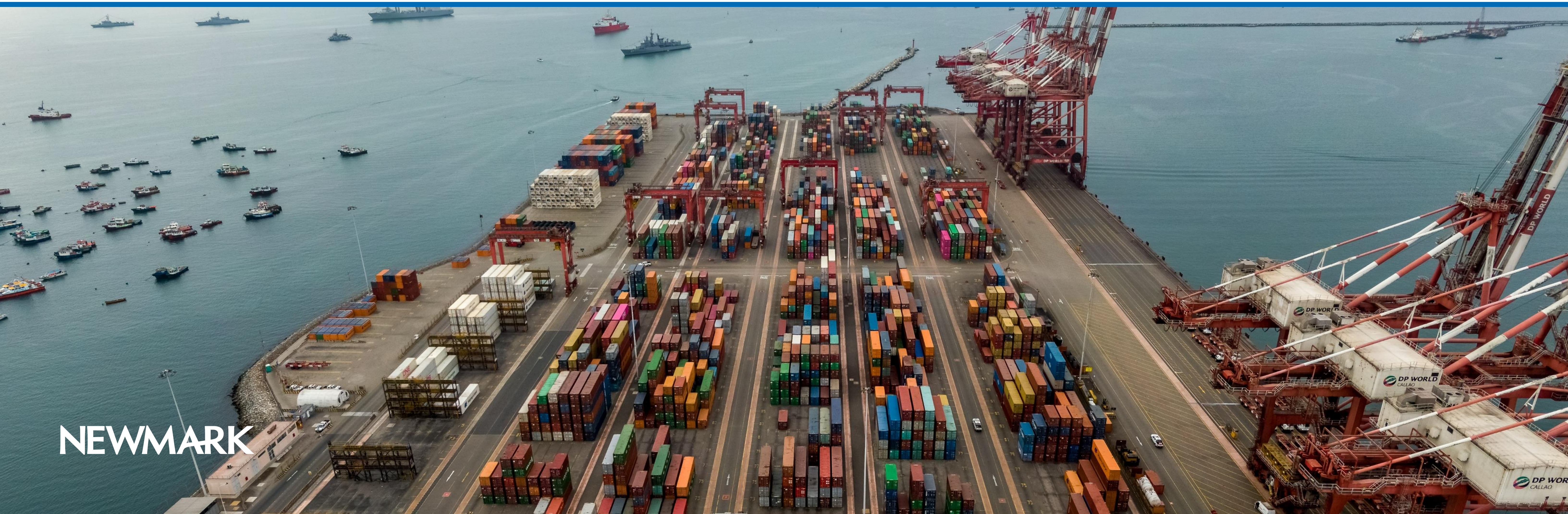
1Q25

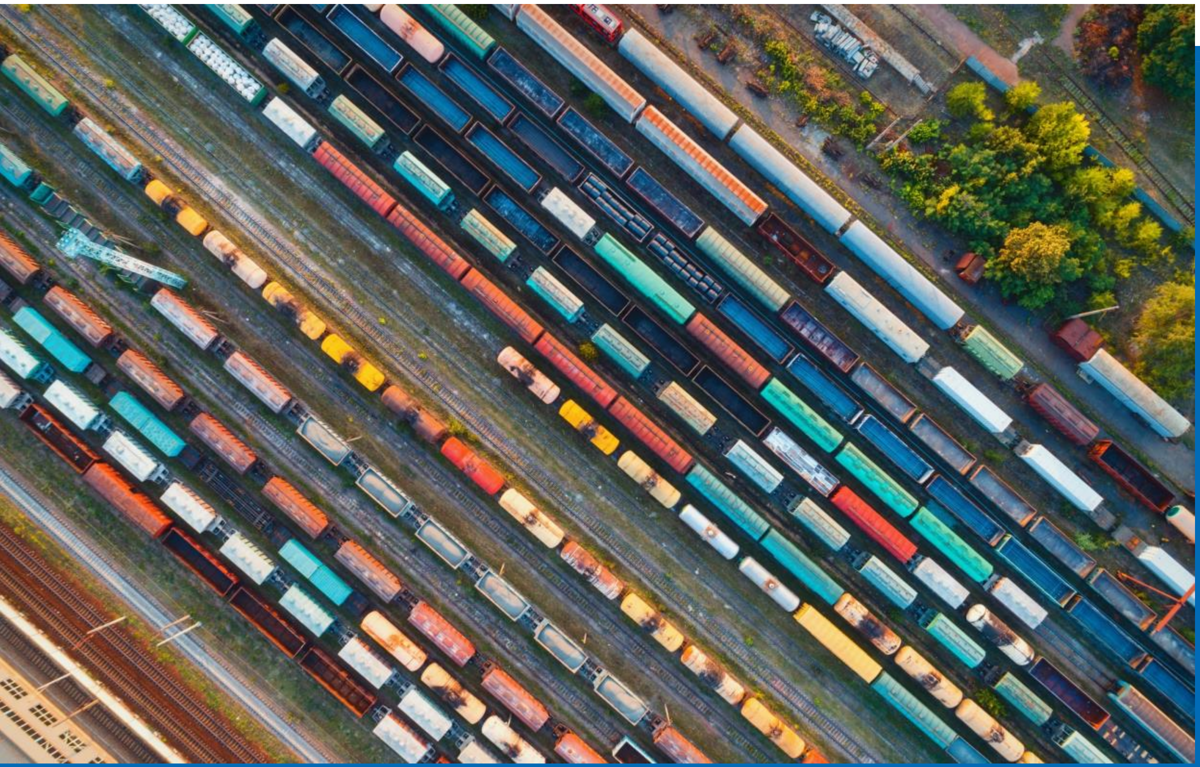
The U.S. Industrial Market: Conditions & Trends



U.S. Market Fundamentals

1Q25 Key **Leasing Market** Fundamentals

U.S. VACANCY RATE	Availability Rate	Average Asking Rent (Direct, NNN PSF)	Net Absorption 1Q25	New Leasing Volume 1Q25	Deliveries 1Q25	Construction Pipeline	Quarterly Construction Starts
UP	UP	DOWN	UP	UP	DOWN	DOWN	DOWN
7.0%	9.5%	$10.24 / SF	57.6 MSF	215 MSF	78.5 MSF	297.2 MSF	51 MSF
93 bps YOY	130 bps YOY	-0.2% YOY	84% YOY (from 1Q24)	2.0% YOY (from 1Q24)	-37% YOY (from 1Q24)	-33% YOY	-21% YOY



1Q25 Key **Capital Market** Fundamentals

Average Top Quartile Industrial Cap Rate	Average Total Industrial Cap Rate	Sales Volume 1Q25	Average Sale Price PSF
UP	UP	UP	UP
5.3%	6.4%	$19 B	$133
10 bps YOY	20 bps YOY	9.9% from 1Q24	5.6% YOY

U.S. Market Observations

Economic Conditions and Demand Drivers

- Economic data presents a mixed outlook. Consumer confidence surveys are at the lowest levels since May 2020, business indicators are pessimistic, yet the job market remains mostly sound and some factory activity gauges are strong.
- As of May 20, the average effective U.S. tariff rate is at its highest level in a century. This impacts business models and consumption yet is a relatively small share in the totality of costs for logistics operators and consumers.
- Manufacturing construction spending continues at near record highs, reaching an inflation-adjusted $121.7 billion in February 2025, which is nearly double the pre-pandemic 5-year average. The South captures the majority of this investment.

Leasing Market Fundamentals

- U.S. net absorption and new leasing activity both accelerated in the first quarter of 2025, with net absorption the strongest since Q4 2023. This momentum indicated occupier positivity in the post-election window and prior to the enactment of tariff policies and associated injection of uncertainty into the market.
- Overall market vacancy rose from 6.9% to 7.0% quarter-over-quarter, reaching its highest level in more than a decade. Vacancy is highest in newly-delivered product but is coming down swiftly year-over-year. Conversely, older-vintage properties are experiencing modest increases in vacancy rates.
- Average asking rents have declined less than 1% from the peak in mid-2024, while remaining nearly 50% higher than at the end of 2019. Contract rents have reset approximately 7% from their mid-2023 peak.

Capital Markets

- The first quarter of 2025 ushered in $19 billion in sales volume, 10% above first-quarter 2024 volumes. Tier 2 markets such as Miami, Houston, and Phoenix have seen increased activity, while Tier 1 markets experienced a pullback.
- Industrial cap rates have fluctuated over the past 12 months in the 5% range, which will likely be the case throughout 2025. Following tariff announcements in April, REIT-implied cap rates expanded to 6.0%.
- Across the ecosystem of investor profiles, private capital continues to account for nearly half of total acquisitions. Users have boosted their acquisition share substantially during the last few years but have been net-disposers in the last two quarters. Sale leaseback sales volume grew to a 2-year high in 1Q25 as firms seek infusion of capital to pay down existing debt or, reinvest into the business.

Outlook

- Predicting peak vacancy is a challenge this year due to a wave of macro uncertainty. Depending on how net absorption plays out, vacancy could range from 7.0% to 7.5% by year-end.
- Tighter labor and higher input costs along with more subdued occupier demand could result in further downward pressure on new starts. This could help balance a potential demand shortfall.
- Turbulence should be anticipated this year, particularly in the second half following in the wake of the pre-tariff inventory build and higher consumer spending. If trade deals are made and certainty brought to market, there could be a snap-back in goods moving through the supply chain, capital investment, and industrial leasing activity.

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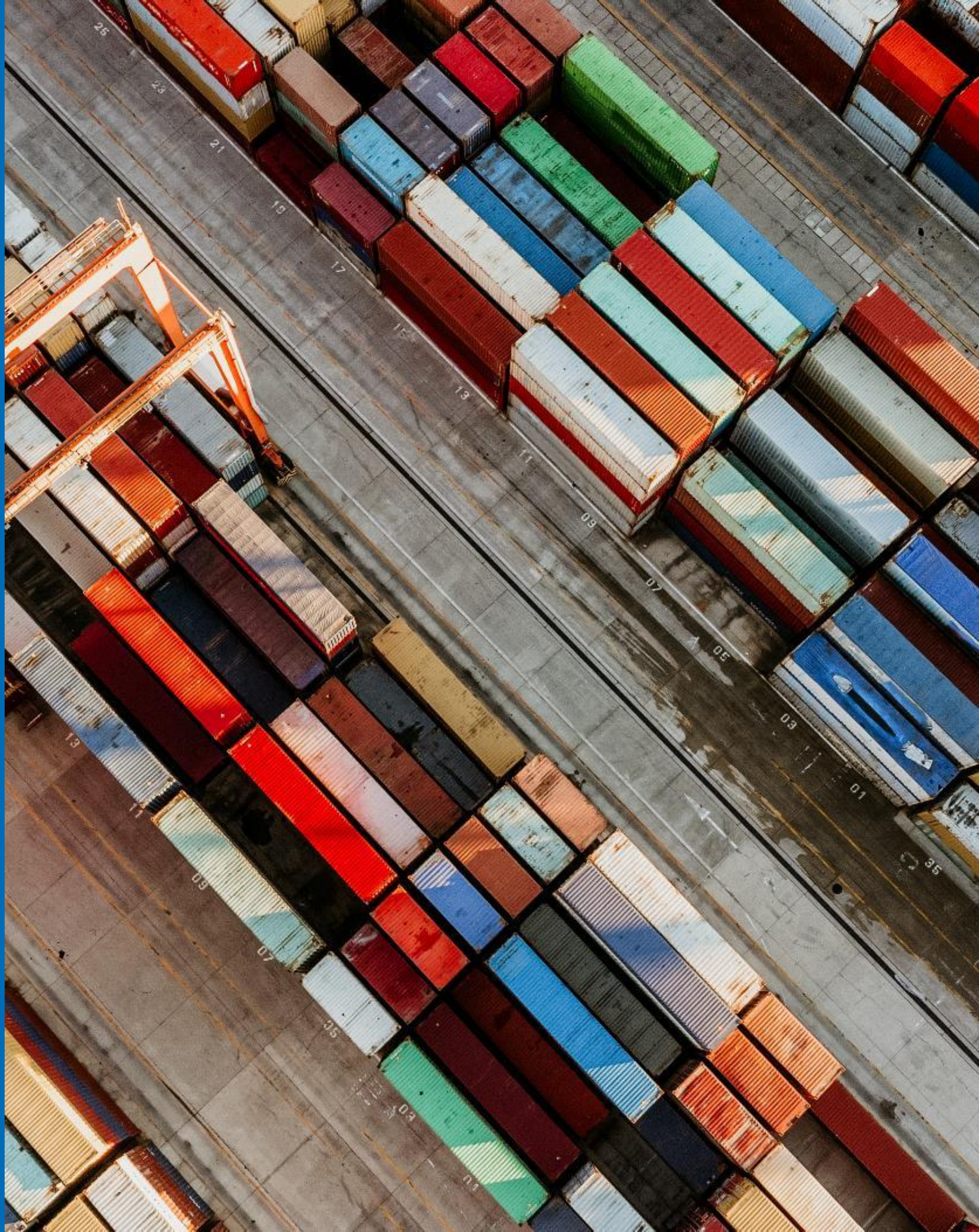
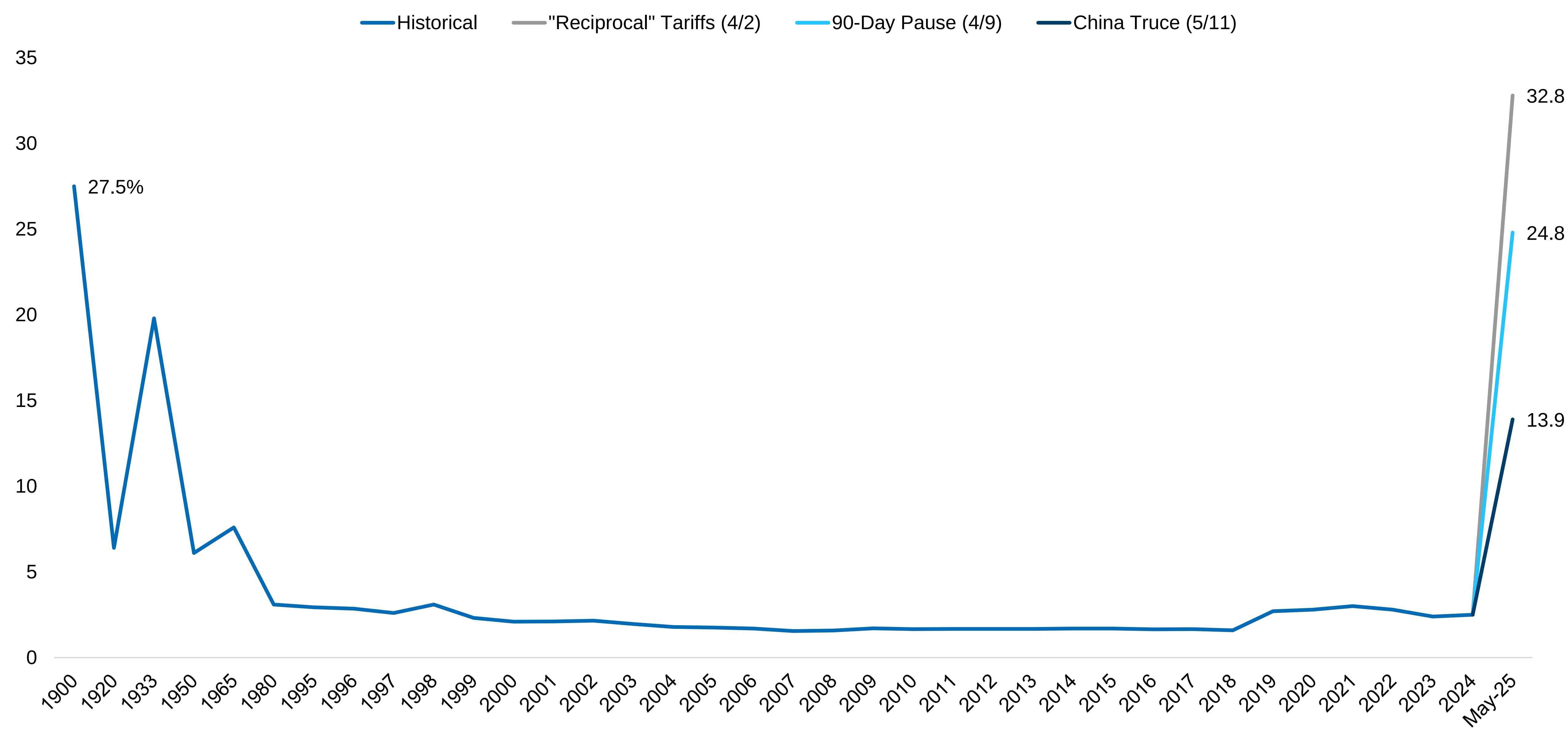
Economic Conditions



The Average Tariff Rate Is at Its Highest Level Since the Early 1900s

The rapidly changing and expanding nature of U.S. tariff implementation year-to-date has created a prevailing miasma of uncertainty across the global economy. Excluding the raft of “reciprocal” tariffs proposed on April 2 and paused for 90 days on April 9, the weighted average tariff rate is currently near 14%, up from the low single-digits at the start of the year.

Weighted Average Tariff % Rate on U.S. Imports, Select Years



Sources: World Bank, Wells Fargo, Yale Budget Lab, Statista

Mitigation Options Exist, But Uncertainty Is "The Biggest Tariff of All"

Companies are conducting feasibility studies and exploring strategies to mitigate the effects of U.S. tariffs. Diversifying supply chains has been a top strategy for years now, to derisk global supply chains and navigate an era of 'permanent supply chain volatility'. It continues to be a key strategy for firms to mitigate the new raft of tariffs, and persistent uncertainty.

Mitigation Strategies Recently Mentioned on Corporate Earnings Calls

Less Time Needed for Implementation → *More Time Needed for Implementation*

	Pricing Power	Redirect Products	Stockpile Inventory	Diversify Supply Chains
Autos	●			●
Biopharma/Biomanufacturing				●
Energy	●	●		
3PLS/Logistics		●		
IT Hardware	●	●	●	●
Leisure Products	●			●
Machinery	●		●	●
Metals & Mining	●	●	●	
Multi-Industry	●		●	●
REITs				●
Restaurants & Food Distributors	●			●
Retail Hardlines	●			●
Softline Retail & Brands				●

Source: Newmark Research, Morgan Stanley Research, various transcripts, April 2025.

Occupier Sentiment and Strategies In Their Own Words

“Our customers continue to plan for multiple what-if scenarios, but most of them are waiting for the dust to settle to determine how tariffs might influence and change their short and long-term business strategies. As part of this scenario planning process, some customers are considering ways to alter supply chain freight flows and/or their country-of-origin sourcing, but these changes will be part of a much longer decision process.”

Major Logistics/3PL, April 15

“In 2025, we will be relocating production of 500 toy SKUs from China to other sourcing locations. This is up from 280 SKUs, which we relocated in 2024, well before the recent U.S. tariffs were enacted….Q1 was not impacted by tariffs. We don't expect Q2 to be impacted. It's really in Q3 that we expect to see some tariff impact coming through as it works through the inventory of cycle.”

Major Toy Retailer, May 5

“Customers are asking for products produced in the United States.”

Commercial Flooring Retailer, May 1

“Given the magnitude of the tariffs, even at the reduced levels announced this week, we aren't able to absorb all the pressure given the reality of narrow retail margins... even at the reduced levels, the higher tariffs will result in higher prices.”

Global Corporate Retailer, May 15

“In light of [current tariffs and cascading economic effect] we are taking additional actions to reduce other operating costs, optimize the balance sheet, maximize cash flow and accelerate debt paydown. With these actions and [other tariff mitigation strategies], we believe we can offset 70% to 80% of the tariff impact in fiscal '26 based on tariffs currently in place.”

Global Corporate Retailer, April 28

Source: Newmark Research, various earnings calls and articles

Developer/Investor Sentiment and Strategies In Their Own Words

"If higher tariffs persist beyond [3 to 4 months of inventory buffer], we could see an acceleration in the giveback of space, especially for less capitalized and more directly exposed tenants such as Asian third-party logistics (3PL) firms."

Investor/Developer, April 28

"The private market remains strong, but some portfolios have been pulled due to pricing dislocation. We haven't seen much re-trading, but sellers are waiting for volatility to settle. This is similar to past years, and we are comfortable waiting for opportunities."

Investor/Developer, April 29

"A disconnected world will require more warehouse space, not less."

Investor/Developer, April 16

"The ongoing trade rhetoric and changing tariff situation has already had an impact on consumer confidence, causing our customers to adjust their product portfolios and driving inventory levels down."

Cold Storage Investor/Developer, May 8

A fair amount of tenants are obviously concerned about the impact of the timing and the resolution of the tariffs. So some of those are going slower and some have paused. But in general, we have more prospects today for the majority of spaces that we had at 60, 90, 120 days ago…. we've been seeing also increased RFPs from manufacturers [on some assets]."

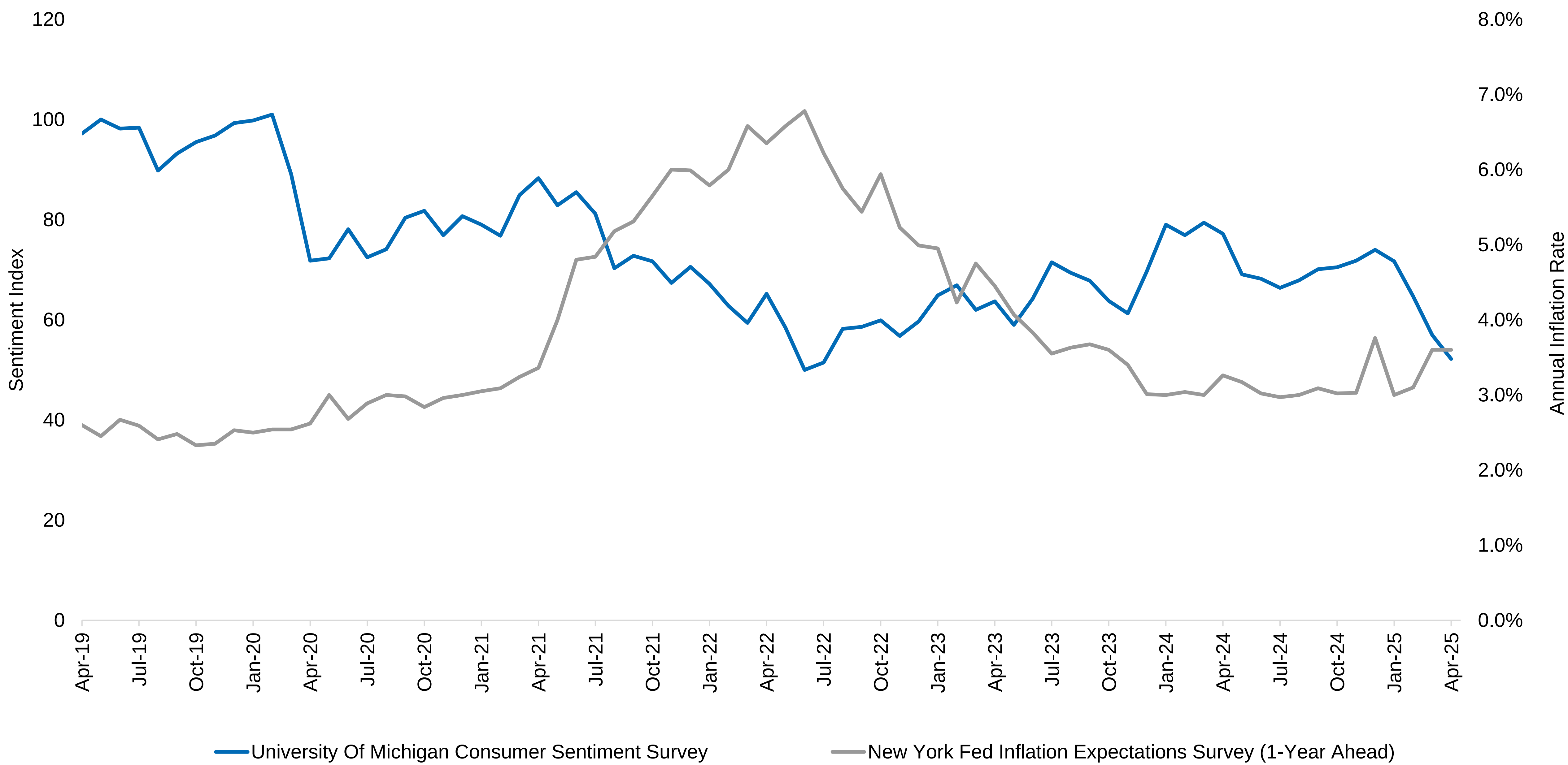
Investor/Developer, April 22

Source: Newmark Research, various earnings calls and articles

Consumer Sentiment Deteriorates Throughout the Start of the Year

Consumer sentiment fluctuated throughout 2024 but has generally trended upward since its 2022 low. This trend reversed in the first quarter of 2025 amid financial and labor market concerns.

Consumer Sentiment and Inflation Expectations

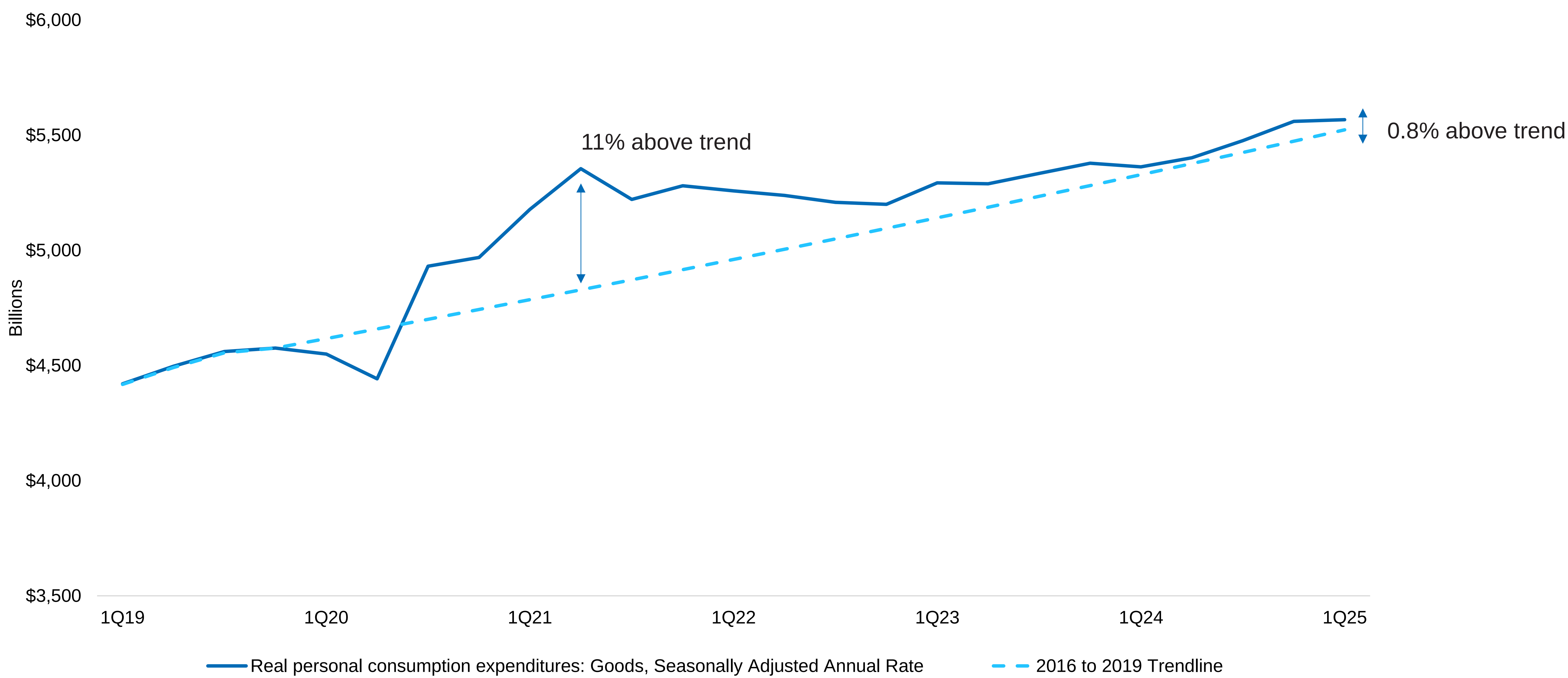


Source: Newmark Research, Federal Reserve of NY, University of Michigan, May 2025.

Consumer Goods Spending Increased – Partly as a Hedge Against Expected Inflation

Inflation-adjusted spending on goods has effectively returned to the pre-pandemic trendline. Consumers demonstrated resilience and a willingness to spend in the first quarter of 2025 as sales modestly grew over the previous quarter. Overall retail sales rose 1.4% in March, after rising 0.2% in February, in particular driven by auto and parts sales ahead of tariffs.

Real Personal Consumption Expenditures, Goods

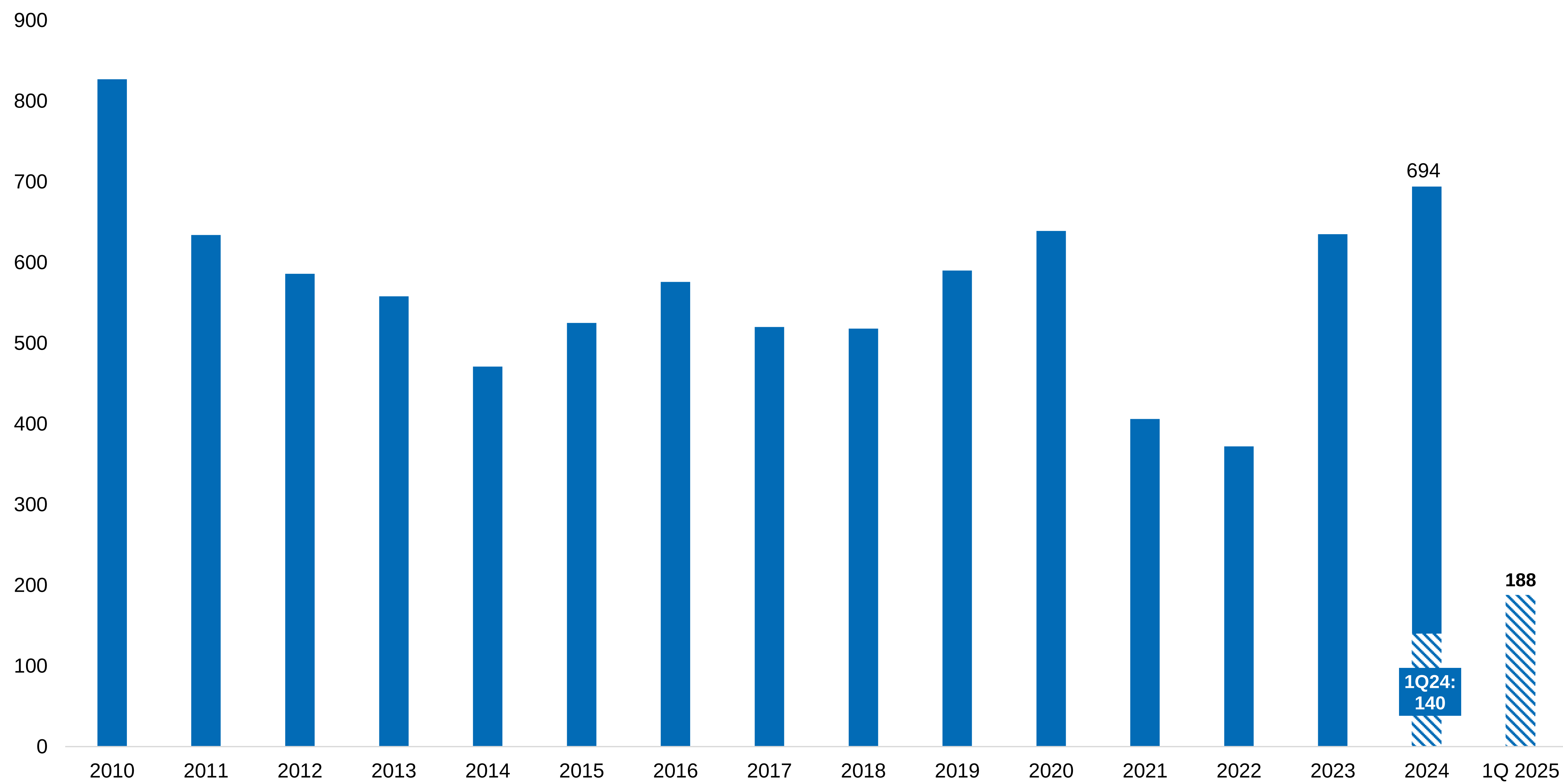


Source: St. Louis Federal Bank, US Commerce Department, Newmark Research, May 2025.

Bankruptcies in First Three Months of 2025 At Highest First-Quarter Level Since 2010

Companies continue to face headwinds as record volumes of corporate debt matures and needs to be refinanced at higher interest rates. Corporate bankruptcies reached a 14-year high in 2024 and will remain historically elevated this year. In the first quarter of 2025, 188 large companies went into bankruptcy, the highest first-quarter figure since 2010 in the wake of the GFC. Tariffs, if they persist, will further drive insolvency.

U.S. Bankruptcy Filings by Year

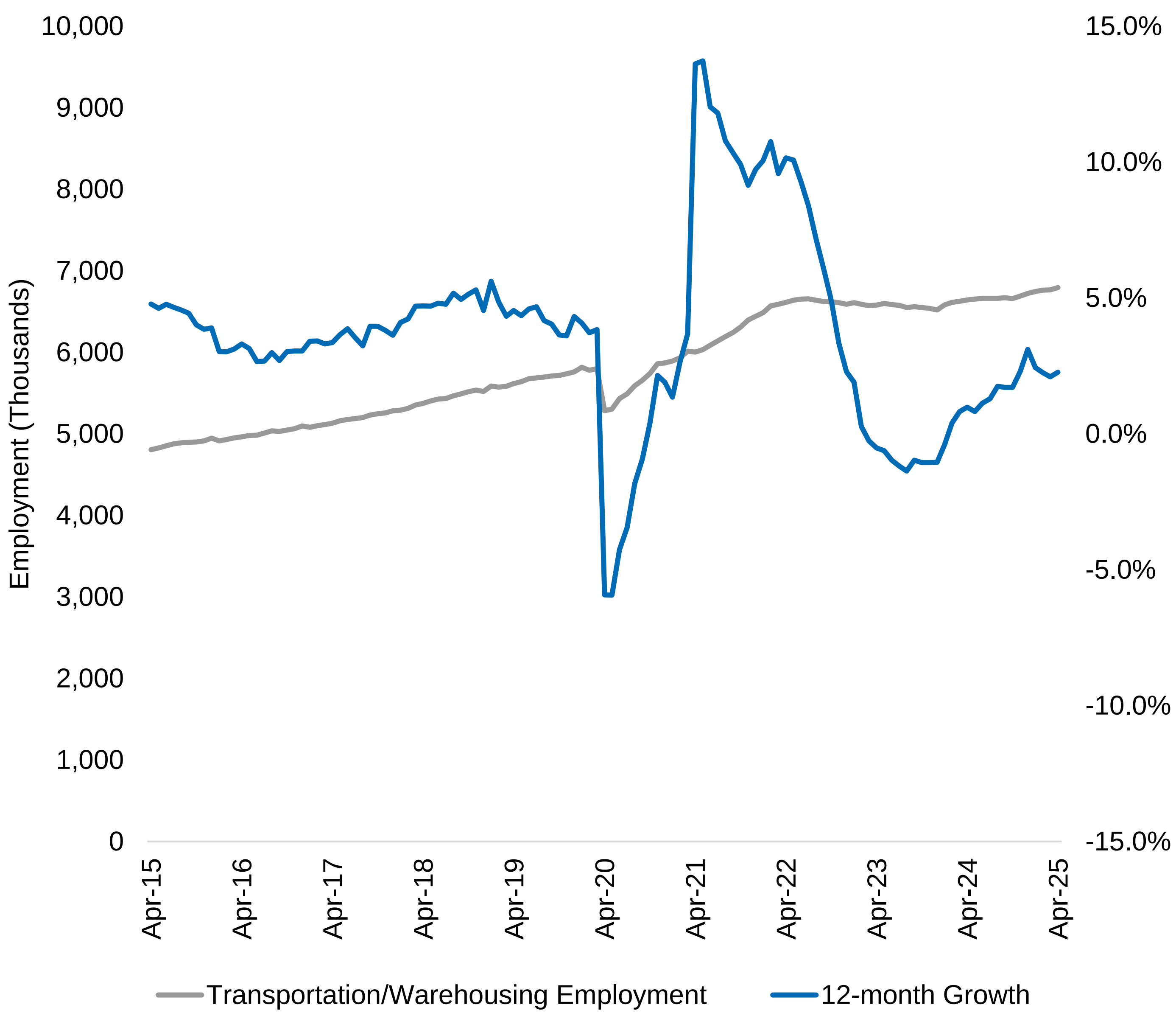


Source: Newmark Research, S&P Global. May 2025.

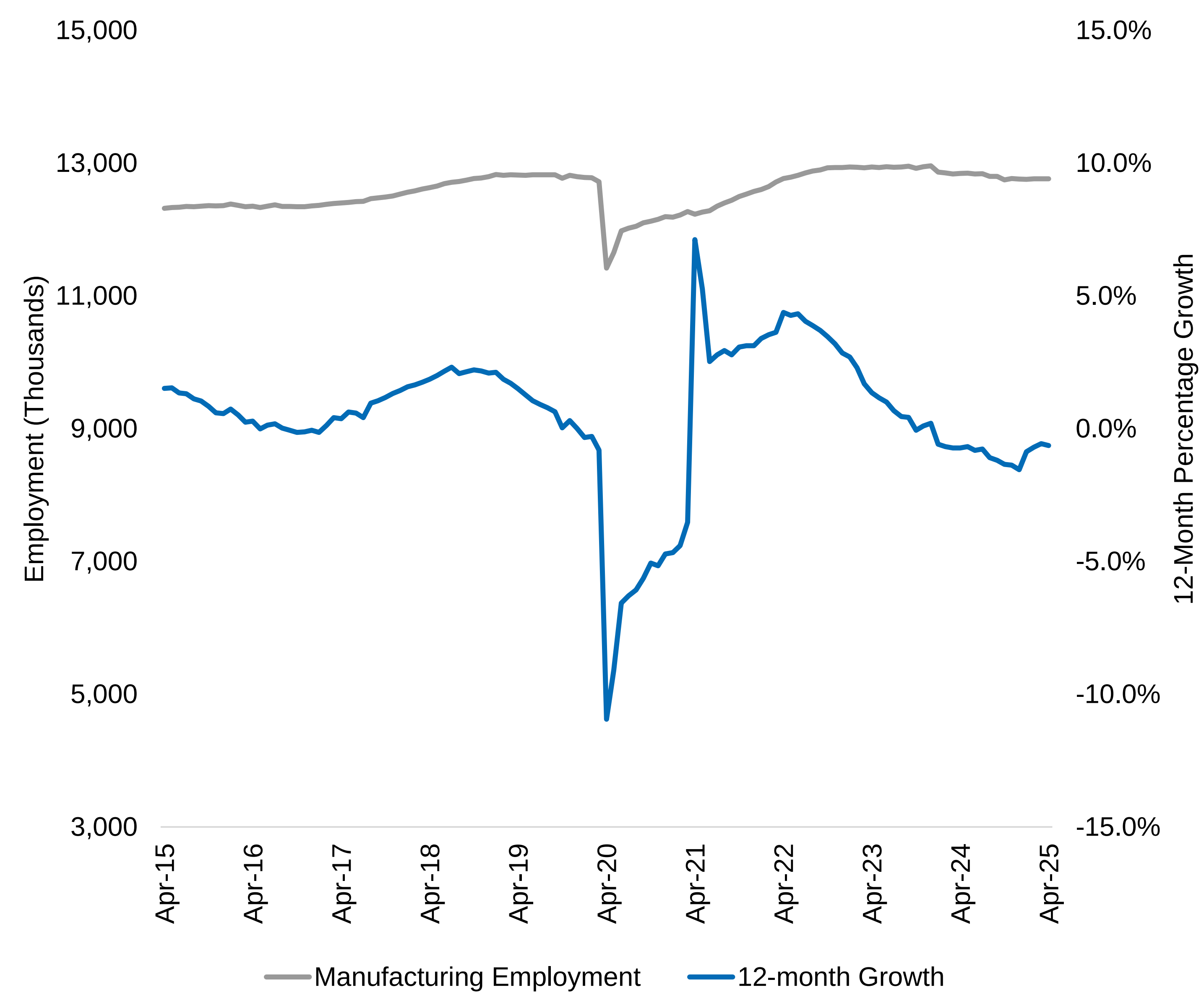
Improving Industrial Labor Landscape Now Complicated By Trade Policy Uncertainty

Improving warehousing and manufacturing employment trends are at a crossroads: tariffs have yet to meaningfully impact economic and labor data, but future staff reductions are likely due to uncertain near- to medium-term demand, and less imported freight moving through the domestic supply chain.

