



MARKET FUNDAMENTALS

	YOY Chg	Outlook
7.7% Vacancy Rate	▲	▲
-3.1M YTD Net Absorption, SF	▼	▼
\$1.00 Asking Rent, PSF <i>(Overall, Net Asking Rent)</i>	▼	▬

ECONOMIC INDICATORS

	YOY Chg	Outlook
2.1M Seattle Employment	▲	▲
4.5% Seattle Unemployment Rate	▲	▼
4.2% U.S. Unemployment Rate	▲	▲

Source: BLS

ECONOMY: Seattle Metro Still Mixed

The Seattle metro area economy evened out at the end of 2024, though layoffs continued and expansion in the tech sector slowed. Employment increased by 5,500 jobs year over year (YOY), bringing the year-to-date (YTD) total to 2.1 million. The unemployment rate rose 50 basis points (bps) to 4.5%, just above the U.S. rate of 4.2%. Per Placer.ai data, downtown Seattle averaged nearly 91,000 workers per weekday in November, the third-highest figure since March 2020. As measured by the Consumer Price Index for All Urban Consumers, Seattle metro area prices increased 3.0% YOY, driven by higher food costs and lower energy costs, especially gasoline. Minus food and energy, the index rose 3.8% YOY, driven by increases to shelter and medical care.

SUPPLY AND DEMAND: Vacancy Rises YOY, Absorption in Red

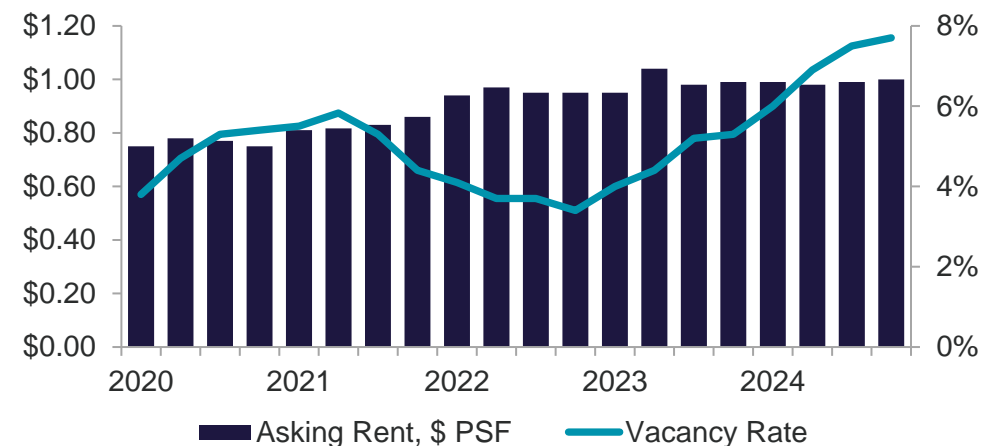
The Seattle industrial market reported a vacancy rate of 7.7% in the fourth quarter of 2024, up 240 bps YOY. Vacancy was highest in the South Sound submarket at 9.6%, while the lowest of 6.4% was in the South King County submarket. Vacancy has steadily increased in recent years, both on the back of a slowing in rate of deals signed and new sublease space hitting the market. However, healthy tenant demand has persisted, though made up primarily of mid-sized occupiers. Active private groups helped mitigate a steeper vacancy spike, but another 231,000 square feet (sf) did deliver vacant contributing to this rise.

Overall absorption for the quarter was negative 398,000 sf, almost identical to the negative 395,000 sf from one year ago. Year-end (YE) absorption totaled negative 3.1 million square feet (msf), more than twice the negative 1.4 msf of 2023. The current downcycle is expected to persist with more vacancy due to come online in 2025, amid normalized demand totals.

