

FIGURES | SEATTLE INDUSTRIAL | Q3 2026

Leasing activity rebounds as development pipeline contracts



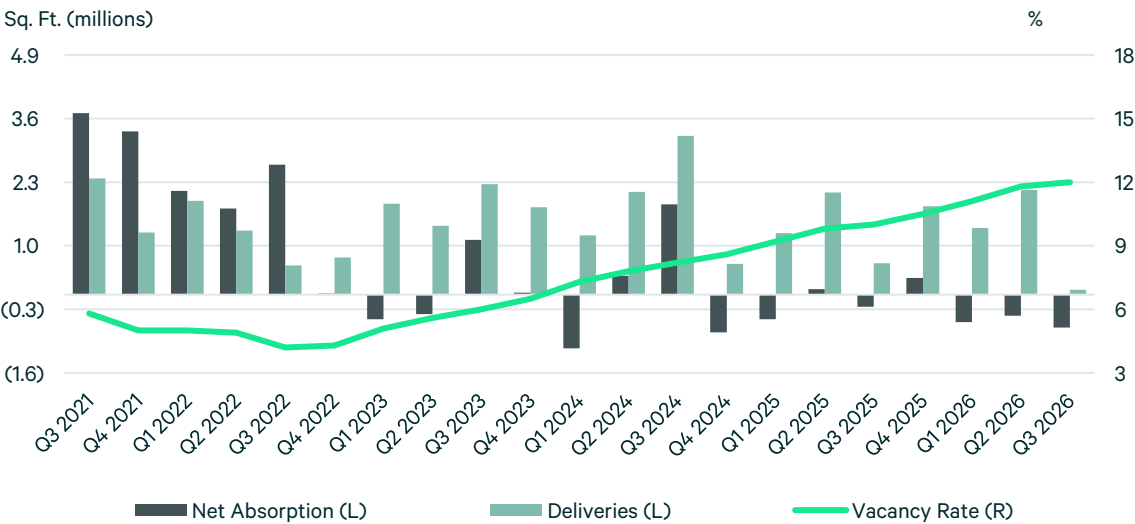
Note: Arrows indicate change from previous quarter.

Market Overview

The Puget Sound industrial market softened in Q3 2026, as vacancy rose 20 basis points (bps) to 12.0% and net absorption totaled negative 665,000 sq. ft. Encouraging signs emerged beneath the headline numbers. Leasing volume rose 11.7% quarter-over-quarter (QoQ) to 4.9 million sq. ft., availability edged down 10 bps to 13.4%, and the average overall direct asking rate held steady at \$1.15 per sq. ft. per month NNN. New supply also reached its lowest level in years, with just 101,000 sq. ft. delivered and 1.5 million sq. ft. under construction.

Since construction peaked at 9.9 million sq. ft. in Q4 2022, a wave of new development has pushed the vacancy rate from 4.3% to 12.0%. Demand this quarter was strongest in buildings of 100,000 to 249,999 sq. ft., the only size range to post positive net absorption, totaling 160,000 sq. ft. Small-bay space under 50,000 sq. ft. remained one of the tightest leasing segments at 6.2% vacancy, while buildings of 250,000 to 749,999 sq. ft. offered larger users the broadest options, with vacancy between 17% and 20%. With the development cycle winding down over the next 9 months, occupiers have an opportunity to secure newly delivered space, and the market should stabilize as vacancy slows down.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



Source: CBRE Research

Vacancy

The Puget Sound vacancy rate increased to 12.0% in Q3 2026, rising 20 bps from the previous quarter, as net absorption totaled negative 665,000 sq. ft. Since construction peaked in Q4 2022, the market has added 22.4 million sq. ft. of inventory, a 7.7% increase. Over the same period, occupied space declined just 1.0%. Occupancy has held between roughly 274 million and 277 million sq. ft. for 16 consecutive quarters, meaning new supply accounts for nearly 90% of the rise in vacant space.

