

FIGURES | SEATTLE INDUSTRIAL | Q1 2026

Industrial Fundamentals Soften Amid Rising Vacancies, Lower Rents

▲ 11.0%

Vacancy Rate

▼ (411,708)

SF Net Absorption

▼ 1.4M

SF Construction Delivered

▼ 2.2M

SF Under Construction

▼ \$1.13

NNN/MTH Direct Lease Rate, Blended

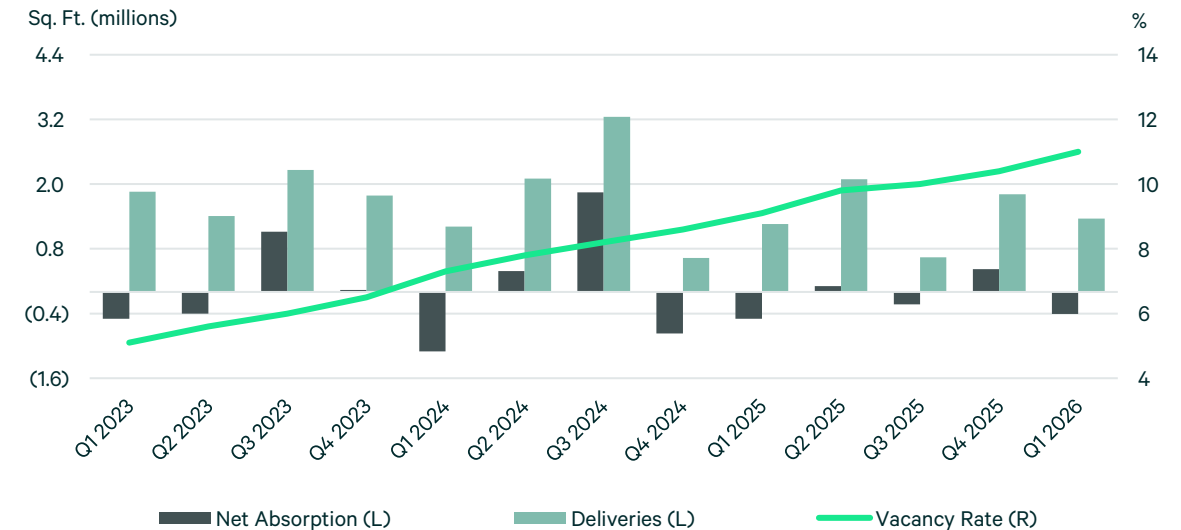
Note: Arrows indicate change from previous quarter.

Market Overview

The Q1 2026 Puget Sound industrial market recorded steady demand but rising vacancy amid continued supply-demand imbalance. New deliveries outpaced absorption, while slower lease-up and increased direct availability pushed vacancy to 11%. Five projects totaling 1.4 million sq. ft. delivered during the quarter, with only 325,000 sq. ft. pre-leased. Net absorption totaled negative 411,708 sq. ft. Despite softer fundamentals, tenant demand remained concentrated in Class A product, highlighting an ongoing flight to quality. Average direct asking rents softened modestly to \$1.13 per sq. ft. per month, blended NNN, from \$1.15 in the prior quarter.

Performance varied across submarkets based on distinct user dynamics. In South Sound, bulk distribution users extended decision timelines, prioritizing operational efficiency over near-term expansion. Conversely, Eastside R&D and Flex outperformed, supported by advanced manufacturing and technology-oriented users favoring power-capable, infrastructure-rich facilities. As construction activity slowed and specialized demand strengthened, the region continued transitioning toward a more diversified industrial base spanning logistics, manufacturing, and innovation-driven uses.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q1 2026

