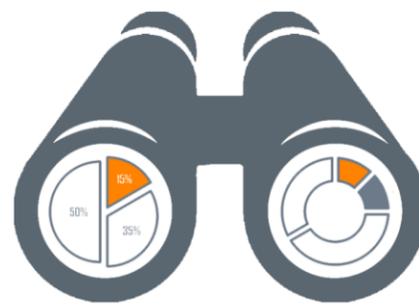


COMMERCIAL REAL ESTATE

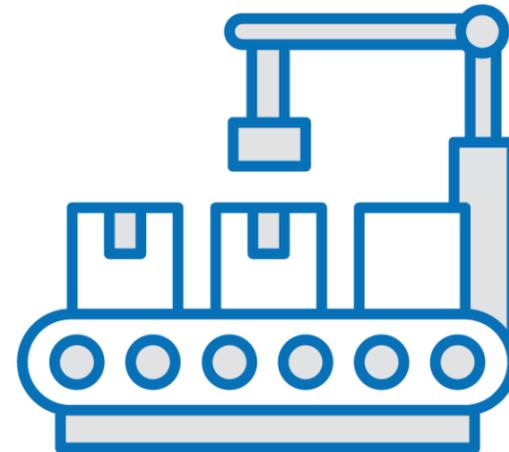
U.S. MARKET | Industrial

Q4 2025

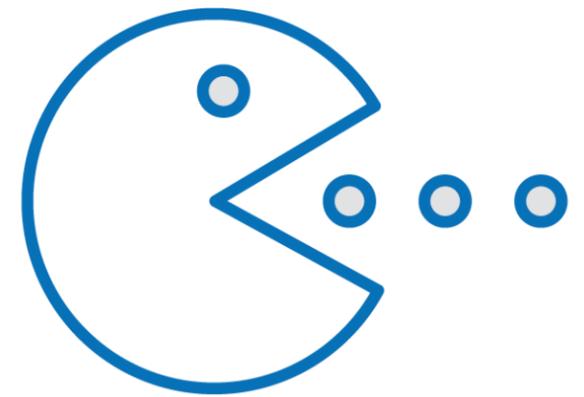
THE VIEW FROM HERE



Demand growth is trending up.



Winning markets have both production and consumption.



Renewed investment appetite as softer conditions subside.

NET ABSORPTION
55 MSF
Highest level of 2025

VACANCY RATE
7.1%
Smallest increase in three years

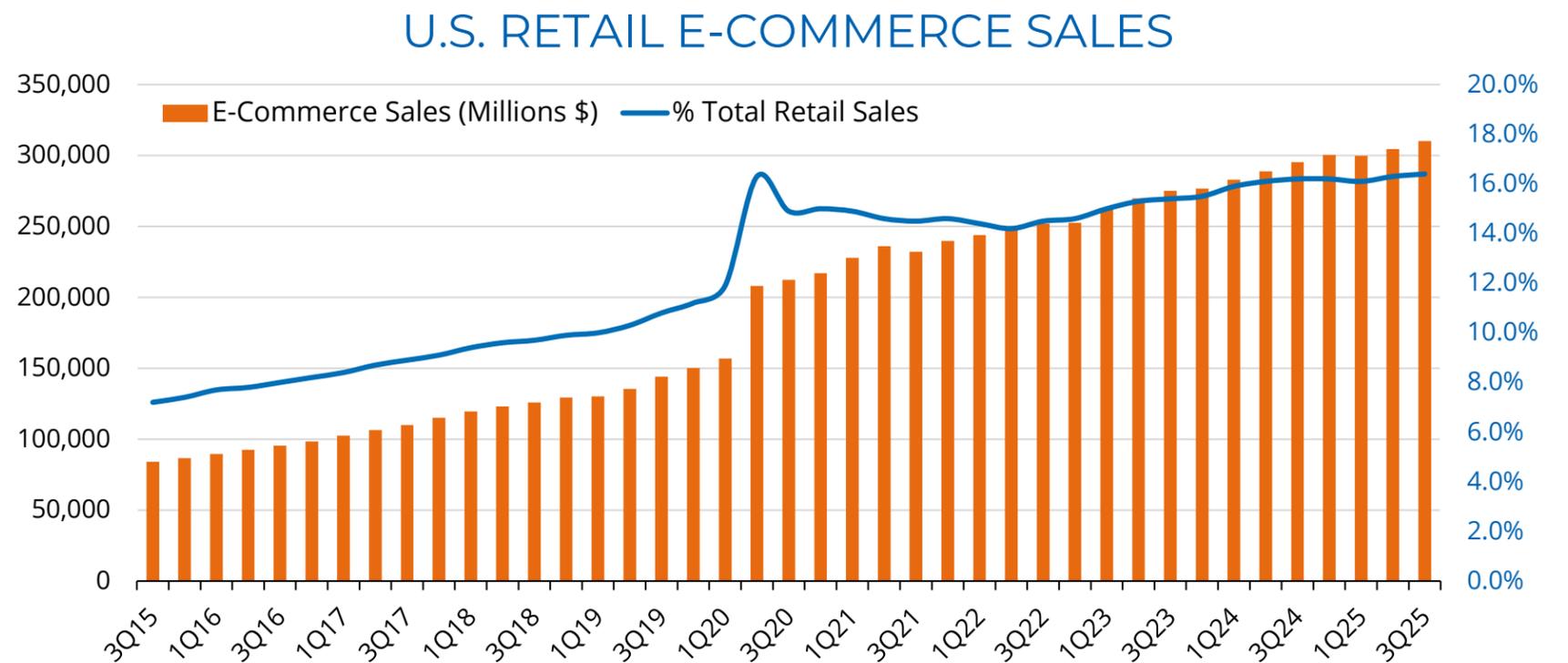
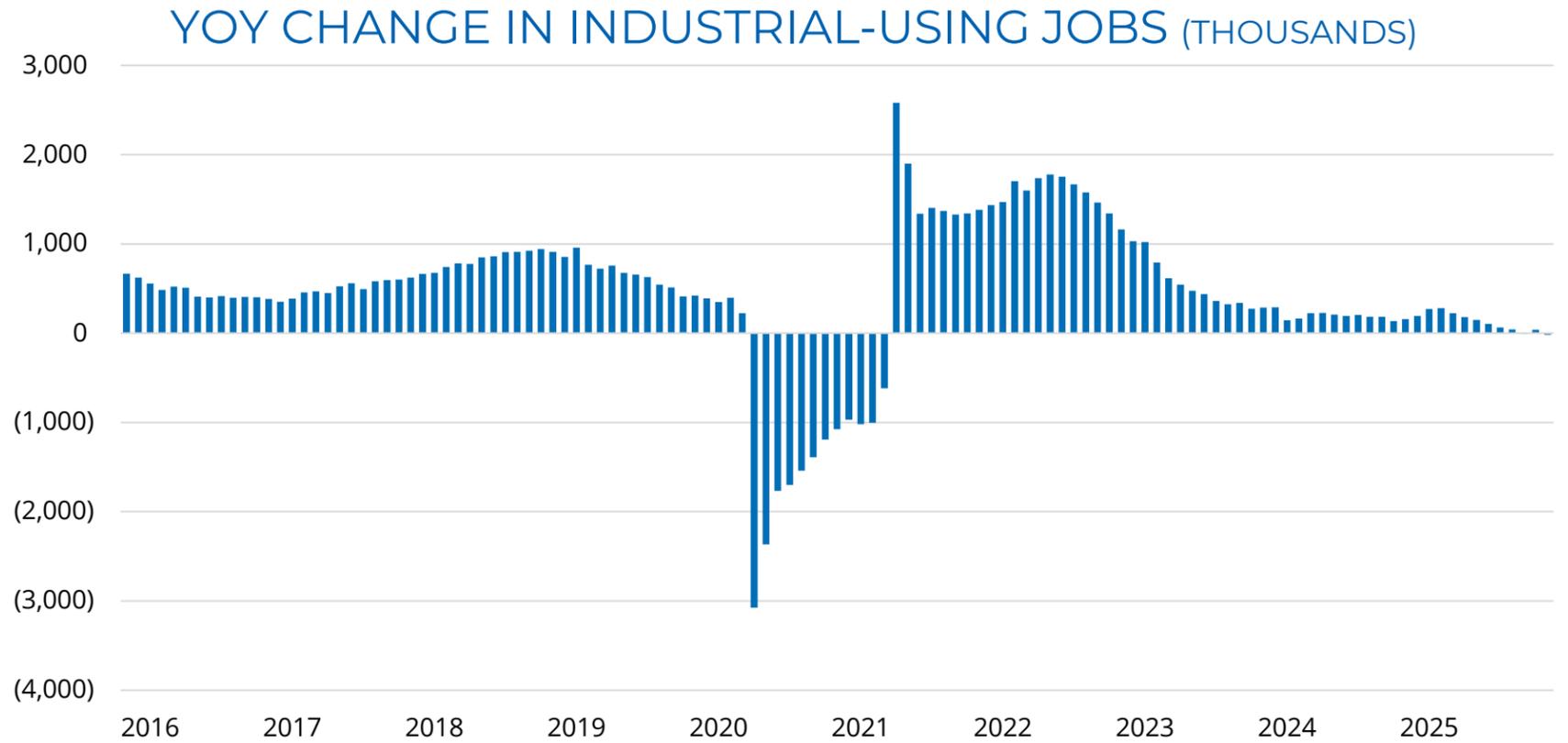
UNDER CONSTRUCTION
449 MSF
Contracting slowly but steadily

