



 Transwestern

Elite 11

U.S. Industrial Markets

YEAR-END 2025

Performance Overview

SEATTLE

Total Inventory (msf)	338
Inv. Growth (past 1y)	1.7%
Inv. Growth (future)	1.1%
Net Absorption % (yoy)	-0.2%
Rent Growth (annual)	-2.0%

NEW JERSEY

Total Inventory (msf)	800
Inv. Growth (past 1y)	1.1%
Inv. Growth (future)	1.9%
Net Absorption % (yoy)	0.0%
Rent Growth (annual)	-3.3%

SOUTH FLA.

Total Inventory (msf)	384
Inv. Growth (past 1y)	1.2%
Inv. Growth (future)	1.1%
Net Absorption % (yoy)	-0.4%
Rent Growth (annual)	1.7%

CHICAGO

Total Inventory (msf)	1,305
Inv. Growth (past 1y)	0.7%
Inv. Growth (future)	0.9%
Net Absorption % (yoy)	0.3%
Rent Growth (annual)	7.3%

WASHINGTON/BALTIMORE

Total Inventory (msf)	463
Inv. Growth (past 1y)	1.4%
Inv. Growth (future)	0.9%
Net Absorption % (yoy)	0.1%
Rent Growth (annual)	0.8%

HOUSTON

Total Inventory (msf)	790
Inv. Growth (past 1y)	2.5%
Inv. Growth (future)	3.3%
Net Absorption % (yoy)	1.3%
Rent Growth (annual)	13.8%

LEHIGH VALLEY / CENTRAL PA

Total Inventory (msf)	746
Inv. Growth (past 1y)	0.9%
Inv. Growth (future)	2.1%
Net Absorption % (yoy)	0.2%
Rent Growth (annual)	7.3%

ATLANTA

Total Inventory (msf)	885
Inv. Growth (past 1y)	1.4%
Inv. Growth (future)	1.8%
Net Absorption % (yoy)	0.7%
Rent Growth (annual)	-6.7%

DALLAS-FORT WORTH

Total Inventory (msf)	1,147
Inv. Growth (past 1y)	1.9%
Inv. Growth (future)	2.9%
Net Absorption % (yoy)	2.3%
Rent Growth (annual)	4.7%



SOUTHERN CAL.

Total Inventory (msf)	2,091
Inv. Growth (past 1y)	1.1%
Inv. Growth (future)	0.8%
Net Absorption % (yoy)	0.1%
Rent Growth (annual)	-3.2%

NORTHERN CAL.

Total Inventory (msf)	895
Inv. Growth (past 1y)	0.7%
Inv. Growth (future)	0.9%
Net Absorption % (yoy)	-0.6%
Rent Growth (annual)	-1.5%

Bold text indicates top-ranked indicator among Elite 11.

Sector Analysis

NATIONAL OVERVIEW

- **Demand Growth Returns**

The U.S. industrial market experienced a significant rebound in leasing activity in Q4, resulting in the 16th consecutive year of expansion. Here's the big picture.

- **The rate of increase in vacancy rate has slowed considerably**

Positive net absorption was recorded in three of four quarters in 2025, and in 63 of the past 64 quarters. Over the past 12 months, 68% of markets posted occupancy growth, including 35 of 44 markets during the fourth quarter, both increases over their respective time periods.

- **Construction levels continue to dissipate**

While construction starts ticked up in Q3 for the first time in three years, total product under development closed the year at 45% off its recent peak level.

- **Conditions remain favorable for tenants**

Power and artificial intelligence have become essential for many industrial users, especially when available labor is sparse. Higher levels of availability, including in new construction, have given tenants the opportunity to gravitate towards more efficient buildings, helping to absorb rent increases.

