

1Q25

Greater Salt Lake Office Market

Overviews for Salt Lake, Davis, Weber, and Utah Counties and the Tech Corridor Region



NEWMARK

Market Observations

Economy

- The Wasatch Front continued to demonstrate labor market strength, posting a 3.3% unemployment rate in February 2025—well below the national average of 4.1%.
- Year-over-year job growth was recorded across most super-sectors, except for leisure and hospitality, trade/transportation/utilities, and professional/business services.
- Office-using employment remains above pre-pandemic levels, though growth has decelerated, currently 3.8% below its mid-2022 peak.
- The 10-Year Treasury yield declined from 4.79% in mid-January to 4.02% by early April, indicating potential relief in borrowing costs. While this may support future investment activity, it also reflects growing caution surrounding broader economic conditions after the U.S. announced sweeping tariffs on foreign goods.

Major Transactions

- Renewals from large, locally-owned companies drove leasing activity along the Wasatch Front.
- Redevelopment of office assets remains active, with more projects anticipated in early 2025.
- Troubled loans have prompted an increase in for-sale listings and office transactions, with private buyers and owner-users leading recent acquisitions.

Leasing Market Fundamentals

- Net absorption reached 272,327 SF across the Wasatch Front, led by strong occupancy gains in Utah County.
- Approximately 200,000 SF of new office space delivered this quarter, with over 50% pre-leased prior to completion—supporting absorption and preventing a rise in vacancy. A cautious, targeted development approach has mitigated risks of overbuilding.
- The impact of hybrid work persists. While pre-pandemic trends saw 191 SF of office space added per new office-using job, that figure has declined to 113 SF per job post-COVID, reflecting tenants’ ongoing shift toward reduced space requirements per employee.

Outlook

- Economic uncertainty continues to dampen short-term leasing activity, as tenants favor lease extensions to maintain flexibility and delay long-term commitments.
- New tariffs will inflate raw material costs, elevate replacement costs, and limit new construction activity as developers reassess project financials.
- Sublease inventory is gradually shifting to direct space, extending absorption timelines and intensifying pressure on landlords. Competitive concessions and flexible leasing structures will be key to mitigating vacancy challenges.

1. Economy
2. Market Fundamentals:
 - Salt Lake City
 - Davis and Weber Counties
 - Utah County
 - Tech Corridor
3. Utah Capital Markets Overview

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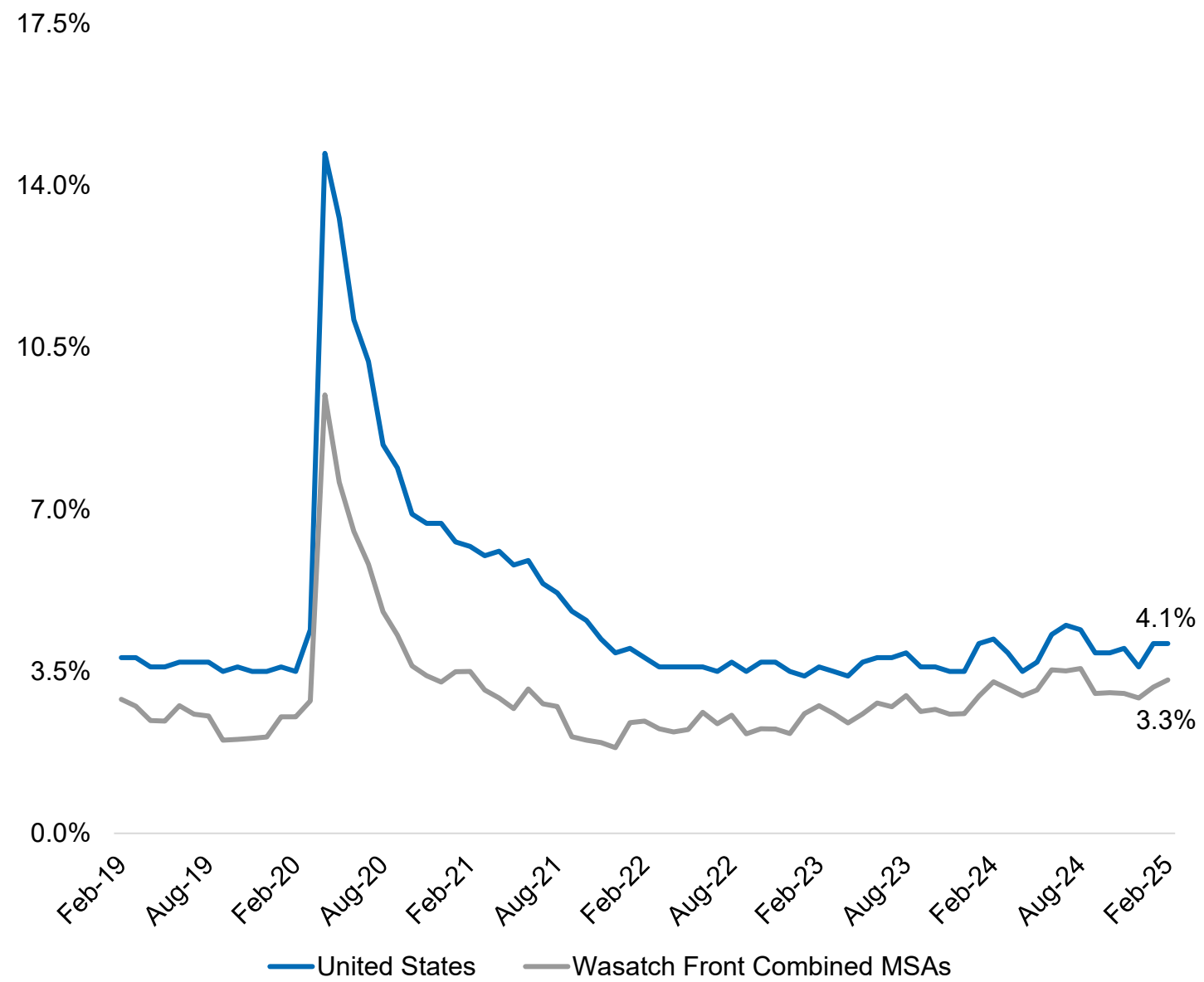
Economy



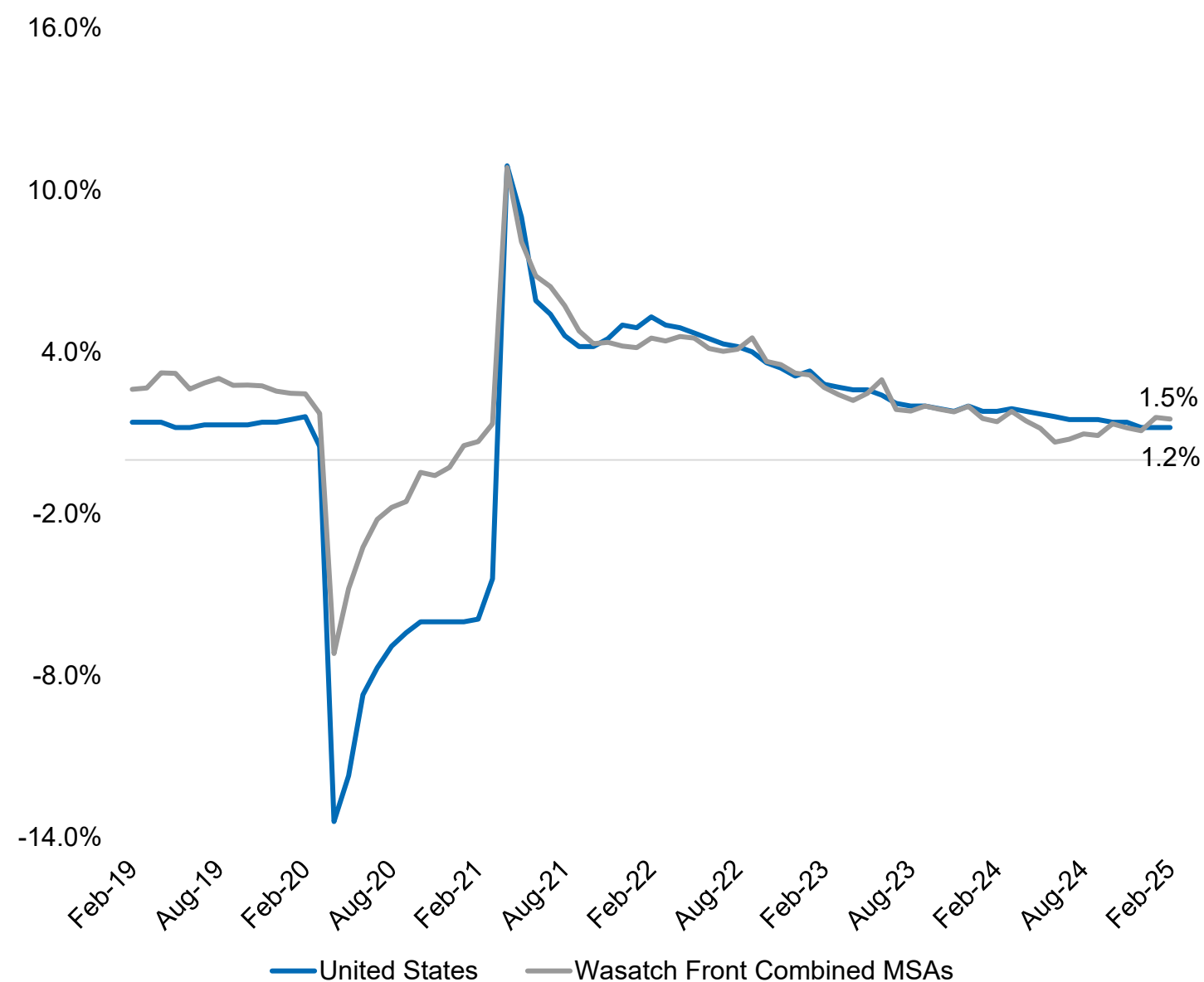
Wasatch Front Outpaces National Labor Trends with Low Unemployment and Steady Job Growth

The Wasatch Front continues to outperform national labor market indicators, maintaining an unemployment rate 80 basis points below the U.S. average as of February 2025. Despite broader economic uncertainty, the region’s job market has held strong, with annual employment growth of 1.5%, modestly outpacing the national rate of 1.2%.

