



Yardi® Matrix

National Industrial Report

July 2025



Supply Outlook Strong Despite Challenges

- A historic level of new industrial supply has been delivered in recent years, and the current construction pipeline is in line with pre-2020 levels. But its composition looks slightly different.
- More than 2 billion square feet of industrial space were delivered between 2020 and 2024, marking an unprecedented supply boom in the sector. While a surge in development was quietly underway before Covid, the manner in which the pandemic upended supply chains and accelerated e-commerce led to a development rush. The national vacancy rate hovered near 4.0% in the early part of the decade—below 2.0% in some of the tightest port markets—and for a while, it seemed like properties would be preleased before shovels hit the dirt.
- But the high volume of new supply pushed the national vacancy rate to 9.0% in June, a high-water mark this decade, as normalized demand led to slowing absorption. In 2025, uncertainty around tariffs has slowed leasing decisions as many firms choose to optimize existing supply chains and delay leasing decisions while trade deals are negotiated.
- Long-term demand drivers—reshoring and nearshoring of manufacturing, data centers, the long-term shift to e-commerce and omnichannel retail—still support industrial development, yet each faces challenges that could slow the pace of new supply. Logistics and retail continue to grapple with uncertainty due to tariffs. While the threat of a full-scale trade war has lessened in recent months, tariffs will continue to increase costs and impact the calculus of leasing decisions. Manufacturing remains strong, but the new tax bill recently signed into law may disrupt some projects currently underway. Much of today's manufacturing boom is driven by green technology and electric vehicles, two sectors that saw tax credits eliminated. While tariffs may lead to firms reshoring manufacturing to the U.S., such plans will take years to unfold.
- Data centers have significant bottlenecks to development in resource usage, availability and access. Beyond the physical logistics of powering and maintaining data centers, there are also questions surrounding the industry. While large language models have become increasingly sophisticated, the sector faces many potential roadblocks, including return on investment, competition from China, and legal challenges related to copyright, discrimination and liability. The current administration is planning on helping these companies run through some of the roadblocks, prioritizing a "vision of global AI dominance" in the recently released AI Action Plan, fueling growth for generative AI.



Rents and Occupancy: Logistics, Demographics Drive Atlanta

- National in-place rents for industrial space averaged \$8.60 per square foot in June, up six cents in the month and 6.2% over the past 12 months.
- The top 10 markets for in-place rent growth fall into one of two categories: coastal port markets and Sun Belt logistics hubs with strong population growth. Miami, part of the first group, continues to lead the nation in rent growth, with in-place rents increasing 9.4% over the past 12 months. Atlanta, from the second group, is not far behind with in-place rents growing 8.5% over the past 12 months. The cost of an Atlanta lease signed in the past 12 months was \$8.79 per foot, \$2.44 more than the average of all in-place rents. Both demographics and infrastructure play a role in the growth of Atlanta's industrial market. The metropolitan area has been one of the nation's fastest growing this decade, and the city is centrally located within the country's fastest-growing region. Atlanta boasts one of the busiest airports in the world, access to rail lines and multiple major highways, and proximity to the Port of Savannah. Third-party logistics providers in particular have targeted the market as the major hub of the Southeast.
- The national vacancy rate was 9.0% in June, an increase of 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 \$1.57 per foot. This spread has shrunk in recent quarters as tenants have gained the upper hand in lease negotiations due to cooling demand and ample new supply. The spread was highest in Bridgeport, where a new lease costs \$4.99 more per foot than the market average. Boston (\$3.53 per foot), New Jersey (\$3.48), Charlotte (\$3.34) and Miami (\$3.33) were the only other markets with spreads higher than \$3 per foot.

