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NORTHWEST RISING

A CHANGING INDUSTRIAL MARKET

NORTHWEST CONSTRUCTION REPORT: 2026 UPDATE

KEY TAKEAWAYS

The Northwest industrial market has grown significantly since 2020, with more than 171.7 million square feet (msf) of warehouse/distribution (W/D) and manufacturing space delivered across the region.

Demand for modern inventory has come from a diversifying tenant base, as traditional e-commerce and 3PL users compete for space with growing demand from the automotive, aerospace, and technology industries.

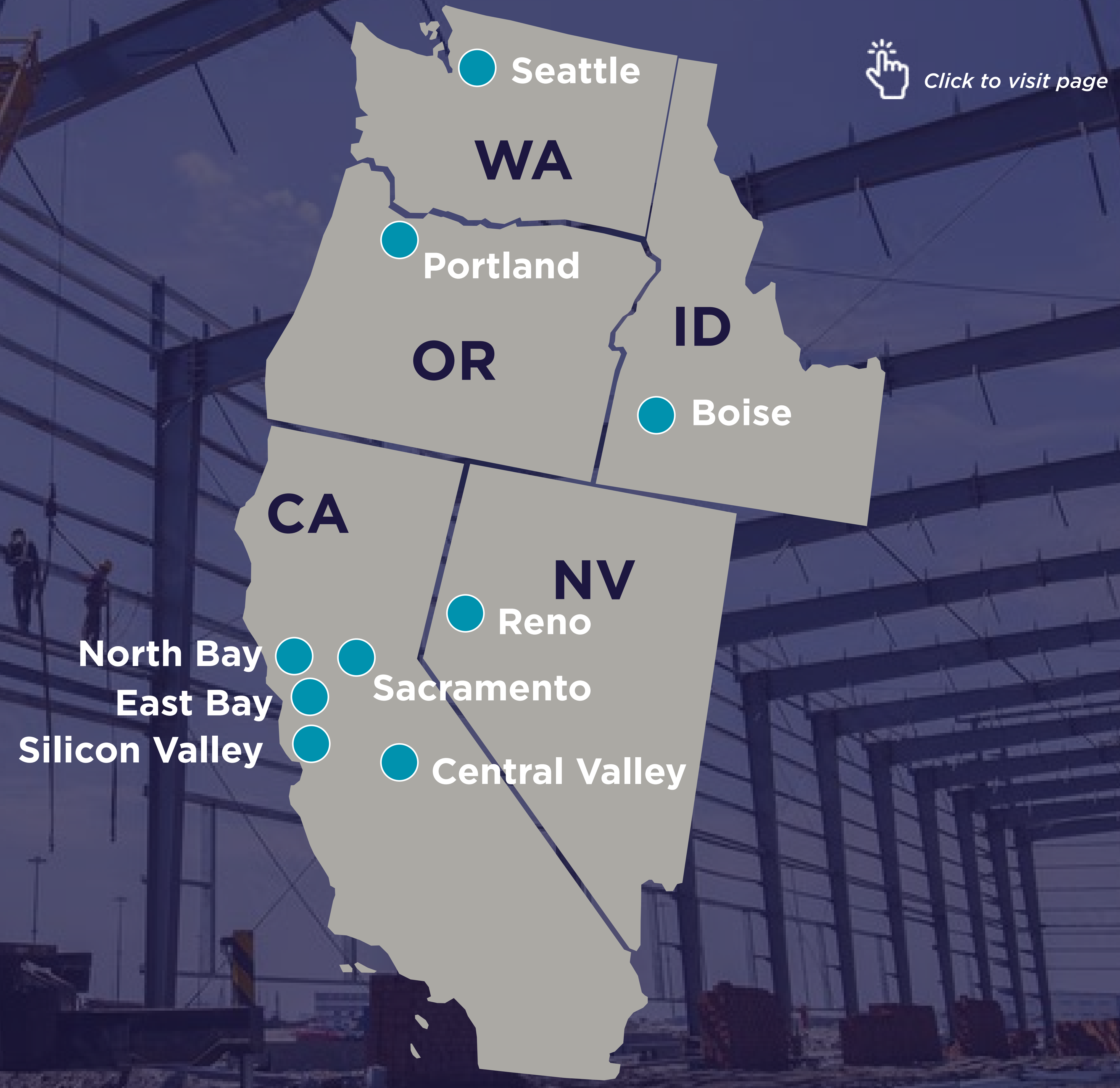
Construction starts have pulled back significantly, with groundbreakings in 2025 down 60.6% from their peak in 2022. Elevated vacancy rates and rising construction costs have led to a more cautious development landscape.

Developers are drawn to the Northwest for its unique mix of supply-constrained infill opportunities and growing secondary markets, which benefit from their proximity to major population centers with strong logistics infrastructure.

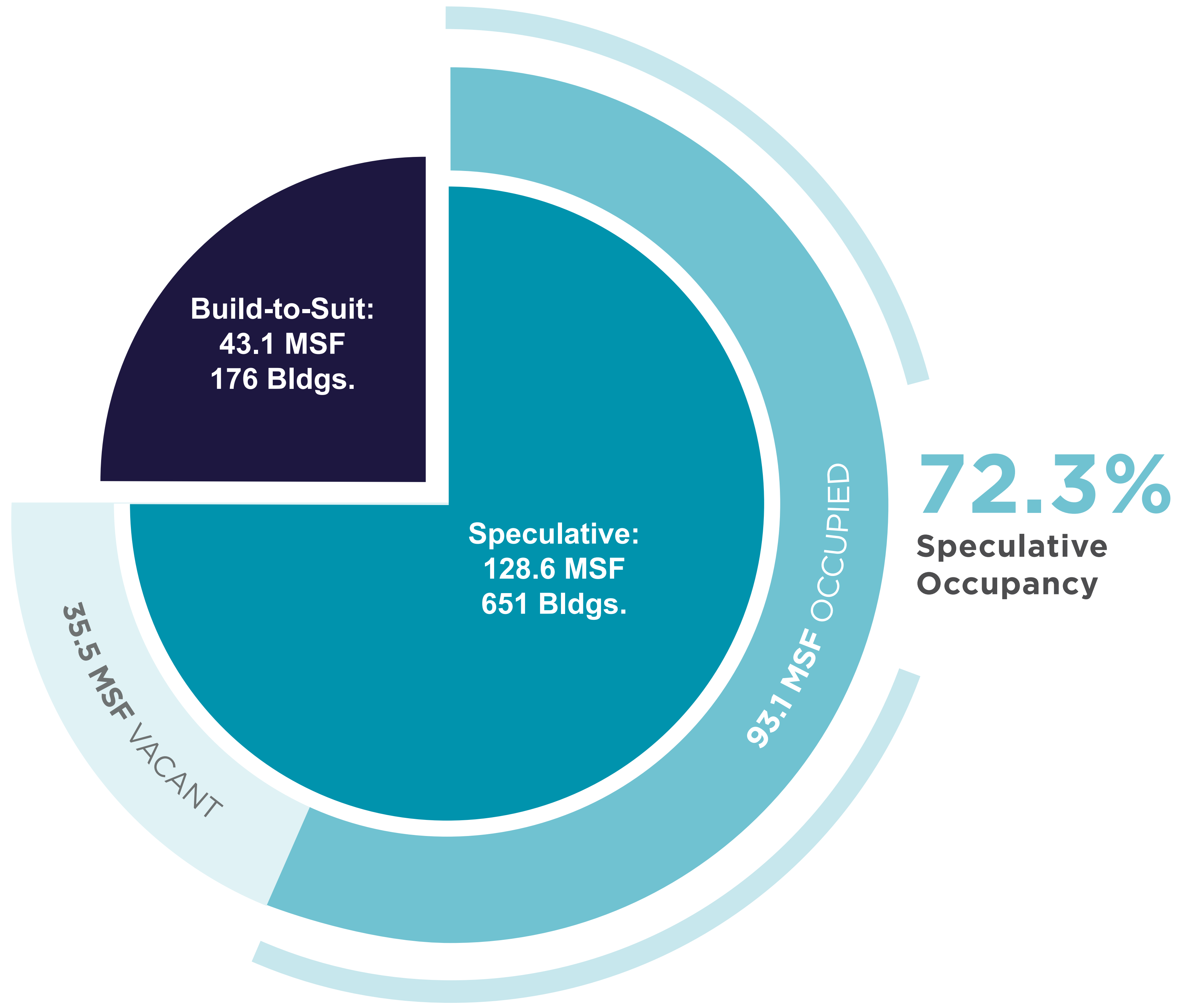
The composition of the region's shrinking pipeline has shifted, with build-to-suit (BTS) projects making up an increasing share of new development. The pullback in speculative (spec) development for certain size segments and regions may prove to be an overcorrection, offering an opportunity for new, targeted development.

The growing need for data centers has changed the development landscape in certain Northwest markets. Where land and power allow, developers are no longer limited to traditional industrial product, making it a competitive landscape for traditional logistics developers.

NORTHWEST REGION
MARKET OVERVIEW



Northwest Construction Deliveries 2020 - 2025

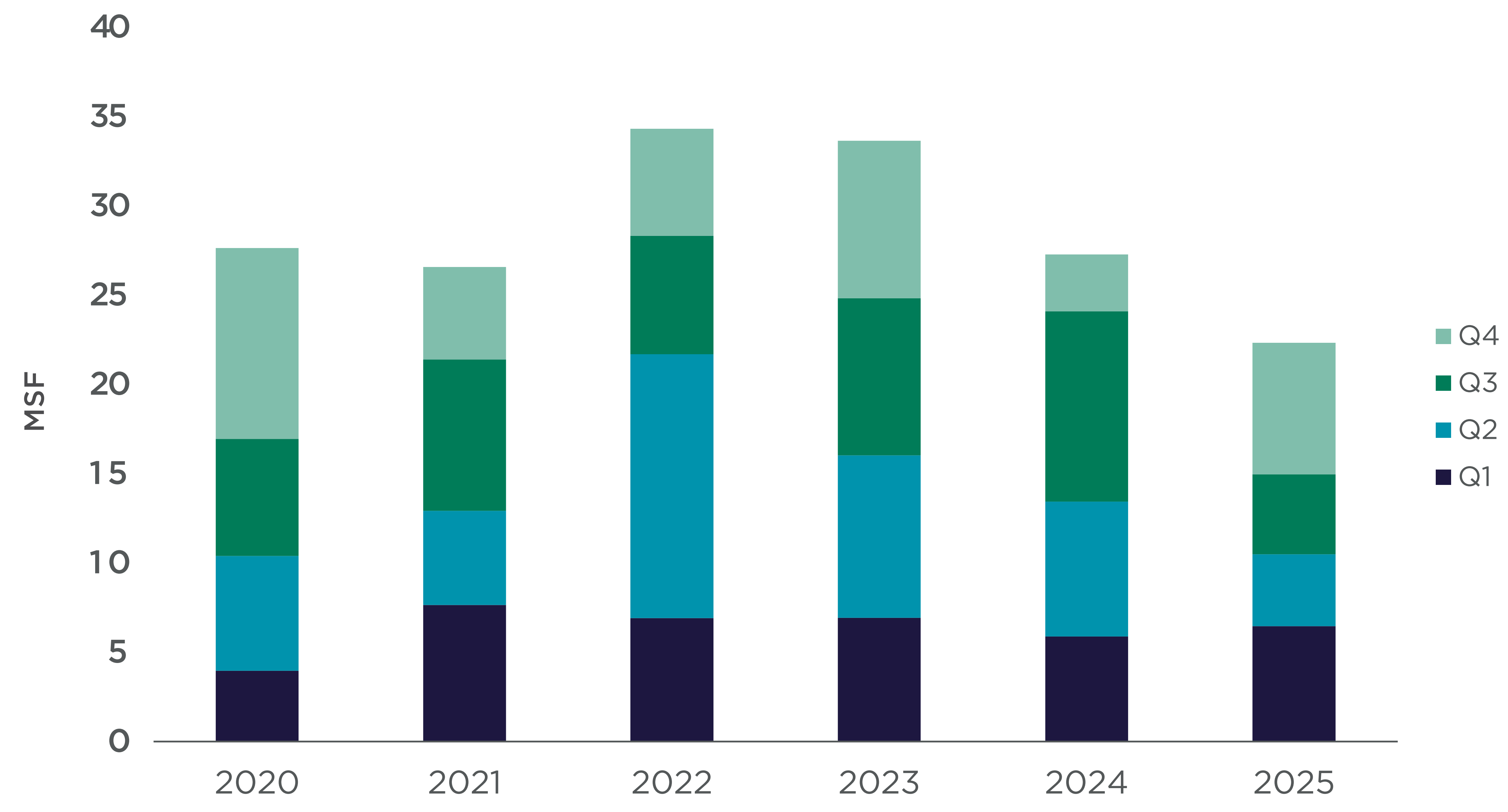


Source: Cushman & Wakefield Research

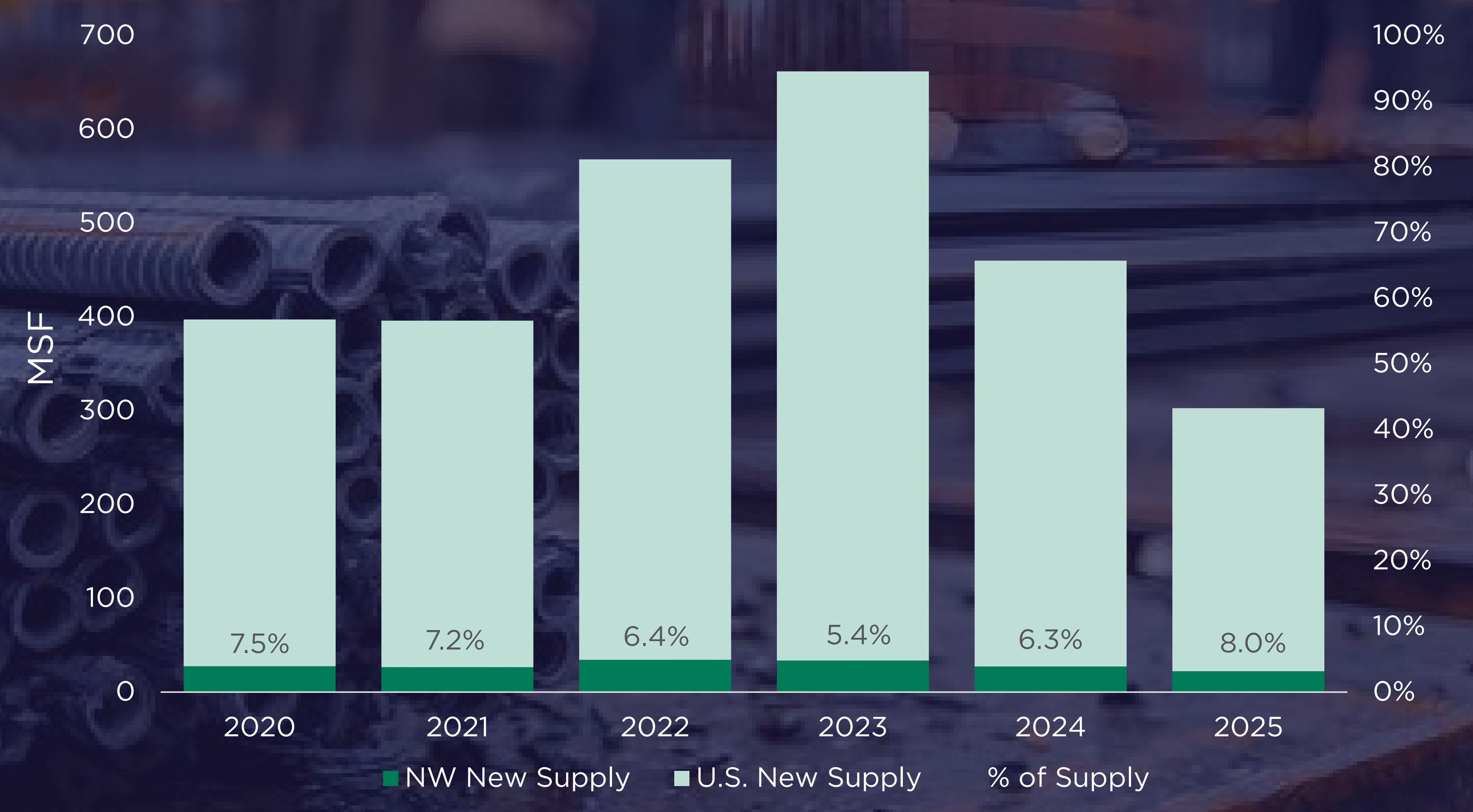
NORTHWEST CONSTRUCTION ACTIVITY: **A GROWING MARKET**

The U.S. industrial market experienced a period of profound growth from 2020 to 2025, as the rising prevalence of e-commerce kicked off a wave of new construction to meet growing demand for W/D space. This brought major changes to the Northwest, whose strategic access to Pacific ports, major population centers, and inland distribution corridors made it an integral part of shifting supply chains. Across the Northwest, over 171.7 msf of new construction was delivered across 825 industrial buildings. Deliveries across the region peaked in 2022, with more than 34.3 msf completed, and maintained that momentum into 2023, which recorded an additional 33.6 msf of completions.

