



## MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
<b>7.8%</b> Vacancy Rate	▲	▲
<b>-535K</b> YTD Net Absorption, SF	▲	▼
<b>\$1.20</b> Asking Rent, PSF <i>(Overall, Net Asking Rent)</i>	▲	—

## ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
<b>2.2M</b> Seattle Employment	▲	▲
<b>4.4%</b> Seattle Unemployment Rate	▲	▲
<b>4.2%</b> U.S. Unemployment Rate	▲	▲

Source: BLS

### ECONOMY: Seattle Metro Area Employment Improves

The Seattle metro area economy recorded some progress over the past twelve months. Employment improved by 16,600 jobs year-over-year (YOY), bringing the mid-year 2025 total to nearly 2.2 million. The unemployment rate, however, also rose, up 10 basis points (bps) YOY to 4.4%, just above the U.S. rate of 4.2%. As measured by the Consumer Price Index for All Urban Consumers, Seattle metro prices increased 1.7% YOY, driven by higher food and energy costs, especially food away from home. Minus food and energy, the index also rose 1.7% YOY, driven by increases to shelter and medical care.

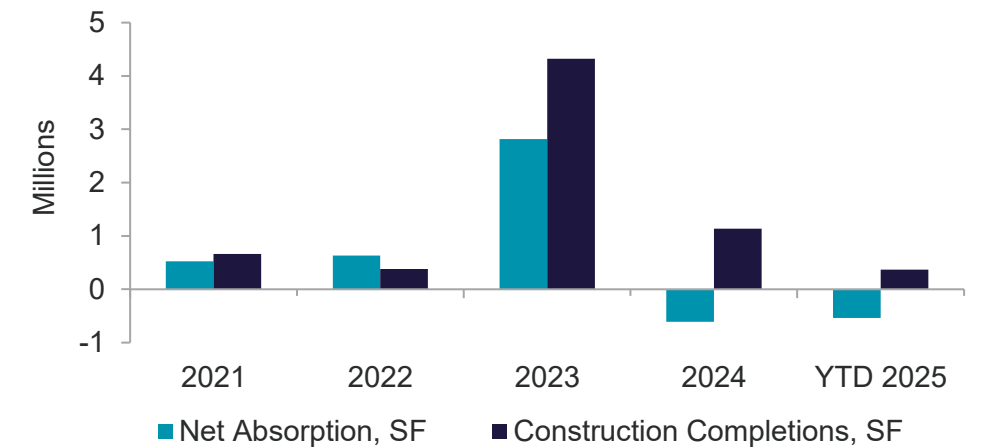
### SUPPLY AND DEMAND: Recovery Inches Forward Despite Vacancy Rise

The Eastside industrial market posted a vacancy rate of 7.8% in the second quarter, up 180 bps from one year ago. Though this may initially appear as if the market is softening, activity levels indicate a slow but emerging recovery. The market posted absorption of negative 326,000 square feet (sf), a decrease from positive 118,000 sf over the same period last year. Sublease space continued to climb, but renewals picked up in Redmond and Woodinville, especially for smaller users. Notably, some tenants have shifted toward value-driven strategies, taking advantage of favorable market conditions and discounted rents in peripheral submarkets.

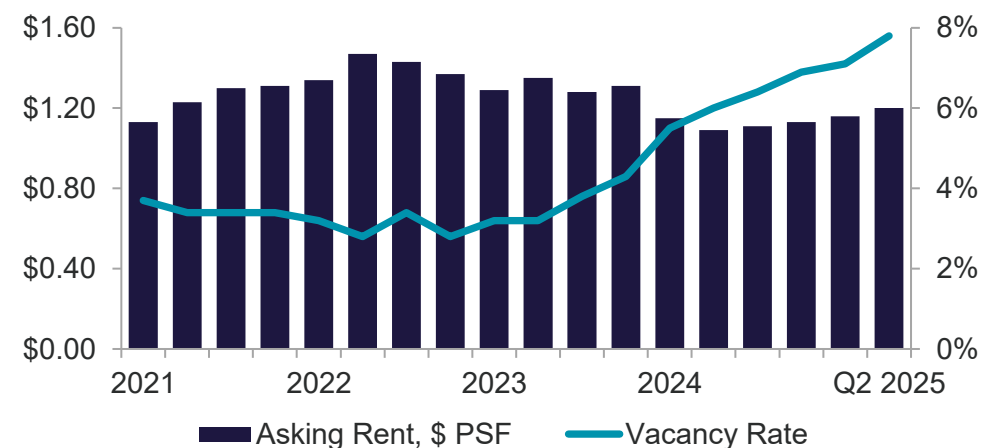
### PRICING: Stability Through a Mixed-Rate Landscape

