MARKETBEAT
SEATTLE
INDUSTRIAL Q2 2025

CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	Outlook
8.2% Vacancy Rate	▲	▲
37K YTD Net Absorption, SF	▲	▼
$0.98 Asking Rent, PSF *(Overall, Net Asking Rent)*	▬	▬

ECONOMIC INDICATORS

	YOY Chg	Outlook
2.2M Seattle Employment	▲	▲
4.4% Seattle Unemployment Rate	▲	▲
4.2% 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: Footholds Found Amid Rising Vacancy

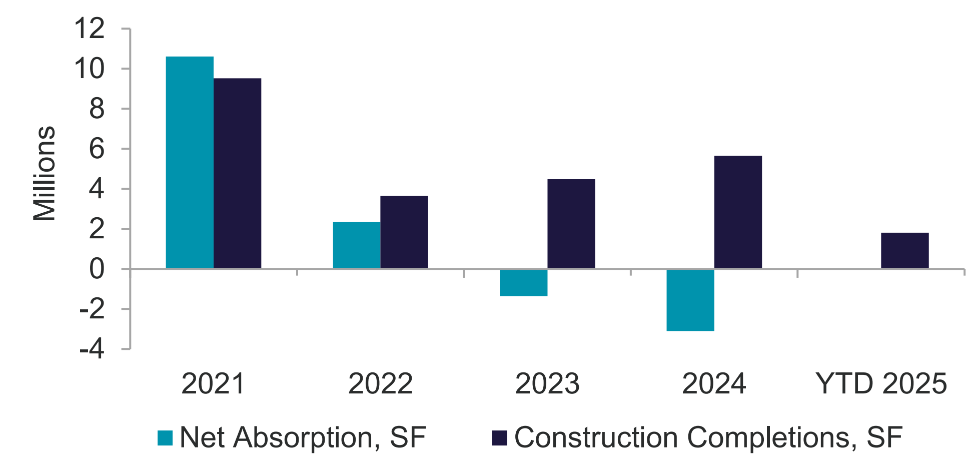
The Seattle industrial market is showing early signs of stabilization as the vacancy rate landed at 8.2% this quarter, a rise of 130 bps YOY. Tenants appear to be entering a so-called “acceptance phase”, where continued market uncertainty urges groups to either downsize or renew in place as the rate of new deals has lessened. While mid-sized blocks remain a challenge, increased activity in both small and large tenant ranges suggests that momentum is beginning to return to the market.

Importantly, this quarter posted negative net absorption of just over 919,000 square feet (sf), returning to the red after a promising first quarter. The negative absorption can be largely attributed to the Kent Valley, as several moveouts over 100,000 sf occurred. The year-to-date (YTD) total remained in the black, at nearly 37,000 sf.

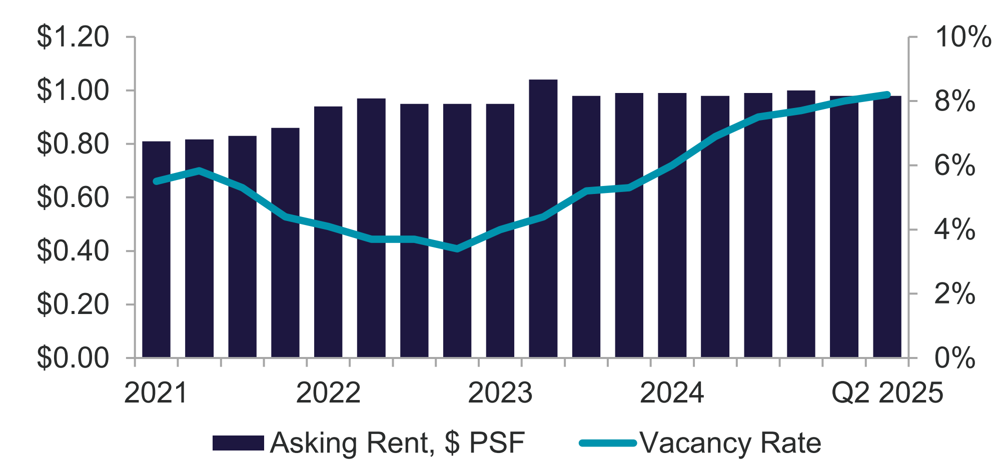
PRICING: Tenants Capitalize on Lower Rates

