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Salt Lake County: Office Market Overview

3Q26

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Salt Lake County Market Observations



Economy

- Salt Lake City's payroll growth peaked at 3.1% year-over-year in July before easing to 2.5% in August, continuing to outpace a national rate that has hovered near 0.3%.
- Unemployment rose seasonally to 3.7% over the summer against a national rate of 4.3%, with both rates holding slightly below their August 2025 levels.
- Office-using employment added roughly 5,800 jobs over the past year, led by business and professional services at 4.3% growth; information declined 6.7% as AI-driven displacement continues to weigh on the sector.



Leasing Market Fundamentals

- Third-quarter leasing reached 1.28 million SF, the highest quarterly total since 2018, pushing year-to-date volume to 2.95 million SF and past the 15-year annual average with a quarter to spare.
- Renewals accounted for much of that activity, which helps explain negative net absorption of 136,561 SF for the quarter; year-to-date absorption remains positive at 355,668 SF, and direct vacancy fell to 15.2%.
- Sublease availability rose for the first time in a year to 2.7%, led by occupied space that tenants are bringing to market ahead of move-outs.
- Direct asking rents eased to \$27.14/SF, essentially flat with year-end 2025, while sublease asking rents climbed to \$25.98/SF and narrowed the gap with direct rates to \$1.15.



Major Transactions

- Four of the quarter's five largest deals were renewals totaling roughly 499,000 SF, about 39% of third-quarter leasing volume, with financial firms behind three of them.
- Fidelity anchored the quarter with a 198,836-SF renewal at Four Gateway, the only top-five deal located in the CBD.
- The south end of the county captured the remaining four deals, with 1-800-Contacts and Progressive Leasing renewing at Vista Station in the Draper Tech Corridor. In Southtowne, Morgan Stanley renewed at Jordan Valley Tech Center 2 and Swire Infrastructure subleased all of Jordan Valley Tech Center 1.



Outlook

- Year-to-date leasing has already surpassed the 15-year annual average, and converting more of that volume into new direct commitments would be the clearest path to sustained absorption gains.
- No traditional office construction is underway. Any vacancy improvement will come from existing buildings.
- Occupied sublease availability reached its highest share since at least 2020, and if tenants follow through on move-outs, some of that space could become sublease vacancy over the coming quarters.
- With the metro still adding office-using jobs, the demand base for that recovery remains intact.

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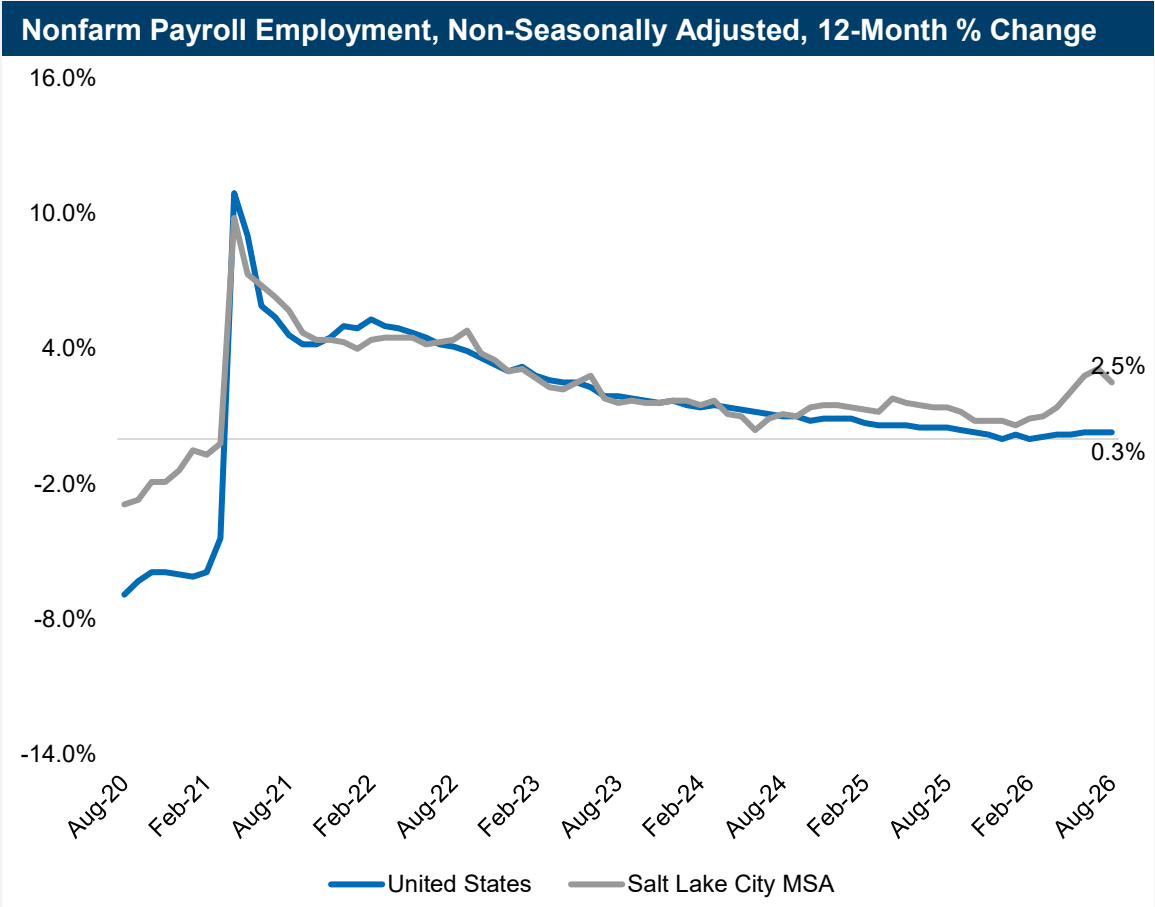
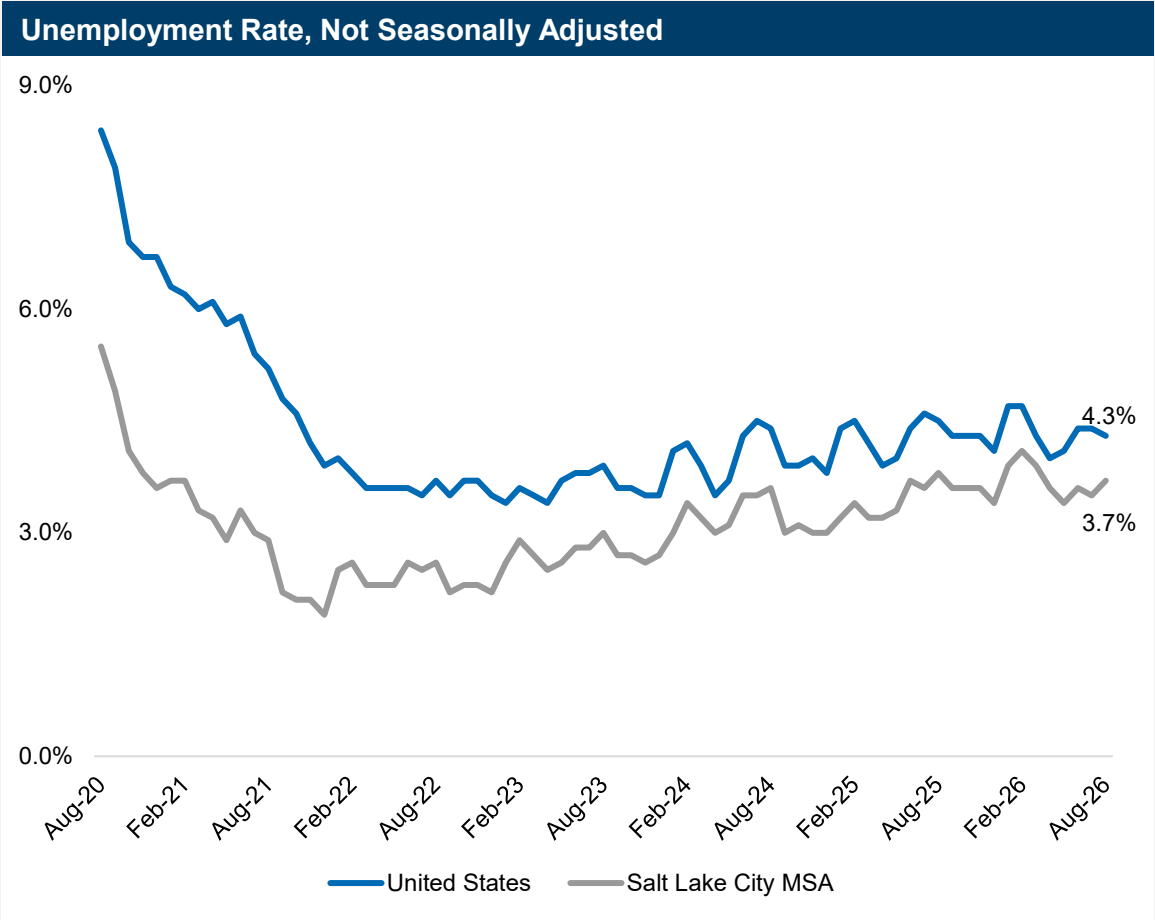
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Economy

