



# Tech Corridor Office Market

## New Developments Break Ground While Users Finalize Return-to-Office Plans

### Current Conditions

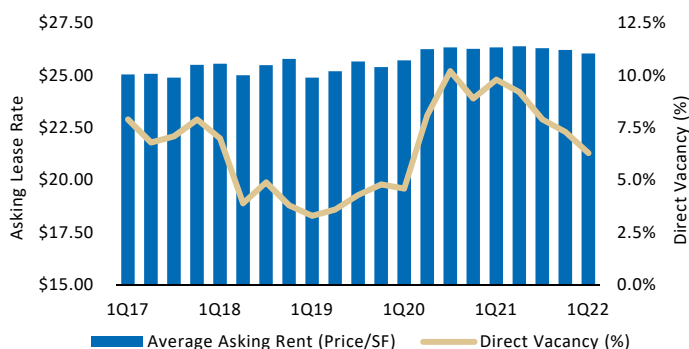
- Direct vacancy decreased 100 basis points from fourth-quarter 2021 to the first quarter of 2022, with sublease vacancy moving from 2.0% to 3.2% quarter-over-quarter.
- Two speculative buildings, Minuteman 6 and North Pointe F, broke ground during the first quarter of 2022, indicating some developers see potential within the Tech Corridor, a welcome change from dwindling construction starts since 2020.
- A healthy mix of both sublease and direct new deals occurred in the first quarter of 2022 and although leasing square footage volume lowered quarter-over-quarter, leasing is still up 41.9% year-over-year. Asking rents have remained stagnant since the second quarter of 2020, with varying rates hovering at \$26/SF to \$26.40/SF for several quarters now. Achieved rental rates are seeing some movement quarter-to-quarter but are heavily influenced by when new delivery leases are signed and with fewer office deliveries, more fluctuation is occurring.
- Landlords and companies alike are watching as some of the larger office users within the Tech Corridor are finalizing office plans with some working to bring employees back into the office and others are giving back space in favor of remote or hybrid work models. Larger subleases announced after quarter-end from companies such as Pluralsight and HealthEquity may create a large influx of space that could sit on market if not leased quickly and could potentially affect new office development and asking rates.

### Market Summary

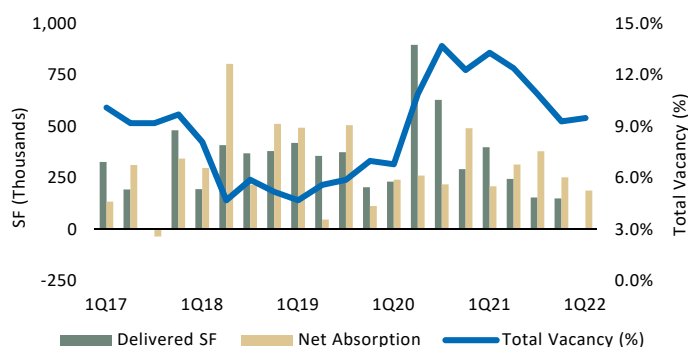
	Current Quarter	Prior Quarter	Year Ago Period	12-Month Forecast
Direct Vacancy Rate	6.3%	7.3%	9.8%	↑
Sublease Vacancy Rate	3.2%	2.0%	3.6%	↑
Quarterly Net Absorption	188,479	252,738	209,243	→
Average Asking Rent/SF	\$26.04	\$26.21	\$26.33	→
Under Construction SF	571,716	291,000	699,920	→
Delivered SF	0	150,000	398,769	↑
Leased SF	277,275	450,486	479,035	↑
Average Achieved Rent/SF	\$27.07	\$26.94	\$26.54	↑

