MARKETBEAT
PUGET SOUND-EASTSIDE
OFFICE Q4 2025

CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	Outlook
22.3% Vacancy Rate	▲	▲
-1.7M YTD Net Absorption, SF	▼	▲
$48.67 Asking Rent, PSF	▲	—

(Overall, All Property Classes)

ECONOMIC INDICATORS

	YOY Chg	Outlook
2.2M Seattle Employment*	▲	▲
4.3% Seattle Unemployment Rate*	▲	▲
4.6% U.S. Unemployment Rate	▲	▲

Source: BLS
**Q3 2025*

ECONOMY: Seattle Metro Area Employment Holds Steady

For the Seattle metro area, employment increased by 13,500 jobs year-over-year (YOY), with the current total at nearly 2.2 million. The unemployment rate rose 70 basis points (bps) YOY to 4.9%, above the U.S. rate of 4.6%. But in a major boost to the core office markets, it was a return to a five-day in-person workweek at one of Seattle's largest employers, Amazon. As measured by the Consumer Price Index for All Urban Consumers, Seattle metro area prices increased 3.1% YOY, driven by higher food (+4.4%) and energy (+7.2%) costs. Minus food and energy, the index rose 2.7% YOY, driven by increases to medical care (+5.3%) and shelter (+1.7%).

SUPPLY AND DEMAND: Vacancy Up, Absorption Down YOY

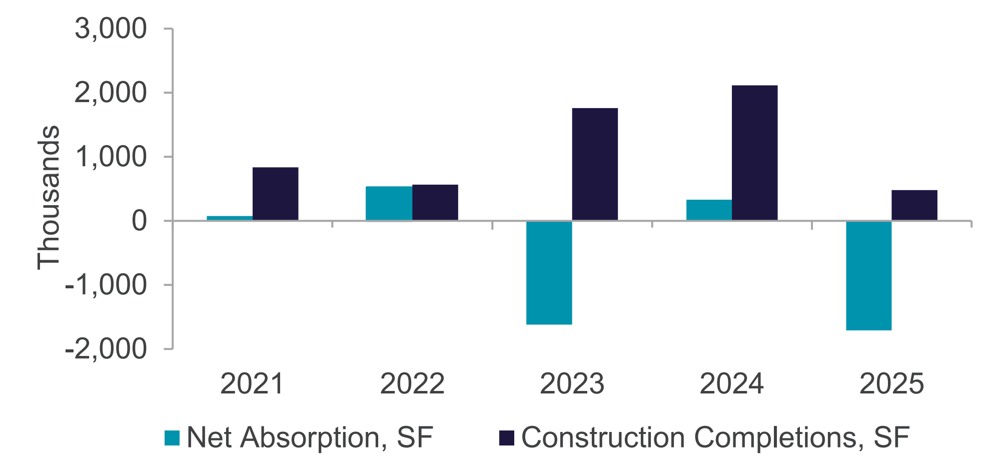
The Eastside office market reported an overall vacancy rate of 22.3% in the fourth quarter of 2025, up 240 bps from the 19.9% rate reported one year ago. Direct vacancy rose 33.9% YOY to 8.1 million square feet (msf), while sublease vacancy fell 55.2% YOY to 855,000 square feet (sf). Overall vacancy in the Bellevue Central Business District (CBD) submarket increased to 26.0% from 14.9% YOY; this was mainly due to large move-outs, including Microsoft vacating 750,000 sf at the Bravern I & II, as well as the delivery of Four106, a 479,000-sf Class A fully vacant office building.

Overall absorption reached negative 1.7 msf for 2025, a considerable reversal from the positive 331,000 sf reported one year ago. Absorption should climb back into the positive in early 2026, with large move-ins expected in the Bellevue CBD and Bothell/Woodinville submarkets.

