated to double its precision aerospace component manufacturing operations to a 165,000 square-foot manufacturing industrial space in the center this year.*

04. Construction

While development of speculative industrial buildings in the Salt Lake area decreased slightly during the first half of 2008 as compared to previous year's record breaking growth, pent up demand outpaced supply in the Utah County market. While land was available, higher prices prohibited new speculative construction. Big box distribution projects with over 100,000 square feet of space dominated new construction in Salt Lake while smaller scale projects dotted the Utah County industrial landscape.

Some big box developments that are planned during the remainder of 2008 or currently under construction include:

- *The Rockefeller Group's recent acquisition of 57 acres just west of Bangert Highway on 700 South in Northwest Salt Lake will add six industrial buildings totaling 930,000 rentable square feet to the local industrial inventory. Under a new concept Foreign Trade Zone designation, ground will be broken in the second half of 2008, with completion scheduled in 2010. The project is strategically located near the Union Pacific Railroad's intermodal hub*
- *First Park Mountain View, which will be comprised of five new big box distribution facilities with a total of 500,000 square feet of space, to be developed this year by First Industrial, will also be located near the freight hub.*
- *Close to 400,000 square feet are under construction in the Buzz Oates' Westport Distribution Center 1 in the Northwest quadrant of Salt Lake County.*
- *Atlanta-based IDI is currently building a new 190,000 square foot flex office and industrial component in its next phase of expansion at Landmark Center, also located in the Northwestern quadrant.*
- *Ground has been broken on 201 Commerce Center, a 1.8 million square foot flex office, warehouse and light industrial complex on 115 acres in the Central West quadrant of the Salt Lake valley. Developer is The Argent Group, which claims the project to be the largest of its kind in the Western U.S.*
- *Mountain Vista Business Park, a new industrial and business park located south of Provo City consists of 200 acres and will help meet some of the demand for industrial and office space in Utah County.*

Formerly part of Ironton Works, a plant that shut down in the '60s and had lain idle for almost five decades until several years ago when Provo city, the Utah Department of Environmental Quality and U.S. Steel decided to remediate the site.

- *Anderson Development's light industrial component at Eastland Geneva in Utah County intermodal hub project is generating new interest.*

05. Industrial Sales/Investment

Although plenty of industrial land was available for sale, prices and values held steady and deals slowed significantly during the first half of 2008. Sellers held out for the best price. Industrial investment properties became more difficult to find as supply and demand tightened. Selective owner/users that were ready to buy buildings negotiated deals at a higher rate. Asking sales prices remained higher than actual sales prices in the Salt Lake valley, with the spread between the two being as high as \$28.00 per square foot in facilities with less than 10,000 square feet.

Industrial cap rates climbed slightly to 8 percent over the end of 2007 as capital markets tightened and financing became more difficult to obtain.

06. Absorption

Absorption in the Salt Lake area industrial market remains healthy as less product has been developed and demand remains high, especially in buildings with more than 100,000 square feet of space. The highest amount of absorption occurred in the Northwest section of Salt Lake City, which is home to the intermodal hub and the majority of the big box projects. West Valley City had the second highest absorption rate.

Local and National Context

As Utah proves it has all the right ingredients to grow business, national companies and developers will continue to expand along The Wasatch Front. The Economic Development Corporation of Utah is currently courting eight out-of-state manufacturers and distributors that would bring up to 1,646 more jobs to the state. A few of these include:

- *E-Bay, which is proposing a new 250,000 square foot data storage center and 50 new jobs in Salt Lake City*
- *Oracle Corp. a software giant which hopes to bring a \$260 million data storage center to West Jordan, thus creating 100 full-time jobs.*
- *Medical products manufacturer Frensenius USA, which could bring another 1,100 plus jobs to the Ogden area if tax incentives are approved to expand its facility by an additional half million square feet.*

- *Cementation USA, an underground mine contracting and engineering company, announced in June that it will relocate its U.S. headquarters from Nevada, resulting in 422 new full-time jobs to Salt Lake City.*

01. Demand

Demand for industrial properties for both purchase by both owner users and investors will challenge the market as inventory tightens in the wake of tighter lending practices and rising land costs. Some developers will sit on the fence post until after the first of the year to see if the lending restrictions are lifted.

