



MARKET FUNDAMENTALS

	YOY Chg	Outlook
8.0% Vacancy Rate	▲	▲
177K YTD Net Absorption, SF	▲	▼
\$0.98 Asking Rent, PSF <i>(Overall, Net Asking Rent)</i>	▼	▬

ECONOMIC INDICATORS

	YOY Chg	Outlook
2.2M Seattle Employment	▲	▲
4.1% Seattle Unemployment Rate	▼	▲
4.1% U.S. Unemployment Rate	▲	▲

Source: BLS

ECONOMY: Seattle Metro Area Improving

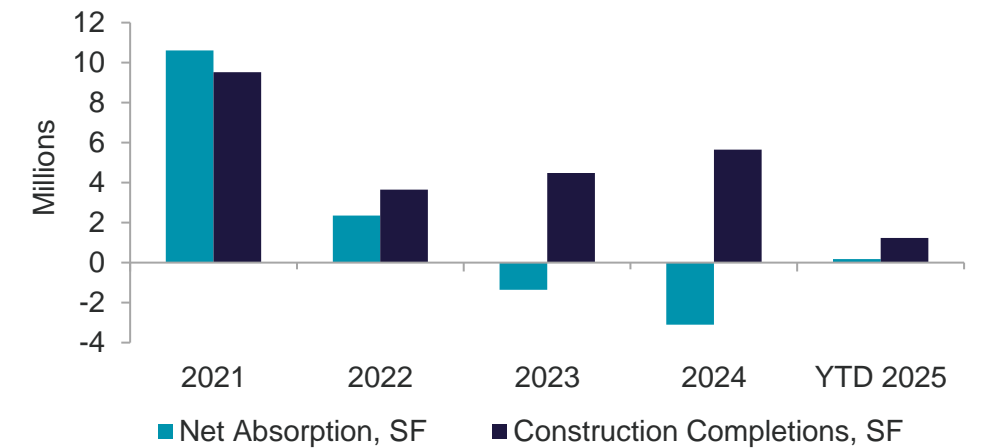
The Seattle metro area economy recorded some improvement in the first quarter of 2025, with Amazon's return to a five-day workweek as a major influence. Employment increased by 24,300 jobs year-over-year (YOY), bringing the year-to-date (YTD) total to nearly 2.2 million. The unemployment rate dropped 30 basis points (bps) to 4.1%, matching the U.S. rate. As measured by the Consumer Price Index for All Urban Consumers, Seattle metro area prices increased 2.5% YOY, driven by higher food and energy costs, especially gasoline. Minus food and energy, the index rose 2.3% YOY, driven by increases to shelter and other goods and services.

SUPPLY AND DEMAND: Vacancy Rises YOY, Absorption in the Black

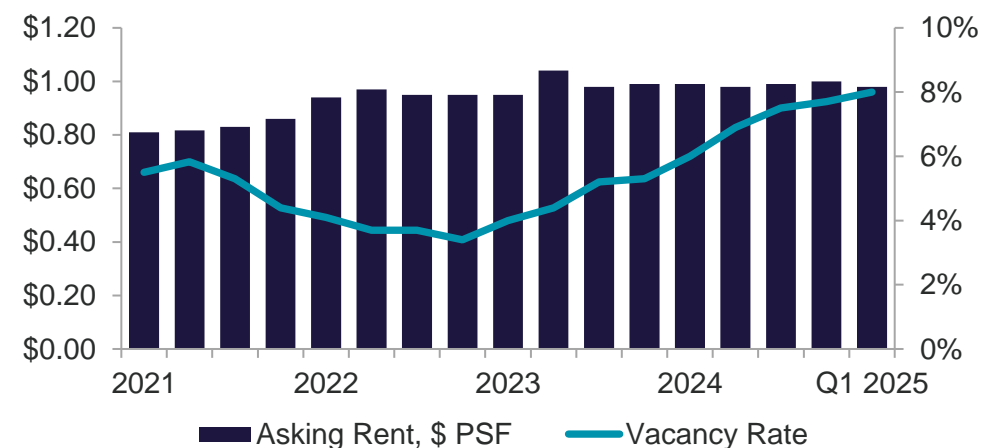
The Seattle industrial market reported a vacancy rate of 8.0% in the first quarter of 2025, up 200 bps YOY. The upward trend has continued as tenants with multiple facilities are increasingly adding space availability in efforts to minimize unused space. On a positive note, more tenants are actively searching for space with listing interactions climbing; the trouble persists with this activity not yet resulting in signed leases. Tenants are faced with increasing options and until footing is found with asking rates, urgency to move deals forward will remain low.

