

# Third-party logistics companies boost positive net absorption amid uncertainty



Note: Arrows indicate change from previous quarter.

## Market Overview

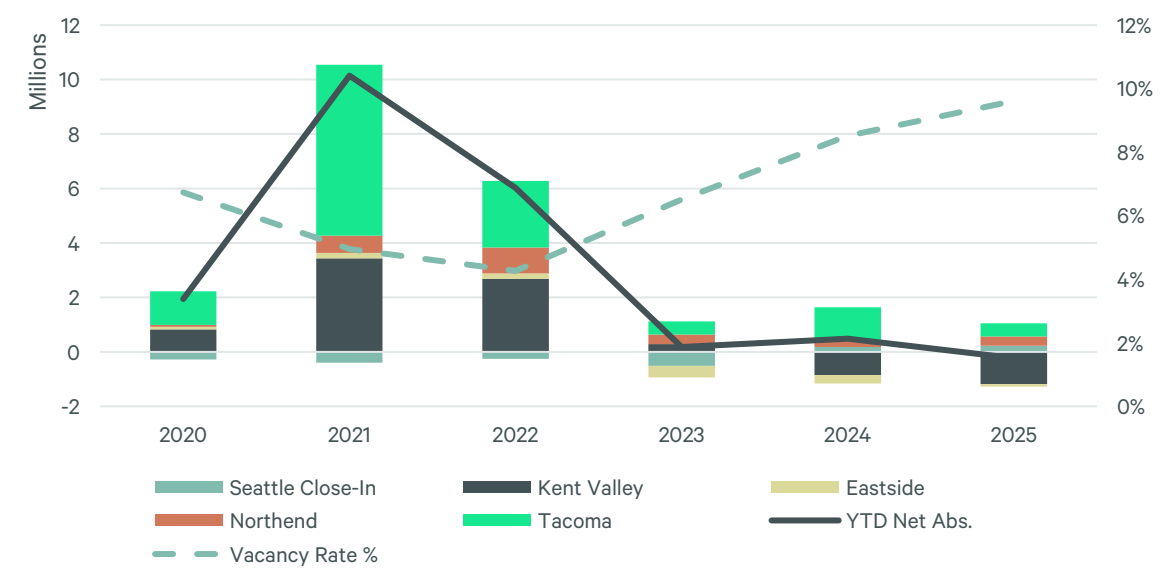
Economic uncertainty surrounding trade policy continued to restrain momentum in the Puget Sound industrial market. Overall vacancy reached 9.6% in Q2 2025, a 60-basis-point (bps) increase quarter-over-quarter (QoQ) and a 184-bps rise year-over-year (YoY). Following a weak start to the year, with 358,446 sq. ft. of negative net absorption in Q1, the market rebounded in Q2, recording positive net absorption of 131,733 sq. ft. Sublease availability remained high, though the 6.8 million sq. ft. available represented a 6.5% decrease from Q1 2025. Third-party logistics (3PL) companies led leasing activity, accounting for four of the top 10 deals and nearly 1.5 million sq. ft. in leasing volume.

A total of 2.1 million sq. ft. of new space was delivered this quarter, with 4.5 million sq. ft. still under construction. New speculative construction starts included two projects, equaling 441,000 sq. ft. combined, breaking ground in Q2 2025.

The unpredictability around tariffs has impacted shipping decisions at regional ports. In May, the Northwest Seaport Alliance reported a 21.2% YoY decline in international imports, ending a 14-month growth streak. Despite the May decline, year-to-date twenty-foot equivalent unit (TEU) volumes are up 10.2%, with imports growing 12% and exports declining 2.5%.



