

FIGURES | SALT LAKE CITY-PROVO OFFICE | Q2 2026

Office fundamentals continued to improve, led by demand for Class A space

▼ 22.6%

Vacancy Rate

▲ 295,000

SF Net Absorption

▶ 0

SF Construction Delivered

▶ 0

SF Under Construction

▼ \$26.81

FSG/YR Direct Lease Rate

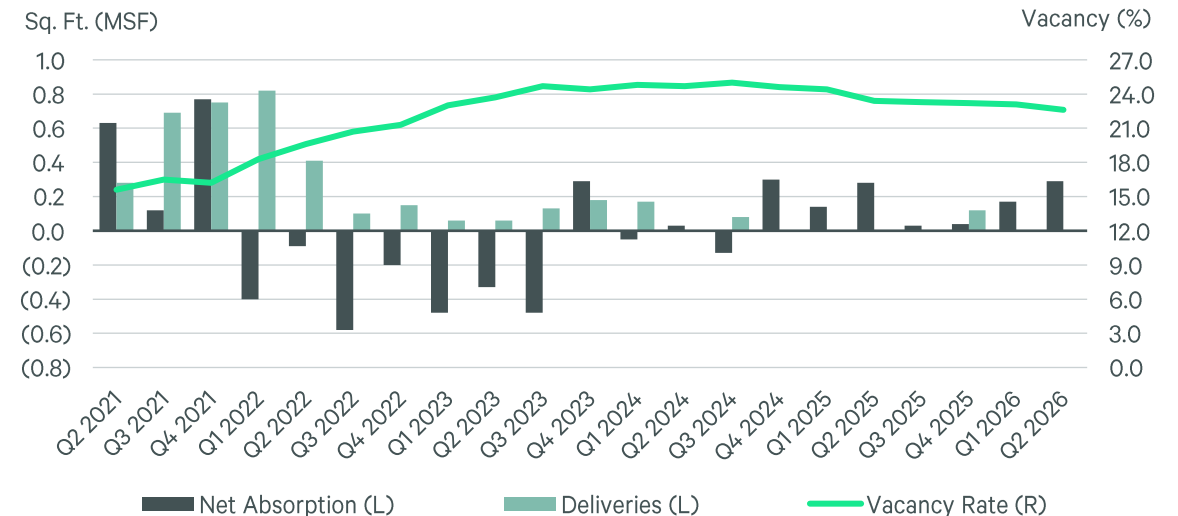
Note: Arrows indicate change from previous quarter.

Market Overview

Office fundamentals in the Salt Lake City–Provo market continued to improve in Q2 2026 as tenant demand remained resilient and fewer occupiers shed excess space. Net absorption totaled 295,000 sq. ft. during the quarter, extending the market's streak of occupancy growth to seven consecutive quarters. Direct availability held steady at 20.3%, maintaining its lowest level since 2022. Meanwhile, a 30-basis-point increase in sublease availability pushed total availability to 23.7%, though sublease space remained nearly 50% below its late-2023 peak.

Supply conditions continued to tighten as overall vacancy declined to 22.6%, its lowest level in more than three years. This improvement was supported by the absence of new supply, as the market recorded a second consecutive quarter with no office projects under construction, along with the cumulative effects of office conversions and demolitions that reduced inventory over the past year. Inventory removals totaled 603,000 sq. ft. over the past 12 months, compared with a single 120,000-sq.-ft. office delivery. Looking ahead, steady leasing momentum is expected to sustain positive absorption, while the lack of new construction should support further vacancy compression as tenants remain largely limited to renewing in place or absorbing existing vacant space.

Figure 1: Historical Net Absorption, Deliveries, and Total Vacancy



Source: CBRE Research, Q2 2026

Vacancy

Overall vacancy continued to trend lower in Q2 2026, falling 50 basis points (bps) quarter-over-quarter to 22.6%, its seventh consecutive quarter of improvement and 210 bps decrease year-over-year. Direct vacancy remained unchanged from the prior quarter at 20.0% and declined 30 bps year-over-year, while sublease vacancy continued to retreat, declining 210 bps over the past 12 months to 2.6%, the lowest level since 2022. This improvement was additionally supported by several conversions, demolitions, and value-oriented owner-user acquisitions that removed obsolete, high-vacancy space from the market over the past 12 months.