ASKING RENT
\$9.47
Barely budged throughout 2025

ECONOMIC HIGHLIGHTS

- The Federal Reserve followed up its quarter-point rate cut in September with two additional 25-bps cuts during Q4 to close the year with a target range of 3.50% - 3.75%.
- The delayed Q3 GDP report stated that the U.S. economy grew at an annual rate of 4.4%, the strongest expansion in two years. Projections for Q4 are to exceed 4.0%, with some forecasting growth above 5.0%.
- The U.S labor market experienced its weakest growth since the pandemic in 2025 with the unemployment rate closing at 4.4%, a 30-bps increase YoY.
- While market players have adjusted to potential tariffs, uncertainty remains as the Supreme Court has yet to render a final ruling on their legality.
- Job growth supporting industrial real estate deteriorated, recording the first YoY loss since the pandemic. New immigration policies contributed to the downturn.
- Transportation labor closed the year flat; warehouse jobs plunged, and construction jobs retreated but growth remained positive YoY.
- The manufacturing sector continues to await a boost from reshoring, as job growth was lackluster and factory activity stayed in contraction mode.
- The Logistics Managers Index expanded, but at the lowest rate since April 2024, as an increase in holiday shopping absorbed elevated inventory levels.
- Despite strong levels of spending, consumer sentiment tumbled. Many describe the economy as K-shaped, with not all income groups thriving.
- Port volumes decreased at the end of the year as the rush to get ahead of tariffs decelerated.

HISTORICAL

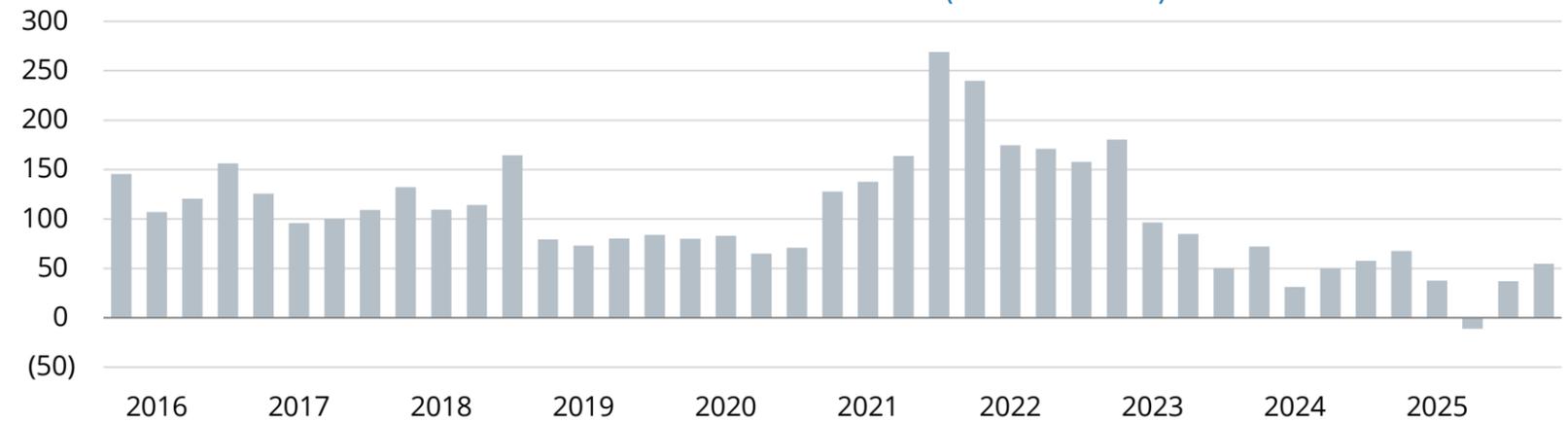


MARKET HIGHLIGHTS

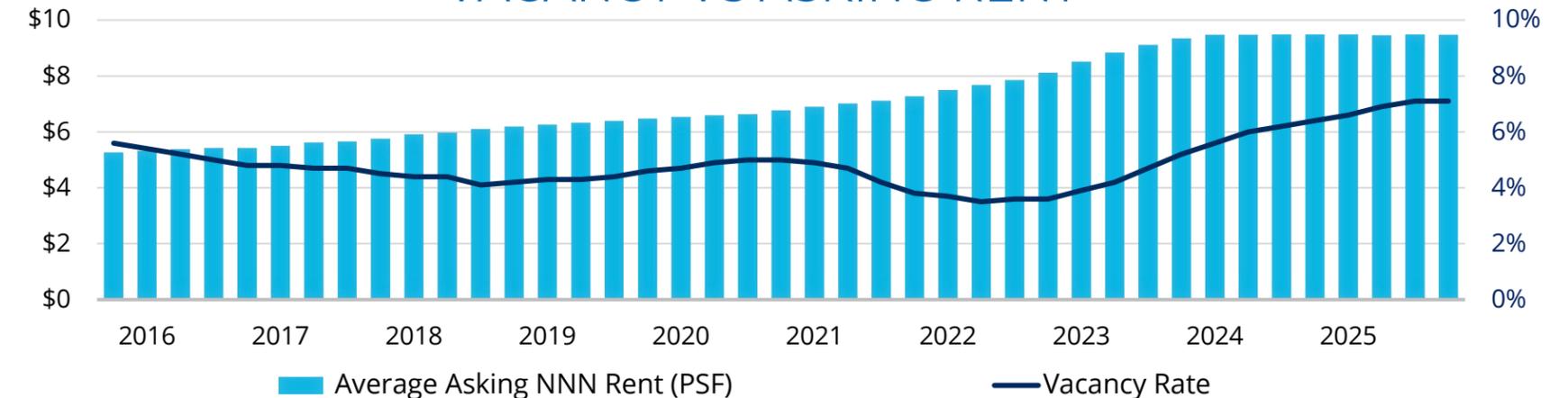
- The U.S. industrial market experienced a significant rebound in leasing activity in Q4, resulting in the 16th consecutive year of expansion.
- Occupancy growth was recorded in three of four quarters in 2026, and in 63 of the past 64 quarters.
- 35 of 44 markets recorded positive net absorption during the quarter, up significantly from the 24 the previous quarter, and 27 when compared to a year ago.
- Over the past 12 months, 68% of markets posted occupancy growth, while three markets absorbed more than 10 MSF during 2025, compared to 64% and five markets a year ago,
- The overall vacancy rate continued higher in Q4, but by only eight basis points, the lowest increase in 12 quarters.
- Sublease listings continued to rise in 2025, but at a slower pace, representing 10.8% of available space at year-end.
- Asking rents barely budged during 2025, moving by three cents or less every quarter, closing the year a penny lower.
- 27 of 44 markets recorded YoY rent increases with Houston and Savannah boasting double-digit growth.
- After ticking up in Q3 for the first time in three years, product under construction fell, and was 45% off the current expansion period peak level.
- Power and artificial intelligence have become essential for many industrial users, especially when addressing labor shortages and the need for greater efficiency.
- Higher levels of availability, including in new construction, have given tenants the opportunity to gravitate towards more efficient buildings, helping to absorb rent increases.

