

First Quarter 2020



## General Overview

In the first quarter of 2020, the Seattle Central Business district vacancy rate increased to 5.9% from 5.5%. Total net absorption for the Downtown Seattle Office Market in Q1 was 1,707,974 RSF and there is 3,869,562 RSF of office space currently under construction, most of which has been pre-leased.

Towards the end of Q1 the biological pandemic known as COVID19 spread around the world and early on a Seattle suburb was the epicenter of the U.S. for deaths and infections. With a uniquely different economic crisis amongst us it will take time to see how exactly the Seattle office market will be impacted, but we know unemployment rates have skyrocketed and we expect a massive change in the way occupiers use space and employ telecommuting for the foreseeable future.

## Economy

The Seattle/Bellevue/Everett area saw no change in unemployment with preliminary seasonally adjusted unemployment for January and February 2020 at 2.6% according to The Washington State Employment Security Department. The Bureau of Labor Statistics is reported a slightly lower rate of 3.3% for the Seattle/Bellevue/Tacoma area. However, in March more than 10 million Americans lost their jobs and applied for government aid as the coronavirus shut down major cities and people were asked to avoid groups over ten people. An official unemployment rate has not yet been released, the nation's employment rate was 3.5 percent in February, but economists are estimating a 10 percent jump.

# Office Market Trends

## First Quarter 2020

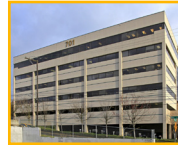
### Proposed Development

There were many proposed office projects in the pipeline at the end of Q1 2020. Most developers believe it is too early to tell how COVID19 will affect their plans.



#### FOURTH AND COLUMBIA - 701 4TH AVENUE

DEVELOPER: Crescent Heights  
COMMENTS: 151,650 square feet of office, 1,200 residences, 150 hotel rooms, 15,500 square feet retail, 101 stories



#### 701 DEXTER AVENUE NORTH

DEVELOPER: Alexandria Real Estate  
COMMENTS: 217,000 square feet of office or lab space



#### 1916 BOREN AVENUE

DEVELOPER: Trammell Crow  
COMMENTS: 115,000 square foot office project



#### BLOCK 18 - 2205 7TH AVENUE

DEVELOPER: Graphite Design Group  
COMMENTS: 388,000 square feet of office. 100% leased to Amazon



#### SLU STREETCAR BARN - 318 FAIRVIEW AVENUE NORTH

DEVELOPER: Skanska  
COMMENTS: 11 story office tower built over a new streetcar barn. Size unknown.



#### 401 QUEEN ANNE AVENUE NORTH

DEVELOPER: Martin Selig  
COMMENTS: 240,000 square feet of office space



#### THE NET - 801 THIRD AVENUE

DEVELOPER: Urban Visions  
COMMENTS: 807,580 square feet of office with two floors of "open market" retail



#### FORMER SEATTLE TIMES HQ - 1120 JOHN STREET

DEVELOPER: Onni Group  
COMMENTS: 940,160 square feet of office with 54,000 square feet of retail



#### 760 ALOHA STREET

DEVELOPER: Nitze-Stagen  
COMMENTS: 44,481 square feet of office



#### 7TH & BATTERY - 2301 7TH AVENUE

DEVELOPER: Onni Development  
COMMENTS: 310,000 square feet of office, 600 residential units



#### WINDERMERE BUILDING - 815-825 WESTERN AVENUE

DEVELOPER: Martin Selig  
COMMENTS: 300,000 square feet of office, 10 floors of apartments



#### NORTHGATE MALL REDEVELOPMENT

DEVELOPER: Simon Property Group  
COMMENTS: 978,500 square foot redevelopment project



#### 601 DEXTER AVENUE NORTH

DEVELOPER: Alexandria Real Estate  
COMMENTS: 200,000 square feet of office space



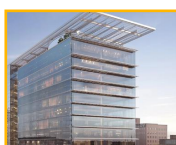
#### BLOCK 48 - 111 WESTLAKE AVENUE N

DEVELOPER: Vulcan  
COMMENTS: Project will feature 0.5 acres of open spaces, and 420,000 square feet of office space



#### WASHINGTON 1000 - 1000 OLIVE WAY

DEVELOPER: Hudson Pacific Properties  
COMMENTS: 526,000 square foot office tower



#### UNIVERSITY DISTRICT STATION BUILDING - 4300 BROOKLYN AVENUE N

DEVELOPER: Lincoln Property Co.  
COMMENTS: Size of building yet to be determined, construction must start no later than June 2021. University of Washington has agreed to lease 175,000 SF



#### 570 MERCER STREET

DEVELOPER: Schnitzer West  
COMMENTS: 100,000 square foot office building



#### 4530 12TH AVENUE/4536 BROOKLYN AVENUE NE

DEVELOPER: Touchstone-Portman JV  
COMMENTS: Building A- 11-story 240,000 square feet of office. Building B- 9-story 152,000 square feet of office

# Office Market Trends

## First Quarter 2020

### Proposed Development

There were many proposed office projects in the pipeline at the end of Q1 2020. Most developers believe it is too early to tell how COVID19 will affect their plans.