Class A assets continued to outperform the broader market, with vacancy declining 110 bps quarter-over-quarter to 17.8%, reversing a temporary increase in Q1 2026 tied to several tenant move-outs in suburban Utah County. Class B product remained the market's primary pressure point at 28.5%; however, vacancy in the segment declined 150 bps year-over-year and 300 bps from its late-2024 peak. Regionally, suburban Utah County vacancy rose 40 bps to 21.3%, while suburban Salt Lake County and Downtown vacancy declined to 23.0% and 22.8%, respectively. Looking ahead, vacancy is expected to continue trending lower as no new office product is scheduled to deliver in the near term and several additional properties are currently under contract for owner-user acquisition.

Asking Rent

Average direct asking rents remained relatively stable in Q2 2026, declining 0.5% quarter-over-quarter to \$26.81 FSG per sq. ft. while remaining 2.0% above year-ago levels. Rent performance reflected an increasingly bifurcated market, with premium assets maintaining pricing power while older commodity space faced greater competitive pressure. Class A asking rents held steady at \$31.99 FSG per sq. ft. in Q2 2026, remaining 1.7% above year-ago levels. In contrast, Class B asking rents declined 0.6% quarter-over-quarter to \$24.90 FSG per sq. ft. but remained 1.6% higher than a year earlier. Sublease space offered a notable discount, with average asking rents of \$25.74 FSG per sq. ft., 4.0% below the market-wide direct average.

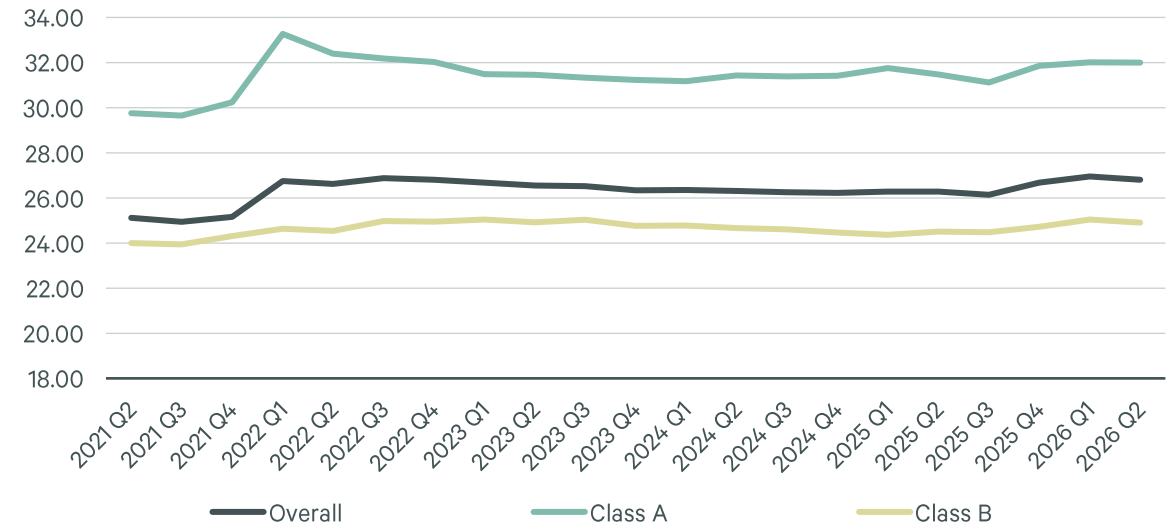
Class A space in the Central Business District remained the market's highest-priced segment, with asking rents reaching an all-time high of \$39.06 FSG per sq. ft. in Q2 2026. This represented a 6.0% increase year-over-year, driven by tight availability among the CBD's top-tier assets. Looking ahead, sustained demand for highly amenitized space and the absence of new inventory are expected to keep upward pressure on Class A rents in the near term. As occupiers compete for a shrinking pool of desirable space, spillover demand into well-located Class B properties is expected to support pricing and leasing activity within that segment.

