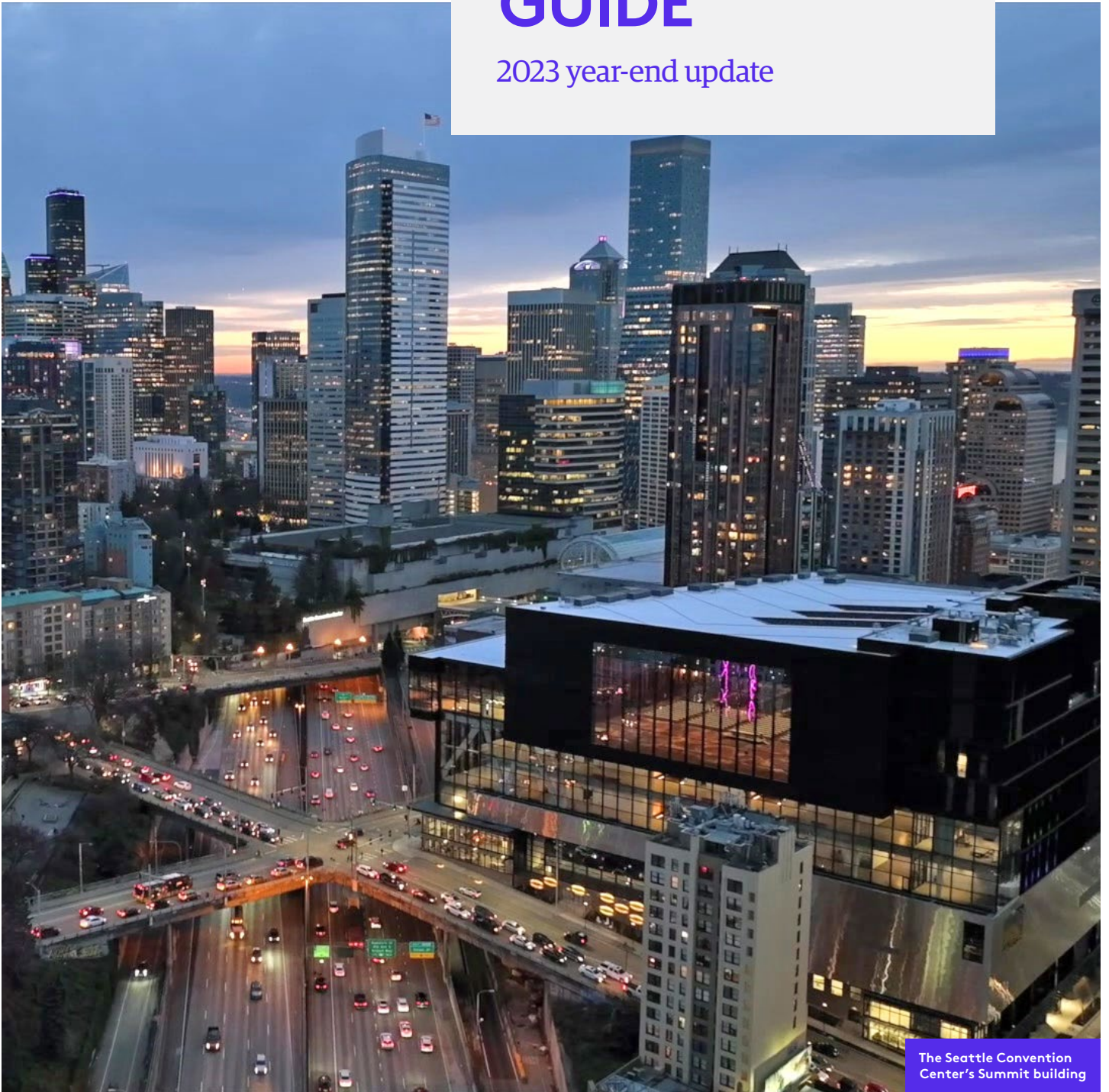




Downtown
Seattle
Association

DEVELOPMENT GUIDE

2023 year-end update



The Seattle Convention
Center's Summit building

Introduction

While the pace of development in downtown Seattle has slowed since its pre-pandemic peak, we continue to see investment and signs of revitalization. This year, some remarkable projects were delivered – from the largest construction project in downtown’s history, adding more than 1.5 million square feet (the Seattle Convention Center Summit building) to Seattle’s first affordable high-rise in more than 50 years (The Rise on Madison/Blake House).

