



Utah County Office Market

Small Users Push Market Forward; New Development Continues to Decline

Current Conditions

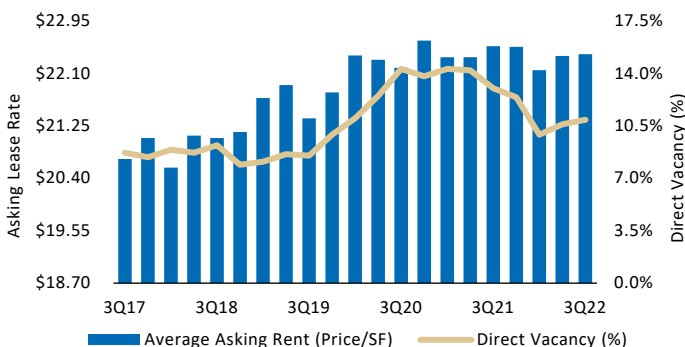
- Direct vacancy increased 30 basis points quarter-over-quarter but remained 210 basis points lower than where the market stood one year ago. Additionally, the market saw the smallest jump in vacancy in comparison to other counties along the Wasatch Front.
- Construction totals overall remain lower than pre-pandemic numbers; construction starts were limited with only one new project in Valley Grove breaking ground during the third quarter of 2022. Just over 300,000 square feet delivered in third-quarter 2022 with the majority already pre-leased in Innovation Pointe 4 and Wilson Tech 5.
- Leasing transaction square footage volume is up 20.6% year-over-year with the number of transactions also up by 17.0%. Leasing velocity in the third quarter of 2022 did slow down quarter-over-quarter as users entering the market waited on making final decisions in the wake of economic uncertainty. Additionally, users remain focused on smaller office footprints, leaving larger blocks of space on market for longer periods of time, making landlords more open to the idea of demising space to accommodate demand.
- Net absorption pushed into the positive during the third quarter of 2022 with users absorbing 223,858 square feet throughout the quarter, heavily concentrated within Lehi and Provo office product.

Market Summary

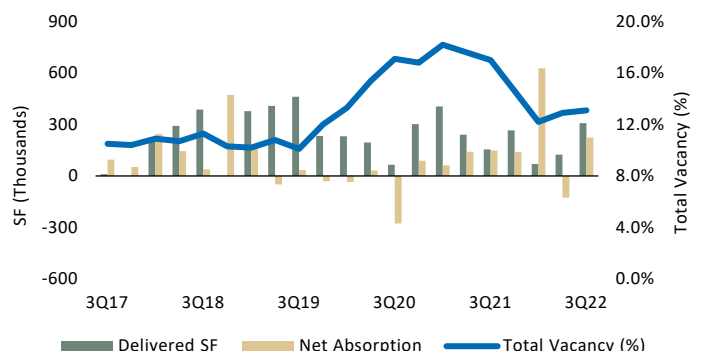
	Current Quarter	Prior Quarter	Year Ago Period	12-Month Forecast
Direct Vacancy Rate	10.9%	10.6%	13.0%	↔
Sublease Vacancy Rate	2.9%	2.3%	4.0%	↓
Quarterly Net Absorption	223,858	(127,467)	227,900	↔
Average Asking Rent/SF	\$22.41	\$22.38	\$22.53	↑
Under Construction SF	477,906	596,785	903,587	→
Delivered SF	307,647	124,000	240,755	↔
Leased SF	313,282	467,245	417,452	↔
Average Achieved Rent/SF	\$25.13	\$27.99	\$25.36	↑

