

FIGURES | SEATTLE OFFICE | Q3 2026

Net absorption accelerates as vacancy falls for a third straight quarter



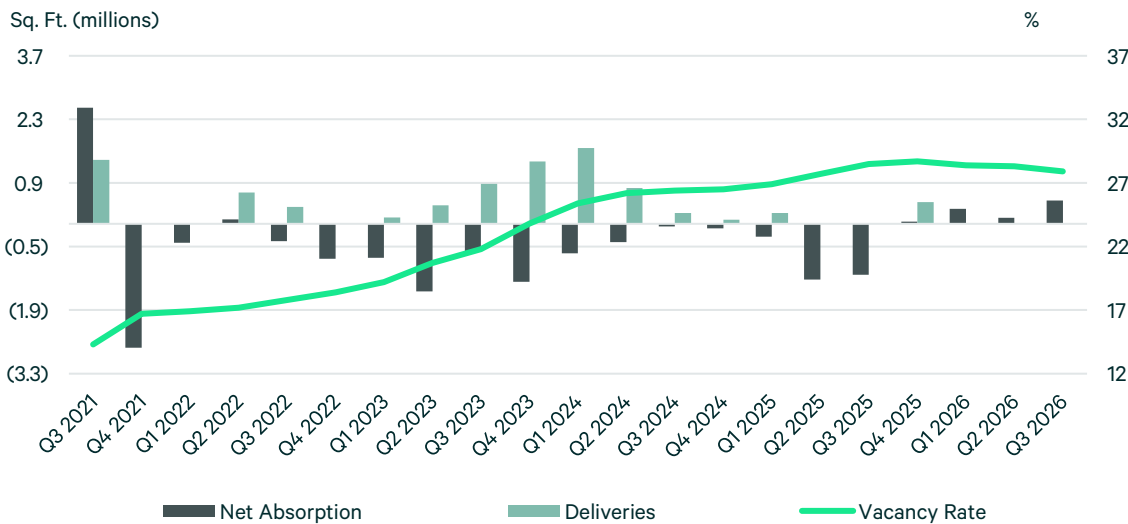
Note: Arrows indicate change from previous quarter.

Market Overview

Net absorption stayed positive for a fourth straight quarter at 514,000 sq. ft., the strongest quarterly total since Q3 2021, and brought the year-to-date (YTD) total to 979,000 sq. ft. Vacancy fell 40 basis points (bps) to 27.9%, while availability ticked up 10 bps to 28.2%. After a dip in Q2 2026, the overall average direct asking rate rebounded to \$47.18 per sq. ft. full-service gross (FSG), continuing the market's gradual upward momentum since the pandemic low in Q3 2021. Leasing volume moderated to roughly 1.5 million sq. ft. in Q3 2026, following three straight quarters of above-average activity anchored by major commitments from Databricks, DocuSign and Anthropic. Even with the slowdown, leasing over the past four quarters totaled nearly 9.5 million sq. ft., up roughly 12% year-over-year (YoY).

The Eastside softened in Q3 2026. After three consecutive quarters of positive net absorption, the submarket posted 145,000 sq. ft. of negative net absorption, led by the Global Innovation Exchange (GIX) relocation in the Bel-Red Road Corridor. Eastside vacancy still held well below the market average, while Downtown Seattle and the Southend drove the quarter's net absorption, each adding roughly 300,000 sq. ft. of positive gains. Downtown Seattle recorded its first quarter of positive net absorption in nearly five years, led by the Seattle CBD, while Renton carried the Southend submarket. Preconstruction work also picked up, and several Eastside projects are positioned to receive building permits in the coming quarters.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



Source: CBRE Research

Vacancy

Vacancy declined for a third consecutive quarter to 27.9% in Q3 2026, 80 bps below its Q4 2025 peak of 28.7%. Class A drove the trend, falling from 31.0% to 29.8% over the past three quarters, while Class B vacancy has held steady between 24% and 26% since early 2024, ending the quarter at 24.7%. As a result, the spread between Class A and Class B narrowed to 510 bps, down from a peak of 640 bps at year-end 2025.

