

**MARKET FUNDAMENTALS**

	YOY Chg	Outlook
<b>22.1%</b> Vacancy Rate	▲	▲
<b>-1.8M</b> YTD Net Absorption, SF	▼	▲
<b>\$48.50</b> Asking Rent, PSF <i>(Overall, All Property Classes)</i>	▲	▬

**ECONOMIC INDICATORS**

	YOY Chg	Outlook
<b>2.2M</b> Seattle Employment	▲	▲
<b>4.3%</b> Seattle Unemployment Rate	▲	▲
<b>4.3%</b> 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%).

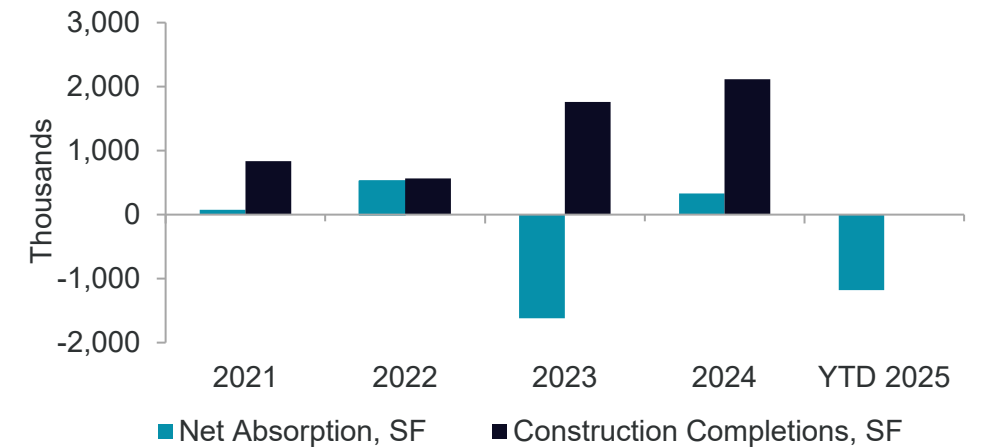
**SUPPLY AND DEMAND: Vacancy Up, Absorption Down YOY**

The Eastside office market reported an overall vacancy rate of 22.1% in the third quarter of 2025, up 250 bps from the 19.6% rate reported one year ago. Direct vacancy rose 29.1% YOY to 7.7 million square feet (msf), while sublease vacancy fell 38.8% YOY to 1.1 msf. Overall vacancy in the Bellevue Central Business District (CBD) submarket increased 850 bps YOY to 23.5%; this was mainly due to large move-outs, including Microsoft vacating 750,000 sf at the Bravern I & II. Year-to-date (YTD) overall absorption reached negative 1.8 msf, a considerable reversal from the positive 56,000 sf reported one year ago. Absorption should be more balanced by the end of the year, with anticipated large move-ins at Lincoln Square, likely offset by the delivery of Four106, which has no preleases in place.

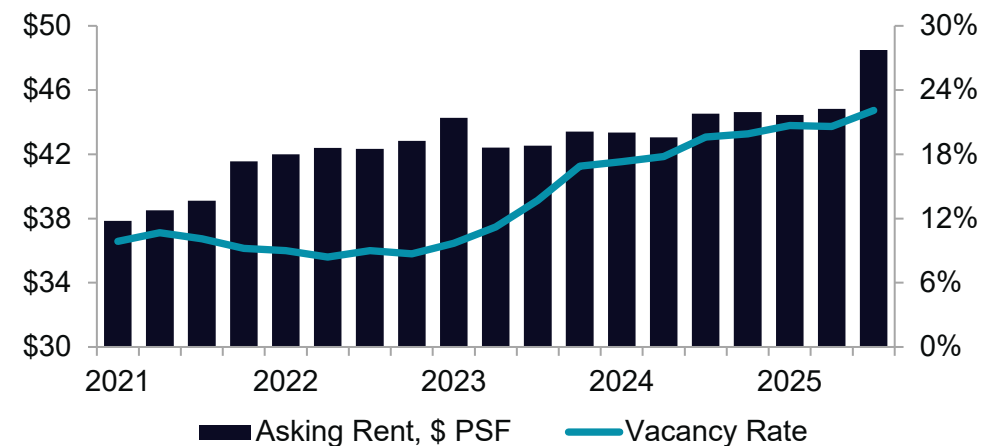
**PRICING: Rents Still Highest in the Metro Area**

The Eastside office market posted average annual gross rental rates of \$48.50 per square foot (psf) in the third quarter, an 8.9% YOY increase. High asking rents for Microsoft's newly vacated space at The Bravern I & II account for the significant quarter-over-quarter (QOQ) increase in average asking rents. Class A rents in the Bellevue CBD submarket grew 6.7% YOY to \$64.07 psf. Class A rents in the non-CBD submarkets averaged \$42.85 psf, up 7.7% YOY. Eastside rents are expected to stabilize by the end of 2025, though they will remain among the highest in the metro area.