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Salt Lake's Hiring Engine Keeps Running Well Ahead of the Nation

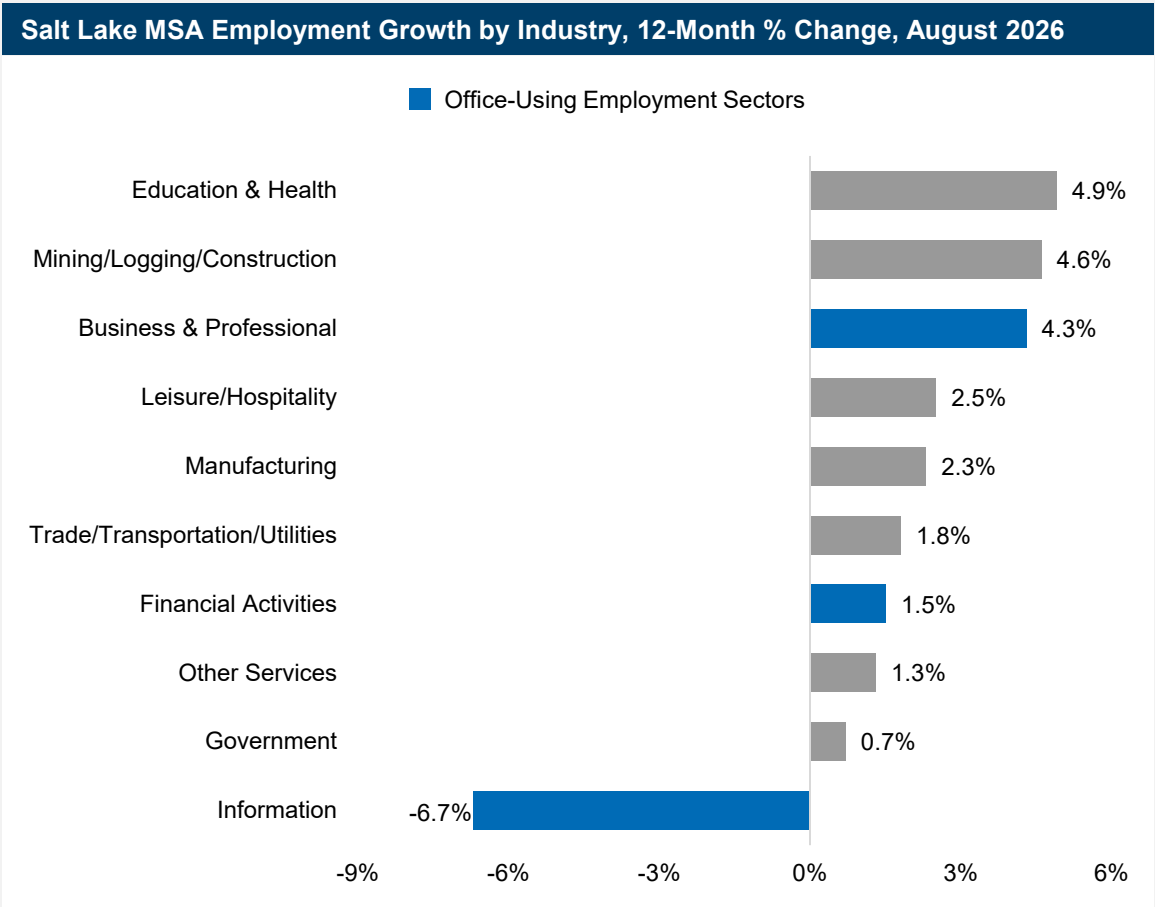
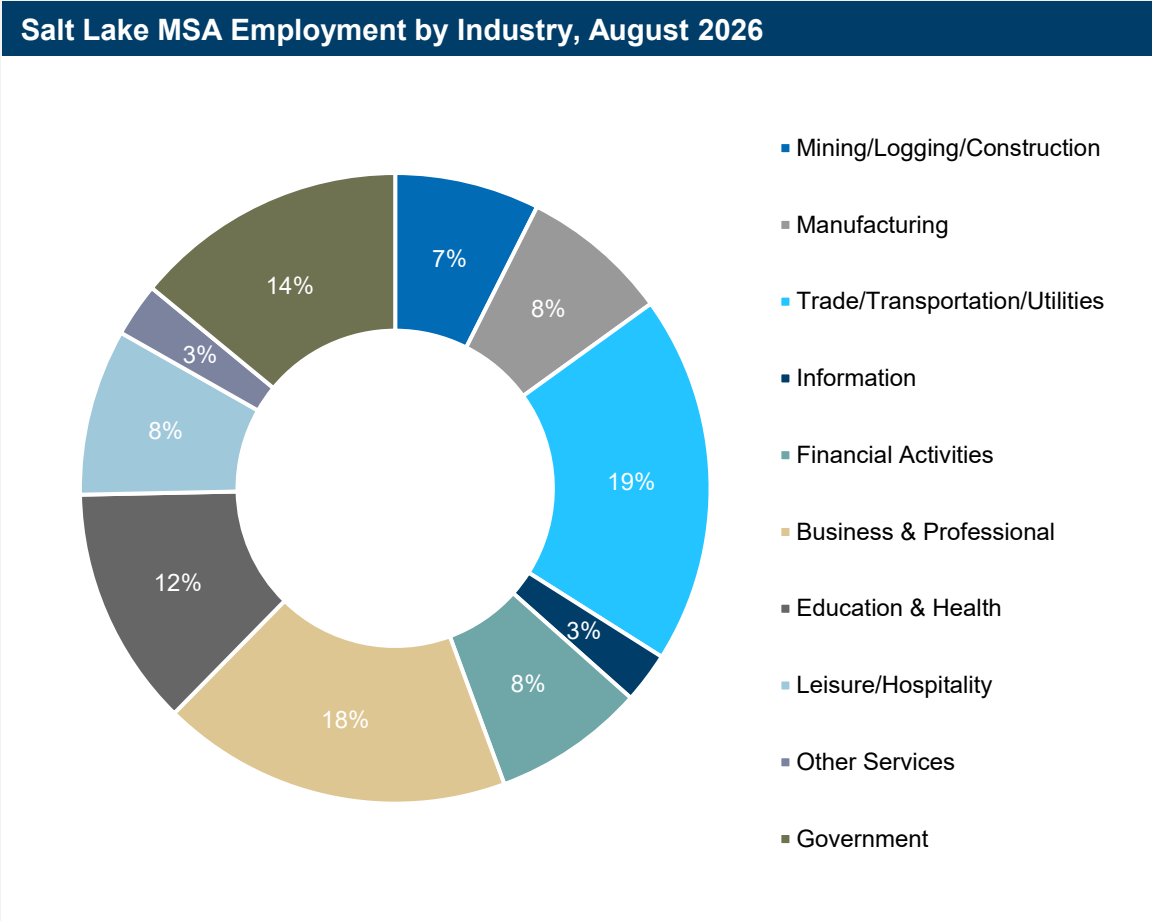
After a strong first half of the year, the Salt Lake City MSA carried its hiring momentum into the summer. Payroll employment peaked at 3.1% year-over-year growth in July before easing to 2.5% in August. The national rate, on the flipside, has struggled to find much traction, hovering at 0.3%. Unemployment ticked up to 3.7% over the summer, a seasonal rise the metro has seen in each of the past three years, and the national rate followed suit at 4.3%. Both rates remain slightly below their August 2025 levels. If hiring holds near its current pace through the fall, Salt Lake is positioned to close out 2026 with job growth well ahead of the national rate.



