

Seattle Office Space News – October 2024

Below are comments and links to news articles and other topics relevant to the Seattle office space market from the month of October 2024.

OFFICE DEVELOPMENTS

Builder, Lease Crutcher Lewis, and developer, Alexandria Real Estate Equities, began construction in the fall of 2021 at 701 Dexter Avenue N. The 11-story life-science building, totaling 227,000 square feet has [reached](#) its full height and the glazing is commencing on lower levels as the project aims to reach completion by the summer of 2025.

Over the next 12 months, roughly 848,222 square feet of life-science office and lab space are slated for delivery. Including projects such as 222 Fifth, 1916 Boren Avenue, and the Chapter Buildings.

OFFICE LEASES

In October, Avalara Inc [reported](#) it is set to downsize from its current 152,401 square foot space in Hawk Tower, 255 King St, to a 33,759 square foot space in the Seattle waterfront Maritime Building, located at 911 Western Avenue. Avalara will be subleasing the fifth floor from Big Fish Games.

Pinterest is [moving](#) into a permanent office space in Seattle after occupying a WeWork location for the past eight years. The content-sharing giant will occupy a 21,520 square-foot space in the Met Park East building, 1730 Minor Avenue.

Further [news](#) of expansions at Met Park include Brex, a fintech company, doubling its workforce in Seattle over the next year. Their new 6,000 square foot office is located at Met Park West, 1100 Olive Way, and will be home to around 35 employees.

OFFICE BUILDING SALES

428 Westlake Avenue N in South Lake Union sold in October for \$47.6 million to Alexandria Real Estate Equities [according](#) to King County records. Karigo LLC, linked to Commonwealth Realty Trust, was the seller of the 88,514 square foot building, having purchased the property in summer 2017 for over \$81 million. With Amazon occupying the majority of the space, the building will likely see a wave of new faces when the company's five-day-a-week office mandate takes effect in January.

Pietromonaco Jackson Properties, a Mercer Island-based investor, [acquired](#) a seven story, ±73,000 square foot office building in Belltown in October. The property, located at 2505 Second Avenue, sold for \$11 million, or approximately \$150 per square foot, which is nearly half of what seller, PCCP, paid in 2017.

Pier 70, which includes 107,000 square feet of commercial and office space, is [reportedly](#) on the market. The building is currently owned by Triad Pier 79 LLC, an entity governed by Seattle real estate developer John Goodman, and is seeking "best offer" for the property that has an assessed value of \$27.3 million, or \$255 per square foot. The building is located at 2801 Alaskan Way on the Waterfront and is currently 36% leased.

RETURNING TO THE OFFICE

Amazon Web Services CEO Matt Garman is quoted in this [article](#) as saying: "When we want to really, really innovate on interesting products, I have not seen an ability for us to do that when we're not in-person." Further in the statement Garman says: "If there are people who just don't work well in that environment and don't want to, that's OK, there are other companies around... We want to be in an environment where we're working together...This is an effort to strengthen our culture and ensure that our teams are connected so that they can invent, collaborate, and deliver the best results for our customers and the business."

Garman said that nine out of 10 employees he has spoken with are supportive of the new 5-days-per-week in the office policy, which will go into effect in January for all Amazon employees.

In October, Starbucks [announced](#) a return to office mandate of 3-days-per-week. Starting in January of 2025, corporate employees who do not come into the office three days a week could face termination. Teams will be required to be in the office on Wednesdays, with two other days of the week to be decided on the team level. Other major local employers such as Microsoft and Google have said their hybrid policies are here to stay, *as long as workers continue to be productive*.

[According](#) to the 2025 Salary Guide from HR consulting firm Robert Half, technology managers are inclined to raise starting salaries for new hires who work in the office, whether full-time or part-time. The report notes that tech professionals' "ideal scenario" involves working in the office three days a week. In addition to higher salaries, the Salary Guide emphasizes that a competitive compensation package should also include essential benefits like health insurance, paid time off, and retirement savings plans to serve as effective incentives.

DOWNTOWN RECOVERY

A new survey of 700 registered voters conducted by EMC Research [found](#) that 48% of respondents believe the city of Seattle is "going in the right direction", up 30% from two years ago. A quality-of-life index calculated by survey responses reached 4.66, on a scale from 1-10 (10 being positive) — up from 3.89 two years ago with 46% fewer people considering leaving Seattle. The top three concerns still facing the city are (i) crime/drugs/public safety, (ii) homelessness, and (iii) the cost of living/affordable housing.

ECONOMY

The U.S. economy grew at a 2.8% annual rate from July to September, as [reported](#) by the Commerce Department. While this is a slight slowdown from the 3% growth seen in the previous quarter, it indicates economic resilience. Consumer spending, which represents about 70% of economic activity, accelerated to a 3.7% annual pace, and exports increased by 8.9%. However, personal consumption expenditure rose at only 1.5%, the lowest rate in over four years. Despite recession predictions, the economy continues to expand due to ongoing hiring and consumer spending. With inflation cooling, the Federal Reserve has started cutting interest rates, which could lead to lower borrowing costs for consumers and businesses in the future.

[Wells Fargo](#) CEO Charlie Scharf expressed concern in October about the state of commercial real estate during a third-quarter earnings call. He stated that the situation is not improving and is affecting more properties. The bank's Chief Financial Officer, Mike Santomassimo, also noted that new and renovated buildings are doing well, while vintage office buildings face more challenges. However, Wells Fargo's earnings topped analysts' expectations, with the bank earning \$5.11 billion in the third quarter, down from \$5.77 billion in last year's third quarter. Comments made on the earnings call also stand in contrast to the bank's economists, who have said the nation may be seeing the beginning of the end of the commercial real estate downturn.

