

Q4 2025

SOUTH PUGET SOUND OFFICE INSIGHTS

KMTEAMFRAME.COM

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2025 OFFICE TRENDS SHOW A MARKET SETTLING INTO A *NEW NORMAL*

SOUTH PUGET SOUND Q4 INSIGHTS

VACANCY	8.63%
TOTAL SF	43,634,498
VACANT SF	3,764,109
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	\$200
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 saw across 102 transactions in 2025

Based on 102 transactions completed by The Frame Team in 2025, the story was all about clarity. After years of mixed signals, tenants slowed the guessing game and started making real decisions. Vacancy levels largely leveled out as widespread downsizing tapered off. Rents stayed mostly flat, with landlords focused on filling space and keeping good tenants rather than pushing rate growth, while concessions stayed part of most deals.

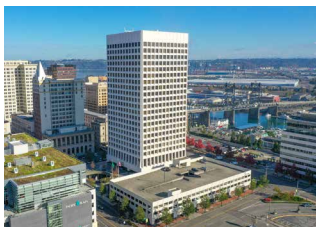
Tenant demand throughout the year leaned heavily toward buildings that simply work better. Updated spaces with modern finishes, amenities, and efficient layouts consistently outperformed older product. Suburban locations with easy access, parking, and shorter commutes continued to win, especially as employees made it clear where they are actually willing to go to the office.

Return to office strategies also took shape in 2025. Companies moved past trial runs and committed to clearer hybrid or in office schedules. That shift brought longer lease terms, more intentional space planning, and fewer short term decisions. Healthcare, professional services, and public sector users remained steady drivers of activity across the market.

Investment activity began to stabilize as expectations reset. Cap rates moved higher early in the year before settling, giving private and owner user buyers room to reengage. Deals remained selective, with buyers prioritizing location, tenant stability, and long term flexibility.

By year end, the office market was not booming, but it was steady. 2025 marked a turning point toward balance and a more confident path into 2026.

