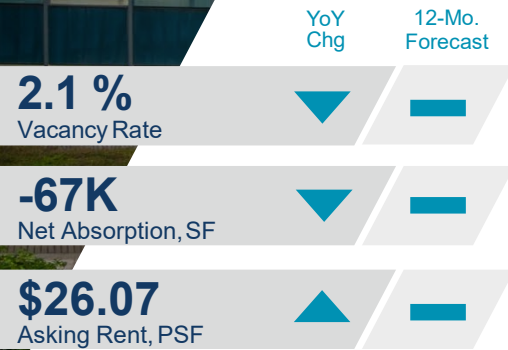


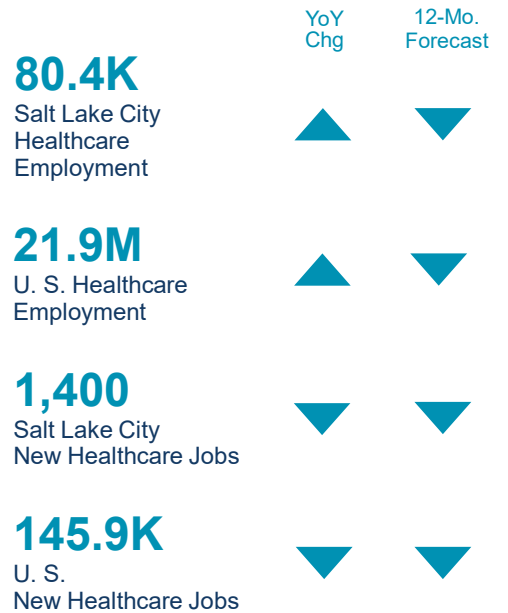
Salt Lake City

Medical Office Q4 2023



(Metro Salt Lake City, MOB)

ECONOMIC INDICATORS Q4 2023



ECONOMIC OVERVIEW:

In Q4 2023, the Salt Lake City market recorded an employment level of 828,600 jobs and the unemployment rate increased from 2.4% in Q4 2022 to 2.7% in Q4 2023.¹ The metro area continues to record strong growth, as the number of households increased since 2020 by 5.0% to 448,536 in 2023. Wage growth continues to bring job seekers back into the labor market, as the median household income reached \$99,900 in Q4 2023, an increase of 4.9% year-over-year (YOY). The Salt Lake City economy of \$98.3 billion (B) as measured by 2023 gross metro product is forecasted to climb to \$100.7B in 2024 and \$104.4B in 2025.²

VACANCY: On and Off Campus Vacancy Drops

Salt Lake's medical office building (MOB) vacancy rate declined during 2023. Overall vacancy dropped from 2.8% in Q2 to 2.1% in Q4. On-campus MOB vacancy saw the largest decline from 2.6% in Q2 to 1.6% in Q4, returning to pre-pandemic levels of 1.5-2.5% seen in late 2019. Off-campus MOB vacancy also stabilized quarter-over-quarter (QOQ) at 2.2% by Q4, approximating pre-pandemic rates of 2-3% in 2019.

PRICING: Asking Rents Remain Positive

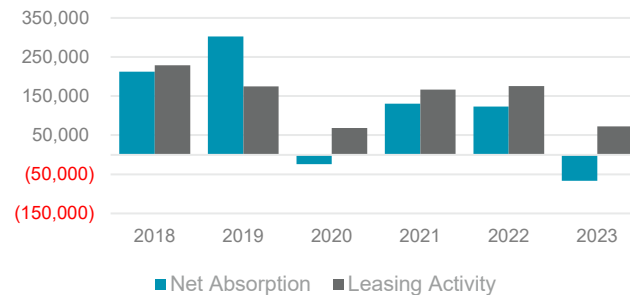
The average base asking rate for on-campus MOB product increased from \$27.71 full-service (FS) per square foot (psf) in the second quarter to \$28.17 FS psf in the fourth quarter of 2023, as the market continues seeing rising rates due to renovations, new construction, and medical tenants' reluctance to relocate.

Rates for off-campus MOB's stayed steady, with an average asking rate of \$24.42 FS psf. This stabilization can be attributed to growth in both supply and demand for medical office space. As the broader office market continues to struggle, some landlords are converting traditional office buildings into medical facilities. Healthcare providers and physician groups are expanding, driving demand for medical office space.

