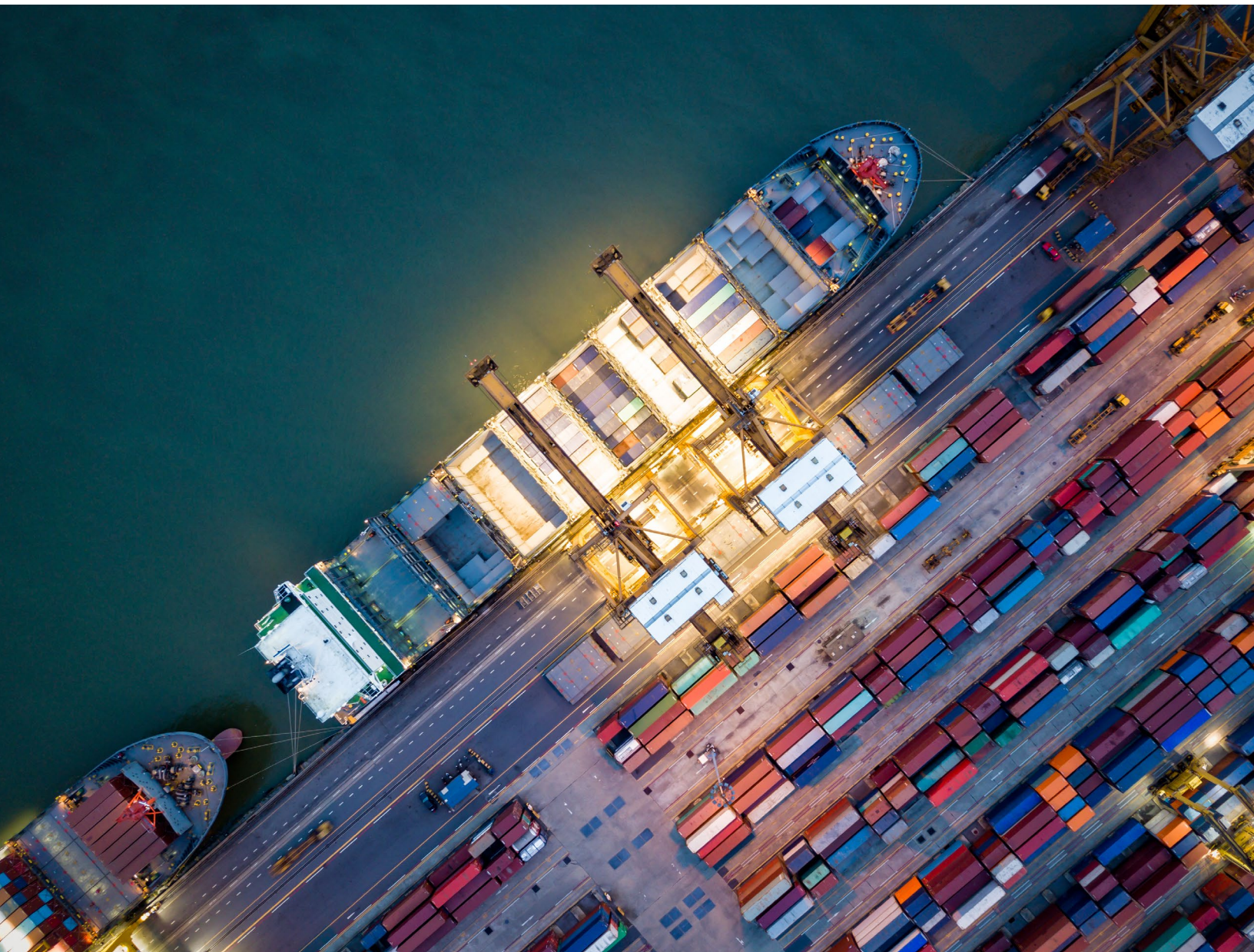




Yardi Matrix

Industrial National Report

May 2026



Iran Conflict Ripples Through Industrial

- The ongoing conflict in Iran and the disruption to shipping through the Strait of Hormuz are starting to impact global logistics costs and supply chains.
- The energy shock is the most immediate and consequential disruption. Before the conflict, about 20% of global oil supply moved through the Strait of Hormuz, and the effective shuttering of the strait has been perhaps the largest shock ever to the global oil market. Gasoline, jet and maritime fuel prices have all risen sharply, increasing shipping costs at every point along the supply chain. Damage to refining facilities in the region raises questions about how quickly energy markets will stabilize once the conflict ends.
- For the industrial sector, higher transportation costs will increase the value of location. Occupiers will place more emphasis on reducing delivery distances and keeping inventory closer to customers. This situation played out when supply chain bottlenecks became common as a result of the pandemic, and while many firms have improved the resilience of their supply chains in the intervening years, we anticipate that site selection will once again become a primary driver of leasing decisions. Infill facilities, properties adjacent to seaports, rail hubs and highway networks are best positioned as firms look to offset increased shipping costs.
- Higher fuel and shipping costs are not the only avenues through which the conflict will impact the industrial sector, as ripple effects will reach across global supply chains. The gulf is a key exporter of many industrial inputs, including petrochemicals, fertilizers and helium. Disruptions to production of these inputs are tightening supply globally, increasing costs for everything from plastics and agricultural products to computer chips and advanced manufacturing. Meanwhile, bottlenecks are increasing, vessels are rerouting, and insurance premiums for cargo are rising.
- If the conflict continues into the summer or beyond, higher energy costs, longer shipping times and tighter supply of many industrial inputs will all become embedded in the global economy. The post-pandemic period of turmoil began the regionalization of supply chains and this current disruption may accelerate it. Higher energy costs will also act as a drag on consumer spending, which could dampen the demand for goods. E-commerce has been the largest driver of industrial leasing, and a slowdown in consumer spending could reduce warehouse demand for distribution and fulfillment space.

