

Q2 2025

SOUTH PUGET SOUND OFFICE INSIGHTS

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Mathews

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A RETURN TO INTENTIONAL OFFICE USE SIGNALS A *MARKET RECALIBRATION*

SOUTH PUGET SOUND Q2 INSIGHTS

VACANCY	8.19%
TOTAL SF	43,634,498
VACANT SF	3,575,052
AVERAGE ASKING RENT PSF FULL SERVICE	\$30.00
AVERAGE MONTHS TO LEASE	4 - 8 months
AVERAGE SALE PRICE PSF	\$217
AVERAGE MARKET CAP RATE	8.00%
MONTHS TO SALE - OWNER/USER	3-12 months
MONTHS TO SALE - STABILIZED	3-9 months

Measured Moves, Longer Commitments, and a Focus on Submarkets Shape South Sound Office Trends

The South Puget Sound office market is settling into a new rhythm, one marked by **clarity, recalibrated expectations, and renewed confidence**. With Q2 vacancy at **8.19%**, the region is demonstrating stability in fundamentals and a surge in strategic movement across both leasing and investment segments.

Average asking rents remain **\$30.00 PSF Full Service**, while pricing on trades has eclipsed \$300 PSF for owner/user transactions while Value Add buyers still search for the bottom of the market. Investment sales are improving, we simply couldn't support transactions twelve months ago that are getting done today, notably supported by a steady **8.0% average cap rate**.

"What we're seeing now is not just stabilization, but reactivation," says Will Frame, EVP at Kidder Mathews. "The right users are leaning in, and strategic landlords are meeting the moment with flexible deal-making and realistic pricing. That's a recipe for long-term strength."

Secondary markets like Tacoma are outpacing their primary peers, as users seek locations closer to where employees live. Frame notes that this shift—away from centralized hubs and toward a **"hub-and-spoke"** model—is gaining traction, particularly among national credit tenants targeting **smaller footprints between 3,000 and 10,000 SF**.

With leasing and sales timelines tightening, pricing stabilizing, and user demand becoming more deliberate, the South Sound office market is positioned for a **year of recalibrated momentum**. Confidence is returning, but this time, it's rooted in data, discipline, and a clearer understanding of where work fits into the future.

