

Fourth Quarter 2020



## General Overview

In Q4 2020, the Seattle Downtown vacancy rate increased to 8.6% from 7.0% in the third quarter. Q4 net absorption was (922,344) RSF. The continued rise in vacancy can mostly be attributed to new sublease availability. Seattle has seen over 2.4 Million square feet of new sublease space come to market since the beginning of lockdown in March of 2020. The effects of new sublease vacancy and stagnant leasing activity have shaken direct landlord confidence and we are seeing rental rates drop along with significant increases in tenant improvement allowances and free rent. In December, the distribution of the COVID-19 vaccine began. It will be interesting to see how companies plan to come back to the office when the vaccine is widely distributed – hopefully sooner rather than later.

## Economy

The Seattle/Bellevue/Everett area saw a decrease in unemployment with preliminary seasonally adjusted unemployment for November 2020 at 4.4% according to The Washington State Employment Security Department. The Bureau of Labor Statistics is reporting a slightly higher rate of 5.1% for the Seattle/Bellevue/Tacoma area. At the end Q3 unemployment fell to around 7.5% after reaching above 10% in Q2. Overall, unemployment rates were higher in November 2020 compared to a year ago.

## Fourth Quarter 2020

## 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

**LAKE FRONT BLOCKS**

DEVELOPER: Vulcan  
COMMENTS: Several blocks set to be developed.

**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

**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

**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

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## 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



**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



**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



**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.



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### Office Construction



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

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



#### BOREN OFFICE LOFTS - 1930 BOREN AVENUE

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



#### THE JACK - 74 SOUTH JACKSON STREET

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



#### 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



#### 333 DEXTER- 333 DEXTER AVENUE NORTH

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



#### 400 UNIVERSITY @ RAINIER SQUARE

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



#### 701 DEXTER AVENUE NORTH

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



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

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



#### CASCADIAN - 330 YALE AVENUE NORTH

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



#### BLOCK 20 - 1234 WESTLAKE AVENUE

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



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

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



#### FREMONT CROSSING - 316 FLORENTIA STREET

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



#### RAILSPUR - 419 OCCIDENTAL AVENUE SOUTH

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



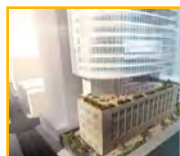
#### 1818 FAIRVIEW - 1818 FAIRVIEW AVENUE EAST

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



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

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



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

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



#### 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

# Office Market Trends

Fourth Quarter 2020

## Q4 2020 Leases

Office leasing in the fourth quarter remained slow. Several companies continued to put requirements on hold while evaluating the impacts of the pandemic or engaged in short term extensions.



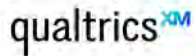











Tenant	Building Name	Address	Square Feet
 <b>King County</b>	Second & Seneca Bldg	1191 2nd Avenue	26,030 SF
	Madison Centre	920 5th Avenue	22,227 SF
	One Convention Place	701 Pike Street	21,063 SF
	The Labs @ 201 Elliott	201 Elliott Avenue West	13,904 SF

# Office Market Trends

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## Sublease Activity

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

Property	Sublandlord	Floors	Sublease Space SF
Rainier Square Development		3,5-12,14-20,27-37	558,730
Maritime Bldg		2 - 7	186,806
Qualtric's Tower at 2+U		22 - 27	122,000
Qualtric's Tower at 2+U		10, 11, 12, 13, 14	120,886
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	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
Safeco Plaza		14, 15, 16, 25, 26, 29-31, 43	70,852
Decatur Bldg		2, 4, 5	56,023
Lake View Building		2	54,774

# Office Market Trends

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## Top Q4 2020 Office Sales

In general, the sales volume in 2020 grew significantly in Q4, compared to the previous quarters. There were several notable sales to take place in the Seattle market.

Building Name / Address	Buyer / Seller	Building Size	Sale Price / Price PSF
Qualtrics Tower at 2+U 1201 2nd Ave Seattle, WA	Hana Alternative Asset Management Co / Skanska	703,003 SF	\$651.64 Million / \$1,001 PSF
1918 8th Building 1918 8th Ave Seattle, WA	Hudson Pacific Properties, Inc. / J.P. Morgan Asset Management	668,886 SF	\$625 Million / \$934 PSF
Earl Davie Building 1208 Eastlake Ave E Seattle, WA	Clarion Partners / Alexandria Real Estate	100,131 SF	\$132.06 Million / \$1,884 PSF
Yale & Thomas 325 Eastlake Ave E Seattle, WA	GI Partners / Unico Properties	158,433 SF	\$120.99 Million / \$764 PSF
Seattle City Light Lake Union Steam Plant 1201 Eastlake Ave E Seattle, WA	Clarion Partners / Alexandria Real Estate	103,238 SF	\$68.74 Million / \$951 PSF
The Terry Thomas Building 225 Terry Ave N Seattle, WA	Zurich Alternative Asset Management / First Western Development Services, Inc.	44,445 SF	\$52.14 Million / \$1,173 PSF
Labor Temple 2800 1st Ave Seattle, WA	FAUL / Seattle Labor Temple Association	40,230 SF	\$11.45 Million / \$280 PSF

# Office Market Trends

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## Market Data

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

MARKET	Vacancy Rate	YTD Aborption (SF)	FS Class A Rental Rate Range
Ballard/U Dist	8.6%	69,678	\$35.00-\$50.00
Belltown/Denny Regrade	7.5%	1,647,636	\$35.00-\$50.00
Capitol Hill/Central District	3.1%	49,710	\$40.00-\$60.00
Lake Union	3.4%	514,471	\$50.00-\$70.00
Pioneer Square/Waterfront	10.4%	(277,005)	\$40.00-\$70.00
Queen Anne	14.3%	(7,157)	\$28.00-\$40.00
Seattle CBD	10.4%	(1,299,715)	\$45.00-\$70.00

The total vacancy rate for Seattle is approximately 8.6%.

### Submarket Snapshot

