

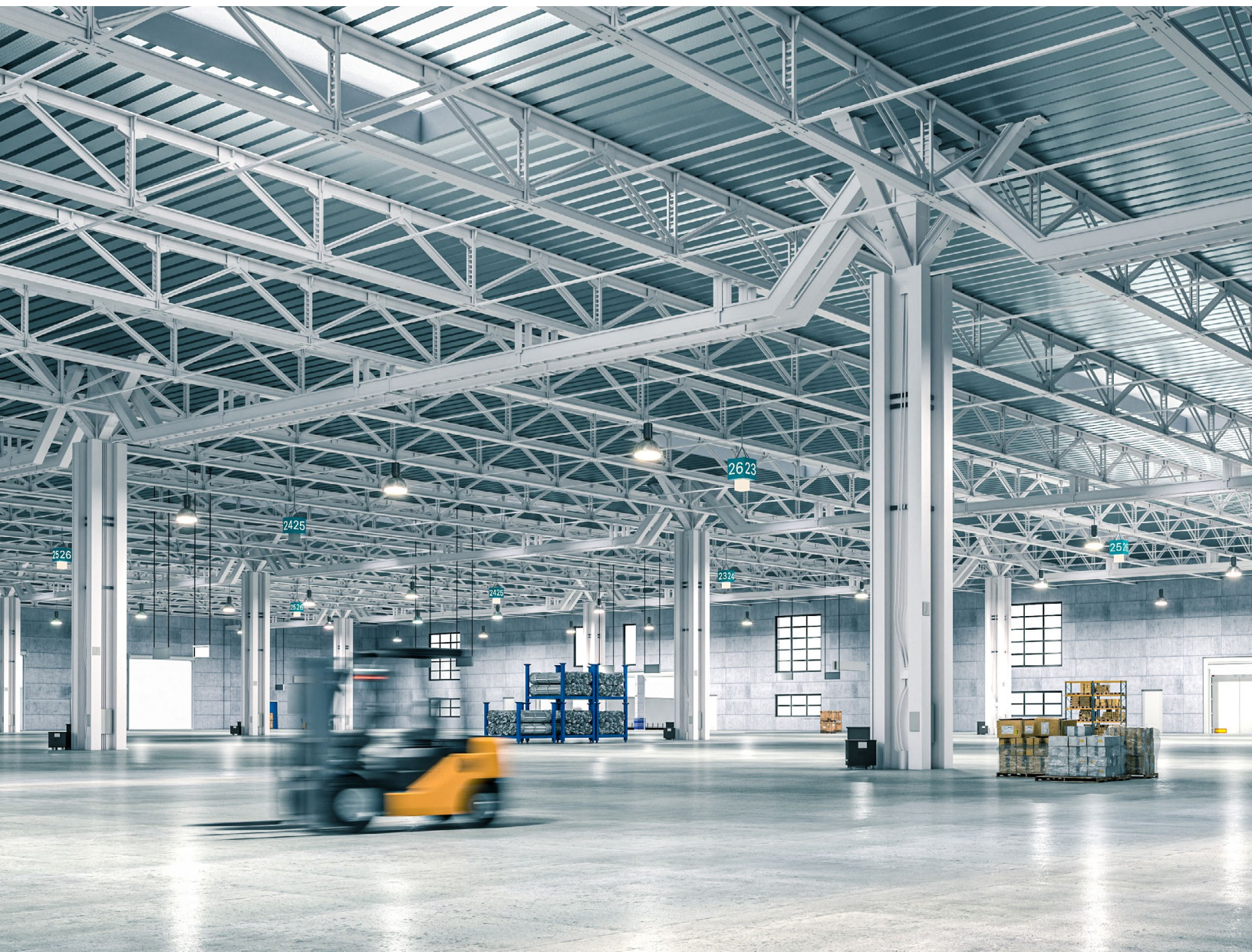


Yardi Matrix

# 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.



# Rents and Occupancy: Philadelphia's Solid Rent Growth

- National in-place rents for industrial space averaged \$8.63 per square foot in June, up three cents in the month and 6.1% over the past 12 months.
- Philadelphia led the nation in in-place rent growth over the past 12 months, increasing 9.2%. The market has stable fundamentals, a growing shipping port—the port reported it has had 8% compound annual growth over the past decade—and a concentration of logistics firms. But Philadelphia also has some of the oldest stock in the country, and many tenants today are looking for space with modern features and amenities. This has helped the market absorb much of the 68.5 million square feet (14.4% of stock) that have been completed since 2020. With only 5.2 million square feet currently under construction, we anticipate rent growth will remain solid in the market, although there may be some softness in the near term due to tariffs and uncertainty.
- The national vacancy rate was 9.1% in July, an increase of 10 basis points in the month and 270 bps over the past year. A record level of new supply in recent years has pushed up the vacancy rate in markets across the country. We anticipate that as the supply boom continues to fade, vacancy rates will plateau in the coming months and begin to fall at some point next year.