Downtown Seattle vacancy fell 50 bps to 35.4%, while Eastside vacancy rose 40 bps to 23.8%. A single tenant-specific move-out drove most of the Eastside vacancy: GIX relocated approximately 96,000 sq. ft. of office space to an owner-occupied technology campus. The Eastside’s 40 bps increase reflected a lateral move rather than a shift in market dynamics, as GIX remained in the region as a unique owner-occupier. Demand fundamentals in Bellevue remained sound, with occupiers continuing to target high-quality Class A space. Large contiguous blocks have become increasingly difficult to find, and tenants with sizable requirements often face stiff competition for space that meets their size, quality, and location needs. Overall vacancy fell 40 bps, reflecting a broader rebound in demand across the market.

Asking Rent

The overall average direct asking rate rose to \$47.18 per sq. ft. FSG in Q3 2026, recovering from its Q2 2026 dip and matching its Q1 2026 high-water mark. Rates were up 0.6% quarter-over-quarter (QoQ) and 1.5% YoY. Class B drove the gain, climbing 4.0% to \$37.60 per sq. ft., its highest level since at least 2021. Class A held steady at \$51.02 per sq. ft. and has stayed within a narrow, \$50.80 to \$51.30, range for eight consecutive quarters.

The Eastside posted the highest submarket average at \$54.61 per sq. ft., having risen 21% since Q4 2021, as occupiers continued to seek out high-quality inventory. Downtown Seattle averaged \$48.47 per sq. ft. in Q3 2026, up 1.2% QoQ. Owners have held pricing within about 3% of the Q1 2022 peak despite rising vacancy. This stability positions the Downtown Seattle submarket well as occupancy recovers. Across the region, the Bellevue CBD commanded the highest Class A average asking rate at \$72.25 per sq. ft., while Tacoma and the Northend offered the most affordable Class A average asking rate at \$28.04 and \$34.05 per sq. ft., respectively.

Figure 2: Vacancy Rates by Class



Source: CBRE Research

Figure 3: Average Direct Asking Rate by Class



Source: CBRE Research

Net Absorption

Net absorption remained positive for a fourth consecutive quarter in Q3 2026, totaling 514,000 sq. ft. That was nearly four times the Q2 2026 total and a sharp turnaround from the 1.1 million sq. ft. of negative net absorption recorded in Q3 2025. Class B led the quarter with 308,000 sq. ft., while Class A added 240,000 sq. ft., its third consecutive quarter of positive net absorption. Class A has absorbed 1.1 million sq. ft. YTD. Those Class A gains more than offset a combined 112,000 sq. ft. of losses in Class B and Class C absorption, bringing the YTD market total to positive 979,000 sq. ft.

The Downtown Seattle submarket absorbed 300,000 sq. ft., its first positive quarter since Q3 2021, led by 197,000 sq. ft. in the Seattle CBD district. In the Southend, Renton posted the quarter's largest district gain at 309,000 sq. ft. of positive net absorption, led by a confidential healthcare occupier that moved into 261,000 sq. ft. across two buildings at the Longacres office campus. The Eastside submarket posted negative 145,000 sq. ft. of net absorption after three consecutive quarters of positive gains. The largest district loss occurred in the Bel-Red Road Corridor, attributed to the 96,000 sq. ft. GIX relocation.