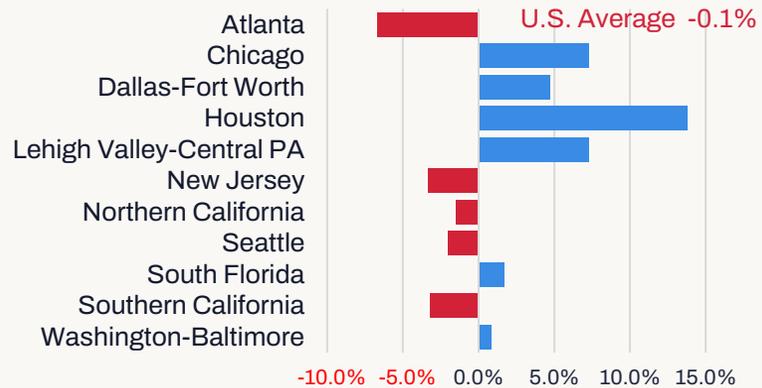


Elite 11 market highlights

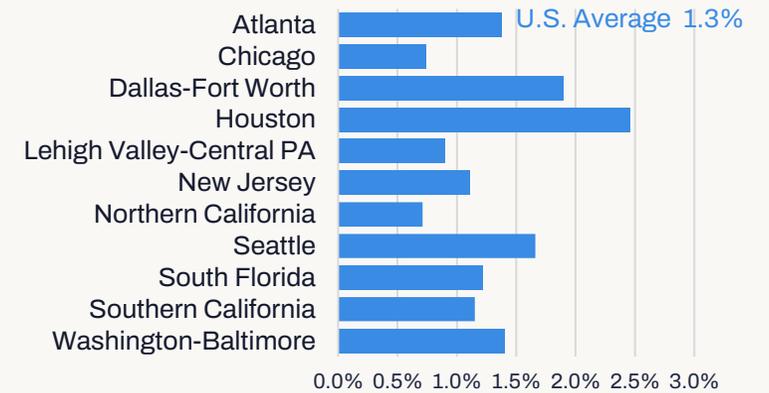
- **Houston's** construction pipeline remains its driving force, elevating the metro to the top of the list for new inventory and rent growth.
- Net absorption levels remain robust in **Dallas-Fort Worth** offsetting an increase in move-outs.
- Tenant demand remained steady in **Chicago**, including strong preleasing in buildings under construction, pushing rents higher.
- The **Washington-Baltimore** region continues to experience consistent demand and inventory growth, though land constraints are surfacing.
- Momentum is rebuilding in **Atlanta** and **South Florida** as new supply decelerated. Reduced rents helped spur leasing in Atlanta while Miami's rates rebounded upward.
- Following recent declines, rents have begun to stabilize in both Northern and **Southern California**. Inventory growth has been restrained but is anticipated to pick up with a focus on mid-sized projects.
- Activity rebounded in northeast markets **Lehigh Valley-Central PA** and **New Jersey**, while rent growth has gone in opposite directions, with the PA region recording healthy increases.

Performance Indicators

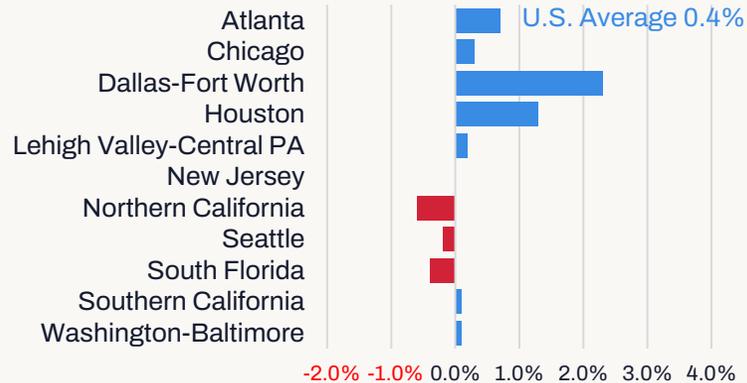
Rent Growth
Year-over-year



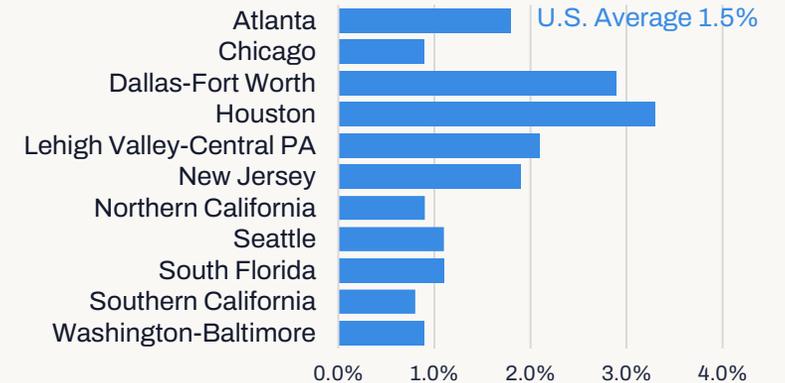
12 - Month Market Growth
Percentage of Inventory



