



Puget Sound
Industrial Market Report
2026

General Overview

Heading into the final quarter of 2026, the Puget Sound industrial market remains firmly tenant-favorable, and the bottom has not yet been confirmed. Across our four markets, roughly 29 million SF sits vacant (13.8%) and nearly 36 million SF is available (16.8%). Net absorption over the past 12 months is negative or flat everywhere except Thurston County. Nationally, industrial vacancy is in the mid-7% range, so Puget Sound is carrying nearly double that.

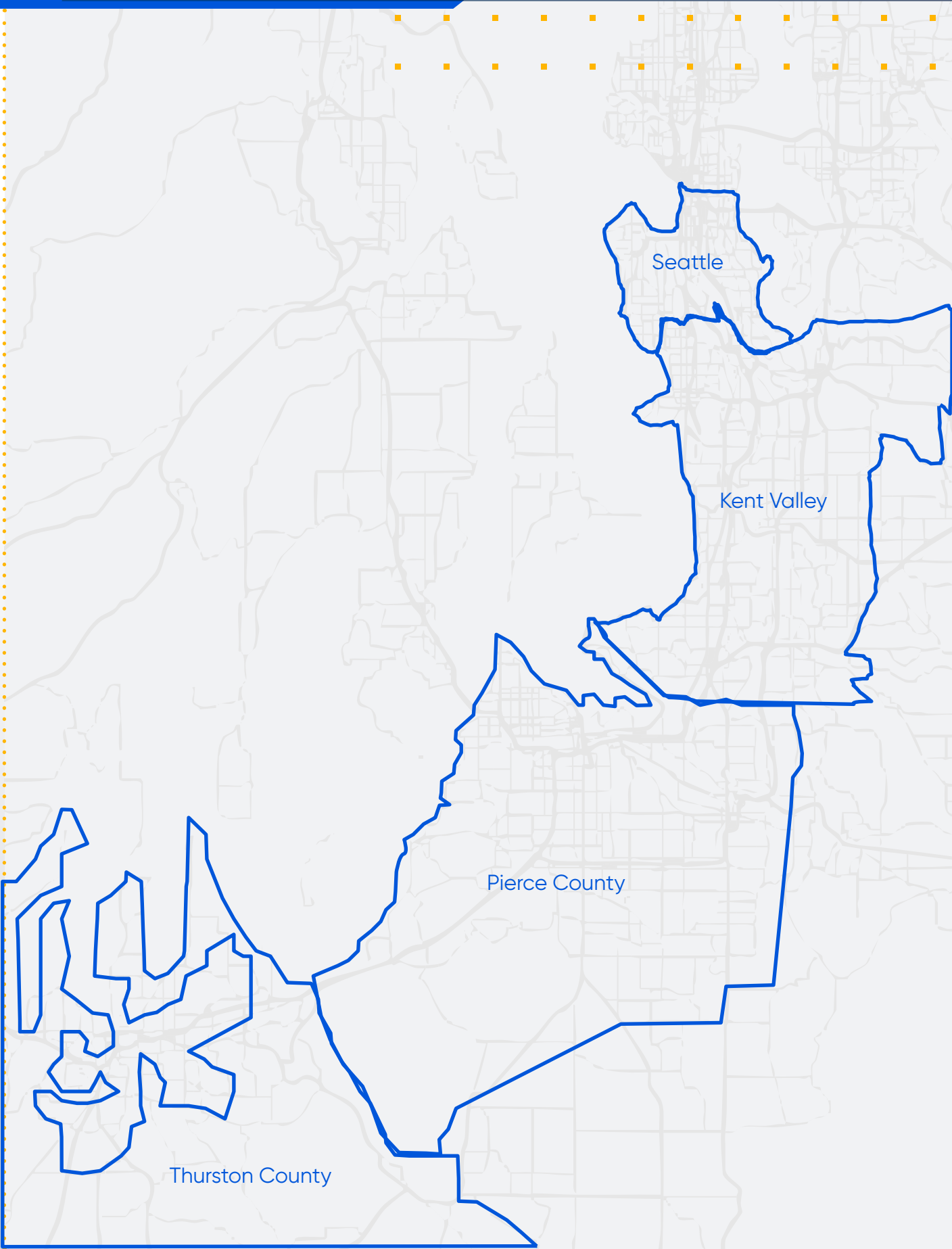
Trade remains the biggest drag. Northwest Seaport Alliance container volume was down 11.3% year-to-date through July, with full imports off 13.7%. The tariff picture has shifted rather than cleared. After the Supreme Court struck down the IEEPA tariffs in February, a new 12.5% Section 301 duty on China-origin goods took effect in July with no end date. The U.S.–China truce has reportedly been extended only to January 10, 2027, and importers remain hesitant to expand.

