

# ELITE 11

U.S. Industrial Markets

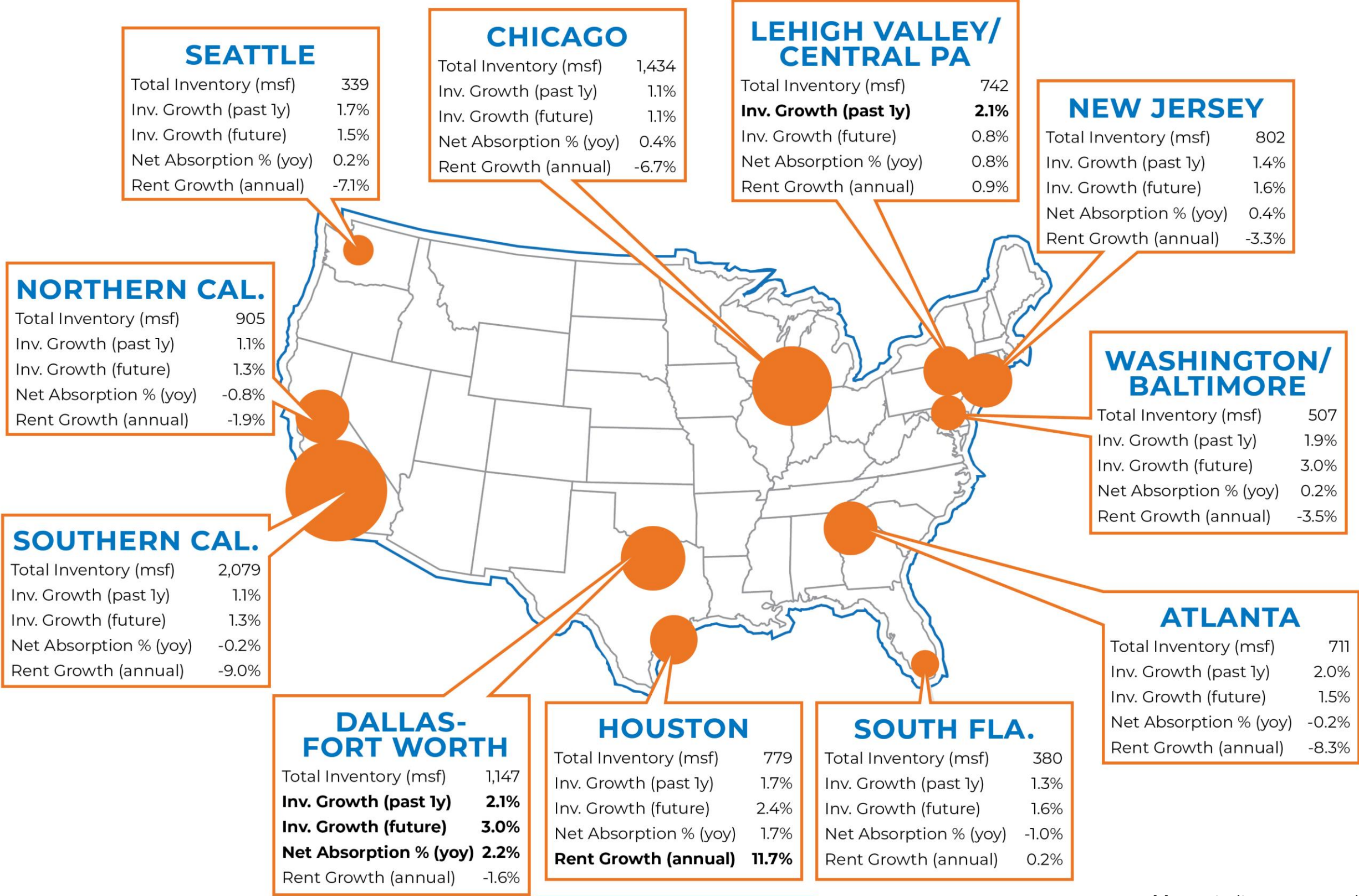
MID-YEAR 2025



TRANSWESTERN







VIEW INTERACTIVE MAP

**Bold text** indicates top-ranked indicator among Elite 11.



## NATIONAL OVERVIEW

### The Streak is Over!

Following 61 consecutive quarters of expansion, the U.S. industrial market recorded negative net absorption. Here's the big picture.

