Supply Chain & Logistics Trends

Analysis of supply chain & logistics data, economic trends, and impacts on industrial real estate

Spring 2026

Supply Chain and Logistics Trends

Executive Summary

Demand is coming back, transportation is tightening, and power-ready buildings are becoming harder to find

Freight demand is improving —The Freight Recession is over

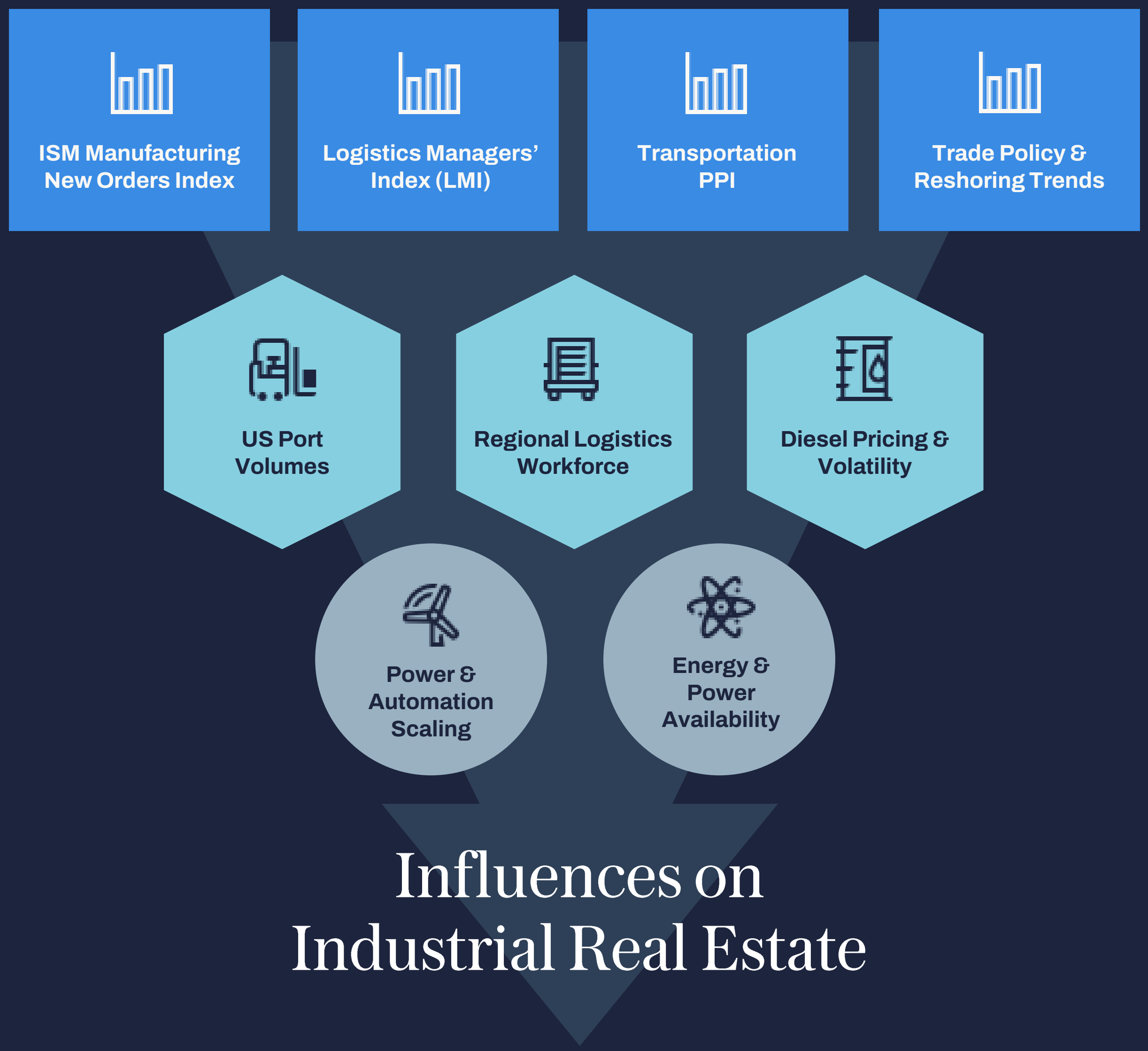
- ISM Manufacturing new orders index reached their highest level since 2022, while intermodal volume posted the second-highest March on record

Transportation prices are on the rise

- Transportation prices increased 38% since November 2025, utilization reached its highest level since January 2024, and diesel volatility is pressuring smaller carriers

Power is becoming a major constraint in site selection

- Grid connection timelines in primary markets now exceed four years, power transformers are on a 30–36 month wait, and electrical equipment backlogs remain elevated



Industrial Outlook: Current Trends and Market Signals

"The flatbed spot market may have reached its peak sooner than the typical May (around Week 20), as load post volume dropped 8% last week. Despite this recent dip, flatbed load posts remain significantly higher than historical averages—up 28% compared to last year and 39% higher than the 5-year average (excluding the unusual years of 2021 and 2022)."