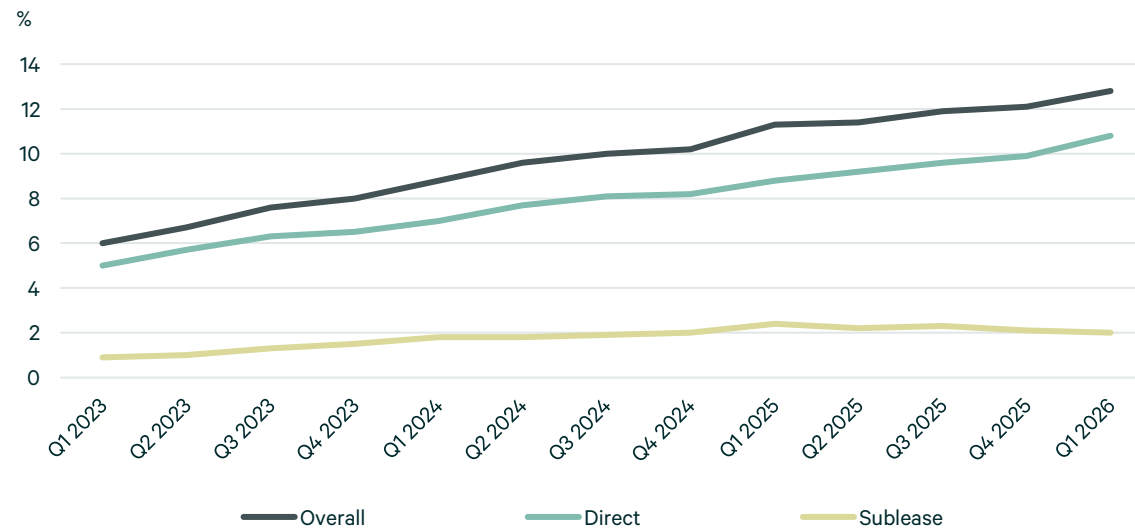
Availability Rate

The Puget Sound Q1 2026 market availability rate ended the quarter at 12.8%, up 70 bps from Q4 2025. The Seattle Close-In submarket recorded the lowest overall availability rate in Q1 2026 at 10.0%, followed closely by Eastside at 10.3%. Tacoma posted the highest availability in the region at 16.4%, with Northend and Kent Valley also elevated at 14.1% and 12.1%, respectively. Sublease availability edged down, with the sublease rate slipping from 2.1% in Q4 2025 to 2.0%. In Q1 2026 total, 6.1 million sq. ft. of sublease space was on the market in Q1 2026. Overall availability in the Puget Sound industrial market remained heavily concentrated in Class A properties, totaling 20.6 million sq.ft., as recent speculative deliveries continued to come online. Vacancy rose to 11%, as an influx of new supply outpaced stabilizing tenant demand.

Asking Rent

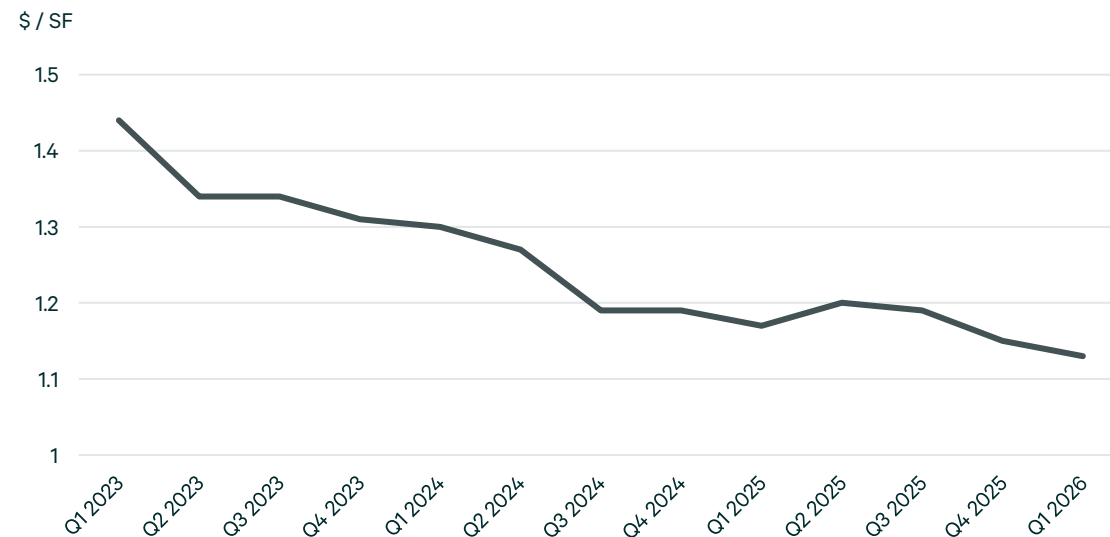
In Q1 2026, the overall market average asking rent was \$1.13 per sq. ft. per month down 1.7% quarter-over-quarter and 3.4% year-over-year. Asking rents varied by submarket, with Eastside posting the highest average at \$1.84 per sq. ft., followed by Seattle Close-In at \$1.66, Northend at \$1.22, Kent Valley at \$1.07, and Tacoma at \$0.91 per sq. ft. These rates brought the five-submarket average to \$1.13 per sq. ft. for the quarter. All rates are tracked as blended, NNN.

