

MARKET FUNDAMENTALS

	YOY Chg	Outlook
35.1% Vacancy Rate	▲	▲
-2.0M YTD Net Absorption, SF	▲	▼
\$46.82 Asking Rent, PSF <i>(Overall, All Property Classes)</i>	▲	▼

ECONOMIC INDICATORS

	YOY Chg	Outlook
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, with Amazon’s return to a five-day in-person workweek as one major influence. Per Placer.ai data, downtown Seattle averaged nearly 150,000 workers per weekday in August, up 4.0% from a year ago. 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%).

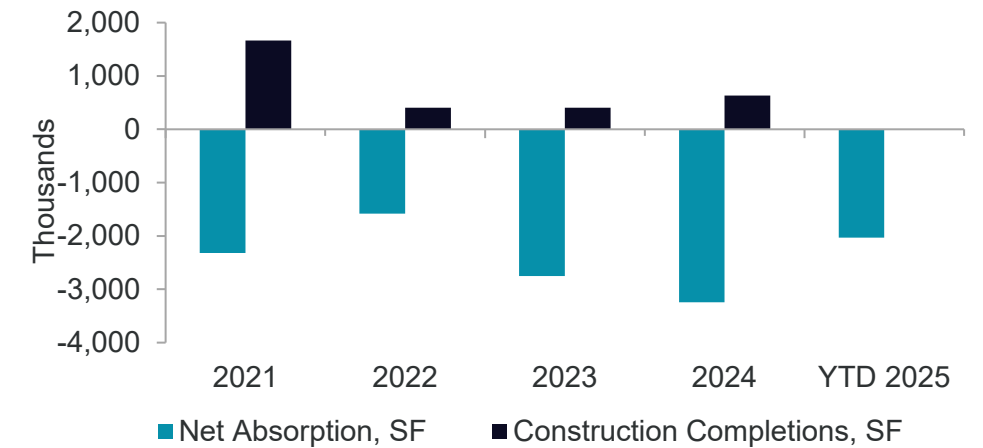
SUPPLY AND DEMAND: Vacancy Surpasses 35%

Overall vacancy in the Downtown Seattle office market reached 35.1% in the third quarter of 2025, up 360 bps from 31.5% reported one year ago. Class A vacancy jumped 390 bps YOY to 34.6%, while vacancy in trophy class buildings reached 35.3%. Direct vacancy rose 16.9% YOY to 16.0 million square feet (msf), while sublease vacancy fell 15.1% YOY to 2.2 msf. Overall absorption in the downtown area improved somewhat YOY, rising 18.6% to negative 426,000 square feet (sf). This brought the year-to-date (YTD) total to negative 2.0 msf. Absorption will remain negative heading into the fourth quarter, in line with the increase in vacancy.

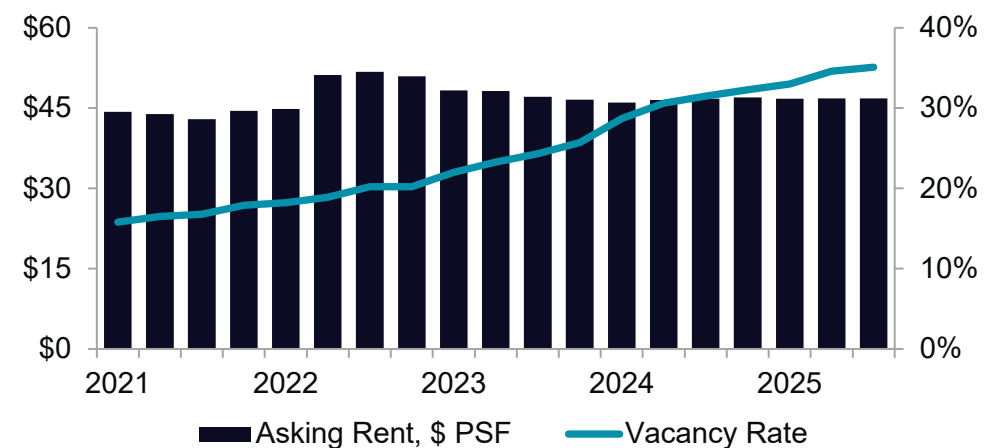
PRICING: Rents Trend Higher

Downtown Seattle’s average asking rents closed the third quarter at \$46.82 per square foot (psf) on an annual gross basis; this was a YOY rise of 0.2%. The Class A figure reached \$50.99 psf, up 0.3% YOY. With trophy space in the low-to mid-\$50s range in three of the four submarkets, rates remain near pre-Covid levels. Pricing is projected to rise slightly by year’s end due to the decrease in subleases with lower rents in place.

