

MARKET FUNDAMENTALS

	YOY Chg	Outlook
20.7% Vacancy Rate	▲	▲
-524K YTD Net Absorption, SF	▼	▲
\$44.45 Asking Rent, PSF <i>(Overall, All Property Classes)</i>	▲	▬

ECONOMIC INDICATORS

	YOY Chg	Outlook
2.2M Seattle Employment	▲	▲
4.1% Seattle Unemployment Rate	▼	▲
4.1% U.S. Unemployment Rate	▲	▲

Source: BLS

ECONOMY: Seattle Metro Area Improving

The Seattle metro area economy recorded some improvement in the first quarter of 2025, with Amazon's return to a five-day workweek a major influence. Employment increased by 24,300 jobs year-over-year (YOY), bringing the year-to-date (YTD) total to nearly 2.2 million. The unemployment rate dropped 30 basis points (bps) to 4.1%, matching the U.S. rate. As measured by the Consumer Price Index for All Urban Consumers, Seattle metro area prices increased 2.5% YOY, driven by higher food and energy costs, especially gasoline. Minus food and energy, the index rose 2.3% YOY, driven by increases to shelter and other goods and services.

SUPPLY AND DEMAND: Vacancy Up, Absorption Improved

The Eastside office market reported an overall vacancy rate of 20.7% in the first quarter of 2025, up 340 bps from the 17.3% rate reported at the start of 2024. Direct vacancy in the Eastside rose 27.6% YOY to 6.4 million square feet (msf), while sublease vacancy rose 5.7% YOY to 1.9 msf. Overall vacancy in the Bellevue Central Business District (CBD) submarket climbed 570 bps YOY to 15.6%. Overall absorption tallied negative 524,000 square feet (sf) in the first quarter, a considerable decline from the 857,000-sf figure reported one year ago. Absorption should even out in the second quarter with anticipated large move-ins at The Spring District and Lincoln Square, coupled with the delivery of Four106, which has no preleases in place.

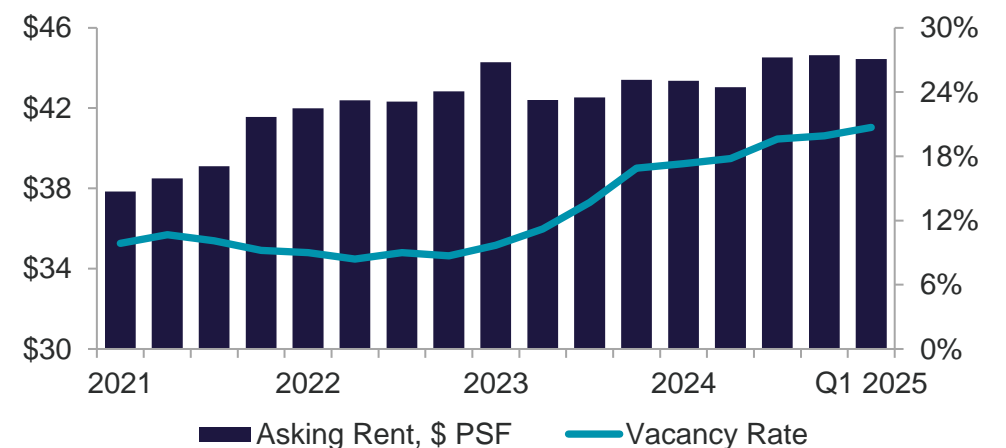
PRICING: Rents Up YOY

The Eastside office market reported average annual gross rental rates of \$44.45 per square foot (psf) in the first quarter, a 2.5% YOY increase. Class A rents in the Bellevue CBD submarket grew 2.7% YOY to \$61.90 psf. Class A rents in the non-CBD submarkets averaged \$40.84 psf, down 1.6% YOY. Eastside rents are expected to stabilize during the first half of 2025, due to at least a temporary increase in vacancy, but they will remain among the highest in the metro area.