FEATURED LISTINGS



RIDGEWOOD CENTER

33650 6th Ave S
Federal Way, WA

SALE



PETROVITSKY CAMPUS

10900 & 10904 SE
Petrovitsky Rd,
Renton, WA

SALE

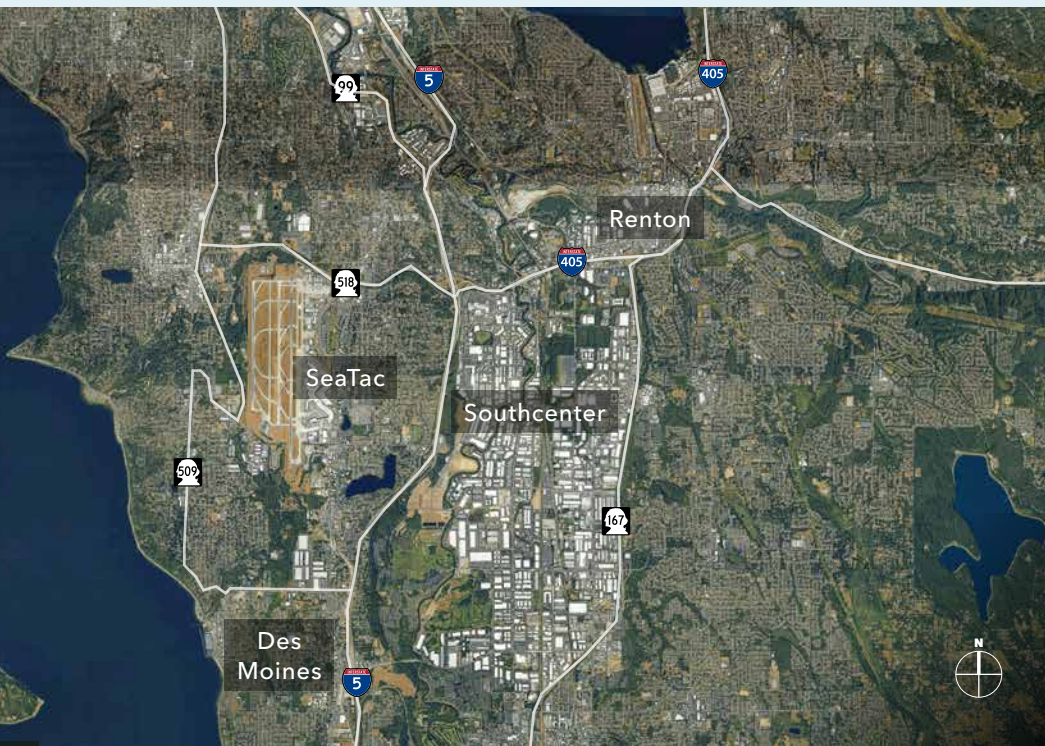


1201 PACIFIC

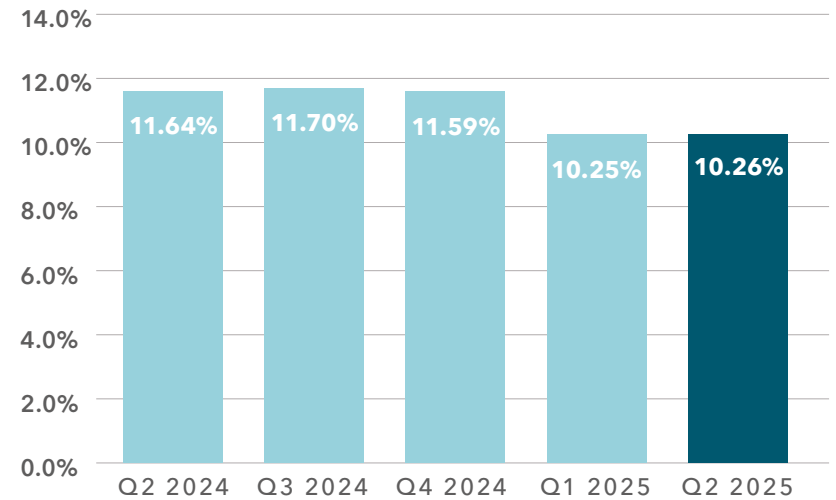
1201 Pacific Ave
Tacoma, WA

LEASE

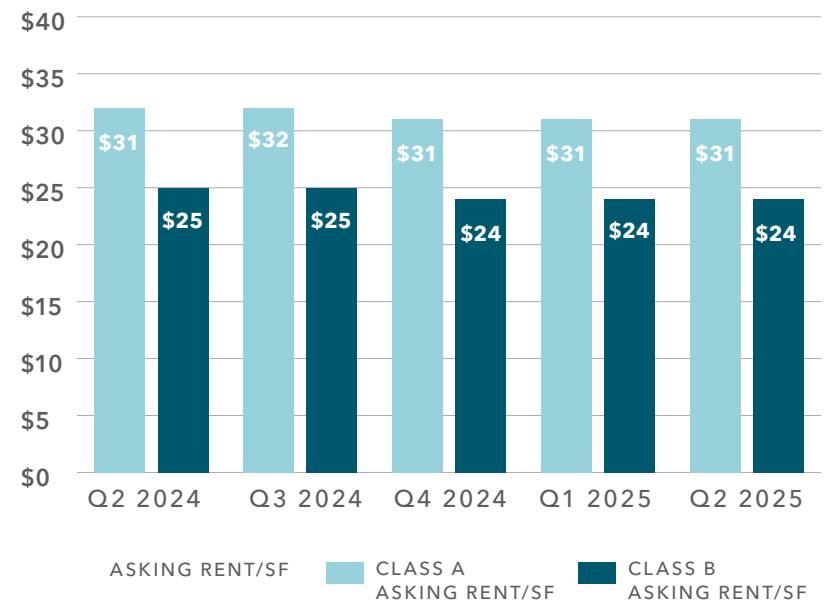
<i>13.8M</i>	<i>1.51M</i>	<i>0.00%</i>
INVENTORY SF	VACANT SF	ANNUAL RENT GROWTH
<hr/>		
<i>10.26%</i>	<i>8.10%</i>	<i>\$270</i>
VACANCY RATE	MARKET CAP RATE	MARKET SALE PSF



