

| | YoY Chg | 12-Mo. Forecast |
|------------------------------------|---------|-----------------|
| 15.7% Vacancy Rate | ▲ | ▼ |
| -432K Net Absorption, SF | ▼ | ▲ |
| \$24.73 Asking Rent, PSF | ▲ | ▬ |

(Overall, All Property Classes)

ECONOMIC INDICATORS Q4 2020

| | YoY Chg | 12-Mo. Forecast |
|---|---------|-----------------|
| 749.2K Salt Lake City Employment | ▼ | ▲ |
| 4.4% Salt Lake City Unemployment Rate | ▲ | ▼ |
| 6.7% U.S. Unemployment Rate | ▲ | ▼ |

Source: BLS, Moody's Analytics

ECONOMIC OVERVIEW

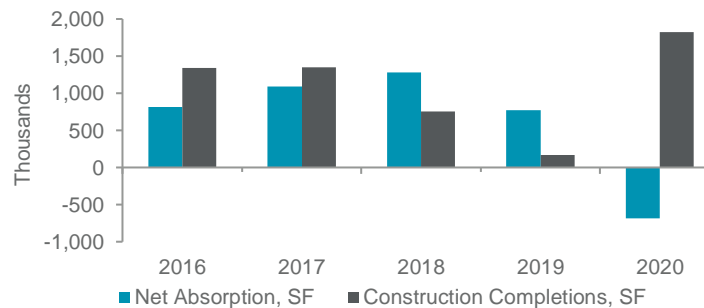
The Salt Lake City employment market has been impacted by COVID-19 stay-at-home orders, resulting in loss of 13,800 jobs or -1.8% year-over-year (YOY) through November 2020. Of the 13,800 jobs lost, 10,500 (-15.8% YOY) or 76.1% of losses were in the leisure and hospitality sector. Professional and business services sector lost 8,300 jobs (-6.4% YOY). During the same time, the monthly unemployment rate increased from 2.0% last year to 4.2% and is currently 10 basis points (bps) above the 30-year monthly average of 4.1% yet 20 bps below the Q4 2020 quarterly average of 4.4%.¹ On the bright side, monthly job gains have been positive for the last seven consecutive months. All employment sectors are expected to grow at a combined rate of 2.5% in 2021 and 3.3% in 2022. Salt Lake City's economy of \$84.0 billion as measured by gross regional product is forecasted to grow 5.7% in 2021 and 6.3% in 2022, above its 10-year average of 3.0%.²

SUPPLY AND DEMAND

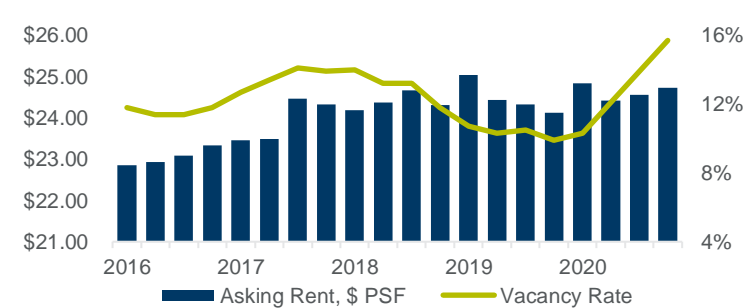
The overall vacancy rate, including sublease, increased 180 bps quarter-over-quarter (QOQ) and 580 bps YOY to 15.7% during Q4 2020. Class A vacancy increased 580 bps from 9.3% to 15.1% YOY, while Class B vacancy increased 630 bps from 10.8% to 17.1%. Vacancies are on the rise as tenants look to shrink their physical footprints to mitigate costs and risk as well as to keep their employees safe during the pandemic. Tenants returned 432,362 square feet (sf) in Q4 2020, bringing 2020 annual losses to 692,640 sf. The year was off to a good start in Q1 2020 as occupancy grew by 225,000 sf, followed by three quarters of occupancy losses, combined 917,500 sf. Tenants returned space to all submarkets except for South East in 2020, recording 461,200 sf of gains. These occupancy gains were a result of six new projects completed in South East submarket and occupied upon completion (823,120 sf combined in 2020) as tenants welcomed new and amenity-rich space to the market. During Q4 2020, tenants returned space to all submarkets except for the Central West and South West (combined +14,869 sf). In both submarkets, the largest occupancy gains were recorded in new projects upon completion. Leasing activity remained slow in Q4 2020, lacking large new deals, at 197,000 sf (31 deals), including renewals, compared to 473,200 sf (66 deals) in Q3 2020. Tenants leased 2.5 million square feet (msf) in 2020 combined across 274 deals of which 1.7 msf (217 deals) were new leases and 798,000 sf (57 deals) were renewals. Class A leasing accounted for 1.3 msf leased (53%), followed by Class B at 967,000 sf (39%) and Class C at 200,000 sf (8%). Three submarkets combined accounted for 1.6 msf or 65% of space leased in 2020: South East (24%), Central East (22%) and CBD (19%).