FIGURE 1: Vacancy vs. Net Absorption (3-County Region)



Source: CBRE Research, Q2 2025

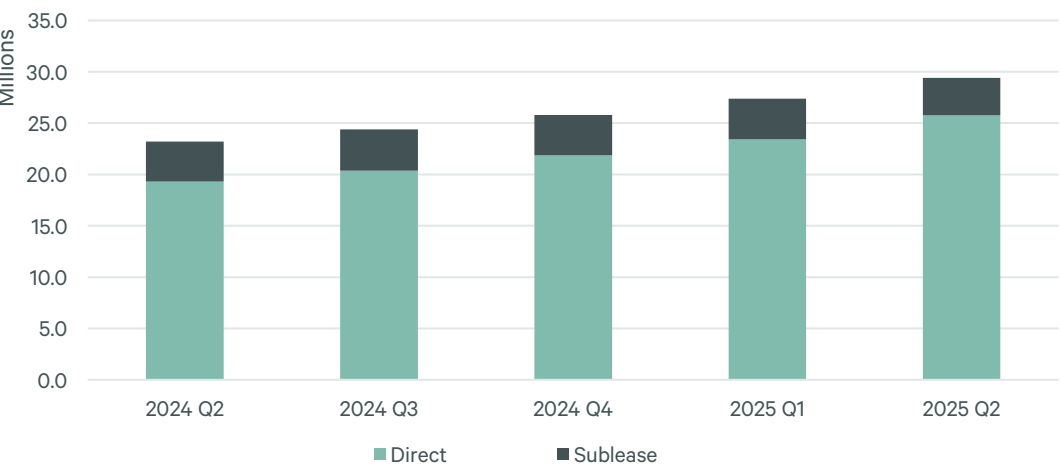
Kent Valley

Vacancy in the Kent Valley submarket rose to 8.4% in Q2 2025, a 130 bps increase QoQ. This uptick was largely driven by the delivery of Bridge Point Seattle I-5 Buildings 2 and 3, which added a combined 812,000 sq. ft. of vacant space. Net absorption for the quarter remained negative at 765,332 sq. ft., bringing the year-to-date total to negative 1.2 million sq. ft. This trend reflects traditional warehouse and distribution users rightsizing their operations to more cost-efficient models in response to changing market conditions. The reluctance of tenants to sign long-term leases, coupled with persistent market uncertainty, is fueling demand for flexible space, positioning 3PL operators to capitalize on these evolving needs. Notable transactions during the quarter included PGS USA leasing and occupying 200,400 sq. ft. at Prologis Park Auburn 12, Gorin Tennis Academy signing a new lease for 126,100 sq. ft. at Seattle South Business Park, VAS Aero Services renewing and downsizing to 121,400 sq. ft. at Kent North Corporate Park, and Bogdan Delivery taking occupancy of a 128,000-sq.-ft. sublease at Auburn North Distribution Center. The Q2 2025 average asking triple net (NNN) rental rate in the Kent Valley stood at \$1.16 per sq. ft. per month.

