



MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
7.9% Vacancy Rate	▲	▲
-612K YTD Net Absorption, SF	▲	▼
\$1.23 Asking Rent, PSF <i>(Overall, Net Asking Rent)</i>	▲	—

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
2.2M Seattle Employment	▲	▲
4.3% Seattle Unemployment Rate	▲	▲
4.3% U.S. Unemployment Rate	▲	▲

Source: BLS

ECONOMY: Seattle Metro Area Employment Ticks Higher

The Seattle metro area economy noted some progress since the start of the year. Employment improved by 12,100 jobs year-over-year (YOY), maintaining the current total of nearly 2.2 million. The unemployment rate, however, also rose, up 20 basis points (bps) YOY to 4.3%, matching the U.S. rate. As measured by the Consumer Price Index for All Urban Consumers, Seattle metro area prices increased 2.8% YOY, driven by higher food (+3.5%) and energy (+7.3%) costs. Minus food and energy, the index rose 2.6% YOY, driven by increases to household furnishings and operations (+7.6%) and shelter (+1.1%).

SUPPLY AND DEMAND: Vacancy Rate Increases Though Demand Building

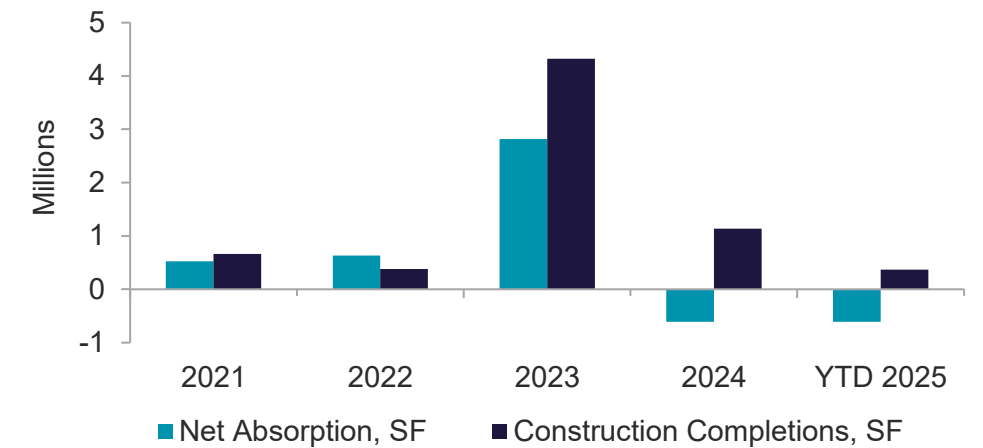
The Eastside recorded a vacancy rate of 7.9%, up 150 bps YOY from 6.4% in the third quarter of 2024. Despite the headline weakness, activity on the ground reflects tenants reengaging, especially through renewals in Redmond and Woodinville. Smaller users remain the most active segment, while larger blocks continue to linger. Brokers note that while much of the market feels quiet, underlying demand is slowly building, particularly as occupiers look for value plays outside of the premium Redmond corridor.

Overall absorption now sits at negative 612,000 sf year-to-date (YTD) after relatively no movement this quarter (positive 3,000 sf). Demand was strong in suburban areas even as sublease space continued to enter the market.