### Vacancy Rises Near 12-Year High

Occupancy decreased for the first time since 2009 following the fallout of the Global Financial Crisis. While slightly less than half of markets recorded positive net absorption during the quarter, nearly two-thirds posted occupancy growth YoY. However, the overall vacancy rate increased by 40 basis points to 7.0%, the highest level since Q4 2013.

### Notable Downturn in Spec Construction

After slowing considerably in 2024, construction starts have leveled off in 2025, with build-to-suit representing a higher share of new development.

### Long-Term Outlook Remains Favorable

Decision makers have been cautious navigating economic uncertainty amid the backdrop of tariffs. As trade deals are solidified, providing more clarity, increased activity for leasing, investment, and development is anticipated as we move further into the year.

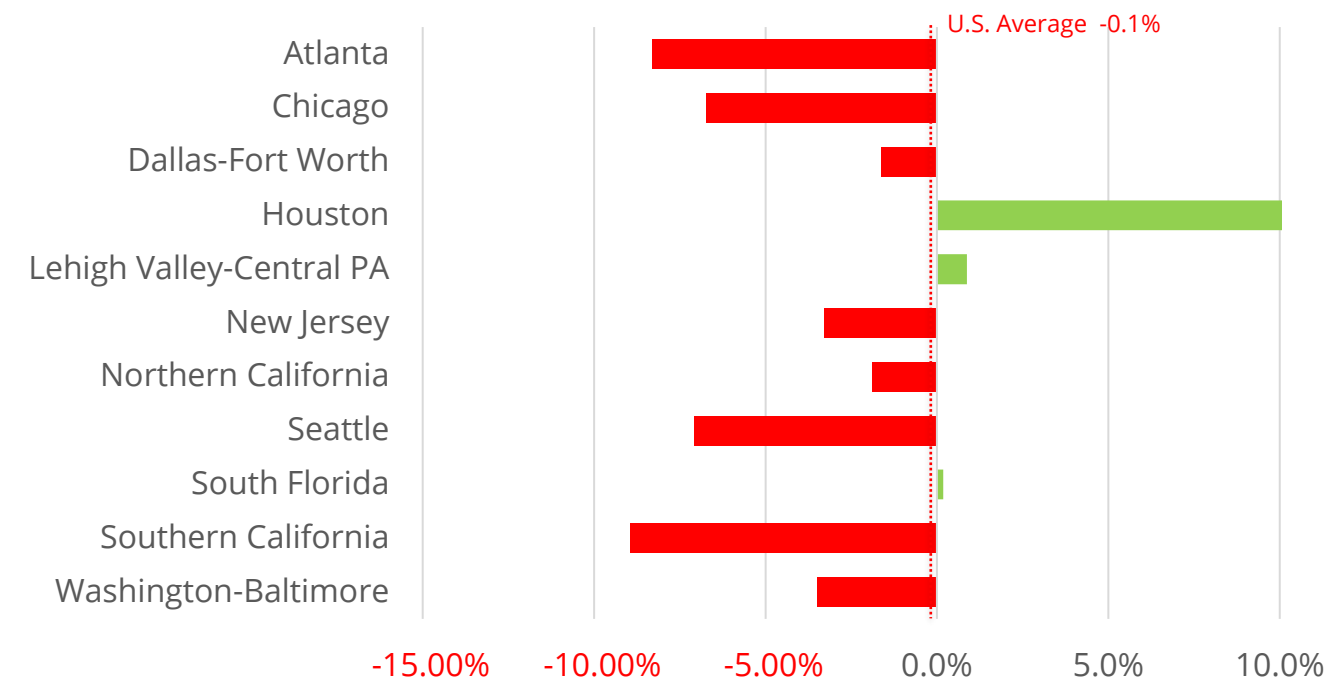


## ELITE 11 MARKET HIGHLIGHTS

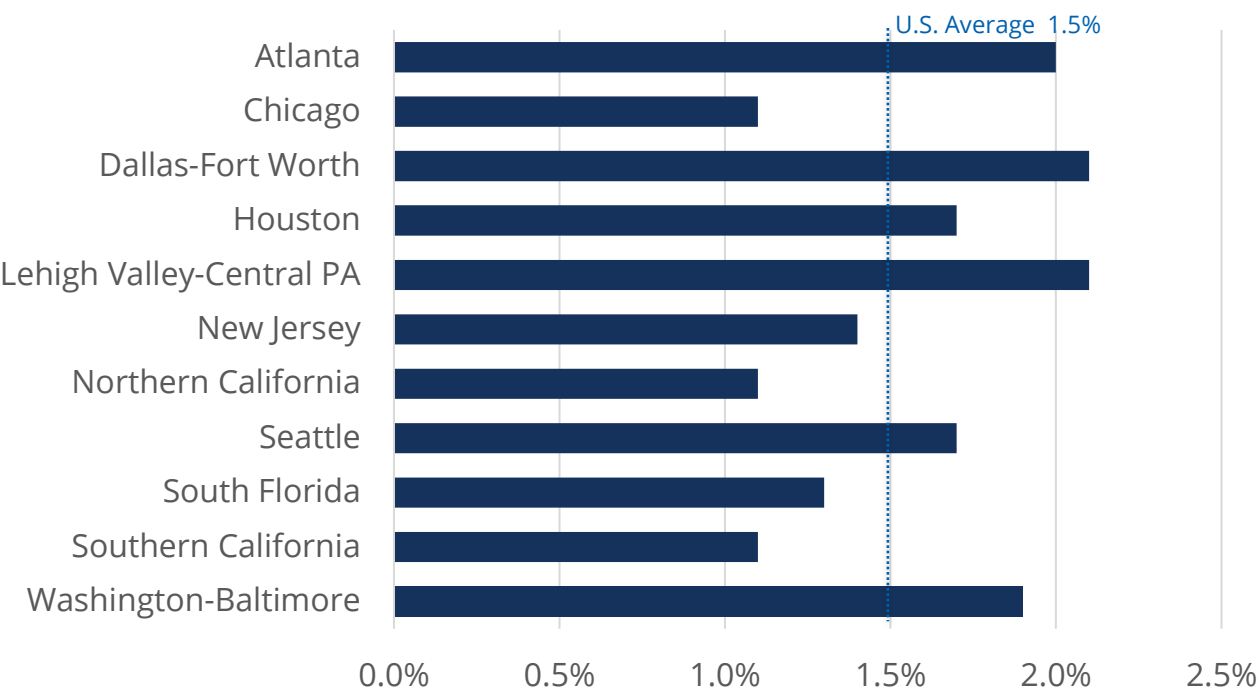
- Sustained strong demand and increased construction drove rent growth in **Houston**, by far the Elite 11 leader in that category.
- **Dallas-Fort Worth** continues to grow at the fastest rate, with new construction increasing over the past 12 months.
- **Lehigh Valley-Central PA** matched Dallas for YoY inventory growth, while new construction has cooled considerably.
- The slowdown in construction starts has helped **Chicago** post the Elite 11's highest occupancy level and **New Jersey** maintain market equilibrium as demand cools.
- Rents in **Southern California** soften amid lower leasing volume, which also impacted **Northern California**. A slowdown in new construction will benefit both regions.
- The **Washington-Baltimore** region maintained elevated future inventory growth, driven by low vacancy and rapid data center development in Northern Virginia.
- Vacancies spiked in the Southeast, as leasing lagged new supply. Rents in **Atlanta** have been more adversely impacted than **South Florida**, where future new development is not as attainable.



