

FIGURES | PUGET SOUND OFFICE | Q1 2025

# Seattle’s Office Market Shows Signs of Life as Workers Return

▲ 26.9%

Vacancy Rate

▲ 30.2%

Availability Rate

▼ (379)K

SF Net Absorption

▼ 480K

SF Under Construction

▲ \$50.49

Class A Direct Asking Lease Rate  
SF/Year, Full Service

Note: Arrows indicate change from previous quarter.

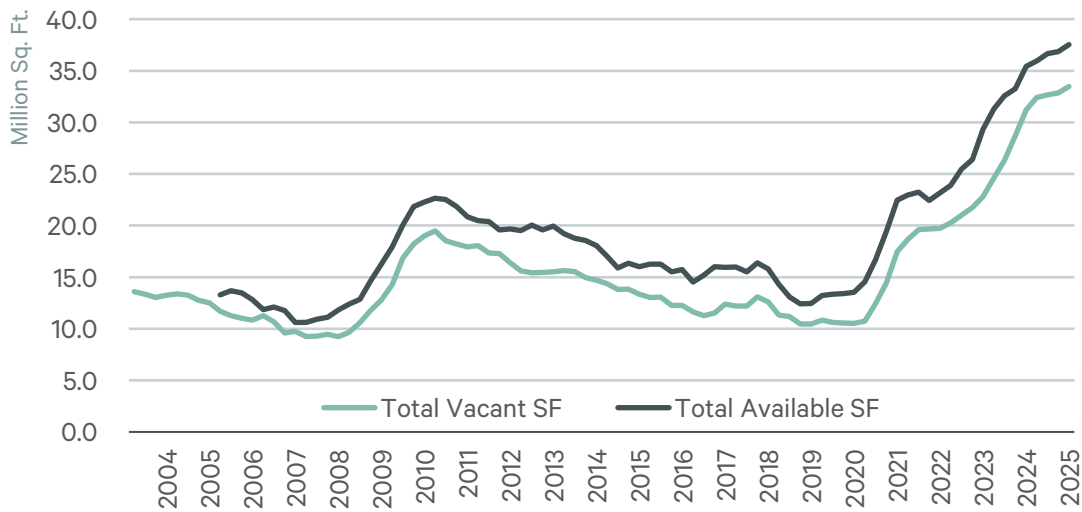
## Overview

Seattle saw a resurgence downtown, as companies continue to expect their workers to return to the office. According to the Downtown Seattle Association, (data source: Placer.ai) worker numbers surged downtown in February 2025, reaching a near-record 94,000 daily employees - the second-highest tally since the pandemic started in March 2020. Notably, this figure marked a 63% recovery from pre-pandemic levels, with a 7% boost compared to the same month last year.

Still, Seattle area office vacancy climbed modestly in Q1 2025, ending at 26.9%, a 40 basis points (bps) increase from the end of 2024. Contractions, however, almost doubled this quarter; the region saw 378,962 sq. ft. of negative absorption in Q1, down from negative 135,457 sq. ft. in Q4 2024.

Seattle's economy is poised for optimistic growth, however. Steady employment gains, hovering around 1% annually, coupled with stable wage increases and a low unemployment rate of 4.3 percent, paints a better picture. A significant jump is expected, as the *Puget Sound Economic Forecaster* forecasts a 3.2% jump in office-using jobs from 2026 to 2027. Increased venture capital spending and the potential for jobs in artificial intelligence is setting the stage for a healthier tech market in Seattle in the coming years.

