Q2 2026 | INDUSTRIAL

RESEARCH

savills

State of the U.S. Industrial Market

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The industrial recovery is gaining momentum, though progress remains uneven across regions and size segments.

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Top takeaways

01

Leasing reaches third-highest first half

Leasing activity totaled 490.6 million square feet (msf) in the first half of 2026, up 27.1% from a year earlier and trailing only 2021 and 2022.

02

Construction begins to edge higher

Led by speculative starts, the pipeline rose to 303.9 msf in Q2 2026, up 7.3% from the prior quarter but still 61.2% below its 2022 peak.

03

Mega segment leads market recovery

The tightest segment of the market is 750,000-square-foot-and-above, with vacancy down 160 basis points (bps) year over year.

04

Data centers drive spillover demand

Companies that build, cool, power and equip data centers have become a major driver of leasing activity in emerging hubs.

05

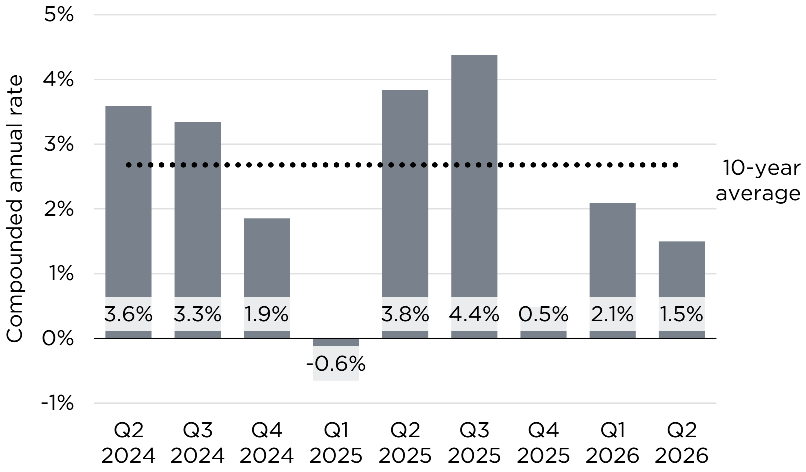
Capital markets momentum building

The first half of 2026 was the second-strongest on record for industrial sales, as lending activity rises, particularly refinancings.

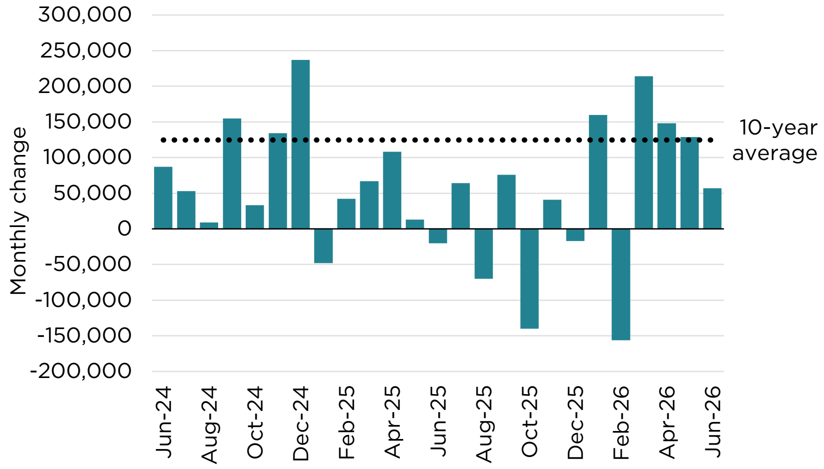
Growth slows as inflation climbs, and the Fed holds steady

Oil prices and the Iran conflict push inflation further from target, leaving little room for rate cuts

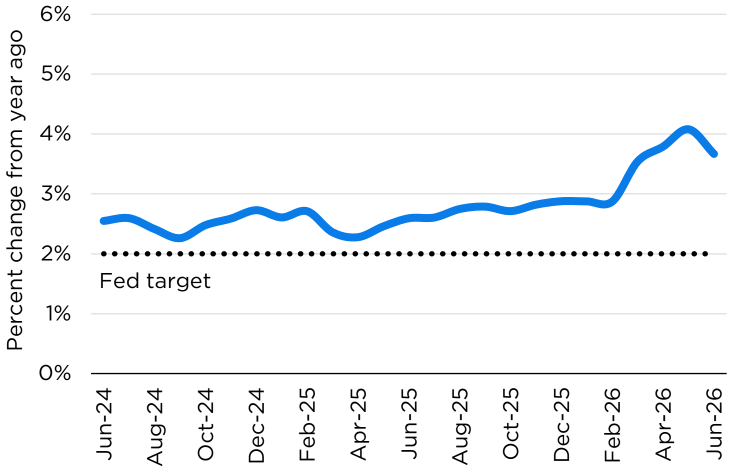
Economic growth
Real Gross Domestic Product (GDP)



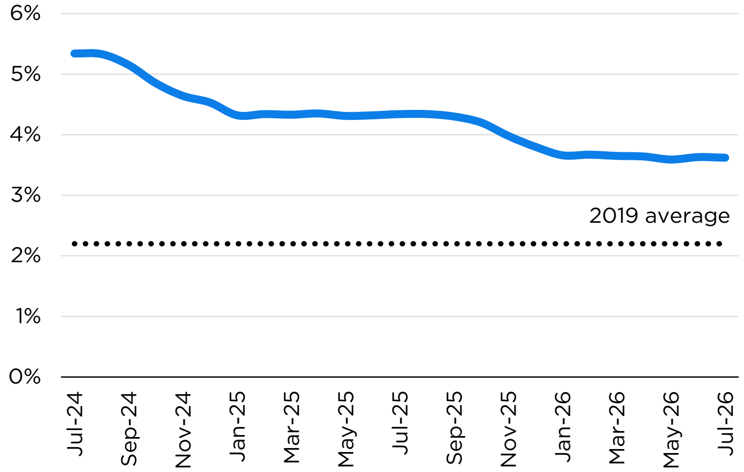
Job growth
Nonfarm Payrolls



Inflation
Personal Consumption Expenditures (PCE) Price Index



Interest rates
Secured Overnight Financing Rate (SOFR)



Source: St. Louis Federal Reserve

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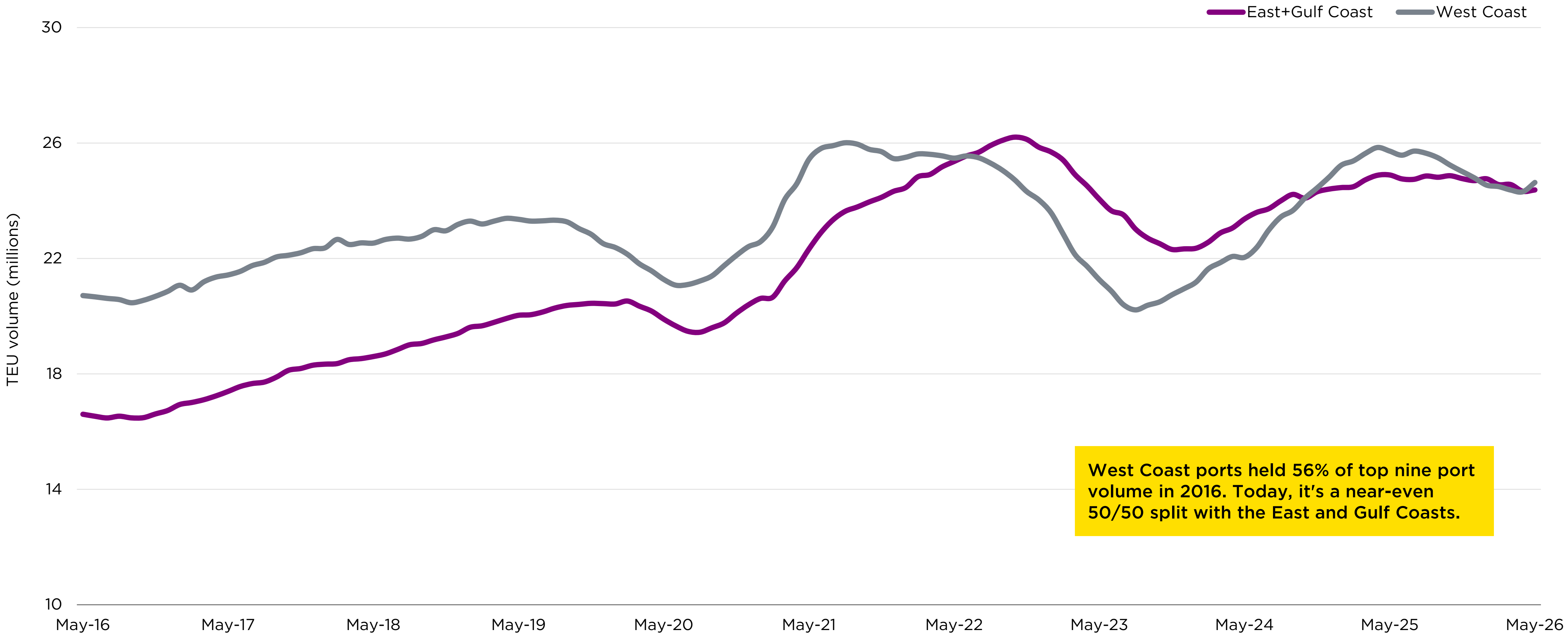
Port volumes ease slightly but hold near record highs

Trailing 12-month TEU volume by region, top nine U.S. ports



Source: Local port authorities

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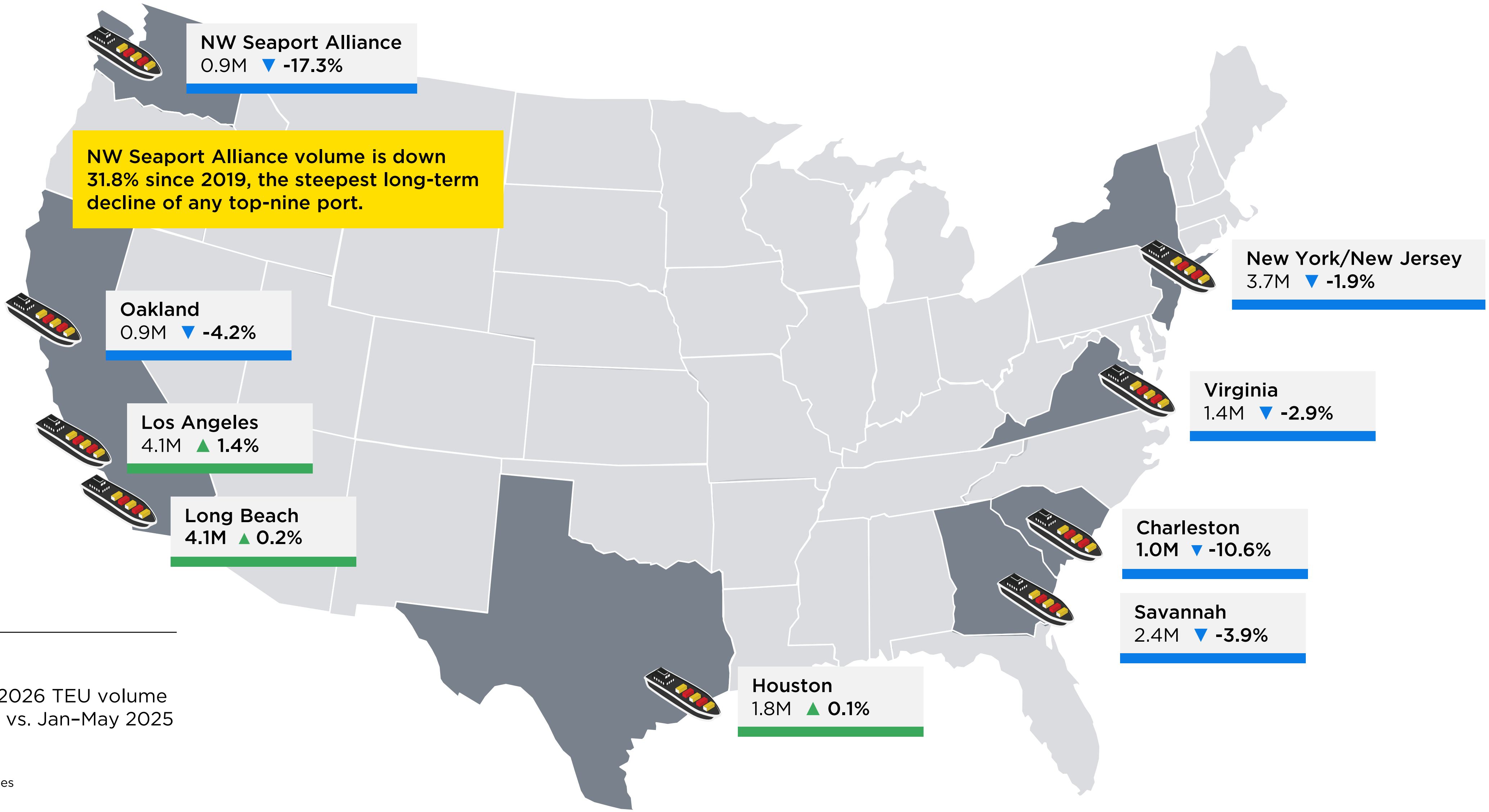
Port volumes moderate in 2026 as tariff-driven front-loading unwinds

