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.

Rents and Occupancy:
Miami Demand Fuels Rent Growth

- National in-place rents for industrial space averaged $8.54 per square foot in May, up five cents in the month and 6.3% over the past 12 months.

- Miami led the nation in rent growth in May, with in-place rents increasing 9.8% over the past 12 months. Although the Port of Miami doesn't rank among the top 10 U.S. ports by container volume, it plays a vital role in trade with Latin America and the Caribbean. When combined with the city's international airport, Florida's growing population and limited space for new development, we expect strong industrial demand to fuel continued rent growth in Miami.

- The national vacancy rate was 8.5% in May, a decrease of 30 basis points from the previous month but up 290 basis points over the past 12 months.

- The national spread between a lease signed in the past 12 months and the overall in-place average rent was $1.79 per foot. This spread has gradually shrunk over the past year as the supply boom ended and occupiers gained the upper hand in lease negotiations. In May of 2024, the premium for a new lease was $2.25 per foot.

- Although the spread between new leases and the average of all in-place rents has shrunk on a national level, some markets continue to have a large average premium paid for a new space. Bridgeport had the largest spread, with a new lease costing $4.01 more per square foot than the market average. Other markets with large premiums were Miami ($3.82 per foot), New Jersey ($3.59), Charlotte ($3.58) and Seattle ($3.06).

Average Rent by Metro

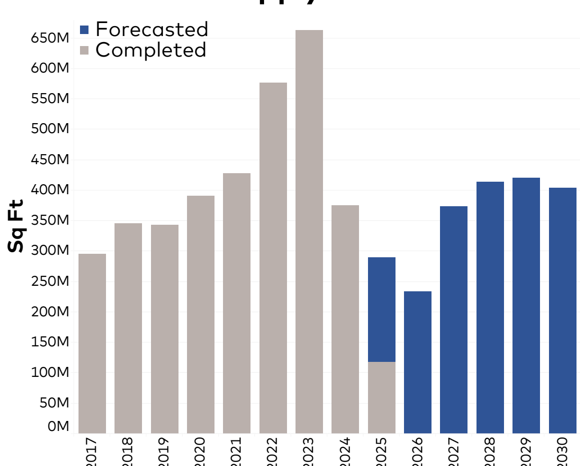
Market	May-25 Average Rent	12-Month Change	Avg Rate Signed in Last 12 Months	Vacancy Rate
National	$8.54	6.3%	$10.33	8.5%
Miami	$12.72	9.8%	$16.54	11.7%
New Jersey	$11.89	9.2%	$15.48	8.9%
Atlanta	$6.33	9.1%	$8.85	8.4%
Dallas–Ft Worth	$6.46	8.6%	$8.61	10.2%
Philadelphia	$8.33	8.3%	$11.26	6.7%
Nashville	$6.77	8.3%	$9.08	9.7%
Inland Empire	$11.34	7.8%	$13.50	7.5%
Orange County	$16.69	7.5%	$19.29	6.8%
Seattle	$11.98	6.8%	$15.04	8.3%
Baltimore	$8.51	6.2%	$10.34	8.9%
Phoenix	$9.57	6.2%	$11.91	7.4%
Boston	$11.38	6.2%	$14.20	10.5%
Cincinnati	$5.19	6.1%	$5.07	7.8%
Portland	$10.32	6.0%	$11.84	9.0%
Columbus	$5.22	5.9%	$4.06	10.8%
Bridgeport	$9.91	5.9%	$13.92	5.5%
Tampa	$8.21	5.8%	$10.54	8.2%
Bay Area	$13.79	5.8%	$16.03	7.5%
Twin Cities	$7.32	5.3%	$8.69	7.5%
Central Valley	$6.61	5.3%	$9.21	9.8%
Los Angeles	$15.23	5.3%	$16.03	8.6%
Charlotte	$7.08	4.9%	$10.66	9.7%
Denver	$9.07	4.9%	$10.26	11.1%
Chicago	$6.50	4.8%	$7.36	8.4%
Memphis	$4.26	4.7%	$4.81	12.3%
Houston	$6.96	4.5%	$8.15	5.6%
St. Louis	$5.02	4.4%	$5.21	7.0%
Indianapolis	$5.02	4.1%	$6.30	10.9%
Detroit	$7.21	3.3%	$8.46	6.7%
Kansas City	$4.91	3.2%	$4.54	6.0%

