

Seattle Office Market Summary

FIRST QUARTER 2023

Market Degradation Continues

Q1 2023 continued right where the prior quarter had left off – tepid tenant demand coupled with increasing vacancy throughout the Seattle office market. While the office sector was initially slowed by the pandemic fueled “Work From Home” movement, it has continued to realize setbacks from a slowing national economy and major reductions in work force by Big Tech. The liquidity has been pulled out of the market and companies are more focused on efficiency than growth. As a result, large blocks of space continue to hit the market with more expected to come online by 2024.

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. 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.

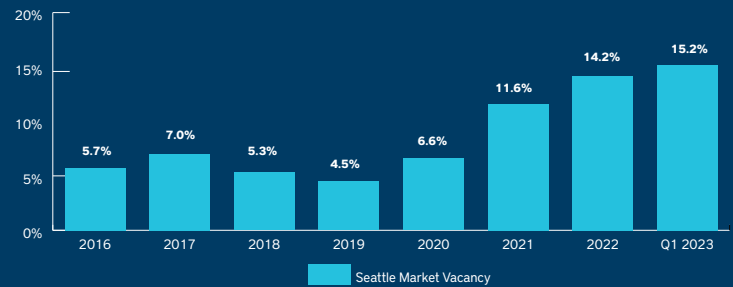
CLASS A RENTAL RATES BY SUBMARKET

Overall Class A:	\$44.36/RSF, Full Service -2.0% (Q1 2023)
Seattle CBD:	\$46.90/RSF, Full Service -2.0% (Q1 2023)
Denny Regrade:	\$42.92/RSF, Full Service -2.0% (Q1 2023)
Lake Union:	\$46.08/RSF, Full Service -2.0% (Q1 2023)
Fremont / Ballard / U-District:	\$41.75/RSF, Full Service -2.0% (Q1 2023)
Pioneer Square:	\$41.95/RSF, Full Service -2.0% (Q1 2023)
Waterfront:	\$36.68/RSF, Full Service -2.0% (Q1 2023)

Q1 2023 NOTABLE SEATTLE TRANSACTIONS

TENANT NAME	BUILDING	SUBMARKET	SF
BMS	400 Dexter	Lake Union	267,000
Undisclosed	Hill7 (Sublease)	Belltown / Denny Regrade	28,479
Keller Rohrback	1201 3rd	CBD	23,443

SEATTLE MARKET VACANCY



SEATTLE ENTIRE SUBMARKET STATISTICS (CLASS A & B)

SUBMARKET	TOTAL SF INVENTORY	VACANCY RATE	VACANCY RATE QUARTERLY CHANGE	RENTAL RATES	RENTAL RATES QUARTERLY CHANGE	RENTAL RATES YTD CHANGE	ABSORPTION (QTR)
CBD	28,258,510	19.87%	1.07%	\$43.38	-\$1.34	-\$1.34	-287,818
Denny Regrade	7,102,246	16.76%	1.40%	\$38.48	-\$1.19	-\$1.19	-98,994
Lake Union	12,865,134	6.17%	0.40%	\$41.45	-\$1.28	-\$1.28	-62,450
Fremont/Ballard/U-District	2,253,113	6.06%	-0.18%	\$35.60	-\$1.10	-\$1.10	4,130
Pioneer Square	5,533,070	22.32%	0.60%	\$34.77	-\$1.08	-\$1.08	-12,541
Waterfront	5,349,472	14.81%	1.04%	\$34.09	-\$1.05	-\$1.05	-57,837

ENTIRE SEATTLE MARKET

15.16% Direct Vacancy

Total SF: 64,237,787
Vacant SF: 9,737,046
Asking Rates: \$37.67, Gross
YTD Absorption: (515,510)

5.77% Sublease Availability

Total SF: 64,237,787
Sublease SF: 3,704,785

RENTAL RATE FORECAST

-3.0% in 2023 **-3.5%** in 2024 **1.0%** in 2025