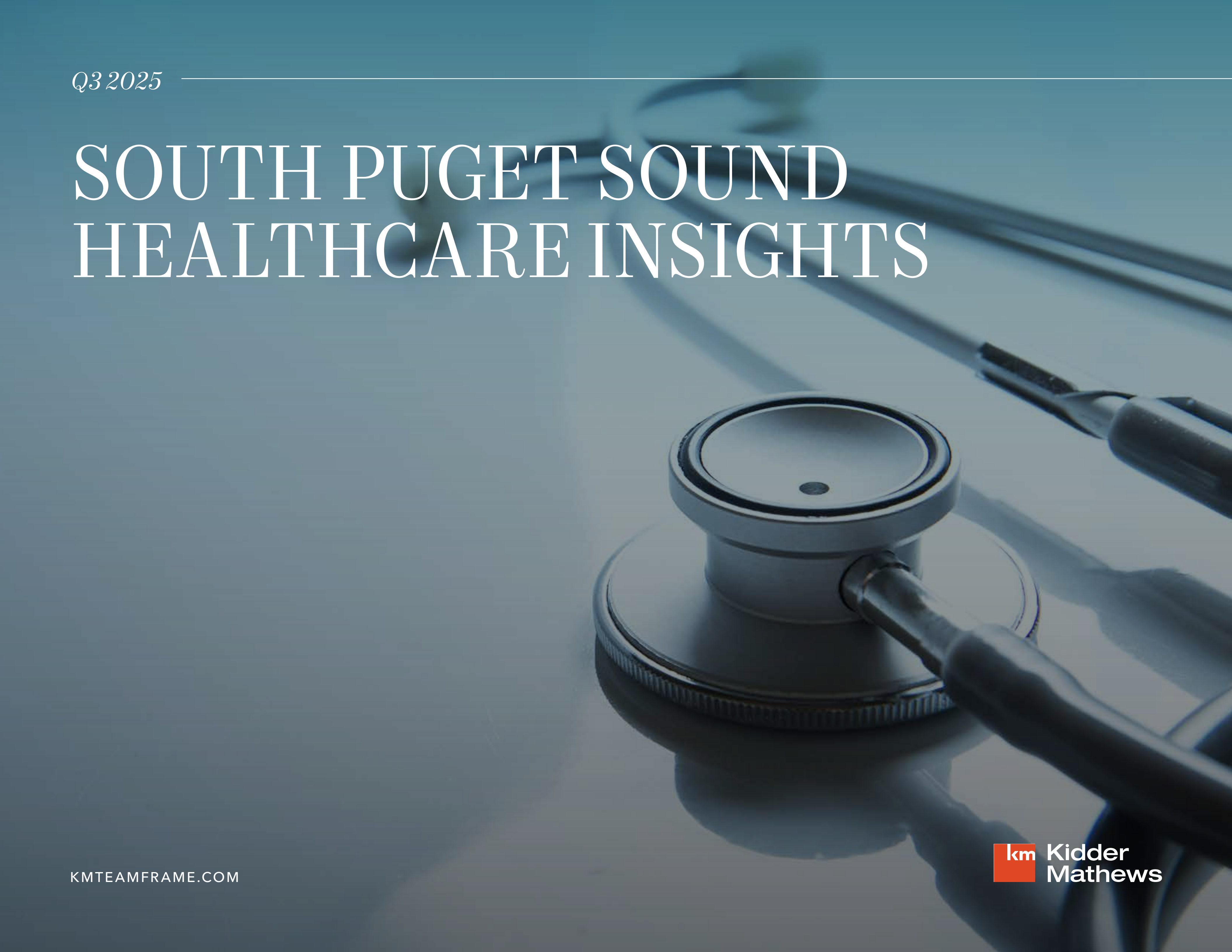

Q3 2025

SOUTH PUGET SOUND HEALTHCARE INSIGHTS

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Kidder Mathews

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HEALTHCARE REAL ESTATE METRICS *CONTINUES TO IMPRESS*

SOUTH PUGET SOUND Q3 INSIGHTS

TOTAL SF	8,690,241
VACANCY	2.26%
VACANT SF	196,054
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	$320 PSF
AVERAGE MARKET CAP RATE	6.50%
AVERAGE MONTHS TO SALE	4 - 9 Months

