Office Developments

No Seattle office development news was reported in August 2026.

Office Leases

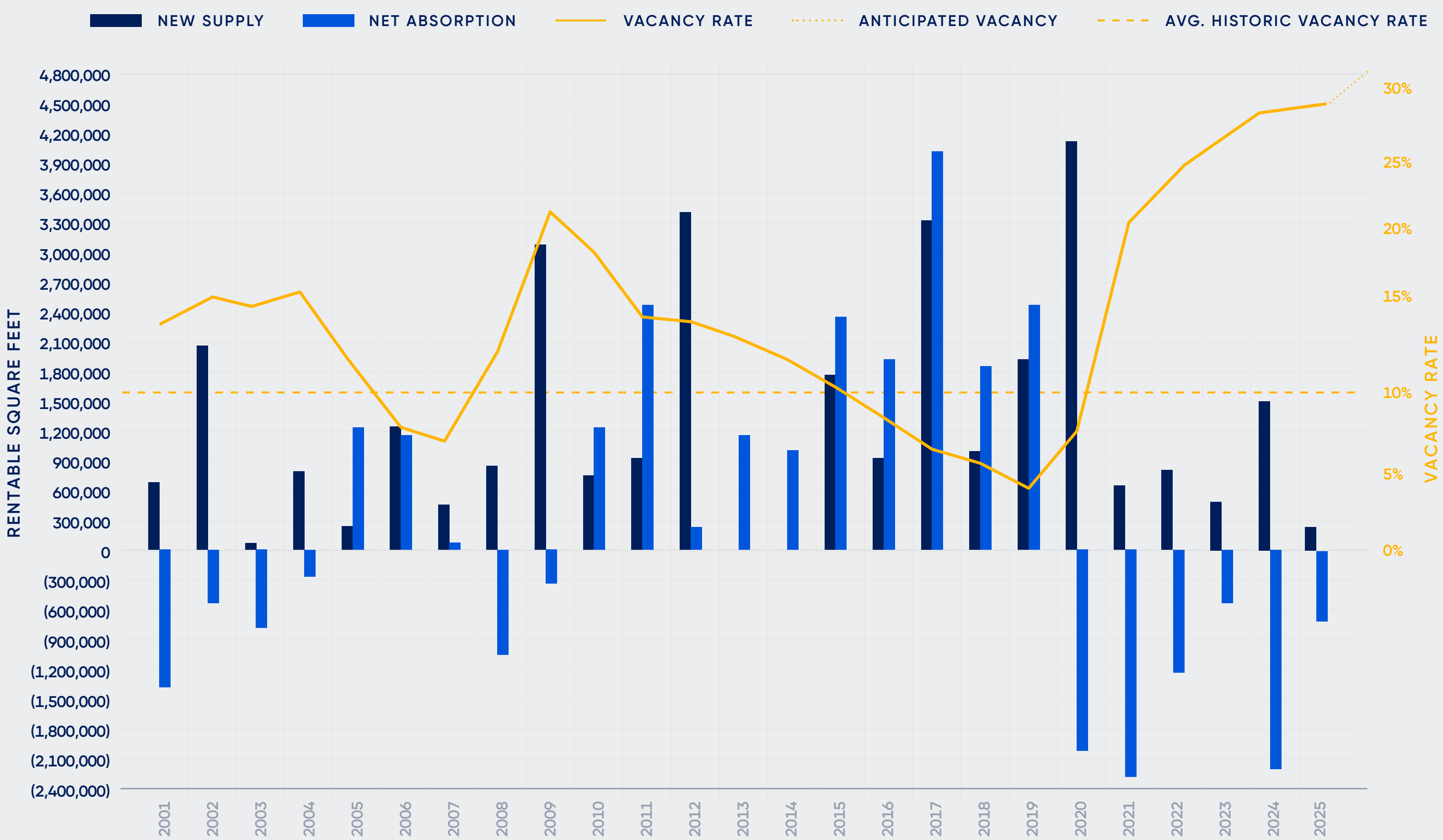
News from August indicated that design firm Board & Vellum relocated in April to approximately 11,400 square feet at the historic Smith Tower. The building, owned by Smith Tower Investors, is located at 506 Second Avenue in Seattle's Pioneer Square submarket. Board & Vellum's new office spans an entire floor and blends the building's historic character with a modern hospitality-inspired design. The space features an open-plan work area, waterfront reception area and lounge, hospitality kitchen, six conference rooms, and a materials library.