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

Supply:
Outlook Darkens

- As of May, 342.3 million square feet of industrial space (1.7% of stock) were under construction nationally, and 117.8 million square feet had been delivered, according to Yardi Matrix.
- In all, 86.9 million square feet of starts were recorded through May, putting 2025 on pace for the lowest amount of starts this decade.
- While we have long anticipated starts will pick back up sometime in 2026, recent events threaten to upend this outlook. Uncertainty around tariffs has delayed leasing decisions for many occupiers, slowing the rate at which recently delivered new supply is being absorbed. Uncertainty has also led to fewer interest rate cuts than previously anticipated, keeping costs for construction loans elevated and putting downward pressure on starts. Perhaps the biggest threat to a rebound in industrial starts, however, is a 50% tariff on imported steel. U.S. firms imported $32 billion in steel in 2024, and current demand far exceeds current production capacity. Further complicating matters, the U.S. and Canadian steel industry supply chains are integrated across the border.

National New Supply Forecast



Source: Yardi Matrix. Data as of May 2025.

Supply Pipeline (by metro)

Market	Under Construction	Under Construction % Stock	UC Plus Planned % Stock
National	342,277,501	1.7%	3.6%
Memphis	12,518,480	4.2%	4.3%
Phoenix	16,872,437	3.9%	8.6%
Dallas	28,090,453	2.8%	5.3%
Columbus	7,535,419	2.3%	3.0%
Denver	6,514,737	2.3%	4.3%
Houston	14,187,692	2.1%	5.4%
Charlotte	6,311,842	1.9%	4.5%
Philadelphia	8,424,268	1.8%	3.3%
Atlanta	10,186,549	1.7%	3.6%
Kansas City	4,442,723	1.5%	3.6%
Inland Empire	8,790,316	1.3%	2.7%
Detroit	7,415,222	1.2%	1.5%
Indianapolis	4,806,174	1.2%	3.1%
Bay Area	3,290,914	1.1%	2.2%
Tampa	3,130,578	1.1%	3.9%
Nashville	2,365,370	1.1%	3.0%
New Jersey	6,231,763	1.0%	2.3%
Twin Cities	3,391,514	1.0%	3.3%
Seattle	2,953,360	1.0%	1.9%
Baltimore	2,204,726	1.0%	2.2%
Cincinnati	2,281,800	0.8%	1.0%
Bridgeport	1,731,176	0.8%	1.2%
Chicago	7,161,777	0.7%	1.7%
Los Angeles	4,632,537	0.7%	1.5%
Central Valley	2,611,658	0.7%	0.9%
Portland	1,300,354	0.6%	0.8%
Orange County	1,220,182	0.6%	1.0%
Cleveland	2,043,926	0.5%	0.8%
Boston	994,519	0.4%	2.0%

Source: Yardi Matrix. Data as of May 2025.

Economic Indicators:
Warehouse Employment Slide Continues

- The warehousing and storage subsector of the labor market declined again in May, losing 5,100 jobs in the month and decreasing by 1.2% year-over-year. However, while employment has slipped in recent years, workers that remain in the sector have seen pay bumps. The average hourly wage for warehousing and storage has increased 14% in the past three years, according to BLS data.

