

MARKET FUNDAMENTALS

	YOY Chg	Outlook
32.3% Vacancy Rate	▲	▲
-3.2M YTD Net Absorption, SF	▼	▼
\$46.99 Asking Rent, PSF <i>(Overall, All Property Classes)</i>	▲	▼

ECONOMIC INDICATORS

	YOY Chg	Outlook
2.1M Seattle Employment	▲	▲
4.5% Seattle Unemployment Rate	▲	▼
4.2% U.S. Unemployment Rate	▲	▲

Source: BLS

ECONOMY: Seattle Metro Still Mixed

The Seattle metro area economy evened out at the end of 2024, though layoffs continued and expansion in the tech sector slowed. Employment increased by 5,500 jobs year-over-year (YOY), bringing the year-to-date (YTD) total to 2.1 million. The unemployment rate rose 50 basis points (bps) to 4.5%, just above the U.S. rate of 4.2%. Per Placer.ai data, downtown Seattle averaged nearly 91,000 workers per weekday in November, the third-highest figure since March 2020. As measured by the Consumer Price Index for All Urban Consumers, Seattle metro area prices increased 3.0% YOY, driven by higher food costs and lower energy costs, especially gasoline. Minus food and energy, the index rose 3.8% YOY, driven by increases to shelter and medical care.

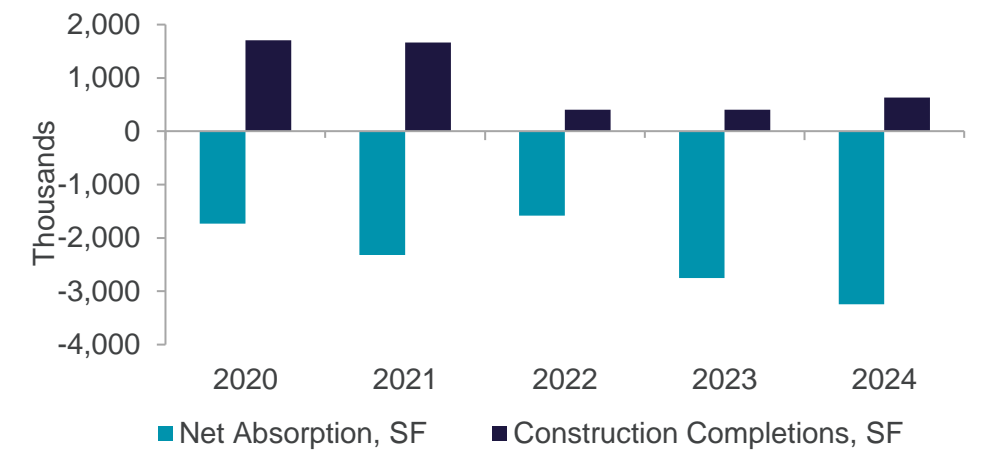
SUPPLY AND DEMAND: Vacancy Continues to Rise

Overall vacancy in the Downtown Seattle office market reached 32.3% in the fourth quarter of 2024, up 660 bps from the 25.7% rate reported one year ago. Class A vacancy rose 730 bps YOY to 31.7%. Vacancy in trophy class buildings was much lower than the Class A figure, at 10.1%, proving the theory that there is indeed a flight to quality.