Source: U.S. Bureau of Labor Statistics. August 2026 data is preliminary.

Nine of Ten Industries Add Jobs, With Information the Lone Exception

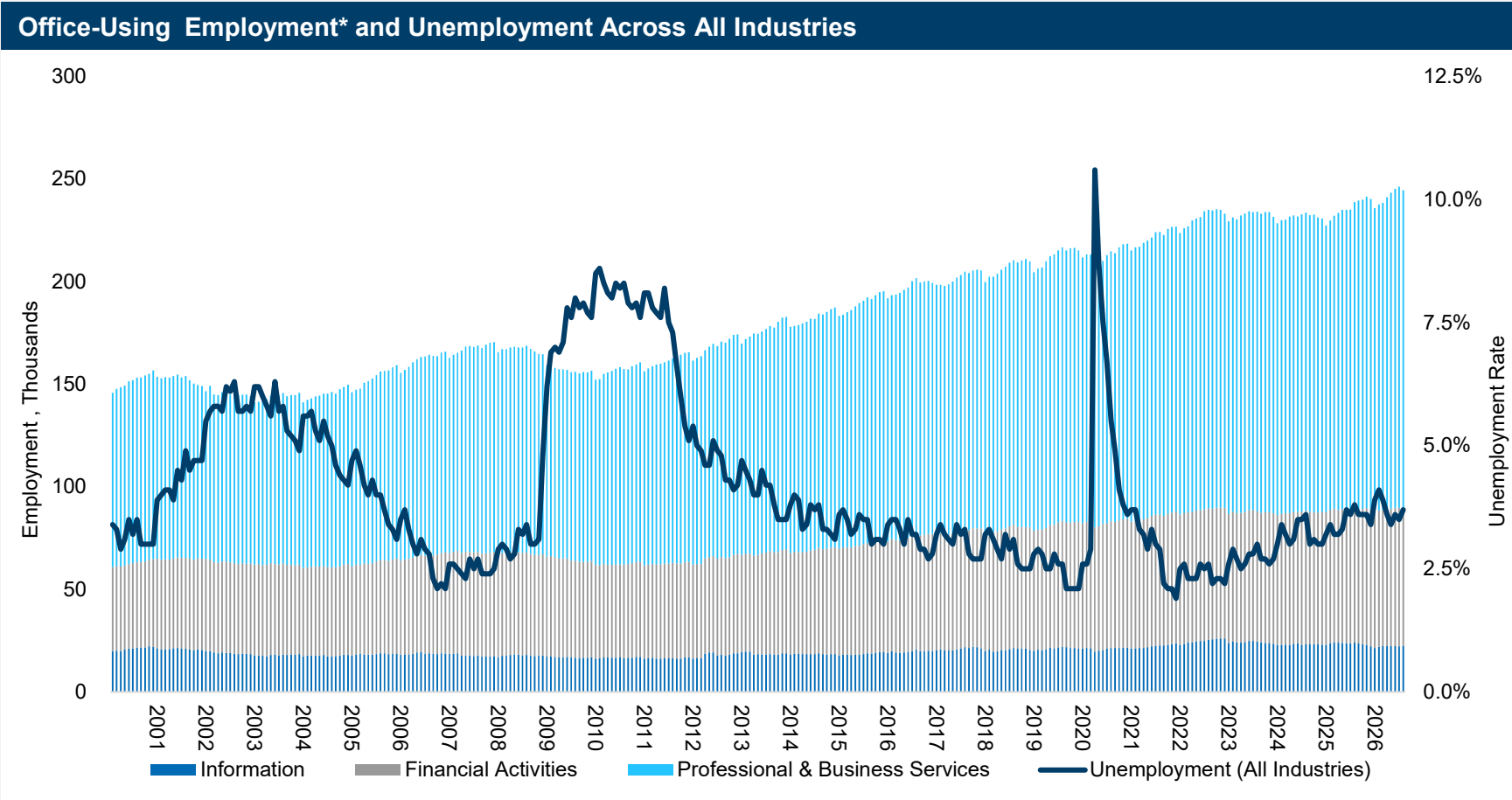
Hiring across the Salt Lake MSA remains broad-based, with nine of ten industries adding jobs over the past year. Among office-using sectors, business and professional services grew 4.3%, a solid gain for the metro’s second-largest employment sector, while financial activities added jobs at a slower 1.5%. The exception remains information: losses deepened to 6.7% year-over-year from 5.5% in May as AI-driven displacement continues to weigh on the sector.



Source: U.S. Bureau of Labor Statistics. August 2026 data is preliminary.

Office-Using Employment Adds 5,800 Jobs Over the Past Year

Office-using employment in the Salt Lake City MSA reached a record in July before easing slightly in preliminary August figures. Even with the slight pullback, the three sectors sit 14.6% above pre-pandemic levels and added roughly 5,800 jobs over the past year. Business and professional services contributed the most with financial activities following. Information moved in the opposite direction as AI uncertainty continued to thin the sector’s ranks. August’s total still ranks as the third-highest on record, behind only June and July.



Source: U.S. Bureau of Labor Statistics. August 2026 data is preliminary.
*Office-using employment includes employment in the following industry sectors: Professional & Business Services, Financial Activities and Information.

