Yardi Matrix

National Industrial Report

June 2025

Trade Policy Turbulence

- Tariff uncertainty continues to ripple through supply chains, and the many changes to policy in recent months have left firms contemplating how to navigate uncharted waters.

- Import volume fell by nearly 20% in April as firms pulled back following a first-quarter rush to ramp up inventories before the Trump Administration announced new tariffs. However, the full impact of these tariffs has yet to be reflected in the data, as volumes still rose 2.2% year-over-year.

- Meanwhile, effects of uncertainty and tariff whiplash are emerging at the ports. Officials at the Port of Los Angeles reported handling 25% less cargo than expected in May, and job postings at the port were down by half. Because shipments from China typically take about six weeks to arrive, the May dip reflects the impact of the 135% tariff placed on Chinese imports that went into effect in April and was given a three-month reprieve in mid-May. Now, reports suggest another wave of imports is underway, as firms rush to get ahead of future tariffs and build up inventories ahead of the holiday season. Summer is traditionally the peak period for holiday-related imports, and this year could see even higher volumes than usual as businesses brace for renewed uncertainty once the 90-day pause expires.

- In the short run, we expect increased interest in bonded warehouses—facilities where imported goods are stored without paying taxes until they are released—as firms seek strategies to navigate ongoing uncertainty. Reuters has reported increased interest from companies and logistics providers to convert existing warehouse space into bonded warehouses. While the conversion process can be costly, time consuming and paperwork heavy, many firms view it as a worthwhile investment. If tariff rates ease in the future, goods can be released at a lower rate than is in place currently. Conversely, if tariffs remain elevated and uncertainty persists, bonded warehouses offer a way to gradually release inventory and better manage tariff-related cost pressures.

- In the long run, firms may look to move production of goods that are bound for America out of China and into lower-tariff nations like Vietnam, India and Mexico. Some may choose to reshore production in the U.S., but a 50% tariff on steel and aluminum imports could hamstring manufacturer plans to develop facilities stateside.