

Q1 2026 | INDUSTRIAL

RESEARCH

State of the U.S. Industrial Market



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Economic conditions

How the macro backdrop is shaping the industrial market



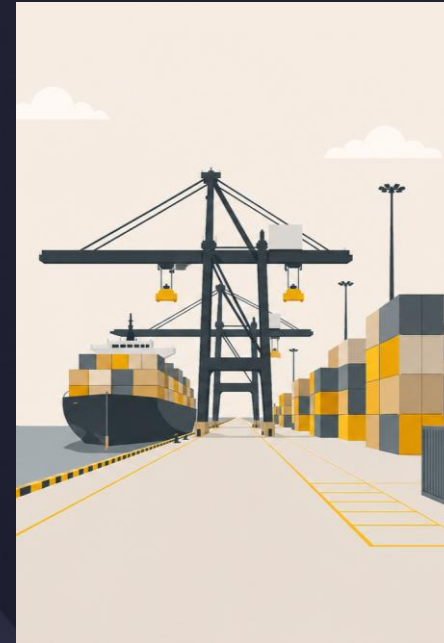
Demand drivers

Ports, manufacturing and e-commerce trends driving occupier demand



Property market

Vacancy, rent, leasing and construction conditions across U.S. markets



Investment activity

Sales volumes, cap rates and pricing trends



Appendix

Market-by-market data on vacancy, rent and absorption



The industrial market is recovering, but regional divergence and rising macro risks mean the rebound will be uneven.

Top takeaways

01

Leasing rebounds to three-year high

Q1 2026 leasing hit 226.7 million square feet (msf), the strongest first quarter since Q1 2022 and up 20.8% year over year, as demand for large format spaces strengthens.

02

Sublease space falls for first time since 2021

Sublease availability dropped to 214.5 msf in Q1 2026, reversing three years of sustained increases and signaling the supply overhang is beginning to clear.

03

West Coast and Sun Belt diverge sharply

Inland Empire vacancy is approaching 10% with West Coast rents down 17.2% from peak, while Dallas and Atlanta continue to see vacancy declines and positive absorption.

04

E-commerce penetration accelerates

E-commerce reached 16.6% of retail sales in Q4 2025, surpassing the pandemic high and reinforcing structural demand for distribution space.

05

Rising oil prices present headwind for demand

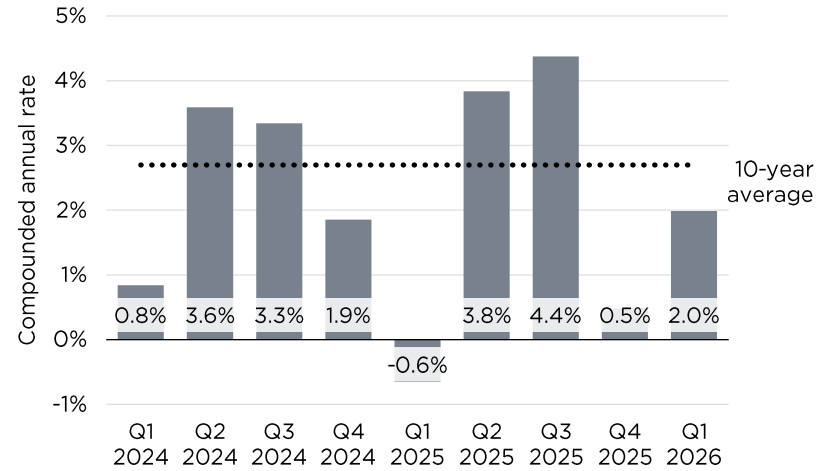
WTI crude jumped to more than \$100 per barrel in March, reintroducing an energy cost risk that has historically correlated with softer industrial absorption.

Inflation hits 3.5% as the Iran conflict sends energy prices soaring

Modest GDP growth and mixed employment signal a fragile economic backdrop

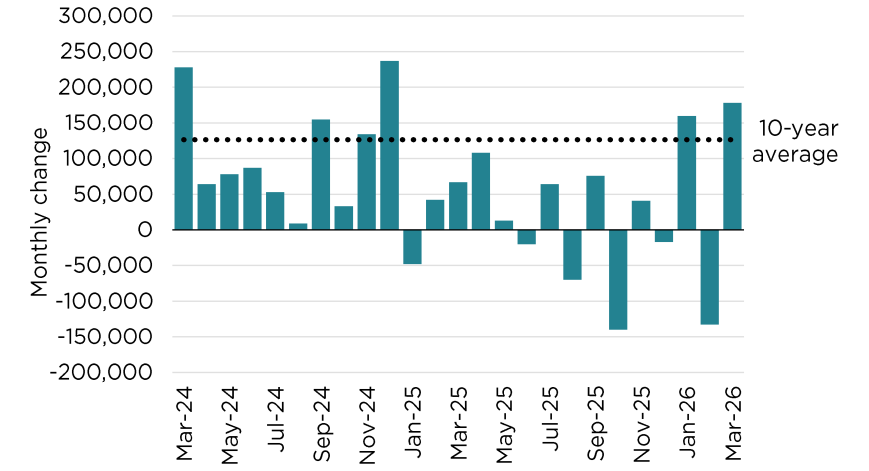
Economic growth

Real Gross Domestic Product (GDP)



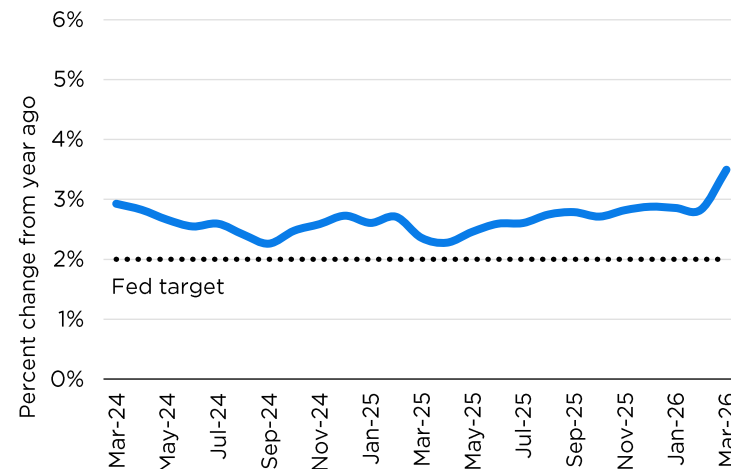
Job growth

Nonfarm Payrolls



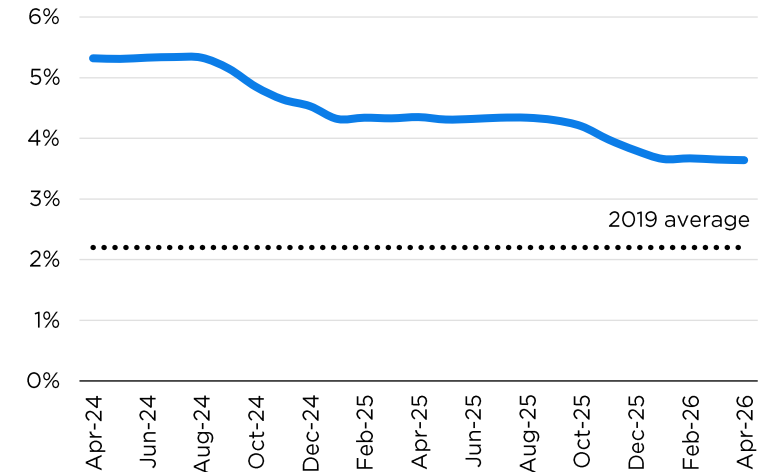
Inflation

Personal Consumption Expenditures (PCE) Price Index



Interest rates

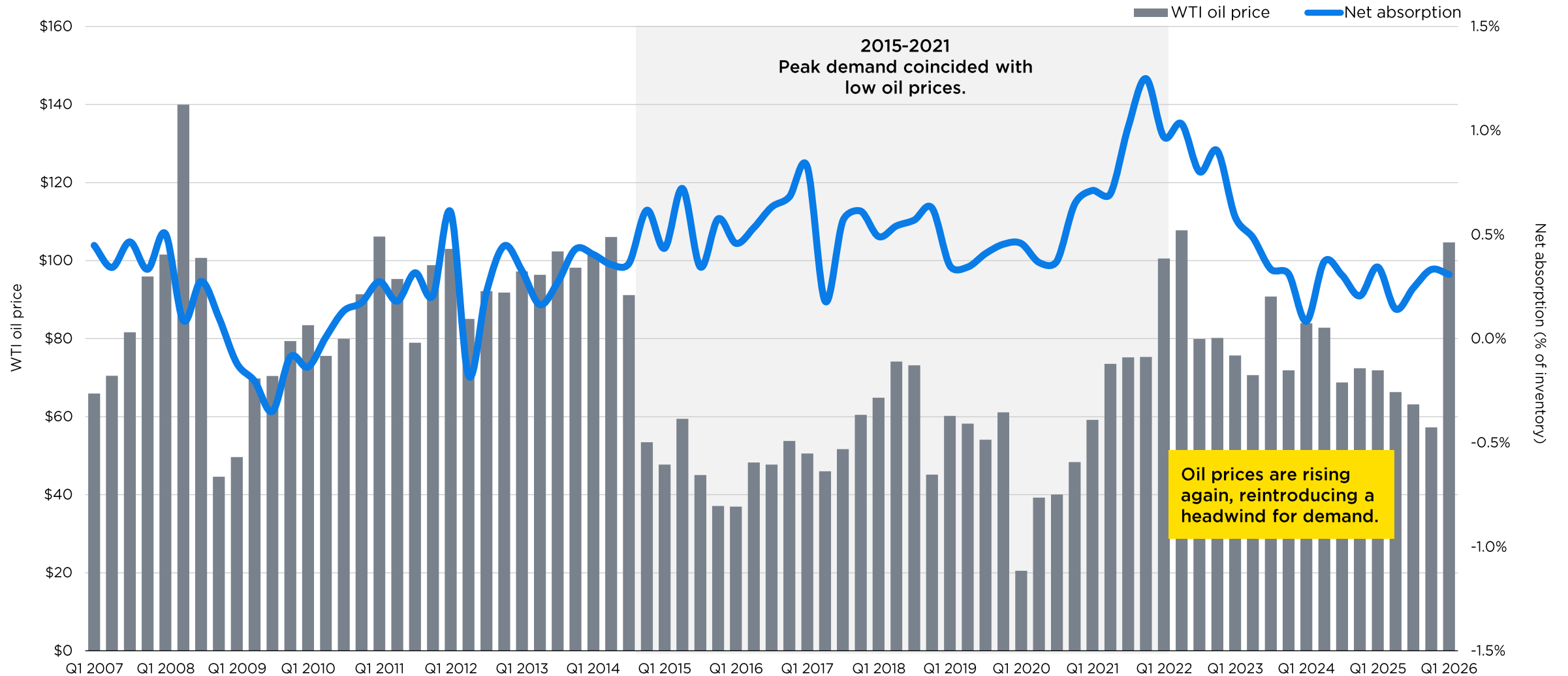
Secured Overnight Financing Rate (SOFR)



Source: St. Louis Federal Reserve

Rising energy costs pose a renewed risk to industrial demand

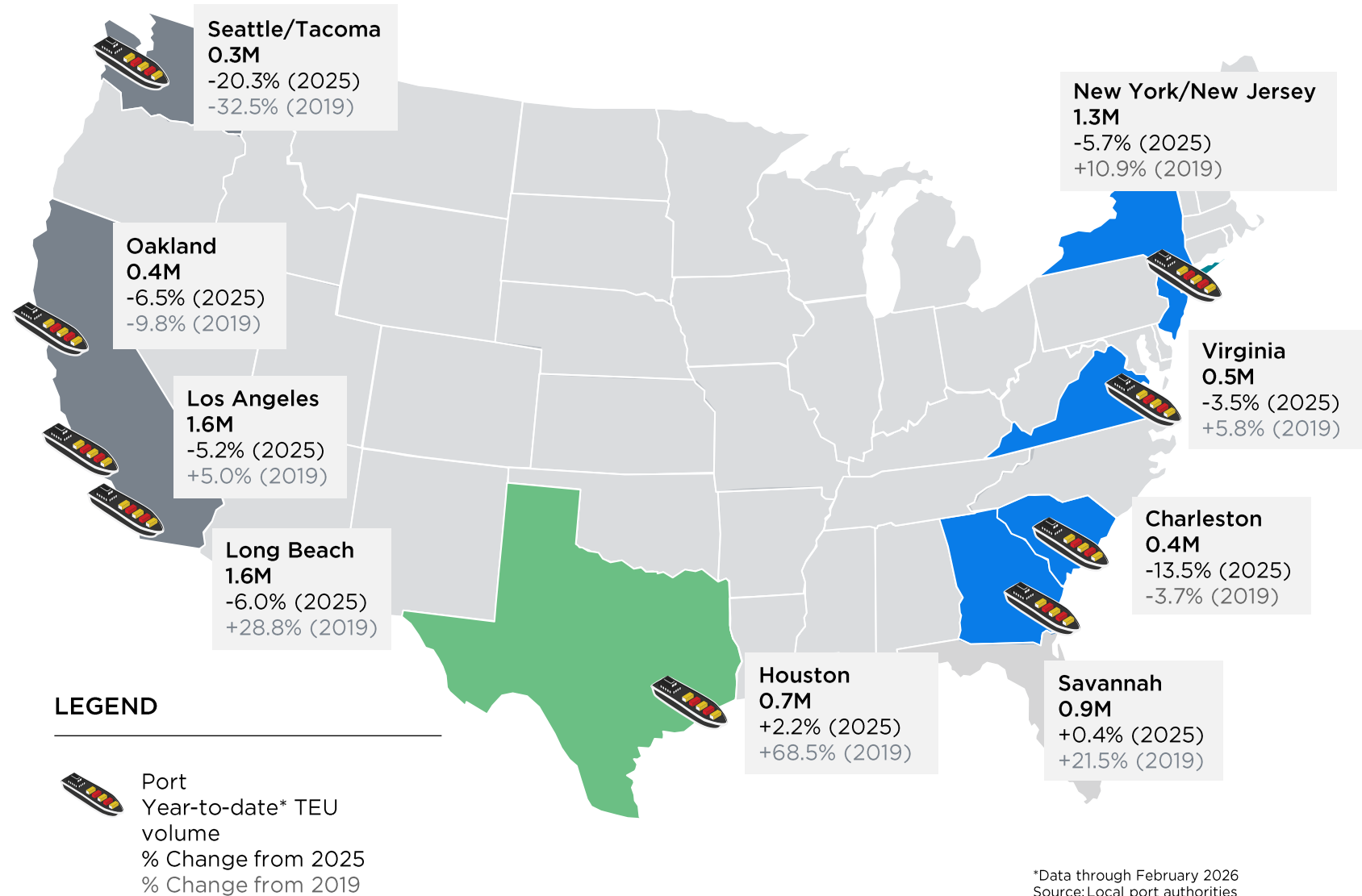
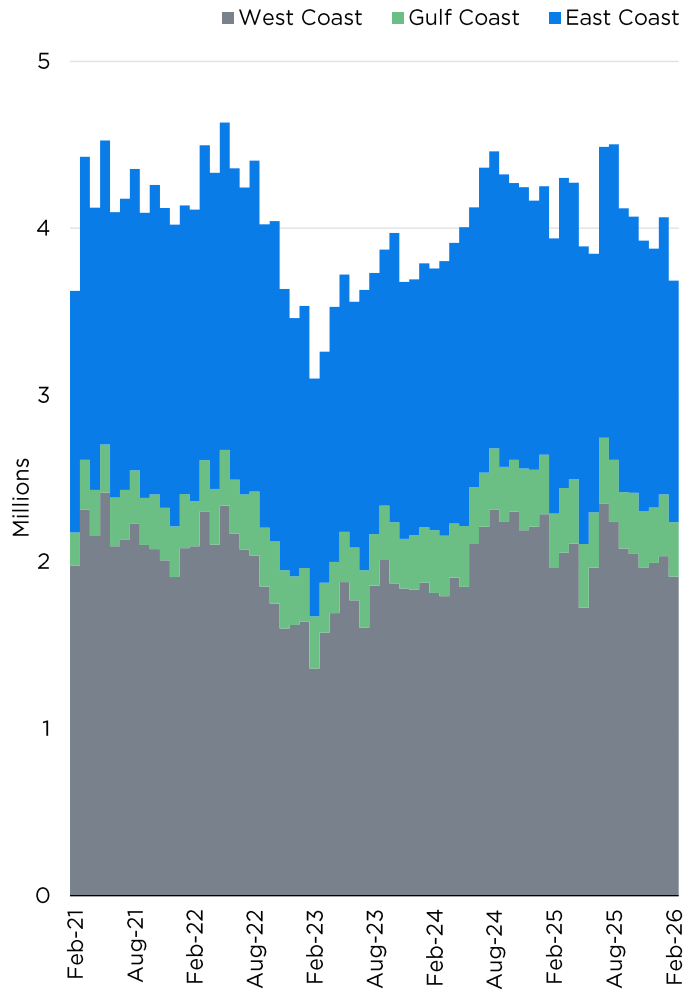
WTI oil prices vs. net absorption (% of inventory)



