

# SEATTLE OFFICE MARKET OVERVIEW

## SEATTLE DOWNTURN LEVELING OFF

Consistent with prior years, the Seattle office market continues to realize negative setbacks from the shift to remote work, especially from the region’s larger users. Survey data and ongoing interactions with tenants have shown that hybrid work is here to stay and will remain the new normal for office workers. That said, many companies have been aggressively shifting away from their pandemic-era work from home policies and have begun mandating a minimum number of days in office with underlying consequences if those mandatory number of days are not realized. Successful implementation of return-to-office policies will be crucial to the Seattle office market’s recovery as there will be a direct impact on overall leasing demand.



## Entire Seattle Market

SNAPSHOT

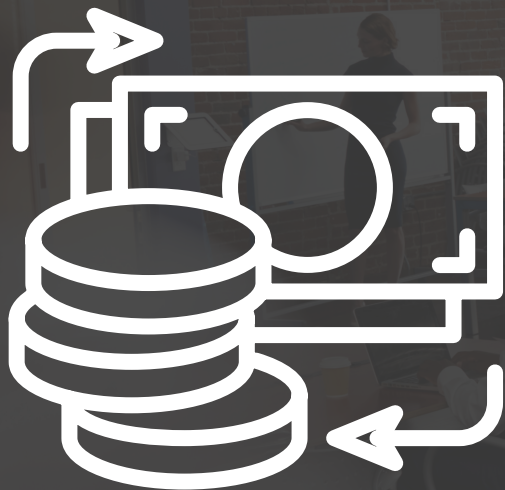
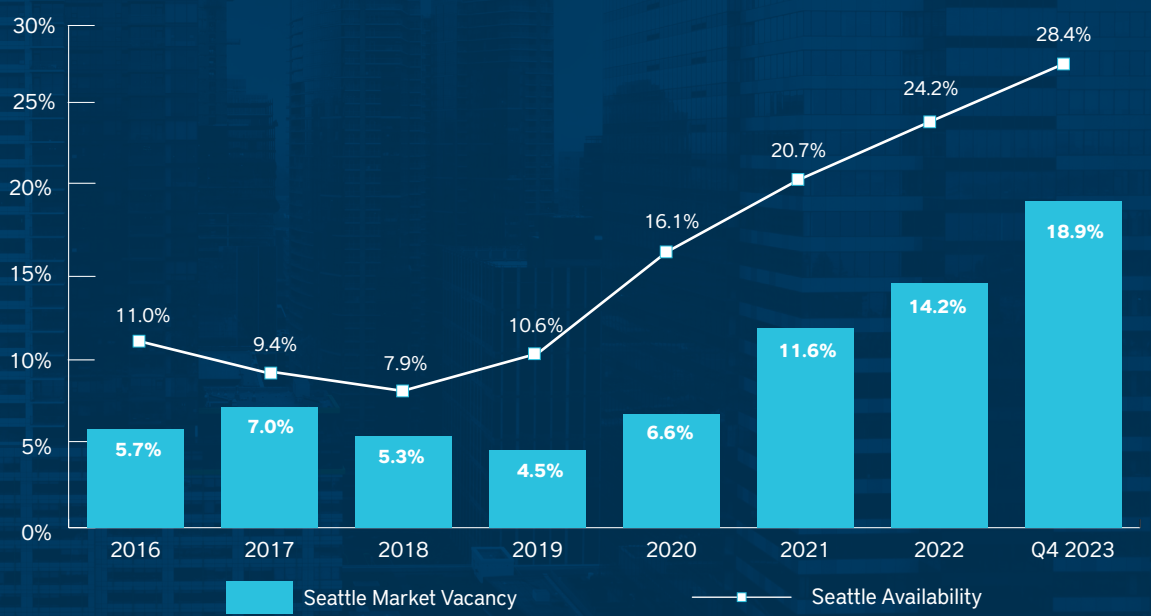
**18.91%** Vacancy

Total SF: 64,810,274

Vacant SF: 12,257,000

Asking Rates: \$32.61, Gross

YTD Absorption: (3,056,818)



## THE BEGINNING OF PRICE DISCOVERY

Over the past year, investment sales have been muted due to uncertainty in the debt markets, spiking interest rates, and lenders’ reluctance to finance office buildings. These variables have led to a disconnect between buyer’s and seller’s expectations while valuations have seen a sharp decline. Nonetheless, two noteworthy investment sales transactions were closed during Q4 2024 – The Central Building (\$127/SF), and Queen Anne Plaza (\$134/SF).

## CLASS A VACANCY & RENTAL RATES

**19.44%**      **\$39.23**

Q4 2023 Market Vacancy

Average Gross Rental Rate

## SEATTLE OFFICE MARKET FORECAST



While the Seattle office market total availability is remaining stable at 29%, there is still a large disparity between available supply and new tenant demand. Active tenant demand has continued to hover around ~1M SF over the last couple of years despite material net negative absorption realized since the onset of the pandemic. In prior years, the highest absorption recorded was around 2M SF, YoY. This would require 5-6 years of all-time high positive absorption for the Seattle office market to stabilize to pre-pandemic leasing fundamentals. Select amenity rich and well located buildings with market ready office spaces will be the first of those availabilities to lease while those more peripheral and Class B/C buildings will languish without meaningful changes in the office demand.

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