



Yardi Matrix

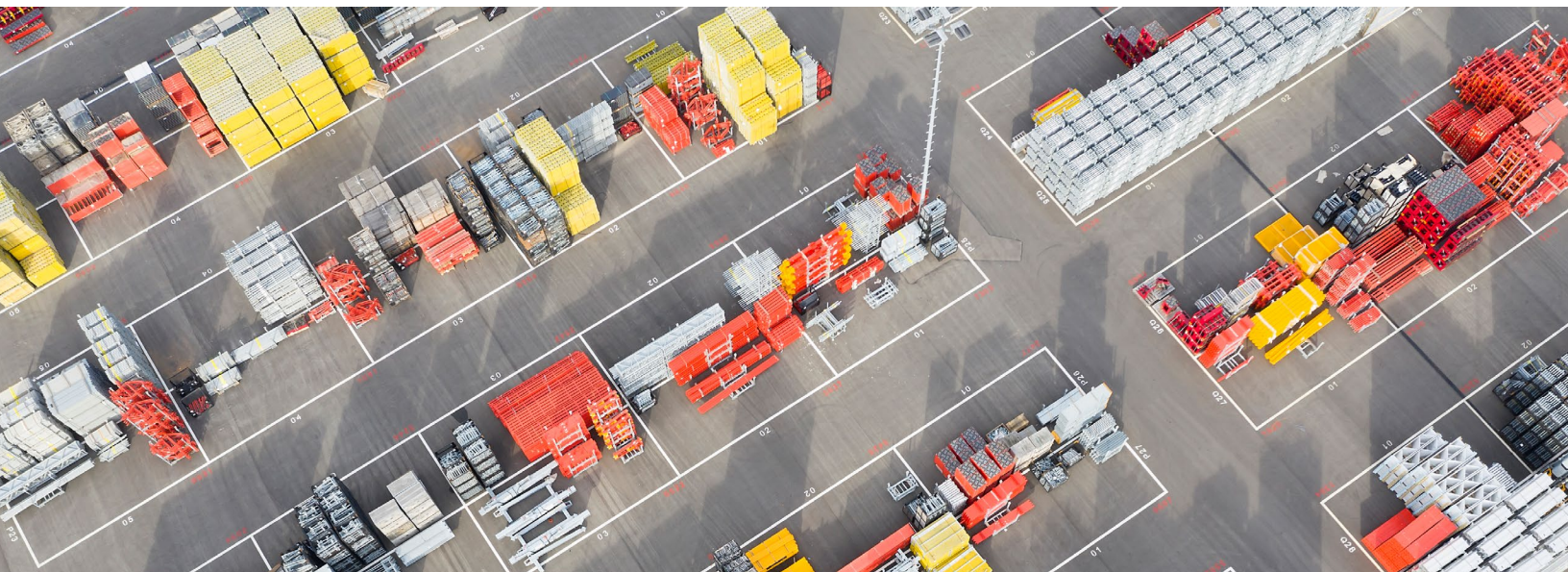
National Industrial Report

September 2025



Outdoor Storage Market Matures

- Industrial outdoor storage has steadily grown in prominence over the past few years, amid shifting logistics and supply-chain dynamics. Its flexibility and low cost make it attractive for occupiers looking to fill gaps and improve operational efficiency; that in turn is driving institutional capital's interest in the segment.
- IOS facilities encompass a wide array of uses, from overflow container storage and vehicle parking to infill locations supporting last-mile deliveries and bulk material yards. And demand continues to grow among a variety of tenants. Supply of IOS, however, is limited due to zoning constraints and because the most well-located IOS properties are targets for repurposing into higher-value use types. This imbalance between supply and demand has led to surging rents. Newmark recently reported rent gains of 123% since 2020, with the highest gains in inland logistics hubs Memphis, Atlanta and Phoenix.
- IOS ownership is largely fragmented, with the majority of properties privately held. Pricing is not yet standardized and many lenders are unfamiliar with the segment. Yet institutional capital is becoming more active, attracted to its increasing demand, supply constraints and low overhead. Last year, an investment survey from PwC estimated IOS to be a \$200 billion market, with \$1.7 billion in institutional capital raised in the year preceding the survey.
- In 2025, institutional IOS activity has swiftly ramped up. Peakstone Realty Trust marked its entrance into the sector with the purchase of a 51-asset portfolio across 14 states valued at \$490 million from Alterra IOS. Barings and Brennan Investment Group formed a joint venture with an acquisition target of \$150 million, with the potential to go even higher. Realterm purchased a 13-property IOS truck terminal portfolio from Brookfield for \$277 million.
- In coming years, we anticipate the sector will continue its transition from a niche product type to an institutionalized asset class, with pricing becoming more standardized and lenders more comfortable. Supply will remain constrained since IOS development typically faces significant pushback from cities and residents. Over the long term, we expect demand growth to come from the storage of emerging technologies like aerial drone delivery and autonomous trucks.



