

Q1 2026

SOUTH PUGET SOUND OFFICE INSIGHTS

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Q1 2026 OFFICE TRENDS REFLECT *STABILITY, RTO COMMITMENT, AND RENEWED CONFIDENCE*

SOUTH PUGET SOUND Q1 INSIGHTS	
VACANCY	8.58%
TOTAL SF	43,634,498
VACANT SF	3,744,485
AVERAGE CLASS A LEASE RATE	\$33.00
AVERAGE CLASS B LEASE RATE	\$28.00
AVERAGE MONTHS TO LEASE	4 - 8 months
AVERAGE SALE PRICE PSF	\$204
AVERAGE MARKET CAP RATE	8.50%
MONTHS TO SALE - OWNER/USER	3-12 months
MONTHS TO SALE - STABILIZED	3-9 months

What The Frame Team is seeing to start 2026

The South Puget Sound office market opened 2026 in its strongest position in several years. After a long stretch of right sizing and uncertainty, tenants are moving faster, vacancy has begun to flatten across most submarkets, and landlords are seeing more consistent activity. Concessions are still part of most deals, but rate stability and lease velocity have improved noticeably from where things stood twelve months ago.

Tenant demand in Q1 continued to favor buildings that simply work better. Updated spaces with modern finishes, strong amenities, and efficient layouts outperformed older product across every submarket we cover. Suburban locations with easy access, parking, and shorter commutes remained the clear winners, especially in Tacoma and Federal Way, where tenants have settled into a clearer picture of what their employees prioritize.

Return to office strategies fully took hold heading into 2026. Companies that spent the past few years cycling through hybrid policies committed to firmer schedules, and that confidence is showing up in lease terms. Five and seven year deals are again the norm rather than the exception, and tenants are planning space around how they actually operate. Healthcare, financial services, law firms, and architecture firms continue to lead activity across the market.

On the investment side, capital is back in a real way. Cap rates have stabilized for stabilized product, lender appetite is improving, and private and owner user buyers are finding pricing they can underwrite. Deals remain selective with buyers focused on location, tenant strength, and long term flexibility, but Q1 transaction velocity was the most consistent we have seen since 2022.

With supply tight, sublease space steadily declining, and tenants signing longer terms, the South Puget Sound office market enters the balance of 2026 from a far stronger position than it has held in years. The path forward looks more confident than at any point in recent memory.

[ALL LISTINGS](#)