- The national spread between a lease signed in the past 12 months and the overall in-place average rent was \$1.45 per foot. The premium for a new lease has continuously shrunk over the past year as higher vacancy rates have given tenants the upper hand in negotiations. Some markets continue to have large spreads between new leases and the market average, however. Bridgeport had the highest premium for new leases, at \$5.00 more per foot on average than the market overall.

## Average Rent by Metro

Market	Jul-25 Average Rent	12-Month Change	Avg Rate Signed in Last 12 Months	Vacancy Rate
National	\$8.63	6.1%	\$10.08	9.1%
Philadelphia	\$8.58	9.2%	\$11.20	7.5%
Atlanta	\$6.39	8.7%	\$8.69	8.0%
Miami	\$12.85	8.6%	\$16.35	11.4%
Orange County	\$16.91	8.3%	\$18.84	7.4%
New Jersey	\$11.99	8.2%	\$15.36	11.2%
Dallas-Ft Worth	\$6.56	8.1%	\$8.25	10.2%
Inland Empire	\$11.47	7.0%	\$13.96	7.6%
Baltimore	\$8.61	6.7%	\$10.65	8.8%
Phoenix	\$9.69	6.6%	\$10.84	10.9%
Columbus	\$5.35	6.6%	\$4.71	13.7%
Nashville	\$6.60	6.5%	\$9.55	8.8%
Seattle	\$12.13	6.4%	\$14.55	8.5%
Tampa	\$8.37	6.4%	\$10.48	10.2%
Bridgeport	\$9.96	6.3%	\$14.96	3.6%
Boston	\$11.56	6.3%	\$15.07	11.2%
Central Valley	\$6.64	5.7%	\$8.57	10.5%
Portland	\$10.40	5.7%	\$11.63	7.0%
Cincinnati	\$5.22	5.7%	\$4.98	5.1%
Bay Area	\$13.78	5.4%	\$15.93	8.1%
Twin Cities	\$7.36	5.3%	\$8.74	7.9%
Charlotte	\$7.35	4.9%	\$7.49	10.4%
Houston	\$7.16	4.8%	\$8.35	6.9%
Los Angeles	\$15.32	4.8%	\$15.26	8.1%
Chicago	\$6.53	4.6%	\$6.83	12.5%
Indianapolis	\$5.13	4.3%	\$5.95	10.8%
Denver	\$9.08	4.2%	\$10.33	11.9%
Memphis	\$4.27	4.1%	\$4.10	10.5%
St. Louis	\$5.03	4.1%	\$5.11	7.7%
Detroit	\$7.22	3.6%	\$8.18	6.3%
Kansas City	\$4.97	3.5%	\$4.39	4.3%

