



Tech Corridor Office Market

Increased Leasing and Lowered Vacancy Promising for Tech Corridor Market

Current Conditions

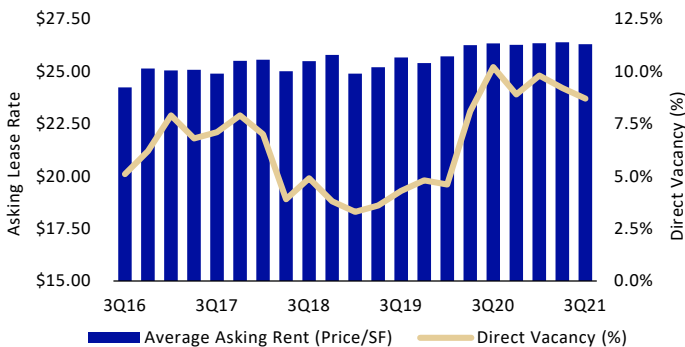
- Direct vacancy decreased 50 basis points from second-quarter 2021 to the third quarter of 2021, with sublease vacancy also lowering, moving from 3.2% to 2.8% quarter-over-quarter.
- Construction totals overall have declined by a large margin since the onset of the pandemic as developers watch to see how the market recovers.
- A healthy mix of both sublease and direct new deals occurred in the third quarter of 2021 and leasing is up 33.5% year-over-year. Both overall asking and achieved average rates have remained flat in recent quarters, but are expected to see an increase in the post-COVID-19 landscape.
- Although leasing is up, large national users are not seeing employees reoccupying as quickly, with the Tech Corridor seeing around 15-30% occupancy among those users despite companies opening up the workplace. The pandemic is not keeping people from working, but it is keeping teleworking as a viable option. Despite lower occupancy in office buildings overall, the Tech Corridor is seeing more employee activity and workplace attendance compared to other regions along the Wasatch Front, such as downtown Salt Lake City or Cottonwood Heights/Fort Union.

Market Summary

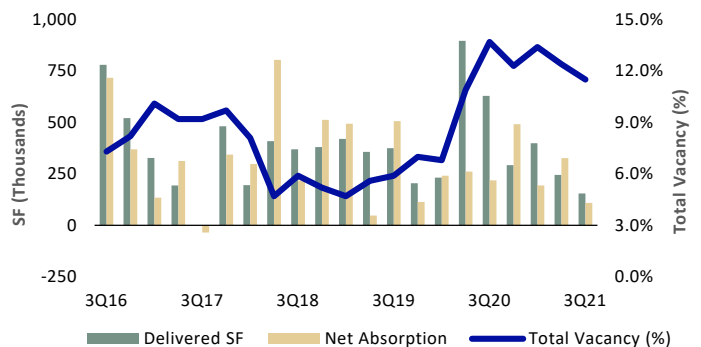
	Current Quarter	Prior Quarter	Year Ago Period	12-Month Forecast
Direct Vacancy Rate	8.7%	9.2%	10.2%	↓
Sublease Vacancy Rate	2.8%	3.2%	3.5%	↓
Quarterly Net Absorption	108,856	326,697	218,687	↑
Average Asking Rent/SF	\$26.29	\$26.37	\$26.33	↑
Under Construction SF	596,000	455,000	910,989	→
Delivered SF	155,000	244,920	629,384	↑
Leased SF	325,865	456,063	198,270	↑
Average Achieved Rent/SF	\$26.73	\$25.91	\$29.16	↑

Market Analysis

ASKING RENT AND DIRECT VACANCY RATE



NET ABSORPTION SF, DELIVERED SF AND TOTAL VACANCY RATE



Select Lease Transactions

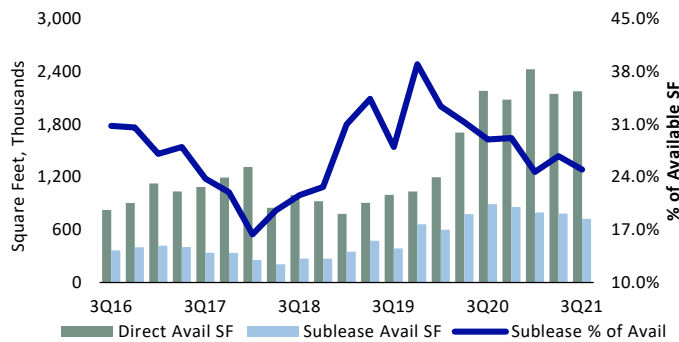
Tenant	City	Building	Type	Square Feet
ServiceTitan	Draper	Irvine Office Park 1	Direct New	69,085
PointClickCare	South Jordan	SoJo Station 2	Sublease	47,846
SimpleNexus	Lehi	SolutionReach Building	Sublease	33,561
Suse	Pleasant Grove	Valley Grove 2	Direct New	29,283
CallTower	South Jordan	Riverpark Corporate Center 2	Direct New	19,781

