



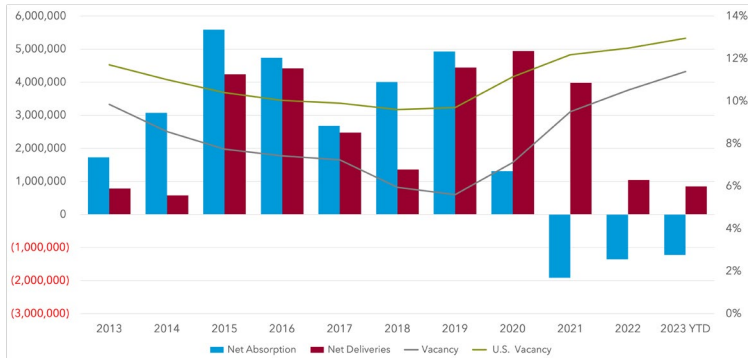
OFFICE MARKET OVERVIEW

STREN LEA, *Vice President*

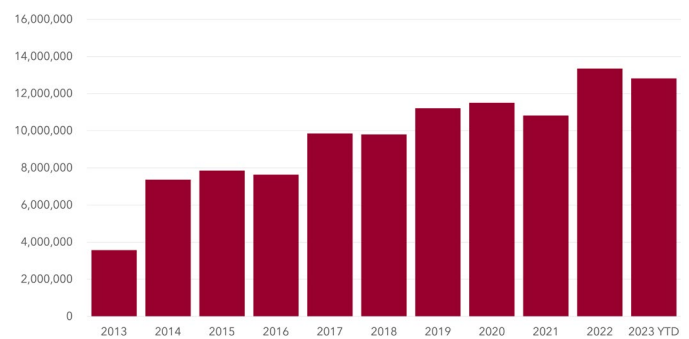
Negative absorption caused vacancies to continue to climb in Q1, approaching the 12% level not seen since the subprime crisis-era, while rent growth flattened. The largest tech employers such as Microsoft & Amazon announced additional rounds of layoffs and lease non-renewals that will be felt in coming quarters in tech submarkets. Vacancy in the tech submarkets is expected to surpass 30% in 2024. Suburban general office, medical and government sectors have remained resilient, not having been flooded with new square footage as tech submarkets had during the recent boom cycle. Sales were the lowest since Q4 2014 as buyers await the signs of a bottom and sellers are unwilling to mark down prices from recent record highs.

MARKET INDICATORS	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
▼ 12 Mo. Net Absorption SF	(1,580,689)	(1,354,480)	(212,138)	93,366	175,518
▲ Vacancy Rate	11.27%	10.52%	10.35%	10.40%	10.09%
▲ Avg NNN Asking Rate PSF	\$38.38	\$38.31	\$38.28	\$38.21	\$38.06
▼ SF Under Construction	12,820,657	13,348,629	11,918,849	11,046,007	10,759,452
▲ Inventory SF	227,659,956	226,812,510	226,780,967	226,810,675	226,423,076

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
11400 SE 8th Street Bellevue, WA	111,746 SF	\$35,000,000 \$313.21 PSF	Felton Properties, Inc. Lionstone Partners, LLC	Class B
5200 Southcenter Boulevard Tukwila, WA	42,543 SF	\$11,100,000 \$260.91 PSF	Int'l Union of Painters/Allied Trades Gesa Credit Union	Class B
130 Andover Park E Tukwila, WA	37,260 SF	\$8,600,000 \$230.81 PSF	The Carlyle Group Schreck Investments, LLC	Class B

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
1301 SW 16th Street Renton, WA	107,000 SF	Unico Properties	Alaska Airlines	Aviation
11410 NE 122nd Way Kirkland, WA	67,500 SF	The Roxborough Group	Behavior Health	Health Care
1099 Stewart Street Seattle, WA	28,479 SF	Canada Pension Plan Inv; Hudson Pacific Prop	Moderna	Health Care

The information and details contained herein have been obtained from third-party sources believed to be reliable, however, Lee & Associates has not independently verified its accuracy. Lee & Associates makes no representations, guarantees, or express or implied warranties of any kind regarding the accuracy or completeness of the information and details provided herein, including but not limited to, the implied warranty of suitability and fitness for a particular purpose. Interested parties should perform their own due diligence regarding the accuracy of the information.

The information provided herein, including any sale or lease terms, is being provided subject to errors, omissions, changes of price or conditions, prior sale or lease, and withdrawal without notice. Third-party data sources: CoStar Group, Inc., The Economist, U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, Congressional Budget Office, European Central Bank, GlobeSt.com, CoStar Property, and Lee & Associates Proprietary Data. ©

© Copyright 2023 Lee & Associates all rights reserved. Third-party Image sources: sorbis/shutterstock.com, shutterstock.com, pixabay.com, istock.com