FIGURE 1: Historic Vacancy and Availability

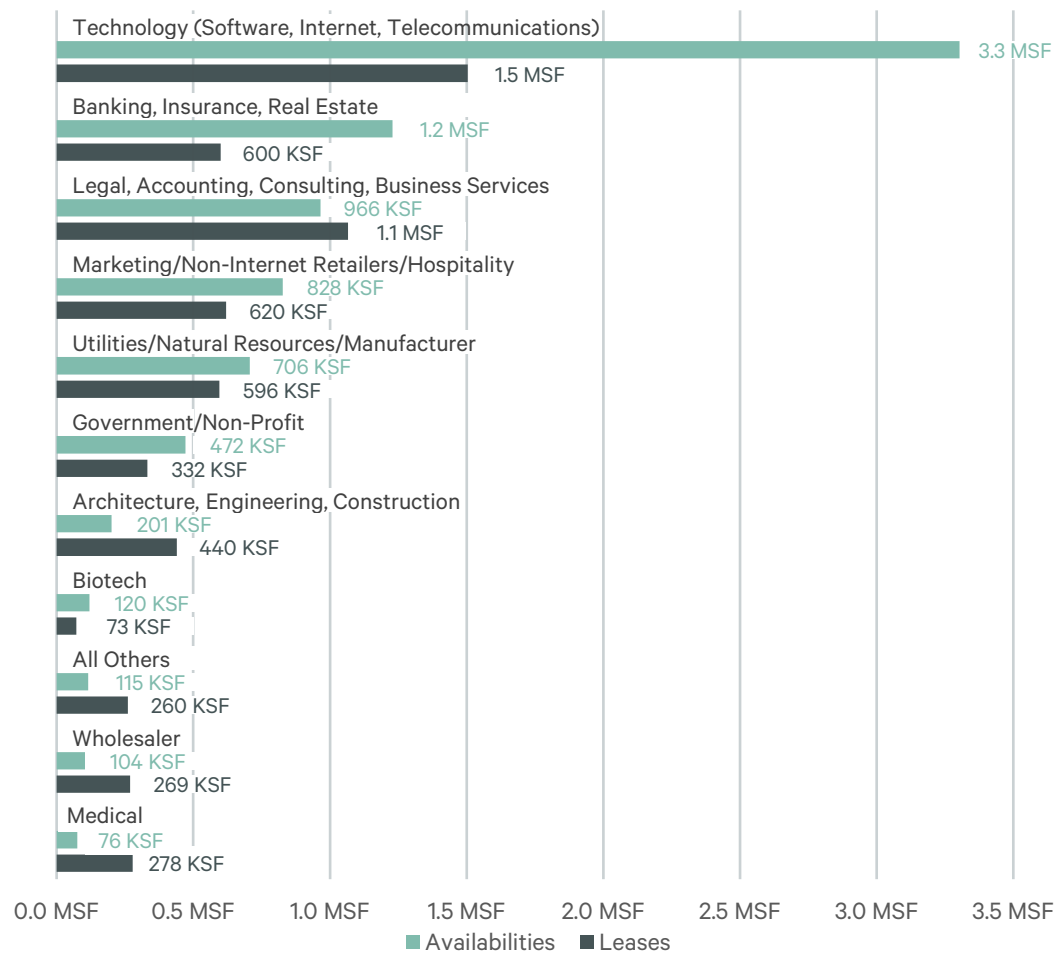


Vacant space is vacant and marketed or newly leased, but not yet occupied.

Available space is marketed but may or may not be vacant. Both measures include sublease space.

Source: CBRE Research, Q1 2025

FIGURE 2: Puget Sound Activity by Business Sector, Previous 12 Months (Available Space versus Leased Space)