Unemployment Rate, Not Seasonally Adjusted



Nonfarm Payroll Employment, Non-Seasonally Adjusted, 12-Month % Change



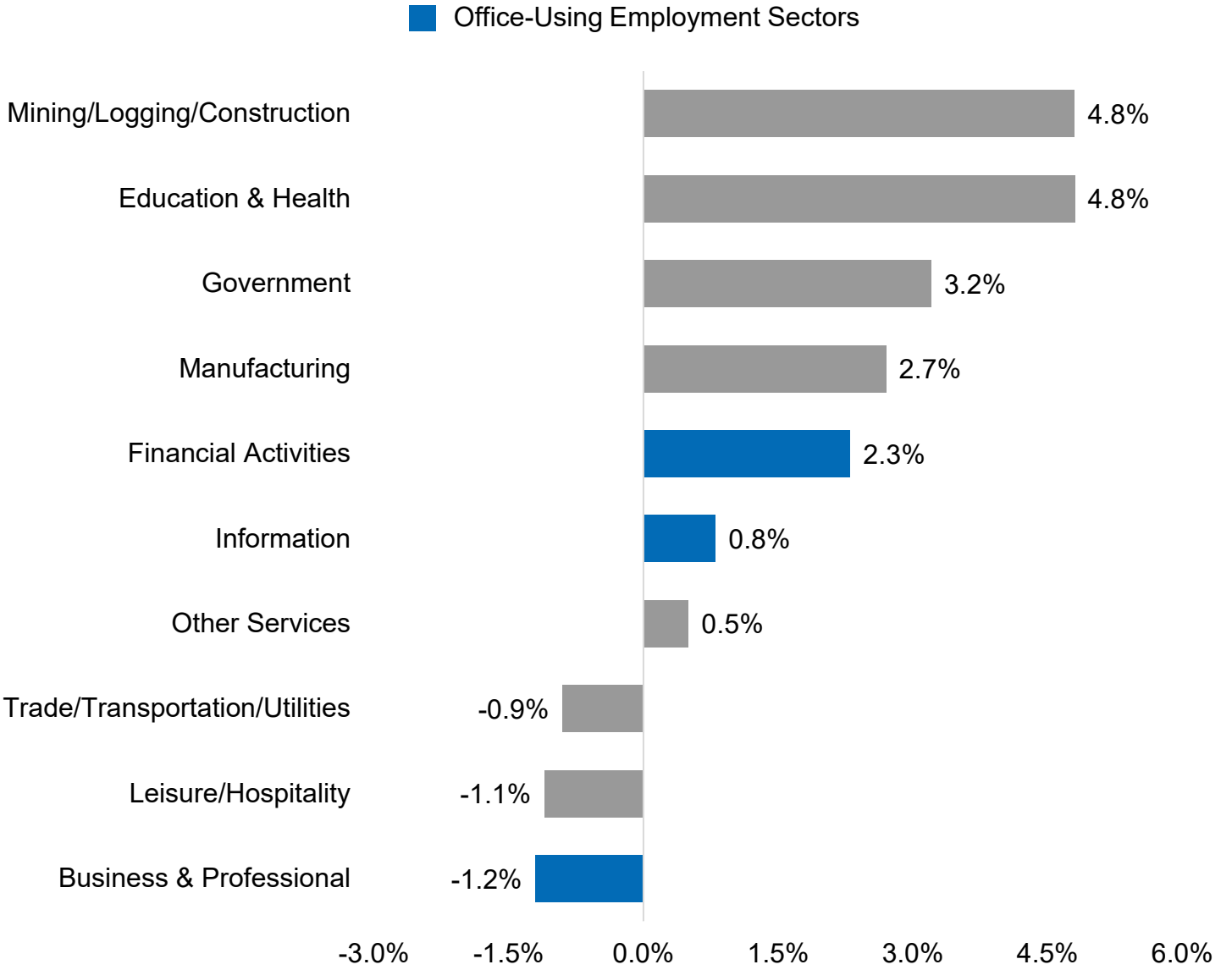
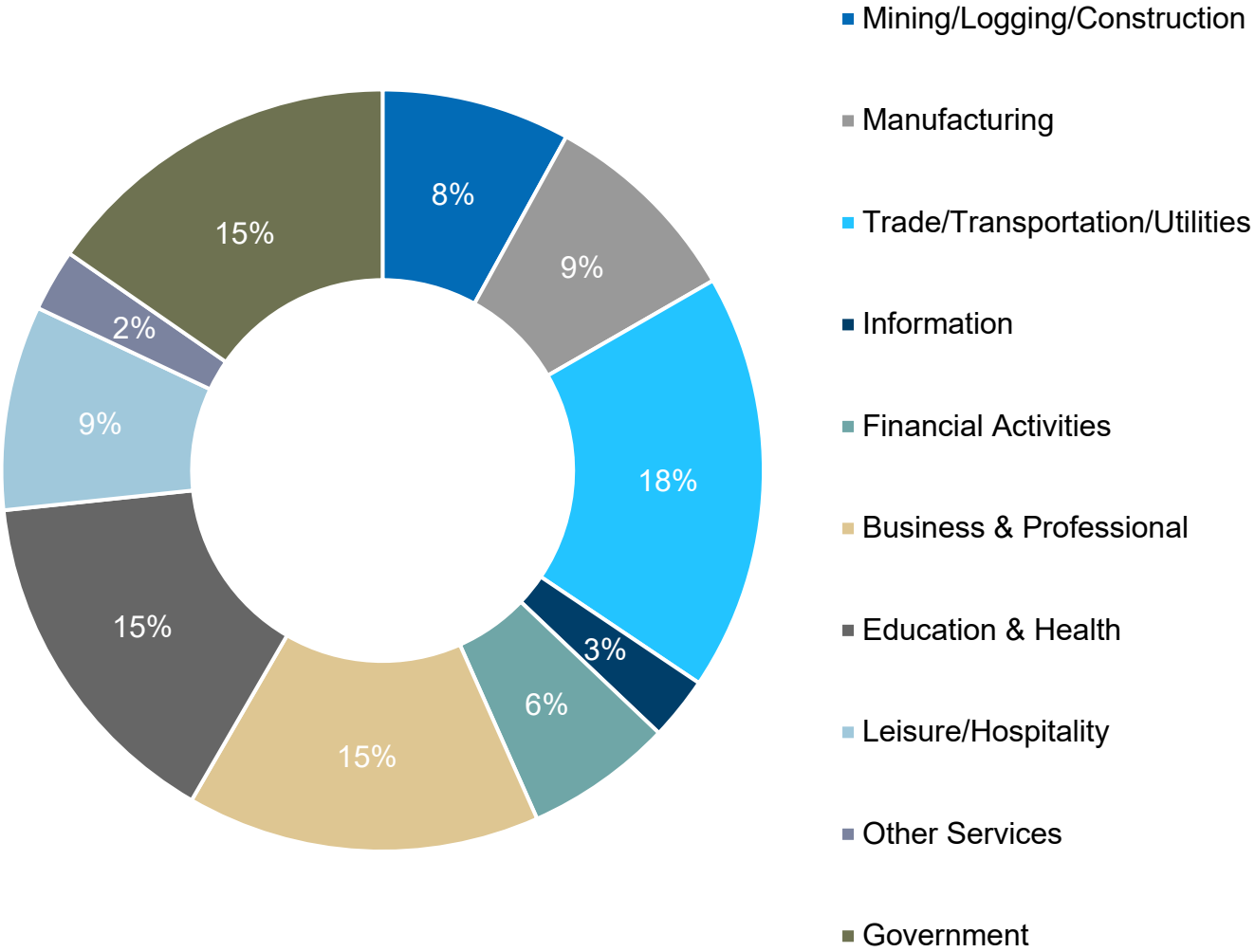
Source: U.S. Bureau of Labor Statistics
*Wasatch Front Combined MSAs include: Salt Lake City MSA, Provo-Orem MSA and Ogden-Clearfield MSA

Mixed Sector Employment Growth Across the Wasatch Front

Year-over-year nonfarm job growth across the Wasatch Front was largely driven by gains in the mining/logging/construction and education and health sectors (both +4.8%), as well as government (+3.2%). These sectors helped to offset declines in business and professional services (-1.2%), leisure and hospitality (-1.1%), and trade/transportation/utilities (-0.9%)—losses that hint at the headwinds consumer-driven and service-oriented companies are facing. While core public and infrastructure sectors remain strong, continued softness in other segments may temper broader economic momentum in the near term.

Wasatch Front Employment by Industry, February 2025

Wasatch Front Employment Growth by Industry, 12-Month % Change, February 2025

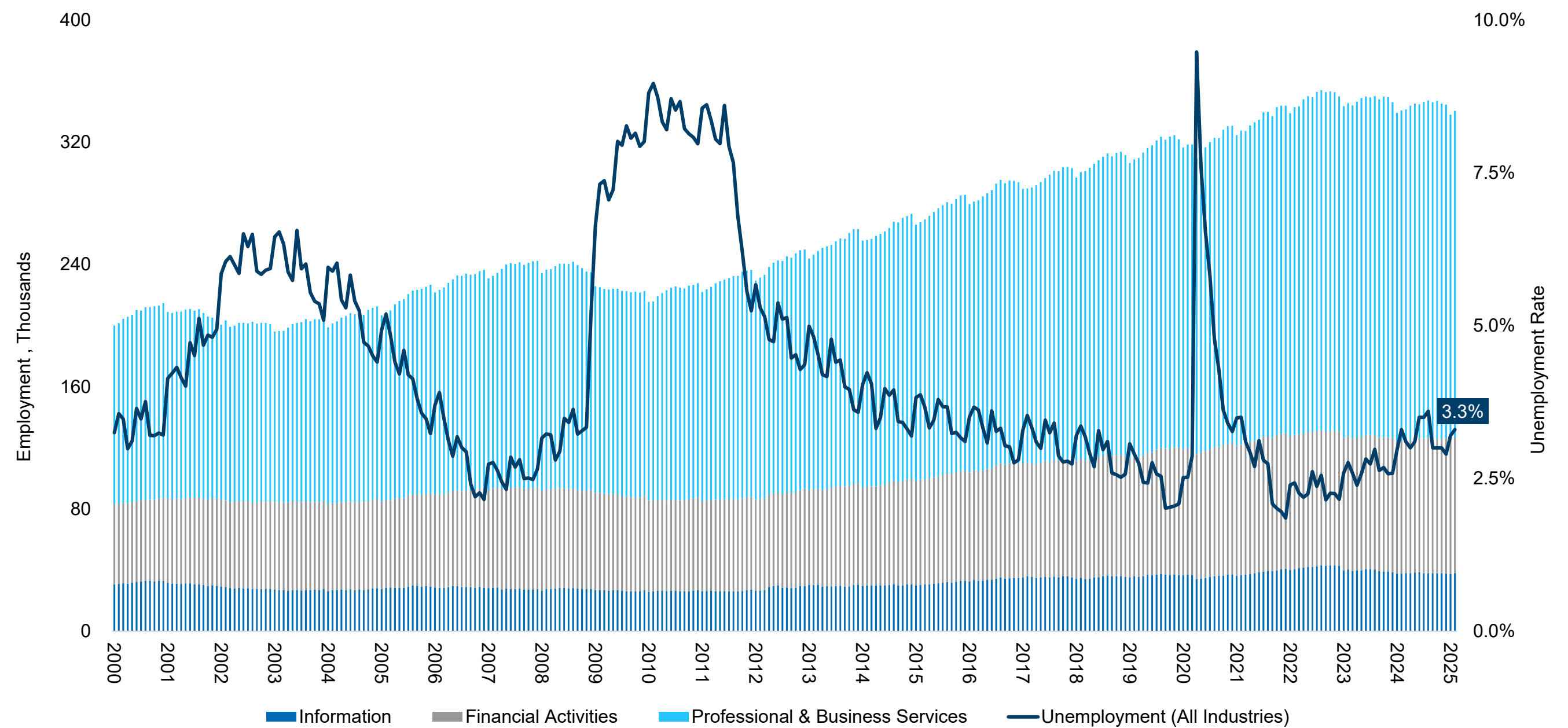


Source: U.S. Bureau of Labor Statistics
*Wasatch Front Combined MSAs include: Salt Lake City MSA, Provo-Orem MSA and Ogden-Clearfield MSA

Office-Using Employment in the Wasatch Front Remains Resilient Amid Economic Volatility

Office-using employment in the Wasatch Front remains 7.6% above pre-pandemic levels, despite a gradual 3.8% decline since peaking in 2022. While ongoing economic uncertainty, particularly in the tech sector, may continue to pressure job numbers, the market is expected to experience slower losses compared to national trends.