FEATURED LISTINGS



1313 BROADWAY
1313 Broadway Ave
Tacoma, WA

LEASE



2929 PROF BLDG
2929 5th Ave NE
Puyallup, WA

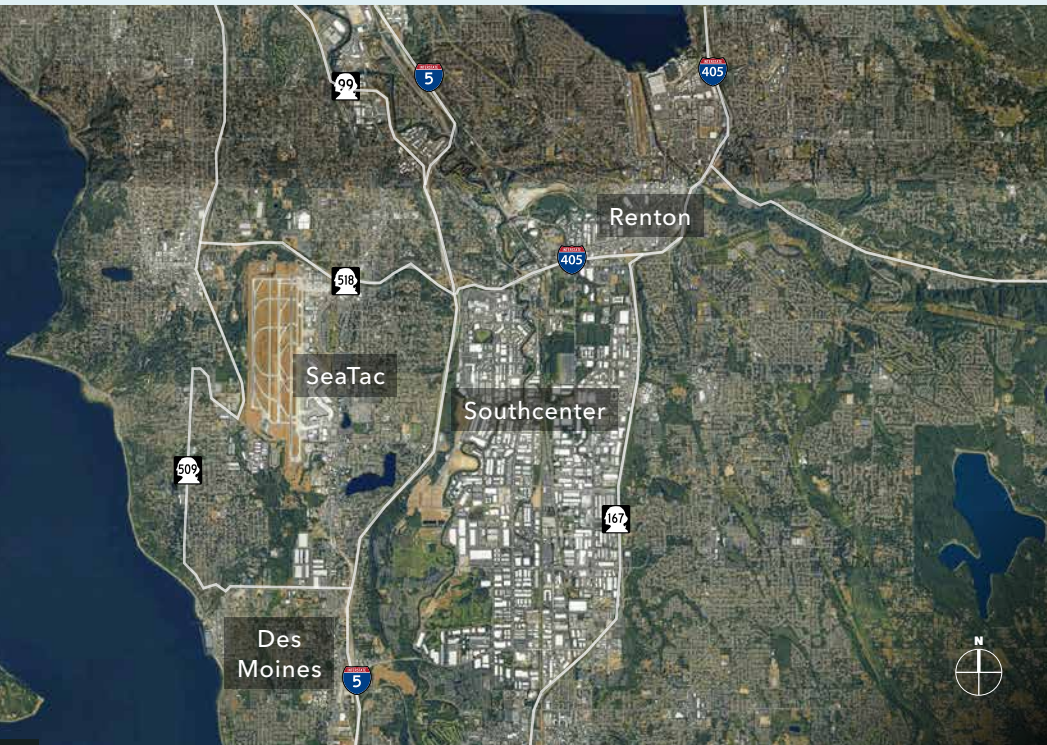
SALE



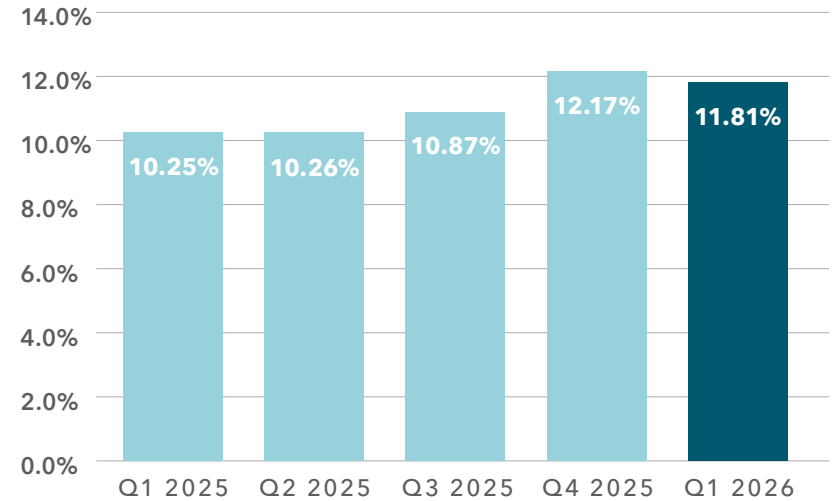
FOUNTAIN PLAZA
501 & 505 S 336th St
Federal Way, WA

LEASE

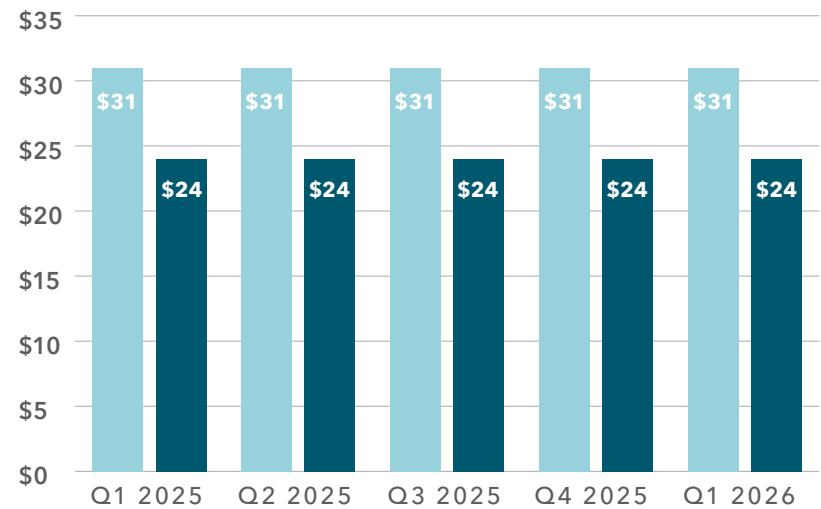
13.8M INVENTORY SF	1.63M VACANT SF	0.00% ANNUAL RENT GROWTH
11.81% VACANCY RATE	7.90% MARKET CAP RATE	\$286 MARKET SALE PSF