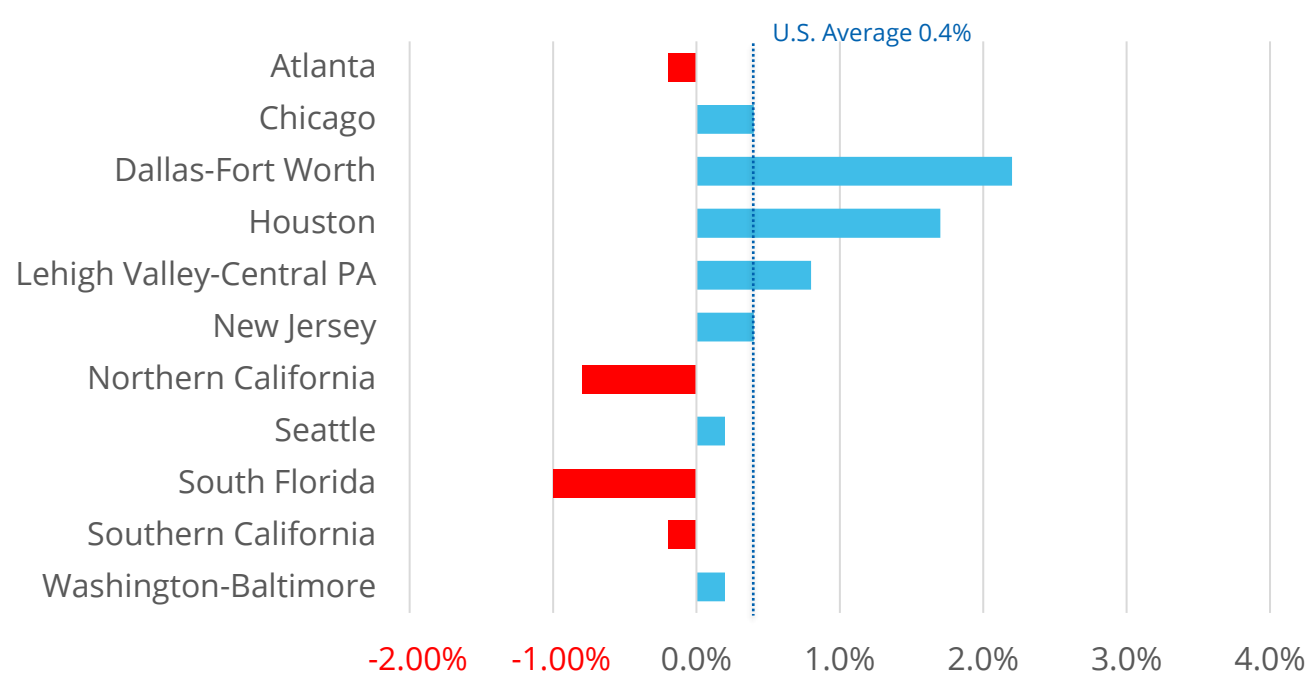
RENT GROWTH  
Year-over-Year



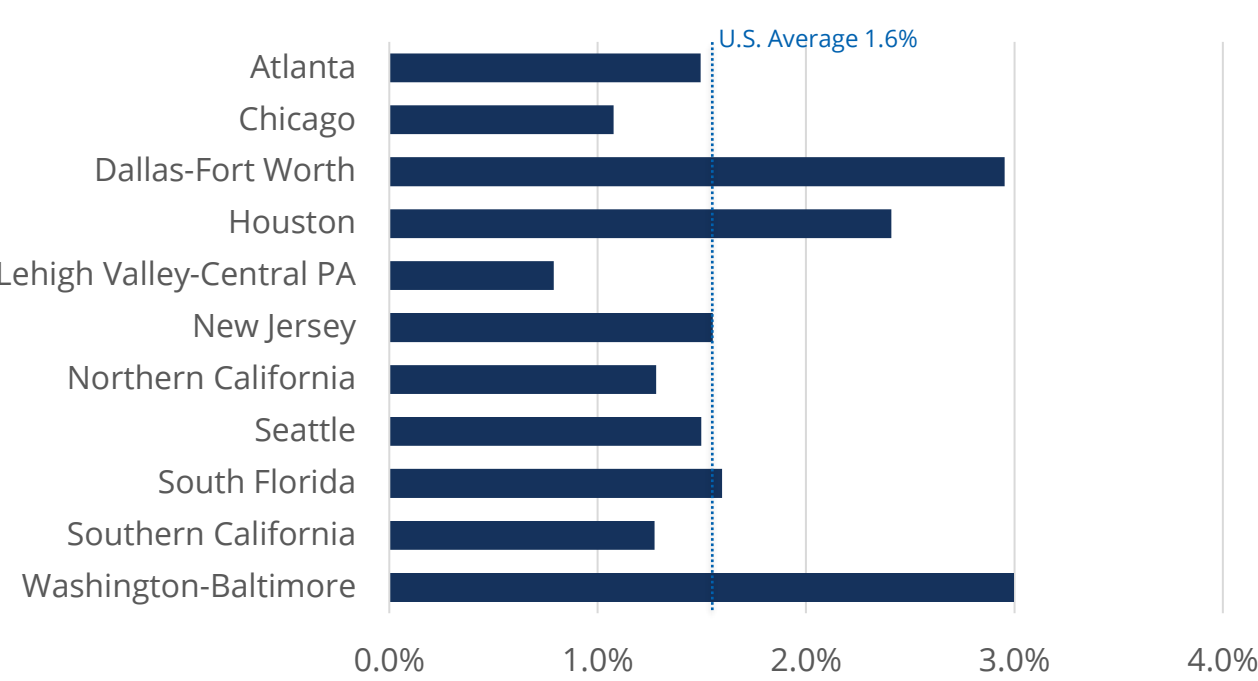
12-MONTH MARKET GROWTH  
Percentage of Inventory



