

MARKET FUNDAMENTALS

	YOY Chg	Outlook
22.4% Vacancy Rate	▲	▲
-161K YTD Net Absorption, SF	▲	▲
\$49.26 Asking Rent, PSF (Overall, All Property Classes)	▲	▬

ECONOMIC INDICATORS

	YOY Chg	Outlook
2.1M Seattle Employment*	▲	▲
5.0% Seattle Unemployment Rate*	▲	▲
4.2% U.S. Unemployment Rate	▼	▲

Source: BLS
*Q3 2026 figures are based on latest available data

ECONOMY: Job Count and Unemployment Both Rise

The Seattle metro area added 14,600 jobs year-over-year (YOY), with the latest total figure at over 2.1 million. The unemployment rate, however, also rose, up 40 basis points (bps) YOY to 5.0%, above the U.S. rate of 4.2%. As measured by the Consumer Price Index for All Urban Consumers, Seattle metro area prices advanced 4.4% YOY, driven by higher energy (+15.9%) and food (+5.3%) costs. Minus food and energy, the index rose 3.3% YOY, mainly due to cost increases to recreation (+7.0%) and shelter (+2.6%).

SUPPLY AND DEMAND: Vacancy Up, Absorption Recovers YOY

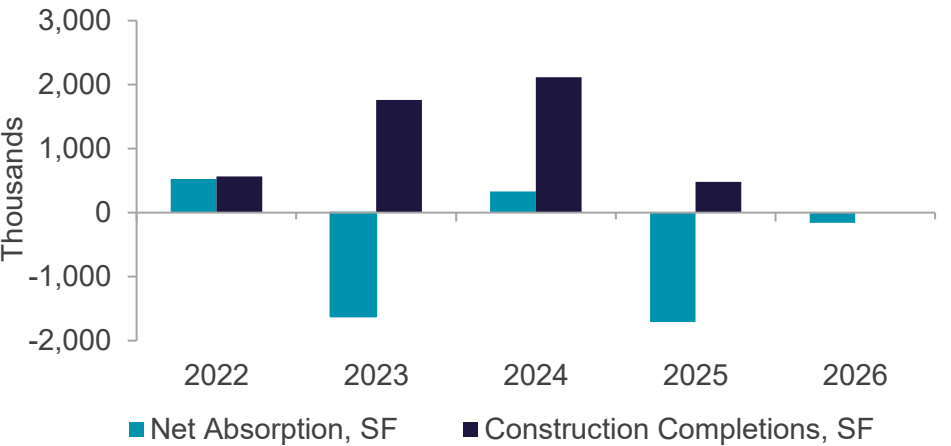
The Eastside office market reported an overall vacancy rate of 22.4% in the third quarter of 2026, up 30 bps from a year ago. Direct vacancy climbed 1.2% YOY to 7.8 million square feet (msf), while sublease vacancy surged 13.6% YOY to nearly 1.3 msf, primarily due to Meta and Bungie bringing additional sublease space to market. Overall vacancy in the Bellevue CBD submarket increased 200 bps YOY to 25.5%.

Overall absorption reached negative 369,000 sf in the third quarter, a major improvement from the negative 1.2 msf reported one year ago. The year-to-date (YTD) total increased YOY from negative 1.8 msf to negative 161,000 sf. Absorption should continue rising to close out the year as more tenants move into their recently leased spaces.

