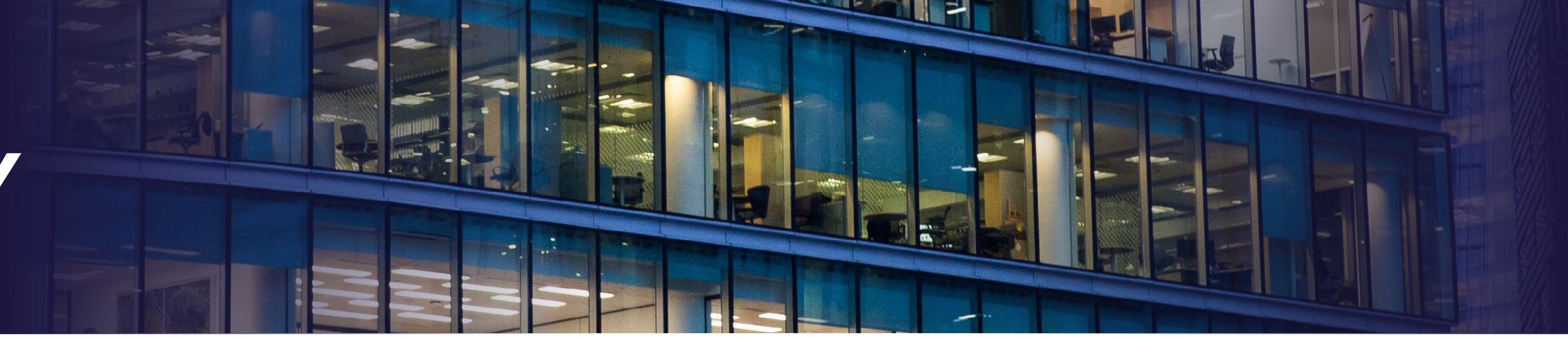


MARKETBEAT

SALT LAKE CITY

OFFICE Q2 2025

MARKET FUNDAMENTALS

	YOY Chg	Outlook
24.0% Vacancy Rate	▼	▼
205K Net Absorption, SF	▲	▲
$25.98 Asking Rent, PSF	▲	—

(Overall, All Property Classes)

ECONOMIC INDICATORS

	YOY Chg	Outlook
844.1K Salt Lake City Employment	▲	▲
3.2% Salt Lake City Unemployment Rate	—	▲
4.2% U.S. Unemployment Rate	▲	▲

Source: BLS as of May 2025

Sources: [1]www.bls.gov [2]Moody's Analytics

ECONOMIC OVERVIEW

In Q2 2025, the Salt Lake City market reported an employment level of 844,100 jobs, with the unemployment rate holding steady year-over-year (YOY) at 3.2%. [1] The Salt Lake City economy of $120.6 billion, as measured by 2025 gross metro product, is forecasted to climb to $123.9 billion in 2026 and $128.2 billion in 2027. [2]

SUPPLY AND DEMAND

In Q2 2025, the overall office vacancy rate—including sublease space—continued its downward trend, declining by 60 basis points (bps) quarter-over-quarter to 24.0%, a 130-bps improvement YOY. Direct vacancy fell to 19.9%, down from 20.2% in Q1 2025, representing approximately 10.3 million square feet (msf) of available space. Sublease vacancy also decreased, reaching 4.2% (2.3 msf), compared to 4.4% last quarter and 5.4% in the same period last year.