Leasing by tech tenants continues to drive positive absorption. Salt Lake City has established itself as one of the top 10 tech markets in the U.S. with 9.6% of total employment concentrated in the technology sector compared to 5.0% nationwide. Among tech tenants relocating and expanding in the region are eBay, Overstock.com, Qualtrics, L3 Technologies and Adobe. Adobe's expansion into its

SPACE DEMAND / DELIVERIES



OVERALL VACANCY / ASKING RENT



Salt Lake City

Office Q4 2020

second Utah campus in Lehi, nearly doubling its local workforce, headlines the list of recent tech growth in the area. Since then, other firms have followed suit including Pluralsight, who completed construction on its new 348,000-sf headquarters in Draper during the third quarter.

PRICING

Overall average asking rent for all classes combined increased 0.7% QOQ and 2.5% YOY, despite an increase in overall vacancy. Average asking rent for Class A increased 1.8% YOY led by occupancy gains of 512,508 sf in Class A over the last four quarters. While landlords face increased exposure due to softening market, tenant preference for well located, amenity-rich Class A product continues to drive rents upward.

DELIVERIES AND FUTURE INVENTORY

Over 1.8 msf of new inventory (12 projects) was delivered during 2020, highlighted by several Class A projects, including Fairbourne Station located at 3535 S. Market Street in the Central West Submarket. The nine-story, 233,511-sf building completed in Q4 2020 has not yet identified an anchor tenant. Highline Station, a 348,000-sf building located at 65 E. Highline Drive in the South East submarket, was delivered last quarter. This four-story trophy building will serve as the new worldwide headquarters for Pluralsight, an online educational technology company. Of the 1.8 msf delivered in 2020, 52% or 940,000 sf were added to South East submarket which ended the year with the second lowest vacancy of 12.5%, following the tightest North East submarket with 8.0% vacancy.

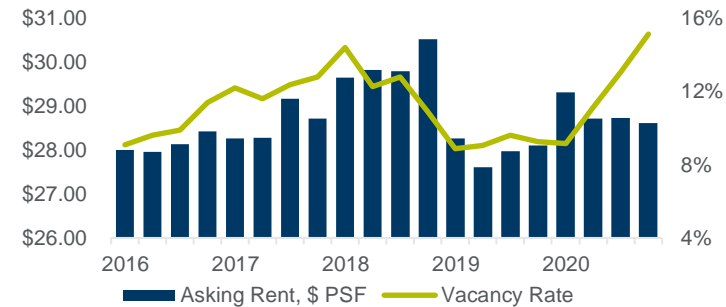
Salt Lake City's development pipeline remains active at 2.2 msf currently under construction across 10 projects. Over 41% are pre-leased, and 1.7 msf (8 projects) are expected to be delivered during 2021. The majority or 77% of inventory is speculative (SPEC) with the remaining 23% build-to-suit (BTS). The 95 State at City Creek, a state-of-the-art 25-story tower and the largest SPEC project currently under construction, located in the CBD submarket is expected to be delivered during Q3 2021. Along with 515,000 sf of office space, the highly amenitized trophy building is connected directly to City Creek Center through a renovated and expanded pedestrian tunnel. The Mill I, a 150,000-sf SPEC project in North East submarket is 83% pre-leased by GBS Benefits and PDQ.com with an estimated delivery of Q1 2021. The Myriad Building VI, a 125,000-sf BTS building located at 3330 Wakara Way in the North East submarket, is 100% leased by Myriad Genetics and set to deliver in Q2 2021. Upon completions, these transactions will translate into positive absorption.

