
2Q23

Davis and Weber Counties Office Market Overview



NEWMARK

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Economy

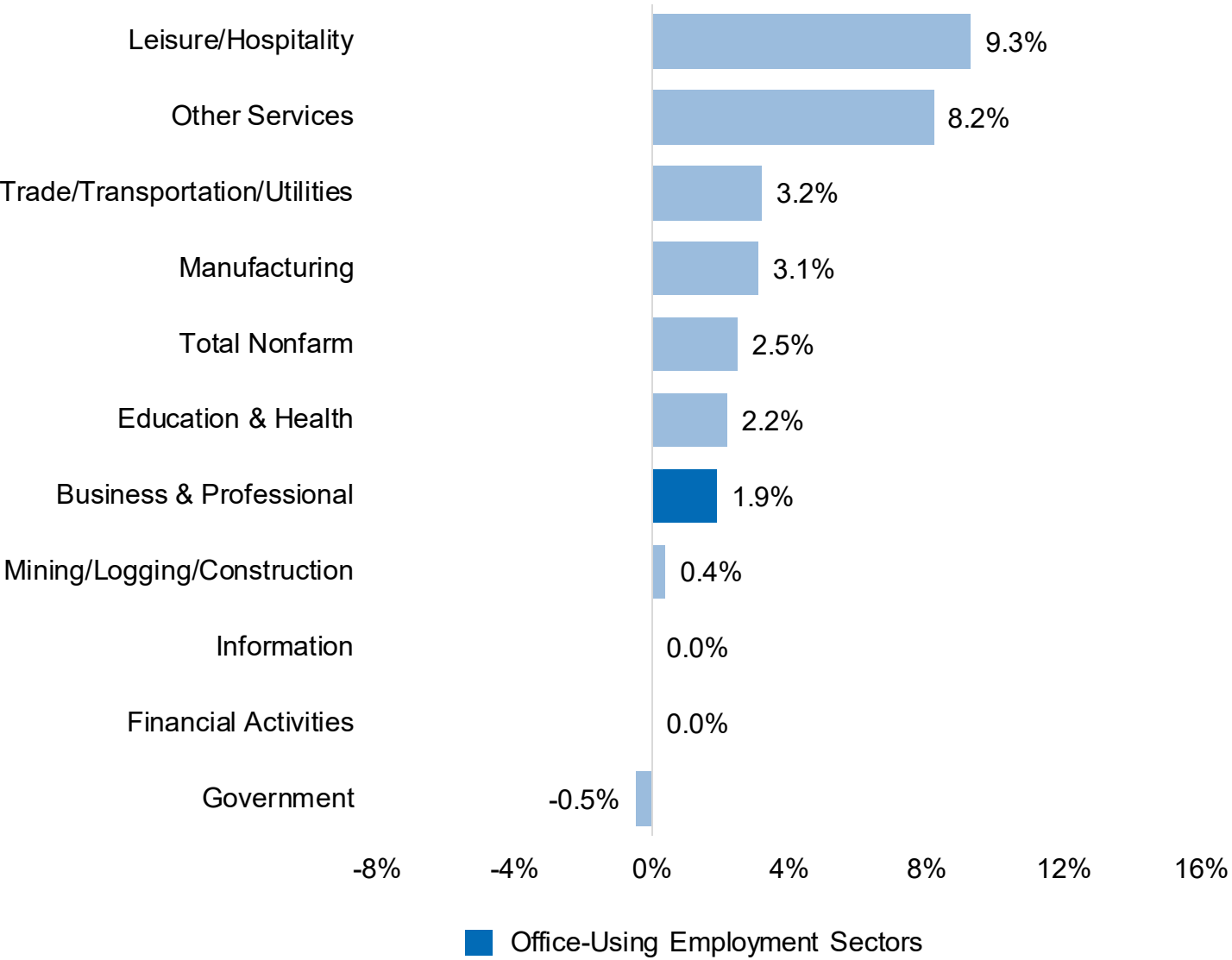
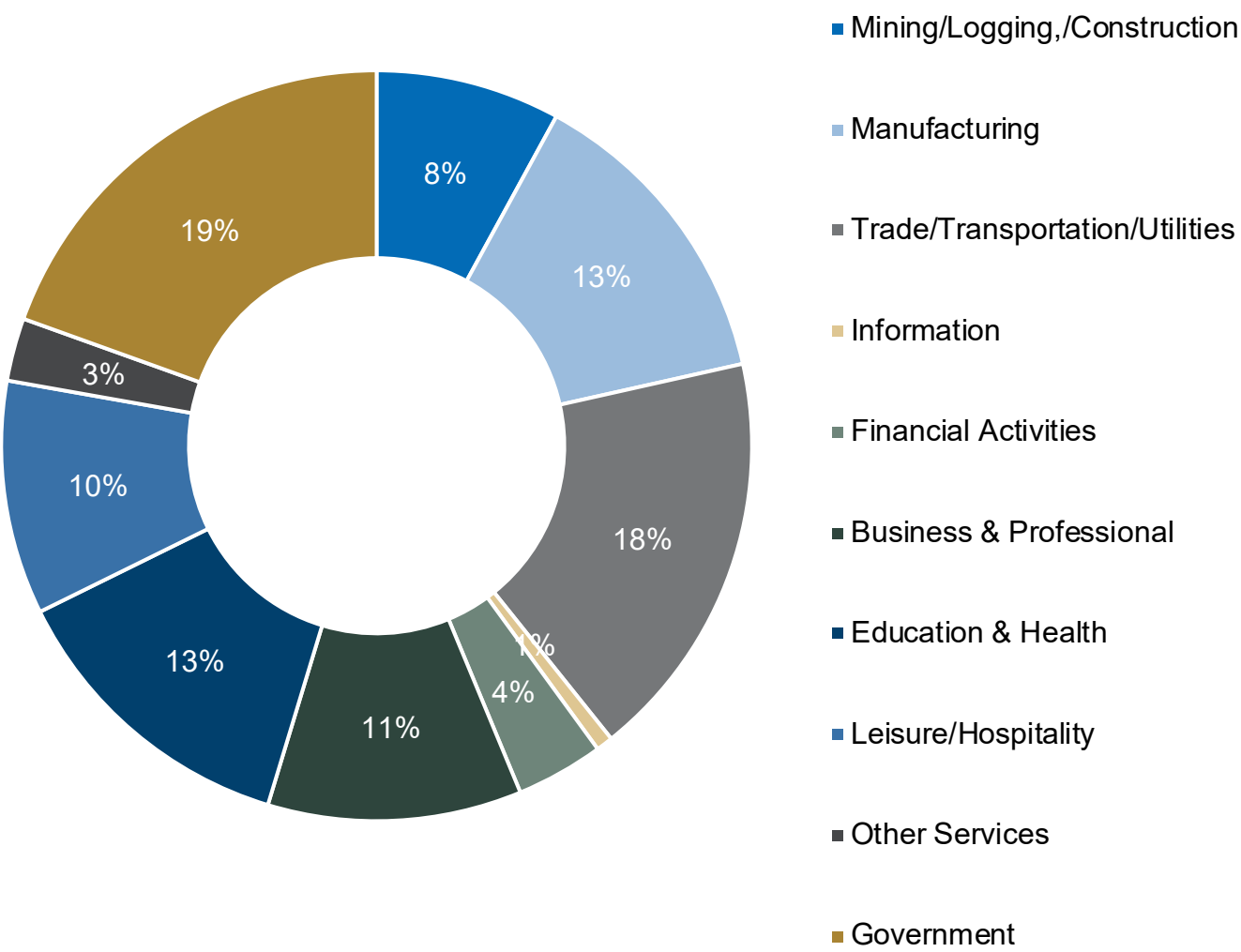


Local Job Growth Partly Driven by Services Still Making Up for Pandemic Losses

Leisure/hospitality led all other industries in annual job growth as the sector continues to backfill early pandemic losses and capitalize on the shift in consumer spending on goods to services. Office-using employment sectors saw small annual gains as well, focused in business and professional services.

