



Yardi Matrix

Industrial National Report

October 2026



Supply Rebounds but Challenges Mount

- Industrial development is gaining momentum in 2026, but developers face challenges at every stage of the process.
- Development continues to pick up steam in 2026 as the sector emerges from a period of reduced construction activity. After falling to 306.8 million square feet in 2024, industrial starts jumped to 342.1 million square feet last year. Yardi Matrix logged 274.4 million square feet of starts in the first three quarters of 2026, putting this year on pace to potentially have the highest level of space break ground since 2022's record-setting year.
- Before shovels are even in the ground, industrial projects increasingly face hurdles in the form of power availability, entitlement processes and community pushback. Power access has become arguably the most critical constraint in many site selection decisions, often determining whether a project is feasible at all. In a recent survey from the Site Selectors Guild, 79% of respondents listed power access as a top factor impacting decisions. And power utilization is one of the factors leading to growing pushback against industrial development and a lengthening entitlement process. Concerns over traffic flow, air quality and the loss of open space or other land uses have become points of contention with communities and local governments. As a result, shovel-ready sites with access to power are commanding substantial premiums from landowners.
- The challenges don't end once a site is development ready, either. Rising construction costs and energy prices have put considerable pressure on development costs. The Bureau of Labor Statistics' most recent Producer Price Index (PPI) reading in September showed input prices for new non-residential construction up 11.9% year-over-year, while non-residential construction was up 5.4% overall. Tariffs have had a substantial impact on metal prices, with aluminium up 25% year-over-year, steel 28%, and copper and brass 30%. Diesel prices, which are up 70% since the start of the Iran War, are having a significant impact as well, affecting everything from sitework to material transportation.
- Despite the growing list of headwinds, development continues to rebound in 2026, as long-term demand drivers fuel the appetite for new product. We anticipate that starts will continue to increase modestly in the near term but that these obstacles will act as a constraint on supply, supporting rent growth over the long term.



Rents and Occupancy: Miami Rents Continue to Grow

- National in-place rents for industrial space averaged \$9.33 per square foot in September, up two cents over the previous month and 5.3% over the past 12 months.
- Atlanta slipped from the top spot for in-place rent growth, a position it had held for much of the year, to third place, but Sun Belt markets continue to outpace most other areas of the country. Dallas saw the largest gains for in-place rents over the last 12 months, with rents increasing 7.9%. Miami was second with 7.5%.
- After leading the top 25 markets in rent growth for much of 2025, Miami has continued to be a top market for in-place rent increases in 2026. A variety of factors have driven strong growth in the market in recent years. The Port of Miami, while smaller than the nation's busiest ports, plays a vital role in trade with Latin America and the Caribbean. Florida's population has grown steadily this decade, thanks to a wave of internal migration from northern states, and land for new development is expensive due to the geographic constraints of the market.
- The national vacancy rate was 9.7% in September, an increase of 40 basis points over the previous month and 20 basis points over the past year.
- The premium for a new lease fell to 80 cents, with the average cost of a new lease signed in the past 12 months costing \$10.13 per square foot. The spread between all leases and new ones has shrunk 48 cents over the past year and \$1.40 over the past two years. Despite this continued closing of the gap nationally, some markets continue to have large premiums for new leases. Bridgeport saw the largest gap, with new leases costing \$3.98 more per foot than the market average. Miami followed at \$2.79, with Dallas at \$2.48.

