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Puget Sound Industrial Market Report

2026

General Overview

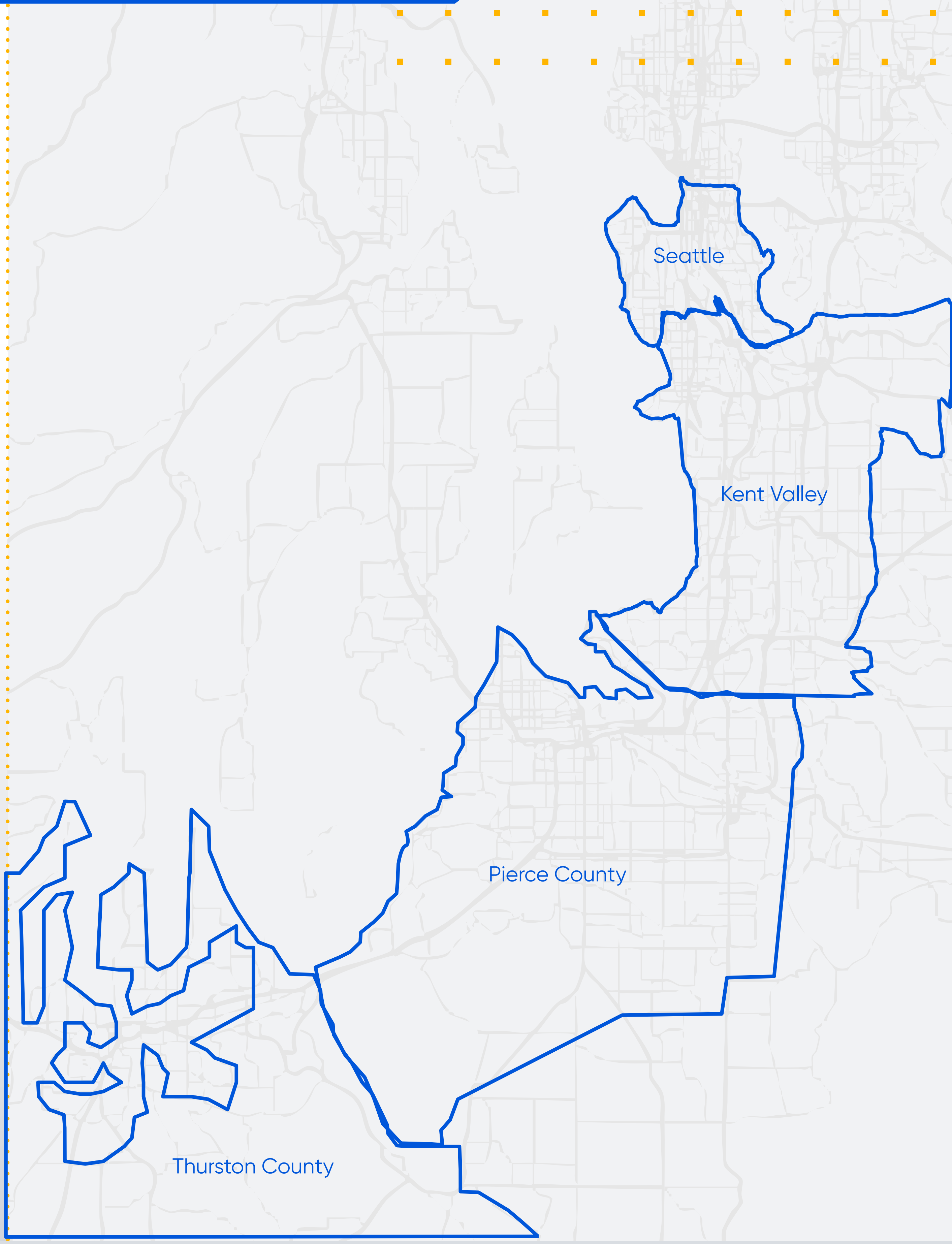
The Puget Sound industrial market enters 2026 firmly in tenant-favorable territory. Elevated U.S. tariffs on Chinese imports and ongoing trade-policy uncertainty have significantly reduced cargo volumes through the Seattle–Tacoma gateway. Container traffic through the Northwest Seaport Alliance declined approximately 14% year-over-year in the first quarter, with loaded imports falling nearly 18% as the inventory stockpiling that occurred ahead of the 2025 tariff increases unwound. Softer cargo volumes, combined with importers slowing expansion plans and diversifying supply chains through nearshoring initiatives, have cooled warehouse demand across South Seattle, the Kent Valley, and Tacoma.