Office-Using Employment* and Unemployment Across All Industries



Source: U.S. Bureau of Labor Statistics
Wasatch Front Combined MSAs include: Salt Lake City MSA, Provo-Orem MSA and Ogden-Clearfield MSA
Note: February 2025 data is preliminary.
*Office-using employment includes employment in the following industry sectors: Professional & Business Services, Financial Activities and Information.

Diverse Industry Growth Strengthens Wasatch Front, While Provo-Orem Faces Tech Sector Challenges



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Slower Office Space Demand Growth Reflects Lasting Post-Pandemic Shifts



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Salt Lake City Market Fundamentals



Salt Lake County Office Submarket Map and High-Level Statistics – 1Q25



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CEOs Project Increased Office Attendance

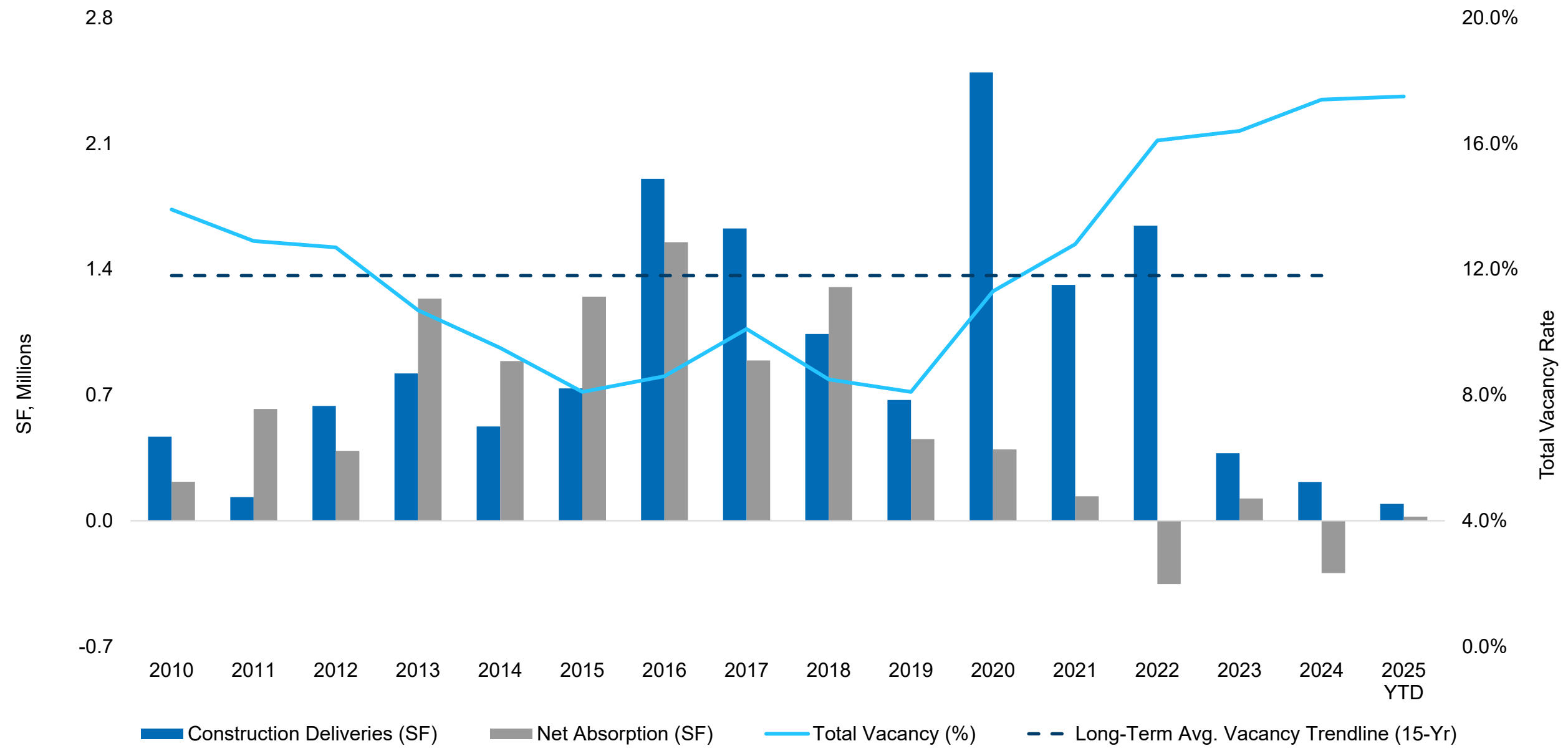


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Stable Occupancy Amid Modest Uptick in Vacancy

Total vacancy in the first quarter of 2025 inched up 10 basis points from year-end 2024. Leasing activity was driven largely by renewals maintaining existing footprints—an encouraging shift from recent downsizing trends. However, these renewals had a neutral impact on occupancy, resulting in modest positive net absorption of 23,030 SF.

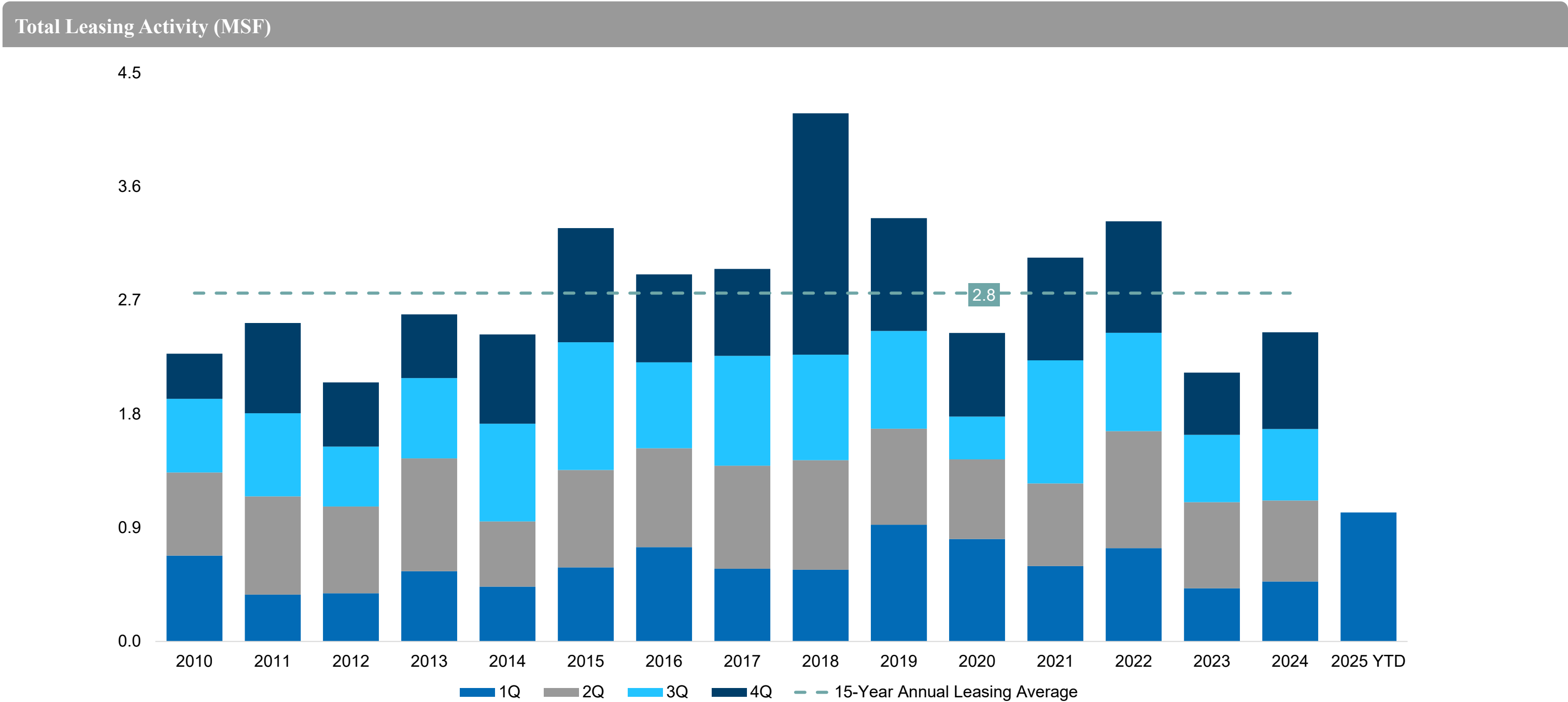
Historical Construction Deliveries, Net Absorption, and Vacancy



