

MARKET FUNDAMENTALS

	YOY Chg	Outlook
23.2% Vacancy Rate	▲	▲
-52K YTD Net Absorption, SF	▲	▲
\$34.80 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

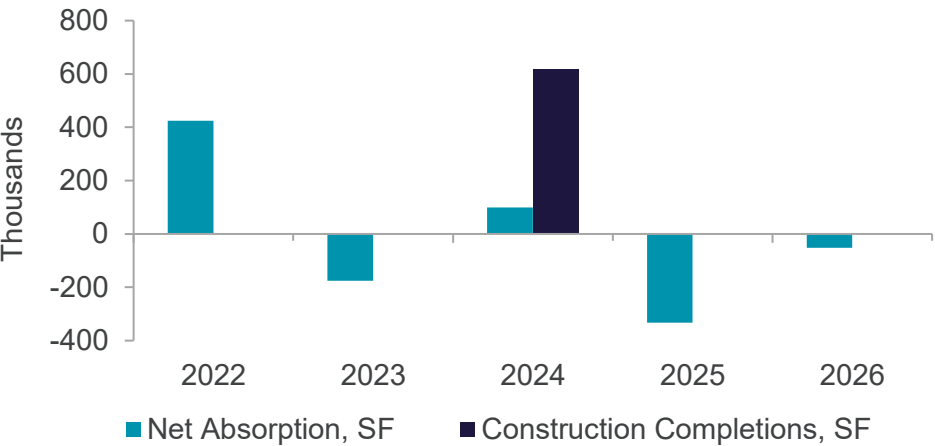
Overall vacancy in the Seattle Suburban office market rose to 23.2% in the third quarter of 2026, up 130 bps from the 21.9% reported one year ago. Direct vacancy reached 3.8 million square feet (msf), up 8.3% YOY; sublease vacancy shrank 11.3% to nearly 203,000 square feet (sf). Class A overall vacancy grew 90 bps YOY to 24.8%, whereas overall vacancy for Classes B & C combined jumped 170 bps YOY to 20.3%.

Overall absorption for the quarter was recorded at positive 18,000 sf, an improvement from the negative 143,000-sf figure from a year ago. Year-to-date (YTD) absorption reached negative 52,000 sf, an improvement from the negative 252,000 sf reported at this time last year. Absorption will continue to progress as move-ins outweigh vacancies.

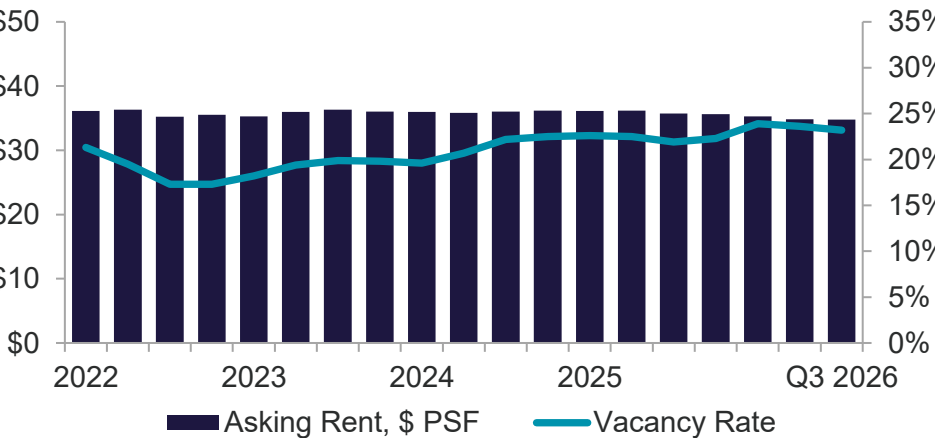
PRICING: Rents Continue Dropping YOY

The Seattle Suburban office market third quarter average asking rent was \$34.80 per square foot (psf) on an annual gross basis, down 2.6% YOY. Class A rents averaged \$39.65 psf, down 1.8% YOY. The North Seattle/Northgate and Renton submarkets continued to offer the highest rents in the suburban submarkets, with averages in the low-\$40s psf; the remaining submarkets averaged nearly \$30.00 psf. These lower costs have been essential in enticing tenants away from the higher-priced urban submarkets.