HISTORICAL

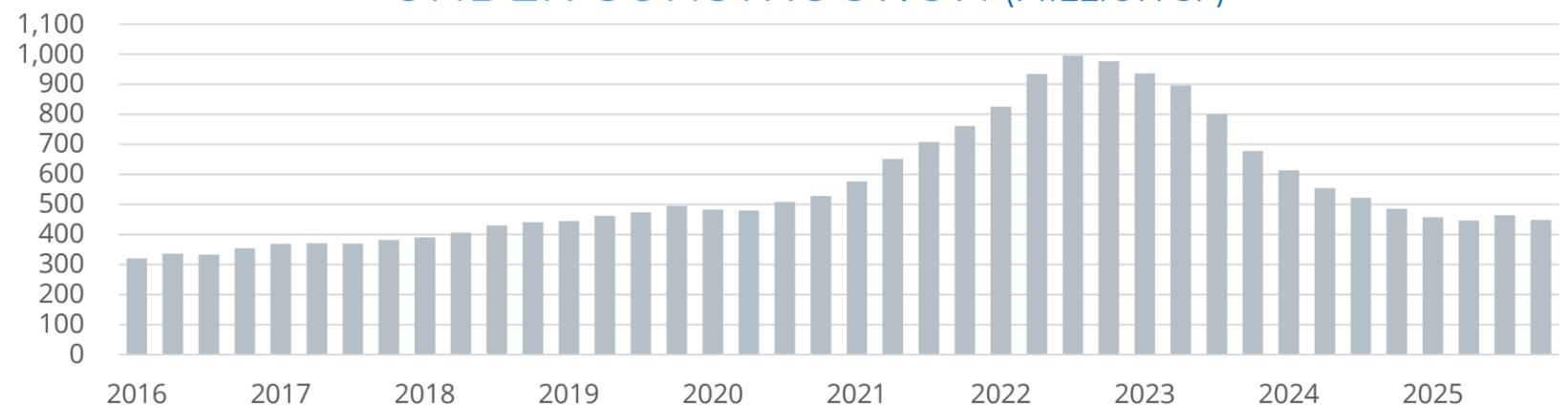
NET ABSORPTION (MILLION SF)



VACANCY VS ASKING RENT

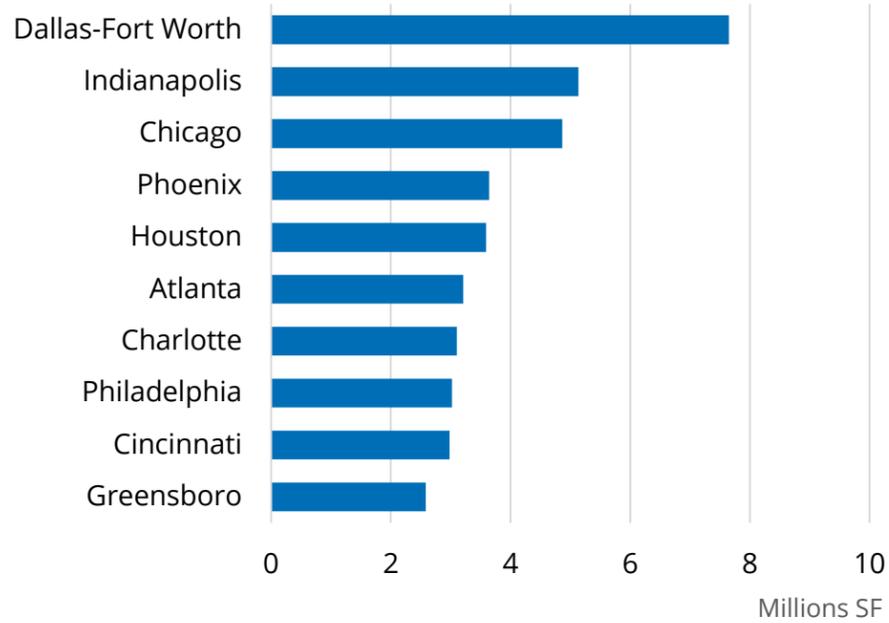


UNDER CONSTRUCTION (MILLION SF)



