

The Savills logo, consisting of the word "savills" in a lowercase, sans-serif font, is positioned in the top right corner. It is set against a solid yellow rectangular background. The overall image background is a composite of a port scene with large gantry cranes and stacks of colorful shipping containers, and a semi-transparent American flag in the lower-left quadrant.

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Q1 2025 | INDUSTRIAL

State of the U.S. Industrial Market

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APPENDIX

Local market statistics

Recent metrics point to a stabilizing market, but shifting trade policies are injecting caution into a globally dependent industrial landscape.

01 Tariff uncertainty delays decisions

Changing policies are slowing tenant activity and driving short-term renewals, a trend not yet visible in Q1 leasing data but likely to shape activity through year-end.

02 Exposure to trade shifts varies

Port markets trading heavily with China, especially Los Angeles, face the most risk, while diversified trade hubs and firms with domestic scale are better positioned.

03 China-focused 3PLs under watch

Logistics firms tied to China drove 20% of 2024 leasing, fueled by front-loading and e-commerce, but questions around staying power are rising in 2025.

04 Landlords adjust terms to fill space

About one-third of markets have seen asking rents fall 5% or more, but rising concessions mean effective rents are down even further in many cases.

05 Construction keeps slowing

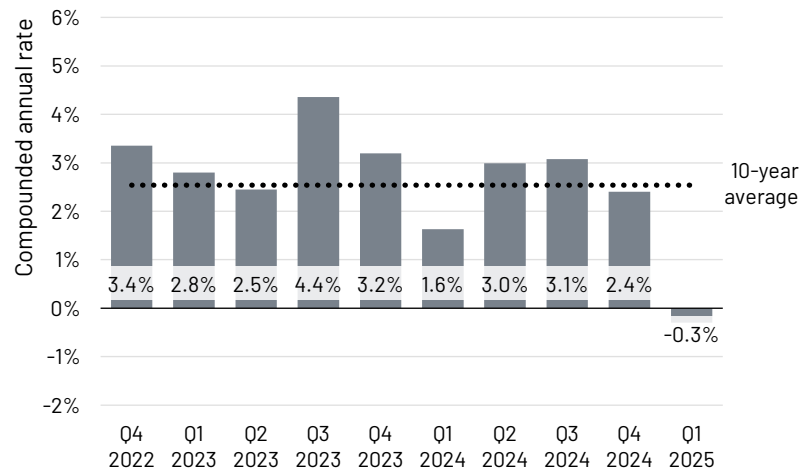
The development pipeline is down 62% from peak and back to 2018 levels, helping stabilize the market as fewer projects break ground in 2025.

Tariff uncertainty takes center stage in the U.S. macroeconomy in Q1

Import surge drives Q1 GDP contraction

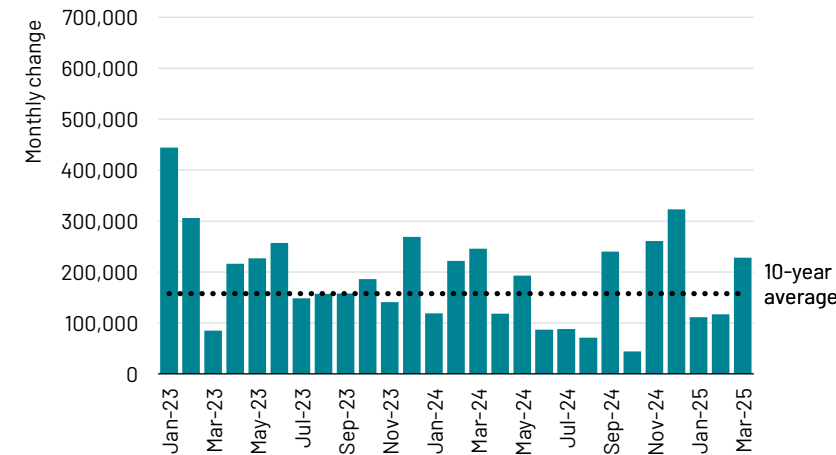
Economic growth

Real Gross Domestic Product (GDP)



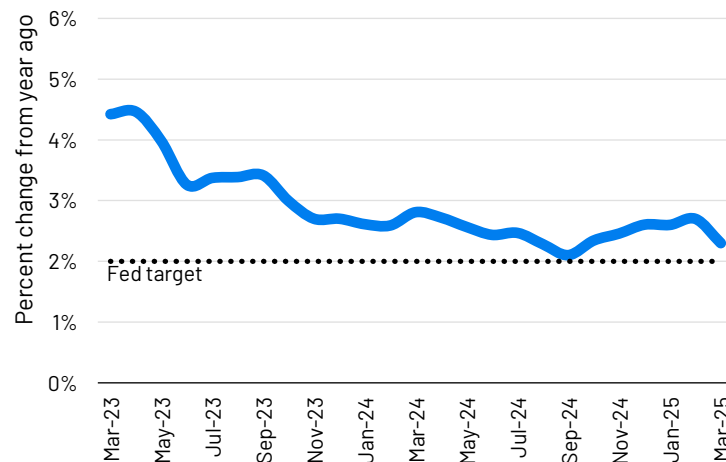
Job growth

Nonfarm Payrolls



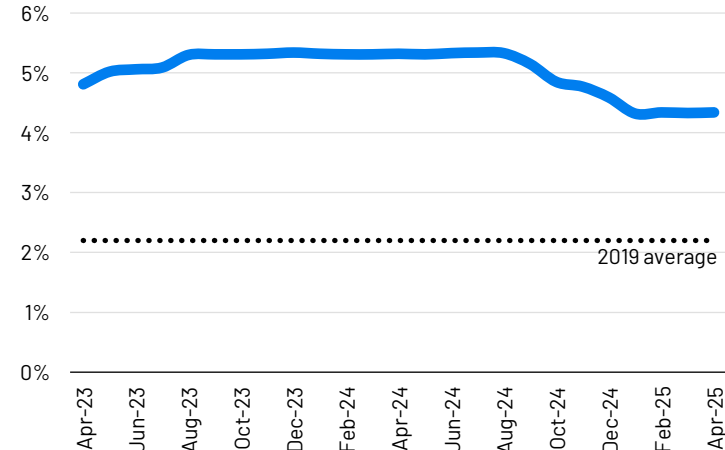
Inflation

Personal Consumption Expenditures (PCE) Price Index



Interest rates

Secured Overnight Financing Rate (SOFR)



Leading indicators signal potentially unsteady demand ahead

Key metrics around consumption, production and freight are highly predictive of near-term warehouse demand

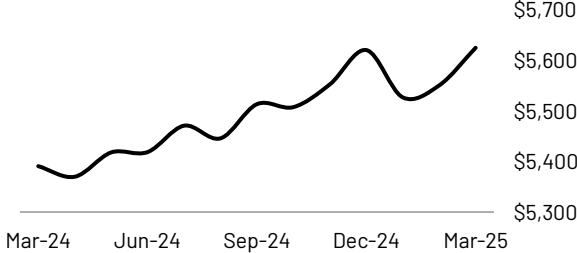
CONSUMPTION

Negative
Signal

Consumer sentiment is down 30% since December on inflation fears and economic uncertainty.

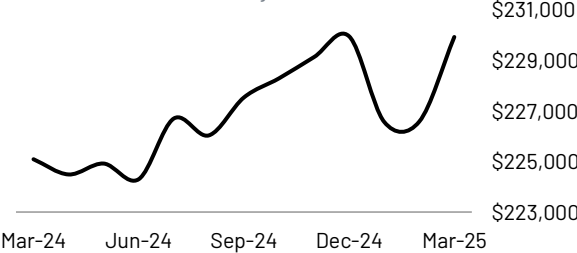
Real PCE: Goods

Billions of chained 2017 dollars*



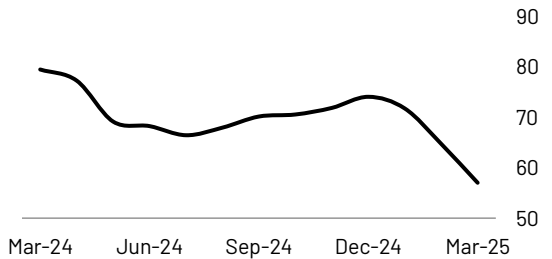
Advance Real Retail Sales

Millions of 1982-84 CPI adjusted dollars*



Consumer Sentiment

Index 1966: Q1 = 100



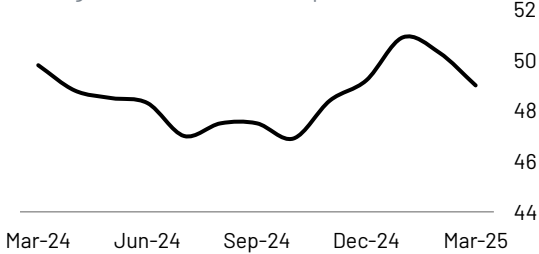
PRODUCTION

Mixed
Signal

Manufacturing PMI dipped below 50, but new orders rose as firms advanced purchases ahead of tariffs.

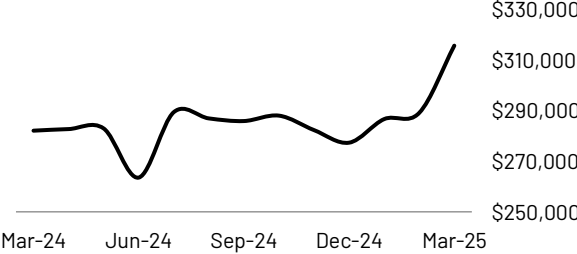
ISM Manufacturing PMI

Reading above 50 indicates expansion



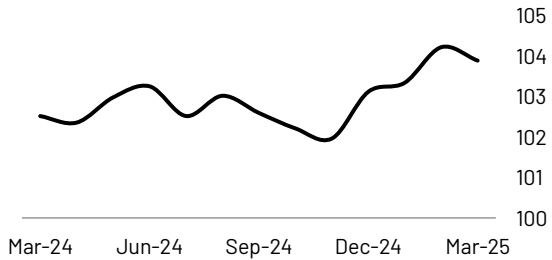
Manufacturers' New Orders: Durable Goods

Millions of dollars*



Industrial Production Index

Index 2017 = 100*



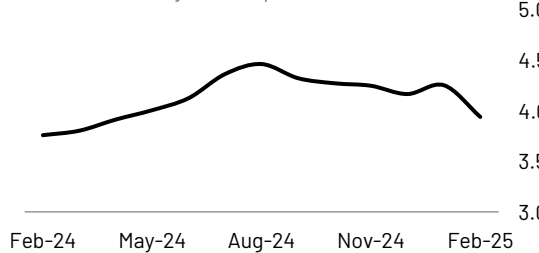
FREIGHT

Mixed
Signal

Port volumes remain historically high but are declining—a trend likely to sharpen with newer data.

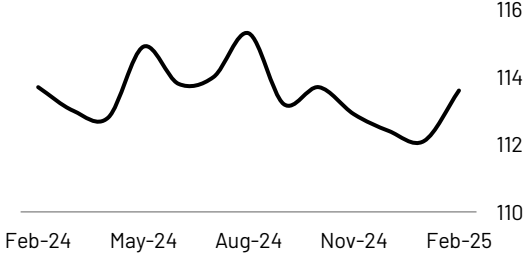
TEU Volume: Top 9 Ports

Millions of twenty-foot equivalent units



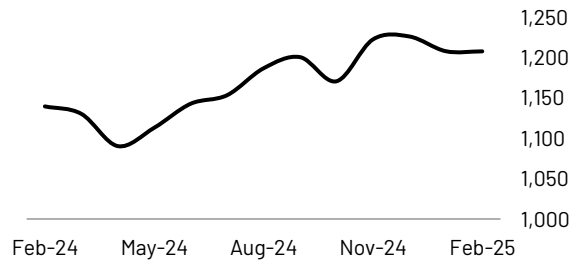
Truck Tonnage Index

Index 2015 = 100*



Rail Freight Intermodal Traffic

Thousands of containers and trailers*



*Seasonally adjusted
Source: St. Louis Federal Reserve

Companies outline plans to mitigate impact of new tariffs

Public statements on tariffs made by corporate executives in 2025

01 Managing cost pressures

“Due to recent changes in global trade rules ... we will be making price adjustments starting April 25, 2025.”

Shein

“I will look at everything from getting more out of our productivity programs, to [seeing] if there’s an alternative source of supply that is lower cost.”

Conagra Brands

“We expect our vendors across our entire assortment will pass along some level of tariff costs to retailers, making price increases ... highly likely.”

Best Buy

02 Reconfiguring supply chains

“We are accelerating adjustments to our supply chain and exploring all options as we seek to minimize the impact of tariffs on end users.”

Stanley Black & Decker

“We intend to remain flexible. ... This includes the optionality to shift sourcing to and from different countries...”

Dollar Tree

“We’re building regional resilience ... and now building capabilities in the Americas.”

IKEA

03 Leveraging strategic scale

“And our teams will continue to rise to this challenge by leveraging our global buying power, strong supplier relationships and innovation.”

Costco

“...tariffs are something we’ve managed for many years, and we’ll just continue to manage that.”

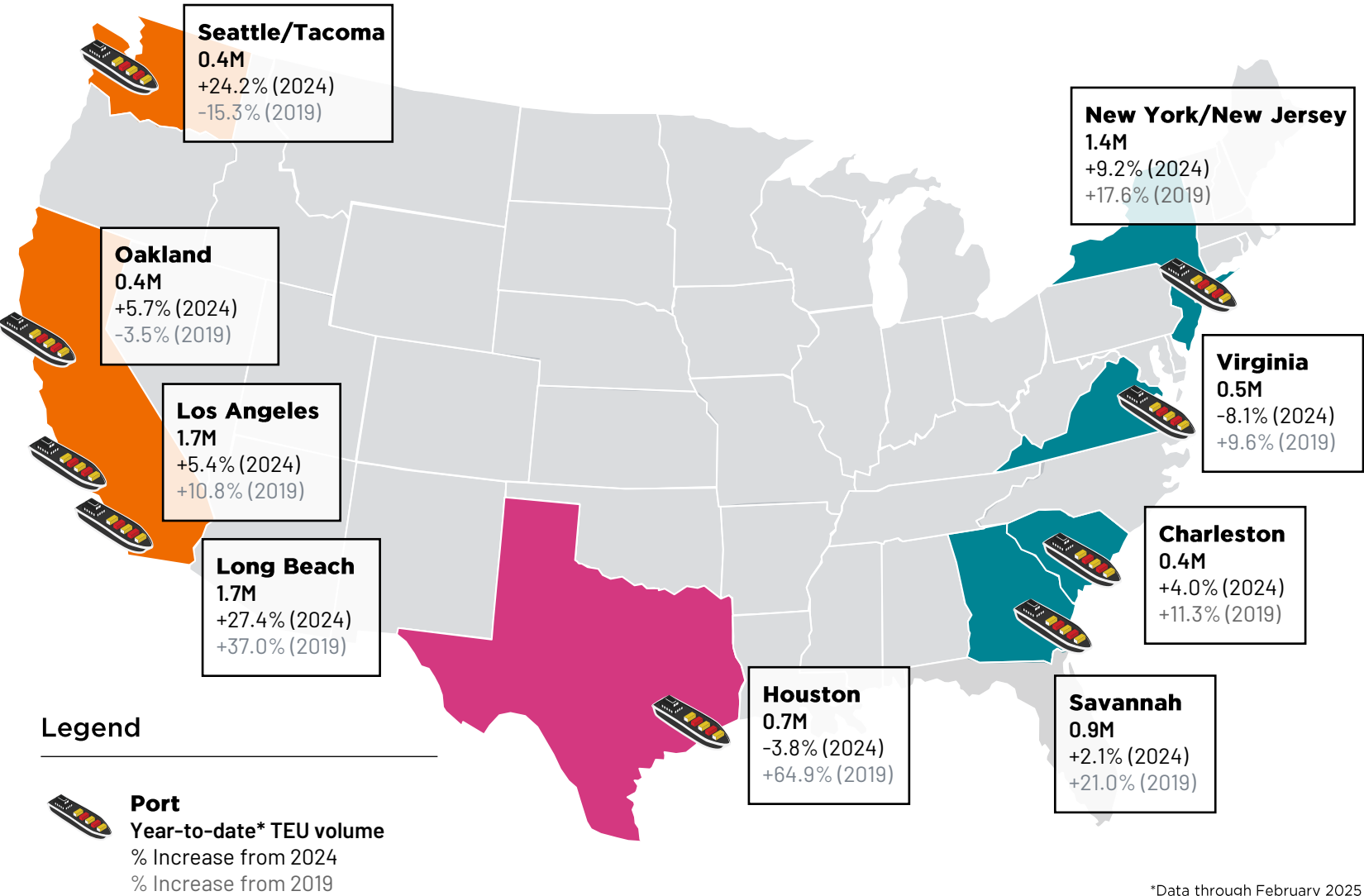
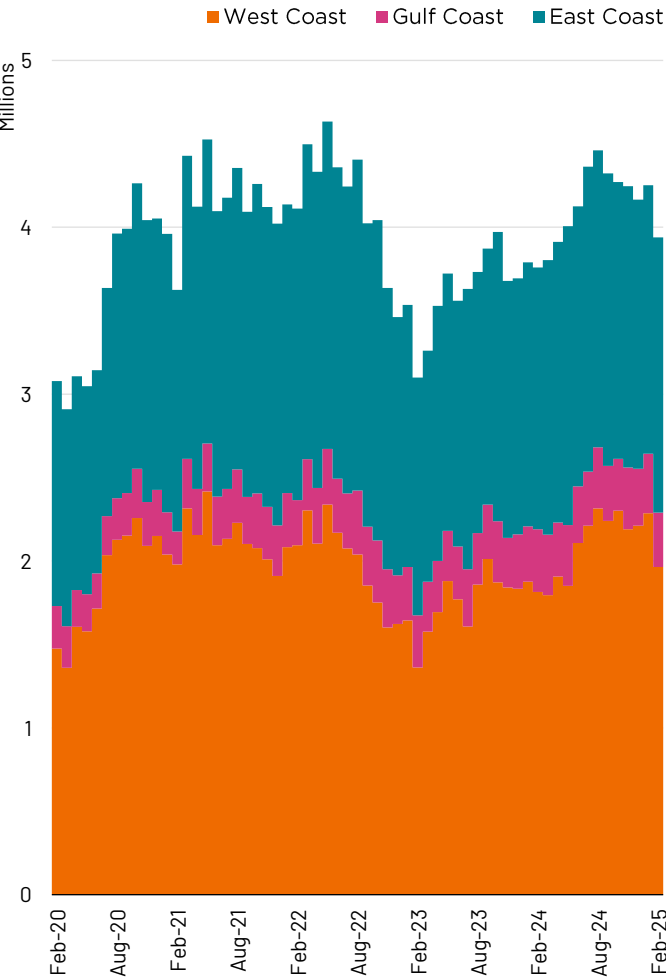
Walmart