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

# Supply: Advanced Manufacturing Grows in the Bay Area

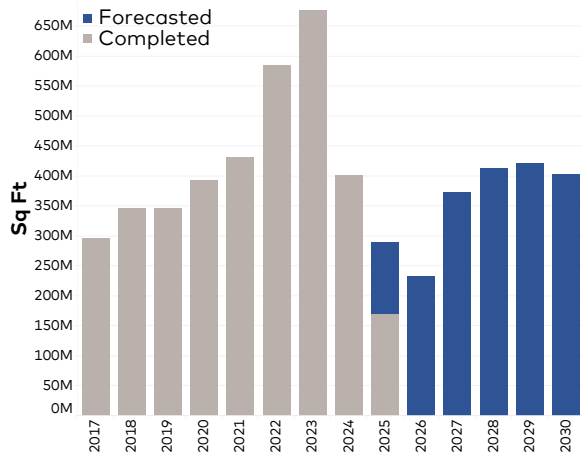
- As of June, 340.2 million square feet of industrial space (1.7% of stock) were under construction nationally. Year to date, 170.5 million square feet had been completed, according to Yardi Matrix.
- Like many markets, the Bay Area added significant supply in recent years. Between 2020 and 2024, 24.4 million square feet of supply were delivered in the market (8.0% of stock). Just 2.4 million square feet of this new stock was for manufacturing, but that composition has shifted of late. More than a third of the space under construction in the market is manufacturing, with most of that advanced facilities. Demand for such space has increased rapidly due to the growth of generative AI and tech firms' need for chips, servers and other hardware. Overton Moore Properties currently has two manufacturing buildings underway in Livermore, with 60% of the project preleased to Lam Research.
- The under-construction pipeline in the market may soon balloon again. A master plan by Related Cos. in Santa Clara recently received approval to replace millions of square feet of office with industrial uses.

## Supply Pipeline (by metro)

Market	Under Construction	Under Construction % Stock	UC Plus Planned % Stock
National	340,219,143	1.7%	3.6%
Memphis	12,418,600	4.1%	4.2%
Phoenix	16,966,481	3.9%	12.8%
Dallas–Ft Worth	30,645,054	3.0%	5.3%
Denver	8,360,955	3.0%	5.0%
Houston	16,494,710	2.5%	5.4%
Atlanta	10,923,785	1.9%	4.1%
Columbus	6,111,446	1.9%	3.8%
Indianapolis	5,267,420	1.4%	2.7%
Charlotte	4,683,124	1.4%	3.1%
Detroit	7,980,595	1.3%	1.7%
Tampa	3,384,120	1.2%	2.8%
Philadelphia	5,167,539	1.1%	2.3%
Seattle	3,230,073	1.1%	1.7%
Bay Area	3,275,520	1.1%	2.3%
Nashville	2,366,560	1.1%	3.3%
Kansas City	3,024,969	1.0%	2.8%
Baltimore	2,258,045	1.0%	2.3%
Chicago	9,794,265	0.9%	1.8%
Inland Empire	5,840,805	0.9%	2.4%
New Jersey	5,693,035	0.9%	2.0%
Central Valley	3,203,538	0.9%	1.2%
Twin Cities	3,072,964	0.9%	3.2%
Cincinnati	2,408,142	0.8%	1.3%
Los Angeles	5,168,600	0.7%	1.7%
Bridgeport	1,571,176	0.7%	1.2%
Orange County	1,359,717	0.7%	0.9%
Portland	1,309,511	0.6%	0.7%
Cleveland	1,545,000	0.4%	0.5%
Boston	1,006,081	0.4%	2.2%