VACANCY RATE



AVERAGE ASKING RENT PSF FULL SERVICE



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

4.4M
INVENTORY SF

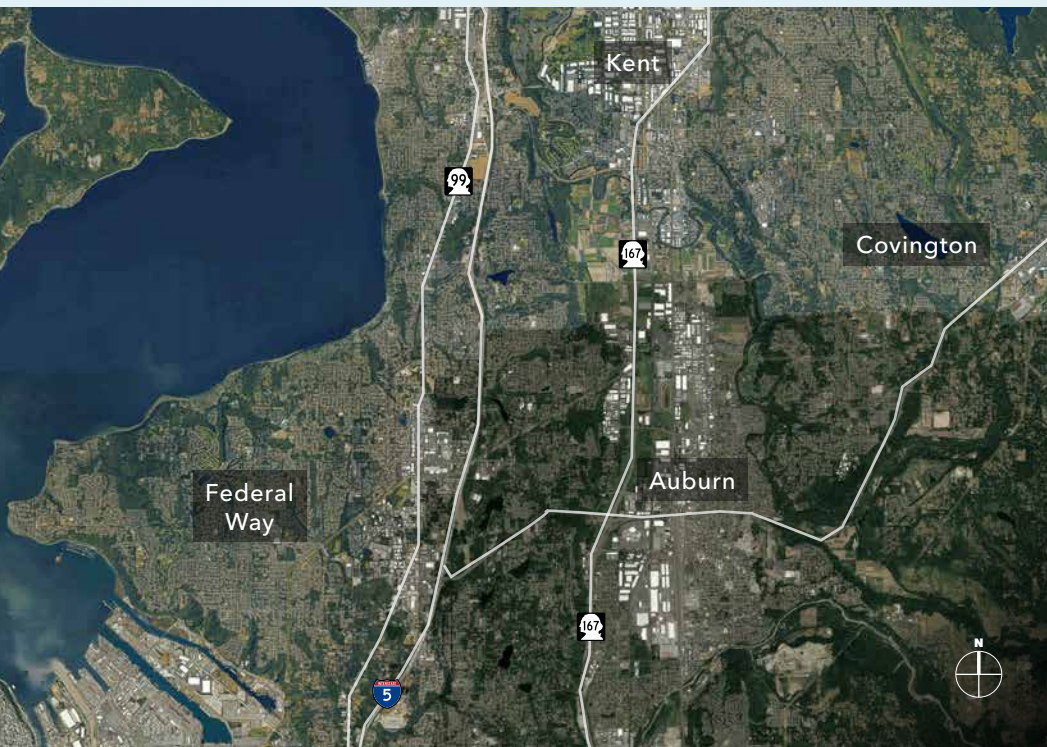
426,573
VACANT SF

3.39%
ANNUAL RENT GROWTH

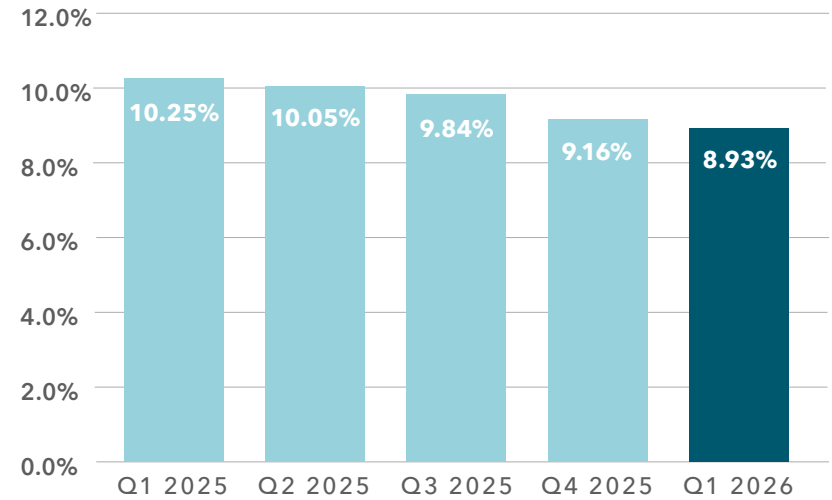
8.93%
VACANCY RATE

8.50%
