

2Q25

# 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 May 2025—well below the national average of 4.2%.
- Year-over-year job growth was recorded across most super-sectors, except for trade/transportation/utilities, and other services.
- Office-using employment remains above pre-pandemic levels, though growth has decelerated, currently 1.7% below its mid-2022 peak.
- The 10-Year Treasury yield increased from 4.02% in early April to 4.35% on July 10. This increase signals a potential rise in borrowing costs, which could dampen investment and economic activity; however, it may also indicate an improving economy, prompting businesses to adapt accordingly.

## Major Transactions

- Renewals from large, locally-owned companies as well as subleases drove leasing activity along the Wasatch Front.
- Post-pandemic transaction activity has been strongest in Salt Lake City's CBD and Southtowne submarkets.
- Office redevelopment to other uses remains an active trend, with more projects anticipated in 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

- Occupancy contracted by 11,072 SF across the Wasatch Front with the biggest losses occurring in Salt Lake County with Utah County having the highest gains.
- Just over 100,000 SF of new office space delivered this quarter. 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 59 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

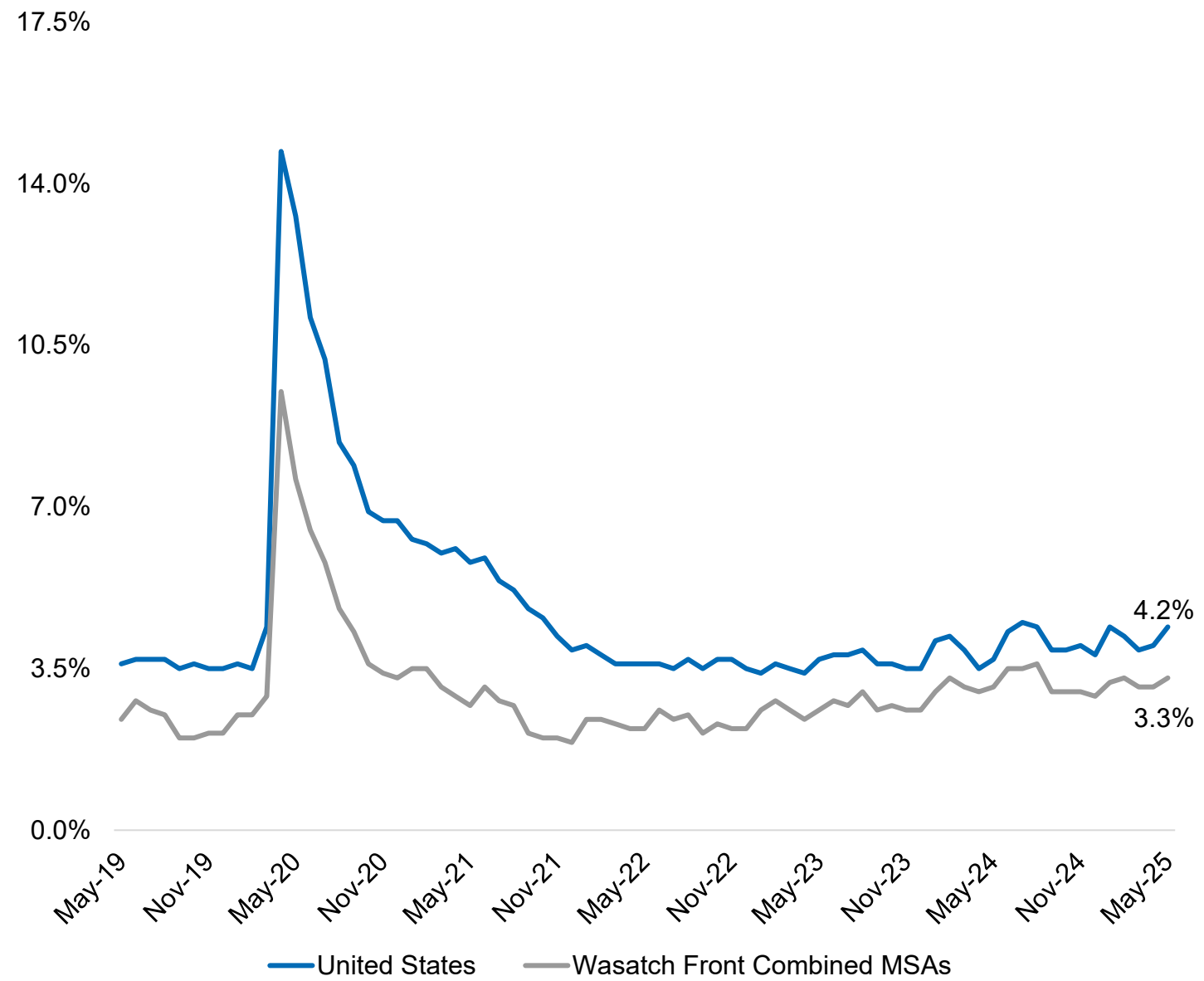




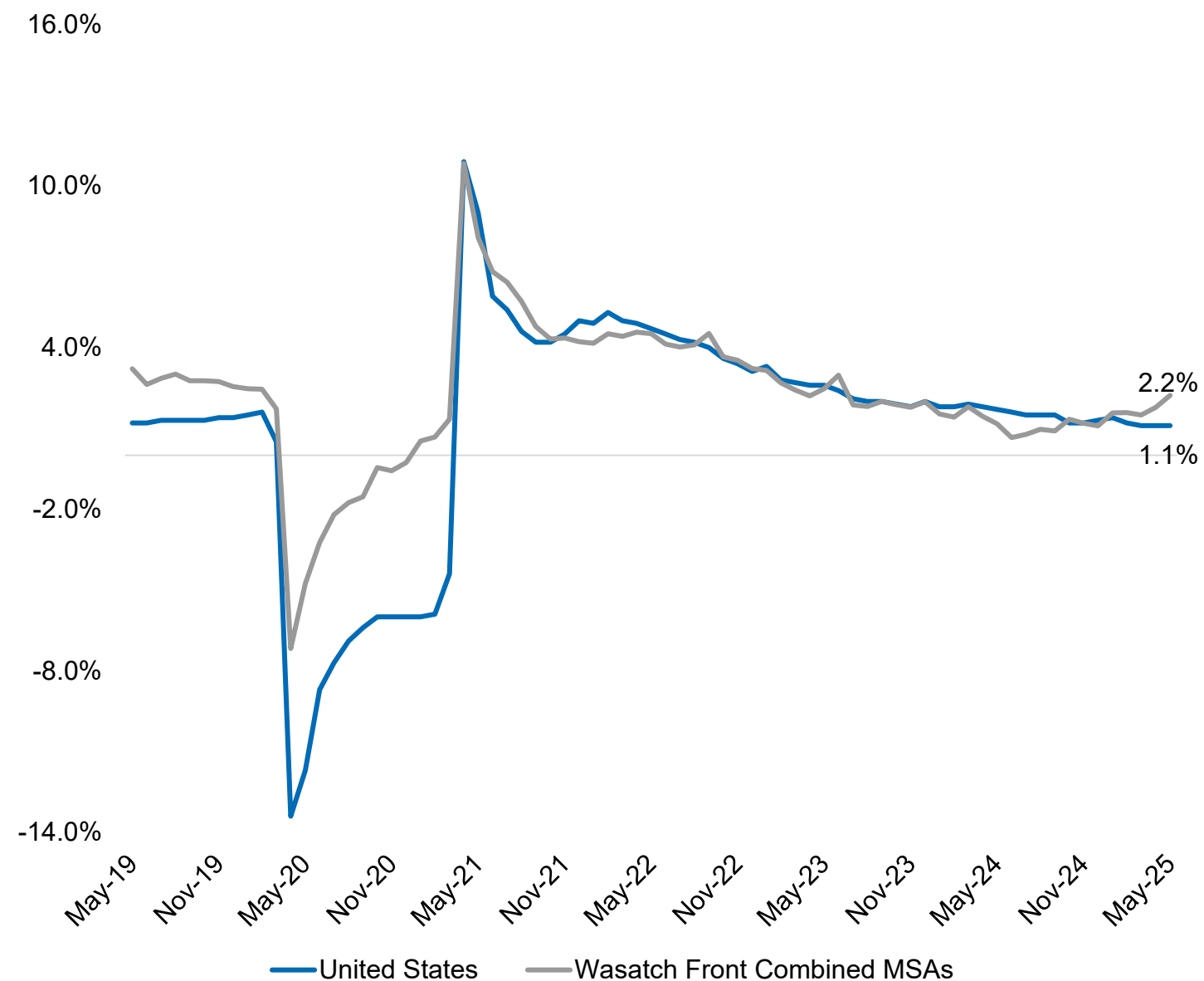
# Wasatch Front Labor Market Outpaces National Trends

As of May 2025, the Wasatch Front continues to outperform national labor market benchmarks, boasting an unemployment rate 90 basis points below the U.S. average. Despite ongoing economic uncertainty, the region’s job market remains resilient, posting a robust 2.2% year-over-year employment growth, doubling the national pace of 1.1%.

