

Overall Utah County Market Information 3Q 2017

Average Lease Rates

\$20.32

Net Absorption

-43K SF

Average Vacancy Rates

9.85%

Under Construction

1.2MSF

Arrows indicate changes based on year-over-year 3Q

Market Overview

Vacancy rates in the Utah County office market inched upward from 6.40% in the third quarter of 2016 to 9.85% currently. With this additional available space, the overall weighted average asking lease rate decreased slightly from \$21.33 to \$20.32 currently. Landlords with available space are watching the market closely to stay competitive and quickly fill their vacant space.

While there is continued solid demand for Class A office space throughout Utah County, vacancy rates in Class B office space in the Central and South quadrants increased when tenants moved into newer office space in more ideal locations.

By the third quarter, net absorption registered at a less robust -43,355 square feet, reflecting the softening demand for older generation office product.

Developers continue to see Utah County as a promising location for economic strength and continued business growth. Over 1,260,000 square feet of new office space is currently under construction — mostly in the North quadrant — and slated for completion by mid-year 2018.

The Utah County market continues to experience record amounts of job growth: 5.7% in August 2017 compared to 2.8% statewide and 1.5% nationally. Utah County's ongoing economic strength coupled with just over 200,000 acres of buildable land supply make it an ideal environment for growth.

Unemployment



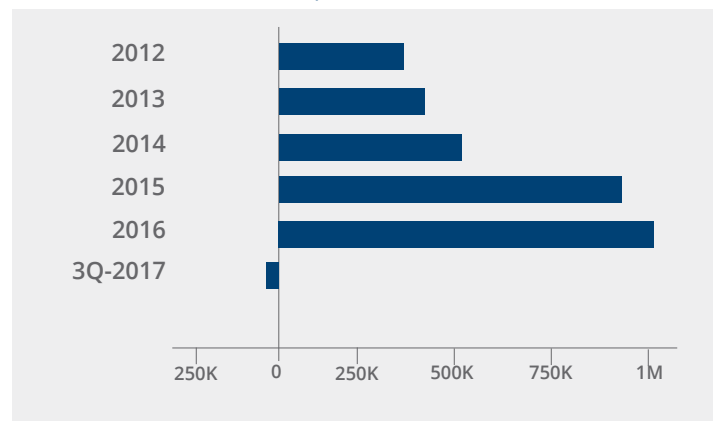
4.4% 3.5%

Looking ahead, the Utah County market is expected to perform well in 2018 with steady demand and the completion of new construction.

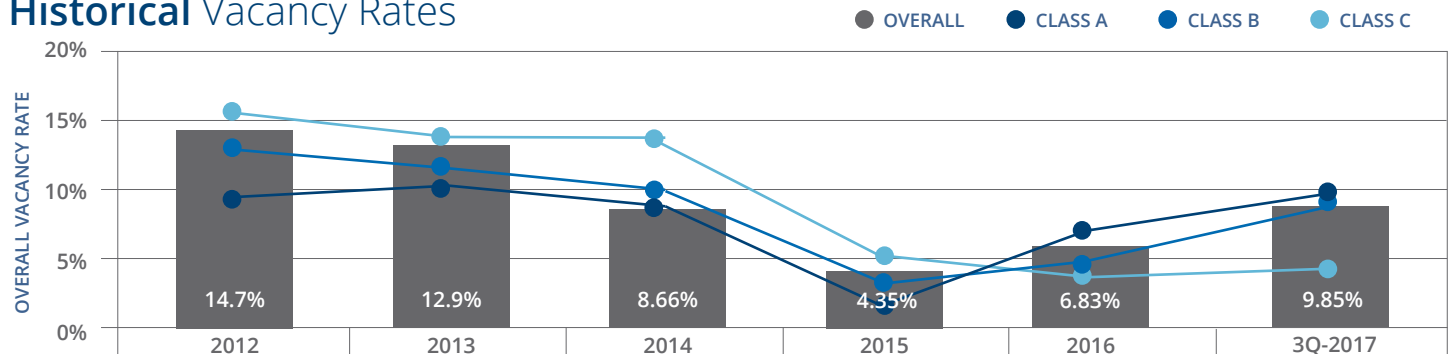
Notable Construction

BUILDING	SUBMARKET	SIZE (SF)
Grove Tower	North	192,828
Thanksgiving Station 5	North	150,000
Lone Peak Plaza	North	125,000
North View Corporate Center	North	100,000
Innovation Pointe (bldg 1)	North	137,500
Mountain Tech Center 2	North	104,000