MARKET CAP RATE

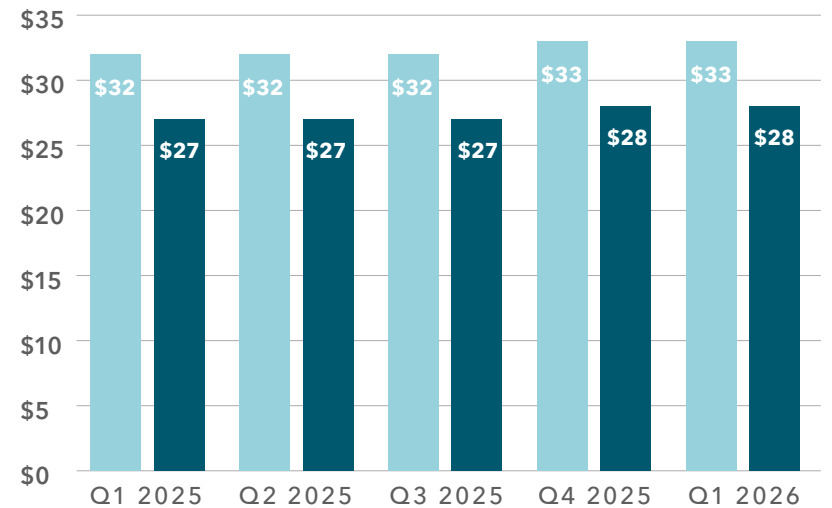
\$217
MARKET SALE PSF



VACANCY RATE



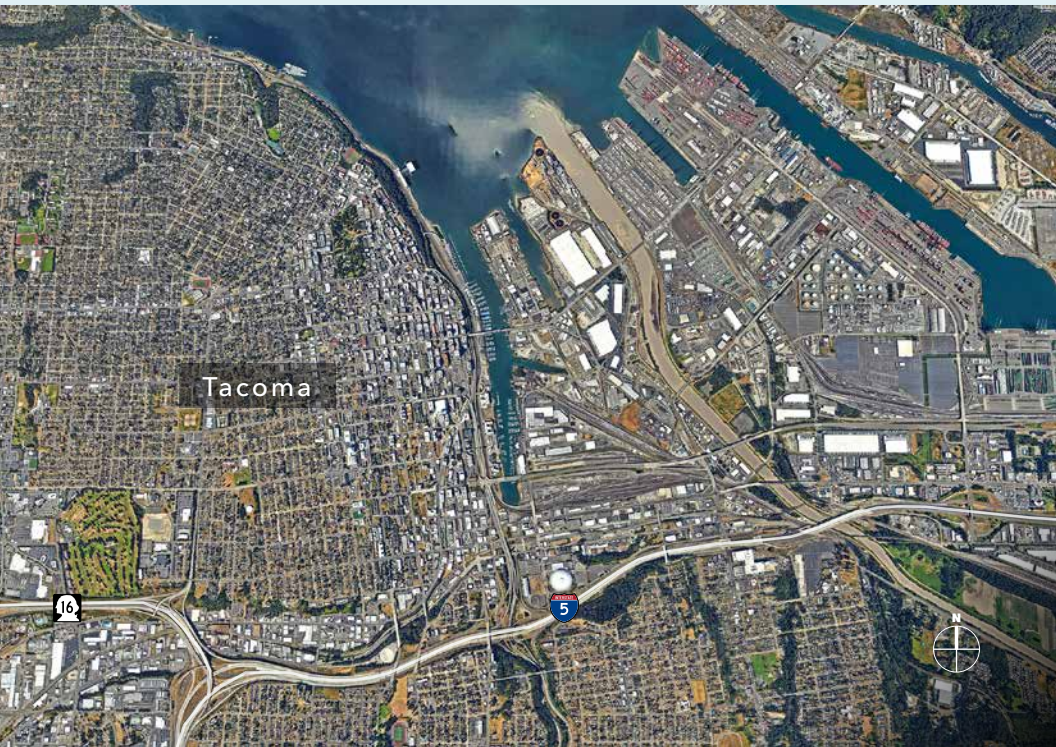
AVERAGE ASKING RENT PSF FULL SERVICE



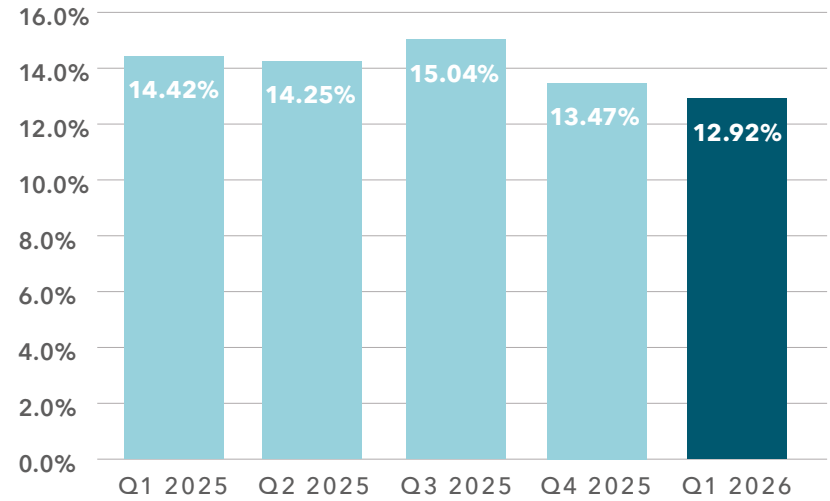
ASKING RENT/SF CLASS A ASKING RENT/SF CLASS B ASKING RENT/SF

TACOMA (CBD)

