

# Puget Sound industrial market shows stability with positive absorption and record-low construction

▲ 10.4%  
Vacancy Rate

▲ 387.0K  
SF Net Absorption

▲ 1.8M  
SF Construction Completed

▼ 3.3M  
SF Under Construction

▼ \$1.15  
Sq. Ft./Month, NNN

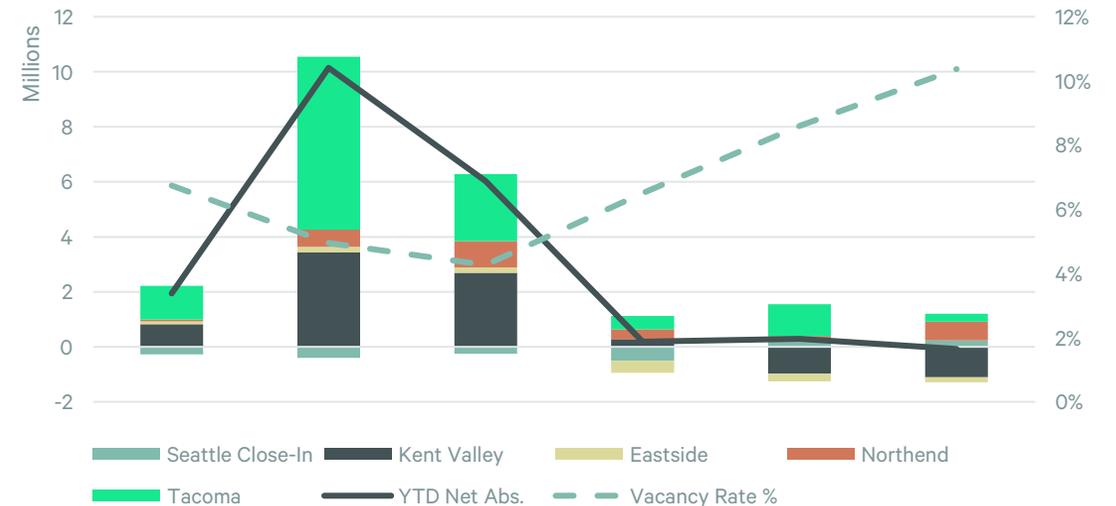
Note: Arrows indicate change from previous quarter.

## Market Overview

The Puget Sound industrial market showed signs of improvement, as net absorption turned positive quarter-over-quarter (QoQ), totaling 386,969 sq. ft. However, vacancy rose slightly to 10.4%, a 40 basis point (bps) increase for the quarter and a 1.8% increase year-over-year (YoY). The rise in vacancy was driven by four significant deliveries—Bridge Point Tacoma 2MM-Buildings A and B, Bridge Point Seattle I-5, and 14021 Pioneer Way, which collectively added 1,811,570 sq. ft. of new inventory to the market. Persistent supply and demand disparities continued the trend of new supply outpacing net absorption for each consecutive quarter since Q4 2022. The average direct asking rate decreased slightly, ending the quarter at \$1.15 per sq. ft. per month, blended NNN.

Leasing activity reflected an ongoing flight to quality, as tenants continue to favor Class A facilities for operational efficiency and modern upgrades. In contrast, Class B and C assets continued to face slower leasing velocity, with tenants consolidating or delaying commitments amid broader economic uncertainty. The divide increased pressure on older inventory, while port performance showed similar caution. Container volumes fell 14.4% YoY to 233,927 TEUs in October 2025, underscoring ongoing challenges for import and export driven users.

FIGURE 1: Vacancy vs. Net Absorption (3-County Region)



