

COMMERCIAL
REAL ESTATE

Boeing’s new
industrial
footprint

Jet maker snaps up huge new industrial spaces after shedding office buildings

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When The Boeing Co.’s new CEO, Kelly Ortberg, settled into a \$4 million home in Seattle’s Broadmoor neighborhood, many of its suppliers and critics viewed it as a positive sign for the oversight of the embattled company. But that was just the start.

The company is taking up residence in a new, more than 1 million-square-foot industrial space in Milton, near the Port of Tacoma, in the first quarter of 2025. The lease was the biggest real estate transaction of 2024 for the Seattle area and capped off two years in which Boeing was one of the most significant drivers of industrial demand across the region.

“That says something about their long term commitment to the region,” Kristofer Johnson, president and CEO of the Association of Washington Businesses, told the Business Journal. “If any company’s buying property up that complements existing operations, that’s probably signaling some long-term commitment and investments to the region, and those have to be good for com-

munities, good for workers and good for the state.”

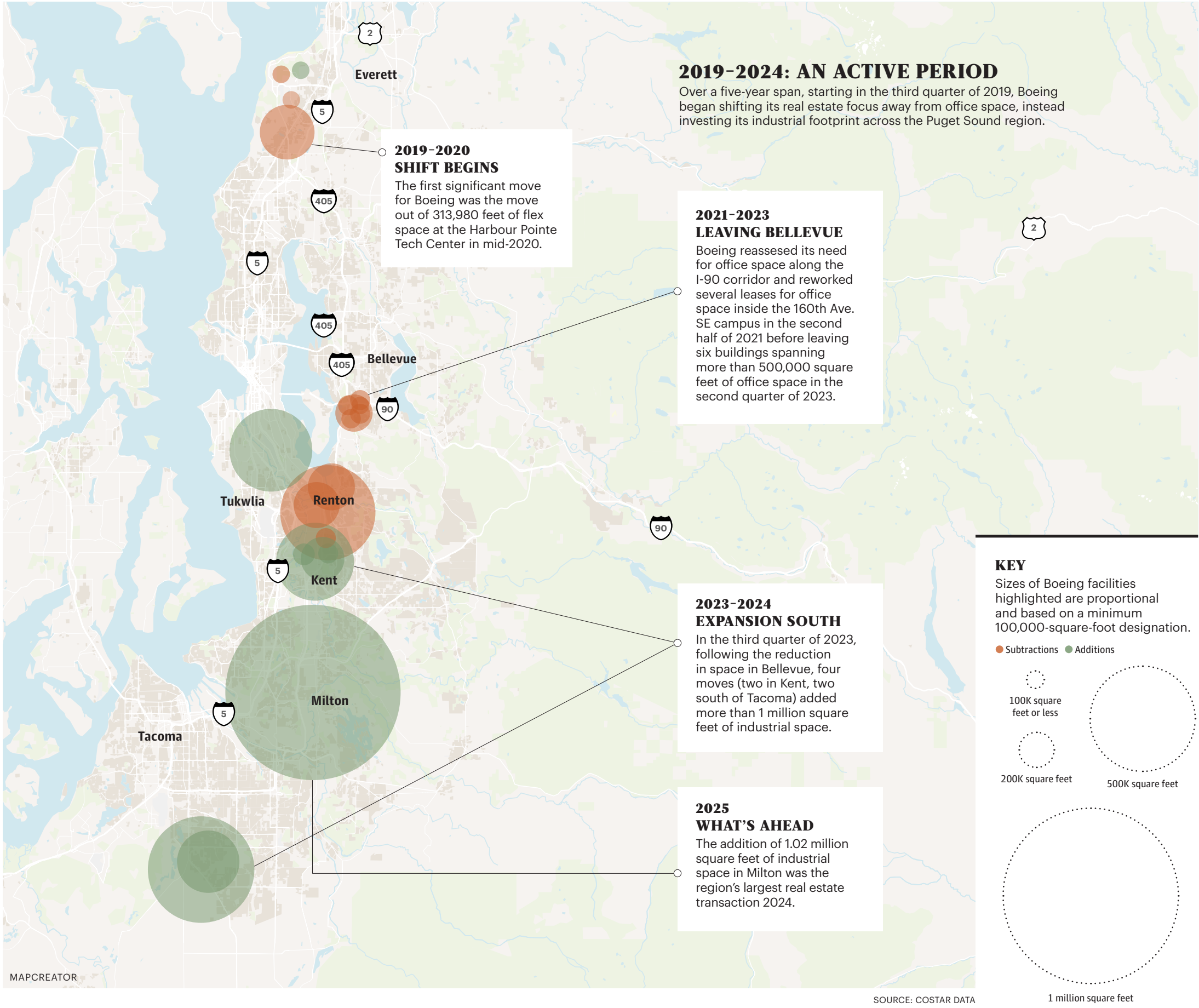
That activity includes new industrial facilities south of Seattle as Boeing, along with several other large tech employers, veered away from large office spaces along the Interstate 90 corridor. Ortberg’s decision to be based in Seattle – rather than at Boeing’s headquarters in Arlington, Virginia – also suggests a renewed emphasis on the company’s commercial division.