Northwest Construction Completions



Share of U.S. Supply



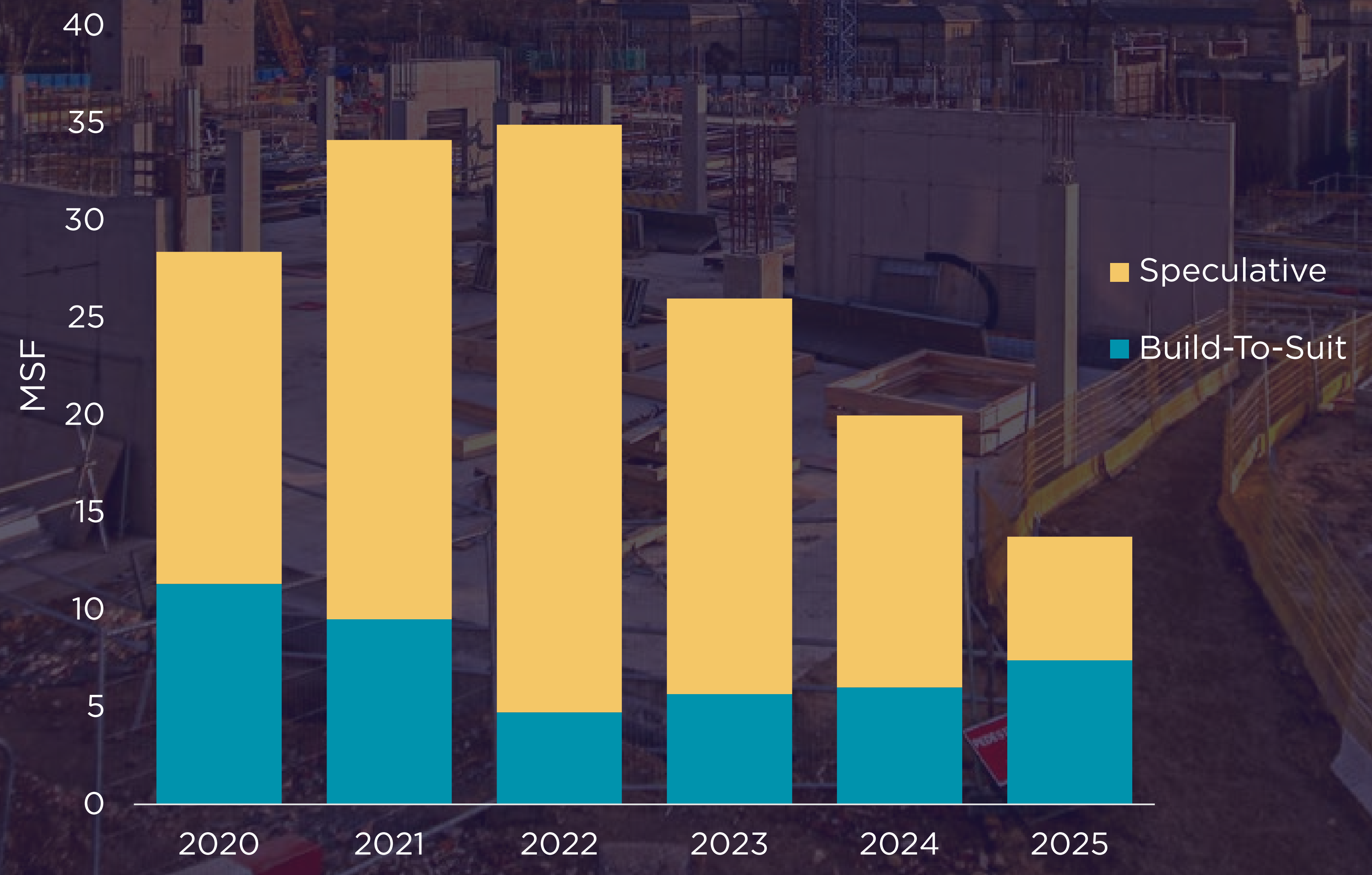
Delivery volumes for the Northwest have eased in recent years, with total deliveries declining approximately 20.0% year-over-year (YOY) in both 2024 and 2025. Looking ahead, the pace of development will continue to moderate as developers give the region time to absorb the current cycle. This aligns with national trends, as new U.S. supply fell to a five-year low in 2025 and is expected to fall further, in line with a shrinking active pipeline.

The current slowdown has had a more modest effect on the Northwest than the U.S. as a whole, with the Northwest's share of overall construction reaching a recent high of 8.0% in 2025.

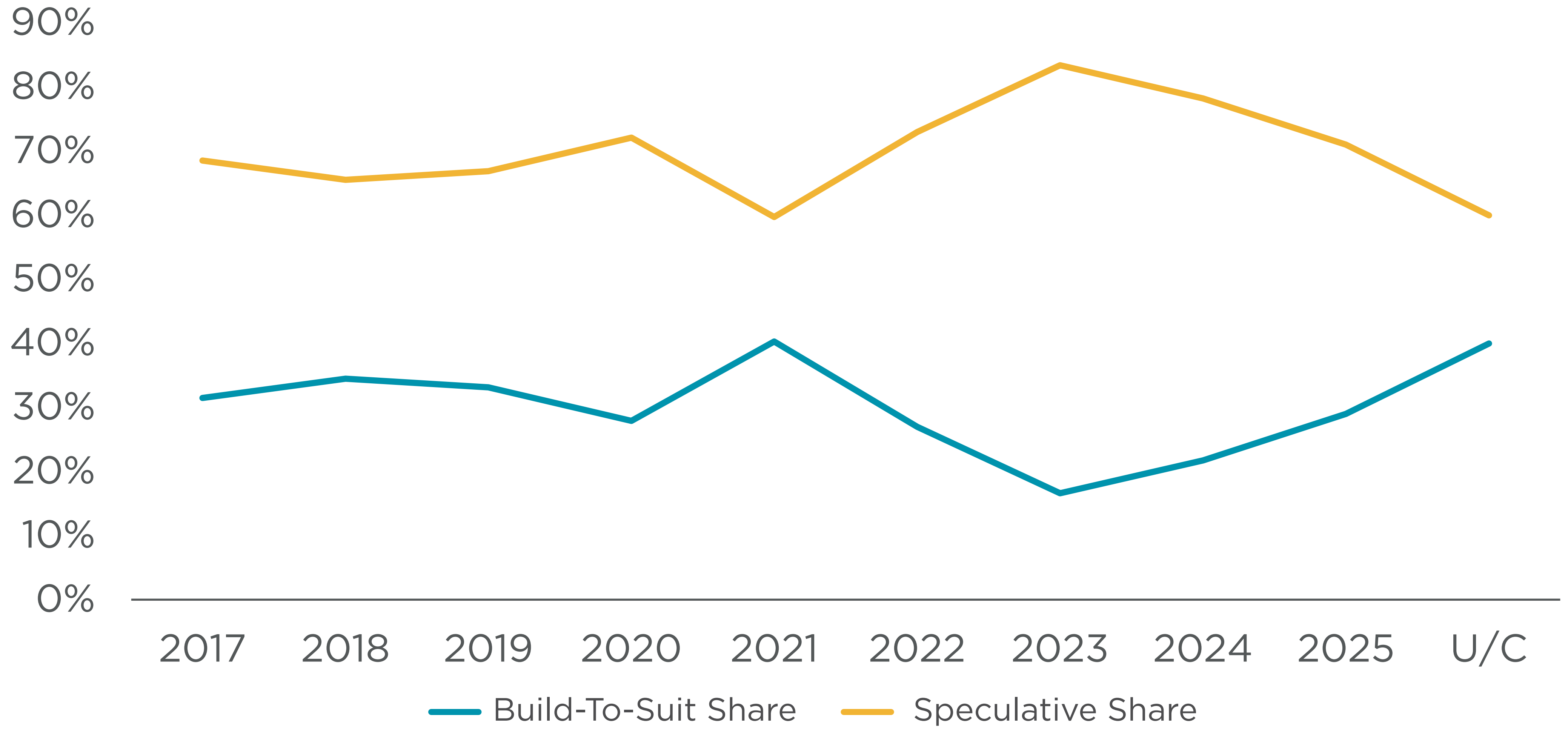
Northwest Pipeline Shifts

Spec construction dominated the development pipeline throughout the COVID-19 pandemic, as developers were confident that surging e-commerce demand would minimize lease-up risk. Spec starts accounted for the vast majority of new projects between 2020 and 2023, peaking in 2022 when total groundbreakings reached their highest level and spec starts accounted for 86.4% of activity. That wave of supply delivered as tenant demand was starting to cool, putting upward pressure on vacancy across the region. This led developers to take on a more cautious development strategy with a decreased appetite for spec risk in 2024 and 2025. As a result, BTS projects in the Northwest represent a growing portion of construction activity, accounting for 53.8% of groundbreakings in 2025, a significant change in the balance between spec and BTS product.

Northwest Groundbreakings Speculative vs. Build-to-Suit



U.S. Deliveries by Product Type



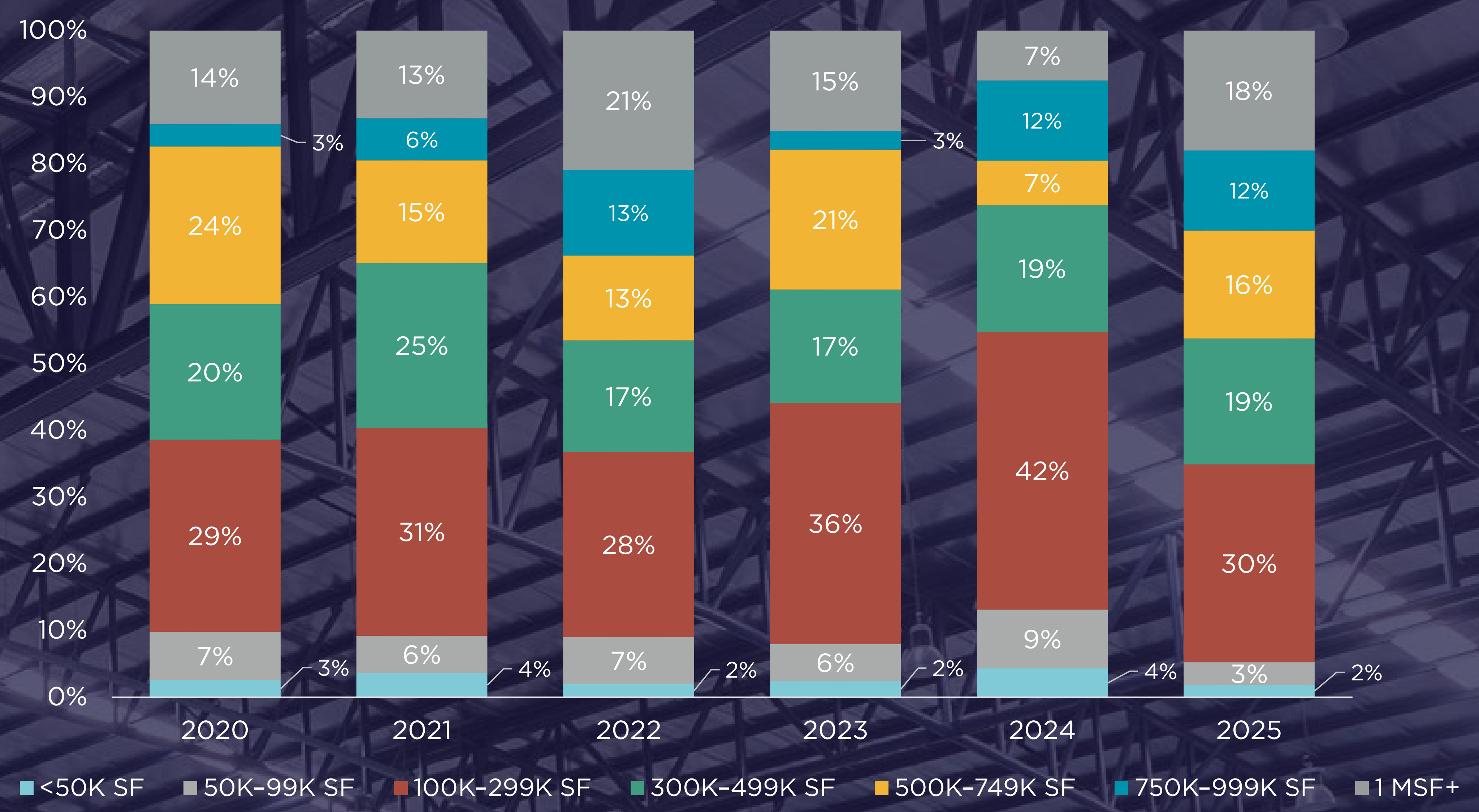
This trend was mirrored on a nationwide basis, as spec product consistently represented the majority of U.S. annual deliveries between 2017 and 2024, with its share peaking at more than 80.0% in 2023. As in the Northwest, that composition began to shift in 2024, as the spec share declined and BTS projects have risen to nearly 40.0% of the active pipeline heading into 2026. The rising share of BTS deliveries indicates that new supply is becoming more closely aligned with occupier commitments rather than broad market assumptions, reinforcing a shift toward a more risk-conscious development strategy.

