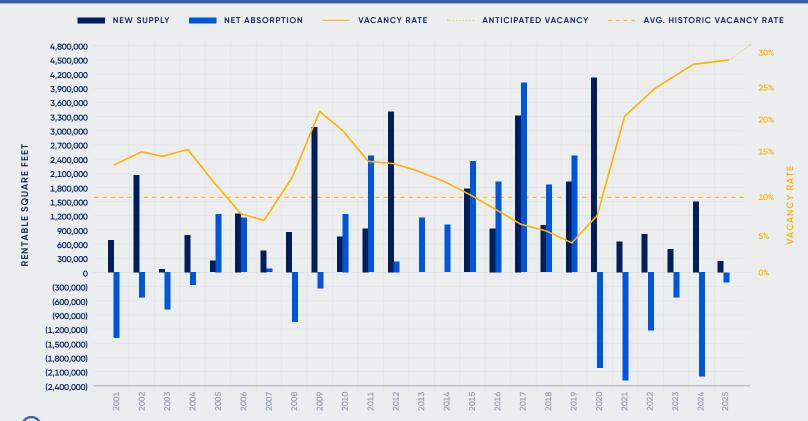
SEATTLE OFFICE SPACE NEWS





In September, DCI Engineers relocated its headquarters to the Denny Triangle, leasing the entire 17th floor (±22,000 SF) at 1700 Seventh Ave from Clise Properties, a space previously occupied by Nordstrom. The move adds about 1,000 SF compared to DCI's former office at 818 Stewart St. The Seattle Architecture Foundation will join as a subtenant, relocating from 1010 Western Ave following the closure of the Center for Architecture and Design.

BXP (formerly Boston Properties) reportedly signed 10 new leases recently totaling nearly 100,000 SF across two of its buildings in the Central Business District in Seattle — Madison Centre (920 Fifth Ave) and Safeco Plaza (1001 Fourth Ave). At Madison Centre, approximately 75,261 SF was leased to tenants including Everbridge Law Group, MassMutual Northwest, and Stackline. At Safeco Plaza, about 24,091 SF was secured by Mead & Hunt, INABA, and Bank of America.

Seattle-based startup Aurelian is relocating from 1,700 SF in the Burke Building located in Fremont at 400 N 34th St., to a 5,700 SF space in the Kolstrand Building at 4743 Ballard Ave. Aurelian recently raised a \$14M Series A led by New Enterprise Associates with participation from Y Combinator, Fuse, Liquid 2, and Palm Drive Capital, and is scaling operations to grow from about 20 employees today to 50–75 within a year.



Office Building Sales | Repositionings

San Francisco based Spear Street Capital acquired the Market Place I & II office campus at 2001 and 2003 Western Avenue in late August. Located near Pike Place Market, the properties totaling 131,000 SF, were sold for \$60.1 million or roughly \$458 per SF. The seller was an entity tied to Seattle-based Unico and Morgan Stanley, which purchased the property from BlackRock in 2013 for \$71.2 million. Originally built in 1978 and remodeled in 2015 and 2022, the two-building complex includes an 87,000 SF parking garage with 412 stalls and ground-floor retail anchored by Cutters Crabhouse. The latest sale price is about 15% below the 2013 transaction and well under its 2007 peak valuation of \$83 million.

Richey Properties LLC, led by local investor Jeff Richey, acquired the 34,820 SF office building at 830 Fourth Ave. S. for just under \$5 million, or about \$142 per SF, according to King County records. The seller, Alexandria Real Estate Equities, purchased the property in 2020 for nearly \$19.8 million, marking a 75% drop in value. Built in 1913 with four stories, a small penthouse, roof deck and structured parking. The building has long been home to Turner Construction's local office and is currently about half vacant.



