Average Rent by Metro

Market	Jun-25 Average Rent	12-Month Change	Avg Rate Signed in Last 12 Months	Vacancy Rate
National	\$8.60	6.2%	\$10.17	9.0%
Miami	\$12.86	9.4%	\$16.19	11.8%
Atlanta	\$6.35	8.5%	\$8.79	8.2%
Philadelphia	\$8.52	8.5%	\$10.91	7.4%
New Jersey	\$11.86	8.3%	\$15.34	11.0%
Dallas-Ft Worth	\$6.52	8.1%	\$8.24	10.9%
Orange County	\$16.80	7.8%	\$19.35	6.8%
Inland Empire	\$11.36	7.6%	\$13.50	8.0%
Nashville	\$6.76	7.0%	\$9.49	8.9%
Baltimore	\$8.50	6.9%	\$10.52	8.9%
Phoenix	\$9.62	6.8%	\$11.51	8.0%
Tampa	\$8.46	6.5%	\$10.77	9.7%
Columbus	\$5.43	6.5%	\$4.85	10.9%
Seattle	\$12.06	6.4%	\$14.73	8.3%
Boston	\$11.38	6.0%	\$14.91	10.6%
Cincinnati	\$5.20	5.9%	\$5.02	7.6%
Portland	\$10.46	5.8%	\$11.48	7.2%
Central Valley	\$6.64	5.7%	\$8.57	10.4%
Bay Area	\$13.69	5.6%	\$15.74	7.8%
Bridgeport	\$9.79	5.5%	\$14.78	4.9%
Twin Cities	\$7.39	5.4%	\$8.59	8.1%
Charlotte	\$7.29	5.2%	\$10.63	9.0%
Houston	\$7.05	4.9%	\$8.30	6.5%
Chicago	\$6.54	4.8%	\$7.14	12.3%
Denver	\$9.08	4.7%	\$10.61	11.4%
Los Angeles	\$15.29	4.6%	\$15.51	8.6%
Indianapolis	\$5.08	4.3%	\$6.22	10.0%
Kansas City	\$4.92	4.2%	\$4.57	4.6%
Detroit	\$7.28	3.7%	\$7.35	5.8%
Memphis	\$4.23	3.7%	\$4.39	12.6%
St. Louis	\$5.03	2.9%	\$5.03	7.6%

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

Supply: Battery Belt in Limbo

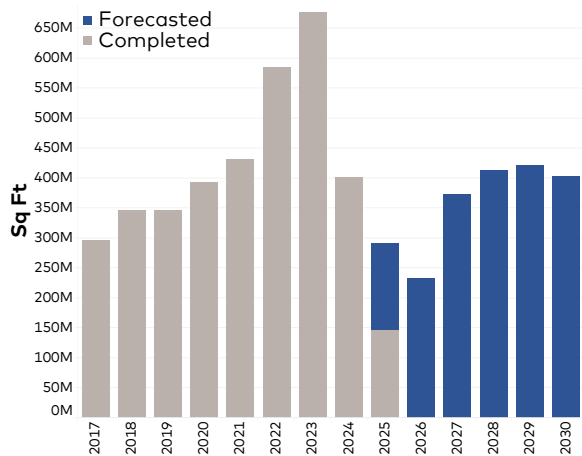
- As of June, 341.8 million square feet of industrial space (1.7% of stock) were under construction nationally. Year to date, 146.6 million square feet were completed, according to Yardi Matrix.
- The burgeoning Battery Belt—a region stretching from Georgia to Michigan with multiple electric vehicle battery plants—has driven much of the manufacturing development pipeline in recent years. Already faced with declining EV sales, the Belt now sees more risk due to the One Big Beautiful Bill Act. The tax law will dampen consumer demand for EVs by eliminating tax credits later this year, and will tighten standards for battery manufacturers to qualify for tax credits.
- While it will take a while for the full effect of the new tax law to play out, some projects may no longer be financially viable without the credits. Ford has stated that last-minute changes to the bill's text preserved its credits for a battery plant underway in Marshall, Mich. Minor concessions added to the bill's language may have been enough to save such projects, but the fate of many battery manufacturers is yet unknown.

