

MARKET TRENDS

SEATTLE
RETAIL



Year-Over-Year Change

The Puget Sound region reflected the broader national trend of a decline in local retail spending at the close of the first half of 2025. Consumer spending across the nation declined for the first time since the start of the year in 2025, falling 0.1% in May after rising 0.2% in April. The local ports of Seattle and Tacoma reported sharp drops in imports and exports in May, heightening concerns about the broader regional economy, which is already facing headwinds from weakened consumer spending, as well as a slowdown in job growth. The market may experience a cooldown in the retail market amid concerns of inflation and ongoing shifts in tariff policies, factors that are likely to impact future spending behavior.

VACANCY

Over the past several years, vacancy and availability rates for the Seattle retail market have slowly been on the rise. Both rates experienced a 15-20% increase YOY to 3.9% and 3.6% respectively. Although vacancies have ticked up, the current rates are still holding steady at a historical low when compared to the 10-year average of 4.4%. Additionally, the region is still one of the tightest retail markets in the nation. A key driver of the tight conditions in Seattle's retail market is the limited development of new retail space, coupled with the ongoing conversion of existing retail properties into mixed-use projects. Between 2020 and 2024, Seattle experienced the steepest decline in retail inventory nationwide, which, in turn, has kept vacancy and availability rates low.

MARKET TREND

Although the average asking lease rate in the Seattle metro has consistently declined over the past four quarters, asking rates increased YOY and annual rent growth sits at 3.4% compared to 1.9% nationwide. While rental rates continue to trend near the record high, rent growth is lagging behind the level seen in past years. Consumer spending has declined across the region and the downward trend in retail sales negatively impacts revenue for retail businesses, and consequently, landlords face constraints on increasing rental rates.

DEVELOPMENT ACTIVITY

A significant portion of new development in the Seattle market consists of repurposing existing retail properties into mixed-use projects, resulting in a reduction of retail inventory by approximately 1.6M SF since 2020. This decrease in the region reflects the fastest drop in inventory in the nation during 2020-2024. Local and state regulations promote higher density in designated areas like urban and town centers. As a result, development has increasingly favored mixed-use projects over standalone retail properties. Currently, the largest projects in the Puget Sound include a 168,500 SF mixed-use development on Village Road in Woodinville and 130,000 SF at the SW corner of Redmond-Woodinville Rd NE & NE 144th Rd in Redmond. These two developments make up over half the volume of properties in the development pipeline and most projects currently under construction are estimated to be completed by year end.

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2Q 2025 VACANCY
VS. AVAILABILITY

County	Direct Vacancy	Availability
King	4.1%	3.4%
Kitsap	4.3%	4.5%
Pierce	3.4%	3.9%
Snohomish	2.8%	3.3%
Thurston	3.3%	3.9%
Total	3.7%	3.6%

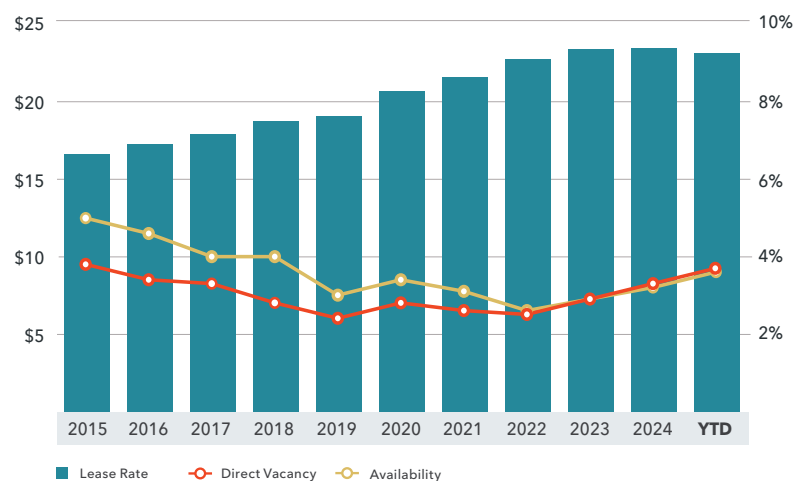
MARKET DEMAND/NET ABSORPTION

Market wide net absorption posted its third quarter of negative activity, ending 2Q 2025 with negative 591K SF, bringing the year-to-date total to negative 654K SF. Although there have been a handful of recent closures by national retailers, the negative activity can also be attributed to a slowdown in overall activity as leasing volume posted 593K SF in 2Q, a 5-year low for the Seattle region. Demand is expected to slow in the coming quarters as big-box tenants continue to close stores into the second half of the year, and consumer and business confidence decrease due to ongoing economic uncertainties.

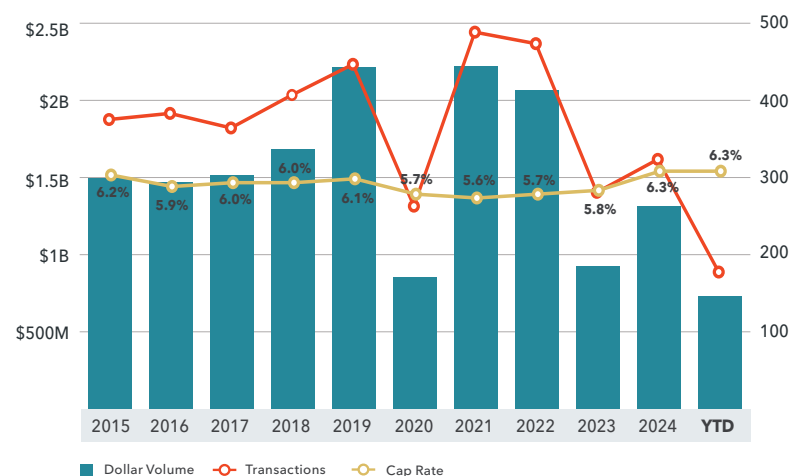
INVESTMENT ACTIVITY

Overall investment activity picked up momentum in 2Q 2025, increasing from 836K SF in 1Q to 974K SF in 2Q. Year-to-date for the first half of 2025 is up 10% compared to the first half of 2024, posting 1.8M SF cumulatively for both quarters. Consumer spending is essential to maintaining retail demand, but the recent slowdown in spending may create headwinds for the sector in the near term.

LEASE RATE, VACANCY & AVAILABILITY



SALES VOLUME, TRANSACTIONS & CAP RATE



Data Source: CoStar

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COMMERCIAL BROKERAGE

26.2M

ANNUAL SALES SF

36.7M

ANNUAL LEASING SF

500+

NO. OF
BROKERS

\$9B

AVERAGE
TRANSACTION
VOLUME

ASSET SERVICES

58M

MANAGEMENT
PORTFOLIO SF

850+

ASSETS UNDER
MANAGEMENT

VALUATION ADVISORY

2,400+

AVERAGE ANNUAL
ASSIGNMENTS

39/24

TOTAL NO
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