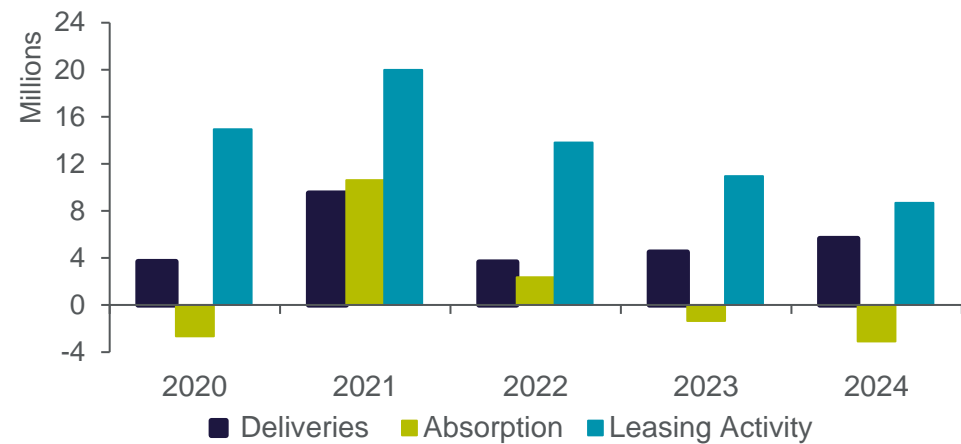
SPACE DEMAND / DELIVERIES



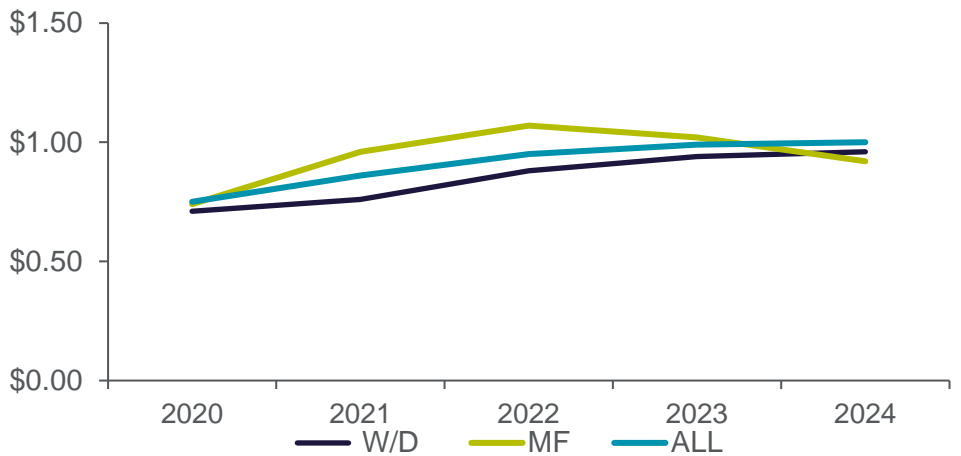
OVERALL VACANCY & ASKING RENT



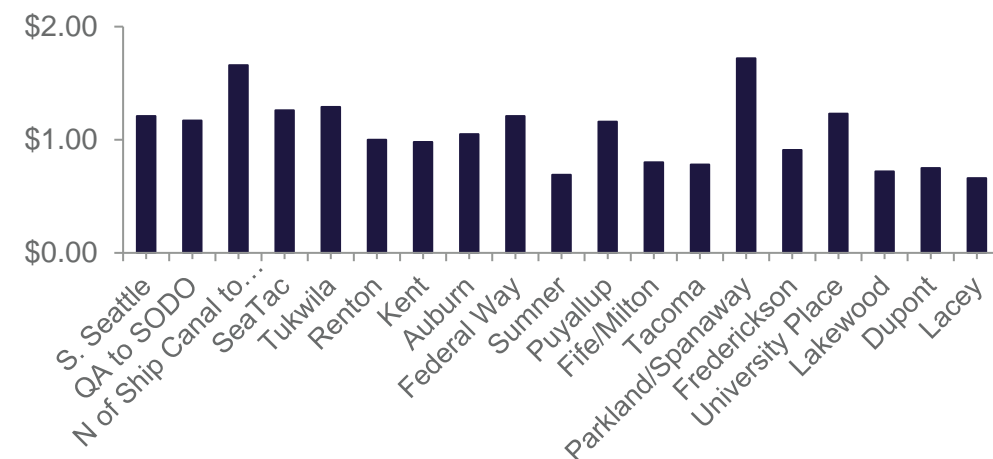
NEW SUPPLY, ABSORPTION, & LEASING ACTIVITY