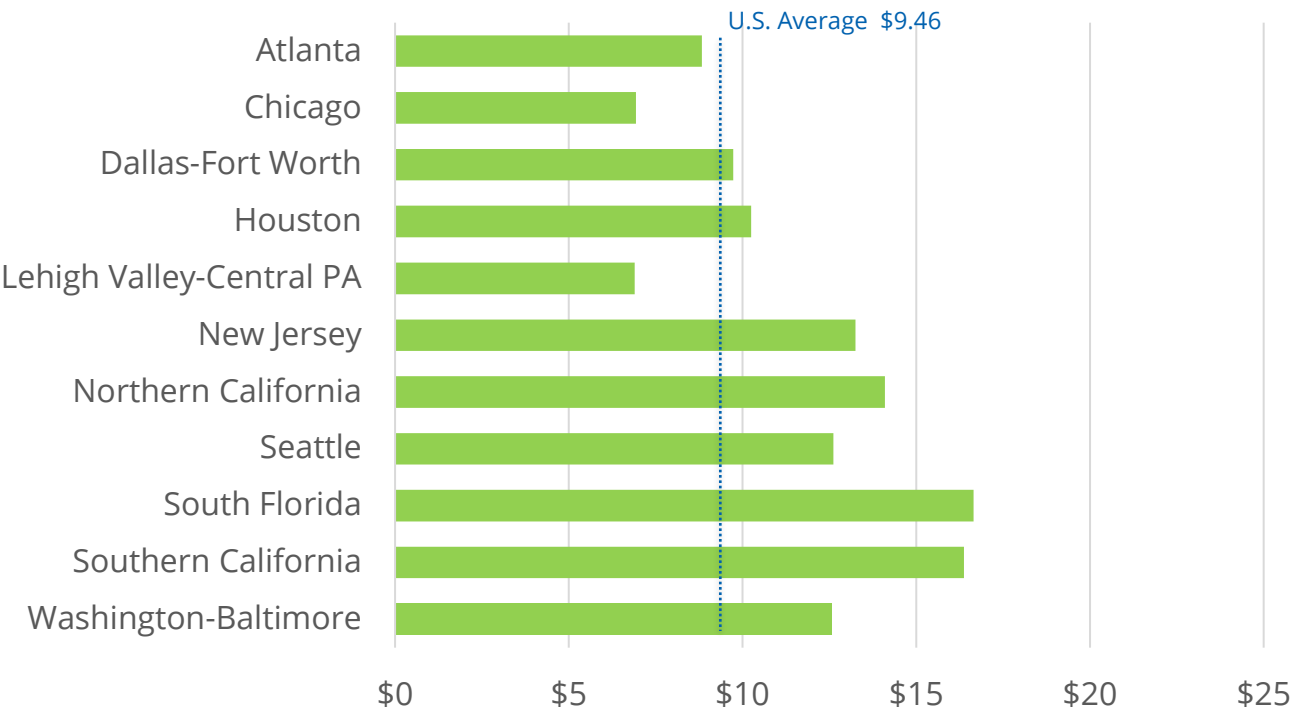
4-QUARTER NET ABSORPTION  
Percentage of Inventory