Notable Under Construction and Delivered Projects

Building	Address	City	Status	Square Feet
Utah Valley Tower	1050 S. 4850 W.	American Fork	Delivered	155,000
Innovation Pointe 3 & 4	1337-1500 W. Innovation Way	Lehi	Under Construction	291,000
Mountain Tech South Office	600 North & I-15	Lindon	Under Construction	150,000

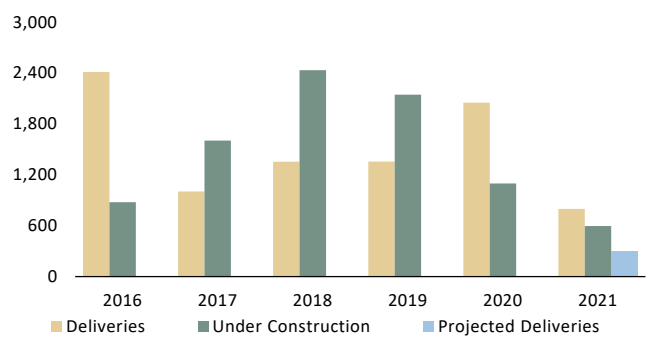
Availability Overview

SUBLEASE V DIRECT AVAILABLE SF AND SUBLEASE AS % OF AVAILABILITY



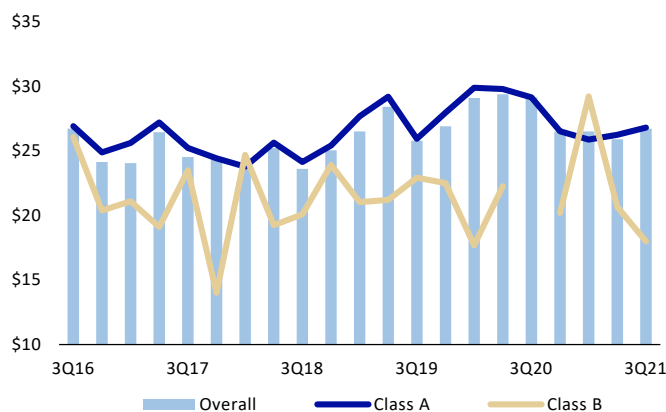
Construction and Deliveries

SQUARE FEET, THOUSANDS

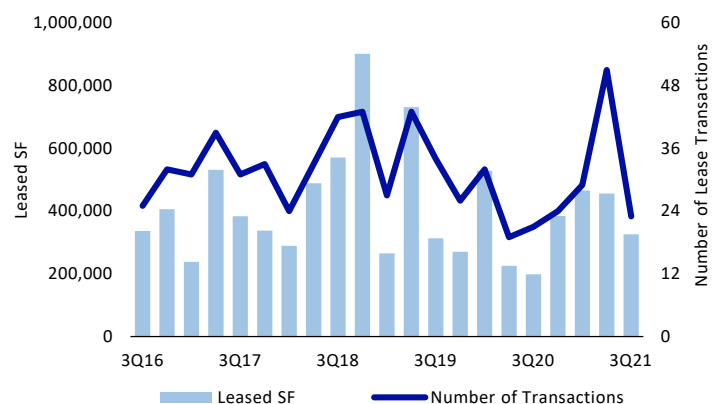


Transaction Analysis

ACHIEVED AVERAGE LEASE RATES PSF (FS)