Jan–May 2026 TEU volume and year-over-year change, top nine U.S. ports



LEGEND

Port
Jan–May 2026 TEU volume
% change vs. Jan–May 2025

Source: Local port authorities

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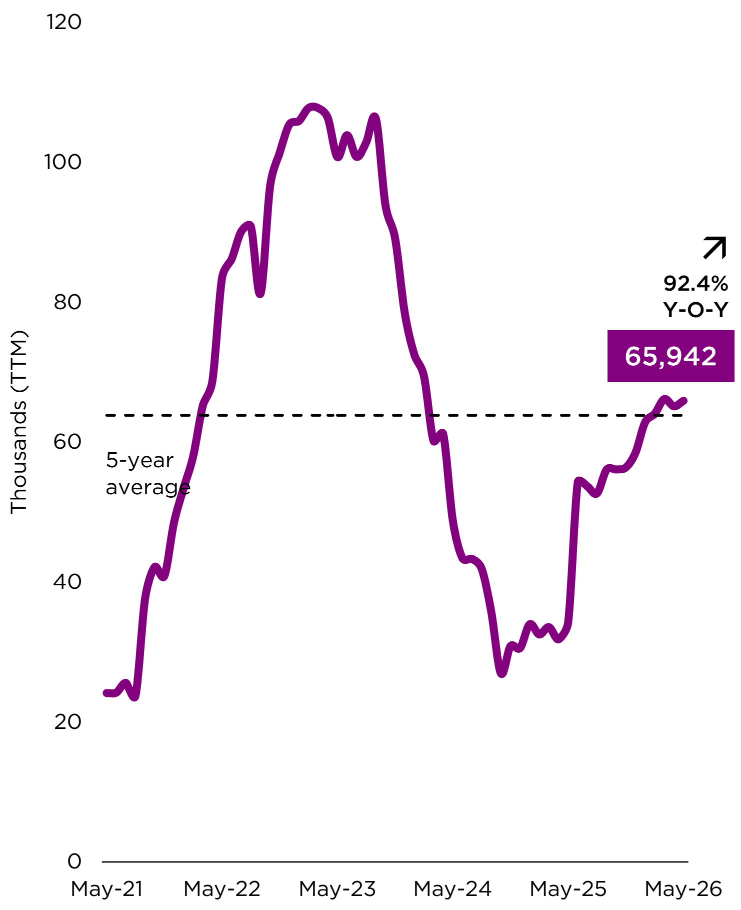
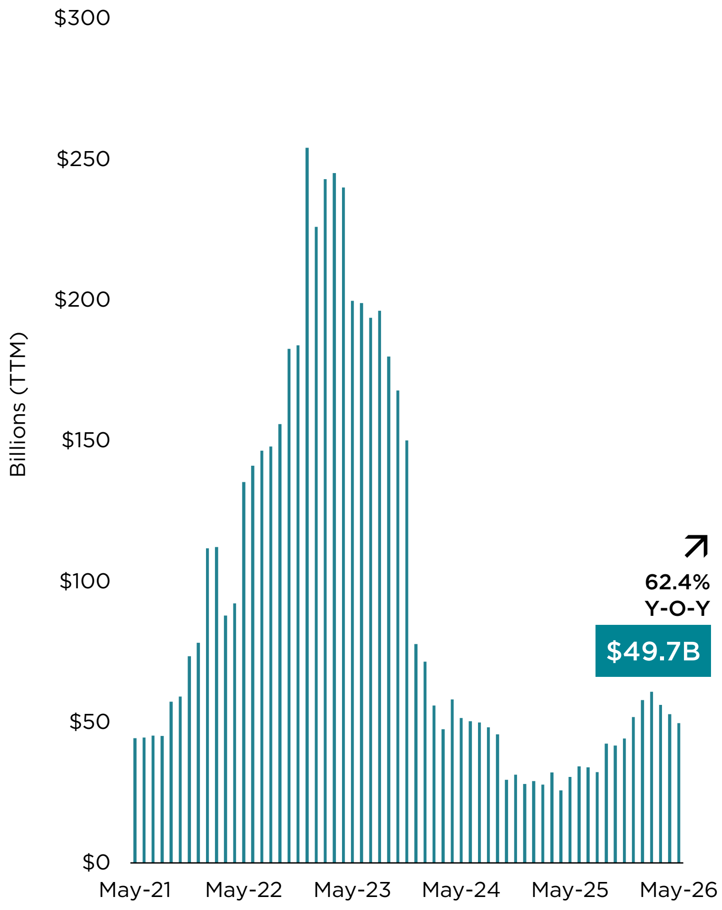
U.S. manufacturing enters new phase as flagship projects complete

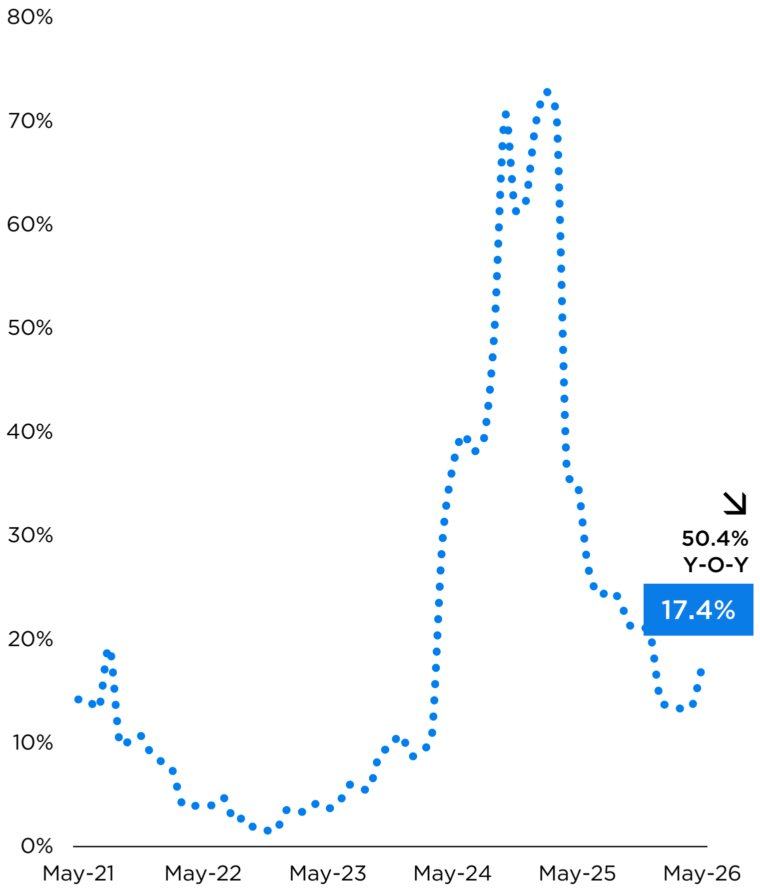
JOBS ANNOUNCED



CAPITAL INVESTMENT



STALL RATE*



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

Source: Savills Research, U.S. manufacturing announcements (500+ jobs)

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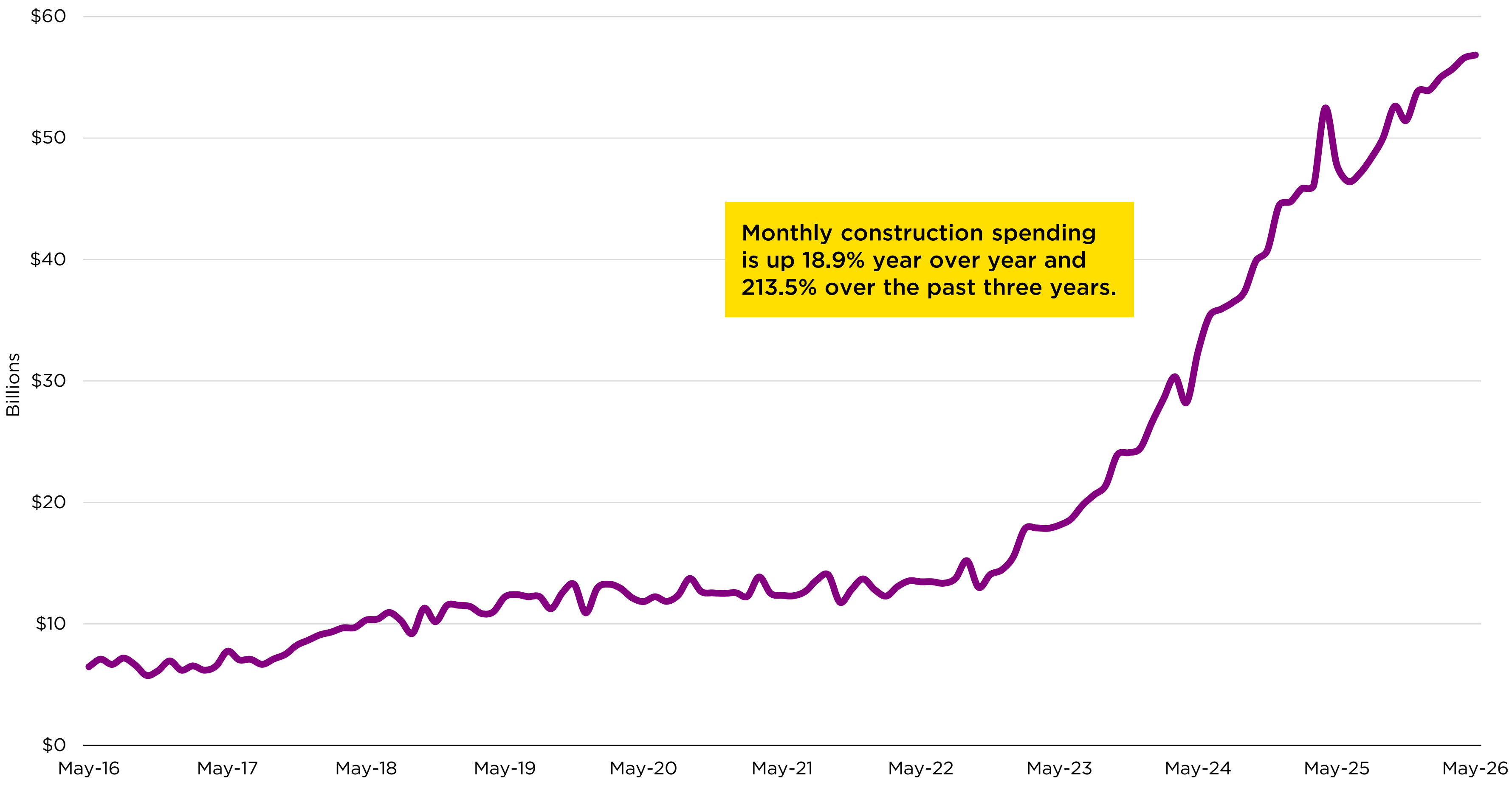
Data center construction is booming, but limits are coming into view

A historic development wave keeps accelerating, even as costs, power constraints and community pushback start to mount

DATA CENTER CONSTRUCTION SPENDING



Note: Construction spending is seasonally adjusted and shown in real 2024 dollars

Source: U.S. Census Bureau, Bureau of Labor Statistics, Brookings, Bloomberg

HEADWINDS MOUNTING

50%

More than half of data centers planned this year are projected to be delayed

15

States have introduced moratoriums on data centers

100

Localities have approved their own pauses

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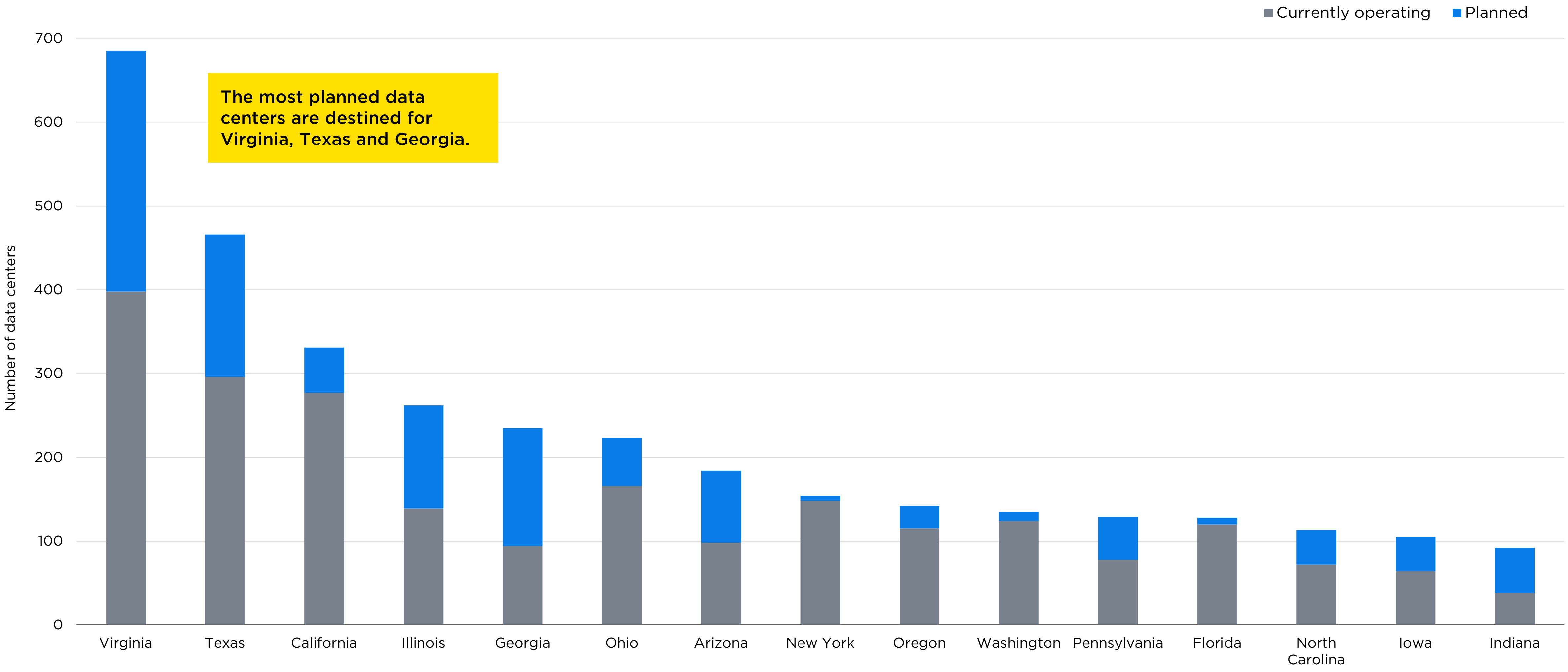
New data centers planned for both legacy hubs and emerging markets

Currently operating and planned data centers, top 15 states



Source: Pew Research Center

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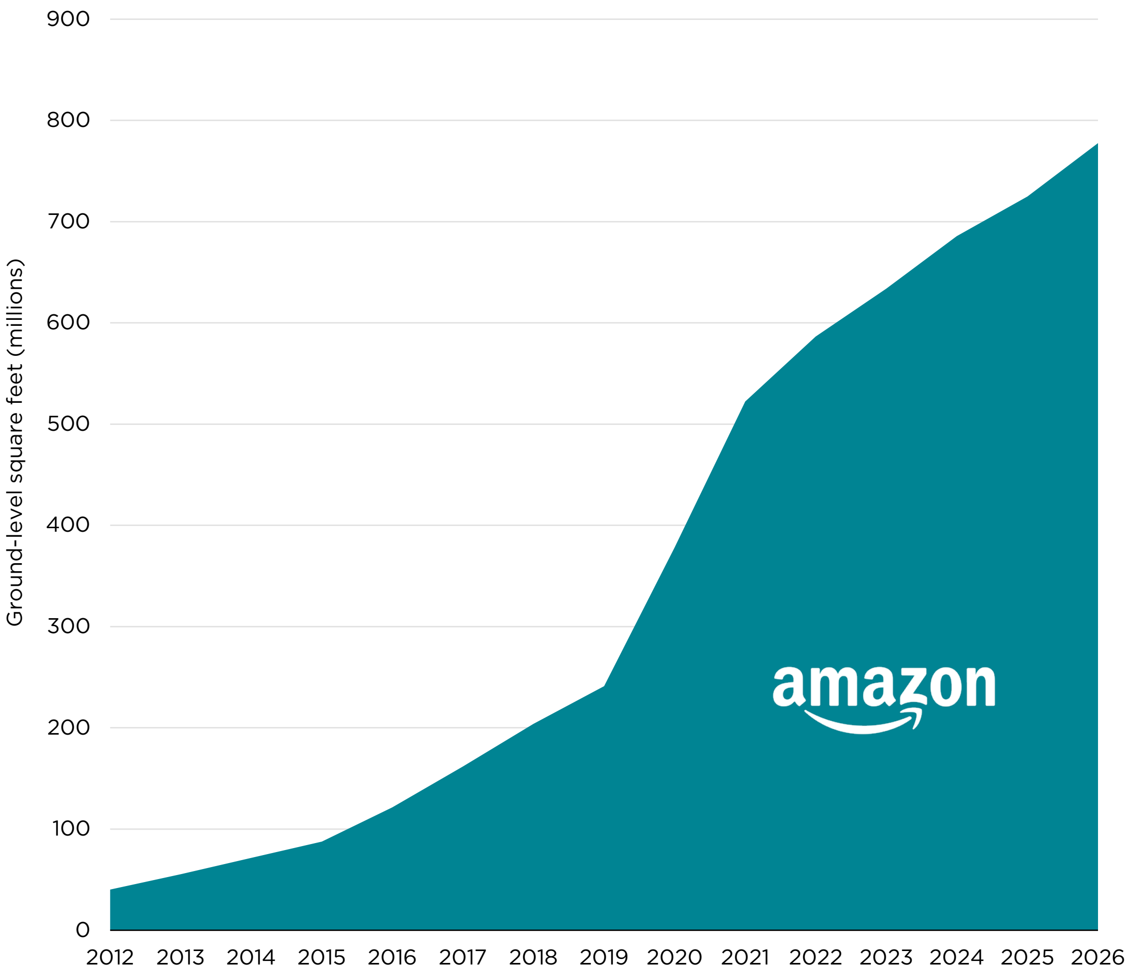
Data center boom has a spillover effect on industrial market

