

SEATTLE OFFICE MARKET

Yardi® Matrix

Market Analysis

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Tech Propels Growth



Seattle continued its run of good form with strong demographic gains, a further diversification of its economy and a variety of business incentives, having become the nation's fastest-growing tech hub. Companies and skilled workers from the Bay Area are relocating to the market due to its (still) relatively lower cost of living and booming intellectual environment. However, the metro has been experiencing a handful of growing pains, such as traffic congestion, lack of affordable housing and rapidly rising rents.

Some 15,100 office-using jobs were added in the metro in the 12 months ending in March. The technology segment became the main driver for premier office space, reflected through a high-tech job boom, with 7,500 new jobs in the information sector. The number is on the rise, as Amazon announced its new world headquarters in Bellevue by 2023, while Google and Facebook will continue to expand by adding thousands of new jobs in the area.

The metro boasts one of the largest development pipelines in the nation, as more than 6 million square feet was under construction as of May. Even so, the majority of space has already been preleased, with the largest tech players in the market taking up all the vacant space. Incoming stock, combined with the scarcity of larger office blocks, will continue to drive up asking rents. Both foreign and out-of-state investors were drawn to the metro's premier inventory, and transaction volume reached \$5.2 billion year-over-year in April.