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INDUSTRIAL

*National Investment
Midyear Outlook*



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TO OUR VALUED CLIENTS

The forces shaping the industrial commercial real estate sector are numerous and varied. Conflict abroad and changes to U.S. trade, fiscal, and immigration policies prevent a single overarching dynamic from emerging. While the national vacancy rate has risen consistently for three years, the trend has largely been driven by elevated big-box development in select markets. For certain metros, vintages, and floor plans, vacancy rates remain relatively low. The reality facing industrial investors is similarly complex, differing zip code by zip code. Shifting patterns of development, along with market forces such as supply chain efficiency, logistics costs, and tariffs, affect each city and secondary type distinctly.

Investment sales of industrial properties have continued to rise since the 2023 slowdown, with transaction counts now above pre-pandemic levels. Compared with the broader commercial real estate landscape, industrial transaction activity remains robust. Relatively stable demand for the property type, even amid dramatic shifts in underlying conditions such as tariffs, has helped anchor cap rates after the higher interest rate environment prompted recalibration in 2023 and 2024. Capital continues to favor smaller metros, which often deliver higher cap rates, but many of these markets also offer stronger fundamentals, given less construction over the last couple of years.

Foreign policy, tariffs, and broader economic uncertainty could affect the performance of some industrial markets going forward, particularly West Coast ports that are more reliant on imports from China. In addition, the potential renegotiation of the USMCA trade agreement this year could have far-reaching effects. A slowing economy, geopolitical risks, fluctuating fuel prices, and potential labor shortages stemming from muted immigration could also slow industrial property performance through 2026 and beyond. Over the longer term, however, industrial space demand should continue to strengthen.

To help investors navigate this complex series of considerations, Marcus & Millichap presents the 2026 Midyear Industrial Investment Outlook. Our investment brokerage and financing professionals look forward to assisting you in achieving your goals.

Thank you, and here is to your continued success,



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EXECUTIVE SUMMARY

NATIONAL INDEX

- The upper half of the Index favors Sun Belt and Midwest markets, where supply conditions are better aligned with current local demand. At the top of the rankings, several previously supply-heavy markets are benefiting from development pull-backs, which may help temper near-term vacancy risk. Many of these metros are recording household formation rates that are tangibly expanding their consumer and labor bases.
- Coastal gateway markets with softer demographic trends land in the lower half of the rankings, as both Northeast and West Coast markets face weaker household formation and employment growth. A group of Sun Belt markets with standout population growth and retail sales also falls into the Index's lower half, held back by demand that trails the pace of new supply.

NATIONAL ECONOMY

- The average tariff rate is expected to remain elevated through at least late July, with future tariff adjustments likely to sustain meaningful upward pressure on inflation. While trade negotiations have produced investment pledges from several countries, uncertainty persists. Meanwhile, questions about the USMCA remain, with reshoring still in the planning phase.
- A more competitive labor market is likely to hike operating costs for warehouse users. As a result, industrial tenants are increasingly prioritizing labor availability and wage levels in site-selection decisions. Higher labor costs could raise operating expenses and finished goods prices, adding to inflationary pressure in the industrial sector.

NATIONAL INDUSTRIAL OVERVIEW

- Demand for modern facilities is evident, as high-credit tenants migrate from older facilities to newer spaces. This dynamic continues in 2026, filling a portion of the stock that accounts for a large share of the vacancy. The flight to modern facilities among larger users and steadfast demand for smaller spaces will limit the extent of the overall vacancy increase this year.
- A reduction in new supply pressure in 2026 helps certain vacant properties attract tenants in the near term. As of April, most of the active pipeline was accounted for, with starts in the October 2025-March 2026 window trailing those in the prior six-month period.

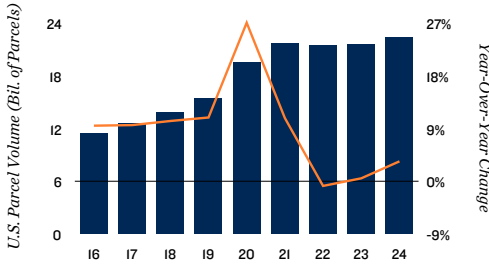
CAPITAL MARKETS

- Capital markets for industrial assets remained well supplied despite overseas conflict. Broad lender participation, production targets, and a competitive environment focused on stabilized logistics and warehouse assets remained largely intact as the second half approached. Lenders and borrowers alike are hesitant to lock in what are still seen as elevated rates, opting instead for flexibility in future refinancing.
- Yields on U.S. Treasuries exhibited renewed volatility in early 2026, only to reverse course after reaching a near-term low. The 10-year yield climbed sharply amid escalating tensions in the Persian Gulf. This increase has heightened uncertainty about the monetary policy outlook. As a result, borrowing costs are now expected to remain near current levels longer than previously anticipated, influencing loan pricing and structure.

