

FIGURES | SALT LAKE CITY INDUSTRIAL | Q2 2026

Industrial fundamentals improve as tenant demand drives vacancy down

▼ 7.2%
Vacancy Rate

▲ 1.7M
SF Net Absorption

▲ 954,000
SF Construction Delivered

▼ 2.6M
SF Under Construction

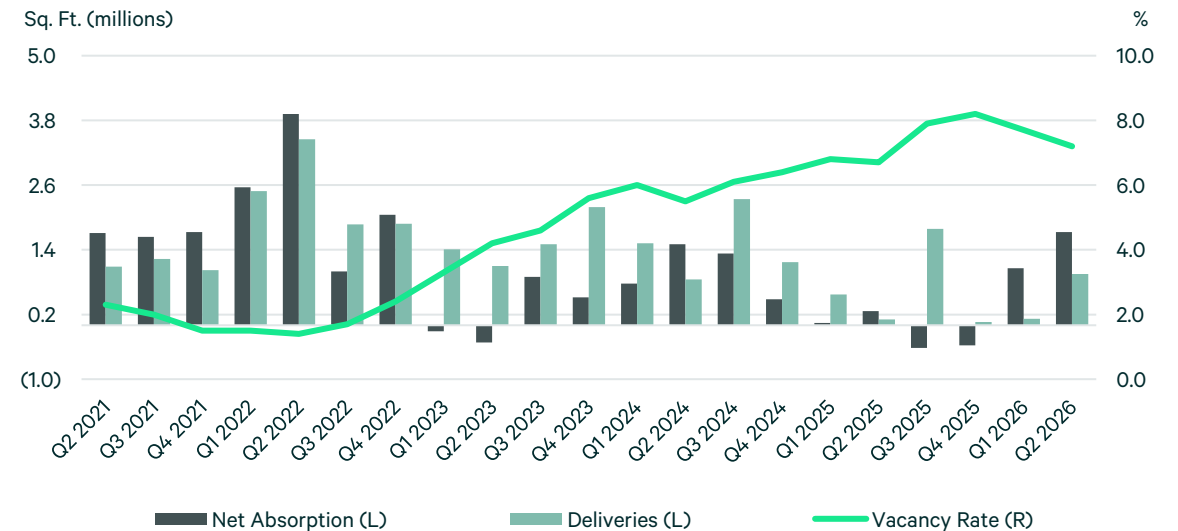
▲ \$0.82
SF/Mo NNN Direct Lease Rate

Note: Arrows indicate change from previous quarter.

Market Overview

The Salt Lake City industrial market continued to gain momentum in Q2 2026, supported by robust occupier demand. Net absorption increased significantly both quarter-over-quarter and year-over-year, reflecting renewed tenant demand. Vacancy declined to 7.2%, marking its second consecutive quarterly decrease and pointing to an improved balance between supply and demand. Meanwhile, average asking rents posted modest growth and remained \$0.04 above year-ago levels, underscoring ongoing pricing resilience. Looking at longer-term trends, the market continues to normalize following a period of elevated supply growth. Since Q2 2021, vacancy and availability have risen considerably as developers delivered a significant wave of new inventory, though conditions have begun to stabilize as demand catches up with supply. Encouragingly, the market recorded 2.8 million square feet of net absorption over the past six months, helping to offset recently completed space. Development activity has moderated substantially, with the current construction pipeline standing nearly 73% below its Q2 2021 level. As tenants remain focused on operational efficiency and strategic location decisions, demand continues to favor high-quality, well-positioned facilities, supporting a constructive outlook for market performance through the remainder of 2026.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q2 2026

Vacancy Rate

Overall vacancy finished Q2 2026 at 7.2%, comprised of 6.2% direct vacancy and 1.0% sublease vacancy. Vacancy compressed 50 basis points (bps) quarter-over-quarter, driven by declines in both direct and sublease availability, indicating continued improvement in market occupancy. While overall vacancy remains 50 bps above its Q2 2025 level, recent quarters suggest the market is beginning to work through the excess space that accumulated during the recent construction cycle. Relative to Q2 2023, overall vacancy remains elevated by 300 bps, underscoring that conditions have not yet returned to the tighter environment seen earlier in the decade.