VACANCY RATE



AVERAGE ASKING RENT PSF FULL SERVICE



4.4M

INVENTORY SF

462,045

VACANT SF

3.16%

ANNUAL RENT GROWTH

10.05%

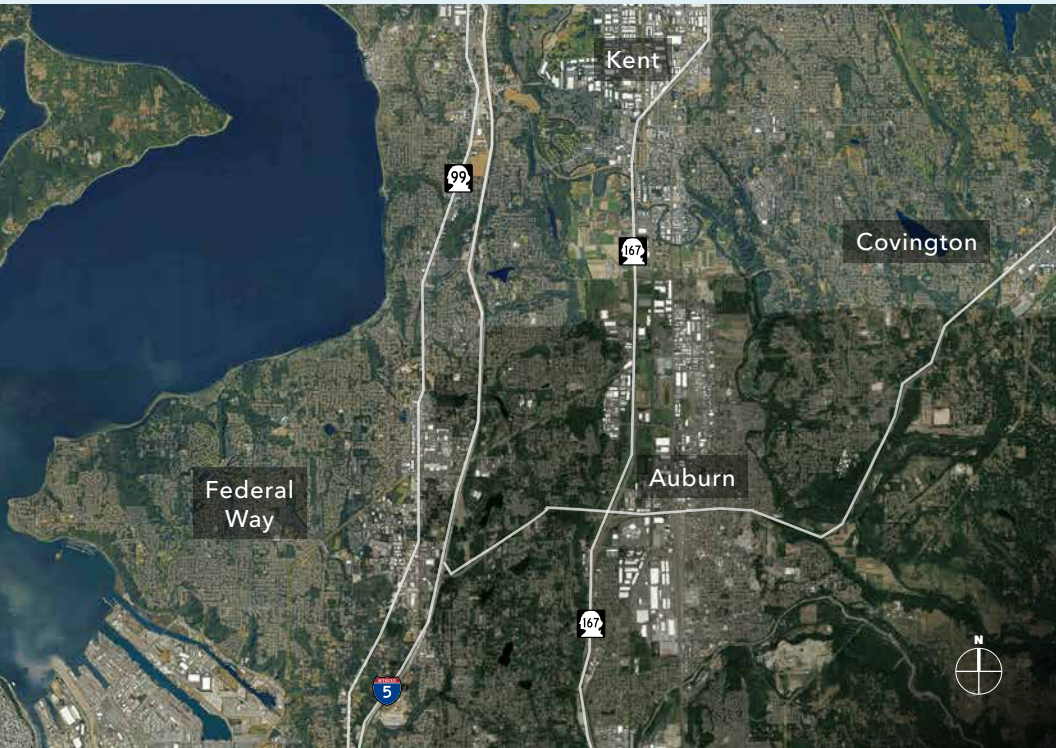
VACANCY RATE

7.75%

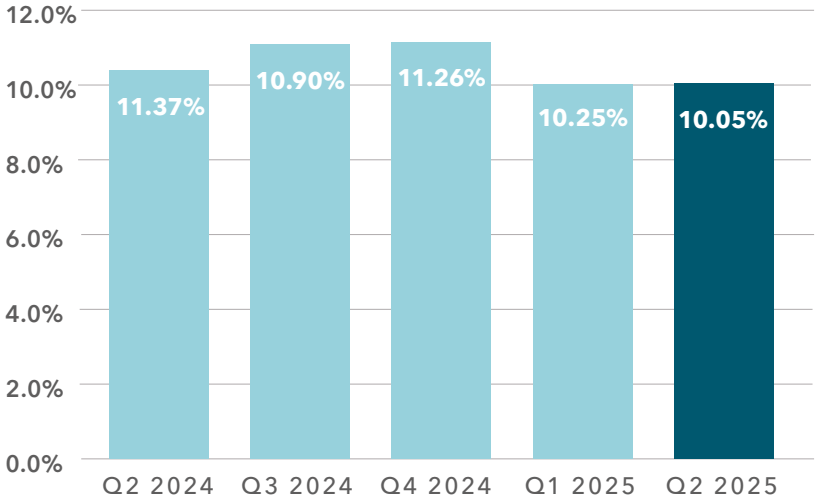