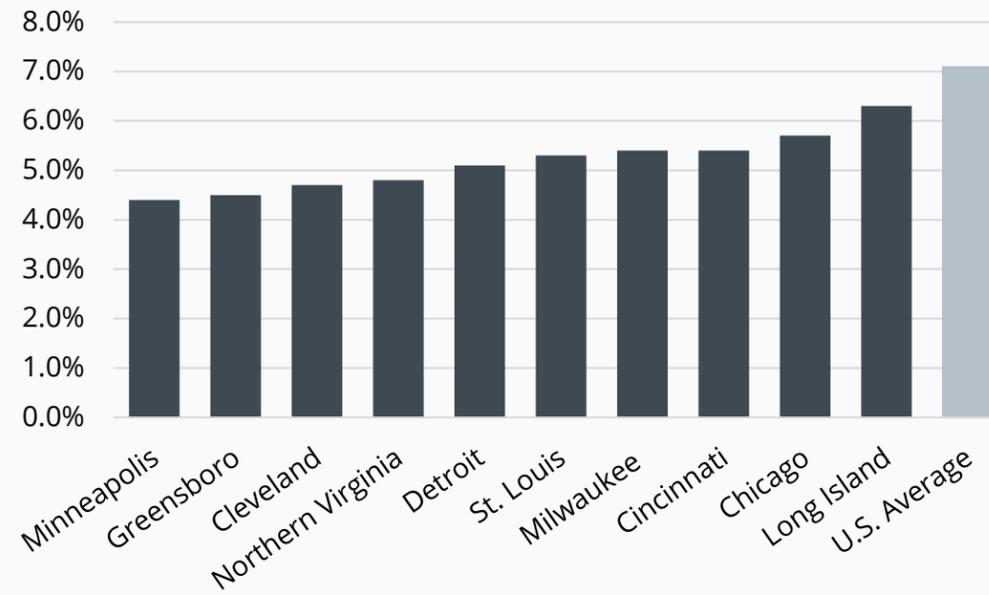
NET ABSORPTION

Q4 2025 Net Absorption



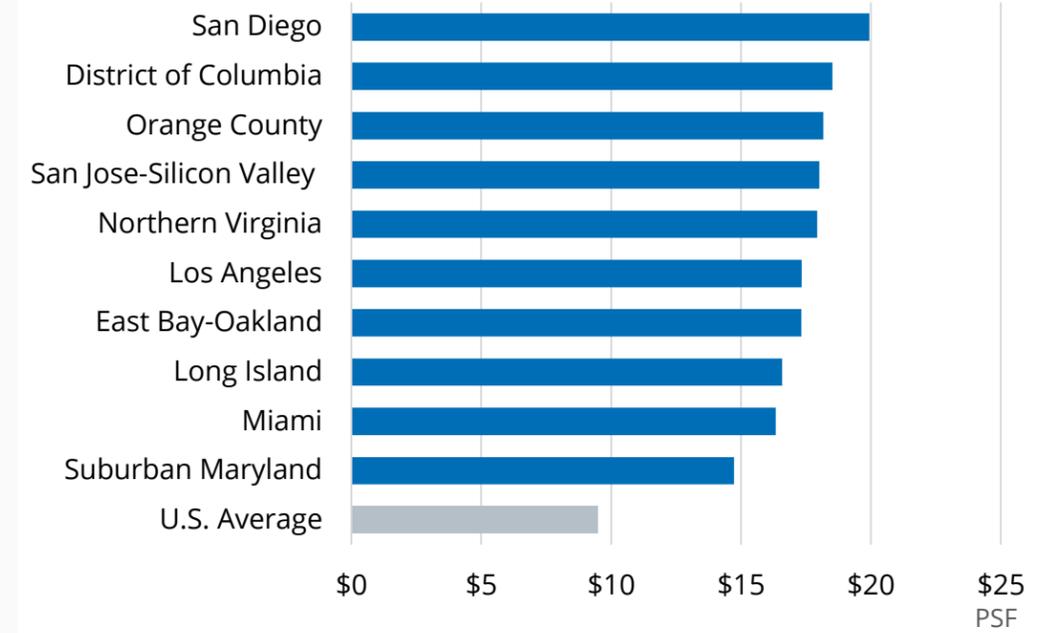
VACANCY/CONSTRUCTION

Q4 2025 Vacancy Rate

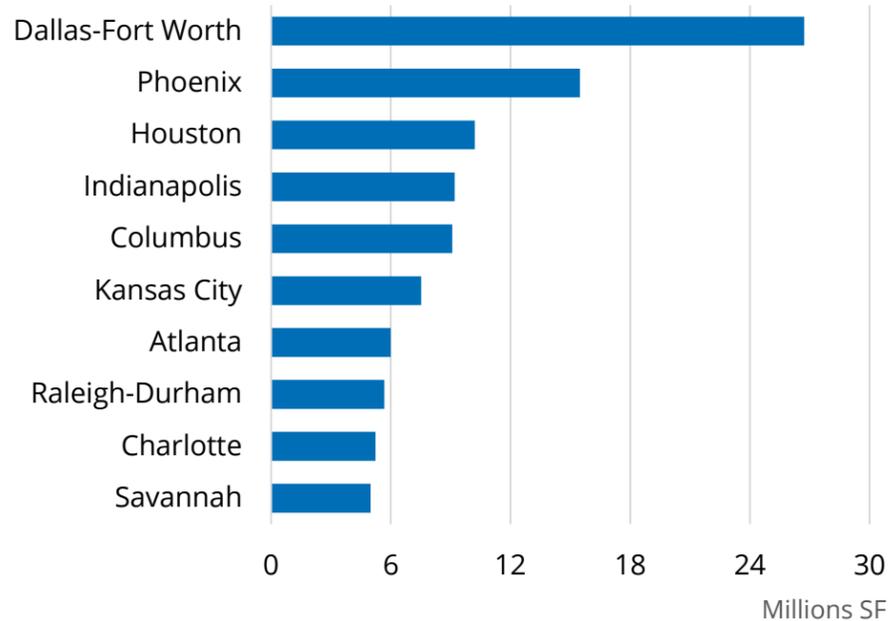


ASKING RENTS

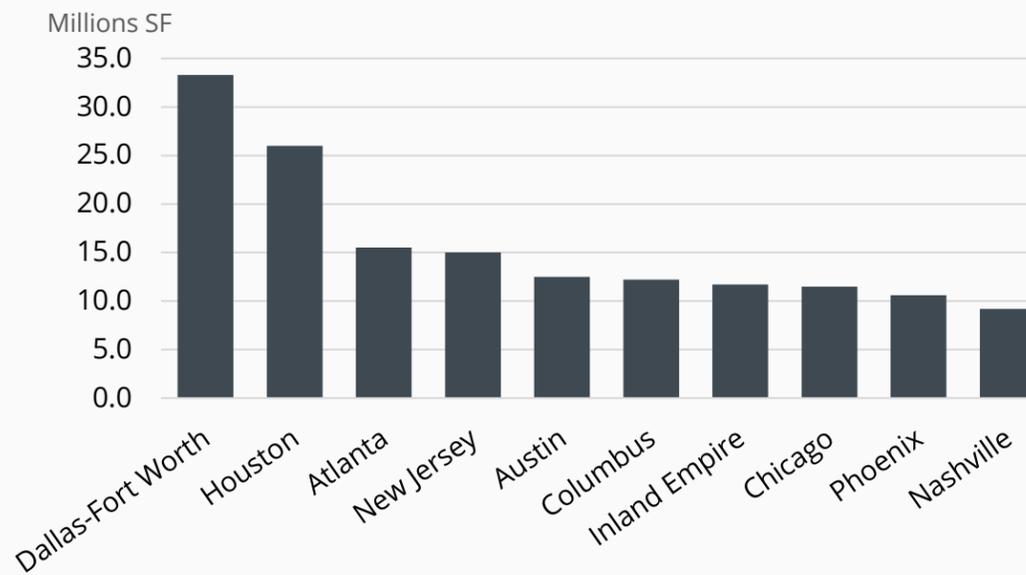
Q4 2025 Asking Rate NNN



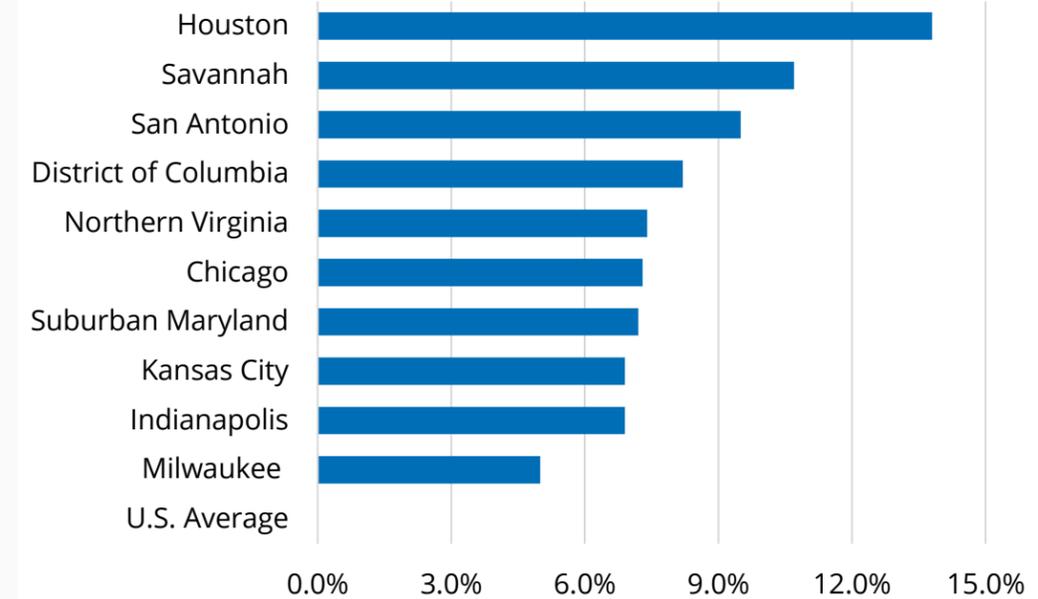
Trailing 4-Qtr Net Absorption



Q4 2025 Under Construction

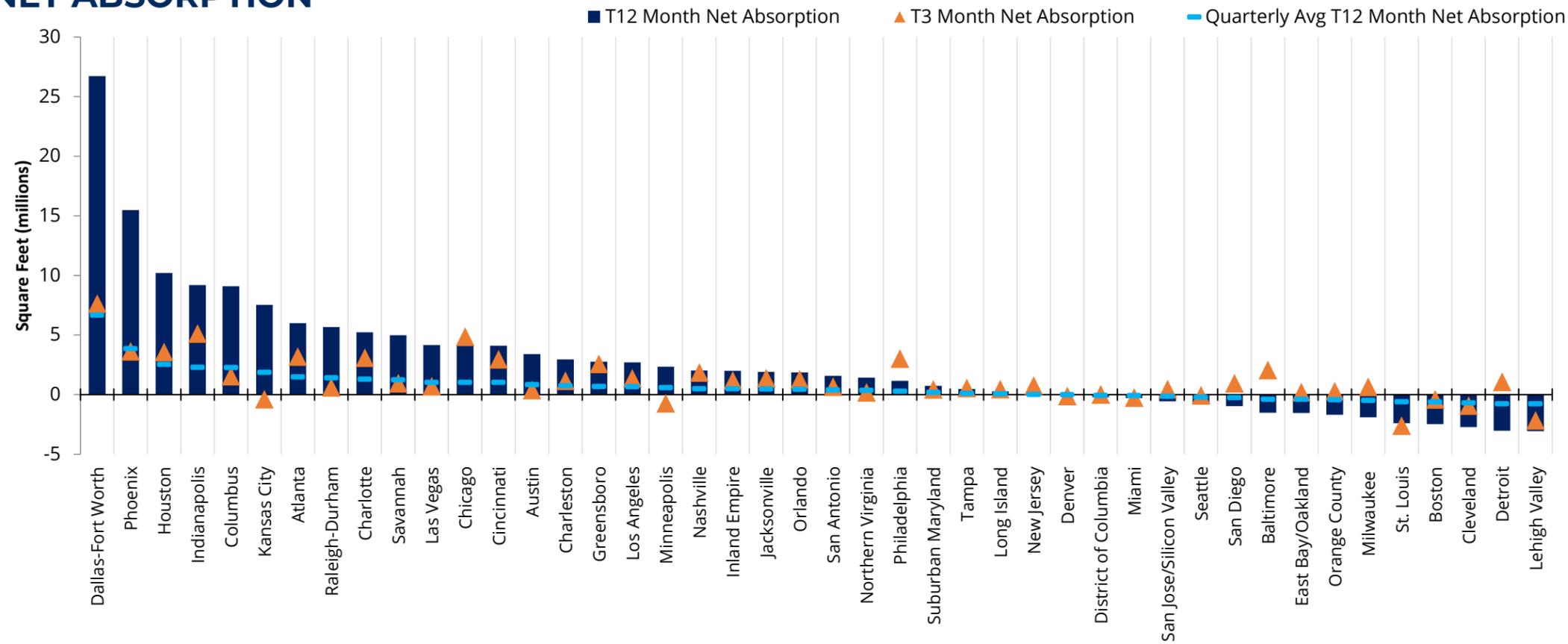


Year-Over-Year Rent Growth



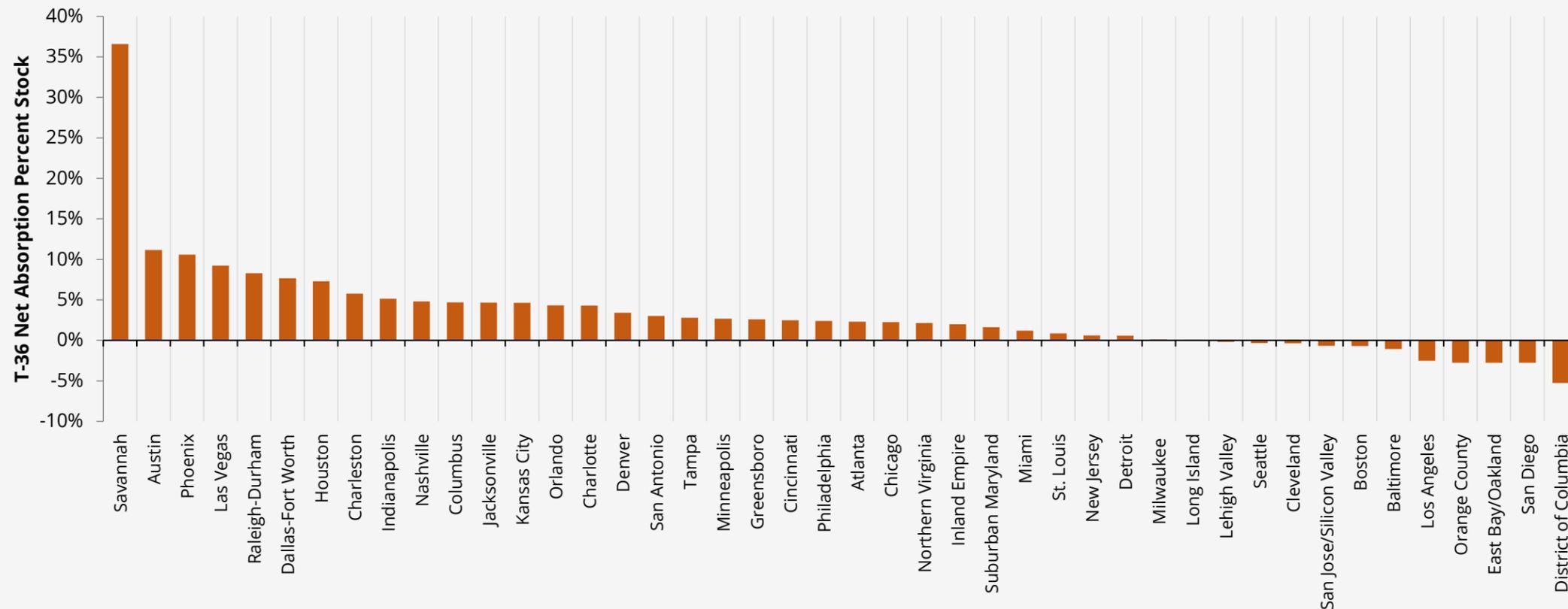
*Several factors can result in the variability of asking rent and rent growth figures including, but