



Seattle office market is #trending

Construction activity continues to increase, as developers remain bullish

There are more than 7.0 million square feet of office product currently under construction in the Seattle metro area, placing Seattle behind only Houston, New York and Dallas as the primary markets driving inventory growth nationally. When under construction product is viewed as a percentage of existing inventory, Seattle is in fact the most active development market in the U.S. The amount of preleased space increased to 39.6 percent in the second quarter, however, some concerns remain about over-building. Average asking rents for new construction space being marketed stand at \$49.68 per square foot, full service, representing a 55.0 percent premium over the regional average.

Halfway through the year, sales volume has exceeded all of 2014

Nearly \$2.2 billion in office investment transactions have occurred in Puget Sound in the first half of 2015. This represents an increase of 23.4 percent over all of last year. The most active submarket for sales has been the Bellevue CBD, with a year-to-date volume of \$789.2 million, or approximately \$580 million more than the 2014 total. If the sale of the Columbia Center, the largest office building in the region, closes this year for the rumored price, it will push volume in the Seattle CBD over a billion dollars. With several premier properties currently on the market, including Vulcan's 2201 Westlake office and retail tower, sales in the region should exceed \$3 billion this year.

Technology companies and workers are flocking to Seattle

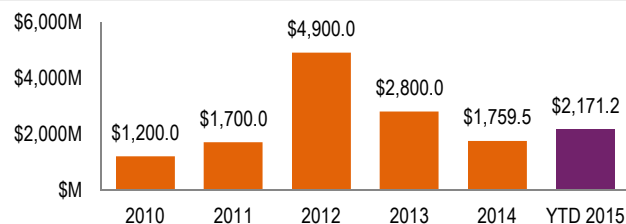
Tech juggernauts such as Oracle, Twitter and Facebook continue to aggressively grow their local headcount. This influx of jobs has been great for the local economy, as evidenced by the current 4.1 percent unemployment rate in the Seattle-Bellevue-Tacoma MSA. University of Washington recently announced that it's launching a graduate school program jointly with China's Tsinghua University. The Global Innovation Exchange, or GIX, program will aim to attract top technical talent and research dollars to bolster the region's already strong tech workforce. Microsoft has committed \$40 million to the program which will be based in Bellevue.

Strong demand continues driving development activity

7,030,599 s.f.
Under construction in the region

Source: JLL Research

Historical sales volume (\$mil)



Source: JLL Research

Technology tenants remain the primary market driver

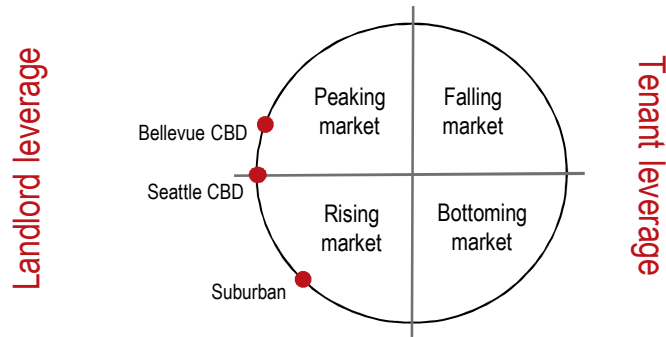
Of all known requirements for office space in Seattle-Bellevue, tech occupiers make up forty-three percent of the demand, by far the largest portion of any industry.

43%

Source: JLL Research

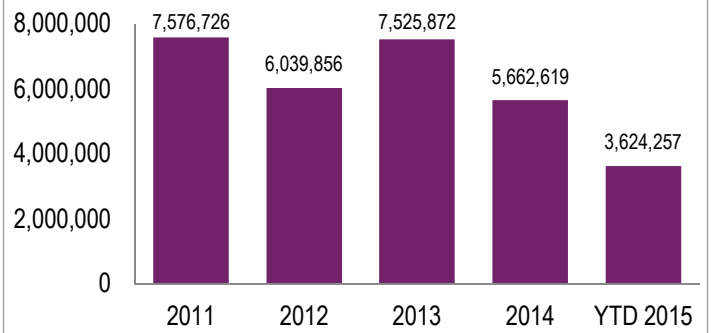
89,924,318 Total inventory (s.f.)	839,792 Q2 2015 net absorption (s.f.)	\$32.05 Direct average asking rent	7,030,599 Total under construction (s.f.)
10.4% Total vacancy	611,990 YTD net absorption (s.f.)	2.8% 12-month rent growth	39.6% Total preleased