Total Employment and 12-Month Growth Rate, Transportation/Warehousing



Total Employment and 12-Month Growth Rate, Manufacturing

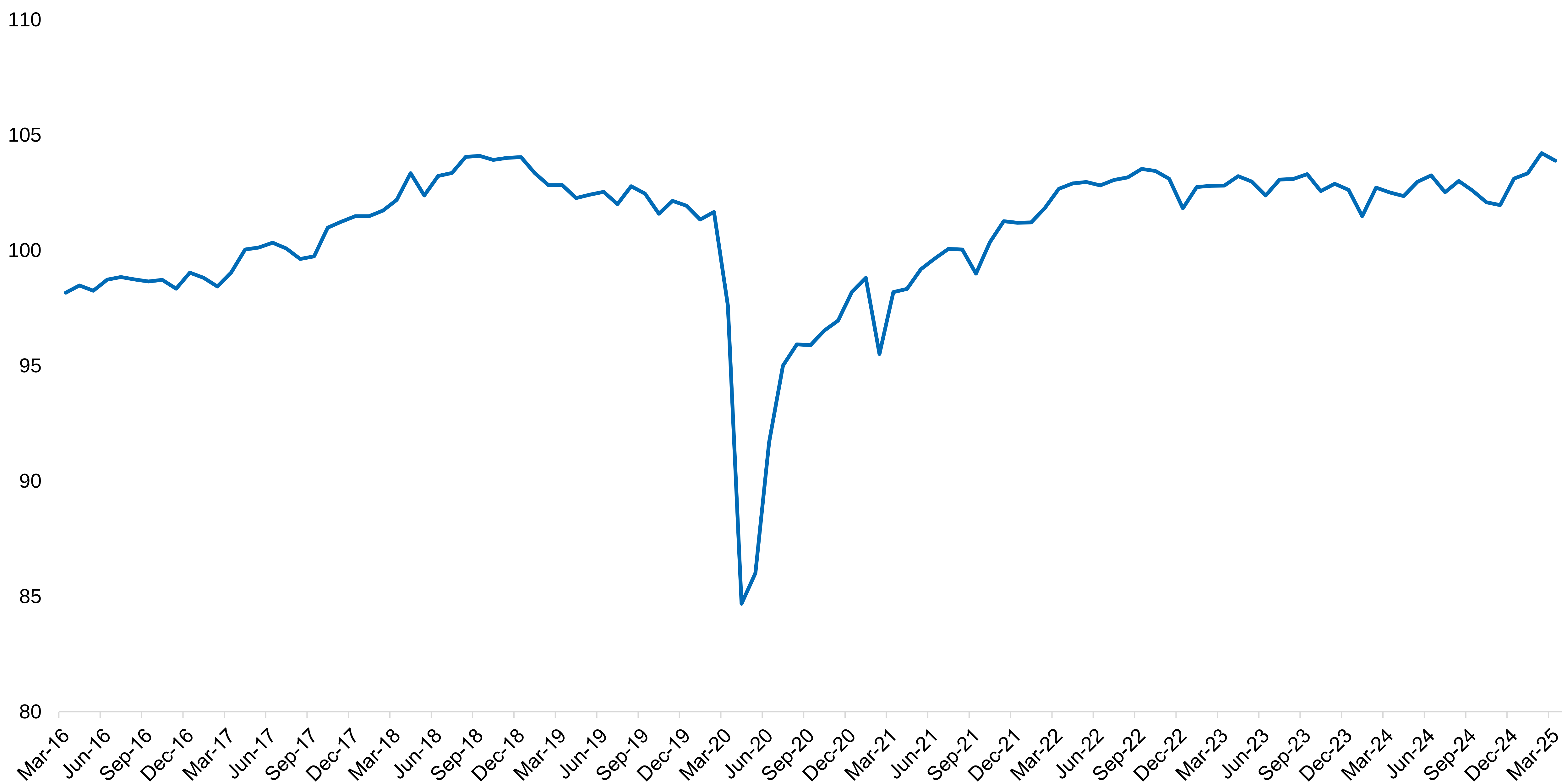


Source: Newmark Research, U.S. BLS, May 2025.

Industrial Production Hit A Record High in February 2025

U.S. industrial production reached an all-time high during the first quarter of 2025. An increase in the production of durable goods such as construction materials and equipment suggested that domestic companies ramped up production ahead of tariffs. While overall production gains is a positive, it might lead to a supply / demand imbalance in inventories.

U.S. Industrial Production Index

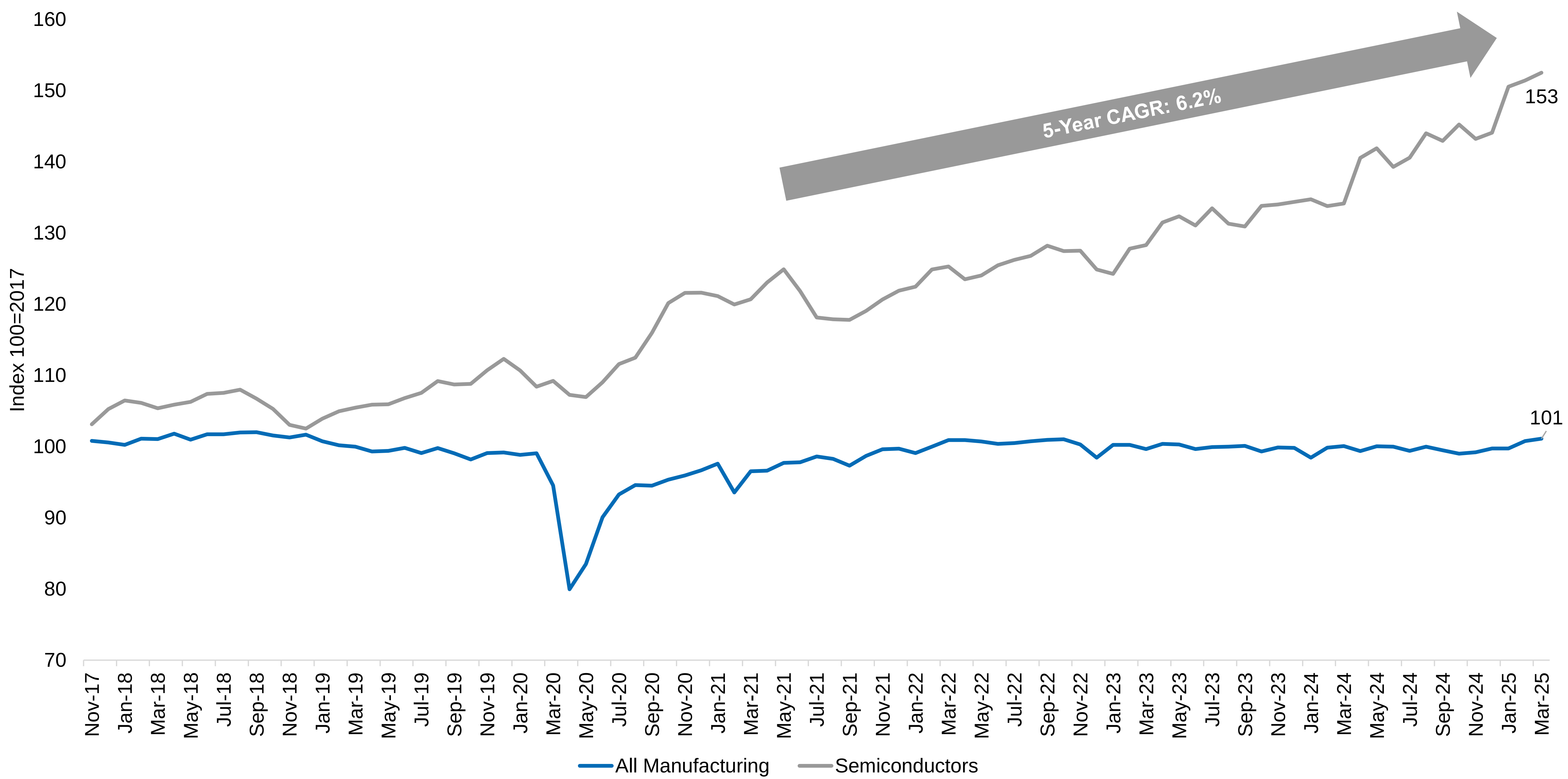


Source: Newmark Research, FRED, May 2025.
Note: Index 2017=100, Seasonally Adjusted

M(AI)D in the USA: Data Center Boom Also Driving Manufacturing Growth

The industrial and data center sectors are showing complementary growth. Advanced GPU and chip providers to AI firms are building U.S. fabrication plants to secure supply chains, expanding industrial inventory and boosting leasing from suppliers. U.S. semiconductor manufacturing production has significantly outpaced overall manufacturing production growth.

U.S. Industrial Production Index: All Manufacturing vs High Tech (Semiconductors)

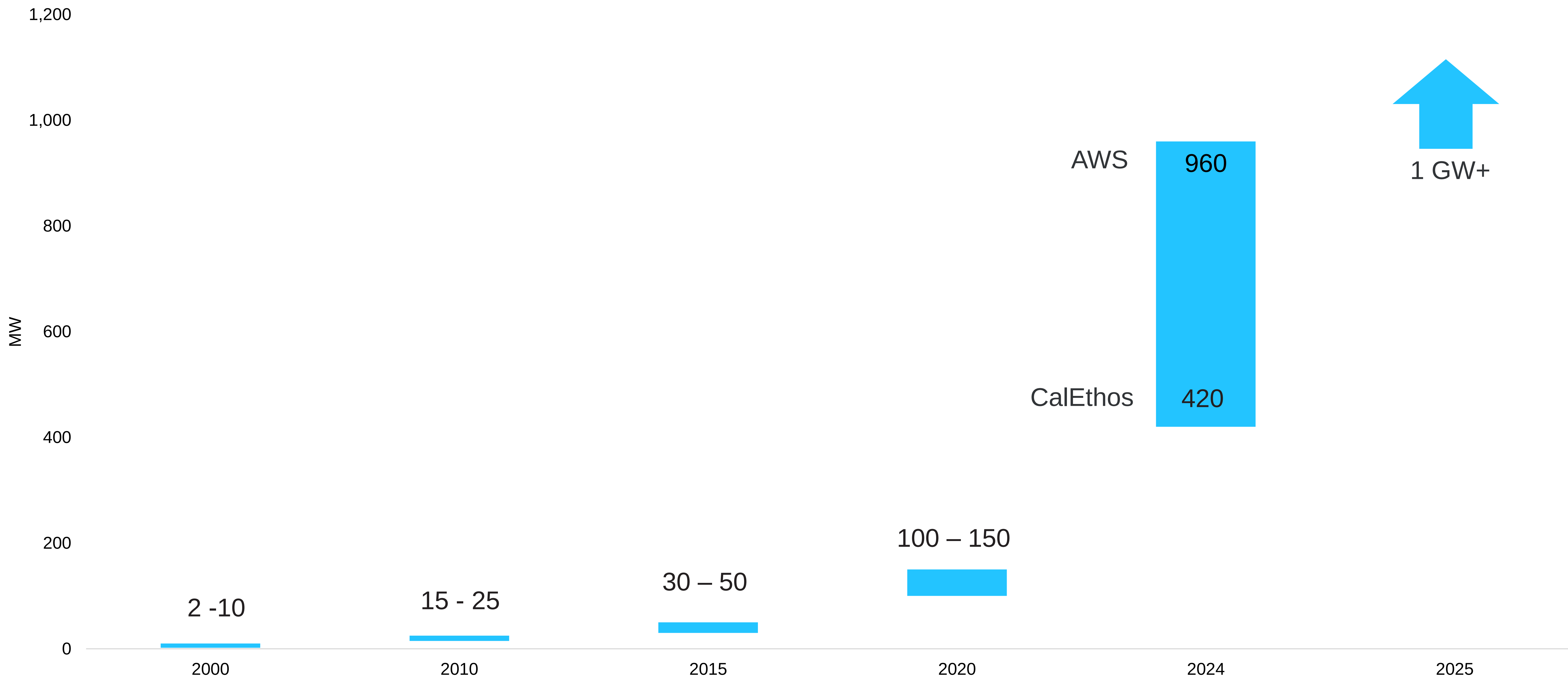


Source: Newmark Research, St. Louis Fed, May 2025.

Data Center Power Demands Have Recently and Radically Changed

U.S. energy demand has largely increased at a stable rate in the 21st century as growing energy needs in the industrial sector have been somewhat offset by improving energy efficiency and optionality. While the "electrification of everything" has recently boosted demand, the rise of AI has dramatically reshaped power requirements.

Typical Data Center Power Demand Ranges Over Time

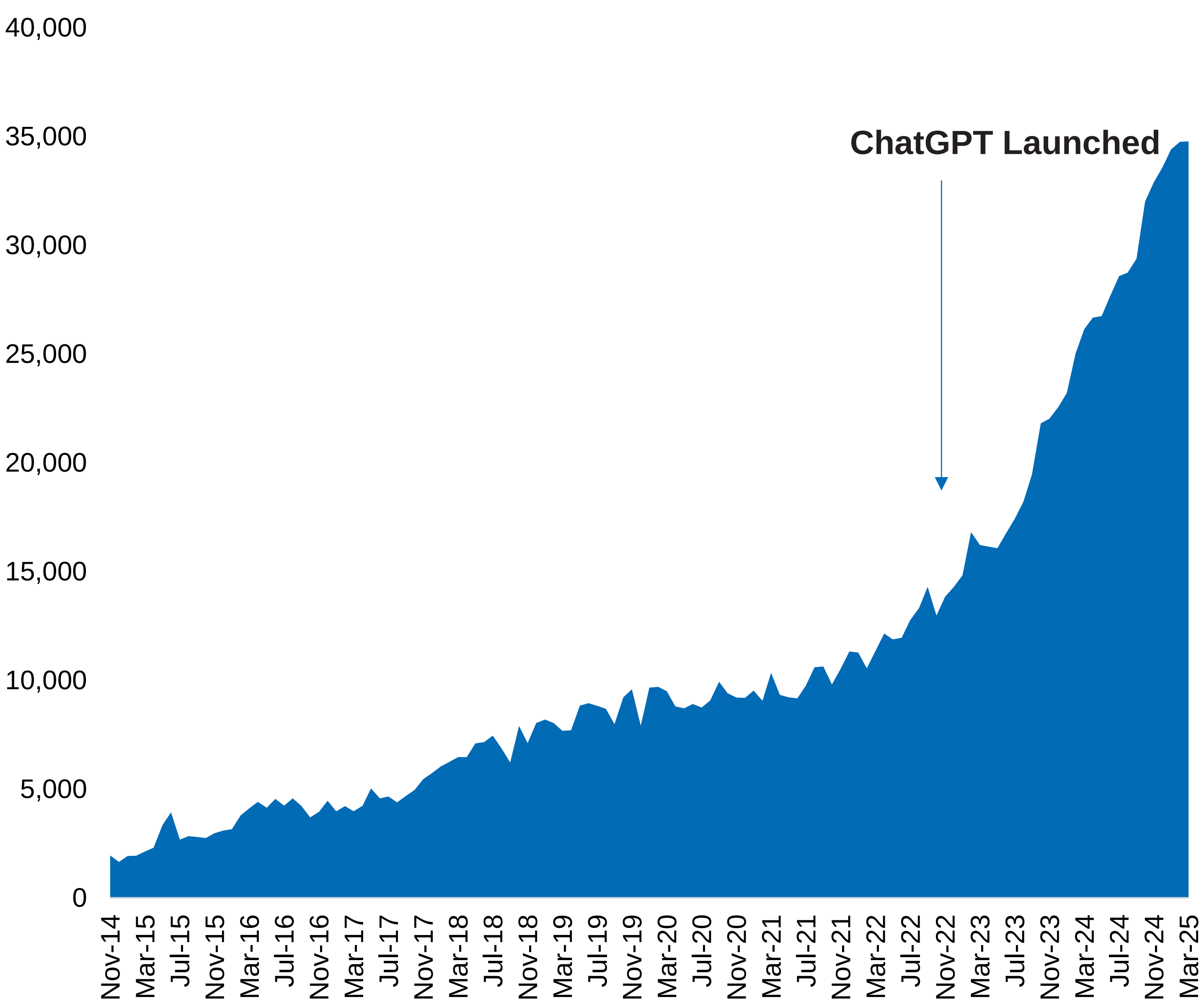


Source: Newmark Research, Newmark Global Strategy

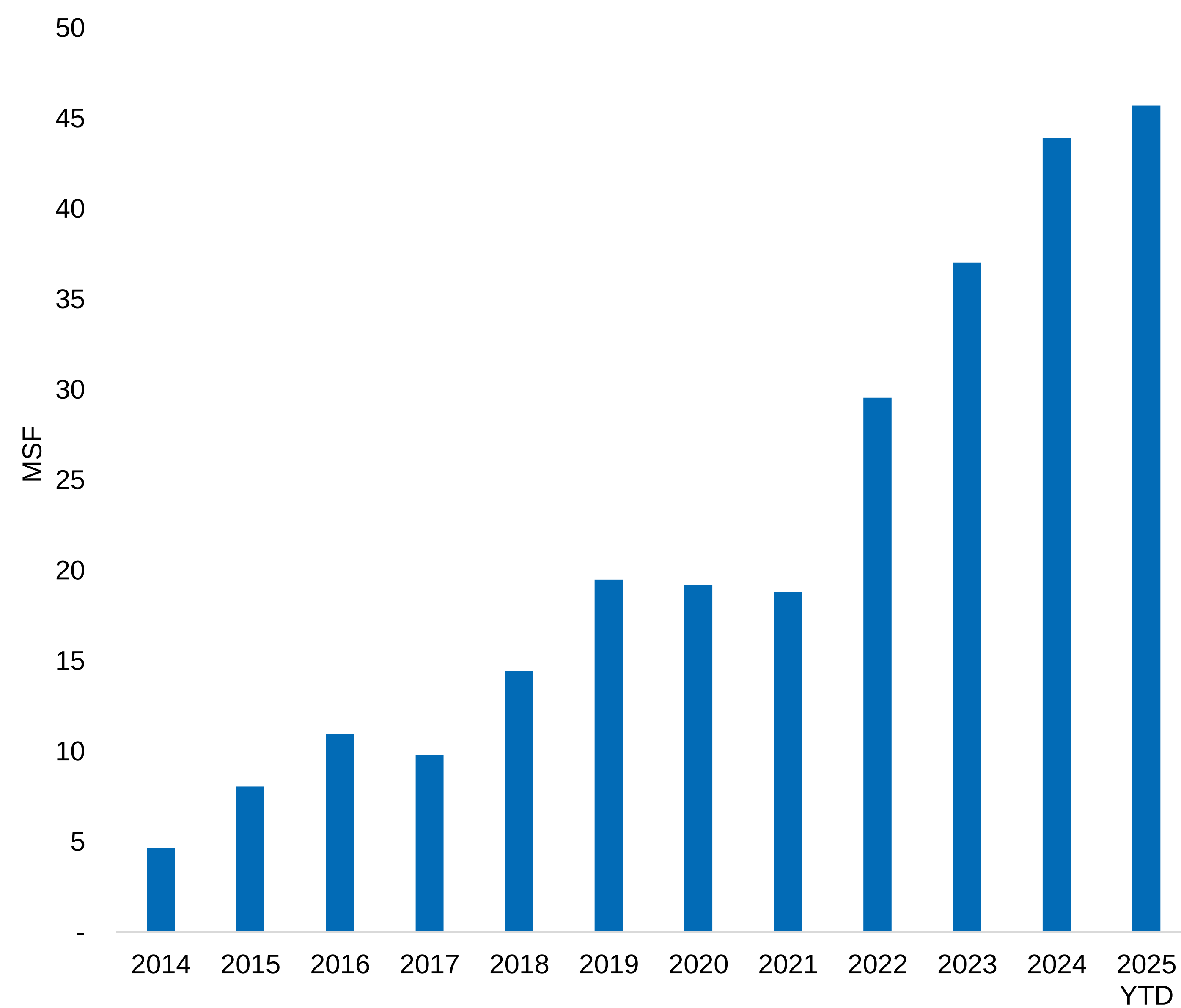
Demand For New Data Centers Has Propelled Development to New Heights

AI continues to be the primary driver of new demand, fueled by substantial hyperscaler investment. Amazon, Microsoft, Meta, and Alphabet have announced a combined $320+ billion in capital expenditures for 2025, largely focused on AI and data center expansion—a significant increase from 2024. The projected pace of AI adoption will necessitate extensive growth in digital infrastructure to support training, inference, and other use cases in the years ahead.

U.S. Private Data Center Construction Spending ($M)



U.S. Data Center Development Pipeline (MSF)



Source: Newmark Research, CoStar, U.S. Census, MSCI, May 2025.

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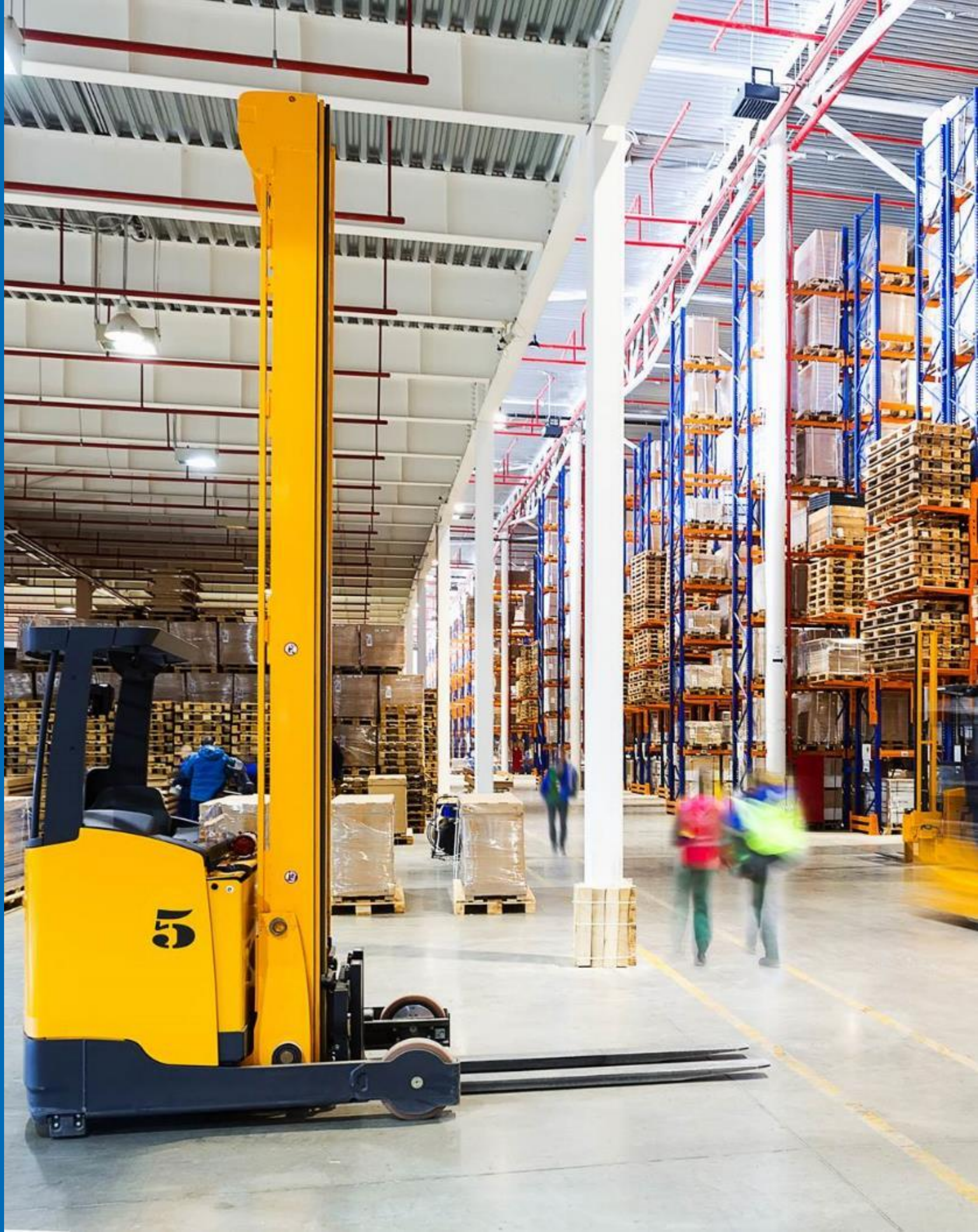
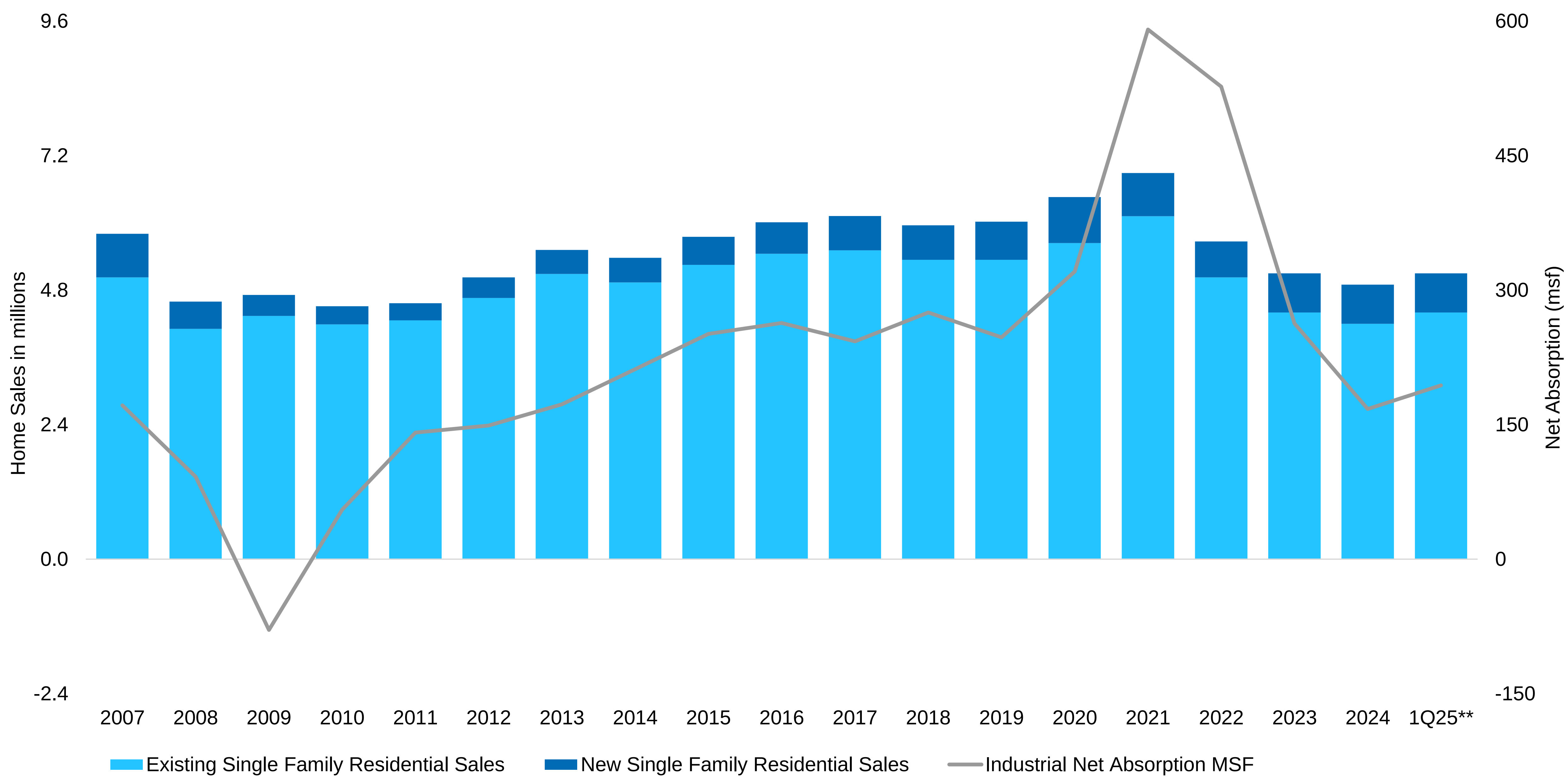
Industrial Demand Drivers



The Housing Market Still Mired In Multi-Year Lows, Impacting Industrial Demand

Persistent stagnation in the home buying market is primarily driven by higher interest rates, as well as limited affordable inventory. The sharp decline in home sales negatively impacting industrial demand. In 2022, The Home Depot was second only to Amazon in total annual leasing activity; by the end of 2024, the home improvement retailer had given back ~5 MSF of space. Federal immigration and trade policies could potentially impact the construction industry and the overall economy, further clouding the outlook for home sales.

Single Family Residential Sales and Industrial Net Absorption*

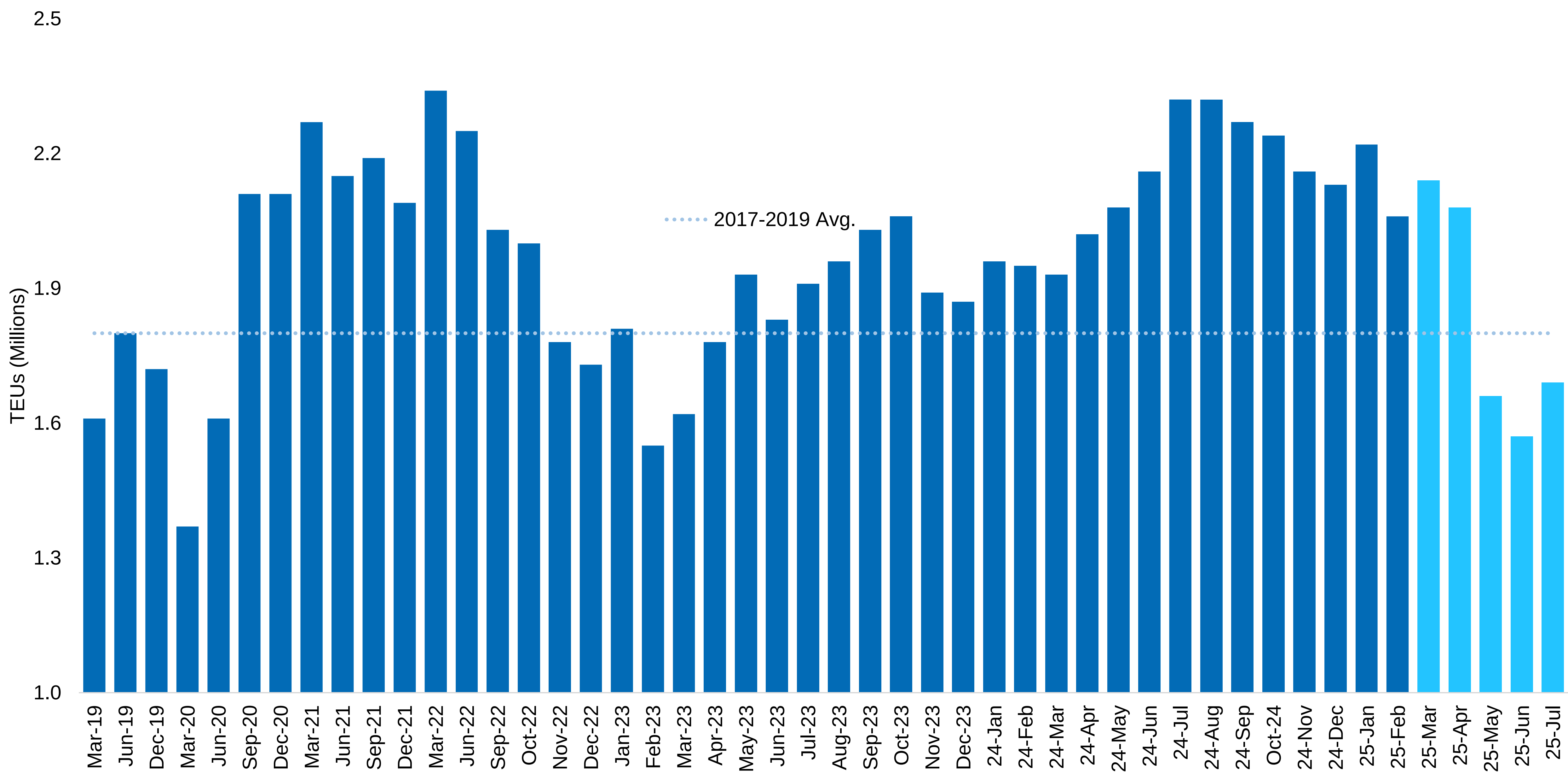


*Single Family Residential Sales not seasonally adjusted.
*Annualized through March 2025.
Source: Newmark Research, CoStar, St. Louis Federal Bank, National Association of Realtors, U.S. Census Bureau, May 2025.

Import Levels Forecast to Drop Sharply At Major U.S. Maritime Gateways

Retailers frontloaded imports ahead of trade uncertainty, but in the window between 145% tariffs on Chinese goods (among a baseline 10% on other countries as well as sectoral tariffs) and trade talks that lowered Chinese import rates to 30%, China-to-U.S. bookings fell precipitously, while Southeast Asian bookings increased. Import forecasting below has not yet accounted for a potential snapback as U.S. ports could see a resurgence of bookings following the “China Truce” as well as bottlenecks arising from the sudden shift.

Global Port Tracker: U.S. Retail Imports

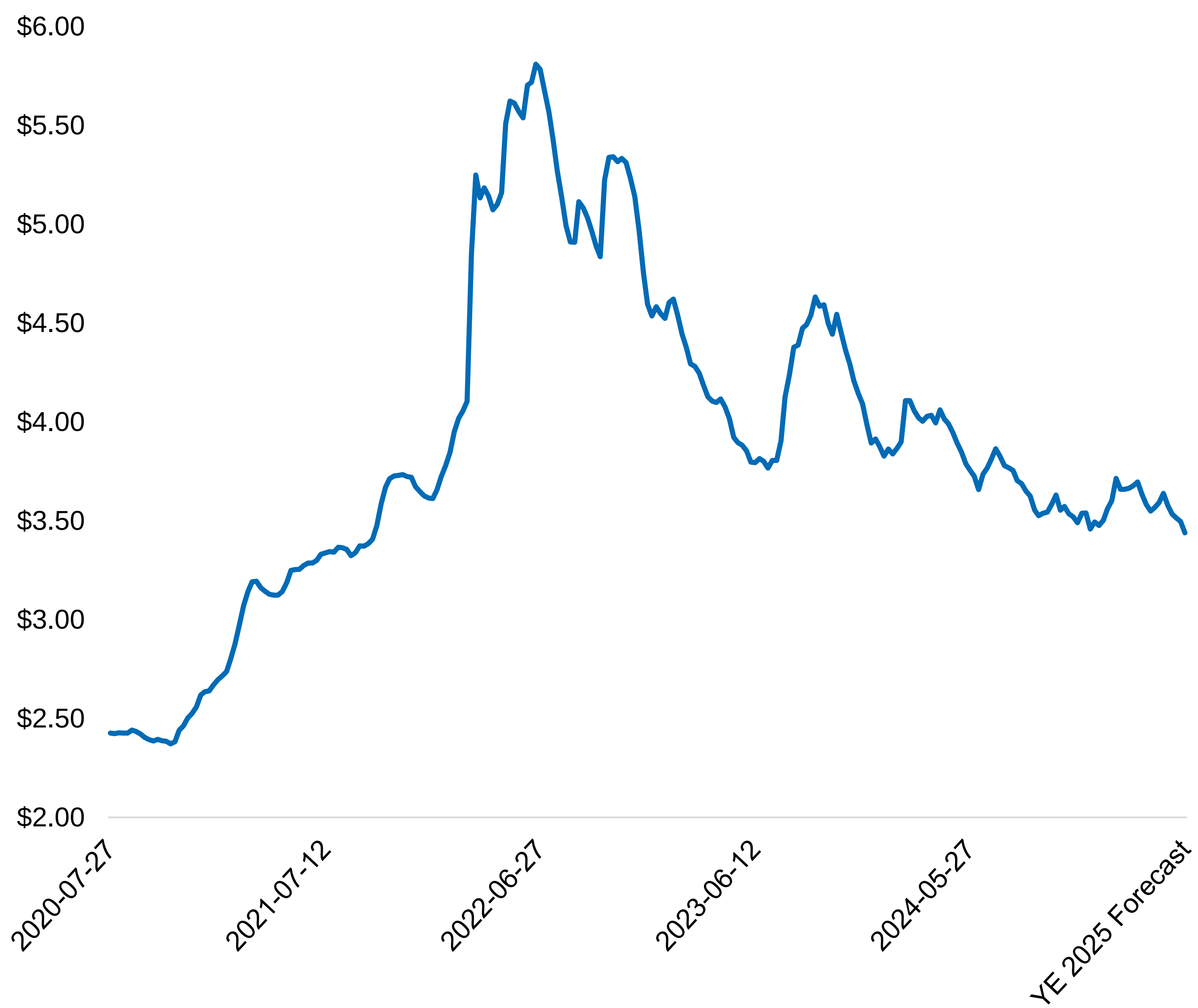


Source: National Retail Federation, Newmark Research, Vizion, Journal of Commerce, May 2025.

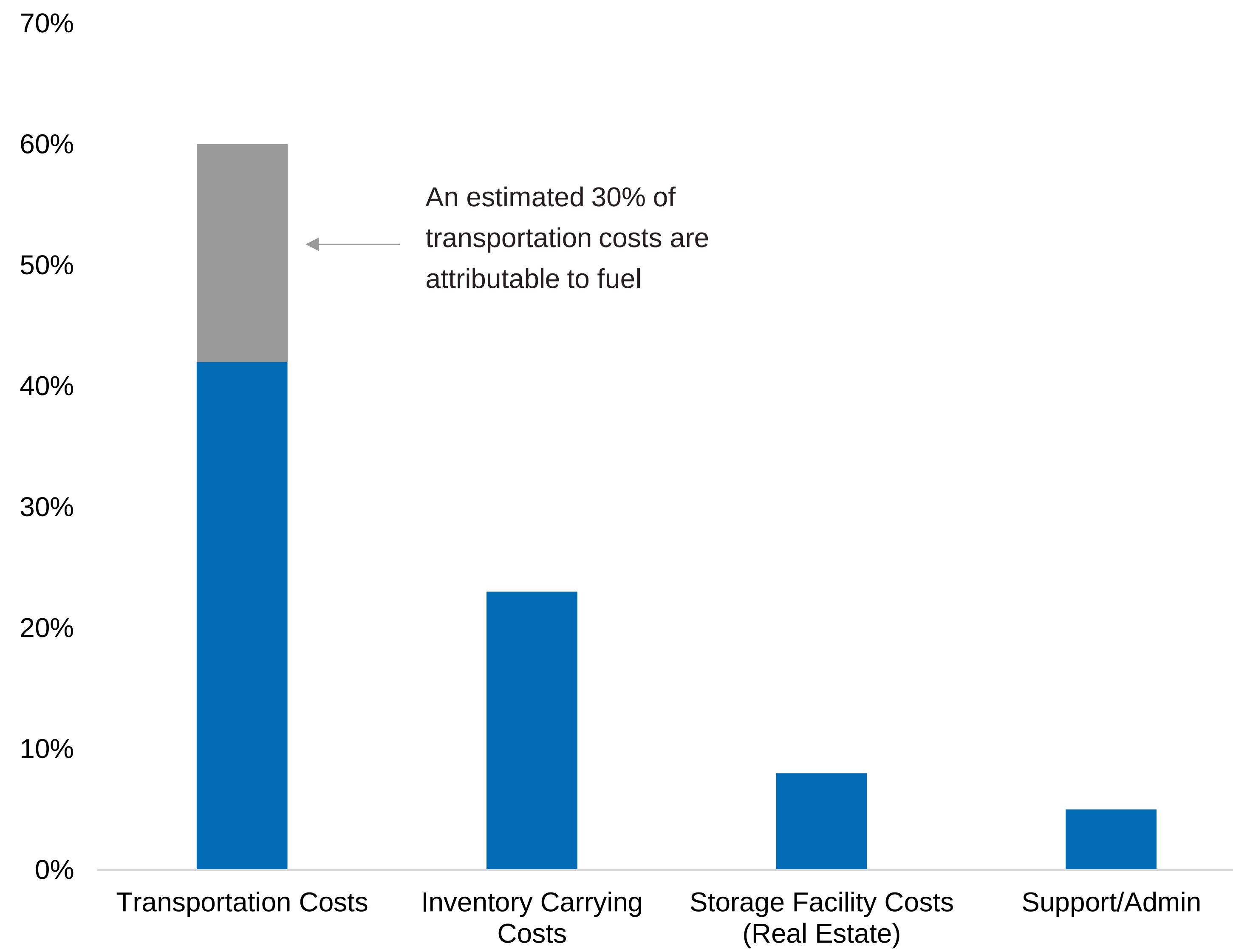
Fuel Costs Are A Large Component of Business Logistics Costs (And Are Falling)

Fuel costs (~30% of a firm's transportation expenses) have been falling since 2022, contributing to a 10% year-over-year decline in total business logistics costs, according to CSCMP. Trade policy is driving a variety of effects on freight movement, with significant decreases in shipment volumes expected in 2Q and a likely rebound in 3Q due to the "China Truce." This may potentially cause a temporary rise in fuel prices but longer term, continued declines in fuel prices are forecast throughout the rest of the year and into 2026.