Employment by Industry, May 2023

Employment Growth by Industry, 12-Month % Change, May 2023

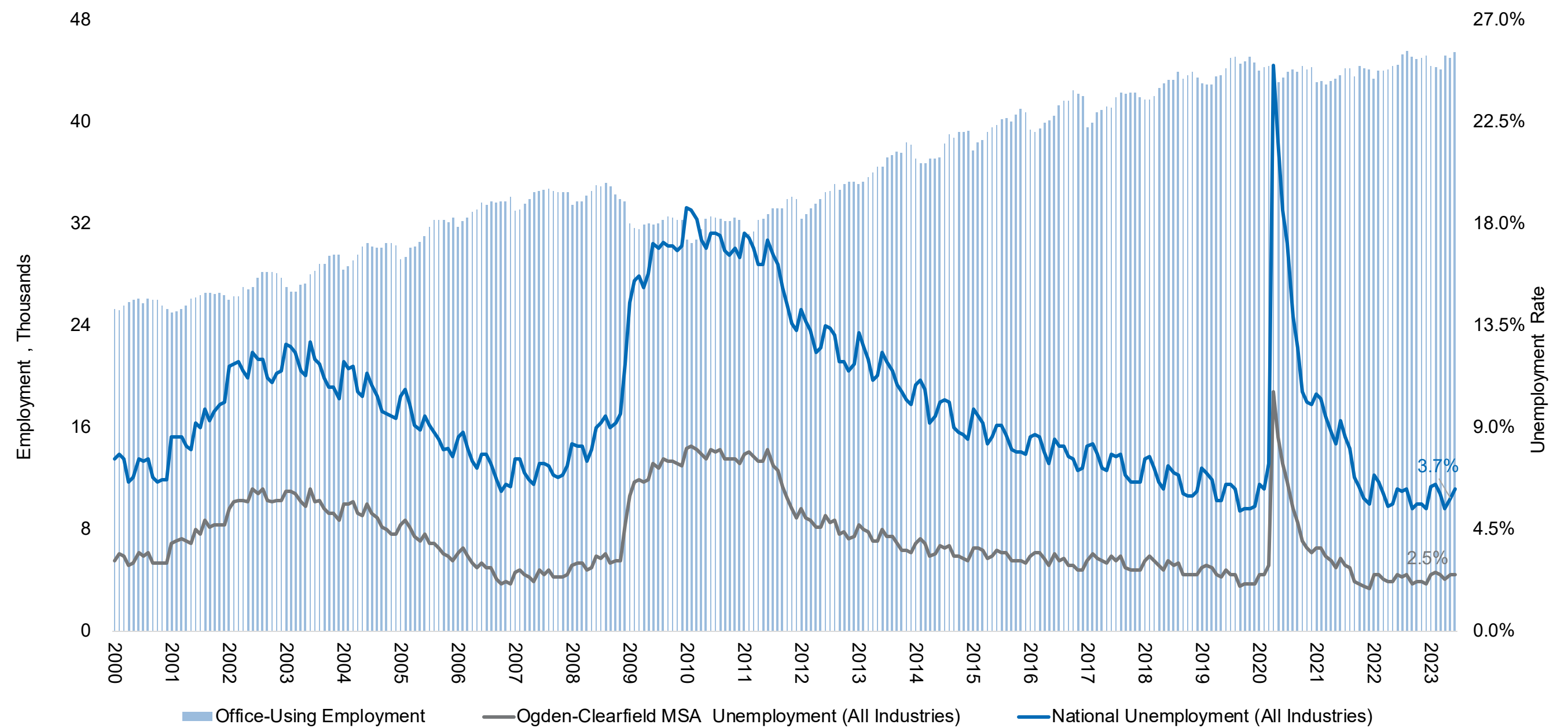


Source: U.S. Bureau of Labor Statistics, Ogden-Clearfield MSA

Overall Office-Using Employment Holding Steady

Office employment in the Ogden-Clearfield MSA has remained steady since 2019, even with the disruption of the pandemic. Employment in other sectors was affected but office stayed consistent with very minimal changes month to month. Unemployment is 120 basis points lower than the national average as of May 2023.

