

MARKET FUNDAMENTALS

	YOY Chg	Outlook
24.1% Vacancy Rate	▼	▼
6K Net Absorption, SF	▲	▲
\$25.85 Asking Rent, PSF <i>(Overall, All Property Classes)</i>	▲	▬

ECONOMIC INDICATORS

	YOY Chg	Outlook
840K Salt Lake City Employment	▲	▲
3.4% Salt Lake City Unemployment Rate	▲	▲
4.3% U.S. Unemployment Rate	▲	▲

ECONOMIC OVERVIEW

In Q3 2025, the Salt Lake City market reported an employment level of 840,400 jobs, with the unemployment rate increasing slightly year-over-year (YOY) from 3.3% to 3.4%. ¹ The Salt Lake City economy of \$120.9 billion, as measured by 2025 gross metro product, is forecasted to climb to \$123.8 billion in 2026 and \$124.7 billion in 2027. ²

SUPPLY AND DEMAND

In Q3 2025, the overall office vacancy rate—including sublease space—increased slightly by 10 basis points (bps) quarter-over-quarter (QOQ) to 24.1%. This marks a YOY improvement of 160 bps. The direct vacancy rate held steady at 19.9%, unchanged from Q2, representing approximately 10.3 million square feet (msf) of available space. Sublease vacancy declined slightly to 4.1% (2.1 msf), down from 4.2% in the previous quarter and significantly lower than the 5.4% rate recorded in Q3 2024—a 130-bps YOY decrease.

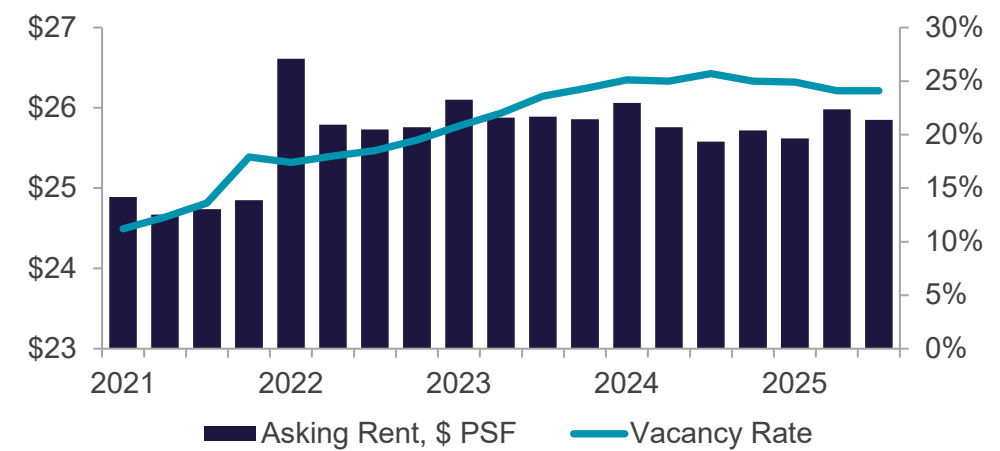
Key additions to direct vacancy this quarter included 45,000 square feet (sf) across multiple suites at Thanksgiving Park VI (3401 N. Thanksgiving Way) in the Utah County North submarket, and the entire 31,500-sf Franklin Covey – Washington building at 2250 W. Parkway Blvd. in the North West submarket. The South East submarket experienced the most significant sublease vacancy, led by a 94,000-sf space at 42 E. Future Way, formerly occupied by Pluralsight. Additional new sublease availabilities in this submarket included AdvancedMD’s former 63,000-sf space at Jordan Valley Tech I (698 W. 10000 S.) and a 37,000-sf space at Vista Station 10 (12921 S. Vista Station Blvd.), previously leased by United Health Care.

The office market demonstrated resilience in the third quarter, posting 6,400 sf of positive net absorption. Notably, all absorption this quarter was driven by sublease activity, marking the seventh consecutive quarter of growth in this segment. High-quality sublease spaces continue to lease quickly, underscoring sustained tenant demand.