Construction Activity

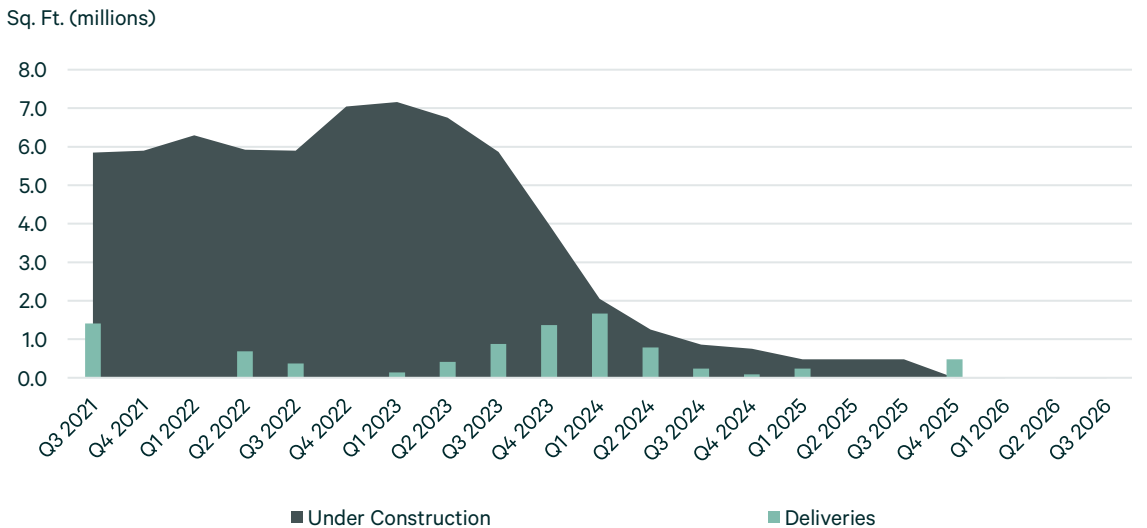
Preconstruction activity picked up across the Eastside in Q3 2026. No office space was formally classified as under construction, a designation that requires both an issued building permit and a poured foundation. Even so, several sites moved into demolition, grading and shoring. Onni Group began excavation at its 606 Bellevue site, Beam Reach's KANON development secured design approval, and both Skanska's Bevel and Tishman Speyer's Belle Vista projects advanced through design review. Together, these projects represent more than 2.7 million sq. ft. of planned office space. Four106 showed the demand behind that momentum: Two major tenants leased the majority of the 480,000 sq. ft. Bellevue tower within its first year, tightening the supply of trophy space. The market recorded no new deliveries for a third consecutive quarter, although building permits are anticipated for several Eastside projects in the near term.

Figure 4: Net Absorption Trend



Source: CBRE Research

Figure 5: Construction Activity



Source: CBRE Research

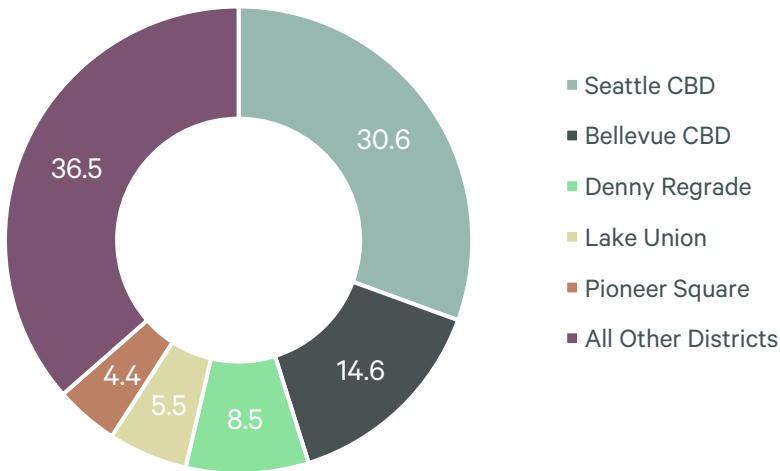
Leasing Activity

Class A space captured more than 80% of leasing activity, the highest share since at least Q3 2021. New leases accounted for more than half of the total square footage leased, while renewals anchored the quarter's two largest transactions. The Seattle CBD and Bellevue CBD led district-level activity, together accounting for roughly 45% of total leasing.

Davis Wright Tremaine's 112,000 sq. ft. renewal at Madison Centre was the quarter's largest transaction, followed by the City of Seattle's 70,000 sq. ft. renewal at Columbia Center. Dorsey & Whitney signed a 46,000 sq. ft. new lease at Tower 1201, and AI firms accounted for several of the quarter's largest commitments. Crusoe Energy Systems expanded by 46,000 sq. ft. at Key Center in the Bellevue CBD, and Anthropic expanded by 46,000 sq. ft. at Dexter Yard in Lake Union.

Following three straight quarters of above-average activity, total leasing volume moderated to roughly 1.5 million sq. ft. in Q3 2026, down about 40% QoQ. Even so, leasing over the past four quarters reached nearly 9.5 million sq. ft., up roughly 12% YoY.

