

# SEATTLE OFFICE MARKET

Yardi® Matrix

## Market Analysis

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## Riding the Tech Boom



Seattle has it all—healthy fundamentals, skilled workforce and booming economy. The metro is a hotbed for startup businesses, while local tech powerhouses Amazon and Google preserve their hometown glory by **boosting construction and leasing activity**. The growth is fueled by the University of Washington's expanding computer science program and the increase in minimum wage, a clear signal that the metro's traditional economic drivers have reached a new level of maturity.

The market's office inventory encompasses **95.7 million square feet**, with 18.5 million in various development stages. Boosted by positive absorption and high demand, the end of 2017 brought 4 million square feet to the market, almost double the previous year. With 6 million square feet under construction, there's a solid wave of new commercial developments on the horizon.

Office vacancies averaged **9.2% in December**, with 7.9 million square feet of office space available for lease. Tenants continue to concentrate their businesses as close to the urban core as possible, opting to pre-lease entire buildings. Pioneer Square and First Hill were in high demand, with vacancy rates of 1.9% and 3.7% in December. Vacancy was greatest in the highly peripheral Federal Way (24.6%), following Weyerhaeuser's relocation to the Central Business District.

Strong investor interest led to more than \$2.6 billion in office sales in the 12 months ending in December. More than half of the volume was concentrated near the urban core, especially in Lake Union and Denny Triangle.