Average asking rents on the Eastside grew higher to \$1.20 per square foot (psf) on a monthly triple-net (NNN) basis, a sizable YOY increase of \$0.09 psf. Premium submarkets like Redmond (Overlake) command north of \$2.00 psf, with sought after class A space contributing to this surge, while the Woodinville/522 Corridor and North Snohomish remain significantly more affordable. Commonly, tenants have evaluated opportunities across the region, often preferring a transition north or south for better space at a lower cost. With landlords prioritizing occupancy, the balance of premium and discounted space has kept rental volatility minimal, for now. However, landlords with high exposure to new vacancies are increasingly open to deal-making and term flexibility.

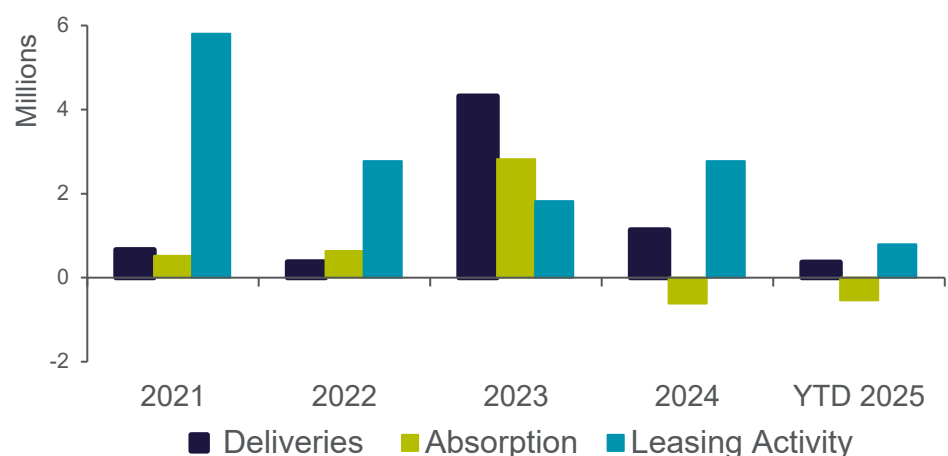
## SPACE DEMAND / DELIVERIES



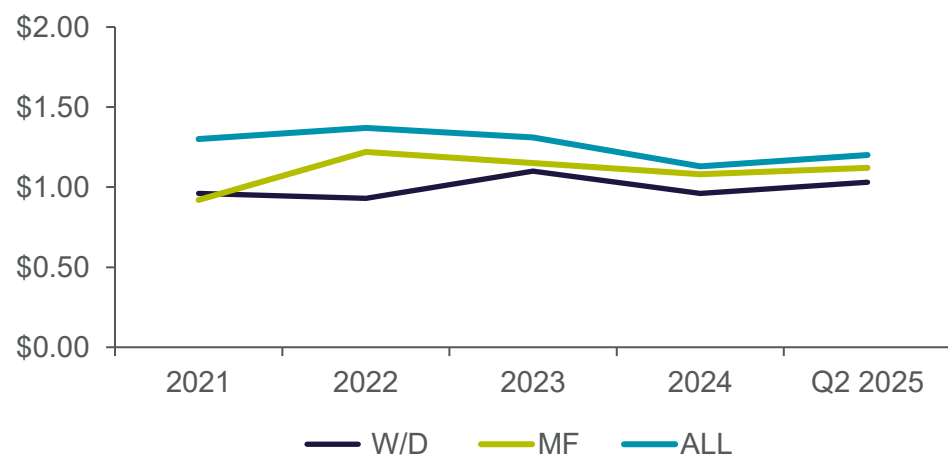
## OVERALL VACANCY & ASKING RENT



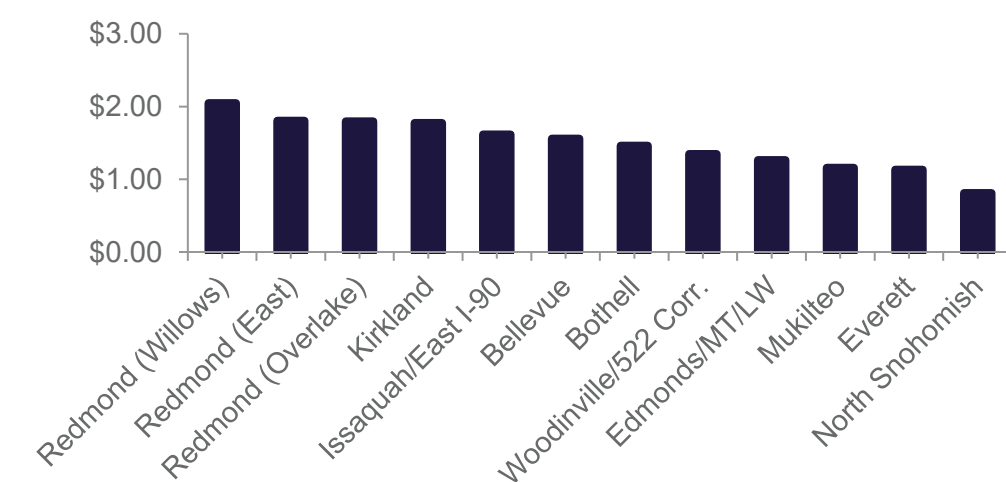
**NEW SUPPLY, ABSORPTION, & LEASING ACTIVITY**



**AVERAGE ASKING RENT (\$PSF NNN MONTHLY)**



**RENT BY SUBMARKET (\$PSF NNN MONTHLY)**



**CONSTRUCTION: Developers Take Backseat**

Construction remains subdued on the Eastside this quarter as 368,000 sf of space across two projects was delivered. They are the first of the year, and a small positive metric in an otherwise quiet market. In rhythm with this, developers continued to press pause on projects amid high financing costs, prolonged deal gestation periods, and unresolved economic implications. With no new supply currently under construction, a demand-side recovery will outpace deliveries over the foreseeable future. Growth may be capped in the short-term, but conditions are setting up favorably for future years as almost 6.8 million square feet (msf) of proposed space is in the pipeline.

**LEASING ACTIVITY: Small Deals Drive Momentum**

Eastside leasing activity in the second quarter tallied over 520,000 sf of new leases, a YOY increase from 344,000 sf. One deal, not represented in the previous figure surpassed 100,000 sf, a renewal in the Mukilteo submarket. The bulk of activity occurred below 40,000 sf led by technology and manufacturing users. Larger blocks remain slow to move, although brokers have reported increased tours and revived discussions on these requirements. Users are reevaluating their business models in response to global disruptions and while the headlines may paint a less positive picture, the groundwork for a stronger second half of the year appears to be forming.

**OUTLOOK**

- Vacancy is projected to rise in the Eastside market amid a higher renewal rate and notions of downsizing.
- Absorption will likely move further negative through year-end as larger tenants remain on the sidelines.
- Construction has stalled as zero projects are currently underway, having been prevented by prolonged economic uncertainty and lingering elevated interest rates.
- Rental rates are expected to stay flat through 2025, as active tenants push for value while some landlords weigh holding firm against drawn-out vacancies.

