

Q1 2026

---

# SOUTH PUGET SOUND HEALTHCARE INSIGHTS

# TABLE OF CONTENTS

## *Prepared by*

**DREW FRAME, SIOB**  
Executive Vice President  
253.948.7032  
drew.frame@kidder.com

**RYAN KERSHAW**  
Associate  
206.949.1334  
ryan.kershaw@kidder.com

## *Brokerage Regional President*

**WILL FRAME**  
Pacific Northwest  
253.948.6895  
will.frame@kidder.com

**KMTEAMFRAME.COM**  
**KIDDER.COM**

This information supplied herein is from sources we deem reliable. It is provided without any representation, warranty, or guarantee, expressed or implied as to its accuracy.



*01* MARKET TAKEAWAYS

---

*02* RENTON/TUKWILA

---

*03* FEDERAL WAY/AUBURN

---

*04* TACOMA

---

*05* PUYALLUP

---

*06* OLYMPIA/LACEY

---

*07* TEAM OVERVIEW

# Q1 2026 HEALTHCARE REAL ESTATE TRENDS REFLECT *RESILIENCE, OUTPATIENT MOMENTUM, AND RETURNING CAPITAL*

## SOUTH PUGET SOUND Q1 INSIGHTS

TOTAL SF	8,690,241
VACANCY	2.78%
VACANT SF	241,958
AVERAGE CLASS A ASKING RENT PSF NNN	\$33.00
AVERAGE CLASS B ASKING RENT PSF NNN	\$27.00
AVERAGE MONTHS TO LEASE	3 - 9 Months
AVERAGE MARKET SALE PRICE PSF	\$320 PSF
AVERAGE MARKET CAP RATE	6.75%
AVERAGE MONTHS TO SALE	4 - 9 Months

## What The Frame Team is seeing to start 2026

Healthcare real estate entered 2026 in much the same position it ended in 2025: steady, focused, and largely insulated from the volatility affecting other property types. Across South Puget Sound, providers continued to lease, expand, and invest with confidence, reinforcing healthcare's reputation as one of the most defensive asset classes in commercial real estate. Vacancy remains tight across most submarkets and well-located buildings are leasing quickly.

Tenant demand in Q1 centered on outpatient space, particularly multispecialty clinics, ambulatory surgery centers, and behavioral health users. Properties near hospitals, dense residential nodes, and major retail corridors continued to outperform, while functional layouts, modern infrastructure, and strong parking ratios remained non-negotiable. With limited new construction in the pipeline and absorption outpacing deliveries nationally, quality space is leasing quickly and rents continue pushing higher.

Health systems and larger physician groups drove much of the early year activity, expanding outpatient footprints as care continues shifting from hospital campuses into community-based settings. Advances in medical technology and evolving reimbursement structures are reinforcing this trend, driving demand for off-campus clinics, surgery centers, and specialty care space. Lease terms continue to trend longer as practices lock in space, protect against future rent escalations and most importantly receive the largest possible Tenant Improvement allowance.

On the investment side, capital markets are showing real signs of thaw. Cap rates have begun compressing for high-quality, credit-anchored assets, and institutional buyers are re-engaging alongside private and owner user investors. Transaction momentum that picked up in late 2025 has carried into Q1 2026, with well maintained, stable tenancy assets drawing the most attention.

With national occupancy expected to push toward 93% to 94% in 2026, constrained supply, and improving liquidity, healthcare real estate enters the balance of the year from a position of strength. Steady demographic tailwinds and durable, need-based demand position the sector to outperform.

[ALL LISTINGS](#)