FEATURED LISTINGS



1201 PACIFIC AVE
Tacoma, WA

LEASE



CEDAR PARK
33455 6th Ave S
Federal Way, WA

LEASE



FOUNTAIN PLAZA
501 & 505 S 337th St
Federal Way, WA

LEASE

13.8M
INVENTORY SF

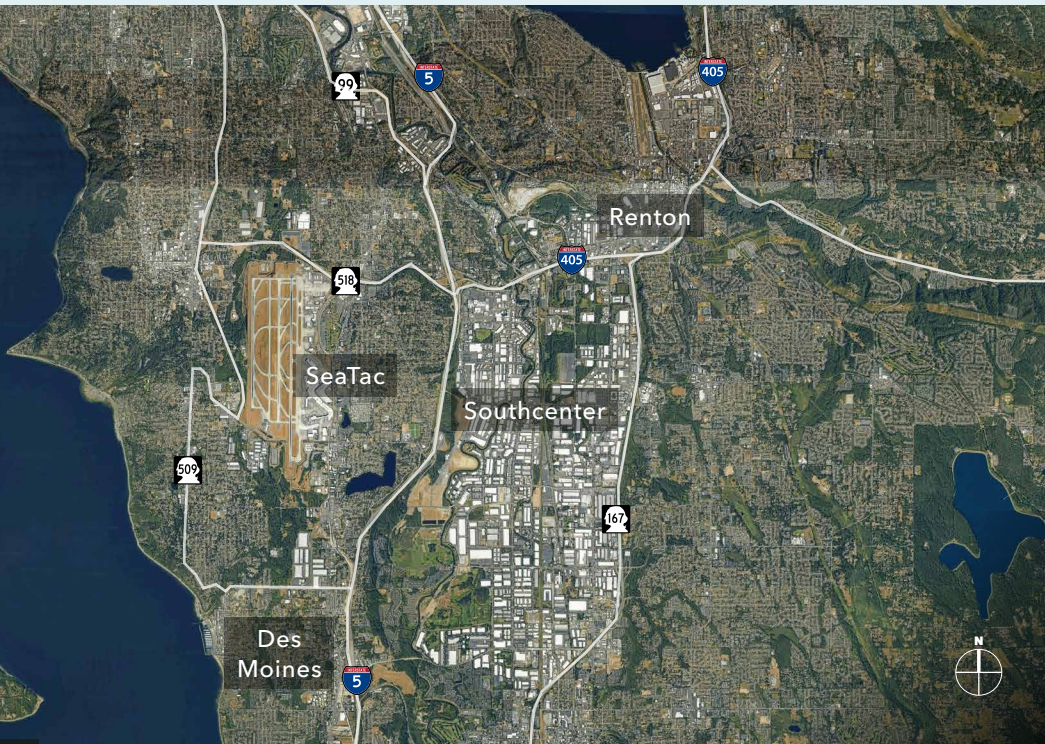
1.68M
VACANT SF

0.00%
ANNUAL RENT GROWTH

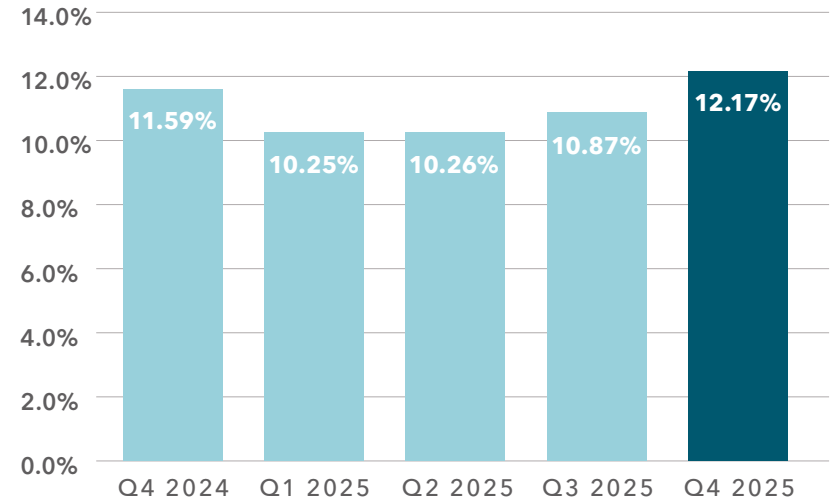