Overall absorption for the quarter was positive 177,000 square feet (sf), an improvement of just over 1.0 million square feet (msf) into the black from the negative 862,000 sf posted one year ago. This marks the first quarter of positive absorption since the fourth quarter of 2022, ending a two-year drought highlighted by six deals exceeding 100,000 sf (one renewal) and an overall uptick in activity level with demand expanding into higher size ranges.

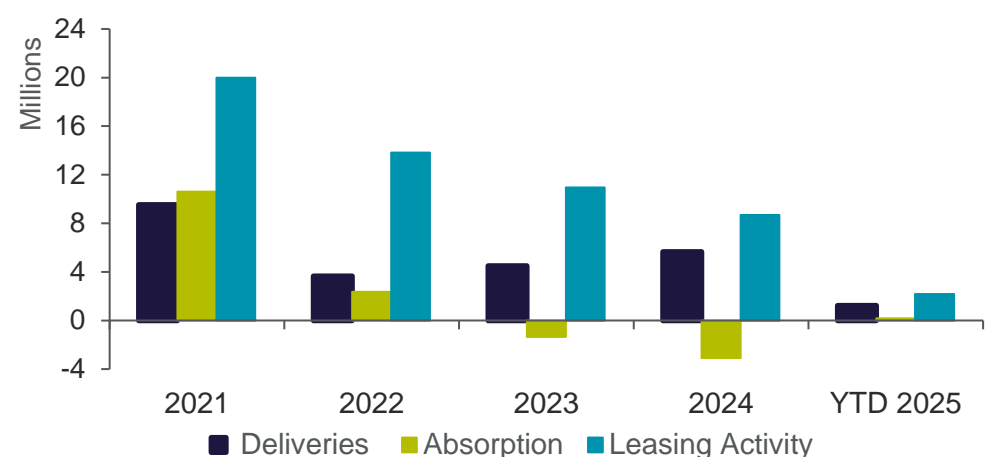
SPACE DEMAND / DELIVERIES



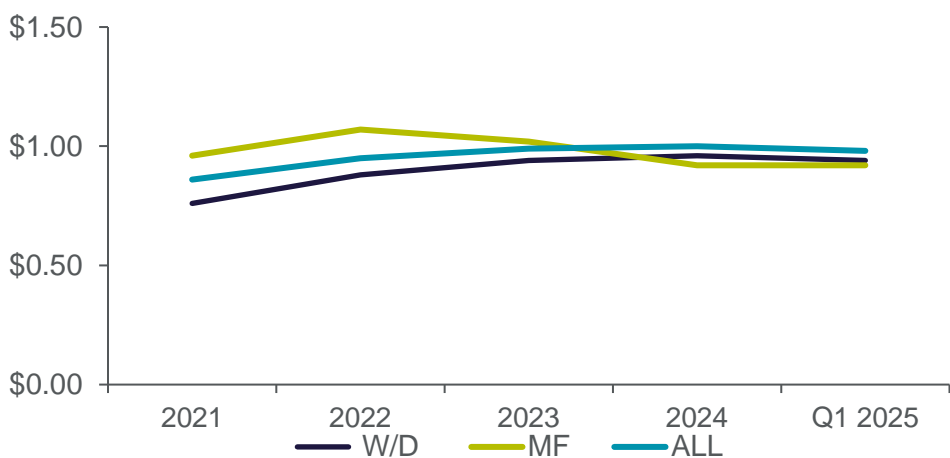
OVERALL VACANCY & ASKING RENT



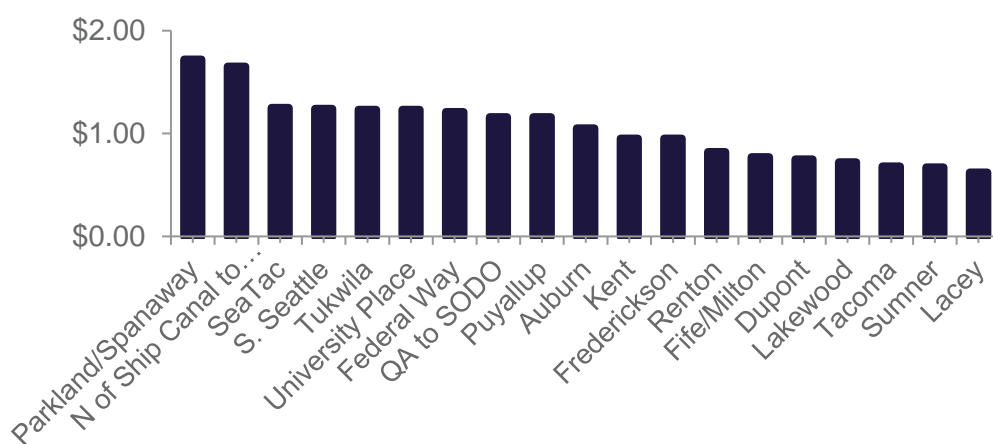
NEW SUPPLY, ABSORPTION, & LEASING ACTIVITY



AVERAGE ASKING RENT (\$PSF NNN MONTHLY)



RENT BY SUBMARKET (\$PSF NNN MONTHLY)



PRICING: Rental Rates Down Modestly

Average asking rents for the Seattle industrial market opened the new year at \$0.98 per square foot (psf) on a monthly triple-net (NNN) basis, a YOY decline of \$0.01 psf; rates were down quarter-over-quarter (QOQ) as well with older product experiencing the most significant drop. The highest average asking rent remains in the Seattle In-City submarket (\$1.26 psf). The sentiment suggests that the market is nearing its low point, as more tenants are securing deals by accepting lower rates. This trend is expected to shift the balance of power toward landlords in the upcoming quarters. Over time, this may enable landlords to gradually raise their asking rates again.

CONSTRUCTION: Minimal New Construction

