



Yardi Matrix

# Industrial National Report

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June 2026



# USMCA Renewal Looms Over Industrial

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- 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.



# Rents and Occupancy: Aging Stock Weighs on Boston

- National in-place rents for industrial space averaged \$9.12 per square foot in May, up four cents over the previous month and 5.2% over the past 12 months.
- The slowdown in rent growth has occurred across the board. The Inland Empire had the highest in-place rent growth over the last 12 months, increasing 8.1%. Two years ago, seven of the top 25 markets exceeded that figure. That month, an additional 10 markets had annual growth north of 6%, a mark which was topped by only seven of the top 25 markets in May of 2026.
- Overall, in-place rent growth has remained solid in Boston, increasing 6.3% despite one of the highest vacancy rates among top markets. This is due to Boston's very mature stock, with roughly one-third of industrial space built before 1970. With modernized space becoming a requirement, much of this older stock has struggled to attract and retain tenants, inflating the vacancy rate.
- The national vacancy rate was 8.8% in May, up 30 basis points over the past year. Vacancy rates have stabilized in recent quarters as levels of new supply pipeline have cooled following historic highs and demand has normalized.
- Leases signed in the past 12 months averaged \$10.06 per foot, 94 cents above the national average for in-place rents. This spread has shrunk substantially in recent quarters, as tenants no longer have to pay large premiums for a new lease. However, some markets are still seeing significant spreads between the cost of a new lease and the market average rental rate. In Bridgeport, a new lease cost \$3.15 more per foot than the market average for in-place rents. Miami (\$3.02 more per foot), Boston (\$3.02), Dallas (\$2.45) and the Bay Area (\$2.31) were other top markets with a larger new lease premium.

## Average Rent by Metro

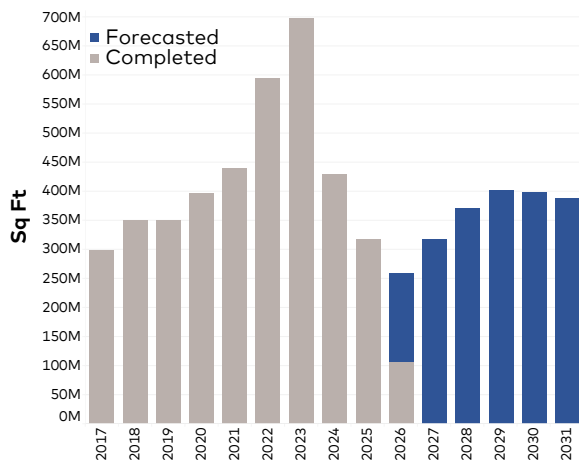
Market	May-26 Average Rent	12-Month Change	Avg Rate Signed in Last 12 Months	Vacancy Rate
National	\$9.12	5.2%	\$10.06	8.8%
Inland Empire	\$12.42	8.1%	\$13.42	8.5%
Tampa	\$9.07	7.0%	\$10.68	10.4%
Miami	\$13.73	6.9%	\$16.75	11.3%
Atlanta	\$6.88	6.8%	\$8.47	8.0%
Nashville	\$7.17	6.4%	\$9.06	7.2%
Boston	\$12.42	6.3%	\$15.05	12.1%
Bridgeport	\$10.32	6.0%	\$13.47	6.4%
New Jersey	\$12.61	5.9%	\$13.51	6.2%
Dallas-Ft Worth	\$6.97	5.8%	\$9.42	6.9%
Baltimore	\$9.47	5.7%	\$10.94	10.3%
Charlotte	\$7.80	5.7%	\$8.50	10.2%
Portland	\$10.80	5.5%	\$12.11	11.4%
Twin Cities	\$7.89	5.2%	\$8.70	9.1%
Cincinnati	\$5.74	5.1%	\$6.50	8.1%
Houston	\$7.44	5.1%	\$8.77	6.5%
Phoenix	\$10.16	5.1%	\$11.18	6.7%
Seattle	\$12.98	5.0%	\$14.26	11.6%
Chicago	\$6.80	4.8%	\$7.26	9.9%
Columbus	\$5.76	4.7%	\$6.44	8.7%
Bay Area	\$14.72	4.7%	\$17.03	9.7%
Philadelphia	\$8.77	4.3%	\$10.03	9.0%
Los Angeles	\$15.84	4.2%	\$14.56	9.3%
Indianapolis	\$5.48	4.2%	\$6.10	7.6%
Central Valley	\$7.02	4.0%	\$8.35	14.5%
Kansas City	\$5.28	3.7%	\$4.78	6.1%
Orange County	\$17.71	3.4%	\$16.87	7.3%
Denver	\$9.68	3.4%	\$9.65	11.9%
St. Louis	\$5.41	3.2%	\$4.60	7.5%
Detroit	\$7.35	2.7%	\$7.61	7.7%
Memphis	\$4.47	2.1%	\$4.13	10.9%