12.17%
VACANCY RATE

8.00%
MARKET CAP RATE

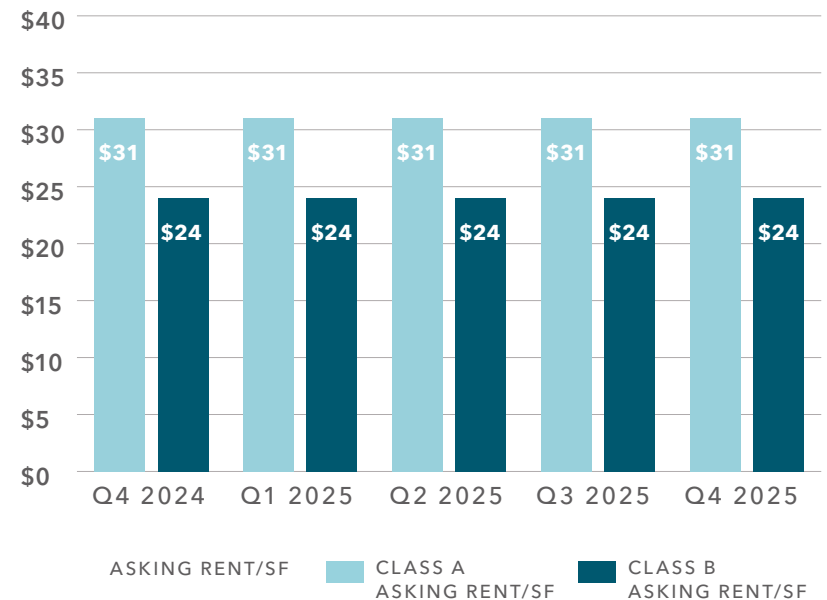
\$274
MARKET SALE PSF



VACANCY RATE



AVERAGE ASKING RENT PSF FULL SERVICE



4.4M
INVENTORY SF

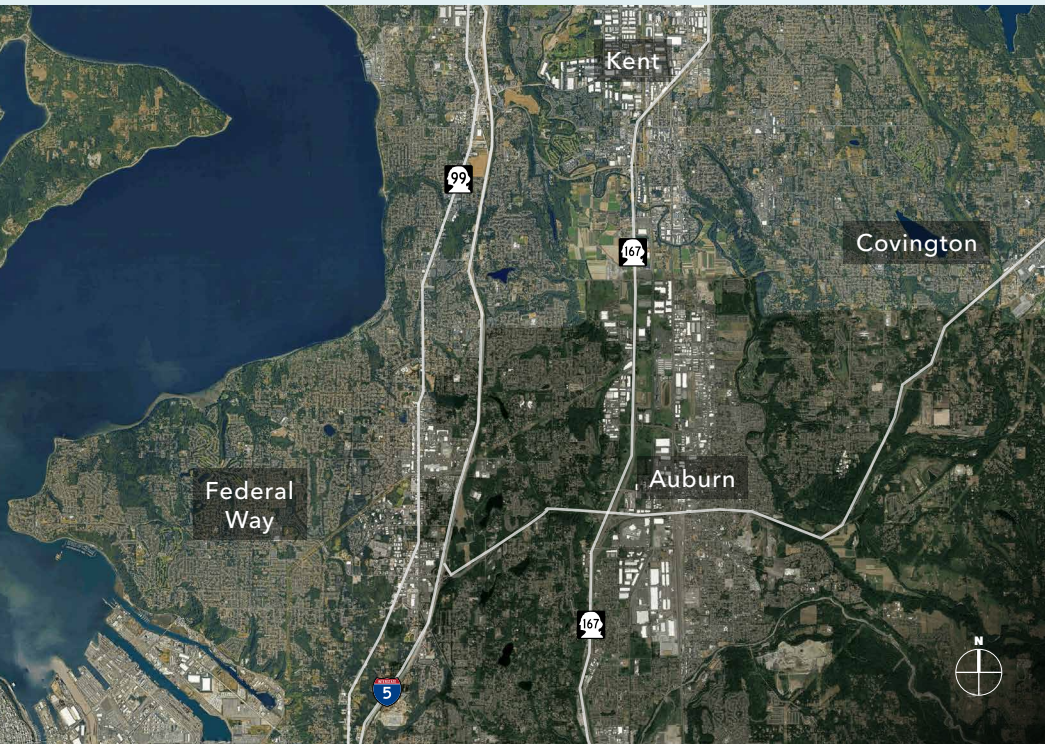
437,918
VACANT SF

3.39%
ANNUAL RENT GROWTH