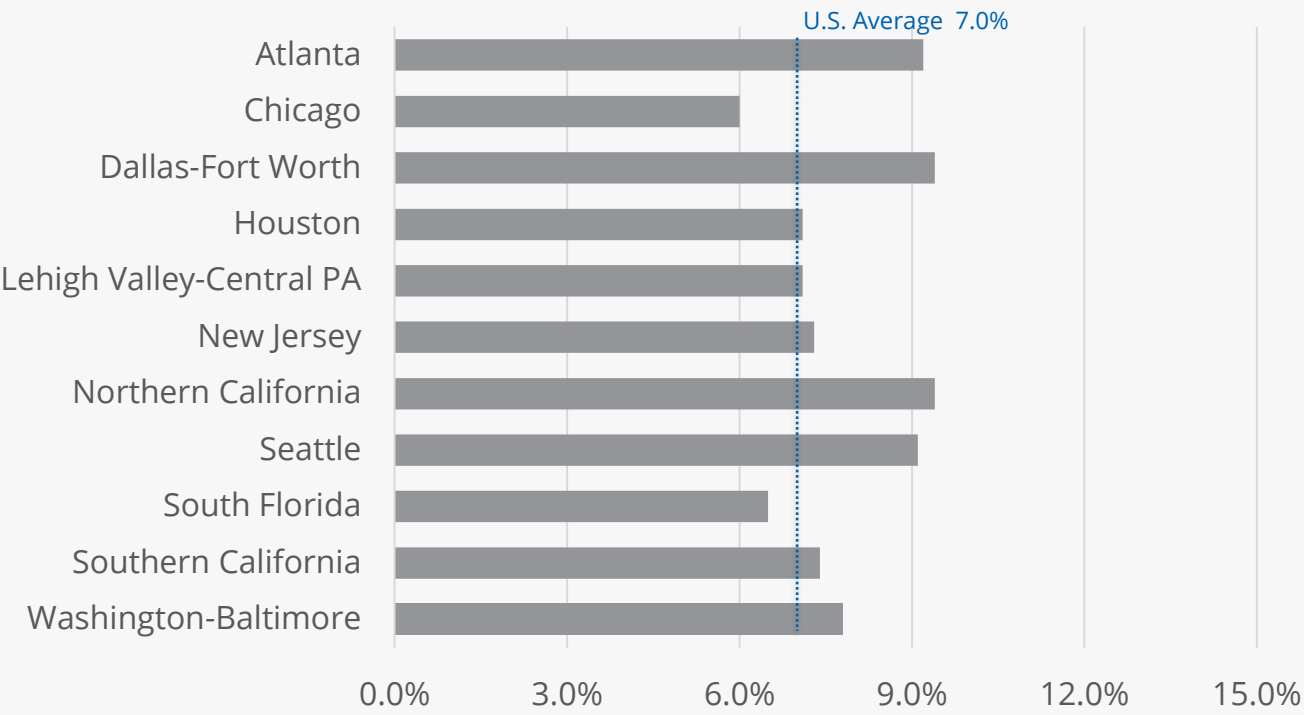
FUTURE DELIVERIES  
Percentage of Inventory