- DAT Freight & Analytics

"Trucking payrolls are now at their lowest level since late 2017—nearly a decade of job gains gone… [and] the substantial segment of the trucking industry [made up of the self-employed] has also been decimated after years of low freight rates and more recently spiking diesel prices."

- FreightWaves via Aaron Terrazas

"On March 27 of this year, the U.S. Court of International Trade (CIT) amended its order to require refunds for all affected entries, including those that are finally liquidated (entries past the 180-day protest window).

- Advanced manufacturing needs are recalibrating industrial real estate."

- PERE via Kyle Hagerty

The Bullwhip Effect: The Start of it All

New orders spike in response to inventory levels hitting extreme lows. Extra inventories procured ahead of 2025 tariffs seem to be running low, triggering rapid growth in new procurements

The "Handle"

- Inventory levels plummeted to historic lows of **35.1** in December 2025
- With tariff uncertainty the market reacted by importing goods ahead of schedule

The "Wrist Flick"

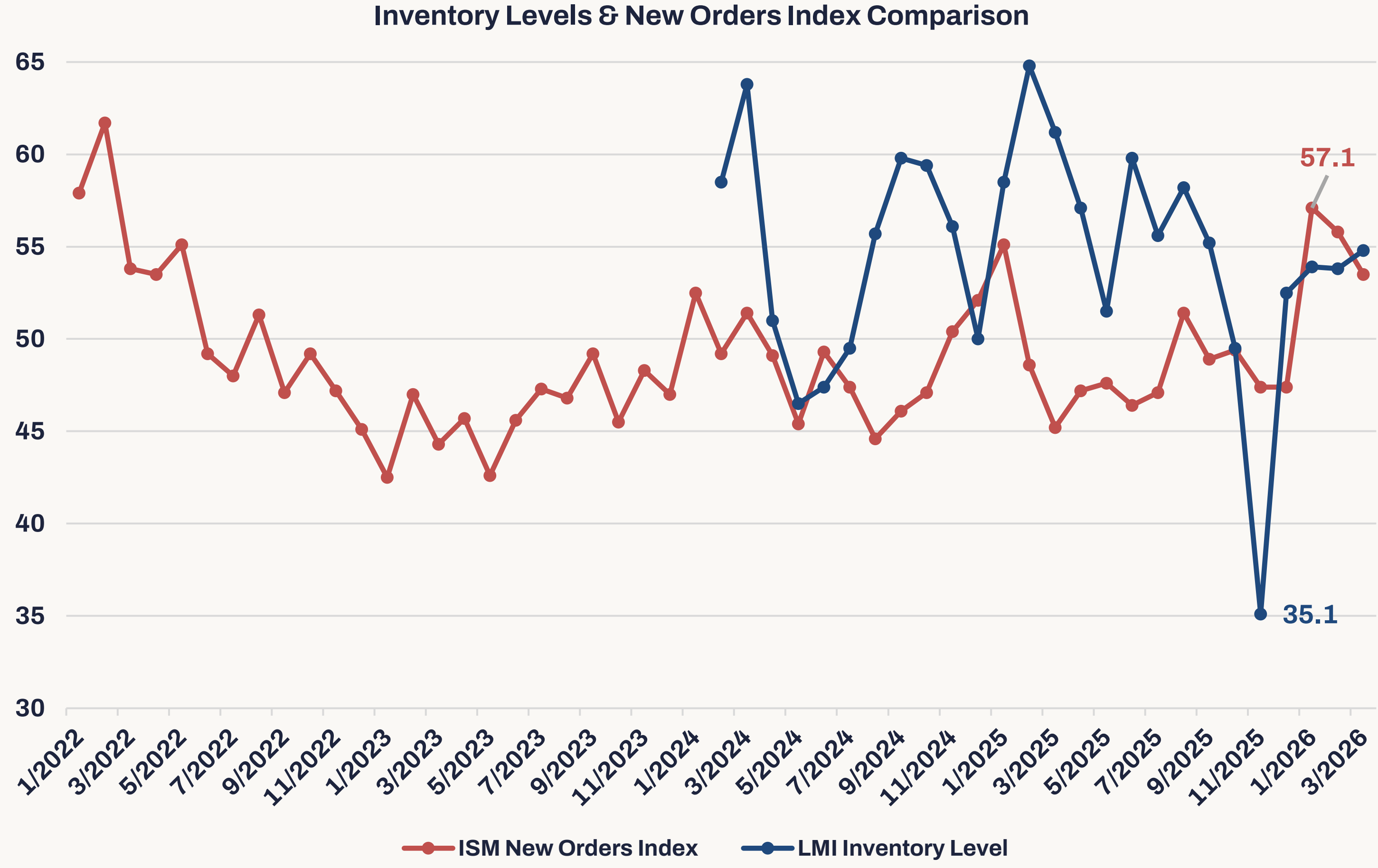
- *ISM New Orders* Index reached the highest score since 2022 with a score of **57.1**
- Companies ordering to meet demand/ replenish stock levels

