



3rd Quarter 2012 Market Review

A Quarterly Newsletter & Report on Commercial Real Estate in Southern Utah



2012 Q3

SPRINGDALE HAMPTON INN CONSTRUCTION

MOVING FORWARD...

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NAI in the News

Last Quarter **NAI** Assisted
These **Business Owners**
With Their Transactions



Valpak

Valpak of Southern Utah, a direct marketing franchise system that provides mobile, online, and print advertising solutions to businesses across North America, recently changed ownership. Gary Stanley, long time owner and widely known in the business community from Beaver to St. George, recently sold his business to Salt Lake City entrepreneur, and St. George transplant, Butch Jentzsch. Butch brings to Valpak an abundance of enthusiasm and charisma and, he is widely recognized in Northern Utah for his extensive marketing abilities and owner of many charitable organizations. Mathew & Pat Chappell with NAI represented both parties in the transaction. Named "Best in Category" in 2011 by Entrepreneur Magazine, the new owner found the Valpak franchise to be the perfect opportunity for an experienced sales minded entrepreneur who wanted to build another sales organization using a proven system.



Head Start Building

Jason Griffith and Meeja McAllister with NAI Utah South sold a 9%+ CAP, 6,016 square foot, single-tenant investment property at 494 East 900 South in St. George. Head Start is the current tenant that will remain in the building on a long-term lease. They are a federally funded, community governed, preschool program spanning 25,000 square miles in six counties of Southwestern Utah. Well-trained, dedicated staff provide high quality education, health, family and support services to over 440 low income and/or at-risk Head Start families. Head Start's website is www.suu.edu/headstart Curren Christensen with NAI represented the buyer.



Fargo's Drive Thru

Fargo's Drive Thru, a popular restaurant near Snow Canyon High School and Snow Canyon Middle School and on the border of Santa Clara and St. George City, closed in May of this year. Not only was it popular, it won a number of local awards due to its regular customer base and its great facebook fan page. Since going on the market, there has been tremendous interest in what will take its place. Recently, the property sold to a local investor who is working with a couple of restaurant concepts that will hopefully have the local hot spot back up and serving a loyal customer base. Neil Walter with NAI, who represented the Seller, said that the new buyers hadn't made a formal decision on who the new tenant would be, but that the new tenant would receive a warm welcome from the local community upon opening.



Saddleback Lighting

Saddleback Lighting opened in St. George in January of 2008. Owners Susan and Gary Guernsey have been in the lighting business in Southern California and Texas since 1972. Saddleback is a lighting distributor with personal service and specialized expertise. Not only do they carry over a thousand different types of commercial-quality light bulbs, they also stock or can order a wide variety of ballasts and commercial fixtures. They have been operating at 928 N. Westridge Drive, Suite U and needed to increase their square footage and bring the operation under one roof. Roger Stratford and Curren Christensen of NAI worked with Gary to find a suitable warehouse/office space for their business. The new location is 1425 W. Red Ledge Road, Suite 101, in Washington.



One Hot Grill

Local, long term St. George resident, Donalene Brady, recently purchased One Hot Grill from former owners Kent and Julie Hall. Donalene comes with many years experience in high volume commercial cooking that requires a high level of cleanliness. Mathew and Pat Chappell with NAI assisted both parties in the sale.



Exhibitors Carpet Service

Exhibitors Carpet Service, one of the largest carpet mills in the United States, specializes in affordable, top-quality carpet rental and service for trade shows. They recently leased 15,000 SF in the Ft Pierce Industrial Park at 890 E Factory Dr, with the help of Jason Griffith and Meeja McAllister with NAI, to better facilitate its Las Vegas operations.



Come On Down Consignment

Their goal is to offer buyers only the finest in "Gently Used" furniture and household décor at prices 40% to 60% below prices of comparable new merchandise. At the same time, they offer consignors a safe, hassle-free and convenient method to professionally merchandise and sell their unwanted furniture. Their location in the Rio Plaza, 558 E Riverside Dr, offers easy access and plenty of free parking. Wes Davis, Jason Griffith and Meeja McAllister of NAI assisted in bringing the tenant to this location.



Tri-Fit Therapy

Tri-Fit Therapy has recently opened an office in the Red Cliffs Professional Park. Lance Himelright, a physical therapist for over 20 years, has worked in a variety of environments, from orthopedic outpatient to geriatrics and homecare. He specializes in sport injury treatment, injury prevention, sport specific training, weight loss, and joint, spine and extremity rehabilitation. Lance worked with Roger Stratford, Meeja McAllister, and Jason Griffith of NAI to secure office space at 321 N Mall Drive, Suite H-101.

NAI in the News

Where Can **NAI**
Help **YOU** Next?



