

The State of the U.S. Industrial & Logistics Market

REPORT

CBRE RESEARCH
Q4 2025

CBRE



1

Economy, the Consumer, and Global Supply Chain

Executive Summary

U.S. economic stability despite tariffs gave companies the push they needed to upgrade into newer facilities at a higher rate in Q4. This led to record lease volume in Q4 and contributed to the second highest year for leasing on record. However, an uncertain job market along with a drop in available first-generation space could accelerate renewals to a record high in 2026.

A greater emphasis will be placed on **labor dynamics, power availability, and transportation efficiency**, driven by unpredictable transportation costs, labor shortages, and greater need for power due to automation and growth in domestic manufacturing. Markets with plentiful labor and power availability will outperform.

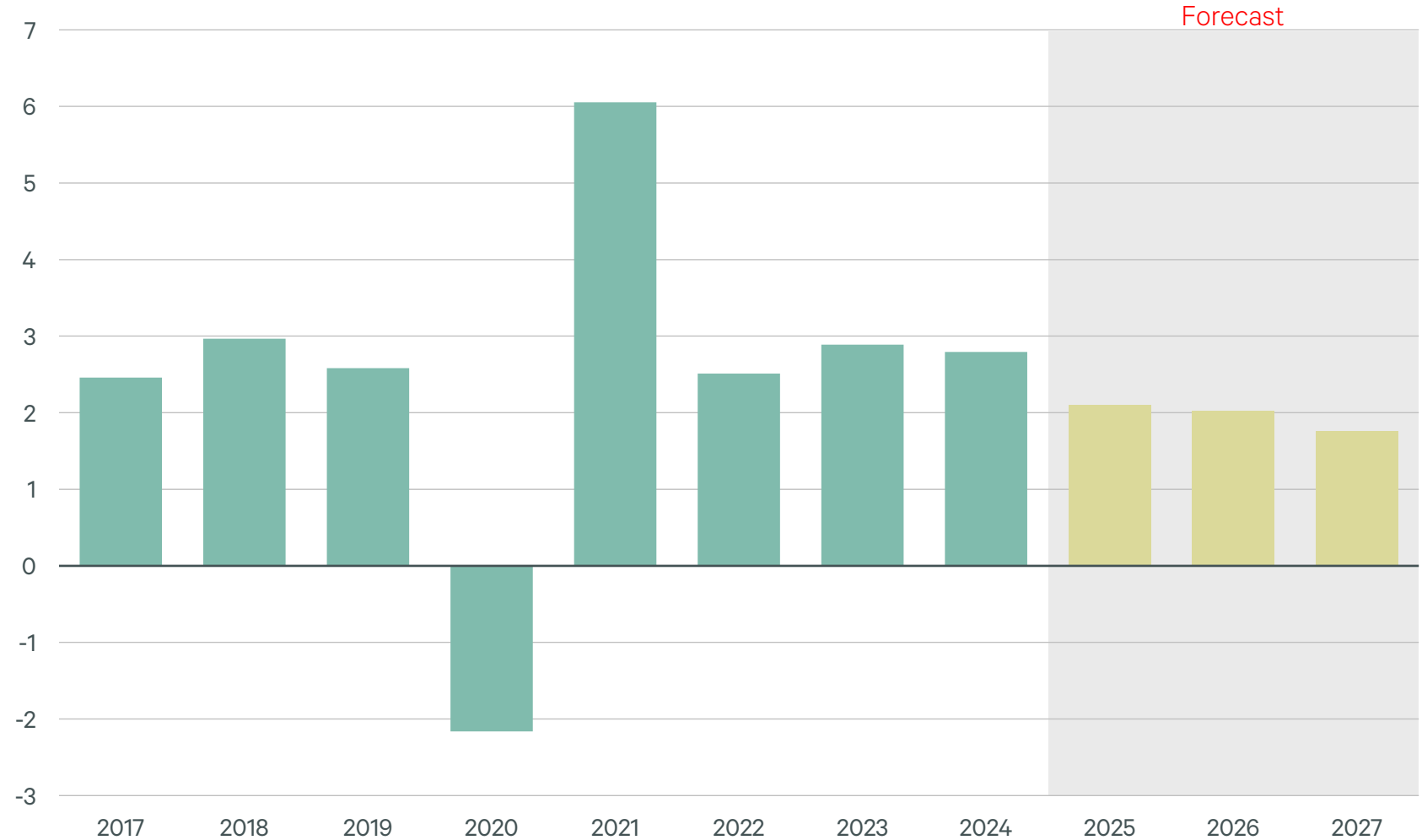
E-commerce has returned to a pre-pandemic rate of growth and is projected to reach 34% in the next decade. First-generation buildings will grow in demand due to modern amenities required for e-commerce distribution.

Mexico trade remains solid despite tariff uncertainty. Laredo is the number port of entry in the U.S. on a value of goods basis. With the USMCA trade deal expected to be renewed in 2026, we expect border market demand to return and markets along I-35 to continue to benefit from escalated trade with Mexico.

Baby boomer population migration could be a significant demand driver for final-mile facilities. Boomers are utilizing e-commerce more for food, medical supplies, and other discretionary goods and have more discretionary capital compared with younger generations.

GDP growth is moderate in 2026

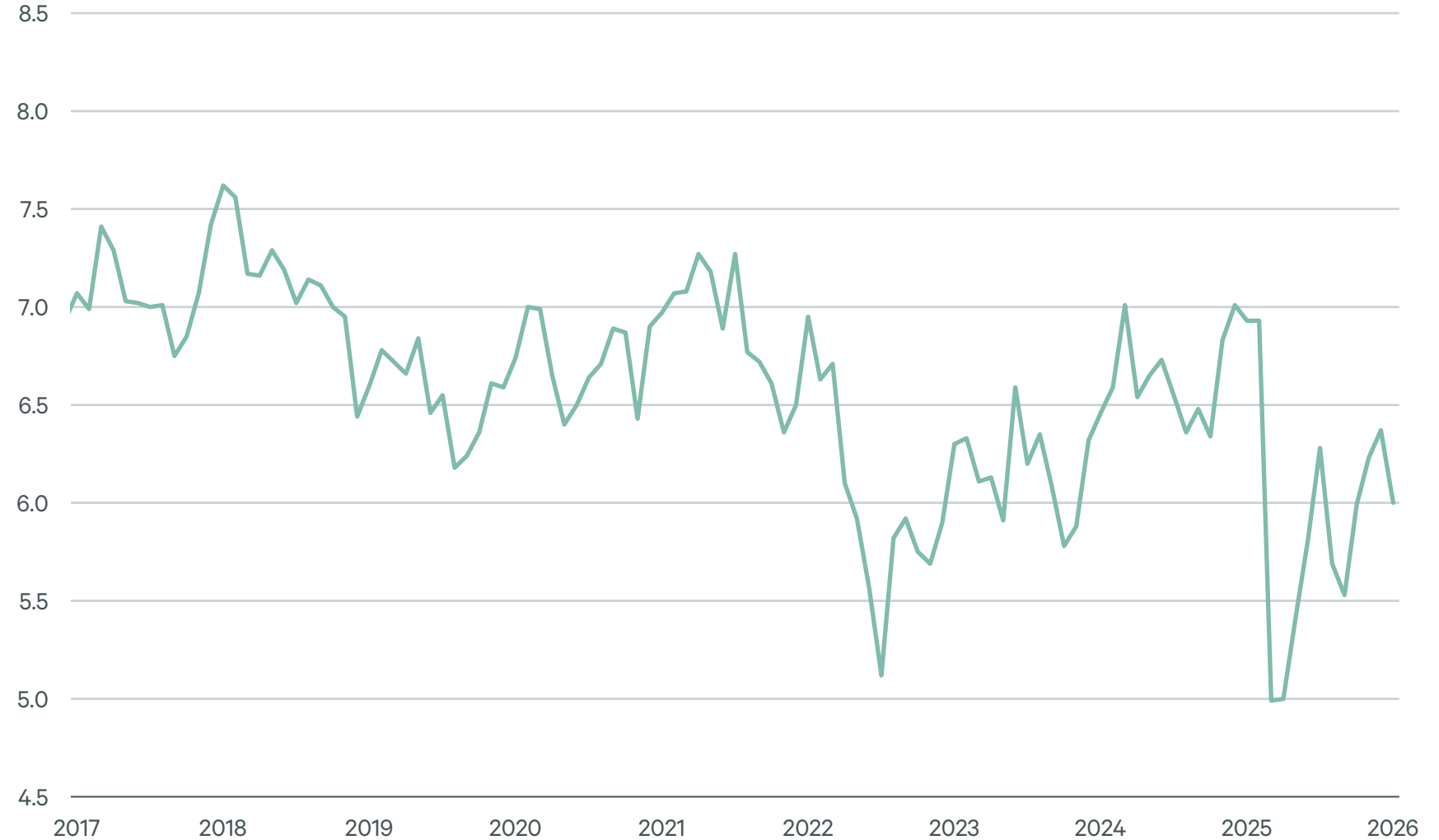
U.S. GDP Growth (Annual Average, %)



Source: CBRE House View, January 2026

CEO confidence dropped sharply, as geopolitical tensions rise

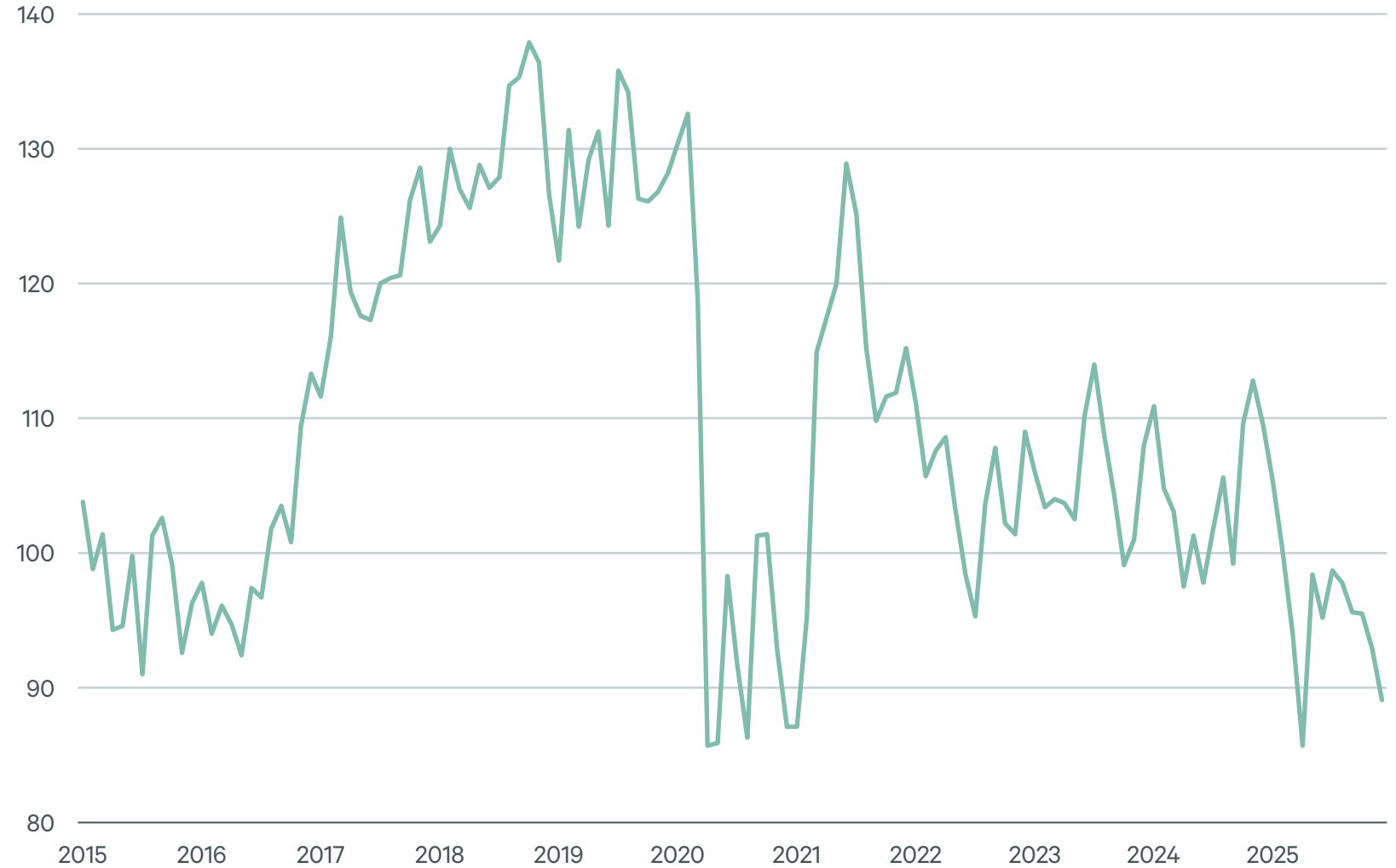
U.S. CEO Confidence Index



Source: Chief Executive Group, January 2026

Consumer confidence continued to fall in H2 2025

U.S. Consumer Confidence Index

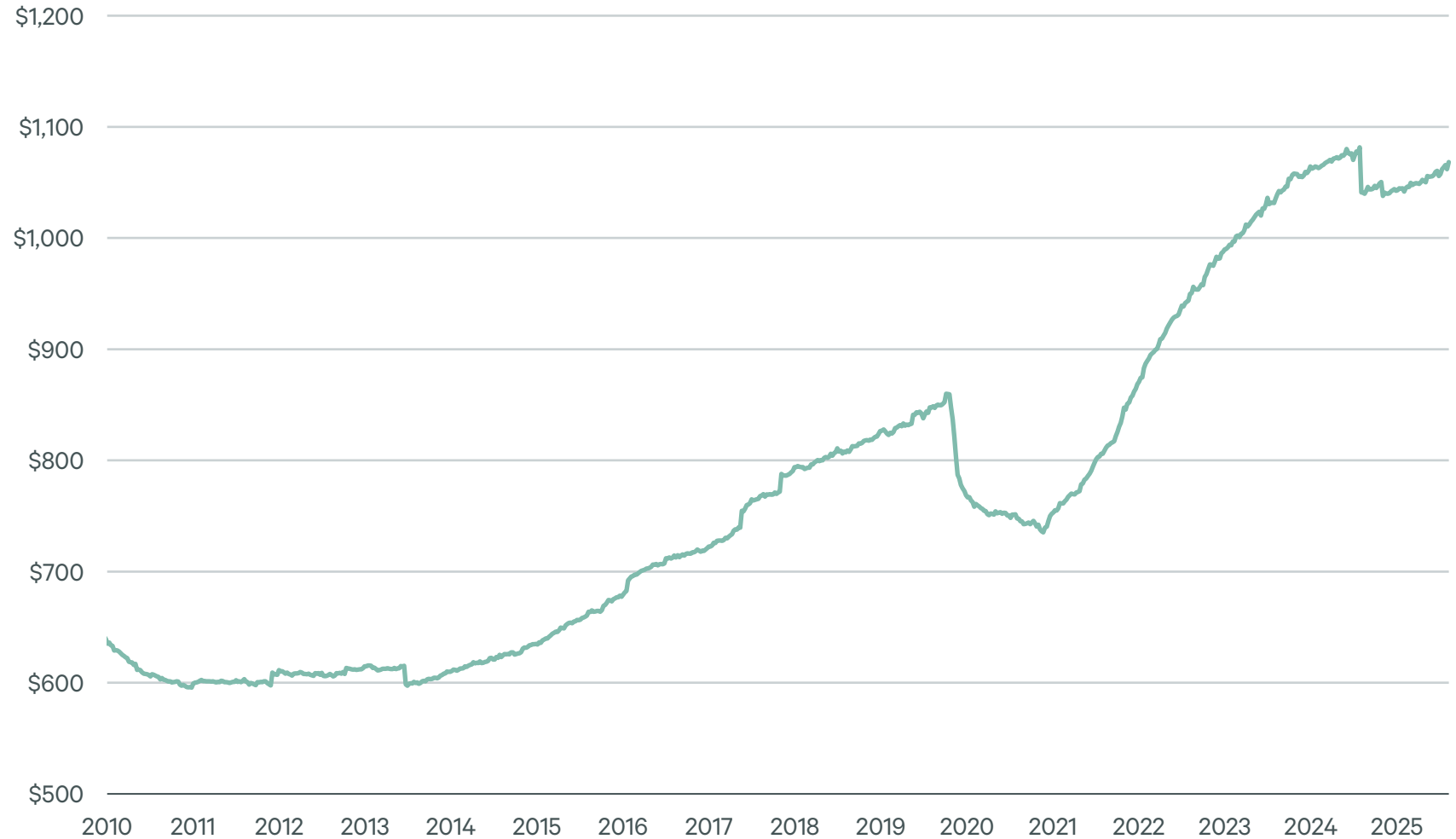


Source: Conference Board, CBRE Research, December 2025

Consumer revolving credit continues to experience growth

U.S. Consumer Loans: Credit Cards and Other Revolving Plans, All Commercial Banks

