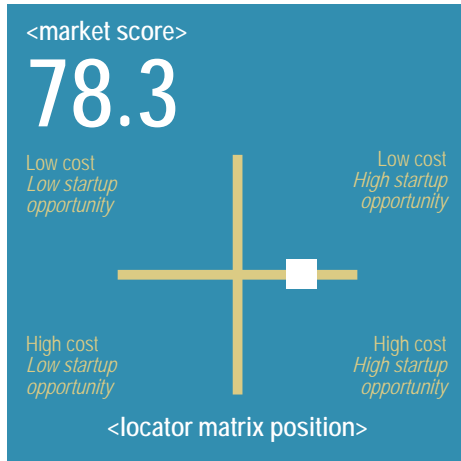


# Technology Office Outlook

Seattle-Bellevue | 2015



## MARKET SCORE AND LOCATOR MATRIX POSITION



|   |   |  |  |
|---|---|--|--|
| <b>Supply</b><br><b>91,217,671</b><br><small>total inventory (s.f.)</small>         | <b>Office cost</b><br><b>\$33.70</b><br><small>overall direct asking rent</small> | <b>Employee cost</b><br><b>\$154,390</b><br><small>average wage 2014</small>                   | <b>Total cost per employee</b><br><b>\$5,898</b><br><small>annual real estate cost (175 s.f./person)</small> |
| <b>10.2%</b><br><small>total vacancy</small>  | <b>7.9%</b><br><small>12-month rent growth</small>                                | <b>7.4%</b><br><small>annual wage growth 2014</small>  | <b>\$160,288</b><br><small>all-in cost (real estate and wages)</small>                                       |
| <b>Venture capital</b><br><b>\$946.2M</b><br><small>total funding Q314-Q215</small> | <b>Population</b><br><b>3,671,478</b><br><small>total population</small>          | <b>Talent pool</b><br><b>44.4%</b><br><small>% of population with bachelor's or higher</small> | <b>Lifestyle</b><br><b>\$1,399</b><br><small>average monthly apartment rent</small>                          |
| <b>2.7%</b><br><small>share of U.S. funding</small>                                 | <b>3.7%</b><br><small>unemployment rate</small>                                   | <b>22.7%</b><br><small>share of millennials (work age, 20-34)</small>                          | <b>10</b><br><small>market dynamism (0-14)</small>   |

## TOP LEASE TRANSACTIONS

|  |  |   |
|--|--|---|
| <b>Sunset North – Building IV   I-90 Corridor</b><br><small>Tenant: Intellectual Ventures<br/>Size: 152,633 s.f.<br/>Renewal</small> | <b>Dexter Station   Lake Union</b><br><small>Tenant: Facebook<br/>Size: 273,460 s.f.<br/>Expansion in market</small> | <b>NorthEdge   Lake Union</b><br><small>Tenant: Tableau Software<br/>Size: 209,000 s.f.<br/>Expansion in market</small> |
|--|--|---|

## OPPORTUNITY

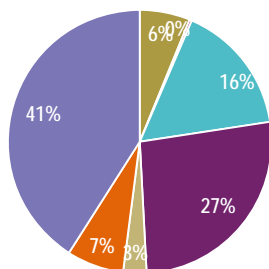
The Seattle-Bellevue area is a prime location for tech companies to grow, as it offers a wealth of young talent, quality real estate, and a high quality of life. Despite strong rent growth, for both commercial and residential property, in the last five years, it remains an affordable place to open an office and live. With several million square feet of office space set to deliver in the next 24 months, tenants looking to grow in the market will have access to much needed premier inventory.

## CHALLENGE

Metro Seattle is experiencing a supply and demand issue. An estimated 25,000 job openings in the local tech industry have gone unfilled for more than six months, as the state struggles to train enough workers. As a result, Washington recruits more high-tech workers than any other state. Additionally, there is a lack of available large blocks of space, particularly in traditionally sought after creative submarkets.

## EMPLOYMENT COMPOSITION

- Computer/Electronic product manufacturing
- Electrical/equipment manufacturing
- E-retailers
- Computer systems design & Related services
- Data processing, Hosting & Related services
- Other information services
- Software publishers



*"Seattle remains a bargain compared to many major tech hubs, such as San Francisco and New York. Companies seeking intellectual capital will continue migrating to, and growing in, the market."*

- Alex Muir  
Research Manager

|                           |                |                                    |
|---------------------------|----------------|------------------------------------|
| <b>Employment</b>         | <b>131,187</b> | <b>8.8%</b>                        |
| high-tech employment 2014 |                | annual high-tech employment growth |