MARKET CAP RATE

\$202

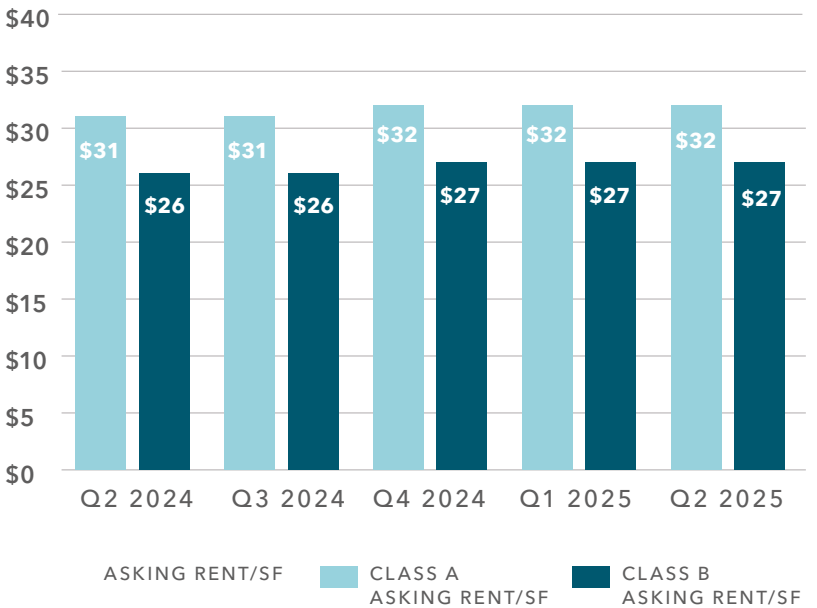
MARKET SALE PSF



VACANCY RATE



AVERAGE ASKING RENT PSF FULL SERVICE



5.0M

INVENTORY SF

712,630

VACANT SF

0.00%

ANNUAL RENT GROWTH

14.25%

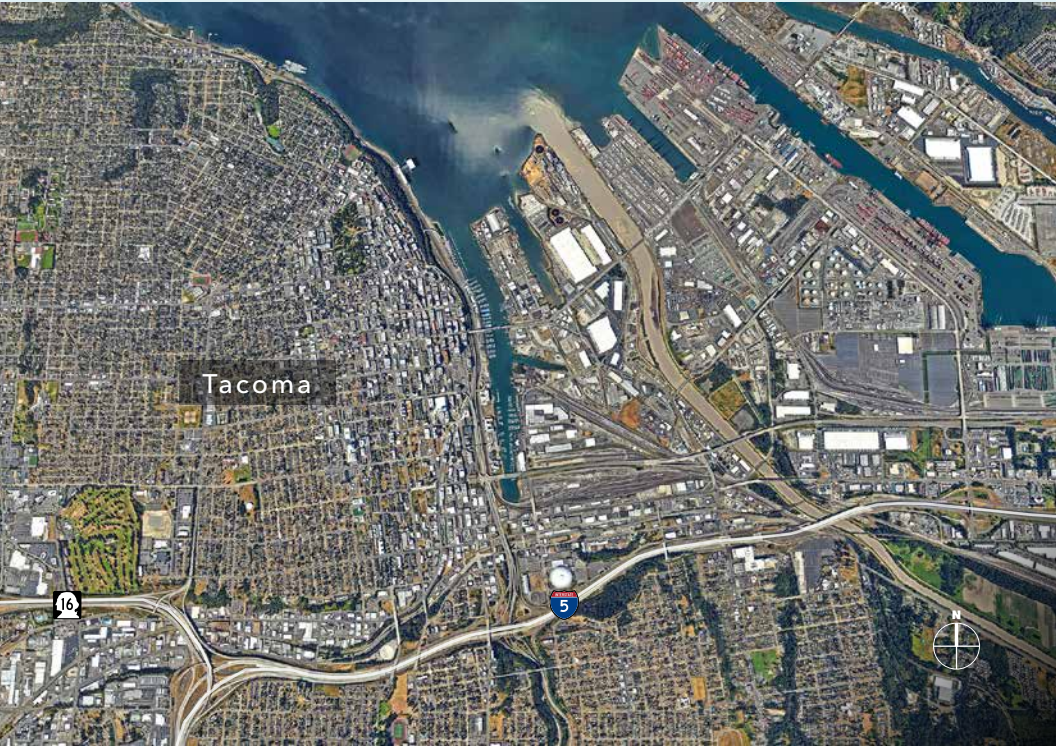