4 - Quarter Net Absorption
Percentage of Inventory



Future Deliveries
Percentage of Inventory

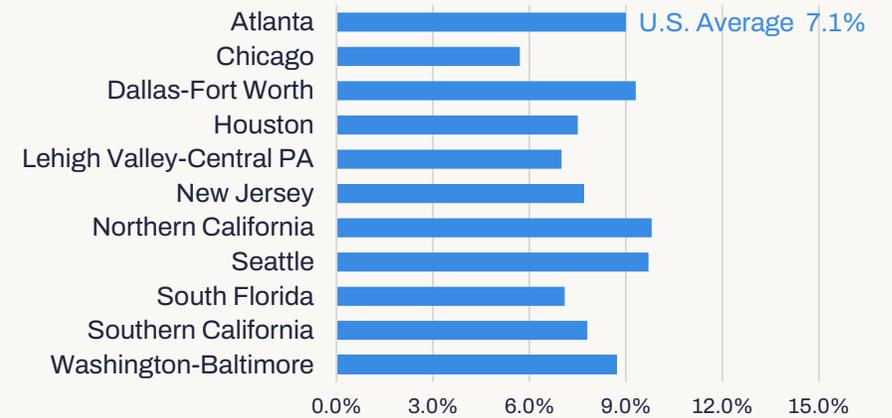


Fundamentals

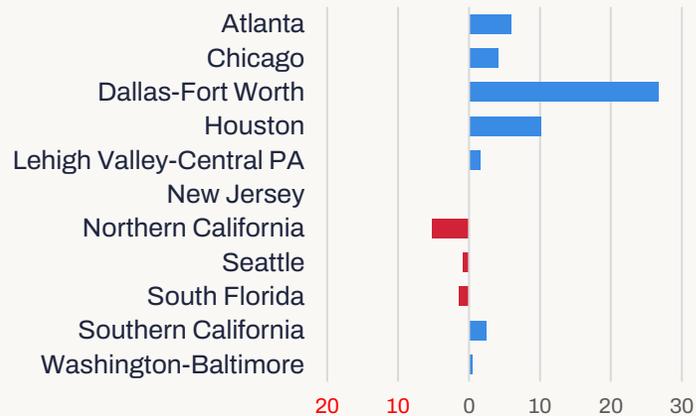
Asking Rent PSF NNN



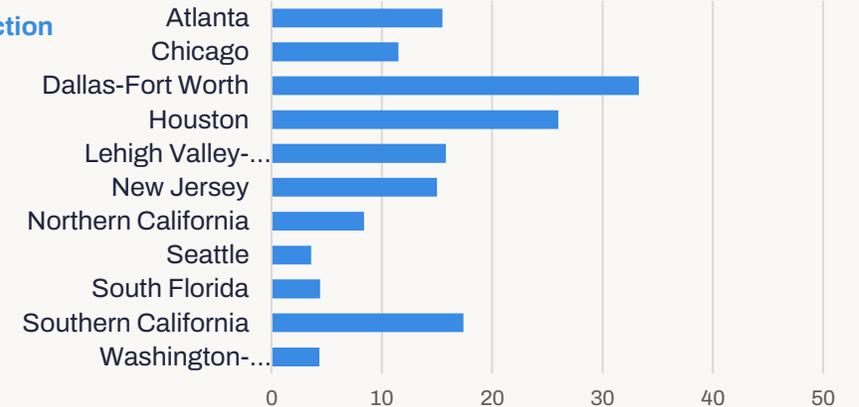
Vacancy Rate



Trailing 4-quarter Net Absorption (MSF)



Under Construction (MSF)



Elite Eleven Evaluator

Improved clarity on tariff-related uncertainty, coupled with lower interest rates, helped to restore industrial real estate demand, which accelerated in the second half of 2025.

ATLANTA

Groundbreakings have stopped while leasing activity rebounded with the help of lower rents, repositioning Atlanta for an improved 2026.

