

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
7.5% Vacancy Rate	▼	▼
168K YTD Net Absorption, SF	▲	▲
\$1.23 Asking Rent, PSF (Overall, Net Asking Rent)	▬	▬

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
2.1M Seattle Employment*	▲	▲
5.0% Seattle Unemployment Rate*	▲	▼
4.2% U.S. Unemployment Rate	▬	▲

Source: BLS
*Q3 2026 figures are based on latest available data

ECONOMY: Job Count and Unemployment Both Rise

The Seattle metro area added 14,600 jobs year-over-year (YOY), with the latest total figure at over 2.1 million. The unemployment rate, however, also rose, up 40 basis points (bps) YOY to 5.0%, above the U.S. rate of 4.2%. As measured by the Consumer Price Index for All Urban Consumers, Seattle metro area prices advanced 4.4% YOY, driven by higher energy (+15.9%) and food (+5.3%) costs. Minus food and energy, the index rose 3.3% YOY, mainly due to cost increases to recreation (+7.0%) and shelter (+2.6%).

SUPPLY AND DEMAND: Surge in Demand Drives Vacancy Compression

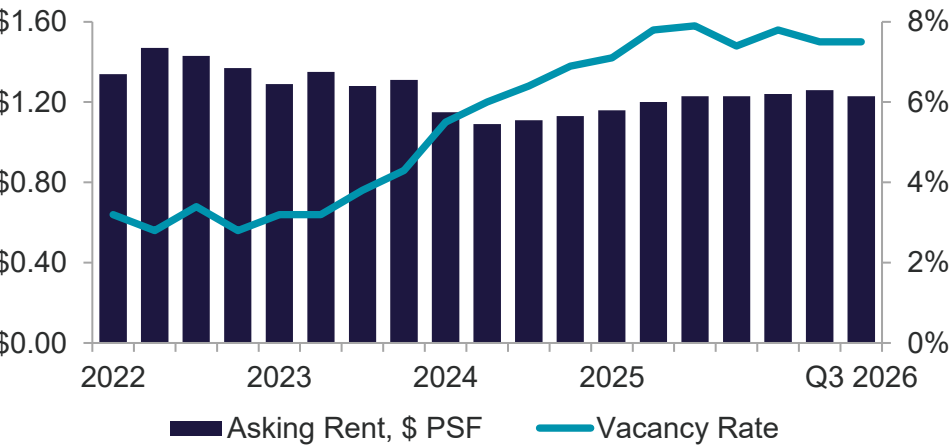
The Puget Sound-Eastside industrial market produced one of the strongest YOY performances in recent years as overall vacancy compressed 40 bps to 7.5%, down from 7.9% one year ago. Unlike many other regional markets, the Eastside benefited from stronger occupier demand, limited speculative construction, and a steady flow of technology, manufacturing, and aerospace-related requirements. Tenant consolidation activity remains present, particularly among some larger users, but many occupiers who delayed decisions during the prior year are now beginning to move forward with transactions.

Absorption swung dramatically year-to-date (YTD) in support of this notion as well, moving from negative 612,000 square feet (sf) to positive 168,000 sf YOY. Brokers continue to describe the market as increasingly active, with a growing sense that tenants are realizing now is the time to capture favorable terms before conditions shift further.

