

LEE & ASSOCIATES | PACIFIC NORTHWEST

INDUSTRIAL MARKET REPORT

Q1
2024

(3,072,765) SF
12 Month Net Absorption

6.79%
Vacancy Rate

6,713,709 SF
Under Construction

376,685,301 SF
Inventory SF

\$16.92 PSF
Average Market Rent / SF

\$236,238,541
12 Month Sales Volume

MARKET OVERVIEW

After a fairly rough end to 2023, Q1 2024 continues to present problems for the general market recovery that was anticipated to begin in 2024. While we expect that may still be the overall trend come end of the year, Q1 has shown we continue to drift in the wrong direction. We have continued to see the contraction of companies that grew heavily in the COVID era, as well as deliveries of new construction. Combined, the overall vacancy rates climbed nearly 3% YoY. There is a silver lining in that we continue to see rents increase overall, with some increased concessions, but general market growth remains intact. In addition, the leasing velocity has experienced little change YoY, indicating a potential to pick up as interest rates begin to decline, allowing both owners and occupiers to access more capital, which should help correct some of the negative trends.



(3,072,765) SF
12 Month Net Absorption



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Vacancy Rate



6,754,459 SF
Under Construction



376,685,301 SF
Inventory SF

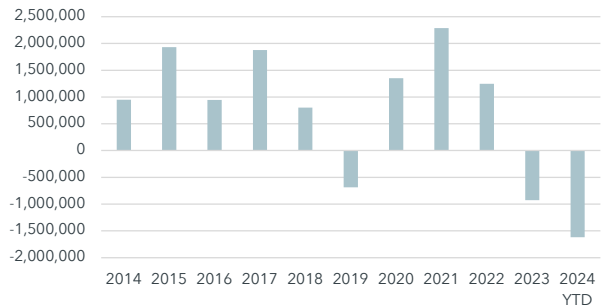


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Average Market Rent / SF

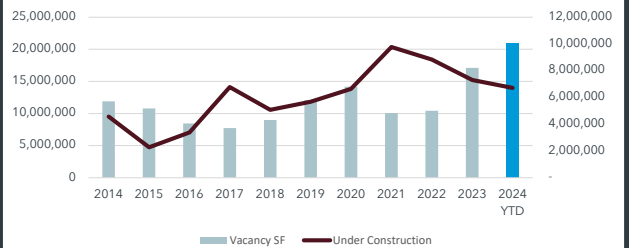


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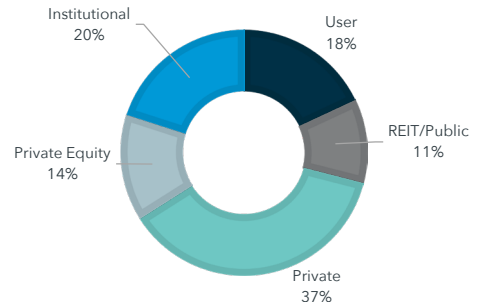
12 MONTH NET ABSORPTION



VACANCY & SF UNDER CONSTRUCTION



SALES BY BUYER TYPE



MARKET DATA

SUBMARKETS	INVENTORY (SF)	VACANT (SF)	VACANCY RATE	YTD NET ABSORPTION (SF)	YTD NET DELIVERIES (SF)	UNDER CONSTRUCTION (SF)	AVG. ASKING RENT / YR (PSF)
North End	51,621,567	2,648,599	5.12%	(439,460)	122,628	985,872	\$15.72
Eastside	34,095,700	1,130,970	3.70%	(63,129)	0	167,219	\$21.37
Seattle	58,750,027	3,866,952	6.62%	(449,230)	0	1,070,979	\$22.21
Kent Valley	110,842,127	5,569,539	6.28%	(109,635)	1,026,959	305,601	\$13.80
South Sound	98,704,065	6,294,870	11.10%	(1,168,179)	(2,325)	4,196,038	\$12.68
Thurston County	22,671,815	823,536	3.86%	125,219	117,200	28,750	\$10.74

FLEX

INVENTORY (SF)	29,981,673 SF
VACANT (SF)	1,987,527 SF
VACANCY RATE	4.88%
YTD NET ABSORPTION	(14,734) SF
YTD DELIVERIES (SF)	39,950 SF
SF UNDER CONSTRUCTION	192,168 SF
AVG ASKING RENT / YR (SF)	\$23.26



