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Seattle's commercial real-estate market is No. 1 for 2009

Seattle is the No. 1 commercial real-estate investment market in the country for 2009, even though it's in worse shape than a year ago, according to a forecast released today by the Urban Land Institute and PriceWaterhouseCoopers.

By **Eric Pryne**

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Seattle is the No. 1 commercial real-estate investment market in the country for 2009 — even though it's in worse shape than a year ago, a new forecast concludes.

It rose to the top spot only because other markets are expected to suffer more from the economic downturn, the report's authors said.

The forecast, "Emerging Trends in Real Estate 2009," was released today by the Urban Land Institute and PriceWaterhouseCoopers. It bases its assessment of the overall commercial real-estate situation and individual markets on surveys and interviews with about 700 developers, investors, lenders, brokers and other professionals.

The report ranked Seattle the top market, followed by San Francisco, Washington, D.C., New York and Los Angeles.

But "none of these markets has seen ratings upticks," said report author Jonathan Miller. "All have seen downturns from last year."

A year ago the report ranked Seattle second, behind New York.

Miller and Stephen Blank, senior resident fellow at the Urban Land Institute, said that, nationally, commercial real estate would hit bottom in 2009 and flounder for much of 2010. Because of the credit crunch and assortment of other economic woes, "developers might as well head to the golf course or the mountains," Blank said.

The report says Seattle benefits from its status as a global gateway and home to "brainpower industries." It rates the local market a "strong buy" for apartments.

But it also says job growth will be more tepid and office vacancy rates will climb, in part because of Washington Mutual's failure and Starbucks' downsizing. Condominium sales and pre-sales will fall dramatically, the report says.

If Microsoft starts laying off workers, "Seattle will be vulnerable" to a more severe downturn, Miller said.

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