Source: CBRE Research, Q4 2025

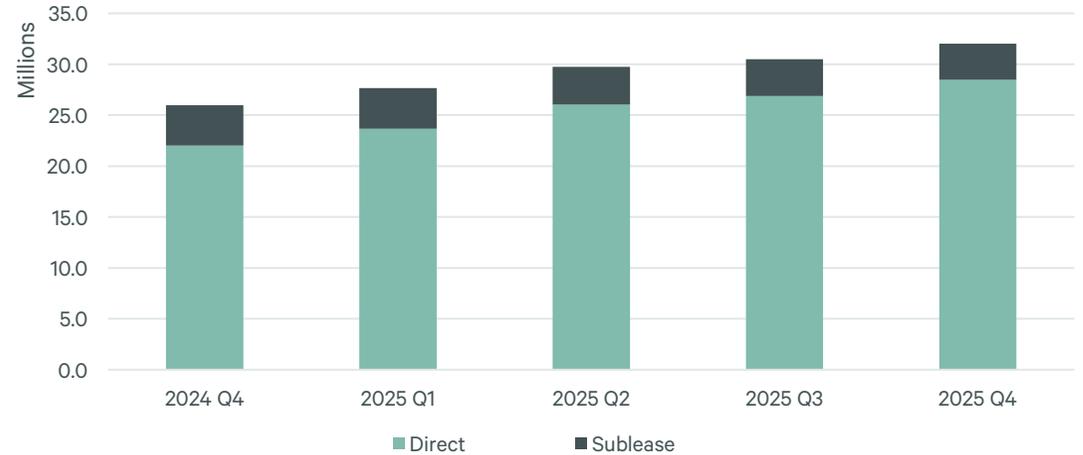
### Kent Valley

Vacancy in the submarket declined to 8.8% in Q4 2025, a modest 10 bps improvement QoQ. The submarket recorded 204,229 sq. ft. of positive net absorption, a sharp rebound from the 86,079 sq. ft. of negative net absorption in Q3 2025. Key transactions included TMX Aerospace’s renewal of 129,880 sq. ft. at Sumner Corporate Park Baker, and STG Logistics’ new lease for 131,483 sq. ft. at Prologis Sumner 1. Kent Valley continued to trend toward a more balanced market in Q4 2025. While various tenants secured discounted long-term rates, stable occupancy and steady leasing signaled improving demand and renewed confidence. The Q4 2025 average asking rate blended NNN, decreased to \$1.07 per sq. ft. per month.

### Tacoma/Fife

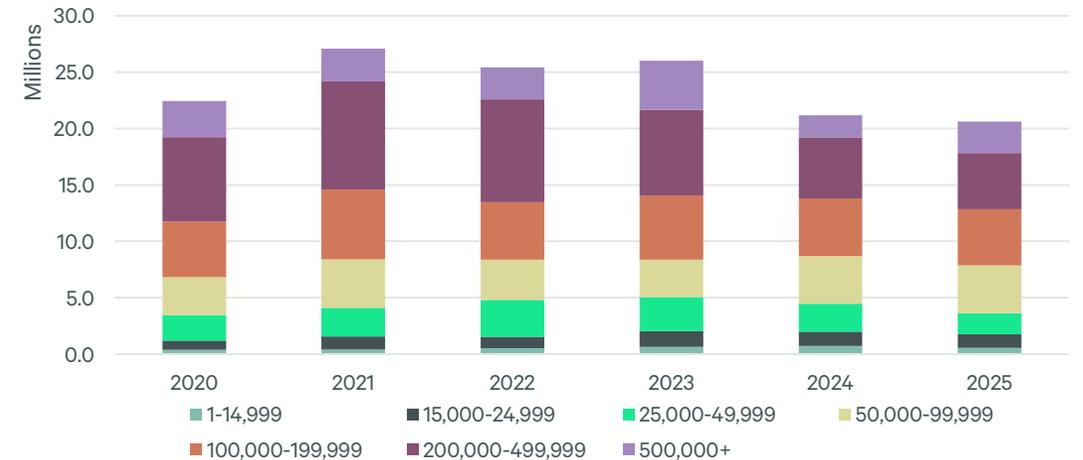
The Tacoma submarket recorded 91,762 sq. ft. of negative net absorption in Q4 2025, while vacancy climbed from 11.8% to 14.1% QoQ. Key transactions included Volvo Group North America signing a new lease for 114,988 sq. ft. at Valley Avenue Industrial Center, and an undisclosed cannabis company, signing a new lease for 98,300 sq. ft., at the Tacoma Fixture Building. Negative absorption was primarily driven by Animal Supply Company vacating 156,473 sq. ft. at Rainier Corporate Park and Heritage Distilling vacating 41,000 sq. ft. at Latitude 47 Commerce Center. The average direct asking rate declined 2.17% to \$0.92 per sq. ft. per month, blended NNN.

