

FIGURES | SALT LAKE CITY INDUSTRIAL | Q1 2026

Leasing rebounds as vacancy stabilizes and rents firm

▼ 7.4%
Vacancy Rate

▲ 1.2M
SF Net Absorption

▲ 116,000
SF Construction Delivered

▲ 3.1M
SF Under Construction

▲ \$0.81
NNN/MTH Direct Lease Rate

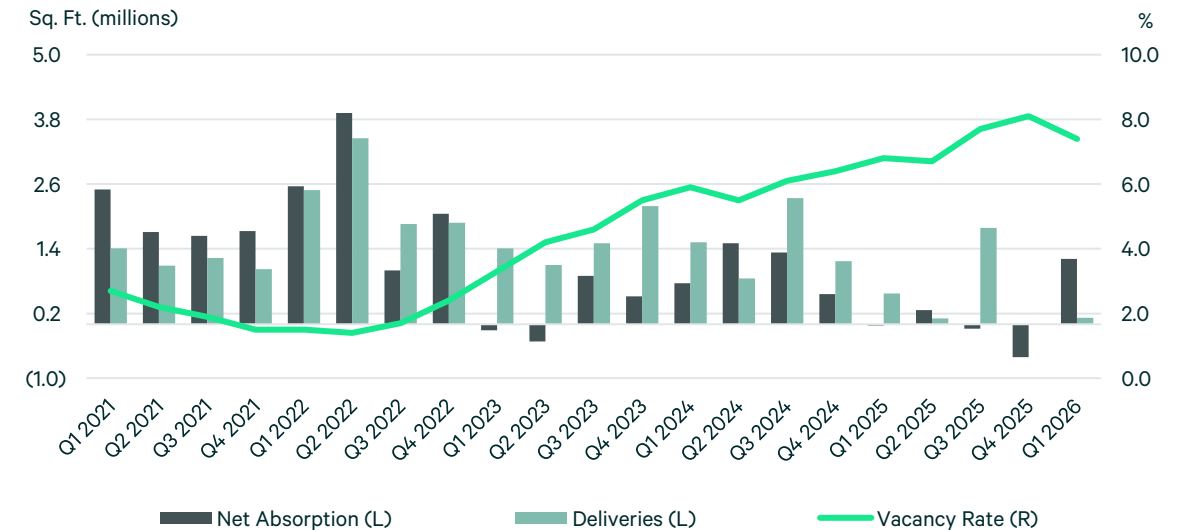
Note: Arrows indicate change from previous quarter.

Market Overview

The Salt Lake City industrial market posted a strong start to 2026, supported by healthy leasing activity and clear signs of improving fundamentals. Vacancy declined quarter-over-quarter as net absorption rose to a six-quarter high, highlighting renewed momentum in tenant demand. Asking lease rates posted a modest uptick, reinforcing pricing stability, while total leased square footage aligned closely with the five-year average. Together, these trends point to a market that is settling into a steady, sustainable pace of activity following recent volatility.

Construction remains an integral component of the market outlook, with more than 3.1 million square feet currently underway and approximately 2.7 million square feet expected to deliver by year-end 2026. After a brief pause in completions, new supply returned in Q1 2026 with the delivery of a fully occupied 116,000-square-foot building within the SLC Global Logistics Center. While tenants continue to evaluate space needs carefully and decision-making timelines have lengthened, requirements remain active. Demand continues to favor well-located, move-in-ready facilities that offer efficiency and flexibility, supporting a resilient market backdrop and a constructive outlook for the remainder of the year.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q1 2026

Availability Rate

In Q1 2026, total availability in the Salt Lake City industrial market declined to 8.0%, falling by roughly 100 basis points from the prior quarter as leasing activity absorbed vacant space. Despite this improvement, availability remains about 30 basis points (bps) higher than a year ago and a substantial 430 bps above levels seen five years ago, reflecting the cumulative impact of sustained supply growth. Direct availability tightened to 6.7%, down nearly 90 bps quarter-over-quarter.

