

FIGURES | SEATTLE OFFICE | Q2 2026

Puget Sound office market holds course as fundamentals continue to stabilize

▼ 28.2%

Vacancy Rate

▼ 64,000

SF Net Absorption

► 0

SF Construction Delivered

► 0

SF Under Construction

▼ \$46.78

Direct Asking Lease Rate (FSG/YR)

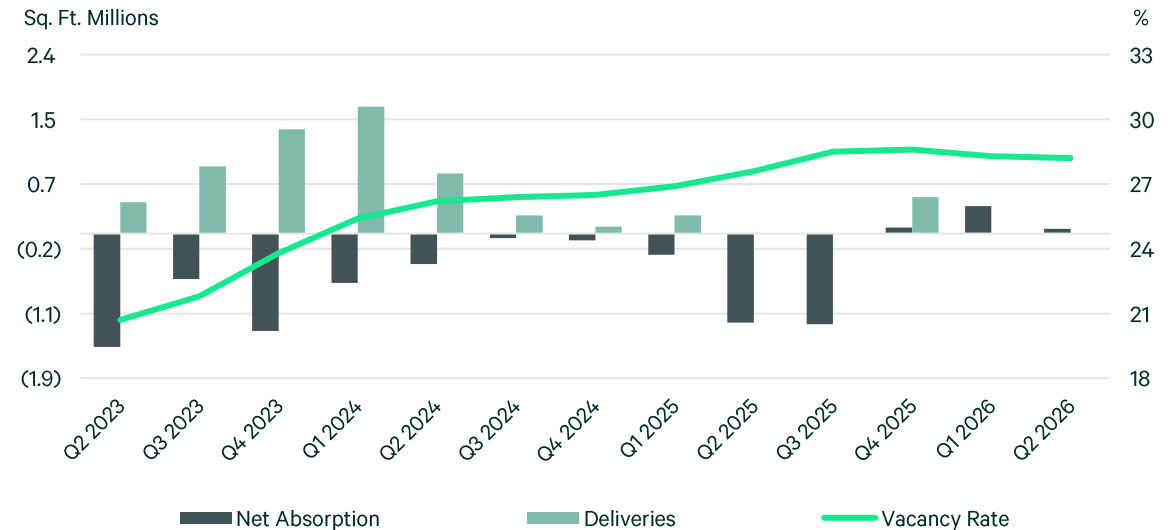
Note: Arrows indicate change from previous quarter.

Market Overview

The Puget Sound office market continued its gradual recovery in Q2 2026. Net absorption remained positive for a third consecutive quarter, totaling 64,000 sq. ft., while the total availability rate eased to 28.1%, down 8 basis points (bps) quarter-over-quarter — extending its decline for a fourth straight quarter. Total vacancy held steady at 28.2%, with both metrics remaining elevated overall. The average direct asking rate ended the quarter at \$46.78 per sq. ft., full-service gross (FSG), virtually unchanged from the prior quarter.

The Eastside submarket, led by Downtown Bellevue, outperformed Downtown Seattle on vacancy metrics. Downtown Seattle continues to face persistent headwinds; however, the Seattle CBD recorded 83,000 sq. ft. of positive net absorption in Q2 2026 — its first positive quarter since Q1 2020 — a meaningful milestone for one of the region's most challenged districts. On the Eastside, momentum remained strong: the submarket posted 323,000 sq. ft. of positive net absorption and carried the lowest vacancy rate among all major submarkets at 23.6%. AI-driven and tech-sector demand, anchored by Databricks' 144,000-sq.-ft. lease in Bellevue, drove much of that activity, while a growing development pipeline points to renewed confidence among Eastside owners.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q2 2026

Vacancy

Total vacancy in Q2 2026 remained stable quarter-over-quarter at 28.2%, marking the fourth consecutive quarter above the 28% threshold. Class A vacancy improved slightly, ending the quarter at 29.9%, a 20-bps decrease. Class B vacancy rose 50 bps to 25.5%.

Eastside vacancy compressed to 23.6%, down 80 bps from the prior quarter, reflecting sustained tenant demand. Downtown Seattle’s vacancy rate increased modestly to 35.4%, up from 34.9% in Q1, though leasing activity among legal, healthcare, and technology tenants remained steady.

