



Yardi Matrix

National Industrial Report

October 2025



The Changing Face of Manufacturing

- Changes to the tax law this year will have a substantial impact on manufacturers, with far-reaching consequences for the industrial sector.
- The long-term impact of shifting tax and tariff policies on investment and supply-chain strategies remains uncertain, but The One Big Beautiful Bill Act (OBBBA), passed into law over the summer, is likely to have significant long-term effects on the U.S. manufacturing sector, influencing both the scale and nature of goods produced domestically. The OBBBA includes provisions to encourage the stateside production of goods, such as the restoration of 100% bonus depreciation for equipment and facilities placed in service after January 19, 2025. The restoration of the expensing of domestic research costs will also free up capital for R&D and could spur innovation in domestic production of goods. These changes should provide benefits to manufacturers fairly soon, while other parts of the new tax code may help spur long-term investments, like incentives for reshoring and enhanced interest deductibility.
- Yet the OBBBA also sunset tax credits for both producers and consumers of electric vehicles much earlier than expected, as well as limiting incentives to other parts of the green energy sector. While the full impact of recent policy changes remains uncertain, a significant portion of recent manufacturing investment focused on EVs and battery production. Now, with reduced tax incentives and slowing EV sales growth, many manufacturers are reassessing their strategies. Although solar panel production is a smaller segment, that emerging industry now faces an uncertain future. Construction spending on manufacturing has slipped from record highs in recent months, but remains nearly three times higher than it was in 2022.
- While tax policy will play a considerable role in manufacturing's future, the other factors that have driven the recent manufacturing boom remain. The supply-chain bottlenecks and backlogs that plagued the early part of this decade persist in the minds of manufacturers and logistics providers, and that continues to impact decision making. We expect supply chains to continue to become more localized in coming years, as companies balance risk mitigation against cost effectiveness when locating a manufacturing plant. When a manufacturer establishes a large facility in a region, it often triggers a ripple effect, attracting other businesses to the area. Supplier networks and downstream companies are likely to follow, aiming to streamline supply chains and minimize transportation costs.



Rents and Occupancy: Rent Growth Tempers, Vacancies Climb in 2025

- National in-place rents for industrial space averaged \$8.72 per square foot in September, up six cents in the month and 6.1% over the past 12 months.
- In recent years, the busiest port markets saw the most substantial rent growth, with in-place rents seeing double-digit annual gains in markets like the Inland Empire, New Jersey and Los Angeles. In 2025, rent growth has been led by markets with second-tier ports or inland logistics hubs with high population growth. Philadelphia has continued to lead in-place rent growth among top markets, increasing 8.7% over the past 12 months, with Atlanta and Miami (both 8.5%) close behind. The Inland Empire (7.6%) and New Jersey (7.4%) also posted solid growth, albeit well below the red-hot numbers of the recent past.
- The national vacancy rate was 9.5% in September, an increase of 250 basis points over the past year. Vacancy rates have risen in recent quarters as the market continues to endure the impact of more than 2.7 billion square feet of space (13.1% of stock) being delivered since the turn of the decade.
- 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 \$10.00 per foot, \$1.28 higher than the national average for in-place rents. This spread was \$2.20 per foot last September, but tenants have begun to obtain the upper hand in lease negotiations, lowering the premium paid for a new space. Some markets continue to sport substantial premiums, however. Bridgeport had the largest average premium, with a lease signed over the last 12 months costing \$5.13 more per square foot than the market average for in-place rents. Tampa (\$4.56 more per foot), Miami (\$3.80), Philadelphia (\$3.25) and Nashville (\$3.00) rounded out the top five largest spreads.