Average Rent by Metro

Market	Sep-26 Average Rent	12-Month Change	Avg Rate Signed in Last 12 Months	Vacancy Rate
National	\$9.33	5.3%	\$10.13	9.7%
Dallas-Ft. Worth	\$7.27	7.9%	\$9.75	9.8%
Miami	\$14.18	7.5%	\$16.97	10.1%
Atlanta	\$7.04	7.0%	\$8.25	8.6%
Inland Empire	\$12.57	7.0%	\$13.01	9.2%
New Jersey	\$13.04	6.8%	\$14.57	9.6%
Nashville	\$7.37	6.7%	\$9.69	6.2%
Tampa	\$9.41	6.4%	\$10.01	12.6%
Philadelphia	\$9.13	6.0%	\$9.82	10.4%
Indianapolis	\$5.55	5.9%	\$6.41	5.0%
Central Valley	\$7.24	5.8%	\$8.46	12.2%
Phoenix	\$10.47	5.4%	\$11.41	9.9%
Baltimore	\$9.90	5.4%	\$10.27	10.6%
Cincinnati	\$5.83	5.4%	\$6.99	7.8%
Charlotte	\$7.87	5.4%	\$9.82	12.4%
Boston	\$12.70	5.3%	\$14.07	13.0%
Houston	\$7.58	5.0%	\$8.65	7.6%
Bridgeport	\$10.51	4.9%	\$14.49	7.1%
Bay Area	\$15.29	4.8%	\$16.41	9.7%
Los Angeles	\$15.96	4.5%	\$16.01	8.7%
Kansas City	\$5.21	4.4%	\$4.31	7.2%
Chicago	\$6.89	4.4%	\$7.25	13.6%
Seattle	\$13.37	4.4%	\$13.37	14.0%
Portland	\$10.98	4.1%	\$10.79	12.8%
Orange County	\$18.28	3.9%	\$15.98	6.6%
Twin Cities	\$7.94	3.8%	\$7.87	10.2%
St. Louis	\$5.37	3.7%	\$4.10	8.4%
Detroit	\$7.59	3.3%	\$8.27	6.9%
Memphis	\$4.53	3.2%	\$4.48	8.8%
Columbus	\$5.93	2.6%	\$6.09	5.8%
Denver	\$9.74	2.2%	\$8.72	12.8%

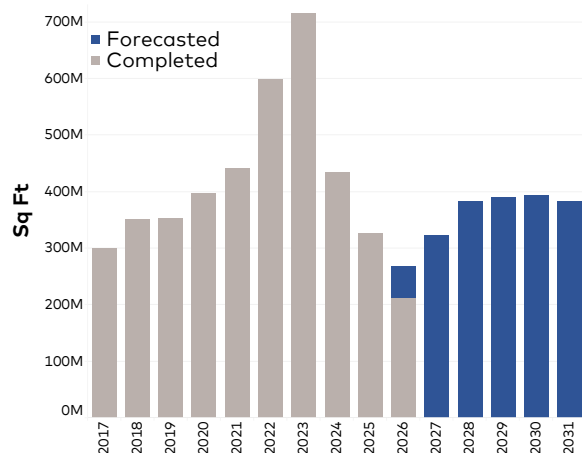
Source: Yardi Matrix. Data as of September 2026. Rent data provided by Yardi Market Insight. National rent and occupancy data is a weighted average of the top 30 markets.

Supply:

Owner-Occupied's Substantial Share of New Development

- Currently, 463.3 million square feet of industrial space (2.2% of stock) are under construction nationally.
- The construction pipeline has grown considerably since the start of the year, when Yardi Matrix counted 357.4 million square feet underway in January.
- Total industrial starts hit their trough in 2024, but at the same time owner-occupied developments began to pick up steam. That year, 30.6% of starts were owner-occupied properties, according to Yardi Matrix. As new construction has ramped up since the start of 2025, the share of properties that are owner-occupied has remained relatively steady, representing 29.7% of starts in 2025 and 27.0% so far in 2026. The last three years have been the high-water mark for owner-occupied's share of starts this decade, and the 103.2 million square feet of starts in 2025 marked the second-highest level of total square footage, behind 2020's 108.3 million. This year is likely to finish somewhere in the ballpark of those years, with 76.1 million square feet of owner-occupied space starting development during the first three quarters of 2026.

