

Office Developments

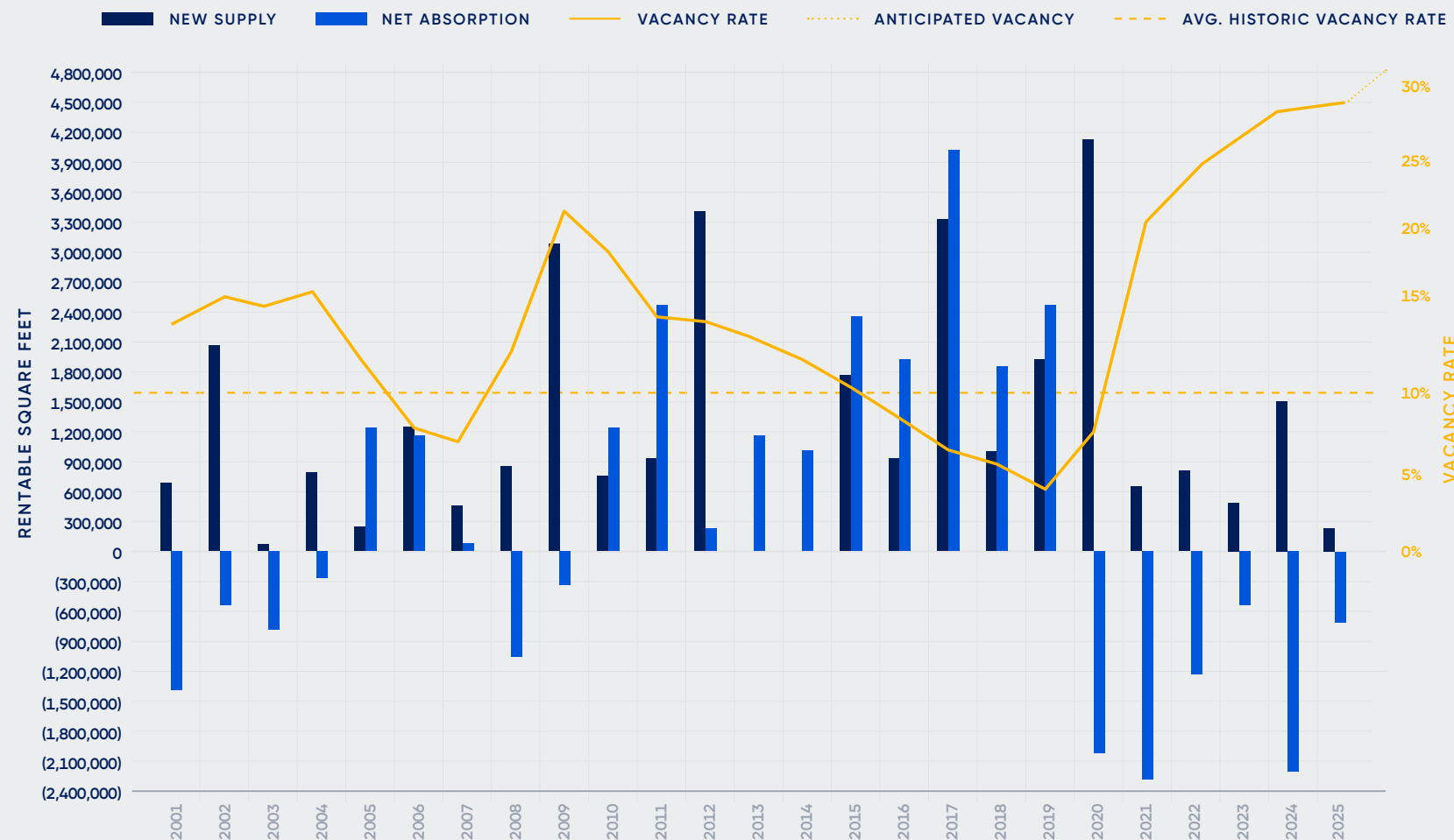
There were no reports of office developments in May 2026.

Office Leases

Financial services company Robert W. Baird & Co. [moved](#) into a new office at Two Union Square, owned by Washington Holdings. Their new space at the 601 Union Street in the central business district comprises of a full floor or roughly 22,000 square feet. Milwaukee-based Baird first entered the Washington market in 2014, when it acquired Seattle financial group McAdams Wright Ragen. The acquired firm had been leasing space at Fourth & Madison until the recent move. Tenant-improvement filings show the space underwent an almost yearlong modernization and remodeling project, which included up-to-date technological and security equipment. The interior features open, collaborative spaces and significant use of teak wood. Of the firm's 5,400 companywide employees, about 85 works out of the Seattle location. The firm also has offices at the Symetra Center in downtown Bellevue, as well as in Mount Vernon, Spokane and Yakima.