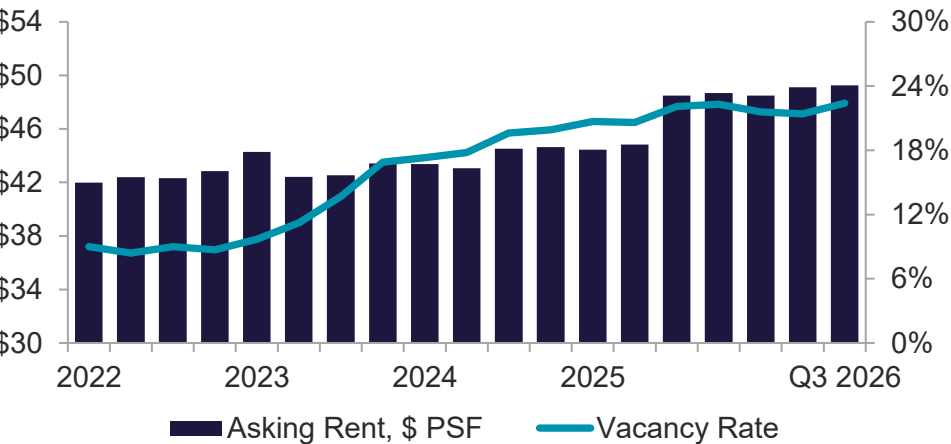
PRICING: Rents Remain Highest in The Metro Area

The Eastside office market reported average annual gross rental rates of \$49.26 per square foot (psf) in the third quarter, up 1.6% YOY. Class A rents in the Bellevue CBD submarket reached \$66.18 psf (+3.3% YOY), while Class A rents in the non-CBD submarkets averaged \$44.26 psf (+3.3% YOY). With the addition of notable subleases, which have lower rents, Eastside rents should continue to level out by the end of the year, while remaining the highest in the Puget Sound.