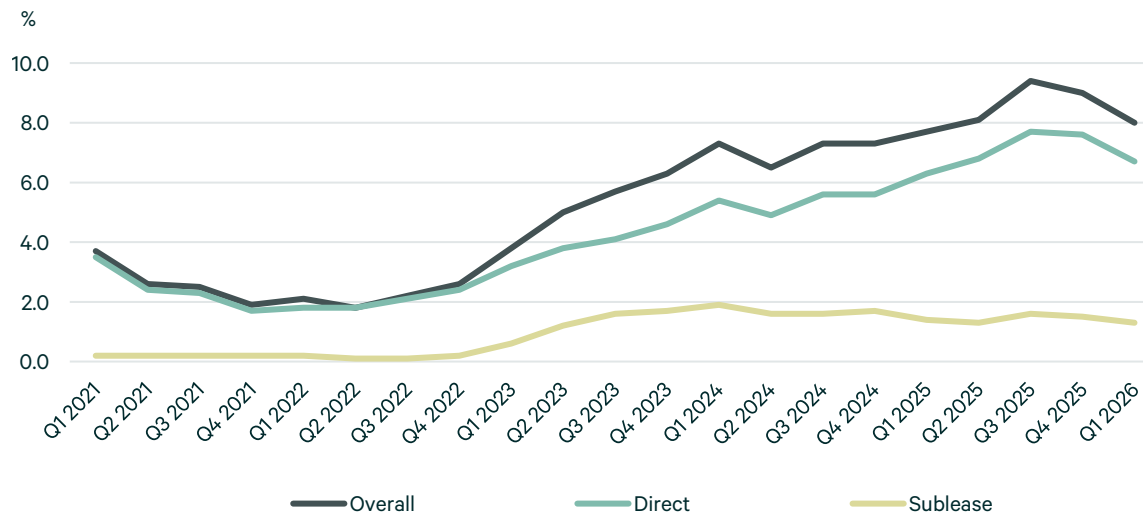
Sublease space accounted for the remaining 1.3% of the overall 8% market availability, edging down modestly during the quarter and holding steady year-over-year. Although sublease space still represents a relatively small share of the market, availability remains above the five-year average, suggesting that some tenants are fine-tuning their space needs rather than a market-wide scale back. At the same time, vacancy contracted to 7.4% in Q1 2026, a drop of 70 bps from the previous quarter, marking the first quarter of significant compression since Q1 2022. Together these trends reflect strengthening absorption trends and signal an early-stage tightening in market conditions following several years of vacancy expansion.

Asking Rent

Average asking rent reached \$0.81 per sq. ft. in Q1 2026, up 1.3% quarter-over-quarter and 3.9% year-over-year. However, compared with Q1 2023, the market average remains unchanged at \$0.81 per sq. ft., underscoring the impact of sustained new construction activity that has expanded tenant choice and increased competitive pressure. While recent quarters have produced modest rent gains, the depth of available space has constrained pricing momentum, keeping asking rents largely stable over the past three years. This pattern reflects a market environment shaped more by competitive positioning than by supply scarcity.

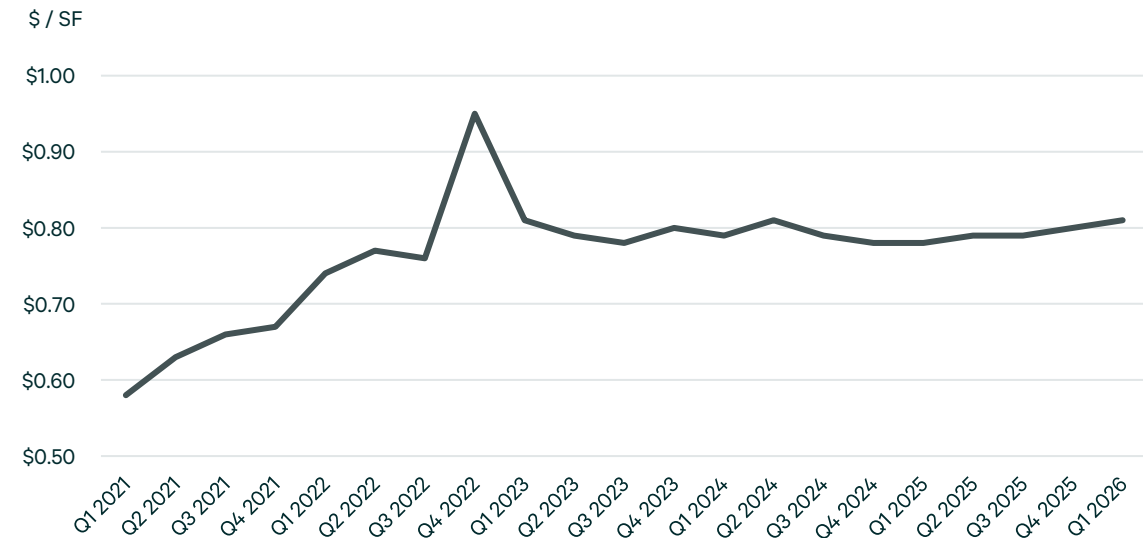
Consistent with broader market pricing trends, asking rent variation across submarkets is largely driven by differences in product mix and space sizing rather than location alone. The Northwest Quadrant—which is comprised of the Airport, California Avenue, and West Valley submarkets—contains the region’s largest concentration of Class A availability, much of it delivered within recent development cycles. These submarkets are characterized by larger-format buildings, which are typically marketed at lower per-square-foot rents. As a result, despite offering newer, higher-quality inventory, rents in the Northwest Quadrant skew lower on a nominal basis, reflecting scale-driven pricing dynamics rather than weaker demand.