Sources: www.bls.gov GDP as of 2020. Moody's Analytics economy.com 12/2020

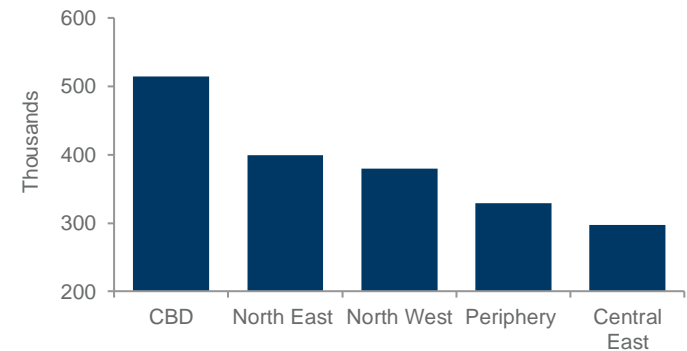
OUTLOOK

- Salt Lake City's office market fundamentals moderated in 2020, as rising positivity rates for COVID-19 have delayed Utah's re-opening plans. Despite significant headwinds, Salt Lake City is uniquely positioned to stabilize as the local economy continues to outperform many of its peer markets. Tenant flight-to-quality persists, contributing to relatively steady asking rents, with several notable Class A office projects expected to come to market in the next 24 months.
- Salt Lake City remains a popular destination for technology companies to relocate or expand, owing to a robust tech-educated millennial population and the relative affordability of office space. Tech firms seeking to mitigate costs as they reassess their office-leasing footprint will continue to target the region, helping to offset slowing in large block leasing among other sectors of the market.

