MARKETBEAT
SEATTLE SUBURBAN
OFFICE Q4 2025

CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	Outlook
22.3% Vacancy Rate	▼	▲
-332K YTD Net Absorption, SF	▼	▼
$35.63 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 and Absorption Both Decline

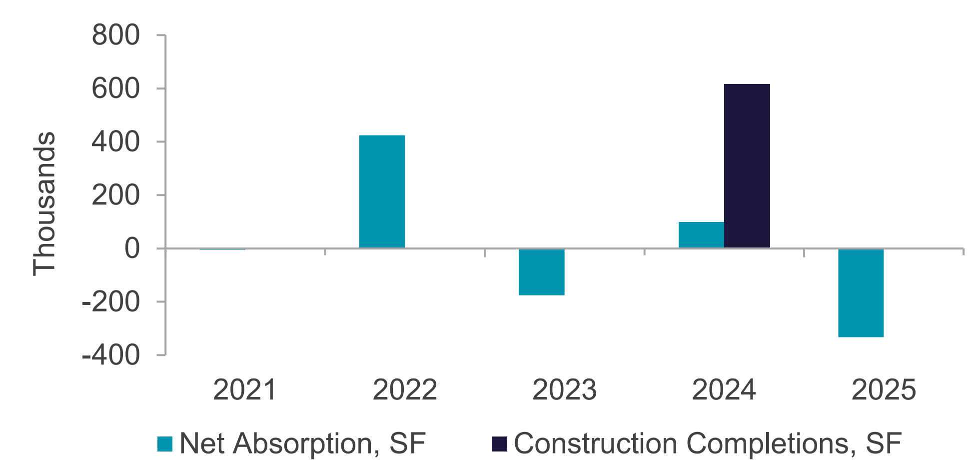
Overall vacancy in the Seattle Suburban office market dropped to 22.3% in the fourth quarter of 2025, down 20 bps from the 22.5% rate reported one year ago. Direct vacancy rose 6.7% YOY to 3.6 million square feet (msf), while sublease vacancy dropped 13.7% to just over 232,000 square feet (sf). Class A overall vacancy decreased 90 bps YOY to 24.3%, whereas overall vacancy for Classes B & C combined increased 70 bps YOY to 18.9%.

Overall absorption for the quarter was recorded at negative 78,000 sf, a sizable decline from the positive 258,000 sf posted one year ago. Year-to-date (YTD) absorption was negative 332,000 sf. And, even with some move-ins in early 2026 due to leases signed in late 2025, that won't offset additional space coming to market, which will keep absorption in the red for the near-term.

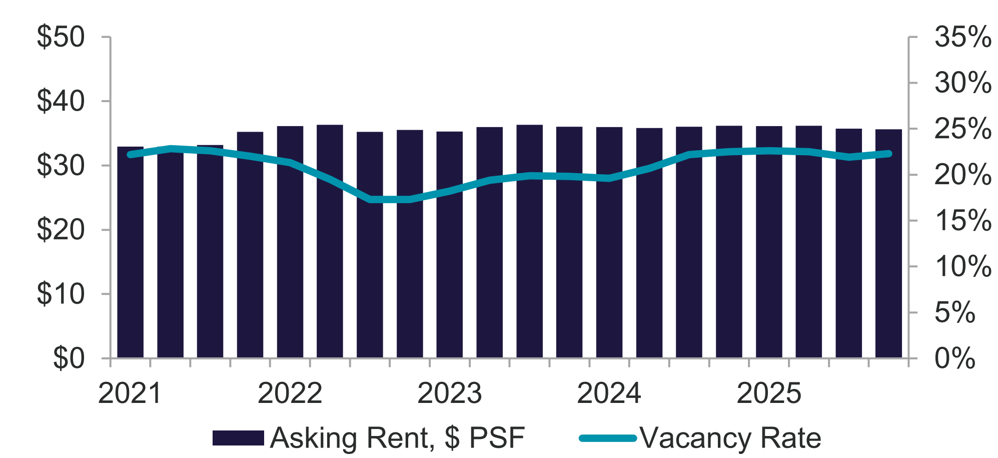
PRICING: Rents Down Slightly YOY

The Seattle Suburban office market fourth quarter average asking rent was $35.63 per square foot (psf) on an annual gross basis, down 1.5% YOY. Class A rents averaged $40.30 psf, down 1.9% YOY. The North Seattle/Northgate and Renton submarkets continued to offer 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 essential in drawing tenants from the more expensive urban submarkets.