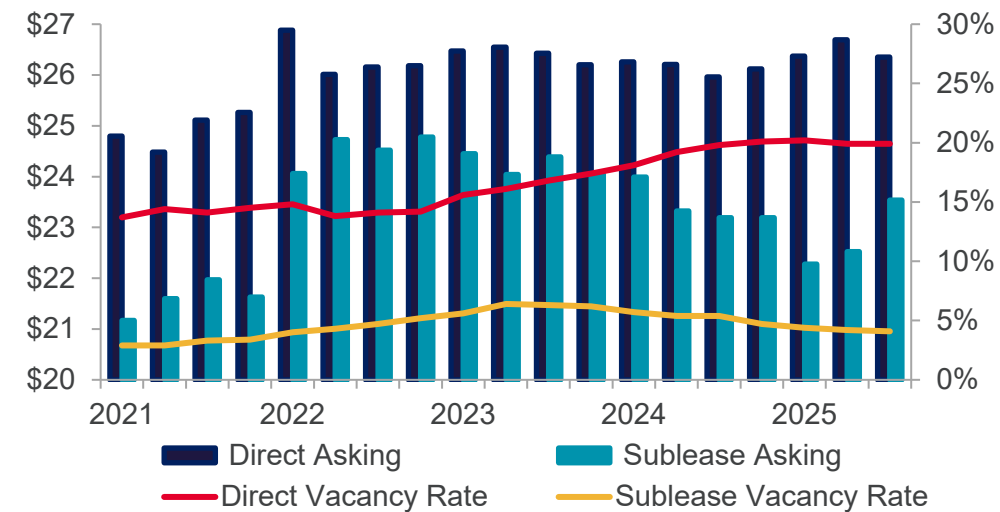
The largest sublease transaction was AdvancedMD’s occupancy of two floors totaling 62,000 sf at SoJo Station South (10377 S. Jordan Gateway) in the South East submarket. This was followed by Backcountry’s 23,000-sf sublease at Cottonwood Corporate Center 11 (2855 E. Cottonwood Pkwy.) in the Central East submarket.

Among direct leases, Treeside Charter School took 46,000 sf at East Bay Corporate Park 1 (34 E. 1700 S.) in Utah County South, while Orion Advisor Solutions moved into 24,000 sf at Traverse Ridge Center II (3450 N. Triumph Blvd.) in Utah County North. Both transactions involved Class A and B buildings, highlighting strong demand across multiple quality tiers.

