



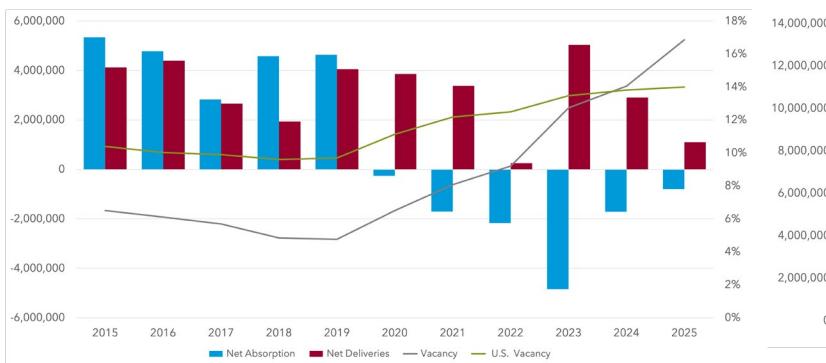
### OFFICE MARKET OVERVIEW

MCCALLUM MEAD, Associate

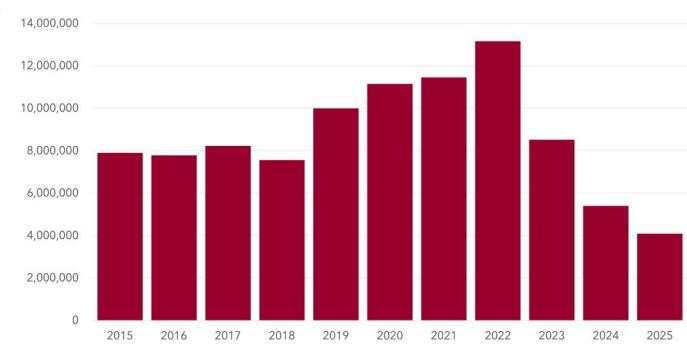
The Puget Sound office market remained challenged through Q4 2025, with availability hovering near 17% and conditions firmly a tenant's market. Leasing volume in 2025 finished roughly in line with 2024 but remained nearly 30% below pre-pandemic levels, with average lease sizes down approximately 10%. Net absorption was negative by roughly 820,000 SF during the year, driven largely by major corporate consolidations rather than new supply. New construction had little impact on availability, as virtually all recent deliveries were pre-leased or owner-occupied, and no speculative office projects were underway. A notable trend on the Eastside has been the redevelopment of aging office assets into townhomes, gradually reducing future office inventory.

MARKET INDICATORS	Q4 2025	Q3 2025	Q2 2025	Q1 2025	Q4 2024
▲ 12 Mo. Net Absorption SF	(793,841)	(2,158,452)	(935,892)	(98,114)	(1,108,479)
▼ Vacancy Rate	16.90%	17.2%	17.1%	16.2%	15.81%
▲ Avg FSG Asking Rent PSF	\$38.11	\$37.19	\$36.51	\$37.28	\$36.87
▼ Sale Price PSF	\$397.25	\$424.85	\$500.44	\$379.00	\$374.92
▼ Cap Rate	7.70%	7.20%	6.30%	7.50%	7.66%
▼ Under Construction	4,088,790	4,835,532	4,806,240	5,796,633	5,438,739
▼ Inventory	236,562,695	237,094,384	234,943,243	236,868,599	238,161,997

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



#### UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
21540 30th Drive, SE Bothell, WA	124,637 SF	\$45,600,000 \$366.00 PSF	Junson Assets Mgmt / ACA Group Alexandria Real Estate Equities	Class B
1110 Harvard Avenue Seattle, WA	114,664 SF	\$27,250,000 \$238.00 PSF	King County / City of Seattle UnitedHealth	Class B
22011 SE 51st Street Issaquah, WA	97,191 SF	\$25,600,000 \$263.00 PSF	KB Home Modiv	Class B

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
355 110th Avenue, NE Bellevue, WA	238,898 SF	KKR	Puget Sound Energy	Energy & Utilities
7332 166th Avenue, NE Redmond, WA	118,700 SF	Invesco	Microsoft	Technology
7333 168th Avenue, NE Redmond, WA	94,032 SF	Invesco	Microsoft	Technology



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 2025 Lee & Associates all rights reserved. Third-party Image sources: sorbis/shutterstock.com, shutterstock.com, pixabay.com, istock.com