The Seattle industrial market added over 1.2 msf of new space in the first quarter of 2025, nearly keeping pace with the 1.4 msf delivered a year prior. Comprised of two deliveries, the major completion was that of FRED310 – Bldg C, a 1.1 msf building (fully preleased) in the Frederickson submarket which was a large boost to both absorption and inventory. Overall, construction remains restrained as projects continue to be delayed and deliveries postponed. Of the 4.6 msf of space under construction, all but one of these projects are in the North Pierce County submarket, a nod to the low asking rates in the area. Only 19.8% of these buildings are projected to deliver in the first half of 2025. Another 16.1 msf of proposed space is in the pipeline.

LEASING ACTIVITY: YOY Leasing Improves

Leasing activity in the first quarter of 2025 reached just under 2.2 msf, a positive move YOY from the 1.6 msf leased during the first quarter of 2024. The SeaTac, Sumner, and Auburn submarkets drove activity during the quarter, accounting for 66.0% of total leasing. The largest deal of the quarter was done by REI in a sale leaseback for almost 522,000 sf at its warehouse in the Sumner submarket. While the average lease rate remained below the \$1.00 psf mark, the rate of leases signed has picked up in the sub-50,000-sf size range as the marketplace for mid-sized assets has softened. Buildings with yard space, a sought-after commodity, have attracted more attention from users as well.

OUTLOOK

- Vacancy in the Seattle industrial market projects to rise further on softening in midsize assets.
- Absorption totals are anticipated to remain modest in the coming quarters amid the backdrop of economic uncertainty.
- New deliveries will moderate further throughout 2025.
- Asking rates are poised to remain flat further into the year.

