

MARKET FUNDAMENTALS

	YOY Chg	Outlook
22.5% Vacancy Rate	▲	▲
-97.9K YTD Net Absorption, SF	▼	▼
\$36.18 Asking Rent, PSF <i>(Overall, All Property Classes)</i>	▲	▬

ECONOMIC INDICATORS

	YOY Chg	Outlook
2.2M Seattle Employment	▲	▲
4.4% Seattle Unemployment Rate	▲	▲
4.2% U.S. Unemployment Rate	▲	▲

Source: BLS

ECONOMY: Seattle Metro Area Employment Improves

The Seattle metro area economy recorded some progress in the past twelve months. Employment improved by 16,600 jobs year-over-year (YOY), bringing the midyear total to nearly 2.2 million. The unemployment rate, however, also rose, up 10 basis points (bps) YOY to 4.4%, just above the U.S. rate of 4.2%. As measured by the Consumer Price Index for All Urban Consumers, Seattle metro area prices increased 1.7% YOY, driven by higher food and energy costs, especially food away from home. Minus food and energy, the index also rose 1.7% YOY, driven by increases to shelter and medical care.

SUPPLY AND DEMAND: Vacancy and Absorption Both Rise

Overall vacancy in the Seattle Suburban office market reached 22.5% in the second quarter of 2025, up 180 bps from the 20.7% rate reported one year ago. Direct vacancy rose 13.9% YOY to 3.5 million square feet (msf); meanwhile, sublet vacancy dropped 6.6% to nearly 206,000 square feet (sf). Class A overall vacancy decreased 260 bps YOY to 25.2%, while overall vacancy for Classes B & C combined decreased 30 bps YOY to 18.1%. Overall absorption for the quarter was recorded at negative 25,000 sf, an improvement from the negative 150,000 sf posted in the second quarter of 2024. Year-to-date (YTD) absorption was negative 97,000 sf and is expected to remain in the red, with additional space coming to market due to shrinking size requirements.

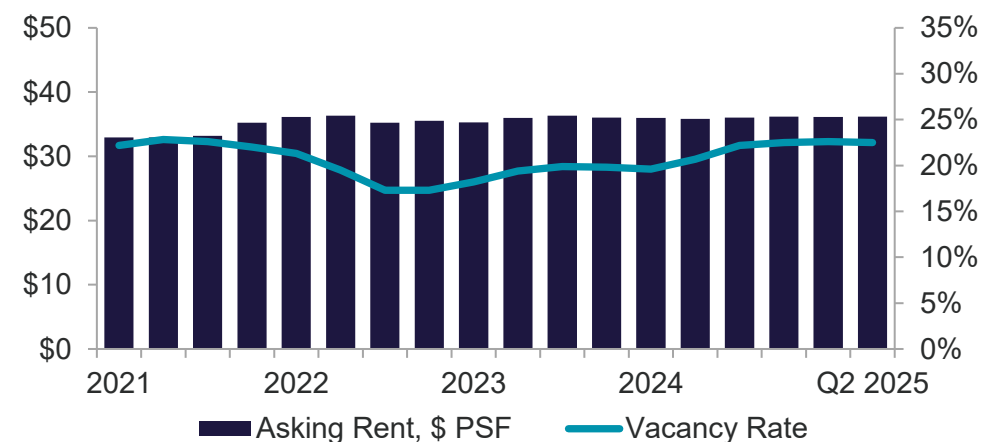
PRICING: Rents Up Slightly YOY

The Seattle Suburban office market reported second quarter average asking rents of \$36.18 per square foot (psf) on an annual gross, a rise of 1.0% YOY. Class A rents averaged \$40.93 psf, down 0.3% YOY. The North Seattle/Northgate and Renton submarkets yielded the highest rents among the suburban submarkets, each averaging in the mid-\$40s psf; the remaining submarkets held average asking rents closer to \$30.00 psf. These lower rents, which have historically been influential in increasing tenant interest from the rest of the Seattle metro area, are forecast to remain flat in the second half.

