

Q2 2025

SOUTH PUGET SOUND HEALTHCARE INSIGHTS

TABLE OF CONTENTS

Prepared by

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

WILL FRAME
Executive Vice President
253.948.6895
will.frame@kidder.com

RYAN KERSHAW
Associate
206.949.1334
ryan.kershaw@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

STRONG FUNDAMENTALS SET THE STAGE FOR STRATEGIC GROWTH

SOUTH PUGET SOUND Q2 INSIGHTS

TOTAL SF	8,669,244
VACANCY	2.49%
VACANT SF	216,228
AVERAGE CLASS A ASKING RENT PSF NNN	\$32.00
AVERAGE CLASS B ASKING RENT PSF NNN	\$25.00
AVERAGE MONTHS TO LEASE	3 - 9 Months
AVERAGE MARKET SALE PRICE PSF	\$315 PSF
AVERAGE MARKET CAP RATE	6.50%
AVERAGE MONTHS TO SALE	4 - 9 Months

Vacancy Shrinks, Investor Confidence Grows Across South Puget Sound

The South Puget Sound Healthcare market is firing on all cylinders heading into the back half of 2025. Vacancy has tightened to just **2.49%**, continuing to improve YOY, as tenants continue to new markets, spec suites and turnkey opportunities. This is a market where you must move quickly to transact, regardless of the side of the transaction. Landlords are quick to lease their last vacancy and tenants are quick to make decisions due to a lack of quality product available.

We're seeing **health systems and private equity groups expanding aggressively**, planting flags in new locations to capture long-term growth and meet shifting demographics. That competition is driving rents up, now averaging **\$32.00 PSF, NNN for Class A and \$26.00 PSF, NNN for Class B** buildings, with projected rent growth moving forward.

Investors are leaning in as well. **Cap rates have compressed to 6.5% with Class A product seeing interest at 6.00% Cap rates.** As we move further away from the pandemic, capital becomes more aggressive with pent up demand and improving marketing fundamentals.

With just **216,000 SF still available out of 8.67 million SF**, this isn't a market measured by absorption anymore, it's all about activation. Landlords who can unlock the opportunity through spec suites and aggressive terms are in the driver's seat, with institutional and private capital zeroing in on well-located assets backed by strong healthcare and service-sector demand.