SIZE SEGMENTATION: **SHIFTING DEMAND IN THE NORTHWEST**

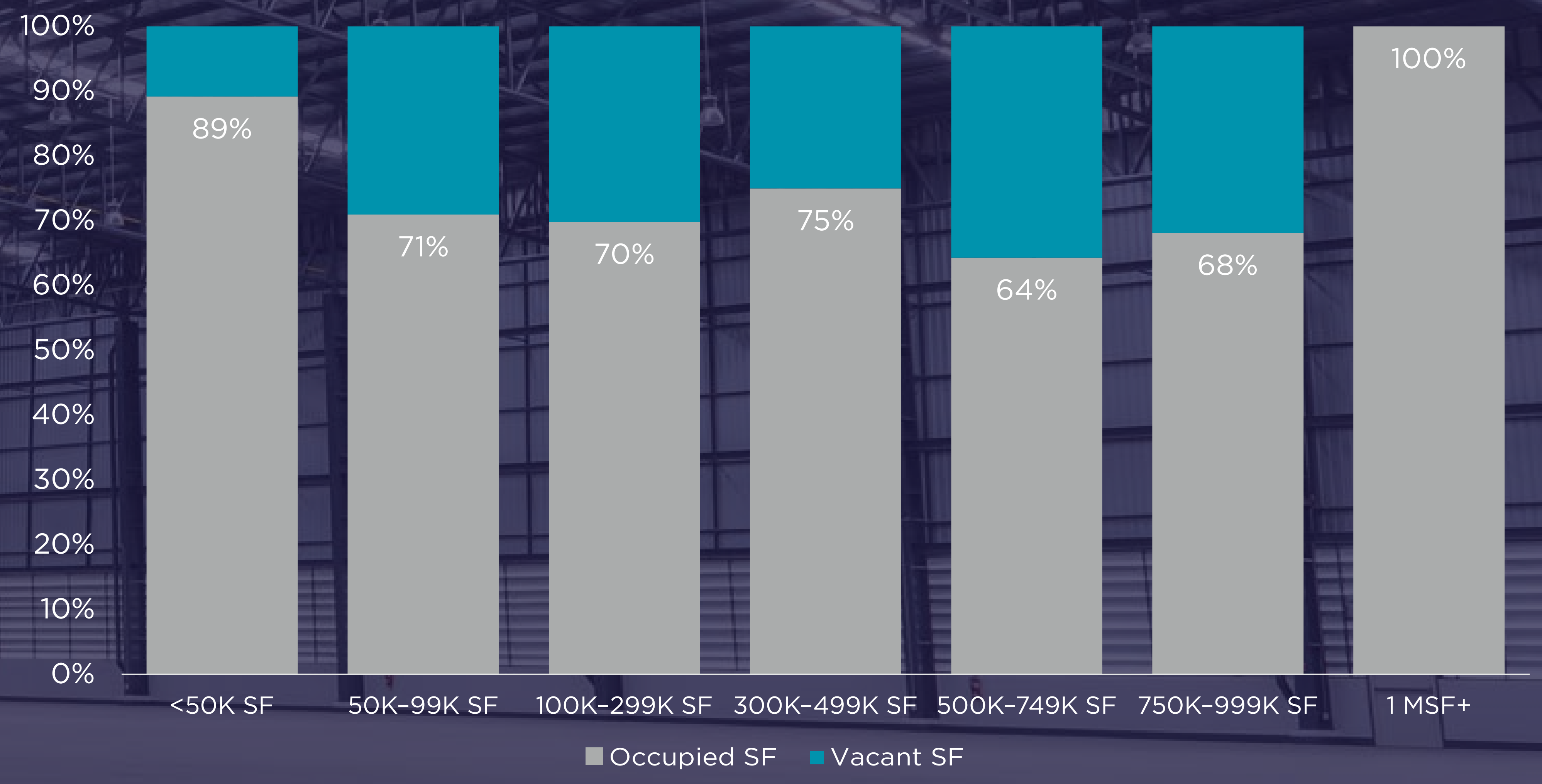
Buildings in the 100,000 to 299,999-square-foot (-sf) range have consistently accounted for the largest share of new supply in recent years. This size category has been the favored development format, outpacing both smaller-bay and large-format projects, as it aligns with a broad base of tenant demand and offers greater leasing flexibility. By comparison, deliveries of buildings exceeding 1.0 msf represent a smaller and more variable share of total supply. Most of these large-format projects are typically delivered as BTS developments, reinforcing developer caution in pursuing the largest spec formats.

Spec deliveries under 50,000 sf have outperformed most size segments, with occupancy approaching 90%, second only to the limited inventory of spec buildings exceeding 1.0 msf. Spec occupancy levels fall to an average of 69.6% for buildings ranging between 50,000 and 999,999 sf. The larger end of that range has struggled due to a limited pool of tenants, while the volume of mid-size supply has outpaced demand, even as the format remains well aligned with tenant preferences. In 2025, tenants occupying 100,000 and 299,999 sf accounted for 41.6% of new demand among users requiring more than 50,000 sf in the Northwest. This validates developer preference for this size range but also signals that recent demand has lagged the pace of deliveries. Demand has been weakest for spaces between 500,000 and 999,999 sf, with large-block tenants instead gravitating toward facilities exceeding 1.0 msf, which are often delivered as BTS projects.

New Construction Deliveries by Size



Speculative Occupancy Rate By Size Range



OUTLOOK: ON THE HORIZON FOR NORTHWEST DEVELOPMENT

Spec development remains measured as developers respond to softer leasing velocity, elevated vacancy levels in select markets, and ongoing macroeconomic uncertainty. As a result, new construction activity is increasingly concentrated within established logistics corridors that demonstrate durable demand drivers and long-term supply-chain relevance.

Mid-size industrial buildings (100,000 to 299,999 sf) continue to anchor new development activity. As of the first quarter of 2026, approximately 34.0% of buildings under construction and 32.6% of all industrial square footage delivered since 2020 fall within this size range. These buildings will remain favored by developers due to their design flexibility, efficient construction economics, and ability to accommodate a broad cross-section of tenants.

Big-box construction activity is making up a growing percentage of the pipeline, but almost entirely on a BTS basis. Spec starts greater than 500,000 sf have slowed dramatically, reflecting more cautious underwriting and reduced spec risk tolerance.

Small-bay industrial space remains structurally undersupplied, particularly in infill and urban-adjacent markets where land constraints and rising costs limit new delivery. From 2020 to 2025, buildings less than 100,000 sf accounted for 41.6% of buildings delivered but just 9.1% of total square footage, providing limited opportunities for the broad tenant base that looks to this size range. The share of small-bay development fell sharply in 2025 to a recent low of 5.2%, reinforcing the persistent supply gap for local and service-oriented tenants.

Manufacturing tenants were the leading source of demand in 2024 and 2025. Users in this category—which includes manufacturers ranging from packaging to semiconductors—are expanding rapidly into both manufacturing and W/D space. Future expansion from these tenants is expected to influence the development pipeline, as developers increasingly emphasize power capacity and other technical features that were less critical to traditional e-commerce and logistics users.

Rising construction costs and entitlement challenges continue to shape development decisions, encouraging redevelopment, adaptive reuse, and value-add strategies over greenfield projects, particularly across California and core urban Northwest markets.

Future supply pipelines are expected to remain muted in the near term, supporting gradual absorption of existing vacancy and laying the groundwork for improved leasing conditions as economic clarity improves.

SEATTLE, WA

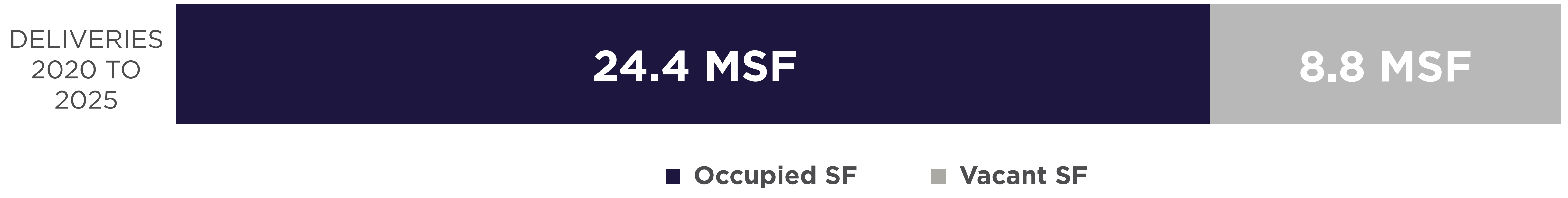
Robust Inventory Growth Driven by 3PLs and E-Commerce
Seattle's industrial inventory has continued to expand, reaching approximately 335.4 msf across the Puget Sound region by year-end 2025, with 40.8 msf of new inventory delivered since the start of 2020. Vacancy has more than doubled, climbing 530 basis points since the start of the pandemic to 8.8% at the start of 2026, reflecting a sharp adjustment in high-demand submarkets. This growth has been largely driven by spec development targeting 3PLs, e-commerce, and trade-distribution users, leveraging Seattle's port infrastructure and distribution hubs.

Mid-Size Buildings Dominate New Supply
Mid-bay facilities 100,000 sf and greater dominated the delivered square footage in Seattle's industrial development pipeline, with projects sized 100,000 to 299,999 sf (14.9 msf) and 300,000 to 499,999 sf (7.1 msf) contributing the most, underscoring the region's sustained demand for scalable, high-throughput industrial space.

Speculative Development is the Primary Delivery Driver
Across 2020 to 2025, spec projects totaled 30.5 msf, nearly three times the BTS deliveries (10.3 msf), highlighting strong developer conviction despite capital and entitlement constraints in the industrial market.

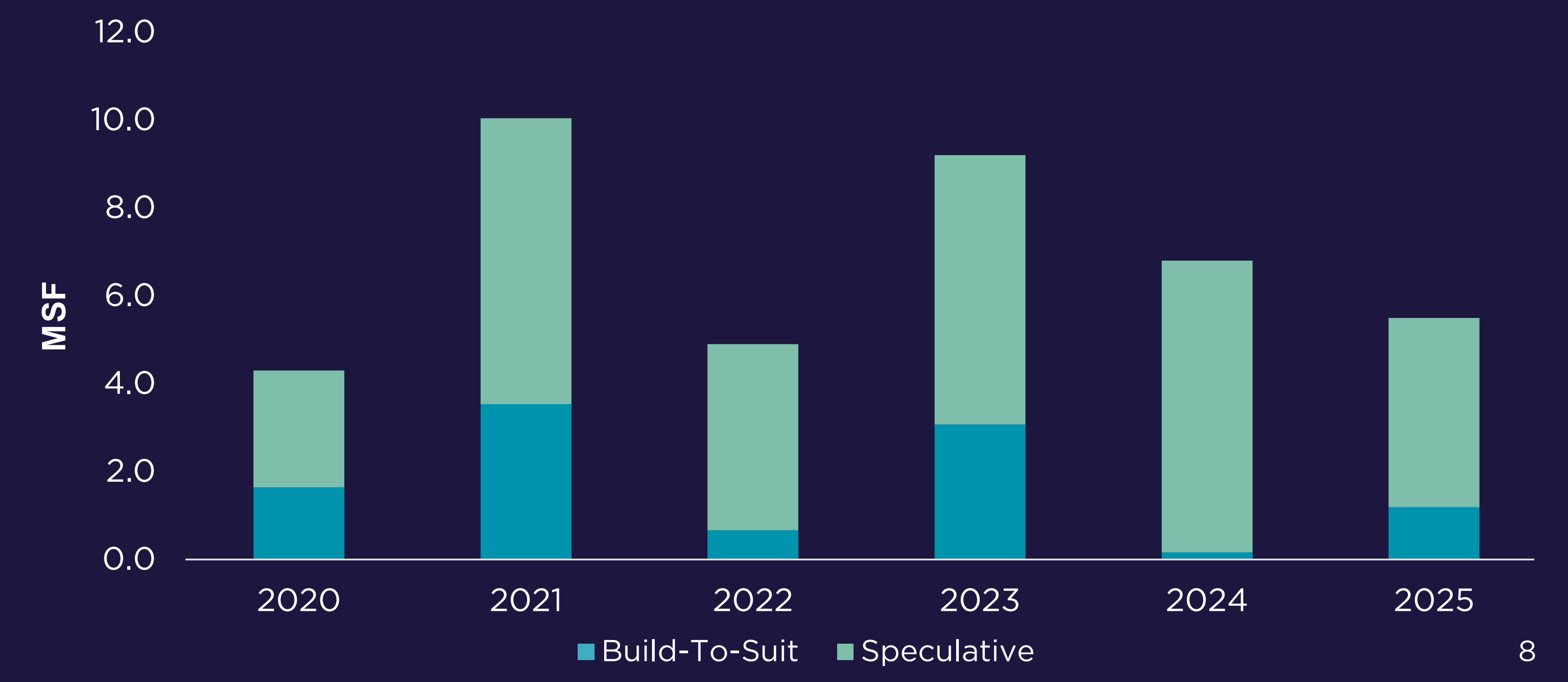
Growth in 750,000+ sf Buildings Reflects Logistics and Infill Pressures
Aside from 2020 and 2022, deliveries in the Puget Sound region remained aggressive. The market added 5.5 msf of new inventory in 2025, with deliveries focused on the Tacoma (1.5 msf), Fife/Milton (1.1 msf), and Frederickson (1.1 msf) submarkets. Deliveries in the 750,000+ sf and 1.0+ msf categories exceeded 11 msf combined, indicating increased land efficiency, multi-story potential, and demand from logistics, e-commerce, and regional distribution users despite land scarcity. Nearly 3.6 msf of space was under construction at the end of 2025.

73.6%
Speculative Occupancy



Deliveries by Building Size

Build-To-Suit vs. Speculative Deliveries



<< Return to NW Map

Dataset includes industrial buildings delivered between 2020 and 2025

PORTLAND, OR

Strong Inventory Growth Driven by Logistics and E-Commerce Demand
Portland's industrial market has entered a reset period but continues to show long-term strength supported by logistics, e-commerce, and distribution users. Vacancy expanded to 6.6% at the start of 2026, up 560 basis points from the start of the COVID-19 pandemic and marking the fastest rise in over a decade as new spec deliveries hit the market and tenant demand softened. Demand remains anchored by 3PL and trade-related industries, which continue to leverage Portland's multimodal infrastructure and strategic West Coast location.

Mid-Size Buildings Drive Total Deliveries
Portland's industrial development pipeline was largely driven by projects in the 100,000 to 299,999-sf range, which accounted for 6.8 msf of new inventory, followed by projects in the 500,000 to 749,999-sf range, at 3.7 msf. This underscored sustained demand for mid-to-large industrial facilities.

Speculative Construction Dominates the Market
Across all years, spec development totaled 12.9 msf, nearly four times higher than BTS deliveries (3.3 msf), indicating strong developer confidence and tenant demand depth in the industrial market.

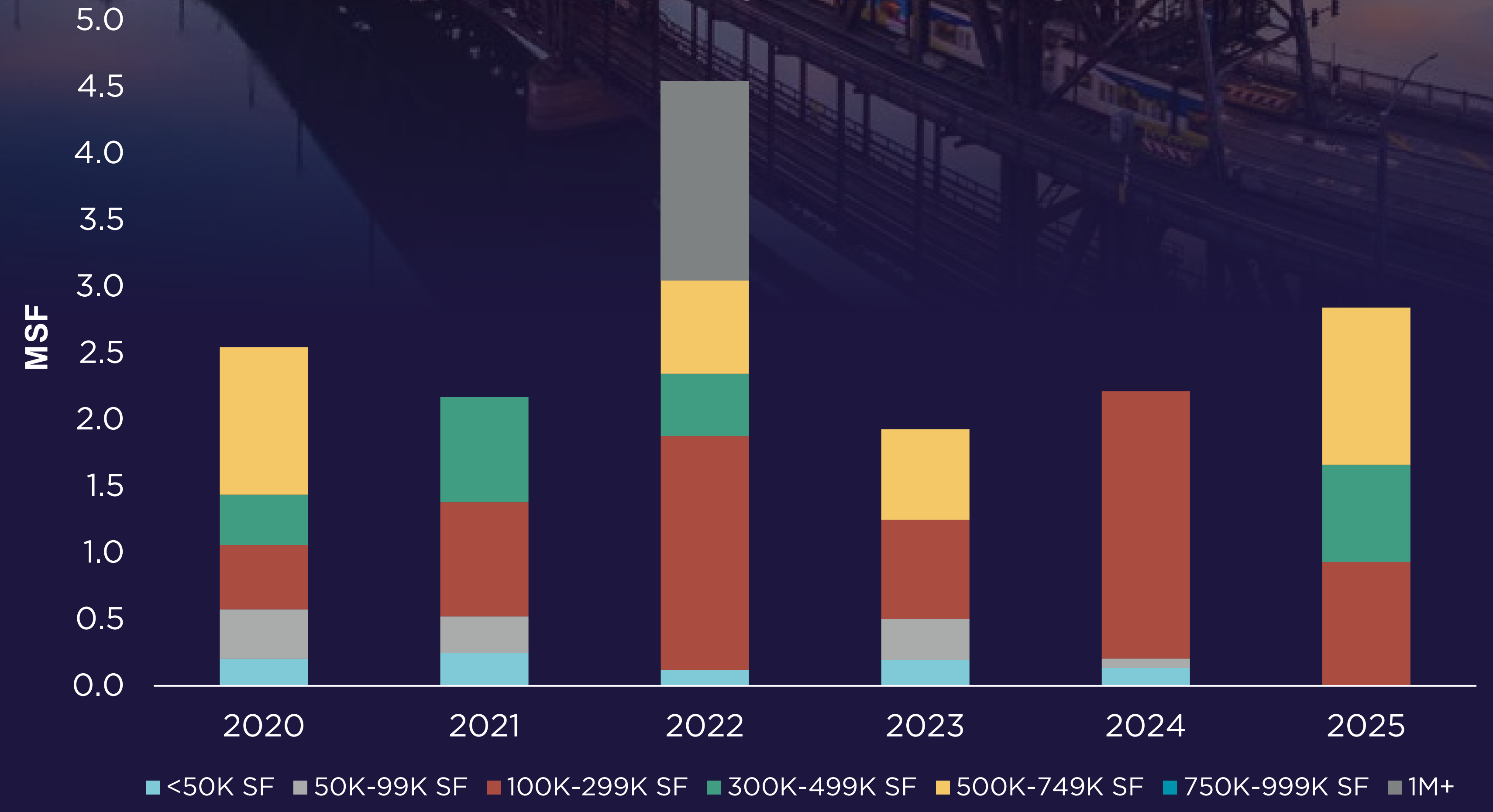
Construction Pipeline Contracts but Shows Signs of Stabilization
After years of aggressive development, Portland's under construction pipeline has contracted but remains active. The region delivered 2.8 msf in 2025, specifically in the East Columbia and Vancouver/Clark County submarkets. Overall pipeline volume fell from earlier peaks as developers adjusted to a softer demand environment. Though construction slowed, 1.1 msf remained under construction at year-end 2025, supported in part by large projects such as the Sherwood Commerce Center. Developers have begun pacing starts more cautiously, but with Portland's fundamentals still outperforming long-term historical averages, sentiment indicates steady, if restrained, confidence moving into 2026.

