LEE & ASSOCIATES
COMMERCIAL REAL ESTATE SERVICES

# Q3 2026
# PACIFIC NORTHWEST, WA

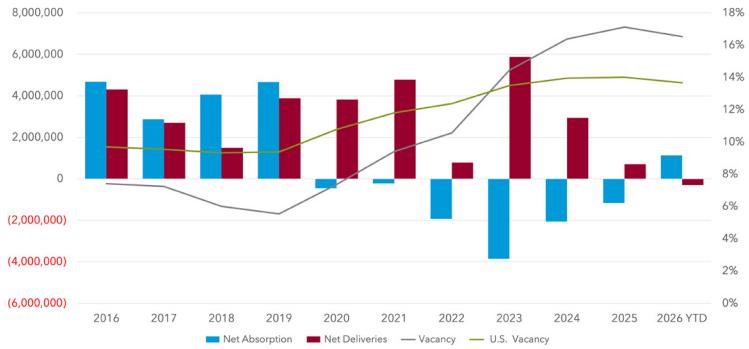
## OFFICE MARKET OVERVIEW

ALEX MUIR, *Senior Vice President*

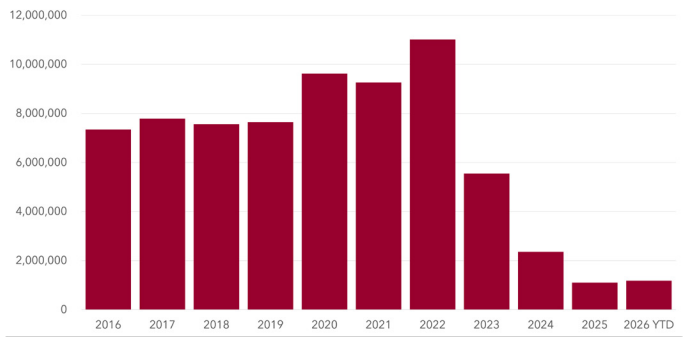
Vacancy dropped slightly quarter-over-quarter, with 2026 on pace to be the best year for net absorption since 2021. The wave of Bay Area tech companies growing in the region continued. Databricks' lease of more than 142,000 square feet in Four106, a new development in the Bellevue CBD, was the largest of the quarter. Its presence has surpassed 270,000 square feet in Puget Sound, with the company establishing large offices in both Seattle and Bellevue. The three largest sales of Q3 are emblematic of what's driving investment activity; namely medical office buildings, owner-users, and local value-add investors acquiring downtown properties at steep discounts. While these trends should continue, there are several large core and core-plus transactions that should also close before year-end.

| MARKET INDICATORS | Q3 2026 | Q2 2026 | Q1 2026 | Q4 2025 | Q3 2025 |
|---|---|---|---|---|---|
| ▲ 12 Mo. Net Absorption SF | 1,249,561 | 20,861 | (1,255,752) | (1,166,102) | (2,641,617) |
| ▼ Vacancy Rate | 16.94% | 17.15% | 17.19% | 17.11% | 17.37% |
| ▼ Avg FSG Asking Rent PSF | $39.38 | $39.42 | $39.32 | $38.93 | $38.55 |
| ▲ Sale Price PSF | $422.18 | $420.44 | $409.12 | $399.40 | $397.77 |
| ▼ Cap Rate | 7.15% | 7.19% | 7.35% | 7.44% | 7.49% |
| ▼ Under Construction | 1,182,667 | 1,205,567 | 1,145,427 | 1,103,834 | 1,850,532 |
| ▼ Inventory | 237,694,674 | 237,906,774 | 237,962,687 | 237,997,480 | 237,415,749 |

### NET ABSORPTION, NET DELIVERIES, & VACANCY




### UNDER CONSTRUCTION




| TOP SALE TRANSACTIONS BY SF | SIZE | SALE PRICE | BUYER / SELLER | BUILDING CLASS |
|---|---|---|---|---|
| 11800 NE 128th St<br>Kirkland, WA | 99,694 SF | $69,868,000<br>$701 PSF | EvergreenHealth<br>Harrison Street Asset Management | Class B |
| 901 5th Ave<br>Seattle, WA | 541,190 SF | $48,335,000<br>$89 PSF | GT Capital / The Benaroya Company<br>Vanbarton Group | Class A |
| 32275 32nd Ave S<br>Federal Way, WA | 187,612 SF | $18,000,000<br>$96 PSF | Fred Hutchinson Cancer Center<br>Realty Income | Class B |

| TOP LEASE TRANSACTIONS BY SF | SIZE | LANDLORD | TENANT | TENANT INDUSTRY |
|---|---|---|---|---|
| 350 106th Ave NE<br>Bellevue, WA | 142,223 SF | Patrinely / Dune Real Estate Partners | Databricks | Technology |
| 920 5th Ave<br>Seattle, WA | 112,000 SF | BXP | Davis Wright Tremaine LLP | Law Firm |
| 601 108th Ave NE<br>Bellevue, WA | 46,475 SF | Kilroy | Crusoe | Technology |

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