Office-Using Employment* and Unemployment Across All Industries



Source: U.S. Bureau of Labor Statistics, Ogden-Clearfield MSA
Note: May 2023 data is preliminary.
*Office-using employment includes employment in the following industry sectors: Professional & Business Services, Financial Activities and Information.

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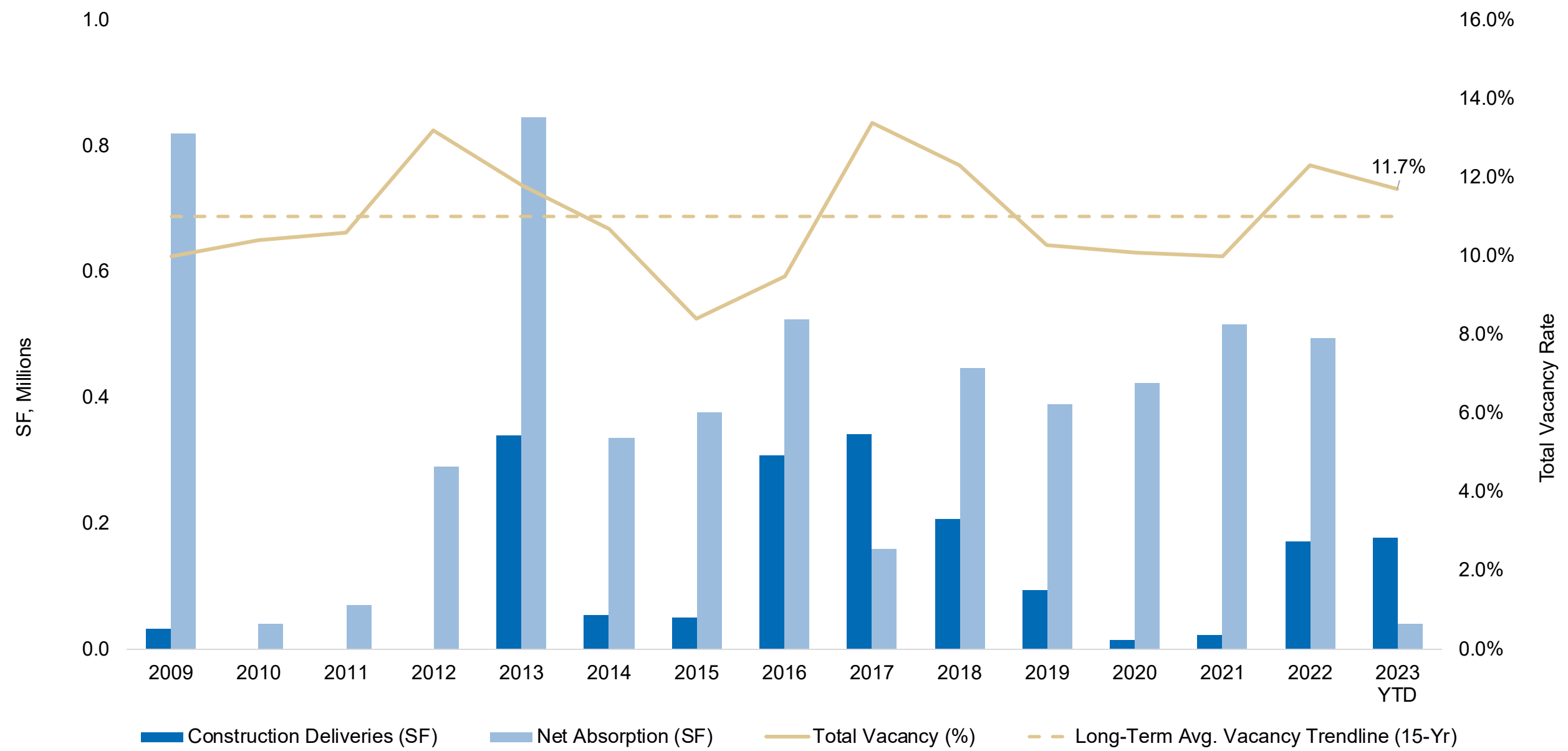
Leasing Market Fundamentals



