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OFFICE SPACE	# Bldgs.	Total Sq. Ft.	Vacant Sq. Ft.	Vacancy Rate	Sublease Available	Vacancy w/Sublet	Future Available	Average Rent	Absorption (YTD)
Downtown	673	49,148,606	9,047,098	18.41%	2,473,012	23.44%	976,326	\$35.31	(1,690,966)
Eastside	1,176	44,359,959	7,325,959	16.51%	2,149,238	21.36%	1,445,701	\$32.12	(1,252,767)
North end	747	16,232,119	3,772,061	23.24%	223,853	24.62%	443,258	\$25.59	(507,777)
South end	815	25,537,873	5,795,070	22.69%	609,925	25.08%	658,471	\$30.58	(1,323,093)
<b>Grand Total</b>	<b>3,411</b>	<b>135,278,557</b>	<b>25,940,188</b>	<b>19.18%</b>	<b>5,456,028</b>	<b>23.21%</b>	<b>3,523,756</b>	<b>\$32.22</b>	<b>(4,774,603)</b>

LEASING MARKET - We've all heard about Amazon's split HQ2, but what impact it will have on our region's office market remains to be seen. We think it will ease some pressure on supply, but not for at least 2 years. Rents continue to rise, and demand is making it difficult for Tenants to find space and leverage Landlords. Tech is still driving this trend. Home prices have finally reached an inflection point with the increase in interest rates and a mild softening of the multi-family market. Facebook's Oculus VR venture continues to absorb space in the Redmond submarket and South Lake Union. Construction costs are through the roof, driving TI costs psf. We recommend Tenants plan accordingly and strongly consider the cost environment if space improvements are required.

NEW PROJECTS - EASTSIDE OFFICE	Submarket	Total RSF*	Available RSF	Percent Preleased	Asking Rate	
					Min	Max
Lincoln Square South	Bellevue CBD	719,623	253,518	64.77%	N/A	N/A
Summit III	Bellevue CBD	370,000	370,000	0.00%	\$2.33N	\$2.92N
The Spring District - Block 16	Bellevue Suburban	325,000	94,461	70.94%	\$2.67N	\$2.92N
The Spring District - Block 24	Bellevue Suburban	332,506	26,405	92.06%	\$2.67N	\$2.92N
1229 124th Ave Northeast	Bellevue Suburban	166,614	166,614	0.00%	N/A	N/A
Esterra Park	Bothell/Woodinville	1,030,000	1,030,000	0.00%	\$3.00N	\$3.17N
CP XVIII	Bothell/Woodinville	116,400	116,400	0.00%	N/A	N/A
North Creek Office Plaza	Bothell/Woodinville	101,000	101,000	0.00%	\$2.08N	\$2.08N
Woodlands Tech Center @ Canyon Park	Bothell/Woodinville	602,000	602,000	0.00%	N/A	N/A
18151 68th Ave N.E.	Bothell/Woodinville	20,000	3,185	84.08%	N/A	N/A
Middle Fork Business Park - Phase 1	I-90 Corridor	300,000	300,000	0.00%	N/A	N/A
Nexus Snoqualmie II	I-90 Corridor	76,000	76,000	0.00%	N/A	N/A
Snoqualmie Ridge - Mt. SI Bldg.	I-90 Corridor	100,000	100,000	0.00%	\$1.71N	\$1.71N
Talus Corporate Center	I-90 Corridor	612,568	612,568	0.00%	N/A	N/A
Sammamish Village Medical Pavilion	I-90 Corridor	32,404	10,310	68.18%	\$3.33N	\$3.33N
Kirkland Park Place (Office) II	Kirkland/Totem Lake	350,000	350,000	0.00%	\$2.92N	\$2.92N
Kirkland Urban	Kirkland/Totem Lake	1,200,000	420,652	64.95%	\$3.17N	\$3.17N
Parkplace North	Kirkland/Totem Lake	59,689	59,689	0.00%	\$2.50N	\$2.50N
<b>SUBTOTAL</b>	<b>18 Buildings</b>	<b>6,513.804</b>	<b>4,609,277</b>	<b>27.99%</b>		

SALES AND TIDBITS - Where to start?! Rumors continue to swirl about **Google** buying **Kirkland Urban**, or pre-leasing the remaining available space, probably with future space rights on those leases have already been committed (**Wave**, **Tableau**). Bothell's 17 building **Canyon Park Business Ctr.** has sold (\$145.5M) to two California buyers. **T-Mobile** will completely renovate its Factoria campus off I-90. **Decron** Properties purchased 588-unit **Avana** in Bothell. **Laird Norton** sold the **Brooks** HQ building in Fremont (\$79M). **Amancio Ortega** is supposedly purchasing the **Amazon** leased **Troy Block** (811K/SF) and is expected to be one of the richest deals in Seattle (\$740-750M). The former **University Book Store** in Bellevue has sold to a local Seattle hotel developer (\$19.3M). **Sterling Realty Organization (SRO)** purchases the **Redmond Technology Center** (5 story 101K/SF) off Redmond-Fall City Road. **Microsoft** plans to add 2.5M/SF of new office space in Redmond with renovation and new construction of 18 total buildings. The expansion will house 8K new employees. **Unico** will sell Seattle's iconic **Smith Tower** to **Goldman Sachs** which included a package of other Seattle and Denver properties in a deal worth 750M. **Kilroy** has sold the eight acre, four-building **Plaza at Yarrow Bay** in Kirkland to **Clarion** (\$134M - \$480 psf).