National New Supply Forecast



Source: Yardi Matrix. Data as of September 2026

Supply Pipeline (by metro)

Market	Under Construction	Under Construction % Stock	UC Plus Planned % Stock
National	463,254,856	2.2%	4.0%
Phoenix	31,375,337	6.9%	14.4%
Columbus	17,192,642	5.1%	6.5%
Dallas	39,556,851	3.7%	6.0%
Atlanta	21,359,024	3.5%	5.2%
Houston	23,349,653	3.3%	5.7%
Charlotte	11,475,759	3.2%	6.6%
Indianapolis	12,379,230	3.1%	6.8%
Nashville	6,383,667	2.8%	3.4%
Baltimore	5,356,112	2.4%	3.5%
Central Valley	8,269,363	2.2%	5.8%
Bridgeport	4,947,632	2.2%	2.9%
Philadelphia	9,213,830	1.9%	3.5%
Twin Cities	6,734,329	1.9%	3.7%
Denver	5,662,044	1.9%	3.6%
Inland Empire	12,439,390	1.8%	2.9%
Kansas City	5,519,966	1.8%	3.1%
Chicago	19,182,870	1.7%	2.8%
Portland	3,411,027	1.6%	1.9%
Detroit	8,884,352	1.4%	1.9%
Memphis	4,382,551	1.4%	5.0%
New Jersey	7,931,630	1.3%	2.7%
Bay Area	3,351,098	1.1%	2.2%
Tampa	3,054,524	1.1%	1.9%
Boston	2,799,532	1.1%	2.1%
Cleveland	3,669,347	0.9%	1.3%
Seattle	2,900,403	0.9%	1.4%
Los Angeles	3,602,109	0.5%	1.8%
Cincinnati	961,936	0.3%	0.4%
Orange County	383,379	0.2%	0.8%

Source: Yardi Matrix. Data as of September 2026

Economic Indicators: Warehouse Employment Ticks Down Again

- Warehouse employment has continued its steady decline in recent months, according to the Bureau of Labor Statistics. In September, there were 1.83 million workers employed in the warehouse and storage sector of the labor market, nearly identical to the amount of workers in the sector at the start of the year. Minor gains made during the first half of the year were erased during the summer. The sector is down 1.2% year-over-year and 5.5% from the all-time high seen in March of 2022.
- That warehouse employment is declining even as e-commerce continues to drive demand for logistics space illustrates how labor growth has become decoupled from demand for physical industrial space. Logistics firms have increasingly focused on automation and productivity gains since the height of the e-commerce boom coming out of the pandemic. Demand for space continues to favor new, automation-capable facilities, which will drive further reduction in the need for additional workers in warehouses.

Economic Indicators

National Employment

(September)
159.0M
0.0% MoM
0.3% YoY ▲

ISM Purchasing Manager's Index

(September)
54.5
-0.1 MoM ▼
5.6 YoY ▲

Inventories

(August)
\$2,818.8B
0.4% MoM ▲
4.6% YoY ▲

Imports

(August)
\$342.2B
5.3% MoM ▲
28.4% YoY ▲

Core Retail Sales

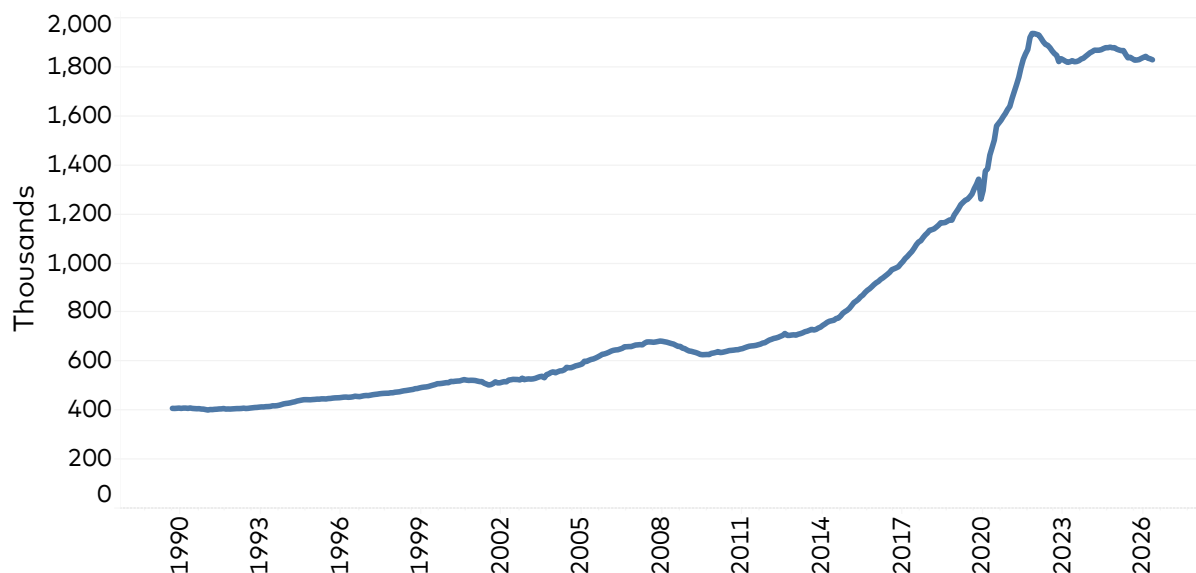
(September)
\$537.2B
0.2% MoM ▲
5.0% YoY ▲