Rents and Occupancy: Southern California Adjusts Following Supply Boom

- National in-place rents for industrial space averaged \$8.66 per square foot in August, up three cents in the month and 6.1% over the past 12 months.
- Two of the three markets in Southern California have seen solid in-place rent growth in recent months, but remain well off their double-digit peaks of the quarters coming out of the pandemic. Despite a supply glut and volatility caused by tariffs, in-place rents have increased 8.3% in Orange County and 8.1% in the Inland Empire over the past 12 months. Los Angeles, on the other hand, has had weaker growth, with rents increasing 4.2% over the period. Moderating rent growth has been driven by increasing vacancies in the region over the last few years. In early 2023, the average vacancy rate hovered near 2% in all three markets, but following a historic wave of new supply, in August of 2025 the rate was 7.7% in the Inland Empire, 8.2% in Orange County and 8.6% in Los Angeles. The region's slowdown can best be seen in the spread between new and existing leases, however. At the start of 2023, a new lease in Los Angeles cost \$7.26 more per foot than the market average, but in the past 12 months there has been no spread between the two. In the Inland Empire, the spread has moved from \$6.06 in January 2023 to \$2.12 today, and in Orange County the spread has fallen from \$5.43 per foot to \$2.15.
- The national vacancy rate was 8.7% in August, a decrease of 30 basis points but up 200 bps over the past year.
- The gap between the average cost of a new lease and overall in-place rents continues to shrink. A lease signed in the past 12 months was \$1.43 per foot higher than the national average for in-place rents. The spread was \$2.45 per foot at the same time last year.

Average Rent by Metro

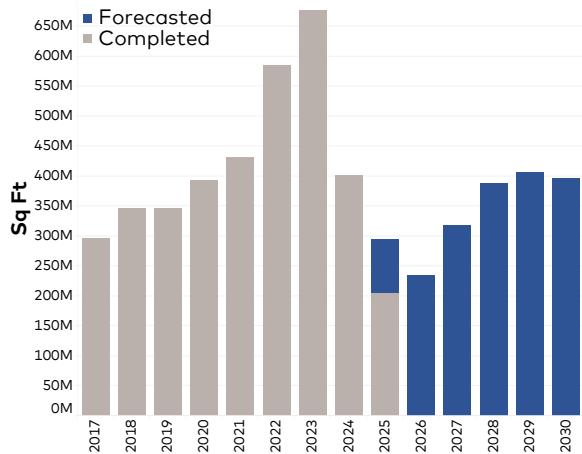
Market	Aug-25 Average Rent	12-Month Change	Avg Rate Signed in Last 12 Months	Vacancy Rate
National	\$8.66	6.1%	\$10.09	8.7%
Atlanta	\$6.49	8.7%	\$8.78	7.9%
Philadelphia	\$8.41	8.5%	\$12.03	7.7%
Miami	\$12.69	8.3%	\$16.23	11.3%
Orange County	\$17.02	8.3%	\$19.17	8.2%
Inland Empire	\$11.60	8.1%	\$13.72	7.7%
Dallas-Ft Worth	\$6.64	8.0%	\$8.30	8.1%
New Jersey	\$11.95	7.6%	\$15.37	9.6%
Bridgeport	\$9.91	7.0%	\$15.72	6.1%
Seattle	\$12.23	6.9%	\$13.85	8.6%
Boston	\$11.46	6.9%	\$15.95	11.2%
Tampa	\$8.56	6.9%	\$10.27	9.6%
Baltimore	\$8.67	6.5%	\$10.51	9.0%
Nashville	\$6.63	6.3%	\$8.69	7.9%
Phoenix	\$9.79	6.2%	\$10.87	7.4%
Columbus	\$5.35	5.9%	\$4.18	13.5%
Portland	\$10.48	5.8%	\$11.74	9.0%
Twin Cities	\$7.43	5.5%	\$8.74	7.7%
Bay Area	\$13.87	5.5%	\$15.70	8.2%
Cincinnati	\$5.23	5.2%	\$4.81	8.8%
Chicago	\$6.58	5.1%	\$7.17	9.1%
Houston	\$7.13	5.0%	\$8.46	6.3%
Charlotte	\$7.32	4.7%	\$8.03	11.2%
Memphis	\$4.25	4.7%	\$4.09	12.5%
Central Valley	\$6.70	4.5%	\$8.93	12.9%
Denver	\$9.07	4.5%	\$10.24	13.0%
Los Angeles	\$15.42	4.2%	\$15.38	8.6%
Detroit	\$7.17	3.5%	\$7.55	4.6%
Indianapolis	\$5.10	3.4%	\$5.04	11.2%
Kansas City	\$4.91	3.4%	\$4.36	4.5%
St. Louis	\$4.94	2.9%	\$5.17	6.8%

