

# Quarterly Market Report

Q4 – 2022 Greater Eastside

# Quarterly Highlights

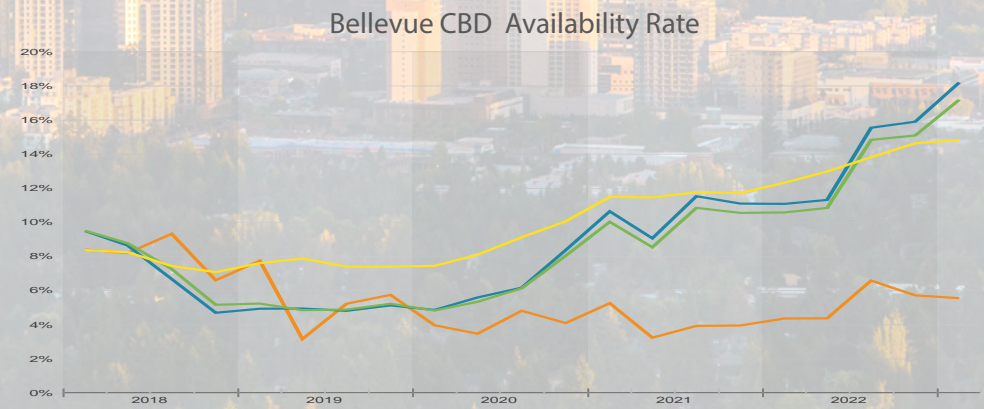
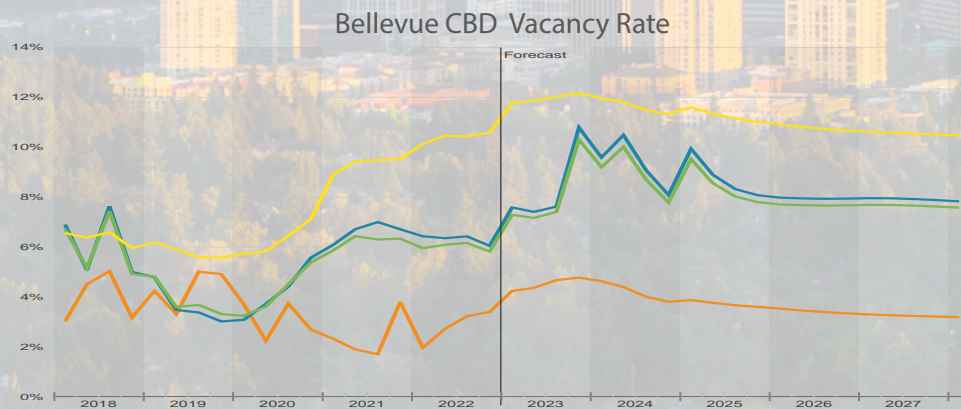
## General Overview

Office demand across the greater Eastside has been virtually silent since Q2, 2022. While overall vacancy on the Eastside ended the year at approximately 6.1%, 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. Amazon, Microsoft, and Meta alone are expected to unload no less than 3 million square feet of office over the next 2 years, approximately 2 million square feet of which will be in Bellevue CBD. This anticipated vacancy combined with

continued downsizing by other tenants and approximately 1 million square feet of new office currently under construction and not yet leased is expected to raise Bellevue CBD's vacancy rate well above 25% 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.

## Economy

According to the U.S. Bureau of Labor Statistics the seasonally adjusted monthly unemployment rate for Washington State is 4.0% slightly above the nationwide rate of 3.7%. In Seattle/Tacoma/Bellevue, unemployment rate for November 2022 was 3.4% down from 3.5 % in August 2022.