### Market Analysis

#### ASKING RENT AND DIRECT VACANCY RATE



#### NET ABSORPTION SF, DELIVERED SF AND TOTAL VACANCY RATE



## Select Lease Transactions

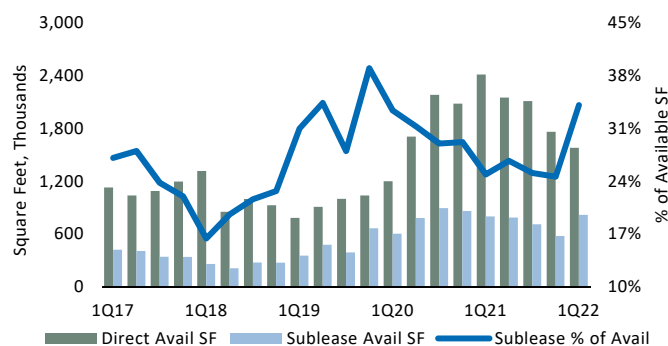
Tenant	City	Building	Type	Square Feet
Clodd Ind	Lehi	Traverse Mountain 3 & 4	Sublease	50,180
Element Renewables Group	Lehi	Traverse Ridge Center 3	Direct New	30,895
Brandless	Lindon	Mountain Tech Center 2	Sublease	26,277
Arctic Wolf Networks	Pleasant Grove	Valley Grove 2	Direct New	18,548
Ensign Engineering	Sandy	Centennial Plaza	Renewal/Expansion	18,534

## Notable Under Construction Projects

Building	Address	City	Status	Square Feet
Wilson Tech 5	2745 W. 600 N.	Lindon	Under Construction	154,647
Innovation Pointe 4	1500 W. Innovation Way	Lehi	Under Construction	141,000
Minuteman 6	13855 S. Minuteman Dr.	Draper	Under Construction	125,000
North Pointe F	690 E. 1300 S.	American Fork	Under Construction	100,000

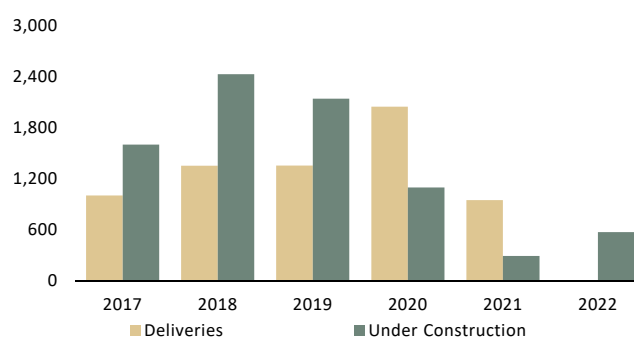
## Availability Overview

SUBLEASE V DIRECT AVAILABLE SF AND SUBLEASE AS % OF AVAILABILITY



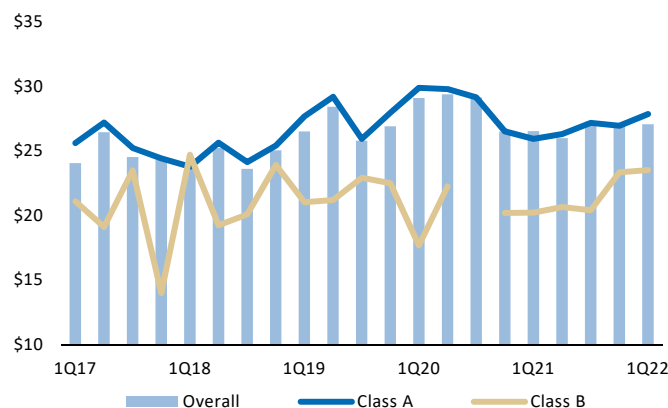
## Construction and Deliveries

SQUARE FEET, THOUSANDS

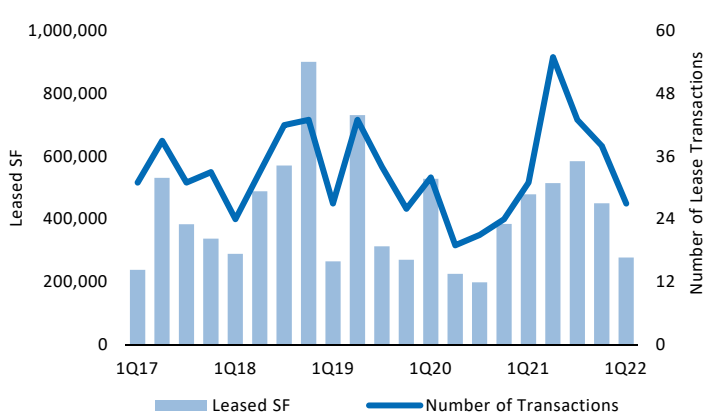


## Transaction Analysis

ACHIEVED AVERAGE LEASE RATES PSF (FS)



