Yardi® Matrix

# National Industrial Report

November 2025

# Smaller Properties Step Into Spotlight

- Small-scale industrial properties have emerged as one of the most resilient segments of the sector, positioned for steady growth as supply chains, urban logistics and consumer expectations evolve.

- Small-scale industrial properties serve a wide array of tenants, from local distributors and service providers to light manufacturers and last-mile delivery operations. While demand for smaller, flexible spaces is growing, developers face challenges in delivering new supply, as high land costs and zoning restrictions make infill projects difficult to execute.

- Amid a wide-scale pullback in new-construction starts in recent years, smaller-scale industrial development has been remarkably consistent. Through the first three quarters of 2025, 340 facilities 100,000 square feet or smaller broke ground, an increase of 16% over the same period last year. Small-scale development held up well even during the height of the development frenzy in 2022, when 397 small-scale facilities were started in the first three quarters. By comparison, 600 facilities larger than 100,000 square feet broke ground in the first three quarters of 2025, slightly more than half of the 1,165 started during the same period in 2022. This trend partly stems from urban infill facilities having more hurdles to clear, as well as smaller facilities in general requiring a more deliberate and targeted strategy than large properties built in the exurbs.

- While there is desire to deliver this product type, developers may need to get creative to maintain the current level of activity. High land, construction and labor costs make these projects difficult to pencil out, especially in densely populated areas. Conversions of obsolete office and retail centers could offer one solution, but many of those locations may be better suited to full demolition and rebuilding. The barrier to entry these challenges present, combined with tenant demand for such locations, explains why investors have taken an increased interest in the segment this year. The average sale price for an industrial building smaller than 100,000 square feet increased 10.6% year-over-year, while a property between 100,000 and 1 million square feet has grown just 3.5%.

- We anticipate the small-scale sector to maintain its position as a favored asset type in the coming years, providing challenges and opportunities for investors and developers. Same-day and last-mile delivery services require smaller, urban infill locations close to consumers, and a reshoring of manufacturing will sustain demand for flexible, well-located facilities.

# Rents and Occupancy: Miami's Strong Rental Rate Growth

- National in-place rents for industrial space averaged $8.73 per square foot in October, up one cent in the month and 5.7% over the past 12 months.

- Miami led the nation in rent growth once again in October, with in-place rents increasing 8.9% over the past 12 months. There are a variety of factors at play behind the market's rental rate strength. The Port of Miami plays a vital role in trade with Latin America and the Caribbean, Florida's population has swelled in recent years, and the land for new industrial development is expensive due to geographical constraints. Further pushing rates upward, more than 19 million square feet of new, high-quality space have been delivered since 2022, leading to increased average rent as tenants sign expensive leases in these properties. This new supply has also pushed up the market's vacancy rate to 11.2%, but currently just 2.1 million square feet of new space are being built in the market (1.0% of stock). We expect strong industrial demand to fuel continued rent growth in Miami. Long-term demand drivers will put upward pressure on rental rates, even if it takes a while for new supply delivered in recent quarters to be fully absorbed.

- The national vacancy rate was 9.6% in October, an increase of 240 basis points over the past year. The impact of the supply boom continues to make a significant impact on vacancy rates across the country, a trend we expect to continue in coming quarters.

- 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 $9.85 per foot, $1.12 higher than the national average for in-place rents. This spread was $2.08 per foot last October.

