

SEATTLE YEAR-OVER-YEAR SUBLEASE AVAILABILITY FALLS 1.1 MSF



1.1 MSF

YEAR OVER YEAR DECLINE IN
SUBLEASE AVAILABILITY



21%

SUBLEASE MARKET SHARE
OF TOTAL MARKET AVAILABILITIES



\$34.85

SUBLEASE PSF FSG ASKING RENT VS
\$51.20 PSF FSG CBD AVERAGE & \$57.25
PSF FSG CLASS A RENTS

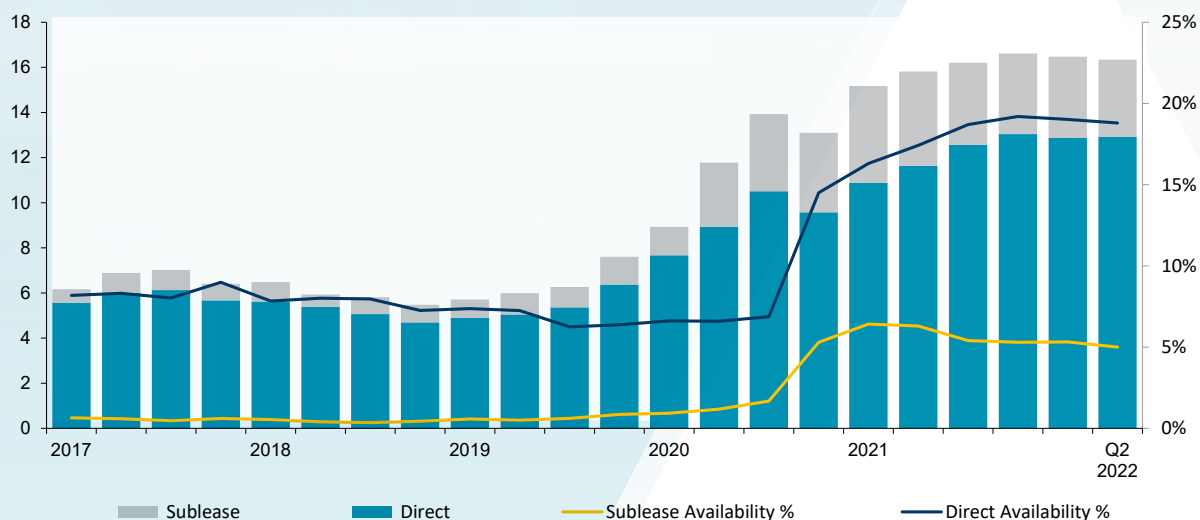
Seattle sublease vacancy was reported at 1.8 million square feet (msf) in Q2 2022, a year-over-year decline of 1.1 msf, one of the largest declines in the U.S.

The total has steadily decreased since its peak of 4.3 msf, reached in Q1 2021. Additionally, sublease availability declined 186,000 sf from Q1 2022 to Q2 2022.

While some of that space was withdrawn from the market, 114,577 sf was subleased, accounting for 22.2% of the 517,164 sf of leasing activity. This follows the recurring trend of more sublease space disappearing than being added over the last several quarters.

Sublease availability accounts for nearly 21% of the total availability in the Seattle market. Nearly 88% of available sublease space is in the Seattle CBD, however nationally the share of sublease space has decreased in the CBD markets from 42% in Q1 2021 to 40% in Q2 2022, indicating a deceleration of vacant sublease space being added in the CBD markets.

Historical Availability Sublease to Direct Ratio (Square Feet)



Cushman & Wakefield Research & CoStar. Buildings >20,000 sf

Inventory: 65+ MSF

Sublessors have been actively lowering asking rates to attract subtenants, with asking rents dropping 5.7% from a year ago to \$34.85 per square foot (psf) Full Service Gross (FSG) in the second quarter. Comparatively, Seattle CBD average asking rents were reported at \$51.20 psf FSG (\$57.25 psf FSG for Class A space), so sublease space remains an attractive option.

Due to the uncertainty regarding the COVID variants, more sublease space may come online in the next few quarters, placing downward pressure on market-wide overall asking rents. A robust sublease pipeline will create near record high vacancies as companies continue looking for more lucrative options or remote work opportunities outside of the CBD.



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