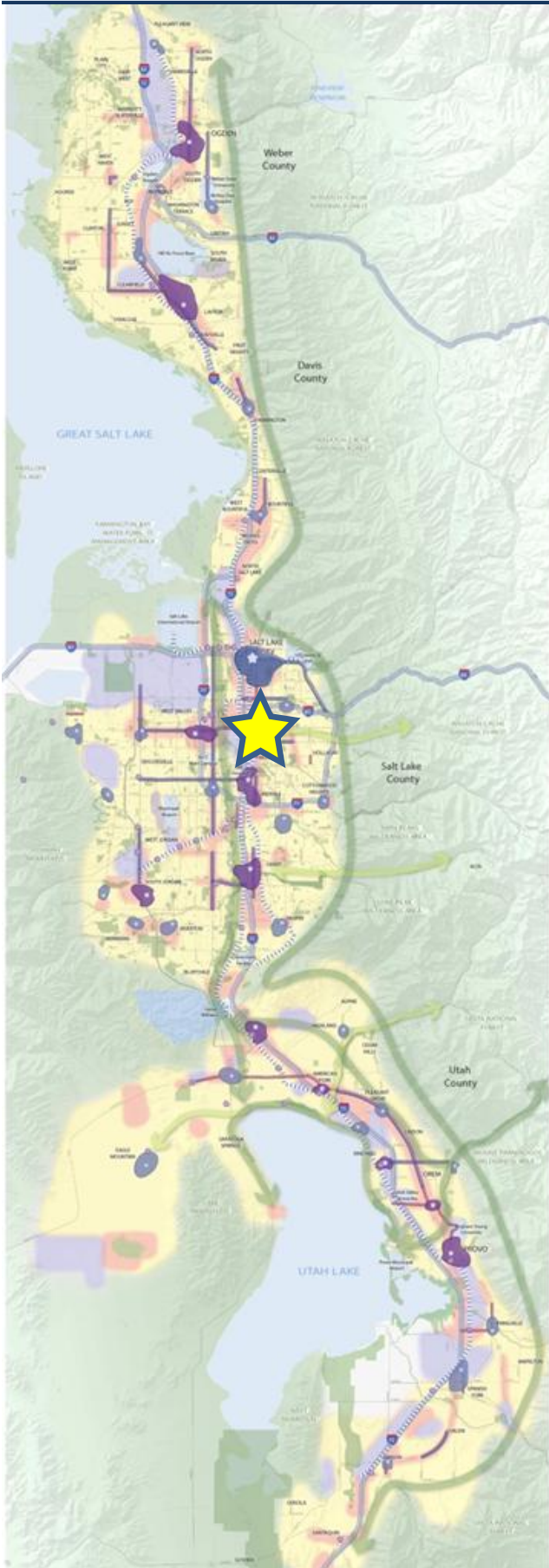


Meadowbrook Station Area - DRAFT



Introduction

The Wasatch Choice for 2040 represents a vision for the future that helps focus growth towards a number of activity centers in the region, many with strong access to transit, to help foster sustainable and livable communities. As part of this effort, numerous demonstration or “catalytic” sites were identified, representing a range of community types, to determine how best to overcome barriers and facilitate infill development. The lessons learned from studying these centers will be used to evaluate and facilitate development at similar centers along the Wasatch Front.

As part of this effort, a market overview was conducted for the sites to understand the economic, demographic, and real estate supply and demand conditions surrounding each. The analyses summarized in this ‘Catalytic Market Profile’ were conducted to help understand the current context for new development and redevelopment opportunities at each site.

The analysis methodology is contained within the full report which was completed in March 2012. State, county, and local-level projections were used to lay the groundwork for the growth in the region overall, and supply and demand analyses were conducted for residential and commercial uses. Local tax assessor data and GIS applications were used to identify existing land uses and quantify development and redevelopment opportunities at the parcel level in each site. Numerous interviews were conducted with public and private sector stakeholders as well, including city planners and real estate professionals active in each market.

This Catalytic Market Profile provides detailed data at various geographical levels and culminates in estimates of potential commercial and residential development in each site in the next five to ten year period.

Catalytic Site Background

Located partially on the southern boundary of South Salt Lake City and in the unincorporated portion of Salt Lake County, known as West Millcreek, the Meadowbrook Station area is situated within what the Wasatch Choice for 2040 defines as a potential Station Community. Station communities are geographically small, high-intensity centers surrounding high capacity transit stations with varying land uses.

In addition to a mix of long-established land uses including industrial, commercial and single family residential development, Salt Lake Community College has established a satellite campus along the TRAX line, and two major multifamily developments have been constructed within walking distance of the stop.

