

## Industrial Q1 2021

5.5%

Vacancy Rate

YoY  
Chg12-Mo.  
Forecast

-524k

Net Absorption, SF



\$0.81

Asking Rent, PSF



Overall, Monthly Net Asking Rent

ECONOMIC INDICATORS  
Q1 2021

1.98M

Seattle  
EmploymentYoY  
Chg12-Mo.  
Forecast

5.8%

Seattle  
Unemployment Rate

6.0%

U.S.  
Unemployment Rate

Source: BLS

## ECONOMIC OVERVIEW

For the Seattle metropolitan statistical area, at the close of the first quarter of 2021, 139,000 jobs had been shed year-over-year (YOY), with the unemployment rate rising 200 basis points (bps) to 5.8%. That said, these metrics have been improving since the second half of 2020. 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 normalcy once lockdowns conclude.

## SUPPLY AND DEMAND

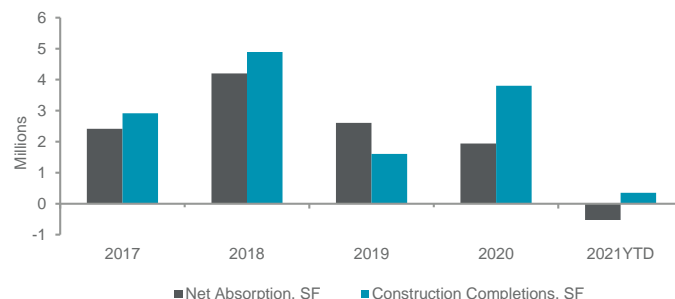
The Seattle industrial market inventory continued to increase in the first quarter of 2021, with over 351,000 square feet (sf) added. Two buildings delivered in Sumner: the 268,000-sf SeaPort Logistics Center – Phase II Building 2 (fully vacant) and the 83,000-sf Bridge Point Sumner South (fully vacant). Following the trend of 2020, new supply continues to outpace demand as buildings continue to deliver without preleasing. Currently nearly 60% (5.0 msf) of under construction projects are available. Of the 8.5 msf under construction, over 6.3 msf (74%) is in the South Sound market with 1.6 msf (19%) under construction in the Kent Valley and the remaining in the Emerald Gateway development in Seattle In-City. On top of these deliveries and construction projects, there is another 17.8 msf of proposed projects in the pipeline, 14.3 msf (80%) in the rapidly growing South Sound where land is cheaper for development and rental rates are lower than Seattle In-City and Kent Valley. Despite all this construction, the vacancy rate remains in check as demand for premium product is expected to grow over the next two years. Overall absorption for the first quarter was reported at negative 524,000 sf, of that total, direct space was negative 469,000 sf. Overall negative absorption is slightly less than the first quarter of 2020, which was recorded at negative 652,000 sf.

Seattle MSA industrial investment increased slightly in the first quarter of 2021 with just over \$645 million traded, which is 44 million more than the first quarter of 2020 when \$601 million in industrial assets traded. Investment in 2021 should continue outpacing 2020 following the year high of \$607 million trading in the fourth quarter and a strong first quarter.

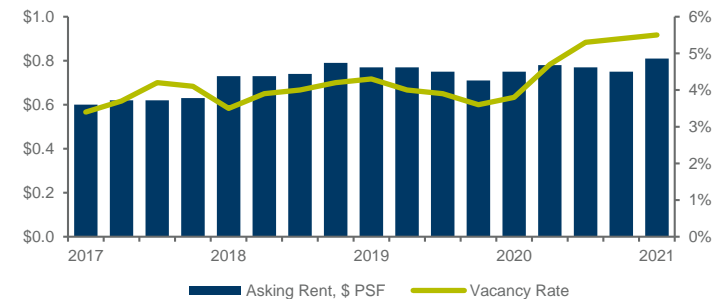
## PRICING

The Seattle industrial market asking rents increased to an average asking rent of \$0.81 per square foot (psf) on a monthly triple net basis, a YOY increase of 8.0% (+\$0.06). 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 &amp; ASKING RENT



