



Yardi Matrix

# National Industrial Report

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April 2025



# E-Commerce Powers Industrial

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- While tariff uncertainty may create instability for the industrial sector in the near term, e-commerce will continue to drive industrial demand growth during the second half of the decade.
- The e-commerce slice of the retail sales pie keeps growing, according to the U.S. Census Bureau. While core retail sales—which excludes automobiles, their parts and gasoline—grew 3.4% between 2023 and 2024, online sales climbed more than twice as fast. E-commerce grew 8.0% in the year, increasing by \$88.5 billion to finish 2024 with \$1.19 trillion in sales.
- Online sales' share of core retail grew continuously between 2010—when the Census Bureau began reporting e-commerce data—and the first quarter of 2020, when it sat at 14.1%. The pandemic upended the steadiness of this growth, with a massive 20% bump in the second quarter of the year followed by the first recorded decline. In 2023 and 2024, solid, steady growth returned, and e-commerce accounted for 19.0% of core retail sales in 2024. As retail sales increasingly move online, more industrial space will be needed. E-commerce sales require an estimated three times as much warehouse space as traditional brick-and-mortar, dollar for dollar.
- No company in the e-commerce space comes close to the size of Amazon, and none better embodies the pandemic-driven exuberance for industrial space and pullback that occurred in the following years. Amazon expanded rapidly during the pandemic, buying up warehouses and vacant land to develop new distribution centers at a blistering pace. Yet by 2022, the company admitted it had overexpanded, pausing the opening of some distribution centers, canceling others and reportedly subleasing some space. Nearly three years after the pullback began, Amazon is looking at expansion once more, according to a Bloomberg report. The e-commerce behemoth reportedly has been reaching out to potential financing partners, exploring a \$15 billion expansion across dozens of facilities.
- It is important to note, however, that Amazon's request to capital partners predated the current administration's Liberation Day tariff announcements and the ensuing trade negotiations. Like many other firms, Amazon may hold off on expansion until there is more clarity around tariffs and trade. Over the long term, e-commerce will remain one of the main drivers of industrial demand. Beyond the dedicated online retailers, traditional big-box retailers like Target and Walmart have been ramping up efforts to compete with Amazon through online sales and omnichannel retail options, both of which will require millions of square feet of additional logistics space over the coming years.



# Rents and Occupancy: Sun Belt Sees Largest Rent Gains

- National in-place rents for industrial space averaged \$8.44 per square foot in March, up one cent in the month and 6.8% over the past 12 months.
- While New Jersey has seen the highest rent growth, with in-place rents rising 11.3% over the past 12 months, the Sun Belt has been the strongest region for rent increases in the past year. Nashville in-place rents grew 10.2%, Atlanta 9.5%, Miami 9.2% and Dallas 8.5% over the past 12 months. Port markets dominated rent gains in recent years, but the Southeast has overtaken many of the nation's top port markets in recent months.
- The national vacancy rate was 8.5% in March, an increase of 30 basis points from the previous month. Vacancies continue to rise, but we anticipate that they will plateau sometime in the second half of this year before moving downward again sometime next year. The historic wave of new supply has tailed off, but uncertainty around tariffs has paused many leasing decisions. Once occupiers have more economic clarity, we expect new-lease activity to pick up. When combined with a slowing new-supply pipeline, this will lead to falling vacancies across the nation.
- The national spread between a lease signed in the past 12 months and the overall in-place average rent was \$1.92 per foot. The spread shrank 21 cents from the previous month, an indicator of cooling rent growth.
- The spread between the average rent for new leases and the overall market average rent was highest in Bridgeport, where a new lease cost \$4.64 more per square foot. Miami (\$4.02 per foot), Seattle (\$3.87), New Jersey (\$3.81), Charlotte (\$3.54) and Boston (\$3.51) were the only other markets with a spread higher than \$3 per foot.