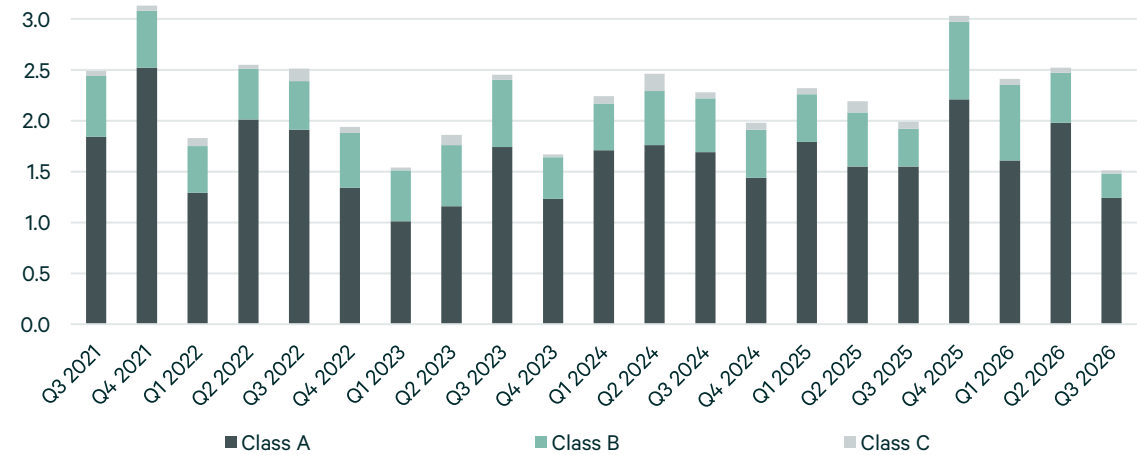
Figure 7: Q3 2026 Leasing by District (% of Total Activity)



Source: CBRE Research

Figure 6: Leasing Activity Trend

Sq. Ft. (millions)



Source: CBRE Research

Figure 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	District
Davis Wright Tremaine LLP	112,000	Renewal	920 5th Ave	Seattle CBD
City of Seattle	70,000	Renewal	701 5th Ave	Seattle CBD
Crusoe Energy Systems	46,000	Expansion	601 108th Ave NE	Bellevue CBD
Dorsey & Whitney	46,000	New Lease	1201 3rd Ave	Seattle CBD
Anthropic	46,000	Expansion	700 Dexter Ave N	Lake Union
Heartstream US	36,000	New Lease	19900 North Creek Pkwy	Bothell
Outreach	31,000	New Lease	701 N 34th St	Canal
Central Puget Sound Transit Authority	31,000	New Lease	315 5th Ave S	Pioneer Square

Source: CBRE Research

Investment Sale Activity

Private investors and owner-users led office investment activity in Q3 2026, accounting for 63.6% of volume. Fred Hutchinson Cancer Center made the quarter's largest transaction, purchasing a former healthcare office building in Federal Way for \$18.0 million, while Cedar Crest Academy acquired Bellewood Office Park in Bellevue for \$17.0 million. Private capital and owner-users commanded a clear premium on smaller buildings. Bellewood traded at \$969 per sq. ft., while investor-led acquisitions ranged from about \$58 per sq. ft. for Orton Development's purchase of Plaza 600 in Downtown Seattle to \$293 per sq. ft. for Wallace Properties' acquisition of Creekside Professional Center. Private owner-users, focused on long-term occupancy and less sensitive to financing costs, have been willing to pay well above investor pricing for buildings that fit their needs.