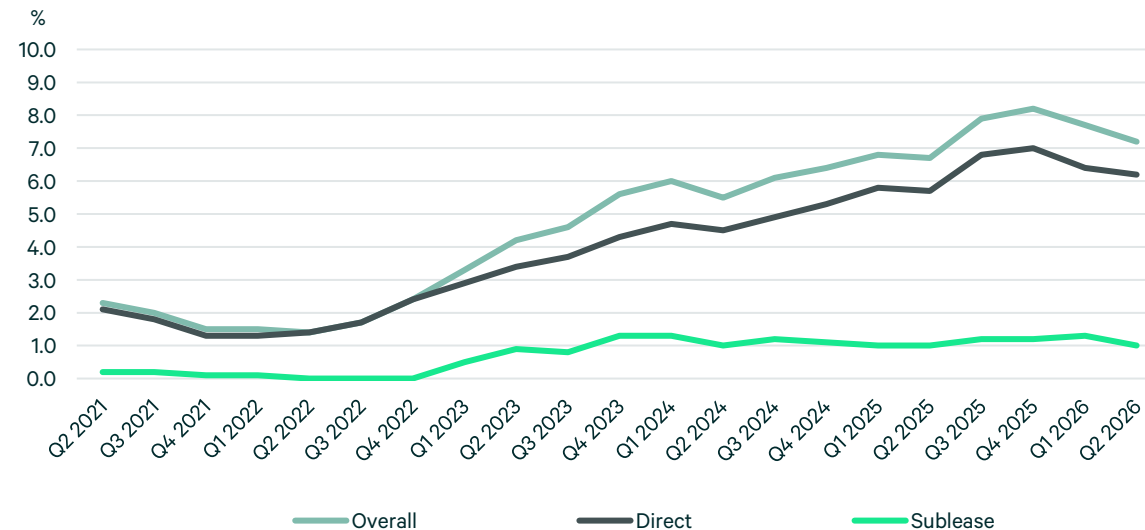
Vacancy remains unevenly distributed across the market, with Airport and West Jordan accounting for a disproportionate share of available space, as both markets have also received a large portion of recent deliveries. In contrast, several smaller submarkets continue to operate near full occupancy, reflecting limited supply and more constrained leasing options. Sublease vacancy declined from 1.3% to 1.0% during the quarter, reducing total sublease availability to 1.7 million sq. ft. The decline suggests occupiers are gradually absorbing previously marketed excess space rather than adding to the sublease inventory.

Asking Rent

Average asking rent reached \$0.82 per sq. ft. in Q2 2026, increasing modestly from the prior quarter and remaining above year-ago levels. While rents remain below the record highs achieved in late 2022, pricing has largely stabilized over the past several quarters despite elevated vacancy and continued new supply deliveries. This resilience suggests landlords have generally prioritized occupancy and concessions over significant reductions in quoted asking rates.