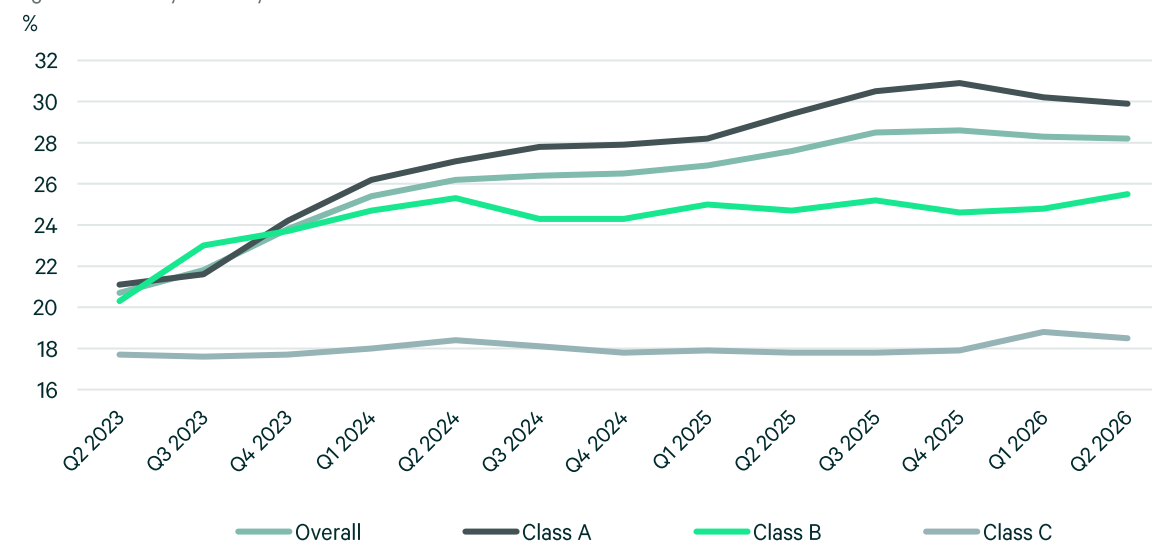
The Seattle CBD recorded its first vacancy decline since Q1 2020, falling 40 bps quarter-over-quarter—a notable milestone for the market’s most challenged district. AI-related occupiers continued to expand their footprint, and established legal firms maintained a strong downtown presence. Together, these pockets of demand supported gradual improvements in overall market fundamentals.

Asking Rent

The overall average direct asking lease rate for the Puget Sound office market eased to \$46.76 per sq. ft. per year full-service gross FSG, a \$0.34 decline quarter-over-quarter. Class A asking rents decreased from \$51.31 to \$50.93 per sq. ft., while Class B rates edged down to \$36.17 per sq. ft. FSG, a 0.5% drop. Although overall asking rents softened slightly, sustained demand for premium office space on the Eastside continued to support pricing strength in the region’s top-performing submarket.

The Eastside and Downtown Seattle submarkets posted the highest average direct rents in the region at \$54.73 and \$47.72 per sq. ft., respectively—both well above the market-wide average of \$46.78 per sq. ft. for Q2 2026. The Seattle Close-In and Southend submarkets recorded average direct rents of \$42.01 and \$34.26 per sq. ft., while the Northend and Tacoma submarkets had the lowest rates at \$29.26 and \$27.50 per sq. ft., respectively.