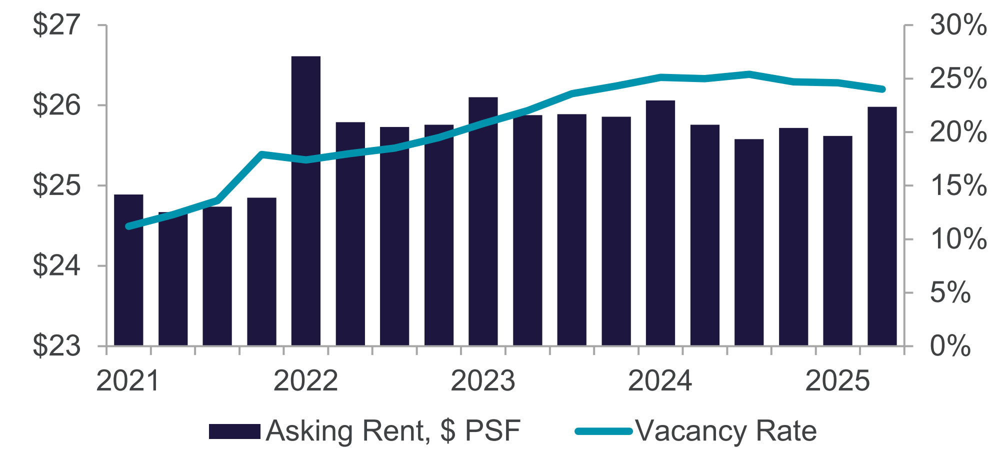
Notable additions to direct vacancy this quarter included 67,000 square feet (sf) at 222 S. Main in the Central Business District (CBD) and 47,000 sf at the NuSkin Innovation Center – 75 W. Center St. in the Utah County South submarket. The largest new sublease listing was a 29,000-sf space at Irvine Office Park I – 344 W. 13800 S., formerly occupied by Service Titan, located in the South East submarket.

The second quarter of 2025 remained resilient, with the market recording 205,000 sf of positive net absorption in Q2 2025. Remarkably, nearly all of this activity—204,900 sf—was driven by sublease absorption, marking the sixth consecutive quarter of positive momentum in this segment. High-quality sublease spaces continue to lease quickly, reflecting sustained tenant demand. The quarter's largest contributor was Awardco, which reabsorbed 117,000 sf at Grove Technology Center – 2080 W. 400 N., previously listed for sublease. This was followed by Forem Technologies subleasing 51,500 sf at Lindon Tech Center I – 1855 W. 500 N. Both transactions occurred in the Utah County North submarket, highlighting its continued strength.

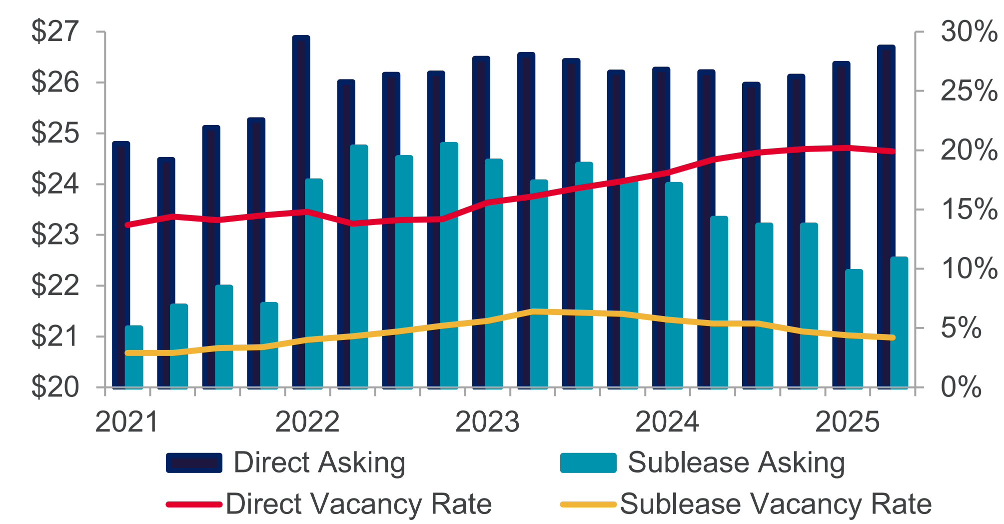
Class A office properties have continued to lead the market in performance, posting positive net absorption for the fifth consecutive quarter. In Q2 2025, Class A assets recorded 192,500 sf of positive absorption. Class B properties also showed encouraging signs, with 70,000 sf of positive absorption for the third straight quarter.

Key tenant move-ins this quarter included Acima Credit, which occupied the entire 54,000-sf building at Minuteman Office Park 1 – 13997 S. Minuteman Dr. in the South East submarket, and Sinclair, Inc., which leased just over 40,000 sf at The 324 – 324 S. State St. in the CBD. Both transactions involved Class B buildings, underscoring the increasing demand across various quality tiers.