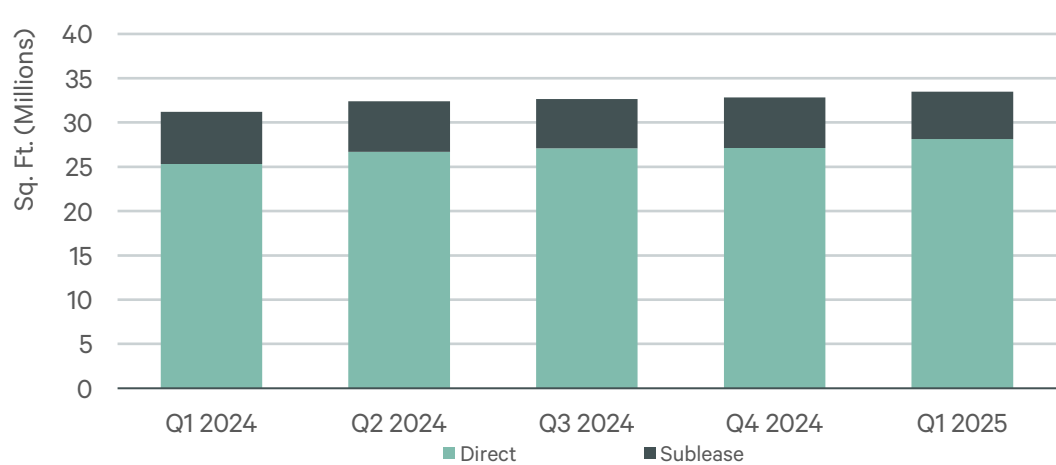


Available Space is space that is advertised, but not necessarily vacant, by an outgoing tenant in the respective business sector. This analysis excludes first-generation space.

Leased Space is space that was signed by a tenant in the respective business sector.

Source: CBRE Research, Q1 2025

FIGURE 3: Puget Sound Vacancy



Source: CBRE Research, Q1 2025

FIGURE 4: Asking Lease Rate, Class A, Full Service per Year



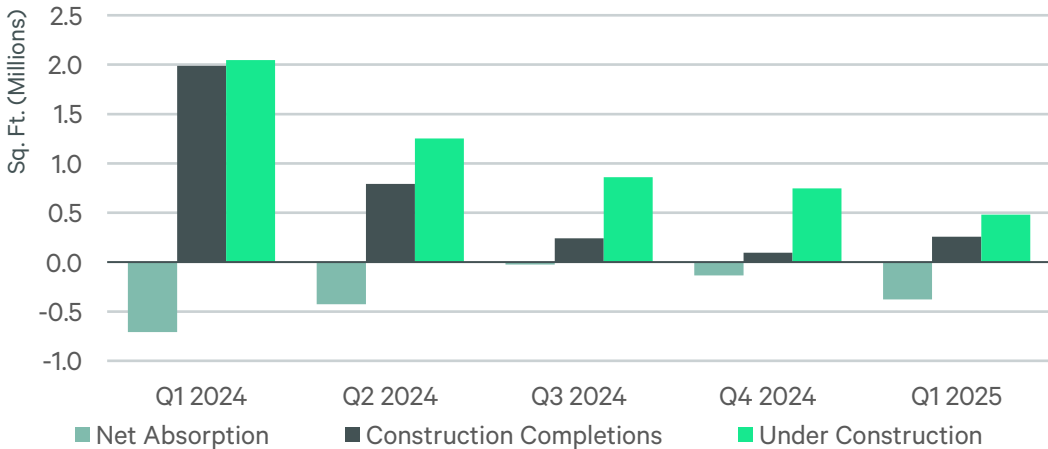
Source: CBRE Research, Q1 2025

Downtown Seattle

While the Seattle office market experienced some notable changes, Q1 ended predictably with 359,616 sq. ft. of negative net absorption. Notable events included UW Medicine vacating 44,697 sq. ft. at Columbia Center, in the Seattle CBD; WeWork leaving 34,726 sq. ft. at Hill7 in Seattle’s Denny Regrade submarket; First Mode vacating 29,267 sq ft at The Reedo Building in the Pioneer Square submarket; and Bristol Myers Squibb leaving 34,106 sq. ft. at 1000 Dexter in the Lake Union submarket. Avalara occupied 33,754 sq. ft. in the Maritime Building in the Waterfront submarket, while vacating only 19,044 sq. ft. at Hawk Tower.

