

Office Developments

There were no notable office developments to report in September 2026.

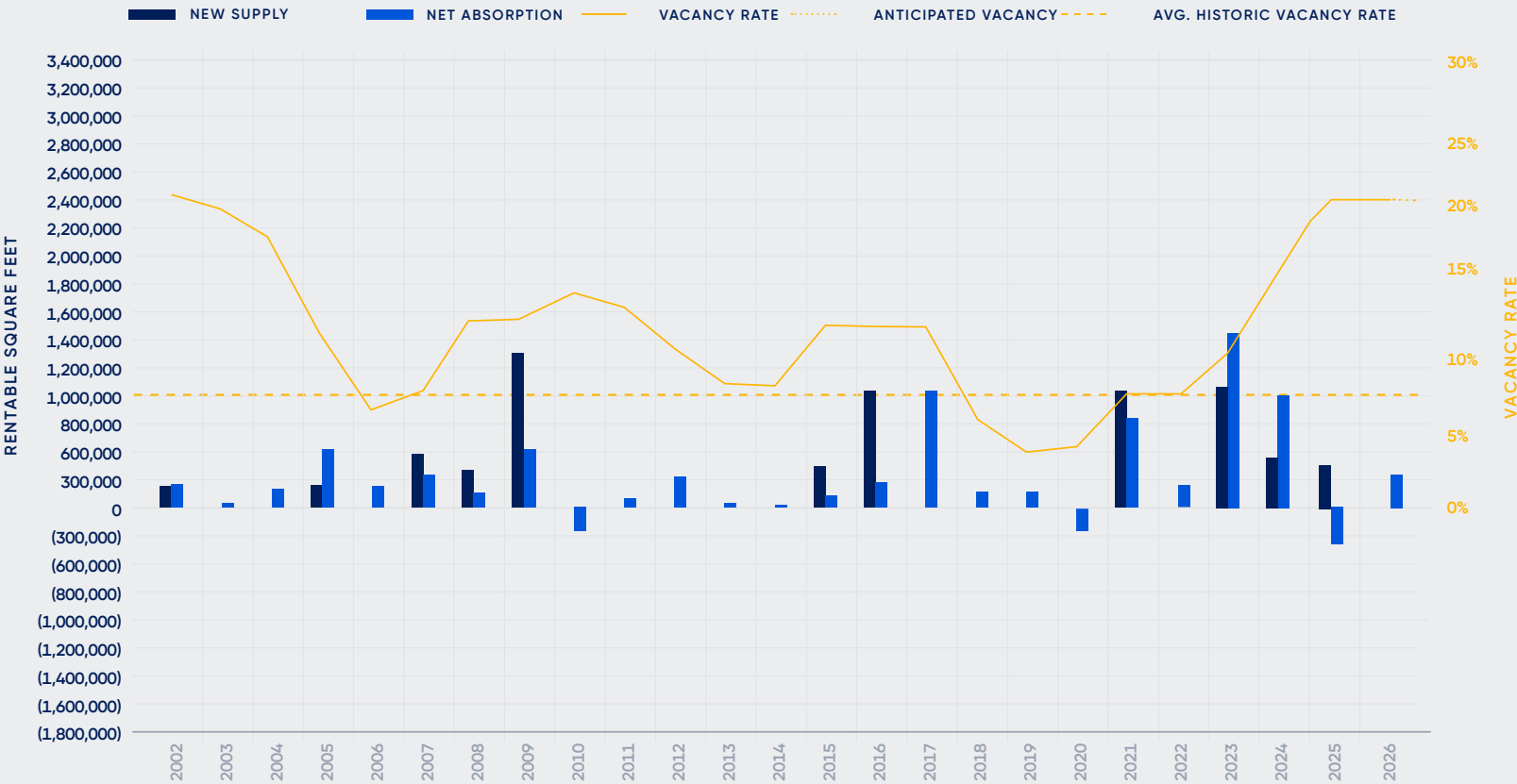
Office Leases

UK-based AI data center startup Nscale has [doubled its footprint at The Eight](#) (10770 NE Eighth St.) in downtown Bellevue before even opening, adding a second floor to grow its lease to 46,000 square feet. The office is slated to open in January, with the second floor coming online around June. Nscale — which has signed deals with Microsoft, counts Nvidia among its partners, and filed in September for an NYSE IPO at a \$35 billion target valuation — chose Bellevue as its primary engineering hub and had 56 local roles posted.