## FEATURED LISTINGS



**SEATTLE SW ASC**  
275 SW 160TH ST  
Burien, WA  
[LEASE](#)

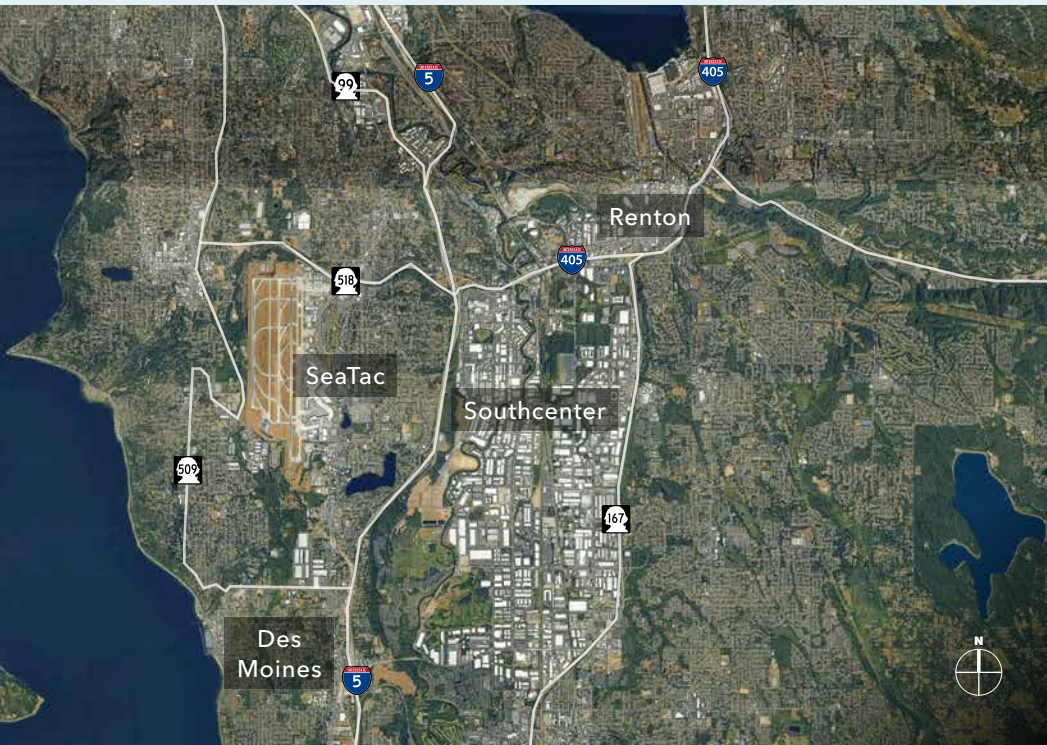


**SOUTH KITSAP MEDICAL CENTER**  
450 South Kitsap Blvd  
Port Orchard, WA  
[LEASE](#)

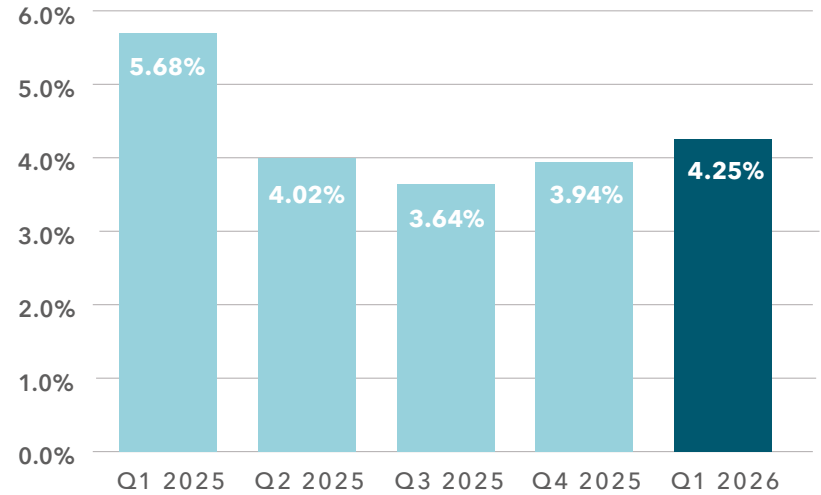


**ALLENMORE PLAZA**  
2202 S Cedar St  
320 9 S 23RD St  
Tacoma, WA  
[LEASE](#)

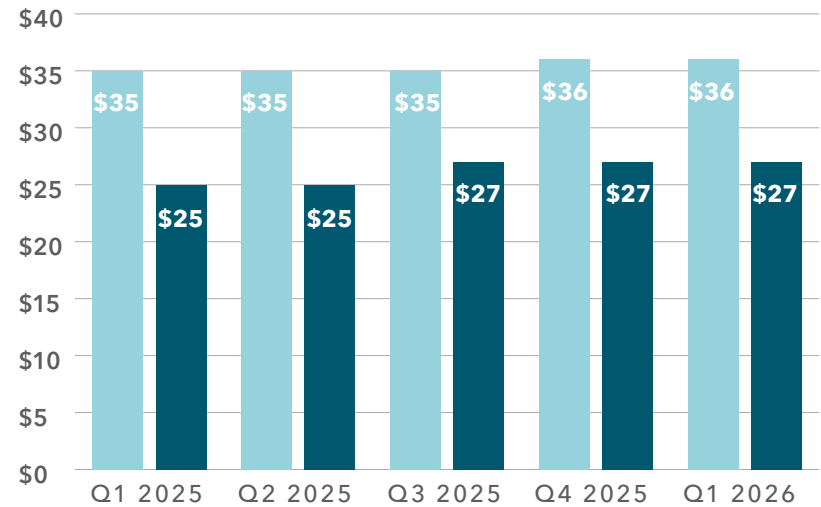
<b>1.9M</b> INVENTORY SF	<b>79,911</b> VACANT SF	<b>4.76%</b> ANNUAL RENT GROWTH
<b>4.25%</b> VACANCY RATE	<b>6.75%</b> MARKET CAP RATE	<b>\$315</b> MARKET SALE PSF