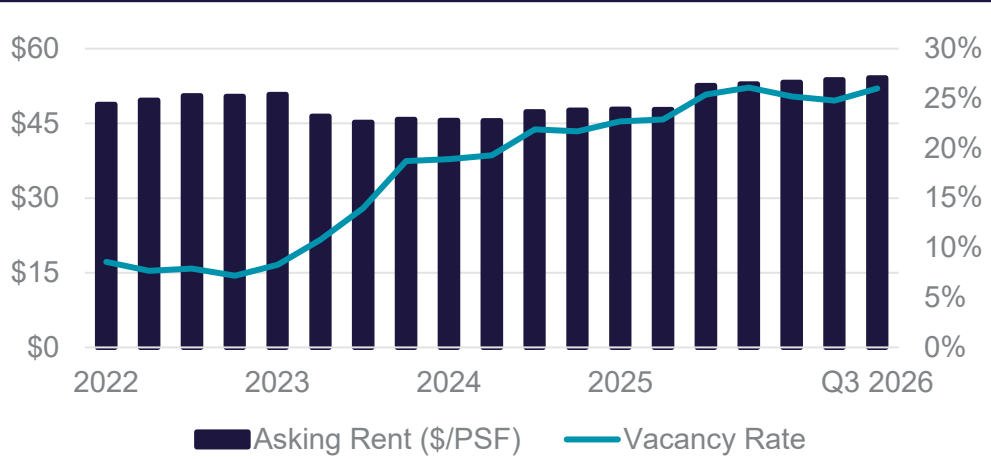
SPACE DEMAND / DELIVERIES



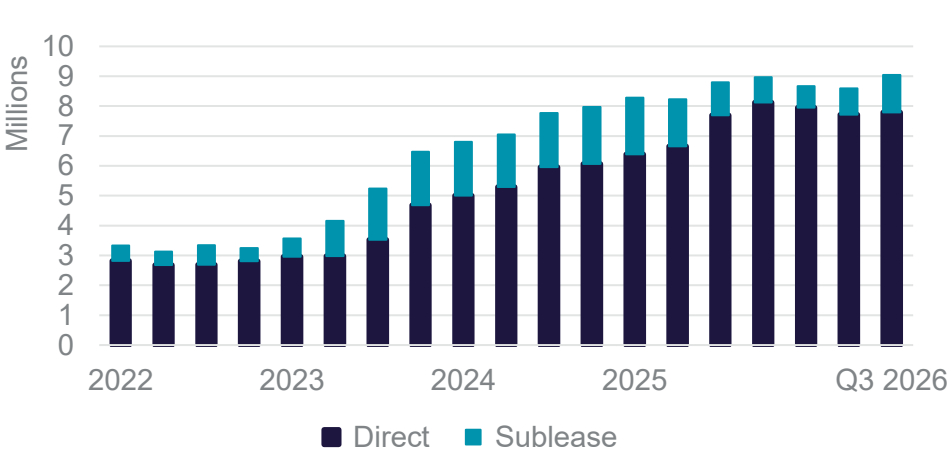
OVERALL VACANCY & ASKING RENT



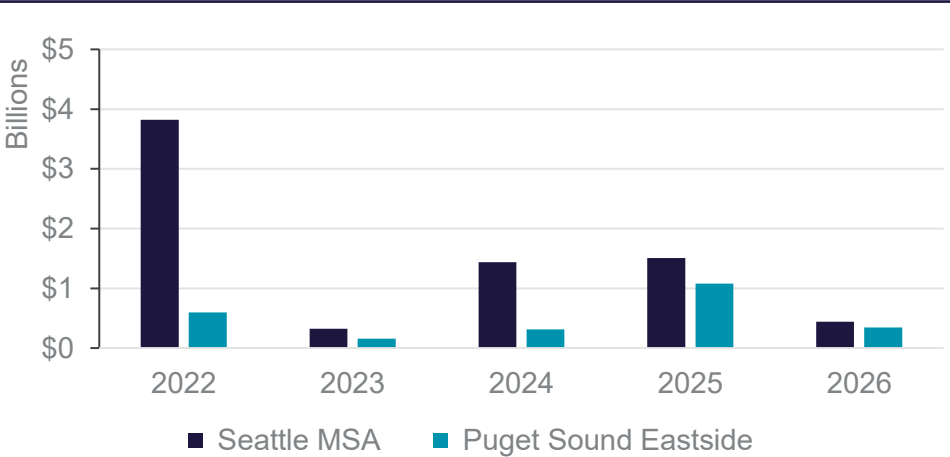
CLASS A VACANCY & ASKING RENT



DIRECT VS. SUBLEASE VACANCY COMPARISON



OFFICE SALES



CONSTRUCTION: One Project Under Construction

The Eastside has only one major project under construction – the 800,000-sf ONNI Bellevue, set for a Q4 2030 delivery. Nearly 2.7 msf of new inventory has entered the market since 2024, though only 479,000 sf has delivered in the past year. Nearly 8.0 msf of proposed space is in the pipeline, with 7.1 msf (88.8%) located in the Bellevue CBD submarket. The 740,000-sf Kanon Towers is the project most likely to break ground next, with delivery slated for 2028.

LEASING ACTIVITY: YTD New Leases Nearing 2 MSF

Just over 358,000 sf of new deals were signed on the Eastside in the third quarter, down 27.4% from this point last year. The Bellevue CBD, 405 Corridor, and Bothell/Woodinville submarkets reported the most activity, combining for 243,000 sf. Approximately 8.3% of all new deals signed during the quarter were at or above 10,000 sf, nearly matching the 8.1% signed at this time a year ago. YTD leasing totals reached nearly 2.0 msf. As demand for high-quality space continues to grow on the Eastside, more five-figure deals are expected to be signed to close out the year. Just 19,000 sf of space was renewed in the third quarter, down 83.8% from a year ago. Renewals totaled nearly 380,000 sf for the year.

SALES: Eastside Sales Highest in Metro

Office sales on the Eastside reached \$342.7 million (M) through the third quarter of 2026, down 55.3% from the \$766.3M in sales reported one year ago. In the most noteworthy transaction of the quarter, Harrison Street Asset Management sold Evergreen Plaza, in the Kirkland submarket, to EvergreenHealth for \$69.9M (\$700.82 psf). The new owner occupied the nearly 100,000-sf medical office building at the time of the sale. The Seattle MSA reported \$443.0M in office sales through three quarters of 2026, down 56.8% from the \$1.0 billion that traded at this point a year ago.