Figure 2: Availability Rates



Source: CBRE Research, Q1 2026

Figure 3: Average Direct Asking Rate



Source: CBRE Research, Q1 2026

Net Absorption

The industrial market registered positive net absorption of 1.2 million square feet in Q1 2026, representing a decisive inflection point following 608,000 square feet of negative absorption in Q4 2025. The quarter also marks a clear improvement from the previous year, as Q1 2025 absorption was effectively flat. Together, these comparisons indicate a meaningful rebound in tenant demand momentum entering 2026.

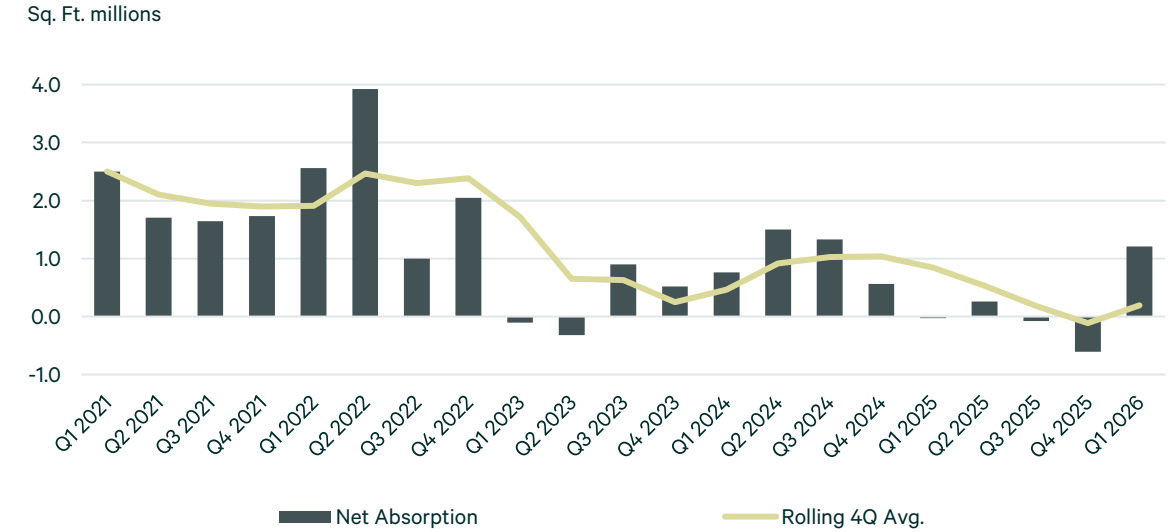
Absorption gains in Q1 2026 were unevenly distributed across the region, with activity heavily concentrated in the Northwest Quadrant. The California Avenue submarket accounted for 1.4 million square feet of net absorption. The Airport submarket followed at a considerably smaller 97,000 square feet, while West Jordan and Draper contributed incremental gains of 88,000 square feet and 8,000 square feet, respectively. These gains were partially offset by contraction in five submarkets, led by Downtown with 157,000 square feet of negative absorption, followed by Bluffdale (106,000 square feet), South Salt Lake (55,000 square feet), Sandy (29,000 square feet), and West Valley (8,000 square feet).