VACANCY RATE

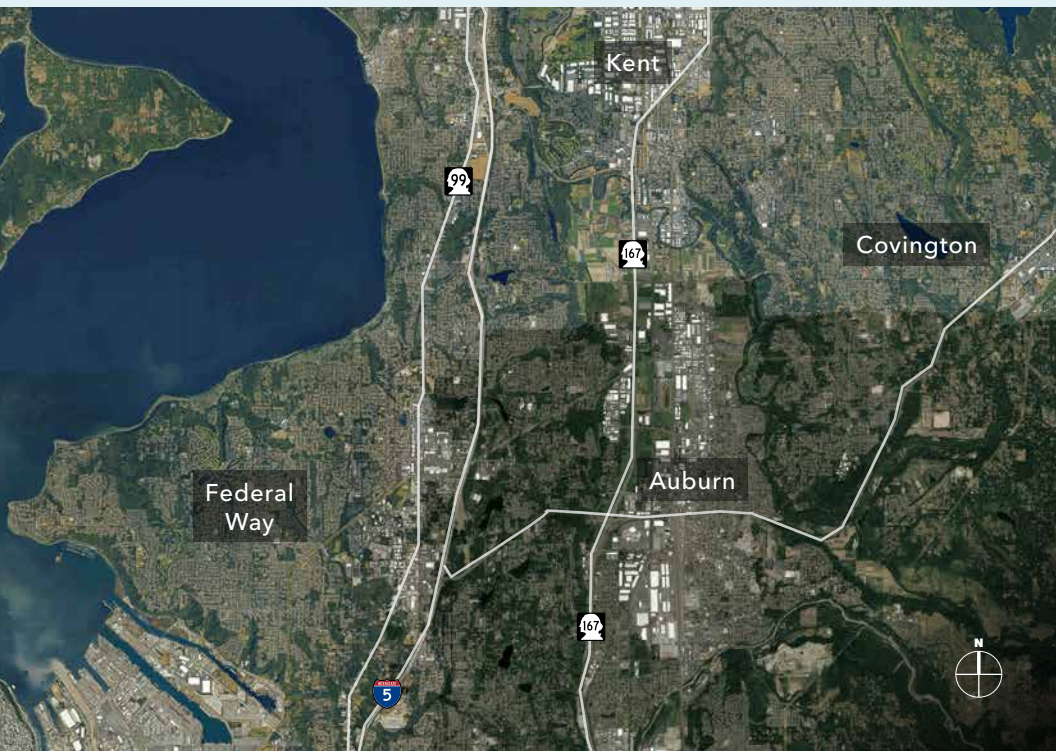


AVERAGE ASKING RENT PSF NNN

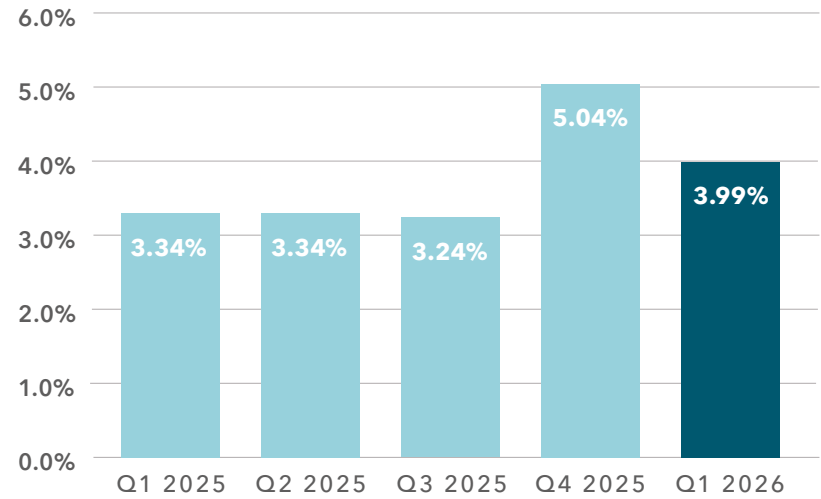


ASKING RENT/SF CLASS A ASKING RENT/SF CLASS B ASKING RENT/SF

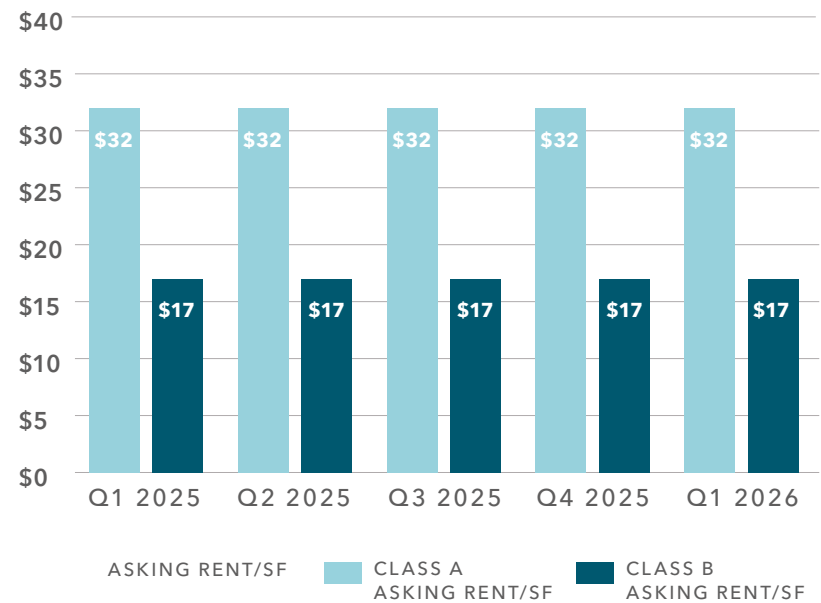
<b>840K</b> INVENTORY SF	<b>33,506</b> VACANT SF	<b>0.00%</b> ANNUAL RENT GROWTH
<b>3.99%</b> VACANCY RATE	<b>6.75%</b> MARKET CAP RATE	<b>\$240</b> MARKET SALE PSF