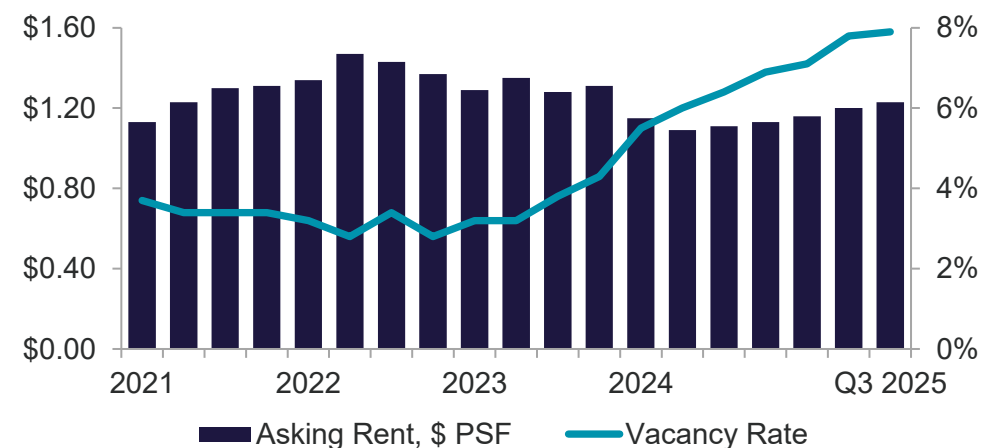
PRICING: Premium Markets Hold, Discounts Expand Elsewhere

Eastside rents moved to an average of \$1.23 per square foot (psf) on a monthly triple-net (NNN) basis, a sizeable YOY increase of \$0.12 psf. The rate spread between submarkets, meanwhile, has been widening. Redmond's top-tier product continued to command over \$2.00 psf, while peripheral locations such as Everett and North Snohomish submarkets trade at a much lower rate of now more than \$0.81 psf. With vacancy climbing, landlords are more open to concessions and flexible terms, particularly for long-term tenants. This mix of pricing levels is allowing tenants to evaluate relocations across the region to secure space at lower cost, supporting longer-term leasing momentum even in a soft market.

