

# Davis and Weber Counties Office Market

## Rising Rents, Increased Demand and New Developments Breaking Ground Bode Well for Northern Wasatch Front

### Current Conditions

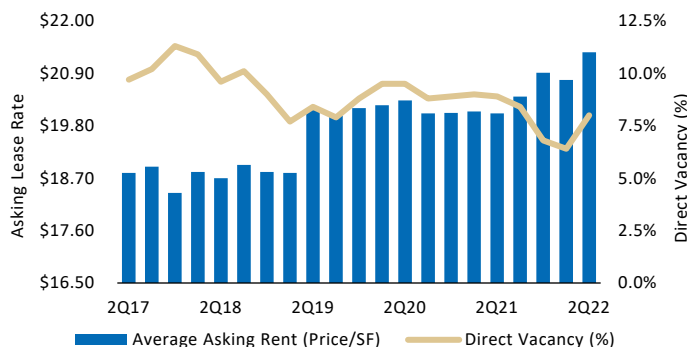
- Vacancy saw an uptick in the second quarter of 2022, moving upwards 160 basis points quarter-over-quarter due to some larger spaces becoming fully vacant after users finalized workplace plans. Although vacancy increased in second-quarter 2022, it is still well below second-quarter 2021, illustrating that year-over-year, the region remains a strong location for users along the northern Wasatch Front.
- The dearth in construction deliveries continues in Davis and Weber counties; however, in a welcome change for the region, three office buildings broke ground in the second quarter of 2022, spread between North Salt Lake, Farmington and Clearfield. All three buildings are speculative developments, illustrating that developers have confidence that users will follow, especially due to the lack of large, quality blocks of space that have remained elusive over the past few years. The new projects will help bring life to the market and economy within that region.
- Overall leasing square footage volume is up 48.1% in second-quarter 2022 compared to first-quarter 2022 while asking lease rates rose 6.4% year-over-year. As quality office space delivers in the coming quarters, coupled with increasing inflation costs, lease rates are expected to continue climbing upwards.

### Market Summary

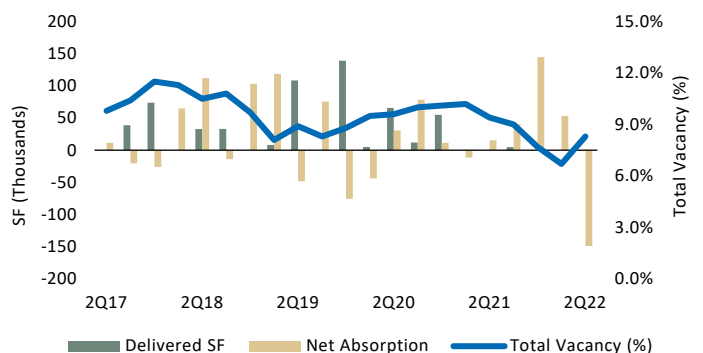
	Current Quarter	Prior Quarter	Year Ago Period	12-Month Forecast
Direct Vacancy Rate	8.0%	6.4%	8.9%	↓
Sublease Vacancy Rate	0.3%	0.3%	0.6%	→
Quarterly Net Absorption	(149,015)	53,279	15,399	↑
Average Asking Rent/SF	\$21.34	\$20.76	\$20.06	↑
Under Construction SF	100,899	22,560	22,560	↔
Delivered SF	0	0	0	↑
Leased SF	142,142	95,956	184,672	↑
Average Achieved Rent/SF	\$23.94	\$22.07	\$25.82	↑

