

#### Office Leases

April 2025 included more news of office leases than can be recalled in recent memory. First, the Walt Disney Co. reportedly reduced their office footprint at the Fourth & Madison Tower, located at 925 4th Avenue in the central business district. Owned by Clarion Partners and NYSTERS, the building should be happy to keep Disney despite Disney's plans to downsize from 170,000 to 121,600 square feet.

Also in April, the 330 Yale building in South Lake Union secured its first tenant since its completion in 2022. The University of Washington's Institute for Protein Design (IPD) leased nearly 32,000 square feet on the third floor. Owned by KKR & Co, the 211,500 square foot building was purchased back in 2024 for \$161.8 million, or approximately \$765 per square foot.

Seattle-based biotech company Curi Bio more than doubled its footprint as reported in April, relocating from its Belltown office at 3000 Western Avenue to a new 13,492-squarefoot space in the Interbay neighborhood at 201 Elliott Avenue West. The new office features rows of computers and a glass-partitioned lab area, including a sterile room where protective equipment is required. The building, owned by BioMed Realty, offers views overlooking Myrtle Edwards Park and Elliott Bay.

Also, it was reported in April that international consulting firm West Monroe Partners relocated their Seattle office. Previously based at F5 Tower in the central business district, they now occupy an 18,800-square-foot space about 4 blocks away on the 31st floor of downtown's 2+U tower, located at 1201 2nd Ave. West Monroe, which serves industries like banking, tech, and healthcare, has nine U.S. offices plus locations in London and Costa Rica. The 700,000-square-foot 2+U tower, owned by Hana Financial Group, remains mostly leased despite high office vacancy rates across Seattle.

A permit request filed with the City of Seattle in mid-April indicates Netflix is planning to occupy an entire floor at Madison Centre, located at 920 Fifth Avenue in the central business district. The planned space would span approximately 22,000 square feet, according to building documents. Building owner Boston Properties is planning renovations including the addition of a cafeteria on the 18th floor. The 760,000-square-foot tower is currently about 80% leased.







201 Elliott

201 Elliott Ave W





**330 YALE** 



**QUALTRICS TOWER AT 2+U** 





**RSF** 

32,000

18,800

13,492



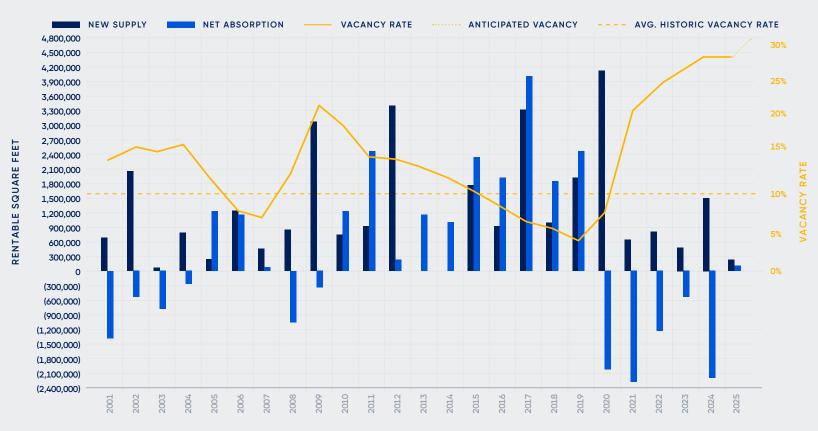




201 ELLIOTT

**FLINN FERGUSON CRESA APRIL 2025** 

#### Seattle Overall Office Availability, Supply & Absorption Rates





## **Office Developments**

There were no office building sales reported in April 2025.



## **Office Building Sales**

There were no office building sales reported in April 2025.



## **Economy**

The U.S. economy <u>shrank</u> at a 0.3% annual pace from January through March, the first drop in three years according to a GDP measurement report by the federal government. The January-March drop in gross domestic product, the nation's output of goods and services, reversed a 2.4% gain in the last three months of 2024. Imports grew at a 41% pace, fastest since 2020, and shaved 5 percentage points off first-quarter growth. Consumer spending also slowed sharply to 1.8% growth from 4% in October-December last year. Federal government spending plunged 5.1% in the first quarter.