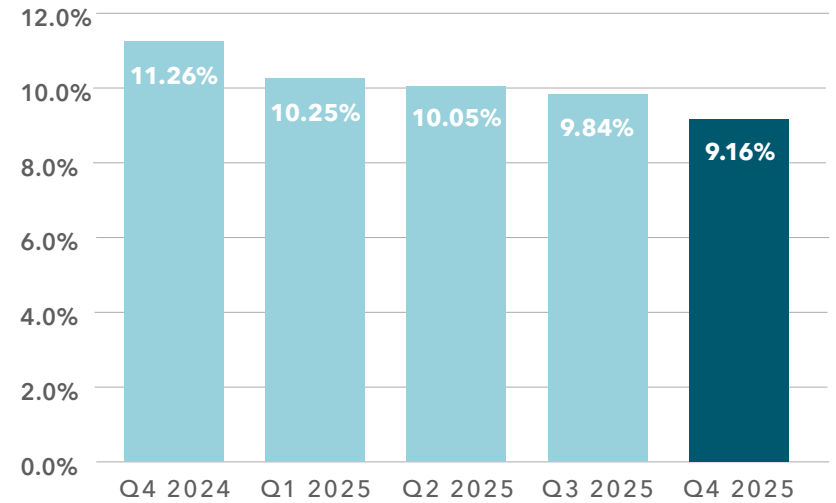
9.16%
VACANCY RATE

8.50%
MARKET CAP RATE

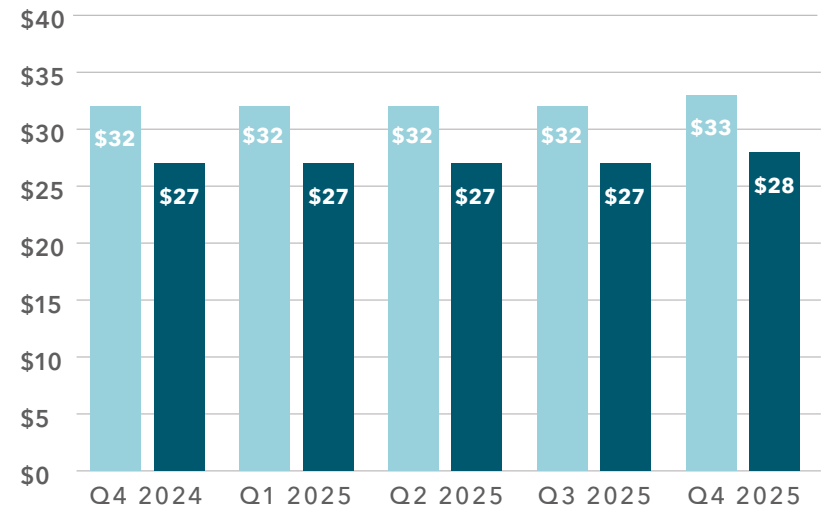
\$209
MARKET SALE PSF



VACANCY RATE



AVERAGE ASKING RENT PSF FULL SERVICE



ASKING RENT/SF

CLASS A
ASKING RENT/SF

CLASS B
ASKING RENT/SF

5.0M

INVENTORY SF

718,442

VACANT SF

5.00%