Source: Federal Reserve Bank of St. Louis, Savills Research

Port volumes moderate following busy 2025 driven by front-loading

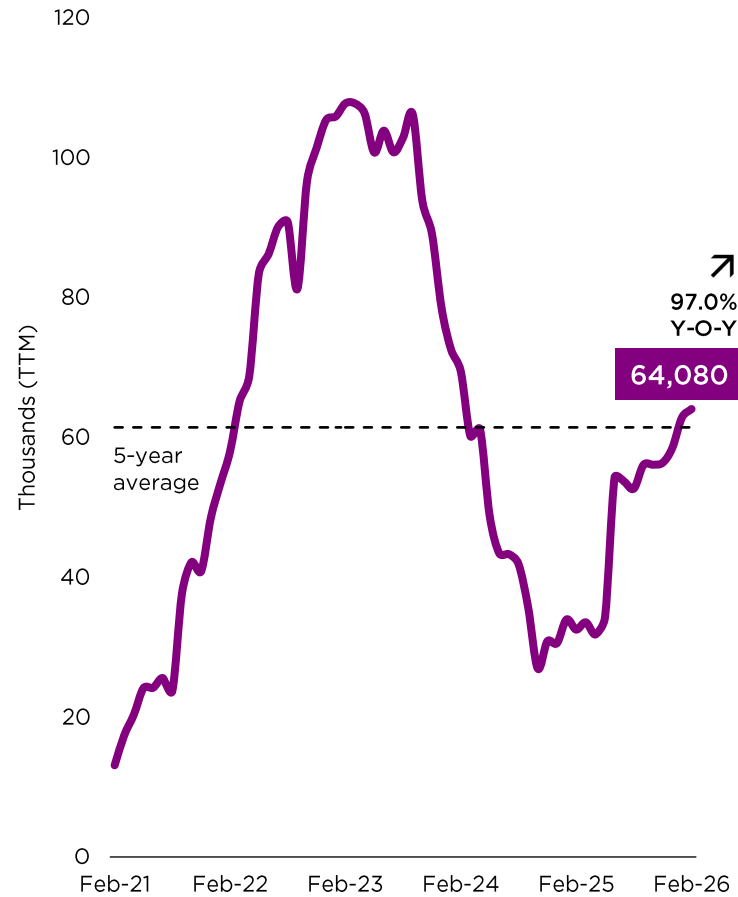
MONTHLY TEU VOLUME, TOP NINE PORTS



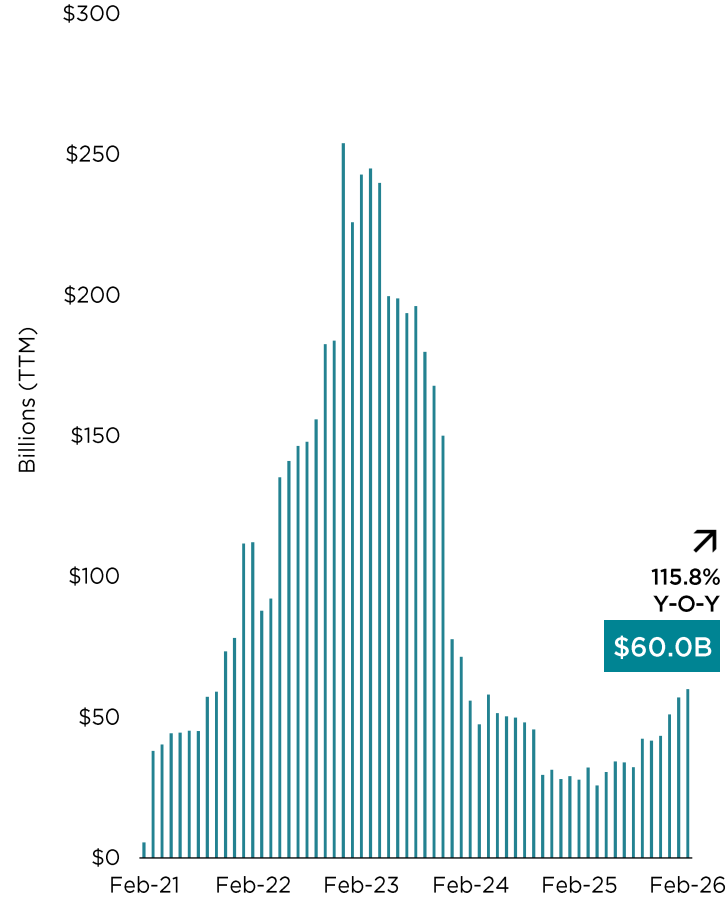
*Data through February 2026
Source: Local port authorities

Manufacturing pipeline strengthens into 2026 as industry demand broadens

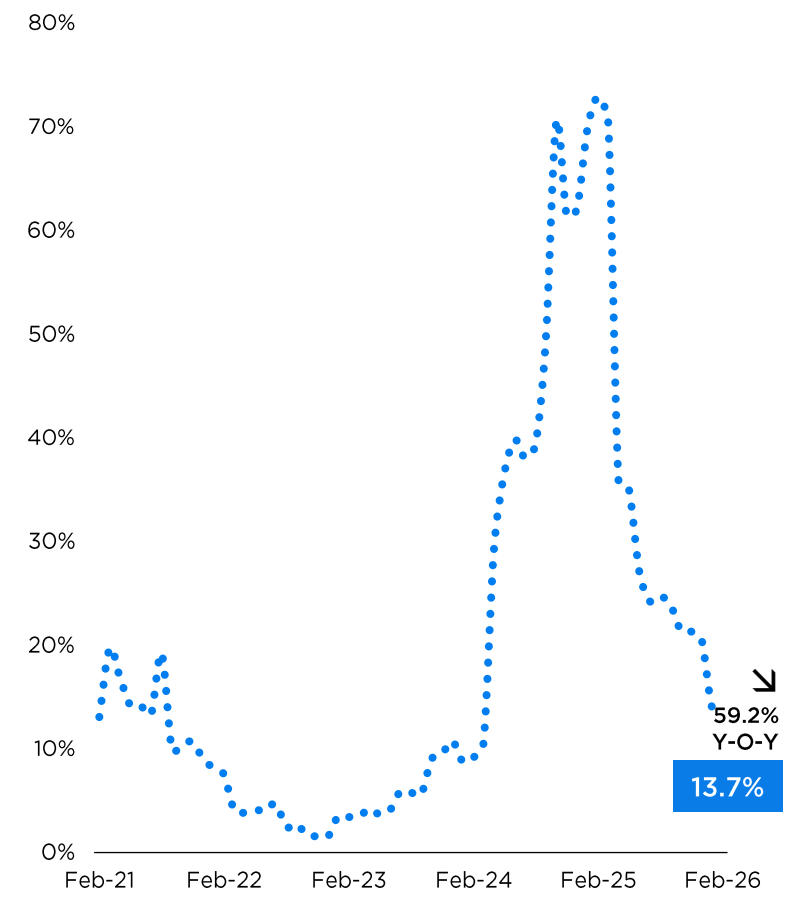
JOBS ANNOUNCED



CAPITAL INVESTMENT



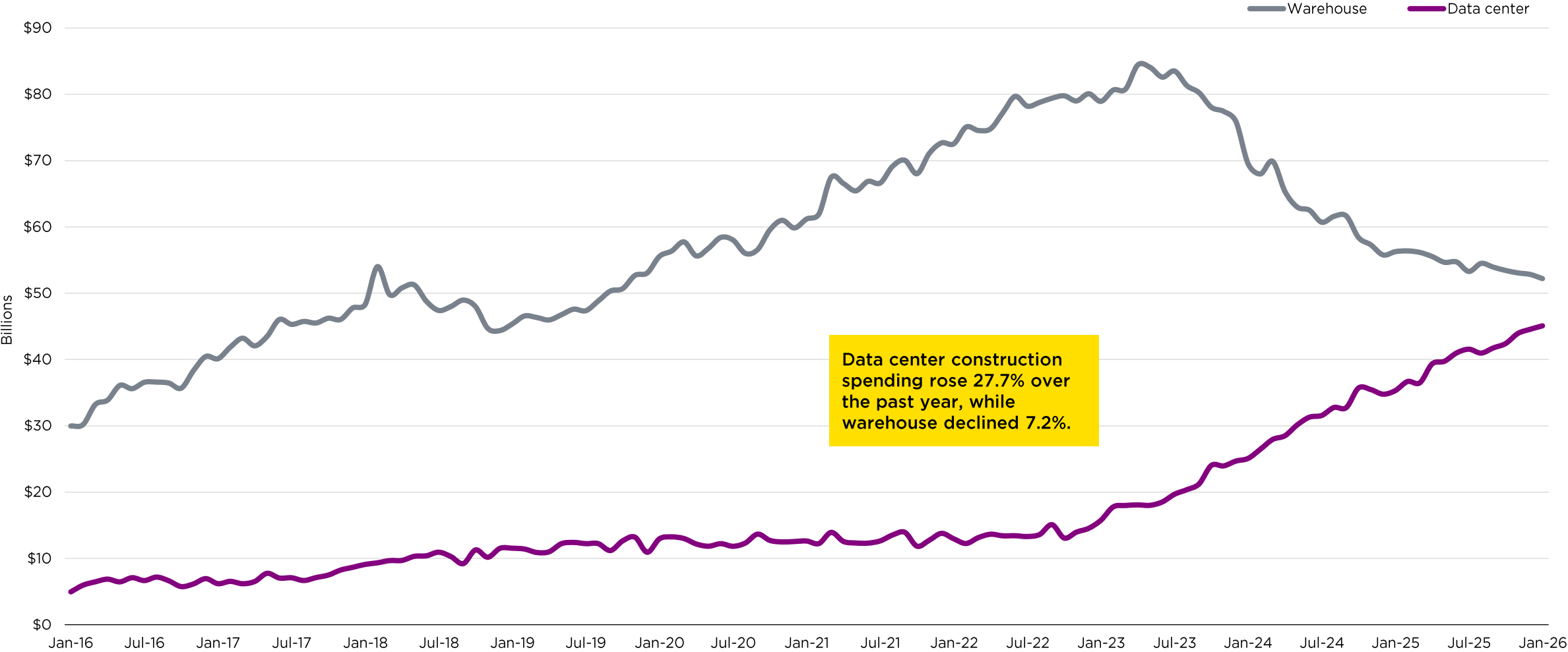
STALL RATE*



*Stall rate reflects jobs in projects on hold or canceled as a share of announced jobs (TTM).

Data center development ramps up as warehouse construction eases

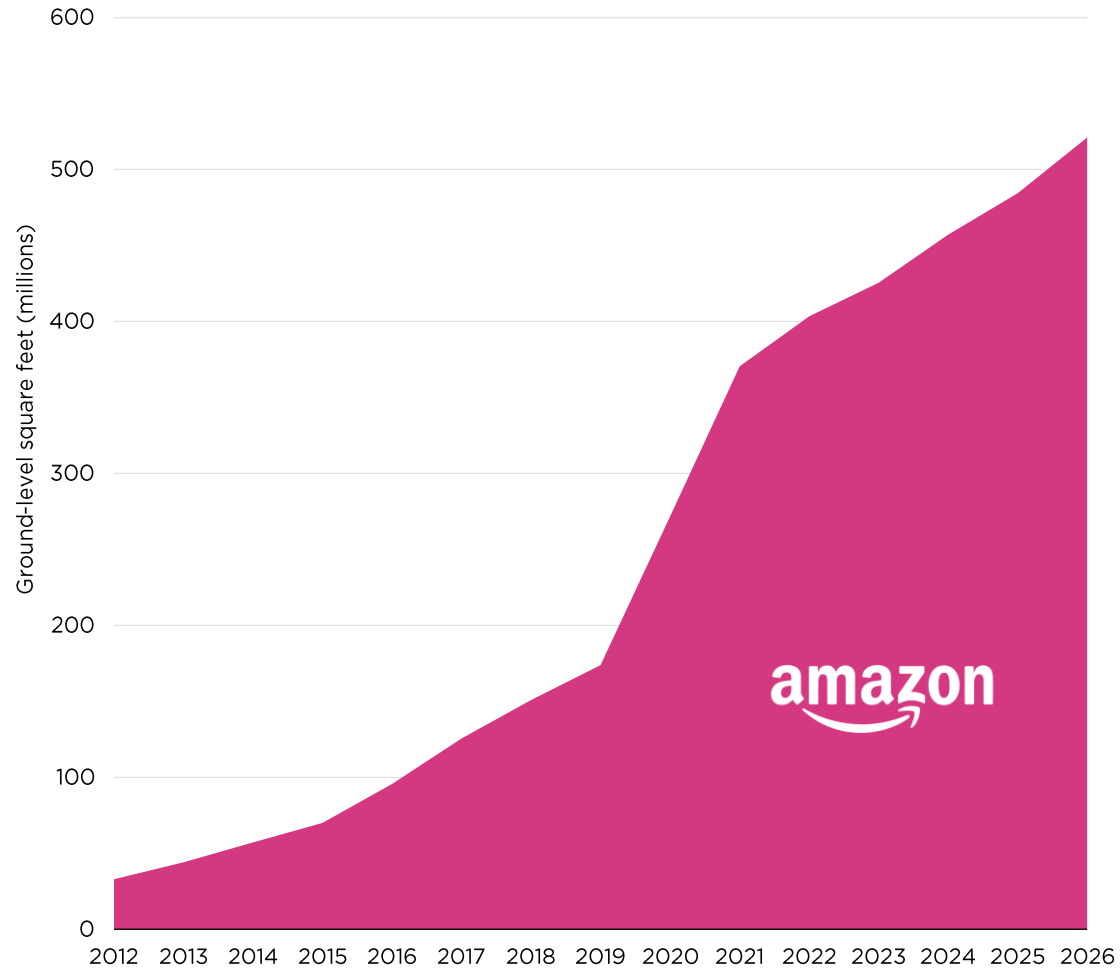
Real construction spending: data centers vs. warehouses