Industrial rents held firm this quarter at an average of $0.98 per square foot (psf) on a monthly triple-net (NNN) basis, on par with last year’s number. Landlords in submarkets like Kent and Fife/Milton have been dropping rates into the low $0.70s psf to retain tenants and backfill vacancy. The environment has created an unusual level of negotiation room for tenants — leading to a surge of opportunistic deals. Sentiment from active tenants has led to the theory that the current pricing climate is viewed as favorable for securing value before rates eventually rebound with tightened vacancy and a shift in negotiating power back to the landlord.

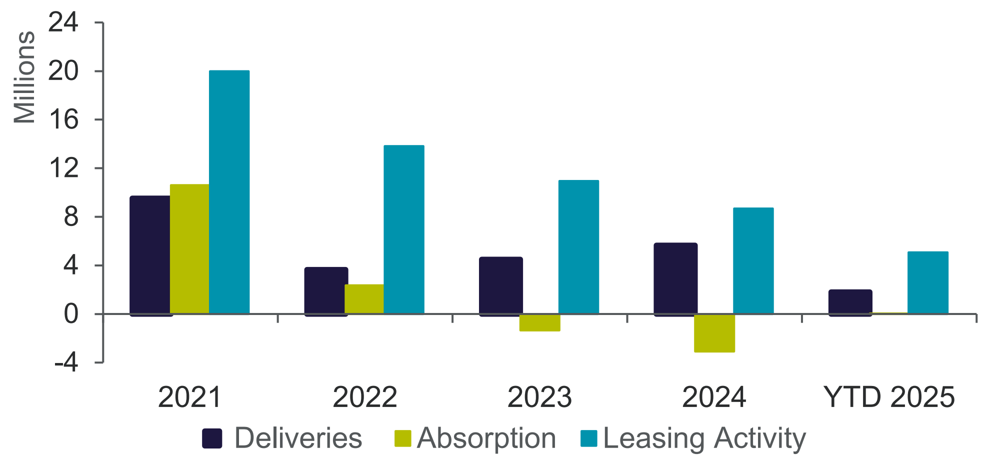
SPACE DEMAND / DELIVERIES



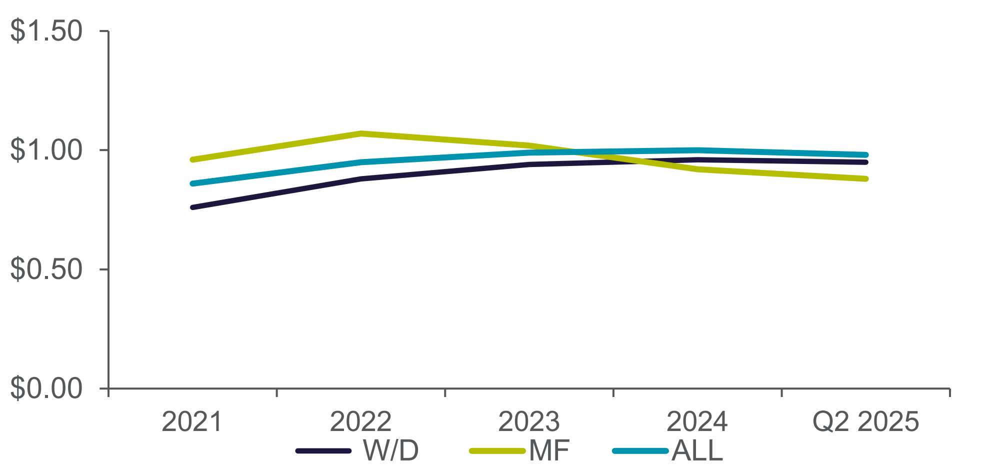
OVERALL VACANCY & ASKING RENT



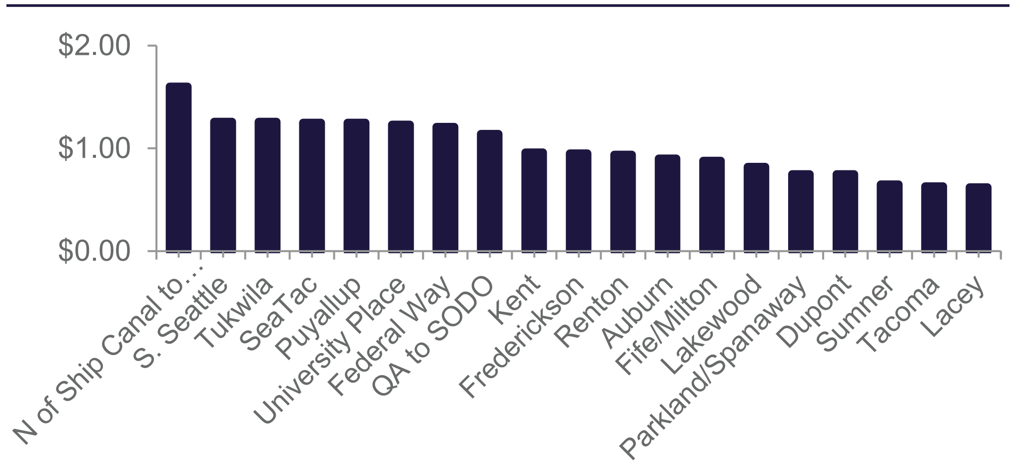
NEW SUPPLY, ABSORPTION, & LEASING ACTIVITY



AVERAGE ASKING RENT ($PSF NNN MONTHLY)



RENT BY SUBMARKET ($PSF NNN MONTHLY)



CONSTRUCTION: Pipeline Slows

The Seattle industrial market added just over 647,000 sf in the second quarter, well below the pace of last year's second quarter at 1.7 million square feet (msf). As of midyear, the total new construction reached almost 1.9 msf. Nearly 4.7 msf remains under construction across the metro, with developers more cautious to break ground without a clear vision of the economy. Industry voices note that with fewer speculative deliveries expected through 2026, the market is primed for organic absorption as tenant activity in existing buildings is set to increase. Besides slower demand, constraints such as higher financing costs are keeping the pipeline contained with 15.6 msf of space proposed (5.9% of total inventory), setting the stage for a healthier balance of supply and demand moving forward.

LEASING ACTIVITY: Active Tenants Seek Clarity

Leasing activity for Seattle totaled over 2.3 msf in the second quarter, up YOY from the 1.9 msf leased in the second quarter of 2024, as both user and investment interest contributed. The YTD total has nearly reached 5.1 msf, with activity mostly concentrated in the South King County submarket, where proximity to ports and flexible space options continue to draw users. Tenant decision-making is still slow, particularly for mid-size ranges. Subsequently, meaningful movement has held up in smaller spaces below 50,000 sf and larger spaces over 100,000 sf. During the second quarter, there were a total of eleven deals over 100,000 sf. Port activity and tariff-driven inventory shifts have generated new demand in warehouse space and will likely persist in the back half of 2025.