That demand pullback has collided with a multi-year wave of speculative development, creating the imbalance that now defines the market. Regional vacancy has reached a ten-year high, net absorption remains negative across every major submarket, and space givebacks continue to outpace new move-ins. At the current pace of absorption, the region would need nearly six years to lease the speculative product delivered over the previous five years—one of the slowest demand recovery profiles among major U.S. logistics markets.

For occupiers, this imbalance creates leverage. Landlords—particularly owners of large, newly delivered blocks of vacant space—are prioritizing occupancy over face rates and competing aggressively for tenants. The result is substantial negotiating power around free rent, tenant improvement allowances, and lease-term flexibility, with the most significant concessions concentrated in large-format facilities throughout the Kent Valley and Pierce County. Smaller infill properties and close-in Seattle locations have remained comparatively resilient and continue to attract strong interest, but tenants with larger or more flexible requirements are positioned to secure terms not seen in over a decade.

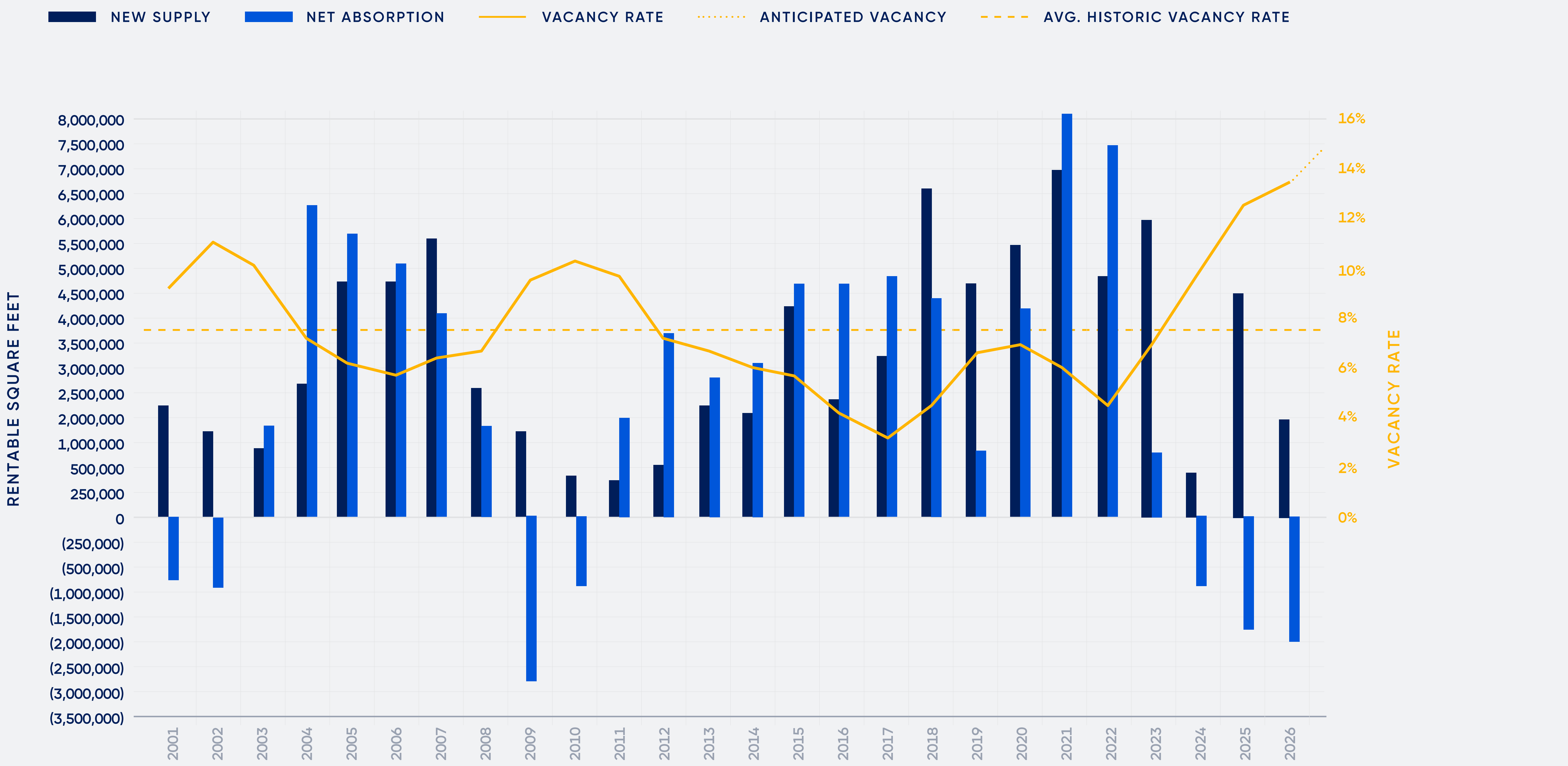
This window of opportunity is unlikely to remain open indefinitely. New construction starts have slowed considerably, the development pipeline has thinned, and the region's chronic land constraints limit future supply. Nationally, industrial construction activity is contracting while demand shows signs of stabilization, and an increasing number of market forecasters believe peak vacancy is now behind us. As demand in the Puget Sound recovers, a shrinking supply pipeline could tighten market conditions—and reduce tenant leverage—more quickly than many expect.