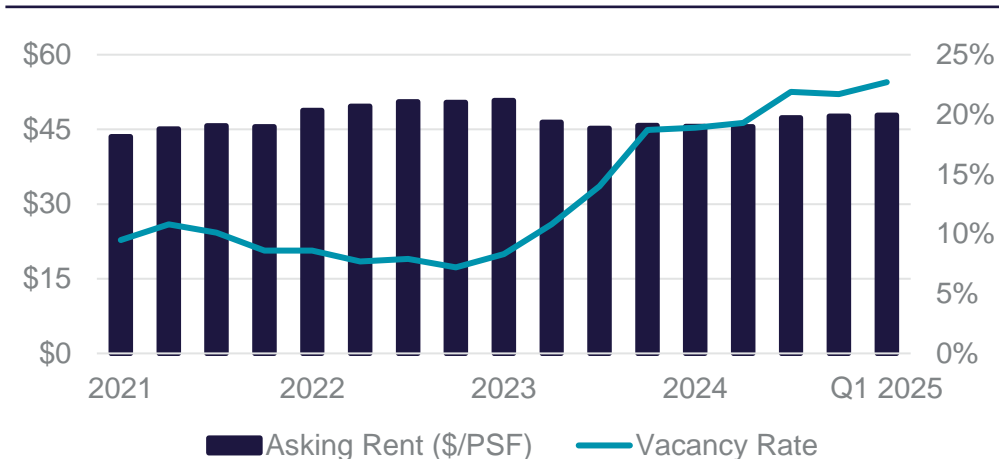
SPACE DEMAND / DELIVERIES



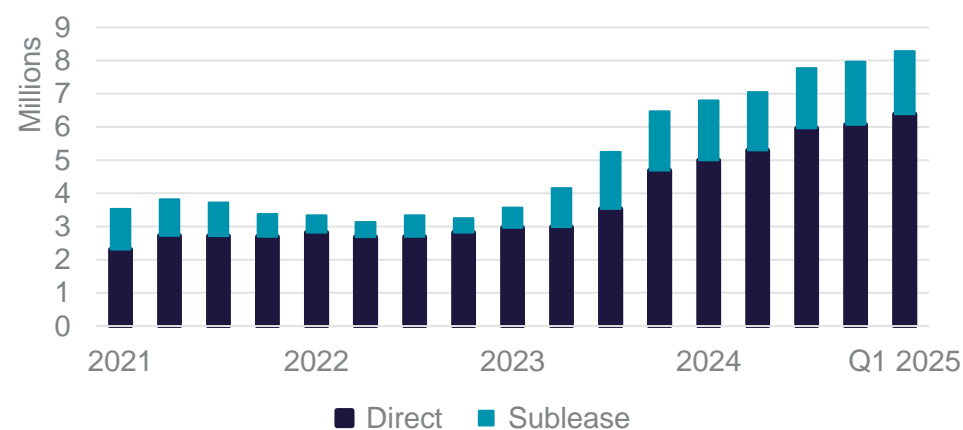
OVERALL VACANCY & ASKING RENT



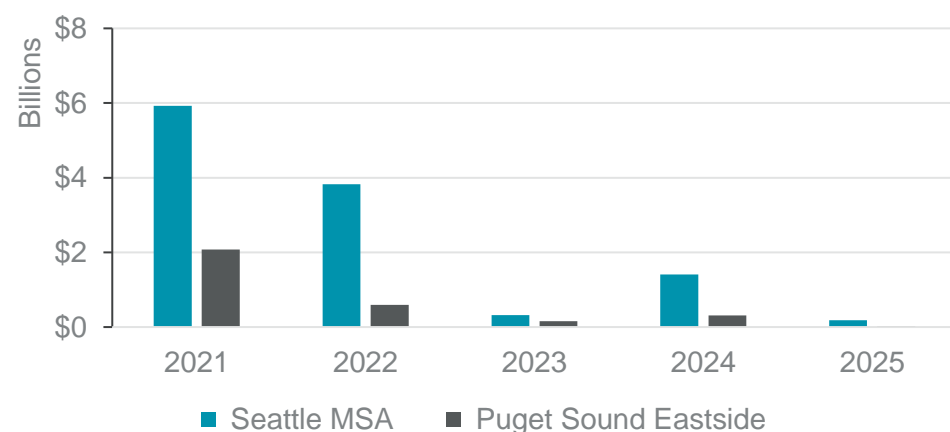
CLASS A VACANCY & ASKING RENT



DIRECT VS. SUBLEASE VACANCY COMPARISON



OFFICE SALES



CONSTRUCTION: Over 482,000 SF Under Construction

Following a year that reported 2.1 msf of new inventory, there were no deliveries in the first quarter of 2025. The 482,000 sf currently under construction is expected to deliver during the second quarter; it is fully available for prelease. Approximately 10.4 msf of proposed space is in the pipeline, with 8.6 msf (82.8%) located in the Bellevue CBD.