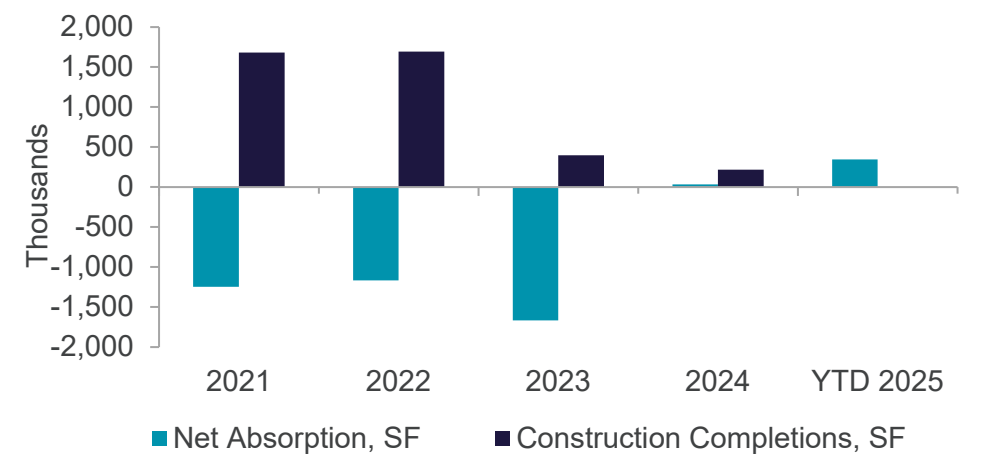
OVERALL VACANCY & ASKING RENT



DIRECT VS. SUBLEASE VACANCY & ASKING RENT

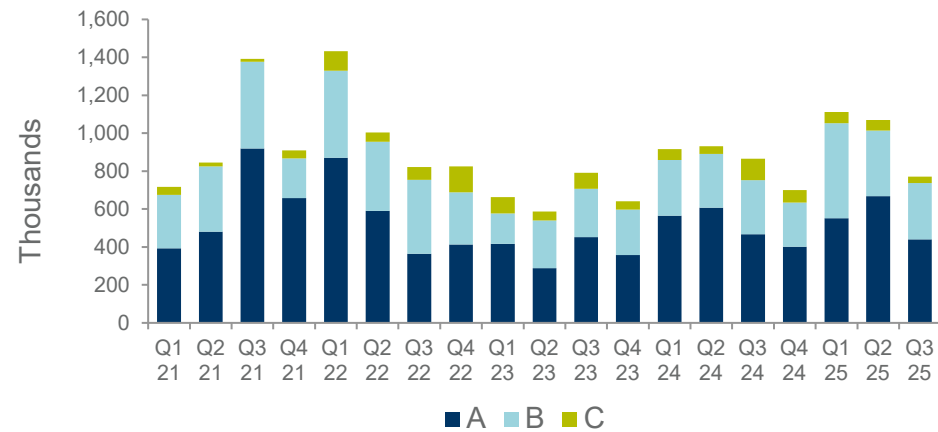


SPACE DEMAND / DELIVERIES

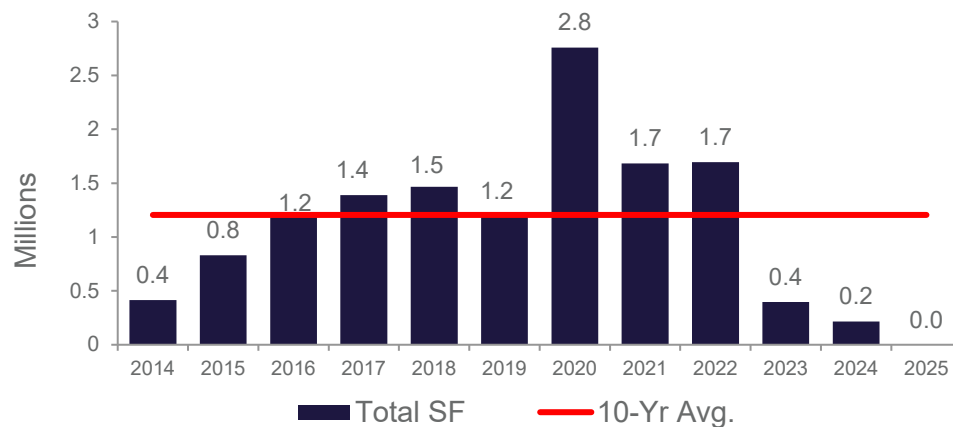


Sources: ¹www.bls.gov ²Moody’s Analytics

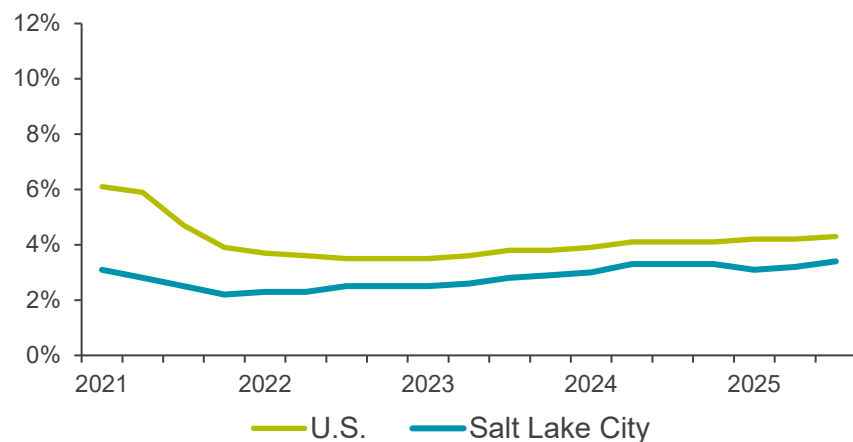
OVERALL NEW LEASING ACTIVITY BY CLASS IN SF