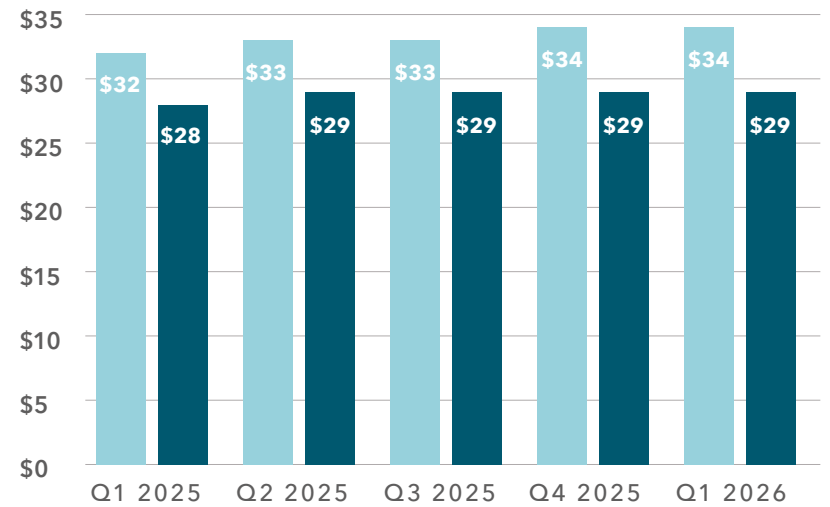
5.0M INVENTORY SF	687,800 VACANT SF	5.00% ANNUAL RENT GROWTH
12.92% VACANCY RATE	7.90% MARKET CAP RATE	\$180 MARKET SALE PSF



VACANCY RATE



AVERAGE ASKING RENT PSF FULL SERVICE



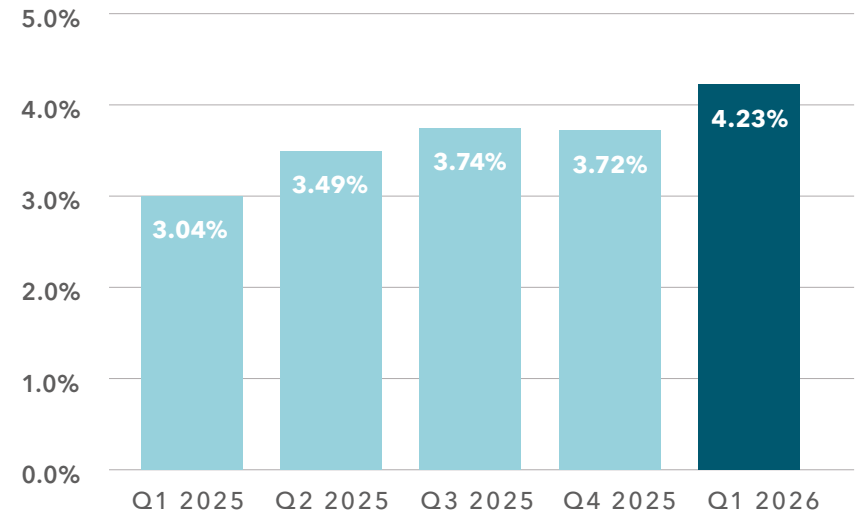
ASKING RENT/SF CLASS A ASKING RENT/SF CLASS B ASKING RENT/SF

TACOMA (SUBURBAN)

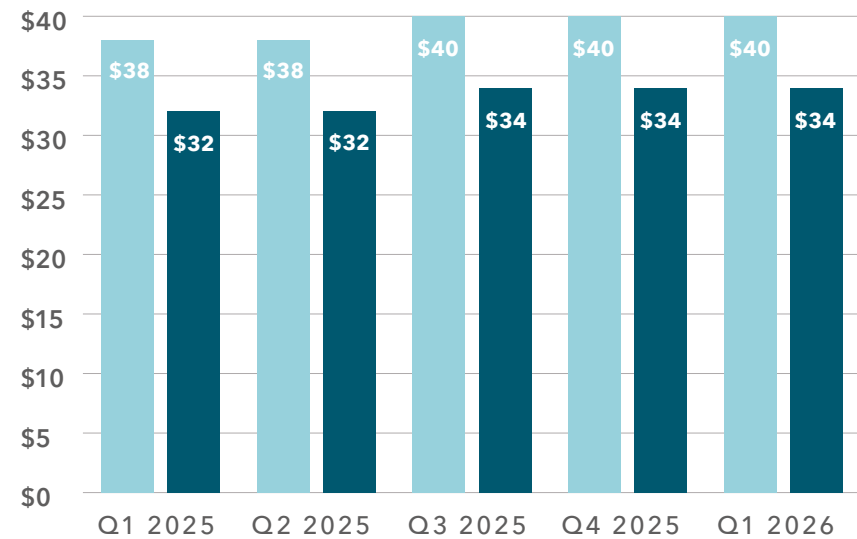
7.4M INVENTORY SF	311,529 VACANT SF	15.00% ANNUAL RENT GROWTH
4.23% VACANCY RATE	8.25% MARKET CAP RATE	\$275 MARKET SALE PSF