VACANCY RATE

8.3%

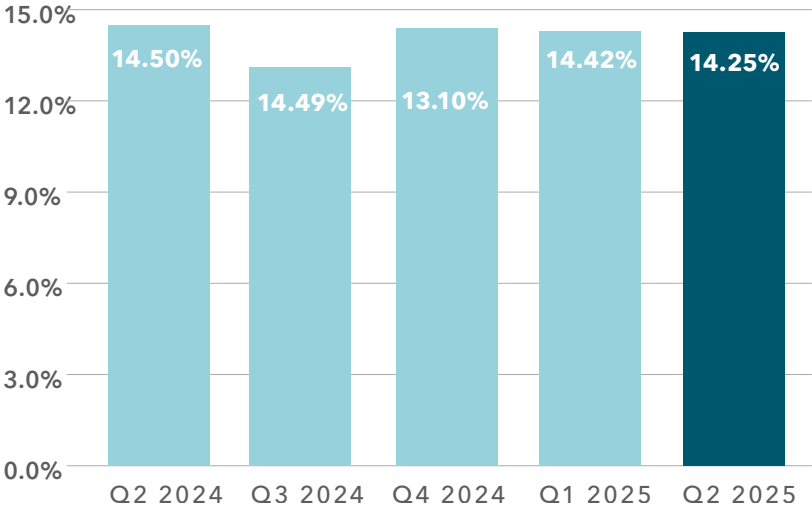
MARKET CAP RATE

\$164

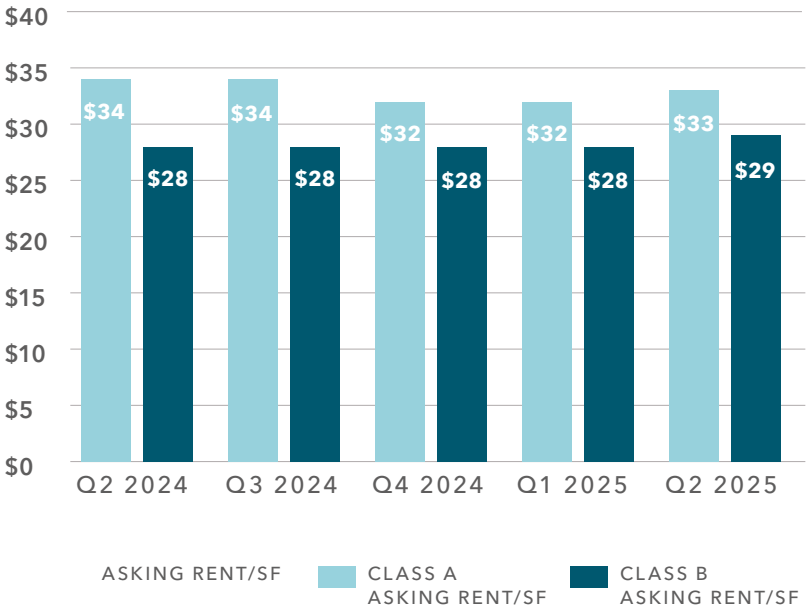
MARKET SALE PSF



VACANCY RATE



AVERAGE ASKING RENT PSF FULL SERVICE



TACOMA (SUBURBAN)