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
Bellevue	3,510,618	349,699	10.0%	5,264	-3,637	\$0.00	\$1.62	\$1.25	\$1.42	\$1.56
Issaquah/East I-90	2,914,698	182,964	6.3%	-5,070	-37,764	\$1.63	\$2.08	\$0.00	\$1.40	\$1.62
Redmond (Overlake)	884,523	24,905	2.8%	13,732	26,563	\$0.00	\$1.80	\$0.00	\$0.00	\$1.80
Redmond (Willows)	5,871,018	279,659	4.8%	-18,019	-58,410	\$2.17	\$1.86	\$1.89	\$1.80	\$2.05
Redmond (East)	4,176,318	177,486	4.2%	-25,087	-23,620	\$1.92	\$1.73	\$0.00	\$0.00	\$1.80
Kirkland	2,656,835	110,820	4.2%	-6,092	-46,826	\$2.00	\$1.87	\$1.75	\$1.49	\$1.77
Woodinville/522 Corridor	10,822,199	722,590	6.7%	-169,927	-167,875	\$1.96	\$1.86	\$1.35	\$1.30	\$1.35
Bothell	3,627,221	557,551	15.4%	-44,088	-156,525	\$1.43	\$1.53	\$0.00	\$1.54	\$1.46
<b>EASTSIDE TOTALS</b>	<b>34,463,430</b>	<b>2,405,674</b>	<b>7.0%</b>	<b>-249,287</b>	<b>-468,094</b>	<b>\$1.68</b>	<b>\$1.67</b>	<b>\$1.39</b>	<b>\$1.39</b>	<b>\$1.59</b>
Edmonds/Mountlake Terrace/Lynnwood	3,111,775	59,250	1.9%	-5,485	-20,122	\$0.00	\$0.00	\$1.35	\$1.22	\$1.26
Mukilteo	3,843,737	312,977	8.1%	3,464	-25,019	\$1.16	\$1.40	\$1.39	\$0.98	\$1.16
Everett	16,119,147	1,357,343	8.4%	-70,151	619	\$1.25	\$1.29	\$1.13	\$1.11	\$1.13
North Snohomish	9,713,130	1,081,616	11.1%	-4,702	-22,376	\$0.00	\$0.00	\$0.87	\$0.80	\$0.81
<b>NORTHEND TOTALS</b>	<b>32,787,789</b>	<b>2,811,186</b>	<b>8.6%</b>	<b>-76,874</b>	<b>-66,898</b>	<b>\$1.20</b>	<b>\$1.34</b>	<b>\$1.02</b>	<b>\$0.98</b>	<b>\$1.03</b>
<b>EASTSIDE/NORTHEND TOTALS</b>	<b>67,251,219</b>	<b>5,216,860</b>	<b>7.8%</b>	<b>-326,161</b>	<b>-534,992</b>	<b>\$1.44</b>	<b>\$1.63</b>	<b>\$1.12</b>	<b>\$1.03</b>	<b>\$1.20</b>

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

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

KEY LEASE TRANSACTIONS Q2 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Centre 41-02	Mukilteo	Confidential	326,447	Renewal**
Paine Field Business Park – Phase II, Bldg 8	Everett	Aviation Technical Services	24,487	Renewal**
Harbour Reach Business Park – Bldg A	Mukilteo	Undisclosed	14,770	New