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Office Developments

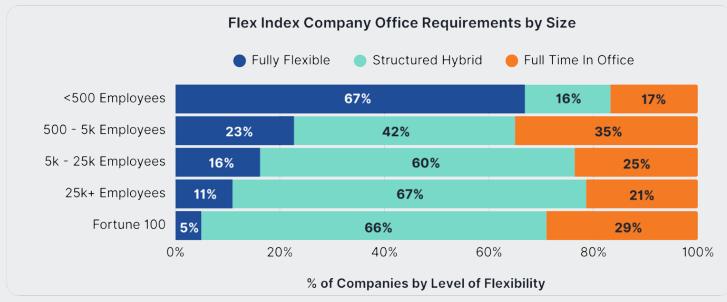
There were no reports of office developments in September 2025.



Returning to Office

New census data shows remote work in Seattle fell sharply for the third straight year in 2024, with about 116,100 residents working from home, down 13% from 2023 but still among the highest shares in major U.S. cities. At the same time, walking and biking to work rebounded to pre pandemic levels, with walking up 29% to 51,000 commuters and biking up 32% to 16,700. Driving alone increased 7% to 193,300 commuters, or 41% of the workforce, though Seattle ranked fifth lowest among big cities for solo driving. Transit use held steady at 15%, while carpooling dropped 21% to under 5%, one of the lowest rates nationwide. Overall, Seattle's commuting landscape is shifting away from pandemic-era remote work back toward a mix of traditional commuting and active transportation.

According to this article, "The average U.S. firm requires corporate employees to be in the office 2.87 days per week, according to Flex Index.", which also provides this interesting graph of how remote work policies vary based on the size of the company:



Source: Flex Index (flexindex.com) employer-provided policy data and publicly available data on company office requirements for companies with headquarters in the US, N = 9.132 companies

Seattle-based startup Statsig, which is being acquired by OpenAl for \$1.1 billion, has stood out for requiring employees to work in the office five days a week since its founding in 2021.

CEO Vijaye Raji, formerly of Facebook's Seattle engineering office, believes the in-person model fosters faster decision-making, stronger collaboration, and deeper team culture. The company, now at 155 employees, credits its policy with helping it scale quickly, a view that aligns with OpenAI CEO Sam Altman's belief in the advantages of co-located startup teams.

Microsoft will begin requiring employees within 50 miles of a Puget Sound office to work in-person three days per week starting Feb. 23, 2026. The mandate, announced in an internal memo by Chief HR Officer Amy Coleman, will eventually expand to other U.S. and international offices, though no timeline has been set. Coleman emphasized that the policy is intended to improve collaboration and performance. The change comes amid broader industry trends, as Amazon moved to a five-day in-office policy earlier this year and Meta also requires three days. Microsoft is making the change against the backdrop of significant local real estate shifts, including vacating nearly 2 million SF in downtown Bellevue since 2023 and pulling back a planned sublease of 500,000 SF at Millennium Corporate Park in Redmond, leaving open the option to reoccupy some of its former spaces.

Economy

The Federal Reserve cut its key interest rate by a quarter-point to about 4.1%, its first reduction since December 2024. Fed Reserve Chair Jerome Powell said the decision was driven by risks to jobs, though he stressed future moves will depend on data, with officials projecting two more cuts this year but remaining divided. The Fed now faces the unusual challenge of weak hiring alongside elevated inflation at 2.9%, while also navigating political pressure.

The U.S. economy grew at a stronger-than-expected 3.8% annual rate in Q2 2025, according to the Commerce Department's revised estimate, up from 3.3%. The rebound followed a 0.6% GDP decline in Q1, largely caused by businesses stockpiling imports ahead of tariffs. In Q2, imports fell 29%, boosting growth by more than five points, while consumer spending rose 2.5%, much higher than earlier estimates. Underlying economic strength, measured by consumer spending and private investment, climbed 2.9%, though private and residential investment weakened and federal spending dropped. Despite the growth, the labor market is slowing sharply, with job gains averaging just 53,000 per month since March, a steep drop from post-pandemic hiring levels. Forecasters expect growth to cool to 1.5% in Q3.



Inflation | Consumer Spending

U.S. retail sales rose 0.6% in August from July according to the Commerce Department, boosted by back-to-school shopping and continued consumer demand despite rising tariffs and inflation pressures. Excluding autos, sales were up 0.7%, with strong gains at online retailers, clothing stores, and restaurants. Consumer prices rose 0.4% month-over-month and 2.9% year-over-year, above the Fed's 2% target, signaling inflationary pressure.