Source: Yardi Matrix. Data as of July 2025

## National New Supply Forecast



Source: Yardi Matrix. Data as of July 2025

# Economic Indicators: Online Sales Growth Slows in 2020s

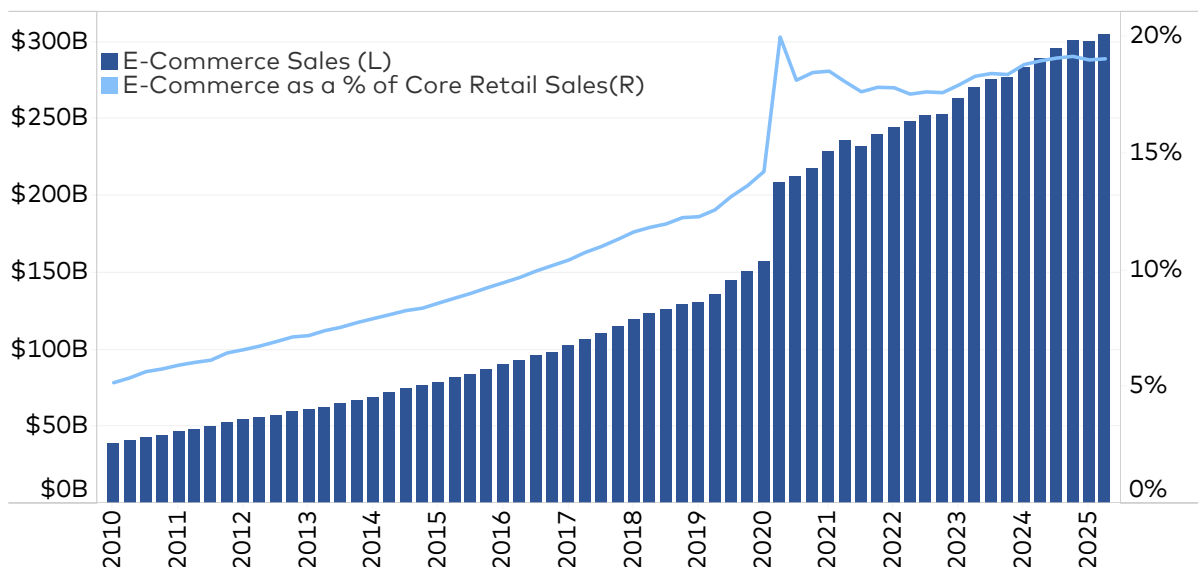
- E-commerce sales increased 1.4% quarter-over-quarter and 5.3% year-over-year in the second quarter, according to the U.S. Census Bureau. The quarter marked a rebound for on-line sales, following a 0.1% decline in the first quarter, only the second time on record that e-commerce sales volume fell. E-commerce's share of core retail sales increased by 10 bps in the quarter and now sits at 19.1%, 10 bps below the fourth quarter of 2024, which was a high-water mark outside of the Covid spike in the second quarter of 2020.
- While the pandemic initially accelerated e-commerce sales growth, with a massive 32.6% spike in the second quarter of 2020, growth this decade has been more subdued than last. Since that shock, e-commerce sales have increased 7.5% annually. In the five years preceding the pandemic, e-commerce sales grew 14.1% annually. Notably, e-commerce sales are currently right around where they would have been if there had been no spike and last decade's growth rate had carried over into the 2020s.

## Economic Indicators

<b>National Employment</b> (July) 159.5M 0.0% MoM 1.0% YoY ▲	<b>ISM Purchasing Manager's Index</b> (July) 48.0 -1.0 MoM ▼ 1.0 YoY ▲
<b>Inventories</b> (June) \$2,660.3B 0.2% MoM ▲ 1.6% YoY ▲	<b>Imports</b> (June) \$265.0B -4.5% MoM ▼ -2.9% YoY ▼
<b>Core Retail Sales</b> (June) \$534.7B 0.8% MoM ▲ 4.6% YoY ▲	<b>Exports</b> (June) \$179.1B -0.7% MoM ▼ 3.3% YoY ▲