## Average Rent by Metro

| Market | Oct-25 Average Rent | 12-Month Change | Avg Rate Signed in Last 12 Months | Vacancy Rate |
|---|---|---|---|---|
| National | $8.73 | 5.7% | $9.85 | 9.6% |
| Miami | $12.91 | 8.9% | $16.41 | 11.2% |
| Atlanta | $6.55 | 8.8% | $6.55 | 8.7% |
| Philadelphia | $8.60 | 7.6% | $11.11 | 8.6% |
| Dallas–Ft Worth | $6.70 | 7.2% | $8.49 | 11.6% |
| Tampa | $8.58 | 6.8% | $12.79 | 11.1% |
| Inland Empire | $11.73 | 6.8% | $14.18 | 8.1% |
| New Jersey | $12.12 | 6.6% | $14.50 | 11.4% |
| Columbus | $5.39 | 6.3% | $4.13 | 13.1% |
| Seattle | $12.41 | 6.2% | $14.09 | 9.1% |
| Boston | $11.52 | 6.0% | $14.76 | 10.6% |
| Baltimore | $8.63 | 5.9% | $10.49 | 9.9% |
| Bridgeport | $9.89 | 5.9% | $14.19 | 5.7% |
| Orange County | $17.16 | 5.9% | $18.34 | 8.0% |
| Cincinnati | $5.30 | 5.8% | $4.62 | 8.2% |
| Bay Area | $14.16 | 5.7% | $15.04 | 8.8% |
| Phoenix | $9.74 | 5.6% | $10.72 | 10.7% |
| Central Valley | $6.84 | 5.4% | $8.50 | 11.5% |
| Nashville | $6.65 | 5.4% | $9.00 | 7.7% |
| Twin Cities | $7.49 | 5.3% | $8.91 | 8.0% |
| Houston | $7.21 | 5.3% | $8.70 | 6.6% |
| Memphis | $4.29 | 5.1% | $3.88 | 12.5% |
| Denver | $9.32 | 5.1% | $10.23 | 13.4% |
| Portland | $10.43 | 4.9% | $11.29 | 8.6% |
| Los Angeles | $15.53 | 4.8% | $14.71 | 8.4% |
| Chicago | $6.58 | 4.4% | $6.71 | 12.7% |
| Charlotte | $7.26 | 4.3% | $9.18 | 11.2% |
| Indianapolis | $5.04 | 3.5% | $4.73 | 10.8% |
| Kansas City | $4.97 | 2.9% | $4.42 | 4.9% |
| St. Louis | $4.98 | 2.9% | $5.20 | 6.9% |
| Detroit | $7.11 | 2.4% | $7.54 | 6.2% |

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

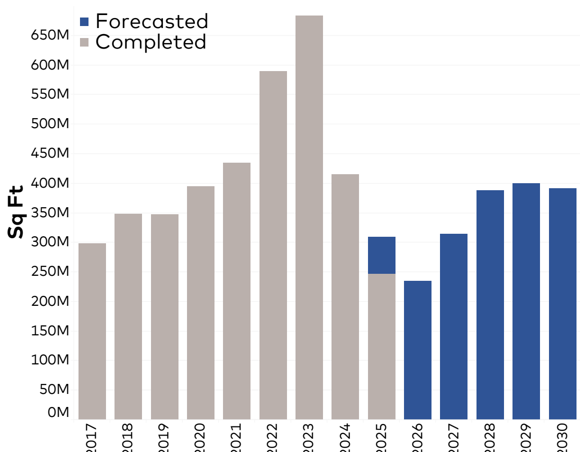
# Supply:
# Atlanta's Data Center Boom

- There are 352.9 million square feet of industrial space (1.7% of stock) under construction. Through October, 247.5 million square feet were completed, according to Yardi Matrix.

- There have been 217.7 million square feet of starts this year to date.

- Like many markets, Atlanta experienced a development boom for logistics and warehouse space coming out of the pandemic. Of the more than 41 million square feet of starts between 2020 and 2023 in Atlanta, 87% were for warehouse and distribution facilities. Yet in the past two years, data centers have made up more than half of the market's industrial starts. More than 7.7 million square feet of data center space, 70% of all space being built, is underway in the market. Atlanta has emerged as one of the fastest-growing data center markets in the U.S., driven by strong demand from cloud providers and AI firms. The market offers robust fiber connectivity, competitive power costs and tax incentives, making it an attractive option for operators and highlighting its transition from a secondary player to a key hub in the national data center network.