73.9%
Speculative Occupancy

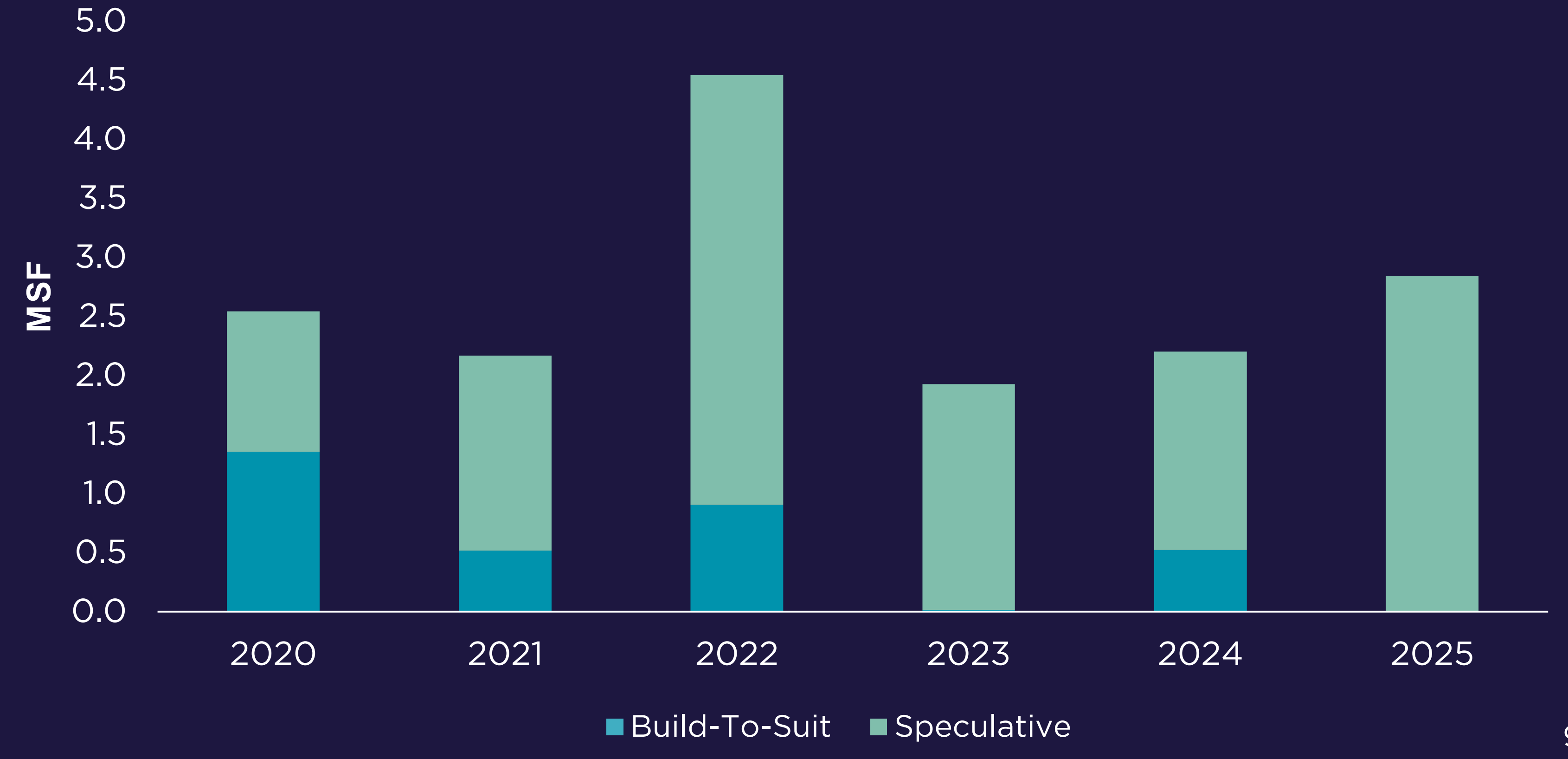
DELIVERIES 2020 TO 2025	9.6 MSF	3.4 MSF

■ Occupied SF ■ Vacant SF

Deliveries by Size Range



Build-To-Suit vs. Speculative Deliveries



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Dataset includes industrial buildings delivered between 2020 and 2025

BOISE, ID

Spec Wave Peaks as New Supply Arrives

Boise delivered 14.4 msf of new industrial space from 2020 to 2025, with spec and BTS projects contributing nearly equal volumes. Deliveries peaked in 2024, propelled by buildings under 300,000 sf in the Nampa and Airport submarkets, several still in early lease-up.

Submarket Activity Concentrated Along I-84

Spec development was heavily focused in Nampa, Airport, and Caldwell, supported by land availability and direct interstate access. These submarkets captured the majority of 2020 to 2025 spec square footage, reinforcing their role as the region's primary hubs for large-format industrial users.

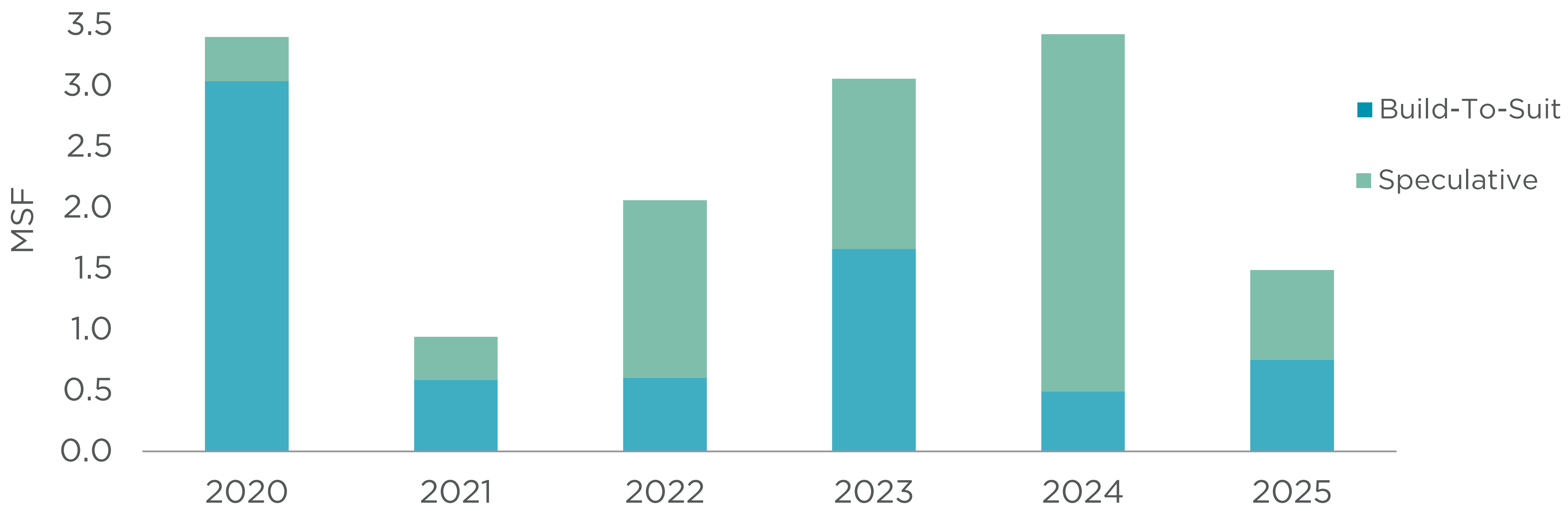
Build-To-Suit Demand Anchors Stability

Steady BTS activity, spanning W/D and select manufacturing facilities, helped offset vacancy pressure from larger spec waves. User-driven commitments remained consistent throughout the period, strengthening Boise's longer-term industrial base.

Construction Costs Elevated by Labor Constraints

Mega-projects in the region, including Micron's multi-billion-dollar Boise expansion, are drawing thousands of skilled trades to a single jobsite, with industry reporting up to 4,000 construction workers at peak. This concentration is tightening labor availability and pushing wage floors higher, contributing to elevated construction costs and extended build timelines across the Treasure Valley.

Build-To-Suit vs. Speculative Deliveries



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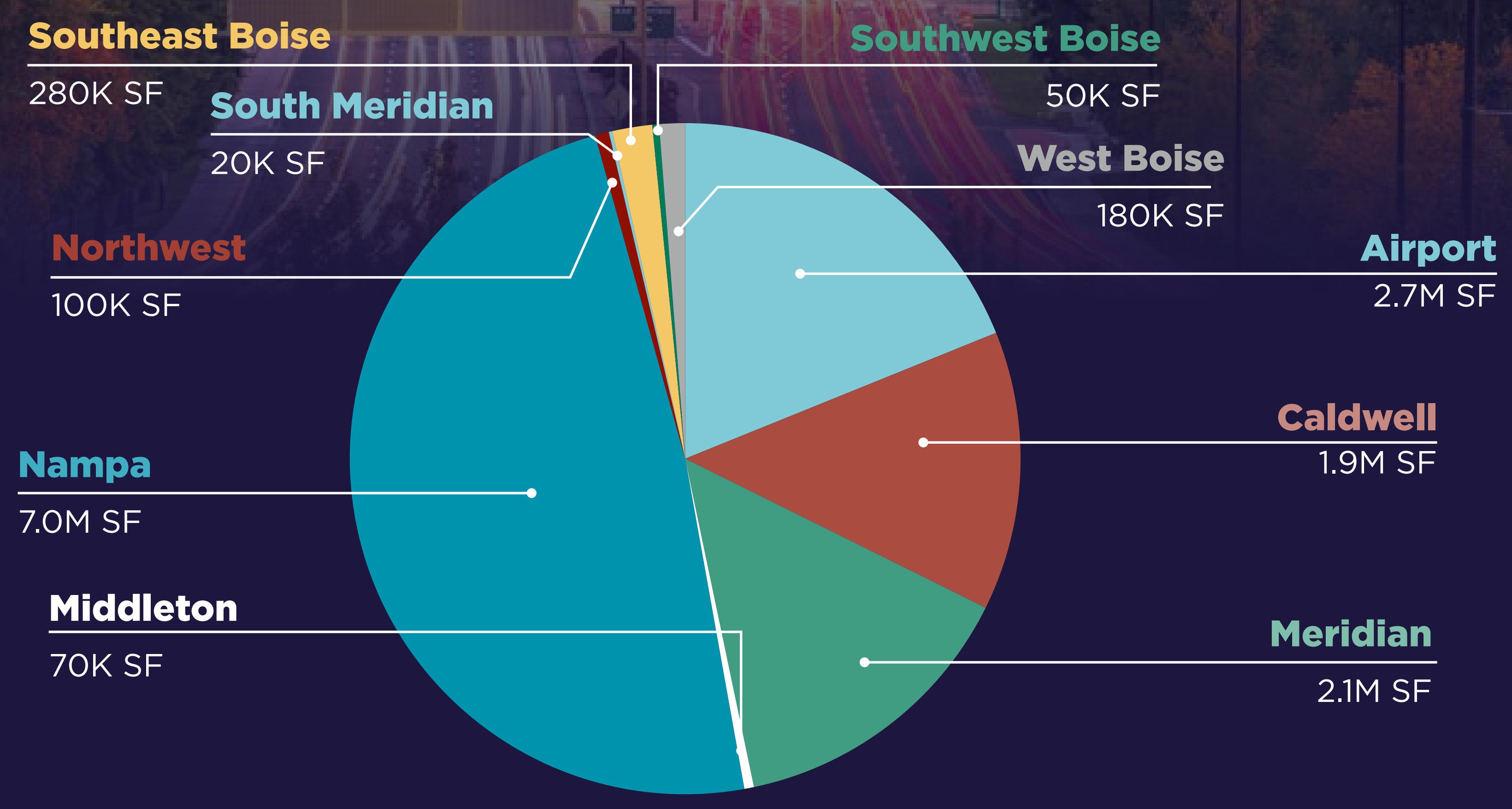
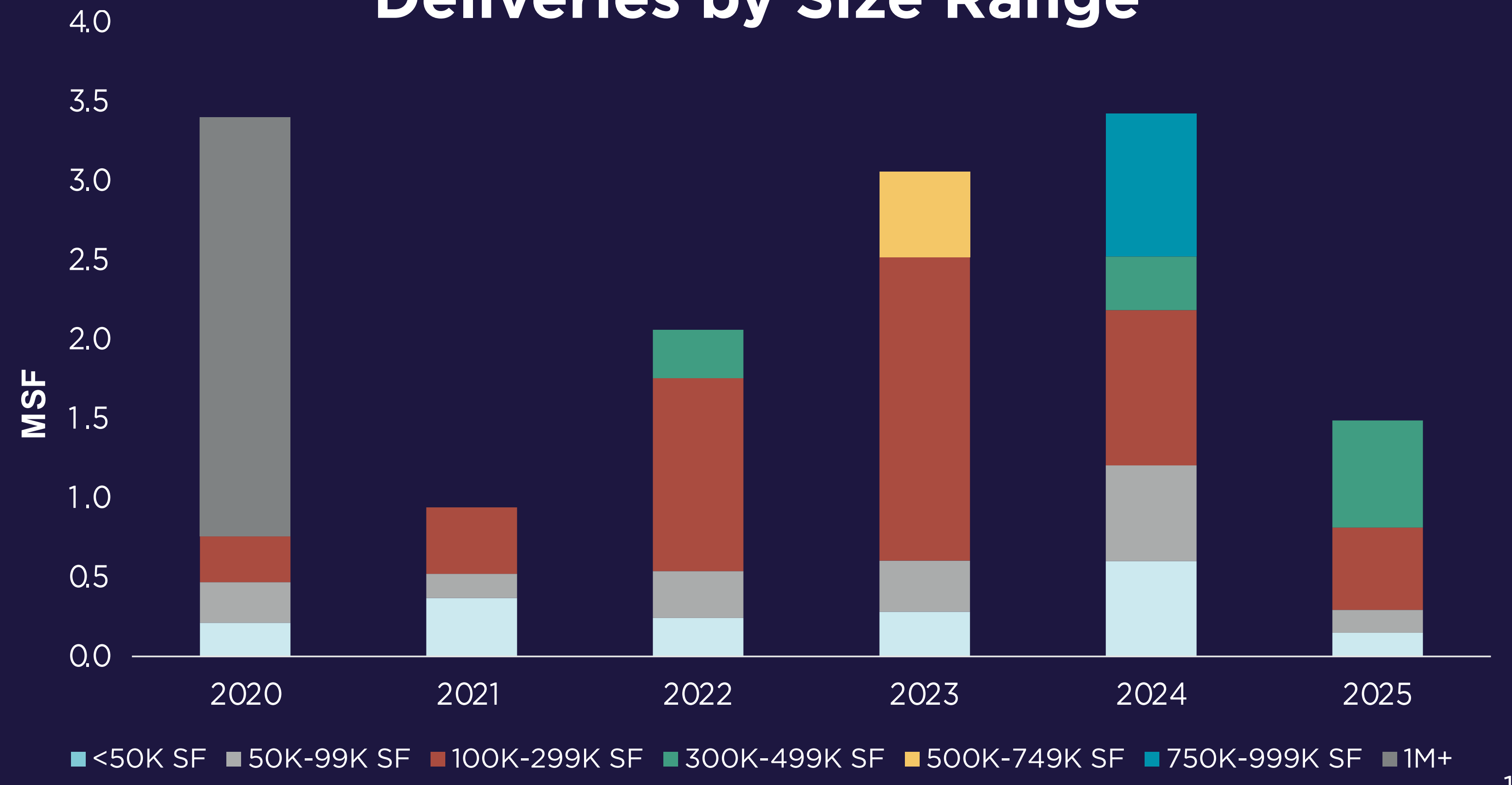
Dataset includes industrial buildings delivered between 2020 and 2025