“We continue to stay focused on what is within our control in this dynamic environment and successfully implemented previously announced pricing actions.”

Whirlpool

Port traffic expected to cool after strong second half of 2024

Monthly TEU Volume, Top 9 Ports



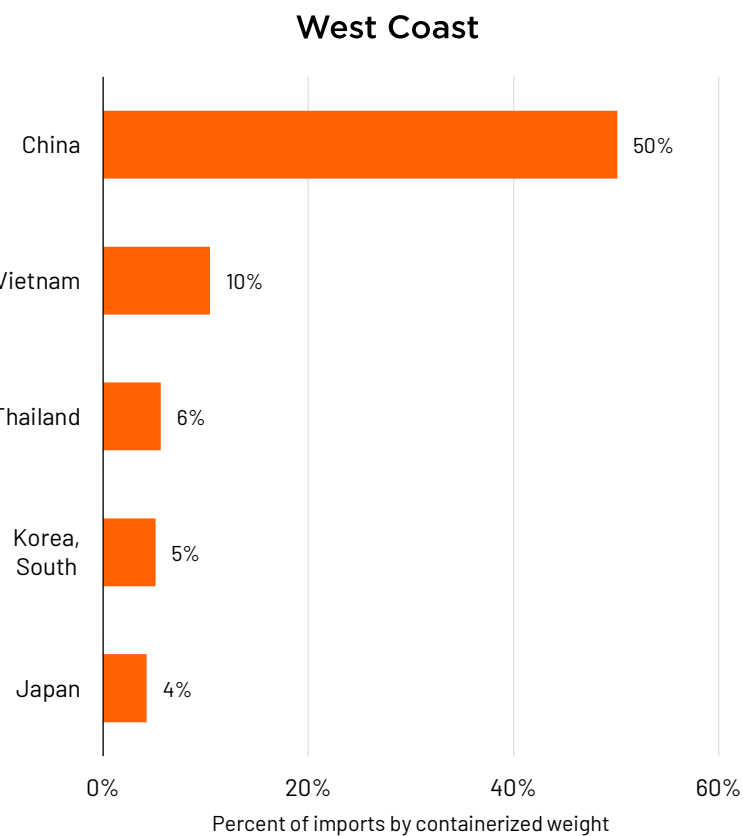
Legend

Port
Year-to-date* TEU volume
% Increase from 2024
% Increase from 2019

*Data through February 2025
Source: Local port authorities

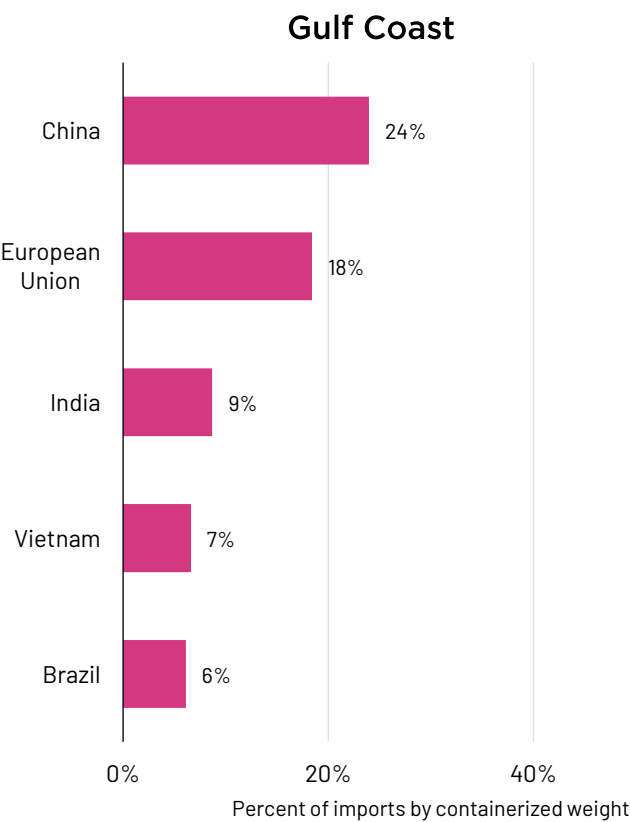
West Coast ports most exposed to higher-tariffed countries

Top 5 Trading Partners for U.S. Port Regions (2024)

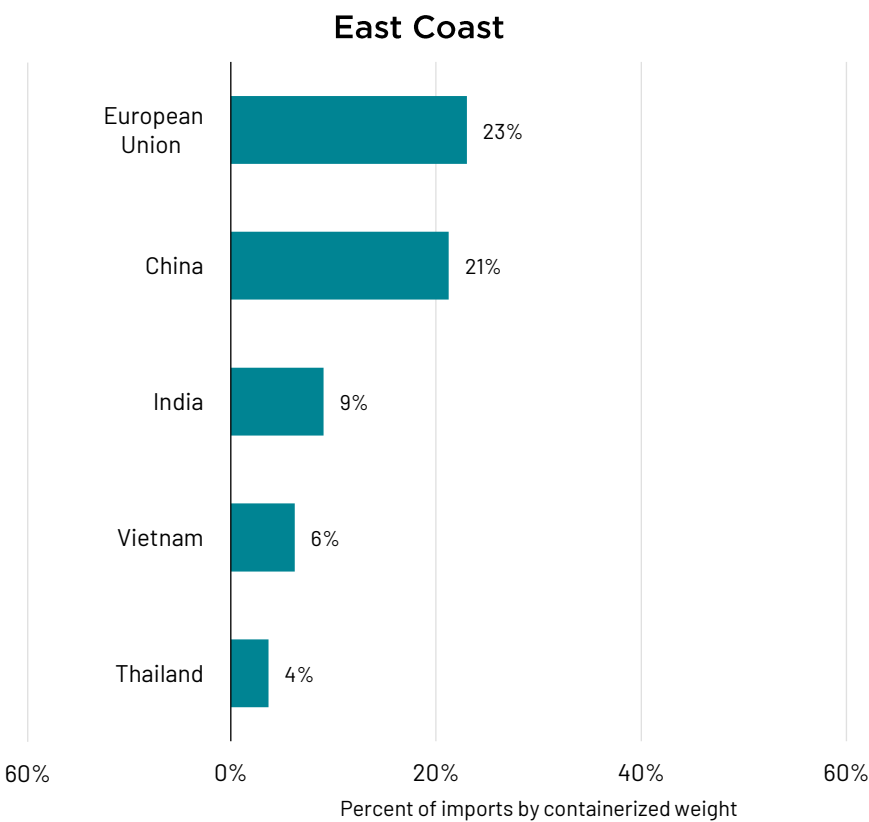


Major Port Markets
East Bay/Oakland, Los Angeles, Seattle/Puget Sound

Source: U.S. Census Bureau



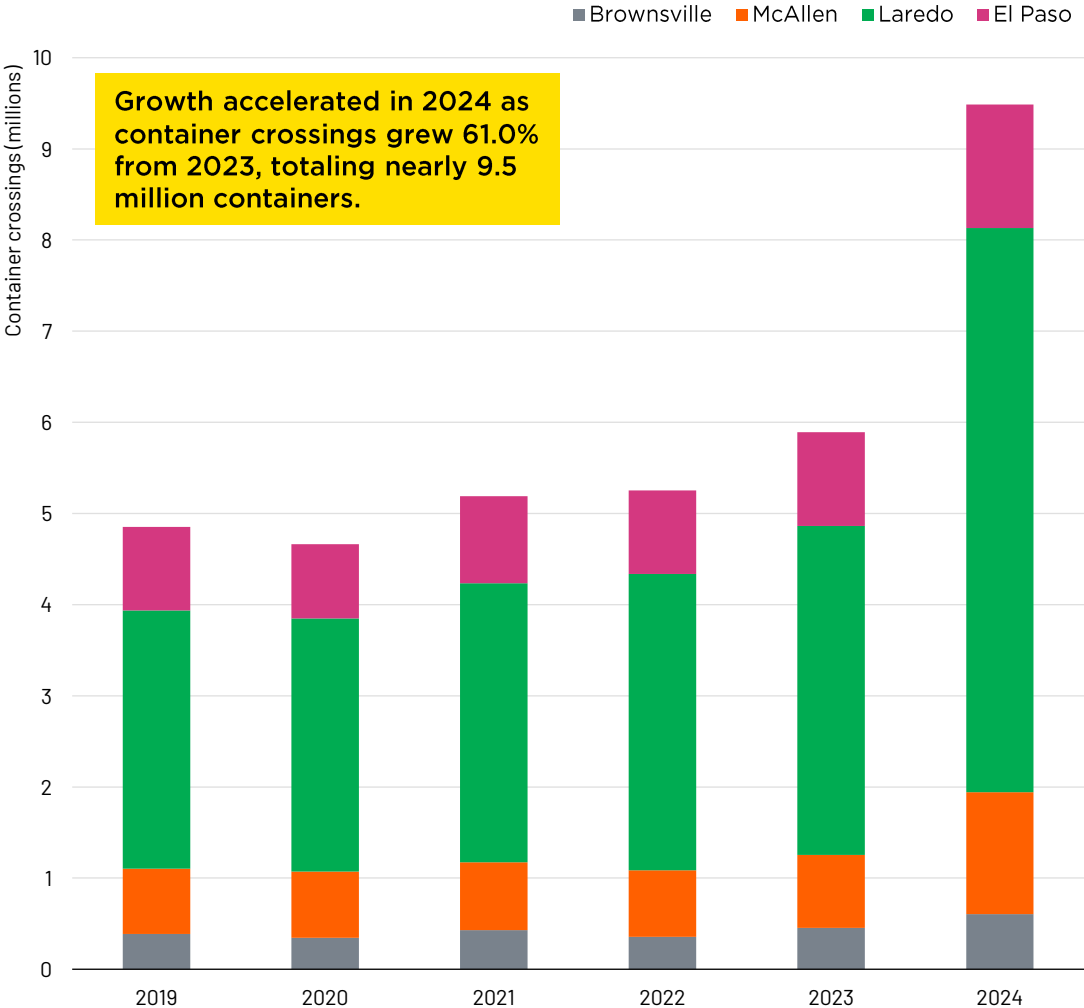
Major Port Markets
Houston



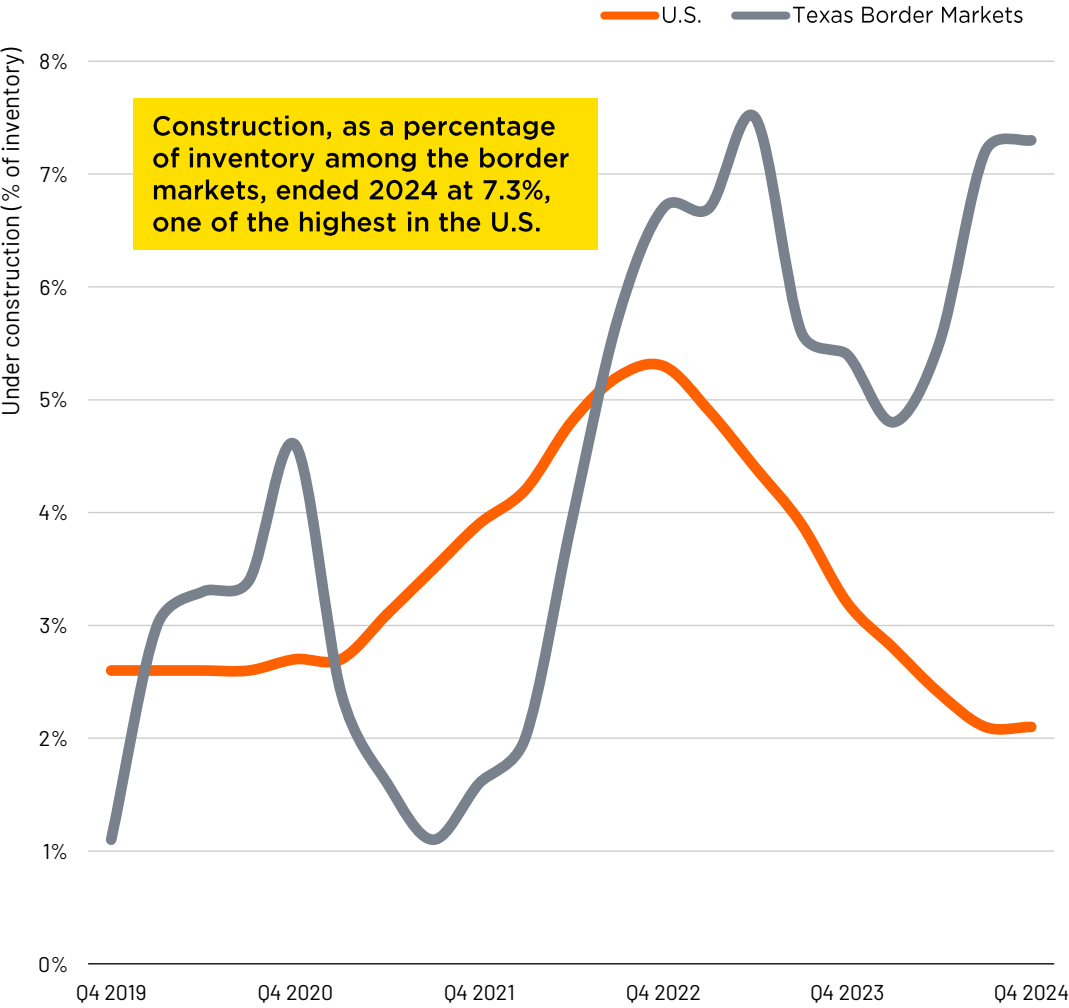
Major Port Markets
Baltimore, Charleston, Hampton Roads, Jacksonville, Northern New Jersey, Savannah, South Florida

