Steady demand fueled rent growth in the absence of new supply

▼22.8% Vacancy Rate

▲145,000 SF Net Absorption

▼0 SF Construction Delivered

▶0 SF Under Construction

▲$26.96 FSG/YR Direct Lease Rate

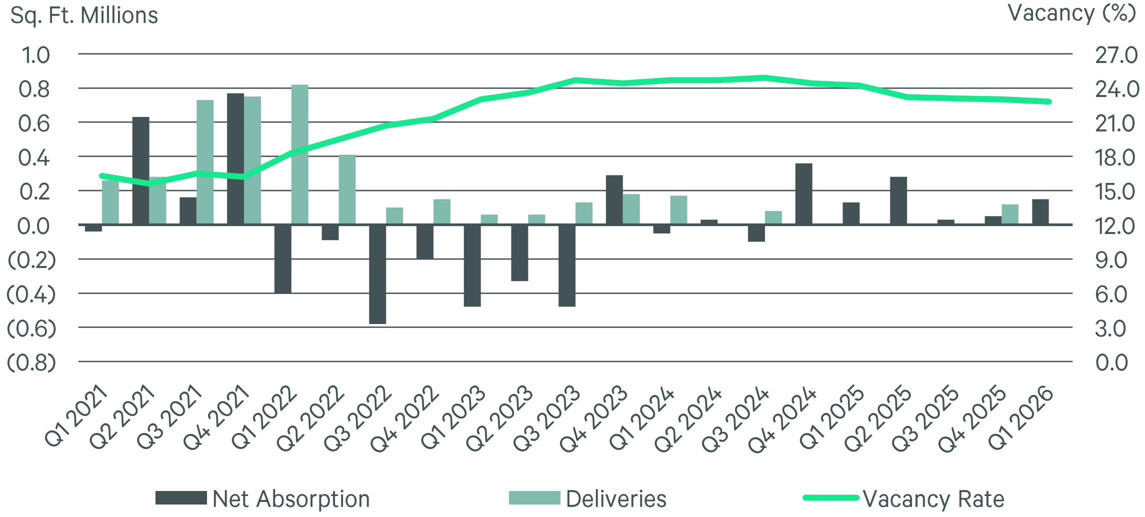
Note: Arrows indicate change from previous quarter.

Market Overview

Office fundamentals in the Salt Lake City–Provo market continued to improve in Q1 2026, supported by steady leasing activity, positive net absorption, and rent growth that expanded beyond top-tier assets. The market recorded 145,000 sq. ft. of positive net absorption during the quarter, driving overall vacancy down to 22.8%. Total availability also declined, falling 80 basis points quarter-over-quarter and 200 basis points year-over-year to 23.2%. Sublease availability continued to retreat, down 14.1% quarter-over-quarter and 50% from its late-2023 peak to 1.7 million sq. ft. (3.2% of market inventory).

Supply conditions continued to improve as overall vacancy fell to its lowest level since 2022. This tightening was driven by reduced sublease availability, a pause in new development, and a net inventory contraction as office conversions and demolitions outpaced new completions for the fourth consecutive quarter. Inventory removals totaled 256,000 sq. ft. in Q1 2026 and 603,000 sq. ft. over the past 12 months, compared to a single 120,000 sq. ft. delivery. Looking ahead, steady leasing momentum is expected to sustain positive absorption. In the absence of new construction, even modest demand should drive further vacancy compression, as tenants are limited to either renewing in place or absorbing existing vacant space.

Figure 1: Historical Net Absorption (SF), Deliveries (SF), and Total Vacancy (%)



Source: CBRE Research, Q1 2026

Vacancy

Overall vacancy declined to 22.8% in Q1 2026, marking the sixth consecutive quarter of improvement and a 140-basis-point (bps) decrease year-over-year. Class A assets continued to outperform the broader market, despite a 20-bps quarter-over-quarter increase in vacancy to 18.8%, driven primarily by a handful of tenant move-outs and relocations in suburban Utah County. Class B product remained the primary pressure point at 28.0%; however, vacancy in the segment improved meaningfully, declining 80 bps quarter-over-quarter and 280 bps year-over-year. This improvement was 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.