The region's long-term fundamentals remain intact. The Seattle–Tacoma gateway, access to a deep labor pool, and limited developable land continue to support the Puget Sound's position as a strategically important logistics market. For tenants, the current environment presents a compelling opportunity to capitalize on today's negotiating leverage and secure favorable long-term lease terms before the market cycle shifts.



Historical Availability

Industrial Availability, Supply & Absorption Rates
2001-2026



South Seattle Close-In

Market Size (SF)
South Seattle Close-In
25.4M

Net Absorption
12-Month:
(223K)

Construction
12-Month Deliveries:
(144K)

Under Construction:
(0)

Average Rates

Shell:	Office:	Yard:
$1.23	$1.35	$0.50

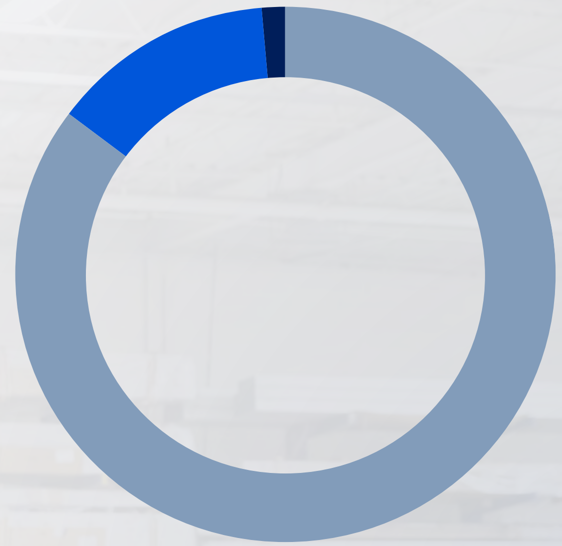
Availability

16.0%

- DIRECT AVAILABILITY: 14.5% | 3.67M
- SUBLEASE AVAILABILITY: 1.5% | 380K
- OCCUPANCY: 84.0% | 21.4M

Vacancy

15.8%



- DIRECT VACANCY: 14.6% | 3.71M
- SUBLEASE VACANCY: 1.2% | 301K
- OCCUPANCY: 84.2% | 21.4M

Notable Leases

	Tenant	Building	Address	Footprint
	Undisclosed	Sodo Row	4786-4790 1st Ave S Seattle, WA	56,941 RSF
	R90 LIGHTING	NW Corporate Park Seattle Building G	411 S Fidalgo St, Seattle, WA	37,720 RSF

Notable Sales

	Project / Address	Buyer / Seller		Building Size	Sale Price / Price PSF
	Commodore Interbay Industry Center Building 1 2421 W Commodore Way Seattle, WA	Rosen Harbottle	SKB	129,436 RSF	$28.4 M / $219
	5801 E Marginal Way S Seattle, WA	Greendock Partners	ArdaghGroup	435,863 RSF	$23 M / $53

