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.

Rents and Occupancy: Philadelphia's Continued Strength

- National in-place rents for industrial space averaged $8.99 per square foot in February, up five cents over January and 5.5% over the past 12 months.

- Atlanta led the way for in-place rent growth again, with an increase of 7.9% in the last 12 months. It was followed by Columbus (7.8%) and Philadelphia (7.3%).

- Philadelphia has been able to maintain strong in-place rent growth due to a variety of factors. The Port of Philadelphia is a strong driver of activity, and was recently recognized as the most productive port in North America by the World Bank Group and S&P Global Market Intelligence. An efficient port and central location in the densely populated Northeast led to a concentration of logistics firms in the market. Philadelphia also has some of the oldest stock in the nation, and many tenants today demand modern, high-quality space. This has helped the market absorb much of the 67.2 million square feet of space (13.9% of stock) that have been delivered since the start of 2021. With only 4.7 million square feet currently under construction and constraints on developable land, we anticipate rent growth will remain solid in the market.

- The national vacancy rate was 9.2% in February, an increase of 100 basis points over the past year. Vacancy rates have generally plateaued in recent months due to supply pipeline normalization. We have anticipated that they will begin to tick downward in the second half of 2026. However, if energy prices continue to climb, that expectation may change as firms look to optimize operations rather than expand footprints.

- A lease signed in the past 12 months was $9.97 per foot, 97 cents higher than the national average for in-place rents.

Average Rent by Metro

Market	Feb-26 Average Rent	12-Month Change	Avg Rate Signed in Last 12 Months	Vacancy Rate
National	$8.99	5.5%	$9.97	9.2%
Atlanta	$6.72	7.9%	$8.24	8.9%
Columbus	$5.52	7.8%	$5.40	8.7%
Philadelphia	$8.69	7.3%	$10.80	9.0%
Miami	$13.38	7.0%	$16.86	11.6%
Tampa	$8.85	7.0%	$11.55	12.9%
Boston	$12.19	6.9%	$16.54	11.5%
Bridgeport	$10.24	6.9%	$15.83	5.7%
Baltimore	$9.25	6.7%	$9.98	11.0%
Dallas–Fort Worth	$6.85	6.5%	$8.82	9.1%
Inland Empire	$12.04	6.5%	$12.91	8.7%
Seattle	$12.81	6.0%	$13.83	10.0%
Nashville	$6.87	6.0%	$9.21	7.2%
Phoenix	$10.02	5.9%	$10.84	10.1%
Cincinnati	$5.57	5.9%	$6.48	9.6%
Houston	$7.33	5.8%	$8.71	6.5%
Los Angeles	$15.77	5.6%	$14.37	9.1%
Bay Area	$14.63	5.3%	$16.07	9.1%
Orange County	$17.64	5.3%	$19.18	8.2%
Chicago	$6.69	5.0%	$7.15	9.5%
Twin Cities	$7.74	5.0%	$8.08	9.0%
Portland	$10.57	4.7%	$10.60	8.9%
New Jersey	$12.42	4.5%	$13.72	9.0%
Indianapolis	$5.47	4.2%	$5.15	7.9%
Central Valley	$6.91	3.9%	$8.61	14.7%
Denver	$9.61	3.2%	$9.42	12.3%
Kansas City	$5.15	3.2%	$4.85	5.2%
Memphis	$4.30	3.1%	$3.69	12.3%
St. Louis	$5.34	3.1%	$4.77	6.0%
Charlotte	$7.68	3.1%	$8.03	11.6%
Detroit	$7.55	2.6%	$8.17	7.6%

Source: Yardi Matrix. Data as of February 2026. Rent data provided by Yardi Market Insight. National rent and occupancy data is a weighted average of the top 30 markets.

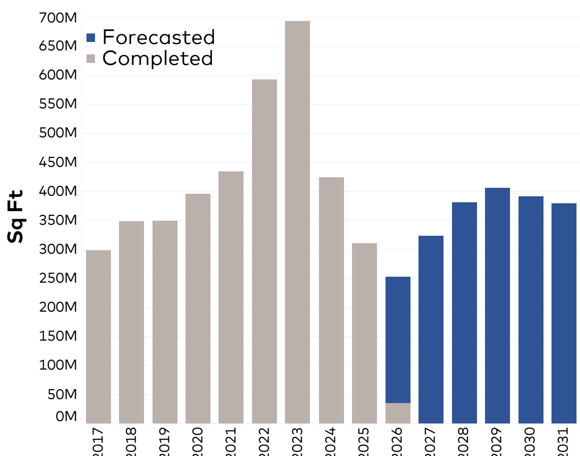
Supply:
Houston Pipeline Expands in 2025

- There are 379.4 million square feet of industrial space (1.8% of stock) under construction.