Texas border industrial markets face an inflection point

Texas Border Inbound & Outbound Container Crossings



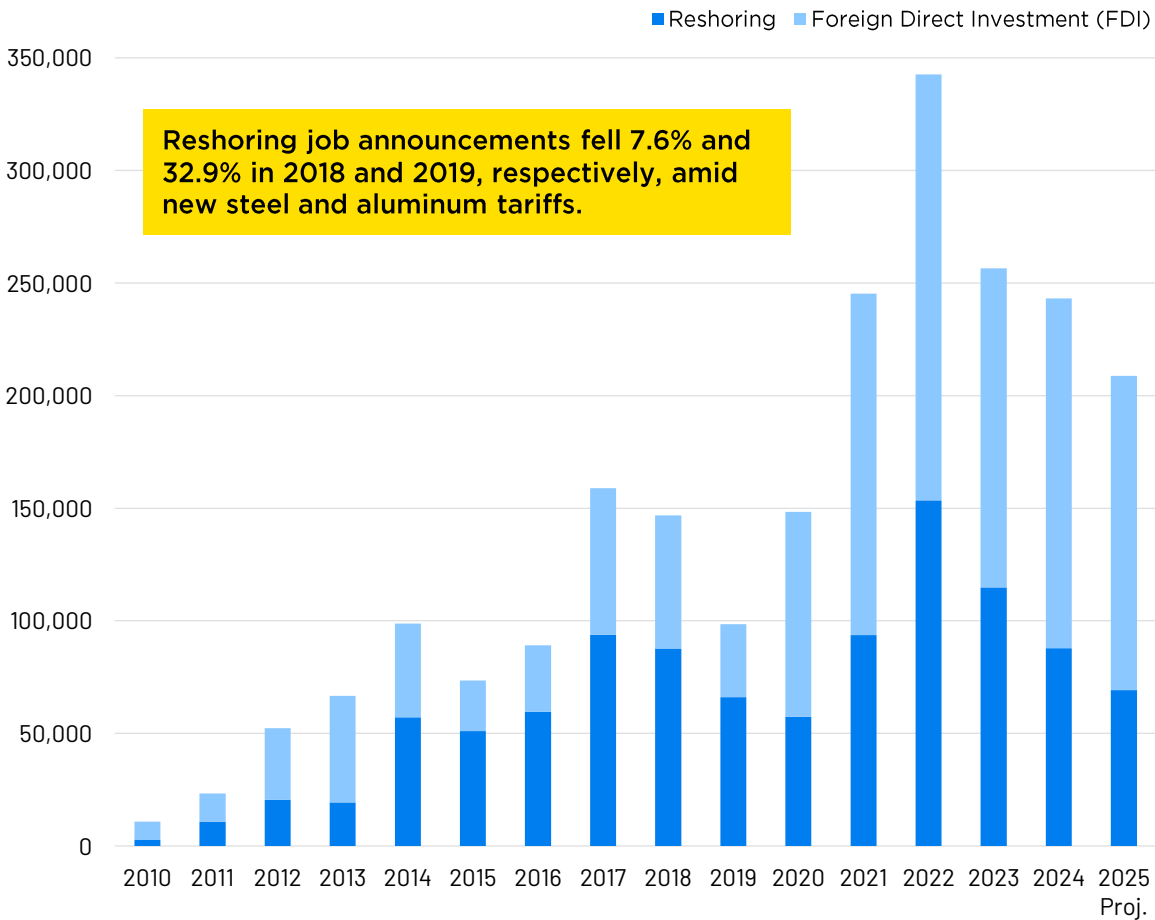
Under Construction Share of Inventory: Texas Border Markets vs. U.S.



Note: Includes loaded and empty truck and train containers
Source: U.S. Department of Transportation: Bureau of Transportation Statistics

Manufacturing stands at the edge of a new chapter

Annual Manufacturing Reshoring Job Announcements 2010-2025



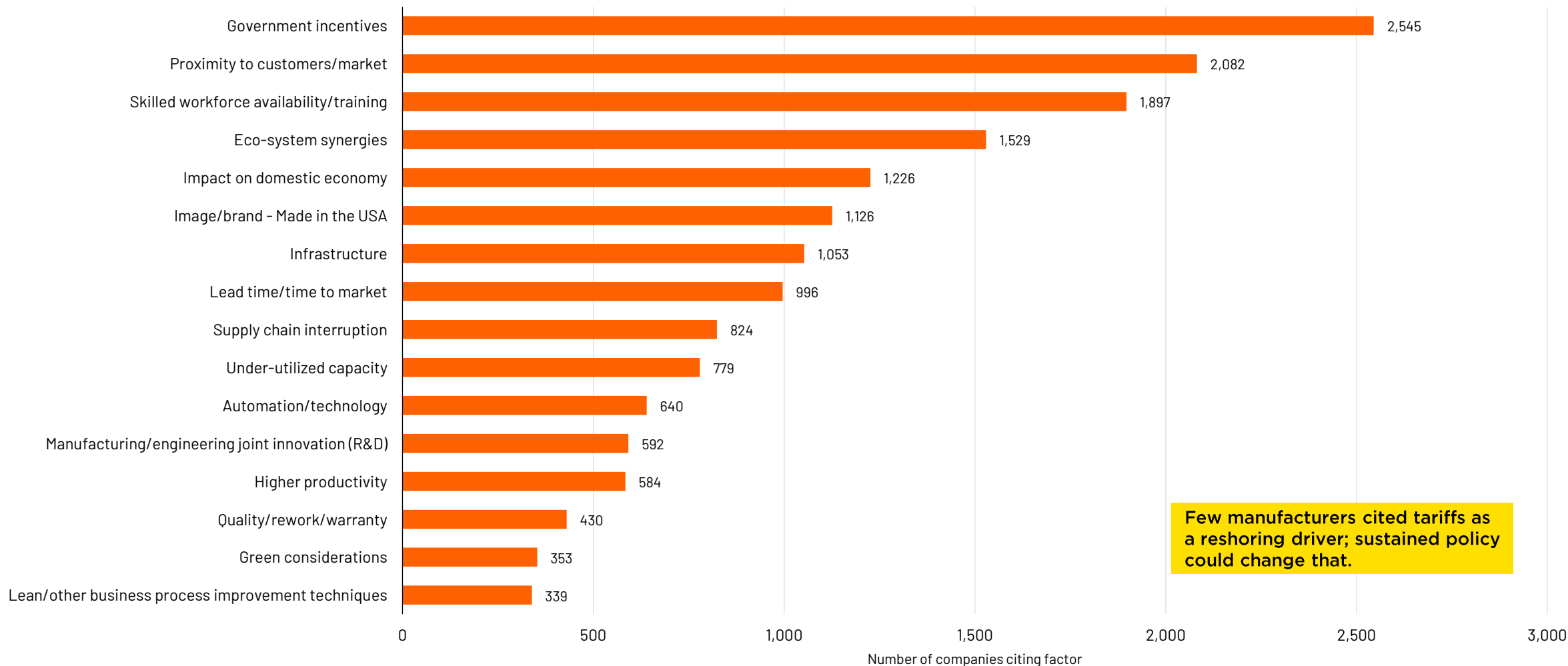
Note: Reshoring and FDI jobs adjusted for supply chain impact; 2025 projection calculated by annualizing data through March 2025.
Source: Reshoring Initiative

Notable Manufacturing Announcements: Q1 2025

COMPANY	CITY, STATE	TOTAL JOBS	CAPITAL INVESTMENT (millions)	PRODUCTS
Anduril	Columbus, OH	4,000	\$1,000	Autonomous weapons
Tesla	Brookshire, TX	1,500	\$194	Utility-scale batteries
Hyundai Steel	Donaldsonville, LA	1,300	\$5,800	Electric arc furnace steel mill
Apple	Houston, TX	1,000	\$3,900	Servers for data centers
Eaton	Jonesville, SC	700	\$340	Three-phase transformers
Isuzu	Columbia, SC	700	\$280	Internal combustion engine and EVs
AeroVironment	Salt Lake City, UT	500	\$42	Unmanned aerial vehicles

Government incentives lead the reshoring push

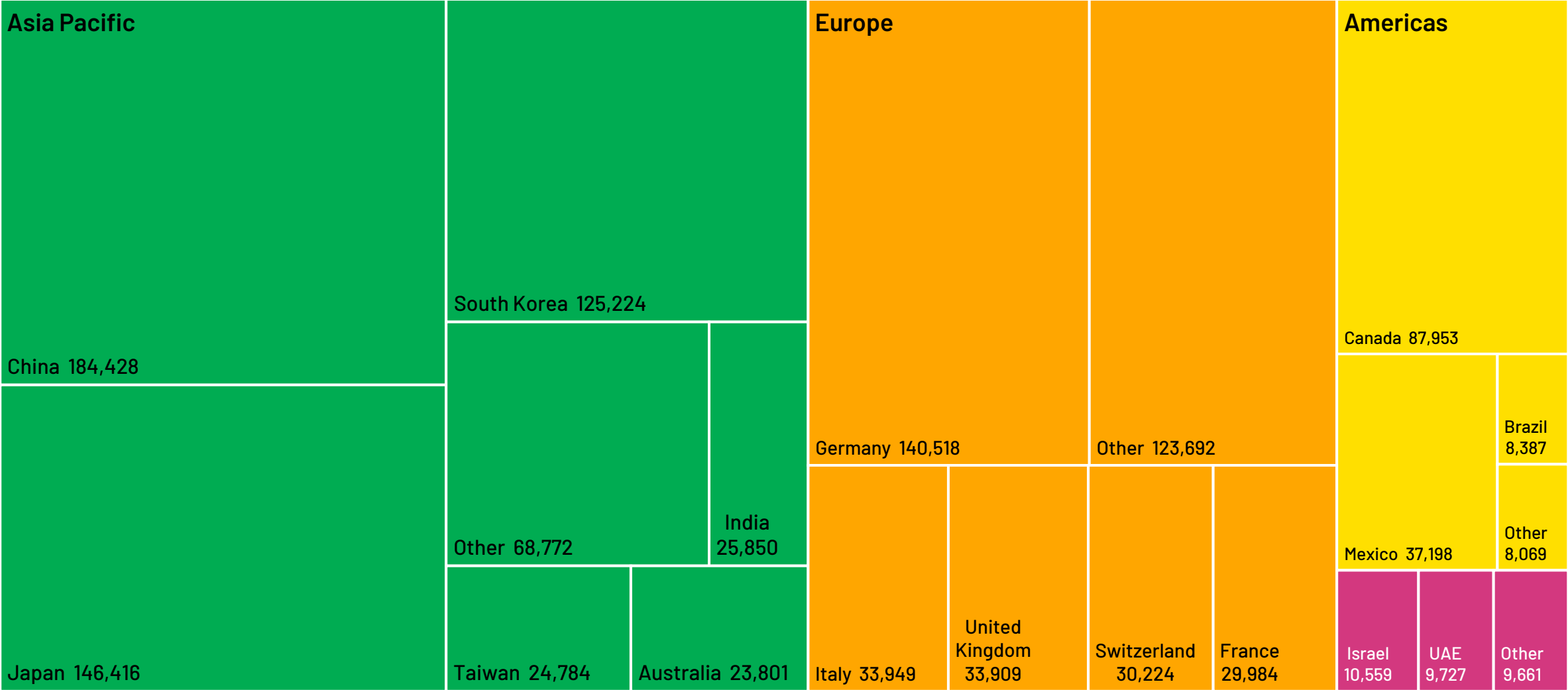
Top 15 Factors Cited for Reshoring and Foreign Direct Investment Announcements: 2010-2025



Source: Reshoring Initiative

Foreign investment fueling U.S. manufacturing growth

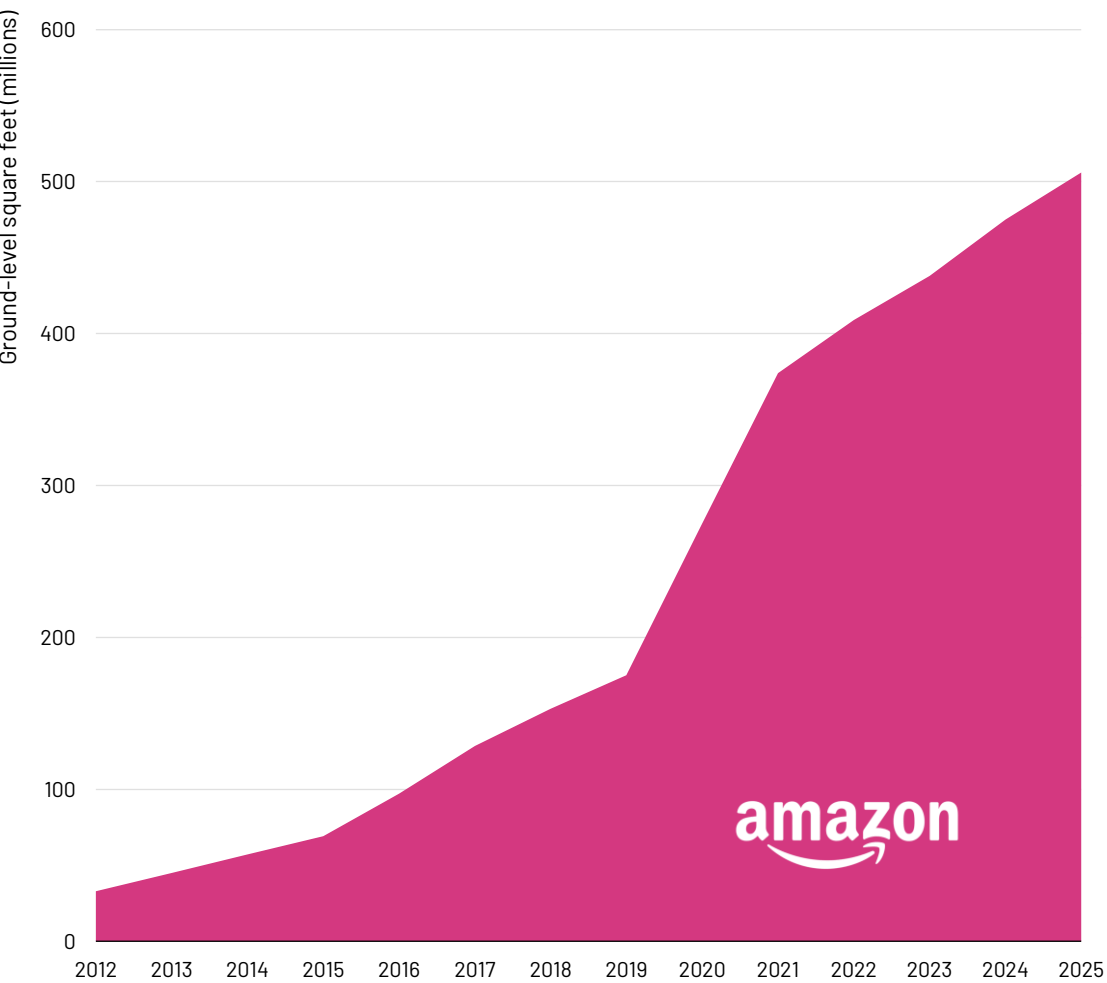
Manufacturing Job Announcements by Country of Origin: 2010-2025



Note: Reshoring and FDI jobs adjusted for supply chain impact.
Source: Reshoring Initiative

