

# The Depot Report



## WELCOME

Utah Industrial Depot welcomes the following companies to our industrial park.



**El Paso Corporation** has retained 25,000 square feet of space in Building 639, Suite 2, as well as 26 acres of land for a pipeline fabrication facility. El Paso Corporation is the parent company of Ruby Pipeline, L.L.C., which has commenced a pipeline project that includes approximately 675 miles of 42-inch natural gas transmission pipeline, beginning at the Opal Hub in Wyoming, and terminating at interconnects near Malin, Oregon. The project represents approximately \$3 Billion investment of new pipeline infrastructure that will connect clean burning and competitively priced natural gas reserves in the Rocky Mountain region with growing markets in the western United States. The Ruby Pipeline is a win-win project for natural gas consumers and producers. El Paso Corporation, one of North America's largest independent natural gas producers, owns North America's largest interstate natural gas pipeline system. For more information, visit [www.elpaso.com](http://www.elpaso.com) or call toll free 866-683-5587.

**Aztec Commercial Coatings** is a provider of cryogenic coating and maintenance work on high pressure tanks, such as oxygen and air gas. As part of the refurbishment process, Aztec covers the tanks with a special coating to ensure long term repair. Aztec has secured a three-year lease for 19,000 square feet of Building 612, located at 345 South Kira Drive. For information on Aztec, please see their web site at [www.aztec-coatings.com](http://www.aztec-coatings.com).

**Paws Inn, L.L.C.** has secured 2,100 square feet in Building 669, Suite 8, for a three-year term. Owner, Synethia Kinsman has set up a dog boarding and day care facility. Synethia has worked with dogs all of her life and is currently with the Emergency Response unit for Tooele County. For information about Paws Inns' services, please contact Synethia Kinsman at 435-224-3105.

**Lights Camera Auction** has secured a three-year lease on 5,100 square feet of space in Building 669, Suite 4. Owner, Damien Bean, initially sold cameras and other electronics equipment via Ebay. The business has since expanded to sell a wide range of products through Ebay, KSL.com, and others. Lights Camera Auction uses their leased space as a distribution center. For questions, please call Damien Bean at 801-789-8695.



**Electronic Recycling Solutions (ERS)** obtained a 3,100 square foot lease in Building 669, Suite 9. As the name implies, ERS recycles electronic components, including computers, televisions, all types of monitors and most other electronics items. For information, call Scott Campbell at 801-821-6446 or refer to ERS' web site at [www.better-recyclers.com](http://www.better-recyclers.com).

## RENEWALS

'Thank you' to the following companies for choosing to remain at Utah Industrial Depot. Congratulations on your continued success.

**Moore's Auto** has renewed their lease of a one-acre car impound lot for one year. For information, call Regina Moore at 801-250-0396.

**Advantage Signs** has renewed their lease of Building 605, Suite 2. Ad-vantage Signs creates billboards, runners, and all varieties of signs. For information on Advantage and its services, please contact owner, Wade Olsen, at 435-882-7474.

# The Depot Report



**Burly Seal Products**, a tenant at UID since 2001, has renewed their lease of 31,000 square feet in Building 604, Suite 4 for an additional year. Burly Seal manufactures hydraulic and pneumatic packings. For information, call 800-877-6979 or go to [www.burlyseal.com](http://www.burlyseal.com).

**Clar's Auto** has renewed their lease for an automobile impound lot for an additional year. Clar's Auto has operated an auto repair business in Tooele City for over 30 years. Please call Ed at 435-882-0371 for additional information.

**Energy Solutions** has renewed their rail storage lease with UID for an additional year. Energy Solutions stores between 50 and 60 rail cars that are not currently being used to transport materials. For more information on Energy Solutions, see their web site at [www.energysolutions.com](http://www.energysolutions.com).

**Midwest Canvas** has secured a 9,000 square foot space in Building 637, Suite 4 for an additional year. At this location, Midwest Canvas manufactures concrete curing blankets for both summer and winter use. They also store and distribute materials. For more information, you may go to [www.midwestcanvas.com](http://www.midwestcanvas.com)

## UTILITIES

With inclement weather just weeks away, we know it is especially important that all utilities are functioning at all times. For interruptions or other problems, please contact the provider. Contact information is listed below.