## National New Supply Forecast




*Source: Yardi Matrix. Data as of October 2025*

## Supply Pipeline (by metro)

| Market | Under Construction | Under Construction % Stock | UC Plus Planned % Stock |
|---|---|---|---|
| National | 352,885,688 | 1.7% | 3.4% |
| Dallas | 30,959,702 | 3.0% | 5.4% |
| Houston | 20,962,724 | 3.1% | 6.1% |
| Phoenix | 18,005,218 | 4.1% | 12.7% |
| Memphis | 12,600,000 | 4.2% | 4.2% |
| Chicago | 11,284,634 | 1.0% | 2.3% |
| Atlanta | 10,959,113 | 1.9% | 3.5% |
| Denver | 8,522,601 | 3.0% | 4.4% |
| Columbus | 8,405,970 | 2.6% | 4.2% |
| Inland Empire | 7,223,244 | 1.1% | 3.4% |
| New Jersey | 6,708,828 | 1.1% | 2.1% |
| Twin Cities | 6,258,816 | 1.8% | 2.7% |
| Charlotte | 6,104,151 | 1.7% | 3.4% |
| Indianapolis | 4,841,718 | 1.3% | 2.2% |
| Detroit | 4,748,311 | 0.8% | 1.2% |
| Los Angeles | 4,450,987 | 0.6% | 1.6% |
| Philadelphia | 4,132,562 | 0.9% | 1.7% |
| Nashville | 3,844,414 | 1.7% | 3.3% |
| Seattle | 3,697,673 | 1.2% | 1.6% |
| Kansas City | 3,615,361 | 1.2% | 3.3% |
| Tampa | 3,475,719 | 1.2% | 2.8% |
| Bay Area | 3,438,690 | 1.1% | 2.6% |
| Cincinnati | 3,432,142 | 1.2% | 1.5% |
| Central Valley | 3,286,995 | 0.9% | 1.4% |
| Boston | 2,651,956 | 1.0% | 2.2% |
| Baltimore | 2,508,627 | 1.1% | 2.3% |
| Cleveland | 1,980,510 | 0.5% | 0.6% |
| Portland | 1,980,262 | 1.0% | 1.1% |
| Bridgeport | 1,569,711 | 0.7% | 2.2% |
| Orange County | 820,335 | 0.4% | 0.6% |

*Source: Yardi Matrix. Data as of October 2025*

# Economic Indicators:
# Shipping Volumes Slip in Southern California Ports

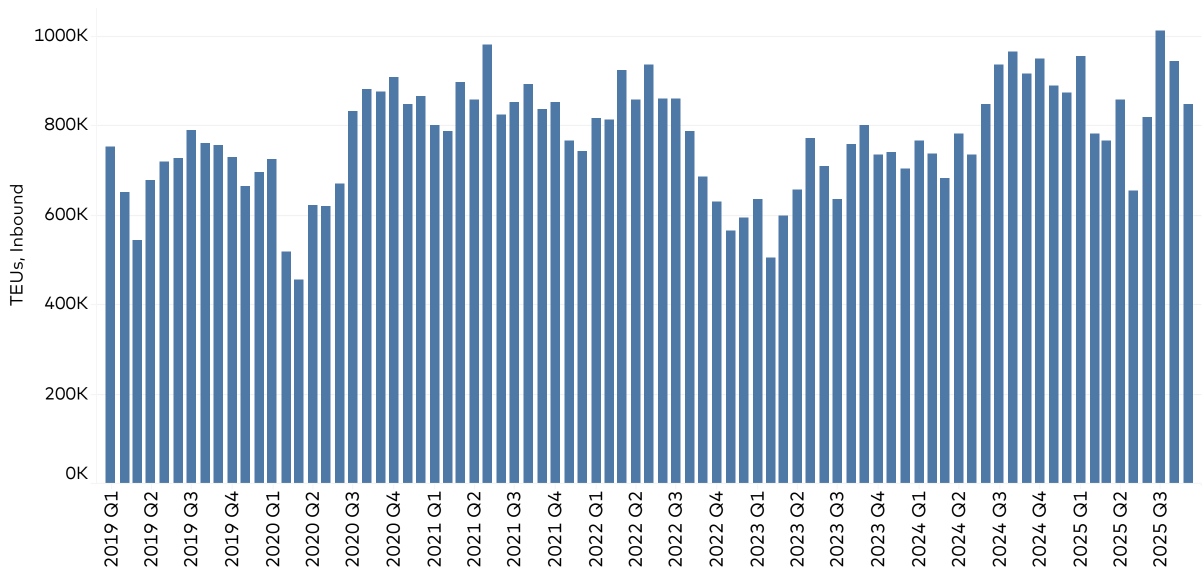
- The government shutdown has delayed many key economic indicators, but alternative data sources are still available to provide insight.
- One metric that helps in better understanding the current situation is import shipping container volumes at the ports of Los Angeles and Long Beach, which handle roughly 40% of all containerized imports. The third quarter is typically when imports peak, as retailers ramp up inventories ahead of the holiday season. In September, the number of imported 20-foot equivalent units at the two ports fell for the second straight month, down 10.2% from August and 7.3% year-over-year. August volumes were down 6.6% monthly and 2.2% annually. It is important to note, however, that July marked an all-time high for combined TEU volumes, as firms accelerated shipments during a pause in tariffs on goods from China. With inventories elevated and uncertainty prevalent, demand for industrial space could soften in the region in the short term. Long-term fundamentals are solid, given the ports' status as critical cogs in global supply chains.