Market Analysis

ASKING RENT AND DIRECT VACANCY RATE



NET ABSORPTION SF, DELIVERED SF AND TOTAL VACANCY RATE

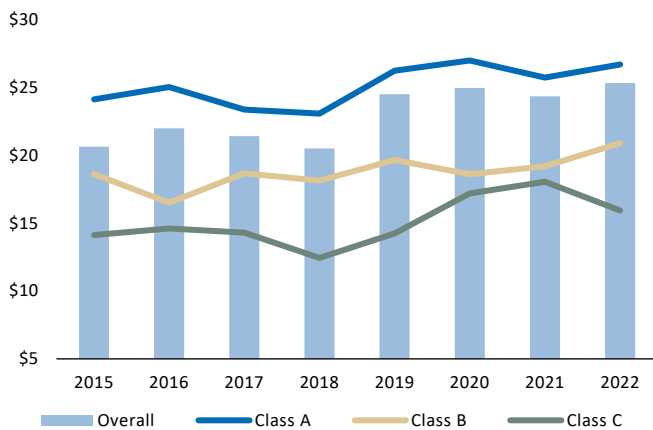


3Q22 Select Lease Transactions

Tenant	City	Building	Type	Square Feet
CrumbI	Lindon	Mountain Tech Center 2	Sublease	62,508
Dish Technologies	American Fork	796 E. Utah Valley Dr.	Renewal	37,567
Total Client Connect	Lehi	SolutionReach Building	Sublease	20,442
Reef Capital Partners	Lehi	SolutionReach Building	Sublease	17,930
Project Solar	Orem	Canyon Park G	Direct New	16,204
Unified Business Alliance	Lehi	3400 W. Mayflower Ave.	Direct New	12,500

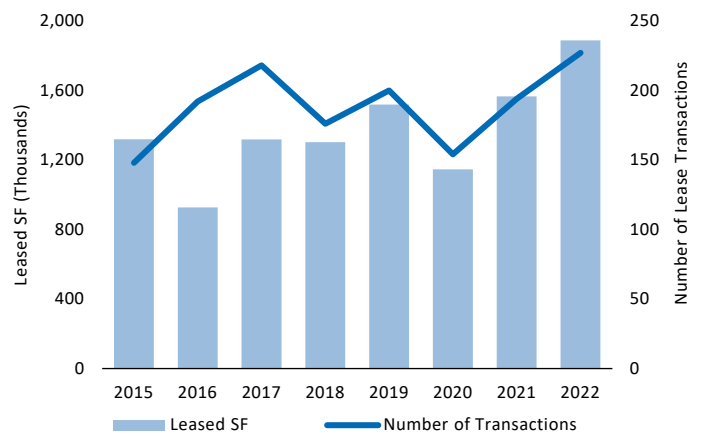
Lease Transaction Analysis

ACHIEVED AVERAGE LEASE RATES PSF (FS)



Trailing Four Quarters

LEASED SF AND NUMBER OF LEASE TRANSACTIONS



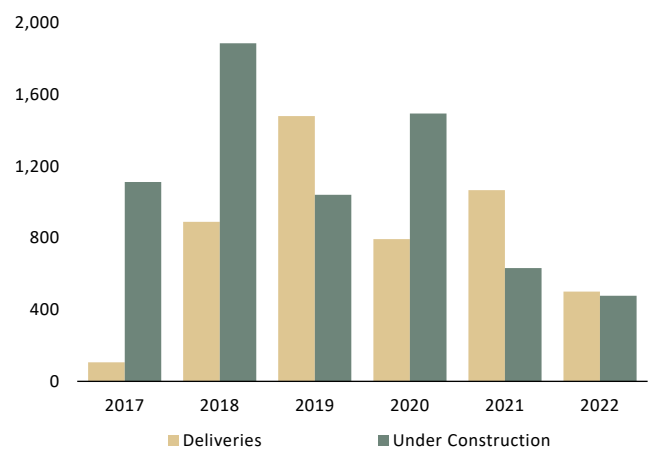
Trailing Four Quarters

Notable Under Construction and Delivered Projects

Building	City	Status	Square Feet
Valley Grove 3	Pleasant Grove	Under Construction	140,768
North Pointe F	American Fork	Under Construction	100,000
University Place 2	Orem	Under Construction	100,000
Wilson Tech 5	Lindon	Delivered	154,647
Innovation Pointe 4	Lehi	Delivered	141,000
Freedom Commons 1	Provo	Delivered	124,000