Leasing by the companies that build, cool, power and equip data centers

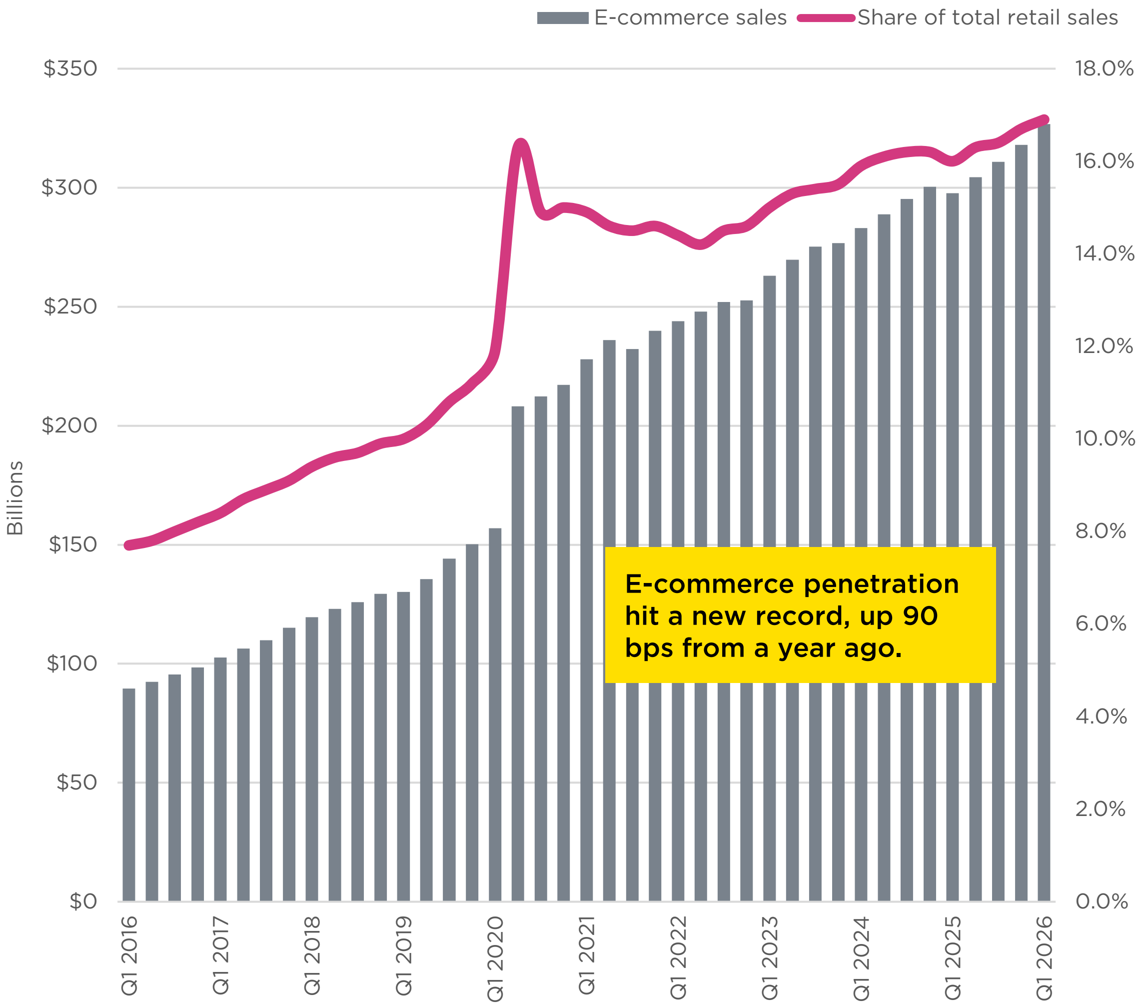
Tenant	Quarter signed	Market	Size (sf)	Description
Stellar Energy Americas	Q4 2025	Dallas-Fort Worth	1,148,942	Trane subsidiary manufacturing modular cooling equipment for data centers
Applied Optoelectronics	Q2 2026	Houston	796,216	Makes optical transceivers and networking components for data center connectivity
Panelmatic	Q3 2025	Houston	728,080	Makes electrical control systems for the data center market
Modine	Q3 2025	Dallas-Fort Worth	683,569	Airedale by Modine, a dedicated data center cooling division
T1 Energy	Q1 2026	Houston	627,130	Solar/battery manufacturer expanding into data center power
QTS Procurement	Q2 2026	Atlanta	563,193	Procurement arm of QTS Data Centers, used to source equipment and materials
Inventec	Q3 2025	Houston	540,000	Manufactures AI servers for data centers
Sanmina	Q1 2026	Houston	537,375	Manufactures servers and data center hardware
Hisense	Q4 2025	Inland Empire	522,772	Makes optical transceivers for data center networking
Valar Atomics	Q2 2026	Los Angeles	512,500	Nuclear reactor startup targeting data center power
ProEnergy	Q4 2025	Houston	458,019	Builds turbine generators for temporary data center power
Trystar	Q2 2026	Houston	273,740	Manufactures power distribution and switchgear equipment used in data centers

Amazon is back in the market as e-commerce penetration hits 16.9%

AMAZON'S ACTIVE U.S. FACILITIES



E-COMMERCE PENETRATION



Source: MWPVL, U.S. Department of Commerce

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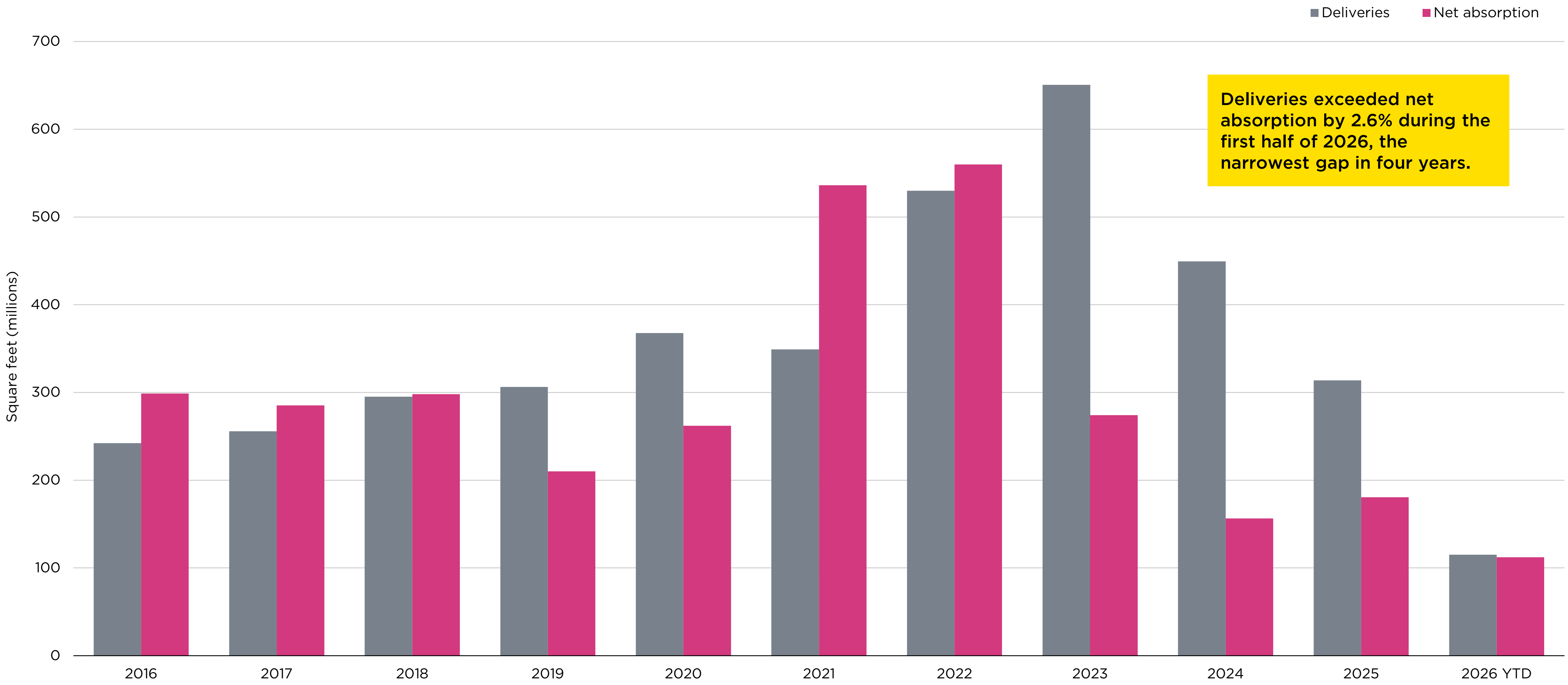
U.S. industrial market key statistics and forecast

	Current quarter Q2 2026	Prior quarter Q1 2026	Year ago period Q2 2025	12-month forecast
Inventory	17.3 bsf	17.2 bsf	16.9 bsf	↗
Vacancy rate	8.2%	8.2%	8.1%	↘
Quarterly net absorption	59.6 msf	52.6 msf	24.7 msf	↗
Under construction	303.9 msf	283.1 msf	284.2 msf	↗
Deliveries	52.1 msf	63.0 msf	82.3 msf	↗
Asking rental rate	$9.74	$9.71	$9.56	→

Supply-demand gap closing in 2026

Deliveries vs. net absorption



Deliveries exceeded net absorption by 2.6% during the first half of 2026, the narrowest gap in four years.

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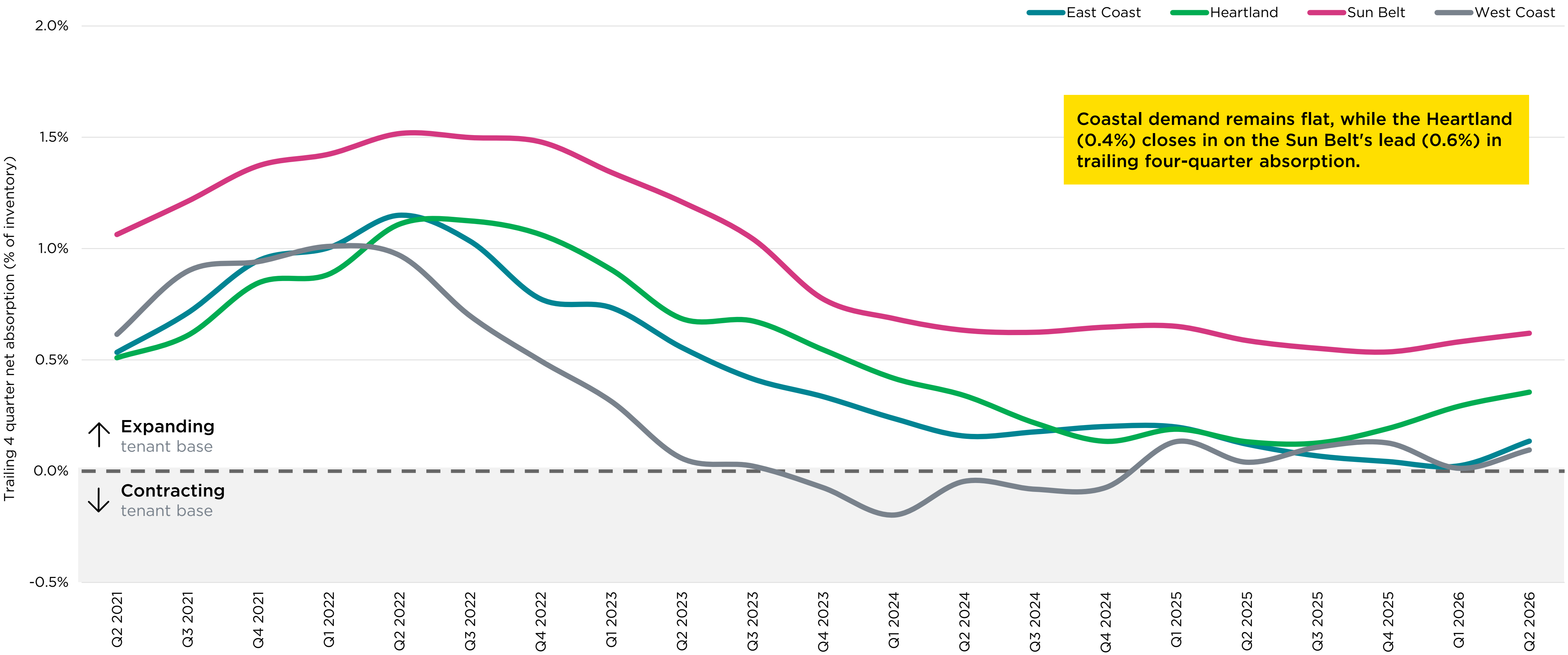
Sun Belt still leads, but the Heartland is the growth story to watch