Average Rent by Metro

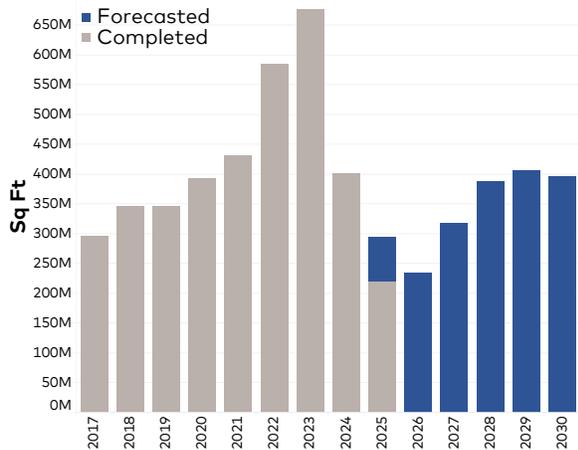
Market	Sep-25 Average Rent	12-Month Change	Avg Rate Signed in Last 12 Months	Vacancy Rate
National	\$8.72	6.1%	\$10.00	9.5%
Philadelphia	\$8.59	8.7%	\$11.84	8.5%
Atlanta	\$6.50	8.5%	\$8.72	8.4%
Miami	\$13.08	8.5%	\$16.88	11.1%
Inland Empire	\$11.65	7.6%	\$14.58	7.7%
New Jersey	\$12.16	7.4%	\$14.99	10.9%
Dallas	\$6.66	7.4%	\$8.28	11.8%
Orange County	\$17.09	7.3%	\$19.00	8.2%
Boston	\$11.62	7.2%	\$10.72	10.5%
Bridgeport	\$10.11	6.9%	\$15.24	5.5%
Seattle	\$12.31	6.9%	\$13.99	8.8%
Tampa	\$8.46	6.7%	\$13.02	10.6%
Columbus	\$5.33	6.6%	\$4.28	13.5%
Baltimore	\$8.68	6.5%	\$10.40	9.2%
Bay Area	\$13.99	6.1%	\$15.41	8.1%
Phoenix	\$9.72	6.0%	\$10.78	8.2%
Nashville	\$6.74	6.0%	\$9.74	7.2%
Twin Cities	\$7.49	5.5%	\$8.82	7.5%
Portland	\$10.45	5.4%	\$11.28	8.6%
Central Valley	\$6.78	5.3%	\$8.63	11.5%
Chicago	\$6.63	5.2%	\$7.38	12.6%
Houston	\$7.15	5.1%	\$8.52	6.4%
Memphis	\$4.32	5.1%	\$3.92	12.5%
Los Angeles	\$15.59	5.1%	\$14.88	8.3%
Cincinnati	\$5.23	4.8%	\$4.59	8.8%
Denver	\$9.25	4.4%	\$9.98	13.4%
Charlotte	\$7.19	3.8%	\$7.91	11.2%
Kansas City	\$4.98	3.3%	\$4.36	4.3%
Indianapolis	\$5.03	3.1%	\$4.96	10.9%
St. Louis	\$5.06	2.8%	\$5.21	6.7%
Detroit	\$7.16	2.7%	\$7.07	6.9%

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

Supply: Denver's Large Pipeline Won't Be a Problem

- There are 340.5 million square feet of industrial space (1.7% of stock) under construction. Through September, 219.4 million square feet were completed, according to Yardi Matrix.
- The first three quarters logged 186.1 million square feet of starts.
- Like many markets, Denver has seen vacancy rates spike of late. Yet the 8.7 million square feet under construction in the market (3.1% of stock) do not pose as much of an issue as that number might suggest. A significant portion of Denver's pipeline is made up of large-scale owner-occupied facilities, like PepsiCo's 1.2 million-square-foot bottling plant near Denver International Airport. The size of the pipeline is also currently inflated by a 3.5 million-square-foot Amazon property in Loveland that has seen its opening delayed multiple times. The distribution center, which started construction in early 2022, has appeared completed to local residents since last year, but continues to sit empty. In the middle of 2022, Amazon began reevaluating its physical footprint, with decelerating e-commerce demand and elevated operating costs leading to the delay or cancellation of multiple projects nationwide.