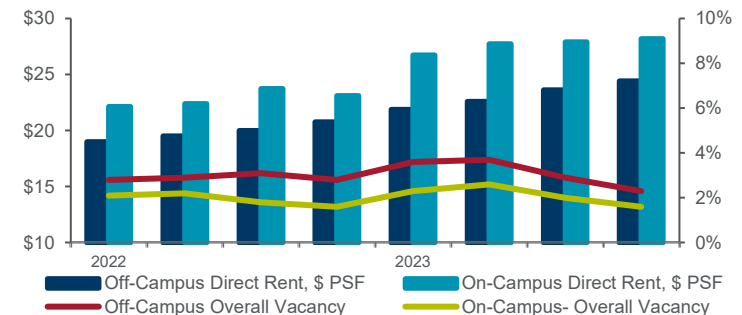
UNDER CONSTRUCTION:

Currently, three MOB's are under construction, all located within the Utah County North submarket, and only 29% preleased.

NET ABSORPTION VS. LEASING ACTIVITY



OVERALL VACANCY & ASKING RENT



Salt Lake City



Medical Office Q4 2023

Activity: Reported* Leasing Activity Slows

Leasing activity for MOBs in Salt Lake City decreased in 2023 after low reported activity in the second quarter, both on and off campus. The largest new direct deal was 13,000 sf leased by an undisclosed tenant at 38 W. 13775 S. Other notable leases included Cook Orthodontics taking 11,000 sf at Riverbend Place and the Physician Group of Utah renewing 7,000 sf at Salt Lake Regional Medical Center. The majority of leasing activity was for smaller spaces ranging from 3,000 to 5,000 square feet.

*Many lease transactions are undisclosed and unreported, therefore not used in the analysis. It should be assumed these figures are significantly lower than actual leases completed.

Absorption: MOB Net Absorption Decreases

In 2023, overall absorption totaled -67,000 sf for both on-campus and off-campus properties. On-campus absorption was about -22,000 sf, while absorption for off-campus medical office buildings was more than double at -45,000 sf. The larger negative absorption for off-campus properties is partially due to the occasional inclusion of office tenants in the tracked off-campus product.

SUBMARKET	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLET 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)*
CBD	24,449	0	0	0%	0	0	0	0	N/A
Periphery	479,551	8,089	0	1.7%	0	-8,089	0	0	\$29.49
North East	495,695	12,437	0	2.5%	-2,471	-240	2,231	0	\$27.85
North West	397,889	4,954	0	1.2%	0	-4,954	1,954	0	\$22.60
Central East	817,556	35,361	0	4.3%	-4,477	-29,144	9,852	0	\$24.94
Central West	412,636	1,857	0	0.5%	-12	-1,857	1,809	0	\$23.38
South East	409,098	10,883	0	2.7%	22,546	-10,883	25,106	0	\$26.00
South West	337,015	3,923	0	1.2%	0	-3,923	6,749	0	\$28.75
Utah County North***	310,759	0	0	0.0%	0	0	22,778	68,917	N/A
Utah County South***	614,811	12,157	0	2.0%	0	-7,448	2,330	0	\$25.56
MARKET TOTALS	4,299,459	89,661	0	2.1%	15,586	-66,538	72,809	68,917	\$26.07
On-Campus Totals	1,313,007	21,634	0	1.6%	0	-21,634	912	0	\$28.17
Off-Campus Totals	2,986,452	68,027	0	2.3%	-20,308	-44,904	71,897	68,917	\$24.42
MARKET TOTALS	4,299,459	89,661	0	2.1%	-20,308	-66,538	72,809	68,917	\$26.07

*Rental rates reflect full service asking **Renewals not included in leasing statistics

KEY SALE TRANSACTIONS 2023

PROPERTY	SUBMARKET	BUYER / SELLER	RSF	SALE PRICE / PSF
Wasatch Renal Center – 3702 S. State St.	Central East	MedProperties Realty Advisors / Coaction Companies	51,591	\$28,250,000 / \$548
American Fork Medical Center - 226 N. 1100 E.	Utah County North	Premier Family Medical / Michael L. Cosgrave	21,994	\$4,600,000 / \$209