Figure 2: Availability Rates



Source: CBRE Research, Q1 2026

Figure 3: Average Direct Asking Rate



Source: CBRE Research, Q1 2026

Net Absorption

Net absorption totaled negative 411,708 sq. ft. in Q1 2026, compared to positive 416,000 sq. ft. in Q4 2025. Positive net absorption for Q1 2026 was concentrated primarily in the Northend submarket, with 140,000 sq. ft. for the quarter, and the Seattle Close-In submarket with 121,000 sq. ft. Three submarkets recorded negative net absorption; Kent Valley with negative 358,000 sq. ft., Tacoma with negative 271,000 sq. ft., and Eastside with negative 44,000 sq. ft.

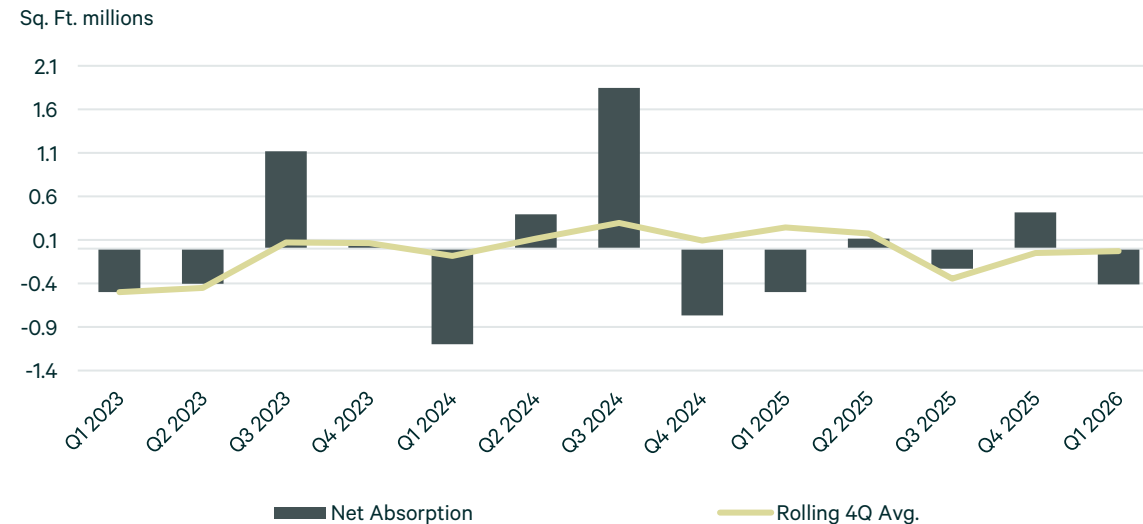
Odom’s relocation to Kent Valley contributed positively to market absorption, with 325,000 sq. ft. of move-in activity partially offset by 228,044 sq. ft. of vacated space. In contrast, SANY America’s 225,000 sq.ft. vacancy in Tacoma weighed on market fundamentals following its exit from the Puget Sound region.