Regionally, suburban Utah County vacancy rose 170 bps quarter-over-quarter to 20.7% in Q1 2026, while suburban Salt Lake County vacancy fell 150 bps to 23.4%. Downtown vacancy remained stable at 23.5%. Quarter-over-quarter vacancy improvements were most pronounced in the Southwest Valley (-130 bps), West Valley/Lake Park (-250 bps), and Sugarhouse (-230 bps) submarkets. Conversely, Lehi (+260 bps), Central Grove (+150 bps), and Cottonwood (+110 bps) recorded the sharpest increases.

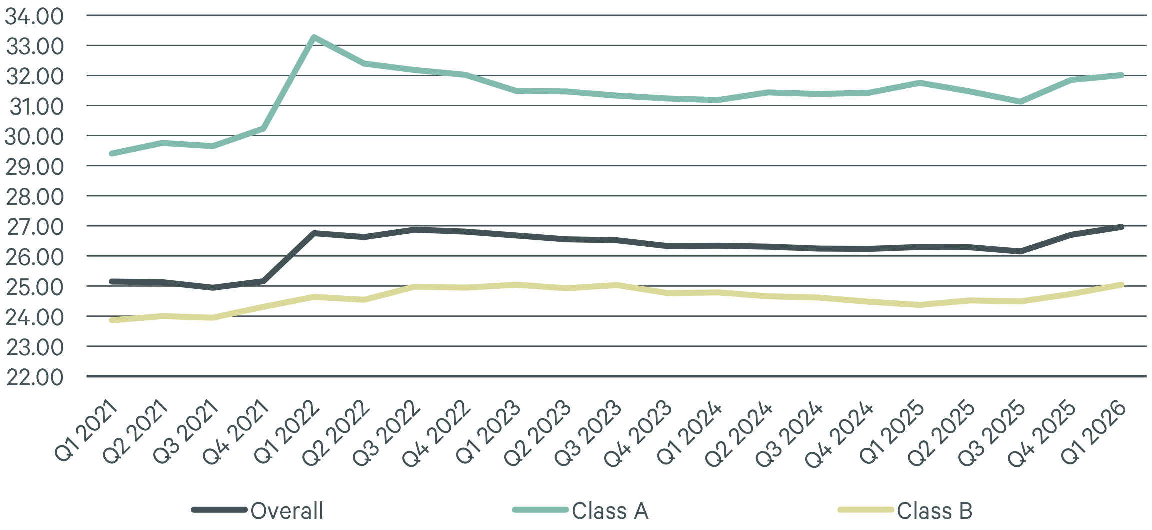
Figure 2: Vacancy Rates by Class (%)

Source: CBRE Research, Q1 2026

Asking Rent

Average direct asking rents increased 1.0% quarter over quarter and 2.6% year over year to $26.96 FSG per sq. ft. in Q1 2026, marking the strongest annual growth since Q4 2022 and a new record-high. Class A space in the Central Business District remained the market's highest-priced segment, with asking rents reaching an all-time high of $38.57 FSG per sq. ft. in Q1 2026. This marked a 4.5% increase year-over-year, driven by limited new construction and sustained demand for premium office space in highly connected, amenity-rich locations, which prompted landlords to implement rent increases across several top-tier properties. As availability continued to tighten, rent growth extended into well-located Class B assets, reflecting spillover demand from top-tier properties. As a result, Class B asking rents rose to $25.04 FSG per sq. ft., up 1.3% quarter-over-quarter and 2.8% year-over-year. Sublease space continued to offer a notable discount, with average asking rents at $24.81 FSG per sq. ft., 8.0% below the direct average. Looking ahead, strong demand and the absence of new construction are expected to continue placing upward pressure on Class A rents as the remaining premium space is leased. These conditions are also likely to accelerate spillover demand in well-located mid-tier assets, supporting modest rent growth across that segment.