VACANCY RATE



AVERAGE ASKING RENT PSF NNN



3.6M

INVENTORY SF

73,738

VACANT SF

8.50%

ANNUAL RENT GROWTH

2.04%

VACANCY RATE

6.75%

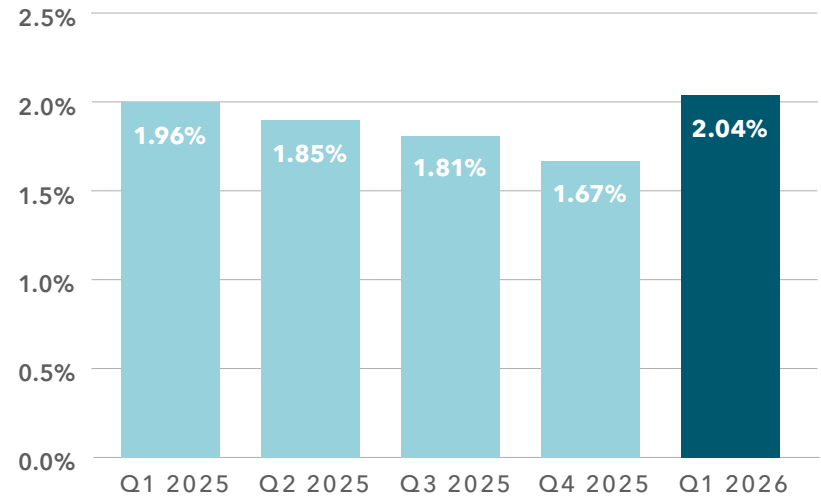
MARKET CAP RATE

\$315

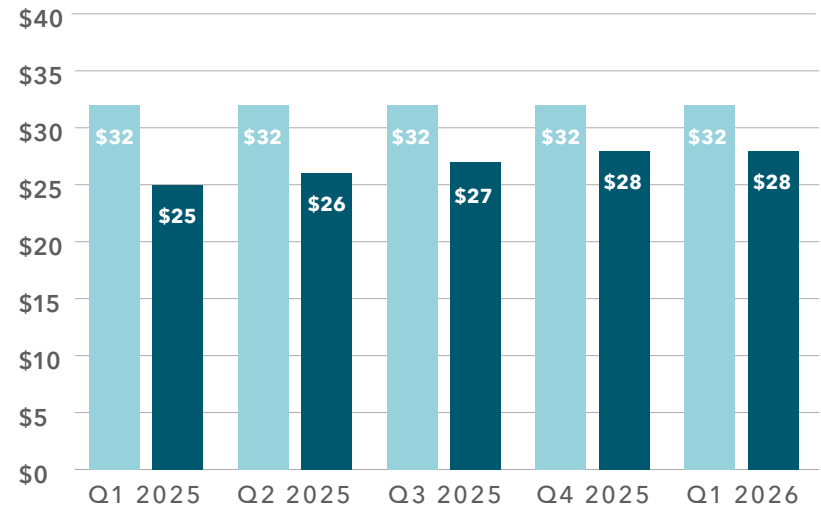
MARKET SALE PSF



VACANCY RATE



AVERAGE ASKING RENT PSF NNN



ASKING RENT/SF CLASS A ASKING RENT/SF CLASS B ASKING RENT/SF

**1.3M**  
INVENTORY SF

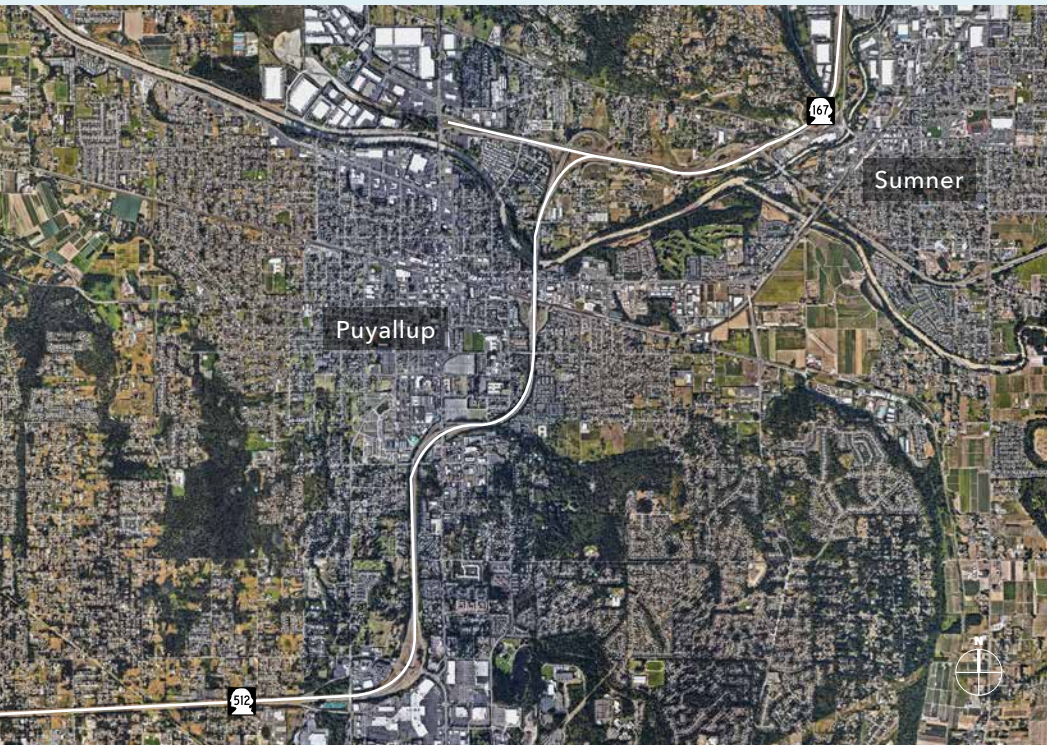
**28,687**  
VACANT SF