Construction Activity

Construction activity in the Salt Lake City industrial market gained momentum in Q1 2026, with 19 projects underway totaling 3.1 million square feet. This represents a quarter-over-quarter increase from 2.8 million square feet. On a year-over-year basis, construction volume rose significantly from 1.9 million square feet, reflecting renewed confidence among developers.

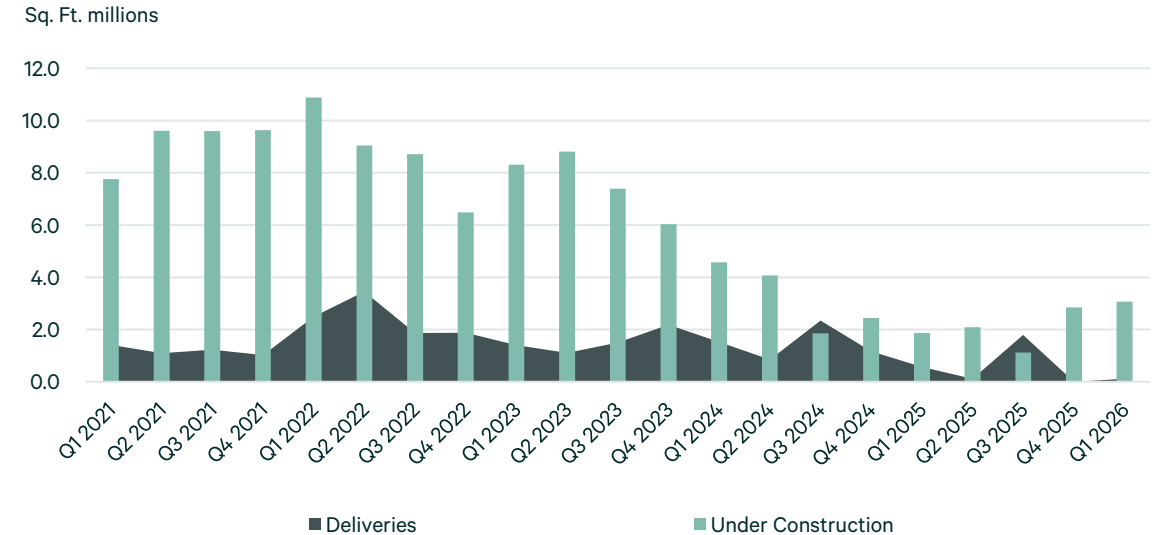
Despite the recent increase, construction levels remain well below peak volumes seen over the past five years, during which pipeline activity has declined from a high of 7.8 million square feet. New supply also returned to the market in Q1 2026, with one project delivered totaling 116,000 square feet, following a quarter with no deliveries. Over the past 12 months, total deliveries reached 2.0 million square feet, while cumulative construction deliveries over the last five years totaled 29.1 million square feet, or approximately 17% of total inventory, highlighting the scale of recent expansion and its ongoing influence on market conditions.