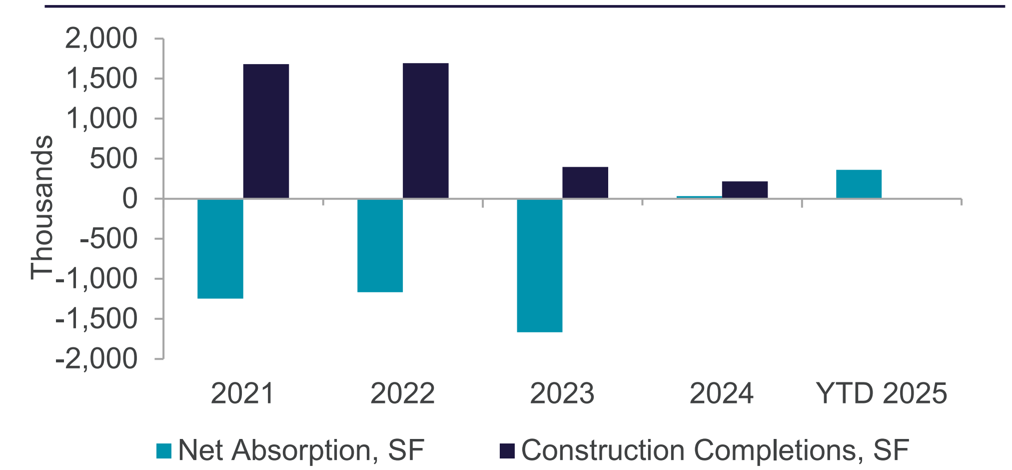
OVERALL VACANCY & ASKING RENT



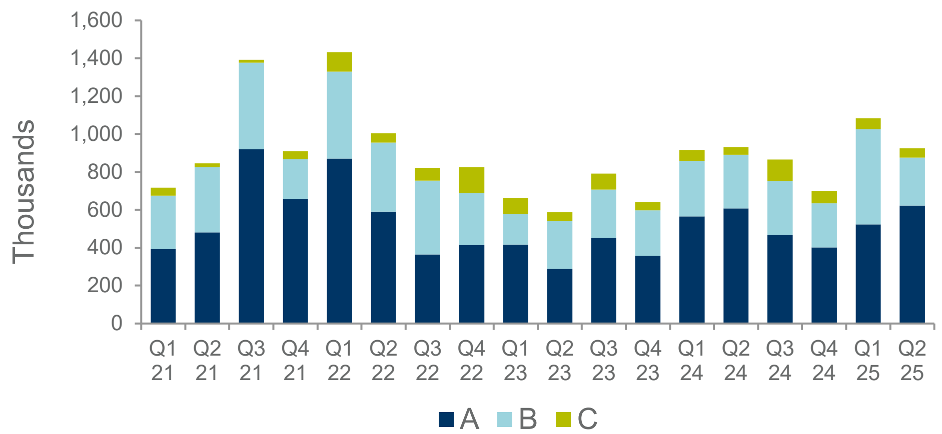
DIRECT VS. SUBLEASE VACANCY & ASKING RENT