Strong leasing activity and a real sense of optimism resulting in positive growth

The South Puget Sound Healthcare market remains a picture of strength as we close out the third quarter of 2025. Vacancy has compressed further to just **2.26%**, reflecting sustained tenant demand and a lack of available quality product across key submarkets. With only **196,054 SF** vacant out of **8.67 million SF**, competition for medical space continues to intensify.

Healthcare systems and private equity-backed practices continue to expand into the region, pursuing off-campus opportunities to serve shifting demographics and patient preferences. Rent growth remains strong, with **Class A product averaging $33.00 PSF, NNN and Class B averaging $27.00 PSF, NNN**. The continued shortage of well-located space is driving a premium for institutional quality product.

Investor sentiment has strengthened notably through the quarter. While national transaction volume remains below pre-pandemic peaks, healthcare assets continue to outperform most other CRE sectors, anchored by resilient tenant activity and long-term stability. **Cap rates have compressed with a sub 6% CAP transactions on the horizon,** Institutional players are re-engaged with the market with a priority on the PNW, due to our national top ten metrics.

Across the U.S., medical office leasing remains one of the few sectors posting consistent growth, supported by demographic tailwinds, outpatient migration, and a steady flow of investor capital. The South Puget Sound market mirrors these national dynamics, offering a compelling mix of limited supply, strong tenant demand, and durable long-term fundamentals.

With strong absorption, tightening vacancy, and heightened investor interest, the South Puget Sound healthcare real estate sector is positioned for continued strength into Q4 and beyond.