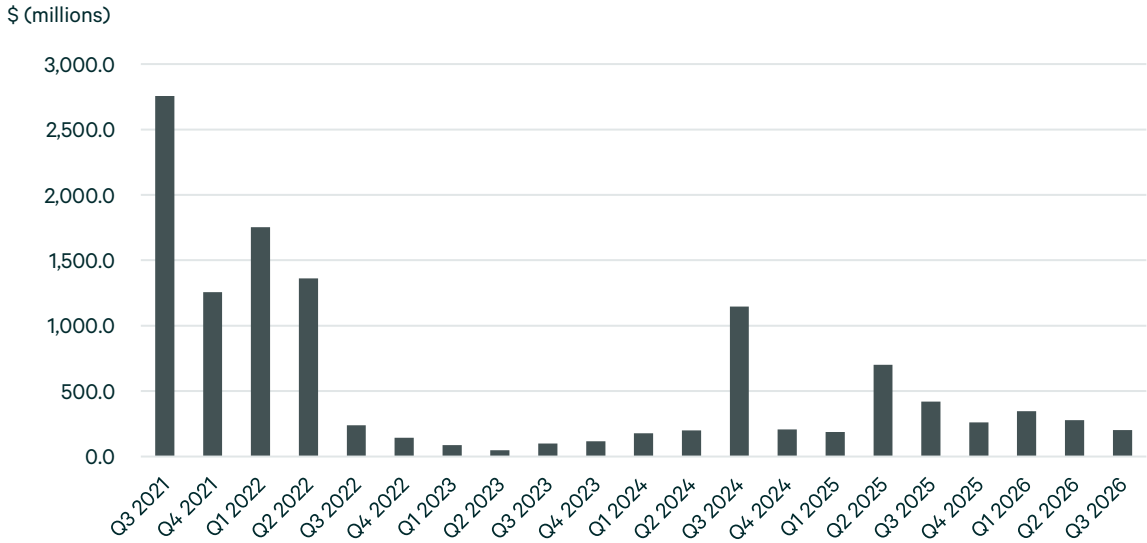
Economic growth continues to support occupier fundamentals, but investors must contend with Treasury yields near 5%. Signals from the Federal Reserve, inflation data and global fixed-income markets suggest rates will stay elevated for the foreseeable future, likely keeping buyers selective through year-end.

Figure 10: Key Sales

Property	Submarket	Buyer	Sales Price	Size (SF)	Price Per SF
Former Healthcare Office Building	Southend	Fred Hutchinson Cancer Center	\$18M	187,617	\$95
Bellewood Office Park	Eastside	Cedar Crest Academy	\$17M	17,500	\$969
Plaza 600	Downtown Seattle	Orton Development Inc.	\$12.5M	217,180	\$58
Northview Corporate Campus - Bldg C	Northend	Rosen Harbottle CRE	\$7.8M	59,219	\$131
Continental Building	Eastside	Rosita Van Coevorden	\$7.3M	16,356	\$443
Creekside Professional Center	Northend	Wallace Properties	\$6.6M	22,658	\$293

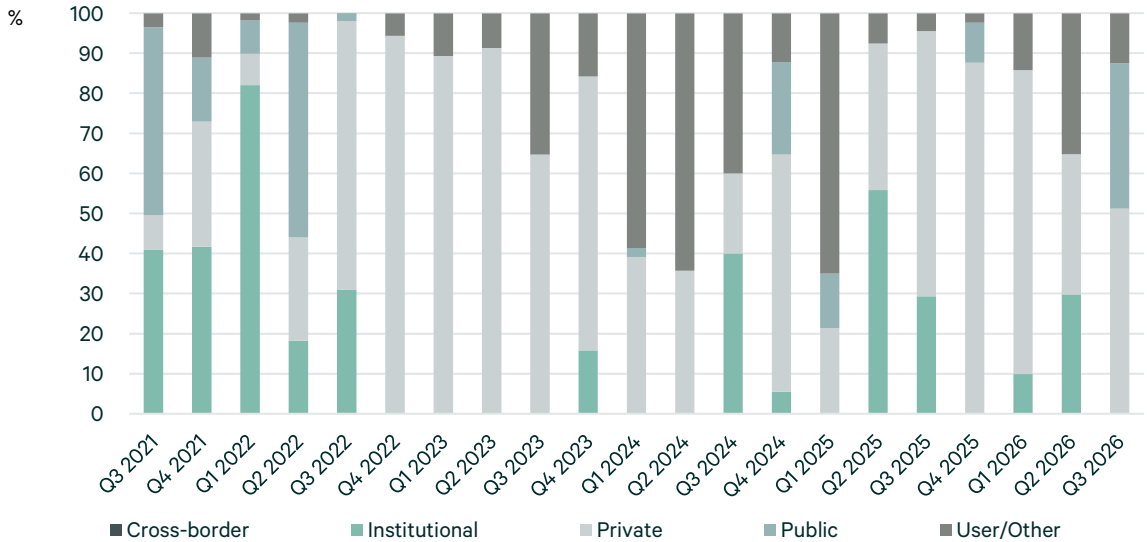
Source: MSCI Real Capital Analytics, CBRE Research