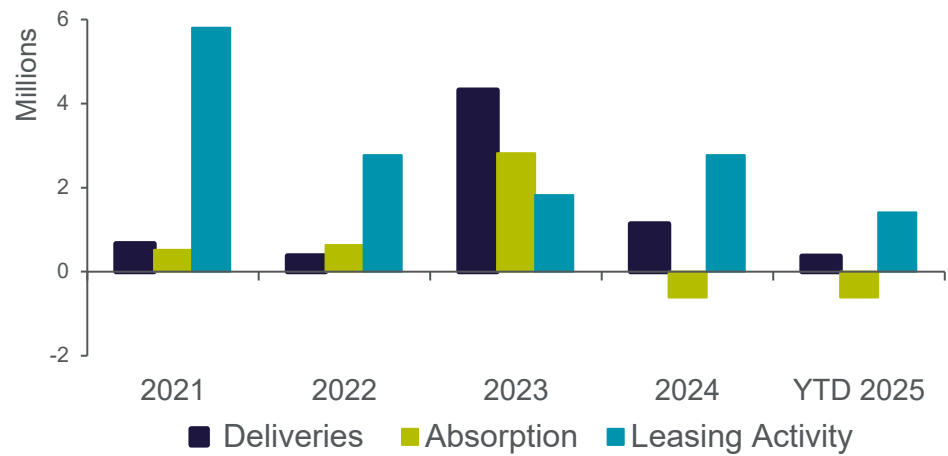
SPACE DEMAND / DELIVERIES



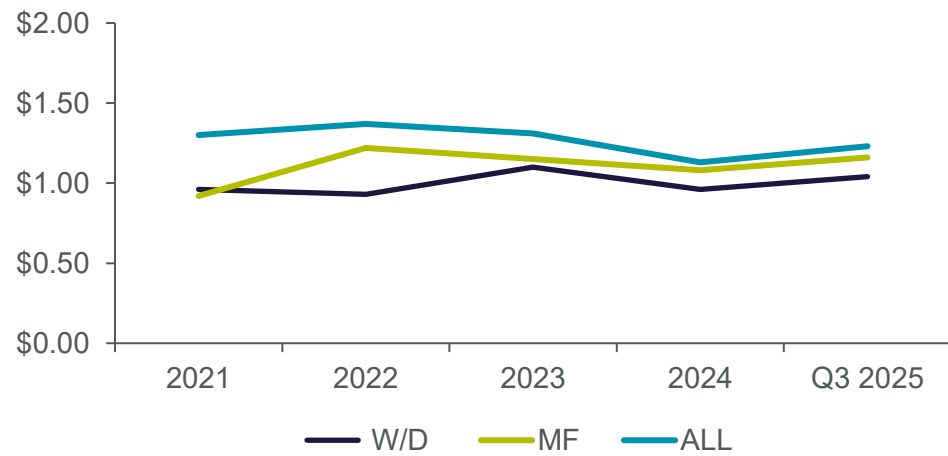
OVERALL VACANCY & ASKING RENT



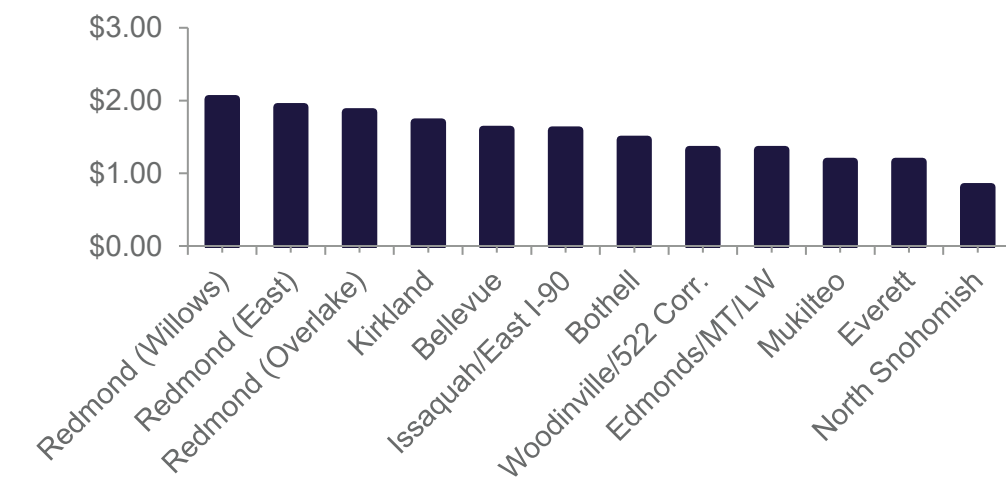
NEW SUPPLY, ABSORPTION, & LEASING ACTIVITY



AVERAGE ASKING RENT (\$PSF NNN MONTHLY)



RENT BY SUBMARKET (\$PSF NNN MONTHLY)



CONSTRUCTION: Development at Standstill

Construction activity on the Eastside remained minimal, with nothing new added this quarter; just 368,000 sf has been delivered YTD across two projects. Developers have been holding back due to uncertain demand and limited feasibility. The pipeline remains mostly theoretical, with almost 6.8 msf proposed, and little expected to materialize in the near-term. Just 212,000 sf is actively underway with only 25,000 sf of that expected to be delivered before the end of the year. While this stalls short-term growth, it also sets the stage for future absorption, as new supply will remain scarce and tenants will increasingly turn to existing product.

LEASING ACTIVITY: Smaller Users Push Market Forward

Eastside leasing reached 571,000 sf this quarter, bringing total leasing YTD to 1.4 msf. Four deals exceeded 100,000 sf this quarter, however most deals that were inked were by smaller users particularly in technology and logistics sectors. There is a significant tenant base facing lease expirations; many of them signed their current lease when vacancy was lower and rates were higher, are now capitalizing on current conditions much more favorable to them.

OUTLOOK

- Eastside vacancy is projected to move higher as space returned to market outpaces new leasing demand .
- Absorption is likely to remain in the red as larger block requirements stay sidelined and tenants favor short-term renewals.
- Construction is expected to remain subdued beyond 2025, with developers pausing new starts until market clarity improves.
- Rental rates will hold steady through year-end as competitive pricing between premium and discounted submarkets keeps overall pricing balanced.

