

EASTSIDE OFFICE MARKET OVERVIEW

TURNING THE PAGE ON 2022

After three quarters of relatively stable vacancy, the Eastside stumbled in the fourth quarter. Vacancy rose 60 basis points to close at 9.0%, which was last observed in 2017. In early 2023, we do not expect a repeat burst of tenant demand to soak up sublease space as we witnessed in the first half of 2021. A further wave of directly available space is set to hit the market in 2023. Despite near term challenges, the Eastside office market will evolve and thrive over the long haul as it always has.



Entire Eastside Market

SNAPSHOT

9.0%

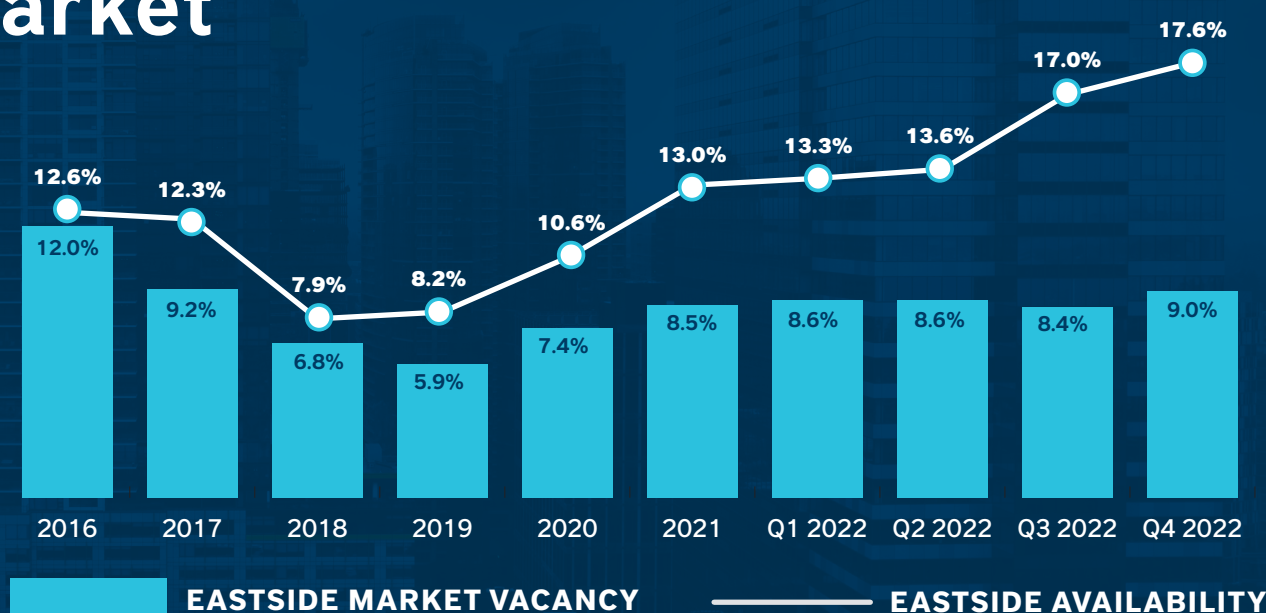
Vacancy

Total SF: 38,823,253

Vacant SF: 3,485,671

Asking Rates: \$40.13, Gross

YTD Absorption: (61,135)



Microsoft

Microsoft is currently poised to retreat to its Redmond Campus. Thus far it has confirmed it will vacate over 1.4M SF of leased space in Issaquah & Bellevue. A further 1.3M SF of leases expire in the Bellevue CBD in 2024 & 2025.

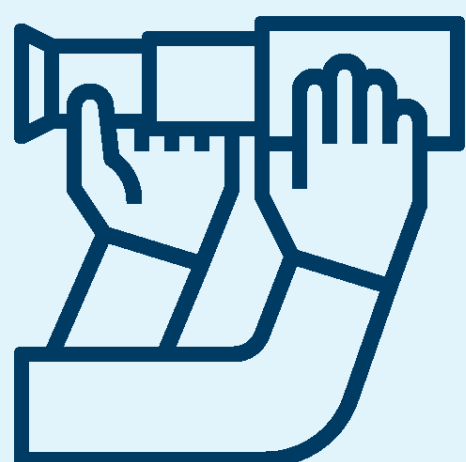
VACANCY & RENTAL RATES

9.0%

Q4 2022 Market Vacancy

\$40.13

Average Gross Rental Rate



FORECAST – SEEKING A MARKET BOTTOM

It has now been over a year since the tenant demand spigot turned off. While it's difficult to call a market bottom, the reality is the Eastside is now well into working through a market reset, which means it is all that much closer to the start of the next expansionary cycle.

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