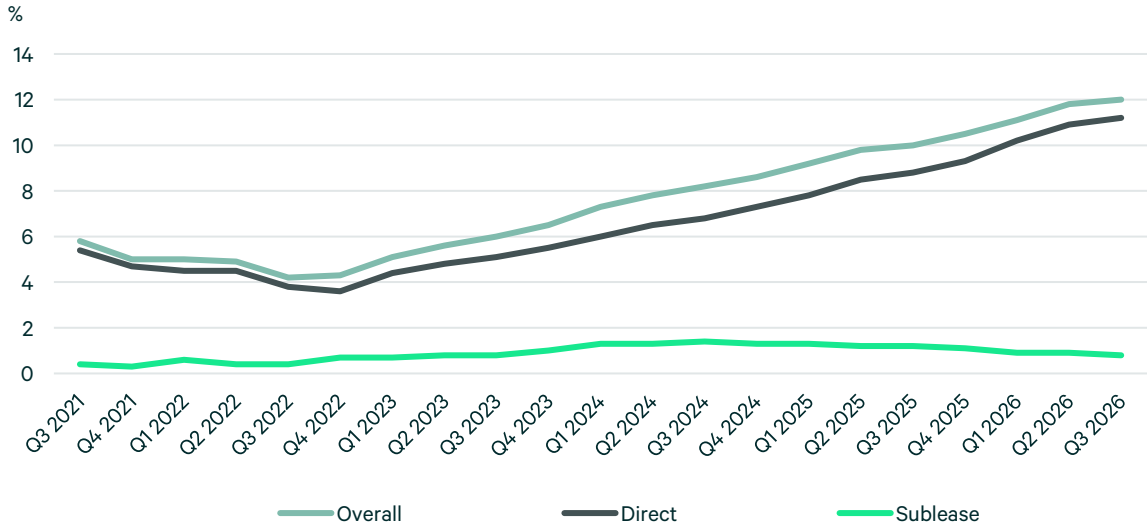
The Eastside continued to report the region's lowest vacancy rate at 8.7%, up 10 bps QoQ. Tacoma recorded the region's highest vacancy rate at 16.8%, increasing 50 bps from Q2 2026. Vacancy also remained elevated in the Northend at 13.7%, while Kent Valley's rate rose 30 bps QoQ to 10.7%. Seattle Close-In posted a vacancy rate of 9.7%. Overall, availability decreased 10 bps QoQ to 13.4%, reflecting modest improvement in market conditions.

Asking Rent

The average overall direct asking rate across the Puget Sound industrial market held steady at \$1.15 per sq. ft. per month NNN, virtually unchanged QoQ. Pricing has now remained stable between \$1.14 and \$1.16 for four consecutive quarters, and the year-over-year (YoY) change has narrowed to just 1.8%, down from 10.4% two years ago, signaling that asking rates have found some footing.

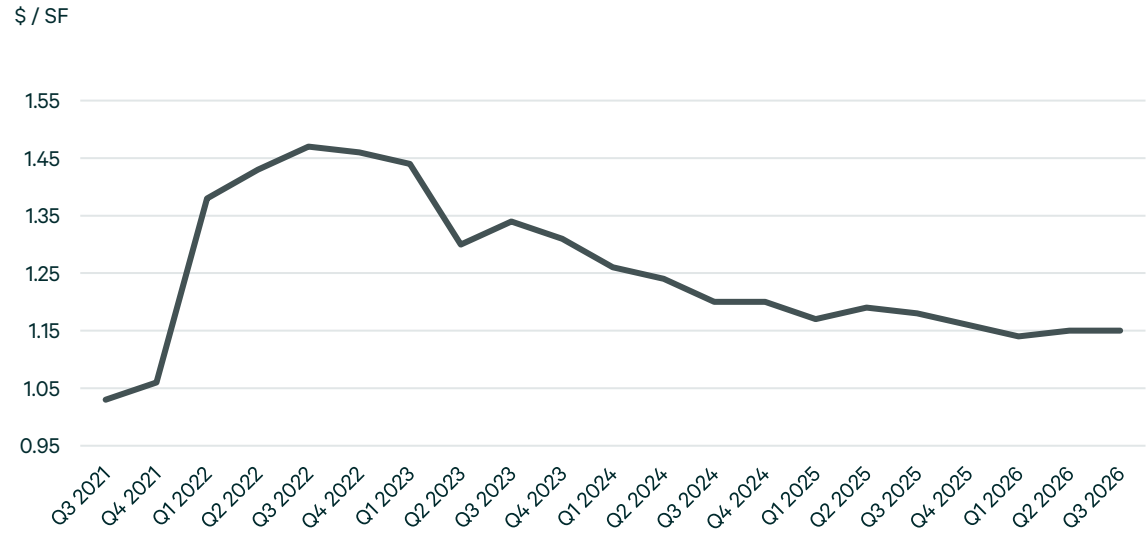
Average direct asking rates continued to vary significantly by submarket. The Eastside led at \$2.05 per sq. ft., with the Overlake and I-90/Issaquah districts both above \$2.40, followed by Seattle Close-In at \$1.60, Northend at \$1.24, Kent Valley at \$1.06 and Tacoma at \$1.00. All asking rates are reported on a blended NNN basis.

