

MARKET FUNDAMENTALS

	YOY Chg	Outlook
35.6% Vacancy Rate	▲	▲
-2.3M YTD Net Absorption, SF	▲	▼
\$47.62 Asking Rent, PSF <i>(Overall, All Property Classes)</i>	▲	▼

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: Back to the Office

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 20 basis points (bps) YOY to 4.3%, below 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%).

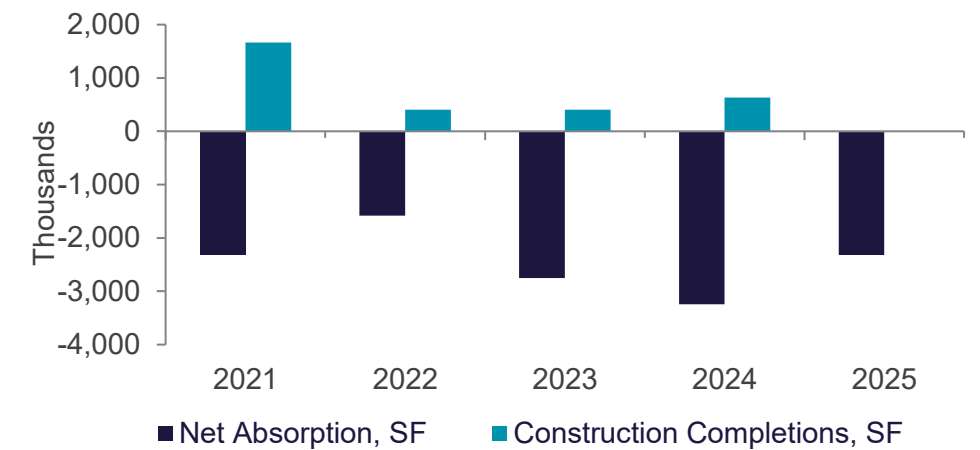
SUPPLY AND DEMAND: Vacancy Sustains 35% Figure

Overall vacancy in the Downtown Seattle office market reached 35.6% in the fourth quarter of 2025, up 330 bps from the 32.3% reported at the end of 2024. Class A vacancy jumped 340 bps YOY to 35.1%, with vacancy in trophy class buildings equaling that figure. Direct vacancy rose 13.7% YOY to 16.4 million square feet (msf), while sublease vacancy fell 12.7% YOY to 2.0 msf. Overall absorption in the downtown area improved YOY, rising 21.3%, though was still negative at 427,000 square feet (sf). This brought the year-end total to negative 2.3 msf.

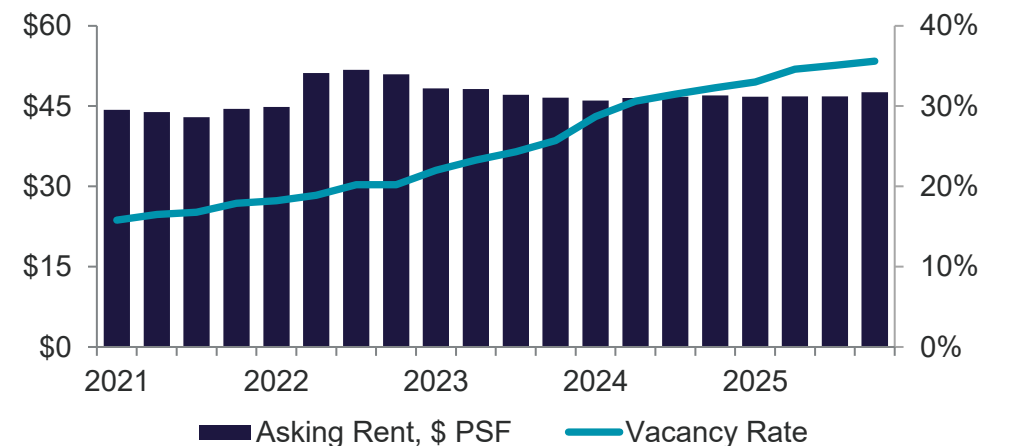
PRICING: Rents Rise YOY

Downtown Seattle's average asking rent closed the year at \$47.62 per square foot (psf) on an annual gross basis; this was a YOY increase of 1.3%. The Class A figure reached \$52.16 psf, up 1.7% YOY. Despite the continuing uptick in vacancy, rates for trophy space remained near pre-Covid levels, averaging \$54.03 psf. Pricing is projected to rise slightly heading into the new year due to the decrease in subleases which have historically had lower rents in place.

