

An aerial photograph of a city skyline, likely Seattle, featuring a dense cluster of modern high-rise buildings in the center. In the foreground, there is a large body of water with a marina filled with boats and several covered boat docks. The city is surrounded by green trees and residential areas. In the far distance, a range of mountains with snow-capped peaks is visible under a clear blue sky.

Year End Market Report

2023 Greater Eastside Office

Highlights

General Overview

Throughout the course of 2023 office demand across the greater Eastside remained well off pre-Covid levels while general office activity ebbed and flowed. This past year saw Amazon establish its three-days-per-week employee in-office policy and has expedited its once delayed office improvements for its new projects in Bellevue CBD. As result, other big tech companies have instituted similar in-office policies aiding office occupancy levels heading into 2024. That said, Big-Tech's 2023 in-office mandates have been accompanied by continued layoffs throughout the year with some speculation of more to come heading into 2024. General tech office activity is finally seeing some resurgence heading into 2024 with sizeable expansions pending for Pokemon, ByteDance, Snowflake and others. While this renewed tech activity offers some encouragement, it won't be enough to stem the impacts of increasing office availability from Microsoft, Meta, T-Mobile and Boeing among others.

Class A office vacancy on the greater Eastside ended the year up at approximately 10.8% with Class A office availability steady about 28%. Vacancy and availability rates have been led primarily by big tech dispositions and non-renewals. Microsoft and Meta alone are unloading approximately 3 million square feet of Class A office by 2025, approximately 2 million square feet of which will be in Bellevue CBD.

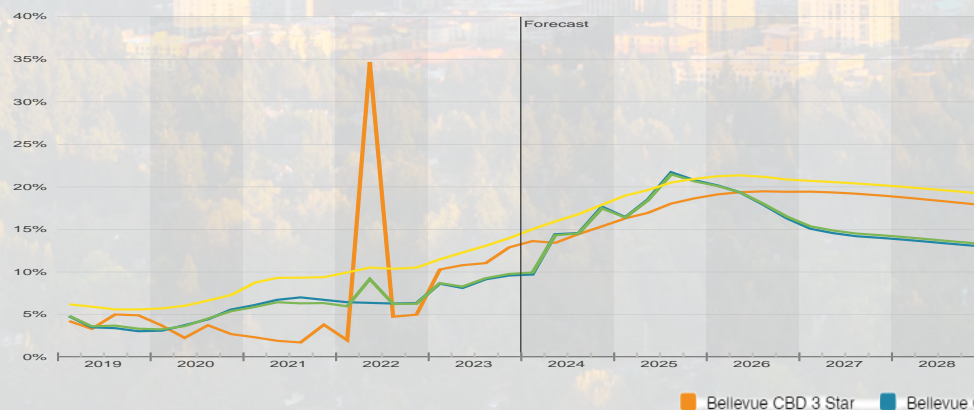
Bellevue CBD's Class A office vacancy finished the year at approximately 9.6% while its Class A availability sits at approximately 29%. The I-90 corridor experienced the largest jump in direct office vacancy of any major submarket in the nation in 2023, finishing the year at approximately 41.6%.

While most of the Eastside has remained somewhat insulated from major office market corrections over the last few years, we started to see correction in certain submarkets in 2023. Bellevue CBD and Kirkland have maintained strong performance in the Class A office sector but even these markets should see meaningful correction in 2024.

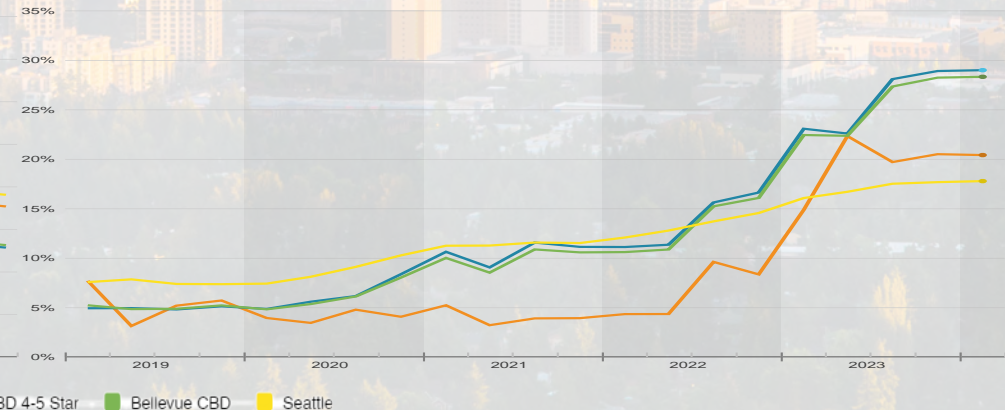
Economy

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, the unemployment rate grew from 3.7% in September 2023 to 4.0% in November 2023.