**8.50%**  
ANNUAL RENT GROWTH

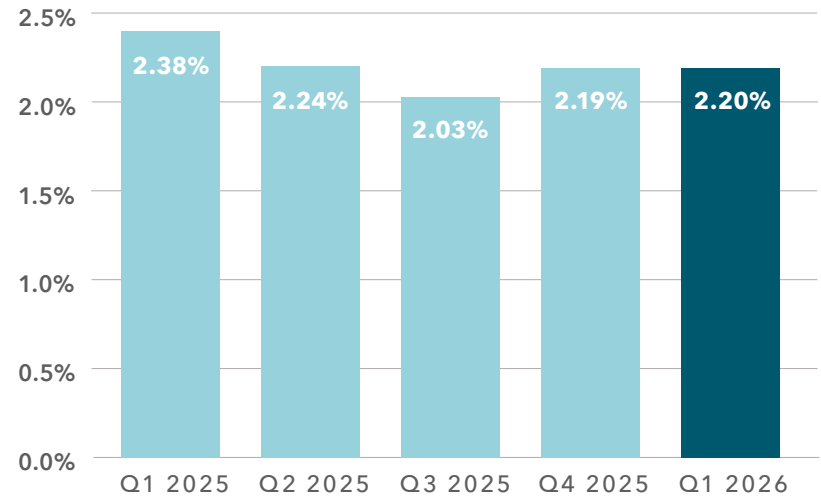
**2.20%**  
VACANCY RATE

**6.50%**  
MARKET CAP RATE

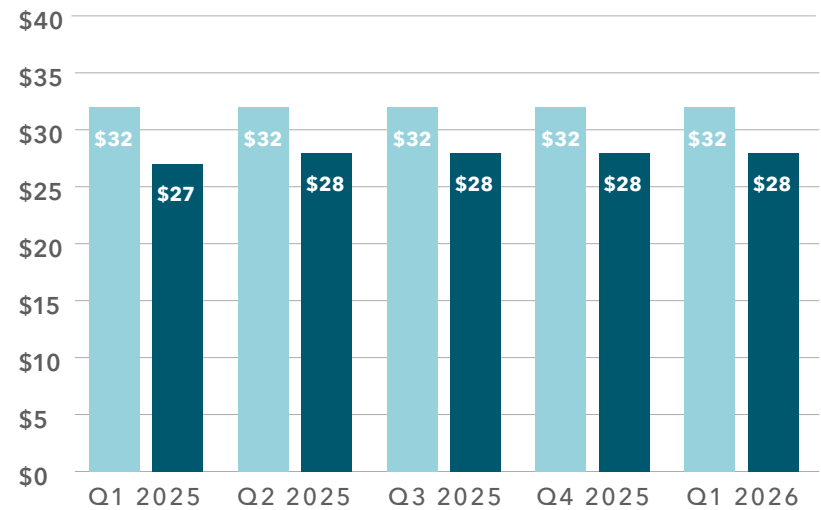
**\$320**  
MARKET SALE PSF



VACANCY RATE

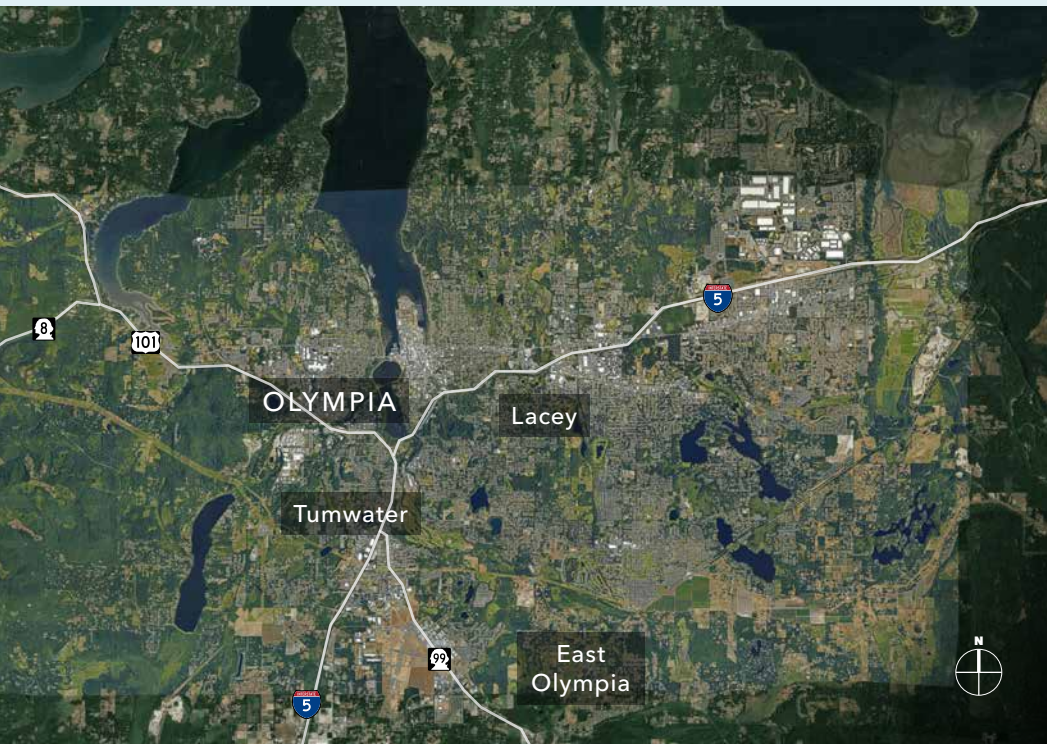


AVERAGE ASKING RENT PSF NNN

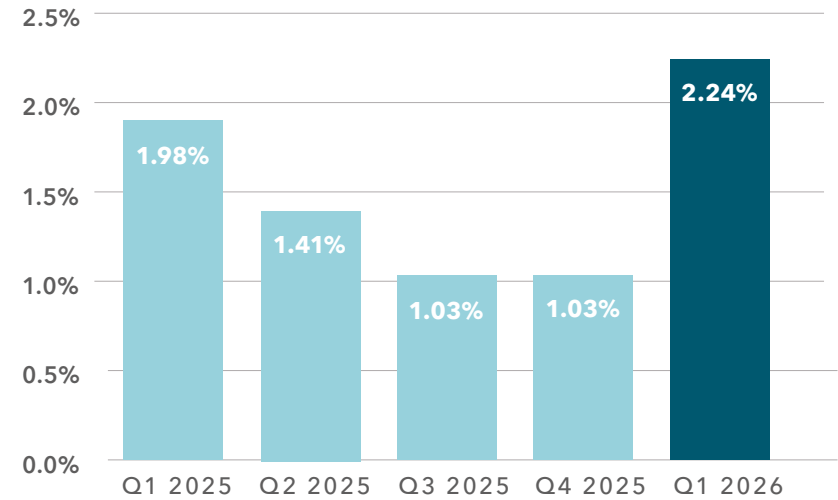


ASKING RENT/SF CLASS A ASKING RENT/SF CLASS B ASKING RENT/SF

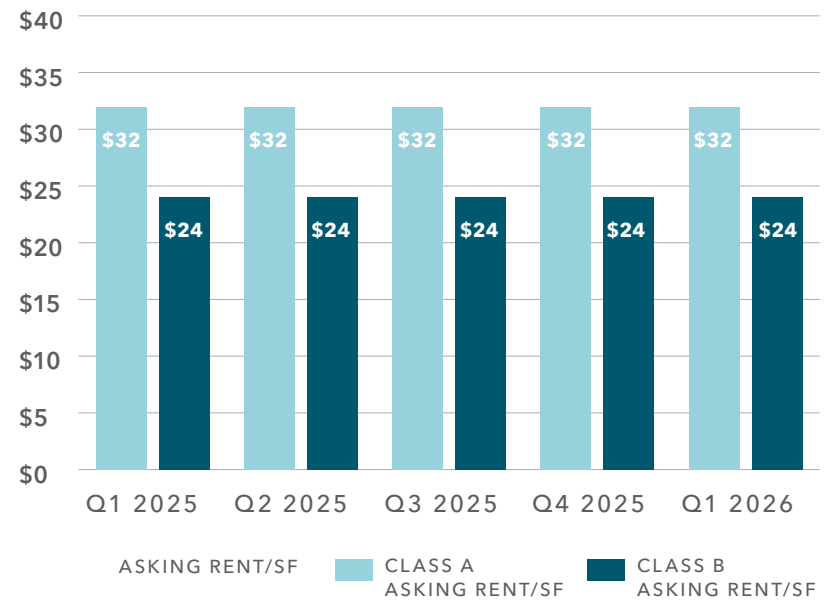
<b>1.1M</b> INVENTORY SF	<b>26,116</b> VACANT SF	<b>0.00%</b> ANNUAL RENT GROWTH
<b>2.24%</b> VACANCY RATE	<b>7.00%</b> MARKET CAP RATE	<b>\$265</b> MARKET SALE PSF



VACANCY RATE



AVERAGE ASKING RENT PSF FULL SERVICE



# MEET THE *TEAM*

*Office & healthcare experts specializing in landlord and tenant representation, as well as sales, including investment and owner/user.*

As members of the Kidder Mathews Healthcare and Office groups, we have completed over \$243,000,000 in sales in the last 24 months and actively represent more than 3 million square feet of property that we pride ourselves on keeping leased. We care deeply about our clients and always strive to go above and beyond to create successful long-term partnerships.

Kidder Mathews is the largest independent commercial real estate firm in the Western U.S., with 900 real estate professionals and staff in 19 offices in Washington, Oregon, California, Nevada, and Arizona.