Figure 4: Net Absorption Trend



Source: CBRE Research, Q1 2026

Figure 5: Construction Activity



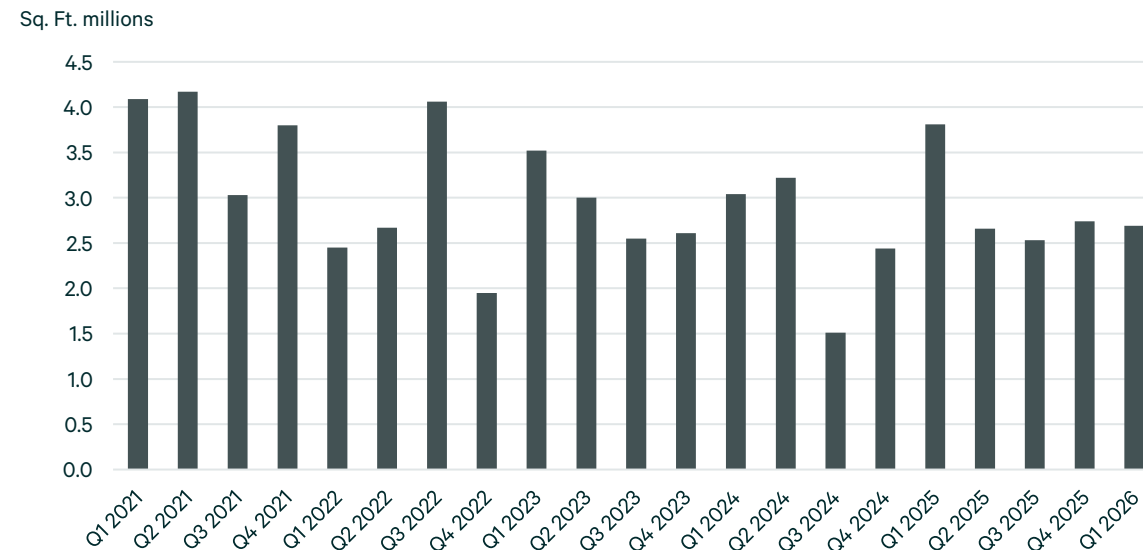
Source: CBRE Research, Q1 2026

Leasing Activity

At the close of Q1 2026, leased area was 2.7 million sq. ft., down 1.6% quarter-over-quarter and down 29.8% year-over-year. This compares with 3.8 million sq. ft. in Q1 2025 and remains 35% below the Q2 2021 peak of 4.2 million sq. ft. By submarket, California Ave records the highest leased area at 986,000 sq. ft., followed by West Valley at 751,000 sq. ft. Other submarkets with positive leasing include South Salt Lake (221,000 sq. ft.), Bluffdale (217,000 sq. ft.), Airport (173,000 sq. ft.), Downtown (112,000 sq. ft.), Draper (108,000 sq. ft.), West Jordan (82,000 sq. ft.), Murray (33,000 sq. ft.), and Sandy (12,000 sq. ft.).

Leasing activity in the Salt Lake City industrial market totaled 2.7 million sq. ft. across 74 leases in Q1 2026, closely matching Q4 2025 volumes and trailing by just 30,000 sq. ft. While activity declined by 1.1 million sq. ft. year-over-year and finished 7.3% below the five-year quarterly average, the composition of leasing signals stable but measured demand. New leases drove the majority of activity at 1.9 million sq. ft., while renewals and expansions accounted for roughly 30% of total volume, totaling 805,000 sq. ft. For landlords, this mix underscores the importance of tenant retention and competitive positioning, as occupiers remain active but increasingly selective, favoring well-located assets and flexible deal terms.

Figure 6: Leasing Activity Trend



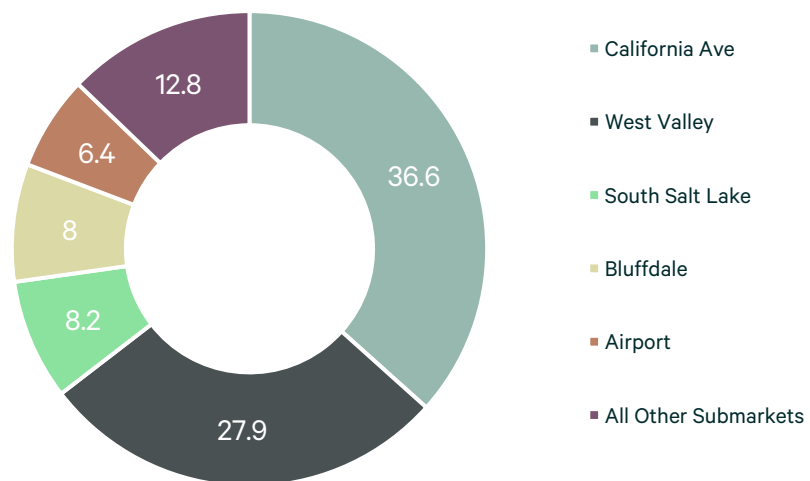
Source: CBRE Research, Q1 2026

Figure 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
ThyssenKrupp	305,000	New Lease	6755 W 2400 S	West Valley
ID Logistics	252,000	Expansion	4951 W 150 S	California Ave
Cardinal Health	173,000	Renewal	3595 W Technology Dr	West Valley
Systema Technologies	173,000	New Lease	6048 W Beagley Rd	West Valley
Black Diamond	155,000	New Lease	2215 S 7200 W	California Ave
ASAP Freight	148,000	Sublease	1500 S 5070 W	California Ave
R. C. Hunt Electric	102,000	New Lease	2260 N 2200 W	Airport

Source: CBRE Research, Q1 2026

Figure 7: Leasing Activity by Submarket (% of Total Activity)