Source: Newmark Research

Leasing Activity Strengthens, But Tenants Remain Cost-Conscious

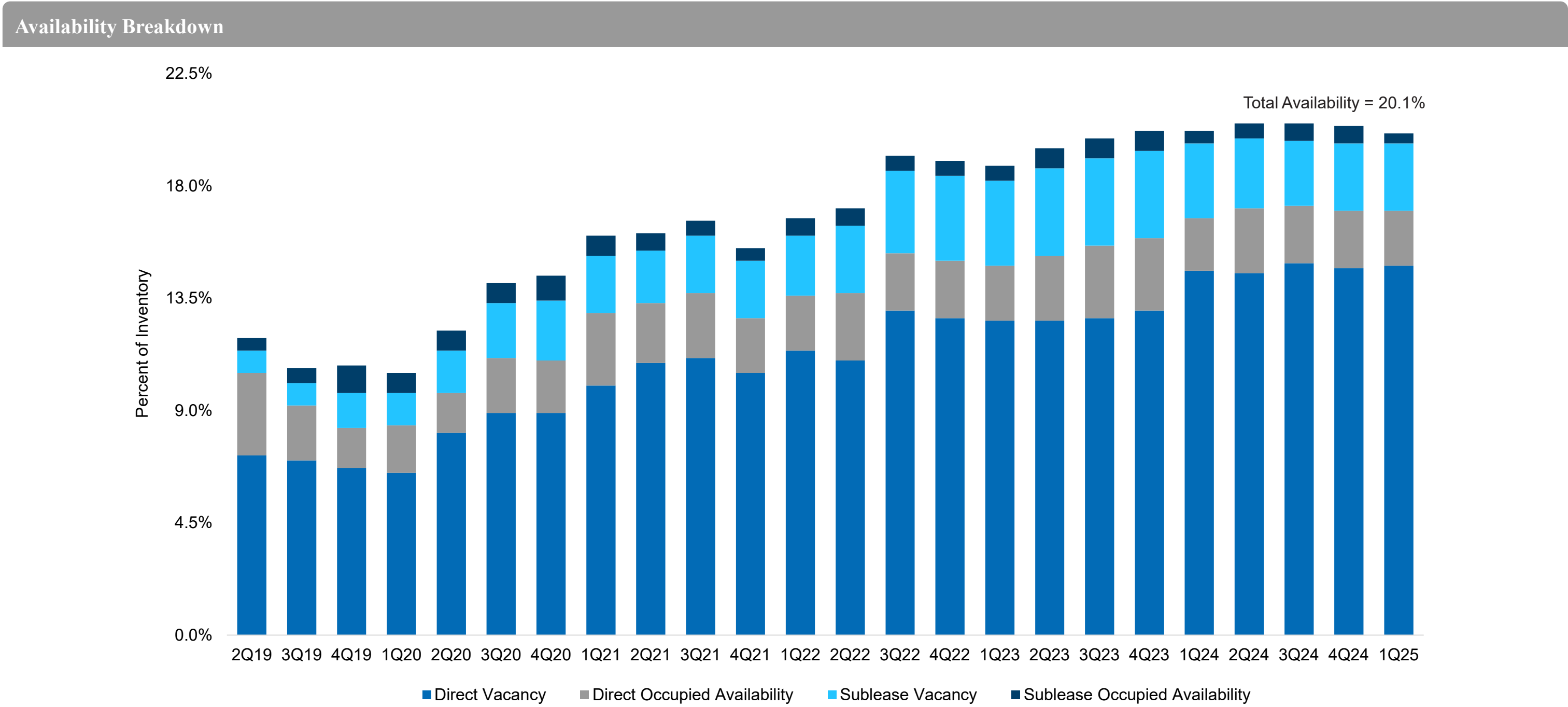
Leasing activity in the first quarter of 2025 nearly equaled the total volume seen in the first half of 2024, propelled by renewals and relocations, a trend that gained momentum in late 2024. While this signals continued tenant commitment to the Metro, decisions largely reflected caution, with many choosing to retain existing space or relocate to more cost-effective options. This measured approach is likely to persist as economic uncertainty continues to shape tenant strategies.



Source: Newmark Research

Tenant Contraction Fuels Transition from Sublease to Direct Availability

Tenant downsizes has driven increases in both sublease and direct availability since the pandemic began. Sublease availability currently stands at 3.1%, aligning with the five-year average. This signals a notable shift as expired subleases return to landlords and transition into direct availability. With a wave of lease expirations anticipated in 2025 and 2026 and tenants opting for smaller renewal or relocation footprints, this trend is expected to continue in the near term.



Source: Newmark Research

Sublease Availability Concentrated in Southern Submarkets

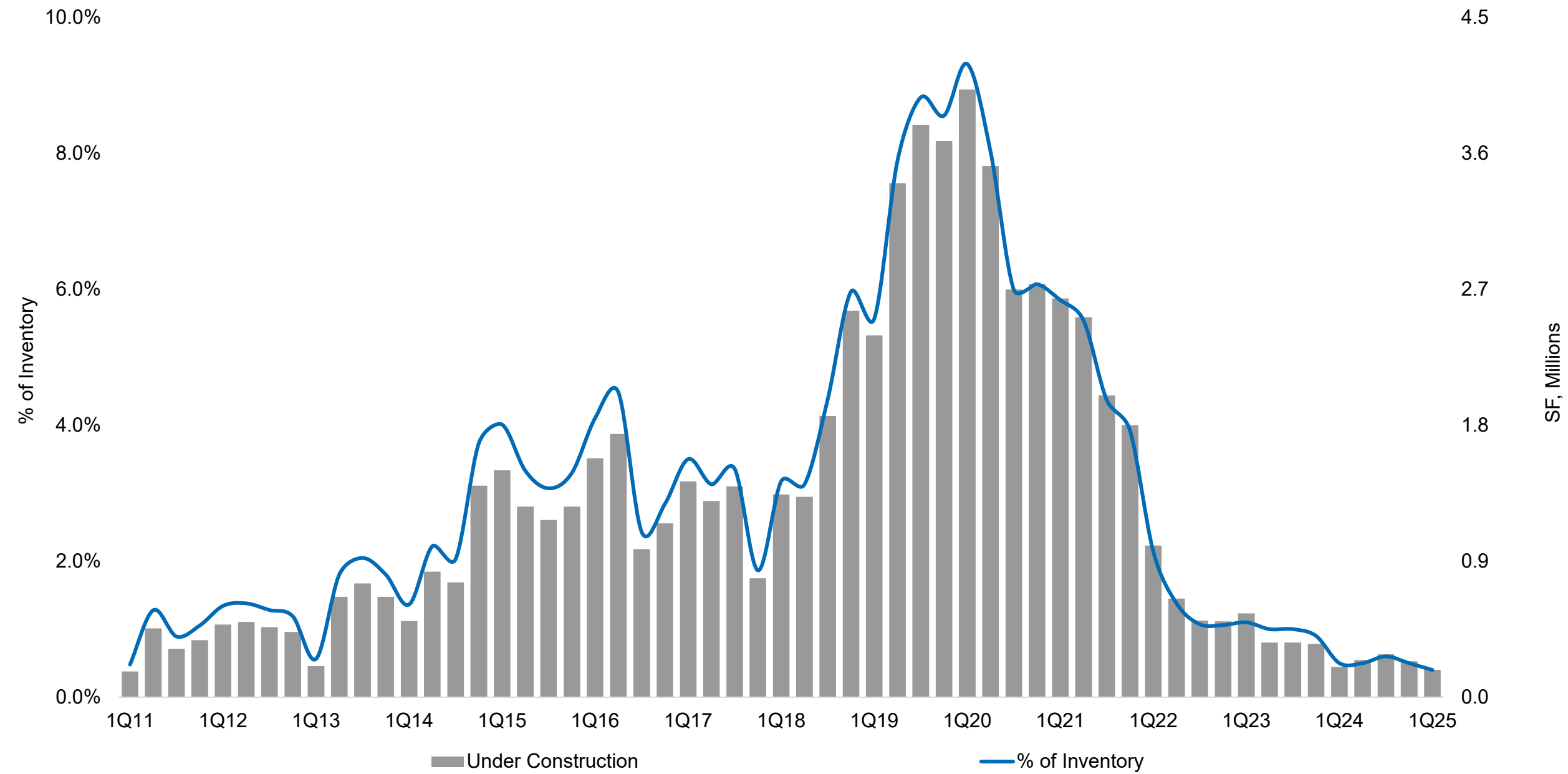


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Office Construction Stabilizes at Low Levels Amid Cautious Development Outlook

Office construction activity has declined steadily since its peak in 2020 and has leveled off, with under-construction volume holding at approximately 0.5% of total inventory for five consecutive quarters. The current development is primarily driven by built-to-suit and owner-occupied projects, as demand shifts toward customized solutions for long-term occupiers. Speculative office remains limited and with tariffs potentially increasing construction costs further, future development will likely be constrained.