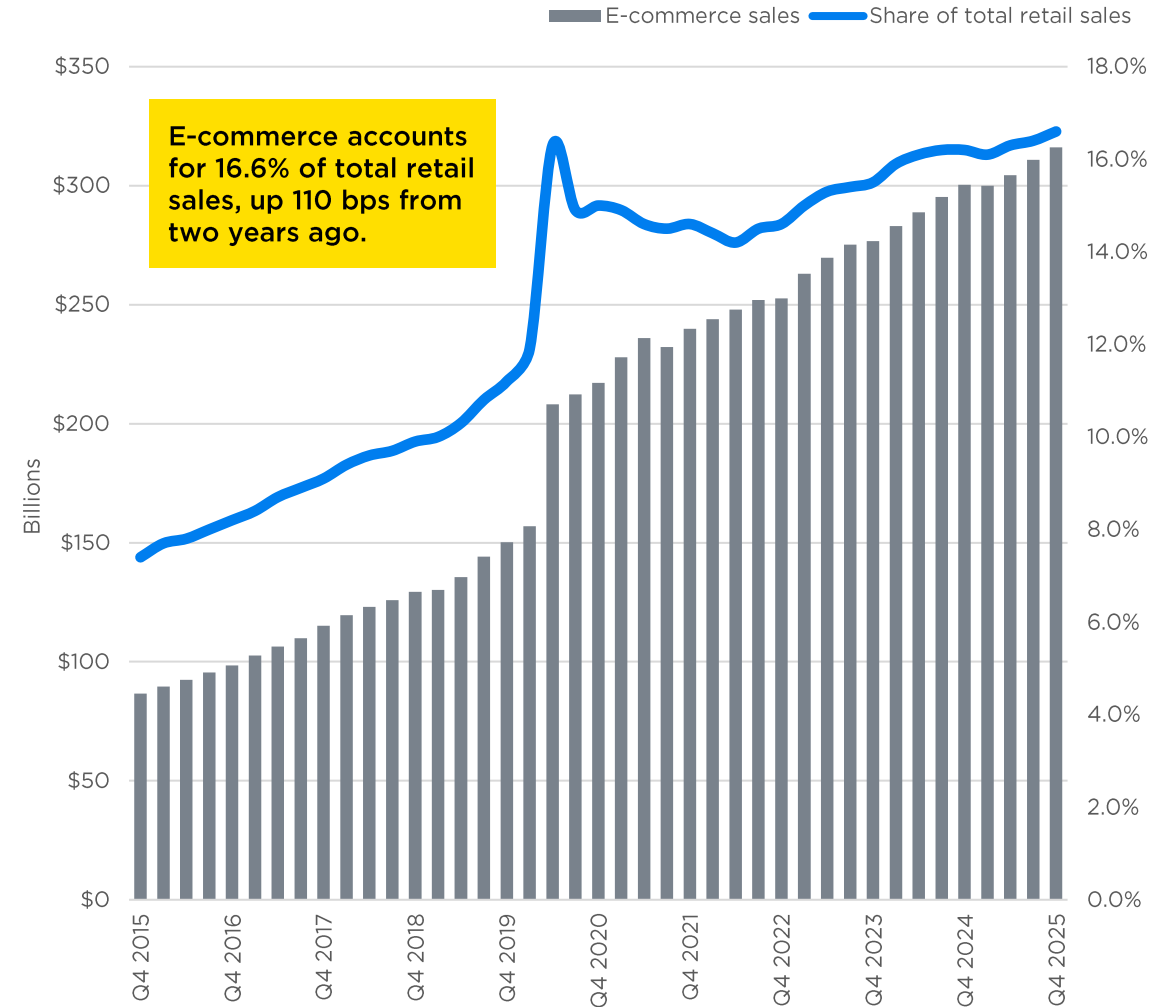
Note: Construction spending is seasonally adjusted and shown in real 2024 dollars
Source: U.S. Census Bureau, Bureau of Labor Statistics

Amazon is back in the market as e-commerce penetration hits 16.6%

AMAZON'S ACTIVE U.S. FACILITIES









E-COMMERCE PENETRATION



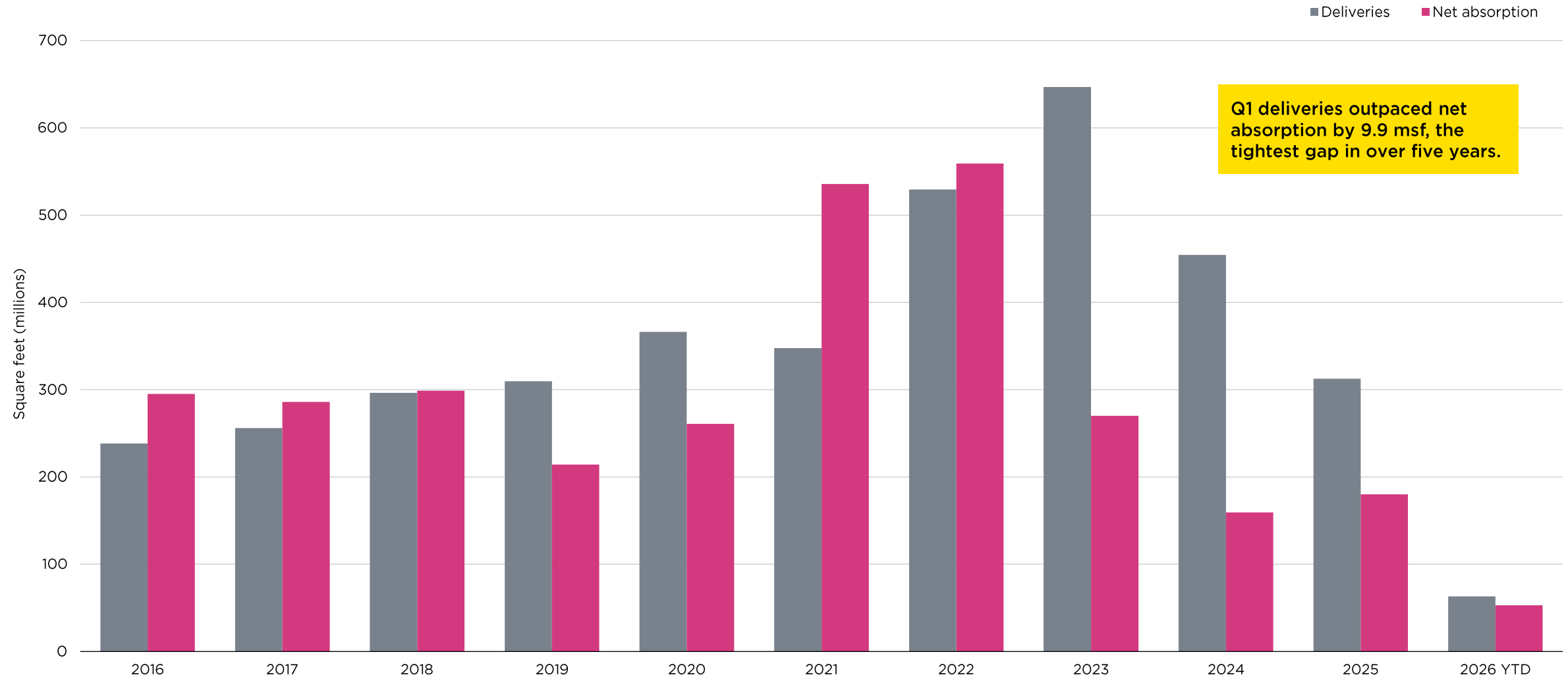
Source: MWPVL, U.S. Department of Commerce

U.S. industrial market key statistics and forecast

	Current quarter Q1 2026	Prior quarter Q4 2025	Year ago period Q1 2025	12-month Forecast
Inventory	17.2 BSF	17.1 BSF	16.8 BSF	
Vacancy rate	8.2%	8.2%	7.8%	
Quarterly net absorption	53.1 MSF	56.7 MSF	57.9 MSF	
Under construction	273.7 MSF	285.0 MSF	305.9 MSF	
Deliveries	63.0 MSF	67.0 MSF	98.1 MSF	
Asking rental rate	\$9.71	\$9.61	\$9.57	

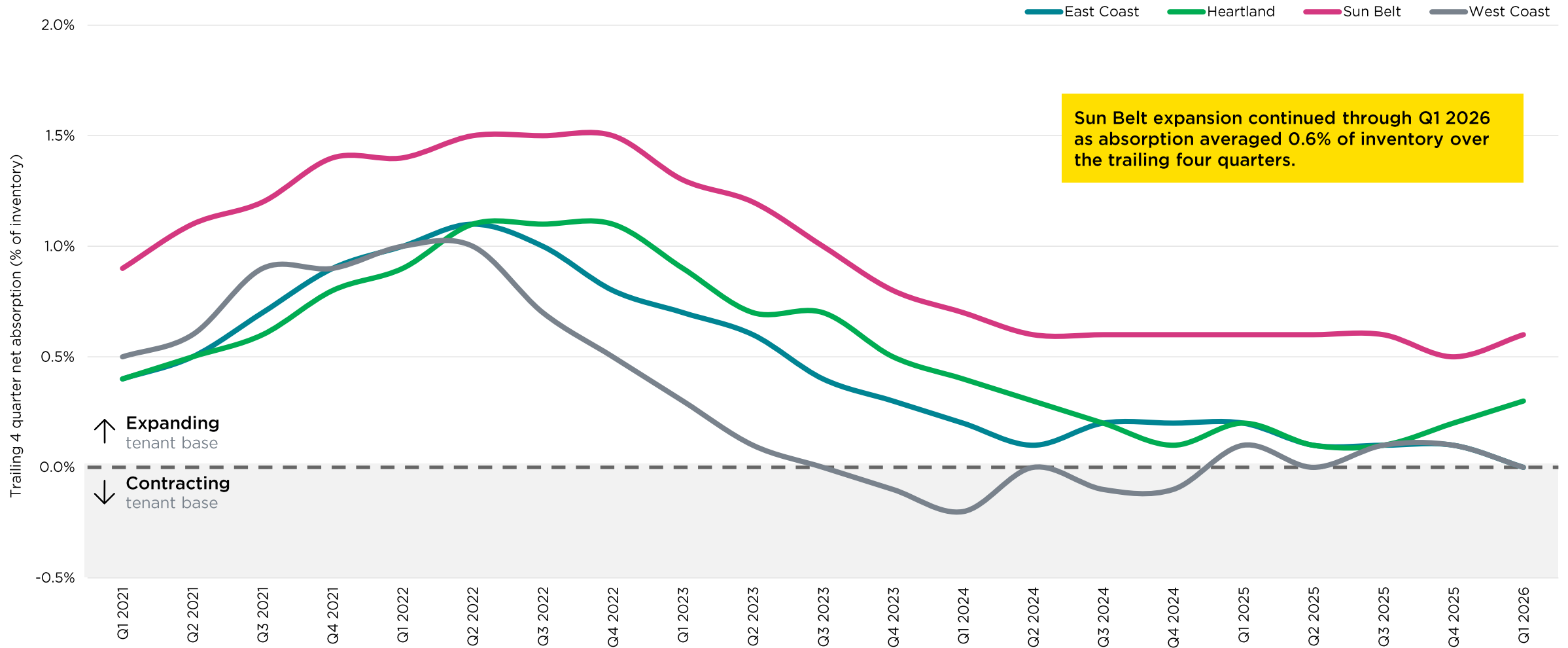
Supply-demand gap continuing to narrow into 2026

Deliveries vs. net absorption



Sun Belt strength contrasts with sluggish West Coast

Net absorption as a share of total inventory by region

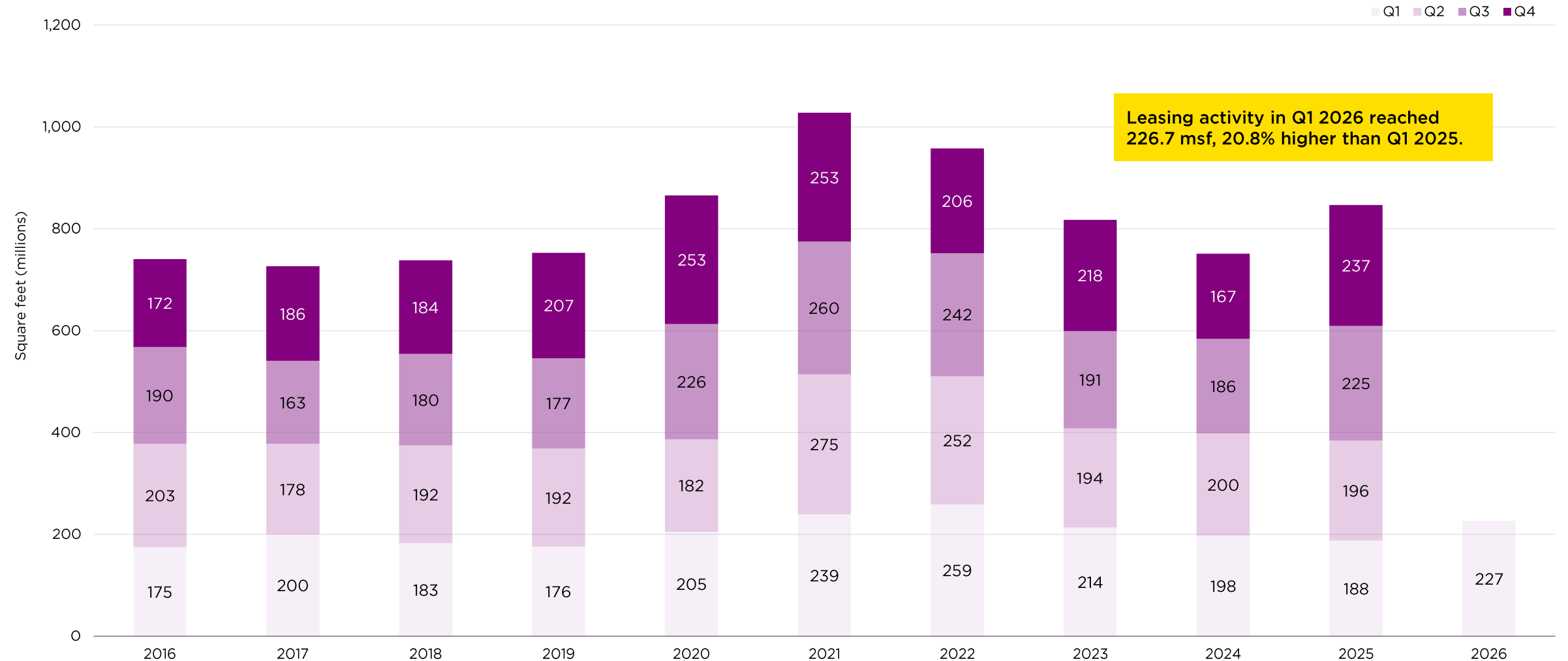


Sun Belt expansion continued through Q1 2026 as absorption averaged 0.6% of inventory over the trailing four quarters.

