



Yardi[®] Matrix

National Industrial Report

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Industrial Supply Hits Record Levels

- Demand for industrial space remains strong, largely due to the pandemic accelerating e-commerce growth over the last two years. More than 350 million square feet, or 2.0% of stock, was delivered last year in the 117 markets covered by Yardi Matrix, the highest level of new supply since at least the turn of the century.
- Many markets have set individual records for annual new industrial supply in recent years, with nearly one-third of all markets delivering record levels of new supply in 2020 or 2021. Some are tertiary markets, like Little Rock, which saw a giant e-commerce facility come online. However, most of the markets setting record supply levels are large, emerging industrial hotbeds. Some examples: Philadelphia, Denver, Indianapolis, Columbus and Memphis all set new-supply records in 2021, each delivering more than 10 million square feet. Phoenix delivered 14.9 million square feet in 2020 and followed it up with 12.5 million last year, increasing total stock by nearly 10% in that time. And Phoenix's supply boom is only getting started: It has 36.3 million square feet under construction and another 58.0 million in the planning stages. Even established industrial markets are delivering historic levels of new supply. Chicago—the largest market covered by Yardi Matrix by total square footage—had its busiest year this century for new industrial supply in 2021, delivering 25.7 million square feet.
- The biggest driver of demand for industrial has been e-commerce, and the biggest player in the e-commerce space is Amazon. The 16 largest buildings delivered last year, all ranging from 2.5 million to 3.8 million square feet, were either leased or owned by Amazon. These new properties were completed in a wide array of markets, including small markets such as Albuquerque and El Paso. Two Amazon facilities, each with millions of square feet, were delivered last year in the Chicago metro, both within the Southwest Cook County submarket.
- Industrial supply levels will only grow in the coming years. Even though historic levels of new supply have been delivered recently, it has not been enough to meet demand. Currently, the markets covered by Yardi Matrix have 592.5 million square feet of space under construction, an increase of more than 90 million (18%) in the last six months, and an additional 625.5 million square feet are in the planning stages. Yardi Matrix's industrial supply forecast—which utilizes historical trends to iterate through the supply pipeline—predicts that supply levels will continue to be elevated for the next five years, with more than 400 million square feet delivering from 2022 through 2027.

