



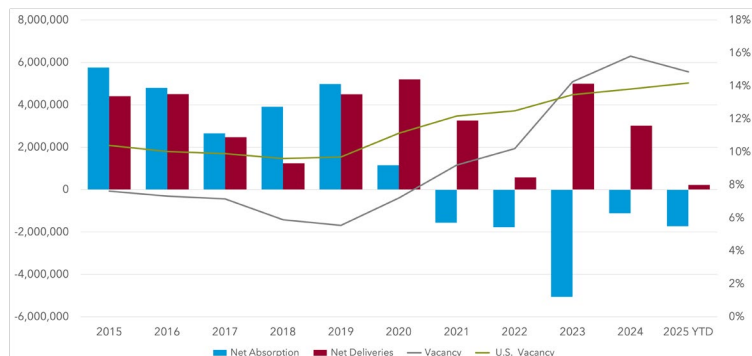
### OFFICE MARKET OVERVIEW

HARRISON LAIRD, *Principal*

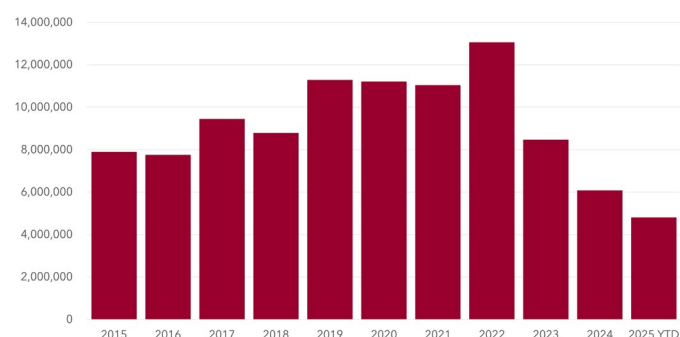
Puget Sound office vacancy continued to climb, and asking rents ticked lower through the 2nd quarter. Technology companies dominated the largest transactions of the quarter, though budget cuts and layoffs in the public, private, and non-profit sectors put downward pressure on the office space demand in the region. Uncertainty; downward pressure on office space needs; high costs of construction; and stagnant, elevated interest rates contributed to less construction starts and cautious strategies among tenants and investors. Stubborn interest rates and rolling debt are leading to more properties hitting the market and sales volumes increasing.

MARKET INDICATORS	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024
▼ 12 Mo. Net Absorption SF	(935,892)	(98,114)	(1,108,479)	(2,699,189)	(3,377,793)
▲ Vacancy Rate	17.1%	16.2%	15.81%	15.71%	15.40%
▼ Avg FSG Asking Rent PSF	\$36.51	\$37.28	\$36.87	\$36.85	\$36.84
▲ Sale Price PSF	\$500.44	\$379.00	\$374.92	\$383.25	\$380.54
▼ Cap Rate	6.30%	7.50%	7.66%	7.57%	7.48%
▼ Under Construction	4,806,240	5,796,633	5,438,739	5,682,088	6,347,748
▼ Inventory	234,943,243	236,868,599	238,161,997	237,918,648	237,252,988

### NET ABSORPTION, NET DELIVERIES, & VACANCY



### UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
1325 123rd Avenue NE Bellevue, WA	212,128 SF	\$192,612,224 \$908.00 PSF	Drawbridge Realty Block13 Owner LLC	Class A
1615 123rd Avenue NE* Bellevue, WA	343,172 SF	\$111,384,136 \$811.43 PSF	Blackstone, Inc. Shorenstein Properties	Class A
1646 123rd Avenue NE** Bellevue, WA	329,470 SF	\$106,600,000 \$809.00 PSF	Blackstone, Inc. Shorenstein Properties	Class A

\*Part 1 of 2 Property Sale; \*\*Part 2 of 2 Property Sale

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
800 5th Avenue Seattle, WA	79,000 SF	EQ Office	Casey Family Programs	Health Care & Social Assistance
555 110th Avenue NE Bellevue, WA	48,958 SF	CommonWealth Partners	OpenAI	Professional, Scientific and Tech Services
920 5th Avenue (Sublease) Seattle, WA	44,792 SF	BXP, Inc.	Stackline	Professional, Scientific and Tech Services

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