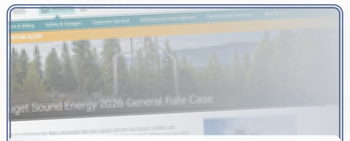
Submarket Overview

Submarket	Inventory	Total Vacant (SF)	Total Vacancy Rate (%)	Total Availability Rate (%)	12-Month Absorption (SF)	Under Construction (SF)	Average Asking Rent (Blended/SF)
Georgetown/ Duwamish N	10,814,172	2,173,081	20.1%	20.1%	(125K)	0	±$1.27
Sodo	6,486,670	788,812	12.2%	11.8%	(92.7K)	0	±$1.29
Georgetown/ Duwamish S	3,444,222	438,356	12.7%	15.3%	(85.8K)	0	±$1.45
Rainer/Beacon Hill	1,894,542	258,481	13.6%	13.9%	235K	144,352	±$1.06
W Seattle	2,261,279	335,645	14.8%	14.8%	(154K)	0	±$1.26
Waterfront	541,510	13,432	2.5%	2.5%	0	0	±$1.13
Seattle Close-In	**25,442,395**	**4,007,807**	**15.8%**	**16.0%**	**(223K)**	**144,352**	**±$1.27**

Relevant News


Port volumes – breakbulk up, containers and autos down


Aerospace – Boeing's Everett 737 line starts July 6


Operating costs – Puget Sound Energy files a rate increase


Shipping capacity – Vietnam/ Southeast Asia service goes weekly


Aerospace – 777-9 certification slips to 2027


Tacoma operations – West Sitcum Terminal litigation settled

Greater Kent Valley

Market Size (SF)
Greater Kent Valley
88.0M

Net Absorption
12-Month:
(1.5M)

Construction
12-Month Deliveries:
(0)

Under Construction:
(484K)

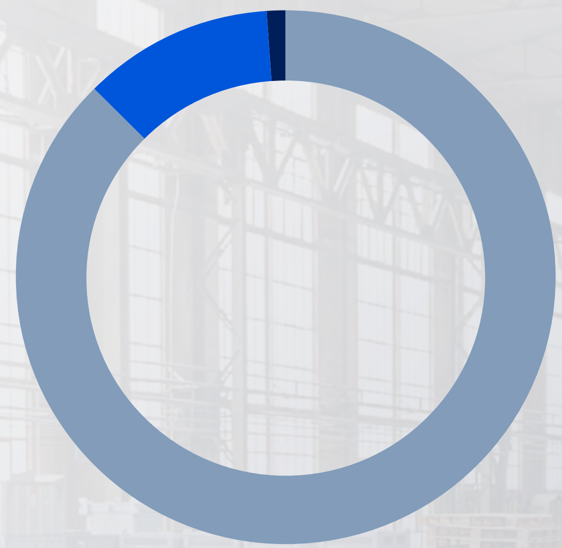
Average Rates

Shell:	Office:	Yard:
$1.00	$1.35	$0.35

Availability
15.6%

- DIRECT AVAILABILITY: 13.9% | 12.3M
- SUBLEASE AVAILABILITY: 1.8% | 1.62M
- OCCUPANCY: 84.4% | 74.3M

Vacancy
12.5%



- DIRECT VACANCY: 11.4% | 10.1M
- SUBLEASE VACANCY: 1.1% | 958K
- OCCUPANCY: 87.5% | 77.0M

Submarket Overview

Submarket	Inventory	Total Vacant (SF)	Total Vacancy Rate (%)	Total Availability Rate (%)	12-Month Absorption (SF)	Under Construction (SF)	Average Asking Rent (Blended/SF)
Auburn	23,601,884	2,977,555	12.6%	14.7%	(423K)	0	±$0.90
Federal Way	1,207,566	272,780	22.6%	22.4%	178K	0	±$1.30
Kent Valley (N&S)	41,766,257	5,935,782	14.2%	16.9%	(1.2M)	73,060	±$1.01
Renton	6,669,451	732,043	11.0%	12.9%	(181K)	0	±$1.58
SeaTac/Burien	5,571,370	375,877	6.7%	19.2%	113K	410,680	±$1.04
Tukwila	9,180,287	716,057	7.8%	10.6%	(7.3K)	0	±$1.37
Greater Kent Valley	**87,996,615**	**11,010,094**	**12.5%**	**15.6%**	**(1.5M)**	**483,740**	**±$1.03**