There are bright spots. Port exports are running above their five-year average, and Boeing expects to raise 737 output to 52 per month in 2027. Thurston County, at 7.1% vacancy with nothing under construction, is tight enough that tenants there should expect less room to negotiate.

Occupancy costs are rising even as rents stall. The Fed raised rates in September for the first time since 2023. Section 232 duties of up to 50% on steel, aluminum and copper are inflating build-out and racking costs. Washington’s base B&O rates also rise again in 2027.

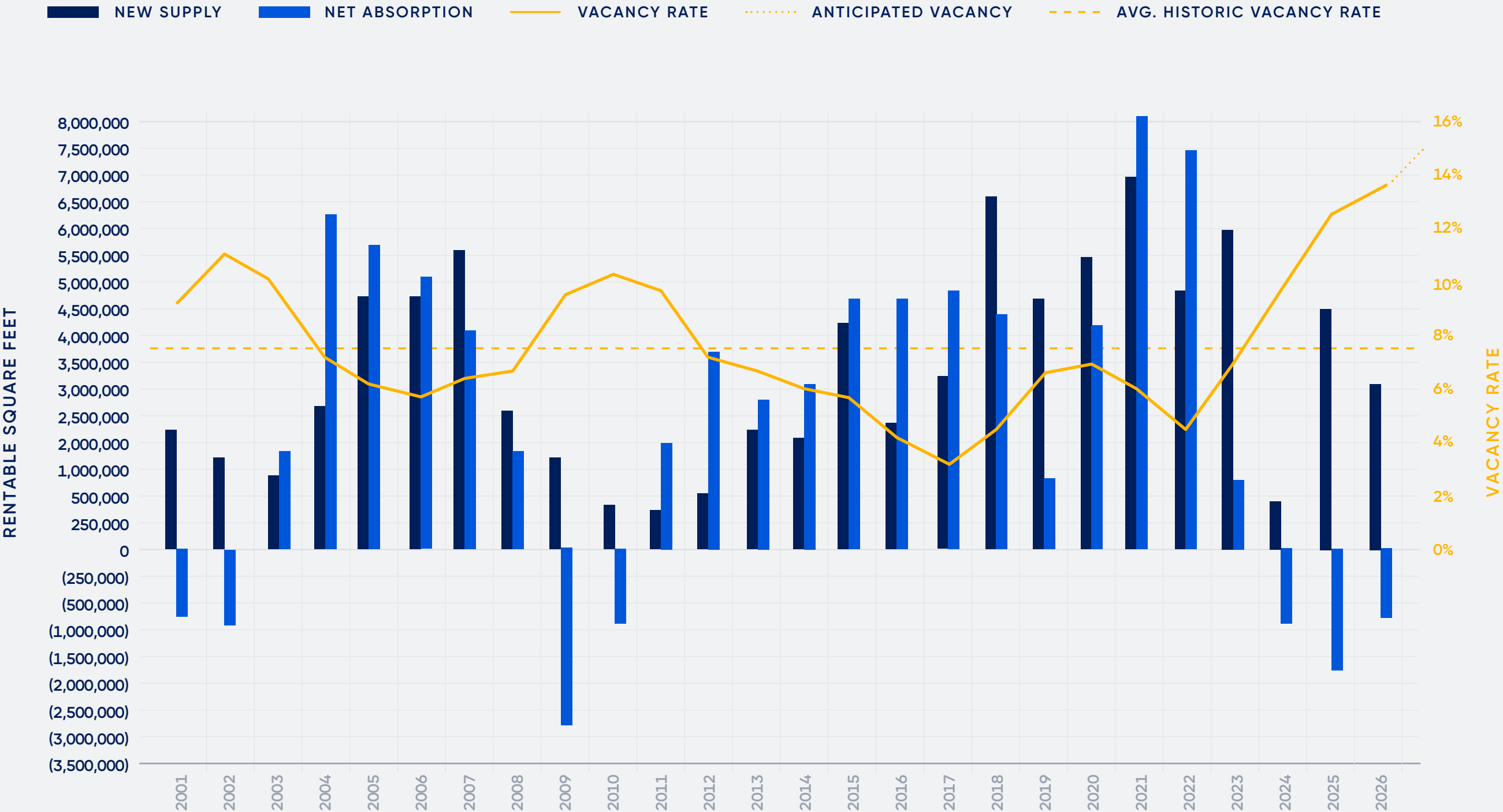
For tenants, leverage is greatest on larger requirements in the Kent Valley and Pierce County, where 2.5 million SF of sublease space competes with direct listings. Beyond free rent and TI dollars, tenants should push for fixed-price, landlord-delivered improvements so tariff-driven overruns stay with the owner. They should also cap controllable operating expenses and confirm the landlord can fund its commitments.