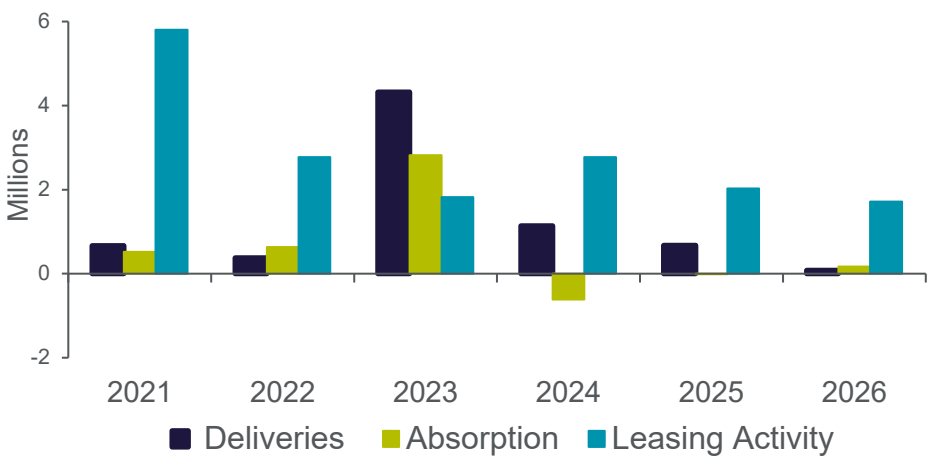
SPACE DEMAND / DELIVERIES



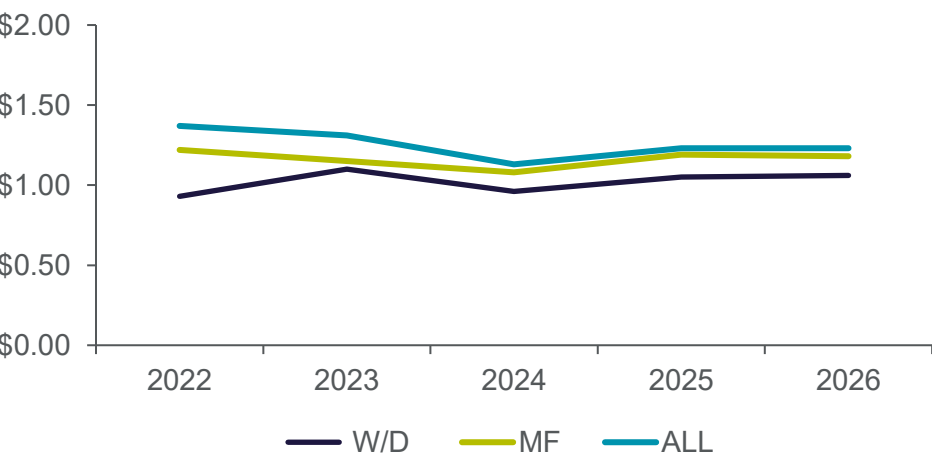
OVERALL VACANCY & ASKING RENT



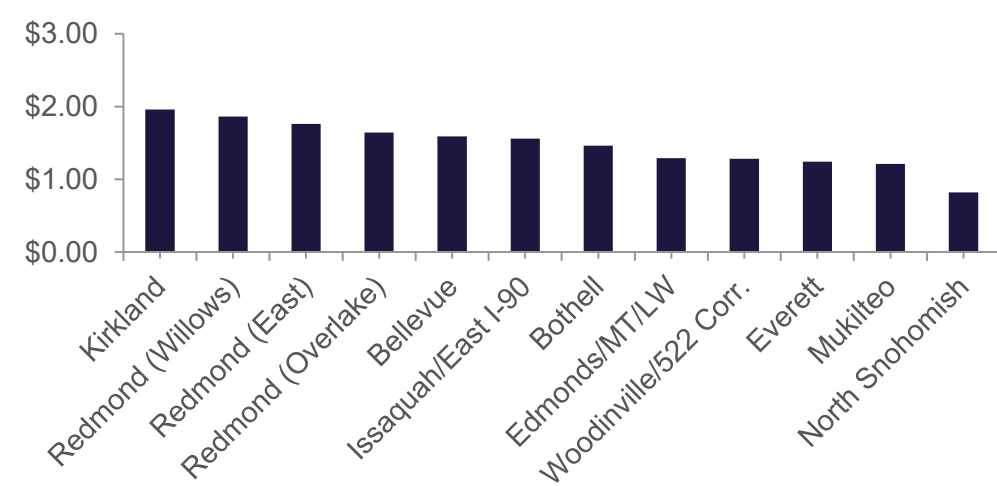
NEW SUPPLY, ABSORPTION, & LEASING ACTIVITY



AVERAGE ASKING RENT (\$PSF NNN MONTHLY)



RENT BY SUBMARKET (\$PSF NNN MONTHLY)



PRICING: Flat Rate Movement Results From Multiple Factors

The Eastside's rent story was characterized more by stability than growth. Overall average asking rents closed the third quarter at \$1.23 per square foot (psf) on a monthly triple-net (NNN) basis, unchanged from the prior year's level. While improving occupancy fundamentals and positive absorption would typically support rent growth, increased competition among available properties and tenant focus on cost containment helped keep rates relatively flat. Premium submarkets such as Bellevue, Kirkland, and Redmond continued to command some of the region's highest rents due to limited availability and strong technology and manufacturing demand, while more affordable markets like Woodinville/522 Corridor, Everett, and North Snohomish exerted downward pressure on overall averages. Additionally, as sought-after higher-priced Class A space is absorbed, a larger share of the remaining inventory consists of lower-priced Class B/C product, contributing to the market's minimal asking rate movement.

CONSTRUCTION: New Supply Running Out

Development remained subdued throughout the Eastside as just one project of 187,000 sf delivered vacant during the quarter, bringing the YTD total to 319,000 sf. This was a 13.3% decrease from the 368,000 sf completed at this point last year. While active construction has also declined from approximately 212,000 sf to 181,000 sf YOY, the three projects underway are owner/user buildings and will not add any vacancy to the market once completed. With none of the nearly 7.9 msf of proposed space projected to break ground until well into 2027, existing inventory will have all the leasing opportunity for the foreseeable future. This will prove critical in supporting vacancy compression and positive absorption on the Eastside.