ANNUAL RENT GROWTH

13.47%

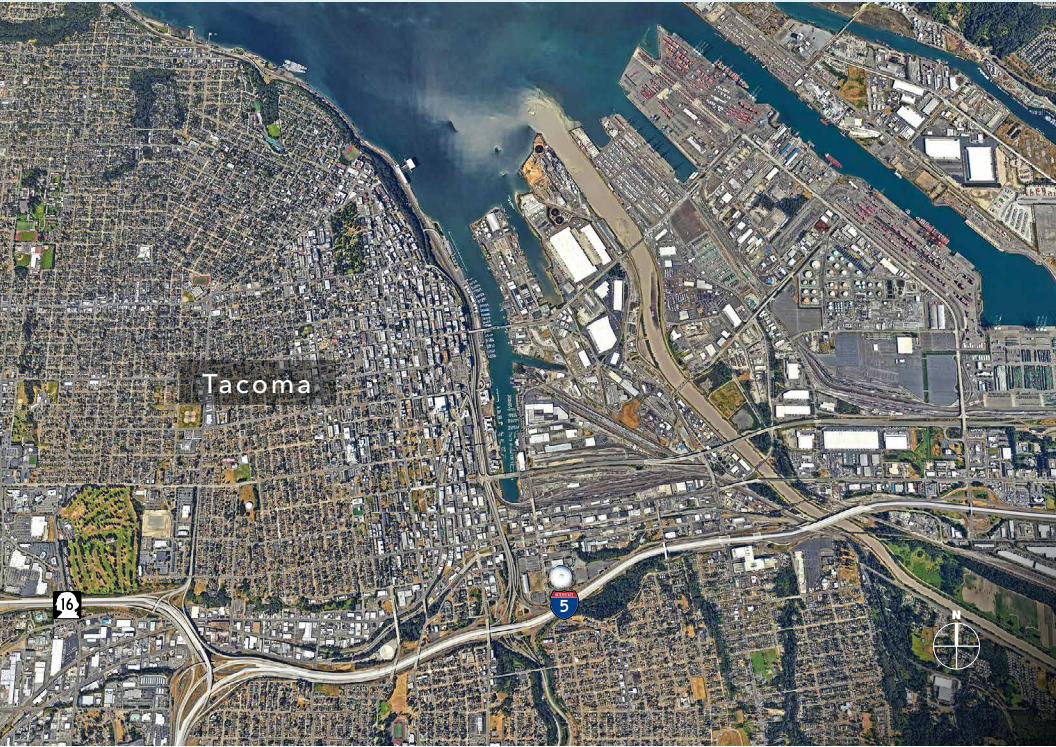
VACANCY RATE

8.50%

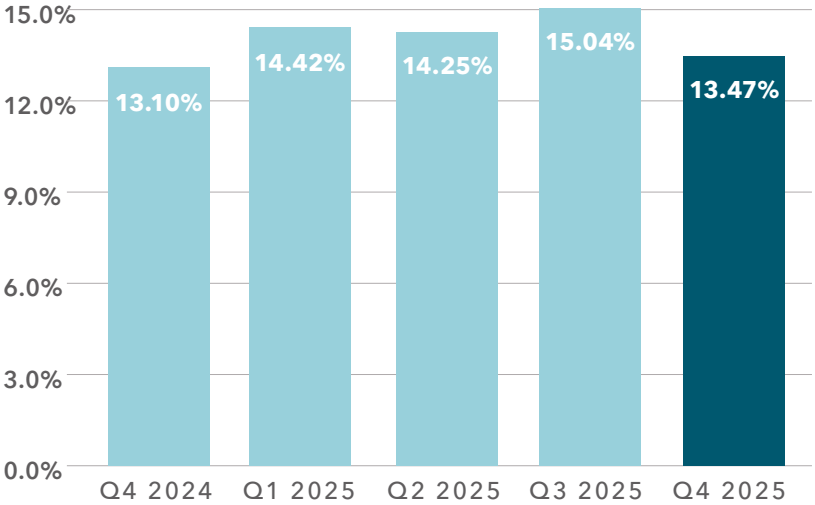
MARKET CAP RATE

\$177

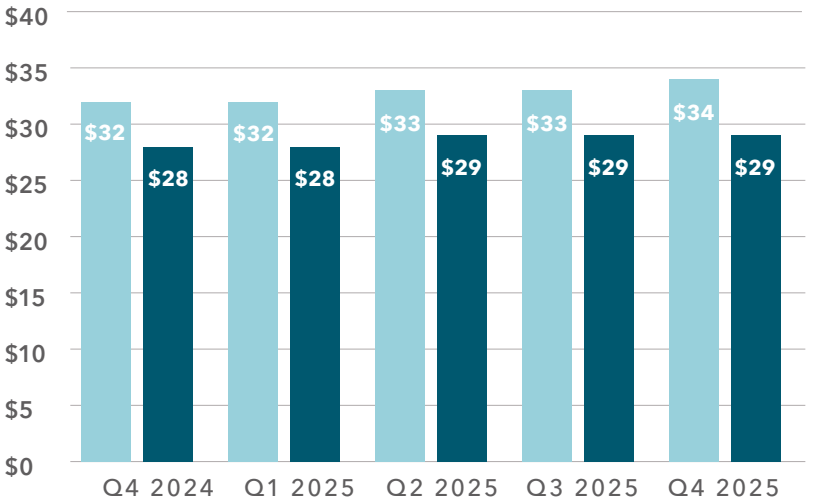
MARKET SALE PSF



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

274,475

VACANT SF

15.00%

ANNUAL RENT GROWTH

