

The Savills logo consists of a solid yellow square positioned above the word "savills" in a lowercase, sans-serif font. The background of the entire slide is a close-up, artistic photograph of a large industrial fan or turbine, showing the intricate, overlapping blades in shades of blue and grey, with a warm light source on the right side creating a gradient effect.

savills

Q4 2025 | INDUSTRIAL

State of the U.S. Industrial Market

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APPENDIX

Local market statistics

The industrial market has stopped weakening and is beginning a slow, uneven **transition toward recovery.**

01 Vacancy finally stabilizes

Vacancy held steady at 8.2% in late 2025 after a 13-quarter climb, while sublease availability also stabilized following a prolonged increase.

04 Data center boom impacts industrial

Rising data center construction is rippling through the industrial market, creating competition for power and land while generating downstream demand.

02 Leasing rebounds from 2024

Leasing volumes rose in 2025 despite unresolved trade policy, as lease expirations forced decisions while tenants continue to prioritize flexibility.

05 Measured recovery expected in 2026

A measured recovery is expected in 2026, with vacancy and sublease availability beginning to contract as rents stabilize and decision paralysis eases.

03 Defense emerges as growth driver

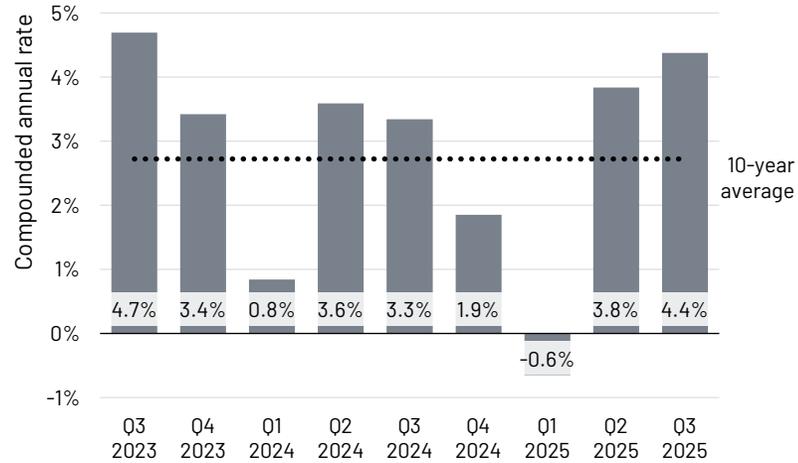
Aerospace and defense are emerging new growth drivers, representing nearly half of recent manufacturing announcements and rising venture capital investment.

Strong top-line growth contrasts with weak employment

K-shaped macro fundamentals with easing interest rates

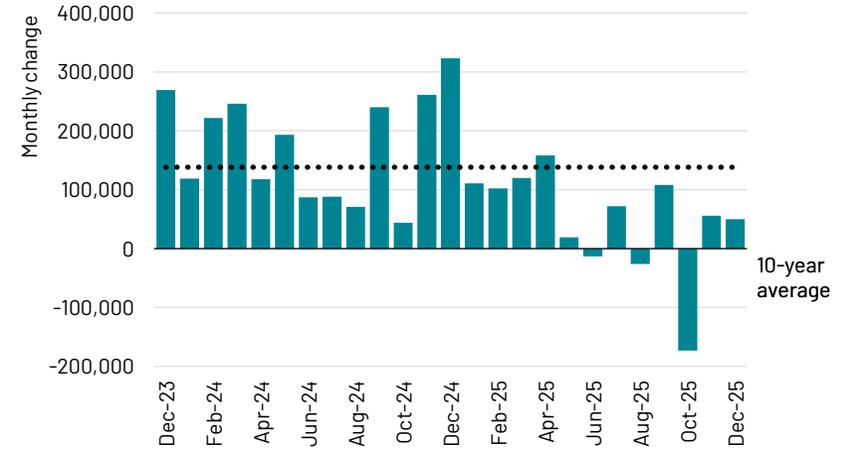
Economic growth

Real Gross Domestic Product (GDP)



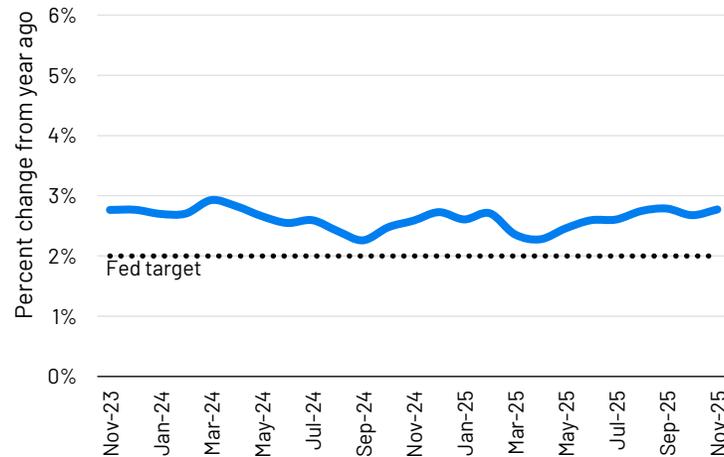
Job growth

Nonfarm Payrolls



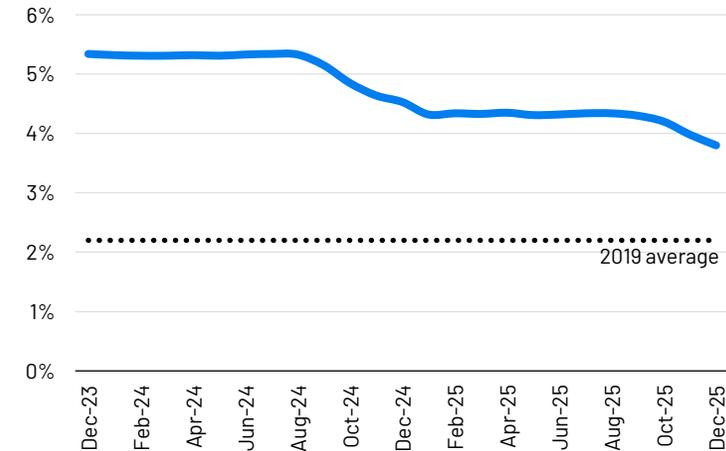
Inflation

Personal Consumption Expenditures (PCE) Price Index



Interest rates

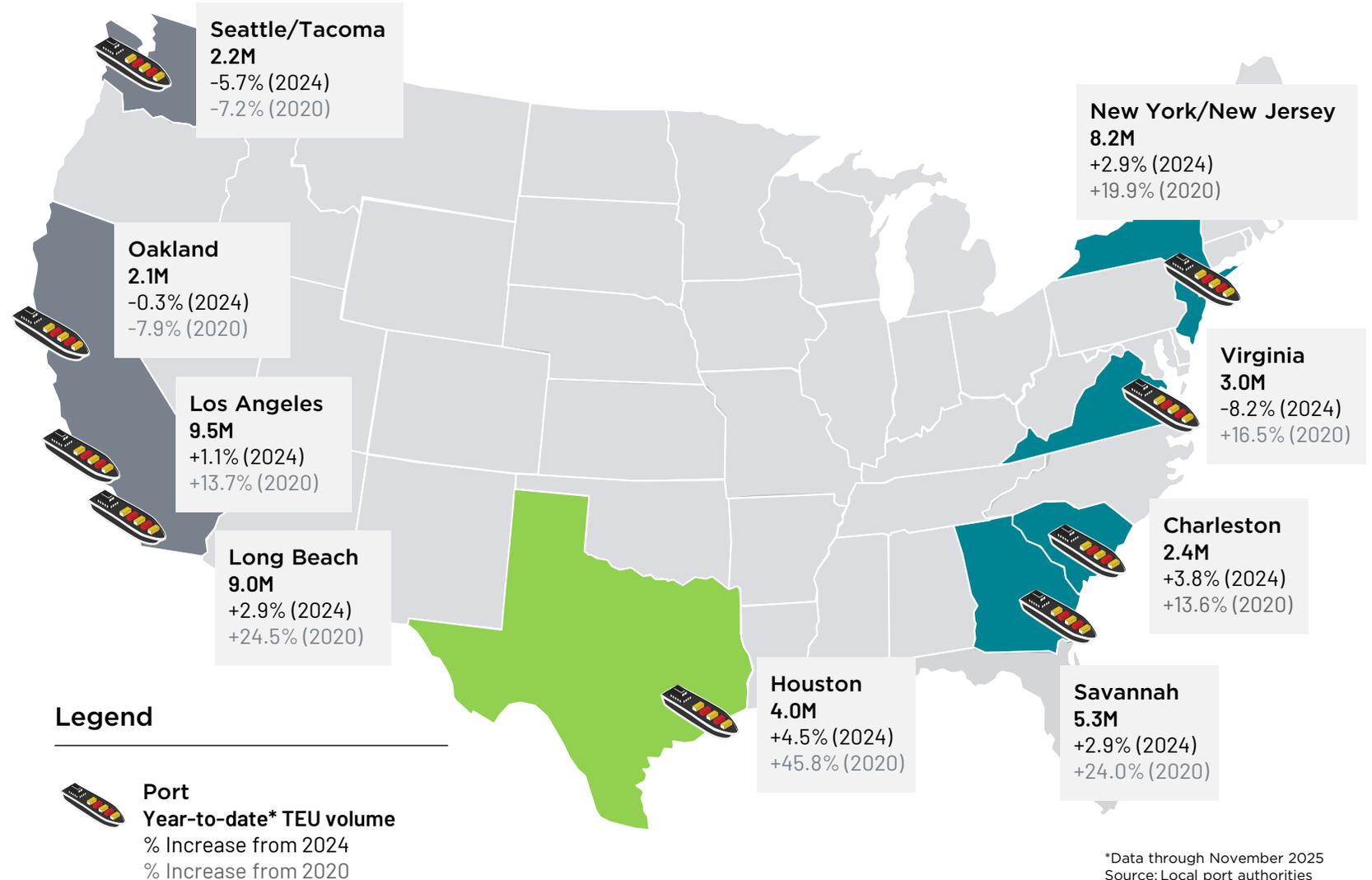
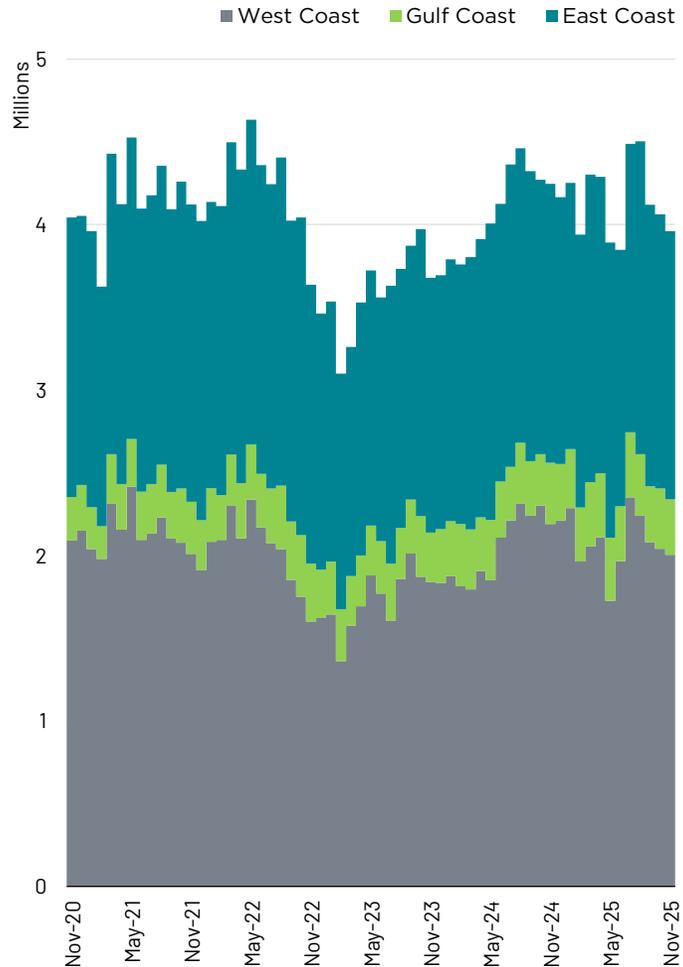
Secured Overnight Financing Rate (SOFR)



