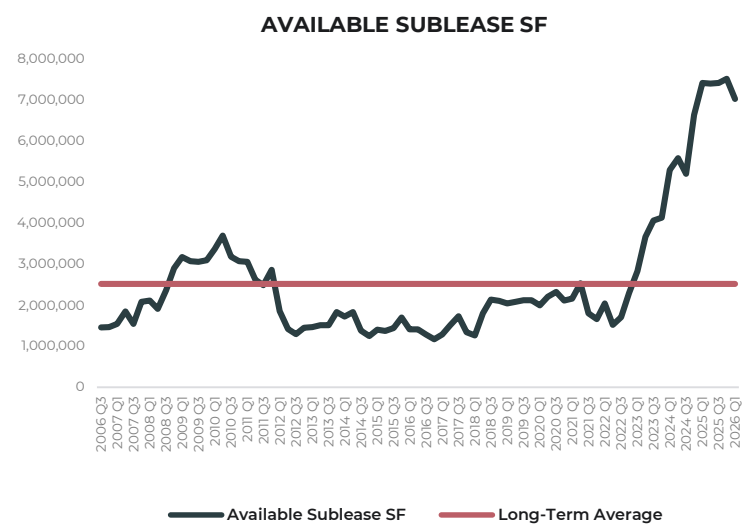


KBC INSIGHTS | SUBLEASE ANALYSIS

# Puget Sound

## AVAILABLE SUBLEASE SPACE

- » Total available sublease space in the Puget Sound market finished Q1 2026 at 7 million square feet (M SF), down 6.6% quarter-over-quarter (QOQ) as well as down 5.3% year-over-year (YOY). This represents a swing in the right direction as available sublease SF hit multiple record highs throughout 2025, up 175.4% from the long-term average (2005+) of 2.5M SF as well as up 258.1% when compared to the pre-pandemic (2005-2019) average of 1.6M SF. The market welcomes this modest YOY decrease, which was the first quarter since Q3 2022 that saw total available sublease lower than a year prior. At first glance, the decline in sublease SF may suggest the market is beginning to correct after several years of elevated sublease availability. However, that does not appear to be the case. Rather than being absorbed through leasing activity, much of this space has simply rolled back into the market as direct availabilities. In fact, this quarter alone saw four availabilities totaling 947,726 SF transition to a direct, all of which had an original lease commencement in 2020 or 2021.
- » When evaluating as a percentage of inventory, available sublease space accounts for 1.8% of the total inventory. This represents a 10-basis point (bp) decrease YOY as well as QOQ. In comparison to the long-term average of sublease space as a percentage of inventory dating back to 2005, Q1 2026 finished up 110 bps.
- » Vacant available sublease SF ended Q1 2026 at 3.5M SF, a decrease of 10.3% over the past year as well as down 16.8% QOQ. This marks the lowest vacant available sublease SF the Puget Sound market has seen since Q2 2024, prior to the massive surge throughout 2025 that peaked at 4.3M SF in Q4 2025. However, the Puget Sound still sits 158.9% above the pre-pandemic (2005-2019) average vacant available sublease SF of 1.4M SF. As a percent of total vacant available space, vacant available sublease space accounts for 9.6%.
- » Pierce County continues to be the most prominent host of available sublease SF, finishing Q1 2026 at 3.5M SF, a significant 49.7% of market wide sublease inventory. This marks a 4.6% decline over the past year as well as down 9.1% just over the last quarter. Currently, Pierce County alone has 13 subleases over 100,000 SF totaling 2.9M SF, accounting for 41.2% of all market wide available sublease space. When compared to the previous cycle peak of 1.2M SF in Q2 2011, Pierce County sublease space in Q1 2026 came in 194% higher.
- » Kent Valley, the largest submarket, finished Q1 2026 with 1.6M SF of available sublease space, a 16% decrease QOQ. This is a 13.2% decrease from the same period last year, while also bucking the trend of seven continuous QOQ increases. Of the 59 spaces available for sublease, only five eclipse the 100,000 SF mark totaling 662,161 SF. The remaining 54 availabilities total 1M SF, further highlighting the sheer volume of smaller options available.
- » The Northend submarket saw the biggest QOQ increase in sublease space finishing Q1 2026 at 717,700 SF, a 19.2% increase yet down 23.2% from the same period last year. The Seattle Close-In submarket finished down 15.4% YOY at 450,228 SF and down 13.5% over the last quarter, marking the second quarter in a row of declines. While the Eastside submarket saw a modest 1.4% decrease QOQ coming in at 251,587 SF, it is still hovering around record highs. Thurston County has now reached an all time high of 488,196 SF.



## KBC INSIGHTS | INDUSTRIAL MARKET UPDATE

## Puget Sound

## SUBLEASE SUMMARY Q1 2026

Submarket Cluster	Total Inventory	Total Available	Availability Rate	Total Sublease Inventory	Available Sublease Rate	Available Sublease YOY Change
Northend	68,016,755	6,207,037	9.1%	717,700	11.6%	-23.2%
Eastside	22,027,600	1,802,568	8.2%	251,587	14%	214.3%
Seattle Close-In	51,429,303	5,346,468	10.4%	450,228	8.4%	-15.4%
Kent Valley	121,972,959	14,297,171	11.7%	1,619,630	11.3%	-13.3%
Pierce County	103,653,526	17,691,269	17.1%	3,491,540	19.7%	-4.6%
Thurston County	22,092,809	1,395,417	6.3%	488,196	35%	45.2%
<b>Puget Sound</b>	<b>389,192,952</b>	<b>46,739,930</b>	<b>12%</b>	<b>7,018,881</b>	<b>15%</b>	<b>-5.3%</b>

Statistics reflect all industrial properties regardless of subtype or building size

## SIGNIFICANT SUBLEASE AVAILABILITIES

Property Name	Tenant	Square Feet	Expiration Date	Submarket
SeaPORT Logistics Center, Building 3	Nordstrom	501,319	6/30/2032	Pierce County
LPC Frederickson One, Building 7	Boeing	312,225	10/31/2028	Pierce County
Hawks Prairie Logistics Center, Building 2	Snow Joe	274,040	2/28/2032	Thurston County
Fife Commerce Center, Building B	Maersk	255,000	8/31/2027	Pierce County
Fife I-5 Commerce Center	Associated Materials	250,490	12/31/2029	Pierce County
Prologis Park Tacoma, Building 5	Samsung	250,000	7/31/2029	Pierce County
Starlite Distribution Center	Maersk	245,987	7/31/2027	Pierce County

Data in this report provided by KBC Advisors and CoStar

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