

# Quarterly Market Report

Q1 – 2023 Greater Eastside



# Quarterly Highlights

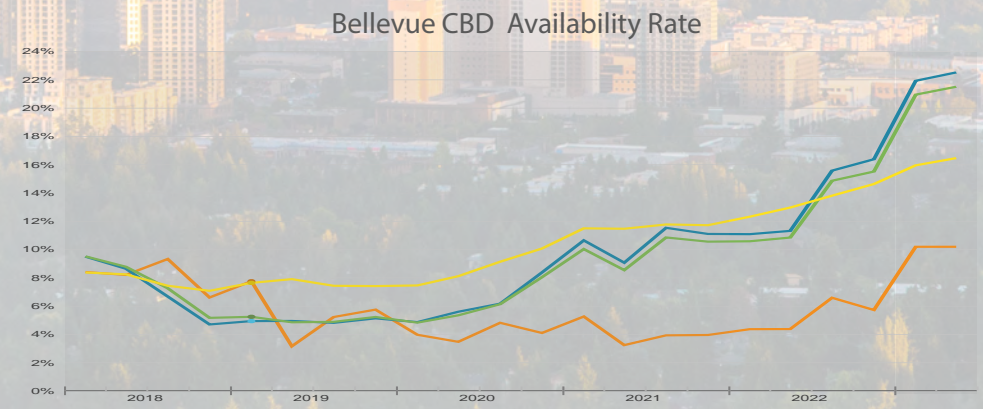
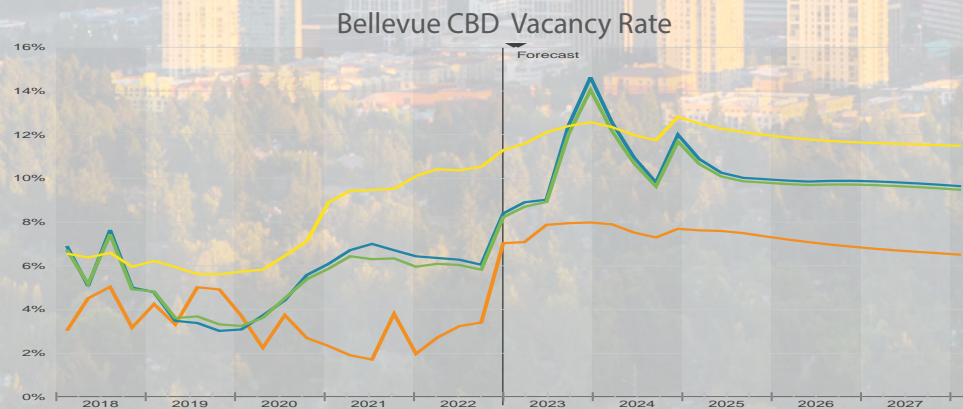
## General Overview

Office demand across the greater Eastside remains quiet as the first quarter of 2023 comes and goes. Vacancy on the Eastside ended the quarter up at approximately 7.1%. Large tech firms such as Amazon, Microsoft, and Meta have all curtailed continued office growth and announced large scale layoffs. Big tech has largely driven the Eastside's unprecedented office performance over the last decade and without this, the market is now poised for a sobering correction in 2023. Microsoft, and Meta alone are expected to unload close to 3 million square feet of office over the next 2 years, approximately 2 million square feet of which will be in Bellevue CBD. Anticipated Vacancy combined with approximately 1 million square feet of new office currently under construction and not yet leased has Bellevue CBD's availability rate above 21% and is expected to exceed 30% by 2025.

While the Eastside has remained relatively stable during the last few years, maintaining limited vacancy and modest rent growth, we should finally see notable reductions in rental rates and increases in concessions through 2023 and beyond; along the I-90 Corridor where vacancy could reach as high as 40% by the second half of 2023.

## Economy

According to the U.S. Bureau of Labor Statistics the seasonally adjusted monthly unemployment rate for Washington State is 4.6% above the nationwide rate of 3.6%. In Seattle/Tacoma/Bellevue, unemployment rate for February 2023 remained at 3.4%.





# Submarket Data




Below is a table providing summary information for the major submarkets of the Eastside:

Market	Vacancy Rate	2023 Absorption (SF)	FS Class A Average Rent
520 Corridor	3.5%	(56,554)	\$42.00 - \$47.00
Bellevue CBD	8.8%	(356,393)	\$55.00 - \$70.00
Bothell	13.1%	18,571	\$37.00 - \$42.00
Issaquah	6.6%	(42,361)	\$42.00 - \$47.00
I-90 Corridor	14.9%	(87,739)	\$40.00 - \$45.00
Kirkland	6.4%	(40,306)	\$55.00 - \$65.00
Redmond	2.1%	316,152	\$42.00 - \$47.00
Suburban Bellevue	6.4%	(44,789)	\$40.00 - \$47.00

# 7.10%

DIRECT EASTSIDE  
VACANCY RATE (APPX.)