Source: St. Louis Federal Reserve

Ports stay busy in 2025 despite tariff-driven swings

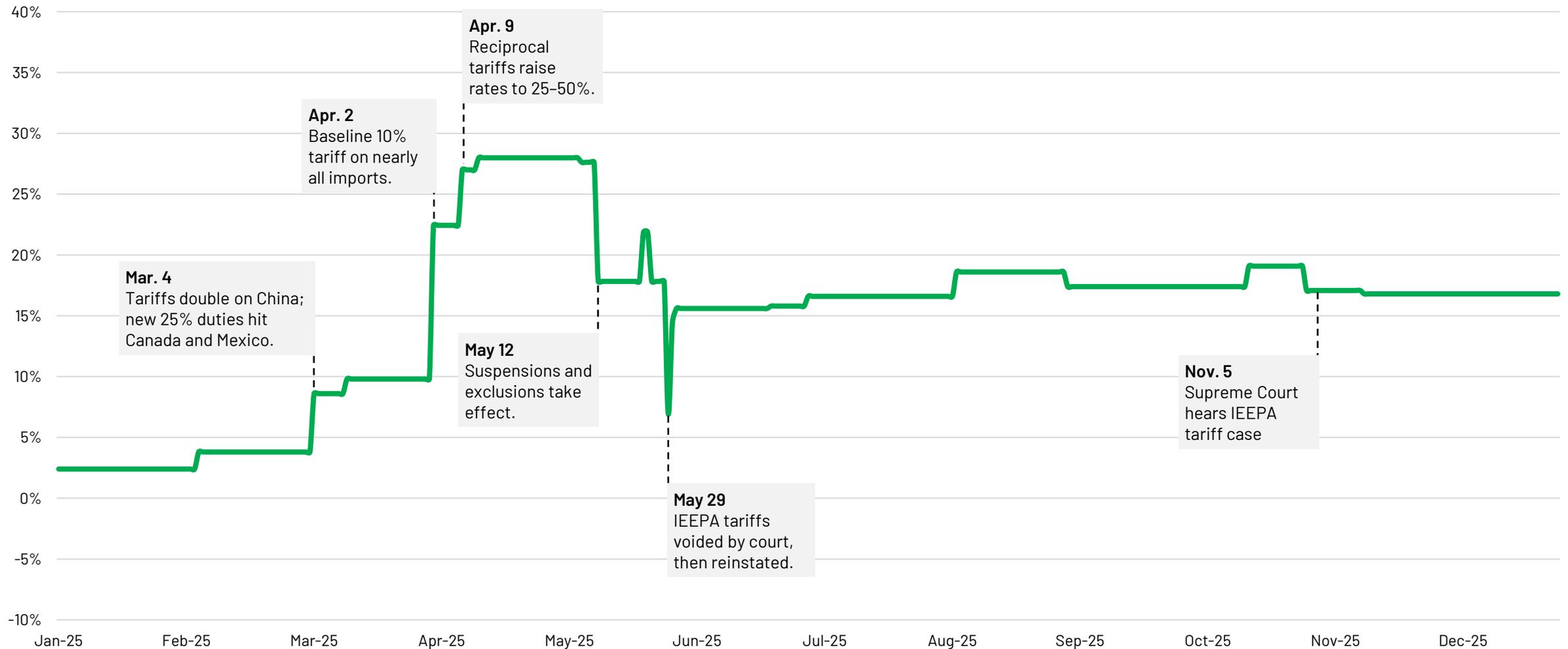
Monthly TEU volume, top nine ports



*Data through November 2025
Source: Local port authorities

Tariff policy remains unsettled but less volatile in second half of 2025

Average effective U.S. tariff rate since January 1, 2025

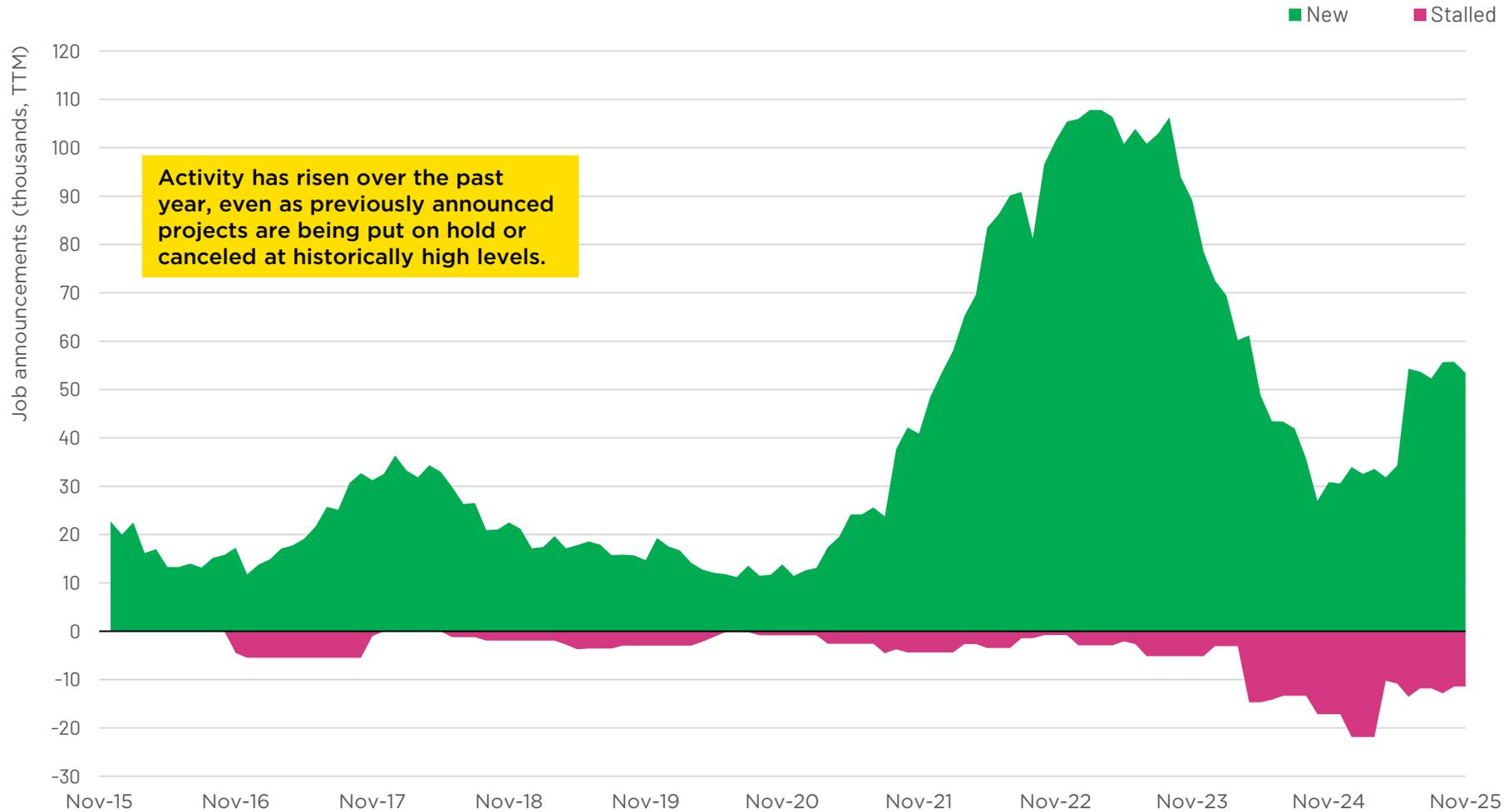


Note: Pre-substitution average effective tariff rate, calculated as tariff revenue divided by total goods imports, holding 2023 import and consumption shares constant; November policy levels carried through December
Source: The Budget Lab at Yale; as of November 17

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Manufacturing in 2025 reflects progress and pullback

U.S. manufacturing jobs announced and stalled: 2015-2025



53,416 ↗

Job announcements
Past 12 months

\$42.2B ↗

Capital investment
Past 12 months

15.4% ↘

Job announcements
vs. 5-year average

Note: Data through November 2025
Source: Savills Research proprietary dataset tracking U.S. manufacturing projects announcing 500 or more jobs

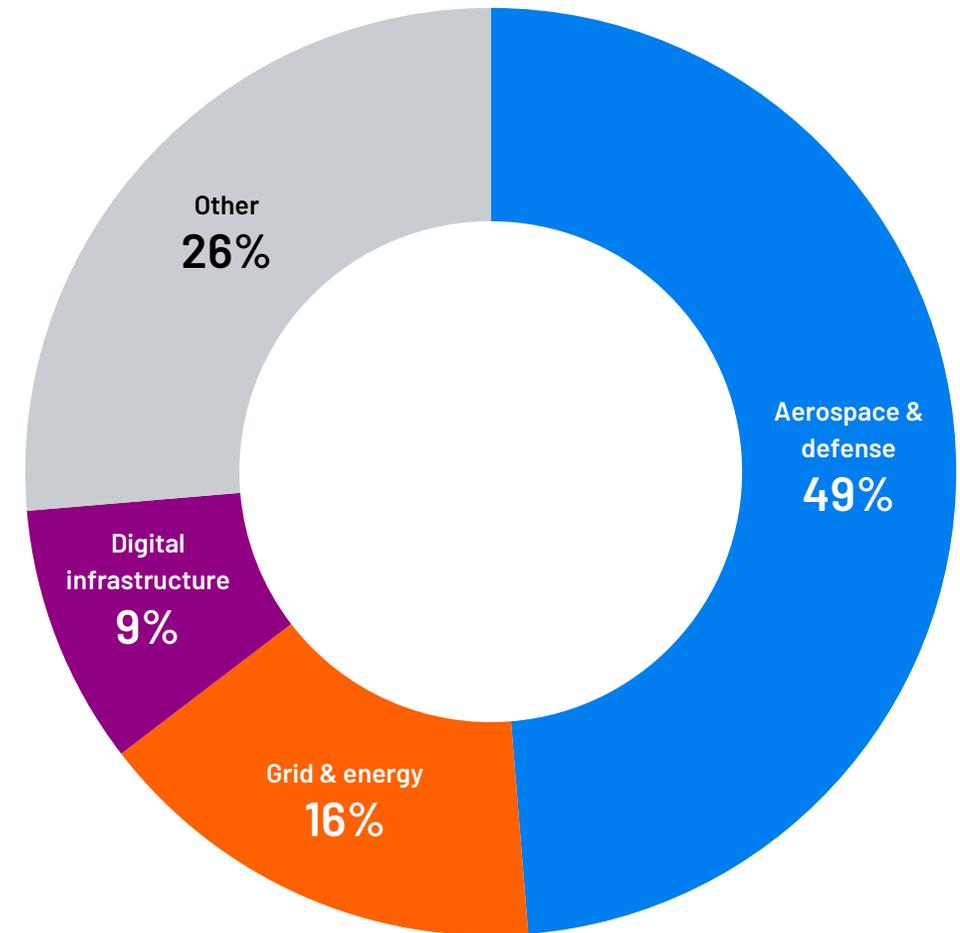
AI and geopolitics realign manufacturing growth

Major U.S. manufacturing project announcements in 2025

COMPANY	CITY, STATE	PRODUCTS	JOBS	CAPITAL INVESTMENT	YEAR OPEN
JetZero	Greensboro, NC	■ All-wing aircraft	14,500	\$5.0B	2028
Anduril	Pickaway County, OH	■ Autonomous weapons	4,000	\$1.0B	2026
Chantier Davie	Galveston, TX	■ Ice-class vessels	2,000	\$1.0B	2028
Tesla	Brookshire, TX	■ Industrial batteries	1,500	\$194.0M	2026
Hyundai Steel	Ascension Parish, LA	■ Electric-arc steel	1,300	\$5.8B	2029
Jabil	Rowan County, NC	■ Data-center hardware	1,181	\$500.0M	2026
Emirates Global Aluminium	Tulsa, OK	■ Aluminum products	1,000	\$4.0B	2030
Chobani	Rome, NY	■ Dairy products	1,000	\$1.2B	2026
Hitachi Energy	South Boston, VA	■ Power transformers	825	\$457.0M	2028
Wistron Corporation	Fort Worth, TX	■ AI-server systems	800	\$761.0M	2026

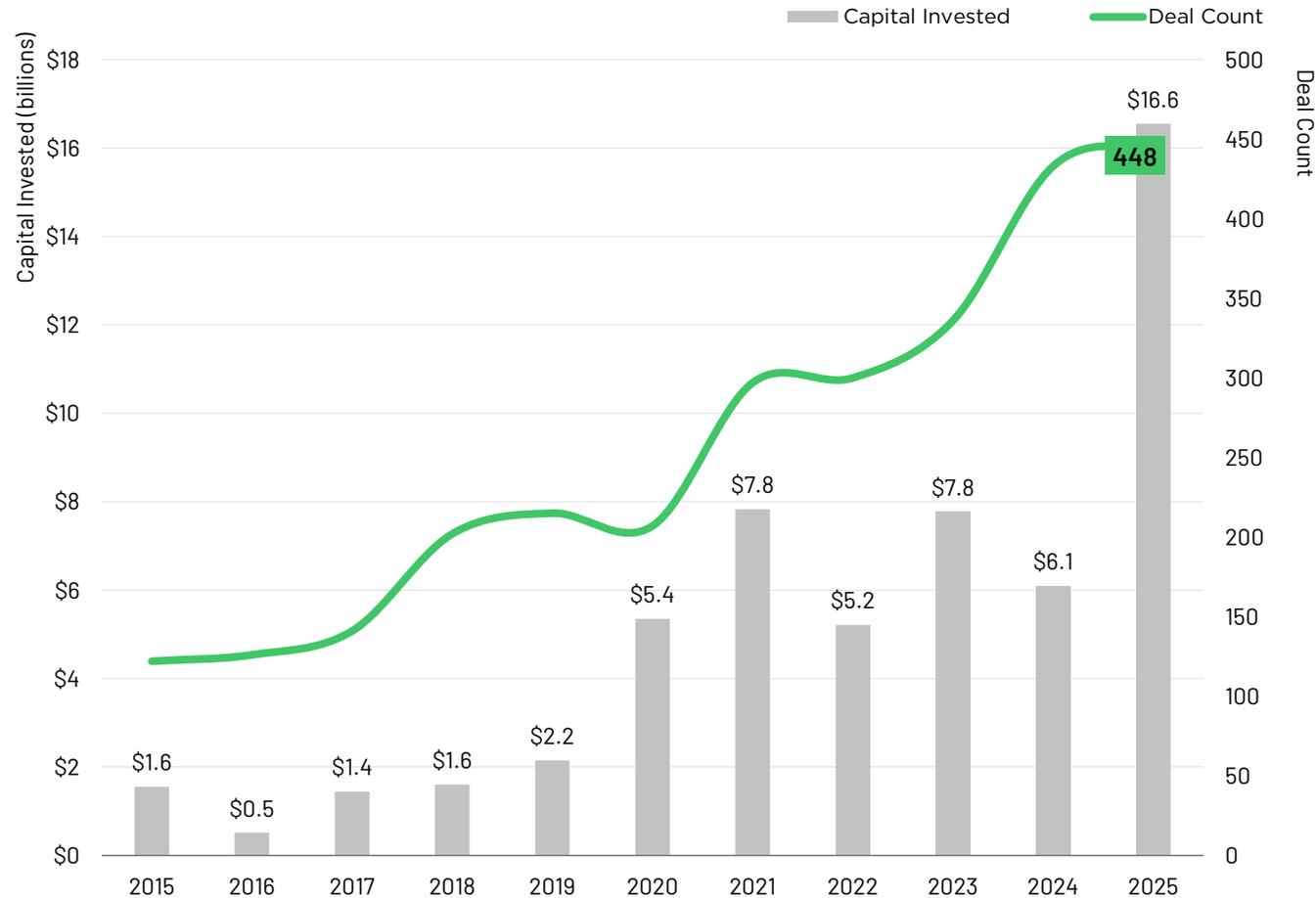
Note: Data through November 2025
 Source: Savills Research proprietary dataset tracking U.S. manufacturing projects announcing 500 or more jobs

2025 manufacturing job announcements by industry vertical



Aerospace and defense VC funding runs 90% above five-year norm

Aerospace and defense venture capital (VC) funding



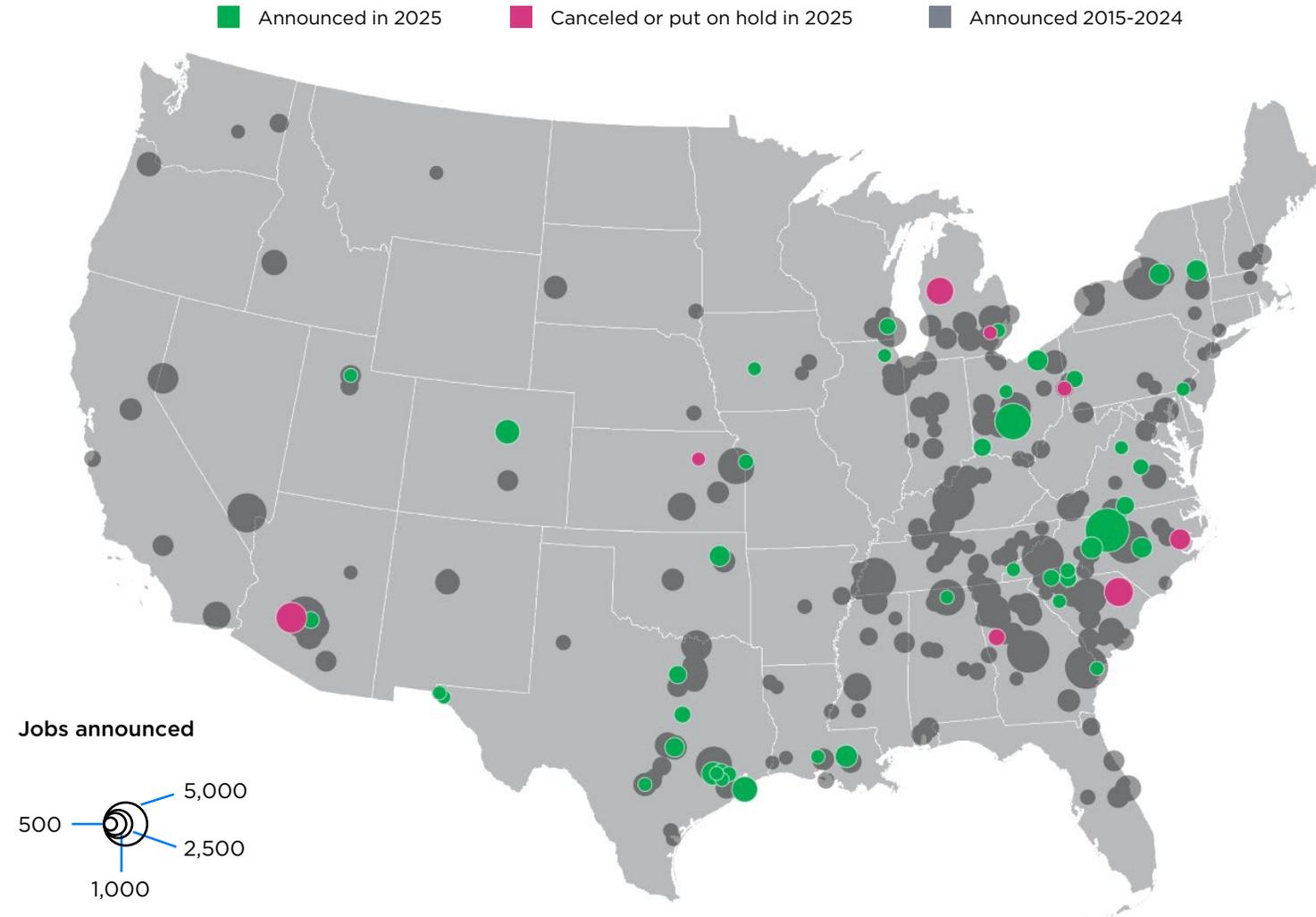
Largest 2025 funding deals

Company	Deal Size	Description
World View	\$2.6B	Stratospheric imaging and sensing platform
Anduril Industries	\$2.5B	Autonomous defense surveillance and detection
Stoke Space	\$610M	Reusable launch vehicles for satellites
Saronic Technologies	\$600M	Autonomous maritime security surface vessels
CHAOS	\$510M	Distributed multi-domain detection and response
BETA Technologies	\$470M	Electric aircraft and propulsion systems
Hadrian	\$391M	Autonomous aerospace and defense manufacturing
Castelion	\$350M	Hypersonic weapons development and production
Impulse Space	\$300M	Orbital payload delivery and maneuvering vehicles
Boom Supersonic	\$300M	Supersonic commercial aircraft development and manufacturing