Bellevue CBD Vacancy Rate



Bellevue CBD Availability Rate



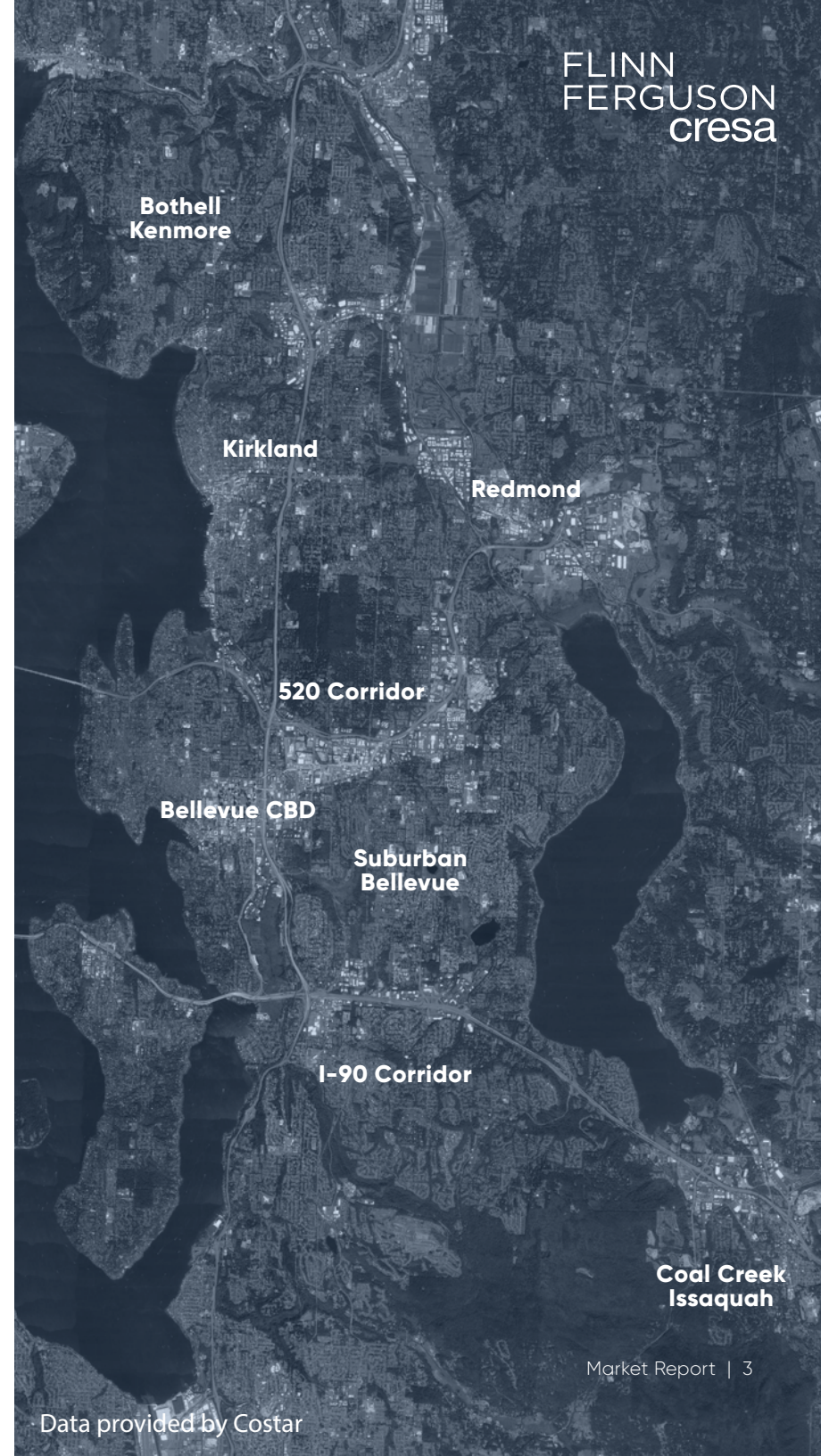
Submarket Data

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

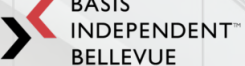







Market	Vacancy Rate	2023 Absorption (SF)	FS Class A Average Rent
520 Corridor	5.3%	(281,483)	\$42.00 - \$47.00
Bellevue CBD	9.8%	1,517,835	\$55.00 - \$75.00
Bothell	13.5%	(32,814)	\$35.00 - \$40.00
Issaquah	16.2%	234,023	\$32.00 - \$45.00
I-90 Corridor	41.6%	(1,694,695)	\$35.00 - \$45.00
Kirkland	4.9%	32,280	\$50.00 - \$65.00
Redmond	8.4%	(132,187)	\$42.00 - \$47.00
Suburban Bellevue	13.0%	(19,914)	\$40.00 - \$47.00