Unemployment Rate, Not Seasonally Adjusted



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



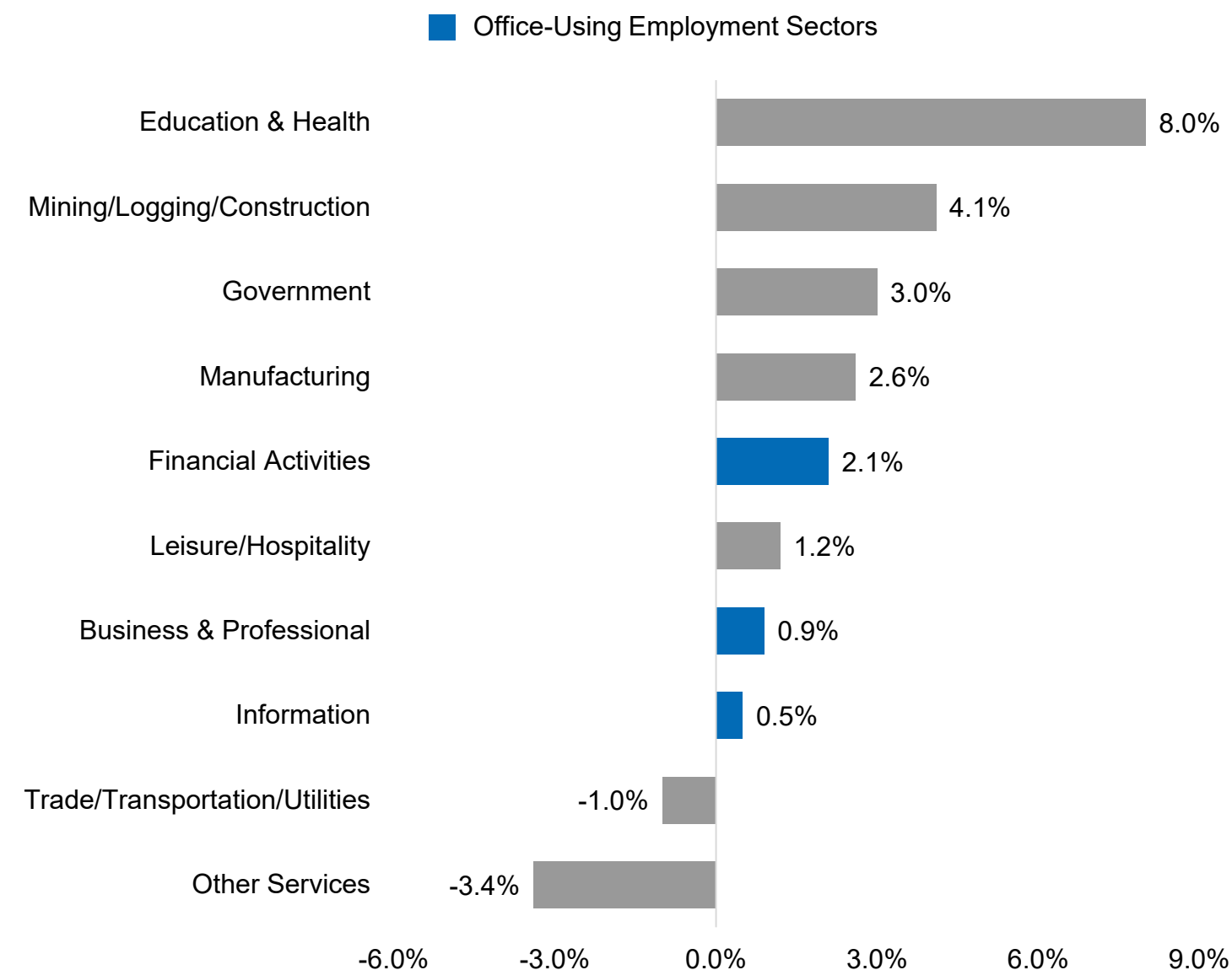
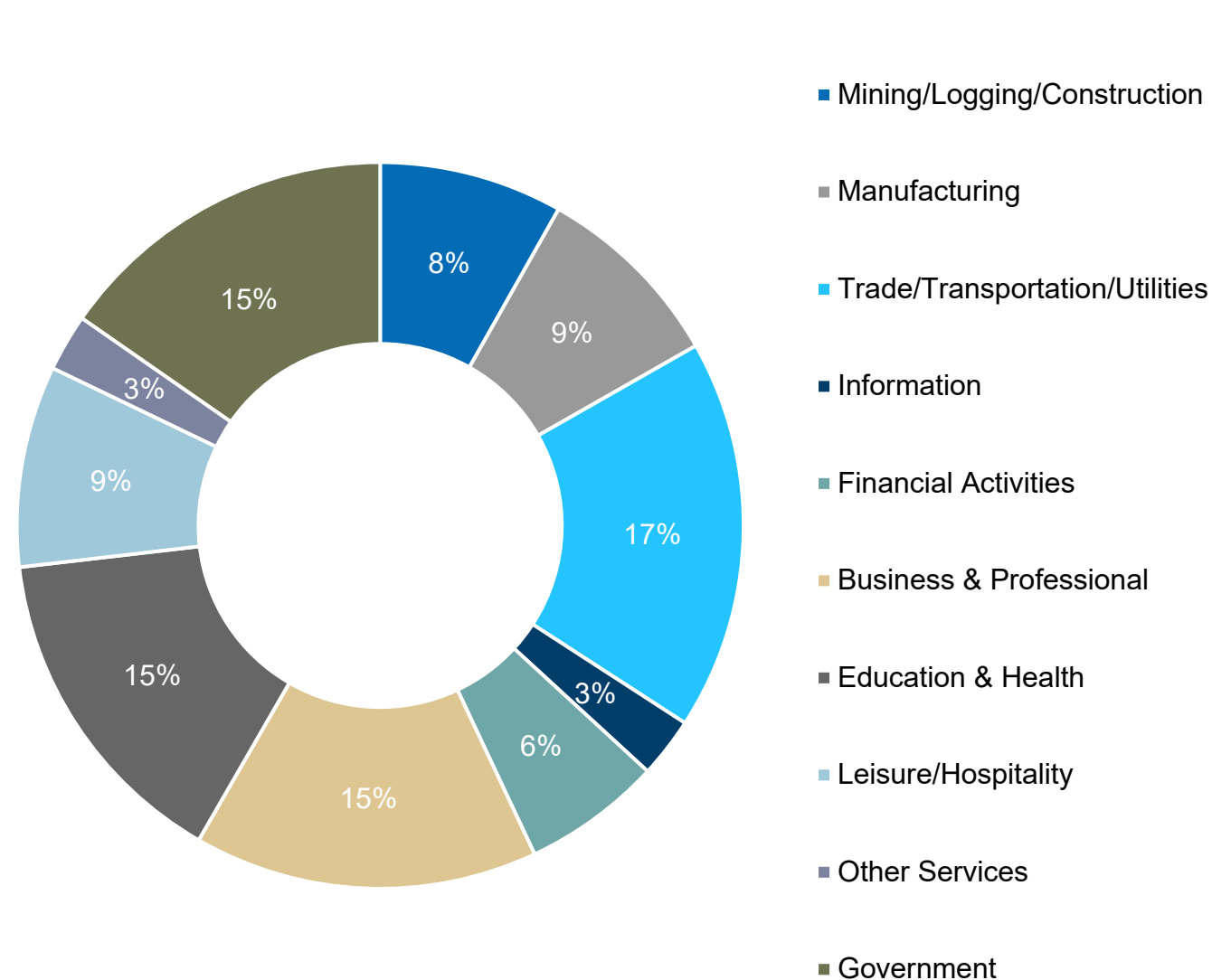
Source: U.S. Bureau of Labor Statistics  
\*Wasatch Front Combined MSAs include Salt Lake City MSA, Provo-Orem MSA and Ogden-Clearfield MSA

# Population Growth Fuels Core Sector Hiring, But Service Jobs Lag

Year-over-year nonfarm job growth across the Wasatch Front was led by education and health (+8.0%), construction (+4.1%), and government (+3.0%). A growing population has intensified demand for teachers and healthcare workers, prompting employers to expand hiring to address persistent shortages. In contrast, job losses in other services (–3.4%) reflect shifting consumer behavior amid inflation and tariff pressures. While core public and infrastructure sectors remain strong, weakness in discretionary service employment may weigh on broader economic momentum going forward.

Wasatch Front Employment by Industry, May 2025

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

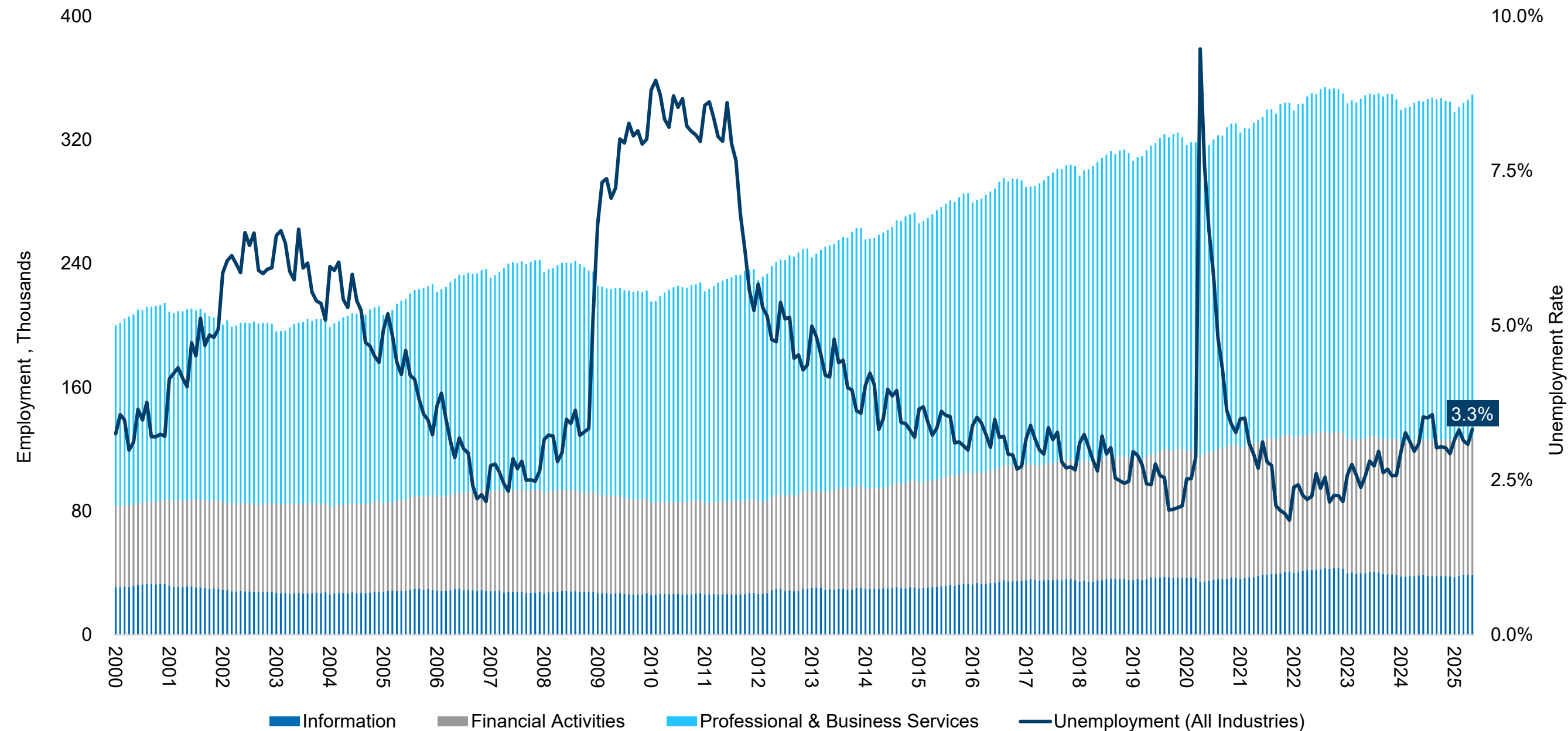


Source: U.S. Bureau of Labor Statistics  
\*Wasatch Front Combined MSAs include Salt Lake City MSA, Provo-Orem MSA and Ogden-Clearfield MSA

# Office-Using Employment Holds Above Pre-Pandemic Levels Despite Slowdown

Office-using employment across the Wasatch Front remains 9.7% above pre-pandemic levels, despite a modest 1.4% decline since its 2022 peak. Growth has been concentrated in professional and business services—such as legal, engineering, and consulting—while information and financial sectors have seen minimal gains. Although tech sector volatility may continue to apply downward pressure, the region is expected to outperform national office job trends in terms of resilience.