LEASED SF AND NUMBER OF LEASE TRANSACTIONS

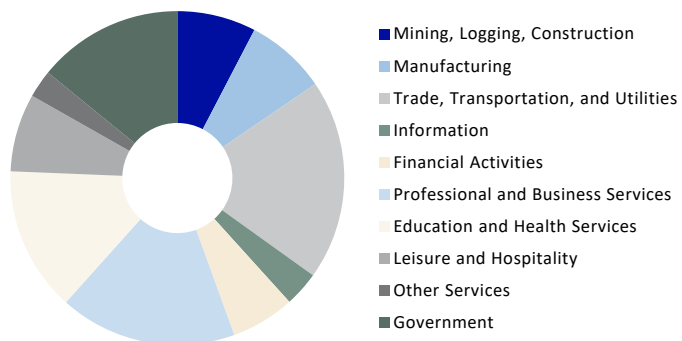


Economic Overview

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, the state was one of the quickest to recover. With the Salt Lake City and Provo Metros combined unemployment coming in at 2.5% in August 2021 and the state ranks first for year-over-year real GDP growth, the Tech Corridor region is primed to return back to strong economic standing despite the COVID-19 disruption, with potential to become even more economically resilient and strong due to measures taken to endure the pandemic. Job growth in both the recession-proof life sciences sector, as well as in the tech sector, doubled the national average over the past 10 years, both of which aided to keep workers employed and job creation. With vaccinations increasing and more employees returning to work, the region now faces the struggle of finding employees for open positions. Currently facing the fifth-largest labor shortage in the nation, with 1.45 job openings available for each individual looking for work, companies are competing for quality candidates across all industries.

Employment by Industry

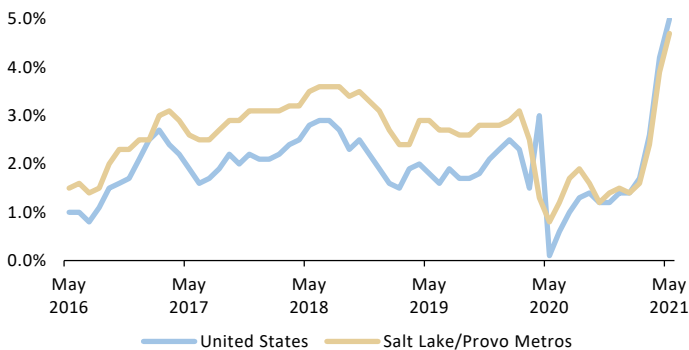
SALT LAKE AND PROVO METROS COMBINED, 2020 ANNUAL AVERAGE



Source: U.S. Bureau of Labor Statistics

Consumer Price Index (CPI)

