HIGH DEMAND AND LIMITED SUPPLY CREATE ALL-TIME TIGHT SEATTLE INDUSTRIAL MARKET

Feb 06, 2017 | Dees Stribling, Bisnow, National

Courtesy of Cushman & Wakefield

The Seattle industrial market hasn't been this tight in years, according to new Cushman & Wakefield data. The vacancy rate at year-end 2016 was recorded at an all-time low of 3.8%, down from 5% a year earlier.

Cushman & Wakefield Commerce senior director Tony Kusak said the Seattle industrial market is firing on all cylinders. There are a number of reasons, all reinforcing each other.

"The market has remained tight as demand has continually outpaced supply over the last several years," Kusak said. One factor is available land. The Puget Sound region only has a select number of sites available for industrial development. Then there are governmental factors — the entitlement process takes time and naturally restricts supply.

"Market demand is focused to certain areas due to traffic impacts in servicing the ports and local population centers," Kusak said. "Primary drivers for demand in the region include the Port of Seattle/Tacoma, aerospace, consumer products and e-commerce."

Scott Lewis/Flickr

Macroeconomics is driving demand for industrial in Seattle, as it is elsewhere. Jason Tolliver, Cushman & Wakefield head of industrial research for the Americas, said the U.S. industrial market is positioned well heading into 2017, in an economy that reflects an increasingly confident consumer, and solid labor markets and firmer wage growth. Consumer spending should power industrial absorption, particularly for warehouses.