



Yardi Matrix

National Industrial Report

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2026: A Turning Point for Industrial?

- Industrial real estate in 2026 will be shaped by policy uncertainty and an evolving supply pipeline.
- The rapid escalation of tariffs that increased sourcing costs and uncertainty across the industrial sector will continue to play a prominent role in 2026, though we anticipate less volatility, which should allow firms to find more stable footing. At the same time, the U.S.-Mexico-Canada Agreement (USMCA) is due for a review by July, requiring all three countries to approve a 16-year extension. While a failure to extend the USMCA would not end the agreement immediately, it creates a 10-year deadline before termination. As firms are increasingly turning to nearshoring as they reposition supply chains and manufacturing networks, the prospect of a shortened and uncertain trade agreement introduces new risk for long-term planning.
- After record deliveries in 2022 and 2023, the industrial supply pipeline slowed considerably, and 2026 is on track to add the least new product in a decade. This pullback should benefit the sector, as the recent supply glut pushed the national vacancy rate to twice its level of three years ago and 120 basis points higher than at the start of 2025. Vacancies have plateaued in recent months, a trend we expect to continue in the first half of the year before gradually tightening in the second half. As vacancies decline and interest rates continue to ease, the market will find renewed enthusiasm for construction, which we expect to rise in the second half of the year.
- Although overall new construction is expected to increase, site selection is shifting. Proximity to population and transportation networks, once the leading consideration in site selection, is now being matched, and in some cases overtaken, by access to power. Utility prices are rising alongside demand for power-intensive uses like advanced manufacturing and data centers, leading firms to prioritize reliable and cost-efficient energy. A recent survey of supply-chain executives conducted by Prologis found that 89% of respondents experienced energy-related disruptions within the past year and 83% think that energy will be the next crisis for supply chains.
- The data center frenzy will likely continue this year, despite growing concerns about a bubble in AI investment and the aforementioned issues of energy procurement. One area to watch around data center development is growing pushback from communities where new facilities are proposed. Backlash began to emerge across the country last year, with residents citing power and water usage, land consumption and strain on infrastructure—sentiments that could increase in 2026.