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: May 2025 data is preliminary.  
\*Office-using employment includes employment in the following industry sectors: Professional & Business Services, Financial Activities and Information.



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# Slower Office Space Demand Growth Reflects Lasting Post-Pandemic Shifts



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# Balanced Growth Across Wasatch Front, Provo-Orem Facing Office Sector Headwinds



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# Salt Lake City Market Fundamentals





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## Salt Lake County Office Submarket Map and High-Level Statistics – 2Q25



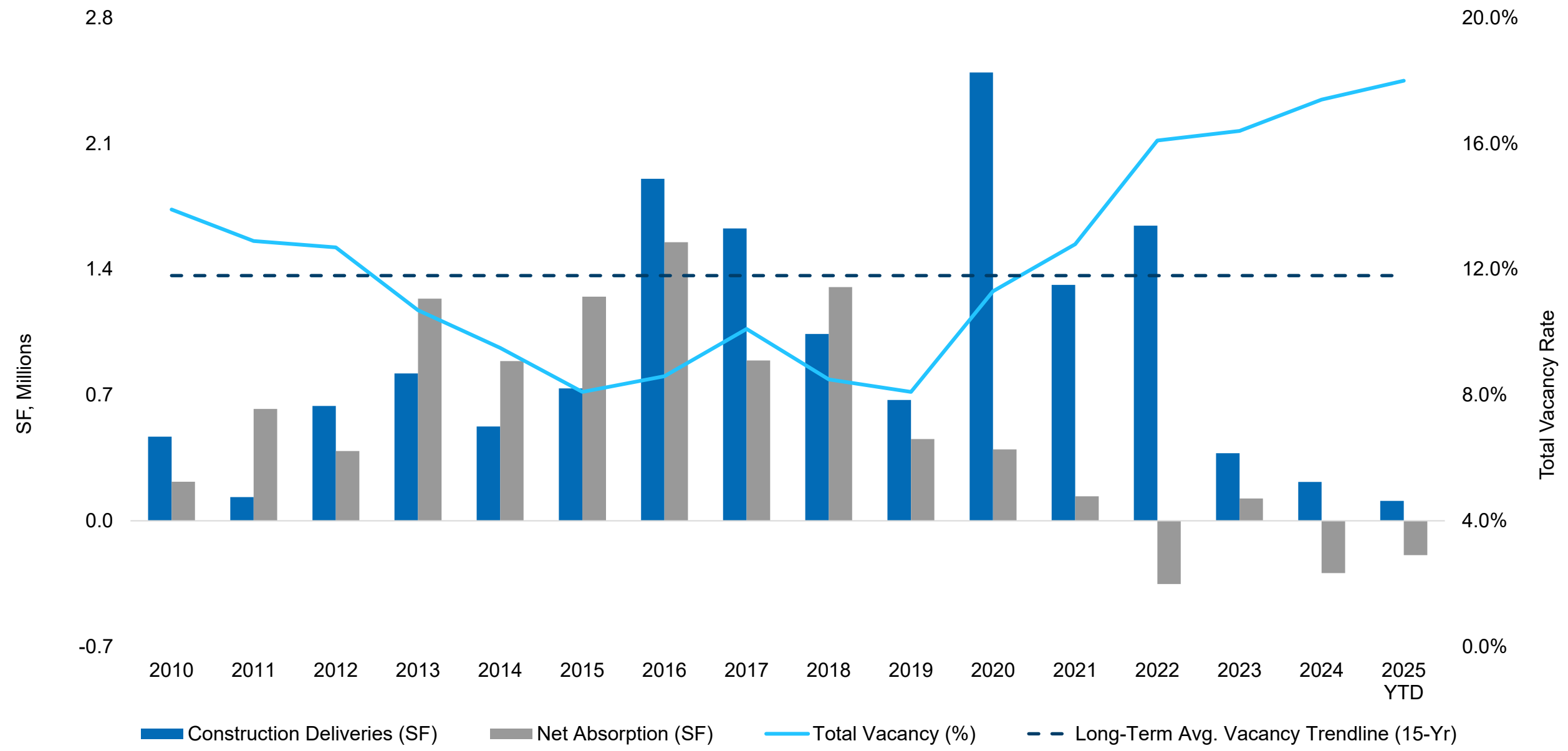
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# Modest Vacancy Uptick Amid Stable Leasing and Select Move-Outs

Total vacancy rose 60 basis points in mid-year 2025 compared to year-end 2024. Leasing activity was primarily renewal-driven, with most tenants maintaining existing footprints, resulting in limited net occupancy change. However, a few large move-outs in the southern part of the county contributed to a total occupancy loss of 191,103 SF.

Historical Construction Deliveries, Net Absorption, and Vacancy

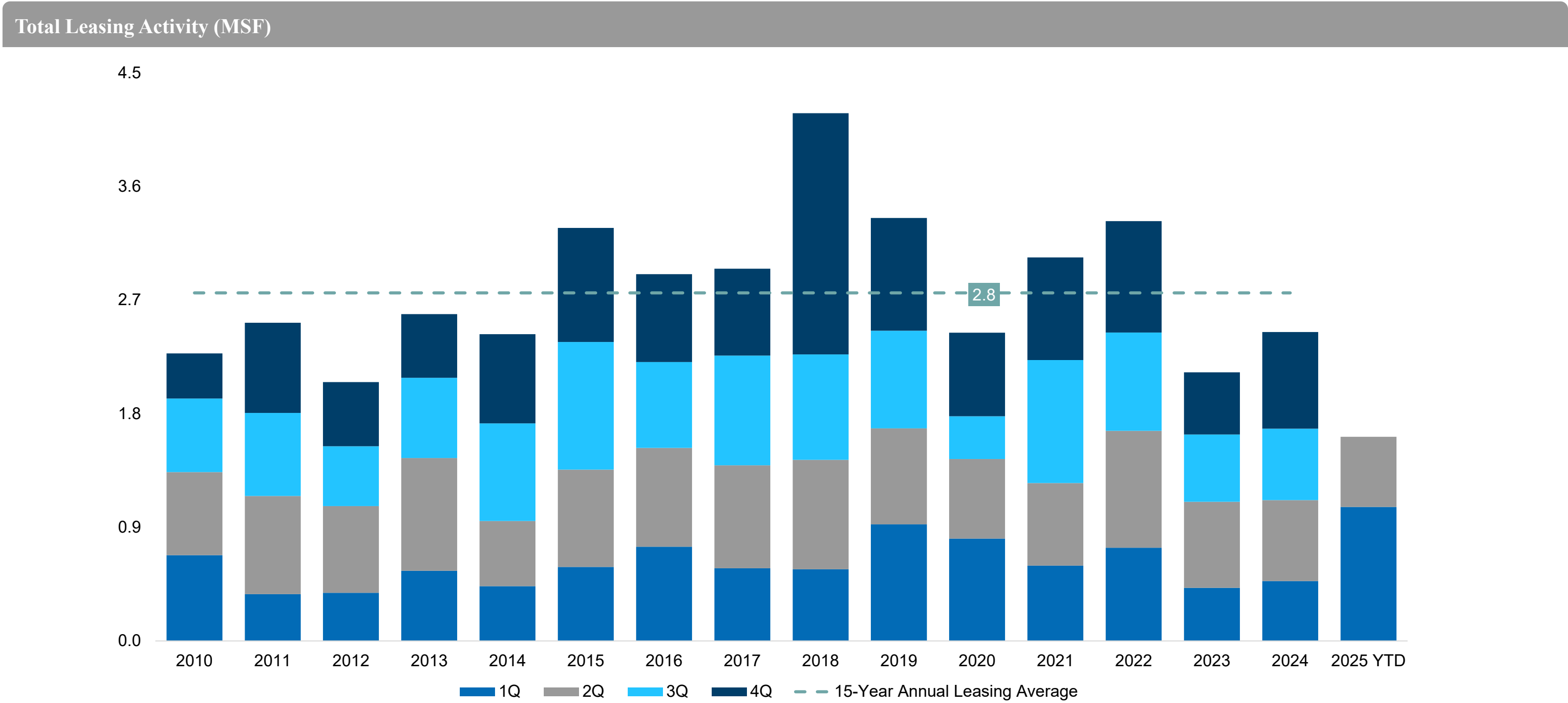


Source: Newmark Research



# Leasing Activity Slows Amid Tariff Uncertainty and Industry Disruption

Following a strong Q1, leasing activity declined 47.7% quarter-over-quarter after April 2, as the announcement of global tariffs prompted many tenants to delay expansion and relocation plans. Industries facing greater exposure to tariff-related uncertainty, combined with the ongoing impact of AI disruption, contributed to a slowdown in transaction volume. While office recovery is still anticipated, growth is expected to proceed at a slower pace than previously projected.