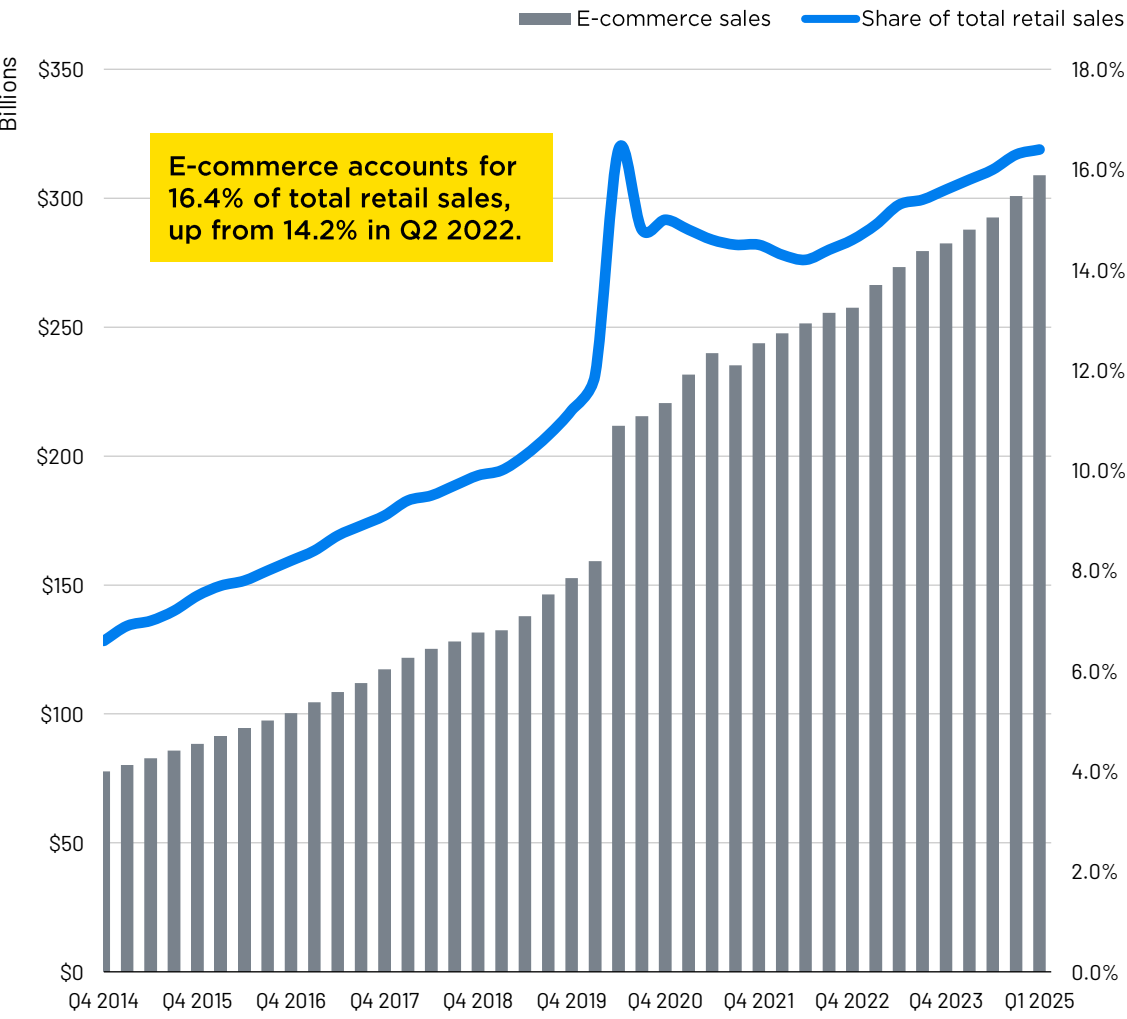
E-commerce growing steadily in post-COVID era

Amazon’s Active U.S. Facilities




Source: MWPVL, U.S. Department of Commerce

E-commerce Penetration



U.S. industrial market key statistics and forecast

	CURRENT QUARTER Q1 2025	PRIOR QUARTER Q4 2024	YEAR AGO PERIOD Q1 2024	12-MONTH FORECAST
Inventory	16.9 BSF	16.8 BSF	16.4 BSF	
Vacancy Rate	7.8%	7.6%	6.7%	
Quarterly Net Absorption	60.6 MSF	48.0 MSF	22.6 MSF	
Under Construction	306.9 MSF	346.1 MSF	455.9 MSF	
Deliveries	88.7 MSF	95.5 MSF	133.0 MSF	
Asking Rental Rate	\$9.63	\$9.60	\$9.59	

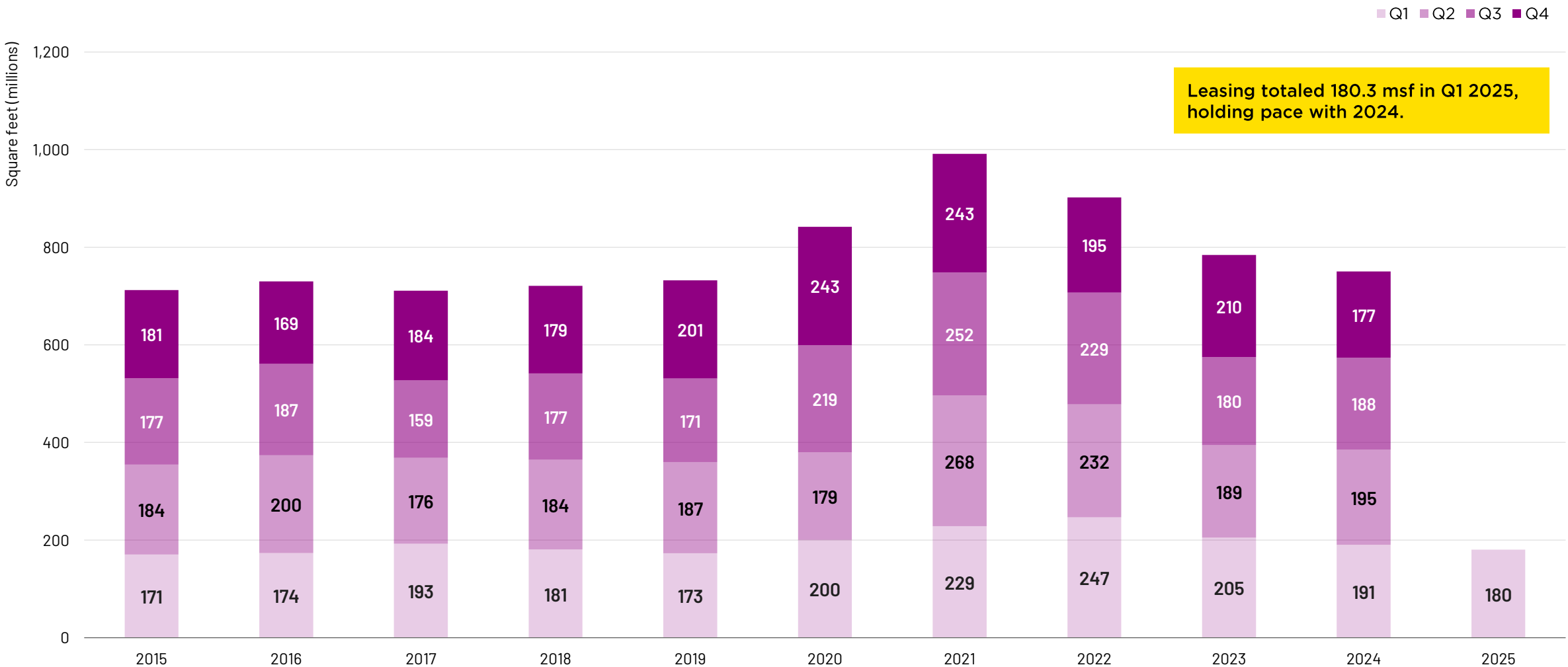
Demand forecast for 2025 reduced due to changing economic outlook

Deliveries vs. Net Absorption



Q1 leasing stable, though future pace remains in question

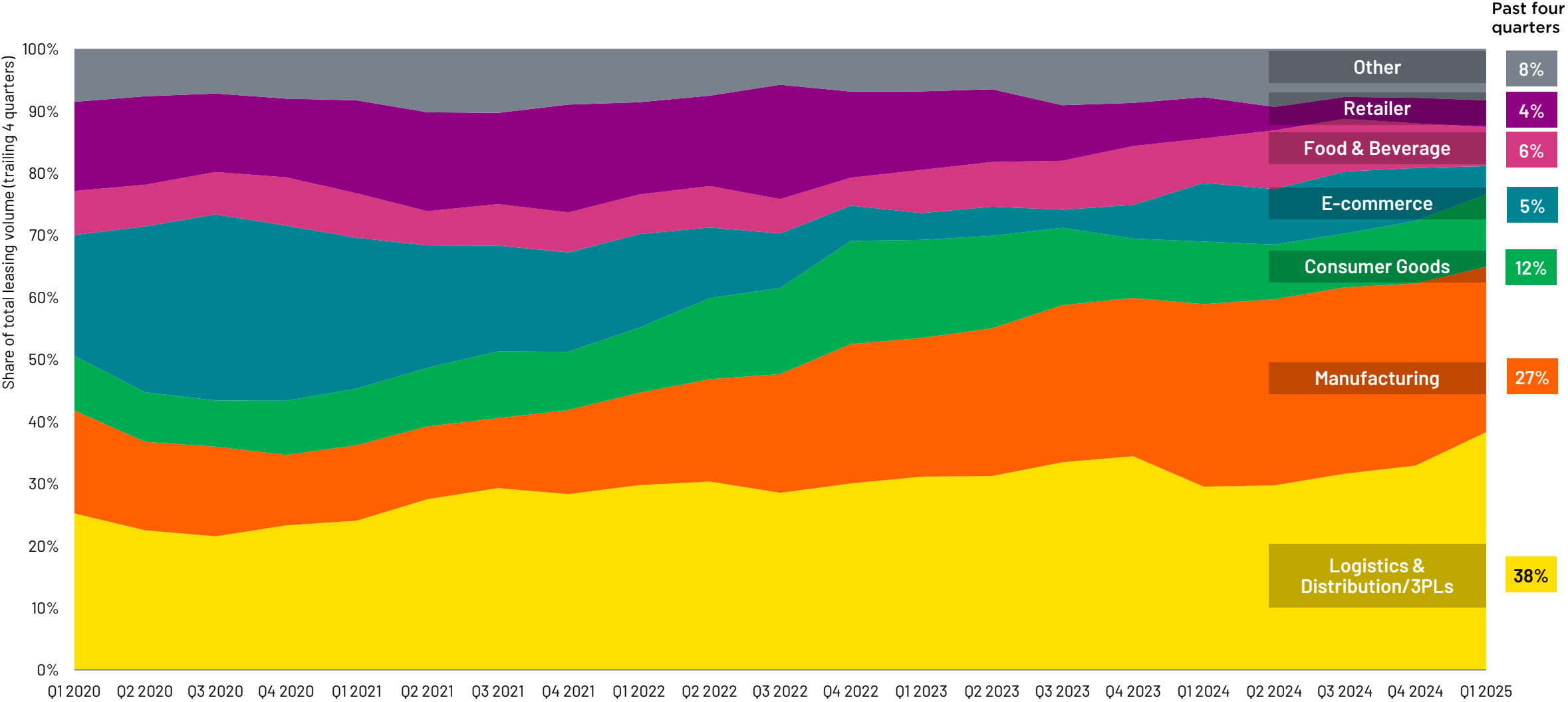
Quarterly Leasing Activity



Note: Leasing activity adjusted for initial underreporting in most recent three quarters.

Third-party logistics (3PL) firms continue to drive leasing

Leasing Activity by Industry (past four quarters)



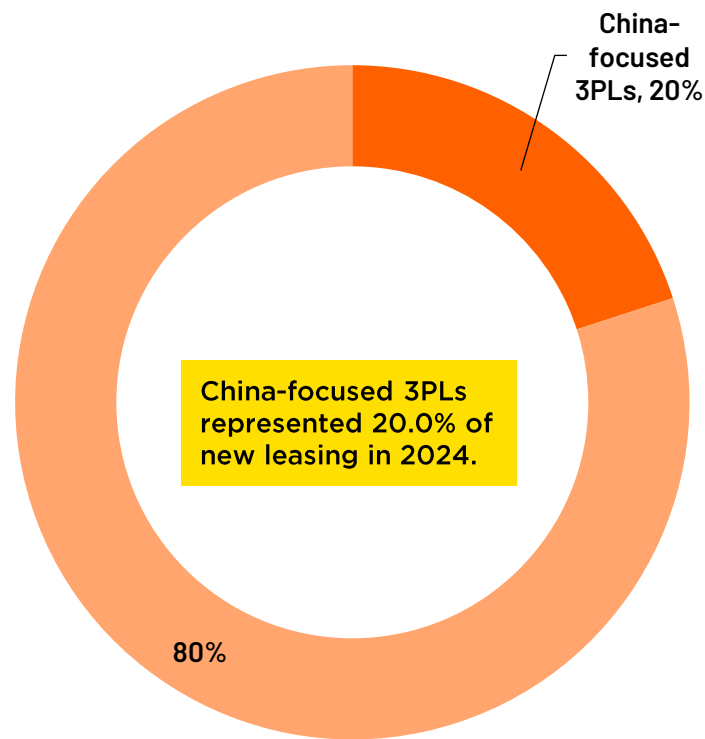
Note: Based on top five quarterly leases from 27 markets

Outlook murky for China-focused 3PLs

Recent Leasing: China-Focused* Third-Party Logistics Providers

TENANT	SIZE (SF)	SIGN DATE	ADDRESS	CITY, STATE	MARKET
WIN.IT America	606,480	4Q 2024	151 Marcellin Drive	City of Industry, CA	Los Angeles
HYTX Logistics	436,945	1Q 2025	3355 East Cedar Street	Ontario, CA	Inland Empire
Cainiao	424,427	4Q 2024	10886 Citrus Avenue	Fontana, CA	Inland Empire
JD Logistics	400,590	1Q 2025	4259 US-130 S	Edgewater Park, NJ	Philadelphia
JW Fulfillment	341,000	4Q 2024	3285 De Forest Circle	Jurupa Valley, CA	Inland Empire
HYTX Logistics	332,635	1Q 2025	100 Linden Logistics Way	Linden, NJ	Northern New Jersey
JiuFang Logistics	305,617	1Q 2025	7820 Victoria Avenue	Highland, CA	Inland Empire
Discovery SCM	271,348	4Q 2024	600 Fairway Lane	Old Bridge, NJ	Northern New Jersey
Otto International	254,677	4Q 2024	3551 East Jurupa Street	Ontario, CA	Inland Empire
YiTong Investments	232,000	1Q 2025	17560 Rowland Street	City of Industry, CA	Los Angeles
JD Logistics	221,639	1Q 2025	3920 Falcon Parkway	Flowery Branch, GA	Atlanta
HYTX Logistics	217,464	1Q 2025	14505 E. Proctor Avenue	City of Industry, CA	Los Angeles
YCY International Logistics	200,376	1Q 2025	1651 S Archibald Avenue	Ontario, CA	Inland Empire
TWTH Express	169,186	1Q 2025	15820 Euclid Avenue	Chino, CA	Inland Empire
Jingstar	156,067	1Q 2025	1500 Blair Road	Carteret, NJ	Northern New Jersey
YunExpress	146,000	1Q 2025	400 Salt Meadow Road	Carteret, NJ	Northern New Jersey
Yanwen Express	107,564	1Q 2025	600 Blair Road	Carteret, NJ	Northern New Jersey