Current conditions – submarket



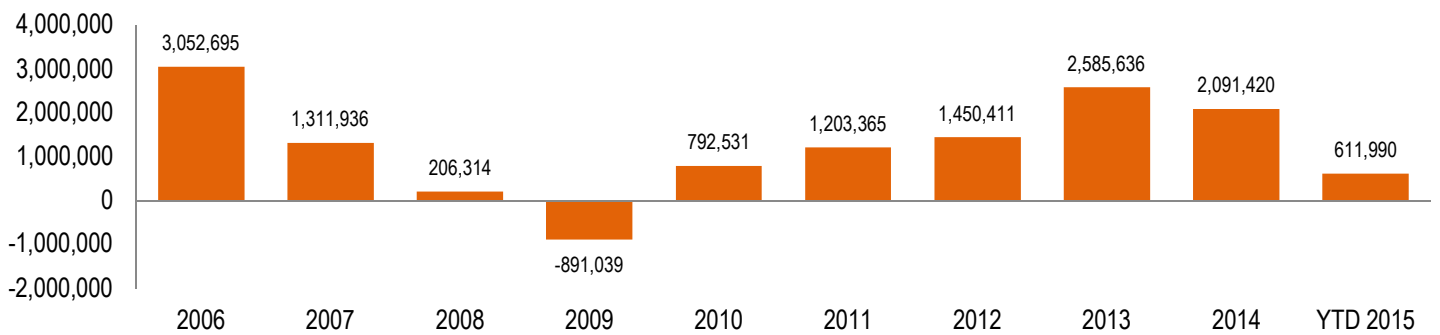
Source: JLL Research

Historical leasing activity (s.f.)



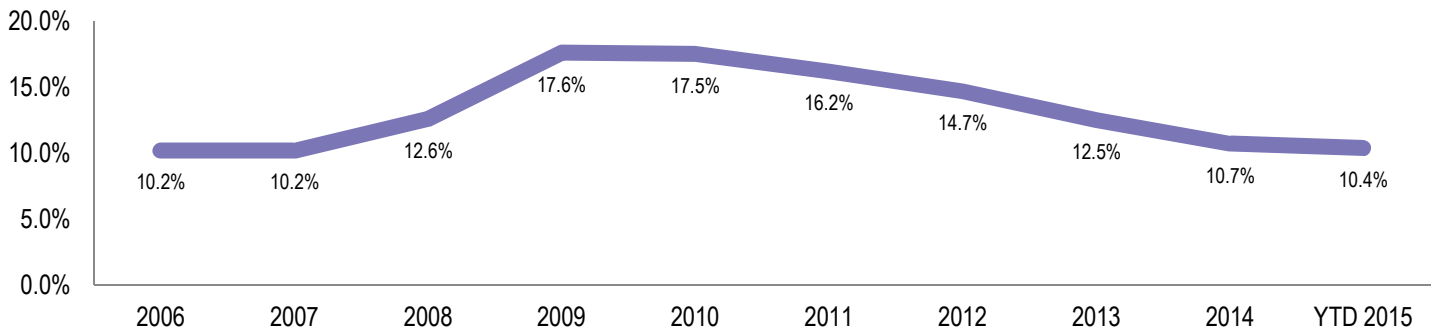
Source: JLL Research

Total net absorption (s.f.)



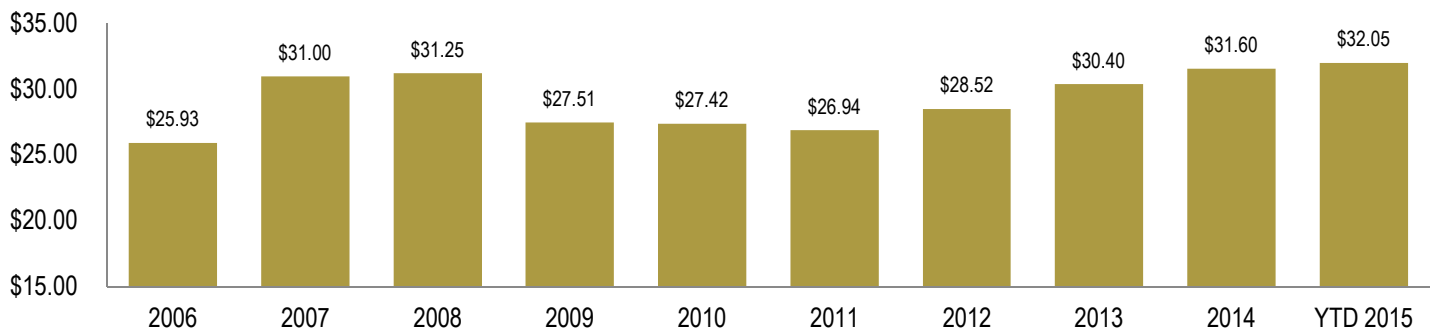
Source: JLL Research

Total vacancy rate (%)



Source: JLL Research

Direct average asking rent (\$ p.s.f.)



Source: JLL Research