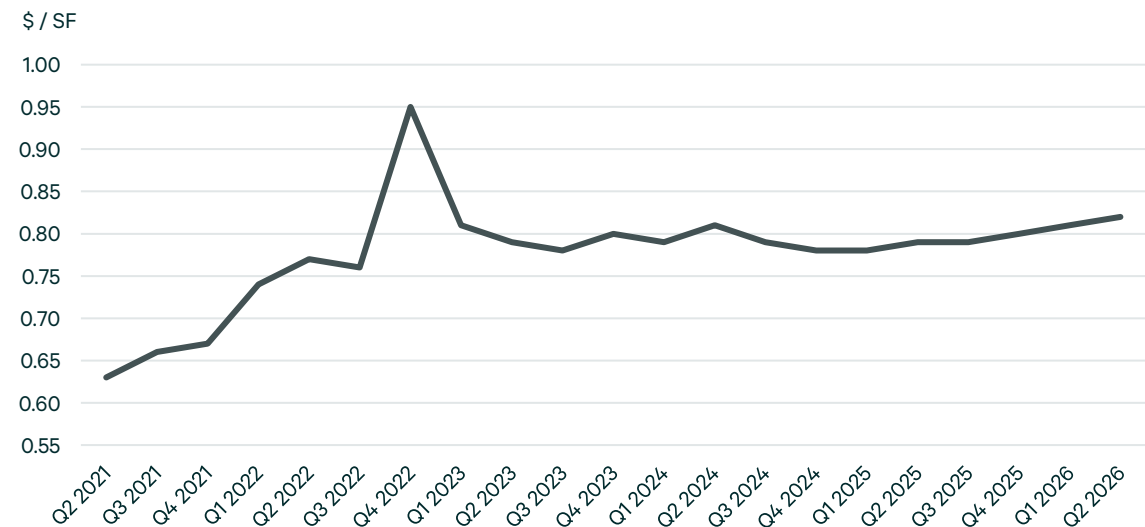
Rent performance remains uneven across the market. The Airport submarket, which contains a significant share of recently delivered space, continues to offer some of the most competitive pricing as landlords work to lease available inventory. Meanwhile, Draper and Bluffdale command premium rents due to limited availability and tighter market conditions. Despite these differences, asking rents across most submarkets remain relatively stable, indicating limited broad-based pricing pressure.

Figure 2: Vacancy Rate



Source: CBRE Research, Q2 2026

Figure 3: Average Direct Asking Rate



Source: CBRE Research, Q2 2026

Net Absorption

Total net absorption reached 1.7 million sq. ft. in Q2 2026 as the market continued to rebuild occupancy. Absorption more than doubled from the previous quarter and was 5x higher year-over-year, a significant reversal from the negative 416,000 sq. ft. and negative 372,000 sq. ft. recorded in Q3 and Q4 2025. The rolling four-quarter average rose to 501,500 sq. ft., up 275.7% from the prior quarter but still 5.0% below year-ago levels. A meaningful share of quarterly absorption was delivery-driven, with 853,000 sq. ft. completed fully occupied by owner-user and build-to-suit occupiers, accounting for nearly half of all positive absorption.

Demand was heavily concentrated in Airport, which recorded 1.3 million sq. ft. of positive net absorption, while California Ave added 234,000 sq. ft. Together, the two submarkets captured the majority of occupancy gains during the quarter. South Salt Lake and Bluffdale contributed an additional 207,000 sq. ft. and 195,000 sq. ft., respectively. In contrast, West Valley posted 229,000 sq. ft. of negative net absorption and West Jordan recorded a 30,000 sq. ft. decline, indicating occupancy losses remained isolated to a limited number of submarkets.

