National Industrial Report

December 2025

Industrial Sector in Transition in 2025

- 2025 was a year of transition for the industrial sector, as the lingering supply surge continued to be absorbed amid sweeping policy changes that reshaped the landscape.

- Industrial fundamentals were marked by moderation this year, as the effects of a historic supply boom continue to ripple through the sector. More than 2.5 billion square feet of space were delivered between 2020 and 2024, and while plenty of it was build-to-suit or quickly absorbed, the net effect has been for vacancy rates to rise and rent growth to moderate in nearly every market. After a sharp slowdown in new starts during 2024, development activity in 2025 is poised to hold steady, with new construction levels roughly matching last year.

- Tariffs, and uncertainty surrounding them, tested the industrial sector in 2025. In the year's opening months, firms scrambled to stockpile goods ahead of import tariffs with uncertain levels. Liberation Day in early April deepened uncertainty as delays in implementation and cuts to several tariff levels left companies struggling for clarity. The changes enacted this year represent the most significant shift in tariff policy in nearly a century, and the broad impact has been a marked increase in caution and strategic repositioning as firms slowed or deferred leasing decisions while reevaluating their supply chains.

- Manufacturing continued its rapid transformation in 2025, shaped by competing headwinds and tailwinds across the sector. The tax law enacted in the summer includes provisions for the domestic production of goods but also eliminated the tax credits for consumers and producers of EVs, an industry that has driven much of the manufacturing activity in recent years. Tariffs on steel and aluminum raised prices for firms that depend heavily on those materials, squeezing margins and forcing many to rethink sourcing strategies. Automation, reshoring and nearshoring gained momentum as manufacturers sought to offset rising costs.

- This year also saw a rise in the prominence of industrial subsets that had previously been considered niche. Data centers have been the big story, with tech companies investing billions of dollars and building massive structures in markets across the country in efforts to rapidly expand generative AI. While concern for a bubble in the sector has emerged, the enthusiasm for data center development has yet to cool. Outdoor storage's importance also increased as a low-cost option for occupiers looking to fill gaps and improve operational efficiency.

Rents and Occupancy:
Houston Resilient Amid Supply Boom

- National in-place rents for industrial space averaged $8.76 per square foot in November, up one cent in the month and 5.7% over the past 12 months.

- Atlanta snatched the top spot for rent growth in the month, with in-place rents increasing 9.7% over the past year. Miami, which has led the top 25 markets for most of the year, fell to second with in-place rents increasing 8.6%.

- Most markets have seen rent growth moderate in recent quarters as demand normalized and a record level of new supply was delivered. Houston has seen in-place rents grow 5.5% over the past year and sports a current vacancy rate of 6.2%. These numbers may seem pedestrian at first glance, but are remarkable when considering how much new supply has been delivered in recent years. Since the start of the decade, Houston has completed 137.8 million square feet of industrial space (20.3% of stock). A growing population in the region and a business-friendly environment attract tenants to the market, as well as one of the nation's busiest ports. The Port of Houston handles the fifth most containers in the country, and three-quarters of all U.S. Gulf Coast traffic. PepsiCo recently signed a 1.1 million-square-foot lease in Brookshire for a facility that will integrate Pepsi, FritoLay and Quaker products.

- The national vacancy rate was 9.7% in November, an increase of 220 basis points over the past year and 10 points over the month.

- The gap in the average cost of a new lease increased slightly over the month, but continues to be much lower than in recent years. A lease signed in the past 12 months was $10.07 per foot, $1.31 higher than the national average for in-place rents. Last November, the spread was $2.14 per foot.