FEATURED LISTINGS



ALLENMORE PLAZA I&II

2202 S CEDAR ST & 320 9 S
23RD ST
TACOMA, WA

LEASE



2420 MOB

2420 S Union Ave
Tacoma, WA

LEASE



PENINSULA MEDICAL BUILDING

19917 7th Ave NE
Poulsbo, WA

LEASE

1.9M

INVENTORY SF

75,829

VACANT SF

0.00%

ANNUAL RENT
GROWTH

4.02%

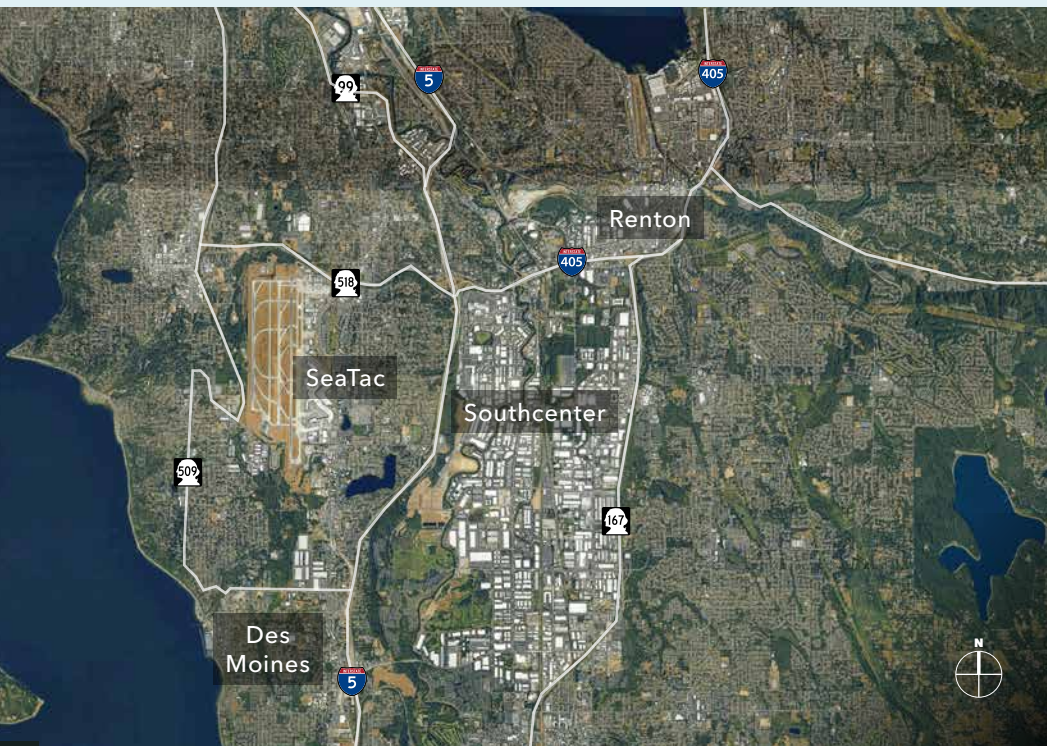
VACANCY RATE

6.50%

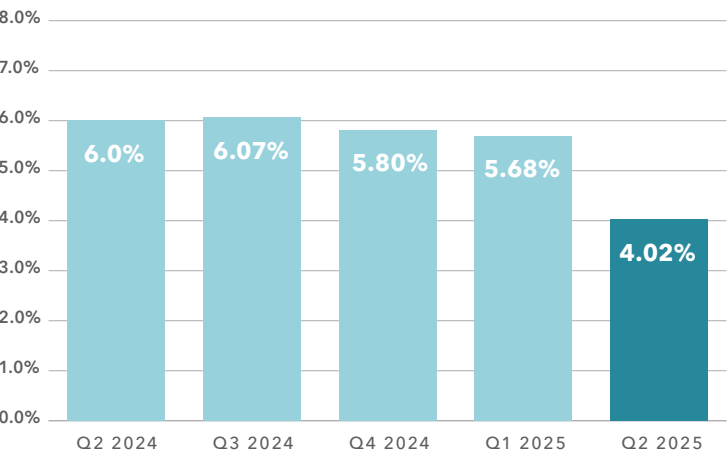
MARKET CAP RATE

\$307

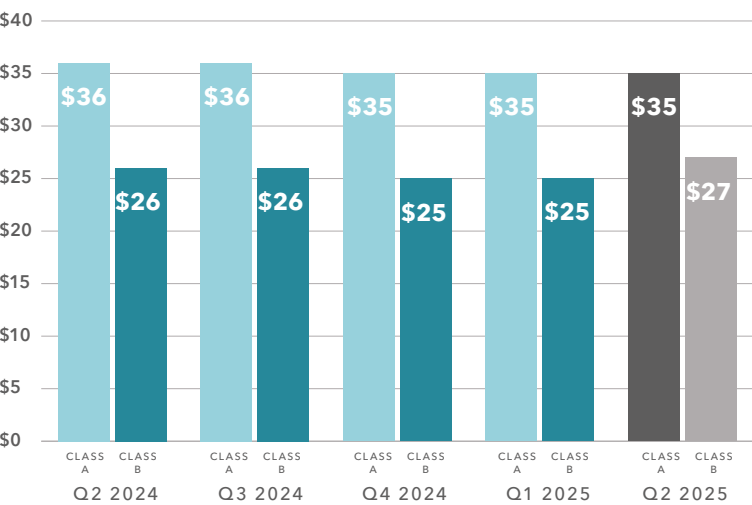
MARKET SALE PSF



Vacancy Rate



Average Asking Rent PSF NNN



840K

INVENTORY SF

28,048

VACANT SF

0.00%

ANNUAL RENT
GROWTH

3.34%

