MARKET IN MINUTES
Savills Research

Q4 2022 - Office

Salt Lake County

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Leasing volumes healthy across Salt Lake County office market, but availability, uncertainty both elevated

The Salt Lake County office market observed improving office leasing activity at the close of 2022, with volumes rising for five consecutive quarters. Many deals, however, were renewals of short to medium duration as firms have been looking to mitigate risk with shorter leases and more flex space. Other deals this quarter included companies reducing their overall footprints while often relocating to more upgraded and amenitized buildings. As new development slowed across the Salt Lake market, elevated availability levels were suggestive of companies shrinking their occupancies as they adopt new models for their workplace. Despite a slowed economy and potential for recession in 2023, unemployment in the Salt Lake City MSA remained low at 2.0% in November, well below the 3.6% national average. However, the region has seen four consecutive months of negative office using-employment growth, which could have negative implications for landlords as they seek to improve occupancy across their assets.

Firms active in the CBD; 2022 leasing volumes rebound

Law firm Snell & Warner completed the largest deal of the fourth quarter, renewing in-place for 49,000 square feet (sf) at 15 W South Temple in the Central Business District (CBD). Meanwhile, Diversified Insurance and Mayer Brown each leased 36,000 sf in CBD relocation deals at 95 South State Street and 201 South Main Street, respectively. Overall leasing volumes tallied nearly 2.9 million square feet (msf) in 2022, up more than 114% over 2021. Asking rates have fallen for two consecutive quarters, but rents still ticked up by 5.1% from the close of 2021. Concessions remained generous among deals being completed, lowering tenant effective rents.

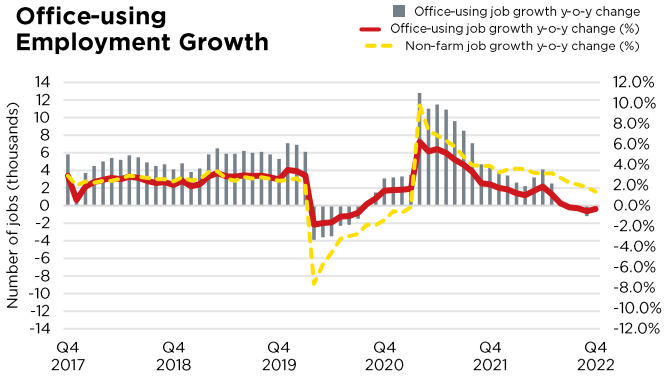
Environment of uncertainty, weakened demand favors tenants

Overall availability was flat across most of 2022, but it rose 280 basis points (bps) from a year ago, to 18.7%. While direct space options remained level, sublease supply across the market surged to 2.0 msf this period, up from 1.6 msf at the close of the third quarter and well above the market's long-term average. Several new large subleases came to market this quarter, including tech firm InMoment's full-floor space totaling 31,000 sf at 10355 South Jordan Parkway in South Jordan. Conditions for office users across the Salt Lake County market will remain tenant-favorable as weakened demand and uncertain economic conditions are expected to persist for the foreseeable future.

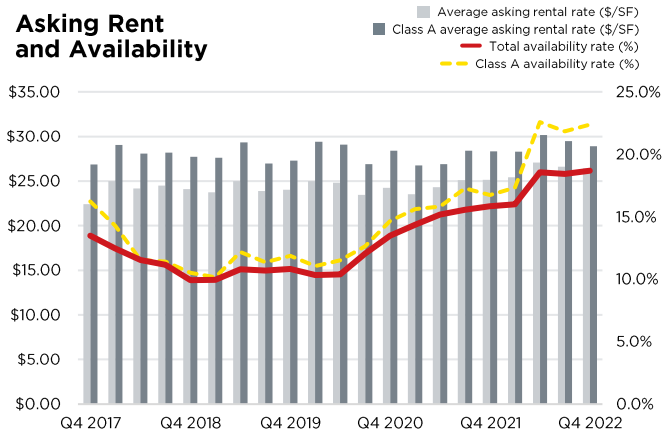
Key Statistics

	Q4 2021	Q4 2022	y-o-y Change
Inventory	44.7 MSF	45.9 MSF	▲
Availability Rate	15.9%	18.7%	▲
Asking Rental Rate	$25.16	$26.44	▲
Class A Asking Rental Rate	$28.35	$28.93	▲
Quarterly Leasing Activity	0.4 MSF	0.9 MSF	▲
Available Sublease Space	1.3 MSF	2.0 MSF	▲

