MARKETBEAT

Seattle

Industrial Q4 2020

	YoY Chg	12-Mo. Forecast
5.4% Vacancy Rate	▲	▲
-3.0M Net Absorption, SF	▼	▼
$0.75 Asking Rent, PSF	▲	▼

Overall, Monthly Net Asking Rent

ECONOMIC INDICATORS Q4 2020

	YoY Chg	12-Mo. Forecast
1.96M Seattle Employment	▼	▲
5.2% Seattle Unemployment Rate	▲	▲
6.7% U.S. Unemployment Rate	▲	▼

Source: BLS

ECONOMIC OVERVIEW

For the Seattle metropolitan statistical area, at the close of the fourth quarter of 2020, 147,000 jobs had been shed year-over-year (YOY), with the unemployment rate rising 210 basis points (bps) to 5.2%. That said, these metrics have been improving over the third and fourth quarters. Upon the arrival of COVID-19 in the U.S., the economy entered a recession in March 2020, recording the worst decline in post-war history in the second quarter of 2020. With vaccine availability increasing, the Seattle MSA is poised for a quick return to normal once lockdowns conclude. Access the most recent research on CRE and the state of economy here.

SUPPLY AND DEMAND

The Seattle industrial market inventory continued to increase in the fourth quarter of 2020, with over 389,000 square feet (sf) added. Three buildings delivered: the 300,000-sf Canyon Road Logistics (fully vacant) in Frederickson, the 62,000-sf 3230 85th Street and 25,000-sf 9520 Front Street both in Lakewood. 3PLs and e-commerce remain the main drivers, for the warehouse and distribution deliveries. The Seattle market recorded over 3.8 million square feet (msf) of inventory delivered year-to-date (YTD). Of the 7.2 msf under construction, over 5.2 msf (73%) is in the South Sound market with the remaining 1.9 msf (27%) under construction in the Kent Valley. On top of these deliveries and construction projects, there is another 18 msf of proposed projects in the pipeline, 12.9 msf (72%) in the rapidly growing South Sound where land is cheaper for development and rental rates are lower than Seattle In-City and Kent Valley.

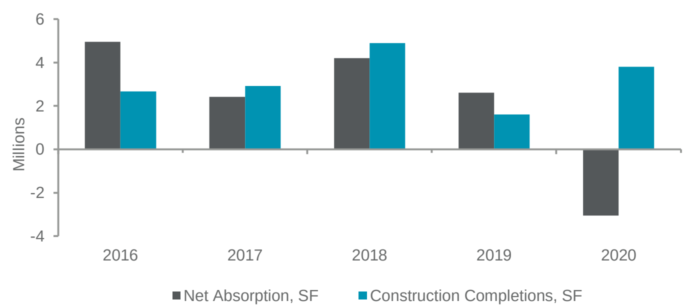
Overall absorption for the fourth quarter was reported at positive 1.3 msf with the YTD figure increasing to negative 3.0 msf. This figure is significantly off from the positive 2.6 msf reported in 2019.

Seattle MSA industrial investment decreased significantly in 2020 with slightly over $1.7 billion traded, only 46% of the close to $3.2 billion traded in 2019. Investment in 2021 should increase following the year high of $607 million trading in the fourth quarter.

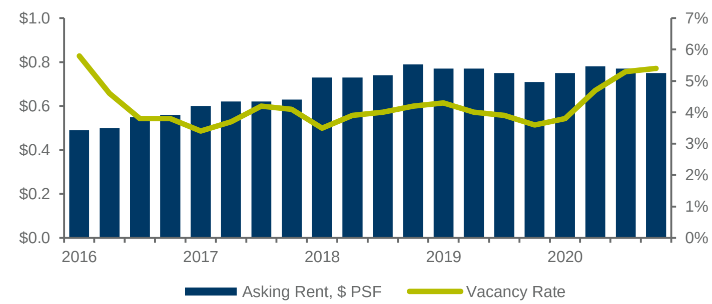
PRICING

The Seattle industrial market asking rents, after slight increases most of 2020 decreased in the fourth quarter, ending the year with an average asking rent of $0.75 per square foot (psf) on a monthly triple net basis, a YOY increase of 5.6% (+$0.04). Prices are expected to continue to rise through 2021, due to the expansion of e-commerce and 3PL companies throughout the region, low vacancy rates, and new premier space expected to deliver.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKETBEAT

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Industrial Q4 2020

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	YTD CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (W/D)
South Seattle	36,355,254	1,129,603	3.1%	-49,400	-562,438	0	0	$1.27	$1.41	$1.22
Queen Anne to SODO	5,431,382	234,008	4.3%	-4,196	-121,956	0	0	$1.30	$1.04	$1.19
N of Ship Canal to 205th	2,886,089	245,705	8.5%	-23,904	-210,241	0	0	$2.00	$1.39	$1.34
SEATTLE IN-CITY	**44,672,725**	**1,609,316**	**3.6%**	**-77,500**	**-894,635**	**0**	**0**	**$1.46**	**$1.38**	**$1.24**
SeaTac	6,562,273	230,447	3.5%	-13,091	302,217	0	0	$0.00	$0.00	$0.92
Tukwila	12,960,031	652,507	5.0%	-60,132	-151,561	0	0	$1.09	$0.77	$0.82
Renton	12,948,054	914,426	7.1%	-211,762	-346,779	0	164,480	$1.01	$0.65	$0.68
Kent	46,915,843	2,941,000	6.3%	63,642	-1,214,114	0	317,432	$1.29	$0.68	$0.70
Auburn	29,180,955	1,338,910	4.6%	-58,100	-391,743	206,155	183,894	$0.99	$0.00	$0.60
Federal Way	1,314,293	30,368	2.3%	29,736	54,767	0	77,233	$0.00	$0.00	$0.85
Sumner	16,656,404	736,973	4.4%	588,490	461,536	545,114	697,414	$0.75	$0.00	$0.69
Puyallup	7,095,863	103,000	1.5%	427,352	529,358	199,184	438,065	$0.00	$0.60	$0.80
Fife / Milton	12,664,341	435,315	3.4%	-24,167	-289,463	878,060	0	$0.00	$0.58	$0.64
Tacoma	23,532,344	1,172,639	5.0%	591,510	-582,873	106,765	0	$0.00	$0.70	$0.60
KENT VALLEY	**169,830,401**	**8,555,585**	**5.0%**	**1,333,478**	**-1,628,655**	**1,935,278**	**1,440,453**	**$1.14**	**$0.64**	**$0.66**
Parkland / Spanaway	647,725	1,000	0.2%	0	-1,000	273,816	0	$0.00	$0.00	$0.00
Fredericskon	4,317,048	300,942	7.0%	0	478,235	1,223,679	779,177	$0.00	$0.00	$0.45
University Place	165,992	2,000	1.2%	0	-2,000	0	0	$0.00	$0.00	$0.00
Lakewood	5,597,578	596,805	10.7%	70,354	-57,578	158,579	539,227	$0.00	$0.00	$0.62
Dupont	4,622,657	1,123,540	24.3%	0	-628,640	0	494,900	$0.00	$0.00	$0.50
Lacey	4,802,155	374,422	7.8%	-6,629	320,836	3,592,031	114,345	$0.00	$0.00	$0.00
SOUTH SOUND	**20,153,155**	**2,398,709**	**11.9%**	**63,725**	**-531,819**	**5,248,105**	**1,927,649**	**$0.00**	**$0.00**	**$0.57**
SEATTLE TOTALS	**234,656,281**	**12,563,610**	**5.4%**	**1,319,703**	**-3,055,109**	**7,183,383**	**3,806,167**	**$1.27**	**$0.74**	**$0.71**

