



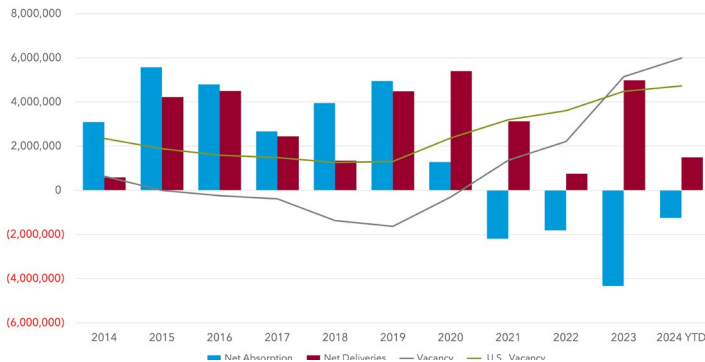
OFFICE MARKET OVERVIEW

ALEX MUIR, Senior Vice President

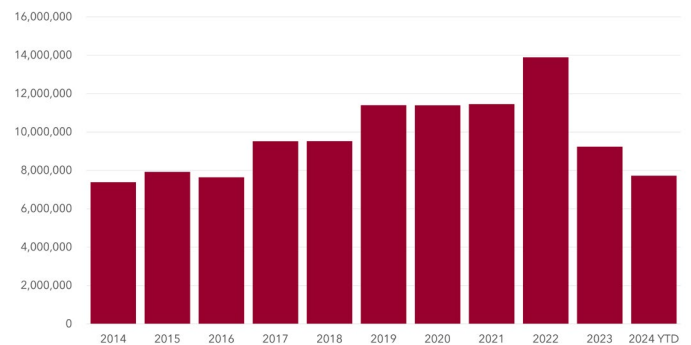
Seattle's office market is showing signs of life. It has yet to materially impact vacancy, but leasing activity is picking up. Pokémon signed a lease for 16 floors in The Eight, an under-construction tower in the Bellevue CBD. This is the largest lease in the market in three years, and the largest in Skanska's history. There were three office sales this quarter that exceeded \$30 million, all of which were larger than any in 2023. These transactions are emblematic of the type of sales that are driving investment activity, with two being owner-user acquisitions and the third involving a loan assumption. While still muted, 2024 sales volume is on pace to far surpass 2023, which should be amplified if interest rate cuts occur in the second half.

MARKET INDICATORS	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
▲ 12 Mo. Net Absorption SF	(3,317,171)	(4,338,236)	(3,588,382)	(2,965,608)	(2,970,691)
▲ Vacancy Rate	15.21%	14.33%	13.29%	12.45%	11.66%
▲ Avg FS Asking Rate PSF	\$37.14	\$37.12	\$37.37	\$37.52	\$37.66
▼ SF Under Construction	7,727,192	9,239,358	11,073,748	12,385,380	13,072,096
▲ Inventory SF	234,238,978	232,748,983	230,917,207	229,618,036	228,589,830

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
21930 SE 51st Street Issaquah, WA	176,656 SF	\$61,826,600 \$349.98 PSF	Costco Kennedy Wilson	Class A
1000-1100 Dexter Avenue Seattle, WA	222,161 SF	\$47,500,000 \$213.81 PSF	Palisade Grp / Sabal Inv. Holdings SBC / Stockbridge	Class A
101 Elliott Avenue W Seattle, WA	103,771 SF	\$39,500,000 \$380.65 PSF	Seattle Housing Authority Credit Suisse	Class A

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
10660 NE 8th Street Bellevue, WA	369,800 SF	Skanska	Pokémon	Gaming
700 Bellevue Way NE Bellevue, WA	132,621 SF	Kemper Development Company	TikTok	Technology
3305 160th Avenue SE Bellevue, WA	70,123 SF	Lake Washington Partners	Elevate Outdoor Collective	Sporting and Athletic Goods

The information and details contained herein have been obtained from third-party sources believed to be reliable, however, Lee & Associates has not independently verified its accuracy. Lee & Associates makes no representations, guarantees, or express or implied warranties of any kind regarding the accuracy or completeness of the information and details provided herein, including but not limited to, the implied warranty of suitability and fitness for a particular purpose. Interested parties should perform their own due diligence regarding the accuracy of the information.

The information provided herein, including any sale or lease terms, is being provided subject to errors, omissions, changes of price or conditions, prior sale or lease, and withdrawal without notice. Third-party data sources: CoStar Group, Inc., The Economist, U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, Congressional Budget Office, European Central Bank, GlobeSt.com, CoStar Property, and Lee & Associates Proprietary Data. ©

© Copyright 2023 Lee & Associates all rights reserved. Third-party Image sources: sorbis/shutterstock.com, shutterstock.com, pixabay.com, istock.com