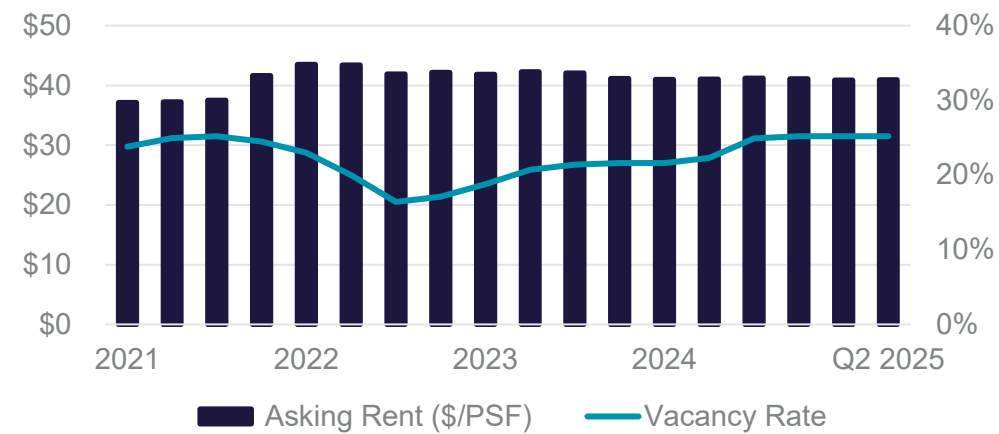
SPACE DEMAND / DELIVERIES



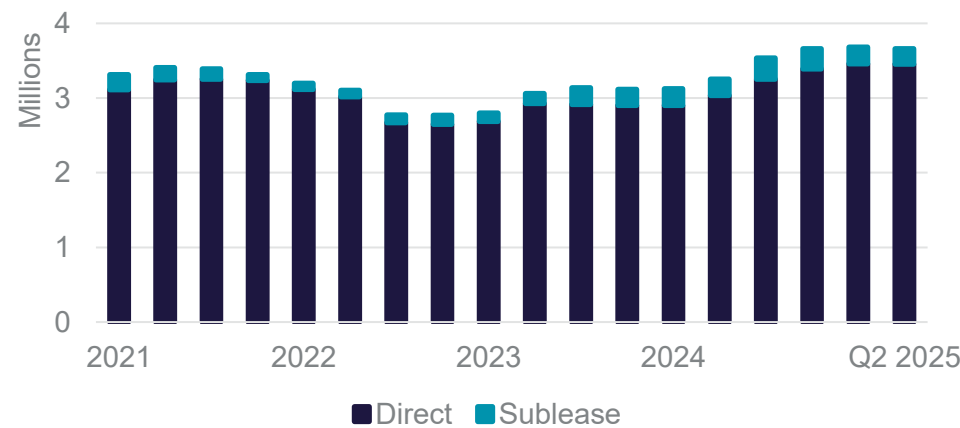
OVERALL VACANCY & ASKING RENT



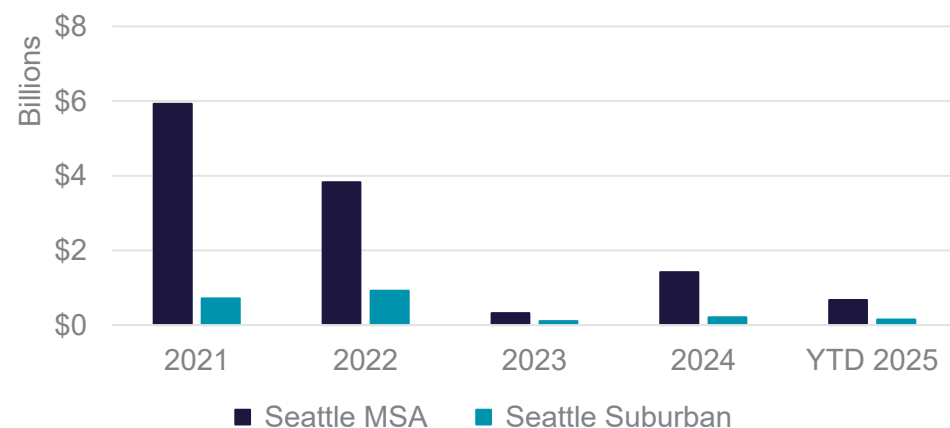
CLASS A VACANCY & ASKING RENT



DIRECT-SUBLEASE VACANT SPACE COMPARISON



OFFICE SALES



CONSTRUCTION: Office Inventory Stagnant in 2025

No office space has delivered in the suburban market so far in 2025, and there is no space currently under construction. This was a downgrade from 2024, when just over 615,000 sf of new inventory was added. While there is approximately 1.1 msf of proposed space in the pipeline, none of it is expected to break ground this year.