Small Occupancy Gains as Vacancy Trends Downwards to Historic Average

Total vacancy lowered by 60 basis points from the fourth quarter of 2022 to second quarter of 2023 with 177,172 square feet of new product delivered during that period. A small occupancy gain of 41,411 square feet between both counties occurred as tenants leased space but at a lower velocity than in previous years.

Historical Construction Deliveries, Net Absorption, and Vacancy

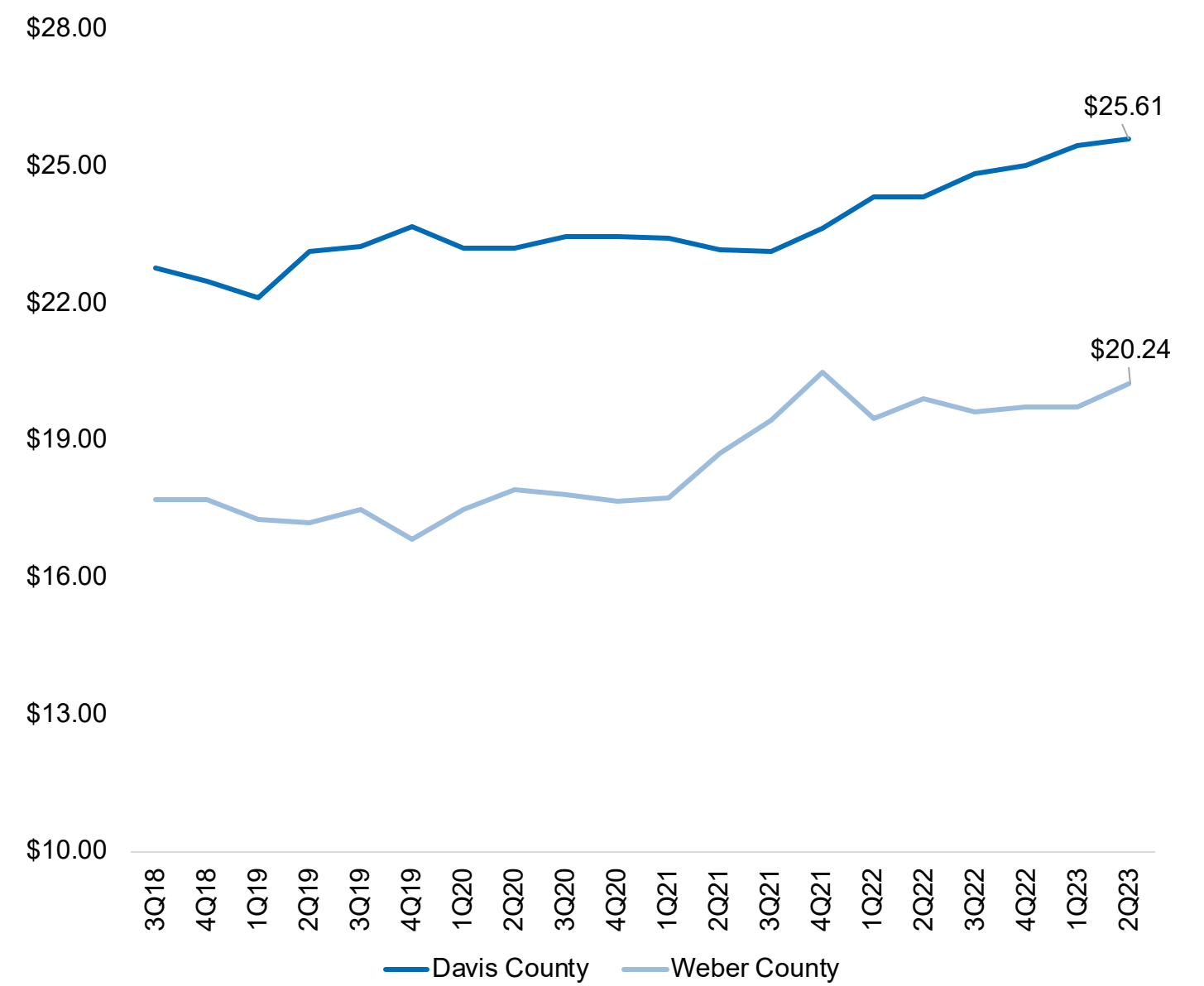


Source: Newmark Research

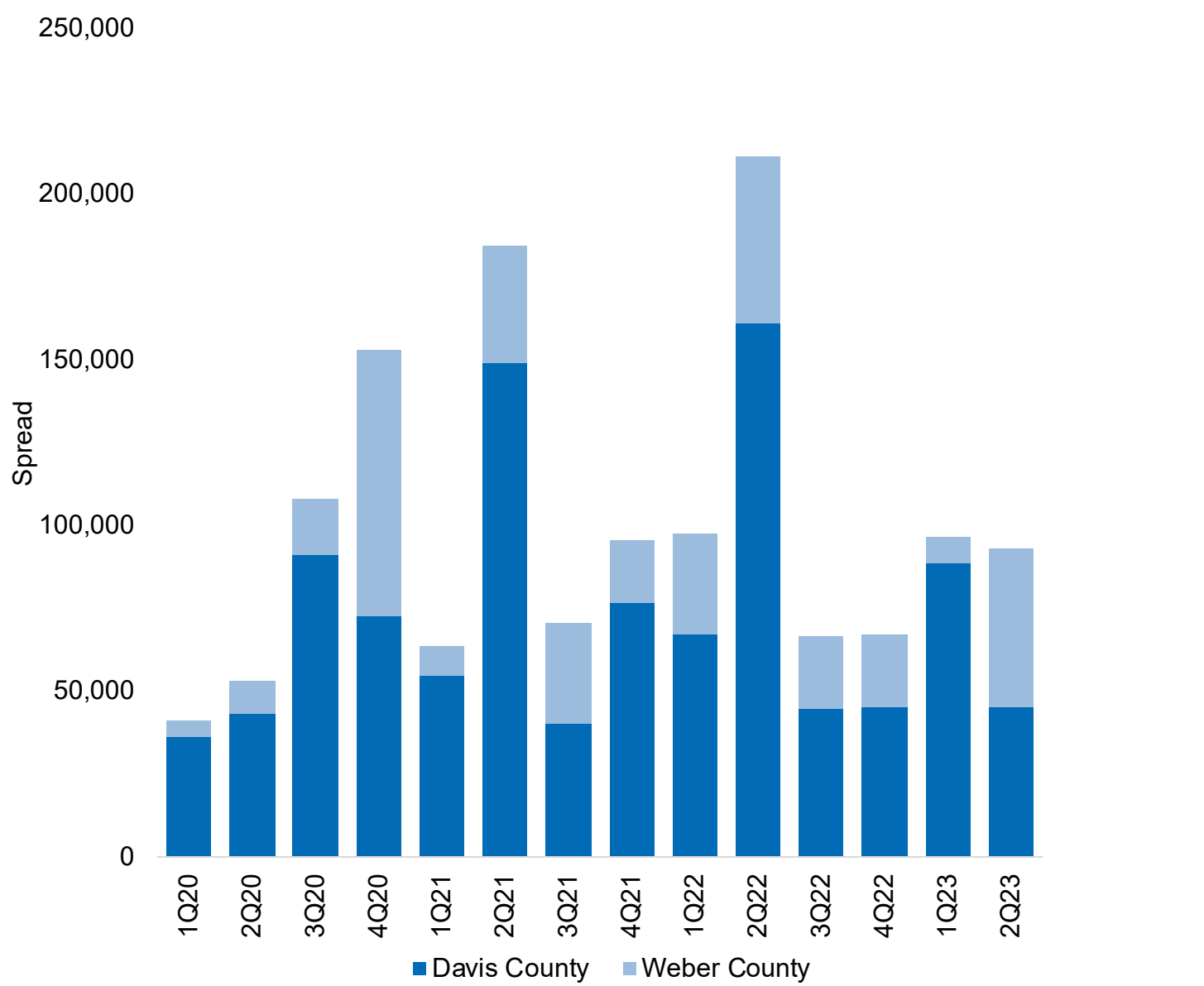
Asking Rents March On

In past cycles, direct asking rents trended down to account for depressed demand. This has not been the general case since the onset of the pandemic. With little sublease space