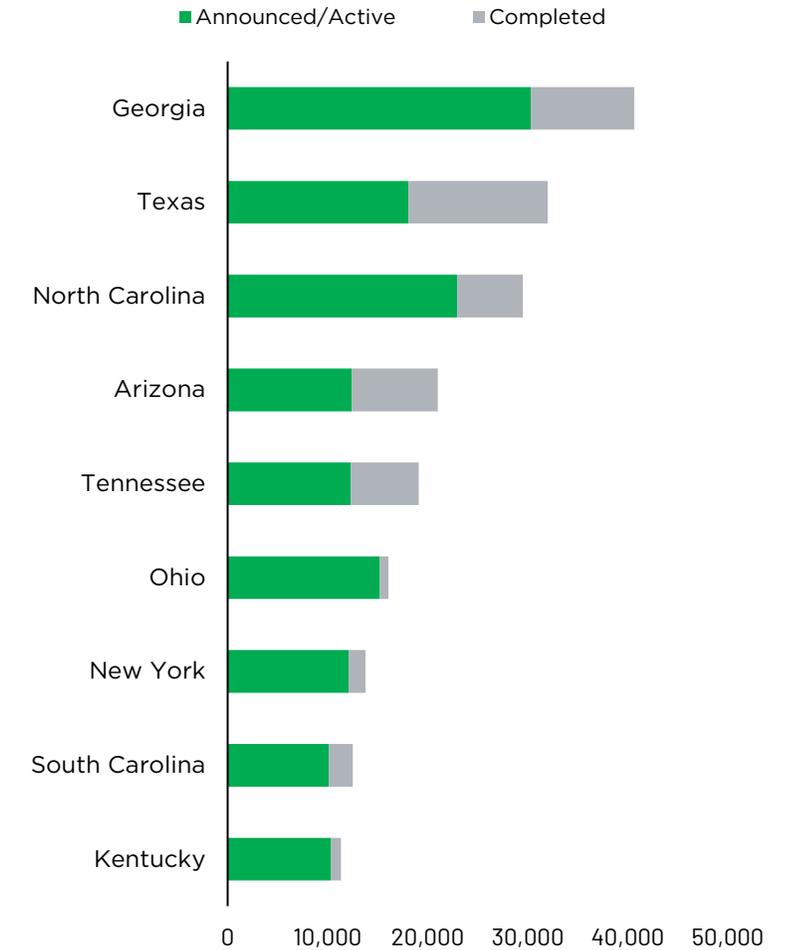
Source: Savills Research, PitchBook Data, Inc (Data has not been reviewed by PitchBook analysts) pulled on January 26, 2026

Sun Belt remains at the center of U.S. manufacturing growth

U.S. manufacturing job announcements 2015-2025



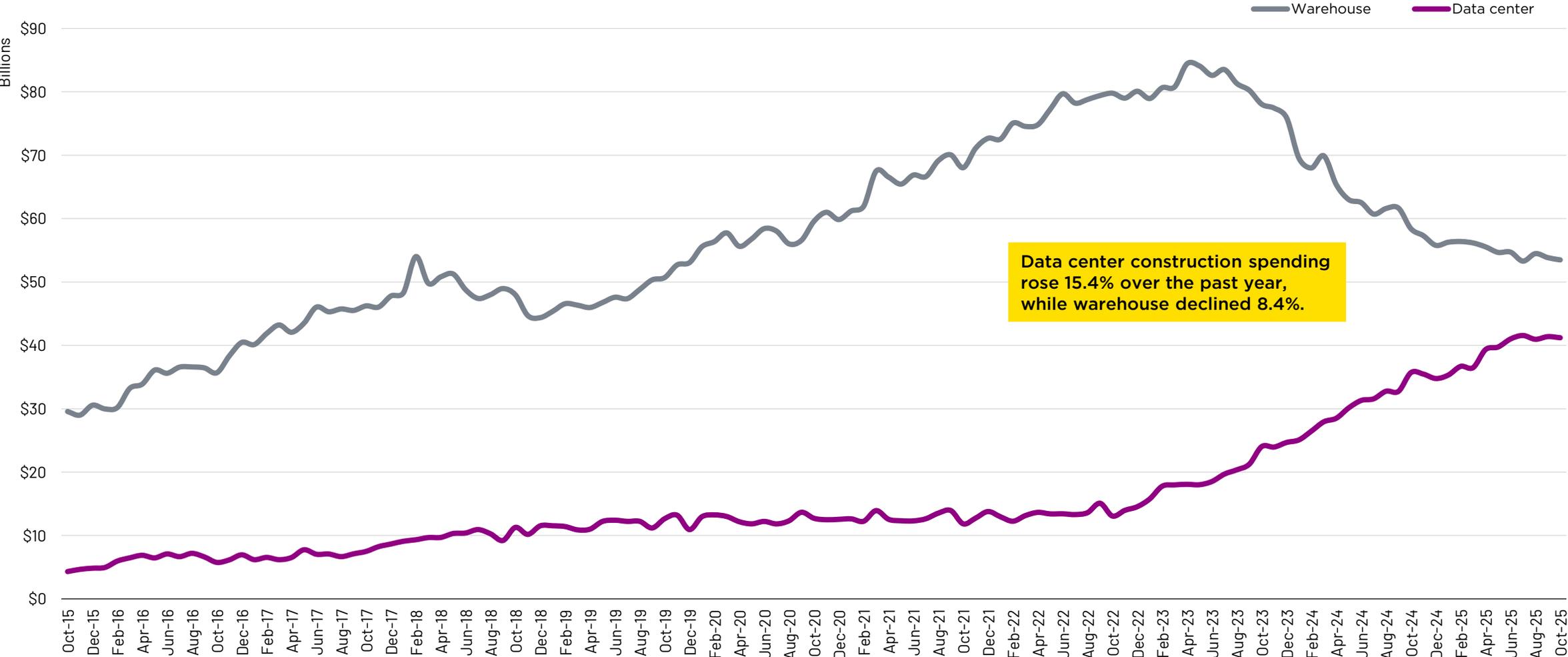
Top states for manufacturing job announcements 2021-2025



Note: Data through November 2025
 Source: Savills Research proprietary dataset tracking U.S. manufacturing projects announcing 500 or more jobs

Data center development ramps up as warehouse construction eases

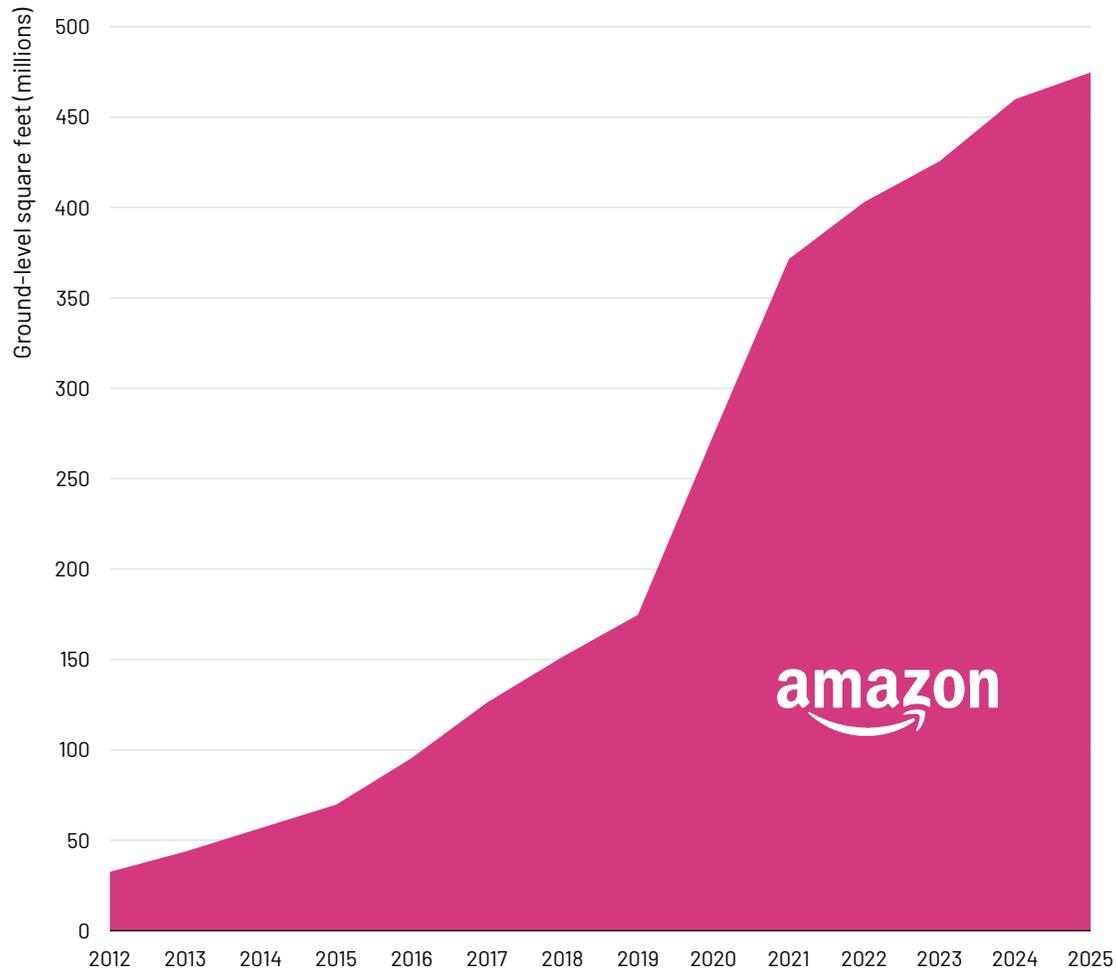
Real construction spending: data centers vs. warehouses



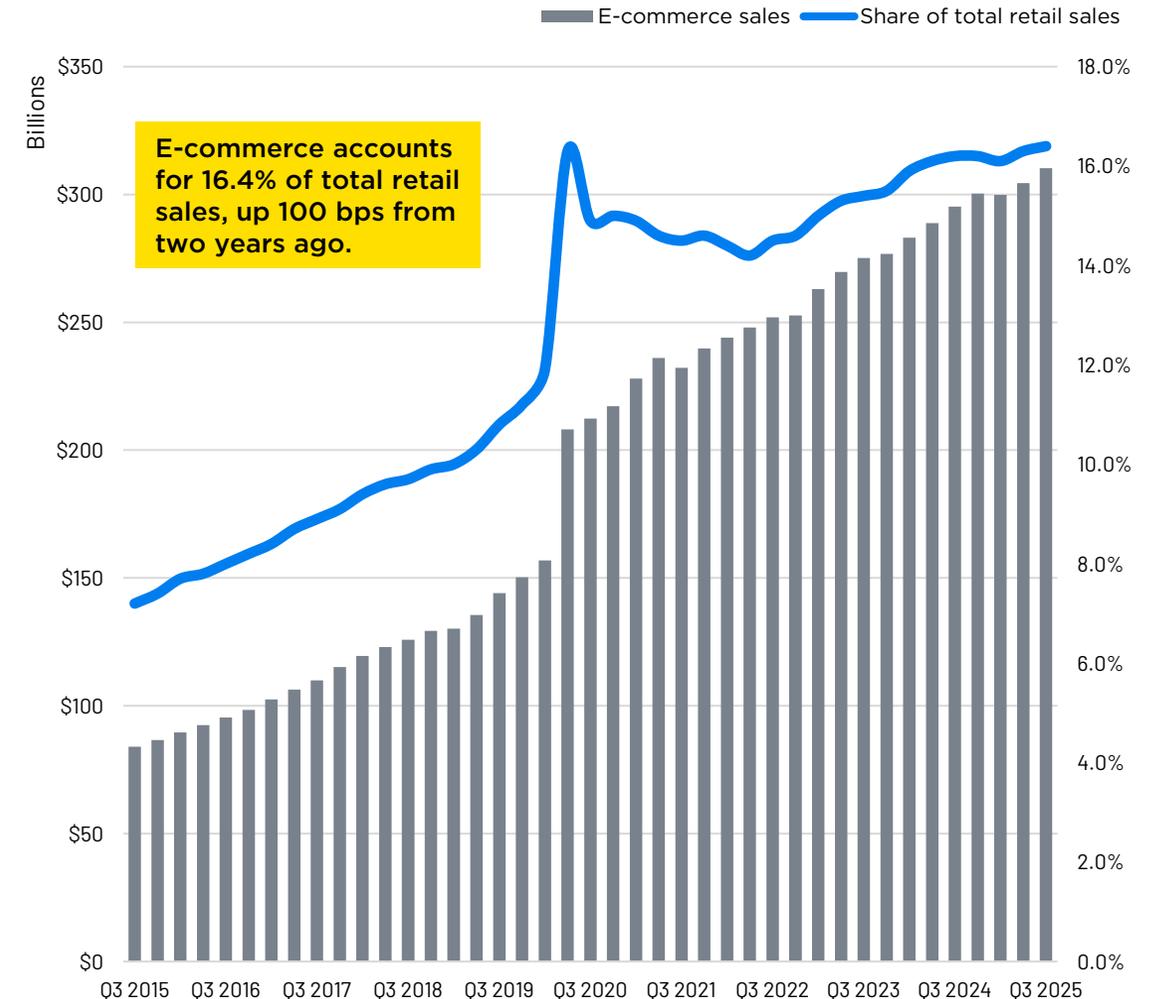
Note: Construction spending is seasonally adjusted and shown in real 2024 dollars
Source: U.S. Census Bureau, Bureau of Labor Statistics