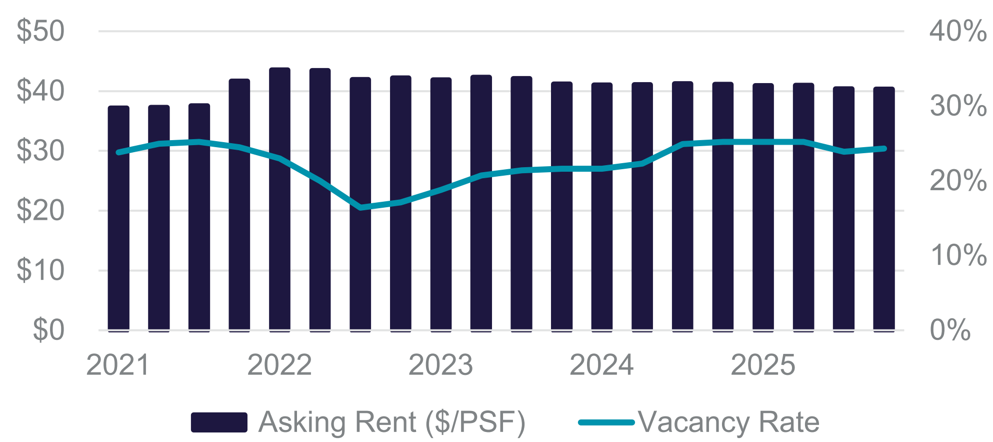
SPACE DEMAND / DELIVERIES



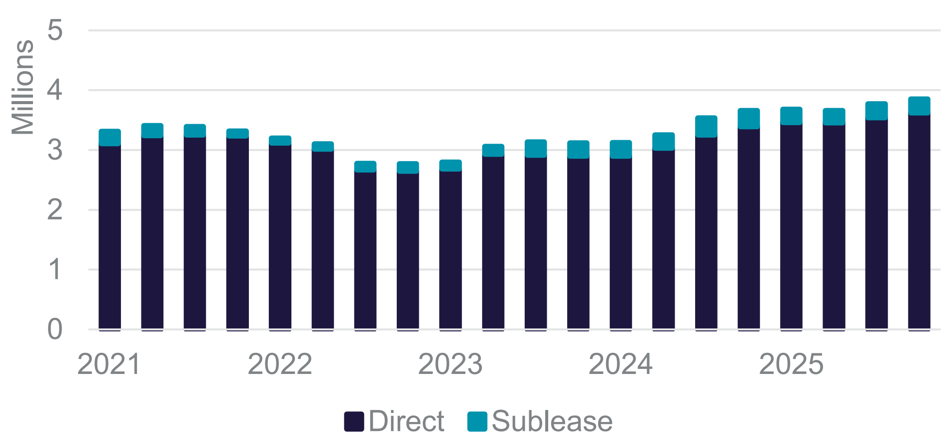
OVERALL VACANCY & ASKING RENT



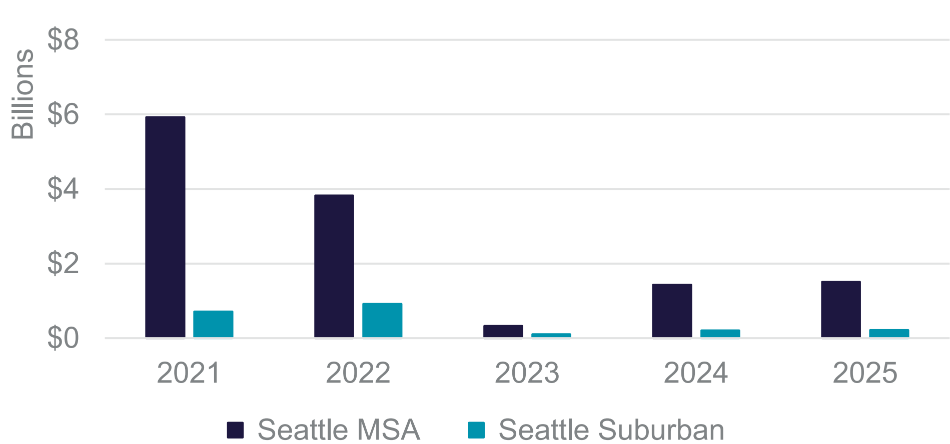
CLASS A VACANCY & ASKING RENT



DIRECT-SUBLEASE VACANT SPACE COMPARISON



OFFICE SALES



CONSTRUCTION: Quiet 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 in 2026.

LEASING ACTIVITY: Mega Renewal Offsets Slower New Transactions

Nearly 97,000 sf of new leases were signed in the suburban office market in the fourth quarter, down 20.0% from one year ago and down 54.0% from the pre-pandemic fourth quarter of 2019. The total for the full year was nearly 539,000 sf, down 27.1% YOY. The Renton submarket recorded the most activity in the quarter, with nearly 31,000 sf leased. Few deals in the suburban market were above 10,000 sf, with only 7.8% of all new leases signed during the year above that figure, an indication that tenants continue to seek smaller footprints.

Due to Starbucks re-upping for its 776,000-sf headquarters location in the South Seattle Close-In submarket, renewals reached just over 926,000 sf for the year, a whopping 1,430.1% YOY increase.

SALES: Sales Stable YOY

Office sales in the suburban market reached $215.0 million in 2025. This was minimally above the figure posted a year ago, when $209.3 million sold. In the most notable transaction of the year, a joint venture of PCCP, URG, and Iron Point Partners sold the leasehold interest (ground lease) of SeaTac Office Center in the SeaTac submarket for $110.9 million ($202.15 psf). The Port of Seattle acquired the 549,000-sf three-property office complex in the first quarter.