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 continues with strongest Q1 since 2022

Quarterly leasing activity

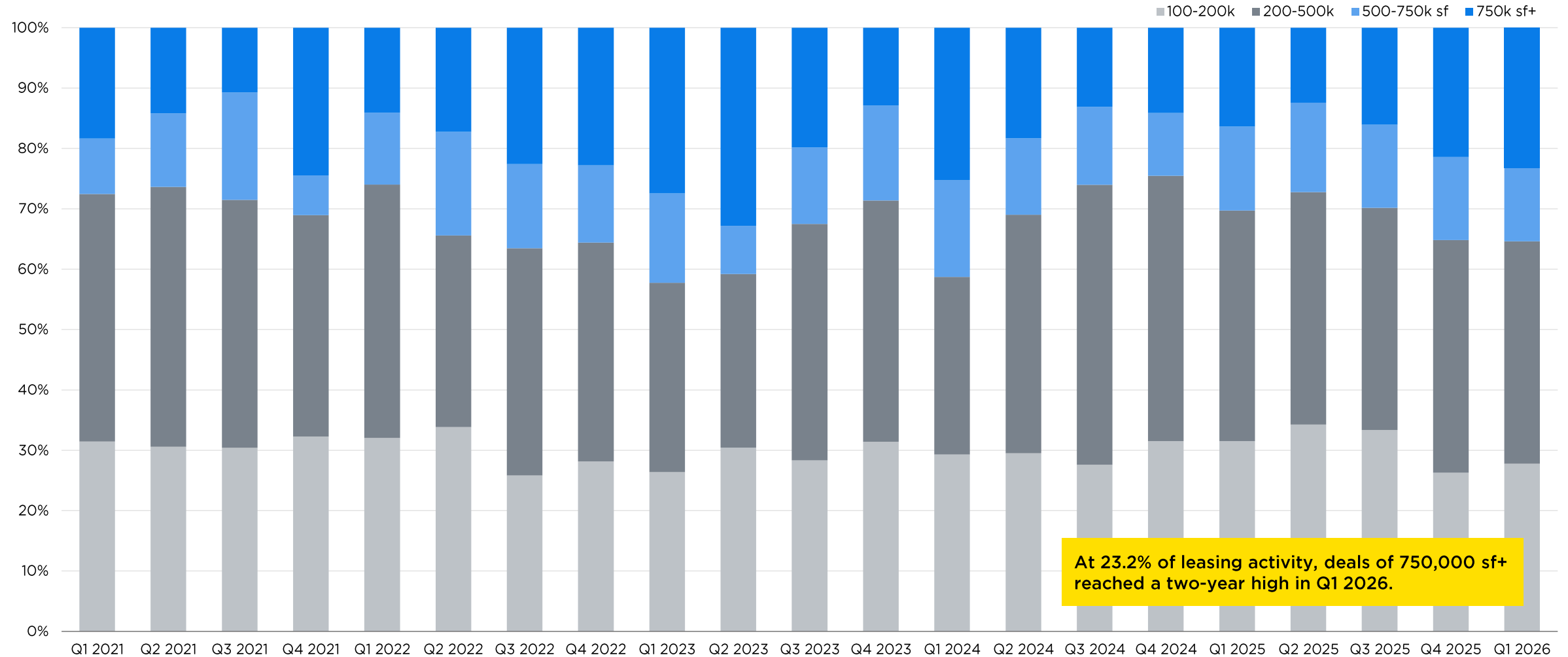


Note: Leasing activity adjusted for initial underreporting in most recent three quarters.

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Large-block leasing surges back after two-year retreat

Share of leasing activity by size tranche, 100,000 sf+



At 23.2% of leasing activity, deals of 750,000 sf+ reached a two-year high in Q1 2026.

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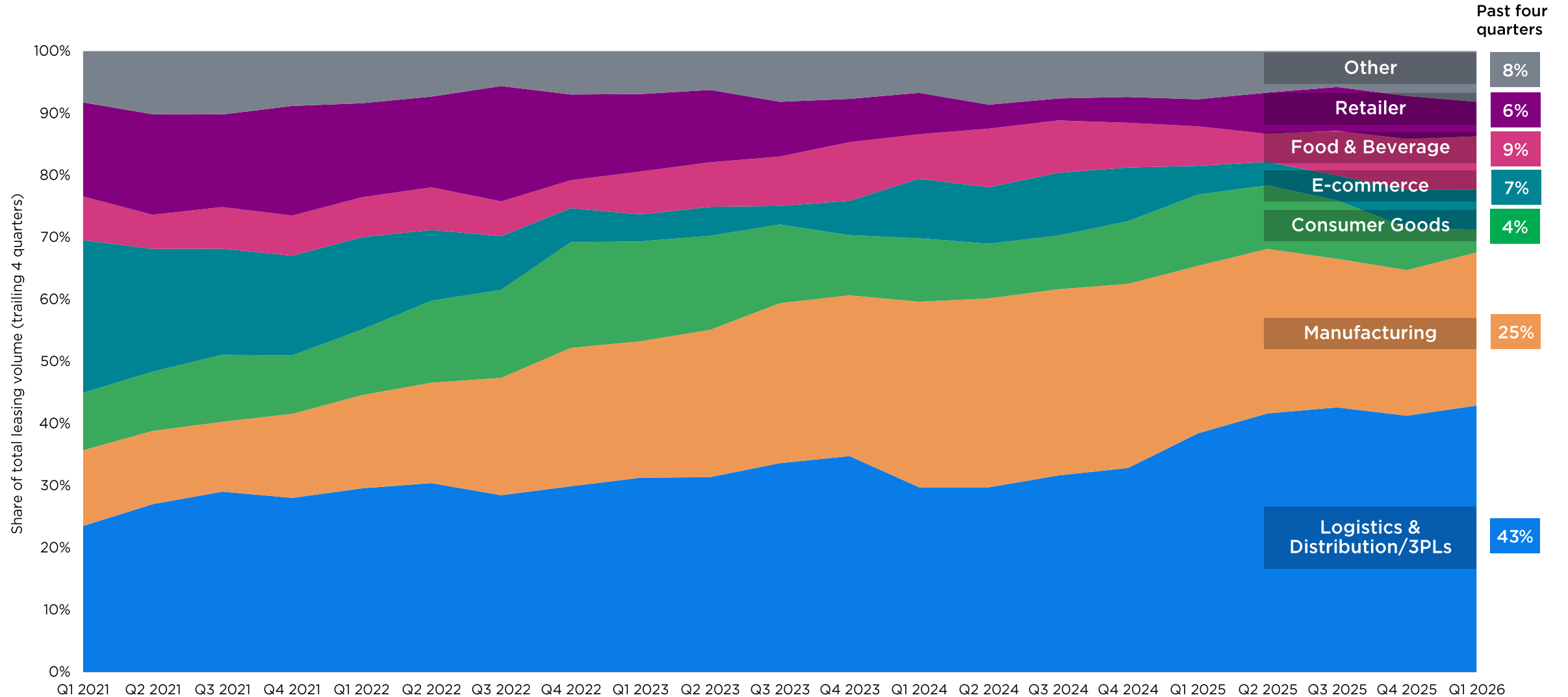
Mega leases span industries and markets in Q1 2026

Q1 2026 lease transactions, 750,000 sf+

Tenant	Industry	Market	Submarket	Size (sf)	Transaction type
Hyundai Translead	Automotive	Chicago	Joliet	1,380,000	New Lease
Tireco	Automotive	Inland Empire	Rancho Cucamonga/ Fontana/Ontario	1,101,840	Renewal
Amazon	E-commerce	Phoenix	Southwest	1,063,000	New Lease
DSV	Logistics & Distribution/3PLs	Dallas-Fort Worth	North Fort Worth	1,049,022	New Lease
DHL	Logistics & Distribution/3PLs	Phoenix	Northwest	1,032,079	New Lease
Medline Industries	Biosciences / Medical / Pharmaceuticals	Inland Empire	Moreno Valley/Perris	1,020,657	New Lease
Crane Worldwide Logistics	Logistics & Distribution/3PLs	Chicago	I-55 Corridor	992,000	New Lease
Exol	Logistics & Distribution/3PLs	Philadelphia	Southeast PA	973,200	New Lease
Custom Goods	Logistics & Distribution/3PLs	Inland Empire	Riverside	886,055	Renewal
Hayes Company	Logistics & Distribution/3PLs	Dallas-Fort Worth	East Dallas	817,538	New Lease
RJW Logistics Group	Logistics & Distribution/3PLs	Chicago	West Suburban	788,000	New Lease
Home Depot	Retailer (Brick & Mortar)	Northern New Jersey	Exit 8A	772,000	Renewal
Unis	Logistics & Distribution/3PLs	Inland Empire	Moreno Valley/Perris	756,340	New Lease

3PLs and manufacturers dominate industrial leasing at 68% of activity

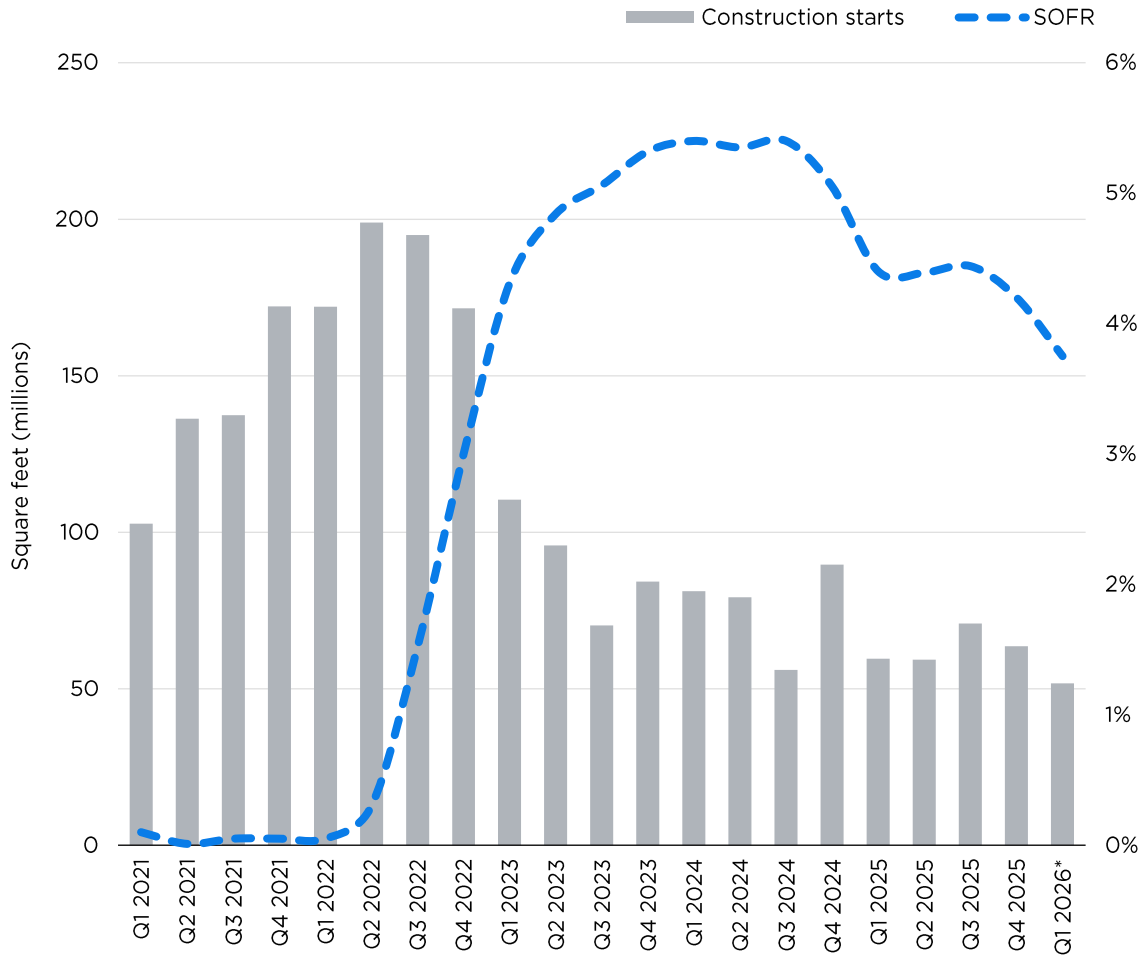
Leasing activity by industry (past four quarters)



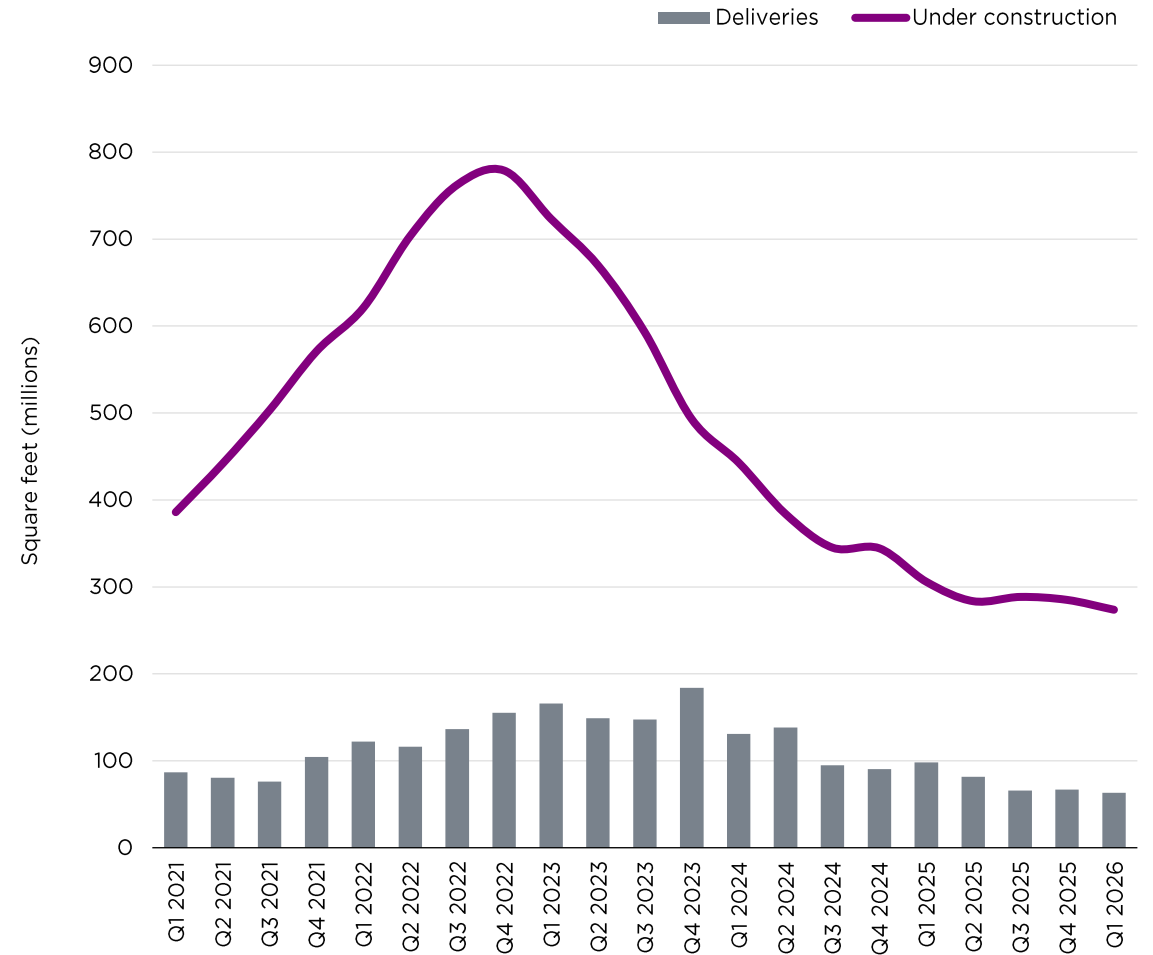
Note: Based on top five quarterly leases from 27 markets.