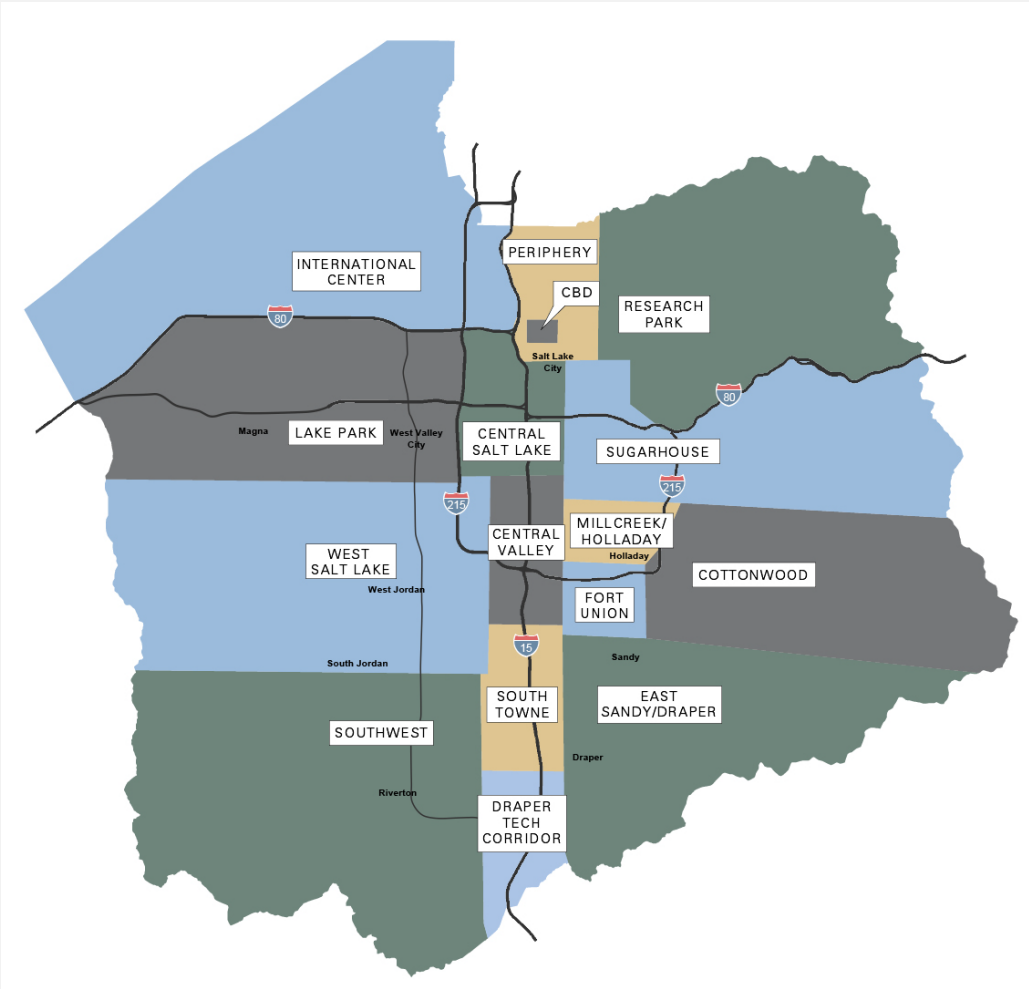


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Leasing Market Fundamentals

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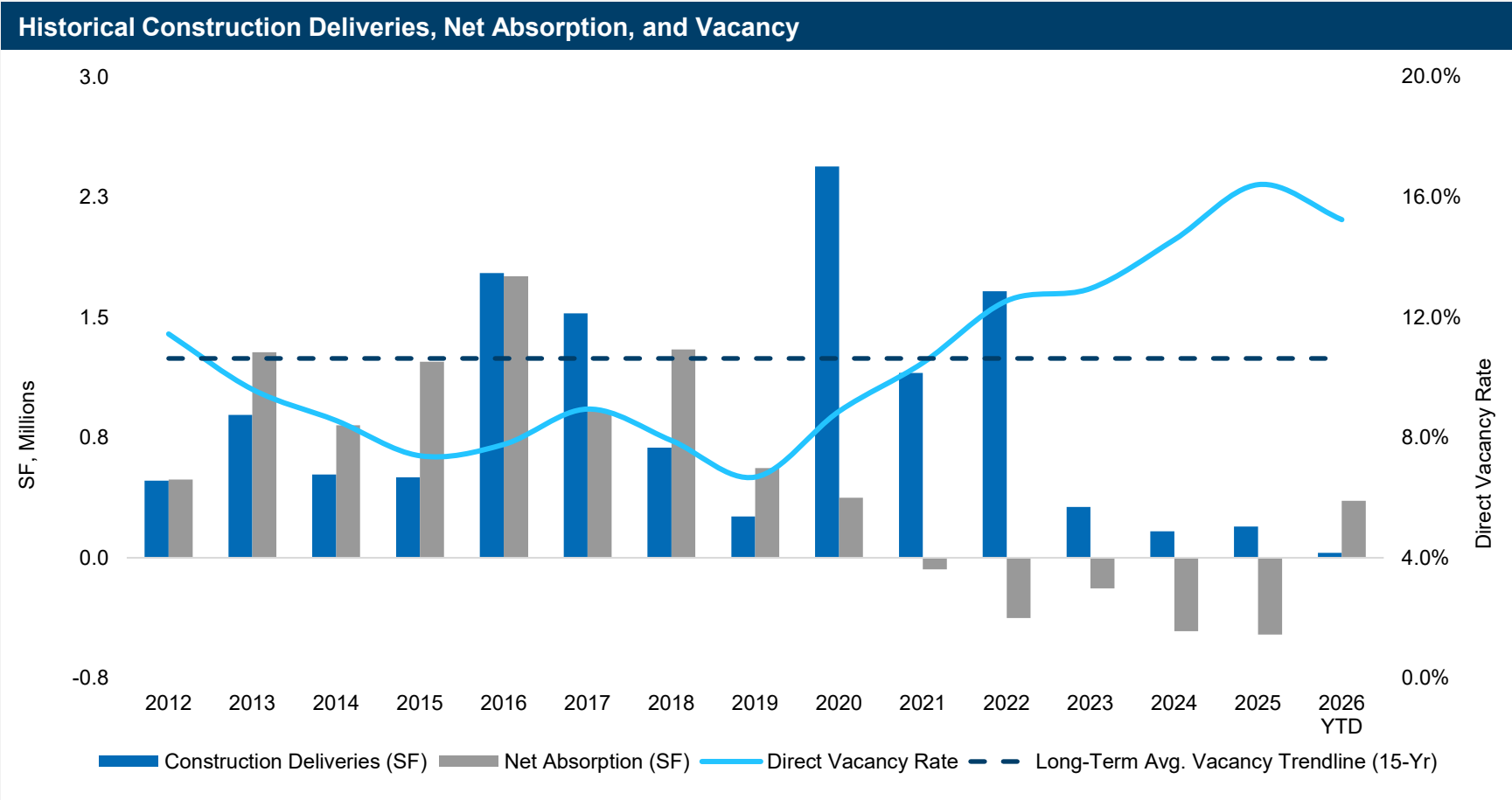
Salt Lake County Office Submarket Map and High-Level Statistics – 3Q26



Market Summary				
	Current Quarter	Prior Quarter	Year Ago Period	12-Month Forecast
Direct Vacancy Rate	15.2%	15.6%	16.2%	→
Sublet Vacancy Rate	1.7%	1.6%	2.1%	→
Quarterly Net Absorption (SF)	(136,561)	104,089	(136,482)	↑
Average Asking Rent/SF	\$27.14	\$27.66	\$26.92	→
Under Construction (SF)	0	0	120,000	↑
Deliveries (SF)	0	29,958	0	→

