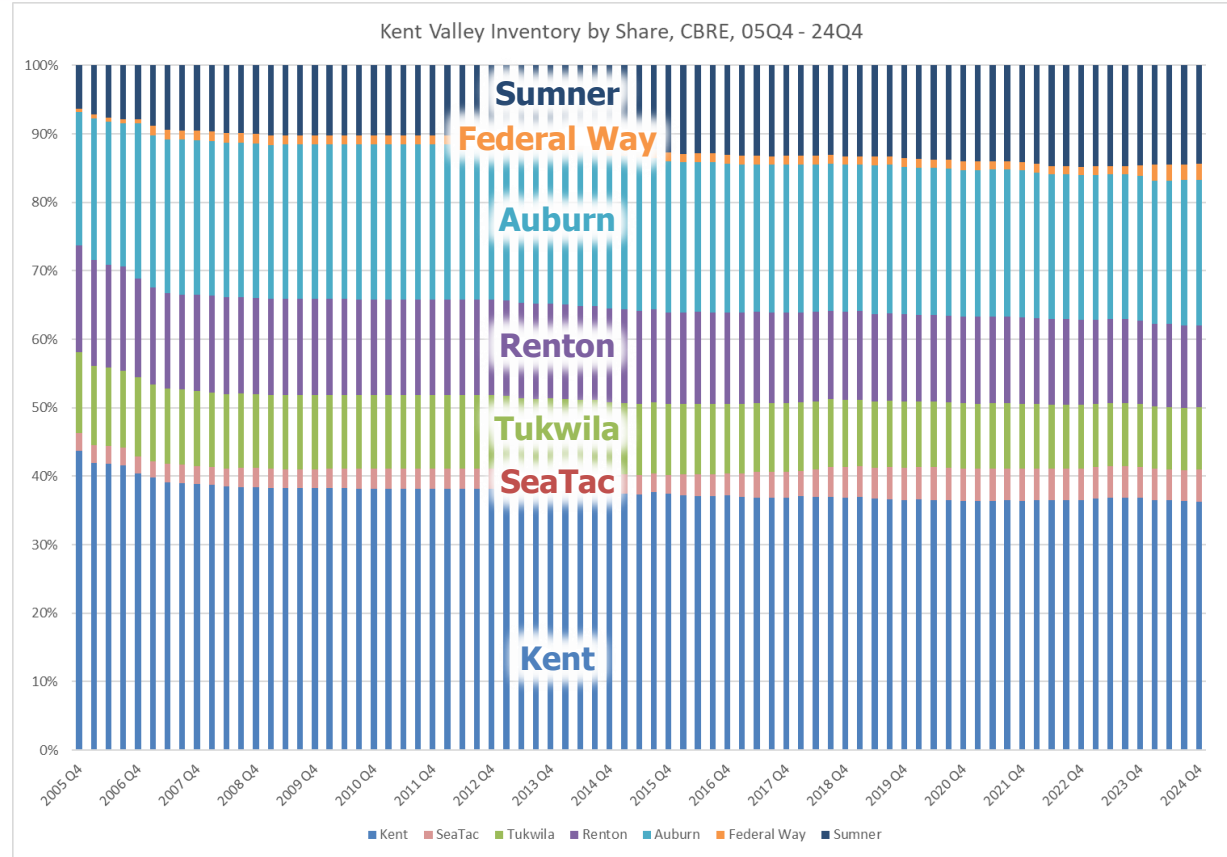


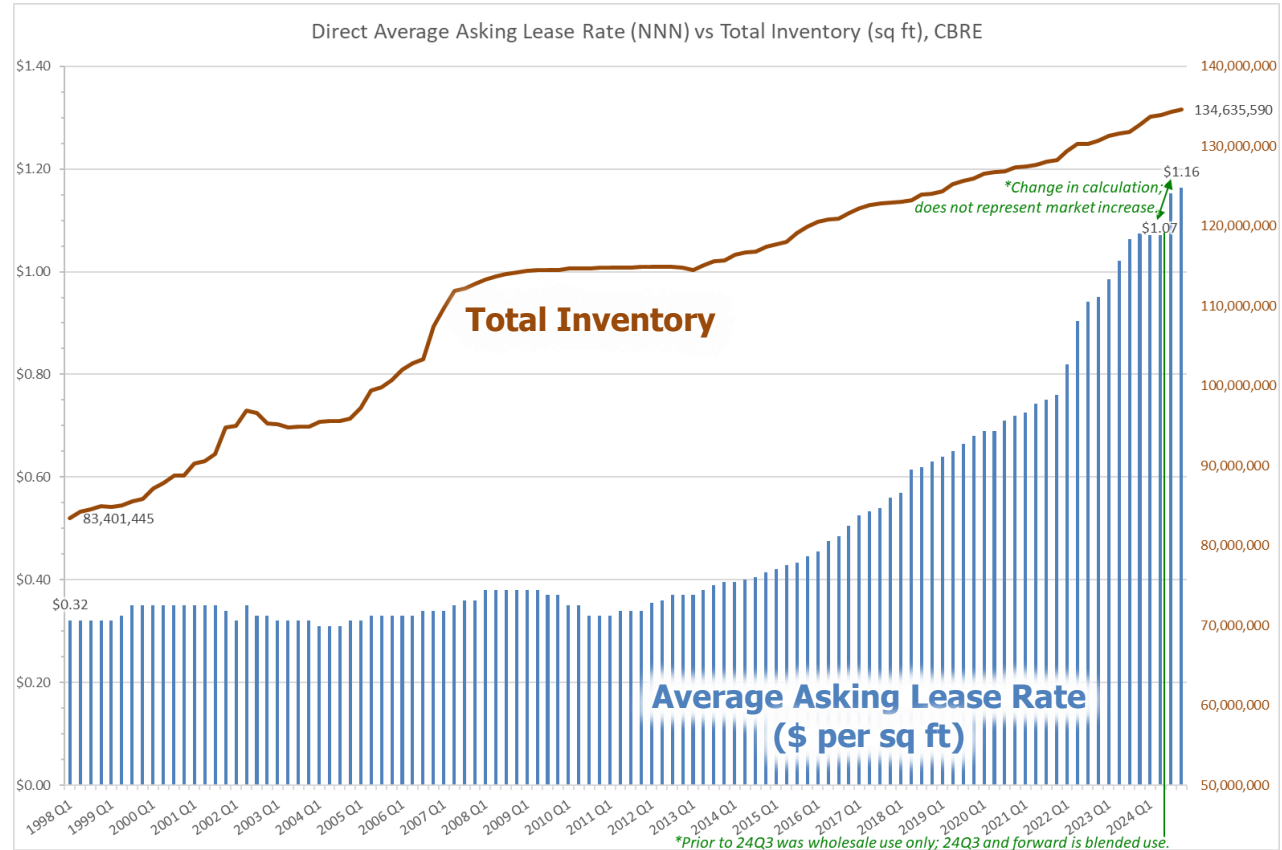
KENT VALLEY

ECONOMIC DEVELOPMENT

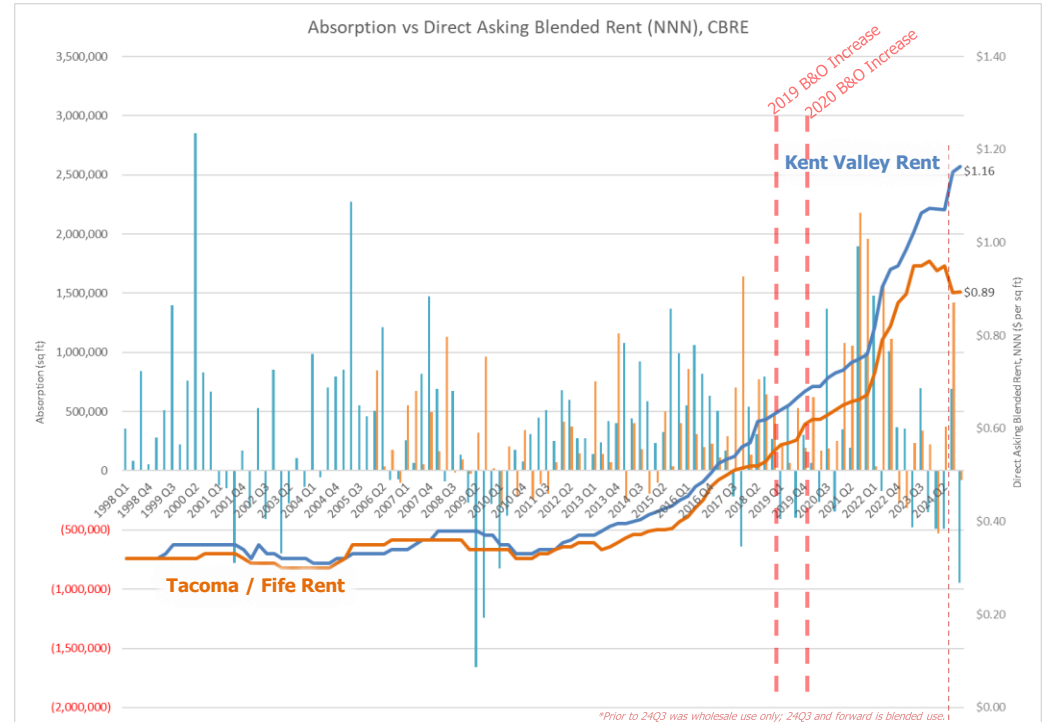
- Kent leads Valley cities by wide margin in industrial building inventory
- Pre-Great Recession saw greatest gains in other cities
 - -5.4% lost in 4 years (2005-2009)
- Post-Great Recession still losing market share slowly
 - -2.0% lost in 15 years (2009-2024)



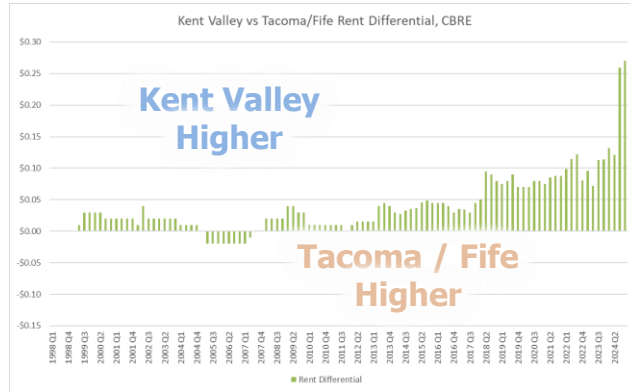
- Rare decrease in rent coinciding with a high inventory and cooling economy 2009-2012
- From a ten year nadir in Q1 2011 to today there's been a ramping up in rents...straight through pandemic