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

OUTLOOK

- Vacancy is likely to remain above the 20% mark, with modest improvement possible if downsizing slows.
- Absorption is expected to stay negative with many tenants planning future footprint reductions.
- Slight downward pressure on rents will endure, particularly for Class B/C assets.

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	3,234,651	796,869	44,994	26.0%	-66,289	-155,668	160,522	0	$43.95	$46.59
South Seattle Close-In	3,016,554	435,836	126,148	18.6%	-8,038	-51,491	78,973	0	$34.33	$34.86
East Seattle / Capitol Hill	988,016	100,557	0	10.2%	-16,888	-30,934	36,735	0	$29.40	$30.93
IN-CITY TOTALS	7,239,221	1,333,262	171,142	20.8%	-91,215	-238,093	276,230	0	$37.84	$39.72
Tukwila	1,856,414	218,629	32,480	13.5%	3,794	-24,430	23,714	0	$26.87	$31.51
SeaTac	810,400	122,666	0	15.1%	-9,188	-22,253	6714	0	$28.01	$29.88
Renton	3,618,614	1,155,388	19242	32.5%	12,953	-9,122	116,617	0	$43.93	$49.68
Kent / Auburn	1,391,524	265,888	9,375	19.8%	8,090	-48,738	62,594	0	$29.48	$29.38
SOUTHEND TOTALS	7,676,952	1,762,571	61,097	23.8%	15,649	-104,543	209,639	0	$36.83	$42.89
FEDERAL WAY TOTALS	2,337,375	525,608	0	22.5%	-2,442	-24,430	53,124	0	$28.41	$28.38
SUBURBAN TOTALS	**17,253,548**	**3,621,441**	**232,239**	**22.3%**	**-78,008**	**-332,280**	**538,993**	**0**	**$35.63**	**$40.30**

**Rental rates reflect full service asking*

KEY LEASE TRANSACTIONS 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
East Campus Corporate Park – Bldg VI	Federal Way	Financial Pacific	28,677	Renewal**