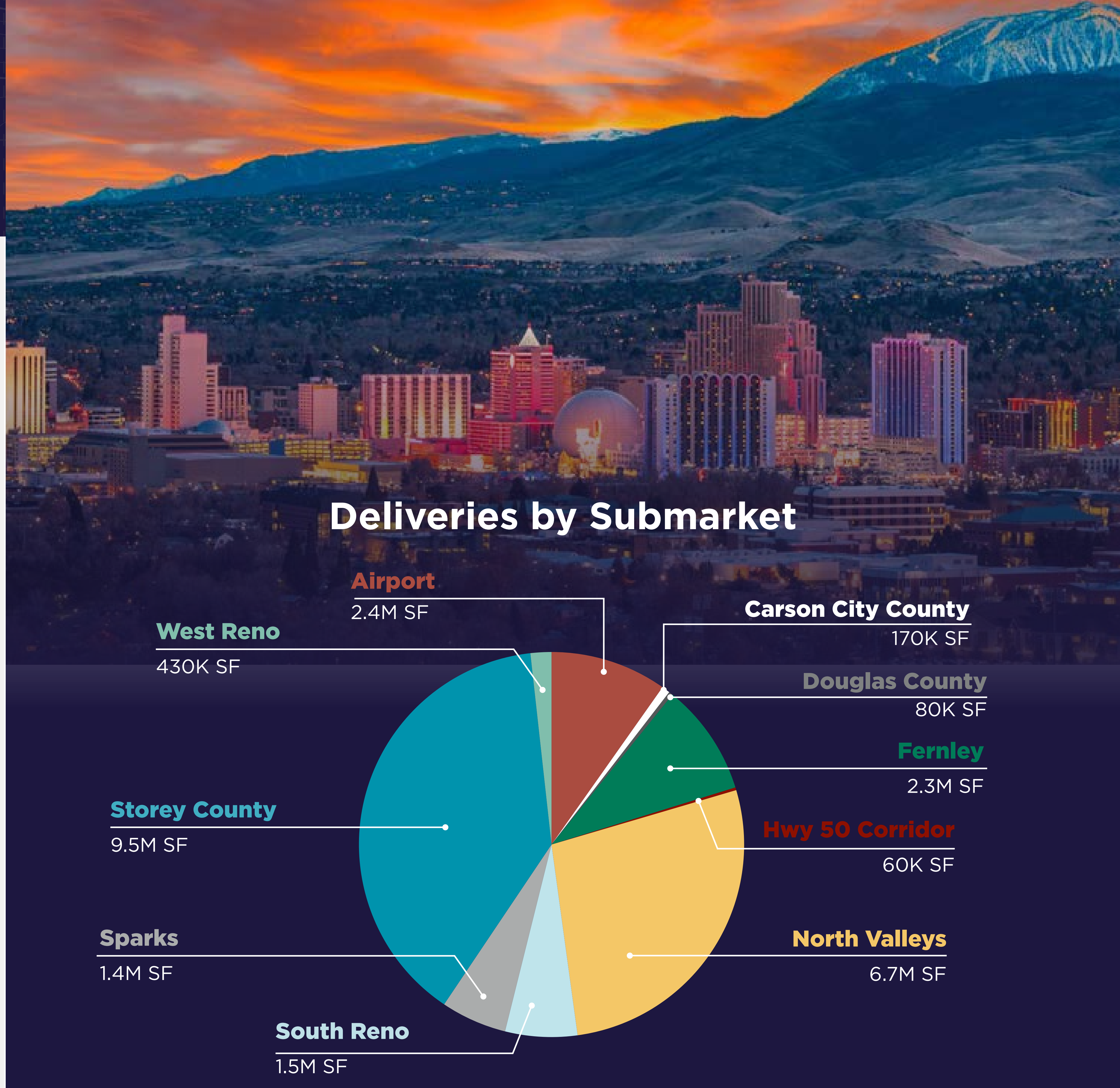
Deliveries by Submarket



Deliveries by Size Range



RENO, NV



Large Format Deliveries Increased through 2025

Reno's development pipeline continues to shift toward larger footprint facilities. Deliveries in the 500,000 to 999,999-sf range grew sharply in 2024 and remain elevated in 2025. The appearance of 1.0-msf-plus mega facilities beginning in 2023 signals that the market has evolved to support the type of scale requirements that were rare in earlier years.

Speculative vs. Build-To-Suit Trends Show a Market Rebalancing

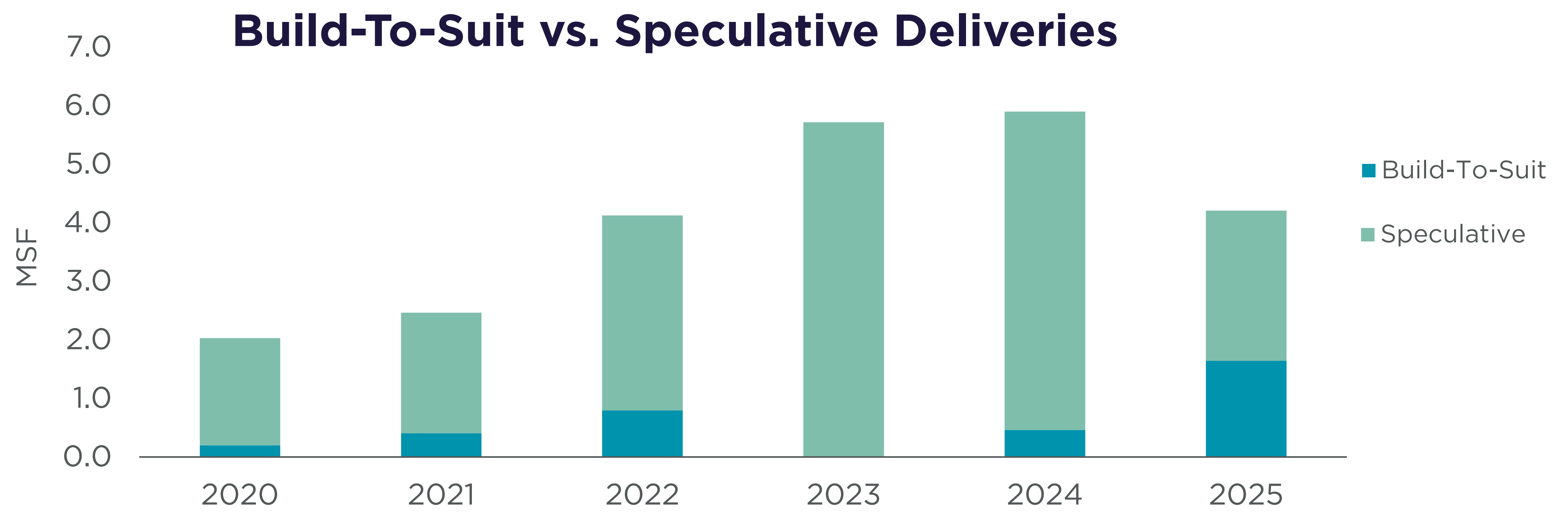
Spec development dominated deliveries from 2020 to 2024, with peak volumes occurring in 2023 and 2024 during the post-pandemic surge in logistics demand. However, 2025 marks the first major increase in BTS activity, driven by larger users requiring tailored space, higher power capacity, automation capabilities, or manufacturing-oriented layouts. This shift also reflects developers moving toward a lower risk, tenant-backed model as vacancy stabilizes and demand normalizes.

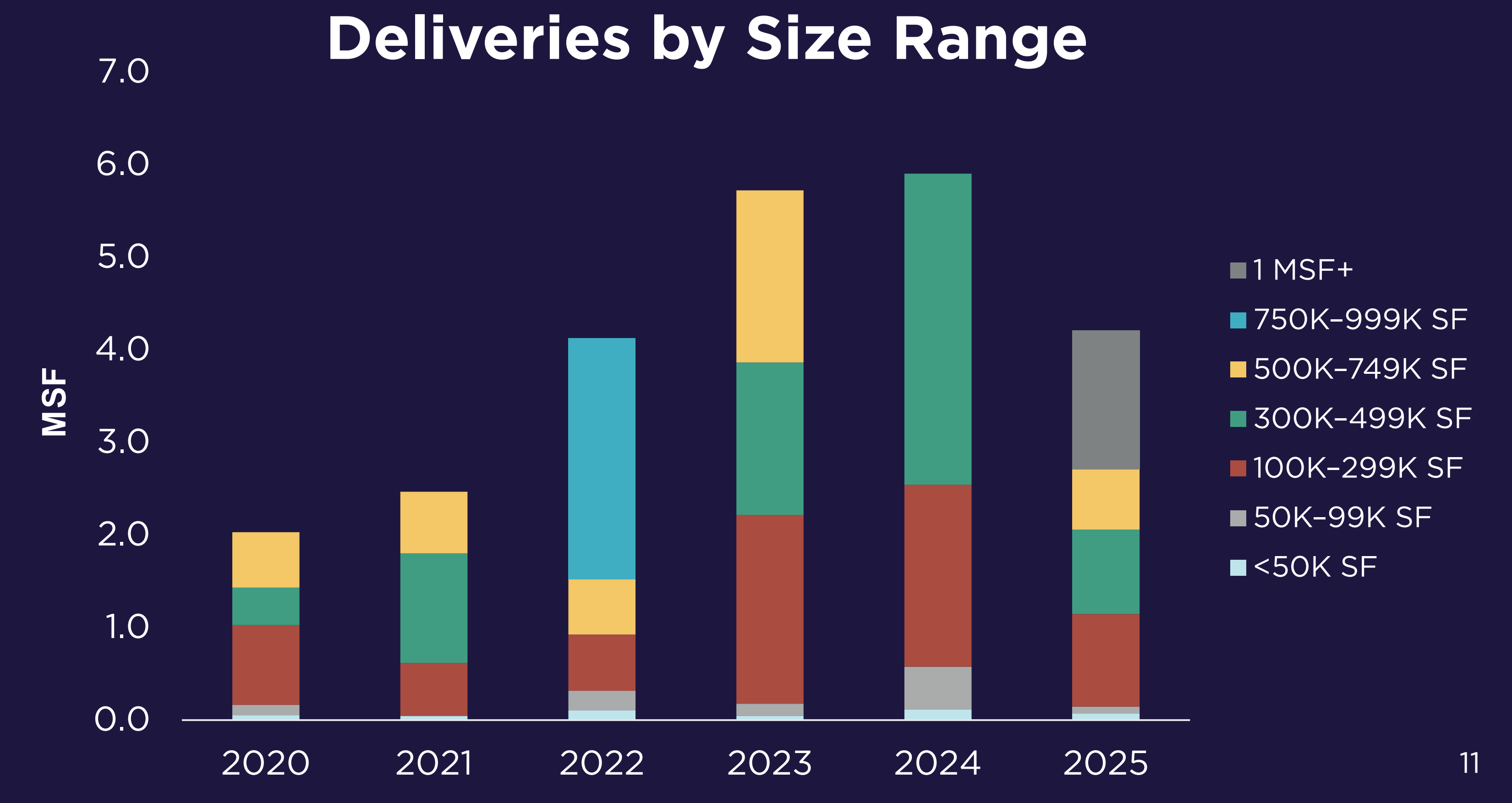
Submarket Deliveries Reinforce Reno's Multidirectional Growth

Submarket delivery patterns underscore Reno's diverse and expanding industrial footprint. The North Valleys submarket continues to capture the largest share of new supply, solidifying its role as a major regional distribution hub. Sparks and Storey County also experience significant delivery activity, supported by ample land availability and strong interest from large industrial users. South Reno and the Airport submarkets contributed steady but more modest additions, generally aligned with mid- and shallow-bay tenant needs. Outlying areas such as Fernley are emerging as new growth corridors as developers pursue lower cost land and expansion opportunities. Collectively, these patterns reinforce Reno's ability to support a broad range of users and accommodate diverse expansion needs across the region.

Mid-bay Product Continues as Reno's Core Supply

Consistent delivery volume in the 100,000 to 499,999-sf ranges highlight strong alignment between new supply and the needs of Reno's core tenant base. These size ranges correspond with the market's highest and most consistent leasing activity, offering flexibility and operational efficiency sought by a wide range of industrial users.





<< Return to NW Map

Dataset includes industrial buildings delivered between 2020 and 2025

NORTH BAY, CA

Market on the Rise

The North Bay, comprised of Napa, Solano, and Sonoma counties, recorded significant growth from 2020 to 2025, adding more than 9.3 msf to inventory. Solano County accounted for 67.6% of new development and the total inventory for Solano grew by more than 20.0% in just six years.

New Tenants Come to Market

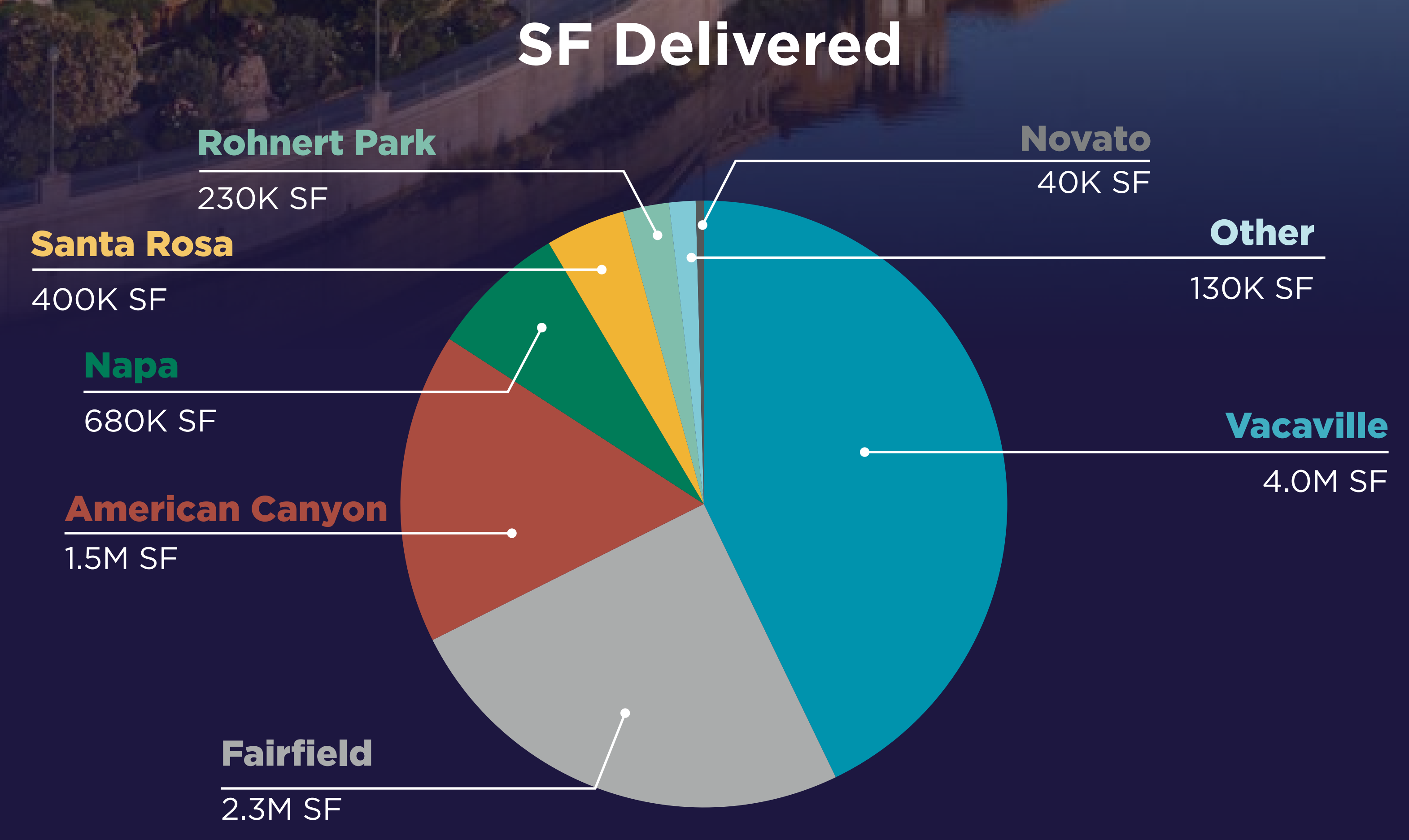
New inventory and its proximity to the Bay Area brought large e-commerce tenants to the region post-pandemic, adding diversity to a tenant base that has historically been anchored by the food and beverage industries, particularly wine.

