



Utah County Office Market

Office Users Sign Larger Leases as Total Vacancy Continues Downward Descent

Current Conditions

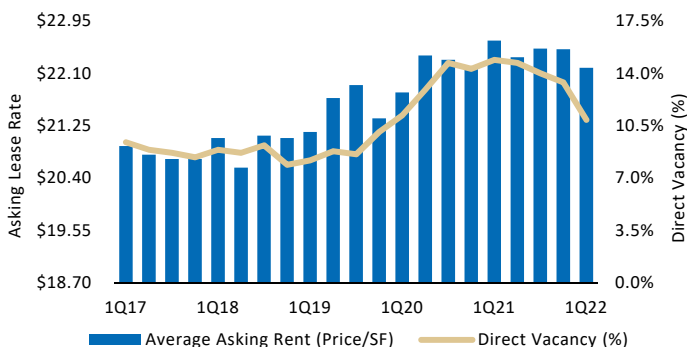
- Direct vacancy decreased 250 basis points quarter-over-quarter, with sublease vacancy increasing marginally, moving from 2.3% in fourth-quarter 2021 to 2.5% in first-quarter 2022.
- Construction totals overall remain lower than pre-pandemic numbers; however, the groundbreaking of North Pointe F, a Class A speculative office project in American Fork, is a welcome sign that developers see potential in the Utah County office market in a post-pandemic landscape.
- A healthy mix of both sublease and direct new deals occurred in the first quarter of 2022 with some larger blocks of space that had been on market pre-pandemic seeing occupancy as companies finalize workplace plans. Leasing activity is up 69.2% year-over-year.
- Overall asking rates have remained flat with marginal increases and decreases from quarter to quarter with achieved rates increasing as the flight to quality pushes for strong competition for tenants among Class A space.
- New deliveries total 69,411 square feet in the first quarter of 2022 with nearly 500,000 square feet expected to come online over the next couple quarters.

Market Summary

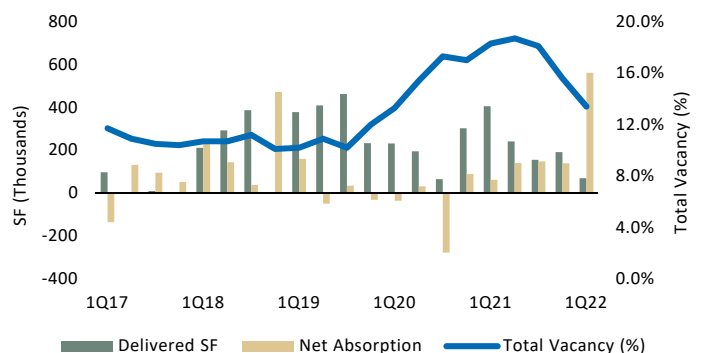
	Current Quarter	Prior Quarter	Year Ago Period	12-Month Forecast
Direct Vacancy Rate	10.9%	13.4%	14.9%	↓
Sublease Vacancy Rate	2.5%	2.3%	3.5%	↑
Quarterly Net Absorption	561,441	138,919	61,959	↓
Average Asking Rent/SF	\$22.19	\$22.49	\$22.63	↑
Under Construction SF	722,138	632,422	1,133,176	→
Delivered SF	69,411	266,165	405,183	↑
Leased SF	258,048	661,614	408,437	→
Average Achieved Rent/SF	\$25.56	\$25.20	\$21.43	→