Source: Newmark Research



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# Salt Lake CBD and Southtowne Lead Leasing Activity Across Key Submarkets

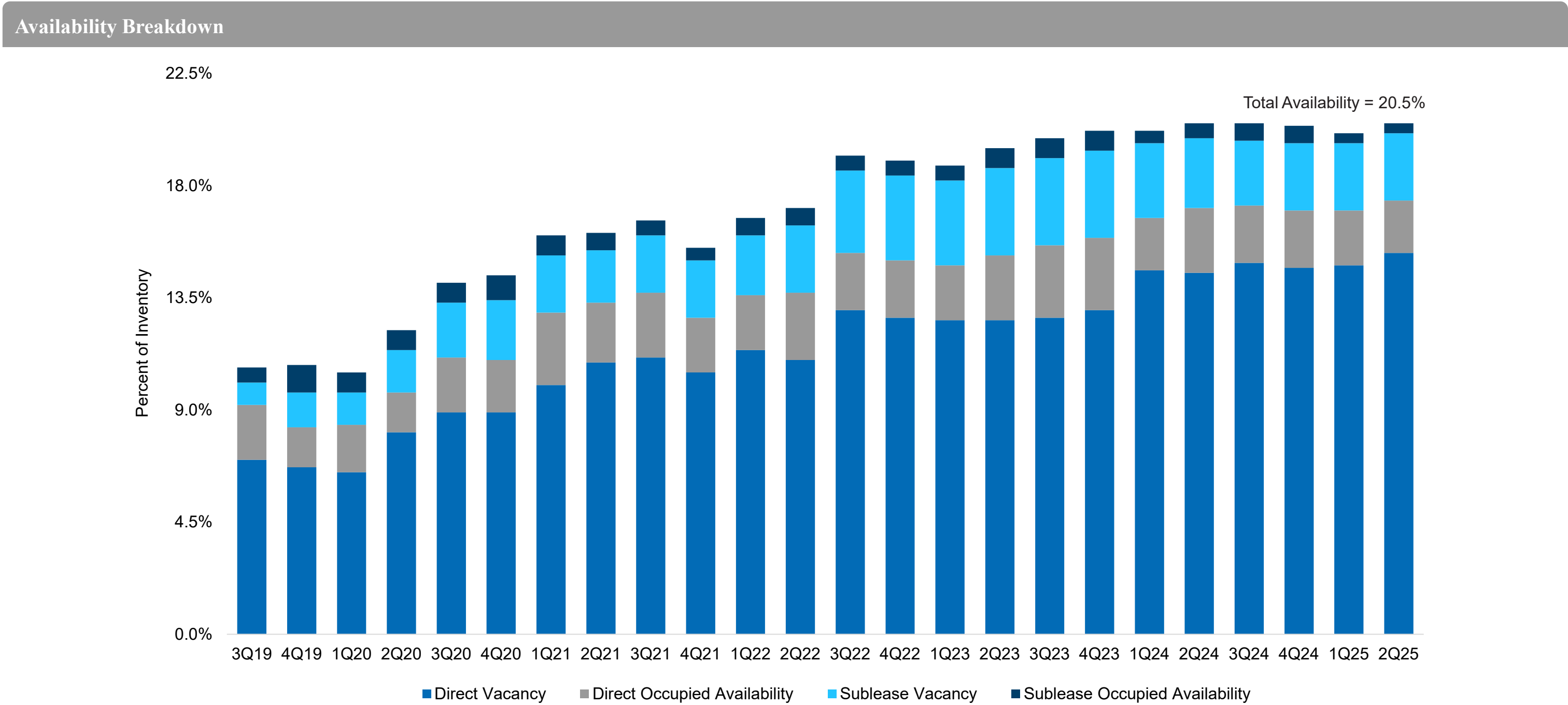


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# Tenant Contraction Fuels Transition from Sublease to Direct Availability

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



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## Sublease Availability Concentrated in Southern Submarkets

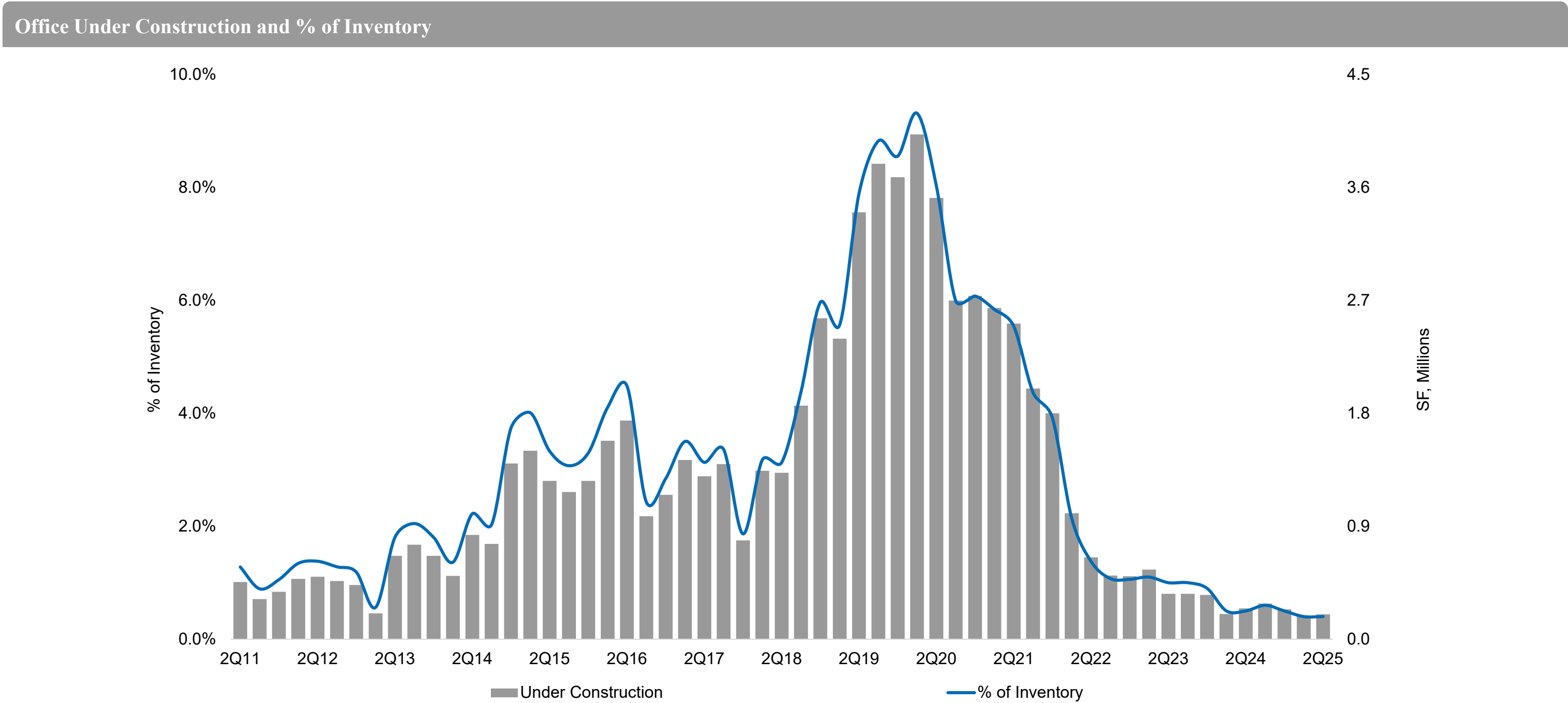


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# Office Development Levels Off as Focus Shifts to Built-to-Suit

Office construction has steadily declined since its 2020 peak and now holds at just 0.4% of total inventory. Current activity is largely driven by built-to-suit and owner-occupied projects, reflecting demand for tailored, long-term space solutions. Speculative development remains limited, and with tariffs potentially impacting construction costs, future activity is expected to remain constrained.