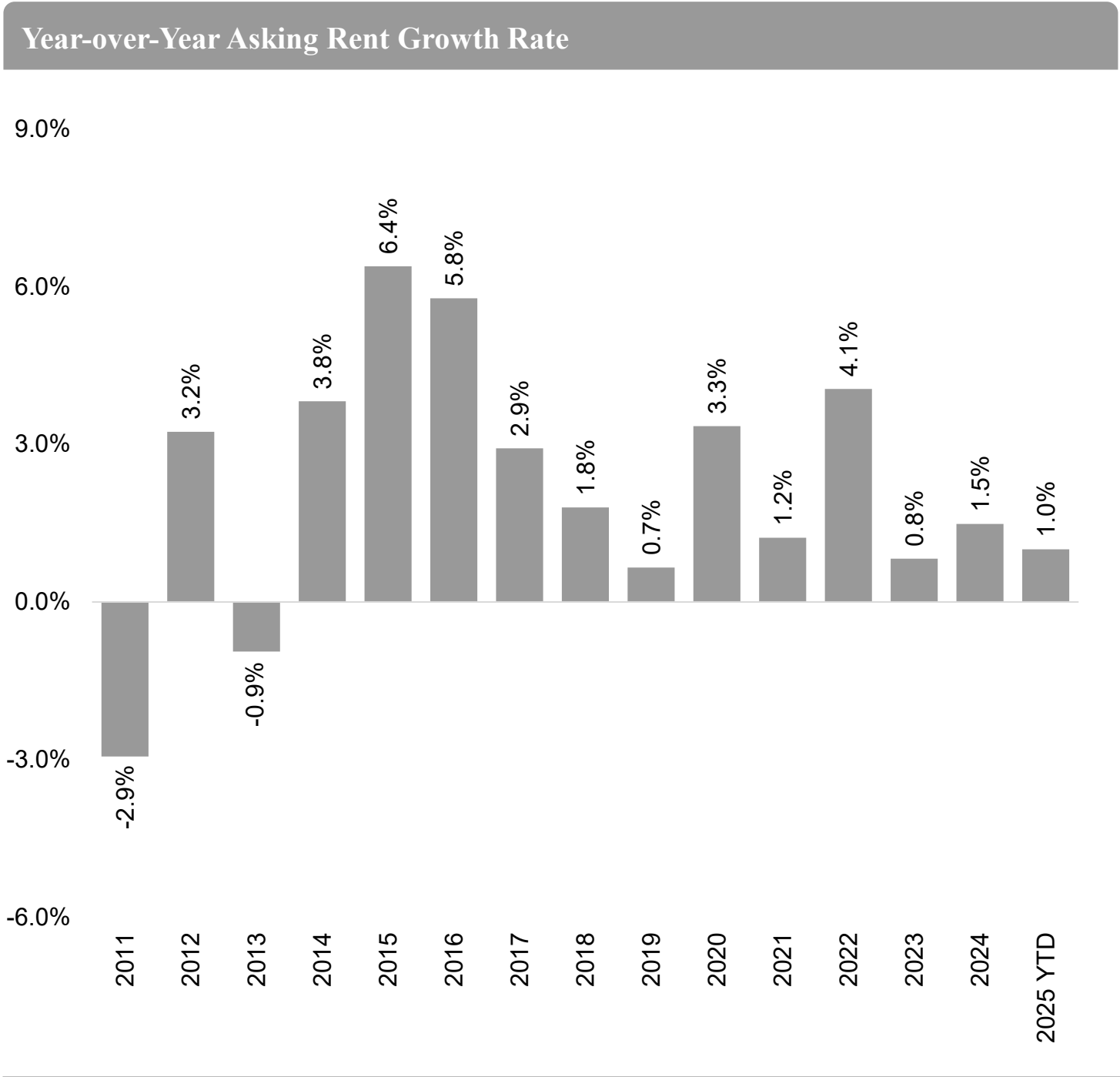
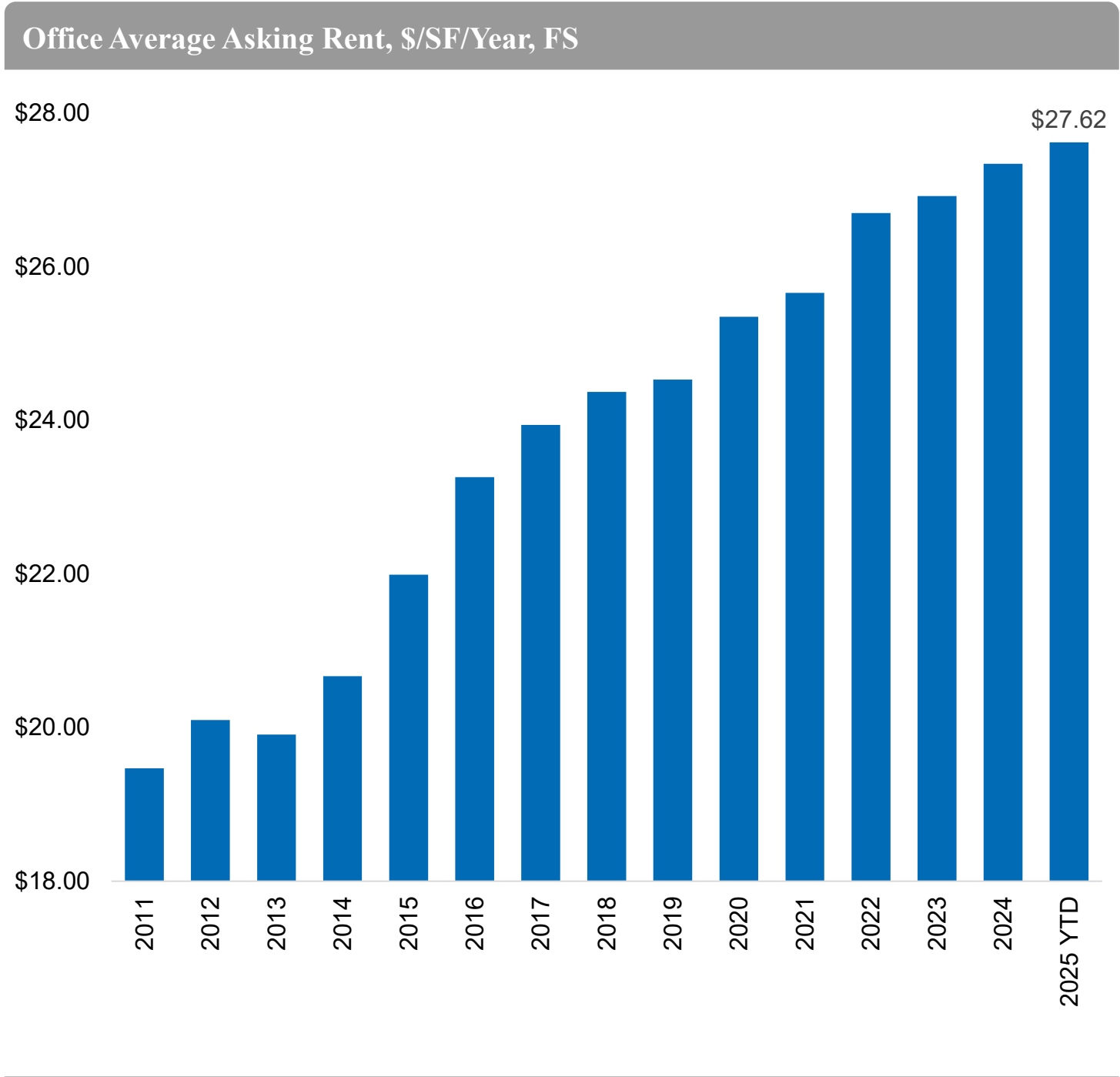
Office Under Construction and % of Inventory



Source: Newmark Research

Asking Rents Rise Despite Growing Availability, But Growth May Moderate

Asking lease rates rose by \$0.28/SF in in the first quarter of 2025, continuing their upward trend despite a small increase in available space. Many landlords began the year by reassessing operating expenses and recent deal terms, adjusting asking rents to better reflect current cost structures. However, with tenants remaining cost-conscious, rental growth is expected to moderate through 2025 as landlords balance financial sustainability with maintaining occupancy.