Construction Activity

In Q1 2026, the market recorded 2.2 million sq. ft. under construction and 1.4 million sq. ft. of construction deliveries. Quarter-over-quarter, space under construction declined 35.1% and deliveries fell 25.1%, while year-over-year the under-construction pipeline is down 64.5% while, conversely, deliveries are up 7.9%. Q1 2026 deliveries were concentrated in the South End, led by two major completions in Sumner: Pacific NW Logistics Center – Building B (705,680 sq. ft.) and SeaPort Logistics Center – Building 6 (325,000 sq. ft.), preleased by Odom. Kent recorded the next-largest delivery with Bridge Point Kent 180, totaling 181,702 sq. ft. Most spec projects delivered during the quarter were completed vacant, adding to available inventory.

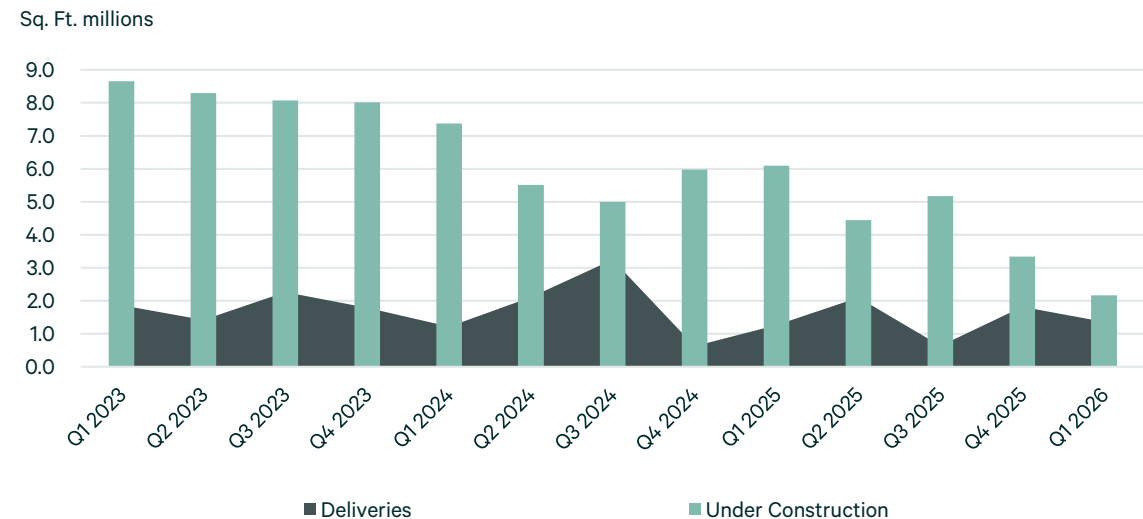
Tacoma and Kent Valley have the largest projects currently tracked under construction, led by the 665,000 sq. ft. Bridge Point Tacoma 2MM - Building C and 324,000 sq. ft. Building D, developed by Kurv Industrial, formerly known as Bridge Industrial, along with Canyon Point Industrial Center Building A (443,000) sq. ft, developed by Dermody. Des Moines Creek Business Park West is also a contributor with 402,000 sq. ft., developed by Panattoni; all are distribution/logistics assets, 0.0% pre-leased, with deliveries scheduled from Q2 2026 through Q3 2026.