Tacoma/Fife

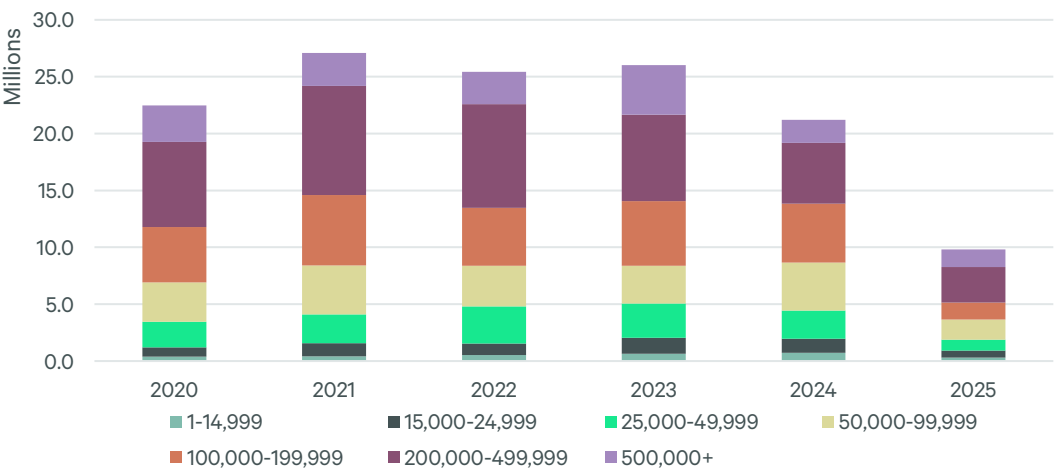
The Tacoma industrial submarket maintained positive momentum this quarter, fueled by 3PL leasing activity. Positive net absorption of 308,153 sq. ft. was recorded, while vacancy remained stable at 11.3%, a modest 10 bps increase QoQ. Notable completions included Canyon 160 (159,000 sq. ft.) and Summit Centre Business Park (95,990 sq. ft.), both of which were delivered vacant. Peak 410–Building 5 (134,313 sq. ft.) was also completed with 110,000 sq. ft. preleased and occupied upon delivery. The largest transaction of the quarter was the renewal and expansion by Estes Forwarding Worldwide, who increased its 444,400-sq.-ft. footprint by an additional 168,200 sq. ft. Other significant transactions included Kowa Company, Ltd. signing a 317,900 sq. ft. lease at FRED310–Building D, CIRRO committing to and occupying 208,400 sq. ft. at Lakewood-Tacoma Gateway, and Trimlite securing 182,500 sq. ft. at Prologis Park Puyallup 1–Building 4. The Q2 2025 average asking rental rate in the Tacoma submarket held steady at \$0.91 per sq. ft. per month, NNN.

FIGURE 2: Vacancy (3-County Region)



Source: CBRE Research, Q2 2025

FIGURE 3: Leasing Activity by Size Range (5-County Region)

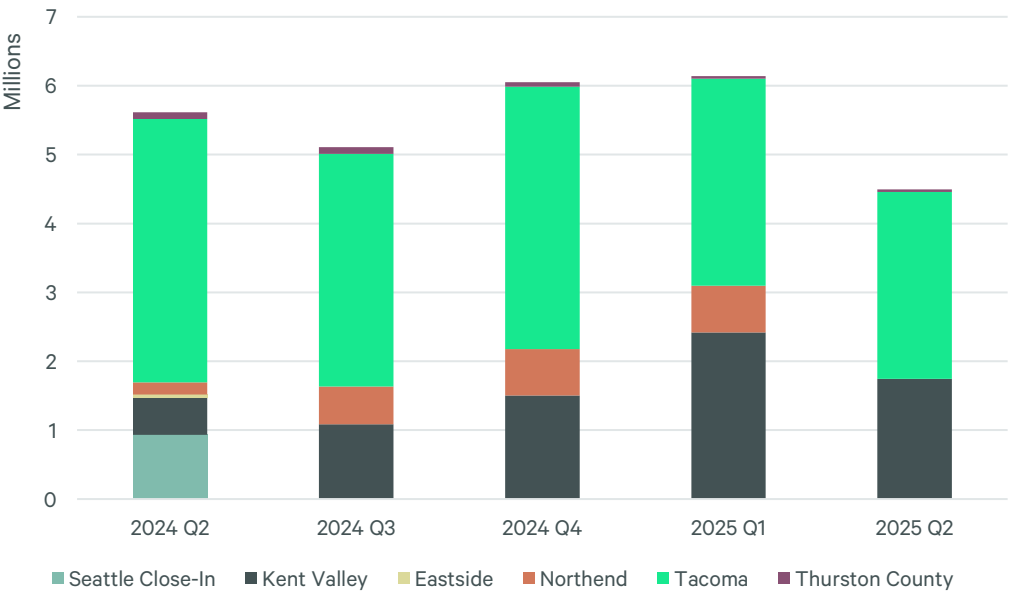


Source: CBRE Research, Q2 2025

Thurston County

The Thurston County submarket experienced a shift in Q2 2025, reporting a negative net absorption of 44,322 sq. ft. The vacancy rate increased slightly to 5.8%, a 20 bps increase from the previous quarter. Notable transactions included Kardiel vacating 44,300 sq. ft. at Hogum Bay Logistics Center–Building 4 and Crown Holdings, Inc. renewing and expanding its footprint at Lacey Corporate Center- Building E to 130,525 sq. ft.. The Q2 2025 average asking rental rate in Thurston County remained stable at \$0.76 per sq. ft. per month, NNN.

