

**MARKET FUNDAMENTALS**

	YOY Chg	Outlook
<b>21.9%</b> Vacancy Rate	▼	▲
<b>-252K</b> YTD Net Absorption, SF	▼	▼
<b>\$35.73</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%).

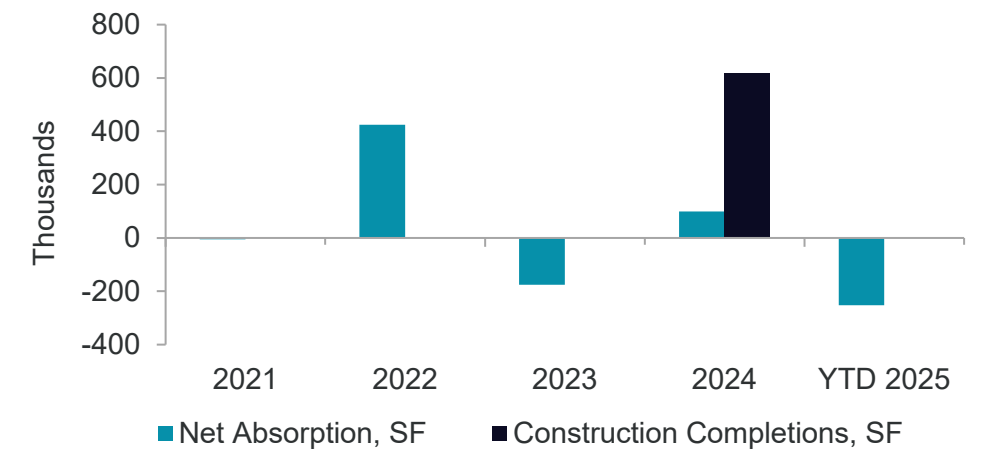
**SUPPLY AND DEMAND: Vacancy and Absorption Both Dip**

Overall vacancy in the Seattle Suburban office market reached 21.9% in the third quarter of 2025, down 30 bps from the 22.2% rate reported one year ago. Direct vacancy rose 8.9% YOY to 3.5 million square feet (msf); meanwhile, sublease vacancy dropped 19.2% to nearly 229,000 square feet (sf). Class A overall vacancy decreased 100 bps YOY to 23.9%, while overall vacancy for Classes B & C combined increased 30 bps YOY to 18.6%. Overall absorption for the quarter was recorded at negative 143,000 sf, a major decline from the negative 43,000 sf posted in the third quarter of 2024. Year-to-date (YTD) absorption was negative 252,000 sf and is expected to remain in the red by year's end, with additional space coming to market due to shrinking size requirements.

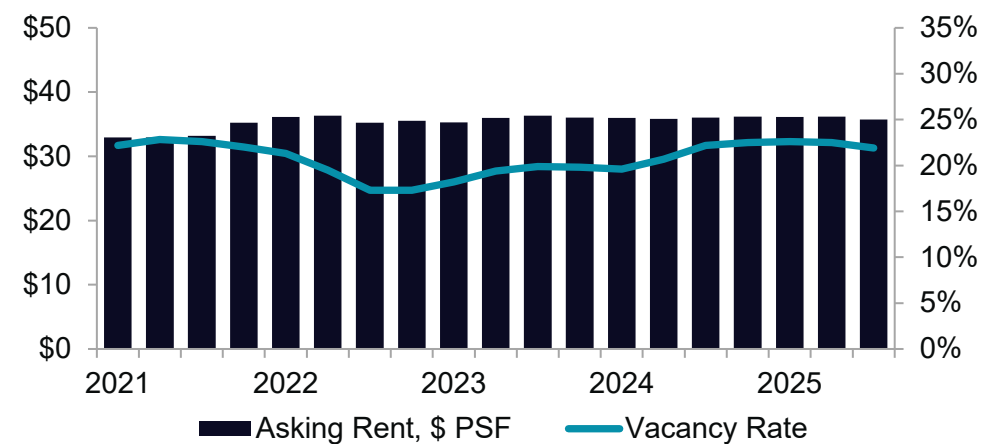
**PRICING: Rents Down Slightly YOY**

The Seattle Suburban office market reported third quarter average asking rents of \$35.73 per square foot (psf) on an annual gross basis, down 0.9% YOY. Class A rents averaged \$40.36 psf, down 2.0% YOY. The North Seattle/Northgate and Renton submarkets yielded the highest rents among the suburban submarkets, each averaging in the low-\$40s psf; the remaining submarkets held average asking rents closer to \$30.00 psf. This affordability has been key in attracting tenants from pricier urban submarkets.