02. Lease Rates

Pent-up demand for smaller-sized buildings with less than 20,000 square feet of space will command higher lease rates as land and construction costs continue to rise. Lease rates in the 100,000 square foot facilities will remain steady as landlords compete to fill their existing projects. Local companies that are thinking about expansion will take the wait and see approach, holding on to their existing buildings as long as possible.

03. Vacancy Rates

Vacancy rates will hold steady for the remainder of the year in Salt Lake County but will increase in smaller buildings in the Utah County area as product is more readily available. Big box vacancy will see a slight increase as new construction comes out of the ground.

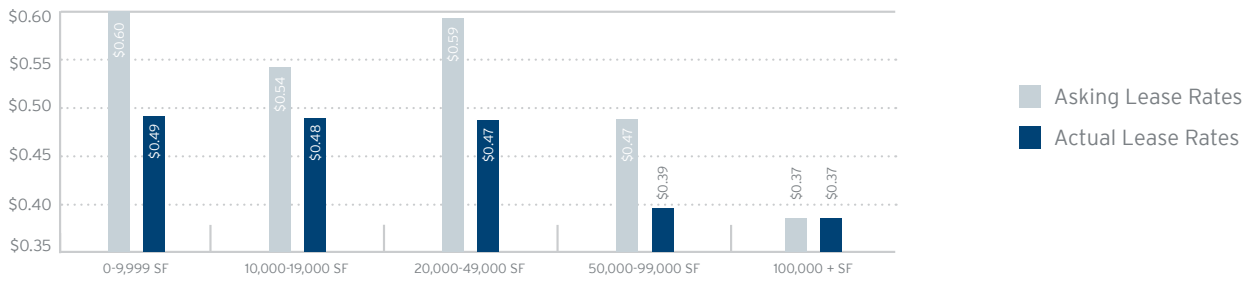
04. Construction

Developers of speculative distribution campuses with 100,000 square feet or more will continue to expand to meet client demands while owner/users or those developers of smaller projects will face harder times due to tightening of lending practices and stiffer land prices. The amount of new development on board during 2008 should carry up through the first quarter of 2009. As fall out to high land prices, manufacturing companies that want to build will be forced into leasing or build-to-suit agreements.

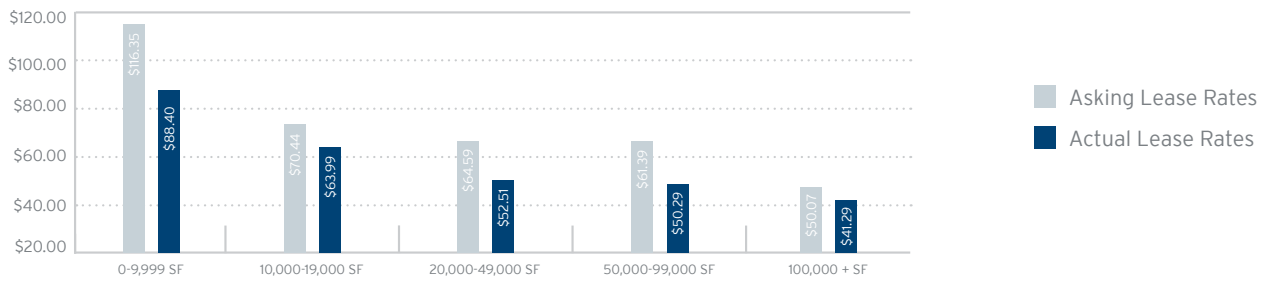
05. Net Absorption

As demand for big-box industrial space continues at its existing rate, developers will continue to introduce new projects. Net absorption is expected to remain steady and positive throughout the remainder of the year.

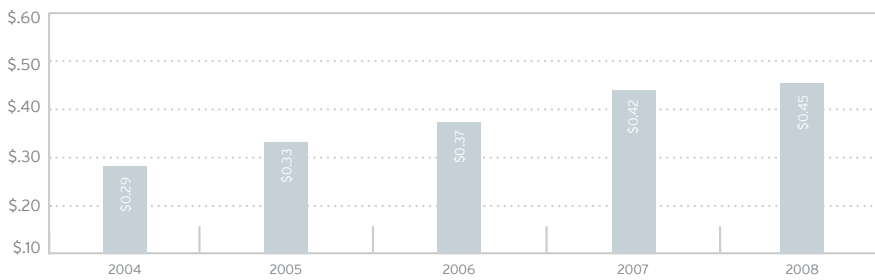
Industrial Lease Rates (PSF) 2008 Asking vs. Actual



