

Davis and Weber Counties Office Market

Lack of Deliveries and Construction Starts Push Vacancy to Pre-Pandemic Levels for the Northern Wasatch Front

Current Conditions

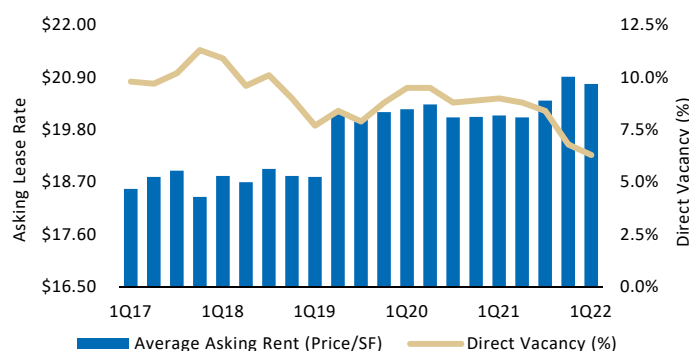
- Unlike other portions of the Wasatch Front, the office market in Davis and Weber counties experienced little disruption at the onset of the pandemic. Vacancy remained controlled and continued its decline, ending at 6.3% for first-quarter 2022.
- Construction deliveries remain stagnant with little construction starts over the last two years. Developers are hesitant to break ground on new office projects due to national uncertainty regarding the workplace. The northern Wasatch Front will need developers to bring a pipeline of office supply in order to lure large office users to the area and bring life to the market and economy within that region.
- Overall leasing square footage volume is up 50.5% in first-quarter 2022 compared to first-quarter 2021. Additionally, bucking the trend of other areas along the Wasatch Front, the number of leases and leasing square footage volume in the northern Wasatch Front office market have increased compared to pre-pandemic levels. Additionally, office users have purchased more space in the past year with owner-user square footage volume up 66.1% year-over-year as companies look to have more autonomy and control over workplace environments.

Market Summary

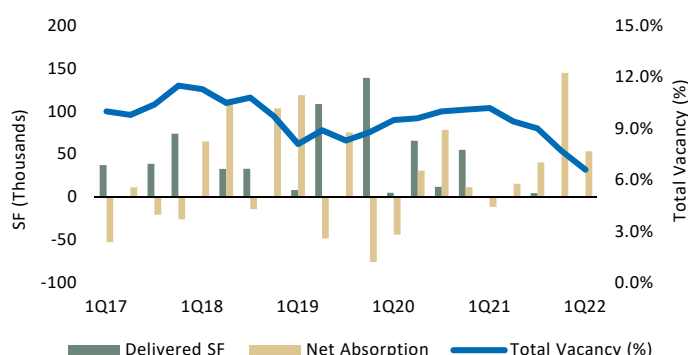
	Current Quarter	Prior Quarter	Year Ago Period	12-Month Forecast
Direct Vacancy Rate	6.3%	6.8%	9.0%	↓
Sublease Vacancy Rate	0.3%	0.9%	1.2%	→
Quarterly Net Absorption	53,279	144,809	(11,428)	→
Average Asking Rent/SF	\$20.76	\$20.91	\$20.10	↑
Under Construction SF	22,560	22,560	27,247	↑
Delivered SF	0	0	0	↑
Leased SF	95,956	95,519	63,739	↑
Average Achieved Rent/SF	\$22.19	\$24.18	\$21.00	↑