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

## Quarterly E-Commerce Sales



Sources: U.S. Census Bureau, Yardi Matrix

# Transactions: Baltimore Activity Heats Up

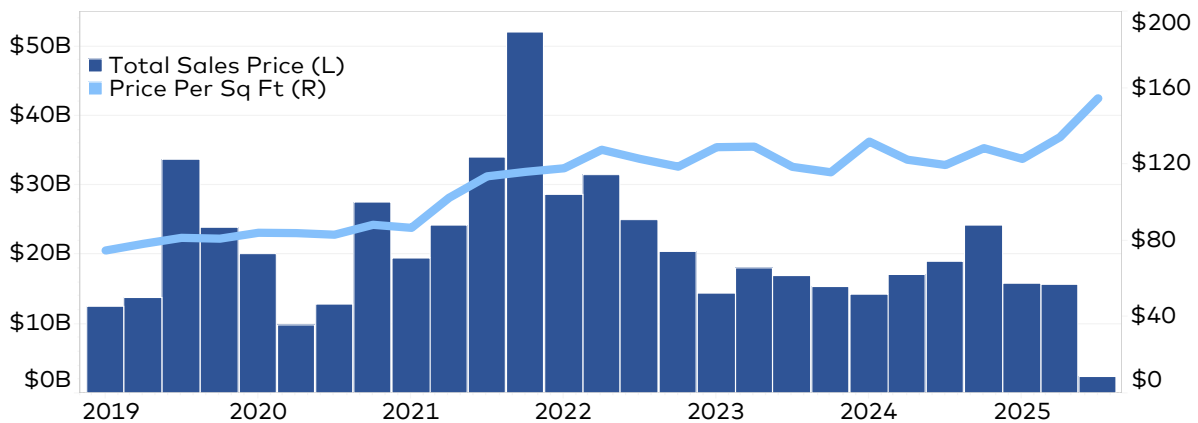
- Industrial transactions totaled \$33.8 billion during the first half of the year, according to Yardi Matrix, with properties trading at an average of \$129 per foot.
- While the national average sale price has been relatively stable since 2022, there has been plenty of variation from market to market. Among the top 30 markets, Baltimore has seen the most growth in sale price in recent years, with industrial properties averaging \$193 per square foot so far in 2025, 70% higher than the average in 2022. The market is an outlier for sale price growth over this period for a few reasons. First, Baltimore lagged behind most other markets in valuation growth during the early 2020s run-up, increasing 29% between 2019 and 2022, which left room to grow in recent years. Second, most of the gains in average sale price have occurred this year, and have largely been driven by two substantial sales big enough to push the market average upward: KKR's \$115 million purchase of two buildings totaling 455,904 square feet near Baltimore/Washington International Airport averaged \$253 per foot, while MRP Industrial's \$85.5 million sale of a logistics park anchored by PepsiCo traded at an average of \$284 per foot. The two sales have also helped Baltimore surpass last year's sales volume of \$565 million in just seven months.

## Sales Activity

Market	YTD Sales Price PSF	YTD 2025 Sales (Mil)
National	\$129	\$33,754
Dallas-Fort Worth	\$120	\$2,305
New Jersey	\$245	\$1,842
Phoenix	\$178	\$1,661
Chicago	\$95	\$1,652
Los Angeles	\$285	\$1,382
Houston	\$94	\$1,056
Orange County	\$301	\$883
Twin Cities	\$105	\$784
Central Valley	\$91	\$767
Inland Empire	\$247	\$728
Seattle	\$211	\$725
Atlanta	\$147	\$715
Columbus	\$104	\$701
Charlotte	\$115	\$674
Boston	\$159	\$661
Nashville	\$133	\$650
Baltimore	\$193	\$590
Denver	\$93	\$548
Philadelphia	\$118	\$536
Bay Area	\$184	\$506
Tampa	\$112	\$360
Indianapolis	\$97	\$343
Cincinnati	\$66	\$330
Kansas City	\$57	\$307
Detroit	\$69	\$264

Source: Yardi Matrix. Data as of July 2025

## Quarterly Transactions



Source: Yardi Matrix. Data as of July 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:

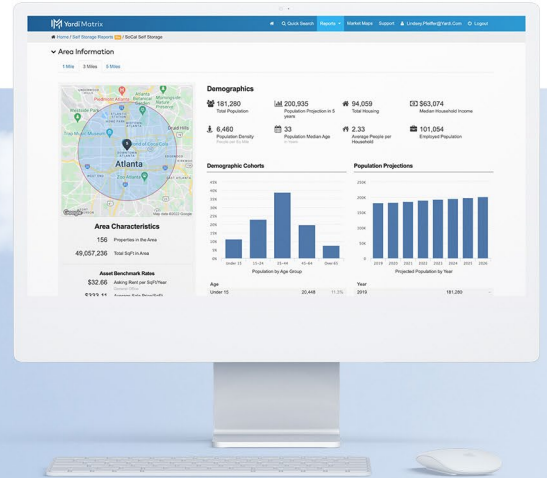
- **Planned**—Buildings that are currently in the process of acquiring zoning approval and permits but have not yet begun construction.
- **Under Construction**—Buildings for which construction and excavation has begun.

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.



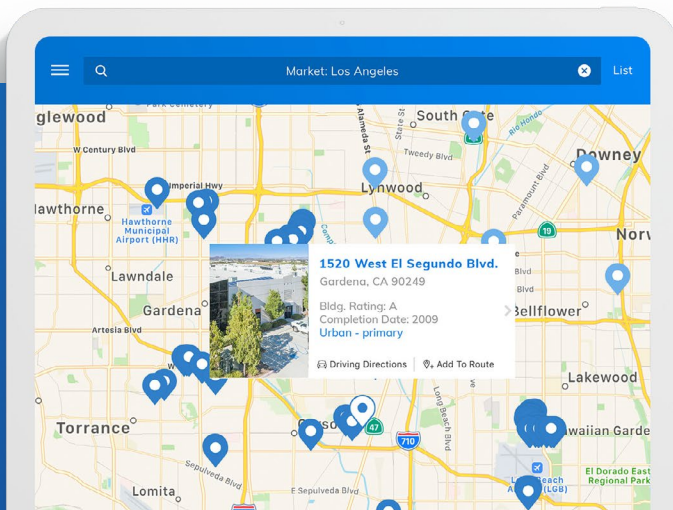
# Yardi Matrix

## 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.



(800) 866-1144

Learn with us at [yardimatrix.com/industrial](http://yardimatrix.com/industrial)

Contact US



## 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

### DISCLAIMER

Although every effort is made to ensure the accuracy, timeliness and completeness of the information provided in this publication, the information is provided "AS IS" and Yard Matrix does not guarantee, warrant, represent or undertake that the information provided is correct, accurate, current or complete. Yard Matrix is not liable for any loss, claim, or demand arising directly or indirectly from any use or reliance upon the information contained herein.

### COPYRIGHT NOTICE

This document, publication and/or presentation (collectively, "document") is protected by copyright, trademark and other intellectual property laws. Use of this document is subject to the terms and conditions of Yard Systems, Inc. dba Yard Matrix's Terms of Use (<https://yardimatrix.com/Terms>) or other agreement including, but not limited to, restrictions on its use, copying, disclosure, distribution and decompilation. No part of this document may be disclosed or reproduced in any form by any means without the prior written authorization of Yard Systems, Inc. This document may contain proprietary information about software and service processes, algorithms, and data models which is confidential and constitutes trade secrets. This document is intended for utilization solely in connection with Yard Matrix publications and for no other purpose.

Yardi®, Yard Systems, Inc., the Yardi Logo, Yard Matrix, and the names of Yardi products and services are trademarks or registered trademarks of Yard Systems, Inc. in the United States and may be protected as trademarks in other countries. All other product, service, or company names mentioned in this document are claimed as trademarks and trade names by their respective companies.

© 2025 Yard Systems, Inc. All Rights Reserved.