OUTLOOK

- Seattle vacancy is expected to rise further as new sublease listings and a softening demand in mid-sized requirements are realized.
- Absorption will likely fall further into the red with modest economic uncertainty and lengthened deal completion timing.
- Eight new deliveries are projected for the second half of 2025; however, construction is anticipated to slow further in 2026 as new projects struggle to break ground.
- Asking rates are expected to stay flat throughout the remainder of 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	36,736,695	3,030,987	8.3%	159,699	113,852	$1.78	$1.55	$1.30	$1.22	$1.26
Queen Anne to SODO	4,189,626	362,783	8.7%	1,077	46,647	$2.00	$1.11	$1.14	$1.14	$1.14
North of Ship Canal to 205th	2,967,541	245,801	8.3%	-10,352	-52,958	$0.00	$1.66	$1.72	$1.51	$1.60
SEATTLE IN-CITY TOTALS	43,893,862	3,639,571	8.3%	150,424	107,541	$1.81	$1.34	$1.35	$1.24	$1.28
SeaTac	6,815,270	642,281	9.4%	-90,548	-13,190	$0.00	$1.50	$0.00	$1.25	$1.25
Tukwila	14,708,989	1,661,221	11.3%	-82,366	-248,730	$1.18	$1.59	$0.00	$1.17	$1.26
Renton	15,426,273	538,431	3.5%	-119,964	-287,053	$0.00	$0.00	$1.32	$0.92	$0.94
Kent	48,810,470	4,112,433	8.4%	-439,515	-983,442	$0.80	$1.47	$0.85	$0.95	$0.96
Auburn	29,395,508	1,239,894	4.2%	-333,409	-426,626	$0.00	$1.41	$0.98	$0.88	$0.90
Federal Way	1,971,091	456,387	23.2%	60,906	69,841	$0.00	$1.26	$0.00	$1.21	$1.21
SO. KING CO. TOTALS	117,127,601	8,650,647	7.4%	-1,004,896	-1,889,200	$1.09	$1.55	$0.90	$1.02	$1.05
Sumner	18,638,752	1,526,634	8.2%	-77,705	104,720	$0.00	$1.25	$0.73	$0.62	$0.65
Puyallup	7,191,285	675,515	9.4%	-93,649	-79,083	$1.79	$0.00	$0.00	$0.92	$1.25
Fife/Milton	15,449,381	1,573,795	10.2%	-11,787	740,702	$0.00	$0.65	$0.70	$0.92	$0.88
Tacoma	22,182,956	1,133,834	5.1%	8,542	9,188	$0.00	$1.00	$0.61	$0.63	$0.63
NO. PIERCE CO. TOTALS	63,462,374	4,909,778	7.7%	-174,599	775,527	$1.79	$0.87	$0.66	$0.78	$0.82
Parkland/Spanaway	1,367,229	107,536	7.9%	1,907	-439	$0.00	$0.00	$0.00	$0.75	$0.75
Frederickson	16,337,555	2,460,544	15.1%	141,306	1,259,786	$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	787,622	11.7%	34,842	33,296	$0.00	$1.15	$0.00	$0.81	$0.82
Dupont	4,693,470	509,043	10.8%	0	5,440	$0.00	$0.00	$0.00	$0.75	$0.75
Lacey	12,465,255	781,931	6.3%	-68,470	-255,404	$0.00	$0.00	$0.00	$0.62	$0.62
SOUTH SOUND TOTALS	41,841,687	4,663,254	11.1%	109,585	1,042,679	$0.00	$1.46	$0.00	$0.84	$0.85
SEATTLE TOTALS	**266,325,524**	**21,863,250**	**8.2%**	**-919,486**	**36,547**	**$1.70**	**$1.43**	**$0.88**	**$0.95**	**$0.98**