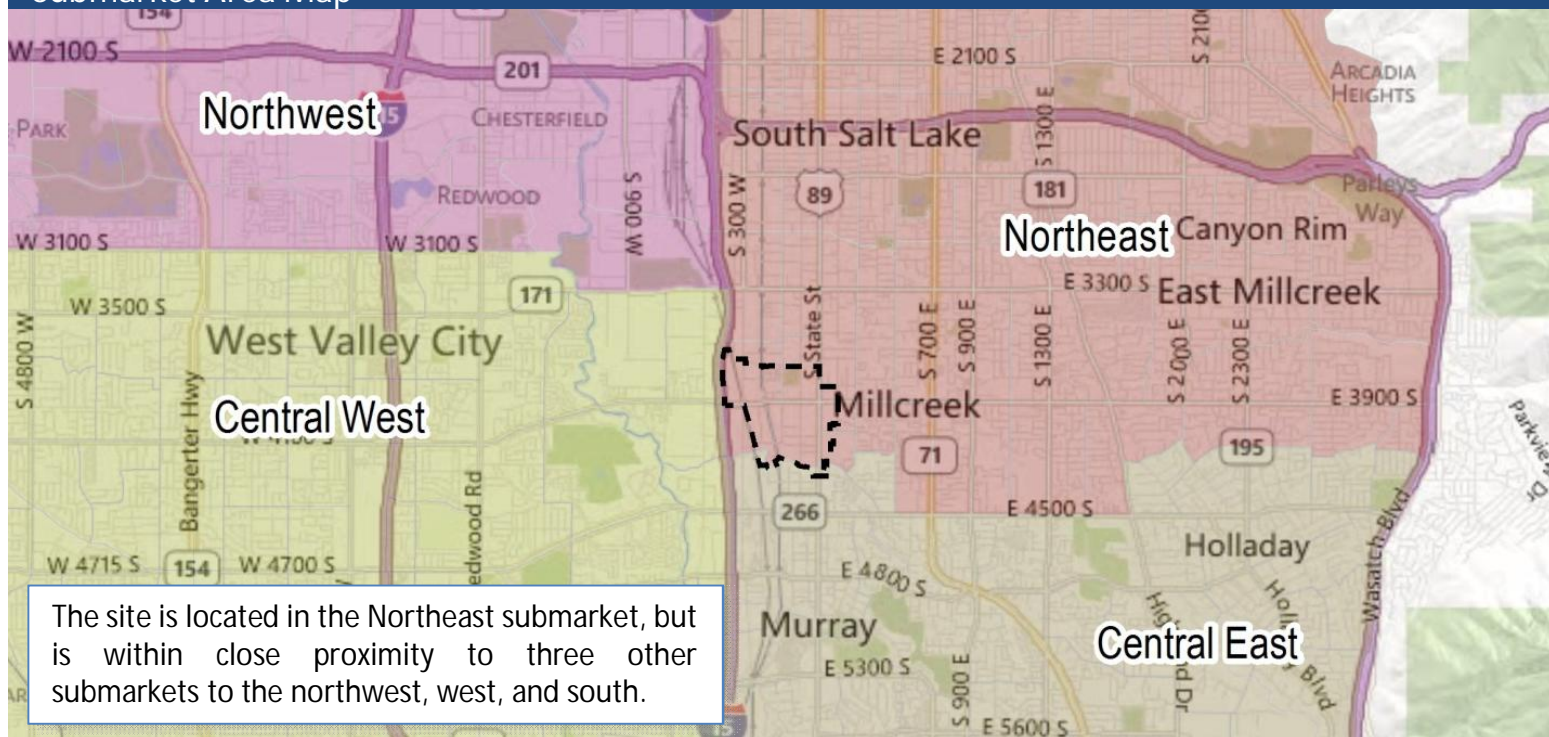
New development and redevelopment in a Station Community is envisioned with moderate densities, including floor area ratios ranging from .5 to 2.5, and 20 to 100 dwelling units per acre.

Meadowbrook Station Area - DRAFT

Salt Lake County Overview¹

- Unlike many regions throughout the country, Salt Lake County sustained growth during the Great Recession, gaining more jobs from 2005 to 2010 (17.4K) than it gained between 2000 and 2005 (14.6K). The County's losses in the construction and information sectors were offset by significant gains in education and health services and state, local, and federal government jobs.
- The County experienced strong growth in the most recent available 12 months (ending June 2012) of 22,900 jobs (4.0%), trailing Utah County in growth rate (4.7%) but outpacing the State as a whole (3.6%).
- Households grew at an average annual rate of 1.5% from 2000 to 2010 and forecasts predict the County will have strong long-term household growth, at nearly 1.75% annually from 2010 through 2025.

