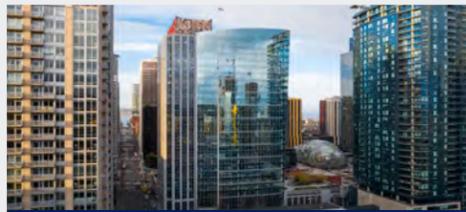




Office Leases

Foster Garvey, a Seattle-headquartered law firm, plans to relocate to the 28-story West8 office tower at 2001 8th Ave. The office building is located at the corner of 8th Avenue and Virginia Street in Seattle's Denny Triangle. The firm will occupy approximately 52,000 square feet across two and a half floors beginning in the third quarter of 2027. West8, owned by Kilroy Realty Corporation, totals roughly 535,395 square feet. The building was previously heavily occupied by Amazon before becoming largely vacant. In response, Kilroy engaged SkB Architects and Venture General Contracting to reposition and modernize the property. Foster Garvey will move from its current offices at 1111 Third Avenue. Following the lease, occupancy at West8 is expected to reach approximately 50%.



WEST8 | 2001 8TH AVENUE



1111 THIRD | 1111 3RD AVENUE



Interest Rates

By the end of February 2026, the average rate on a 30-year U.S. mortgage ticked down to the lowest level in more than 3 years. Starting the month off at 6.11%, the rate slipped down to 6.09%, then lowered again to 6.01% and finally dropped to 5.98% in the final week. According to the Mortgage Brokers Association, more home shoppers are opting for adjustable-rate mortgages, or ARMs, which typically offer lower initial interest rates than traditional 30-year, fixed-rate mortgages. ARMs accounted for 8.2% of all mortgage applications last week.