FIGURE 2: Vacancy (3-County Region)



Source: CBRE Research, Q4 2025

FIGURE 3: Leasing Activity by Size Range (5-County Region)

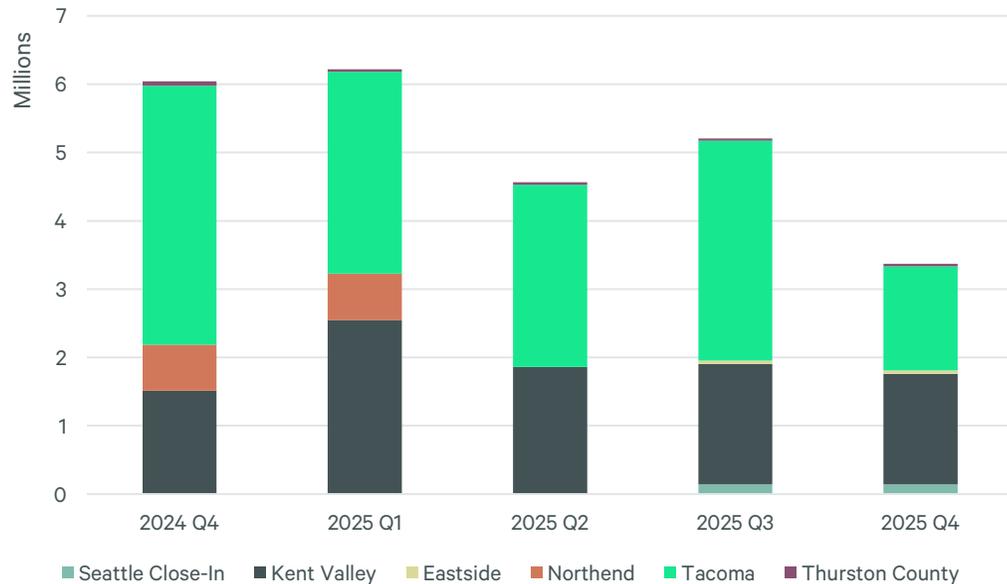


Source: CBRE Research, Q4 2025

### Thurston County

The Thurston County industrial market reported negative net absorption of 99,396 sq. ft in Q4 2025, while the vacancy rate increased 60 bps to 6.6%, QoQ. Negative net absorption was driven by Pregis Innovative Packaging vacating 74,642 sq. ft. at Hogum Bay Logistics Center and RT London vacating 72,540 sq. ft. at Meridian Campus. The Q4 2025 average direct asking rate in Thurston County remained stable, slight increase to \$0.84 per sq. ft. per month, blended NNN, from \$0.81 per sq. ft., per month, in Q3 2025.

FIGURE 4: Square Feet Under Construction (5-County Region)



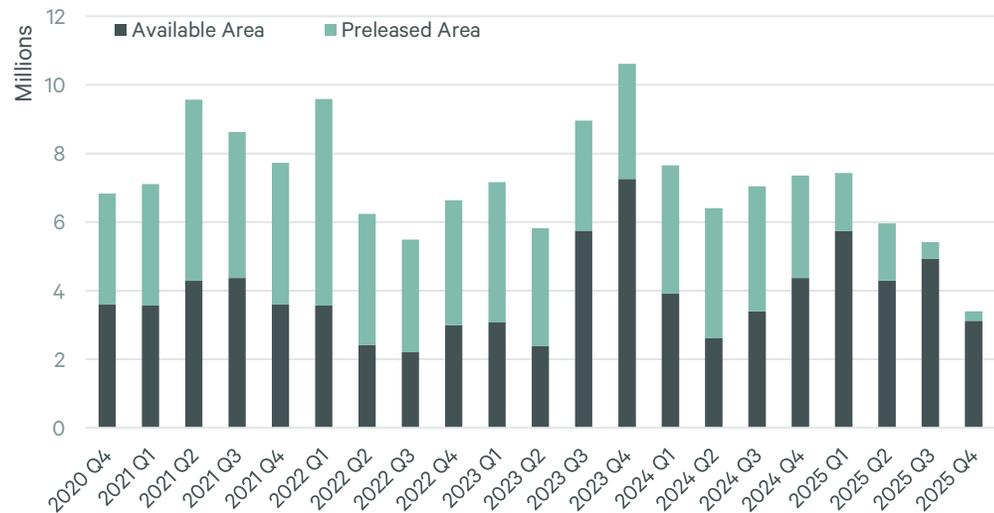
Source: CBRE Research, Q4 2025

FIGURE 5: Key Transactions (5-County Region)