Figure 2: Vacancy Rates by Class (%)



Source: CBRE Research, Q2 2026

Figure 3: Average Direct Asking Rate by Class (\$/SF/Yr FSG)



Source: CBRE Research, Q2 2026

Net Absorption

Occupancy gains persisted across the Salt Lake City–Provo office market in Q2 2026, with net absorption totaling 295,000 sq. ft. and extending the market's positive absorption streak to seven consecutive quarters. Class A net absorption totaled 241,000 sq. ft. during the quarter, accounting for more than 80% of overall demand and increasing from 198,000 sq. ft. a year earlier. Class B product also remained positive, posting 69,000 sq. ft. of absorption, while Class C product recorded 15,000 sq. ft. of occupancy losses. Year-to-date net absorption reached 463,000 sq. ft. through the first half of 2026, already approaching the market's full-year total of 488,000 sq. ft. recorded in 2025.

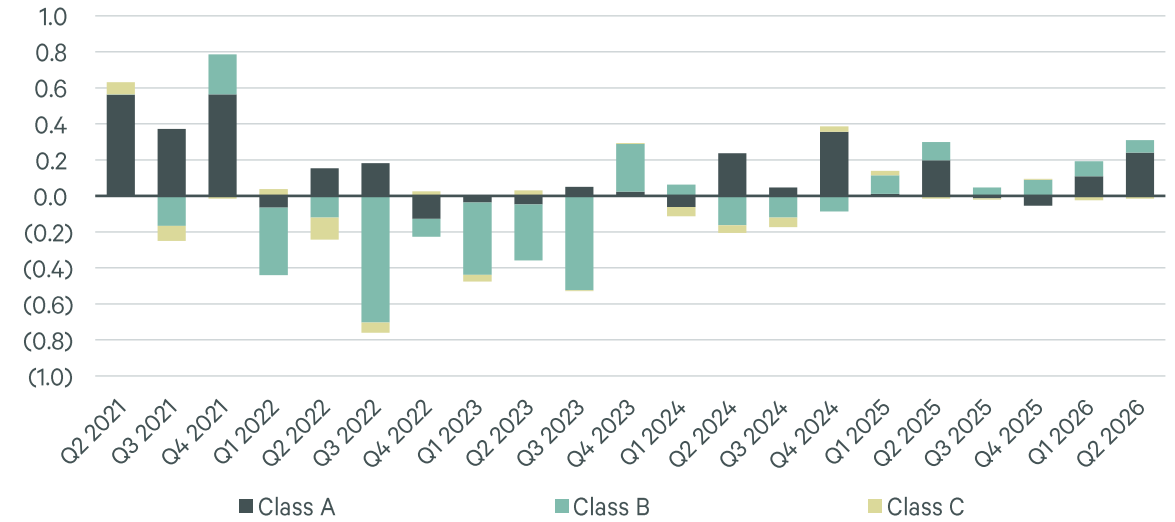
Geographically, suburban Salt Lake County recorded 291,000 sq. ft. of positive absorption in Q2 2026. Activity was concentrated in the Draper submarket, which accounted for 125,000 sq. ft. of occupancy gains, followed by West Valley/Lake Park with 78,000 sq. ft. and Cottonwood with 54,000 sq. ft. Downtown Salt Lake City returned to positive territory with 67,000 sq. ft. of net absorption, driven in part by PACS' move into 46,000 sq. ft. at One Gateway in the CBD Periphery. In contrast, suburban Utah County recorded 63,000 sq. ft. of negative net absorption, primarily driven by new sublease availability in the Central Grove and Provo-Orem submarkets, including 35,972 sq. ft. marketed by Ambia Energy at Canopy IV in Central Grove.