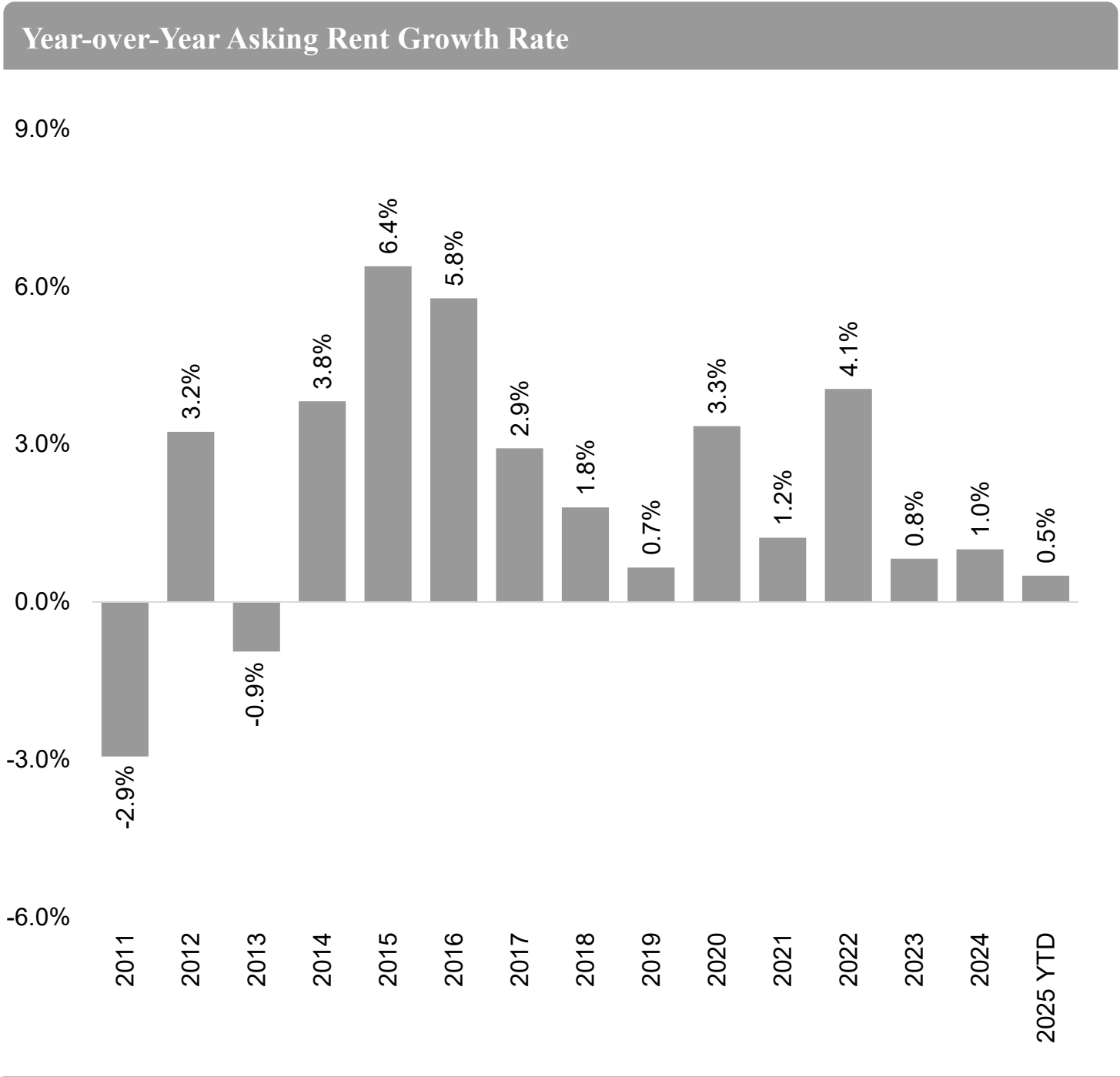
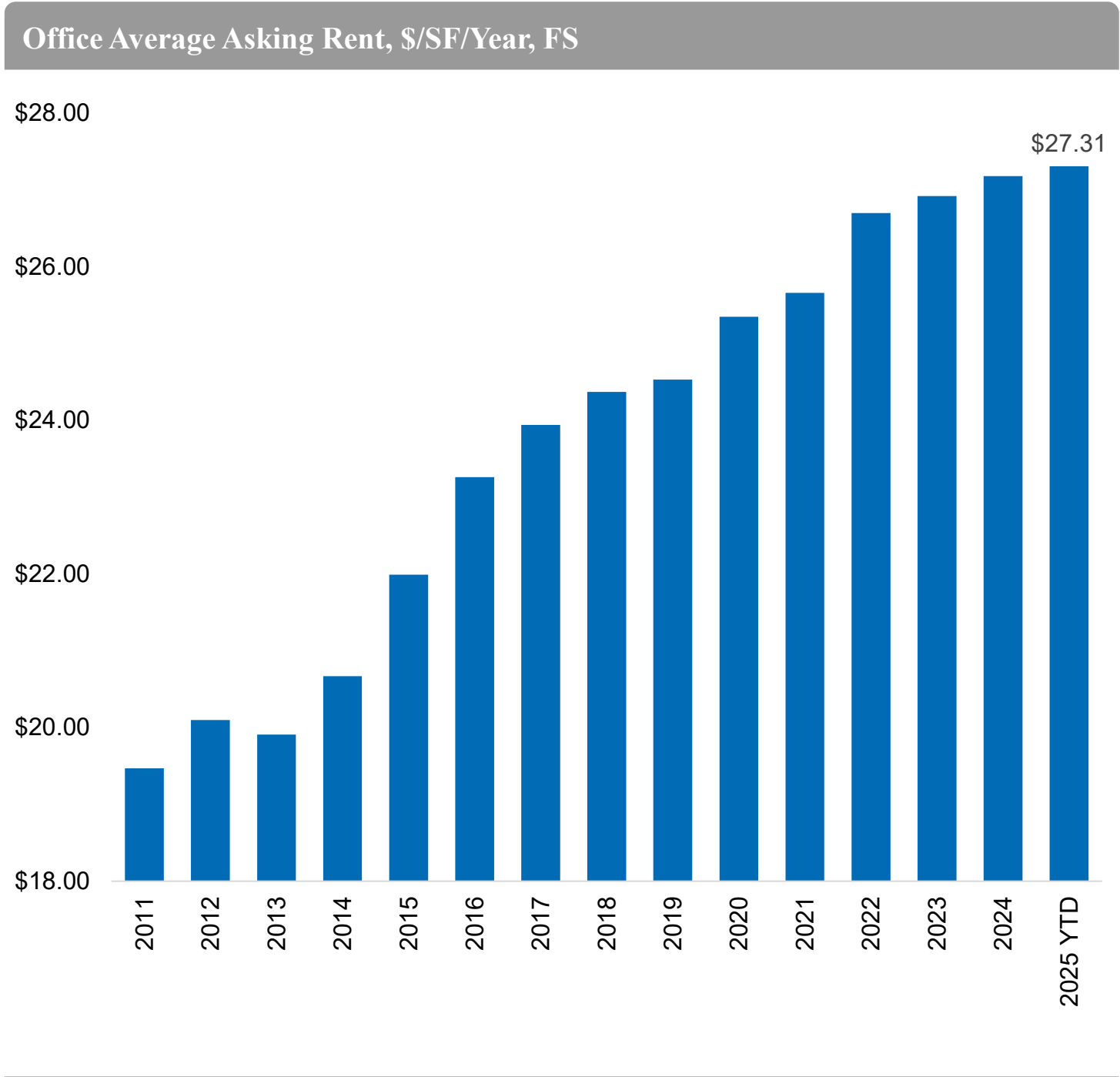


Source: Newmark Research



# Lease Rates Climb as Landlords Adjust to Rising Costs

Asking rents increased by \$0.13/SF in the first half of 2025, extending their upward trend despite a slight rise in availability. Landlords are recalibrating pricing to align with updated operating costs and recent deal structures. However, with tenants remaining highly cost-sensitive, rent growth is expected to moderate through year-end as owners prioritize occupancy while managing financial pressures.



Source: Newmark Research



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# Trophy Buildings Outperform Class A Office Post Pandemic



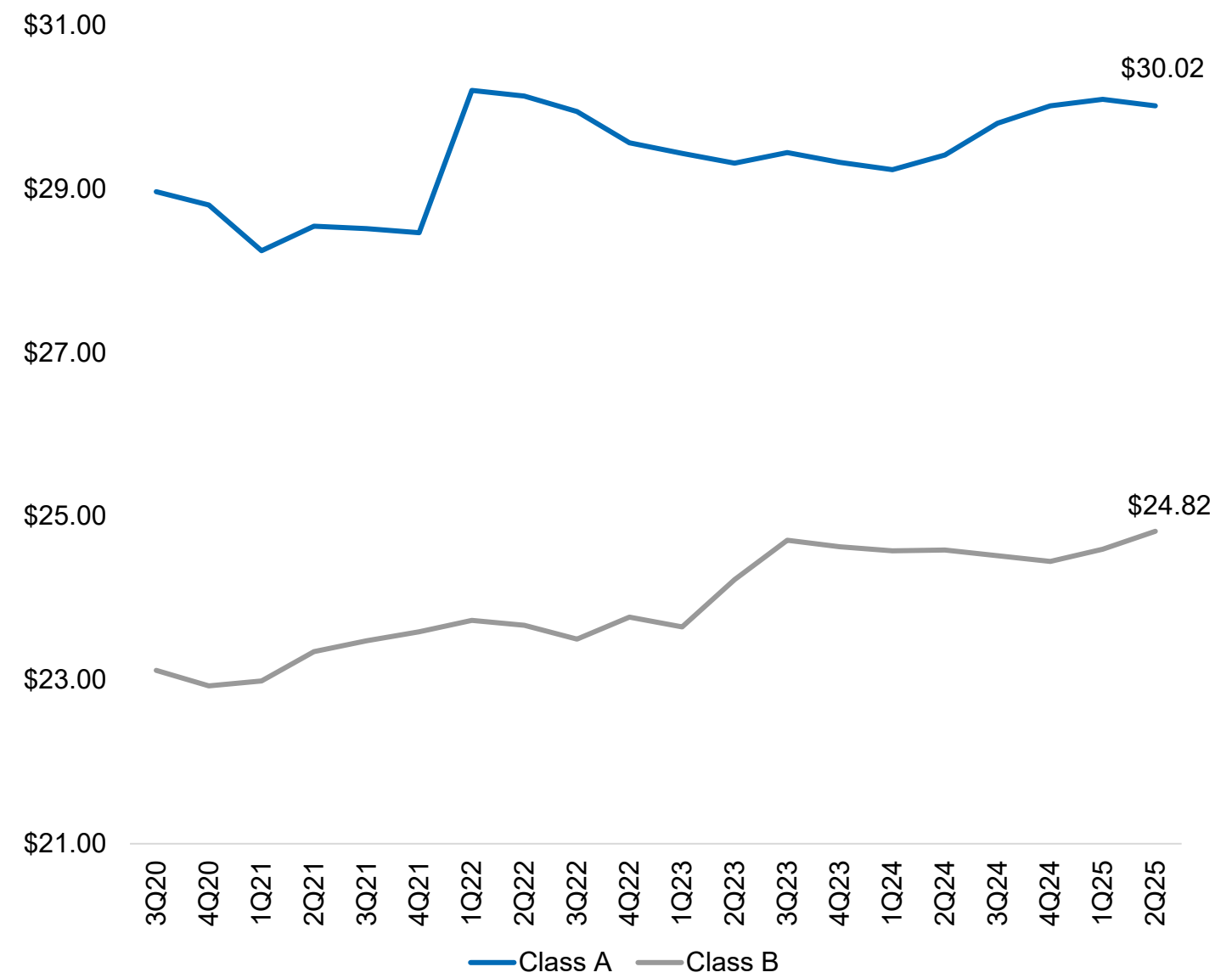
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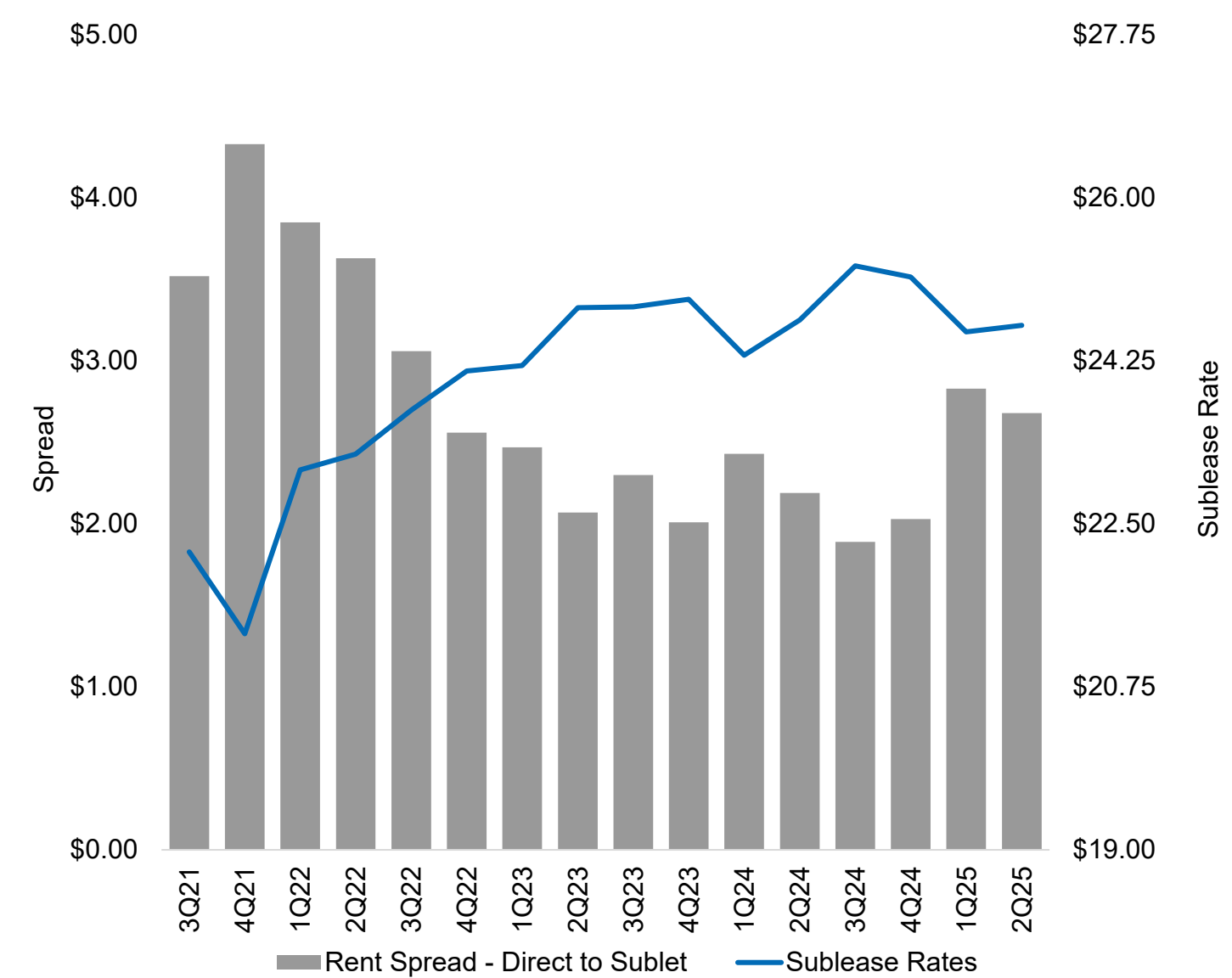
# Sublease Pricing Narrows as Class A Rent Growth Stalls