Submarket Area Map²



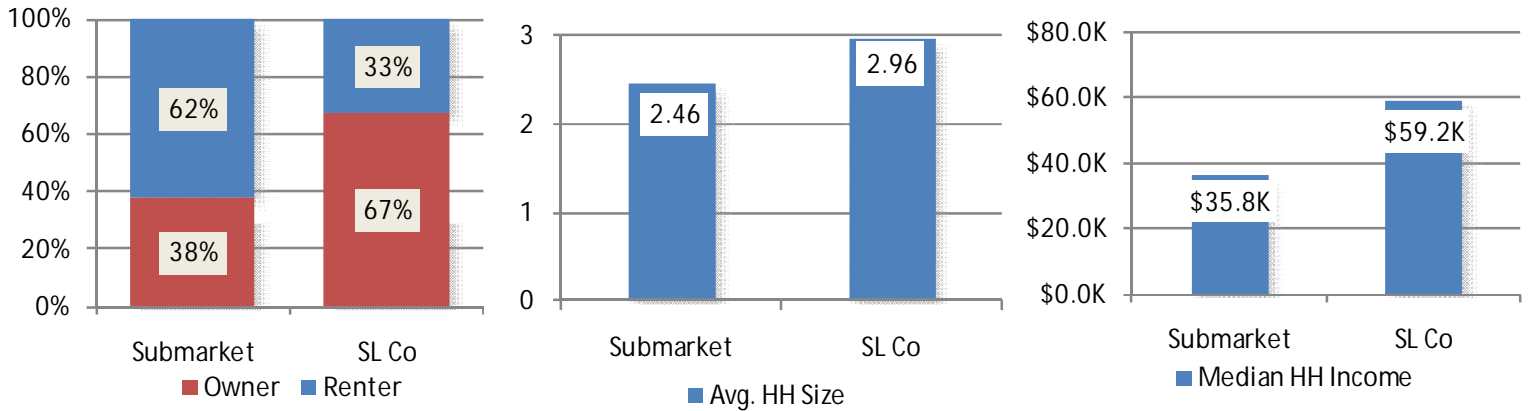
County and Submarket Data³

Forecast Jobs & Households		2000	2010	2015	2020	2025
County	Jobs	538,900	571,000	634,200	691,000	749,100
	HH	297,000	343,600	373,300	408,000	445,800
Northeast	Jobs	107,200	113,600	126,200	137,500	149,000
	HH	63,700	66,700	68,600	70,800	73,200
Job Growth		2000-10		2010-15	2015-20	2020-25
County	Annual Growth	0.6%		2.1%	1.7%	1.6%
	% of Regional Growth	44.6%		57.5%	59.1%	64.7%
Northeast	Annual Growth	0.6%		2.1%	1.7%	1.6%
	% of County Growth	19.9%		19.9%	19.9%	19.8%
Household Growth		2000-10		2010-15	2015-20	2020-25
County	Annual Growth	1.5%		1.7%	1.8%	1.8%
	% of Regional Growth	37.7%		42.1%	42.4%	41.7%
Northeast	Annual Growth	0.5%		0.6%	0.6%	0.7%
	% of County Growth	6.4%		6.4%	6.3%	6.3%

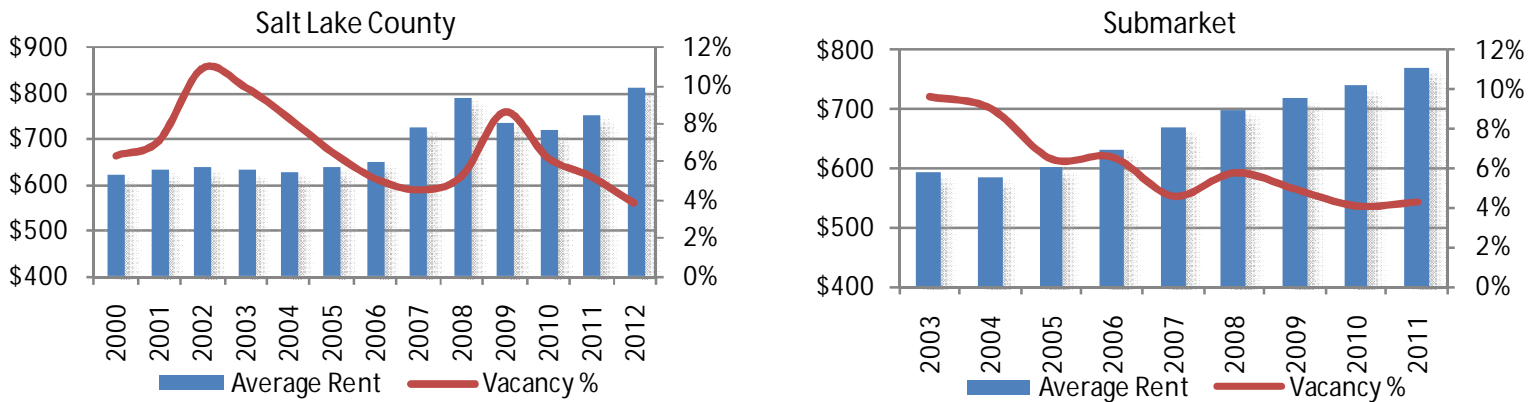
1: Employment based on U.S. Bureau of Labor Statistics (BLS) Quarterly Census of Employment & Wages (QCEW); Household forecast based on data from the Governor's Office of Planning & Budgeting (GOPB) and Global Insight (GI). 2: Submarkets defined by NAI West. 3: County jobs/HHs based on GI and GOPB data; 2000 and 2010 submarket jobs/HHs based on data from Wasatch Front Regional Council (WFRC). 2015-2025 submarket forecast based on historical share of County growth.

Meadowbrook Station Area - DRAFT

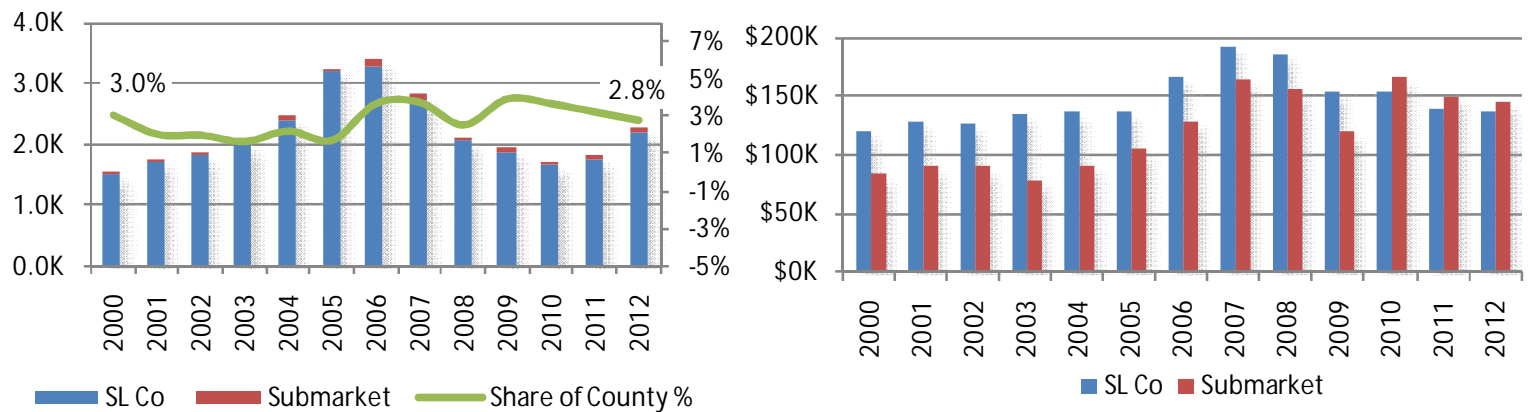
County & Submarket Household Characteristics¹