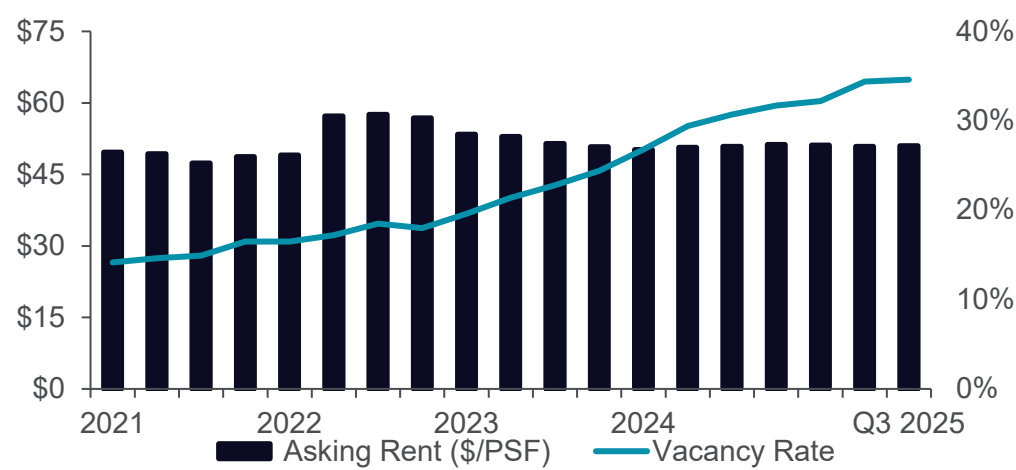
SPACE DEMAND / DELIVERIES



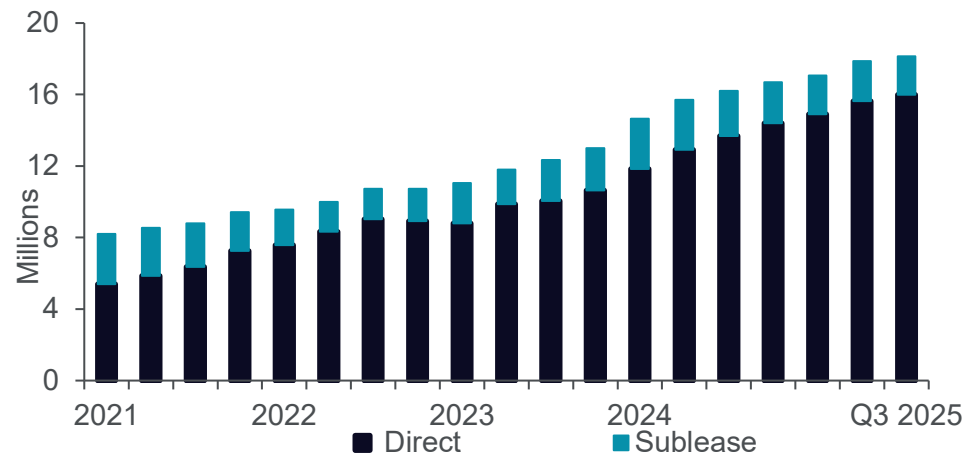
OVERALL VACANCY & ASKING RENT



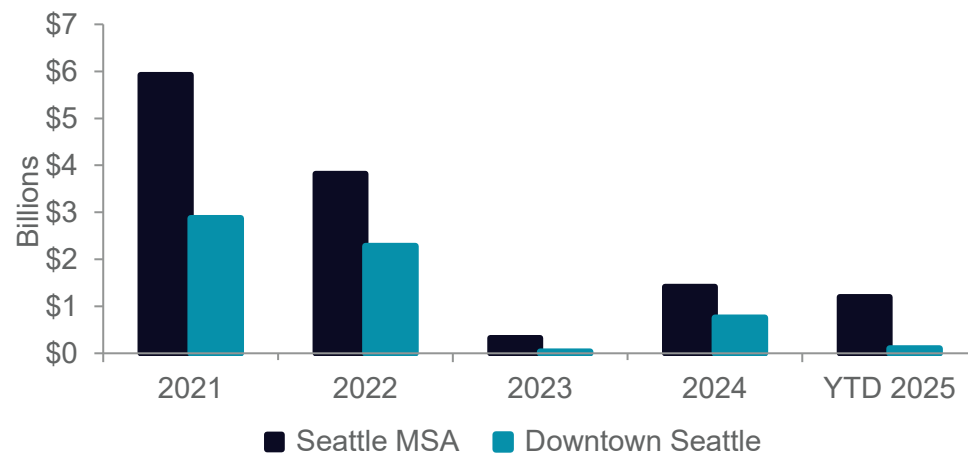
CLASS A VACANCY & ASKING RENT



DIRECT VS. SUBLEASE VACANCY COMPARISON



OFFICE SALES



CONSTRUCTION: Downtown Pipeline Stagnant

The last of the office projects under construction were delivered in 2024 with First Light in the Denny Regrade submarket added to the inventory in the fourth quarter. There is approximately 5.3 msf in the proposed construction pipeline, though with vacancy reaching 35.1% in the downtown area, it is doubtful that any new developments will break ground in the near future.

LEASING ACTIVITY: Leasing Up Substantially YOY

Just over 471,000 sf of new deals were signed downtown in the third quarter, up a significant 113.5% from the nearly 221,000-sf figure reported one year ago. Approximately 59.0% of the square footage leased was in downtown’s largest submarket, Seattle CBD. The YTD total reached 1.4 msf, up 8.0% YOY. Nearly 19.1% of all new leases signed through the first three quarters of 2025 were at 10,000 sf or above, a step up from the 13.9% signed at this point a year ago. That said, larger tenants of 25,000 sf or greater remained flat, with only 3.9% of all new downtown deals, signed since the start of 2020, at or above that number.

SALES: Office Sales Down YOY

Approximately \$99.0 million worth of office inventory traded in the Downtown Seattle market through the third quarter of 2025, down significantly from the \$683.7 million that sold at this point one year ago. The most significant transaction was the sale of Market Place I & II in the Denny Regrade submarket. Morgan Stanley and Unico Properties sold the 132,000-sf two-tower portfolio to Spear Street Capital for \$60.1 million (\$456.37 psf). The property was 60.4% occupied 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 was traded a year ago.

