

# Seattle Office Market Summary

FOURTH QUARTER 2022

## 2022 in Review

The Puget Sound's office market continues to realize negative setbacks from the shift to remote work in addition to the looming threat of an economic recession. As a result, we have seen total office demand in Seattle significantly decrease during the 2022 year – measuring at half of 2021's active tenant demand.

We anticipate a slow recovery that will be largely dependent on the severity and timing of any future recession. Initial estimates assume 2025 as a year where the Seattle area begins to realize positive office absorption trends across the entire Seattle market with companies establishing permanent return-to-office plans by the end of 2023. In the meantime, well-located office buildings offering a host of amenities and collaborative workplace designs will lead the pack in future leasing as employers and developers/landlords alike deploy strategies to entice workers back into the office.

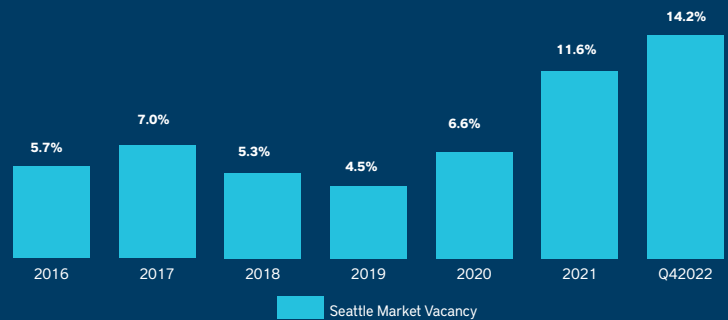
## CLASS A RENTAL RATES BY SUBMARKET

Overall Class A:	<b>\$45.26/RSF, Full Service</b> -1.0% (Q4 2022)
Seattle CBD:	<b>\$47.86/RSF, Full Service</b> -1.0% (Q4 2022)
Denny Regrade:	<b>\$43.79/RSF, Full Service</b> -1.0% (Q4 2022)
Lake Union:	<b>\$47.02/RSF, Full Service</b> -1.0% (Q4 2022)
Fremont / Ballard / U-District:	<b>\$42.60/RSF, Full Service</b> -1.0% (Q4 2022)
Pioneer Square:	<b>\$42.80/RSF, Full Service</b> -1.0% (Q4 2022)
Waterfront:	<b>\$37.43/RSF, Full Service</b> -1.0% (Q4 2022)

## Q4 2022 NOTABLE SEATTLE TRANSACTIONS

TENANT NAME	BUILDING	SUBMARKET	SF
Seattle Children's	1916 Boren	Belltown/ Denny Regrade	124,000
Undisclosed	1201 3rd	CBD	46,600
Undisclosed	Viewpoint	Waterfront	29,601
Undisclosed	Rainier Square (Sublease)	CBD	24,000
Undisclosed	1201 3rd	CBD	23,650
Undisclosed	Rainier Tower	CBD	20,000

## 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	18.53%	0.07%	\$44.17	-\$0.45	-\$1.01	-20,249
Denny Regrade	7,102,246	15.36%	0.18%	\$39.67	-\$0.40	-\$0.91	-13,071
Lake Union	12,865,134	5.78%	0.11%	\$42.73	-\$0.43	-\$0.98	-13,875
Fremont/Ballard/U-District	2,253,113	6.24%	-0.22%	\$36.70	-\$0.37	-\$0.84	4,998
Pioneer Square	5,533,070	21.72%	-0.06%	\$35.85	-\$0.36	-\$0.82	3,065
Waterfront	5,349,472	13.77%	-0.24%	\$35.15	-\$0.36	-\$0.80	12,574

## ENTIRE SEATTLE MARKET

**14.24%** Direct Vacancy

Total SF: 64,237,787  
Vacant SF: 9,150,151  
Asking Rates: \$38.84, Gross  
YTD Absorption: (1,370,754)

**5.27%** Sublease Availability

Total SF: 64,237,787  
Sublease SF: 3,387,510

## RENTAL RATE FORECAST

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