U.S. Diesel Fuel Cost Per Gallon and Year-End Forecast (Retail)



CSCMP Total Business Logistics Costs Share By Cost Segment

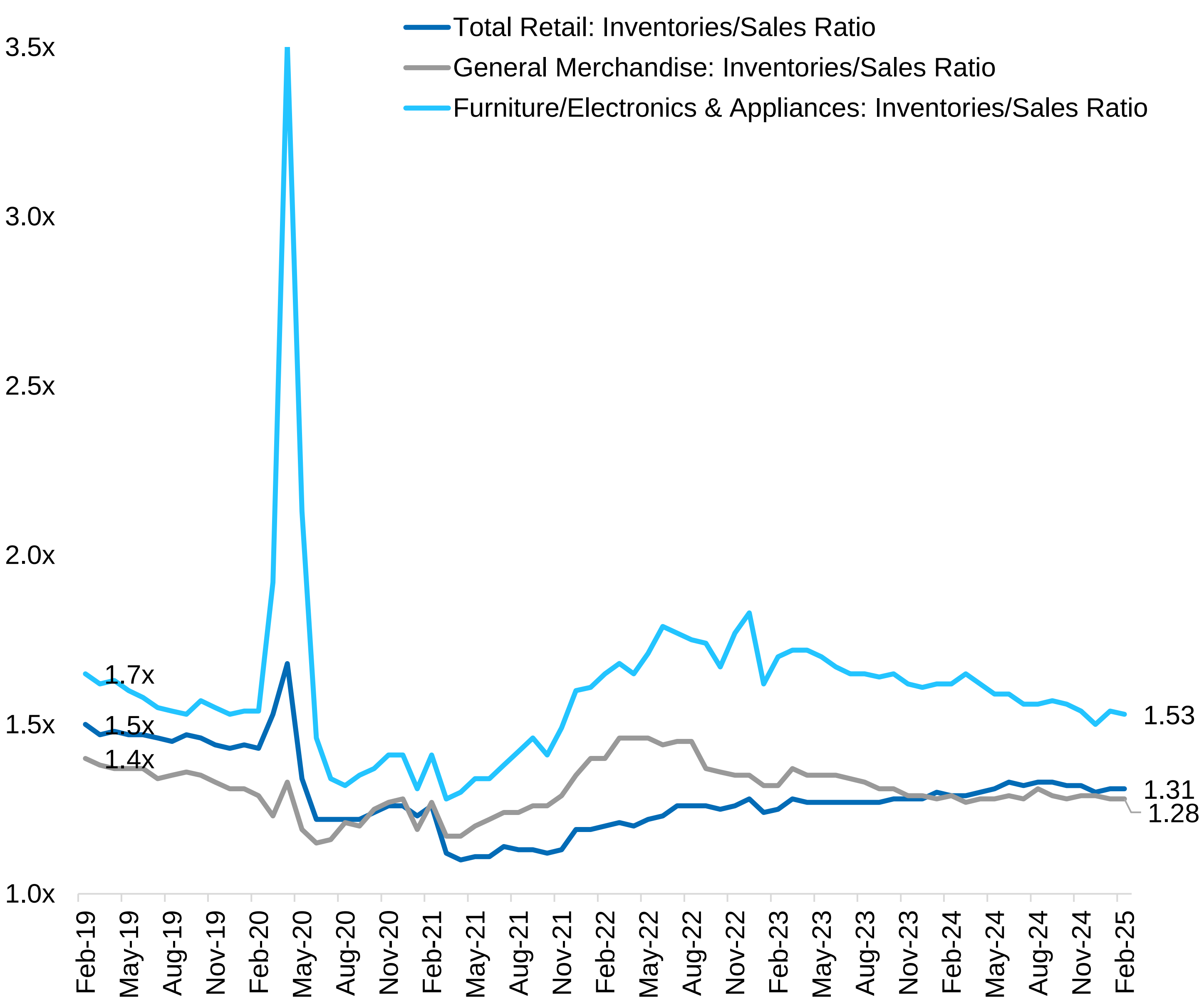


Source: Newmark Research, CSCMP 2024 State of Logistics Report, U.S. EIA

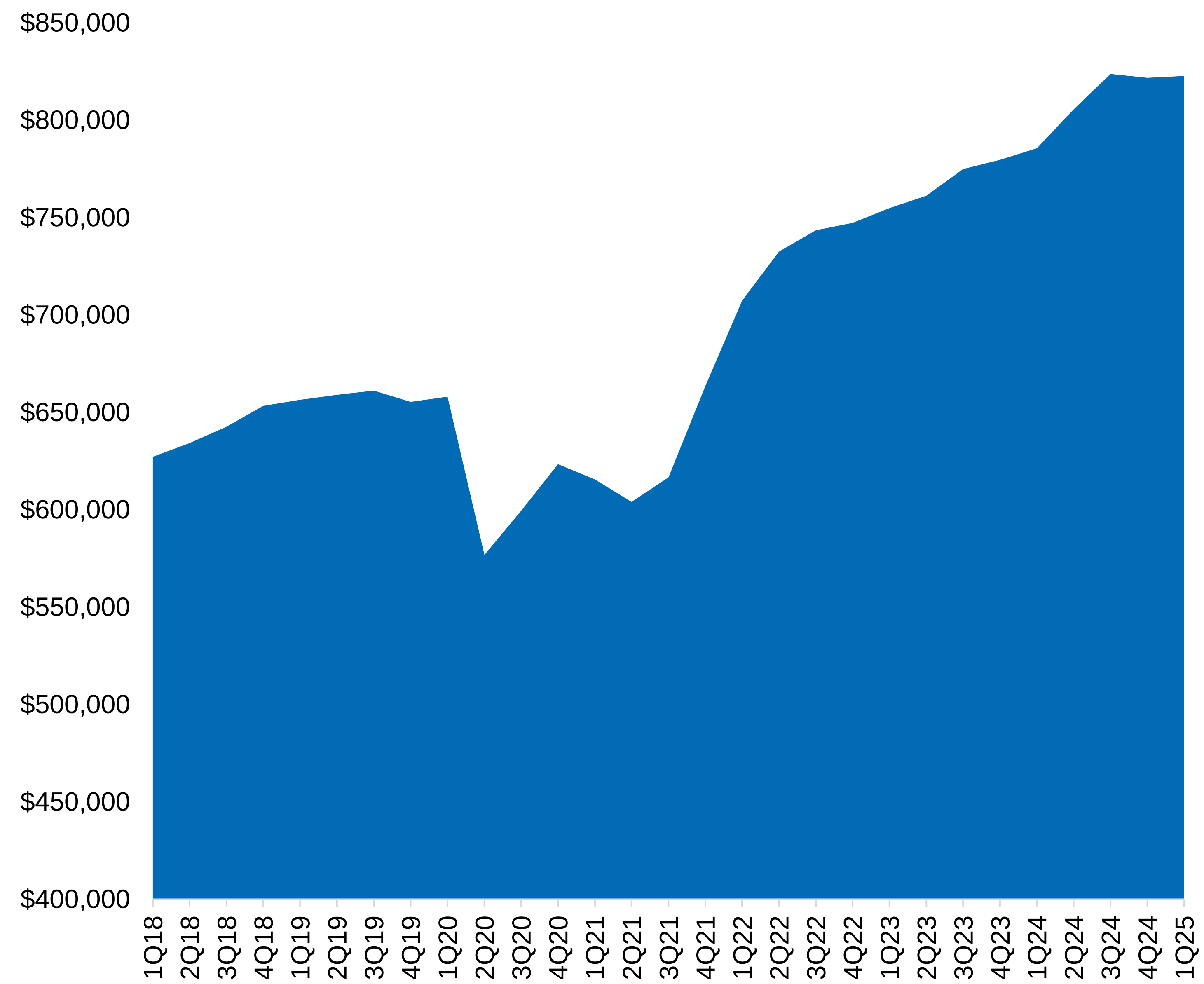
Despite Inventory Pull-Ahead, Measured Inventories Are Lower Than One Might Think

Inventory-to-sales ratios are at or below pre-pandemic levels despite inventory frontloading for months, although a final surge of imports may not yet show in inventory investment or consumption. Retailers have made significant strides in optimizing supply chains, and consumer spending has been higher than expected year-to-date, also signaling a lower retail sales to inventory ratio. That being said, with the drop-off in containerized bookings from China, there may be inventory shortages starting in early summer if trade uncertainty persists.

Inventories to Sales Ratio, Total Retail and Sector-Specific



Retailers Inventories ($M)

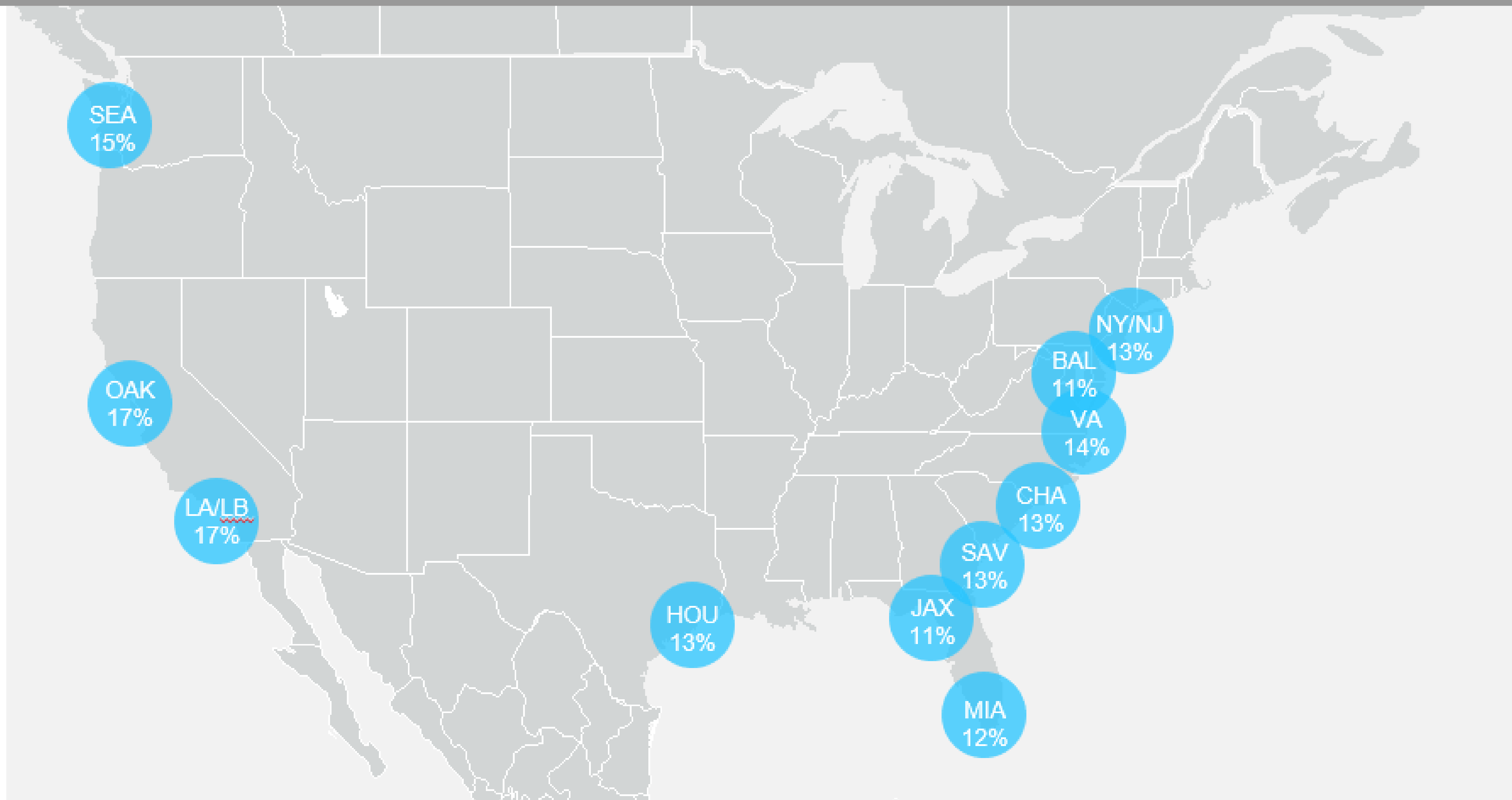


Source: Newmark Research, Board of Governors of the Federal Reserve, St Louis Federal Reserve, May 2025. 1Q25 value* of retailer inventories through February 2025.

Seaport-Serving Markets Have Varying Degrees of Exposure to Tariffs

West Coast seaport-serving industrial markets are most exposed to current trade shocks with a higher share of import value coming from China. Weaker demand growth and potential industrial occupancy declines could be likely, particularly from less-well-capitalized or trade-dependent occupiers, should lower import volumes persist.

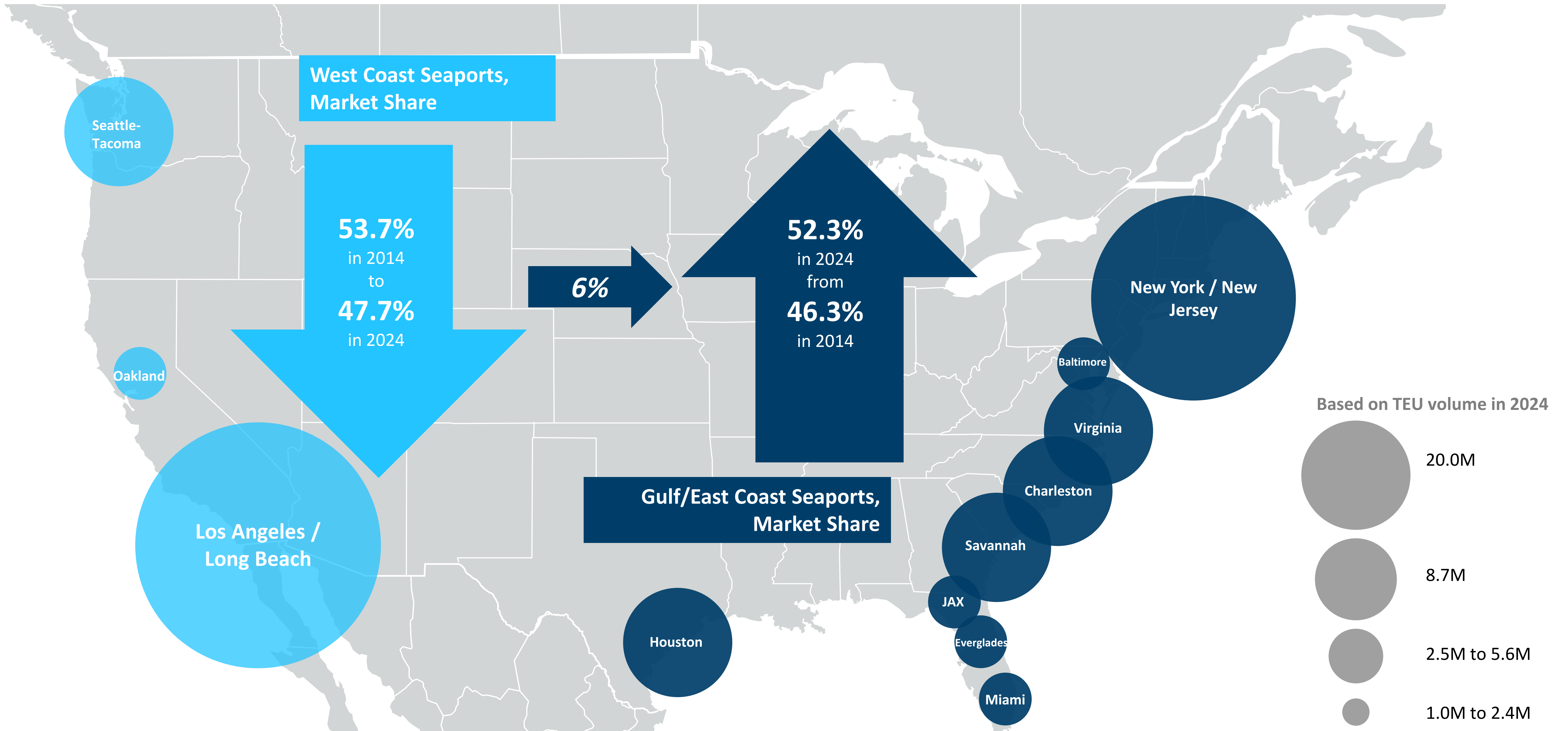
Weighted Effective Import Tariff Rate per Major U.S. Seaport, April 2025



Source: Newmark Research, Trademo, USA Trade Online, Wells Fargo Economics
Tariffs as of 5/12/25 representing China at an effective 32% with sectoral exceptions and other countries at a baseline 10%. Calculations based on 2024 annual shipment values.

Import Market Share Has Been Shifting Eastward

Over the last decade, U.S. Gulf and Eastern seaports have steadily gained market share from the West Coast seaports thanks to the investment in accommodating larger container vessels and other supportive infrastructure. Additionally, global supply chains are moving from China toward friendlier South Asian countries like India, which align with East Coast sea routes for cost and speed to delivery considerations. Current U.S. rhetoric and trade policy is accelerating this shift.

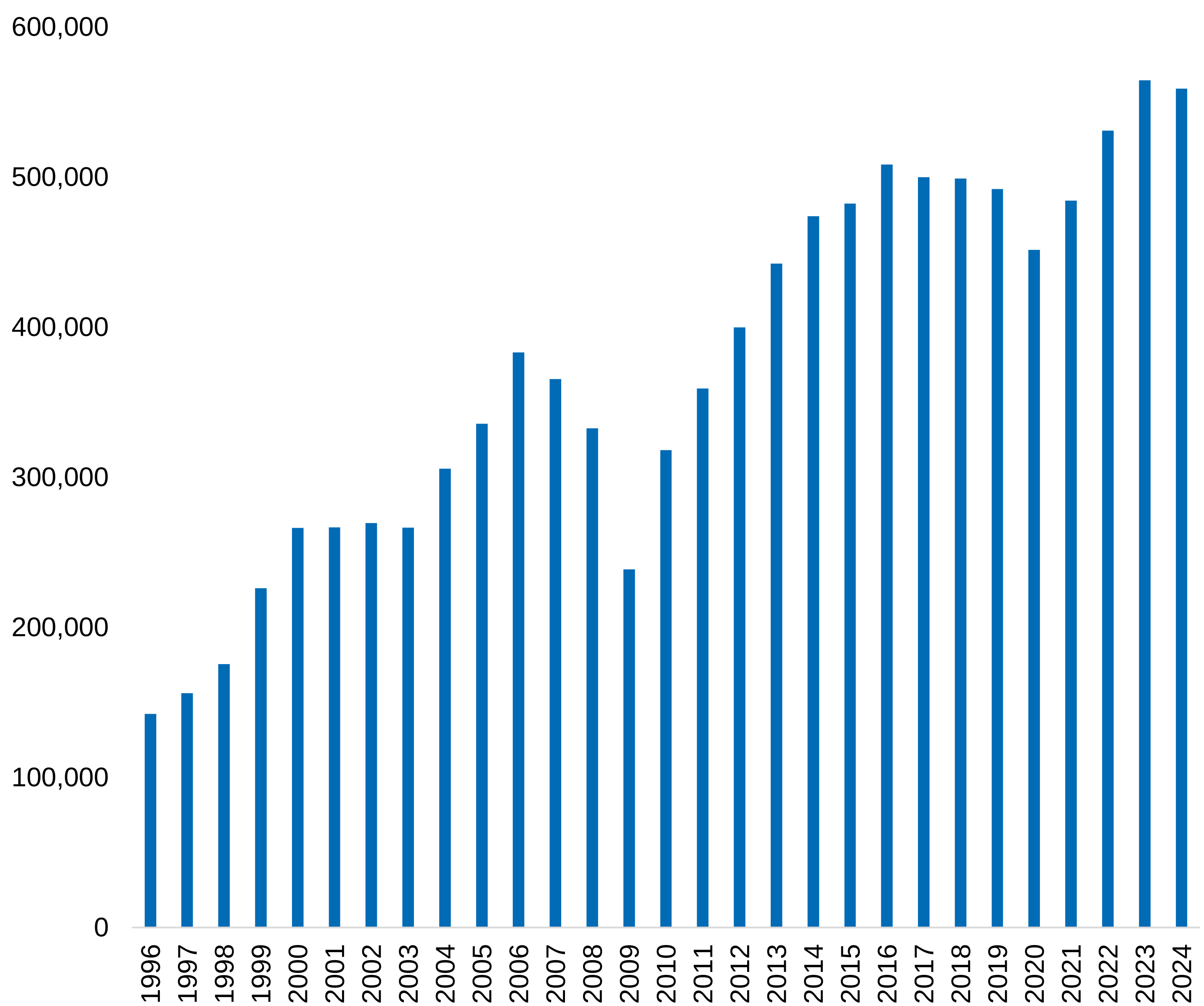


Source: Newmark SoCal Research, port websites.

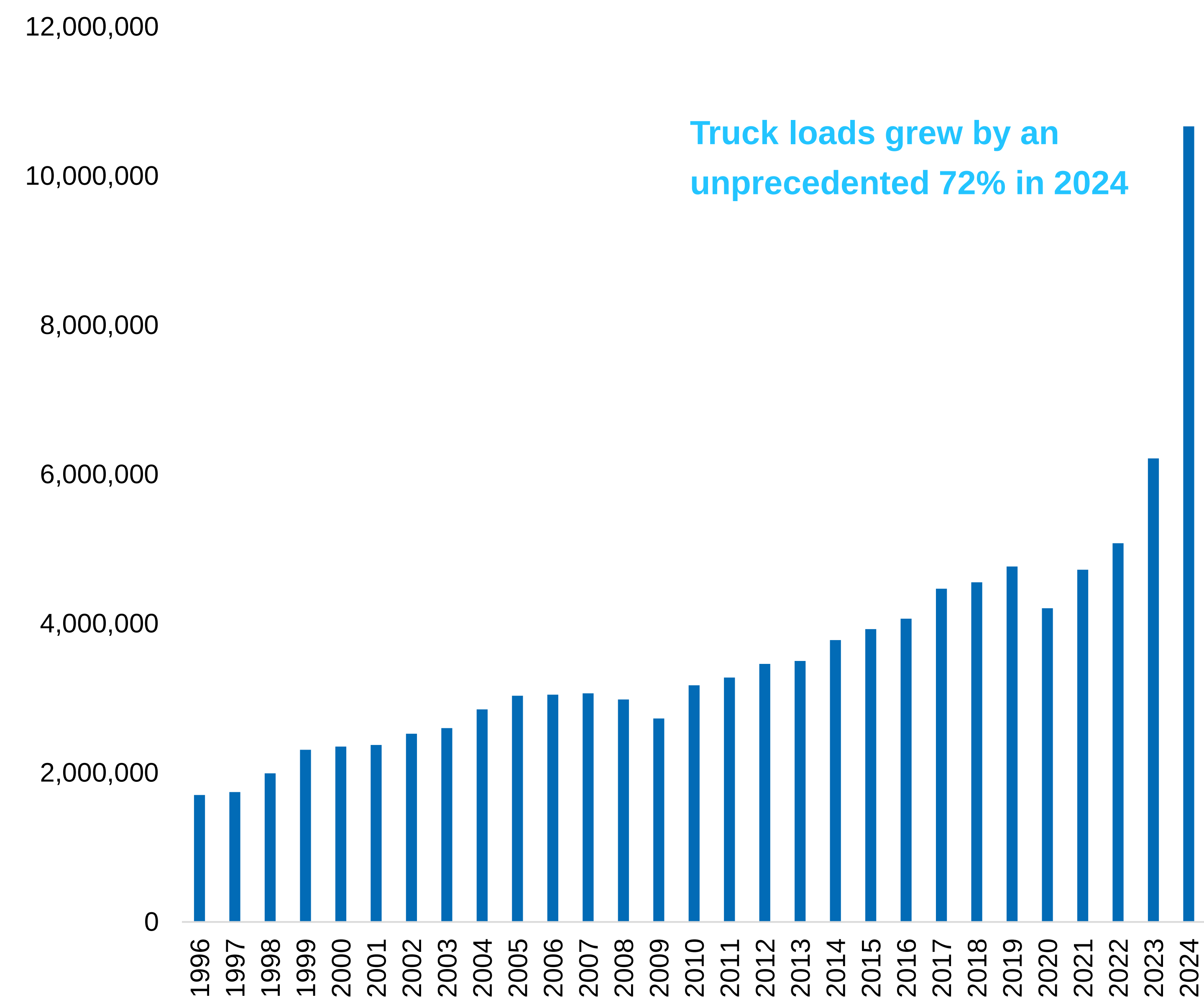
Goods Coming Across the Mexican Border Soared by 66% in 2024

Historic trade between the U.S. and Mexico was fueled by the USMCA, nearshoring, increased transport of foreign goods through Mexican seaports to U.S. end-consumers, and by frontloading ahead of tariffs. January 2025 data show increases continue year-over-year, although 2025 is unlikely to top 2024 volume. Despite a higher North American tariff environment now, USMCA-adherent goods enjoy the most favorable U.S. trade terms globally. Firms will continue to expand in Mexico due to various factors, including trade policy.

Loaded Rail Containers Crossing from Mexico to U.S.



Loaded Truck Containers Crossing from Mexico to U.S.



Source: Dept. of Transportation, February 2025.

Mexico Remains Attractive For Nearshoring, with Positive Impact to U.S. Inland Ports

Macro shifts in freight pathology (i.e., the shift from West to East Coast ports) will continue as corporations pursue supply chain efficiency and the ‘best’ cost over ‘lowest’ cost to maintain and improve customer service. The Americas, particularly Mexico, as well as Southeast Asia and India, will remain attractive options for near- and friend-shoring.

Manufacturing Competitiveness for Goods Shipped to the U.S. by Global Region

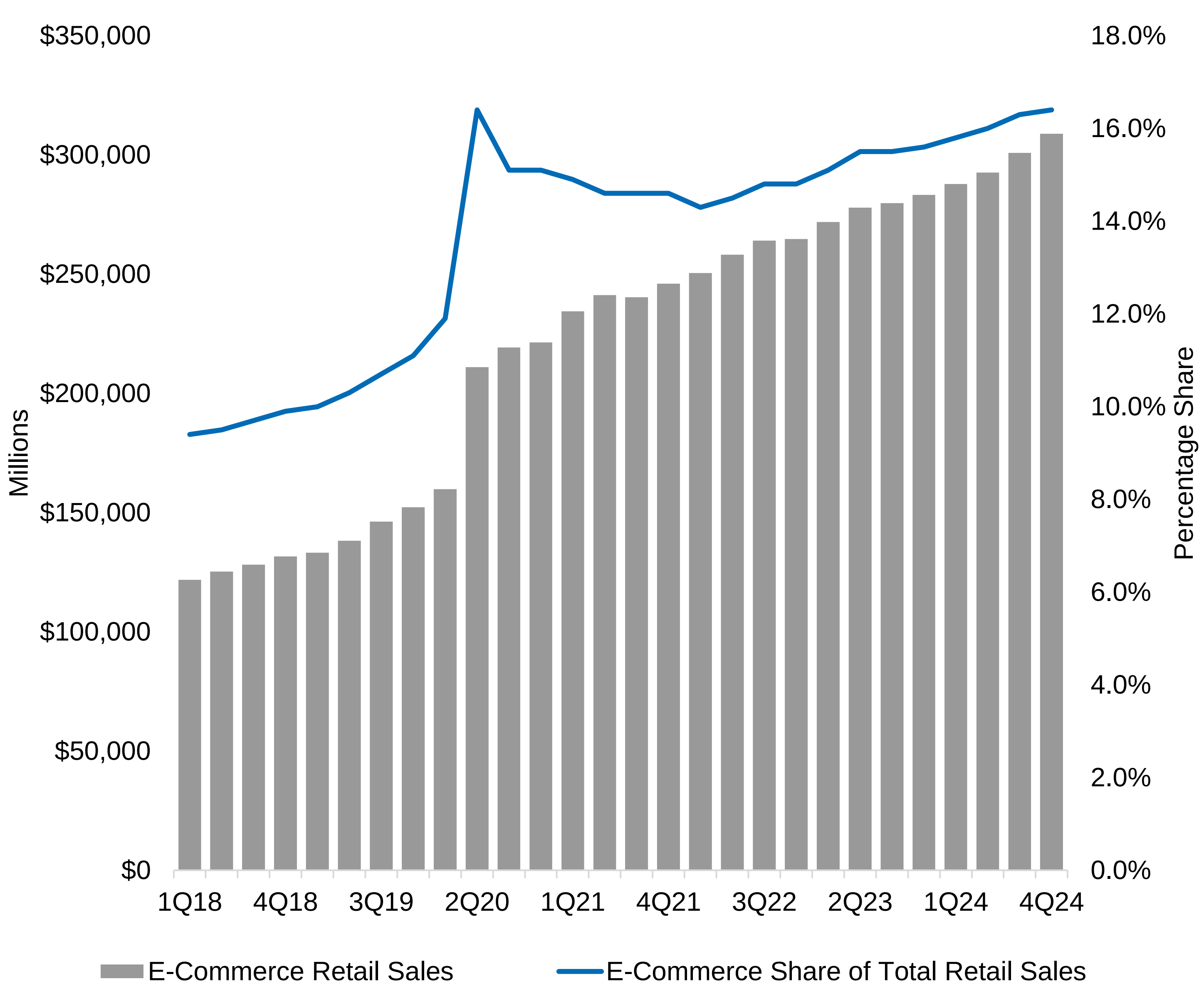
Production Source	Avg. Days to U.S. Market	Avg. Total Landed Cost* Index (U.S. = 100), 2022 (Pre-Tariffs)	U.S. Industrial Markets Most Impacted
U.S.	0-4	100	Mixed
Canada	1–4	104	Inland Gateways and Intermodals
Mexico	1–4	84	Inland Gateways and Intermodals
Western Europe	13	113	East Coast
Eastern Europe and Mediterranean	14	97	East Coast
South America	20	92	Mixed
Japan and South Korea	15	97	West Coast
Southeast Asia	22	82	West Coast
India	30	85	East Coast
China	22	96	West Coast

Source: Clarion Partners Global Research, Freigtos, Newmark Research, Boston Consulting Group. *Total landed cost is defined by all expenses accrued for a product to be manufactured and transported to the end consumer.

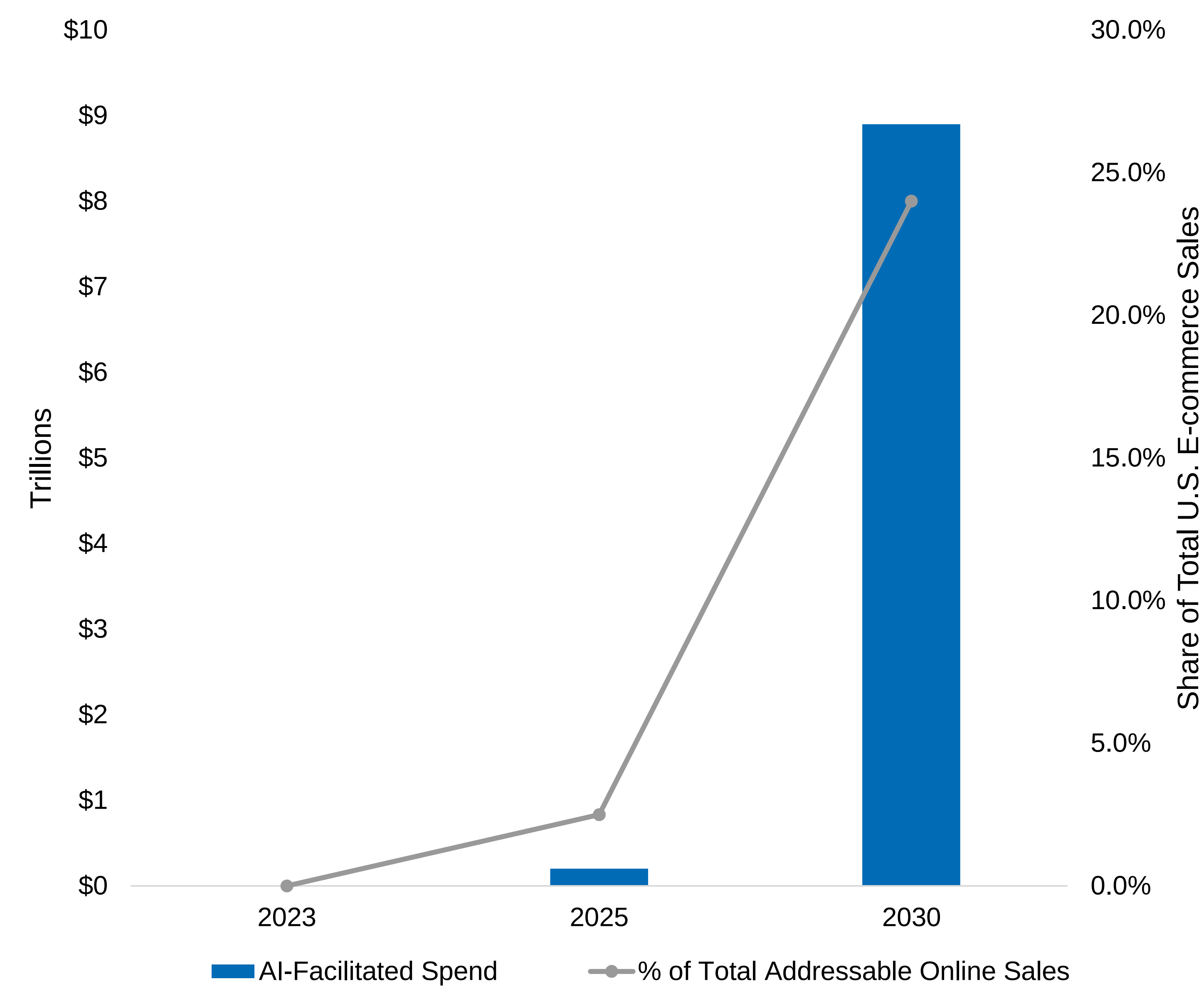
Evolving Trends In E-Commerce Continue Driving Demand

Consumer spending increasingly mixes in-store, online, and omnichannel behaviors as major retailers invest across these channels. At a forecasted 8.7% CAGR between 2025 and 2028, e-commerce growth will continue to drive industrial demand. The use of AI agents in consumer shopping is an emerging factor that could further accelerate e-commerce penetration. AI-mediated shopping could approach 25% of the total potential market for online sales globally by 2030 from below 5% currently, according to some forecasts.

U.S. E-commerce Sales and Share of Total Retail Sales



Global AI-Facilitated Online Spend ($T)

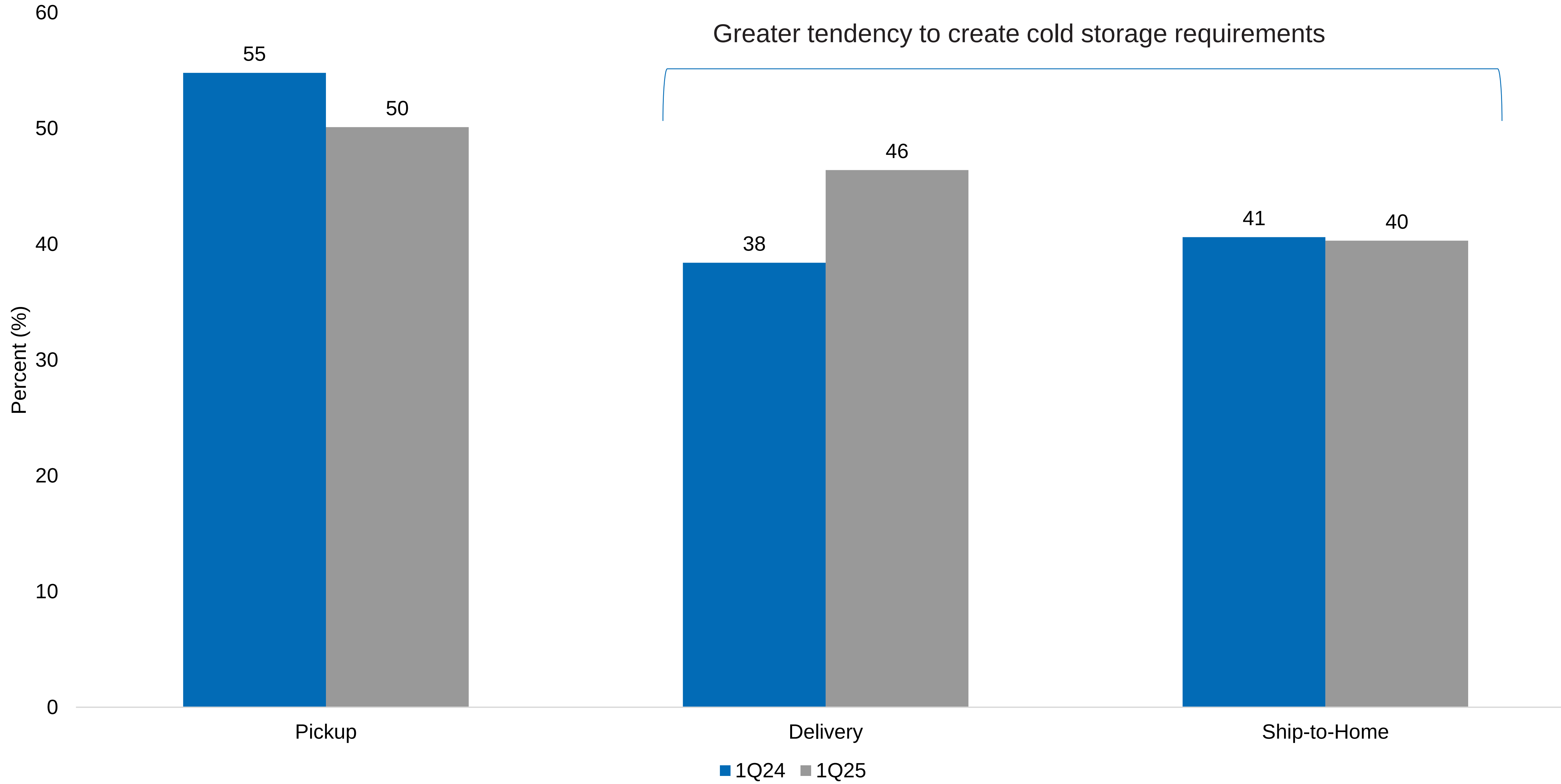


Source: U.S. Census Bureau, St. Louis Federal Bank, Green Street, Ark Invest, Emarketer, May 2025.

Online Grocery Sales Growth Underpins Demand for Cold Storage

Total e-grocery sales in the first quarter of 2025 were up 21% compared to the previous year, according to Brick Meets Click and Mercatus. Of e-grocery fulfilment methods, delivery is surging, although customers are increasingly mixing methods of shopping. Retailers are leveraging their existing footprint, utilizing 3PLs or strategically developing fulfilment centers to meet consumer demand for flexibility.

