

Industrial Market Report

Q3 2022

Puget Sound Industrial Market

Summary

The Seattle metro has one of the largest industrial markets in the U.S., being top 20 in inventory and top 10 by Asset Value. Strong regional logistics is supported by two of the busiest ports in the country, the Port of Seattle and Port of Tacoma.

Industrial leasing continues to dominate the Seattle market. Despite large scale pullbacks from some large companies and rising interest rates and inflation, the industrial market shows very little signs of slowing. Driven by consumer demand and shifts in the supply chain, there is an even greater demand for warehouse and logistics space as suppliers adjust to delivery delays.

There are potential headwinds in the future. Rising interest rates and unwinding of the federal stimulus could cause consumer demand to slow down. This could, in turn, cool the demand for logisitcs space. However, there is currently little sign of slowdown as companies continue to grapple with supply chain distributions.

AVAILABILITY	MARKET	NATIONAL INDEX
Market Rent/SF	\$1.10 ↑	\$0.90 ↑
Vacancy Rate	4.1% ↓	4.0% ↑
Month on Market	5.7 ↑	5.6 ↓
INVENTORY	MARKET	NATIONAL INDEX
Inventory SF	344 M ↑	18 B ↑
SALES	MARKET	NATIONAL INDEX
Market Sale Price/SF	\$245 ↑	\$155 ↑

Industrial Market Statistics

Current Quarter	RBA	Vacancy Rate	Market Rent	Availability Rate
Logistics	227,156,592	4.8%	\$12.13	6.2%
Specialized Industrial	86,680,561	2.7%	\$12.85	3.4%
Flex	31,017,576	6.0%	\$21.83	7.1%
Market	344,854,729	4.4%	\$13.17	5.6%

Investment activity continues to be strong in the Seattle area, as buyers see the market as a sound place to invest. Along with owners putting their properties on the market in fear of a looming recession. Sales volume peaked in 2021 and pricing has continued to rise. Developers have been creeping away from city cores, chasing less expensive land in the Pierce County areas. Most notably, Amazon's new 2.8 million SF distribution center in Arlington.

Demand for industrial space remains strong in 2022. This comes from the record setting 23M SF of leases that were signed in 2021. Logistics space has driven much of the recent surge in demand, along with e-commerce on it's heels. Annual absorption sits at 6.9 million as of Q3 2022, compared to the Seattle average of 3.8 million over the last 5 years.