The trend toward multifamily projects continued as well in 2023. Among the fastest-growing large cities in the country, a majority of the projects in development downtown are residential. Just behind Denver, downtown Seattle has among the most residential units currently under construction. Among peer downtowns, Denver and Seattle account for nearly half of the residential units being built. Looking around the country, Seattle has the second-largest number of projects under construction, in final planning stages and proposed, reflecting optimism.

KEY FINDINGS

- **Leading out West**

Among West Coast peers, Seattle leads in both the number of multifamily projects and total residential units under construction. Seattle has more than double the number of units (7,200-plus) under construction compared to Los Angeles (3,500-plus), our next-closest peer.

- **Growing Downtown**

According to the U.S. Census Bureau, Seattle was the fastest-growing large city in the U.S. between July 2021 and July 2022. During that same period, downtown’s population increased by more than 5,500 residents, accounting for nearly a third (32%) of the population growth Seattle experienced.

- **Focused on Multifamily**

Multifamily projects comprise nearly two-thirds of the proposed, planned or under-construction projects across peer downtowns reviewed, followed distantly by office projects (19%) and hotels (13%).

- **Future Investment in Downtown Concentrated in Three Areas**

According to city of Seattle data, new downtown building permits in the next several years have estimated costs of \$668 million; 40% of those projects are planned for South Lake Union, with 20% planned in Capitol Hill and 13% in Uptown.

The Downtown Seattle Association publishes a Development Guide each year to assess investment and building construction activity taking place downtown. We’ve tracked comparable data since 2005. An explanation of criteria used in this analysis and a glossary of terms are included at the end of this document.

For more information, please email info@downtownseattle.org.

This guide was made possible with generous support from



DOWNTOWN SEATTLE DEVELOPMENT SNAPSHOT



residential units



hotel rooms



square feet of
office space

As of December 2023, 138 projects
were in final planning stages or
under construction, including:

7,825

1,326

2.3M

Proposed projects

16,189

831

7.9M

Sources: data.seattle.gov and CoStar

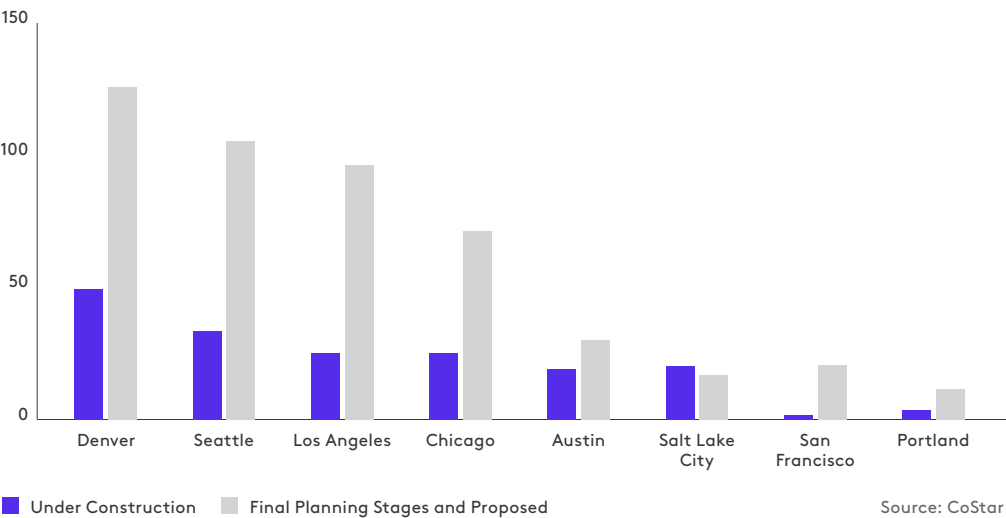


Washington 1000, a 17-story office building at
1000 Olive Way developed by Hudson Pacific