U.S. Online Grocery Sales Share by Method of Fulfillment

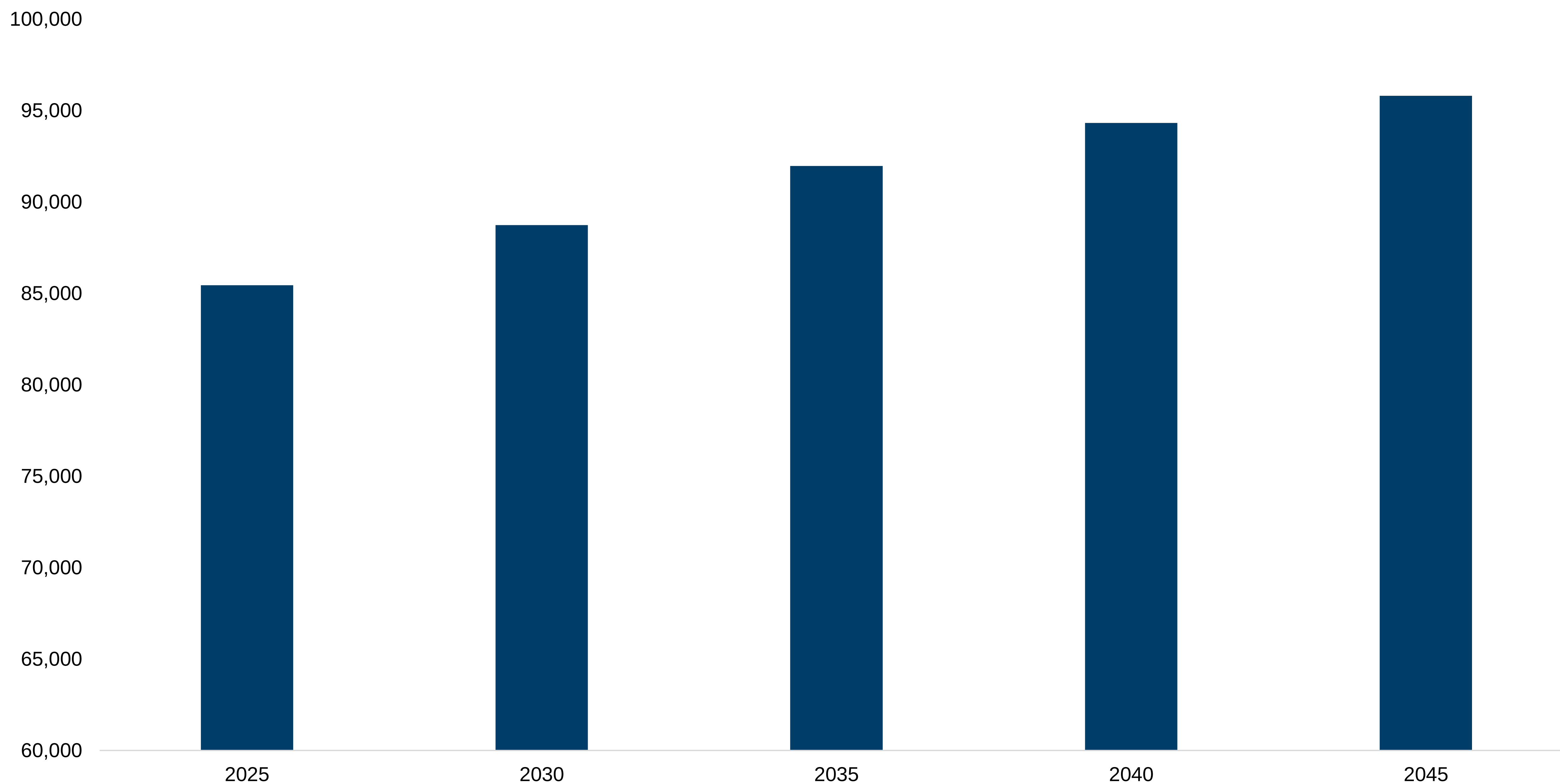


Source: Newmark Research, Brick Meets Click and Mercatus, May 2025.

Millennials, the Leading E-commerce-Using Cohort, Enter Top Spending Years

For consumers, spending power peaks between ages 35 and 54. Millennials, the largest generation in the U.S. workforce, will be fully aging into this cohort between now and 2035. Millennials are the leading generation of online shoppers, thus e-commerce spending (and the industrial real estate needed to support) will continue to be fueled by this group's prime spending years.

U.S. Population Projections, Age Cohort 35-54 (Thousands)

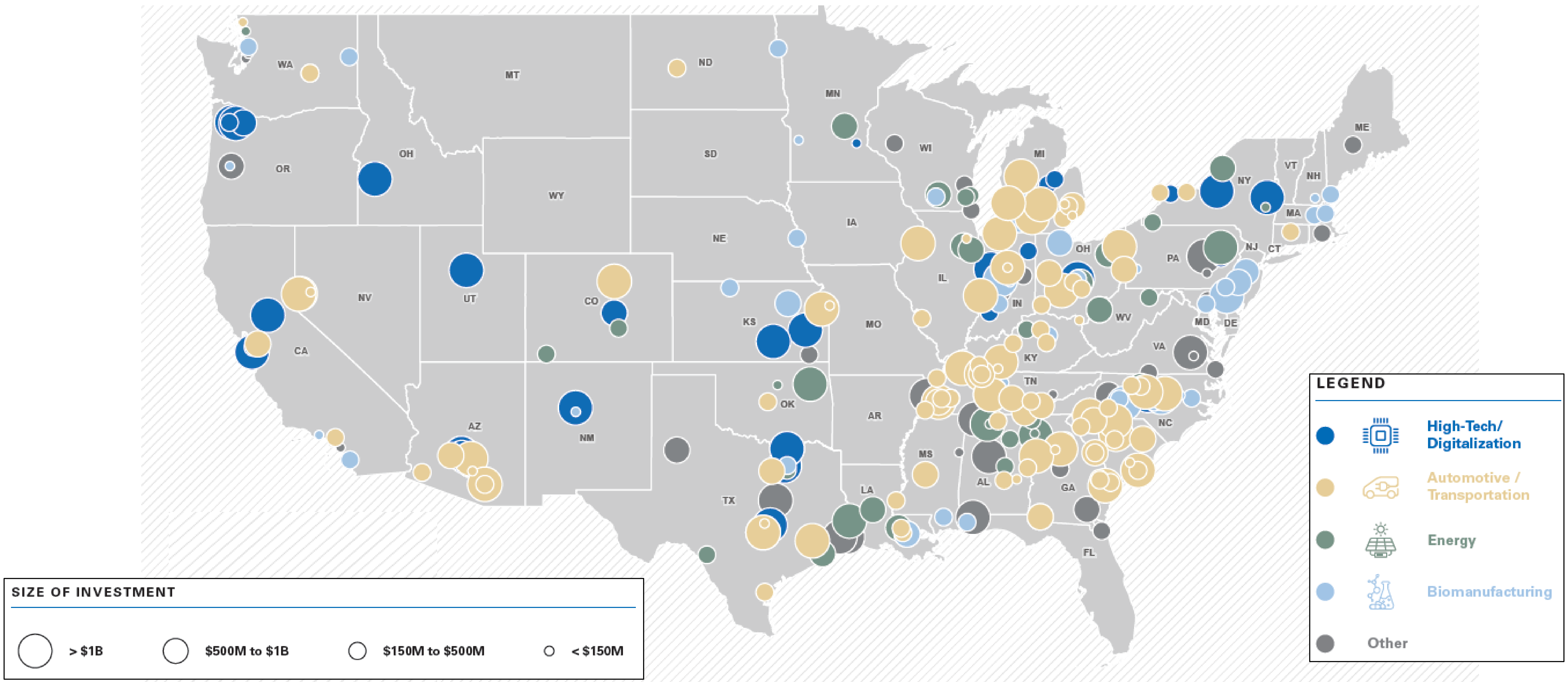


Source: Newmark Research, U.S. Census, Moody's Analytics, Statista.

Monumental Growth in Domestic Manufacturing is Underway

A snapshot of initial manufacturing investments totaling a minimum of $100 million since 2020 reveals approximately $640 billion in investments pledged, 270,000+ new jobs and a minimum of 270 MSF of new industrial projects, a notable portion of which have already delivered. Four key advanced manufacturing sectors are driving the greatest volumes of investment and development, capturing over 90% of the major investments pledged: High-tech/digitalization, Automotive/transportation; Energy; and Biomanufacturing.

U.S. Major Manufacturing Announcements, 2020-2024 2Q

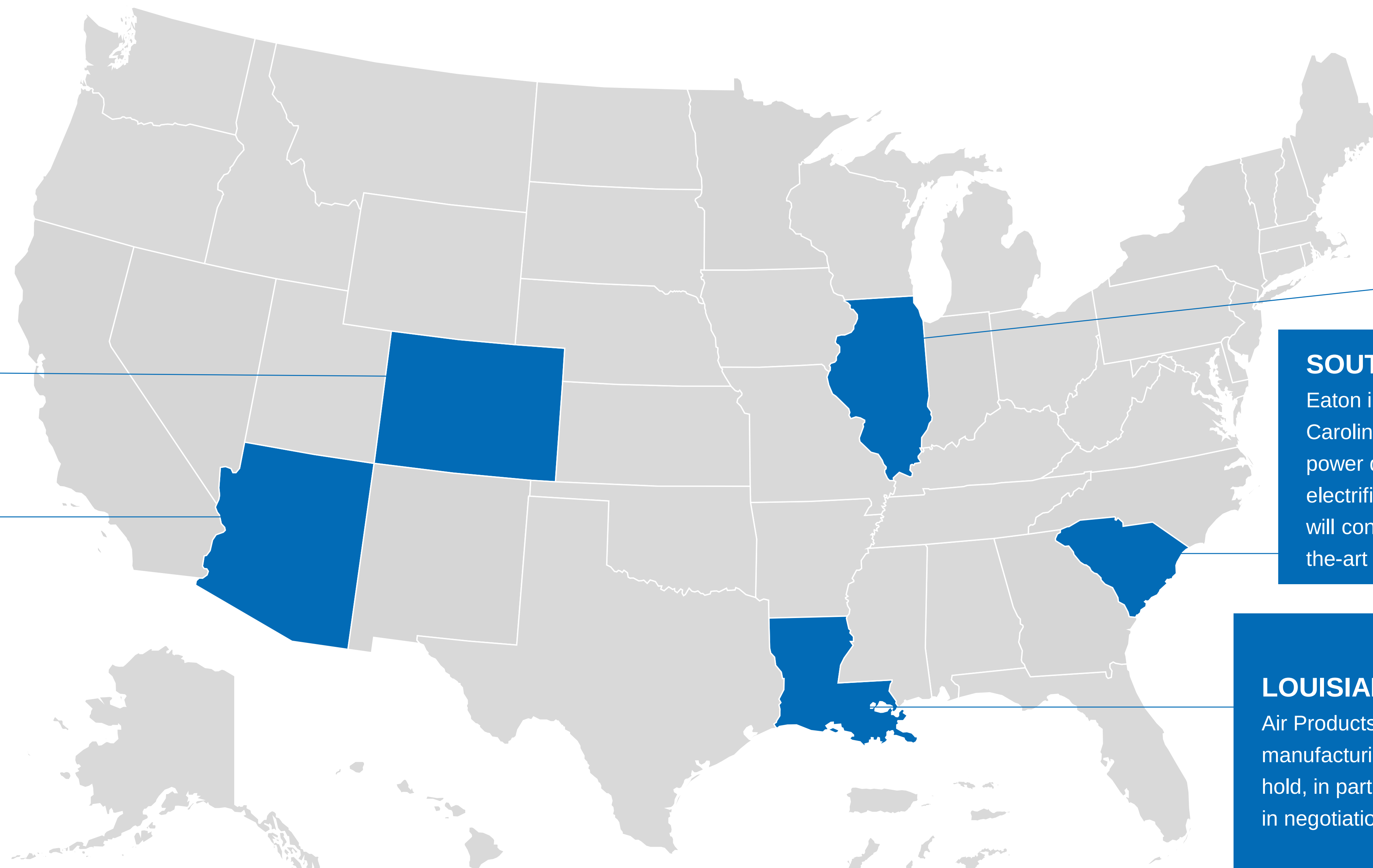


Note: Investments of at least $100 million. Investment dollars may include allocations to real estate and equipment, infrastructure, intellectual property, and other outlays.
Sources: Newmark Research, Newmark Global Strategy & Consulting, various press releases and articles

Megaproject Announcements Continue Amid Dynamic Manufacturing Landscape

Manufacturing investment remains near unprecedented levels, but the landscape is evolving. Many projects announced since 2020 have faced delays, downsizing, or cancellations, highlighting that not all plans will materialize. Challenging market conditions—such as inflation, high construction costs, a tight credit environment, permitting and funding delays, labor shortages, slowing consumer demand, and significant trade policy changes —are contributing to this fluid environment.

Select Major Manufacturing Project Updates and New Announcements, 1Q25



COLORADO
Amprius had proposed a 1.3 MSF building to house commercial scale battery production and is now rethinking whether to build the plant in Brighton.

ARIZONA
Lucid Motors is taking over 0.9 MSF of bankrupt EV manufacturer Nikola's manufacturing and warehousing facilities, in line with Lucid's prior planned expansion in Arizona.

ILLINOIS
Stellantis was set to open an EV battery plant in an idled manufacturing facility. Those plans have been shelved in lieu of building midsize pickup trucks at the location now.

SOUTH CAROLINA
Eaton investing $340 million in a new South Carolina transformer manufacturing site to power data centers, grid modernization, electrification and industrialization. This project will convert an existing facility into a state-of-the-art manufacturing site.

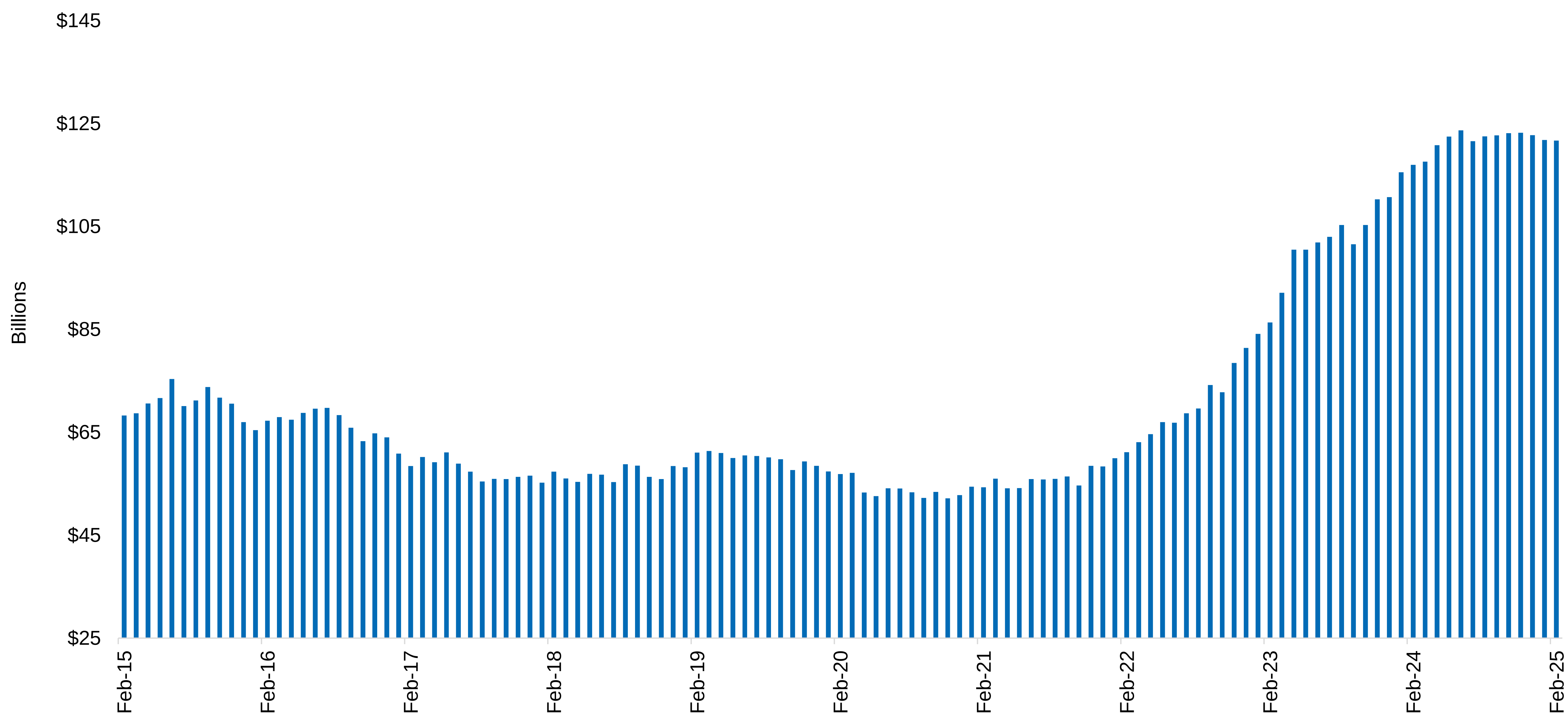
LOUISIANA
Air Products has put its blue hydrogen manufacturing plant, announced in 2021, on hold, in part due to community push-back. It is in negotiation to sell some parts of the project.

Source: Newmark Research, various news articles and press releases, May 2025.

U.S. Manufacturing Construction Spending Remains Near Record Highs

Advanced manufacturers are investing heavily in new construction. In real terms, manufacturing construction measured $121.7 billion in February 2025, nearly double the pre-pandemic 5-year average. Growth is driven by both private and public investment, driven by geopolitical and supply chain risks affecting these critical sectors.

Total Real Private Manufacturing Construction Spending

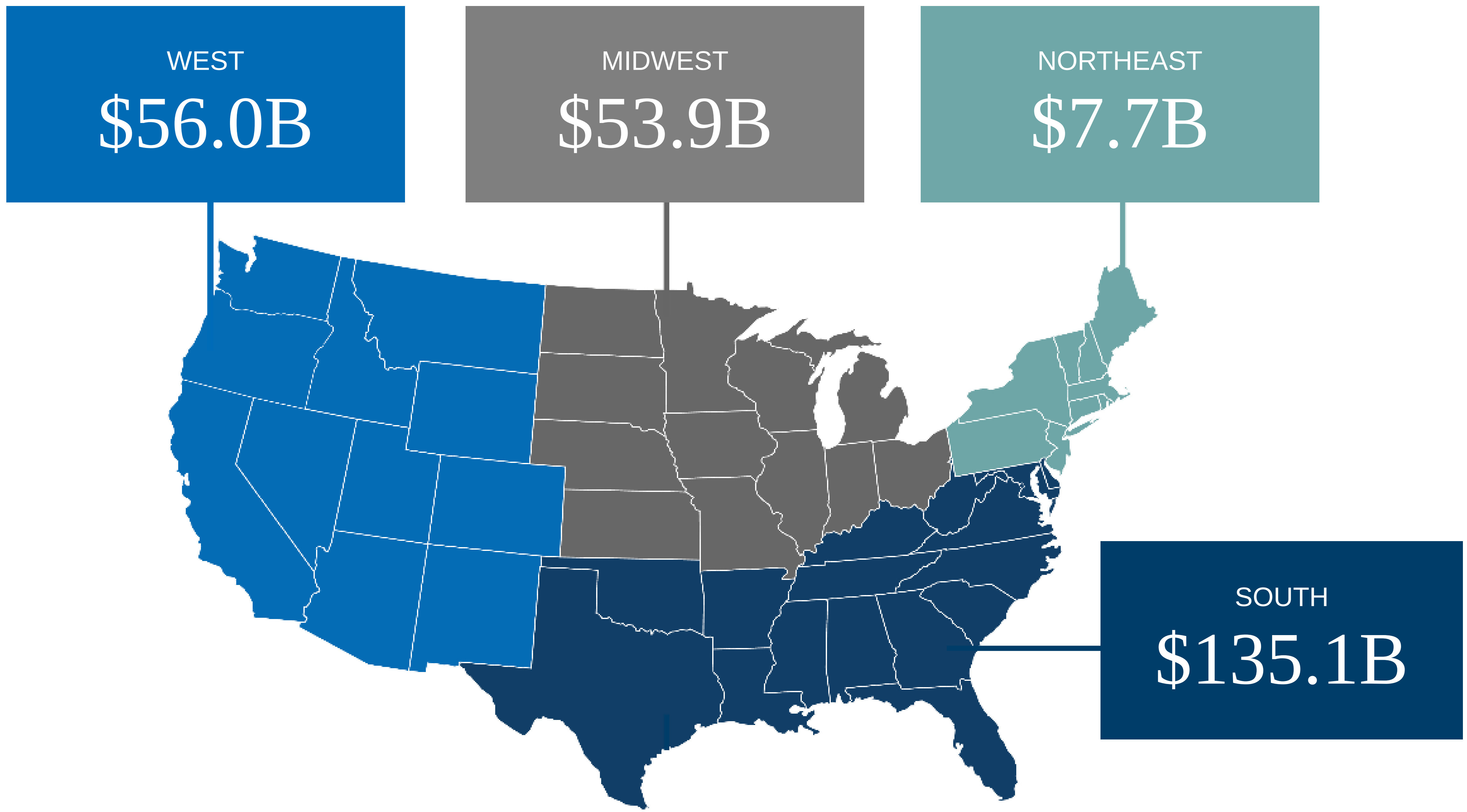


Source: Newmark Research, U.S. Census Bureau, FRED, April 2025
Note: Seasonally adjusted annual rate deflated by New Industrial Construction PPI, chained to 06/2007.

The South Leads the Nation In Manufacturing Construction Spending

Over the past 12 months, Southern states have seen $134 billion in nominal manufacturing construction spend, more than the rest of the country combined. Within the South, the West South Central states - Texas, Oklahoma, Arkansas and Louisiana – saw the largest portion of that spending ($60 billion).

Private Manufacturing Construction Spending by Megaregion, March 2024 to March 2025



Source: Newmark Research, U.S. Census, May 2025.

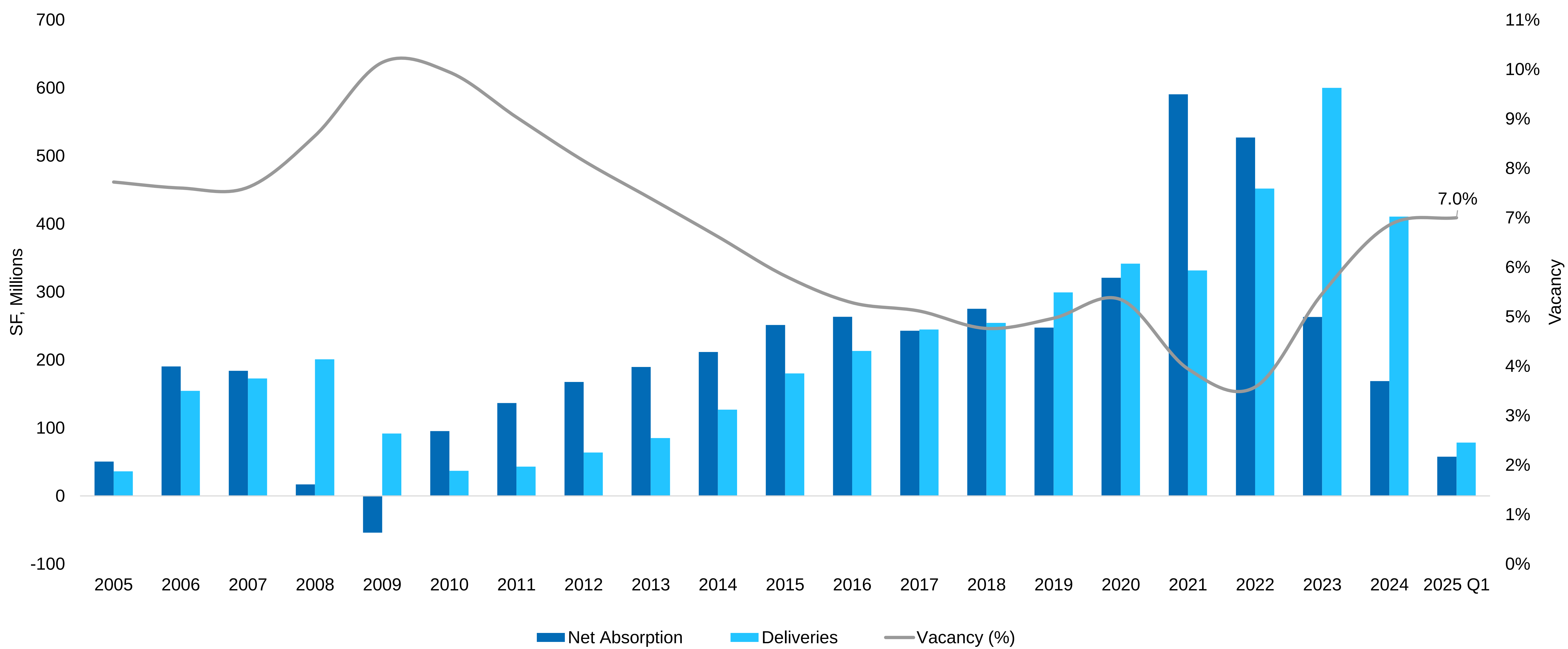
1Q25

Leasing Market Fundamentals

A Strong Start to 2025 Faces Mounting Headwinds

The market surged with 57.6 msf of net absorption in Q1 2025, the best quarterly performance since Q4 2023. Larger volumes of supply additions nudged the national vacancy rate higher by less than 10 basis points to 7%. This strong start faces mounting headwinds as the year unfolds. Pre-tariff-turmoil projections anticipated annual net absorption reaching 200 msf in 2025. This is now "best case scenario"; should the tariff regime persist; absorption is expected to soften in the second half of the year.

U.S. Industrial Deliveries, Net Absorption, and Vacancy

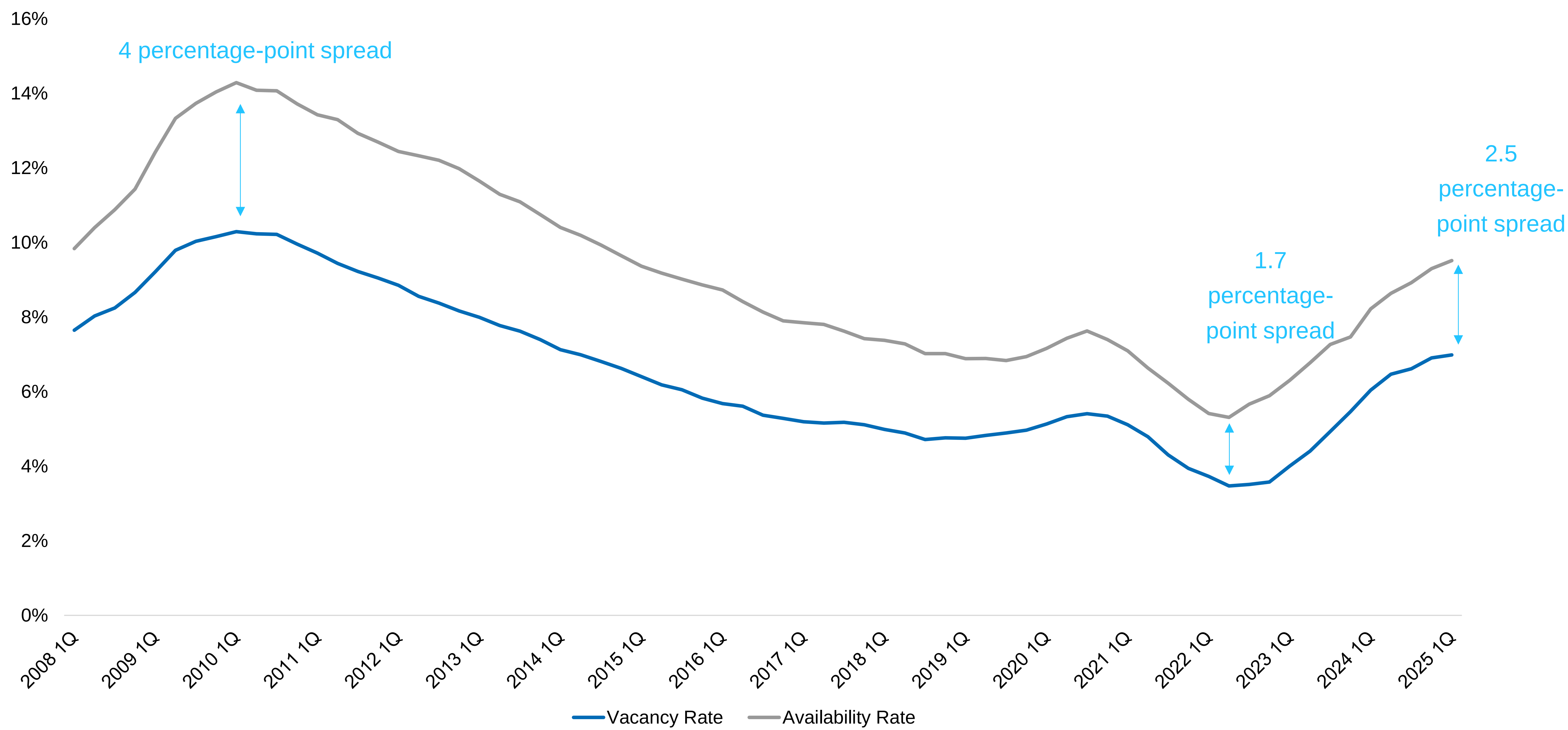


Source: Newmark Research, April 2025.

Vacancy and Availability Spreads Are Within Historic Norms

The U.S. vacancy rate rose 30 bps and availability expanded by 40 bps from the previous quarter. The 2.5 percentage point spread between vacancy and availability remains within historic norms, close to the 2.3 percentage point average spread recorded quarterly between 2017 and 2019.

U.S. Industrial Vacancy and Availability Rates

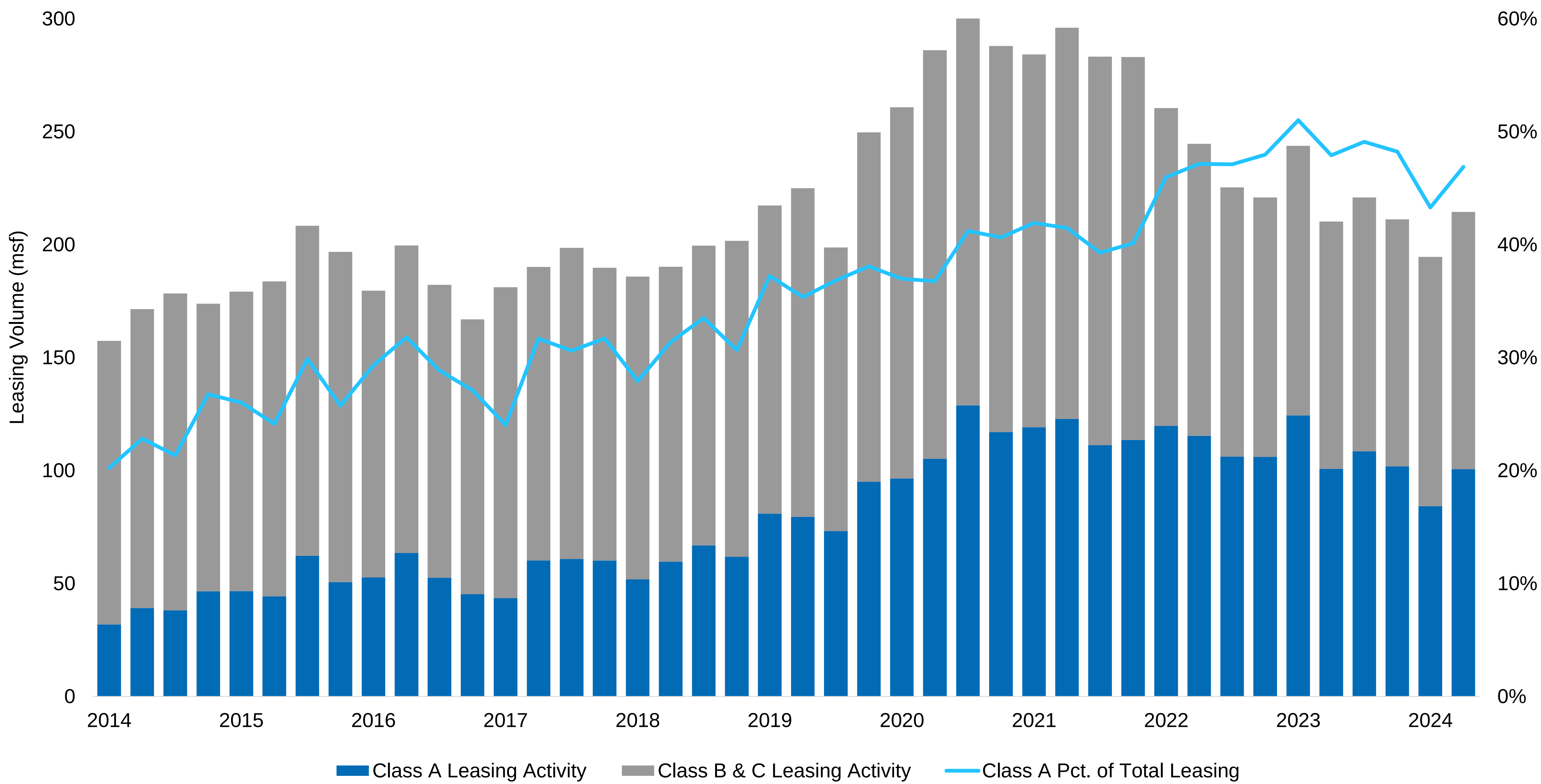


Source: Newmark Research, April 2025.

New Leasing Activity Bounces Back, But Sustainability of Growth Is Uncertain

New leasing activity rebounded from a low Q4 as some of the deals that would have closed by the end of last year were delayed into 2025. Not all new leasing was playing catch-up; tenants that have been on the sidelines for years demonstrated appetite to move forward on real estate decisions. March 2025 leasing volumes were just as strong as January. However, the extent to which the miasma of uncertainty caused by U.S. trade policy may have a chilling effect on some momentum going forward is unknown.

U.S. New Industrial Leasing Activity by Class

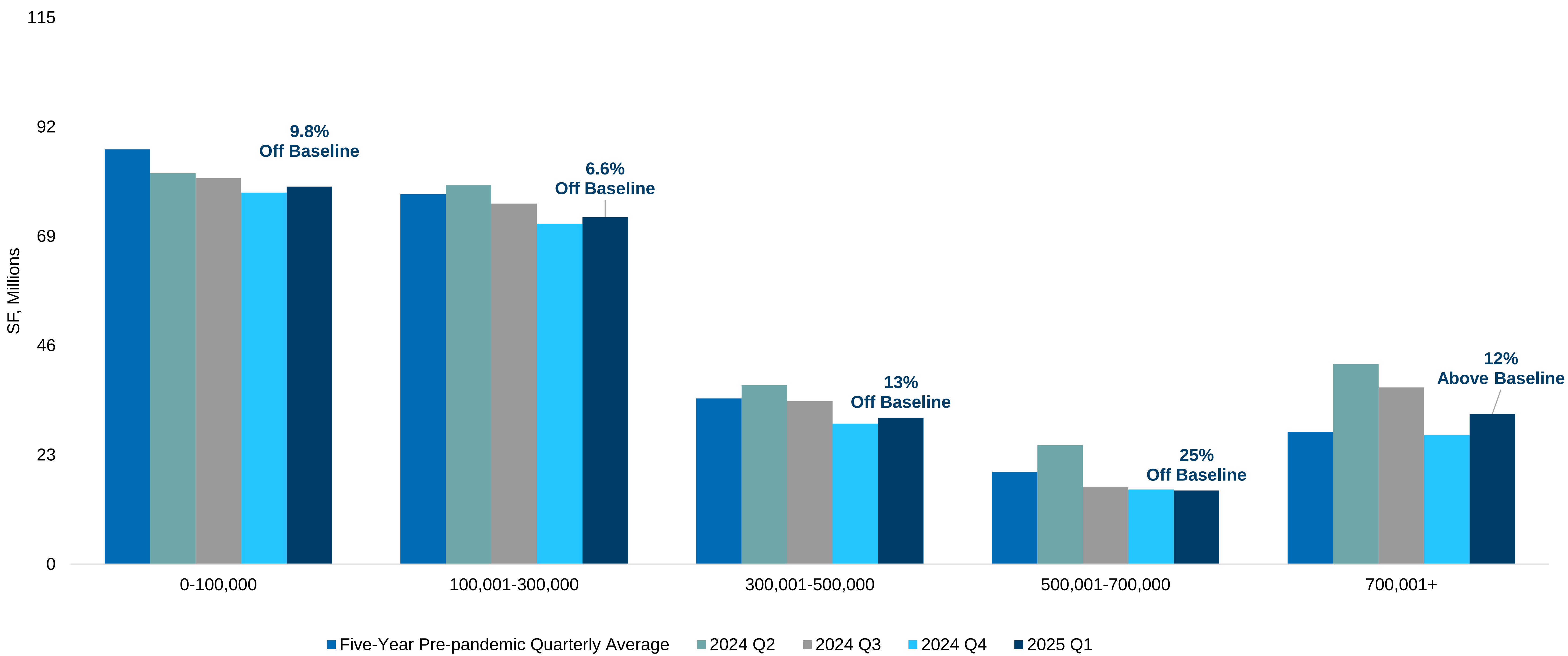


Source: CoStar, Newmark Research. Quarterly leasing volume data compiled April 2025 and is preliminary. Class A is broadly defined as 21st century build with clear heights that accommodate today's modern occupiers.

Megabox Leasing Above Historic Averages

Leasing activity in buildings sub-300,000 SF accounted for 66% of total activity for the quarter, a predictable outcome since the average industrial tenant is well below 100,000 SF. On the other end of the spectrum, the megabox segment (14% of total leasing volume) is currently the only size segment to see leasing volumes above the pre-pandemic baseline.

Leasing Activity by Building Size

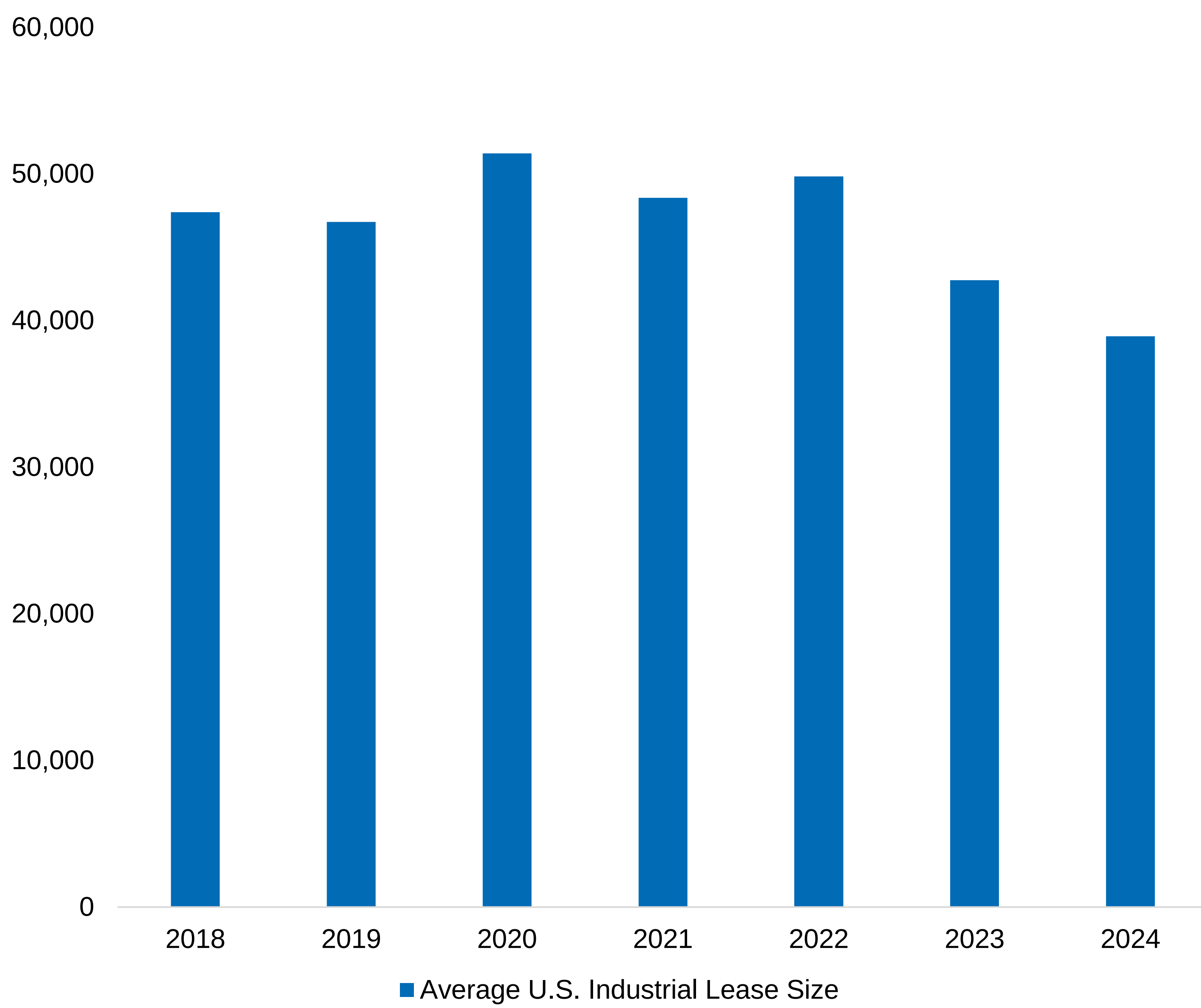


Source: CoStar, Newmark Research, May 2025.