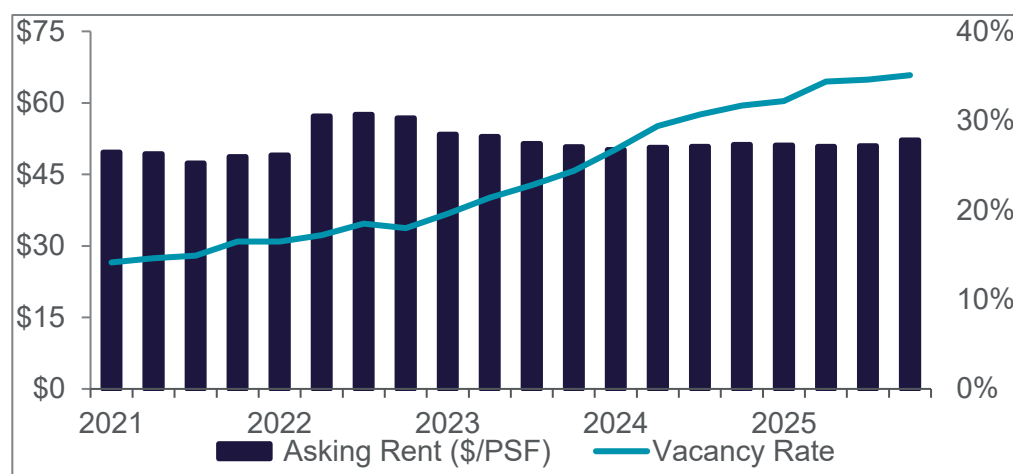
SPACE DEMAND / DELIVERIES



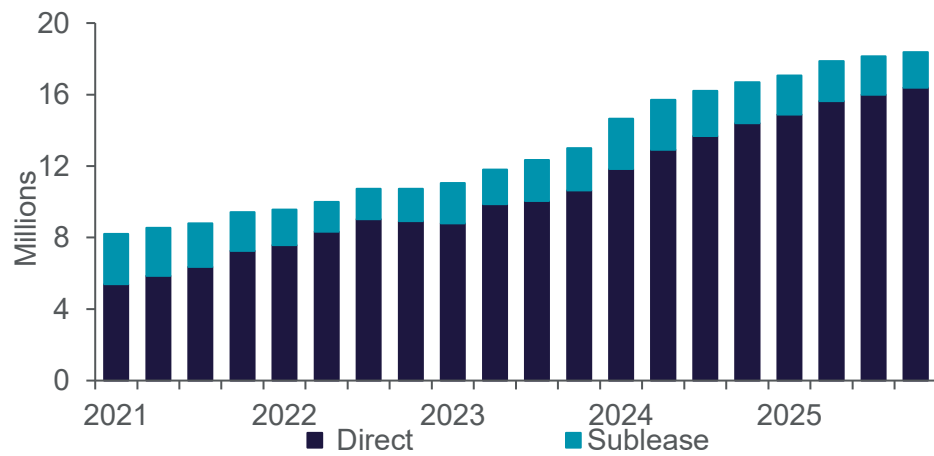
OVERALL VACANCY & ASKING RENT



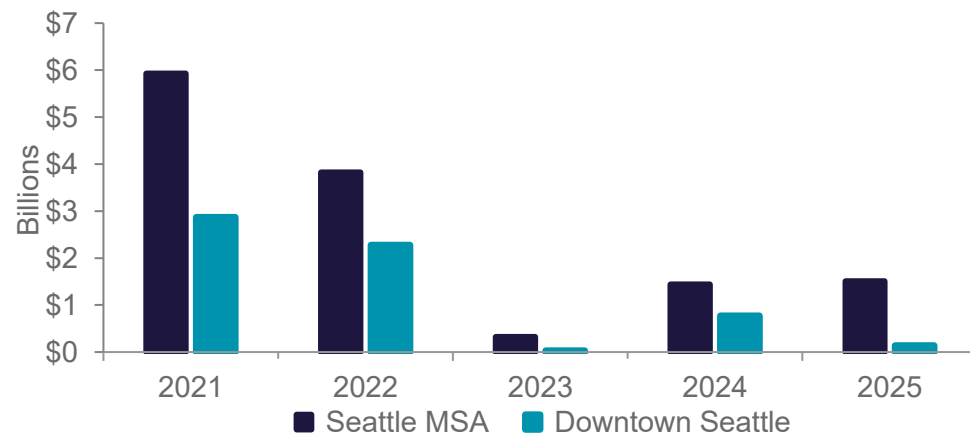
CLASS A VACANCY & ASKING RENT



DIRECT VS. SUBLEASE VACANCY COMPARISON



OFFICE SALES



CONSTRUCTION: Downtown Pipeline Dormant

The construction landscape for the Downtown Seattle office market went without a delivery in 2025, with the most recent completion being that of First Light in the Denny Regrade submarket in the fourth quarter of 2024. There is approximately 5.3 msf in the proposed construction pipeline, though with vacancy reaching 35.6% in the downtown area, it is unlikely that any new developments will break ground for the foreseeable future.