Ydraw

Ydraw, a company founded by Jace Vernon and Curtis Pace, acquired a large office space on St George Blvd to be used for company operations. Ydraw has perfected the process of building, editing, publishing and marketing online videos. Scribe videos use white-board animation to convert, inspire, and impress. These videos convert more prospects, maintains attention, create more opt-ins, and explain messages in such a way that will be remembered. "Ydraw builds a video that fits the needs of the company, draws attention, and is not forgotten." says Jace Vernon, co-founder. The office is located at 170 N 400 East, Suite C, in the Flood Street Plaza. Abraham Thiombiano and Jon Walter of NAI facilitated the transaction.



Iceberg Restaurant

Iceberg Restaurant has been a part of Downtown St George for many years providing hamburgers, famous shakes, and a place to showcase classic cars. When the Holbrook family decided it was time to sell the building, the tenant, Iceberg, was given the perfect opportunity to acquire the location and secure its long term presence downtown. Jon Walter with NAI structured the transaction with the seller so that Iceberg could benefit from SBA financing and acquire the property. Spencer Davis at Mountain West Small Business Finance, and Brian Taylor at Town and Country Bank, arranged for the loan. United Title Company handled the closing. "The transaction was a team effort that resulted in the best outcome for the local Iceberg franchise and for the Holbrook family", said Walter.



Westland Construction

Westland Construction has leased a new office at 94 S Mall Drive in St. George. Westland has constructed thousands of unique buildings in more than ten Western US States including Alaska and Hawaii. Jason Griffith and Meeja McAllister with NAI represented both the landlord and tenant in the transaction. In 2005, Westland was presented the opportunity to complete a few large projects in the Southern Utah area. Since 2005, a local and thriving operation has been established in the heart of St. George, Utah – built specifically to manage our Southwest Division (Nevada, Southern Utah, Arizona, and California construction industries). Between both divisions of our companies, Westland employs nearly 200 people; Westland's corporate headquarters is located in Orem.



StGeorgeMassage.com

StGeorgeMassage.com founded by Michael Forrest, LMT, has been offering Southern Utah the finest in "Therapeutic Massage" since 2006. Michael and his staff have been involved over the years in providing massage therapy to local high school sports teams, marathon and triathlon participants, Huntsman Games athletes, amateur and professional football and baseball players. They have also provided services to senior citizens of Washington County at the Sun River community and events at the senior center. The recent relocation to the Ivory Homes building near Desert Hills High School was a strategic move to provide better service in a convenient professional environment. Wes Davis of NAI represented both tenant and landlord.



Mitt Romney Office

The Utah Republican Party has chosen the location for the Southern Utah Victory office located at 134 North 200 East, Suite 210, in St. George. Utah GOP staff contacted Neil Walter and Abraham Thiombiano of NAI to assist them in finding a location that would be easily accessible, centrally located, and built with an accommodating floor plan.



Chrysalis

Chrysalis is pleased to announce the opening of their new day services program for people with disabilities at 133 E 2850 S Circle in St. George. The new location will be used to help the individuals we support learn new skills to help gain employment and be used as an activity and recreational center. Wes Davis of NAI represented the Landlord.



Utah Foster Care

Utah Foster Care (www.utafostercare.org) is relocating its St. George office to a larger space at 491 E Riverside Drive in St. George. Utah Foster Care Foundation is a non-profit organization that serves Utah's children in foster care by finding, educating, and supporting families to care for children of all ages. Jason Griffith and Meeja McAllister with NAI helped Utah Foster Care lease an office space in the Sunland Professional Park.



Next Generation Marble

Next Generation Marble and Granite is relocating to a larger 5,000 SF facility in the Fort Pierce Industrial Park at 1030 E Commerce Dr. Next Generation produces custom marble and granite counter tops. Next Generation is locally owned by Pablo Ramero. Jason Griffith and Meeja McAllister with NAI represented Next Generation.

Area Market Activity



Tai Pan Relocation

After five years on the east end of St. George, Tai Pan Trading has relocated to the center of town. Tai Pan has opened in its new location on St. George Blvd, in the shopping center right behind Cafe Rio, in the old 'Sunroc Store' at 170 North 400 East. Tai Pan provides a destination shopping experience. It is a place to come for inspiration and design ideas for your home year-round. Families and friends gather, and come from every state across the country to enjoy this adventure together.



C-A-L Ranch Opening in St George

C-A-L Ranch recently held a job fair to fill positions for its new St. George store opening in October. C-A-L Ranch Stores was founded in 1959 in Idaho Falls, Idaho, and is an agricultural and outdoor retailer with currently 18 stores in Idaho, Utah, Nevada and Arizona. C-A-L Ranch Stores offer a mix of ranch and farm supplies, hard goods and soft goods targeted at the agriculturally-oriented customer. C-A-L Ranch Stores also offers products to the non-agricultural customers who come to the stores for their general merchandise needs as well as sporting goods, clothing, footwear, electrical, plumbing and hardware.