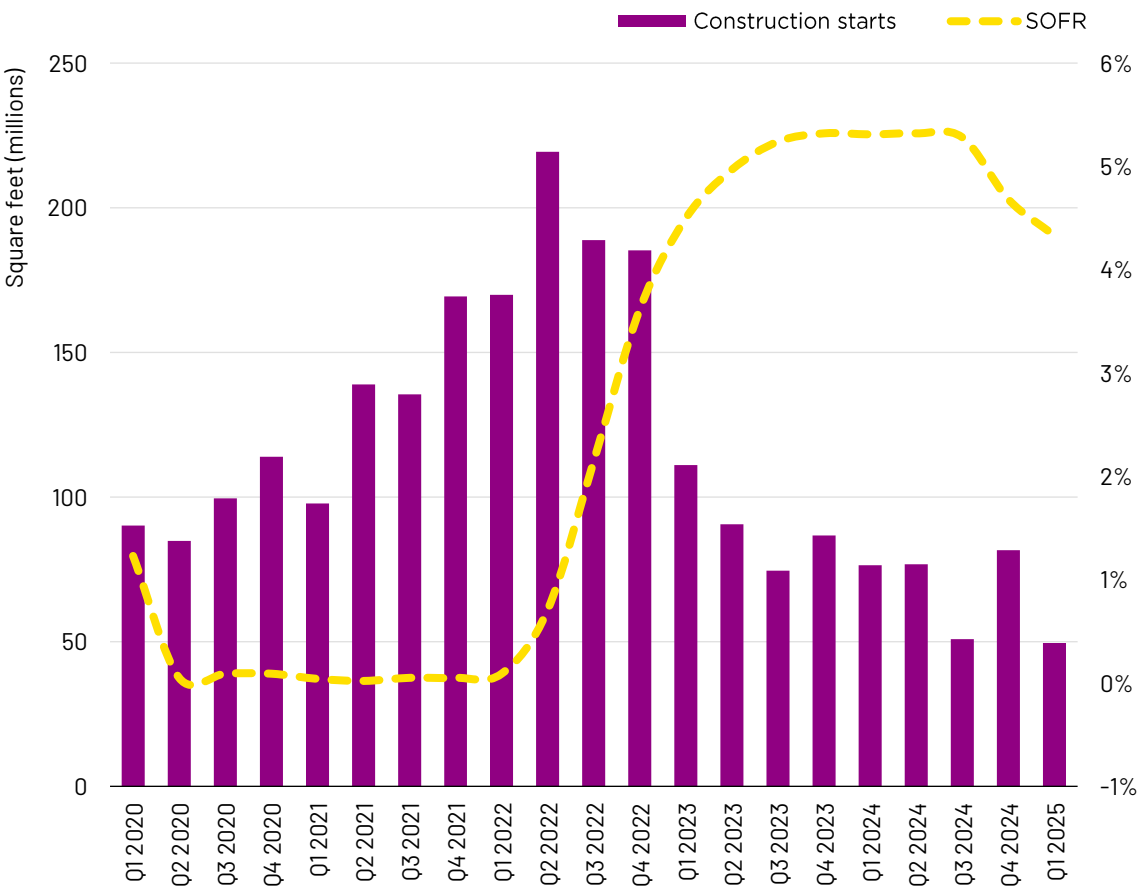
2024 Share of New Leasing



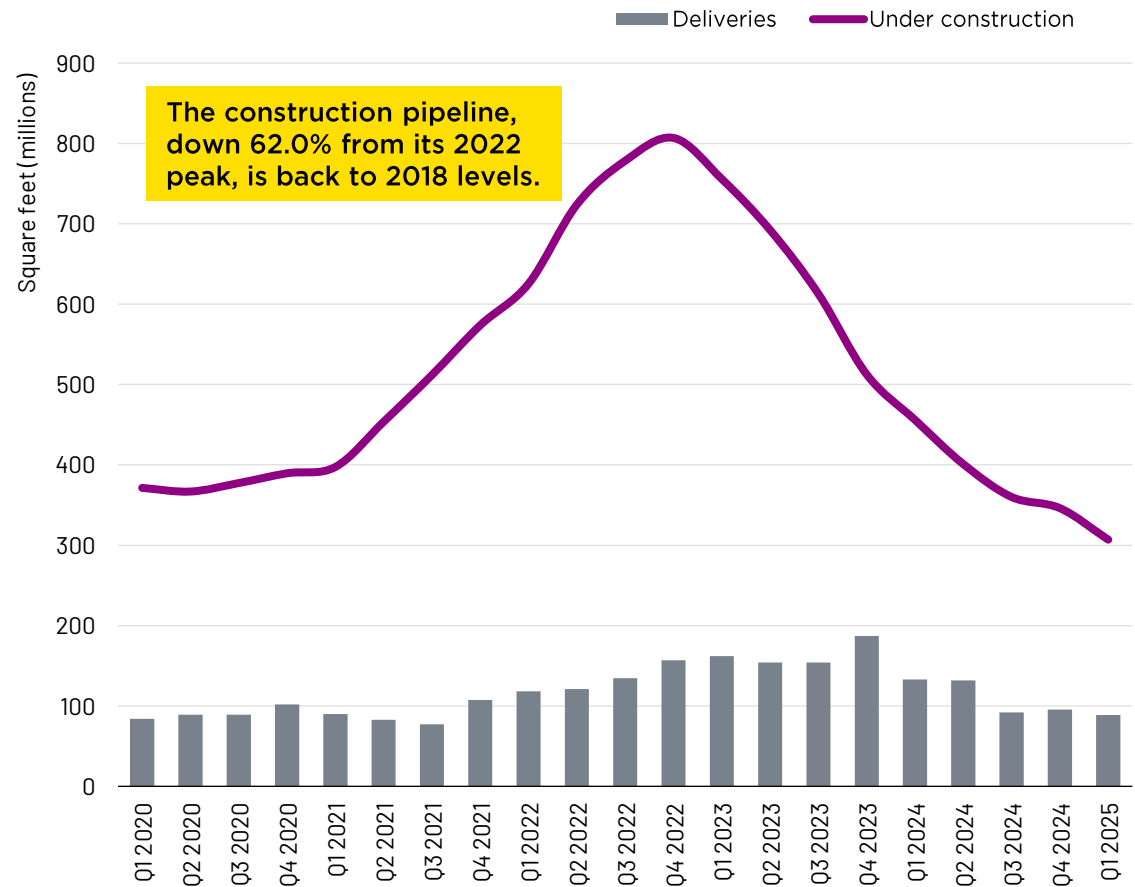
*China-focused 3PLs defined as providers primarily handling China-to-U.S. logistics, with some based in or operating significantly within China, though not exclusively.
Source: Savills Research, Prologis

Cooling construction pipeline provides market-stabilizing anchor

Construction Starts vs. Secured Overnight Financing Rate (SOFR)

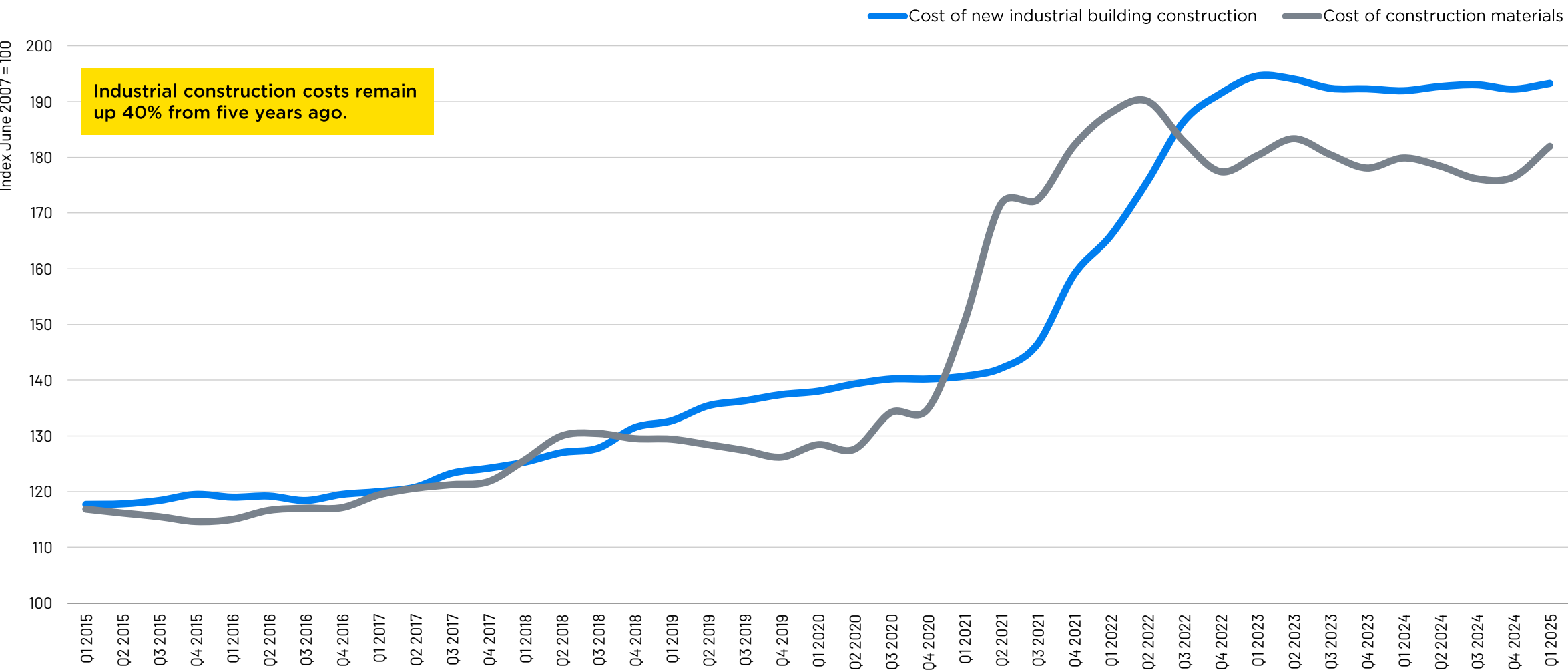


Deliveries vs. Under Construction



Stabilized at elevated levels, construction costs now face new strain

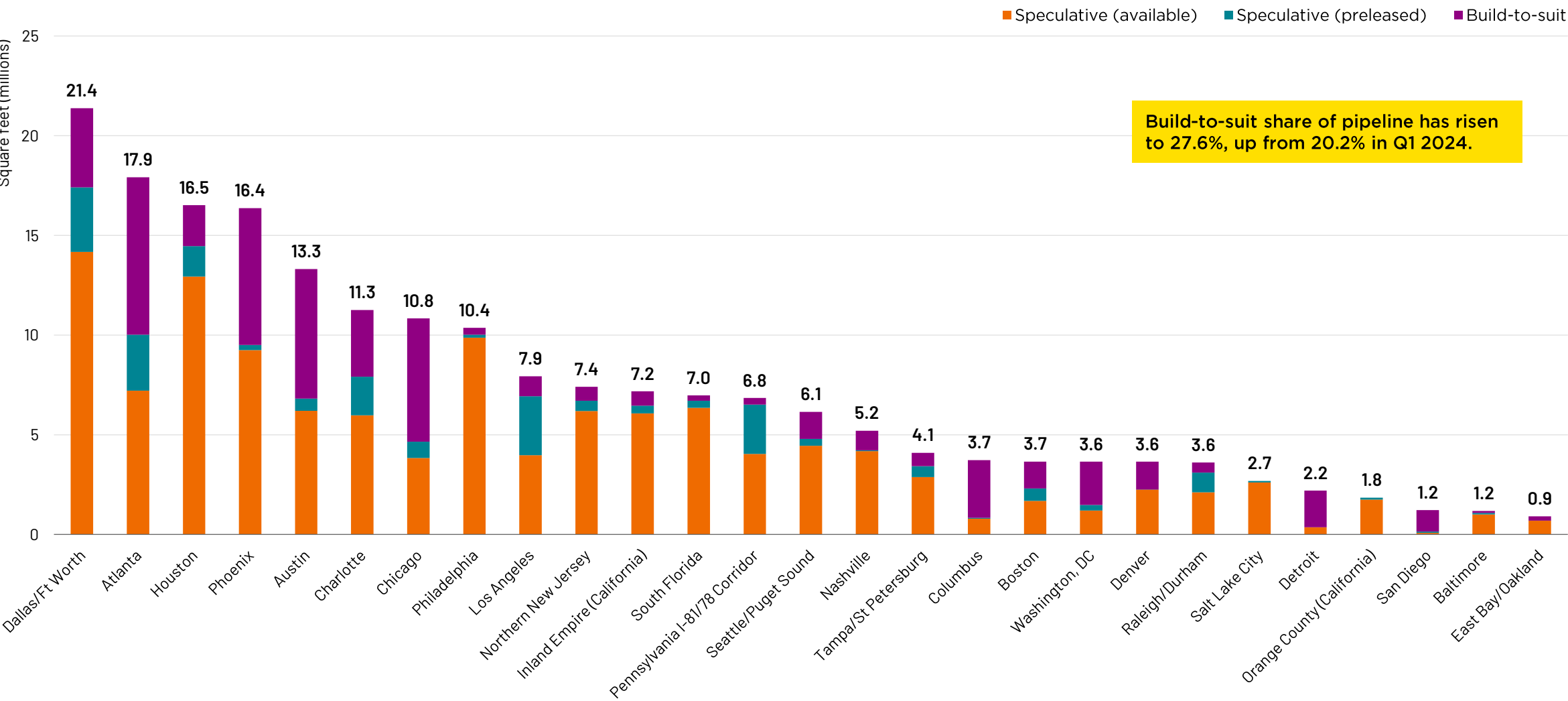
Construction Cost Indices: 2015-2025



Source: St. Louis Federal Reserve

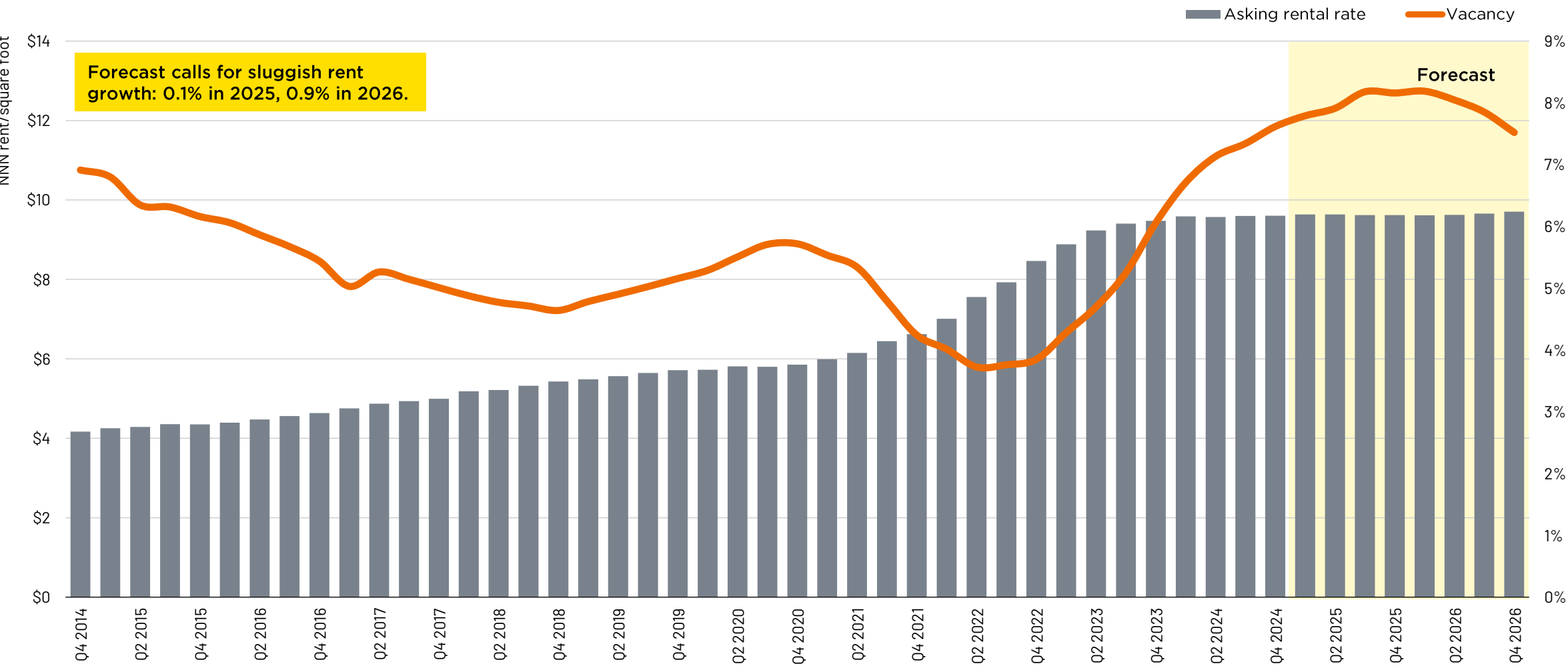
Spec developments predominate in 307-msf pipeline