## Economic Indicators

| | |
|---|---|
| **National Employment**<br>(August)<br>159.5M<br>0.0% MoM<br>0.9% YoY ▲ | **ISM Purchasing Manager's Index**<br>(October)<br>48.7<br>-0.4 MoM ▼<br>1.8 YoY ▲ |
| **Inventories**<br>(July)<br>$2,666.7B<br>0.2% MoM ▲<br>1.5% YoY ▲ | **Imports**<br>(July)<br>$283.3B<br>6.9% MoM ▲<br>1.5% YoY ▲ |
| **Core Retail Sales**<br>(August)<br>$540.6B<br>0.7% MoM ▲<br>5.3% YoY ▲ | **Exports**<br>(July)<br>$179.4B<br>0.1% MoM ▲<br>2.7% YoY ▲ |

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

## Container Imports at Port of Los Angeles and Port of Long Beach




*Sources: U.S. Census Bureau, Yardi Matrix*

# Transactions:
# Charlotte Investment Moves to New Submarkets

- Industrial transactions totaled $61.8 billion through October, according to Yardi Matrix, with properties trading at an average of $136 per foot.

- The fourth quarter of the year has historically seen a spike in commercial real estate transactions as investors look to close deals before year-end for tax planning purposes and to meet annual performance targets. We anticipate that this year will follow that pattern. Two interest rate cuts earlier this year have lowered borrowing costs, even as they remain elevated relative to prepandemic levels. Additionally, hundreds of billions of dollars in private equity dry powder have been sitting on the sidelines, waiting to be deployed.

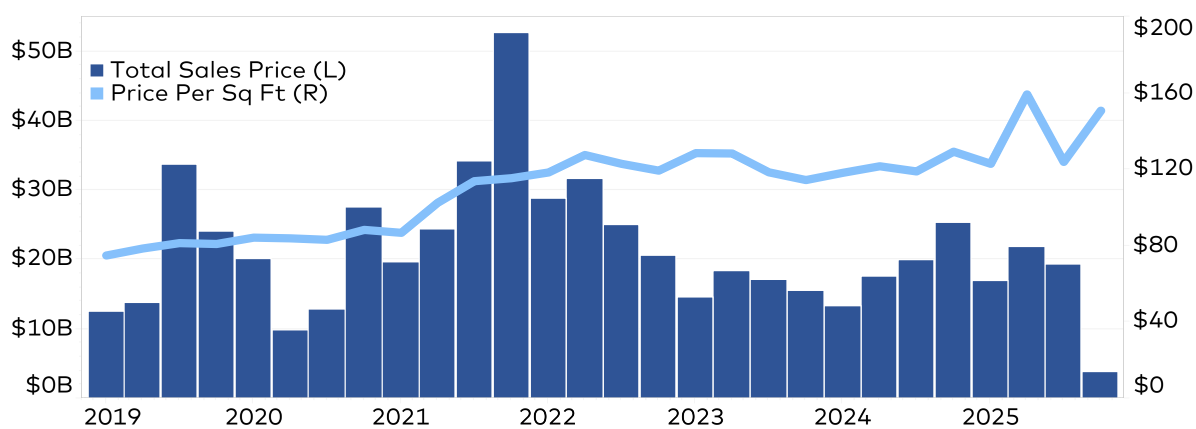
- In recent years, Charlotte has moved from rapid expansion to more measured growth, but investor appetite persists. Vacancy ticked up significantly following a supply boom, but demand for modern space near transportation corridors remains strong. While the popularity of the Airport submarket endures among investors, Iredell County on the north side of the market has spiked this year. Eaton Vance—an investment group owned by Morgan Stanley—purchased the Statesville Operations Distribution Center for $139 million, the largest sale in the submarket as well as Charlotte as a whole.