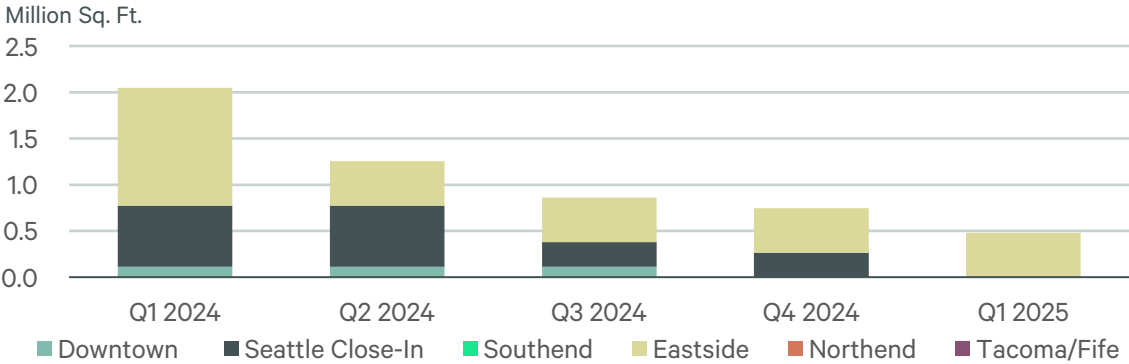
This quarter, the Downtown Seattle market was influenced by the ongoing "flight to quality," with companies seeking premium office space in top tier buildings. The Class A direct asking rate decreased by \$0.27 to \$52.18 per sq. ft., per year, full service, compared to the previous quarter. Companies continue to prioritize high-end office spaces with a strengthening of return-to-office strategies as they navigate the changing work landscape.

FIGURE 5: Puget Sound Absorption and Construction



Source: CBRE Research, Q1 2025

FIGURE 6: Square Feet Under Construction by Market



Source: CBRE Research, Q1 2025

FIGURE 7: Key Transactions

Tenant	Transaction Type	Sq. Ft.	Building	Market	Business Sector	Occupancy Change
WeWork	Renewal	134,601	Summit II	Eastside	Technology	Neutral
Tommy Bahama	Renewal	125,560	400 Fairview	Downtown Seattle	Retailer	Neutral
The Walt Disney Company	Renewal/Contraction	123,214	Fourth & Madison	Downtown Seattle	Media	Negative
Salesforce, Inc.	Renewal/Contraction	97,872	929 Office Tower	Eastside	Technology	Negative
eBay	Renewal	73,680	One Bellevue Center	Eastside	Technology	Neutral
Lululemon	Renewal/Expansion	46,007	Second & Seneca	Downtown Seattle	Retailer	Positive
INRIX	New Lease (Sublease)	35,199	Bellefield - Edifecs Building	Eastside	Technology	Positive

Source: CBRE Research, Q1 2025

Eastside

In Q1 2025, the Eastside office market recorded 58,585 sq. ft. of negative absorption, a significant decline compared to the 232,394 sq. ft. of growth observed in the same period last year. Consequently, the total vacancy rate increased from 21.9% in the previous quarter to 22.1%.

Key movements this quarter included K2 Sports relocating to 46,100 sq. ft. at Commons on 90, following their departure from 28,400 sq. ft. at 5<sup>th</sup> & Pine in Seattle. Additionally, AT&T vacated 73,000 sq. ft. at Redmond Town Center, with no corresponding relocation.

This quarter's leasing activity was primarily driven by Bellevue CBD class A properties, accounting for nearly 40% of all transactions. Notable leases included Salesforce's renewal and downsize to 97,900 sq. ft. at Nine Two Nine Office Tower, along with the City of Bellevue's renewal of 34,900 sq. ft. at the Bellefield Courthouse Building. Additionally, INRIX, Inc. subleased 35,200 sq. ft. of space from Edifecs in Bellefield, relocating from the Kirkland submarket.

The Eastside development pipeline had no new deliveries or additions this quarter, with 480,000 sq. ft. of non-owner occupied space currently under construction – the Four106 project - set to deliver in May.

The Class A direct asking rate increased quarter-over-quarter from \$53.25 to \$55.65 per sq. ft., per year, full service.