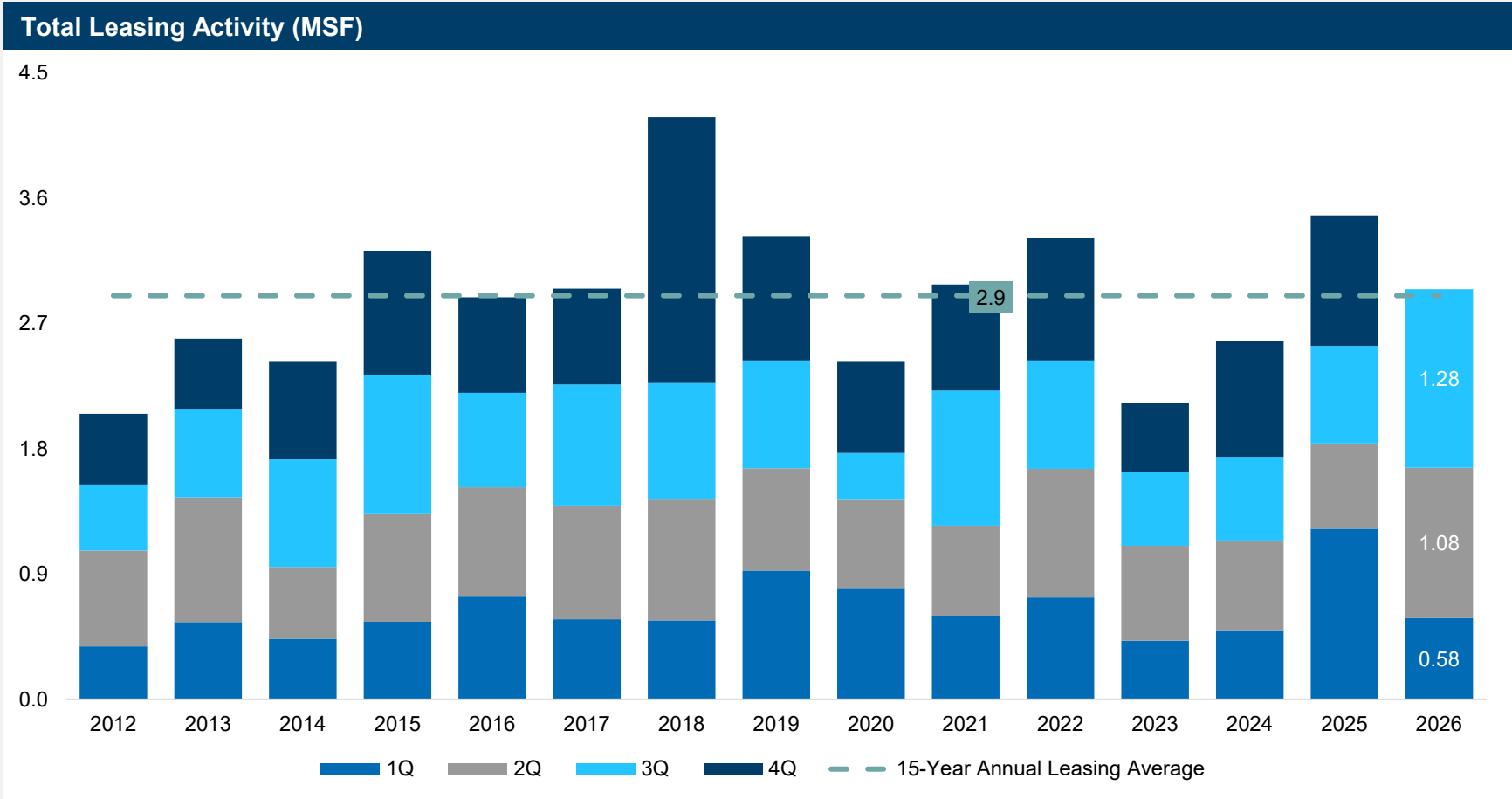
Year-to-Date Absorption Holds Positive Despite a Third-Quarter Pullback

After two positive quarters to open the year, Salt Lake County gave back some ground in the third quarter, posting negative net absorption of 136,561 SF. Year-to-date absorption still sits at a positive 355,668 SF, and barring a sizable fourth-quarter loss, 2026 would be the county’s first positive year since 2020 after five consecutive years of losses. Direct vacancy remains roughly 460 basis points above its 15-year average. With no new supply on the way, further progress will hinge on tenants moving into space that is already vacant.



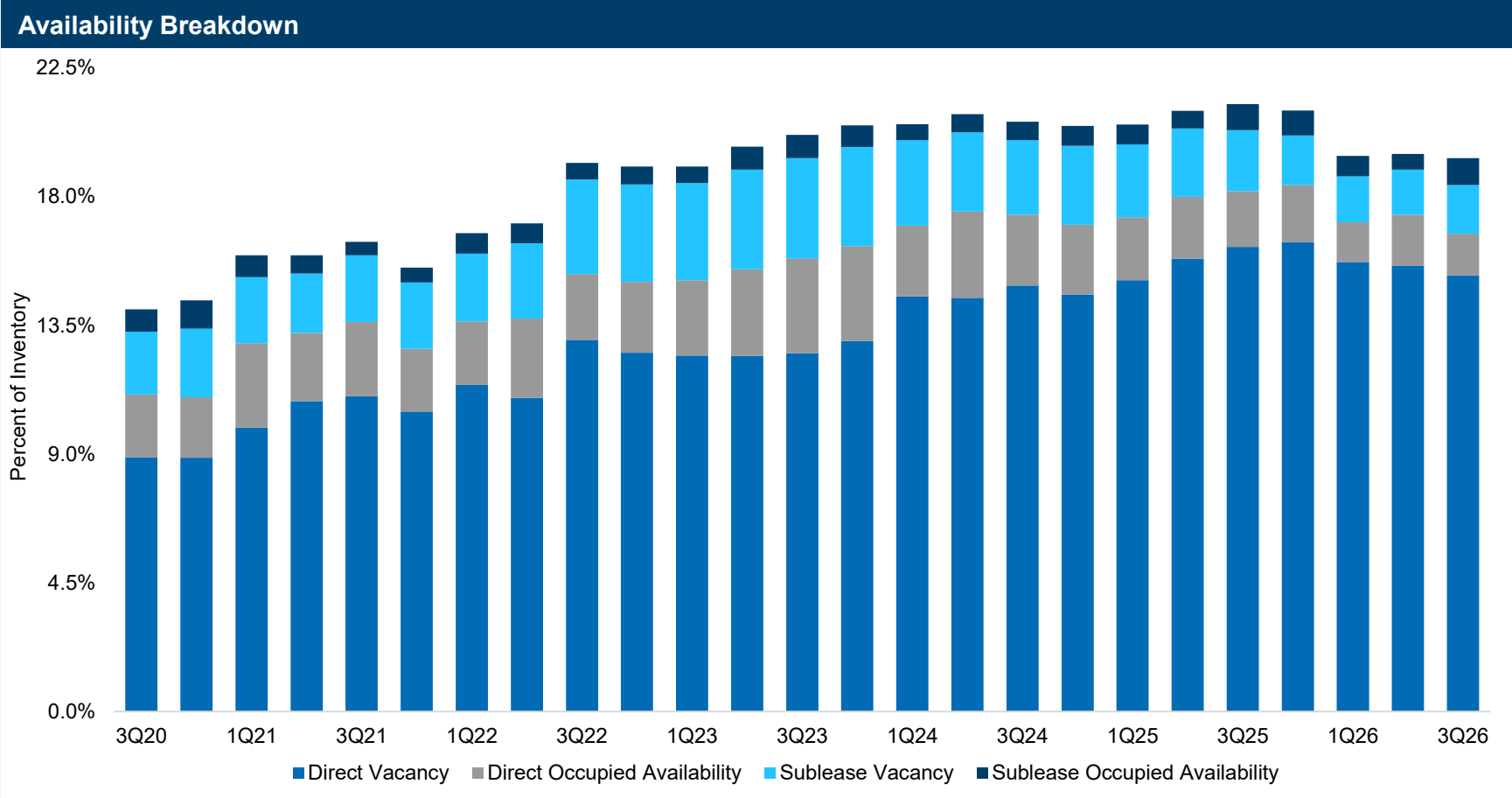
Highest Quarterly Leasing Since 2018 Leans Heavily on Renewals

Third-quarter leasing reached approximately 1.28 million SF, the highest quarterly volume since the fourth quarter of 2018. Year-to-date activity now totals 2.95 million SF, the strongest first three quarters in recent history and already above the 15-year annual average of 2.9 million SF with a full quarter left to go. Renewals carried a large share of that volume. Four of the top leases this quarter were renewals that combined made up roughly 39% of the quarter's total. Renewals keep occupancy where it already is, which helps explain how the quarter's strong volume coincided with negative net absorption.