The rent gap between direct and sublease space is \$0.30/SF above the three-year average, driven by landlords adjusting former sublease rates upward as more space transitions back to direct listings. Class A asking rents have remained flat over the past year, reflecting limited demand for large blocks, most of which are concentrated in Class A assets.

Class A and Class B Asking Rents



Sublease Asking Rates



Source: Newmark Research



# Renewals and Subleases Reflect Steady Local Market Commitment

This quarter, significant lease renewals and large subleases—primarily from tenants relocating within the county—highlight continued confidence and long-term commitment to the local office market.

2Q25 Notable Lease Transactions				
Tenant	Building(s)	Submarket	Type	Square Feet
Advanced MD	SoJo Station South	Southtowne	Sublease	66,496
Advanced MD subleased 66,496 SF from Ivanti in SoJo Station South.				
Ebay	Vista Station 6	Draper Tech Corridor	Sublease	49,944
Ebay moved out of their location headquarters after they sold it in the second half of last year and took the fourth and fifth floors at Vista Station 6 from Academy Mortgage.				
Mayer Brown	One Utah Center	Central Business District	Lease Renewal	35,586
One Utah Center kept Mayer Brown as a tenant for the same footprint for another term.				
Zayo	Ikano Building	Central Business District	Lease Renewal	29,841
Communications group, Zayo, renewed at Ikano Building in downtown Salt Lake City.				
Essential Hub	Sandy Commerce Park	Southtowne	Lease Renewal/Expansion	20,173
Software company, Essential Hub, renewed at Sandy Commerce with a small expansion added to the footprint.				

Source: Newmark Research





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# Davis and Weber Counties Market Fundamentals





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## Davis and Weber Counties Office Map and High-Level Statistics – 2Q25



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# Utah County Market Fundamentals





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## Utah County Office Map and High-Level Statistics – 2Q25



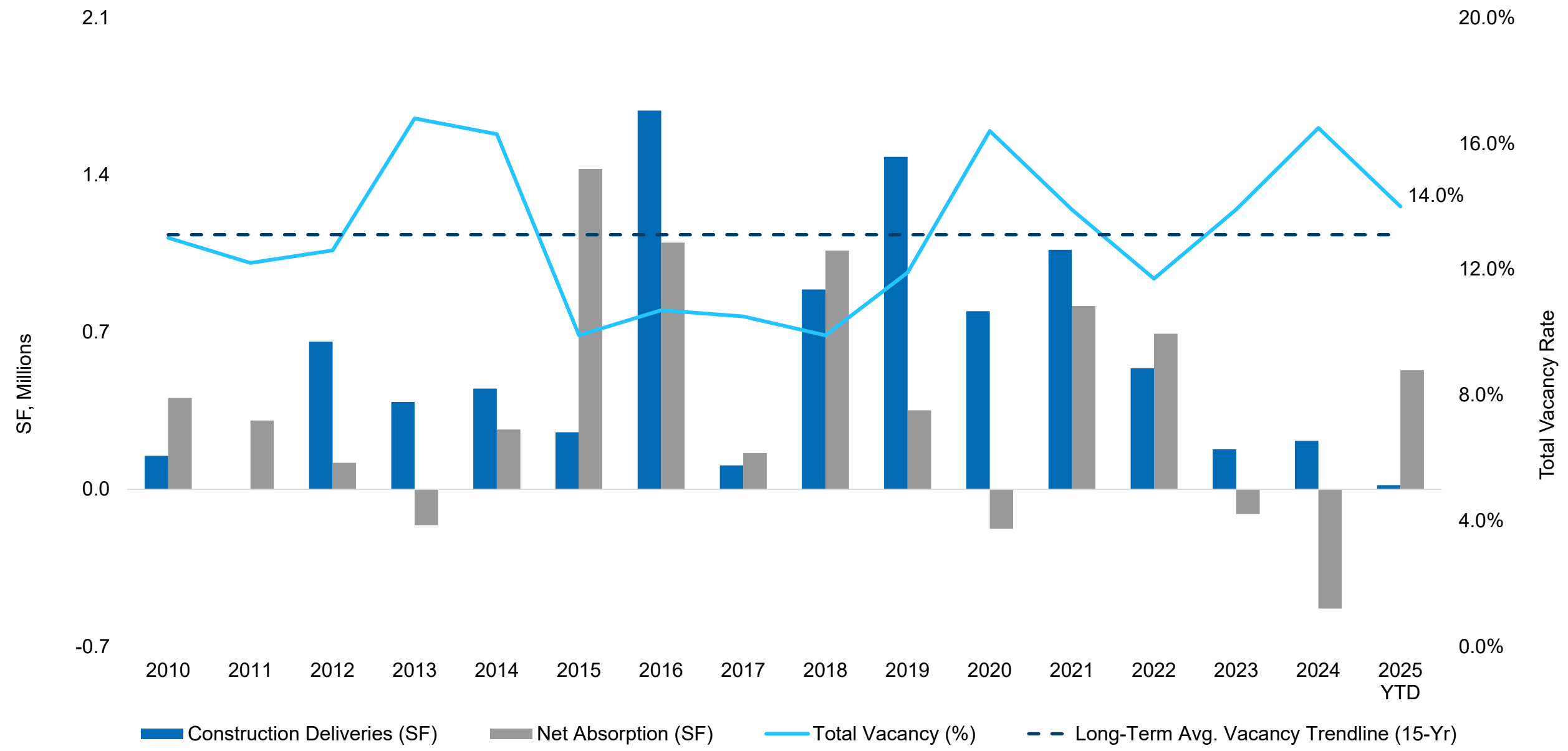
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# Utah County Sees Strong Absorption, Though Caution Remains

Utah County’s total vacancy dropped 250 basis points in the first half of 2025, driven by 530,038 SF of positive absorption. Activity was fueled by mid-size tenants backfilling long-vacant space in the northern submarket, while expansions and renewals supported gains in the south. Despite this encouraging performance, especially compared to 2023 and 2024, the market remains cautious due to its heavy concentration of tech and venture-backed firms, which remain sensitive to broader economic volatility.