HOUSING

King County's housing supply relative to demand [reached](#) its highest level since before the pandemic, with homes in the Seattle-Tacoma-Bellevue area spending a median of 43 days on the market, six days longer than the previous year. Approximately 16% of listings saw price cuts, and while pending home sales increased compared to last year, they remained below 2019 levels, reflecting a national trend of reduced home transactions.

Home prices in Puget Sound were stable from August to September, with the median single-family home in King County selling for \$950,000, a 6% increase from the previous year. The Eastside saw the most significant price rise, with median sales around \$1.5 million, up 7%. In other areas, median prices were \$938,000 in Seattle (up 1%), \$635,000 in Southwest King County (up 6%), \$567,000 in Pierce County (up 6%), \$775,000 in Snohomish County (up 3%), and \$549,000 in Kitsap County (down 2%).

The average 30-year mortgage rate increased slightly to 6.12%, still nearly 1.5 percentage points lower than last year. Many economists expect mortgage rates to remain around this level through the end of the year, with any future declines likely being smaller and preemptive in anticipation of Federal Reserve interest rate cuts.

JOBS

[According](#) to the Labor Department, U.S. employers added a robust 254,000 jobs, exceeding economists' expectations and marking a significant increase from August's 159,000 jobs added. The unemployment rate also fell for the second consecutive month, from 4.2% in August to 4.1% in September, indicating resilience in the labor market despite high interest rates. The Labor Department revised job growth estimates for July and August upward by 72,000, leading to an average of 186,000 jobs added over the past three months, up from 140,000 in August. Average hourly wages rose by 0.4% in September, slightly below the 0.5% increase in August, resulting in a year-over-year wage growth of 4%, up from 3.9% in the previous month. The Federal Reserve responded to progress in controlling inflation by cutting its benchmark interest rate by half a point, the first reduction in over four years, with potential future cuts expected to be smaller.

By the end of October Seattle's tech industry had [lost](#) 6,100 jobs in 2024, representing a 4.4% decrease, according to the Washington state Employment Security Department. Since peaking at 148,200 jobs in June 2022, the sector has seen a total reduction of nearly 16,900 positions. This shift follows a trend from aggressive hiring to cost-cutting measures among tech companies due to changing economic conditions. Notable layoffs include around 650 at Microsoft's gaming division and cuts at Amperity, Bungie, Expedia, and Redfin. The region's unemployment rate rose from 3.8% at the year's start to 4.4% in September. In contrast, the overall Seattle metro area added 19,600 nonfarm jobs, with significant growth in education and health services, which gained 11,600 jobs, despite a 7.5% decline in software publishing, resulting in the loss of 5,400 jobs.

VENTURE CAPITAL

According to [data](#) from PitchBook and the National Venture Capital Association, local startups landed \$2.1 billion across 89 deals during the third quarter up from \$920 million across 91 deals during the third quarter of last year. This still lags 2022's pace when local startups raised \$7.9 billion across 484 deals. Among those to raise money in the third quarter were Seattle companies Outspace Bio, that raised \$144 million, Kestra Medical Technologies raising \$196 million and Everett-based fusion energy company Zap Energy who disclosed a \$130 million round.

OTHER NEWS

Seattle's crane count [fell](#) from 38 to 28 between Q2 and Q3 of 2024, now holding the second-highest count in the U.S. behind Los Angeles. Toronto had the biggest drop, down from 221 to 83 cranes. Rider Levett Bucknall's reports also showed that construction costs in Seattle rose by 4.91% this quarter, above the national average increase of 1.07%, which is the lowest in three years.

Construction input prices [declined](#) in September, according to the Associated Builders and Contractors (ABC), with material prices dropping 0.9% from August. Nonresidential construction input prices also fell by 0.9%. Significant decreases were seen in crude petroleum (down 16.7%) and unprocessed energy materials (down 12.6%), while natural gas prices increased by 2.4%. Year-over-year, overall construction input prices are down 1.9%, and nonresidential prices are down 2.1%. ABC Chief Economist Anirban Basu warns that elevated global shipping rates and supply chain issues could pressure prices upward, potentially affecting contractor profit margins in the coming months.

At the beginning of this month, construction [began](#) on the \$129 million RapidRide J line. The new line will enhance connections between downtown, Belltown, South Lake Union, Eastlake and the University District neighborhoods. The \$128.5 million project along the old Route 70 includes infrastructure upgrades like improved station amenities, enhanced pedestrian and bicycle safety, repaired sidewalks and much more. Funded by contributions from the Federal Transit Administration, Federal Highway

Administration, WSDOT, University of Washington, City of Seattle, and King County Metro, the line will also include a new water main on Eastlake Avenue.

Seattle's Third Avenue [embraces](#) the holiday spirit with festive lighting between Stewart and Virginia Streets, as part of Mayor Harrell's Downtown Activation Plan. This initiative aims to create a more welcoming and safer environment by connecting neighborhoods and supporting residents, businesses, and tourists. The project was a collaborative effort involving city and transit agencies, local organizations, and community stakeholders. WSDOT hopes this lighting will inspire further enhancements along the avenue by local building owners and tenants.

In addition to hosting FIFA World Cup matches in 2026, the Seattle FWC Organizing Committee and Mayor Bruce Harrell announced [plans](#) for a "Fan Celebration Space" for residents and up to 750,000 visitors with the ability to watch the match from outside of the stadium. In addition to broadcasting all the FIFA World Cup matches hosted in Seattle, programming for the Seattle Fan Celebration will include entertainment, hospitality areas, sponsorship activations, educational displays, and showcases for Made in Washington products, arts and crafts, and food and beverage.