# Submarket Data

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

Market	Vacancy Rate	2022 Absorption (SF)	FS Class A Average Rent
520 Corridor	2.8%	(13,256)	\$42.00 - \$47.00
Bellevue CBD	6.3%	(28,157)	\$55.00 - \$65.00
Bothell	12.2%	3,755	\$37.00 - \$42.00
Issaquah	5.4%	(27,002)	\$42.00 - \$47.00
I-90 Corridor	14.4%	(47,919)	\$40.00 - \$45.00
Kirkland	5.5%	60,230	\$55.00 - \$65.00
Redmond	2.6%	(47,058)	\$42.00 - \$47.00
Suburban Bellevue	5.8%	44,340	\$40.00 - \$47.00

# 6.10%

DIRECT EASTSIDE  
VACANCY RATE (APPX.)



# Notable Office Leases of 2022

Tenant	Building	Address	Square Feet
Meta	Park at Willow Ridge	12034 - 12335 134th Ct NE, Redmond	208,221 RSF
Sana Biotechnology, Inc.	Quadrant Monte Villa Center	3330 - 3350 Monte Villa Pky, Bothell	78,000 RSF
Snapchat	Midstation Bellevue	110 110th Ave NE, Bellevue	76,847 RSF
VMware	City Center Bellevue	500 108th Ave NE, Bellevue	71,813 RSF
Expeditors	Sterling Campus	3535 - 3545 Factoria Blvd SE, Bellevue	61,525 RSF
Apptio	Plaza East	11100 NE 8th St, Bellevue	61,141 RSF
Egencia	Midstation Bellevue	110 110th Ave NE, Bellevue	46,448 RSF
Ericsson	Sterling Campus	3535 - 3545 Factoria Blvd SE, Bellevue	33,425 RSF
Nokia	One Twelfth @ Twelfth	1100 - 1120 112th Ave NE, Bellevue	32,173 RSF



# Notable Office Sales of 2022

Building & Address	Buyer / Seller	Building Size	Sale Price / Price PSF
 <p>Redmond Hilltop Buildings 17 &amp; 19 6244 - 6464 185th Ave NE Redmond, WA</p>	<p>LCN Capital Partners / Acento Real Estate Partners</p>	<p>133,571 RSF</p>	<p>\$67.3 M / \$504</p>
 <p>Canyon Pointe Buildings A &amp; B 22309 - 22213 30th Dr SE Bothell, WA</p>	<p>Alexandria Real Estate Equities, Inc. / Strategic Office Partners</p>	<p>156,626 RSF</p>	<p>\$75.5 M / \$463</p>
 <p>Bell-Spring 520 11808 - 11820 Northup Way Bellevue, WA</p>	<p>American Assets Trust / Swift Real Estate Partners</p>	<p>93,000 RSF</p>	<p>\$46 M / \$489</p>
 <p>Belle-View Office Park North &amp; South Buildings 275 - 325 118th Ave SE Bellevue, WA</p>	<p>Pine Forest Properties / Create World America</p>	<p>57,512 RSF</p>	<p>\$28 M / \$486</p>
 <p>10801 - 10811 Main St Bellevue, WA</p>	<p>Clise Properties / Everett Properties</p>	<p>25,732 RSF</p>	<p>\$29 M / \$851</p>

# 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

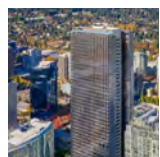
Developer: Schnitzer West  
Comments: 605,000 SF of Class A Office; 25 stories. Delivers 2024. Fully leased to Amazon.



## 12th & Main

100 112th Ave NE  
Bellevue, WA

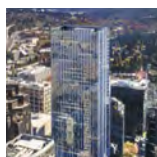
Developer: Tishman Speyer  
Comments: Four class A office towers totaling 1.25 million SF. Estimated delivery for Phase I in 2025 & Phase II in 2027.



## 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 - TBD



## 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.



## Skanska NE 8th

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 Q4 2024.



## 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, showing the city skyline, the waterfront, and the surrounding urban area. The image is overlaid with a semi-transparent blue filter. The text "Thank you." is centered in the middle of the image.

**Thank you.**

FLINN  
FERGUSON  
cresa

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