Average Rent by Metro

Market	Nov-25 Average Rent	12-Month Change	Avg Rate Signed in Last 12 Months	Vacancy Rate
National	$8.76	5.7%	$10.07	9.7%
Atlanta	$6.66	9.7%	$8.53	8.8%
Miami	$12.92	8.6%	$17.10	11.5%
Tampa	$8.44	7.8%	$12.89	11.4%
Inland Empire	$11.82	7.7%	$13.69	8.4%
Baltimore	$8.84	7.5%	$9.90	9.5%
Dallas–Ft Worth	$6.77	7.3%	$8.85	11.2%
Seattle	$12.33	6.5%	$13.71	9.6%
Philadelphia	$8.59	6.4%	$11.33	8.9%
Columbus	$5.34	6.4%	$4.43	11.8%
Bridgeport	$9.93	6.2%	$14.37	5.5%
New Jersey	$12.11	5.9%	$13.39	11.0%
Boston	$11.62	5.8%	$15.28	10.9%
Orange County	$17.25	5.8%	$18.13	8.5%
Phoenix	$9.84	5.8%	$10.84	10.5%
Cincinnati	$5.27	5.6%	$4.62	8.6%
Houston	$7.24	5.5%	$8.44	6.2%
Bay Area	$14.11	5.5%	$16.23	8.8%
Nashville	$6.74	5.1%	$9.16	7.4%
Chicago	$6.57	5.1%	$7.64	13.9%
Portland	$10.54	5.1%	$11.74	8.5%
Twin Cities	$7.51	4.9%	$8.66	7.8%
Central Valley	$6.90	4.9%	$8.86	11.6%
Denver	$9.13	4.6%	$10.60	12.9%
Indianapolis	$5.13	4.5%	$5.75	9.5%
Charlotte	$7.25	4.5%	$7.87	10.7%
Memphis	$4.30	4.1%	$3.67	12.8%
Los Angeles	$15.65	3.9%	$14.78	8.5%
St. Louis	$4.95	3.6%	$5.28	6.5%
Kansas City	$5.08	3.5%	$5.07	4.9%
Detroit	$7.16	3.0%	$7.94	6.5%

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

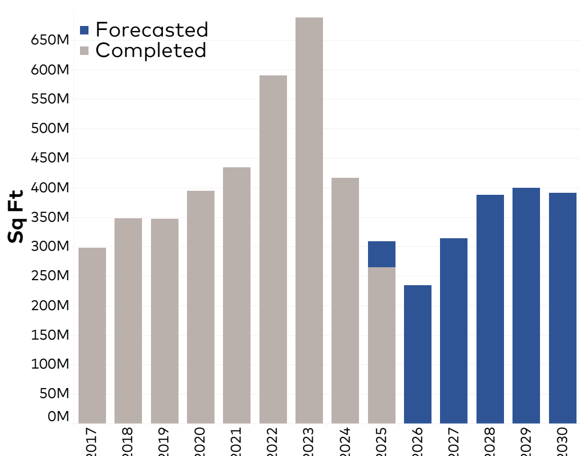
Supply:
Indianapolis More Than Just Logistics

- There are 382.7 million square feet of industrial space (1.9% of stock) under construction. Through November, 265.7 million square feet were completed, according to Yardi Matrix.

- This year, 258 million square feet of new starts have been logged.

- With a central location and access to major interstates, railroads and one of the busiest cargo airports in the country, Indianapolis' status as a significant logistics hub has only grown in recent years. The market delivered more than 73 million square feet (19% of stock) between 2020 and 2023, much of that in the warehouse and distribution space. However, the market's logistics and supply chain advantages also have made Indianapolis attractive to manufacturers. Eli Lilly has two high-tech buildings underway in Lebanon totaling more than 1.2 million square feet, encompassing both manufacturing and research uses. The company plans to invest $12.5 billion in the region in coming years. In Fishers, TWG Motorsports, in collaboration with Cadillac, is building a 400,000-square-foot facility to handle the bulk of Formula One car manufacturing as the luxury car brand prepares to enter the F1 series.