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	36,916,888	3,154,535	8.5%	366	366	\$1.78	\$1.69	\$1.30	\$1.18	\$1.24
Queen Anne to SODO	4,189,626	377,123	9.0%	32,307	32,307	\$2.00	\$1.12	\$1.13	\$1.19	\$1.16
North of Ship Canal to 205 th	2,967,541	203,263	6.8%	-10,420	-10,420	\$0.00	\$1.66	\$1.72	\$1.56	\$1.65
SEATTLE IN-CITY TOTALS	44,074,055	3,734,921	8.5%	22,253	22,253	\$1.81	\$1.37	\$1.35	\$1.20	\$1.26
SeaTac	6,815,270	551,733	8.1%	77,358	77,358	\$0.00	\$1.50	\$0.00	\$1.25	\$1.25
Tukwila	14,685,222	1,538,599	10.5%	-157,435	-157,435	\$1.18	\$1.60	\$0.00	\$1.14	\$1.23
Renton	15,430,675	409,783	2.7%	-154,589	-154,589	\$0.00	\$0.00	\$0.00	\$0.82	\$0.82
Kent	48,807,108	3,749,679	7.7%	-460,135	-460,135	\$1.10	\$1.33	\$0.80	\$0.94	\$0.95
Auburn	29,395,809	879,997	3.0%	-55,629	-55,629	\$0.00	\$1.44	\$0.98	\$1.05	\$1.05
Federal Way	1,898,091	444,293	23.4%	8,935	8,935	\$0.00	\$0.00	\$0.00	\$1.21	\$1.21
SO. KING CO. TOTALS	117,032,175	7,574,084	6.5%	-741,495	-741,495	\$1.16	\$1.54	\$0.84	\$1.04	\$1.07
Sumner	18,638,752	1,461,733	7.8%	114,797	114,797	\$0.00	\$1.29	\$0.73	\$0.65	\$0.67
Puyallup	7,191,285	580,836	8.1%	14,566	14,566	\$1.79	\$0.00	\$0.00	\$0.93	\$1.16
Fife/Milton	14,967,149	1,875,280	12.5%	19,171	19,171	\$0.00	\$0.65	\$0.00	\$0.78	\$0.77
Tacoma	22,286,811	1,384,578	6.2%	-186,556	-186,556	\$0.00	\$1.00	\$0.62	\$0.69	\$0.68
NO. PIERCE CO. TOTALS	63,083,997	5,302,427	8.4%	-38,022	-38,022	\$1.79	\$0.92	\$0.67	\$0.74	\$0.80
Parkland/Spanaway	1,271,367	13,581	1.1%	-2,346	-2,346	\$0.00	\$0.00	\$0.00	\$1.72	\$1.72
Frederickson	16,337,555	2,601,850	15.9%	1,118,480	1,118,480	\$0.00	\$0.00	\$0.00	\$0.95	\$0.95
University Place	220,477	16,578	7.5%	0	0	\$0.00	\$2.37	\$0.00	\$1.00	\$1.23
Lakewood	6,757,701	835,918	12.4%	0	0	\$0.00	\$1.15	\$0.00	\$0.70	\$0.72
Dupont	4,693,470	509,043	10.8%	5,440	5,440	\$0.00	\$0.00	\$0.00	\$0.75	\$0.75
Lacey	12,465,255	713,461	5.7%	-186,934	-186,934	\$0.00	\$0.00	\$0.00	\$0.62	\$0.62
SOUTH SOUND TOTALS	41,745,825	4,690,431	11.2%	934,640	934,640	\$0.00	\$1.33	\$0.00	\$0.84	\$0.84
SEATTLE TOTALS	265,936,052	21,301,863	8.0%	177,376	177,376	\$1.71	\$1.44	\$0.92	\$0.94	\$0.98