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	OVERALL WEIGHTED AVG NET RENT (HT)	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (W/D)	OVERALL WEIGHTED AVG NET RENT
Bellevue	3,510,618	319,079	9.1%	13,038	-11,900	\$0.00	\$1.61	\$0.00	\$1.50	\$1.60
Issaquah/East I-90	2,914,698	180,534	6.2%	2,430	-35,334	\$1.63	\$1.83	\$0.00	\$1.40	\$1.59
Redmond (Overlake)	884,523	54,922	6.2%	861	-3,454	\$0.00	\$1.84	\$0.00	\$0.00	\$1.84
Redmond (Willows)	5,871,018	339,057	5.8%	22,224	-117,774	\$2.13	\$1.81	\$1.82	\$0.00	\$2.02
Redmond (East)	4,176,318	193,524	4.6%	-35,393	-56,813	\$2.05	\$1.75	\$0.00	\$0.00	\$1.91
Kirkland	2,656,835	104,744	3.9%	13,983	-40,750	\$2.00	\$1.74	\$1.75	\$1.36	\$1.70
Woodinville/522 Corridor	10,822,199	612,691	5.7%	71,414	-57,976	\$1.96	\$1.81	\$1.31	\$1.27	\$1.32
Bothell	3,627,221	613,489	16.9%	-55,938	-212,463	\$1.43	\$1.51	\$0.00	\$1.52	\$1.46
EASTSIDE TOTALS	34,463,430	2,418,040	7.0%	32,619	-536,464	\$1.73	\$1.65	\$1.47	\$1.35	\$1.60
Edmonds/Mountlake Terrace/Lynnwood	3,118,854	81,909	2.6%	2,419	-42,781	\$0.00	\$1.70	\$1.35	\$1.25	\$1.32
Mukilteo	3,843,737	307,041	8.0%	5,936	-19,083	\$1.16	\$1.40	\$1.39	\$1.00	\$1.16
Everett	16,119,727	1,344,988	8.3%	-51,047	17,874	\$1.25	\$1.27	\$1.13	\$1.14	\$1.16
North Snohomish	9,831,329	1,157,068	11.8%	12,702	-31,236	\$0.00	\$0.00	\$0.89	\$0.80	\$0.81
NORTHEND TOTALS	32,913,647	2,891,006	8.8%	-29,990	-75,226	\$1.21	\$1.36	\$1.08	\$0.99	\$1.04
EASTSIDE/NORTHEND TOTALS	67,377,077	5,309,046	7.9%	2,629	-611,690	\$1.48	\$1.62	\$1.16	\$1.04	\$1.23

*Rental rates reflect weighted net asking \$psf/month

HT = High-Tech; OS = Office Service/Flex; MF = Manufacturing; W/D = Warehouse/Distribution

KEY LEASE TRANSACTIONS Q3 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
BOMARC Business Park – Bldg 45-70	Everett	GXO Logistics	468,273	Renewal**
M&D Marysville Industrial Park	North Snohomish	Safran	282,162	Renewal**
SMARTCAP Baker View Logistics Center	Everett	Helion Energy	166,590	New