Market Analysis

ASKING RENT AND DIRECT VACANCY RATE



NET ABSORPTION SF, DELIVERED SF AND TOTAL VACANCY RATE

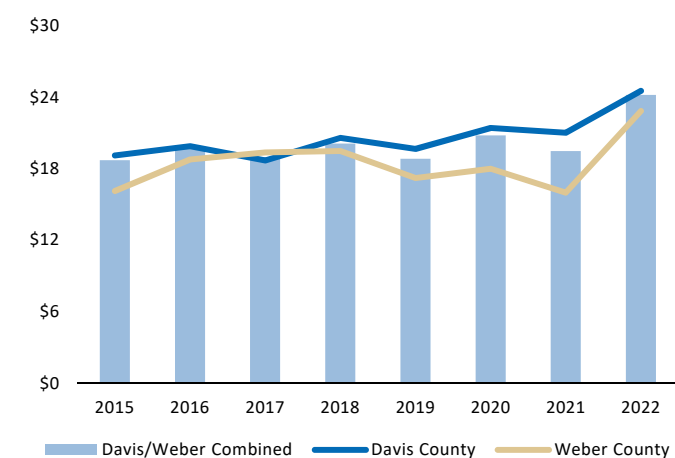


1Q22 Select Transactions

Tenant/Buyer	City	Building	Transaction Type	Square Feet
Confidential	Layton	Park Place 2	Investment Sale	32,000
Gil Lackritz	Ogden	3293 Harrison Blvd.	Owner-User Sale	29,389
AEI Capital	Layton	BioLife Plasma Services	Investment Sale	16,500
The United States of America	Riverdale	Riverdale Brookhaven 2	Direct New	12,751
JC Capital Group	Layton	101 N. Fort Ln.	Owner-User Sale	11,300
Guru Technologies	Layton	Layton Grandview Corporate Center	Direct New	7,689

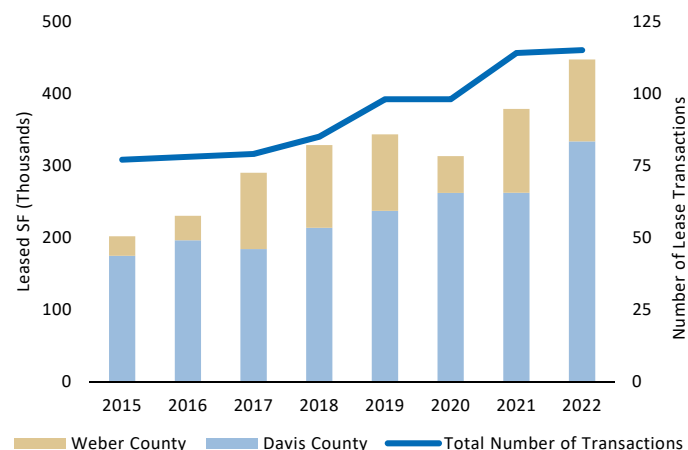
Lease Transaction Analysis

ACHIEVED AVERAGE LEASE RATES PSF (FS)



Trailing Four Quarters

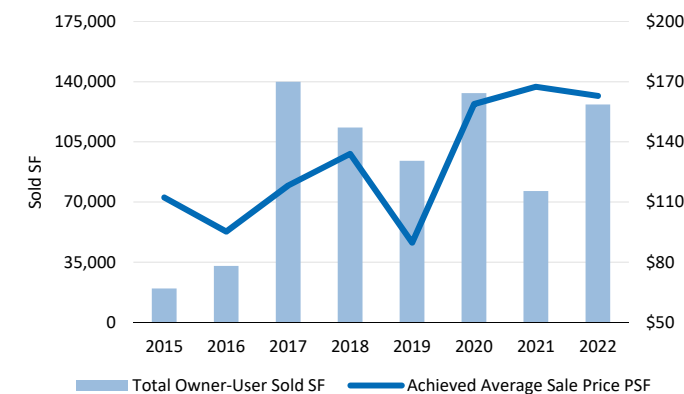
LEASED SF AND NUMBER OF LEASE TRANSACTIONS



