

# Focus

## WEBER & DAVIS COUNTIES

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# At new job, former Ogden mayor deploying same skills that helped his city lead the nation in job growth

By Andrew Haley

*The Enterprise*

Since leaving office last January, former Ogden Mayor Matthew Godfrey has been busy applying the same strategies that helped his city lead the nation in job growth to other urban areas around the country.

Through his economic development consulting company Better City, he is trying to match the same models of economic development and crime reduction that worked so well in Ogden to other towns and cities across the country. His team at Better City includes Stuart Reid, former chief of economic development for Salt Lake City and Ogden; and Steven (Randy) Watt, retired Ogden assistant chief of police, among other economic and municipal policy specialists.

"We primarily help cities recruit jobs, develop or redevelop their town, and improve their cash flow," Godfrey said by car phone en route to a meeting with clients in Idaho.

In addition to Utah and Idaho, Better City has ongoing projects in Wyoming, Massachusetts and Alabama, working with a dozen communities, including one city of more than 350,000, which Godfrey declined to name. In August, North Ogden signed a \$38,000, one-year plan with Better City to revitalize the city's commercial district, and Brigham City hired the firm to conduct a nine-month, \$100,000 job study to help replace thousands of workers shed by La-Z-Boy and ATK due to economic malaise and the shuttering of NASA's shuttle program. Morgan City has also retained Better City to navigate the potential development of the Como Springs hotel and resort on the banks of the Weber River.

During his three-term tenure as Ogden's mayor, from 1999, when at 29 he was elected the city's youngest mayor, through 2011, Godfrey reinvented the 82,000-person northern Utah city, transforming it from blighted railroad hub to an outdoor sports and recreation mecca with a reinvigorated downtown and a slew of national businesses drawn by lower operating costs and proximity to world-class outdoor recreation opportunities. Rossignol, Salomon, Atomic, Scott USA and several other prominent outdoor recreation companies moved to the city Al Capone once said was too wild even for him. According to Better City's website, during his stint as mayor Godfrey attracted \$1.2 billion in investment and 8,000 private sector jobs to Ogden, revitalized 130 acres of downtown real estate and constructed almost 1 million square feet of new office space, while reducing crime 33 percent in 10 years.

His secret?

"Ignoring all the naysayers. We figured out what our competitive advantage was and went after it with tenacity," he said.

In Ogden's case, the competitive advantage was proximity to world-class skiing made famous by the 2002 Winter Olympics. Snowbasin, which hosted the downhill skiing and Super-G events in 2002 Winter Olympic Games, is less than 20 miles from town, compared to Breckenridge, Colo., which is 80 miles from Denver. Add to that competitive labor costs, a well-educated work force, low cost of living and a nearby



Godfrey

international airport with direct flights to Europe, and one wonders why a maker of ski boots would operate anywhere else.

That Godfrey headed up such a turnaround is impressive. That he did so during the Great Recession makes for the kind of economic policymaking that catches the eye of the *Wall Street Journal*, which wrote about the city's blossoming sports equipment manufacturing boom last year. In order to pull off his plans in the midst of the downturn, Godfrey applied the same imaginative problem-solving that allowed him to see a global manufacturing center where erstwhile politicians and developers had seen only the remnants of a 19th century railroad town.

"We took advantage of the recession. We sold Ogden as a way to maintain or regain profitability," he said.

Recruiting companies away from Oregon, New Hampshire, Michigan and South Dakota, Godfrey was able to offer higher tax brackets, lower wages and costs

of living, giving companies needed flex during years of belt-tightening. By moving operations to within a half-hour's drive of premier equipment testing terrain, manufacturers were also able to reduce the significant expense of transporting gear and technicians to distant places like Snowbasin to test their products. In addition to ski slopes, Ogden also offers close proximity to rock climbing, mountaineering, rafting, water sports and other outdoor recreation opportunities.

But can the Ogden model, which relies so much on its geography, be replicated as a template for other towns?

"It does translate. We find that every community has its strengths," Godfrey said.