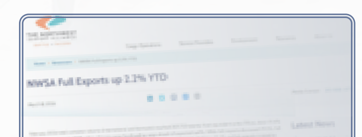
Notable Leases

Tenant	Building	Address	Footprint
HD SUPPLY	Pacific Gateway Business Park - Building 41	20625 59th Pl S, Kent	434,000 RSF
Seattle Ocean Import/Export	Prologis Park Sumner - Building 1	3012 142nd Ave E, Sumner	147,289 RSF
Ball	1220 2nd Ave	1220 2nd Ave N Kent, WA	128,622 RSF
PACIFIC Plumbing Supply Company	2601 W Valley Hwy	2601 W Valley Hwy N Auburn, WA	123,820 RSF

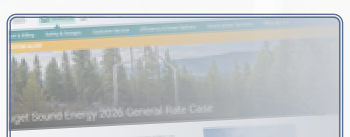
Notable Sales

Project / Address	Buyer / Seller		Building Size	Sale Price / Price PSF
Seattle Gateway Center I & 2 1201 S 140th St Burien, WA	LaSalle	MetLife	458,911 RSF	$88.1 M / $191.98
2402 R St NW Auburn, WA	Sagard	Laskey Family Trust	162,400 RSF	$27 M / $166.26
United Warehouse Building 6013 S 194th St Kent, WA	IIP	United	132,567 RSF	$22.5 M / $169.73

Relevant News


Port volumes – breakbulk up, containers and autos down


Aerospace – Boeing's Everett 737 line starts July 6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Shipping capacity – Vietnam/Southeast Asia service goes weekly


Aerospace – 777-9 certification slips to 2027


Tacoma operations – West Sitcum Terminal litigation settled

Pierce County

Market Size (SF)
Pierce County

85.7M

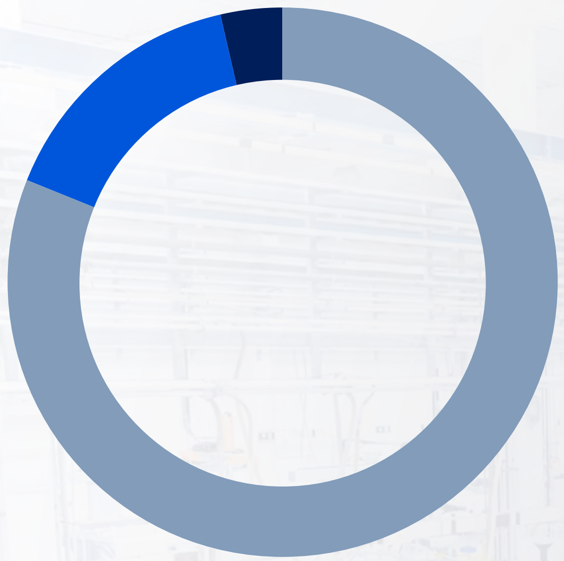
Net Absorption
12-Month:
(202K)

Construction
12-Month Deliveries:
(3.8M)

Under Construction:
(1.0M)

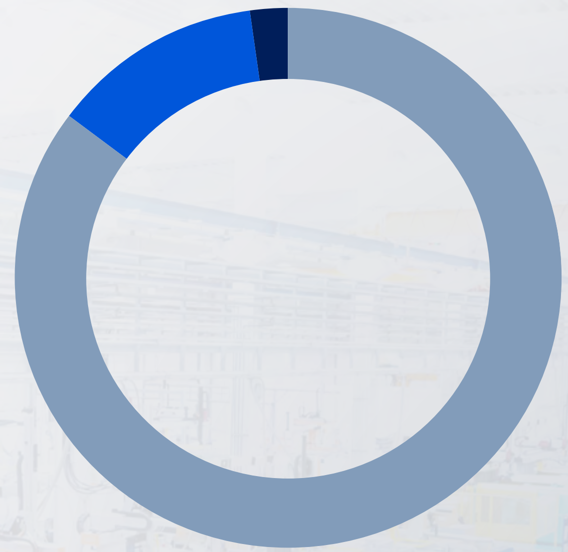
Average Rates
Shell: **$0.90**
Office: **$1.35**
Yard: **$0.27**