Nscale joins a wave of AI firms planting flags in Bellevue, including OpenAI, Snowflake, Databricks, xAI, CoreWeave, and Crusoe, most of which entered with modest one- or two-floor offices and quickly expanded. Downtown Bellevue’s office vacancy was 23.7% in Q3, down from 24.1% at the end of 2025, and Broderick Group notes more than 755,000 SF of leased-but-not-yet-occupied space should push vacancy lower as tenants move in.

National coworking operator [Industrious has leased the entire third floor](#) — 22,000 square feet — at The Eight, the Skanska-built, Pokémon-anchored tower at 10770 NE Eighth St., with plans to open in June 2027. It’s the New York company’s sixth Seattle-area location and second in Bellevue. The deal brings the 25-story tower to 92% leased; Pokémon Co. International occupies most of the building under a 374,000-square-foot, 16-floor lease, and Chipotle and Sabine Cafe recently signed as the first ground-floor retail.

The lease underscores strong downtown Bellevue activity, where tech firms have flocked to new Class A space. Bellevue’s Q2 availability rate of 19.2% ran far below downtown Seattle’s 34.8%, with average asking rents of \$68.36 per square foot versus Seattle’s \$48.69. Skanska is advancing its next Bellevue tower, the 12-story mass-timber Bevel, and expects design review approval this fall.



Seattle-based WaFd Inc. will [relocate its holding-company headquarters to Bellevue](#), likely within 18 months, in the wake of a \$3.9 billion reverse merger with Jacksonville-based EverBank Financial Corp. CEO Brent Beardall said “more and more business is getting done in Bellevue,” framing the move as planting a flag amid concerns about the state’s business climate. The bank will keep its Seattle offices at 425 Pike St., and did not disclose how much Bellevue space it is seeking.

Expected to close in early 2027, the deal will see EverBank merge into WaFd, which will take the EverBank name and trade under ticker EVBK; EverBank investors will own about 59% of the combined company. EverBank CEO Greg Seibly will lead the combined bank with Beardall as president. WaFd, the second-largest bank in Washington by assets at \$27.6 billion, expects no more than five branch closures, all in California where the two overlap.



Office Building Sales | Repositionings

Kemper Development has [indefinitely paused “The Bellevue.”](#) its \$1 billion multitower expansion of the Bellevue Collection, leaving the project’s future to a potential new owner. First proposed in 2021 for a 3.6-acre site at the southeast corner of Bellevue Square (401 Bellevue Way NE), the plan was revised in 2023 from four towers to three, covering nearly 1.75 million square feet with residences, a hotel, and roughly 300,000 SF of retail. CEO Jim Melby said the company will hand off all materials to a buyer, calling it “an incredible location and a great development opportunity.”

The pause comes as the Freeman family prepares to sell the 5.5 million-square-foot Bellevue Collection — three office towers, three hotels, two theaters, 200-plus retailers, and about 50 restaurants — which could command one of the largest commercial real estate sales in the region’s history. Kemper Freeman Jr., 84, stepped down as CEO last year.

Kemper Development has [selected Eastdil Secured Savills to lead the sale](#) of the Bellevue Collection, advancing the Freeman family’s plan to find a buyer for the roughly 5.5 million-square-foot downtown flagship encompassing Bellevue Square, Bellevue Place, and Lincoln Square North and South. CEO Jim Melby said the choice was about finding an advisor who understood the property’s legacy and significance, not just identifying a buyer.