#### **Interest Rates**

By the end of April 2025, the average rate on a 30-year mortgage in the U.S. had fallen after a steep third week increase. Starting the month of April at 6.64%, the rate <u>fell</u> to 6.62% in the second week, <u>rose</u> to 6.83% in the third week, and finally <u>dropped</u> to 6.65% the final week. Easing mortgage rates and more homes on the market nationally helped drive sales higher in February from the previous month, though they were down year-over-year.



## **Inflation | Consumer Spending**

Inflation <u>cooled</u> in March, with core prices rising 2.6% year-over-year, down from 3% in February according to a report from the Commerce Department. Consumer prices rose just 2.3% in March from a year earlier, down from 2.7% in February. Excluding the volatile food and energy categories, core prices rose 2.6% compared with a year ago, below February's 3%. Economists track core prices because they typically provide a better read on where inflation is headed. However, economists expect inflation to rebound soon, as import duties, particularly on cars and Chinese goods, begin to take effect. Consumer spending rose 0.7% in March, driven largely by a rush to purchase big-ticket items like cars before tariffs kicked in. Auto spending surged 8.1%.



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#### Jobs

According to the Labor Department, U.S. employers <u>added</u> 228,000 jobs in March and workers average hourly earnings rose 0.3%. In the last week of March, jobless claims fell to 219,000. In the first week of April, jobless claims <u>inched</u> up by 4,000 to 223,000 and were up to 241,000 by the last week of the month. Healthcare companies added almost 54,000 jobs and <u>restaurants and bars</u> nearly 30,000. The total number of <u>Americans</u> receiving unemployment benefits for the last week of April also climbed to 1.91 million, the most since November 2021.

The Seattle metro area <u>lost</u> 5,100 construction jobs between February 2024 and February 2025, a 7% decline, even as the region's overall job market grew 1.4%, according to data from the Washington State Economic Security Department. The slowdown is driven by muted office demand, with major employers like Google, Microsoft, and Amazon reducing their office footprints. No new office projects are underway in Seattle. Building construction jobs alone fell by 10.8%, while heavy civil construction was less affected. As of February, construction jobs made up 4.6% of the Seattle metro workforce.



# Housing

In March, Puget Sound homebuyers <u>saw</u> significantly more inventory, but only modest year-over-year sales increases, according to new data from the Northwest MLS. Median single-family sales prices increased 3.4% year over year to \$977,500 in King County, 4% to \$790,000 in Snohomish County, 2.7% to \$565,000 in Pierce County and 4.6% to \$559,950 in Kitsap County. Affordability remains a challenge as prices continue to rise. Despite this, slightly easing mortgage rates, from 6.76% to 6.65%, have encouraged some buyers to reenter the market. Sales activity varied, with Pierce County seeing the largest increase in pending and closed sales.



### **Other News**

The Port of Seattle <u>filed</u> a petition in King County Superior Court seeking to overturn the city's recent rezone allowing housing near the industrial district. The Port of Seattle argues that the legislation lacked sufficient environmental review. The law passed 6–3 by the City Council. Rezoned land near T-Mobile Park in SODO will allow for up to 900 apartments, despite strong opposition from maritime and industrial groups concerned about housing's impact on industrial operations.

Seattle's construction activity has slowed significantly with the city's crane count <u>dropping</u> 39% from August 2024 to February 2025, according to Rider Levett Bucknall's (RLB) latest Crane Index. Despite the decline, Seattle still has the second-highest crane count in the U.S., behind Los Angeles. Construction costs in Seattle rose 1.07% in the first quarter of 2025, slightly above the national average of 0.98%, and year-over-year construction inflation remains elevated at 4.46%. Nationwide, construction inflation is easing compared to 2024 levels. Most of Seattle's current cranes are tied to mixed-use residential projects.

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