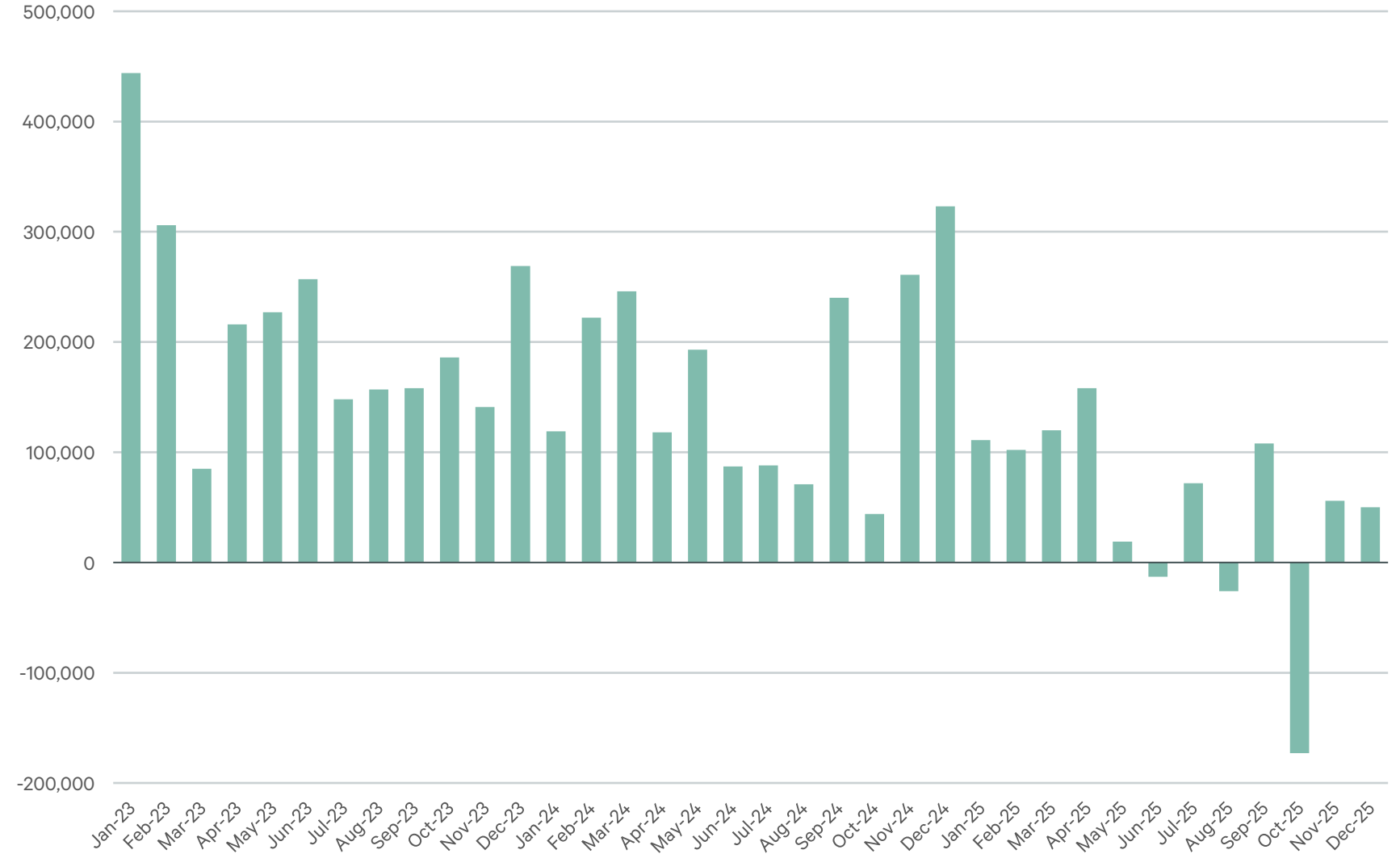
\$, Billions



Source: Federal Reserve, December 2025

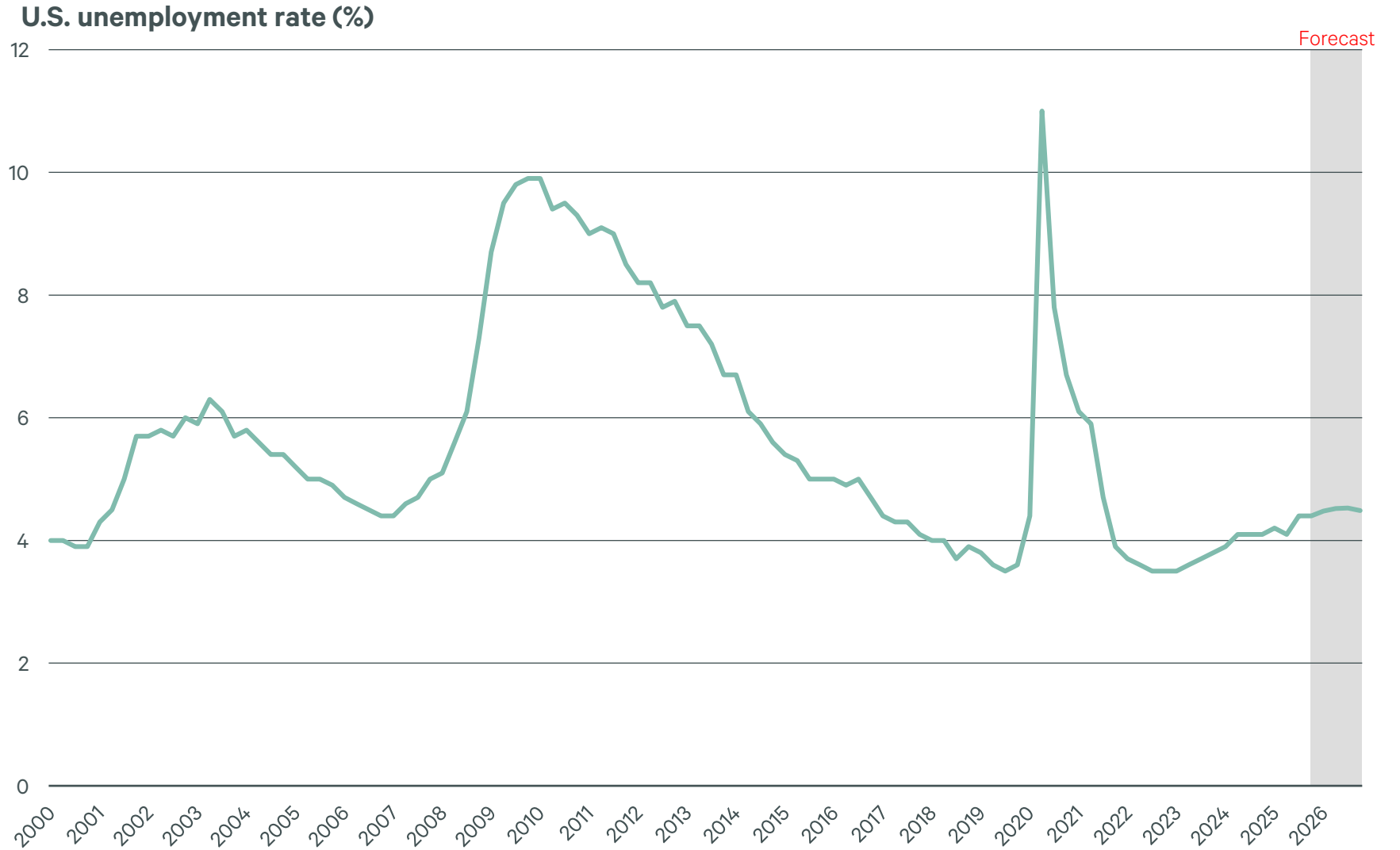
The labor market continues to soften

U.S. MoM Total Non-Farm Payroll Gain



Source: United States Bureau of Labor Statistics

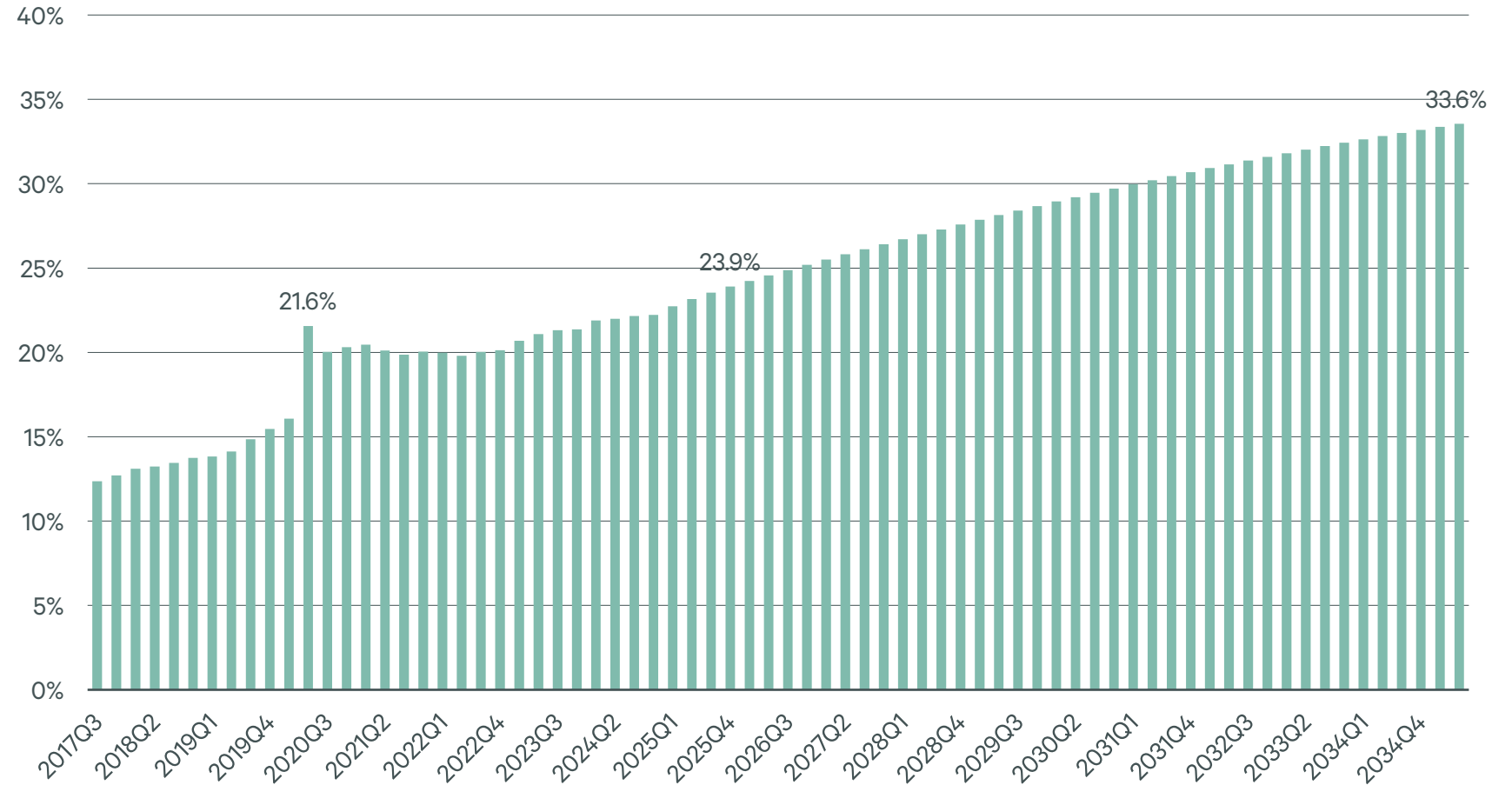
Unemployment rate is expected to experience a minor uptick in 2026



Source: Bureau of Labor Statistics, CBRE House View, January 2026

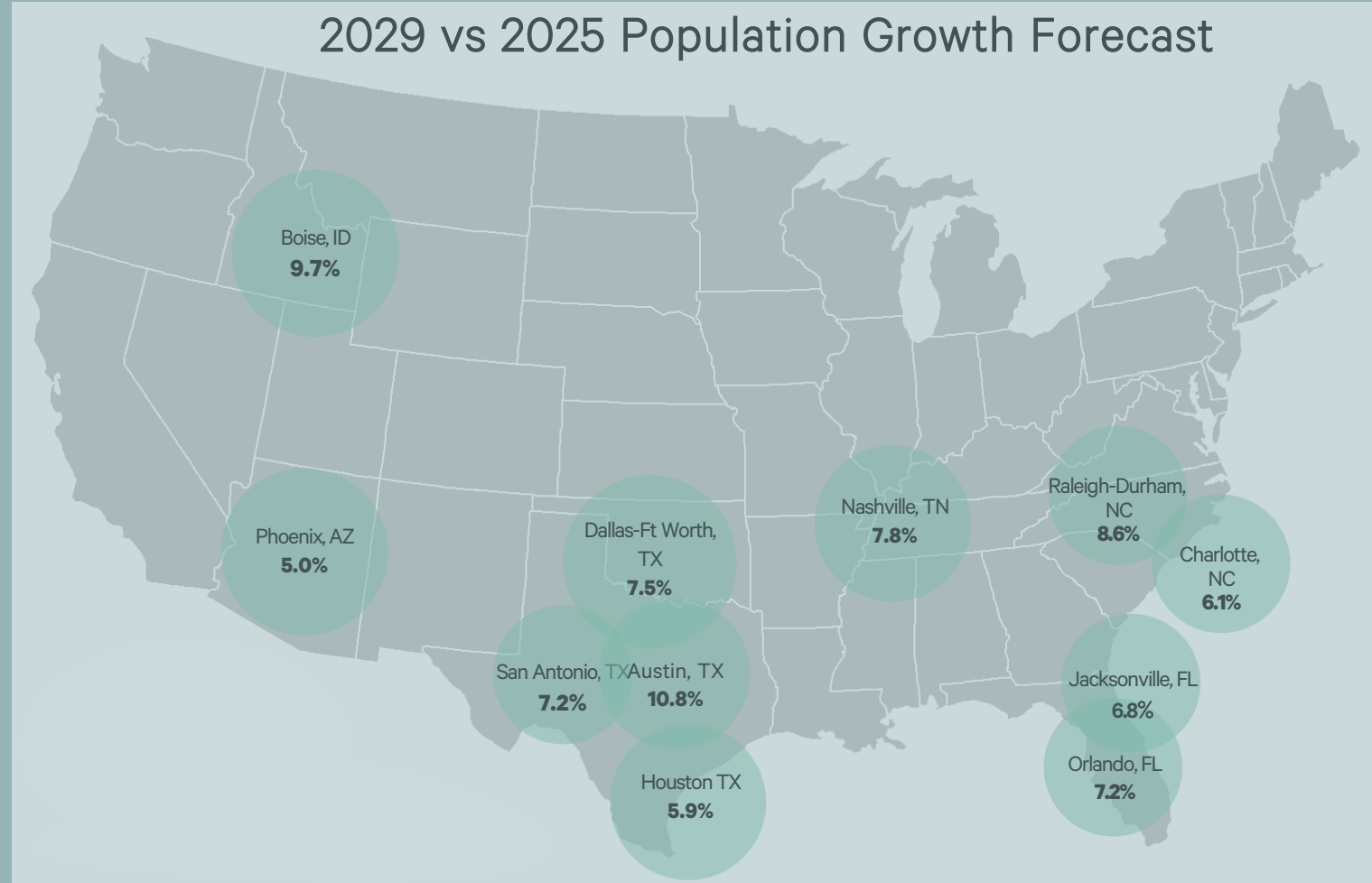
E-commerce activity returning to pre-pandemic rate of growth, will reach 34% in the next decade

E-commerce as a percent of non-auto or gas related retail sales



Source: CBRE Research Q4 2025.

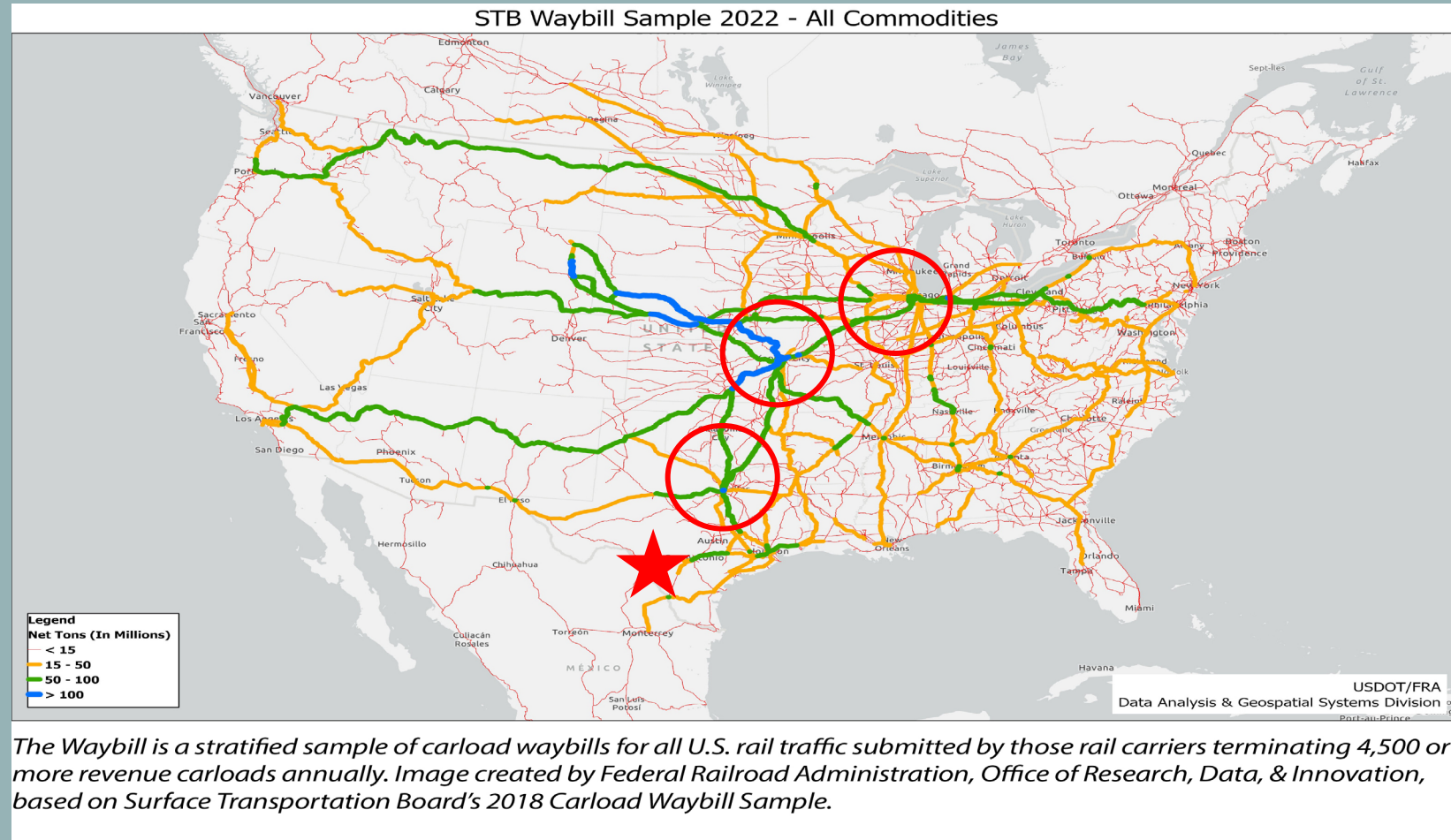
MSA's in the Sunbelt will continue to dominate population migration



Source: CBRE Research. Depicts CBRE tracked industrial markets with 900,000 population or higher.
Note: Growth compares 2025 population with 2029 forecasted population.