Figure 2: Vacancy Rate



Source: CBRE Research

Figure 3: Average Direct Asking Rate



Source: CBRE Research

Construction Activity

The Puget Sound industrial market recorded 1.5 million sq. ft. under construction in Q3 2026, its lowest level since at least 2021, as the construction pipeline declined 6.5% QoQ and 73.8% YoY. Kent Valley accounted for 1.1 million sq. ft. of that activity, while the Eastside, Northend and Tacoma accounted for the remaining 363,000 sq. ft. Kent Valley's two largest projects, Auburn 18 Business Park and Des Moines Creek West, are both fully preleased. They account for approximately 70% of the under-construction pipeline and will limit the amount of speculative supply hitting the market.

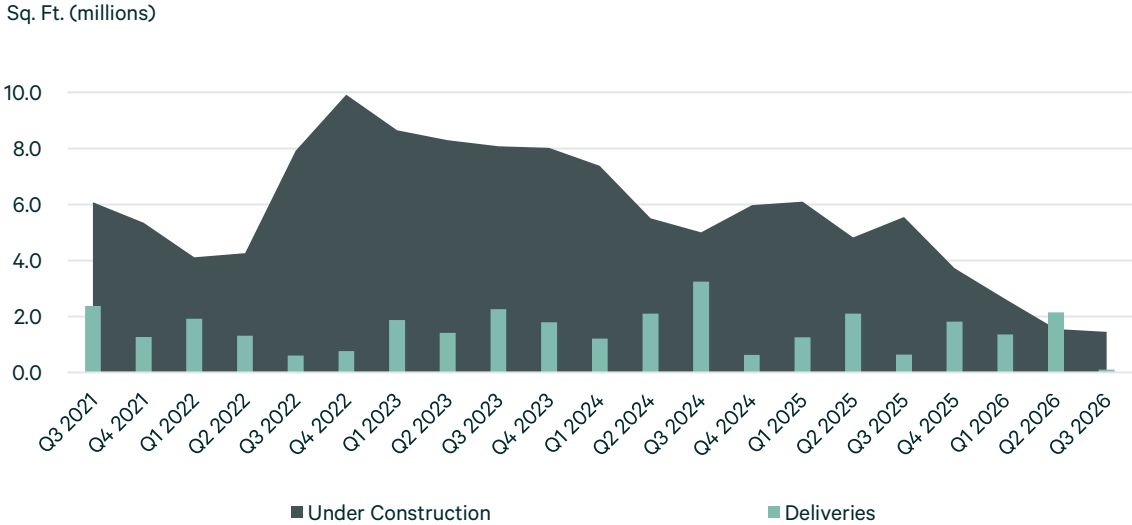
Canyon Road Business Park in Puyallup was the quarter's only completion, delivering 101,000 sq. ft. fully occupied. Roughly 534,000 sq. ft. is scheduled to deliver by year-end 2026, with the remaining 919,000 sq. ft. expected in the first half of 2027. Beyond that, approximately 17.8 million sq. ft. of planned development remains tracked across the region, concentrated in Kent Valley and the Northend, a sign of continued long-term confidence in the Puget Sound industrial market.

Net Absorption

Overall, net absorption totaled negative 665,000 sq. ft., compared with negative 431,000 sq. ft. in Q2 2026 and negative 248,000 sq. ft. in Q3 2025. Stryder Logistics vacated 361,000 sq. ft. at Prologis Park Kent 35, the quarter's largest move-out, contributing to Kent Valley's 307,000 sq. ft. of negative net absorption, the region's largest. Tacoma, Seattle Close-In and the Northend followed at negative 171,000 sq. ft., 140,000 sq. ft. and 60,000 sq. ft., respectively. Eastside net absorption was largely flat.