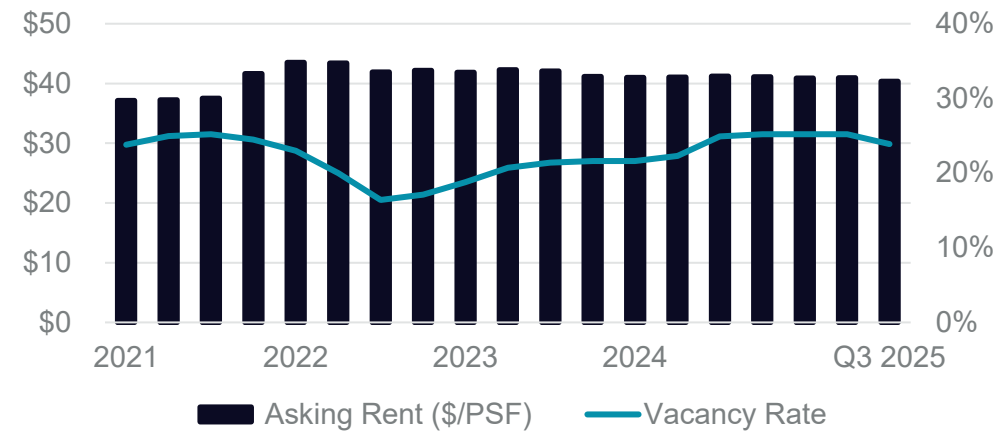
**SPACE DEMAND / DELIVERIES**



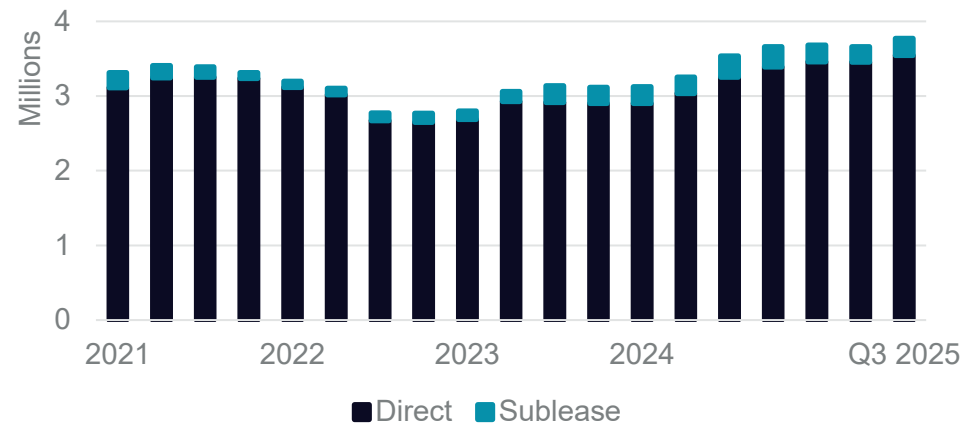
**OVERALL VACANCY & ASKING RENT**



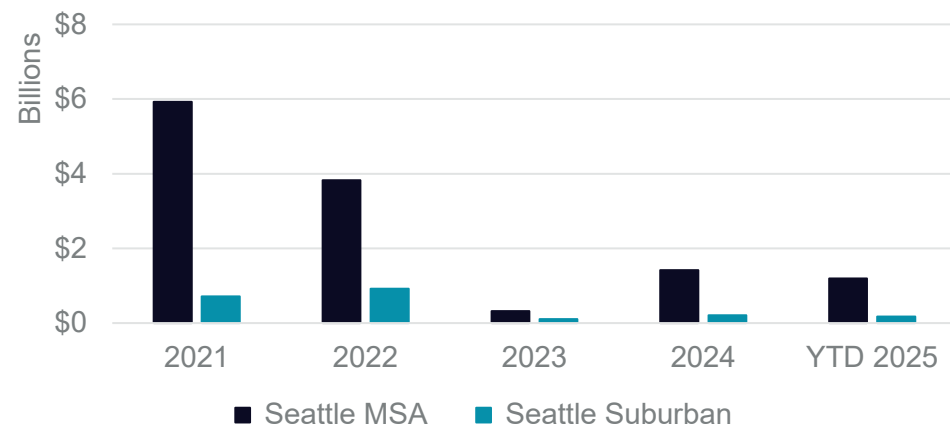
**CLASS A VACANCY & ASKING RENT**



**DIRECT-SUBLEASE VACANT SPACE COMPARISON**



**OFFICE SALES**



**CONSTRUCTION: Office Inventory Stagnant in 2025**

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

**LEASING ACTIVITY: Deals Down YOY**

Nearly 143,500 sf of new leases were signed in the suburban office market in the third quarter, down 4.4% from one year ago and down 31.6% from the pre-pandemic fourth quarter of 2019. The YTD total was nearly 425,000 sf, down 30.5% YOY. The North Seattle/Northgate submarket reported the most activity in the quarter, with just over 46,500 sf leased. Few deals in the suburban market were above 10,000 sf, with only 6.7% of all new leases signed during the year exceeding that figure, indicating smaller tenant footprints.

Starbucks's renewal of its 776,000-sf headquarters in the South Seattle Close-In submarket signaled a long-term commitment from a major corporate tenant and has helped to counterbalance the broader trend of downsizing and negative absorption that has been a fixture of the region.

**SALES: Sales Stable YOY**

Office sales in the suburban market reached \$176.1 million through the first three quarters of 2025. This was close to the figure posted a year ago, when \$175.3 million sold. In the most notable transaction of the third quarter, private investors traded Olympic Office Plaza in the SeaTac submarket for \$1.2 million (\$58.40 psf). The 20,500-sf property was 78.9% 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 traded a year ago.

