

Seattle/Puget Sound

Powered by Savills Research & Data Services

Surge in Puget Sound office leasing activity with Bellevue leading the way

The Seattle/Puget Sound office market saw a notable surge in leasing activity in Q2 2024, with a total of 2.0 million square feet (msf) leased, up from 1.0 msf in Q2 2023 and well above the 5-year average. Bellevue CBD was a key player, accounting for 0.6 msf or 29.7% of all leasing activity this quarter, despite comprising only 10.9% of the market's overall inventory. Major transactions included Snowflake subleasing 325,000 square feet (sf) at 1646 123rd Avenue NE from Meta, as well as Costco Wholesale renewing 176,656 sf at 21930 SE 51st Street. Additionally, ByteDance expanded its presence with an approximately 150,000 sf lease at 700 Bellevue Way NE.

Sublease space declines sharply, reflecting market stability

Sublease space has seen a significant decrease year over year, marking the largest drop since the pandemic. Available sublease space declined from 8.3 million square feet (msf) reported in Q2 2023 to 6.7 msf in Q2 2024, a reduction of 1.6 msf. This decline can be attributed to increased leasing activity and the expiration of master leases. This trend indicates that companies are achieving stability in their space requirements, signaling a more balanced market.

Market momentum: rising availability and stable rents

Despite encouraging market momentum, availability continues to rise. This quarter, overall availability reached 27.7%. Bellevue CBD and Eastside show lower rates at 21.2% and 18.2%, respectively. Seattle CBD surpassed the overall market with 31.9%, indicating a preference for Eastside occupancy. Despite this increase, average asking rents have remained relatively stable, with only a 0.3% year over year rise. Given the abundance of high-quality space and high demand, Bellevue CBD average asking rates sit at \$58.64 per square foot (psf), while Seattle CBD's asking rates are much less at \$48.93 psf less. This disparity reflects the premium that tenants are willing to pay for Bellevue's high quality, desirable office spaces.

Key Statistics

	Q2 2023	Q2 2024	Y-0-Y
Inventory	121.7 msf	123.9 msf	+2.2 msf
Availability Rate	25.1%	27.7%	+260 bps
Asking Rental Rate	\$45.95	\$46.10	+0.3%
Class A Asking Rental Rate	\$51.43	\$51.45	+0.0%
Quarterly Leasing Activity	1.0 msf	2.0 msf	+1.0 msf
Available Sublease Space	8.3 msf	6.7 msf	-1.6 msf

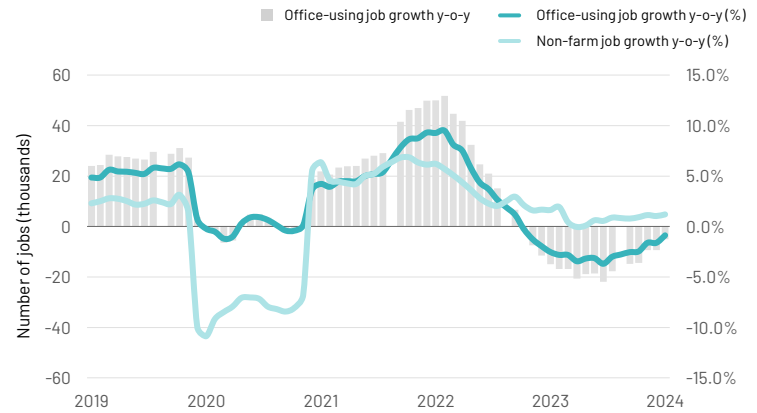
Outlook

01 Bellevue CBD's premium space and strong demand position it for continued growth, while Seattle's higher availability suggests a slower recovery

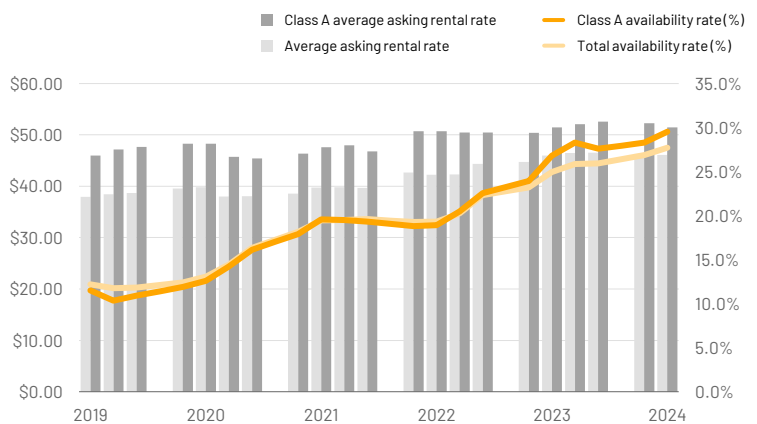
02 As occupiers adjust and reduce surplus space from prior overestimations, market fundamentals are set for continued stabilization

03 Landlords with large loan obligations may face transaction difficulties; researching landlord financial backgrounds is key to minimizing risks when choosing a space