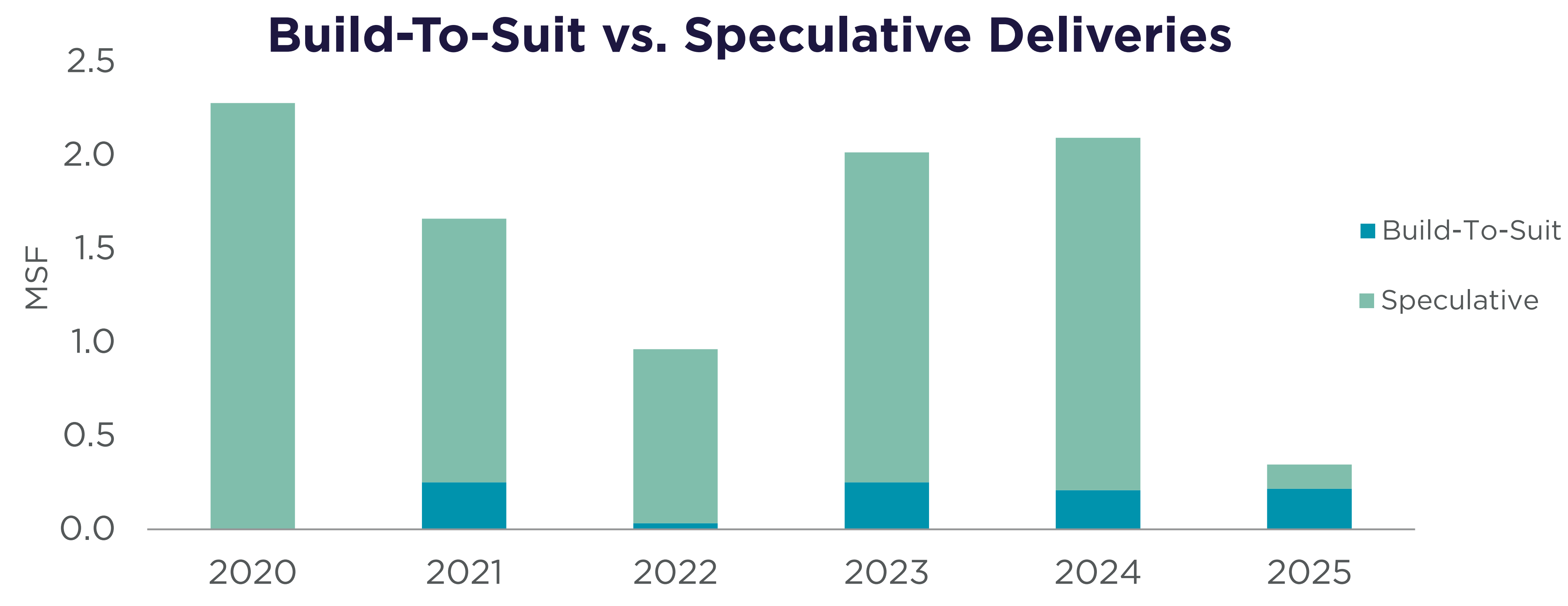
Mid-Size Development Outpaces Demand

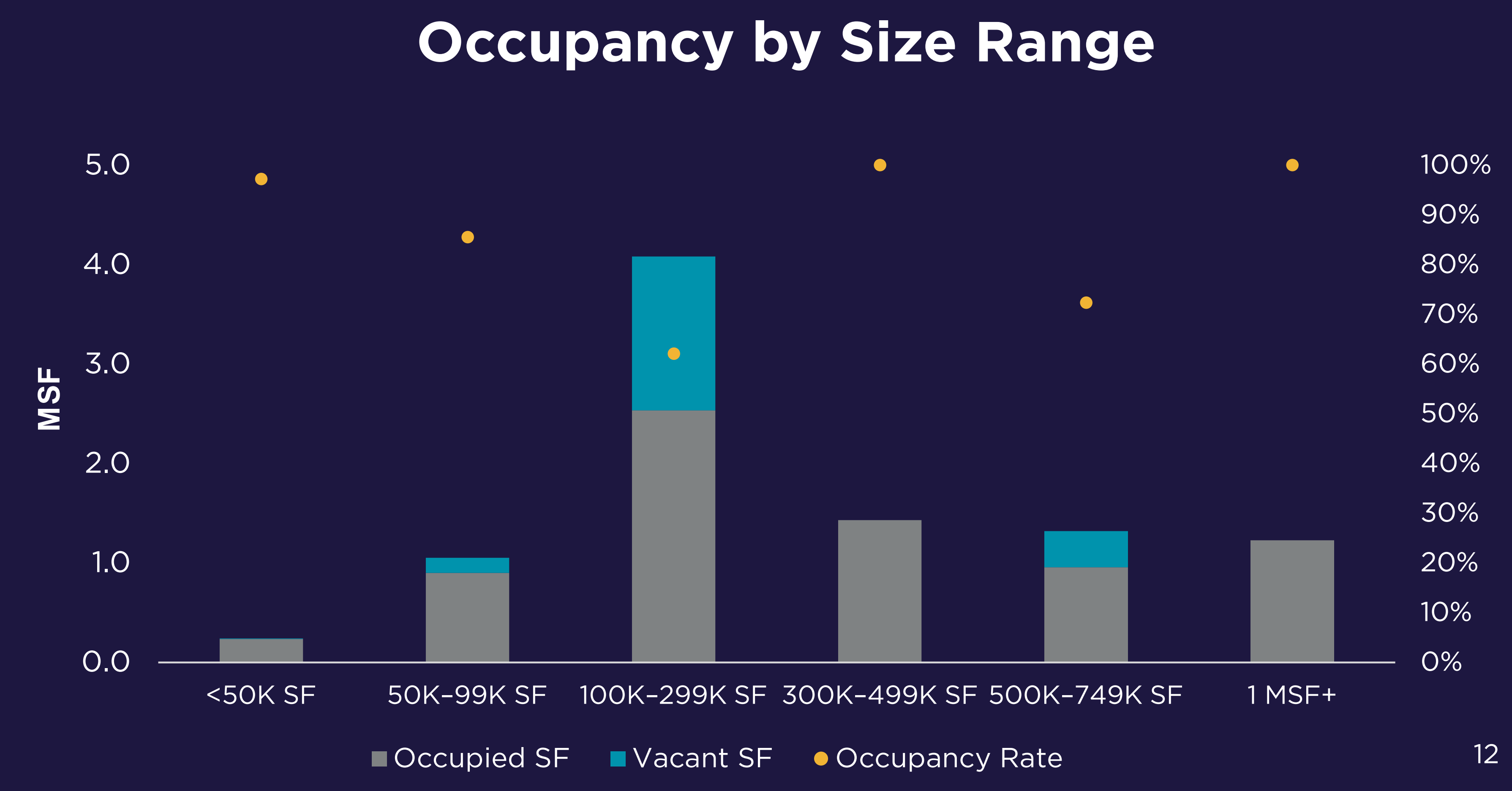
The overall vacancy rate for new construction in the North Bay was 22.2%, but this is buoyed by potential overdevelopment in the mid-size segment of the market. Buildings 100,000 to 299,999-sf accounted for 43.6% of new inventory and had a vacancy rate of 37.9% at the close of 2025.

Construction Grinds to a Halt

Construction starts in the North Bay pulled back dramatically in 2024 and 2025, bringing active construction to near zero. Developers are in a holding pattern as they wait for both construction costs to fall and the prior cycle of deliveries to lease up. It remains to be seen if the pullback is an overcorrection, with opportunities for targeted development in certain submarkets and size ranges.







<< Return to NW Map

Dataset includes industrial buildings delivered between 2020 and 2025

SACRAMENTO, CA

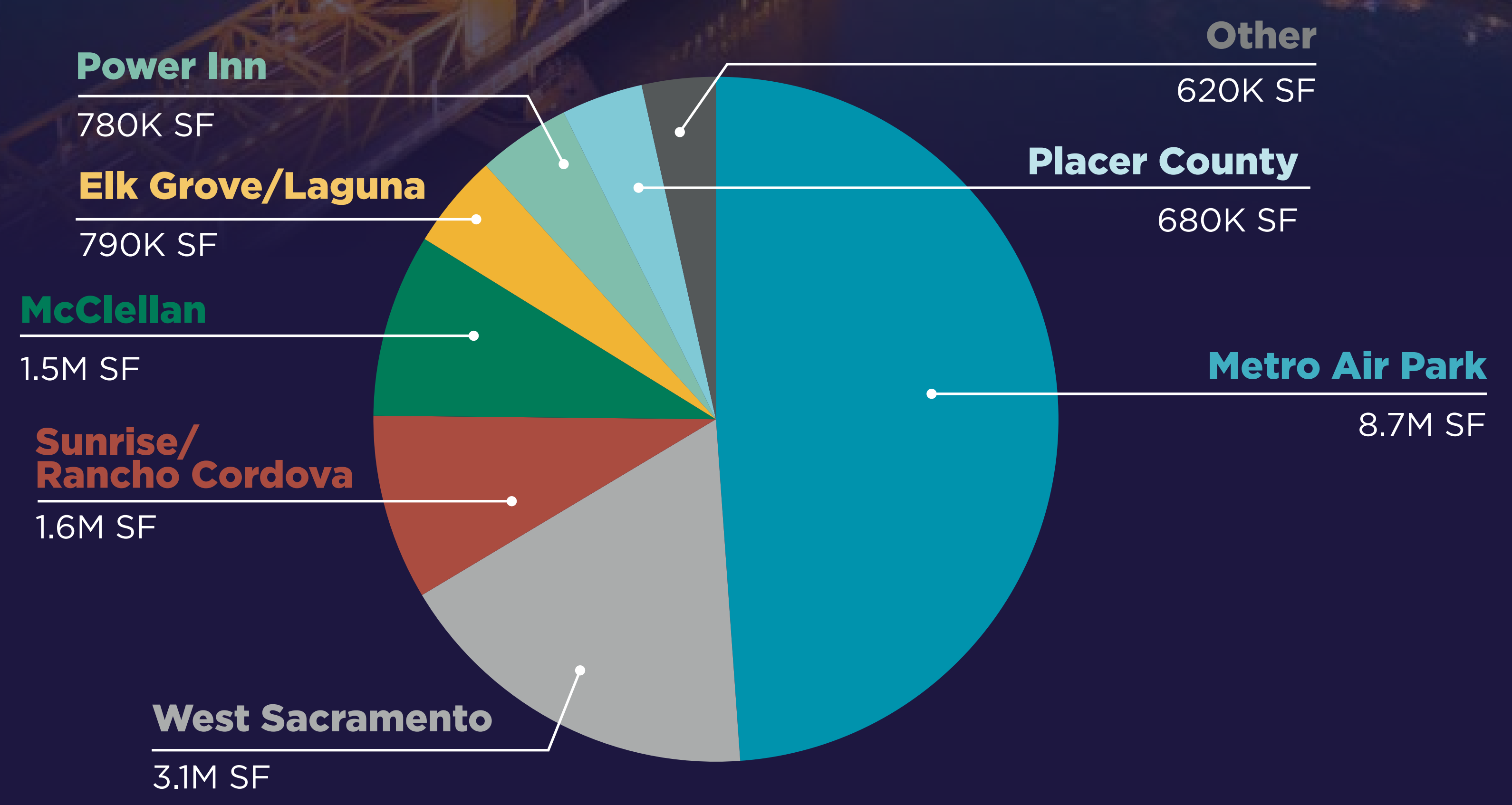
E-commerce Drove First Wave of Expansion
Sacramento experienced an e-commerce boom in the first half of COVID-19, with retailers competing for limited large-block distribution space in the region. This surge in demand kicked development into high gear, but as e-commerce demand has moderated, later deliveries must look to a broader tenant base.

Metro Air Park Leads the Market
Northwest of Sacramento, conveniently located along Interstate 5, Metro Air Park recorded half of the market's new development from 2020 to 2025. The submarket, which contained only a few buildings prior to 2020, is now one of the region's most active.

Deliveries Moderate as Groundbreakings Slow
New construction deliveries peaked in 2022 with just shy of 4.0 msf delivered. That pace has slowed dramatically in the years since, as developers respond cautiously to both elevated construction costs and vacancy in existing inventory.

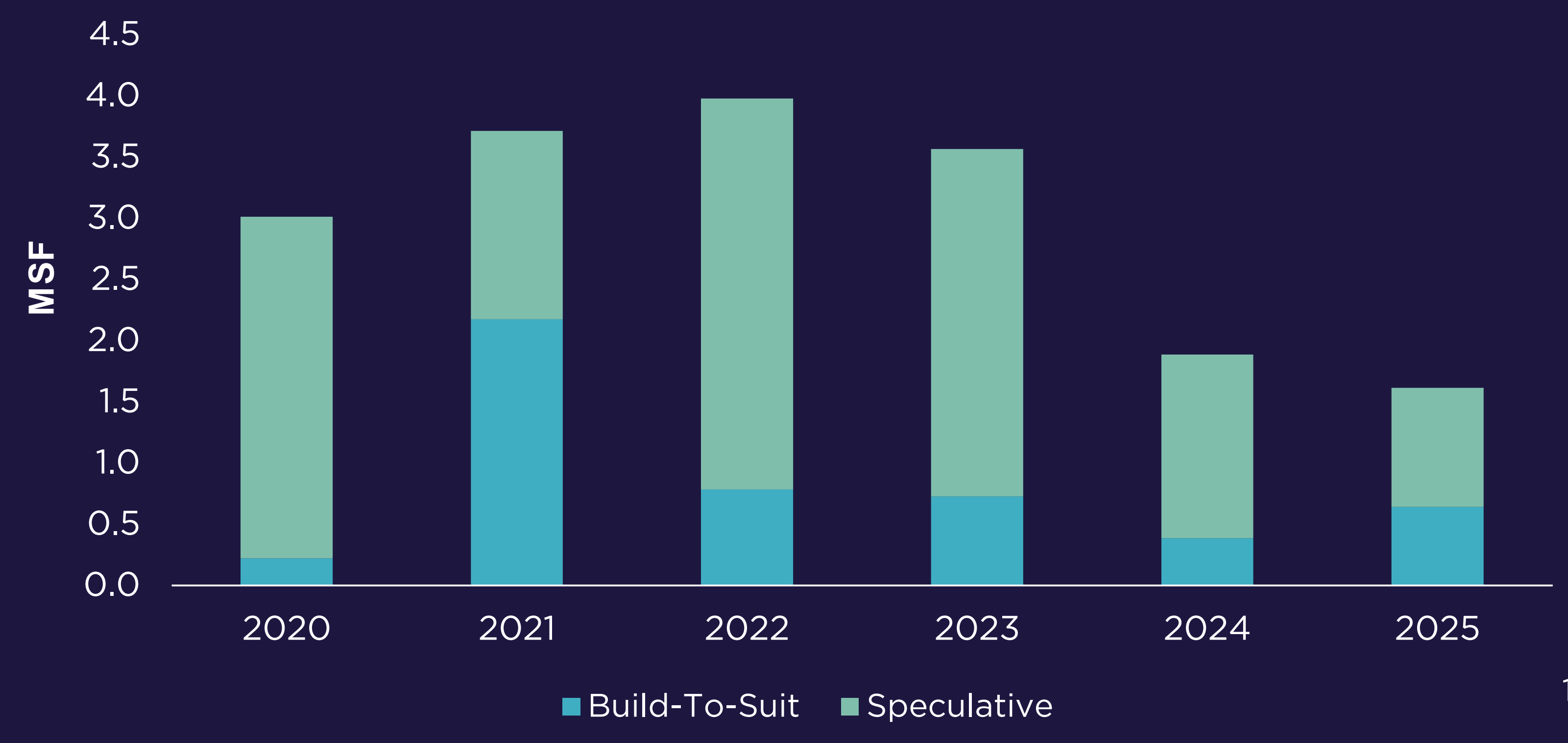
Uniquely Positioned for Power
In a landscape where power is increasingly important to tenants, Sacramento's electric utility SMUD (Sacramento Municipal Utility District), is a meaningful competitive advantage for industrial development, offering lower rates and quicker decision making than larger regional providers.