With about 1.2 million SF under construction against 36 million SF available, the oversupply will clear slowly. Tenants shouldn’t be rushed by claims that the window closes next quarter. But those with expirations in the next 24 months should be in the market now, because terms locked in near the trough will look very good when conditions turn.



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:
(133K)

Construction
2026 Deliveries:
(144K)

Under Construction:
(0)

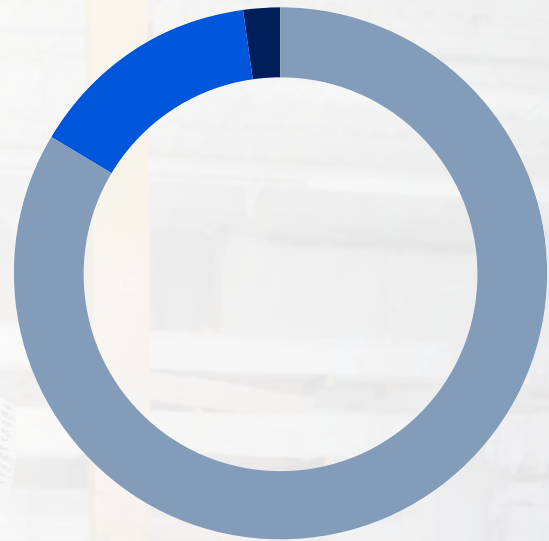
Average Rates

Shell: Office: Yard:

\$1.23 \$1.35 \$0.50

Availability

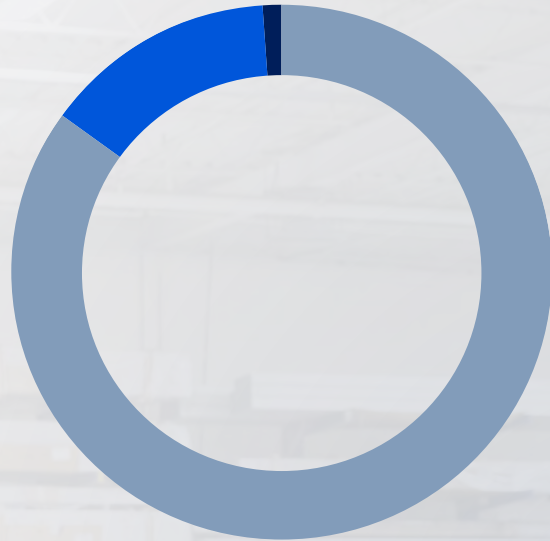
15.9%



DIRECT AVAILABILITY: 14.3% | 3.6M
SUBLEASE AVAILABILITY: 1.8% | 456K
OCCUPANCY: 84.1% | 21.3M

Vacancy

14.9%



DIRECT VACANCY: 13.8% | 3.5M
SUBLEASE VACANCY: 1.1% | 288K
OCCUPANCY: 85.1% | 21.6M

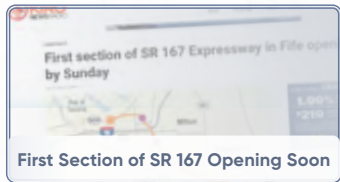
Notable Sales

	Project / Address	Buyer / Seller	Building Size	Sale Price / Price PSF
	Northwest Corporate Park - Bldg D 600-628 S Brandon St Seattle, WA	CALSTRS Principal	36,544 RSF	\$10.2 M / \$279.12

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	10,834,001	1,925,307	17.8%	19.6%	35.3K	0	±\$1.27
Sodo	6,529,276	777,964	11.9%	12.4%	(102K)	0	±\$1.29
Georgetown/Duwamish S	3,479,986	457,803	13.2%	15.5%	(97.3K)	0	±\$1.45
Rainier/Beacon Hill	1,897,565	258,906	13.6%	9.9%	232K	0	±\$1.06
W Seattle	2,093,414	348,655	16.7%	17.0%	(216K)	0	±\$1.26
Waterfront	531,070	11,320	2.1%	2.1%	13.9K	0	±\$1.13
Seattle Close-In	25,365,312	3,779,955	14.9%	15.9%	(135K)	0	±\$1.27

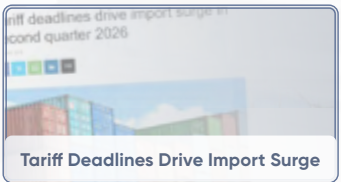
Relevant News



First Section of SR 167 Opening Soon



HMM Shipping Line Expands - Major Terminal Modernization Investment



Tariff Deadlines Drive Import Surge



US - China to Extend War Truce



WA's Nation - High Minimum Wage Rising in 2027



Boeing - New Production Line in Everett

Greater Kent Valley

Market Size (SF)
Greater Kent Valley

88.0M

Net Absorption
12-Month:

(1.2M)

Construction

2026 Deliveries:

(182K)

Under Construction:

(1.1M)

Average Rates

Shell: Office: Yard:

\$1.00 \$1.35 \$0.35

Availability

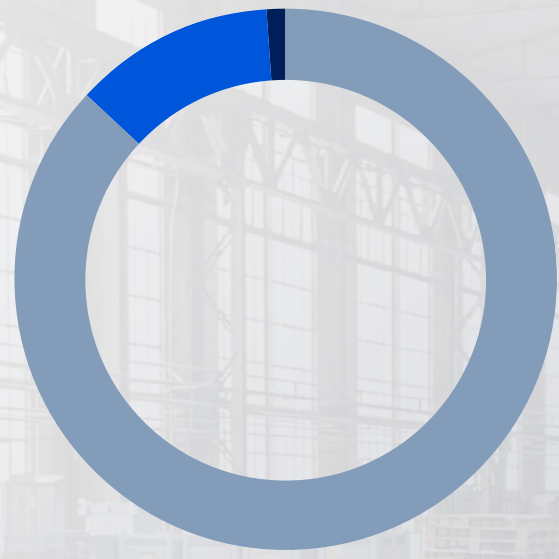
15.3%



DIRECT AVAILABILITY: 14.0% | 12.3M
SUBLEASE AVAILABILITY: 1.4% | 1.62M
OCCUPANCY: 84.7% | 74.5M

Vacancy

13.0%



DIRECT VACANCY: 12.1% | 10.6M
SUBLEASE VACANCY: 0.9% | 832K
OCCUPANCY: 87.0% | 76.5M

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	22,537,128	3,322,482	14.1%	16.3%	(428K)	609,368	±\$0.90
Federal Way	1,219,372	292,965	24.0%	20.8%	194K	0	±\$1.30
Kent Valley (N&S)	42,007,022	5,962,419	14.2%	16.3%	(983K)	73,060	±\$1.01
Renton	6,659,438	722,568	10.9%	12.2%	(125K)	0	±\$1.58
SeaTac/Burien	5,267,506	436,163	8.3%	10.7%	2.7K	410,680	±\$1.04
Tukwila	9,259,595	726,648	7.8%	12.0%	179K	0	±\$1.37
Greater Kent Valley	87,950,061	11,463,245	13.0%	15.3%	(1.2M)	1,093,108	±\$1.03

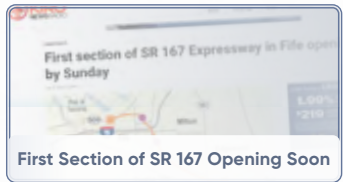
Notable Leases

	Tenant	Building	Address	Footprint
	Shield AI	Des Moines Creek Business Park West	1800 S 216th St Des Moines, WA	405,680 RSF
	Speed Xpress	Northwest Corporate Park - Bldg F	19820-20024 87th Ave S Kent, WA	55,200 RSF
	COWBOY SPACE	Former Costco/Sears Distribution Bldg	7650 S 228th St Kent, WA	291,035 RSF
	truck movers	IOS Yard	1590 Thornton Ave SW Pacific, WA	131,658 RSF
	AM	North Valley 64	19005 64th Ave S Kent, WA	74,417 RSF
	ESTD 1934 Plumouth	Yellowstone Industrial Park - Bldg A	18404 72nd Ave S Kent, WA	71,613 RSF

Notable Sales

	Project / Address	Buyer / Seller	Building Size	Sale Price / Price PSF
	Valley Freeway Business Center 25612-25802 74th Ave S Kent, WA	IIP LINK	133,215 RSF	\$28.2 M / \$211.46
	Lincoln Center South 1100 Andover Park W Tukwila, WA	Sagard Shephard Commercial Real Estate	133,750 RSF	\$24 M / \$179.44
	The Boxmaker 6412 S 190th St Kent, WA	AEW The Box Maker	70,032 RSF	\$12.5M / \$178.49
	Southcenter West Business Park - Bldgs A, B, C 1141-1191 Andover Park W Tukwila, WA	bkm LINK	298,901 RSF	\$57 M / \$190.61
	Kent 5 19030 68th Ave S Kent, WA	MCR REALTY Sagard	72,000 RSF	\$795 M / \$110.39

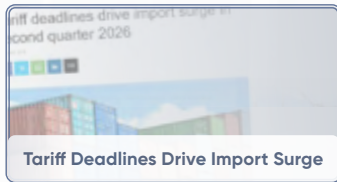
Relevant News



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WA's Nation - High Minimum Wage Rising in 2027



Boeing - New Production Line in Everett

Pierce County

Market Size (SF)
Pierce County
85.7M

Net Absorption
12-Month:
80.6K

Construction
2026 Deliveries:
(2.7M)