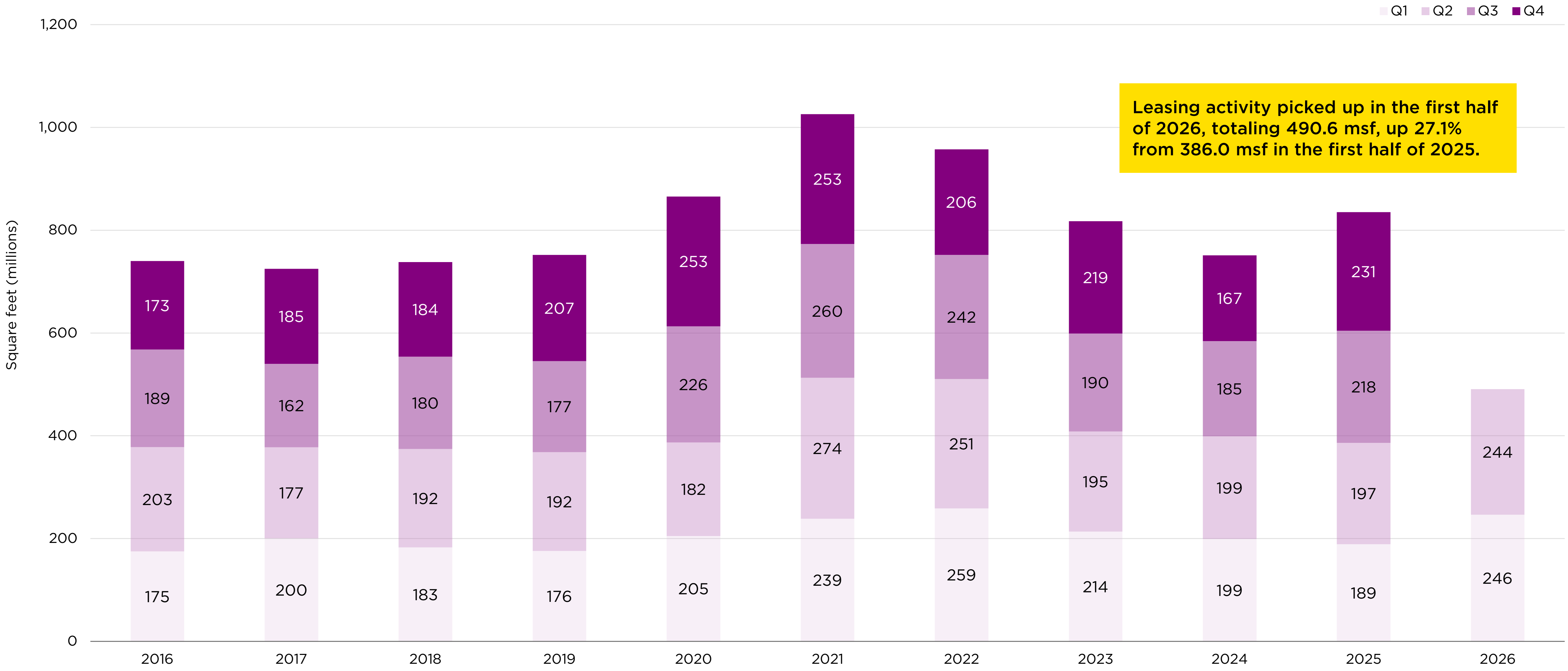
Net absorption as a share of total inventory by region



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 strengthens in first half of 2026

Quarterly leasing activity



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

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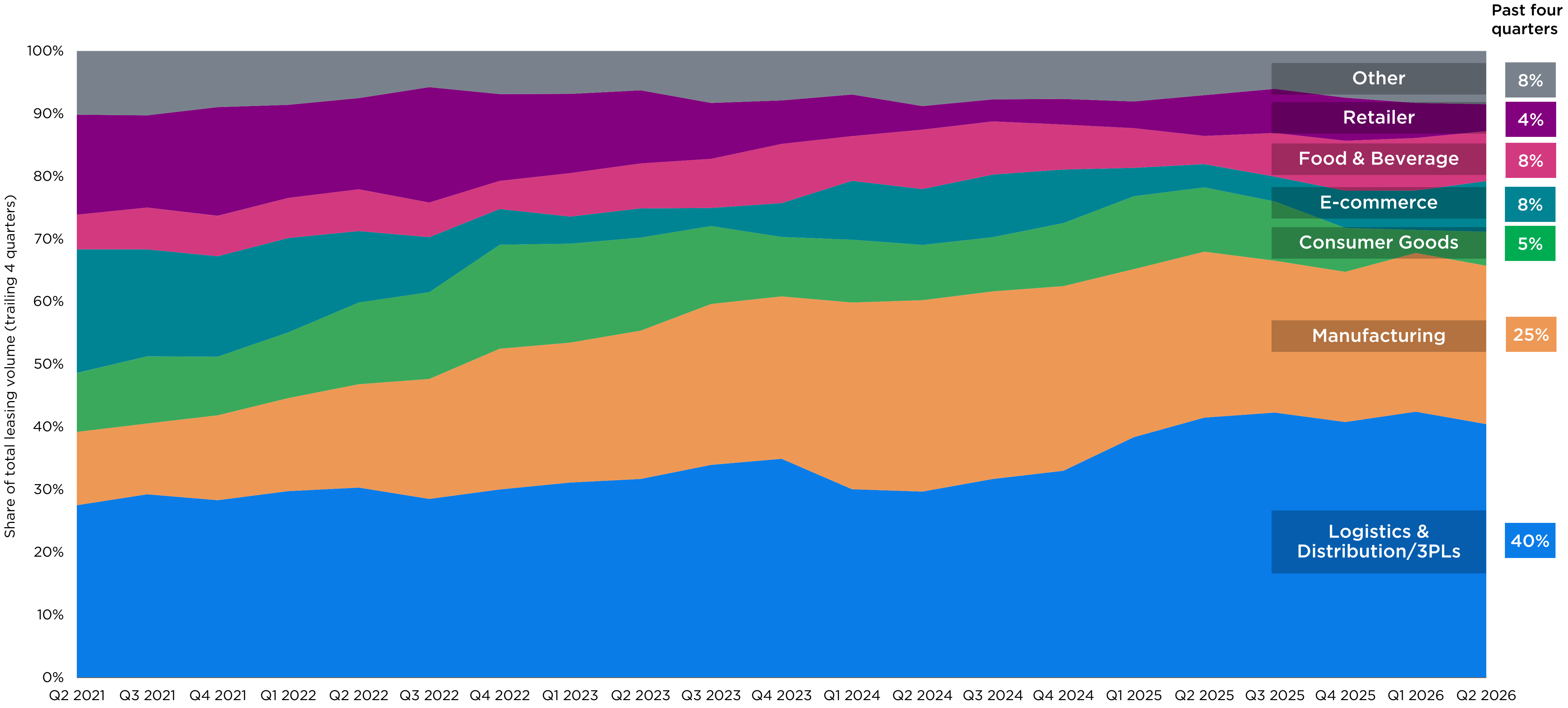
3PLs and manufacturers dominate industrial leasing at 65% of activity

Leasing activity by industry (past four quarters)



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

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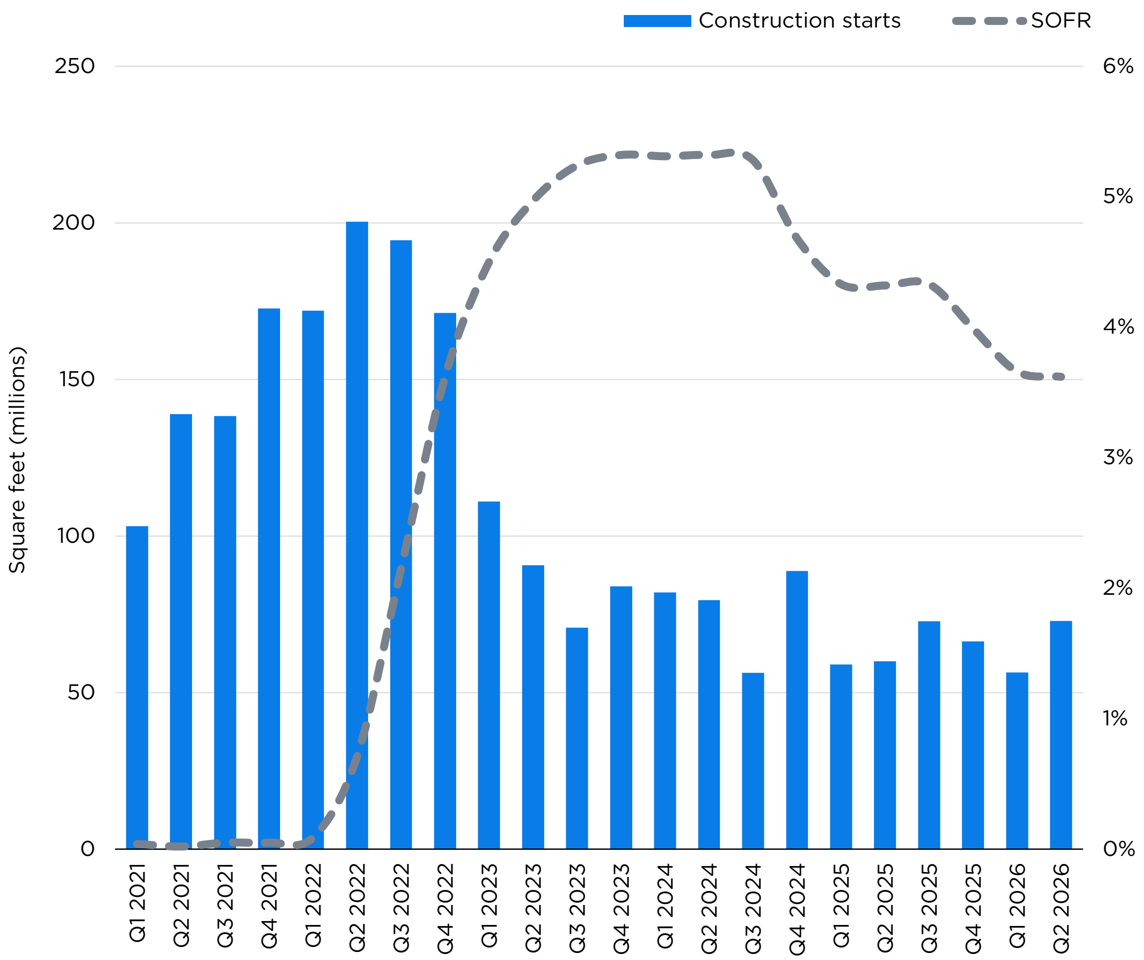
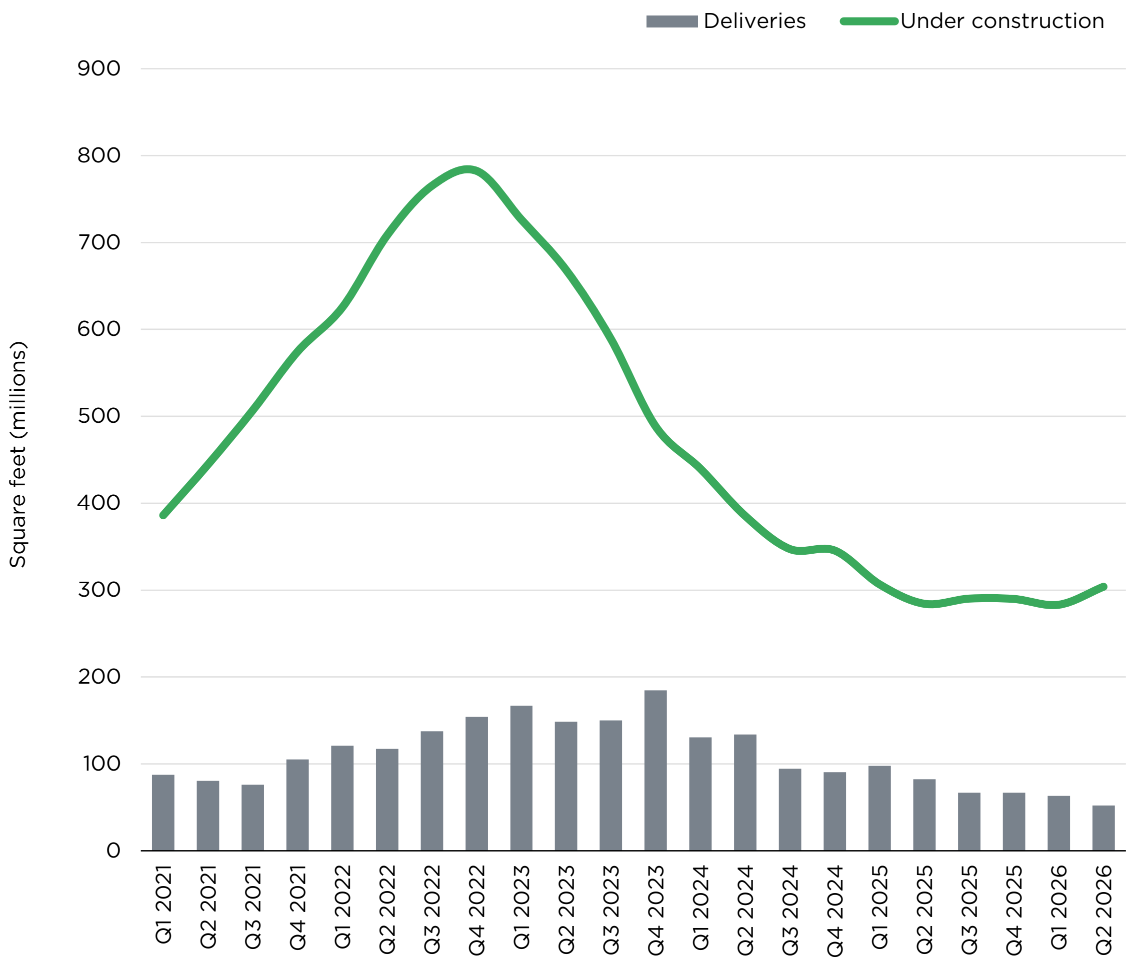
Industrial construction stays muted but starting to creep up

CONSTRUCTION STARTS VS. SECURED OVERNIGHT FINANCING RATE (SOFR)



DELIVERIES VS. UNDER CONSTRUCTION



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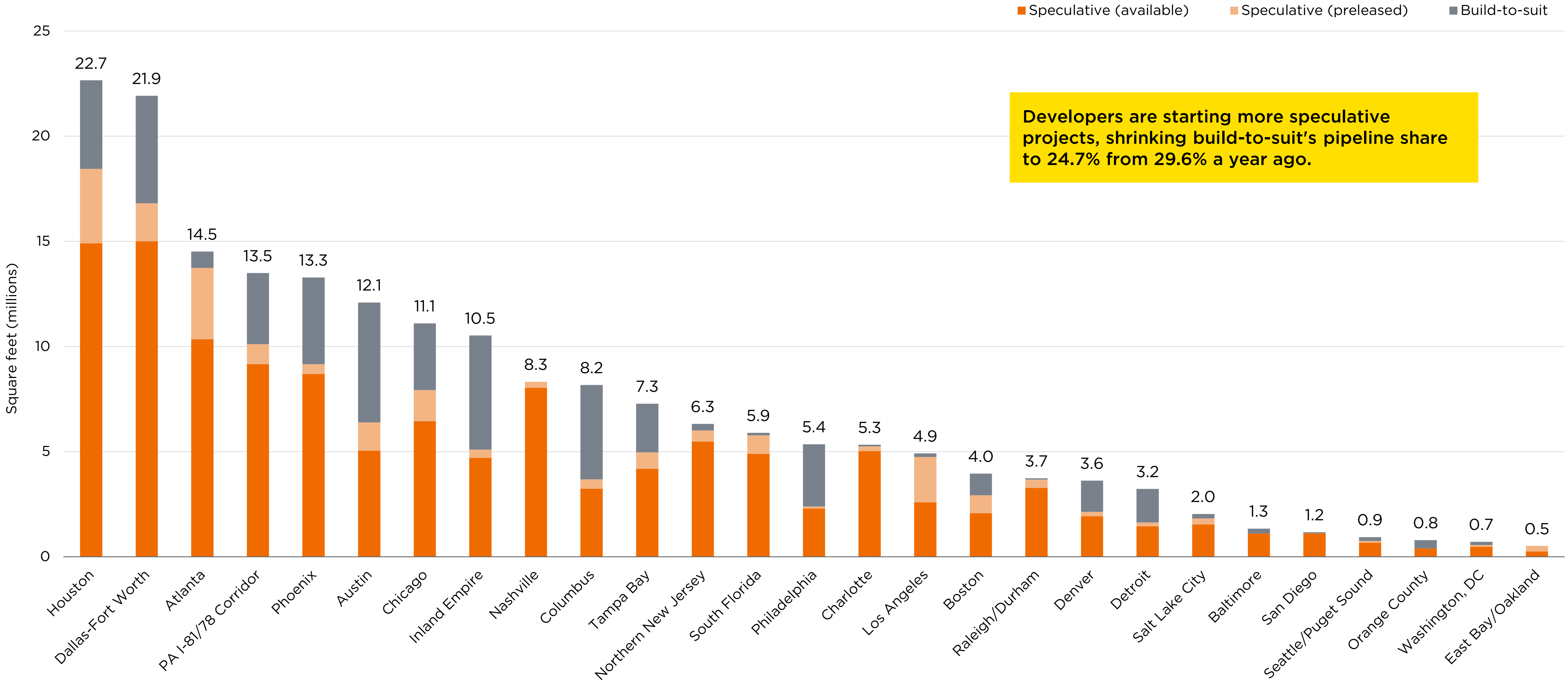
Texas markets lead the construction pipeline

Under construction inventory by development type



Developers are starting more speculative projects, shrinking build-to-suit's pipeline share to 24.7% from 29.6% a year ago.