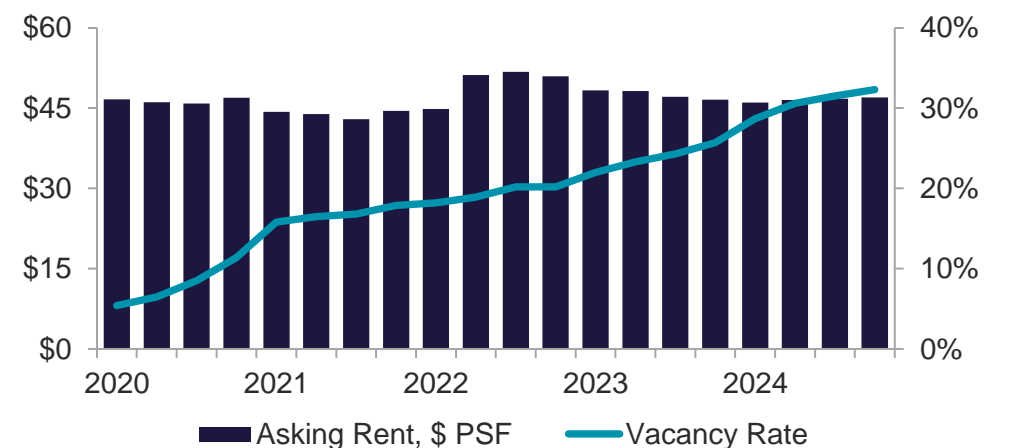
Sublet vacancy dropped to nearly 2.3 million square feet (msf), accounting for 4.4% of the office inventory in the downtown area. Sublease vacancy has fallen steadily from the 2.8-msf figure reached in the first quarter of 2024 and is expected to decline further in 2025 due to tenant demand. Direct vacancy, conversely, will increase as Amazon continues to shed office space. The online retail giant has let leases near its main campus expire while shifting thousands of employees to downtown Bellevue. In all, Amazon gave up nearly 595,000 square feet (sf) in Seattle in 2024.

Overall absorption in the downtown area was down 21.4% YOY, reported at negative 543,000 sf for the fourth quarter. The YTD total reached negative 3.2 msf. Absorption is expected to remain in the red as we head into 2025, in line with the increase in vacancy.