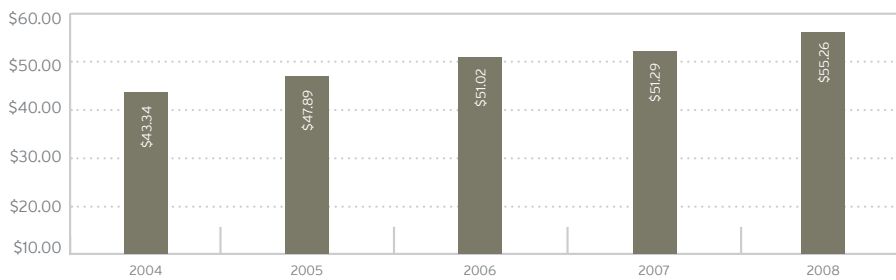
Industrial Sale Prices (PSF) 2008 Asking vs. Actual



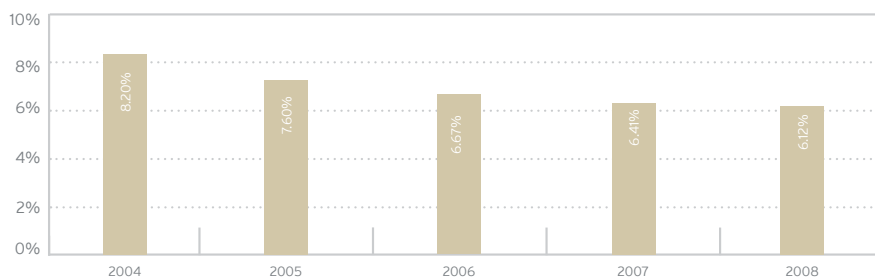
Industrial Lease Rates



Industrial Sales Prices



Industrial Vacancy History





08

Investment Market Study Coldwell Banker Commercial Salt Lake City, Utah

Demand for commercial investment property along the Wasatch Front remained high during the first half of 2008, but limited product, restrictions in the lending market and higher CAP rates required by buyers brought less sales deals to the negotiating table.

Overall commercial investment activity declined during the first half of 2008, as sellers held on to their property to get the highest prices and lowest CAP rates. Buyers also held out for lower prices, creating an impasse.

Of the sales transacted, investors continued to yield more bang for the buck and lower per square foot pricing as compared to the rest of the nation. During the first half of the year, multi-family housing investments led the way in number of transactions, followed by industrial sales and then retail.

CAP rates increased in most areas as investors tried to offset the risks of buying commercial property primarily due to the increase in the cost of financing with the rise of interest rates across the board and current market conditions. The highest increase was in the office sector at 7.5 to 8 percent. Apartment CAP rates climbed into the seven percent range while retail investments yielded an eight percent CAP rate. Industrial projects netted a 7.4 percent average CAP rate. On average, CAP rates inched up twenty five to fifty basis points.

In the industrial sector, the total number of transactions increased during the first half of 2008 over year end 2007, as 5.2 million square feet were sold primarily in the half million to \$1 million price range. Weighted CAP rates climbed during the first quarter compared to the end of 2007 and receded to 2007 rates at mid year.

Apartment sales, while down from last year, trended toward larger transactions as CAP rates rose and financing for smaller investments waned.

Less single tenant users negotiated deals during the first half of 2008 over last year, in part because of increased financial standards and higher CAP rates.

While apartment sales continued to be a safe investment in the first half of 2008 as vacancy remained low and single family residential construction fell, financing requirements and higher CAP rates stood in the way of transactions.

Going into the second half of 2008, the big question will be whether buyers and sellers can agree on pricing of investment product and will financing be available and affordable. Sellers remain hopeful for yesterday's prices. While a decrease in prices could stimulate new sales activity during the remainder of the year, it appears the commercial investment market will lack supply until buyers and sellers can find that common ground.

The robust market activity created by tax-deferred exchanges will slow as fewer properties are brought to the market, especially as it pertains to raw land.

As the banking debacle and escalating oil prices continue to impact consumer confidence, many investors will sit on the sidelines until stability and clarity are restored to the market. As commercial investment sales are predicted to stay flat through the balance of 2008 and well into 2009, Utah will still out perform other areas of the country as our diverse economic base, population growth, low unemployment and in-migration continues to stimulate business.