Figure 4: Net Absorption Trend



Source: CBRE Research, Q1 2026

Figure 5: Construction Activity



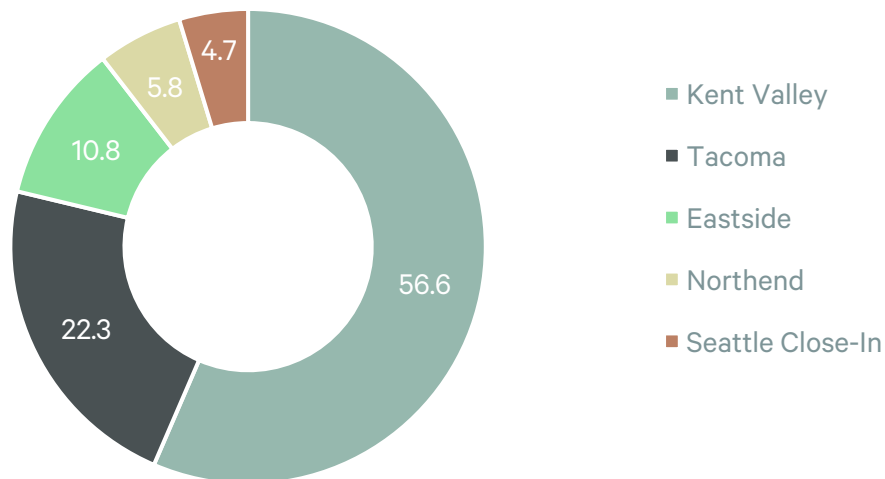
Source: CBRE Research, Q1 2026

Leasing Activity

Puget Sound Q1 2026 leasing volume totaled 4.3 million sq. ft., down 7.7% quarter-over-quarter and 1.9% year-over-year. Activity also remains well below the Q2 2023 peak of 7.5 million sq. ft. Leasing activity was dominated by new transactions primarily involving merchant wholesalers, food and beverage manufacturers, and 3PL logistics users.

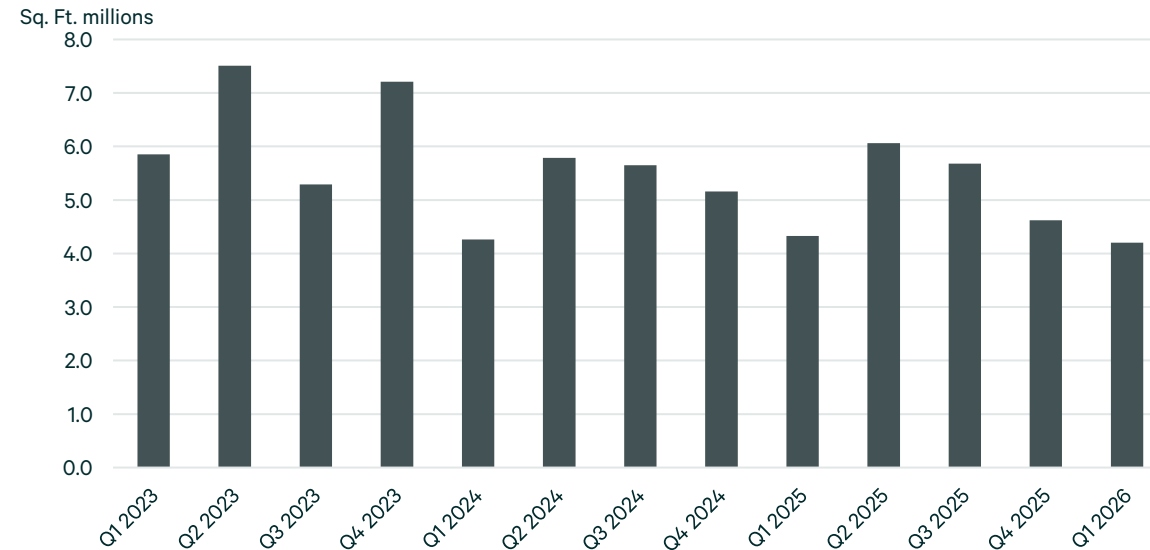
By submarket, Kent Valley posts the highest leased area at 2.1 million sq. ft., followed by Tacoma at 907,000 sq. ft., highlighting where demand has been most concentrated. Eastside (343,000 sq. ft.), Northend (188,000 sq. ft.), and Seattle Close-In (140,000 sq. ft.) adding incremental yet smaller volumes to overall market activity.