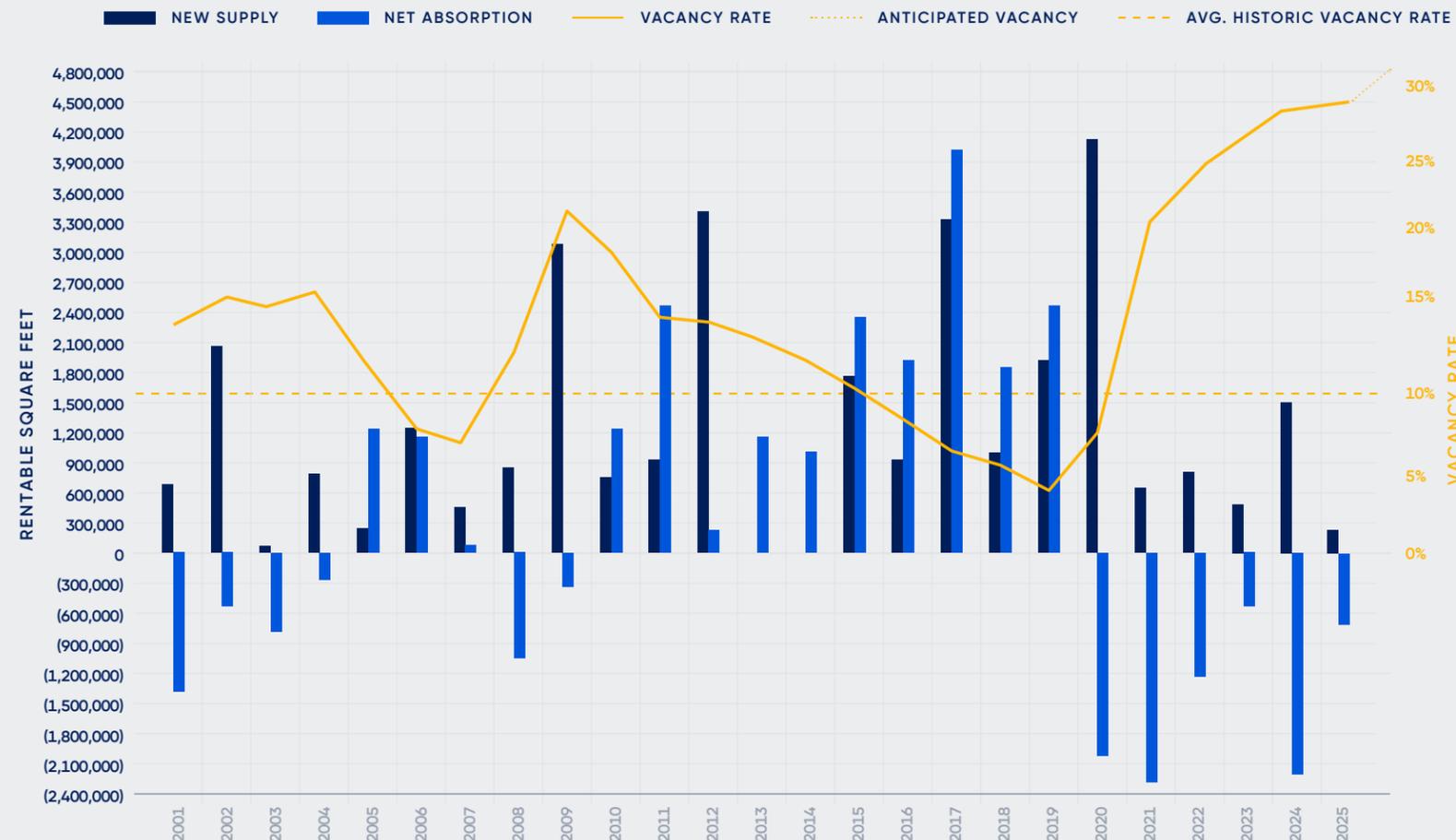
Economy

According to the Commerce Department, U.S. economic growth slowed to a 1.4% annual rate in the fourth quarter, down from roughly 4% earlier in the year. The slowdown was driven largely by a six-week federal government shutdown and softer consumer spending. The shutdown reduced government outlays and shaved about one percentage point off GDP. Consumer spending rose 2.4%, which was solid but slower than the prior quarter. Underlying private-sector demand remained relatively healthy at 2.4%. Inflation increased in December, and hiring remained weak. Overall, the economy is still expanding, but some caution of strain beneath the surface.



Office Building Sales | Repositionings

There were no reports of office sales or repositionings in February 2026.



Housing

Sales of previously owned U.S. homes fell sharply in January. Dropping 8.4% from December to an annual pace of 3.91 million units, the slowest level in more than two years. Sales were also down 4.4% from a year earlier and came in below economists' expectations. Higher home prices, affordability challenges, and possibly harsh winter weather contributed to the decline. The median home price rose 0.9% from a year earlier to \$396,800, marking 31 straight months of annual price increases. The housing market has remained sluggish since 2022 due to elevated mortgage rates, rising prices, and limited supply, with sales hovering near 4 million annually compared with the historical norm of about 5.2 million. Inventory remains below pre-pandemic levels, though more listings are expected ahead of the spring buying season, which could give buyers slightly more negotiating power.

Seattle-area housing inventory increased in January, providing modest relief for buyers. New single-family listings in King County rose nearly 9% from a year ago. Median home prices edged down or held steady in most counties. Prices declined more noticeably in Snohomish, Pierce, and especially on the Eastside. Closed sales fell across the region, reflecting cautious demand despite improved inventory. Well-priced single-family homes in desirable neighborhoods continued to attract strong interest and multiple offers. Condos and townhomes struggled to sell.

Inflation | Consumer Spending

Inflation slowed to 2.4% in January from a year earlier, down from 2.7% in December. It is now close to the Federal Reserve's 2% target. Core inflation eased to 2.5%, the lowest level since March 2021. According to the Commerce Department's Personal Consumption Expenditures (PCE) report the decline was driven by falling gas prices, slower rent growth, and a sharp drop in used car prices. These declines offset increases in furniture, appliances, clothing, airline fares, and music streaming services. Prices remain about 25% higher than they were five years ago. The report suggests overall inflation pressures are cooling. If inflation continues moving closer to 2%, the Fed may have room to cut interest rates.