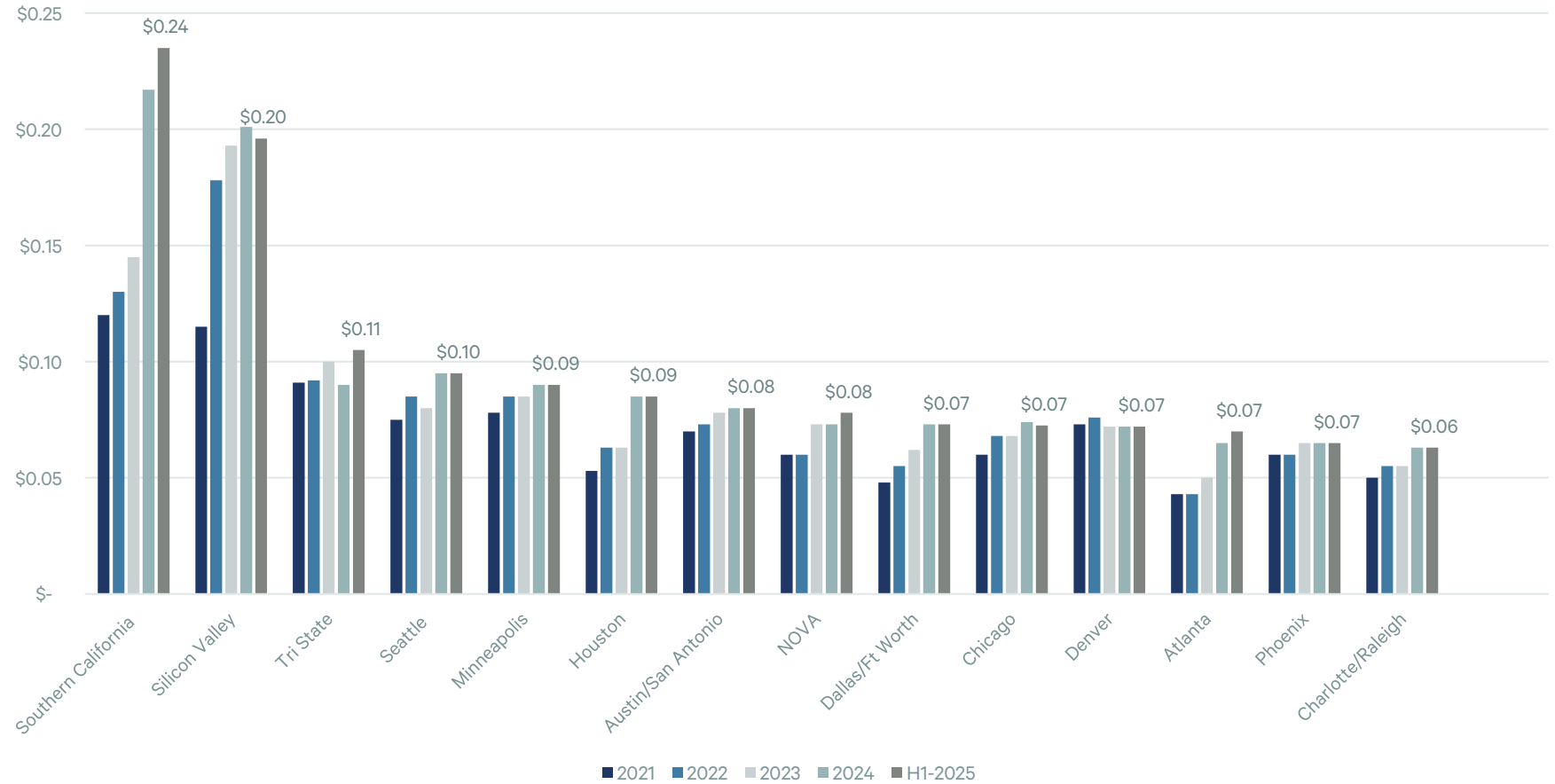
51% of goods imported from Mexico come through the Laredo crossing

Despite tariff uncertainty, Mexico import volume driving mid-America demand



Power rates stabilized in much of the U.S. while Southern California continues to grow

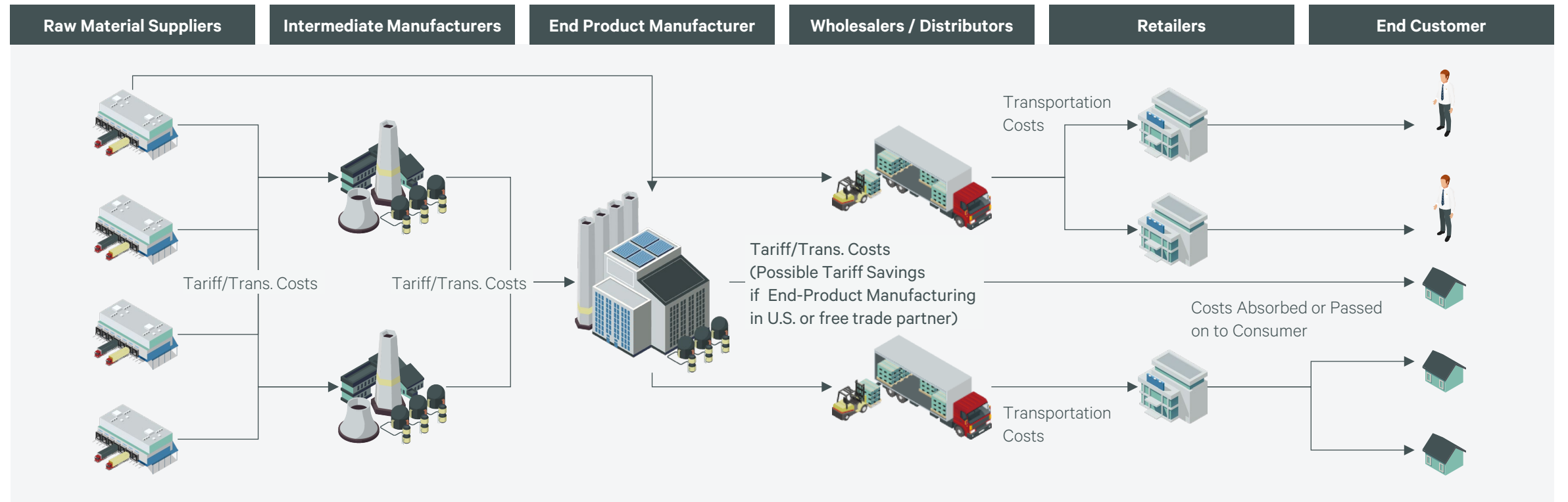
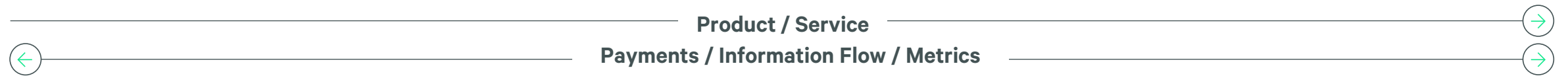
Power Rates (cost per kilowatt hour) 2021 – H1 2025



Source: CBRE Research, Data Center Solutions, H1 2025

Nothing is typical

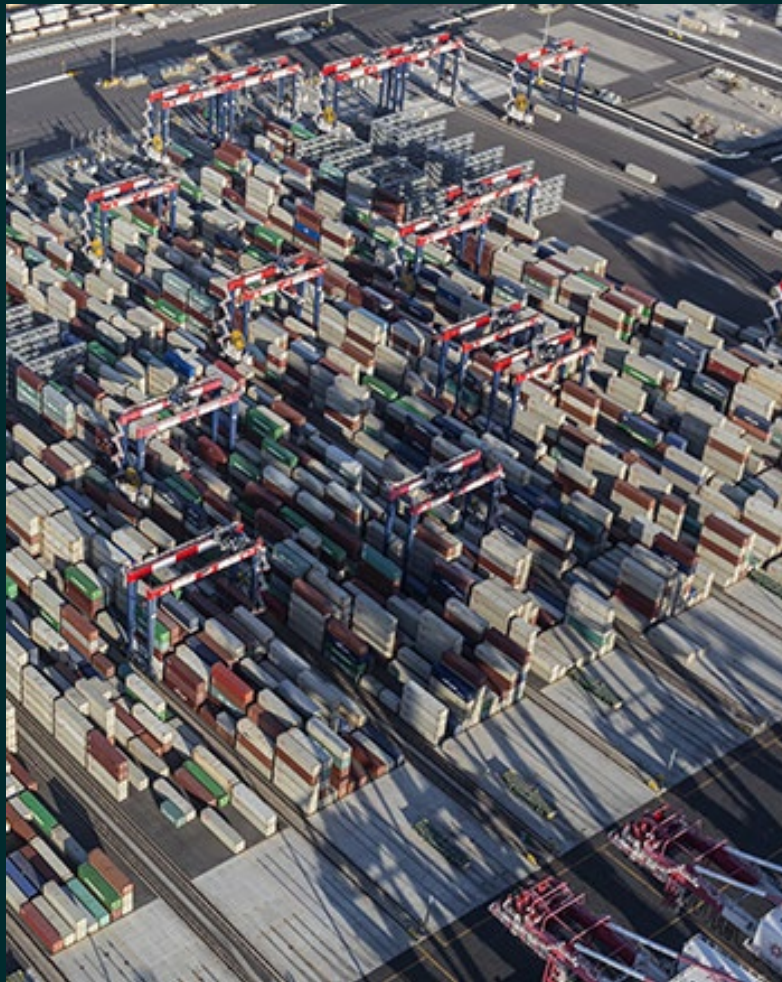
Supply Chain has been around throughout history As long ago as the time of the pyramids people were planning construction, sourcing materials, manufacturing goods, storing inventory and moving it to the customer...



Anatomy of a company's logistics spend

Metric	P&L Line Items	%	Sub-Items	Cost Drivers			
LOGISTICS COSTS	Transportation Costs	45 – 70%	<ul style="list-style-type: none"> Inbound Transportation (sometimes part of COGS) Outbound Transportation Transfers 	<ul style="list-style-type: none"> Distance Cube Weight Volume Mode 	<ul style="list-style-type: none"> Number of trips / shipments Physical attributes (frozen, refrigerated, ambient, haz mat, etc.) Rates, fuel, surcharges 		
	Fixed Facility Costs	3 – 6%	<ul style="list-style-type: none"> Rent / lease Utilities Telecom Insurance 	<ul style="list-style-type: none"> Depreciation Interest Property tax Mgmt salaries 	<ul style="list-style-type: none"> Location Size NNN Rate Clear height 	<ul style="list-style-type: none"> Floor thickness / flatness Construction type 	
	Variable Facility Costs	15 – 25%	<ul style="list-style-type: none"> Payroll Payroll taxes 401k plan Employee medical 	<ul style="list-style-type: none"> Contract / temporary labor Recruiting Employee morale 	<ul style="list-style-type: none"> Supplies Rental equipment Maintenance & repair 	<ul style="list-style-type: none"> Volumes Processes & automation Productivity Number of FTEs Skills & scarcity 	<ul style="list-style-type: none"> Wage rates Operating days / hours
	Inventory Carrying Costs	12 – 16%	<ul style="list-style-type: none"> Cost of goods sold Capital costs Financing charges Inventory services cost 	<ul style="list-style-type: none"> Inventory risk cost such as shrinkage, pilferage, damages and obsolescence 	<ul style="list-style-type: none"> Interest rates Order cycle times Sales 		
	Other Related Costs	7 – 12%	<ul style="list-style-type: none"> Customer Service Order management Returns & reverse logistics 	<ul style="list-style-type: none"> Administration 	<ul style="list-style-type: none"> Customer call frequency Order channels Order mgmt software 	<ul style="list-style-type: none"> Return rates Customer share of return cost 	

Supply Chain Costs



Transportation and occupancy costs declining, labor rates increasing

Transportation Costs

Ocean Shipping Rate

-43.0% ▼

Year-over-year cost increase to ship a 40-foot container from Shanghai to Los Angeles. Source: Drewry Container Port Index, January 2026.

Cass Freight Index - Expenditures

-1.2% ▲

Average year-over-year decrease in domestic freight costs. Includes all domestic transportation modes (truck, rail, air). Source: Cass Information Systems Inc., November 2025

Facility Costs

First Year Base Rent

-1.1% ▼

Year-over-year change in industrial first year base rents. Source: CBRE Research, Q4 2025

Average Hourly Warehouse Wages

+1.5% ▲

Compares the national hourly wage increase for a non-supervisory warehouse worker from December 2025 to December 2024. Source: St. Louis FRED

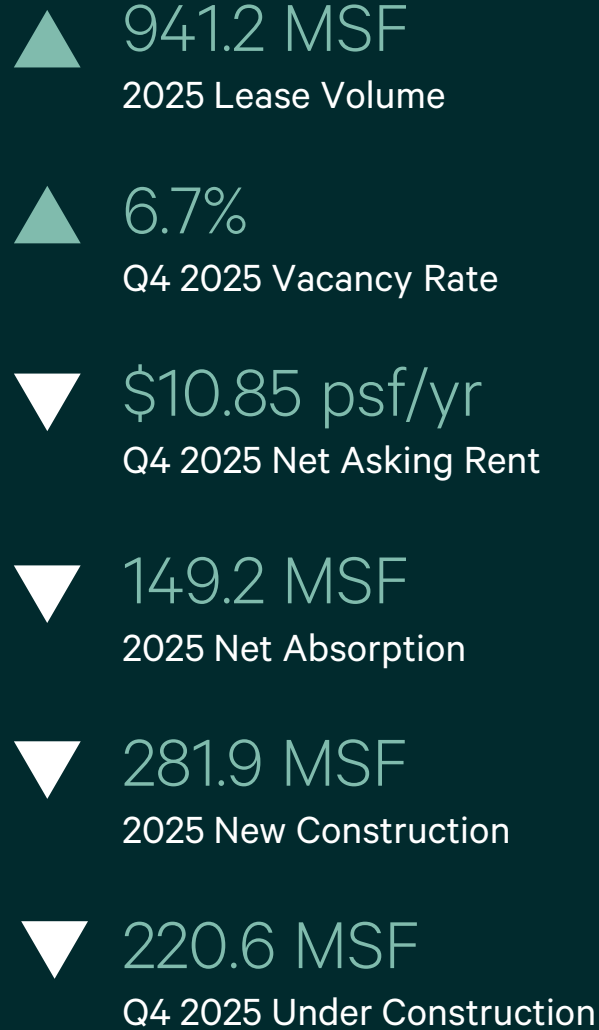
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U.S. Industrial Market Fundamentals

Q4 2025 I&L Figures – Executive Summary

Leasing activity well above expectations as occupier musical chairs continue.

- 2025 industrial leasing was well above expectations at 941.2 msf, 12.2% higher than last year and the 2nd highest year on record.
- The plethora of occupiers with leases expiring decided to upgrade and consolidate facilities, outsource to 3PLs or renew early. While these decisions kept leasing robust, net absorption remained low and vacancy rates finished at a 10-year high.
- 16 of the 62 markets tracked by CBRE research posted negative in 2025, slightly higher than the 15 markets in 2024.
- Construction starts dipped in 2025 to 164.1 million sq. ft., 30% of which were build-to-suit. Lower rates of speculative construction starts will keep vacancy rates stable in the coming quarters.



Arrow movement coincides with YOY change.