Historical Construction Deliveries, Net Absorption, and Vacancy



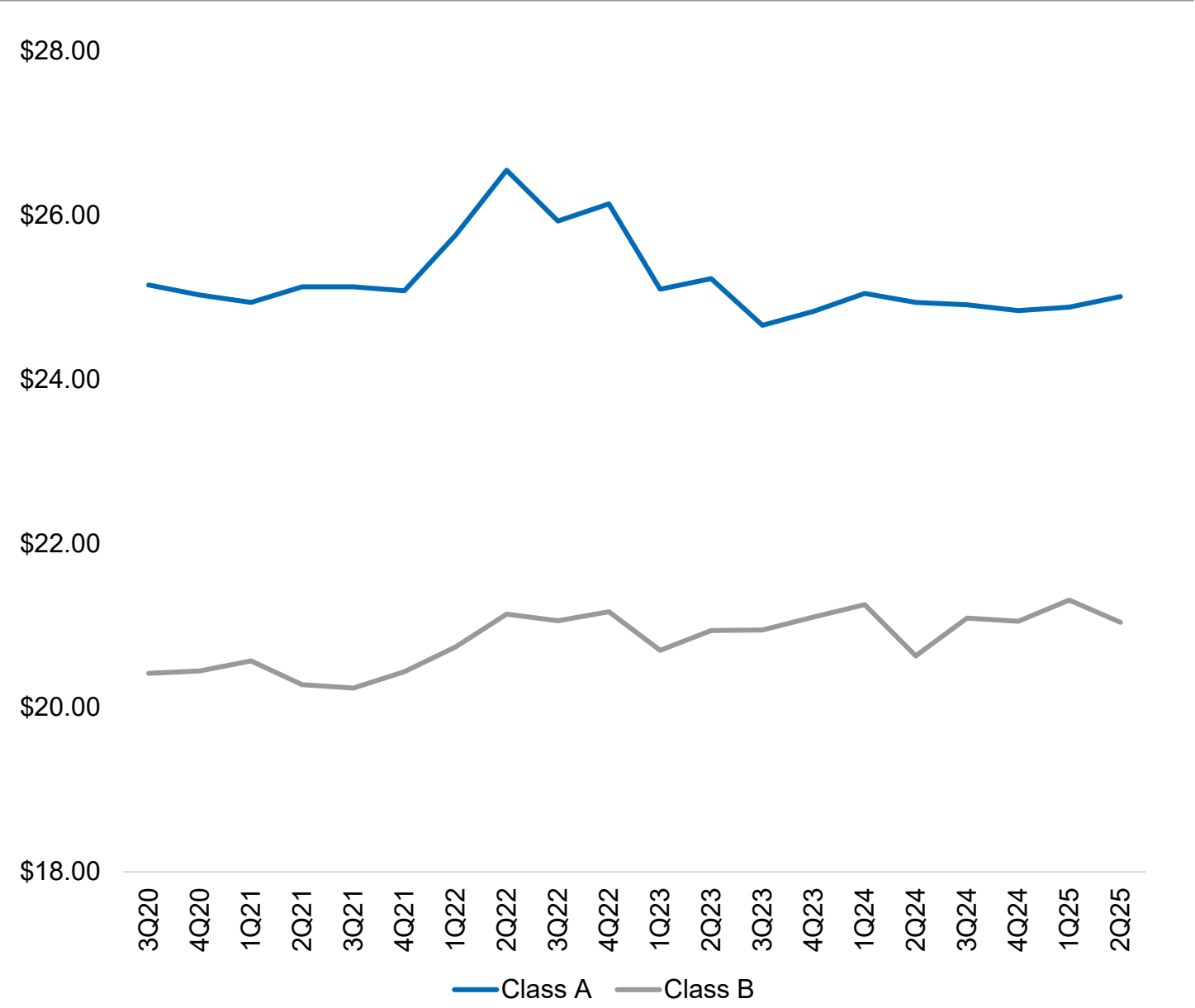
Source: Newmark Research



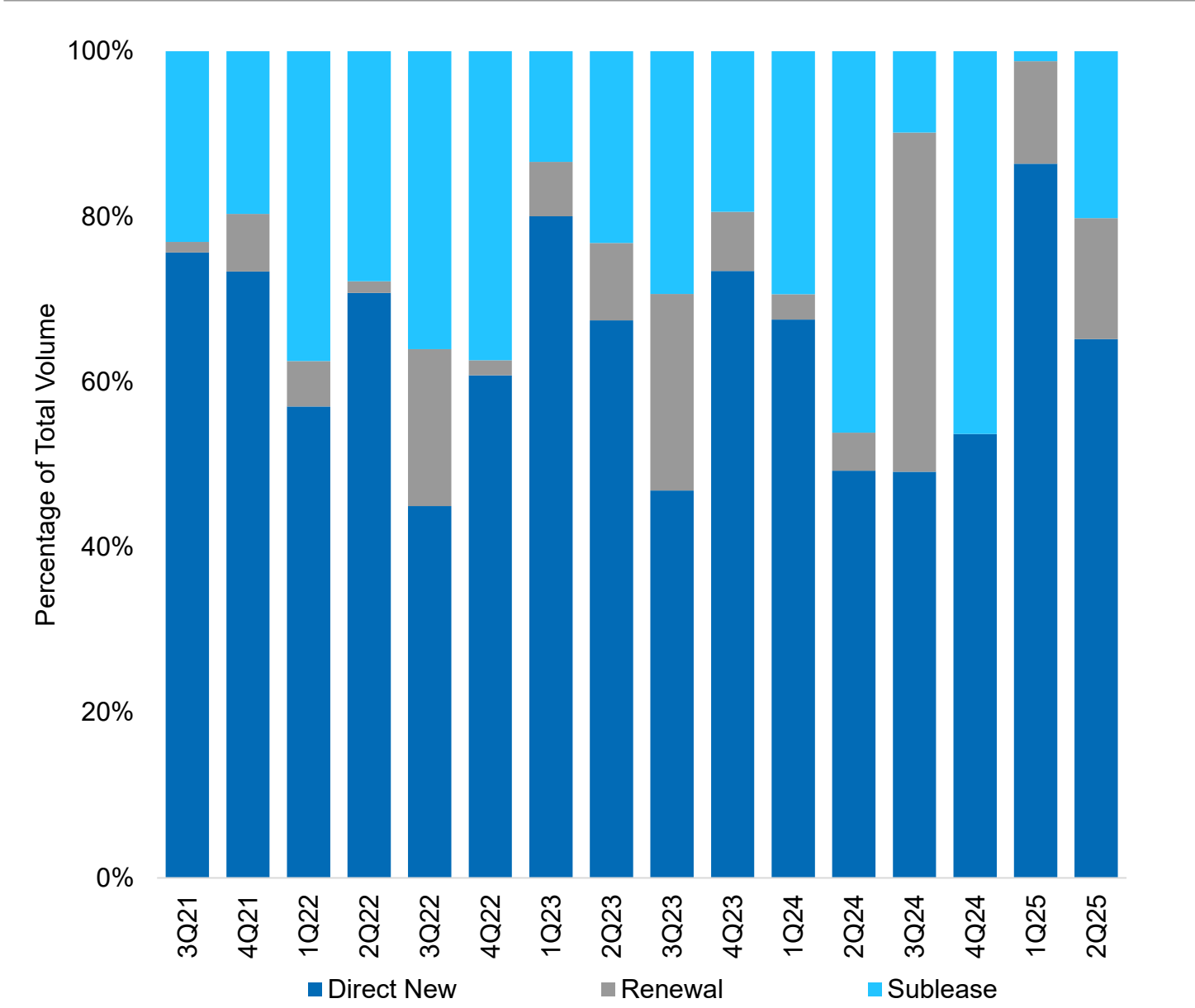
# Class A Rents Remain Dampened as Landlords Prioritize Occupancy Over Growth

After peaking at \$26.45, Class A asking rents declined amid rising vacancy and have only modestly recovered but are still trailing pre-pandemic levels. Sublease activity picked up in Q2 2025 following a quiet first quarter. To stay competitive, landlords are pricing direct space closer to sublease rates, reflecting a strategic shift toward preserving occupancy rather than pushing rent growth.

Class A and Class B Asking Rents



Transaction Leasing Volume Overview



Source: Newmark Research



# Utah County Sees Momentum with Key Leases and Sales Activity in H1 2025

Several long-vacant large blocks were finally absorbed in Q2 2025 through a mix of subleases, renewal-driven expansions, and new direct leases. Coupled with high-quality sales activity in the previous quarter, these transactions signal renewed confidence from both users and investors. Utah County's office market continues to show a resilient recovery—outpacing many other tech-focused regions despite ongoing economic challenges.

2Q25 Notable Transactions				
Buyer/Tenant	Building(s)	City	Type	Square Feet
Boostly	Innovation Pointe 2	Lehi	Sublease	29,336
Route subleased a portion of their space totaling 29,336 SF to Boostly in Innovation Pointe 2.				
Arctic Wolf Networks	Valley Grove 2	Pleasant Grove	Lease Renewal/Expansion	29,283
Cybersecurity company, Arctic Wolf Networks, renewed and expanded for a total 29,283 SF in St. John's Valley Grove office park.				
Pattern	Innovation Pointe 3	Lehi	Sublease	29,154
Pattern took another portion of Route's sublease in Innovation Pointe 3 for 29,154 SF.				
Utah County Public Defenders Association	Riverwoods 1	Provo	Direct New Lease	19,891
Legal group, Utah County Public Defenders Association leased a total of 19,891 SF across a few different space within Riverwoods in Q2 2025.				
Havenpark Capital Partners	Canyon Park F	Orem	Direct New Lease	15,185
Residential community company, Havenpark Capital Partners, opened an office in Orem's Canyon Park for 15,185 SF.				

Source: Newmark Research



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# Tech Corridor Market Fundamentals





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## Tech Corridor Office Map and High-Level Statistics – 2Q25



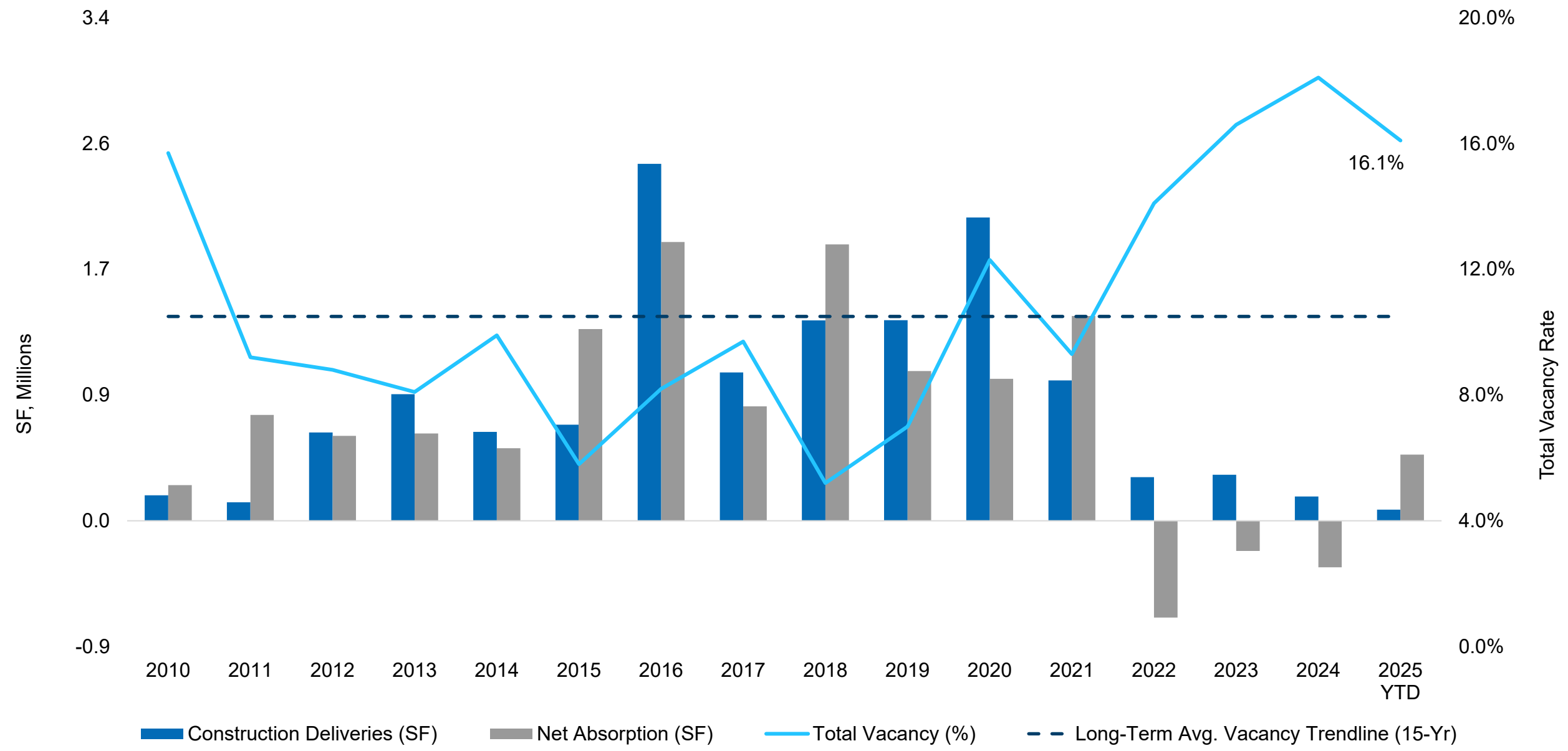
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# Occupancy Surges Amid Limited New Supply as Developers Stay Cautious

In the first half of 2025, just 75,000 SF of new office space was delivered, while user occupancy grew by over 400,000 SF, a significant reversal after three years of contraction. With no traditional office projects currently underway, developers remain on the sidelines, waiting for clearer signals from both macroeconomic trends and local market dynamics before moving forward.