Figure 2: Vacancy Rates by Class



Source: CBRE Research, Q2 2026

Figure 3: Average Direct Asking Rate by Class



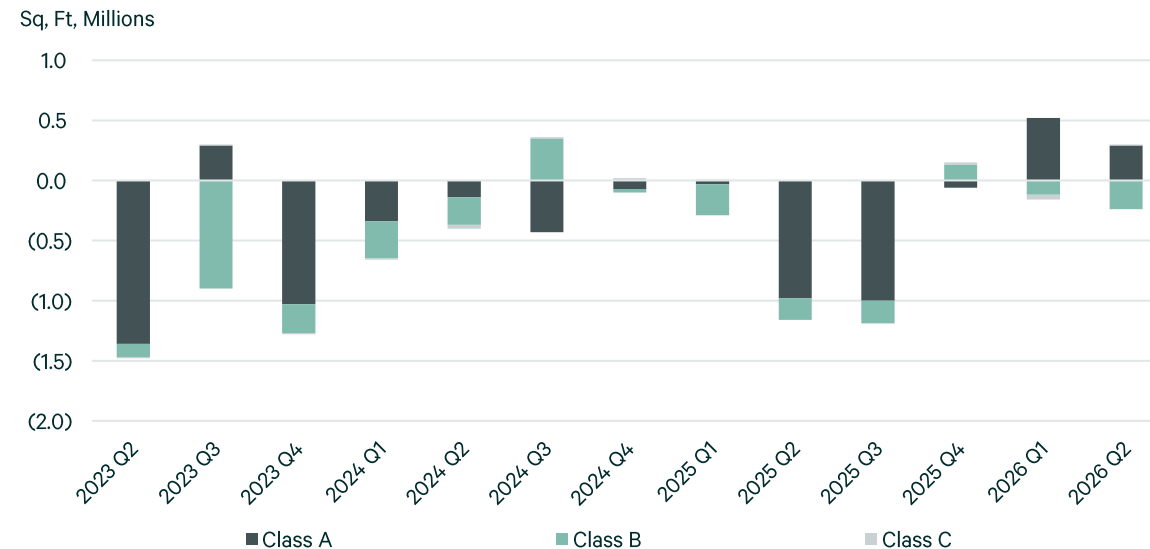
Source: CBRE Research, Q2 2026

Net Absorption

The Puget Sound office market posted positive net absorption for a third consecutive quarter in Q2 2026. Net absorption for the quarter reached 64,000 sq. ft., down from the 356,000 sq. ft. recorded in Q1 2026, but still extending the region’s overall occupancy gains. Class A space drove the improvement, with 290,000 sq. ft. of positive absorption, partially offset by nearly 240,000 sq. ft. of Class B move-outs.

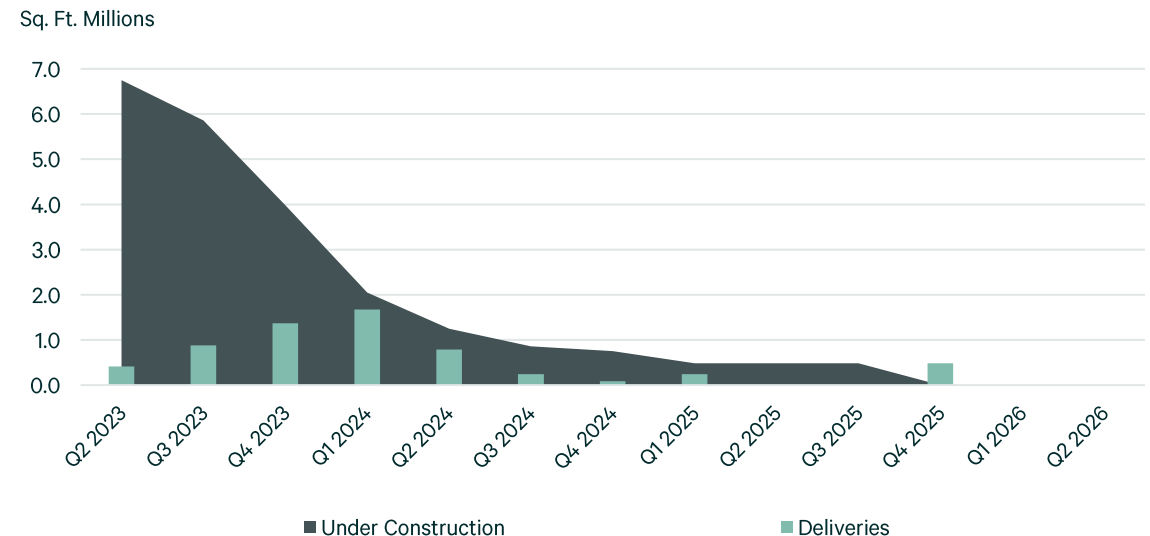
Bellevue anchored the positive net absorption in Q2 2026. The Pokémon Company International moved into 374,000 sq. ft. at The Eight, and new tenants occupied roughly 76,000 sq. ft. at City Center Plaza — led by OpenAI’s 49,000 sq. ft. deal — contributed additional gains. Activity moderated from an exceptionally strong first quarter, but the Eastside again captured the majority of the region’s occupancy growth and maintained its position as the market’s strongest submarket.

