



MARKET FUNDAMENTALS

	YOY Chg	Outlook
8.8% Vacancy Rate	▲	▲
-713K YTD Net Absorption, SF	▲	▼
\$0.96 Asking Rent, PSF <i>(Overall, Net Asking Rent)</i>	▼	▬

ECONOMIC INDICATORS

	YOY Chg	Outlook
2.2M Seattle Employment	▲	▲
4.3% Seattle Unemployment Rate	▲	▲
4.3% U.S. Unemployment Rate	▲	▲

Source: BLS

ECONOMY: Seattle Metro Area Employment Ticks Higher

The Seattle metro area economy noted some progress since the start of the year. Employment improved by 12,100 jobs year-over-year (YOY), maintaining the current total of nearly 2.2 million. The unemployment rate, however, also rose, up 20 basis points (bps) YOY to 4.3%, matching the U.S. rate. As measured by the Consumer Price Index for All Urban Consumers, Seattle metro area prices increased 2.8% YOY, driven by higher food (+3.5%) and energy (+7.3%) costs. Minus food and energy, the index rose 2.6% YOY, driven by increases to household furnishings and operations (+7.6%) and shelter (+1.1%).

SUPPLY AND DEMAND: Vacancy Growth Signals Reset

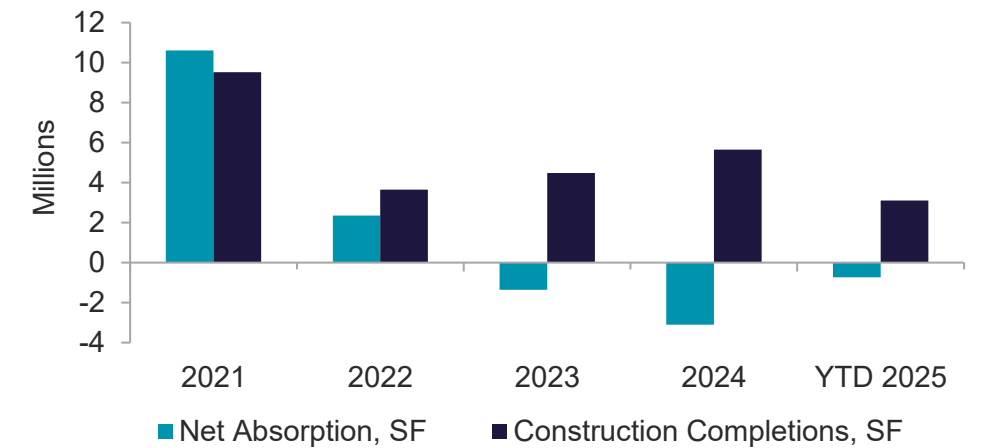
The Seattle industrial market closed the third quarter of 2025 with a vacancy rate of 8.8%, marking an uptick of 130 bps YOY as larger tenant move-outs outweighed new activity. The increase is not viewed as purely negative; brokers highlight that the churn has created more transactional momentum, a welcome shift from the stagnant conditions recorded in 2024.

There was negative net absorption of nearly 713,000 square feet (sf) in the third quarter, bringing the year-to-date (YTD) total to negative 728,000 sf. This number underscores lingering headwinds, particularly in the Kent Valley where several large blocks hit the market. Still, smaller users remained active and large-scale requirements continued to surface, pointing toward a more balanced demand profile entering 2026.