# Notable Office Leases : Q1 2023

Tenant	Building	Address	Square Feet
 Behavioral Health Business	Kirkland 405 Corporate Center - Bldg A1	11410 NE 122nd Way, Kirkland	67,500 RSF
	Quadrant Monte Villa Center	3755 Monte Villa Pky, Bothell	65,086 RSF
	Park @ Willow Ridge - Bldg D	12034 134th Ct NE, Redmond	34,500 RSF

# Notable Office Sales : Q1 2023

Building & Address	Buyer / Seller	Building Size	Sale Price / Price PSF
 Gateway One 11400 SE 8th St Bellevue, WA	Limestone Investments / Felton Properties, Inc.	111,746 RSF	\$35 M / \$313
 Triland Square Bldg 8250 165th Ave NE Redmond, WA	David D & Jeanne H Markley / Libra Holdings LLC	7,857RSF	\$3.25 M / \$414

# Notable Availability :

Building		Rentable Square Feet	Timing	Notes
	Woodlands @ Bellevue I-90 Corridor	664,222 RSF	Q2 2023	Boeing vacating July 31, 2023
	Advanta Office Commons I-90 Corridor	601,081 RSF	Q3 2023	MSFT vacating September 30, 2023
	City Center Plaza Bellevue CBD	569,636 RSF	Q2 2024	MSFT vacating June 30, 2024
	The Eight Bellevue CBD	551,700 RSF	Q4 2023	Under Construction
	Lincoln Square North Bellevue CBD	442,378 RSF	Available now	MSFT vacating all available floors
	Four 106 Bellevue CBD	459,100 RSF	Q2 2025	Under Construction
	90 East I-90 Corridor	396,344 RSF	Q4 2023	MSFT vacating October 31, 2023



# Notable Availability Continued:

Building		Rentable Square Feet	Timing	Notes
	Spring District - Block 6 Suburban Bellevue	326,731 RSF	TBD 2023	Meta sublease term expires October 31, 2037
	Kirkland Urban Kirkland	128,087 RSF	Available Now	Tableau sublease expires February 28, 2030
	Summit I Bellevue CBD	107,362 RSF	Available now	PSE sublease expires October 31, 2028
	GIX Building Suburban Bellevue	96,231 RSF	Q4 2024	GIX sublease term expires September 30, 2027

# Office Construction

Below are some notable Class A office projects on the Eastside that are currently under construction or will be soon:



## The Spring District

124th Ave NE & NE 12th Street  
Bellevue, WA

Developer: Wright Runstad & Company  
Comments: Multiple buildings (±1.4M SF) fully leased by Meta. Meta also purchased REI's World Headquarters of 400,000 square feet. Site can deliver another ±1.5M square feet of BTS office.



## The Artise

10627 NE 8th Street  
Bellevue, WA

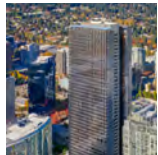
Developer: Schnitzer West  
Comments: ±605,000 SF of Class A Office; 25 stories. Delivers 2024. Fully leased to Amazon.



## 12th & Main

100 112th Ave NE  
Bellevue, WA

Developer: Tishman Speyer  
Comments: Four class A office towers totaling ±1.25 million SF. Estimated delivery for Phase I in 2025 & Phase II in 2027.



## Bellevue 600

110th Ave NE & NE 6th Street  
Bellevue, WA

Developer: Amazon  
Comments: ±1,000,000 square feet of Class A Office and 42-story hotel, purchased by Amazon. Amazon delaying second office tower.



## 555 Tower

555 108th Ave NE  
Bellevue, WA

Developer: Vulcan  
Comments: ±970,000 square feet of Class A office space. Fully leased to Amazon. Delivery 2023.



## WestMain

117 106th Ave NE  
Bellevue, WA

Developer: Vulcan  
Comments: ±1,064,000 square feet of Class A office space. Fully leased to Amazon. Delivery 2023.



## The Eight

10666 NE 8th Street  
Bellevue, WA

Developer: Skanska  
Comments: ±540,000 SF of speculative Class A Office, 25 stories. Delivery Q4 2023.



## Four 106 Tower

320 106th Ave NE  
Bellevue, WA

Developer: Patrinely Group  
Comments: 21 story class A office tower totaling ±500,000 SF. Delivery Q2 2025.



## Meta Building X

10301 Willows Rd NE  
Redmond, WA

Developer: Meta  
Comments: 350,000 square feet. Delivery 2023.



## Kirkland Urban South

469 Central Way  
Kirkland, WA

Developer: Alphabet  
Comments: ±300,000 square feet. Delivery 2024.



## Kirkland Ascent

422 6th St S  
Kirkland, WA

Developer: Talon Private Capital  
Comments: 56,171 square feet. Delivery Q4 2023.



## Microsoft Global HQ

156th Ave NE & NE 31st Way  
Redmond, WA

Developer: Microsoft  
Comments: ±2.5M square feet. Delivery 2023 - 2025.



An aerial photograph of Seattle, Washington, taken during the "golden hour" of sunset. The city's skyline, including several prominent skyscrapers, is visible in the middle ground. In the background, the snow-capped peak of Mount Rainier rises majestically against a sky with soft orange and blue gradients. The foreground is filled with dense green trees, some of which are illuminated by the low sun.

# Thank you.

FLINN  
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