Exports

(August)
\$205.7B
2.2% MoM ▲
15.3% YoY ▲

Sources: Bureau of Labor Statistics, Institute for Supply Management, U.S. Census Bureau, Bureau of Economic Analysis, Moody's Analytics

Quarterly E-Commerce Sales



Sources: U.S. Census Bureau, Yardi Matrix

Transactions: Chicago Active in 2026

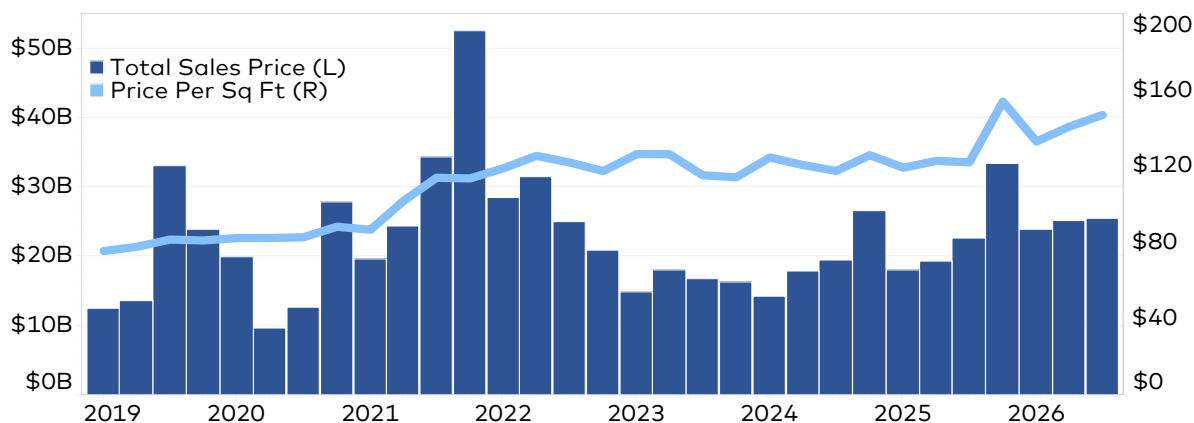
- Yardi Matrix logged \$74.7 billion in industrial transactions through September, with properties trading at an average of \$140 per foot.
- While Chicago is the nation's largest industrial market by total square footage, it has ranked no higher than fifth among investment markets by volume in the past four years. But that trend ended in 2026, with Chicago completing \$4.4 billion in industrial sales in the first three quarters.
- Outlier sales have the potential to skew averages, which is the case with Chicago sale prices this year: One data center sale accounted for nearly 17% of the market's total sales volume. GI Partners' \$750 million purchase of a recently converted data center in Elk Grove Village pushed the average sales price in the market up to \$123 per square foot, 34% higher than last year. Yet sales prices in Chicago are up broadly, as the market's logistics advantage and consumer reach continue to drive demand for industrial assets. If data centers are removed from the calculation, Chicago still sports a solid increase for industrial sales prices in 2026. The average price of all other Chicago industrial properties in 2026 is \$101 per square foot, which itself would be good for a 10.3% increase over 2025.