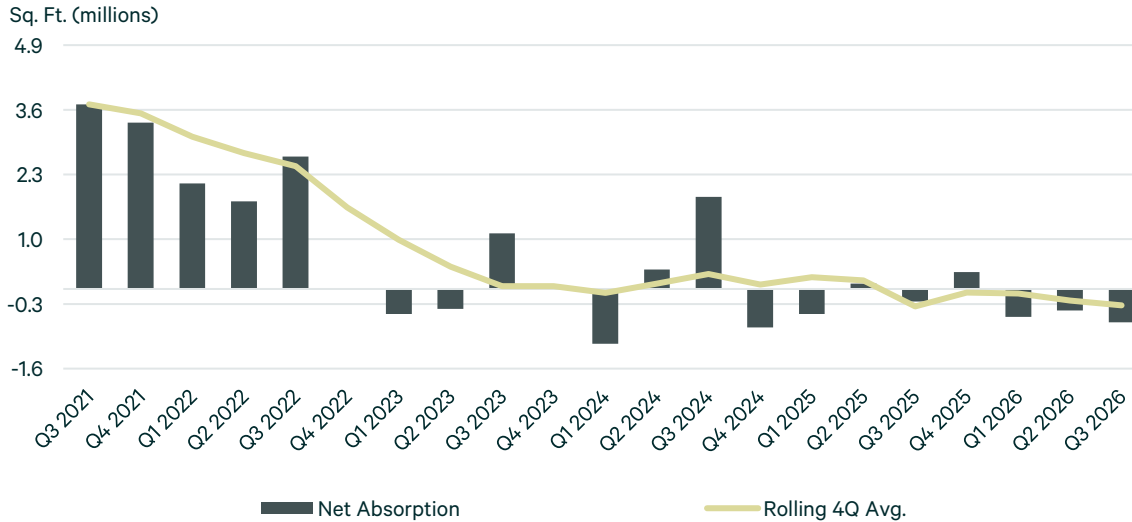
Fourteen of the region's 32 districts posted positive net absorption in Q3 2026, led by Sumner at 257,000 sq. ft., followed by Puyallup, Lakewood, Woodinville and Renton. Alternatively, Kent, Fife and Auburn each posted losses of more than 100,000 sq. ft. in Q3 2026. Looking ahead, the roughly 1.0 million sq. ft. of preleased space under construction is expected to contribute positive net absorption as those projects deliver over the next several quarters.

Figure 4: Construction Activity



Source: CBRE Research

Figure 5: Net Absorption Trend



Source: CBRE Research

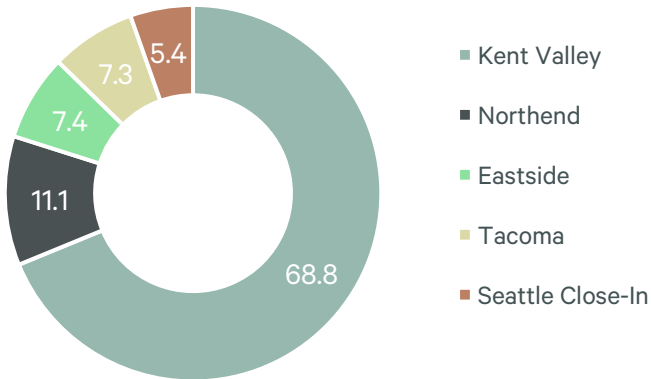
Leasing Activity

Leasing activity accelerated in Q3 2026, with Puget Sound leasing volume increasing 11.7% QoQ to 4.9 million sq. ft. Computing infrastructure, general warehousing/storage, and food and beverage occupiers led new leasing activity, collectively accounting for 2.9 million sq. ft. Kent Valley captured the largest share of new leasing with 1.9 million sq. ft., followed by the Northend with 478,000 sq. ft., underscoring continued demand for locations offering strategic access to transportation distribution networks, labor pools, and population centers.

Aerospace and defense occupiers landed several of the quarter's largest new leases. Shield AI preleased 406,000 sq. ft. at Panattoni's Des Moines Creek West, establishing their manufacturing and engineering operations in the region. Additionally, Cowboy Space leased 291,000 sq. ft. at the former Sears Warehouse in Kent Valley, which it plans to convert to manufacturing for space and rocket development. In the Northend, a confidential aerospace tenant signed a new 91,000sq. ft. lease. Together, these commitments underscore the region's growing appeal to aerospace, defense and advanced manufacturing users.

