



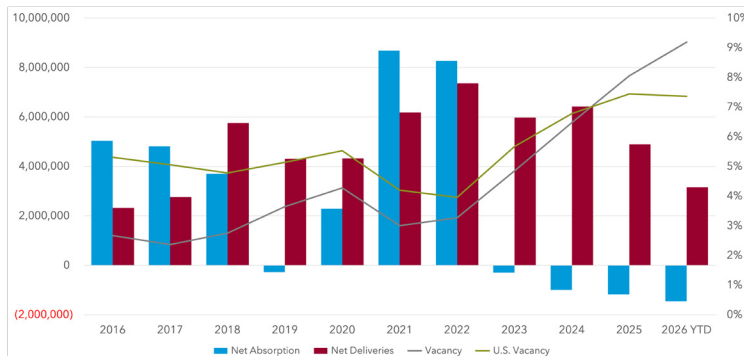
INDUSTRIAL MARKET OVERVIEW

JUSTIN FROELICH, Associate Vice President

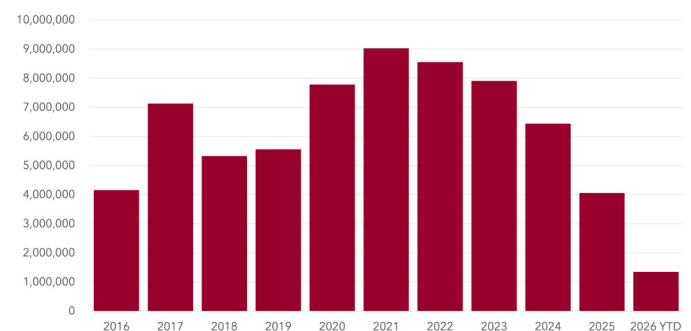
Puget Sound's industrial market showed signs of improved demand in Q3, though vacancy continued to edge higher. Twelve-month net absorption improved to (1.67M SF) from (2.78M SF) in Q2, while vacancy rose to 10.35% from 10.30%, reflecting continued availability across the market. Average NNN asking rents increased to \$15.06 PSF annually, and sales pricing rebounded to \$221.76 PSF from \$198.96. Cap rates compressed to 5.36% from 6.65%, while construction slowed to 1.35M SF from 1.88M SF. Inventory reached 369.76M SF. Tenants retain leverage as landlords compete for occupancy. Overall, absorption improved and new development moderated, though elevated vacancy continues to shape market conditions.

MARKET INDICATORS	Q3 2026	Q2 2026	Q1 2026	Q4 2025	Q3 2025
▲ 12 Mo. Net Absorption SF	(1,668,843)	(2,783,044)	(2,025,052)	(1,174,811)	(583,327)
▲ Vacancy Rate	10.35%	10.30%	9.65%	9.22%	8.94%
▲ Avg NNN Asking Rate PSF	\$15.06	\$14.91	\$14.85	\$14.74	\$14.50
▲ Sale Price PSF	\$221.76	\$198.96	\$231.35	\$195.85	\$263.04
▼ Cap Rate	5.36%	6.65%	7.59%	5.33%	6.15%
▼ Under Construction SF	1,348,396	1,877,642	3,160,717	4,059,560	5,353,444
▲ Inventory SF	369,764,534	369,258,447	367,974,232	366,609,804	365,895,418

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
4179 70th Ave E Fife, WA	501,250 SF	\$108,375,000 \$216.21 PSF	REALTY INCOME U.S. CORE PLUS 2, LP CLPF - PCPP II, L.P.,	Class B
6920 192nd St E Puyallup, WA	782,773 SF	\$174,500,000 \$222.93 PSF	BLV II WA 6920 192ND STREET LLC / CH RE- ALTY IX-JV I TACOMA FRED310 E OWNER LP	Class A
2700 Talley Way Kelso, WA	1,185,327 SF	\$218,420,000 \$184.27 PSF	BEL KELSO I LLC DRI/TCC MID I-5 LLC	Class A

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
21202 24th Ave S Des Moines, WA	265,922 SF	Prologis	Blue Origin	Aerospace Manufacturing
7650 S 228th St Kent, WA	291,035 SF	CenterPoint	Cowboy Space	Aerospace / Ad- vanced Manufacturing
1800 S 216th St Des Moines, WA	405,680 SF	Panattoni	Shield AI	Aerospace & Defense

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