CONSTRUCTION COMPLETIONS BY YEAR IN SF



UNEMPLOYMENT RATE IN COMPARISON



PRICING

The overall average asking rent across all office property classes increased by \$0.24 per square foot (psf) YOY, reaching \$25.85 psf on a full-service annual basis—a 0.9% gain. However, Class A asking rates declined QOQ, falling to \$29.07 psf from \$29.54 in Q2, primarily due to rapid leasing of premium spaces. Class B properties averaged \$24.21 psf, while Class C space averaged \$21.87 psf. Transaction activity reflected a continued pricing gap between direct and sublease deals. Direct leases averaged \$26.79 psf on a full-service basis in Q3, while sublease transactions averaged \$24.78 psf.

LEASING ACTIVITY

Leasing activity remained strong in the third quarter, with 771,000 sf leased across 122 new transactions. The Utah County North submarket led the region with 208,000 sf, representing 27% of total volume, followed by the CBD submarket at 21%. Class A properties dominated demand, accounting for 57% (440,000 sf) of new leasing, while Class B captured 39% and Class C just 4%—a clear indication of the ongoing flight to quality.

To remain competitive, many landlords are investing in modern speculative (SPEC) suites designed for smaller tenants seeking turnkey, move-in-ready spaces rather than traditional build-outs. Class B buildings, in particular, are seeing stronger performance with SPEC suites compared to adding building-wide amenities. Demand continues to be strongest in the 7,000 to 15,000-sf range, highlighting sustained interest from mid-sized tenants prioritizing efficiency and quality to encourage employees to return to the office.

Notable new leases included GSA’s 61,000-sf commitment at 222 Main in the CBD and Freezing Point’s 30,000-sf sublease at Wingcrest Building 2 in the North West submarket. Renewal activity totaled 268,000 sf (not included in new leasing figures), with key extensions such as MX Technologies’ 55,000-sf downsize and renewal at Thanksgiving Park VI in Utah County North and Social Finance’s 46,500-sf renewal at Cornerstone I in the Central East submarket. Large tenants continue to face limited options for quality Class A space, prompting many to renew existing leases or expand within top-tier buildings to secure additional space.

INVENTORY

No new office projects were delivered during the third quarter, and the construction pipeline has effectively stalled. Currently, only one project remains under development: The Beverly at Holladay Hills in the Central East submarket. The 180,000-sf building is 67% pre-leased and scheduled for completion in Q4 2025. This is a stark contrast to the 10-year average of 1.2 msf in annual office deliveries.

The trend toward adaptive reuse continues to reshape the market. Since Q4 2022, twelve office buildings totaling 957,000 sf have been removed from inventory for conversion to multifamily use. In Q3 2025, Canyon Park Tech Center – Building W, Draper Village, and The Judge buildings were all acquired for conversion. Additionally, more office assets are being purchased by owner-users and public institutions, further reducing available inventory. Recent institutional acquisitions include Canyon School District’s purchase of the Vista Station—eBay Draper Campus for \$50 million, the University of Utah’s acquisition of City Centre for \$38 million, and Salt Lake County’s purchase of the Peace Coliseum Office Campus for \$52 million.

OUTLOOK

- Class A space is expected to outperform all other classes, with premium, high-quality assets leading demand.
- Asking rates for Class A properties will rise, while overall market rates may decline due to reduced availability of top-tier product.
- Landlords adopting a hospitality-driven approach—offering amenities such as conference centers with large training rooms, lounge areas, outdoor patios, and fitness facilities—will be more successful in attracting tenants.
- Tenant improvement allowances are anticipated to increase, particularly for longer lease terms.
- SPEC suites will drive leasing activity among smaller tenants, as demand for turnkey, move-in-ready spaces continues to grow.
- Quality sublease availability will continue to decline as leasing activity accelerates.
- New office construction is unlikely to commence until significant improvements occur in leasing fundamentals.
- The Salt Lake City office market is expected to remain more resilient than many other major U.S. markets.