Tenant	Transaction Type	Sq. Ft.	Building	Submarket	Business Sector
STG Logistics	New Lease	131,483	Prologis Park Sumner 1	Sumner	Logistics-3PL
TMX Aerospace	Renewal	129,880	Sumner Corporate Park Baker	Sumner	Aerospace
Volvo	New Lease	114,988	Valley Avenue Industrial Center	Fife	Automotive
Undisclosed Cannabis Company	New lease	98,300	Tacoma Fixture	Port of Tacoma	Other
Keen Transport	New Lease	89,700	Buffelen Woodworking	Port of Tacoma	Logistics
Undisclosed Tenant	New Lease (Sublease)	86,356	Westview 522- Building B	Woodinville	Aerospace
SaltWorks	Renewal	84,000	Mackie Designs II	Woodinville	Wholesaler
Forward Air	New Lease	80,082	Mill Creek Distribution Center- Building 1	Kent	Logistics- 3PL
Mohawk Carpet Distribution	Expansion	72,603	Jacob's Park, SeaTac Box Building	Kent	Manufacturing
Groundworks Operations	New Lease	58,056	1402 Puyallup St	Sumner	Construction

Source: CBRE Research, Q4 2025

FIGURE 6: Available or BTS - Preleased in Properties Under Construction (5-County Region)



Source: CBRE Research, Q4 2025

### Eastside

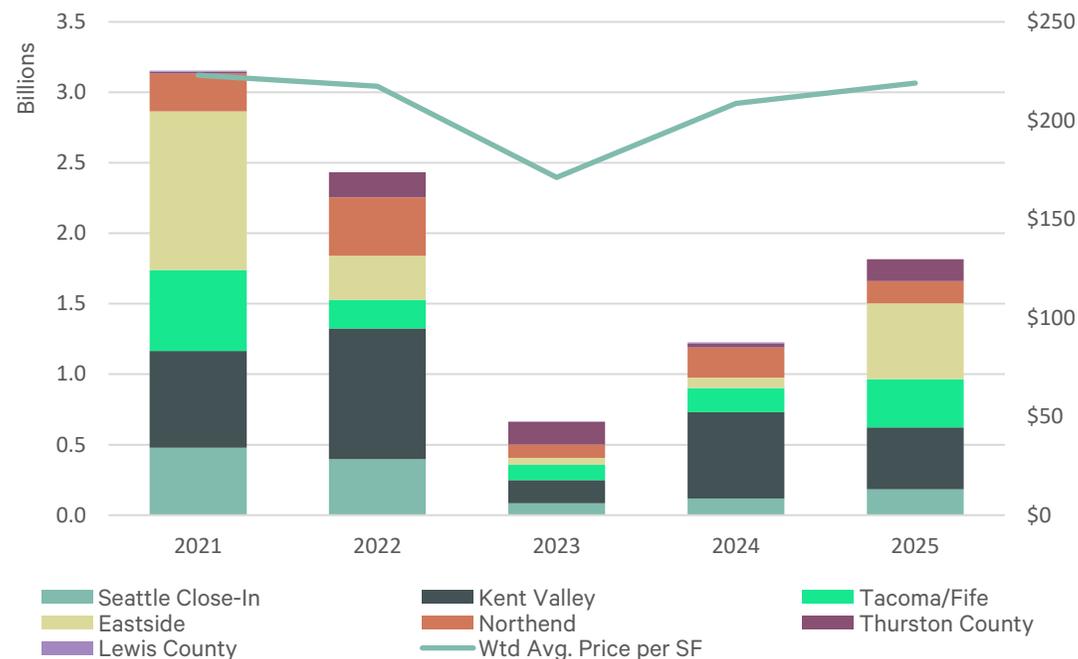
The Eastside submarket recorded 85,939 sq. ft. of negative net absorption, driven primarily by significant move-outs and cautious leasing activity. Notable transactions included Aboda vacating 85,086 sq. ft. in Building B at Westview 522 and an undisclosed tenant leasing 86,356 sq. ft. in the same building. Additionally, SaltWorks renewed 84,000 sq. ft. at Mackie Designs II Building, while Performance Contracting renewed 61,002 sq. ft. lease at the Mackie Designs Building I.