LEASED SF AND NUMBER OF LEASE TRANSACTIONS

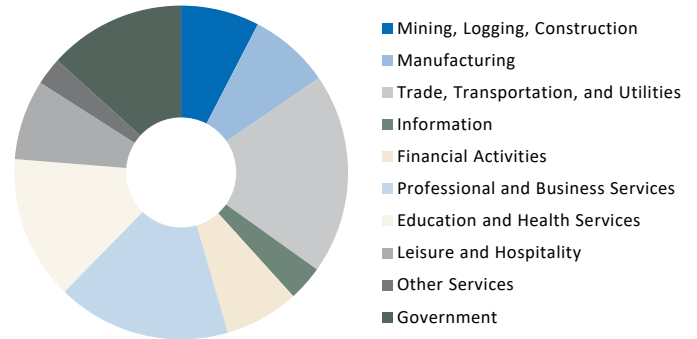


## Economic Overview

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 combined Salt Lake and Provo Metros unemployment coming in at 2.0% in February 2022, the Tech Corridor is one of the fastest recovering in terms of employment rate. With positive job growth across almost all industries and more employees returning to work, the Tech Corridor 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

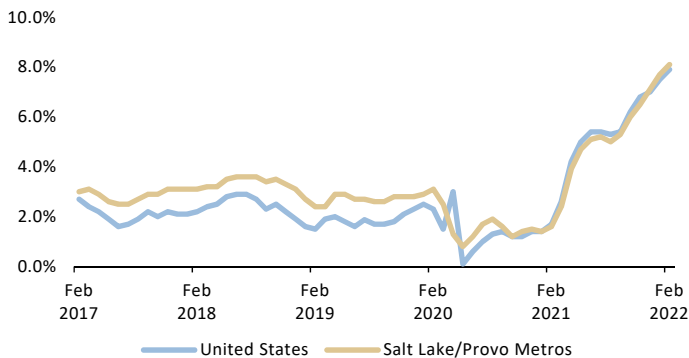
SALT LAKE AND PROVO METROS COMBINED, 2021 ANNUAL AVERAGE



Source: U.S. Bureau of Labor Statistics

## Consumer Price Index (CPI)

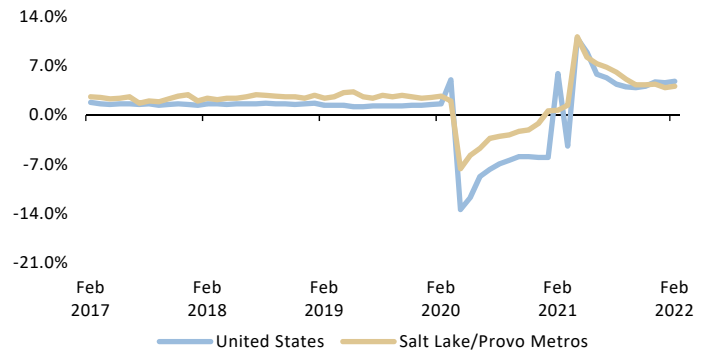