Note: Select major markets shown

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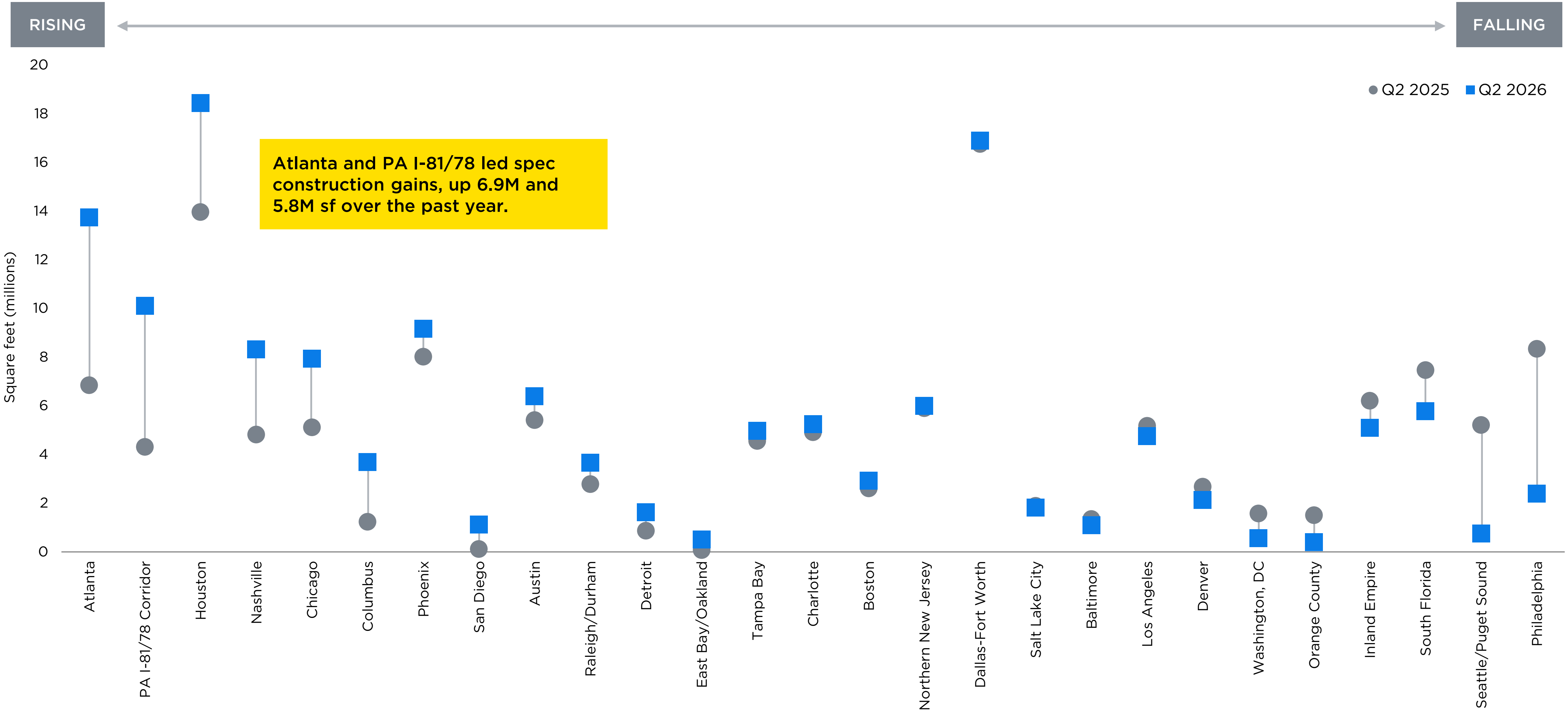
After a pullback, speculative construction is ticking up in more markets

Change in speculative pipeline square footage, Q2 2025 vs. Q2 2026, by market



Note: Select major markets shown

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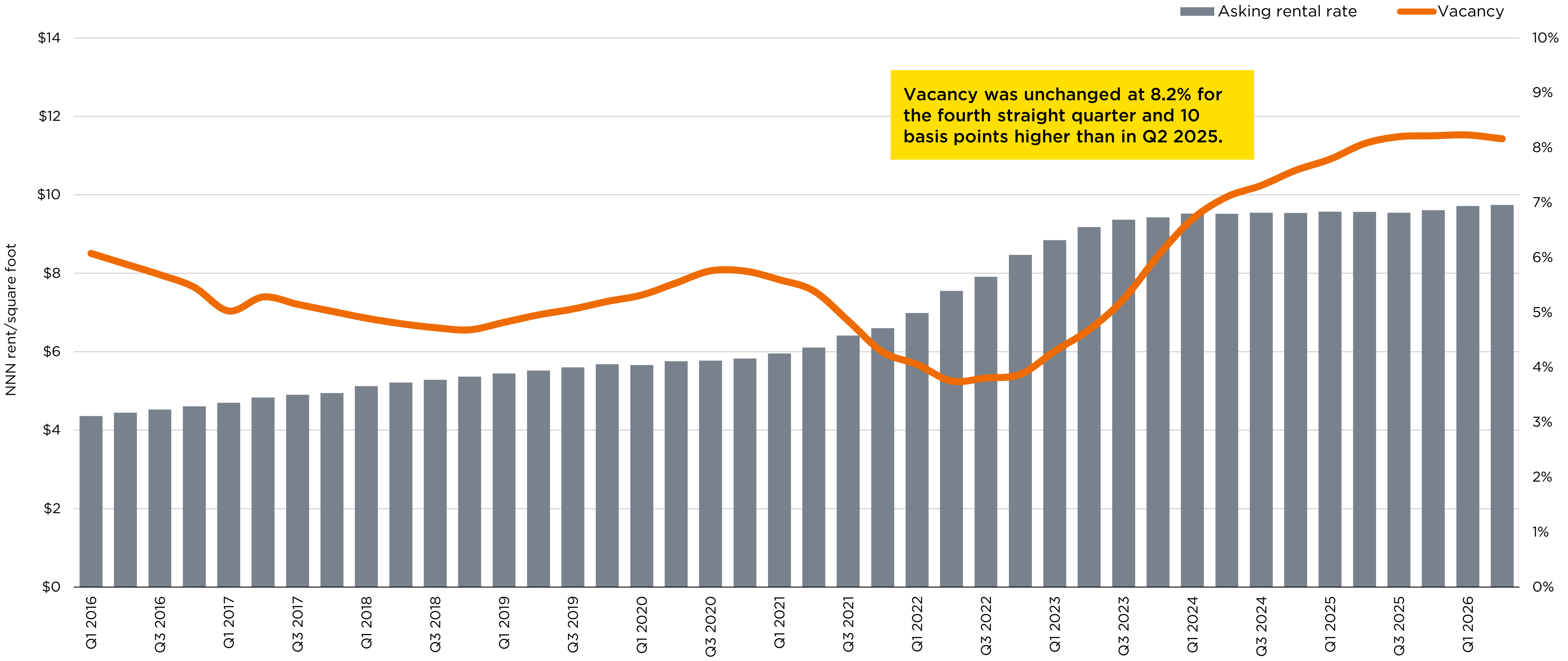
Vacancy stable and expected to decline by year end

Vacancy vs. asking rental rate



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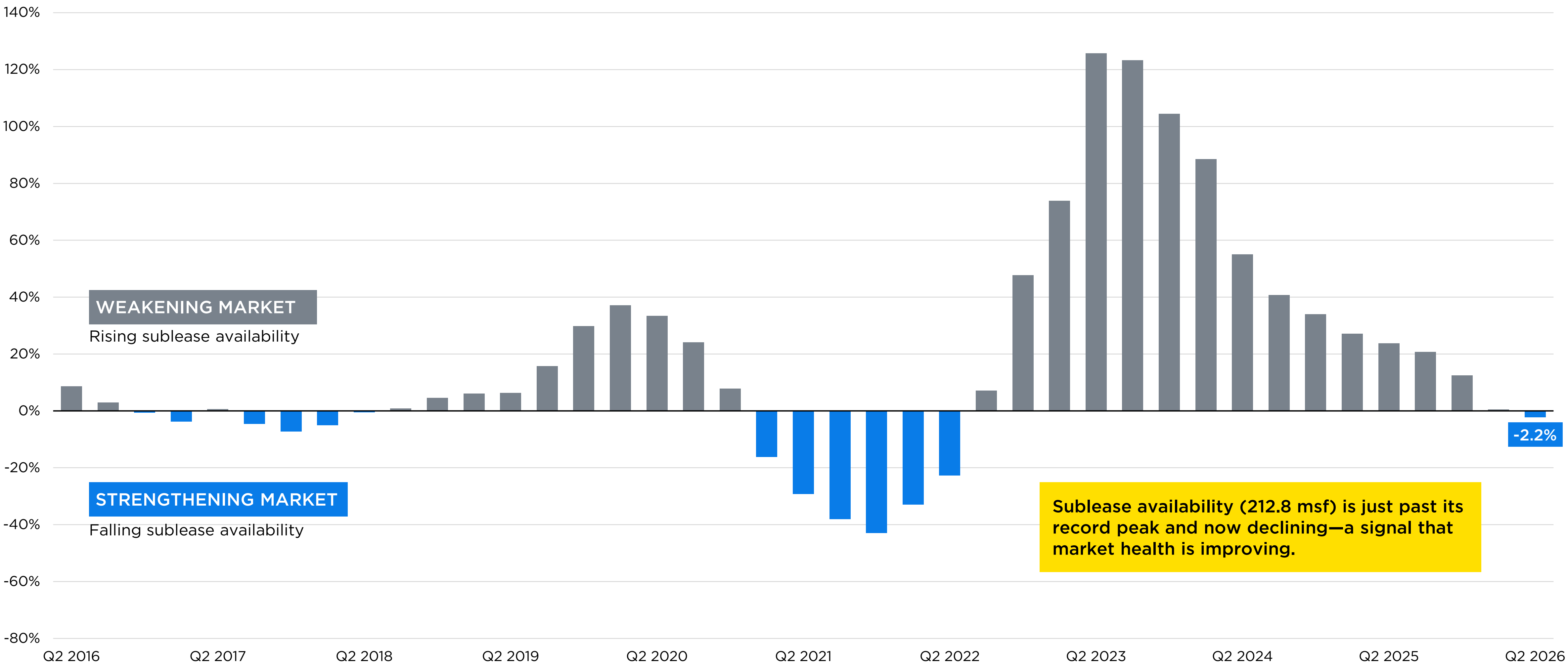
The sublease signal just flipped, indicating a strengthening market

Sublease availability, year-over-year change (%) by quarter



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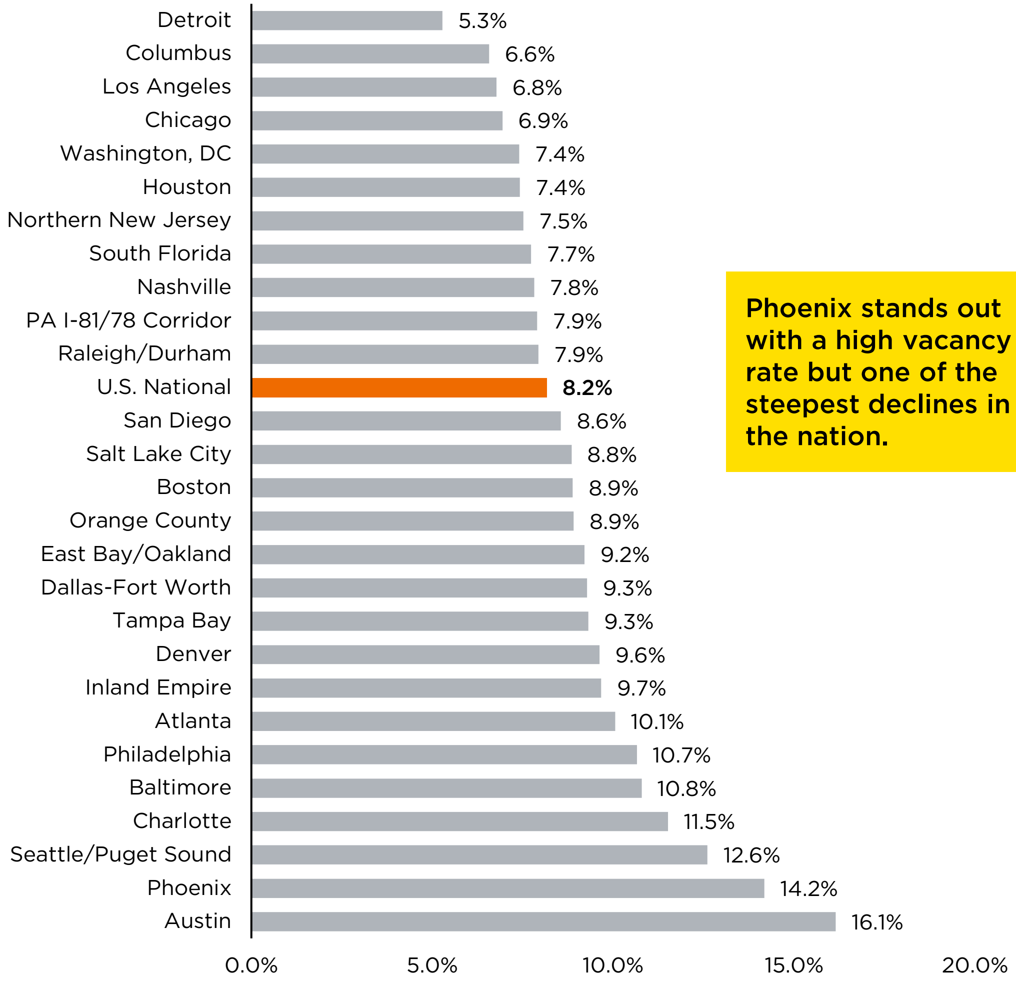
Vacancy moving lower in growing list of markets

VACANCY RATE (%)