Office Building Sales | Repositionings

The Old Rainier Brewery, a historic mixed-use complex at 3100 Airport Way S. in Seattle's SODO submarket, has been listed for sale for $29 million. The approximately 181,400 SF campus consists of 24 adjoining buildings and 95 tenant spaces. These spaces are nearly fully leased, with an additional 23,400 SF of unfinished space offering future conversion potential. Based on the asking price and existing building area, the property is being marketed at approximately $160 per square foot.

Economy

According to a late-August report from the U.S. Department of Commerce, the U.S. economy grew at a 1.5% annualized rate in the second quarter of 2026. This was a slowdown from the 2.1% growth in the first quarter, although underlying economic activity remained relatively strong. Consumer spending increased 3.4%, while business investment excluding housing rose 8.5%, largely driven by continued investment in AI infrastructure. A sharp 12.5% increase in imports weighed heavily on overall GDP growth, while housing investment increased for the first time since 2024. Meanwhile, inflation remained elevated at 3.7% in July, well above the Federal Reserve's 2% target. Higher energy prices, tariffs, and technology-related costs continued to put pressure on consumers.



Inflation | Consumer Spending

The U.S. economy ended August with persistent inflation, slowing headline economic growth and elevated borrowing costs. The Federal Reserve's preferred PCE inflation measure remained at 3.7% year over year in July, unchanged from June and well above the Fed's 2% target, while core PCE remained at 3.3%. Federal Reserve Chair Kevin Warsh indicated that inflation had not improved sufficiently and suggested additional interest rate increases could be necessary if price pressures persist. Consumer confidence fell to a seven-month low in August as households continued to face elevated prices, while the average 30-year fixed mortgage rate increased to 6.66%, further limiting housing affordability. Despite these pressures, the labor market remained relatively stable. Weekly unemployment claims were at historically low levels, presenting a mixed economic picture of resilient underlying demand alongside persistent inflation and high borrowing costs.

Jobs

The U.S. labor market showed increasing signs of weakness in August, characterized by slowing hiring but persistently low layoffs. According to the U.S. Bureau of Labor Statistics' Job Openings and Labor Turnover Survey (JOLTS), June job openings declined to approximately 7.2 million, while hiring remained around 5.3 million. Layoffs and discharges held near 1.8 million, indicating that employers were becoming more cautious about expanding their workforces. Weekly unemployment claims initially remained historically low at 199,000, reinforcing that widespread layoffs had not materialized despite slower hiring. The July employment report subsequently revealed a much weaker labor market than economists had anticipated, with employers cutting 23,000 jobs rather than adding the roughly 100,000 that had been forecast. May and June payroll figures were revised downward by a combined 103,000 jobs. The unemployment rate declined from 4.2% to 4.1%, but the improvement was largely attributed to people leaving the workforce, with 264,000 people exiting the labor market and labor-force participation falling to 61.4%. Wage growth also slowed to 3.2% year over year. Unemployment claims subsequently increased to 209,000, but remained at historically low levels, reinforcing an emerging "no hire, no fire" labor market in which employers were reluctant to add workers but were also generally retaining existing employees. The latest update showed claims declining again to 206,000, with the four-week average at 204,000, confirming that layoffs remained limited despite weak hiring. Overall, the data suggest that workers who already have jobs continue to experience relatively strong job security, while unemployed workers and new entrants face a considerably more difficult hiring environment. Employers have added an average of approximately 61,000 jobs per month so far in 2026. Although this represents an improvement from 2025, the figure remains well below the average of roughly 166,000 jobs per month recorded in 2023 and 2024.