- Different trend than lots of other types of commercial real estate
- Bubble or new normal?



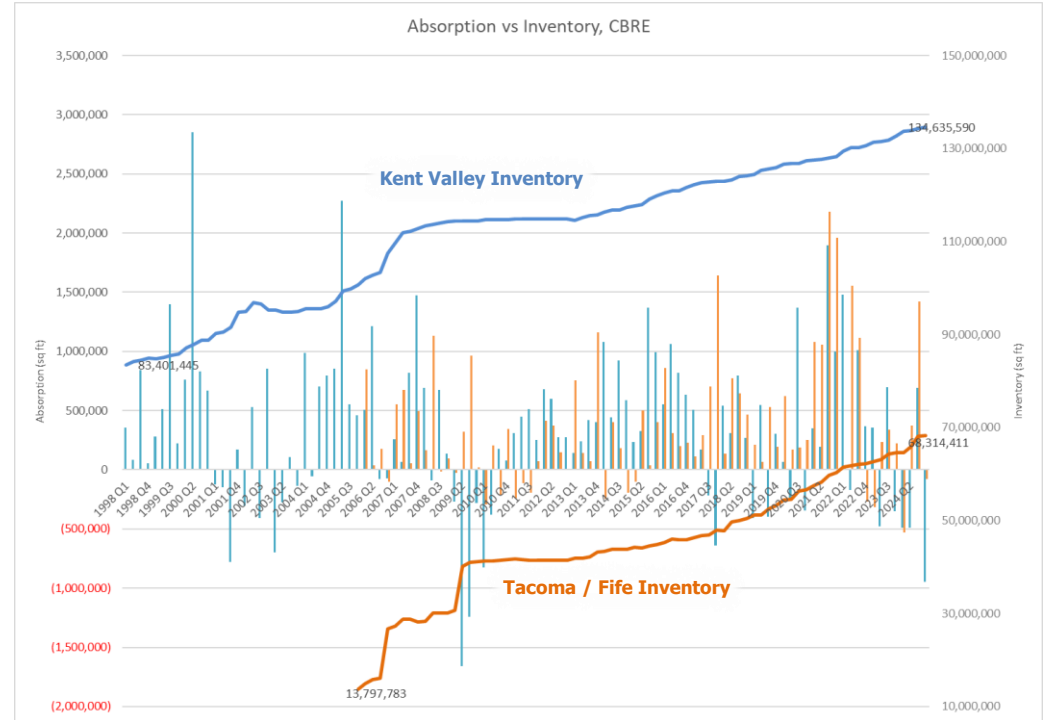
- Tacoma / Fife has longer periods of positive absorption and fewer negative absorption events
- Kent's B&O increases had no material, observable impacts on absorption rates during last ten year run
- Historically, when national and regional economy is cooler then Vacancy Rates increases, and eventually brings down rent (*so far, so normal*)
- Since 2015/2016 rents started escalating and putting a difference between Tacoma and Kent, meaning Kent was comparable in expense to south Seattle rather than historical norm comparison to Tacoma