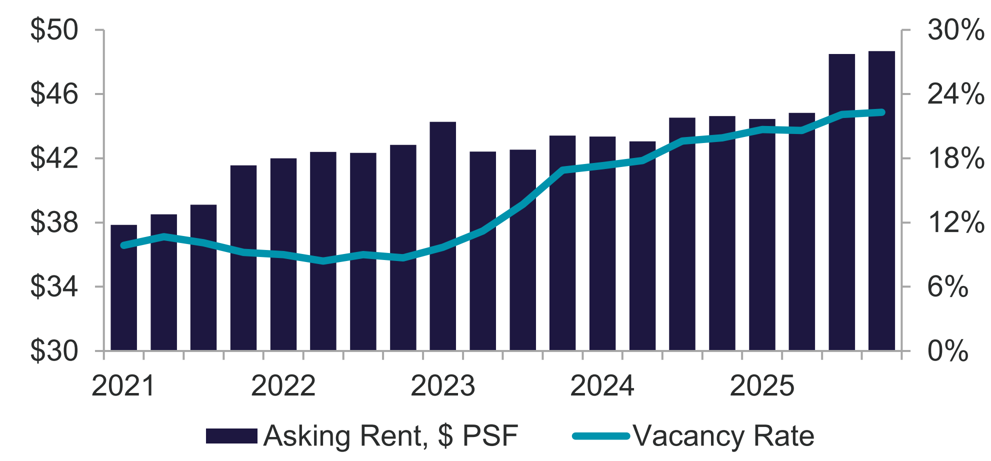
PRICING: Rents Remain Highest in the Metro Area

The Eastside office market posted average annual gross rental rates of $48.67 per square foot (psf) in the fourth quarter, a 9.1% YOY increase. Top of the market asking rents for Microsoft's newly vacated space at The Bravern I & II accounted for the increase in the figure. Class A rents in the Bellevue CBD submarket grew 4.0% YOY to $64.16 psf. Class A rents in the non-CBD submarkets averaged $43.03 psf, up 4.8% YOY. Eastside rents are expected to stabilize in the first half of 2026, though they will remain the highest in the metro area.