Availability
18.7%



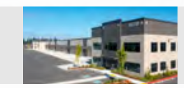
- DIRECT AVAILABILITY: **15.3% | 13.3M**
- SUBLEASE AVAILABILITY: **3.5% | 3.05M**
- OCCUPANCY: **81.3% | 68.95M**

Vacancy
14.6%

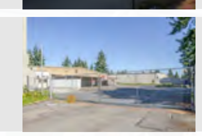


- DIRECT VACANCY: **12.5% | 10.7M**
- SUBLEASE VACANCY: **2.1% | 1.79M**
- OCCUPANCY: **85.4% | 72.4M**

Notable Leases

	Tenant	Building	Address	Footprint
	STG Logistics	Prologis Park Sumner Building 1	3012 142nd Ave E Sumner, WA	147,289 RSF
	Undisclosed	Tacoma Logistics Center Building A	927 E 11th St Tacoma, WA	136,724 RSF
	Pacific Pride	Starlite Distribution Center	3451 84th St S Lakewood, WA	123,000 RSF
	Argents	Tacoma Logistics Center Building A	927 E 11th St Tacoma, WA	84,724 RSF

Notable Sales

	Project / Address	Buyer / Seller	Building Size	Sale Price / Price PSF
	Frederickson West 281 4417 192nd St E Tacoma, WA	nuveen / Cabot	281,181 RSF	$44 M / $157.72
	4401 S Orchard St Tacoma, WA	Tacoma Public Schools / Broadstone Net Lease, Inc.	52,000 RSF	$6.4 M / $125.25
	4407 S Orchard St Tacoma, WA	Tacoma Public Schools / Broadstone Net Lease, Inc.	33,856 RSF	$5.7 M / $167.92

Submarket Overview

Submarket	Inventory	Total Vacant (SF)	Total Vacancy Rate (%)	Total Availability Rate (%)	12-Month Absorption (SF)	Under Construction (SF)	Average Asking Rent (Blended/SF)
Dupont	4,516,915	689,637	15.3%	15.2%	(180K)	0	-
E. Pierce County	899,831	134,041	14.5%	24.2%	101K	0	±$0.92
Tacoma	28,766,533	4,201,519	14.6%	19.0%	(918K)	1,005,668	±$0.82
Fort Lewis	1,783,276	228,029	12.8%	24.2%	(86.7K)	0	±$1.15
Lakewood	4,696,345	618,953	13.2%	15.8%	47.4K	0	±$0.96
Parkland/Spanaway	13,659,441	1,895,576	13.9%	17.2%	711K	4,992	±$0.95
Puyallup/S. Hill	31,387,615	4,750,540	15.1%	19.6%	124K	0	±$0.87
Pierce County	**85,709,956**	**12,518,295**	**14.6%**	**18.7%**	**(202K)**	**1,010,660**	**±$0.92**

Relevant News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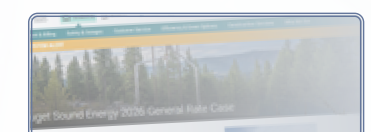

Operating costs – Puget Sound Energy files a rate increase


Shipping capacity – Vietnam/Southeast Asia service goes weekly


Aerospace – 777-9 certification slips to 2027


Tacoma operations – West Sitcum Terminal litigation settled

Thurston County

Market Size (SF)
Thurston County
14.3M

Net Absorption
12-Month:
(213K)

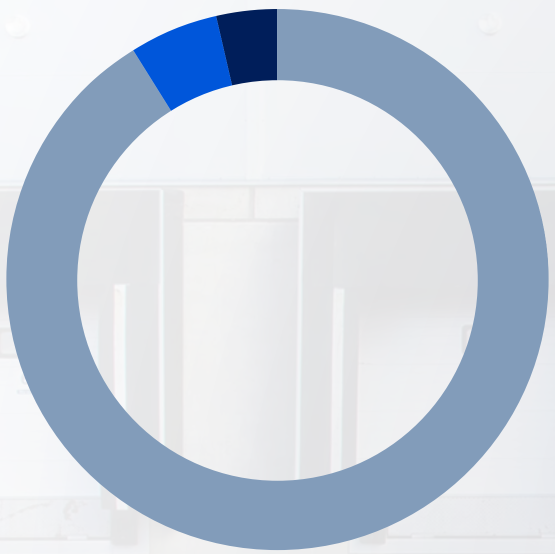
Construction
12-Month Deliveries:
(0)
Under Construction:
(0)