U.S. industrial has entered a period of post-pandemic normalizing

	2010-2012	2013-2016	2017-2019	2020-2023	2024-Q4 2025
	GFC Recovery	E-Commerce Birth	E-Commerce Expansion	Pandemic Boom	Post-Pandemic Normalization
Total Deliveries	193.8 MSF	758.6 MSF	948.2 MSF	1,899 MSF	708.4 MSF
Total Net Absorption	491.0 MSF	1,252 MSF	939.8 MSF	1,683 MSF	315.1 MSF
Average Y-o-Y asking rent change	-1.4%	3.8%	5.2%	12.1%	-1.2%
Vacancy Rate	8.0-10.0%	4.7-7.7%	4.4-4.7%	2.9-4.9%	5.3-6.7%

Source: CBRE Econometric Advisors, Q4 2025.

2026 expected to be 2nd best year for leasing due to 3PL outsourcing, accelerated larger building leases, and early renewals

Total Annual Lease Transactions (New + Renewal)			
Year	New Leases (sf)	Renewals (sf)	Total (sf)
2019	445,255,172	142,152,706	587,407,878
2020	529,263,358	183,069,560	712,332,918
2021	765,656,865	249,803,168	1,015,460,033
2022	632,411,338	233,905,563	866,316,901
2023	522,431,012	267,933,606	790,364,618
2024	542,563,381	296,019,897	838,583,278
2025	633,568,264	307,587,245	941,155,509
2026 (f)	632,456,402	355,756,782	988,213,284

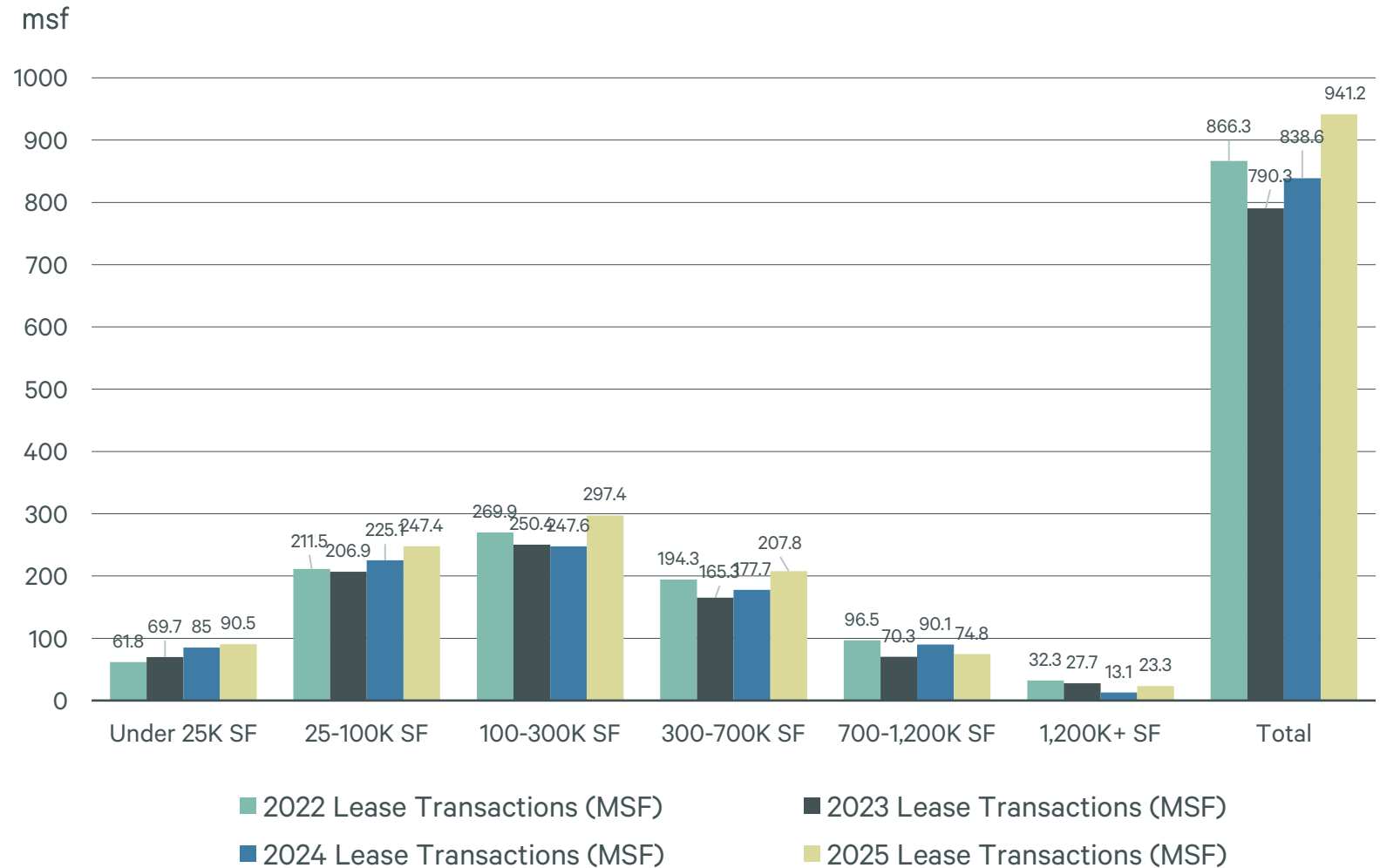
Transaction volume includes new leases and renewals 10,000 sf and above. Source: CBRE Research, Q4 2025.

Key Market Trend – Leasing Activity

Why is Leasing Strong? – Wave of Expirations Leading to Occupier Musical Chairs

- ✓ **Flight to quality.** Occupiers taking advantage of concessions on newer buildings and vacating older space. Significant occupancy losses in buildings built prior to 2020.
- ✓ **Early renewals.** 32% of 2025 leasing are renewals.
- ✓ **3PL outsourcing.** Retailers/wholesalers are outsourcing to 3PLs with the plan to vacate current facilities at expiration. 3PL lease market share up to 36%, Retail/Wholesaler share down to 20%.

Nearly all size ranges posted higher year-over-year lease volume; million sq. ft. and above deals accelerate in Q4.



Transaction volume includes new leases and renewals 1/1 to 12/31.
Source: CBRE Research, Q4 2025.

Larger building transactions will increase as many get closer to expiration

Total (New + Renewal) Lease Transactions 2020 - 2022		
Size Range (sf)	Total SF Leased (2020-2022)	Average Lease Term (mos.)
Under 25k	190,105,464	54
25-100K	623,283,839	60
100-300K	807,016,954	71
300-700K	589,605,878	81
700K+	384,097,017	105

Transaction volume includes new leases and renewals 1/1/ 2020 to 12/31/2022
Source: CBRE Research, Q4 2025.

Manufacturing demand escalates as onshoring benefits fundamentals

3PL's continue to increase market share lead

2025 Total Lease Transactions 100,000 sf and Above		
Occupier Type	SF Transacted	Market Share
Third Party Logistics	217,606,181	36.1%
General Retail & Wholesale	118,300,010	19.6%
Manufacturing	66,213,645	11.0%
Food & Beverage	48,846,606	8.1%
Building Materials & Construction	45,688,383	7.6%
Automobiles, Tires, & Parts	37,229,695	6.2%
E-Commerce Only	27,382,211	4.5%
Medical	22,340,822	3.7%
Undisclosed	19,678,379	3.3%
Total	603,285,932	100%

2024 Total Lease Transactions 100,000 sf and Above		
Occupier Type	SF Transacted	Market Share
Third Party Logistics	178,002,221	33.7%
General Retail & Wholesale	145,527,754	27.0%
Food & Beverage	45,739,656	8.7%
Manufacturing	44,959,535	8.5%
Automobiles, Tires, & Parts	33,473,662	6.3%
Building Materials & Construction	31,811,755	6.0%
E-Commerce Only	26,041,607	4.9%
Medical	15,275,605	2.9%
Undisclosed	10,760,187	2.0%
Total	528,591,982	100%

Transaction volume includes new leases and renewals 100,000 sf and above from 1/1 to 12/31.
Source: CBRE Research, Q4 2025.

Inland Empire top market for retailer, auto, and 3PL lease volume

Top Markets per Occupier Type – 100,000 sf and Above			
Occupier Type	Market	SF Leased	Market Share
Automobiles, Tires, & Parts	Inland Empire	4,776,434	12.8%
Building Materials & Construction	Atlanta	3,786,276	8.3%
E-Commerce Only	Indianapolis	2,969,684	10.8%
Food & Beverage	Chicago	5,176,906	10.6%
General Retail & Wholesale	Inland Empire	15,142,677	12.8%
Manufacturing	Houston	6,009,915	9.1%
Medical	Dallas – Ft. Worth	2,712,103	12.1%
Third Party Logistics	Inland Empire	27,337,793	12.6%

Compares new lease and renewal transactions 100,000 sf and above in 1/1 to 12/31.
Source: CBRE Research, Q4 2025.

Outsourcing to 3PL's and renewals drive total bulk leasing in top 10 markets

2025 Bulk Total (New + Renewal) Lease Transactions 100,000 sf and Above			
Market	SF Leased (% Renewal)	Most Active Occupier Type (% of Bulk Leasing)	Market Share
Inland Empire	57,098,475 (25.2%)	3PL (57.4%)	9.5%
Chicago	40,832,842 (30.5%)	3PL (41.0%)	6.8%
Dallas - Fort Worth	39,389,147 (31.8%)	3PL (27.1%)	6.5%
Atlanta	37,078,411 (32.7%)	General Retail & Wholesale (32.1%)	6.1%
Northern - Central New Jersey	28,991,060 (35.5%)	3PL (41.4%)	4.8%
Indianapolis	25,628,241 (18.8%)	General Retail & Wholesale (28.0%)	4.2%
Houston	24,740,136 (40.7%)	3PL (33.8%)	4.1%
Memphis	24,437,627 (40.6%)	3PL (68.7%)	4.1%
PA I-78/81 Corridor	21,494,727 (22.1%)	3PL (27.8%)	3.6%
Los Angeles	19,983,464 (28.0%)	3PL (56.0%)	3.3%

Compares new lease and renewal transactions 100,000 sf and above in 1/1 to 12/31.
Source: CBRE Research, Q4 2025.

Top markets for
YOY growth in
total leasing
benefitted from
manufacturing
or population
migration

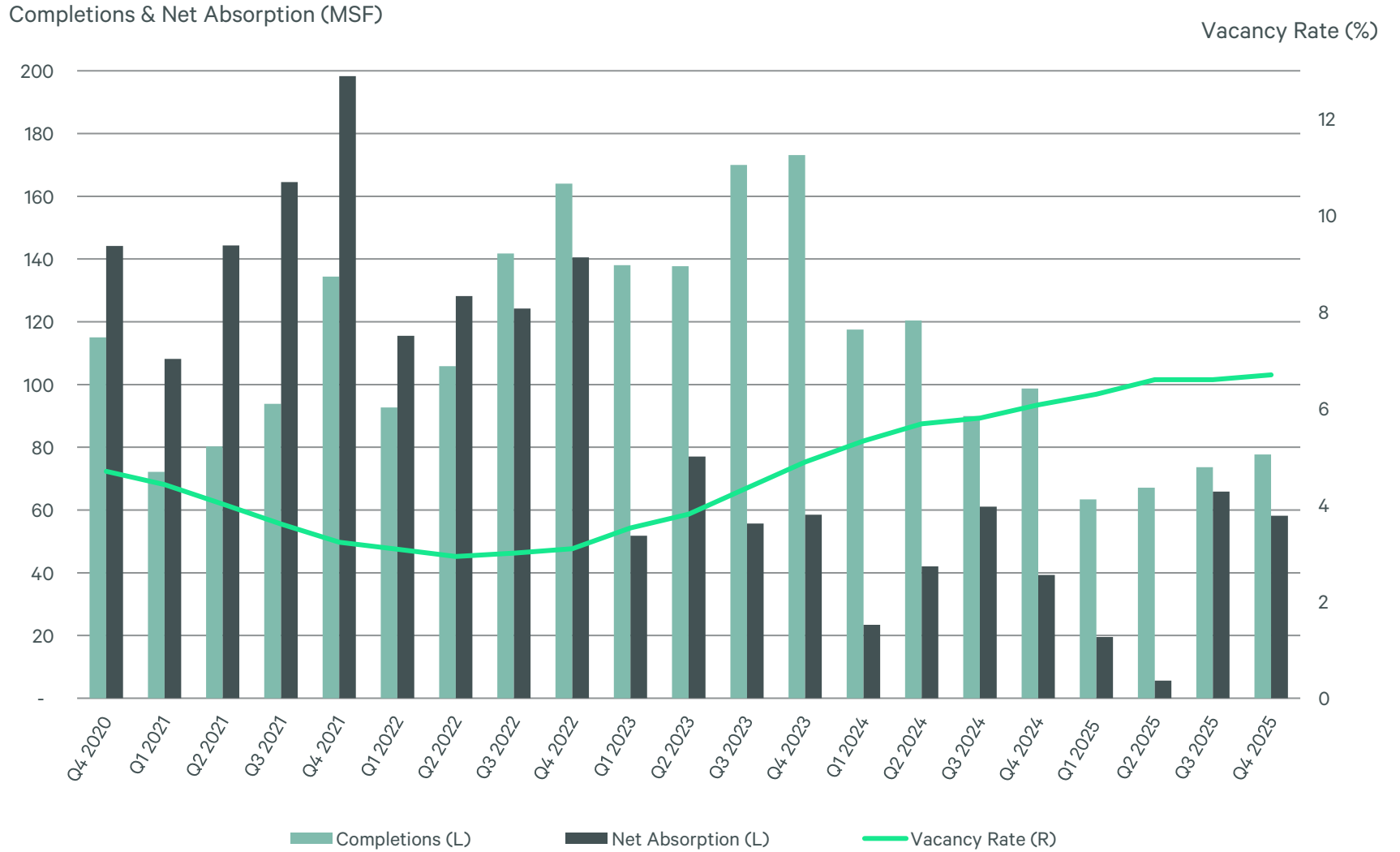
Total (New + Renewal) Leasing Activity – 10,000 Sq. Ft. and Above			
Market *	2025 Total Leasing (sf)	2024 Total Leasing (sf)	YOY Change %
Reno	9,565,934	5,013,196	90.8%
Indianapolis	28,912,575	17,048,175	69.6%
Greensboro/Winston-Salem	7,387,580	4,576,942	61.4%
Orlando	10,118,201	6,499,680	55.7%
Cleveland	5,338,714	3,809,831	40.1%
Detroit	11,725,523	8,425,362	39.2%
Las Vegas	11,334,578	8,253,737	37.3%
Charlotte	14,489,352	10,570,669	37.1%
Milwaukee	9,508,735	6,983,230	36.2%
Greenville-Spartanburg	11,794,099	8,709,057	35.4%

Compares new lease and renewal transactions 10,000 sq. ft. and above in 1/1 to 12/31

• Top 10 ranking only includes markets with 5 msf+ of leasing activity.

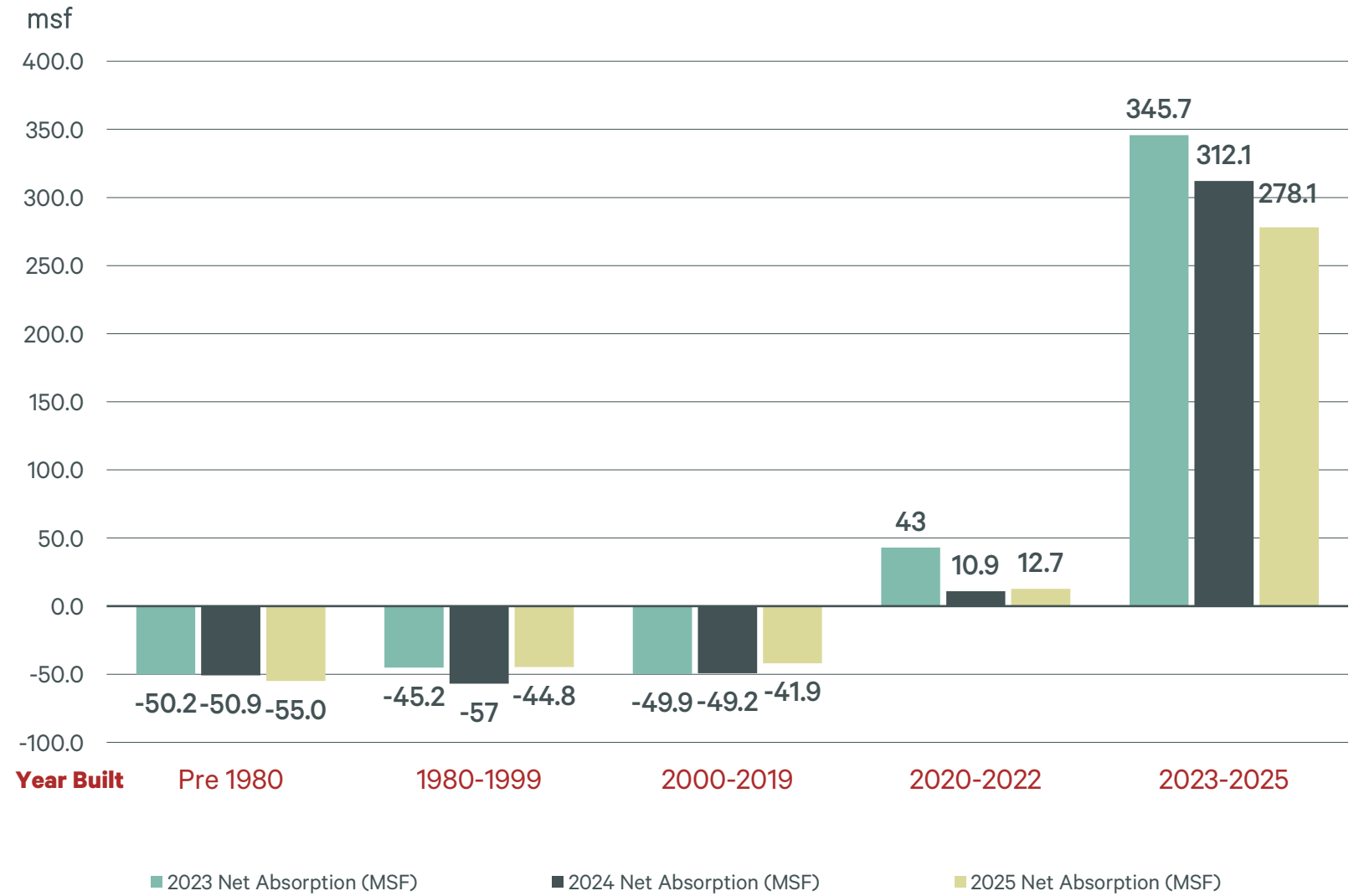
Source: CBRE Research, Q4 2025

Vacancy rates stabilized in H2 2025 due to strong leasing and higher rates of build-to-suit completions



