



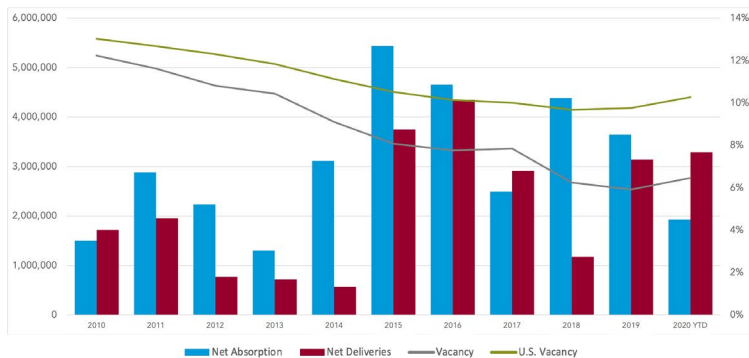
### OFFICE MARKET OVERVIEW

JIM BOWLES, SIOR, *President*

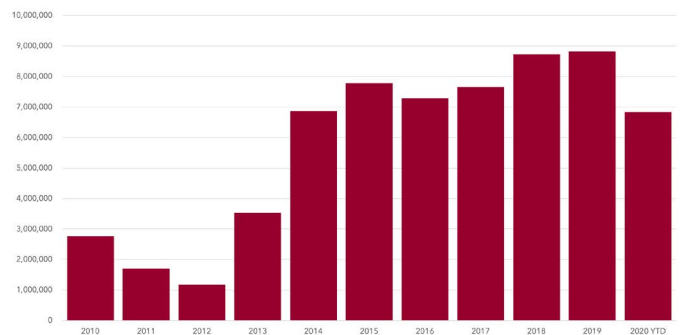
Apart from Seattle based Amazon who is rapidly expanding in the region, the Puget Sound office market is currently a reflection of our Covid-19 driven economic uncertainty. Office leasing activity has retreated by as much as 50% and tenants are exploring short-term “as-is” renewals as they rethink their space requirements. Some tenants are sub-leasing part or all of their facilities as they embrace a new “work from home” culture. Office rental rates have remained stable but lease terms have become more flexible. Even with economic uncertainty we remain optimistic about our office market going forward due to our robust tech-driven economy.

MARKET INDICATORS	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
▼ Net Absorption	4,310,104 SF	5,716,596 SF	3,642,256 SF	4,089,033 SF	3,250,059 SF
▲ Vacancy Rate	6.3%	6.1%	5.9%	5.8%	6.2%
▼ Avg NNN Asking Rate	\$38.41 PSF	\$38.55 PSF	\$38.30 PSF	\$38.00 PSF	\$37.40 PSF
▼ Under Construction	6,837,210 SF	6,923,194 SF	8,824,462 SF	8,178,339 SF	7,752,084 SF
▲ Inventory	212,796,714 SF	212,132,007 SF	209,512,424 SF	208,546,783 SF	208,003,892 SF

#### NET ABSORPTION, NET DELIVERIES, & VACANCY



#### UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
1019 Pacific Ave Tacoma, WA	221,000 SF	\$13,700,000 \$61.99 PSF	Unico Properties Pinnacle Partners	Class C
3003 77th Avenue SE Mercer Island, WA	156,768 SF	\$46,450,000 \$296.30 PSF	HAL Real Estate, Inc. VEREIT, Inc.	Class B
15319 Northeast 45th St Redmond, WA	71,000 SF	\$15,350,000 \$216.20 PSF	Microsoft Corporation Liberty Mutual Holding Company	Class C

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
7400 166th Avenue NE Redmond, WA	111,368 SF	Fairbourne Partners	Amazon	Retailers/Wholesalers
1001 4th Ave Seattle, WA	56,677 SF	Vestas Investment Management	Board of Regents University of Washington	Personal Services
11611 Willows Road NE Redmond, WA	47,158 SF	Pietromonaco Jackson Properties	Undisclosed	Undisclosed