Construction Activity

Office development remained at a standstill in Q2 2026 as challenging economics continued to weigh on new project feasibility. No office projects were underway during the quarter, leaving development volume unchanged at 0 sq. ft. This represented a sharp decline from the market's 2020 peak, when nearly 2.9 million sq. ft. was under construction across 16 projects. Although several proposed developments remained in advanced planning, developers continued to await meaningful preleasing commitments before breaking ground. The lack of new development was further reinforced by several large occupiers acquiring high-vacancy office assets below replacement cost, redirecting demand that might otherwise have supported new construction.

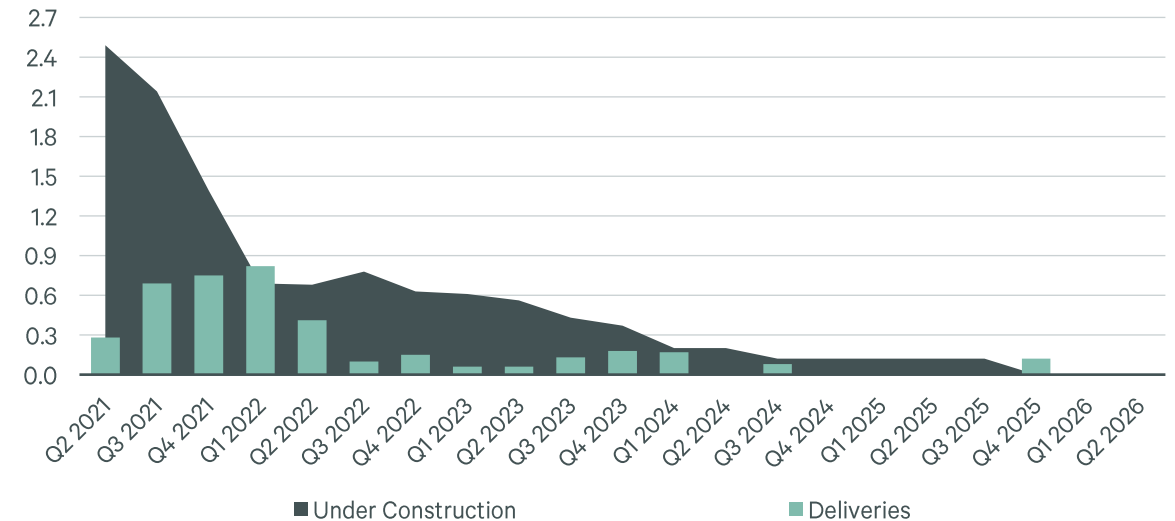
Looking ahead, office development is expected to remain muted in the near term as elevated vacancy levels continue to deter speculative projects without substantial preleasing commitments. With no projects underway and inventory declining as demolitions and conversions continue to outpace new construction, the already limited supply of high-quality office space is expected to tighten further. While this contraction will continue to support the office market's gradual recovery, tenants that delay leasing decisions face a shrinking pool of premium options, a dynamic that has already begun to redirect demand toward the next tier of buildings and alternative submarkets.

Figure 4: Net Absorption Trend (Sq. Ft. Millions)



Source: CBRE Research, Q2 2026

Figure 5: Construction Activity (Sq. Ft. Millions)