According to city permit applications, AI company Anthropic is [expanding](#) at Dexter Yard, a two-building office and life science campus owned by BioMed Realty. The property is located at 700 Dexter Ave N in Seattle's South Lake Union submarket. Anthropic, the maker of AI chatbot Claude, already occupies space in the south tower and is reportedly negotiating an additional 120,000 SF expansion into the north tower.

It was [reported](#) in May that SoFi Technologies signed a 33,000-square-foot lease at West8 in Seattle's Denny Triangle submarket. The lease at 2001 8th Ave was disclosed by building owner Kilroy Realty's CEO, Angela Aman, during the company's recent earnings call. The new lease increases SoFi's total Seattle footprint to approximately 50,000 square feet across two downtown locations. SoFi previously leased space at 520 Pike Street, where it occupies one floor under a lease reportedly running through 2028. West8 has experienced significant leasing momentum since Amazon vacated the building in 2023. Recent tenants include General Motors, Foster Garvey, and Databricks, which expanded its presence in the tower last year. Built in 2009, the 539,000-square-foot tower was previously dominated by Amazon occupancy. As of the end of the first quarter, West8 was 44.6% leased and 32.3% occupied, with the SoFi lease likely not yet reflected in those figures



Office Building Sales | Repositionings

Also in May 2026, O'Shea Building Company Seattle LLC [sold](#) the historic O'Shea Building at 1530 5th Ave / 501 Pine St (northwest corner of 5th Ave & Pine St) in Seattle's central business district to Green Gate Capital LLC for \$16.9 million. The four-story mixed-use office and retail property contains approximately 67,800 square feet, resulting in a sale price of roughly \$249 per square foot. The landmark building, constructed in 1914 and currently home to the flagship Ben Bridge Jeweler store at street level, traded at an estimated 15% discount to its assessed value amid ongoing challenges in Seattle's downtown office and retail market. Future plans for the property have not been disclosed by the buyer.

Downtown Revitalization

Downtown Seattle retailers continue to face [challenges](#) tied to affordability, public safety concerns and high vacancy rates, even as the area sees a slight uptick in leasing activity and increased tourism heading into the summer season. Small businesses like Eighth Generation, a Native-owned art and lifestyle brand near Pike Place Market say operating downtown brings strong foot traffic but also significantly higher costs compared to other neighborhoods. While newer retail additions including Uniqlo, Arc'teryx and Barnes & Noble have expanded or opened locations downtown, according to CoStar, downtown Seattle retail vacancy currently sits around 22%.

Inflation | Consumer Spending

U.S. consumer prices [rose](#) 3.8% year-over-year in April, marking the largest annual increase in three years and accelerating from 3.3% in March, according to the Labor Department. On a monthly basis, prices increased 0.6% from March to April, following a 0.9% increase the month prior. Gasoline prices were a major driver, rising 5.4% month-over-month and more than 28% compared to a year ago, while AAA reported average gas prices above \$4.50 per gallon, roughly 44% higher than last year. Grocery prices also climbed 0.7% in April, led by higher meat prices. Core inflation, which excludes food and energy, increased 0.4% month-over-month and 2.8% year-over-year, suggesting higher energy costs have not yet broadly spread across the economy. Inflation continues to outpace wages, with average hourly earnings falling 0.3% year-over-year after adjusting for inflation, the first annual decline in real wages in three years.

Interest Rates

By the end of May 2026, the average long-term U.S. mortgage rate increased, raising borrowing costs for prospective homebuyers. The month [began](#) at 6.37%, edged down slightly to 6.36% the [second week](#), then climbed sharply to 6.51% in [week three](#), before rising again to 6.53% in the [final week](#). Although mortgage rates remain below the 6.89% average recorded one year ago, the recent upward trend has weighed on housing demand. Through the first four months of 2026, new home sales were down 6.5% compared to the same period last year. Despite homebuilders offering price reductions and incentives, mortgage application data continues to point to a sluggish housing market.