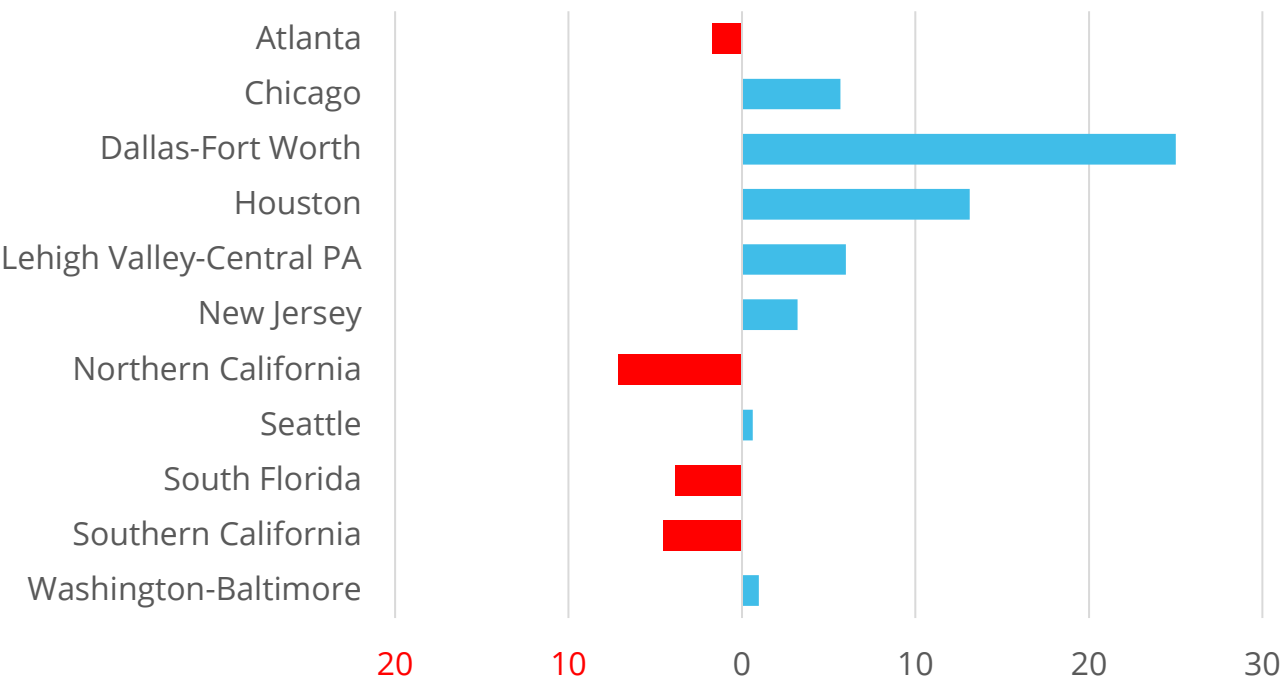
ASKING RENT PSF NNN



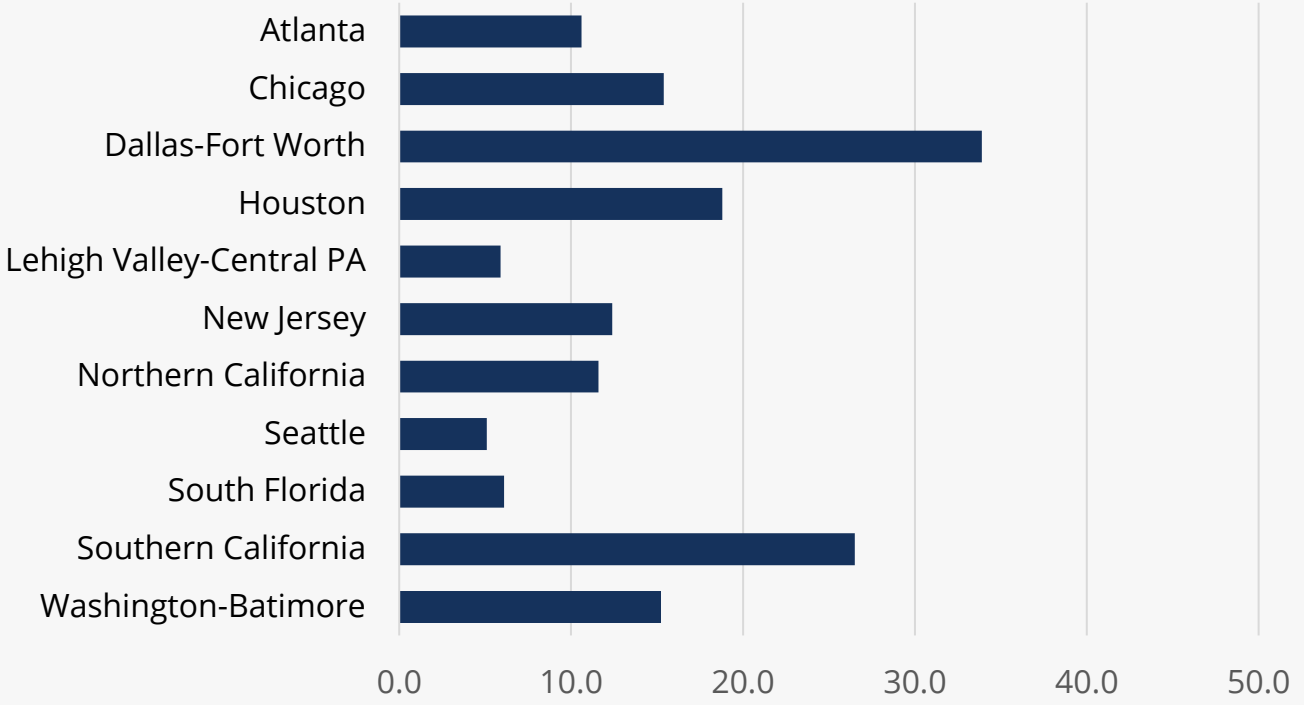
VACANCY RATE



TRAILING 4-QUARTER NET ABSORPTION (MSF)