Figure 9: Quarterly Sales Volume



Source: MSCI Real Capital Analytics

Figure 11: Buyer Composition



Source: MSCI Real Capital Analytics

Market Statistics by District

Figure 12

Submarket	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF FSG/yr)	Class A Asking Rent (\$/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Downtown Seattle Total	54.86M	35.4	35.4	31.0	4.4	48.47	51.15	300,000	(296,000)	-	-
Canal	2.09M	28.5	37.1	16.6	20.5	49.50	53.46	33,000	(74,000)	-	-
Denny Regrade	8.64M	45.0	39.6	37.6	2.0	49.99	52.01	(2,000)	(312,000)	-	-
Lake Union	10.04M	21.7	20.7	18.0	2.7	59.41	54.40	(7,000)	(4,000)	-	-
Lower Queen Anne	2.90M	41.1	40.1	36.7	3.4	39.89	41.29	-	(59,000)	-	-
Pioneer Square	4.48M	35.6	34.6	33.5	1.1	44.48	54.16	38,000	75,000	-	-
Seattle CBD	24.42M	37.6	39.4	34.2	5.2	48.29	51.10	197,000	70,000	-	-
Waterfront	2.29M	33.8	35.3	29.3	6.0	39.66	50.16	41,000	9,000	-	-
Eastside Total	38.50M	23.8	23.7	18.6	5.2	54.61	57.72	(145,000)	833,000	-	-
Bel-red Rd Corridor	2.91M	30.4	25.4	6.5	19.0	48.21	59.56	(96,000)	(136,000)	-	-
Bellevue CBD	13.93M	26.0	24.3	18.9	5.4	70.66	72.25	(23,000)	253,000	-	-
Bothell	2.35M	24.8	22.2	18.5	3.7	36.69	36.65	4,000	18,000	-	-
I-405 Corridor	2.88M	19.3	18.0	16.6	1.4	47.19	50.21	(5,000)	(92,000)	-	-
I-90/Issaquah	7.50M	35.2	38.1	35.1	3.0	45.19	45.70	(23,000)	60,000	-	-
Kirkland	2.15M	8.2	8.6	4.2	4.4	56.12	61.01	35,000	(1,000)	-	-
Redmond	4.39M	6.2	9.0	5.0	4.0	44.77	45.76	(10,000)	648,000	-	-
Sr-520 Corridor	2.39M	18.3	22.3	19.7	2.5	41.17	44.41	(25,000)	83,000	-	-
Northend Total	4.59M	17.2	18.1	17.4	0.7	29.27	34.05	(66,000)	(43,000)	-	-
Everett/Mukilteo	2.09M	24.2	25.2	24.9	0.3	27.36	32.59	(79,000)	(70,000)	-	-

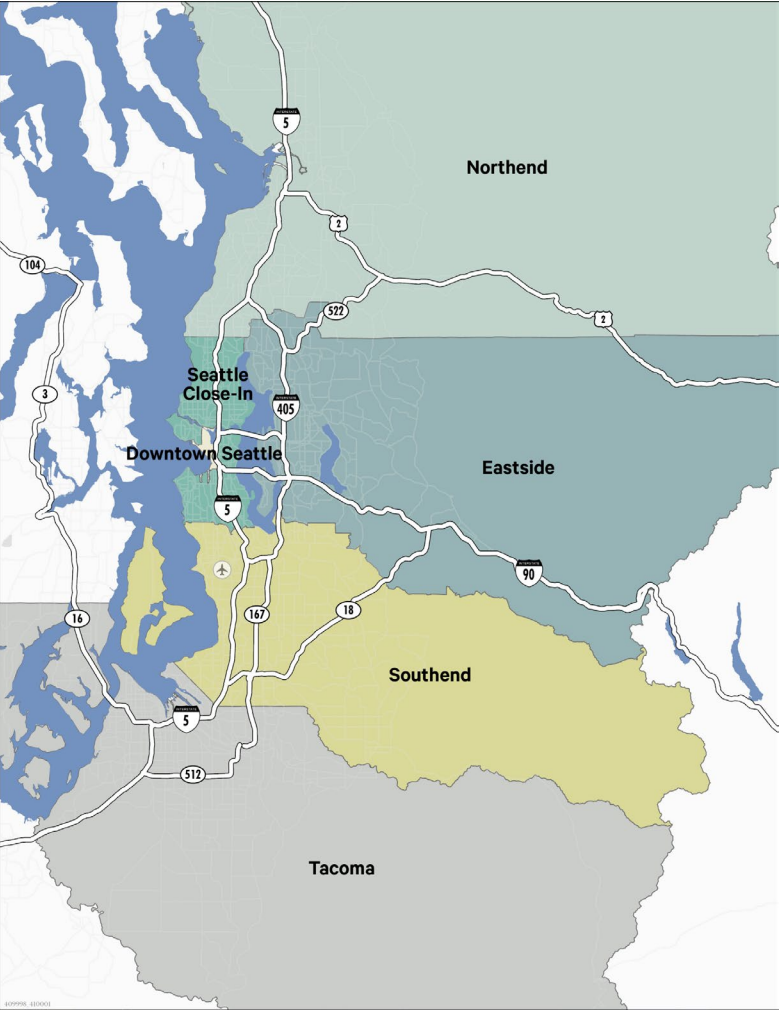
Market Statistics by District - Continued

