



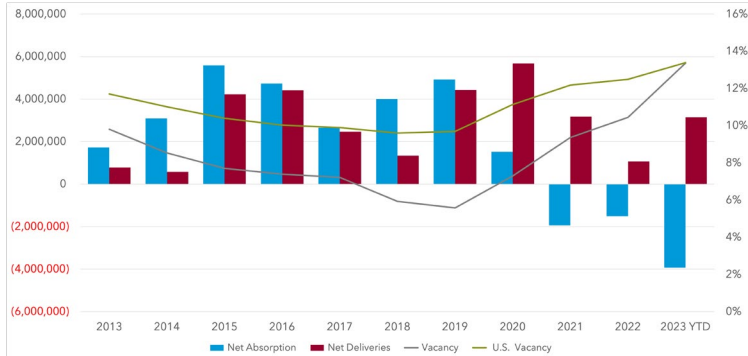
OFFICE MARKET OVERVIEW

HARRISON LAIRD, *Principal*

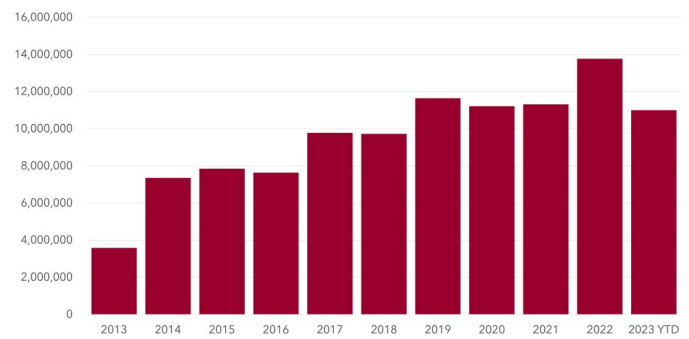
Bright spots persist amongst volatility in the market. Increasing interest rates and vacancy rates, combined with falling rents, continue to put pressure on landlords. Leasing activity, specifically office relocations, ticked up as pre-pandemic leases and mid-pandemic extensions expire. Tenants continue to reevaluate space utilization, and seek high-quality, amenity-rich spaces to attract their employees back into the office. This has created a dichotomy of activity between the best spaces in the market and the rest. Investment sales have nearly flatlined, though the flurry of tenants in the market has fueled owner-user sales. Lee & Associates represented Pierce County in their purchase of 1501 Market Street in Tacoma, in the region's largest owner-user office acquisition of 2023.

MARKET INDICATORS	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022
▼ 12 Mo. Net Absorption SF	(3,275,860)	(2,540,673)	(2,039,847)	(1,508,850)	(477,969)
▲ Vacancy Rate	13.0%	12.2%	11.3%	10.4%	10.3%
▼ Avg NNN Asking Rate PSF	\$38.01	\$38.04	\$38.08	\$37.97	\$38.05
▼ SF Under Construction	10,998,383	12,310,015	12,988,774	13,769,150	12,424,453
▲ Inventory SF	230,667,505	229,368,334	228,348,085	227,517,965	227,401,339

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
1501 Market Street Tacoma, WA	149,330 SF	\$27,271,000 \$182.62 PSF	Pierce County Regence	Class B
1498 Pacific Avenue Tacoma, WA	68,500 SF	\$6,900,000 \$100.73 PSF	John Hall Umpqua Bank	Class B
14841 179th Avenue, SE Monroe, WA	49,027 SF	\$21,000,000 \$428.34 PSF	Remedy Medical Properties Harrison Street Capital	Class B

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
1220 Howell Street Seattle, WA	137,362 SF	Hudson Pacific Properties	Amazon	Retailer
2811 S. 102nd Street Tukwila, WA	52,978 SF	Sabey Corporation	Undisclosed	Undisclosed
2018 156th Avenue, NE Bellevue, WA	46,338 SF	Pacific Oak Capital Advisors	Regus	Real Estate