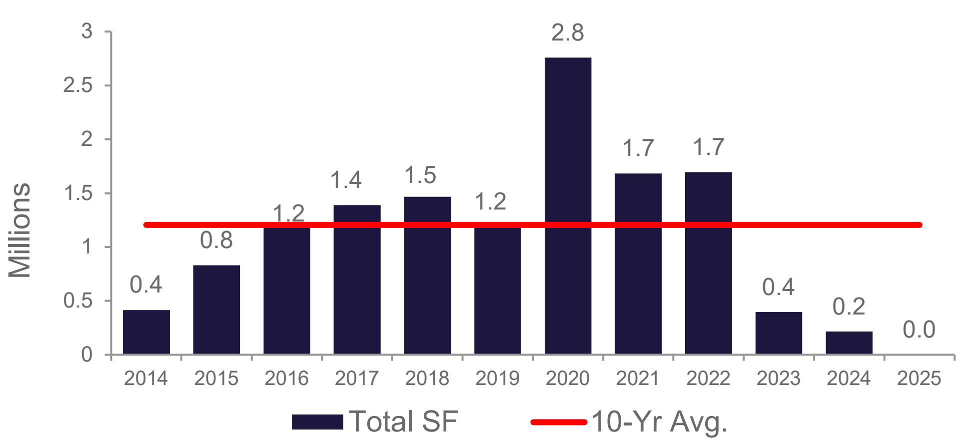
SPACE DEMAND / DELIVERIES



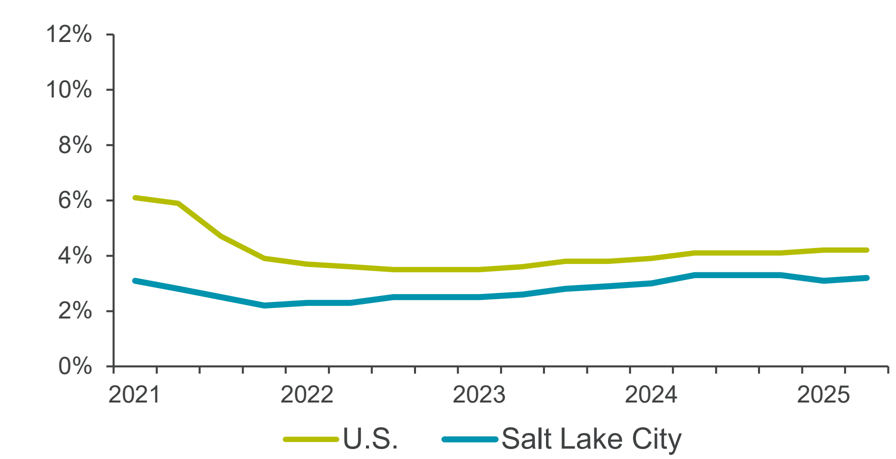
OVERALL NEW LEASING ACTIVITY BY CLASS IN SF



CONSTRUCTION COMPLETIONS BY YEAR IN SF



UNEMPLOYMENT RATE IN COMPARISON



PRICING

The overall average asking rent across all office property classes rose by $0.22 per square foot (psf) YOY, reaching $25.98 psf on a full-service annual basis—a 0.9% increase. Class A properties led the growth with a 3.3% YOY increase, pushing average asking rents to $29.54 psf. Class B properties averaged $24.11 psf, while Class C space averaged $22.14 psf. In terms of transaction activity, direct lease deals averaged $26.68 psf on a full-service basis in Q2 2025, while sublease transactions averaged $23.93 psf, reflecting the continued pricing gap between primary and secondary leasing channels.

LEASING ACTIVITY

Leasing activity remained robust in Q2 2025, with the Utah County North submarket leading the region, accounting for 339,000 sf or 37% of total leasing volume. The South East submarket followed closely, contributing 34% of activity. Class A properties dominated new leasing, representing 68% (623,000 sf) of total volume, followed by Class B at 27% and Class C at just 5%—a clear indication of the ongoing flight to quality. To stay competitive in this evolving landscape, many landlords are investing in modern speculative suites, catering to smaller tenants who increasingly favor turnkey, move-in-ready spaces over traditional build-outs.

The quarter recorded 924,000 sf of new leasing activity across 126 transactions. Notable deals included AdvancedMD's 62,000-sf sublease at SoJo Station South and eBay Inc.'s 50,000-sf sublease at Vista Station 6, both in the South East submarket. Additionally, Institutional Capital Network, Inc. signed a 31,000-sf lease at 650 Main in the Periphery submarket.

Renewal activity totaled 190,000 sf across 18 deals, though these are not included in the new leasing statistics. Key renewals included Mayer Brown's 35,500-sf extension at 201 Tower in the CBD and Arctic Wolf Network, Inc.'s 18,500-sf renewal at Valley Grove II in Utah County North.

INVENTORY

No new office projects were delivered in Q2 2025, and the construction pipeline has slowed significantly. Currently, only one project—The Beverly at Holladay Hills—is under construction, totaling 180,000 sf, 67% of which is already pre-leased. Located in the Central East submarket, the project is scheduled for completion in Q3 2025. This marks a sharp contrast to the 10-year average of 1.2 msf in annual office deliveries. With few new developments planned, this figure is expected to decline further amid ongoing challenges related to office demand, elevated interest rates, and restrictive lending conditions.

The trend toward adaptive reuse continues to reshape the market. Since Q4 2022, nine office buildings totaling 817,000 sf have been removed from inventory for conversion to multifamily use. In Q2 2025, Canyon Park Tech Center – Buildings K & Q sold and are slated for demolition to make way for single-family housing. Additionally, more office assets are being acquired by owner-users and public institutions, further reducing available inventory. Recent institutional acquisitions highlight this shift: Canyon School District purchased the Vista Station—eBay Draper Campus for $50 million; the University of Utah acquired City Centre for $38 million; and Salt Lake County bought the Peace Coliseum Office Campus for $52 million.