Industrial construction stays muted as the supply wave recedes

CONSTRUCTION STARTS VS. SECURED OVERNIGHT FINANCING RATE (SOFR)

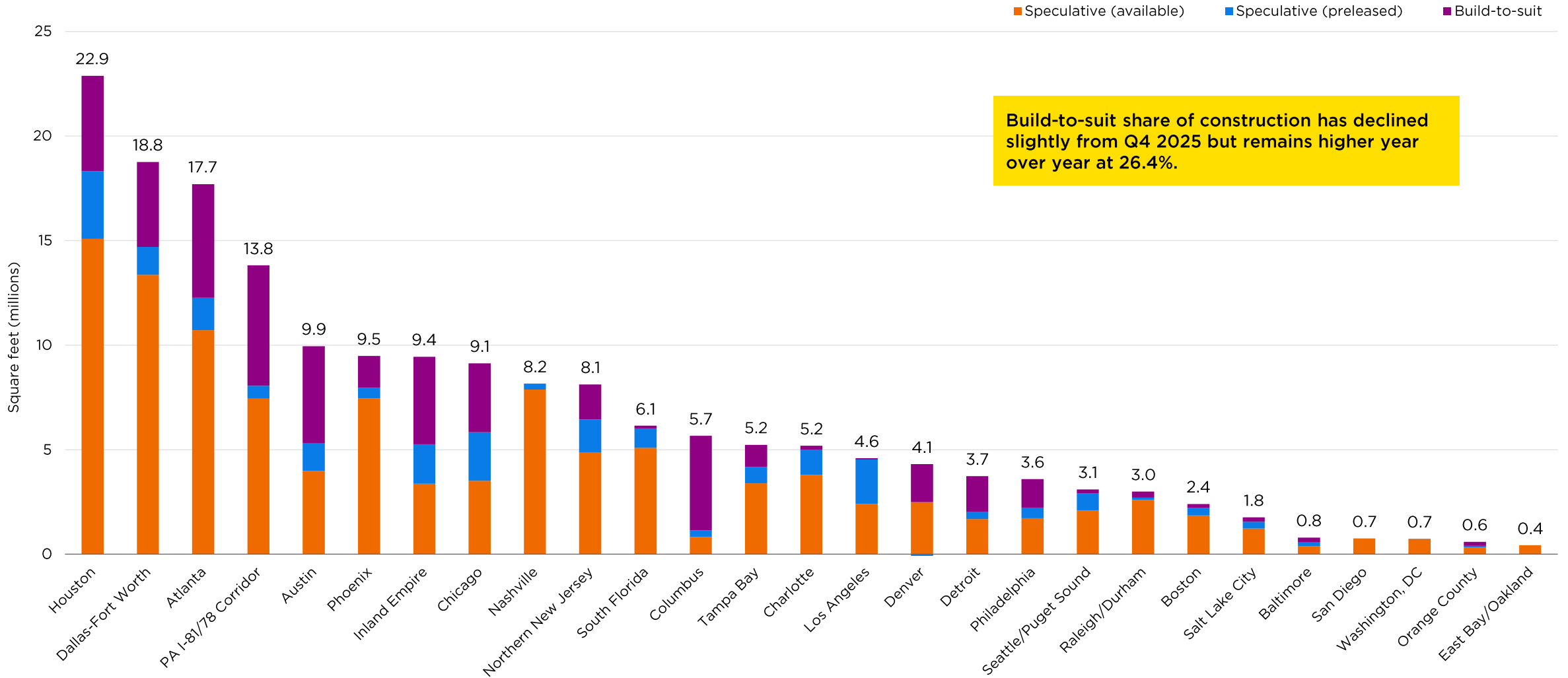


DELIVERIES VS. UNDER CONSTRUCTION



Construction pipeline holds at 274 msf, led by Sun Belt markets

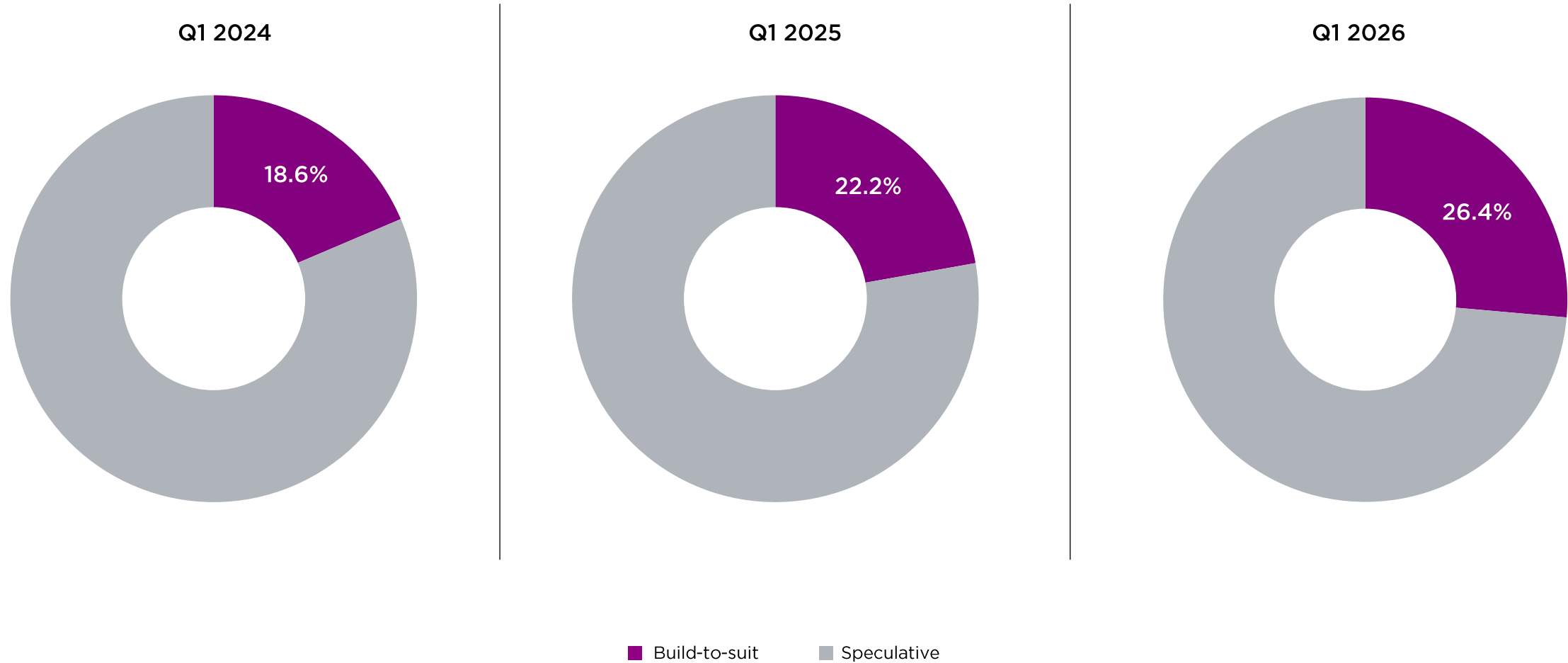
Under construction inventory by development type



Note: Select major markets shown

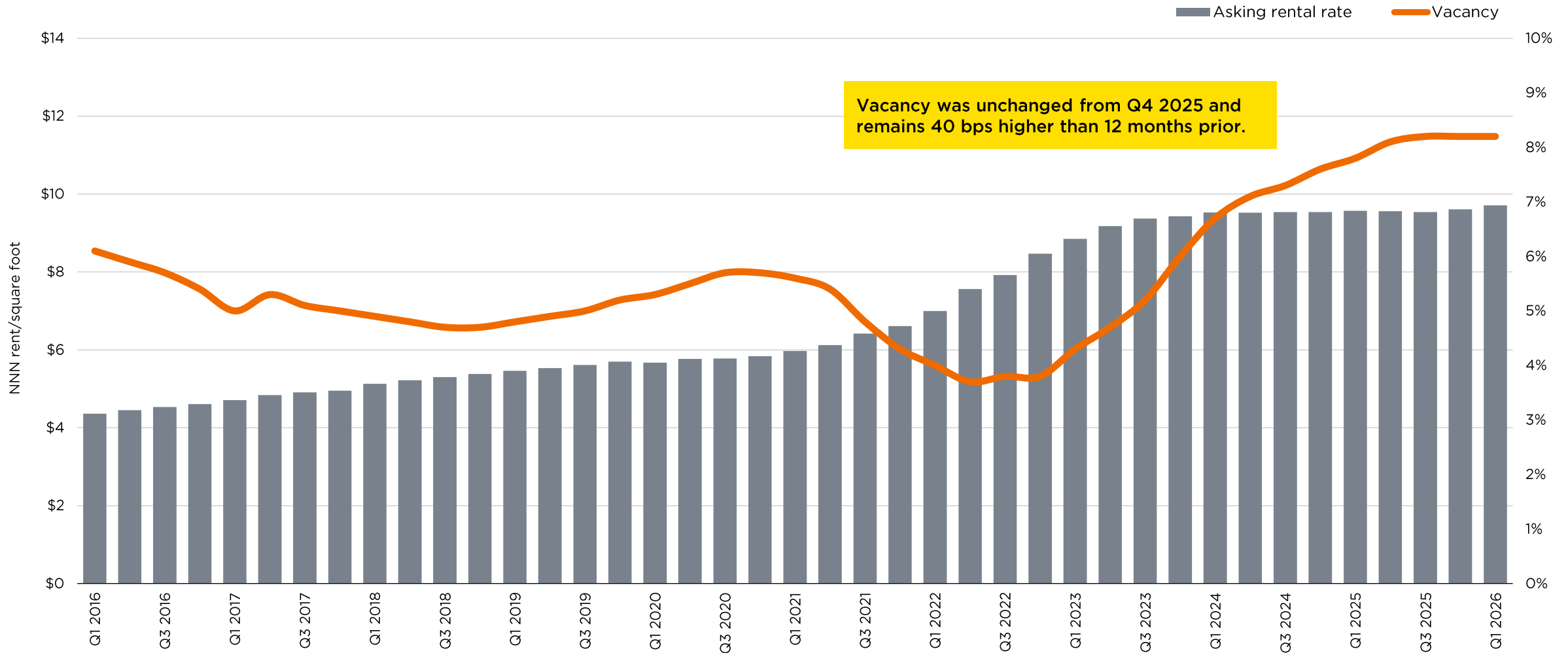
Development activity has shifted toward build-to-suit projects

Under construction inventory by development type



Vacancy continues to show signs of stabilization into 2026

Vacancy vs. asking rental rate

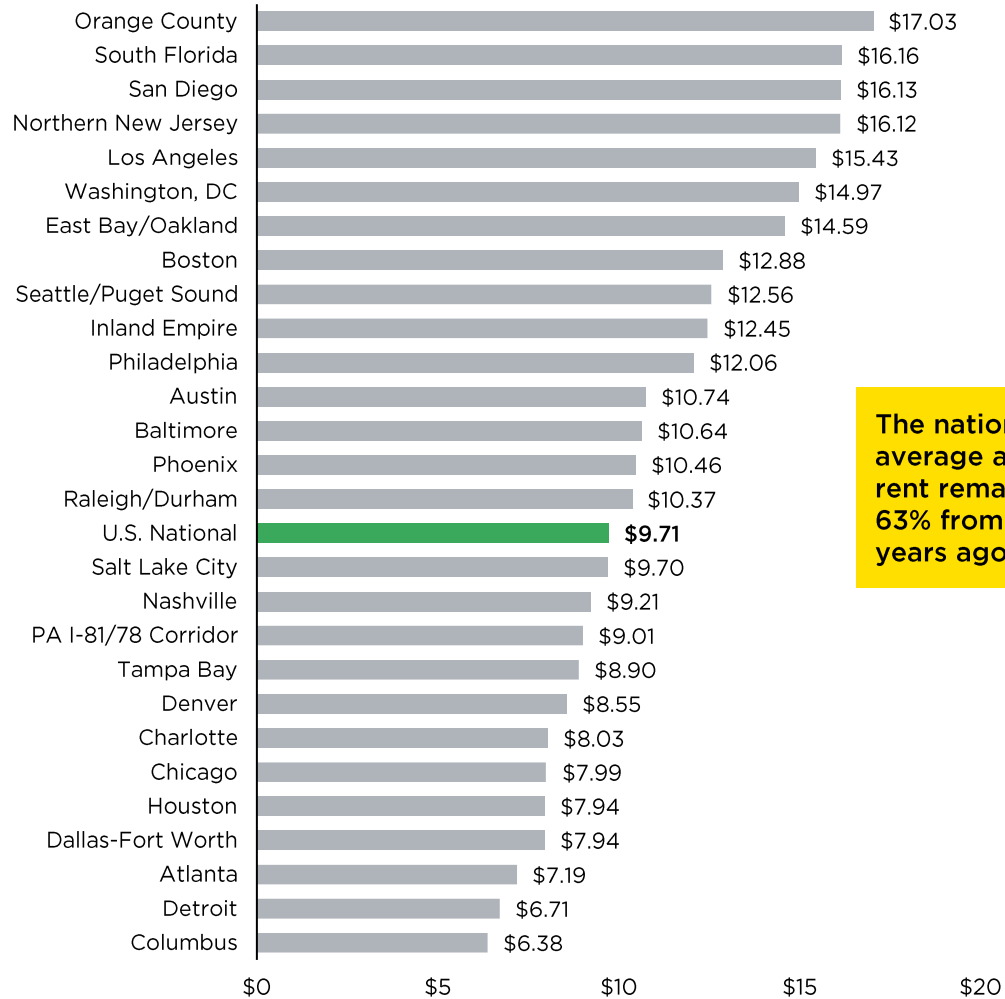


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High-cost markets lead rent declines as the market rebalances

ASKING RENTAL RATE (%)