Average Capitalization Rates

	2004	2005	2006	2007	2008
Office	9.7%	8.5%	8.2%	8.0%	8.2%
Retail	9.0%	8.2%	7.9%	7.5%	7.7%
Industrial	9.8%	8.3%	8.3%	8.3%	8.3%
Apartment	8.5%	7.4%	6.5%	6.5%	6.7%





08

Land Market Study

Coldwell Banker Commercial Salt Lake City, Utah

As another 84,000 people are added to Utah's population base by the end of 2008, pressure from the expanding residential housing market will continue to drive commercial land sales forward at a steady pace.

Strong job growth, a relatively tight labor market and low unemployment compared to the rest of the country, coupled with impressive demographics and increased mass transportation conveniences contribute to the state's overall healthy economy and quality of life.

According to the Division of Workforce Services, 25,000-plus new households will be created this year. As retail follows rooftops, demand for commercial land remains healthy and prices continue to adjust accordingly.

Commercial real estate continued to be plentiful along the Wasatch Front and prices held steady during the first half of 2008, with sellers yielding rates comparable to last year's record numbers.

Land that offers good transportation and freeway access, retail services and close proximity to residential growth, continued to yield the best prices. As gas prices escalate and the demographics of Utah change with 20 to 30 year-olds establishing new households, land in the proximity of transit-oriented developments that center around services and cultural activities will hold the best value. The proposed Mountain View Corridor, TRAX (the local light rail system), and Utah Transit Authority's bus and BRT systems will play an important part in the development of these communities and land sales.

The value of commercial real estate along the Wasatch Front finally reached a plateau in early 2008 as sellers tried to command higher than normal prices for land that lacked accessibility and infrastructure. Cities in the Salt Lake Valley continue to see an increase in rezone requests

from industrial to multi-family as landowners recognize the need for more high-density residential development and higher profits from the land sale.

In the past few years of the housing boom, residential land values came close to approaching those of retail. As the downturn in the housing market prompted less demand for this property, commercial rates have stabilized.

As overall land rates held steady from the first of the year, some sellers in the south end of the valley commanded up to eighteen dollars per square foot for smaller improved lots.

Out-of-state and well-capitalized local developers of big-box projects, especially in the industrial sector, continue to pay higher rates for land as they keep pace with demand for space from manufacturers and distributors.

Land sales remain brisk in the Northwest sector of Salt Lake City as developers like New York City-based Rockefeller Group enter the local market with plans to build close to 1 million square feet of industrial space near the Union Pacific Railroad Intermodal Hub later this year.

As increased financing restrictions continue to loom, developers and owner/users of smaller buildings will wait on the sidelines until order is restored to the lending industry. In the meantime, leasing will be the preferred option.

Land banking of property for future development is a thing of the past as only a select few corporations can afford to sit on their investment.

Northern Utah County, the 500 square-mile stretch of the Salt Lake valley and Weber County, which are landlocked by mountains and two lakes, will likely blend into one metropolis as land supply tightens with population growth and new business activity.





08

Company Profile

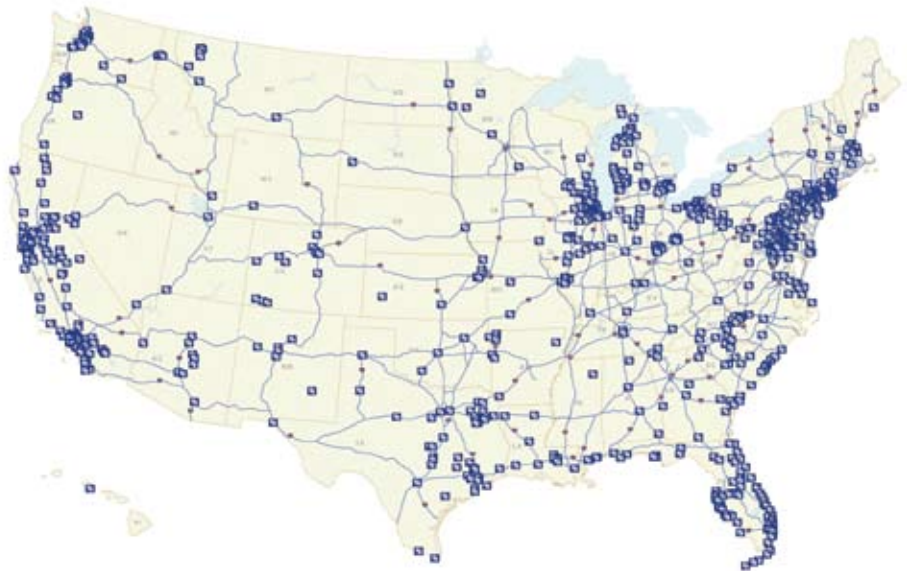
Coldwell Banker Commercial Salt Lake City, Utah

