

MARKET TRENDS

SEATTLE

RETAIL

- ↑ VACANCY
- ↑ ABSORPTION
- ↑ RENTAL RATES
- ↑ CONSTRUCTION DELIVERIES

Year-Over-Year Change

The Puget Sound retail market continues to demonstrate stability entering 2026, supported by steady consumer spending and improving foot traffic across the region.

While overall demand remains intact, shifting consumer behavior—driven by moderating job growth and persistent cost pressures—has led to a more selective leasing environment. Conditions in early 2026 reflect a more measured pace of adjustment following softer demand in 2025, with retailers increasingly focused on efficiency and location quality.

As a result, smaller-format and service-oriented spaces continue to outperform, while larger discretionary formats face more tempered demand. Although fundamentals remain relatively healthy, near-term performance will remain closely tied to employment trends and household spending patterns.

VACANCY

The Seattle retail market remains relatively tight, though vacancy has increased on a year-over-year basis, reaching 4.0% in Q1, up from 3.3%. While vacancy has risen from historically low levels, it has stabilized in recent quarters and remains only modestly above long-term averages.

At the submarket level, Kitsap County continues to post the highest vacancy at 5.6%, followed by King County at 4.6%, while Pierce, Snohomish, and Thurston Counties remain comparatively tight, with vacancy rates near or below the low-3% range.

Although availability has increased modestly, new store openings continue to offset closures by national retailers. However, certain segments, particularly large-format retail, may experience elevated levels of availability in the near term, as the market absorbs recently vacated space from national chain closures.

MARKET TRENDS

Retail rents have remained largely stable, with asking rates holding at \$23.40 PSF in Q1, roughly in line with recent quarters and slightly above prior-year levels. While rent growth has moderated from earlier expansionary periods, limited new supply and relatively tight vacancy continue to support pricing. Looking ahead, rent growth is expected to remain steady, though gains may be tempered by softer consumer demand and a more cautious leasing environment.

DEVELOPMENT ACTIVITY

Construction activity remains concentrated in select suburban and mixed-use corridors, with projects in areas such as Mill Creek and Woodinville continuing to account for a meaningful share of new supply. Deliveries in Q1 totaled approximately 51K SF, consistent with recent levels and well below pre-pandemic construction volumes. Developers remain disciplined, favoring targeted, demand-driven projects over speculative development. As a result, new supply additions are expected to remain limited, helping to prevent significant upward pressure on vacancy despite softer leasing conditions.

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1Q 2026 VACANCY VS. AVAILABILITY

County	Direct Vacancy	Availability
King	4.6%	4.1%
Kitsap	5.6%	5.6%
Pierce	3.0%	4.0%
Snohomish	3.1%	4.0%
Thurston	3.3%	3.5%
Total	4.0%	4.1%

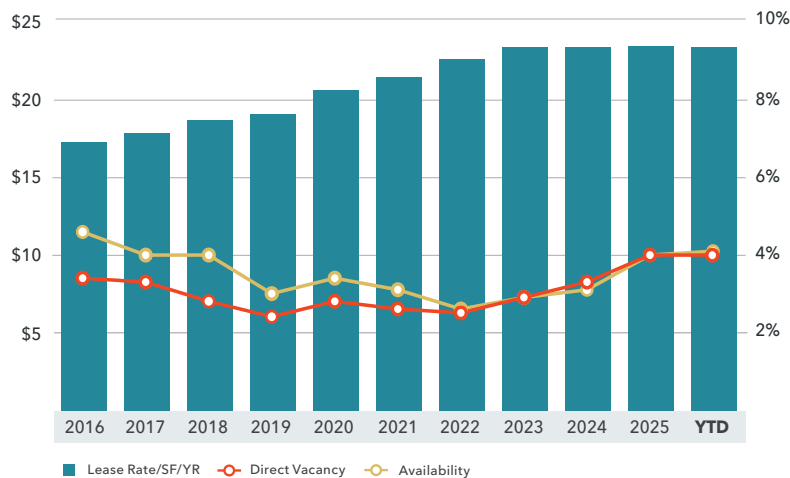
MARKET DEMAND/NET ABSORPTION

Net absorption remained negative in Q1 at -17.8K SF, though this marks a significant improvement from the more pronounced negative absorption in the past few years. This may suggest that while demand has not fully recovered, the pace of contraction has slowed. Leasing activity continues to be driven by smaller-format tenants, while larger spaces face longer absorption timelines and, in some cases, repositioning or redevelopment pressure. This ongoing divergence highlights a continued preference for smaller, service-oriented retail formats.

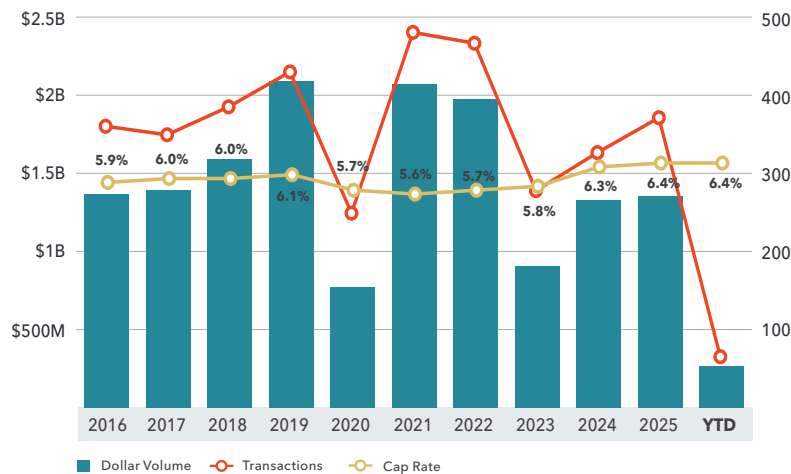
INVESTMENT ACTIVITY

Investment activity remains measured, as investors continue to take a selective approach amid a more cautious capital markets environment. Despite this, retail assets continue to attract interest due to their stable income characteristics and relative resilience.

LEASE RATE, VACANCY & AVAILABILITY



SALES VOLUME, TRANSACTIONS & CAP RATE



Data Source: CoStar

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COMMERCIAL BROKERAGE

32.4M	32.5M
ANNUAL SALES SF	ANNUAL LEASING SF
500+	\$9B
NO. OF BROKERS	AVERAGE TRANSACTION VOLUME

ASSET SERVICES

55M	800+
MANAGEMENT PORTFOLIO SF	ASSETS UNDER MANAGEMENT

VALUATION ADVISORY

2,700+	42/23
AVERAGE ANNUAL ASSIGNMENTS	TOTAL NO APPRAISERS/MAI'S

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