### Market Analysis

ASKING RENT AND DIRECT VACANCY RATE



NET ABSORPTION SF, DELIVERED SF AND TOTAL VACANCY RATE

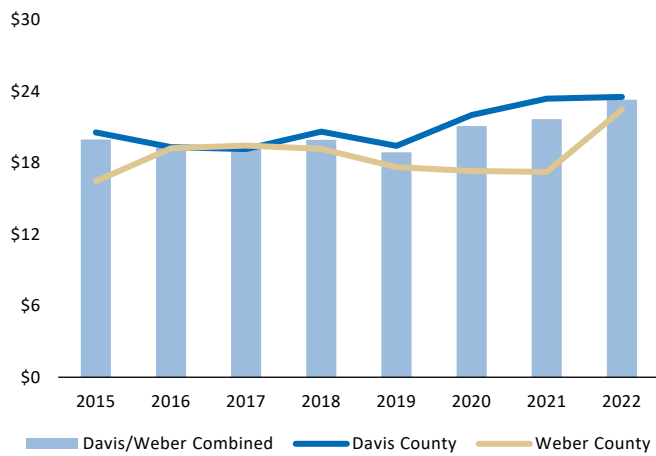


### 2Q22 Select Transactions

Tenant/Buyer	City	Building	Transaction Type	Square Feet
Woodbury Company	Clearfield	Legend Hills Portfolio	Investment Sale	249,476
LoanPro Software	Farmington	Station Park	Direct New	43,184
HAWX Service	Ogden	550 S. Depot Dr.	Direct New	32,216
Sandridge Constructors	Riverdale	5202 S. Freeway Park Dr.	Direct New	13,040
Utah Cancer Specialists	Layton	1492 W. Antelope Dr.	Direct New	10,495
Farmington Bay Constructors	Centerville	Premier Software Building	Renewal	6,378

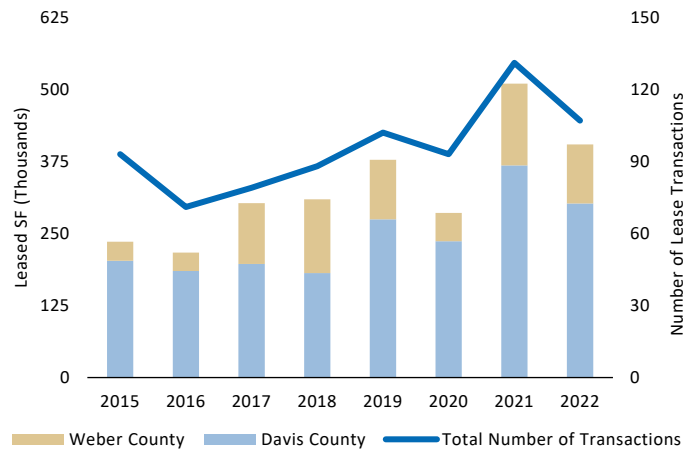
### Lease Transaction Analysis

ACHIEVED AVERAGE LEASE RATES PSF (FS)