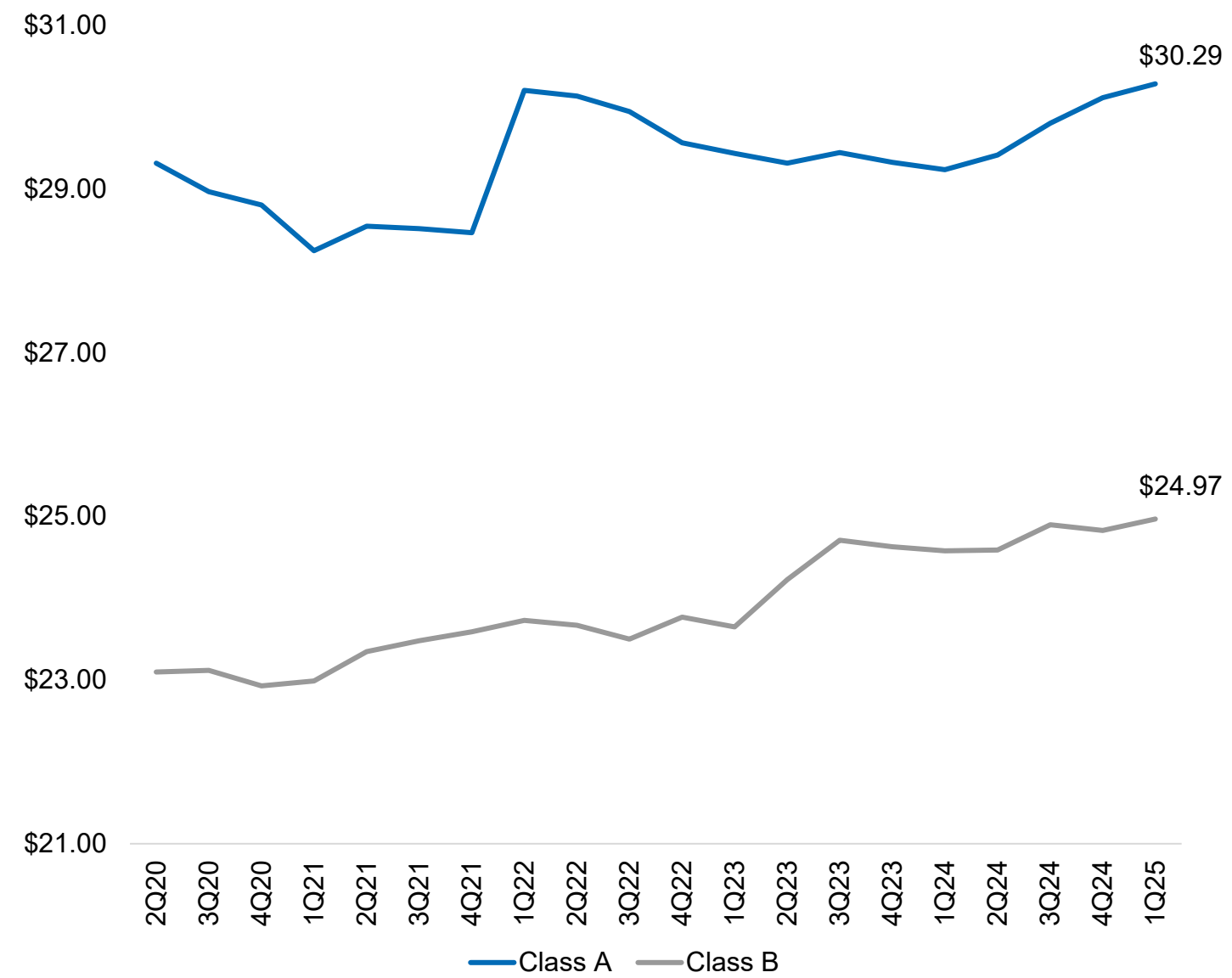


Source: Newmark Research

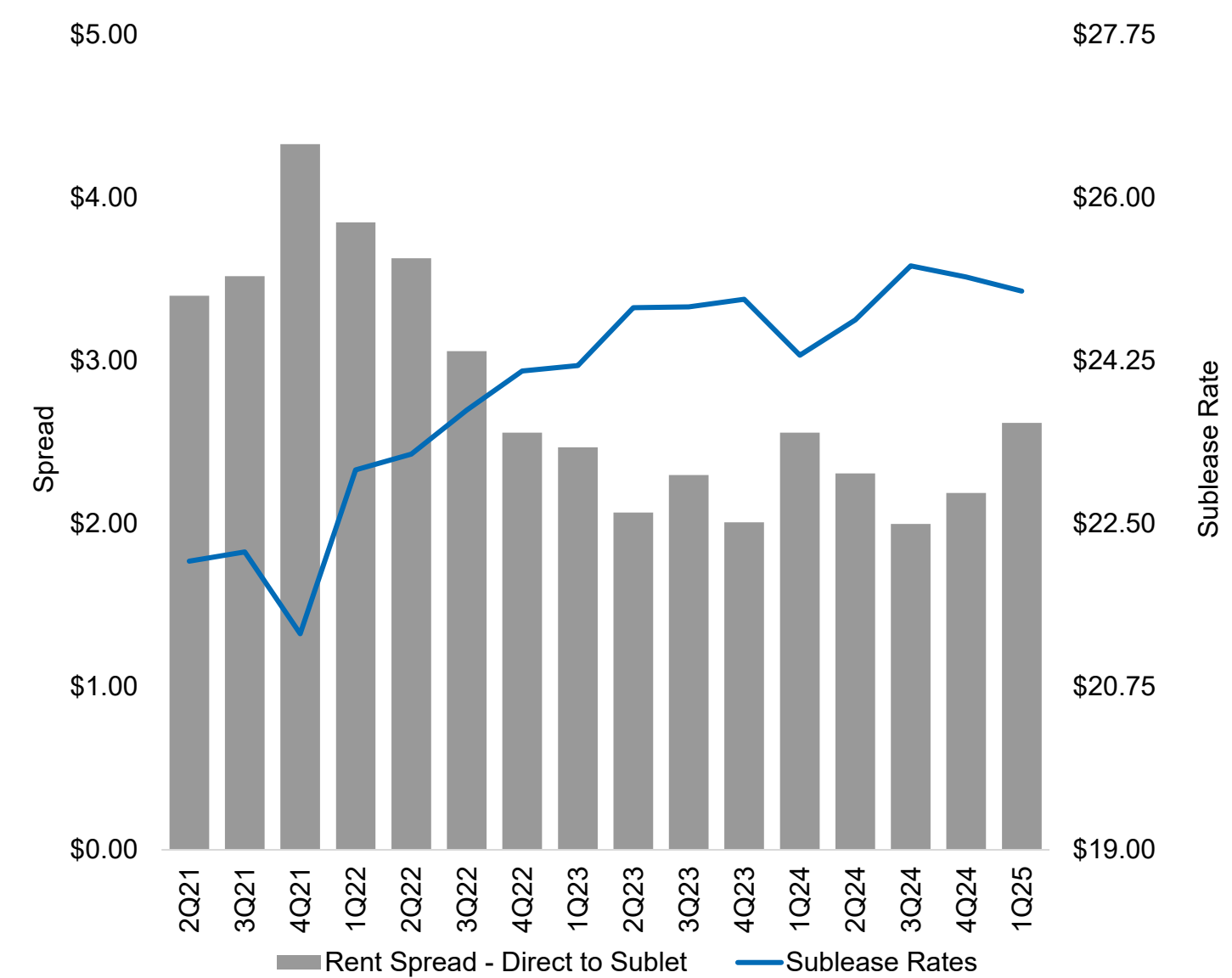
Class A Asking Rents Regain Ground as Rent Gap Widens

The rent gap between direct and sublease space has widened again as both landlords and sublessors compete to attract tenants amid elevated vacancy and subdued demand for large blocks. After peaking in early 2022, Class A asking rents had remained below that high until this quarter, when rates struck a new watermark high of \$30.29/SF.

Class A and Class B Asking Rents



Sublease Asking Rates



Source: Newmark Research

Office Conversions Move from Multifamily to Other Large User Conversion



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Local Commitments Support Leasing Activity Amid Suburban Headwinds

This quarter, major lease renewals by county-headquartered tenants signaled a continued commitment to the local market. However, suburban submarkets remained challenged, with 80% of signed leases under 10,000 SF, highlighting ongoing difficulty in backfilling larger blocks of space.

1Q25 Notable Lease Transactions				
Tenant	Building(s)	Submarket	Type	Square Feet
Zions Bank	Gateway Tower East	Central Business District	Lease Renewal	320,455
Zions Bank renewed as the sole tenant in Gateway Tower East in downtown Salt Lake City.				
Cricut, Inc	Riverpark Corporate Center 5	Southtowne	Lease Renewal	127,012
Cricut renewed for another term in Southtowne’s Riverpark Corporate Center.				
Nice InContact	Towne Ridge	Southtowne	Lease Renewal/Downsize	89,550
Towne Ridge kept Nice InContact within the park at a smaller footprint than the original term.				
Sinclair Oil Corporation	The 324	Central Business District	New Direct Lease	40,367
Having undergone recent renovations, The 324 in downtown Salt Lake City welcomed Sinclair Oil during the first quarter of 2025.				
Franklin Covey	Minuteman 5	Draper Tech Corridor	New Direct Lease	26,358
Planning and organization company, Franklin Covey, took 26,358 SF in Minuteman 5.				

Source: Newmark Research



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Davis and Weber Counties Market Fundamentals



Davis and Weber Counties Office Map and High-Level Statistics – 1Q25



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Utah County Market Fundamentals



Utah County Office Map and High-Level Statistics – 1Q25

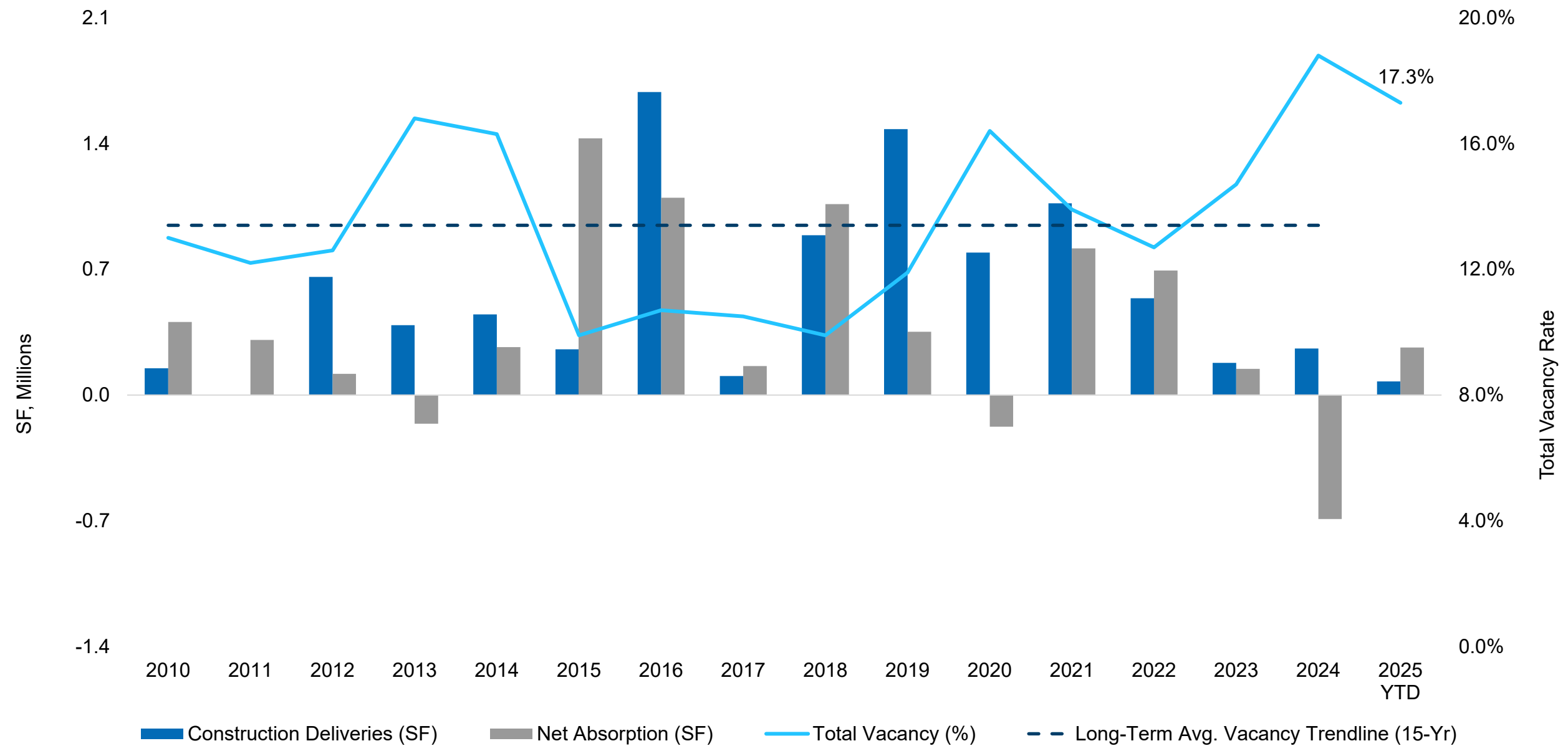


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Vacancy Declines as Absorption Rises, but Economic Uncertainty Looms

Total vacancy in Utah County declined by 150 basis points quarter-over-quarter, driven by 264,339 SF of positive absorption. New tenants entered the northern submarket, while existing users expanded in the south. Despite a strong start to 2025—supported by limited new development and strategic planning—the market remains cautious due to the region’s high concentration of tech and venture-backed firms, which increases exposure to economic headwinds.