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



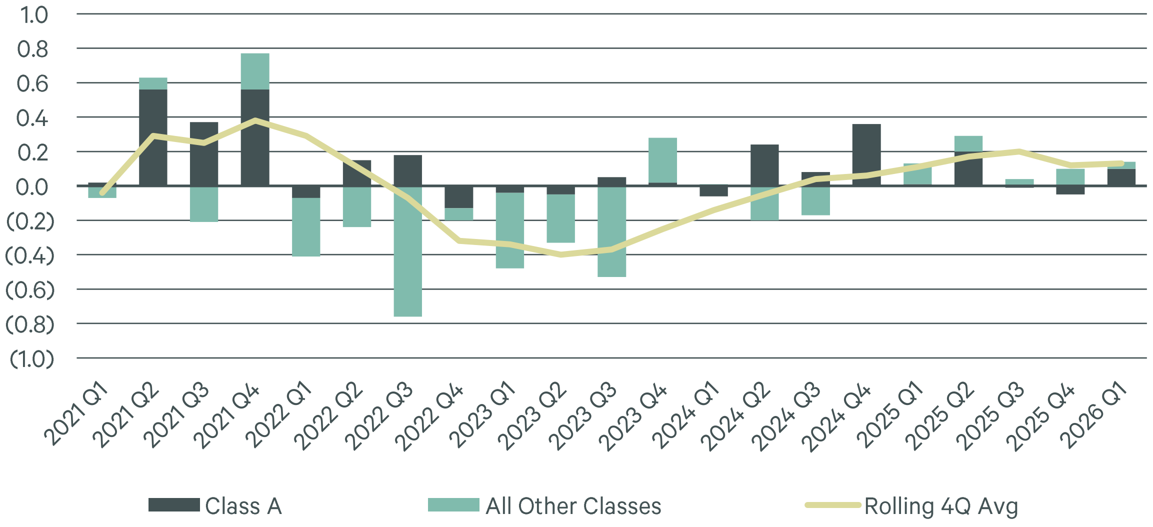
Source: CBRE Research, Q1 2026

Net Absorption

The Salt Lake City–Provo office market posted 145,000 sq. ft. of positive net absorption in Q1 2026, which marked the sixth consecutive quarter of positive demand. Class A net absorption turned positive at 101,000 sq. ft., rebounding from negative 54,000 sq. ft. in the prior quarter and up from 11,000 sq. ft. a year earlier. Momentum was led by a rebound in suburban Salt Lake County, which posted 347,000 sq. ft. of positive absorption after four consecutive quarters of net occupancy losses. This marked the county's strongest quarterly gain since 2021. Activity was concentrated primarily in the Draper submarket, which accounted for 154,000 sq. ft. of positive absorption, followed by Sandy South Towne with 94,000 sq. ft.

In contrast, suburban Utah County recorded 201,000 sq. ft. of negative net absorption in Q1 2026 following five consecutive quarters of gains. The decline was driven by a limited number of tenant footprint reductions and relocations, primarily concentrated in the Lehi submarket, which accounted for approximately 144,000 sq. ft. of net losses during the quarter. The largest contributor was Ancestry, which reduced its footprint by approximately 50% through a relocation from Panorama Point in the Lehi submarket to Pluralsight's former global headquarters in the Draper submarket after securing a 98,000 sq. ft. sublease in late 2025.