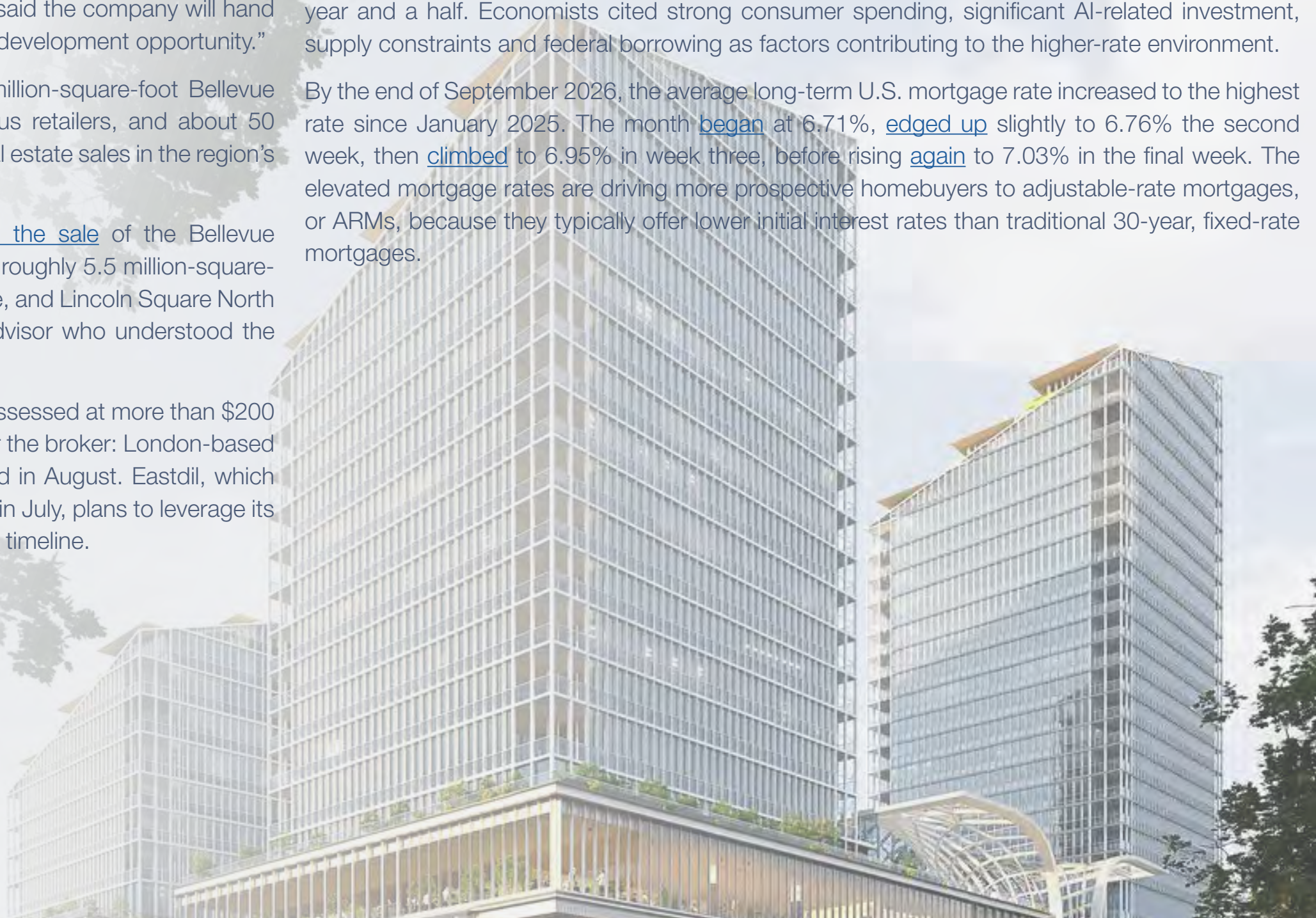
Two signature assets, Lincoln Square and Bellevue Place, were each assessed at more than \$200 million in 2025. The appointment lands during a transitional moment for the broker: London-based Savills completed its roughly \$1.1 billion acquisition of Eastdil Secured in August. Eastdil, which also brokered the sale of the Bravern office complex to Schnitzer West in July, plans to leverage its 21-office global platform; Kemper has not disclosed an asking price or timeline.