LEASING ACTIVITY: Totals Grow YOY

Just over 460,000 sf of new deals were signed downtown in the fourth quarter, down 16.1% from the nearly 549,000-sf figure reported one year ago. Approximately 36.3% of the square footage leased was in downtown’s largest submarket, Seattle CBD. The YTD total reached 2.0 msf, up 3.4% YOY. Nearly 20.7% of all new leases signed in 2025 were at 10,000 sf or above, up from the 15.7% signed in 2024. That said, larger tenants of 25,000 sf or greater remained flat, with only 4.0% of all new downtown deals signed since the start of 2020 at or above that number.

Renewals rose significantly YOY, with nearly 1.2 msf signed in 2025. This was a substantial 130.3% upgrade from 2024, which reported just over 519,000 sf of renewed space. Nearly 17.3% of all renewals signed since the start of 2020 were at or above 25,000 sf, including ten deals signed in 2025.

SALES: Office Sales Down Considerably YOY

Approximately \$138.2 million worth of office inventory traded in the Downtown Seattle market in 2025, down significantly from the \$771.8 million that sold at this point one year ago. The most significant transaction of the year 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 in the third quarter for \$60.1 million (\$456.37 psf). The property was 60.4% occupied at the time of the sale.

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

OUTLOOK

- Despite rises in vacancy, tenant demand for top tier large contiguous blocks of space remains active.
- Recent in-person 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 heading into the new year, primarily due to rising direct vacancy.
- Rent levels are approaching pre-Covid norms, with further increases expected due to fewer low-rent subleases.
- Deals in the 10,000-25,000-sf range continue to gain momentum, signaling healthy demand for mid-sized spaces.
- YOY growth in renewals highlights tenant confidence and commitment to existing locations, reinforcing stability in the market.

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	7,665,763	1,173,021	36.6%	-192,720	-1,037,875	1,068,358	0	\$48.93	\$52.18
Denny Regrade	10,439,240	4,403,101	142,781	43.5%	-199,614	-527,419	366,385	0	\$48.05	\$53.25
Pioneer Square/International District	4,847,896	1,726,466	124,784	38.2%	27,951	-90,406	319,765	0	\$45.62	\$54.82
Lower Queen Anne/Lake Union	12,233,011	2,581,575	559,640	25.7%	-62,429	-661,103	255,077	0	\$44.14	\$48.86
SEATTLE TOTALS	51,676,737	16,376,905	2,000,226	35.6%	-426,812	-2,316,803	2,009,585	0	\$47.62	\$52.16

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
400 Fairview	Lower Queen Anne/Lake Union	Tommy Bahama	125,558	Renewal**
The Tower at Fourth & Madison	Seattle CBD	Disney	123,214	Renewal**
800 5 th Avenue	Seattle CBD	Casey Family Programs	79,189	New Lease
Stadium Place – Slalom Hawk Tower	Pioneer Square/International District	Slalom	76,284	Renewal**
400 Fairview	Lower Queen Anne/Lake Union	Impinj	72,063	Renewal**
Rainier Tower	Seattle CBD	Milliman	65,499	Renewal**
Third & Broad Bldg	Denny Regrade	Washington State Ferries	59,100	Renewal**
Tower 1201	Seattle CBD	Stoel Rives LLP	52,966	New Lease