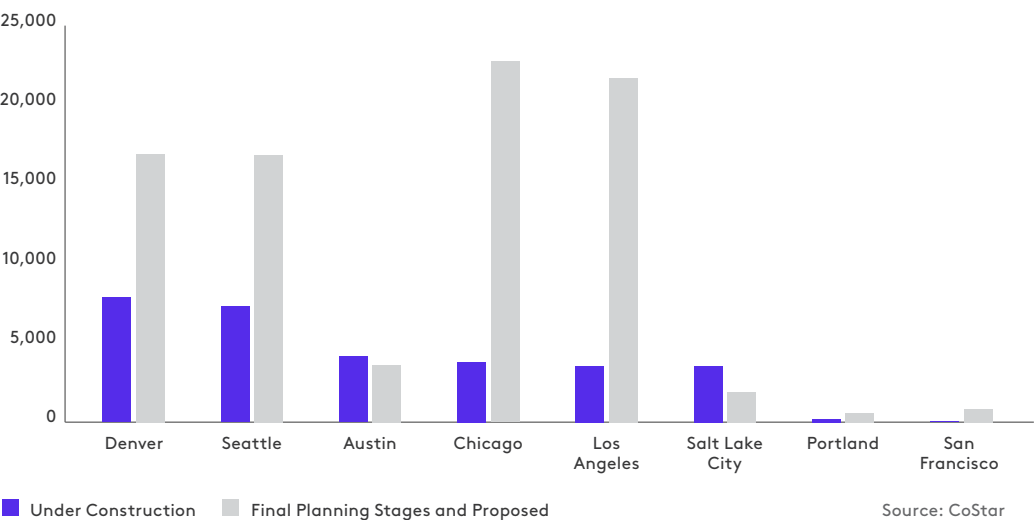


As part of downtown Seattle’s annual state of development review, we analyzed how Seattle compares to peer downtowns across the country. Among peer downtowns, Seattle was second, just behind Denver, in both the number of projects under construction (33) and in projects proposed and in the final planning stage (105). While the pace of development has slowed, Seattle has more projects under construction than Los Angeles and Chicago, the second- and third-most populous cities in the country, respectively.

