Downtown Office Space

Last updated: February 2015

Note: Office market data in this report provided courtesy of CBRE. Statistics are for the end of 2014 unless otherwise indicated.

Explore online at http://www.downtownseattle.com/resources/officespacegraph/

Downtown's Office Market

Downtown has 44 million square feet of space, half of the total office inventory in the Puget Sound region.

In 2014, Downtown saw 1.3 million square feet of positive absorption. This represents more than half of the 2.4 million square feet of absorption in the region. This also represents the 20th consecutive quarter of positive office absorption for Downtown. In the past year, Downtown Seattle experienced improvements in office absorption, vacancy rates and lease rates.

Quick Facts about Downtown Seattle Office Space (4Q)

<table>
<thead>
<tr>
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<th>2014</th>
<th>2013</th>
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<tbody>
<tr>
<td>Total Inventory (sq. ft.)</td>
<td>43.9 million</td>
<td>43.2 million</td>
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<tr>
<td>Total Vacant (sq. ft.)</td>
<td>5.4 million</td>
<td>6.0 million</td>
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<tr>
<td>Annual Total Absorption (sq. ft.)</td>
<td>1.3 million</td>
<td>547,398</td>
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<tr>
<td>Total Vacancy Rate</td>
<td>12.4%</td>
<td>14.0%</td>
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<tr>
<td>Class A Total Rent</td>
<td>$34.90</td>
<td>$32.64</td>
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Unless noted, research presented in this document was generated by the Metropolitan Improvement District's Business Development & Market Research team, in cooperation with the Downtown Seattle Association. Please credit MID/DSA when using this information for external purposes. For more information, please email info@downtownseattle.org or call (206) 623-0340.
Office Trends: Puget Sound Submarkets

The office markets in Downtown Seattle and the Puget Sound Region are improving. The five-year trends show average rents increasing and vacancy decreasing throughout the Puget Sound. While the Northend and Tacoma submarkets saw decreases in lease rates, Downtown, Eastside and the Southend markets saw increases. The strongest of these was Downtown Seattle, with a 17 percent increase in lease rates over five years. Except for Tacoma, all markets also saw a decrease in vacancy. All Puget Sound submarkets saw a positive absorption (cumulative) over the five-year period.
**Downtown office space under construction**

Office construction continues to climb in Downtown Seattle. At the end of 2013, 2.3 million square feet of office space was under construction. By the end of 2014 that had nearly doubled to 4.4 million. Between 2005 and 2010, Downtown Seattle saw 5.4 million square feet of office space come online. Office construction peaked in the second half of 2008 with 4.8 million square feet of office space under construction. Space under construction hit a low point in 2012, with only 337,000 square feet under construction. Activity has increase since then.

At the peak in 2008, many office projects nearing completion came online without signed leases. Around the same time, the start of a recession and collapse of Washington Mutual left a considerable amount of Downtown Seattle office space vacant. According to CBRE, the Downtown office market is improving. Downtown experienced positive absorption each of the past five years with more than 5.5 million square feet of newly occupied space, treble what was lost during the recession.

**Figure 6. Office space currently under construction (year-end statistics)**

The growth of Amazon is driving much of this increase in office development and occupancy. Before beginning their current expansion in 2010, Amazon occupied just over a million square feet of space in Seattle, including its former headquarters on Beacon Hill. They currently occupy 4.1 million square feet and have plans for 5.9 million more, including 3.5 million currently under construction.

**Amazon Footprint**

- Current space: 4.1 million square feet
- In development: 4.9 million square feet
- Additional planned space: 1 million square feet
- Total planned footprint: 10 million square feet

*Source: 2014 Downtown Seattle Development Guide (Downtown Seattle Association/Metropolitan Improvement District)*

(For more detail on other Downtown Seattle construction trends, please see the [Downtown Seattle Association Development Guide](http://www.downtownseattle.org)).