



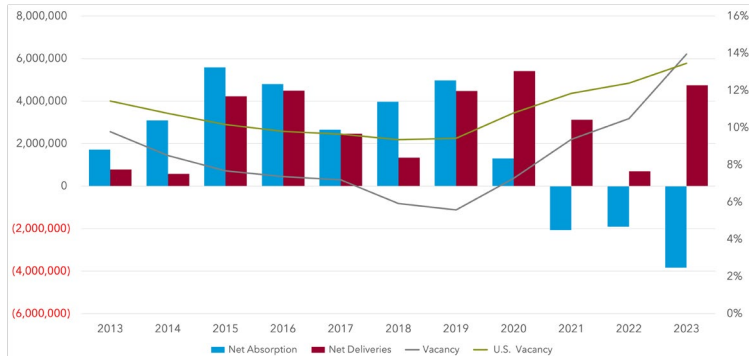
OFFICE MARKET OVERVIEW

ALEX MUIR, Senior Vice President

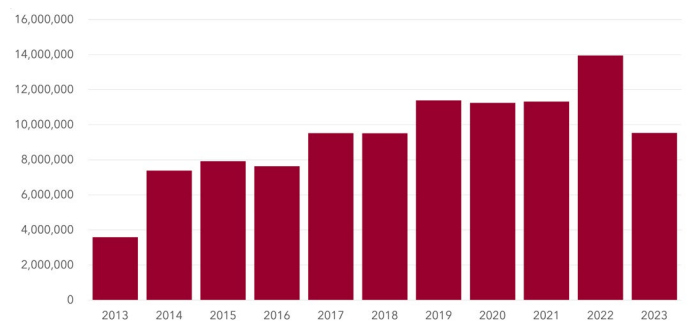
Seattle continues to be a desirable location for companies and employees, as evidenced by growth from tech firms such as ByteDance. Leasing activity is up as the return to in-office work continues. Institutional transactions remain muted, with no office sales larger than \$30 million occurring in Q4. Sales getting executed tend to involve private capital, owner-user acquisitions, or seller-financed deals. Looking forward there are reasons for optimism. Treasury rates dropped more than 100 basis points from the October high to end the year below 4%. With inflation easing, the job market softening and slower consumer spending indicating that the economy has cooled, the Fed is poised to lower interest rates in 2024, which should positively impact capital markets.

MARKET INDICATORS	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
▼ 12 Mo. Net Absorption SF	(3,833,799)	(3,404,165)	(2,662,613)	(2,724,664)	(1,909,529)
▲ Vacancy Rate	14.0%	13.1%	12.3%	11.5%	10.5%
▼ Avg NNN Asking Rate PSF	\$37.65	\$37.73	\$37.83	\$37.91	\$37.88
▼ SF Under Construction	9,534,397	11,129,335	12,440,967	13,126,303	13,950,445
▲ Inventory SF	232,238,794	230,646,470	229,347,299	228,320,473	227,497,190

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
1501 Market Street Tacoma, WA	149,330 SF	\$27,271,000 \$182.62 PSF	Pierce County Regence	Class B
2606 116th Avenue NE Bellevue, WA	33,155 SF	\$18,500,000 \$557.99 PSF	First Citizens Bank Pacific Cataract & Laser Institute	Class B
1040 12th Avenue NW Issaquah, WA	53,555 SF	\$12,250,000 \$228.74 PSF	Summit Classical Christian School Lytle Enterprises	Class B

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
1301 2nd Avenue Seattle, WA	150,962 SF	CommonWealth Partners	Perkins Coie	Law Firm
21540 30th Drive SE Bothell, WA	143,758 SF	Alexandria Real Estate Equities	Basis Independent Schools	Education
601 108th Avenue NE Bellevue, WA	66,498 SF	Kilroy Realty Corporation	ByteDance	Technology

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