Source: CBRE Research, Q1 2026

Market Statistics by Size

Figure 9

Size Range	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF/Mo NNN)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)	Current Quarter Net Absorption (SF)
Under 100,000 sq. ft.	69,710,000	3.3	3.9	3.6	0.3	1.00	(380,000)	-	450,000	(380,000)
100,000-199,999 sq. ft.	29,850,000	10.6	11.8	9.7	2.1	0.87	(340,000)	116,000	1,540,000	(340,000)
200,000-299,999 sq. ft.	16,740,000	9.9	9.9	7.2	2.8	0.81	480,000	-	220,000	480,000
300,000-499,999 sq. ft.	28,250,000	10.4	11.0	9.3	1.7	0.72	(190,000)	-	330,000	(190,000)
500,000-749,999 sq. ft.	9,040,000	7.5	7.5	5.0	2.5	0.74	800,000	-	530,000	800,000
750,000 sq. ft.	16,980,000	11.3	12.1	10.4	1.7	0.64	830,000	-	-	830,000
Total	170,570,000	7.4	8.0	6.7	1.3	0.81	1,210,000	116,000	3,060,000	1,210,000

Source: CBRE Research, Q1 2026

Market Statistics by Product Type

Figure 10

Product Type	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF/Mo NNN)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)	Current Quarter Net Absorption (SF)
Distribution/Logistics	136,880,000	8.4	9.1	7.6	1.5	0.79	980,000	116,000	3,060,000	980,000
Manufacturing - General	19,580,000	4.6	5.1	4.0	1.1	1.01	280,000	-	-	280,000
R&D/Flex	10,440,000	1.7	2.0	2.0	-	1.06	(40,000)	-	-	(40,000)
Other Industrial	3,660,000	2.2	2.2	0.6	1.6	0.75	-	-	-	-
Total	170,570,000	7.4	8.0	6.7	1.3	0.81	1,210,000	116,000	3,060,000	1,210,000