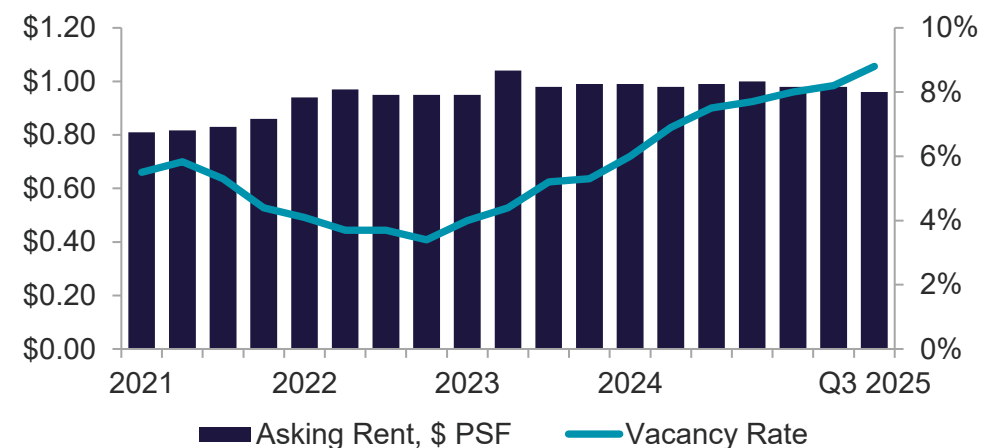
PRICING: Opportunities at the Bottom of the Cycle

Average asking rents in Seattle slipped slightly to \$0.96 per square foot (psf) on a monthly triple-net (NNN) basis. Still, a general preference for tenants in the market is to focus on the southern submarkets; the most active one has been the Kent submarket, which has recorded some of the lowest markets in the region in order to retain occupancy. Landlords remain aggressive on renewals, preferring to hold onto anchor tenants rather than risk prolonged vacancy. Tenants are capitalizing on the chance to lock in favorable terms, with some deals being driven more by proposal-based comps than historical benchmarks. This signals that the market is likely reaching its softest point, with long-term expectations of recovery providing added motivation to strike now.