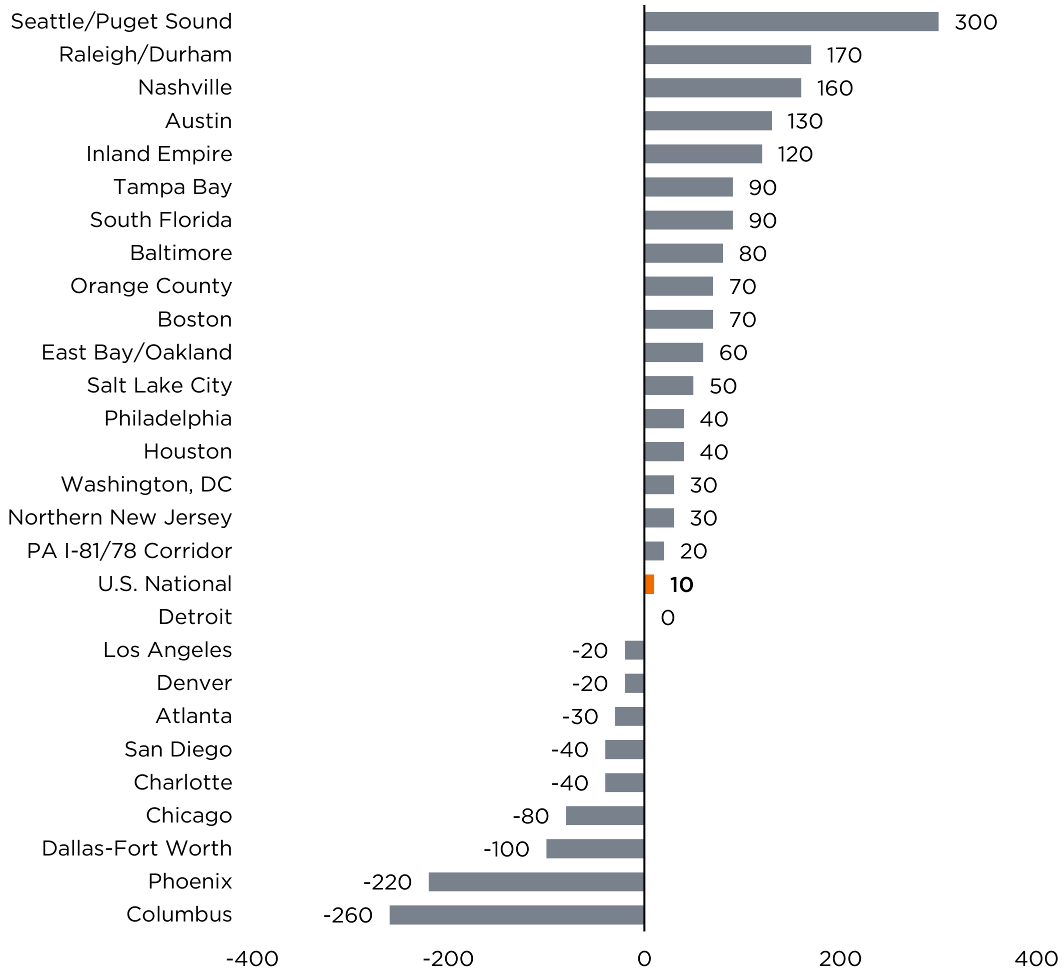
Q2 2026



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

VACANCY CHANGE (BPS)

YEAR-OVER-YEAR



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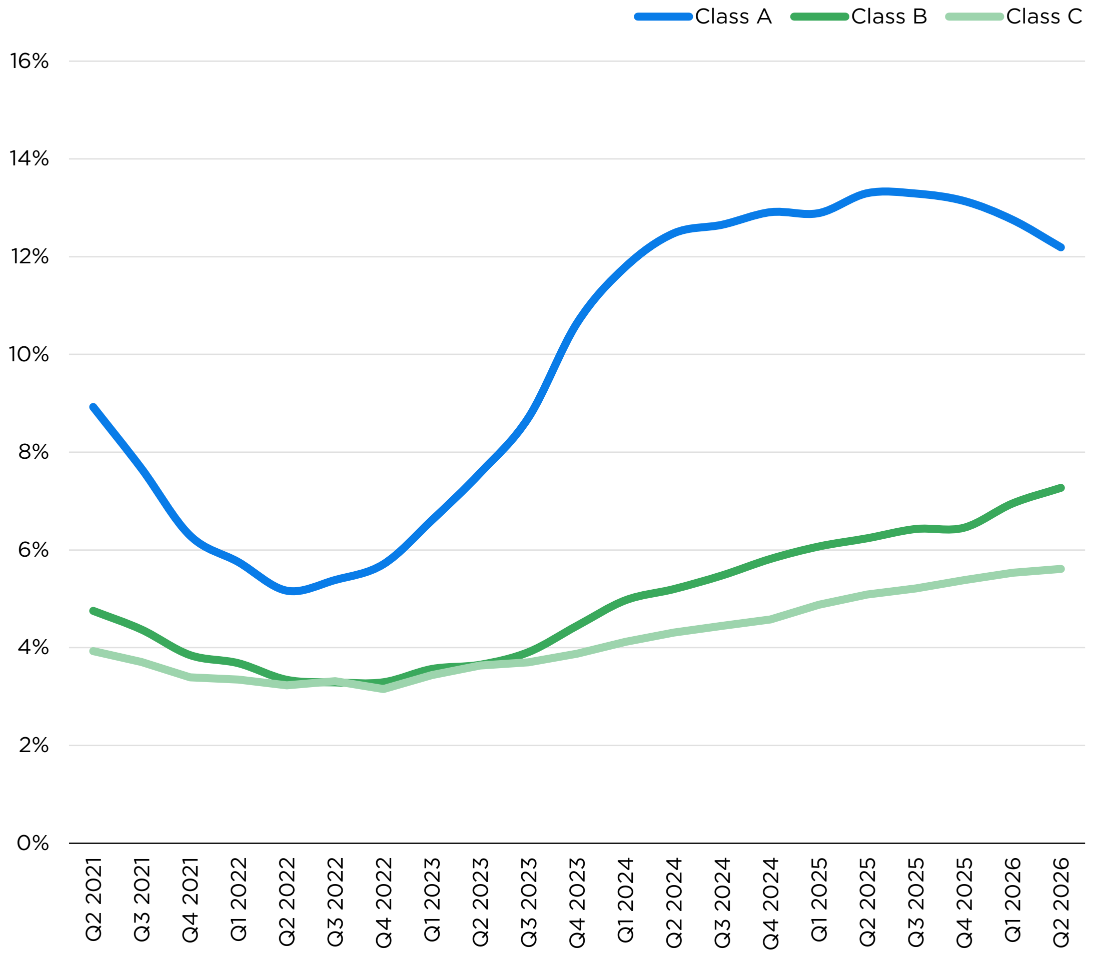
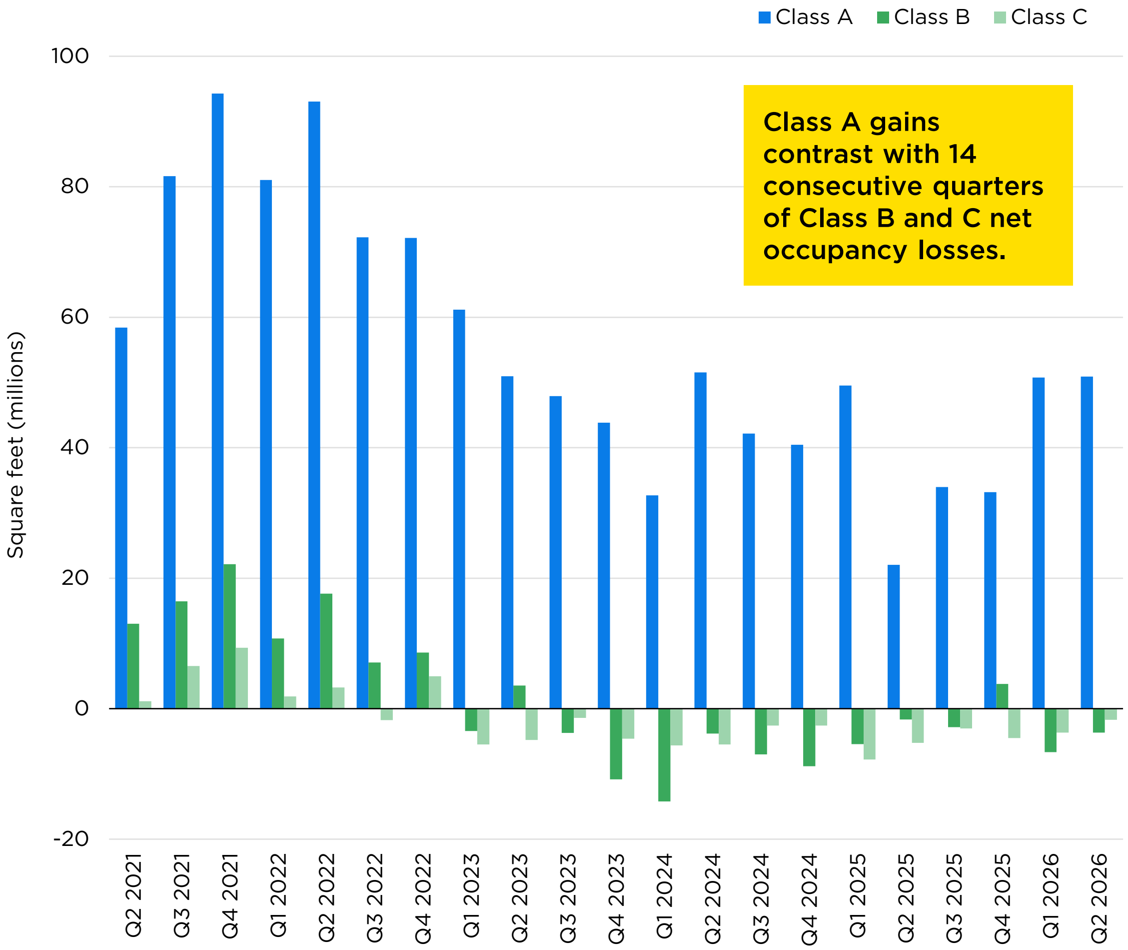
Elevated Class A vacancy creating opportunities for flight to quality

VACANCY BY CLASS



NET ABSORPTION BY CLASS



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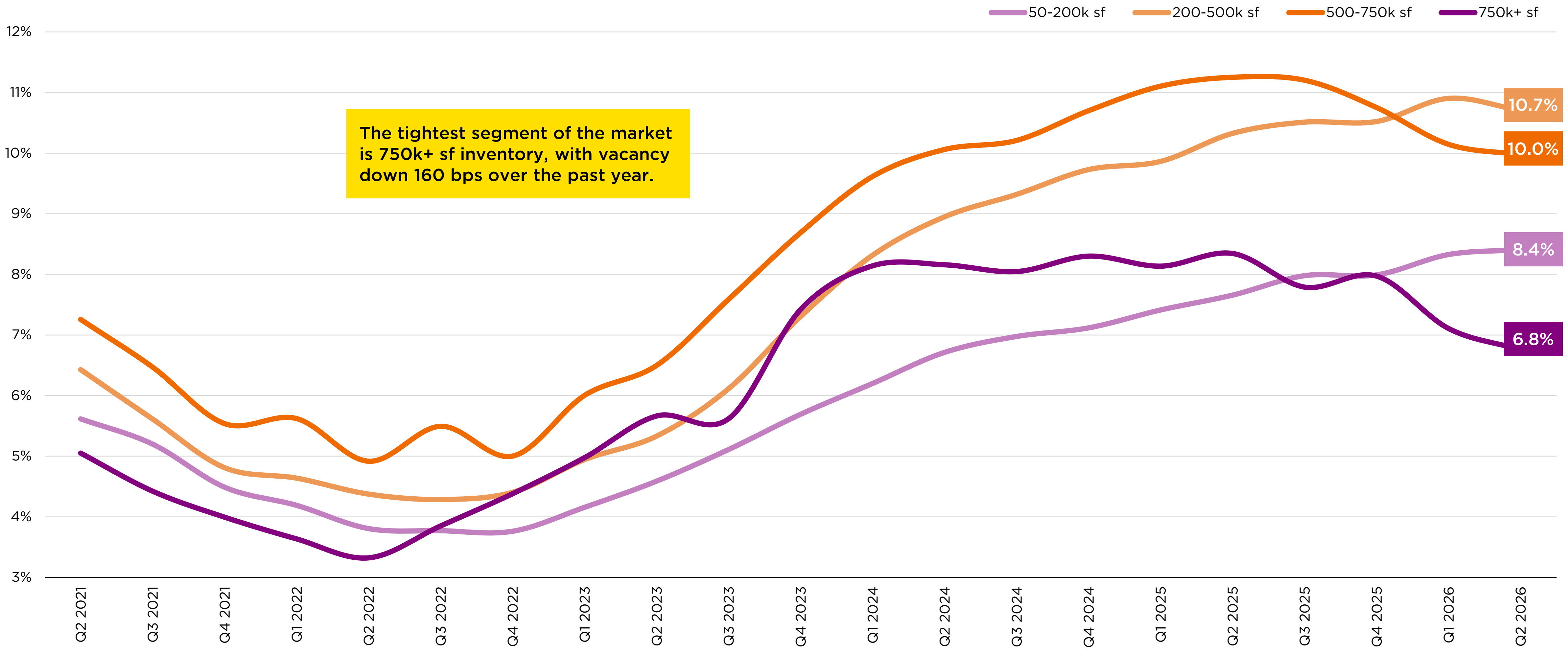
Vacancy is falling at the top, rising at the bottom

Vacancy by building size range



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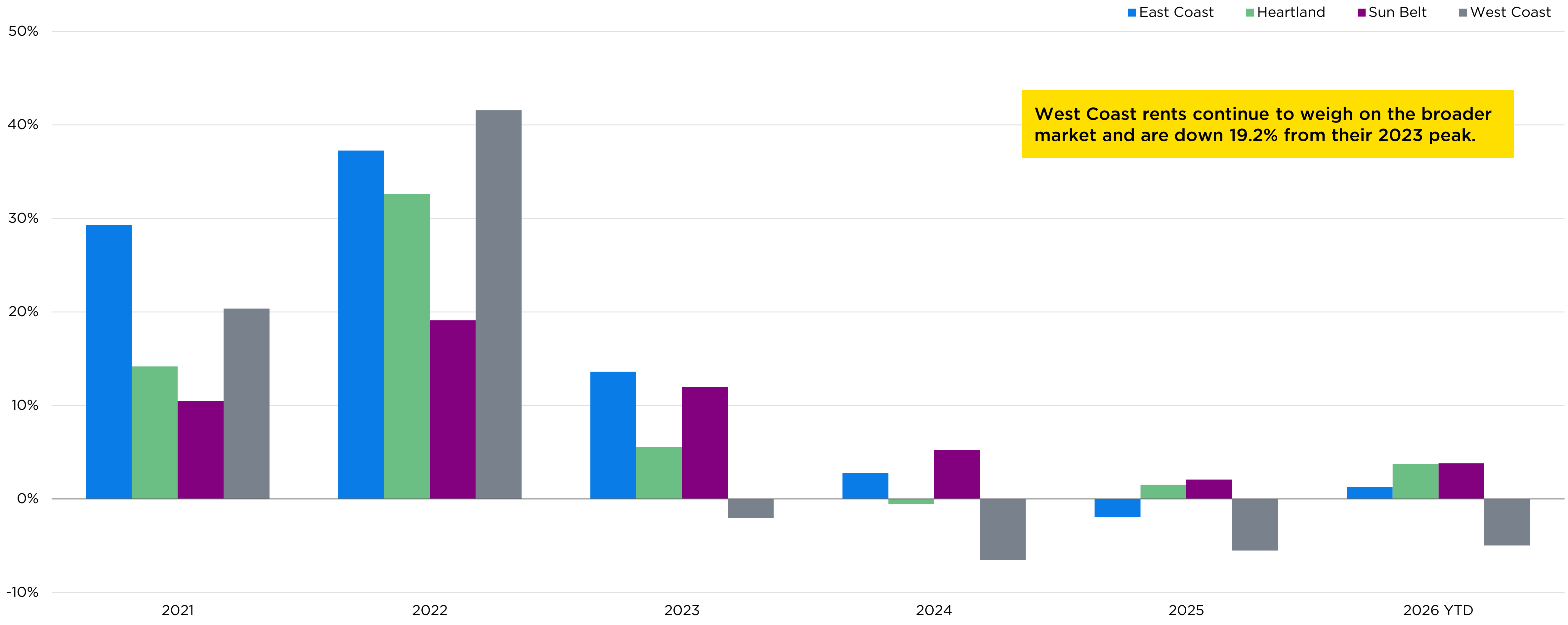
Rents rising again in all regions with exception of West Coast