Northend

In Q1 2025, the Northend office market experienced a quarter-to-date absorption of negative 6,013 sq. ft., although better than the five-year average. This pushed vacancy from 17.3% to 17.5% quarter-over-quarter. The major impact was Sound Publishing vacating 15,915 sq. ft. at 1800 Forty First in Everett. There were no notable move-ins. In terms of leasing, Vimly Benefit Solutions renewed their 11,300 sq. ft. lease at 12121 Harbour Reach Drive in Mukilteo. The Class A direct asking rate remained relatively stable, landing at \$34.40 per sq. ft., per year, full service.

FIGURE 8A: Statistics by Submarket

Submarket	Net Rentable Area (SF)	Direct Vacancy Rate (%)	Total Vacancy Rate (%)	Total Availability Rate (%)	Q1 2025 Net Absorption (SF)	Last Four Qtrs Net Absorption (SF)	Under Construction (SF)	Direct Class A Avg. Asking Rent, Gross (\$/SF/Yr)	Total Class A Avg. Asking Rent, Gross (\$/SF/Yr)
<b>Downtown Seattle</b>	<b>55,664,755</b>	<b>28.8%</b>	<b>33.2%</b>	<b>36.8%</b>	<b>(359,616)</b>	<b>(1,334,800)</b>	<b>0</b>	<b>52.18</b>	<b>50.22</b>
Seattle CBD	24,235,615	29.3%	35.6%	39.5%	(101,830)	(545,602)	0	51.62	48.57
Waterfront	2,621,425	38.3%	42.2%	46.9%	(31,594)	(80,136)	0	49.02	49.10
Pioneer Square	4,759,893	40.2%	41.8%	43.6%	(64,345)	(107,371)	0	54.67	54.52
Denny Triangle/Regrade	8,639,351	38.2%	39.9%	45.8%	(130,647)	(408,097)	0	53.24	52.81
Lower Queen Anne	2,966,560	34.6%	38.3%	43.5%	30,025	(62,923)	0	41.40	39.88
Lake Union	10,353,908	13.7%	16.1%	16.3%	(39,508)	(112,302)	0	55.85	55.31
Canal/Fremont	2,088,003	12.7%	25.7%	31.8%	(21,717)	(18,369)	0	48.58	48.58
<b>Seattle Close-In</b>	<b>7,781,072</b>	<b>17.4%</b>	<b>20.9%</b>	<b>25.6%</b>	<b>13,818</b>	<b>221,789</b>	<b>0</b>	<b>51.67</b>	<b>50.76</b>
North Seattle/Interbay	3,213,022	25.5%	28.3%	33.5%	22,346	72,194	0	54.46	53.77
Capitol Hill/E Seattle/Rainier	1,161,403	13.0%	13.0%	15.9%	11,715	67,437	0	33.10	33.10
South/West Seattle	3,406,647	11.3%	16.6%	21.4%	(20,243)	82,158	0	45.67	43.45
<b>Southend</b>	<b>12,312,295</b>	<b>20.7%</b>	<b>21.4%</b>	<b>21.7%</b>	<b>54,020</b>	<b>31,068</b>	<b>0</b>	<b>33.22</b>	<b>32.68</b>
Sea-Tac	1,301,072	8.1%	8.1%	8.1%	2,192	16,312	0	32.38	32.38
Tukwila	2,078,892	10.3%	11.7%	13.2%	71,253	89,192	0	26.35	25.25
Renton	4,749,044	28.9%	29.0%	29.1%	10,167	(37,196)	0	37.67	37.42
Kent	1,161,442	13.4%	14.8%	18.4%	3,838	(46,756)	0	31.96	31.78
Auburn	289,025	11.8%	11.8%	12.9%	0	26,203	0	26.85	26.85
Federal Way	2,732,820	24.6%	25.7%	24.3%	(33,430)	(16,687)	0	27.23	27.02

Source: CBRE Research, Q1 2025

Southend

The Southend office market experienced a notable decline in vacancy during Q1, dropping by 40 bps to 21.4%. This improvement was driven by a significant increase in new occupancy, and positive net absorption of 54,020 sq. ft. A notable undisclosed tenant has made a move into 61,100 sq. ft. at Intergate East. In addition, Convergent Technologies relocated to 19,600 sq. ft. at Blackriver Corporate Park, vacating 13,000 sq. ft. of sublease space at Old Milwaukee Substation. Lastly, Wesley Homes secured a new lease at East Campus, committing to 13,900 sq. ft.