## Average Rent by Metro

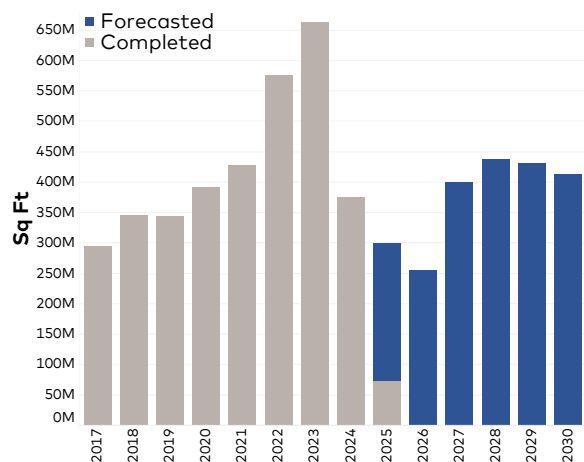
Market	Mar-25 Average Rent	12-Month Change	Avg Rate Signed in Last 12 Months	Vacancy Rate
National	\$8.44	6.8%	\$10.36	8.5%
New Jersey	\$11.74	11.3%	\$15.55	9.6%
Nashville	\$6.58	10.2%	\$9.17	7.9%
Atlanta	\$6.21	9.5%	\$8.86	8.2%
Miami	\$12.54	9.2%	\$16.56	11.5%
Dallas	\$6.36	8.5%	\$8.59	10.0%
Inland Empire	\$11.09	8.5%	\$12.71	7.3%
Orange County	\$16.65	7.9%	\$18.37	6.1%
Los Angeles	\$15.19	7.3%	\$16.53	8.7%
Philadelphia	\$8.31	7.2%	\$10.92	7.9%
Boston	\$11.11	7.1%	\$14.62	10.3%
Charlotte	\$7.02	6.7%	\$10.56	8.0%
Phoenix	\$9.45	6.7%	\$12.39	9.0%
Portland	\$10.28	6.3%	\$10.92	9.5%
Seattle	\$11.82	6.3%	\$15.69	8.3%
Baltimore	\$8.49	6.3%	\$10.89	9.2%
Bridgeport	\$9.59	6.2%	\$14.23	5.1%
Columbus	\$5.04	6.1%	\$6.78	8.5%
Bay Area	\$13.60	6.0%	\$14.57	7.6%
Cincinnati	\$5.15	5.1%	\$6.39	6.8%
Tampa	\$8.06	5.1%	\$9.78	8.1%
Twin Cities	\$7.26	5.1%	\$8.67	8.0%
Central Valley	\$6.54	5.0%	\$8.86	7.7%
Denver	\$9.04	4.6%	\$10.09	9.8%
Chicago	\$6.36	4.6%	\$7.61	10.6%
Houston	\$6.95	4.5%	\$8.24	6.7%
St. Louis	\$4.94	4.0%	\$4.72	9.1%
Indianapolis	\$5.00	4.0%	\$6.47	9.7%
Memphis	\$4.17	3.7%	\$4.67	9.2%
Detroit	\$7.15	3.6%	\$7.87	6.4%
Kansas City	\$4.89	3.2%	\$4.80	7.0%

Source: Yardi Matrix. Data as of March 2025. Rent data provided by Yardi Market Insight. National rent and occupancy data is a weighted average of the top 30 markets.

# Supply: Phoenix's Evolving Pipeline

- Currently, 345.5 million square feet of industrial space, or 1.7% of stock, are under construction nationally, according to Yardi Matrix.
- Starts have slowed in recent years but have remained elevated compared to pre-pandemic levels. This year may see that trend change due to increased development costs driven by a 25% tariff on steel and aluminum. Roughly a quarter of the steel and aluminum used in the U.S. is imported.
- Phoenix continues to have one of the largest new-construction pipelines in the country, but it is much smaller than it has been in recent years and its composition has changed, as well. In 2022, the market had an astonishing 39.8 million square feet of warehouse and distribution starts, accounting for 90% of that year's new development. Today, the pipeline has 15.1 million square feet under construction, with nearly two-fifths in data centers (5.8 million square feet). Manufacturing has also been a strong driver in the market, accounting for 22.1 million square feet (16%) of starts this decade. Taiwan Semiconductor Manufacturing Co. announced plans to invest an additional \$100 billion in its chipmaking complex that began producing earlier this year.