National New Supply Forecast



Source: Yardi Matrix. Data as of September 2025

Supply Pipeline (by metro)

Market	Under Construction	Under Construction % Stock	UC Plus Planned % Stock
National	340,489,755	1.7%	3.5%
Memphis	12,418,600	4.1%	4.2%
Phoenix	16,029,206	3.6%	12.3%
Denver	8,674,401	3.1%	4.6%
Dallas	29,966,214	2.9%	5.4%
Houston	18,232,880	2.7%	6.0%
Columbus	7,490,320	2.3%	3.9%
Nashville	4,841,283	2.2%	3.6%
Atlanta	10,857,323	1.9%	3.7%
Twin Cities	6,465,464	1.8%	2.8%
Indianapolis	5,584,645	1.4%	2.5%
Kansas City	4,155,733	1.4%	3.2%
Tampa	3,756,538	1.4%	3.0%
Seattle	3,638,598	1.2%	1.8%
Philadelphia	5,266,654	1.1%	1.9%
Charlotte	3,783,717	1.1%	3.1%
Bay Area	3,223,023	1.1%	2.4%
Cincinnati	3,162,142	1.1%	1.5%
Baltimore	2,514,093	1.1%	2.3%
New Jersey	6,292,751	1.0%	1.9%
Boston	2,632,560	1.0%	2.2%
Chicago	8,975,460	0.8%	2.1%
Detroit	4,891,087	0.8%	1.2%
Central Valley	3,038,209	0.8%	1.4%
Portland	1,633,577	0.8%	1.0%
Bridgeport	1,571,176	0.7%	1.3%
Los Angeles	3,895,777	0.5%	1.5%
Inland Empire	3,738,166	0.5%	3.4%
Cleveland	1,970,150	0.5%	0.6%
Orange County	956,736	0.5%	0.6%

Source: Yardi Matrix. Data as of September 2025

Economic Indicators: Producer Prices Level Off but Delays to Make Data Scarce

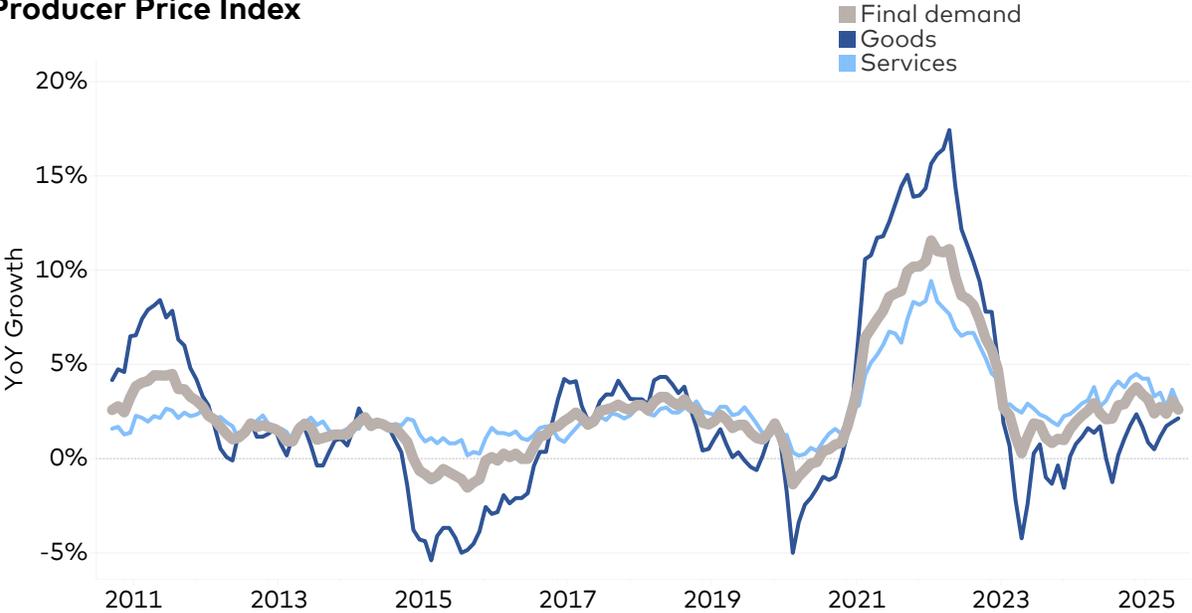
- Producer prices fell slightly in August, according to the Bureau of Labor Statistics, with wholesale prices dropping 0.1% in the month and increasing 2.6% year-over-year. The goods portion of the index increased 0.1% in August (up 2.2% annually) while services fell 0.2% in the month (up 2.9% annually). The cooling of producer prices was welcome news, as the index jumped 0.7% in the month of July, the largest monthly increase in more than three years.
- August data may be the last available reading of the PPI for a while, as the government shutdown has led to the postponement of most data series produced by the BLS. Data delays will make tracking price changes harder for those at the Federal Reserve and on Wall Street, since they rely on timely data when assessing the state of the economy. The PPI is typically a leading indicator of the more closely followed consumer index, and the services portion of the PPI is said to be one of the key figures the Fed evaluates when making interest rate decisions.