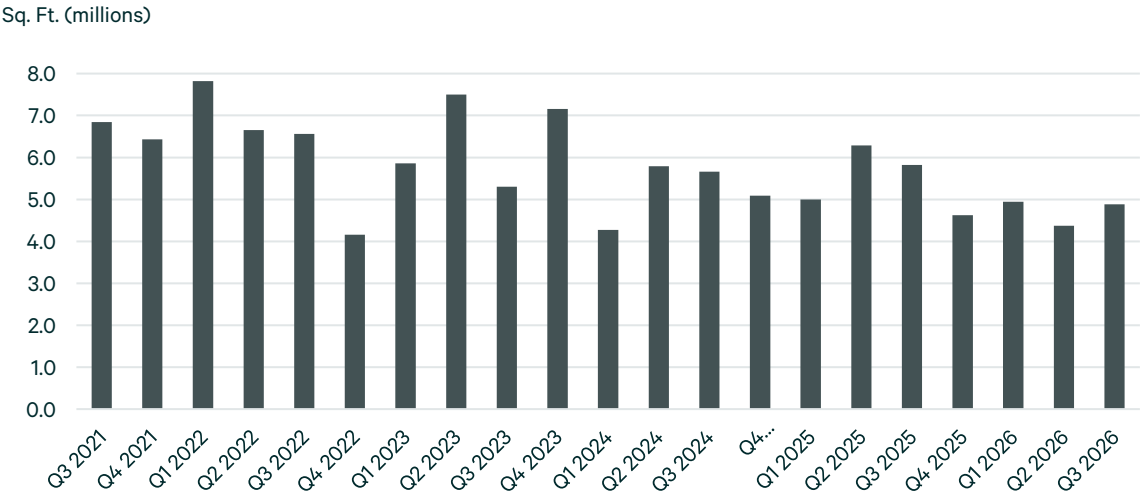
Established occupiers remained active in the market through a combination of expansions and renewals. Holman Distribution Center expanded into 245,000 sq. ft. and renewed an additional 183,000 sq. ft. in Sumner. Propet Footwear renewed 162,000 sq. ft. in Auburn, while Carroll Tire Company, Rainier Industries and Alliance Door Products each renewed more than 100,000 sq. ft. Even so, renewal volume totaled 1.6 million sq. ft., down from 2.2 million sq. ft. in Q2 2026, and total leasing volume remained 16.2% below Q3 2025 levels.

Figure 7: Q3 2026 Leasing Activity by Submarket (% of Total Activity)



Source: CBRE Research

Figure 6: Leasing Activity Trend



Source: CBRE Research

Figure 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	District
Shield AI	406,000	New Lease	1432 S 216th St	Seatac
Cowboy Space	291,000	New Lease	22530 76th Ave S	Kent
Holman Distribution Center	245,000	Expansion	2701 142nd Ave E	Sumner
Holman Distribution Center	183,000	Renewal	2701 142nd Ave E	Sumner
Propet Footwear	162,000	Renewal	2415 West Valley Hwy N	Auburn
Carroll Tire Company, a division of TBC	133,000	Renewal	1021-1039 S 146th St	Seatac
Rainier Industries	131,000	Renewal	18375 Olympic Ave S	Tukwila
Alliance Door Products	119,000	Renewal	4095 142nd Ave E	Sumner
Confidential Aerospace Tenant	91,000	New Lease	6611 Associated Blvd	Everett

Source: CBRE Research

Investment Sale Activity

Tacoma and Kent Valley continued to attract the bulk of investment activity, recording several of the quarter's largest transactions. FRED 310 in Tacoma, fully leased to Harbor Freight, was the quarter's largest sale at \$174.5 million. Tacoma Central Logistics, a 248,000 sq. ft. distribution facility occupied by Infinity Global Xpress LLC, sold for \$55.0 million to Ares Management. Ashley (Furniture) Real Estate's \$33.9 million acquisition of the vacant Bridge Point Tacoma 210 reflected continued private user demand, and Realty Income Corporation acquired the Tesla Collision Tacoma Center for \$18.4 million. Notable Kent Valley transactions included Sagard Real Estate's \$24.0 million acquisition of the 133,750 sq. ft. 1100 Andover Park West property and ABW Technologies' purchase of the vacant 70,032 sq. ft. BoxMaker facility for \$12.0 million.

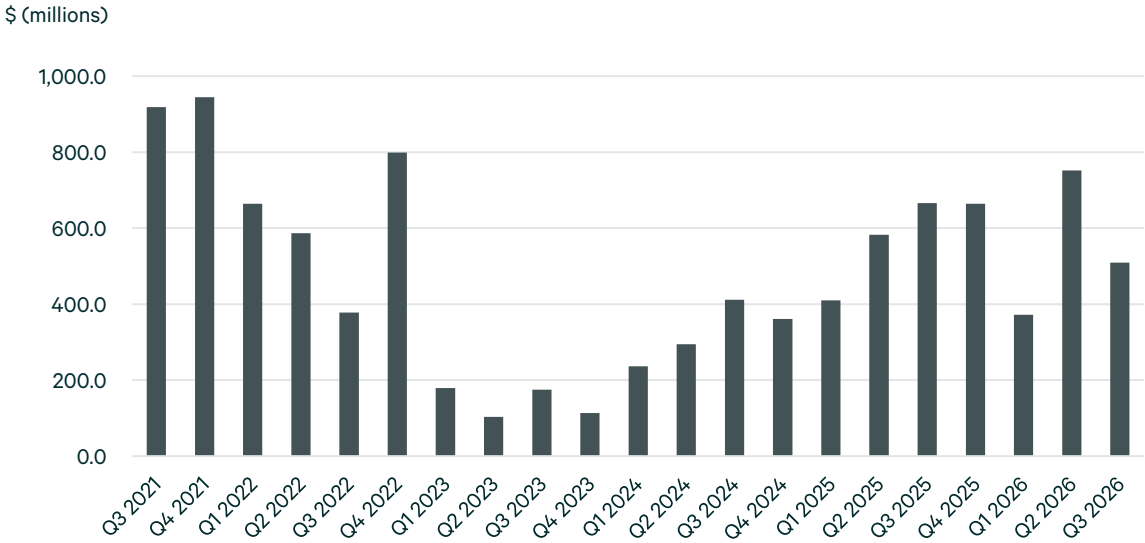
Across Puget Sound, capital remained focused on high-quality leased assets and strategic private acquisitions. Although sales volume moderated to \$509.0 million, down about 32% from Q2 2026 and 24% from Q3 2025, recent transactions demonstrate continued demand for well-located industrial properties in the region's core distribution markets. Investors must still contend with Treasury yields over 5%, and signals from the Federal Reserve, inflation data and global fixed-income markets suggest rates will stay elevated for the foreseeable future, likely keeping buyers selective through year-end.