3.72%

VACANCY RATE

8.25%

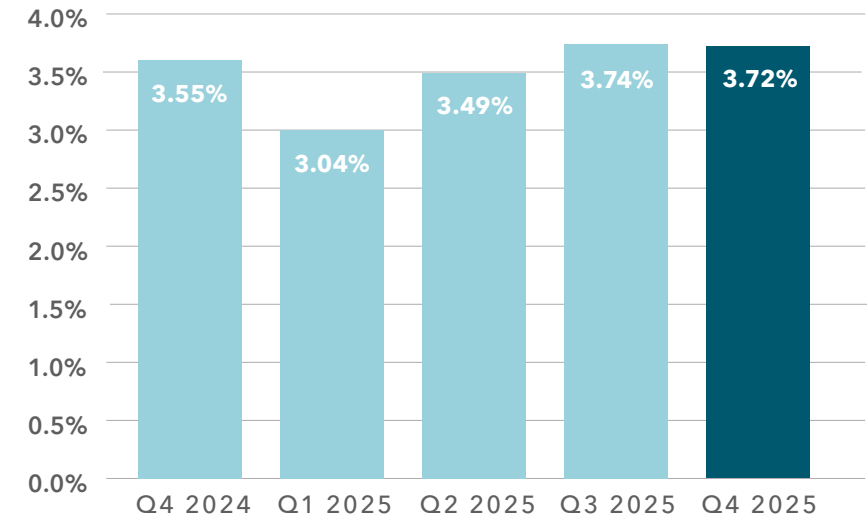
MARKET CAP RATE

\$275

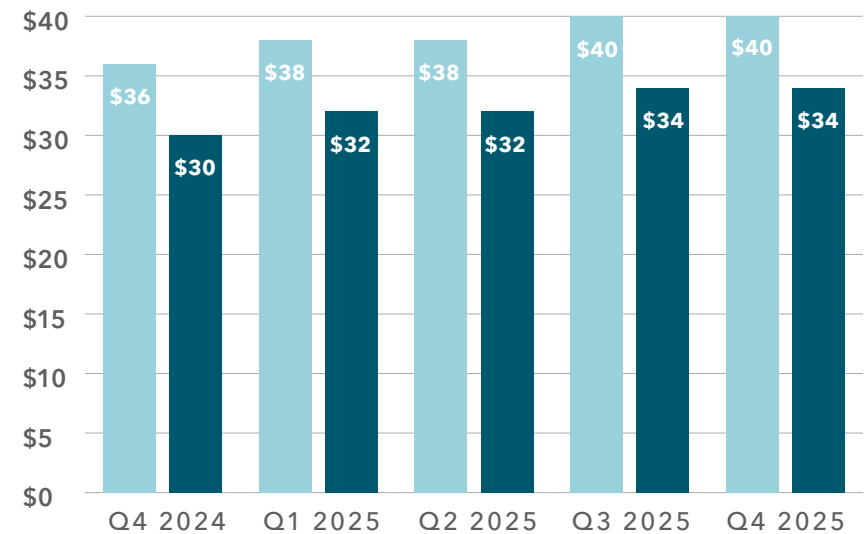
MARKET SALE PSF



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

348,812

VACANT SF

0.00%

ANNUAL RENT GROWTH

3.48%

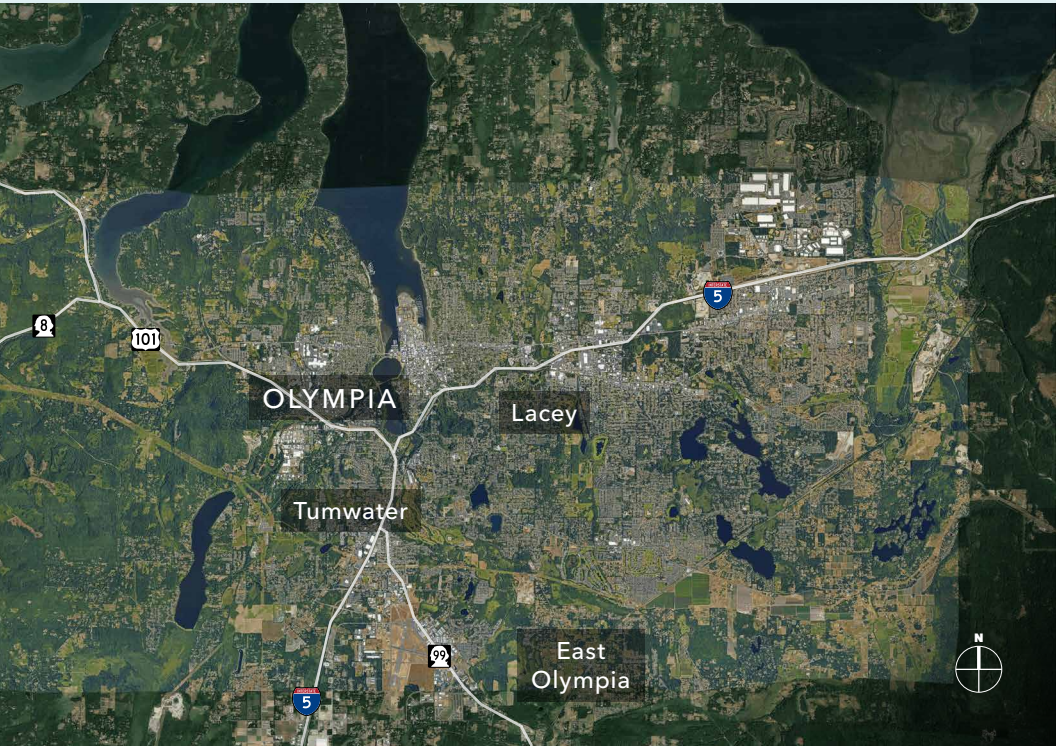