Economic Indicators

<p>National Employment (August) 159.5M 0.0% MoM 0.9% YoY ▲</p>	<p>ISM Purchasing Manager's Index (September) 49.1 0.4 MoM ▲ 1.6 YoY ▲</p>
<p>Inventories (July) \$2,666.7B 0.2% MoM ▲ 1.5% YoY ▲</p>	<p>Imports (July) \$283.3B 6.9% MoM ▲ 1.5% YoY ▲</p>
<p>Core Retail Sales (August) \$540.6B 0.7% MoM ▲ 5.3% YoY ▲</p>	<p>Exports (July) \$179.4B 0.1% MoM ▲ 2.7% YoY ▲</p>

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: Logistics Drives Atlanta

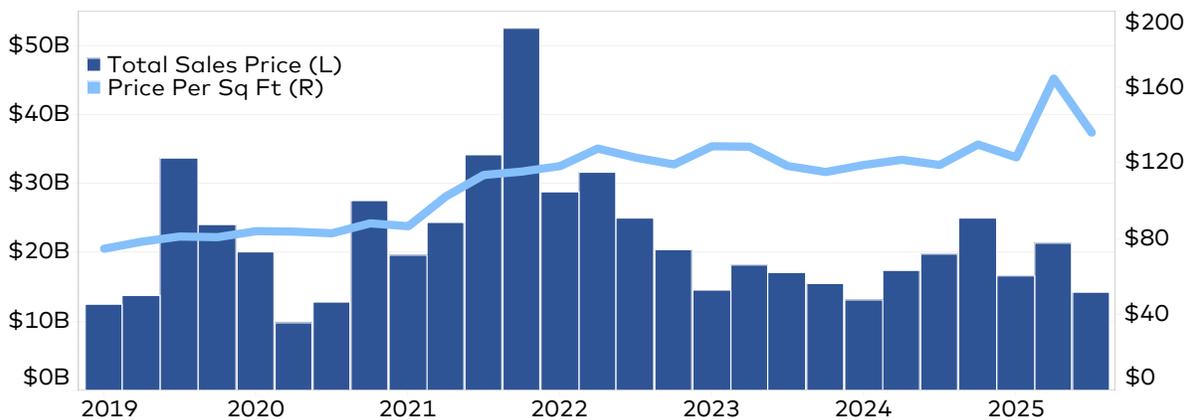
- Industrial transactions totaled \$52.5 billion through September, according to Yardi Matrix, with properties trading at an average of \$142 per foot.
- The three interest rate cuts that brought the benchmark rate down 100 basis points during the last few months of 2024 have helped industrial sales volume pick up in recent quarters. Total sales volume increased 15% in 2024 over 2023, and the first three quarters of 2025 have slightly eclipsed the first three quarters of last year. A lag in the collection of some sales data means the final number will be higher, and this year will in all likelihood see the most volume since 2022.
- In Atlanta, total sales volume has slipped slightly from last year, but average sale prices are up 31.3% to \$140 per square foot. Atlanta is home to one of the world's busiest airports, an extensive rail network and multiple major highways, with proximity to the Port of Savannah. These advantages have made the city a prime target for third-party logistics providers seeking a substantial presence in the Southeast. While the market has seen the eighth most sales volume in 2025, there is no single large transaction inflating activity. Rather, a flurry of logistics park building sales has driven activity.