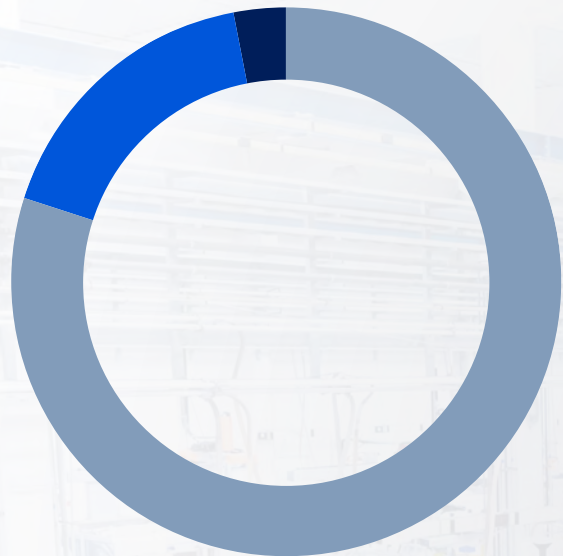
Under Construction:
(70.3K)

Average Rates

Shell: Office: Yard:
\$0.90 \$1.35 \$0.27

Availability

19.9%



DIRECT AVAILABILITY: 17.1% | 14.7M
SUBLEASE AVAILABILITY: 2.9% | 2.5M
OCCUPANCY: 80.1% | 68.7M

Vacancy

15.4%



DIRECT VACANCY: 13.8% | 11.8M
SUBLEASE VACANCY: 1.6% | 1.3M
OCCUPANCY: 84.6% | 72.5M

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	689,695	15.3%	15.3%	(212K)	0	-
E. Pierce County	929,417	170,237	18.3%	46.0%	27.5K	65,296	±\$0.92
Tacoma	28,968,320	4,782,761	16.5%	19.7%	(151K)	0	±\$0.82
Fort Lewis	1,784,058	385,576	21.6%	17.6%	(162K)	0	±\$1.15
Lakewood	4,705,301	604,469	12.8%	15.9%	20.0K	0	±\$0.96
Parkland/Spanaway	13,451,085	1,867,344	13.9%	16.2%	(23.8K)	4,992	±\$0.95
Puyallup/S. Hill	31,368,353	4,662,631	14.9%	22.1%	579K	0	±\$0.87
Pierce County	85,723,449	13,160,390	15.4%	19.9%	(70.3K)	70,288	±\$0.92

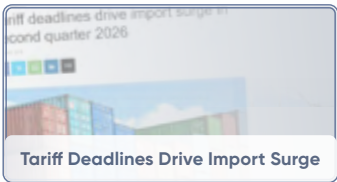
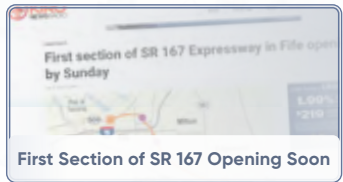
Notable Leases

	Tenant	Building	Address	Footprint
	LONG ROAD	Park Fife 18	5555 8th St E Fife, WA	62,964 RSF
	HOLMAN LOGISTICS	Sumner Central	2701 142nd Ave E Sumner, WS	427,253 RSF
	CAPITAL	Clover Creek Logistics Center	6933 176th St E Puyallup, WA	125,987 RSF
	Northern Sales	Lakewood One Industrial	4901 123rd St SW Lakewood, WA	45,203 RSF

Notable Sales

	Project / Address	Buyer / Seller	Building Size	Sale Price / Price PSF
	Bridge Point Tacoma 10922 34th Ave E Tacoma, WA	ASHLEY KURV	205,413 RSF	\$33.9 M / \$165.00
	Tesla Collision Tacoma Center 5950 N 9th St Tacoma, WA	REALTY INCOME DRAKE	31,229 RSF	\$18.4 M / \$589.20
	FRED310- Building E4417 6920 192nd St E Puyallup, WA	BLP PANATTONI	782,775 RSF	\$174.5 M / \$222.92
	Canyon Road Commerce Center - East & West 5103-5223 136th St E Puyallup, WA	Lincoln Trammell Crow Company	275,492 RSF	\$37.2 M / \$135.03

Relevant News



Thurston County

Market Size (SF)
Thurston County

14.3M

Net Absorption
12-Month:
146K

Construction
2026 Deliveries:
(0)