E-commerce penetration rebounds to 16.4%, beating COVID peak

Amazon's active U.S. facilities



E-commerce penetration



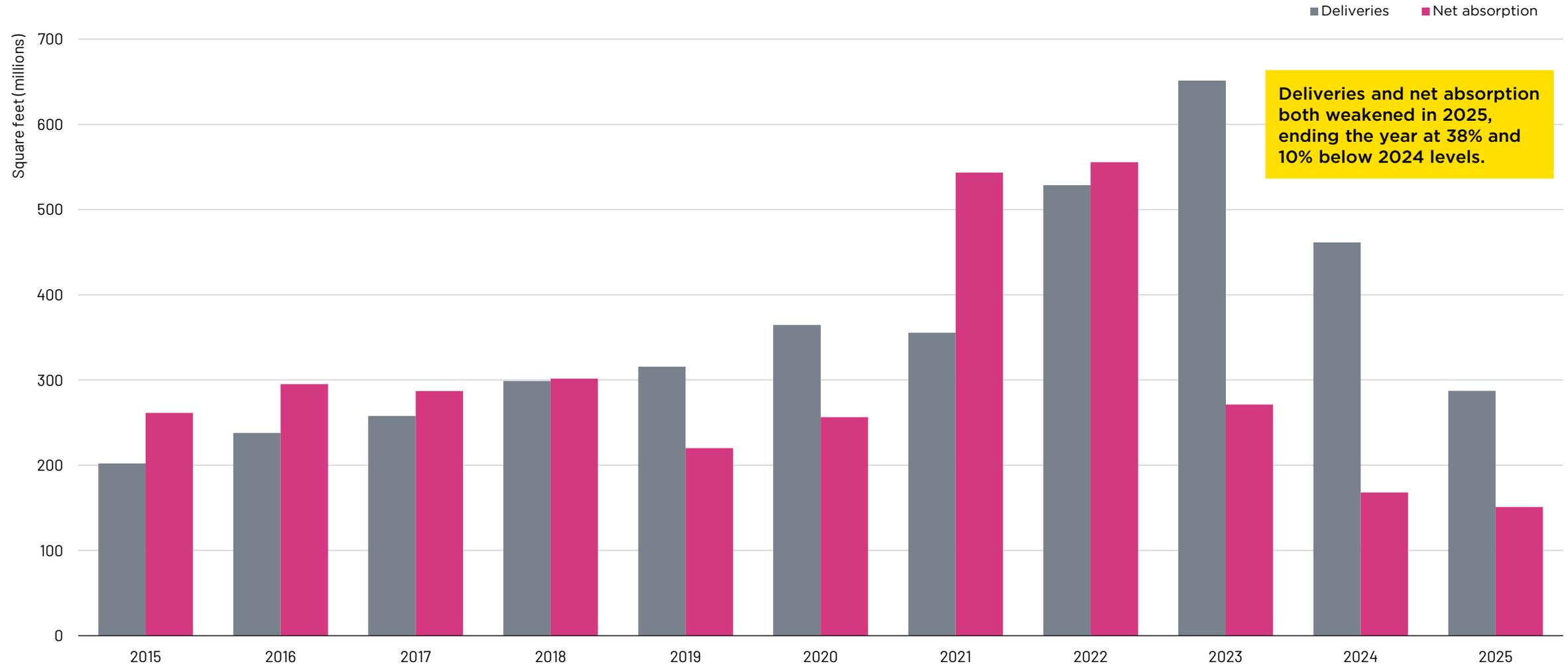
Source: MWPVL, U.S. Department of Commerce

U.S. industrial market key statistics and forecast

	CURRENT QUARTER Q4 2025	PRIOR QUARTER Q3 2025	YEAR AGO PERIOD Q4 2024	12-MONTH FORECAST
Inventory	17.2 BSF	17.0 BSF	16.8 BSF	
Vacancy rate	8.2%	8.2%	7.6%	
Quarterly net absorption	48.9 MSF	41.1 MSF	46.4 MSF	
Under construction	306.9 MSF	306.0 MSF	341.9 MSF	
Deliveries	61.9 MSF	64.8 MSF	101.8 MSF	
Asking rental rate	\$9.61	\$9.56	\$9.55	

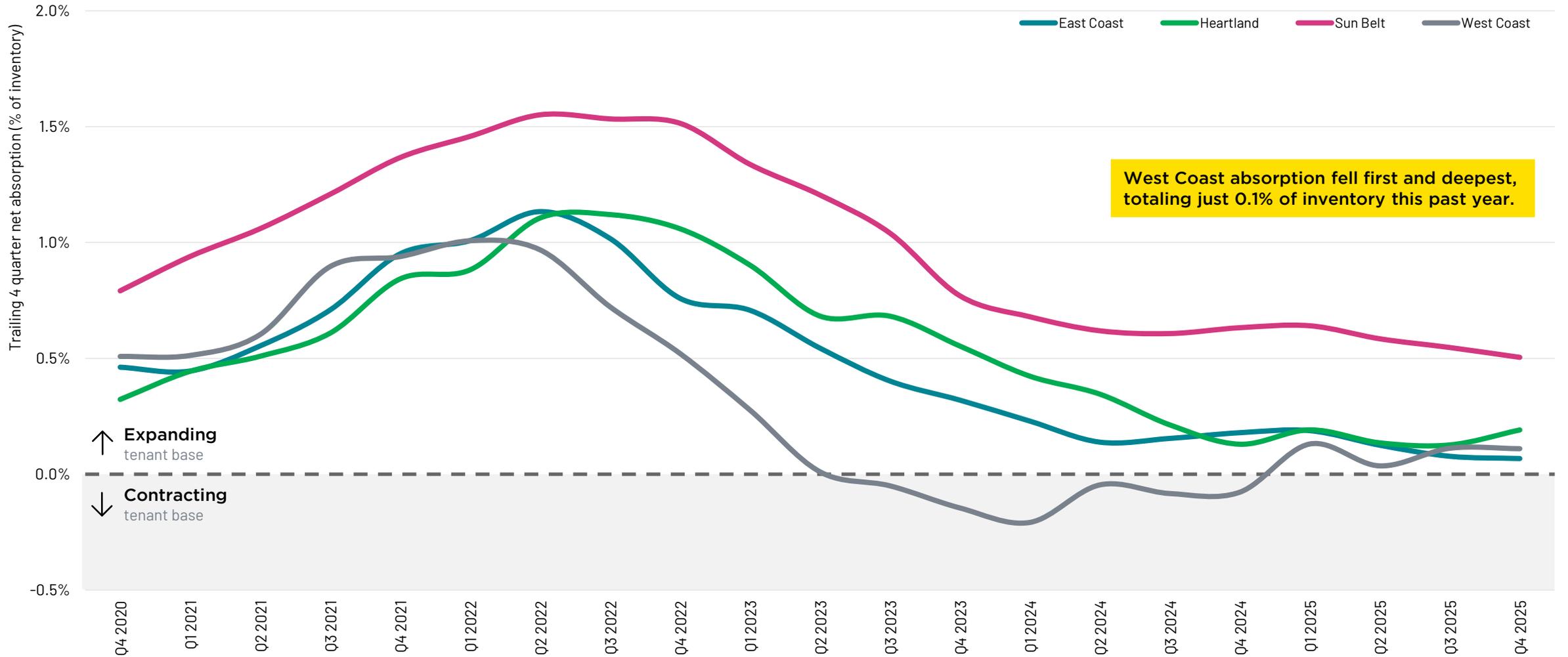
Demand falls short of new supply for third straight year

Deliveries vs. net absorption



Sun Belt strength contrasts with sluggish demand growth elsewhere

Net absorption as a share of total inventory by region

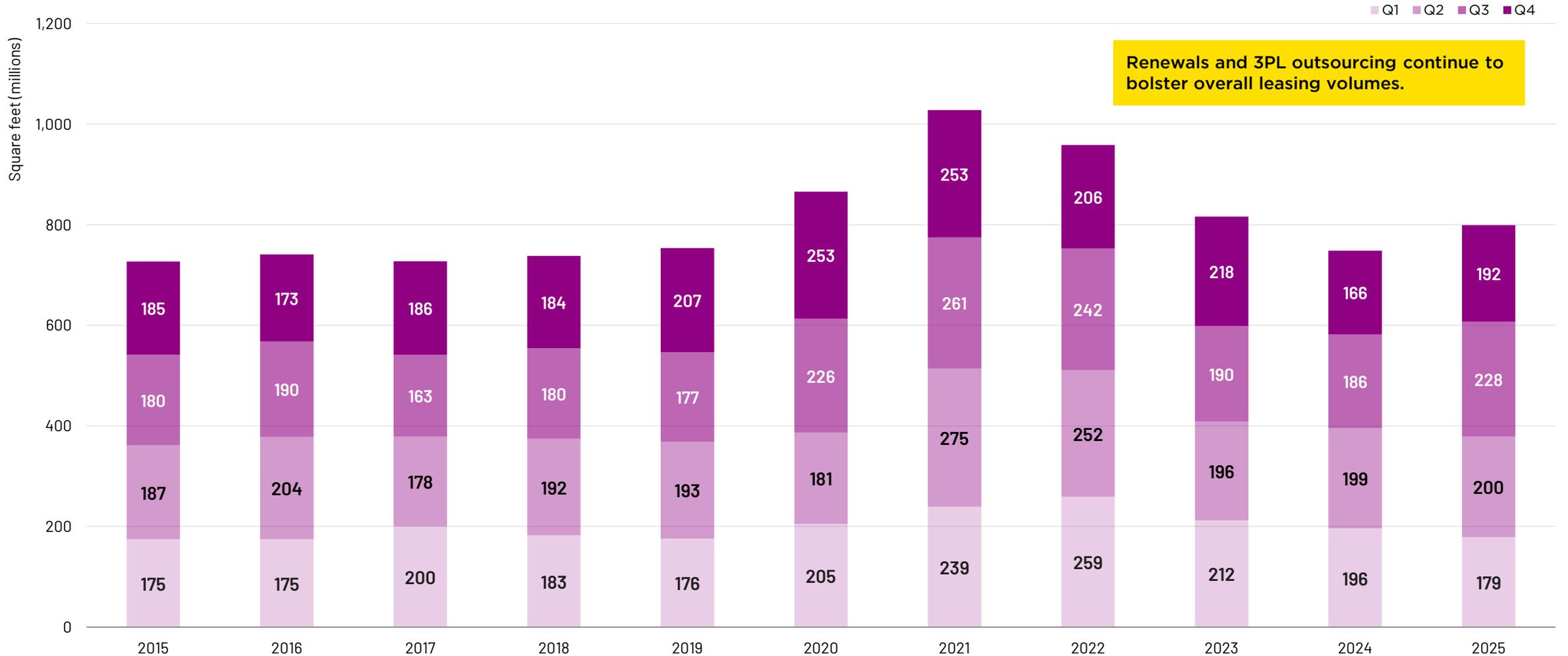


Regional definitions:

East Coast - Baltimore, Boston, Northern New Jersey, PA I-81/78 Corridor, Philadelphia, South Florida, Washington, DC
 Heartland - Chicago, Columbus, Denver, Detroit, Salt Lake City
 Sun Belt - Atlanta, Austin, Charlotte, Dallas-Fort Worth, Houston, Nashville, Phoenix, Raleigh/Durham, Tampa Bay
 West Coast - East Bay/Oakland, Inland Empire, Los Angeles, Orange County, San Diego, Seattle/Puget Sound

Leasing momentum builds with volumes up 7% year over year

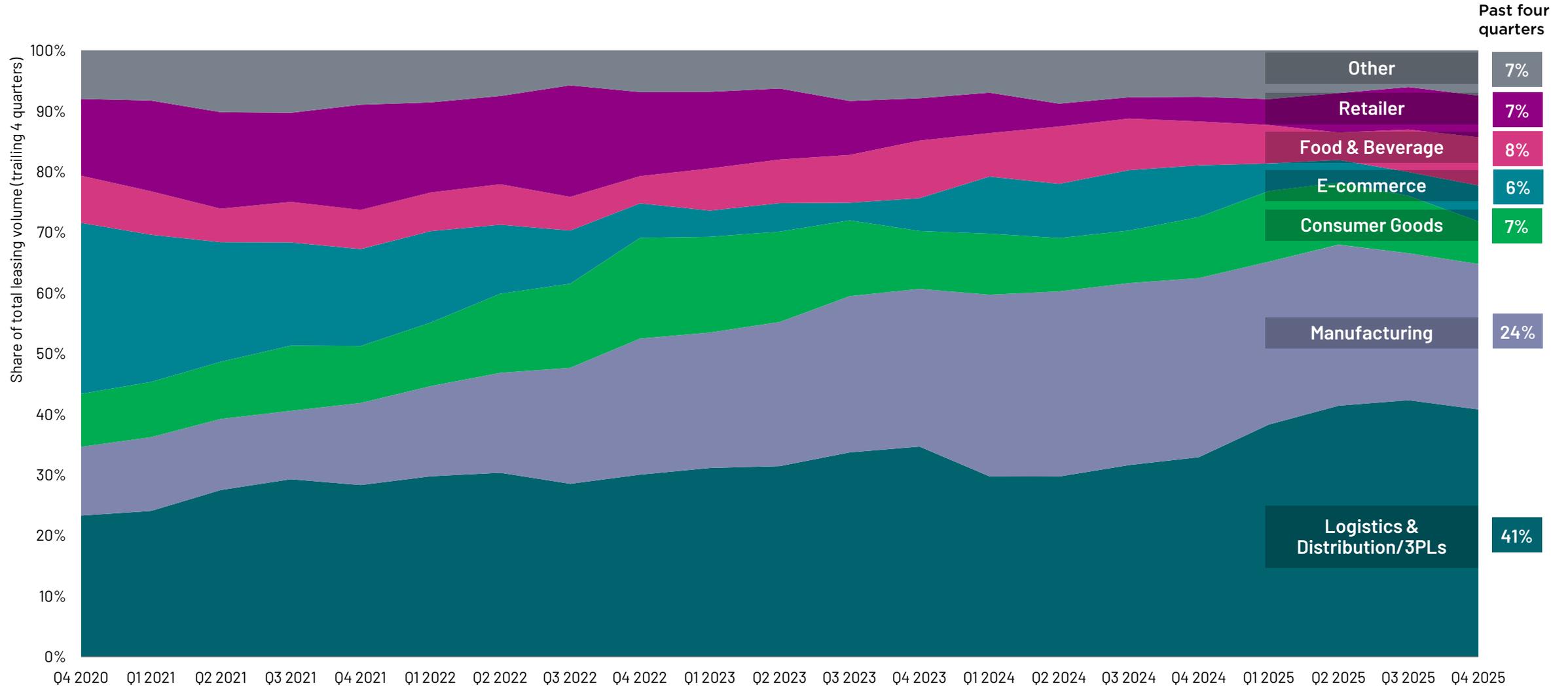
Quarterly leasing activity



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

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

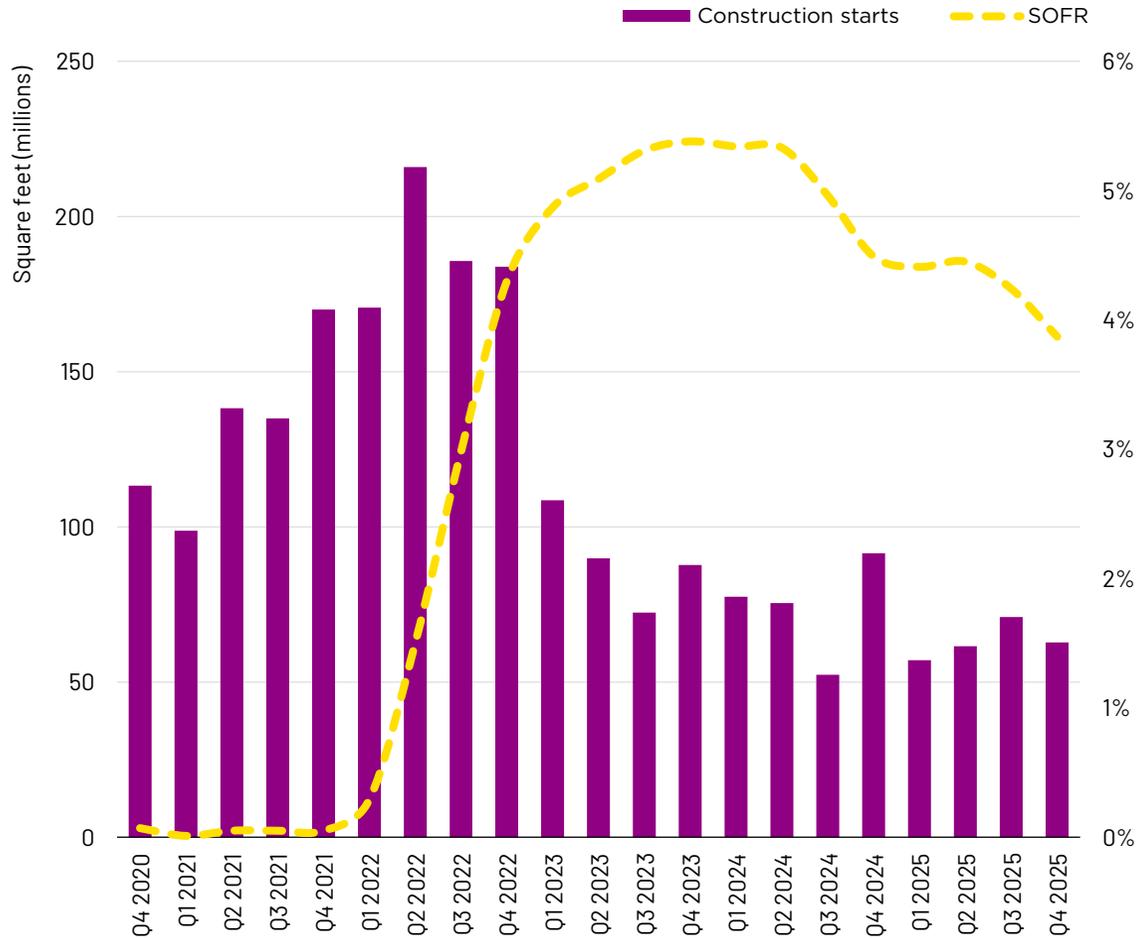
Leasing activity by industry (past four quarters)