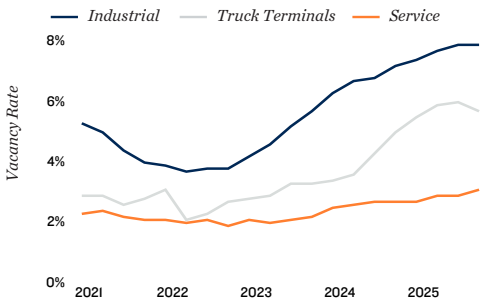
INDUSTRIAL INVESTMENT OUTLOOK

- Investment activity remained resilient over the past year, even as global uncertainty, trade volatility, and labor constraints weighed on the broader economy. Momentum was strongest in the \$1 million to \$10 million tranche, where deal flow surpassed 2022 levels. That pattern may persist in 2026 as buyers favor smaller assets with lower financing hurdles and properties over 200,000 square feet contend with higher vacancy.
- Tenant demand for manufacturing space is rising as firms seek tighter supply-chain control and as automation eases labor constraints. Concurrently, deregulation, tax incentives, and tariffs are encouraging onshoring, with major investments planned across industrial-using sectors. For investors, this presents an opportunity to enter a potential manufacturing upcycle, with often higher cap rates and stickier tenancy adding to the segment's appeal. Regions with deep labor pools and development capacity may attract greater attention from active investors.

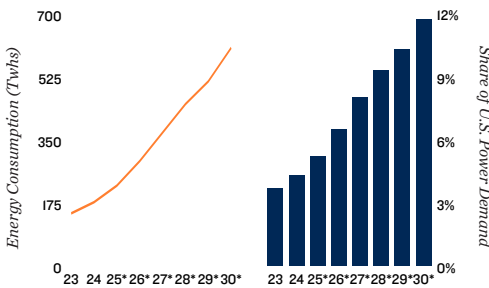
Parcel Deliveries Elevated



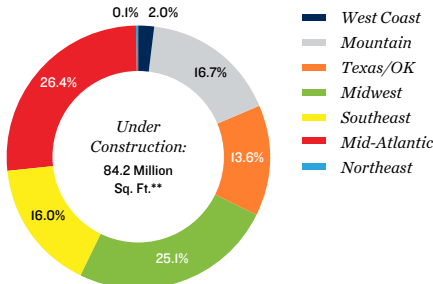
Distribution-Related Vacancy Lower



Data Center Power Requirement Projections



Active Data Center Development Pipeline



Strong Supply-Chain Connections and Flexible Use Cases Add Investment Appeal to IOS

Specialized sector remains key part of changing logistics landscape. The ongoing evolution of domestic and global supply chains underscores the utility of logistics support properties. Industrial outdoor storage (IOS) lots are one such category, offering distributors, contractors, and other businesses predominantly open-air areas to store containers, heavy equipment, vehicles, and construction materials. As with other types of industrial facilities, IOS properties have risen in prominence alongside e-commerce. Online retail sales as a share of core consumer spending returned to the pandemic-era high of 24.3 percent in February, underscoring the need for IOS space to support a range of distribution-related functions.

Recent return dynamics underscore wider investment profile. For investors, IOS properties provide an asset type with low capital expenditure and flexible use. As a result, these listings have attracted more investor attention over the past decade. While existing ownership is heavily private, larger institutions, including J.P. Morgan and Blackstone, have been establishing ventures to acquire more assets in the sector. While proximity to transit routes, logistics hubs, and construction sites is heavily favored over remote parcels, IOS assets in general are realizing returns ahead of the broader industrial sector. The average annual change in the IOS sale price, on a same-asset basis, has exceeded 10 percent since 2020, compared to less than 8 percent for the mean sale price across all industrial properties.

For Investors, the Downstream Effects of Data Centers Are the Most Pertinent

Data center development ample but nuanced. As of March, more than 250 separate centers of varying sizes were under development across the U.S., with over half located in Virginia, Texas, Arizona, and Georgia. This geographic focus reflects the necessity of established infrastructure and government support. About half of the ongoing projects originate from existing campuses to leverage electricity and keep costs down. Both infrastructure and public support will be important for advancing the other 550 centers under proposal. U.S. data centers consumed 183 terawatt-hours in 2024, about 4 percent of total power demand. Meeting the needs of future data centers will require expanding the nation’s power grid, an endeavor requiring a public-private partnership. The impact data centers have on the environment, home energy costs, and the quality of life for those who live near them will be important issues to address.