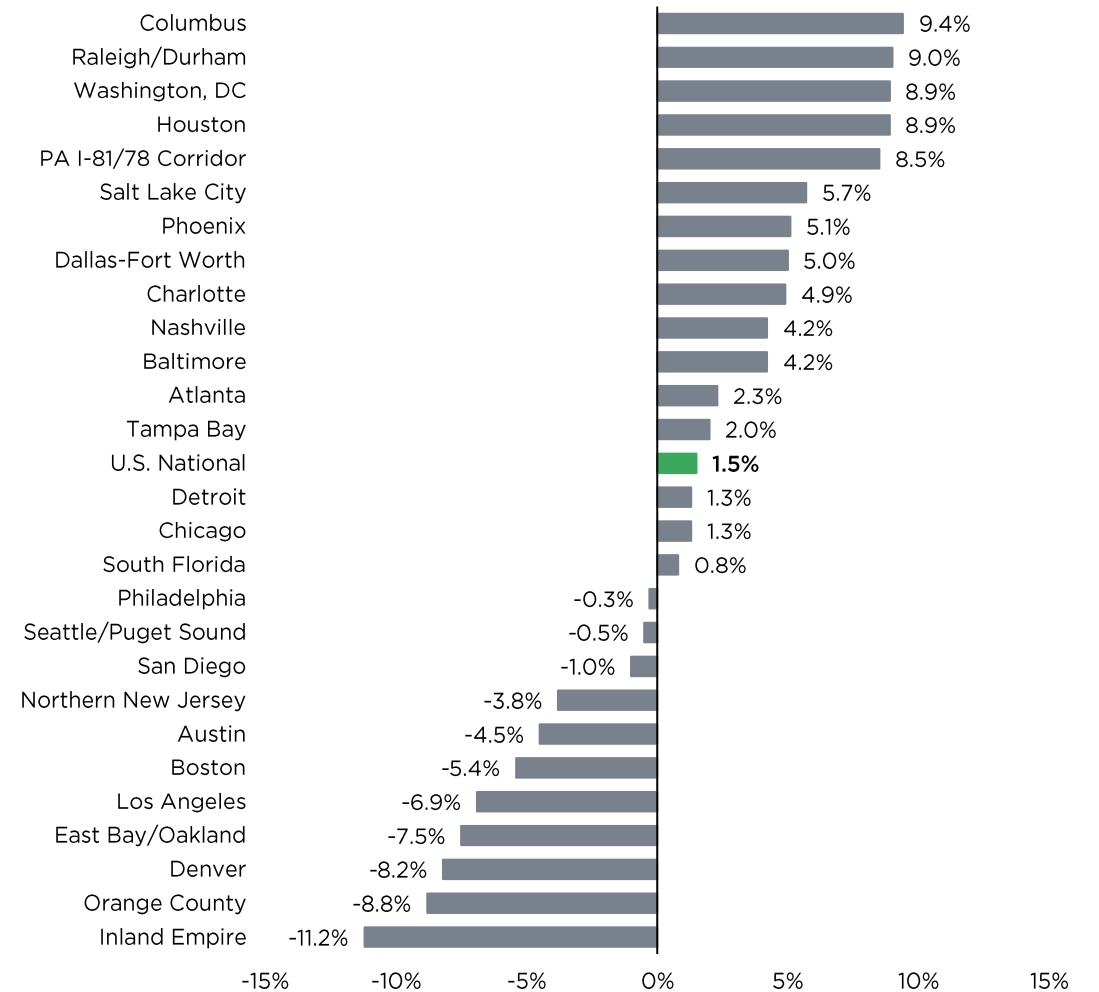
Q1 2026



The national average asking rent remains up 63% from five years ago.

RENT CHANGE (%)

YEAR-OVER-YEAR

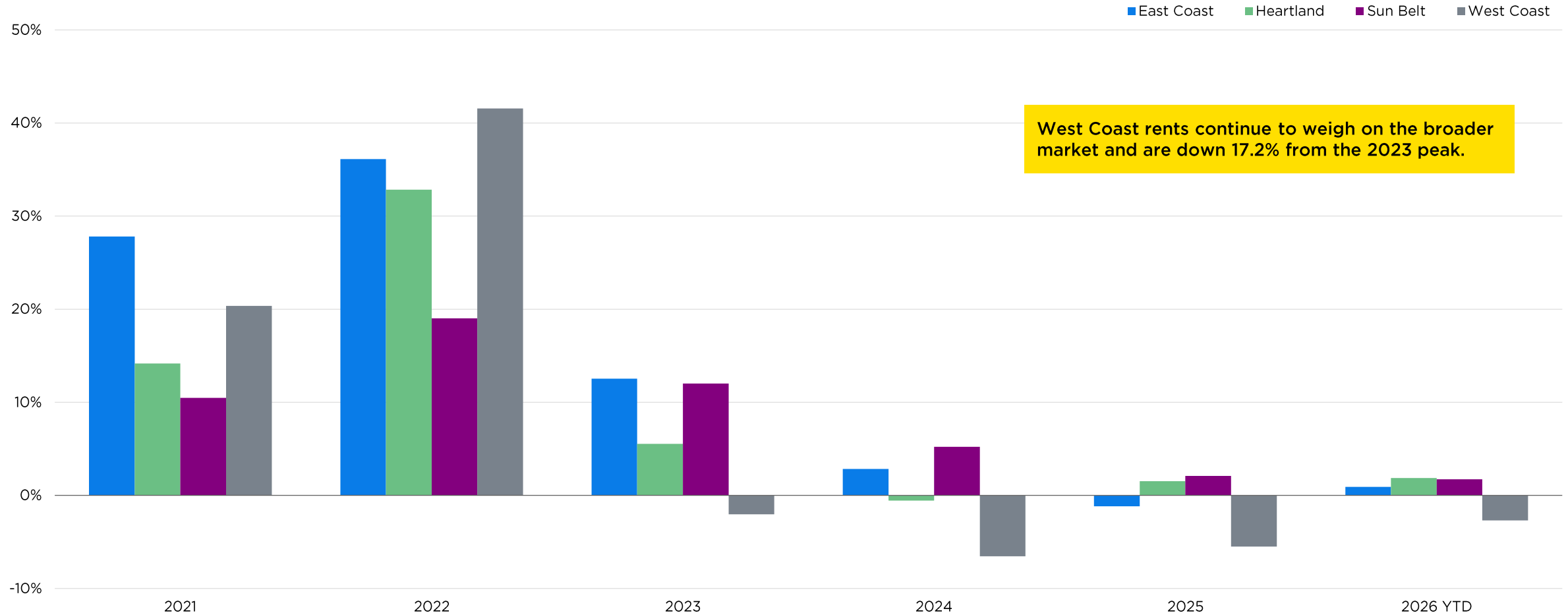


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Note: Select major markets shown

Falling rents in coastal markets contrast with continued growth elsewhere

Annual asking rent growth by region



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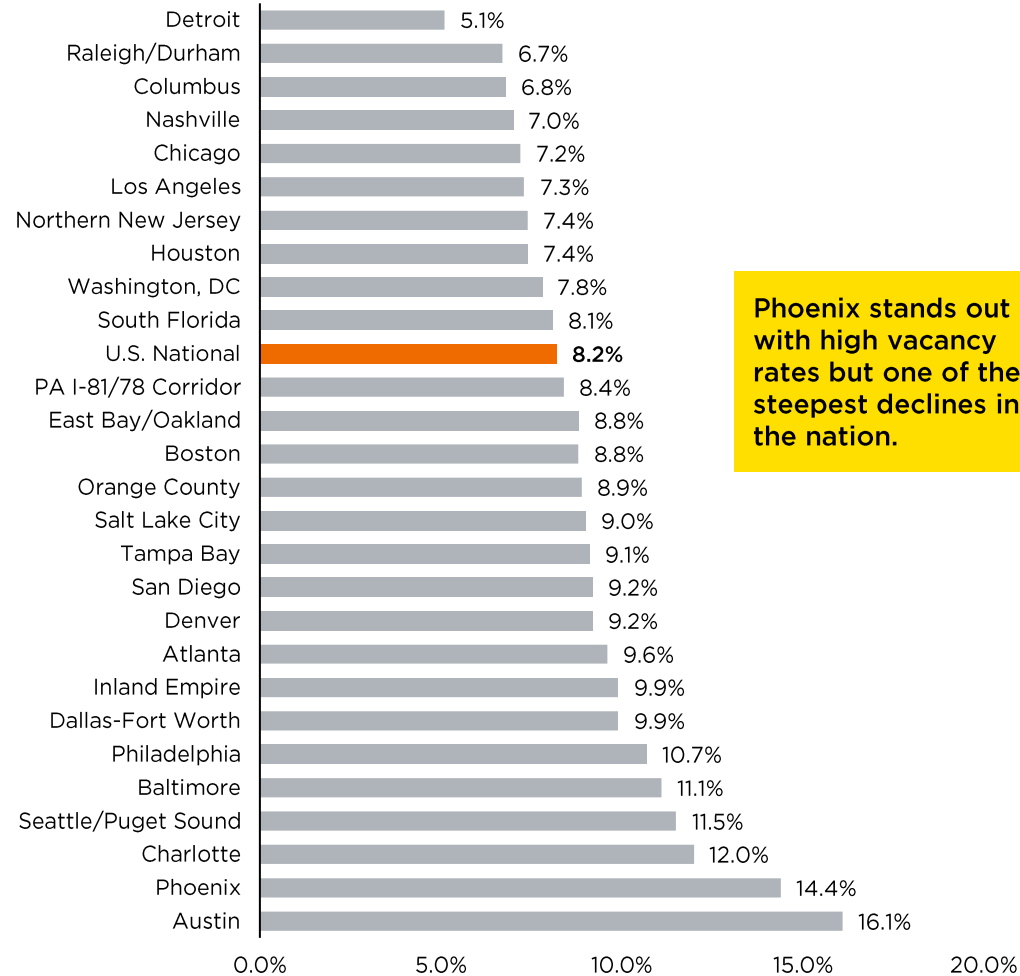
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 Sun Belt - Atlanta, Austin, Charlotte, Dallas-Fort Worth, Houston, Nashville, Phoenix, Raleigh/Durham, Tampa Bay
 West Coast - East Bay/Oakland, Inland Empire, Los Angeles, Orange County, San Diego, Seattle/Puget Sound

Vacancy starting to tick down in growing list of markets

VACANCY RATE (%)

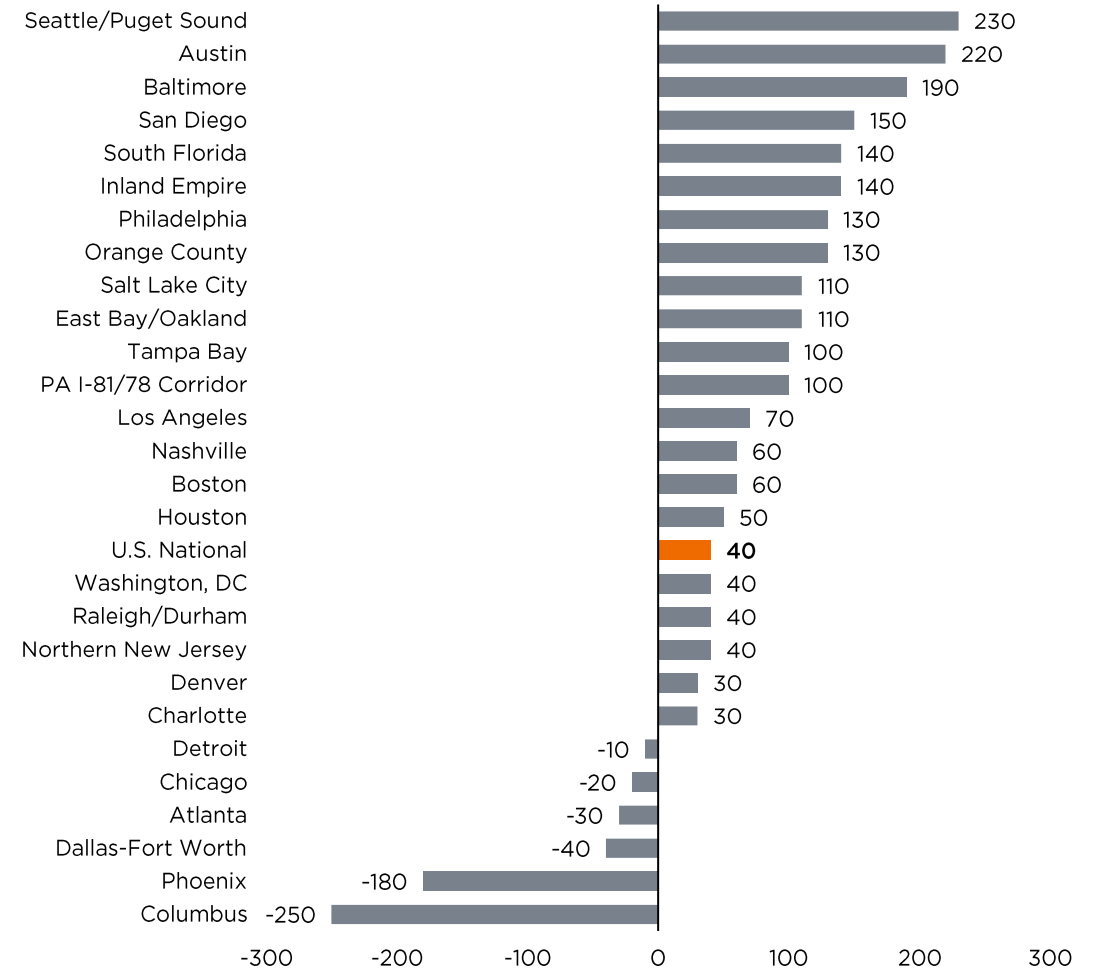
Q1 2026



Phoenix stands out with high vacancy rates but one of the steepest declines in the nation.

VACANCY CHANGE (BPS)