LEASING ACTIVITY: Deals Down YOY

Nearly 125,000 sf was leased in the suburban office market in the second quarter, down 11.8% from one year ago and down 40.5% from the pre-pandemic fourth quarter of 2019. The YTD total was nearly 275,000 sf, down 38.0% YOY. The South Seattle Close-in submarket reported the most activity in the quarter, with nearly 38,000 sf leased. Few deals in the suburban market were above 10,000 sf, with only 6.0% of all new leases signed in the first half exceeding that figure.

SALES: Transactions Slowing

Office sales in the suburban market reached \$149.5 million in the first half of 2025. This was down slightly from a year ago, when \$160.9 million sold. In the most noteworthy transaction of the second quarter, First Financial Northwest sold 201-207 Wells Ave S in the Renton submarket to Global Credit Union for \$12.7 million (\$241.70 psf). The office properties combine for nearly 53,000 sf. The sale also involved two small retail properties in the city of Snohomish (not included in the sale price or price psf).

The Seattle MSA reported \$672.1 million in office sales in the first half of 2025, a notable increase from the \$563.7 million that traded a year ago.

OUTLOOK

- With only a slight rise YOY, rents are forecast to remain competitive in 2025 with this market's affordability vital in attracting tenants seeking to relocate or consolidate/downsize.
- The suburban market is not expected to add inventory in 2025 after three new buildings delivered in the North Seattle/Northgate submarket in 2024.
- Absorption is forecast to remain negative in the second half of 2025 with new blocks of space added due to tenants taking less or no space as leases roll.

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)*
North Seattle / Northgate	3,218,187	731,423	41,323	24.0%	-12,952	-69,472	80,950	0	\$43.09	\$46.35
South Seattle Close-In	2,090,113	421,303	126,148	26.2%	-4,099	-39,679	37,500	0	\$34.65	\$35.17
East Seattle / Capitol Hill	975,049	77,466	0	7.9%	16,753	9,653	27,744	0	\$32.28	\$33.96
IN-CITY TOTALS	6,283,349	1,230,192	167,471	22.2%	-298	-99,498	146,194	0	\$38.46	\$40.35
Tukwila	1,856,414	188,622	28,772	11.7%	-3,285	10,928	15,376	0	\$26.51	\$32.73
SeaTac	810,400	108,637	0	13.4%	-2,236	-8,695	0	0	\$28.63	\$29.88
Renton	3,618,614	1,173,636	0	32.4%	5,951	1,327	56,114	0	\$44.54	\$50.25
Kent / Auburn	1,391,524	231,489	9,375	17.3%	-19,628	-17,359	30,321	0	\$29.42	\$29.35
SOUTHEND TOTALS	7,676,952	1,702,384	38,147	22.7%	-19,198	-13,799	101,811	0	\$37.75	\$43.79
FEDERAL WAY TOTALS	2,337,375	522,181	0	22.3%	-5,164	15,397	26,766	0	\$28.28	\$27.76
SUBURBAN TOTALS	16,297,676	3,454,757	205,618	22.5%	-24,660	-97,900	274,771	0	\$36.18	\$40.93

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q2 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Jefferson Square	South Seattle Close-In	Berkadia	14,755	New Lease
Southport on Lake Washington – Bldg 3	Renton	Undisclosed	12,224	New Lease
The Burke Bldg	North Seattle / Northgate	Undisclosed	8,870	New Lease

KEY SALES TRANSACTIONS Q2 2025

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
918 S Horton St	South Seattle Close-In	Ariel Development / Urban Self-Storage	141,311	\$35.0M / \$248**
201 & 207 Wells Ave S	Renton	First Financial Northwest / Global Credit Union	52,534	\$12.7M / \$241***

