

## Availability increases with new deliveries; strong pre-leasing activity will leave few large options

With 3.4 million square feet (msf) of new construction in the development pipeline, both availability and asking rents increased with the start of the new year. Overall availability ticked up 190 basis points year-over-year to 12.7%. Class A availability saw a more pronounced increase, rising 300 basis points over the year to 11.1%. Outside of new construction, large-block options are scarce. With strong demand for large blocks as well as new and top-tier space, availability will be chipped away at quickly. The addition of new space, coupled with scarcity of large options, is also placing upward pressure on asking rents. Overall rents increased 17.0% year-over-year to \$38.85 per square foot (psf), while class A asking rents increased 12.6% over the same period to \$47.33 psf.

### Leasing slows in the new year

Total first-quarter 2019 leasing activity stood at nearly 1.7 msf, down 27.3% and 5.9% versus one and two years ago, respectively. The most active submarkets were Downtown, representing 53.8% of total leased square feet (sf), and Bellevue/Eastside, representing 32.8% of total leased sf. With many tenants expanding footprint in the region, new market entrants, relocations and expansions accounted for all of the largest transactions seen this quarter.

### Technology and coworking drive demand

Technology companies continue to drive demand across the market, along with notable activity from coworking providers. Facebook significantly expanded its presence in the market this quarter, leasing 337,996 sf at 1227 124th Avenue NE, the Block 16 building underway at the Spring District project in Bellevue/Eastside. Facebook has more than 3,000 employees in the Seattle area, increasing by 1,000 within the past year alone. WeWork is also expanding its presence in the market, taking 49,232 sf at 925 4th Avenue in the Downtown submarket. With Tech and Coworking tenants willing to pay a premium for new and top-quality space, their rapid growth across the market will only further contribute to inflated asking rents.

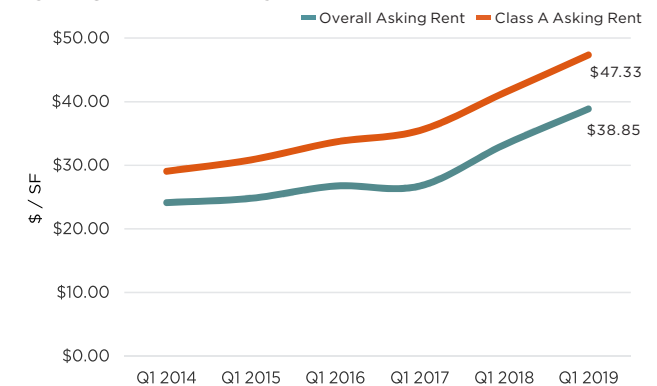
### Outlook

- A robust pipeline of brand-new space is pushing both availability and asking rents higher across the market
- Still, it provides opportunity for tenants that are willing to pay a premium for quality, efficiency and amenities
- Seattle area employment is expected to grow by 3.2% per year over the next five years, resulting in an aggregate of 286,000 new jobs by year-end 2023

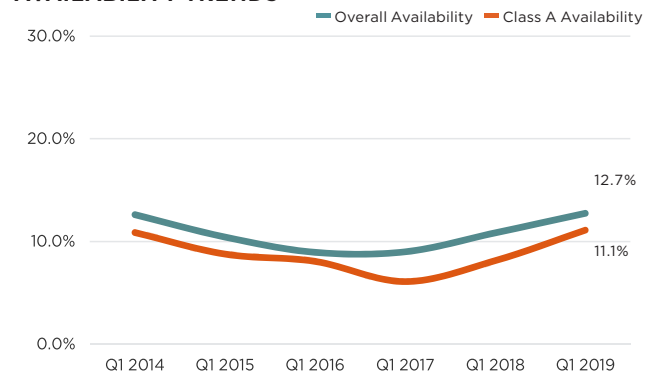
### KEY STATISTICS

	Q1 2018	Q1 2019	y-o-y Change
Inventory	110.8 MSF	<b>111.4 MSF</b>	▲
Availability Rate	10.8%	<b>12.7%</b>	▲
Asking Rental Rate	\$33.20	<b>\$38.85</b>	▲
Class A Asking Rental Rate	\$41.38	<b>\$47.33</b>	▲
Quarterly Leasing Activity	2.4 MSF	<b>1.7 MSF</b>	▼