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



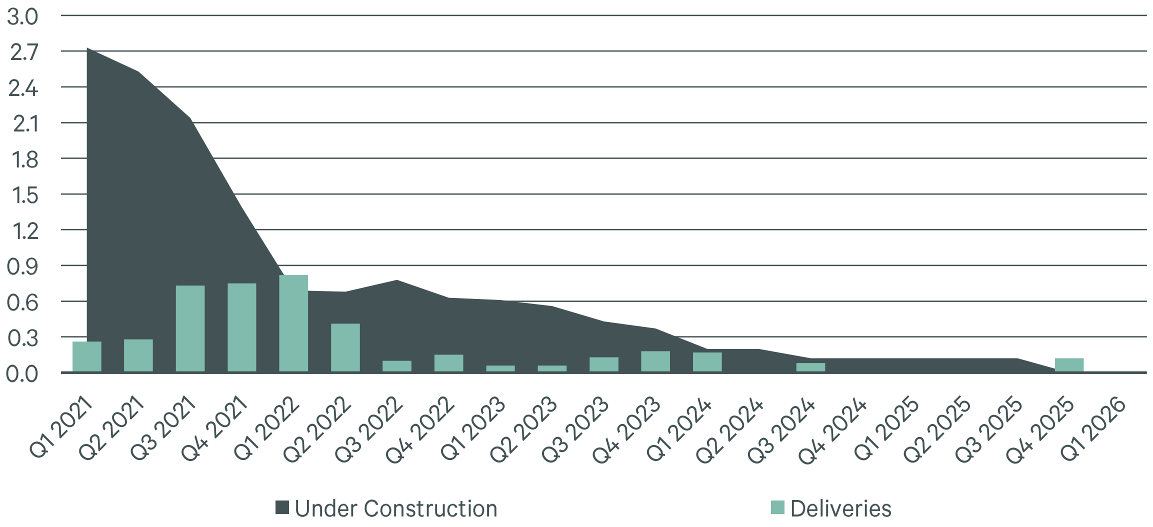
Source: CBRE Research, Q1 2026

Construction Activity

No new office construction was underway in Q1 2026 after the final project in the pipeline delivered in late 2025, leaving construction volume at 0 sq. ft., down 120,000 sq. ft. year-over-year. This pause marked a sharp decline from 2020 peaks, when nearly 2.9 million sq. ft. were under construction across 16 projects. The lack of new development has been reinforced in recent quarters by several large tenants acquiring high-vacancy assets below replacement cost, reducing near-term demand for new construction.

Looking ahead, office development is expected to remain muted in the near term. Elevated vacancy levels will likely continue to deter speculative projects without substantial pre-leasing commitments. With no new deliveries on the horizon and inventory declining as demolitions and conversions continue to outpace new construction, the already limited supply of high-quality office space is positioned 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 5: Construction Activity (Sq. Ft. Millions)



Source: CBRE Research, Q1 2026

Leasing Activity

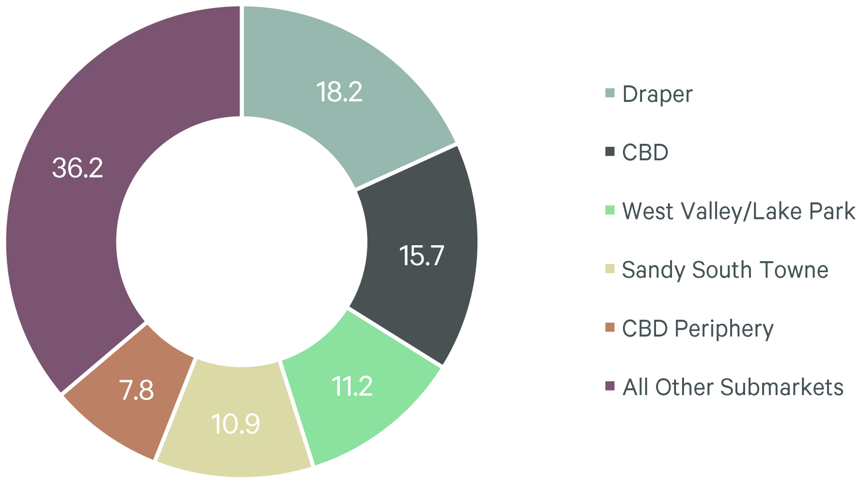
Leasing activity totaled 964,000 sq. ft. across 95 transactions in Q1 2026, representing an 18% decline from the five-year quarterly average. The slowdown was driven in part by leasing decisions deferred beyond the holidays, with geopolitical uncertainty reinforcing a broader wait-and-see sentiment. Financial services firms led demand during the quarter, accounting for approximately 27% of total leasing volume, followed by technology (18%) and professional services (13%). New leases represented 76% of transactions by count, while renewals comprised the remaining 24%. Smaller tenants continued to anchor market activity, with users seeking under 10,000 sq. ft. accounting for nearly three-quarters (71%) of all transactions. Mid-sized tenants (10,000–20,000 sq. ft.) represented 14%, while larger occupiers (over 20,000 sq. ft.) modestly increased their share quarter-over-quarter, capturing the remaining 15%.