Peer Downtown Projects by Building Status

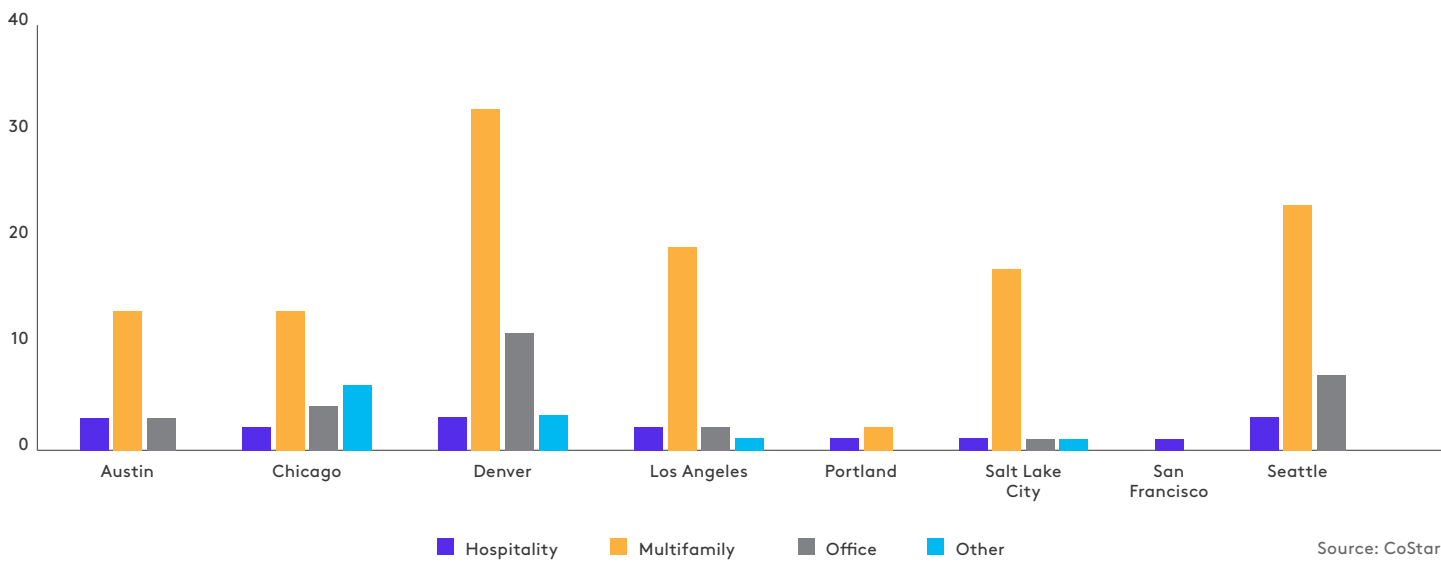


Peer Downtown Residential Units by Building Status



Across the peer downtowns reviewed, the majority of projects in each city were multifamily-focused. When looking at the number of residential units being proposed or in final planning stages, Seattle ranked fourth among peer downtowns with nearly 17,000 units being envisioned, but was second among peers in terms of residential units currently under construction with more than 7,200 units being built.

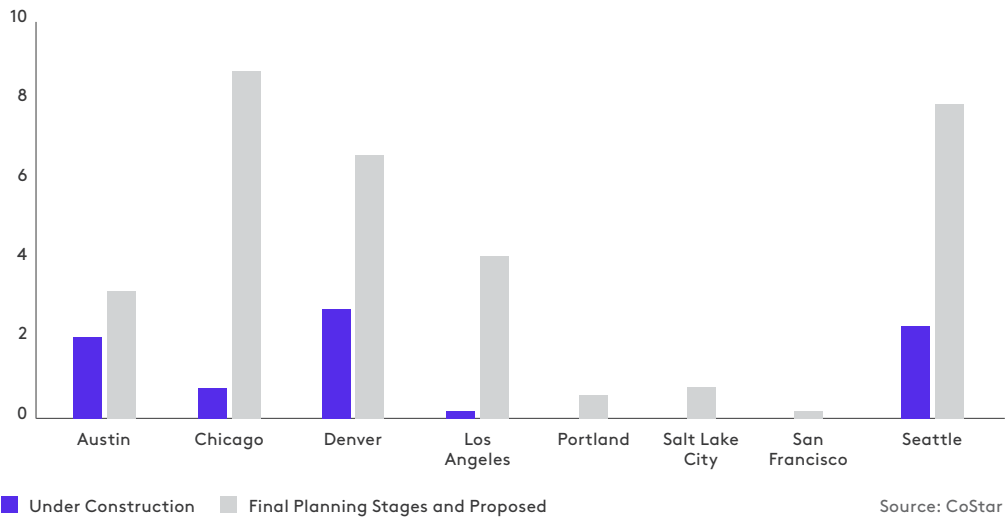
Peer Downtown Projects Under Construction by Property Type