A leader in the commercial real estate industry, Coldwell Banker Commercial was founded in 1906 after a devastating earthquake in San Francisco. For over 100 years, CBC has maintained its original principled vision of providing honest and exceptional service to its clients, and continues to enjoy prominence as one of the leaders in the commercial real estate industry.

Today, the Coldwell Banker Commercial network of brokers can be found in 30 countries in North America, South America, Europe, Africa, Asia and Australia, providing the largest geographic footprint of any commercial real estate organization.

- *CBC named the #1 Commercial Brokerage Company in Utah, 2007*
- *Salt Lake City office named #1 office for CBC world wide - 6th consecutive year.*
- *Multi-Housing News names CBC #1 in terms of multi-housing transactions.*
- *More than 450 Commercial offices operating in 30 countries world wide*

2007 Volume	Transactions	Value
Leases	12,204	\$7.11 Billion
Sales	12,568	\$8.67 Billion
TOTAL	24,772	\$15.78 BILLION





08

Asset Services

Coldwell Banker Commercial Salt Lake City, Utah

Coldwell Banker Commercial Asset Services has now become one of the leading property management firms along the Wasatch Front. The group focuses on maximizing property asset value for institutional portfolios, corporate facilities and local investment funds.

Asset Services is approaching 3 million square feet of assets under management, including retail, office and industrial properties. Services include property & facility management, lease administration, operational reviews and asset advisory services. In addition, the division recently launched its construction management capability and several new projects are underway in tenant improvement supervision, capital improvement projects and new construction supervision.

Notable properties in the current portfolio include Union Heights, Hidden Valley Shopping Center, Family Center Downtown, CRS Plaza, Parkway Tower, Spillman Technologies Corporate Headquarters, and Saratoga Crossroads.

Randy Owen, CPM, serves as Chief Operating Officer of the division. Randy brings over 24 years of commercial property experience, managing large portfolios and providing advisory and leasing expertise for both institutional and corporate clients. He served as a Senior Vice

President of Jones Lang LaSalle in Atlanta and South America and a Divisional Asset Manager role with AEGON USA. He is very active in the local Institute of Real Estate (IREM) chapter in Utah and serves on its Executive Council.

Important new hires to the Asset Services professional team include:

Mark Alexander: Managing Director of Asset & Brokerage Services - (Formerly with CBRE)

Duncan Lambert: Director of Operations & Portfolio Manager (Formerly with NAI Utah)

Don Francis: Director of Engineering & Construction Management (Formerly with CBRE)

Matthew Millard: Portfolio Accountant (Formerly with CBRE)

Operating Expenses

A recent survey was completed by the Asset Services team by interviewing several commercial managers in Salt Lake County and further analysis from both the IREM and BOMA Income & Expense publications. Our results below show operating expense averages for Class A and Class B office buildings, in both the downtown and suburban areas:

Operating Expenses: Downtown and Suburban

	Class A (DT)	Class B (DT)	Class A (S)	Class B (S)
Cleaning	\$1.05	\$0.87	\$0.94	\$0.85
Repairs/Maint.	\$1.09	\$1.00	\$0.85	\$1.03
Utilities	\$1.40	\$1.30	\$1.34	\$1.25
Roads/Grounds	\$0.20	\$0.18	\$0.40	\$0.30
Security	\$0.22	\$0.12	\$0.20	\$0.80
Administration	\$1.25	\$0.95	\$1.20	\$0.80
Insurance	\$0.19	\$0.17	\$0.18	\$0.16
Property Taxes	\$2.20	\$1.75	\$2.30	\$2.00
Totals	\$7.60	\$6.34	\$7.42	\$6.50





08

Mergers & Acquisitions

Coldwell Banker Commercial Salt Lake City, Utah

While the first half of 2007 represented an all-time high for M&A deal activity, the market saw a leveling off in the second half of the year. For the first half of 2008, deal volume has continued to decrease, as have deal multiples. Experts see this, however, as more of a correction than a recession, as early exuberance is replaced by caution brought on by tighter credit markets, a still-uncertain housing market, and the volatility of an election year. Multi-billion dollar LBO deals are expected to see the most significant downturn, with middle and lower-middle market staying active.