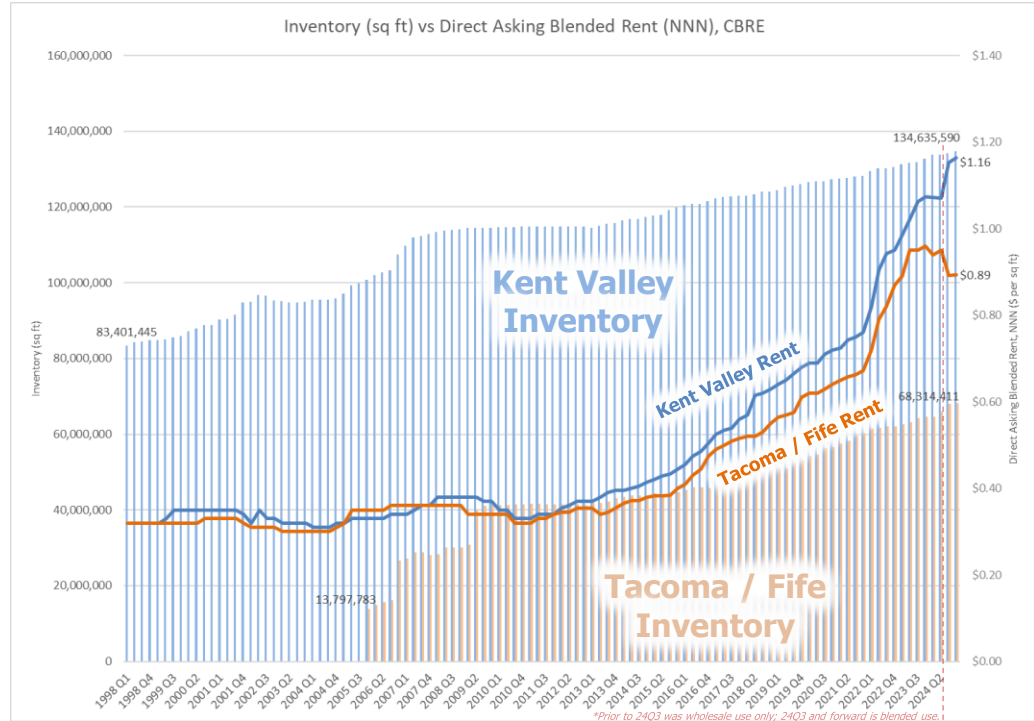
Pricing continues to rise in Kent because the demand keeps meeting new inventory built—absorbing supply

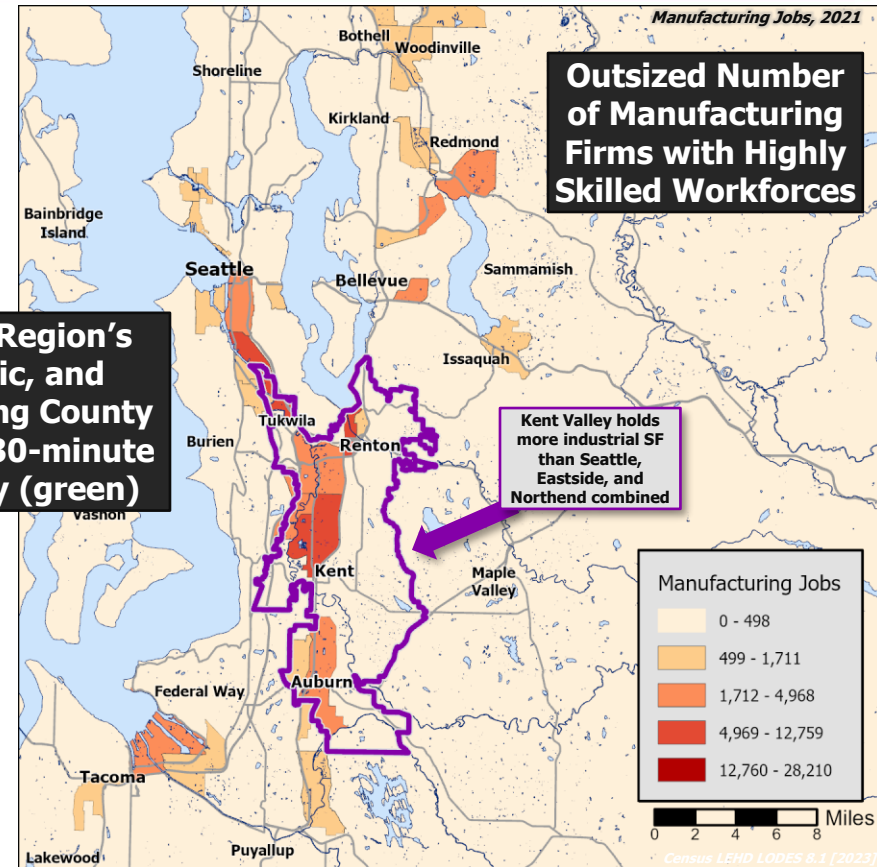
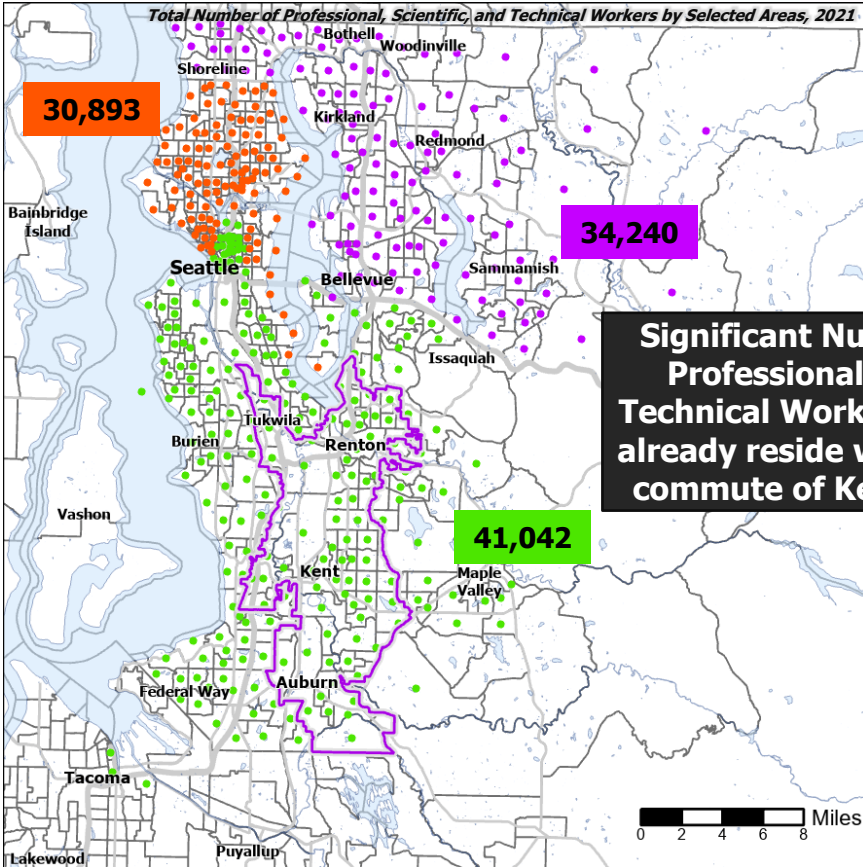


Q: Given new growing rent differential between our submarkets and increasing supply to south, **will this continue?**



- Rent difference increases over time, drastically since 2022
- Kent Valley remains prime, higher rent location, but the occupying industries and uses are changing
- Some sectors are more sensitive to rent pricing than others, changing jobs and tax revenue to City of Kent
- Note the spread in rents between Tacoma and Kent Valley is widening even as Tacoma is adding substantial new inventory