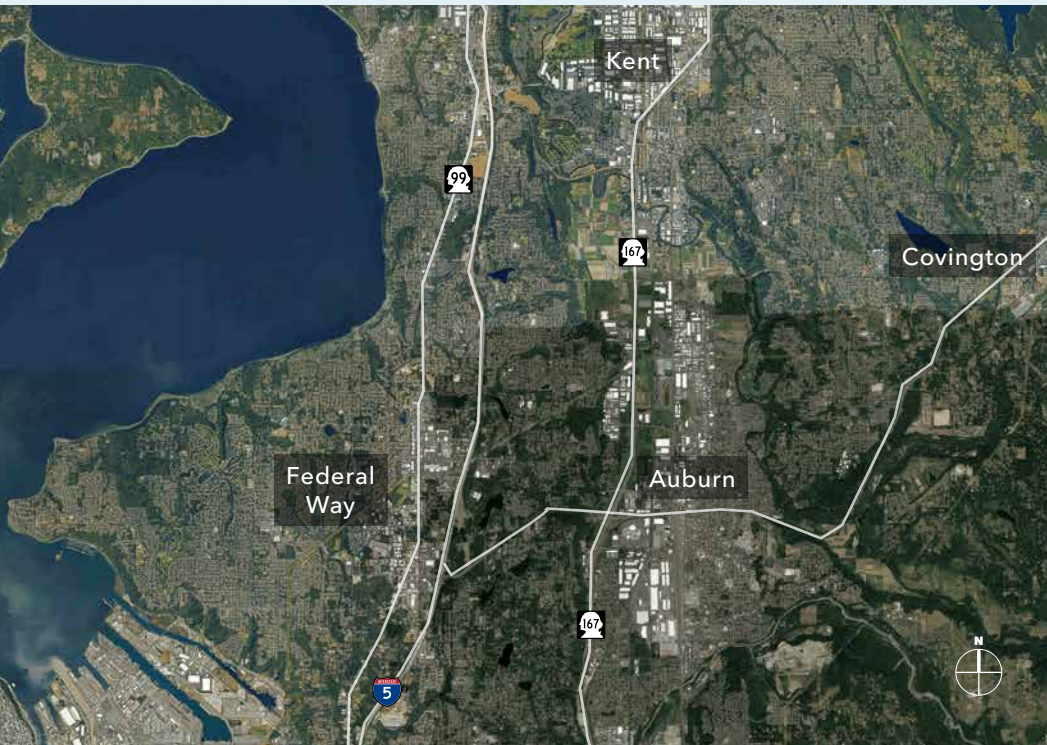
VACANCY RATE

6.75%

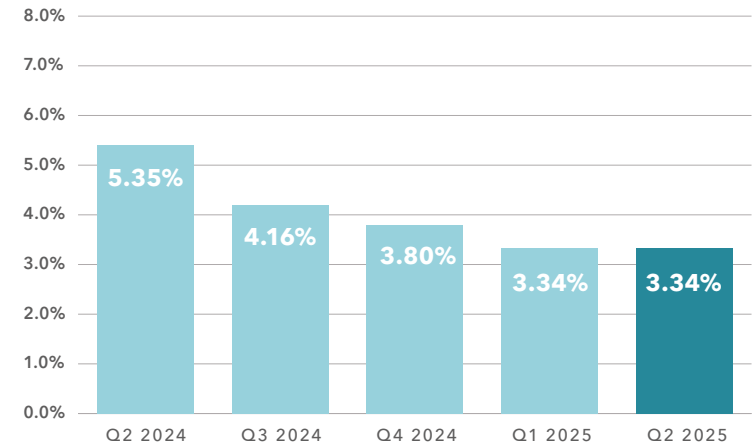
MARKET CAP RATE

\$285

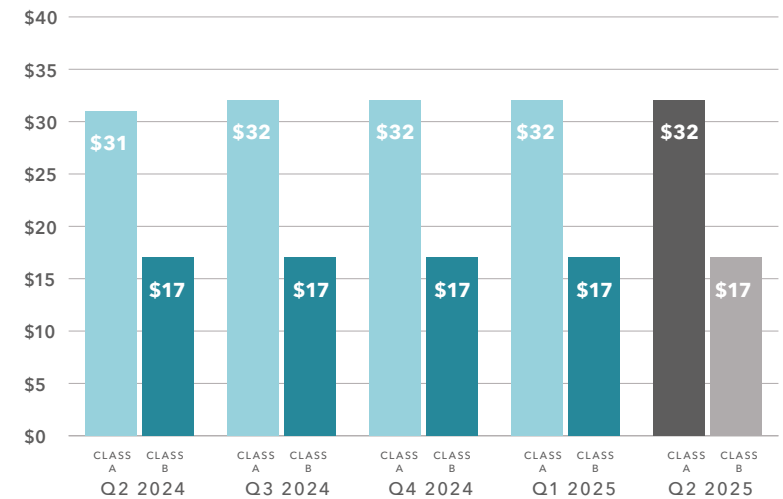
MARKET SALE PSF



Vacancy Rate



Average Asking Rent PSF NNN



3.6M

INVENTORY SF

66,505

VACANT SF

8.50%

ANNUAL RENT
GROWTH

1.85%