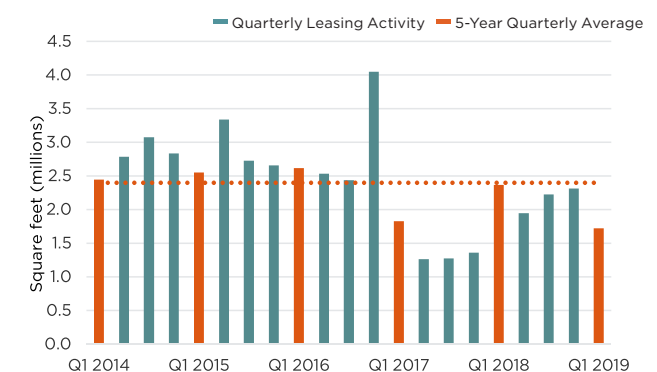
### ASKING RENT TRENDS



### AVAILABILITY TRENDS



### LEASING ACTIVITY



MAJOR TRANSACTIONS

**ALL**

major transactions were **new market entrants or relocations**

**73.7%**

of large transactions occurred in the **Bellevue/Eastside** submarket

**54.8%**

**TAMI** represented 54.8% of major transactions

Tenant	Square feet	Address	Transaction type	Submarket	Industry
Facebook	337,996	1227 124th Avenue NE	New Location	Bellevue/Eastside	TAMI
T-Mobile	97,167	3255 160th Avenue SE	New Location	Bellevue/Eastside	Telecommunications
Nordstrom Inc	70,895	1001 4th Avenue	New Location	Downtown	Retail
WeWork	49,232	925 4th Avenue	New Location	Downtown	Coworking
Sonos	40,180	800 5th Avenue	New Location	Downtown	TAMI
Whole Foods	34,515	521 Wall Street	New Location	Downtown	Retail
T-Mobile	34,354	3156 160th Avenue SE	New Location	Bellevue/Eastside	Communications
T-Mobile	34,340	3076 160th Avenue SE	New Location	Bellevue/Eastside	Communications
Swisslog	27,709	11335 NE 122nd Way	New Location	Bellevue/Eastside	TAMI
Blueprint Consulting Service	14,720	505 106th Avenue NE	New Location	Bellevue/Eastside	Professional Services

Source Savills Research

For more information, please contact us:

**Savills**

1301 2nd Avenue  
Suite 1950  
Seattle, WA 98101  
+1 206 773 2270

**Jose Oncina**

Senior Managing Director  
Co-Branch Manager  
joncina@savills.us

**Eric Leland**

Senior Managing Director  
CoBranch Manager  
eleland@savills.us

**Eric Blohm**

Senior Managing Director  
eblohm@savills.us

**Christopher Kagi**

Associate Director  
ckagi@savills.us

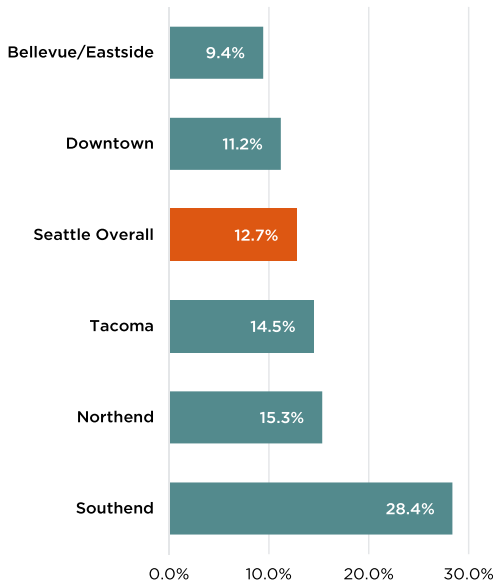
**About Savills Inc.**

Savills helps organizations find the right solutions that ensure employee success. Sharply skilled and fiercely dedicated, the firm's integrated teams of consultants and brokers are experts in better real estate. With services in tenant representation, workforce and incentives strategy, workplace strategy and occupant experience, project management, and capital markets, Savills has elevated the potential of workplaces around the corner, and around the world, for 160 years and counting.

For more information, please visit Savills.us and follow us on LinkedIn, Twitter, Instagram and Facebook.

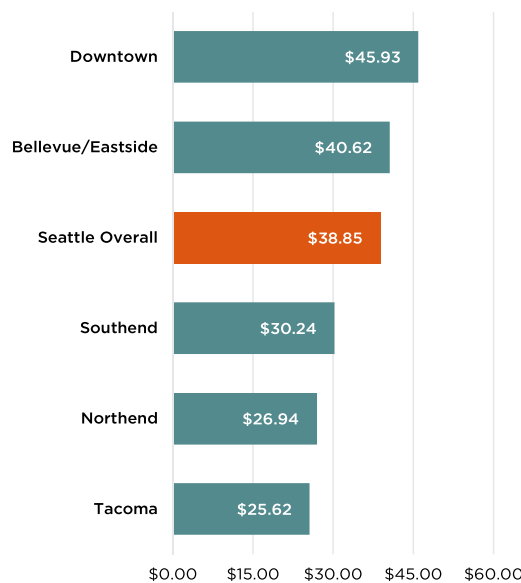
AVAILABILITY RATE COMPARISON

Seattle Submarkets



RENTAL RATE COMPARISON (\$/SF)

Seattle Submarkets



Unless otherwise noted, all rents quoted throughout this report are average asking gross (full service) rents psf. Statistics are calculated using both direct and sublease information. Current and historical availability and rent data are subject to change due to changes in inventory.

The information in this report is obtained from sources deemed reliable, but no representation is made as to the accuracy thereof. Unless otherwise noted, source for data is Savills compiled with the support of The CoStar Group.

Copyright © 2019 Savills