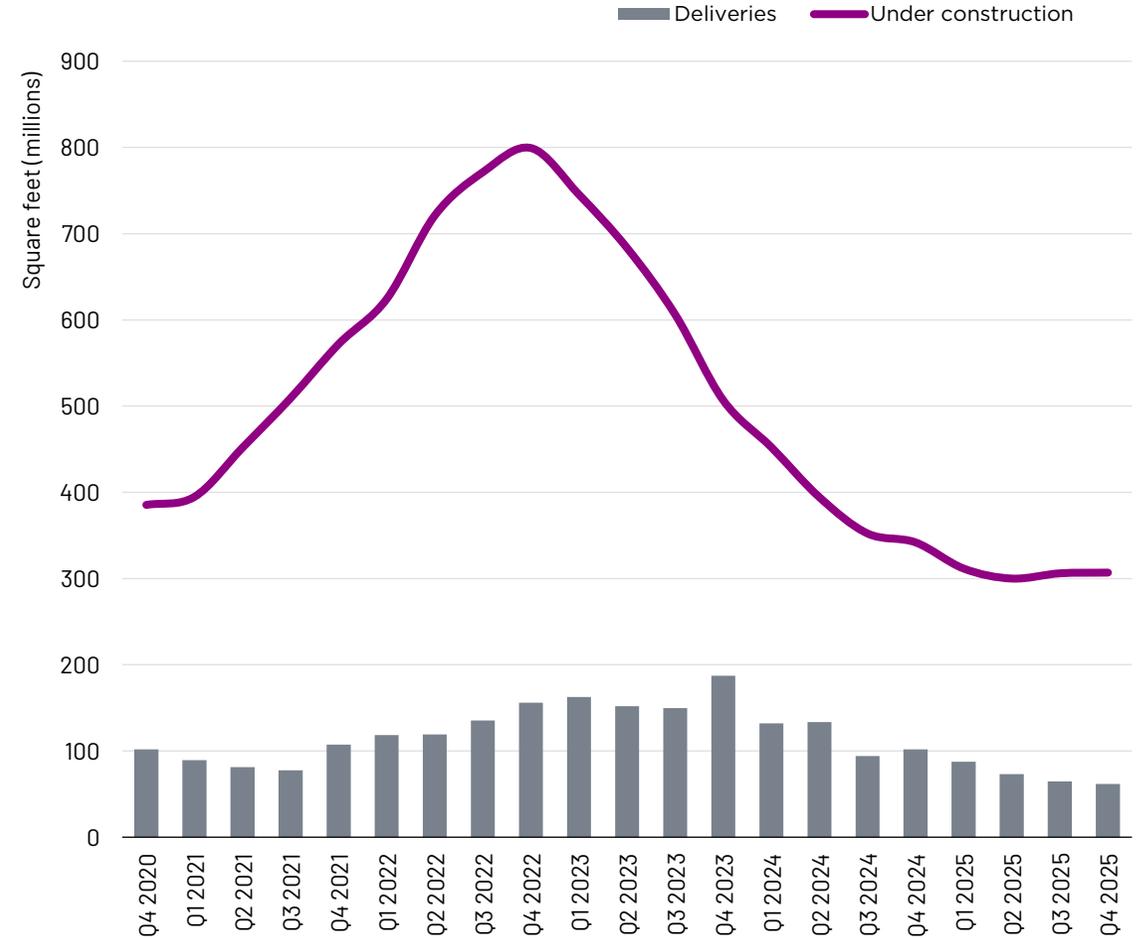
Note: Based on top five quarterly leases from 27 markets.

Industrial construction steadies after sharp decline

Construction starts vs. secured overnight financing rate (SOFR)

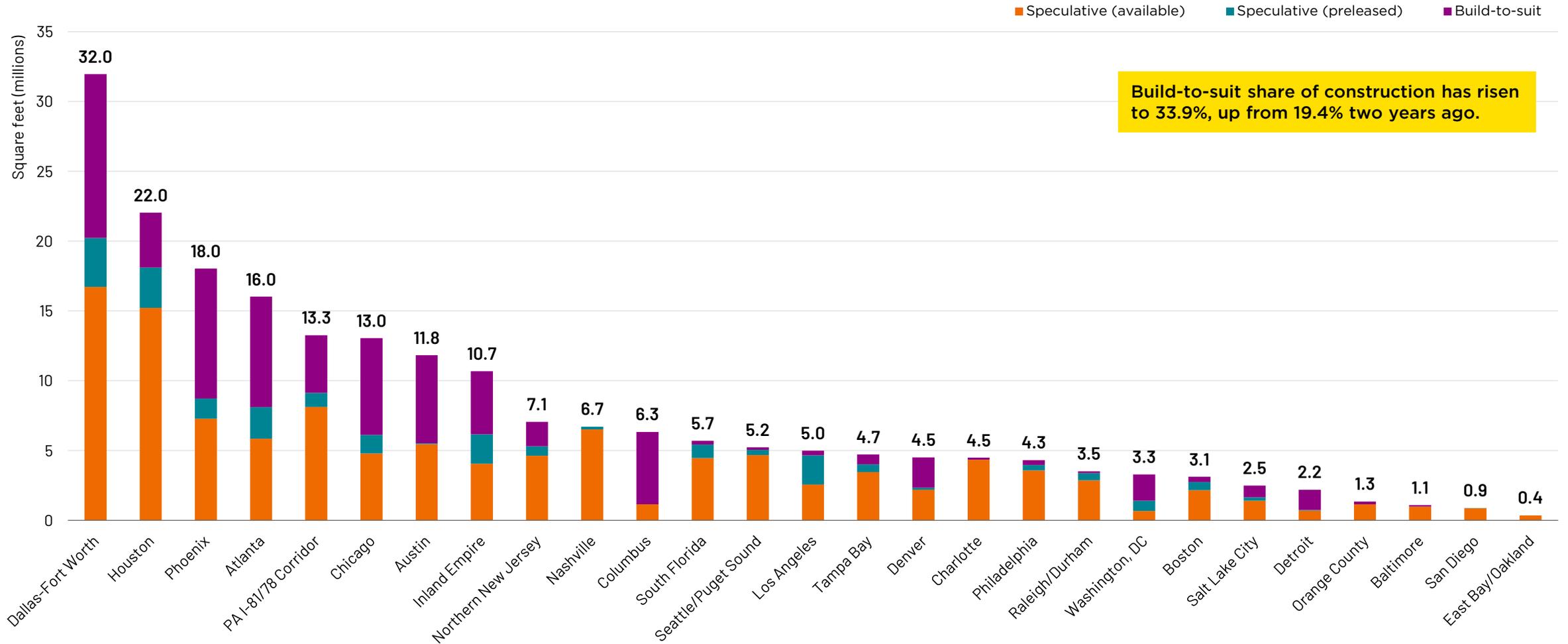


Deliveries vs. under construction



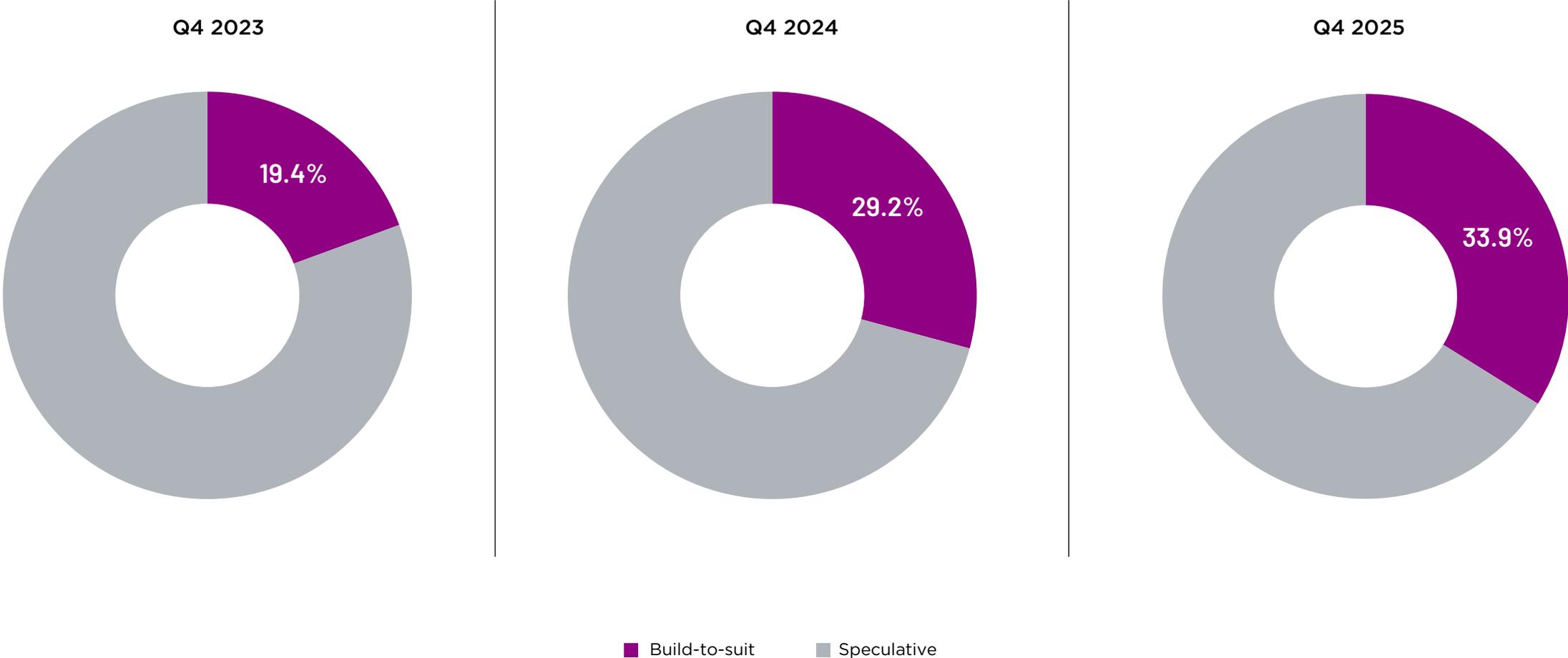
Construction pipeline holds at 307 msf, led by Sun Belt markets

Under construction inventory by development type



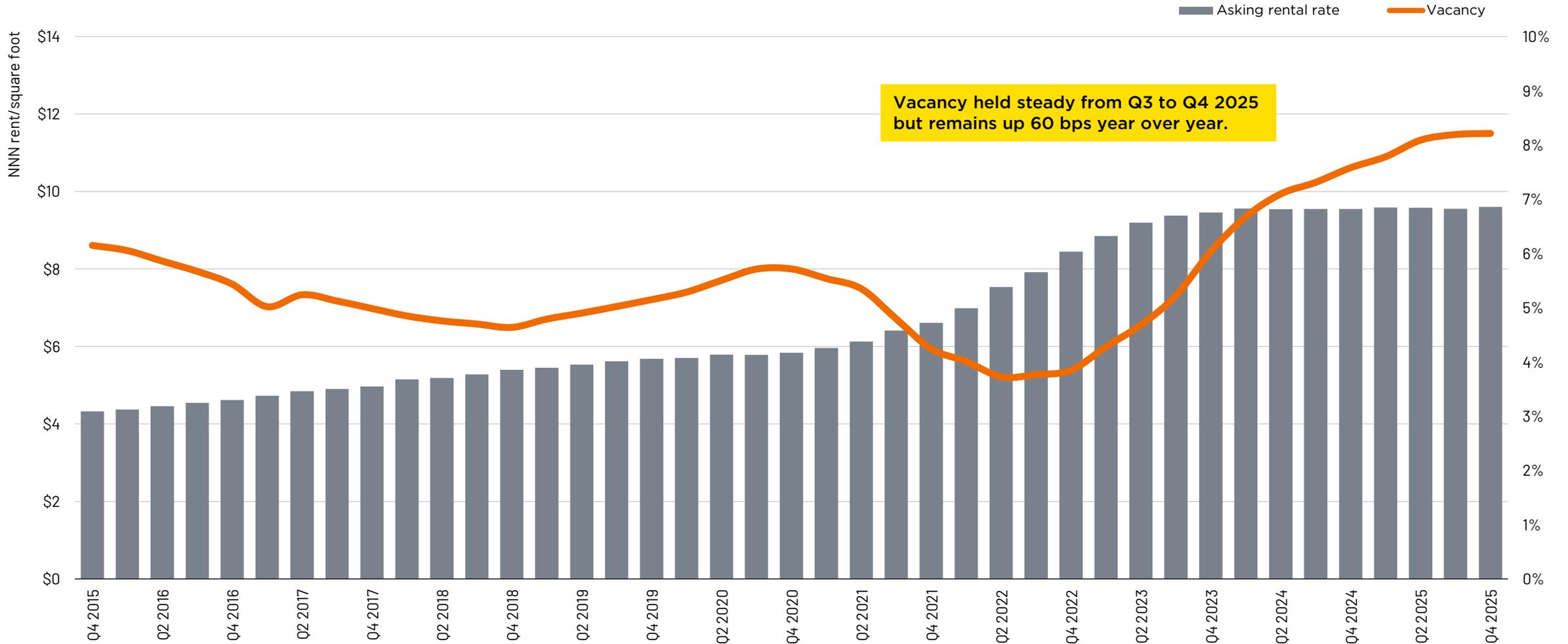
Development activity continues shifting toward build-to-suit projects

