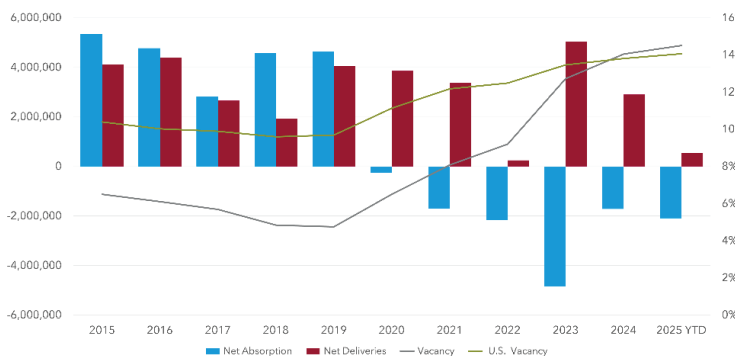**LEE & ASSOCIATES**
COMMERCIAL REAL ESTATE SERVICES

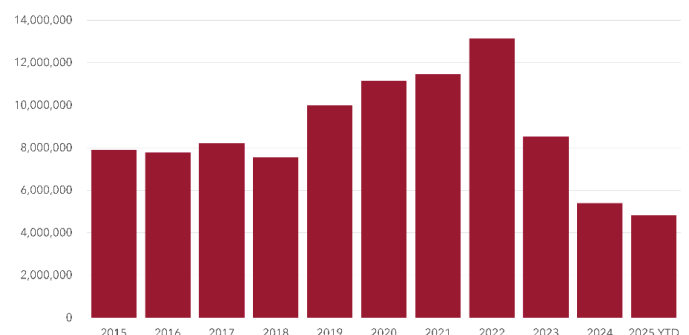## OFFICE MARKET OVERVIEW

SCOTTY ROWE, *Associate*

The Puget Sound office market posted its strongest quarter of leasing activity since 2019, signaling renewed confidence among tenants even as vacancy held at 17.2%. Average asking rents rose to $40.33/SF Full Service, while sales averaged $425/SF with cap rates up to 7.2%. Notably, the sale of 15550 NE Turing Street was the largest stabilized office trade of the year, and the recent $77/SF sale of 2601 Elliott Avenue could become the largest office-to-residential conversion in the Seattle market, underscoring how investors are pursuing both stability and adaptive reuse opportunities.

MARKET INDICATORS	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024
▼ 12 Mo. Net Absorption SF	(2,158,452)	(935,892)	(98,114)	(1,108,479)	(2,699,189)
▲ Vacancy Rate	17.2%	17.1%	16.2%	15.8%	15.7%
▲ Avg FSG Asking Rent PSF	$37.19	$36.51	$37.28	$36.87	$36.85
▲ Sale Price PSF	$424.85	$500.44	$379.00	$374.92	$383.25
▲ Cap Rate	7.2%	6.3%	7.5%	7.7%	7.6%
▲ Under Construction	4,835,532	4,806,240	5,796,633	5,438,739	5,682,088
▲ Inventory	237,094,384	234,943,243	236,868,599	238,161,997	237,918,648

NET ABSORPTION, NET DELIVERIES, & VACANCY

UNDER CONSTRUCTION

TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
2601 Elliott Avenue, Seattle, WA	339,799 SF	$26,000,000 $77.00 PSF	Vanbarton Group Shorenstein	Class B
15550 NE Turing Street, Redmond, WA	246,638 SF	$225,000,000 $912.27 PSF	Preylock PGIM, Inc./Capstone Partners	Class A
14500-14560 NE 87th Street, Redmond, WA	157,522 SF	$40,000,000 $253.93 PSF	Lincoln Property Company/Bailard Peakstone Realty Trust	Class C

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
2401 Utah Avenue S, Seattle, WA	776,280 SF	Nitze-Stagen	Starbucks	Retail
22213 30th Drive SE, Bothell, WA	87,273 SF	Alexandria Real Estate Equities	SystImmune, Inc.	Life Sciences
4400 Carillon Point, Kirkland, WA	77,716 SF	Carillon Properties LLC	ServiceNow, Inc.	Technology