FIGURE 4: Square Feet Under Construction (5-County Region)



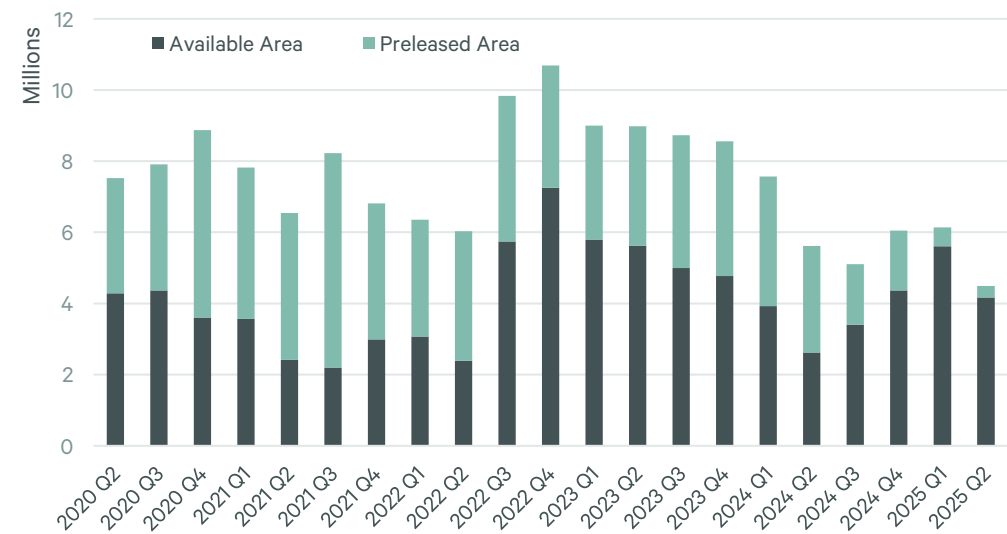
Source: CBRE Research, Q2 2025

FIGURE 5: Key Transactions (5-County Region)

Tenant	Transaction Type	Sq. Ft.	Building	Submarket	Business Sector
Estes Forwarding Worldwide	Renewal/Expansion	612,612	IPT Tacoma Logistics Center - Building B	Port of Tacoma	Logistics-3PL
Boeing	Renewal	326,447	Centre 41, Boeing 41 02	Mukilteo	Aerospace
Kowa Company, Ltd.	New Lease	317,904	FRED310 - Building D (6921 192nd St E)	Frederickson	Manufacturing
Odom Warehouse	New Lease	249,137	SeaPORT Logistics Center - Phase II - Building 6	Sumner	Food & Beverage
CIRRO	New Lease	208,370	Lakewood-Tacoma Gateway	Lakewood	Logistics-3PL
PGS USA	New Lease	200,393	Prologis Park Auburn 12	Auburn	Logistics-3PL
Trimline	New Lease	182,500	Prologis Puyallup 1 - Building 4	Puyallup	Building Materials
Tigers (USA) Global Logistics	Renewal	160,000	Prologis Park Tacoma - Building D	Port of Tacoma	Logistics-3PL
Crown Holdings, Inc,	Renewal/Expansion	130,525	Lacey Corporate Center Building E	Lacey	Packaging
Gorin Tennis Academy	New Lease	126,123	Seattle South Business Park - Building 01	Tukwila	Sports/Recreation

Source: CBRE Research, Q2 2025

FIGURE 6: Available or BTS - Preleased in Properties Under Construction (5-County Region)



