

# INVESTMENT FORECAST

Retail  
Seattle-Tacoma

IPA  
INSTITUTIONAL  
PROPERTY  
ADVISORS

2026

## Long-Term Factors Appeal to Expanding Retailers and Investors, Despite Rising Vacancy

**Retail sales growth remains strong as big-box relinquishments slow.** Seattle's retail vacancy rate heads into 2026 roughly in line with the national average. Over the past three years, vacancy has risen 170 basis points, the largest increase among major markets during that period. Much of the pressure in 2025 stemmed from financial strain among national big-box retailers, resulting in higher relinquishments. While closures of Amazon Fresh and Amazon Go will place some additional supermarket and small-format space on the market, broader big-box relinquishment appears limited in 2026, with few upcoming closures announced in the metro as of February. At the same time, long-term tailwinds remain intact. The average asking rent remained largely unchanged over the past three years. Population growth has consistently outpaced the national mark, and retail sales gains have ranked among the top four major markets over the same period. Combined, these factors are giving the metro strong positioning as a potential target for expanding retailers.

**Single-tenant relative strength guides capital.** Investors remain focused on the long-term appeal of Seattle retail assets heading into 2026. While transaction velocity among multi-tenant properties ticked up slightly last year, activity remained roughly 30 percent below its 2021 peak. This followed the segment's largest year-over-year increase in vacancy since 2009, likely tempering some investor interest ahead. In contrast, single-tenant properties recorded their highest annual trade count on record in 2025 amid comparatively limited pressure. Investors targeting sub-\$10 million commitments may remain focused on Tacoma and the Eastside. In both cases, single-tenant vacancy remained near 3 percent in late 2025.

## 2026 MARKET FORECAST

+0.3%



**Employment:** While job growth accelerates modestly this year, ongoing weakness in traditionally office-using, construction, and manufacturing sectors limits net gains to 7,000 positions.

250,000  
sq. ft.



**Construction:** The development pipeline reaches its highest level since 2022, with total inventory up 0.2 percent, still well below the 0.6 percent annual average during 2015-2019.

+40 bps



**Vacancy:** A fourth consecutive year of negative net absorption is expected to push vacancy to 5.1 percent by year-end, marking the metro's highest level since 2013.

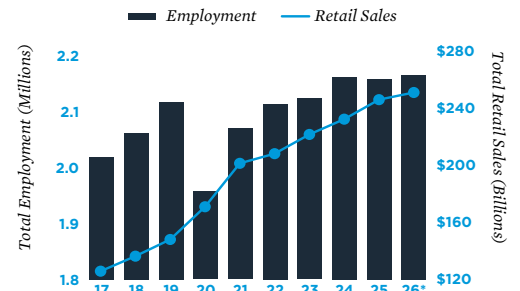
-0.6%



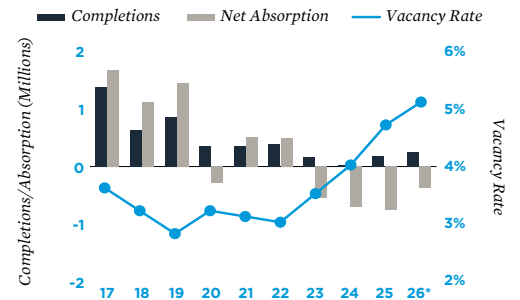
**Rent:** Rising vacancy continues to pressure the average asking rent, which falls to \$24.41 per square foot in 2026, placing five-year growth among the 10 slowest across major markets.

**INVESTMENT:** At 3.8 percent in late 2025, multi-tenant vacancy in the North End sits nearly 300 basis points below the metrowide figure, likely supporting continued strong investor demand in the coming year.

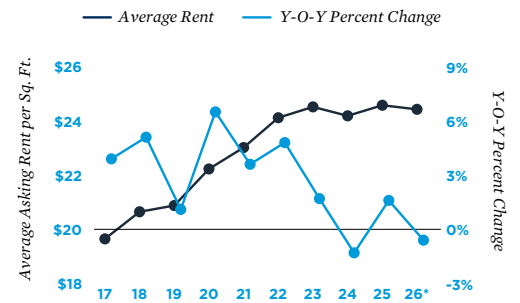
### Economic Trends



### Supply and Demand



### Rent Trends



\* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

IPA Retail

Gregory A. LaBerge

Senior Vice President, National Division Leader

Tel: (818) 212-2250 | glaberge@ipausa.com

Metro-level employment, vacancy and effective rents are year-end figures and are based on the most up-to-date information available as of January 2026. Average prices and cap rates are a function of the age, class and geographic area of the properties trading and therefore may not be representative of the market as a whole. Sales data includes transactions valued at \$1,000,000 and greater unless otherwise noted. Forecasts for employment and office data are made during the fourth quarter and represent estimates of future performance. No representation, warranty or guarantee, express or implied, may be made as to the accuracy or reliability of the information contained herein. This is not intended to be a forecast of future events and this is not a guarantee regarding a future event. This is not intended to provide specific investment advice and should not be considered as investment advice.