The bigger hurdle, he said, is posed by government officials who lack the political capabilities, or the patience, to embrace substantial redevelopment. Many city officials remain locked in growth ideas of past decades and equate attracting big-box stores like Walmart with economic growth. But part of Godfrey's success in Ogden was in avoiding the big-box store model in favor of bringing in companies with employees making good salaries.

"Where it makes sense, we push jobs. Landing a big-box store is not nearly as satisfying as bringing in a firm with \$70,000 jobs," Godfrey said. "A lot of communities lack the vision for what they can become. We're really surprised how many cities don't know how."

Because of his 12 years at Ogden's helm, the difficulties of being mayor of a struggling town are ones Godfrey knows well. Caught in the feedback loop of blight and declining revenues, municipal governments lack the resources to throw money at

their problems. With a worsening economic and social situation, city governments have a difficult time attracting needed outside investment from the private sector.

Stopping the bleeding was one of the first steps in Godfrey's plan to turn around Ogden. The mayor's office worked to revitalize the Ogden River Parkway and restore the Ogden River in an effort to rebrand the city. Capitalizing on the Olympics, Godfrey's office attracted world-class outdoor events to the area and managed to convince companies like Amer Sports, parent company of Salomon, Wilson and Atomic, to relocate.

But success was not without its difficulties. Godfrey was plagued by accusations of cronyism and fought off a string of allegations. The last of those, the Envision Utah scandal, involving alleged fraud, was investigated by the state Attorney General's office, which found no evidence of wrongdoing and closed the case.

"[Envision Utah] was the end of a very long list of false political accusations. I conducted myself with honor and integrity the entire time [I was in office]. I made mistakes, sure, but I never did anything I am ashamed of, or anything illegal. My honor and integrity are all I have," he said.

Utah's economic development wunderkind said he has no intention of ever seeking another political office, but is proud of his accomplishments as Ogden's mayor.

"I miss the people. I don't miss the office. It was a good experience. I learned a lot. Politics is a tough gig. When I left office Ogden was leading the nation in job growth. If you could have asked me what reward I would want for my last year in office, that would be it."



The Salomon Center in Ogden is a physical manifestation of Godfrey's talent for luring outdoor recreation firms to the city. Other companies that have located there include Rossignol, Atomic and Scott USA.



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# MARKETBEAT REGIONAL SNAPSHOT



## DAVIS COUNTY

A Cushman & Wakefield Alliance Research Publication

Q2 2012

### OVERVIEW

- As expected, office vacancy rates are on the rise in Davis County, especially in North Davis County where the Falcon Hill development is taking shape. Construction has been completed on Falcon Hill's new multi-story office building where Northrop Grumman has taken occupancy, leaving behind a 125,000 square foot building. As a result, Class A vacancy rates have seen a significant increase.
- The industrial segment remains strong with an overall vacancy rate of 6.28%. There has been very little change in lease rates over the past year and a half. Over the same time period asking sales prices per square foot have gone from an average of \$77.25 per square foot to an average of \$69.25 per square foot keeping vacancy rates relatively low.

- Over the past year the retail vacancy rate has gone from 11.75% to 10.52%. Station Park in Farmington has seen a flurry of activity with new businesses moving in each month.
- The Layton Hills mall has two new restaurants under construction. Texas Roadhouse and Buffalo Wild Wings will be opening their first Davis County locations in the fall.



### DAVIS COUNTY MARKET OVERVIEW

Office Vacancy	19.06%
Overall Average Office Lease Rates	\$14.14 - \$15.82 PSF, FS
Industrial Vacancy	6.28%
Overall Average Industrial Lease Rate	\$0.53 PSF
Overall Average Industrial Sales Price	\$69.26 PSF
Retail Vacancy	10.52%
Overall Average Retail Lease Rates	\$11.43 - \$15.17 PSF, NNN

### NOTABLE SECOND QUARTER TRANSACTIONS

PROPERTY	LOCATION	SIZE
Ferguson Building	Layton	16,400 SF
Duncan Lighting	Bountiful	27,248 SF
North Salt Lake Warehouse	North Salt Lake	37,500 SF
King Street Land	Layton	12.48 Acres
Maple Meadows Apartments	Layton	31 Units