Among the deals, the jet maker added 705,000 square feet of space in Kent, more than 400,000 square feet at the CenterPoint Seattle development in Tukwila, and 845,000 square feet of space across two buildings at the Frederickson ONE industrial complex in Pierce County.

It combined those investments with a promise to workers that, should it launch a new jet program in the next four years, it will build its next all-new jet in Washington.

But those move-ins reflect deals struck six to 18 months earlier – before the Jan. 5 malfunction on an Alaska Airlines flight in which an improperly bolted panel blew out of 737 Max fuselage, forcing it to make an emergency landing.

Among other supply chain and production line challenges, the incident and its regulatory fallout kept delivery rates suppressed in 2024 for Boeing, even before a strike by its machinists union that ground production to a stop completely.

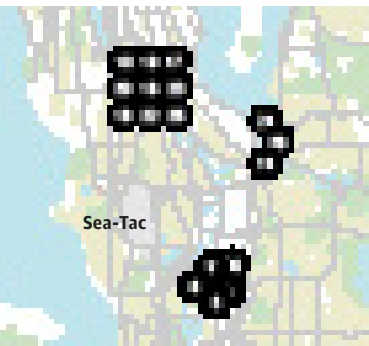


THE BROADER FOOTPRINT

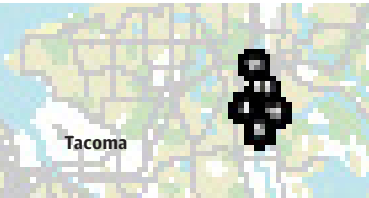
Current facilities with office and industrial space owned or leased by Boeing from 1970-2018.



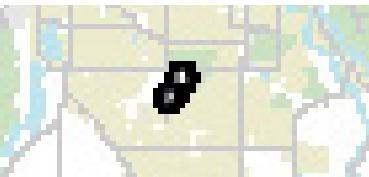
Location	Use	Size
9. Everett	Industrial	8.5M square feet
12. Everett	Office	669K square feet
15. Everett	Office	180K square feet
21. Everett	Flex	312K square feet



1. Kent	Industrial	151K square feet
2. Kent	Industrial	145K square feet
3. Kent	Industrial	319K square feet
8. Kent	Industrial	275K square feet
10. Seattle	Industrial	992K square feet
14. Renton	Industrial	1.9M square feet
16. Tukwila	Industrial	111K square feet
17. Tukwila	Industrial	865K square feet
18. Tukwila	Industrial	106K square feet
19. Tukwila	Office	143K square feet
20. Tukwila	Office	155K square feet
22. Tukwila	Industrial	24K square feet
23. Tukwila	Industrial	178K square feet
24. Renton	Office	166K square feet
25. Tukwila	Office	29K square feet
26. Kent	Office	500 square feet
28. Renton	Office	52K square feet



4. Auburn	Industrial	804K square feet
5. Algonia	Industrial	299K square feet
11. Auburn	Office	24K square feet
13. Auburn	Industrial	3.6M square feet
27. Auburn	Industrial	71K square feet



6. Puyallup	Industrial	416K square feet
7. Puyallup	Industrial	863K square feet

The company is set to report its full-year earnings Jan. 28.

Overall, it delivered 297 jets from Washington in 2024, 265 of which were built at its Renton 737 production facility. That’s about a third lower than its 2023 output of 449 planes from its Washington production lines, a steep drop for a company that receives the bulk of its commercial airplanes revenue upon delivery.

Much of Boeing’s backlog, which sat at more than 5,400 planes worth \$428 billion at the end of the third quarter, will be built in Washington. But even delivering every plane on order likely wouldn’t clear its debt, which had reached \$57.7 billion at that time, with Ortberg forecasting further negative cash flow throughout 2025.

There’s little indication of how they plan to use the new spaces. The company said it aimed to return to a pace of 38 737 jets per month by year’s end, but Ortberg and Chief Financial Officer Brian West declined to forecast when it would push beyond that.

“The first one’s probably going to be the hardest going beyond rate 38,” Ortberg said. “We just can’t be overly aggressive in how we’re forecasting that. ... There’s a lot of dynamics around both the technical parts of rate increases and the political dynamics around our rate increases.”

Instead, the new facilities could be devoted to Boeing Global Services – its only profitable business division – or managing a supply chain that is still recovering from the stilted pace of production since late 2019, rather than increased production.

Boeing declined to comment on its leasing activity or its plans for the new industrial facilities.

“With the company tightening finances as it faces a pullback on orders, along with the impacts of the recent labor strike, I don’t expect to see that level of activity from them again in the near-term,” said Elliott Krivenko, who leads Seattle market analytics for CoStar Group. “Hopefully, they can recover swiftly from their recent setbacks, but any potential pullback by the company would be especially of concern in Snohomish County, where the company remains the largest employer.” ❧