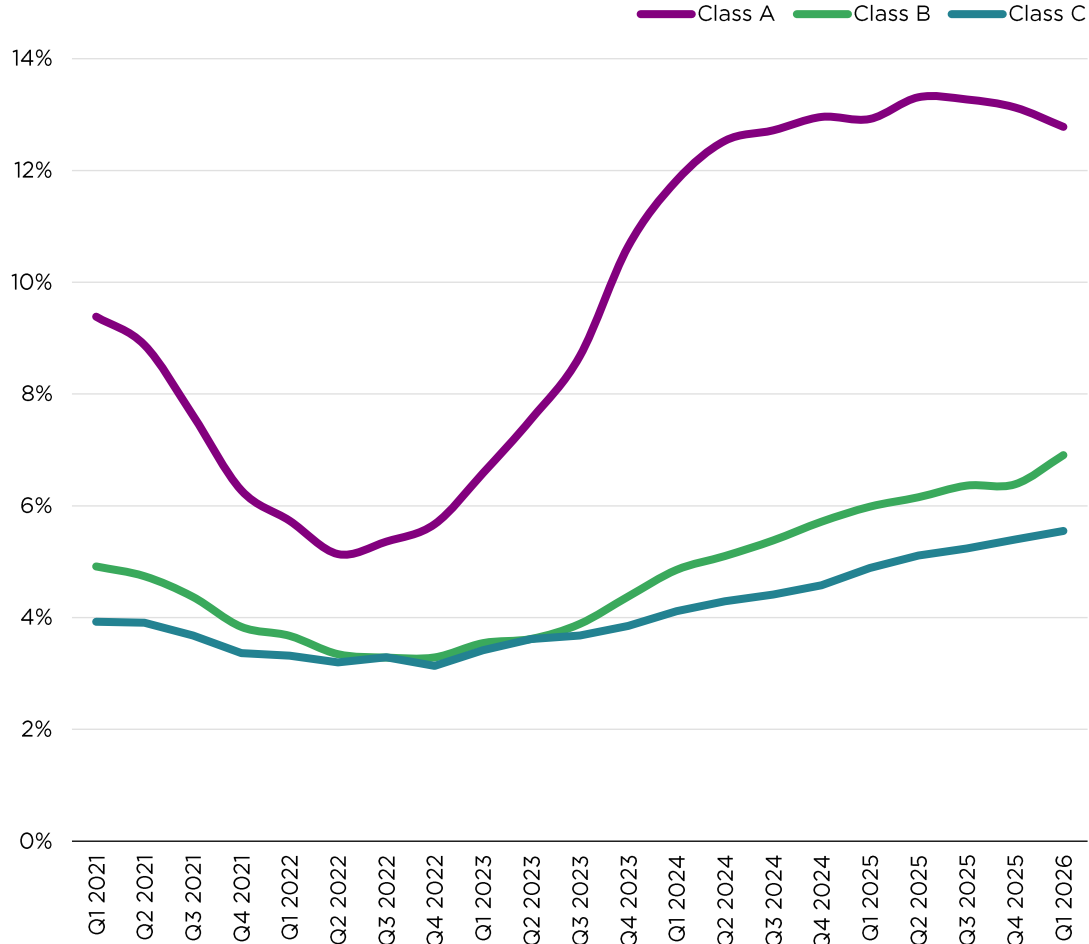
YEAR-OVER-YEAR



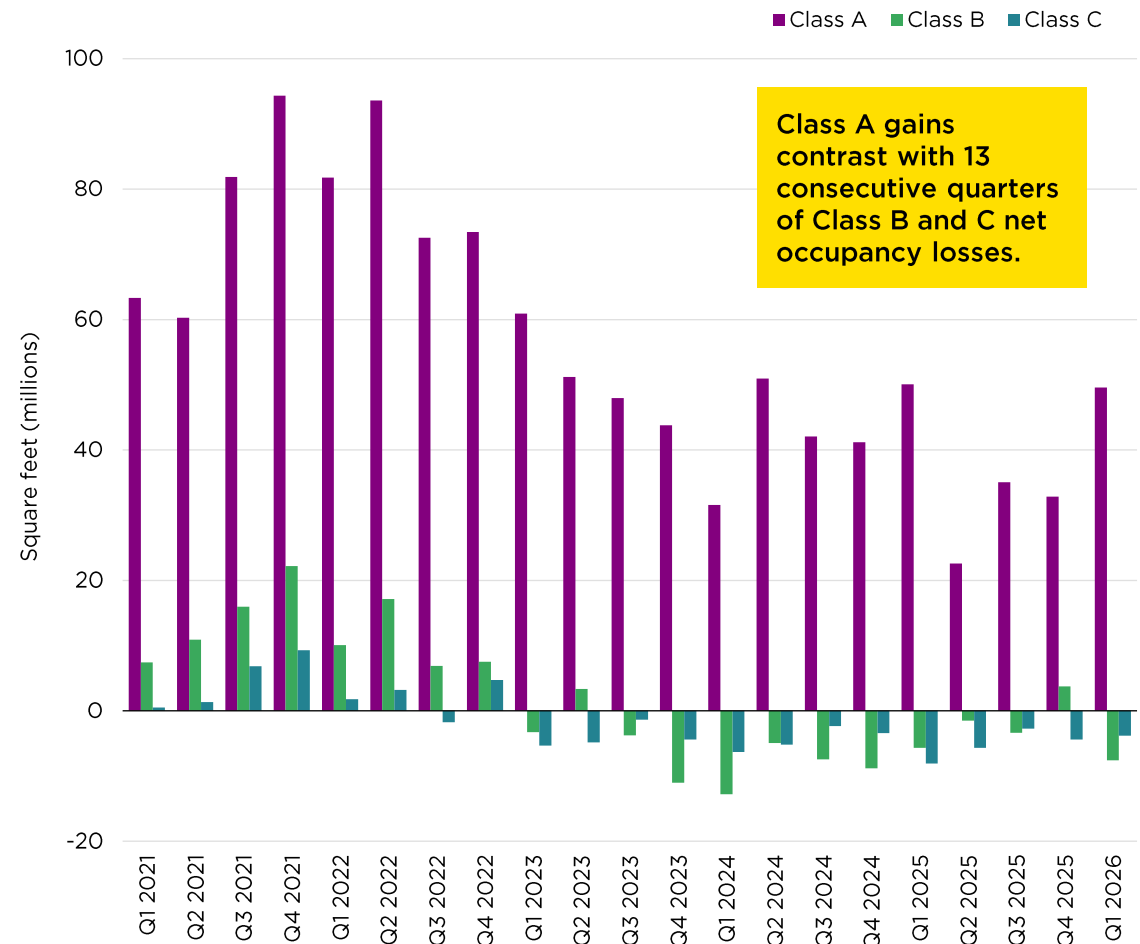
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Elevated Class A vacancy creating opportunities for flight to quality

VACANCY BY CLASS



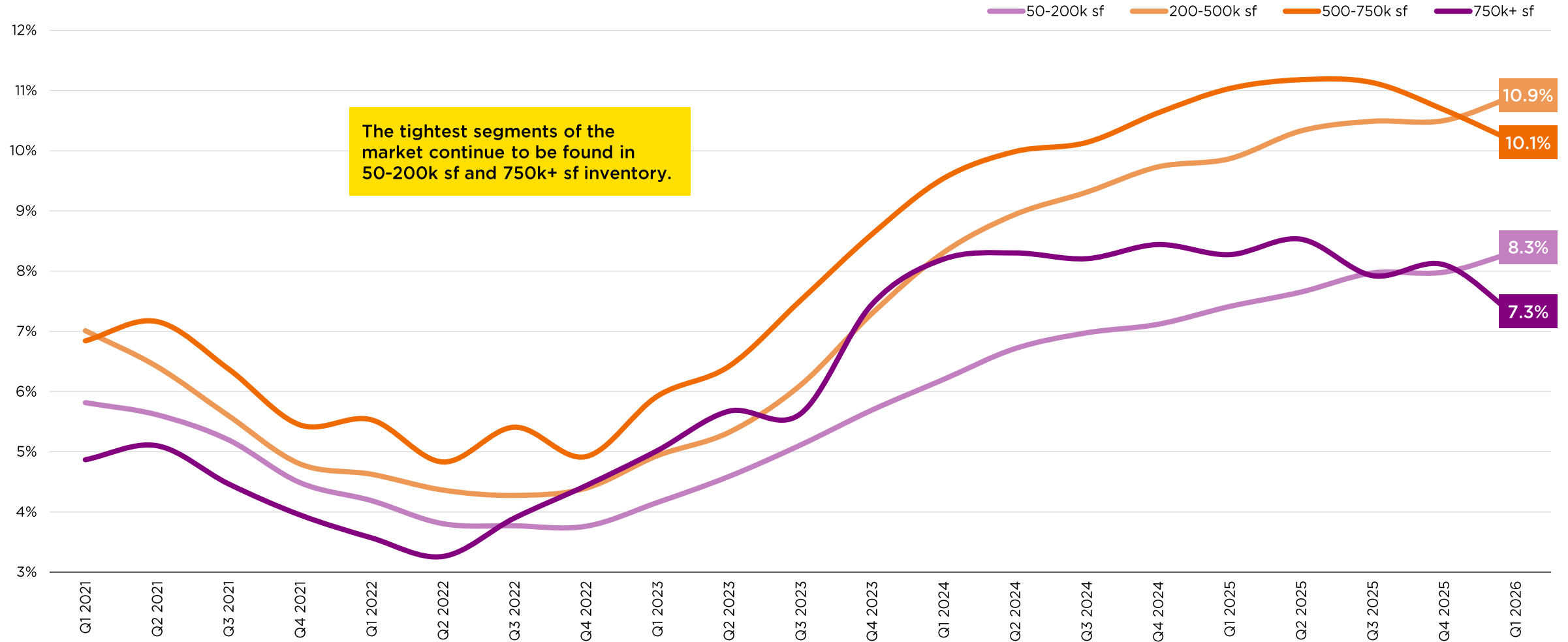
NET ABSORPTION BY CLASS



Class A gains contrast with 13 consecutive quarters of Class B and C net occupancy losses.

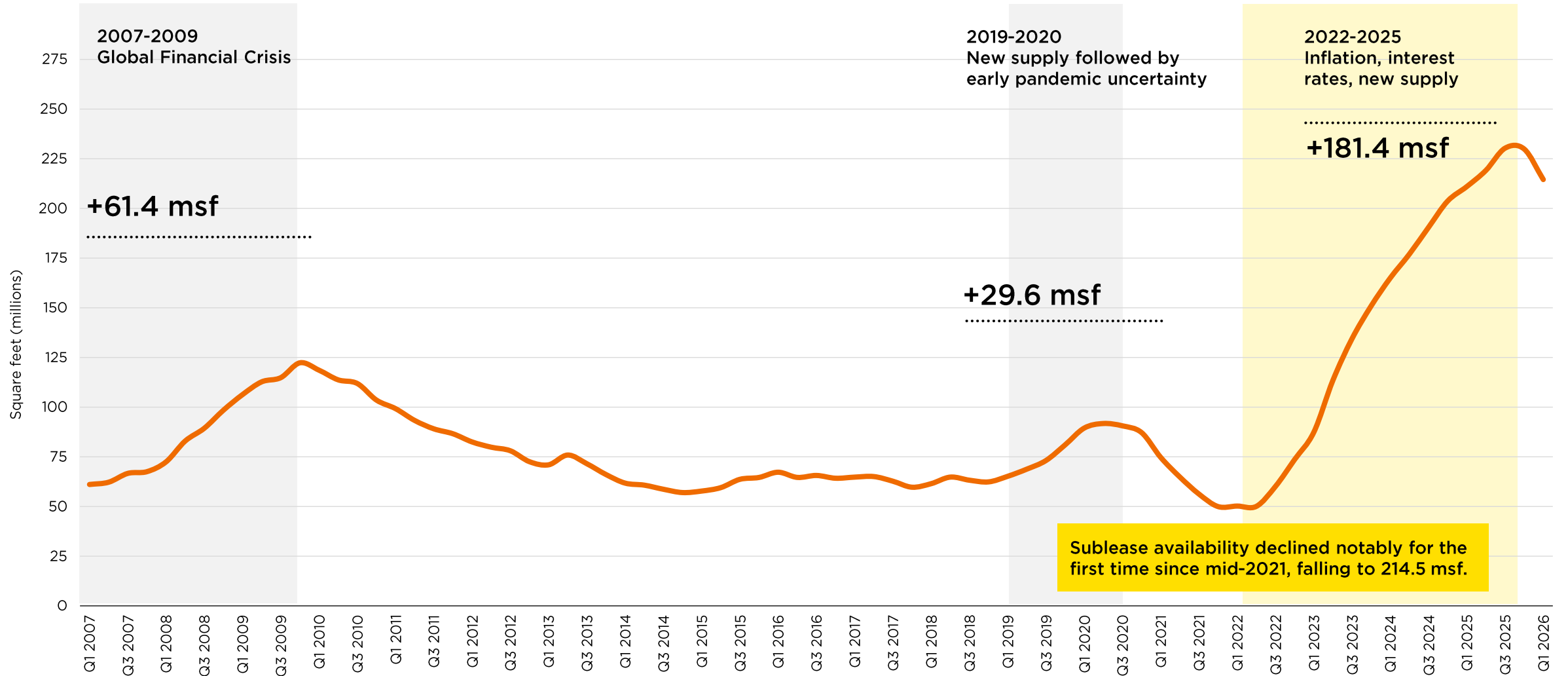
Vacancy easing in mega facilities but still rising in smaller segments

Vacancy by building size range



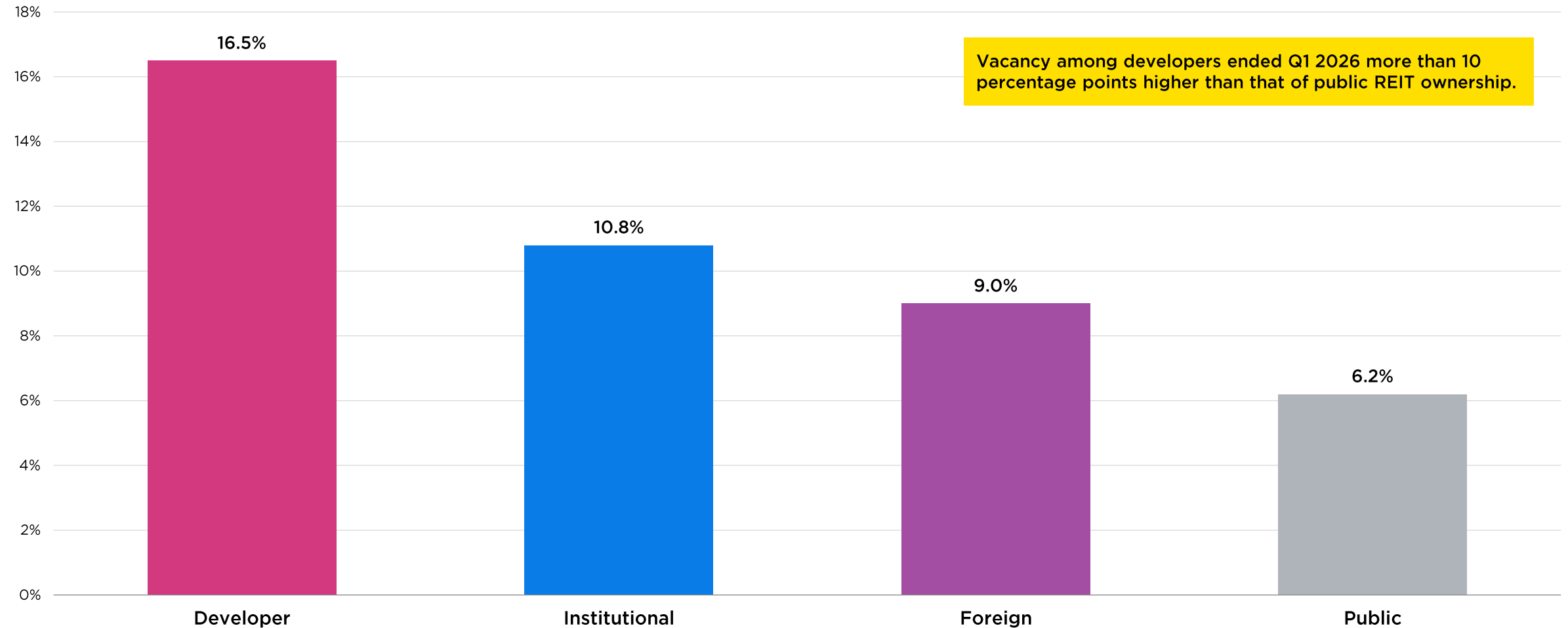
Sublease availability declines, signaling nascent recovery