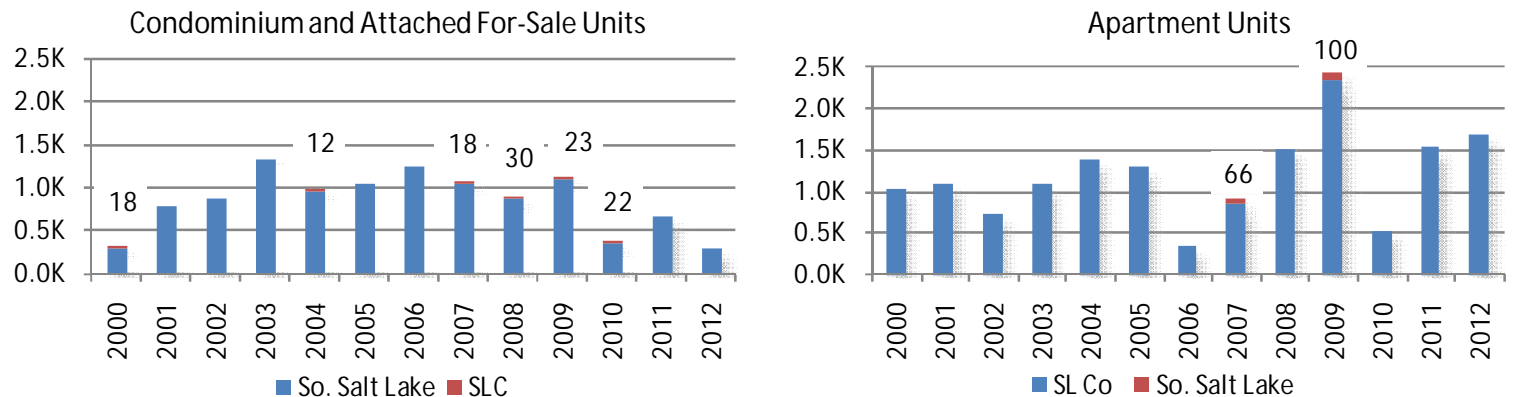
Apartment Market Trends – County/Submarket²



Historical Condominium Sales Volume and Price, County and Submarket, 2000-2012³



Historical Attached For-Sale and Rental Permitting, County and South Salt Lake City, 2000-2012⁴



1: HH tenure and size data from 2010 Census; Income Data from 2011 ACS; Submarket defined as South Salt Lake; 2: Source: Equimark; 3: Submarket defined as zip codes 84115; Salt Lake Board of Realtors; 4: University of Utah Bureau of Economic & Business Research (BEBR); 2012 data through November.

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Catalytic Site Residential Market Overview

Household demographics

- Relative to the County, the Northeast submarket has a far higher renter propensity and the smaller household size and lower incomes typically associated with renter households.
- These characteristics suggest that the residential opportunity will be stronger for rental apartments versus for-sale units in the near term (5 to 10 years).

Apartment Market Conditions

- Low vacancy rates in both the County and submarket suggest very healthy apartment market conditions. However, the pipeline of planned, proposed, and under construction projects will result in significant new competitive supply in the near term (5 years).
- There are approximately 2,000 units under construction and 4,500 units planned or proposed in the County, including the Bud Bailey affordable units in the catalytic site area, as well as the units at the Fireclay project in Murray, just south of the catalytic site boundary.

For-Sale Market Conditions

- Market conditions for attached, for-sale product are improving. Sales volume of existing units has leveled off after reaching a 10-year low in 2010. After having lower average prices from 2000 to 2009, existing units in the Meadowbrook area have achieved a price premium above the County over the last three years.
- This trend is due in part to the new townhome units delivered on the north end of the catalytic site boundary.
- Besides these units and some condominium product in the Fireclay District that has struggled, very few for-sale attached units have been delivered in the surrounding area.