not limited to, the level of new construction and the number of available space with no listed asking rents,

NET ABSORPTION



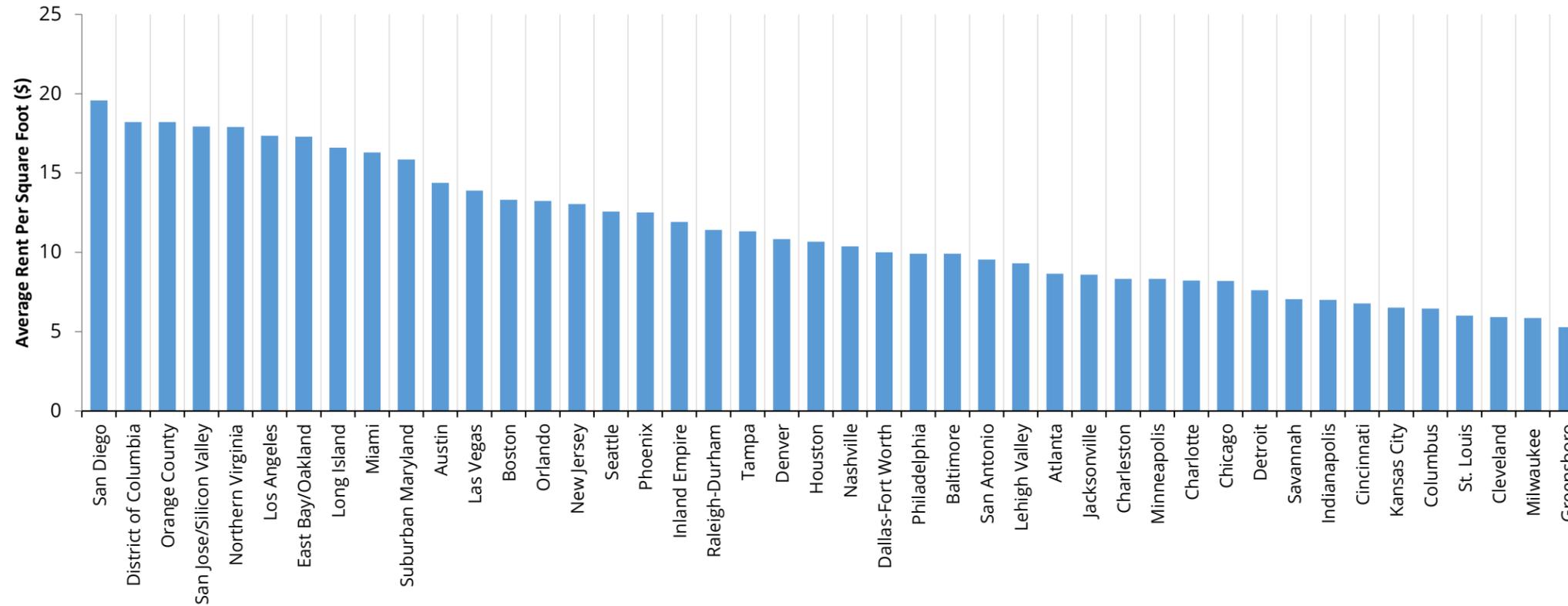
- Positive net absorption was reported in 35 of 44 markets over the past 12 months, nine more than in Q3 2025.
- The number of markets where net absorption improved when compared to the quarterly average over the past 12 months increased for the second consecutive quarter, from 23 to 30.
- 60% of total net absorption over the past 12 months occurred in the top five markets, while the top ten accounted for 85% of occupancy growth.