Trailing Four Quarters

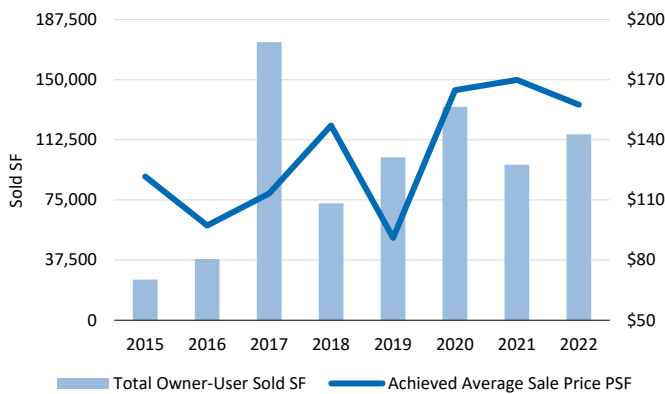
LEASED SF AND NUMBER OF LEASE TRANSACTIONS



Trailing Four Quarters

### Owner-User Sale Overview

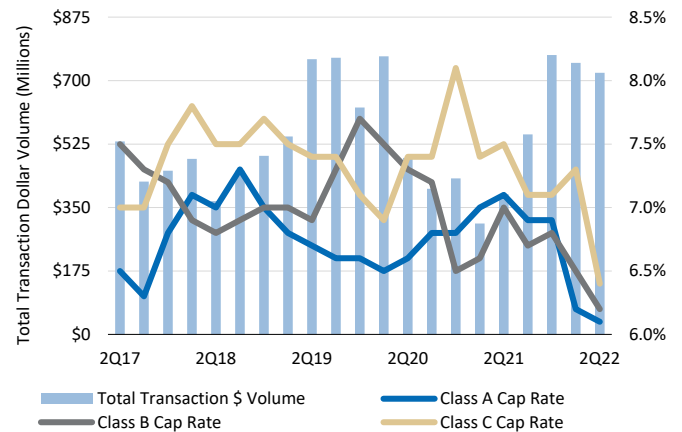
OWNER-USER SOLD SF & ACHIEVED AVERAGE OWNER USER SALE PRICE PSF



Trailing Four Quarters

### Utah Office Investment Sale Overview

TRANSACTION DOLLAR VOLUME & PRICE-WEIGHTED AVERAGE CAP RATES



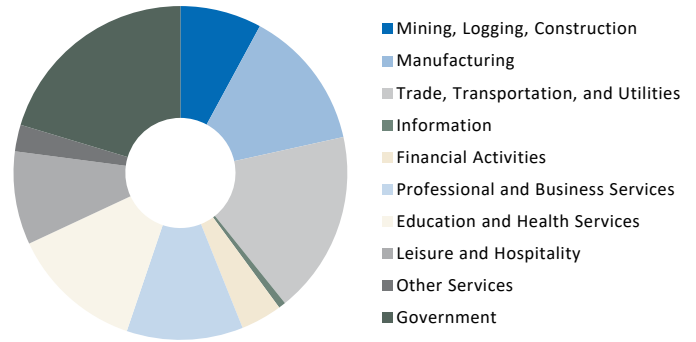
Trailing Four Quarters

### 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. With the Ogden-Clearfield Metro unemployment coming in at 2.1% in May 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. 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. With rising inflation costs that match those experienced across the nation, both employers and employees are more mindful than ever about where money is going and watching for ways to cut unnecessary expenses.

### Employment by Industry

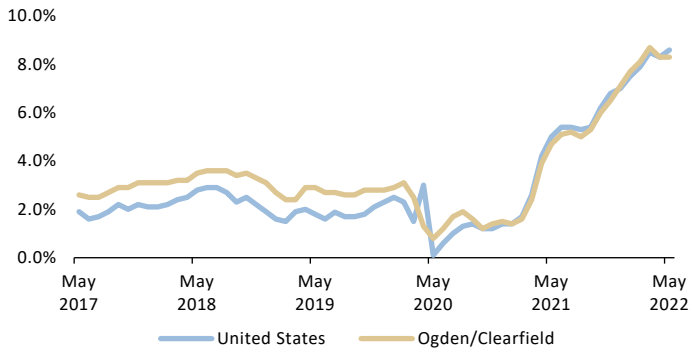
OGDEN-CLEARFIELD METRO, 2021 ANNUAL AVERAGE



