Office Leases

AI infrastructure startup Nscale has doubled its footprint at The Eight tower in downtown Bellevue before opening, adding a second floor to reach approximately 46,000 rentable square feet, according to The Broderick Group. The London-based company's primary U.S. engineering hub is slated to open in January 2027, with the second floor coming online in June. The initial 24,000-square-foot lease was pegged for up to 250 employees; the added space gives room to scale beyond its current 50 Seattle-area workers.

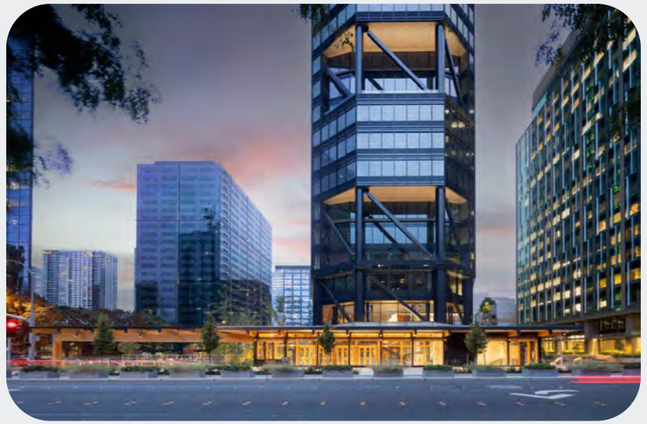
Founded in 2024, Nscale raised a $2 billion Series C at a $14.6 billion valuation this year, backed by Nvidia, Dell, Citadel, Jane Street, and Point72, and hired former Microsoft Azure AI leader Nidhi Chappell as president of AI infrastructure. Its growth underscores Bellevue's pull for out-of-town AI players, joining xAI, OpenAI, Databricks, CoreWeave, Armada, and Anduril on the Eastside.

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.

Downtown Bellevue had an average availability rate of 19.2% as of Q2, about 15 points 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.

Utah-based coworking company Kiln has signed a 22,045-square-foot lease at Woodinville's 19.5-acre Harvest development, expected to open in August 2027. It's Kiln's third regional lease this year, following deals in Seattle's Fremont neighborhood and Bellevue, and its largest space in The Yard, Harvest's nearly 100,000-square-foot retail complex at 14482 147th Place NE. The lease brings the project to 90% occupancy, with a 5,878-square-foot restaurant space reserved for a "beer-centric" operator.

The $700 million Harvest project, which broke ground in 2022, includes the 164-room Somm Hotel & Spa, the retail complex, and three residential developments. Founded in 2017, Kiln operates across 10 western states. Seattle-region coworking inventory reached 3 million square feet across 149 locations, up 4% year over year.



THE EIGHT | BELLEVUE

Photo: David Sundberg/ESTO via Pickard Chilton



HARVEST YARD | WOODINVILLE

Photo source: Harvest Woodinville

Aviation robotics startup Reliable Robotics will open an 11,000-square-foot office at 21222 30th Drive SE on the Highlands campus in Bothell in mid-November, starting with 25 employees but with room for more than 100. The company, which makes hardware and software for autonomous flight, simultaneously announced an additional $115 million in Series D funding — bringing the round to $275 million and pushing its valuation above $1 billion. The Bothell office will serve as a "center of excellence" for its radar program, tapping the region's engineering and robotics talent.

Space propulsion startup Agile Space Industries has signed a sublease for a roughly 5,740-square-foot engineering office in the Sunset North complex along Interstate 90, at 3120-3180 139th Ave. SE in Bellevue. The Durango, Colo.-based company will initially house about half a dozen employees, scaling to an engineering team of 20 to 30 as it taps the region's aerospace talent pool. Led by CTO Jake Mills, a former Blue Origin propulsion engineer, Agile makes in-space chemical propulsion systems for satellites, lunar landers, and national security missions.

Backed by a $17 million Series A this year, Agile has more than tripled revenue over three years and employs 178 people overall. The move adds to the Eastside's aerospace cluster alongside Blue Origin, SpaceX's Starlink operations in Redmond, and Starfish Space, though Mills echoed caution about Washington's business climate, warning that future manufacturing investments could go elsewhere absent stronger state incentives.