Source: CBRE Research, Q2 2025

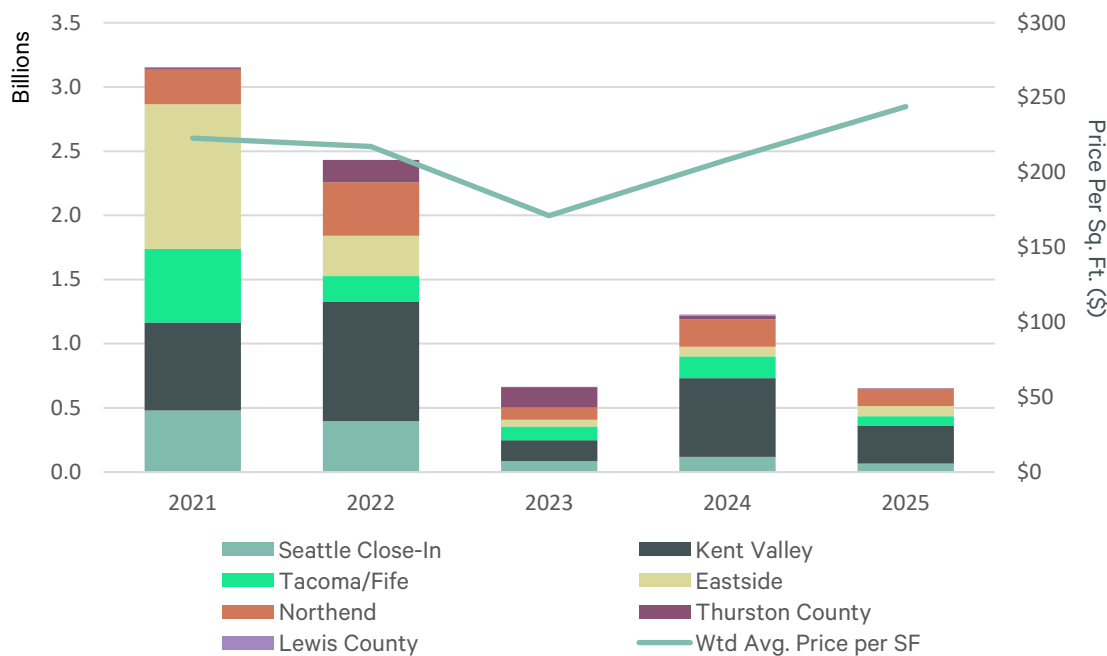
Eastside

The Eastside submarket continues to attract high-value manufacturing operations. The market showed modest improvement, with 84,062 sq. ft. of positive net absorption in Q2 2025. As a result, the vacancy rate decreased by 40 bps to 7.8%. A significant move-in this quarter included Space X occupying 197,500 sq. ft. at Woodinville Distribution Center–Building A, while also signing to expand into an additional 39,000 contiguous sq. ft. Notable transactions included Freefly Systems signing a new lease for 60,600 sq. ft. at Woodinville West–Building D and NeOasis Interiors leasing 24,600 sq. ft. at Nelson Johnson 201–Building B. There are currently no development projects underway in the submarket. The Q2 2025 average asking rental rate for the Eastside submarket was \$1.87 per sq. ft. per month, NNN.

Seattle Close-In

The Seattle Close-in submarket saw strong activity in Q2 2025. Reflecting competitive market conditions, the average asking rental rate rose to \$1.74 per sq. ft. per month, NNN, while vacancy decreased by 70 bps to 9.3%. The positive net absorption of 241,766 sq. ft. was driven by the following key transactions: Evergreen Goodwill of Northwest Washington leasing and taking occupancy of 119,500 sq. ft. at Georgetown Logistics Center, Seattle Stone occupying 45,230 sq. ft. at Northwest Corporate Park Seattle–Building X, and South West Plumbing expanding its presence in the submarket with two new leases totaling 50,000 sq. ft. at 7717 and 7707 Detroit Ave SW.