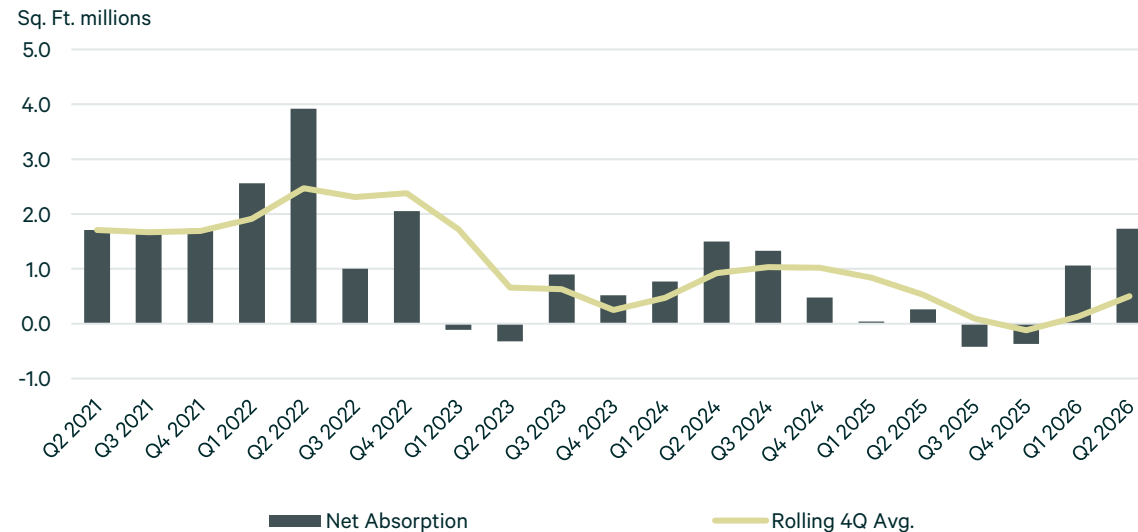
Construction Activity

Construction activity in the Salt Lake City industrial market has contracted slightly in Q2 2026. A total of 2.6 million sq. ft. and 21 projects are underway across the development pipeline. This represents a 19.4% decline from Q1 2026 but remains 44.8% above year-ago levels, indicating that development activity continues despite a sustained period of elevated vacancy.

New supply accelerated during the quarter, with 954,000 sq. ft. delivered, marking the highest quarterly delivery total since Q3 2025. Despite this recent activity, construction remains well below the cycle peak of 10.9 million sq. ft. recorded in Q1 2022, suggesting future supply pressures may ease as the development pipeline continues to normalize.

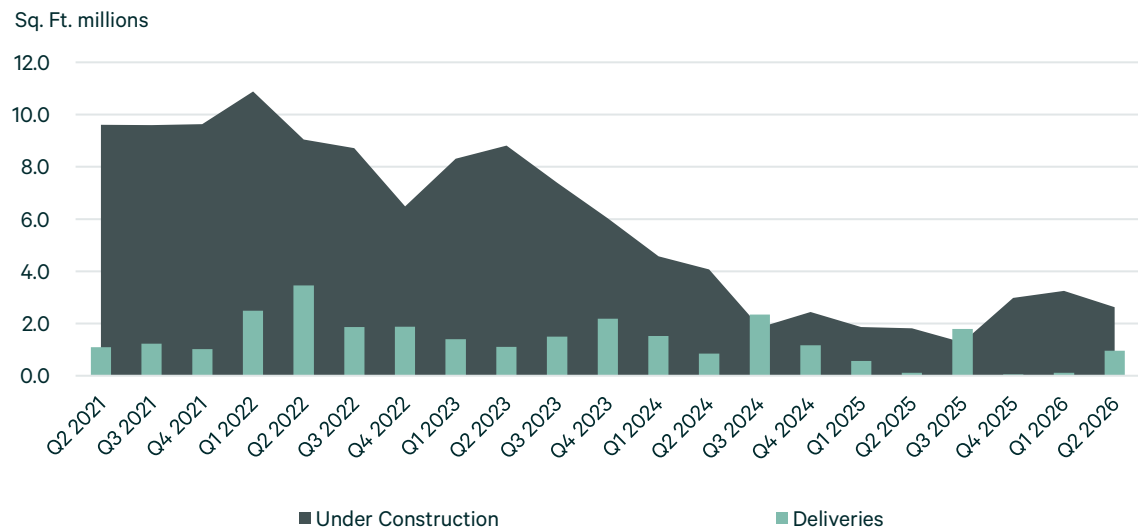
By submarket, California Ave leads construction activity with 770,000 sq. ft. underway, followed by Airport with 587,000 sq. ft. West Valley, West Jordan, and Bluffdale also contain active projects, underscoring the breadth of development activity across the market's logistics corridors.