**Renewals not included in leasing statistics

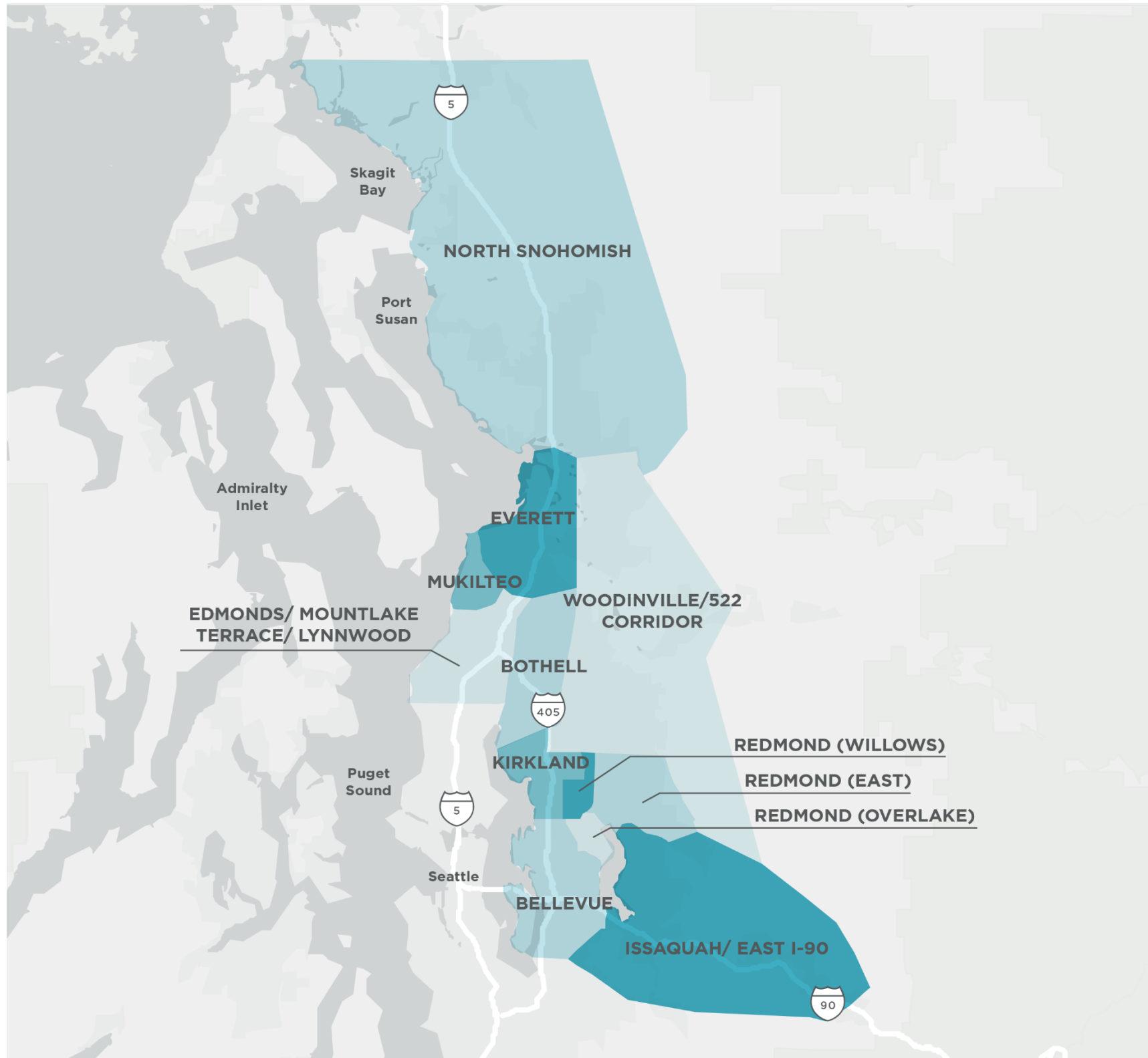
KEY SALE TRANSACTIONS Q3 2025

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
Woodinville Corporate Park	Woodinville/522 Corridor	Link Logistics / Terreno Realty	707,718	\$232.6M / \$329
Monroe Portfolio (146 th St SE & 169 th Dr SE)	North Snohomish	Al Monjazebe / Kaminari Properties LLC	98,031	\$20.5M / \$209
11410 Beverly Park Rd	Everett	Peak Refreshments / Fairmount Investments	58,233	\$6.7M / \$115

KEY CONSTRUCTION COMPLETIONS

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
North Creek Commerce Center	Bothell	Rivian	242,981	Panattoni
Scannell Supersonic Industrial Center	Everett	N/A	125,048	Scannell Properties

INDUSTRIAL SUBMARKETS



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