OUTLOOK

- Class A space will continue to outperform all other Classes, especially high-quality Class A spaces.
- Landlords who take the hospitality approach by having amenities such as conference centers with a large training room, lounge spaces, outside patio areas, and fitness facilities are going to be more successful at attracting tenants.
- Landlords that build spec suites will see more leasing activity among smaller tenants.
- Most tenants now have clarity on their space needs. As such, the rest of 2025 should continue to see a recovery in demand for office space.
- New office construction will not commence until there are significant improvements in the leasing market.
- Availability of quality sublease space will continue to decline as leasing activity increases.
- The Salt Lake City office market is expected to remain more resilient than many other major U.S. markets.

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	YTD DIRECT NET ABSORPTION (SF)	DIRECT AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
CBD	9,043,033	159,012	2,054,888	24.5%	-85,080	-15,094	181,341	5,494	$30.44	$29.90	$36.30
Periphery	3,064,461	27,111	746,180	25.2%	-35,575	17,074	102,428	15,369	$26.51	$26.31	$34.40
North East	2,229,438	19,735	274,840	13.2%	-5,372	-11,084	21,333	-1,561	$26.56	$26.23	$30.61
North West	4,386,345	352,579	1,624,374	45.1%	-100,667	-97,221	30,392	-109,316	$25.11	$24.89	$24.85
Central East	7,482,757	225,486	1,200,341	19.1%	-67,109	-99,344	177,829	-53,882	$26.57	$24.45	$32.46
Central West	1,899,795	10,875	536,942	28.8%	18,591	37,174	6,251	48,049	$24.85	$23.85	$29.77
South East	8,421,178	543,094	1,398,714	23.1%	136,134	156,507	555,768	102,300	$26.55	$25.61	$27.17
South West	1,774,112	73,835	370,809	25.1%	27,677	-10,145	95,553	-8,961	$28.60	$27.82	$27.80
Utah County North	9,063,841	601,156	978,732	17.4%	325,214	374,200	717,135	104,654	$25.68	$25.24	$27.82
Utah County South	4,341,176	141,947	1,087,674	28.3%	-8,786	11,243	118,816	52,822	$23.90	$23.20	$25.07
MARKET TOTALS	51,706,136	2,154,830	10,273,494	24.0%	205,027	363,310	2,006,846	154,968	$26.69	$25.98	$29.54
Class A	25,801,468	1,294,883	3,602,613	19.0%	192,485	325,206	1,147,257	135,498	$31.23	$29.54	$29.54
Class B	20,326,110	750,669	5,534,388	30.9%	70,086	169,182	753,737	114,630	$24.73	$24.11	
Class C	5,578,558	109,278	1,136,493	22.3%	-57,544	-131,078	105,852	-95,160	$22.61	$22.14	
MARKET TOTALS	**51,706,136**	**2,154,830**	**10,273,494**	**24.0%**	**205,027**	**363,310**	**2,006,846**	**154,968**	**$26.69**	**$25.98**	