FEATURED LISTINGS

RENTON MEDICAL CENTER

1412 SW 43rd St
Renton, WA

LEASE

ALLENMORE B

1901 S Union Ave
Tacoma, WA

LEASE

RAINIER PROFESSIONAL PLAZA

18209 Hwy 410
Bonney Lake

LEASE

1.9M
INVENTORY SF

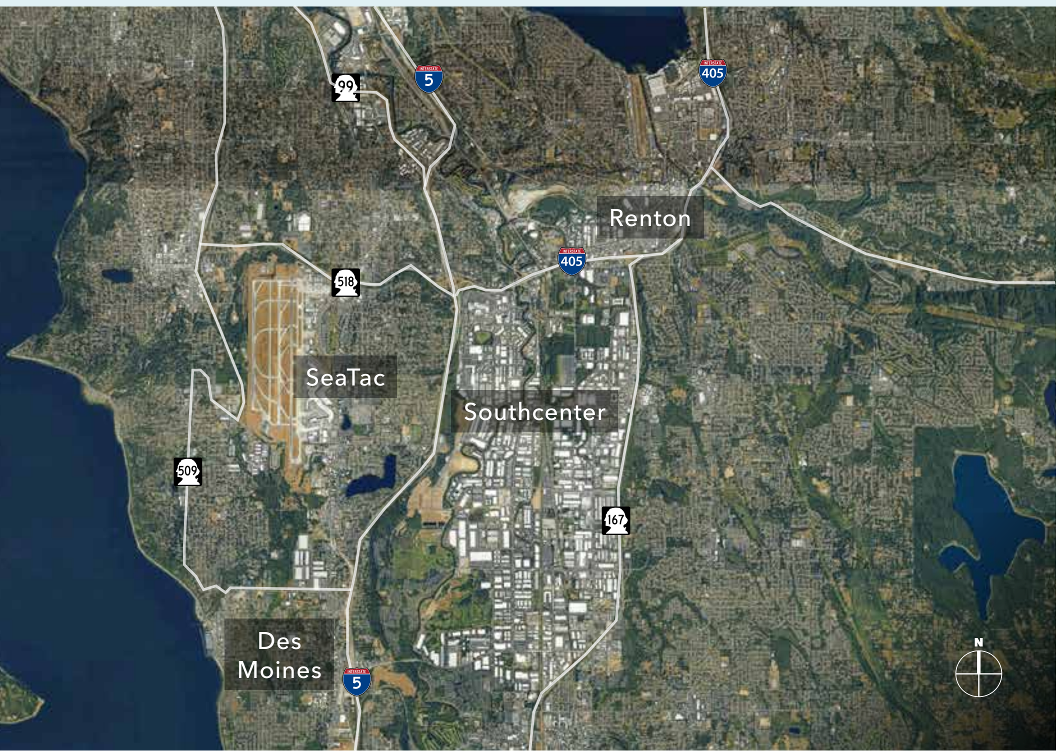
65,831
VACANT SF

4.50%
ANNUAL RENT GROWTH

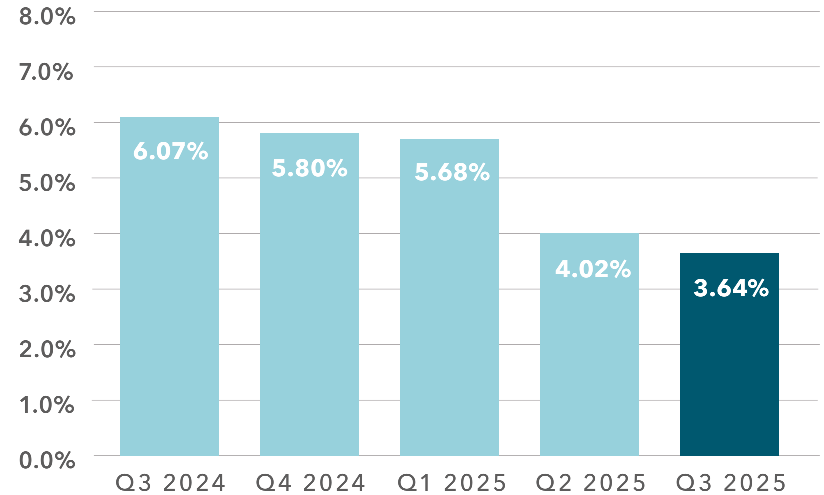
3.64%
VACANCY RATE

6.50%
MARKET CAP RATE

