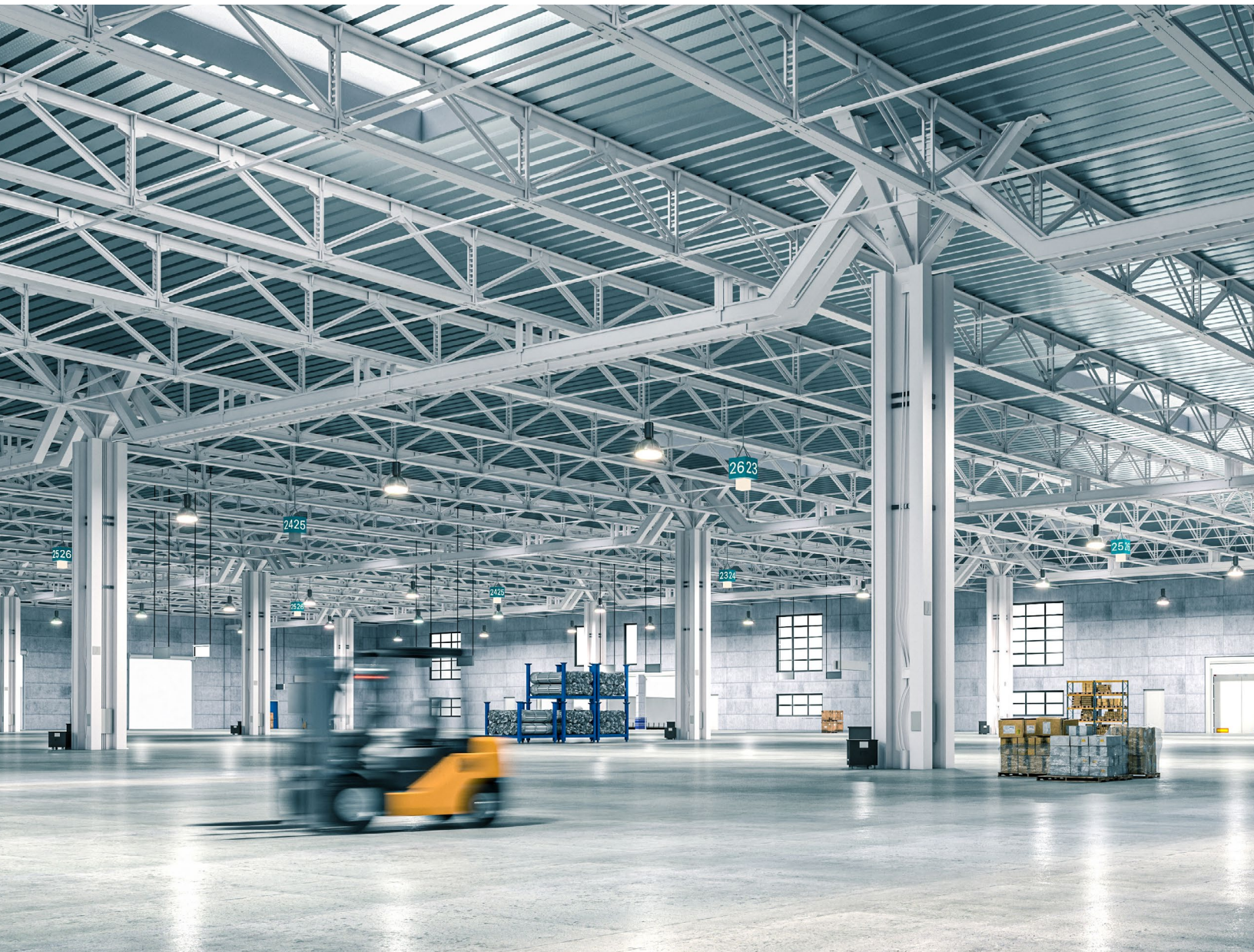




Yardi Matrix

National Industrial Report

August 2025



Sales Activity Level Despite Headwinds

- Coming out of the pandemic, industrial was commercial real estate's darling asset class. Investor appetite for the sector led to records for both sales volume and average sale price. Yet things slowed down in the second half of 2022 and have yet to fully pick back up.
- Industrial sales volume peaked in 2021, with \$129.8 billion in sales, falling to \$105.4 billion in 2022 and \$64.8 billion in 2023. Last year saw a rebound in industrial investment volume, increasing by 14.7% over 2023 to \$74.3 billion, but so far 2025 has remained on pace with last year.
- Price appreciation has also cooled in recent years, following a period of eye-popping growth. Between 2019 and 2022, the average sale price for an industrial property increased an astounding 54%, from \$79 per square foot to \$122. Investor demand for industrial properties was strong coming out of the pandemic. Capital was cheap, tight vacancies were driving record rent growth, and new supply was limited. In late 2022, all those factors began to flip—inflation led to tight monetary policy and demand for space normalized, all while a historic level of new supply began to deliver—leading to relatively flat prices in subsequent years. So far this year, the average sale price of an industrial property is \$129 per square foot, only 6% higher than 2022.
- That prices have increased at all in recent years is a testament to the strength of the industrial sector—by contrast, office properties have seen their average sale price plummet more than 30% since 2022. Yet even industrial investors have been subdued this year by the uncertain path forward for both Treasury yields and the economy as a whole. Yardi Matrix logged \$31.4 billion in industrial sales in the first half of the year, roughly equal to the \$31.2 billion in the first half of 2024 and the \$32.5 billion in the first half of 2023. Even a favored asset class like industrial is not immune to the dampening effect that uncertainty has on investment activity, muddying deal making, pricing and capital allocations. Uncertainty can also create a bid-ask gap in the transaction market. Buyers want discounts on properties to account for uncertainty and risk, while sellers are content holding onto assets, especially well-performing industrial buildings, waiting to sell at higher valuations.
- Despite headwinds, we anticipate the industrial investment activity will pick up in coming quarters. Investor sentiment has turned more optimistic in recent months, and industrial remains an in-demand asset class. Rate cuts are expected later this year, and the picture around tariff policy continues to become clearer. Aspects of the new tax law, signed in July, should also boost investment.