Despite the negative absorption this quarter, leasing analysis shows that Eastside’s activity has climbed steadily post-COVID, supported by tech innovators and advanced manufacturing users’ demand for flexible, high-power capacity and innovation-oriented facilities. Key leasing activity included an undisclosed tech company signing three new leases total, while moving into one of the leased spaces for 54,896 sq. ft. in Q4, 2025. The average direct asking rate in the Eastside submarket dropped 2.11% QoQ to \$1.86 per sq. ft. per month, blended NNN. Vacancy in the submarket rose 40 bps to 8.3%.

### Seattle Close-In

The Seattle Close-In industrial submarket experienced negative net absorption of 23,442 sq. ft. in Q4 2025. Despite this, vacancy remained steady at 9.2%. Key leasing activity included R90 Lighting signing a new lease for 37,720 sq. ft. at Northwest Corporate Park Seattle – Building G, and American Northwest Distributors renewing 32,716 sq. ft. at Seattle Distribution Center – Building B. Additional movement included South West Plumbing occupying 34,659 sq. ft. at the MacDonald-Miller Facility, while Iron Mountain vacated 32,437 sq. ft. from Wright Outboard Marine Co. The average asking rental rate decreased to \$1.68 per sq. ft. per month, blended NNN.

FIGURE 7: Sales Volume and Weighted Average Price per Sq. Ft. (5-County Region)



Source: CBRE Research, Q4 2025

## Northend

The Northend submarket had positive net absorption of 383,883 sq. ft. in Q4 2025, while vacancy declined 150 bps QoQ, from 14.3% to 12.8% in Q4 2025. Key transactions included Groundworks FRS, LLC signing a 47,826 sq. ft. sublease at AVR Business Park – Lot A, and Carbon Robotics leasing 30,813 sq. ft. at the Ryco Building. Positive absorption was driven by Pepsi Frito Lay occupying 307,860 sq. ft. at Cascade Business Park – Building B in Marysville. These gains were partially offset by two move-outs at Gateway Business Park- Thermal Hydra Plastics, LLC vacated 63,690 sq. ft., and C&C Packing Services Inc. vacated 31,621 sq. ft. The average asking rate remained stable, decreasing by just one cent to \$1.17 per sq. ft. per month, blended NNN.

FIGURE 8A: Statistics by Submarket

SUBMARKET	Inventory	Total Vacant (SF)	Total Vacancy Rate (%)	Total Availability Rate (%)	Q4 2025 Net Absorption (SF)	Last Four Qtrs Net Absorption (SF)	Under Construction (SF)	Direct Asking Rent (NNN/SF/Mo)
Capitol Hill/E Seattle/Rainier	1,715,883	128,134	7.5%	7.0%	(1,280)	112,420	0	
Downtown/Lake Union	2,302,673	292,304	12.7%	7.8%	(300)	(13,592)	0	
North Seattle/Interbay	7,039,520	684,028	9.7%	12.6%	(23,992)	(11,287)	0	
South/West Seattle	38,478,543	3,470,337	9.0%	9.4%	2,130	151,670	144,352	
<b>Seattle Close-In</b>	<b>49,536,619</b>	<b>4,574,803</b>	<b>9.2%</b>	<b>9.7%</b>	<b>(23,442)</b>	<b>239,211</b>	<b>144,352</b>	<b>1.68</b>
Auburn	28,486,593	1,570,599	5.5%	6.9%	(92,464)	(429,361)	0	
Federal Way	4,103,512	1,312,615	32.0%	32.0%	223,289	187,623	0	
Kent	48,906,483	4,442,356	9.1%	12.1%	27,740	(243,686)	181,702	
Renton	17,051,551	775,003	4.5%	5.7%	(82,881)	(470,241)	0	
SeaTac	6,173,821	413,841	6.7%	9.9%	9,206	206,000	402,380	
Sumner	19,888,877	2,145,203	10.8%	17.4%	(4,684)	(209,042)	1,030,680	
Tukwila	12,245,275	1,371,704	11.2%	11.9%	124,023	(145,165)	0	
<b>Kent Valley</b>	<b>136,856,112</b>	<b>12,031,321</b>	<b>8.8%</b>	<b>11.5%</b>	<b>204,229</b>	<b>(1,103,872)</b>	<b>1,614,762</b>	<b>1.07</b>
DuPont	4,635,287	473,341	10.2%	15.1%	0	23,466	0	
Fife	13,462,611	1,591,392	11.8%	13.1%	(220,923)	(490,929)	0	
Frederickson	16,409,095	2,771,804	16.9%	17.1%	0	578,872	535,086	
Gig Harbor	757,586	66,762	8.8%	8.8%	(23,000)	32,750	0	
Lakewood	7,386,464	842,661	11.4%	13.7%	11,990	319,536	0	
Port of Tacoma	12,093,183	1,005,637	8.3%	13.1%	123,087	(228,698)	0	
Puyallup	9,262,585	1,474,432	15.9%	15.4%	30,884	56,208	0	
Tacoma West	7,369,243	1,811,325	24.6%	24.6%	(13,800)	(3,032)	988,183	
<b>Tacoma</b>	<b>71,376,054</b>	<b>10,037,354</b>	<b>14.1%</b>	<b>15.7%</b>	<b>(91,762)</b>	<b>288,173</b>	<b>1,523,269</b>	<b>0.92</b>