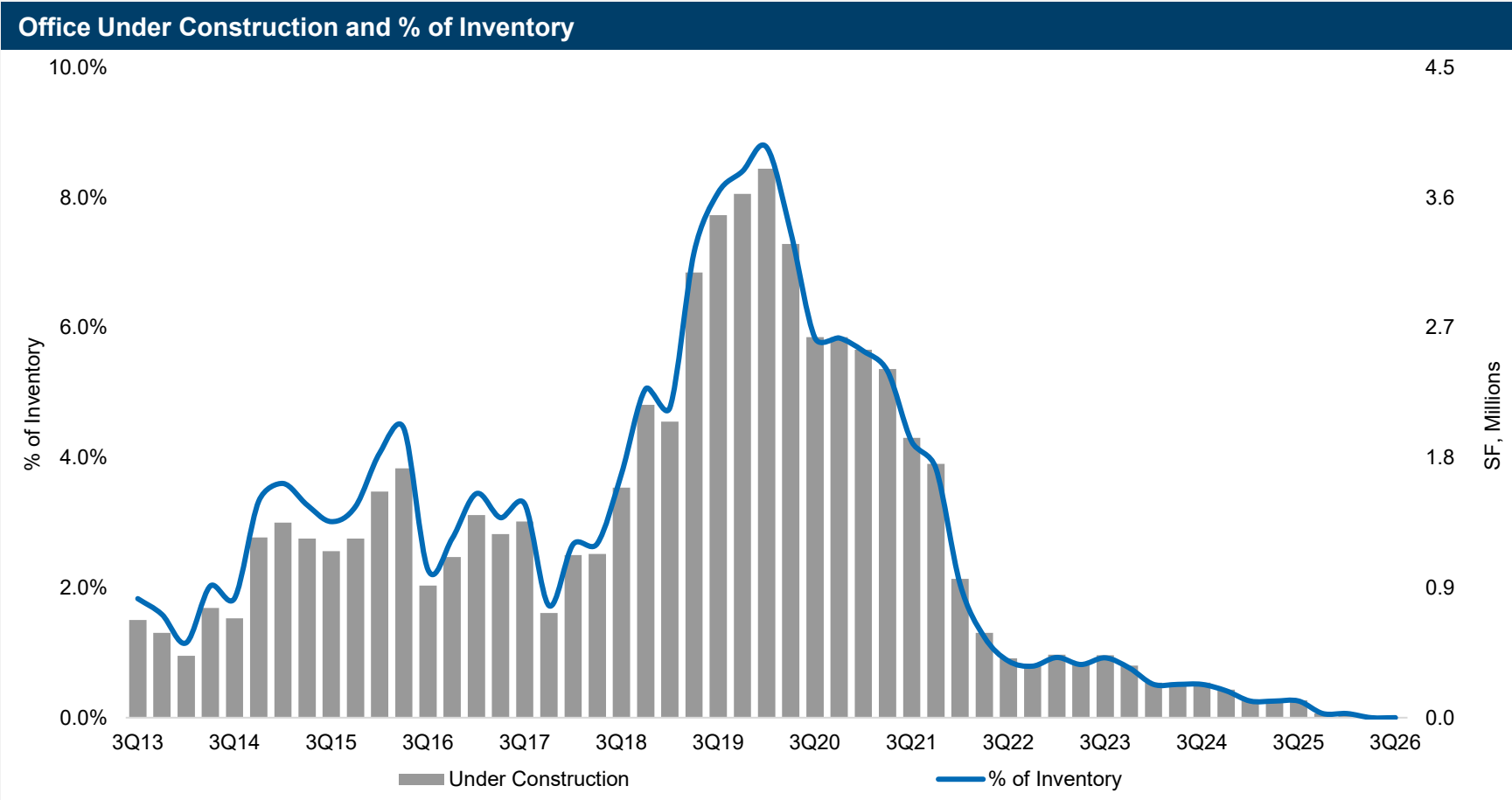
Sublease Availability Turns Higher for the First Time in a Year

Total availability slipped 10 basis points to 19.4% in the third quarter, its lowest level since the first quarter of 2023. The improvement came from the direct side, where vacancy fell to 15.2% and occupied space listed for lease dropped by roughly 30 basis points. Sublease availability moved in the opposite direction, rising about 50 basis points to 2.7% after three consecutive quarterly declines. Most of that increase came from occupied sublease space, which climbed to 0.9% of inventory, its highest share since at least 2020. Tenants are bringing space to market before vacating it, and if that pattern continues, some of it could convert to sublease vacancy over the coming quarters.



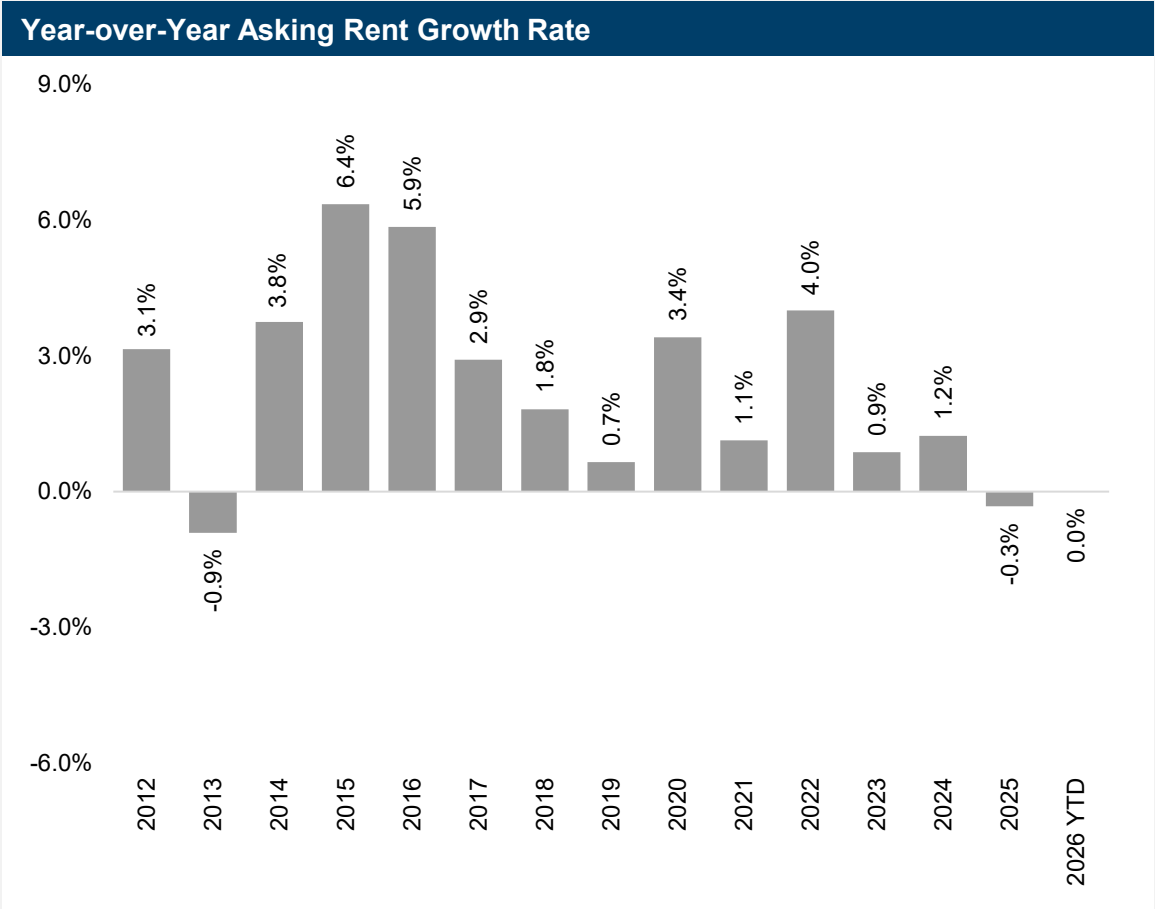
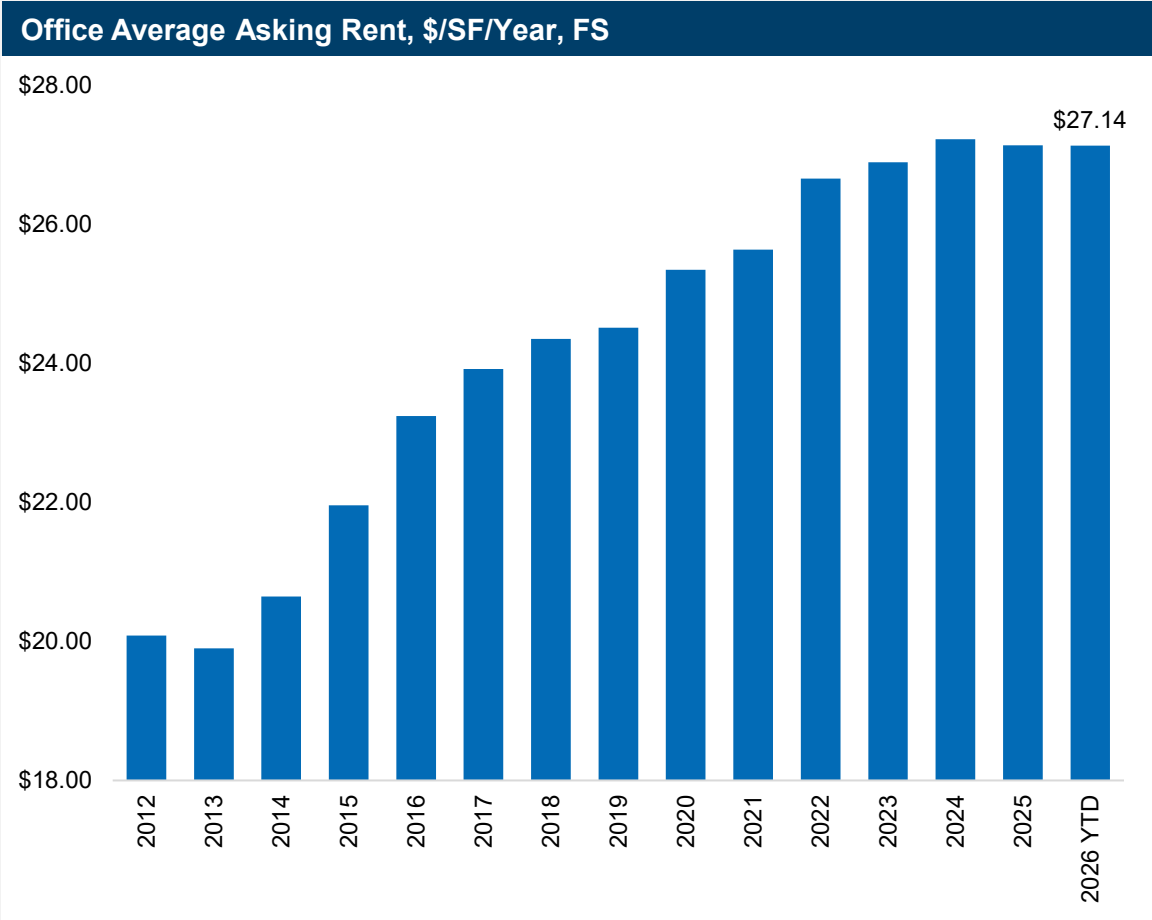
Office Pipeline Holds at Zero for a Second Straight Quarter