Catalytic Site Residential Opportunity

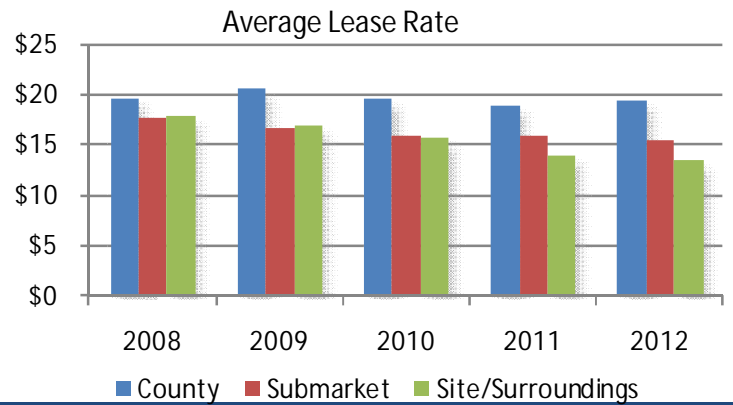
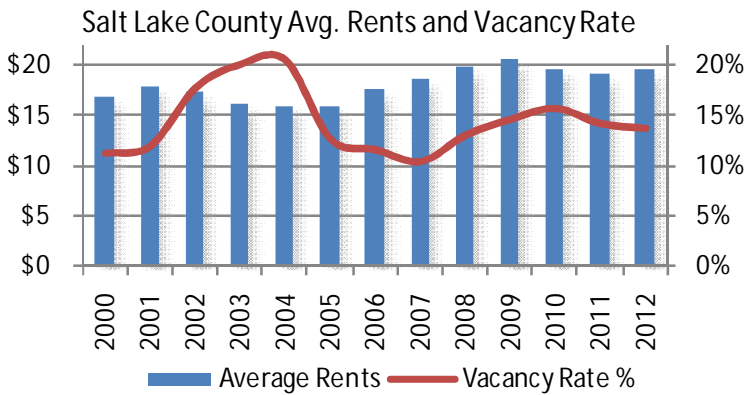
Product Type	2013-2020	2020-2025	Comments
Rental Apartments			
Affordable/Income-Qualified Rental Units	100-200 total units 15-30 per year	150-300 total units 30-60 per year	40-50% of rental demand will be from lower income households seeking affordable / income-qualified units.
Market Rate Rental Units	125-250 total units 20-35 per year	200-350 total units 40-70 per year	New rental units under construction in Fireclay area will capture some of near-term demand.
For-Sale Product			
Townhomes	20-40 total units 3-6 per year	30-60 total units 6-12 per year	Condominium units remain speculative product in light of current market conditions and site's competitive strengths and weaknesses;

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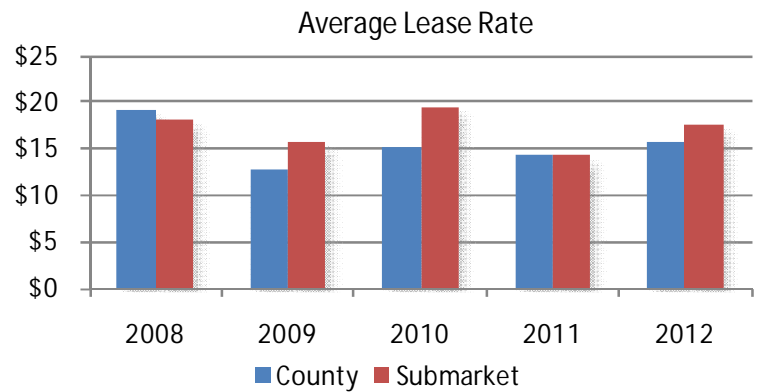
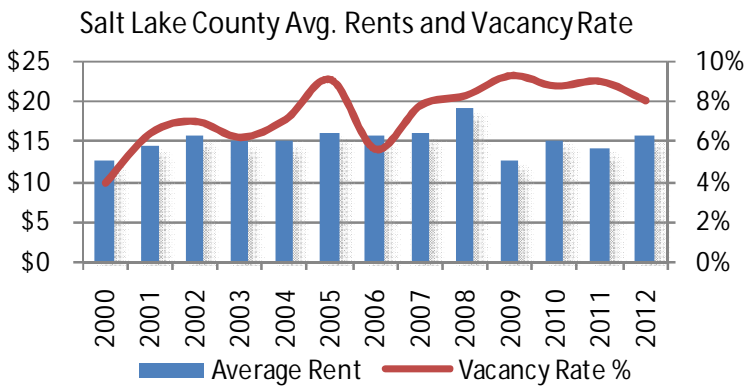
Historical and Forecast Employment Growth by Sector, Salt Lake County, 2000-2025¹

	2000-2005	2005-10	2010-15	2015-20	2020-25
Transportation, Trade, & Utilities	-1,700	-500	10,800	8,800	6,100
Professional & Business Services	800	4,000	19,800	23,300	28,800
Government	6,400	6,100	3,400	5,200	6,600
Educational & Health Services	10,400	11,900	5,600	8,400	5,500
Manufacturing	-3,500	-1,100	5,600	2,100	1,200
Leisure & Hospitality	2,200	2,000	3,000	-2,500	-800
Financial Activities	3,400	700	3,100	700	1,800
Construction, Natural Resources, and Mining	-1,300	-3,900	10,600	8,500	6,500
Other Services	700	0	200	100	500
Information	-2,600	-1,700	1,200	2,200	2,100
Total Non-Farm Employment Change	14,800	17,500	63,300	56,800	58,300