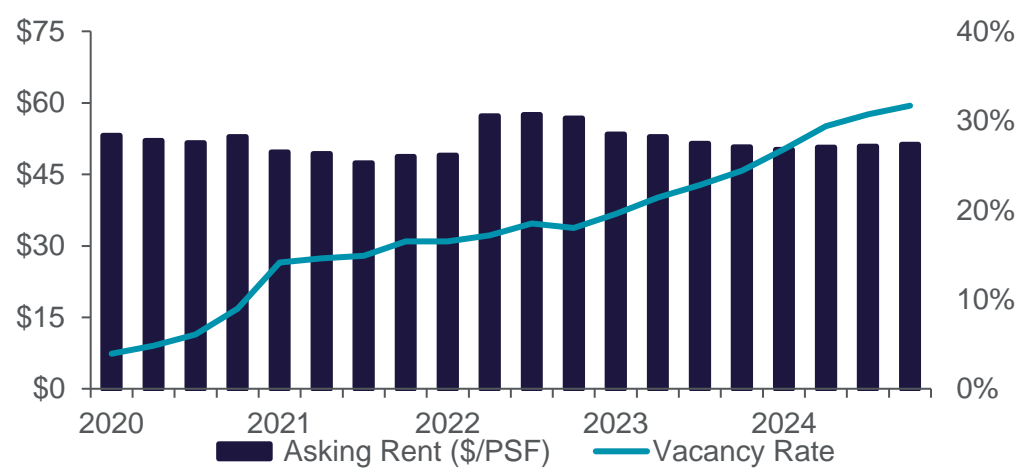
SPACE DEMAND / DELIVERIES



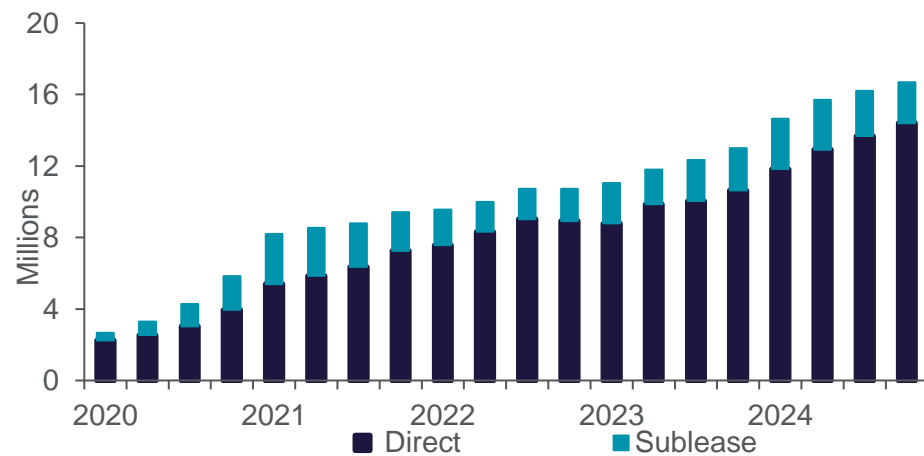
OVERALL VACANCY & ASKING RENT



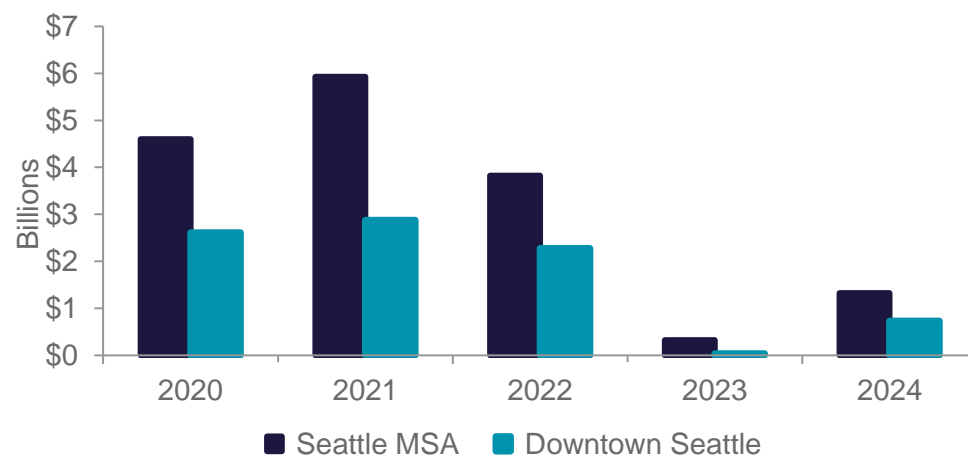
CLASS A VACANCY & ASKING RENT



DIRECT VS. SUBLEASE VACANCY COMPARISON



OFFICE SALES



PRICING: Rents Continuing Decline

Downtown Seattle average asking rents closed out the year at \$46.99 per square foot (psf) on an annual gross basis; this was a YOY rise of 0.8%. The Class A figure closed out the quarter at \$51.27 psf, up 0.9% YOY. With trophy space in the low- to mid-\$50s range in three of the four submarkets, rates have remained near pre-Covid levels. Pricing is projected to decline in 2025 as additional vacancies come online with lower asking rents in place.

CONSTRUCTION: Downtown Pipeline Stagnant

Nearly 635,000 sf of office space was added to the downtown inventory in 2024. The two projects – Washington 1000 (526,000 sf) and First Light (108,000 sf) – delivered fully vacant in the Denny Regrade submarket.

There is just over 5.2 msf in the proposed construction pipeline. However, with vacancy exceeding 30.0% in the downtown area, it is unlikely that any new developments will break ground in 2025.

LEASING ACTIVITY: Leasing Up YOY

Nearly 549,000 sf of new deals were signed downtown in the fourth quarter, up 9.6% from the nearly 501,000-sf figure reported one year ago. Approximately 46.3% of the square footage leased was in downtown’s second-largest submarket, Lower Queen Anne/Lake Union; the largest submarket, Seattle CBD, reported 36.9% of the total leased. Nearly 16.7% of all new leases signed during the quarter were at 10,000 sf or above, an improvement from the 14.1% signed in the fourth quarter of 2023. Tenants continued displaying hesitancy in leasing up space exceeding 25,000 sf, with only 3.9% of all new downtown deals, signed since the start of 2020, at or above that number.

The YTD numbers for downtown reached 1.9 msf, up 22.9% YOY, with just over 1.0 msf leased in the Seattle CBD submarket.

SALES: “Deeds in Lieu of” Trade Throughout the Year

Approximately \$733.8 million worth of office product traded in the Downtown Seattle market in 2024, a colossal rise from the \$32.8 million figure that traded one year ago. Several notable transactions involved deeds in lieu of foreclosure, including 1800 Ninth, Smith Tower, and the Dexter Horton Bldg. Prices were undisclosed for the former two, while Dexter Horton traded between CIM Group and King County for \$36.6 million (\$109.37 psf).

The Seattle MSA reported \$1.3 billion in office sales in 2024, a significant increase from the \$323.0 million that traded a year ago.