CBRE made a methodology change in Q3 2024 to report blended industrial rents instead of shell rents as previous  
 Source: CBRE Research, Q4 2025

## Investment Sales

The Puget Sound area continued to experience strong sales activity this quarter, reaching \$518 million in total transaction volume representing nearly 2.4 million sq. ft.

Notable transaction include Ares Real Estate Income Trust acquiring the Woodinville Distribution Center, a two property, 412,444 sq. ft. complex, for \$115.25 million, or \$279 per sq. ft. The property was sold by Link Logistics, a Blackstone portfolio company, marking another significant transaction for the firm, following its \$232.6 million sale in Woodinville at \$323 per sq. ft. last quarter. Additionally, LaSalle Investment Management acquired Seattle Gateway Center, a two property, fully-leased, 458,911 sq. ft. complex, for \$88.1 million, or \$191 per sq. ft. This range of transactions reflects strong investor interest in the industrial sector, showcasing the Puget Sound region’s ongoing appeal.

The Federal Reserve lowered its benchmark interest rate to a target range of 3.50% to 3.75% in December 2025, as it awaits clarity on the direction of the job market with a goal of dropping rates in the near term. Borrowing costs are at their lowest level since 2022, tentatively fueling expectations for investment activity in future quarters.

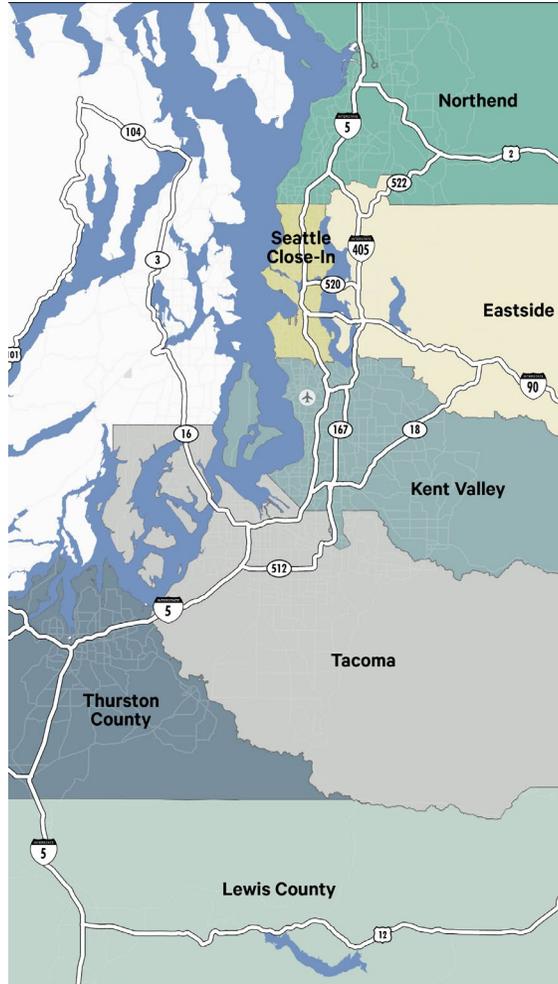
FIGURE 8B: Statistics by Submarket

SUBMARKET	Inventory	Total Vacant (SF)	Total Vacancy Rate (%)	Total Availability Rate (%)	Q4 2025 Net Absorption (SF)	Last Four Qtrs Net Absorption (SF)	Under Construction (SF)	Direct Asking Rent (NNN/SF/Mo)
Bellevue	2,030,837	67,159	3.3%	3.1%	(4,350)	8,814	0	
Bothell	2,985,818	446,295	14.9%	13.9%	(5,373)	(207,349)	0	
I-90/Issaquah	2,652,400	377,173	14.2%	17.2%	(2,186)	13,615	0	
Kirkland	2,318,166	107,363	4.6%	5.7%	(7,471)	(64,592)	0	
Marymoor	3,484,130	141,436	4.1%	5.0%	51,442	61,139	0	
Overlake	599,891	114,041	19.0%	18.8%	(16,119)	44,799	0	
Willows	3,893,000	301,250	7.7%	11.3%	34,049	(48,267)	0	
Woodinville	6,932,241	499,832	7.2%	6.5%	(135,931)	11,521	52,873	
<b>Eastside</b>	<b>24,896,483</b>	<b>2,054,549</b>	<b>8.3%</b>	<b>9.0%</b>	<b>(85,939)</b>	<b>(180,320)</b>	<b>52,873</b>	<b>1.86</b>