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



Source: CBRE Research, Q1 2026

Figure 6: Leasing Activity Trend



Source: CBRE Research, Q1 2026

Figure 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
HD Supply Facilities Maintenance	434,000	Renewal	Pacific Gateway BP- Bldg. 41	Kent Valley
Mobis Parts America	181,000	Renewal/Expansion	Sumner Corporate Park- Cascade Bldg.	Kent Valley
Undisclosed	264,000	Renewal	Prologis Park Sumner- White River Bldg.	Kent Valley
Pacific Pride Dist.	123,000	New Lease/Sublease	Starlite Distribution Center	Tacoma
Seattle Goodwill Industries	108,000	Sale/Leaseback	Casino Road Corporate Park	Northend
NIC Global	105,000	Renewal	Woodinville Business Center	Eastside
Stryder Logistics	103,000	New Lease	Port Commerce Center- Bldg. 1	Tacoma
Kent Outdoors	100,000	New Lease	Prologis Park Sumner 17	Kent Valley

Source: CBRE Research, Q1 2026

Market Statistics by Size

Figure 9

Size Range	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/mth)	Current Quarter Net Absorption (SF)	Deliveries (MSF)	Under Construction (MSF)	YTD Net Absorption (SF)
Under 100,000 sq. ft.	133.56	7.1	8.4	7.2	1.2	1.33	(327,000)	0.14	-	(327,000)
100,000-199,999 sq. ft.	58.07	13.6	15.1	13.4	1.7	1.11	(407,000)	0.18	0.33	(407,000)
200,000-299,999 sq. ft.	36.34	17.8	20.1	16.9	3.1	1.02	(253,000)	-	-	(253,000)
300,000-499,999 sq. ft.	35.63	14.7	19.2	14.9	4.3	0.97	576,000	0.33	1.17	576,000
500,000-749,999 sq. ft.	18.61	17.3	22.3	18.1	4.2	1.30	-	0.71	0.66	-
750,000 sq. ft.	27.40	5.6	4.8	4.5	0.4	-	-	-	-	-
Total	309.61	11.0	12.8	10.8	2.0	1.13	(412,000)	1.36	2.17	(412,000)

Source: CBRE Research, Q1 2026

Market Statistics by Product Type

Figure 10

Product Type	Net Rentable Area (MSF)	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 (MSF)	Under Construction (MSF)
Distribution/Logistics	262.17	12.0	14.1	11.9	2.2	1.11	(378,000)	(378,000)	1.36	2.17
Manufacturing - General	38.21	2.4	2.9	2.3	0.6	1.24	13,000	13,000	-	-
R&D/Flex	8.25	17.7	19.9	17.1	2.8	1.64	(46,000)	(46,000)	-	-
Other Industrial	0.98	-	-	-	-	-	-	-	-	-
Total	309.61	11.0	12.8	10.8	2.0	1.13	(412,000)	(412,000)	1.36	2.17

Source: CBRE Research, Q1 2026

Market Statistics by Class

Figure 11

Property Class	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/mth)	Current Quarter Net Absorption (SF)	Deliveries (MSF)	Under Construction (MSF)	YTD Net Absorption (SF)
Class A	50.09	13.3	18.3	12.9	5.4	0.97	322,000	-	0.66	322,000
All Other Industrial	259.52	10.5	11.7	10.4	1.3	1.19	(733,000)	1.36	1.50	(733,000)
Total	309.61	11.0	12.8	10.8	2.0	1.13	(412,000)	1.36	2.17	(412,000)