MARKET EXPANSION: 3 YEAR NET ABSORPTION % STOCK



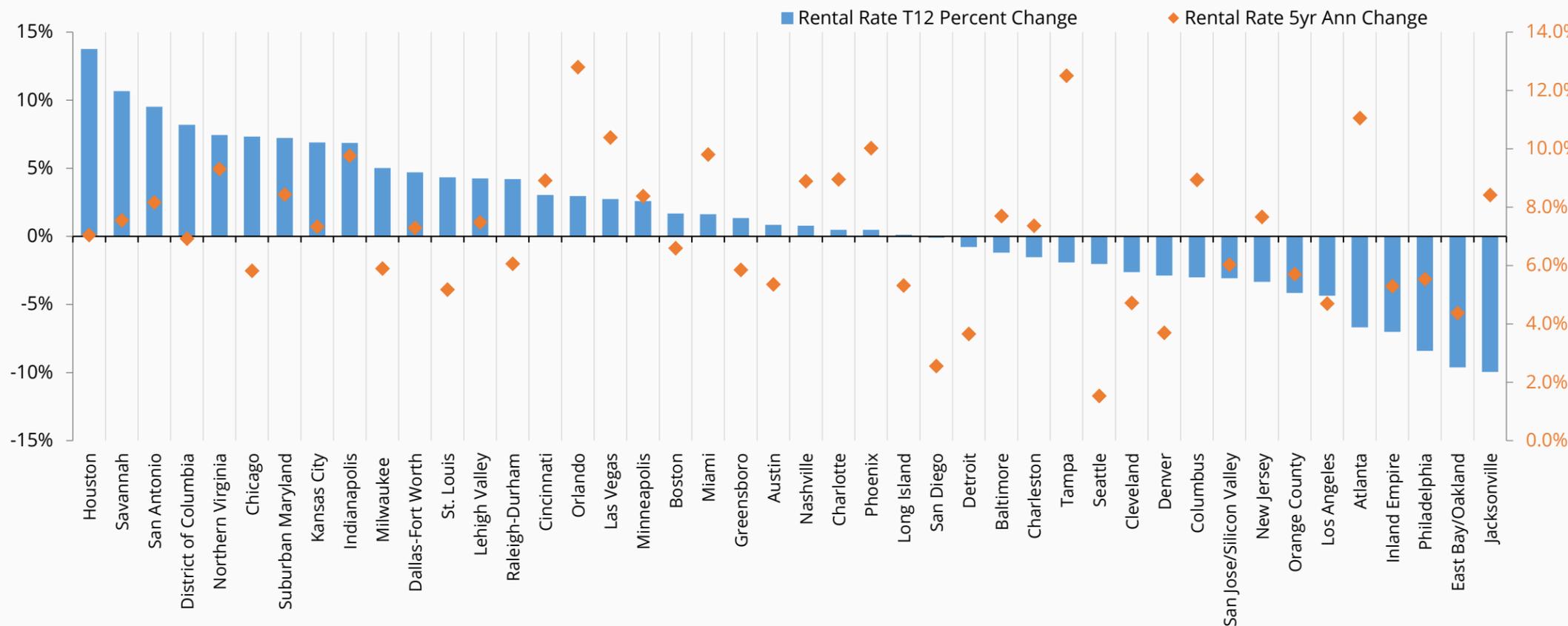
- Here we consider 3-year net absorption as a percent of stock. A higher percentage indicates a more expansionary market.
- The top five markets for expansion were in the Sun Belt, and 12 of the top 15, accompanied by three markets in the Midwest.

RENTAL RATES (NNN)



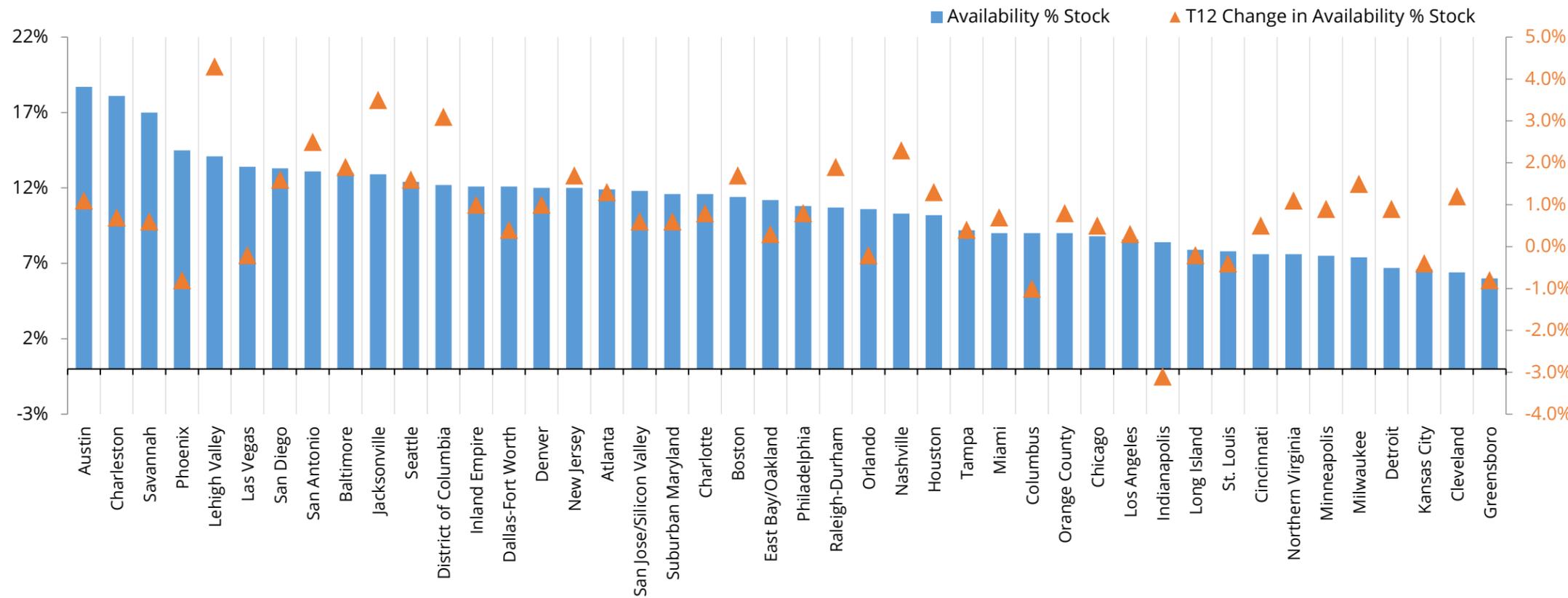
- The markets with the highest rental rates are predominantly located in the largest shipping port regions on the West and East coasts.
- Of the markets with the highest asking rents, the East Coast enjoyed increases while rates fell in the West.