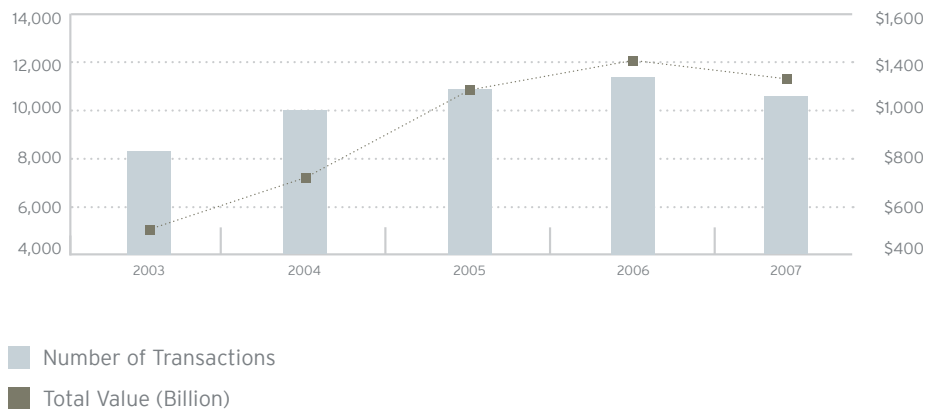
Private equity will continue to be a driving force in 2008 M&A activity. Private equity firms raised a record \$302 billion in 2007, and much of that remains uninvested. The first quarter of 2008 was uncertain, but PE firms are reporting an uptick in deals under letter of intent in Q2. PE firms have, however, slowed their fundraising efforts during the first half of this year.

In 2008, Coldwell Banker Commercial NRT's Mergers & Acquisitions continues to expand beyond Utah, with sell-side clients in Florida, Michigan and South Dakota. The Intermountain West economy remains slightly healthier than the nation as a whole - 3 of the country's 5 lowest-unemployment states are in the region.

Trends for 2008

Narrowing Gap: Historically, strategic buyers were able to outbid financial buyers, their advantage being an ability to leverage greater economies of scale and operating synergies. Financial buyers (i.e., private equity) have, however, begun to act more like strategics. They are specializing in specific industries, building "mini-conglomerate" portfolios where they can act like strategic buyers, making add-on purchases. With their large reserves of committed but uninvested funds, combined with an uncertain debt market, these financial buyers are expected to finance their deals with a greater amount of equity.

U.S. Mergers and Acquisitions Deal Flow







Technology Services

Coldwell Banker Commercial Salt Lake City, Utah

Coldwell Banker Commercial believes technology services is a critical component to the industry and, in order to be a market leader, has committed a substantial investment in highly experienced people and hardware/software technology.

The technology team provides the infrastructure and tools necessary for the entire information service team to function. Coldwell Banker's in-house, custom IT development program keeps agents competitive when new technology is required to achieve specific tasks.

The services that Coldwell Banker Commercial agents provide clients are the most up-to-date market information and marketing strategies. Those services are comprised of four key components: Geographic Information Services (GIS)/Mapping, Marketing and Graphics, Data Information and Statistics, and Multi-Media and Web Services.

Geographic Information Systems / Mapping Services

The Coldwell Banker Commercial GIS team uses the latest mapping technology to display a wide array of data. Incorporating information from many sources, the GIS team combines that data with specific market information to instantly display potential site locations based on client criteria. This ability, combined with the team's extensive aerial collection, allows Coldwell Banker Commercial to provide clients with visual data interpretation.

Marketing and Graphics

Coldwell Banker Commercial's graphics and marketing team utilizes the most advanced graphics software available to produce high-

caliber marketing collateral in both printed and web form. The team's printing equipment can deliver above-standard, oversized presentation materials, which agents can then employ in any presentation forum.

Data and Statistics

Coldwell Banker Commercial currently has a team specifically dedicated to consistent research of Utah's commercial real estate market, providing a fresh insight into emerging trends in the market.