Source: CBRE Research, Q1 2026

Market Statistics by Submarket

Figure 12

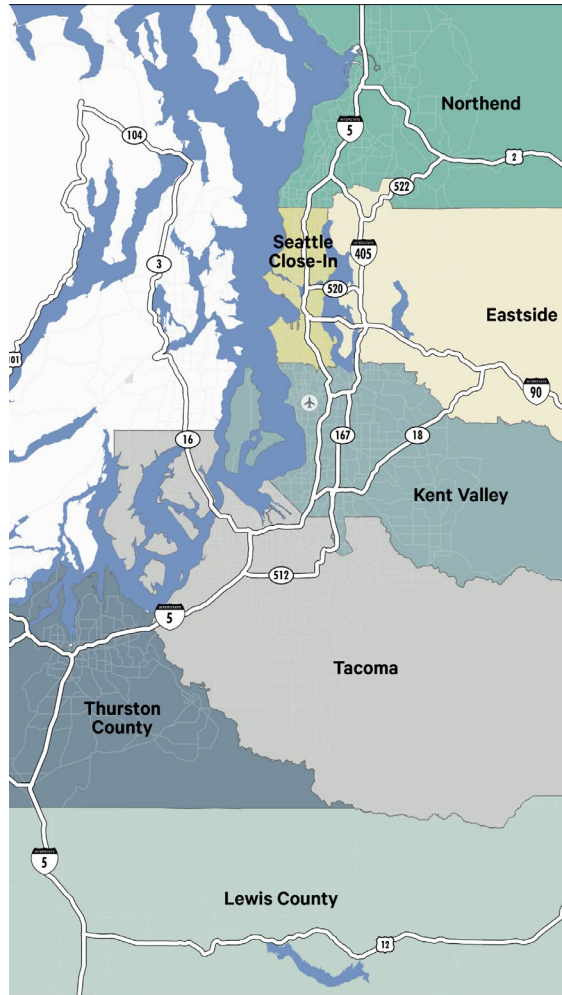
Submarket	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/mth)	Current Quarter Net Absorption (SF)	Deliveries (MSF)	Under Construction (MSF)	YTD Net Absorption (SF)
Eastside	24.86	8.7	10.3	8.6	1.7	1.84	(44,000)	0.05	-	(44,000)
Kent Valley	138.04	10.0	12.1	10.3	1.8	1.07	(358,000)	1.21	0.40	(358,000)
Northend	25.50	12.4	14.1	13.0	1.1	1.22	140,000	-	0.19	140,000
Seattle Close-In	49.48	9.0	10.0	9.1	0.9	1.66	121,000	-	0.14	121,000
Tacoma	71.73	14.5	16.4	12.9	3.5	0.91	(271,000)	0.09	1.43	(271,000)
Puget Sound (3-county)	309.61	11.0	12.8	10.8	2.0	1.13	(412,000)	1.36	2.17	(412,000)
Thurston County	18.45	6.7	6.9	4.0	2.9	0.82	(15,000)	-	0.04	(15,000)
Lewis County	5.75	2.8	2.8	2.8	-	NA	0	-	0.60	0

Source: CBRE Research, Q1 2026

Economic Overview

The current business cycle may be five years old, but U.S. growth appears resilient, despite clear risks on the horizon. GDP growth should average 2.1%, matching 2025 and exceeding peer economies. America's aggressive build-out of AI infrastructure is a unique edge. Hyperscaler capex is nearing 3% of GDP—just below residential investment. Concerns about the sustainability of this growth and its broader impact are rattling both credit and equity markets. Operation Epic Fury and global energy prices are also a concern. Assuming the conflict is resolved quickly, and U.S. oil prices stay in the \$80/bbl range, the impact on U.S. growth should be minimal. The effect on headline inflation, which is forecast to average 3.2% this year, up from the mid-2% range in February, will be material. Should the conflict escalate, this would elevate inflation and long-term yields and would likely negatively impact the commercial real estate market.

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.

SEATTLE OFFICE

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

BELLEVUE OFFICE

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

TACOMA OFFICE

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

Contacts

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

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

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

© Copyright 2026 All rights reserved. Information contained herein, including projections, has been obtained from sources believed to be reliable, but has not been verified for accuracy or completeness. CBRE, Inc. makes no guarantee, warranty or representation about it. Any reliance on such information is solely at your own risk. This information is exclusively for use by CBRE clients and professionals and may not be reproduced without the prior written permission of CBRE's Global Chief Economist.