**600+**  
TRANSACTIONS

**\$900M**  
TOTAL VOLUME

**8M+**  
TOTAL SF

**\$243M** *transactions within the last 24 months*

**DREW FRAME, SIOR**  
Executive Vice President,  
Shareholder



2018-2019 & 2021-2022  
KM "Big Hitter" award winner  
and Top Producer

**RYAN KERSHAW**  
Associate

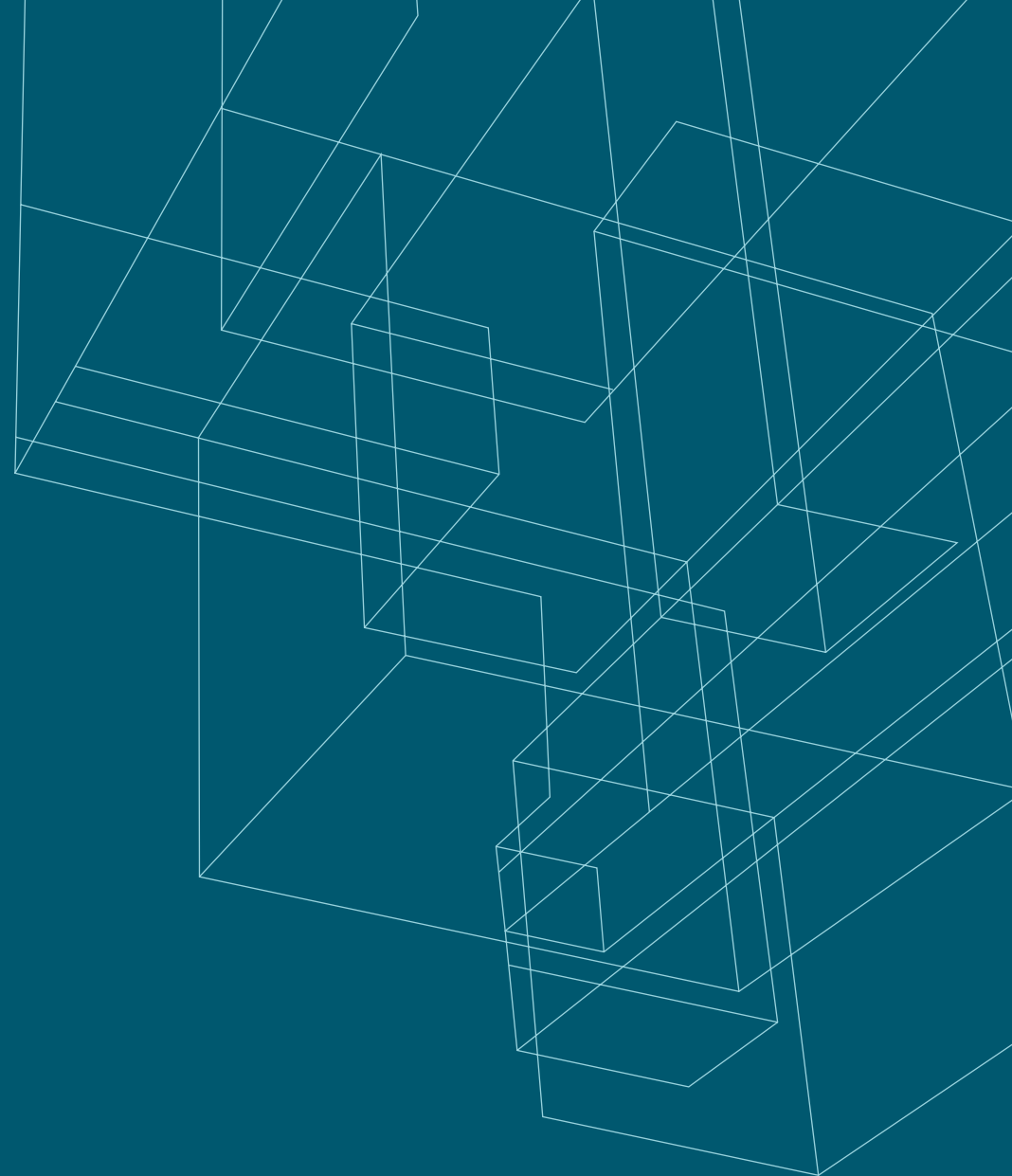


**KATIE AFICHUK**  
Client Services Coordinator



**WILL FRAME**  
Regional President of Brokerage





*Prepared by*

**DREW FRAME, SIOR**  
Executive Vice President  
253.948.7032  
drew.frame@kidder.com

**RYAN KERSHAW**  
Associate  
206.949.1334  
ryan.kershaw@kidder.com

*Brokerage Regional President*

**WILL FRAME**  
Pacific Northwest  
253.948.6895  
will.frame@kidder.com

[KMTEAMFRAME.COM](http://KMTEAMFRAME.COM)  
[KIDDER.COM](http://KIDDER.COM)