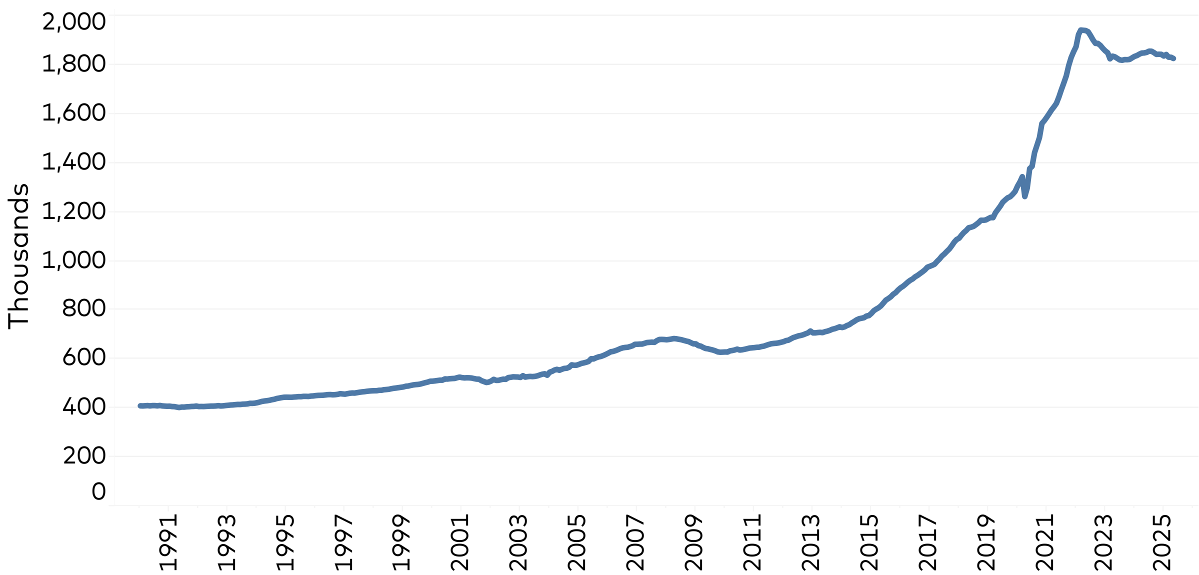
- Despite recent declines, many of the gains during the e-commerce boom have become entrenched and the sector remains substantially larger than it was before the pandemic. In May 2025, there were 543,000 more jobs in warehousing and storage than at the end of 2019, an increase of 42.3%. Given the current uncertainty in the logistics sector, we do not anticipate a recovery of warehouse and storage employment anytime soon. Firms, for the most part, will spend the coming quarters looking to optimize their supply chains through automation and other technology, rather than through expansion of their workforce.

Economic Indicators

National Employment (May) 159.6M 0.1% MoM ▲ 1.1% YoY ▲	**ISM Purchasing Manager's Index** (May) 48.5 -0.2 MoM ▼ 0.0 YoY
Inventories (April) $2,656.5B 0.0% MoM ▲ 2.2% YoY ▲	**Imports** (April) $277.9B -19.9% MoM ▼ 2.2% YoY ▲
Core Retail Sales (April) $530.5B 0.1% MoM ▲ 5.3% YoY ▲	**Exports** (April) $190.5B 3.4% MoM ▲ 10.1% YoY ▲

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

Warehousing and Storage Employment



Sources: U.S. Census Bureau, Yardi Matrix

Transactions:
Investors Favor Phoenix

- Industrial transactions totaled $21.4 billion during the first five months of the year, according to Yardi Matrix, with properties trading at an average of $133 per foot.

- Due to its growing status as a logistics and manufacturing hub, Phoenix has continuously been a top target for investors in recent years. Despite its being the 10th-largest market by square footage, Phoenix's $862 million in sales this year ranks sixth in the nation, after finishing with the third most volume in 2024. Sale prices have averaged $187 per foot this year, an increase of 14.2% over 2024 and 24.4% over 2023. Phoenix has delivered 34.2% of stock since the start of the decade but continues to see high levels of absorption as tenants target the market.

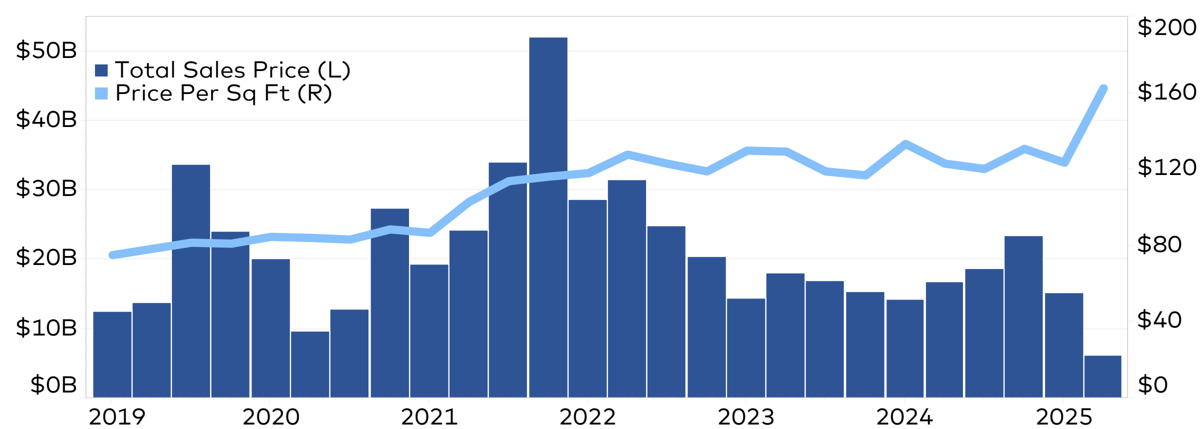
- Starwood Capital Group has been an active seller in Phoenix this year, executing two portfolio transactions, selling properties it acquired during a flurry of purchases in 2020 and 2021. Earlier this year, BKM Capital Partners purchased a three-property, nine-building Phoenix portfolio from Starwood. The transaction totaled $156.8 million for 778,000 square feet across the Phoenix–West and Tempe submarkets. Shortly after, Longpoint Realty Partners acquired a 518,000-square-foot portfolio from Starwood for $110 million.