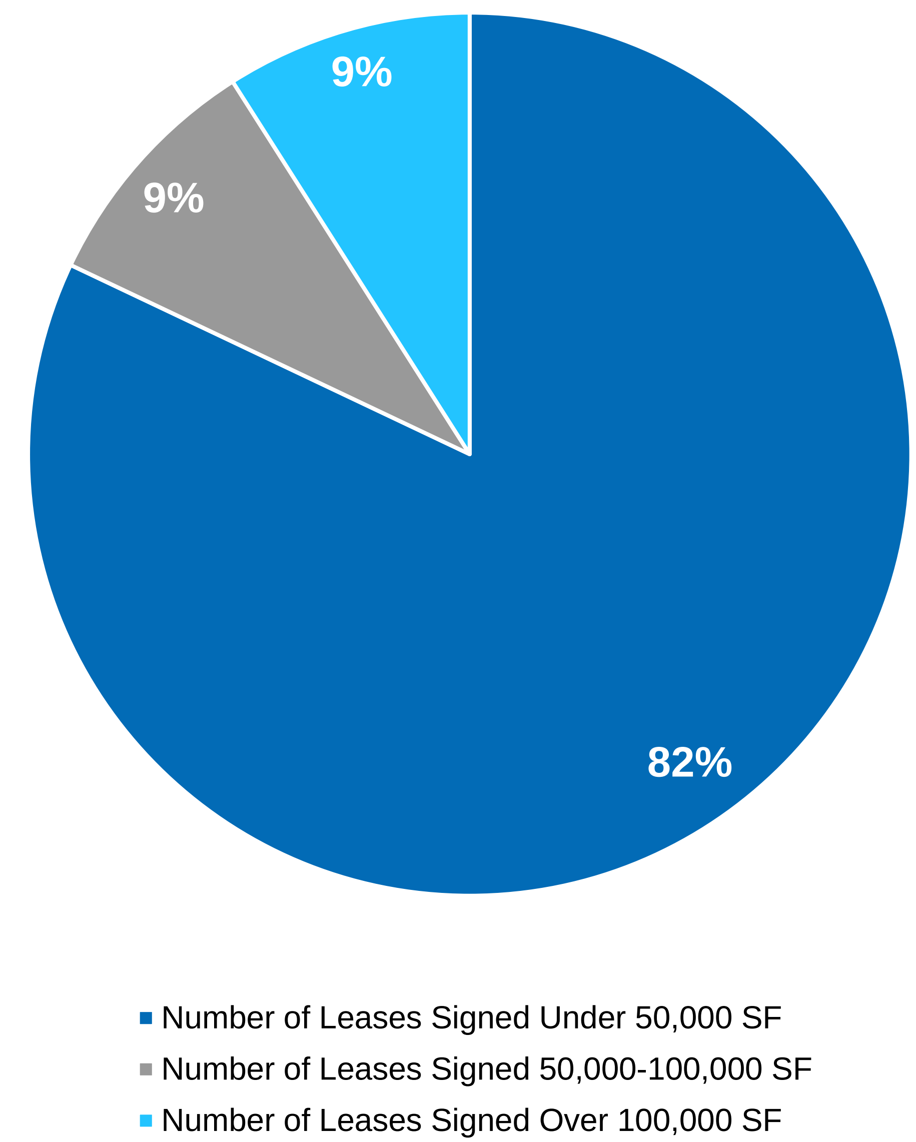
The *Typical* U.S. Industrial Lease is Sub-50,000 SF

The average size of industrial leases has tapered since 2022, with the average lease size in 2024 around 40,000 SF. This is reflective of an ongoing shift in supply chain evolution to regional/last mile build-out, efficiencies gained with automation and taller ceiling heights and being in the cyclical period of slower growth demanding more cost-conscious operations.

Average U.S. Industrial Lease Size (SF)



Size Range Share in Number of Leases Transacted 2024

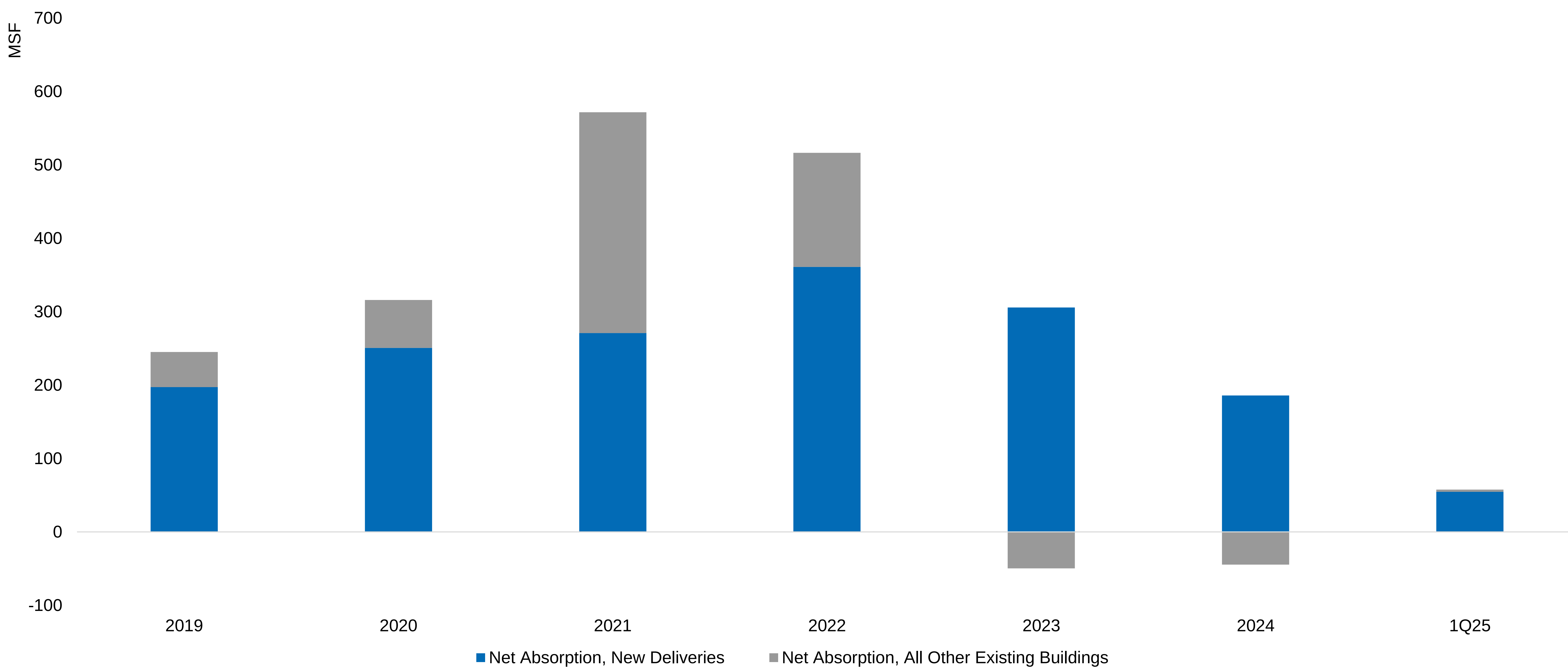


Source: Newmark Research, January 2025

New Deliveries Overwhelmingly Drive Net Absorption

Newly delivered logistics facilities continue to account for the lion's share of net absorption (54 of 57.6 MSF year-to-date), underscoring a powerful tenant preference for efficient, modern space. Throughput and efficiency are of utmost importance for sophisticated logistics occupiers, which is driving a persistent flight to quality. Availability of brand-new space has improved since the record vacancy lows of 2021 and 2022, creating a window of opportunity for occupiers to lease best-in-class assets.

Annual U.S. Net Absorption, New Deliveries vs. All Other Building Vintages

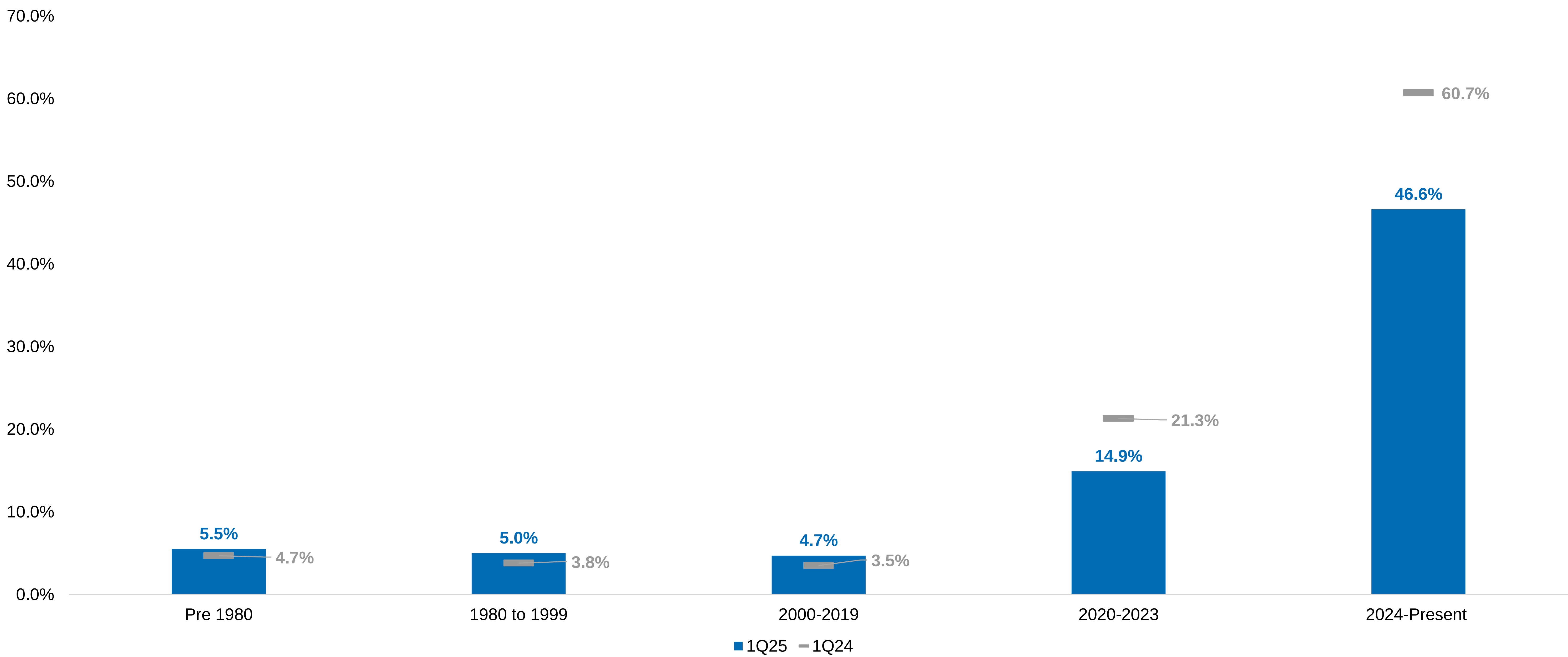


Source: Newmark Research, CoStar, May 2025.

However, Vacancy by Far Highest in Newly Delivered Product

Logistics operations run most efficiently in a modern warehouse. With the majority of the nation's industrial inventory constructed before 2000, many occupiers are in pursuit of new space to bring their supply chain into the 21st century. This trend is visible the faster rise in vacancy for older building vintages, and the swift downward momentum in vacancy for newly delivered product. However, 47% of approximately half a billion sf of space delivered to the market since 2024 was vacant in the first quarter of 2025.

U.S. Vacancy Rate by Existing Building Vintage , 1Q24 vs 1Q25



Source: Newmark Research, CoStar, May 2025.

Inland Intermodal Markets Largely Led Industrial Demand in 1Q

Inland intermodal markets dominated demand rankings in the first quarter of the year, with Kansas City taking the top spot and realizing the best quarterly performance since 2022. The delivery of three build-to-suits, totaling nearly 3 msf, contributed to the market's outperformance. In addition, the largest available block of sublease space in the market was subleased during the quarter.

Net Absorption: Top 10 Markets

Market	2025 YTD Net Absorption (msf)
Kansas City	7.5
Dallas	6.7
Phoenix	6.2
Greenville, SC	5.1
Indianapolis	2.7
Savannah, GA	2.5
Raleigh/Durham	2.4
Washington, DC	2.3
Inland Empire, CA	2.2
Columbus	2.2
United States	**57.6**

Demand Growth: Top 10 Markets

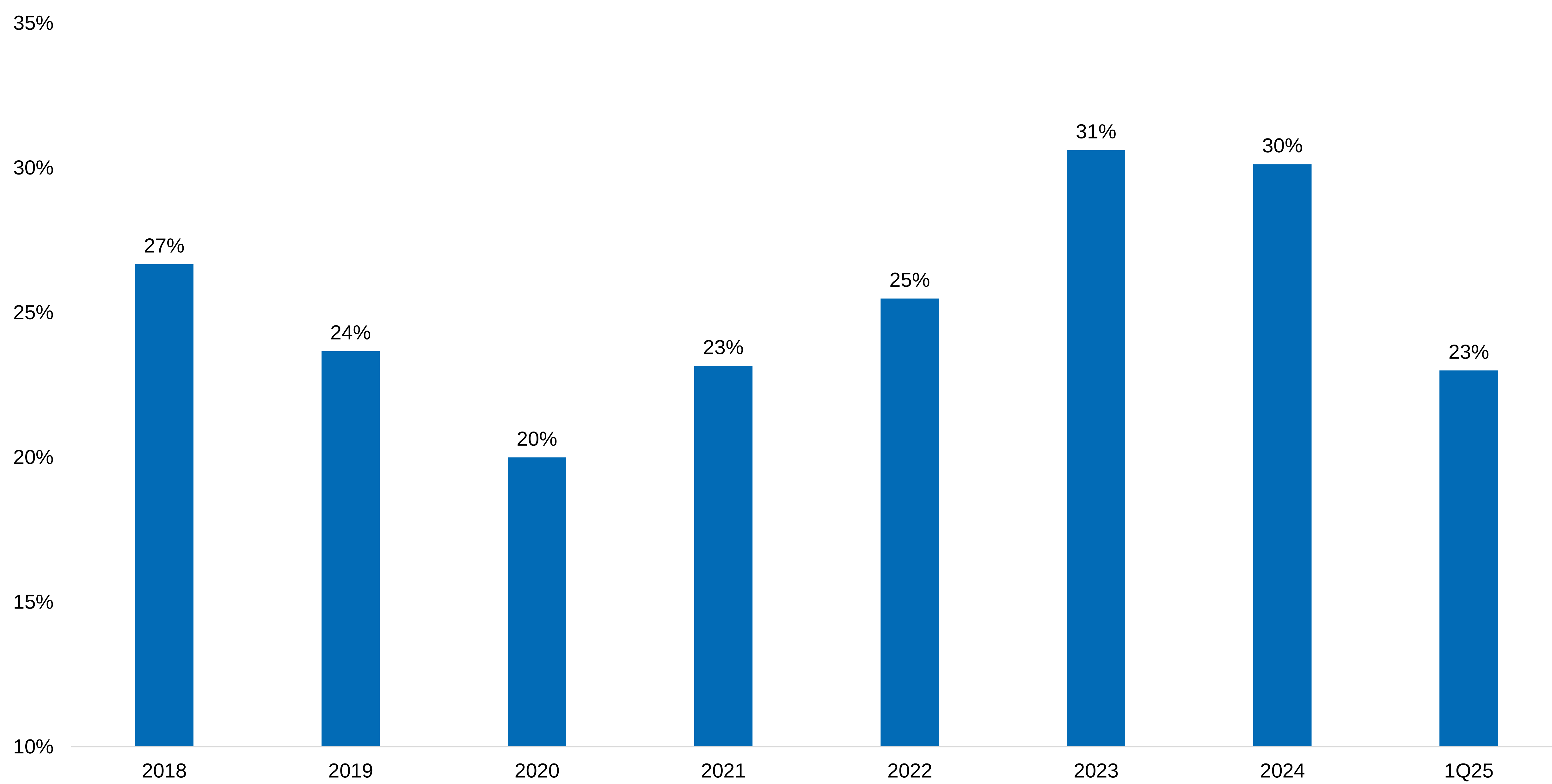
Market	2025 YTD Net Absorption (% of Inventory)
Kansas City	2.2%
Greenville, SC	1.8%
Savannah, GA	1.6%
Raleigh/Durham	1.6%
Charleston, SC	1.5%
Phoenix	1.4%
Austin	1.1%
Columbia, SC	1.0%
Jacksonville	0.9%
Las Vegas	0.8%
United States	**0.3%**

Source: Newmark Research, SmartAsset, U.S. Census Bureau, April 2025.

New Leasing Took A Larger Share of Activity in 1Q25

After two years of a historically high share of leasing activity, renewals dropped to a 23% share in the first three months of 2025, demonstrating positive sentiment from occupiers in the window of time post-election and prior to the enactment of tariff policies and associated injection of uncertainty into the market.

Renewals as a Share of Industrial Leasing Activity



Source: Newmark Research, May 2025.

3PLs Expand Leasing Share in First Quarter

Top industrial leasing activity has been increasingly driven by the logistics sector, representing ~37% of top leasing activity in the first quarter. The sector nearly doubled market share from 1Q24 as consumer goods/retailers decreased their share. In times of uncertainty, retailers turn to 3PLs to flex inventory needs.

Top Industrial Leasing Activity by Sector, 1Q25

- **37.3%** Logistics & Distribution/3PLs
- **21.6%** Manufacturing
- **17.1%** Consumer Goods/Retailers
- **16.2%** Other/Undisclosed
- **5.9%** Food & Bev
- **1.9%** E-commerce

Notable 1Q25 Lease Transactions

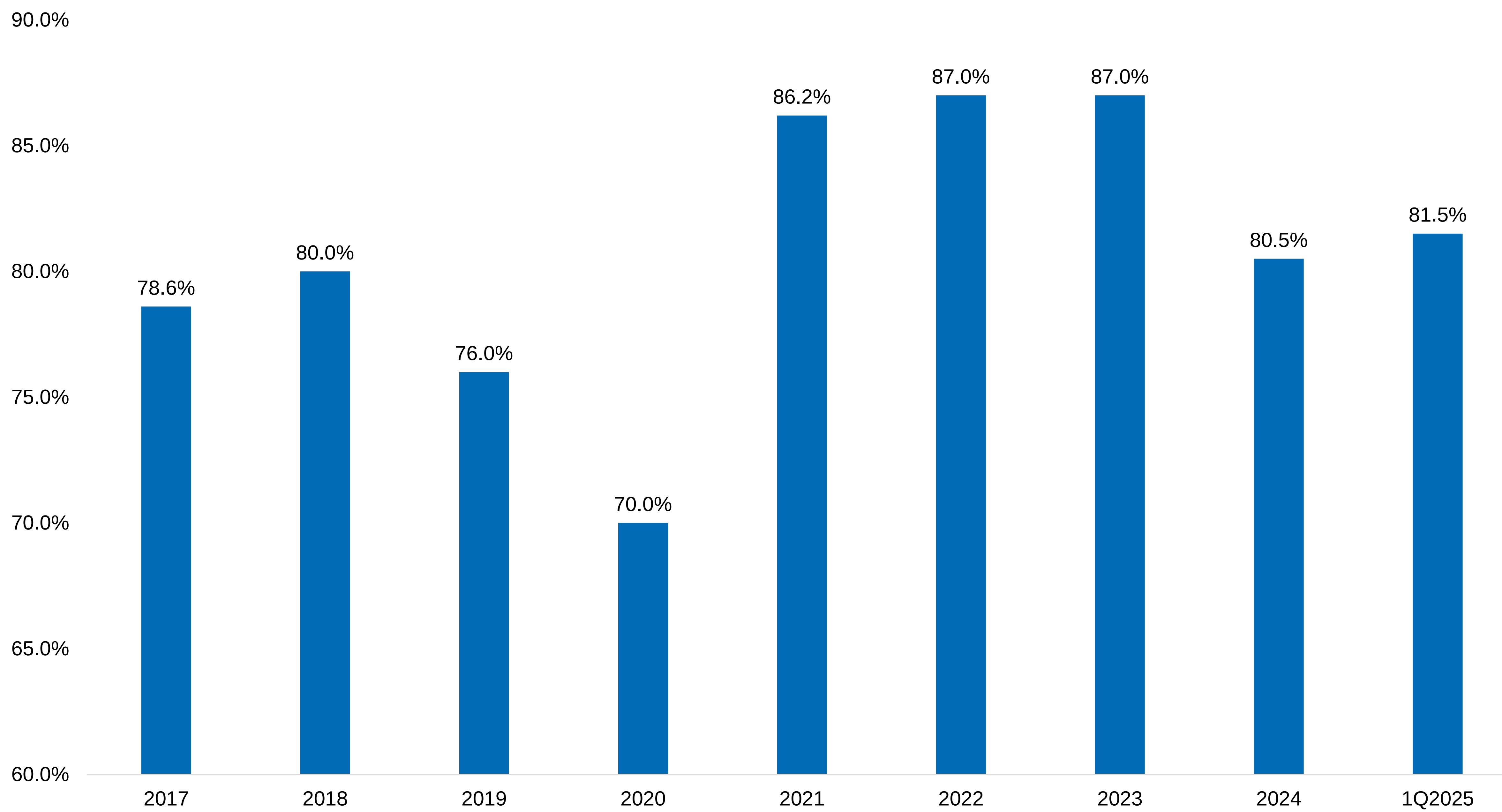
Tenant	Address	Market	Type	Square Feet	Industry
Tesla	111 Empire Blvd	Houston	Renewal/Expansion	1,655,523	Automotive
Lennox	4 Haslet County Rd.	Dallas	Direct New	1,250,000	Consumer Goods
Southwire	I-20 & Waco Rd	Atlanta	Consolidation	1,178,000	Industrial Machinery & Supplies
xAI	5420 Tulane Rd	Memphis	Direct New	1,007,838	Communications/Media/Tech
RJW Logistics	2903 Schweitzer Rd	Chicago	Direct New	976,954	Logistics & Distribution/3PLs

Source: Newmark Research, May 2025.
*Note: Based on top leasing activity in markets tracked by Newmark. Manufacturing sector includes automotive, aviation, industrial machinery industries as well.

Spec Share of Pipeline Picks Up Slightly, Still Materially Lower Than Recent Highs

Warehouse design has become increasingly uniform nationwide, fueling a rise in speculative construction that provides tenants with immediate-occupancy options. At the end of 2023, the pipeline was 87% speculative—a record high. That share has fallen dramatically, but signs of modest spec project pickup in some markets are visible in a minor increase in share in Q1 2025. It is likely this increase is short-lived as macro uncertainty and rising costs will create some discipline on new spec starts.

Speculative Share of the Industrial Development Pipeline

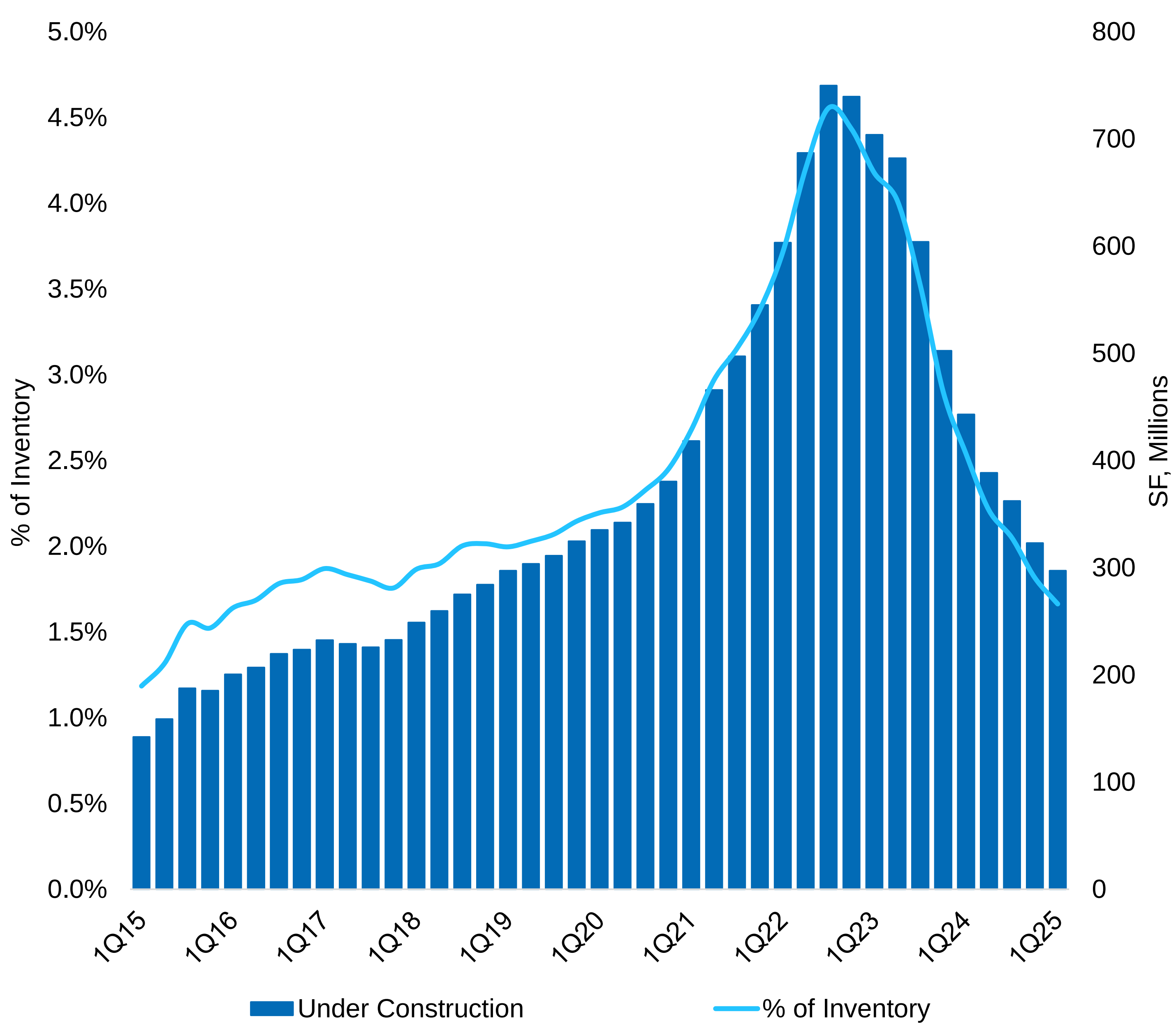


Source: Newmark Research, April 2025

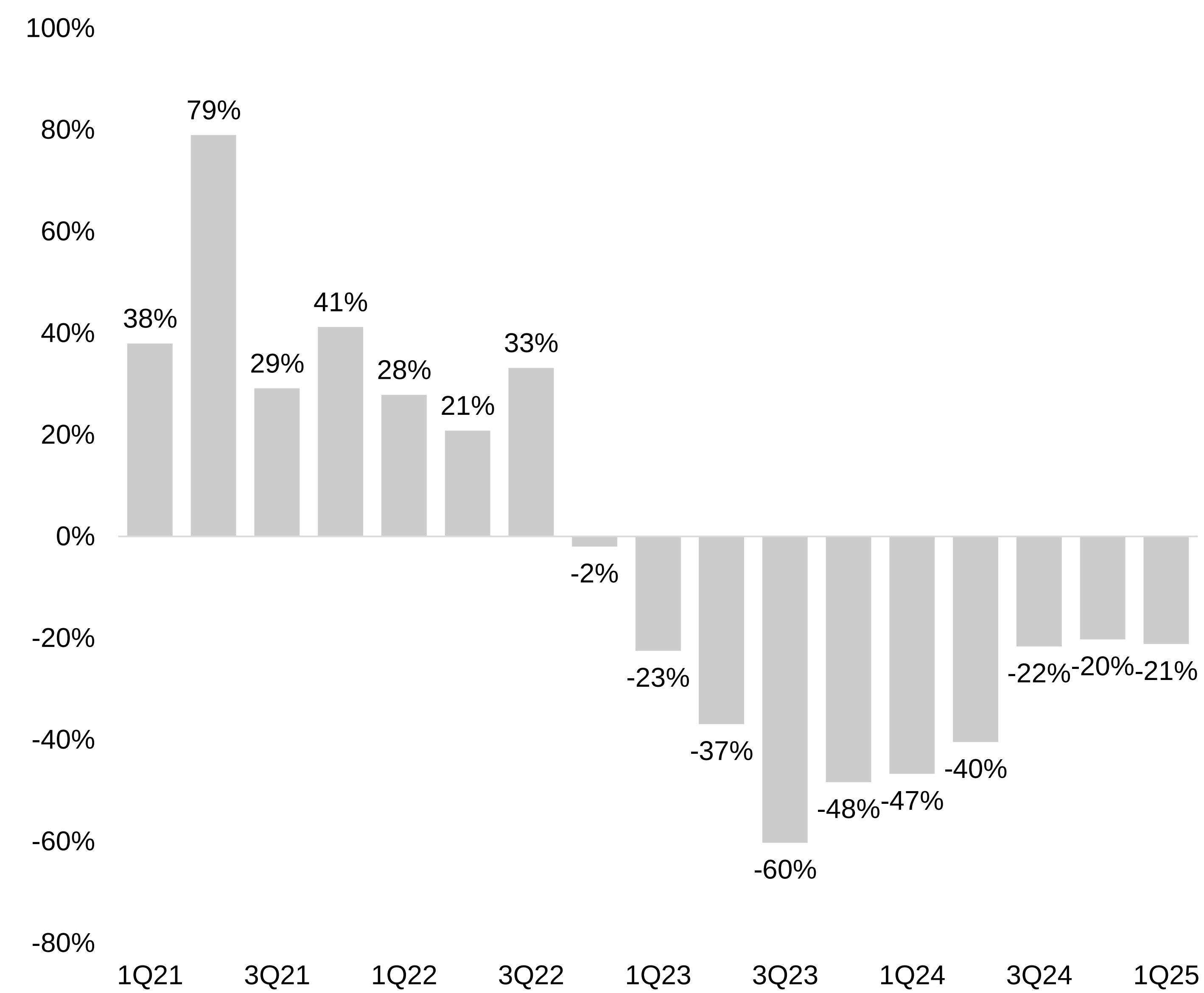
The Supply Side Continues to Improve, And Now May Stay Lower For Longer

The pipeline dipped below 300 msf for the first time since 2019 in the first quarter of 2025. New starts, still declining on an annual basis, were expected to see the reversal of that trend in the coming quarters but with macro uncertainty and higher costs, it now seems more likely that spec commencements will remain muted, and the pipeline will continue to decline through the balance of this year.

U.S. Industrial Under Construction and % of Inventory



Construction Starts, Year Over Year Percentage Change

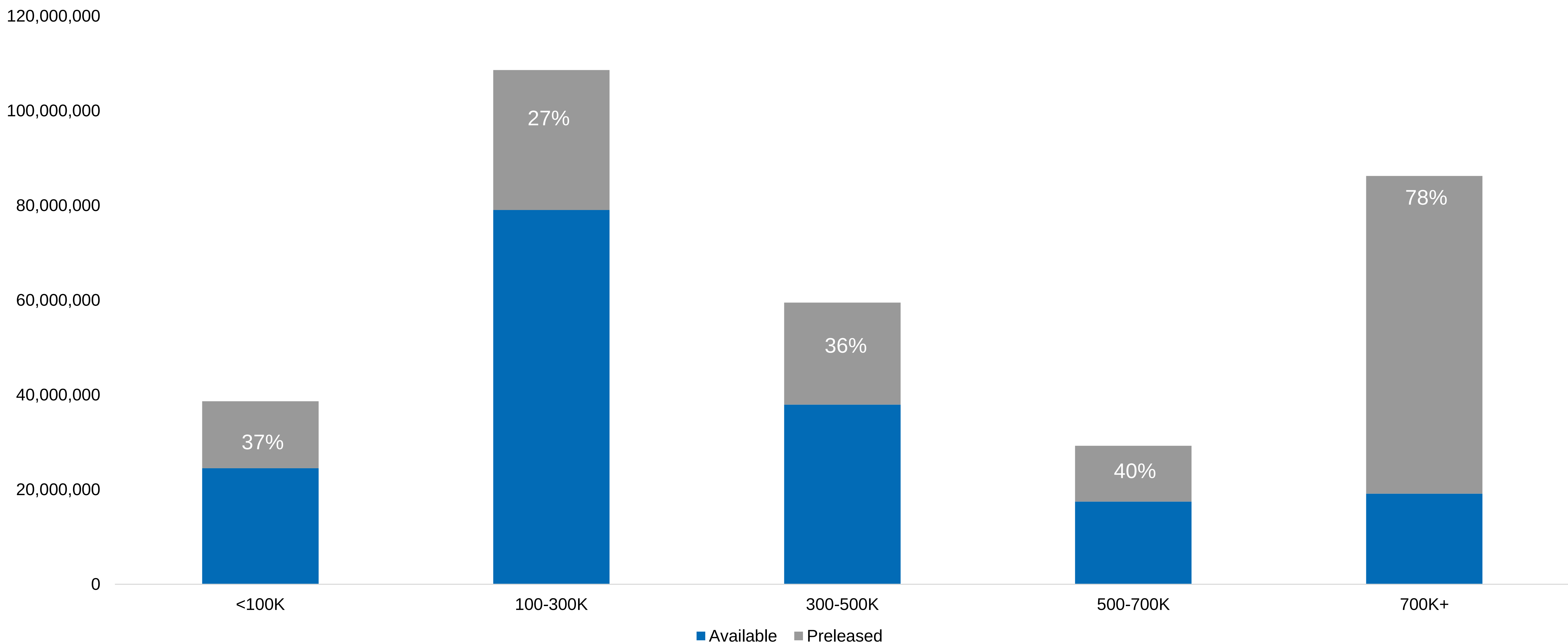


Source: Newmark Research

Mega-Facilities Under Construction Have the Best Preleasing Rate

Among industrial projects measuring 700,000 SF+ in the pipeline, 78% of space is preleased or owner-developed. This size category has seen the largest pullback in groundbreakings, contributing to the higher preleasing rate. This trend is particularly acute in the 1 MSF+ slice which is 86% preleased. Limited new projects of scale in the pipeline will help reduce the existing mega-box vacancy rate.

1Q25 U.S. Industrial Construction Pipeline: Available vs Committed Space by Size Segment

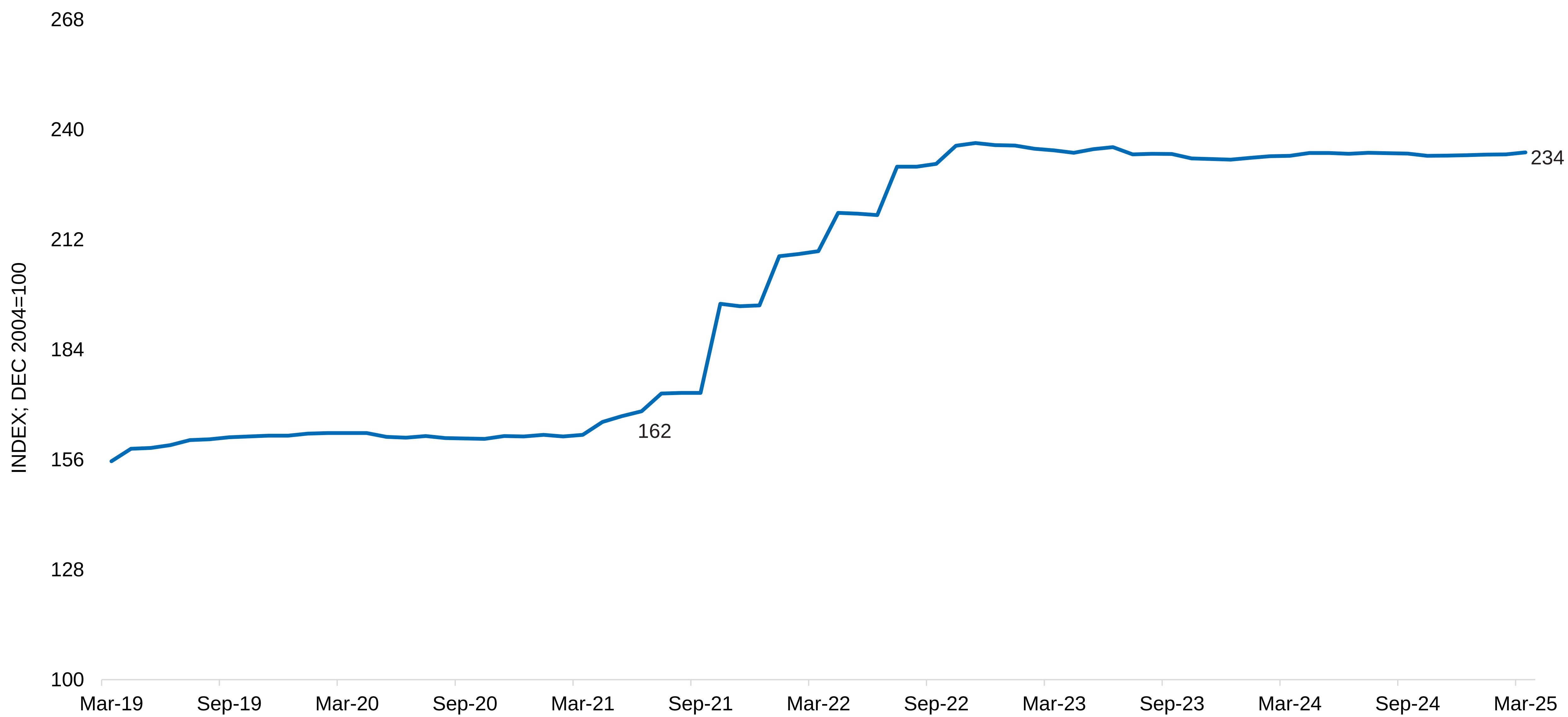


Source: CoStar, Newmark Research, April 2025

Warehouse Construction Costs Remain Elevated, With Further Pressure Ahead

Industrial construction projects of all stripes are significantly more expensive to build now than in previous years. The impact of tariffs has yet to appear in the index data but likely will: by some estimates, steel is up 30% YTD. Industrial projects are exposed to steel due to rebar, structure, framework, and other operational needs like storage racking. Labor makes up 40-to-60% of construction costs, which could represent a greater risk and have a larger impact, under current immigration policies.