Sublease availability 2007 to 2026



Owner type is a key driver of vacancy and negotiating leverage

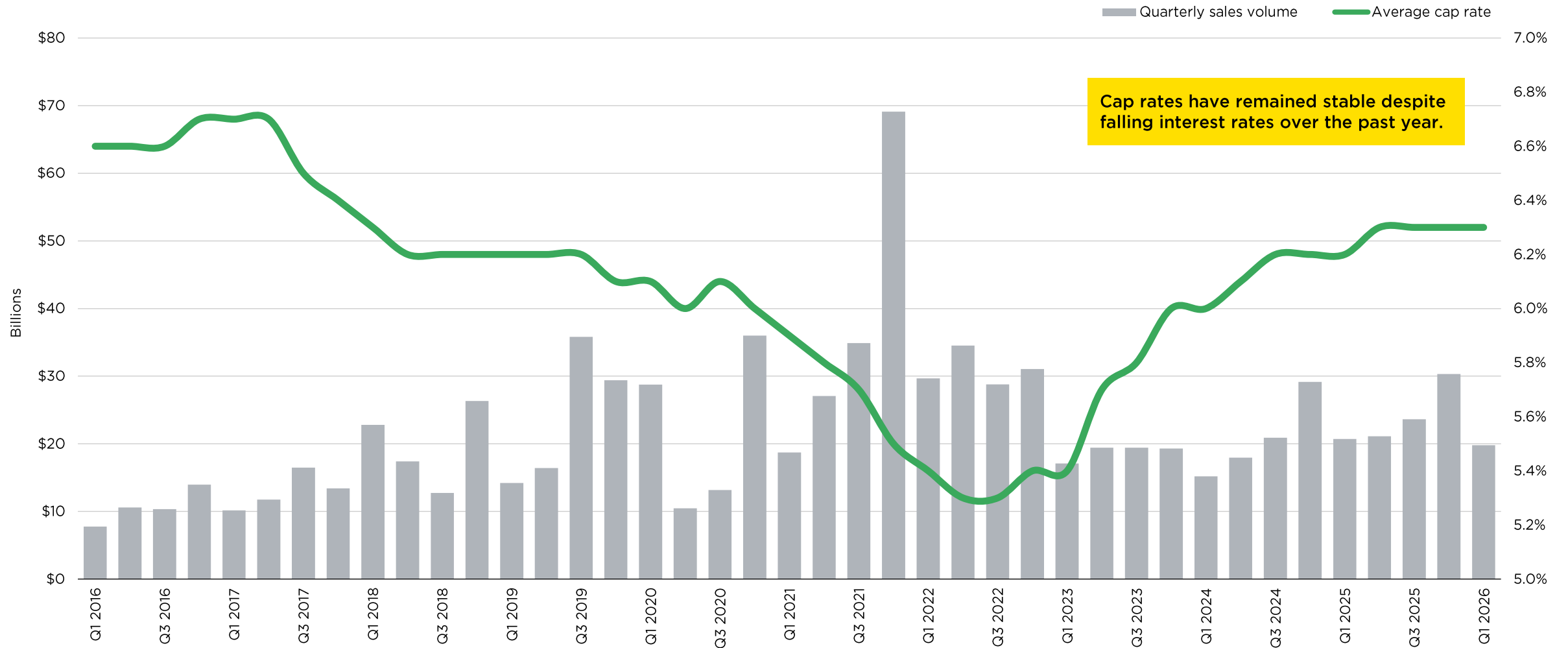
Vacancy by owner type*



*Analysis based on owners with current estimated holdings of at least \$5.0 billion; corporate owners excluded
Source: MSCI/Real Capital Analytics, CoStar, Savills Research

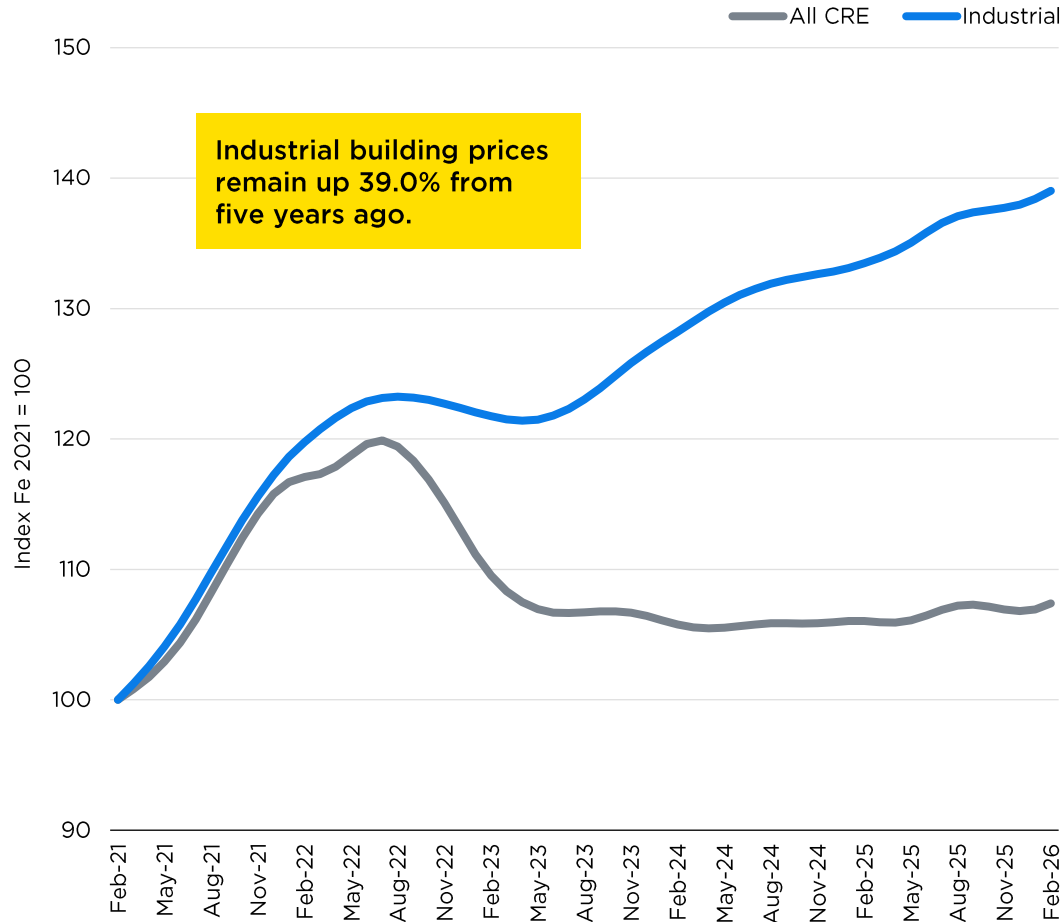
Investment volumes continue recovery into 2026 despite uncertainty

Warehouse sales volume and pricing

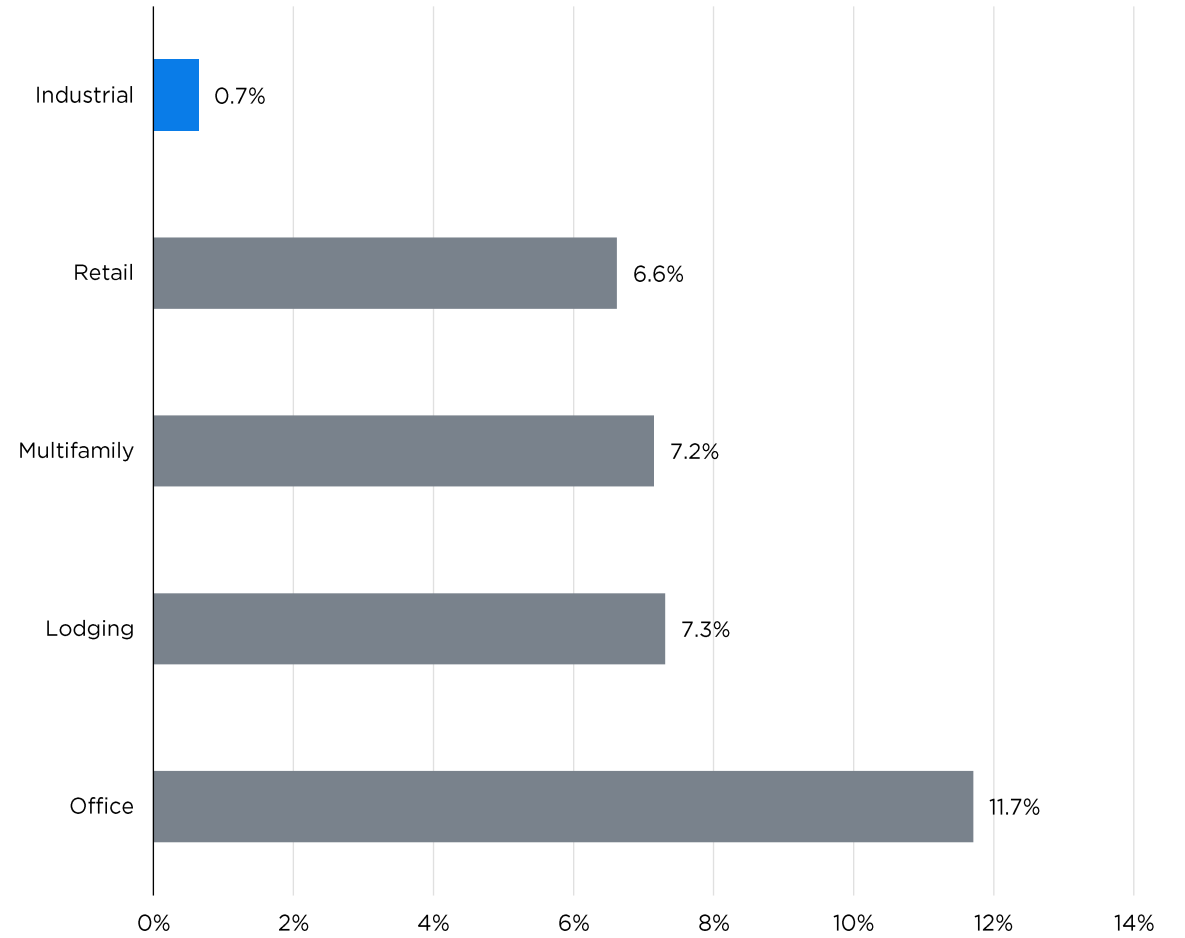


Industrial values remain elevated with limited debt distress

COMMERCIAL PROPERTY PRICE INDEX (CPPI)



CMBS DELINQUENCY RATE BY PROPERTY TYPE (% 30 DAYS +)



Source: MSCI/Real Capital Analytics, Trepp

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Appendix



Local Market Statistics

	Inventory (Msf)	Vacancy rate (%)	Asking rental rate (\$/sf)	Under construction (MSF)	Deliveries YTD (MSF)	Net absorption YTD (MSF)
National	17,184.5	8.2%	\$9.71	273.7	63.0	53.1
Atlanta	734.0	9.6%	\$7.19	17.7	1.5	4.1
Austin	126.7	16.1%	\$10.74	9.9	1.6	0.8
Baltimore	214.1	11.1%	\$10.64	0.8	0.3	-1.0
Boise City/Nampa	47.6	11.9%	\$9.97	2.2	0.8	0.0
Boston	346.1	8.8%	\$12.88	2.4	1.3	0.1
Buffalo	90.9	4.8%	\$6.64	3.2	0.0	-0.5
Charleston/N Charleston	97.5	16.9%	\$7.51	0.1	0.8	1.5
Charlotte	292.0	12.0%	\$8.03	5.2	1.3	0.3
Chicago	1,044.7	7.2%	\$7.99	9.1	1.4	6.4
Cincinnati/Dayton	444.9	4.9%	\$5.85	2.8	0.1	2.3
Cleveland	481.3	4.8%	\$5.50	0.9	0.1	-0.6
Columbus	307.7	6.8%	\$6.38	5.7	0.3	4.0
Dallas-Fort Worth	920.2	9.9%	\$7.94	18.8	10.3	12.4
Denver	210.8	9.2%	\$8.55	4.1	0.2	0.6
Detroit	520.5	5.1%	\$6.71	3.7	0.0	1.8
East Bay/Oakland	149.1	8.8%	\$14.59	0.4	0.0	-0.4
Greensboro/Winston-Salem	276.0	6.4%	\$5.20	4.1	0.0	-0.5
Greenville/Spartanburg	260.0	7.2%	\$5.22	3.6	0.4	3.5
Hampton Roads	106.6	8.3%	\$8.58	2.5	1.1	-0.2

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

Local Market Statistics

	Inventory (Msf)	Vacancy rate (%)	Asking rental rate (\$/sf)	Under construction (MSF)	Deliveries YTD (MSF)	Net absorption YTD (MSF)
National	17,184.5	8.2%	\$9.71	273.7	63.0	53.1
Houston	697.2	7.4%	\$7.94	22.9	4.3	3.6
Indianapolis	390.4	8.2%	\$6.44	5.0	0.3	2.5
Inland Empire	639.1	9.9%	\$12.45	9.4	3.0	-2.3
Jacksonville	144.7	11.6%	\$7.78	1.0	4.9	0.3
Kansas City	370.2	5.5%	\$5.91	6.3	0.2	2.1
Las Vegas	155.5	13.7%	\$12.93	4.2	0.7	0.9
Long Island	262.4	7.6%	\$19.21	1.1	0.5	-0.1
Los Angeles	700.5	7.3%	\$15.43	4.6	0.4	-0.6
Louisville	239.7	5.7%	\$5.49	8.0	0.2	-1.0
Memphis	302.6	9.4%	\$5.37	0.2	0.0	0.1
Milwaukee/Madison	395.0	4.8%	\$5.61	5.8	0.5	-0.3
Minneapolis/St Paul	341.4	4.7%	\$7.17	5.5	0.4	-0.1
Nashville	246.7	7.0%	\$9.21	8.2	1.6	0.7
Northern New Jersey	688.4	7.4%	\$16.12	8.1	1.3	0.8
Omaha/Council Bluffs	77.3	2.6%	\$7.34	0.8	0.0	0.1
Orange County	153.6	8.9%	\$17.03	0.6	0.4	0.7
Orlando	174.7	9.9%	\$10.96	2.9	2.0	-0.9
PA I-81/78 Corridor	616.4	8.4%	\$9.01	13.8	1.3	-0.2
Philadelphia	415.8	10.7%	\$12.06	3.6	1.9	2.6

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

Local Market Statistics

	Inventory (Msf)	Vacancy rate (%)	Asking rental rate (\$/sf)	Under construction (MSF)	Deliveries YTD (MSF)	Net absorption YTD (MSF)
National	17,184.5	8.2%	\$9.71	273.7	63.0	53.1
Phoenix	352.5	14.4%	\$10.46	9.5	1.8	5.0
Pittsburgh	178.5	5.7%	\$7.84	0.5	0.1	0.4
Portland	284.2	7.2%	\$9.46	5.2	0.2	-0.4
Raleigh/Durham	98.1	6.7%	\$10.37	2.9	1.2	0.9
Reno/Sparks	122.2	12.9%	\$8.94	2.7	1.5	2.0
Sacramento	149.2	8.2%	\$8.80	0.9	0.1	-0.4
Salt Lake City	153.0	9.0%	\$9.70	1.8	0.2	0.5
San Antonio	142.5	11.9%	\$8.27	2.8	0.6	0.5
San Diego	119.7	9.2%	\$16.13	0.7	0.1	-0.6
Savannah	161.4	14.1%	\$7.50	9.6	2.3	1.6
Seattle/Puget Sound	250.2	11.5%	\$12.56	3.1	2.5	-0.8
South Bay/San Jose	76.2	8.0%	\$17.52	1.5	0.7	0.5
South Florida	324.3	8.1%	\$16.16	6.1	1.5	-0.2
St. Louis	291.9	5.8%	\$5.83	4.1	0.1	-1.1
Stockton/Modesto	196.5	10.1%	\$7.98	5.8	2.6	1.5
Tampa Bay	279.6	9.1%	\$8.90	5.2	1.0	-0.2
Toledo	154.9	3.3%	\$5.18	1.0	0.1	-0.1
Tucson	29.5	10.3%	\$10.76	0.2	0.4	0.3
Washington, DC	138.2	7.8%	\$14.97	0.7	0.7	0.2

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



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