



Yardi Matrix

# Industrial National Report

---

June 2026



# USMCA Renewal Looms Over Industrial

---

- The U.S.-Mexico-Canada Trade Agreement is poised to miss its initial July 1 renewal deadline, which would extend the agreement another 16 years. That creates a threat to the supply chains that drive the North American industrial sector.
- The USMCA, which replaced NAFTA when it was agreed to during the first Trump Administration, underpins North America's manufacturing and logistics networks, setting the rules for roughly \$2 trillion of annual trade between the three nations and more than a quarter of U.S. trade activity. Mexico and Canada have become the United States' top trading partners in recent years, with Mexico accounting for more than 16% of total trade year-to-date while Canada accounts for more than 12%. The U.S.'s two North American neighbors now dwarf former top trade partner China, which sits in a distant third, accounting for slightly more than 6% of U.S. trade in 2026.
- The failure to renew the USMCA by the July 1 review deadline will not immediately end the agreement, but it will add a layer of uncertainty to crossborder manufacturing and logistics operations, particularly as USMCA-compliant goods have so far been shielded from tariffs. The deal will now move to a rolling annual review process, opening the door for months or even years of haggling and negotiations. Recent reporting suggests that Canadian officials are bracing for the possibility of negotiations to last years, with a new trade deal potentially not materializing until 2029, when the current U.S. administration is out of office. Substantial changes to the text would require approval from Congress. To avoid this outcome, much of the focus from U.S. trade officials in negotiations has been not to rewrite the text of the agreement but to secure concessions in the form of add-ons, side-letters and protocols.
- Trade policy uncertainty has weighed on the industrial sector for more than a year now, impacting the decision making of tenants, investors and developers. A failure to renew the USMCA will add another layer of uncertainty into the multi-year planning cycles that drive the industrial sector. Sectors with deeply integrated, crossborder supply chains, such as automotive and advanced manufacturing, will be most exposed to the risk posed by the lack of certainty. Components in these sectors can cross borders multiple times during production, giving even minor policy changes the potential to cascade into significant disruptions. Absent a timely renewal, uncertainty may prove to be the biggest long-term headwind for the industrial sector.