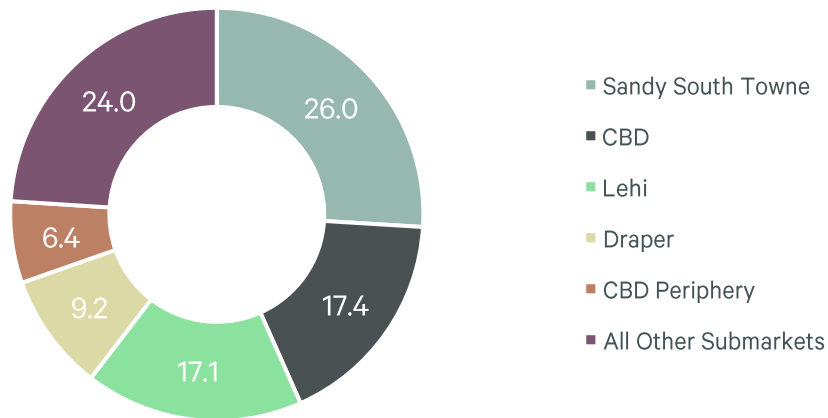
Source: CBRE Research, Q2 2026

Leasing Activity

Leasing activity totaled 1.03 million sq. ft. across 95 transactions in Q2 2026, moderating from the elevated pace recorded earlier in the year and finishing 11% below the five-year quarterly average. Financial services and insurance firms led demand during the quarter, accounting for 36% of leasing volume, followed by professional services (24%) and technology (10%). New leases represented 66% of transactions by count, while renewals comprised the remaining 34%. The slowdown was driven in part by lower Class B sublease activity, as sublease transactions accounted for just 3% of Class B leasing volume in Q2 2026 compared with nearly 20% in Q1 2026, reducing a source of demand that had supported first-quarter activity.

Overall leasing activity reached 2.3 million sq. ft. through the first half of 2026. Tenant preference for higher-quality office space remained evident during the quarter, with Class A leasing volume rising 13% year-over-year and finishing 27% above its five-year quarterly average. Smaller occupiers continued to anchor leasing activity year-to-date, with tenants seeking less than 10,000 sq. ft. accounting for 74% of the 225 transactions completed through the first half of 2026. Mid-sized users (10,000–20,000 sq. ft.) represented 12% of activity, while tenants occupying more than 20,000 sq. ft. accounted for the remaining 15%. Among larger occupiers, 48% leased space in Silicon Slopes (Sandy South Towne, Draper and Lehi), while 23% landed in downtown Salt Lake City. Tenants also continued to capitalize on plug-and-play sublease opportunities, which accounted for 20% of year-to-date leasing volume.

Figure 7: Leasing by Submarket (% of Total Activity)



Source: CBRE Research, Q2 2026

Figure 6: Leasing Activity Trend (Sq. Ft. Millions)



Source: CBRE Research, Q2 2026

Figure 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Morgan Stanley	105,000	Renewal/Expansion	700 W 9900 S	Sandy South Towne
Parsons Behle & Latimer	94,000	Renewal	201 S Main St	CBD
Morgan Stanley	88,000	Renewal	200 W Civic Ctr Dr	Sandy South Towne
Utah Housing Corporation	44,000	New Lease	2783 S Leadership Ct	West Valley/Lake Park
Workman Nydegger	41,000	Renewal	60 E S Temple St	CBD
NetDocuments	39,000	Renewal	2500 W Executive Pkwy	Lehi
Clearlink	37,000	Renewal/Contraction	42 E Future Way	Draper
Dandy Dental Lab	30,000	New Lease	1800 W Ashton Blvd	Lehi

Source: CBRE Research, Q2 2026

Market Statistics by Class

Figure 9: Metro Market Statistics by Class

Property Class	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF/Yr FSG)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	22.10	17.8	19.8	14.9	5.0	31.99	241,000	351,000	-	-
Class B	24.41	28.5	28.8	26.3	2.5	24.90	69,000	150,000	-	-
Class C	5.98	16.1	17.1	16.2	0.9	21.89	(15,000)	(38,000)	-	-
Total	52.49	22.6	23.7	20.3	3.4	26.81	295,000	463,000	-	-

Source: CBRE Research, Q2 2026

Market Statistics

Figure 10: Suburban Market Statistics by Class

Property Class	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF/Yr FSG)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	17.25	18.4	21.0	15.3	5.6	30.41	164,000	241,000	-	-
Class B	19.11	28.0	28.1	25.6	2.5	23.50	72,000	153,000	-	-
Class C	4.44	14.7	16.0	15.1	1.0	21.72	(8,000)	3,000	-	-
Total	40.79	22.5	23.8	20.1	3.6	25.57	228,000	397,000	-	-

