

Seattle Office Space News – November 2024

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

OFFICE DEVELOPMENTS

The 35 Stone Building, located at 3524 Stone Way N in Fremont, [received](#) a temporary certificate of occupancy at the beginning of November. The 112,700 square foot building is fully leased to Brooks Sporting Goods and was designed by Weber Thompson. The developer, Evolution Projects, purchased the land in late 2021 from SRM development and broke ground in 2022.

OFFICE LEASES

Apple Inc. has leased 190,000 square feet at Arbor Blocks at 333 Eighth Ave N in South Lake Union. The property was previously leased by Meta who had been marketing the building for sublease. However, Apple [reportedly](#) will have a direct lease agreement with the building owner Ponte Gadea, an investment firm led by Spanish billionaire Amancio Ortega. Ponte Gadea acquired the Arbor Blocks campus from Vulcan Real Estate in 2019 for \$415 million.

Leasing at Smith Tower has [momentum](#) following the recent purchase by a local ownership of group via a deed in lieu of foreclosure. The iconic tower, located at 506 2nd Ave in Pioneer Square, has recently inked eleven leases totaling over 42,000 square feet. One of the new tenants is middle-market investment bank Alexander Hutton. As of the end of November, about 55% of the tower's nearly 268,750 square feet is available for lease.

BNBuilders leased and recently [started](#) a tenant improvement project for its new Seattle headquarters in the Ainsworth & Dunn building at 2815 Elliott Ave in Belltown. The site includes a historic 28,000-square-foot brick building, a modern rooftop addition from 2019, and a 3,500-square-foot west-facing deck. Owned by Meriwether Partners, the building was originally constructed in 1902 as a salmon processing warehouse and was most recently known as the Old Spaghetti Factory. Following the major renovation in 2019 the building was leased to a coworking company, which failed at the location. BNBuilders plans to move into the new headquarters by April 2025.

OFFICE BUILDING SALES

March 14th 2025 marks the date that the Gibraltar Tower, located at 1518 Third Avenue in the central business district, is set for a courthouse [auction](#). The building is in foreclosure by JPMorgan Chase over an unpaid loan. Currently assessed by the county with a value of \$11 million, the building was last sold in 2005 for \$6 million. Despite efforts to sell, including a national auction with a minimum bid of \$2 million, there were no buyers. The 41,242 square foot building has a reported 31% office occupancy. This auction could provide the current owner a chance to secure a new lender or walk away from the property.

RETURNING TO THE OFFICE

Remitly and Morgan Stanley are [embracing](#) flexible return-to-office policies post-pandemic, emphasizing the value of in-person collaboration, mentoring, and cultural immersion. Remitly asks employees to spend 50% of their time in the office, while Morgan Stanley encourages three days a week, framing it positively as granting two flexible days for remote productivity. Both companies incentivize attendance with perks like free lunches and "neighborhood" team setups to foster interaction. Leaders highlight the career benefits of networking, exposure to opportunities, and building a personal brand through office presence.

As [reported](#) by VTS, Seattle's new demand for office space more than doubled year over year in Q3 2024. Seattle's office demand index increased to 45 in September indicating a 114% year over year gain. Boston, San Francisco and Chicago saw VODI growth of more than 10% year over year. These cities and Seattle "are finally beginning to thaw," the report states. The tech sector appears to be shifting toward favoring onsite work, as seen in Amazon's recent mandate for employees to return to the office five days a week and expansions by companies like OpenAI and Nvidia. While cities with a strong tech presence historically saw lower office demand (VODI) scores, this trend may be reversing. VTS predicts gradual growth in demand due to a healthy job market, declining work-from-home rates, and increasing pressure on employers to finalize workplace policies.

DOWNTOWN RECOVERY

Seattle Mayor Bruce Harrell has [formalized](#) the Downtown Activation Team (DAT), a pilot program launched in September 2024 to improve public spaces and address street-level issues. The DAT conducts activities like power washing sidewalks, flushing alleys, increasing welfare checks, and organizing place-based activations. The program, which has already conducted nearly 200 restoration actions, has shown a notable drop in violent crime and emergency responses in key areas. Harrell plans to evaluate DAT's long-term viability based on data. He is also introducing legislation to protect workers engaged in restoration efforts and to crack down on illegal street vending.

Downtown Seattle experienced significant [recovery](#) in October 2024, with 2.9 million local visitors, the highest since March 2020. Weekday worker averages have risen 8% year-over-year to 93,000, though still at 56% of pre-pandemic levels. Hotel demand matched October 2019 for the sixth consecutive month, while the Overlook Walk's opening drew nearly 50,000 visitors in its first week. Amazon's full-time office return in January and potential federal workforce changes are expected to further boost downtown activity.