Figure 4: Net Absorption Trend



Source: CBRE Research, Q2 2026

Figure 5: Construction Activity



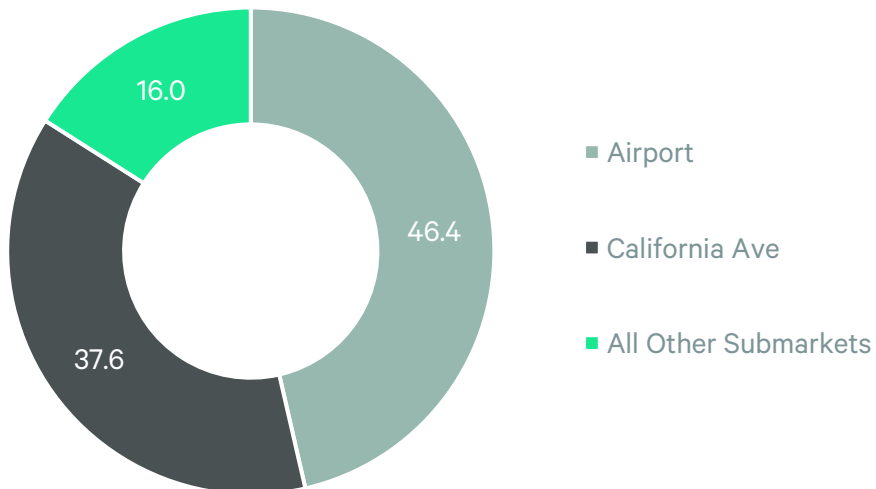
Source: CBRE Research, Q2 2026

Leasing Activity

Leasing activity reached 2.8 million sq. ft. in Q2 2026. Compared to Q1 2026, Q2 2026 activity declined 10.3% quarter-over-quarter and renewal leasing activity fell even more sharply, decreasing 17.0% from 735,000 sq. ft. to 610,000 sq. ft. Despite the quarter's slowdown, overall leasing volume remained 2.7% higher year-over-year than Q2 2025. While aggregate leasing activity moderated, a smaller proportion of renewals and a greater share of new lease transactions point to continued tenant expansion and market entry activity, a positive signal that demand is being driven by new occupiers rather than solely by existing tenants renewing in place.

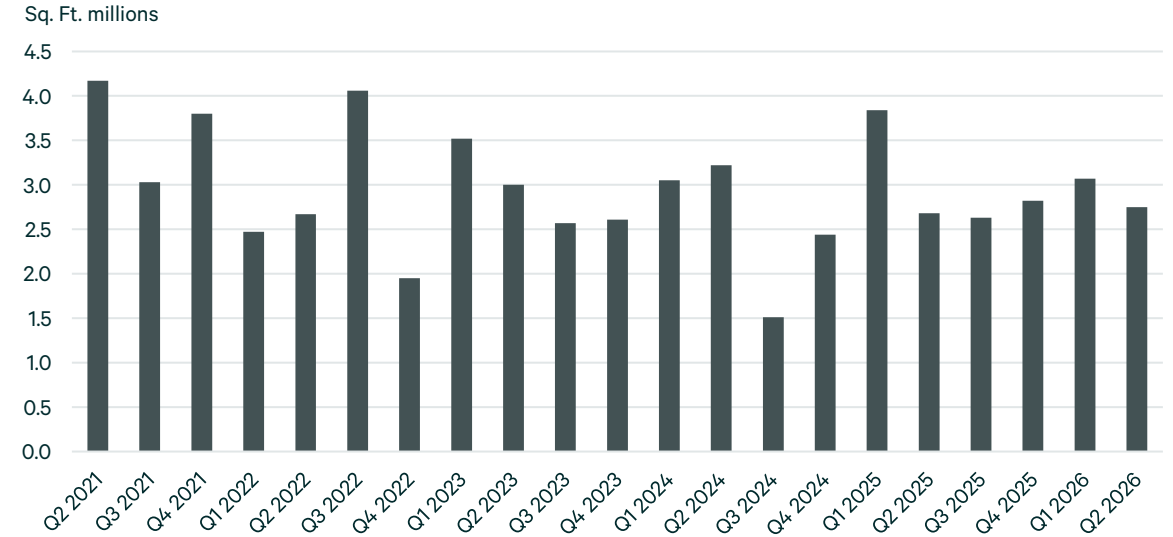
Leasing demand was heavily concentrated in the Northwest Quadrant, with Airport, California Avenue, and West Valley accounting for 2.5 million sq. ft., or 88.7%, of all leasing activity during the quarter. Airport led all submarkets with 1.3 million sq. ft. leased, followed by California Avenue with 1.0 million sq. ft. and West Valley with 130,000 sq. ft. The concentration of activity in the Northwest Quadrant underscores occupiers' continued preference for large-format industrial facilities near Salt Lake City's primary logistics corridors, intermodal infrastructure, and freeway network. Positive leasing was also recorded in Bluffdale (107,000 sq. ft.), South Salt Lake (77,000 sq. ft.), West Jordan (76,000 sq. ft.), Downtown (46,000 sq. ft.), and Sandy (6,000 sq. ft.), reflecting broader, though more limited, demand across the remainder of the market.