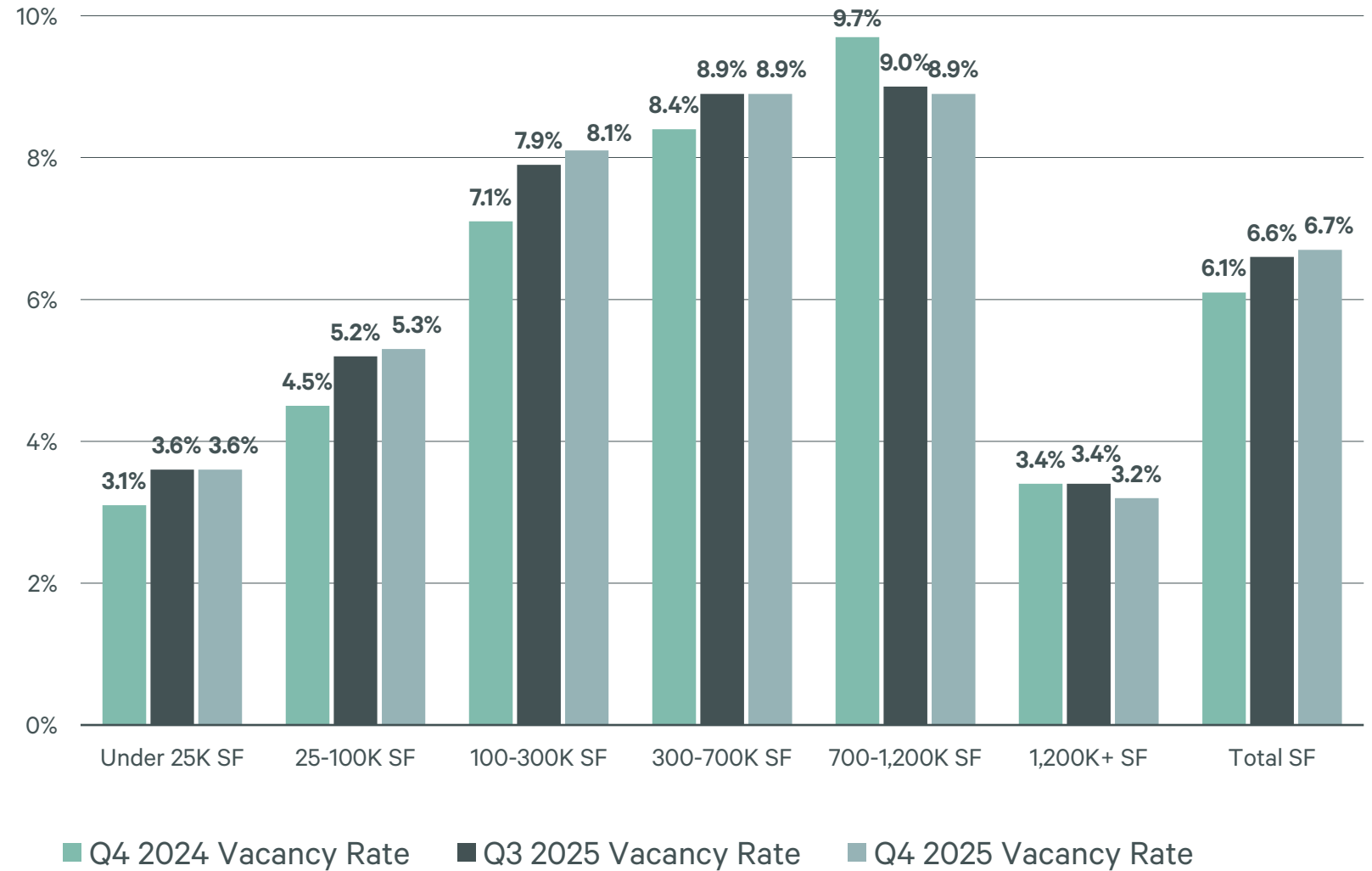
Source: CBRE Econometric Advisors, Q4 2025.

Occupier flight to quality creating a significant amount of occupancy losses in older facilities



Source: CBRE Econometric Advisors, Q4 2025.

Vacancy rates over 700,000 sf declined due to higher demand and lower speculative development



Source: CBRE Econometric Advisors, Q4 2025.

Large spread between bulk and light industrial vacancy rates due to speculative development in previous quarters

Markets with the Largest Vacancy Rate Discrepancies Over vs Under 100K sf

Market	Overall Vacancy Rate – Under 100K sf	Overall Vacancy Rate – Over 100K sf	Percentage Point Difference
Charleston	3.3%	15.3%	12.0
Palm Beach	3.9%	14.8%	10.9
El Paso	2.7%	13.5%	10.9
Austin	15.5%	24.4%	8.9
Orlando	5.2%	13.6%	8.4
Tampa	3.5%	11.7%	8.3
Salt Lake City	2.2%	10.4%	8.3
Las Vegas	5.9%	13.1%	7.2
Savannah	4.2%	11.4%	7.2
Phoenix	6.8%	13.8%	7.0

Source: CBRE Research, Q4 2025.

Only 5 markets in the U.S. have a higher vacancy rate for product under 100,000 sf

Markets with the Largest Vacancy Rate Discrepancies Under 100,000 sf

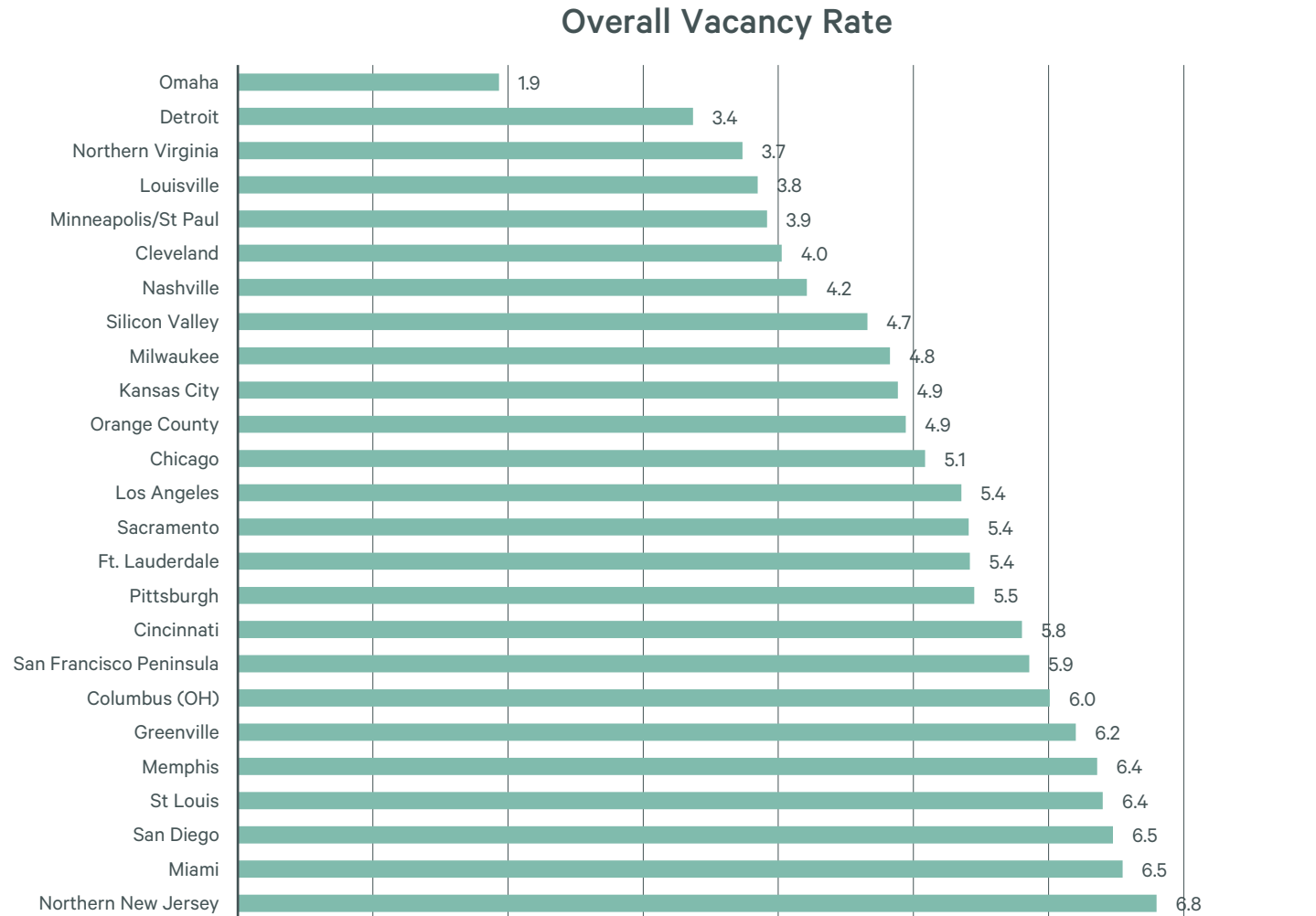
Market	Overall Vacancy Rate – Under 100K sf	Overall Vacancy Rate – Over 100K sf	Percentage Point Difference
San Francisco Peninsula	6.1%	5.2%	-0.9
Greenville	6.5%	6.1%	-0.4
Louisville	4.2%	3.8%	-0.4
Northern Virginia	3.8%	3.6%	-0.2
Ft. Lauderdale	5.4%	5.5%	-0.1
Silicon Valley	4.5%	4.8%	0.3
Cleveland	3.5%	4.3%	0.8
Detroit	2.7%	3.7%	1.0
Minneapolis	3.0%	4.5%	1.5
Los Angeles	4.7%	6.3%	1.6

Select Major Markets

Market	Overall Vacancy Rate – Under 100K sf	Overall Vacancy Rate – Over 100K sf	Percentage Point Difference
PA I-78/81 Corridor	3.7%	9.3%	5.6
Indianapolis	3.8%	9.0%	5.2
Miami	4.7%	9.0%	4.3
Columbus	2.3%	6.6%	4.3
Atlanta	5.7%	9.8%	4.1
Central NJ	4.8%	8.8%	4.0
Inland Empire	4.8%	8.2%	3.4
Kansas City	2.2%	5.0%	2.8
Inland Empire	5.2%	7.7%	2.5
Chicago	3.4%	5.5%	2.1

Source: CBRE Research, Q4 2025.

Central U.S. accounts for 7 of the 10 lowest vacancy rates in the country due to subdued development and stronger demand from 3PLs and manufacturers

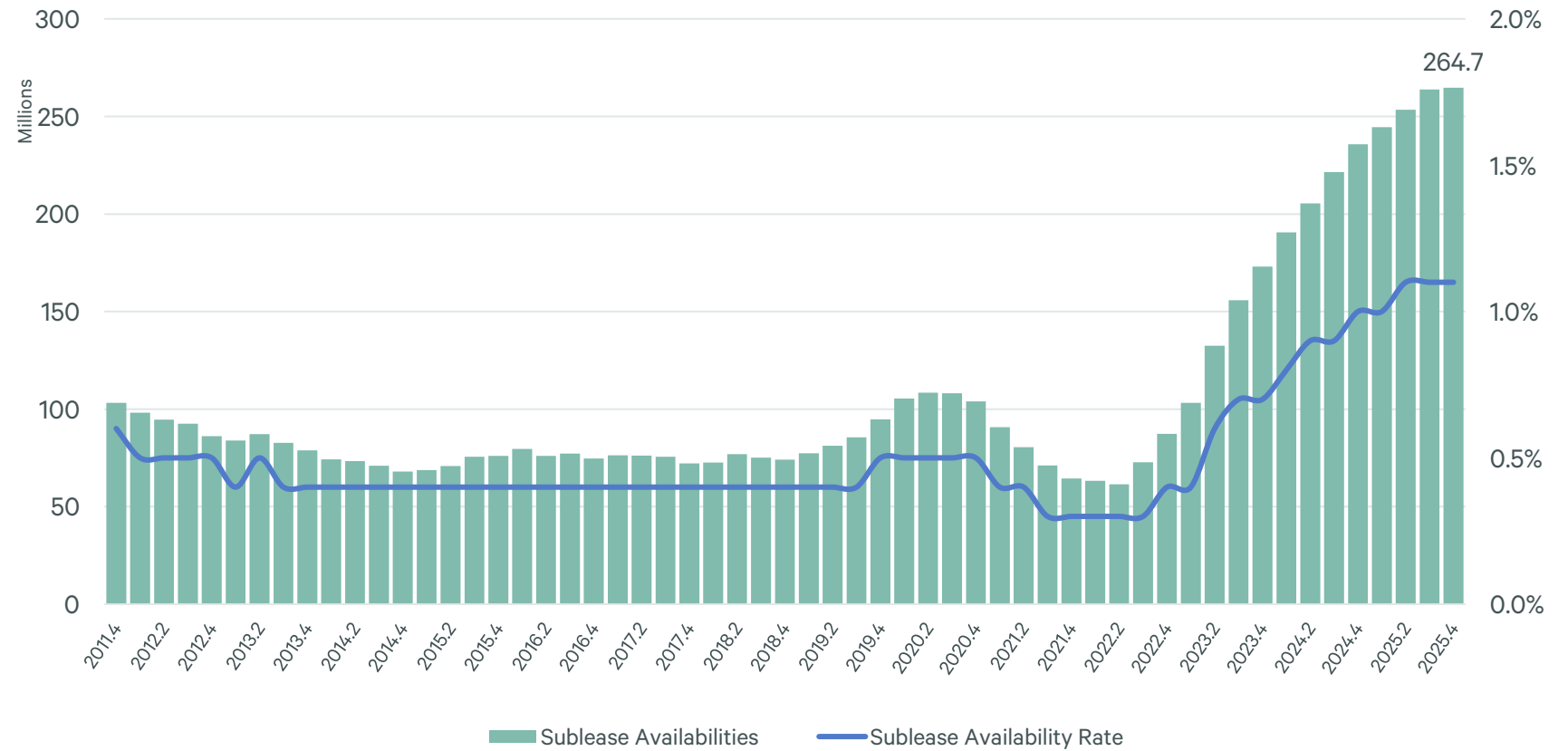


Source: CBRE Research, Q4 2025.

Available sublease space stabilizes in Q4

- There was 264.7 million sq. ft. of available sublease space on the market at the end of Q4 2025, a 0.3% increase over Q3 2025.
- Overall sublease availability stands at 1.1% and 0.7% for sublease vacancy out of total U.S. inventory.
- Sublease availabilities continued to rise in Q4 2025 in buildings under 300,000 sq. ft. and over 1 million sq. ft.
- Sublease space continues to linger as over 70% of availabilities over 300,000 sq. ft. has been on the market for 6 months or longer.

U.S. Sublease Space Analysis > 20,000 sq. ft.



Source: CBRE Research, Q4 2025.

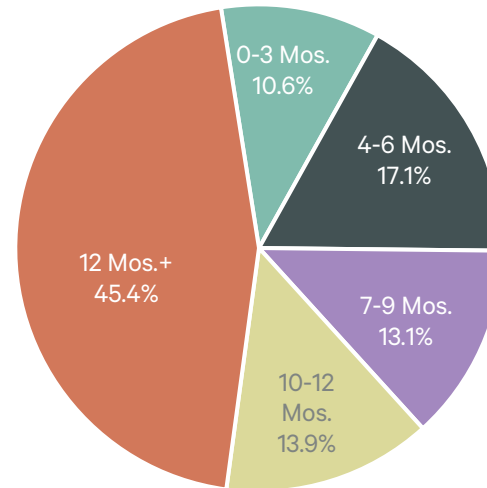
Sublease Space Breakdown - 300,000 SF and Above

- 81.1 MSF are currently available for sublease as of December 2025 - a 2.3 MSF decrease from Q3 2025.
- Inland Empire has the most sublease space on the market, followed by the PA 1-78/I-81 Corridor and Dallas.
- 72.3% of space has been on the market for over 6 months.
- 73.3 of available sublease space are in Class A facilities.