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q2 2025

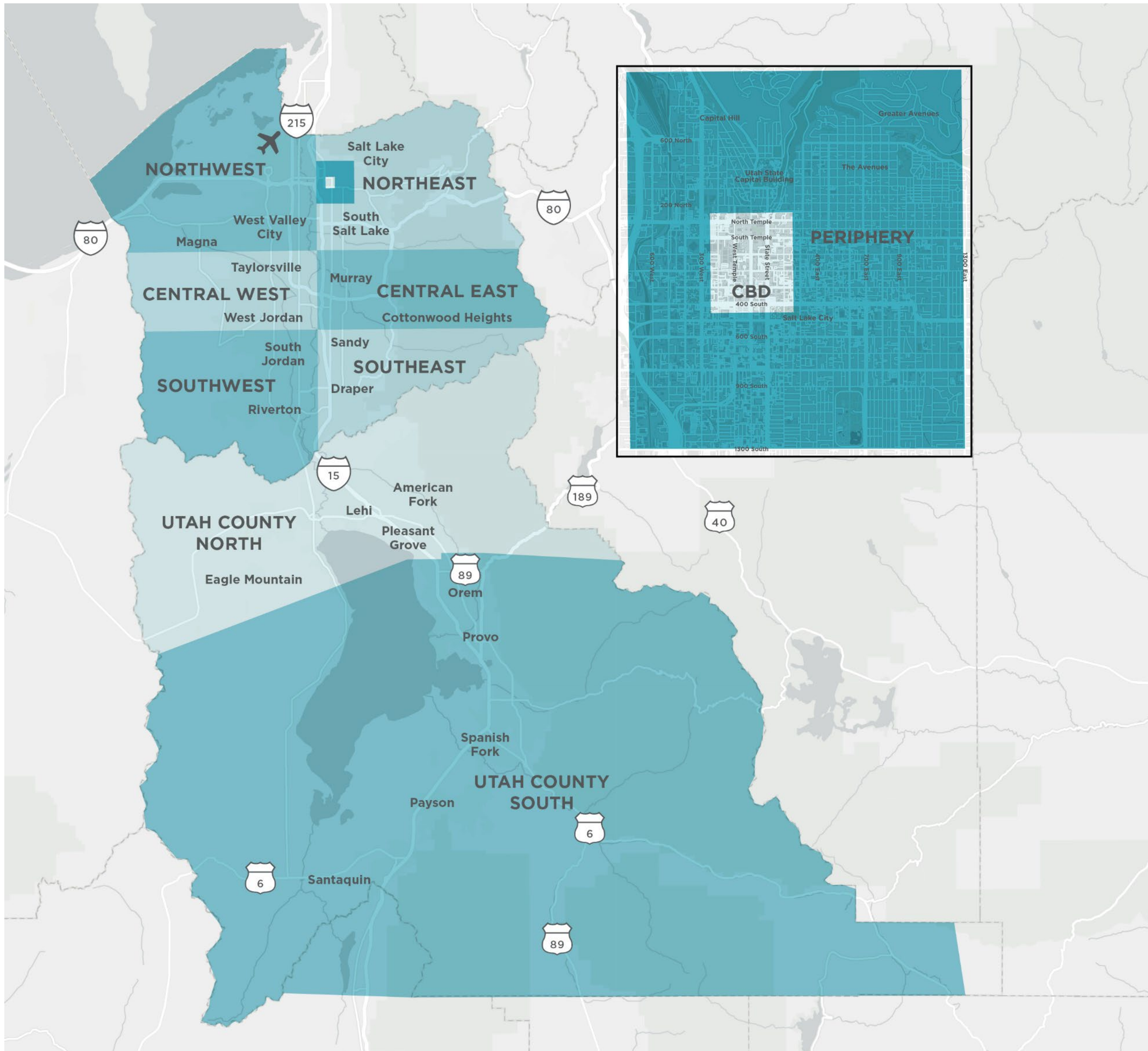
PROPERTY	SUBMARKET	TENANT	SF	TYPE
SoJo Station South – 10377 S. Jordan Gtwy.	South East	AdvancedMD, Inc.	61,962	Sublease
Vista Station 6 – 339 W. 13490 S.	South East	Ebay Inc.	49,944	Sublease
201 Tower – 201 S. Main St.	CBD	Mayer Brown LLP	35,586	Renewal*
650 Main – 650 S. Main St.	Periphery	Institutional Capital Network, Inc.	31,273	Direct
Thanksgiving Station 5 – 2000 W. Ashton Blvd.	Utah County North	School AI, Inc.	30,651	Sublease

*Renewals not included in leasing statistics

KEY SALE TRANSACTIONS Q2 2025

PROPERTY	SUBMARKET	SELLER / BUYER	SF / ACRES	PRICE / $ PSF
Canyon Park Tech Center – Bldgs. K & Q (1201-1255 & 1301 -1399 N. Research Way)	Utah County South	The Muller Company / Tri Pointe Homes	17.32	$15,400,000 / $889,145 per acre
South Towne Corporate Center 1 – (150 W. Civic Center Dr.)	South East	PNC Bank / Fort Street Partners	124,000	$14,650,000 / $118
South Towne Corporate Center 2 – (200 W. Civic Center Dr.)	South East	PNC Bank / Fort Street Partners	124,000	$14,650,000 / $118
Union Woods I – 7090 S. Union Park Ave.	Central East	East Bank West / Alloy Union Woods	98,739	Undisclosed – REO Sale
Odd Fellows Hall – 26-40 W. Market St.	CBD	Odd Fellows Group / Salt Lake Ventures	23,901	$6,000,000 / $251

OFFICE SUBMARKETS



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