Construction and Deliveries

SQUARE FEET, THOUSANDS

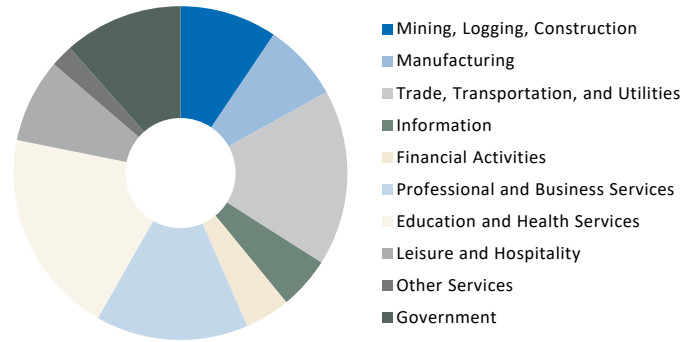


Economic Overview

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 1.9% in August 2022, the metro is one of the fastest recovering in terms of employment rate. Positive job growth across almost all industries excepting financial activities and professional and business sectors coupled with more employees returning to work, the region now faces the struggle of finding employees for open positions. 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

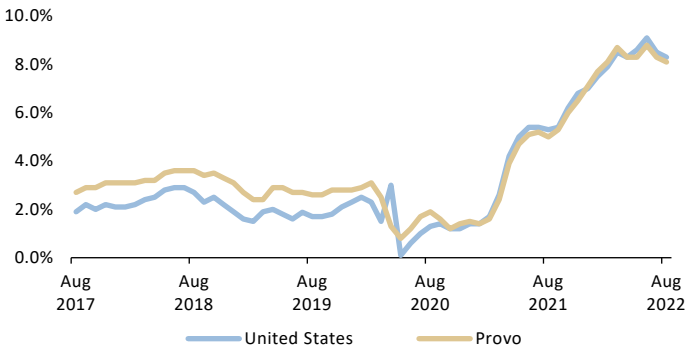
PROVO-OREM METRO, 2021 ANNUAL AVERAGE



Source: U.S. Bureau of Labor Statistics

Consumer Price Index (CPI)