Sales Activity

Market	YTD Sales Price PSF	YTD 2025 Sales (Mil)
National	\$142	\$52,473
Detroit	\$634	\$4,643
Dallas	\$121	\$4,586
Phoenix	\$172	\$2,371
New Jersey	\$236	\$2,203
Chicago	\$91	\$1,901
Los Angeles	\$282	\$1,890
Houston	\$95	\$1,810
Atlanta	\$140	\$1,625
Inland Empire	\$234	\$1,200
Orange County	\$306	\$1,120
Nashville	\$119	\$1,107
Charlotte	\$116	\$1,100
Denver	\$133	\$1,048
Seattle	\$232	\$1,039
Twin Cities	\$105	\$993
Central Valley	\$97	\$972
Columbus	\$104	\$876
Boston	\$171	\$872
Philadelphia	\$131	\$851
Bay Area	\$236	\$687
Kansas City	\$86	\$675
Baltimore	\$189	\$643
Tampa	\$115	\$481
Indianapolis	\$98	\$469
Cincinnati	\$65	\$366

Source: Yardi Matrix. Data as of September 2025

Quarterly Transactions



Source: Yardi Matrix. Data as of September 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:

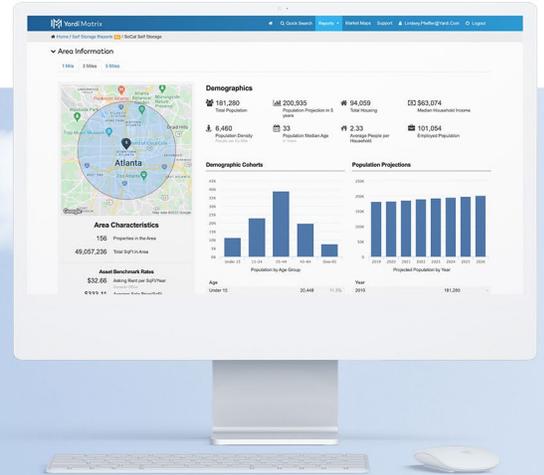
- **Planned**—Buildings that are currently in the process of acquiring zoning approval and permits but have not yet begun construction.
- **Under Construction**—Buildings for which construction and excavation has begun.

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.



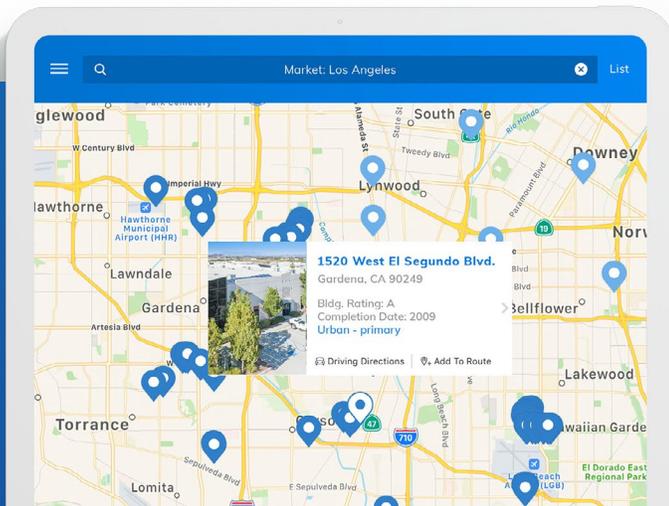
Yardi Matrix

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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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