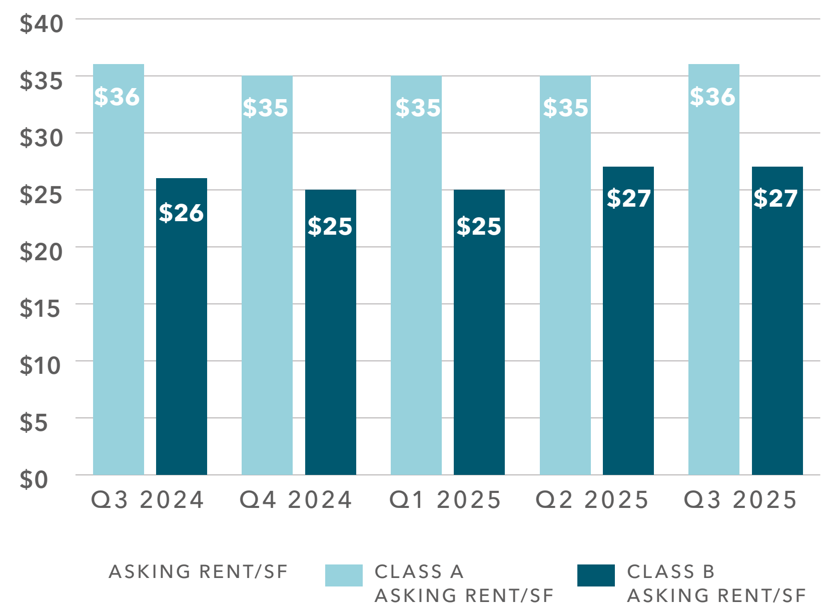
$348
MARKET SALE PSF



VACANCY RATE



AVERAGE ASKING RENT PSF NNN



840K
INVENTORY SF

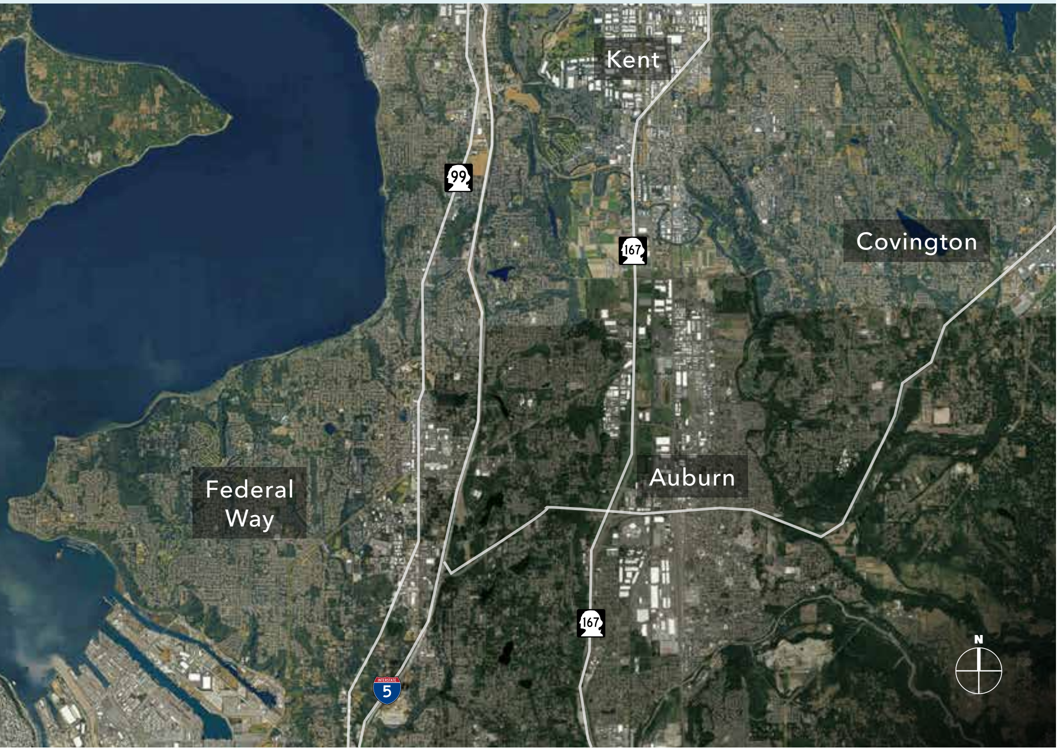
27,237
VACANT SF

0.00%
ANNUAL RENT GROWTH

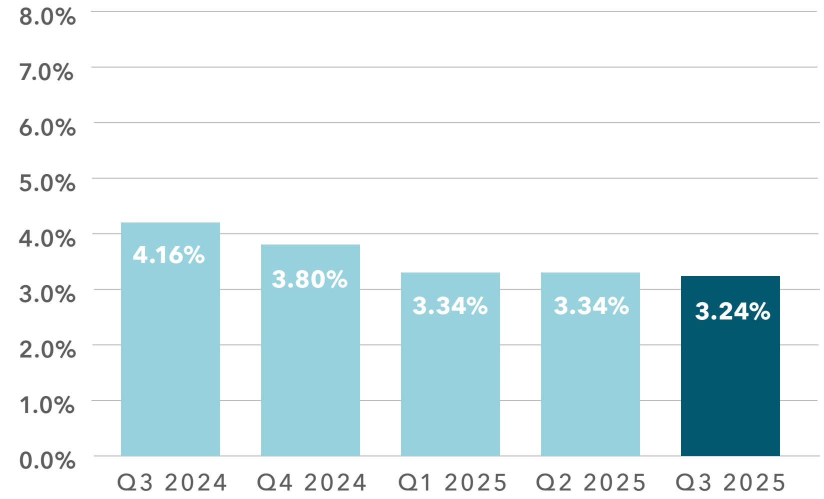
3.24%
VACANCY RATE

6.75%
MARKET CAP RATE

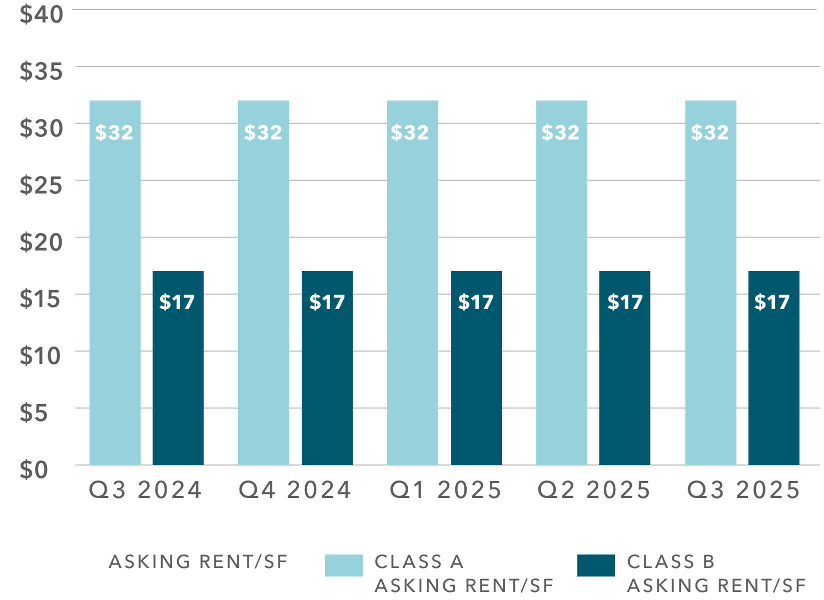
$257
MARKET SALE PSF