RENTAL RATE CHANGE



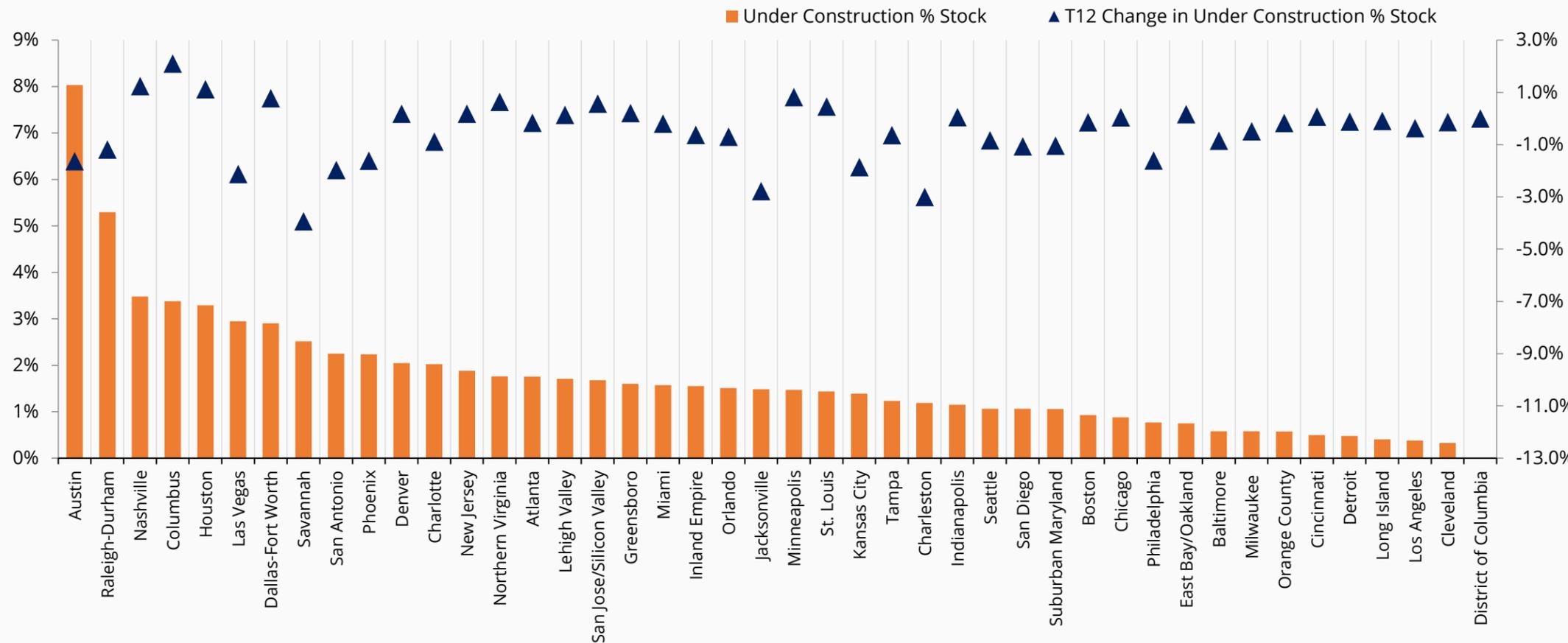
- Two markets experienced double-digit annual rent growth, the same amount as in 2024 but down from five markets when compared to Q3.
- The overall deceleration of rent growth in 2025 is further evidenced by the fact that increases outpaced the five-year average in just 11% of markets.

AVAILABILITY



- Five of the top eight markets with the highest availability, Austin, Savannah, Phoenix, Las Vegas, and San Antonio, also claim five of the top ten construction percentage levels.
- While most markets continue to loosen, nine recorded an improvement in availability over the past 12 months, compared to only one a year ago.
- Markets recording the largest increases in availability include Lehigh Valley, Jacksonville, and District of Columbia, all rising by at least 300 basis points.

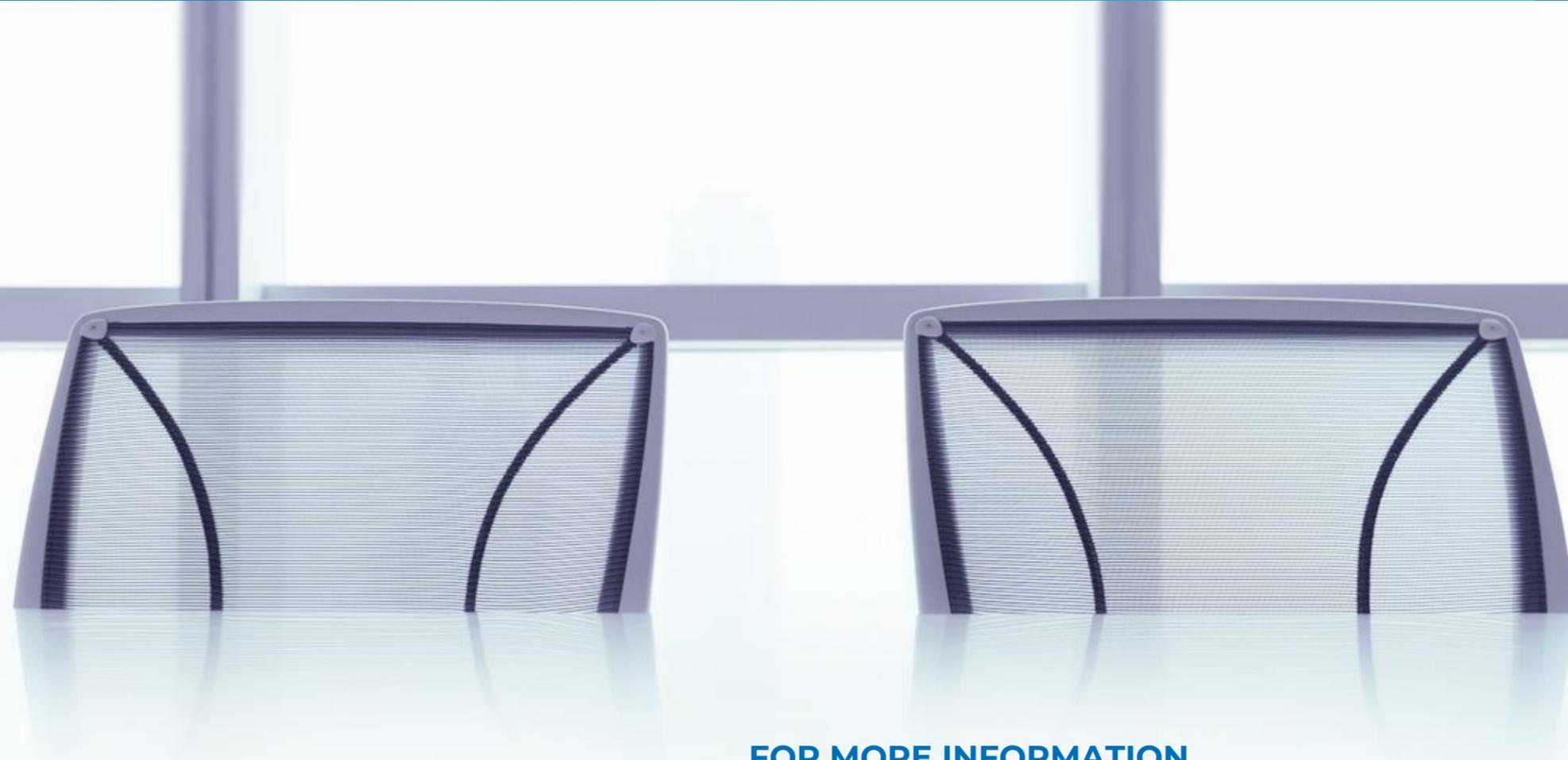
CONSTRUCTION PIPELINE



- Under-construction stock is indicative of future expansion.
- Developers continue to follow population migration to the south, which accounts for 9 of the top 10 highest growth markets for under-construction stock.
- Construction levels have flattened and starts have even picked up in some markets; 65% of markets recorded a stagnant or decelerated pace of new construction, compared to 86% a year ago.

