Office Leases

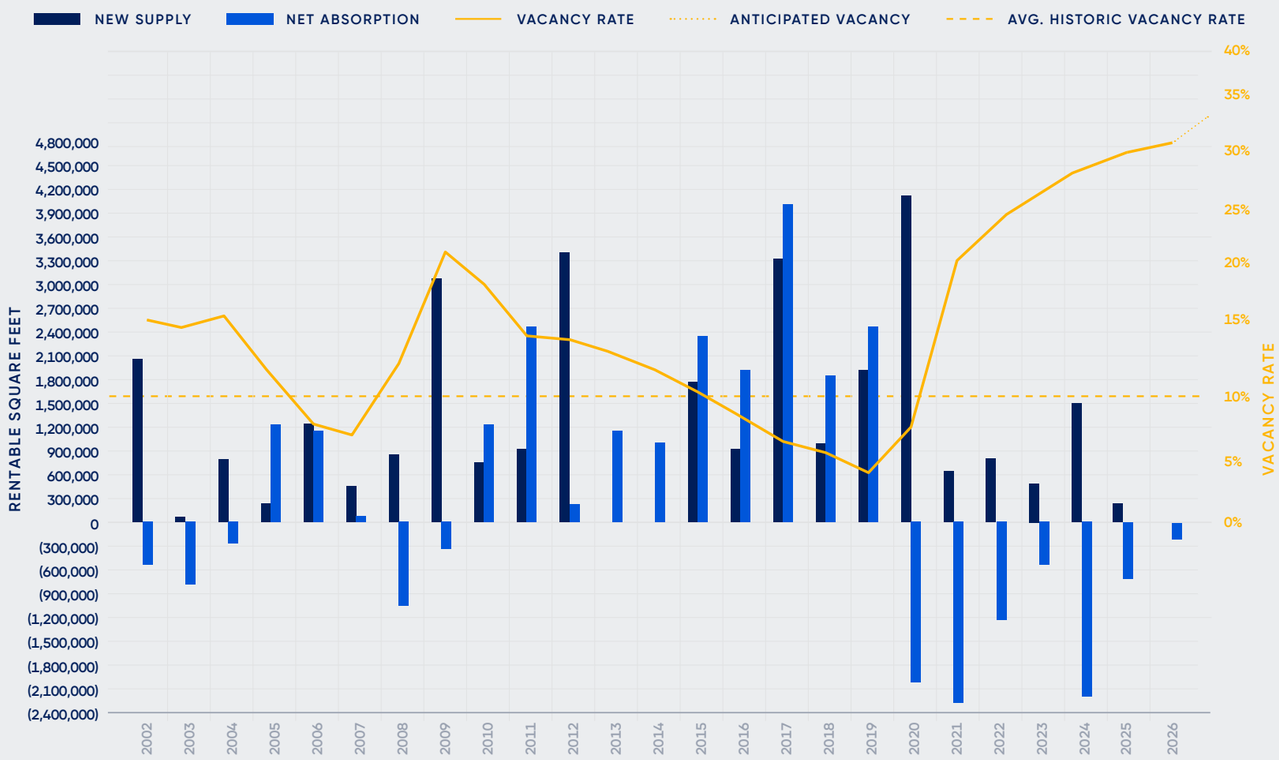
October brought news of a few notable office leases in Seattle. First, Carrix, one of the world's largest privately held marine terminal and rail yard operators and the parent company of Seattle-founded SSA Marine, filed plans with the city this week for a new headquarters at The Jack located at 74 S. Jackson St. in Seattle's Pioneer Square submarket. The plans cover floors four through seven, approximately 88,000 square feet, to be connected by a new internal stair. Carrix currently leases office space on the south end of Harbor Island. The Jack is an eight-story, 145,500-square-foot building, developed by Urban Visions and now co-owned with the Muckleshoot Development Corporation. The Jack has been vacant since its completion in 2023. A move-in date has not yet been announced.

Also reported in October, Laird Norton Co. leased the entire 14th floor, approximately 30,000 square feet 1201 Second Avenue (2+U), in Seattle's Central Business District. The 38-story tower, developed by Skanska and completed in 2019, is owned by Hines through a joint venture. Laird Norton and its wealth management arm, Laird Norton Wetherby, will relocate by the end of the year from 14,700 square feet on the 17th floor of the nearby Norton Building at 801 Second Ave. The firm has been based in the Norton Building since the 270,000-square-foot building was completed in 1959. MetLife took ownership of the Norton Building in June for $80.7 million after foreclosing on a $91 million loan.