Under construction inventory by development type



Vacancy stabilizes at 8.2% after 13-quarter climb

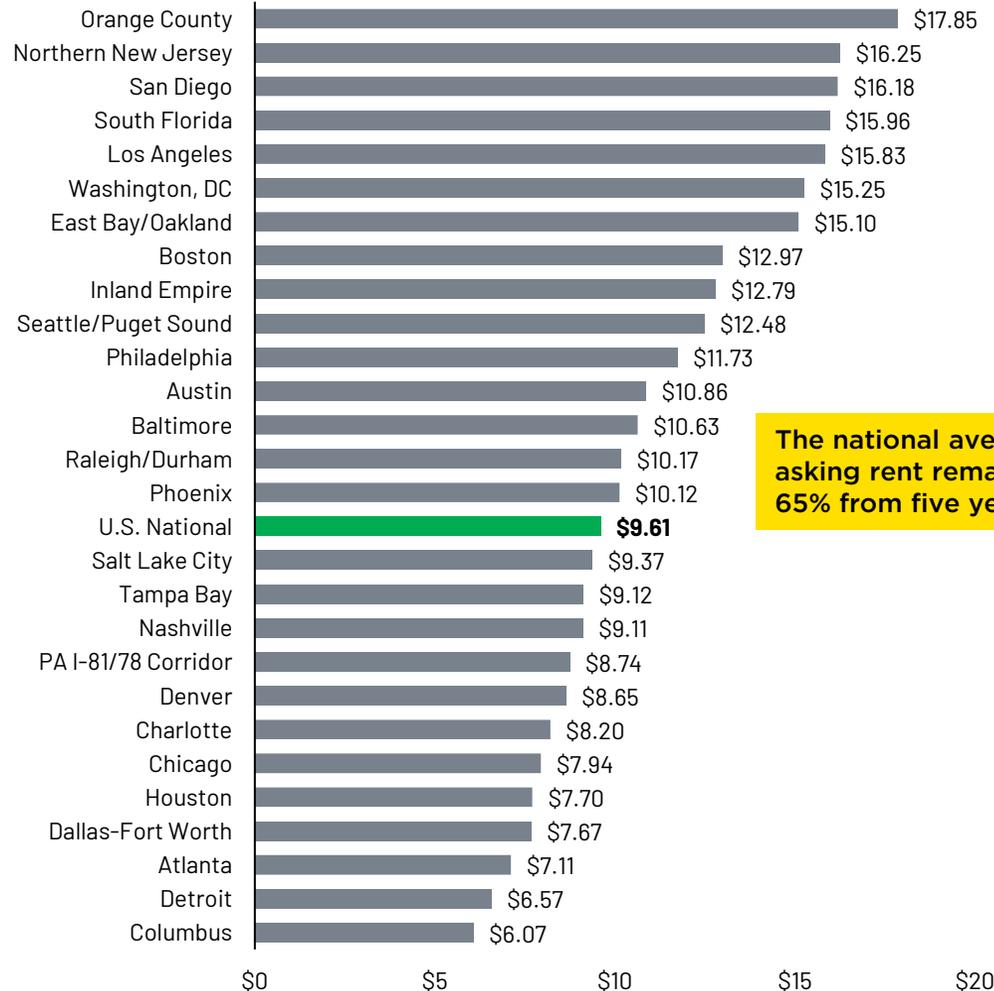
Vacancy vs. asking rental rate



Nearly half of U.S. markets post average rent declines over past year

Asking rental rate (%)

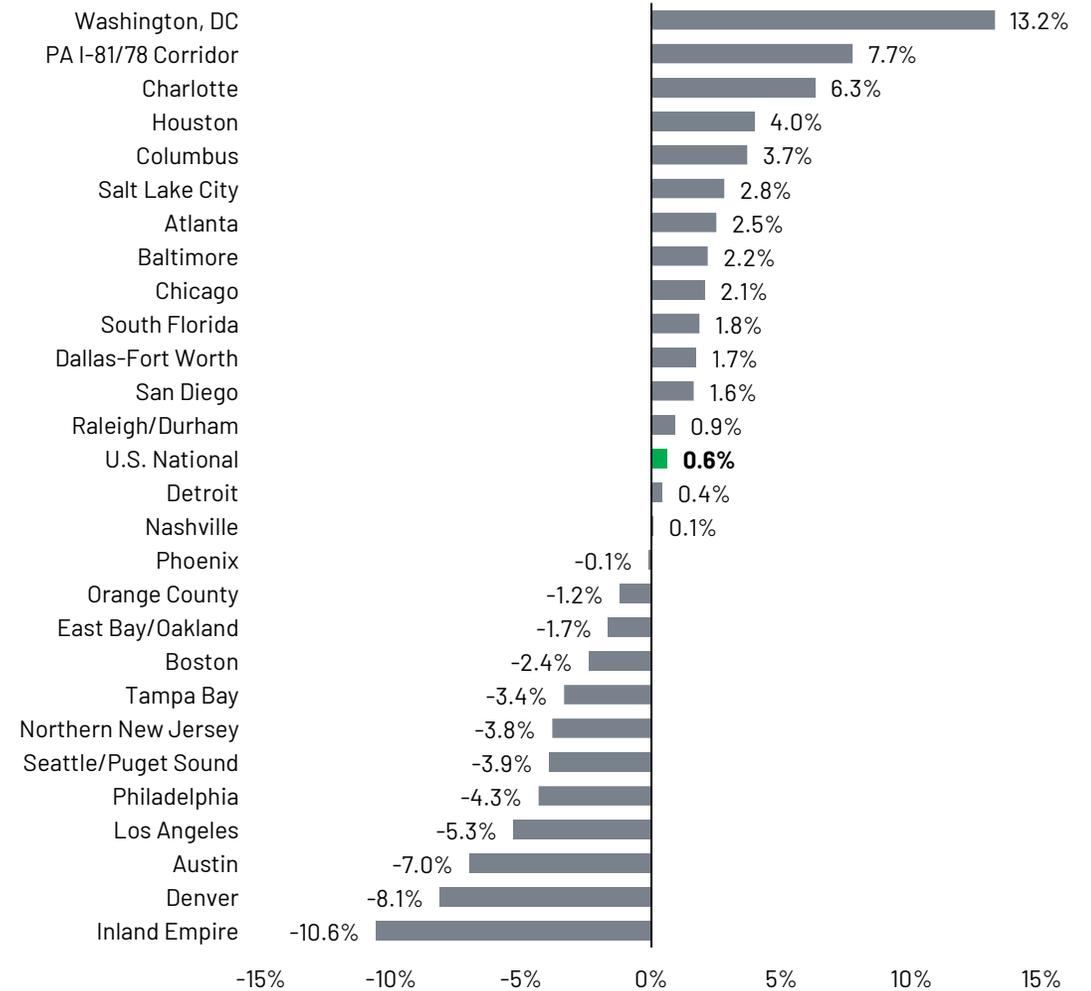
Q4 2025



The national average asking rent remains up 65% from five years ago.

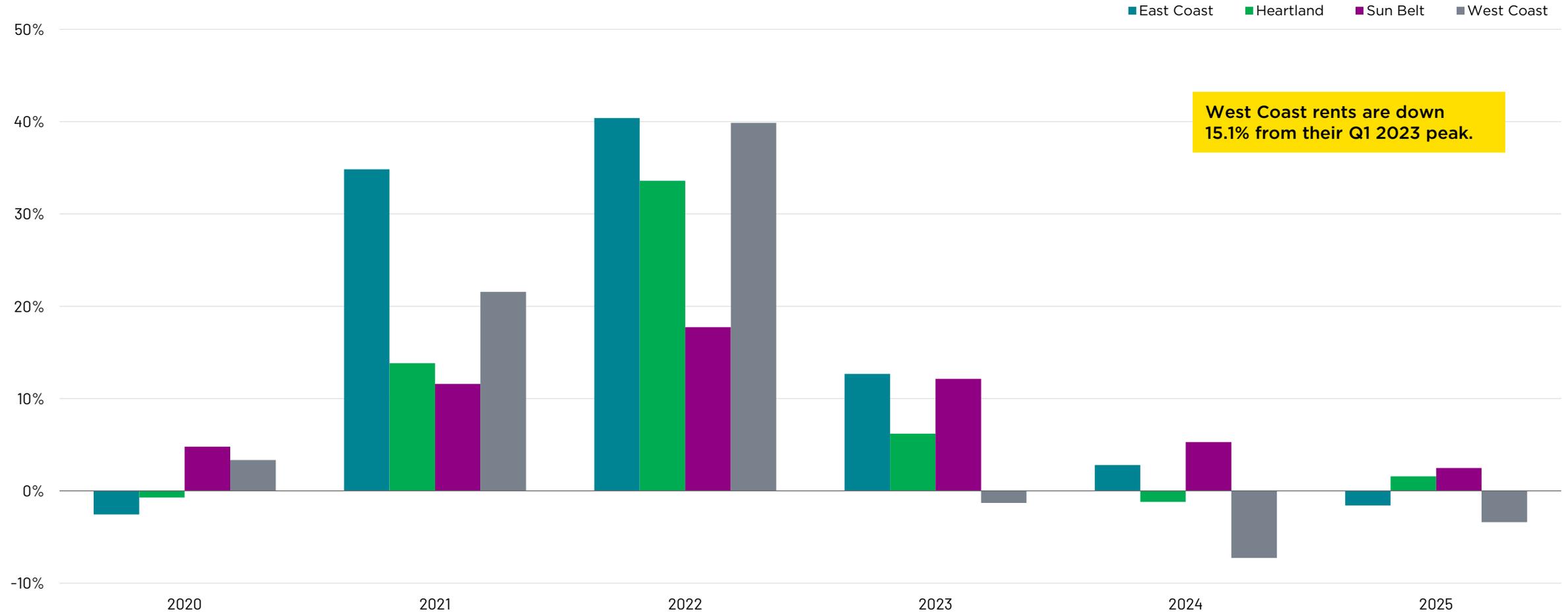
Rent change (%)

YEAR-OVER-YEAR



West Coast rent surge gives way to sharp correction

Annual asking rent growth by region



West Coast rents are down 15.1% from their Q1 2023 peak.

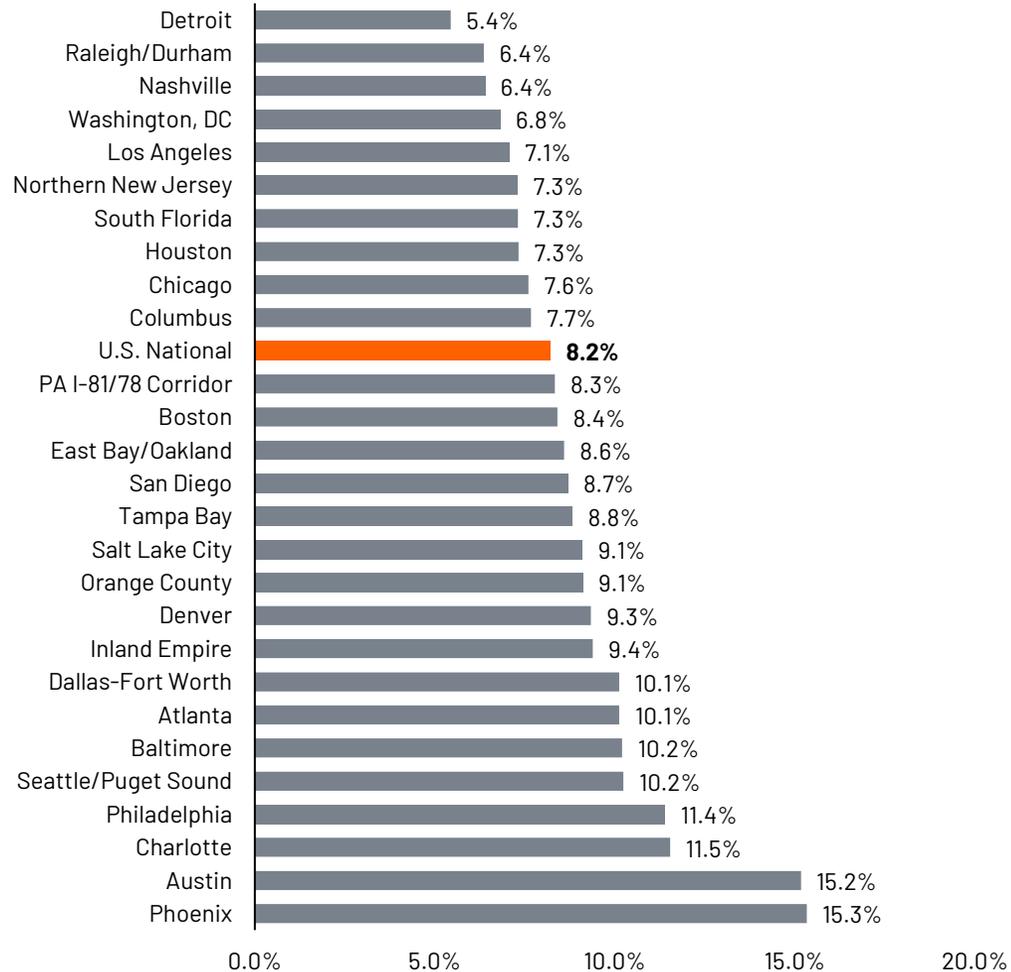
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West Coast - East Bay/Oakland, Inland Empire, Los Angeles, Orange County, San Diego, Seattle/Puget Sound

Vacancy reaches double digits in nearly one-third of markets

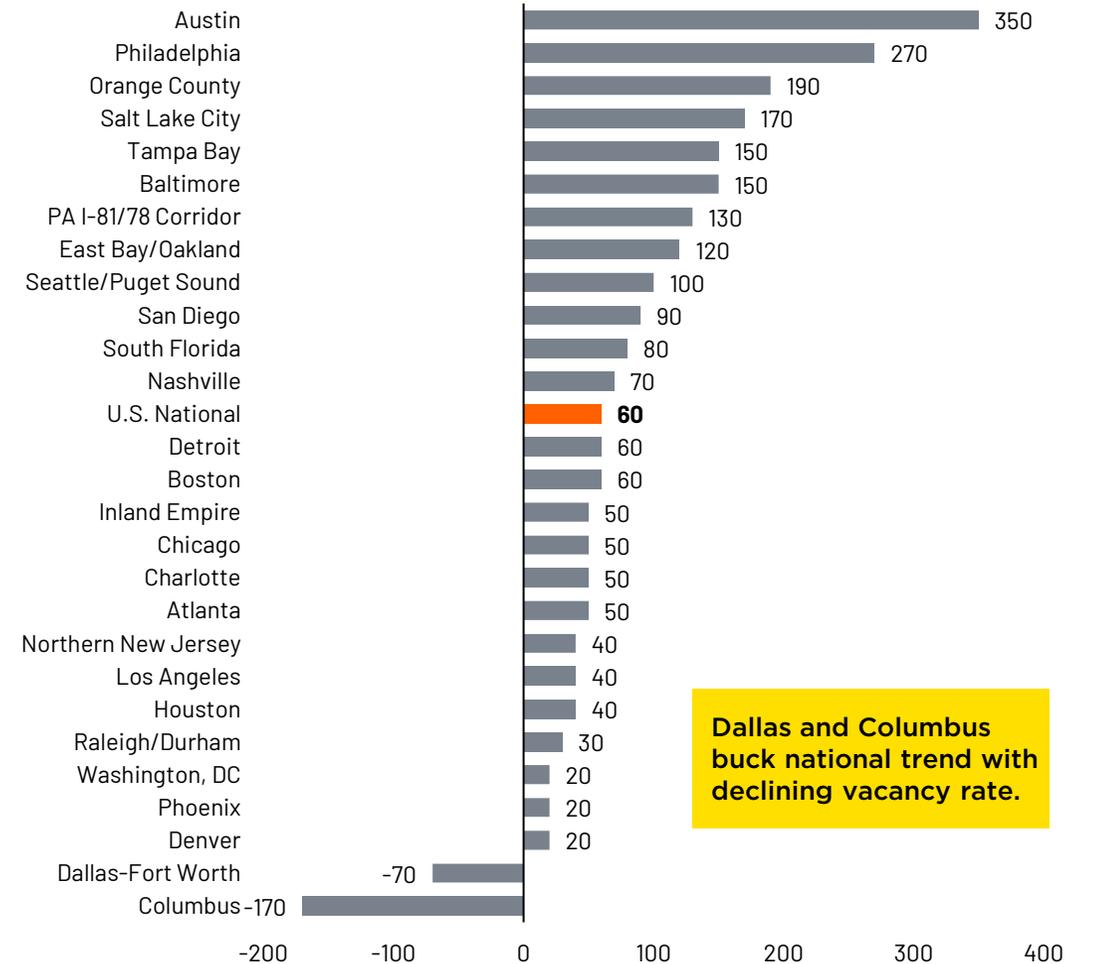
Vacancy rate (%)