Producer Price Index: New Warehouse Building Construction

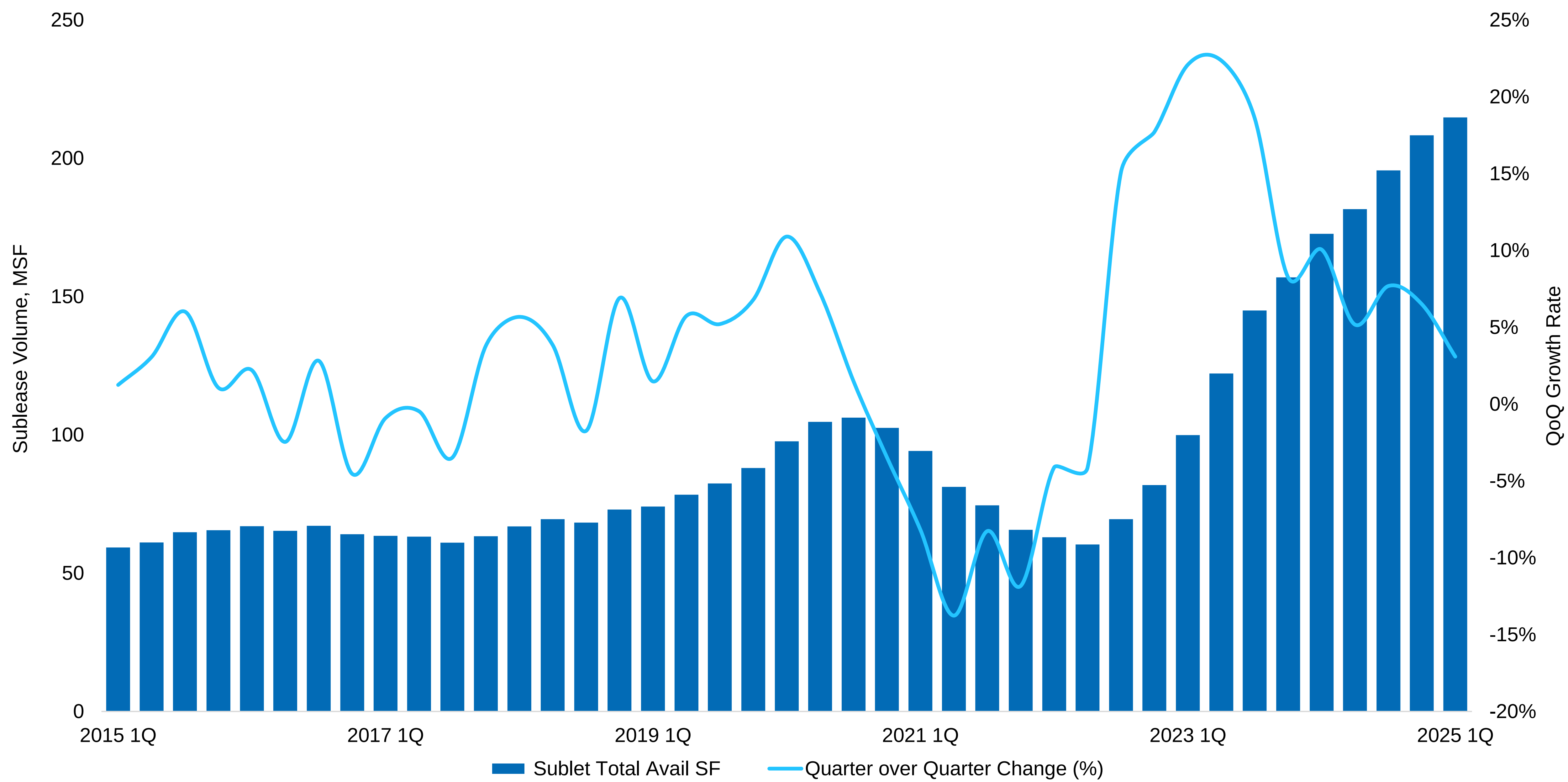


Source: Newmark Research, St. Louis Federal Bank, April 2025.

Industrial Sublease Availability Still Growing, But at a Slower Clip

Sublease space hit 215 msf in 1Q25. While historically, sublease availability has risen faster in recessions and been absorbed faster in recoveries than direct space, this pattern may change. Factors that could cause direct availability to decline before sublease availability in this cycle include FASB accounting rules (like GAAP amortization requirements) adopted in the previous cycle of rapid expansion, non-transferable lease options preventing sublesees from receiving direct extension options and the cost of modern facility build-out.

Available Industrial Sublease Volume and QoQ Change



Source: Newmark Research, May 2025.

An Increasing Number of Markets Post Vacancy Declines Amid National Uptick

The national vacancy rate rose to 7.0% in 1Q25, up from 6.0% one year ago. Some markets continue to see stark upward pressure on vacancy, but an increasing number of markets are signaling they're past "peak vacancy." Four markets saw annualized vacancy declines in 4Q24; that increased to nine markets in 1Q25.

Lowest Vacancy: Top 10 Markets

Market	1Q25 Vacancy
St. Louis	4.1%
Los Angeles	4.1%
Cleveland	4.2%
Minneapolis	4.2%
Broward County, FL	4.3%
Detroit	4.6%
Kansas City	4.6%
Orange County, CA	4.7%
Salt Lake City	4.7%
Milwaukee	4.7%
United States	**7.0%**

Vacancy Stability: Top 10 Markets

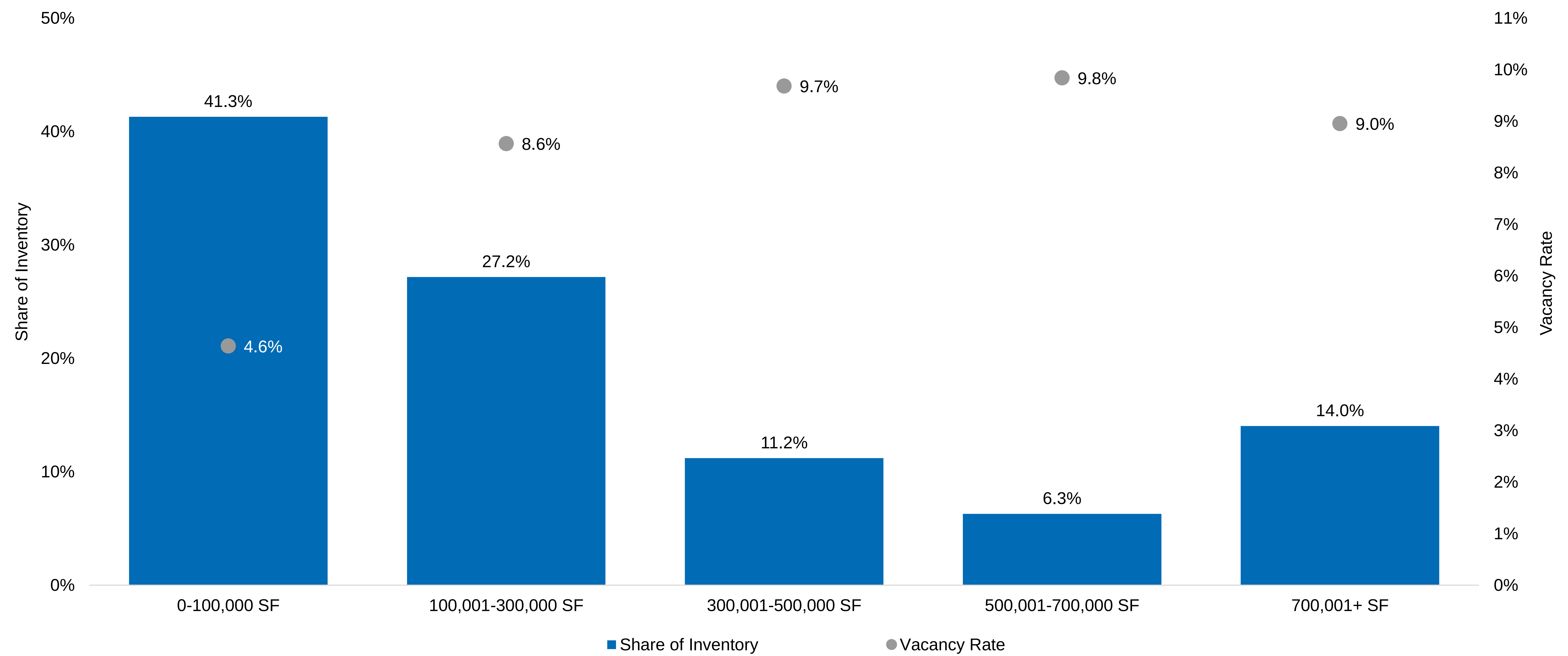
Market	1Q24 – 1Q15 Vacancy Change (BPS)
St. Louis	-110
Kansas City	-90
Savannah, GA	-80
Cincinnati	-46
Houston	-30
Greenville, SC	-10
Minneapolis	-10
Nashville	-10
Denver	-3
Dallas	0
United States	**93**

Source: Newmark Research, May 2025.

The 100,000 SF and Under Segment Is the Bedrock of the Market…

The sub-100,000-square-foot building tranche, inclusive of small-bay and single-tenant, is the largest in terms of share of inventory and lowest in vacancy and contains a significant portion of the industrial buildings built before 2000. While vacancy in this segment has risen, it is growing the slowest, as economies of scale and recent surging demand drove development in larger size categories

1Q25 Industrial Vacancy Rate by Building Size

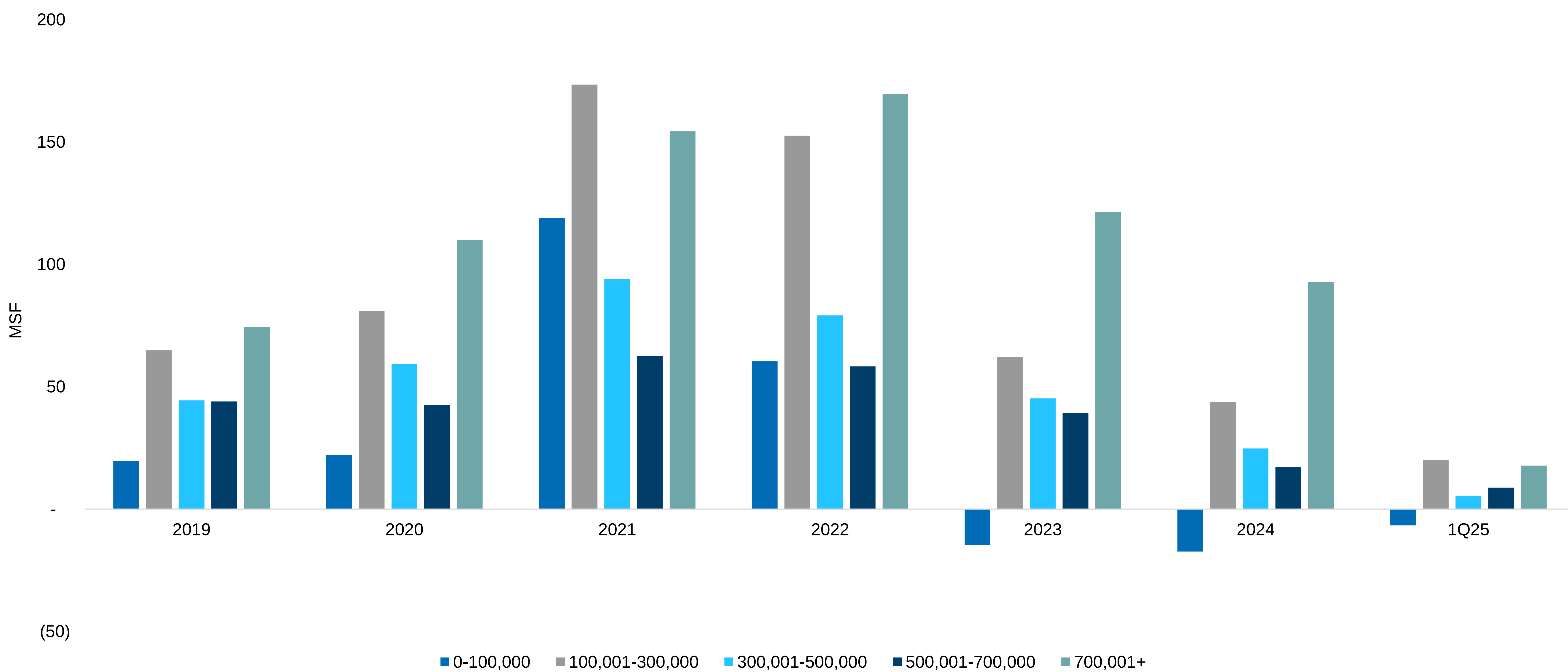


Source: CoStar, Newmark Research, May 2025.

Although, That Segment Has Faced Net Occupancy Loss For Two Years and Counting

As tenants have clearly demonstrated a preference for new, modern space, the flip-side of limited new development in the smallest size segment of the industrial market is that when occupancy contracts, filling second-generation space becomes more challenging.

U.S. Net Absorption by Size Segment

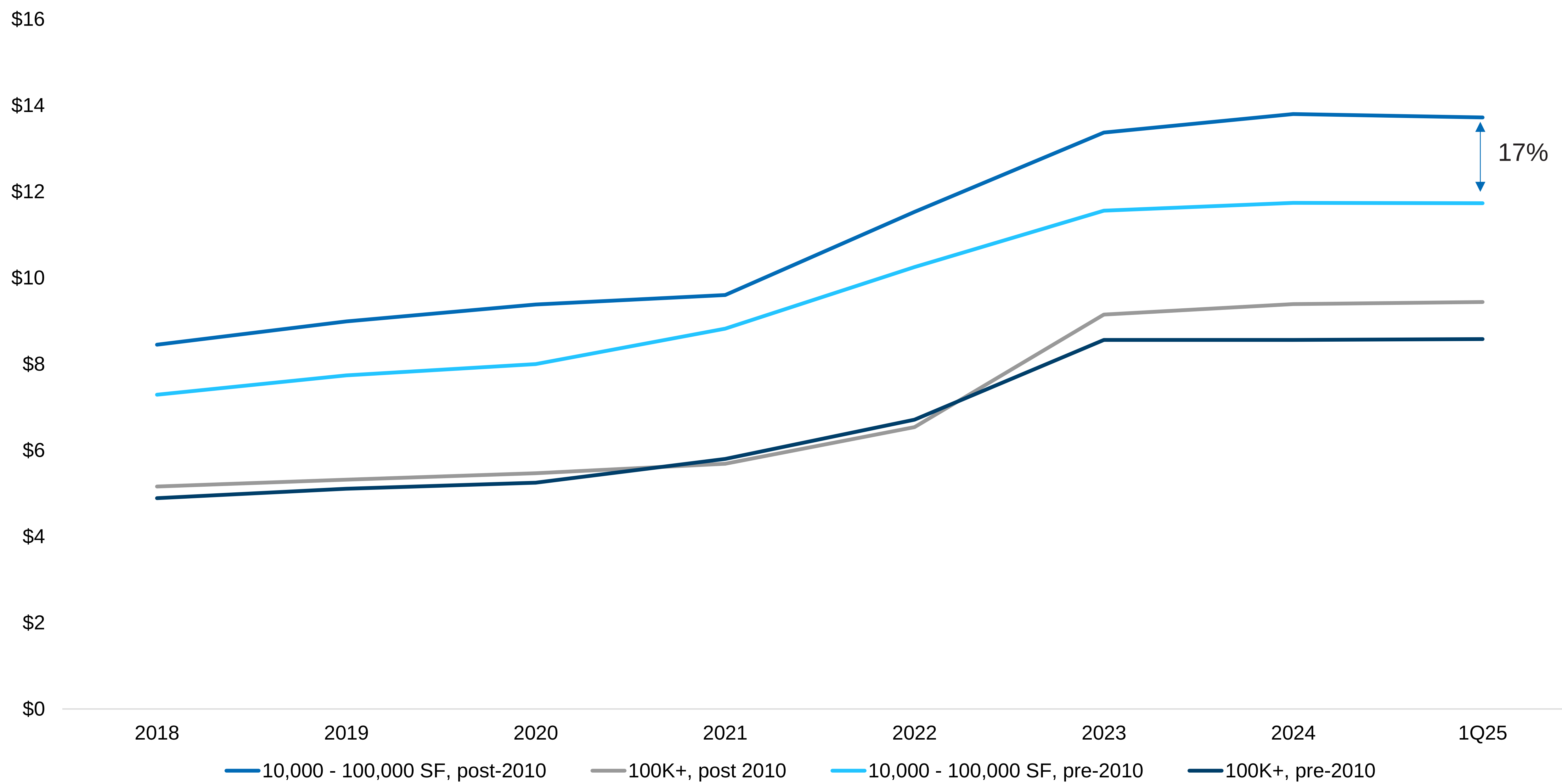


Source: CoStar, Newmark Research, May 2025.

Premium on Newer, Smaller Industrial Facilities

Limited new construction in the small-bay segment, coupled with diverse tenant demand, has driven a rent premium, especially for newer facilities. Rent growth has plateaued even in this segment, partially due to some modest increases in vacancy due to occupancy loss, and in part, because of development of 100,000 to 300,000 SF properties, which represent a significant portion of recent supply additions. This new product may compete with small-bay offerings as landlords become more open to demising larger spaces.

U.S. Industrial Asking Rent by Property Size and Age

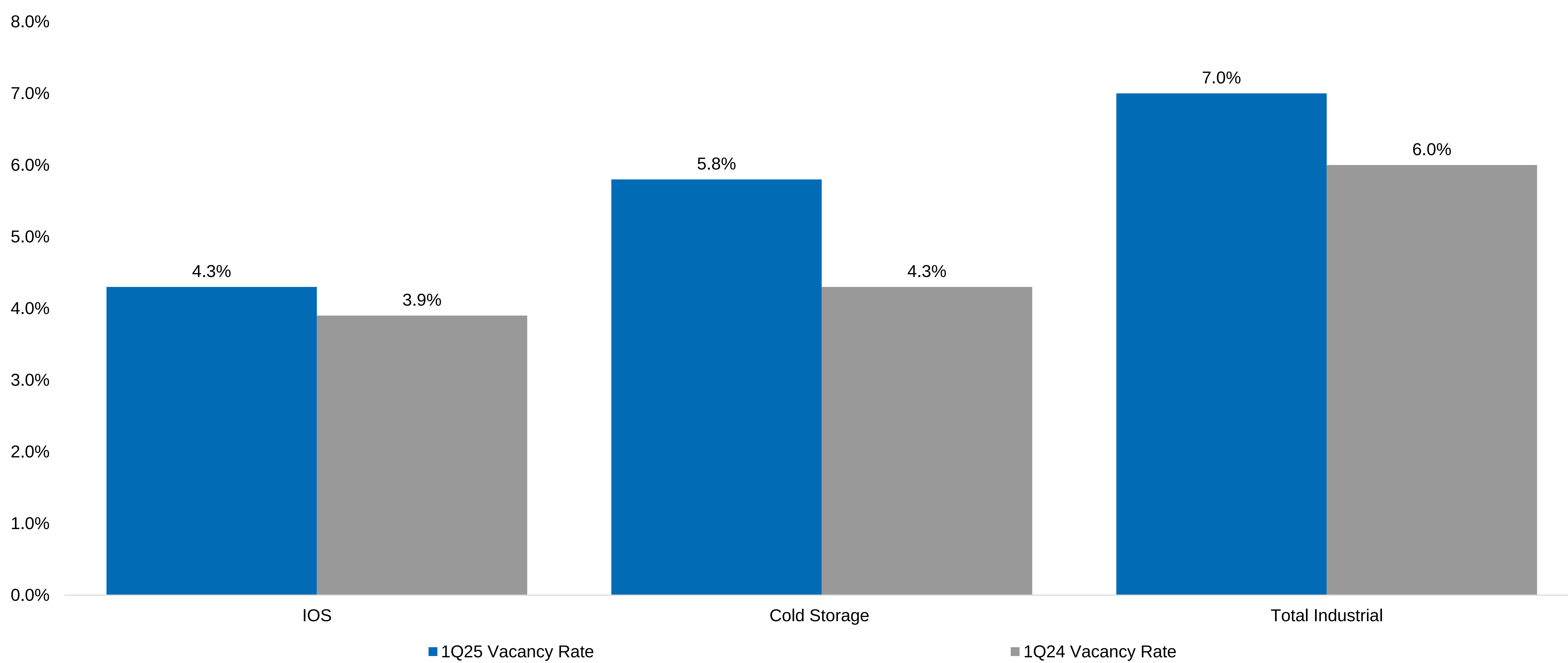


Source: Newmark Research, CoStar

Vacancy Is Rising In All Industrial Sectors But Remains Lowest In Alternative Types

Fundamentals in niche industrial sectors such as industrial outdoor storage (IOS) and temperature-controlled warehousing/distribution are tighter than the overall industrial average, owing to limited supply with high barriers to new development, coupled with consistent demand. The IOS sector has seen the least upward pressure on vacancy.

1Q25 and 1Q24 National Vacancy Rate (%), Select Alternatives and Total Industrial

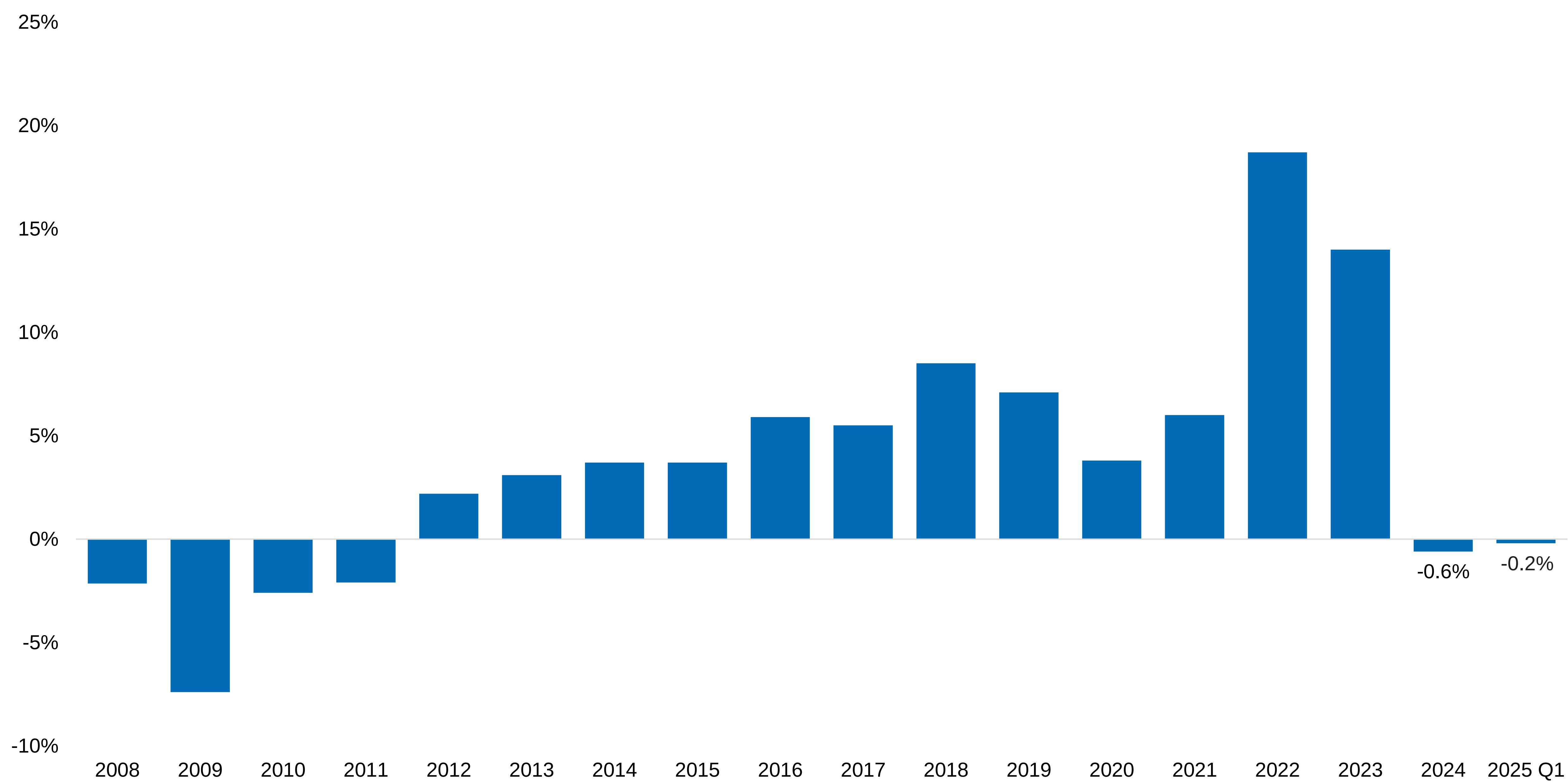


Source: Newmark Research, CoStar, May 2025.

Industrial Asking Rents Continue Modest Decline

Average asking rents recorded a slight -0.2% annualized decline in 1Q25; altogether rents have declined less than 1% from the peak in mid-2024, while remaining nearly 50% higher than at the end of 2019.

Year-Over-Year Industrial Asking Rent Growth



Source: Newmark Research, May 2025.

Land-Constrained Port Markets Maintain Substantially Higher Rents

Select industrial markets across the U.S. continue to experience annual asking rent growth. Higher-priced space delivering in traditionally lower-rent markets has partially driven this trend, contributing to notable rental growth in Columbia, SC—an outlier with a double-digit increase. Rising small-bay availabilities with higher rents also helped push average asking rents upward in that market; similarly in Oakland, new, higher-priced R&D availabilities on the market boosted the overall average.

Highest Asking Rent: Top 10 Markets

Market	1Q25
Silicon Valley*	$30.69
Oakland/East Bay	$20.71
Orange County, CA	$18.62
Los Angeles	$18.19
San Diego	$17.35
New Jersey Northern	$17.02
Boston	$16.64
Long Island	$16.31
Miami	$15.32
Washington, DC	$15.22
United States	**$10.24**

Largest Asking Rent Growth: Top 10 Markets

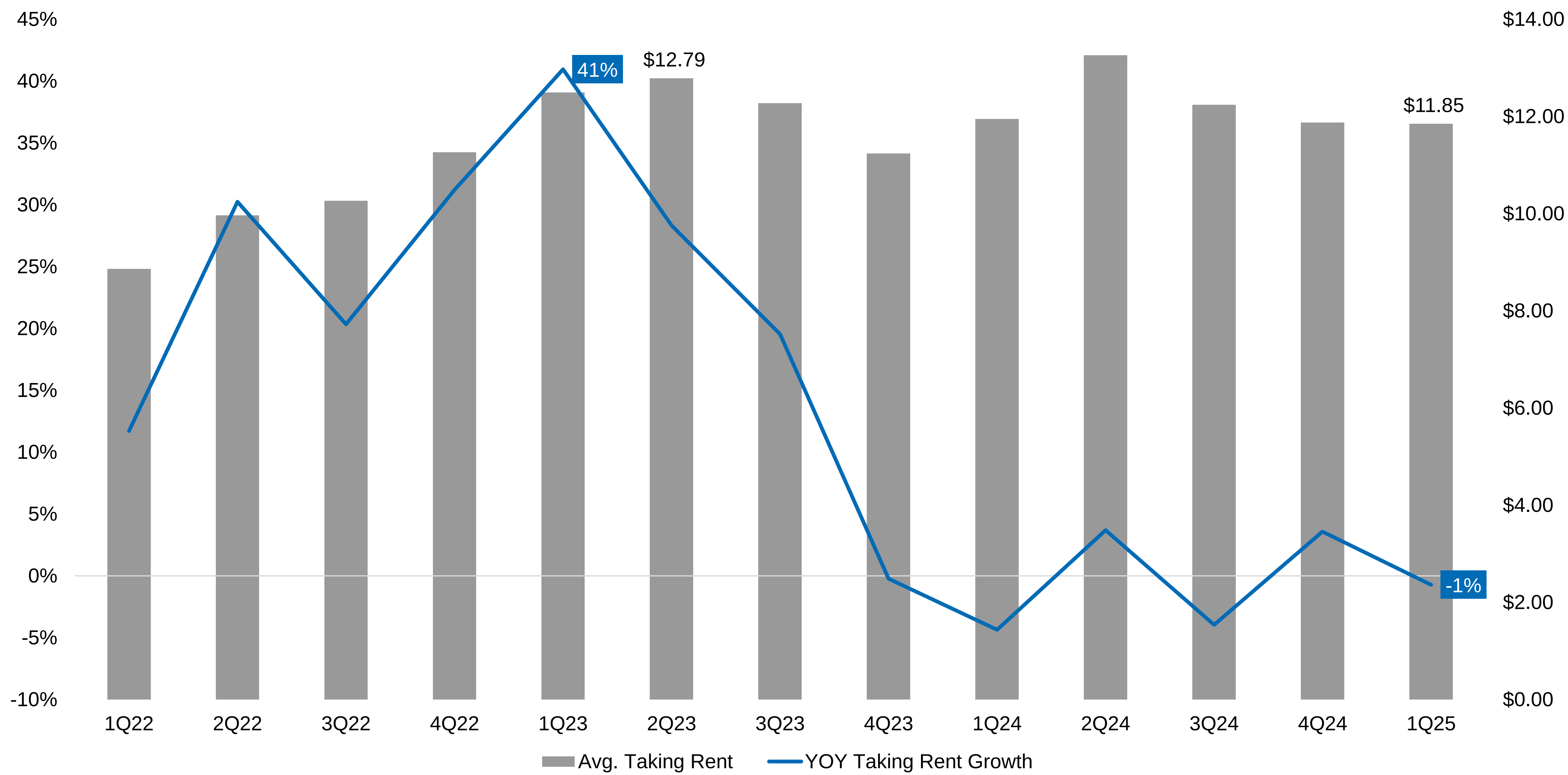
Market	1Q24 – 1Q25 Pct. Change
Columbia, SC	20.0%
Oakland/East Bay	13.0%
San Antonio	9.5%
Milwaukee	8.6%
Houston	6.5%
Washington, DC	6.0%
Memphis	5.5%
Palm Beach	5.4%
Orlando	5.2%
Denver	5.0%
United States	**-0.2%**

Source: Newmark Research, May 2025.
*Note: An outsized share of the Silicon Valley industrial market is R&D space which contributes to the relatively high overall asking rent.

Contract Rents Are Down 7% from 2Q23 Peak

The average weighted U.S. industrial contract rent for new leases was $11.85/SF in the first quarter of 2025. While it has fluctuated over recent quarters, current measures are 7% lower than the peak. Expectations are for continuing fluctuation to minor moderation throughout the balance of the year.

Year-Over-Year Industrial Taking Rent Growth

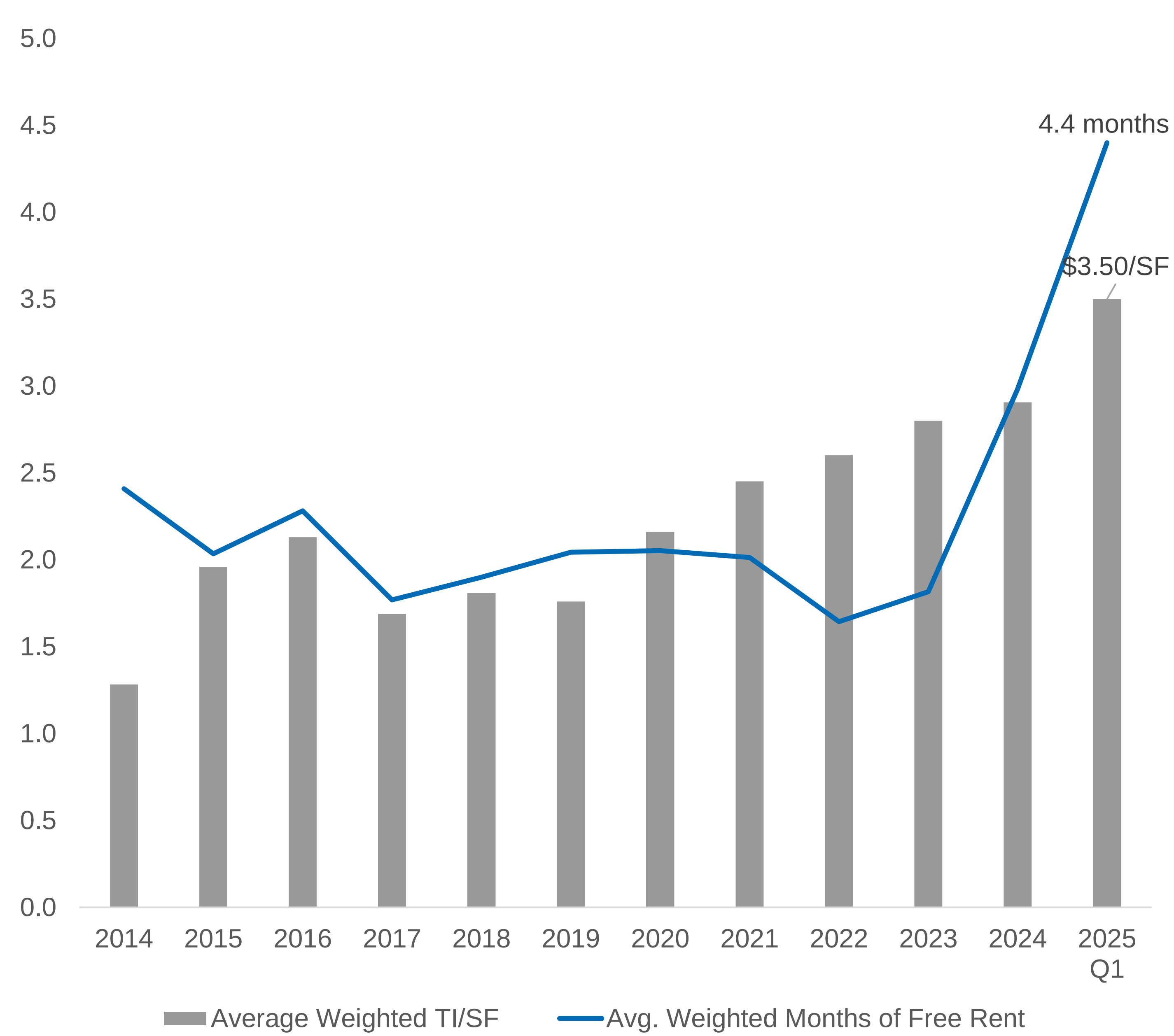


Source: Newmark Research, May 2025. Direct new leases of at least 24 months and 30,000 SF, exclusive of flex. Note that contract rent series are inherently more volatile than asking rent series, due to the mix of geographies and size ranges represented in each quarter's pool of leasing data.

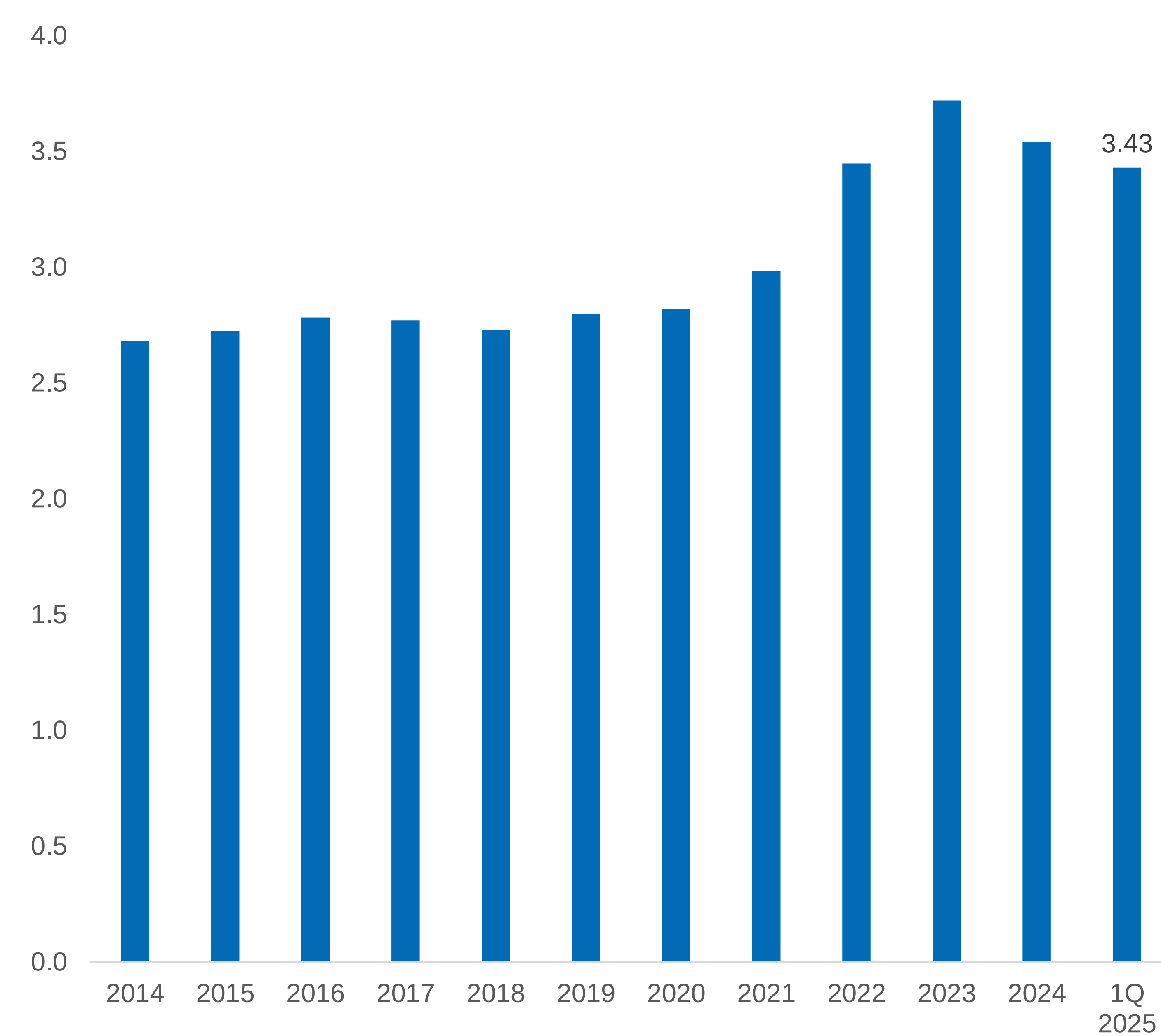
Concessions Are Up; Escalations Have Moderated

Effective rents have softened due to rising concession packages. Free rent has increased notably since 2023, with tenant improvement (TI) allowances exceeding historical norms. Annual rent escalations have moderated but remain above long-term averages.

U.S. Industrial Average Weighted Concessions for Leases 100,000 +



U.S. Industrial Average Annual Lease Escalations (%) for Leases 100,000 +

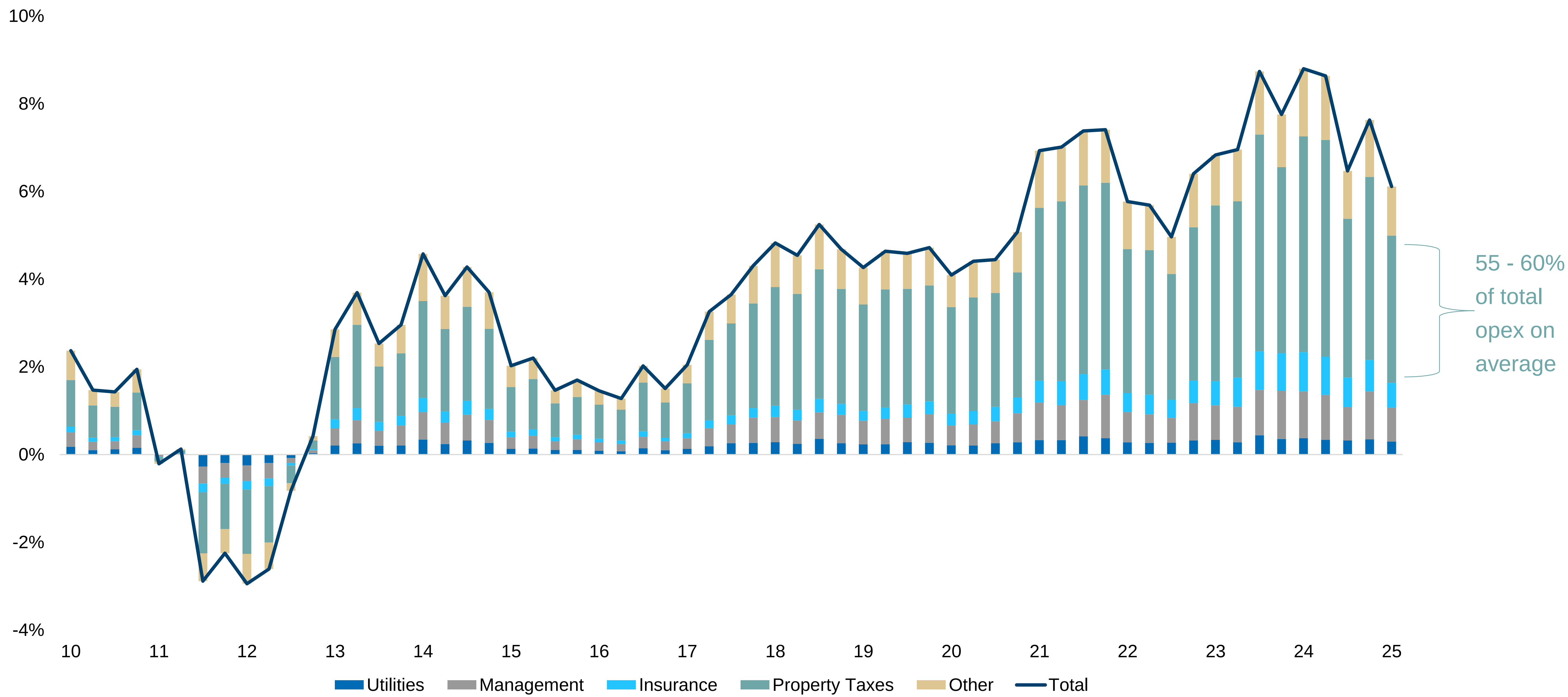


Source: Newmark Research, May 2025. Minimum term of 24 months, w/d product.