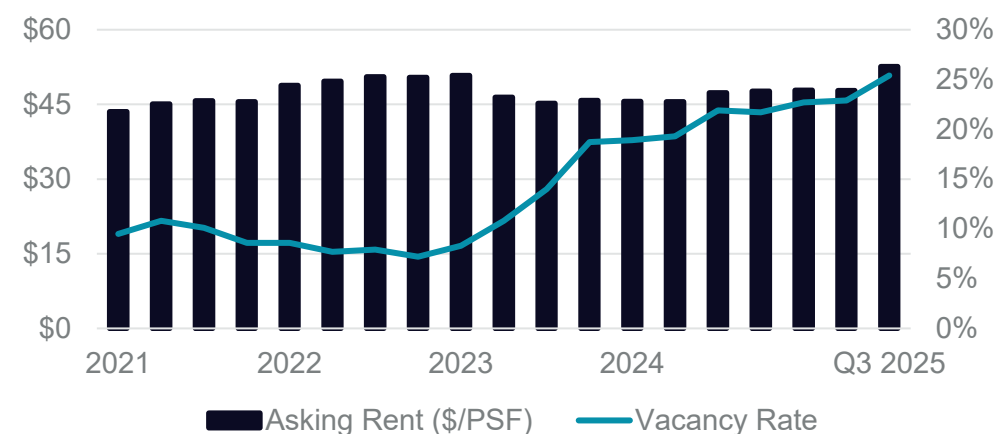
**SPACE DEMAND / DELIVERIES**



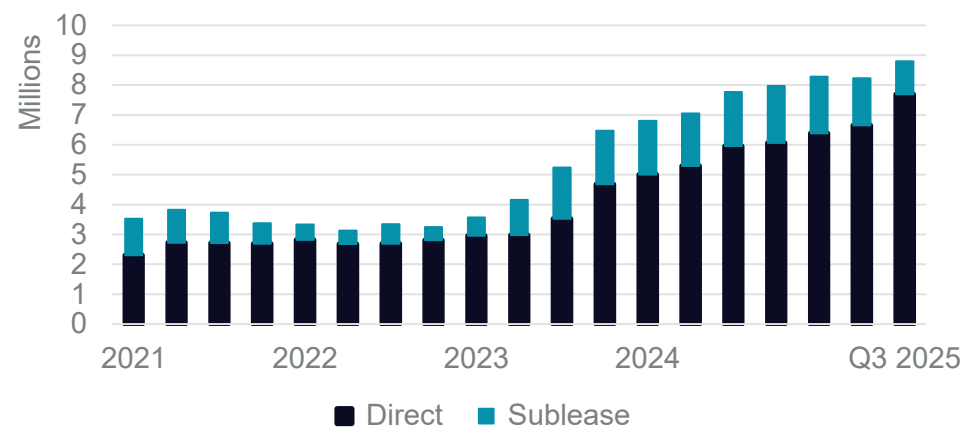
**OVERALL VACANCY & ASKING RENT**



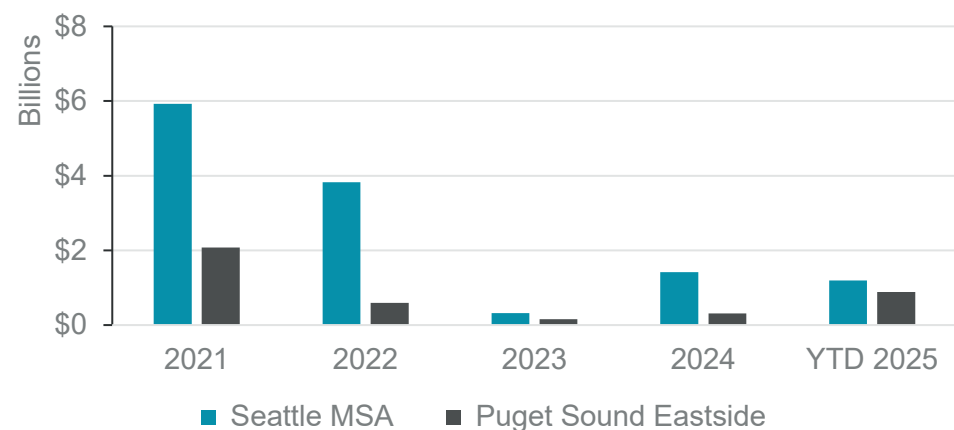
**CLASS A VACANCY & ASKING RENT**



**DIRECT VS. SUBLEASE VACANCY COMPARISON**



**OFFICE SALES**



**CONSTRUCTION: Over 479,000 SF Under Construction**

Following a year that tallied 2.1 msf of new inventory, there were no deliveries through the first three quarters of 2025. The lone project under construction (Four106) is expected to deliver during the fourth quarter, all 479,000 sf of which 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: Activity Slows During Q3**