The "Wave"

- We see the lag in January/ February of 2026 as new orders become physical freight
  - "Order to warehouse stage"

The "Crack"

- Warehouses & trucks feel the max impact of decisions made 60 days prior



*See appendix for **

Sources: LMI 2026 | ISM 2026

LMI: Components of Logistics' Manager Index

LMI Components	March 2026 Index	February 2026 Index	Month over Month Change	Projected Direction		Rate of Change From Previous M.o.M
Inventory Levels	54.8	53.8	1	Expanding	↑	Faster
Inventory Costs	76.2	67.8	8.4	Expanding	↑	Faster
Warehousing Capacity	46	50	-4	Contracting	↓	From No Movement
Warehousing Prices	67.4	62.6	4.8	Expanding	↑	Faster
Warehousing Utilization	59.8	60.3	-0.5	Expanding	↓	Slower
Transportation Capacity	39.2	41	-1.8	Contracting	↓	Faster
Transportation Utilization	62.9	61.9	1	Expanding	↑	Faster
Transportation Prices	89.4	76.7	12.7	Expanding	↑	Faster
LMI	65.7	61.5	4.2	Expanding	↑	Faster

- Logistics industry is expanding at its fastest rate since May 2022, driven by the vast increase to transportation prices
- Capacity Crunch - largest gap in score between transportation capacity/prices since COVID era
- Inventory methodology “Just in Time” expected to continue vs. “Just in case”
  - This is expected due to tariff uncertainty, however, raises risk of stockouts if supply disruptions continue

Sources: LMI 2026

LMI: The Major Change Contributors

Increases to:

- Transportation Prices: **+38%**
- Transportation Utilization: **+22%**

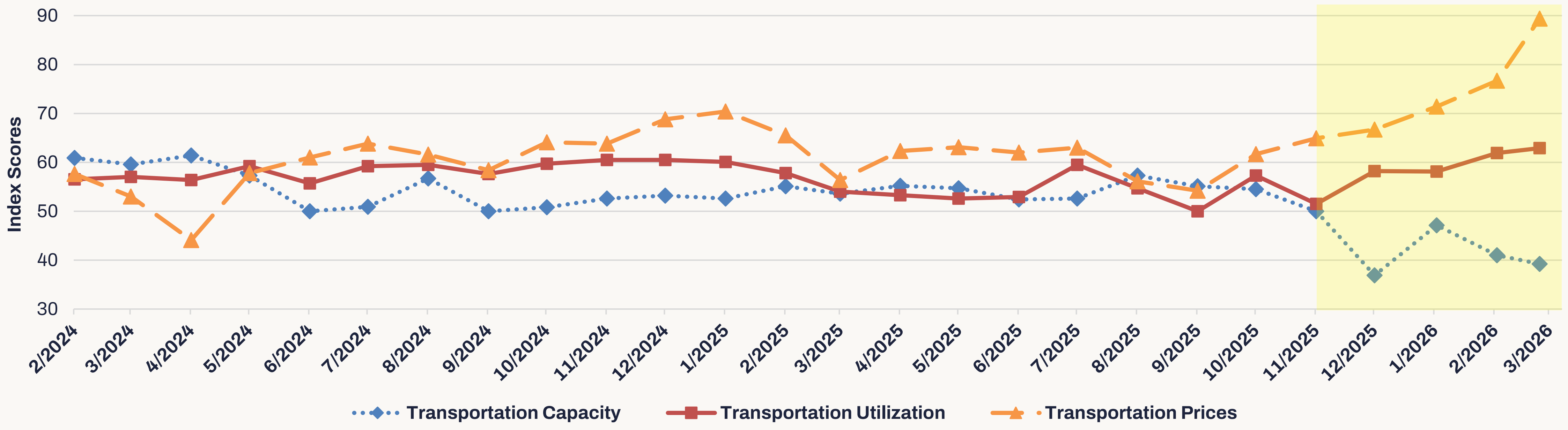
Decreases to:

- Transportation Capacity: **- 11%**

What does this mean?

