

# The Depot Report



## CONGRATULATIONS!

Utah Industrial Depot congratulates **Bailac**, a family-operated tire control and maintenance service company, on their purchase of Building 603, a 20,000 square foot building. Bailac, originally based in Chile, has several plants in South America. This is Bailac's first plant in North America. Bailac's local customers include Cerro Colorado and Kennecott Copper. For information about Bailac, please see their website at [www.bailac.cl](http://www.bailac.cl).

Congratulations also to **Mountain States Line Constructors** on their successful purchase of ten acres of land at Utah Industrial Depot. Mountain States is the premium Joint Apprenticeship and Training Program for the electrical construction industry in the mountain states geographical region. The company has provided lineman training for the utility industry for almost half a century. They are currently building a training facility on their newly purchased land. In addition to the Tooele facility currently under construction, Mountain States has an office in Midvale, Utah. For information on Mountain States, please call (801) 562-2929, or visit their website at [www.msllcat.org](http://www.msllcat.org).

**Burly Seal Products Company**, a manufacturer of hydraulic and pneumatic packing, has extended their lease of Building 604. They operate in about 31,000 square feet of space and employ 30 people. Burly Seal is a subsidiary of Seals & Packings, Inc., a regional distributor of o-rings, polyseals, packing, and

customer rubber products. Seals & Packings services clients from multiple locations in Texas, Georgia, and California. For additional information about Burly Seal or Seals & Packing, you may visit their website at [www.sealsandpackings.com](http://www.sealsandpackings.com).

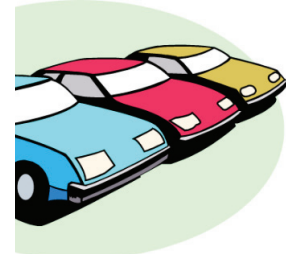
**Gossamer Steel Fabrication, Inc.**, a long-time tenant of UID, has extended the term of their lease for three additional years. Gossamer leases approximately 31,000 square feet in Building 608. Gossamer fabricates steel products for the mining, municipal, and construction industries. For more information about Gossamer Steel Fabrication's services, please call Mr. Brent Peterson at (801) 518-8238.



**MP Welding and Fabrication, L.L.C.**, a manufacturer of flat plate steel exclusive to the mining industry, has expanded by 3,500 square feet to 13,574 square feet of space in Building 669, Suite 14. In addition, they have extended their lease term for by two additional years. For further information regarding MP Welding and Fabrication, please call their owner, Mr. Michael Pittman at (435) 843-7389.

**Moore's Auto Shop, L.L.C.**, has renewed the lease for their automobile impound lot for one additional year. Moore's Auto Shop has operated their towing and auto reconditioning business in Tooele County over the

past 20 years. Please call Moore's Auto at (801) 250-0398 for additional information.



Utah Industrial Depot welcomes **Clar's Auto Center** to the park. Clar's Auto obtained an approximate one-acre lot for a term of one year. The impound lot was initially leased by Moore's Auto and was recently assigned to Clar's Auto. Clar's Auto has been in the auto repair business in Tooele since 1962. Clar's Auto is located at 64 East Vine Street, Tooele, Utah. For information about Clar's Auto Centers' services, please call Ed Hansen at (435) 882-0371.



**Pallet Companies, Inc.**, a division of IFCO Systems, the largest pallet services company in the United States, has renewed their 45,000 square foot lease in Building 641 for two additional years. Pallet Companies provides nationwide pallet management services. For additional information, see their website at [www.ifcosystems.com](http://www.ifcosystems.com).

**High Speed Machining, Inc.**, a company which provides precision millwright services to multiple industries, has contracted for a two-year lease at Utah Industrial Depot.

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High Speed Machining leases 2,100 square feet in Building 669, Suite 22. For information on High Speed Machining's services, please call (801) 706-5593.