KEY LEASE TRANSACTIONS 2023

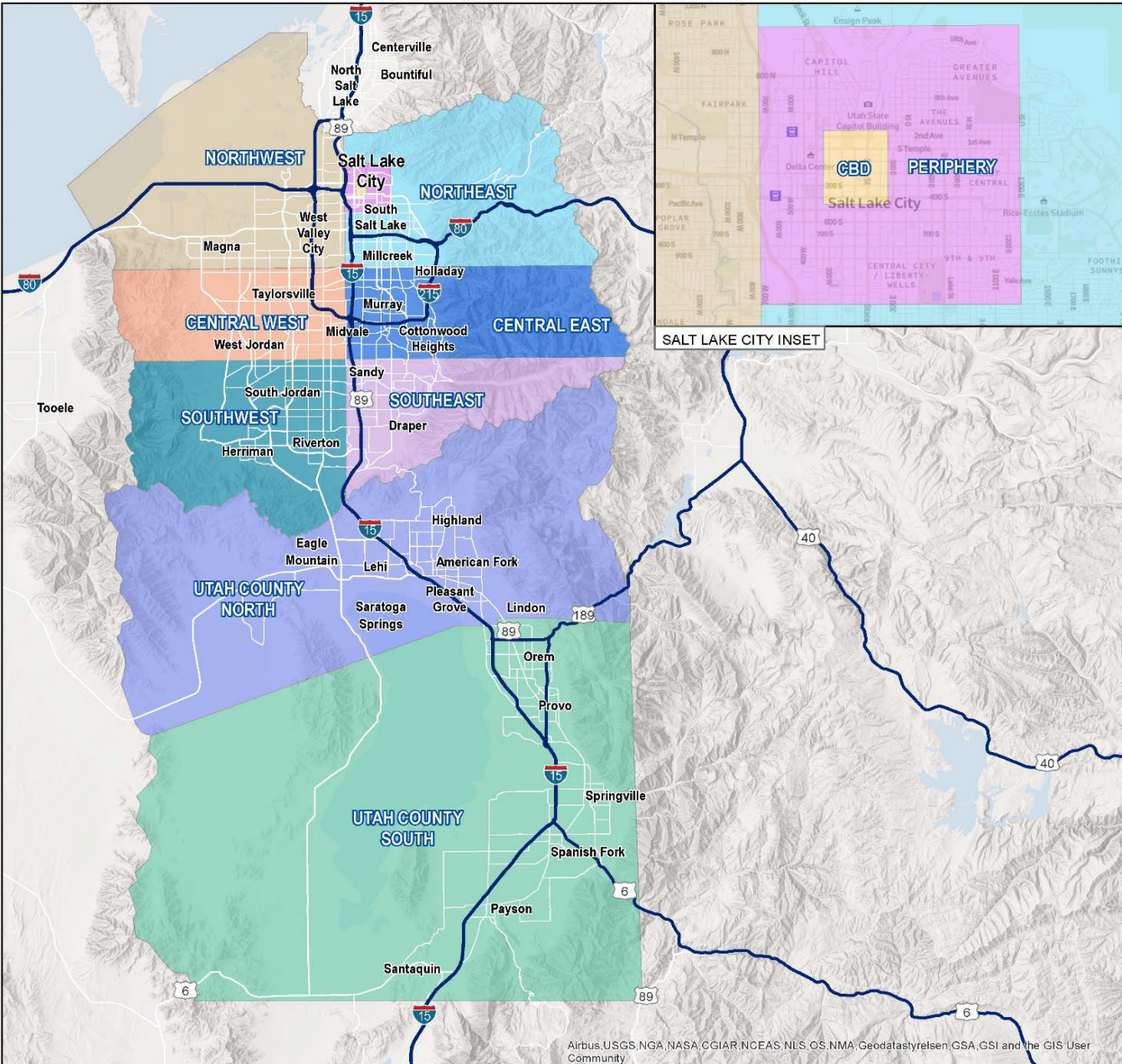
PROPERTY	SUBMARKET	TENANT	RSF	TYPE
38 W. 13775 S.	South East	Undisclosed	12,975	Direct
Riverbend Place – 2284 West Main St.	Utah County North	Cook Orthodontics	10,778	Direct
Salt Lake Regional Medical Center	Periphery	Physician Group of Utah	7,240	Renewal

Salt Lake City

Medical Office Q4 2023



MEDICAL OFFICE SUBMARKETS



Rebecca Lloyd
 Research Manager
 Tel: +1 801 303 5444
Rebecca.Lloyd@cushwake.com

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