National New Supply Forecast



Source: Yardi Matrix. Data as of November 2025

Supply Pipeline (by metro)

Market	Under Construction	Under Construction % Stock	UC Plus Planned % Stock
National	382,727,947	1.9%	3.6%
Phoenix	18,642,840	4.2%	12.8%
Memphis	12,800,000	4.2%	4.2%
Columbus	12,858,057	3.9%	5.1%
Houston	21,878,928	3.2%	6.0%
Dallas	31,497,849	3.0%	5.2%
Denver	8,266,783	2.9%	4.5%
Nashville	5,532,668	2.5%	3.8%
Atlanta	11,267,540	1.9%	3.5%
Indianapolis	7,393,279	1.9%	2.7%
Baltimore	4,234,502	1.9%	2.6%
Charlotte	6,353,649	1.8%	3.4%
Twin Cities	6,129,367	1.7%	2.7%
Portland	3,385,527	1.6%	1.8%
Seattle	4,557,676	1.5%	1.9%
Central Valley	4,791,437	1.3%	2.3%
Chicago	13,693,713	1.2%	2.6%
Inland Empire	8,132,935	1.2%	3.5%
Cincinnati	3,532,142	1.2%	1.5%
Tampa	3,355,849	1.2%	2.8%
New Jersey	6,548,325	1.1%	2.2%
Kansas City	3,342,316	1.1%	3.3%
Bay Area	3,404,554	1.1%	2.6%
Philadelphia	4,657,792	1.0%	1.8%
Boston	2,674,456	1.0%	2.2%
Detroit	5,210,342	0.8%	1.2%
Bridgeport	1,569,711	0.7%	2.4%
Los Angeles	4,420,100	0.6%	1.6%
Cleveland	2,509,725	0.6%	0.7%
Orange County	1,142,662	0.6%	1.0%

Source: Yardi Matrix. Data as of November 2025

Economic Indicators:
Warehouse Employment Losses Continue to Mount

- Employment in the warehouse and storage sector of the labor market has steadily slipped since last summer. The sector had slightly more than 1.8 million workers nationally in November, according to the Bureau of Labor Statistics, down 1.5% from last November.

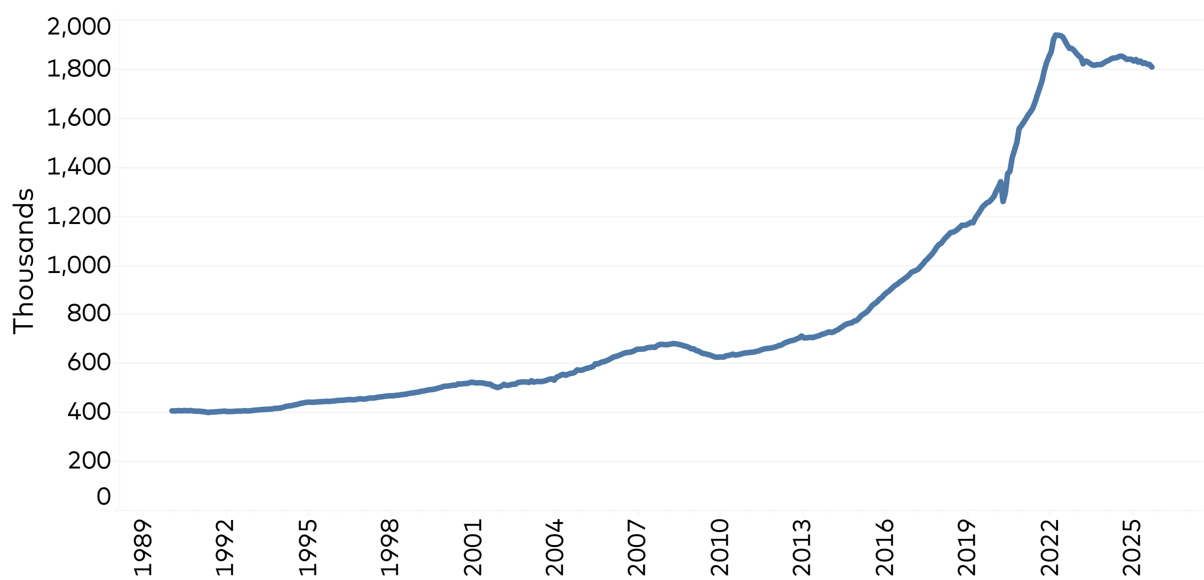
- Warehouse employment grew rapidly at the start of the decade, as the pandemic accelerated e-commerce sales. The sector's employment peaked in March 2022 before it shed 123,300 workers in the subsequent 18 months. The gains from a minor rebound between the summers of 2023 and 2024 have now been entirely wiped out, and employment in the sector is at its lowest level in more than four years. While the long-term outlook for e-commerce and logistics remains strong, the employment peak seen in 2022 may not be reached again anytime soon—if ever. Firms have had increasingly tough times staffing warehouses and instead have looked to automation and robotics to improve operations rather than increasing head count.