Supply Pipeline (by metro)

Market	Under Construction	Under Construction % Stock	UC Plus Planned % Stock
National	341,809,765	1.7%	3.6%
Memphis	12,919,080	4.3%	4.4%
Phoenix	17,402,440	4.0%	12.6%
Dallas	30,284,278	3.0%	5.0%
Denver	7,564,000	2.7%	4.6%
Houston	14,846,837	2.2%	5.5%
Columbus	6,111,496	1.9%	3.2%
Atlanta	9,963,825	1.7%	3.6%
Philadelphia	6,534,812	1.4%	2.8%
Charlotte	4,516,586	1.3%	3.9%
Inland Empire	8,294,668	1.2%	2.7%
Detroit	7,494,458	1.2%	1.9%
Indianapolis	4,744,099	1.2%	3.1%
Tampa	3,296,744	1.2%	3.4%
New Jersey	6,709,269	1.1%	2.2%
Nashville	2,366,560	1.1%	3.2%
Twin Cities	3,392,648	1.0%	3.4%
Bay Area	3,090,330	1.0%	2.2%
Baltimore	2,186,276	1.0%	2.3%
Central Valley	3,253,538	0.9%	1.3%
Seattle	2,697,346	0.9%	1.7%
Portland	1,849,954	0.9%	1.1%
Kansas City	2,556,999	0.8%	2.8%
Cincinnati	2,378,142	0.8%	1.3%
Chicago	7,366,534	0.7%	1.7%
Los Angeles	4,656,152	0.7%	1.6%
Bridgeport	1,571,176	0.7%	0.8%
Orange County	1,359,717	0.7%	1.0%
Cleveland	2,043,000	0.5%	0.7%
Boston	1,059,519	0.4%	2.2%

Source: Yardi Matrix. Data as of June 2025

National New Supply Forecast



Source: Yardi Matrix. Data as of June 2025

Economic Indicators: Tariff Impact Begins to Emerge but Prices Hold Steady

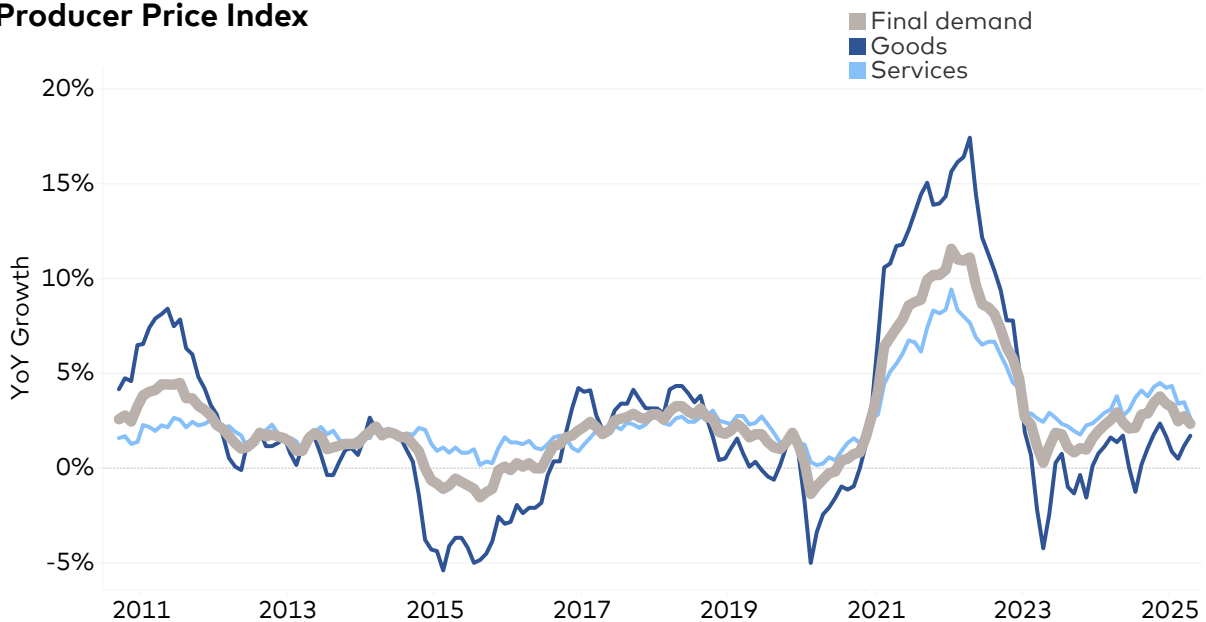
- Producer prices held steady in the month of June, according to the Bureau of Labor Statistics, as a tariff-driven increase in the cost of goods was offset by downward movement in the cost of services. The top-line Producer Price Index (PPI) was unchanged from the previous month and up 2.3% year-over-year. The goods portion of the index grew 0.3% in the month, up 1.7% year-over-year. Services were down 0.1% in the month and up 2.7% year-over-year.
- At a time when tariffs are starting to seep into the broader economy, a flat inflation report should be welcome news. Digging a bit deeper into the numbers, however, highlights that areas of concern remain. Industries that are most exposed to tariffs saw some of the biggest gains in the month, including communication equipment (0.8% increase in the month); apparel, jewelry, footwear and accessories (1.6%); and household furniture (1.0%). More than half of the decline in services, on the other hand, can be attributed to a 4.1% decrease in the cost of hotel rooms.