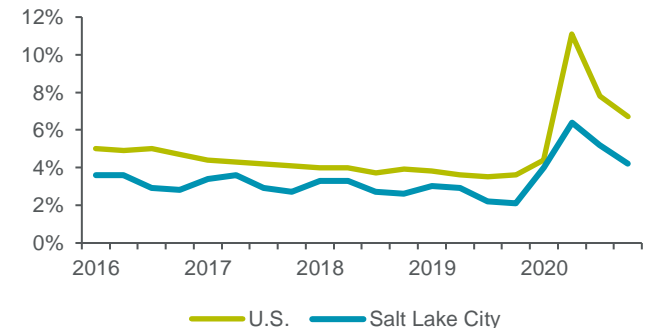
OVERALL VACANCY / ASKING RENT – CLASS A



UNDER CONSTRUCTION BY SUBMARKET IN SF



UNEMPLOYMENT RATE IN COMPARISON



MARKET STATISTICS

| SUBMARKET | INVENTORY (SF) | SUBLET VACANT (SF) | DIRECT VACANT (SF) | OVERALL VACANCY RATE | CURRENT QTR OVERALL NET ABSORPTION | YTD OVERALL ABSORPTION (SF) | YTD LEASING ACTIVITY (SF)** | UNDER CNSTR (SF) | OVERALL AVG ASKING RENT (ALL CLASSES)* | OVERALL AVG ASKING RENT (CLASS A)* |
|---------------------|-------------------|--------------------|--------------------|----------------------|------------------------------------|-----------------------------|-----------------------------|------------------|--|------------------------------------|
| CBD | 8,644,523 | 205,376 | 1,238,317 | 16.7% | -112,394 | -364,423 | 196,227 | 515,000 | \$26.28 | \$30.75 |
| Periphery | 3,435,602 | 37,685 | 597,760 | 18.5% | -69,984 | -119,529 | 150,929 | 329,300 | \$25.59 | \$32.53 |
| North East | 3,311,036 | 8,398 | 255,269 | 8.0% | -6,163 | -28,273 | 222,717 | 399,251 | \$27.51 | \$35.44 |
| North West | 4,142,001 | 73,612 | 508,421 | 14.1% | -28,847 | -65,715 | 116,649 | 380,000 | \$21.72 | \$27.05 |
| Central East | 8,142,995 | 170,980 | 1,139,655 | 16.1% | -112,627 | -397,496 | 460,239 | 297,018 | \$23.23 | \$29.72 |
| Central West | 1,836,761 | 94,717 | 316,720 | 22.4% | 10,429 | -33,287 | 55,135 | 0 | \$23.08 | \$27.81 |
| South East | 8,248,231 | 338,866 | 690,175 | 12.5% | -117,216 | 461,162 | 462,876 | 0 | \$25.08 | \$27.49 |
| South West | 1,961,699 | 211,681 | 359,824 | 29.1% | 4,440 | -145,079 | 27,504 | 247,706 | \$25.22 | \$24.84 |
| Class A | 16,235,714 | 610,047 | 1,842,415 | 15.1% | -46,310 | 512,508 | 942,153 | 2,168,275 | \$28.62 | \$28.62 |
| Class B | 17,394,647 | 481,590 | 2,490,097 | 17.1% | -308,167 | -1,010,484 | 579,916 | 0 | \$23.37 | |
| Class C | 6,092,487 | 49,678 | 773,629 | 13.5% | -77,885 | -194,664 | 170,207 | 0 | \$18.02 | |
| TOTAL Market | 39,722,848 | 1,141,315 | 5,106,141 | 15.7% | -432,362 | -692,640 | 1,692,276 | 2,168,275 | \$24.73 | \$28.62 |

*Rental rates reflect full service asking \$psf/year. **Renewals not included in leasing statistics.

KEY LEASE TRANSACTIONS Q4 2020

| PROPERTY | SUBMARKET | TENANT | SF | TYPE |
|---------------------------|------------|---|--------|----------|
| 175 E. 400 S. | CBD | Workday | 76,311 | Renewal* |
| 95 S. State St. | CBD | Stoel Rives LLP | 48,384 | New |
| 440 W. 200 S. | Periphery | Gateway Aesthetics Institute and Laser Center | 19,205 | Renewal* |
| 10876 S. Riverfront Pkwy. | South West | Oozle Media | 8,257 | Sublease |
| 8871 S. Sandy Pkwy. | South East | Yessio, LLC | 6,961 | New |

KEY SALES TRANSACTIONS Q4 2020

| PROPERTY | SUBMARKET | SELLER / BUYER | SF | PRICE/\$ PSF |
|---------------------------------|------------|--|---------|---------------|
| 2737-2777 S. Corporate Park Dr. | North West | Washington Capital Management, Inc./ Kennedy Wilson Properties | 247,000 | \$55.0M/\$223 |
| 102 Tower | CBD | University of Utah / The Boyer Company | 235,362 | \$52.1M/\$221 |
| The 324 | CBD | Hamilton Partners / M.A. Mortenson Company | 224,400 | \$35.4M/\$158 |

