

SEATTLE OFFICE MARKET OVERVIEW

MARKET SETBACKS CONTINUE

Unlike other post-pandemic quarters, Q2 2023 realized some material changes in overall fundamentals as we saw large increases in total vacancy coupled with decreases in average asking rates throughout all office building classifications in the Seattle area. Seattle total availability (vacant space PLUS occupied space being marketed as available) reached a new high of 28%. This is largely the bi-product of large contiguous blocks of available office space hitting the market while larger users (e.g. full-floor or greater) have not yet resurfaced in the marketplace.



Entire Seattle Market

SNAPSHOT

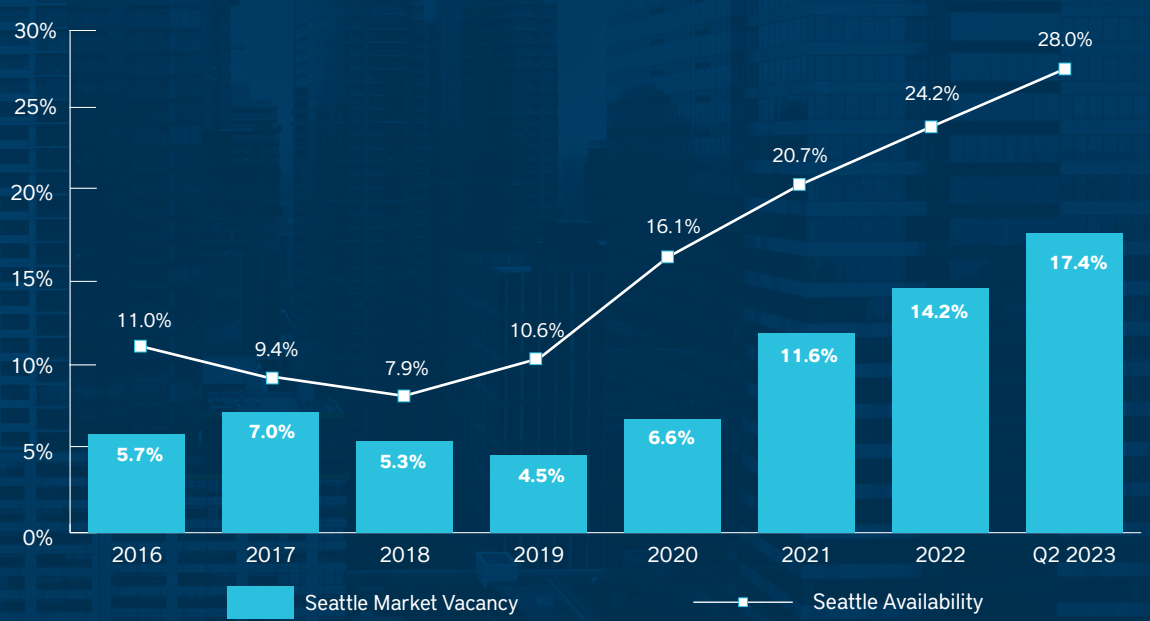
17.41% Vacancy

Total SF: 64,672,017

Vacant SF: 11,258,381

Asking Rates: \$34.66, Gross

YTD Absorption: (1,586,480)



Large tech firms like Amazon enacted their RTO policy during Q2 2023 requiring all employees to be in the office a minimum of three days per week. Amazon's RTO has resulted in a surge of foot traffic in downtown Seattle that can most visibly be observed during commuting and lunch hours.

Despite increases in their employee's presence downtown, Amazon elected not to renew their lease at West 8th during the quarter resulting in roughly 320K SF of additional direct vacancy hitting the market.

VACANCY & RENTAL RATES

17.42% **\$41.70**

Q2 2023 Market Vacancy

Average Gross Rental Rate

SEATTLE OFFICE MARKET FORECAST



As companies begin to establish more certainty around their future office needs, those buildings in desirable locations with a strong amenity base will be the first to recover based off the limited leasing observed. Those landlords who are well capitalized and able to adapt quickly to changing tenant needs will be well positioned to realize success on the inevitable rebound we are forecasting in the next couple of years.

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