Sales Activity

Market	YTD Sales Price PSF	YTD 2025 Sales (Mil)
National	$133	$21,433
New Jersey	$276	$1,482
Dallas	$97	$1,275
Chicago	$92	$1,049
Los Angeles	$311	$929
Phoenix	$187	$862
Twin Cities	$108	$620
Inland Empire	$249	$617
Orange County	$282	$559
Houston	$84	$507
Charlotte	$124	$499
Boston	$148	$440
Columbus	$101	$417
Central Valley	$67	$414
Seattle	$214	$402
Baltimore	$176	$375
Philadelphia	$127	$350
Denver	$140	$318
Tampa	$109	$312
Nashville	$122	$309
Atlanta	$139	$304
Kansas City	$69	$285
Bay Area	$144	$246
Detroit	$74	$215
Memphis	$76	$189
Indianapolis	$108	$178

Source: Yardi Matrix. Data as of May 2025.

Quarterly Transactions



Source: Yardi Matrix. Data as of May 2025.

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.

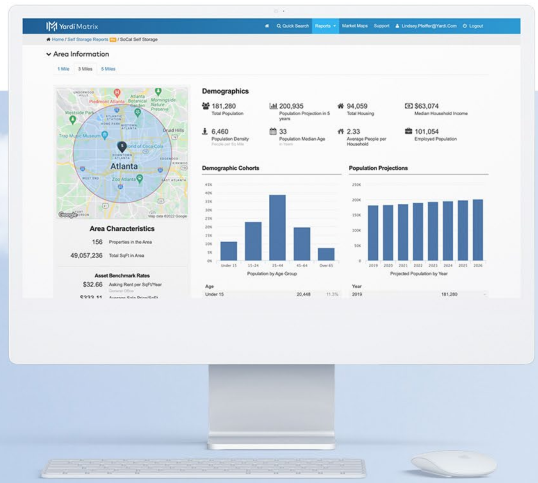
Stage of the supply pipeline:

- 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.

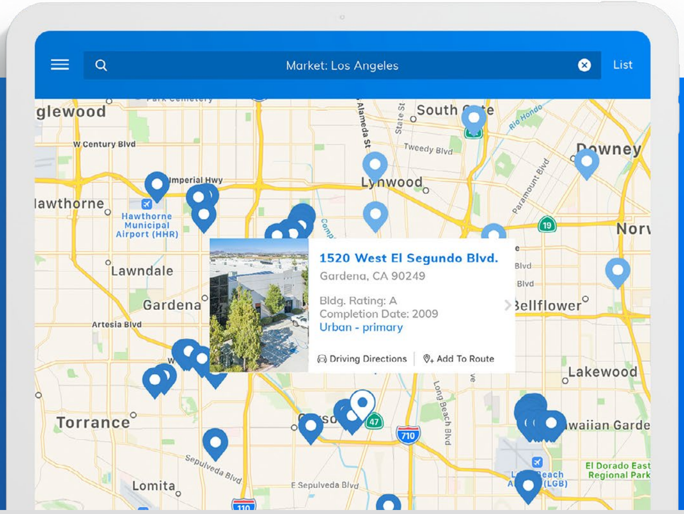
Yardi Matrix

Power your business with the industry's leading data provider



INDUSTRIAL KEY FEATURES

- Active in 118 markets across the U.S., covering over 16 billion square feet
- Find acquisition prospects based on in-place loans, maturity dates, lenders and originators
- Pierce the LLC with true ownership and contact info at the asset and portfolio level
- Gain new supply pipeline information at the asset, competitive set and market level
- Anonymized transacted rents and expense comps



Yardi Matrix Industrial delivers comprehensive property-level data, allowing you to make informed business decisions faster than ever.

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