VACANCY RATE



AVERAGE ASKING RENT PSF NNN



3.6M
INVENTORY SF

65,142
VACANT SF

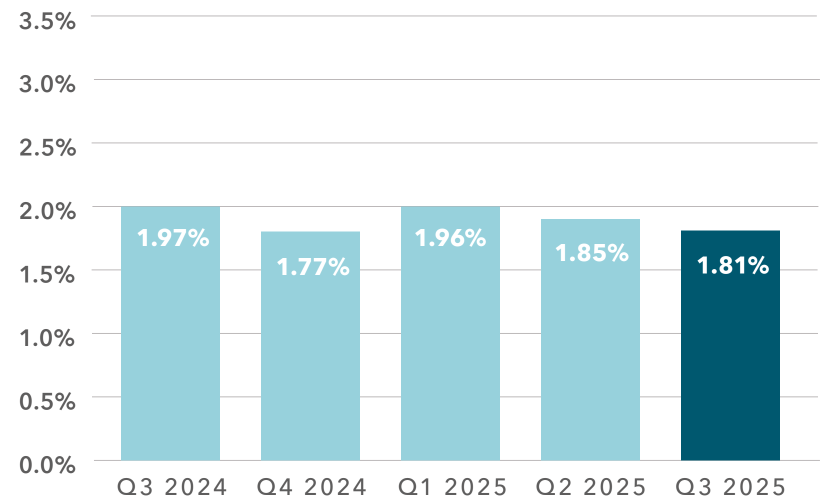
8.50%
ANNUAL RENT GROWTH

1.81%
VACANCY RATE

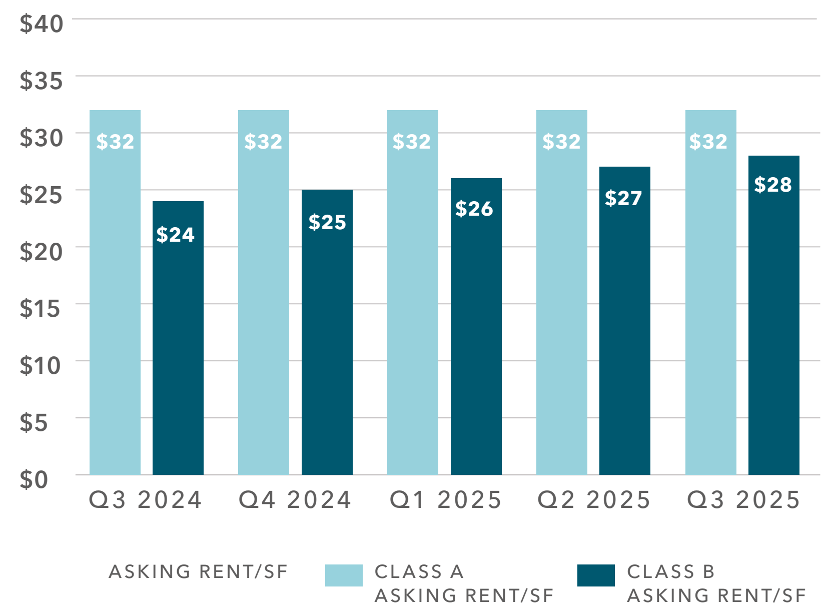
6.50%
MARKET CAP RATE

$315
MARKET SALE PSF

VACANCY RATE



AVERAGE ASKING RENT PSF NNN



1.3M
INVENTORY SF

26,525
VACANT SF

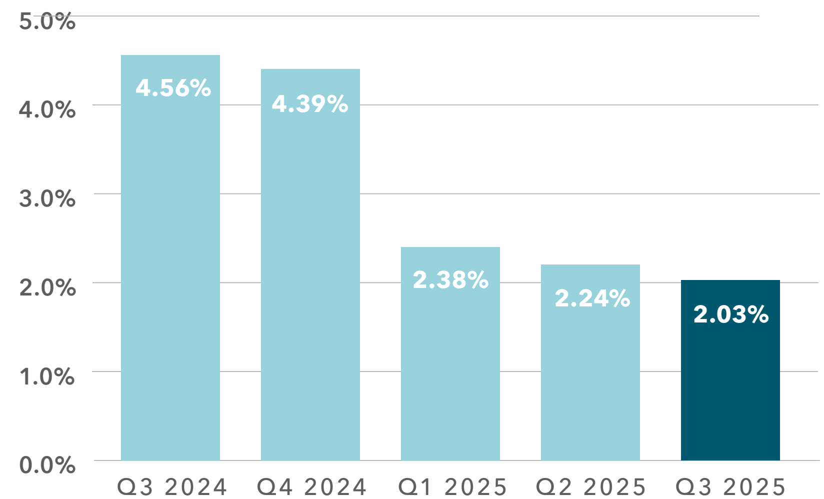
