

Seattle Office Space News – December 2022

Below are comments and links to news articles and other topics relevant to the Seattle office space market from the month of December 2022.

OFFICE DEVELOPMENTS

The only news of office developments in December 2022 was that of The Jack [topping out](#) construction. The building is an eight-story in Pioneer Square near the waterfront at 74 S Jackson St. The building is scheduled to be completed in the second quarter of 2023. The developer Urban Visions hired JTM Construction as the general contractor and Olson Kundig as the architect. The project is approximately 145,500 square feet with 136,000 square feet of office space and 9,500 square feet of ground-level retail/restaurant space. Other features include a 16,000 square foot roof deck and 40 parking stalls. The building hopes to create a place that fosters innovation, collaboration, and community.

OFFICE LEASES

In December it was also [reported](#) that A-alpha Bio, a UW spinout, moved off campus and into an 11,000 square foot space in Belltown. The company now resides in the Fourth & Blanchard building and occupies half of the 25th floor. The company has approximately 40 employees and raised \$20 million in Series A back in September 2021.

OFFICE BUILDING SALES

The property located at 1801 Fairview Ave E on Lake Union [sold](#) in December for \$20 million. The property includes 17,000 square feet of office and lab space, 12,000 square feet of warehouse space, 6.5 acres underwater, 2 acres of dry land, a wharf, and two piers. The seller was 1801 LLC, associated with United States Seafoods and the buyer was Fairview Harbor LLC, an Alaskan corporation associated with Coastal Village Seafood, a current tenant on the property.

ECONOMY

The average long-term U.S. mortgage rate [rose](#) at the end of December after falling for six straight weeks. In the first week of December, the 30-year rate [fell](#) to 6.49% and throughout the month the rate [dipped](#) to 6.33%, 6.31%, 6.27%, and to round out the month the rate [rose](#) to 6.42%. The Fed made it clear that they will continue to raise rates to control the worst inflation in four decades.

Prices are starting to rise more slowly as the inflation rate [dipped](#) to 6% and the core price measure that removes food and fuel costs was closer to 5%. Wholesale prices in the United States [rose](#) 7.4% in November, cooling from a peak of 11.7% in March of 2022. Other [reports](#) illustrate that the economy remains strong with continued consumer spending, rising incomes, and few jobless claims. In Q3 the U.S. economy [grew](#) at 3.2% annual pace from July to September and the driving forces were strong exports and healthy consumer spending. Central bankers have raised borrowing costs by nearly 4%. The central bankers are aiming for 2% annual inflation on average over time, so the current pace is far exceeding their goal.

Home prices continue to fall as demand declines and buying power is reduced by rising rates. Seattle area home prices are [falling](#) twice as fast as the rest of U.S. and remains one of the fastest cooling markets in the country. Early in the pandemic, Seattle saw double-digit price increases, but in October, Seattle saw the smallest annual increase since December 2019. Cities with the largest price increases include Miami, Tampa and Charlotte.

The housing market correction still [appears](#) to be in the early stages and Wells Fargo's economic team does not expect a housing recovery any time soon. The contraction in buyer demand leads to price drops. The national median existing single-family home price is expected to fall by 5% in 2023. Existing home sales fell 7.7% in November and sales have fallen 37% since January.

US unemployment applications [climbed](#) to 225,000 at the end of December. The four-week average slipped to 221,000. Employers continue to add jobs and the unemployment rate [remains](#) low at 3.7%. Companies in tech and real estate have been outliers after announcing significant layoffs, but other job markets remain strong. The economy remains resilient despite the aggressive interest rate hikes and unemployment is still close to a 52-year low. Businesses are having difficulty filling jobs and therefore are offering higher pay to attract and keep workers. The average hourly pay jumped 5.1% in November. The Fed may have to keep interest rates higher for even longer than planned as hiring and pay gains continue to raise concerns.

OTHER NEWS

In December, Waterfront Seattle [held](#) a ribbon-cutting ceremony for the new Union Street pedestrian bridge. The bridge links the waterfront from Western Avenue. The total project cost was \$7.1 million and includes a 95-foot walkway, an elevator, and lighting.