on the market unlike other areas of the Wasatch Front and very little new construction to bring new product to the base, landlords have more sticking power in remaining bullish on their asking rates.

Davis and Weber Counties Asking Rents



Total Leasing Activity



Source: Newmark Research

Leasing Activity Steadies in First and Second Quarters of 2023

Overall leasing between first and second quarters remained even with a healthy mix of both direct new leases and renewals, with over 75% of all signed deals occurring in Davis County.

Notable 1H23 Lease Transactions

Tenant	Building(s)	City	Type	Square Feet
Management & Training Corporation	Centerville Marketplace Business Park 1	Centerville	Lease Renewal	58,213
Management & Training Corporation recommitted to 58,213 square feet on the 1 st , 3 rd and 5 th floors of Centerville Marketplace Business Park 1.				
Confidential	Iomega Building 6	Roy	Direct Lease	36,130
A confidential tenant signed to lease the entire building in Iomega Building 6.				
Farmington Bay Constructors	Centerville Premier Software Building	Centerville	Lease Renewal	6,378
Construction company, Farmington Bay Constructors, renewed their lease for another term.				
Physician Group of Utah	Bitner Medical Center	Layton	Lease Renewal	5,851
Medical user, Physician Group of Utah, recommitted to another lease in Layton’s Bitner Medical Center.				
Oak Lane Wealth	Centerville Commons	Centerville	Direct Lease	4,284
Centerville Commons welcomed Oak Lane Wealth in the first half of 2023.				