Figure 12 - Continued

Submarket	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF FSG/yr)	Class A Asking Rent (\$/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Lynn/Ed/Mtlkterr	2.50M	11.3	12.2	11.1	1.1	32.46	34.45	13,000	27,000	-	-
Seattle Close-In Total	7.94M	21.4	23.3	20.8	2.6	41.18	47.77	116,000	30,000	-	-
Capitol Hill/E Seattle/Rainier	1.16M	12.6	15.0	15.0	-	35.48	28.60	10,000	(7,000)	-	-
North Seattle/Interbay	3.22M	27.3	28.3	26.8	1.6	50.86	52.79	112,000	82,000	-	-
South/West Seattle	3.55M	18.9	21.6	17.3	4.3	29.35	33.12	(5,000)	(46,000)	-	-
Southend Total	12.19M	17.3	18.8	16.6	2.2	34.75	39.46	305,000	366,000	-	-
Auburn	289,000	26.7	26.7	26.7	-	29.32	29.32	(15,000)	(15,000)	-	-
Federal Way	2.78M	21.3	27.8	22.2	5.6	28.63	27.53	(15,000)	(7,000)	-	-
Kent	1.16M	17.4	18.2	16.2	1.9	31.75	32.83	17,000	17,000	-	-
Renton	4.75M	21.7	20.8	19.7	1.1	41.32	47.34	309,000	345,000	-	-
Seatac	1.30M	4.2	6.1	4.6	1.5	25.25	28.00	(9,000)	(11,000)	-	-
Tukwila	1.91M	8.3	8.8	7.9	0.8	28.79	29.67	18,000	37,000	-	-
Tacoma Total	5.41M	23.6	24.0	23.5	0.5	27.68	28.04	3,000	89,000	-	-
DuPont	349,000	100.0	100.0	100.0	-	20.00	20.00	-	-	-	-
Fife	160,000	5.1	5.1	5.1	-	30.36	-	(8,000)	(8,000)	-	-
Gig Harbor	73,000	7.7	7.7	-	7.7	-	-	-	-	-	-
Puyallup	656,000	28.5	29.8	29.8	-	34.72	34.50	3,000	54,000	-	-
Tacoma CBD	2.88M	22.2	22.9	22.2	0.7	29.16	33.83	6,000	29,000	-	-
Tacoma Suburban	1.29M	7.0	6.2	6.2	-	31.81	36.55	3,000	14,000	-	-
Total	123.48M	27.9	28.2	24.2	4.0	47.18	51.02	514,000	979,000	-	-

Source: CBRE Research

Market Area Overview



Definitions

- Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant.
- Availability Rate: Total Available Sq. Ft. divided by the total building Area.
- Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage.
- Building Area: The total floor area sq. ft. of the building, typically taken at the “drip line” of the building.
- Gross Activity: All sale and lease transactions completed within a specified time period. Excludes investment sale transactions.
- Gross Lease Rate: Rent typically includes real property taxes, building insurance, and major maintenance.
- Net Absorption: The change in Occupied Sq. Ft. from one period to the next.
- Net Lease Rate: Rent excludes one or more of the “net” costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate..
- Occupied Sq. Ft.: Building Area not considered vacant.
- Vacancy Rate: Total Vacant Sq. Ft. divided by the total Building Area.
- Vacant Sq. Ft.: Space that can be occupied within 30 days.

Survey Criteria

Survey includes competitive (typically investor-owned) office buildings over 10,000 sq. ft. It does not include medical office or biotech space.

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