

A panoramic view of the Seattle skyline at sunset. The Space Needle is prominent on the left, and Mount Rainier is visible in the distance. The sky is a mix of orange and blue. In the foreground, there are green trees and a white flowering tree on the right.

Quarterly Market Report

Q4 – 2022

Quarterly Highlights

General Overview

At the end of Q4 2022 the Downtown Seattle Office Market vacancy stayed at 17.3% including 14.3% of direct vacancy and 3.0% of sublease vacancy. The 12-month net absorption for the Downtown Seattle Office Market at the end of Q4 2022 was negative 1,640,154 RSF. The amount of office space under construction is approximately 1,264,940 RSF. The Seattle region's vacancy rate remains above the historic average and continues to climb.

We are now into our third consecutive year of negative absorption. The combination of the pandemic, working from home, and safety concerns in Seattle have significantly influenced the way companies are planning for space. Seattle is known as a city for tech jobs and recent layoffs announced by large tech companies including Amazon will likely have a large impact on the strength of the market in the future.

Economy

According to the U.S. Bureau of Labor Statistics the seasonally adjusted monthly unemployment rate for Washington State is 4.0% slightly above the nationwide rate of 3.7%. In Seattle/Tacoma/Bellevue, unemployment rate for November 2022 was 3.4% down from 3.5 % in August 2022.

Submarket 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 Range
Ballard / U-District	7.71%	46,863	\$30.00 – \$50.00
Belltown / Denny Regrade	17.00%	(76,809)	\$30.00 – \$50.00
Capitol Hill / Central District	4.36%	(57,793)	\$35.00 – \$55.00
Lake Union	6.95%	9,219	\$50.00 – \$70.00
Pioneer Square / Waterfront	19.39%	(76,540)	\$30.00 – \$65.00
Queen Anne	21.98%	171,867	\$28.00 – \$40.00
Central Business District	21.72%	(1,711,998)	\$40.00 – \$65.00

17.3% TOTAL VACANCY RATE FOR SEATTLE



Q4 2022 Leases

Office leasing in the fourth quarter of 2022

Tenant	Building	Address	Square Feet
Seattle Children's	1916 Boren Avenue	1916 Boren Avenue	126,000
Kimley Horn	1201 Third	1201 3rd Avenue	46,466
Knotel	Federal Reserve Building	1015 2nd Avenue	37,381
Ogden Murphy Wallace, PLLC	901 5th	901 5th Avenue	34,760
Ryan, Swanson & Cleveland	Rainier Square	401 Union Street	24,340
P2S Engineering	1201 Third	1201 3rd Avenue	23,650
Knotel	3131 Elliott	3131 Elliott Avenue	23,614
Group Health	Rainier Tower	1301 5th Avenue	18,188



Top Q4 2022 Office Sales

Building & Address	Buyer / Seller	Building Size	Sale Price / Price PSF
 4215 21st Ave W Seattle, WA	Imagine Color Service / Greater Good	13,210 RSF	\$3.05 M / \$231
 2810 Eastlake Ave E Seattle, WA	Eat Five LLC / Martin Smith	5,000 RSF	\$6 M / \$1,200
 2401 SW Alaska St Seattle, WA	William & Connie Buckingham / Bee's Plumbing & Heating	8,531 RSF	\$4.03 M / \$472

Office Construction



The Jack
74 S Jackson St
Developer: Urban Visions
Comments: 162,843 square feet of office space



Washington 1000
1000 Olive Way
Developer: Hudson Pacific Properties
Comments: 531,000 square foot office tower



Chapter Buildings
4536 Brooklyn Ave NE /4530 12th Ave NE
Developer: Touchstone
Comments: 394,500 square feet of office space, 21,000 square feet of outdoor space.



Firestone Tire Center
400 Westlake Ave N
Developer: Martin Selig Real Estate
Comments: 226,876 square feet of office and biotech space



7th & Battery
2301 7th Ave
Developer: Onni Development
Comments: 310,000 square feet of office, 600 residential units



760 Aloha Street
Developer: Nitze-Stagen
Comments: 44,481 square feet of office



701 Dexter
701 Dexter Ave N
Developer: Alexandria Real Estate Equities
Comments: 10-story, 242,460 square foot building



Northlake Commons
3800 Latona Ave NE
Developer: Spear Street Capital, Hess Callahan Grey Group & Weber Thompson Architects
Comments: 158,000 square feet of office and life science space. First mass timber commercial building of its size in Seattle.

Proposed Development

Below is a description of the largest proposed developments in Seattle. A full list of proposed developments is available upon request.



"S"
1001 6th Ave S
Developer: Urban Visions
Comments: 1,620,000 square feet of office



Northgate Mall Redevelopment
Developer: Simon Property Group
Comments: 978,500 square foot redevelopment project



Former Seattle Times HQ
1120 John St
Developer: Onni Group
Comments: 940,160 square feet of office with 54,000 square feet of retail



The Net
801 3rd Ave
Developer: Urban Visions
Comments: 807,580 square feet of office with two floors of "open market" retail



9th & Howell
876 Howell Street
Developer: RC. HeDreen Co.
Comments: 23 story building - 371,500 square feet of office, 8,000 square feet retail



Mercer Mega-Block
Developer: Alexandria Real Estate
Comments: 800,000 square foot life science campus



Block 48
111 Westlake Ave N
Developer: Vulcan
Comments: Project will feature 0.5 acres of open spaces, and 420,000 square feet of office space



Block 18
2205 7th Ave
Developer: Graphite Design Group
Comments: 388,000 square feet of office. 100% leased to Amazon



Block 79E
Developer: Vulcan
Comments: ±370,000 rentable square feet



4536 Brooklyn Ave
Developer: Touchstone
Comments: 345,000 square feet of office



Lloyd Building Preservation + Office Tower
1818 6th Ave
Developer: Kilroy Realty Corporation
Comments: 18-story 325,000 square feet of office.



Block 37
Developer: Vulcan
Comments: ±300,000 square feet of office space, 6 stories.



Windermere Building
815-825 Western Ave
Developer: Martin Selig
Comments: 300,000 square feet of office, 10 floors of apartments



401 Queen Anne Ave N
Developer: Martin Selig
Comments: 240,000 square feet of office space



SCCA Expansion
I-5 & Valley Street
Developer: SCCA
Comments: 240,000 square feet of lab and office space

An aerial photograph of Seattle, Washington, showing the city skyline, the waterfront, and the surrounding urban area. The image is overlaid with a semi-transparent blue filter. The text "Thank you." is centered in the middle of the image.

Thank you.

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601 Union St #4900, Seattle, WA 98101 | (206) 224-3500