LEASING ACTIVITY: Strong Activity to Start 2025

The Eastside started out the year on a strong note, with 347,000 sf of new deals signed, a slight improvement on the previous quarter’s 341,000-sf figure, though well below the 790,000 sf of new deals signed one year ago. As usual, the Bellevue CBD and 405 Corridor submarkets reported the most activity in the Eastside, combining for just over 161,000 sf. Nearly 12.5% of all new deals signed during the quarter were at or above 10,000 sf. Over 267,000 sf of space was renewed during the quarter, 75.7% of which is in the Bellevue CBD. Considering the strong demand for space in the market, more five-figure deals are expected to be signed in the second quarter.

SALES: Eastside Sales Down YOY

Office sales in the Eastside reached \$16.3 million in the first quarter of 2025, down from the \$61.8 million in sales reported one year ago. In the lone transaction of the quarter, Wright Runstad and Shorenstein Properties sold the brewpub building at The Spring District to Sinacom for \$16.3 million, or \$576.41 psf. The 28,000-sf property was fully leased to two tenants at the time of sale.

The Seattle MSA reported \$180.6 million in office sales in the first quarter of 2025, a significant decrease from the \$316.4 million that traded a year ago.

OUTLOOK

- Tenant demand, especially from mid-size tech companies, has increased substantially since the beginning of last year and it’s expected more leases over 40,000 sf will be signed in 2025.
- New construction with preleases in place has kept absorption positive, and while no groundbreaking is expected in 2025, absorption will likely remain stable at mid-year due to large move-ins coupled with the delivery of Four106, which is fully available.
- Despite plans to shed unused office space around the country, Amazon will continue relocating thousands of its employees into 2.3 msf of recently delivered projects in downtown Bellevue.
- Rents are expected to flatten by mid-year 2025 due to the rise in lower-priced sublease vacancy; however, pricing will remain the highest in the region.

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)*
BELLEVUE CBD TOTALS	13,069,022	1,840,542	202,933	15.6%	-235,486	-235,486	64,048**	482,300	\$61.63	\$61.90
405 Corridor	3,813,070	339,909	458,080	20.9%	-5,099	-5,099	97,317	0	\$42.78	\$54.18
520 Corridor	2,890,392	390,450	187,090	20.0%	27,055	27,055	52,751	0	\$37.29	\$49.28
I-90 Corridor	6,885,469	2,297,066	315,928	37.9%	-17,305	-17,305	52,595	0	\$42.79	\$42.44
Bel-Red	1,146,576	87,616	6,488	8.2%	-22,289	-22,289	16,076	0	\$34.47	\$40.00
Redmond	2,928,024	206,436	591,346	27.2%	-74,788	-74,788	10,805	0	\$35.72	\$35.31
Kirkland	2,704,646	192,775	15,443	7.7%	-3,274	-3,274	23,853	0	\$44.48	\$51.30
Bothell / Woodinville	2,289,236	403,084	3,159	17.7%	-3,271	-3,271	10,795	0	\$32.20	\$19.24
SUBURBAN TOTALS	22,657,413	3,917,336	1,577,534	24.3%	-98,971	-98,971	264,192	0	\$40.46	\$41.12
Lynnwood	2,241,201	279,253	114,634	17.6%	-18,432	-18,432	15,609	0	\$33.72	\$38.88
Everett	2,136,810	344,088	6,463	16.4%	-170,985	-170,985	2,788	0	\$27.93	\$30.13
NORTHEND TOTALS	4,378,011	623,341	121,097	17.0%	-189,417	-189,417	18,397	0	\$30.65	\$37.09
NON-CBD TOTALS	27,035,424	4,540,677	1,698,631	23.1%	-288,388	-288,388	282,589	0	\$39.29	\$40.84
EASTSIDE TOTALS	40,104,446	6,381,219	1,901,564	20.7%	-523,874	-523,874	346,637**	482,300	\$44.45	\$47.83

*Rental rates reflect full service asking; **Due to an error, leasing activity will not match national stats – this will be corrected in the Q2 2025 report

KEY LEASE TRANSACTIONS Q1 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
The Summit II	Bellevue CBD	WeWork	134,601	Renewal***
Bellefield Office Park – Edifecs Bldg	405 Corridor	Inrix	35,199	Sublease
90 North – Bldg 10	I-90 Corridor	Flexport	31,398	Sublease
One Twelfth at Twelfth – South Bldg	Bellevue CBD	Shopify	31,023	New Lease