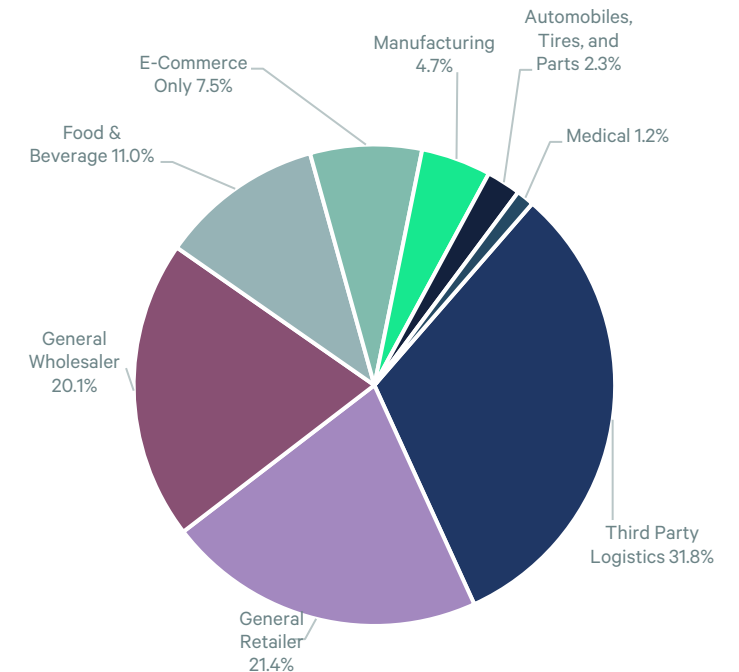
Available Sublease Space - 300K+ by Size	
Size Range	Available Space - (MSF)
300,000 - 499,999 SF	31.8
500,000 - 999,999 SF	28.0
1,000,000+	21.3
Total	81.1

Top Markets - Available Sublease Space 300K+	
Market	Available Space - (MSF)
Inland Empire	11.8
PA I-78/I-81 Corridor	6.6
Dallas/ Ft. Worth	5.1
Atlanta	4.9
Philadelphia	4.7
Greenville/Spartanburg	3.7
Central New Jersey	3.4
Memphis	3.3
Chicago	3.2
Houston	2.9

Time on Market

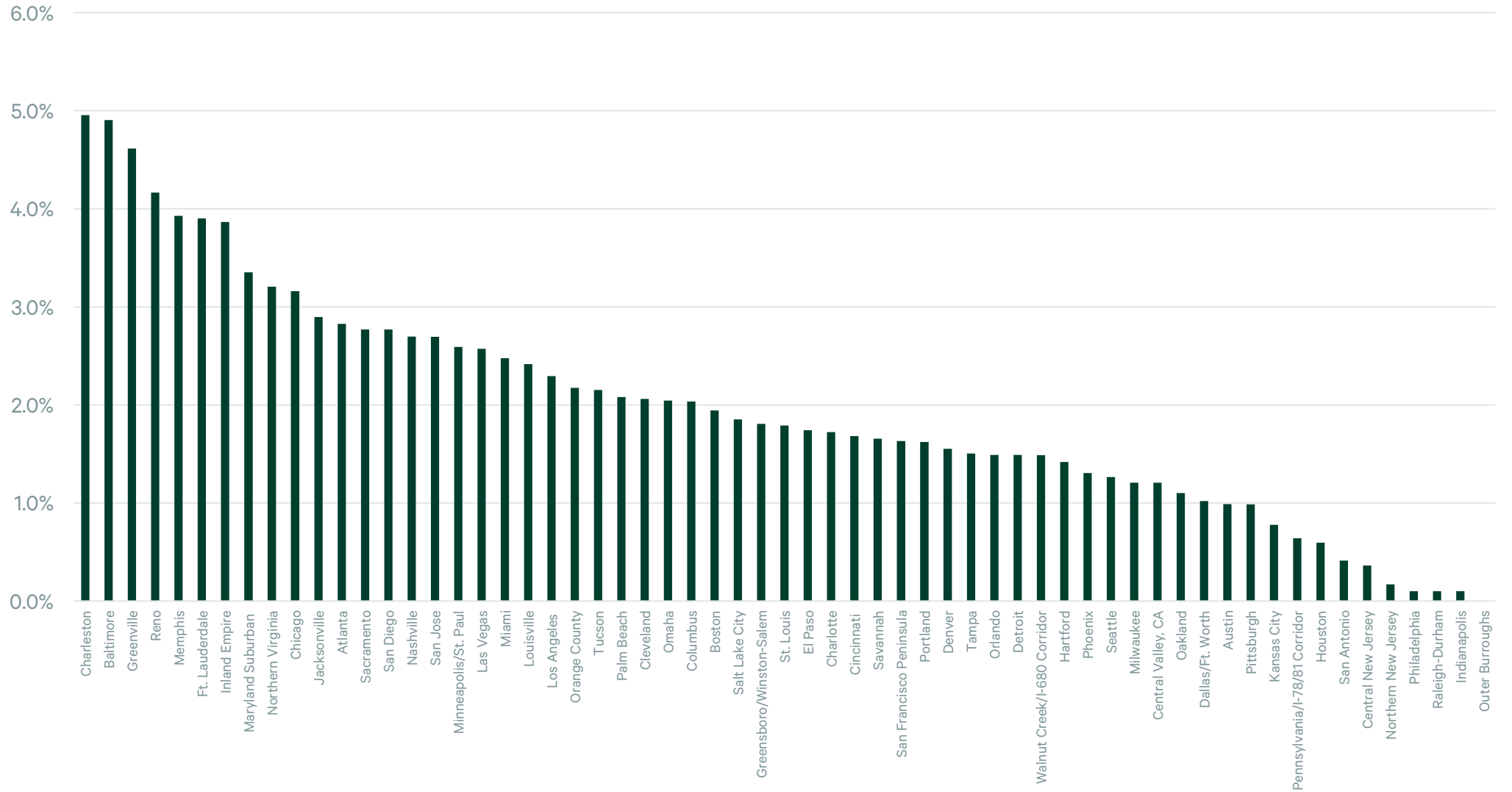


Sublessor Type



Note: Data as of 1/5/2026
Source: CBRE Research, Q4 2025.

35 of 62 markets posted higher availability vs. vacancy spread compared with Q4 24



* Data showcases the difference in Q4 2025 availability rates vs vacancy rates.

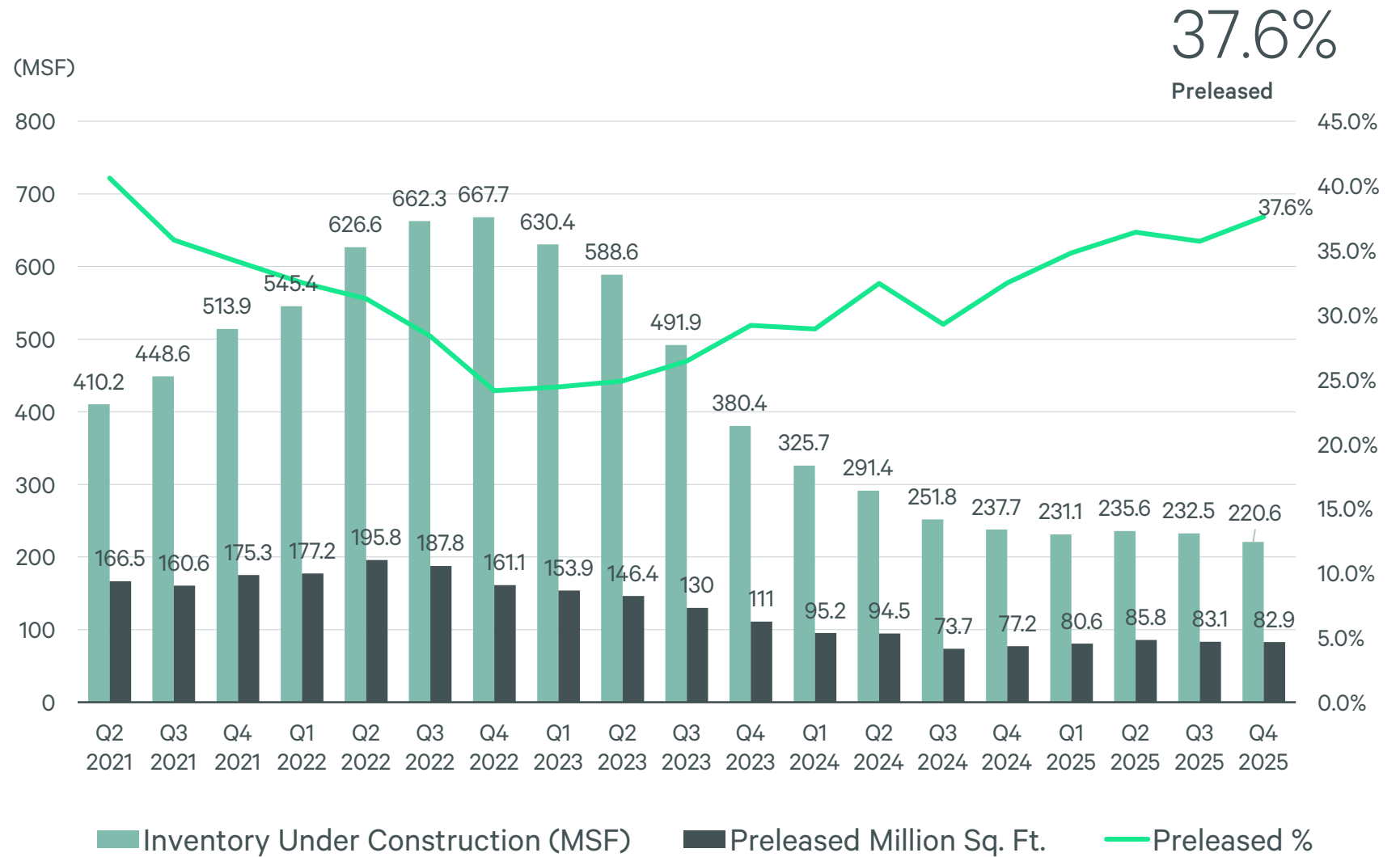
Source: CBRE Research, Q4 2025.

Markets with plethora of available first- generation space dominate net absorption rankings

Net Absorption (Existing Inventory MSF)			Growth Rate*			Under Construction (Preleased %)		
Rank	Market	MSF	Rank	Market	Rate	Rank	Market	MSF
1	Dallas-Ft. Worth (1024.2)	20.5	1	Savannah	5.2%	1	Dallas-Ft. Worth (34.8%)	22.6
2	Phoenix (447.0)	15.8	2	Reno	4.0%	2	Houston (16.9%)	21.5
3	Houston (613.9)	13.6	3	Phoenix	3.5%	3	Chicago (55.9%)	12.6
4	Indianapolis (347.6)	11.2	4	El Paso	3.3%	4	PA I-78/81 Corridor (30.3%)	12.4
5	Columbus (305.1)	10.0	5	Columbus	3.3%	5	Phoenix (37.0%)	9.8
6	Charlotte (308.3)	9.5	6	Indianapolis	3.2%	6	Atlanta (21.2%)	7.6
7	Atlanta (762.9)	9.0	7	Charleston	3.1%	7	Louisville (31.6%)	7.4
8	Savannah (159.2)	8.3	8	Charlotte	3.1%	8	Los Angeles (49.7%)	6.2
9	Greenville (247.8)	7.0	9	Greenville	2.8%	9	Central New Jersey (4.9%)	6.2
10	Kansas City (287.0)	6.1	10	Las Vegas	2.7%	10	El Paso (16.3%)	6.0

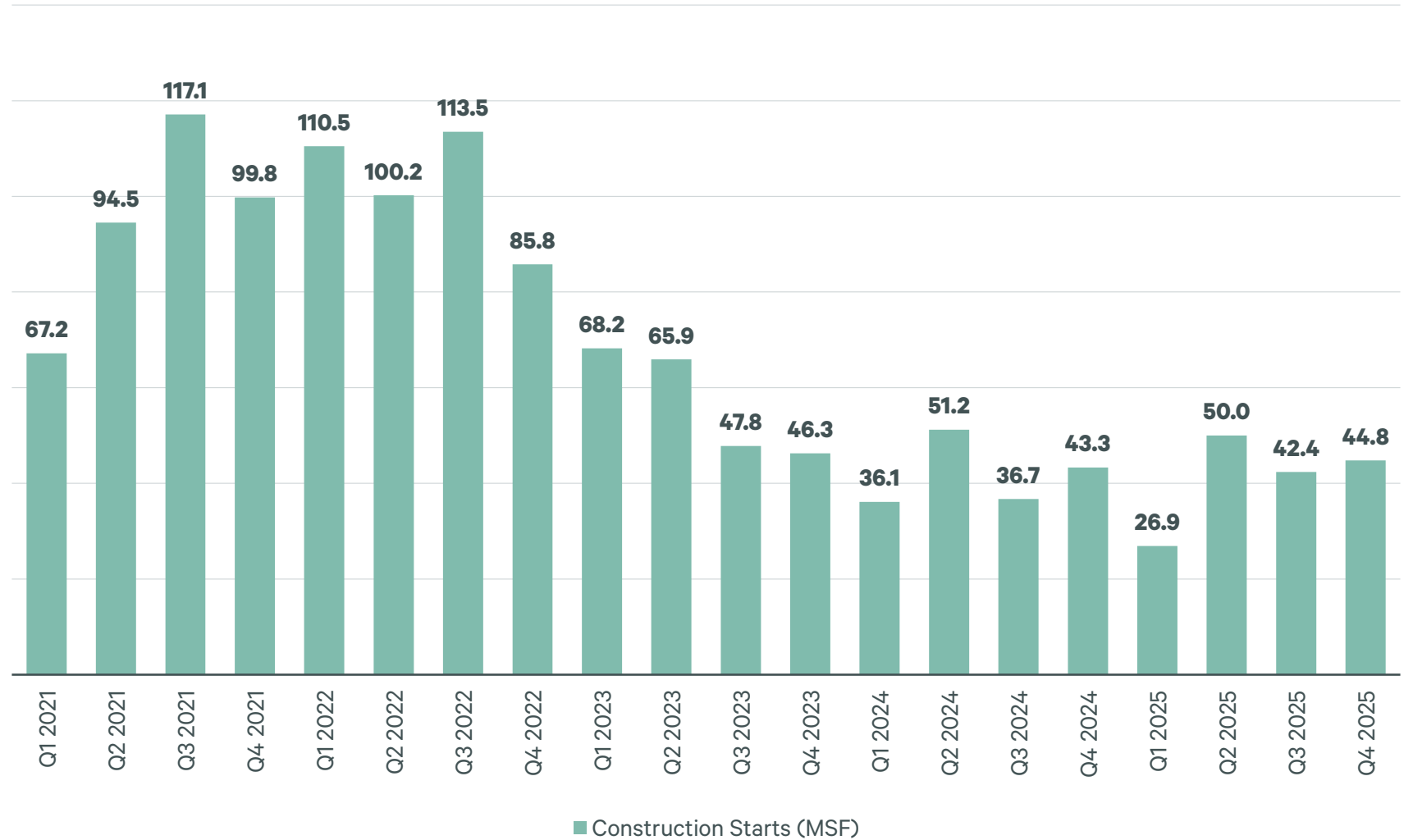
* Growth rate equals year-to-date overall net absorption divided by existing inventory.
Source: CBRE Research, Q4 2025.

37.6% of under construction product is preleased, the highest rate since 2021



Source: CBRE Research, Q4 2025.

Construction starts remain low in 2025 with build-to-suits accounting for 30% of annual total.



Source: CBRE Research, Q4 2025.

