

EASTSIDE OFFICE MARKET OVERVIEW

Q2 2022

HEADWINDS OF UNCERTAINTY

Despite the tech boom of the past few years, the Eastside is not immune to the macroeconomic impacts afflicting much of the country. Skyrocketing borrowing costs have upended valuations for office product and stalled most dispositions. Rising material and labor costs pressure landlord budgets and are causing tenants to scrutinize real estate expenses. Remote work has been stubbornly persistent, leading to long term reconsideration of the role of the physical workplace. Rarely has the Eastside had to navigate so many shifting currents at one time.

EASTSIDE MARKET SNAPSHOT



4.6M SF Eastside Under Construction, 76% Preleased

MICROSOFT: THE SLEEPING GIANT

The Microsoft campus renovation will accommodate an additional 8,000 employees over net square footage growth of 2M SF. Over the next few years, Microsoft has over 2.7M SF of leases expiring on the Eastside that require close watching.



VACANCY RATES

8.7% | 6.0%

Eastside Vacancy Rate

Bellevue CBD Vacancy

FORECAST- SEEING THE FOREST THROUGH THE TREES

The booming growth on the Eastside has been driven by tech tenants, which now also happen to be the very tenants most likely to employ a generous remote work culture. Until a sense of normalcy returns to the greater macro economy, companies are likely to prolong making real estate decisions.



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