**OUTLOOK**

- Negative absorption, high vacancy, and flat rents signal a tenant-favorable environment.
- Affordability and lack of new supply may help stabilize the suburban market long-term.
- Tenant downsizing and cautious leasing behavior are shaping the near-term dynamics.

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	752,835	43,289	24.7%	-33,129	-109,929	133,815	0	\$43.54	\$46.64
South Seattle Close-In	2,995,269	400,891	126,148	17.6%	25,388	-19,267	65,932	0	\$34.32	\$34.92
East Seattle / Capitol Hill	988,016	83,669	0	8.5%	-19,291	-14,046	31,468	0	\$31.34	\$30.93
<b>IN-CITY TOTALS</b>	<b>7,201,472</b>	<b>1,237,395</b>	<b>169,437</b>	<b>19.5%</b>	<b>-27,032</b>	<b>-143,242</b>	<b>231,215</b>	<b>0</b>	<b>\$38.28</b>	<b>\$40.08</b>
Tukwila	1,856,414	226,956	30,501	13.9%	-39,133	-30,778	20,322	0	\$27.04	\$31.87
SeaTac	810,400	113,478	0	14.0%	-4,370	-13,065	108	0	\$28.17	\$29.88
Renton	3,618,614	1,163,773	19,242	32.7%	-18,834	-17,507	86,189	0	\$43.97	\$49.32
Kent / Auburn	1,391,524	273,960	9,375	20.4%	-38,182	-56,828	48,622	0	\$29.51	\$29.45
<b>SOUTHEND TOTALS</b>	<b>7,676,952</b>	<b>1,778,167</b>	<b>59,118</b>	<b>23.9%</b>	<b>-100,519</b>	<b>-118,178</b>	<b>155,241</b>	<b>0</b>	<b>\$36.92</b>	<b>\$42.65</b>
<b>FEDERAL WAY TOTALS</b>	<b>2,337,375</b>	<b>528,506</b>	<b>0</b>	<b>22.6%</b>	<b>-15,658</b>	<b>-30,778</b>	<b>38,159</b>	<b>0</b>	<b>\$28.20</b>	<b>\$28.08</b>
<b>SUBURBAN TOTALS</b>	<b>17,215,799</b>	<b>3,544,068</b>	<b>228,555</b>	<b>21.9%</b>	<b>-143,209</b>	<b>-252,348</b>	<b>424,615</b>	<b>0</b>	<b>\$35.73</b>	<b>\$40.36</b>