Nearly 1.6 msf in new deals was signed in the Eastside through the third quarter of 2025, down 33.3% at this point one year ago. The Bellevue CBD, 405 Corridor, and I-90 Corridor submarkets reported the most activity, combining for nearly 836,000 sf. Approximately 11.8% of all new deals signed so far in 2025 were at or above 10,000 sf, just above the 11.5% figure signed at this point a year ago. Nearly 116,500 sf of space was renewed during the third quarter, 49.8% of which was in the Bellevue CBD. Considering the strong demand pipeline for space in the market, more five-figure deals are expected to be signed by year's end.

**SALES: Eastside Sales Up Significantly YOY**

Office sales in the Eastside reached \$882.8 million through three quarters of 2025, a sharp increase from the \$244.9 million in sales reported one year ago. In the most noteworthy transaction of the quarter, PGIM and Capstone Partners sold One Esterra Park in the 520 Corridor submarket to Preylock for \$225.0 million (\$912.27 psf). The 247,000-sf office building was fully leased to Microsoft at the time of the sale.

The Seattle MSA reported \$1.2 billion in office sales through the first three quarters of 2025, slightly below the \$1.3 billion that traded a year ago.

**OUTLOOK**

- High vacancy and negative absorption are being countered by strong leasing interest, especially from tech tenants.
- Amazon's continued expansion and premium rents in the Bellevue CBD submarket have reinforced the market's long-term appeal.
- Construction is limited, but the pipeline remains robust, positioning the Eastside for future growth.
- Microsoft's massive campus expansion in Redmond will continue to have a negative impact on the Eastside office market, drawing occupied space away from several office towers in the Bellevue CBD submarket.

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	2,814,250	261,978	23.5%	-1,072,208	-1,341,886	437,586	479,000	\$63.57	\$64.07
405 Corridor	3,813,070	341,045	299,309	16.8%	5,202	140,341	175,777	0	\$43.54	\$54.18
520 Corridor	2,743,217	433,388	82,151	18.8%	4,276	-36,518	156,496	0	\$39.85	\$48.96
I-90 Corridor	6,879,147	2,523,316	157,862	39.0%	-19,922	-102,585	222,440	0	\$43.32	\$43.02
Bel-Red	1,146,576	90,241	0	7.9%	253	-24,898	63,305	0	\$33.20	\$40.00
Redmond	2,928,024	165,674	124,634	9.9%	-13,113	-116,309	156,745	0	\$39.20	\$37.76
Kirkland	2,704,646	250,975	45,806	11.0%	-43,981	-92,283	123,202	0	\$45.68	\$50.64
Bothell / Woodinville	2,145,478	453,645	5,828	21.4%	-12,133	-71,906	135,250	0	\$35.52	\$38.37
SUBURBAN TOTALS	22,360,158	4,258,284	715,590	22.2%	-79,418	-304,158	1,033,215	0	\$42.21	\$43.43
Lynnwood	2,241,201	284,017	120,587	18.1%	-19,159	-26,771	109,999	0	\$33.08	\$38.35
Everett	2,133,071	334,254	6,154	16.0%	-7,626	-166,325	26,072	0	\$27.19	\$29.18
NORTHEND TOTALS	4,374,272	618,271	126,741	17.0%	-26,785	-193,096	136,071	0	\$30.01	\$36.19
NON-CBD TOTALS	26,734,430	4,876,555	842,331	21.4%	-106,203	-497,254	1,169,286	0	\$40.60	\$42.85
<b>EASTSIDE TOTALS</b>	<b>39,803,452</b>	<b>7,690,805</b>	<b>1,104,309</b>	<b>22.1%</b>	<b>-1,178,411</b>	<b>-1,839,140</b>	<b>1,606,872</b>	<b>479,000</b>	<b>\$48.50</b>	<b>\$52.63</b>

\*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q3 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Redmond Town Center – Bldg 2	Redmond	Amazon	76,899	New Lease
Lincoln Square – North Tower	Bellevue CBD	Microsoft	44,792	Renewal**
Plaza Yarrow Bay – Bldg 3	520 Corridor	Suttell & Hammer, PS	27,191	New Lease
Ridgewood Corporate Square – Bldg G	405 Corridor	Regus	22,260	Renewal**