Figure 4: Net Absorption Trend



Source: CBRE Research, Q2 2026

Figure 5: Construction Activity



Source: CBRE Research, Q2 2026

Construction Activity

The Puget Sound office market recorded no new construction activity in Q2 2026, with no space under construction and no deliveries. This marked the third consecutive quarter without construction. The most recent completion was the Four106 project in Bellevue, which delivered 480,000 sq. ft. in Q4 2025. The development pipeline has continued to wind down since early 2023, when construction activity peaked at nearly 7.6 million sq. ft. before stalling out in late 2025.

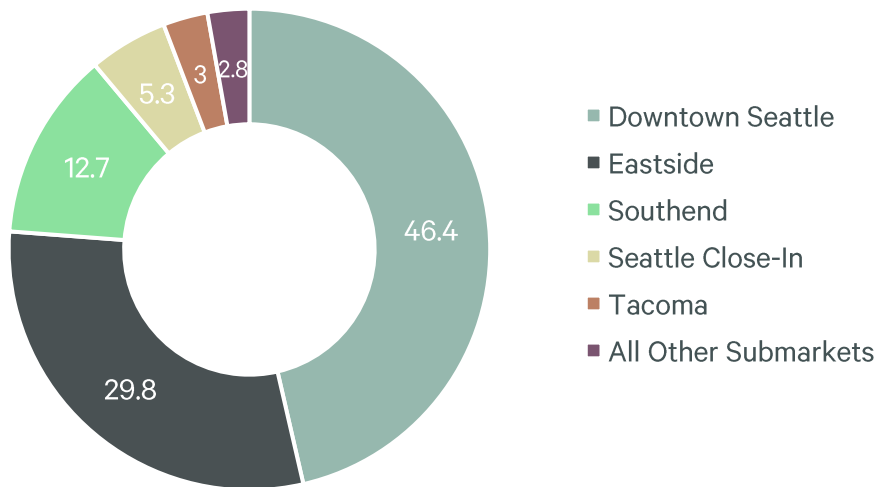
The pause in new supply is working in the market’s favor. With no additional space competing for tenant demand, existing vacant supply is more easily absorbed, and asking rates are able to hold steady.

Leasing Activity

Total leasing reached 2.25 million sq. ft. in Q2 2026, down 2.8% quarter-over-quarter from 2.32 million sq. ft. in Q1 2026, and up 3.2% year-over-year from Q2 2025. Class A space led the quarter, with leasing activity rising to 1.76 million sq. ft., an increase of 11.5% quarter-over-quarter and 13.5% year-over-year. In contrast, Class B leasing volume declined to 450,000 sq. ft., down 35.3% quarter-over-quarter and 15.4% year-over-year.

Downtown Seattle led all submarkets with roughly 1.0 million sq. ft. of leasing activity, followed by the Eastside at 680,000 sq. ft. Together, these two submarkets accounted for more than three-quarters of the quarterly leasing activity. The remaining submarkets also posted positive leasing momentum, adding approximately 486,000 sq. ft. in total: Southend at 268,000 sq. ft., Seattle Close-In at 99,000 sq. ft., Tacoma at 63,000 sq. ft., and the Northend at 56,000 sq. ft. New lease transactions were primarily driven by relocations from technology, finance and professional services, while new growth continued to stay concentrated in AI and enterprise software tenants. Artificial intelligence accounted for approximately 403K sq. ft. of leasing activity in Q2 2026, as adoption continues building on last quarter’s momentum.

Figure 6: Q2 2026 Leasing by Submarket (% of Total Activity)



Source: CBRE Research, Q2 2026

Figure 7: Leasing Activity Trend
Sq. Ft. Millions



Source: CBRE Research, Q2 2026

Figure 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Databricks	144,000	New Lease	350 106th Ave NE	Eastside
Docusign	116,000	New Lease	1301 2nd Ave	Downtown Seattle
Confidential Tech Tenant	114,000	Renewal	744 N 34th St	Downtown Seattle
Anthropic	102,020	New Lease	700 Dexter Ave N	Downtown Seattle
Confidential Gaming Tenant	76,000	New Lease	1107 Lake Washington Blvd N	Southend
LMN Architects	47,000	New Lease	72-80 S Washington St	Downtown Seattle
Stripe	45,000	New Lease	920 5th Ave	Downtown Seattle
Qumulo	43,000	Renewal	1501 4th Ave	Downtown Seattle