Q4 2025



Vacancy change (bps)

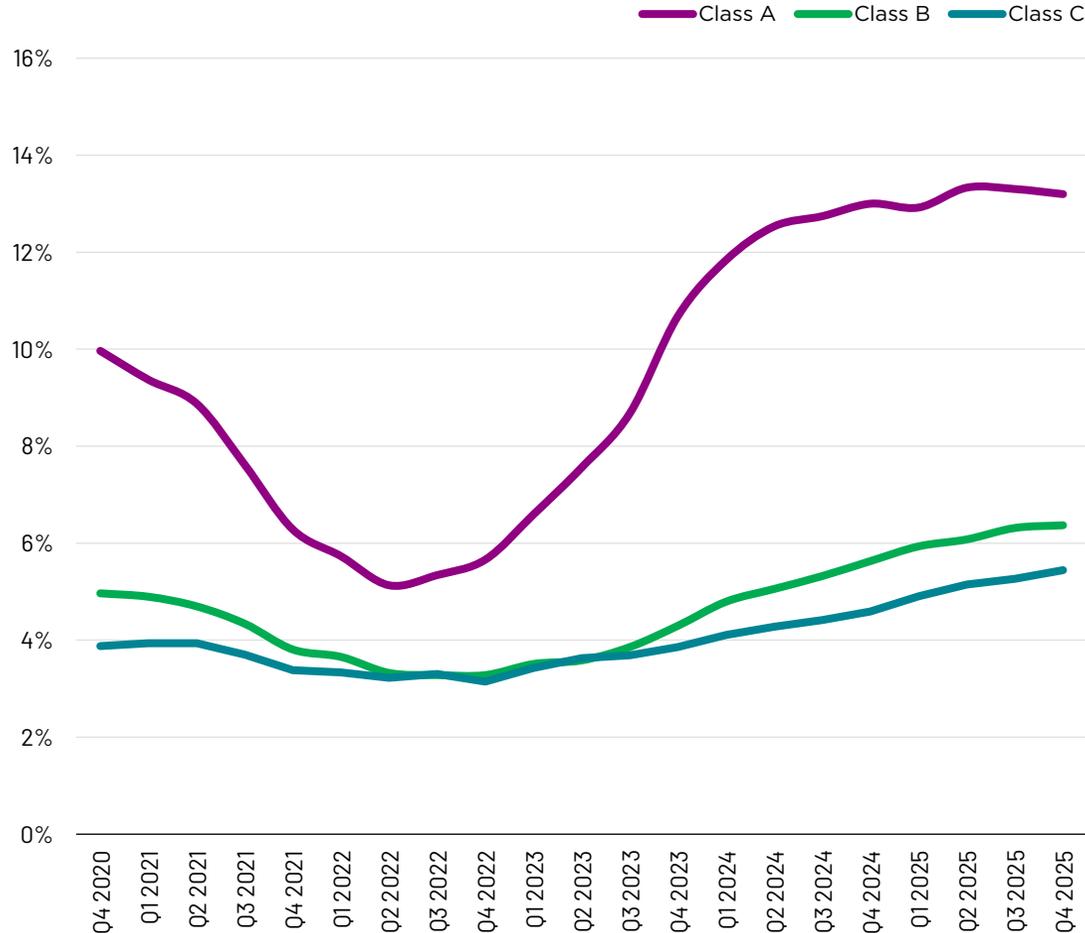
YEAR-OVER-YEAR



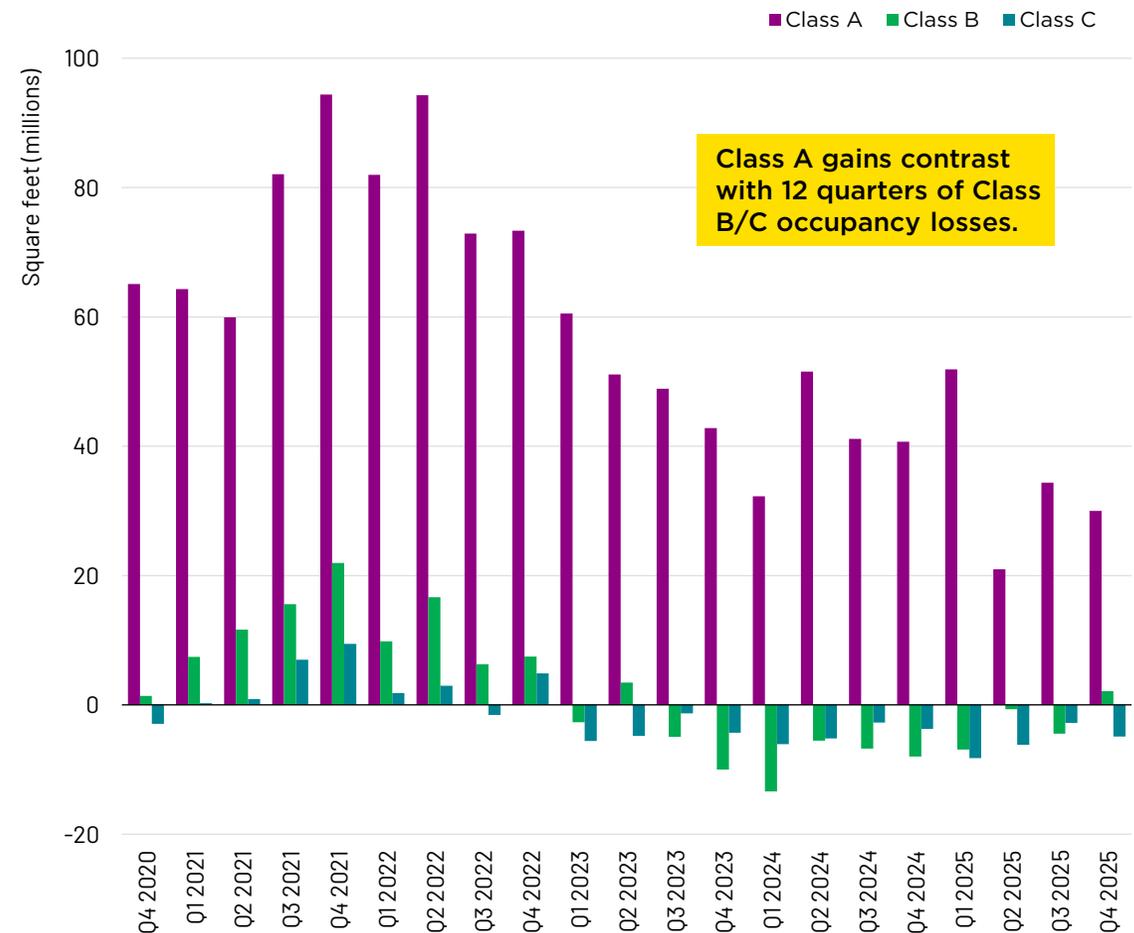
Dallas and Columbus buck national trend with declining vacancy rate.

Elevated Class A vacancy creating opportunities for flight to quality

Vacancy by class



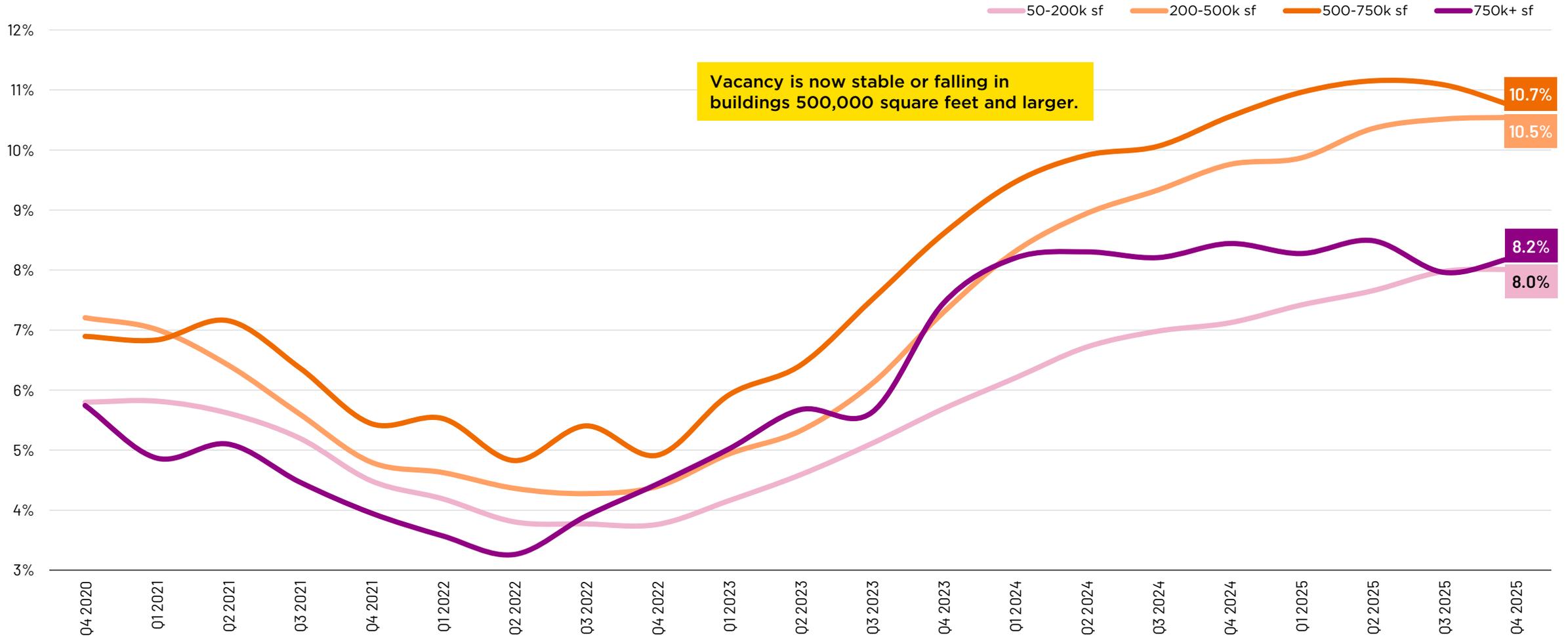
Net absorption by class



Class A gains contrast with 12 quarters of Class B/C occupancy losses.

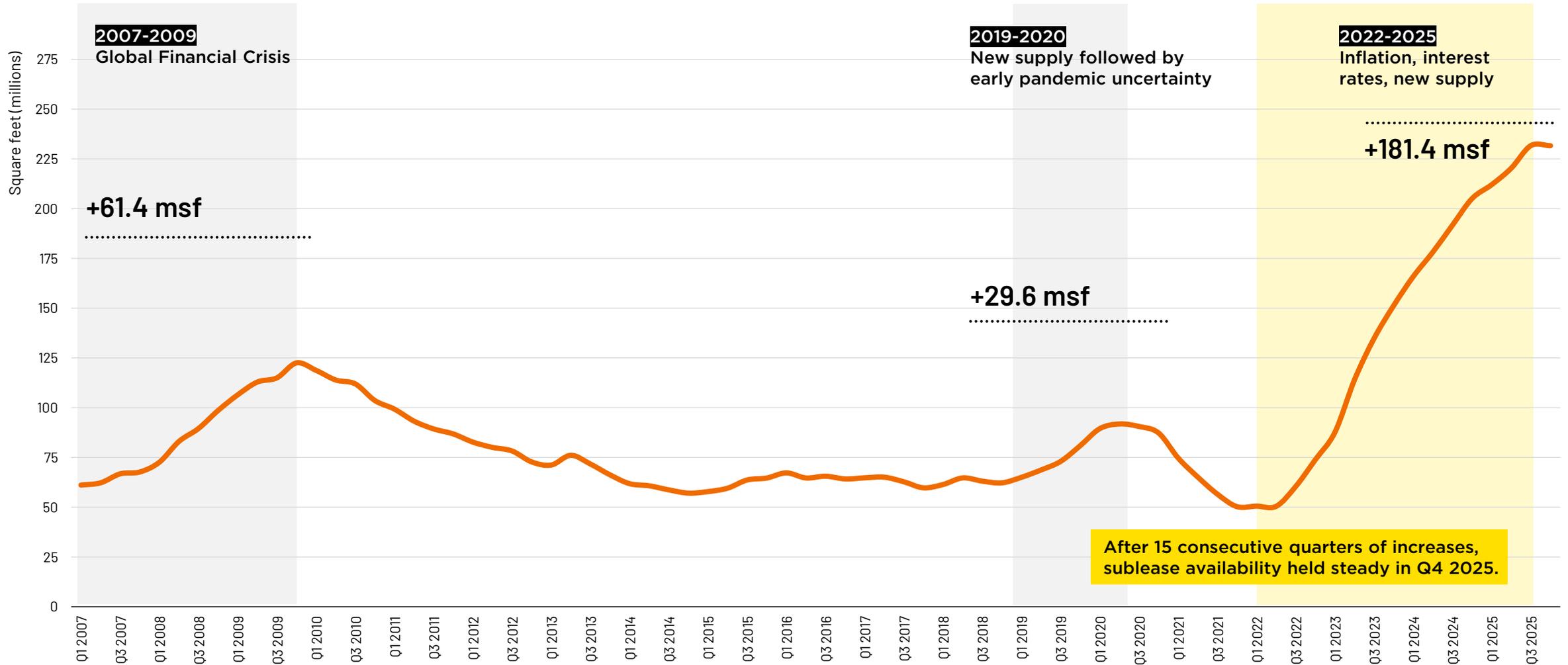
Vacancy easing in mega facilities but still rising in smaller segments