Office Developments

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

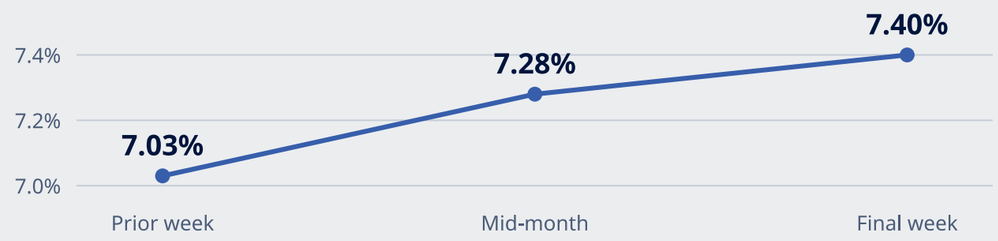
Interest Rates

The average long-term U.S. mortgage rate climbed through most of October before holding at month's end. Mid-month, the benchmark 30-year fixed-rate mortgage jumped to 7.28% from 7.03% the prior week — the biggest weekly leap in four years and the sixth straight week of increases — reaching its highest level since November 2023. By the final week, the rate held steady at 7.40%, ending a seven-week climb and remaining at a nearly three-year high; a year earlier it was 6.27%.

Rates have risen since late February amid higher oil prices and inflation expectations that pushed the 10-year Treasury yield from 3.97% to above 5% during the month. Elevated rates are driving more buyers to adjustable-rate mortgages, which reached 10.5% of applications — the highest in a year. Fannie Mae projects the 30-year rate will average 7.4% in the final quarter of 2026 and 7.5% in 2027, and Wall Street now puts the odds of a December Fed rate increase at about 65%.