Source: CBRE Research, Q2 2026

Market Statistics by Class

Figure 11: Metro Market Statistics by Class

Property Class	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	84.57M	29.9	30.0	25.3	4.7	50.93	290,000	812,000	-	-
Class B	33.84M	25.5	25.0	22.9	2.0	36.17	(240,000)	(359,000)	-	-
Class C	5.03M	18.5	16.3	15.9	0.3	32.16	13,000	(29,000)	-	-
Total	123.44M	28.2	28.1	24.3	3.8	46.78	64,000	424,000	-	-

Source: CBRE Research, Q2 2026

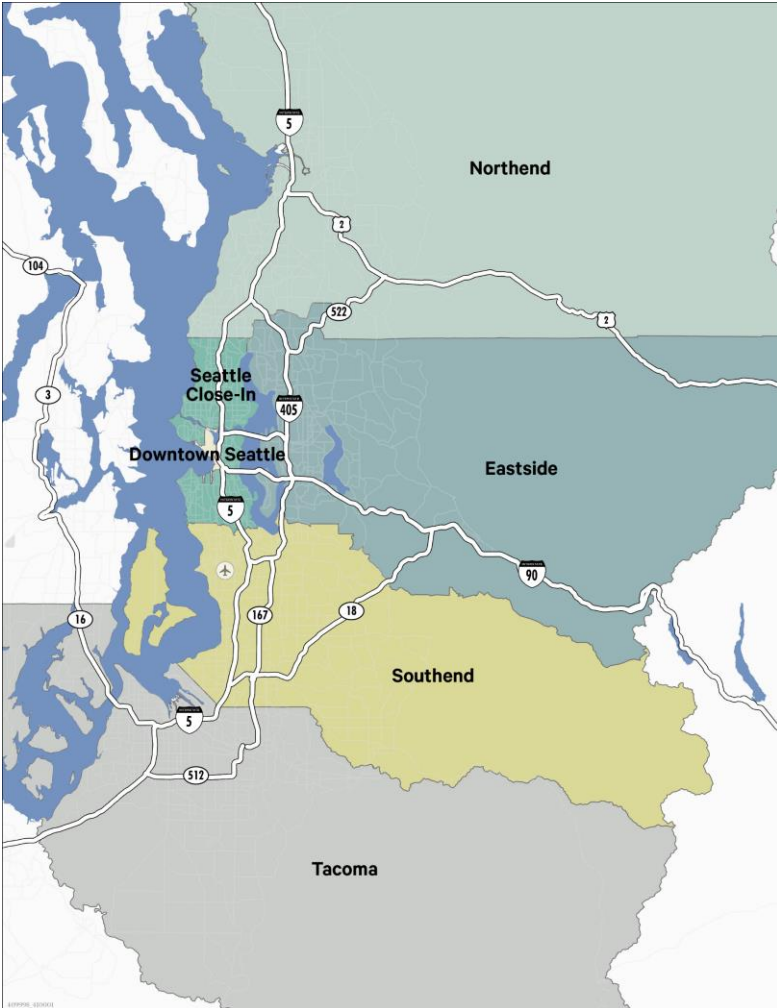
Market Statistics by Submarket

Figure 12

Submarket	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Overall Avg. Direct Asking Rate (\$/SF FSG/Yr)	Class A Avg. Direct Asking Rate (\$/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Downtown Seattle	54.75M	35.6	35.6	30.8	4.8	47.72	51.06	(358,000)	(602,000)	-	-
Eastside	38.59M	23.6	22.5	18.6	3.9	54.73	57.79	323,000	964,000	-	-
Northend	4.57M	15.8	16.9	16.2	0.7	29.26	33.59	(6,000)	8,000	-	-
Seattle Close-In	7.77M	22.0	24.4	21.6	2.8	42.02	49.89	(8,000)	(99,000)	-	-
Southend	12.36M	20.3	19.9	17.7	2.1	34.26	38.12	27,000	68,000	-	-
Tacoma	5.41M	23.7	24.5	24.0	0.5	27.50	27.98	86,000	85,000	-	-
Total	123.44M	28.2	28.1	24.3	3.8	46.78	50.93	64,000	424,000	-	-

Source: CBRE Research, Q2 2026

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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