#### SCCA EXPANSION - I-5 & VALLEY STREET

DEVELOPER: SCCA  
COMMENTS: 240,000 square feet of lab and office space



#### "S" - 1001 6TH AVENUE SOUTH

DEVELOPER: Urban Visions  
COMMENTS: 1,620,000 square feet of office



#### 4536 BROOKLYN AVENUE

DEVELOPER: Touchstone  
COMMENTS: 345,000 square feet of office



#### 222 FIFTH AVENUE NORTH

DEVELOPER: Da Li Properties  
COMMENTS: 200,000 square foot office building, ground floor retail



#### METROPOLE BUILDING - 423 2ND AVENUE EXT. S

DEVELOPER: Satterberg Foundation  
COMMENTS: 27,645 square foot office renovation



#### MERCER MEGA-BLOCK

DEVELOPER: Alexandria Real Estate  
COMMENTS: 800,000 square foot life science campus



#### 800 STEWART STREET

DEVELOPER: Per Day LLC  
COMMENTS: 53 stories, 37,240 square feet of office, 568 residences, ground-floor retail



#### 219 TERRY AVENUE

DEVELOPER: Alexandria Real Estate, Hess Callahan Partners, Stephen C Grey & Assoc.  
COMMENTS: 12-story building project, size and use unknown



#### 601 DEXTER AVENUE NORTH

DEVELOPER: Alexandria Real Estate  
COMMENTS: Removal of old warehouse, and 11-story office tower, 186,264 square feet, 187 vehicles



#### 75 MARION STREET

DEVELOPER: Martin Selig Real Estate  
COMMENTS: 209,000 square feet of office space, plus retail, 106 residential units, 278 underground parking stalls



#### WASHINGTON PARK BUILDING REDEVELOPMENT -

DEVELOPER: Unico Properties  
COMMENTS: 48,000 square feet of office and 6,000 square feet of restaurant and retail space



#### 5 PARCELS - FIFTH & SEVENTH & STEWART STREET & OLIVE WAY

DEVELOPER: Kilroy Realty  
COMMENTS: Plans not immediately known



## First Quarter 2020

### Office Construction

Many office projects were under construction in Q1 2020, most pre-leased. Due to the Stay At Home order issued by Gov. Inslee on March 23rd, most construction came to a halt.



#### AMAZON II & AMAZON PHASE VI, VII & VIII

DEVELOPER: Vulcan  
COMMENTS: 2,094,000 square foot project  
100% leased to Amazon



#### AMAZON FOURTH HQ BLOCK - 8TH AVENUE & BELL/ SEVENTH AVENUE & BLANCHARD

DEVELOPER: Graphite Design Group  
COMMENTS: 835,000 total square foot project with two towers (24 story & 7 story).  
100% leased to Amazon



#### RAINIER SQUARE REDEVELOPMENT

DEVELOPER: Wright Runstad & Co.  
COMMENTS: 762,800 square feet of office, 216 residences. 100% leased to Amazon. Approx. 650,000 square feet of office available for sublease



#### BLOCK 20 - 1234 WESTLAKE AVENUE

DEVELOPER: Seneca Real Estate Group  
COMMENTS: 1,100,000 square foot project  
100% preleased to Amazon



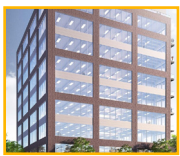
#### RAILSPUR - 419 OCCIDENTAL AVENUE SOUTH

DEVELOPER: Urban Villages & Manchester Capital  
COMMENTS: 98,000 square foot office project



#### FORMER FEDERAL RESERVE BUILDING - 1015 2ND AVENUE

DEVELOPER: Martin Selig  
COMMENTS: 195,000 square feet of office, 223,000 square feet total



#### BOREN OFFICE LOFTS - 1930 BOREN AVENUE

DEVELOPER: Trammell Crow  
COMMENTS: 115,000 square feet of office space



#### 333 DEXTER - 333 DEXTER AVENUE NORTH

DEVELOPER: Kilroy Realty Corporation  
COMMENTS: 650,000 square foot project,  
100% leased to Apple