AVERAGE ASKING RENT (\$PSF NNN MONTHLY)



RENT BY SUBMARKET (\$PSF NNN MONTHLY)



PRICING: Rental Rates to Remain Stable in Early 2025

Average asking rents for the Seattle industrial market ended the year at \$1.00 per square foot (psf) on a monthly triple-net (NNN) basis, a YOY rise of just \$0.01. The highest average rent was in the Seattle In-City submarket (\$1.26 psf) and the lowest was in the South Sound submarket (\$0.81 psf). Rates have held near the \$1.00 psf mark for several years now. Class A premium space coming online is combated by tenant movement south where assets are offered at lower average asking rates. Minimal price action leaves many potential occupiers waiting for prices to begin to trend in a particular direction to give a sense of the market’s direction, while price stagnancy makes decision-making tougher for tenants. With vacancy rates projected to continue upward, expect asking rates to stay relatively flat into 2025.

CONSTRUCTION: Year Ends with a Whimper; Q1 2025 to Produce

The Seattle industrial market added just over 230,000 sf of new space in the fourth quarter of 2024, bringing the total for the year to just under 5.7 msf. The lone delivery of the quarter was Bldg 4 at Prologis Emerald Gateway, which delivered fully vacant. Noticeable impacts on production were apparent as multiple projected completions were postponed. A sizable 61.7% of all buildings currently under construction are now set to deliver in the first quarter of 2025. Expect deliveries in the new year to remain muted beyond the first quarter. There is approximately 15.0 msf of space in the pipeline that has yet to break ground.

LEASING ACTIVITY: Lower for the Quarter

Leasing activity in the fourth quarter reached almost 1.8 msf, a YOY drop of 43.2%. Almost 8.7 msf of leases were signed throughout 2024, down 20.9% annually. The Sumner (498,000 sf), Kent (290,000 sf), and South Seattle Close-In (271,000 sf) submarkets drove activity during the quarter, accounting for 60.1% of total leasing. Annually, the highest contributors were the Kent (1.8 msf), Fife/Milton (1.6 msf), and Sumner (986,000 sf) submarkets. Navigating the slowdown in tenant demand has proven a tall task; however, there were four deals closed this quarter eclipsing the 100,000-sf mark, partly making up for a lack in total deal quantity. The most notable of these was Regalo International and Carlson Pet Products leasing almost 338,000 sf in Bldg 1 at the Dupont Corporate Center in the Dupont submarket.

OUTLOOK

- The Seattle industrial market’s increase in vacancy rates is expected to continue into the new year.
- Asking rates are likely to remain flat moving forward with an influx of lower-priced sublease space offsetting any higher-priced new construction.
- New deliveries are expected to rise in the first quarter of 2025.
- Leasing activity is projected to remain moderate as larger blocks of space receive increased attention.