Market Analysis

ASKING RENT AND DIRECT VACANCY RATE



NET ABSORPTION SF, DELIVERED SF AND TOTAL VACANCY RATE

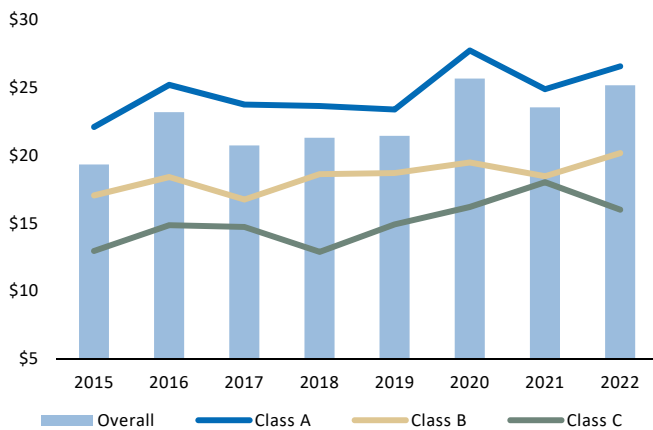


1Q22 Select Lease Transactions

Tenant	City	Building	Type	Square Feet
Clzod Inc	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
ERC Specialists	Orem	Canyon Park G	Sublease	15,499
Avenue Consultants	Lindon	Canopy 5	Direct New	14,980

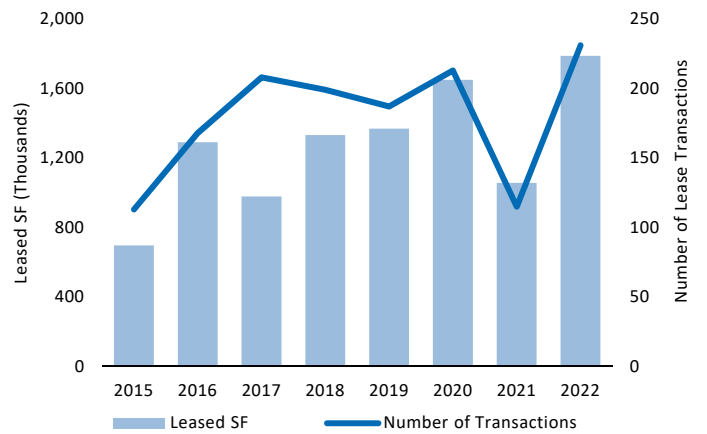
Lease Transaction Analysis

ACHIEVED AVERAGE LEASE RATES PSF (FS)



Trailing Four Quarters

LEASED SF AND NUMBER OF LEASE TRANSACTIONS



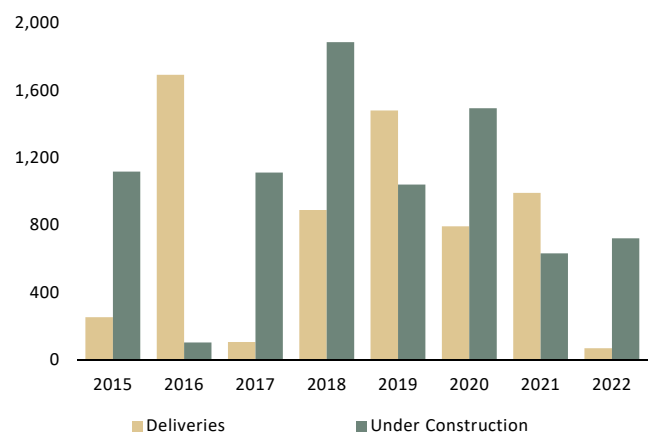
Trailing Four Quarters

Notable Under Construction and Delivered Projects

Building	City	Status	Square Feet
Wilson Tech 5	Lindon	Under Construction	156,647
Innovation Pointe 4	Lehi	Under Construction	141,000
Freedom Commons 1	Provo	Under Construction	124,000
University Place 2	Orem	Under Construction	100,000
North Pointe F	American Fork	Under Construction	100,000
62 E. Thrive Dr.	Saratoga Springs	Delivered	57,411