The data team tracks all commercial real estate back to the day it was built, including leases, sales and ownership information. This enables Coldwell Banker Commercial agents to quickly and accurately provide representation of how sales or lease rates should change for any given property. Based upon this team's findings the retail, industrial, land and investment division of Coldwell Banker Commercial completes a study on market conditions every six months.

Multi-Media and Web Services

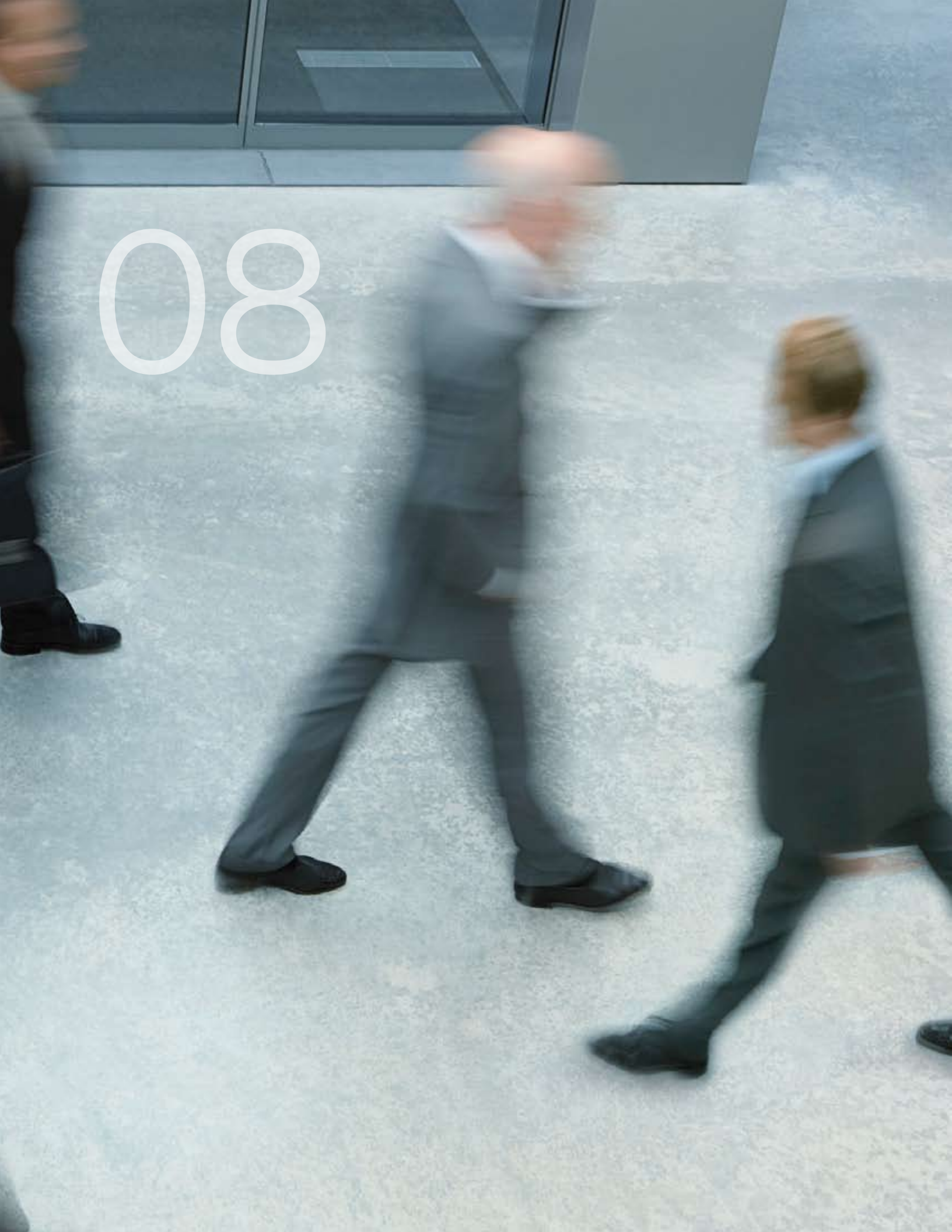
Coldwell Banker Commercial has the ability to deliver video and web information that ultimately gives clients access to every detail of a particular property. This allows for the ability to quickly distribute up-to-date information as it changes.

Using the web as a means of communication adds efficiency to the process of listing, selling and leasing properties. This technology also speeds up the process associated with deal management, and provides a central and organized forum that is accessible from any internet connection, anywhere in the world.





08







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