VACANCY RATE

9.00%

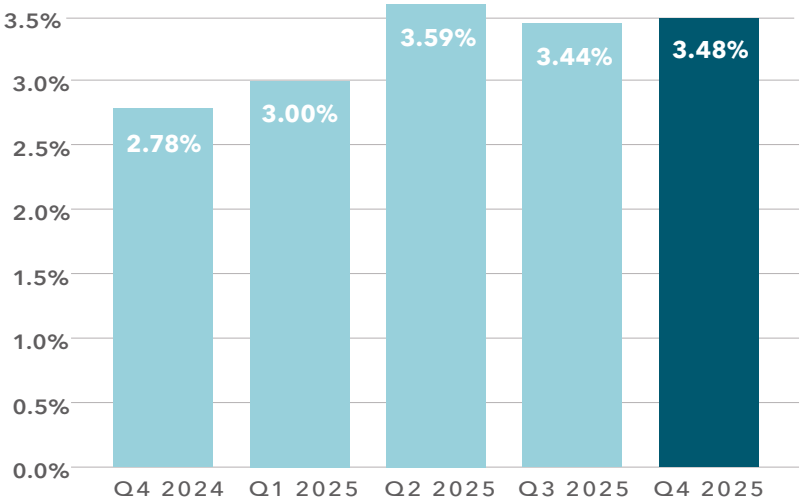
MARKET CAP RATE

\$209

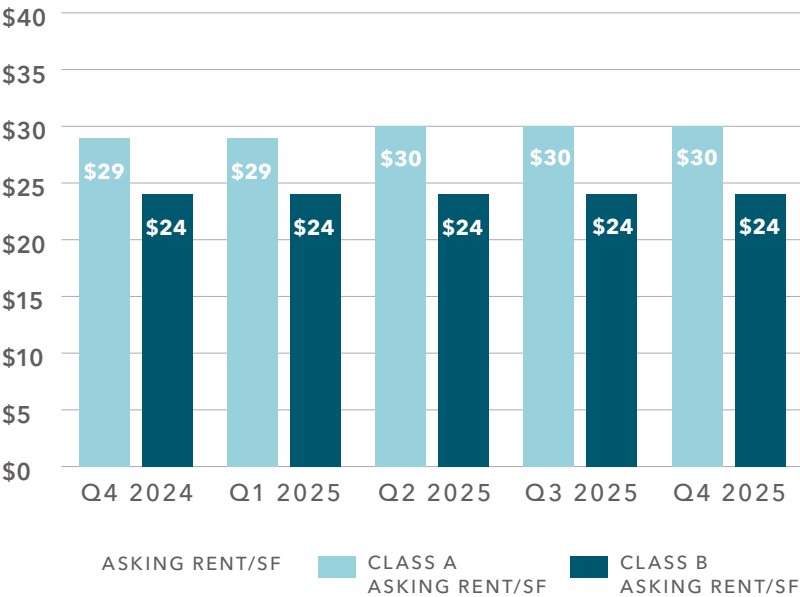
MARKET SALE PSF

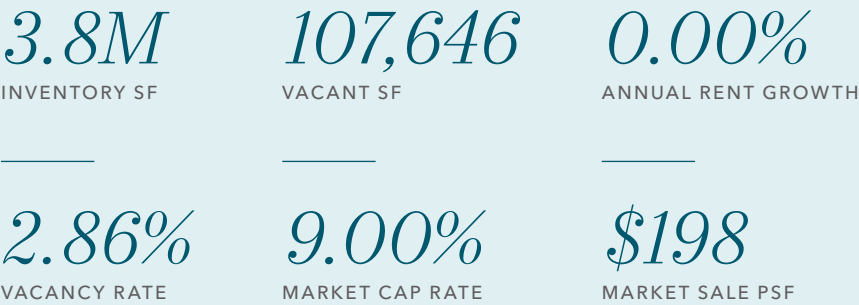


VACANCY RATE

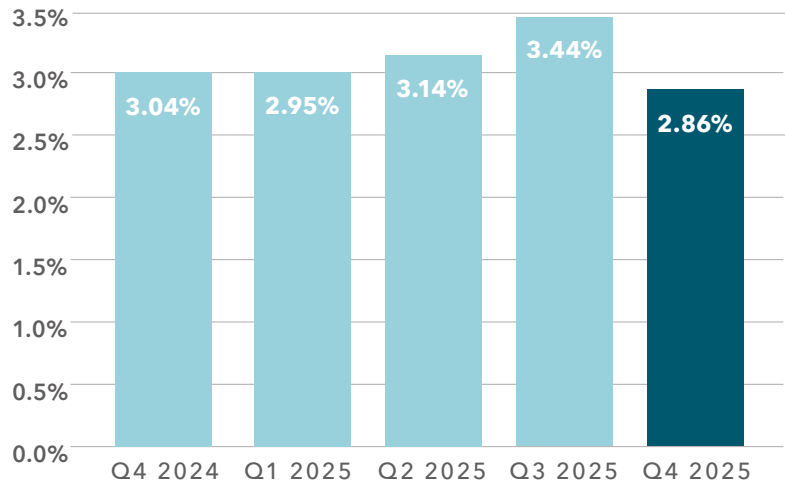


AVERAGE ASKING RENT PSF FULL SERVICE