While tenant preference for high-quality space remained intact, elevated occupancy costs and constrained large-block Class A availability redirected demand toward Class B assets, which captured 51% of leasing volume in Q1 2026, followed by Class A at 42% and Class C at 7%. This marked a departure from the prior seven quarters, during which Class A assets led transaction volume. Tenants also continued to capitalize on cost-effective, plug-and-play sublease options, which comprised 27% of year-to-date leasing activity.

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

Source: CBRE Research, Q1 2026

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



Source: CBRE Research, Q1 2026

Figure 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Discover	70,000	New Lease	2737 S Corporate Park Dr	West Valley/Lake Park
Confidential Tenant	44,000	New Lease	25 E Scenic Pointe Dr	Draper
Verkada	41,000	Renewal	1215 E Wilmington Ave	Sugarhouse
Clicklease	37,000	New Lease	12921 S Vista Station Blvd	Draper
Elementum	29,000	New Lease	344 W 13800 S	Draper
InComm Payments	25,000	Renewal	9500 S 300 W	Sandy South Towne
CyberArk	21,000	Renewal/Contraction	175 E 400 S	CBD
Elk Ridge Investments	20,000	New Lease	365 S Garden Grove Ln	Central Grove

Source: CBRE Research, Q1 2026

Market Statistics

Figure 9: 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	19.3	20.7	15.4	5.2	30.41	68,000	68,000	-	-
Class B	19.38	27.4	27.1	24.6	2.5	23.71	64,000	64,000	-	-
Class C	4.43	14.5	15.4	14.2	1.2	21.80	14,000	14,000	-	-
Total	**41.06**	**22.6**	**23.1**	**19.6**	**3.5**	**25.76**	**146,000**	**146,000**	**-**	**-**

Source: CBRE Research, Q1 2026

Figure 10: 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	17.1	16.1	14.9	1.3	37.87	32,000	32,000	-	-
Prime	1.26	13.8	11.9	10.1	1.8	44.61	(18,000)	(18,000)	-	-
Other Class A	3.59	18.2	17.6	16.5	1.1	36.42	50,000	50,000	-	-
Class B	5.30	30.3	31.2	28.1	3.1	29.31	1,000	1,000	-	-
Class C	1.69	20.3	19.9	19.3	0.5	21.72	(34,000)	(34,000)	-	-
Total	**11.84**	**23.5**	**23.4**	**21.4**	**2.0**	**30.77**	**(1,000)**	**(1,000)**	**-**	**-**

Source: CBRE Research, Q1 2026

Figure 11: 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	18.8	19.7	15.3	4.4	32.01	101,000	101,000	-	-
Class B	24.68	28.0	28.0	25.4	2.6	25.04	65,000	65,000	-	-
Class C	6.12	16.1	16.7	15.6	1.1	21.77	(21,000)	(21,000)	-	-
Total	**52.91**	**22.8**	**23.2**	**20.0**	**3.2**	**26.96**	**145,000**	**145,000**	**-**	**-**