13.1%





DIRECT EASTSIDE
VACANCY RATE



Notable Office Leases : 2023

Tenant	Building	Address	Square Feet
 BASIS INDEPENDENT™ BELLEVUE	Canyon Park Heights	21540 30th Drive SE, Bellevue	143,758 RSF
 T-Mobile™	Canyon Pointe - Building B	22309 30th Drive SE, Bothell	87,273 RSF
 Behavioral Health Business	Kirkland 405 Corporate Center - Bldg A1	11410 NE 122nd Way, Kirkland	67,500 RSF
 ByteDance	Key Center	601 108th Ave NE, Bellevue	66,000 RSF
 IONQ	Quadrant Monte Villa Center	3755 Monte Villa Pky, Bothell	65,086 RSF
 flexport.	Skyline Tower	10900 NE 4th Street, Bellevue	55,500 RSF
 discovery+	Civica	205-225 108th Ave NE, Bellevue	49,920 RSF
 Regus	Bellevue Technology Center	2018 156th Ave NE, Bellevue	46,338 RSF
 GoDaddy	Carillon Point	3000 Carillon Point, Kirkland	39,495 RSF
 KYMETA™	Park @ Willow Ridge - Bldg B	12277 134th Ct NE, Redmond	34,875 RSF
 KAISER PERMANENTE®	The Office at Riverpark	15809 Bear Creek Pky NE, Redmond	34,875 RSF
 KYMETA™	Park @ Willow Ridge - Bldg D	12034 134th Ct NE, Redmond	34,500 RSF
 omniva	929 Office Tower	929 108th Ave NE, Bellevue	26,077 RSF

Notable Office Sales : 2023

Building & Address	Buyer / Seller	Building Size	Sale Price / Price PSF
 <p>Gateway One 11400 SE 8th St Bellevue, WA</p>	Limestone Investments / Felton Properties, Inc.	111,746 RSF	\$35 M / \$313
 <p>3190 160th Ave SE Bellevue, WA</p>	Intracorp Homes / Bluesun Bellevue, LLC	60,423 RSF	\$18M / \$298
 <p>12710 Totem Lake Blvd NE Kirkland, WA</p>	Remedy Medical Properties / Harrison Street Capital	16,198 RSF	\$9.25M / \$571
 <p>10025 NE 186th St Bothell, WA</p>	Remedy Medical Properties / Harrison Street Capital	14,826 RSF	\$8.25M / \$508
 <p>2700 Northup Way Bellevue, WA</p>	Cedar Crest Academy / Capital Consultants, Inc	13,100 RSF	\$6.65M / \$508
 <p>Triland Square Bldg 8250 165th Ave NE Redmond, WA</p>	David D & Jeanne H Markley / Libra Holdings LLC	7,857RSF	\$3.25 M / \$414



Notable Availability :

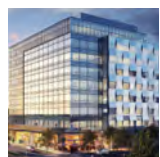
Building	Rentable Square Feet	Timing	Notes
 The Bravern Bellevue CBD	752,171 RSF	Available now	Microsoft vacating August 31, 2025. 2-Building CBD campus.
 Woodlands @ Bellevue I-90 Corridor	704,421 RSF	Available now	6-Building suburban campus. Formerly Boeing. Intended improvements on hold.
 Advanta Office Commons I-90 Corridor	617,424 RSF	Available now	3-Building suburban campus. Formerly Microsoft.
 City Center Plaza Bellevue CBD	571,849 RSF	Q2 2024	Microsoft vacating June 30, 2024. Extensive common area improvements planned.
 The Eight Bellevue CBD	508,000 RSF	Q1 2024	Under Construction. Anchor lease signed with Pokemon.
 Millennium Corporate Park Redmond	497,193 RSF	Available now	Microsoft sublease expires April 30, 2028. 6-Building suburban campus.
 Four 106 Bellevue CBD	483,300 RSF	Q2 2025	Under Construction.

Notable Availability Continued:

Building	Rentable Square Feet	Timing	Notes
 Lincoln Square North Bellevue CBD	442,378 RSF	Available now	Microsoft vacating floors 9 - 28 upon notice. Anchor lease pending with ByteDance
 90 East I-90 Corridor	396,344 RSF	Available now	Microsoft vacated October 31, 2023.
 Spring District - Block 6 Suburban Bellevue	326,731 RSF	Available now (shell)	Meta sublease term expires October 31, 2037. Sublease pending with Snowflake.
 Summit I Bellevue CBD	107,362 RSF	Available now	PSE sublease expires October 31, 2028.
 GIX Building Suburban Bellevue	96,231 RSF	Relocation required (TBD)	GIX sublease term expires September 30, 2027.

Office Construction

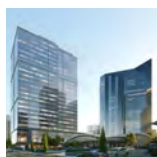
Below are some notable Class A office projects on the Eastside that are currently under construction:



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

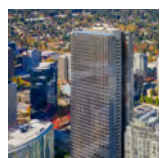
Developer: Schnitzer West
Comments: ±605,000 SF of Class A Office; 25 stories. Delivery 2024. Fully leased to Amazon.



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. Delivered 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 Q1 2024.



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. Delivered 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 Q1 2024.



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, featuring the city skyline in the foreground and Mount Rainier in the background. The scene is captured during the golden hour of sunset, with warm light illuminating the buildings and the snow-capped mountain peak. The sky transitions from a deep blue at the top to a soft orange near the horizon. The city is surrounded by lush green forests, and the overall atmosphere is serene and picturesque.

Thank you.

FLINN
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