Economic Indicators

National Employment (June) 159.7M 0.1% MoM ▲ 1.1% YoY ▲	ISM Purchasing Manager's Index (June) 49.0 0.5 MoM ▲ 0.7 YoY ▲
Inventories (April) \$2,656.5B 0.0% MoM 2.2% YoY ▲	Imports (May) \$277.7B -0.1% MoM ▼ 2.5% YoY ▲
Core Retail Sales (May) \$529.8B -0.1% MoM ▼ 4.6% YoY ▲	Exports (May) \$180.2B -5.9% MoM ▼ 5.8% 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: Southern California Sale Prices Cool

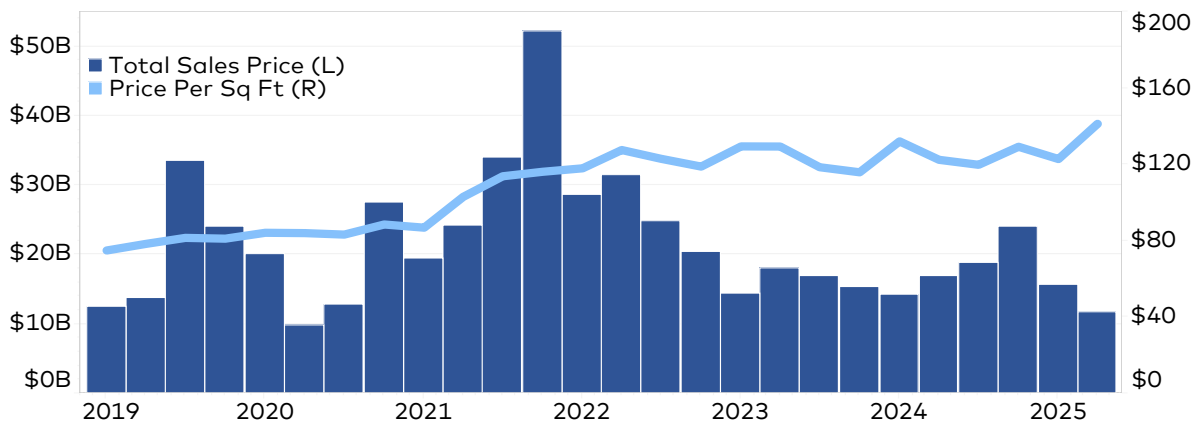
- Industrial transactions totaled \$27.6 billion during the first half of the year, according to Yardi Matrix, with properties trading at an average of \$130 per foot.
- The mad rush for Southern California industrial space has cooled in recent years. Sale prices in the Inland Empire, Orange County and Los Angeles have all slightly slipped from record levels. The Inland Empire prices hit \$287 per foot in 2022, but have since eased to \$247 during the first half of 2025. Orange County saw industrial properties trade at \$343 per foot in 2022, a figure that has slipped to \$301 year-to-date in 2025. Los Angeles prices peaked at \$316 per foot in 2023 but have traded at \$279 this year.
- While tariffs and decreasing port traffic may put some downward pressure on sale prices in coming years, we do not expect price reductions to continue. Demand in the region may soften, but the ports will remain crucial to the nation's commerce. Further, barriers to entry for new development have become more prevalent in Southern California in recent years. Local pushback, land scarcity and a state law that introduces new building standards and puts restrictions on truck routes through neighborhoods will slow new construction in the region, especially in the Inland Empire.