8.50%
ANNUAL RENT GROWTH

2.03%
VACANCY RATE

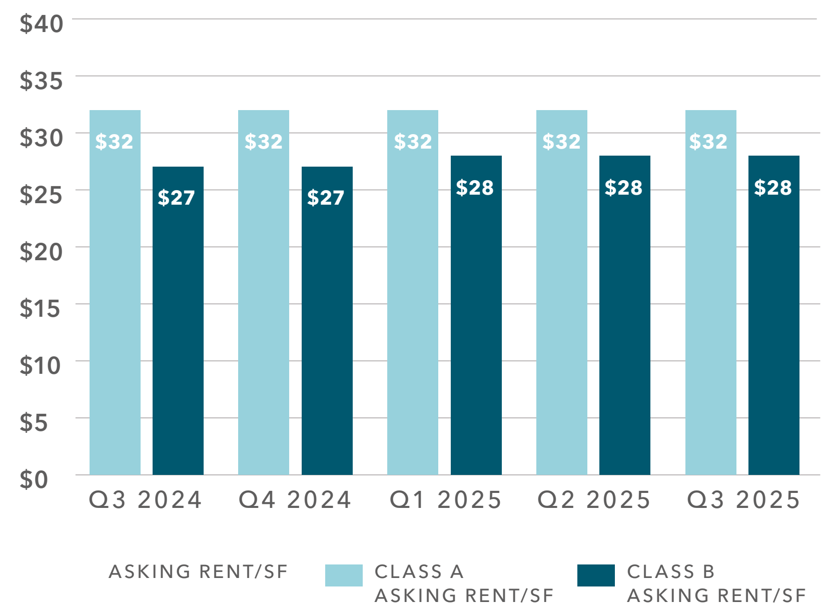
6.50%
MARKET CAP RATE

$315
MARKET SALE PSF

VACANCY RATE



AVERAGE ASKING RENT PSF NNN



1.1M
INVENTORY SF

11,319
VACANT SF

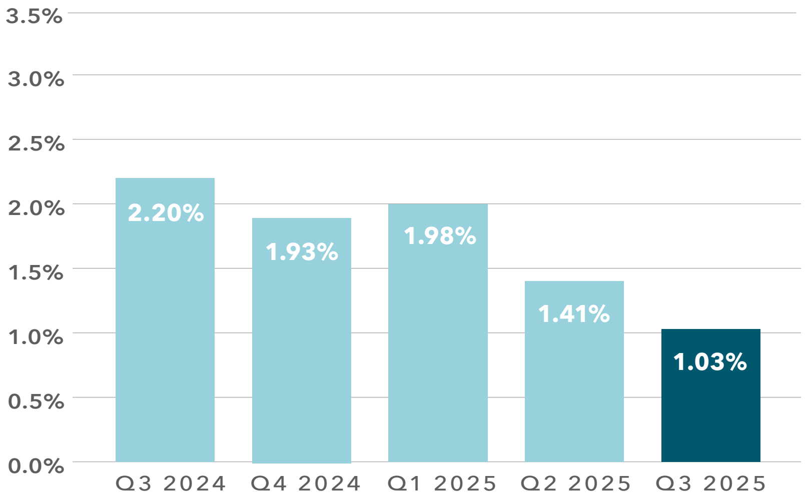
3.50%
ANNUAL RENT GROWTH

1.03%
VACANCY RATE

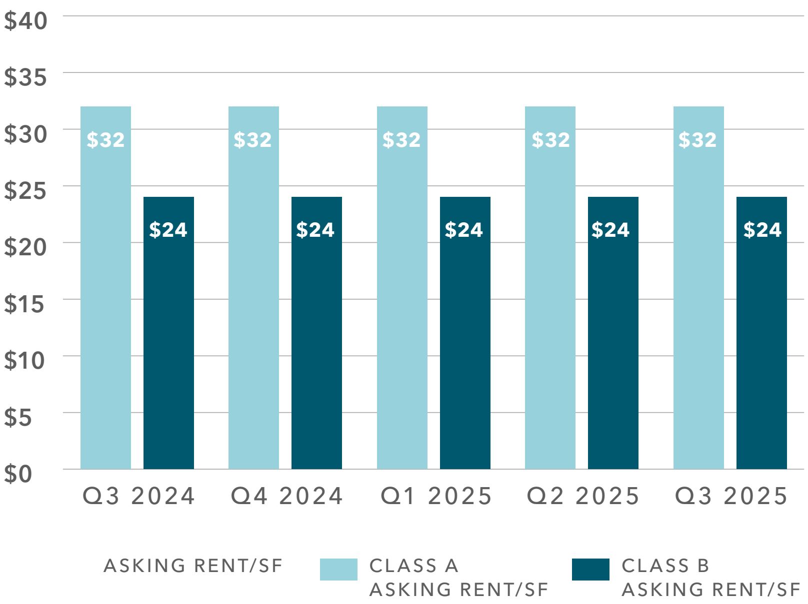
7.00%
MARKET CAP RATE

$245
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, Idaho, California, Arizona, and Nevada

500+
TRANSACTIONS

$800M
TOTAL VOLUME

7M+
TOTAL SF

$243M *transactions within the last 24 months*

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Shareholder

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

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