

# South Logistics Center

Bailard Real Estate Fund

**ACQUISITION DATE**  
August 7, 2023

**LOCATION**  
West Valley City, UT  
(Salt Lake City MSA)

**PROPERTY TYPE**  
Industrial

**YEAR BUILT**  
2023

**SIZE**  
328,607 square feet (SF)

**PARKING**  
296 spaces / 83 trailer stalls  
60 dock-high / 2 drive-in

**OCCUPANCY**  
0% leased

**PURCHASE PRICE**  
\$56.7 million



# South Logistics Center West Valley City, UT

## THE PROPERTY

South Logistics Center (the “Property”) is a recently built, Class A, industrial property totaling 328,607 square feet (SF) situated on 18.1 acres of land located at 2215 South 7200 W in West Valley City, Utah. The Property is situated in Salt Lake City’s Northwest Quadrant (NWQ), a premier industrial submarket due to its proximity to major highways, Salt Lake City International Airport, and United Pacific’s Salt Lake City Intermodal Rail Terminal, a state-of-the-art facility designed to support the intermodal volume of the Mountain region of the U.S. The Property’s location benefits from less congested roads and easy access to State Road-201 (SR-201), linking to major U.S. highways, Interstate-215 (I-215) to the east and Interstate-80 (I-80) to the west. Convenient entrance ramps to SR-201, located just south of the Property, provide competitively advantageous access.

The Property represents a good opportunity to acquire a premium industrial building in Salt Lake City, a thriving market with strong growth, a young and educated workforce, and a strategic logistical location.

## THE OPPORTUNITY

**Invest in an Attractive Growth Market** – Salt Lake City showcases strong economic growth with a projected 3.5% rise in gross regional product in 2023, closely aligning with the 10-year average of 3.6%, per Cushman and Wakefield. With low unemployment at 2.3%, job growth persists. Thriving manufacturing, technology, and finance sectors, fueled by a young, educated workforce, attract top companies. A business-friendly climate, high quality of life, and major infrastructure investments support this growth. The influx of professionals spurs new household formations, fueling home construction. The industrial sector is well-positioned to serve this growing consumer base.

**Invest in Premier Industrial Submarket that will have Future Demand** – Salt Lake City is a key trade and logistics hub due to its central location to major mountain and west coast markets. Its solid transportation infrastructure, highlighted by the Union Pacific Salt Lake City Intermodal Rail Terminal, supports efficient freight movement regionally and beyond. The market also has a thriving manufacturing sector, boosting the

local economy and making it attractive for long-term industrial investments. The NWQ submarket, where the Property is located, is a strategic industrial area in the city, benefiting from major highway intersections like SR-201, I-215, and I-80, and proximity to key transport hubs including the UP-intermodal rail terminal and the Salt Lake City International Airport. The planned expansion of State Road-85 to I-80 in the coming seven years will further enhance the submarket’s transportation network. The Property, positioned in this strategic location, is well-placed to meet future industrial leasing demand, presenting a strong long-term investment opportunity.

**Entry Asset to Salt Lake City** – The investment will provide the Fund with exposure to Salt Lake City, a high barrier-to-entry market for non-local investors. Entrance into Salt Lake City followed by more regular participation in the market by the management team should enhance the Fund’s ability to make more investments in Salt Lake City.

## IDENTIFIED RISKS

**Industrial Supply** – Industrial property construction in Salt Lake City faces lower entry barriers compared to many U.S. markets due to less restrictive zoning and ample land. The recent surge in new industrial supply, particularly in the NWQ, has intensified competition. CBRE notes about 9 million square feet remains under construction. Currently, supply is slightly imbalanced, yet the market remains healthy with a sub-5.0% vacancy rate. Rising debt and labor costs are curtailing new construction permits, which, over time, should reduce the new construction supply. As demand stays robust, new product should absorb, eventually tightening the market.

**Lease-Up** – The Property, fully available for lease, presents both upside lease-up potential and associated risk. Given the commodity-like nature of industrial buildings in newly developed submarkets like NWQ, the investment faces a competitive market, possibly delaying lease-up. However, despite having similar physical attributes with competitors, the Property’s unique proximity to SR-201 sets it apart, making the Fund optimistic about the long-term outlook of the investment.