Figure 10: Key Sales

Property	Submarket	Buyer	Sales Price	Size (SF)	Price Per SF
FRED 310 Industrial Building E - Harbor Freight	Tacoma	Bridge Logistics Properties	\$174.5M	782,875	\$222.90
Tacoma Central Logistics	Tacoma	Ares Management	\$55.0M	248,033	\$221.74
Bridge Point Tacoma 210	Tacoma	Ashley (Furniture) Real Estate	\$33.9M	205,413	\$165.00
1100 Andover Park West	Kent Valley	Sagard Real Estate	\$24.0M	133,750	\$179.44
Tesla Collision Tacoma Center	Tacoma	Realty Income Corp	\$18.4M	29,905	\$615.28
The BoxMaker	Kent Valley	ABW Technologies	\$12.0M	70,032	\$181.80

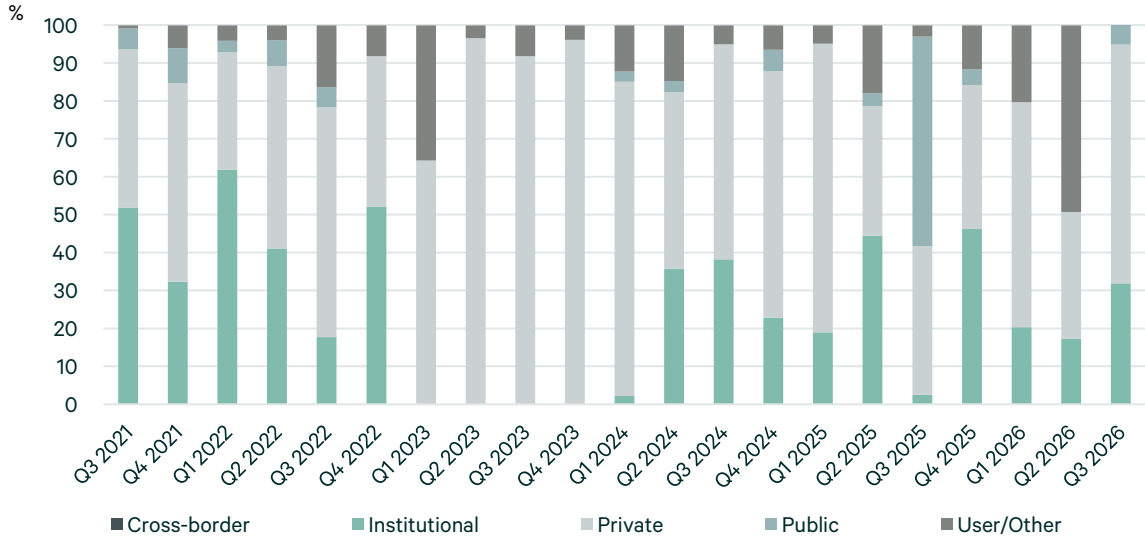
Source: MSCI Real Capital Analytics

Figure 9: Quarterly Sales Volume



Source: MSCI Real Capital Analytics

Figure 11: Buyer Composition



Source: MSCI Real Capital Analytics

Market Statistics by Product Type

Figure 12

Product Type	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/mth)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Distribution/Logistics	264.24M	13.2	14.6	13.1	1.6	1.12	(549,000)	(1.51M)	101,000	1.45M
Manufacturing - General	38.21M	2.6	3.5	2.8	0.7	1.41	(58,000)	(66,000)	-	-
R&D/Flex	8.11M	18.3	20.3	18.1	2.2	1.91	(23,000)	(49,000)	-	-
Other Industrial	853,000	6.4	6.4	2.3	4.1	-	(35,000)	(35,000)	-	-
Total	311.41M	12.0	13.4	11.9	1.5	1.15	(665,000)	(1.66M)	101,000	1.45M