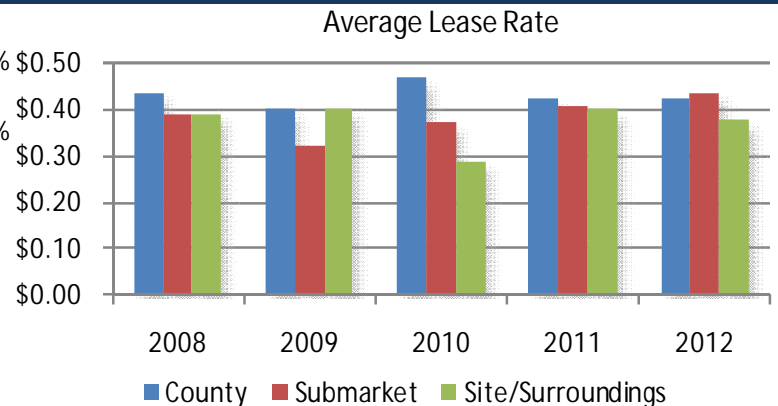
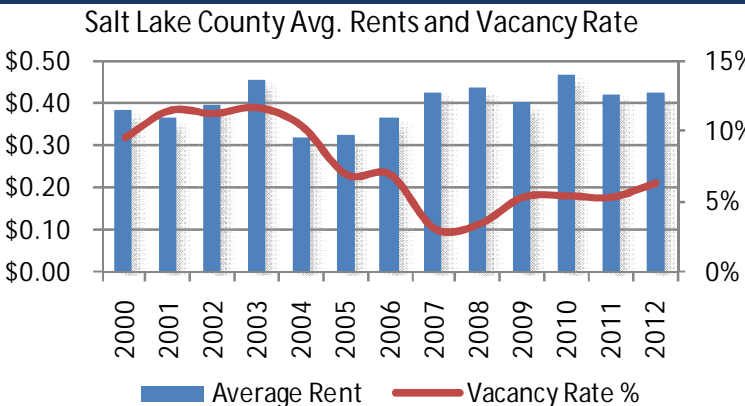
County Office Trends and Average Rents for County, Submarket, and Site/Surrounding Area²



County Retail Trends and Average Rents for County, and Submarket²



County Industrial Trends and Average Rents for County, Submarket, and Site/Surrounding Area²



1. Global Insight; 2. NAI West; historical retail data unavailable at submarket level; Current available listings in submarket range from \$9 to \$15 rent/SF.

Meadowbrook Station Area - DRAFT

Catalytic Site Commercial Market Overview

Employment Sector Trends

- From 2000 to 2010, the Salt Lake County economy was bolstered by significant gains in the Education and Health Services sector (22,300 jobs) and the Government sector (12,500 jobs).
- The professional and business services sector is forecast to experience the strongest growth from 2010 to 2025, with close to 20,000 jobs from 2010 to 2015, 23,300 from 2015 to 2020, and almost 29,000 from 2020 to 2025. This trend will have a strong, positive impact on the Salt Lake County office market.

Office Market Conditions

- The Salt Lake County office market remained relatively healthy during the Recession, due in part to continued job growth despite national trends.
- The Northeast submarket and Meadowbrook catalytic site area have consistently trailed the County in terms of average rents, with an aging inventory and general lack of significant office concentrations.

Retail Market Conditions

- Retail market conditions remain weak but are showing some slight improvement. Vacancy rates are historically high and rents are lower than previous years.
- Average rents in the Northeast submarket have kept pace with the County average. Although average rents for the catalytic site were unavailable, existing available spaces are being marketed with rents ranging from \$9 to \$14 per square foot.
- Retail near the site is primarily older, low-density, suburban strip format serving the primary north-south arteries.

Industrial Market Conditions

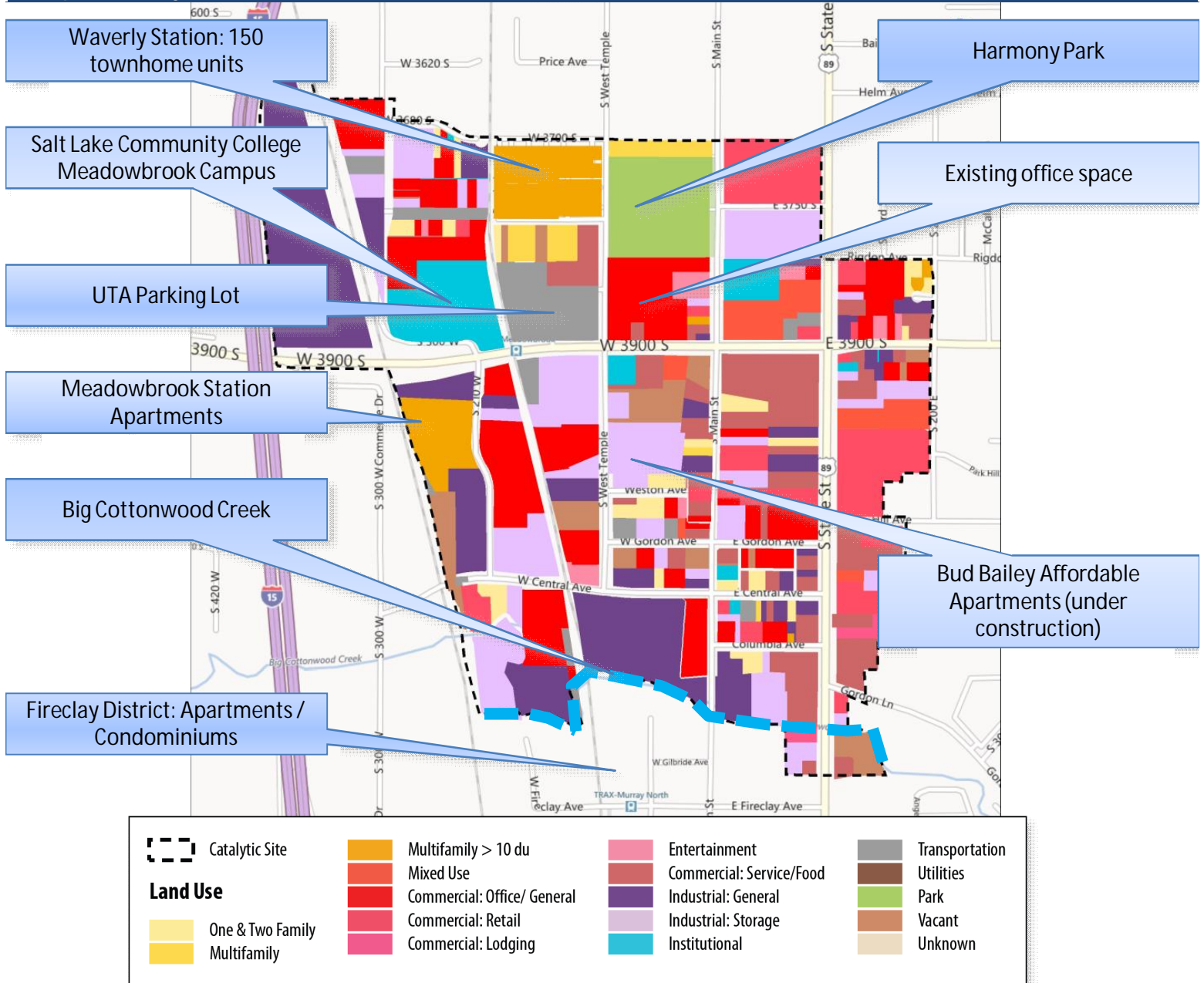
- The Salt Lake County industrial market remains remarkably strong. The Northeast submarket and catalytic site area and surroundings have kept pace with the County in terms of average rents per square foot.
- Available industrial space in and around the site is concentrated along I-15 and includes asking rents ranging from \$0.29 to \$0.48 per square foot per month.

