



OFFICE MARKET OVERVIEW

RESEARCH GROUP

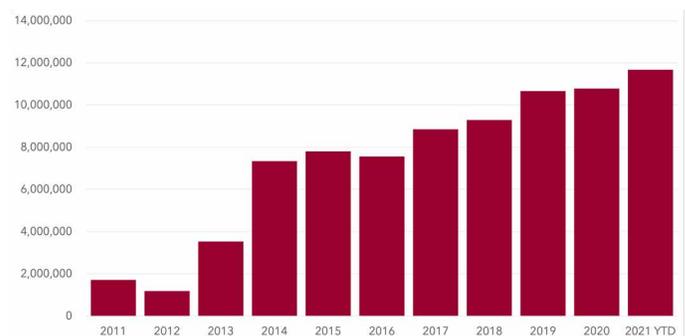
Although the overall vacancy rate for the region increased, Q2 produced some positive signs, bolstered by and somewhat mirroring the efficacy trends of COVID-19 vaccines. Smaller spaces drew the most activity, as many larger companies continue to issue (and occasionally backtrack) their initial return-to-office 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 |

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