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

Supply: Manufacturing Construction Slows

- There are 338.3 million square feet of industrial space (1.6% of stock) under construction nationally. Through August, 205.4 million square feet were completed, according to Yardi Matrix.
- Due to a development process that is more prolonged than most other use types, manufacturing accounts for 28% of the current pipeline (95.5 million square feet) despite only representing 14% of the starts since the beginning of 2023.
- The wave of manufacturing development appears to have crested in recent quarters, however. More than 200 million square feet of manufacturing space started construction between 2021 and 2024, but this year Yardi Matrix has logged just 19.8 million square feet. Data from the U.S. Census Bureau also shows manufacturing construction on the decline. Annualized construction spending in the month of July was \$223.1 billion, a decrease of 7% from the all-time high hit last August. Despite the downward trend over the last year, construction spending on manufacturing remains three times higher than its level at the turn of the decade.

National New Supply Forecast



Source: Yardi Matrix. Data as of August 2025

Supply Pipeline (by metro)

Market	Under Construction	Under Construction % Stock	UC Plus Planned % Stock
National	338,325,536	1.6%	3.5%
Phoenix	16,138,846	3.7%	12.6%
Houston	16,939,778	2.5%	5.9%
Dallas	28,028,520	2.7%	5.1%
Denver	8,398,355	3.0%	4.6%
Memphis	12,418,600	4.1%	4.2%
Atlanta	10,476,119	1.8%	4.1%
Columbus	5,912,576	1.8%	3.7%
Nashville	4,753,798	2.1%	3.4%
Inland Empire	4,170,004	0.6%	3.0%
Tampa	3,857,236	1.4%	3.0%
Twin Cities	5,879,311	1.7%	2.8%
Charlotte	4,435,244	1.3%	2.8%
Kansas City	2,809,422	0.9%	2.7%
Indianapolis	5,583,845	1.4%	2.5%
Bay Area	3,220,781	1.1%	2.3%
Boston	2,346,703	0.9%	2.3%
Baltimore	2,514,093	1.1%	2.3%
New Jersey	6,081,368	1.0%	1.9%
Chicago	9,054,580	0.8%	1.8%
Philadelphia	4,849,554	1.0%	1.8%
Seattle	3,099,922	1.0%	1.8%
Los Angeles	4,865,996	0.7%	1.7%
Central Valley	3,555,949	0.9%	1.3%
Cincinnati	2,319,142	0.8%	1.3%
Bridgeport	1,571,176	0.7%	1.3%
Detroit	4,541,595	0.7%	1.2%
Portland	1,275,577	0.6%	0.8%
Orange County	755,722	0.4%	0.6%
Cleveland	1,770,000	0.4%	0.5%