Tacoma

The Tacoma market continues to experience consolidation, as companies "test the waters" before committing to larger spaces while assessing their return-to-office needs. The Class A rate increased to an average of \$26.08 per sq. ft. per year, full service, while the vacancy rate rose to 25.9%, up 50 bps from Q4. The market saw negative net absorption of 22,586 sq. ft, driven primarily by Key Bank giving up 20,253 sq. ft. in the Tacoma CBD. Despite this, there are still opportunities for companies looking to take advantage of the lowest rent in the Seattle region.

Investment Sales

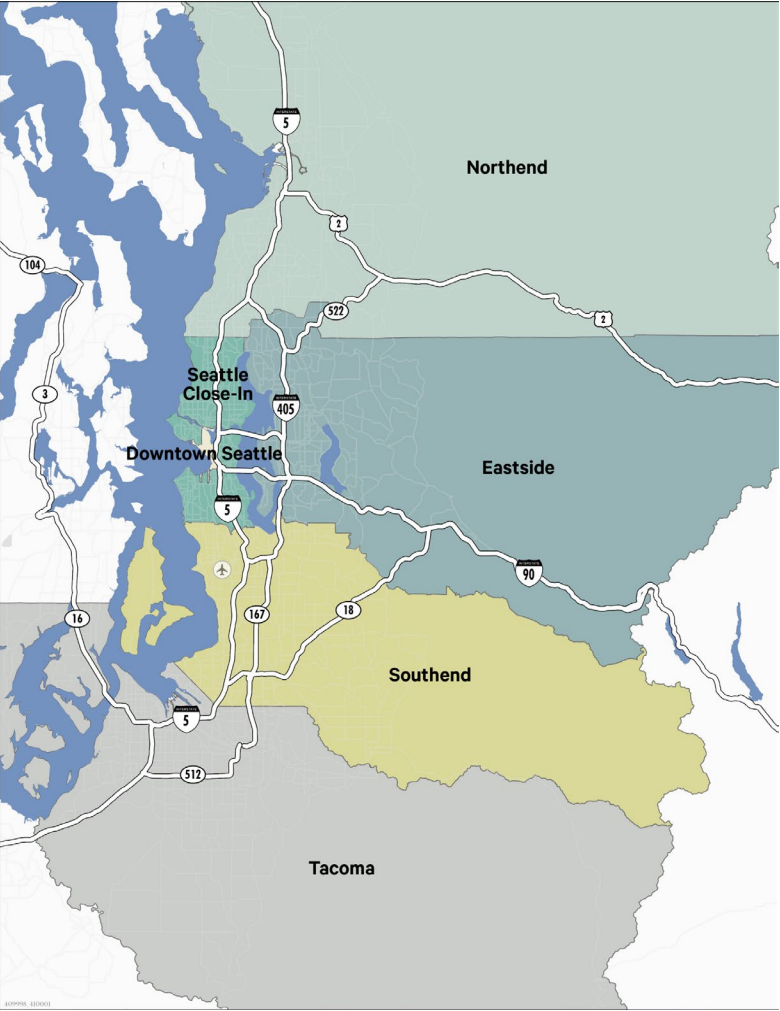
In Q1 2025, ten properties totaling 928,720 sq. ft. traded, a significant increase from the 323,612 sq. ft. in the previous quarter. Sales volume reached \$199.1 million, reflecting a 7.0% increase compared to the same period last year. Following interest rate cuts in 2024, rates stabilized for Q1 2025, potentially boosting sales velocity. The most notable transaction was the Port of Seattle's acquisition of International Place, a 532,000 sq. ft. property purchased for \$120.0 million. The improving lending environment and stable rental rates, despite declining office prices, have made owner-occupied purchases particularly attractive.

