



Market Report Methodology...

As we have visited with clients and business partners about the use of our quarterly newsletters, we realized there were a couple of misconceptions about the way we gather and report data. The following is our methodology.

Vacancy Rates

As we report vacancy rates, the data used in the calculations comes from a sample of over 3.8 million square feet of leased multi-tenant properties in Southern Utah. The sample was originally started in 2002 and we add to it periodically as newly built properties stabilize (typically around one year after construction is complete). Many of the properties are managed and leased by the property owner or a representative other than NAI. Each quarter, we ask them what their vacancy rate is and use the reported numbers to calculate our reported vacancy rates.

Lease Rates

Lease rates are *asking* lease rates for the respective property types. We have an analyst who keeps track of properties marketed by our competitors so that as we look at *asking lease rates*, we include virtually all of the commercial properties marketed by the brokerage community as a whole. These calculations are weighted calculations and we make adjustments for various kinds of lease terms and property types. We also control for outliers to reduce skewness in the data.

Construction and Absorption

In our property database, we track existing commercial properties as well as those that are under construction. In addition to using available building permit reports, we canvas the area and look for projects that we may have missed. We keep a record of the status of each of the properties and track them from when dirt first starts moving until the building is complete, except for tenant improvements. We then keep track of how much of this new construction is absorbed over the first four quarters. Obviously, the owner-occupied space is absorbed immediately.

Please do not hesitate to contact us about the information contained in our market report. We hope you continue to find it helpful.

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