Inflation in the Seattle-Tacoma-Bellevue area rose 2.8% year-over-year through August, slightly above June's rate and tracking close to the national 2.9% increase, according to the consumer price index released by the Bureau of Labor Statistics in September. While the trend mirrors national forces like tariffs and interest rates, Seattle faces sharper affordability pressures, with energy costs up 7.3% locally compared to just 0.2% nationwide.



Housing

According to NW Multiple Listing Service data, King County's median single-family price rose 3.7% to \$990,000, with Seattle hitting \$1 million (up 7.5%), while Snohomish, Pierce, and Kitsap counties also saw year-over-year gains. Fewer new listings (down 7% in King County) kept supply tight, leading well-priced, attractive homes to sell quickly and often above asking, while overpriced homes linger longer. By contrast, condos and townhomes are moving slower, with buyers gaining leverage amid high mortgage rates and rising building fees.

U.S. existing home sales slipped 0.2% in August to a seasonally adjusted annual rate of 4 million units, the slowest pace since June but slightly above forecasts, according to the National Association of Realtors. Sales were up 1.8% year-over-year, while the median sales price hit \$422,600, a record high for August and up 2% from last year, marking 26 straight months of annual gains. The market remains weighed down by high borrowing costs even with mortgage rates easing to around 6.26% in September. Inventory rose 11.7% from a year ago to 1.53 million homes (a 4.6-month supply), but still trails pre-pandemic norms. Homes are taking longer to sell, averaging 31 days on market, and more than 20% of sellers cut prices. By contrast, new home sales surged 20.5% in August to an annual pace of 800,000, helped by builder incentives, but still represent a small share of the overall market. First-time buyers remain squeezed, accounting for just 28% of purchases, well below the historic 40% average.



Interest Rates

By the end of September, the average rate on a 30-year mortgage in the U.S ticked up, ending a four-week slide that brought down borrowing costs for homebuyers to the lowest level in nearly a year. Rates dropped to 6.50% in the first week of August and continued to dip, edging down to 6.35% in the second week and eased even more to 6.26% in the third week of the month until rising to 6.3% in the final week of August. Economists generally expect the average rate on a 30-year mortgage to remain near the mid-6% range this year.



U.S. job openings held steady at the end of August at 7.23 million, slightly above July's 7.21 million and better than economists' expectations of a decline, according to the Labor Department's JOLTS report. While layoffs eased, fewer workers guit their jobs, reflecting reduced confidence in finding better opportunities, and hiring hit its weakest level since June 2024. Job openings have steadily declined from a record 12.1 million in March 2022, as the market cools under the weight of 11 Federal Reserve rate hikes in 2022-2023 and uncertainty from trade policies. Despite low unemployment at 4.3% and employers holding onto workers, job creation has slowed sharply with revised data showing only 71,000 monthly gains over the past year and just 53,000 since March. Economists expect Friday's jobs report to show 50,000 new positions in September, following only 22,000 in August.

The Labor Department reported the U.S. added 911,000 fewer jobs in the year ending March 2025 than initially estimated, underscoring a much weaker job market than previously thought and fueling concerns about the economy. Preliminary benchmark revisions showed sizable shortfalls across sectors like leisure and hospitality, professional services, and retail, highlighting that hiring momentum was already weak before the slowdown this year. Recent data confirm that monthly job gains have slowed to just 53,000 on average, with August showing only 22,000 new jobs.



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Venture Capital

Seattle ranks fourth nationwide for AI startup funding, capturing 5.1% of all AI-related investment, according to new Carta data. Across all sectors, the city places sixth, with local companies raising \$3.46 billion of the \$104 billion invested nationally between Q3 2024 and Q2 2025. Outside of AI, Seattle is especially strong in Software as a Service (SaaS), followed by biotech, hardware, and health tech. Despite its deep engineering talent, Seattle has yet to land a company among the year's top 100 AI funding deals.