## Sales Activity

| Market | YTD Sales Price PSF | YTD 2025 Sales (Mil) |
|---|---|---|
| National | $136 | $61,767 |
| Dallas | $109 | $5,298 |
| Detroit | $610 | $4,669 |
| Phoenix | $169 | $2,606 |
| New Jersey | $228 | $2,604 |
| Houston | $95 | $2,239 |
| Los Angeles | $276 | $2,088 |
| Chicago | $90 | $2,049 |
| Atlanta | $134 | $2,007 |
| Charlotte | $110 | $1,512 |
| Inland Empire | $245 | $1,497 |
| Denver | $148 | $1,465 |
| Seattle | $224 | $1,375 |
| Orange County | $303 | $1,254 |
| Columbus | $105 | $1,236 |
| Nashville | $120 | $1,180 |
| Philadelphia | $125 | $1,087 |
| Twin Cities | $103 | $1,064 |
| Central Valley | $94 | $1,045 |
| Boston | $167 | $911 |
| Bay Area | $241 | $860 |
| Kansas City | $84 | $729 |
| Indianapolis | $93 | $687 |
| Baltimore | $189 | $686 |
| Tampa | $118 | $629 |
| Portland | $167 | $453 |

*Source: Yardi Matrix. Data as of October 2025*

## Quarterly Transactions




*Source: Yardi Matrix. Data as of October 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.

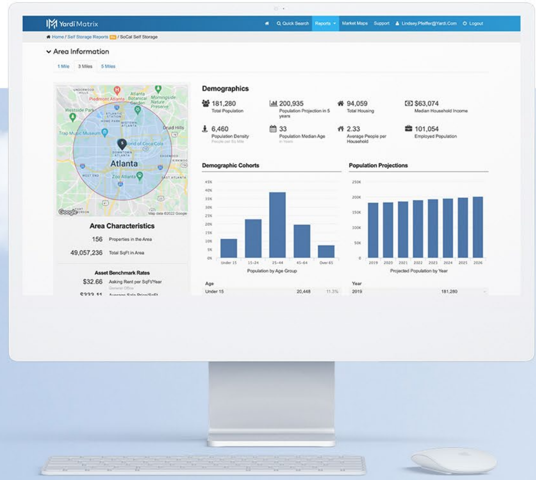
Stage of the supply pipeline:

- 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.

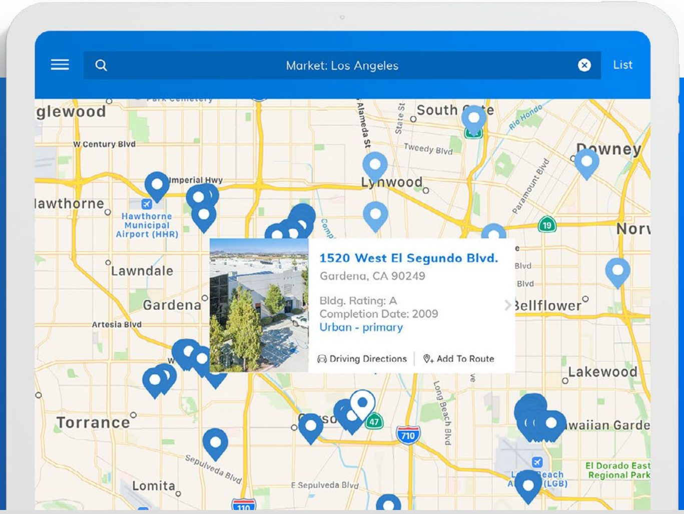
Yardi Matrix

# 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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