



Yardi Matrix

Industrial National Report

March 2026



Retailers Shift Logistics Strategies

- The e-commerce boom that started with the pandemic permanently reshaped the way retailers approach online order fulfillment and delivery, with those changes still playing out today.
- Consumer expectations for the speed of online deliveries have shifted in recent years, with next-day delivery becoming the norm and retailers competing to increase the amount of products they can deliver same day. Amazon restructured its distribution networks in 2023, moving from a national model to eight regional networks that are mostly self-contained. It also altered its search to first show consumers products that can be shipped from within their region. This has allowed the firm to shorten delivery times and improve inventory efficiency, as the majority of orders are fulfilled locally, reducing the amount of cross-country shipping.
- Walmart has responded by leaning into its biggest advantage: its physical stores. More than 4,700 stores now function as local fulfillment centers, which the company says gives it the ability to reach 93% of U.S. households with same-day delivery. Walmart relies on Spark, its in-house platform that coordinates gig-drivers to deliver items to customer homes. The physical stores also provide Walmart with a significant structural advantage in the grocery sector over Amazon, which has struggled to compete at scale despite the acquisition of Whole Foods and other moves.
- The stores-as-hubs model is not without its challenges. Items can sell out in-store before an online order is completed. Fulfilling online orders takes up space, both in the shopping aisles and the back-room space. Perhaps no retailer struggles more with this than Target, which has had 12 straight quarters of weak or falling sales. Despite beating Walmart to the stores-as-hubs model, which the company launched in 2017, Target is now experimenting with methods to address these issues and improve its distribution networks and delivery times in the process. One avenue the company is exploring is to use less busy stores to fulfill more orders, alleviating the pressure on the busiest locations. Another has been to use a 3PL provider to handle sorting of packages off-site. Following Walmart's lead, Target is also employing gig-drivers to handle last-mile delivery.
- With energy prices on the rise once again, the importance of well-positioned distribution networks for retailers will only grow. We expect firms to prioritize optimizing delivery networks so they can reduce delivery times, increasingly investing in robotics and AI to achieve it. Demand for smaller in-fill and last-mile facilities will remain hot as online retailers look to keep goods closer to consumers.