***Renewals are not tracked in Statistics*

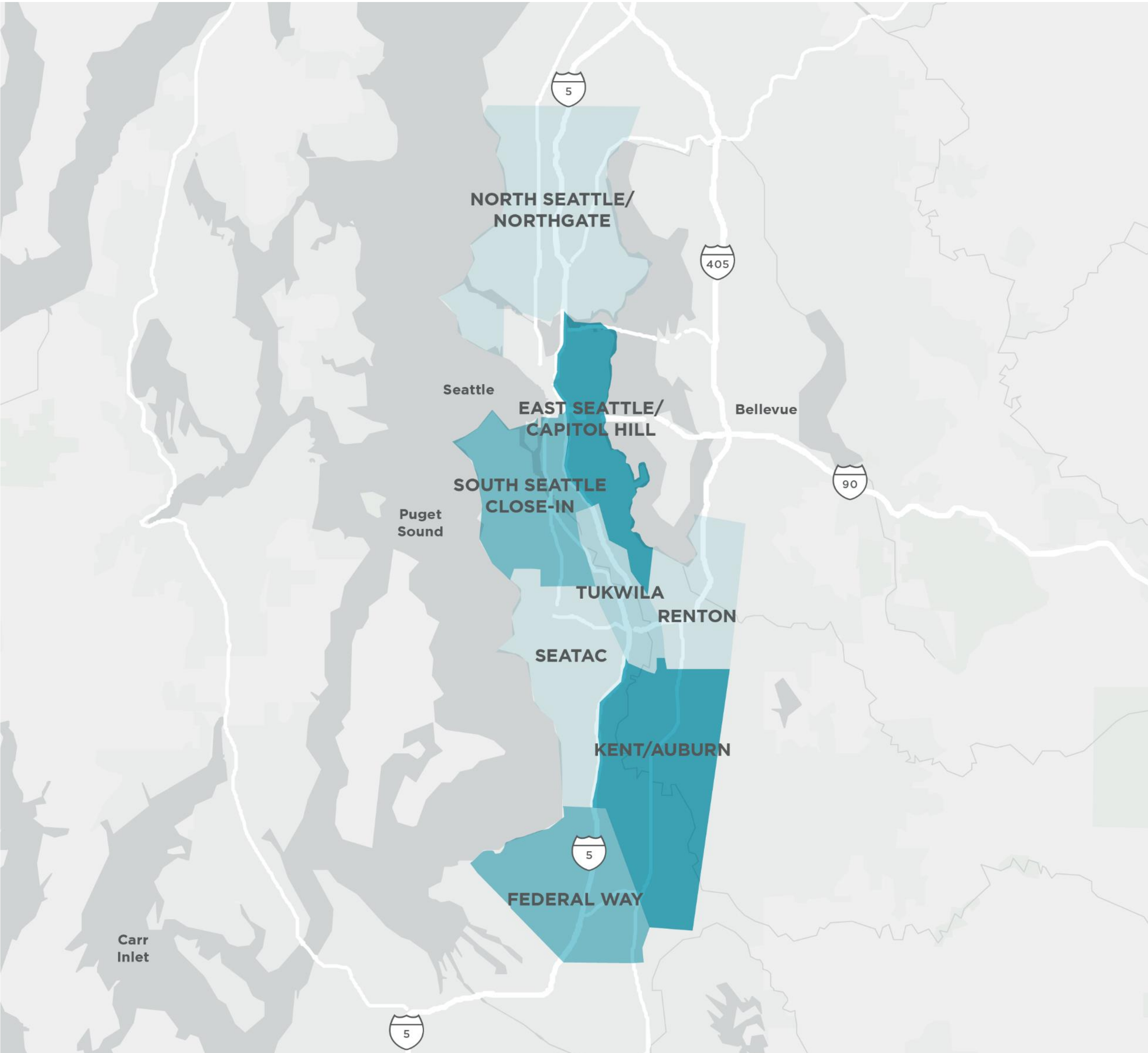
KEY SALES TRANSACTIONS 2025

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / $ PSF
SeaTac Office Center	SeaTac	PCCP, URG, Iron Point Ptrs / Port of Seattle	548,704	$110.9M / $202
Star Bldg	South Seattle Close-In	Vulcan Real Estate / Sea Otter Group LLC	66,138	$7.3M / $110
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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