FIGURE 7: Sales Volume and Weighted Average Price per Sq. Ft. (5-County Region)



Source: CBRE Research, Q2 2025

Northend

The Northend submarket recorded positive net absorption of 263,084 sq. ft. in Q2 2025. However, an influx of new supply increased vacancy to 14.1%, up from 12.9% the previous quarter. Approximately 675,000 sq. ft. of new construction was delivered during the quarter. Notable completions included a 308,000-sq.-ft. build-to-suit for PepsiCo’s Frito Lay division at Cascade Business Park–Building 3, three speculative buildings totaling 243,000 sq. ft. at North Creek Commerce Center, and 125,000 sq. ft. at Scannell Supersonic Industrial Center. A standout transaction for the quarter was Boeing’s renewal of its 326,500 sq. ft. lease at 4702 Harbour Pointe Blvd SW in Mukilteo, reaffirming its long-term presence in the region. Boeing also took occupancy of 278,500 sq. ft. at Bridge Point Everett 500, following a lease executed in Q4 2024. The Q2 2025 average asking rental rate remained steady at \$1.17 per sq. ft. per month, NNN.

FIGURE 8A: Statistics by Submarket

SUBMARKET	Inventory	Total Vacant (SF)	Total Vacancy Rate (%)	Total Availability Rate (%)	Q2 2025 Net Absorption (SF)	Last Four Qtrs Net Absorption (SF)	Under Construction (SF)	Direct Asking Rent (NNN/SF/Mo)
Capitol Hill/E Seattle/Rainier	1,715,883	224,614	13.1%	6.9%	18,200	8,464	0	
Downtown/Lake Union	2,302,673	278,829	12.1%	7.2%	(766)	(1,052)	0	
North Seattle/Interbay	7,036,901	650,582	9.2%	11.7%	15,716	54,940	0	
South/West Seattle	38,482,629	3,442,917	8.9%	9.5%	208,616	74,104	0	
<b>Seattle Close-In</b>	<b>49,538,086</b>	<b>4,596,942</b>	<b>9.3%</b>	<b>9.6%</b>	<b>241,766</b>	<b>136,456</b>	<b>0</b>	<b>1.74</b>
Auburn	28,486,593	1,386,275	4.9%	5.7%	69,198	(109,706)	0	
Federal Way	3,984,490	1,379,742	34.6%	29.2%	(7,461)	1,136,124	0	
Kent	48,887,063	4,519,006	9.2%	13.2%	(283,306)	(1,323,666)	212,077	
Renton	17,051,551	704,482	4.1%	4.7%	(225,996)	(390,505)	0	
SeaTac	6,191,071	485,459	7.8%	6.9%	(39,470)	80,137	0	
Sumner	19,411,608	1,513,504	7.8%	14.8%	(208,119)	9,227	1,531,179	
Tukwila	12,232,722	1,391,250	11.4%	12.6%	(70,178)	(465,858)	0	
<b>Kent Valley</b>	<b>136,245,098</b>	<b>11,379,718</b>	<b>8.4%</b>	<b>10.9%</b>	<b>(765,332)</b>	<b>(1,064,247)</b>	<b>1,743,256</b>	<b>1.16</b>
DuPont	4,635,287	508,902	11.0%	10.3%	(17,454)	(19,295)	0	
Fife	13,462,611	1,281,424	9.5%	11.3%	(89,232)	(142,829)	14,000	
Frederickson	16,409,095	2,771,804	16.9%	16.5%	141,306	2,223,914	91,728	
Gig Harbor	757,586	99,512	13.1%	10.8%	0	13,000	0	
Lakewood	7,386,464	872,291	11.8%	13.8%	226,694	(1,227)	0	
Port of Tacoma	12,343,907	918,424	7.4%	13.6%	52,324	(268,813)	0	
Puyallup	8,921,181	1,178,376	13.2%	12.0%	3,796	(17,622)	463,933	
Tacoma West	5,887,222	266,956	4.5%	5.1%	(9,281)	47,318	2,145,952	
<b>Tacoma</b>	<b>69,803,353</b>	<b>7,897,689</b>	<b>11.3%</b>	<b>12.7%</b>	<b>308,153</b>	<b>1,834,446</b>	<b>2,715,613</b>	<b>0.91</b>

CBRE made a methodology change in Q3 2024 to report blended industrial rents instead of shell rents as previous  
Source: CBRE Research, Q2 2025

Investment Sales

The Puget Sound investment sales market saw a notable adjustment in Q2 2025. Total sales volume declined 23.3% YoY, from \$234.7 million in Q2 2024 to \$180.1 million this quarter. Despite the sales volume decrease, pricing remained resilient as the average price per square foot held steady at \$256—in line with the region’s long-term historical average.