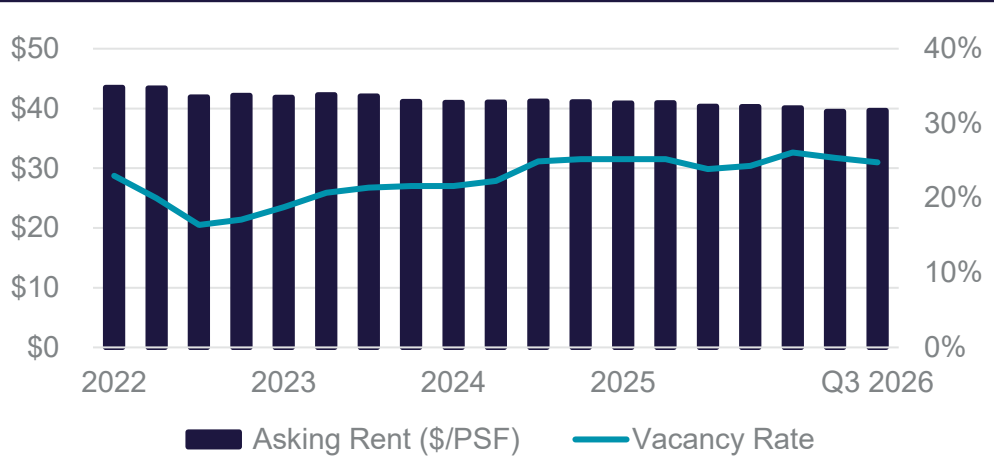
SPACE DEMAND / DELIVERIES



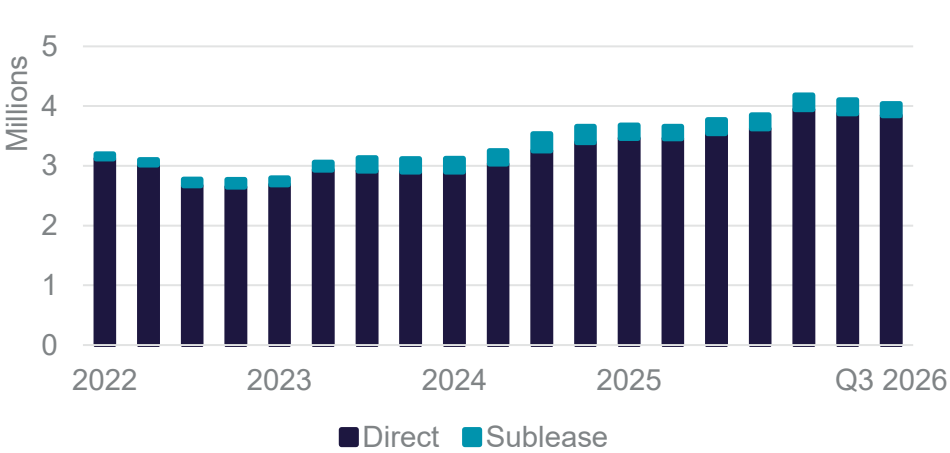
OVERALL VACANCY & ASKING RENT



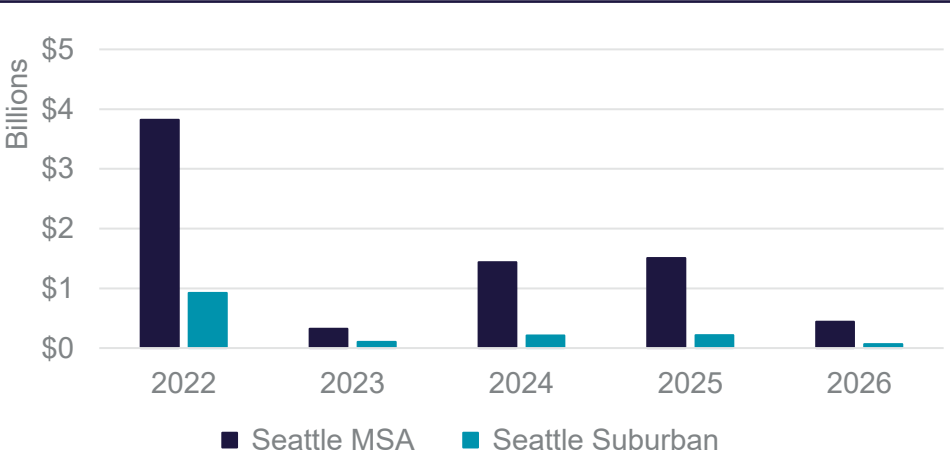
CLASS A VACANCY & ASKING RENT



DIRECT-SUBLEASE VACANT SPACE COMPARISON



OFFICE SALES



CONSTRUCTION: Pipeline Remains Dormant

No office space has been delivered in the suburban market since 615,000 sf of new inventory was added in 2024. There is one 48,000-sf proposed project in the pipeline; however, construction is not expected to commence until the project is preleased.

LEASING ACTIVITY: Leases Up Big YOY

Nearly 101,000 sf of new leases were signed in the suburban office market in the third quarter, down 29.8% from a year ago. The Tukwila and Kent/Auburn submarkets recorded the most activity, combining for just over 46,000 sf leased. The YTD total reached nearly 740,000 sf, up 74.2% YOY. The suburban market had a strong first quarter of leasing (nearly 407,000 sf), which accounted for the meteoric rise YOY, as only one new lease signed during the third quarter was at or above 10,000 sf.