OUTLOOK

- There will continue to be renewed tenant demand for top tier though lower-priced large contiguous blocks of space, especially in and around the downtown area.
- Recent hybrid work policy updates from several firms, including Amazon, Google, and Meta, increased downtown office occupancy, with foot traffic expected to remain above 50% of pre-pandemic levels for the foreseeable future.
- Amazon will continue to reduce office space in downtown Seattle in favor of new construction across the water in downtown Bellevue. The company’s plan to return to five days in office per week in January 2025 will have a profound effect on both the Downtown Seattle and the Bellevue CBD markets.
- Absorption will remain in the red through the first half of 2025 due to growing vacancy.

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLET VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Seattle CBD	24,149,560	6,637,558	6,637,558	34.1%	-301,590	-1,395,593	1,012,118	0	\$47.60	\$50.42
Denny Regrade	10,387,045	3,931,743	136,153	39.2%	-121,808	-1,000,931	331,419	0	\$47.95	\$53.07
Pioneer Square/International District	4,905,496	1,730,715	131,509	38.0%	-44,996	-296,648	172,719	0	\$44.82	\$54.64
Lower Queen Anne/Lake Union	12,220,613	2,100,191	413,574	20.6%	-74,261	-551,976	427,623	0	\$45.00	\$49.32
SEATTLE TOTALS	51,662,714	14,400,207	2,290,335	32.3%	-542,655	-3,245,148	1,943,879	0	\$46.99	\$51.27

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS YE 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Arbor Blocks West	Lower Queen Anne/Lake Union	Apple	191,346	New Lease
Rainier Square	Seattle CBD	Remitly	86,519	Sublease
705 Union Station	Pioneer Square/International District	Sound Transit	79,475	Renewal*
Russell Investments Center	Seattle CBD	Lane Powell	66,094	New Lease
Rainier Square	Seattle CBD	Russell Investments	55,286	Sublease

*Renewals not included in leasing statistics

KEY SALE TRANSACTIONS YE 2024

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
Dexter Horton Bldg**	Seattle CBD	CIM Group / King County	335,000	\$36.6M / \$109
1800 Ninth**	Denny Regrade	JPMorgan Chase / Lake Washington Partners	305,837	NA
Smith Tower**	Pioneer Square/International District	Unico Properties, Goldman Sachs / Smith Tower Investors LLC	246,400	NA
1000-1100 Dexter	Lower Queen Anne/Lake Union	Stockbridge Capital & RREEF / Palisade Group & Sabal Investment	222,161	\$47.5M / \$214
Pacific Bldg**	Denny Regrade	Brickman / Rialto Capital Management	129,000	NA