Construction and Deliveries

SQUARE FEET, THOUSANDS

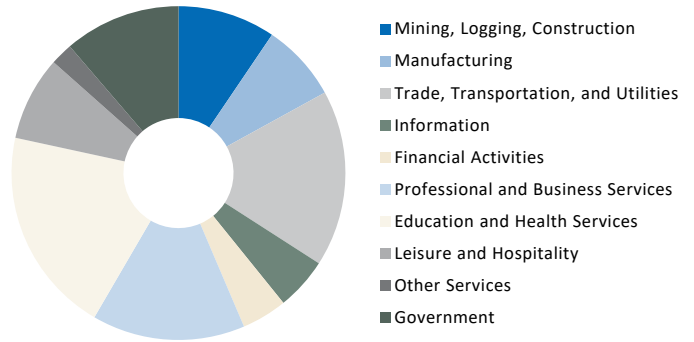


Economic Overview

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 Provo-Orem Metro unemployment coming in at 1.8% in February 2022, the metro is one of the fastest recovering in terms of employment rate. With positive job growth across all industries and more employees returning to work, the Provo 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

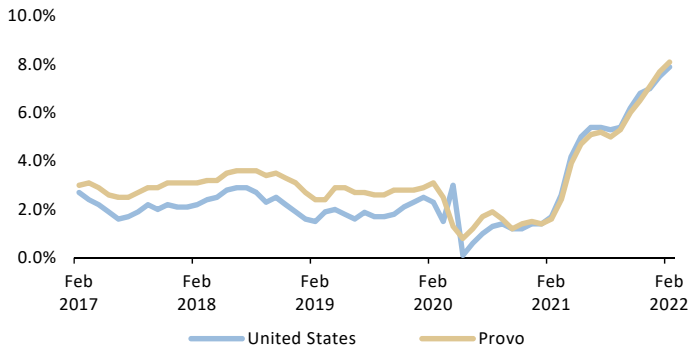
PROVO-OREM METRO, 2021 ANNUAL AVERAGE



Source: U.S. Bureau of Labor Statistics

Consumer Price Index (CPI)