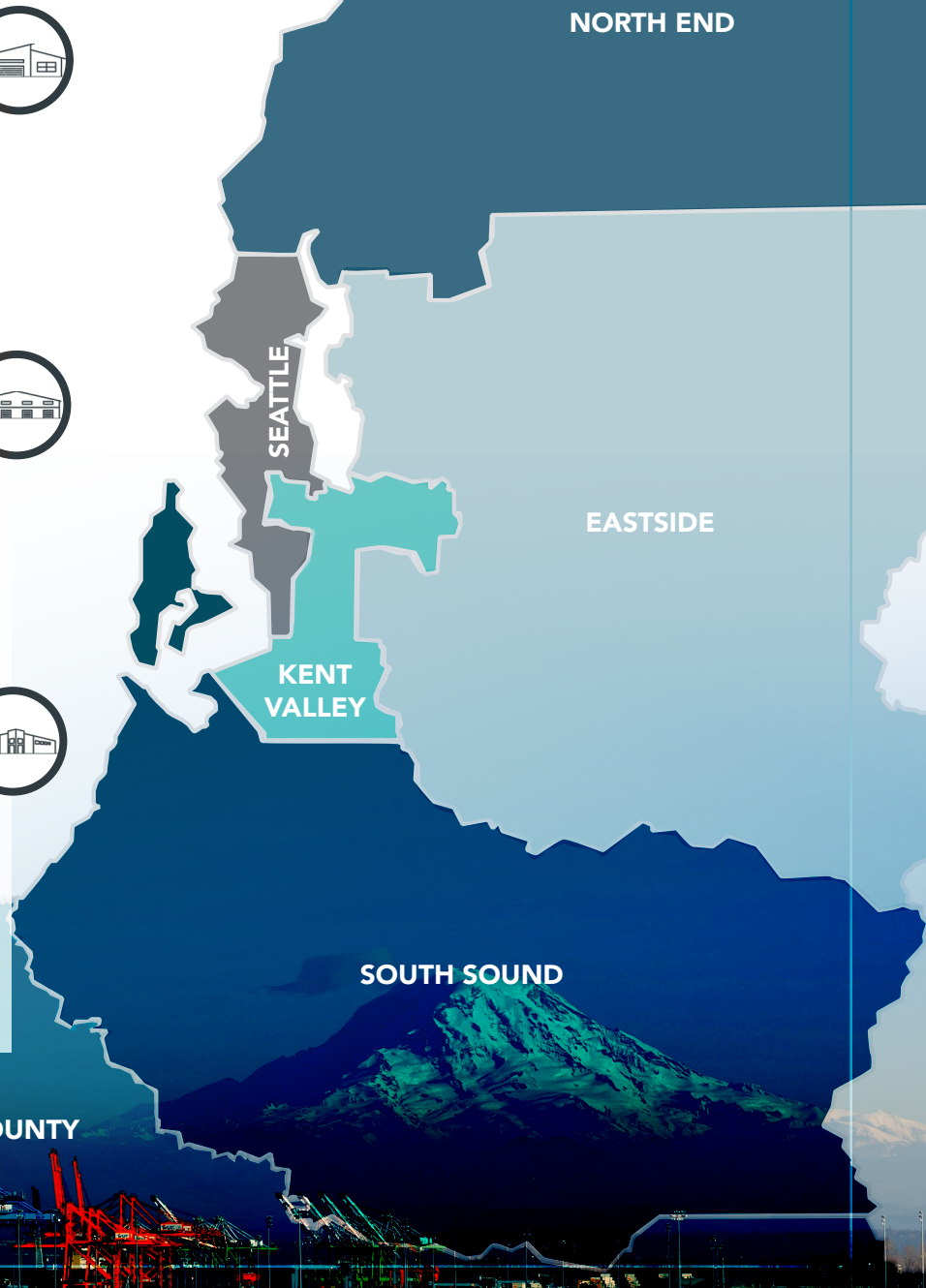
LOGISTICS

INVENTORY (SF)	258,884,951 SF
VACANT (SF)	15,515,994 SF
VACANCY RATE	7.09%
YTD NET ABSORPTION	(1,614,855) SF
YTD DELIVERIES (SF)	1,082,209 SF
SF UNDER CONSTRUCTION	6,550,291 SF
AVG ASKING RENT / YR (SF)	\$15.89



SPECIALIZED

INVENTORY (SF)	87,779,961 SF
VACANT (SF)	2,811,045 SF
VACANCY RATE	3.81%
YTD NET ABSORPTION	(474,825) SF
YTD DELIVERIES (SF)	144,628 SF
SF UNDER CONSTRUCTION	12,000 SF
AVG ASKING RENT / YR (SF)	\$14.90



NET ABSORPTION

Net absorption over the last 12 months.

EVERETT

(675,769 SF)

MARYSVILLE

174,233 SF

ARLINGTON

294,783 SF

SOUTH SEATTLE

(6,839,779 SF)

TUKWILA

(298,391 SF)

RENTON

235,536 SF

KENT

(1,627 SF)

AUBURN

44,487 SF

ALGONA

(60,543 SF)

FIFE

(515,174 SF)

PUYALLUP

(59,792 SF)

SUMNER

(238,298 SF)

TACOMA

(777,371 SF)

FREDERICKSON

520,568 SF

LAKESWOOD

(150,806 SF)

TUMWATER

(74,760 SF)

DUPONT

(215,199 SF)

LACEY

209,626 SF




NOTABLE TRANSACTIONS

Vacancy, the story of last quarter.