Historical Construction Deliveries, Net Absorption, and Vacancy

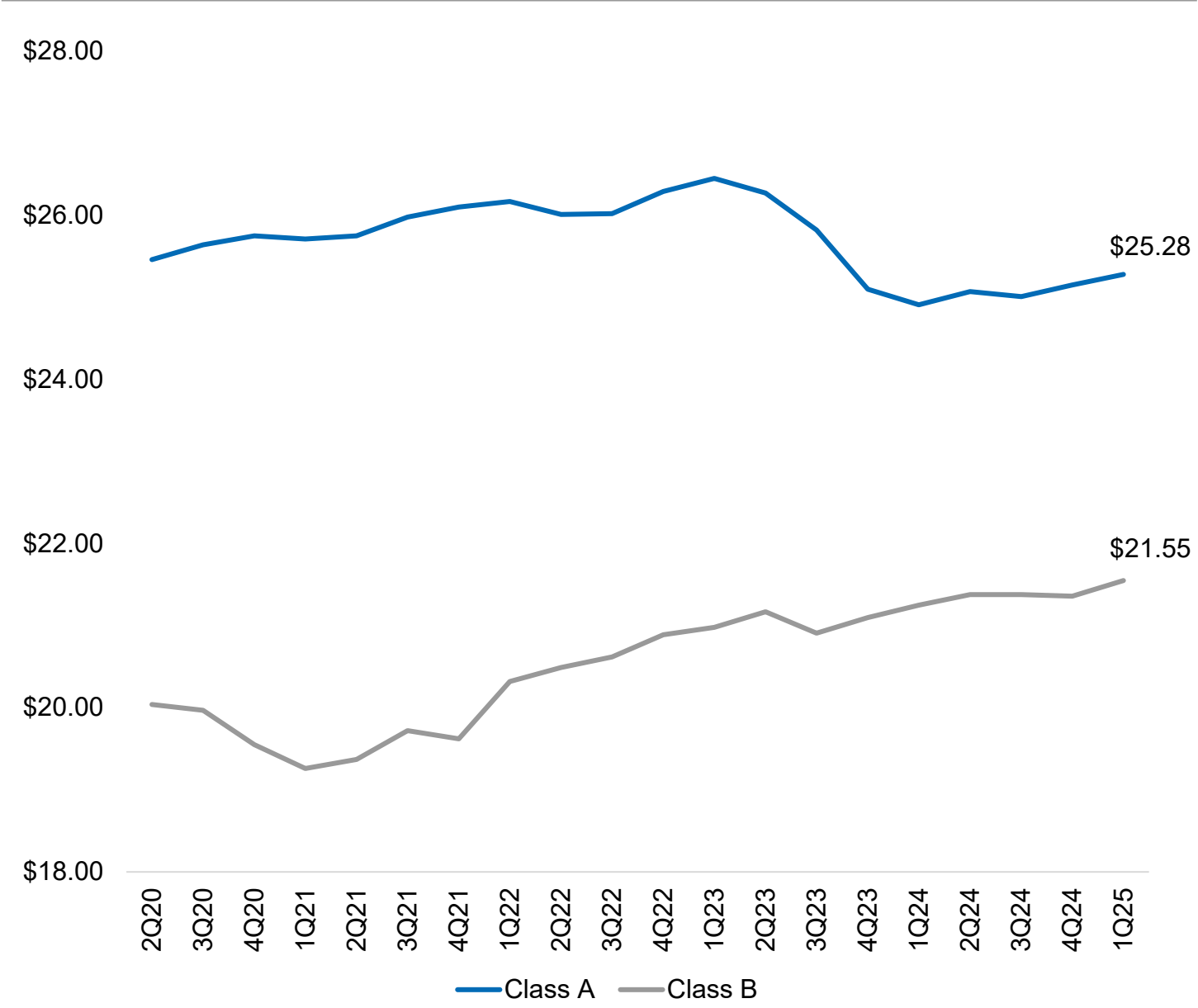


Source: Newmark Research

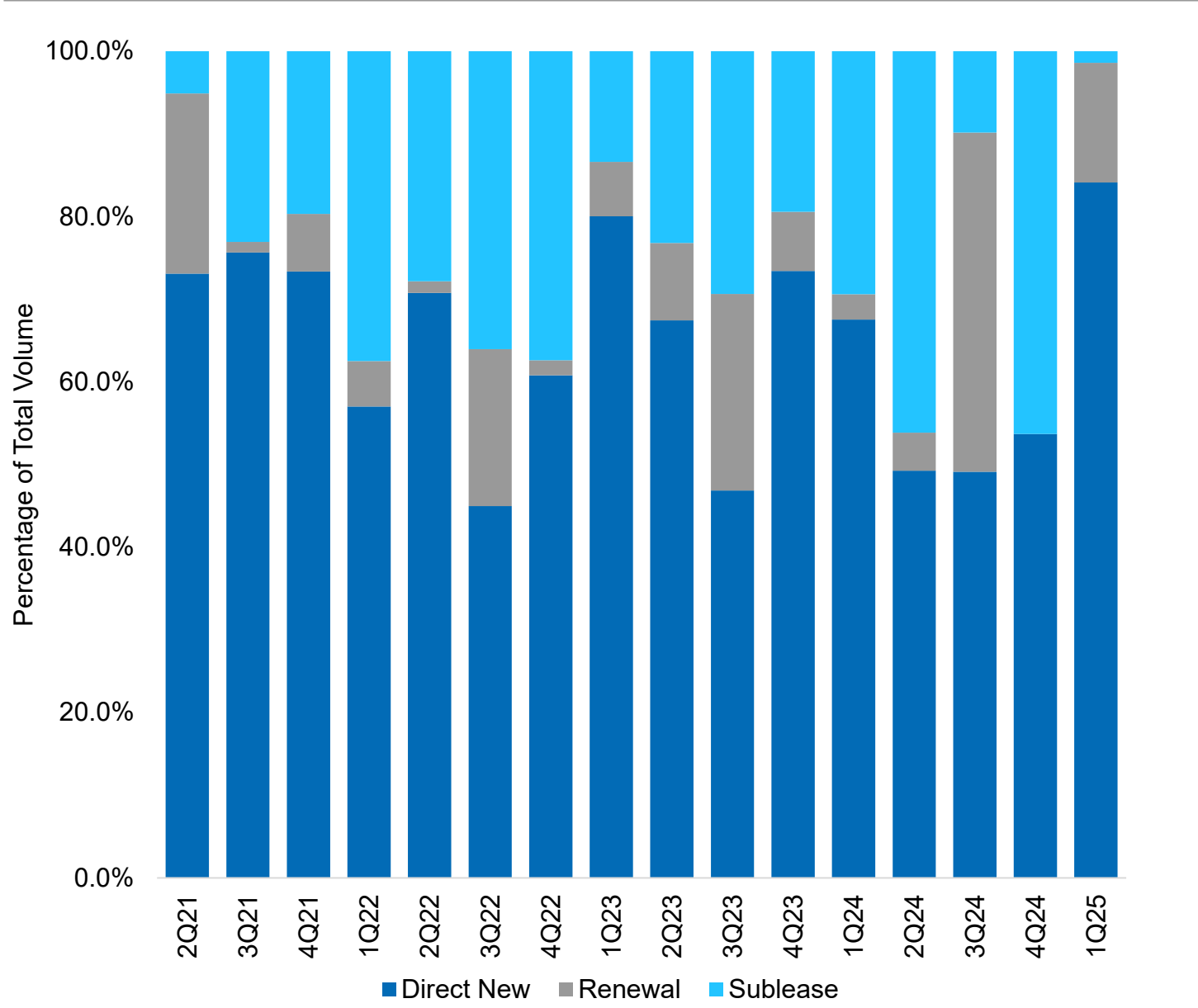
Landlords Prioritize Occupancy Amid Competitive Rate Environment

Following a peak of \$26.45 for Class A asking rents, rates declined alongside rising vacancy and have only modestly rebounded—remaining below pre-pandemic levels. Sublease activity, previously comprising 23–35% of leasing over the past three years, was minimal this quarter as tenants shifted to direct leases. Landlords strategically priced direct space near sublease rates to attract users, signaling a market focused on maintaining occupancy rather than driving rent growth.

Class A and Class B Asking Rents



Transaction Leasing Volume Overview



Source: Newmark Research

Utah County Outperforms Peer Tech Markets in Recovery

Investor and user activity remains strong in northern Utah County, highlighted by several large-scale sales. These transactions reflect sustained confidence in the region’s office market, which has demonstrated a notably resilient recovery, outpacing other tech-centric areas nationwide despite broader economic challenges.

1Q25 Notable Transactions				
Buyer/Tenant	Building(s)	City	Type	Square Feet
Fort Street Partners/Cummings Capital Management	Lehi Spectrum Portfolio	Lehi	Investment Sale	264,925
Boyer sold both buildings in the Lehi Spectrum Office Park in a portfolio transaction to Fort Street Partners and Cummings Capital Management.				
Boyer Company	Thanksgiving Center	Lehi	Investment Sale	127,741
Fully occupied by Vivint Solar, Nuveen sold Thanksgiving Center to Boyer Company.				
Aptive	4885 N. 300 W.	Provo	User Sale	125,225
Pest control company, Aptive, purchased the 125,225-square-foot-building in Provo to serve at its new headquarters location.				
Orion Advisor Solutions	Traverse Ridge Center	Lehi	Direct New Lease	23,833
Financial planner company, Orion Advisor Solutions, took 23,833 SF in Traverse Ridge Center.				
Netgain Solutions	Lehi Station	Lehi	Direct New Lease	12,198
Netgain Solutions, an accounting software company, took 12,198 SF on the first floor at Lehi Station during the first quarter of 2025.				

Source: Newmark Research

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Tech Corridor Market Fundamentals



Tech Corridor Office Map and High-Level Statistics – 1Q25

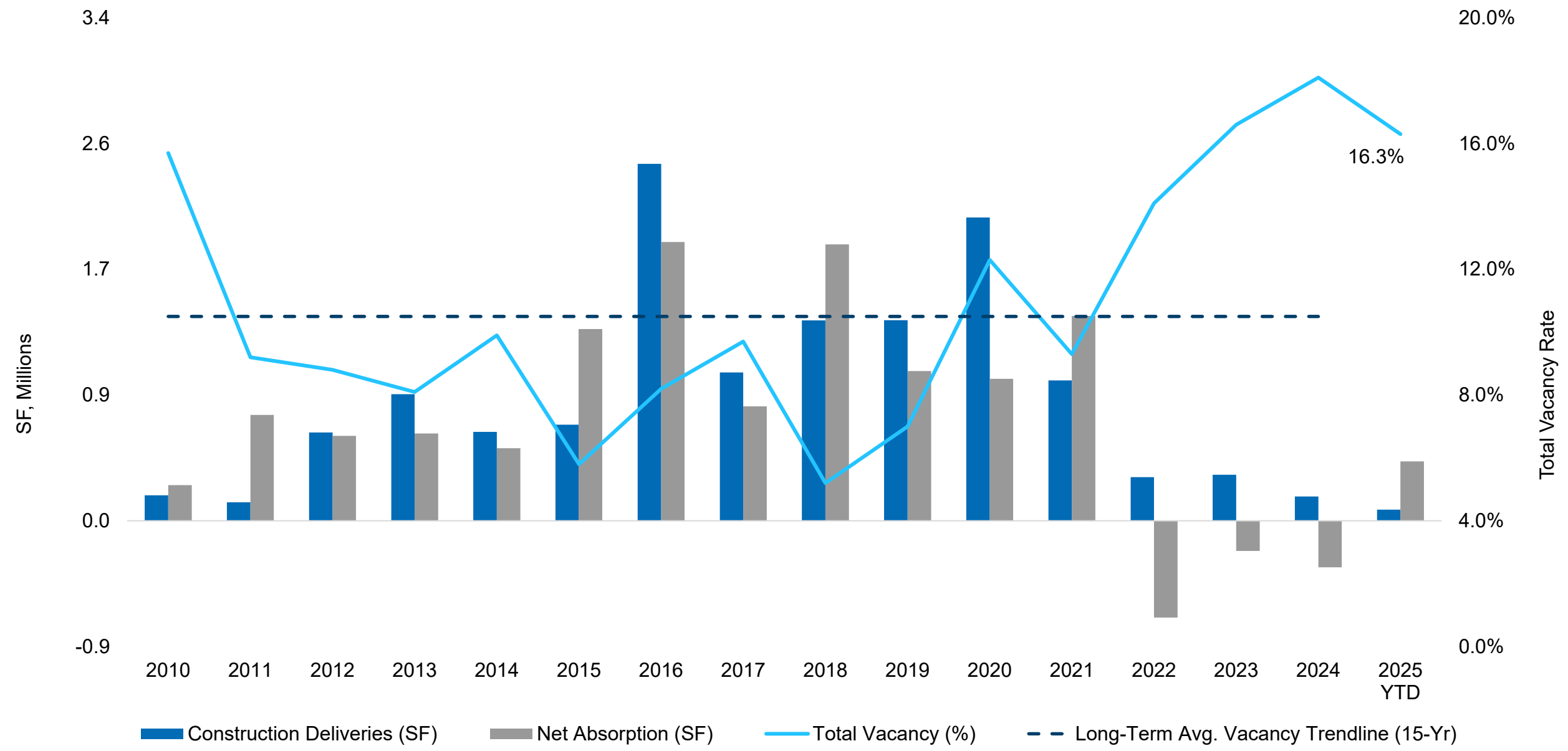


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User Demand Outpaces New Supply Amid Developer Caution

n the first quarter of 2025, only 75,000 SF of new office space was delivered while user occupancy surged by over 400,000 SF, a notable shift following three years of contraction. With no traditional office projects currently under construction, developers remain cautious, awaiting greater clarity on market direction at both macro and micro levels before re-engaging.