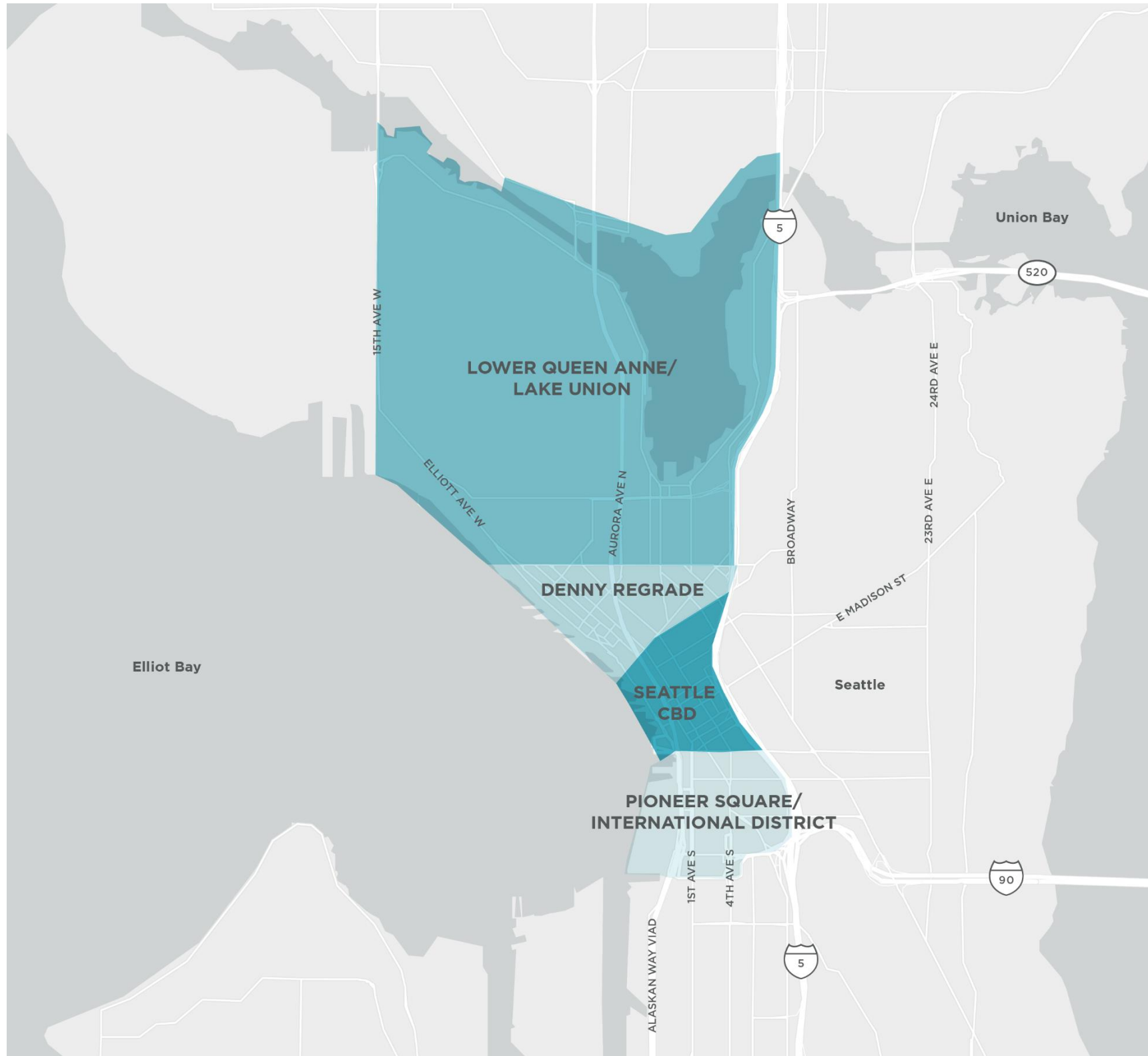
**Deed in lieu of foreclosure, not included in sales statistics

KEY CONSTRUCTION COMPLETIONS YE 2024

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
Washington 1000	Denny Regrade	N/A	526,254	Hudson Pacific Properties
First Light	Denny Regrade	N/A	108,247	Westbank
Washington Park Bldg***	Pioneer Square/International District	N/A	50,321	Unico Properties

***Renovation, not included in pipeline statistics

OFFICE SUBMARKETS



BRIAN CAGAYAT

Research Manager – Pacific Northwest

Tel: +1 206 521 0296

brian.cagayat@cushwake.com

MCKINLEY FOX-COWART

Research Analyst

Tel: +1 206 215 9899

mckinley.foxcowart@cushwake.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global commercial real estate services firm for property owners and occupiers with approximately 52,000 employees in nearly 400 offices and 60 countries. In 2023, the firm reported revenue of \$9.5 billion across its core services of property, facilities and project management, leasing, capital markets, and valuation and other services. It also receives numerous industry and business accolades for its award-winning culture and commitment to Diversity, Equity and Inclusion (DEI), sustainability and more. For additional information, visit www.cushmanwakefield.com.

©2025 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable, including reports commissioned by Cushman & Wakefield (“CWK”). This report is for informational purposes only and may contain errors or omissions; the report is presented without any warranty or representations as to its accuracy.

Nothing in this report should be construed as an indicator of the future performance of CWK’s securities. You should not purchase or sell securities—of CWK or any other company—based on the views herein. CWK disclaims all liability for securities purchased or sold based on information herein, and by viewing this report, you waive all claims against CWK as well as against CWK’s affiliates, officers, directors, employees, agents, advisers and representatives arising out of the accuracy, completeness, adequacy or your use of the information herein.