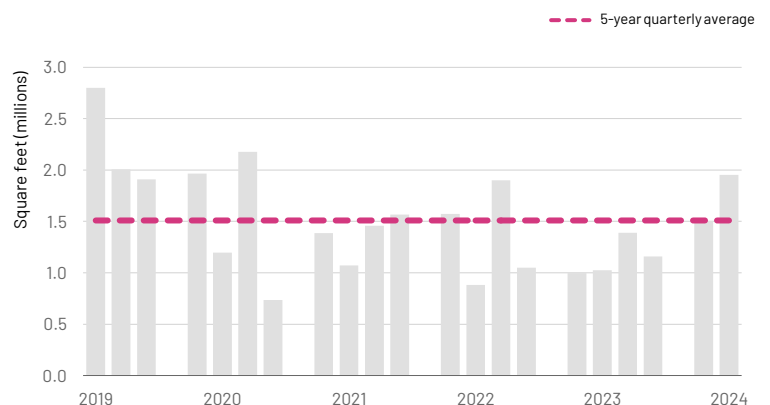
Office-using Employment Growth



Asking Rent and Availability



Leasing Activity



Top Transactions

*Trophy Building

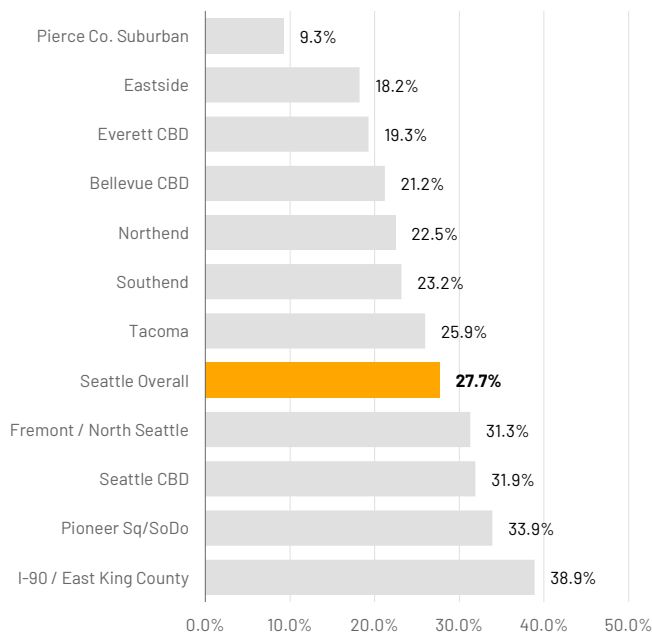
**Sublease

Source: Savills Research

TENANT	INDUSTRY	SUBMARKET	ADDRESS	SIZE (SF)	TRANSACTION TYPE
Snowflake	TAMI	Eastside	1646 123 rd Avenue NE	326,731	New Location**
Costco Wholesale	Retail	I-90 / East King County	21930 SE 51 st Street	176,656	Renewal
ByteDance	TAMI	Bellevue CBD	700 Bellevue Way NE	153,610	Expansion
Panasonic Avionics Corp	Manufacturing	Eastside	3301 & 3303 Monte Villa Parkway	95,365	Renewal
Remitly	TAMI	Seattle CBD	401 Union Street	86,519	New Location**
Lane Powell	Legal Services	Seattle CBD	1301 2 nd Avenue	66,094	New Location
Russell Investments	Financial Services and Insurance	Bellevue CBD	401 Union Street	55,286	Relocation**
HDR Engineering	Architecture, Engineering and Construction	Bellevue CBD	555 110 th Avenue NE	48,896	New Location
Parker, Smith, & Feek	Financial Services and Insurance	Bellevue CBD	500 Bellevue Way	40,314	Relocation**
Databricks	TAMI	Seattle CBD	2001 8 th Avenue	19,705	New Location**

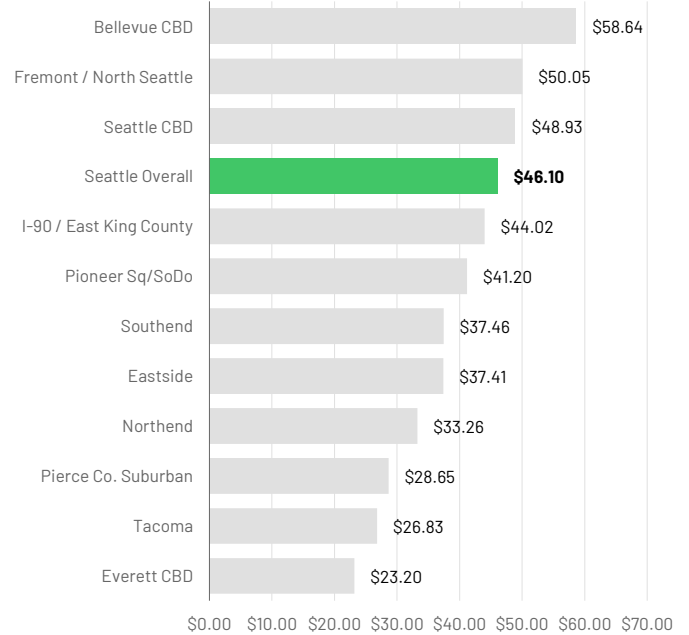
Availability Rate Comparison (%)

SEATTLE/PUGET SOUND SUBMARKETS



Rental Rate Comparison (\$/sf)

SEATTLE/PUGET SOUND SUBMARKETS



Seattle/Puget Sound Q2 2024 - Office

For more information, please contact us:

savills.us

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

Michael Soto
Vice President,
Research West
+1 213 553 3833
msoto@savills.us

Lydia Hammerslag
Senior Research Analyst
lhammerslag@savills.us

Unless otherwise noted, all rents quoted throughout this report are average asking gross (full service) rents per square foot. 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 Research.

Copyright © 2024 Savills

