

Seattle

Office | Q2 2024 Market Report

Quarterly Snapshot

↓ Average Rent
\$36.55/SF

↑ Vacancy
22.2%

↓ Net Absorption
-242,000 SF

Occupier's Perspective

The market will remain favorable for tenants into the foreseeable future as vacancy will continue rising and more buildings will reposition to the new market.

The fourth largest law firm in the Puget Sound region, Lane Powell PC, is moving their offices in 2025. Lane Powell currently occupies three floors at U.S. Bank Center at 1420 5th Ave in the central business district. The firm's new location will be 4 blocks away at the Russell Investments Center located at 1301 Second Ave.

National nonresidential construction spending dropped 1.0 percent in February on the heels of shedding nearly 0.5 percent in January, according to new data from the U.S. Census Bureau. "Virtually every nonresidential construction segment experienced a decline in spending in February," says Associated Builders and Contractors Chief Economist Anirban Basu.

Vacancy in the Downtown Seattle Office Market continued to climb, ending the second quarter of 2024 at 25.6 percent, almost a full percentage point higher than in the first quarter of 2024. The 25.6 percent vacancy rate includes 22.2 percent of direct vacancy and 3.4 percent of sublease vacancy. The trailing 12-month net absorption for the Downtown Seattle Office Market at the end of second quarter is -2,529,975 rentable square feet. The amount of office space under construction is approximately 2,221,684 rentable square feet.

Pressure from new supply should be minimal after the current supply wave dissipates. Seattle's construction starts were also at their lowest level on record last year. Less than 400,000 square feet of office projects broke ground in 2023, and no major projects have broken ground in 2024.

Recent Transactions

Tenant	Size (SF)	Submarket	Type	Building
Remitly	86,519 SF	Seattle Central Business District	New Lease	Office
Sound Transit	79,799 SF	Pioneer Square/Waterfront	New Lease	Office
Lane Powell	66,094 SF	Seattle Central Business District	New Lease	Office

Submarket Movement

Vacancy Rate	QOQ Change	Direct Asking Rent (\$/SF)	Submarket
5.4%	▲	\$22.00 - \$35.00	Queen Anne
24.7%	◆	\$25.00 - \$45.00	Ballard / U-District
4.8%	▼	\$25.00 - \$50.00	Belltown / Denny Regrade
10.8%	◆	\$25.00 - \$50.00	Capitol Hill / Central District
24.3%	▼	\$25.00 - \$55.00	Pioneer Square / Waterfront
30.5%	▲	\$30.00 - \$65.00	Central Business Di
27.0%	▲	\$40.00 - \$70.00	Lake Union