## National New Supply Forecast



Source: Yardi Matrix. Data as of March 2025

## Supply Pipeline (by metro)

Market	Under Construction	Under Construction % Stock	UC Plus Planned % Stock
National	345,540,189	1.7%	3.7%
Memphis	12,518,000	4.2%	4.2%
Phoenix	15,144,339	3.5%	10.0%
Kansas City	10,534,346	3.5%	6.1%
Dallas	24,801,169	2.4%	5.0%
Denver	6,387,357	2.3%	5.2%
Houston	14,696,827	2.2%	5.0%
Columbus	7,164,051	2.2%	3.3%
Philadelphia	8,782,838	1.9%	3.3%
Charlotte	5,696,175	1.7%	5.3%
Inland Empire	9,780,883	1.5%	3.3%
Atlanta	8,634,602	1.5%	3.3%
Detroit	7,618,858	1.3%	1.5%
Nashville	2,939,203	1.3%	3.1%
Portland	2,662,704	1.3%	1.5%
Seattle	3,674,392	1.2%	2.4%
Indianapolis	4,141,674	1.1%	3.0%
New Jersey	6,246,357	1.0%	2.4%
Central Valley	3,449,098	0.9%	1.6%
Twin Cities	2,882,378	0.8%	2.9%
Bay Area	2,083,279	0.7%	2.2%
Tampa	1,865,136	0.7%	3.6%
Baltimore	1,617,060	0.7%	1.6%
Chicago	7,066,140	0.6%	1.7%
Los Angeles	4,076,597	0.6%	1.8%
Cincinnati	1,895,000	0.6%	0.9%
Orange County	1,107,952	0.6%	1.0%
Cleveland	2,212,926	0.5%	0.7%
Boston	800,968	0.3%	2.3%
Bridgeport	410,240	0.2%	0.6%

Source: Yardi Matrix. Data as of March 2025

# Economic Indicators: Inflation Stable but Expected to Rise

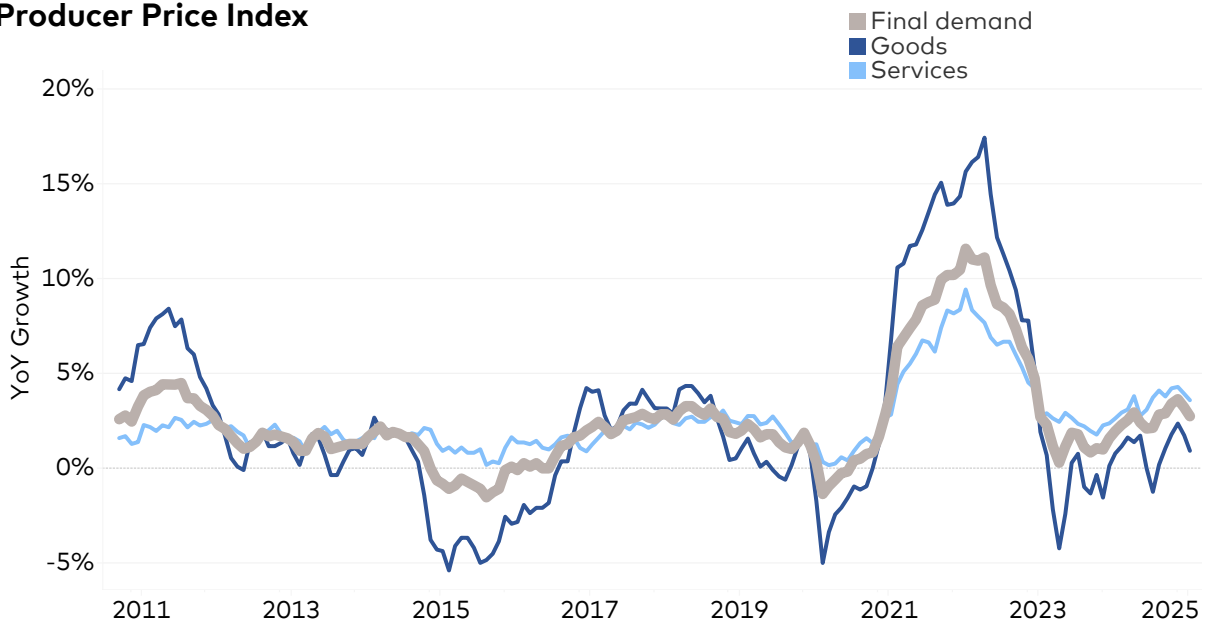
- The Producer Price Index (PPI) increased 2.8% year-over-year in March, dipping under 3% for the first time since November. Gains were mainly driven by the services portion of the index, which grew 3.6% annually. The goods portion of the index grew just 0.9% year-over-year in March. On a monthly basis, producer prices fell 0.4%, with goods decreasing 0.9% and services dropping 0.2%.
- While inflation has cooled from the red-hot levels of three years ago, inflation expectations have grown in recent months. Both economists and consumers are now anticipating that tariffs will lead to price increases in the near future. The PPI will be one of the most valuable metrics to track, as it is a leading indicator of its more closely followed consumer counterpart. During both the inflation spike in 2022 and the subsequent cooling that began in 2023, the PPI ran about three months ahead of the CPI. Producers are expected to soon see input prices increase as a result of tariffs, and will begin passing them on to consumers.