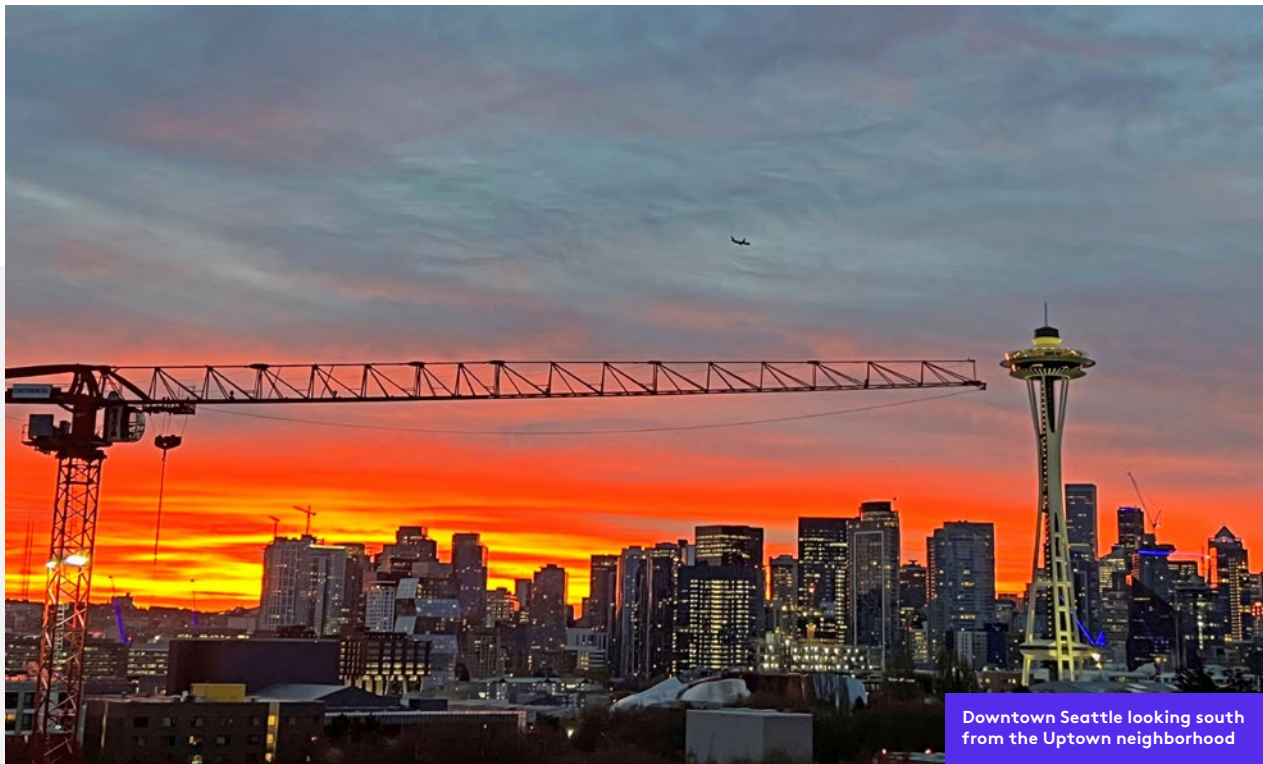


While residential projects make up the majority of what’s in the pipeline, there are also some office projects in development, particularly in Seattle and Denver. While off the peak in office construction from several years ago, these two downtowns combined are home to around two-thirds of the office projects and office square footage under construction among peers. Seattle has more than 2.3 million square feet of office space being built with an additional 8 million proposed or in the final planning stage, indicating continued investment in Seattle as an economic center.



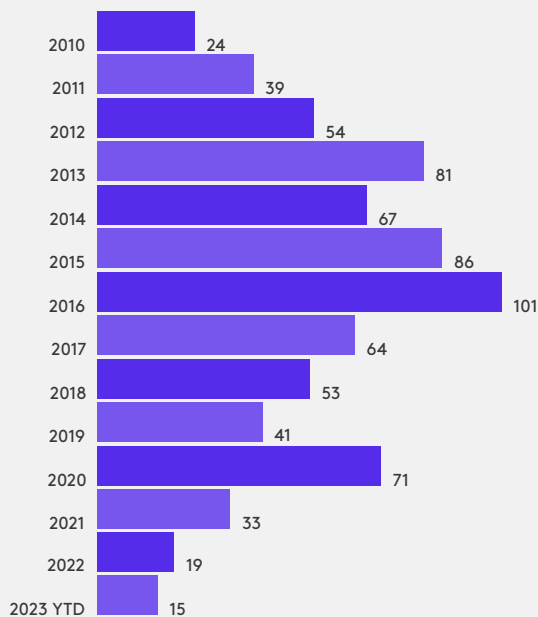
Peer Downtown Office Area by Development Status
In millions of square feet





New Building Permits

Permit Applications for New Buildings



While the rate of new building permits being issued has decreased since the peak in 2016, exciting new projects continue to be planned. As of mid-October, 15 new permits have been issued this year and, according to city of Seattle data, these permits have an estimated value of more than \$678 million. Nearly 40% of them are planned for South Lake Union. Similar to the past several years, many of the new building permits represent multifamily projects. These permits represent an additional 592 units.