## 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	1,225,308	3.4%	-176,747	-176,747	602,660	0	\$1.25	\$1.14	\$1.21
Queen Anne to SODO	5,431,382	322,717	5.9%	-127,359	-127,359	0	0	\$1.58	\$1.21	\$1.14
N of Ship Canal to 205 <sup>th</sup>	2,886,089	275,338	9.5%	-29,633	-29,633	0	0	\$2.00	\$1.42	\$1.36
<b>SEATTLE IN-CITY</b>	<b>44,672,725</b>	<b>1,823,363</b>	<b>4.1%</b>	<b>-333,739</b>	<b>-333,739</b>	<b>602,660</b>	<b>0</b>	<b>\$1.47</b>	<b>\$1.21</b>	<b>\$1.22</b>
SeaTac	6,562,273	203,921	3.1%	26,526	26,526	0	0	\$0.00	\$0.00	\$0.89
Tukwila	12,960,031	552,353	4.3%	80,416	80,416	0	0	\$1.10	\$0.00	\$0.86
Renton	12,935,534	845,239	6.5%	57,033	57,033	0	0	\$1.08	\$0.65	\$0.66
Kent	46,908,643	3,355,665	7.2%	-440,436	-440,436	839,632	0	\$1.13	\$0.76	\$0.69
Auburn	29,181,111	660,567	2.3%	666,599	666,599	206,155	0	\$0.99	\$1.35	\$0.69
Federal Way	1,314,293	27,457	2.1%	2,911	2,911	0	0	\$0.00	\$0.00	\$0.85
Sumner	17,007,570	1,252,556	7.4%	-264,312	-264,312	193,948	351,166	\$0.75	\$0.00	\$0.70
Puyallup	7,103,869	264,604	3.7%	-161,604	-161,604	199,184	0	\$0.00	\$0.60	\$1.03
Fife / Milton	12,664,341	481,106	3.8%	-45,791	-45,791	878,060	0	\$0.00	\$0.58	\$0.63
Tacoma	23,559,842	1,107,939	4.7%	-89,157	-89,157	106,765	0	\$0.00	\$0.52	\$0.58
<b>KENT VALLEY</b>	<b>170,197,507</b>	<b>8,751,407</b>	<b>5.1%</b>	<b>-167,815</b>	<b>-167,815</b>	<b>1,584,112</b>	<b>351,166</b>	<b>\$1.10</b>	<b>\$0.62</b>	<b>\$0.70</b>
Parkland / Spanaway	647,725	700	0.1%	300	300	273,816	0	\$0.00	\$0.00	\$0.55
Frederickson	4,317,048	300,942	7.0%	0	0	1,589,861	0	\$0.00	\$0.00	\$0.45
University Place	165,992	2,000	1.2%	0	0	0	0	\$0.00	\$0.00	\$0.00
Lakewood	5,597,578	584,989	10.5%	11,816	11,816	777,843	0	\$0.00	\$0.00	\$0.90
Dupont	4,622,657	1,348,840	29.2%	-225,300	-225,300	0	0	\$0.00	\$0.00	\$0.50
Lacey	4,849,955	183,633	3.8%	190,789	190,789	3,679,091	0	\$0.00	\$0.00	\$0.50
<b>SOUTH SOUND</b>	<b>20,200,955</b>	<b>2,421,104</b>	<b>12.0%</b>	<b>-22,395</b>	<b>-22,395</b>	<b>6,320,611</b>	<b>0</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.57</b>
<b>SEATTLE TOTALS</b>	<b>235,071,187</b>	<b>12,995,874</b>	<b>5.5%</b>	<b>-523,949</b>	<b>-523,949</b>	<b>8,507,383</b>	<b>351,166</b>	<b>\$1.24</b>	<b>\$0.76</b>	<b>\$0.73</b>