## Economic Indicators

<b>National Employment</b> (March) 159.4M 0.1% MoM ▲ 1.2% YoY ▲	<b>ISM Purchasing Manager's Index</b> (March) 49.0 -1.3 MoM ▼ -0.8 YoY ▼
<b>Inventories</b> (February) \$2,590.0B 0.2% MoM ▲ 2.1% YoY ▲	<b>Imports</b> (February) \$328.9B -0.2% MoM ▼ 22.1% YoY ▲
<b>Core Retail Sales</b> (February) \$535.1B 0.8% MoM ▲ 4.2% YoY ▲	<b>Exports</b> (February) \$181.9B 4.8% MoM ▲ 3.5% YoY ▲

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

## Producer Price Index



Sources: U.S. Census Bureau, Yardi Matrix

# Transactions: New Jersey Leads First Quarter Sales Volume

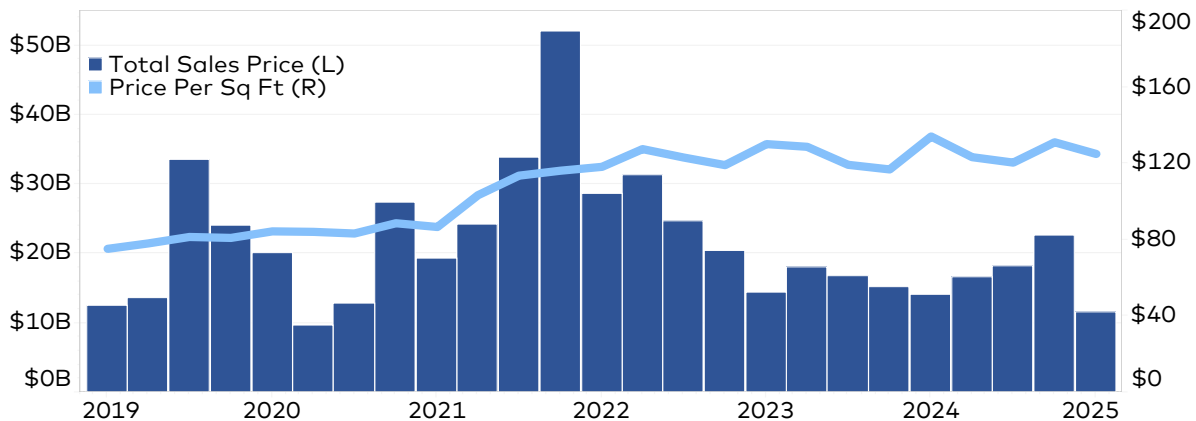
- Industrial transactions totaled \$11.7 billion during the first quarter of the year, according to Yardi Matrix, with properties trading at an average of \$126 per foot.
- Through the first quarter of the year, New Jersey led the nation in industrial transaction volume, with \$832 million of sales trading at an average of \$256 per foot.
- New Jersey sports strong demand for industrial space due to the population density of the surrounding region and activity at the Port of New York and New Jersey, one of the nation's busiest ports. The market's biggest trade so far this year was Prologis's \$166.8 million acquisition of 201 Middlesex Center Blvd., which sits on more than 30 acres and is in proximity to Interstate 95. Despite vacancy rates higher than the national average, the market had the strongest in-place rent growth over the past 12 months. Like most other markets, New Jersey experienced a supply boom in recent years, but slowing development and continued demand will lead to falling vacancies once leasing velocity picks up. Between 2022 and 2024, more than 36 million square feet of new industrial space (5.9% of stock) were completed in the market. Currently, there are just 6.2 million square feet (1.0% of stock) under construction.