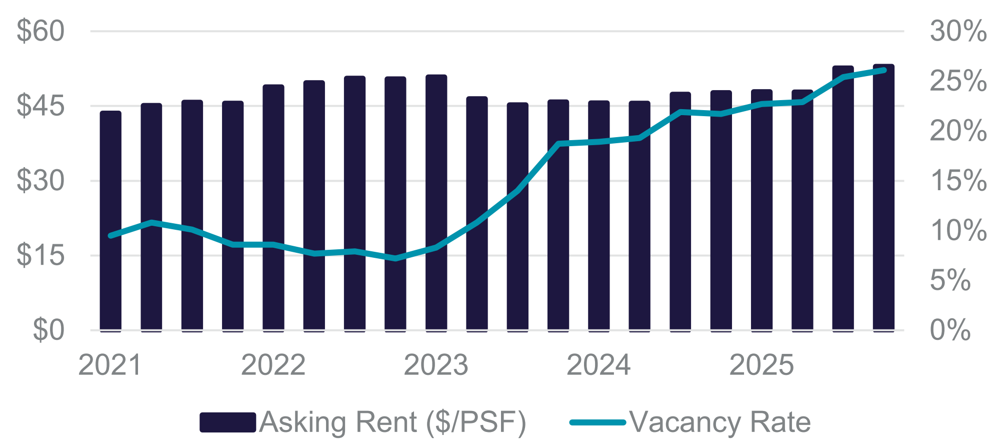
SPACE DEMAND / DELIVERIES



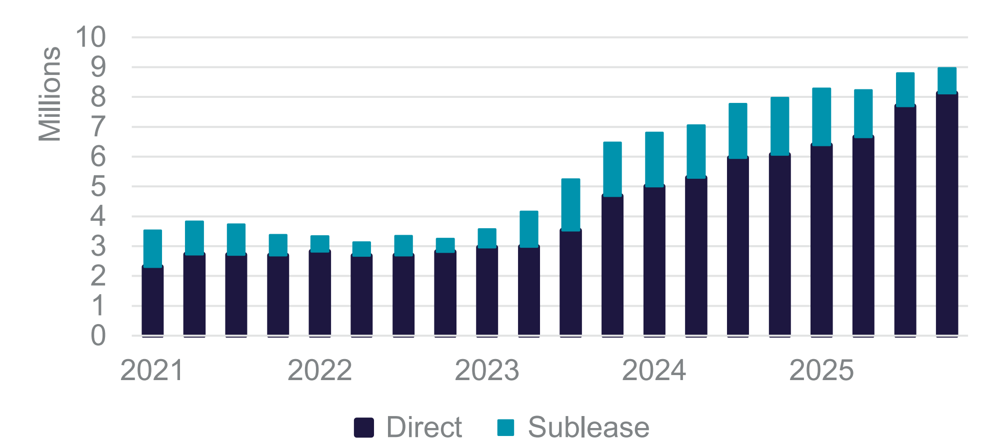
OVERALL VACANCY & ASKING RENT



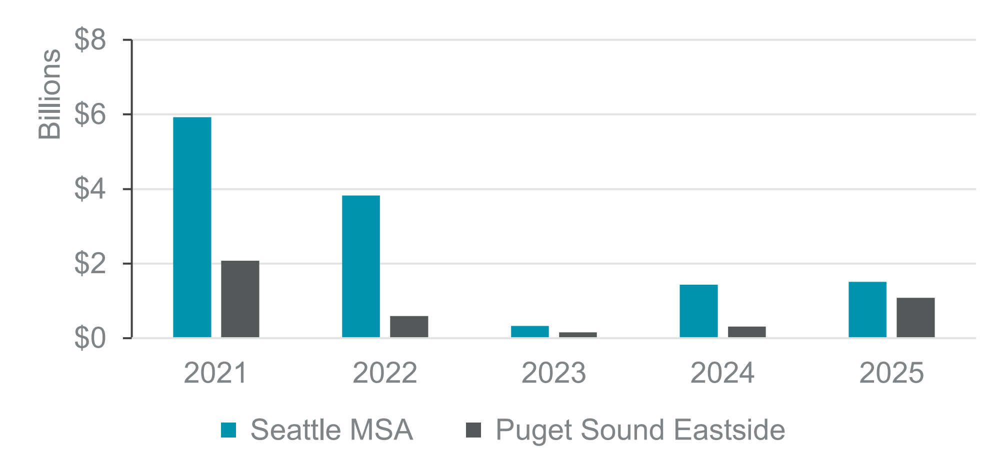
CLASS A VACANCY & ASKING RENT



DIRECT VS. SUBLEASE VACANCY COMPARISON



OFFICE SALES



CONSTRUCTION: One New Building in 2025

Following a year that tallied 2.1 msf of new inventory, there was only one delivery in the Eastside office market in 2025. Four106 added 479,000 sf of vacant Class A space to the inventory in the fourth quarter. Approximately 12.3 msf of proposed space is in the pipeline, with 10.5 msf (85.4%) located in the Bellevue CBD.

LEASING ACTIVITY: New Leases Down, Renewals Up YOY

Just over 397,000 sf of new deals were signed in the Eastside in the fourth quarter, up 16.6% at this point one year ago. The total for the year reached 2.1 msf, down 25.0% YOY. The Bellevue CBD, 405 Corridor, and I-90 Corridor submarkets reported the most activity, combining for 275,000 sf. Approximately 10.3% of all new deals signed in 2025 were at or above 10,000 sf, just below the 12.3% signed in 2024.

Nearly 1.5 msf of space was renewed in 2025, a substantial increase from the 473,000 sf that was renewed in 2024. Nearly 12.2% of all renewals signed since the start of 2020 were at or above 25,000 sf, including thirteen deals signed in 2025.

Considering the strong demand pipeline for space in the Eastside market, more five-figure deals are expected to be signed in the first half of 2026.

SALES: Eastside Sales Up Significantly YOY

Office sales in the Eastside reached $1.1 billion in 2025, a sharp increase from the $311.8 million in sales reported in 2024. In the most noteworthy transaction of the year, PGIM and Capstone Partners sold One Esterra Park in the 520 Corridor submarket to Preylock for $225.0 million ($912.27 psf). The entire 247,000-sf office building was leased to Microsoft at the time of its sale in the third quarter.