Trailing Four Quarters

Owner-User Sale Overview

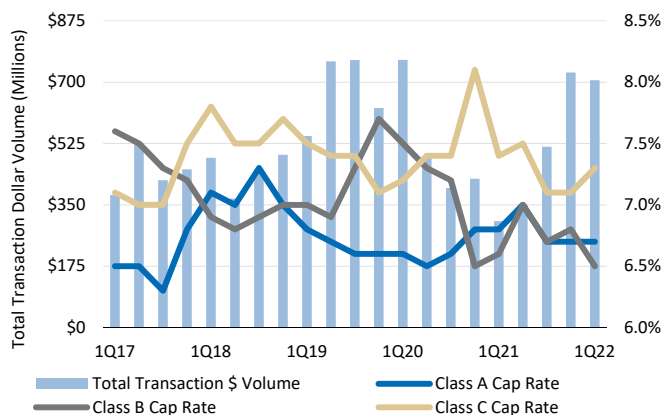
OWNER-USER SOLD SF & ACHIEVED AVERAGE OWNER USER SALE PRICE PSF



Trailing Four Quarters

Utah Office Investment Sale Overview

TRANSACTION DOLLAR VOLUME & PRICE-WEIGHTED AVERAGE CAP RATES



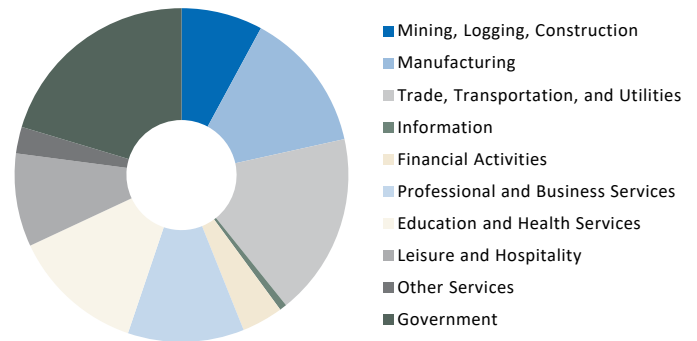
Trailing Four Quarters

Economic Overview

Before the COVID-19 recession, Utah had the highest overall employment growth (33.1%) between the Great Recession and the onset of the pandemic. Although the state was not immune to the disruption that the pandemic caused globally, it was one of the quickest to recover. With the Ogden-Clearfield Metro unemployment coming in at 2.1% in February 2022, the metro is one of the fastest recovering in terms of employment rate. Increased job activity and creation among the office sector is much higher than surrounding metros, largely attributed to new government contracts around Hill Air Force Base. With positive job growth across all industries and more employees returning to work, the Ogden-Clearfield Metro now faces the struggle of finding employees for open positions. Currently facing a high labor shortage, companies are competing for quality candidates across all industries and will need to work hard to attract and retain talent.

Employment by Industry

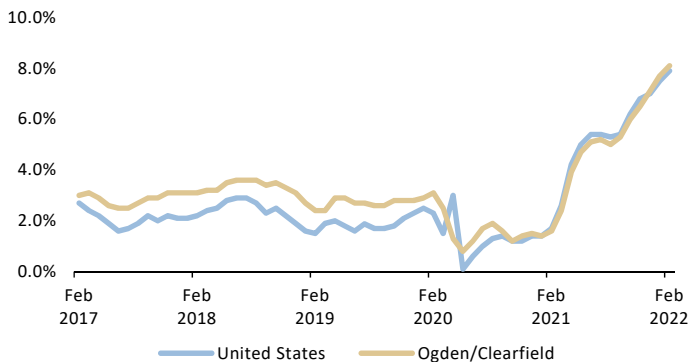
OGDEN-CLEARFIELD METRO, 2021 ANNUAL AVERAGE



Source: U.S. Bureau of Labor Statistics

Consumer Price Index (CPI)