Housing

Seattle-area housing market activity [slowed](#) in the Spring, with weaker buyer demand, rising inventory, and price declines across much of King County. The median single-family home price in King County fell 7% year over year to \$960,000, while Seattle's median dropped 3% to just under \$999,000. The Eastside saw a 5% decline to about \$1.6 million, alongside a 13% drop in closed sales. In Snohomish County, median prices stayed flat at \$800,000, but closed sales fell 15%. Pierce County and Kitsap County were more stable, with median prices rising to nearly \$600,000 and sales showing slight movement. Higher inventory, rising HOA fees, and weaker demand continue to pressure sellers, while buyers who remain active are increasingly able to negotiate price reductions and concessions.

U.S. existing home sales were essentially [flat](#) in April, rising just 0.2% month over month to a seasonally adjusted annual rate of 4.02 million units, unchanged from a year earlier and below the 4.12 million pace expected by economists. Sales have remained near a 4 million annual pace since 2023, well below the historical norm of about 5.2 million. The national median existing home price increased 0.9% year over year to \$417,700, an all-time high for any April in data going back to 1999, marking 34 consecutive months of annual price gains. Inventory rose to 1.47 million homes at the end of April, up 5.8% from March and 1.4% from a year earlier, but still below pre-pandemic norms of roughly 2 million homes. This represents a 4.4-month supply at current sales levels, short of the 5–6 months typically considered a balanced market. Homes typically spent 32 days on the market in April, down from 41 days in March but up from 29 days a year earlier.



Jobs

The unemployment rate held steady at 4.3 % as U.S. employers [added](#) 115,000 jobs in April, well above expectations of 65,000 but down from 185,000 in March. Job gains were led by healthcare (+37,000) and transportation/warehousing (+30,000), while manufacturing fell by 2,000 jobs in April and has declined by 66,000 over the past year. Average hourly earnings rose 0.2% month over month and 3.6% year over year. Labor force participation fell to 61.8%, the lowest since October 2021, and revisions reduced prior months by 16,000 jobs combined for February and March. Healthcare has added 456,000 jobs over the past year, while other industries have collectively lost 205,000 jobs over the same period ending in April. The U.S. labor market added an average of 76,000 jobs in 2026 so far, compared with just 10,000 per month in 2025, suggesting a modest recovery from last year's slowdown.

Construction employment [increased](#) in a slight majority of U.S. metropolitan areas between February 2025 and February 2026, with 187 of 360 metro areas (52%) reporting job gains, according to the Associated General Contractors of America (AGC). It then weakened across much of the country between March 2025 and March 2026 with only 46% of U.S. metro areas posting job gains, while 151 metros lost construction jobs and 43 remained unchanged. The Seattle-Tacoma-Bellevue metro area [lost](#) 2,200 construction jobs, a 2% decline year-over-year, reflecting ongoing challenges in both the office and residential development sectors. High office vacancy rates have largely stalled new office construction, while residential development has slowed as building permits fell more than 17% year-over-year and multifamily units under construction declined 11%. Despite these headwinds, public infrastructure projects such as Sound Transit expansions, major healthcare developments including Providence Swedish's \$1.3 billion Hughes Tower, and industrial projects like the Port of Seattle's Terminal 91 redevelopment continue to support construction activity. Nationally, non-residential construction remains the industry's bright spot, adding nearly 99,000 jobs over the past year. Residential construction lost more than 49,000 positions.



Other News

In May, former Starbucks CEO Howard Schultz [criticized](#) Seattle and Washington's business climate in a Wall Street Journal op-ed, describing the city's approach toward employers as increasingly hostile. He cited homelessness, public safety concerns, downtown office vacancies, budget deficits, and slow job growth as key challenges. Schultz also criticized Seattle Mayor Katie Wilson, arguing that her rhetoric toward businesses has been divisive rather than collaborative. Schultz said Seattle was once known for fostering entrepreneurship and helping companies such as Starbucks, Amazon, Costco, and Microsoft grow, but argued that rising taxes and negative political messaging are making it harder to attract investment. His comments come shortly after his move to Miami and as Starbucks announced plans to expand in Nashville with a new office expected to house up to 2,000 employees.

Sound Transit issued advance notice that it will release a request for qualifications and proposed approach (RFQ/PA) from contractors for the [West Seattle Link light-rail extension](#) by June 12. The scope includes about 1.5 miles of aerial and street-level guideway between SoDo and Delridge Station. Early work could begin as soon as late 2027, with construction currently targeted for 2028, though the timeline remains uncertain due to ongoing cost-cutting efforts and a significant \$34.5 billion systemwide budget shortfall. Sound Transit is actively evaluating design changes to reduce costs by up to \$2 billion, including potential elimination of stations, tunnel reconfigurations, and adjustments to station layouts at SoDo, Delridge, and Alaska Junction.