Annual asking rent growth by region



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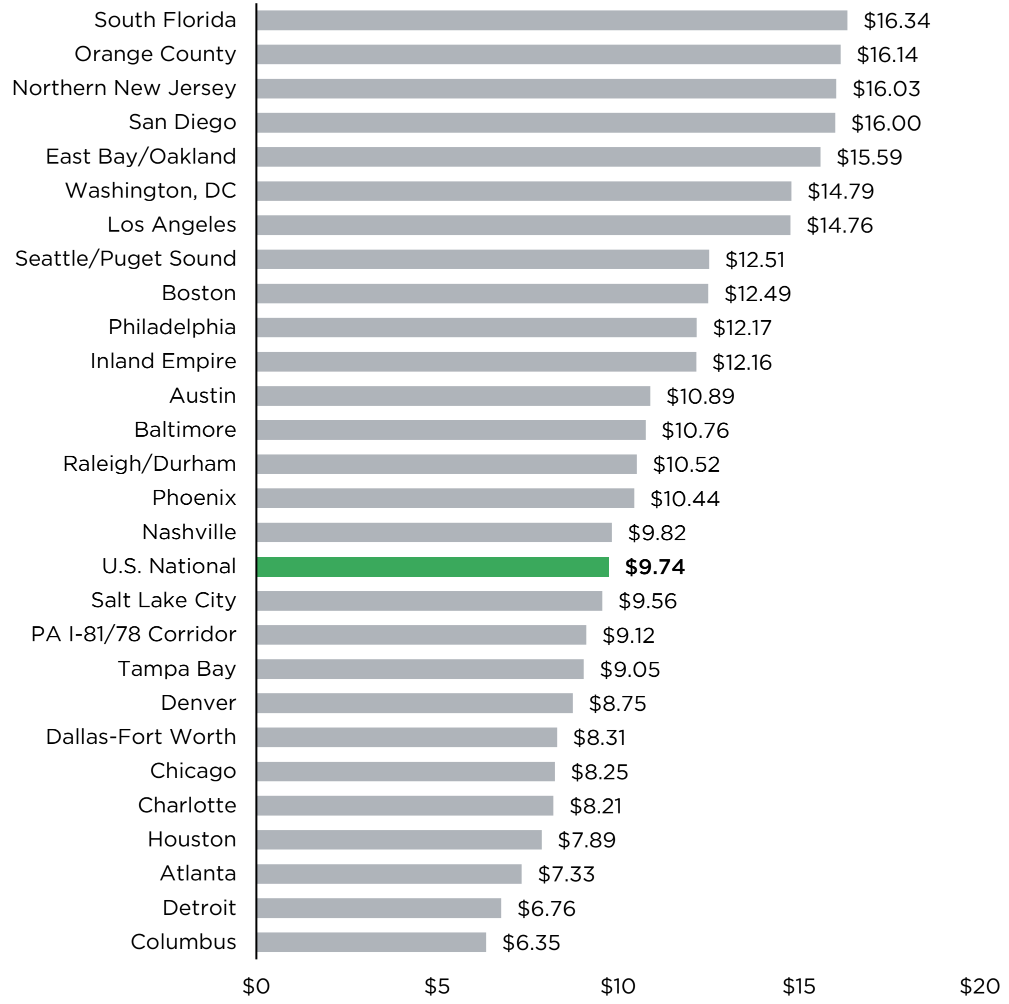
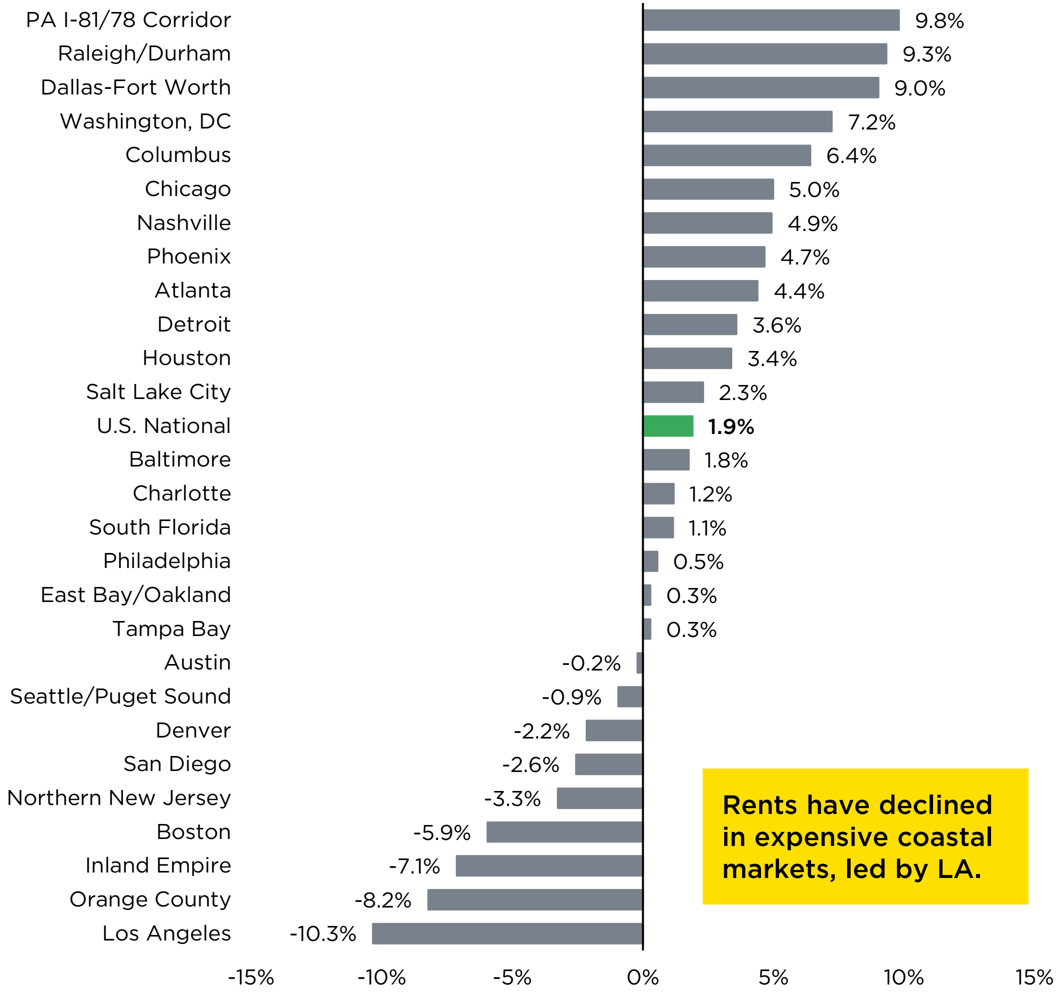
Lower-cost markets dominate the list of rent growth leaders

ASKING RENTAL RATE (%)
Q2 2026



RENT CHANGE (%)
YEAR-OVER-YEAR



Note: Select major markets shown

Sales momentum picking up in 2026

Industrial property sales, H1 vs. H2

Source: MSCI/Real Capital Analytics

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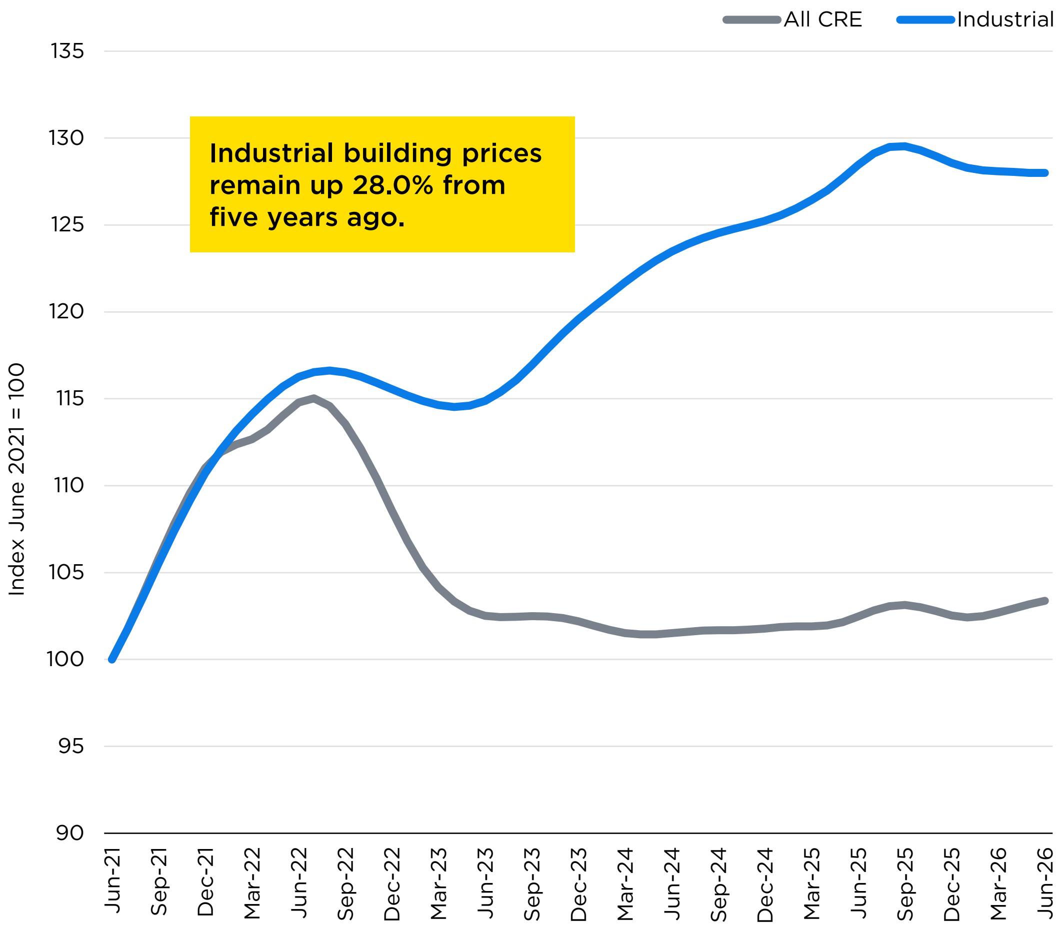
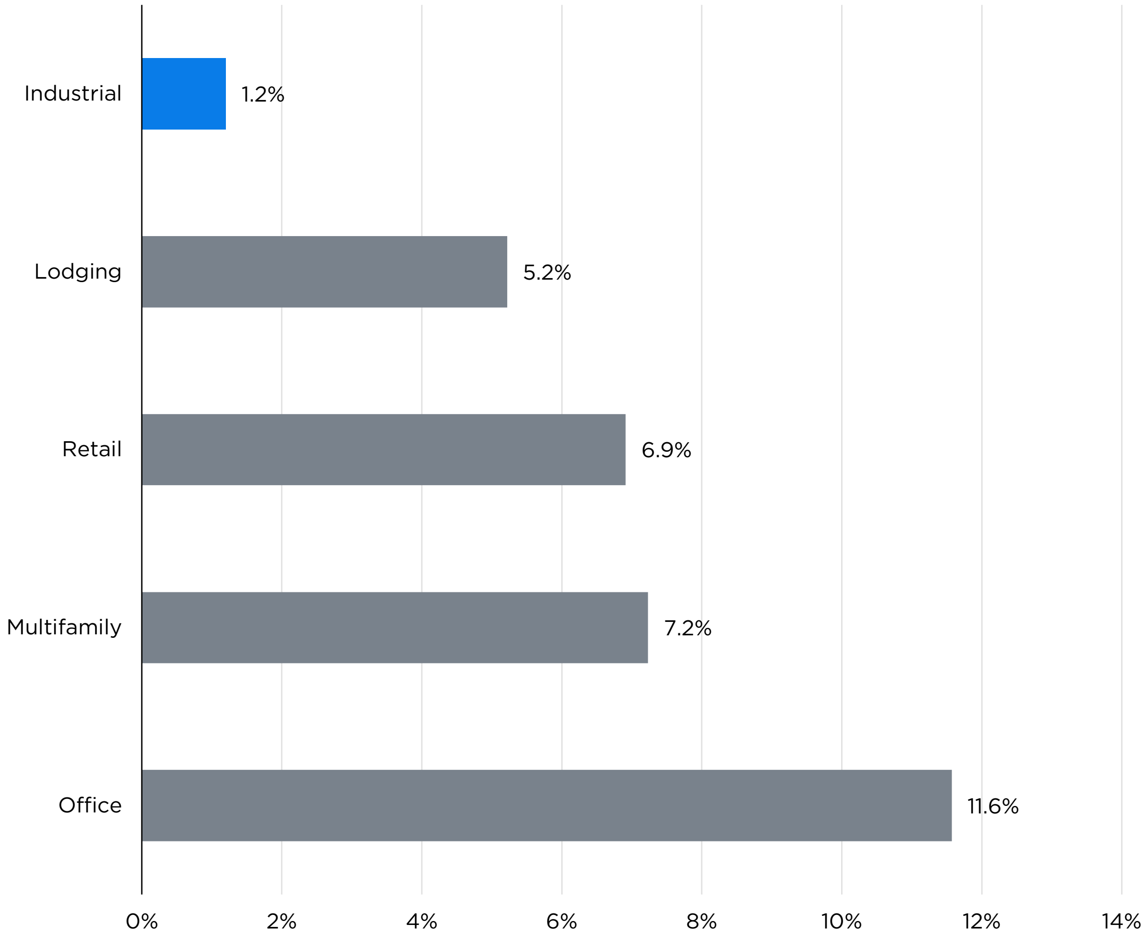
Industrial values remain elevated with limited debt distress

COMMERCIAL PROPERTY PRICE INDEX (CPPI)