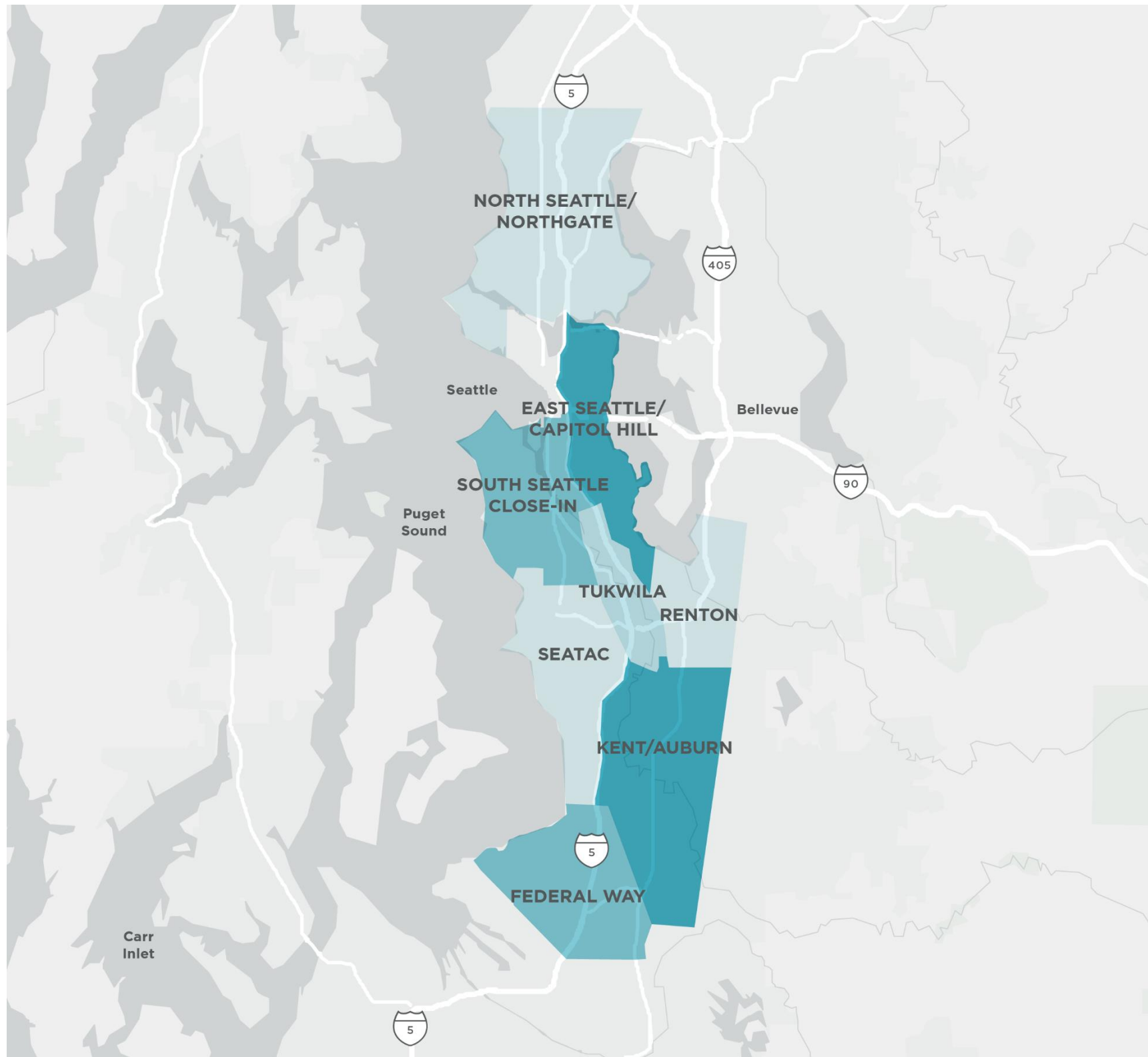
**This transaction was a partial interest transfer

***This transaction involved the sale of four properties, two of which were retail; this price and price per SF reflect only the office portion that sold

KEY PROPERTIES IN PIPELINE

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
Northgate Station	North Seattle / Northgate	N/A	950,000	Simon Property Group
Campus Seattle – 35 Interlake	North Seattle / Northgate	N/A	107,000	evolution Projects
Fremont Northshore	North Seattle / Northgate	N/A	34,179	Blue Rooster Development

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.