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



Source: CBRE Research, Q2 2026

Figure 6: Leasing Activity Trend



Source: CBRE Research, Q2 2026

Figure 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Cupertino Electric	328,000	New Lease	1195 N 6550 W	Airport
Southland Industries	302,000	New Lease	1195 N 6550 W	Airport
Biovation Labs	253,000	New Lease	1475 S 5070 W	California Ave
Motorola Solutions	165,000	New Lease	7744 W 700 N	Airport
Confidential E-Commerce	133,000	Renewal	6338 W 700 N	Airport
REDO Tech	116,000	New Lease	4400-4475 W 700 S	California Ave
Stryker Corp.	113,000	Renewal	2050 S 4800 W	California Ave
Quad Packaging	100,000	New Lease	1090 S 3800 W	California Ave

Source: CBRE Research, Q2 2026

Market Statistics by Product Type

Figure 9

Product Type	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF/Mo NNN)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Distribution/Logistics	137.5	8.1	8.8	7.1	1.6	0.80	1,590,000	2,440,000	954,000	2,300,000
Manufacturing - General	19.5	3.6	4.0	4.0	0.0	0.98	192,000	467,000	-	324,000
R&D/Flex	10.3	2.3	3.0	2.3	0.7	1.05	(53,000)	(107,000)	-	-
Other Industrial	3.6	4.8	4.8	0.7	4.1	0.75	(1,000)	(1,000)	-	-
Total	170.9	7.2	7.8	6.4	1.4	0.82	1,730,000	2,790,000	954,000	2,620,000

Source: CBRE Research, Q2 2026

Market Statistics by Size

Figure 10

Size Range	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF/Mo NNN)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Below 50K SF	43.2	2.2	2.7	2.5	0.2	1.07	153,000	(167,000)	-	70,000
50K-99,999 SF	26.5	5.4	6.8	6.1	0.8	1.00	(39,000)	(142,000)	-	652,000
100K-249,999 SF	39.6	10.7	11.4	9.4	2.0	0.84	393,000	127,000	101,000	1,900,000
250K-499,999 SF	35.0	9.5	9.5	7.7	1.8	0.72	314,000	438,000	328,000	-
500K-749,999 SF	9.6	6.3	6.3	4.7	1.6	0.71	526,000	1,320,000	526,000	-
750,000 SF +	17.0	10.2	11.0	7.7	3.4	0.64	382,000	1,220,000	-	-
Total	170.9	7.2	7.8	6.4	1.4	0.82	1,730,000	2,790,000	954,000	2,620,000