The largest investment deal of the quarter was Starfish Neuroscience’s acquisition of the I-90 R&D Center in Bellevue. The 38,883-sq.-ft. facility sold for \$17.5 million (\$450.07 per sq. ft.). Another notable transaction was the sale of 3223 3rd Ave S (formerly the PSPS Building) in Seattle, a 48,400-sq.-ft. property that traded for \$12.5 million (\$258.24 per sq. ft. ). In the owner-user segment, Goodwill of Olympics & Rainier Region purchased a 194,900-sq.-ft. building from CenterPoint Properties in Tacoma for \$41.0 million.

Despite a slight decline in overall sales volume, the stable market demonstrates ongoing investor confidence and demand for industrial properties in the Puget Sound region. The diverse range of transactions, including small owner-user deals and larger institutional investments, underscores the market’s broad appeal.

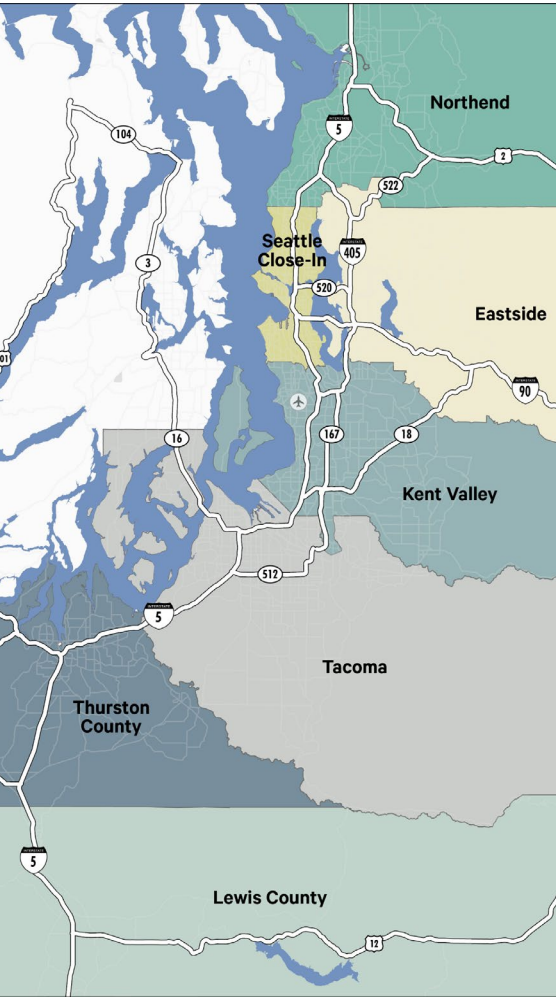
Looking ahead, the Federal Reserve recently opted to maintain the target range at 4.25% to 4.50%, citing persistent economic uncertainties around inflationary pressures and the evolving impact of tariffs. This monetary stance may influence investment strategies and capital flows in the coming quarters.