### OFFICE MARKET OVERVIEW

CLASS	TOTAL MARKET SF SURVEYED	AVAILABLE SF	VACANCY	OVERALL AVERAGE FULL SERVICE LOW RATE	OVERALL AVERAGE FULL SERVICE HIGH RATE
Class A	906,691	200,749	22.14%	\$16.83	\$20.68
Class B	1,070,604	196,018	18.31%	\$13.50	\$15.94
Class C	571,958	89,120	15.58%	\$12.53	\$14.71
<b>Total</b>	<b>2,549,253</b>	<b>485,887</b>	<b>19.06%</b>	<b>\$14.14</b>	<b>\$15.82</b>

### INDUSTRIAL MARKET OVERVIEW

SIZE	TOTAL MARKET SF SURVEYED	AVAILABLE SF	VACANCY	OVERALL AVERAGE ASKING LEASE RATE	OVERALL AVERAGE ASKING SALES PRICE PSF
0-5,000	389,339	20,678	5.31%	\$0.58	\$88.85
5,001-20,000	4,434,767	280,592	6.33%	\$0.53	\$67.20
20,001-50,000	5,034,739	309,655	6.15%	\$0.40	\$62.62
50,001+	16,724,164	1,057,711	6.32%	\$0.28	\$37.20
<b>Total</b>	<b>26,583,009</b>	<b>1,668,636</b>	<b>6.28%</b>	<b>\$0.53</b>	<b>\$69.26</b>

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## A banker's view of residential real estate in Davis, Weber counties

By Dale Smith

In my daily work as a lender, I talk to a lot of people in the real estate development and construction industries. Most everyone is saying that things are picking up. I am also seeing a rush to get construction started on homes before winter sets in. At Bank of American Fork, we saw a sharp increase in applications for residential construction loans in late October, with excavation crews waiting on-site for news of approval so they could begin digging.

These signs of economic recovery are supported by data from the Bureau of Economic and Business Research at the University of Utah. From January to August 2012, there were 6,962 building permits issued statewide, an increase of 15.2 percent over the same period in 2011. Against this measure, Davis County increased its number of building permits by 29.3 percent over the same period, and Weber County increased by 2.5 percent. The number of building permits in Davis County year-to-date is 1,376, and building permits issued year-to-date in Weber County is 249. These two counties represent 23 percent of all building permits issued statewide year-to-date.


Because of events over the past five years, most community banks are still cautious with real estate development loans and feel some developments are more risky than others. For example, smaller infill developments in areas already mostly developed would be viewed as more favorable than a

loan to purchase a large tract of agricultural land to develop a 150-lot subdivision in the rural areas of western Davis and Weber counties.

This doesn't mean that banks are ready to jump into development of raw land the way they did in 2007, but it does seem that the market is beginning to return and banks definitely have money to lend. Demand for new homes and existing inventory are being watched closely. Bankers I have spoken with have been funding more construction and development loans this past year and seem to be gearing up to fund even more in 2013.

As demand for housing is picking up, the time is right for an additional community bank to open and serve the needs of builders in the area. Davis and Weber Counties are important parts of Utah's economy and it's nice to see things beginning to look up again for my many friends in the building industry.