Source: U.S. Bureau of Labor Statistics

### Consumer Price Index (CPI)

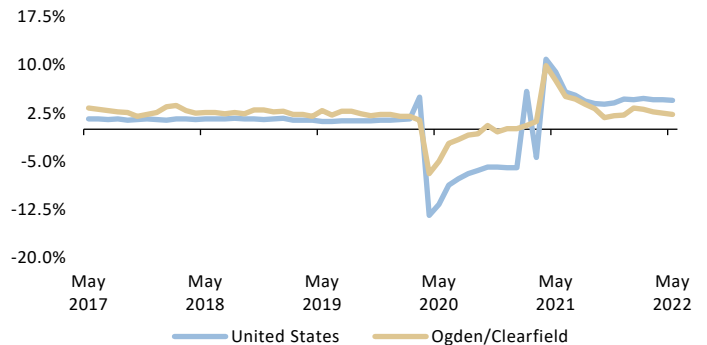
ALL ITEMS, NOT SEASONALLY ADJUSTED, 12-MONTH % CHANGE



Source: U.S. Bureau of Labor Statistics

### Payroll Employment

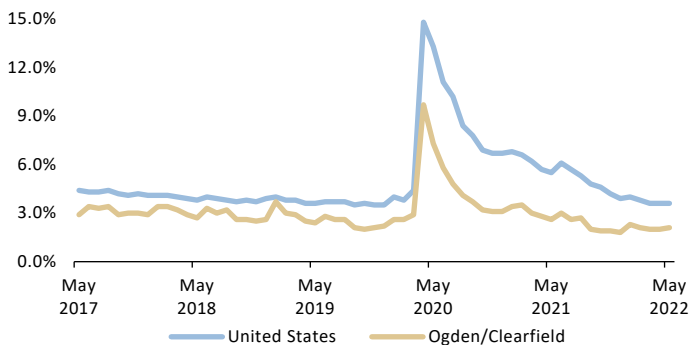
TOTAL NONFARM, NOT SEASONALLY ADJUSTED, 12-MONTH % CHANGE



Source: U.S. Bureau of Labor Statistics

### Unemployment Rate

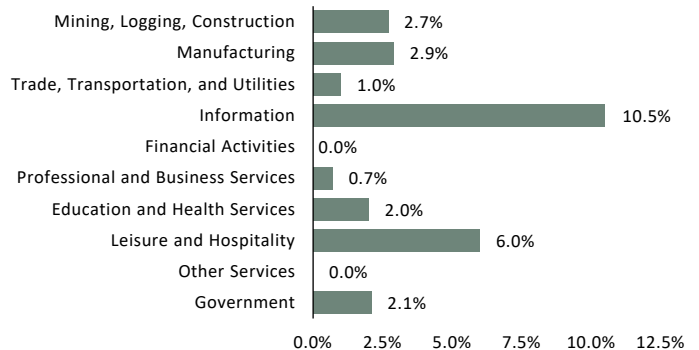
NOT SEASONALLY ADJUSTED



Source: U.S. Bureau of Labor Statistics

### Employment Growth by Industry

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



Source: U.S. Bureau of Labor Statistics

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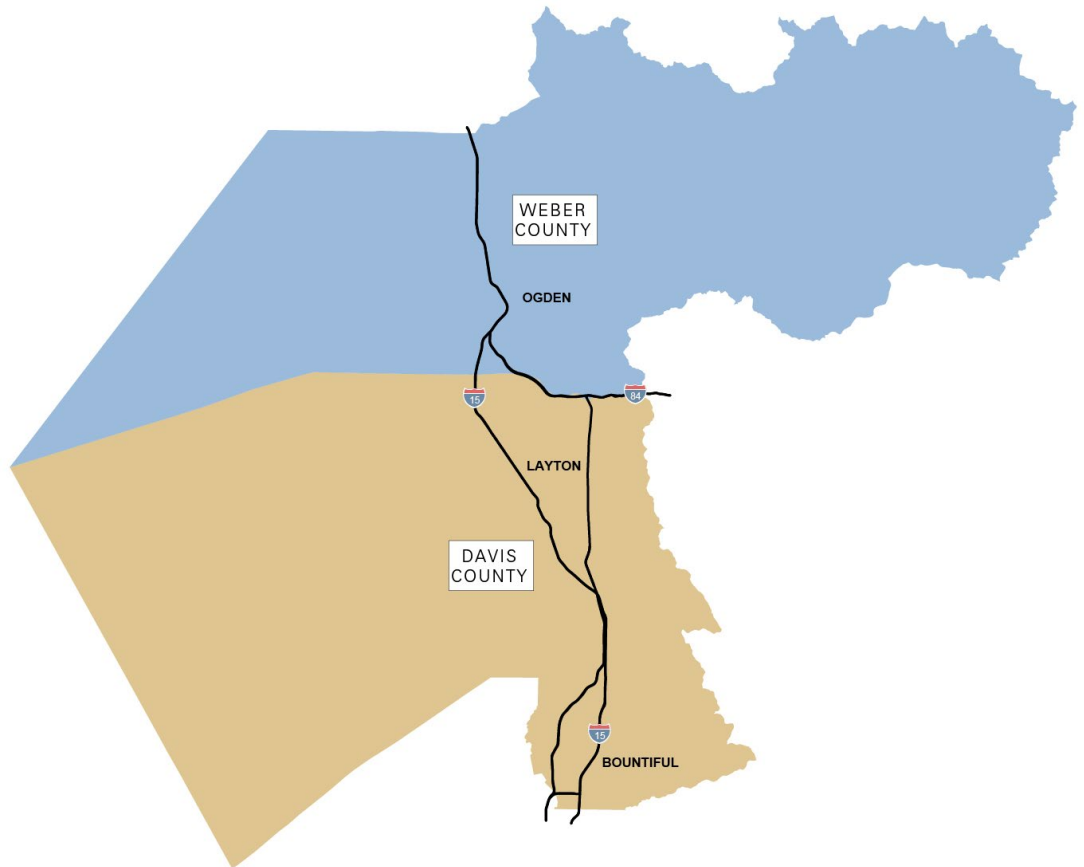
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