Under Construction Inventory by Development Type



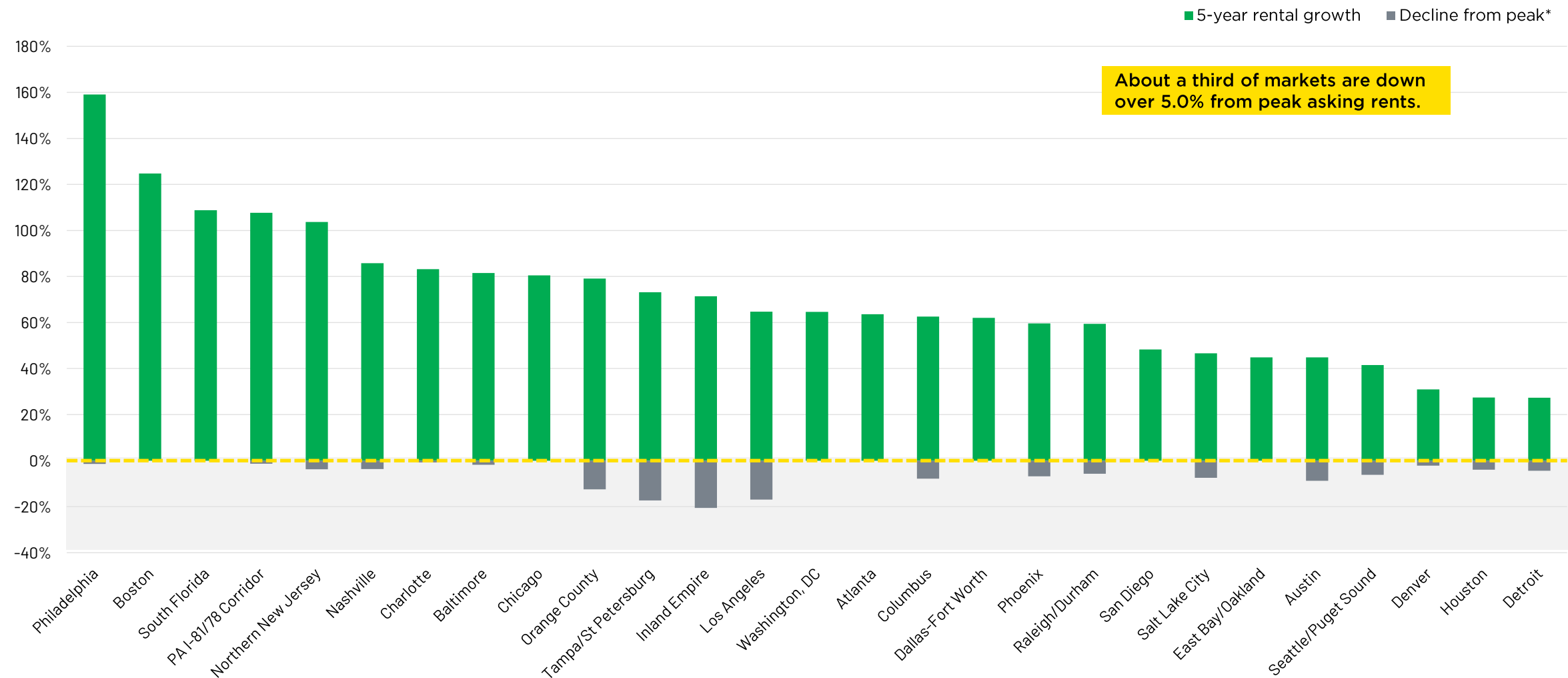
Peak vacancy remains in sight, but may arrive later than expected

Vacancy vs. Asking Rental Rate



Rent declines spread, but levels remain well above historical norms

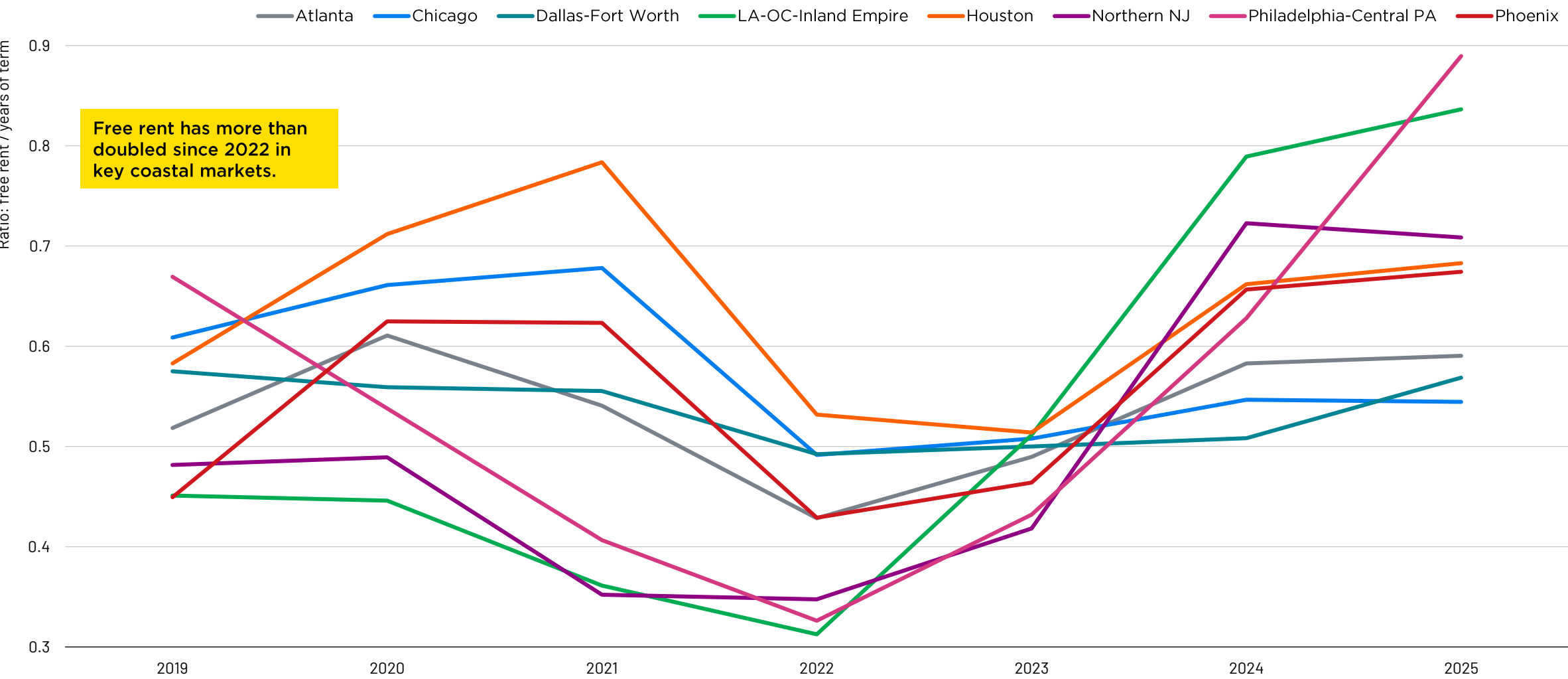
5-Year Rental Growth vs. Decline From Peak*



*Peak defined as the period of highest asking rental rate observed in each market between 2020 and 2025

Concessions rise as landlords offer more than rent cuts to fill space

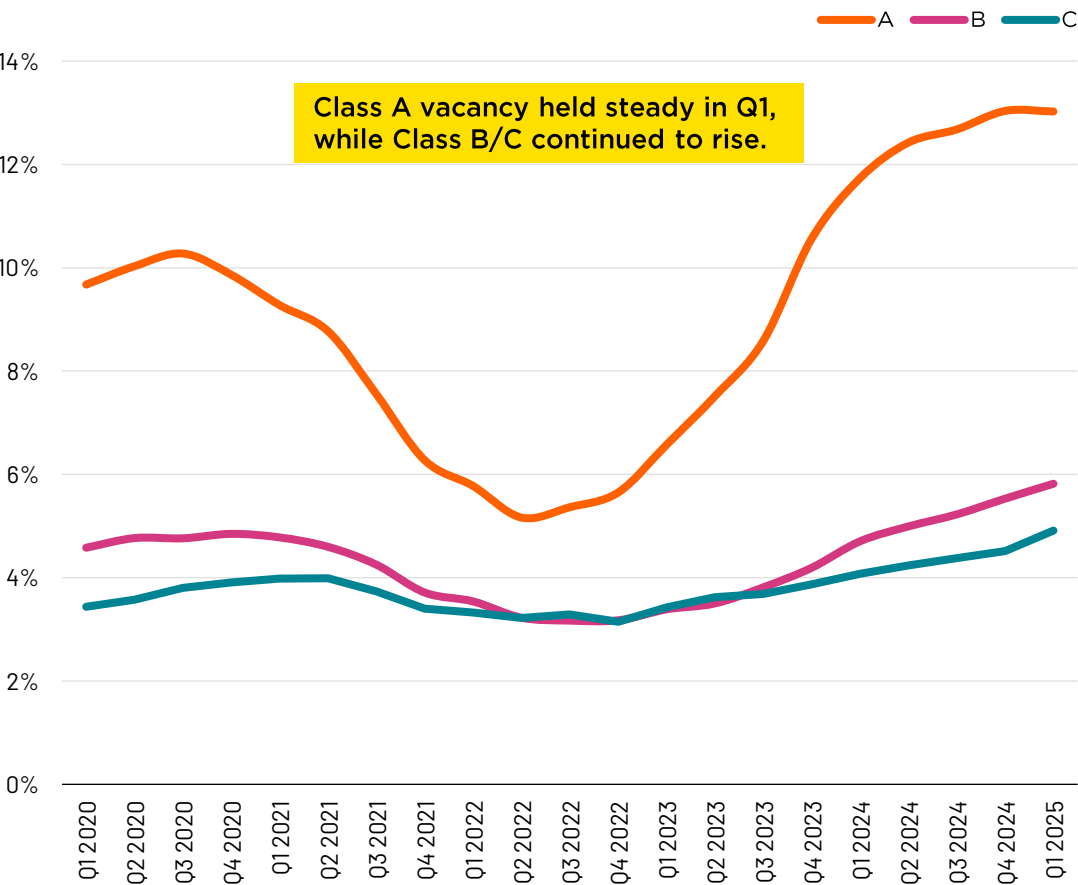
Average free rent months per year of lease term



