



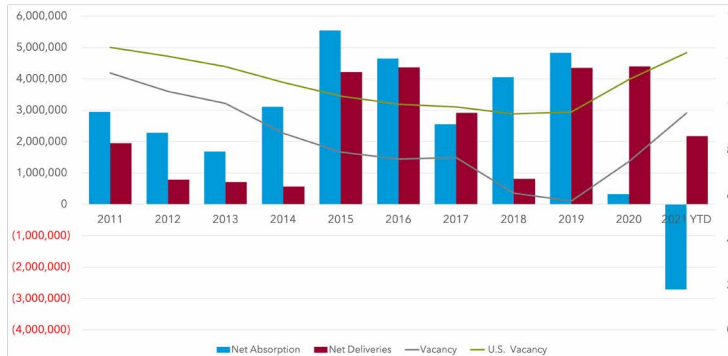
OFFICE MARKET OVERVIEW

RESEARCH GROUP

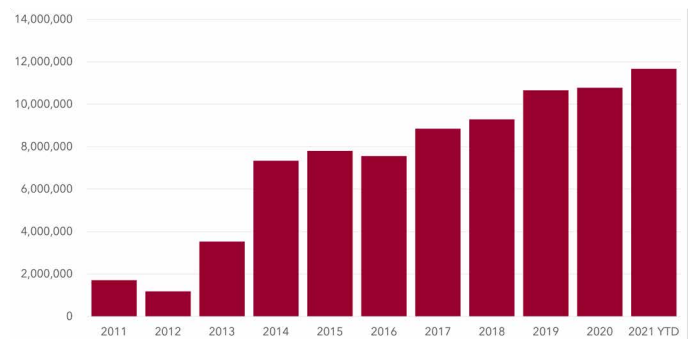
Although the overall vacancy rate for the region increased, Q2 produced some positive signs, bolstered by and somewhat mirroring the efficacy trends of COVID-19 vaccines. Smaller spaces drew the most activity, as many larger companies continue to issue (and occasionally backtrack) their initial return-to-office guidance. Bellevue's CBD retained the area's highest average rents and lower vacancy rates when contrasted against Seattle's CBD. Sublease space slowed its climb in most area submarkets, hinting at a steeper decline in coming months. While downtown businesses see the return-to-office movement as the cornerstone of economic recovery, the market's jump start toward it is cautiously healthy.

MARKET INDICATORS	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
▼ 12 Mo. Net Absorption SF	(4,625,994)	(3,478,213)	326,265	2,459,106	4,524,081
▲ Vacancy Rate	9.58%	8.98%	7.51%	6.72%	6.03%
▲ Avg NNN Asking Rate	\$39.78	\$39.51	\$39.59	\$40.03	\$40.49
▲ SF Under Construction	11,668,471	9,900,105	10,773,856	10,940,756	9,632,251
▲ Inventory SF	218,411,760	217,655,051	216,240,731	215,833,109	215,078,454

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
300 Pine Street Seattle, WA	770,000 SF	\$580,000,000 \$753.25 PSF	Kohlberg Kravis Roberts, Urban Ren Grp Starwood Capital Group	Class B
1229 124th Ave NE Bellevue, WA	197,959 SF	\$200,000,000 \$1,010.31 PSF	Brookfield Asset Management Shorenstein, Write Runstad & JP Morgan	Class A
1930 Boren Avenue Seattle, WA	134,481 SF	\$119,100,000 \$885.63 PSF	Oxford Properties Group Trammell Crow Co, WA Capital Mgmt	Class A

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
21414 68th Ave S Kent, WA	84,789 SF	Long Painting Company, Genesis I	Long Painting Company	Retailer
505 1st Ave S Seattle, WA	49,392 SF	Hudson Pacific Properties, Inc.	Undisclosed	Undisclosed
601 108th Ave NE Bellevue, WA	45,862 SF	Kilroy Realty Corporation	Undisclosed	Undisclosed