\*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q3 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Starbucks HQ	South Seattle Close-In	Starbucks	776,280	Renewal**
Southport on Lake Washington – Bldg 3	Renton	Undisclosed	30,075	New Lease
The Commons at Ballard	North Seattle / Northgate	Undisclosed	21,855	New Lease

\*\*Renewals are not tracked in Statistics

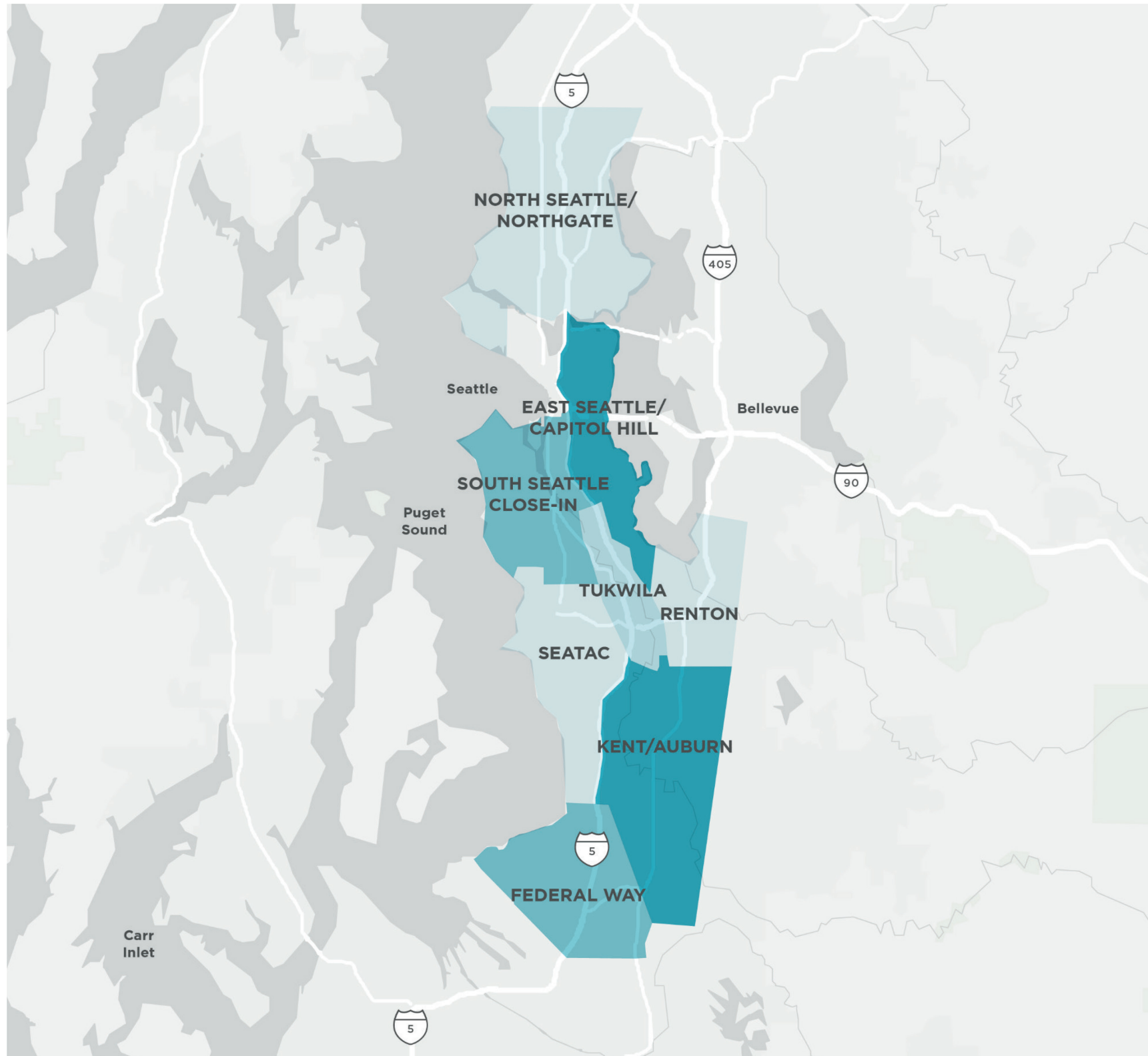
KEY SALES TRANSACTIONS Q3 2025

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
Olympic Office Plaza	SeaTac	Seattle Olympic Park LLC / Wu Properties	20,548	\$1.2M / \$59

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



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