Operational Costs Are Still Rising Faster than Pre-2020

Industrial opex increased by roughly 6% year-over-year, led by growth in property taxes. Property taxes, the largest bucket of opex, have risen more than 100% since 2019. Most industrial leases are quoted on NNN basis, yet some occupiers consider their lease obligations in gross terms due to the acute increases in operational costs. While many markets offer abatement programs for new builds, facilities without such benefits are likely to face even greater challenges with property taxes as properties undergo reassessment.

Industrial Opex, Year-over-Year Change

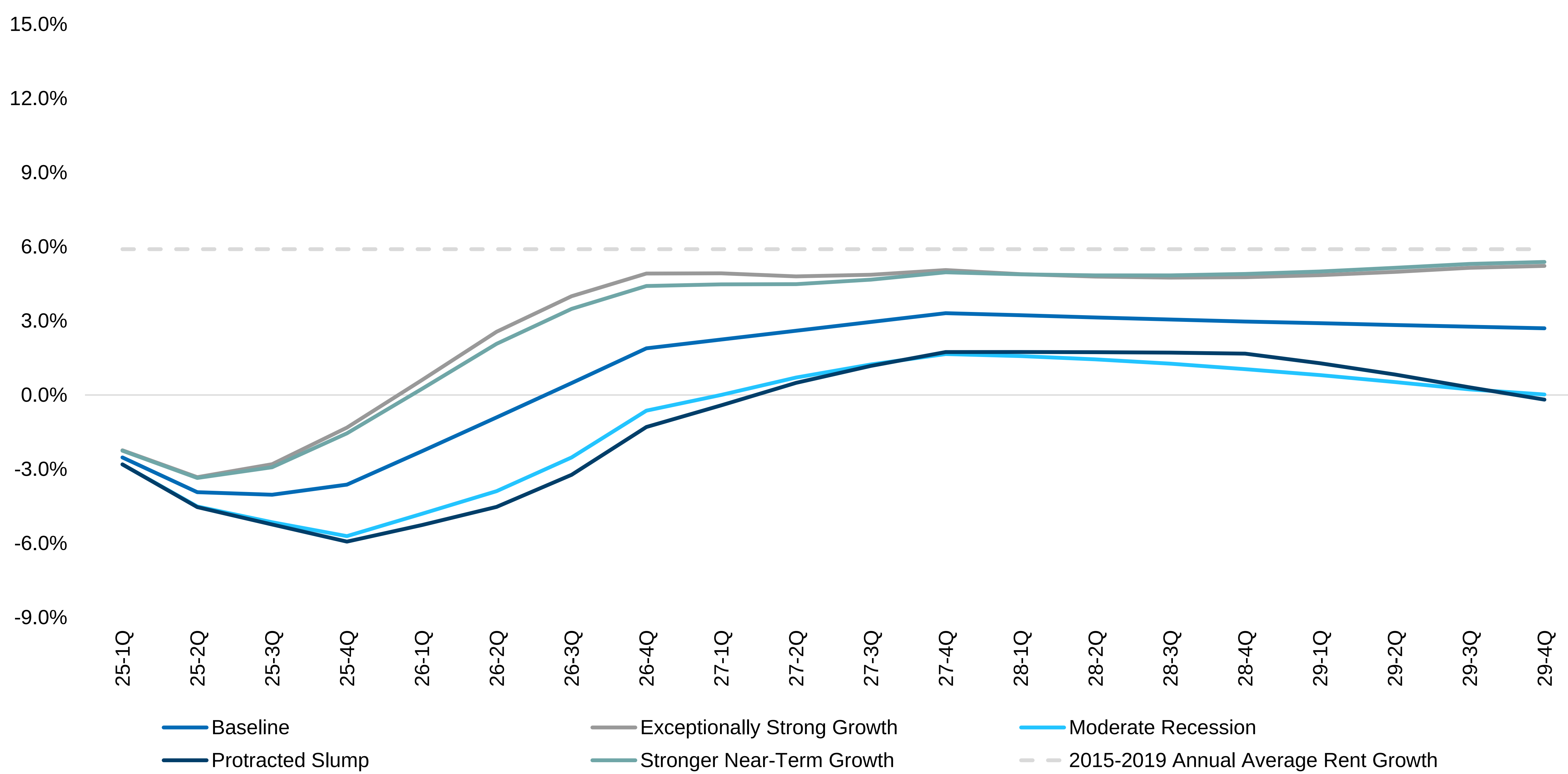


Source: Newmark Research, NCREIF, May 2025.

Green Street Effective Rent Forecast Shows Baseline Growth Returning in '26

Economic uncertainty, the gap between supply and demand, and larger concession packages are all weighing on effective rent forecasts. Green Street's effective rent forecasts show likely contraction in rents on an annualized basis until the latter half of 2026.

Green Street's Top 50 Industrial Markets: Annual Effective Rent Growth Forecasts



Source: Newmark Research, Green Street, May 2025.

1Q25

Capital Markets

Newmark Research Has Downgraded Economic Outlook in Response to Uncertainty

Markets are constantly weighing different narratives about the future. Each new data point shifts the credibility of each outcome vs. all others.

In a low conviction market, like present, small amounts of data tend to produce quantum shifts in what the dominant narrative is. This manifests in nonlinear changes in market pricing.

Markets are sorting through the avalanche of policy announcements and changes that will materially change the U.S. economic landscape,

Newmark research's probabilities imply the 10Y is fairly valued in a trading range around 4.15%.

This estimate incorporates a durable 25 bps increase in the term premium.

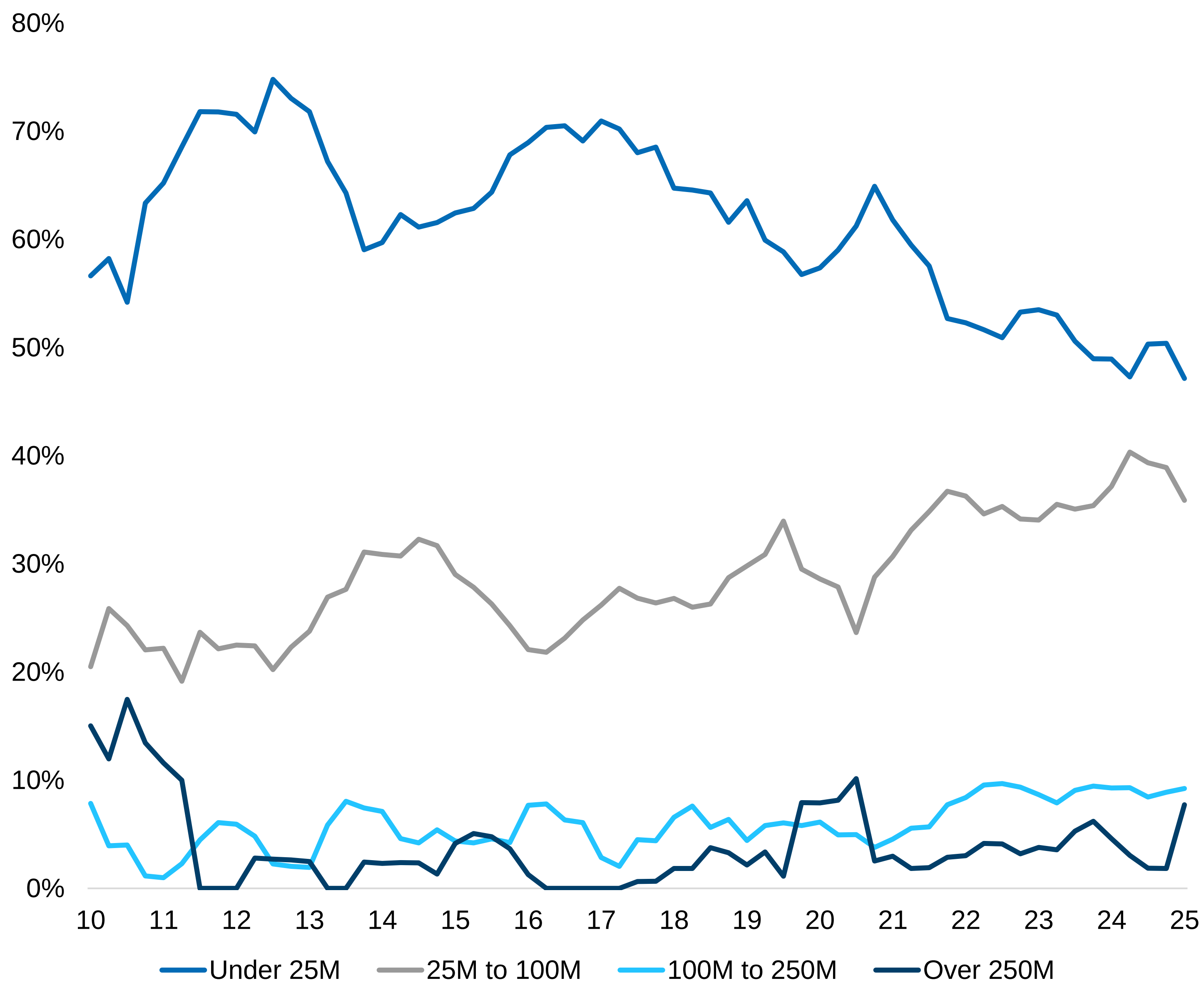
Narrative	Definition	Dominant Narrative Dates	Fed Funds in December 2025	Long-term Fed Funds	10Y Treasury	Credit Spreads (vs. History)	NMRK Research Probability (NTM)
Inflation Stubborn, Low Growth (Stagflation)	Inflation > 2.5% GDP Growth < 2.0%	March 2025	3.75% to 4.50%	3.00% to 4.00%	3.75% to 4.75% → 4.00% to 5.00%	High	**Pre-4/2 → Post** 35% → 55%
Inflation Stubborn, Growth Moderate	Inflation > 2.5% GDP Growth > 2.0%	April 2024	4.25% to 4.75%	3.50% to 4.50%	4.00% to 5.00% → 4.25% to 5.25%	Average To Moderately Tight	30% → 10%
Conventional Recession	Inflation <=2.0% Unemployment > 5.5%	August 2024, Dec/Jan 2023	0.00%	2.50% to 3.00%	2.50% to 3.50% → 2.75% to 3.75%	High	20% → 30%
Soft Landing	Inflation ~2.0% GDP Growth ~2.0%	June 2023	3.50% to 4.00%	3.00% to 3.50%	3.50% to 4.20% → 3.75% to 4.45%	Return to Average	15% → 5%

Source: Newmark Research as 5/15/2025

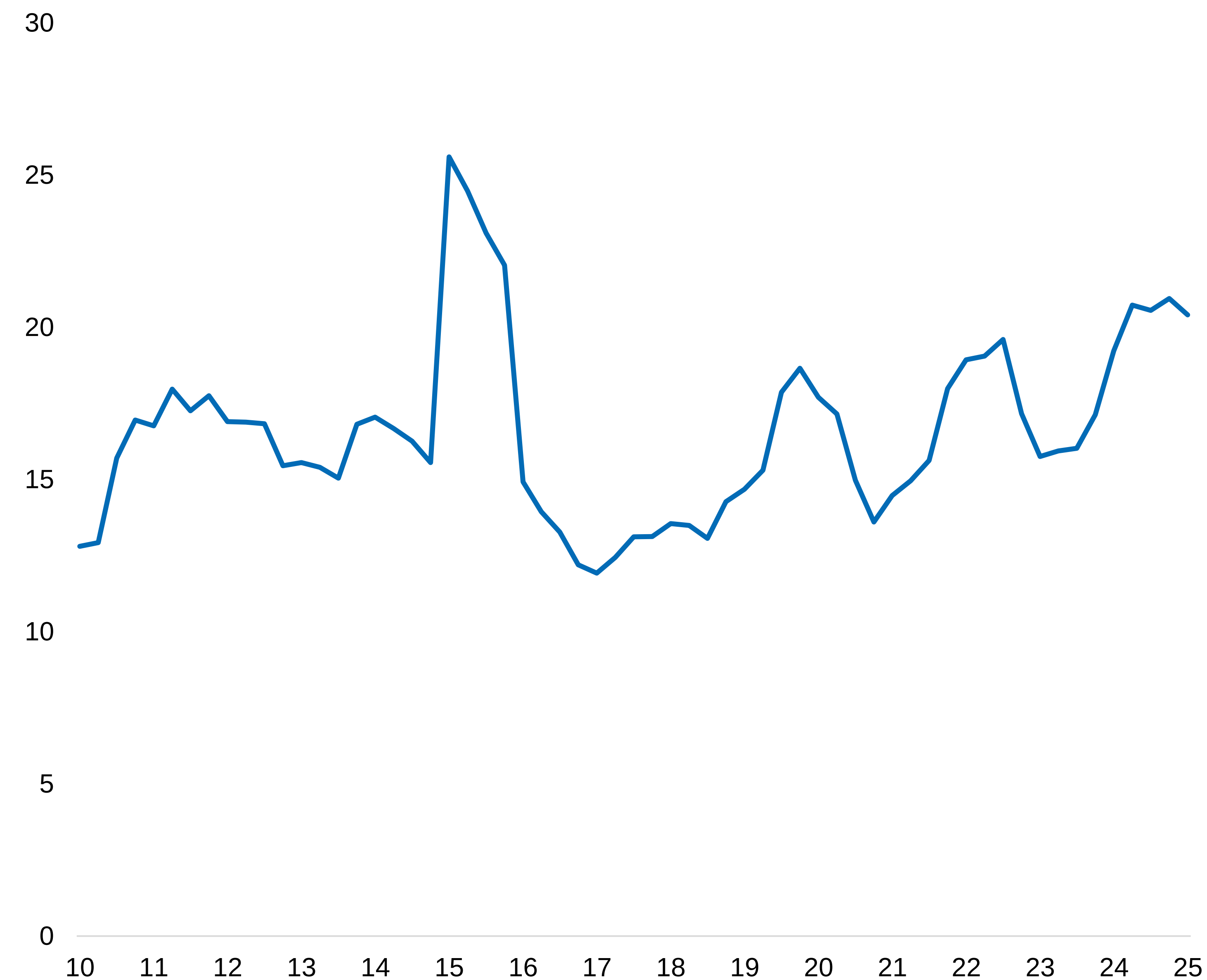
Industrial Loan Size Increasing

The average Industrial loan size has been hovering near decade highs for the last 4 quarters. The increase in the average loan size was driven by a drop off in small loan share, and an increase in $25 million to $100 million loans, a notable difference from transaction volumes, which are shrinking in overall deal size.

Loan Volume Share By Size Bucket (%)



Average Loan Size ($, Millions)

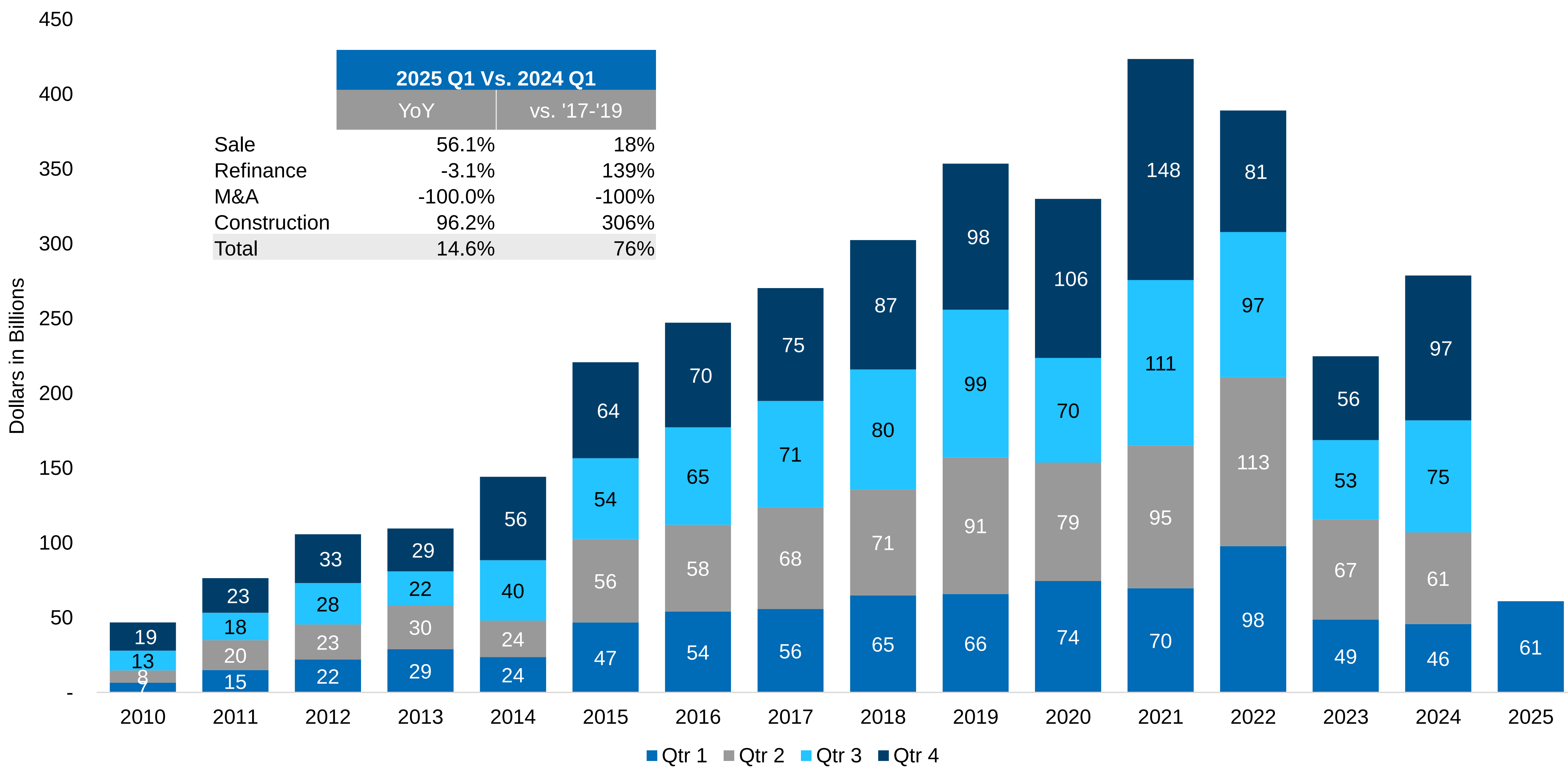


Source: Newmark Research; MSCI

Industrial Sale And Construction Financing Jumped Compared To 24Q1

Industrial debt origination volume increased 14.6% in the first quarter of 2025 compared to 24Q1, with sales and construction financing pushing growth. Sale financing was up 56% vs. 24Q1, while construction financing was up 96%. Refinance was down year-over-year but running well ahead of the average first quarter pre-pandemic.

Industrial Debt Origination Volume



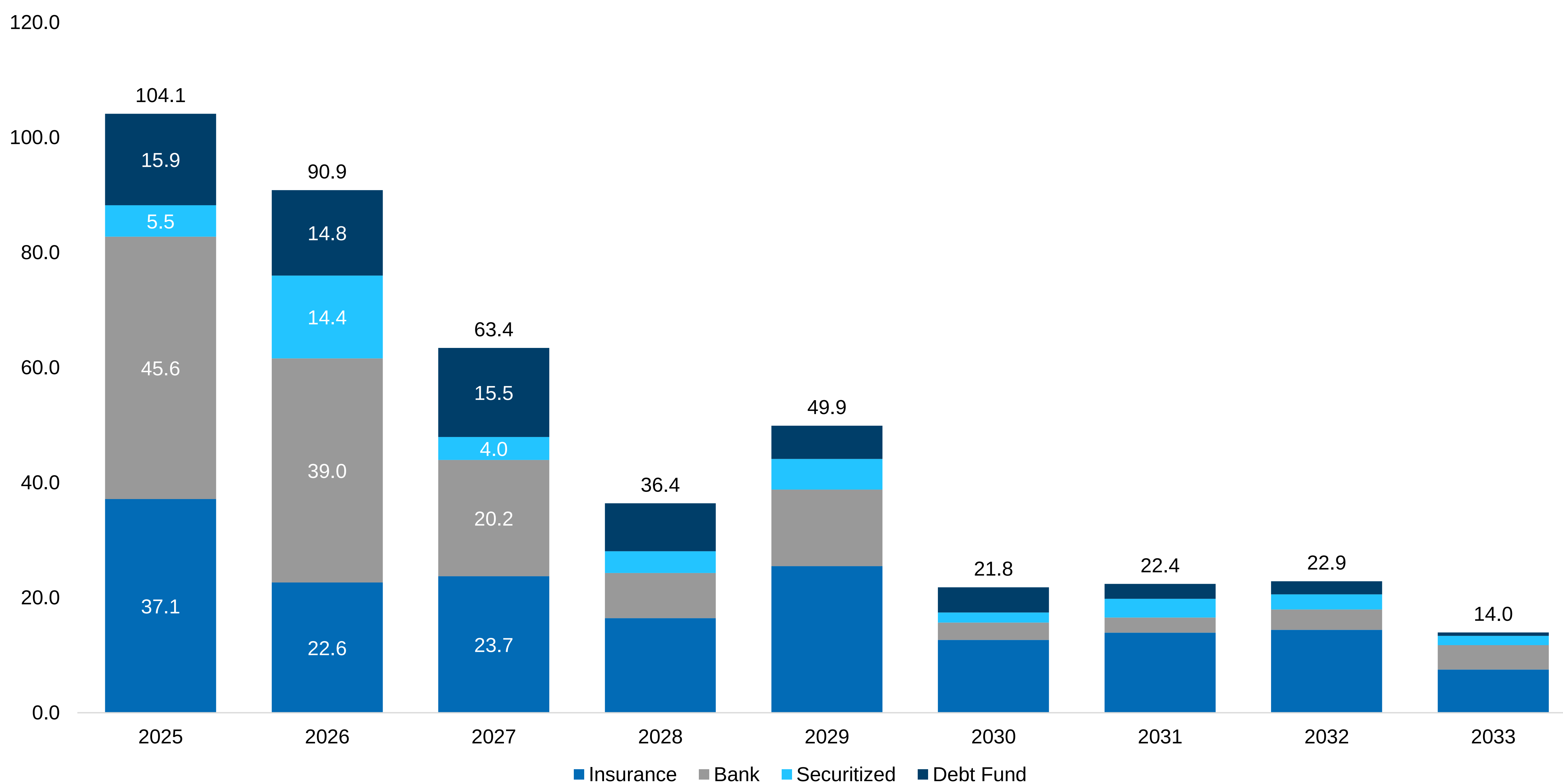
	2025 Q1 Vs. 2024 Q1	
	YoY	vs. '17-'19
Sale	56.1%	18%
Refinance	-3.1%	139%
M&A	-100.0%	-100%
Construction	96.2%	306%
Total	14.6%	76%

Source: RCA, Newmark Research
Note: loan origination volumes are adjusted for future expected revisions using Newmark's proprietary models

Over $250B In Industrial Maturities Expected By End Of 2027

Near-term Industrial maturities largely reside with the banks, who have been largely working to moderate their CRE exposure, while Insurance lenders make up the majority of post-2027 maturities. Industrial debt has largely managed to avoid distress, as the last ten years of strong rent and value growth gives borrowers room to deal with high interest rates.

Total Maturing Loans ($, Billions)

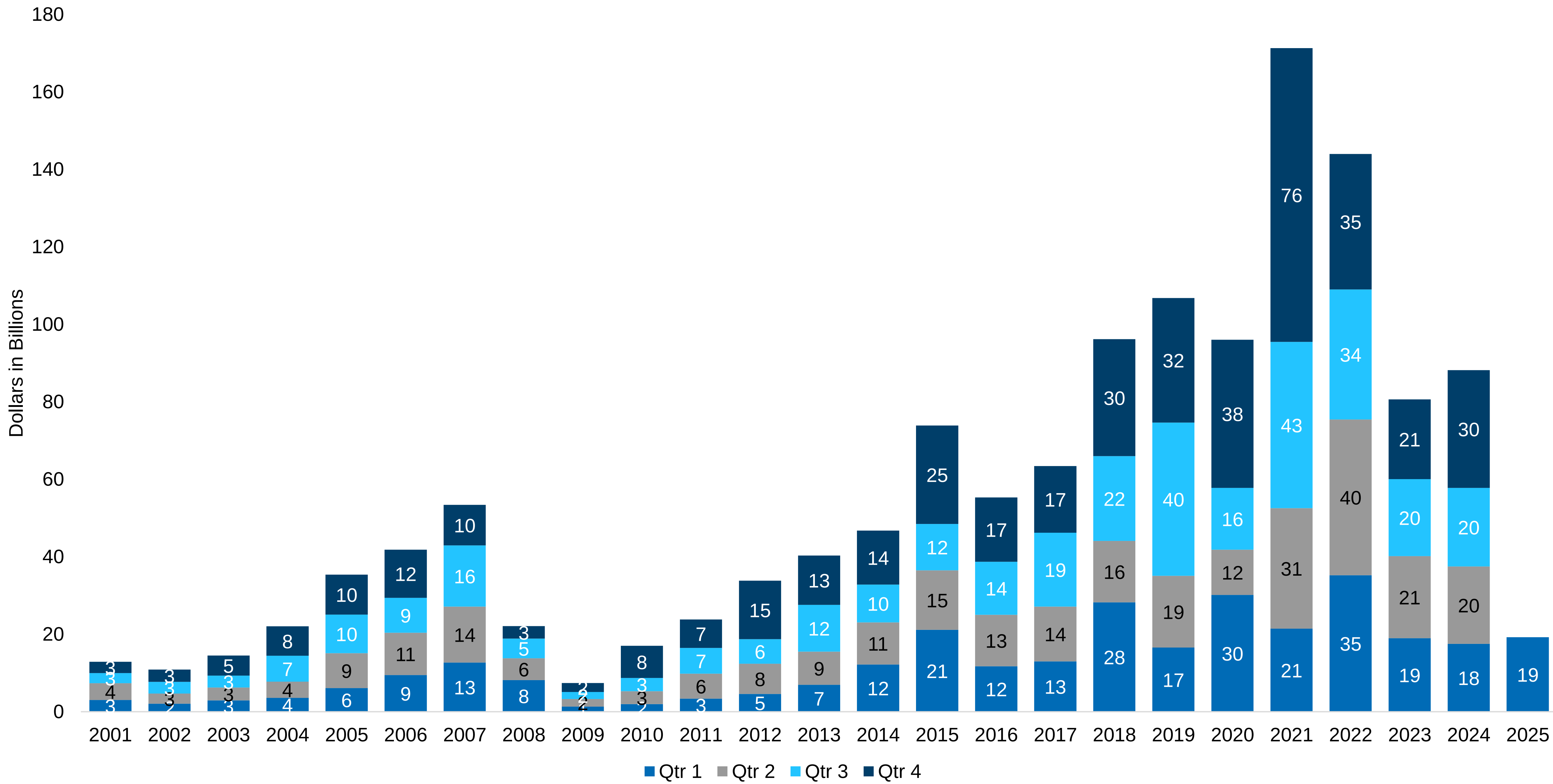


Source: RCA, Newmark Research

First-Quarter Sales Volume Up Nearly 10% Year-over-Year

The first quarter ushered in $19 billion in sales volume, solidly above first-quarter 2024 volumes.

Investment Sales Volume

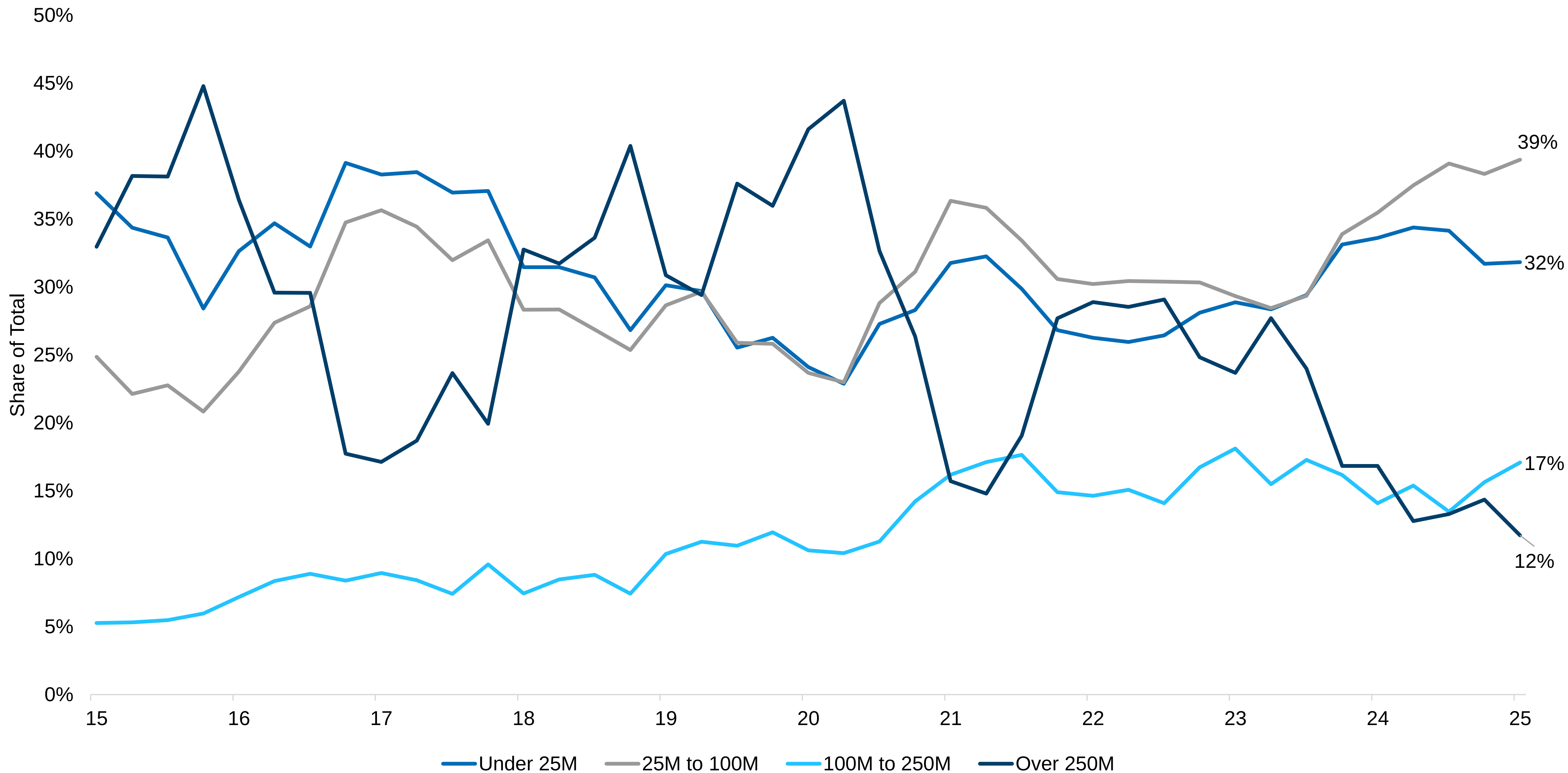


Source: Newmark Research, MSCI Real Capital Analytics.

Industrial Transactions Have Moved To Smaller Deals

Deals under $100M accounted for 71% of investment sales volume in the last four quarters as compared with a long-term average of 60%. The sharpest increase has been in deals between $25M and $100M. Deals over $250M has declined sharply to just 12%. These trends are interrelated with the decline in the institutional share of sales activity in favor of smaller, private capital buyers.

Investment Sales Share By Deal Size

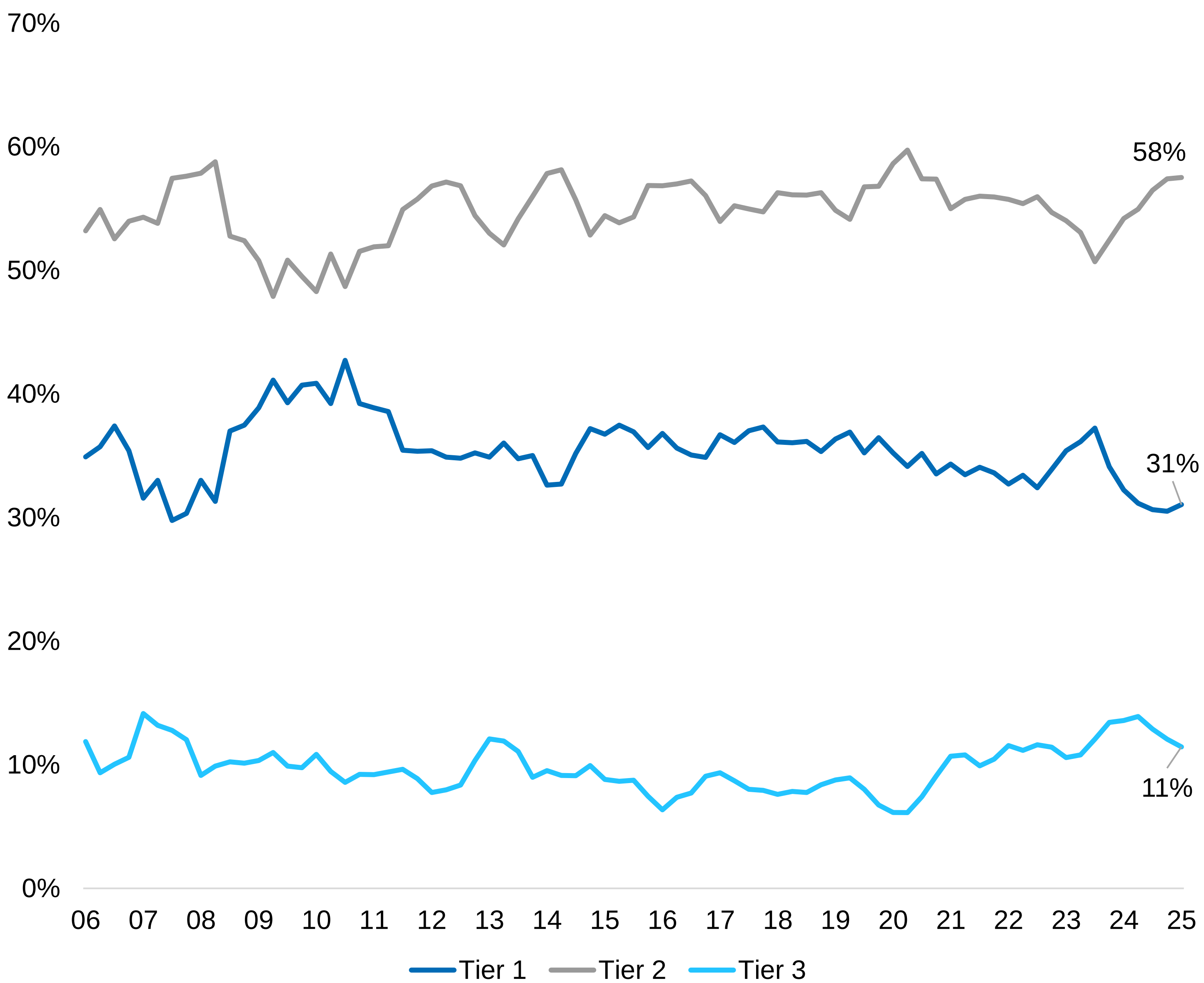


Source: Real Capital Analytics, May 2025. *Quarterly

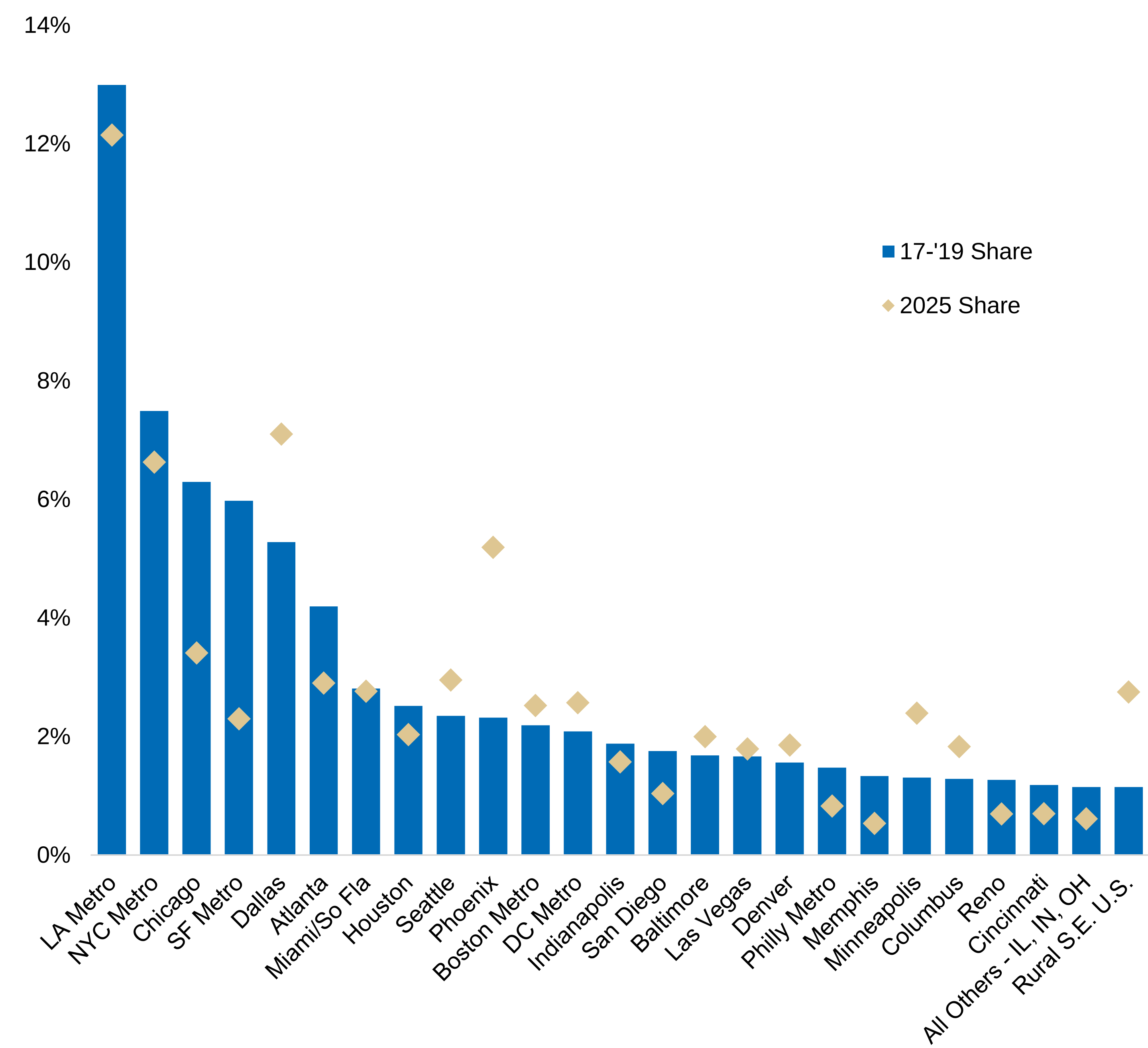
Tier 2 Markets Continue To Win Back Market Share

In the last 5 quarters, investment trends shifted back toward diversification into Tier 2 markets, with Miami, Houston, and Phoenix seeing increased activity, while Tier 1 markets like Los Angeles, New York, and Chicago experienced a pullback. Investment volume has increasingly followed population growth, favoring high-growth Sunbelt markets.