Vacancy by building size range



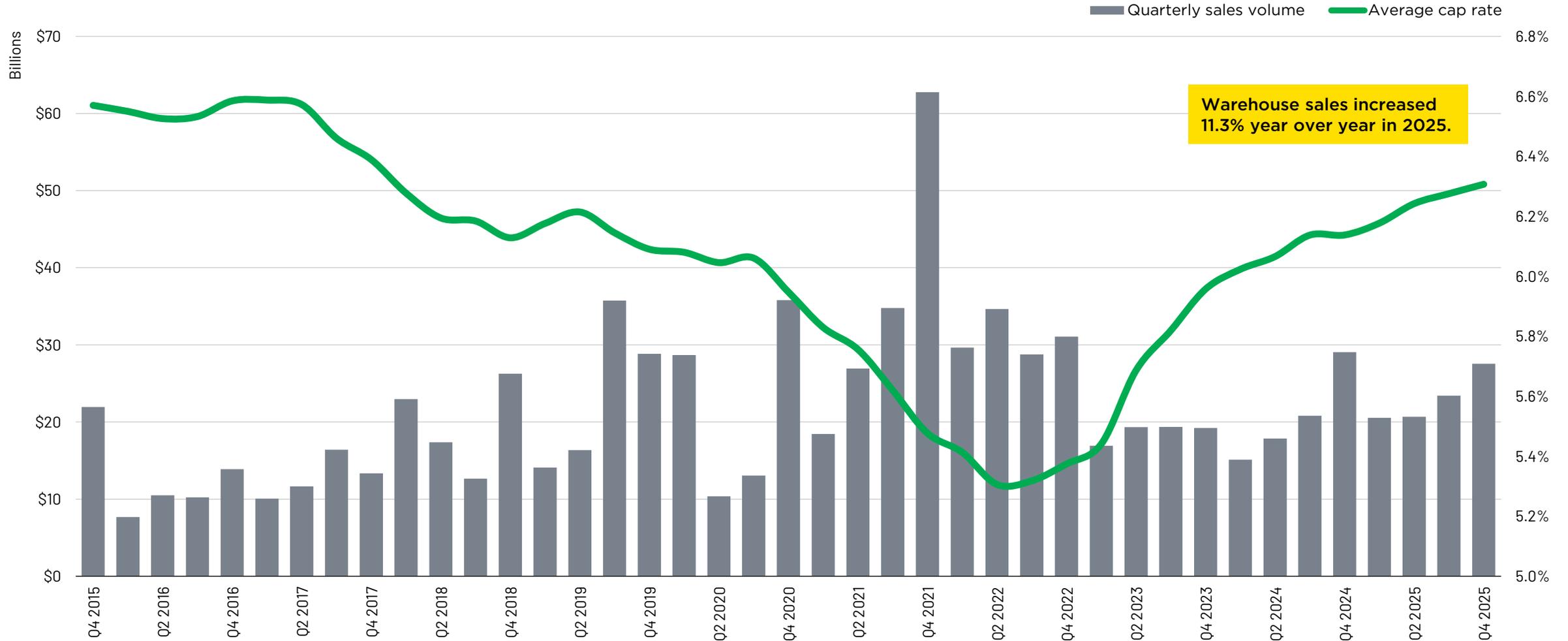
Sublease availability levels off, signaling nascent recovery

Sublease availability 2007 to 2025



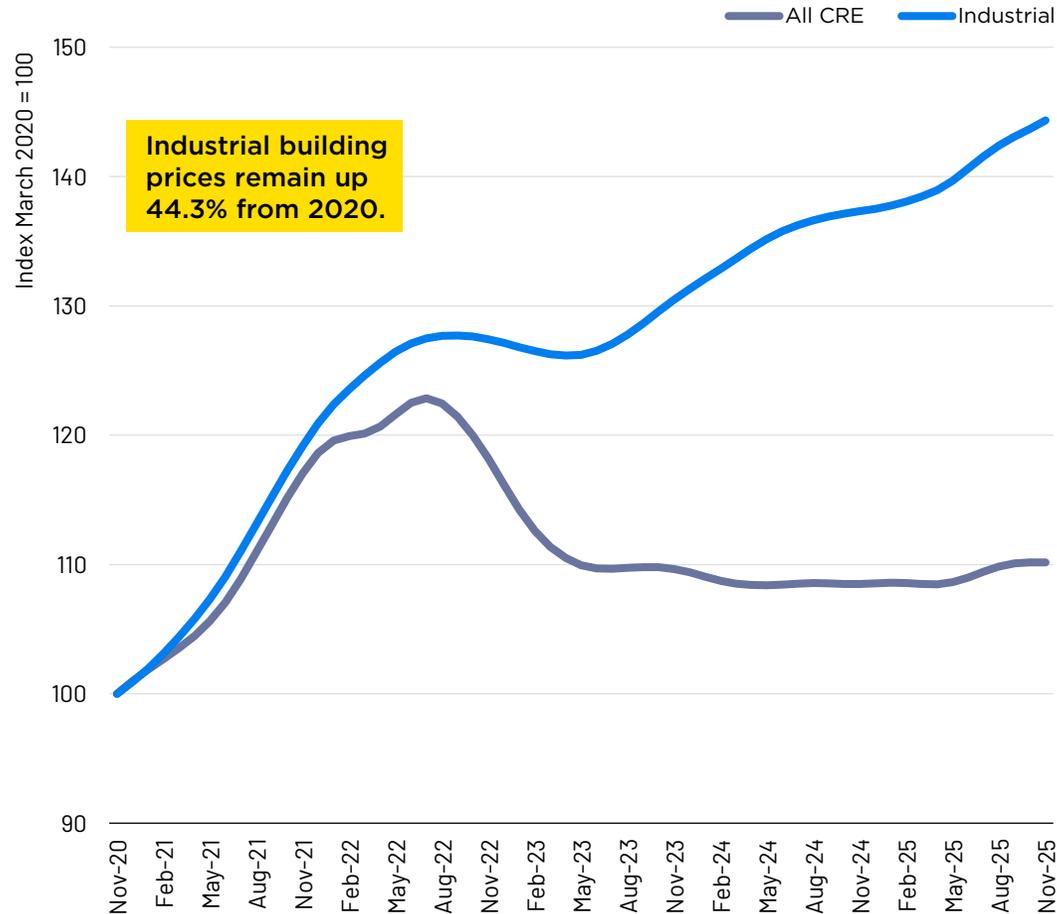
Investment volumes recovered in 2025 despite uncertainty

Warehouse sales volume and pricing

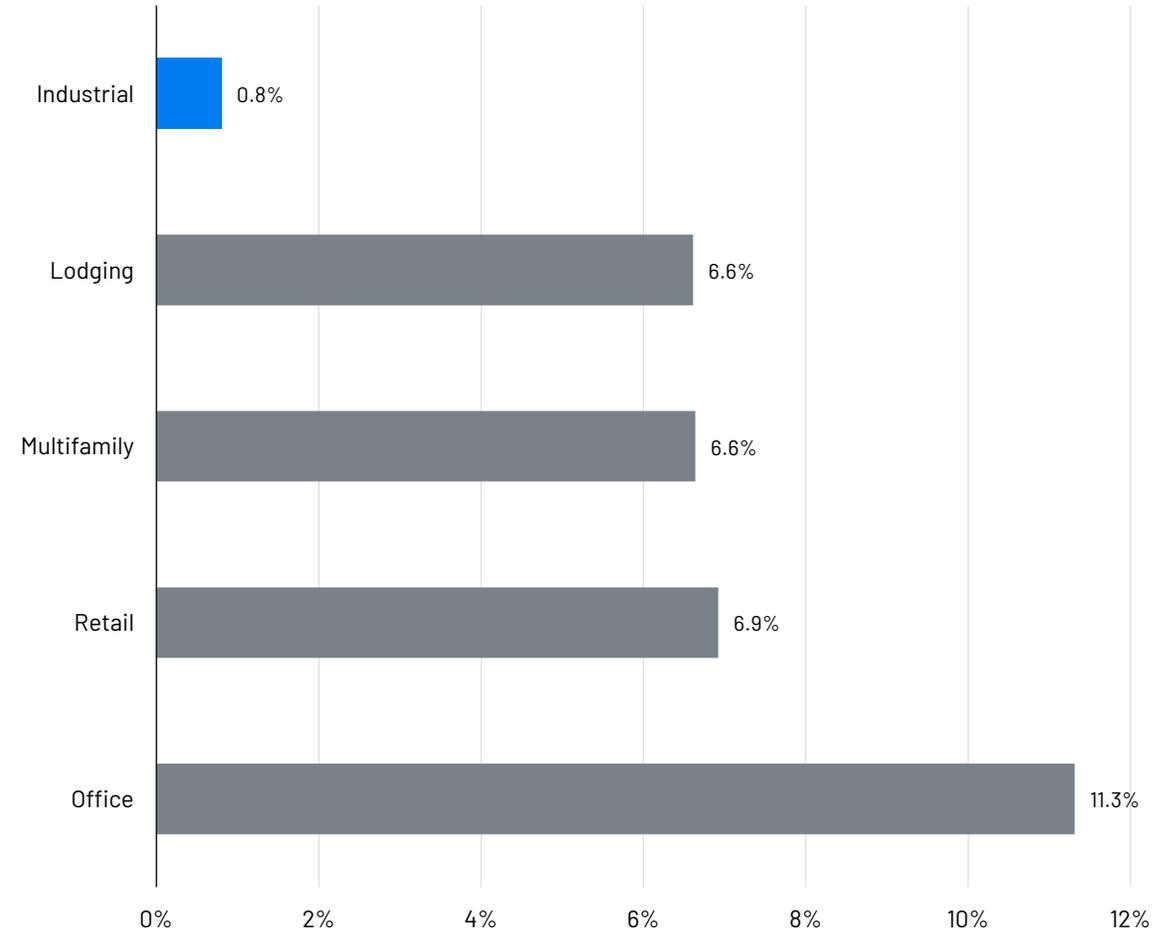


Industrial values remain elevated with limited debt distress

Commercial property price index (CPPI)



CMBS delinquency rate by property type (% 30 days +)



Source: MSCI/Real Capital Analytics, Trepp

Six predictions for the U.S. industrial market in 2026

A slow return to growth

Sublease availability is expected to contract first, signaling early stabilization in the national market. Tenants are likely to retain leverage, though less than last year, as vacancy plateaus and starts to decline.

Rent stabilization in core markets

Following years of ups and downs, rents will stabilize. This shift is likely to occur first in core markets, supporting improved market function as tenants and landlords regain confidence around deal terms.

Reduced decision paralysis

Political and economic uncertainty may persist, but business needs and expiration dates will increasingly push leasing decisions forward. Tenant demand for flexibility will remain high.

Real manufacturing activity

A portion of the trillions of dollars in recent pledges will translate into concrete projects. New manufacturing facilities will support sectors ranging from pharma and biotech to aerospace and defense.

K-shaped consumer spending

Strong headline growth alongside a stagnant job market stands to create clear winners and losers, with warehouse demand tied to value and affordable goods holding up better.

Data center ripple effects

The data center construction boom is expected to compete for power and land with warehouse and manufacturing users. This will also drive industrial demand tied to equipment and grid infrastructure.

The Savills logo, consisting of a yellow square above the word "savills" in a lowercase, sans-serif font.

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Appendix

Local Market Statistics

Q4 2025

	INVENTORY (msf)	VACANCY RATE (%)	ASKING RENTAL RATE (\$/sf)	UNDER CONSTRUCTION (msf)	DELIVERIES YTD (msf)	NET ABSORPTION YTD (msf)
National	17,191.6	8.2%	\$9.61	306.9	287.2	150.9
Atlanta	747.6	10.1%	\$7.11	16.0	12.3	6.1
Austin	127.5	15.2%	\$10.86	11.8	10.7	4.8
Baltimore	214.1	10.2%	\$10.63	1.1	1.7	-1.7
Boise City/Nampa	46.1	10.7%	\$10.33	3.1	0.9	0.1
Boston	343.6	8.4%	\$12.97	3.1	1.3	-0.9
Buffalo	90.6	4.3%	\$6.27	3.2	0.1	-0.5
Charleston/N Charleston	96.4	17.8%	\$7.30	1.2	3.3	2.3
Charlotte	289.3	11.5%	\$8.20	4.5	9.7	6.2
Chicago	1,056.6	7.6%	\$7.94	13.0	14.4	7.3
Cincinnati/Dayton	442.5	5.4%	\$5.86	3.0	4.5	7.3
Cleveland	479.9	4.6%	\$5.43	0.8	1.7	-4.8
Columbus	316.3	7.7%	\$6.07	6.3	2.6	8.3
Dallas-Fort Worth	922.7	10.1%	\$7.67	32.0	16.7	19.8
Denver	212.3	9.3%	\$8.65	4.5	3.8	2.1
Detroit	521.5	5.4%	\$6.57	2.2	2.3	-1.0
East Bay/Oakland	149.7	8.6%	\$15.10	0.4	1.3	-0.5
Greensboro/Winston-Salem	273.6	6.2%	\$5.14	3.2	3.3	3.3
Greenville/Spartanburg	260.3	8.5%	\$5.09	3.5	3.8	8.2
Hampton Roads	104.7	7.3%	\$8.56	2.8	4.4	1.4
Houston	693.8	7.3%	\$7.70	22.0	16.2	13.8

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

Local Market Statistics

Q4 2025

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National	17,191.6	8.2%	\$9.61	306.9	287.2	150.9
Indianapolis	389.8	8.7%	\$6.59	4.7	3.7	8.7
Inland Empire	637.1	9.4%	\$12.79	10.7	7.7	5.7
Jacksonville	139.3	8.8%	\$7.80	4.7	5.9	1.1
Kansas City	370.1	6.1%	\$5.72	5.4	11.9	7.8
Las Vegas	153.7	13.6%	\$13.04	5.2	7.7	4.0
Long Island	263.4	7.4%	\$19.00	1.1	4.3	1.1
Los Angeles	700.7	7.1%	\$15.83	5.0	5.0	3.0
Louisville	234.1	4.8%	\$5.27	9.3	2.2	2.8
Memphis	302.5	9.5%	\$5.28	0.2	0.7	-5.1
Milwaukee/Madison	392.2	4.7%	\$5.57	6.3	4.4	1.8
Minneapolis/St Paul	339.7	4.6%	\$7.04	5.6	3.1	3.3
Nashville	246.4	6.4%	\$9.11	6.7	5.7	3.8
Northern New Jersey	695.5	7.3%	\$16.25	7.1	7.9	4.8
Omaha/Council Bluffs	76.4	3.0%	\$7.32	0.8	0.4	1.0
Orange County	153.3	9.1%	\$17.85	1.3	2.2	-0.9
Orlando	172.4	8.4%	\$11.90	3.1	3.0	2.6
PA I-81/78 Corridor	613.5	8.3%	\$8.74	13.3	8.2	-1.2
Philadelphia	416.0	11.4%	\$11.73	4.3	13.0	0.3
Phoenix	360.4	15.3%	\$10.12	18.0	19.7	15.2
Pittsburgh	177.2	5.9%	\$7.73	0.6	0.4	-1.0

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

Local Market Statistics

Q4 2025

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Portland	283.0	7.2%	\$9.70	5.4	6.7	1.1
Raleigh/Durham	97.7	6.4%	\$10.17	3.5	2.2	1.7
Reno/Sparks	119.2	12.9%	\$8.24	4.0	0.6	0.1
Sacramento	149.3	7.4%	\$8.76	0.2	1.3	-0.2
Salt Lake City	154.7	9.1%	\$9.37	2.5	3.3	0.6
San Antonio	141.8	12.0%	\$8.15	3.2	3.2	-0.4
San Diego	119.2	8.7%	\$16.18	0.9	1.6	0.4
Savannah	158.9	13.9%	\$7.54	11.9	28.3	22.9
Seattle/Puget Sound	249.0	10.2%	\$12.48	5.2	4.0	1.1
South Bay/San Jose	74.7	7.0%	\$17.54	2.2	0.3	-0.8
South Florida	323.2	7.3%	\$15.96	5.7	4.8	2.1
St. Louis	290.1	5.4%	\$5.65	4.6	1.7	-1.9
Stockton/Modesto	195.2	9.7%	\$8.03	2.0	0.4	-2.9
Tampa/St Petersburg	275.1	8.8%	\$9.12	4.7	7.4	3.0
Toledo	154.4	3.2%	\$5.04	0.8	0.6	-0.2
Tucson	29.0	9.7%	\$9.87	0.7	0.2	-0.5
Washington, DC	150.1	6.8%	\$15.25	3.3	2.7	2.2

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

Thank You



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