Historical Absorption



Historical Vacancy Rates

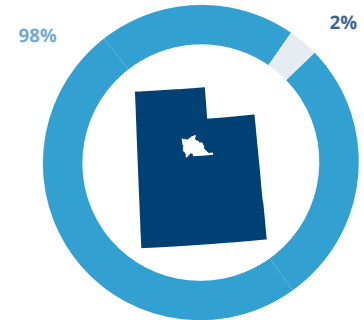


Market Overview

SUBMARKET	CLASS	INVENTORY (SF)	VACANCY RATE	NET ABS (SF)	LEASE RATE (FS)
North	A	632,238	9.05%	67,619	\$28.03
North	B	188,700	7.79%	6,455	\$20.79
North	C	8,600	7.11%	13,900	\$18.29
NORTH TOTAL		829,538	8.64%	87,974	\$23.77
Central	A	3,015,001	11.91%	25,705	\$21.21
Central	B	4,628,456	10.75%	(146,846)	\$17.29
Central	C	586,123	3.87%	17,903	\$13.92
CENTRAL TOTAL		8,229,580	10.68%	(103,238)	\$19.21
South	A	266,688	29.93%	(39,337)	\$19.00
South	B	280,353	4.04%	6,512	\$18.25
South	C	126,700	1.10%	4,734	\$13.21
SOUTH TOTAL		673,741	13.74%	(28,091)	\$16.82
Overall	A	8,262,619	10.68%	53,987	\$23.39
Overall	B	7,063,517	9.58%	(133,879)	\$19.44
Overall	C	833,863	3.92%	36,537	\$15.14
OVERALL TOTAL		16,159,999	9.85%	(43,355)	\$20.32

UNDER CONSTRUCTION

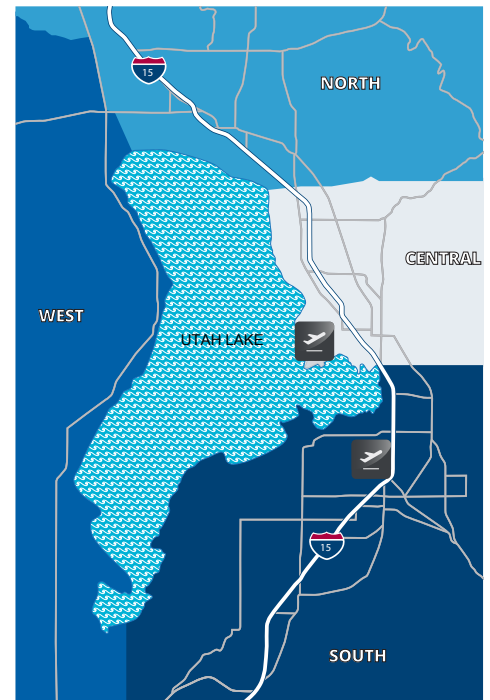
- North 1,230,055 SF
- Central 20,000 SF
- South 0 SF



Utah County Activity

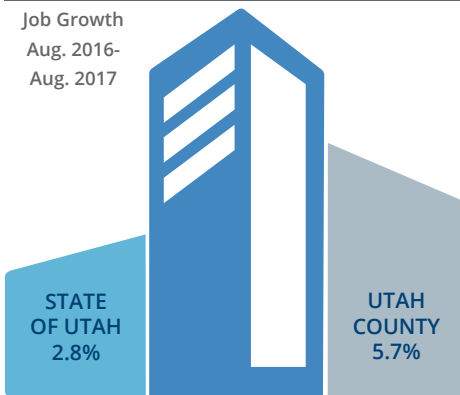
Class B vacancy rates increased significantly as tenants relocated from the Canyon Park Technology Center and the Neways office building. Of the 265,863 square feet of sublease space available, more than half is in the Provo Riverwoods and East Bay within the Central submarket. Overall demand in Utah County was healthy but focused throughout the third quarter, reflected by decent growth in the North quadrant and significant continued construction. Looking ahead, 2018 is expected to bring another year of focused continued improvement.

Utah County Map



UT vs Utah Couty Job Growth

Job Growth
Aug. 2016-
Aug. 2017



Sublease Availability

2017
265,863 SF

2016
246,944 SF

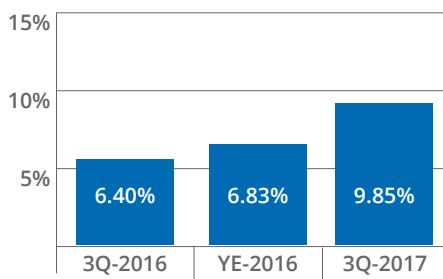
2015
13,863 SF

2014
48,774 SF

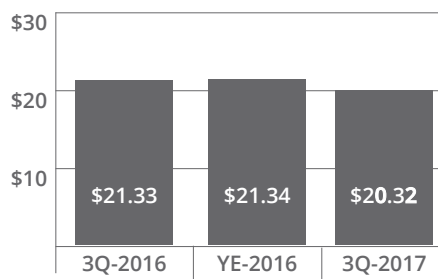


Overview Comparison

Overall Vacancy Rates



Overall Asking Lease Rates



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