- New construction has plateaued in the past two years, with Yardi Matrix logging 304.6 million square feet of industrial starts in 2024 and 305.5 million in 2025. Dallas (27.9 million square feet in 2025) and Houston (26.5 million) combined to account for 17.8% of national new construction last year.

- Houston has 21.9 million square feet under construction (3.2% of stock), a substantial figure when considering the amount of deliveries in recent years. Since the start of the decade, 145.4 million square feet of industrial space have been completed in Houston (21.1% of stock). Much of the market's activity is driven by the Port of Houston, the nation's fifth busiest for containers and busiest by total tonnage due to the shipping of petroleum. The port handles the most containers of any along the gulf, and volumes have steadily increased since the expansion of the Panama Canal a decade ago. The vast majority of Houston's under-construction pipeline is warehouse and distribution space, with numerous new builds and expansions to existing parks currently underway.

National New Supply Forecast



Source: Yardi Matrix. Data as of February 2026

Supply Pipeline (by metro)

Market	Under Construction	Under Construction % Stock	UC Plus Planned % Stock
National	379,424,359	1.8%	3.5%
Phoenix	19,985,053	4.5%	11.6%
Columbus	12,933,275	3.9%	5.3%
Houston	21,906,278	3.2%	5.7%
Denver	8,280,855	2.9%	4.5%
Dallas	29,614,248	2.8%	4.9%
Nashville	5,124,690	2.3%	3.4%
Charlotte	7,721,880	2.2%	4.1%
Bridgeport	4,488,197	2.0%	3.5%
Atlanta	10,246,211	1.7%	4.2%
Twin Cities	6,042,984	1.7%	2.3%
Portland	3,445,809	1.7%	2.1%
Indianapolis	6,393,102	1.6%	2.5%
New Jersey	9,121,895	1.5%	2.8%
Bay Area	4,462,429	1.5%	2.6%
Baltimore	3,383,810	1.5%	2.1%
Inland Empire	8,805,349	1.3%	3.4%
Detroit	7,468,449	1.2%	1.6%
Chicago	11,970,834	1.1%	2.8%
Central Valley	4,336,994	1.1%	4.5%
Kansas City	3,478,823	1.1%	1.7%
Cincinnati	3,232,142	1.1%	1.5%
Tampa	2,961,852	1.1%	1.9%
Philadelphia	4,688,688	1.0%	2.7%
Boston	2,568,460	1.0%	2.5%
Seattle	2,847,361	0.9%	1.1%
Memphis	2,800,000	0.9%	4.2%
Cleveland	3,343,091	0.8%	1.1%
Los Angeles	5,235,343	0.7%	1.7%
Orange County	552,089	0.3%	0.5%