Average Rates

Shell:	Office:	Yard:
$0.75	$1.35	$0.19

Availability

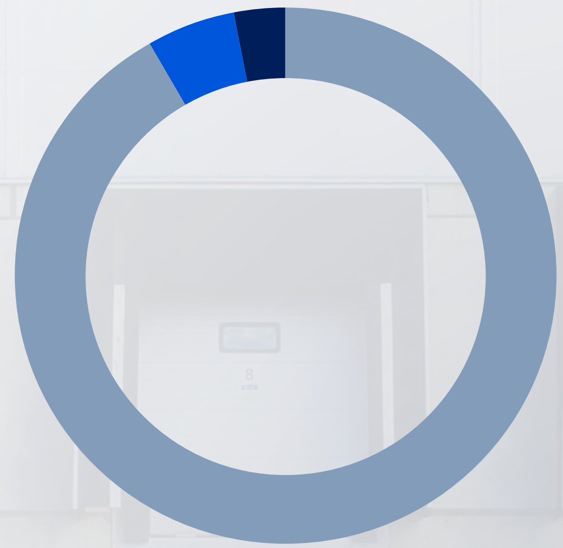
9.3%



- DIRECT AVAILABILITY: **6.2% | 886K**
- SUBLEASE AVAILABILITY: **3.1% | 450K**
- OCCUPANCY: **90.7% | 13.0M**

Vacancy

9.1%



- DIRECT VACANCY: **6.2% | 895K**
- SUBLEASE VACANCY: **2.9% | 410K**
- OCCUPANCY: **90.9% | 13.03M**

Notable Sales

	Project / Address	Buyer / Seller		Building Size	Sale Price / Price PSF
	5300-5320 Lacey Blvd SE Lacey, WA	ACG	Individual	29,406 RSF	$2.55 M / $86.72
	5323 Joppa St SW Olympia, WA	MEGA	Individual	19,013 RSF	$1.9 M / $99.93

Submarket Overview

Submarket	Inventory	Total Vacant (SF)	Total Vacancy Rate (%)	Total Availability Rate (%)	12-Month Absorption (SF)	Under Construction (SF)	Average Asking Rent (Blended/SF)
Lacey	8,139,138	992,718	12.2%	12.4%	(221K)	0	±$0.90
Tumwater/S. Olympia	4,268,734	72,390	1.7%	1.9%	(28.6K)	0	±$0.62
Outlying Thurston County	1,692,356	239,495	14.2%	14.2%	37.1K	0	-
Thurston County	**14,338,460**	**1,304,603**	**9.1%**	**9.3%**	**(213K)**	**0**	**±$0.78**

Relevant News

Port volumes – breakbulk up, containers and autos down

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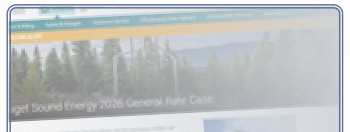
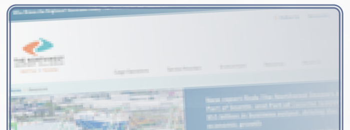
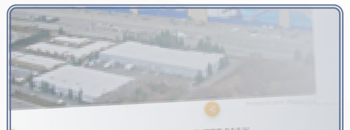


Operating costs – Puget Sound Energy files a rate increase



Shipping capacity – Vietnam/Southeast Asia service goes weekly



Aerospace – 777-9 certification slips to 2027

Tacoma operations – West Sitcum Terminal litigation settled

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Our company

Flinn Ferguson Cresa has established itself as Puget Sound's most active and experienced Tenant Advisory Firm.

Our mission is to listen to the client's core objectives, customize a complimentary real estate strategy, and leverage our shared experience to ensure that the most favorable real estate outcome is achieved.

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