**Uintah Refrigeration & Electrical** has contracted to expand their lease of 12,600 square feet of Building 651, Suite 3, to 18,720 square feet in the same building. At the same time, they have extended the term on their lease by one year. Uintah Refrigeration stores commercial refrigeration units for grocery stores and other major retail cooling applications. For information on Uintah Refrigeration & Electrical, please call Bill Wernli at (801) 209-5890.



**Aire Expresso Heating & Cooling, Inc.**, a three-year tenant at Utah Industrial Depot has negotiated a 2,000 square foot expansion with a three year extension to their current lease. Initially, Aire Expresso leased 3,040 square feet of Building 669, Suite 6. Their new lease provides for 5,182 square feet in Building 669, Suite 2. Owner, Mr. Mauricio Lizana, has been operating his HVAC business in Tooele County for over ten years. For additional information regarding Aire Expresso and their services, contact Mr. Mauricio Lizana at (801) 641-7700.

## TOOELE'S ECONOMY



Utah Industrial Depot (UID) is often asked about our existing lease and sales status with respect to current market activity. This is a very good question, and one that can be very subjective.

In general, UID does not seem to encounter wide swings of sales and marketing activity. We appear to be in a rather small "niche market" that does not generally react to national or local news articles or published reports. This does not mean we are not subject to existing market conditions, because we are. Our activity levels tend to respond to major market swings differently than one might anticipate. That is to say, when the larger, general real estate market is trending downward, the UID market improves, probably because more companies are attempting to locate value-added properties. This phenomenon tends to add to our normal perceived clientele list. Conversely, when the marketplace is experiencing growth, this can appear as affluence or a success trend, then our market value appears not as beneficial to some potential clients. Keep in mind; however, there is always a need for various types of buildings to house major and minor industrial clients.

So, back to the question, how is UID doing? Quite well, thank you. There is occasional turnover of tenants when you have 2.5 million square feet of

leasable space. UID continues to work with 8 to 14 major clients on a monthly basis. These are potential tenants who require specific sized land or major buildings. We anticipate closing at least one of these special clients each year. When a major client is first introduced to UID, it can often take 12 to 18 months before a sales or lease contract can be inked. Why does it take so long? Well, some clients require much more due diligence because of their process. Some do not automatically meet the State of Utah or Tooele City window of opportunity; therefore, they may need variances, special permits, extended reviews and a myriad of other specific requirements known only to the company making the application. It is not uncommon to require four to six months to achieve special environmental variances or gain non-attainment approvals. If building construction is required, a standard building permit can require five to seven months of engineering and approval processing. Even if the project is "fast tracked", it can take three to four months before the construction phase can begin. If rail transportation is required, this service automatically causes UID to make the U.S. Army aware of the client's needs. Depending on the requirements, this action may require two to five face-to-face meetings, plus outside rail logistic scheduling. In general, project leasing and sales is not the easy, straightforward approach smaller users are accustomed to. However, these project-type companies always have need for various sized, leasable spaces at reasonable market rates.

You may now know more about leasing and sales opportunities for

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industrial-type space than you ever wanted to. One concept that applies to UID's industrial park is we have several partners in our day-to-day operation. Tooele City, the U.S. Army, Tooele County and the State of Utah are our major, formal partners. We also include our existing tenants and specially trained contractors as partners. Real estate, in general, relies on the team approach of cooperative business. Both major and minor partnerships are required to make an industrial park successful. This includes utility companies, transportation companies, logistics companies, and several governmental agencies. Each of these partners plays a necessary role in the successful operation of the real estate partnership's plan. Remember, it is up to us to be a good partner; thereby ensuring the success of each participant. Yes, we are doing quite well, thank you.

to our railroad classification yard. Along with the U.S. Army's involvement, we will continue to replace our current rail with upgraded, larger 115# rail. This will greatly improve safety and reduce problems due to the larger and heavier railcars our clients receive and ship throughout our park. Rail activity is also steadily increasing with existing and new tenants. We encourage all tenants to take advantage of our rail system, should it be a beneficial alternative to your business.

to water, sewer, or streets, you may contact Tooele City Public Works at (435) 843-2137. Please contact Questar Gas directly with natural gas related issues at (800) 767-1689. Rocky Mountain Power should be contacted regarding electrical interruptions and meter issues at (888) 221-7070.