Source: Yardi Matrix. Data as of February 2026

Economic Indicators:
E-commerce Sales Strong to End 2025

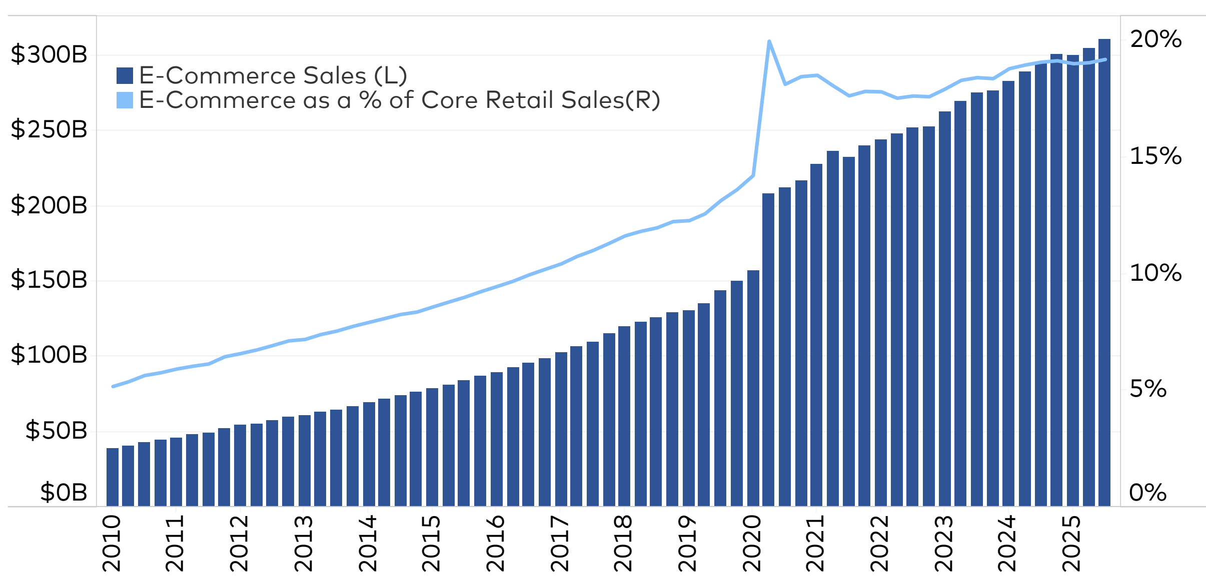
- E-commerce sales totaled $316.1 billion during the fourth quarter of 2025, according to the U.S. Census Bureau, an increase of 1.7% in the quarter and 5.3% year-over-year. Online sales outpaced total core retail sales, which grew just 0.7% in the quarter. This led to e-commerce increasing its share of core retail by 20 basis points; its share now sits at 19.4%, an all-time high outside of the second quarter of 2020.
- The holiday season was a positive one for retailers, especially in light of softening consumer confidence and price pressures from tariffs. Data for the holidays from private sources aligns with the Census Bureau trend for the fourth quarter. Visa reported that online sales increased 7.8% year-over-year during the holiday season, while total retail spending was up just 4.2%. While the holiday season was solid for e-commerce, it also marked a continuing normalization of growth. The dust has settled from rapid pandemic-driven expansion, and the industry is now settling into incremental growth.

Economic Indicators

National Employment (February) 158.5M -0.1% MoM ▼ 0.1% YoY ▼	**ISM Purchasing Manager's Index** (February) 52.4 -0.2 MoM ▼ 2.4 YoY ▲
Inventories (December) $2,680.7B 0.1% MoM ▲ 1.6% YoY ▲	**Imports** (January) $277.3B -1.0% MoM ▼ -15.7% YoY ▼
Core Retail Sales (January) $545.1B 0.3% MoM ▲ 4.7% YoY ▲	**Exports** (January) $195.5B 8.1% MoM ▲ 12.7% YoY ▲

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

Quarterly E-Commerce Sales



Sources: U.S. Census Bureau, Yardi Matrix

Transactions:
Chicago Price Growth Subdued

- Industrial transactions totaled $8.9 billion in the first two months of the year, with properties trading at an average of $144 per square foot.

- While it is the nation's largest industrial market by total square footage, Chicago has been no higher than the fifth most active investment market by volume in the last four years, a trend that has continued so far in 2026. Yardi Matrix has logged $280 million in transactions in the market through the first two months of the year, giving it the seventh greatest volume in the country.

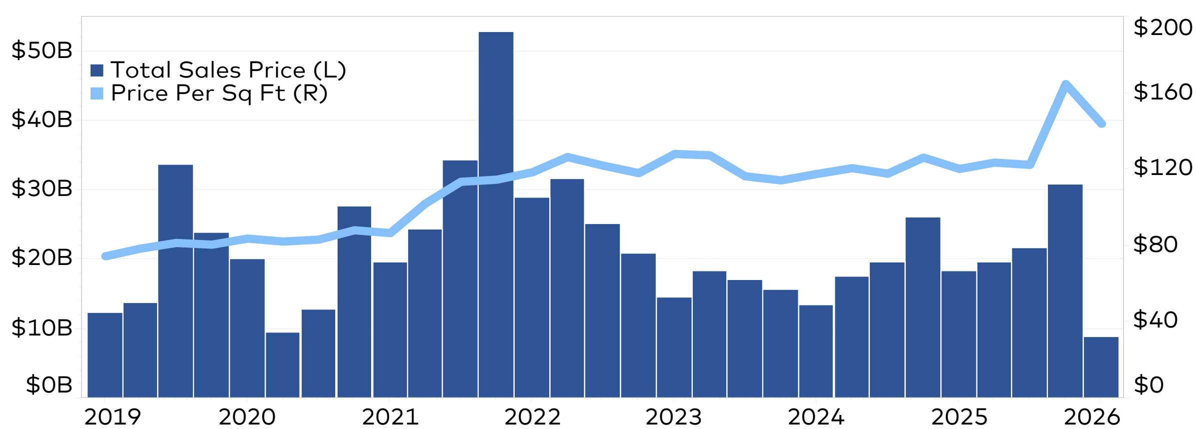
- Much of this can be explained by average sale prices, with much more modest gains than other top markets. While the national average sale price of an industrial asset increased 70% between 2019 and 2025, from $79 per foot to $135, Chicago prices increased just 31%, from $69 to $90. Capital has targeted industrial growth markets in recent years rather than traditional core markets. The sheer scale of the market also helps keep a lid on explosive rent growth, as the market has enough supply to absorb demand growth. During the industrial frenzy of 2021 and 2022, Chicago's vacancy rate never came close to the minuscule rates found along the coasts.