Source: CBRE Research, Q2 2026

Figure 11: Urban Market Statistics by Class

Property Class	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF/Yr FSG)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	4.86	15.5	15.8	13.2	2.6	38.50	77,000	110,000	-	-
Class B	5.30	30.4	31.2	28.7	2.6	29.40	(3,000)	(3,000)	-	-
Class C	1.54	20.0	20.0	19.4	0.6	22.28	(7,000)	(41,000)	-	-
Total	11.70	22.8	23.3	21.0	2.3	30.91	67,000	66,000	-	-

Source: CBRE Research, Q2 2026

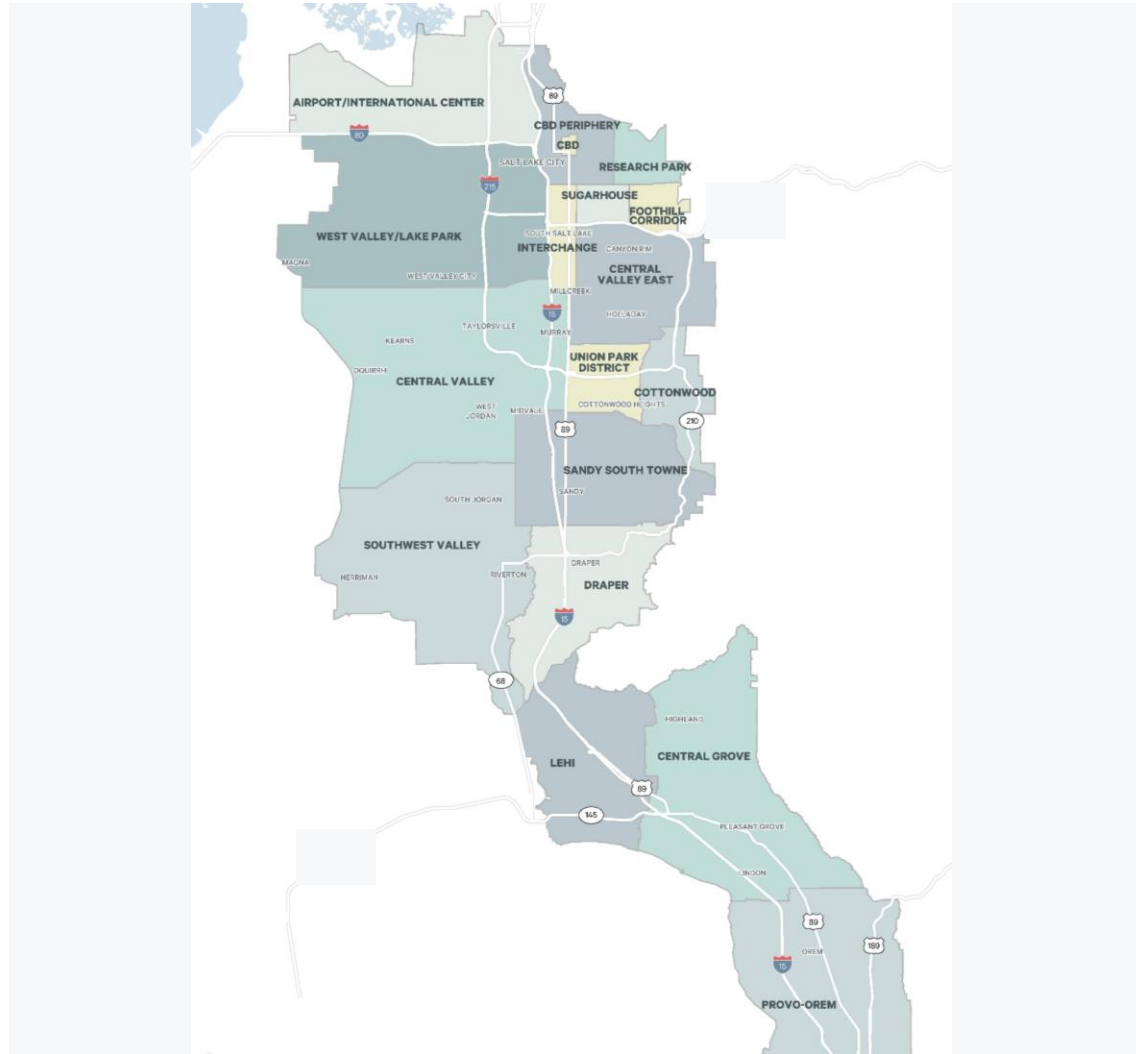
Market Statistics by Submarket

Figure 12: Metro Market Statistics by Submarket

Submarket	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF/Yr FSG)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Market Total	52.49	22.6	23.7	20.3	3.4	26.81	295,000	463,000	-	-
Downtown Salt Lake City	11.70	22.8	23.3	21.0	2.3	30.91	67,000	66,000	-	-
CBD	8.59	22.5	23.4	20.9	2.4	31.95	(24,000)	(26,000)	-	-
CBD Periphery	3.11	23.7	23.3	21.3	2.0	28.07	91,000	92,000	-	-
Suburban Salt Lake County	27.68	23.0	23.8	20.6	3.3	25.84	291,000	648,000	-	-
Airport/International Center	2.07	23.8	22.7	19.2	3.4	23.64	(5,000)	22,000	-	-
Central Valley	3.12	22.6	23.5	19.3	4.2	23.28	20,000	6,000	-	-
Central Valley East	2.09	9.7	11.3	10.8	0.5	23.47	(6,000)	13,000	-	-
Cottonwood	2.36	20.8	21.4	18.0	3.5	34.11	54,000	28,000	-	-
Draper	4.90	22.2	25.0	19.3	5.7	27.50	125,000	303,000	-	-
Foothill Corridor	0.20	23.5	15.8	15.8	-	24.23	5,000	5,000	-	-
Interchange	0.64	18.5	19.7	19.7	-	22.71	(8,000)	(2,000)	-	-
Research Park	0.58	11.6	11.6	11.6	-	23.00	-	-	-	-
Sandy South Towne	5.85	17.4	18.5	14.3	4.1	26.37	23,000	111,000	-	-
Southwest Valley	0.52	25.0	24.4	24.4	-	29.54	12,000	31,000	-	-
Sugarhouse	0.56	11.9	14.2	14.2	-	32.96	3,000	16,000	-	-
Union Park District	1.88	21.6	21.3	18.9	2.4	26.80	(10,000)	16,000	-	-
West Valley/Lake Park	2.92	52.9	52.0	50.6	1.4	23.60	78,000	97,000	-	-