Six major industrial markets have a year or less of available first-generation supply in buildings 500k sf+

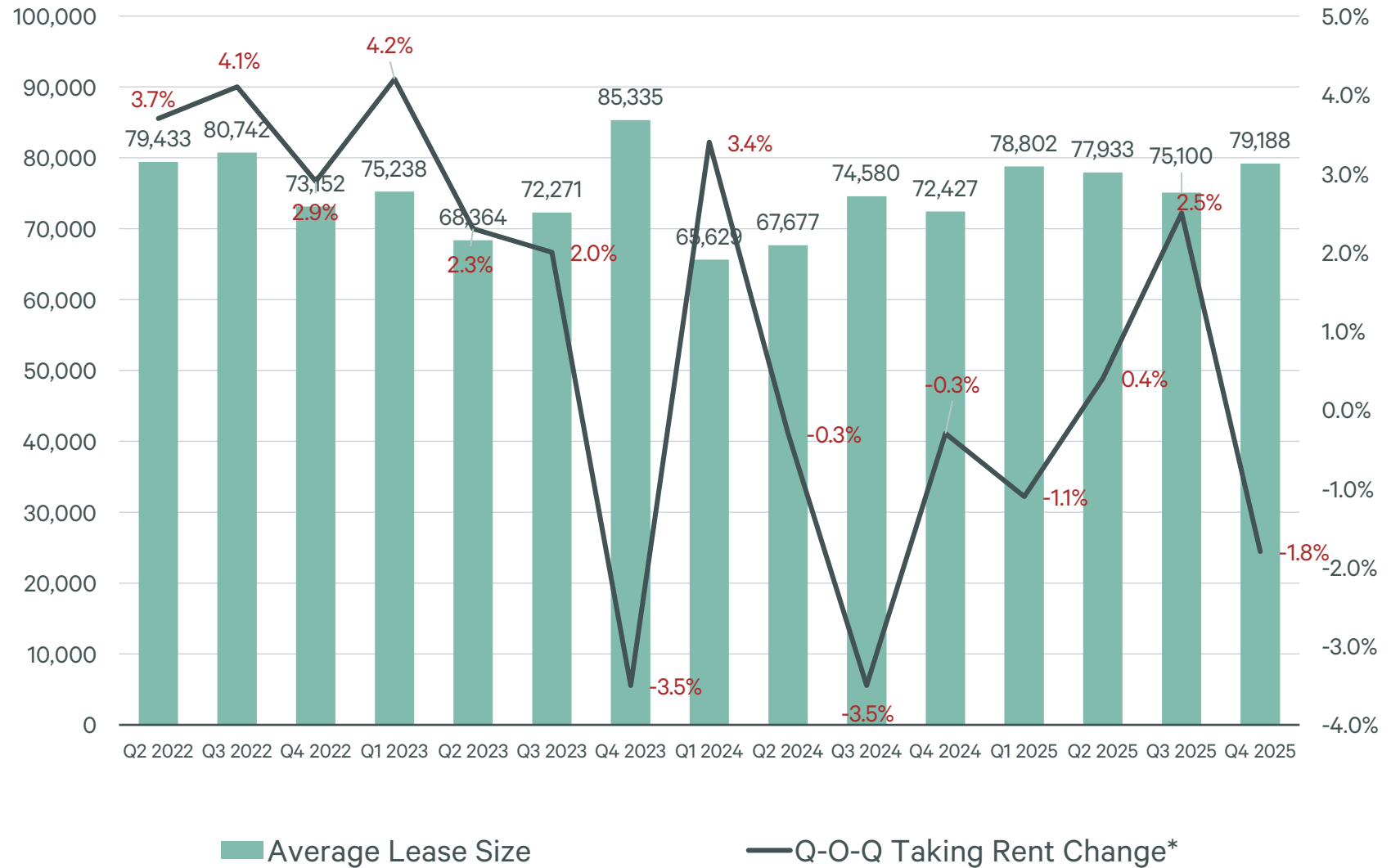
Compared 12-month (Jan 25 to Dec 25) new leases + user sales of 500K+ in WD buildings built 2020 – 2027 with current vacancies for the same size range and age to create a years of supply calculation

Markets with Lowest Years of Supply				
Market	Existing Inventory (500K+ 1 st Gen)	500K+ Vacancies	12-month 500K+ New Leasing + User Sales	Years Supply
Detroit	12,081,814	0	0	0.00
Louisville	11,945,446	0	0	0.00
Greenville	23,819,993	2,259,665	3,218,060	0.70
Columbus	38,987,253	4,111,796	5,470,713	0.75
Phoenix	55,123,298	7,101,541	7,494,665	0.80
Indianapolis	57,815,990	9,698,712	9,369,422	1.0
Central Valley	20,819,447	3,324,283	2,940,623	1.1
Chicago	54,394,992	6,879,456	5,474,798	1.3
Kansas City	28,463,302	3,171,881	2,354,212	1.4
Inland Empire	54,958,283	8,009,950	4,351,176	1.8

Markets with Highest Years of Supply				
Market	Existing Inventory (500K+ 1 st Gen)	500K+ Vacancies	12-month 500K+ New Leasing + User Sales	Years Supply
Charleston	15,722,581	5,803,741	0	Unknown
Salt Lake City	13,306,803	3,509,142	0	Unknown
Seattle	10,871,672	3,677,968	0	Unknown
Tampa	10,310,324	3,171,410	0	Unknown
Atlanta	65,853,613	14,531,118	1,751,069	8.3
Savannah	53,366,696	8,755,616	1,100,943	8.0
Milwaukee	14,893,838	3,824,509	509,408	7.5
PA I-78/81 Corridor	65,726,883	12,675,593	2,064,983	6.1
Houston	58,464,418	8,352,394	1,581,949	5.3
Northern-Central NJ	23,988,549	5,225,754	1,100,421	4.8

Includes markets with 10 million sq. ft.+ of existing first-generation space in buildings 500K+ sf
Source: CBRE Research, Q4 2025.

Taking rents decrease slightly in Q4 on a higher rate of larger building lease transactions



* Includes new leases and renewals 10,000 sf to 699,999 sf with a lease term of 12 months or longer.
 Source: CBRE Research, Q4 2025

Annual escalations drop to 2022 levels as more owners focus on occupancy

Lease Escalations by Size Range						
	10-25K	25-100K	100-300K	300-700K	700K+	TOTAL
2025	3.50%	3.53%	3.33%	3.39%	3.09%	3.36%
2024	3.57%	3.81%	3.57%	3.56%	3.47%	3.58%
2023	3.61%	3.60%	3.43%	3.38%	3.48%	3.52%
2022	3.43%	3.35%	3.32%	3.20%	3.08%	3.34%

Includes new leases and renewals with a lease term of 24 months or longer
 Source: CBRE Research, Q4 2025

Lease terms increase for big box product in 2025 as both occupiers and owners sought out longer term deals

Average Lease Term – Months																				
Sq. Ft. Leased	2022					2023					2024					2025				
	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total		
10,000 to 24,999	54	51	56	54	54	56	56	56	55	55	63	56	55	54	53	53	56	54		
25,000 to 99,999	64	68	67	64	63	62	65	63	64	66	64	64	64	65	63	64	64	63		
100,000 to 299,999	71	68	75	73	71	71	71	72	69	68	73	76	71	69	72	74	74	72		
300,000 to 699,999	73	64	81	84	84	87	75	80	66	74	75	78	76	83	85	80	78	81		
700,000+	105	103	103	93	142	97	117	108	94	96	86	76	91	93	82	103	114	104		
TOTAL	65	62	66	63	62	62	64	63	62	63	65	63	63	63	62	63	64	63		

Source: CBRE Research, Q4 2025.

Occupiers can expect to pay more at lease expiration, however that rate is starting to decline in many markets

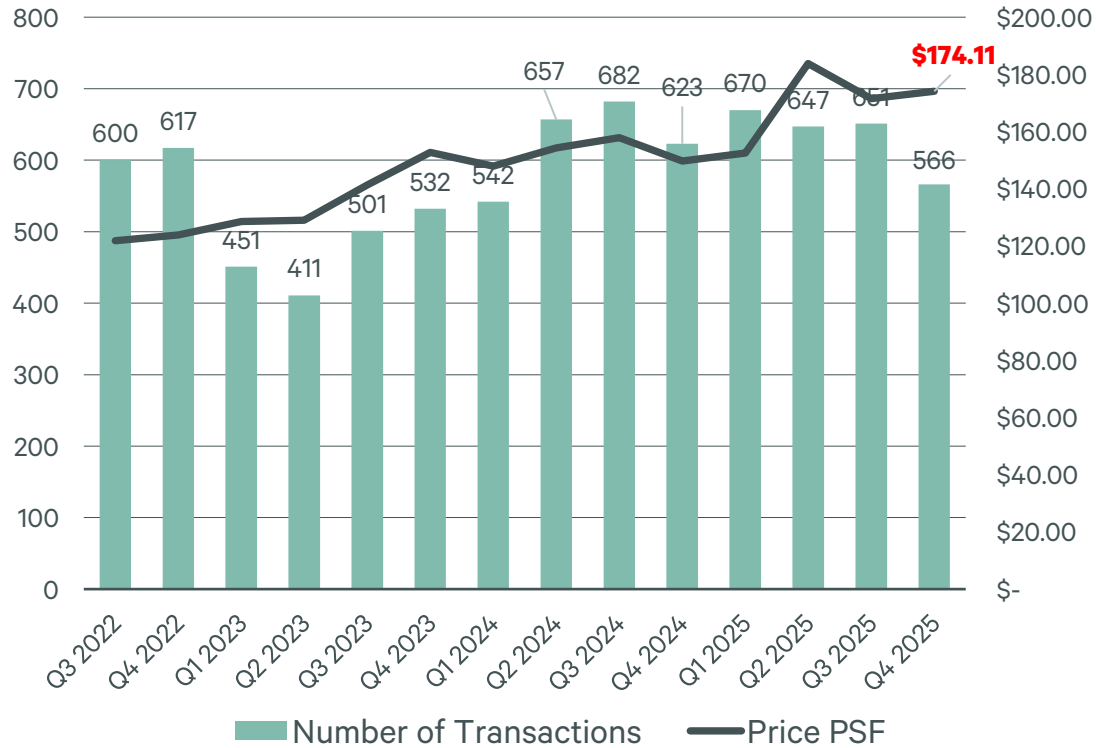
5-year leases expiring today can expect 24% higher rents compared with its rate at expiration on a national average, lower than the 36% average at year-end 2024. Rent growth in 2020 along with stabilized rents in 2025 are the main contributor to the drop.

Lease Expiration vs. Current Market Rents					
	Market	% Increase		Market	% Increase
1	Central New Jersey	111.4%	11	Inland Empire	54.4%
2	Northern New Jersey	108.4%	12	Greenville	48.9%
3	Houston	100.2%	13	Louisville	47.3%
4	South Florida	98.5%	14	Las Vegas	46.7%
5	Philadelphia	72.9%	15	Tucson	44.6%
6	Dallas – Ft. Worth	72.5%	16	Charleston	42.9%
7	Nashville	63.8%	17	Baltimore	42.8%
8	PA I-78/81 Corridor	56.9%	18	Tampa	39.3%
9	El Paso	56.1%	19	Baltimore	39.3%
10	Jacksonville	55.7%	20	San Antonio	38.8%

Considers the final year rent of a hypothetical 5-year lease with a 3% annual bump expiring 12/31/2025 compared with current market rents. Source: CBRE Research, Q4 2025.

User sales driven by occupiers purchasing older facilities

Industrial User Sales
Number of Transactions vs. Price PSF



Top 10 Markets for Industrial User Sales
H2 2025

Market	# of Transactions	Average SF Purchased	Price PSF	Year Built
Chicago	101	62,005	\$104.51	1975
Los Angeles County	86	27,686	\$295.42	1973
Houston	82	42,492	\$176.98	1990
Phoenix	58	83,950	\$204.67	1991
Dallas – Ft. Worth	53	64,453	\$111.96	1984
Atlanta	52	93,606	\$116.78	1988
Inland Empire	48	36,466	\$240.75	1998
Orange County	39	36,831	\$346.90	1982
Minneapolis	38	51,346	\$97.50	1983
Northern-Central NJ	35	41,584	\$245.43	1954

Source: Costar, CBRE Research Q3 2025.

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Outlook

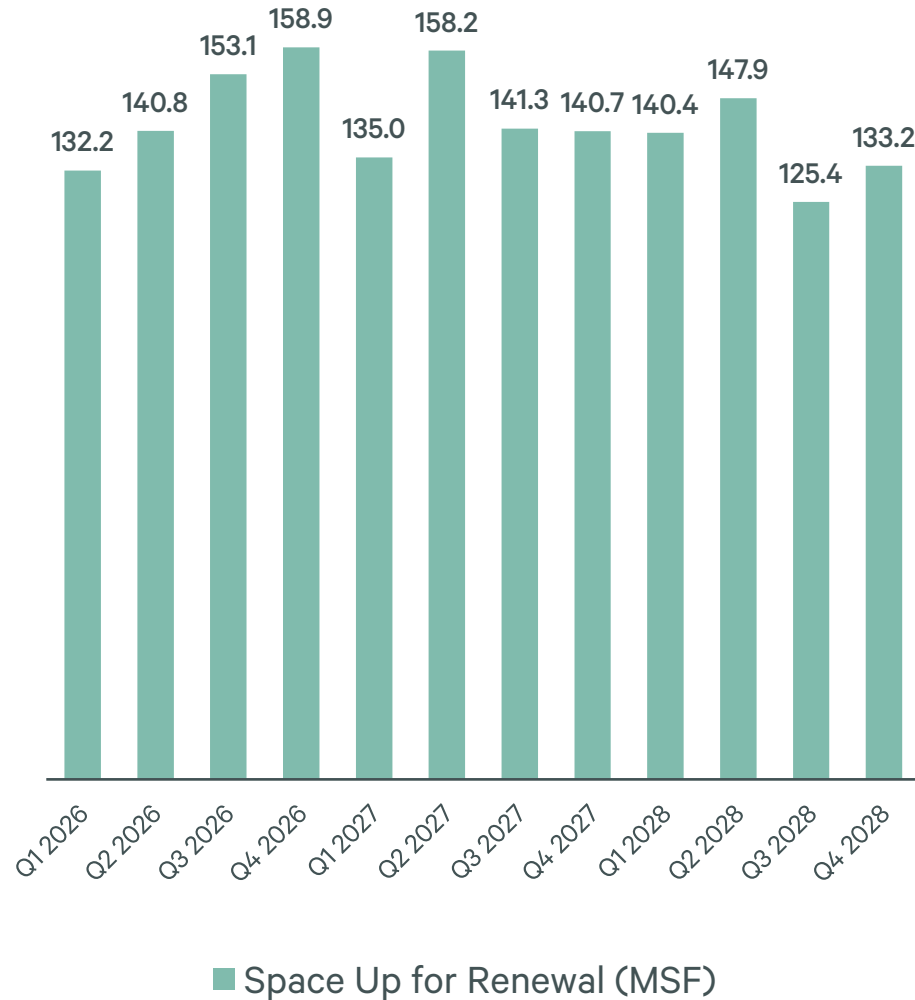
“2026 Industrial Word of the Year – Functionality”



Fundamental trends will be driven by lease expirations rather than development

1.7 billion sf of industrial product coming up for renewal from 2026 to 2028

With many companies focusing on consolidating out of older space to create more efficiencies, we could see a higher amount of negative absorption of older space in the coming quarters.



Includes leases 10,000 sq. ft. and above in the markets tracked nationally by CBRE Research.
Source: CBRE Research, Q3 2025

Markets with the Most Space Expiring 2026 to 2028

Market	Expiring Million SF
Inland Empire	157.3
Chicago	135.1
Dallas – Ft. Worth	112.6
Los Angeles	97.4
Northern-Central NJ	83.2
PA I-78/81 Corridor	76.8
Atlanta	71.3
Houston	58.1
Seattle	44.7
Phoenix	42.9

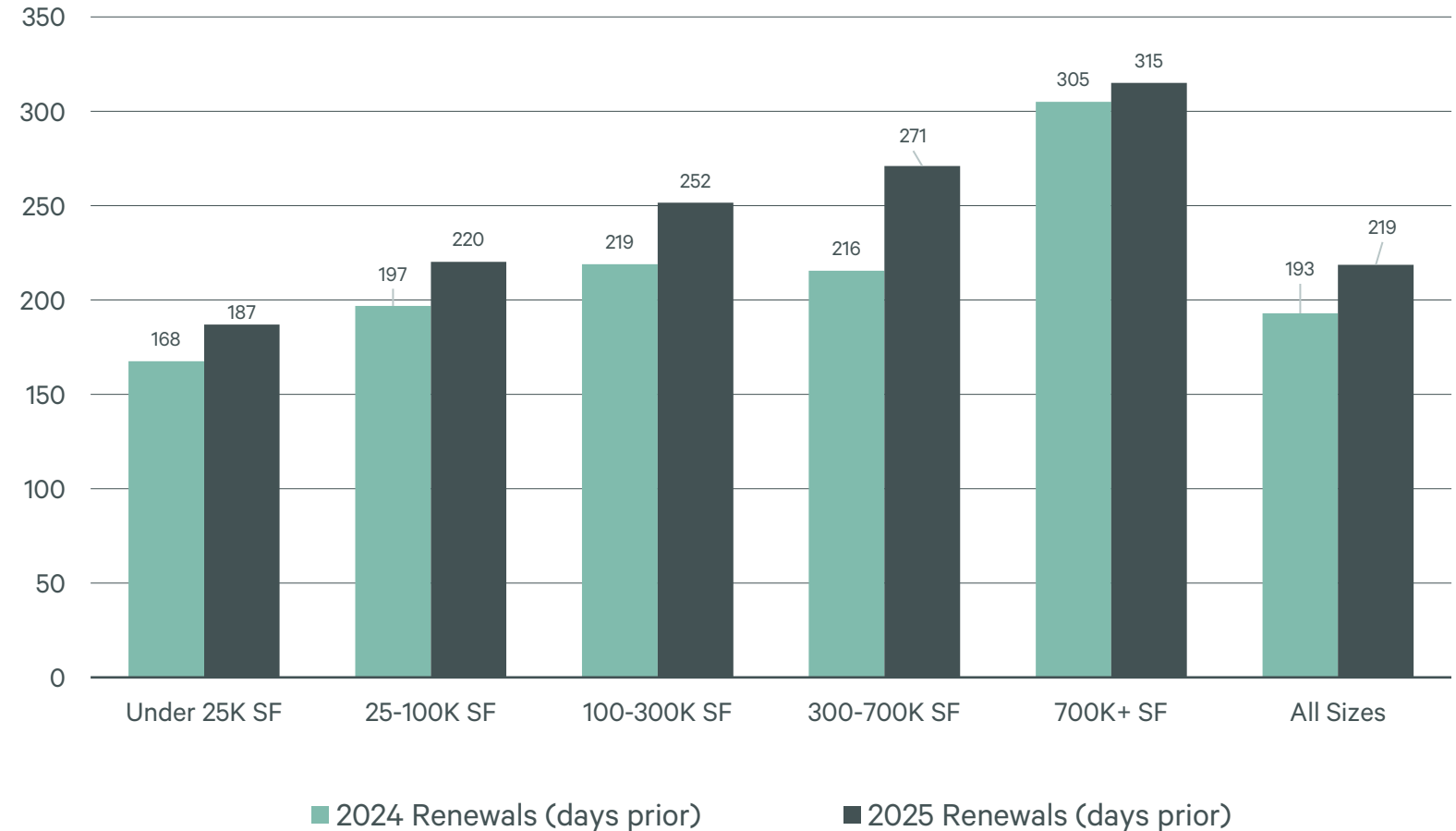
Lease expiration risk matrix (size ranges and building ages with a higher % of its existing inventory coming up for expiration)

2026-2028 Lease Expirations	Safe	Moderate Risk	High Risk
Size Ranges	10 - 25K 700K+ (greater risk starting in 2030)	25 - 100K 100 - 300K	300 - 700K
Year - Built Over 100K SF	Pre 1980	1980 - 1999 2020+	2000 - 2019

Source: CBRE Research, Q4 2025.