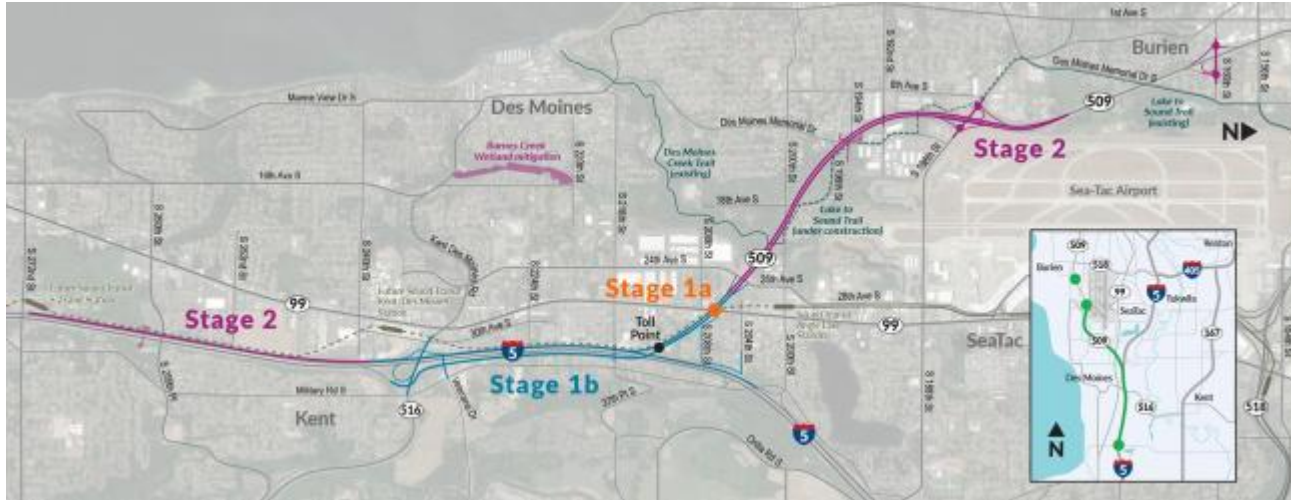


SR-509 Connector – Where We're Going.

- More than \$1 billion in local transportation upgrades
- Connects Site to Region and SeaTac Airport
- Direct On-Ramps from 228th to I-5 and SR-509
- 0.6 mile walk to Kent-Des Moines Light Link Station
- King County Park & Ride Adjacent



Larger Context



To be completed within 5 years

Stage 1b - In progress
Stage 1b of the SR 509 Completion Project, called the SR 509/I-5 to 24th Avenue South – New Expressway Project, builds the first mile of new SR 509 Expressway, new I-5 ramps, new interchanges and a new bridge. Project visualizations are available on our Flickr page and WSDOT's Fall 2021 online open house. This section of the new tolled expressway is expected to open to traffic in 2025, with some construction continuing into 2026.

Stage 2 - 2024-2029
Stage 2 of the SR 509 Completion Project, called the SR 509/24th Avenue South to South 188th Street – New Expressway Project, is the project's final stage. In Stage 2, WSDOT will build the remaining 2 miles of new SR 509

SR – 509 - Light Link Under Construction



Employees in future direct from airport reach HQ in less than 8 minutes drive.



More commuter options: shorter direct highway connections, more rail, and 'backroute' into West Seattle Peninsula

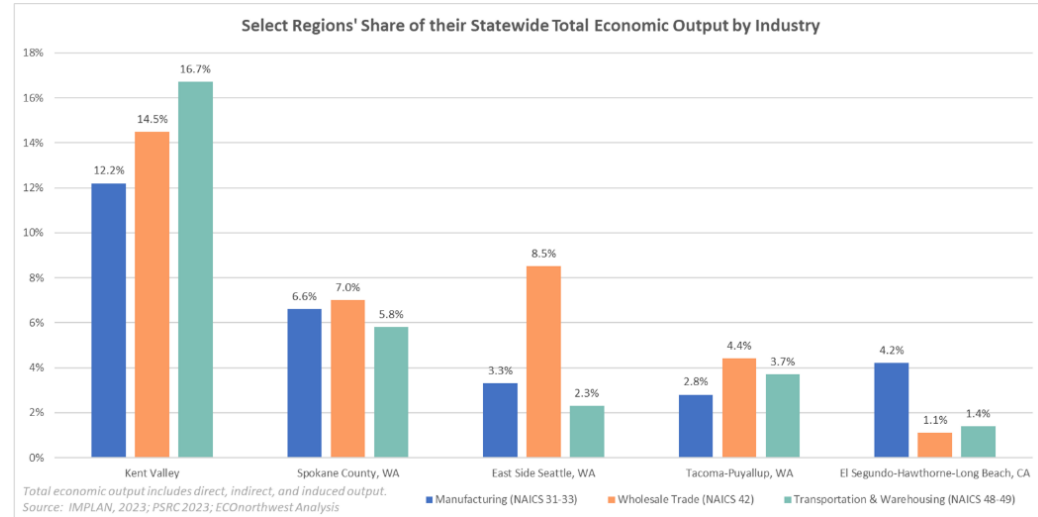
Expansive, Self-Contained Site Well-Served by Road and Commuter Rail



Infrastructure is Setting Table to Unlock Largest Remaining Developable Acreage in Area

Kent Valley: Puget Sound's Industrial Heartland

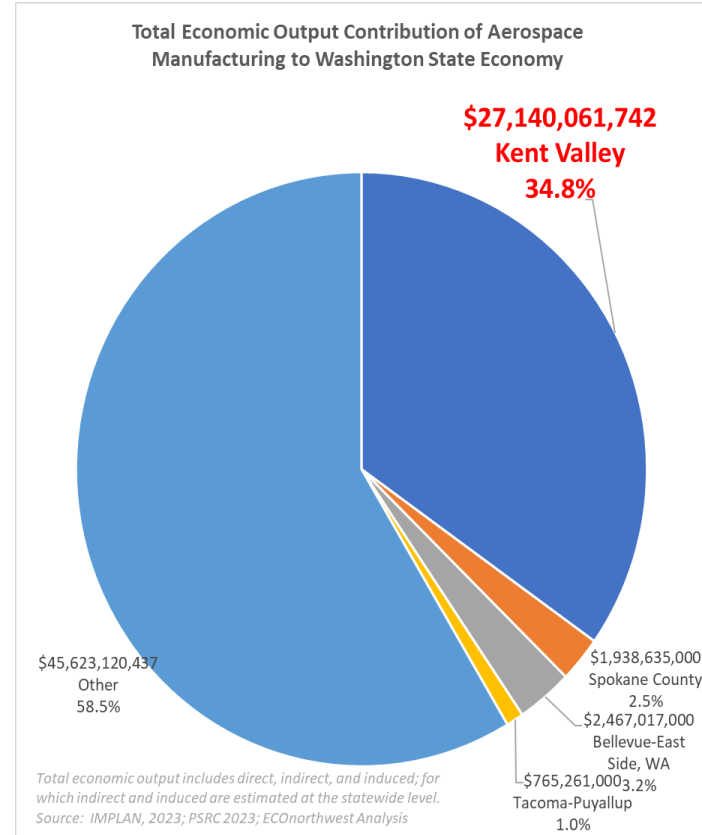
Kent Valley is an impressive share of the state's industrial economic output, as seen to other regions in Washington, or if compare how El-Segundo Long Beach's is a portion of California

