

Seattle Office Space News – November 2022

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

OFFICE DEVELOPMENTS

As [reported](#) in November, Sellen Construction is beginning the development of a mass timber project called 35 Stone located at 3524 Stone Way N. The building will occupy the west side of a larger, nearly full-block development that owner Evolution Projects calls Campus Seattle. The plans include 112,700 square feet of offices and 7,500 square feet of retail/commercial space, 137 parking stalls, and 72 bike stalls.

OFFICE LEASES

Brooks Running [leased](#) all of Stone 35 as reported in November. The mass timber 112,000sf office building also reportedly secured \$109 million in construction financing in November. The building will be apart of the Living Building Pilot Program that incentivizes large reductions in water and energy use.

In more leasing news from November, Ryan Swanson & Cleveland reportedly [subleased](#) space at Rainier Square from Amazon. The firm will move to a single floor at the new building. According to Bryan Graff, Ryan Swanson & Cleveland's managing director, "...the pandemic kind of stripped our ability to collaborate for a couple of years, and now that people are going back into the office, we realized there's more energy and socializing with one consolidated area instead of the two floors we had."

DoorDash [expanded](#) its office footprint in Seattle at the 2+U building located at 1201 2nd Ave. The company who employees 600 people in Seattle reportedly moved into their new 30,440 square foot space in November. The new space includes communal workstations, conference rooms, phone booths, a parent's room, a focus room, all hands space, and a modular room used for training and larger meetings. The company continues to use the flexible work model allowing teams to decide in-person and remote work schedules.

This article from November indicates that Martin Selig Real Estate's new tower at 400 Westlake located in South Lake Union has leases in play for around 60% of the space. What is actually [confirmed](#) is that the city has issued a permit to First Choice Health Network to build out tenant improvements in 7,800 square feet.

OFFICE BUILDING SALES

There were no office building sales reported in November 2022.

RETURNING TO THE OFFICE

Twitter employees were [told](#) by Elon Musk in November 2022 that they must return to office for 40 hours a week and that remote work is no longer allowed. It will be interesting to observe whether other technology companies follow this lead as the labor market softens.

Downtown Seattle remains less occupied than before the pandemic due to ongoing safety concerns and the rise of remote work keeping tech workers away. [According](#) to data from the Downtown Seattle Association, worker foot traffic in Seattle was less than 40% of that in October 2019. Some companies have vacated downtown all together while others have opened new offices or continued to grow their footprint including Remitly, Slackline, Tasso, Orchard Workspace and DoorDash.

ECONOMY

In November, economic data [showed](#) that inflation cooled more than expected in October to a 7.7% gain less than the 7.9% analysts had predicted and down from 8.2% in September. At the wholesale level prices [dipped](#) to 8% in October, down from 8.4% in September. The cost of used cars, clothing, and furniture fell, which is a sign that prices are reversing. However, food and energy categories remain volatile. At the end of November, the US Commerce Department [revised](#) last quarter's economic growth rate to 2.9%. A recession is expected in 2023 as the Federal Reserve tries to tame inflation by aggressively raising interest rates.

US average long-term mortgage rates fell below 7% to 6.95% at the [start](#) of November and sales of existing homes continued to decline for eight straight months as borrowing cost remain high. As the month progressed US average long-term mortgage rates fluctuated. The second week of November rates [were](#) above 7%, in the third week of November rates [fell](#) to 6.61%, and to round out November rates [slipped](#) to 6.58%.

Windermere chief economist Matthew Gardner [discussed](#) his prediction for 2023 and does not feel the housing market will collapse. Instead, Gardner feels mortgage rates will drop, inventory will not drastically rise, the market will become more balanced, affordability issues will persist and not all markets are created equal. To read more click [here](#).

Unemployment claims were on the rise in November. In the third week of November there [were](#) 240,000 claims—the highest number since August. In Seattle layoffs were announced at Meta, Amazon, Convoy, Zillow, Redfin, and several other tech firms. 8% of the local workforce at Meta [was](#) laid off in November. Layoffs at tech companies have shifted the balance of power from job seekers to tech employers. Washington is set to lose as many as 18,000 tech or tech-related jobs over two months.

Non tech companies and smaller companies are [benefiting](#) from layoffs in tech. Companies that are still hiring have a better chance at landing talent. Components of pay will change for some employees and according to employers the quality and experience level

of candidates are rapidly increasing. However, workers are hesitant about whether smaller employers have the budget to hire highly specialized, highly paid roles that have become common in the Seattle area.

Seattle area homes are [staying](#) on the market longer as higher rates eat into buying power. Despite sellers lowering prices, homes on average are remaining on the market longer. In October, US home prices [fell](#) for the ninth straight month in a row—the longest on record since 1999 according to the National Association of Realtors.

Seattle was one of the hottest housing markets in the country and prices were climbing faster than most other cities. As of November, Seattle is one of the fastest cooling housing markets and prices [declined](#) about 3% from August to September. Prices are still up from a year ago, by about 6%, but price jumps are flattening out. Even as the market cool Seattle homes are still quite expensive with the median King County home selling for \$903,000 in October.

According to this [article](#), office buildings are in trouble and several owners that hoped for a return to office in fall are noting attendance is well below pre-pandemic levels. As lease expirations approach several companies are looking to decrease their footprint leaving landlords with millions of square feet of vacant space. With higher interest rates landlord are also struggling to spruce up older buildings or build new ones. The decline in the office sector can also hamper the recovery of cities who depend on jobs and tax revenue that commercial buildings provide. Office vacancy across the country stands at a record high of 19.1%.

In November Amazon [announced](#) a hiring freeze for in corporate workforce, which could have a significant impact on the Seattle office market. Other tech companies have announced layoffs or hiring freezing including Stripe, Lyft, Microsoft, Meta, and Alphabet.

OTHER NEWS

The Seattle's waterfront is coming together and expected to be completed by 2025. The 20-acre park, new Alaskan Way, and other pedestrian and tourism friendly related projects totaled \$756 million. Overlook Walk is a bridge over Alaskan Way that will help people easily access the waterfront and is planned to open in 2025. To see photos of the waterfront and learn more about notable projects around the waterfront click [here](#).