Occupiers will continue to sign renewals earlier in term

Days renewals signed prior to expiration



Transaction volume includes new leases and renewals 10,000 sf and above.

Source: CBRE Research, December 2025.

2026 Occupier Demand Drivers

✓ Consumer Expectations

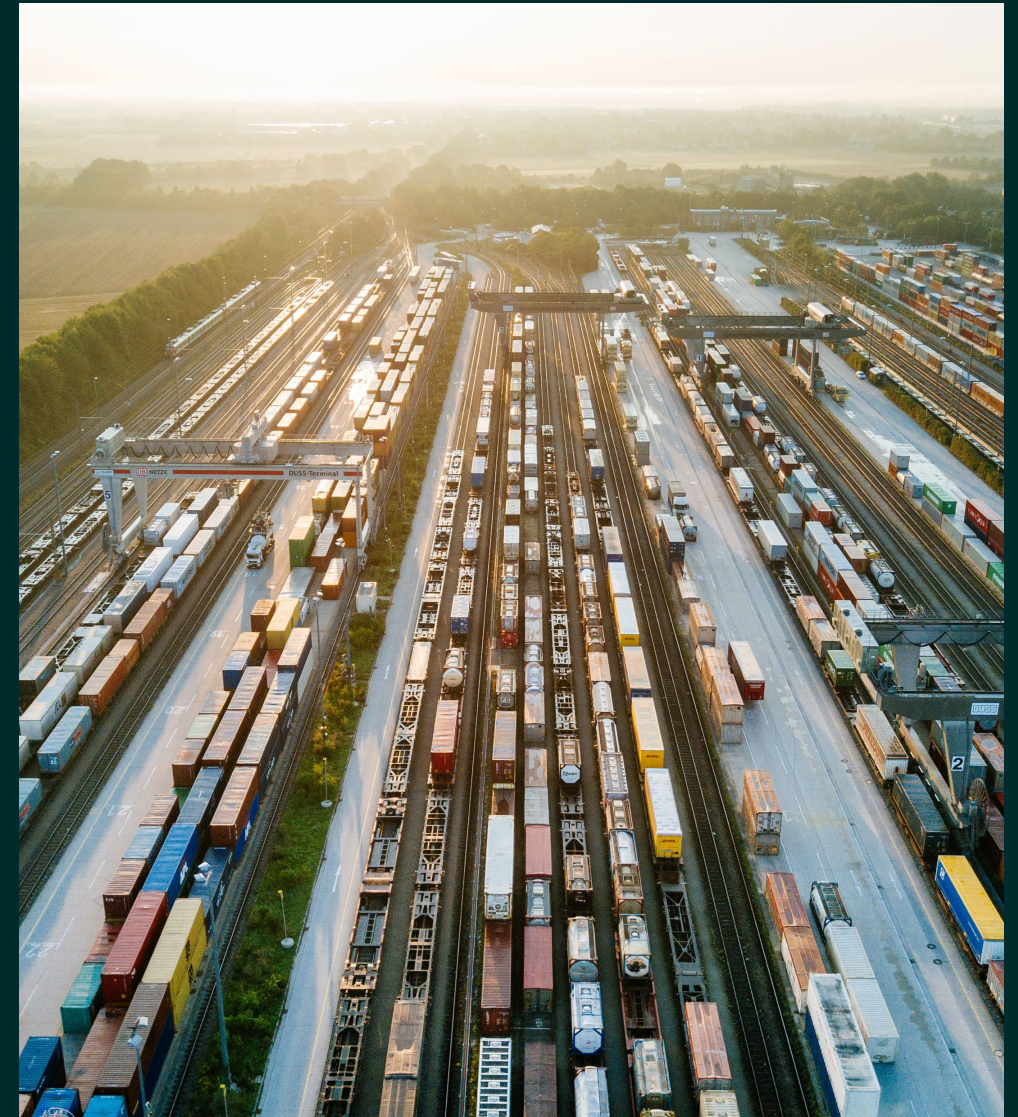
- E-commerce will continue its steady growth as a percent of overall retail as consumer expectations for all age groups solidify next-day and same-day delivery.
- Having the right inventory in the right locations whether it be the retailers, suppliers, or outsourced 3PLs, will be key to meeting consumer demand.
- Ensuring these strategic locations will be top of mind for occupiers despite tariff and economic uncertainty.

✓ Supply Chain Resiliency

- Onshoring of manufacturing will increase in the U.S. and Mexico, improving manufacturing and nearby warehouse fundamentals.
- Outsourcing of distribution to 3PLs will be a growing trend to combat economic and supply chain uncertainty.
- The utilization of rail due to increased North American manufacturing will improve demand in major rail hub markets.

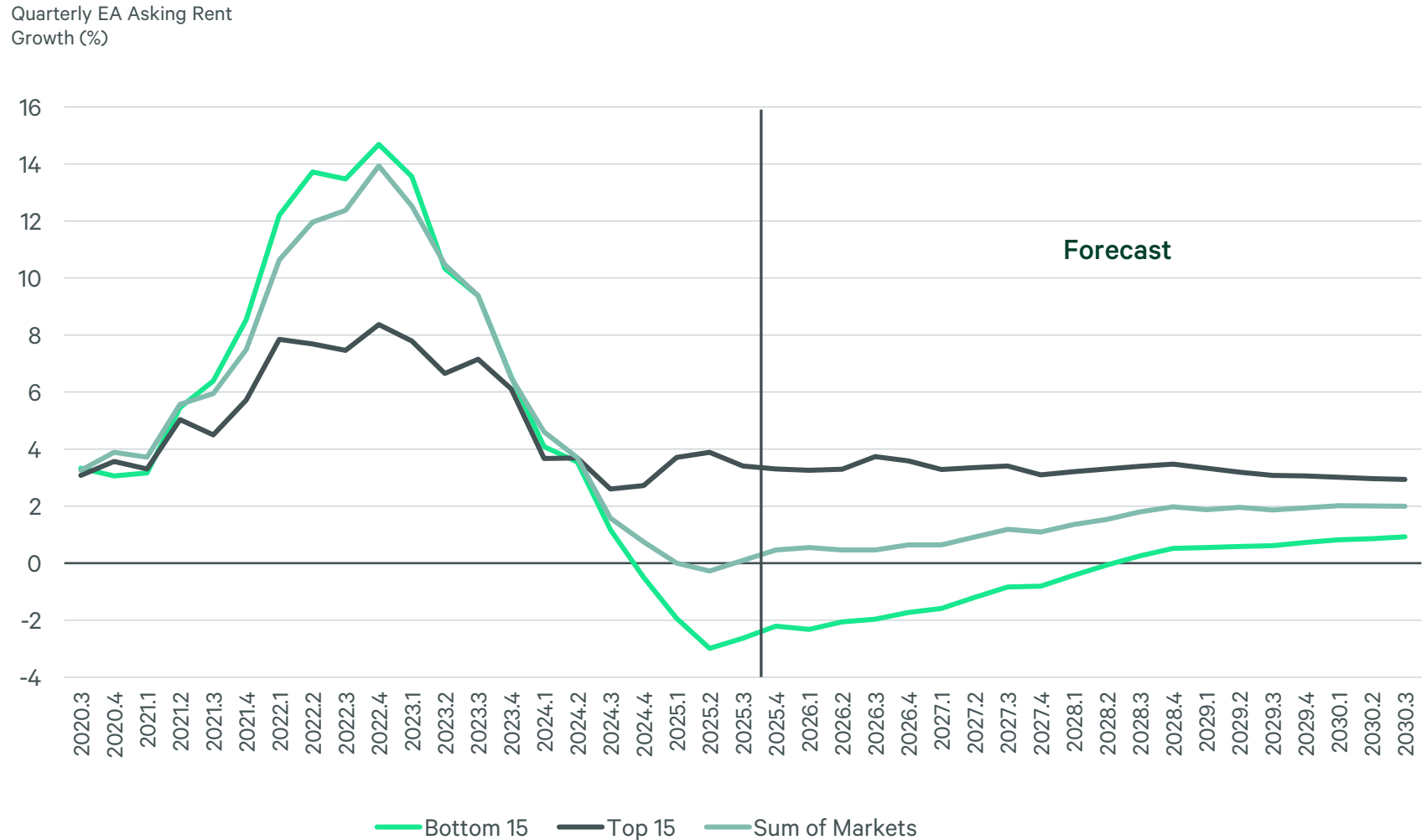
✓ Location Optimization

- Greater visibility and emphasis into labor dynamics and transportation.
- Hub-and-spoke model optimized based on better technology and agility, increasing the demand for modern DCs.
- **Increased focus on the reliability, redundancy and renewability of power.**



We continue to see bifurcation in expected performance; Markets with the highest forecasted rent growth are less correlated with macroeconomic changes while the weaker markets include many coastal and policy-sensitive markets.

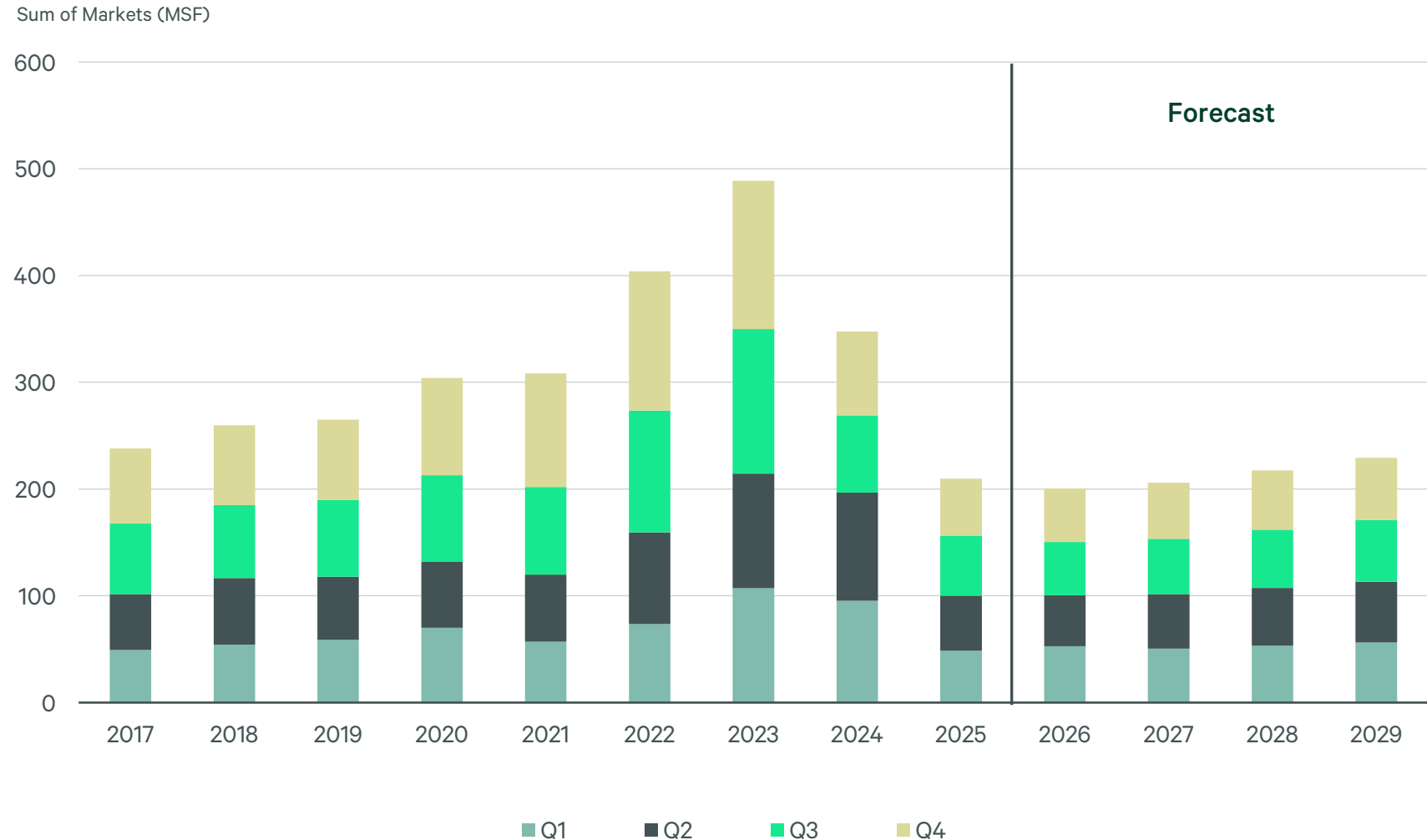
INDUSTRIAL EA ASKING RENT GROWTH TOP/BOTTOM 15 MARKETS, SUM OF MARKETS (TOP AND BOTTOM RANKED BY 5-YEAR RENT GROWTH CAGR FORECAST)



Source: CBRE Econometric Advisors.

Although higher costs will limit spec development, build-to-suit is expected to remain steady. Expected completions during 2026 has increased relative to earlier in the year.

INDUSTRIAL HISTORICAL COMPLETIONS AND FORECASTS



Source: CBRE Econometric Advisors.

We see normalization of both demand and supply moving into 2026. Fundamentals will converge to a new equilibrium reflecting moderated economic growth.

INDUSTRIAL EA ASKING RENT GROWTH TOP/BOTTOM 15 MARKETS, SUM OF MARKETS (TOP AND BOTTOM RANKED BY 5-YEAR RENT GROWTH CAGR FORECAST)



Source: CBRE Econometric Advisors.

Preliminary Q4 demand came in higher than expectations, signaling stronger momentum going into 2026 despite macroeconomic uncertainty.

INDUSTRIAL HISTORICAL AND FORECASTED AVAILABILITY RATE AND NET ABSORPTION



Source: CBRE Econometric Advisors.

Specialty industrial product will make up growing share of demand



Manufacturing

Continued supply chain disruptions will lead to more onshoring of manufacturing in both the U.S. and Mexico. Manufacturing will locate in pro-business states with a qualified workforce. Look for Phoenix, Central Texas, Louisville, Detroit, Greenville-Spartanburg, and the Silicon Valley to lead the way. Dallas – Fort Worth, Kansas City, and Chicago will benefit from increased manufacturing in Mexico.

Data Centers

The accelerated evolution of the Digital Age is leading to more opportunities for data center investors. Demand will come from cloud providers, social media, 5G infrastructure, crypto mining, virtual reality and blockchain. Northern Virginia, Silicon Valley, Austin, New York Tri-State, Denver, and Seattle will benefit from the sectors growth.

Cold Storage

Population growth and changing demographics are underlying demand drivers for cold storage. The subset has little vacancy, but developers are beginning to build speculatively. Dallas-Fort Worth will dominate cold storage, but other growth regions will follow population migration in Arizona, Texas, and Florida.

2025 crystal ball predictions - what happened?

Year-End 2024 Predictions

- **Leasing Activity: Down 5% Compared with 2024.**
- **Construction Completions Down by Half.**
- **Ground Breakings Pick Up in Late 2025.**
- **Vacancy Rates Increase 30-60 bps.**
- **Taking Rents Decline 5-8%.**

What Happened?

- **Leasing Activity: CHANGE.** Occupiers needing to make decisions due to upcoming lease expirations increased leasing more than expected. Leasing finished 12% higher with a record year for renewals.
- **Construction Completions Down by Half: NO CHANGE.** 2025 posted significantly lower completions.
- **Ground Breakings Pick Up in Late 2025. NO CHANGE.** Ground breakings outpaced the first half of 2025, mainly due to an increase in BTS development.
- **Vacancy Rates Peak Increase 30-60 bps. NO CHANGE.** Vacancy rates stabilized after growing 50 bps the first half of 2025. With completions expected to plummet in 2026 and a large portion expected to deliver occupied, expect vacancy to remain in the mid 6% range throughout 2026.
- **Taking Rents Decline 5-8%. NO CHANGE** Taking rents stabilized on a quarterly basis but finished down compared with 2024.

2026 Crystal Ball

- **Lease transaction volume up 5% in 2026:** Occupiers needing to make decisions due to upcoming lease expirations will increase total lease volume. Million sq. ft. deals will increase as expirations get closer. Renewals will make 35% of leasing.
- **Ground Breakings Pick Up in 2026.** We do expect ground breakings to pick up, initially focused on BTS, with some increase in speculative development of million sf+ facilities towards the end of the year.
- **Vacancy Rates will Stabilize.** Vacancy rates will stabilize in the mid 6% range. Increasing or decreasing each quarter based on % of expirations. Construction will no longer drive supply change, absorption will.
- **Taking Rents Go Micro.** Rental rates will fluctuate based on submarket and building functionality at a greater rate. Landlords focus on occupancy will keep annual escalations on par with 2025 but well below 2024's record pace.

Thank You

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