VACANCY RATE

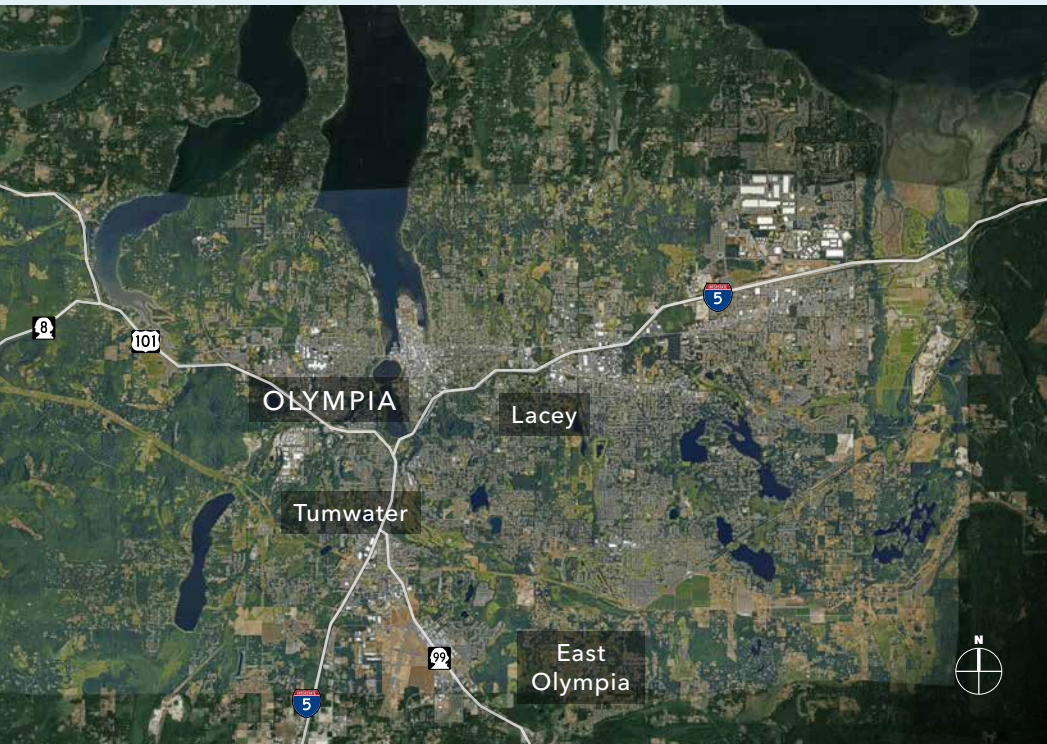


AVERAGE ASKING RENT PSF FULL SERVICE

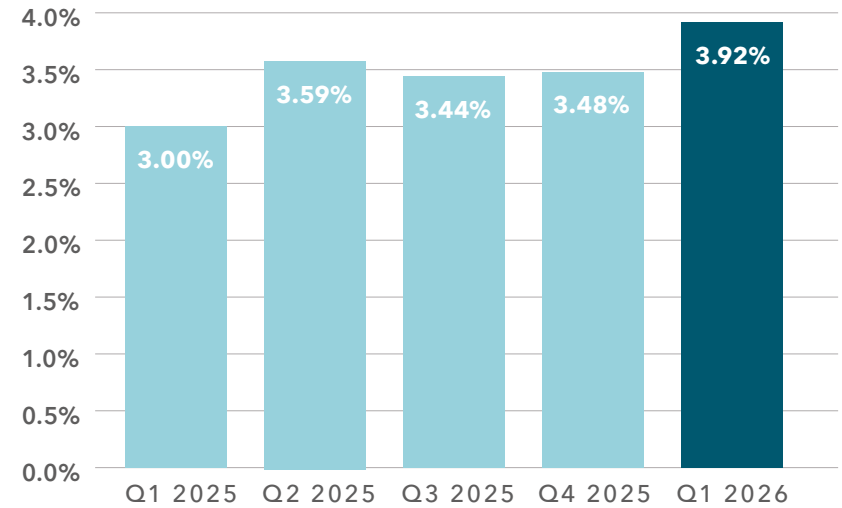


ASKING RENT/SF CLASS A ASKING RENT/SF CLASS B ASKING RENT/SF

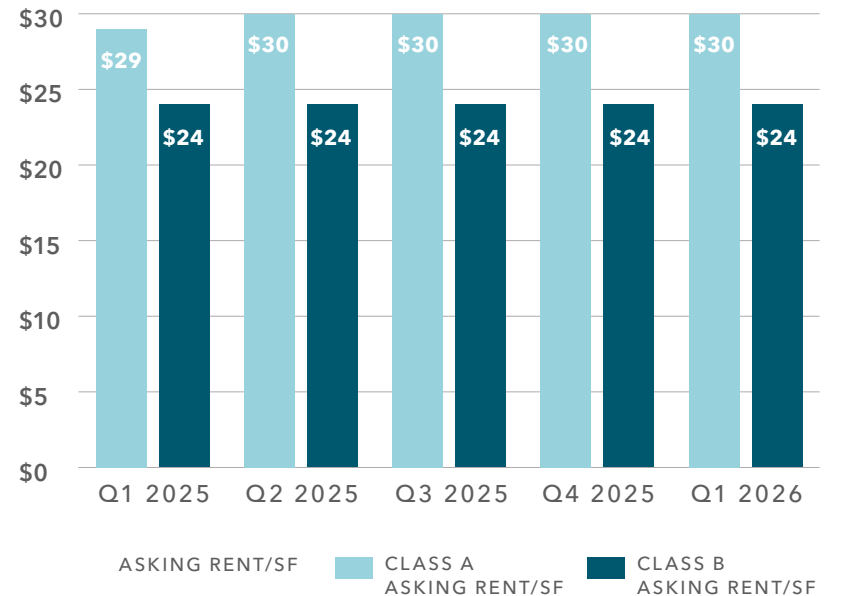
10.1M INVENTORY SF	394,917 VACANT SF	0.00% ANNUAL RENT GROWTH
3.92% VACANCY RATE	8.75% MARKET CAP RATE	\$191 MARKET SALE PSF