***Renewals are not included in leasing statistics

KEY SALE TRANSACTIONS Q1 2025

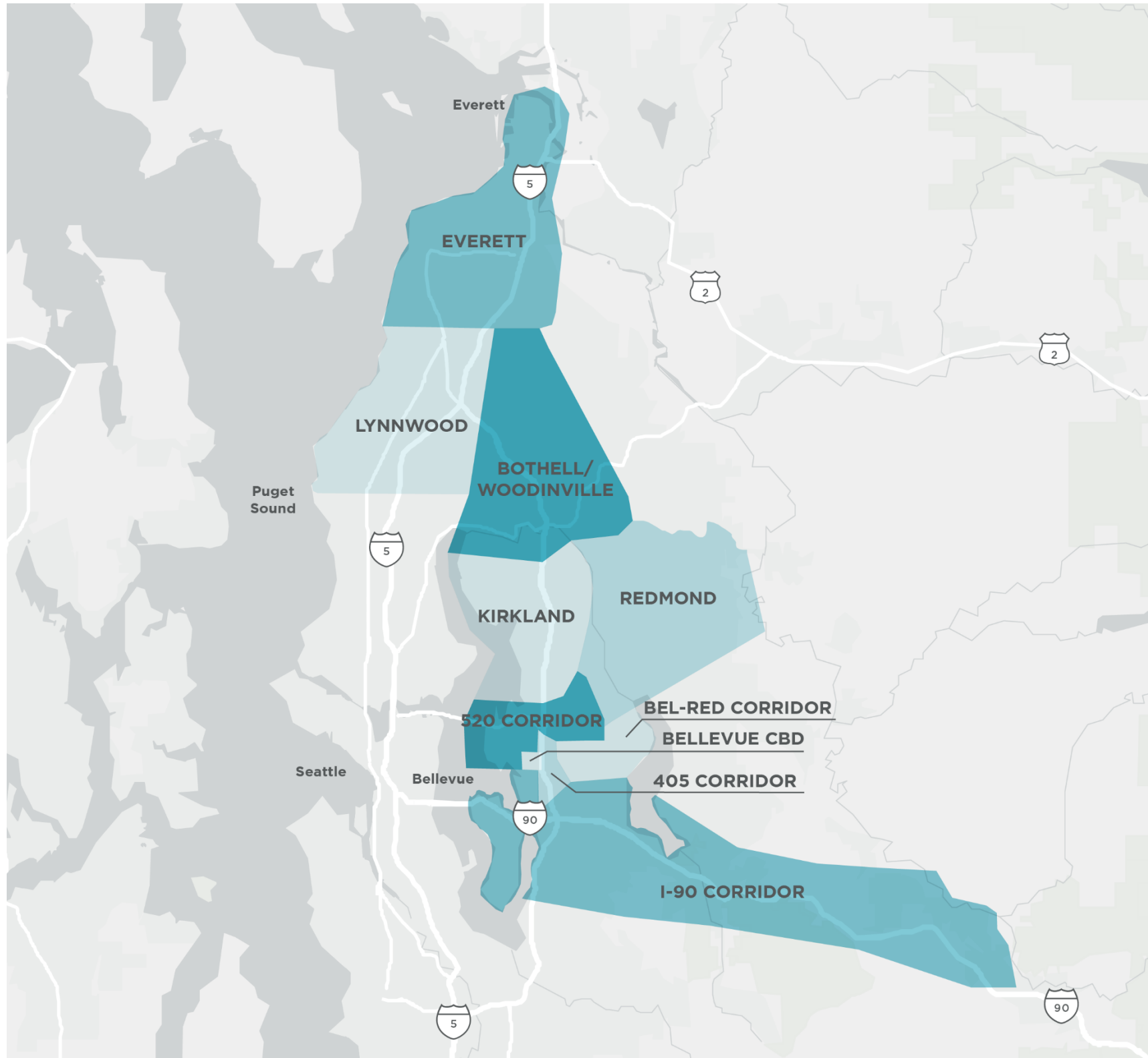
PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
The Spring District Brewpub	405 Corridor	Wright Runstad & Shoreinstein / Sinacom	28,244	\$16.3M / \$576
North Creek Business Park – Bldgs C & D	520 Corridor	Bruce Wanta / Bellevue Hindu Temple	23,553	\$8.9M / \$376

KEY PROPERTIES UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
Bellevue 600†	Bellevue CBD	Amazon (owner/user)	1,649,368*	Amazon
Four106	Bellevue CBD	n/a	482,300	Dune RE Partners, Patrinely Group

†Owner/user properties are not tracked in 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 2024, the firm reported revenue of \$9.4 billion across its core service lines of Services, Leasing, Capital markets, and Valuation and other. Built around the belief that Better never settles, the firm receives numerous industry and business accolades for its award-winning culture. 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.