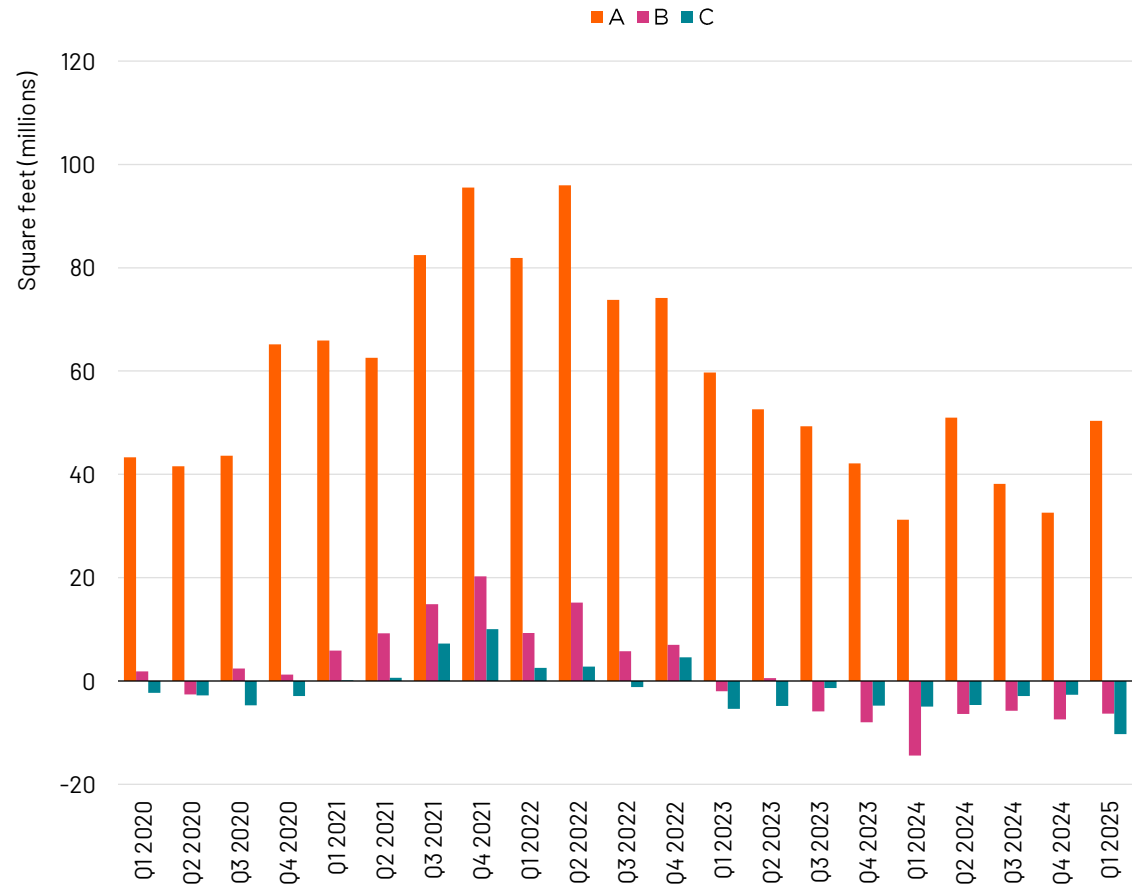
Source: CompStak

Elevated Class A vacancy creating opportunities for flight to quality

Vacancy by Class

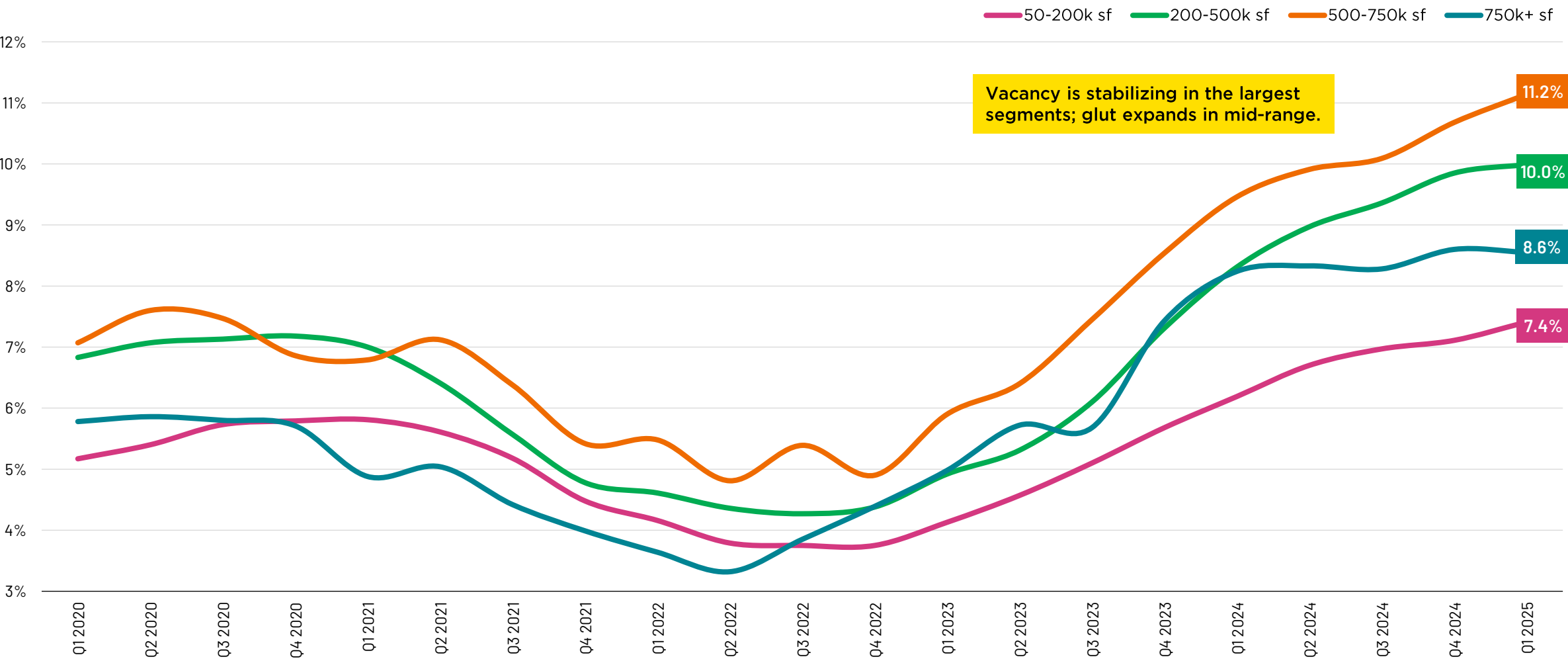


Net Absorption by Class



Generally, smaller buildings show lower vacancy

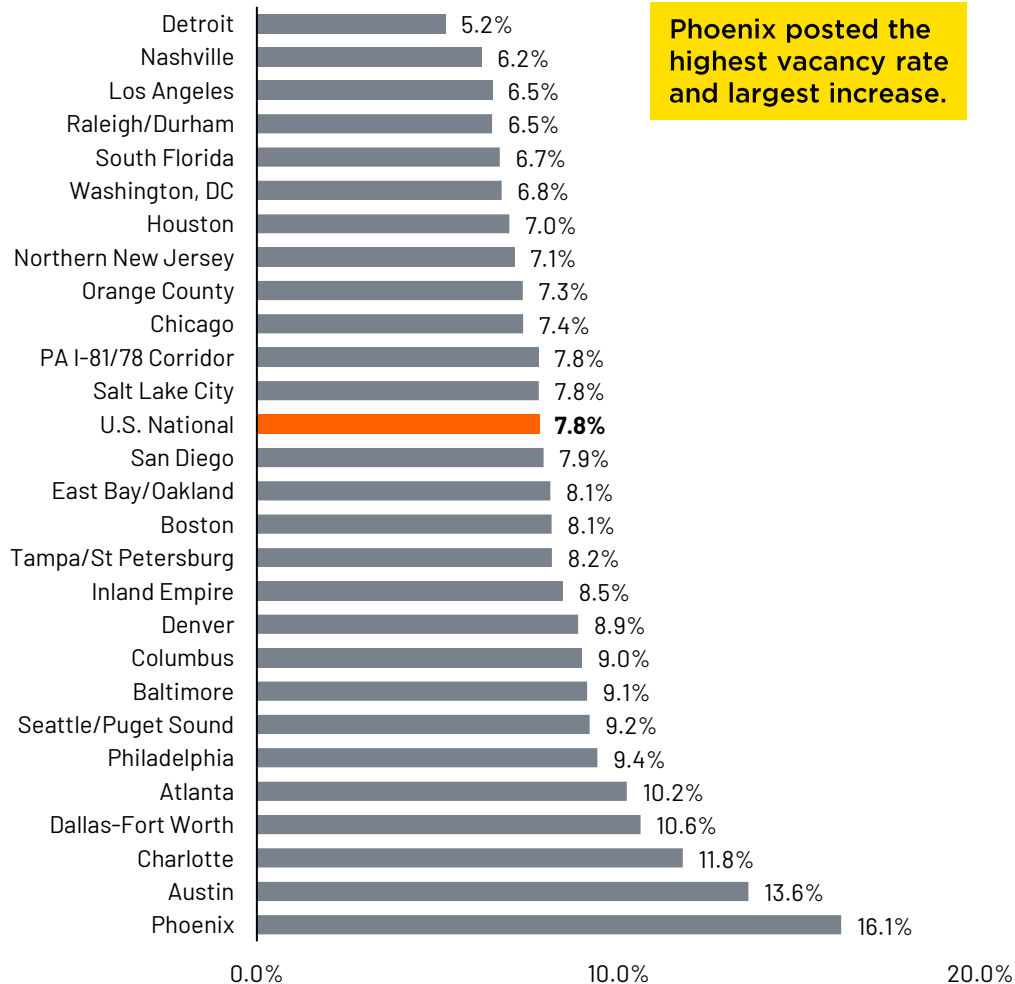
Vacancy by Building Size Range



Vacancy rises sharply in active construction markets

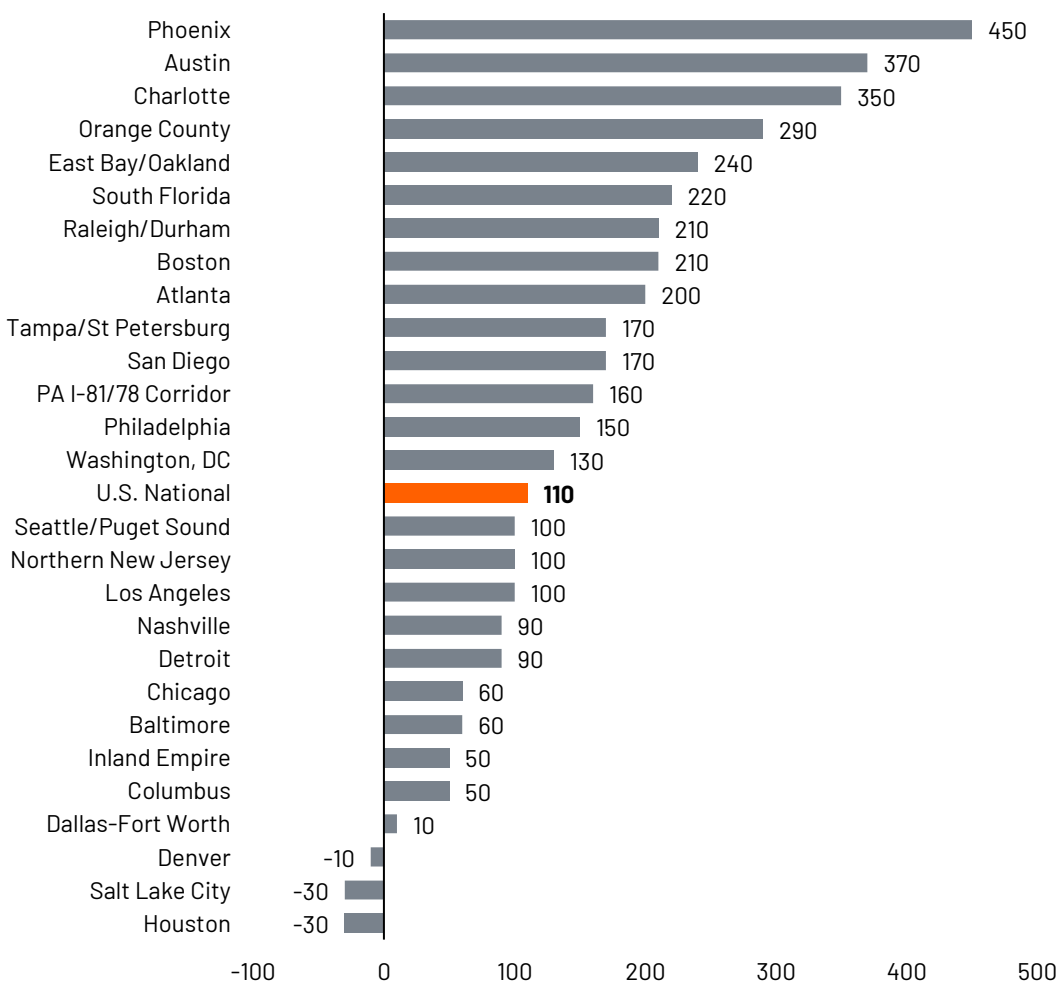
Vacancy Rate (%)

Q1 2025



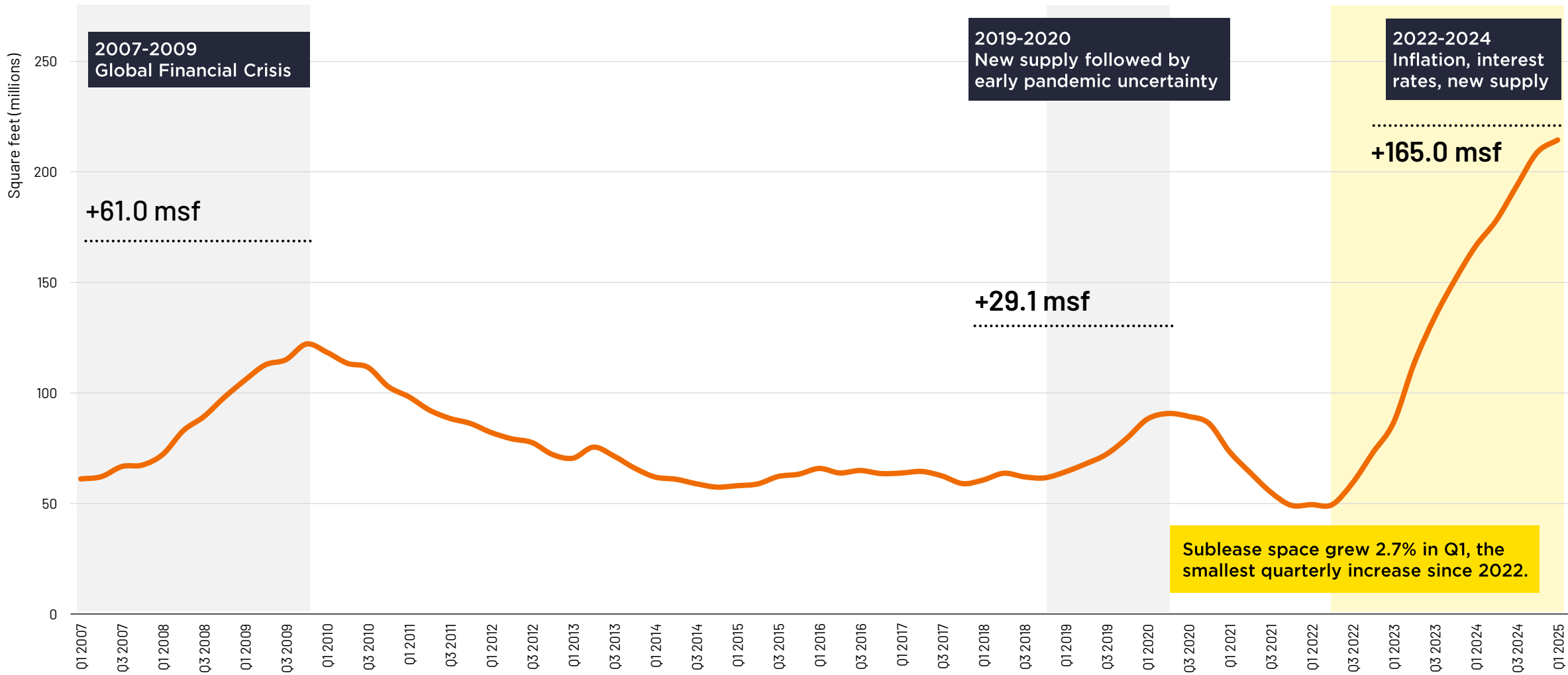
Vacancy Change (bps)

YEAR-OVER-YEAR



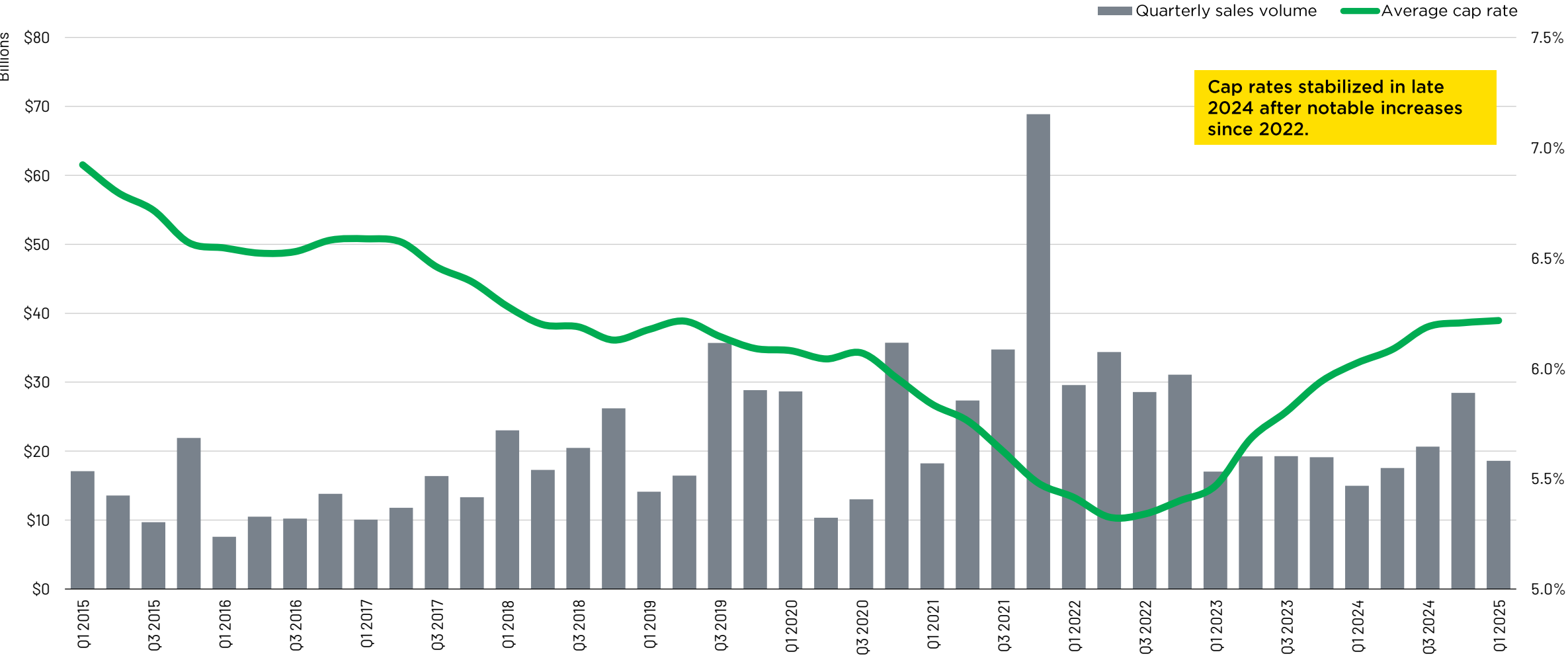
Sublease availability keeps rising; stabilizing key for market recovery