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

# Supply: Kansas City Pipeline Slows

- Currently, 383.2 million square feet of industrial space (1.8% of stock) are under construction.
- Kansas City, like many markets, is experiencing a period of cooling supply following a historic wave of deliveries. After delivering 54.9 million square feet (17.6% of stock) between 2020 and 2025, the metro has only 3.5 million square feet under construction, with roughly an equal amount in the planning stages of development.
- Kansas City's central location and access to highway and rail networks make it attractive for logistics operations, with more than 80% of the deliveries this decade used for warehouse and distribution. Yet the largest completion during this time was a manufacturing facility. Last year, Panasonic opened the country's largest EV battery plant in DeSoto, a 4.7 million-square-foot facility that received \$830 million in tax credits from the state of Kansas. Slowing EV sales and the elimination of tax credits in the One Big Beautiful Bill Act led to Panasonic delaying full production at the plant. The company announced this month that it is switching some of its production to build batteries for data centers.

## National New Supply Forecast



Source: Yardi Matrix. Data as of May 2026

## Supply Pipeline (by metro)

Market	Under Construction	Under Construction % Stock	UC Plus Planned % Stock
National	383,212,952	1.8%	3.6%
Phoenix	25,037,116	5.5%	15.8%
Columbus	12,883,567	3.8%	5.4%
Denver	9,209,267	3.2%	4.1%
Dallas	32,552,479	3.1%	4.9%
Houston	19,797,401	2.8%	4.9%
Atlanta	13,986,543	2.4%	4.3%
Nashville	5,459,484	2.4%	4.4%
Bridgeport	4,468,914	2.0%	3.2%
Indianapolis	7,512,473	1.9%	4.0%
Baltimore	4,309,928	1.9%	3.0%
Philadelphia	8,743,717	1.8%	3.3%
Inland Empire	10,642,589	1.6%	2.8%
Central Valley	5,995,497	1.6%	6.2%
Portland	3,237,778	1.6%	1.8%
Twin Cities	5,163,948	1.4%	2.1%
Charlotte	5,014,296	1.4%	3.9%
New Jersey	7,113,896	1.2%	2.6%
Tampa	3,437,418	1.2%	1.9%
Chicago	11,797,487	1.1%	2.4%
Detroit	6,780,343	1.1%	1.8%
Kansas City	3,482,695	1.1%	2.2%
Bay Area	3,405,127	1.1%	2.3%
Memphis	3,358,365	1.1%	4.8%
Cleveland	4,138,781	1.0%	1.4%
Boston	2,230,061	0.9%	2.0%
Cincinnati	2,452,355	0.8%	1.3%
Seattle	2,096,369	0.7%	1.2%
Los Angeles	3,397,357	0.5%	1.7%
Orange County	500,299	0.3%	0.8%