- Retailers may pivot to infill locations, urban smaller warehouses, in the short term to battle fuel surcharges
- Intermodal volume expected to rise in following months to help off-set rising OTR costs

LMI Transportation Components



Sources: LMI 2026

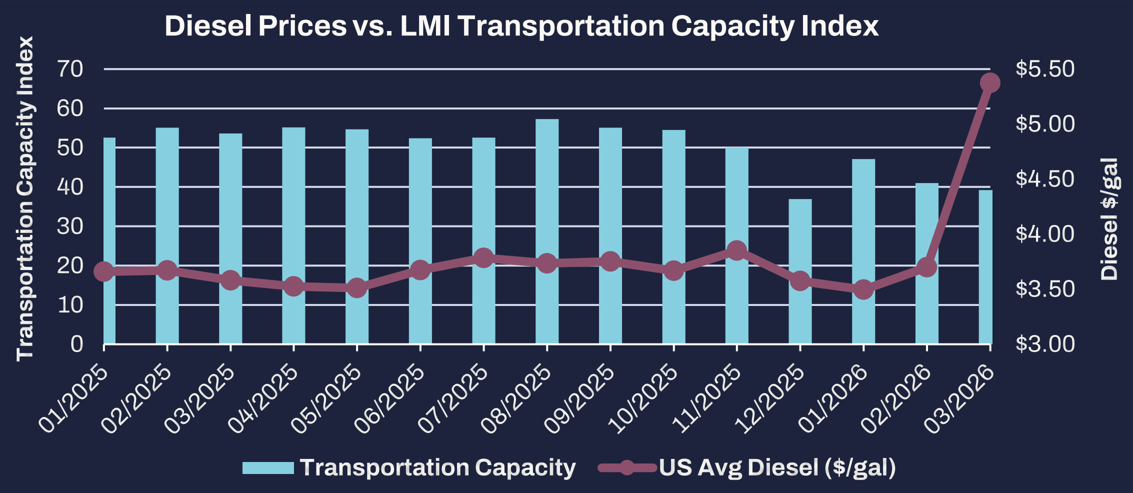
Transportation: Facts & Current Market Trends

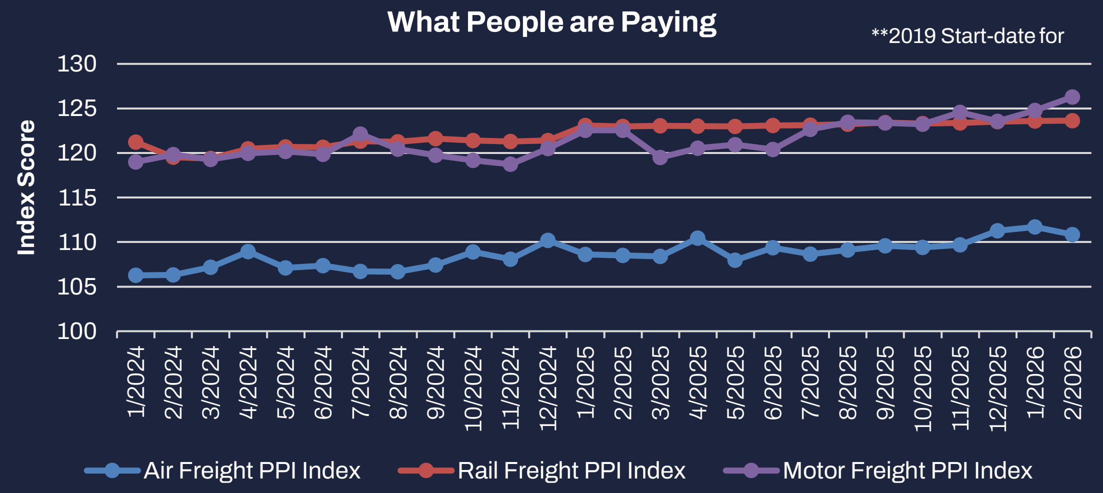
From March 2, 2026 to March 30, 2026 the average price of diesel has escalated 40% from $3.85/ gal to $5.38/ gal

- Strait of Hormuz has cut-off/delayed **20%** of diesel supply
- Smaller companies/owner-operator drivers forced to be side-lined due to sudden and steep costs
- UPS announced a temporary price increase of **8%** 1st time in its HISTORY
- BofA Truckload Demand Indicator reached 64.2, the *highest reading since March 2022*, signaling a shift into growth territory

Truck transportation employment-steady decline to continue

- EPA 2027 emission mandate
  - **Projected $25-$30k** per truck to meet standards
  - 2-5% of capacity expected to fall off as a result
- DOT's CDL non-domiciled compliance
  - $73 million in federal funding withheld to NY due to failed audit, more than **50%** of non-domiciled CDL's improperly issued
  - Trend in trucking employment below:





Sources: Federal Bank of St. Louis 2026 | BTS 2026 | LMI 2026

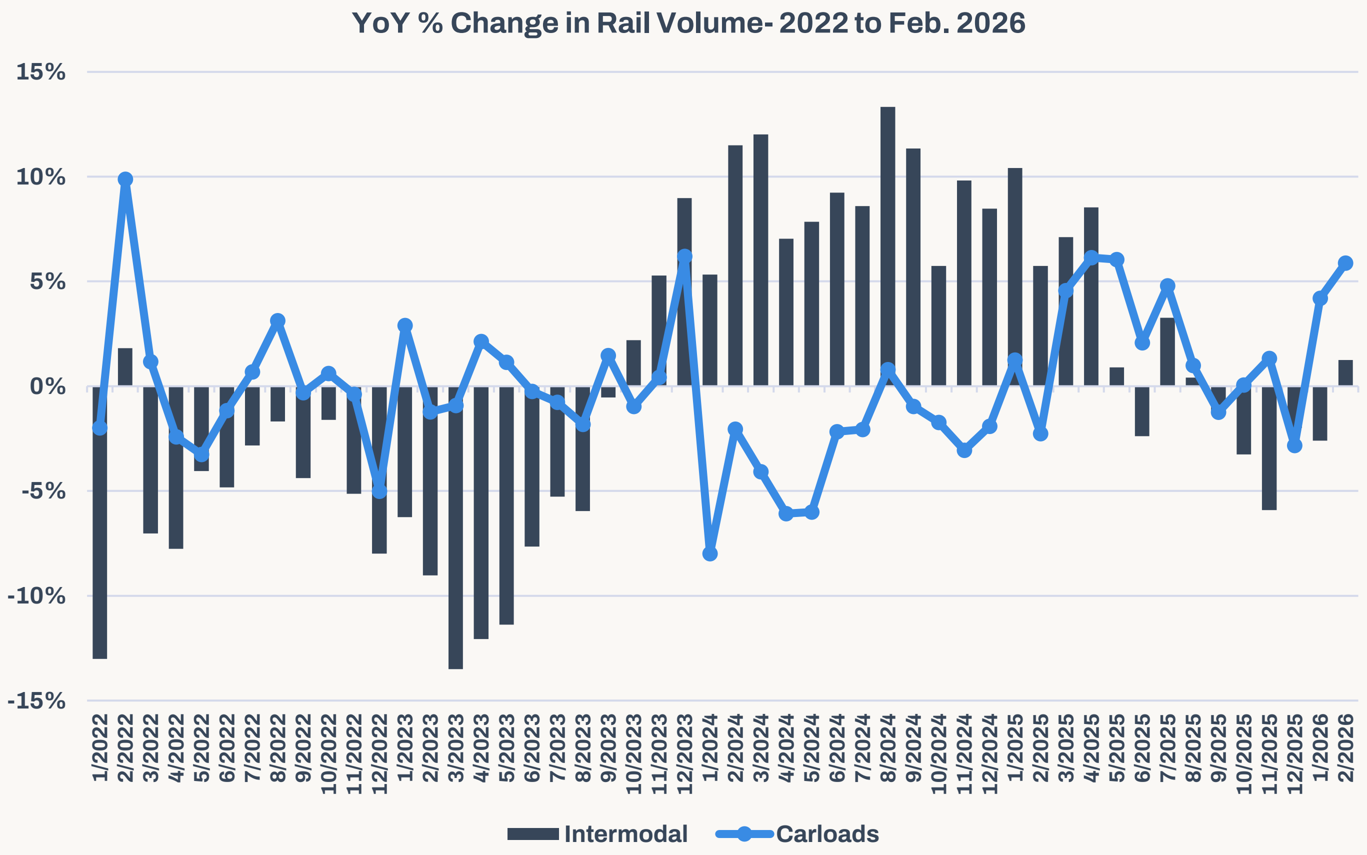
Rail: Forward and Upward

Q1 2026 CARLOAD Facts

- **Total Carload volume: 2.68 million**
  - Strongest performance since 2019
  - Grain carload shipments: largest contributor towards Q1 volume of all 20 sub-categories
- **Chemical carload volume:**
  - Highest recorded volume EVER
  - One of the clearest indicators of industrial health because:
    - Scope of use: freight movement serves as precursor for industrial activity before finished goods show
    - Production & Feedstock connection

Q1 2026 INTERMODAL Facts

- **Intermodal Volume: 2nd highest** March volume ever, avg. 280,000 units per week
- 2026 is slightly below YTD volumes from 2025
- **Early economic indicator** for consumer spending