ECONOMY

In November, Americans' economic outlook [improved](#) slightly, driven by expectations of lower inflation and increased hiring, with the Conference Board's consumer confidence index rising to 111.7 from 109.6 in October. This boost follows a significant October gain and suggests potential for stronger spending, though confidence measures have been less predictive of economic trends recently.

Seattle's office market saw the [steepest](#) annual decline in asking rents nationwide, dropping 11.1% in October. According to CommercialEdge, Seattle's vacancy rate is 25.8%, the fourth highest in the U.S. The region's average asking rate for full-service leases is \$33.38 per square foot, while the highest rate, \$67.24, is in Bellevue's Lincoln Square South. Nationally, average asking rents were \$32.79, with a vacancy rate of 19.4%. Office construction has slowed significantly, with Seattle ranking 10th in activity, primarily due to reduced biotech investment. Coworking spaces are expanding in suburbs and secondary markets but are shrinking in average size, reflecting a shift toward smaller, community-focused locations.

According to Switch On Business, office vacancy rates in the U.S. are at a 45-year high, with one-quarter of office spaces potentially [vacant](#) by early 2026 and \$1 billion in empty space across 11 major metros. Seattle has 17.8 million square feet vacant as of midyear, equating to \$791.7 million in lost annual rent. Downtown Seattle's vacancy rate rose to 31.5% in Q3 2024, while the Eastside reached 19.6%. Large lease deals remain rare, but optimism grows with Amazon's full-time office return for 50,000 employees starting January 2025. Office demand in Seattle rose 114% year-over-year in Q3, reflecting renewed interest despite persistent remote work trends. Nationwide, high vacancy rates are prompting discussions about office-to-residential conversions, though such projects remain complex. A "flight-to-quality" trend is favoring high-end developments, leaving older buildings at risk of obsolescence, especially in metros like Los Angeles, San Francisco, and Dallas-Fort Worth.

HOUSING

In October, median single-family home prices in King, Pierce, and Snohomish counties [rose](#) 9% to 11% year-over-year, while Kitsap County saw a slight 1% decline due to increased housing construction and price reductions by builders. Kitsap's median sale price was \$556,000, compared to \$960,000 in King, \$588,000 in Pierce, and \$810,000 in Snohomish. Across the Seattle metro, new listings and total inventory rose 24%, with sales up 33% in King County and 26% in Pierce. Pending sales also increased significantly, signaling sustained market activity. Despite high mortgage rates reaching 6.72% in October 2024. Experts anticipate a surge in activity if rates drop to the 5.8% "sweet spot." Overall, the region's housing market shows signs of returning to a healthier balance.

INTEREST RATES

At their November meeting Federal Reserve officials [expressed](#) caution about lowering interest rates too quickly despite signs of declining inflation, emphasizing the need for gradual reductions even if inflation reaches the 2% target. While the Fed's next steps remain uncertain, many economists anticipate a quarter-point rate cut in December, potentially followed by a pause to assess the economic landscape under the incoming Trump administration. Inflation has fallen from its 2022 peak but remains slightly above target, with core prices rising 2.7% in September and expected to increase further. Policymakers are divided on the optimal rate level, balancing risks of reigniting inflation with slowing growth or hiring, and signaling flexibility to adjust rate policies based on economic conditions.

VENTURE CAPITAL

Seattle continues to [strengthen](#) its reputation as a hub for software innovation, ranking third in the U.S. for software-as-a-service (SaaS) funding based on Carta's early-stage funding data. This marks Seattle's first time breaking into the top three in SaaS over a rolling 12-month period. The city's prominence is bolstered by its AI ecosystem, supported by local tech giants like Microsoft and Amazon and a significant share of U.S. AI engineers (23%). Seattle's AI startups, including Carbon Robotics and Read AI, have raised substantial funding, with some, like OctoAI and Lexion, being acquired.

A new report from the Washington Technology Industry Association (WTIA) [assesses](#) Washington State's AI ecosystem, ranking it sixth nationally for startups, R&D, investors, and jobs. The state excels in startup activity and job creation, with 481 AI startups, strong talent from the University of Washington, and significant global investment. Government efforts, like the AI Task Force and AI House in Seattle, support growth. However, challenges include talent shortages, limited diversity, and most AI activity being concentrated in Seattle. Washington also faces low federal R&D support and struggles with post-pandemic recovery, though initiatives aim to boost collaboration and innovation.

OTHER NEWS

Amazon [confirmed](#) in November it will let its Met Park North lease expire, located at 1220 Howell St. in Seattle's Denny Triangle neighborhood. Approximately 800 employees previously assigned to the building have been relocated to other offices in the Puget Sound region. Amazon's "Puget Sound headquarters" now includes its growing Bellevue campus, which is expected to house over 25,000 employees by 2025, alongside 2,000 employees in Redmond. The 11-story Met Park North building, owned by Hudson Pacific Properties, has 147,000 square feet available for lease starting Dec. 1.