Source: Yardi Matrix. Data as of August 2025

Economic Indicators: Sluggish Warehouse Employment Persists

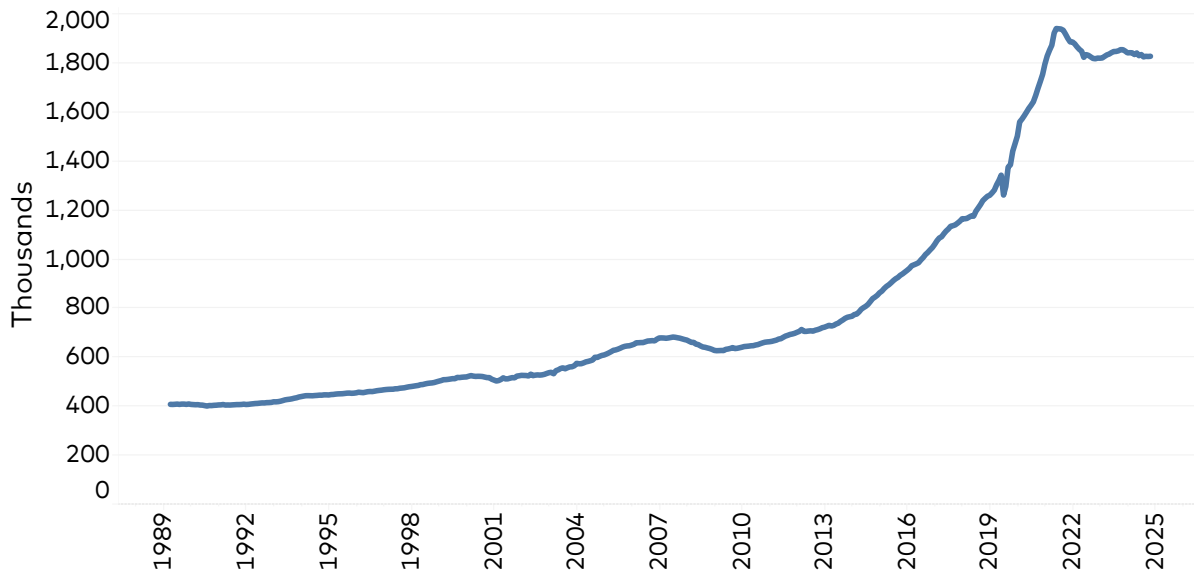
- In August, the warehouse and storage sector of the labor market added 800 jobs, according to the Bureau of Labor Statistics, a modest gain that was only the fourth positive month in the last year. The sector has 26,800 fewer workers than it did 12 months prior, a decrease of 1.4%. Warehouse employment experienced substantial losses in 2022 and 2023, and a modest rebound in early 2024 was not enough for a full recovery. The sector currently has 113,000 fewer jobs than its peak in March of 2022, a decrease of 5.8% over that time.
- The declines in warehouse employment appear not to be due to weakness in the sector. Logistics companies have been faced with labor shortages in recent years, reporting difficulty in finding workers in a field with an estimated turnover rate of 30% to 40%. A recent survey by Instawork found that 52% of warehouse operators cited finding reliable, quality labor as their top challenge. Many firms are increasingly looking toward automation and robotics to offset these shortages and optimize their existing workforce.

Economic Indicators

National Employment (August) 159.5M 0.0% MoM 0.9% YoY ▲	ISM Purchasing Manager's Index (August) 48.7 0.7 MoM ▲ 1.2 YoY ▲
Inventories (June) \$2,660.3B 0.2% MoM ▲ 1.6% YoY ▲	Imports (July) \$283.3B 6.9% MoM ▲ 1.5% YoY ▲
Core Retail Sales (July) \$535.9B 0.2% MoM ▲ 4.4% YoY ▲	Exports (July) \$179.4B 0.1% MoM ▲ 2.7% YoY ▲

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

Warehouse and Storage Employment



Sources: U.S. Census Bureau, Yardi Matrix

Transactions: GM Pulls Back on Detroit Electric Vehicle Battery Plant

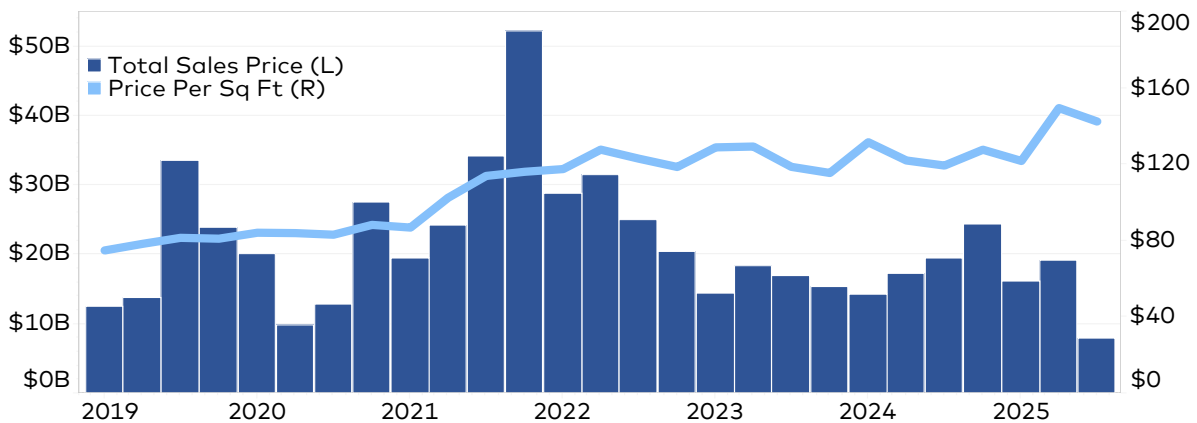
- Industrial transactions totaled \$43.2 billion through August, according to Yardi Matrix, with properties trading at an average of \$137 per foot.
- LG paid \$2 billion to buy out joint venture partner GM's stake in a Michigan battery plant. The 2.8 million-square-foot Ultium Cells Plant in Lansing is scheduled to begin production of batteries soon and will eventually employ 1,700 workers. GM has retained its 50% stake in the joint venture for plants in Ohio and Tennessee.
- GM is scaling back its production of EVs following a couple years of disappointing sales figures. The decision to sell the plant came last December, before the elimination of EV tax credits created by the Inflation Reduction Act but after the election, when it began to appear that the credits may be ended prematurely. Yet LG's acquisition, along with Toyota's \$1.5 billion order from the plant earlier this year, shows that the EV industry, though facing headwinds and slower-than-expected growth, maintains momentum. To ensure a smooth transition of ownership and that development will finish on time, the state of Michigan transferred \$120 million in performance-based tax credits created for the joint venture to LG's sole ownership.