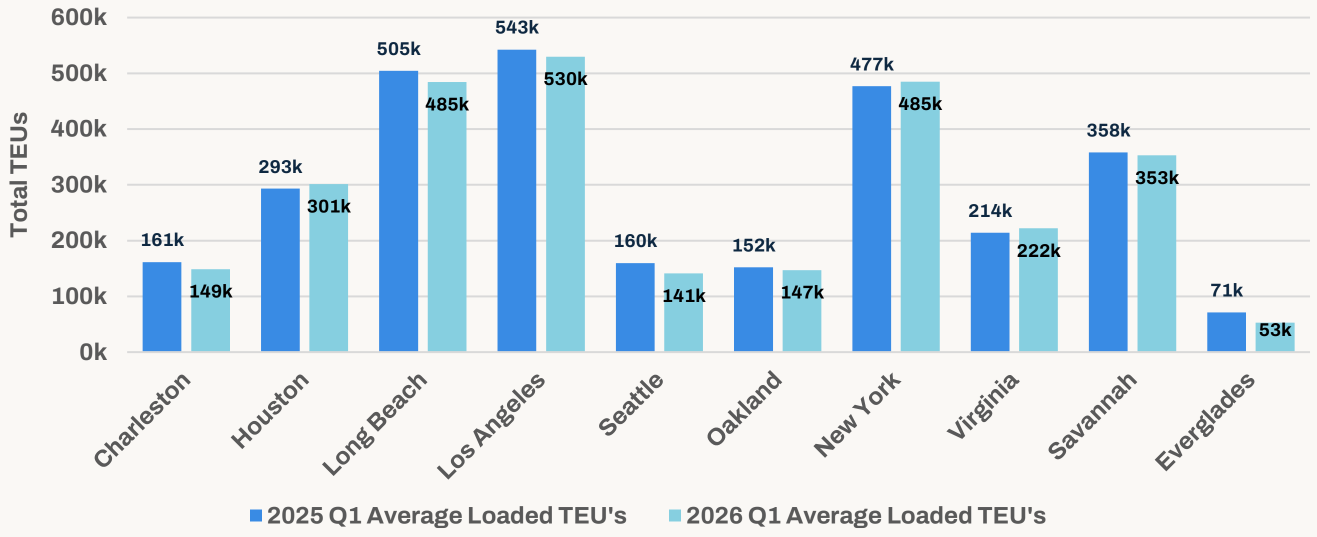
Sources: AAR 2026 | BTS 2026

Supply Chain and Logistics Trends

Top Ports in the US

- Companies front loaded inventory early in 2025 to beat tariff deadlines and uncertain trade policies
- Trade imbalances continue as imports dominate **2.3x** more than exports in 2026 for the top ports
- When combining **Port Miami and Port Everglades** there was a 3.4% YoY increase in overall volume, marking the best growth rate among major East Coast ports

Q1 2025-2026 3-Month Average Loaded TEU Totals



** NY and Everglades reflects Jan 25 to Jan 26 comparison due to no data for 2026 3 month avg.

Month over Month % Change for Loaded TEUs

Location	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26
Charleston	-36%	14.1%	4.7%	-13.7%	8.3%	-5.1%	0.9%	5.2%	-7.6%	2.9%	-5.7%	1.1%	-5.5%	-0.8%	21.1%
Houston	**3%**	-9.4%	20.8%	-1.3%	-5.6%	-8.8%	17.6%	-3.9%	-9.2%	9.1%	-9.5%	1.5%	9.7%	-11.2%	18.9%
Long Beach	**10%**	-19.6%	5.7%	6.0%	-25.8%	14.4%	28.2%	-4.1%	-11.8%	6.0%	1.8%	-3.1%	3.0%	-8.6%	2.9%
Los Angeles	**4%**	-12.5%	-2.7%	11.6%	-16.1%	25.3%	11.5%	-5.0%	-9.0%	-3.8%	-6.0%	2.4%	-1.3%	4.7%	-6.8%
Seattle	-17%	-3.7%	13.6%	-7.3%	-19.6%	10.9%	0.2%	-4.8%	20.3%	-19.7%	7.8%	2.5%	-3.4%	-12.1%	**32.7%**
Oakland	**1%**	-0.1%	12.3%	-12.4%	2.1%	-11.4%	21.6%	-8.4%	-6.1%	9.2%	-4.4%	-1.3%	7.1%	-13.2%	22.8%
New York	**3%**	-2.7%	11.3%	-1.5%	0.6%	-8.7%	16.0%	0.3%	-10.8%	2.2%	2.8%	-14.5%	11.5%		
Virginia	-10%	-5.2%	23.6%	-4.6%	-0.8%	-14.1%	7.1%	7.5%	-6.2%	1.4%	0.8%	-1.5%	-1.1%	-7.5%	**33.9%**
Savannah	-10%	19.7%	12.6%	-7.1%	-5.7%	-14.1%	12.8%	8.1%	-5.1%	-5.4%	-0.4%	-0.8%	2.8%	-2.0%	14.1%
Everglades	-4.0%	8.8%	14.3%	-6.5%	-5.5%	-2.6%	-1.9%	5.9%	-9.5%	2.9%	-2.7%	11.4%	-26.5%		

Sources: Port of: Charleston, Savannah, Houston, Long Beach, LA, Seattle/ NW, Oakland, NY/NJ, Virginia, Everglades 2026