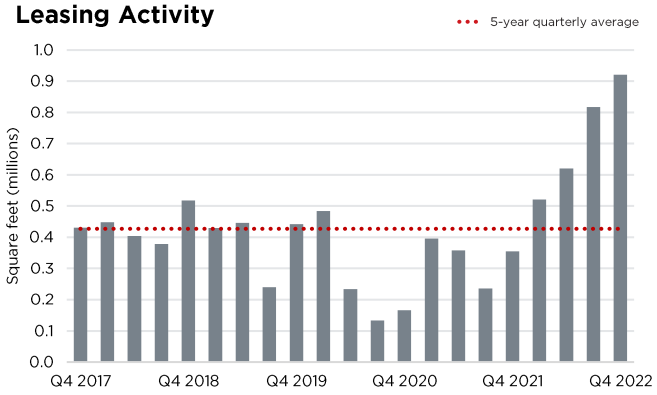
Office-using Employment Growth



Asking Rent and Availability



Leasing Activity



Outlook

- Tenant favorable conditions will carry into 2023, with landlord concessions and flexibility holding near all-time highs
- Rapid growth within Utah's life sciences industry, combined with comparatively affordable costs of doing business, has helped Salt Lake County to position itself as an attractive choice for new occupiers
- Office users balancing hybrid work styles along with ways to cut costs will likely result in more firms reassessing and their overall footprints

By the Numbers

2.0%
Salt Lake City MSA unemployment rate (as of Nov. 2022)

-0.3%
Office-using employment growth year over year (as of Dec. 2022)

0.3 msf
Office space currently under construction

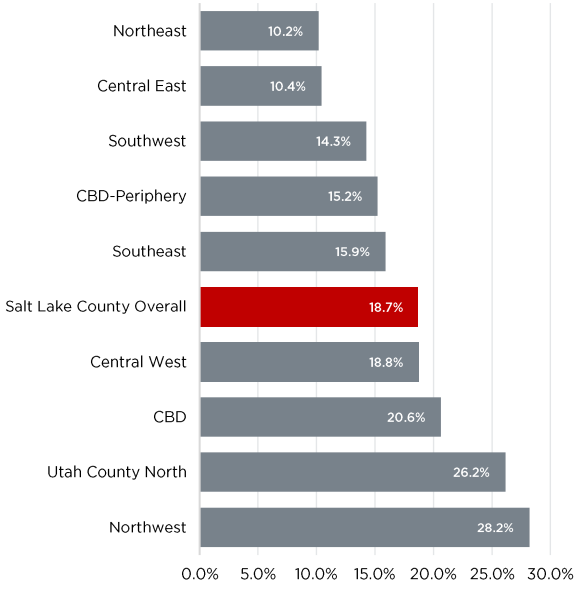
Top Transactions

Tenant	Square Feet	Address	Transaction Type	Submarket	Industry
Snell & Wilmer	49,000	15 W South Temple	Renewal	CBD	Legal Services
Diversified Insurance	36,000	95 S State Street	Relocation	CBD	Insurance Services
Mayer Brown	36,000	201 S Main Street	Relocation	CBD	Legal Services
Kimley-Horn and Associates	32,000	111 E Broadway	Renewal	CBD	Engineering
Sera Prognostics	24,000	2749 Parleys Way	Renewal	Northeast	Healthcare
Raytheon	23,000	1128 W 2400 S	Renewal	Northwest	Aerospace
Altium Health	13,000	7181 S Campus View Drive	Relocation	Central West	Healthcare
Vanilla	10,000	310 S Main Street	Relocation	CBD	TAMI
AutoNetTV	7,000	380 Data Drive	Relocation	Utah County North	TAMI
Wasatch Peaks Advisors	6,000	36 S State Street	Relocation	CBD	Financial Services

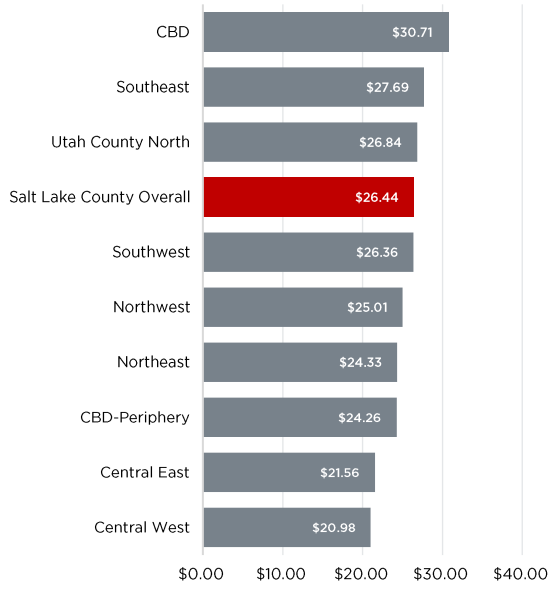
*Sublease

Source: Savills Research

Availability Rate Comparison (%)
Salt Lake County Submarkets



Rental Rate Comparison ($/SF)
Salt Lake County Submarkets



Unless otherwise noted, all rents quoted throughout this report are average asking gross (full service) rents per square foot. Statistics are calculated using both direct and sublease information. Current and historical availability and rent data are subject to change due to changes in inventory.

The information in this report is obtained from sources deemed reliable, but no representation is made as to the accuracy thereof. Unless otherwise noted, source for data is Savills Research.

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