Source: CBRE Research

Market Statistics by Size

Figure 13

Size Range	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/mth)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Below 50K SF	83.09M	6.2	7.5	6.4	1.1	1.49	(427,000)	(712,000)	-	-
50K-99,999 SF	49.89M	10.3	11.5	10.1	1.5	1.16	(79,000)	(327,000)	-	187,000
100K-249,999 SF	80.39M	16.4	17.9	16.8	1.1	1.15	160,000	(727,000)	101,000	248,000
250K-499,999 SF	51.37M	16.8	19.3	16.7	2.6	0.99	(319,000)	106,000	-	406,000
500K-749,999 SF	19.27M	20.2	21.3	17.2	4.0	1.30	-	-	-	612,000
750,000 SF +	27.40M	5.6	4.5	4.5	-	1.11	-	-	-	-
Total	311.41M	12.0	13.4	11.9	1.5	1.15	(665,000)	(1.66M)	101,000	1.45M

Source: CBRE Research

Market Statistics by Submarket and District

Figure 14

Submarket	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/mth)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Eastside Total	24.53M	8.7	11.6	10.1	1.5	2.05	13,000	(6,000)	-	248,000
Bellevue	2.02M	3.6	3.0	2.2	0.8	2.24	12,000	(6,000)	-	-
Bothell	2.64M	12.8	14.8	14.0	0.8	1.99	7,000	109,000	-	-
I-90/Issaquah	2.69M	16.9	30.0	28.4	1.5	2.42	(17,000)	(78,000)	-	248,000
Kirkland	2.32M	4.3	8.5	6.3	2.3	2.00	(9,000)	8,000	-	-
Marymoor	3.39M	3.2	4.6	2.7	1.9	1.99	(27,000)	32,000	-	-
Overlake	600,000	14.5	17.5	13.3	4.2	2.48	11,000	27,000	-	-
Willows	3.91M	11.8	13.3	10.6	2.7	1.91	(28,000)	(140,000)	-	-
Woodinville	6.95M	7.3	8.7	8.1	0.6	1.60	63,000	43,000	-	-
Kent Valley Total	138.42M	10.7	12.6	11.1	1.5	1.06	(307,000)	(946,000)	-	1.09M
Auburn	28.50M	6.7	8.8	8.4	0.4	1.04	(110,000)	(274,000)	-	612,000
Federal Way	4.10M	32.3	31.3	31.3	-	1.22	(5,000)	(13,000)	-	-
Kent	49.05M	12.3	12.3	11.3	1.0	1.00	(539,000)	(1.28M)	-	72,000
Renton	17.06M	3.8	5.0	3.9	1.1	1.22	53,000	130,000	-	-
Seatac	6.15M	6.3	13.4	12.0	1.4	1.18	39,000	26,000	-	406,000
Sumner	21.28M	14.6	20.8	16.2	4.6	1.03	257,000	435,000	-	-
Tukwila	12.28M	10.9	12.2	10.1	2.1	1.20	(1,000)	34,000	-	-
Northend Total	25.72M	13.7	13.8	12.6	1.2	1.24	(60,000)	27,000	-	59,000
Everett	11.37M	10.6	10.6	8.7	1.9	1.27	(20,000)	132,000	-	-

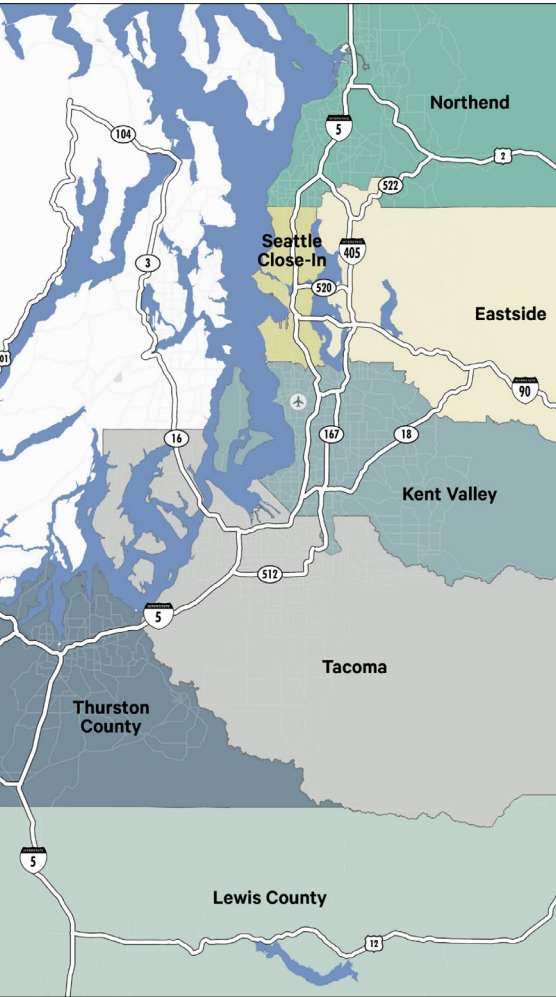
Market Statistics by Submarket and District - Continued

