

Office Developments

In June 2025, the University of Washington and a leading developer called off plans for Brightwork a research and business facility originally intended to anchor a 69-acre innovation district next to UW's main campus. Wexford Science + Technology was set to develop the 11-story building under an 80-year lease, after which the property would revert to university ownership. The decision to cancel the project stems from broader economic shifts, changes in university funding, and evolving market conditions in Seattle.



Downtown Recovery

According to the Downtown Seattle Association, foot traffic is increasing in downtown Seattle. In March 2025, downtown averaged nearly 101,000 daily workers, the highest since March 2020 and a 12% increase year over year. The number of workers is still only 60% of those seen in March 2019. Neighborhoods like Belltown and South Lake Union are thriving with new businesses and active street life. Major infrastructure upgrades, including pedestrian and bike improvements on Pike and Pine Streets, are helping to reconnect key neighborhoods and attract visitors. In addition, the new Waterfront Park is set to fully open this summer, featuring the Overlook Walk, Ocean Pavilion, and expanded green spaces.

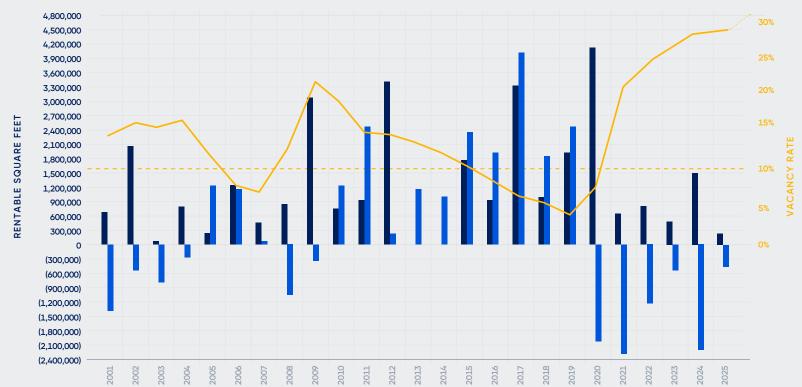
Seattle's Cruise industry is ramping up post pandemic with nearly 1.9 million passengers expected in 2025. Cruise layovers are turning into extended stays as 60% of guests spend an average of two nights in the city before continuing their travels. The industry supports approximately 5,500 local jobs and is projected to generate \$900 million in revenue this season as Seattle prepares to welcome over 300 ships, including new lines like MSC Cruises and Virgin Voyages.



Interest Rates

By the end of June, the average rate on a 30-year mortgage in the U.S. declined to its lowest level since early May. Rates dropped to 6.85% in the first week of June, edged down to 6.84% in the second week, and fell further to 6.81% in the third week. The month closed with a fourth consecutive weekly decline, landing at 6.77%. Economists generally expect mortgage rates to remain relatively steady in the coming months, with projections keeping the average 30-year rate between 6% and 7% through the year.







Office Leases & Building Sales

There were no office leases or office sales reported in June 2025



Inflation | Consumer Spending

According to the Labor Department, U.S. wholesale prices rose modestly last month from a year earlier, another sign that inflationary pressures remain mild. Excluding volatile food and energy prices, wholesale costs were up 0.1% from April and 3% from May 2024. Wholesale energy prices were unchanged, although gasoline prices rose 1.6% from April after falling the month before. Food prices at the wholesale level ticked up 0.1% after dropping 0.9% in April.

According to the Commerce Department, inflation ticked up in May 2025, with prices rising 2.3% year-over-year and core inflation at 2.7%. At the same time, consumer spending fell 0.1% and incomes dropped 0.4%, as Americans became more cautious amid higher prices.

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Economy

The Organization for Economic Co-operation and Development (OECD) forecasts U.S. economic growth will slow to 1.6% in 2025 and 1.5% in 2026, down from 2.8% last year. Global growth is also expected to decline to 2.9% and remain there through 2026, down from 3.3% last year. China's growth is projected to fall to 4.3% by 2026, while the eurozone is expected to see modest improvement, reaching 1.2% next year due to easing interest rates.

According to economists, the Fed is expected to hold its key interest rate steady at 4.4% and release projections suggesting possible rate cuts later this year. With mixed signals from the economy, Fed officials are taking a cautious approach, waiting for more clarity before adjusting policy. Despite tariffs, inflation remains low at 2.1%, near the Fed's 2% target, which has increased pressure from economists and investors to cut interest rates from the current 4.4%. Goldman Sachs forecasts a temporary rise in inflation to 3.6% by December 2025.

The U.S. economy contracted by 0.5% in the first guarter of 2025, a reversal from the 2.4% gain in the previous quarter. According to the U.S. Commerce Department, trade policies sparked a 37.9% surge in import cots, which reduced GDP by nearly 4.7 percentage points. Meanwhile, federal government spending declined at a 4.6% annual rate, marking the steepest drop since 2022.



Jobs

Filings for U.S unemployment benefits rose to their highest level in eight months in the first week of June. New applications for jobless benefits rose by 8,000 to 247,000 for the week ending May 31, the most since early October. The number of Americans applying for unemployment benefits dipped to 245,000 the second week of June and fell again in the third week to 236,000.

Washington state saw a 5% year-over-year decline in construction jobs, losing 11,200 jobs between May 2024 and May 2025, the largest percentage drop among U.S. states, according to the Associated General Contractors of America. Despite the annual decline, the state added 3,100 jobs (1.5%) from April to May. Nationwide, construction employment remains mixed amid uncertainty over federal policies on tariffs, immigration, and funding. Industry job openings also fell to 248,000 in April, down 78,000 from a year earlier.



Housing

Seattle's housing market showed signs of cooling in May, with rising inventory and slower buyer activity during what's typically the peak season. Elevated mortgage rates near 7% and economic uncertainty have led some buyers to pause, leaving more homes unsold and giving remaining shoppers greater negotiating power. Median home prices dipped slightly in King County to \$989,000.

On a macro level, U.S. existing home sales rose 0.8% in May but remained at their slowest level since 2009 according to the National Association of Realtors. The national median home price rose 1.3% year-over-year to \$422,800. Inventory increased to 1.54 million homes, up 20.3% from last year with first-time buyers making up just 30% of sales and sellers increasingly offering concessions in a gradually balancing market.



Other News

Amazon is directing some corporate employees to relocate closer to their teams in cities like Seattle, Arlington, and Washington, D.C., a shift affecting thousands. The directive is being communicated individually rather than companywide, with employees reportedly given 30 days to decide and 60 days to relocate. The change comes as the company continues to realign its workforce and prepares for future impacts driven by advancements in artificial intelligence.



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