## THE INVESTMENT

The total purchase price inclusive of closing costs was \$56.8 million (\$172/SF). The transaction was a forward commitment whereby the Fund agreed to purchase the building in August 2022 while the building was under construction. The Fund closed once the building was completed a year later in August 2023. The underwritten yield once lease-up and factoring all leasing costs equated to a 4.6% year-one return on cost. South Logistics Center is wholly-owned by the Fund.

## PROJECTED RETURNS\*

Projected seven-year unlevered IRR of 6.4% and a 1.4x equity multiple net to the Fund.

*\* Projected Returns are hypothetical in nature. There can be no assurance that this investment will achieve such projected returns. Please see important disclosures regarding these hypothetical returns at the end of this document. IRR and Equity Multiple represent the investment's projected returns, net of joint venture partner fees and investment-level leverage. As such, Fund-level fees and expenses are not included in the calculations.*

## RISKS

The Bailard Real Estate Investment Trust, Inc. (the "Bailard Real Estate Fund" or "Fund") invests primarily in real estate. As a result, an investment in the Fund entails significant risks that are customarily associated with the development and ownership of income-producing real estate, including illiquidity, changes in supply and demand, and inexact valuation. Fees and expenses may offset the return on the investment. The Fund may be leveraged. An investor may lose all or a substantial portion of the investment. Specific investments described herein do not represent all investment decisions made by Bailard. The reader should not assume that investment decisions identified and discussed were or will be profitable. Specific investment advice references provided herein are for illustrative purposes only and are not necessarily representative of investments that will be made in the future. This document does not constitute advice or a recommendation or offer to sell or a solicitation to deal in any security or financial product. It is provided for information purposes only and on the understanding that the recipient has sufficient knowledge and experience to be able to understand and make their own evaluation of the proposals and services described herein, any risks associated therewith and any related legal, tax, accounting or other material considerations. To the extent that the reader has any questions regarding the applicability of any specific issue discussed above to their specific portfolio or situation, prospective investors are encouraged to contact Bailard or consult with the professional advisor of their choosing. For a more thorough discussion of the risks involved in making an investment in the Fund, please refer to the Offering Memorandum. The Fund's shares fluctuate in value and may be illiquid due to a lack of a right of redemption, the lack of a secondary market, and restrictions on transfer. Shares of the Fund, if offered, would be available for purchase only by accredited investors who could bear a loss and hold shares of the Fund indefinitely. This information does not purport to be complete and is qualified in its entirety by, and an offer or solicitation will only be made through, a final Confidential Offering Memorandum.

## DISCLOSURES

### Forward Looking Statements

This piece includes forward-looking statements, which involve a number of risks and uncertainties and actual results may differ materially from these forward-looking statements.

### Projected (Hypothetical) Returns

The Fund does not guarantee any minimum level of investment performance or the success of any investments. The Projected Returns presented in this document are hypothetical in nature. Target performance should not be considered indicative of the actual results that may be realized or predictive of the performance of the investment in the property discussed herein (the "Investment"). Projected Returns have many inherent limitations; they do not reflect the impact of material economic/market factors might have on the Manager's decision-making. The Projected Returns presented here may not be the same as the actual performance of the Investment. The Projected Returns were calculated using a model and were based upon assumptions determined by Bailard. The model uses assumptions for factors that include development period, lease-up period, rental rates, vacancy loss, revenue, operating expenses, net operating income, debt capital markets, hold period, exit value, and closing costs, among other things. The actual returns of the Investment will depend on, among other factors, future operating results, the value of the assets and market conditions at the time of disposition, legal and contractual restrictions on transfer that may limit liquidity, any related transaction costs and the timing and manner of sale and related fund level reserves, all of which may differ from the assumptions and circumstances on which the valuations used in the target returns contained herein are based. Projected Returns are not guaranteed, and a loss of principal may occur.

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Bailard, Inc.  
950 Tower Lane, Suite 1900  
Foster City, California 94404-2131  
call: (800) 224-5273  
visit: [bailard.com/real-estate](http://bailard.com/real-estate)

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Published November 2023