VACANCY RATE

6.50%

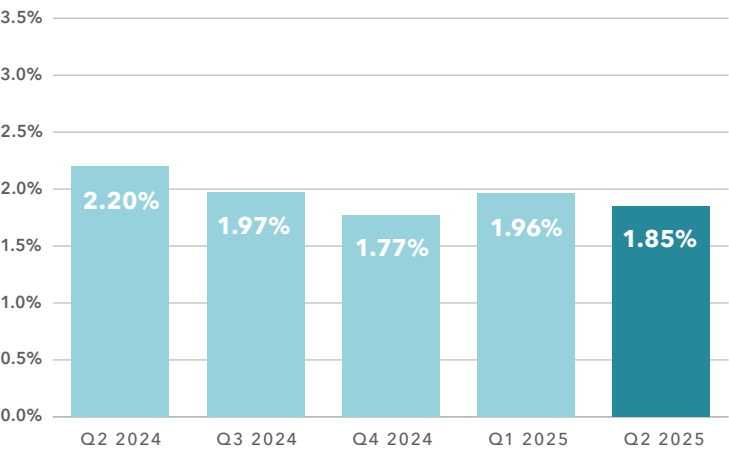
MARKET CAP RATE

\$315

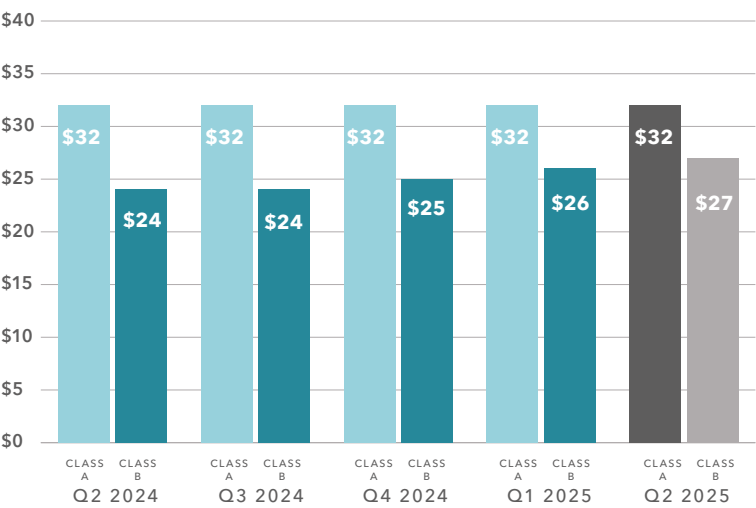
MARKET SALE PSF



Vacancy Rate



Average Asking Rent PSF NNN



1.3M

INVENTORY SF

29,415

VACANT SF

8.50%

ANNUAL RENT
GROWTH

2.24%

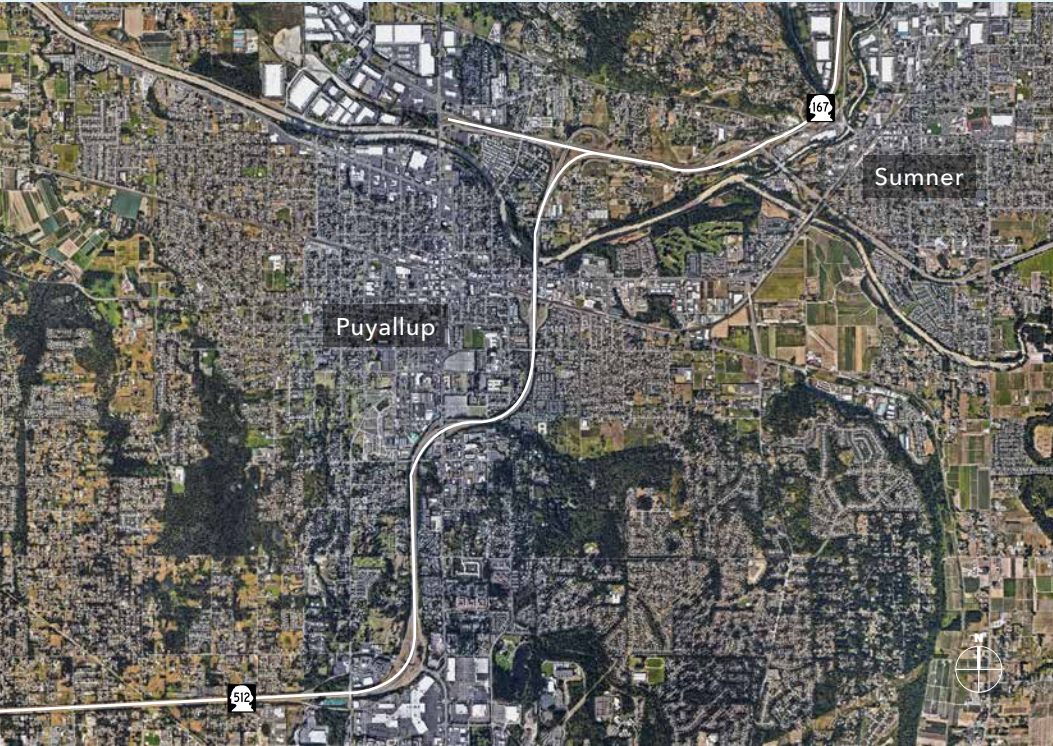