Source: Yardi Matrix. Data as of May 2026

# Economic Indicators: E-Commerce Improves Share of Core Retail Sales

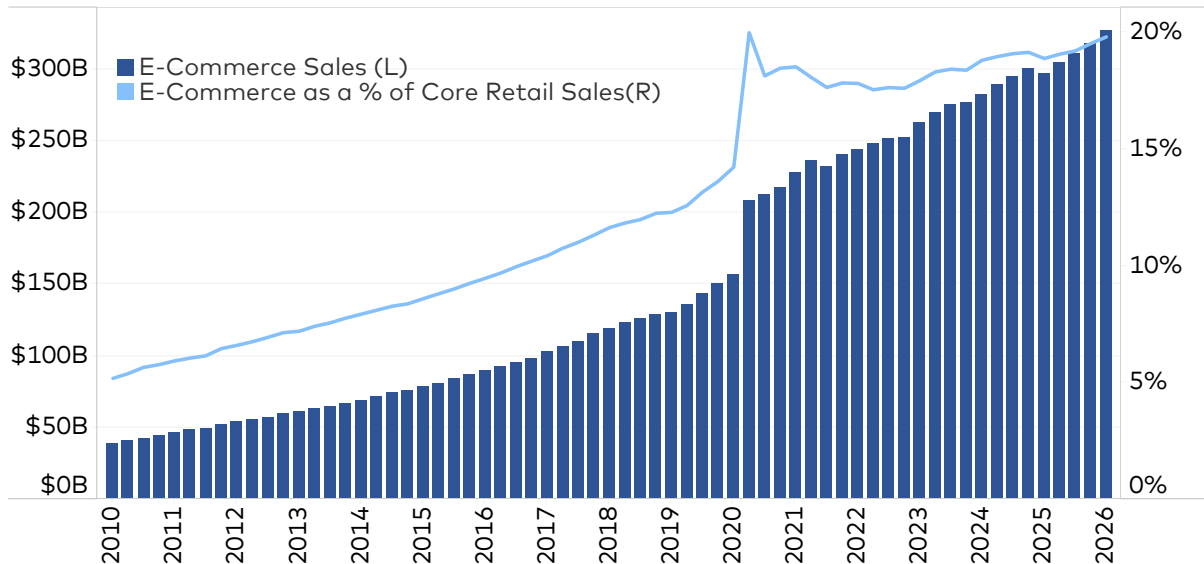
- E-commerce sales totaled \$326.7 billion in the first quarter, according to the Census Bureau, an increase of 2.7% in the quarter and 9.8% year-over-year. On an inflation-adjusted basis, e-commerce sales volume grew 7.2% annually, far outpacing the 2.0% inflation-adjusted growth for core retail sales overall. This led to e-commerce's share of core retail sales jumping 30 basis points in the quarter; it now sits at 19.8%.
- E-commerce's share of core retail sales stalled out for nearly five years following a record-setting pandemic spike in the second quarter of 2020, but during the last year steady growth has returned once more. The first quarter's mark is now only slightly behind that all-time high, and could potentially surpass it this year. Strong e-commerce growth is a very welcome sign for an industrial sector facing headwinds in the form of tariffs, increased energy costs and supply chain turmoil. While all these issues will continue to make the road bumpy in the short term, online sales provide strength for the long-term outlook.

## Economic Indicators

<b>National Employment</b> (May) 159.0M 0.1% MoM ▲ 0.3% YoY ▲	<b>ISM Purchasing Manager's Index</b> (May) 54.0 1.3 MoM ▲ 5.4 YoY ▲
<b>Inventories</b> (March) \$2,709.7B 0.9% MoM ▲ 2.0% YoY ▲	<b>Imports</b> (April) \$304.9B 2.1% MoM ▲ 10.3% YoY ▲
<b>Core Retail Sales</b> (April) \$556.3B 0.5% MoM ▲ 4.9% YoY ▲	<b>Exports</b> (April) \$221.3B 4.1% MoM ▲ 16.5% 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. Bureau of Labor Statistics, Yardi Matrix

# Transactions: Prices Soften in the Inland Empire

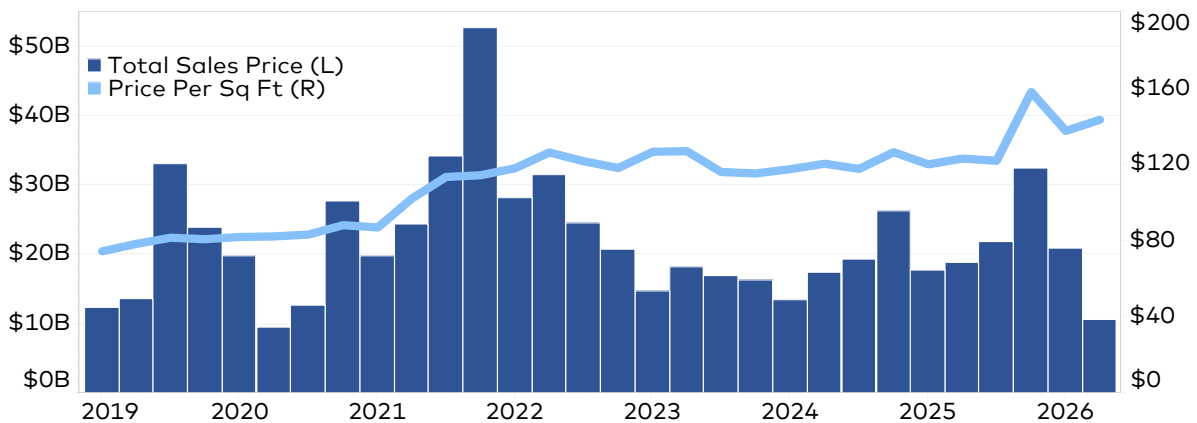
- Yardi Matrix logged \$31.5 billion in industrial transactions through May, with properties trading at an average of \$139 per square foot.
- The average sale price of an industrial property is down to start the year in the Inland Empire, with properties trading at \$172 per square foot. Were that figure to hold, 2026 would see the market's lowest average sale price since 2020. There is still time for larger sales to push the average up, but as it stands, the average sale price in the Inland Empire is down 23% from last year and 40% from the peak pricing in 2022. Long-term demand fundamentals remain solid for the market, but investor enthusiasm is weaker than it once was due to a combination of a historic supply boom that has yet to be fully absorbed and tariffs increasing volatility and uncertainty.
- While prices have been down in recent years, investors that purchased Inland Empire assets in the past decade continue to reap the benefits. In the market's biggest sale so far this year, Invesco sold an industrial asset fully leased to Amazon. The 1 million-square-foot facility in Riverside was purchased by Clarion Partners for \$145 million, more than 80% higher than the price Invesco paid for the property back in 2017.