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	OVERALL WEIGHTED AVG NET RENT (HT)	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (W/D)	OVERALL WEIGHTED AVG NET RENT
South Seattle	36,906,025	3,013,894	8.2%	6,581	-709,458	\$1.78	\$1.75	\$1.25	\$1.16	\$1.21
Queen Anne to SODO	4,189,626	407,691	9.7%	465	22,544	\$2.00	\$1.14	\$1.12	\$1.18	\$1.17
North of Ship Canal to 205 th	2,967,541	192,843	6.5%	-15,216	-53,945	\$0.00	\$1.68	\$1.75	\$1.56	\$1.66
SEATTLE IN-CITY TOTALS	44,063,192	3,614,428	8.2%	-8,170	-740,859	\$1.81	\$1.48	\$1.35	\$1.18	\$1.26
SeaTac	6,815,269	643,894	9.4%	-47,001	-153,273	\$0.00	\$1.50	\$0.00	\$1.25	\$1.26
Tukwila	14,699,228	1,470,788	10.0%	-130,137	-255,430	\$1.18	\$1.63	\$0.00	\$1.21	\$1.29
Renton	15,430,675	301,217	2.0%	-35,670	-120,540	\$0.00	\$1.25	\$0.00	\$1.00	\$1.00
Kent	48,813,659	3,806,079	7.8%	-472,944	-1,082,513	\$1.10	\$1.43	\$0.90	\$0.97	\$0.98
Auburn	29,395,532	842,927	2.9%	-8,163	-105,823	\$0.00	\$1.25	\$0.98	\$1.06	\$1.05
Federal Way	1,898,091	454,688	24.0%	2,069	11,379	\$0.00	\$1.54	\$0.00	\$1.20	\$1.21
SO. KING CO. TOTALS	117,052,454	7,519,593	6.4%	-691,846	-1,706,200	\$1.16	\$1.56	\$0.92	\$1.07	\$1.11
Sumner	18,638,703	1,576,530	8.5%	92,866	-359,958	\$0.00	\$1.25	\$0.73	\$0.66	\$0.69
Puyallup	7,191,285	595,402	8.3%	-42,402	-126,446	\$1.79	\$0.00	\$0.00	\$0.92	\$1.16
Fife/Milton	14,852,161	1,825,382	12.3%	261,925	-476,710	\$0.00	\$0.64	\$0.00	\$0.81	\$0.80
Tacoma	22,243,251	1,246,967	5.6%	-57,487	-366,092	\$0.00	\$1.00	\$0.66	\$0.82	\$0.78
NO. PIERCE CO. TOTALS	62,925,400	5,244,281	8.3%	254,902	-1,329,206	\$1.79	\$0.93	\$0.69	\$0.79	\$0.85
Parkland/Spanaway	1,271,367	11,777	0.9%	-630	-3,236	\$0.00	\$0.00	\$0.00	\$1.72	\$1.72
Frederickson	15,219,075	1,886,790	12.4%	0	1,252,040	\$0.00	\$0.00	\$0.00	\$0.91	\$0.91
University Place	220,477	16,578	7.5%	7,500	-16,072	\$0.00	\$2.37	\$0.00	\$1.00	\$1.23
Lakewood	6,755,701	824,028	12.2%	50,704	-400,735	\$0.00	\$1.15	\$0.00	\$0.70	\$0.72
Dupont	4,693,470	518,782	11.1%	-16,161	-33,615	\$0.00	\$0.00	\$0.00	\$0.75	\$0.75
Lacey	12,465,566	625,027	5.0%	5,350	-116,934	\$0.00	\$0.00	\$0.00	\$0.66	\$0.66
SOUTH SOUND TOTALS	40,625,656	3,882,982	9.6%	46,763	681,448	\$0.00	\$1.35	\$0.00	\$0.81	\$0.81
SEATTLE TOTALS	264,666,702	20,261,284	7.7%	-398,351	-3,094,817	\$1.71	\$1.49	\$0.92	\$0.96	\$1.00