VACANCY RATE

6.50%

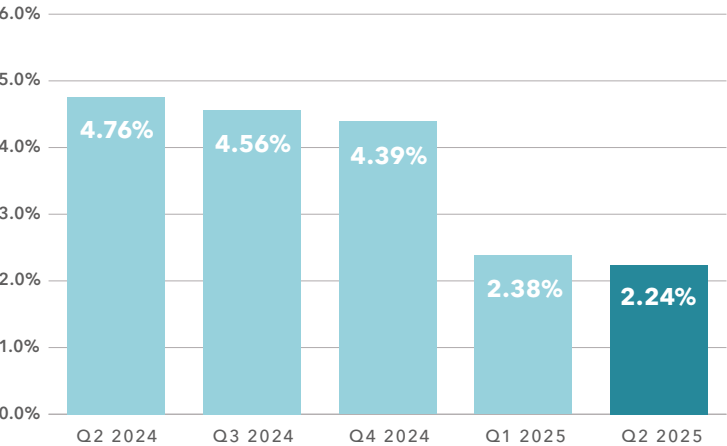
MARKET CAP RATE

\$231

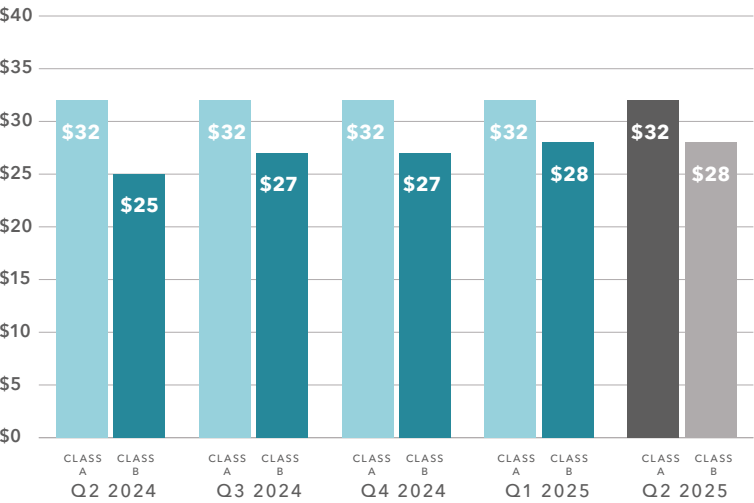
MARKET SALE PSF



Vacancy Rate



Average Asking Rent PSF NNN



1.1M

INVENTORY SF

16,431

VACANT SF

3.50%

ANNUAL RENT
GROWTH

1.41%

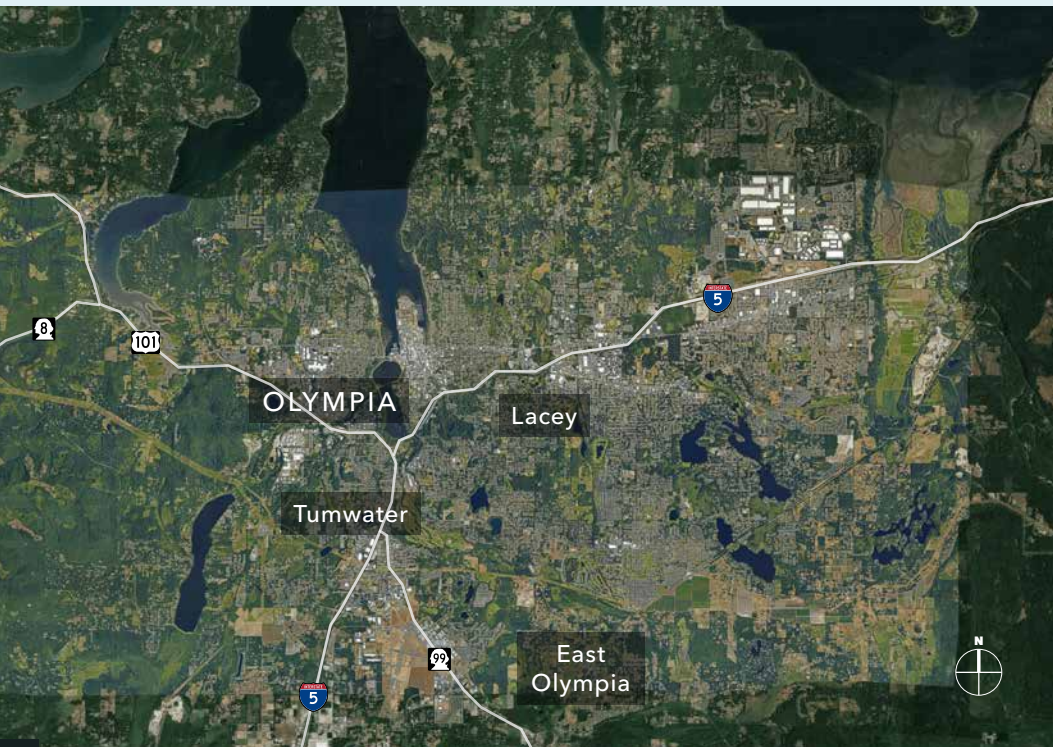