Economic Indicators

National Employment (September) 159.6M 0.1% MoM ▲ 0.8% YoY ▲	**ISM Purchasing Manager's Index** (November) 48.2 -0.5 MoM ▼ -0.2 YoY ▼
Inventories (August) $2,663.7B 0.0% MoM 1.1% YoY ▲	**Imports** (September) $266.6B 0.6% MoM ▲ -5.9% YoY ▼
Core Retail Sales (September) $541.1B 0.1% MoM ▲ 4.2% YoY ▲	**Exports** (September) $187.6B 4.9% MoM ▲ 6.9% YoY ▲

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

Warehousing and Storage Employment



Sources: U.S. Census Bureau, Yardi Matrix

Transactions:
Phoenix Remains Attractive to Investors

- Industrial transactions totaled $68.4 billion through November, according to Yardi Matrix, with properties trading at an average of $134 per foot.

- Investment volume is on track to have its biggest year since 2022, with 2025 already surpassing 2023 and the first three quarters each up year-over-year. While the sector has been subject to oversupply and tariffs, long-term demand drivers remain solid and falling interest rates have made room for more investment activity in the space.

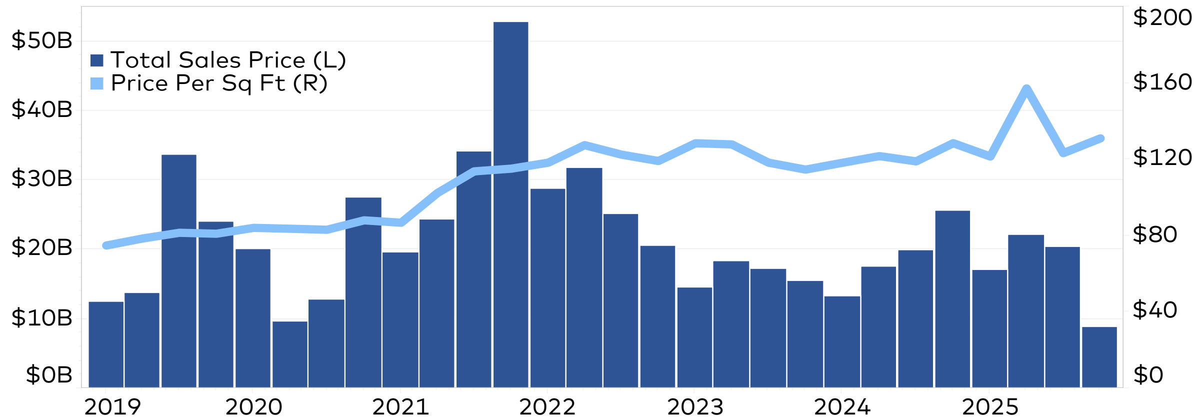
- Perhaps nowhere is more illustrative of continued investment demand in the face of a supply boom than Phoenix. Despite a massive influx of new inventory—the city has delivered 29.6% of stock since the start of the decade—that has pushed up vacancy rates and slowed rent growth, Phoenix remains a remarkably active investment market. It ranks third in sales volume for the second year in a row, with $3.2 billion in sales in 2025. The largest transaction this year is Goldman Sachs and Lincoln Property Co.'s $152 million sale of a 1.3 million-square-foot building in Luke Field logistics park, located in Glendale, to Walmart. Glendale is proving a popular location for corporate tenants, with Microsoft, REI and Red Bull among firms with a presence in the area.