Suburban Utah County	13.11	21.3	23.6	19.1	4.5	24.96	(63,000)	(251,000)	-	-
Central Grove	3.33	28.0	28.1	20.5	7.6	24.14	(28,000)	(38,000)	-	-
Lehi	5.48	12.2	16.5	12.2	4.3	29.66	21,000	(114,000)	-	-
Provo-Orem	4.30	27.9	29.2	26.9	2.3	22.71	(56,000)	(99,000)	-	-

Source: CBRE Research, Q2 2026

Market Area Overview



Definitions

- Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant.
- Availability Rate: Total available sq. ft. divided by the total building area.
- Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage.
- Building Area: The total floor area sq. ft. of the building, typically taken at the “drip line” of the building.
- Gross Activity: All sale and lease transactions completed within a specified time period. Excludes investment sale transactions.
- Gross Lease Rate: Rent typically includes real property taxes, building insurance, and major maintenance.
- Net Absorption: The change in occupied sq. ft. from one period to the next.
- Net Lease Rate: Rent excludes one or more of the “net” costs (real property taxes, building insurance, and major maintenance) typically included in a gross lease rate.
- Occupied sq. ft.: Building area not considered vacant.
- Vacancy Rate: Total vacant sq. ft. divided by the total building area.
- Vacant Sq. Ft.: Space that can be occupied within 30 days.

Survey Criteria

The Salt Lake City-Provo office market is comprised of both Salt Lake County and Utah County. It spans the state's two major metropolitan cities: Salt Lake City and Provo. Property survey criteria includes all existing office buildings 20,000 sq. ft. and greater in size, excluding owner-user and medical office. Buildings which have begun construction are evidenced by site excavation or foundation work.

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