*Rental rates reflect weighted net asking $psf/month

OS = Office Service/Flex MF = Manufacturing W/D = Warehouse/Distribution

KEY LEASE TRANSACTIONS Q4 2020

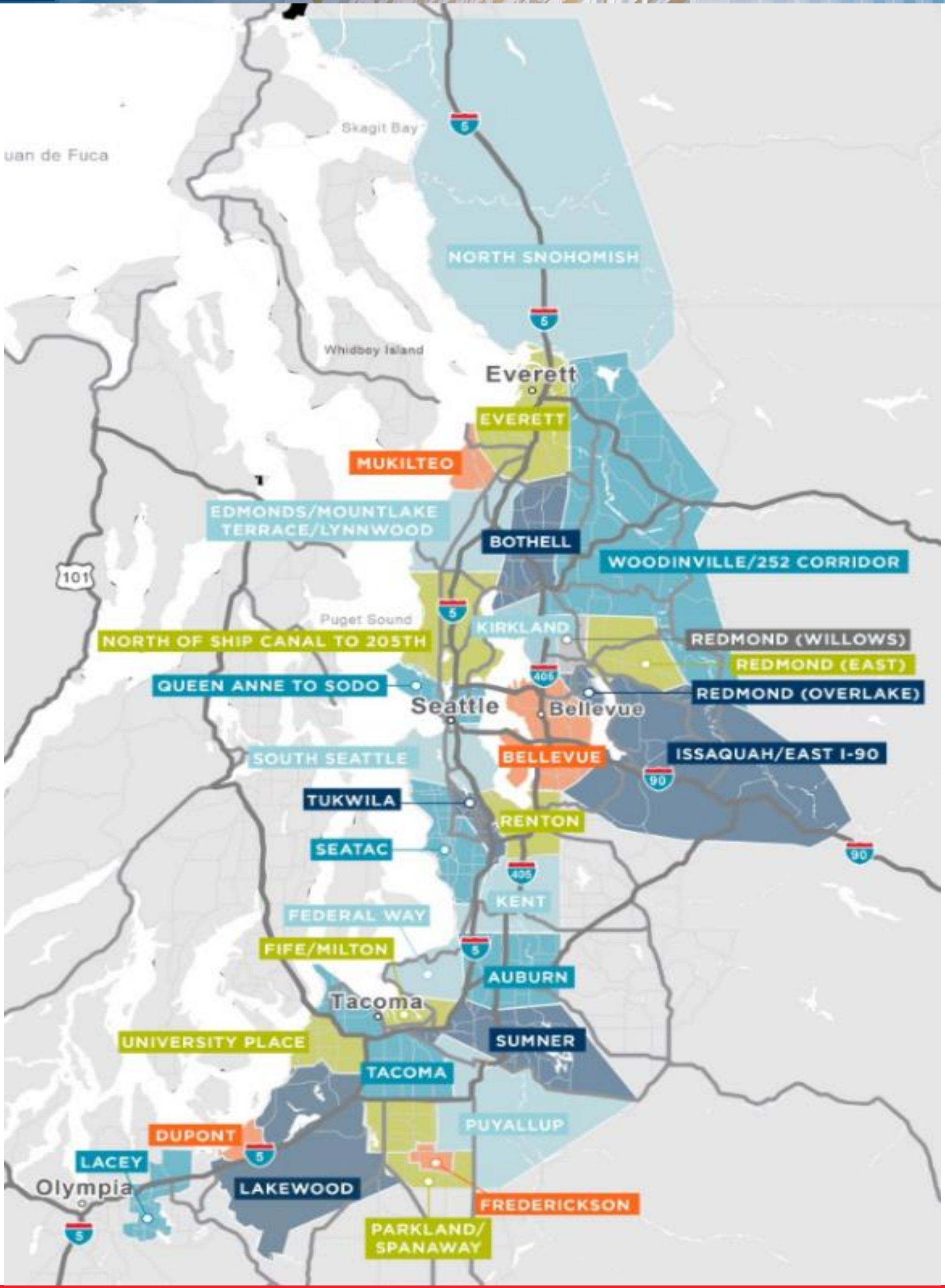
PROPERTY	SUBMARKET	TENANT	RSF	TYPE
Dupont Logistics Center	Dupont	Amazon	628,640	New
Hawks Prairie	Lacey	Snow Joe	575,918	New
NW Corporate Park – Building G	Kent	KWL	240,000	Renewal*
Portside 55 – Building C	Tacoma	Article	168,150	New

*Renewals not included in statistics

KEY SALES TRANSACTIONS Q4 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/$ PSF
Starlite Distribution Center	Lakewood	AIG Global Asset Management Holdings Corp. / LBA Realty	245,987	$39.5M/$161
Delta Marine Building	South Seattle	Delta / Prologis	175,600	$37.1M/$211
Park 277 – Ketcham Auburn Building	Auburn	Frances Mead / REEF Management LLC	133,900	$21.2M/$158

INDUSTRIAL SUBMARKETS



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