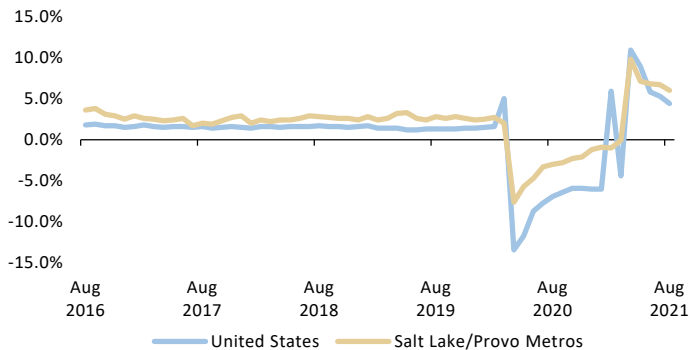
ALL ITEMS, NOT SEASONALLY ADJUSTED, 12-MONTH % CHANGE



Source: U.S. Bureau of Labor Statistics

Payroll Employment

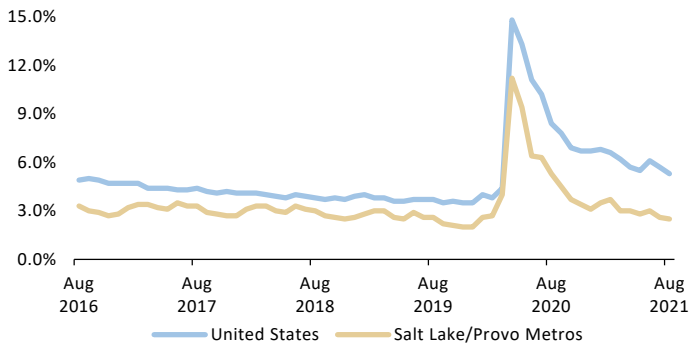
TOTAL NONFARM, NOT SEASONALLY ADJUSTED, 12-MONTH % CHANGE



Source: U.S. Bureau of Labor Statistics

Unemployment Rate

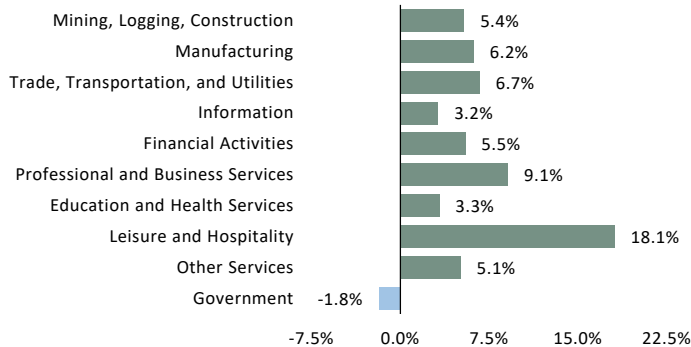
NOT SEASONALLY ADJUSTED



Source: U.S. Bureau of Labor Statistics

Employment Growth by Industry

SALT LAKE AND PROVO METROS COMBINED, AUGUST 2021, 12-MONTH % CHANGE, NOT SEASONALLY ADJUSTED



Source: U.S. Bureau of Labor Statistics

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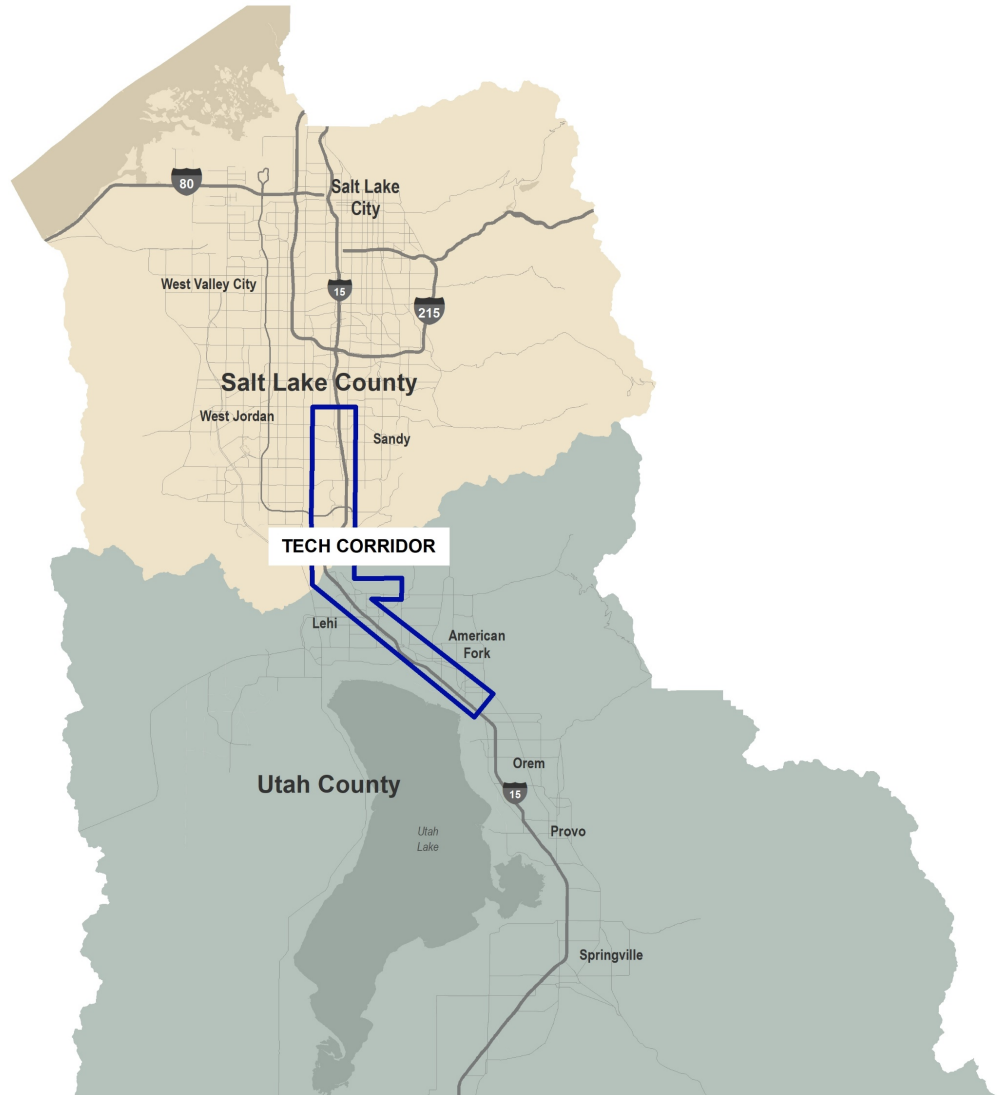
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