Market	Inventory Square Feet	Overall Vacancy Rate	Direct Vacancy Rate	Net Absorption	12-Month Net Absorption	Asking Rent NNN	Annual Rent Change	Under Construction
Atlanta	885,380,981	9.0%	8.5%	3,211,417	6,000,658	\$8.65	-6.7%	15,533,682
Austin	155,598,416	15.1%	14.1%	398,266	3,388,403	\$14.38	0.8%	12,501,397
Baltimore	241,893,470	9.9%	8.9%	2,083,819	(1,517,017)	\$9.91	-1.2%	1,403,011
Boston	345,619,238	8.8%	7.8%	(393,597)	(2,477,968)	\$13.31	1.7%	3,205,174
Charleston	107,323,124	16.4%	13.9%	1,170,863	2,963,516	\$8.33	-1.5%	1,274,078
Charlotte	382,937,414	10.3%	9.5%	3,104,695	5,234,998	\$8.23	0.5%	7,745,747
Chicago	1,305,296,703	5.7%	5.2%	4,864,054	4,131,381	\$8.20	7.3%	11,475,713
Cincinnati	348,916,885	5.4%	5.2%	2,981,348	4,104,071	\$6.79	3.0%	1,733,596
Cleveland	342,581,968	4.7%	4.6%	(902,563)	(2,725,307)	\$5.92	-2.6%	1,119,649
Columbus	359,986,758	7.3%	6.9%	1,565,392	9,082,750	\$6.46	-3.0%	12,157,642
Dallas-Fort Worth	1,147,074,472	9.3%	8.5%	7,647,961	26,717,031	\$10.01	4.7%	33,305,523
Denver	264,572,051	9.1%	8.3%	(96,976)	24,589	\$10.84	-2.9%	5,412,622
Detroit	595,439,063	5.1%	4.4%	1,087,412	(3,040,232)	\$7.61	-0.8%	2,853,292
District of Columbia	8,869,748	10.4%	10.0%	20,158	(213,178)	\$18.22	8.2%	0
East Bay-Oakland	214,521,466	9.8%	8.2%	210,407	(1,545,826)	\$17.29	-9.6%	1,600,513
Greensboro	170,274,079	4.5%	4.3%	2,583,744	2,762,211	\$5.29	1.3%	2,722,080
Houston	790,302,561	7.5%	7.2%	3,592,926	10,204,672	\$10.67	13.8%	26,012,010
Indianapolis	413,562,979	8.4%	7.3%	5,136,271	9,197,120	\$7.01	6.9%	4,747,403
Inland Empire	756,368,242	9.0%	7.7%	1,201,774	2,002,127	\$11.92	-7.0%	11,746,780
Jacksonville	159,523,119	9.8%	9.1%	1,376,515	1,905,572	\$8.60	-9.9%	2,367,380
Kansas City	346,852,894	6.4%	5.8%	(363,881)	7,527,679	\$6.51	6.9%	4,810,612
Las Vegas	180,444,764	12.4%	11.6%	710,889	4,149,955	\$13.90	2.7%	5,315,407

Market	Inventory Square Feet	Overall Vacancy Rate	Direct Vacancy Rate	Net Absorption	12-Month Net Absorption	Asking Rent NNN	Annual Rent Change	Under Construction
Lehigh Valley	164,832,933	9.7%	7.5%	(2,149,737)	(3,077,673)	\$9.31	4.3%	2,812,327
Long Island	160,992,489	6.3%	6.0%	474,883	272,066	\$16.60	0.1%	650,670
Los Angeles	866,408,077	6.6%	5.8%	1,377,580	2,700,828	\$17.36	-4.4%	3,281,211
Miami	257,213,020	6.9%	5.8%	(247,549)	(296,276)	\$16.30	1.6%	4,045,118
Milwaukee	254,882,400	5.4%	5.1%	659,336	(1,905,961)	\$5.86	5.0%	1,474,251
Minneapolis	390,247,694	4.4%	4.1%	(710,105)	2,347,580	\$8.33	2.6%	5,739,415
Nashville	264,282,479	6.4%	5.6%	1,873,271	2,023,688	\$10.38	0.8%	9,191,517
New Jersey	799,704,085	7.7%	6.9%	775,004	61,968	\$13.05	-3.3%	15,045,908
Northern Virginia	97,002,533	4.8%	4.3%	199,650	1,419,111	\$17.90	7.4%	1,705,836
Orange County	276,332,820	6.7%	5.8%	288,235	(1,693,971)	\$18.21	-4.2%	1,586,844
Orlando	193,774,616	8.0%	7.3%	1,287,424	1,858,306	\$13.24	3.0%	2,919,232
Philadelphia	605,442,716	9.4%	9.0%	3,022,070	1,149,936	\$9.91	-8.4%	4,649,893
Phoenix	472,323,510	13.2%	11.6%	3,643,062	15,473,679	\$12.51	0.5%	10,561,106
Raleigh-Durham	154,627,512	7.6%	7.1%	630,613	5,671,376	\$11.42	4.2%	8,189,755
San Antonio	165,477,979	11.5%	10.9%	682,197	1,584,132	\$9.55	9.5%	3,726,786
San Diego	193,343,233	9.9%	8.8%	972,017	(972,908)	\$19.58	-0.1%	2,052,290
San Jose-Silicon Valley	148,650,150	9.5%	8.4%	466,353	(563,843)	\$17.93	-3.1%	2,491,306
Savannah	145,692,569	13.8%	11.5%	964,641	4,985,356	\$7.05	10.7%	3,667,562
Seattle	338,388,913	9.7%	8.6%	(50,545)	(825,350)	\$12.58	-2.0%	3,603,621
St. Louis	320,352,850	5.3%	5.0%	(2,595,307)	(2,400,940)	\$6.01	4.3%	4,602,041
Suburban Maryland	115,126,290	9.3%	8.6%	445,691	744,180	\$15.86	7.2%	1,220,049
Tampa	201,196,860	7.9%	7.5%	571,307	477,253	\$11.32	-1.9%	2,481,927



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ABOUT THE TRANSWESTERN COMPANIES

Four dynamic, integrated companies make up the Transwestern enterprise, giving us the perspective to think broadly, deeply and creatively about commercial real estate. Clients and investors rely on us for expertise that spans institutional and opportunistic investment, development, hospitality, and brokerage and asset services. Our award-winning, collaborative culture empowers team members with resources and independence to work across boundaries in pursuit of innovative solutions, reinforcing a reputation for service excellence that translates to measurable results. Through offices nationwide and alliance partners around the globe, we positively impact the built environment and our communities while fostering a work climate that champions career vitality for all. Learn more at transwestern.com and [@Transwestern](https://twitter.com/Transwestern).

RESEARCH METHODOLOGY

The information in this report is a compilation of single and multi-tenant industrial and flex properties located in select U.S. metropolitan areas. Government-owned buildings are excluded from analysis. All rents are reported as triple net and can be skewed, in some cases, due to factors including, but not limited to, the level of new construction and the amount of available space with no listed asking rents.