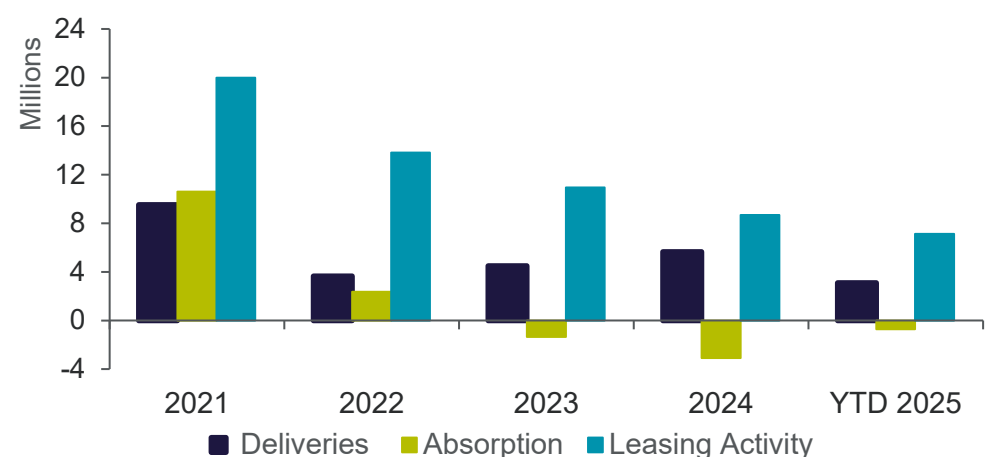
SPACE DEMAND / DELIVERIES



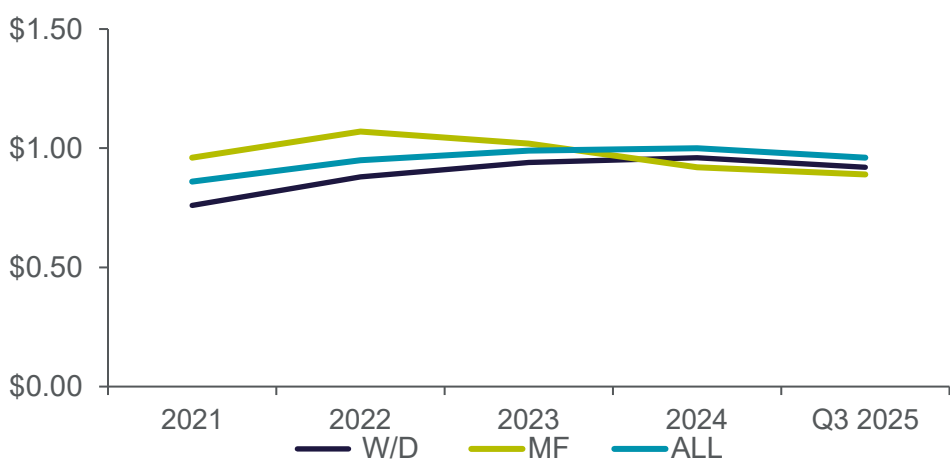
OVERALL VACANCY & ASKING RENT



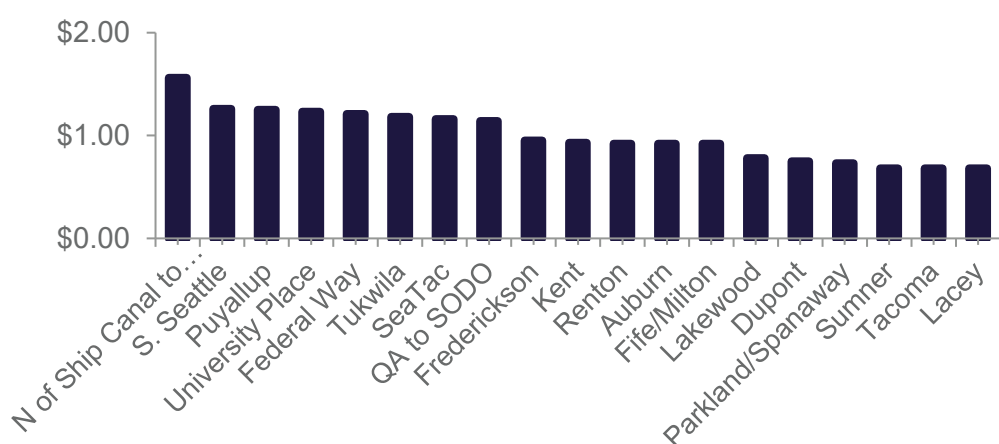
NEW SUPPLY, ABSORPTION, & LEASING ACTIVITY



AVERAGE ASKING RENT (\$PSF NNN MONTHLY)



RENT BY SUBMARKET (\$PSF NNN MONTHLY)



CONSTRUCTION: Development Down YOY

Seattle gained just under 1.1 million square feet (msf) of new product in the third quarter, well below the 2.1 msf added in the third quarter last year. Through the first three quarters of 2025, 3.1 msf of new construction has been delivered. There is another 4.7 msf under construction, though most projects are slow going as developers continue to face elevated financing costs and remain hesitant to break ground without pre-commitments. With little speculative supply anticipated through 2027, the market is positioned for eventual organic absorption as vacancy backfills, and demand steadily returns. Over 14.3 msf of proposed space remains in the pipeline awaiting healthier conditions.

LEASING ACTIVITY: Meaning Movement in High and Low Ranges

Leasing volume in Seattle reached 7.1 msf YTD, with 1.5 msf leased in the third quarter, a drop YOY from the 2.3 msf leased in the third quarter of last year. Totals were supported by stronger movement within smaller spaces under 40,000 sf as well as a total of seven deals exceeding 100,000 sf, the largest of which an almost 600,000-sf renewal at the Port Commerce Center in the Tacoma submarket. Mid-sized requirements remain the thinnest part of the market, slowing overall absorption metrics. Tenant interest has concentrated in South King County, where proximity to the ports remains a driver of activity. While deal timelines are still long, some tenants have adopted a more aggressive approach with room to negotiate as they look to capitalize on heightened vacancy and lowered rates.

OUTLOOK

- Seattle vacancy is likely to edge higher as tenants consolidate operations and place excess space back on the market.
- Absorption is expected to remain negative as occupiers defer expansions and extend deal timelines.
- While several projects are scheduled for delivery by late 2025, a lighter construction pipeline in 2026 reflects financing challenges and developer caution on the economy.
- Rental rates are anticipated to remain flat through year-end as landlords prioritize occupancy over rate growth.