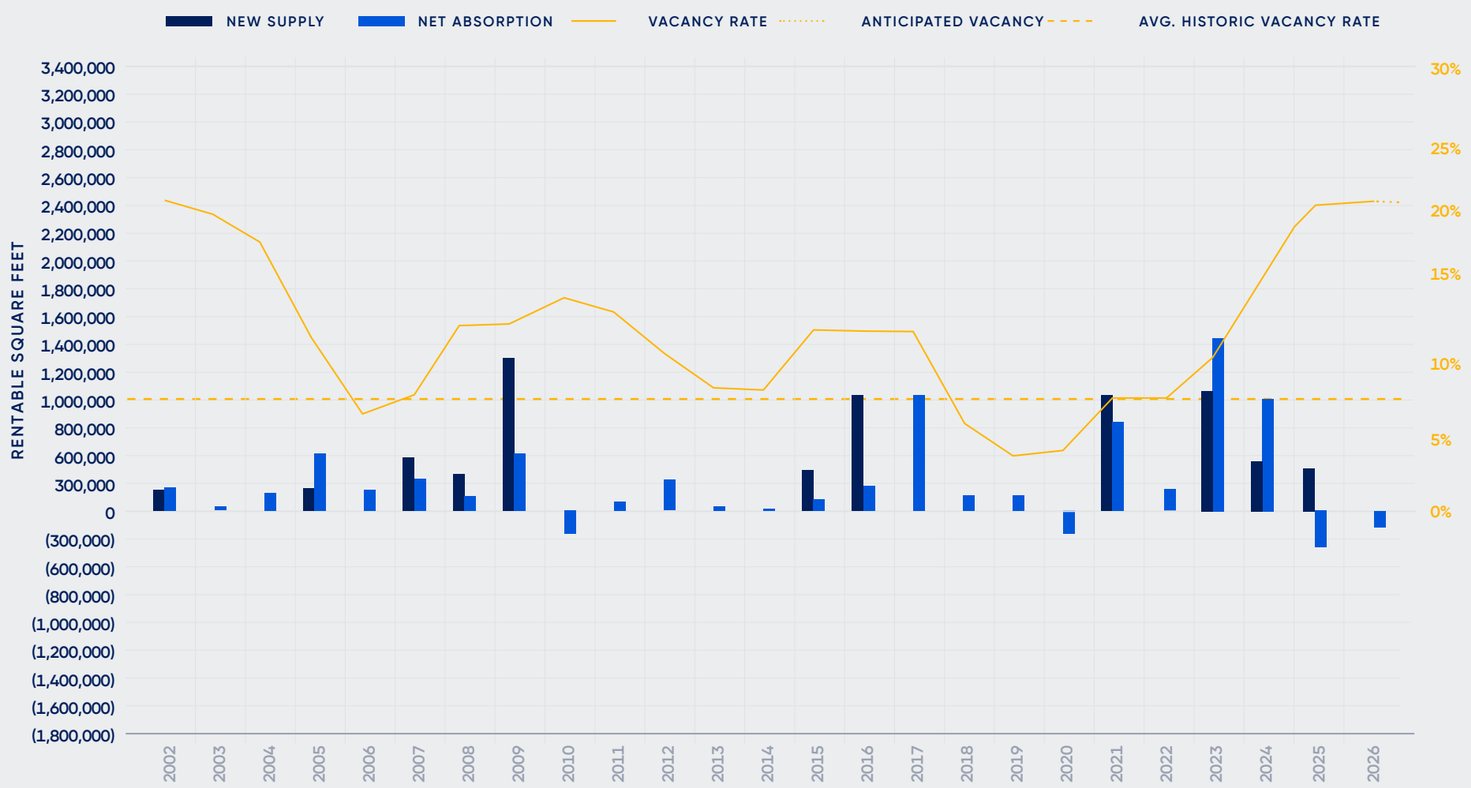
30-year mortgage rate movement

Reported weekly observations | October 2026



6.27% Year-earlier rate

10.5% ARM share of applications



Housing

U.S. existing home sales rose 1.5% in September from August to a seasonally adjusted annual rate of 3.99 million units but fell 2.2% year over year, the National Association of Realtors said, as rising mortgage rates and prices continued to weigh on the market. Sales have hovered near a 4-million annual pace since 2023, well below the historic norm of about 5.2 million. The national median sales price rose 1.3% year over year to $417,500, an all-time September high, marking 39 straight months of annual price gains.

Unsold inventory reached 1.6 million homes — the highest since November 2019 — translating to a 4.8-month supply and tilting the market toward buyers able to transact at current rates. NAR chief economist Lawrence Yun called rates at or slightly above 7% "the new normal" and said the market is "clearly tilting in favor of buyers able to negotiate for better prices," with about 21% of listings cutting their initial price.

Office Building Sales | Repositionings

KBS sold the Offices at RiverPark, a five-story, roughly 107,029-square-foot Class A building at 15809 Bear Creek Pkwy. in downtown Redmond, to ORP PropCo LLC - associated with California's Palisade Group - for $27.5 million, or about $257 per square foot. KBS had acquired the building in 2019 for $48.1 million, making the sale a roughly 43% discount, though far milder than recent Seattle office losses of 84% to 87%. A $22.6 million loan from Forbright Bank backed the purchase.

Developed around 2009 by Trammell Crow and ING Clarion, the building is part of the larger 6-acre RiverPark complex and is about 31% vacant, with tenants including Kaiser Permanente and StockCharts. Newmark's Michael Moll called the sale "a positive sign in investor conviction in the Eastside office market," noting Redmond has the lowest direct office vacancy among Eastside submarkets at 2.8%.

Vulcan Real Estate has a pending deal to sell the south office tower ("Dynamo") at its West Main development in downtown Bellevue - at 85 106th Ave. N.E. - to Los Angeles-based Preylock for about $340 million, or roughly $932 per square foot, per third-quarter reports from Kidder Mathews and Broderick Group. The 17-story, 364,868-square-foot tower (including 16,697 SF of retail) is fully leased to Amazon, which leased all three West Main towers during construction but has so far occupied only the south building. The sale is expected to close in the fourth quarter.

Privately held Preylock, with about $5 billion in assets under management, has been active locally - paying $225 million last year for a Microsoft-leased building at Esterra Park in Bellevue and $58 million for an Amazon-leased building at Redmond Town Center, and it owns the 90 North offices in Eastgate, the T-Mobile headquarters in Factoria, and Willow Creek Corporate Center in Redmond.

The Freeman family's roughly 5.5 million-square-foot Bellevue Collection - the 1.3 million-square-foot Bellevue Square mall, three hotels, office and residential towers, more than 200 shops, 50 restaurants, and two theaters across about 51 acres - remains on the market, with parcels appraised at more than $1.8 billion and drawing 13 million visits annually. Kemper Development selected Eastdil Secured Savills in September to broker what could be one of the largest deals on the West Coast, with a strong preference to sell to a single buyer.

CEO Jim Melby said the decision followed the retirement of Kemper Freeman Jr., 85, who stepped away a year ago after an Alzheimer's diagnosis; "Kemper's shoes are too big to fill," Melby said. Freeman spent decades transforming downtown Bellevue, beginning with his father's 1945 mall and building through Bellevue Place, Lincoln Square, and Lincoln Square South. Melby said the collection's offices have stayed fully leased with strong trends despite tech-sector turbulence.