Interest Rates

The Federal Reserve [raised](#) its benchmark interest rate to approximately 3.9% in September as persistent inflation and continued economic growth kept upward pressure on borrowing costs. Longer-term rates also remained elevated, with the 10-year Treasury yield exceeding 5% during the year and the average 30-year mortgage rate reaching 7.03%, its highest level in more than a year and a half. Economists cited strong consumer spending, significant AI-related investment, supply constraints and federal borrowing as factors contributing to the higher-rate environment.

By the end of September 2026, the average long-term U.S. mortgage rate increased to the highest rate since January 2025. The month [began](#) at 6.71%, [edged up](#) slightly to 6.76% the second week, then [climbed](#) to 6.95% in week three, before rising [again](#) to 7.03% in the final week. The elevated mortgage rates are driving more prospective homebuyers to adjustable-rate mortgages, or ARMs, because they typically offer lower initial interest rates than traditional 30-year, fixed-rate mortgages.



 Housing

The U.S. housing market remained challenged in September as higher mortgage rates continued to weigh on sales nationally. Existing U.S. home sales [declined](#) 2% month over month and 1.2% year over year in August. Inventory increased 5.9% year over year, bringing supply to 4.9 months, the highest level in more than a decade. Despite weaker sales, the median home price increased 1.6% to \$429,100.

The Eastside saw particular [weakness](#) at the higher end of the market. Pending sales among the top 5% of regional homes fell 15% year over year during the three months through July. Homes priced above \$2 million in six of the area’s most expensive suburbs averaged 44 days on market during the first half of 2026, compared with 25 days in 2025 and nine days in 2022 — a slowdown most evident in affluent Eastside communities such as Bellevue and Sammamish.

 Inflation | Consumer Spending

U.S. economic conditions remained relatively resilient through September despite persistent inflation and higher borrowing costs. The Commerce Department reported Sept. 30 that its PCE [price index rose](#) 3.4% year over year in August, below economists’ 3.7% expectation. Core inflation was 3.0%. Consumer spending increased 0.9% month over month, and separate government data showed the economy expanding at a 2.2% annualized rate in the third quarter. Earlier in September, [retail sales exceeded expectations](#), increasing 1.2% in August.

The producer price index for inputs to new nonresidential construction increased 8.9% year over year in August, an Associated General Contractors of America analysis found. Key materials experienced [significantly larger increases](#), including diesel fuel at 77.8%, aluminum at 27.3%, steel at 23.4%, and copper and brass at 20.9%. Construction wages also increased 5% year over year, compared with 3.3% across the broader private sector. An AGC member survey found that 55% of contractors had experienced projects being canceled, postponed or scaled back during the prior six months. Rising costs were among the primary factors.

Locally, [inflation continued to run hotter](#) than the national average, with prices in the Seattle-Tacoma-Bellevue metro area increasing 4.4% year over year in August, compared with 3.4% nationally. Area grocery prices rose 4.5%, restaurant prices increased 6%, recreation costs climbed 7%, and motor fuel prices increased 18.2%. Higher energy costs remained a significant contributor to inflation across the region.

 Economy

The Puget Sound metro region [ranked](#) No. 4 globally, behind only New York, London and Paris, in the Oxford Economics Global Cities Index 2026. The index evaluates economics, human capital, quality of life, environment and governance. The region generated \$632 billion in GDP in 2025 and had the fourth-highest income per person globally at \$152,000. Oxford Economics also ranked the region 22nd globally for quality of life and 28th for environment, while identifying high housing costs, income inequality, crime and a 198th-place governance ranking as vulnerabilities.

The U.S. economy [grew](#) at a 2.2% annualized rate in the second quarter as reported by the Commerce Department, slowing from 2.5% in Q1 but substantially above its previous 1.5% estimate. Consumer spending increased 3.8%, while nonresidential business investment rose 9%, driven in part by continued AI-related investment. Oxford Economics noted that recent growth has become increasingly dependent on AI investment and spending by higher-income households.