ALL ITEMS, NOT SEASONALLY ADJUSTED, 12-MONTH % CHANGE



Source: U.S. Bureau of Labor Statistics

## Payroll Employment

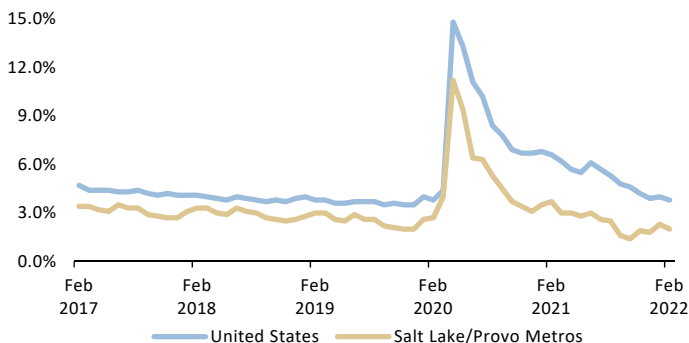
TOTAL NONFARM, NOT SEASONALLY ADJUSTED, 12-MONTH % CHANGE



Source: U.S. Bureau of Labor Statistics

## Unemployment Rate

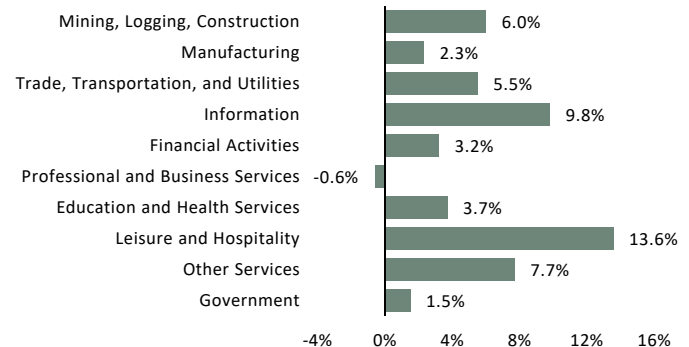
NOT SEASONALLY ADJUSTED



Source: U.S. Bureau of Labor Statistics

## Employment Growth by Industry

SALT LAKE AND PROVO METROS COMBINED, FEBRUARY 2022, 12-MONTH % CHANGE, NOT SEASONALLY ADJUSTED



Source: U.S. Bureau of Labor Statistics

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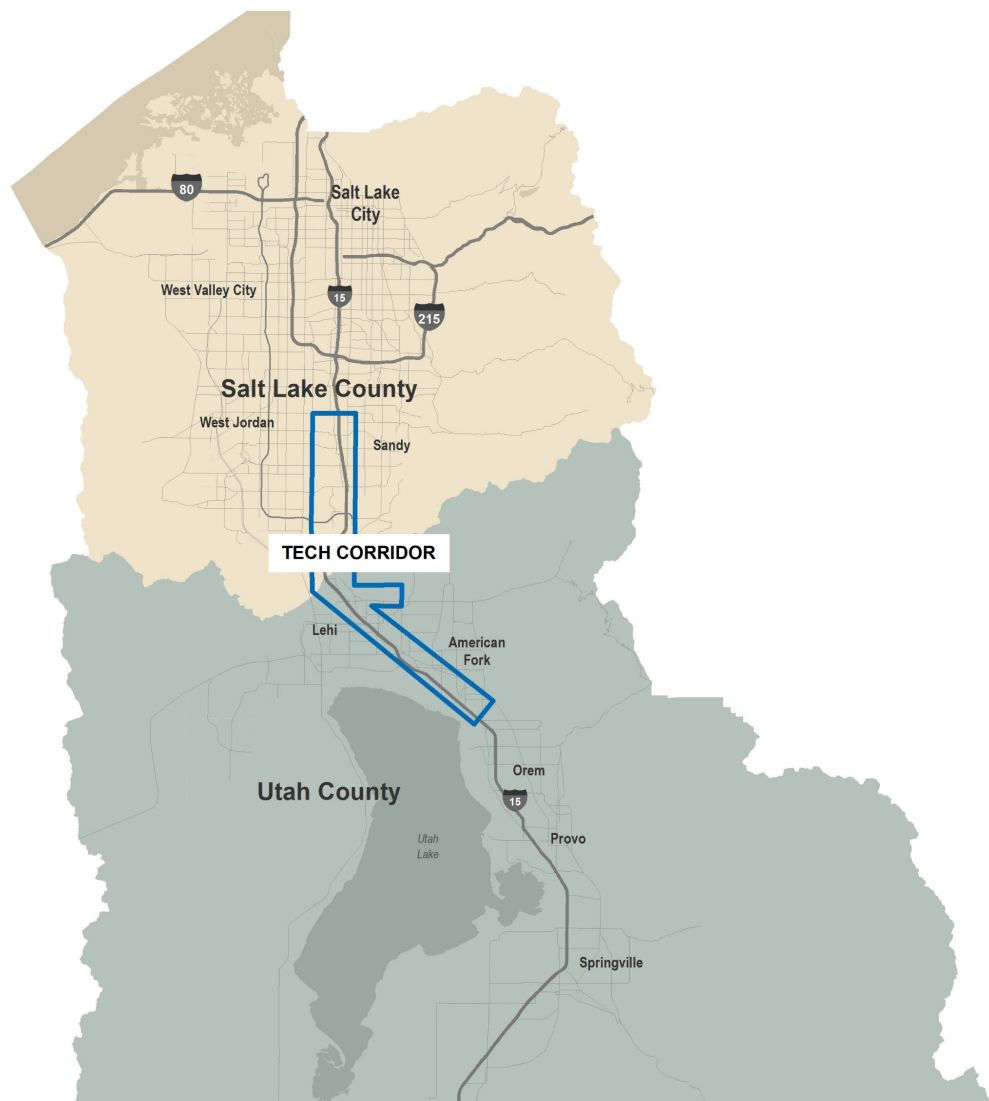
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