Similar to other markets, rising vacancy is here and sublease vacancy is higher than ever seen. Overall current vacancy along the i-5 corridor is 7.2%, (excluding under construction) which has now reached 27,000,000+/- SF with 5,500,000+/-SF attributed to sublease space. The average square footage of available space falls between 20,000 and 100,000. For the larger user, there are still very few choices. Significant new construction is expected to increase the vacancy number by the end of Q3, 2024, with only a handful above 350,000+/- SF. Where is the highest concentration of total vacancy? The close in communities between the Port of Seattle to the Port of Tacoma, all have high concentrations of available space, specifically sublease space. This is affecting rates, and we are seeing sophisticated Landlords respond accordingly. On the new construction front, both Bridge and Panattoni are aggressively pursuing projects, giving us all hope for the later year.

TOP SALES



Commerce Business Park
Willamette Dr &
Commerce Pl Dr. NE, Olympia

Submarket **Olympia**


Buyer **CMG**

Seller **Port of Olympia**

Sale Price **\$9,600,000**

Size **59,549 SF**

Price / SF **\$161.21 PSF**



Cascade Building
9713 233rd Ave E
Bonney Lake

Submarket **South Valley**


Buyer **Walter E. Nelson Co.**

Seller **Cascade RCL, LLC**

Sale Price **\$41,000,000**

Size **202,000 SF**

Price / SF **\$202.97 PSF**



25329 74th Ave S.
Kent

Submarket **Kent Valley**

Buyer **Pacific Western Agencies**

Seller **Segard Real Estate**

Sale Price **\$7,250,000**

Size **24,175**

Price / SF **\$299.90 PSF**

TOP LEASES



Cascade Business Park
16015 51st Ave NE (Bldg 3)
Marysville

Submarket **Northend**

Landlord **Northpoint**

Tenant **Pepsi Frito Lay**

Industry **Manufacturing**

Size **307,860 SF**



Red Dot
745 Andover Park E
Tukwila


Submarket **Kent Valley**

Landlord **LBA**

Tenant **Krafters Land Cabinetry**

Industry **Supplier**

Size **114,002 SF**



Lacey Corp. Center
9127 Polaris Ln NE (Bldg D)
Lacey

Submarket **Southend**

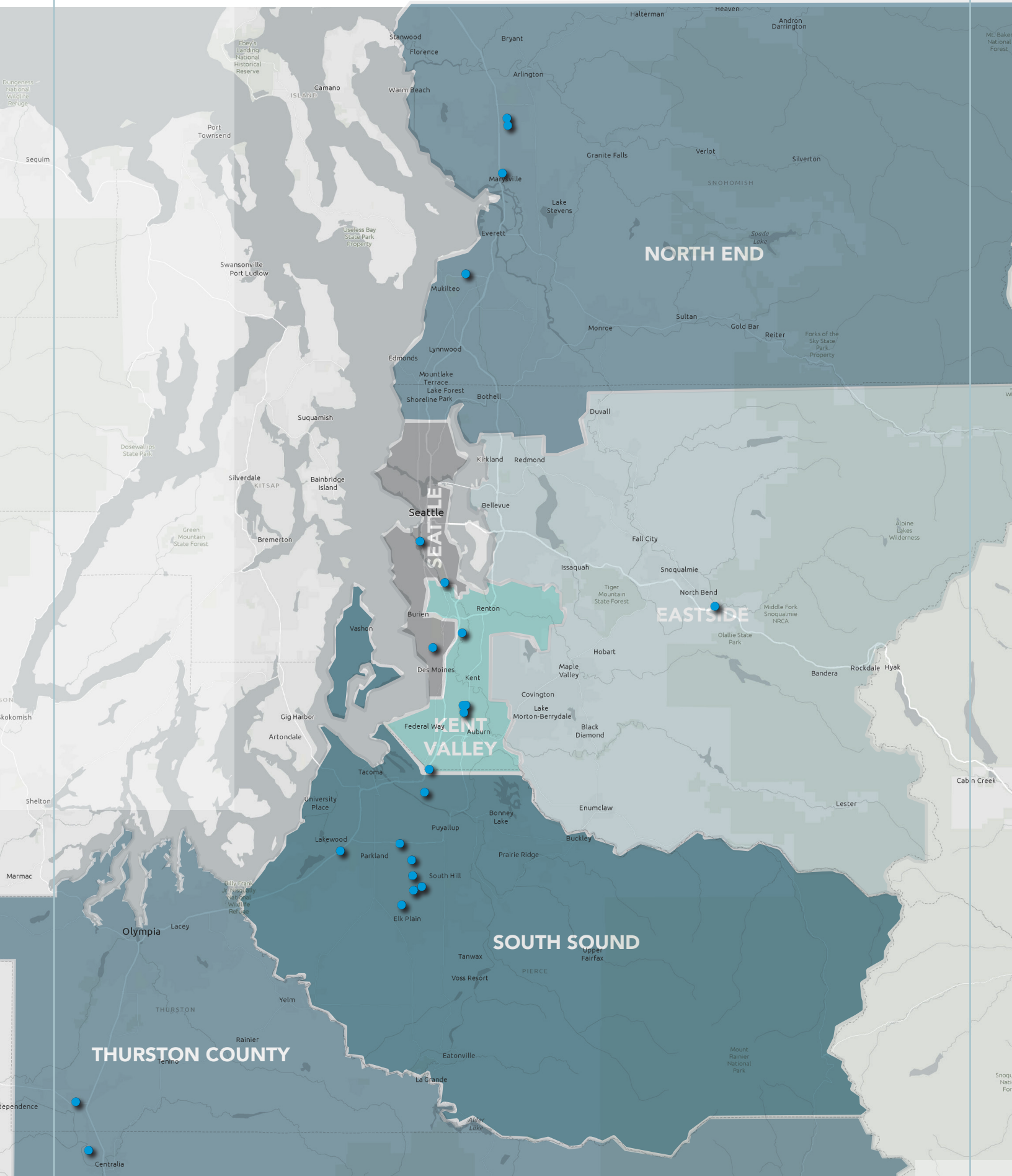
Landlord **Blackstone**

Tenant **Wesco**

Industry **Wholesaler**

Size **93,696 SF**

UNDER CONSTRUCTION



UNDER CONSTRUCTION