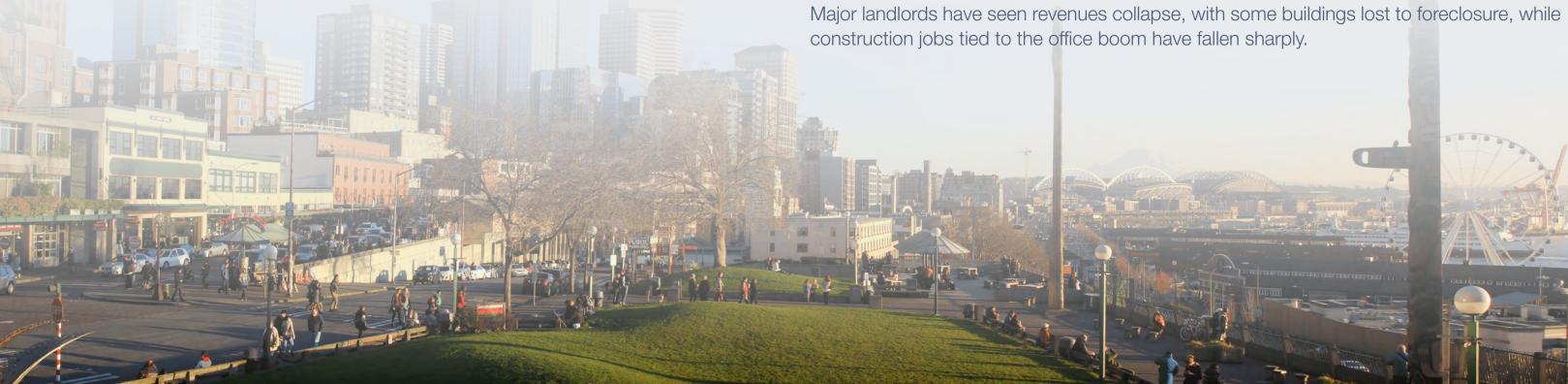
Seattle's tech-driven economy, long dominated by Microsoft and Amazon, is showing strain as layoffs, hiring slowdowns, and Al-driven efficiency gains ripple through the region. A recent Wall Street Journal feature highlighted impacts ranging from retail and restaurant closures to rising office vacancies, weaker housing demand, and declining tax revenue, contributing to the city's \$146 million budget deficit. Microsoft has cut over 3,200 Washington jobs since May (15,000 globally), while Amazon's Seattle headcount has shrunk to about 50,000, though it continues expanding in Bellevue (14,000 employees). With tech accounting for 30% of the Seattle-area economy (second only to San Jose) and more than 12% of its workforce, the region's heavy reliance on big tech is increasingly precarious.



Other News

Seattle officially celebrated the grand opening of its \$800 million, 20-acre waterfront revitalization in September, with a full day of events from Railroad Way South to Pier 62. The massive project, more than 15 years in the making, has already debuted major features such as the Seattle Aquarium's Ocean Pavilion, Overlook Walk, new bike lanes, Pier 58, and other public amenities, earning national and international design recognition. Led by Field Operations with construction management from HNTB and Jacobs, the transformation also extends to projects like the Pike-Pine Renaissance and improvements along Bell Street. A wide range of local and national firms, including LMN Architects, Miller-Hull Partnership, Magnusson Klemencic Associates, Hoffman Construction, Turner Construction, and ZGF Architects, contributed to the work, alongside installations by numerous Seattle-area artists.

Seattle's office market remains deeply challenged, with downtown vacancies at 37% and citywide at 32%, as the twin engines that once drove demand, tech hiring and mega-leases, have gone into reverse. Since 2022, employment in the information sector has dropped 9% and computer systems design jobs 12%, after soaring more than 80% the previous decade. Meanwhile, the region has added the equivalent of hundreds of office floors, leaving a glut of space. Return-to-office mandates haven't closed the gap: downtown worker presence is still only 66% of pre-pandemic levels, and many firms are downsizing to hybrid-focused offices. Major landlords have seen revenues collapse, with some buildings lost to foreclosure, while



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