VACANCY RATE

7.00%

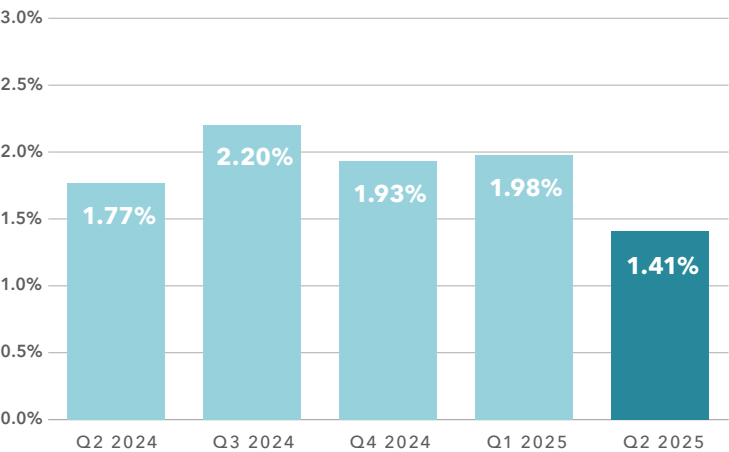
MARKET CAP RATE

\$245

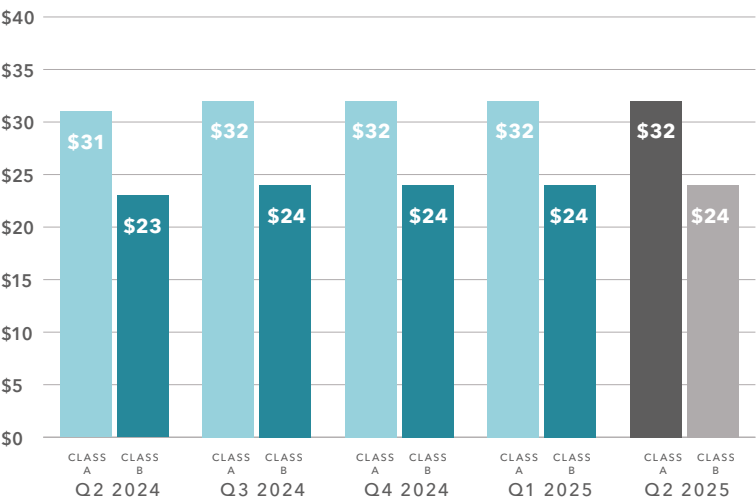
MARKET SALE PSF



Vacancy Rate



Average Asking Rent PSF NNN



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, Idaho, California, Arizona, and Nevada