LEASING ACTIVITY: Growing Engagement Signals Improving Outlook

Demand-side momentum was perhaps the Eastside's most encouraging development during 2026 as leasing activity in the third quarter hit 754,000 sf. This was a YOY jump of 24.3% from the 571,000 sf leased this time last year. Activity was particularly strong in Woodinville/522 Corridor, Everett, and North Snohomish submarkets, where a mix of expansions, relocations, and renewals drove transaction volume that accounted for 68.8% of overall leasing during the quarter. Activity has become more productive as landlords have grown increasingly aggressive in their efforts to attract and retain tenants. The results are evident in YTD leasing volume, which has climbed to over 1.7 msf, exceeding last year's total of 1.4 msf. Although deals continue to move slowly and caution is still being exercised, consensus is that the market is transitioning from a highly technical, data-driven environment toward one where sentiment, timing, and execution are at the forefront.

OUTLOOK

- Vacancy is expected to trend lower to close the year. Momentum improves as tenants aim to capitalize on favorable terms.
- Asking rents should remain largely stable, with strengthening occupancy supporting the beginning of a shift toward landlord pricing power.
- Development activity remains constrained, keeping future supply additions limited and reinforcing tighter market conditions moving forward.
- Leasing activity is poised to strengthen further as sentiment shifts positive and a more competitive environment takes hold.

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	OVERALL WEIGHTED AVG NET RENT (HT)	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (W/D)	OVERALL WEIGHTED AVG NET RENT
Bellevue	3,528,543	358,634	10.2%	-13,132	-48,837	\$2.08	\$1.58	\$0.00	\$1.50	\$1.59
Issaquah/East I-90	2,911,268	172,591	5.9%	10,694	-14,510	\$1.87	\$2.01	\$0.00	\$1.39	\$1.56
Redmond (Overlake)	831,996	21,305	2.6%	1,707	9,826	\$0.00	\$1.64	\$0.00	\$0.00	\$1.64
Redmond (Willows)	5,721,443	365,335	6.4%	16,304	16,235	\$1.92	\$1.66	\$1.71	\$0.00	\$1.85
Redmond (East)	4,226,367	140,496	3.3%	9,575	84,970	\$1.92	\$1.60	\$0.00	\$0.00	\$1.76
Kirkland	2,520,283	81,480	3.2%	-1,430	13,959	\$2.00	\$2.11	\$1.51	\$1.58	\$1.96
Woodinville/522 Corridor	10,844,959	623,205	5.7%	37,688	105,537	\$1.96	\$1.88	\$1.20	\$1.28	\$1.28
Bothell	3,627,221	560,422	15.5%	3,883	11,414	\$1.38	\$1.64	\$0.00	\$1.54	\$1.46
EASTSIDE TOTALS	34,212,080	2,323,468	6.8%	65,289	178,594	\$1.69	\$1.64	\$1.30	\$1.33	\$1.53
Edmonds/Mountlake Terrace/Lynnwood	3,024,504	123,804	4.1%	14,350	-63,567	\$0.00	\$1.70	\$1.27	\$1.29	\$1.29
Mukilteo	3,909,399	264,617	6.8%	17,242	40,605	\$1.16	\$1.40	\$1.28	\$1.36	\$1.21
Everett	16,162,340	1,188,150	7.4%	55,166	-40,167	\$1.32	\$1.25	\$1.13	\$1.23	\$1.24
North Snohomish	10,273,562	1,161,914	11.3%	65,120	52,366	\$0.00	\$0.00	\$0.92	\$0.81	\$0.82
NORTHEND TOTALS	33,369,805	2,738,485	8.2%	151,878	-10,763	\$1.24	\$1.32	\$1.12	\$0.99	\$1.05
EASTSIDE/NORTHEND TOTALS	67,581,885	5,061,953	7.5%	217,167	167,831	\$1.47	\$1.61	\$1.18	\$1.06	\$1.23

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

HT = High-Tech; OS = Office Service/Flex; MF = Manufacturing; W/D = Warehouse/Distribution

KEY LEASE TRANSACTIONS Q3 2026

PROPERTY	SUBMARKET	TENANT	SF	TYPE
215 Shuksan Way	Everett	Confidential**	257,000	New Lease
Everett Commerce Center – Bldg A	Everett	Amazon	91,544	New Lease
Seaway Business Center – Bldg E	Everett	Conifer Specialties	80,590	New Lease
Twin Lakes Logistics	North Snohomish	Little Bipsy	67,311	New Lease
Seaway Ridge – Bldg 1	Everett	Universal Mechanical	64,078	New Lease