Sales Activity

Market	YTD Sales Price PSF	YTD 2025 Sales (Mil)
National	\$137	\$43,185
Dallas	\$134	\$3,947
Detroit	\$369	\$2,539
New Jersey	\$242	\$2,004
Phoenix	\$179	\$1,841
Chicago	\$94	\$1,763
Los Angeles	\$283	\$1,697
Houston	\$96	\$1,453
Atlanta	\$139	\$1,384
Charlotte	\$120	\$1,055
Seattle	\$232	\$1,021
Orange County	\$294	\$943
Central Valley	\$97	\$914
Twin Cities	\$105	\$907
Columbus	\$104	\$864
Nashville	\$123	\$834
Inland Empire	\$249	\$831
Philadelphia	\$125	\$706
Boston	\$158	\$685
Denver	\$105	\$639
Baltimore	\$192	\$615
Bay Area	\$172	\$483
Indianapolis	\$93	\$439
Tampa	\$115	\$395
Cincinnati	\$65	\$363
Kansas City	\$60	\$345

Source: Yardi Matrix. Data as of August 2025

Quarterly Transactions



Source: Yardi Matrix. Data as of August 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:

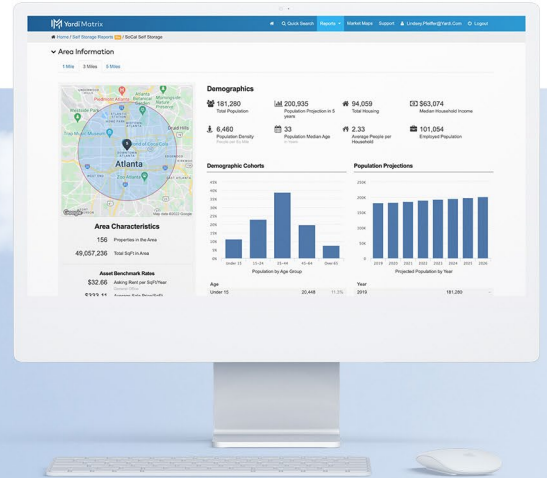
- **Planned**—Buildings that are currently in the process of acquiring zoning approval and permits but have not yet begun construction.
- **Under Construction**—Buildings for which construction and excavation has begun.

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.



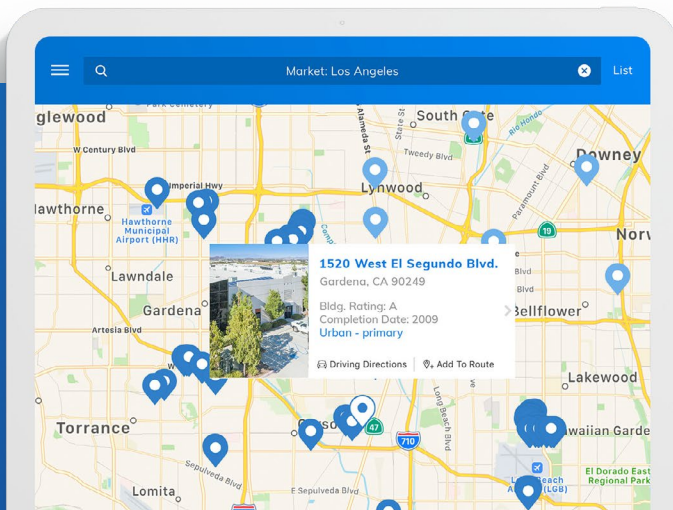
Yardi Matrix

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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