Figure 14 - Continued

Submarket	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/mth)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Lynn/Ed/Mtlkterr	2.82M	9.7	12.6	12.6	-	1.56	5,000	(31,000)	-	-
Monroe	2.04M	5.9	5.9	5.2	0.7	1.10	8,000	(49,000)	-	-
Mukilteo	2.98M	9.2	9.0	8.6	0.4	1.18	33,000	44,000	-	-
NO Snohomish CO	6.51M	25.4	24.5	23.4	1.1	1.09	(87,000)	(69,000)	-	59,000
Seattle Close-In Total	49.48M	9.7	11.3	10.1	1.1	1.60	(140,000)	(86,000)	-	-
Capitol Hill/E Seattle/Rainier	1.68M	6.7	1.8	1.8	-	2.36	7,000	(7,000)	-	-
Downtown/Lake Union	2.31M	14.0	10.1	10.1	0.1	1.70	(18,000)	(6,000)	-	-
North Seattle/Interbay	7.06M	11.5	12.5	11.5	1.0	1.66	(41,000)	(117,000)	-	-
South/West Seattle	38.43M	9.3	11.5	10.2	1.3	1.59	(88,000)	45,000	-	-
Tacoma Total	73.26M	16.8	16.8	15.0	1.8	1.00	(171,000)	(649,000)	101,000	57,000
DuPont	4.64M	14.8	14.9	14.9	-	0.74	-	(212,000)	-	-
Fife	13.46M	14.5	16.8	11.4	5.4	0.95	(259,000)	(356,000)	-	-
Frederickson	16.94M	19.5	11.2	11.2	0.0	0.97	-	-	-	-
Gig Harbor	758,000	8.8	8.8	8.8	-	1.10	-	-	-	-
Lakewood	7.39M	11.6	14.4	12.6	1.8	0.89	63,000	(14,000)	-	-
Port of Tacoma	12.39M	10.3	14.0	11.4	2.6	0.85	(79,000)	(306,000)	-	-
Puyallup	9.35M	14.7	18.4	17.4	1.0	0.99	65,000	202,000	101,000	57,000
Tacoma West	8.34M	33.1	34.4	34.3	0.2	1.19	39,000	37,000	-	-
Total	311.41M	12.0	13.4	11.9	1.5	1.15	(665,000)	(1.66M)	101,000	1.45M

Source: CBRE Research

Market Area Overview



Definitions

Net Absorption: The change in occupied square footage from one period to the next, recognized at the move-in date or delivery of new construction for built-to-suit buildings, not lease signing date.

Vacancy: Space that is physically vacant but may be available or newly leased.

Available: Space that is marketed but may or may not be vacant.

Average Asking Triple Net Lease Rate: A calculated average weighted by their corresponding available square footage.

Survey Criteria

Seattle Close-In, Kent Valley, Tacoma/Fife, Thurston County and Lewis County markets include owner occupied and investor-owned industrial buildings over 10,000 sq. ft. The Eastside and Northend markets include investor-owned industrial buildings over 10,000 sq. ft.

SEATTLE OFFICE

1420 5th Ave, Suite 3800
Seattle, WA 98101
+1 206 292 1600

Bree Nichols

Research Analyst
+1 206 292 6151
Bree.Nichols@cbre.com

BELLEVUE OFFICE

929 108th Ave NE, Suite 700
Bellevue, WA 98004
+1 425 455 8500

Jacqueline Shaver

Research Analyst
+1 206 292 6197
Jacqueline.Shaver@cbre.com

TACOMA OFFICE

710 Market St, Suite 100
Tacoma, WA 98402
+1 253 572 6355

Annie Han

Research Manager
+1 206 954 3989
Annie.Han@cbre.com

John R. Miller

Executive Managing Director
+1 206 292 6102
John.Miller@cbre.com