SOUTH FLORIDA

Demand is starting to reassert itself even as new supply tests the market, setting up for a healthier balance in 2026.

NORTHERN CALIFORNIA

While 2025 was soft overall, tenant demand strengthened during the second half. With reduced construction, improved market conditions are anticipated for 2026.

NEW JERSEY

Despite the recent rebound, new deliveries continued to outpace absorption totals, while asking rates dropped to the lowest level in three years.

SEATTLE

Seattle's market, which is rebalancing with stabilizing rents and lower construction levels, hopes to get a boost from the manufacturing and tech sectors.

WASHINGTON-BALTIMORE

The well-located Mid-Atlantic region continues to attract new tenants. Competition from data center demand is driving increased property values while causing land constraints.

SOUTHERN CALIFORNIA

Tariff uncertainty caused volatility and a slowdown at the close of 2025 in the nation's largest port market, but a Supreme Court ruling against broad tariffs may result in an early 2026 surge.

LEHIGH VALLEY-CENTRAL PA

Construction ramped back up in the region, which maintains favorable rents, and lower-than-average vacancy rates.

HOUSTON

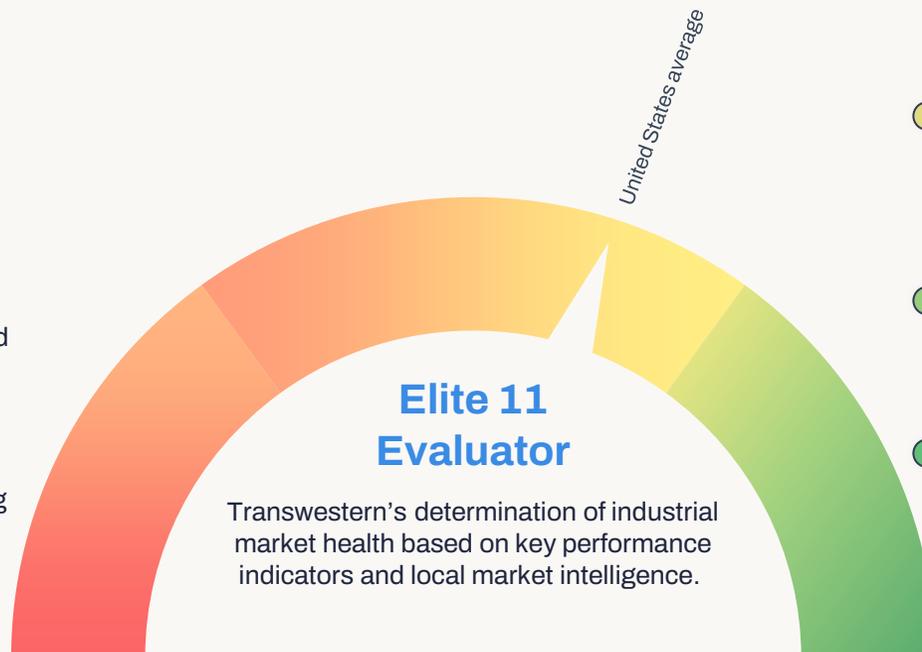
There is no slowing down the expansion of Houston's industrial pipeline, as the Gulf Coast's largest port continues to register record-setting cargo volumes.

CHICAGO

Chicago's market is returning to pre-pandemic patterns, as availability eased, tenant demand held steady, and construction levels remained low.

DALLAS-FORT WORTH

Despite elevated construction, disciplined tenant behavior and strong tenant demand is keeping the DFW market on stable footing heading into 2026.



About Transwestern

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](#).

Transwestern is a preeminent, vertically integrated commercial real estate firm dedicated to serving investors, partners and clients through expertise in investment, development, brokerage and property management. We own, lease and operate \$57 billion¹ in assets and have completed or commenced development on more than \$9 billion of real estate projects since 2012. Our experience spans diverse property types, including logistics, multifamily, retail, mixed-use, healthcare, office, data centers, hotel, and life sciences. Across 33 offices nationwide, our team is united by a culture that cultivates agility, mutual trust and high performance. Learn more at transwestern.com.

¹Includes the Transwestern organization and RIA AUM as of June 30, 2025.

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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