FIGURE 8B: Statistics by Submarket

SUBMARKET	Inventory	Total Vacant (SF)	Total Vacancy Rate (%)	Total Availability Rate (%)	Q2 2025 Net Absorption (SF)	Last Four Qtrs Net Absorption (SF)	Under Construction (SF)	Direct Asking Rent (NNN/SF/Mo)
Bellevue	2,030,837	73,543	3.6%	4.6%	(11,670)	17,135	0	
Bothell	2,985,818	417,559	14.0%	17.2%	(1,872)	(221,384)	0	
I-90/Issaquah	2,652,400	409,687	15.4%	15.7%	(1,599)	(19,938)	0	
Kirkland	2,318,166	66,713	2.9%	4.3%	(39,949)	16,302	0	
Marymoor	3,484,130	191,557	5.5%	6.7%	(15,738)	(71,029)	0	
Overlake	704,781	149,386	21.2%	22.4%	47,280	17,520	0	
Willows	3,864,300	280,750	7.3%	8.3%	(27,496)	(60,582)	0	
Woodinville	6,909,081	360,376	5.2%	8.1%	135,106	(83,822)	0	
<b>Eastside</b>	<b>24,949,513</b>	<b>1,949,571</b>	<b>7.8%</b>	<b>9.6%</b>	<b>84,062</b>	<b>(405,798)</b>	<b>0</b>	<b>1.87</b>
Everett	11,290,301	1,273,514	11.3%	12.1%	262,826	419,880	0	
Lynn/Ed/Mtlkterr	2,822,803	246,933	8.7%	12.6%	38,896	60,515	0	
Monroe	2,041,027	144,010	7.1%	4.4%	(3,732)	(5,125)	0	
Mukilteo	2,980,121	313,340	10.5%	10.4%	(3,201)	23,951	0	
No Snohomish CO	6,251,126	1,602,600	25.6%	28.6%	(31,705)	(56,911)	0	
<b>Northend</b>	<b>25,385,378</b>	<b>3,580,397</b>	<b>14.1%</b>	<b>15.4%</b>	<b>263,084</b>	<b>442,310</b>	<b>0</b>	<b>1.17</b>
<b>Puget Sound (3-county)</b>	<b>305,921,428</b>	<b>29,404,317</b>	<b>9.6%</b>	<b>11.4%</b>	<b>131,733</b>	<b>943,167</b>	<b>4,458,869</b>	<b>1.28</b>
<b>Whse/Bus Pk/Manuf</b>	315,177,622	28,956,068	9.2%	10.9%	98,283	1,123,237	4,494,869	1.22
<b>Flex</b>	9,169,160	1,521,527	16.6%	18.1%	(10,872)	(383,956)	0	1.82
Lacey	12,476,673	784,403	6.3%	6.9%	(44,322)	(397,452)	0	
Olympia Core	822,123	0	0.0%	0.0%	0	0	0	
Tumwater	4,731,338	288,875	6.1%	6.5%	0	193,566	36,000	
Outlying Thurston	395,220	0	0.0%	0.0%	0	0	0	
<b>Thurston County</b>	<b>18,425,354</b>	<b>1,073,278</b>	<b>5.8%</b>	<b>6.3%</b>	<b>(44,322)</b>	<b>(203,886)</b>	<b>36,000</b>	<b>0.76</b>
<b>Lewis County</b>	<b>5,745,292</b>	<b>107,125</b>	<b>1.9%</b>	<b>1.9%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>N/A</b>
<b>Five-County Total</b>	<b>330,092,074</b>	<b>30,584,720</b>	<b>9.3%</b>	<b>10.9%</b>	<b>87,411</b>	<b>739,281</b>	<b>4,494,869</b>	<b>1.26</b>

CBRE made a methodology change in Q3 2024 to report blended industrial rents instead of shell rents as previous  
Source: CBRE Research, Q2 2025

Market Area Overview



Definitions

Net Absorption: The change in occupied square footage from one period to the next, recognized at the move-in date or delivery of new construction, not lease signing date.

Vacancy: Space that is physically vacant but may be available or newly leased.

Available: Space that is marketed but may or may not be vacant.

Average Asking Lease Rate: A calculated average that includes full service and triple net + operating expense lease rates, weighted by their corresponding available square footage. Full-Service Lease Rate: Rent typically includes real property taxes, building insurance, common area and major maintenance. Net Lease Rate: Rent excludes one or more of the "net" costs (real property taxes, building insurance, and maintenance) typically included in a full-service lease rate.

Survey Criteria

Seattle Close-In, Kent Valley, Tacoma/Fife, Thurston County and Lewis County markets include owner occupied and investor-owned industrial buildings over 10,000 sq. ft. The Eastside and Northend markets include investor-owned industrial buildings over 10,000 sq. ft.

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