*Rental rates reflect weighted net asking \$psf/month

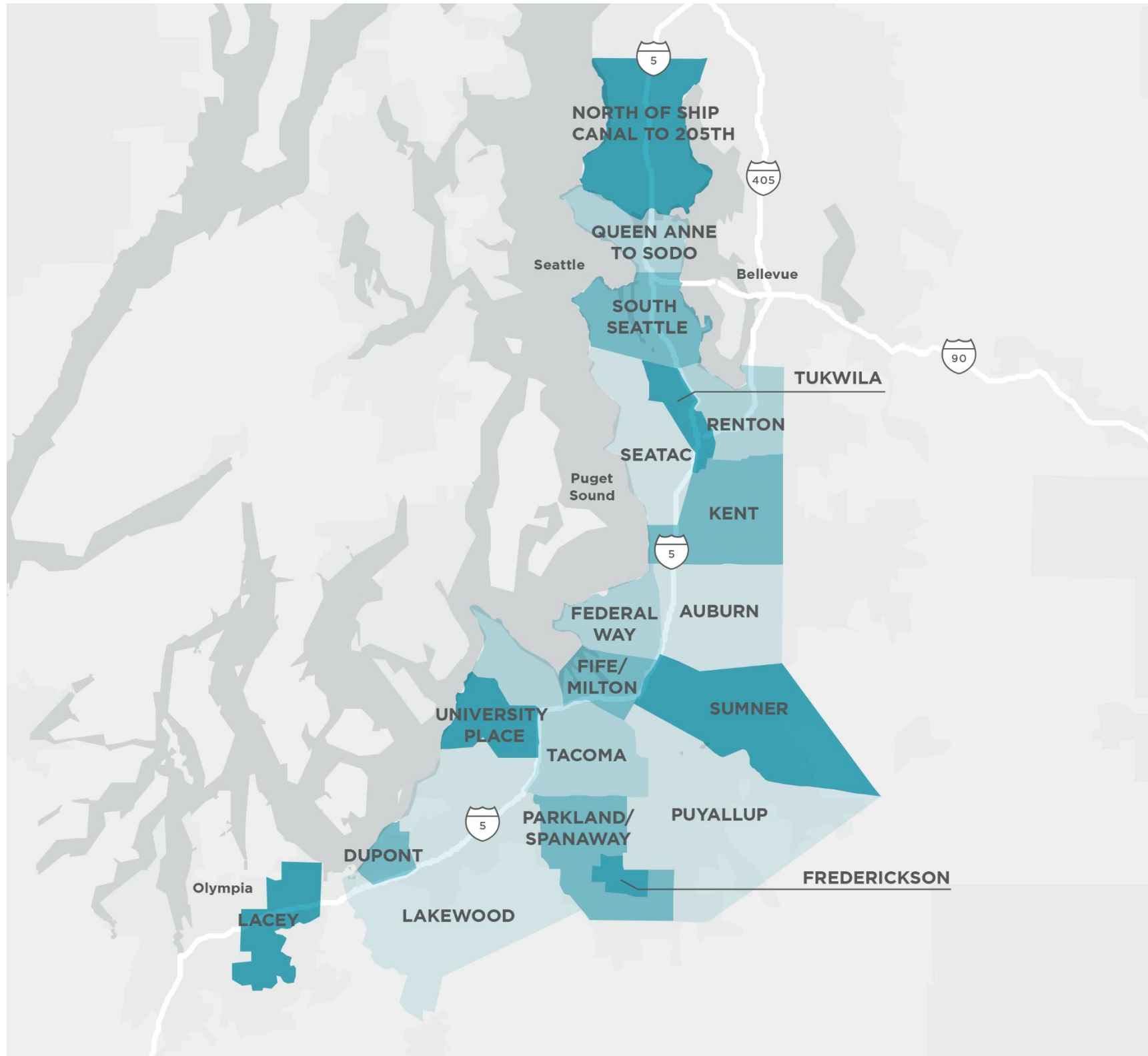
HT = High-Tech; OS = Office Service/Flex; MF = Manufacturing; W/D = Warehouse/Distribution

KEY LEASE TRANSACTIONS YE 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Bridge Point Seattle I-5 – Bldg 1	Fife/Milton	Confidential	1,026,959	New
Frederickson One – Bldg 1	Frederickson	Ikea	478,235	Renewal*
DuPont Corporate Center – Bldg 1	Dupont	Regalo International	337,500	New/Expansion
Sumner West Logistics	Sumner	Crane Worldwide Logistics	264,344	New

*Renewals not included in leasing statistics

INDUSTRIAL SUBMARKETS



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