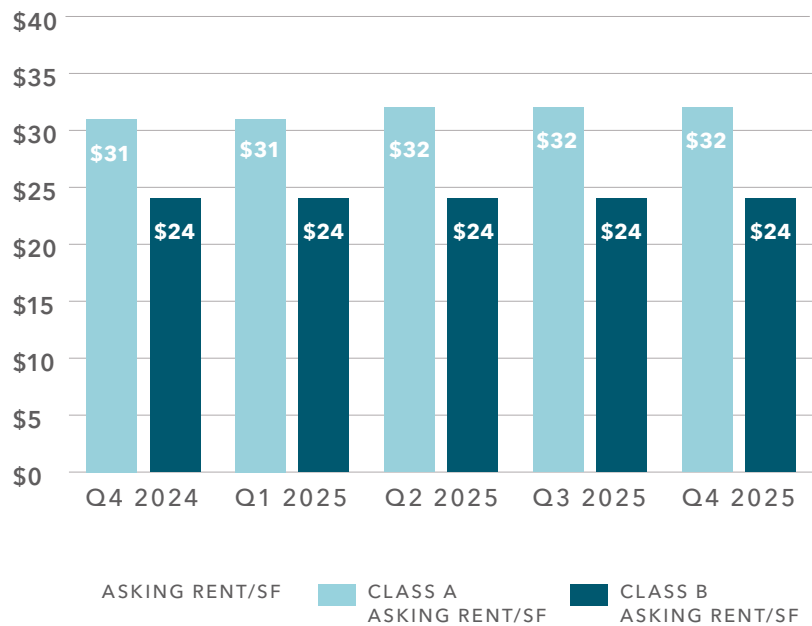




VACANCY RATE



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

Senior Vice President,
Shareholder

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



RYAN KERSHAW

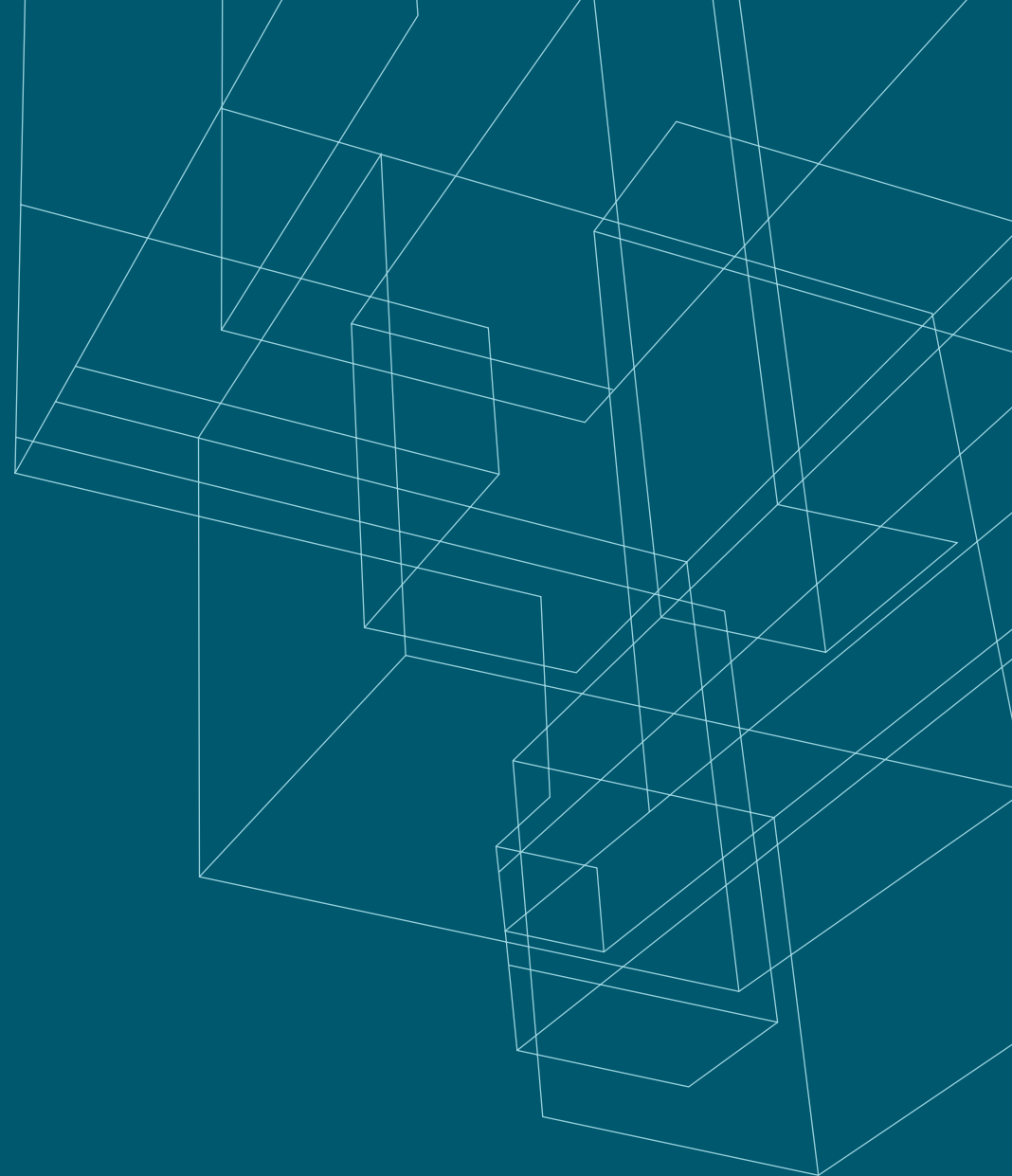
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