Investment Sales Share By MSA Tier*



Investment Sales Share By MSA – Top 25*

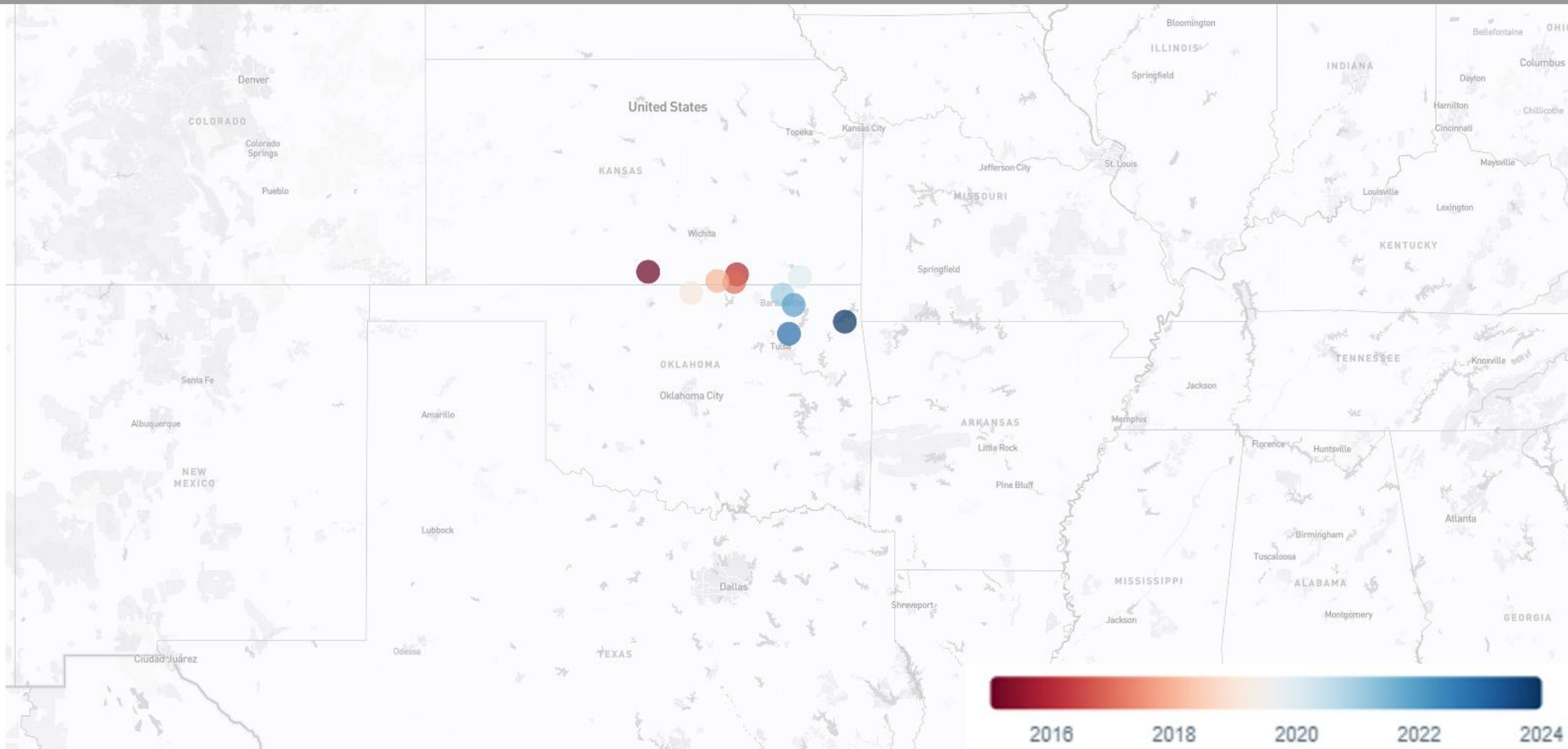


Source: Newmark Research, U.S. Census, MSCI. *Tier 1 metros include: Los Angeles, New York, Chicago, Dallas, and Atlanta, while tier 2 consists of the remaining top 50 markets by transaction volume. Tier 3 encompasses all other markets.

The U.S. Industrial "Center of Gravity" Has Moved Southeast

Since 2016, the average latitude and longitude weighted by transaction volume has moved 160 miles east and 42 miles south, as demographic trends, maritime ports, and manufacturing development are all ascendent in the Southeast.

U.S. Industrial Weighted-Average "Center of Gravity" for Transaction Activity, 2016 to 2024



Source: Newmark Research, MSCI Real Capital Analytics.

Liquidity Still Flows into Top Tier Markets – Even in a Volatile Market

Investment volume is flat when compared to one year ago, but top markets still saw plenty of major transactions close, even in relation to pre-pandemic era closings.

Number of Deals over $50 Million, 2019

Market	Number of Deals
SoCal	66
Dallas	24
North Jersey/NY	18
Atlanta	16
Chicago	18
Phoenix	9
South Florida	7

Number of Deals over $50 Million, Rolling 4Q Sum (2Q24 – 1Q25)

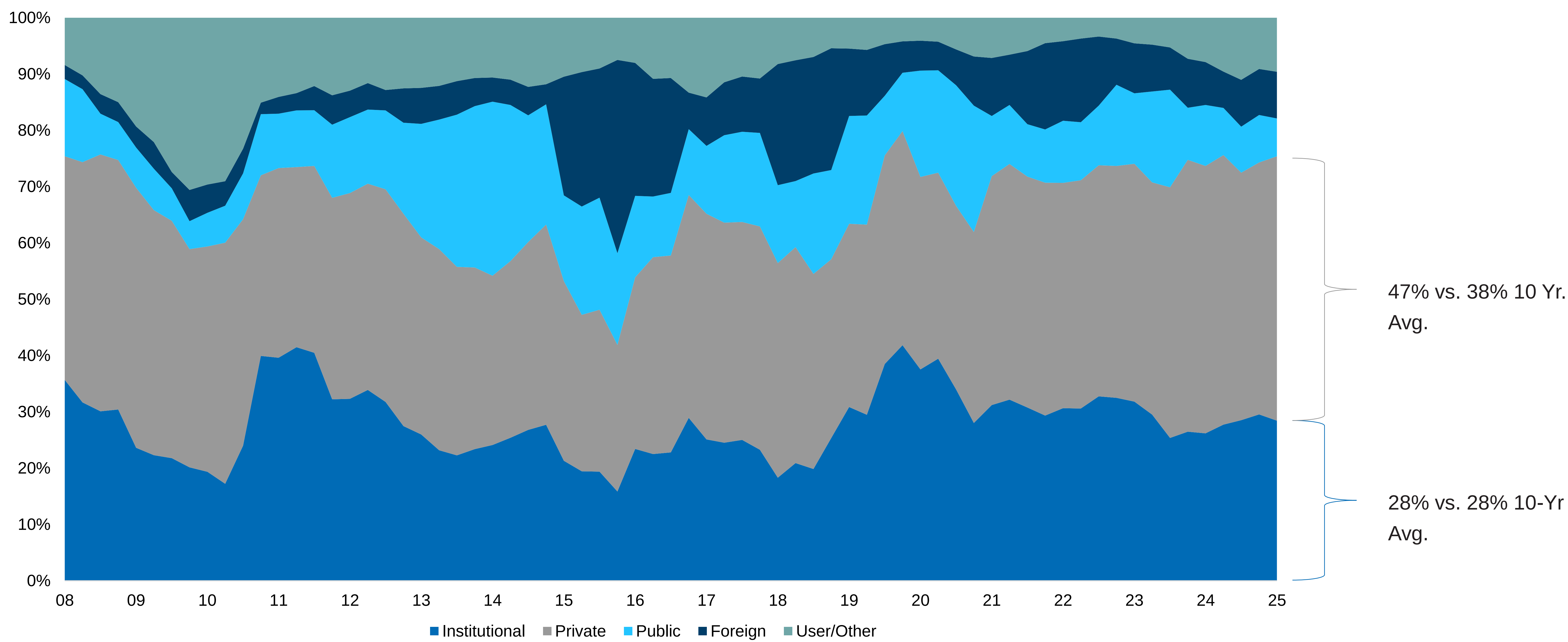
Market	Number of Deals
SoCal	49
Dallas	34
Metro New York	36
Atlanta	14
Chicago	9
Phoenix	24
South Florida	15

Source: MSCI, Newmark Research, April 2025.

Private Buyers Account for ~Half of All Volume; Users Maintain Above-Average Share

Across the ecosystem of investor profiles, private capital continues to account for nearly half of total acquisitions. Users are seeing more opportunity than the buyer type has seen in years, growing from 3% share in 2022 to 10% share in 1Q25.

Composition of Industrial Buyers

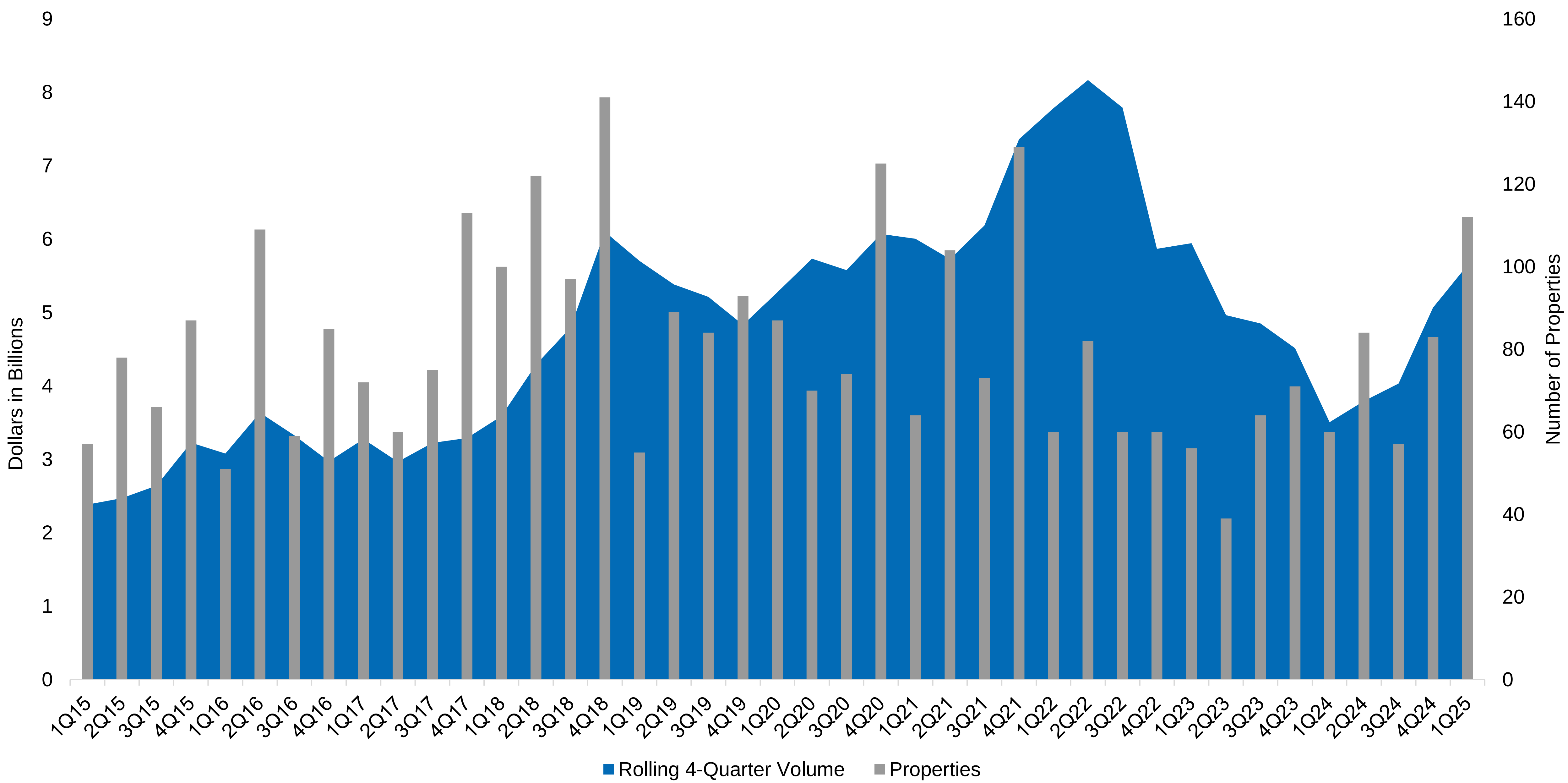


Source: Newmark Research, MSCI Real Capital Analytics, May 2025.

Sale-Leasebacks on the Rise

Users have boosted their acquisition share substantially during the last few years but have been net-disposers in the last two quarters. Sale leaseback sales volume grew to a 2-year high in 1Q25 as firms seek infusion of capital to pay down existing debt or, reinvest into the business.

Sale-Leaseback Volume, 4Q Rolling Sum and Number of Properties

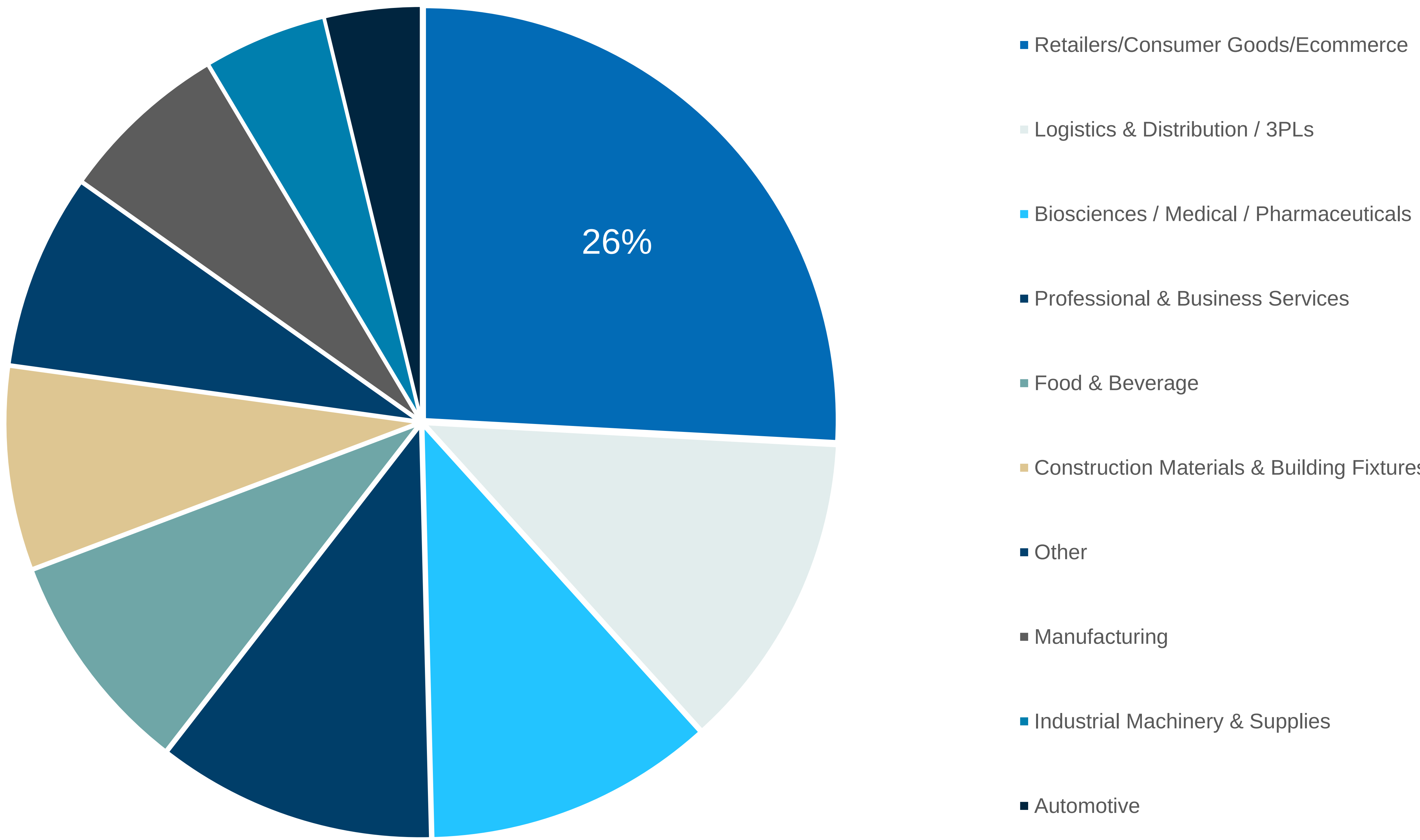


Source: Newmark Research, MSCI Real Capital Analytics, April 2025.

Retailers Represent Largest Share of User Acquisitions

Users are taking advantage of more options to purchase in the marketplace than seen in recent years. For some, placing capital in real estate assets, which can expand supply chain capabilities and be leveraged for future revenue generation, is proving attractive. Retailers, led by Amazon, have driven the strongest acquisition activity in the past year.

User Share of Acquisitions by Industry Type, Last 12 Months

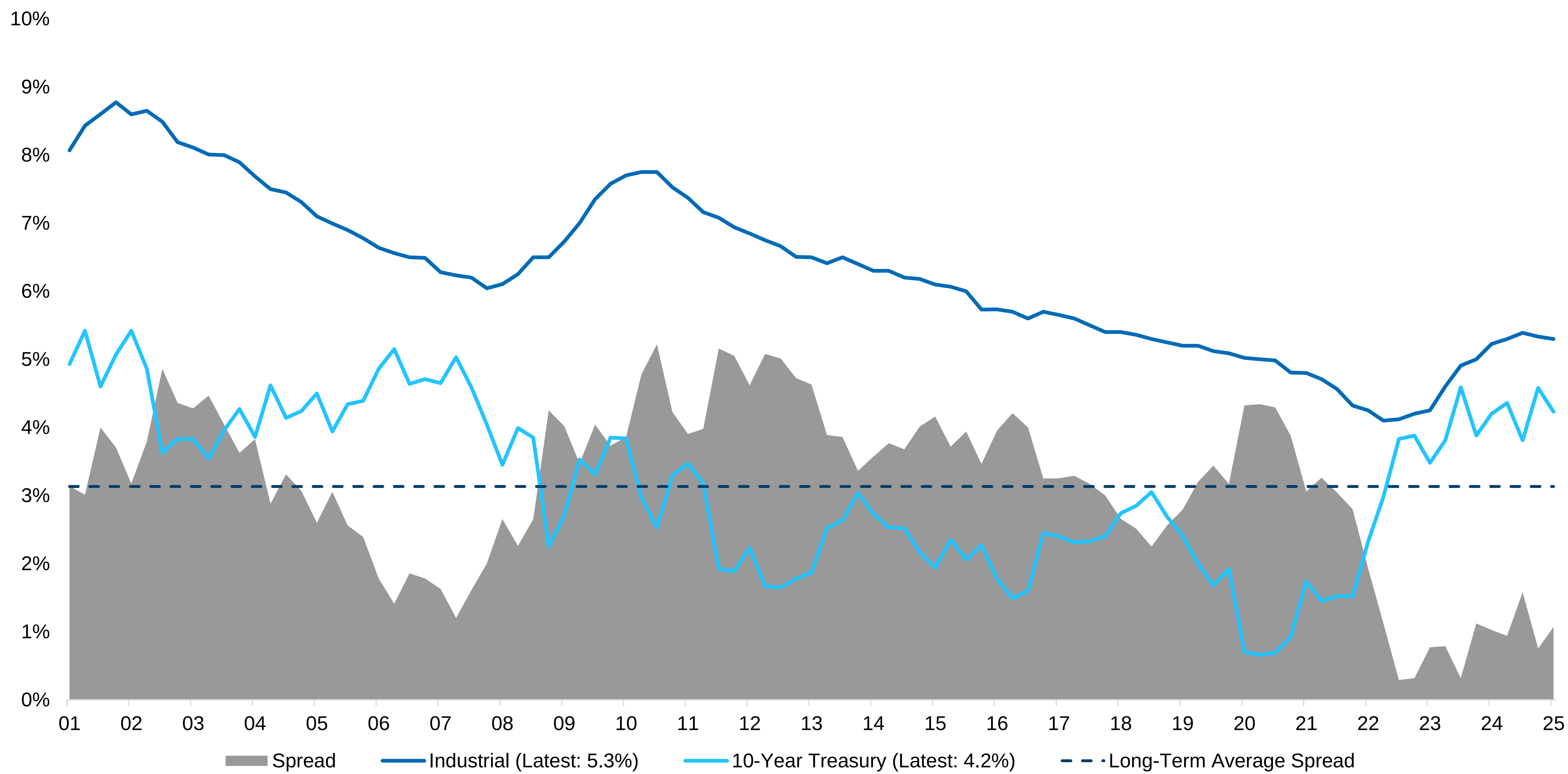


Source: Newmark Research, CoStar. "Other" includes Tech/Data Center Driven, Energy, Paper & Packaging. Sales over 10,000 SF

Industrial Cap Rates Stable in 1Q25; Spreads Remain Narrow

Industrial transaction cap rates have fluctuated over the past 12 months in the 5% range, which will likely be the case throughout 2025. Spreads to 10-Year Treasury Yields remain well below long-term averages.

Top Quartile Transaction Cap Rate*

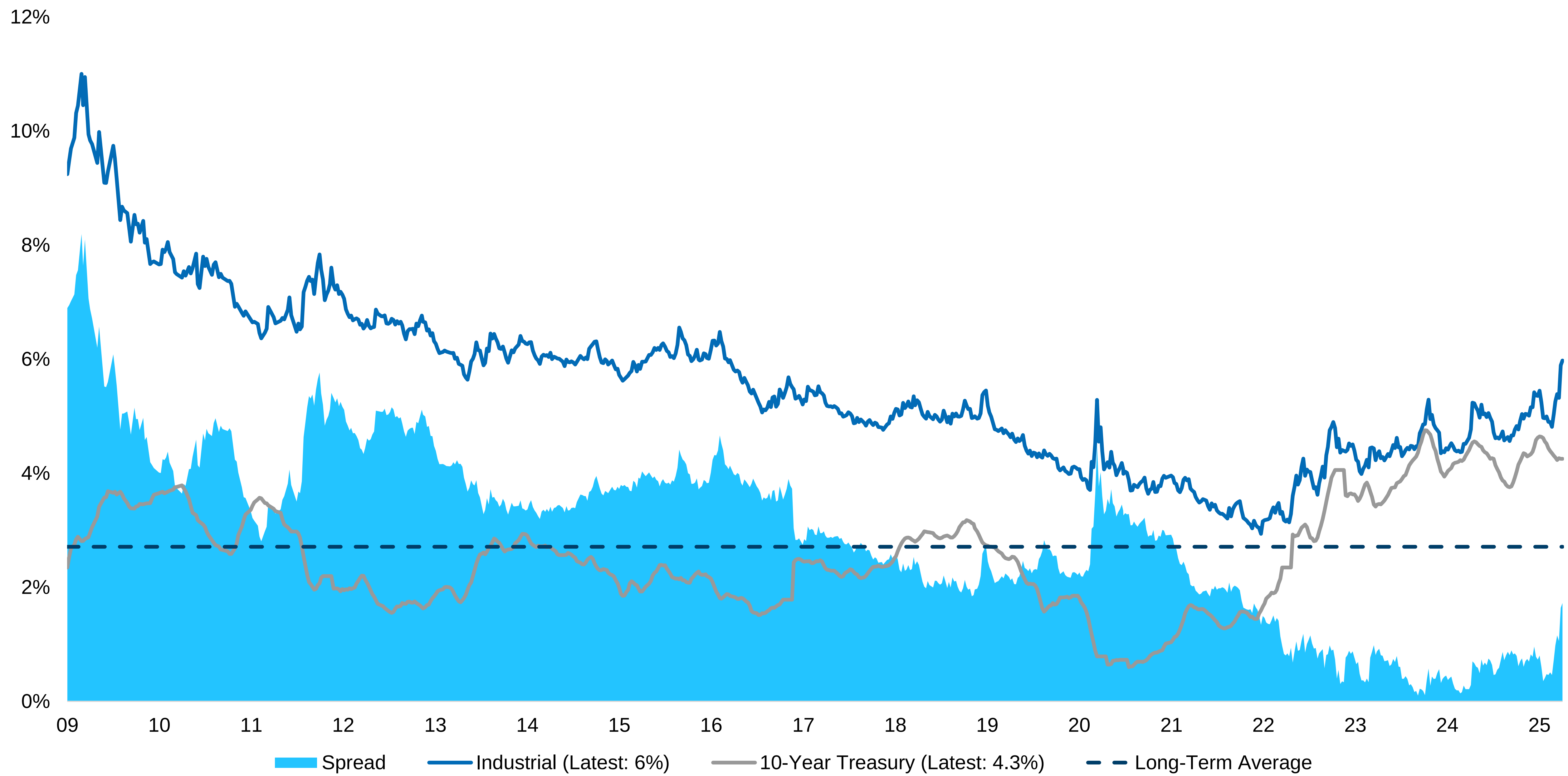


Source: Real Capital Analytics, Federal Reserve Bank of St. Louis, Moody's, May 2025. *Quarterly

Public Market Highly Sensitive to Rate Volatility

For most of the first quarter of 2025, REIT-implied Nominal cap rate spreads to the 10-year treasury remained historically tight. However, fallowing the tariff announcements in April, public market cap rate spreads jumped to their highest level since late 2021, driven primarily by an increase in cap rates.

REIT-Implied Nominal Cap Rate

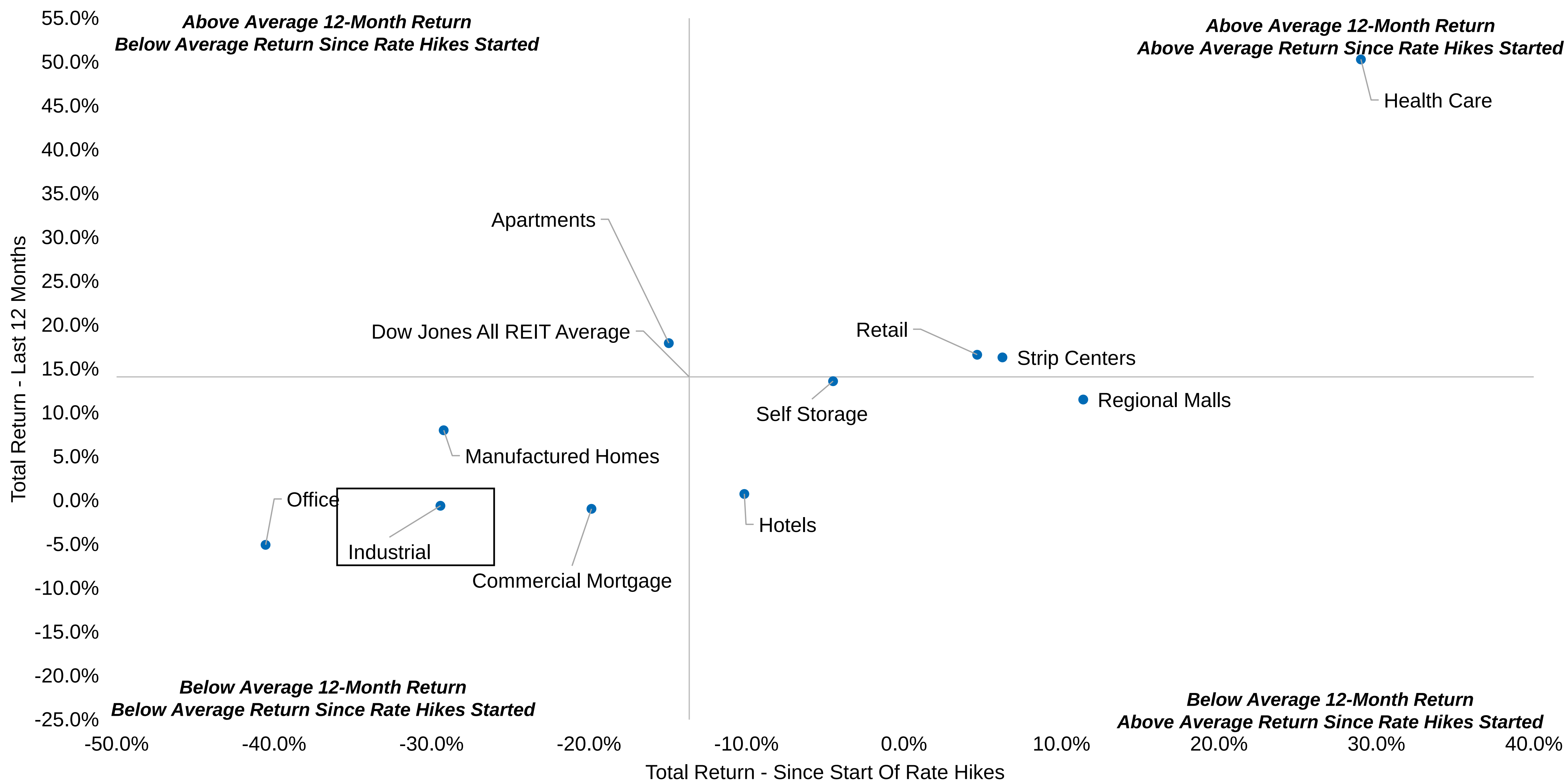


Source: Green Street, FRED, Nareit, Newmark Research

Industrial REIT Returns Have Underperformed

Industrial REIT returns performed the second worst across major property types in the last 12 months and have lagged behind most other sectors since interest rates began rising. Industrial spreads were already narrow, leaving little room for compression, and Industrial values are likely to be rate sensitive throughout 2025.

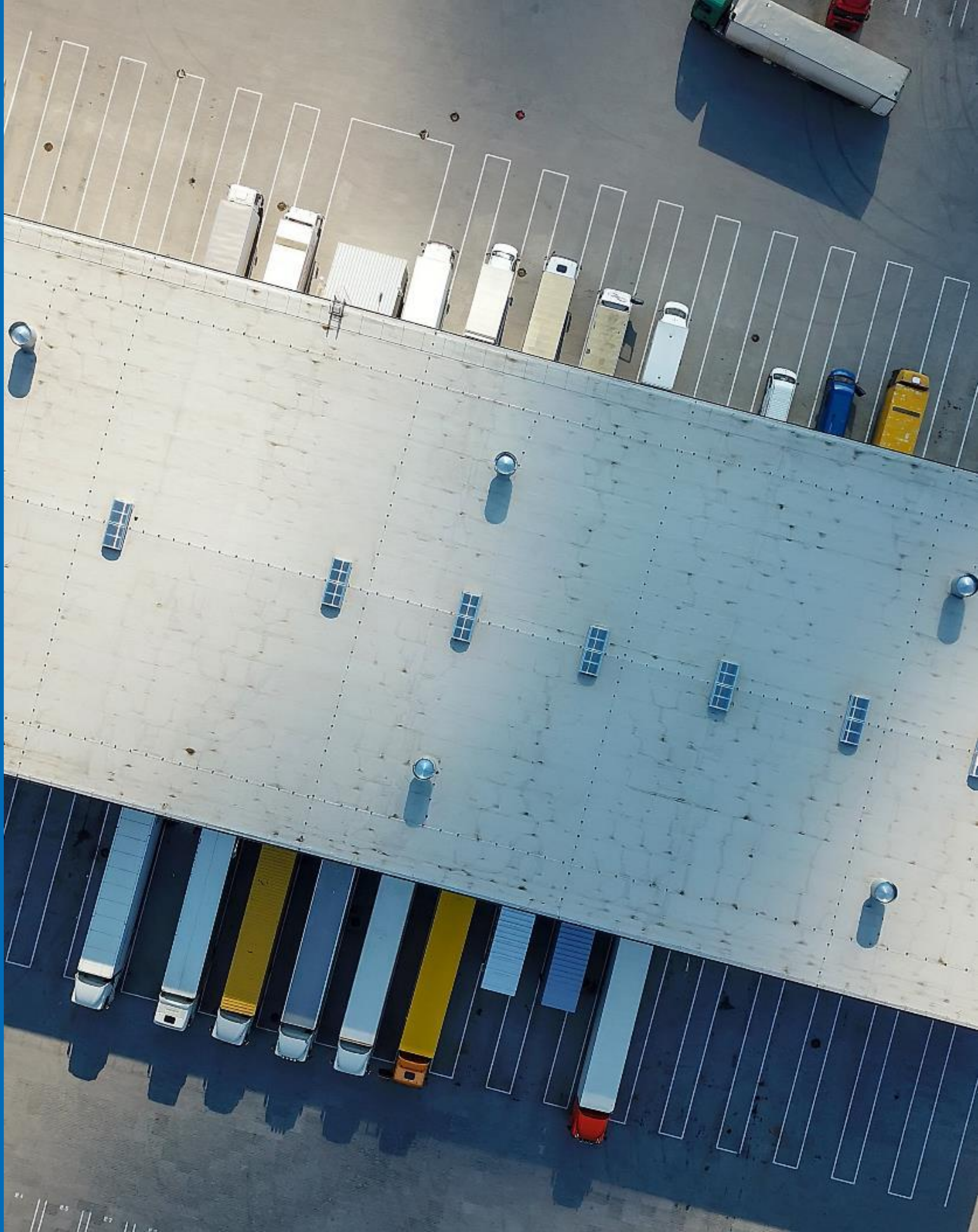
Dow Jones REIT Index Total Returns



Source: Dow Jones, Moody’s, Newmark Research as of 1/28/2025

1Q25

Appendix: Industrial Market Statistics



National Industrial Market Statistics

First Quarter 2025

Market Statistics

	Total Inventory (SF)	SF Under Construction	SF Absorbed This Quarter	SF Absorbed Year-to-Date	Vacancy Rate	Direct Average Asking Rent (Price/SF)
National	**17,868,855,725**	**297,242,523**	**57,589,527**	**57,589,527**	**7.0%**	**$10.24**
Atlanta	782,359,347	9,925,142	1,142,360	1,142,360	8.8%	$7.00
Austin	150,167,547	14,625,153	1,609,024	1,609,024	12.60%	$14.63
Baltimore	262,792,070	3,564,428	-422,223	-422,223	6.5%	$8.16
Boston	220,002,180	1,614,038	-647,745	-647,745	8.8%	$16.64
Broward County, FL	116,242,724	1,335,285	47,938	47,938	4.3%	$14.92
Charleston, SC	108,154,299	3,103,951	1,647,012	1,647,012	15.5%	$8.68
Charlotte	469,902,560	9,480,990	1,695,847	1,695,847	8.4%	$7.22
Chicago	1,258,950,424	10,744,665	437,286	437,286	5.1%	$6.48
Cincinnati	316,948,489	1,497,600	1,615,396	1,615,396	5.7%	$6.21
Cleveland	293,047,638	2,410,000	-51,772	-51,772	4.2%	$6.02
Columbia, SC	74,281,299	2,568,560	723,939	723,939	6.0%	$6.53
Columbus	295,626,985	3,426,493	2,206,760	2,206,760	8.6%	$5.85
Dallas	1,144,665,383	26,140,852	6,707,281	6,707,281	9.20%	$9.35
Denver	225,011,461	5,173,973	427,654	427,654	9.1%	$11.65
Detroit	437,602,518	1,791,429	-300,976	-300,976	4.6%	$7.44
El Paso	75,685,239	4,974,345	215,139	215,139	11.5%	$6.41
Greenville, SC	284,045,476	3,887,831	5,138,119	5,138,119	8.6%	$5.48
Hampton Roads	111,329,920	4,132,278	249,660	249,660	5.5%	$9.39
Houston	781,234,177	16,723,866	851,318	851,318	6.80%	$9.69

Notes: (1) Asking rents are quoted on a NNN basis. The average asking rent is the weighted average across warehouse, manufacturing, flex, and general industrial properties. Older, available buildings often cite asking rents, while newer facilities often withhold rent values. Based on this, today's asking rent averages may be materially understated. (2) Inventory audits and new market additions are routinely made in the first quarter annually. In 1Q25, El Paso was added to statistically tracked U.S. markets, among other significant changes to tracked U.S. inventory.

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First Quarter 2025

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National	**17,868,855,725**	**297,242,523**	**57,589,527**	**57,589,527**	**7.0%**	**$10.24**
Indianapolis	433,411,740	2,456,276	2,706,160	2,706,160	9.3%	$6.51
Inland Empire, CA	743,977,466	9,458,628	2,240,395	2,240,395	7.6%	$12.60
Jacksonville	156,576,643	6,425,181	1,168,868	1,168,868	5.6%	$8.65
Kansas City	344,281,640	7,579,510	7,530,803	7,530,803	4.6%	$6.01
Las Vegas	173,375,174	8,180,997	1,469,511	1,469,511	11.3%	$13.93
Long Island	166,655,369	720,970	96,739	96,739	6.0%	$16.31
Los Angeles	1,066,646,667	4,246,007	1,449,100	1,449,100	4.1%	$18.19
Memphis	324,528,859	1,560,990	35,068	35,068	7.9%	$4.80
Miami	229,558,212	3,020,568	95,416	95,416	5.1%	$15.32
Milwaukee	288,833,049	1,157,839	-2,004,201	-2,004,201	4.7%	$5.42
Minneapolis	437,512,250	1,883,451	1,859,313	1,859,313	4.2%	$7.96
Nashville	299,028,722	8,873,692	434,883	434,883	5.0%	$9.86
New Jersey Northern	696,222,915	10,023,198	582,424	582,424	5.9%	$17.02
Oakland/East Bay	129,409,345	220,495	-325,385	-325,385	7.6%	$20.71
Orange County, CA	267,795,448	2,039,159	-71,869	-71,869	4.7%	$18.62
Orlando	172,932,086	3,786,868	442,591	442,591	8.1%	$11.11
Palm Beach	48,334,387	918,900	-65,384	-65,384	7.8%	$13.65
Penn. I-81/78 Corridor	480,099,709	3,731,070	-643,296	-643,296	7.9%	$8.50
Philadelphia	540,004,585	14,187,642	-1,033,901	-1,033,901	6.7%	$11.47

Notes: (1) Asking rents are quoted on a NNN basis. The average asking rent is the weighted average across warehouse, manufacturing, flex, and general industrial properties. Older, available buildings often cite asking rents, while newer facilities often withhold rent values. Based on this, today's asking rent averages may be materially understated. (2) Inventory audits and new market additions are routinely made in the first quarter annually. In 1Q25, El Paso was added to statistically tracked U.S. markets, among other significant changes to tracked U.S. inventory.

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National	**17,868,855,725**	**297,242,523**	**57,589,527**	**57,589,527**	**7.0%**	**$10.24**
Phoenix	437,927,682	13,466,141	6,184,570	6,184,570	13.7%	$11.55
Pittsburgh	158,783,395	90,277	-52,373	-52,373	7.3%	$5.47
Portland	213,748,407	1,942,707	-70,526	-70,526	6.0%	$10.35
Raleigh/Durham	154,177,364	7,276,571	2,428,197	2,428,197	7.0%	$10.95
Richmond	138,416,553	5,713,456	837,136	837,136	5.0%	$7.58
Sacramento	164,020,301	541,624	550,764	550,764	5.4%	$9.37
Salt Lake City	304,384,505	6,442,339	1,329,565	1,329,565	4.7%	$10.12
San Antonio	170,300,296	5,594,922	-154,174	-154,174	9.50%	$8.91
San Diego	170,574,688	1,334,607	-373,966	-373,966	7.3%	$17.35
Savannah, GA	155,674,855	12,303,817	2,505,409	2,505,409	10.7%	$6.79
Seattle	328,698,449	5,152,945	1,180,323	1,180,323	7.1%	$12.67
Silicon Valley	202,914,076	770,422	234,405	234,405	10.3%	$30.69
St. Louis	300,352,911	2,952,400	1,116,312	1,116,312	4.1%	$5.91
Tampa/St. Petersburg	258,657,592	4,572,516	318,702	318,702	7.5%	$8.72
Washington, DC	302,990,649	11,495,459	2,295,931	2,295,931	6.1%	$15.22

Notes: (1) Asking rents are quoted on a NNN basis. The average asking rent is the weighted average across warehouse, manufacturing, flex, and general industrial properties. Older, available buildings often cite asking rents, while newer facilities often withhold rent values. Based on this, today's asking rent averages may be materially understated. (2) Inventory audits and new market additions are routinely made in the first quarter annually. In 1Q25, El Paso was added to statistically tracked U.S. markets, among other significant changes to tracked U.S. inventory.

For more information:

Lisa DeNight
Managing Director, Head of North American Industrial Research
t 610-675-5826

Joseph Biasi
Director, Head of Commercial Capital Markets Research
t 617-863-8116

David Bitner
Executive Managing Director, Global Head of Research
t 415-216-2509

Jack Fraker
President, Global Head of Industrial & Logistics Capital Markets
t 214-538-2070

New York Headquarters
125 Park Avenue
New York, NY 10017
t 212-372-2000

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Newmark has implemented a proprietary database and our tracking methodology has been revised. With this expansion and refinement in our data, there may be adjustments in historical statistics including availability, asking rents, absorption and effective rents. Newmark Research Reports are available at nmrk.com/insights.

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