VACANCY RATE



AVERAGE ASKING RENT PSF FULL SERVICE



3.8M
INVENTORY SF

88,414
VACANT SF

0.00%
ANNUAL RENT GROWTH

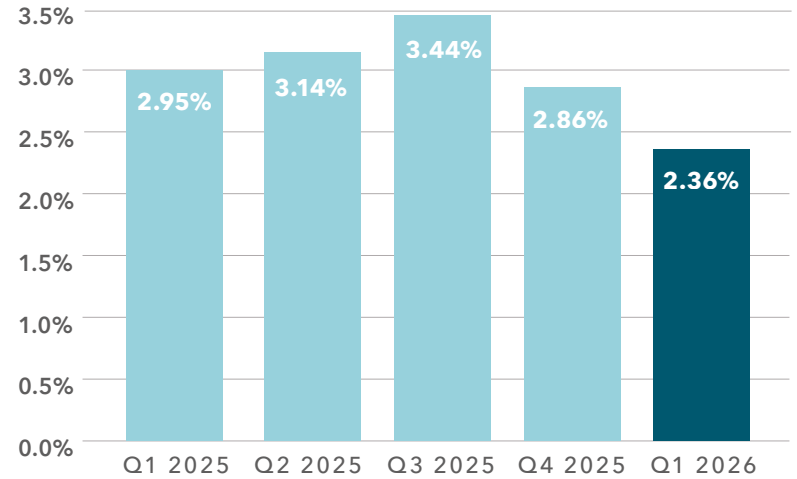
2.36%
VACANCY RATE

8.75%
MARKET CAP RATE

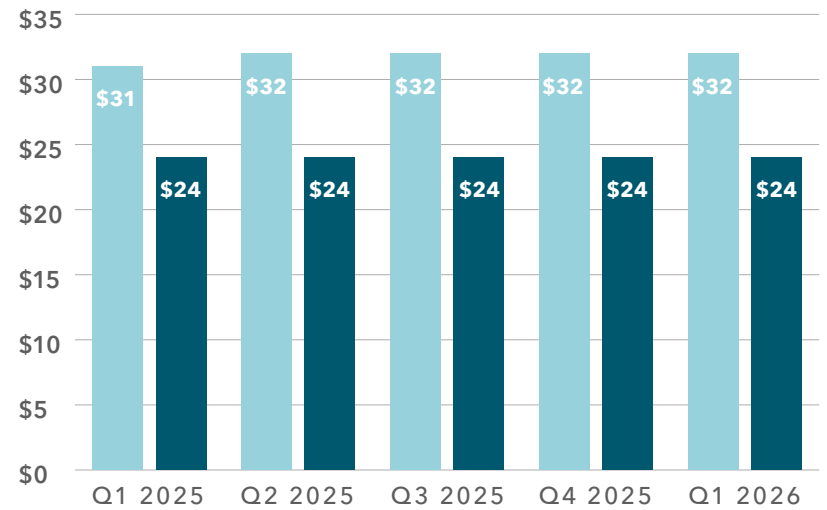
\$175
MARKET SALE PSF