Salt Lake County’s traditional office pipeline remained empty for a second consecutive quarter. Six years ago, the pipeline peaked at nearly 3.8 million SF, equal to 8.8% of inventory. Medical office construction continues in the region but falls outside the scope of this report. Until new product arrives, every square foot of vacancy improvement has to come from existing buildings, placing the pace of recovery in the hands of tenant demand.



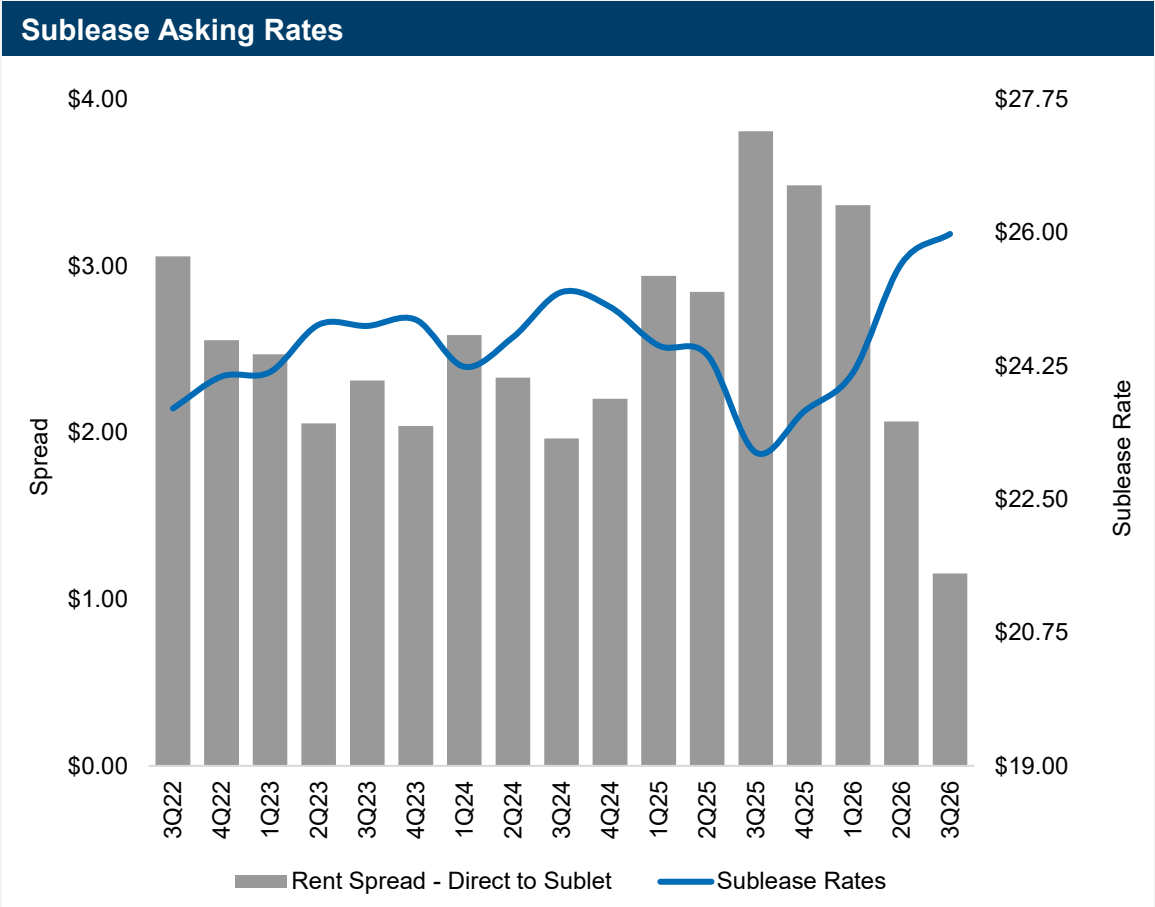
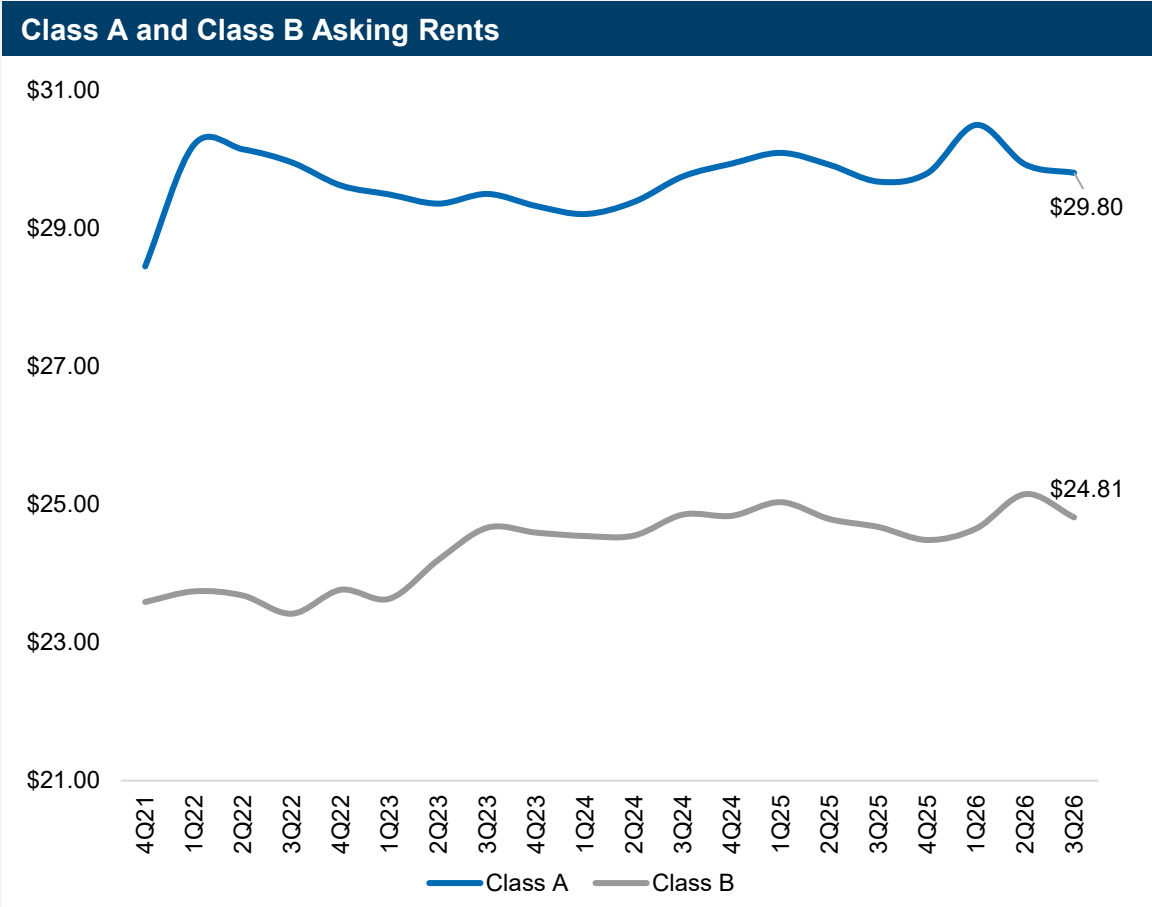
Asking Rents Return to Year-End Levels After a Brief Second-Quarter Lift