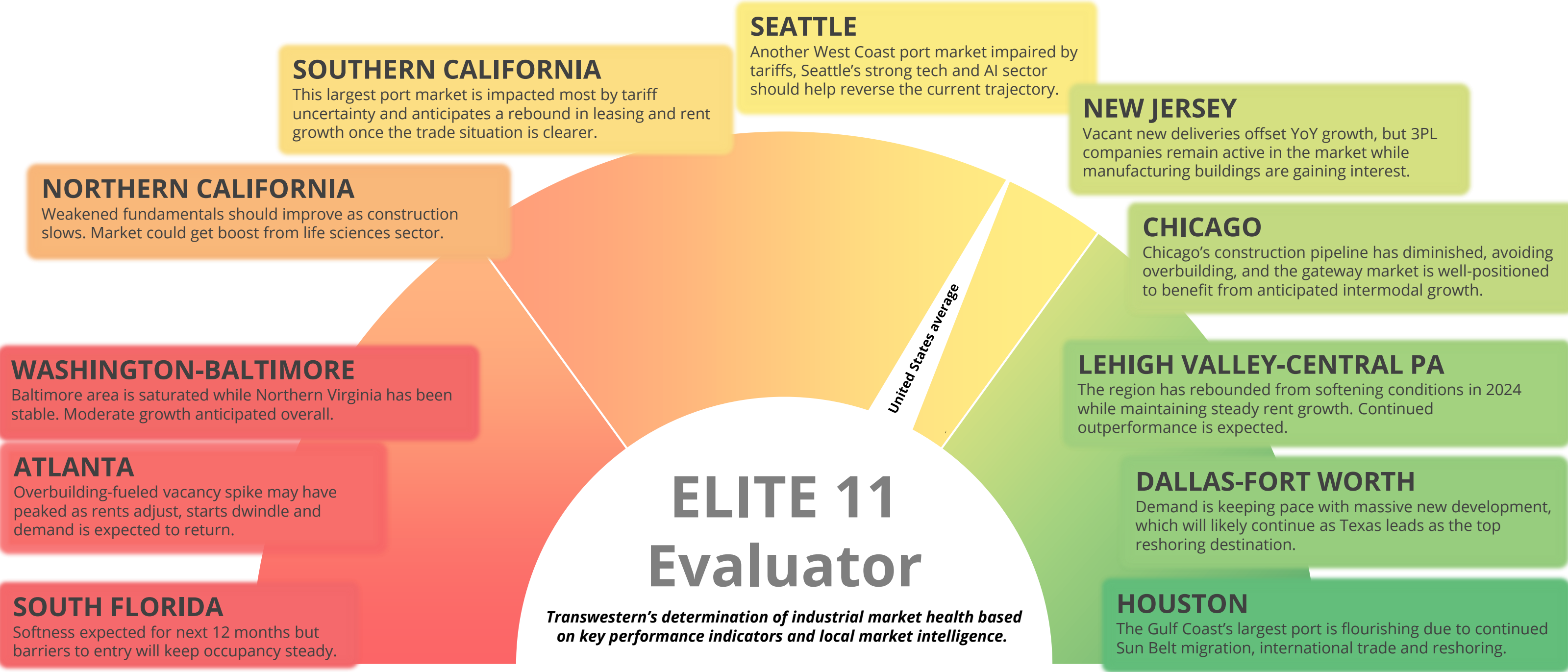


UNDER CONSTRUCTION (MSF)





Tariff uncertainty has adversely impacted key performance indicators in several of the coastal Elite 11 markets; however, activity is anticipated to reaccelerate as leases rollover and trade deals are solidified.



## TRANSWESTERN LOCATIONS



## DEFINITION & METHODOLOGY

Transwestern tracks 11 core and growth markets across the U.S. that continue to lure global investors of industrial real estate. These Elite 11 regions are preferred locations for big-box distribution users and/or areas in high demand by logistics and manufacturing companies.

Growth indicators for the Elite 11 are based primarily on rent acceleration, space absorption and pace of development relative to the size of each market. The information in this report is a compilation of competitive industrial and flex properties located in select U.S. metropolitan areas. All rents are reported as triple net.

**Lehigh Valley-Central PA** includes the Lehigh Valley as well as Northeast and Central Pennsylvania

**Northern California** includes East Bay/Oakland, Sacramento, San Jose/Silicon Valley and Central Valley

**Southern California** includes the Inland Empire, Los Angeles, Orange County and San Diego

**South Florida** includes Miami and Broward County

**Washington/Baltimore** includes Baltimore, the District of Columbia, Northern Virginia and Suburban Maryland

For further analysis of industrial markets nationwide, view our quarterly [National Industrial Market Overview](#).

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## TRANSWESTERN RESEARCH

In markets across the country, our research professionals produce sophisticated data analyses, local market reports and insight on national trends that helps clients make informed real estate decisions.

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