Apollo Burger Coming to St George

Utah-based Apollo Burger, a char-broiled burger fast food restaurant chain started in 1984, is coming to St. George. Apollo Burger is excited to announce that construction on a new Apollo Burger Restaurant at 245 North Red Cliffs Drive, Suite 21, will begin soon, and is expecting to open in late October.



Buca di Beppo Opening

Family style Italian restaurant Buca di Beppo has opened their doors for business on Red Cliffs Drive in front of the Red Cliffs Mall. Buca di Beppo gets to the heart of fresh Italian cooking with family dishes passed down from generation to generation.



Tabernacle Building

Basile & Davis CPAs and Red Sands Realty are nearing completion at their new office building located at 540 E Tabernacle.



Durangos / Krave

Durangos Mexican Restaurant and Krave Frozen Yogurt have opened the doors to their new restaurants in front of the Coral Cliffs Cinema 8 Movie Theater in Hurricane, UT.



Springdale Hotels

Construction is in full swing on two hotels in Springdale. Hampton Inn is building a 90 unit, 45,000 SF complex, La Quinta is nearing completion on a 6 bldg, 132 unit, 72,000 SF complex.



Meadows Remodel

The Meadows Independent & Assisted Living Center at 950 S 400 E is undergoing extensive interior and exterior renovations. Residents look forward to enjoying their "new" retirement community.



Anderson Detox

Construction is nearing completion on the 60-bed Anderson medical detoxification facility. The beautiful colonial style building is located just off Hilton Drive on the former Desert Palms property.

Area Market Activity



DSC Snow Science Building

The new Edward H. and Idonna E. Snow Science Building is under construction at Dixie State College. When completed, the new two-story building will feature 10,000 square feet of science labs for the Physical Sciences Department. The upper floor will include an organic chemistry lab, general chemistry lab and a chemical stockroom and storage room. The lower floor will include a chemistry analytical lab, chemistry instrument lab, stock room, weighing room, oven room, geology lab and a geology storage room. The lower floor will tie into the main level as accessed from the south.



Family Dollar Distribution Facility

Family Dollar Stores, Inc. announced that it will locate a new 800,000 SF, \$80 million, distribution facility in the Ft. Pierce Industrial Park in Washington County. Construction has begun, with a goal of opening the center by summer 2013. The facility will generate about 450 full-time jobs over the next 20 years, with nearly 350 of those jobs available within its first few years of operation, said officials from the Utah Governor's Office of Economic Development. It also will create hundreds of jobs during its one-year construction period.



Boyer Land Purchase

The St. George City Council agreed Thursday to provide prominent development company, Boyer Company, with the option to purchase more than 23 acres of city-owned land near the Dixie Center for \$7.85 million. If the Boyer Company decides to exercise the option to build what is described as a hotel-entertainment complex, it would be one of the biggest land deals in St. George history, according to city officials.



Chick-Fil-A

Chick-Fil-A has broken ground and is digging footings for its new location at Red Rock Commons. The St. George store will be the sixteenth location in Utah.



Mattress Firm

Mattress Firm is vertical in the construction of its new location off exit 8 in front of Old Navy and Dick's Sporting Goods. Mattress Firm, founded in Houston, Texas in 1986, is one of the nation's premier specialty bedding retailers.



Rich Electric

Rich Electric is building its new location at 831 N 1080 E in the St George Industrial Park. Rich Electric specializes in all electrical associated with commercial and residential construction.



Midtown Tire & Auto

Midtown Tire & Auto is building its new location at 450 S Main Street in Cedar City, next to Premeir Plaza. Midtown is locally owned and is known for providing service with integrity.



Diamond Ranch Academy

Diamond Ranch Academy is a premier youth residential treatment center for troubled teens. DRA has four separate, individually licensed campuses including the recently completed facility near Sand Hollow Resort.



VA Center

Utah veterans and area dignitaries broke ground on the \$17 million Southern Utah Veterans Home project in Ivins. The facility will provide a staffed nursing home for retired military personnel.