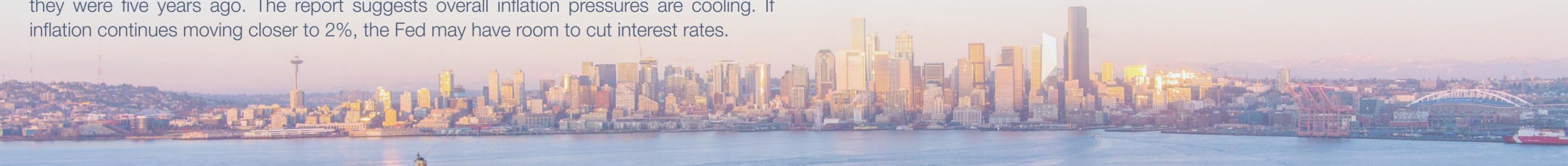
Jobs

U.S. unemployment claims rose slightly to 212,000 in the third week of February. This report was in line with expectations and still within a historically low range, signaling that layoffs remain relatively stable. Despite a stronger-than-expected gain of 130,000 jobs in January and a 4.3% unemployment rate, prior government revisions sharply reduced last year's total job growth. Job openings have also fallen to their lowest level in more than five years. The labor market remains in a "low-hire, low-fire" pattern, with slow hiring but limited layoffs. Economists remain uncertain whether recent job gains signal a recovery or a temporary uptick, as the Federal Reserve evaluates future interest rate decisions.

Amazon laid off 2,198 Seattle-area employees in the last week of January as part of a broader 16,000-job corporate restructuring. This followed another round in October that cut more than 2,300 local positions. Most of the recent layoffs affected workers in Seattle and Bellevue. U.S.-based employees were given 90 days to find new roles within the company or receive severance packages that include pay, health benefits, and outplacement support. The cuts are said to be aimed at reducing management layers and bureaucracy. Amazon's reductions add to broader tech layoffs in the region, with nearly 9,800 Washington-based tech workers losing jobs since January 2025, including recent cuts at companies like T-Mobile.

Office Developments

There were no reports of office developments in February 2026.





Other News

A proposed Washington state income tax on individuals earning more than \$1 million advanced after clearing the Senate Ways and Means Committee. The revised bill would impose a 9.9% tax on annual income above \$1 million starting in 2028 and is projected to raise about \$3.5 billion annually from roughly 30,000 taxpayers. Amendments expanded tax breaks for small businesses, increased charitable deductions, and added relief for certain commercial fishing firms. A portion of the revenue would fund public defense costs, while the remainder would go to the state general fund. Democrats say the measure promotes fairness by targeting wealthy residents, while Republicans argue it goes against past voter opposition to income taxes and could harm the state's economy. The bill now moves to the full Senate for consideration.

Amazon will vacate a seven-story, 251,000-square-foot office building at 1915 Terry Ave. in Seattle's Denny Triangle when its lease ends in May. This move takes place 12 years after first occupying the space during a major growth period. Employees working there will be relocated to other offices. The relocation follows broader cost-cutting efforts, including

recent layoffs affecting more than 1,400 Seattle workers, and continues a trend of Amazon reducing its Seattle office footprint by millions of square feet since 2020. At the same time, the company has been expanding in Bellevue, where it plans to employ up to 25,000 people as part of its regional headquarters.

According to a GeekWire article examining Seattle's future, the city risks following the path of Cleveland, a once booming industrial powerhouse before declining rapidly due to economic shifts and poor civic responses. While Seattle remains home to global tech giants and has enjoyed decades of growth, the article argues that it is not clearly leading in the AI era. Hiring is slowing, and some talent is departing. The piece also points to strained relationships between government and the tech sector, rising taxes, downtown vacancies, public safety concerns, housing challenges, and struggling schools as warning signs. It suggests that without stronger collaboration between business and policymakers, and without a clear strategy for nurturing future industries, Seattle could repeat Cleveland's mistakes.