WEST MAIN | BELLEVUE

South tower: reported pending sale of approximately $340M

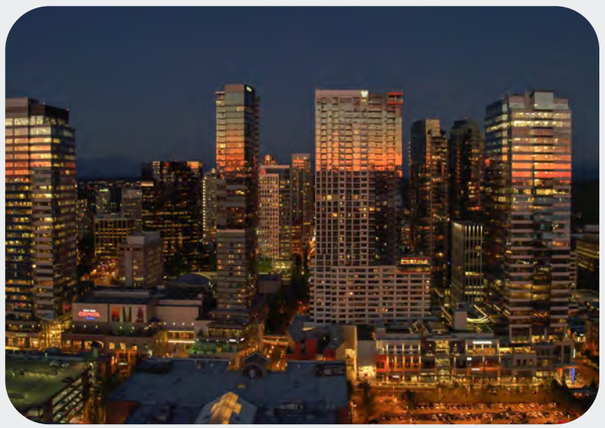
Photo source: Vulcan Real Estate



OFFICES AT RIVERPARK | REDMOND

Reported sale: $27.5M

Photo source: KBS



THE BELLEVUE COLLECTION

On market | Parcel appraisals: $1.8B+

Photo source: Kemper Development Company

Economy

Bellevue's proposed 2027-2028 budget includes no new rate increases for sales, business and occupation (B&O) or excise taxes, and limits property tax growth to 1%, approximately $15.70 per year for a median $1.63 million Bellevue home. City staff anticipate a slow and cautious recovery for the local economy over the next two years. The proposal does include combined water, sewer and stormwater rate increases of 8.5% in 2027 and 8.6% in 2028. The City Council held its final public hearing on the budget Oct. 27 and is scheduled to consider adoption Nov. 17.

Separately, the city is considering changes to how businesses are taxed and licensed. Under the proposal, businesses would pay either the gross receipts B&O tax or the square footage tax rather than both. The gross receipts exemption would rise from $215,000 to $500,000 in annual sales, and the square footage tax would drop from $1.25 to $1.00 per square foot, with the threshold rising from 250 to 2,500 square feet of occupied space. The city would also replace its one-time $119 business license with an annual renewal ranging from free to $350, based on revenue. The city expects the net effect to be roughly neutral for most businesses, and a council vote date has not yet been set.

Bellevue's tax advantage over Seattle continues to widen, according to a Downtown Seattle Association analysis. Bellevue's B&O tax rate is 0.1596%, compared with 0.342% to 0.658% in Seattle, and Bellevue has no equivalent to Seattle's JumpStart payroll expense tax or social housing tax. Between 2019 and 2026, the city portion of Bellevue's property tax rate fell from $3.72 to $3.12 per $1,000 of assessed value, while Seattle's rose from $3.79 to $5.60. Downtown Bellevue office assessed values increased 7% between 2020 and 2025, while Seattle's fell 48%, and Bellevue jobs grew 12.6% between 2023 and 2025, compared with a 1.3% decline in Seattle. Washington Policy Center modeling estimates a company with $500 million in revenue would save approximately $3.5 million per year by operating in Bellevue rather than Seattle.

Nationally, the broader economy accelerated in the third quarter. Real GDP grew at a 3.4% annualized rate in the Commerce Department's advance estimate released Oct. 29, up from 2.2% in the second quarter. The pickup was led by business investment - including private inventory and equipment spending - alongside continued consumer spending on services and goods, while a decline in exports partially offset the gains.

Jobs

U.S. unemployment claims dipped to 197,000, the lowest since mid-July, as layoffs stayed low and most workers kept job security. The four-week average fell to 200,000, and claims have mostly stayed below 220,000 this year — historically low. Employers have added an average of 80,000 jobs a month this year, an improvement on 2025's lackluster 9,700 monthly average, though still well below the 166,000 monthly pace of 2023-2024.

A Downtown Seattle Association report found Seattle lost more than 18,000 jobs between 2024 and 2025, about 13,000 of them downtown, while Bellevue and Tacoma added 5,375 and 662 jobs respectively. Bellevue's workforce stood just 6% below 2019 levels, compared with 22% below for downtown Seattle — underscoring the Eastside's relative resilience.

Construction hiring rose for a seventh straight month, adding 11,000 net jobs in September and 109,000 over the year, driven entirely by nonresidential work as the data center boom fuels demand for specialty trades. Average construction wages climbed to $39.20 an hour, up 4.3% year over year and 20.2% above the private-sector average, though contractors cite a shrinking pool of experienced jobseekers.

A Business Journals analysis of AI automation vulnerability ranked Seattle No. 4 nationally, with about 26.6% of its workforce most exposed — behind San Jose (29%), Washington, D.C., and Durham, N.C. — reflecting the region's concentration of professional-services and tech jobs. The picture is rosier for Gen Z, with just 15% of Seattle's younger workers highly exposed, ranking No. 12 among metros, as they more often hold retail, food-service, and construction roles.

Other News

Inrix, the Bellevue-based traffic-data company that spun out of Microsoft in 2004, has agreed to sell substantially all its assets to Arity, the mobility-data subsidiary of insurer Allstate, ending its 22-year run as a standalone company. Terms were not disclosed, and the deal is expected to close later this year. Inrix had raised more than $288 million and flirted with an IPO multiple times. The company has about 277 employees; Arity said all eligible employees will receive offers, with no planned changes to the Bellevue headquarters.