Deliveries by Submarket



73.6%
Speculative Occupancy

Build-To-Suit vs. Speculative Deliveries



<< Return to NW Map

Dataset includes industrial buildings delivered between 2020 and 2025

EAST BAY, CA

Supply Constrained, Trying to Grow

A true infill market, the East Bay has struggled to grow its inventory, with just 11.6 msf delivered from 2020 to 2025, while adjacent markets such as the Central Valley have outpaced growth due to significant greenfield opportunities. Future development will likely rely on the demolition of existing inventory as vacant development sites dwindle.

Tenants Shift with Global Trends

While the East Bay has a stable base of tenants across a diverse range of industries, it has also experienced major demand spikes in line with global trends. From 2020 to 2023, e-commerce demand surged with companies competing for last-mile delivery sites in the core Bay Area. More recently, hardware and electronics manufacturers are driving demand as they grow to service the AI infrastructure boom.

One Size Segment Drives Growth

Buildings 100,000 to 299,999-sf made up more than 50.0% of new inventory in the East Bay, with just two new deliveries more than 500,000 sf since 2020. Larger tenant demand (+300,000 sf) is limited in the core Bay Area, as elevated rental rates make it difficult for tenants to justify large block leases when adjacent secondary markets offer lower cost alternatives.

Power on the Mind

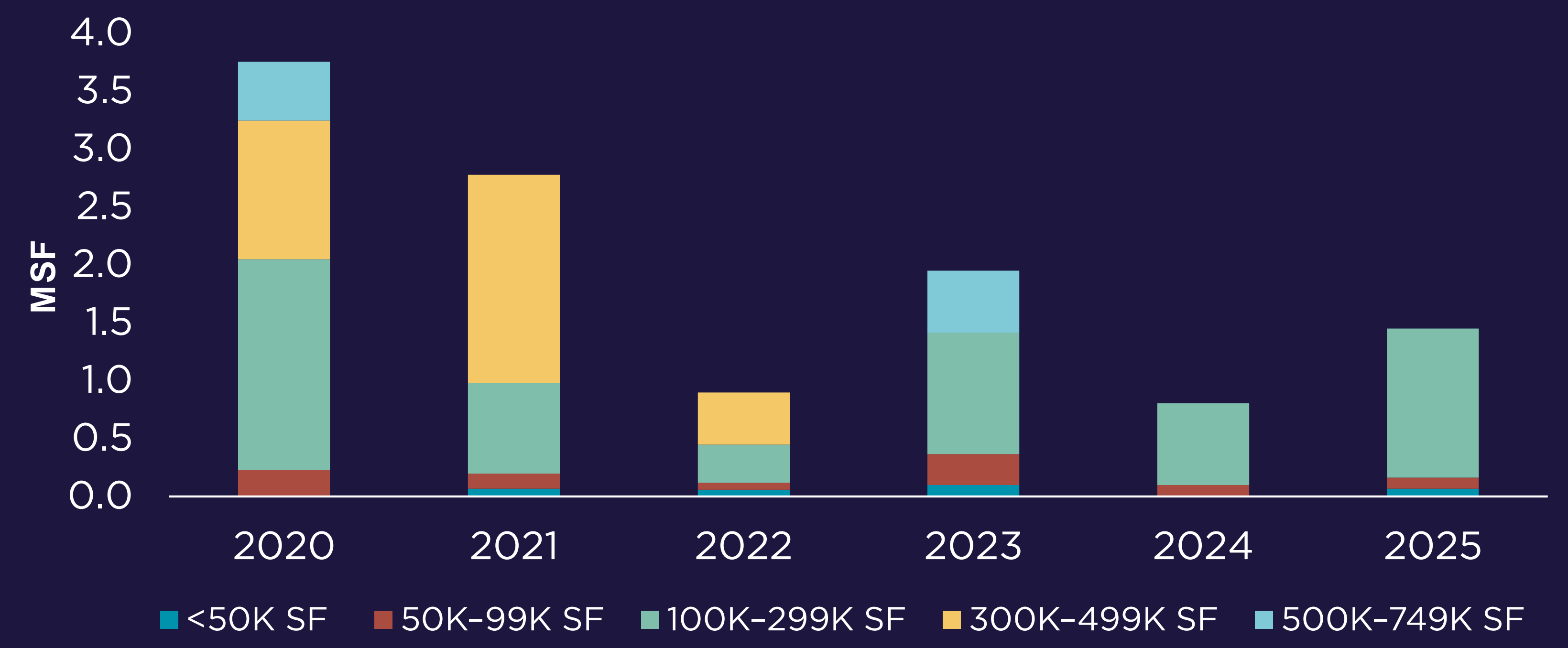
Power has become a make-or-break requirement for many tenants in the East Bay, as a variety of uses from manufacturing to robotics-enabled logistics draw beyond the standard amperage.

81.2%

Speculative Occupancy

Deliveries: Build-To-Suit vs. Speculative

Deliveries by Size Segment



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SILICON VALLEY, CA

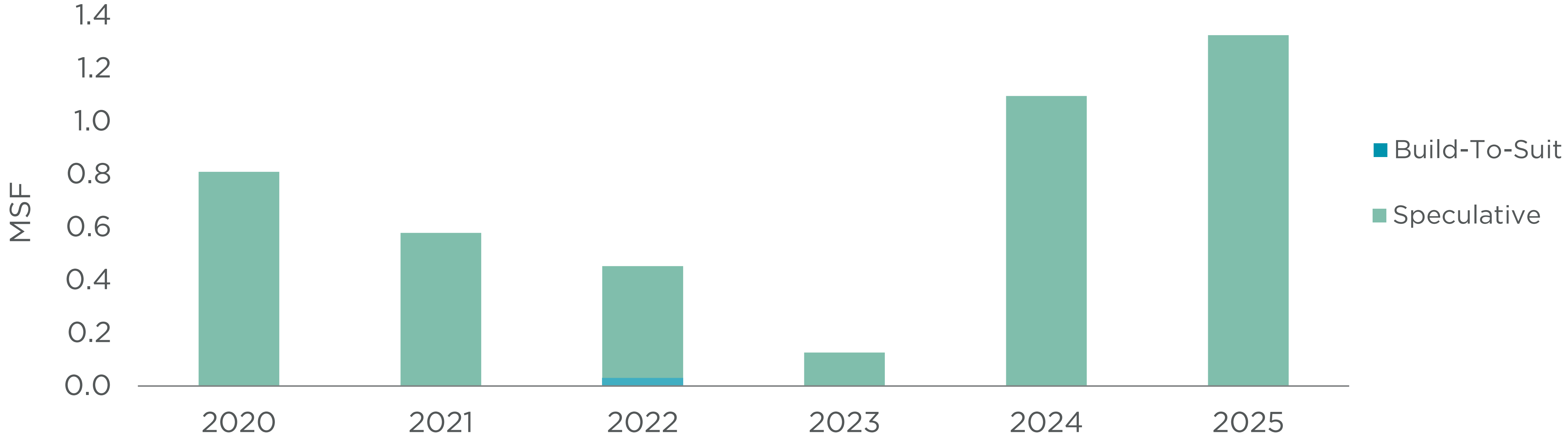
Building in One of Northern California's Tightest Markets
The Silicon Valley industrial market delivered just 4.4 msf of new product between 2020 and 2025. The region, better known for its office and R&D inventory, is extremely supply constrained with limited development sites.

Technology Drives Demand
Industrial demand in Silicon Valley is shaped by the region's technology ecosystem, with companies like Apple, Nvidia, and Supermicro maintaining an industrial presence in the market. More recently, the proliferation of AI has led to increased demand from hyperscaler related users, ranging from semiconductor manufacturers to mechanical/HVAC contractors.

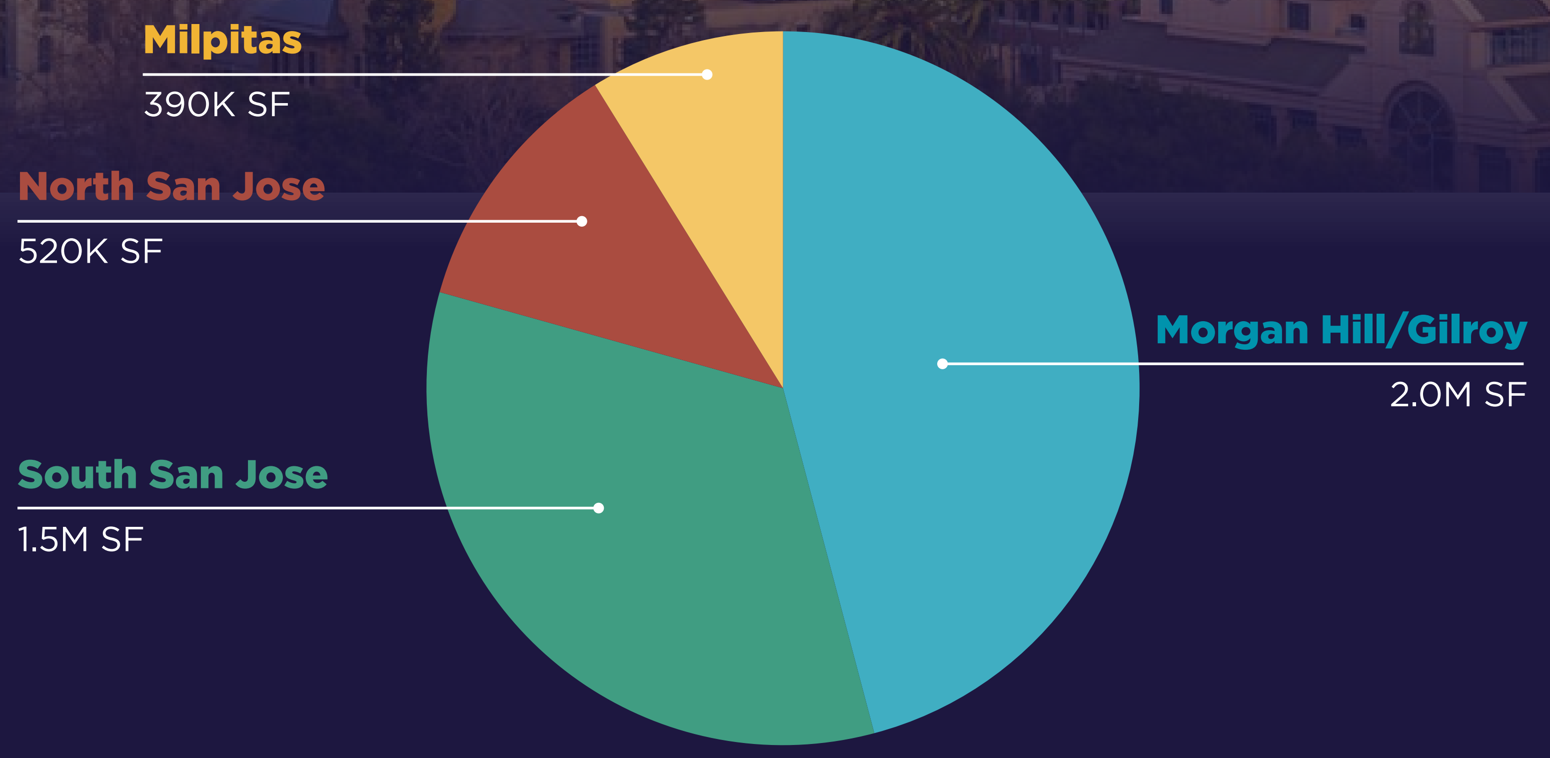
New Construction Looks South
The urban density of the region has left developers with limited options for new development, with construction stretching south to find new opportunities. Nearly 80.0% of deliveries since 2020 have been in the South San Jose or Morgan Hill/Gilroy submarkets.

Tenants Who Move to the Market, Stay in the Market
The Silicon Valley has an extremely sticky base of tenants, whose desire to be in the region outweighs factors that keep large-block traditional industrial users to the periphery of the market. The region comes with high operating costs, a limited blue-collar labor supply, and low vacancy, all of which tenants accept to be in proximity to one of the world's greatest economic engines.

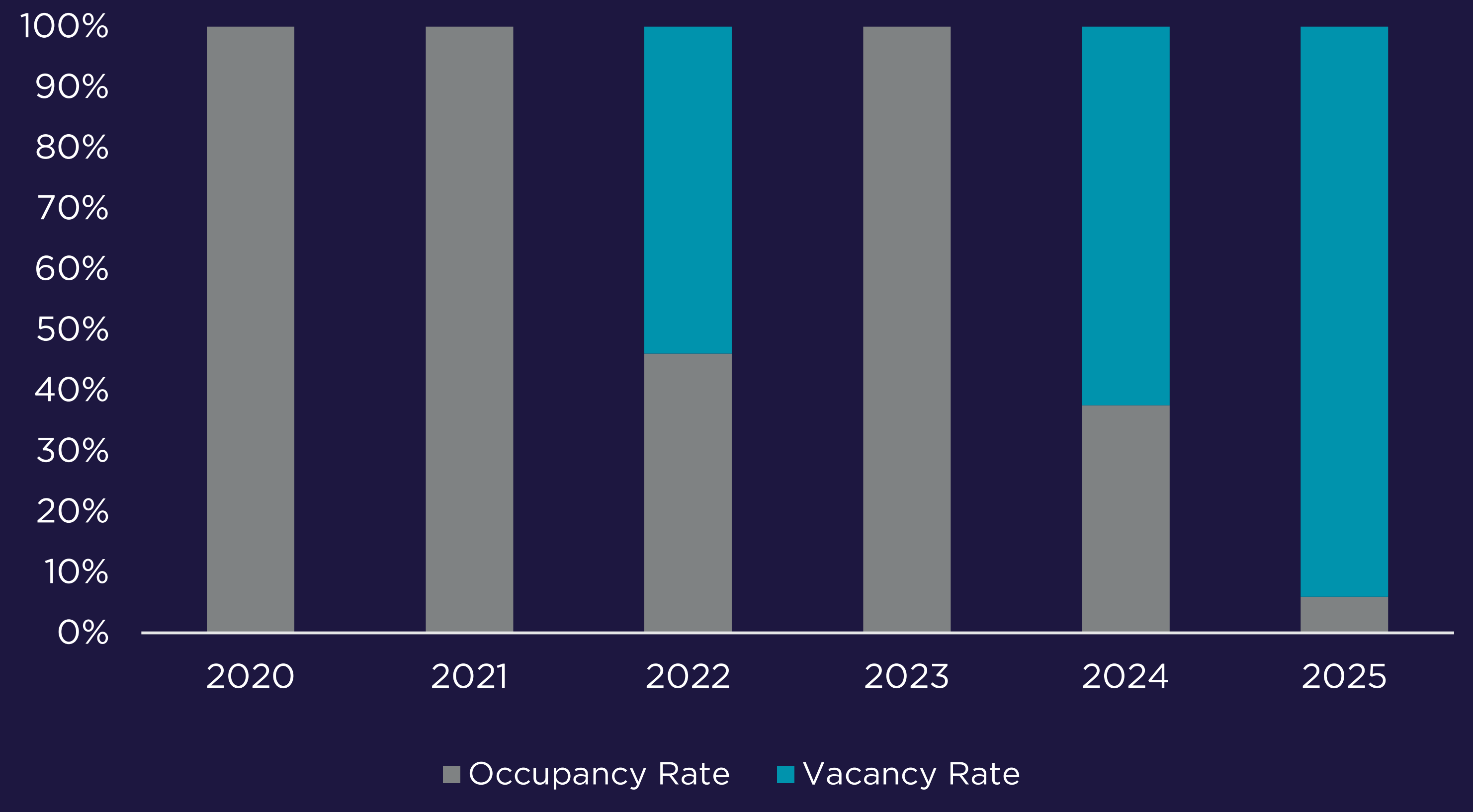
Build-To-Suit vs. Speculative Deliveries