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	YTD DIRECT NET ABSORPTION (SF)	DIRECT AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
CBD	9,043,033	150,477	1,972,756	23.5%	64,531	86,608	351,095	98,661	\$30.05	\$29.61	\$35.38
Periphery	3,064,461	8,041	772,442	25.5%	-11,810	5,264	138,663	-15,511	\$25.92	\$25.81	\$33.42
North East	2,229,438	19,735	262,527	12.7%	12,313	1,229	40,311	10,752	\$24.53	\$24.99	\$31.72
North West	4,386,345	347,535	1,726,569	47.3%	-59,922	-207,083	77,324	-224,222	\$24.31	\$23.39	\$24.85
Central East	7,482,757	199,595	1,172,440	18.3%	66,681	-46,145	400,172	-26,574	\$26.80	\$26.51	\$33.32
Central West	1,899,795	35,574	520,468	29.3%	-12,904	28,949	9,278	64,523	\$24.40	\$24.08	\$29.77
South East	8,458,112	696,527	1,373,213	24.5%	-124,862	28,665	588,662	127,891	\$26.53	\$25.86	\$27.25
South West	1,767,112	61,850	392,796	25.7%	-10,002	-20,147	134,123	-30,948	\$28.52	\$27.99	\$27.98
Utah County North	9,063,841	530,567	1,035,336	17.3%	6,528	368,623	970,735	48,050	\$25.77	\$25.49	\$27.49
Utah County South	4,341,176	87,867	1,082,451	27.0%	75,810	98,450	242,676	78,423	\$23.48	\$23.09	\$24.76
MARKET TOTALS	51,736,070	2,137,768	10,310,998	24.1%	6,363	344,413	2,953,039	131,045	\$26.35	\$25.85	\$29.07
Class A	25,794,468	1,358,483	3,635,548	19.4%	-104,257	234,370	1,660,202	108,262	\$30.62	\$29.07	\$29.07
Class B	20,363,044	700,228	5,587,934	30.9%	52,511	178,159	1,144,020	65,640	\$24.71	\$24.21	
Class C	5,578,558	79,057	1,087,516	20.9%	58,109	-68,116	148,817	-42,857	\$22.18	\$21.87	
MARKET TOTALS	51,736,070	2,137,768	10,310,998	24.1%	6,363	344,413	2,953,039	131,045	\$26.35	\$25.85	