Source: CBRE Research, Q2 2026

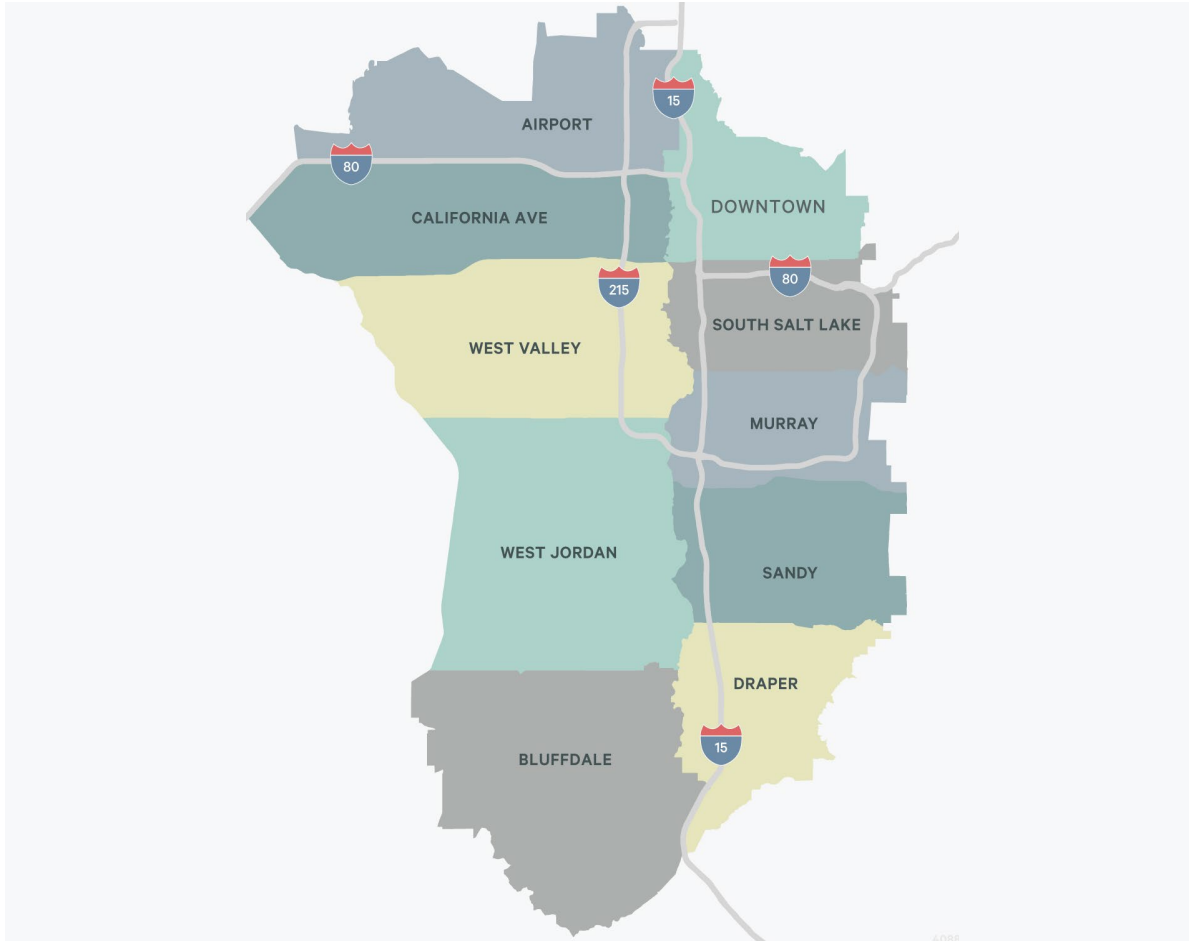
Market Statistics by Submarket

Figure 11

Submarket	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF/Mo NNN)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Northwest	110.1	8.3	8.9	6.9	1.9	0.78	1,320,000	2,640,000	854,000	1,940,000
Airport	28.5	12.6	13.4	9.5	3.9	0.68	1,310,000	1,380,000	854,000	587,000
California Ave	58.8	6.7	7.2	6.1	1.0	0.87	234,000	1,510,000	-	770,000
West Valley	22.8	7.3	8.1	6.1	1.9	0.80	(229,000)	(248,000)	-	586,000
Northeast	33.6	3.5	4.3	4.1	0.2	0.84	245,000	33,000	0	0
Downtown	12.9	5.0	5.3	5.2	0.1	0.83	34,000	(106,000)	-	-
Murray	3.6	3.7	6.8	6.8	-	0.71	3,000	(10,000)	-	-
South Salt Lake	17.1	2.5	3.0	2.9	0.1	0.92	207,000	149,000	-	-
South	27.2	6.8	7.5	6.4	1.1	0.96	166,000	126,000	101,000	680,000
Bluffdale	3.1	7.3	7.3	7.3	-	1.04	195,000	88,000	101,000	208,000
Draper	4.7	2.3	4.6	2.9	1.7	1.15	(7,000)	1,000	-	-
Sandy	5.6	2.5	3.3	3.3	-	1.04	8,000	(21,000)	-	-
West Jordan	13.8	10.2	10.3	8.8	1.6	0.93	(30,000)	58,000	-	470,000
Total	170.9	7.2	7.8	6.4	1.4	0.82	1,730,000	2,790,000	954,000	2,620,000

Source: CBRE Research, Q2 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.

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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