## Sales Activity

Market	YTD Sales Price PSF	YTD 2026 Sales (Mil)
National	\$139	\$31,510
Dallas	\$126	\$2,331
Chicago	\$91	\$1,546
New Jersey	\$173	\$1,513
Phoenix	\$169	\$1,390
Houston	\$97	\$1,364
Atlanta	\$121	\$1,270
Inland Empire	\$172	\$1,247
Los Angeles	\$274	\$1,102
Orange County	\$282	\$1,080
Bay Area	\$332	\$1,002
Philadelphia	\$159	\$960
Seattle	\$194	\$845
Charlotte	\$147	\$675
Boston	\$231	\$626
Denver	\$118	\$496
Detroit	\$93	\$472
Memphis	\$94	\$407
Portland	\$277	\$374
Indianapolis	\$97	\$357
Columbus	\$115	\$356
Nashville	\$148	\$334
Cleveland	\$93	\$286
Tampa	\$155	\$277
Twin Cities	\$71	\$260
Kansas City	\$79	\$252

Source: Yardi Matrix. Data as of May 2026

## Quarterly Transactions



Source: Yardi Matrix. Data as of May 2026

# Definitions

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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:

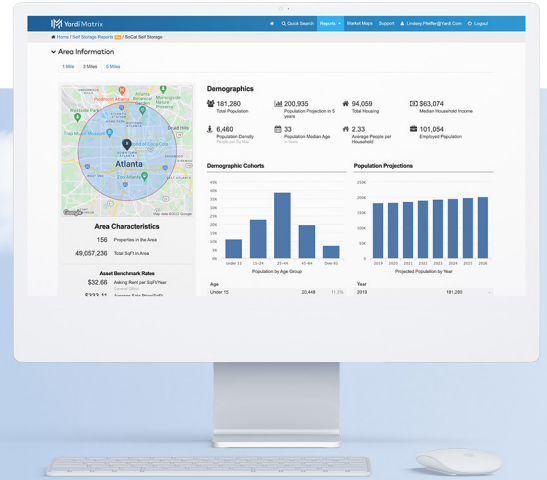
- **Planned**—Buildings that are currently in the process of acquiring zoning approval and permits but have not yet begun construction.
- **Under Construction**—Buildings for which construction and excavation has begun.

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.



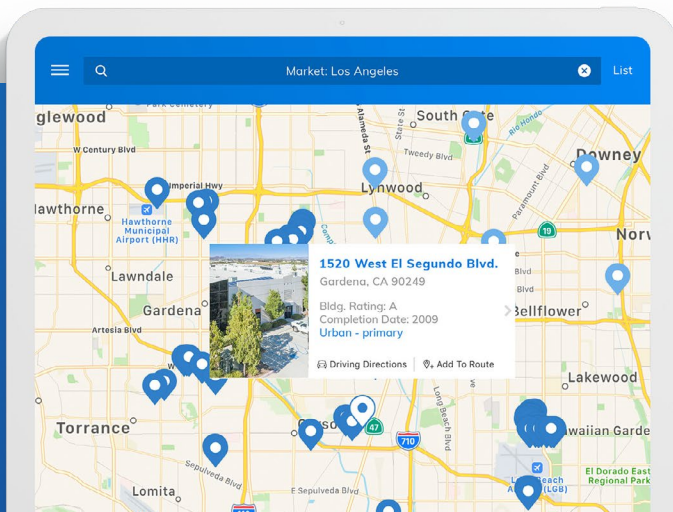
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