Sales Activity

Market	YTD Sales Price PSF	YTD 2026 Sales (Mil)
National	\$140	\$74,740
Dallas-Fort Worth	\$121	\$5,078
Chicago	\$123	\$4,427
Los Angeles	\$270	\$3,661
Houston	\$112	\$3,213
Atlanta	\$125	\$3,047
Phoenix	\$162	\$2,792
Bay Area	\$303	\$2,537
Seattle	\$239	\$2,483
Inland Empire	\$178	\$2,474
New Jersey	\$185	\$2,213
Philadelphia	\$166	\$2,163
Charlotte	\$139	\$1,867
Indianapolis	\$119	\$1,395
Orange County	\$279	\$1,358
Denver	\$142	\$1,260
Columbus	\$107	\$1,210
Twin Cities	\$96	\$1,085
Tampa	\$138	\$1,070
Boston	\$219	\$913
Nashville	\$136	\$850
Memphis	\$75	\$780
Baltimore	\$143	\$757
Kansas City	\$94	\$733
Detroit	\$93	\$729
Cincinnati	\$85	\$673

Source: Yardi Matrix. Data as of September 2026

Quarterly Transactions



Source: Yardi Matrix. Data as of September 2026

Definitions

Yardi Matrix collects listing rate and occupancy data using proprietary methods.

- **Average Rents**—Provided by Yardi Market Insight, a cutting-edge service that uses anonymized and aggregated data from other Yardi platforms to provide the most accurate rental and expense information available.
- **Vacancy**—The total square feet vacant in a market, including subleases, divided by the total square feet of office space in that market. Owner-occupied buildings are not included in vacancy calculations. Also provided by Yardi Market Insight.

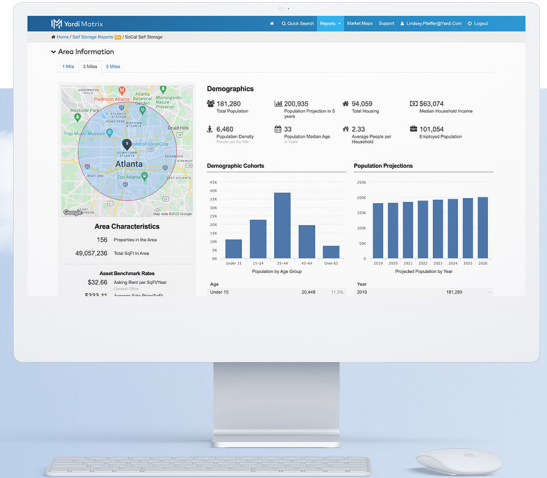
Stage of the supply pipeline:

- **Planned**—Buildings that are currently in the process of acquiring zoning approval and permits but have not yet begun construction.
- **Under Construction**—Buildings for which construction and excavation has begun.

Sales volume and price-per-square-foot calculations for portfolio transactions or those with unpublished dollar values are estimated using sales comps based on similar sales in the market and submarket, use type, location and asset ratings, sale date and property size.

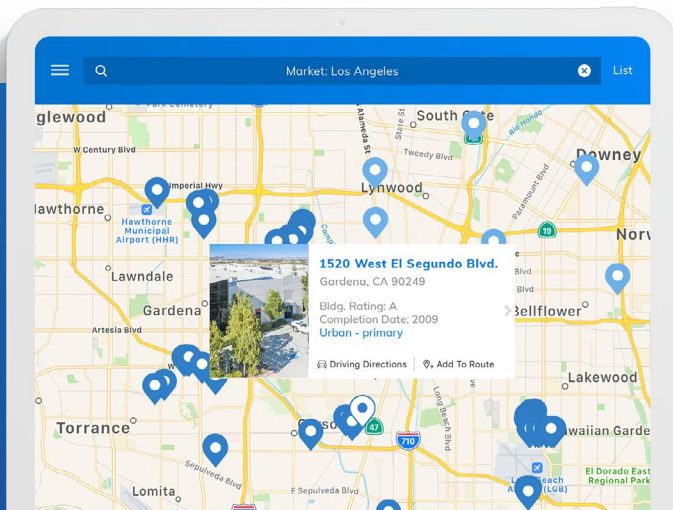


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