**This was a lease signed in a complex we track as Life Sciences; this transaction was not included in industrial statistics

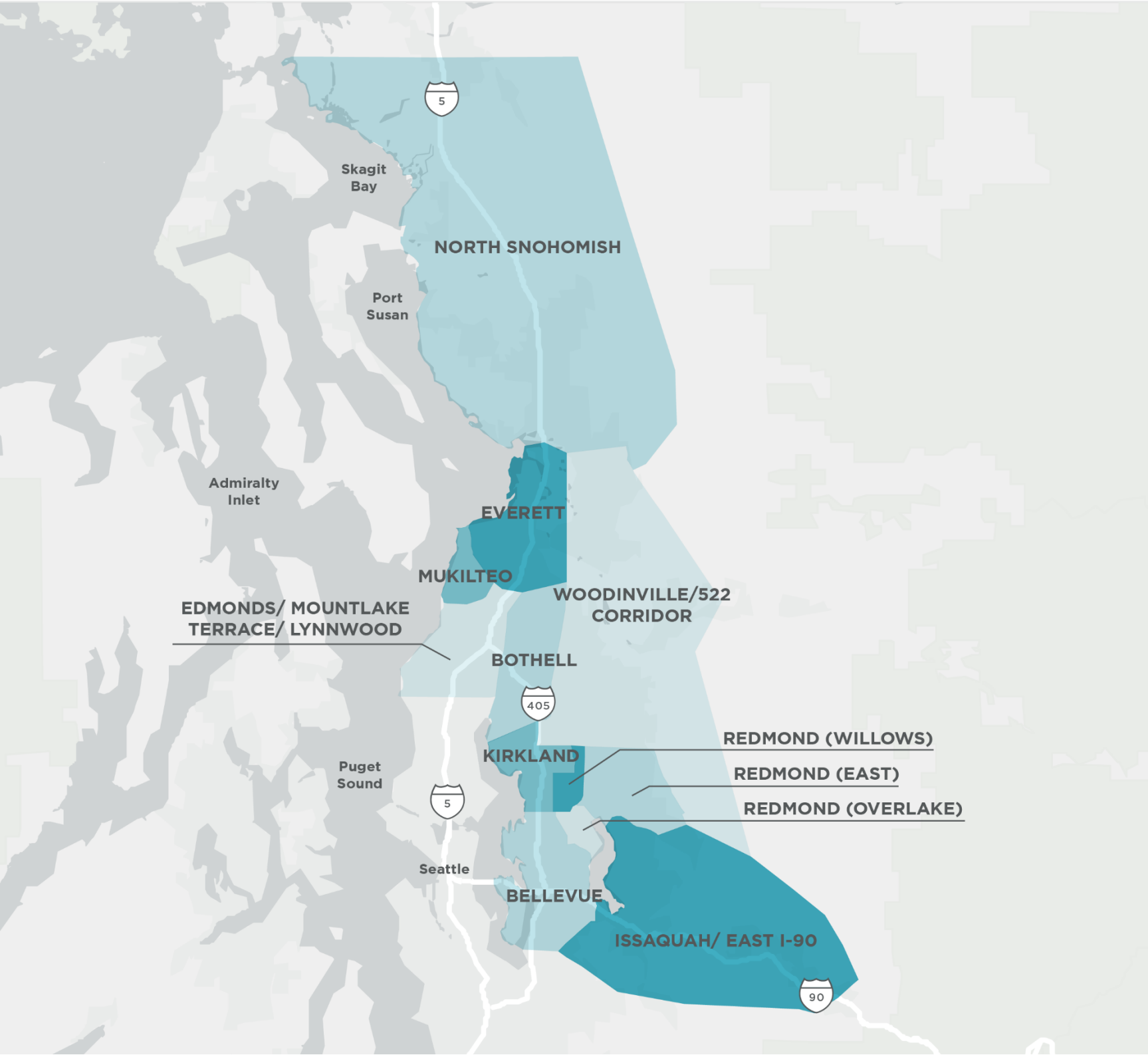
KEY CONSTRUCTION COMPLETIONS

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
Maltby 212	North Snohomish	N/A	76,346	Sierra Construction

KEY PROPERTIES UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
Northsound Logistics Center	North Snohomish	N/A	186,873	Rockefeller Group
12801 State Ave	North Snohomish	Owner-occupied	85,000	Portal Space Systems
Portal Space Systems Mfg Facility	Bothell	Owner-occupied	50,000	Portal Space Systems

INDUSTRIAL SUBMARKETS



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