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

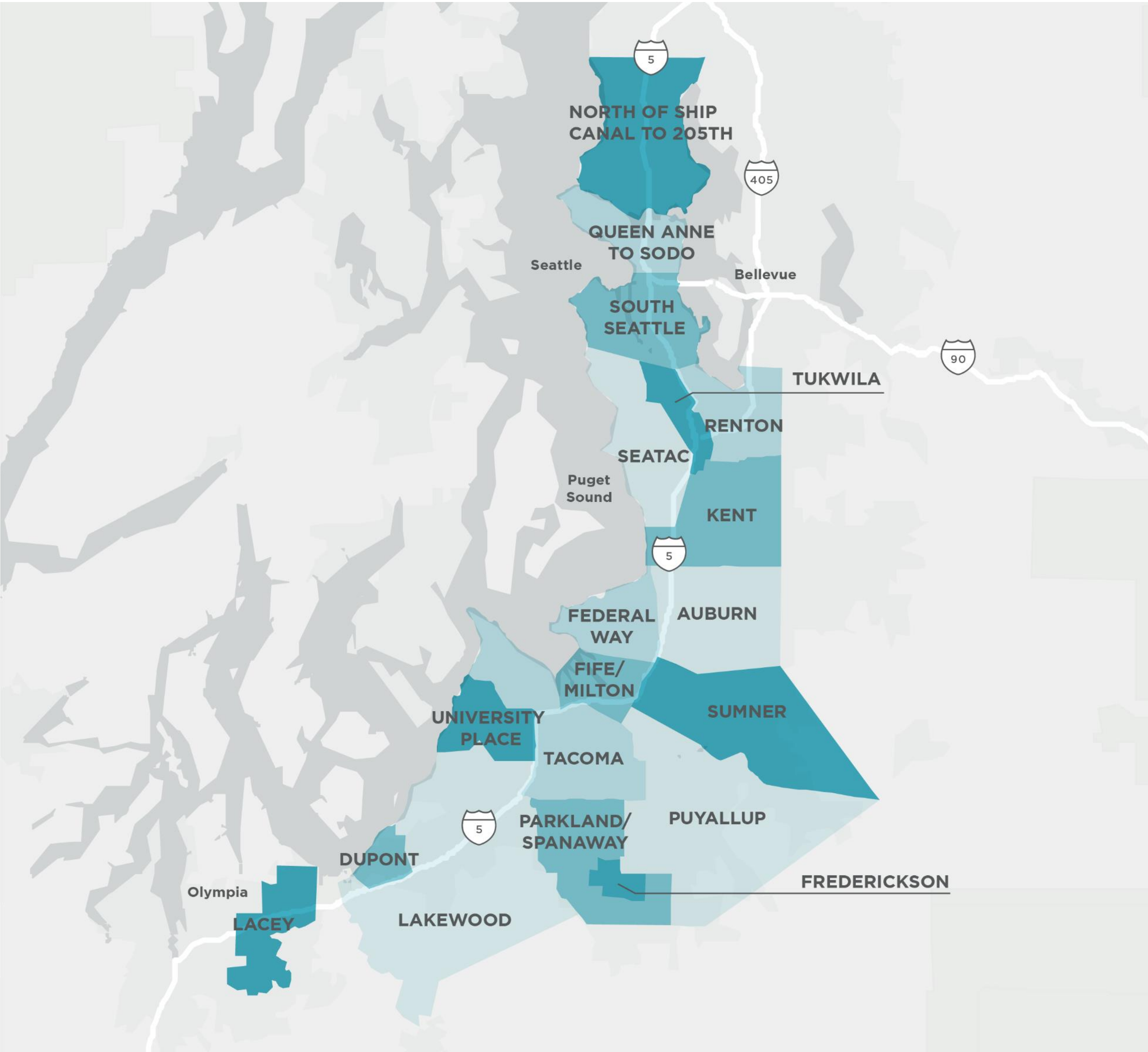
HT = High-Tech; OS = Office Service/Flex; MF = Manufacturing; W/D = Warehouse/Distribution

KEY LEASE TRANSACTIONS Q2 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Tacoma Logistics Center – Bldg B	Tacoma	SBS Transportation	444,428	Renewal**
FRED310 – Bldg D	Frederickson	Kowa	320,294	New Lease
SeaPORT Logistics Center – Phase II, Bldg 6	Sumner	Odom Corporation	249,137	New Lease
Prologis Park Auburn – Bldg 12	Auburn	Pacorini	200,393	New Lease

***Renewals not included in leasing statistics*

INDUSTRIAL SUBMARKETS



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