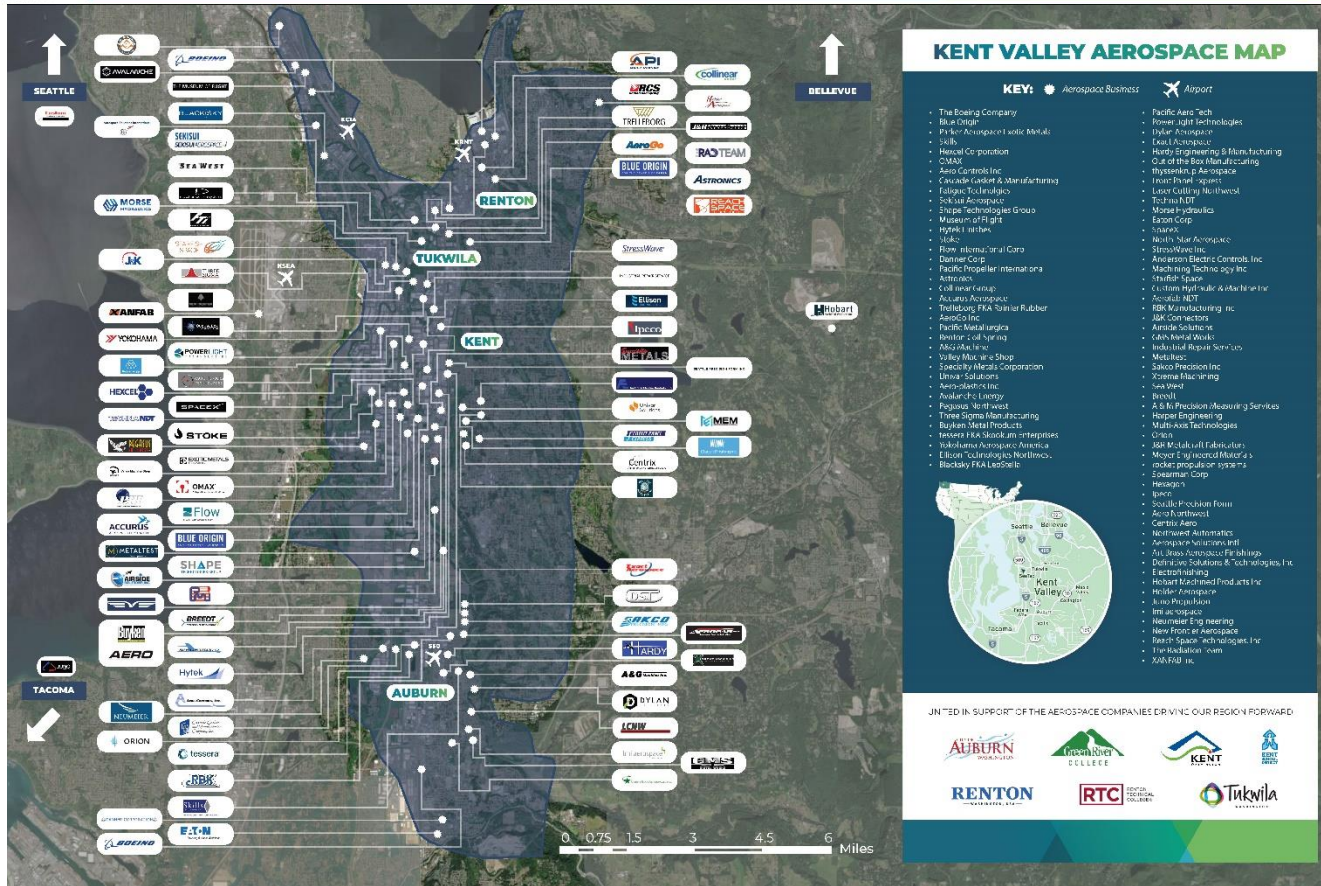


Total Economic Output Contribution of Aerospace Manufacturing to Washington State Economy

*

Talent and Suppliers are Uniquely in the Kent Valley

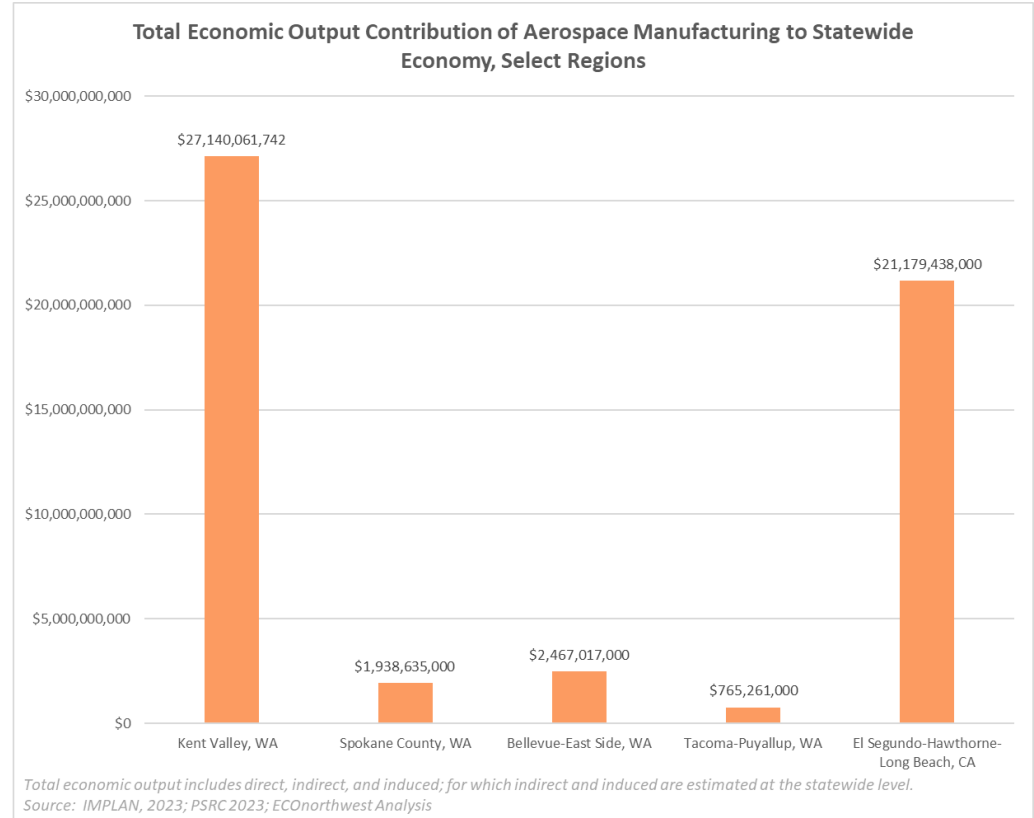




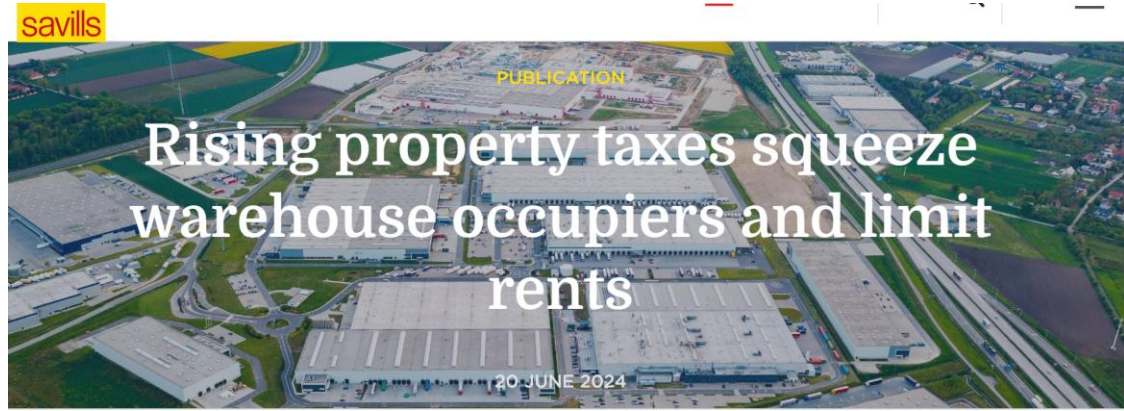
Kent Valley Contributions

Kent Valley contributions to the economy in the aerospace sector in Washington state are dramatically larger than other subregions or even counties