Source: CBRE Research, Q1 2026

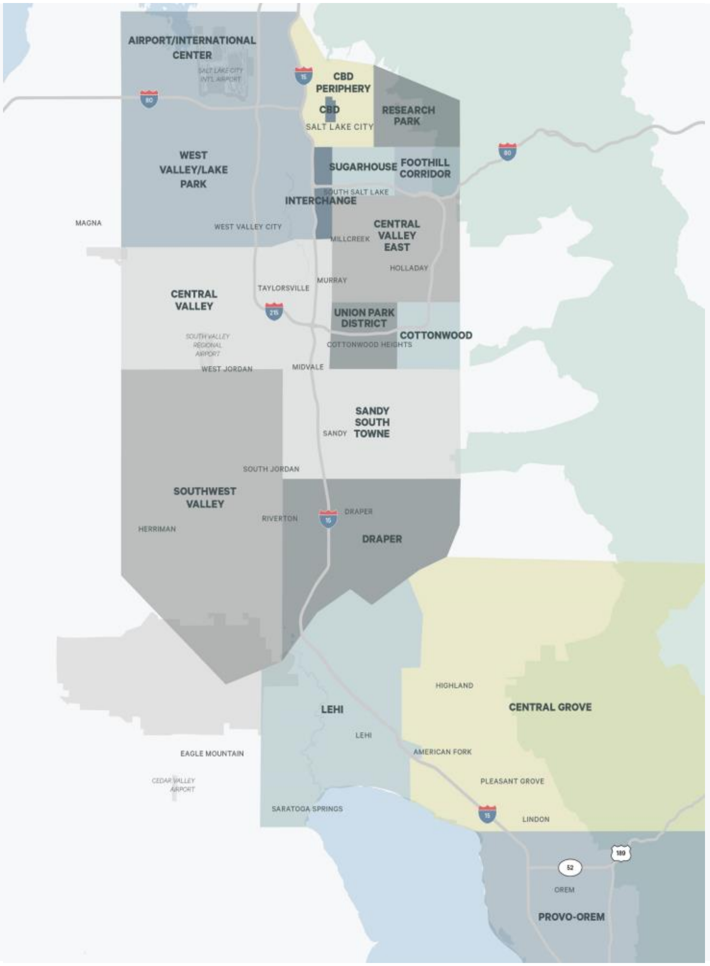
Market Statistics by Submarket

Figure 12

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	**52.91**	**22.8**	**23.2**	**20.0**	**3.2**	**26.96**	**145,000**	**145,000**	**-**	**-**
Downtown Salt Lake City	**11.84**	**23.5**	**23.4**	**21.4**	**2.0**	**30.77**	**(1,000)**	**(1,000)**	**-**	**-**
CBD	8.74	22.2	22.6	20.8	1.8	31.56	(1,000)	(1,000)	-	-
CBD Periphery	3.11	27.1	25.8	23.2	2.6	28.77	-	-	-	-
Suburban Salt Lake County	**27.96**	**23.4**	**23.2**	**20.0**	**3.2**	**26.09**	**347,000**	**347,000**	**-**	**-**
Airport/International Center	2.07	23.6	22.4	18.3	4.1	23.74	27,000	27,000	-	-
Central Valley	3.11	23.2	23.3	19.3	4.0	23.26	(13,000)	(13,000)	-	-
Central Valley East	2.09	9.3	10.9	10.4	0.5	23.72	22,000	22,000	-	-
Cottonwood	2.36	23.1	23.6	21.1	2.6	33.63	(26,000)	(26,000)	-	-
Draper	4.83	24.4	24.2	19.0	5.1	27.47	154,000	154,000	-	-
Foothill Corridor	0.20	26.3	18.5	18.5	-	24.40	-	-	-	-
Interchange	0.64	17.3	17.3	17.3	-	22.70	6,000	6,000	-	-
Research Park	0.93	7.3	7.3	7.3	-	23.00	-	-	-	-
Sandy South Towne	5.85	17.6	17.5	14.7	2.7	26.47	94,000	94,000	-	-
Southwest Valley	0.52	27.2	26.7	26.7	-	29.58	20,000	20,000	-	-
Sugarhouse	0.56	12.4	13.0	12.3	0.6	33.97	13,000	13,000	-	-
Union Park District	1.88	20.8	20.7	16.9	3.8	26.74	31,000	31,000	-	-
West Valley/Lake Park	2.92	53.5	51.6	47.0	4.6	24.03	19,000	19,000	-	-
Suburban Utah County	**13.11**	**20.7**	**23.0**	**18.9**	**4.1**	**25.01**	**201,000**	**201,000**	**-**	**-**
Central Grove	3.33	27.1	26.6	20.4	6.2	24.72	(10,000)	(10,000)	-	-
Lehi	5.48	12.2	16.9	11.8	5.1	29.35	(144,000)	(144,000)	-	-
Provo-Orem	4.30	26.7	28.1	26.8	1.3	22.74	(47,000)	(47,000)	-	-

Source: CBRE Research, Q1 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. Class A industrial are buildings built after 2000, with 32' or greater clear height and ESFR sprinklers.

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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