OUTLOOK

- The Eastside’s concentration of technology and innovation-driven employers should continue to support long-term office demand.
- Vacancy is expected to remain elevated and uneven across submarkets in the near term, particularly in the Bellevue CBD submarket, where large blocks of space continue to weigh on market fundamentals. However, absorption trends have improved materially from a year ago and should strengthen further as additional large move-ins close out the year.
- Eastside asking rents are expected to remain relatively stable in the near term and will continue to command the highest rental rates in the Puget Sound, supported by the Bellevue CBD’s concentration of premier Class A assets.
- Leasing momentum is expected to remain strong, supported by nearly 2.0 msf of YTD leasing activity and a quiet development pipeline. Market conditions should stabilize as occupancy gains begin to absorb existing availability.

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLET VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
BELLEVUE CBD TOTALS	13,872,349	2,917,304	626,039	25.5%	-154,387	87,026	1,120,126	800,000**	\$65.88	\$66.18
405 Corridor	3,820,625	554,573	366,053	24.1%	-166,898	-232,645	136,536	0	\$50.00	\$57.49
520 Corridor	2,743,217	384,126	29,664	15.1%	248	112,823	128,008	0	\$40.05	\$48.13
I-90 Corridor	6,713,102	2,443,869	40,366	37.0%	-9,594	6,084	131,961	0	\$42.92	\$43.01
Bel-Red	1,147,317	98,148	11,050	9.5%	11,599	-40,698	91,051	0	\$27.73	\$40.00
Redmond	2,976,018	123,683	76,216	6.7%	-11,288	65,972	57,138	0	\$38.17	\$40.06
Kirkland	2,704,646	236,629	80,158	11.7%	40,012	-67,743	83,826	0	\$46.51	\$50.63
Bothell / Woodinville	2,045,205	381,143	0	18.6%	-9,488	-34,243	73,907	0	\$35.41	\$38.29
SUBURBAN TOTALS	22,150,130	4,222,171	603,507	21.8%	-145,409	-190,450	702,427	0	\$42.90	\$44.76
Lynnwood	2,177,660	219,112	15,759	10.8%	14,093	23,824	103,472	0	\$33.25	\$36.91
Everett	2,143,071	427,290	8,800	20.3%	-83,516	-81,037	54,411	0	\$26.52	\$27.96
NORTHEND TOTALS	4,320,731	646,402	24,559	15.5%	-69,423	-57,213	157,883	0	\$28.81	\$34.74
NON-CBD TOTALS	26,470,861	4,868,573	628,066	20.8%	-214,832	-247,663	860,310	0	\$41.11	\$44.26
EASTSIDE TOTALS	40,343,210	7,785,877	1,254,105	22.4%	-369,219	-160,637	1,980,436	800,000**	\$49.26	\$54.12

*Rental rates reflect full service asking

**Due to a correction, this figure differs from National Statistics

KEY LEASE TRANSACTIONS Q3 2026

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Key Center	Bellevue CBD	Crusoe	46,475	New Lease
The Eight	Bellevue CBD	Nscale	23,070	Expansion
The Eight	Bellevue CBD	Industrious	22,175	New Lease