Everett	11,290,881	1,269,667	11.2%	9.8%	45,084	312,863	0	
Lynn/Ed/Mtlkterr	2,822,803	240,902	8.5%	10.4%	9,488	32,588	0	
Monroe	2,041,027	70,581	3.5%	3.9%	65,589	121,275	0	
Mukilteo	2,980,121	317,281	10.6%	9.7%	6,127	(24,374)	0	
NO Snohomish CO	6,251,126	1,347,879	21.6%	22.4%	257,595	237,760	0	
<b>Northend</b>	<b>25,385,958</b>	<b>3,246,310</b>	<b>12.8%</b>	<b>12.5%</b>	<b>383,883</b>	<b>680,112</b>	<b>0</b>	<b>1.17</b>
<b>Puget Sound (3-county)</b>	<b>308,051,226</b>	<b>31,944,337</b>	<b>10.4%</b>	<b>12.0%</b>	<b>386,969</b>	<b>(76,696)</b>	<b>3,335,256</b>	<b>1.15</b>
<b>Whse/Bus Pk/Manuf</b>	<b>317,433,985</b>	<b>31,744,796</b>	<b>10.0%</b>	<b>11.6%</b>	<b>228,154</b>	<b>14,544</b>	<b>3,371,256</b>	<b>1.12</b>
<b>Flex</b>	<b>9,064,270</b>	<b>1,411,745</b>	<b>15.6%</b>	<b>16.9%</b>	<b>59,419</b>	<b>(105,107)</b>	<b>0</b>	<b>1.72</b>
Lacey	12,476,673	941,254	7.5%	7.6%	(113,526)	(263,658)	0	
Olympia Core	822,123	0	0.0%	0.0%	0	0	0	
Tumwater	4,753,013	270,950	5.7%	5.7%	14,130	249,791	36,000	
Outlying Thurston	395,220	0	0.0%	0.0%	0	0	0	
<b>Thurston County</b>	<b>18,447,029</b>	<b>1,212,204</b>	<b>6.6%</b>	<b>6.6%</b>	<b>(99,396)</b>	<b>(13,867)</b>	<b>36,000</b>	<b>0.84</b>
<b>Lewis County</b>	<b>5,745,292</b>	<b>162,325</b>	<b>2.8%</b>	<b>2.8%</b>	<b>(55,200)</b>	<b>(55,200)</b>	<b>604,854</b>	<b>N/A</b>
<b>Five-County Total</b>	<b>332,243,547</b>	<b>33,318,866</b>	<b>10.0%</b>	<b>11.6%</b>	<b>232,373</b>	<b>(145,763)</b>	<b>3,976,110</b>	<b>1.13</b>

CBRE made a methodology change in Q4 2025 to report blended industrial rents instead of shell rents as previous

Source: CBRE Research, Q4 2025

## 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, 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 Lease Rate:** A calculated average that includes full service and triple net + operating expense lease rates, weighted by their corresponding available square footage. **Full-Service Lease Rate:** Rent typically includes real property taxes, building insurance, common area and major maintenance. **Net Lease Rate:** Rent excludes one or more of the "net" costs (real property taxes, building insurance, and maintenance) typically included in a full-service lease rate.

### 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.

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