

Third Quarter 2021



## General Overview

In Q3 2021, the total vacancy rate for the Downtown Seattle Office Market increased slightly to 12.1%. The vacancy rate over the last 4 quarters was: Q3 2020: 7.0%, Q4 2020: 8.6%, Q1 2021: 11.1%, and Q2 2021: 11.7%. This trend suggests the market continues to slip slightly, but has mostly stabilized and flattened following the effects of the COVID-19 pandemic. The 12-month net absorption for the Downtown Seattle Office Market is (1,900,832) RSF and another 1,339,774 RSF is currently under construction.

With the COVID-19 virus and Delta variant still very much among us, government mask mandates have been strengthened, return to work dates are being delayed, and some employers are establishing requirement for employees to be vaccinated. Despite all of this, the Seattle market has seen a resurgence in landlord confidence due to an uptick in leasing activity. There is also significant investment interest for commercial real estate product in the region as Seattle's long term economic outlook remains strong. As a result, financial terms for leasing by tenants directly with landlords are at or near pre-pandemic levels. There are still some good terms for subleases, but many of the bargains for quality subleases have been subleased. Looking forward, we expect the market to continue to remain flat with the potential for a decrease in overall vacancy in the foreseeable future.

## Economy

According to the Washington State Employment Security Department the seasonally adjusted monthly unemployment rate for Washington State is 5.1%, slightly below the nationwide rate of 5.2%. In Seattle/Bellevue/Everett unemployment rate for May 2021 was 5.0% down from 5.3% in June 2021.

# Office Market Trends

Third Quarter 2021

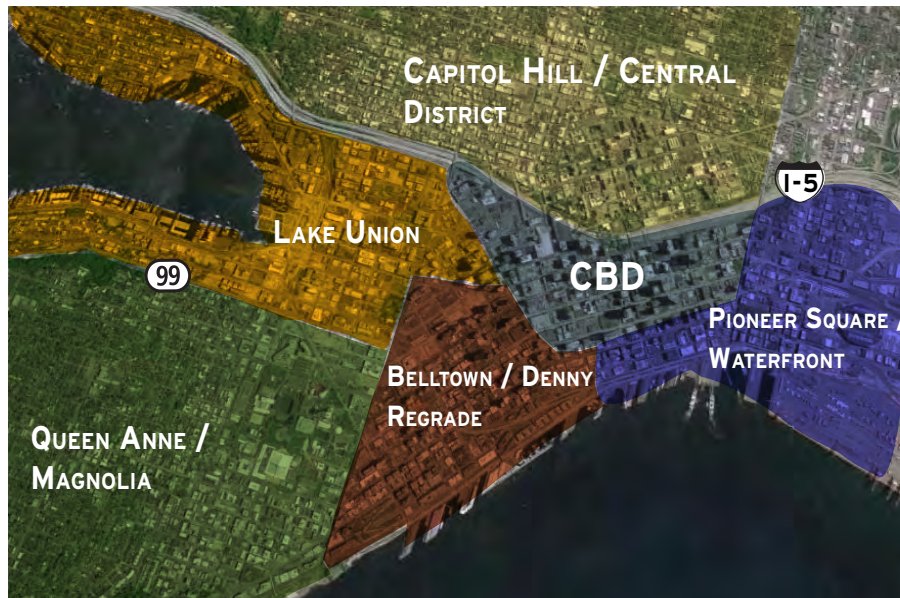
## Market Data

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

MARKET	Vacancy Rate	YTD Absorption (SF)	FS Class A Rental Rate Range
Ballard/U Dist	12.7%	(180,651)	\$30.00-\$50.00
Belltown/Denny Regrade	9.46%	(46,045)	\$30.00-\$50.00
Capitol Hill/Central District	2.55%	949	\$35.00-\$55.00
Lake Union	4.54%	(22,696)	\$50.00-\$70.00
Pioneer Square/Waterfront	16.23%	(486,322)	\$30.00-\$65.00
Queen Anne	18.41%	368,691	\$28.00-\$40.00
Seattle CBD	15.20%	(1,537,004)	\$40.00-\$65.00

The total vacancy rate for Seattle is approximately 11.7%.

### Submarket Snapshot



Third Quarter 2021

## Sublease Inventory by Submarkets













Submarket	Total Sublease Square Feet	Largest Company Subleasing Space	Building
Ballard / U-District	139,000 RSF	Tableau	Plaza Building
Belltown / Denny Regrade	236,000 RSF	City University	521 Wall Street
Seattle CBD	1,900,000 RSF	Amazon	Rainier Square
Queen Anne / Magnolia	584,000 RSF	F5	Elliott West Building
Lake Union	93,000 RSF	Essence	Alley24
Capitol Hill / Central District	32,000 RSF	CellNetix	1124 Columbia Street
Pioneer Square / Waterfront	352,000 RSF	Big Fish Games	Maritime Building

# Office Market Trends

Third Quarter 2021






## Sublease Activity

Below is a list of the largest subleases available in the Seattle Market:

Property	Sublandlord	Floors	Sublease Space SF
Rainier Square Development		3,5-12,14-20,27-36	498,195
Maritime Bldg		2 - 7	186,806
Qualtric's Tower at 2+U		10, 11, 12, 13, 14	120,886
F5 Tower		23, 24, 26-30	115,462
Elliott West Building 3		1-4	110,000
Elliott West Building 1		1-5	103,965
Elliott West Building 2		1-4	85,000
6th & Wall Bldg		1 & 2	85,000
Plaza Building - Fremont Lake Union Center		2,3,4	84,256
Met Park East		3-6,13	80,248
The Tower at Fourth & Madison		3, 6, 7	76,268
Qualtric's Tower at 2+U		22 - 27	68,892

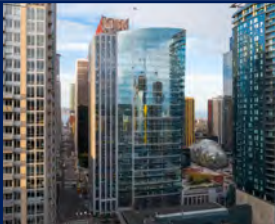


Third Quarter 2021

## Q3 2021 Leases

Tenant	Building Name	Address	Square Feet
	800 5th Avenue	800 5th Ave	123,900 SF
	Qualtrics Tower at 2+U	1201 2nd Ave	60,480 SF
	Russell Investments Center	1301 2nd Ave	44,431 SF
	World Trade Center East	2211 Elliott Ave	35,301 SF
	Madison Centre	920 5th Ave	22,193 SF

Third Quarter 2021

## Top Q3 2021 Office Sales

Building Name / Address	Buyer / Seller	Building Size	Sale Price / Price PSF
	West 8th 2001 8th Ave	Kilroy Realty Corporation / DWS	539,000 RSF \$490 Million / \$909 PSF
	Safeco Plaza 1001 4th Ave	Boston Properties / Vestas Investment Management, GLL Real Estate Partners	810,493 SF \$465 Million / \$573 PSF
	Watershed Building 900 N 34th St	GLL Real Estate Partners Inc / Spear Street Capital, Hess Callahan, Stephen C Grey & Associates	66,554 SF \$65 Million / \$976 PSF
	Pacific Commerical Building 220-240 2nd Ave S	Rubicon Point Partners / Alexandria Real Estate Equities	90,040 SF \$24.1 Million / \$266 PSF

Third Quarter 2021

## Office Construction



**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



**7TH & BATTERY - 2301 7TH AVENUE**  
DEVELOPER: Onni Development  
COMMENTS: 310,000 square feet of office, 600 residential units



**FIRESTONE TIRE CENTER - 400 WESTLAKE AVENUE NORTH**  
DEVELOPER: Martin Selig Real Estate  
COMMENTS: 190,000 square feet of office and biotech space



**WASHINGTON 1000 - 1000 OLIVE WAY**  
DEVELOPER: Hudson Pacific Properties  
COMMENTS: 526,000 square foot office tower



**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



**RAILSPUR - 419 OCCIDENTAL AVENUE SOUTH**  
DEVELOPER: Urban Villages & Manchester Capital  
COMMENTS: 98,000 square foot office project



**520 WESTLAKE - 520 WESTLAKE AVENUE NORTH**  
DEVELOPER: Vulcan, Inc.  
COMMENTS: 372,000 square feet of office space.

Third Quarter 2021

## Proposed Development



### 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



### 601 DEXTER AVENUE NORTH

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



### 1916 BOREN AVENUE

DEVELOPER: Trammel 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



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

DEVELOPER: Kilroy Realty  
COMMENTS: Plans not immediately known



### 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



### 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



### 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



### 570 MERCER STREET

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



Third Quarter 2021

## Proposed Development



### 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



### BLOCK 37

DEVELOPER: Vulcan  
COMMENTS: +300,000 square feet of office space, 6 stories.



### 222 FIFTH AVENUE NORTH

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



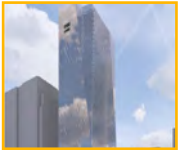
### METROPOLE BUILDING - 423 2ND AVENUE EXT. S

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



### 312 9TH AVE N

DEVELOPER: Vulcan  
COMMENTS: +224,000 square feet of office space, 11 stories.



### 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



### BLOCK 57W

DEVELOPER: Vulcan  
COMMENTS: +199,000 square feet of office space, 11 stories.



### 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



### BLOCK 77N

DEVELOPER: Vulcan  
COMMENTS: +170,000 rentable square feet.



### 4536 BROOKLYN AVENUE

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



### 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.



### BLOCK 79E

DEVELOPER: Vulcan  
COMMENTS: +370,000 rentable square feet



### 816 MERCER STREET

DEVELOPER: Alexandria Real Estate  
COMMENTS: Two 13-story office buildings with recreation center and conference center; parking for 600 vehicles. Early design guidance; temporary change from full design review to administrative design review due to the COVID-19 pandemic



### MERCER MEGA-BLOCK

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



### BLOCK 55N

DEVELOPER: Vulcan  
COMMENTS: +190,000 rentable square feet