LEE & ASSOCIATES
COMMERCIAL REAL ESTATE SERVICES

Q2 2026
PACIFIC NORTHWEST, WA

INDUSTRIAL MARKET OVERVIEW

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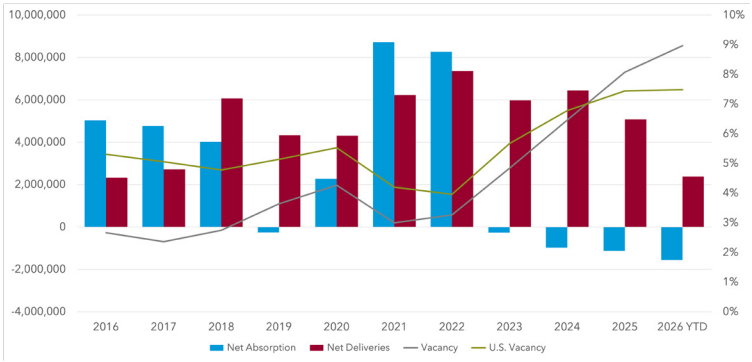
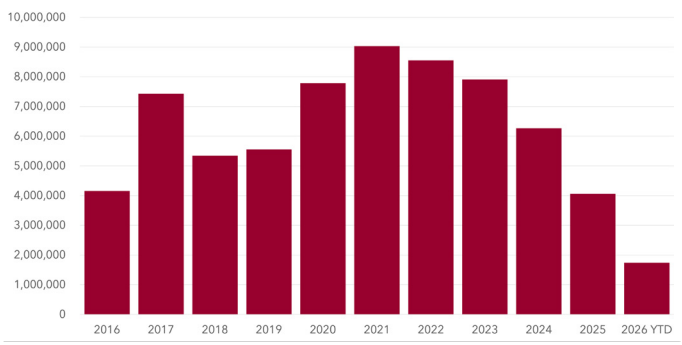
Puget Sound's industrial market shows signs of continued slow recovery as we mark the first half of 2026. 12-month net absorption fell further to (2.01M SF) from (1.78M SF) in Q1, pushing vacancy up to 10.01% from 9.71%, reflecting slower expansion and ongoing delivery absorption rather than a demand break. Asking rents showed a slight increase to ~$1.24 PSF/month ($14.83 PSF annually), while cap rates edged up to 6.30% and sales pricing further softened to $211.71 PSF. Tenants retain meaningful leverage given elevated availability, driving continued concessions and flexible deal structures as landlords compete for occupancy. Construction slowed to 1.93M SF from 2.57M SF, while inventory reached 369.65M SF. Overall, the market remains in controlled digestion, with pricing adjusting and conditions gradually stabilizing.

MARKET INDICATORS	Q2 2026	Q1 2026	Q4 2025	Q3 2025	Q2 2025
▼ 12 Mo. Net Absorption SF	(2,010,284)	(1,778,202)	(1,124,250)	(721,629)	1,284,320
▲ Vacancy Rate	10.1%	9.7%	9.2%	8.9%	8.6%
▲ Avg NNN Asking Rate PSF	$14.83	$14.74	$14.64	$14.47	$14.45
▼ Sale Price PSF	$211.71	$245.83	$197.87	$263.76	$217.81
▼ Cap Rate	6.3%	7.6%	5.7%	6.2%	5.7%
▼ Under Construction SF	1,928,682	2,576,742	4,059,559	5,317,454	5,263,738
▲ Inventory SF	369,655,062	369,005,862	367,461,314	366,400,749	365,788,008

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
20623 34th Avenue, E Spanaway, WA	1,110,154 SF	$189,274,450 $178.60 PSF	Amazon Ashley Furniture	Class A
8220 S. 212th Street Kent, WA	451,024 SF	$81,051,121 $179.70 PSF	Realty Income Corporation Dermody	Class A
1200 Merrill Creek Parkway Everett, WA	299,700 SF	$65,000,000 $216.88 PSF	New Mountain Capital Joshua Green Corporation	Class A

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
2511 70th Avenue, E Fife, WA	197,530 SF	Northwest Building	Bargreen Ellingson	Distribution
1212 Valley Avenue, NW Puyallup, WA	107,786 SF	IAC Properties	Cabela's	Distribution
4320 95th Street, SW Lakewood, WA	105,375 SF	Northwest Building	Cascade Sonocco	Manufacturing

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