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	35,459,205	2,976,265	8.4%	-10,348	108,562	\$1.78	\$1.60	\$1.33	\$1.23	\$1.26
Queen Anne to SODO	4,189,626	354,683	8.5%	6,207	54,747	\$2.00	\$1.12	\$1.14	\$1.14	\$1.14
North of Ship Canal to 205 th	2,967,541	270,167	9.1%	-28,311	-81,269	\$0.00	\$1.66	\$1.74	\$1.45	\$1.56
SEATTLE IN-CITY TOTALS	42,616,372	3,601,115	8.5%	-32,452	82,040	\$1.81	\$1.36	\$1.36	\$1.24	\$1.28
SeaTac	6,815,270	405,788	6.0%	210,854	223,303	\$0.00	\$1.50	\$0.00	\$1.15	\$1.16
Tukwila	14,708,989	1,814,985	12.3%	-162,030	-419,342	\$1.25	\$1.60	\$1.35	\$0.97	\$1.18
Renton	15,426,273	552,752	3.6%	-25,000	-312,053	\$0.00	\$0.00	\$1.32	\$0.91	\$0.92
Kent	48,824,984	4,185,163	8.6%	-269,842	-1,267,069	\$0.00	\$1.51	\$0.85	\$0.92	\$0.93
Auburn	29,395,508	1,480,931	5.0%	-286,703	-685,014	\$0.00	\$1.39	\$1.00	\$0.91	\$0.92
Federal Way	1,971,091	490,259	24.9%	-33,872	35,969	\$0.00	\$1.17	\$0.00	\$1.21	\$1.21
SO. KING CO. TOTALS	117,142,115	8,929,878	7.6%	-566,593	-2,424,206	\$1.25	\$1.56	\$0.92	\$0.96	\$1.00
Sumner	19,357,208	2,136,383	11.0%	23,623	101,484	\$0.00	\$0.00	\$0.73	\$0.68	\$0.68
Puyallup	7,194,504	675,515	9.4%	0	-79,083	\$1.79	\$0.00	\$0.00	\$0.92	\$1.25
Fife/Milton	15,910,627	2,192,303	13.8%	-117,357	583,390	\$0.00	\$0.71	\$0.70	\$0.95	\$0.92
Tacoma	22,190,557	1,182,424	5.3%	-48,590	-39,402	\$0.00	\$1.00	\$0.61	\$0.71	\$0.68
NO. PIERCE CO. TOTALS	64,652,896	6,186,625	9.6%	-142,324	566,389	\$1.79	\$0.97	\$0.66	\$0.82	\$0.84
Parkland/Spanaway	1,529,689	268,078	17.5%	1,918	1,479	\$0.00	\$0.00	\$0.00	\$0.73	\$0.73
Frederickson	16,337,555	2,358,895	14.4%	0	1,361,435	\$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	6,763,997	780,792	11.5%	13,130	40,126	\$0.00	\$1.15	\$0.00	\$0.78	\$0.78
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	888,024	7.1%	13,766	-360,897	\$0.00	\$0.00	\$0.00	\$0.68	\$0.68
SOUTH SOUND TOTALS	42,010,443	4,821,410	11.5%	28,814	1,047,583	\$0.00	\$1.46	\$0.00	\$0.84	\$0.84
SEATTLE TOTALS	266,421,826	23,539,028	8.8%	-712,555	-728,194	\$1.74	\$1.47	\$0.89	\$0.92	\$0.96