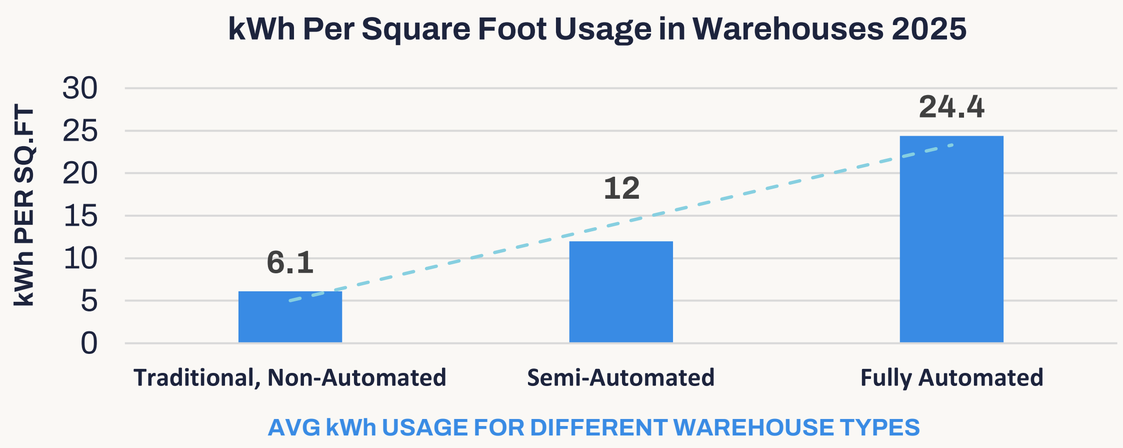
Energy: Powering the Modern Industrial Tenant

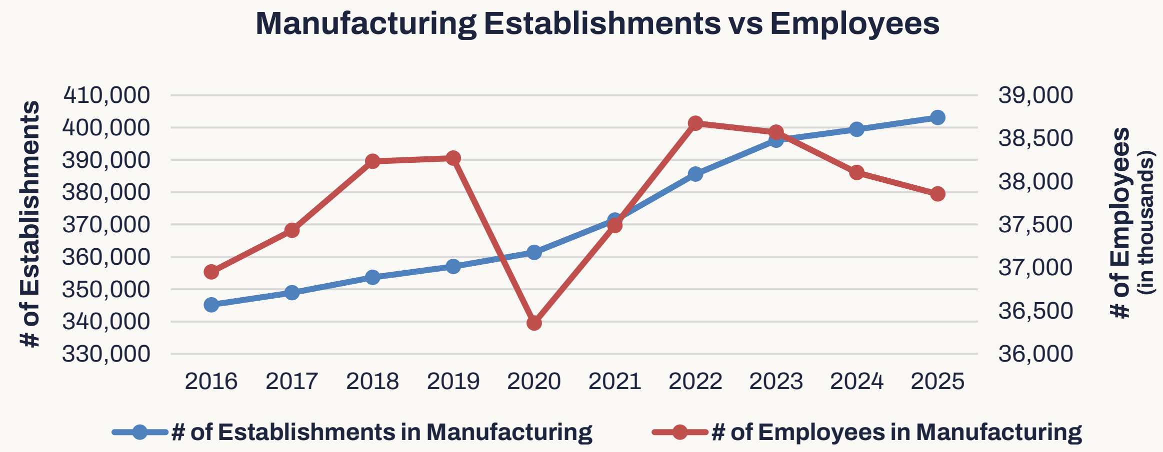
- "Automation filling today's high-tech factories and warehouses demand unprecedented levels of electrical power and reliability, and they are only demanding more as adoption increases."
  - PERE April 2026
- Increasing competition between industrial & logistics tenants, and data centers developers for "power hungry" sites
- Advanced manufacturing allows tenants to improve:

  ↗ **10-30%** in throughput
  15-30% in labor productivity

  ↘ **30-50%** in downtime

- The "Strategic Shift"
  - As power needs and automation grows, companies are leaning towards infrastructure over labor pools
  - According to the BLS NAICS for Manufacturing since 2016:
    - **# of buildings:** ↗ **18%**
    - **# of employee:** → **2%**





Sources: BLS 2026 | PERE 2026

Energy: Power in Modern-Day Site Selection

Takeaways

Grid Connection

- Average wait time for a grid connection in primary markets now exceeds four years
- Industrial tenants are now competing with Data Centers (AI demand) for the same limited pool of electricity
- The reason tenants are demanding this power? Automated warehouses are seeing 300% faster fulfillment and 25-30% lower labor costs. They need the kilowatts to get that ROI

Electrical Backlog

- Eaton's Electrical America had record sales in Q4 2025 worth $3.5 billion, with **$13.2 billion in backorders**
  - Backorders increased 31% from Q4 2024
  - GE Vernova, Siemens Energy, and Mitsubishi Heavy Industries are advising developers of new gas-fired power projects to plan seven to eight years ahead for turbine procurement.