Catalytic Site Commercial Opportunity

Product Type	2013-2025	Comments
Office Space	25K – 50K Total SF 2K – 4K SF per year	<ul style="list-style-type: none"> •The catalytic site does not represent a strong, large-scale office opportunity in the near term, with minimal complementary surrounding land uses, employment concentrations, amenities, etc. •In the longer term, as the site evolves, it may be attractive to office tenants/developers seeking lower rents, proximity to TRAX access, and strategically central location between CBD and southern Salt Lake County submarkets.
Retail Space	Minimal	<ul style="list-style-type: none"> •Minimal large-scale retail opportunity due to weak market conditions and existing site conditions; Entire submarket has averaged net absorption of 12K SF annually over past 10 years. •Limited, small-scale, ground-floor retail opportunity may evolve along 3900 South. However, traffic counts (23,600 in 2010) are lower than competitive east-west corridors to the north (37,700 ADT on 3300 South) and south (39,700 ADT on 4500 South) that have access to I-15.
Industrial Space	60K – 90K Total SF 5K – 7.5K SF per year	<ul style="list-style-type: none"> •There may be a very limited opportunity to attract industrial users to redevelopment sites but lack of access to I-15 hinders potential; •Industrial development patterns will favor cheaper greenfield locations relative to parcels requiring demolition and potential site remediation.