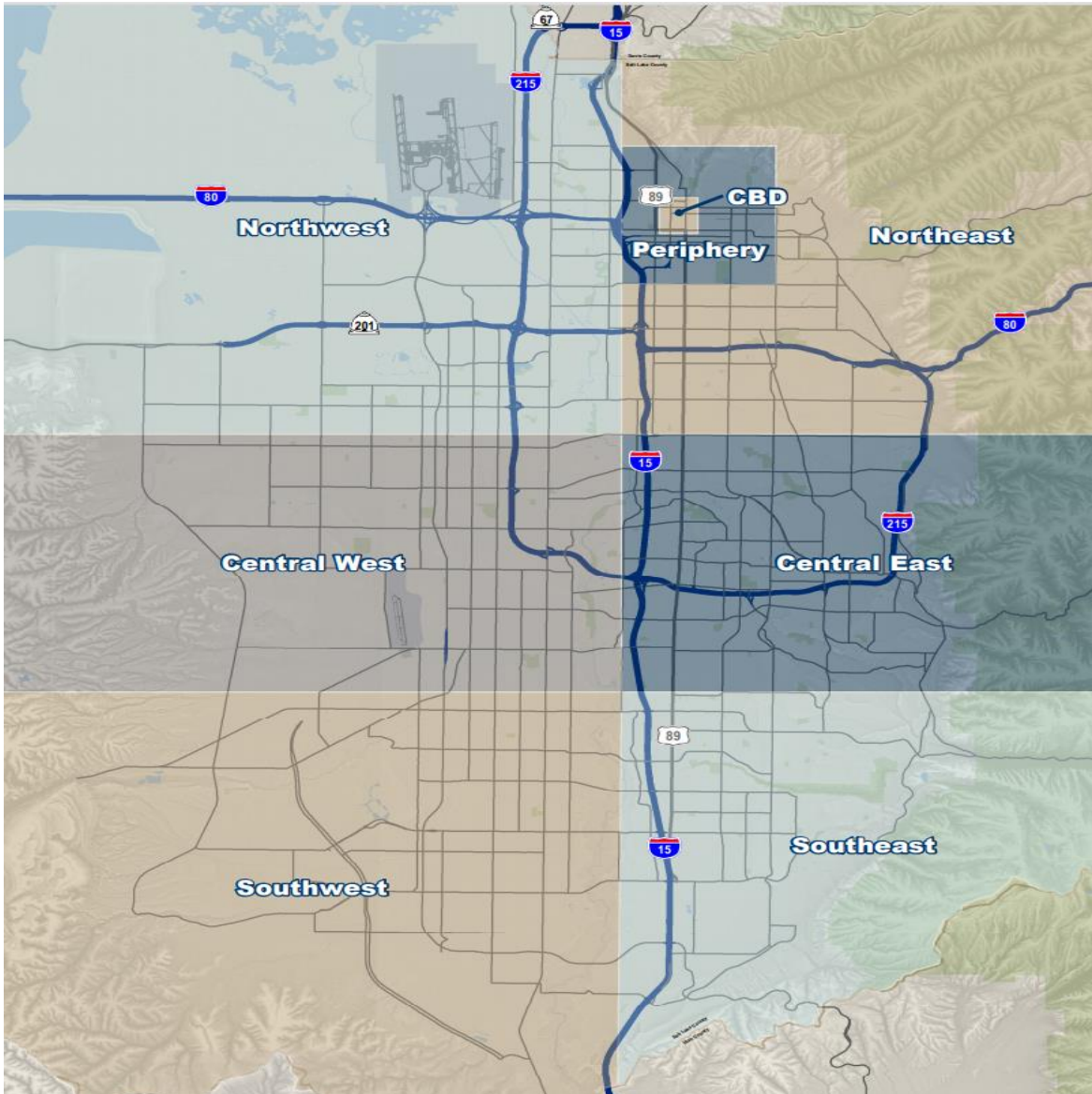
KEY CONSTRUCTION COMPLETIONS 2020

| PROPERTY | SUBMARKET | MAJOR TENANT | SF | OWNER / DEVELOPER |
|--------------------|--------------|-------------------|---------|-------------------------------|
| Highline Station | South East | Pluralsight | 348,000 | Gardner Company |
| Fairbourne Station | Central West | N/A | 233,511 | Wasatch Commercial Management |
| Minuteman V | South East | Acima Credit, LLC | 125,000 | Westport Capital Partners |

Salt Lake City

Office Q4 2020

OFFICE SUBMARKETS

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