#### ARBOR BLOCKS EAST & WEST-300-333 8TH AVENUE NORTH

DEVELOPER: Vulcan  
COMMENTS: 196,208 & 192,703 square foot projects, 100% leased to Facebook



#### FIRESTONE TIRE CENTER - 400 WESTLAKE AVENUE NORTH

DEVELOPER: Martin Selig Real Estate  
COMMENTS: 190,000 square feet of office and biotech space



#### 1818 FAIRVIEW - 1818 FAIRVIEW AVENUE EAST

DEVELOPER: Alexandria Real Estate  
COMMENTS: 205,000 square foot office project, 31% leased to Bluebird Bio and SCCA



#### DEXTER YARD - 700 DEXTER AVENUE NORTH

DEVELOPER: BioMed Realty  
COMMENTS: 515,000 square foot 2-tower office and laboratory project with 14 stories, ground retail and 520 parking stalls



#### CEDAR SPEEDSTER - 401 NORTH 36TH STREET

DEVELOPER: Evolution Projects  
COMMENTS: 39,831 square feet of office space



#### 2301 7TH AVENUE

DEVELOPER: Onni Group  
COMMENTS: 1,510 residential units, 310,000 square feet of office



#### LAKE FRONT BLOCKS

DEVELOPER: Vulcan  
COMMENTS: Several blocks set to be developed. Google has already leased Blocks 25 & 31 totalling 600,000+ square feet



#### THE JACK - 74 SOUTH JACKSON STREET

DEVELOPER: Urban Visions  
COMMENTS: 135,300 square feet of office space



#### 400 UNIVERSITY @ RAINIER SQUARE

DEVELOPER: Wright Runstad & Co  
COMMENTS: 110,000 square feet office space, restaurant and lounge



#### CASCADIAN - 330 YALE AVENUE NORTH

DEVELOPER: Unico  
COMMENTS: 200,000 square foot office project



#### FREMONT NORTH SHORE - 1326 NORTH NORTHLAKE WAY

DEVELOPER: Kevin Conroy & Jim Neuberger  
COMMENTS: 30,000 square foot office project. Set to break ground this quarter, but unlikely.









#### FREMONT CROSSING - 316 FLORENTIA STREET

DEVELOPER: Pacific Capital Investments & Pastakia + Associates  
COMMENTS: 58,000 square feet of office

First Quarter 2020

## Notable Q1 2020 Leases

Office leasing in the first quarter started off strong and then came to a halt. Both Airbnb and Slalom expanded in the Seattle market early in Q1. Due to COVID19 most transactions expected to close in the near term have been put on hold.

Tenant	Building Name	Address	Square Feet
 <b>Seyfarth</b>	999 Third	999 3rd Avenue	22,800
 <b>sproutsocial</b>	800 Fifth	800 5th Avenue	21,500
 <b>AXON</b>	1100 Olive Way	1100 Olive Way	20,965
 <b>slalom</b>	Exchange Building	821 2nd Avenue	16,800 (total space 127,000)
 <b>nexelis</b>	645 Elliott	645 Elliott Avenue West	16,250
 <b>airbnb</b>	8th & Olive	720 Olive Way	15,700 (total space 58,300)

First Quarter 2020

## Top Q1 2020 Office Sales

In general, the sales volume in Q1 2020 was slower than late 2019. This is mostly due to the Real Estate Excise Tax on property sales taking effect in 2020, which led many investors to rush to close sales transactions in 2019.

Building Name / Address	Seller / Buyer	Building Size	Sale Price / Price PSF
Black Manufacturing Building 1130 Rainier Avenue S Seattle, WA	Pam & Paul Krug of Seavest Realty / Nitze-Stagen	62,200 SF	\$26.75 Million / \$430 PSF
Delmar Building 108 S Washington Seattle, WA	SRO Properties / Delmar Plus Inc.	22,770 SF	\$7.35 Million / \$322 PSF

## Market Data

To summarize, below is a table providing information for the major submarkets of Seattle:

MARKET	Vacancy Rate	YTD Aborption (SF)	Average FS Rental Rates (Class A)
Ballard/U Dist	5.0%	(116,220)	\$45.41
Belltown/Denny Regrade	3.1%	2,077,698	\$46.75
Capitol Hill/Central District	2.0%	48,999	\$50.00
Lake Union	2.4%	1,060,926	\$51.30
Pioneer Square/Waterfront	7.2%	(165,680)	\$45.63
Queen Anne	10.8%	(151,276)	\$47.47
Seattle CBD	7.7%	1,096,347	\$49.13

The total vacancy rate for Seattle is approximately 5.5%.

## Submarket Snapshot