The Seattle MSA reported $1.5 billion in office sales in 2025, slightly surpassing the $1.4 billion that traded a year ago.

OUTLOOK

- Elevated vacancy and negative absorption in 2025 will be countered by strong leasing interest, especially from tech tenants, in 2026.
- Rents increased significantly with the addition of Class A downtown office space offering high rates, but they are expected to stabilize in early 2026 as top tier space is leased.
- Amazon's continued expansion and premium rents in the Bellevue CBD will support the long-term appeal of the submarket, however, Microsoft's massive campus expansion in Redmond will likely have a negative impact in the near-term, drawing occupied space away from several office towers.
- Following the delivery of Four106 in the fourth quarter, construction will be limited in the near-term. But the pipeline remains robust, positioning the Eastside for future growth.

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	13,548,022	3,273,719	253,489	26.0%	54,008	-1,296,499	609,644	0	$63.71	$64.16
405 Corridor	3,813,070	343,634	191,955	14.0%	-3,590	148,629	249,309	0	$43.98	$51.73
520 Corridor	2,743,217	425,510	86,654	18.7%	5,506	-36,908	210,020	0	$39.26	$48.96
I-90 Corridor	6,879,147	2,497,419	90,332	37.6%	73,841	-30,536	318,720	0	$43.17	$43.03
Bel-Red	1,146,576	72,226	0	6.3%	6,631	-2,602	79,741	0	$32.59	$40.00
Redmond	2,973,793	184,973	153,742	11.4%	-31,236	-164,716	163,905	0	$41.97	$44.08
Kirkland	2,704,646	257,194	34,536	10.8%	5,051	-87,232	142,026	0	$45.99	$51.26
Bothell / Woodinville	2,145,478	440,998	5,828	20.8%	3,830	-49,876	161,552	0	$35.48	$38.49
SUBURBAN TOTALS	22,405,927	4,221,954	563,047	21.4%	60,033	-223,241	1,325,273	0	$42.20	$43.58
Lynnwood	2,153,816	275,304	27,505	14.1%	22,231	-13,514	152,377	0	$32.85	$38.35
Everett	2,133,071	345,849	11,201	16.7%	-3,911	-175,283	39,784	0	$27.16	$28.04
NORTHEND TOTALS	4,286,887	621,153	38,706	15.4%	18,320	-188,797	192,161	0	$29.78	$35.74
NON-CBD TOTALS	26,692,814	4,843,107	601,753	20.4%	78,353	-412,038	1,517,434	0	$40.51	$43.03
EASTSIDE TOTALS	**40,240,836**	**8,116,826**	**855,242**	**22.3%**	**132,361**	**-1,708,537**	**2,127,078**	**0**	**$48.67**	**$52.94**

**Rental rates reflect full service asking*

KEY LEASE TRANSACTIONS 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Redmond Town Center – Bldgs 3 thru 6	Redmond	Microsoft	375,290	Renewal**
The Summit II	Bellevue CBD	WeWork	134,601	Renewal**
929 Office Tower	Bellevue CBD	Salesforce	98,000	Renewal**
Canyon Pointe – Bldg A	Bothell/Woodinville	SystImmune	87,273	New Lease
Redmond Town Center – Bldg 2	Redmond	Amazon	76,899	New Lease
One Bellevue Center	Bellevue CBD	eBay	73,680	Renewal**