Superhuman, the San Francisco-based AI productivity company formerly known as Grammarly, also brought news of a new lease in October. Superhuman opened a 13,501-square-foot office at 1000 Dexter Ave. N. in Seattle's South Lake Union submarket on October 6th. The office is located in the Dexter Landing campus, owned by Palisade Group and Sabal Investment Holdings. The company relocated from a coworking space and will open with 50 workstations and room for up to 80. Superhuman currently has approximately 96 Seattle-based employees and plans to add about 10 more roles this year in data engineering and data science.

Office Developments

No Seattle office development news was reported in October 2026.



Housing

Existing U.S. home sales rose 1.5% month over month in September to a seasonally adjusted annual rate of 3.99 million but declined 2.2% year over year, the National Association of Realtors reported. It was the second consecutive month with an annual sales pace below 4 million, well short of the historic norm of approximately 5.2 million. The median home price increased 1.3% year over year to $417,500, an all-time high for September, marking 39 consecutive months of annual price gains.

Inventory rose 4.6% year over year to 1.6 million homes, the highest level since November 2019, bringing supply to 4.8 months. In the West, sales increased 2.8% month over month but fell 5.2% year over year, and the median price slipped 0.3% to $613,600. NAR chief economist Lawrence Yun said buyers should consider mortgage rates at or slightly above 7% "the new normal" and noted the market is tilting in favor of buyers able to negotiate better prices.

Inflation | Consumer Spending

Inflation accelerated in September, adding pressure on consumers. The Commerce Department reported in late October that its PCE price index rose 3.6% year over year in September, up from 3.4% in August, and 0.5% month over month. Core inflation, which excludes food and energy, rose to 3.1% from 3%. Rising gas prices, now averaging about $4.25 per gallon nationally with oil above $100 per barrel, drove much of the increase, while service costs such as shipping, hotels and utilities also climbed quickly. Inflation-adjusted after-tax incomes fell 0.3% from August to September, suggesting consumers are dipping into savings or relying on credit. The Federal Reserve held its benchmark interest rate steady on Oct. 28, but a rate hike at its December meeting is now considered much more likely.

Locally, inflation continued to outpace the national average. Prices in the Seattle-Tacoma-Bellevue area rose 4.4% year over year in August, a full percentage point above both the national average and the San Francisco metro at 3.4%. Energy costs in the Seattle area increased 15.9%, compared with 12.3% in San Francisco. James McCafferty, director of Western Washington University's Center for Economic and Business Research, cited energy prices as the primary driver, along with supply chain disruptions and rising transportation, labor and insurance costs pushing up grocery and restaurant prices.

Office Building Sales | Repositionings

A venture of GT Capital and The Benaroya Company acquired 901 Fifth Avenue in October. The 41-story, 540,589-square-foot office tower in Seattle's Central Business was previously owned by Vanbarton Group. The buyers paid $48.3 million, or approximately $89 per square foot. That is less than one-sixth of the $304.5 million, or approximately $563 per square foot, that Vanbarton paid Schnitzer West and Investcorp in 2019. The tower, built in 1973, is approximately 56% available for lease. Major tenants include PitchBook and the new owners say they plan to take a long-term ownership approach to the building.

As noted under Office Leases, further detailed here, the Muckleshoot Development Corporation, the economic development arm of the Muckleshoot Indian Tribe, has invested in The Jack joining developer Urban Visions as a co-owner. The ownership terms and the size of the stake were not disclosed. The Olson Kundig-designed building was built on spec and had been vacant since its completion in 2023. The property also received a new refinancing of nearly $54.5 million from Bank OZK, which, along with the tribal investment, retires the previous loan from Mack Real Estate Group. The deal is the first partnership between the two firms, which plan to evaluate additional investments across the Puget Sound region.

Economy

The U.S. economy grew at a 3.4% annualized rate in the third quarter, up from 2.2% in the second quarter and above economists' 3% expectation, the Commerce Department reported in late October. Consumer spending increased 3.8%, while nonresidential business investment rose 12.7%, driven by continued AI-related spending, with information processing equipment up 37.4% and software up 9.6%. Housing investment fell 3.3%, its sixth decline in the last seven quarters, as high mortgage rates continued to weigh on the market.

According to the Downtown Seattle Association and the Seattle Metropolitan Chamber of Commerce, businesses now pay an estimated 68% of the City of Seattle's taxes, approximately $1.65 billion in 2026, up from about 55% in 2016. Seattle's tax collections grew from $900 million in 2013 to a projected $2.8 billion in 2026. Between 2013 and 2025, tax revenues increased 172%, compared with 31% population growth, 23% job growth and 50% local inflation. Adjusted for inflation, tax growth outpaced population growth by 5.6 times and employment growth by 7.5 times.