Sales Activity

Market	YTD Sales Price PSF	YTD 2025 Sales (Mil)
National	$134	$68,392
Dallas	$103	$5,639
Detroit	$599	$4,695
Phoenix	$169	$3,191
New Jersey	$226	$2,754
Houston	$95	$2,652
Chicago	$89	$2,590
Los Angeles	$279	$2,272
Atlanta	$131	$2,175
Inland Empire	$230	$1,945
Charlotte	$113	$1,843
Denver	$147	$1,507
Seattle	$222	$1,440
Orange County	$305	$1,388
Nashville	$100	$1,347
Columbus	$105	$1,318
Philadelphia	$129	$1,268
Twin Cities	$100	$1,228
Central Valley	$94	$1,068
Boston	$171	$1,047
Bay Area	$244	$970
Indianapolis	$92	$808
Baltimore	$185	$785
Kansas City	$83	$738
Tampa	$119	$655
Portland	$169	$515

Source: Yardi Matrix. Data as of November 2025

Quarterly Transactions



Source: Yardi Matrix. Data as of November 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.

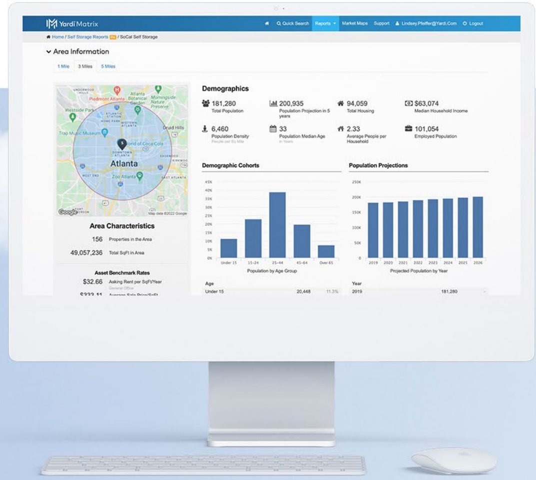
Stage of the supply pipeline:

- 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.

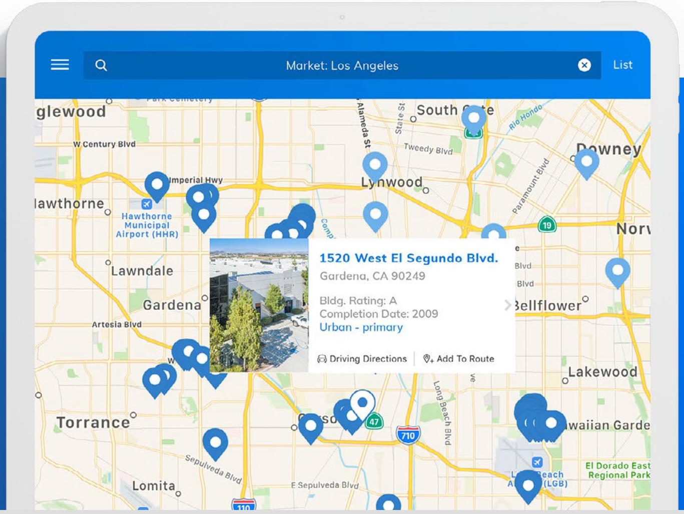
Yardi Matrix

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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