\*\*Renewals are not included in leasing statistics

KEY SALE TRANSACTIONS Q3 2025

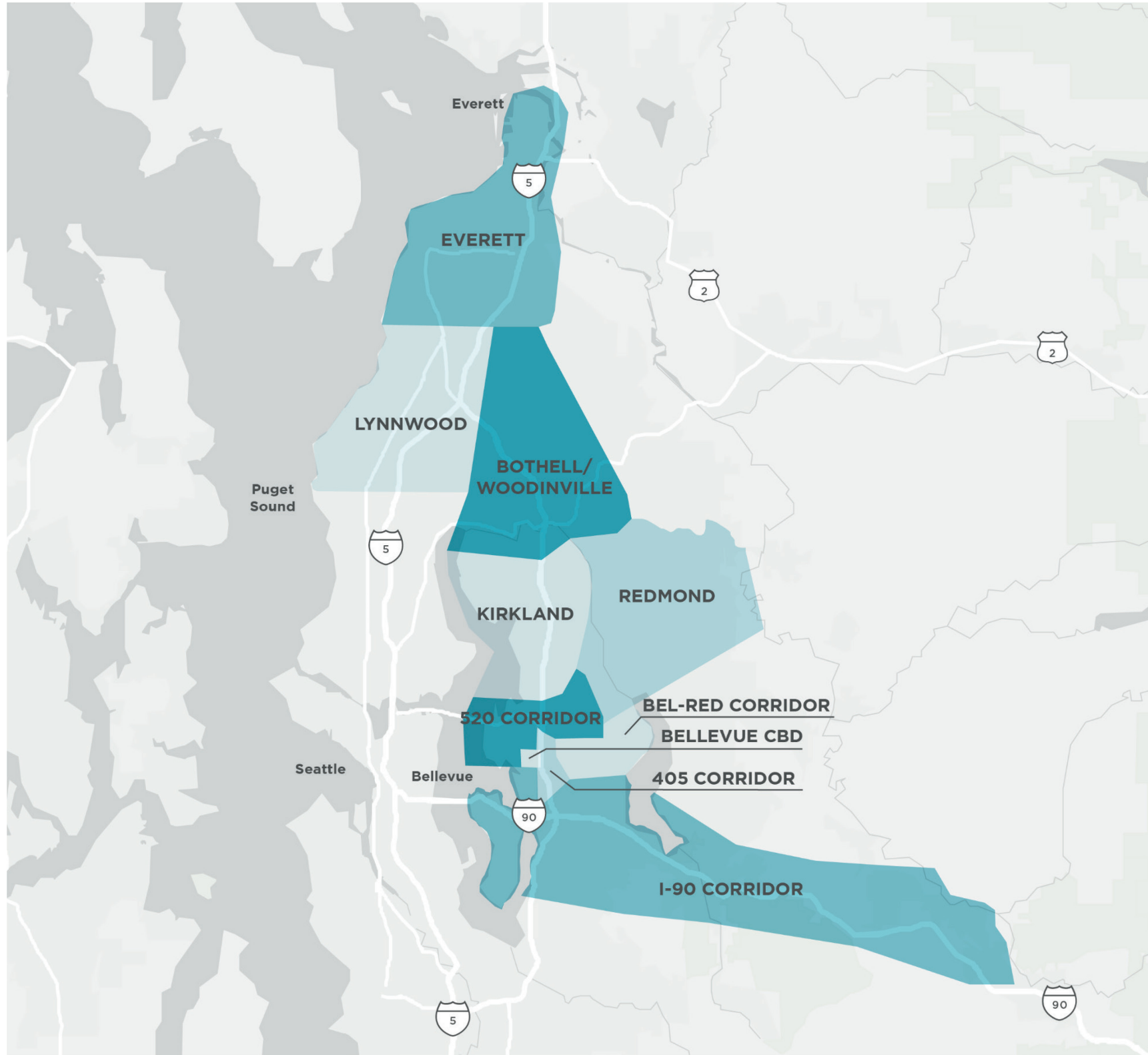
PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
One Esterra Park	520 Corridor	PGIM & Capstone / Preylock	246,638	\$225.0M / \$912
Northpointe Corporate Center I	Lynnwood	GIC & Workspace / Pacific Reign	88,854	\$19.0M / \$214

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	479,000	Dune RE Partners, Patrinely Group

†Owner/user properties are not tracked in statistics

OFFICE SUBMARKETS



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