New Construction



Occupancy Rate by Delivery Date



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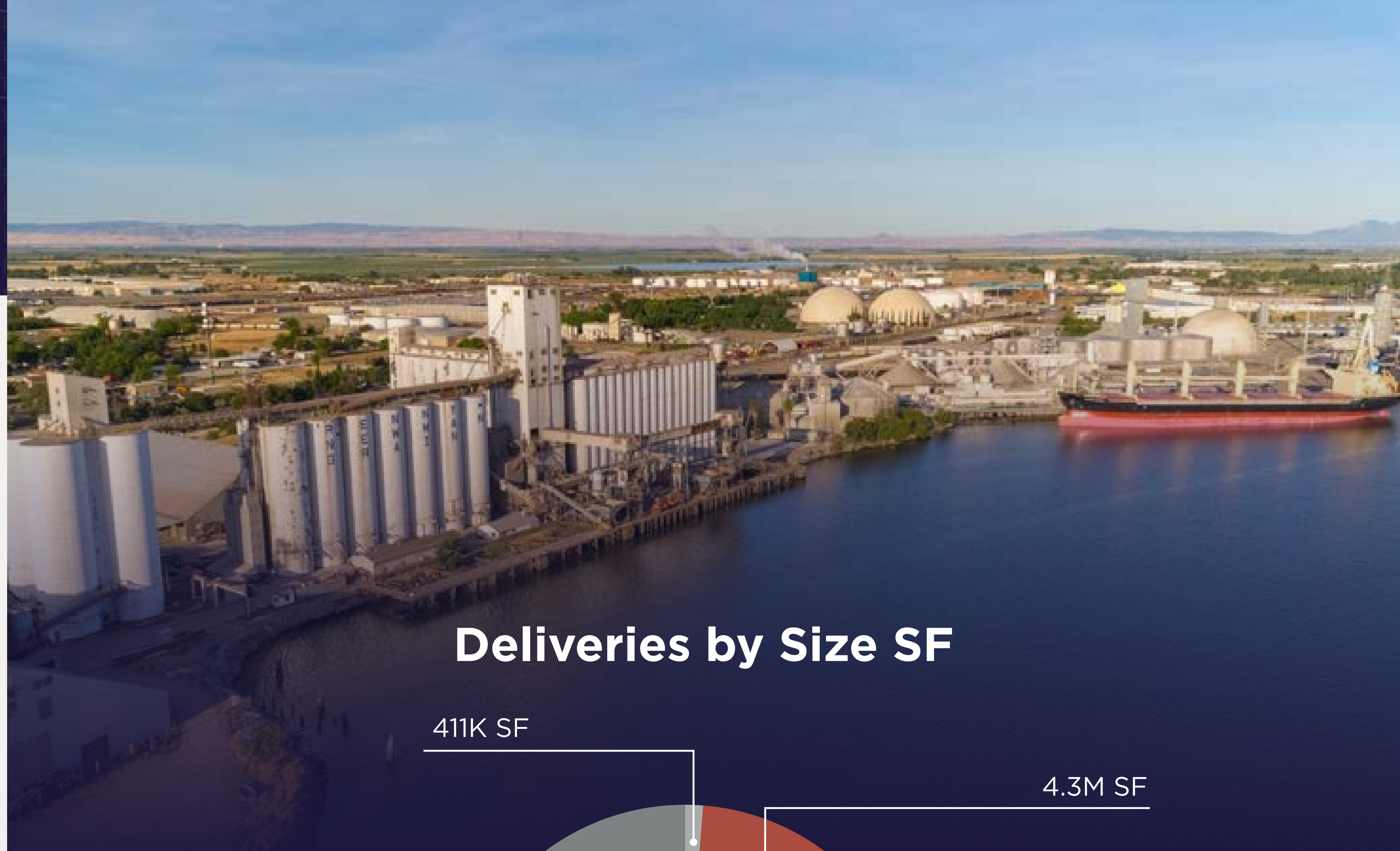
CENTRAL VALLEY, CA



Post-Pandemic Industrial Boom

The Central Valley was Northern California's most active market for industrial development in the post-pandemic cycle, with more than 32.7 msf constructed between 2020 and 2025. This equated to a 23.0% increase in inventory.

Large Block Leader

The availability of industrial zoned land and convenient logistics infrastructure made the Central Valley a key market for large-block development. Buildings greater than 500,000 sf accounted for approximately 70.0% of new inventory, compared to the broader Northwest where that figure was just 39.1%.

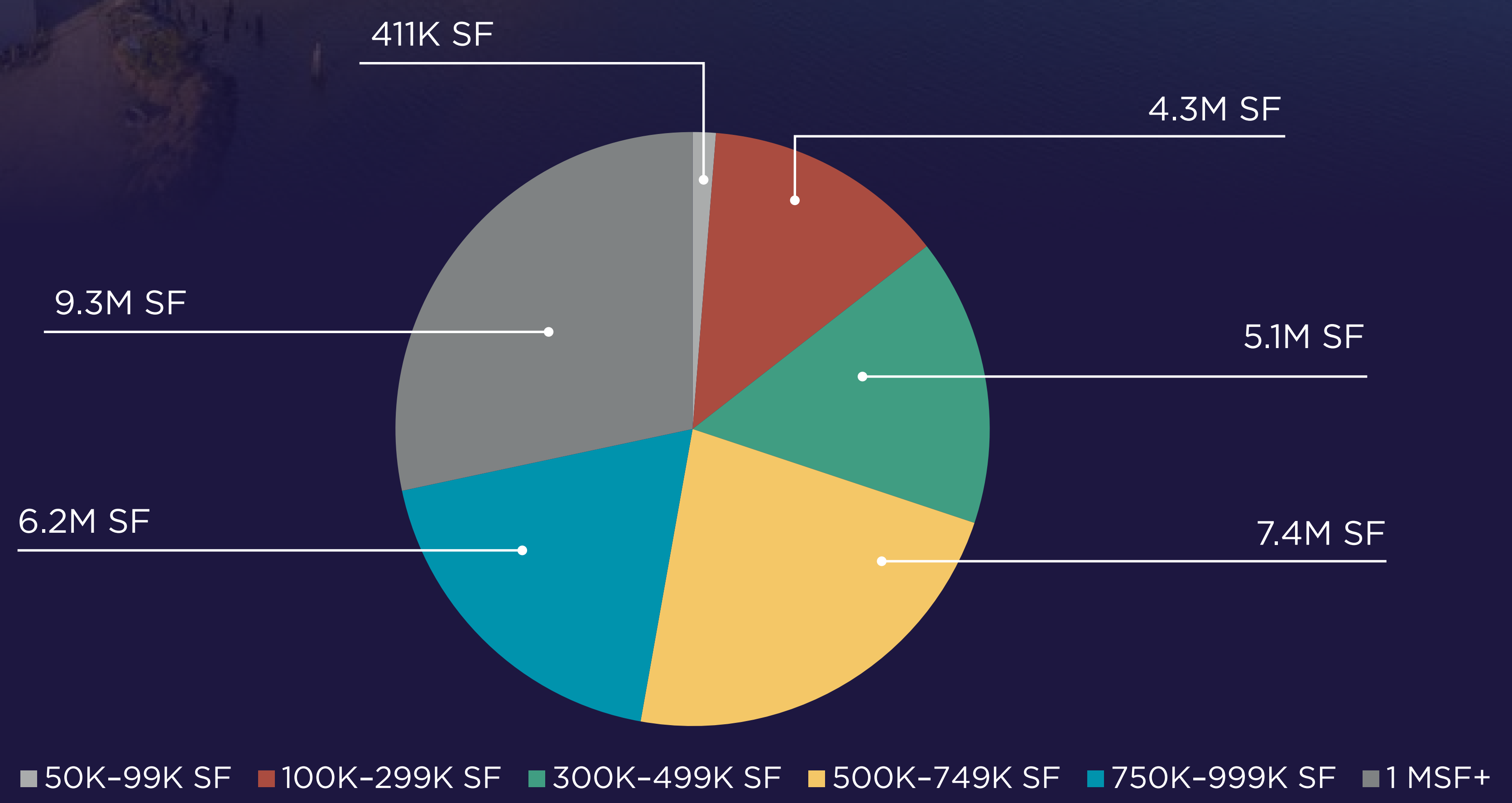
Distribution and E-Commerce Drove Demand

The surge in e-commerce was a crucial demand driver for new inventory in the region. Adjacent to major population centers in the Bay Area, the Central Valley can accommodate large-scale distribution centers that cannot be built in infill markets.

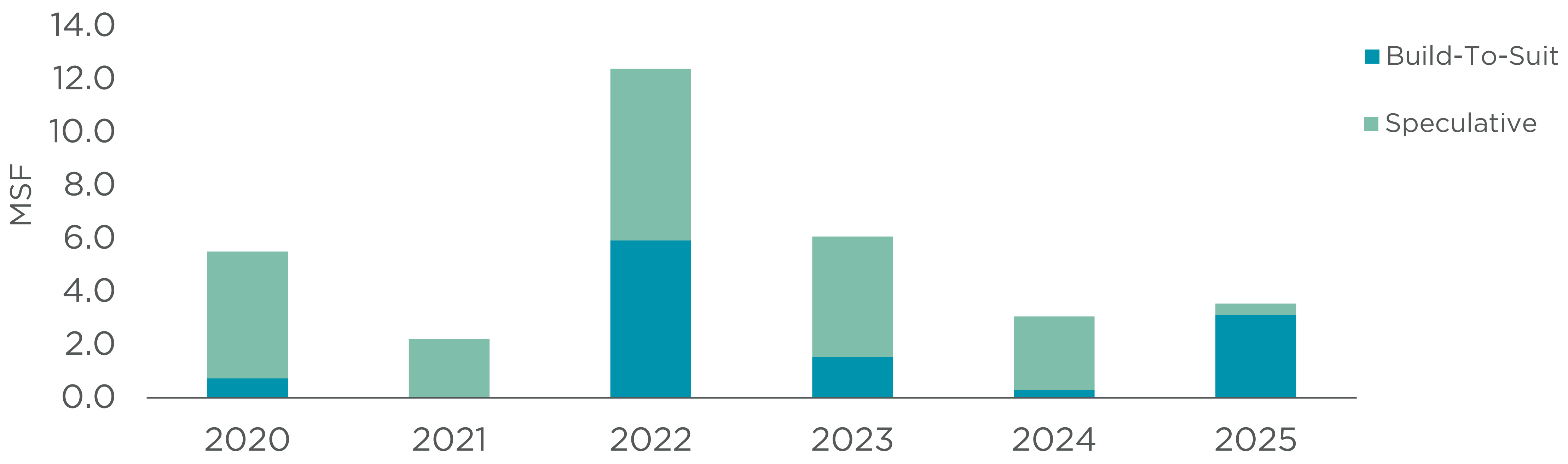
Developers Press Pause on Speculative

The development pipeline has changed dramatically over the past several years; after peaking in 2021 and 2022, the pace of groundbreakings has slowed as developers adjust to a rise in both vacancy and construction costs. In the Central Valley, BTS projects made up more than 95.0% of construction starts in 2025.

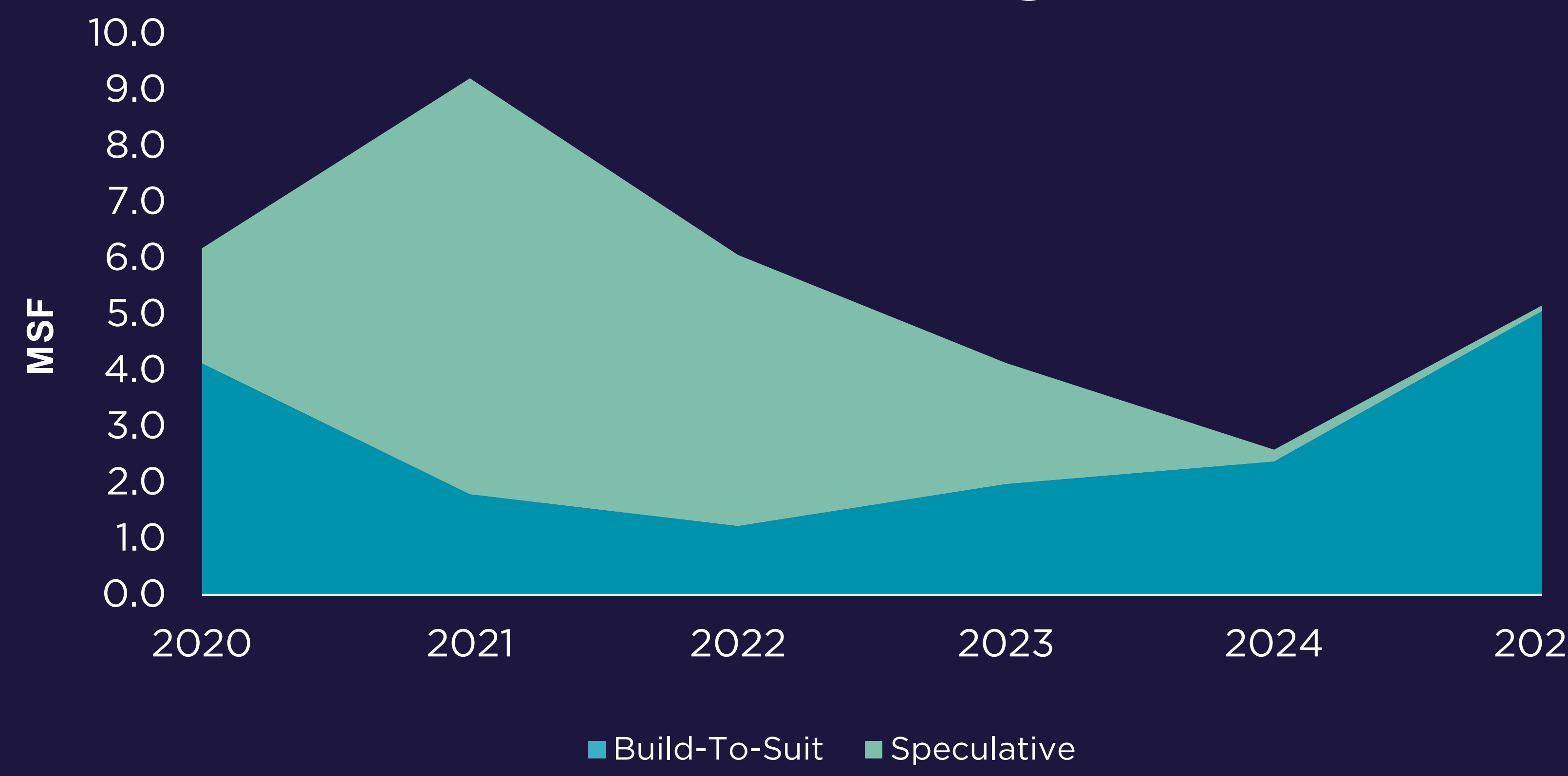
Deliveries by Size SF



Build-To-Suit vs. Speculative Deliveries



Ground Breakings



<< Return to NW Map

Dataset includes industrial buildings delivered between 2020 and 2025

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