Utility Study Process

- Mandatory engineering and financial review of utility performance before allowing a high-power tenant grid connection

Component	Tenant Expectations (months)	2026 Market Realities
Lead to Occupancy	6 to 9 months	8 to 12 months
Grid Interconnection	12 months	24 to 60 months
Power Transformers	4 to 7 months	30 to 36 months
Electrical Backlog	Standard supply	$13.2 billion in backorders
Utility Study Process	3 to 6 months	12 to 24 months

Sources: Eaton 2026 | IEEFA.org

Appendix & References

- **ISM New Order Index:**
  Monthly economic indicator measuring change in customer demand for manufacturing (and services) firms, functioning as a leading indicator for production.

- **Logistics Manager's Index (LMI):**
  Monthly economic indicator that measures the health and direction of the US logistics industry.
  - What is the score, its meaning?
    - Above 50: Logistics industry is expanding
    - Below 50: Industry is contracting
    - At 50: Neutral state, no change
    - Further from 50 score, more intense the rate of change.

- **Producer Price Index For Transportation Services:**
  For items related to the average cost of transportation services across all U.S. cities. Data are commodities and reflect the average price received by all producers of the commodity. For all items, the base month and year of the index is January 2019, and the value in January 2019 is 100. A value above 100 indicates an increase in cost since January 2019, and a value below 100 indicates a decline since January 2019.

Logistics Managers' Index (LMI) Components

01
Inventory Levels
Physical volume of goods on hand

02
Inventory Costs
Expense of holding that stock (insurance, capital, etc.)

03
Warehouse Capacity
Availability of storage space

04
Warehouse Utilization
How much current available space is being used

05
Warehouse Prices
Cost to rent or lease industrial space

06
Transportation Capacity
Total availability of trucks, trains, planes

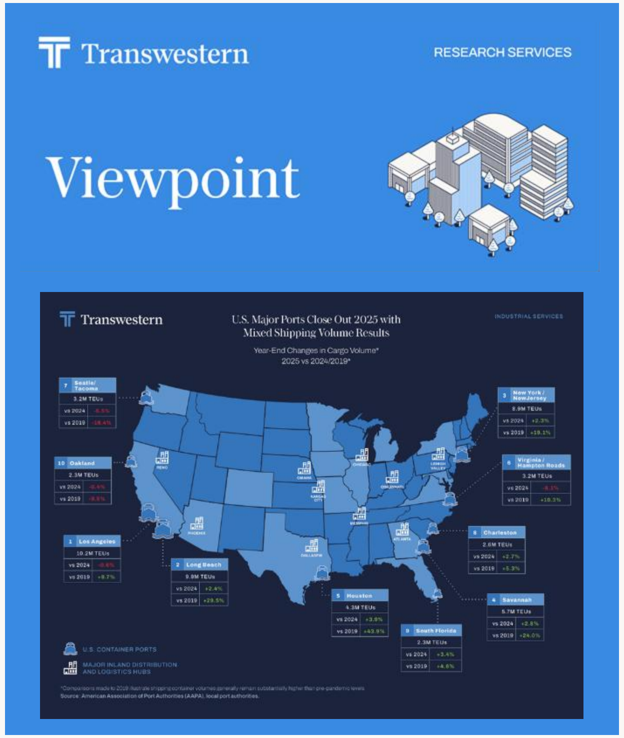
07
Transportation Utilization
How much of available fleet is currently running freight

08
Transportation Prices
Cost of freight movement

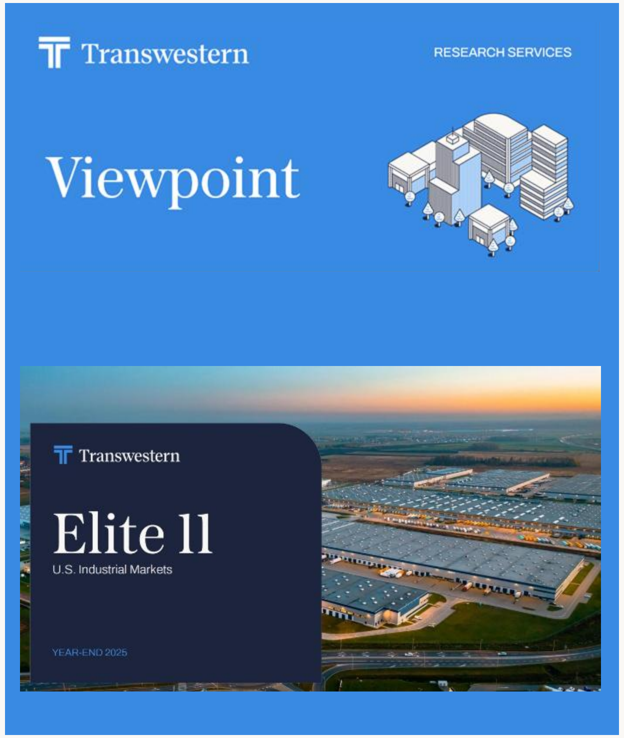
Transwestern Industrial Reporting

Industrial Real Estate Q1 Report

Port Highlights Report



11 Core & Growth Markets Report



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