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



Source: MSCI/Real Capital Analytics, Trepp

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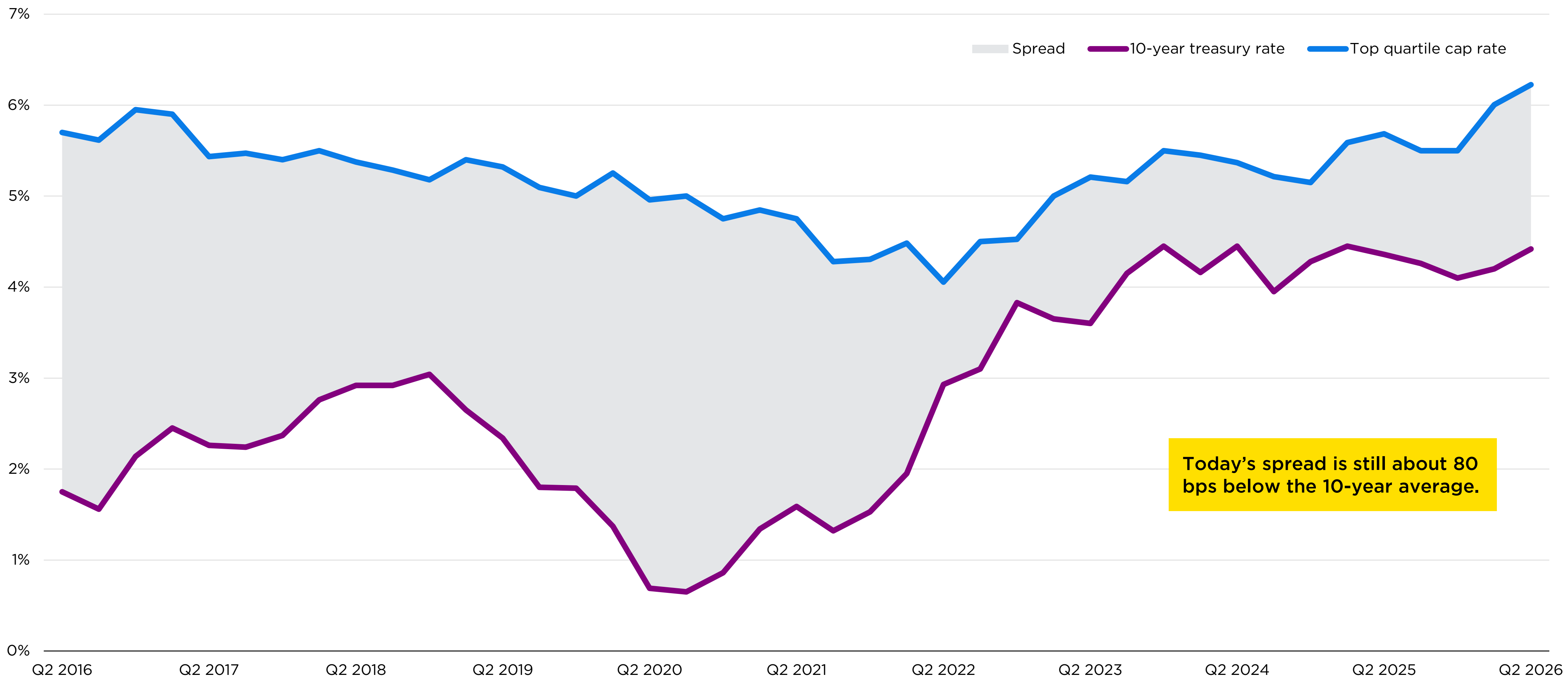
Industrial cap rate spreads remain compressed despite modest repricing

Industrial capitalization rates and 10-year Treasury yield



Source: MSCI/Real Capital Analytics, St. Louis Federal Reserve

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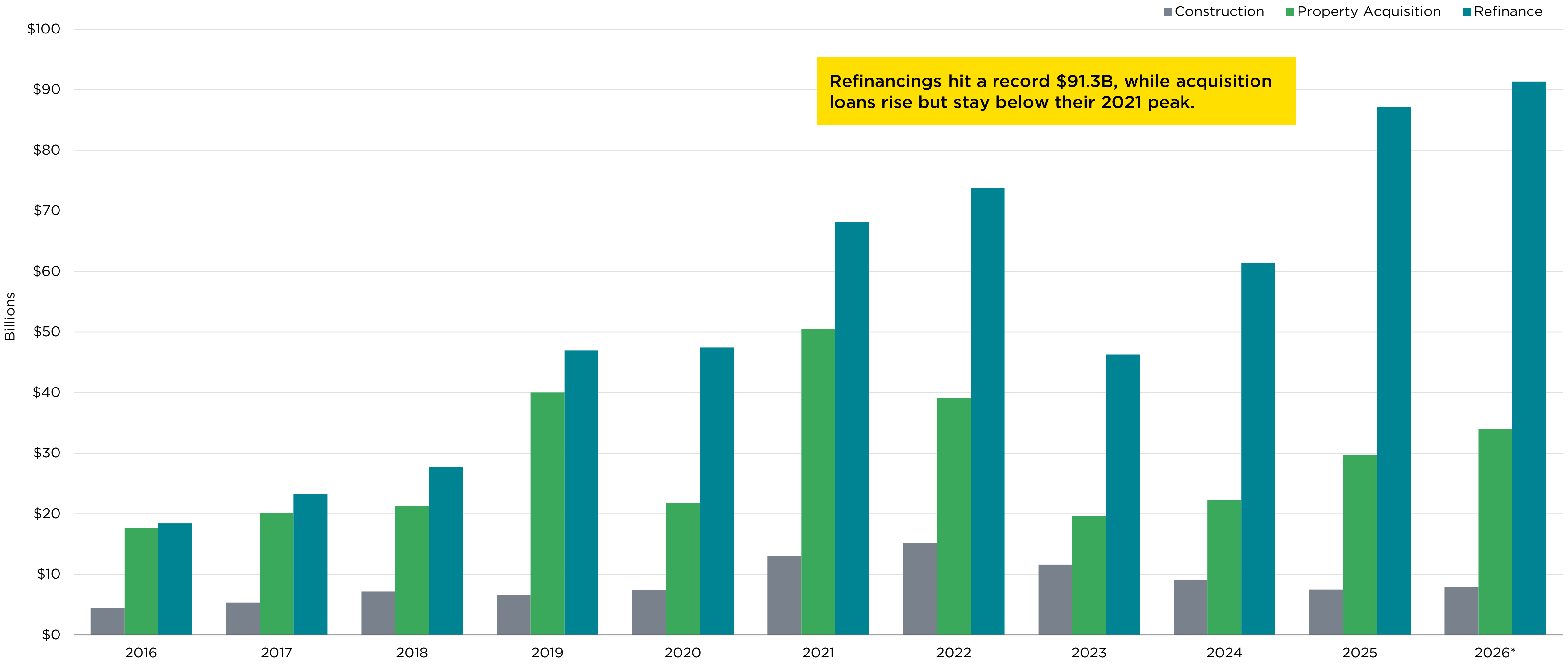
Lending momentum rising as refinancings hit a record level

Industrial debt origination volume by type



*Trailing four quarters ending Q1 2026
Source: MSCI/Real Capital Analytics

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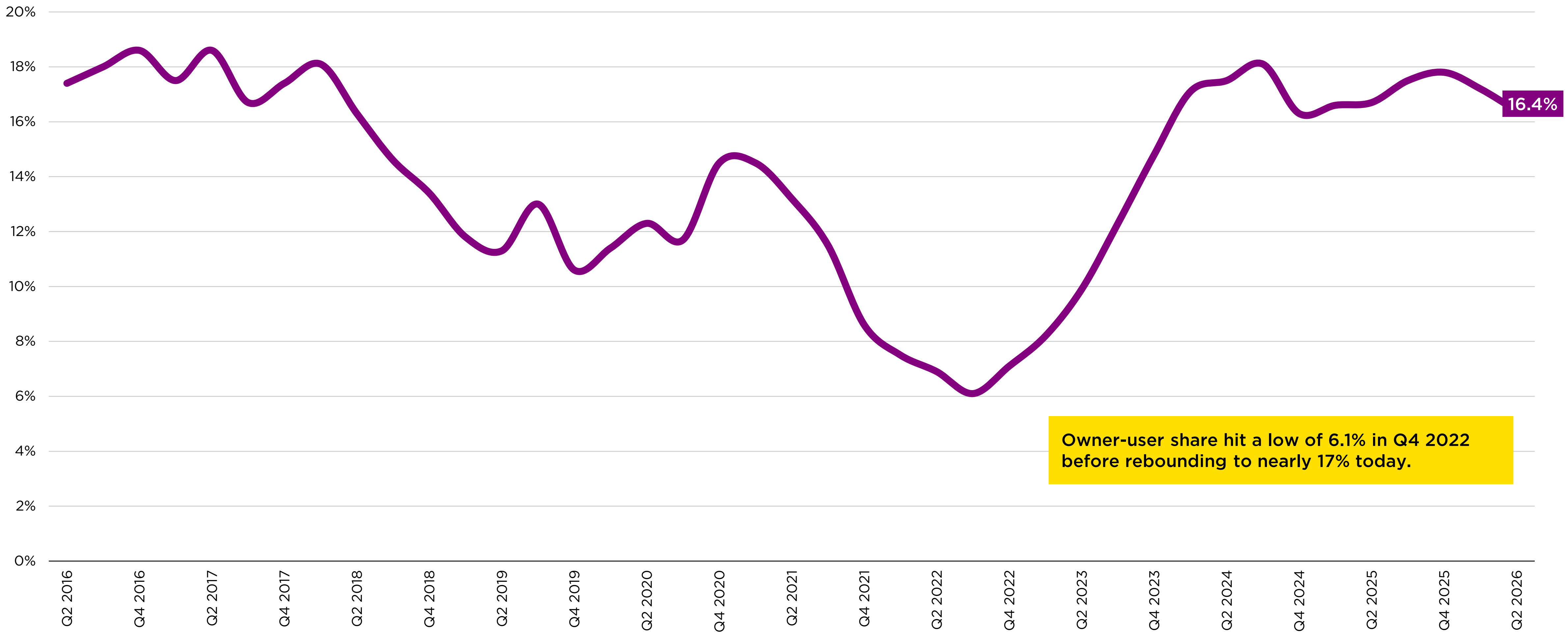
Owner-users have returned to industrial market

Owner-user share of industrial sales volume, quarterly



Source: CoStar

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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	17,277.1	8.2%	$9.74	303.9	115.2	112.2
Atlanta	745.0	10.1%	$7.33	14.5	9.4	7.1
Austin	128.2	16.1%	$10.89	12.1	2.6	1.7
Baltimore	214.6	10.8%	$10.76	1.3	0.5	-0.2
Boise City/Nampa	48.1	13.2%	$10.42	2.5	1.2	-0.3
Boston	350.3	8.9%	$12.49	4.0	1.9	0.1
Buffalo	91.2	4.8%	$6.61	3.2	0.0	-0.5
Charleston/N Charleston	97.5	16.8%	$7.80	0.4	0.8	1.6
Charlotte	293.1	11.5%	$8.21	5.3	2.0	2.1
Chicago	1,050.4	6.9%	$8.25	11.1	2.8	10.6
Cincinnati/Dayton	449.2	4.6%	$5.88	3.0	0.5	3.6
Cleveland	480.2	4.8%	$5.44	1.0	0.2	-0.8
Columbus	310.0	6.6%	$6.35	8.2	2.0	6.2
Dallas-Fort Worth	926.5	9.3%	$8.31	21.9	14.4	22.3
Denver	211.1	9.6%	$8.75	3.6	0.6	0.0
Detroit	522.5	5.3%	$6.76	3.2	0.6	1.9
East Bay/Oakland	149.3	9.2%	$15.59	0.5	0.0	-0.8
Greensboro/Winston-Salem	276.1	6.3%	$5.12	5.5	0.4	-0.8
Greenville/Spartanburg	261.0	7.5%	$5.27	3.4	1.4	2.7
Hampton Roads	106.7	9.2%	$8.73	3.6	1.1	-1.0

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

Local Market Statistics

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National	17,277.1	8.2%	$9.74	303.9	115.2	112.2
Houston	704.2	7.4%	$7.89	22.7	10.4	10.2
Indianapolis	390.9	7.2%	$6.49	8.6	0.9	6.5
Inland Empire	639.9	9.7%	$12.16	10.5	3.7	0.3
Jacksonville	144.4	10.4%	$8.21	1.3	5.1	1.7
Kansas City	371.0	5.9%	$5.78	8.1	0.7	1.2
Las Vegas	155.7	12.5%	$12.20	6.7	0.9	2.4
Long Island	262.9	7.8%	$19.27	1.6	0.9	-0.6
Los Angeles	702.4	6.8%	$14.76	4.9	1.0	3.6
Louisville	238.5	6.7%	$5.52	5.4	3.5	-0.4
Memphis	302.1	8.9%	$5.30	1.3	0.0	1.0
Milwaukee/Madison	398.4	4.4%	$5.49	5.3	1.8	2.3
Minneapolis/St Paul	343.9	5.1%	$7.60	6.1	1.0	-0.9
Nashville	250.0	7.8%	$9.82	8.3	3.7	1.2
Northern New Jersey	691.0	7.5%	$16.03	6.3	3.7	2.8
Omaha/Council Bluffs	78.1	3.3%	$7.84	1.6	0.2	-0.2
Orange County	155.0	8.9%	$16.14	0.8	0.7	0.9
Orlando	175.4	10.5%	$11.05	4.5	2.4	-1.7
PA I-81/78 Corridor	620.8	7.9%	$9.12	13.5	2.8	3.0
Philadelphia	419.5	10.7%	$12.17	5.4	2.3	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	17,277.1	8.2%	$9.74	303.9	115.2	112.2
Phoenix	354.2	14.2%	$10.44	13.3	3.2	7.0
Pittsburgh	179.1	5.5%	$7.78	0.9	0.1	0.8
Portland	285.1	7.2%	$9.48	6.5	0.4	0.1
Raleigh/Durham	100.0	7.9%	$10.52	3.7	2.8	1.3
Reno/Sparks	124.6	14.6%	$8.95	3.0	2.0	1.0
Sacramento	149.2	7.7%	$8.58	1.0	0.1	0.6
Salt Lake City	153.7	8.8%	$9.56	2.0	0.3	0.9
San Antonio	144.0	11.7%	$8.57	3.3	0.8	0.9
San Diego	119.8	8.6%	$16.00	1.2	0.1	0.1
Savannah	164.6	12.5%	$7.46	8.9	4.2	5.8
Seattle/Puget Sound	253.1	12.6%	$12.51	0.9	4.7	-1.7
South Bay/San Jose	75.8	8.3%	$19.49	0.6	0.7	0.3
South Florida	325.3	7.7%	$16.34	5.9	2.1	1.9
St. Louis	293.3	5.9%	$5.98	4.0	0.4	-1.1
Stockton/Modesto	195.6	9.6%	$7.75	7.7	1.7	1.6
Tampa Bay	281.7	9.3%	$9.05	7.3	1.9	0.5
Toledo	155.4	3.4%	$5.01	1.4	0.2	-0.2
Tucson	29.4	10.8%	$10.68	0.2	0.4	0.2
Washington, DC	138.3	7.4%	$14.79	0.7	0.8	0.8

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

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