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

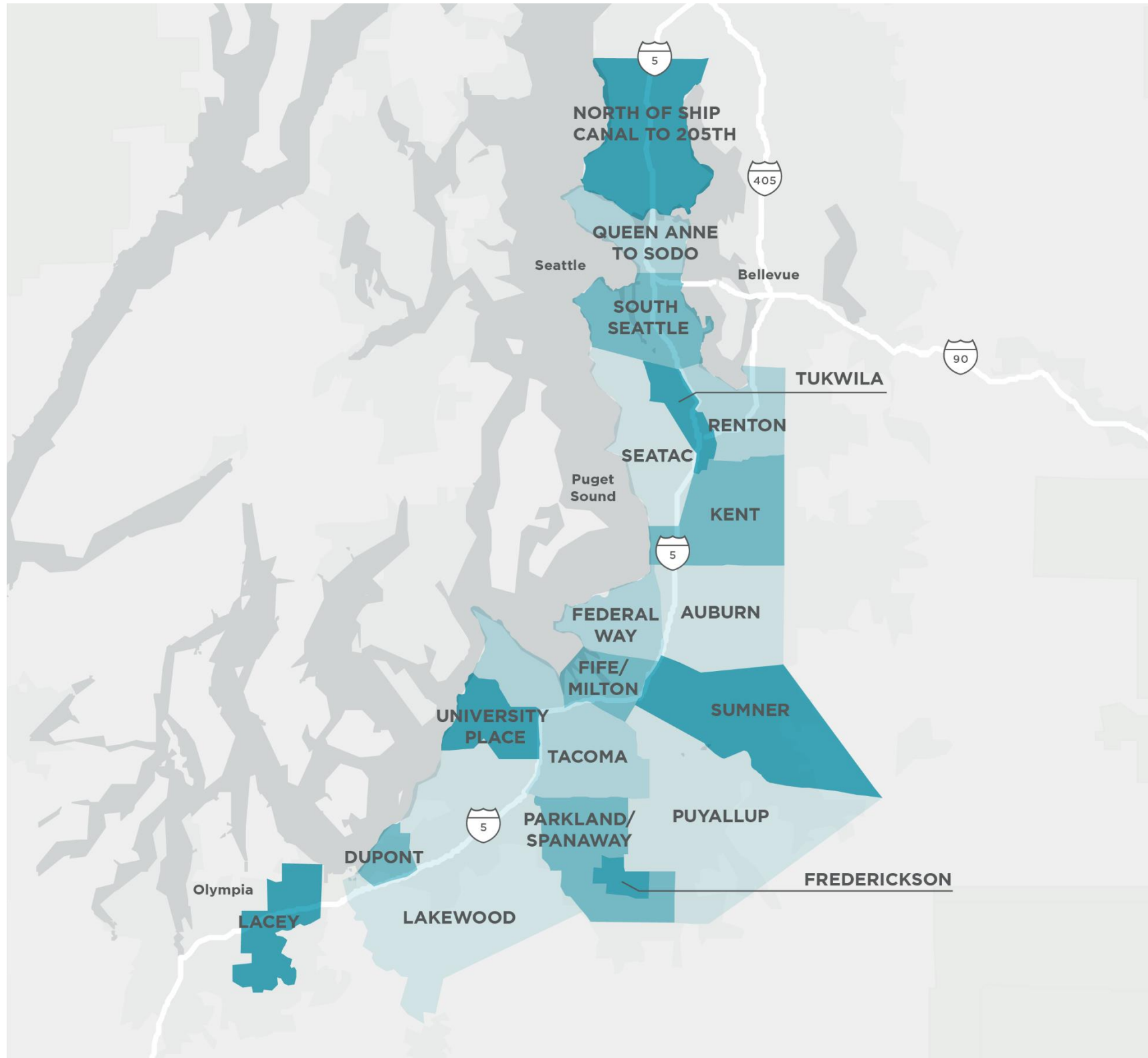
HT = High-Tech; OS = Office Service/Flex; MF = Manufacturing; W/D = Warehouse/Distribution

KEY LEASE TRANSACTIONS Q1 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
REI Warehouse (Sale Leaseback)	Sumner	REI	521,674	New (Sale Leaseback)
IAC Commerce Center SeaTac	SeaTac	Alaska Airlines	457,212	New
Auburn North Distribution Center	Auburn	Undisclosed	128,050	Sublease
Kent II	Kent	Comprehensive Logistics	124,653	Renewal**

**Renewals not included in leasing statistics

INDUSTRIAL SUBMARKETS



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