



The center of the Puget Sound region's warehouse market will shift south this month when a 1.2-million-square-foot facility opens at the Port of Centralia.

O'KEEFE DEVELOPMENT

Broker: Seattle industrial market primed to excel through 2020

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***Editor's note:** This is part of a series on the state of the commercial real estate industry.*

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WASHINGTON REAL ESTATE ADVISORS

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It's not just Seattle. Across the country, logistics real estate is the top commercial real estate sector, according to the annual Emerging Trends in Real Estate report by the Urban Land Institute and PwC.

E-commerce is largely responsible for the industrial sector's top ranking as companies seek to position themselves close to population centers where consumers increasingly expect faster delivery of online orders.

It's a restructuring of real estate and how products are brought to market, and it's affecting companies large and small.

"Almost every business is evolving to be an e-commerce company," Warshak said. "They have to change things up to remain competitive."

STATE OF THE MARKET

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Seattle industrial market primed to excel through next year

The market's biggest challenge isn't a trade war with China, but a lack of developable land, which is also a plus because it protects the region from overbuilding, said Warshak.

"I'm not concerned about (a trade war). It'll get worked out," said Warshak, who talked about how the region's industrial market is growing in scope and size as developers work to tie up land for huge projects.

In the 1990s, a 200,000-square-foot lease was considered big, and market activity was centered in the Kent Valley.

"It was like an iron curtain between the valley and Fife and Tacoma, which is now considered part of the mature market," said Warshak, who added the market's footprint continues to expand with companies looking farther south into Thurston and Lewis counties.

In the Thurston County city of DuPont, Warshak this spring completed a lease deal by Kimberly-Clark for a new 747,500-square-foot distribution center.

In Lewis County at the Port of Centralia, wholesaler United Natural Foods Inc. has leased a 1.2 million-square-foot distribution center that opened this month.

“The (overall industrial) market is strong. I don’t see it shifting for two, two and a half, even three years,” Warshak said.

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