## Sales Activity

Market	YTD Sales Price PSF	YTD 2025 Sales (Mil)
National	\$126	\$11,740
New Jersey	\$256	\$832
Dallas	\$103	\$711
Chicago	\$98	\$616
Phoenix	\$165	\$449
Orange County	\$279	\$392
Twin Cities	\$102	\$364
Los Angeles	\$243	\$335
Seattle	\$210	\$316
Kansas City	\$75	\$270
Charlotte	\$104	\$239
Boston	\$155	\$235
Atlanta	\$160	\$221
Columbus	\$75	\$211
Tampa	\$110	\$189
Houston	\$114	\$186
Baltimore	\$169	\$182
Philadelphia	\$107	\$166
Indianapolis	\$111	\$161
Nashville	\$120	\$149
Central Valley	\$96	\$137
Cincinnati	\$63	\$135
Memphis	\$86	\$105
Bay Area	\$182	\$104
Detroit	\$45	\$97
Bridgeport	\$67	\$86

Source: Yardi Matrix. Data as of March 2025

## Quarterly Transactions



Source: Yardi Matrix. Data as of March 2025

# Definitions

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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:

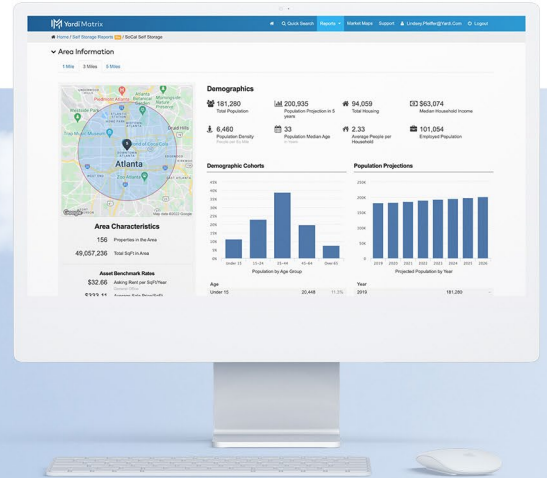
- **Planned**—Buildings that are currently in the process of acquiring zoning approval and permits but have not yet begun construction.
- **Under Construction**—Buildings for which construction and excavation has begun.

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.



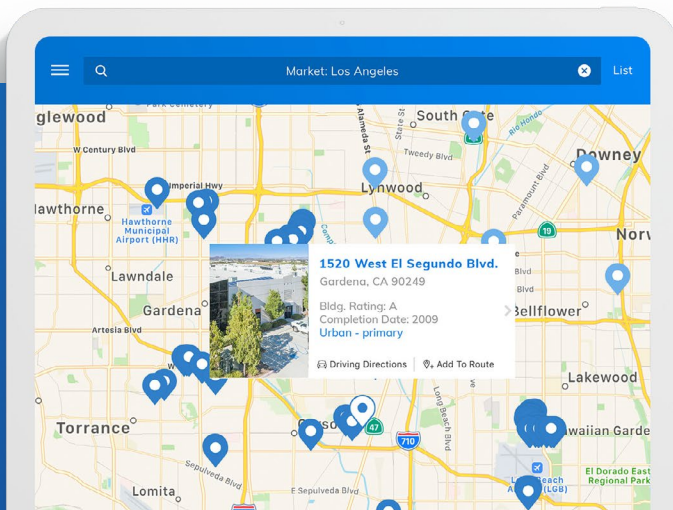
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## Contacts

**Peter Kolaczynski**

Manager, Commercial  
Peter.Kolaczynski@Yardi.com  
(800) 866-1124 x14001

**Rob McCartney**

Sales Manager, Matrix  
Rob.McCartney@Yardi.com  
(800) 866-1124 x14021

**Doug Ressler**

Media Contact  
Doug.Ressler@Yardi.com  
(800) 866-1124 x14025

**Author**

**Justin Dean**  
Senior Research Analyst

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