Historical Construction Deliveries, Net Absorption, and Vacancy



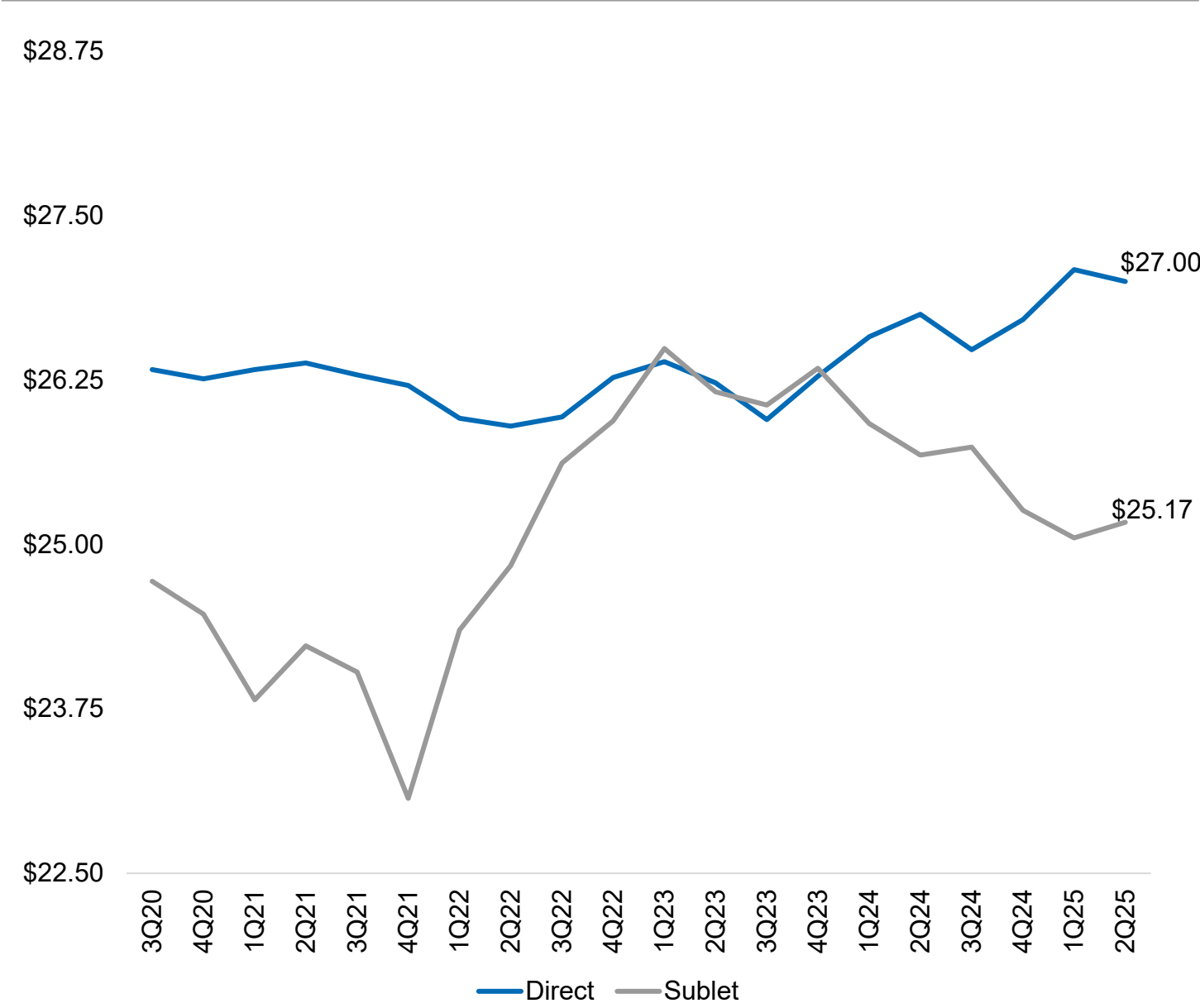
Source: Newmark Research



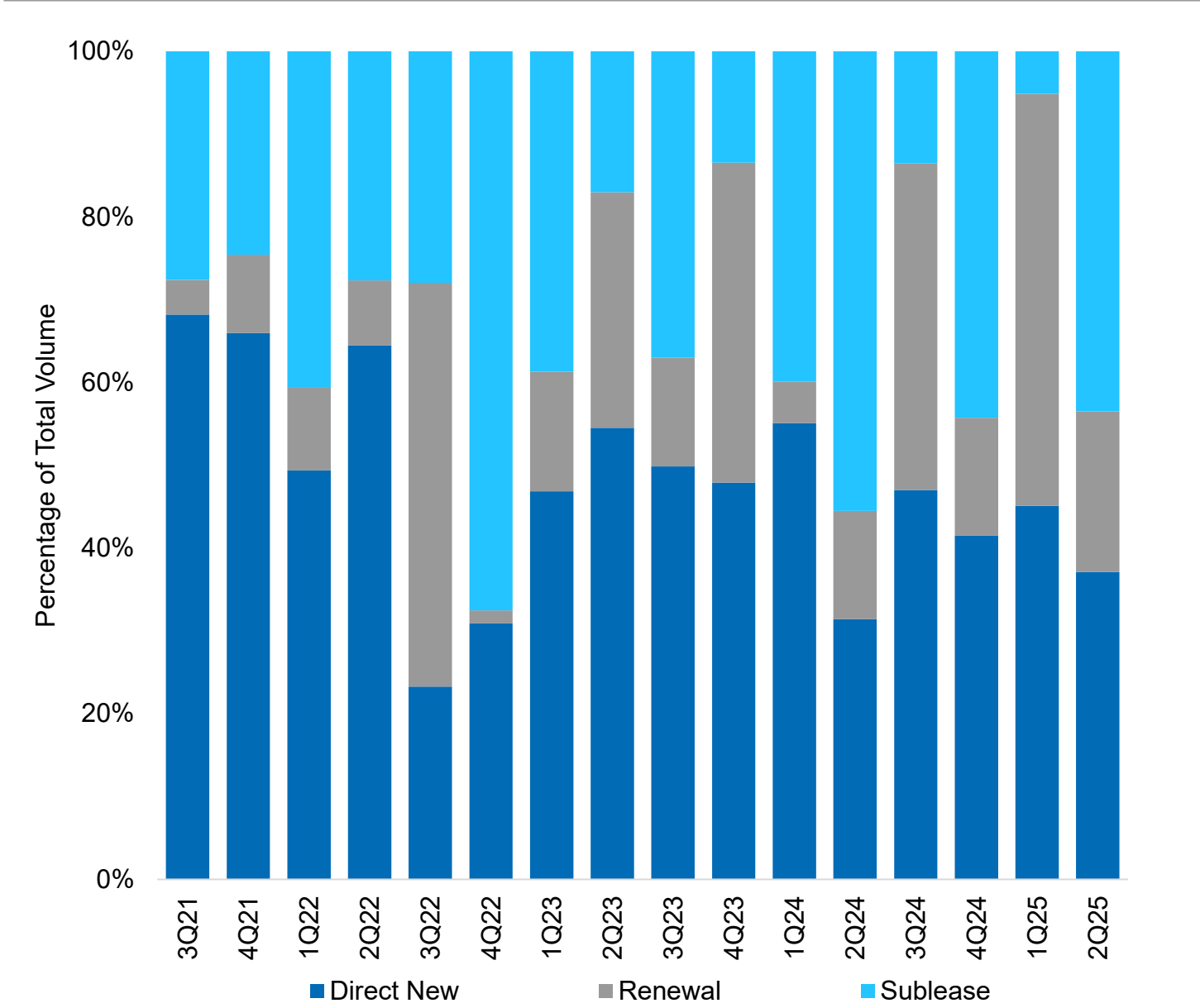
# Subleases and Renewals Dominate as Cost-Conscious Leasing Trends Persist

In Q2 2025, the gap between direct and sublease rates narrowed again after widening over the past year. Subleases and renewals remained strong, with new direct leases accounting for less than 50% of total transaction volume since Q1 2024. This trend highlights tenant preference for cost-effective solutions either through discounted sublease opportunities or staying in place via renewals. Overall leasing activity increased 41.5% year-over-year, signaling improved tenant engagement despite continued cost sensitivity.

Direct and Sublet Asking Rents



Transaction Leasing Volume Overview



Source: Newmark Research



# Cost-Conscious Growth Defines Tech Corridor Leasing Activity

Recent top transactions in the Tech Corridor reflect a continued push by tenants to open, relocate, or expand office space—but under budget-conscious strategies. Most activity centers on securing subleases at discounted rates or renewing existing leases with modest expansions, signaling a focus on operational efficiency while still supporting long-term presence in the market.

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Source: Newmark Research



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# Utah Capital Markets Overview





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# Investment Activity Steady Amid Select Trades and Broader Headwinds



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## Private and User Buyers Are Active



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# 2025 YTD Notable Capital Market Transactions

Portfolio sales, in which buyers purchased multiple buildings at a discount, have been common thus far in 2025.

2025 YTD Notable Transactions				
Buyer	Building	City	Type	Square Feet
Confidential	SLC Global Logistics Center 4	Salt Lake City	Industrial	1,032,248
Colmena Group sold the over 1 million SF building to a confidential buyer.				
Longpoint Realty Partners	Starwood Portfolio – Utah Portion	Various	Industrial	480,550
In a large multi-state transaction, Longpoint Realty Partners picked up 480,500 SF for the Utah portion of the portfolio from Starwood Capital.				
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.				
Boyer Company	Thanksgiving Center	Lehi	Office	127,741
Fully occupied by Vivint Solar, Nuveen sold Thanksgiving Center to Boyer Company.				
Stablewood Properties	Cottonwood Plaza	Cottonwood Heights	Retail	31,109
Magna Investment & Development sold the fully-occupied Cottonwood Plaza to Stablewood Properties.				



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