Historical Construction Deliveries, Net Absorption, and Vacancy

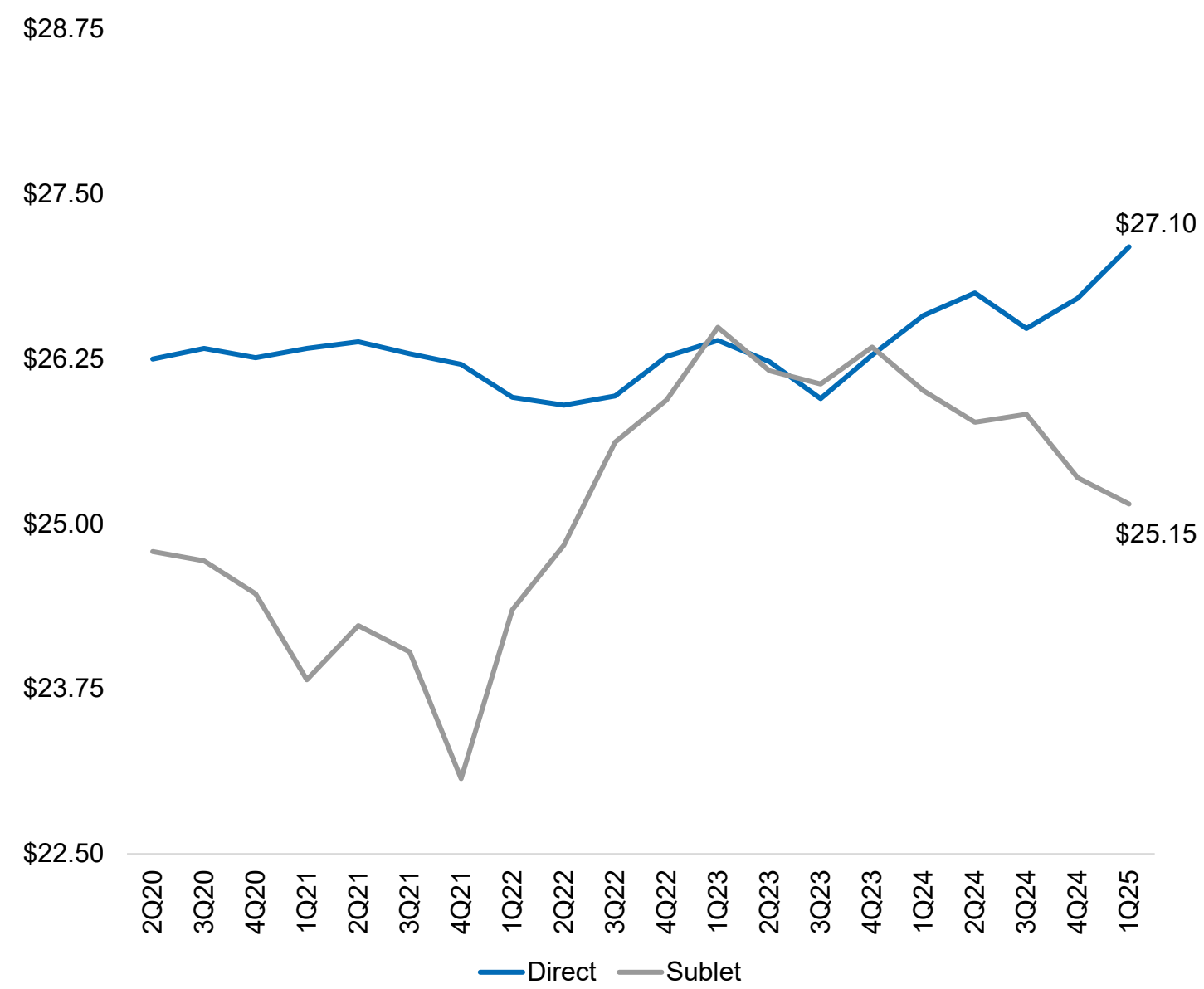


Source: Newmark Research

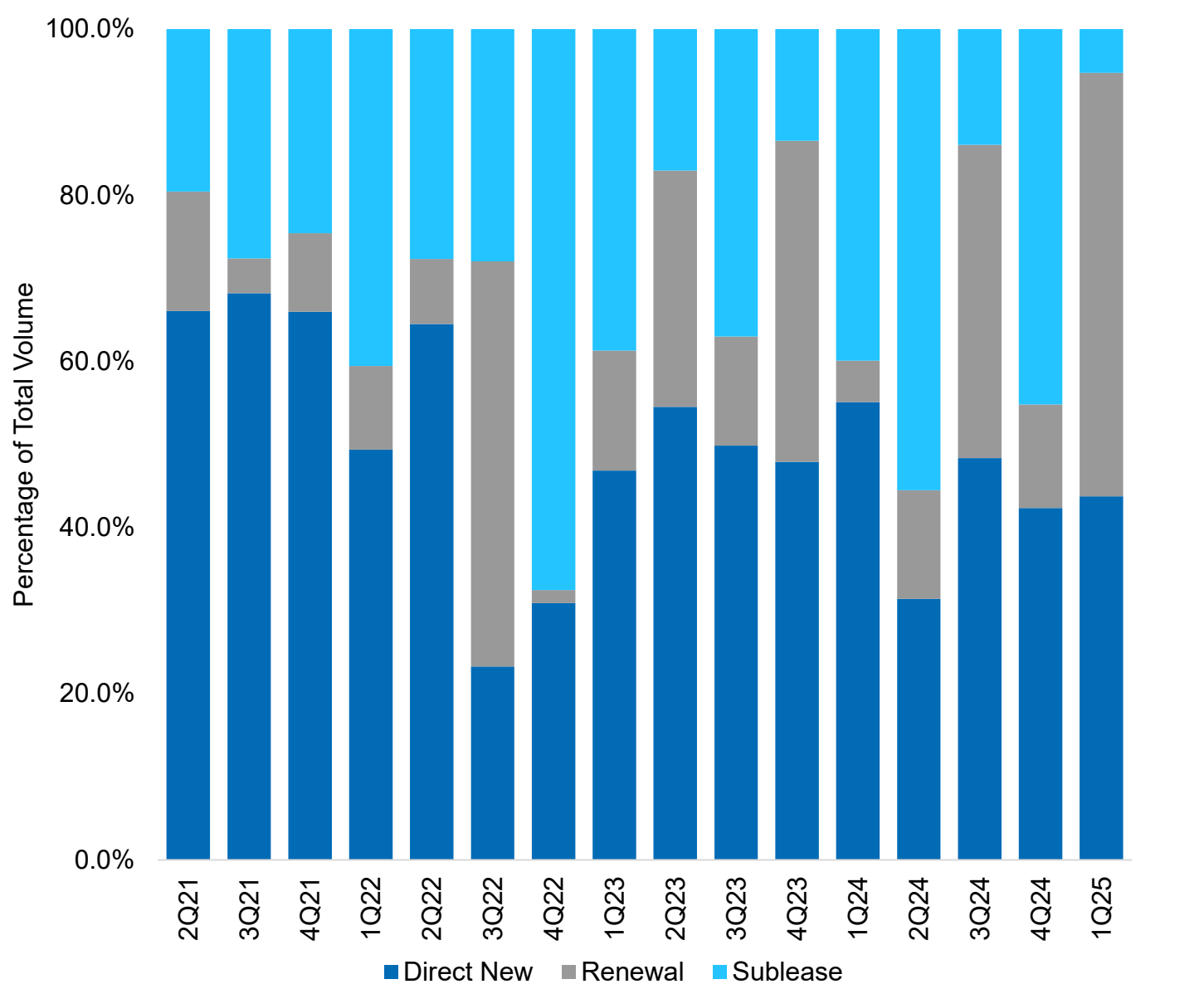
Sublease Rates Fall, But Direct Renewals Dominate Amid Tech Sector Uncertainty

Sublessors continued to lower rates this quarter to compete with direct space, yet sublease activity remained limited as most users opted to renew existing leases. Overall leasing volume rose 44.5% year-over-year. However, the region’s heavy tech presence leaves it exposed to potential space reductions as companies pursue cost-saving strategies and expand remote work policies.

Direct and Sublet Asking Rents



Transaction Leasing Volume Overview



Source: Newmark Research

Tech Corridor Outperforms Within Greater Salt Lake Metro



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Investment and User Confidence Reflected in Key Transactions

Recent top transactions reveal a twofold trend: investors are prioritizing ownership of premium office assets, while occupiers are demonstrating long-term commitment by renewing leases and maintaining their current locations.

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Source: Newmark Research

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Utah Capital Markets Overview



Investor Hesitation Amid Stable Cap Rates and Shifting Capital Flows



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Private and User Buyers Are Active



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1Q25 Notable Capital Market Transactions

Local buyers had a strong showing during the first quarter of 2025.

1Q25 Notable Transactions				
Buyer	Building	City	Type	Square Feet
Fort Street Partners/Cummings Capital Management	Lehi Spectrum Portfolio	Lehi	Office	264,925
Boyer sold both buildings in the Lehi Spectrum Office Park in a portfolio transaction to Fort Street Partners and Cummings Capital Management.				
STAG Industrial	5 South Commerce Center	Salt Lake City	Industrial	172,845
ViaWest sold the 172,845 SF bulk distribution warehouse to STAG Industrial.				
Boyer Company	Thanksgiving Center	Lehi	Office	127,741
Fully occupied by Vivint Solar, Nuveen sold Thanksgiving Center to Boyer Company.				
LBA Realty	3510 W. Directors Row	Salt Lake City	Industrial	105,262
LBA Realty purchased the 78,330-SF building in a sale-leaseback transaction with Flynn Roofing.				
Stablewood Properties	Cottonwood Plaza	Cottonwood Heights	Retail	31,109
Magna Investment & Development sold the fully-occupied Cottonwood Plaza to Stablewood Properties.				

Source: Newmark Research

For more information:

Amelia Yates
Research Manager
Salt Lake City, Phoenix, Las Vegas
amelia.yates@nmrk.com

Dain Fedora
Head of Research
Southwest
dain.fedora@nmrk.com

Salt Lake City Office
376 E. 400 S., Suite 120
Salt Lake City, UT 84111
t 801-578-5555

New York Headquarters
125 Park Ave.
New York, NY 10017
t 212-372-2000

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