Source: CBRE Research, Q1 2026

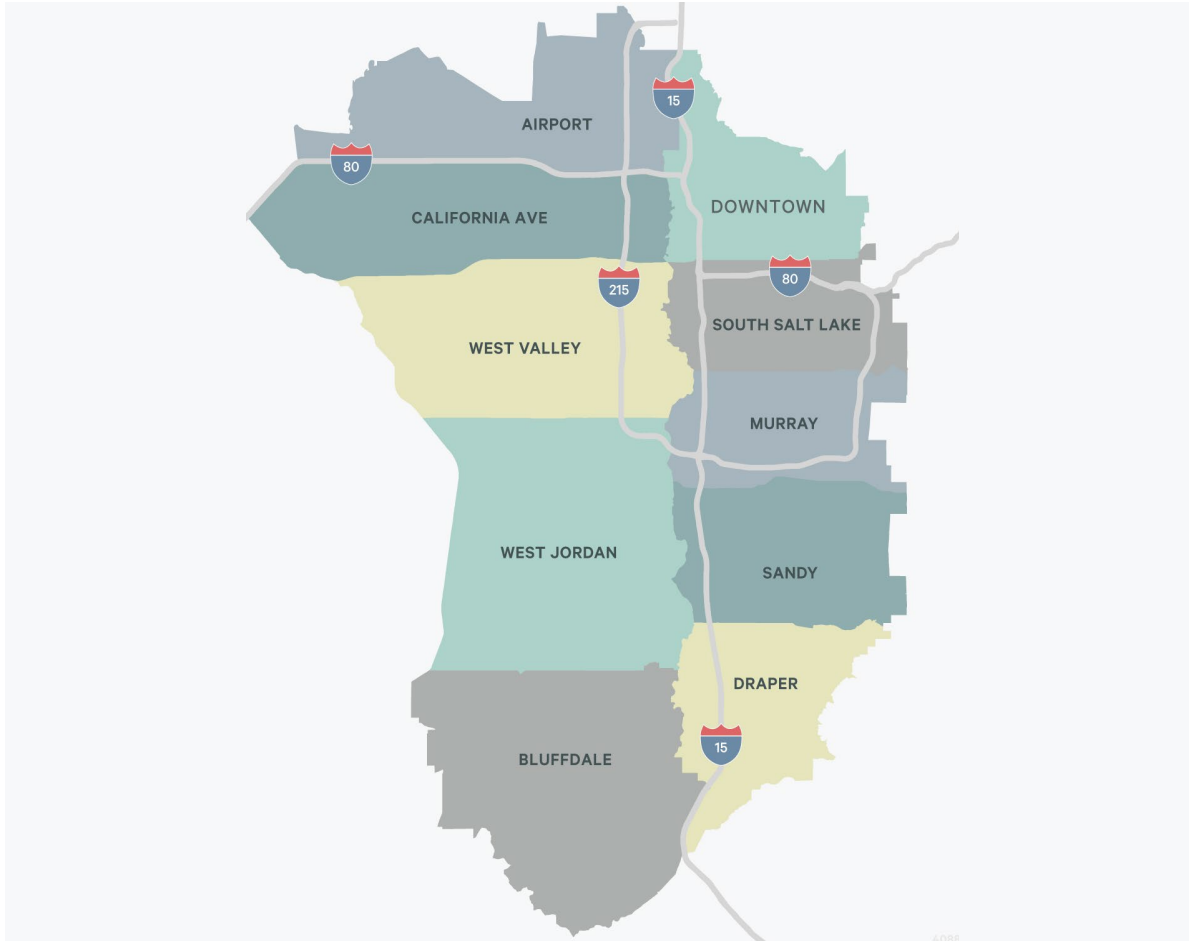
Market Statistics by Submarket

Figure 11

Submarket	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF/Mo NNN)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)	Current Quarter Net Absorption (SF)
Northwest	109,510,000	8.9	9.6	7.7	1.8	0.78	1,460,000	116,000	2,280,000	1,460,000
Airport	27,640,000	13.4	13.8	11.5	2.3	0.68	100,000	116,000	1,380,000	100,000
California Ave	58,750,000	7.1	7.8	6.6	1.2	0.84	1,370,000	-	310,000	1,370,000
West Valley	23,120,000	6.2	7.2	5.2	1.9	0.82	(10,000)	-	590,000	(10,000)
Northeast	33,990,000	4.0	4.7	4.2	0.75	0.76	(210,000)	0	0	(210,000)
Downtown	13,190,000	5.1	4.4	4.2	0.2	0.89	(160,000)	-	-	(160,000)
Murray	3,590,000	3.4	4.9	4.9	-	0.53	-	-	-	-
South Salt Lake	17,210,000	3.6	4.8	3.5	1.3	0.88	(50,000)	-	-	(50,000)
South	27,070,000	6.25	6.7	5.9	1.0	1.07	(30,000)	0	780,000	(30,000)
Bluffdale	2,960,000	10.2	10.2	9.5	0.7	1.09	(100,000)	-	310,000	(100,000)
Draper	4,750,000	2.1	2.6	1.8	0.8	1.15	10,000	-	-	10,000
Sandy	5,600,000	2.7	3.4	3.4	-	0.99	(30,000)	-	-	(30,000)
West Jordan	13,760,000	10.0	10.6	9.1	1.5	0.92	90,000	-	470,000	90,000
Total	170,570,000	7.4	8.0	6.7	1.3	0.81	1,210,000	116,000	3,060,000	1,210,000

Source: CBRE Research, Q1 2026

Market Area Overview



Definitions

Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant. Availability Rate: Total Available Sq. Ft. divided by the total building Area. Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage. Building Area: The total floor area sq. ft. of the building, typically taken at the “drip line” of the building. Gross Activity: All sale and lease transactions completed within a specified time period. Excludes investment sale transactions. Gross Lease Rate: Rent typically includes real property taxes, building insurance, and major maintenance. Net Absorption: The change in Occupied Sq. Ft. from one period to the next. Net Lease Rate: Rent excludes one or more of the “net” costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate. Occupied Sq. Ft.: Building Area not considered vacant. Vacancy Rate: Total Vacant Sq. Ft. divided by the total Building Area. Vacant Sq. Ft.: Space that can be occupied within 30 days. Class A industrial are buildings built after 2000, with 32’ or greater clear height and ESFR sprinklers.

Survey Criteria

Includes all existing industrial properties over 10,000 sq. ft. in Salt Lake County. Leasing activity includes renewals, new leases, and extensions. Property must fit within a subtype. Property may be owner-user. Buildings which have begun construction are evidenced by site excavation or foundation work. Positive net absorption is calculated by lease signed date. Only existing buildings are included in vacancy and availability rate calculations.

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