In addition to rail, we have provided new communication cabling and service to the U.S. Army's warehouses to the northeast corner, to Ritchie Bros. Auctioneers in the heart of our park, and to new owners, Mountain States Line Constructors to the northwest boundary of our park. We appreciate having them safely aboard.

## UTAH MARKET CONDITIONS

Utah has been lucky in the current national economic downturn. We haven't seen the lowest lows much of the nation has, but we have seen a softening. I, of course, am speaking of the commercial real estate market. The industrial real estate conditions along the Wasatch Front haven't seen an upturn in vacancy rates and have remained fairly level. From year end to present, vacancy went from about 6.4 percent down to 6.12 percent according to Coldwell Banker's mid-year report. So the Wasatch Front had activity; just not as good as we like to see and certainly not as bad as it was in the 9-11 era.

## INFRASTRUCTURE AND GENERAL MAINTENANCE UPDATE



We are pleased to report that our annual maintenance on utilities has been very beneficial to our overall condition and we are able to gradually upgrade and expand our current grid. We are currently completing upgrades

We are now at a crossroad with respect to specific utilities; water, sewer and storm water control. Effective January 2008, Tooele City is responsible to maintain (clean and repair) and blue stake. This transition took affect after a 2 ½ to 3 year process. In addition to these specific utilities, city-dedicated roads within our park are also the responsibility of Tooele City. The same responsibilities apply for maintenance of these roads, including but not limited to potholes, striping, signage, erosion control, upgrade, and snow removal.

There have been several announcements of big box spec buildings being readied to be built. In Ninegret Park, the pads already have been laid and the Rockefeller Center announced they will begin a million square foot spec project very soon. With the amount of spec warehouses going up, we should see the vacancy also rise, unless the economy makes a sudden upswing.

We advise that you contact the appropriate agency with questions or to report maintenance and repair issues. For issues specifically related

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Lease rates overall have continued to rise, mainly due to higher land prices. Over the last 18 to 24 months, industrial land had a huge spike in pricing and has now stabilized. The lease prices are still behind, but are adjusting upward to accommodate the higher price. The cost of building supplies has also affected the lease rates.

Overall, Utah is in a good situation, considering the hit other states have had. With the higher construction costs, rising lease rates, the higher land costs and lack of commercial funding, the economy in Utah is plugging along at a good, steady pace.

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Thus far, we've had a decent year. We certainly haven't seen the big leasing years of '06 and '07 but we couldn't be more pleased with the

progress we've attained so far this year. In the beginning of the year, we unfortunately had a few tenants move out and a couple of businesses related to the housing market had to close their doors. That was at the beginning of the year and since then we've been steady. Several of our tenants have increased their size or moved into larger spaces.

Leasing, overall, has been slow. We are just starting to see increased activity in this area. We've had several companies come tour 50,000 square feet and just today Building 619 was shown to a potential tenant. Lease rates have remained steady for us with no major increases and no decreases.

Our land activity has been incredible. Our land pricing is very competitive against Salt Lake, Utah, Davis and Weber counties and this is the main

reason. I feel companies are starting to see how convenient Tooele is to access Salt Lake. They are also seeing the excellent living conditions provided by Tooele City. Of course, being one of just a few areas in the state with on-site rail services makes not only Tooele, but the Depot in particular, very attractive to large users. Very good for the Depot; very good for Tooele.

Please feel free to call me with questions. Deryl Davis (801) 303-6053.

## VISIT US

For more information on Utah Industrial Depot, please visit our website at [www.utahid.com](http://www.utahid.com). Additionally, our "Tenants" page provides a current list of companies operating within the Depot. Links for these companies' websites are provided where available.

