

## Boeing makes progress in restarting jet production as it grows Seattle real estate

Aircraft giant expands industrial property as it focuses on flagship 737 jet



Boeing occupies millions of square feet of industrial and office space across the Puget Sound region, including this large facility in Everett. (CoStar)

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CoStar News



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Boeing is making progress on restarting production of the 737 as the aircraft giant keeps adding to its industrial holdings in greater Seattle, its main manufacturing hub and former headquarters.

The Arlington, Virginia-based company's stock price jumped after Chief Financial Officer Brian West said Wednesday that Boeing is making progress in restoring steady 737 production after a West Coast

machinist strike disrupted its factories amid a series of highly publicized quality control issues last year.

"The factory looks fantastic," West told investors at the Bank of America Global Industrials Conference, adding that production is "going pretty well" as Boeing moves steadily toward its goal of producing 38 planes per month.

The news comes as Boeing, Seattle's biggest occupier of manufacturing and warehouse space and one of Washington's largest employers, added more industrial holdings in the Puget Sound region at the end of 2024.

The company signed a deal for a 279,000-square-foot building at Bridge Industrial's business park in Everett. Just a few months earlier, Boeing inked one of the biggest industrial leases of the past two years in the region, taking more than 1 million square feet last summer at a just-completed building near the Port of Tacoma.

The company last fall also renewed its lease of more than 76,000 square feet at Prologis Park in Seattle's Renton suburb.

### Streamlining real estate fleet

Boeing, Seattle's most active industrial tenant, has expanded by more than 3 million square feet over just the past couple of years, and additional aircraft production could further boost demand by the planemaker and its suppliers for industrial space, said Elliott Krivenko, director of market analytics for CoStar in Seattle.

Even as Boeing focuses on boosting its factory output, however, the company has also announced that it will lay off 2,600 workers in the region this year — and that belt-tightening could just as easily lead to

a slowdown in the expansion of its real estate footprint, Krivenko added.

Boeing last year also announced it plans to invest \$1 billion to expand production operations in South Carolina for its 787 Dreamliner aircraft. Industry analysts say the move is designed to cater to rising demand for international travel that requires widebody, fuel-efficient jets and compete with European rival Airbus.

Boeing's share price declined nearly 30% in 2024 as the company endured a labor strike and announced job cuts expected to total 17,000, or about 10% of its global workforce, over the next several months. The cuts included more than 500 positions at five Boeing facilities in Southern California.

The company slowed aircraft production in the wake of a blowout of a door plug in a Boeing-made 737 Max shortly after a January 2024 takeoff from Portland International Airport. The incident forced Alaska Airlines to briefly ground its fleet during an investigation by Boeing and federal authorities.

Boeing expects to wind down operations at a so-called shadow factory where the company has been upgrading aircraft that were built but not yet delivered to customers, West told analysts.

The company already shut down another shadow plant in Everett where it inspected 787 Dreamliner aircraft, and has redirected work at the plant to build new aircraft, West added.

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