Economic output by some measures outrivals southern California in size and expertise



- Kent Valley properties traded many times their assessed values last several years
- Question: when will revised upward appraisals from King County Assessor start showing up into business tenant NNN?
- Question: what will cumulative impact be on Kent? Will Kent continue to be just 10% cheaper than south Seattle, but far more expensive than Tacoma? And will that impact our vacancy rates? And then our B&O sf tax collection levels?
- Don't have all answers, but raising questions for conversation possible additional analysis



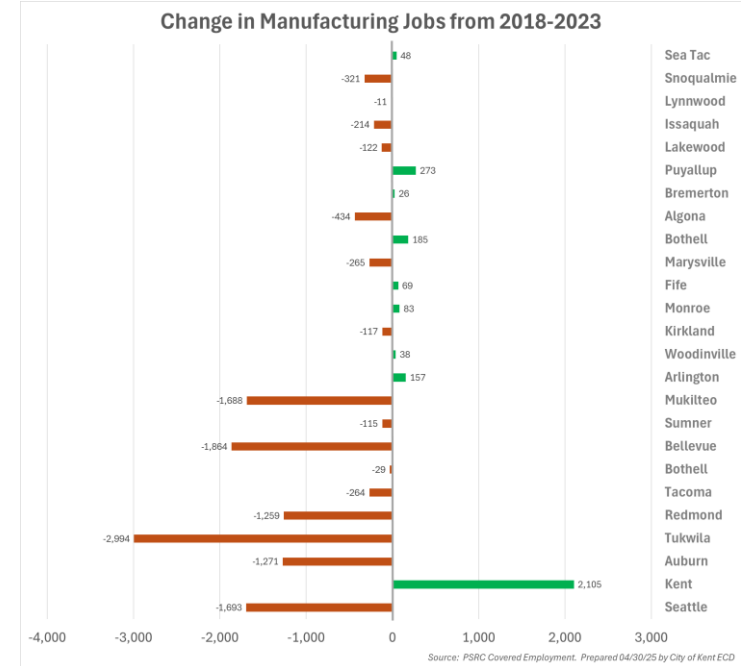
ARTICLE

CONTACTS & RELATED RESEARCH

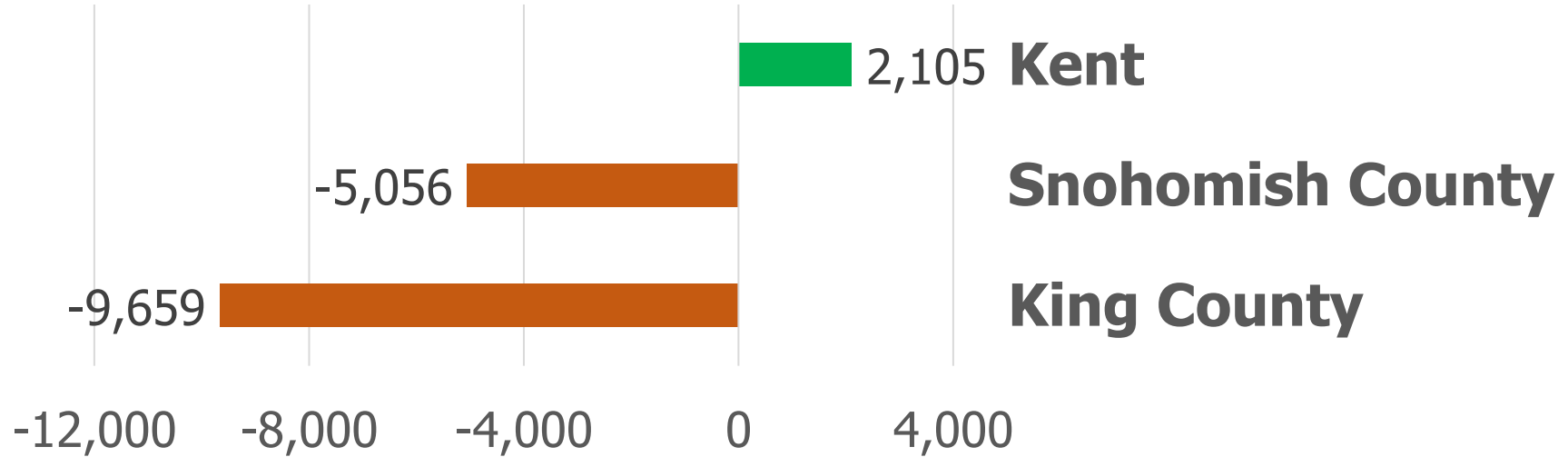
While higher vacancy rates and stabilizing rents have offered some relief to tenants, property tax sticker shock is emerging as a new pain point for warehouse occupiers, who often reimburse expenses on triple-net leases. Tax bills for industrial buildings are experiencing significant jumps due to reassessments as taxing jurisdictions catch up to rising sale prices, which have surged an average of 70.4% over the past five years across 11 major U.S. and Canadian markets. Since property taxes are a crucial part of most municipal budgets.

PSRC...we have a problem.

- Declining manufacturing most every city in Puget Sound
- Space industry bright spot for jobs, new investment
- Fewer small and medium sized manufacturers in region; cost pressures vs innovation
- Interdependence is nature of a world leading cluster



Change in Manufacturing Jobs from 2018-2023

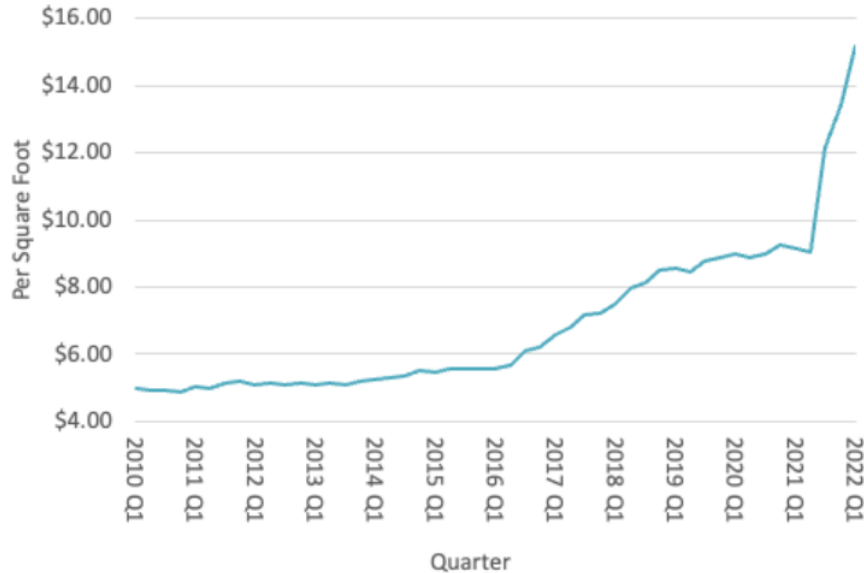


Source: PSRC Covered Employment. Prepared 04/30/25 by City of Kent ECD

Where we've just been.