**Renewals are not tracked in Statistics

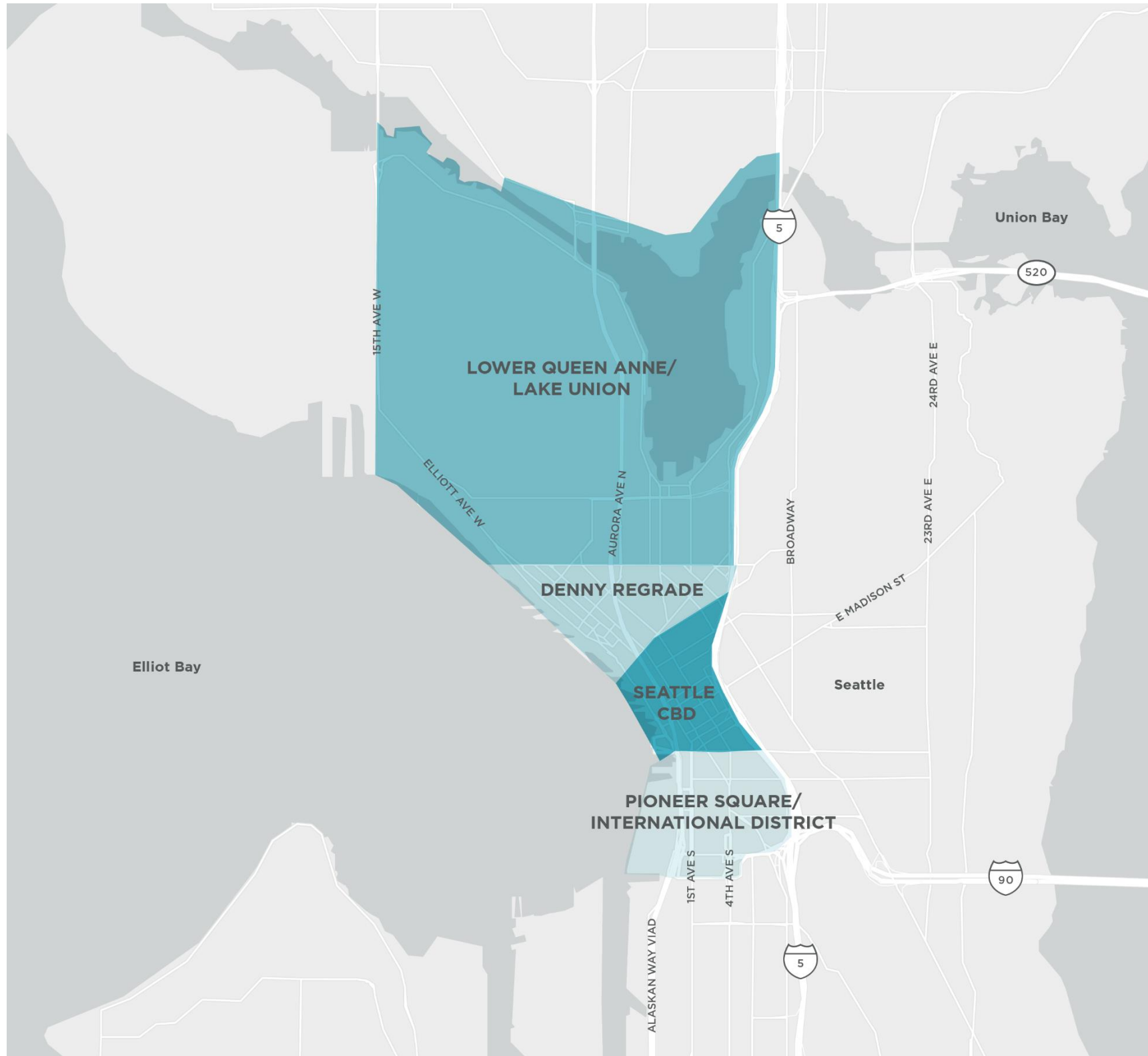
KEY SALE TRANSACTIONS 2025

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
Grand Central/City Loan/202 1 st Ave S (3-bldg. Portfolio)	Pioneer Square/International District	Goldman Sachs & Unico / Urban Visions	132,381	\$5.2M / \$39
Market Place I & II	Seattle CBD	Morgan Stanley & Unico / Spear Street Capital	131,691	\$60.1M / \$456
Pier 70	Denny Regrade	Triad Development / True Fabrications	107,389	\$11.0M / \$102
425 Pontius	Lower Queen Anne/Lake Union	Swift Real Estate Partners / Ryan Companies	76,168	\$13.0M / \$171
RDA Bldg	Pioneer Square/International District	Fu Quan LLC / Tourbineau RE Partners	72,000	\$8.8M / \$122
830 4 th Ave S	Pioneer Square/International District	Alexandria RE Equities / Puget Properties LLC	47,690	\$5.0M / \$104
760 Aloha St	Lower Queen Anne/Lake Union	Bank OZK / PacNorthwest Holdings LLC	41,191	\$7.8M / \$188
Union Trust Bldg	Pioneer Square/International District	Martin Smith, Inc. / Andrew B. Conru Trust	26,320	\$7.5M / \$285

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.

©2026 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.