OUTLOOK

- Despite rises in vacancy, tenant demand for top tier – though lower-priced – large contiguous blocks of space remains strong.
- Recent hybrid work policy updates from several firms, including major tech companies Amazon, Google, and Meta, increased downtown office occupancy, with foot traffic expected to recover further going forward.
- Absorption will remain in the red throughout the year, primarily due to rising direct vacancy.
- Rent levels are approaching pre-Covid norms, with further increases expected due to fewer low-rent subleases.
- Leases between 10,000 sf and 25,000 sf have become more common, though deals greater than that remain rare.

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	24,156,590	7,514,510	1,303,872	36.5%	-329,954	-957,375	833,950	0	\$47.73	\$50.58
Denny Regrade	10,439,240	4,231,269	142,781	41.9%	5,058	-353,895	275,007	0	\$46.91	\$51.78
Pioneer Square/International District	4,847,896	1,799,879	118,788	39.6%	-56,424	-141,822	170,852	0	\$45.64	\$54.89
Lower Queen Anne/Lake Union	12,232,789	2,442,084	581,736	24.7%	-44,645	-578,441	143,024	0	\$44.66	\$49.23
SEATTLE TOTALS	51,676,515	15,987,742	2,147,177	35.1%	-425,965	-2,031,533	1,422,833	0	\$46.82	\$50.99

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q3 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Tower 1201	Seattle CBD	Stoel Rives LLP	52,966	New Lease
Rainier Tower	Seattle CBD	Remitly	37,953	New Lease
Alley24 – East Block	Lower Queen Anne/Lake Union	Seattle Times	35,657	New Lease
Madison Centre	Seattle CBD	Stripe	22,774	Expansion
705 Union Station	Pioneer Square/International District	Sound Transit	20,942	New Lease