Figure 13. Kent Industrial Valley Industrial Rent Trends

Source: CoStar Group, ECONorthwest

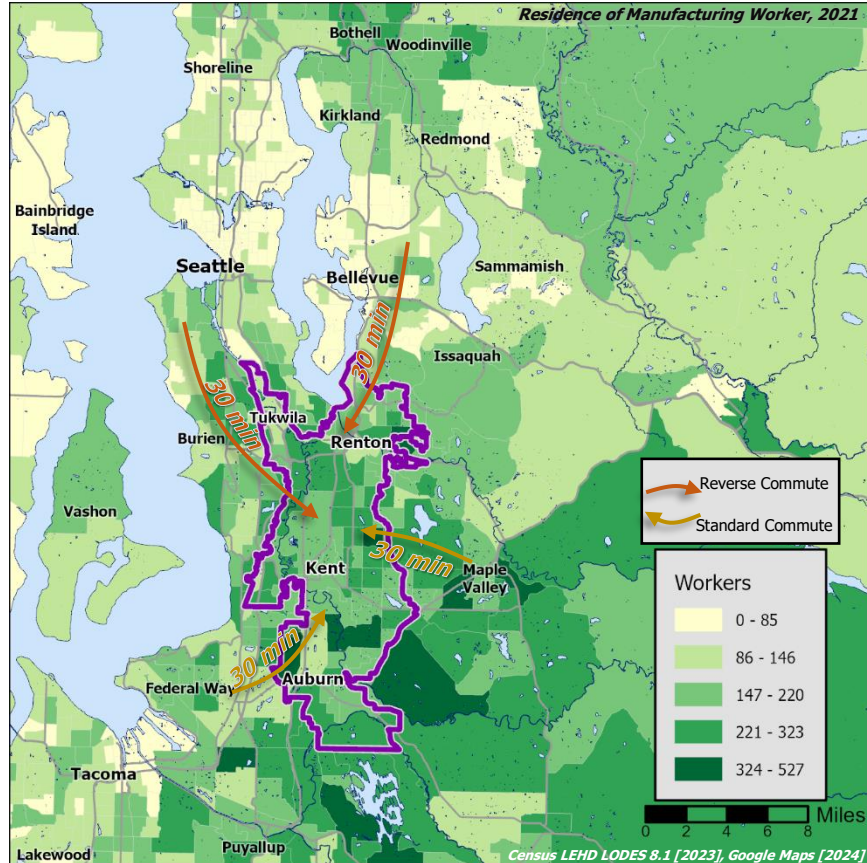


Line went up. 90 degrees.

Pull from South North and East

Code	Occupation Title	Location Quotient
49-2091	Avionics Technicians	15.10
51-2011	Aircraft Structure, Surfaces, Rigging, and Systems Assemblers	10.73
17-3024	Electro-Mechanical and Mechatronics Technologists and Technicians	1.98
49-3011	Aircraft Mechanics and Service Technicians	1.87
17-3013	Mechanical Drafters	1.73
51-2051	Fiberglass Laminators and Fabricators	1.70
51-2028	Electrical, Electronic, and Electromechanical Assemblers, Except Coil Winders, Tapers, and Finishers	1.26
43-5011	Cargo and Freight Agents	1.25
17-3011	Architectural and Civil Drafters	1.19
17-3012	Electrical and Electronics Drafters	1.14

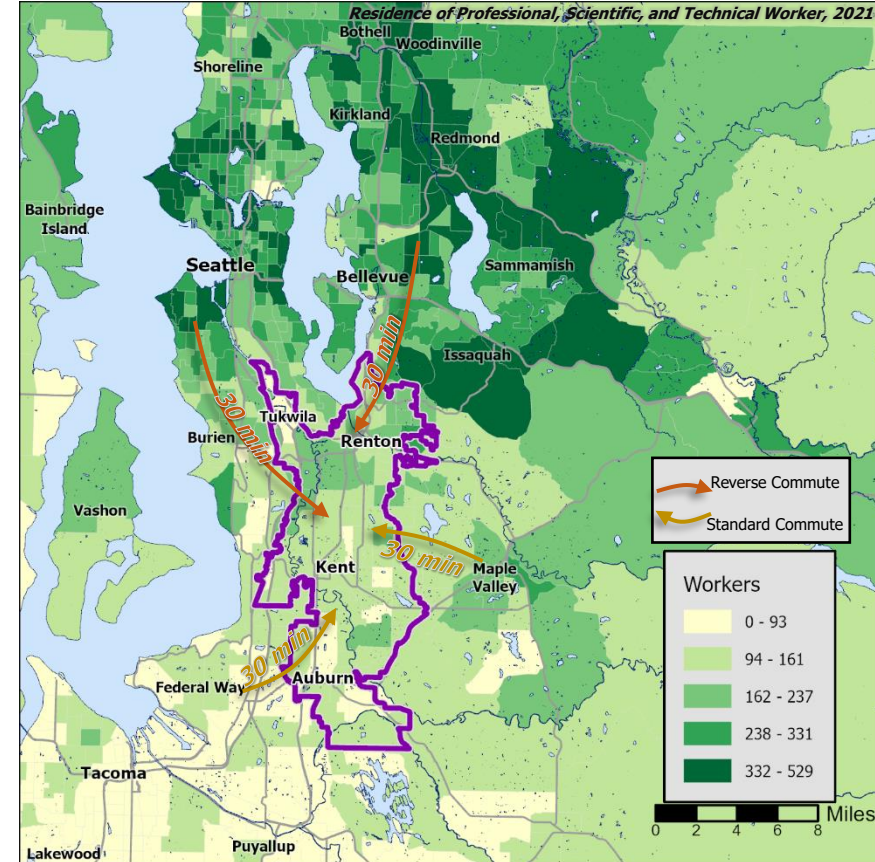
BLS, Occupational Employment and Wage Statistics for Seattle-Tacoma-Bellevue MSA, May 2023



Pull from North and West

Code	Occupation Title	Location Quotient
15-2041	Statisticians	5.66
17-2011	Aerospace Engineers	5.58
15-1221	Computer and Information Research Scientists	5.01
15-2099	Mathematical Science Occupations, All Other	4.26
15-1252	Software Developers	3.35
17-2131	Materials Engineers	3.34
15-1253	Software Quality Assurance Analysts and Testers	3.30
15-2021	Mathematicians	3.19
15-1243	Database Architects	3.12
17-3021	Aerospace Engineering and Operations Technologists and Technicians	2.70

BLS, Occupational Employment and Wage Statistics for Seattle-Tacoma-Bellevue MSA, May 2023



Labor and Automation

Study: 4% of Truckers Lack a Valid Commercial License

Over 56% of inspected trucks had other violations.