Interest Rates

By the end of August 2026, the average long-term U.S. mortgage rate remained nearly the same as it was four weeks ago. The month began at 6.69%, dropped to 6.67% the second week, falling again to 6.65% in week three, and then climbed to 6.66% to finish the month. Higher mortgage rates can add hundreds of dollars a month in costs for borrowers, limiting homebuyers' purchasing power. As rates rise, that can lead prospective home shoppers to delay buying a home, one reason U.S. home sales remain in a rut this year.

Housing

The Seattle-area housing market slowed significantly in July as rising inventory, high home prices, elevated mortgage rates and uncertainty in the technology sector kept many prospective buyers on the sidelines. According to the Northwest Multiple Listing Service (NWMLS), King County had more than three months of single-family home inventory, its highest level in at least a decade, while active listings increased approximately 24% from a year earlier. At the same time, Redfin reported that Seattle-area pending home sales fell 15.6% year over year, the steepest decline among major U.S. metropolitan areas, and closed sales declined 9.1%. The median Seattle-area sale price was approximately $809,479, roughly twice the national median, while the median King County single-family home sold for approximately $995,000. Despite increased supply, affordability remains a significant barrier as mortgage rates remain elevated. Layoffs and job-security concerns at major technology employers including Amazon and Microsoft have further weakened buyer confidence. The slowdown is giving buyers who remain active more choices, additional negotiating leverage and less pressure to compete for homes than in recent years.

The U.S. housing market remained sluggish in July as high home prices and mortgage rates continued to limit affordability and discourage both buyers and sellers. Existing home sales declined 1.7% from June to a seasonally adjusted annual rate of 4.06 million. Sales remained 0.7% higher than a year earlier. The national median existing home sale price increased 2% year over year to $434,100. This marked the 37th consecutive month of annual price growth, after reaching an all-time high of $442,800 in June. Meanwhile, the average 30-year fixed mortgage rate climbed to 6.69%, its highest level in more than a year, further increasing borrowing costs. Approximately 1.54 million homes remained for sale at the end of July, representing a 4.6-month supply, still below the five to six months traditionally associated with a balanced market. First-time buyers accounted for just 29% of sales, well below the historical level of approximately 40%. The market also remains constrained by existing homeowners who secured low mortgage rates during the pandemic and have little incentive to sell and take on substantially higher borrowing costs.

Other News

A vacant 1980s office building at 201 Queen Anne Ave. N. in Seattle's Uptown submarket has been converted into a 74-unit apartment building by Stream Real Estate. This marks one of Seattle's first major post-pandemic office-to-residential conversions. Stream purchased the four-story property for $7 million in 2023 after it had sat vacant for roughly 18 months, converting the existing office space and adding a fifth floor. Apartments range from studios starting at $1,695 per month to two-bedroom units at $4,545 per month, with eight units designated as affordable. Seattle's conversion incentives, including exemptions from Mandatory Housing Affordability fees and deferred construction sales taxes, saved the project more than $2 million.

Employers are increasingly using workplace surveillance technology to track employee productivity, locations, communications, and activity on company-issued devices, a practice that expanded significantly during the pandemic and has become more sophisticated with advances in AI and data analytics. Monitoring can range from tracking appointment lengths and task completion rates to reviewing employee communications and accessing cameras. This is raising concerns about privacy, transparency, and how collected data may be used in performance evaluations or disciplinary decisions. Some states, including New York, Connecticut, Delaware and Maine, require employers to notify workers about certain forms of monitoring. Privacy experts recommend employees understand what data their employer collects and avoid using work-issued devices for sensitive personal matters.

CornerStone, a five-story, 182,000 SF office and retail building at 3524 Stone Way N., has achieved Living Building Challenge Petal Certification. The building, located in Fremont, has also met the requirements of Seattle's Living Building Pilot Program. Developed by Evolution Projects and opened in 2024, the mass timber building is 100% occupied, with Brooks Running leasing all of the office space and Black Diamond and Snow Peak occupying the retail component. The property incorporates several significant sustainability elements. These include a 268,745-gallon rainwater cistern, energy-efficient mechanical systems, and a mass timber structure that reduces the building's carbon footprint by approximately 35%.