Approximately 14,000 sf of space was renewed during the quarter, bringing the YTD total to just over 239,000 sf.

SALES: Sales Down Significantly YOY

Nearly \$66.2 million (M) has been traded in the suburban submarkets since the start of the year. This was a 59.4% YOY decrease from the \$163.3M that sold at this point in 2025. In the most significant transaction of the quarter, Realty Income Corporation sold 32275 32nd Ave S, located in the Federal Way submarket, to Fred Hutch for \$18.0M (\$95.94 psf). The cancer research institute plans to occupy the entire 188,000-sf property.

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 suburban office market should continue to benefit from soft employment growth across the metro area. While occupiers have remained cautious in the current higher unemployment environment, improving labor market fundamentals should support steady tenant demand growth.
- Vacancy is expected to remain high through the end of the year as tenant consolidations and space givebacks continue to offset occupancy gains. However, strong leasing activity and rising absorption suggest that market fundamentals may be approaching stabilization.
- Owners will continue to rely on concessions and pricing flexibility to attract and retain occupiers, particularly for larger blocks of space.
- Leasing momentum should remain concentrated in value-oriented submarkets and buildings that offer a meaningful cost advantage relative to the downtown area. Strong activity coupled with a dormant development pipeline should support improvement in demand-supply fundamentals over the medium term.

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)*
North Seattle / Northgate	3,270,895	829,037	15,808	25.8%	-6,286	-25,226	107,091	0	\$42.83	\$46.48
South Seattle Close-In	3,016,554	451,824	110,205	18.6%	-6,743	-24,582	13,901	0	\$34.06	\$34.76
East Seattle / Capitol Hill	988,016	93,972	0	9.5%	8,185	13,049	30,651	0	\$29.35	\$31.52
IN-CITY TOTALS	7,275,465	1,374,833	126,013	20.6%	-4,844	-36,759	151,643	0	\$37.51	\$39.60
Tukwila	1,856,414	222,651	41,576	14.2%	1,530	-821	77,751	0	\$25.69	\$31.89
SeaTac	810,400	123,501	0	15.2%	1,327	-1,074	1,667	0	\$28.04	\$29.88
Renton	3,820,444	1,328,614	19,242	35.3%	31,405	7,265	407,345	0	\$41.68	\$49.00
Kent / Auburn	1,391,524	271,247	11,983	20.4%	-8,923	4,627	61,849	0	\$29.79	\$29.88
SOUTHEND TOTALS	7,878,782	1,946,013	72,801	25.6%	25,339	9,997	548,612	0	\$35.28	\$41.82
FEDERAL WAY TOTALS	2,287,474	518,220	3,985	22.8%	-2,155	-24,762	39,403	0	\$28.52	\$28.78
SUBURBAN TOTALS	17,441,721	3,839,066	202,799	23.2%	18,340	-51,524	739,658	0	\$34.80	\$39.65

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q3 2026

PROPERTY	SUBMARKET	TENANT	SF	TYPE
6400 Corporate Center	Tukwila	Thriftbooks	15,114	New Lease
Boeing Longacres – South Bldg	Renton	Schnabel Engineering	9,712	New Lease
The Sanctuary – Falcon Bldg	Federal Way	Aerotek	7,189	Renewal**