- Utah Industrial Depot communications / telephones (435) 843-4500
- Tooele City Public Works water, sewer, streets (435) 843-2137
- Questar Gas natural gas (800) 767-1689
- Rocky Mountain Power electrical interruptions / meter issues (888) 221-7070

accurate inventory of incoming and outgoing railcars from the Tooele Army Depot (TAD) and Utah Industrial Depot (UID) rail classification yard. This innovative system may take a few months to integrate into the Army's existing operating system. The Army and UID anticipate positive benefits from the new system which will provide our clients with immediate, reliable, accurate information.

On another note, UID and the U.S. Army Rail Division are planning to host another Rail Safety Seminar early this fall. We anticipate this seminar will be beneficial for all client rail safety managers and schedulers who operate within the Utah Industrial Depot. Further detailed information regarding date and timeframe will shortly be forthcoming.



## RAIL SERVICES

The United States Army's Rail Division is currently in the process of implementing a new rail tracking system which works in conjunction with Union Pacific Railroad's web site. This system will maintain an

## UTAH MARKET CONDITIONS

*'Thank you' to Mike Farmer of Commerce CRG for contributing the following article.*

The industrial market in Utah is finally feeling the stress that other parts of the country are feeling. The statistics for the first 6 months of 2009 show a radical decrease in the actual numbers of lease transactions, approximately 50%, and a decrease in square footage leased of approximately 40%. Lease rates have dropped about 10% for most areas. The sales market has remained excellent, with transactions at near normal pace

# The Depot Report



and square footage sold above normal. Sales prices have remained firm. The vacancy factor has dropped from around 8% to just below 7%.

Keep in mind that no buildings have been built this calendar year, so all of the footage leased or sold has come out of the existing vacant inventory.

There are a significant number of sublease spaces coming on the market, most of them in the larger size categories.

So, how bad is it? If you are a landlord with space available it is a tough market. You can expect a few good lease deals if you are a tenant, but not a lot of good choices. If you are a seller, the market remains OK. There is still plenty of money available for owner users at good rates.

My view is that the market is in an unsettled state. Companies are not going out of business but are cutting back on employees and other expenses where they can. Rather than moving to larger quarters, they are renewing their leases short term. They are not exposed to long term lease risk and have the flexibility to move rapidly when the marketplace for their business improves. It is not cost effective to move from a larger space to a smaller one unless the change in square footage is dramatic.

In addition to short term lease renewals, some of the other indicators of this unsettled state are

that when a company goes out of business, all of their employees are out of work and the key employees will generally start new businesses of their own with smaller overhead and take care of the clients that the failed business no longer supports. This then will drive up activity in the small space market. The small space market is as slow as the other incremental sizes, meaning that businesses are not going under, letting their non key personnel go but keeping their key people. Business is bad but not fatal.

We will watch the next quarter to see which way it goes. I expect that the lease transactions will remain slow, sales will continue with prices still firm. Lease rates will probably drop another 5% or so. More sublease space will come on the market, the best of which will be taken by those few companies whose business is strong enough to expand in this economy. My belief is that we are at the bottom of the market and that we will bump along for the balance of 2009. We will experience a shortage of space in 2010 as the result of companies expanding and no new buildings being built. There is no money available for speculative building, so the vacancy will go up a bit this year (with the sublease space) and then drop with the recovery.

## THE DEPOT ACTIVITY

Thus far in 2009 we've been making good progress within our business park. As the economy continues to lag, UID seems to be going in the opposite direction. Last year, we were hit hard by companies downsizing and going into bankruptcy. This year, we've seen a few, but it hasn't been as bad as we expected, and our activity has been much stronger than last year. As you've seen on page one, we have several new companies in the park and we are expecting a few more before the year is out, which we're excited about. We've leased 85,000 square feet to new tenants since January. We are also in the process of subdividing a three-acre land parcel for a sale.

Contact me with your questions about leasing and sales or the general market. I'm always happy to talk. My contact info is (801) 330-6053 or email [deryl@utahid.com](mailto:deryl@utahid.com)



We are pleased to introduce another business within our park; specifically in the Detroit Diesel building. The new Mario's Café is serving breakfast from 8:00 to 9:30 and lunch from 10:30 to 1:00 Monday through Thursday.

# The Depot Report



Owner, Mario was the head chef for Baci Italian restaurant in downtown Salt Lake for 17 years. He and his wife, Debbie also own Maurilio's Restaurant in West Jordan.

Stop in and enjoy the atmosphere on your next lunch break.

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## Visit Us

Utah Industrial Depot invites investors, owners, users and build-to-suit clients to give our professional staff the opportunity to provide land and/or building needs.

For more information on Utah Industrial Depot, please visit our web site 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' web sites are provided where available.

