

Quarterly Market Report

Q2 – 2023

Quarterly Highlights

General Overview

In Q2 2023 the Downtown Seattle Office Market vacancy jumped to 20.7% (up from 19.1% in Q1, 2023), including 16.8% of direct vacancy and 3.9% of sublease vacancy. The 12-month net absorption for the Downtown Seattle Office Market at the end of Q1 2023 was at (2,343,762) RSF. The amount of office space under construction is approximately 1,304,064 RSF.

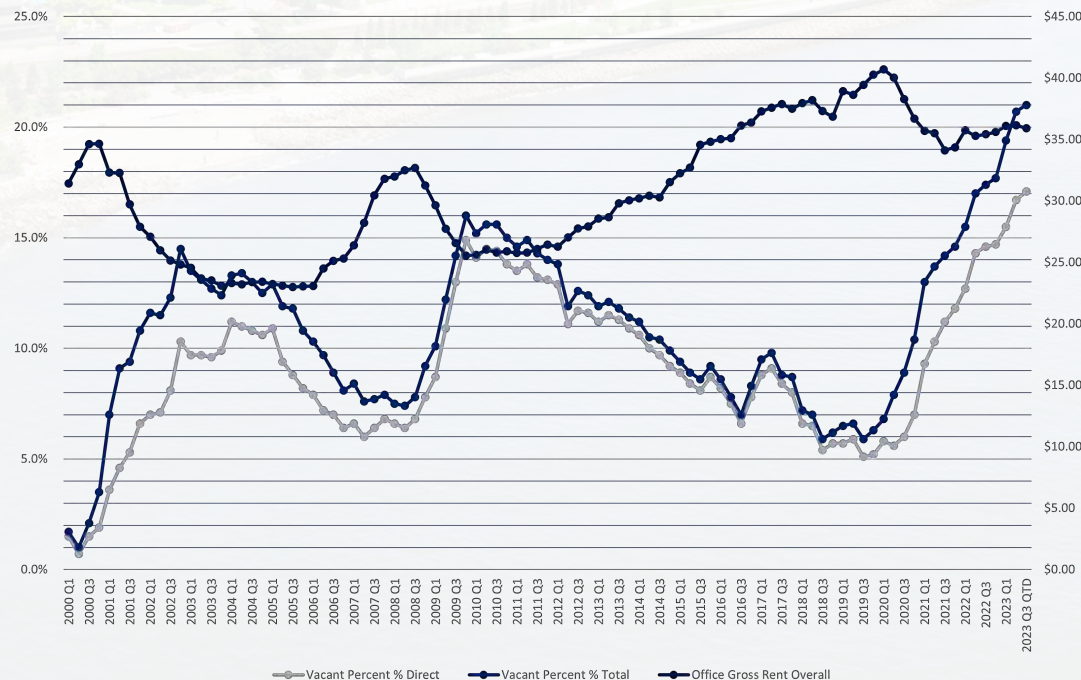
It should be expected that office vacancy will continue to increase for the rest of 2023 and beyond, which will soften the market further in favor of tenants. That said, many businesses are taking firmer stances on employee return-to-the-office

policies, including the top 5 technology employers in the Puget Sound: Amazon, Microsoft, Meta, Google, and T-Mobile.

Economy

According to the U.S. Bureau of Labor Statistics the seasonally adjusted monthly unemployment rate for Washington State is 4.1% above the nationwide rate of 3.6%. In Seattle/Tacoma/ Bellevue, the unemployment rate grew from 3.0% in April 2023 to 3.3% in May 2023.

Below is a graph starting in the year 2000 tracking direct vacancy and overall office gross rental rates:



Data provided by Costar

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Submarket Data

To summarize, below is a table providing information for the major submarkets of Seattle:

Market	Vacancy Rate	YTD Absorption (SF)	FS Class A Rental Range
Ballard / U-District	8.34%	(13,413)	\$25.00 – \$45.00
Belltown / Denny Regrade	18.40%	(155,130)	\$25.00 – \$50.00
Capitol Hill / Central District	3.87%	(26,450)	\$25.00 – \$50.00
Lake Union	11.51%	(293,078)	\$40.00 – \$70.00
Pioneer Square / Waterfront	20.94%	(89,104)	\$25.00 – \$55.00
Queen Anne	28.33%	(46,157)	\$22.00 – \$35.00
Central Business District	25.76%	(1,722,271)	\$30.00 – \$65.00

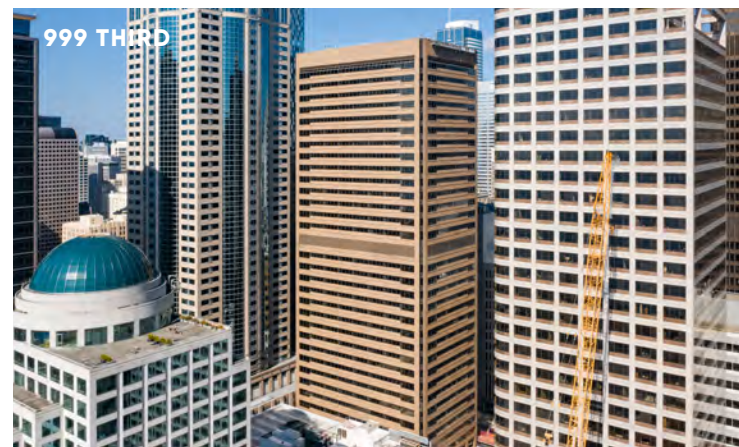
20.7% TOTAL VACANCY RATE FOR SEATTLE





Q2 2023 Leases

Office leasing in the second quarter of 2023

Tenant	Building	Address	Square Foot
Insight Global	2323 Elliott	2323 Elliott Avenue	74,722 RSF
Seyfarth Shaw	999 Third	999 3rd Avenue	45,972 RSF
Helsell Fetterman	800 Fifth	800 5th Avenue	21,824 RSF
Marcus & Millichap	Rainier Square	401 Union Street	16,701 RSF
First Choice Health	400 Westlake	400 Westlake Avenue N	14,926 RSF