7.4M

INVENTORY SF

257,721

VACANT SF

11.53%

ANNUAL RENT GROWTH

3.49%

VACANCY RATE

7.75%

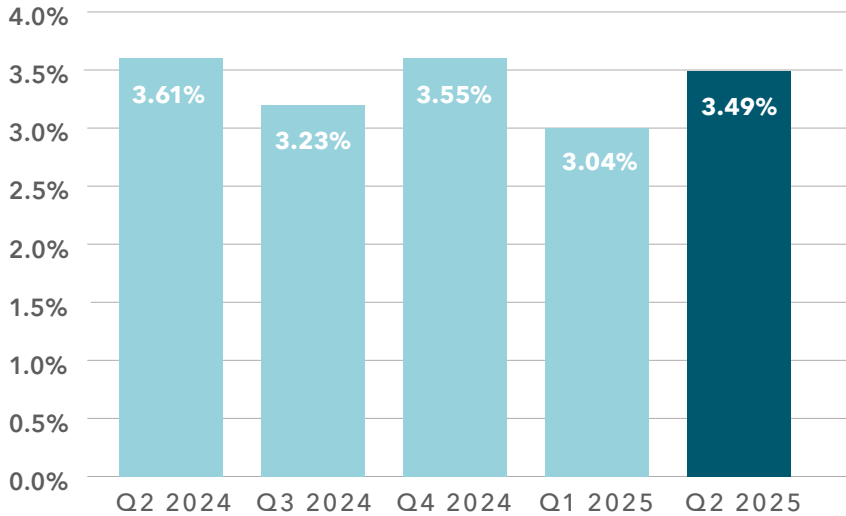
MARKET CAP RATE

\$275

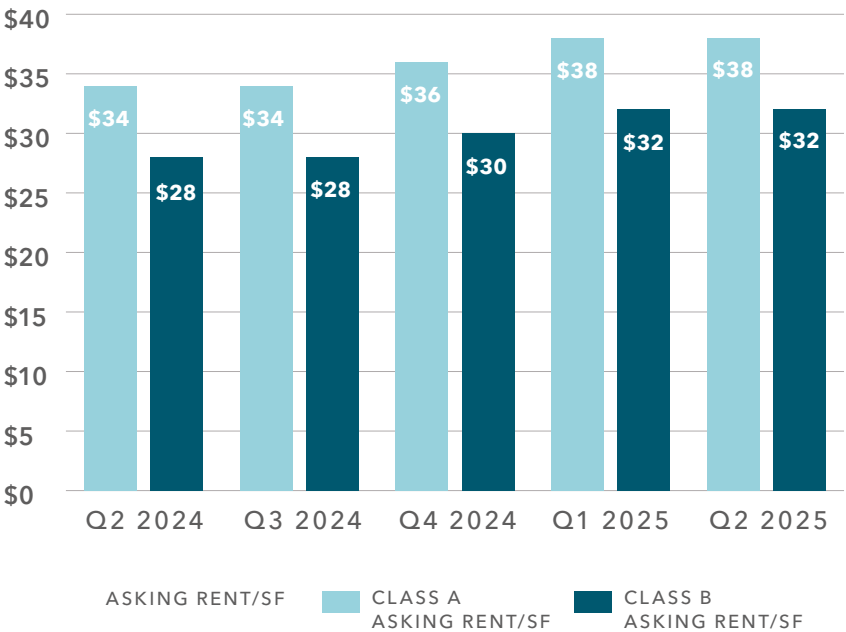
MARKET SALE PSF



VACANCY RATE



AVERAGE ASKING RENT PSF FULL SERVICE



10.1M

INVENTORY SF

358,447

VACANT SF

0.00%

ANNUAL RENT GROWTH

3.59%

VACANCY RATE

7.75%

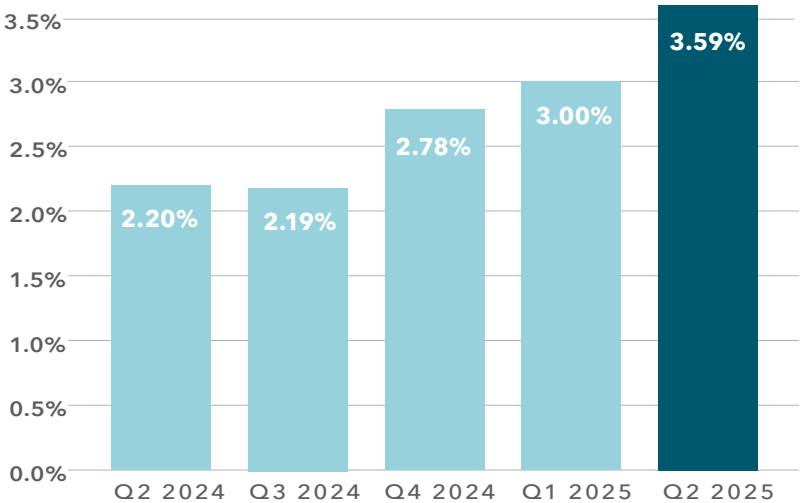
MARKET CAP RATE

\$183