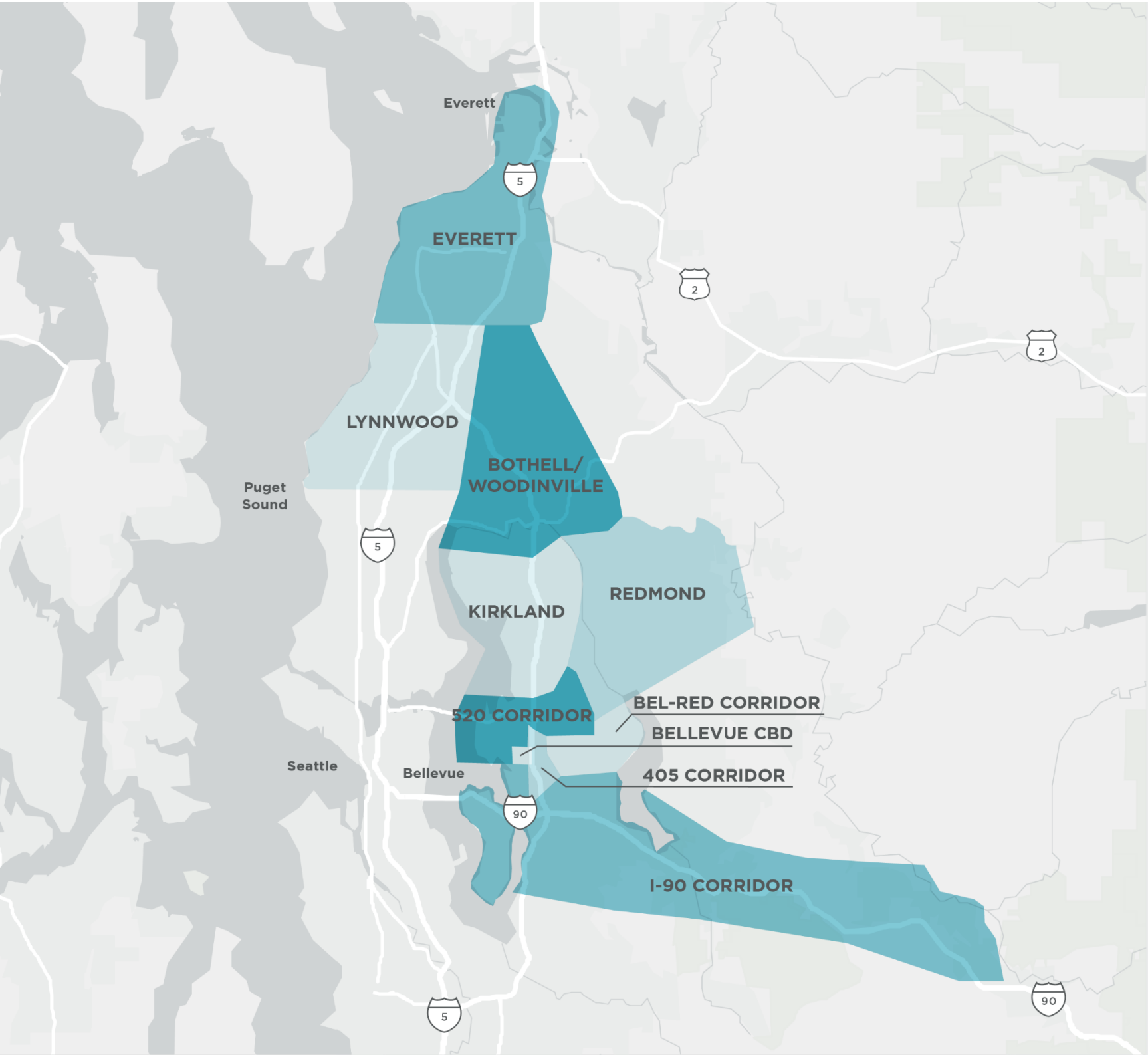
KEY SALE TRANSACTIONS Q3 2026

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
Evergreen Plaza	Kirkland	Harrison Street Asset Management / EvergreenHealth	99,694	\$69.9M / \$701
Northview Corporate Center – Bldg C	Bothell/Woodinville	MJR Development / Rosen Harbottle	59,219	\$7.8M / \$131
14205 Bldg	I-90 Corridor	Trimark / Ravenna Dental Clinic	41,577	\$13.9M / \$334

KEY PROPERTIES IN PIPELINE

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
ONNI Bellevue	Bellevue CBD	N/A	800,000	Onni Group
Kanon Office Towers	Bellevue CBD	N/A	740,000	BeamReach
The Arcadian	Bellevue CBD	N/A	456,272	Schnitzer West

OFFICE SUBMARKETS



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