 Other News

[Amazon has become Bellevue’s largest employer](#), accounting for nearly one in 10 workers in the city, after growing its headcount 9% to 15,700 employees in 2025 — up from just 450 when it opened its first Bellevue office nine years ago. The company, which plans to reach 25,000 Bellevue workers, restarted construction late last year on three paused office projects: West Main, Bellevue 600, and The Artise. Its Bellevue expansion spans 2.9 million square feet across five buildings, and it is the largest office occupier in the Puget Sound region at 14.6 million SF.

The 2025 figures don’t capture this year’s fluctuations: Amazon has laid off more than 600 Bellevue employees in 2026 as part of broader cuts, while still posting about 1,200 local openings. The company has effectively capped its Seattle growth, shedding space as leases expire — including exits from offices in South Lake Union and Denny Triangle — though Seattle remains its largest employment center with about 49,000 corporate workers.

The late real estate developer Dean Weidner [donated \\$100 million to EvergreenHealth](#) to fund a new eight-story patient tower in Kirkland — the largest gift in the hospital system’s history. Weidner, founder of Weidner Apartment Homes (a portfolio of nearly 75,000 units across North America) who died in March, had funded several EvergreenHealth projects since 2019. The estate will distribute the gift over several years, allowing the system to immediately begin planning the North Inpatient Tower.

The donation supports a broader campus master plan, submitted to Kirkland in 2024 and under review, calling for more than 500,000 square feet of new construction including a medical office building, surgery center, and parking expansion. Pre-construction and design begin in early 2027, with first-phase completion targeted for 2029 and full build-out by 2033. Leaders noted additional funding will be needed before construction begins given high-cost market conditions.

Bellevue-based app development startup Temporal [raised a \\$550 million Series E](#) at a \$12.55 billion valuation, up from \$5 billion in February. Founded in 2019, Temporal helps developers build more reliable back-end and AI software, and serves more than 4,300 clients including OpenAI, Netflix, Snap, and JPMorgan Chase. The company has grown to 570 employees, up from about 375 in February.

Lightspeed led the round, with participation from Wellington, Goldman Sachs Alternatives, Tiger Global, T. Rowe Price, Andreessen Horowitz, Sequoia, and others. CEO Samar Abbas, a former Uber, Amazon, and Microsoft engineer, has kept Temporal remote-first but emphasized continued Seattle-area hiring, calling the region “the center of gravity when it comes to cloud computing” and its coming AI platform shift.

Microsoft President Brad Smith [sharply criticized Seattle’s JumpStart payroll tax](#) at the launch of the Partnership for a Competitive Puget Sound, saying, “you should tax things you want to discourage — like cigarettes, not jobs.” Asked what it would take to bring Microsoft back to Seattle, Smith argued the tax is driving tech jobs to Bellevue and the Eastside. The 2021 tax has become a major revenue source, collecting \$360 million in 2024 and \$385 million in 2025, though recent years have fallen short of forecasts.

Analysts warn the city’s budget may be overly reliant on a narrow base, with 75% of JumpStart revenue coming from just 10 companies. Amazon has capped its Seattle growth while expanding in Bellevue since the tax took effect. The event served as a rally for local mayors, business groups, and CEOs to collaborate amid job cuts, rising energy costs, and tariffs; Smith also noted Seattle’s business tax burden remains lower than New York’s or the Bay Area’s.

[A Resume Now survey of more than 1,000 workers](#) found 44% feel overwhelmed by pressure to learn and use AI tools at work — a group the report dubs the “AI-whelmed worker,” caught between the need to adapt and uncertainty about how. The survey found 42% lack confidence integrating AI into their workflows, and 44% are unclear where even to start learning. Notably, 30% said they’re likely to spend their own money to build AI skills and avoid falling behind.

Career expert Keith Spencer said being “AI-whelmed” isn’t anti-technology but a response to a fast-changing workplace, advising workers to focus on one or two practical use cases to build confidence. The report also pointed to unclear employer expectations: 42% said there’s no expectation to use AI at their job, 23% said it’s encouraged but not required, and 18% said it has come up without any real expectation set.