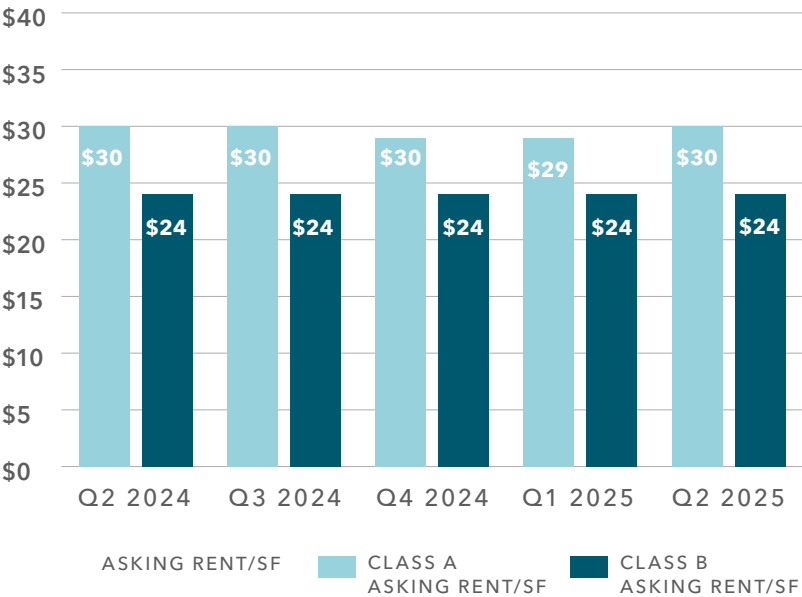
MARKET SALE PSF



VACANCY RATE



AVERAGE ASKING RENT PSF FULL SERVICE



3.8M

INVENTORY SF

121,609

VACANT SF

0.00%

ANNUAL RENT GROWTH

3.14%

VACANCY RATE

8.00%

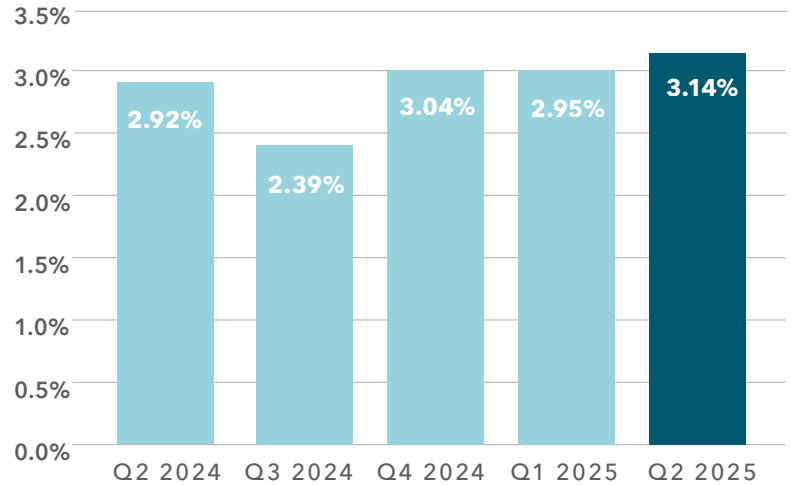
MARKET CAP RATE

\$168

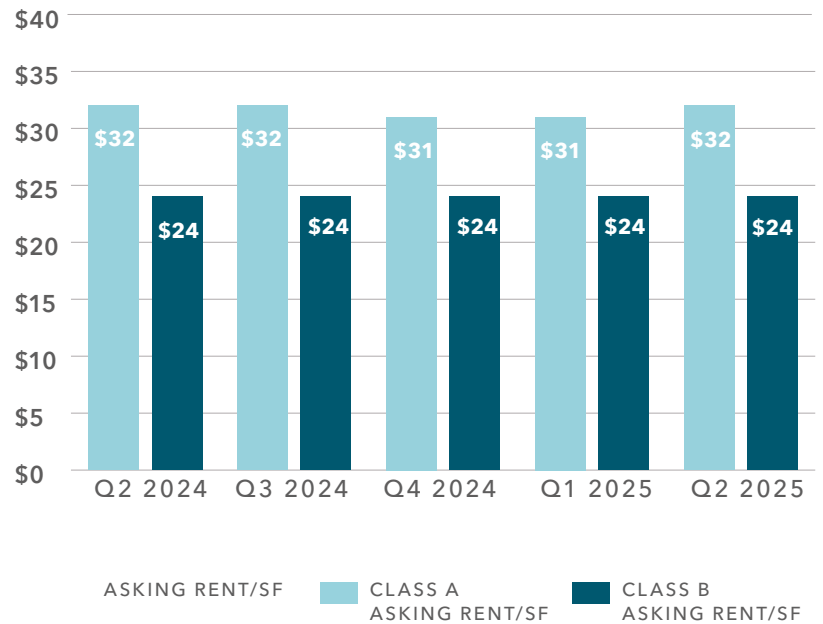
MARKET SALE PSF



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 20 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, SIOR