\*\*Renewals not included in leasing statistics

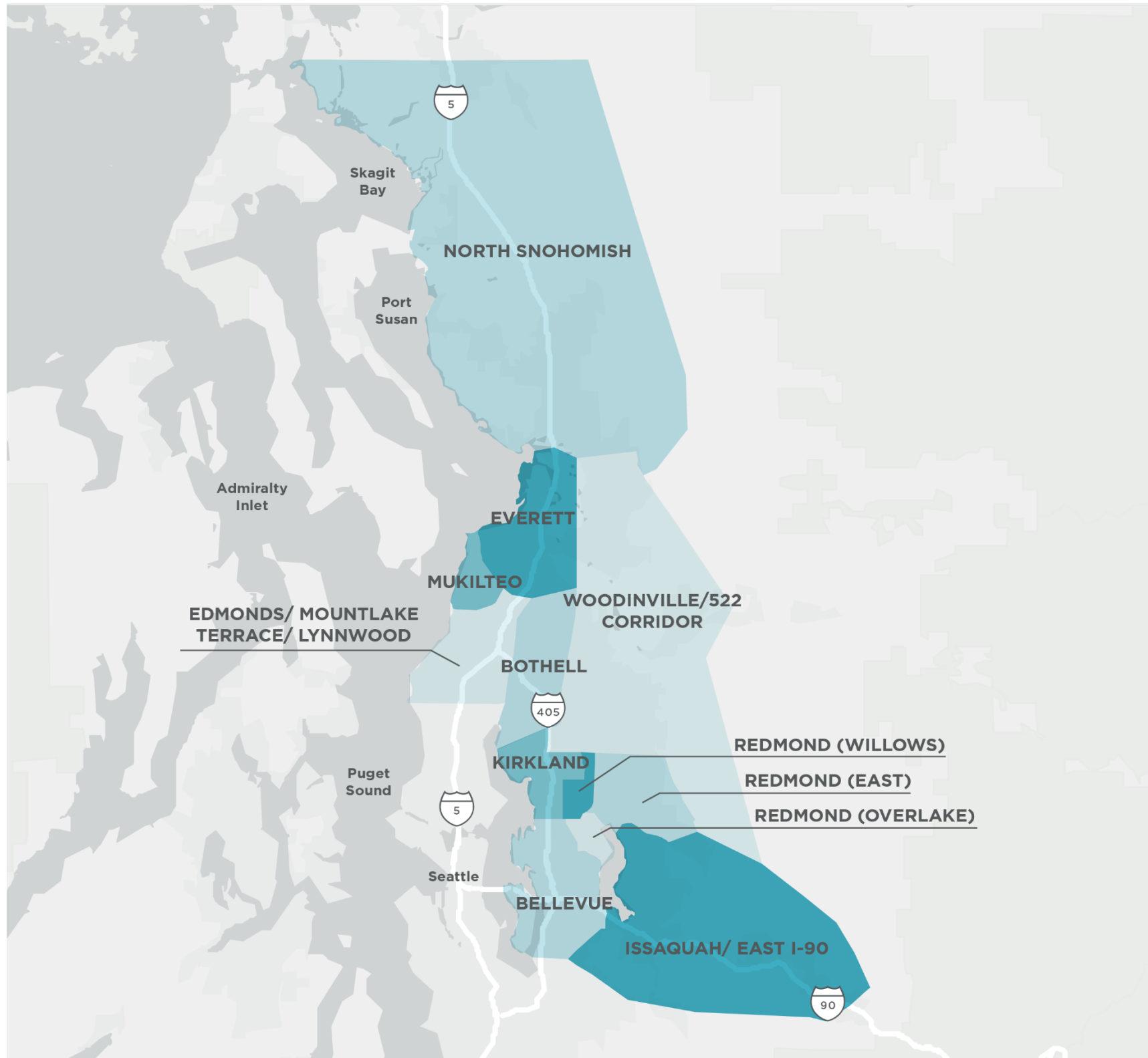
KEY SALE TRANSACTIONS Q2 2025

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
I-90 R&D Center	Bellevue	Terreno Realty / Valve Corporation	38,883	\$17.5M / \$450
Underwood Gartland 64	Everett	Underwood Gartland Development / Refrigeration Supplies Distributor	26,666	\$8.3M / \$310
Willows Industrial Center	Redmond (Overlake)	FC Industries LLC / Terreno Realty	26,395	\$9.3M / \$352

KEY CONSTRUCTION COMPLETIONS

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
North Creek Commerce Center	Bothell	Rivian	242,981	Panattoni
Scannell Supersonic Industrial Center	Everett	N/A	125,048	Scannell Properties

INDUSTRIAL SUBMARKETS



**BRIAN CAGAYAT**

*Research Manager – Pacific Northwest*

Tel: +1 206 521 0296

[brian.cagayat@cushwake.com](mailto:brian.cagayat@cushwake.com)

**MCKINLEY FOX-COWART**

*Research Analyst*

Tel: +1 206 215 9899

[mckinley.foxcowart@cushwake.com](mailto:mckinley.foxcowart@cushwake.com)

**A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION**

Cushman & Wakefield (NYSE: CWK) is a leading global commercial real estate services firm for property owners and occupiers with approximately 52,000 employees in nearly 400 offices and 60 countries. In 2024, the firm reported revenue of \$9.4 billion across its core service lines of Services, Leasing, Capital markets, and Valuation and other. Built around the belief that Better never settles, the firm receives numerous industry and business accolades for its award-winning culture. For additional information, visit [www.cushmanwakefield.com](http://www.cushmanwakefield.com).

©2025 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable, including reports commissioned by Cushman & Wakefield (“CWK”). This report is for informational purposes only and may contain errors or omissions; the report is presented without any warranty or representations as to its accuracy.

Nothing in this report should be construed as an indicator of the future performance of CWK’s securities. You should not purchase or sell securities—of CWK or any other company—based on the views herein. CWK disclaims all liability for securities purchased or sold based on information herein, and by viewing this report, you waive all claims against CWK as well as against CWK’s affiliates, officers, directors, employees, agents, advisers and representatives arising out of the accuracy, completeness, adequacy or your use of the information herein.