Sales Activity

Market	YTD Sales Price PSF	YTD 2025 Sales (Mil)
National	\$130	\$27,595
New Jersey	\$251	\$1,688
Dallas	\$108	\$1,639
Chicago	\$95	\$1,475
Los Angeles	\$279	\$1,162
Phoenix	\$176	\$1,127
Orange County	\$301	\$747
Twin Cities	\$107	\$737
Central Valley	\$90	\$733
Houston	\$87	\$729
Inland Empire	\$247	\$658
Charlotte	\$113	\$624
Columbus	\$104	\$622
Atlanta	\$159	\$600
Boston	\$159	\$538
Seattle	\$214	\$459
Baltimore	\$179	\$444
Philadelphia	\$121	\$390
Denver	\$133	\$383
Bay Area	\$180	\$378
Tampa	\$113	\$352
Nashville	\$119	\$307
Kansas City	\$53	\$296
Cincinnati	\$66	\$264
Detroit	\$72	\$247
Indianapolis	\$98	\$197

Source: Yardi Matrix. Data as of June 2025

Quarterly Transactions



Source: Yardi Matrix. Data as of June 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:

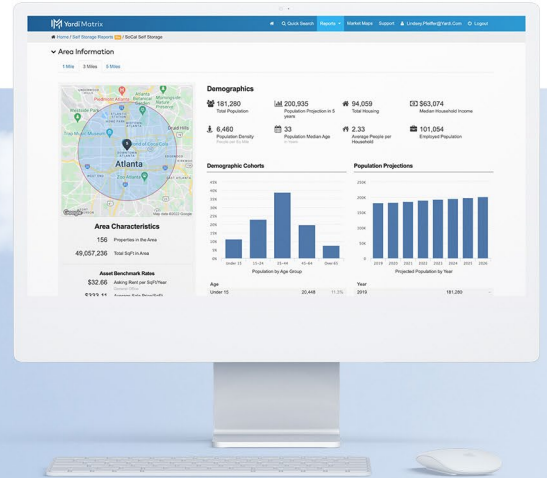
- **Planned**—Buildings that are currently in the process of acquiring zoning approval and permits but have not yet begun construction.
- **Under Construction**—Buildings for which construction and excavation has begun.

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.



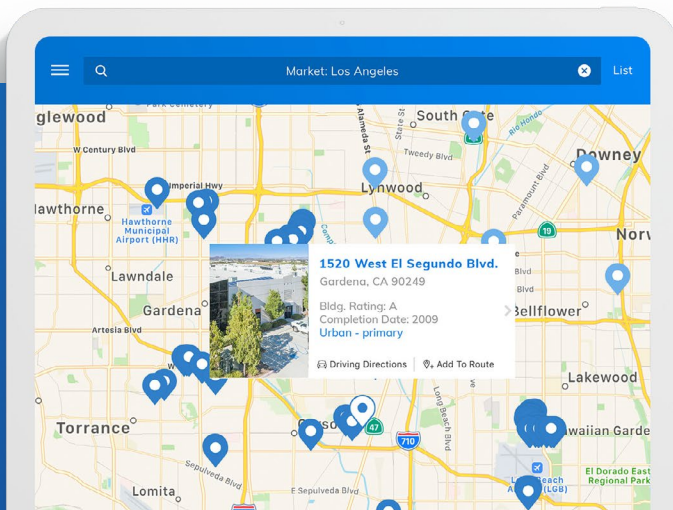
Yardi Matrix

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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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