Senior Vice President,
Shareholder

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



WILL FRAME

Executive Vice President,
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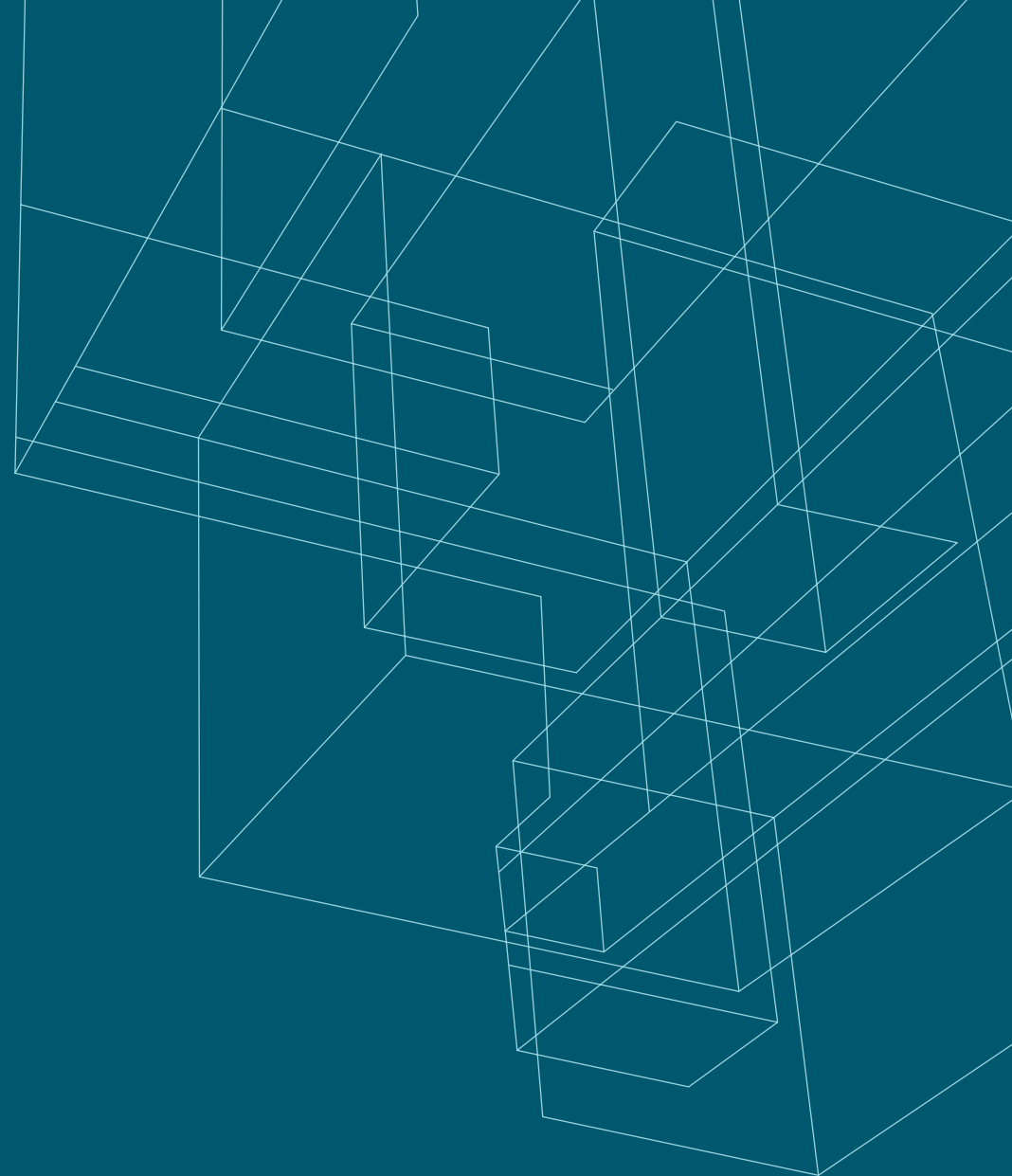
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