Direct asking rents averaged \$27.14 per square foot in the third quarter, slipping from \$27.66 in the second and landing even with where they closed in 2025. Salt Lake County rents have moved within a narrow band of \$26.90 to \$27.23 on an annual basis since 2023, after climbing roughly 34% from 2013 through 2022. With direct vacancy still about 460 basis points above its 15-year average, landlords appear to have limited room to push face rates. A sustained decline in vacancy would likely be the first signal that the next round of rent growth is approaching.



Sublease Rates Close In on Direct Asking Rents

Both Class A and Class B asking rents eased in the third quarter. Class A asking rents slipped to \$29.80 per square foot from \$29.92, and Class B fell to \$24.81. The spread between them widened slightly to \$4.99 from \$4.77, pausing the narrowing that began in the second quarter. Sublease pricing moved the other way. Sublease asking rents climbed to \$25.98, while the direct-to-sublease spread compressed to \$1.15 from \$2.07, largely due to high-quality Class A subleases entering the market.



Financial Firms and the South Valley Anchor the Quarter’s Largest Deals

Four of the quarter’s five largest transactions were renewals, and three of those came from financial firms, consistent with the steady job growth financial activities has posted over the past year. Fidelity led the group with a 198,836-SF renewal, the only top-five deal located downtown. The rest landed in the south end of the county. Deal sizes ran well ahead of last quarter, with four of the five exceeding the second quarter’s largest transaction that was over 90,000 SF.

Tenant	Building(s)	Submarket	Type	Square Feet
Fidelity	Four Gateway	Central Business District	Renewal	198,836
Financial investment firm, Fidelity, remained in place at Four Gateway for another term.				
1-800-Contacts	Vista Station 2	Draper Tech Corridor	Renewal	125,000
Vista Station kept 1-800-Contacts as a key tenant within the park in Draper.				
Swire Infrastructure	Jordan Valley Tech Center 1	Southtowne	Sublease	106,083
Swire Infrastructure subleased the entirety of Jordan Valley Tech Center 1 from Global Payments in the third quarter of 2026.				
Morgan Stanley	Jordan Valley Tech Center 2	Southtowne	Renewal	104,903
Morgan Stanley stayed in Jordan Valley Tech Center 2 for another term.				
Progressive Leasing	Vista Station 3	Draper Tech Corridor	Renewal	70,060
Another renewal for the southern portion of the county, Progressive renewed for 70,060 SF.				

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Submarket Statistics

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Salt Lake County Office Submarket Statistics – 3Q26 (Page 1 of 2)

Submarket Statistics									
	Under Construction (SF)	Direct Vacancy Rate	Sublease Vacancy Rate	Total Vacancy Rate	Qtr Net Absorption (SF)	YTD Net Absorption (SF)	Class A Asking Rent (Price/SF)	Class B Asking Rent (Price/SF)	Total Asking Rent (Price/SF)
CBD	-	16.3%	1.8%	18.1%	(12,152)	161,800	\$34.06	\$28.71	\$30.49
Periphery	-	14.9%	1.6%	16.5%	(17,581)	(20,981)	\$37.55	\$21.76	\$25.47
Downtown Total	-	16.1%	1.7%	17.8%	(29,733)	140,819	\$35.80	\$25.24	\$27.98
Cottonwood	-	14.3%	4.6%	18.9%	671	(54,843)	\$32.90	\$27.00	\$32.88
Central Salt Lake	-	24.0%	0.0%	24.0%	(103,586)	(184,229)	\$24.00	\$22.76	\$21.98
Central Valley	-	8.9%	2.0%	10.9%	9,868	53,271	\$28.85	\$20.49	\$23.76
Draper Tech Corridor	-	9.3%	3.4%	12.6%	25,694	118,041	\$36.15	\$26.37	\$35.05
East Sandy/Draper	-	5.8%	0.0%	5.8%	(15,915)	(7,556)	-	\$25.00	\$20.23
Fort Union	-	16.8%	2.7%	19.4%	(41,489)	(21,743)	\$27.15	\$24.47	\$26.74
International Center	-	13.1%	2.3%	15.4%	-	122,111	-	\$19.78	\$22.42

Salt Lake County Office Submarket Statistics – 3Q26 (Page 2 of 2)

Submarket Statistics									
	Under Construction (SF)	Direct Vacancy Rate	Sublease Vacancy Rate	Total Vacancy Rate	Qtr Net Absorption (SF)	YTD Net Absorption (SF)	Class A Asking Rent (Price/SF)	Class B Asking Rent (Price/SF)	Total Asking Rent (Price/SF)
Lake Park	-	42.4%	0.0%	42.4%	212	243,018	\$23.30	\$22.02	\$22.81
Millcreek/Holladay	-	12.2%	0.0%	12.2%	(16,152)	(12,034)	\$36.00	\$21.94	\$28.05
Research Park	-	6.8%	1.8%	8.6%	-	(36,719)	-	\$27.00	\$26.55
Sugarhouse	-	3.8%	0.0%	3.8%	29,957	45,960	\$31.68	\$22.47	\$24.08
Southwest	-	14.9%	0.0%	14.9%	33,576	42,121	\$29.77	-	\$29.77
Southtowne	-	17.5%	1.3%	18.8%	5,173	(46,940)	\$27.75	\$24.58	\$26.12
West Salt Lake	-	6.9%	0.0%	6.9%	(34,837)	(45,609)	-	\$28.53	\$28.53
Suburban Total	-	14.9%	1.7%	16.6%	(106,828)	214,849	\$29.75	\$24.03	\$26.36
Salt Lake County Market	-	15.2%	1.7%	17.0%	(136,561)	355,668	\$29.80	\$24.38	\$27.63

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Newmark has implemented a proprietary database and our tracking methodology has been revised. With this expansion and refinement in our data, there may be adjustments in historical statistics including availability, asking rents, absorption and effective rents. Newmark Research Reports are available at nmrk.com/insights

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