***Renewals are not included in leasing statistics*

KEY SALE TRANSACTIONS 2025

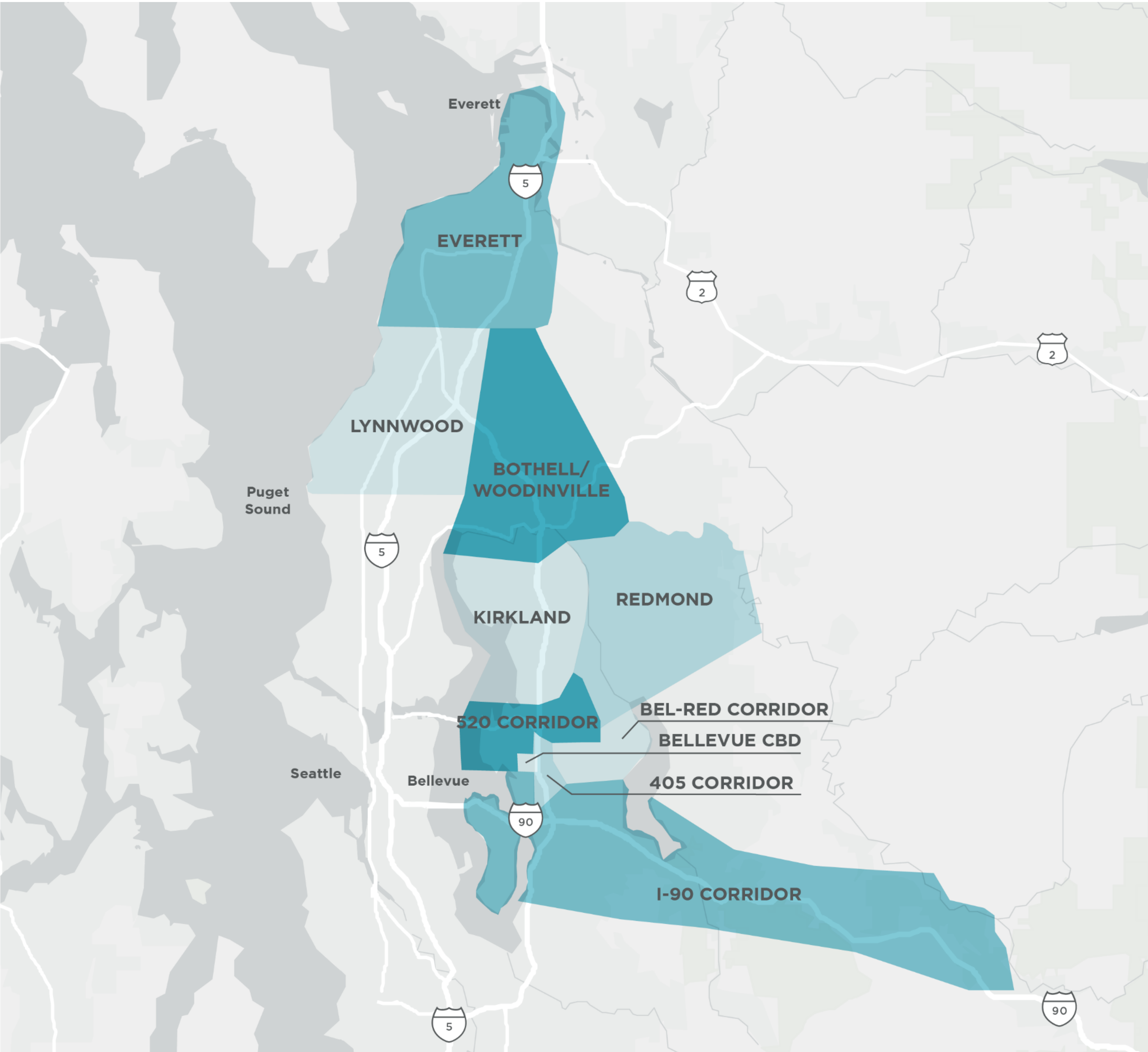
PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / $ PSF
Spring District – Blocks 5 & 6	405 Corridor	Shorenstein Properties / Blackstone	672,642	$218.0M / $810***
One Esterra Park	520 Corridor	PGIM & Capstone / Preylock	246,638	$225.0M / $912
Spring District – Block 13	405 Corridor	Shorenstein Properties & Wright Runstad / KKR LP & Drawbridge Realty	212,128	$192.6M / $908
West Willows Technology Center	Redmond	Peakstone Realty / Lincoln Property Company	155,800	$40.0M / $257

****Partial Interest Transfer*

KEY CONSTRUCTION COMPLETIONS

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
Four106	Bellevue CBD	n/a	479,000	Dune RE Partners, Patrinely Group

OFFICE SUBMARKETS



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