Broad-based taxes, including property, sales, utility and general B&O taxes, are projected to fall from 83% of collections in 2013 to 52% in 2026, replaced by targeted levies such as the JumpStart payroll expense tax and the social housing tax. Fewer than 500 companies pay the JumpStart tax, with the top 10 taxpayers covering 73% of the total, and fewer than 20 companies account for approximately $356 million in annual city revenue. The report also found Seattle lost approximately 24,000 jobs between March 2020 and March 2025, while the rest of King County added 21,000. Separately, Mayor Katie Wilson proposed a $9.1 billion 2027 budget that would close a $175 million general fund deficit and freeze JumpStart tax rates. (Full report)

Venture Capital

Seattle-area startups raised $3.5 billion in venture capital in the third quarter of 2026, the most in any quarter going back at least a decade, according to the PitchBook-NVCA Venture Monitor. That is more than triple the $1 billion raised a year earlier and more than $1 billion above the previous quarterly high of approximately $2.4 billion, reached in late 2018 and again in late 2022. Large rounds for Kent-based rocket maker Stoke Space, Bellevue-based developer platform Temporal and Everett-based fusion company Helion led the quarter. Most of the funding went to companies building physical products such as rockets, satellites, spacecraft and fusion power plants, with Stoke Space, Redmond-based Starcloud and Seattle-based Hubble Network raising a combined $1.6 billion. The total includes Helion's $500 million round, announced in June but counted by PitchBook in the third quarter. Even without it, the quarter would still be the region's biggest on record. Seattle ranked seventh among U.S. metro areas for venture dollars and eighth by number of deals, with 94.

Nationally, venture funding fell 40% from the prior quarter to $98.4 billion as megadeals for frontier AI labs tapered off. The Bay Area led all metros at $40.7 billion, followed by Los Angeles, New York, Austin, Boston and Denver.

Interest Rates

During October 2026, the average long-term U.S. mortgage rate reached its highest level in nearly three years before easing over the final two weeks. The month began at 7.28%, up from 7.03% the prior week, the biggest weekly jump in four years. Rates rose again to 7.40% the second week, the seventh consecutive weekly increase, then held at 7.40% in week three, the highest level since November 2023. Rates dipped slightly to 7.32% in the fourth week and fell again to 7.24% in the final week, the lowest level in more than a month. A year ago, the 30-year rate averaged 6.17%.

Rates have climbed by more than a full percentage point since late February, when the average 30-year rate briefly dipped to 5.98% before the war with Iran began. Expectations of higher inflation amid surging oil prices pushed the 10-year Treasury yield from 3.97% in late February to above 5.30% earlier in October, its highest level since 2002, before it eased to 4.98% by Oct. 29.

Jobs

Nationally, the labor market remained in a "low-hire, low-fire" pattern through October. U.S. employers added just 29,000 jobs in September, while unemployment ticked up to 4.2%, bringing average monthly job gains so far in 2026 to approximately 68,000. This is well below the 166,000 monthly average recorded in 2023 and 2024. Initial U.S. unemployment claims fell to 194,000 at the end of October, the lowest level since mid-July. The four-week average declined to 196,750, and claims have remained at or below 200,000 for seven consecutive weeks.

The construction industry added 11,000 jobs on net in September, its seventh straight month of gains, according to an Associated Builders and Contractors analysis. Nonresidential construction added 16,100 jobs, led by specialty trades at 12,300, as data center development drove demand for electricians, HVAC technicians, welders and pipefitters. Residential construction employment declined 1% year over year. Construction unemployment was 3.5%, and the Associated General Contractors of America found average construction wages rose 4.3% year over year to $39.20 per hour, compared with 3.3% across the private sector.

According to the Downtown Seattle Association's report, Seattle's Shifting Employment Landscape: The Downtown Jobs Struggle, found that Seattle lost 18,605 jobs between 2024 and 2025. Downtown accounted for approximately 13,000 of those losses, or 70% of the citywide decline, while Bellevue and Tacoma added 5,375 and 662 jobs, respectively. The downtown Seattle workforce in 2025 was an estimated 22% below 2019 levels, compared with 6% below in Bellevue. Between 2019 and 2025, the Puget Sound region ranked 20th in employment growth among the nation's 30 largest metro areas.

Regional employment change

2024-2025 | net jobs