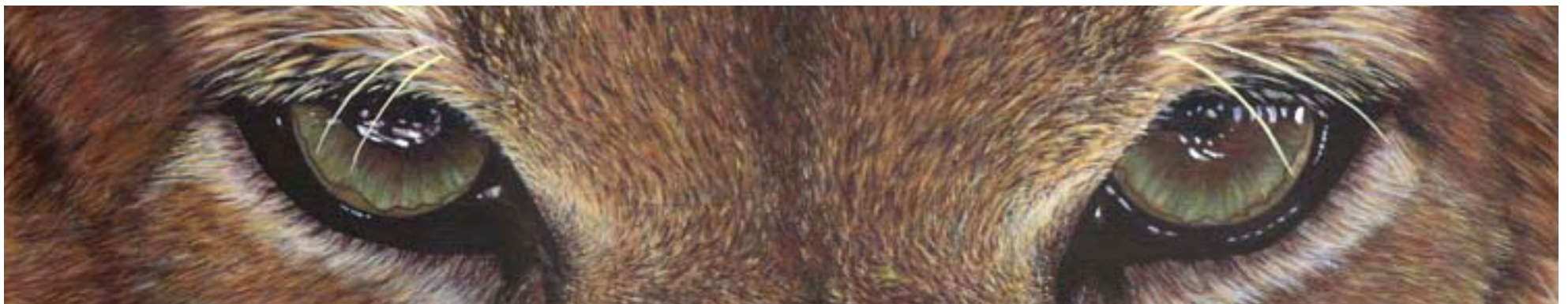
Dale Smith is branch manager for Bank of American Fork's new Layton branch, which will open on Nov. 19. He is a long-time resident of Layton, with 30 years of experience in the banking industry. Bank of American Fork is an SBA-Preferred Lender, Equal Housing Lender and Member FDIC. It now has 13 offices and more than \$920 million in assets. This article should not be considered legal or investment advice. Seek legal and investment advice from your own qualified professional.

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# MARKETBEAT REGIONAL SNAPSHOT



## WEBER COUNTY

A Cushman & Wakefield Alliance Research Publication

Q2 2012

### OVERVIEW

- Weber County is starting to see an increase in activity across all sectors. The overall office vacancy rate has declined significantly from the same period last year, with the largest absorption occurring in Class A type buildings. Office lease rates have remained steady or declined, allowing office tenants to take advantage of upgrading opportunities.
- Although there has been a slight increase in industrial vacancy rates from the same period last year, the industrial market has been vibrant, with more deals being done in the first half of 2012 compared with the same period last year. Asking lease rates and sales prices have had a slight decrease across all size ranges.
- BDO has two new buildings under construction. A 120,000 SF and a 160,000 SF building. The majority of each building is a build to suit for specific tenants, both buildings are scheduled to be completed this fall.
- Retail vacancy rates have decreased from 19.24% to 17.17% over the past year. Three new businesses are entering the county: Buffalo Wild Wings, Godmans, and Shoe Carnival - all in the Riverdale area. Other Riverdale businesses relocating within the city are Best Buy and Zurchers.
- Expect activity to continue through out the rest of the year as a sluggish market starts to recover.



### WEBER COUNTY MARKET OVERVIEW

Office Vacancy	22.01%
Overall Average Office Lease Rates	\$11.45 - \$15.17 PSF, FS
Industrial Vacancy	9.20%
Overall Average Industrial Lease Rate	\$0.40 PSF
Overall Average Industrial Sales Price	\$66.00 PSF
Retail Vacancy	17.17%
Overall Average Retail Lease Rates	\$10.47 - \$15.61 PSF, NNN

### OFFICE MARKET OVERVIEW

CLASS	TOTAL MARKET SF SURVEYED	AVAILABLE SF	VACANCY	OVERALL AVERAGE FULL SERVICE LOW RATE	OVERALL AVERAGE FULL SERVICE HIGH RATE
Class A	1,077,335	169,918	15.77%	\$15.38	\$19.86
Class B	950,812	260,150	27.36%	\$12.10	\$15.40
Class C	397,055	103,708	26.12%	\$9.42	\$12.03
<b>Total</b>	<b>2,425,202</b>	<b>533,776</b>	<b>22.01%</b>	<b>\$11.45</b>	<b>\$15.17</b>

### INDUSTRIAL MARKET OVERVIEW

SIZE	TOTAL MARKET SF SURVEYED	AVAILABLE SF	VACANCY	OVERALL AVERAGE ASKING LEASE RATE	OVERALL AVERAGE ASKING SALES PRICE PSF
0-5,000	683,636	34,241	5.01%	\$0.44	\$91.59
5,001-20,000	4,983,312	349,205	7.01%	\$0.42	\$66.39
20,001-50,000	5,342,926	541,859	10.14%	\$0.36	\$50.20
50,001+	21,626,220	2,076,538	9.60%	\$0.29	\$23.34
<b>Total</b>	<b>32,636,094</b>	<b>3,001,843</b>	<b>9.20%</b>	<b>\$0.40</b>	<b>\$66.00</b>

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