**Renewals are not included in leasing statistics

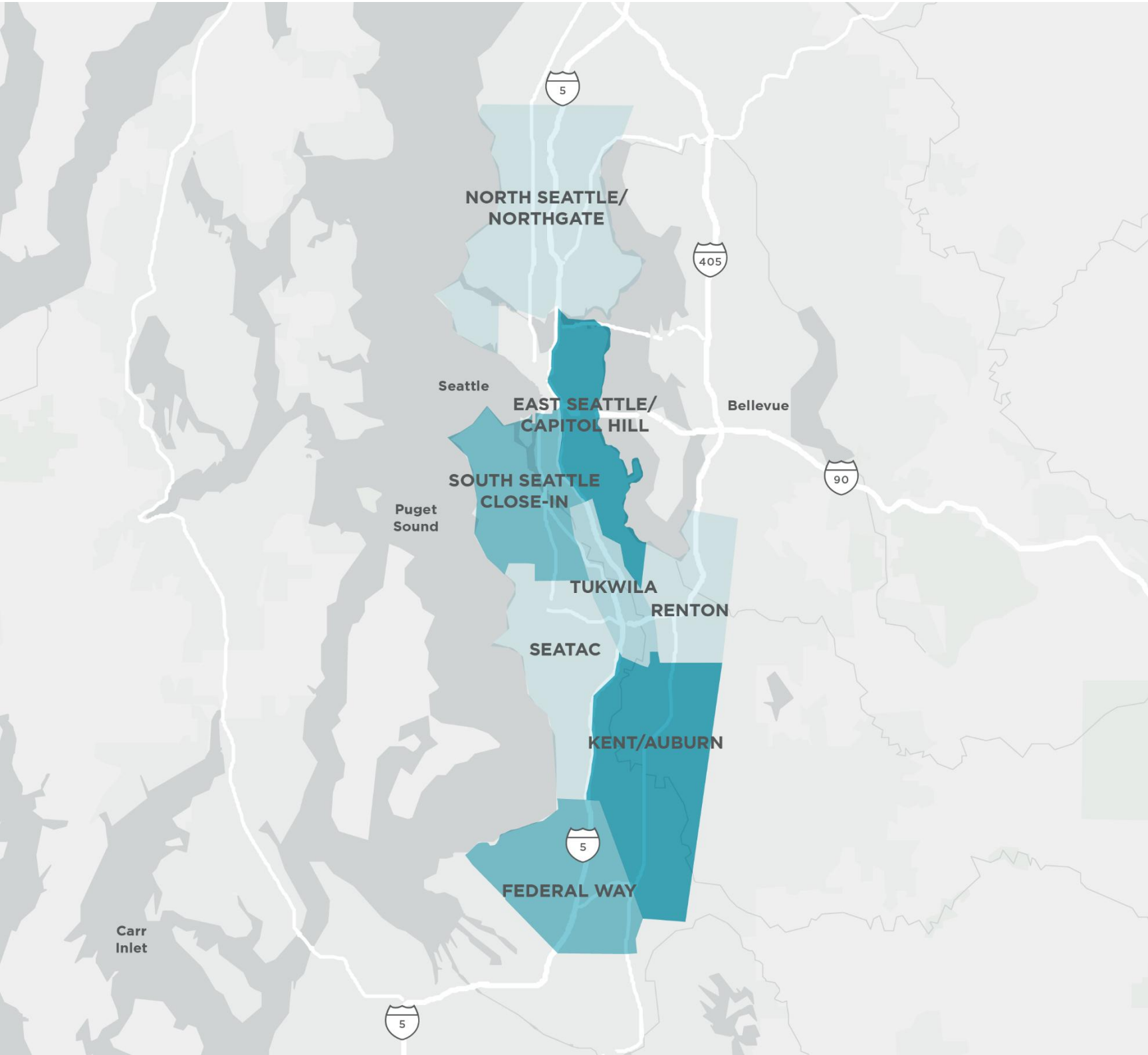
KEY SALES TRANSACTIONS Q3 2026

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
32275 32 nd Ave S	Federal Way	Realty Income Corporation / Fred Hutch	187,612	\$18.0M / \$96
Blackriver Corporate Park – 1119 SW 7 th	Renton	Laird Norton / King County	15,780	\$3.8M / \$241

KEY PROPERTIES IN PIPELINE

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
Northgate Station	North Seattle / Northgate	N/A	950,000	Simon Property Group
Campus Seattle – 35 Interlake	North Seattle / Northgate	N/A	107,000	evolution Projects
Fremont Northshore	North Seattle / Northgate	N/A	34,179	Blue Rooster Development

OFFICE SUBMARKETS



BRIAN CAGAYAT
Research Manager – Pacific Northwest
Tel: +1 206 521 0296
brian.cagayat@cushwake.com

MCKINLEY FOX-COWART
Research Analyst
Tel: +1 206 215 9899
mckinley.foxcowart@cushwake.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION
Cushman & Wakefield (NYSE: CWK) is a leading global commercial real estate services firm for occupiers and investors with approximately 53,000 employees in over 350 offices and nearly 60 countries. In 2025, the firm reported revenue of \$10.3 billion across its core service lines of Services, Leasing, Capital markets, and Valuation and other. Built around the belief that *Better never settles*, the firm receives numerous industry and business accolades for its award-winning culture. For additional information, visit www.cushmanwakefield.com.

©2026 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable, including reports commissioned by Cushman & Wakefield (“CWK”). This report is for informational purposes only and may contain errors or omissions; the report is presented without any warranty or representations as to its accuracy.

Nothing in this report should be construed as an indicator of the future performance of CWK’s securities. You should not purchase or sell securities—of CWK or any other company—based on the views herein. CWK disclaims all liability for securities purchased or sold based on information herein, and by viewing this report, you waive all claims against CWK as well as against CWK’s affiliates, officers, directors, employees, agents, advisers and representatives arising out of the accuracy, completeness, adequacy or your use of the information herein.