PROJECT NAME	LOCATION	BUILDING SIZE	SUBMARKET	DELIVERY
Mid I-5 Industrial Park	2700 Talley Way, Kelso	1,185,000	Cowlitz County	2024
North Country 287	21902 64th Ave South, Auburn	105,208	Southend	2024
Emerald Logistics	6214 S 287th St, Auburn	192,844	Southend	2024
Prologis Park Auburn	28551 West Valley Hwy, Auburn	200,393	Southend	2024
Alpental Logistics	44003 SE Tanner Rd, North Bend	115,575	Eastside	2024
Bridge Point SeaTac 300, Building	1410 S 200th St, SeaTac	174,254	Southend	2024
Bridge Point SeaTac 300, Building	1410 S 200th St, SeaTac	138,419	Southend	2024
Seattle Metro Logistics Trammell	44 S Nevada St, Seattle	702,429	Downtown	2024
180th Street Logistics Center	5910 S 180th St, Tukwila	121,156	Southend	
Emeral Gateway Building 4	10320 E Marginal Way, Tukwila	231,152	Downtown	2024
Centralia Northpark One	3709 Northpark Dr, Centralia	107,125	Lewis County	
Xebec	7215 Valley Ave E, Fife	114,988	Tacoma	2025
Lakewood One Industrial	4901 123rd St SW, Lakewood	135,496	Tacoma	2024
Clover Creek Logistics Center	6933 176th St E, Puyallup	192,163	East Pierce County	2025
Summit Centre	13306 Canyon Rd E, Puyallup	95,862	Tacoma	2024
Canyon 160	15720 Canyon Rd E, Puyallup	162,400	Tacoma	2024
FRED310- Building G	17819 Canyon Rd E, Puyallup	611,340	South Pierce	2024
FRED310- Building E	17819 Canyon Rd E, Puyallup	782,875	South Pierce	2024
FRED310- Building D	17819 Canyon Rd E, Puyallup	753,069	South Pierce	2024
FRED310- Building C	17819 Canyon Rd E, Puyallup	1,118,480	South Pierce	2024
Bridge Point Seattle I-5. Bldg 1	80 5th Avenue, Milton	1,026,959	Southend	2024
Bridge Point Seattle I-5, Bldg 2	80 5th Avenue, Milton	478,542	Southend	2024
Bridge Point Tacoma 210	10917 34th Ave E, Tacoma	205,420	Tacoma	2024
SmartCap Baker View Logistics	1215 80th St SW, Everett	166,590	Northend	2024
Salacia Cold Storage	14101 45th Ave NE, Marysville	50,000	Northend	2024
Building 104	15908 47th Ave NE, Marysville	73,833	Northend	2024
Building 103	15908 47th Ave NE, Marysville	73,833	Northend	2024
Building 102	15908 47th Ave NE, Marysville	63,850	Northend	2024
Building 101	15908 47th Ave NE, Marysville	55,850	Northend	2024
Twin Lakes Logistics	4050 NE 160th St, Marysville	203,892	Northend	2024



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