Server facilities also bring benefits with second-order investment implications. The development and subsequent operation of a 250,000-square-foot data center can create 1,500 temporary construction jobs and 50 permanent positions. New data centers can also prompt related businesses to locate nearby, including energy, telecommunications, software development, and manufacturing firms. While these dynamics bode well for the long-term economics of a market, the investment landscape for data centers remains fairly small. Fewer than 100 such properties changed hands last year, compared to over 20,000 traditional industrial properties. While large institutions such as Blackstone are raising funds to invest more in the sector, for private investors, the path may lie more toward the downstream effects of data center development rather than investing directly in the facilities.

* Estimates ** As of April 2026

Tenant Caution and Development Discipline Widen Market Differences in the 2026 Index

Supply-demand balance separates Sun Belt and Midwest leaders. As geopolitical, trade, and immigration uncertainty keep tenants selective, the upper half of this year's Index favors markets where supply conditions are better aligned with current demand. At the top of the rankings, several previously supply-heavy markets are benefiting as completions slow and strong household formation deepens the consumer and labor base that attracts industrial tenants. Charlotte (#1), Orlando (#2), Dallas-Fort Worth (#3), Charleston (#6), and Phoenix (#7) reflect this recalibration, as an easing development pipeline helps temper vacancy risk despite still-elevated availability in some markets. Midwestern metros also rank prominently, led by Indianapolis (#4) and Columbus (#8), as tariff-related sourcing shifts may position lower-cost inland hubs to capture more domestic distribution and manufacturing activity. More mature metros with modest household growth also score well, as limited construction has kept vacancy tight in Minneapolis-St. Paul (#9), Milwaukee (#12), Cleveland (#13), and Detroit (#16), the four lowest-vacancy markets among major U.S. metros.

Coastal volatility meets high-growth development pressure. The lower half of the rankings are mostly split between coastal gateway markets with softer demographic trends and faster-growing metros with lingering supply pressures. New York City (#21), Washington, D.C. (#24), Boston (#26), and Baltimore (#34) face weaker household formation and employment growth, limiting absorption and keeping vacancy elevated even as construction remains modest in most of these markets. West Coast metros face an additional headwind from tariff uncertainty and volatile Asia-linked trade flows, which have kept port-adjacent and logistics tenants cautious in Los Angeles (#20), Riverside-San Bernardino (#27), Portland (#29), and Seattle-Tacoma (#33). Meanwhile, Miami (#23), Las Vegas (#30), Atlanta (#31), and Austin (#32) show that strong population growth and retail sales are not enough to overcome elevated construction activity when current demand trails the pace of new supply.

Index Methodology

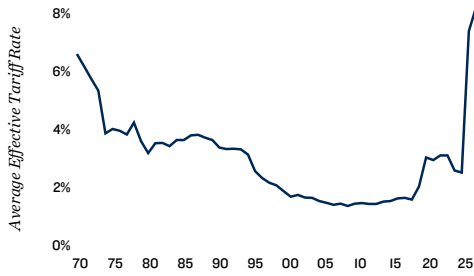
The NIPI¹ ranks 36 major markets on a collection of 12-month, forward-looking economic indicators and supply-and-demand variables. Markets are ranked based on their cumulative weighted-average scores across indicators, including projected employment growth, vacancy levels and changes, construction, retail sales, and household growth. Weighing the forecasts and incremental change over the next year, the Index is designed to show relative supply and demand conditions at the market level.

Index users are cautioned to keep several points in mind. First, the Index is not designed to predict the performance of individual investments. A carefully chosen property in a bottom-ranked market could easily outperform a poor choice in a higher-ranked market. Second, the Index is a snapshot of a one-year horizon. A market encountering difficulties in the near term may provide excellent long-term prospects and vice versa. Third, a market's ranking may fall from one year to the next, even if its fundamentals are improving. The NIPI is an ordinal index, and ranking differences should be interpreted carefully. A top-ranked market is not necessarily twice as good as the second-ranked market, nor is it 10 times better than the 10th-ranked market.