Top Q2 2023 Office Sales

Building & Address	Buyer / Seller	Building Size	Sale Price / Price PSF
 2707 NE Blakeley St Seattle, WA	Dawn McDermott / Quardev Inc	9,012 RSF	\$3.38 M / \$374.50
 7107 Greenwood Ave N Seattle, WA	Roots and Wings Foundation / Linda Carnell	4,760 RSF	\$1.63 M / \$342.44



Office Construction

A full list of current buildings under construction is available upon request.



The Jack
74 S Jackson St
Developer: Urban Visions
Comments: 162,843 square foot of office space



Washington 1000
1000 Olive Way
Developer: Hudson Pacific Properties
Comments: 531,000 square foot office tower



Chapter Buildings
4536 Brooklyn Ave NE /4530 12th Ave NE
Developer: Touchstone
Comments: 394,500 square foot of office space, 21,000 square foot of outdoor space.



Firestone Tire Center
400 Westlake Ave N
Developer: Martin Selig Real Estate
Comments: 226,876 square foot of office and biotech space



7th & Battery
2301 7th Ave
Developer: Onni Development
Comments: 310,000 square foot of office, 600 residential units



1916 Boren
1916 Boren Ave
Developer: Trammell Crow Company
Comments: 11-story, ±320,000 square foot life science building.



701 Dexter
701 Dexter Ave N
Developer: Alexandria Real Estate Equities
Comments: 11-story, 266,898 square foot building



Northlake Commons
3800 Latona Ave NE
Developer: Spear Street Capital, Hess Callahan Grey Group & Weber Thompson Architects
Comments: 158,000 square foot of office and life science space. First mass timber commercial building of its size in Seattle.



Eleven50
1150 Eastlake Ave E
Developer: Alexandria Real Estate Equities, Inc.
Comments: ±300,000 square foot life science building



222 Fifth
222 5th Ave N
Developer: Lincoln Property Company
Comments: 9-story, ±200,000 square foot office and life science building.



Unison Elliott Campus
401 & 501 Elliott Ave W
Developer: Koehler McFadyen & Company
Comments: Unison Elliott Bay buildings 401 & 501 under renovations in 2023.

Proposed Development

Below is a description of the largest proposed developments in Seattle. A full list of proposed developments is available upon request.



"S"
1001 6th Ave S
Developer: Urban Visions
Comments: 1,620,000 square foot of office



Northgate Mall Redevelopment
Developer: Simon Property Group
Comments: 978,500 square foot redevelopment project



Former Seattle Times HQ
1120 John St
Developer: Onni Group
Comments: 940,160 square foot of office with 54,000 square foot of retail



The Net
801 3rd Ave
Developer: Urban Visions
Comments: 807,580 square foot of office with two floors of "open market" retail



9th & Howell
876 Howell Street
Developer: RC. HeDreen Co.
Comments: 23 story building - 371,500 square foot of office, 8,000 square foot retail



Mercer Mega-Block
Developer: Alexandria Real Estate
Comments: ±864,000 square foot life science campus



Block 48
111 Westlake Ave N
Developer: Vulcan
Comments: Project will feature 0.5 acres of open spaces, and 420,000 square foot of office space



Block 18
2205 7th Ave
Developer: Graphite Design Group
Comments: 388,000 square foot of office. 100% leased to Amazon



Block 79E
Developer: Vulcan
Comments: ±370,000 rentable square foot



4536 Brooklyn Ave
Developer: Touchstone
Comments: 345,000 square foot of office



Lloyd Building Preservation + Office Tower
1818 6th Ave
Developer: Kilroy Realty Corporation
Comments: 18-story 325,000 square foot of office.



Block 37
Developer: Vulcan
Comments: ±300,000 square foot of office space, 6 stories.

Proposed Development

Below is a description of the largest proposed developments in Seattle. A full list of proposed developments is available upon request.



Windermere Building
815-825 Western Ave
Developer: Martin Selig
Comments: 300,000 square foot of office, 10 floors of apartments



401 Queen Anne Ave N
Developer: Martin Selig
Comments: 240,000 square foot of office space



SCCA Expansion
I-5 & Valley Street
Developer: SCCA
Comments: ±600,000 square foot of lab and office space



South Lake Union Development
1305 Stewart
Developer: PMB Real Estate Services
Comments: 14-story, ±280,000 square foot life science building.



Denny Park South
2300 7th Ave
Developer: BioMed Realty
Comments: ±616,000 square foot life science building.



601 Dexter
601 Dexter Ave N
Developer: Alexandria Real Estate
Comments: 12-story, ±188,400 square foot life science building.





Thank you.

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