Sales Activity

Market	YTD Sales Price PSF	YTD 2026 Sales (Mil)
National	$144	$8,879
Dallas	$126	$955
Phoenix	$171	$523
New Jersey	$246	$436
Atlanta	$130	$429
Los Angeles	$302	$418
Houston	$120	$404
Chicago	$81	$280
Orange County	$264	$262
Inland Empire	$228	$258
Boston	$168	$216
Denver	$100	$204
Bay Area	$387	$200
Seattle	$178	$172
Charlotte	$178	$166
Baltimore	$151	$153
Philadelphia	$213	$134
Nashville	$138	$130
Tampa	$183	$121
Portland	$148	$98
Detroit	$78	$90
Bridgeport	$124	$86
Cleveland	$98	$82
Indianapolis	$116	$80
Columbus	$111	$72
Twin Cities	$64	$61

Source: Yardi Matrix. Data as of February 2026

Quarterly Transactions



Source: Yardi Matrix. Data as of February 2026

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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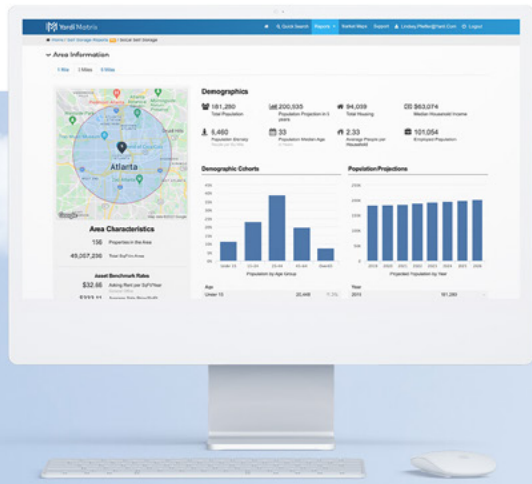
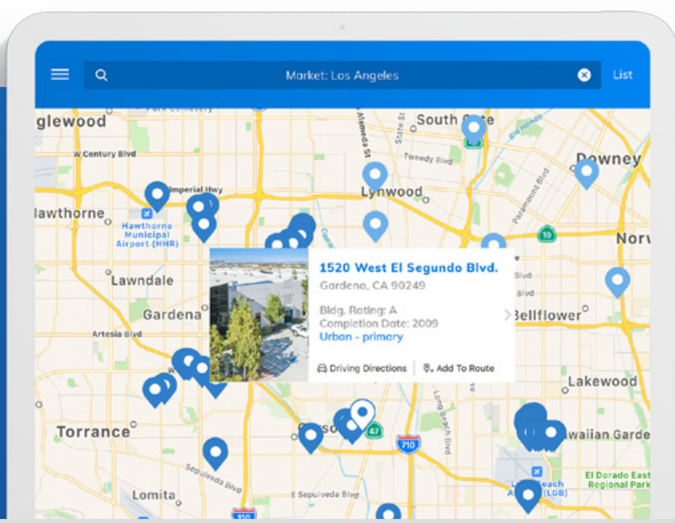


INDUSTRIAL KEY FEATURES

- 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 levels
- Gain new supply pipeline information at the asset, competitive set and market levels
- Anonymized transacted rents and expense comps



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