Source: City of Seattle Department of Construction & Inspections data

Conclusion

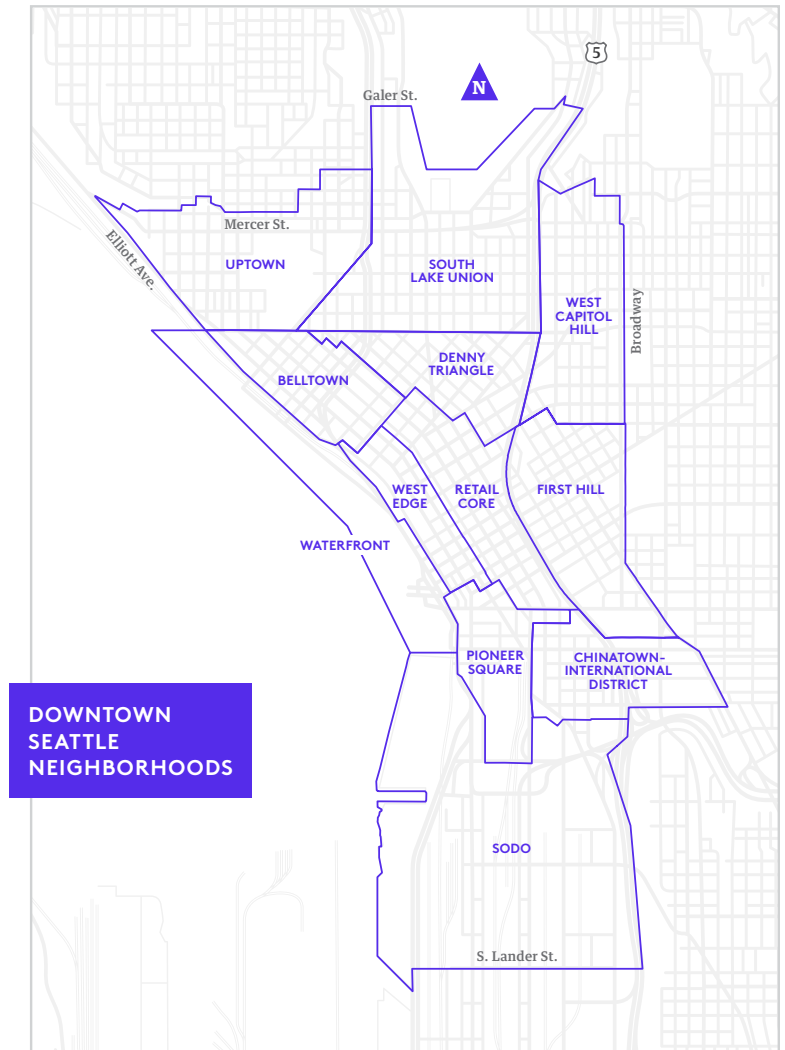
Downtown Seattle continues to build momentum in this post-pandemic recovery period as big projects continue to be delivered. Relative to other downtowns, Seattle has some of the most projects in final planning stages, under construction or in development. So while the pace of development has slowed from its pre-pandemic peak, compared to peer downtowns, Seattle is showing strong signs of improvement, particularly in multifamily development. Seattle also continues to develop office space, being notably strong here among peer downtowns.

Between 2021 and 2022, Seattle was the fastest-growing large city in the United States, growing 2.4%. Much of this growth has been concentrated in downtown. In 2023, downtown's residential population continued its upward trajectory, increasing to more than 106,000 residents. Among peer downtowns, Seattle has the second-most residential units currently under construction with thousands more in the development pipeline. As Seattle continues to attract people from around the country, this trend is set to continue.

Notes on Criteria

The geography used for this analysis is the area within downtown Seattle. The Downtown Seattle Association uses the following boundaries for downtown: South Lake Union to the north to South Lander Street to the south; Elliott Bay to the west and Broadway to the east.

For peer downtowns, DSA used CoStar's definition for each city's Central Business District (CBD). CoStar defines the CBD as "the center or core downtown area where many different types of major uses are concentrated such as retail, office and/or residential."



References

CoStar Definitions

Under Construction

Buildings in a state of construction, up until they receive their certificate of occupancy. In order for CoStar to consider a building Under Construction, the site must have a concrete foundation in place.

Final Planning

Project will begin construction within the next 12 months. Typically, construction contracts are signed and/or building permits are issued.

Proposed

Proposed refers to land considered for a particular future use or a building that has been announced for future development. The project is not expected to start construction in the next 12 months. Typically, building permits have not been issued.