482

TRANSACTIONS

\$800M

TOTAL VOLUME

7M+

TOTAL SF

\$243M transactions within the last 24 months

DREW FRAME, SIOB

Senior Vice President,
Shareholder

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



WILL FRAME

Executive Vice President,
Shareholder

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



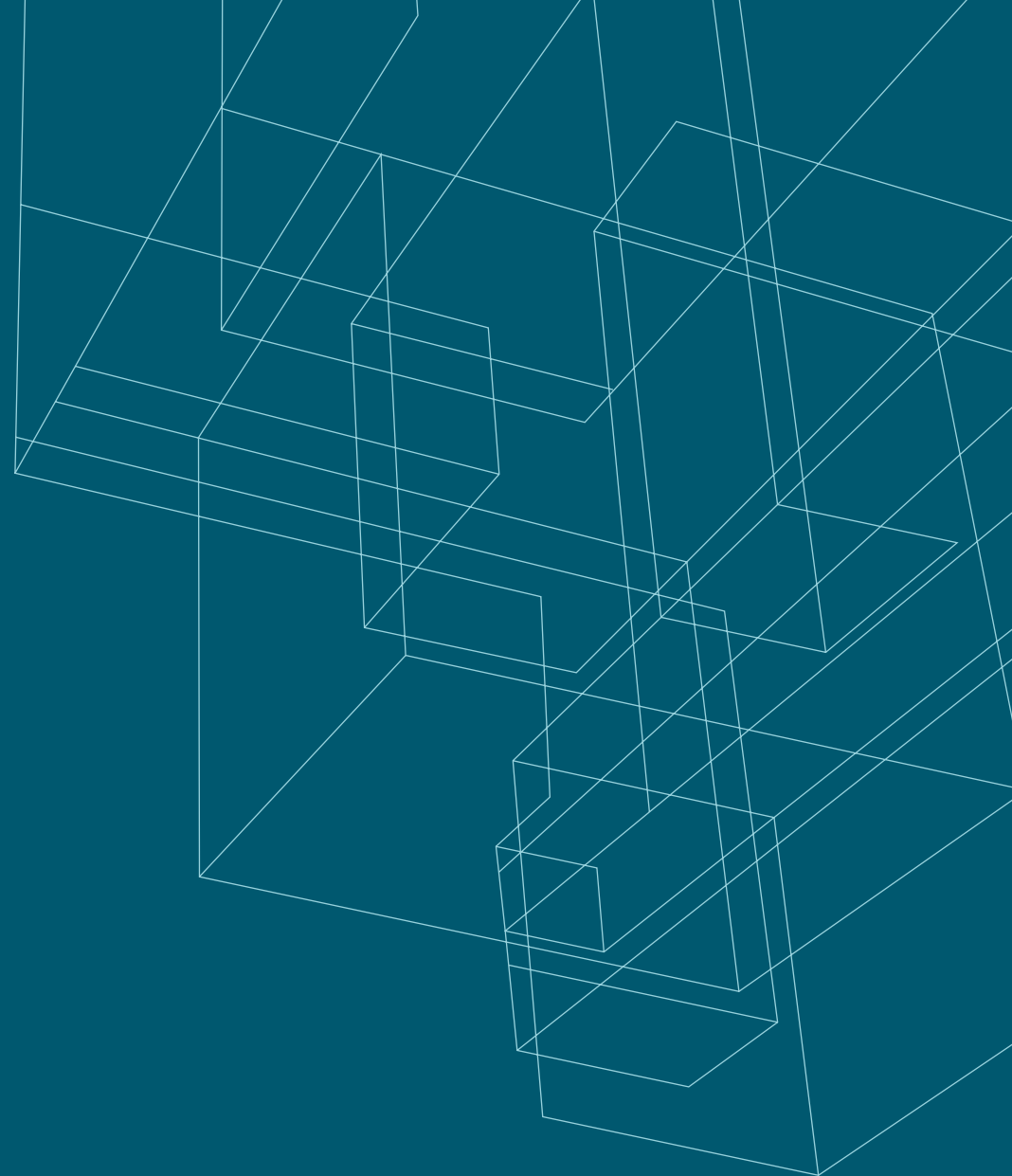
RYAN KERSHAW

Associate



KATIE AFICHUK

Client Services Coordinator



Prepared by

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

WILL FRAME
Executive Vice President
253.948.6895
will.frame@kidder.com

RYAN KERSHAW
Associate
206.949.1334
ryan.kershaw@kidder.com

KMTEAMFRAME.COM
KIDDER.COM