VACANCY RATE



AVERAGE ASKING RENT PSF FULL SERVICE



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

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

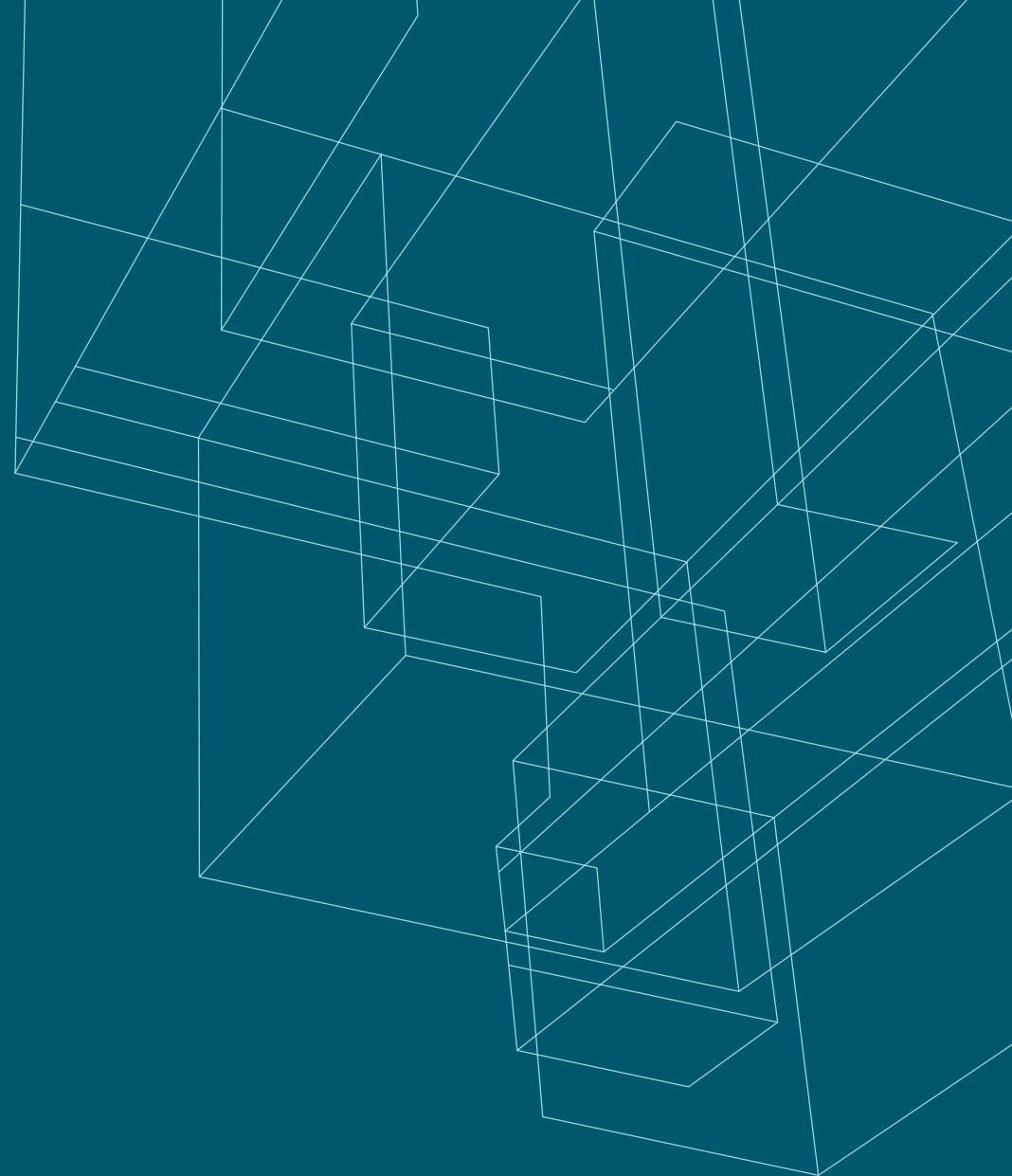


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