**Rental rates reflect full service asking*

KEY LEASE TRANSACTIONS Q3 2025

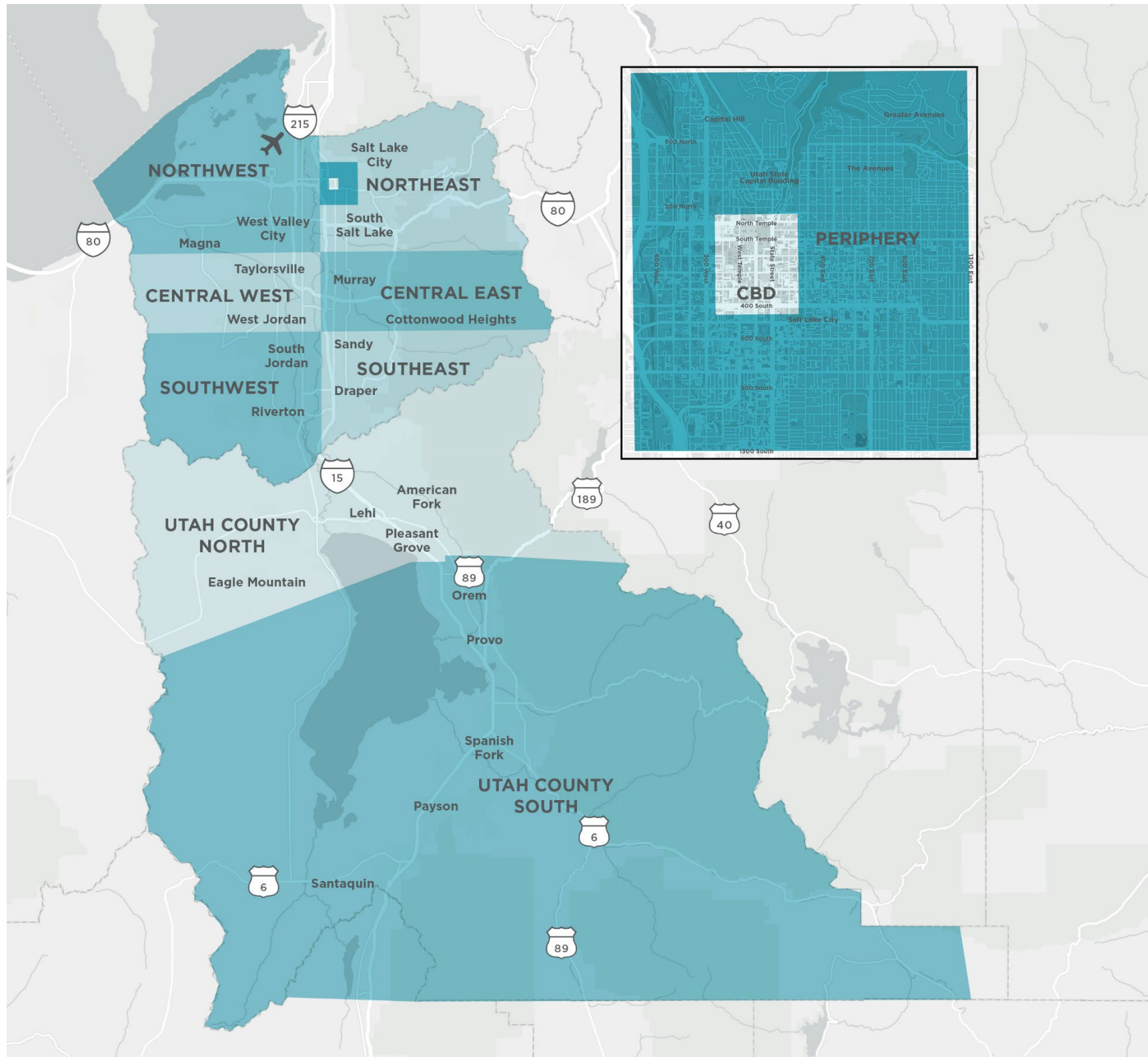
PROPERTY	SUBMARKET	TENANT	SF	TYPE
222 Main - 222 S. Main St.	CBC	GSA – General Services Administration	61,329	Direct
Thanksgiving Park VI – 3401 N. Thanksgiving Way	Utah County North	MX Technologies, Inc.	54,954	Renewal*
Cornerstone I – 2750 E. Cottonwood Parkway	Central East	Social Finance, Inc.	46,425	Renewal*
Sorenson 7 – 4246 S. Riverboat Rd.	Central West	Ovivo USA, LLC	38,057	Renewal*
Wingcrest Building 2 – 5202 W. Douglas Corrigan	North West	Freezing Point, LLC	29,794	Sublease

**Renewals not included in leasing statistics*

KEY SALE TRANSACTIONS Q3 2025

PROPERTY	SUBMARKET	SELLER / BUYER	SF / ACRES	PRICE / \$ PSF
257 Tower – 257 E. 200 S.	CBD	Nearon / Brentwood	260,234	Confidential
Daybreak Corporate Center – 4700 W. Daybreak View Pkwy.	South West	Fort Street Partners / Stoltz Real Estate Partners	177,000	Confidential
Judge Building – 8 E. 300 S.	CBD	Judge Building LLC / Giv Group	74,776	\$10,250,000 / \$137
Canyon Park Technology & Research – Bldg. W (1201 – 1249 N. 800 E.)	Utah County South	Tri Pointe Homes / Drp Odin 24 LLC	40,127	Confidential
Consolidated Park at Riverwoods – 282 W. River Bend	Utah County South	Eddy HQ, LLC / Mountainland Association of Governments	38,960	\$10,000,000 / \$257

OFFICE SUBMARKETS



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