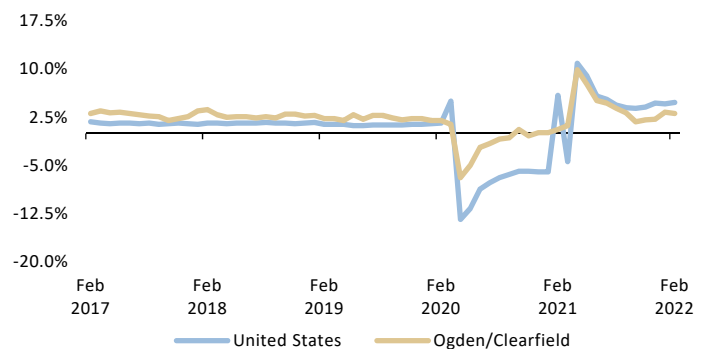
ALL ITEMS, NOT SEASONALLY ADJUSTED, 12-MONTH % CHANGE



Source: U.S. Bureau of Labor Statistics

Payroll Employment

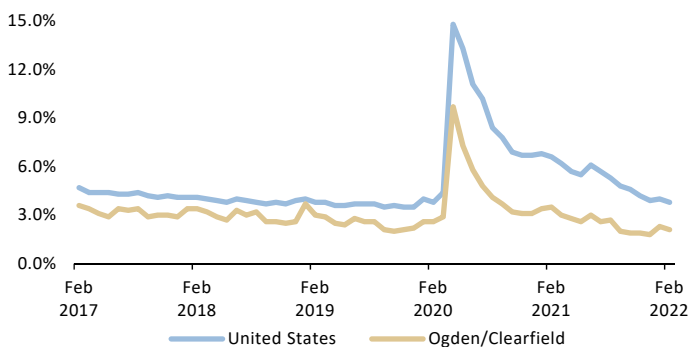
TOTAL NONFARM, NOT SEASONALLY ADJUSTED, 12-MONTH % CHANGE



Source: U.S. Bureau of Labor Statistics

Unemployment Rate

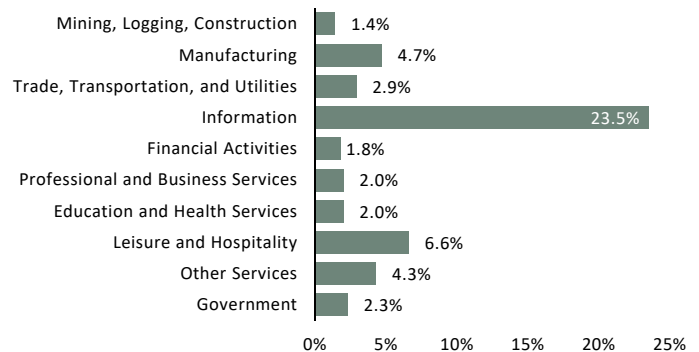
NOT SEASONALLY ADJUSTED



Source: U.S. Bureau of Labor Statistics

Employment Growth by Industry

OGDEN-CLEARFIELD METRO, FEBRUARY 2022, 12-MONTH % CHANGE, NOT SEASONALLY ADJUSTED



Source: U.S. Bureau of Labor Statistics

For more information:

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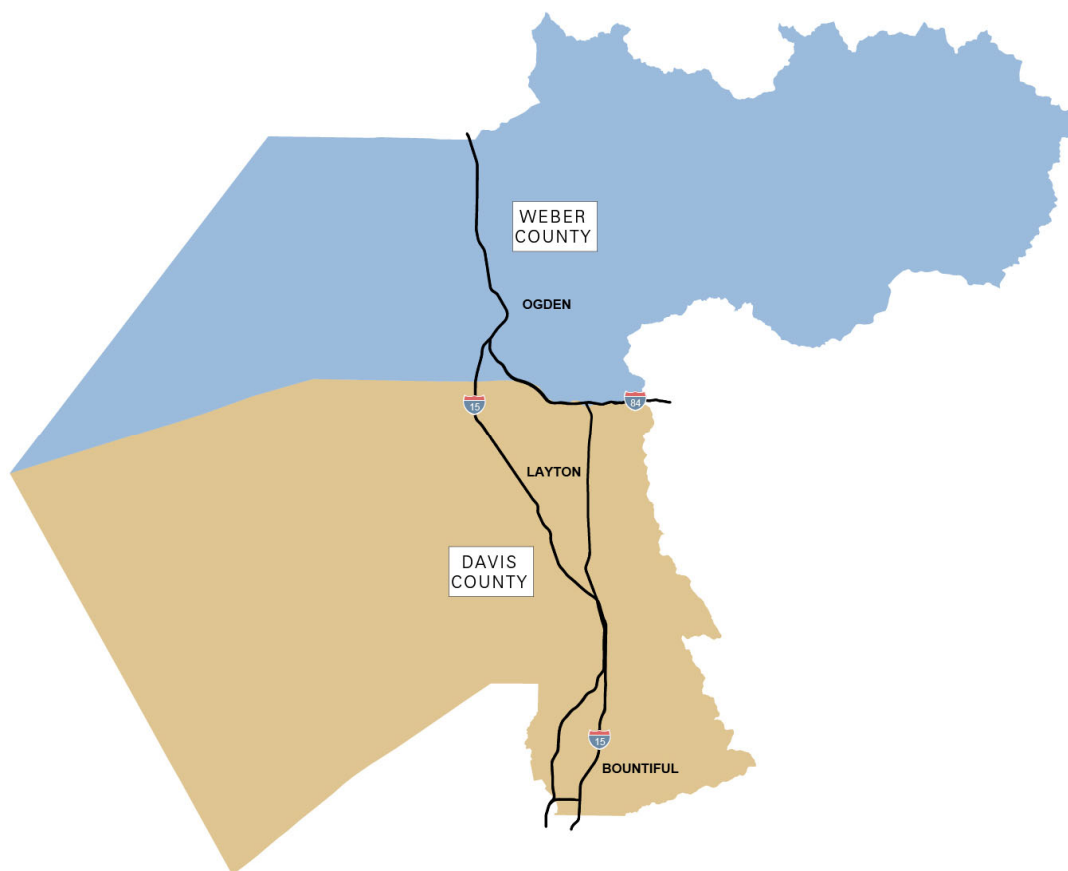
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