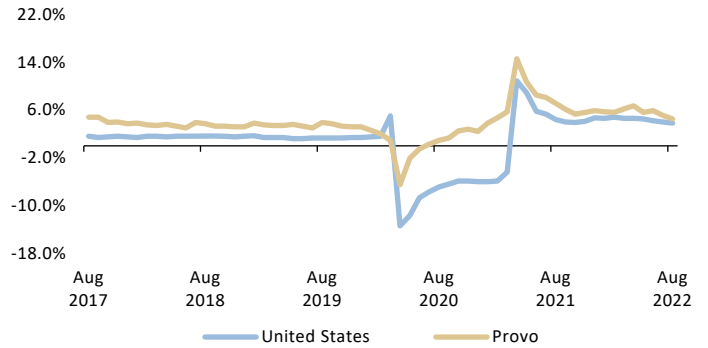
ALL ITEMS, NOT SEASONALLY ADJUSTED, 12-MONTH % CHANGE



Source: U.S. Bureau of Labor Statistics

Payroll Employment

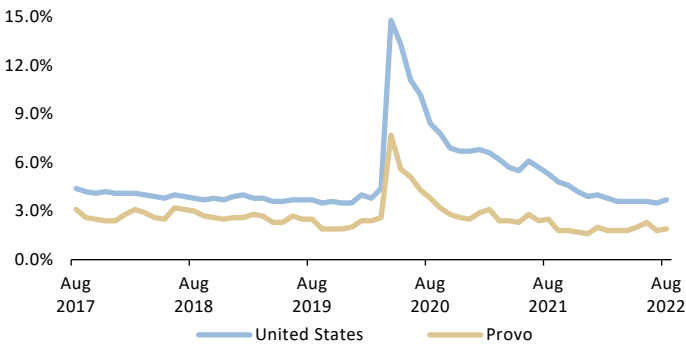
TOTAL NONFARM, NOT SEASONALLY ADJUSTED, 12-MONTH % CHANGE



Source: U.S. Bureau of Labor Statistics

Unemployment Rate

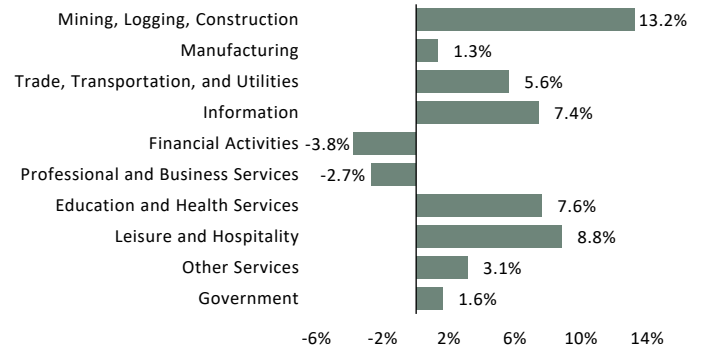
NOT SEASONALLY ADJUSTED



Source: U.S. Bureau of Labor Statistics

Employment Growth by Industry

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



Source: U.S. Bureau of Labor Statistics

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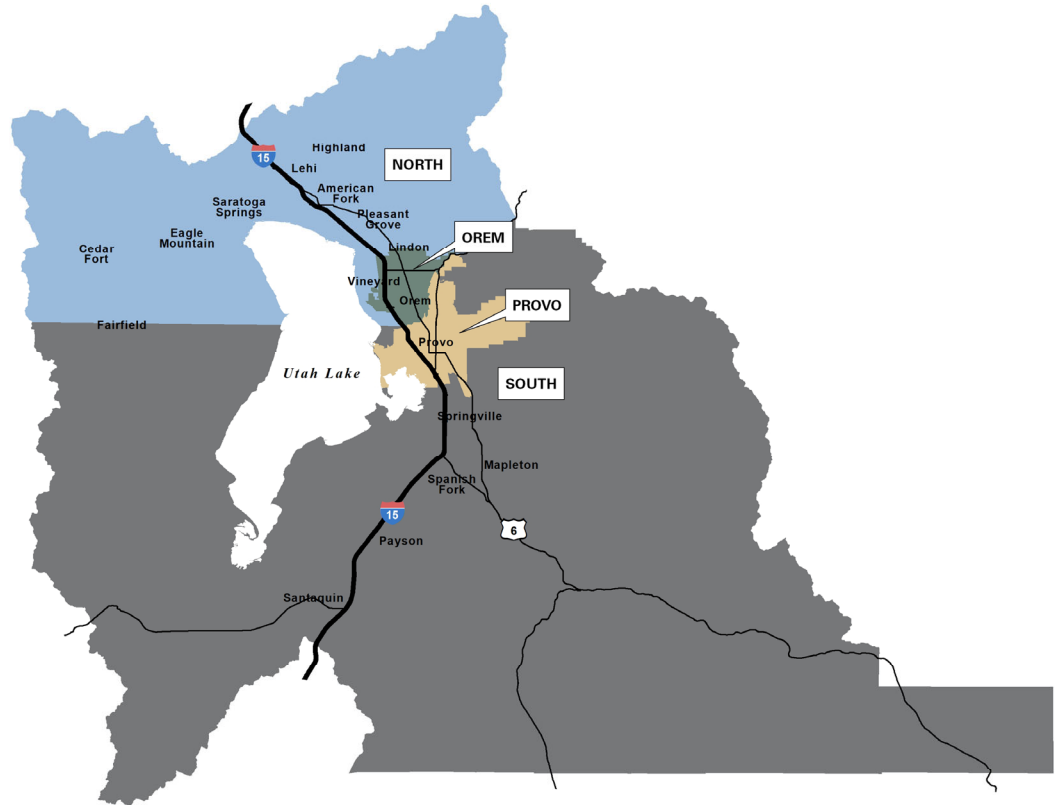
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