

THIRD QUARTER 2016

MARKET OVERVIEW

Continued demand from tech companies, in particular, drove the majority of tenant activity during Third Quarter 2016.

On the Eastside, it was announced in early October that Amazon.com had preleased the entire 354,000 SF, 16-story Centre 425. The building, located in the Bellevue CBD, is scheduled for completion in the fall of 2016, and this lease marks a significant entry to the Eastside market by Amazon. Additionally, Valve recently preleased nine floors totaling approximately 225,000 SF at the Lincoln Square expansion, also located in the Bellevue CBD. The company is scheduled to take occupancy in May 2017.

In Seattle, Google and Amazon.com continued to expand their presence, with Dropbox also making its mark and doubling its leased space in the CBD. The most significant transaction was the 168,000 SF prelease by Davis Wright Tremaine at Madison Centre. Additional movement included Weyerhaeuser's corporate relocation to the Pioneer Square submarket. After two years of planning, in late September, 700 employees relocated from a wooded campus in Federal Way to the new 7-story, 160,000 SF headquarters at 200 Occidental. Weyerhaeuser's move, in part, follows the trend toward urban neighborhoods, which appeals to today's workforce, but it is a significant change for how its employees commute.

New development also continues to present an excellent opportunity for tenants – and not just in the CBD. Construction recently commenced with the groundbreaking for Kirkland Urban, the mixed-use development (and former Kirkland Park Place site) where Tableau and Wave have preleased space.

Tenants interested in the Bothell area will also have a few new options to consider in mid-2017. Boeing recently exercised the option to terminate approximately 200,000 SF of space in three buildings at Canyon Park Commons. Additionally, in the adjacent North Creek area, 67,000 SF will become available at Monte Villa. A few other sites are poised for redevelopment, including the former Amgen property, where approximately 300,000 SF is projected, and the former Eli Lilly site; where there is the potential for approximately 150,000 SF of flex space.

In all, it remains a positive market for tenants and there are good opportunities for space. From a supply standpoint, there are options for both new existing product, although rental rates continue to trend upward.



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EXCLUSIVELY REPRESENTING TENANTS

Our exclusive focus is advising and advancing the business space interests of tenants. Because we never represent landlords or developers, we objectively present all options and ardently advocate for our clients.

With Washington Partners on your side, you will be empowered with more options and will be confident that you have secured the most favorable lease or purchase terms possible within the context of the marketplace.

Our collaborative, client-centered approach is extremely rare in an industry that traditionally fosters internal competition. When you hire Washington Partners, the entire firm will work on your behalf.

SIGNIFICANT TRANSACTIONS

LEASES

Tenant	Size (SF)	Submarket	Tenant	Size (SF)	Submarket
Valve	225,000	Bellevue CBD	Darigold	37,316	South Lake Union
Davis Wright Tremaine	168,000	Seattle CBD	Nokia	30,989	Bellevue CBD
Wave	88,000	Kirkland	Sound Transit	26,188	Bellevue Suburban
WeWork	80,000	Bellevue CBD	Samsung	24,178	Bellevue CBD
BitTitan	62,000	Bellevue CBD	MAJIQ	23,000	Redmond
Tata American	40,000	520 Corridor	AdColony	22,000	Bellevue CBD

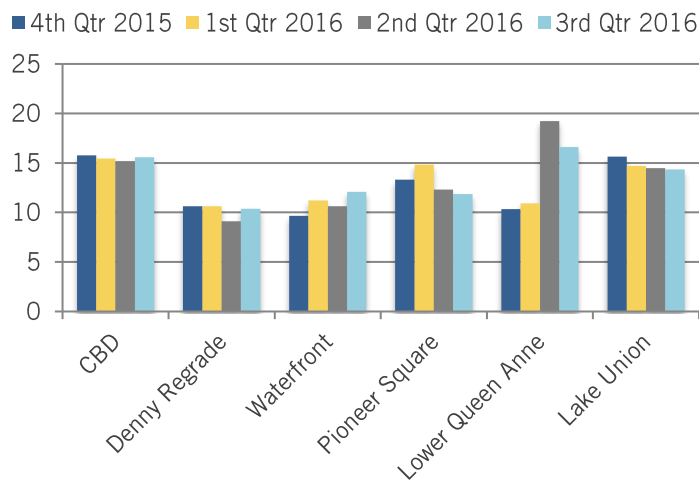
SEATTLE STATISTICS

Submarket	Inventory (SF)	Total Vacancy	Avg Rent (PSF)
Seattle CBD	22,817,419	15.57%	\$34.90
Denny Regrade	9,282,258	10.34%	\$32.34
Lake Union	7,983,023	14.34%	\$29.66
Waterfront	4,365,555	12.09%	\$29.36
Pioneer Square	5,052,548	11.86%	\$26.36
Lower Queen Anne	2,692,545	16.60%	\$23.52

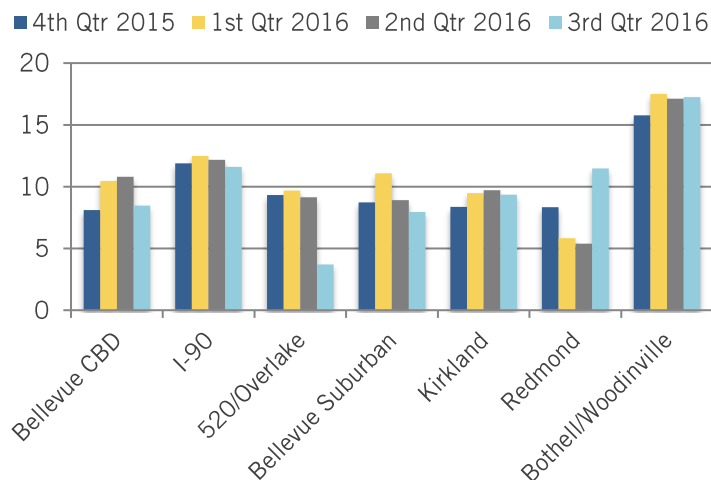
EASTSIDE STATISTICS

Submarket	Inventory (SF)	Total Vacancy	Avg Rent (PSF)
Bellevue CBD	9,029,711	8.48%	\$42.26
I-90 Corridor	6,876,788	11.60%	\$28.90
520/Overlake	1,889,189	3.69%	\$27.04
Bellevue Suburban	3,185,950	7.95%	\$29.64
Kirkland/Totem Lake	3,361,389	9.36%	\$30.10
Redmond/Willows	3,494,330	11.47%	\$24.65
Bothell/Woodinville	2,661,175	17.24%	\$22.61

VACANCY (%)



VACANCY (%)



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