FIGURE 8B: Statistics by Submarket

Submarket	Net Rentable Area (SF)	Direct Vacancy Rate (%)	Total Vacancy Rate (%)	Total Availability Rate (%)	Q1 2025 Net Absorption (SF)	Last Four Qtrs Net Absorption (SF)	Under Construction (SF)	Direct Class A Avg. Asking Rent, Gross (\$/SF/Yr)	Total Class A Avg. Asking Rent, Gross (\$/SF/Yr)
<b>Eastside</b>	<b>38,261,543</b>	<b>16.0%</b>	<b>22.1%</b>	<b>25.9%</b>	<b>(58,585)</b>	<b>241,828</b>	<b>480,000</b>	<b>55.65</b>	<b>53.26</b>
Bellevue CBD	13,425,055	15.0%	18.8%	26.2%	11,758	266,676	480,000	68.09	65.62
I-405	2,879,091	14.1%	15.5%	17.4%	(61,587)	(44,128)	0	48.33	46.64
SR-520	2,393,943	16.6%	18.9%	26.8%	22,115	62,134	0	48.98	48.44
I-90	7,595,404	31.8%	34.8%	37.3%	(25,122)	178,573	0	45.35	45.02
Bel-Red Road	2,937,943	2.6%	33.4%	22.8%	7,069	(35,355)	0	36.00	35.35
Kirkland	2,149,885	7.2%	8.1%	8.6%	(1,015)	(43,052)	0	50.51	50.51
Redmond	4,446,332	5.3%	17.8%	22.2%	(71,495)	(115,819)	0	47.71	41.82
Bothell	2,433,890	18.3%	18.3%	22.9%	59,692	(27,201)	0	35.55	35.55
<b>Northend</b>	<b>4,665,931</b>	<b>15.1%</b>	<b>17.5%</b>	<b>19.9%</b>	<b>(6,013)</b>	<b>23,663</b>	<b>0</b>	<b>34.40</b>	<b>33.98</b>
Lynn/Edm/Mtlk Terr	2,571,727	11.4%	15.7%	19.0%	5,115	31,292	0	35.04	34.53
Everett	2,094,204	19.5%	19.6%	21.1%	(11,128)	(7,629)	0	31.19	31.21
<b>Tacoma/Fife</b>	<b>5,552,288</b>	<b>24.5%</b>	<b>25.9%</b>	<b>28.4%</b>	<b>(22,586)</b>	<b>(151,181)</b>	<b>0</b>	<b>26.08</b>	<b>26.19</b>
Tacoma CBD	3,025,037	23.1%	23.9%	27.3%	(28,160)	(88,077)	0	30.53	30.70
Tacoma Suburban	1,289,895	5.7%	6.2%	8.5%	7,224	(13,432)	0	27.66	27.66
Fife	159,994	16.8%	16.8%	16.8%	0	0	0	N/A	N/A
Puyallup	655,687	32.4%	39.9%	40.3%	(1,650)	(50,565)	0	31.15	31.15
DuPont	348,505	100.0%	100.0%	100.0%	0	0	0	20.00	20.00
Gig Harbor	73,170	0.0%	0.0%	0.0%	0	893	0	N/A	N/A
<b>Puget Sound Total</b>	<b>124,237,884</b>	<b>22.7%</b>	<b>26.9%</b>	<b>30.2%</b>	<b>(378,962)</b>	<b>(967,633)</b>	<b>480,000</b>	<b>50.49</b>	<b>48.92</b>

Source: CBRE Research, Q1 2025

Market Area Overview



Definitions

- Net Absorption: The change in occupied square feet from one period to the next recognized at the move-in date or delivery of new construction, not lease signing date.
- Vacancy: Space that is physically vacant but may be available or newly leased but still vacant.
- Available: Space that is marketed that may or may not be vacant
- Average Asking Lease Rate: A calculated average that includes full service and triple net + operating expense lease rates, weighted by their corresponding available square footage.
- Full Service Lease Rate: Rent typically includes real property taxes, building insurance, common area and major maintenance.
- Net Lease Rate: Rent excludes one or more of the "net" costs (real property taxes, building insurance, and maintenance) typically included in a full-service lease rate.

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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