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Map of Catalytic Site



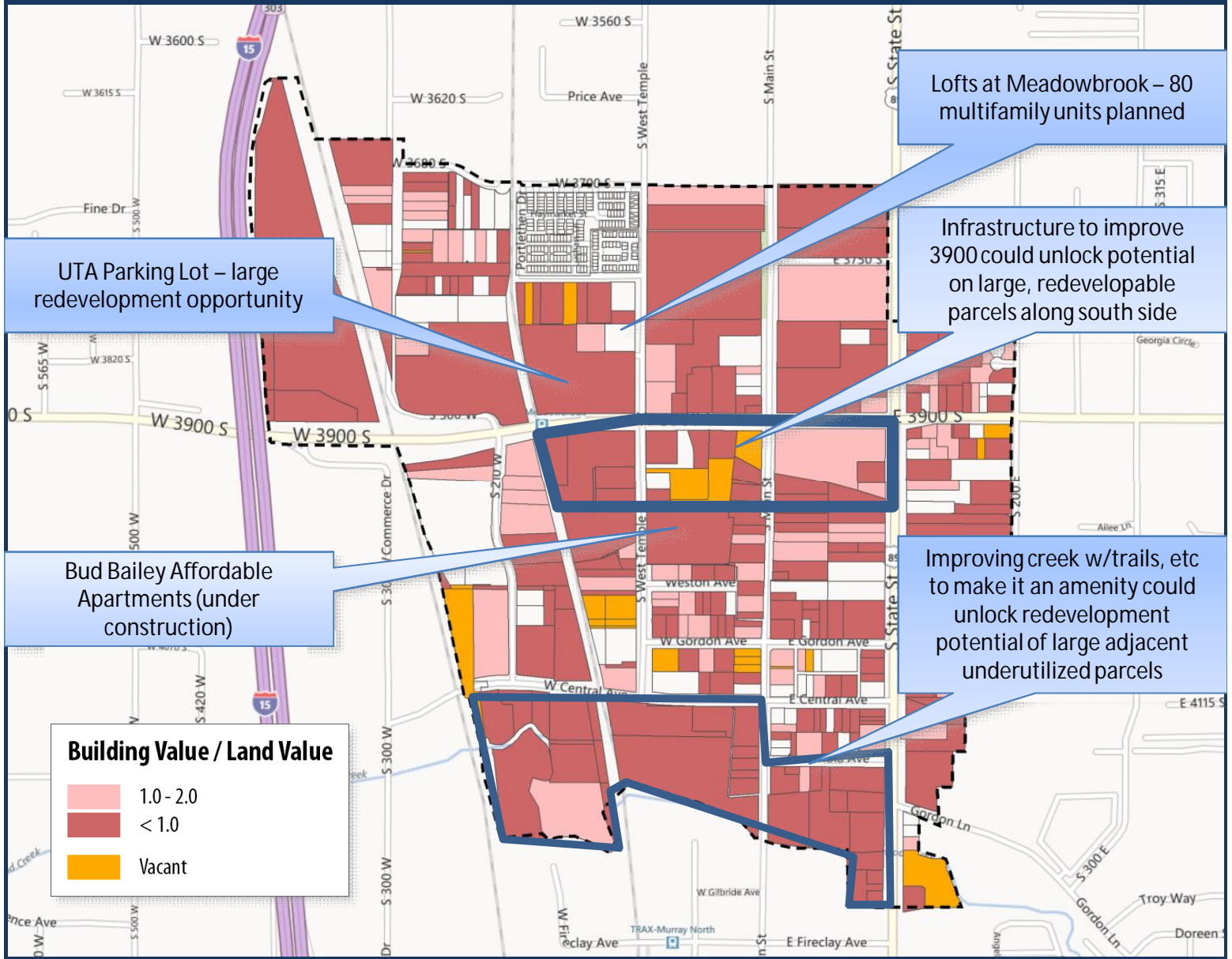
Land Use Summary

Existing Land Use	Parcels	Acres
One & Two Family	30	8.2
Multifamily	7	7.0
Multifamily > 10 du	214	15.4
Mixed Use	9	8.5
Commercial: Office/General	76	41.4
Commercial: Retail	18	15.5
Commercial: Service/Food	49	30.6
Lodging	2	1.5

Existing Land Use	Parcels	Acres
Entertainment	7	3.2
Industrial: General	56	56.6
Industrial: Storage	55	41.5
Institutional	10	13.8
Transportation	21	13.3
Park	3	11.9
Vacant	24	11.8

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Catalytic Site Redevelopment Opportunities



Redevelopment Opportunities

Type	Parcels	Acres	Recently Built & Planned Projects ¹	Units	SF
Total Vacant	24	11.8	Bud Bailey Affordable Apartments – under construction	136	
BV:LV 1.0 – 2.0	72	47.2	Waverly Station townhomes – recently completed	150	
BV:LV < 1.0	226	190.7	Meadowbrook Station Apartments – recently completed	240	
Total Vacant & Underutilized	322	249.7	Lofts at Meadowbrook – planned	80	

1: List of planned project not comprehensive and only includes larger projects either under construction or with specific plans suggesting strong likelihood of future delivery.

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Catalytic Site Profile

Strengths

- Central location in region relative to outlying greenfield development opportunities;
- Strong access to transit with Meadowbrook Station;
- Large quantity of underutilized/redevelopable land;
- Big Cottonwood Creek along the south side of the site boundary has potential to be strong natural amenity if improved.

Weaknesses

- Lack of access to I-15 makes site weak relative to nearby competitive areas;
- Existing surrounding land uses and physical condition are not complementary for new development;
- Lack of pedestrian connectivity to station from south of 3900 represents barrier to new development.
- Few vacant parcels

Opportunities

- Although the submarket and site have historically trailed the larger area in terms of achievable rents and development activity, commercial and residential conditions are improving and the site has numerous parcels ripe for redevelopment.
- With improved connectivity, there is an opportunity to leverage the Meadowbrook Station amenity.

Conclusions

- Affordable and moderately positioned apartments relatively close to the station are likely an opportunity in the next 5 to 10 years.
- Some new, smaller-scale retail fronting 3900 could be viable assuming traffic counts are sufficient. Plan space for ground-floor retail but make it flexible so that it could be common space for apartments in near term while retail opportunity evolves.

Findings, Conclusions, and Recommendations

The Meadowbrook catalytic site has a number of challenges to overcome in order to spur ongoing, large-scale development and redevelopment activity within the defined boundary. The strongest near-term opportunities are concentrated north of 3900 South, near the TRAX station, including the UTA-owned parking lot adjacent to the station. On the south end of the site, the vast majority of parcels are underutilized and ripe for redevelopment, but many are small and isolated.

A critical barrier to redevelopment includes a lack of connectivity to the station from south of 3900 South. Infrastructure improvements should be considered to allow for better pedestrian connectivity, which would allow the station to be more of a catalyst for new development in the larger area to the south. Similarly, improving the Big Cottonwood Creek to make it an accessible natural amenity will improve conditions on the south side of the site and allow for this area to leverage the momentum from the new development taking place in Murray, immediately south of the site.

Minimal new development is anticipated in the forecast period but investing in these infrastructure improvements on the north and south end of the site can act as a catalyst that serves to accelerate development potential in the area.

The UTA parking lot is likely best suited for affordable and moderately positioned market rate apartments in the near term. While a three to four-story mixed-use project with ground-floor retail would be an ideal format given the frontage along 3900 South, market conditions in the area have not evolved to support the increased costs and risks of this type of project. It is recommended that ground floor space planned for commercial retail tenants first be used as common space amenities for the apartment, such as the leasing office, fitness center, club room, etc. If/when the area and market evolves to the point that retail can be supported, these spaces can be retrofitted for retail uses if planned for in the initial construction.

If connectivity across 3900 South is improved, large, redevelopable parcels on the south side of the street between S 210 W all the way to Main Street will have increased potential. If improvements are made to the creek to make it a strong amenity, land assemblage along the creek may likely be the best way to leverage this investment. This could facilitate new development with large, development-ready parcels adjacent to the creek and within close proximity to the new development in the Fireclay District and strategically positioned between the TRAX station at 4500 South and Meadowbrook Station to the north.