## KEY LEASE TRANSACTIONS Q1 2021

\*Rental rates reflect weighted net asking \$psf/month

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

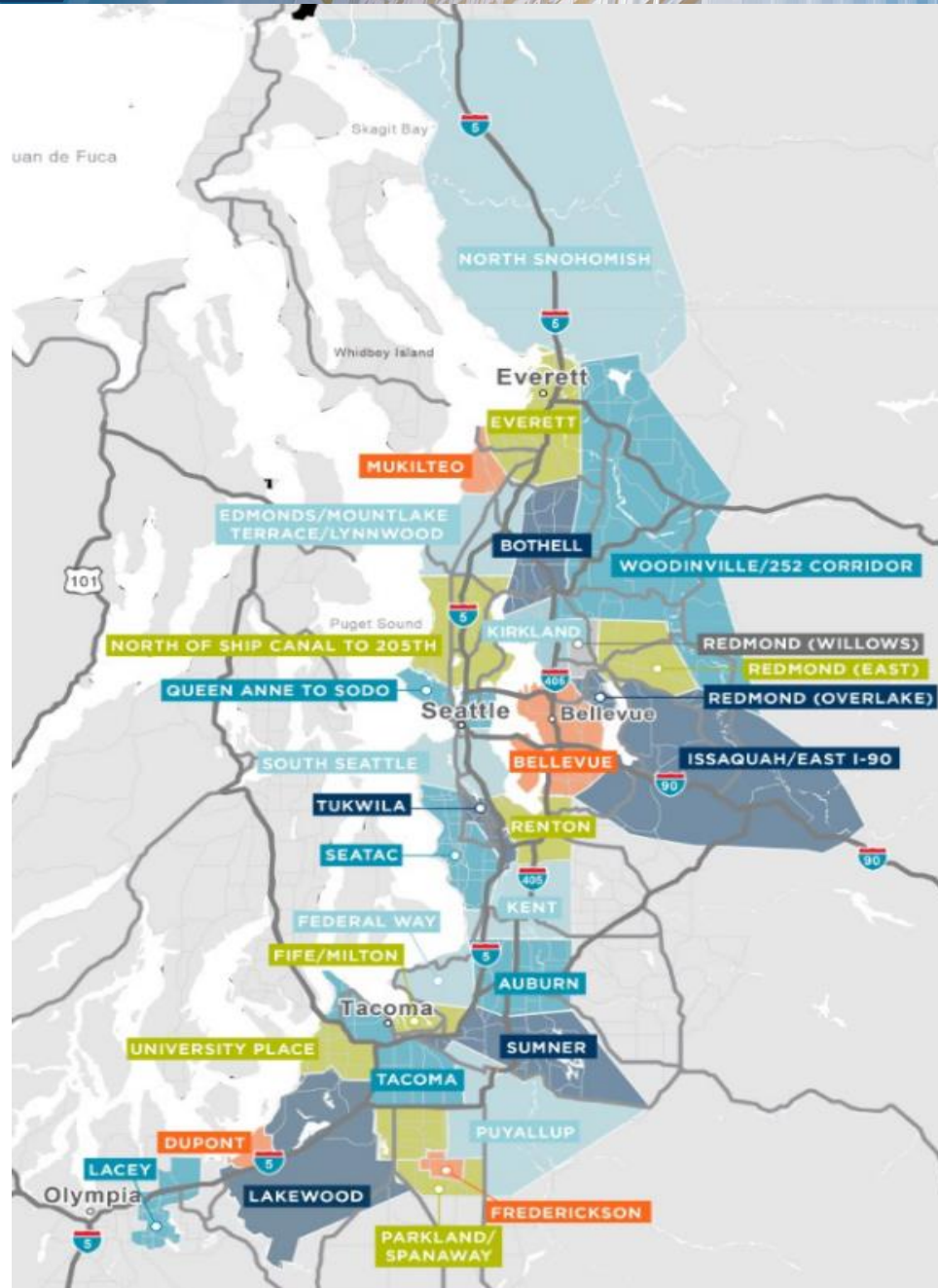
PROPERTY	SUBMARKET	TENANT	RSF	TYPE
Lakewood Logistics Center – Building A	Lakewood	Amazon	470,587	New
The Viking	Puyallup	Life Science Logistics	438,065	New
Auburn North Distribution Center	Auburn	Salmon Terminals, Inc.	268,844	Renewal*
Lakewood Industrial Park – Building 28	Lakewood	Aero-Precision	268,300	New

## KEY SALES TRANSACTIONS Q1 2021

\*Renewals not included in statistics

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
Portside 55 [3 Property Portfolio]	Tacoma	Avenue 55 / CBRE Global Investors Ltd	428,010	\$61.3M/\$143
Spokane Street Distribution Centers [3 Property Portfolio]	South Seattle	Jones Lang LaSalle Income Property Trust, Inc. / Charlie's Produce	315,392	\$72.6M/\$230
Ryerson Building	Renton	Ryerson / Elion Partners	114,531	\$27.7M/\$241

## INDUSTRIAL SUBMARKETS



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