Sublease Availability



Investor caution expected to weigh on capital flows

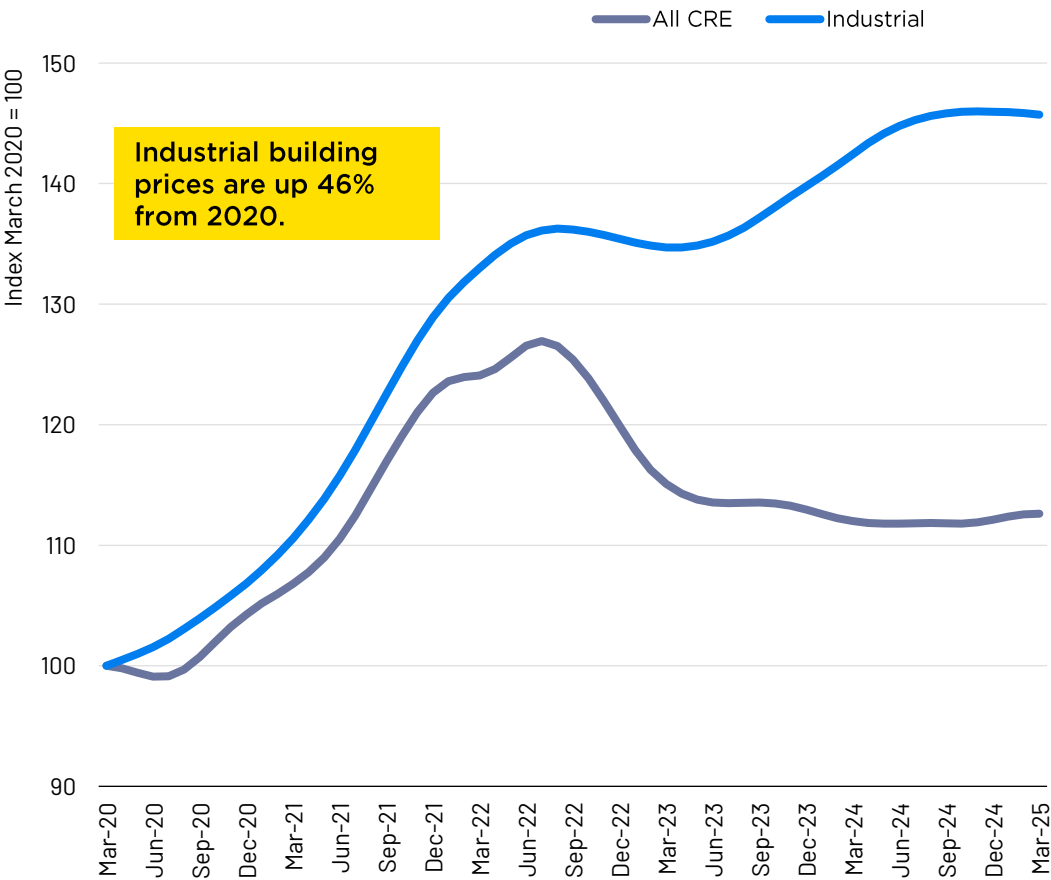
Warehouse Sales Volume and Pricing



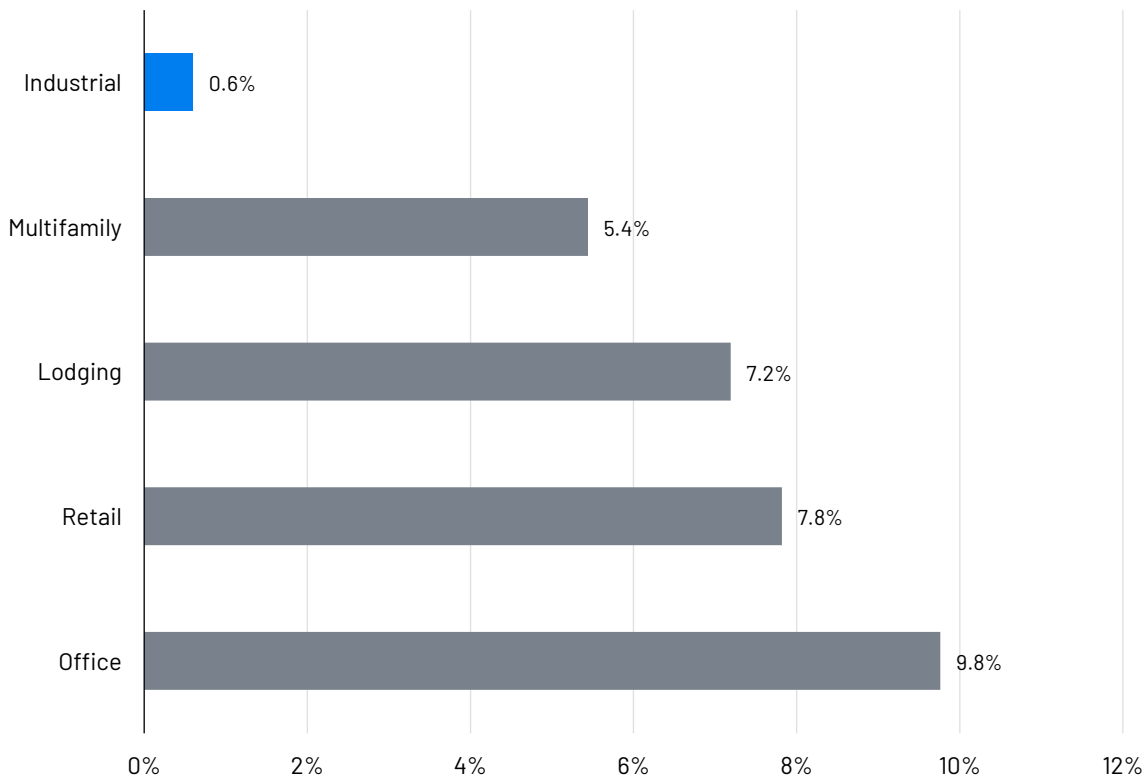
Source: MSCI/Real Capital Analytics

Industrial values remain elevated with limited debt distress

Commercial Property Price Index (CPPI)



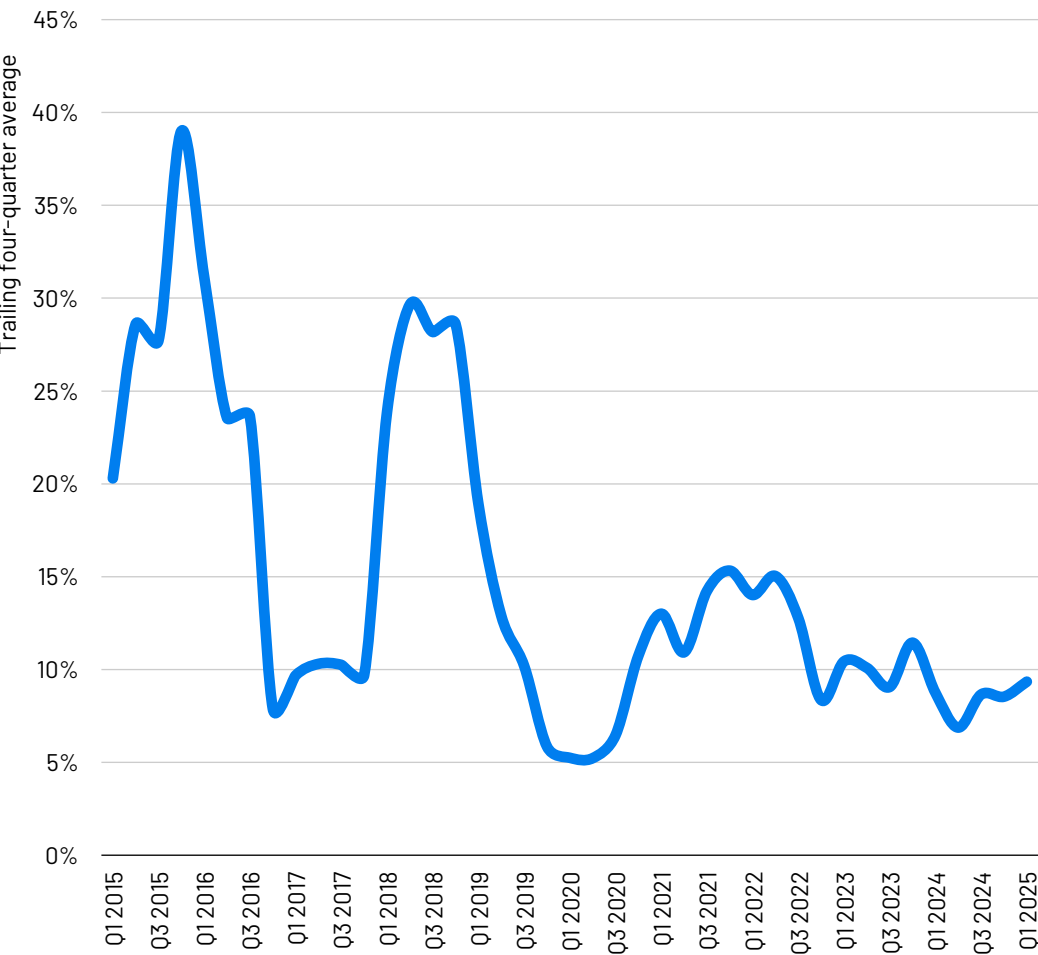
CMBS Delinquency Rate by Property Type (% 30 Days +)



Source: MSCI/Real Capital Analytics, Trepp

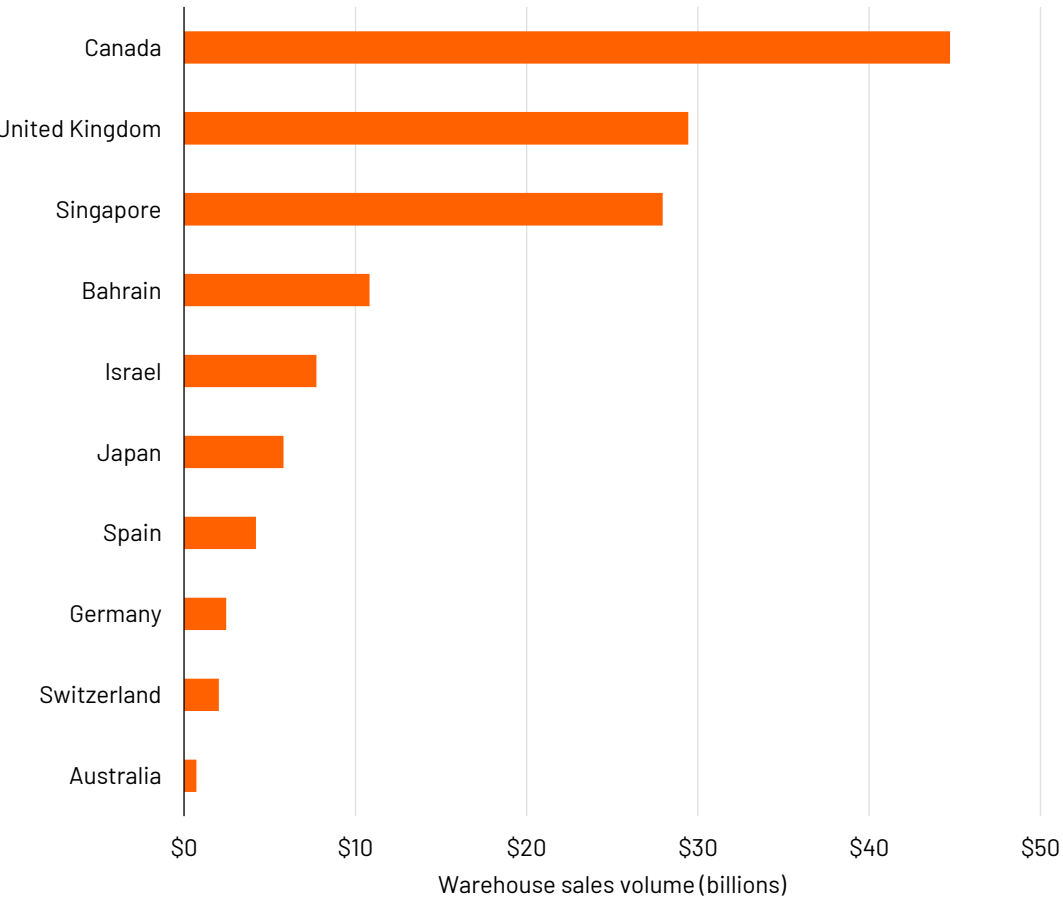
Foreign buying is at a low, but weaker dollar may help

Share of U.S Warehouse Sales with Foreign Buyer



Source: MSCI/Real Capital Analytics

Top Foreign Buyers of Warehouses: 2020-2025





Q1 2025 | INDUSTRIAL

Appendix

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Local Market Statistics

Q1 2025

	INVENTORY (msf)	VACANCY RATE (%)	ASKING RENTAL RATE (\$/sf)	UNDER CONSTRUCTION (msf)	DELIVERIES YTD (msf)	NET ABSORPTION YTD (msf)
National	16,891.8	7.8%	\$9.63	306.9	88.7	60.6
Atlanta	726.3	10.2%	\$7.03	17.9	2.2	0.6
Austin	118.2	13.6%	\$11.24	13.3	4.9	2.0
Baltimore	210.8	9.1%	\$10.22	1.2	0.8	0.5
Boise City/Nampa	45.9	9.9%	\$10.78	2.1	0.1	-0.2
Boston	333.4	8.1%	\$13.63	3.7	3.4	1.9
Buffalo	90.2	4.7%	\$6.38	3.2	0.0	-0.9
Charleston/N Charleston	95.9	17.4%	\$7.94	2.3	1.7	1.6
Charlotte	278.0	11.8%	\$7.66	11.3	2.8	0.8
Chicago	1,036.4	7.4%	\$7.89	10.8	6.4	2.6
Cincinnati/Dayton	437.7	5.5%	\$5.83	3.0	0.6	2.2
Cleveland	478.8	3.8%	\$5.51	1.3	0.5	0.0
Columbus	308.3	9.0%	\$5.83	3.7	0.7	2.8
Dallas-Fort Worth	890.2	10.6%	\$7.57	21.4	2.4	5.1
Denver	211.0	8.9%	\$9.32	3.6	0.6	1.4
Detroit	512.1	5.2%	\$6.63	2.2	0.7	-1.1
East Bay/Oakland	147.8	8.1%	\$15.77	0.9	0.4	0.0
Greensboro/Winston-Salem	274.4	6.8%	\$5.25	3.4	0.5	0.2
Greenville/Spartanburg	260.3	8.9%	\$4.97	3.8	1.4	5.2
Hampton Roads	101.9	5.5%	\$8.59	4.1	1.2	0.2
Houston	671.3	7.0%	\$7.30	16.5	3.6	3.6

Note: Asking rental rates are weighted averages of available disclosed rates for all classes and sizes.

Local Market Statistics

Q1 2025

	INVENTORY (msf)	VACANCY RATE (%)	ASKING RENTAL RATE (\$/sf)	UNDER CONSTRUCTION (msf)	DELIVERIES YTD (msf)	NET ABSORPTION YTD (msf)
National	16,891.8	7.8%	\$9.63	306.9	88.7	60.6
Indianapolis	386.6	10.0%	\$6.19	2.3	1.9	2.4
Inland Empire	621.7	8.5%	\$14.03	7.2	1.6	3.9
Jacksonville	135.7	5.8%	\$7.84	6.3	1.0	1.1
Kansas City	363.1	4.2%	\$5.33	13.6	2.5	6.0
Las Vegas	153.7	11.8%	\$12.63	7.7	2.8	1.8
Long Island	266.6	6.6%	\$19.90	2.0	2.8	1.7
Los Angeles	691.3	6.5%	\$16.57	7.9	0.9	2.8
Louisville	228.1	4.9%	\$5.29	6.2	0.4	1.3
Memphis	305.8	9.4%	\$4.65	1.5	0.0	-5.1
Milwaukee/Madison	390.6	5.0%	\$5.38	3.9	1.1	-1.7
Minneapolis/St Paul	332.4	4.4%	\$6.90	1.8	0.3	1.6
Nashville	241.9	6.2%	\$8.84	5.2	1.5	0.2
Northern New Jersey	684.2	7.1%	\$16.75	7.4	2.7	1.7
Omaha/Council Bluffs	81.1	2.9%	\$7.19	2.0	0.0	0.5
Orange County	150.1	7.3%	\$18.66	1.8	0.8	0.3
Orlando	172.1	9.1%	\$11.80	3.3	1.4	-0.6
PA I-81/78 Corridor	607.7	7.8%	\$8.30	6.8	3.9	0.7
Philadelphia	406.4	9.4%	\$12.09	10.4	3.9	1.8
Phoenix	340.4	16.1%	\$9.95	16.4	7.5	3.9
Pittsburgh	176.5	5.5%	\$8.57	0.4	0.0	-0.5

Note: Asking rental rates are weighted averages of available disclosed rates for all classes and sizes.

Local Market Statistics

Q1 2025

	INVENTORY (msf)	VACANCY RATE (%)	ASKING RENTAL RATE (\$/sf)	UNDER CONSTRUCTION (msf)	DELIVERIES YTD (msf)	NET ABSORPTION YTD (msf)
National	16,891.8	7.8%	\$9.63	306.9	88.7	60.6
Portland	282.4	6.0%	\$9.58	4.4	3.3	1.5
Raleigh/Durham	95.0	6.5%	\$9.52	3.6	0.7	0.2
Reno/Sparks	123.9	12.0%	\$7.07	3.8	0.5	0.6
Sacramento	150.9	7.2%	\$8.99	1.5	0.2	-0.7
Salt Lake City	148.4	7.8%	\$9.17	2.7	0.2	-0.4
San Antonio	142.6	10.9%	\$8.01	3.9	2.4	0.4
San Diego	116.8	7.9%	\$16.30	1.2	0.4	0.3
Savannah	150.4	11.0%	\$6.59	12.2	2.6	2.5
Seattle/Puget Sound	244.7	9.2%	\$12.63	6.1	0.1	0.2
South Bay/San Jose	77.0	5.2%	\$18.03	2.5	0.1	0.1
South Florida	311.9	6.7%	\$16.03	7.0	0.5	0.0
St. Louis	291.5	4.0%	\$5.49	4.2	0.3	1.2
Stockton/Modesto	193.3	9.0%	\$7.52	0.7	0.8	-1.0
Tampa/St Petersburg	268.0	8.2%	\$8.73	4.1	3.5	1.1
Toledo	153.6	3.0%	\$5.14	0.9	0.0	-0.3
Tucson	28.9	7.2%	\$7.73	0.9	0.0	0.0
Washington, DC	147.5	6.8%	\$13.75	3.6	1.2	0.9

Note: Asking rental rates are weighted averages of available disclosed rates for all classes and sizes.

Thank You



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