1 Minute Read
June 4, 2025, 7:00 AM PDT
By Diana Ionescu [X](#) [@aworkoffiction](#)



Carolyn Franks / Adobe Stock

Land Scarcity: Issue for Parking, Electrification and Automation Adaptation

BBC

On board the driverless lorries hoping to transform China's transport industry

5 days ago

Share [↩](#) Save [🔖](#)

Stephen McDonnell
China correspondent



Watch as the BBC rides on board a driverless truck

PACCAR, Aurora and FedEx Launch Autonomous Truck Commercial Pilot

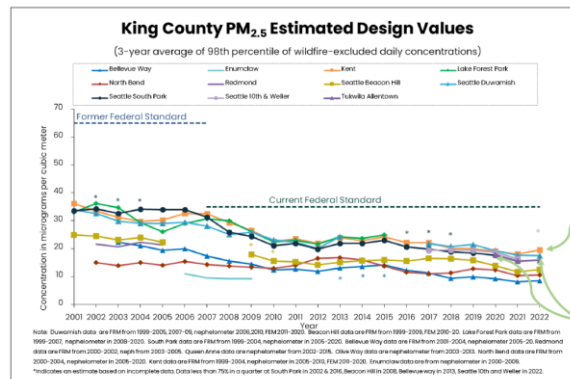
September 22, 2021, Bellevue, Washington – PACCAR has teamed up with Aurora, a leading autonomous driving technology company, and FedEx, one of the largest transportation and logistics companies in the world, to launch a commercial pilot of autonomous trucks in linehaul trucking operations. This is the first collaboration of its kind between a truck manufacturer, an autonomous technology developer and a logistics provider.

Starting today, PACCAR's autonomously enabled trucks configured with the Aurora autonomous Driver will haul FedEx loads between Dallas and Houston, a 500-mile round trip, along the I-45 corridor. The trucks will operate autonomously, with a backup driver for additional safety. "PACCAR is pleased to partner with industry leaders FedEx and Aurora on this innovative project," said John Rich, PACCAR chief technology officer.

Truck Parking – Crisis Averted? Centralized with Electrification?

Environmental Justice - Electrification

CAA – Fine Particulate Matter



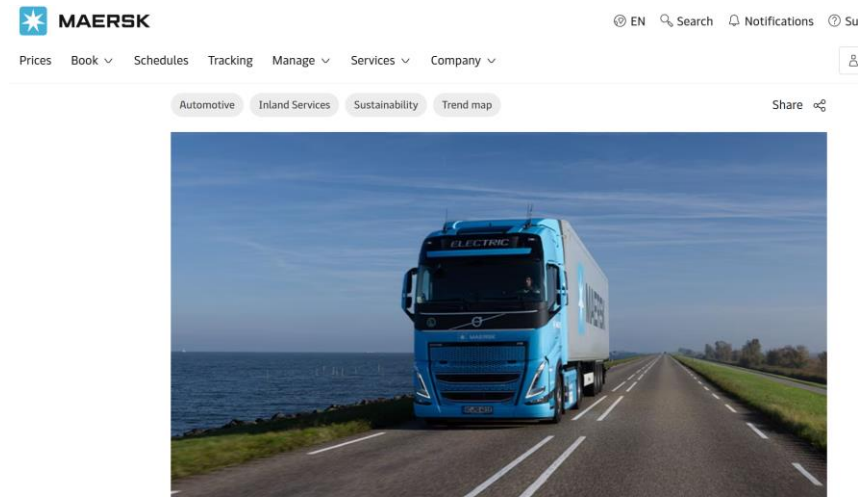
PM_{2.5} (or fine particulate matter) has a diameter of 2.5 microns or less


Exposure to particle pollution is linked to a variety of significant health problems

Mill Creek Students experience the most particle pollution in the region, and children are at more risk from exposure.

Denny and Mercer Students experience a slightly lower level. All three are below the federal standard.

Comparing Air Pollution Statistics for Kent Middle Schools with Areas in South Park/Duwamish



The electrification of vehicles in logistics is progressing rapidly: Sales of electric trucks increased by 35% in 2023 compared to 2022, according to [The International Energy Agency \(IEA\)](#) . It is only set to grow, due to ambitious environmental policies, cost reductions and company decarbonisation goals. But the difference between short and long-haul vehicle journeys is reflected in the progression of their electrification. With more frequent charging needed for long-haul, the expansion of charging infrastructure is crucial, promoting various industries to find new ways to meet rising demand. Yet

Immense pressure on electricity demand

Cold Storage – Frozen Out



Back to future: tall facilities, hard to site, premium too expensive and niche for developers, supply bottleneck...using old stock that's more 70 years old some cases

Power Constraints – Solutions on Horizon?

- Phantom and Speculative Loads
- Feasibility Forms
- Process for determining power 'beyond will serve'; challenges
- Improve forecasting projections – PSRC land use does not factor into PSE projections
- BESS and Solar
- Capital Upgrades

Summary

- Land scarcity exacerbated by lack of proper financial incentives and revenue sharing with cities dealing with externalities
- Manufacturing under pressure – distinctions between aerospace and food/beverage, consumer facing product in an increasingly high-cost area
- Large supply opening far to south, following lower labor costs, but too far for just-in-time needs
- Mismatch between electric power demand projections and reality and poor forecasting means legacy of underinvestment in transmission
- Runaway cost for industrial meant critical supply chain pieces for emergencies, like cold storage, are underbuilt
- Fewer landowners, more difficult for small and midsize manufacturers to hold on, build wealth, or transfer companies
- Automation may not be feared for total number of jobs, but its effects geographically could be very uneven.

Recommend:

- PSRC and PSE jointly forecast and follow emerging trends in land use, manufacturing and electrification
- “Manufacturing Advisory Committee” think about geography of jobs, equity
- Invest beyond roads – Update Purpose of MICs

What Kent's doing requires more help.

- Lean into higher value-added technologies and firms – open to permitting innovation.
- Invest time in building education system and business ties
- Regulate industrial buildings and create policies that favor people and not things so our business district is more adaptable to people
- Source point origination of sales tax – drastic impacts on City coffers, service level, and tax policy, not all good for regional competitiveness



Oh, yes...Tariffs.

- Unpredictable, so won't try.
- Inflation not up yet.
- Import substitution...not as economists mean, but from one East Asian port of departure for another...resilient
- Sanguine feelings amongst commercial real estate professionals
- On-shore happens, will redirect parts through our warehouses
- Doesn't happen, goods come from different port
- Nebulous, macro economic threat...could change rapidly.

Foreign Trade Zones – Old Program, Fresh Purpose Locally



Stryder MotorFreight USA expects to have its foreign trade zone in Tacoma operational by June.
JESSICA PEREZ | PSBJ

Port of Seattle and the Port of Tacoma. Each authority administers an FTZ program:

- FTZ #5, administered by the Port of Seattle, serving King County; and
- FTZ #86, overseen by the Port of Tacoma, covering sites throughout Pierce County, including parts of Kent Valley.

Stryder MotorFreight adding FTZ in Tacoma and Kent

Questions?