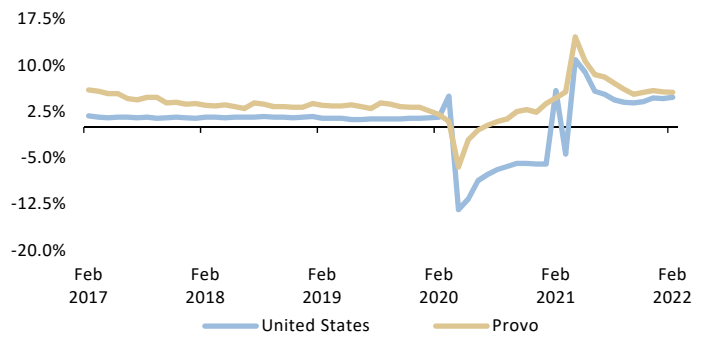
ALL ITEMS, NOT SEASONALLY ADJUSTED, 12-MONTH % CHANGE



Source: U.S. Bureau of Labor Statistics

Payroll Employment

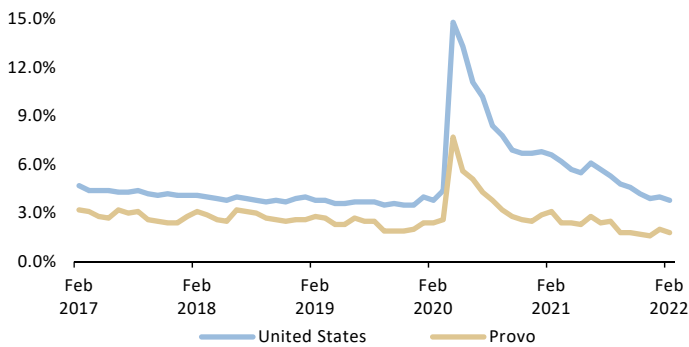
TOTAL NONFARM, NOT SEASONALLY ADJUSTED, 12-MONTH % CHANGE



Source: U.S. Bureau of Labor Statistics

Unemployment Rate

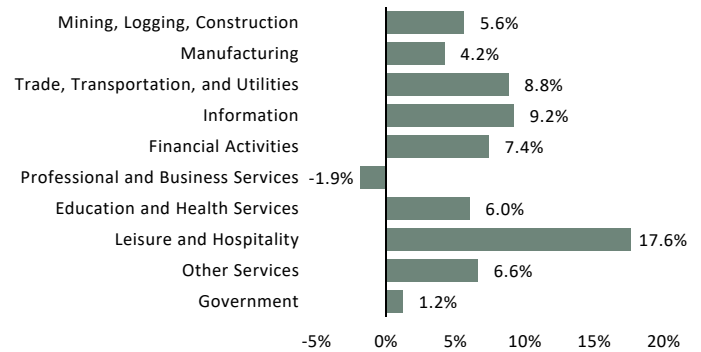
NOT SEASONALLY ADJUSTED



Source: U.S. Bureau of Labor Statistics

Employment Growth by Industry

PROVO-OREM METRO, FEBRUARY 2022, 12-MONTH % CHANGE, NOT SEASONALLY ADJUSTED



Source: U.S. Bureau of Labor Statistics

For more information:

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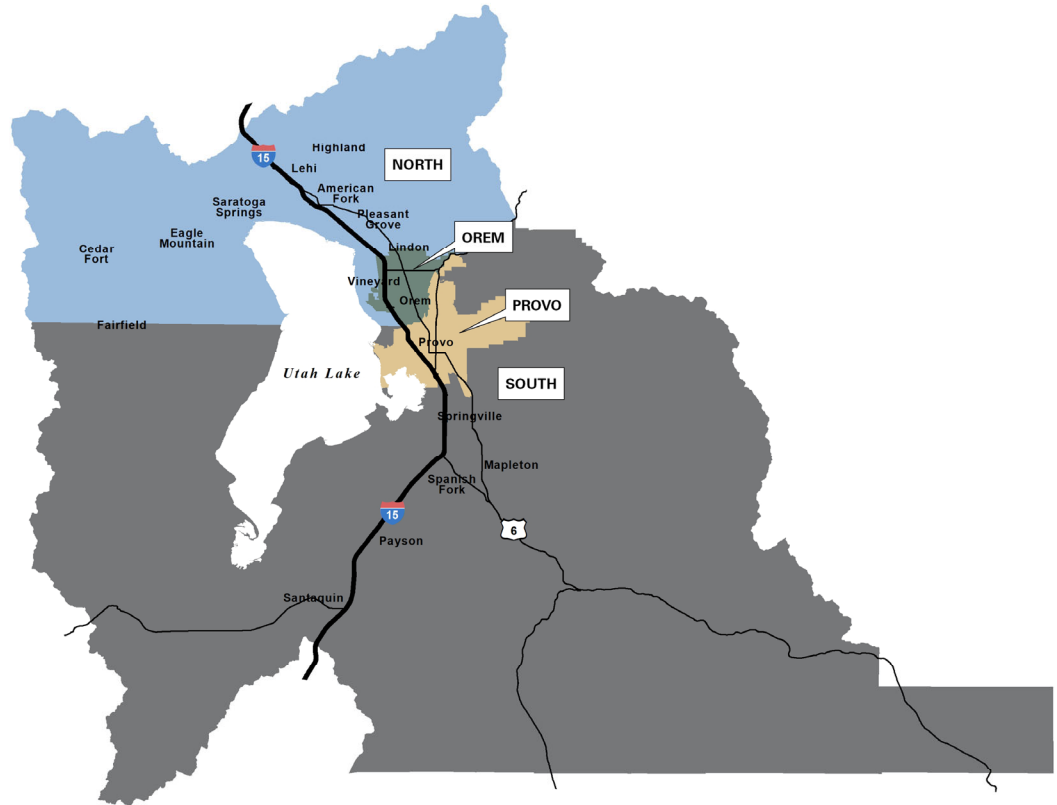
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