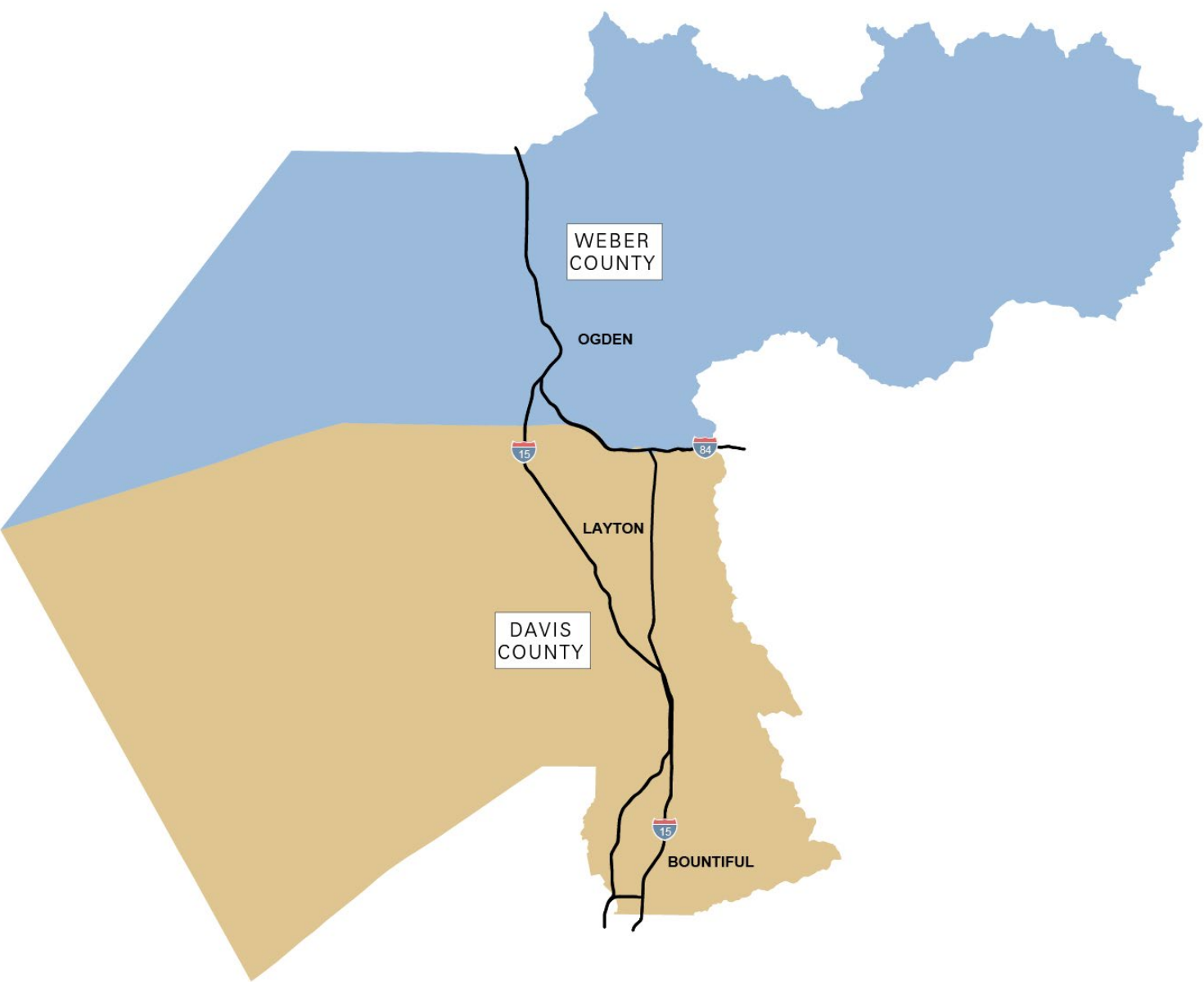
Source: Newmark Research

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Appendix



Davis and Weber Counties Office Map and High-Level Statistics – 2Q23



Market Summary				
	Current Quarter	Prior Quarter	Year Ago Period	12-Month Forecast
Direct Vacancy Rate	10.5%	11.0%	9.5%	→
Sublease Vacancy Rate	1.2%	0.8%	0.3%	→
Quarterly Net Absorption	28,037	13,374	(-46,115)	→
Average Asking Rent/SF	\$22.71	\$22.20	\$22.17	→
Under Construction SF	177,172	185,091	164,861	→
Delivered SF	14,169	0	59,560	↑
Leased SF	93,151	96,810	214,436	→
Average Achieved Rent/SF	\$22.72	\$23.55	\$24.46	→

Source: Newmark Research

For more information:

Amelia Yates
Research Manager
Salt Lake City
amelia.yates@nmrk.com

Rich Lachowsky
Research Director,
SLC and National Industrial
Salt Lake City
rich.lachowsky@nmrk.com

Veronika Perea
Research Coordinator
Salt Lake City
veronika.perea@nmrk.com

Clearfield Office
1755 E. 1450 S., Suite 100
Clearfield, UT 84015
t 801-927-2000

New York Headquarters
125 Park Ave.
New York, NY 10017
t 212-372-2000

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