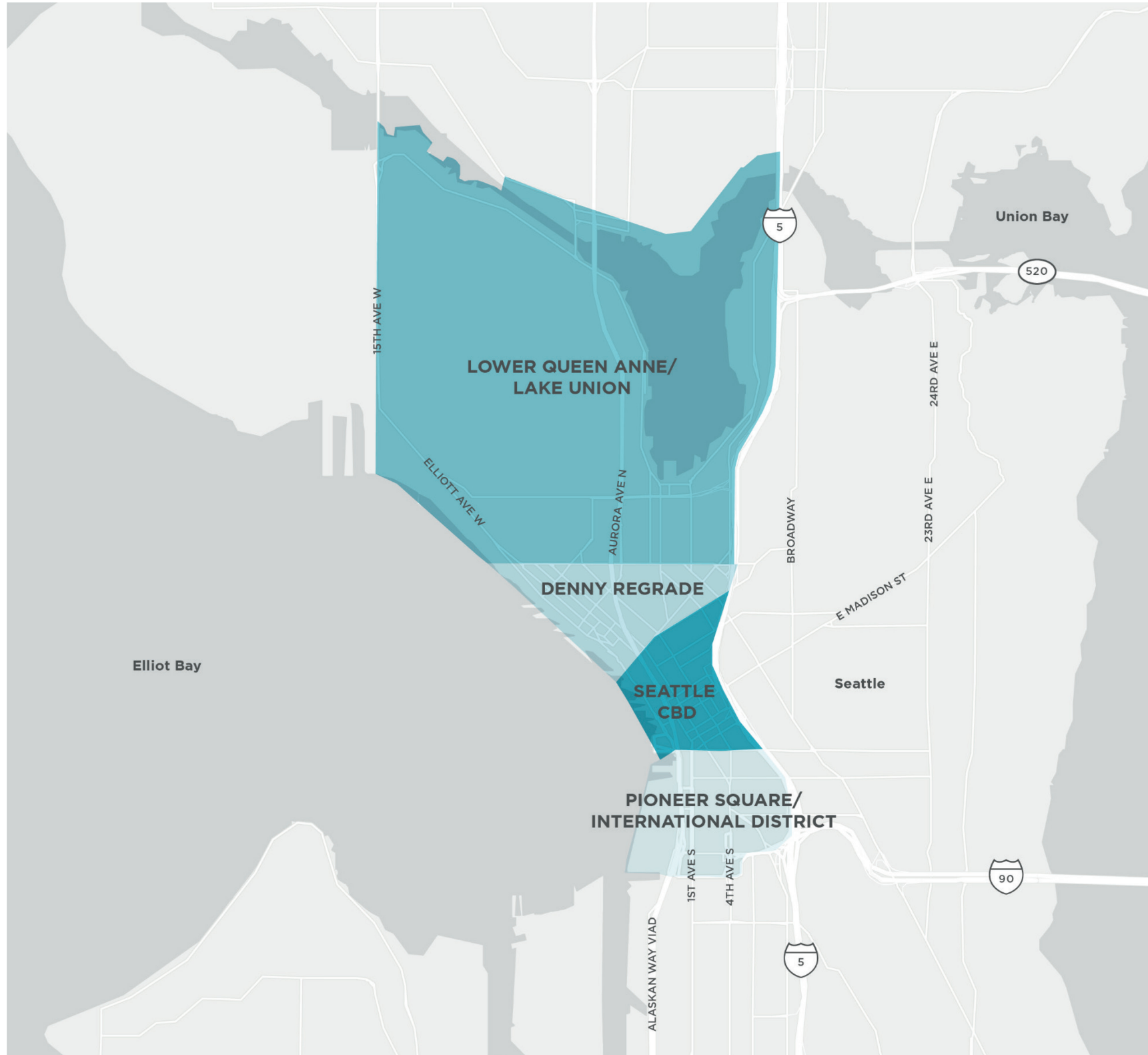
KEY SALE TRANSACTIONS Q3 2025

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
Market Place I & II	Seattle CBD	Morgan Stanley & Unico / Spear Street Capital	131,691	\$60.1M / \$456
830 4 th Ave S	Pioneer Square/International District	Alexandria / Puget Properties LLC	47,690	\$5.0M / \$104
Union Trust Bldg	Pioneer Square/International District	Martin Smith / Andrew B. Conru Trust	26,320	\$7.5M / \$285
100 NE Northlake	Lower Queen Anne/Lake Union	Thomas Northlake LLC / Meriwether Advisors	25,811	\$6.7M / \$259
Duncan Bldg	Pioneer Square/International District	Jeffrey Schoenfeld / King County	24,000	\$6.0M / \$250

KEY PROPERTIES IN PIPELINE

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
The Net	Seattle CBD	N/A	797,580	Urban Visions
SIXO – West	Denny Regrade	N/A	565,000	Kilroy
Interval on Mercer	Lower Queen Anne/Lake Union	N/A	448,602	Schnitzer West

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.