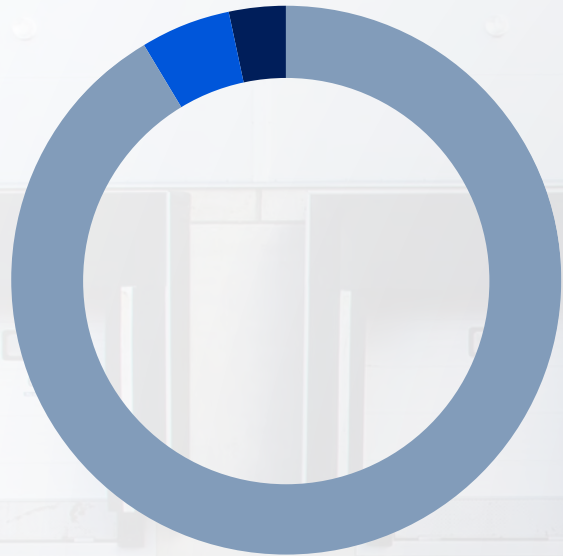
Under Construction:
(0)

Average Rates

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

Availability

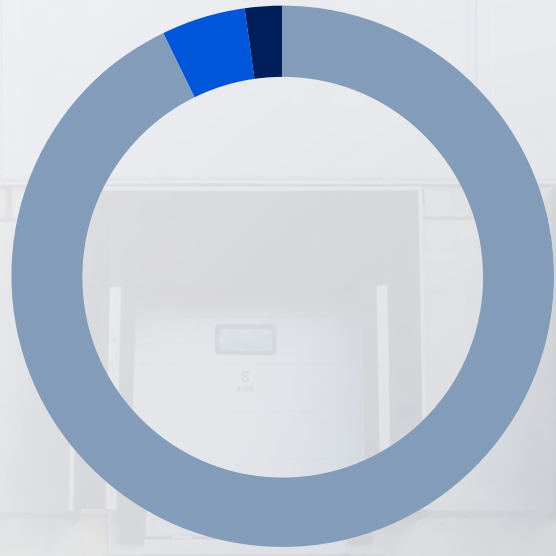
8.3%



DIRECT AVAILABILITY: 5.1% | 727K
SUBLEASE AVAILABILITY: 3.2% | 459K
OCCUPANCY: 91.7% | 13.1M

Vacancy

7.1%



DIRECT VACANCY: 4.9% | 705K
SUBLEASE VACANCY: 2.1% | 307K
OCCUPANCY: 92.9% | 13.3M

Notable Sales

	Project / Address	Buyer / Seller	Building Size	Sale Price / Price PSF
	Tumwater Corporate Park - Building #2 9142 Kimmie St SW Tumwater, WA	MERITAGE CROW HOLDINGS	199,950 RSF	\$41.75 M / \$208.80

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	8,136,587	880,337	10.8%	12.8%	(66.7K)	0	±\$0.90
Tumwater/S. Olympia	4,215,838	57,549	1.4%	1.6%	1.4K	0	±\$0.62
Outlying Thurston County	1,733,778	74,611	4.3%	4.3%	211K	0	-
Thurston County	14,324,435	1,012,497	7.1%	8.3%	146K	0	±\$0.78

Relevant News

First section of SR 167 Expressway in file open by Sunday

First Section of SR 167 Opening Soon

HMM Shipping Line Expands - Major Terminal Modernization Investment

HMM Shipping Line Expands - Major Terminal Modernization Investment

Tariff deadlines drive import surge in second quarter 2026

Tariff Deadlines Drive Import Surge

US - China to extend trade war truce by 2 months

US - China to Extend War Truce

WA's nation-high minimum wage rising to nearly \$18 an hour in 2027

WA's Nation - High Minimum Wage Rising in 2027

Boeing - New Production Line in Everett

Boeing - New Production Line in Everett

Our company

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