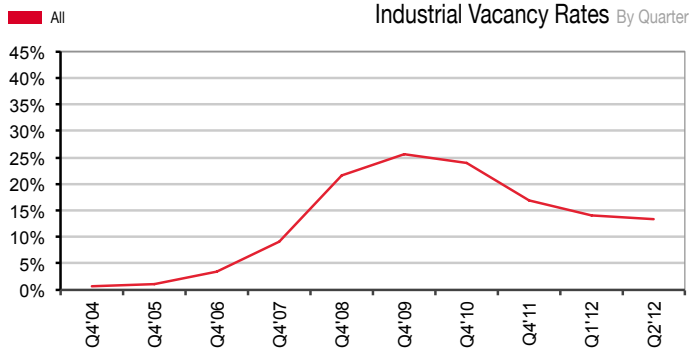
An Excerpt from:

NAI Utah Southern Region 2nd Quarter 2012 Market Report

A Quarterly Newsletter & Report on Commercial Real Estate in Southern Utah



Industrial 2012 2nd Quarter | Washington County

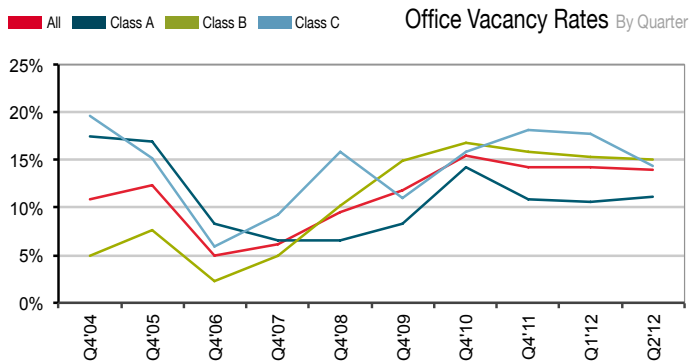


Outlook

The price trend often lags the vacancy trend. As demand increases, supply becomes limited, and price increases naturally follow. We have already seen a significant drop in vacancies and the first signals of price increases. Growth in Southern Utah as well as the demand for industrial services is expected to increase as the economy continues to improve. Unless growth slows, new construction and increased lease rates are expected.



Office 2012 2nd Quarter | Washington County

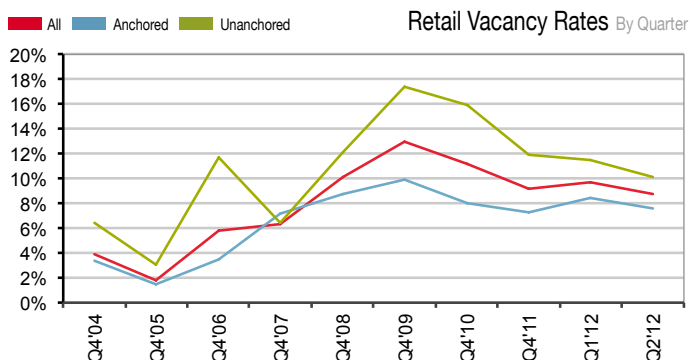


Outlook

The residential housing market and most segments of commercial real estate in Southern Utah show visible and quantifiable signs of recovery. The office market is lagging the broader trends. Although it may not be as clearly evidenced in the vacancy and asking lease rates, demand is improving for office space. Slowly declining vacancy rates and eventually improvement in lease rates are expected. Because of the very small size of the office market, total available inventory can change quickly.



Retail 2012 2nd Quarter | Washington County



Outlook

The future of the retail market depends in great part on population growth and tourism. Southern Utah has always had natural beauty and ample sunshine. Our population is beginning to grow again as amenities and infrastructure continue to increase the area's appeal to new residents. As a result, we expect conditions in the retail sector to continue to improve, particularly for anchored locations.

Visit www.naiutahsouth.com Today to Download the Entire Report!

A Selection of **2012 Q3 Closings** from **NAI** Utah Southern Region

2012 Q3



Riverside Townhomes
6,656 SF

SOLD Q3



Avanyu Development
240 Acres

SOLD Q3



Hurricane Retail Investment
1,125 SF

SOLD Q3



Cedar Professional Office
2,836 SF

SOLD Q3



Iceberg Restaurant
3,500 SF

SOLD Q3



Fargo's Drive-Thru
1,736 SF

SOLD Q3



One Hot Grill Business

SOLD Q3



Val Pak Business

SOLD Q3



River Road Acreage
18.5 Acres

SOLD Q3



Hurricane Acreage
1.35 Acres Next to State Bank

SOLD Q3



Sunset Blvd Auto Dea
1,586 SF on .50 Acre

SOLD Q3



Multi-Family Acreage
2.5 Acres for 56 Units

SOLD Q3

Over **200** Transactions!
740,000 SF Leased or Sold
in **2011!**



NAI Utah Southern Region is celebrating **10 Years**
of providing quality commercial real estate services to Southern Utah.

Over 150 Years Combined Real Estate Experience

Aquisitions & Dispositions | Investment Sales | Landlord & Tenant Representation | Property Management



Mark
Walter



Neil
Walter



Jon
Walter



Wes
Davis



Jason
Griffith



Meeja
McAllister



Mat
Chappell



Pat
Chappell



Brandon
Vandermyde



Ryan
Garrett



Curren
Christensen



Roger
Stratford



Jon
Vandermyde



Abraham
Thiombiano



Allene
England



Annette
Humphrey



Brian
Judd



Matt
Walter