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

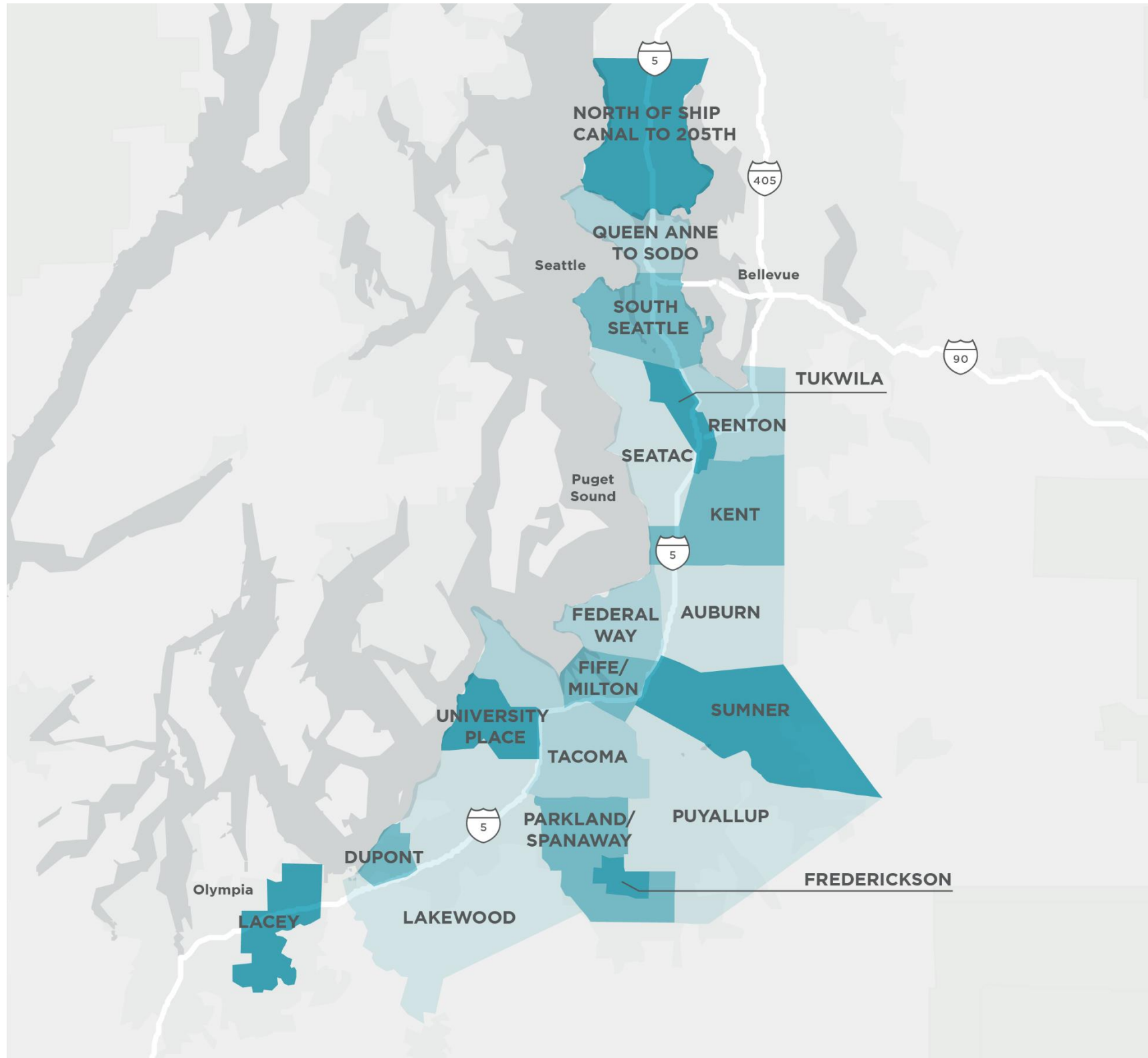
HT = High-Tech; OS = Office Service/Flex; MF = Manufacturing; W/D = Warehouse/Distribution

KEY LEASE TRANSACTIONS Q3 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Port Commerce Center – Bldg A	Tacoma	Pepsi	598,400	Renewal**
Lakewood Industrial Park – Bldgs 1, 4, 24	Lakewood	Confidential (C&W deal)	447,492	Renewal**
Prologis Emerald Gateway – Bldg 4	Tukwila	Amazon	230,131	New Lease
Bridge Point SeaTac 300 – Bldg B	SeaTac	Flying Food Group	95,000	New Lease

**Renewals not included in leasing statistics

INDUSTRIAL SUBMARKETS



BRIAN CAGAYAT

Research Manager – Pacific Northwest

Tel: +1 206 521 0296

brian.cagayat@cushwake.com

MCKINLEY FOX-COWART

Research Analyst

Tel: +1 206 215 9899

mckinley.foxcowart@cushwake.com

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