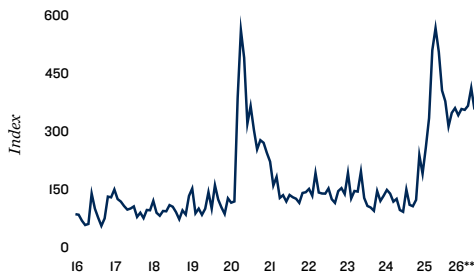
RANK	MARKET
1	Charlotte
2	Orlando
3	Dallas-Fort Worth
4	Indianapolis
5	Jacksonville
6	Charleston
7	Phoenix
8	Columbus
9	Minneapolis-St. Paul
10	Houston
11	Sacramento
12	Milwaukee
13	Cleveland
14	Northern New Jersey
15	Chicago
16	Detroit
17	Tampa-St. Petersburg
18	Fort Lauderdale
19	Philadelphia
20	Los Angeles
21	New York City
22	Orange County
23	Miami-Dade
24	Washington, D.C.
25	Denver
26	Boston
27	Riverside-San Bernardino
28	Memphis
29	Portland
30	Las Vegas
31	Atlanta
32	Austin
33	Seattle-Tacoma
34	Baltimore
35	San Diego
36	Oakland

¹ See National Industrial Properties Index Note on page 48

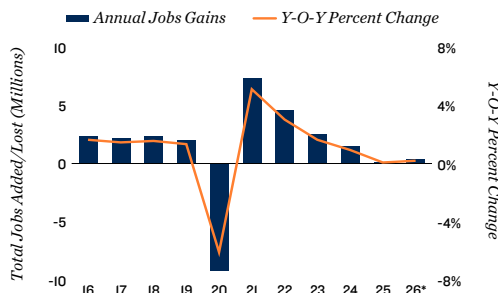
Tariffs Remain Historically Elevated



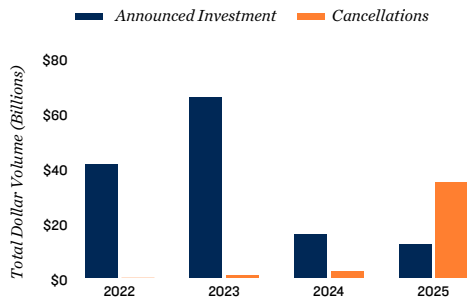
Economic Policy Uncertainty Index High



Employment Growth Notably Slows



Clean Energy Project Cancellations Rise



Trade Policies, Labor Availability, and Energy Pressures Complicate Near-Term Economic Outlook

Tariff-related uncertainty remains elevated. While the Supreme Court struck down tariffs imposed under the International Emergency Economic Powers Act, the Trump administration's immediate implementation of a 10 percent global tariff under Section 122 will keep the average effective tariff rate historically elevated through at least late July, when the executive order is set to expire. Product-specific tariffs on imports, such as those on steel, copper, and aluminum, also remain in place. Ongoing tariff adjustments are likely to sustain meaningful upward pressure on inflation in 2026, particularly across goods and manufacturing inputs. While trade negotiations in recent months have produced investment pledges from several countries, uncertainty persists regarding how these agreements will proceed following the court ruling. In addition, an unclear tariff and policy relationship with China is supporting nearshoring, as the USMCA exempts most imports. However, the uncertain future for USMCA means volatility will remain a near-term factor. Reshoring, meanwhile, is still largely in the planning phase, dampening expectations of short-run job growth.

Employment market headwinds poised to continue. The pace of U.S. job growth in 2025 slowed to one-tenth of the prior year's level, while natural resources and mining and manufacturing recorded two of the steepest year-over-year employment declines among major sectors. Tighter immigration policy may compound this slowdown, as foreign-born workers have historically supplied a disproportionate share of labor in industrial occupations, particularly construction, warehousing, and logistics. A more competitive labor market is likely to raise construction costs for industrial development and operating costs for warehouse users. As a result, industrial tenants are increasingly prioritizing labor availability and wage levels in site-selection decisions. Higher labor costs in manufacturing and distribution could place upward pressure on operating expenses and finished goods prices, adding to inflationary pressure in a macroeconomic environment where unemployment, at around 4.5 percent in the opening months of 2026, is already at its highest level since the COVID-19 pandemic.

2026 NATIONAL ECONOMIC OUTLOOK

- **The rise of data centers is creating power-related constraints.** Expanding AI-related data center construction is increasing competition for limited utility infrastructure, raising barriers for power-intensive industrial uses such as R&D facilities and automated warehouses. Foreign investment in the U.S. industrial sector also remains concentrated in advanced manufacturing and digital infrastructure, limiting spillover into traditional warehouse and other industrial formats, as these asset types require different building specifications and utility capacity.
- **Changes in clean energy policy impact select sectors.** The termination of federal electric vehicle tax credits and the accelerated phaseout of renewable energy subsidies under the One Big Beautiful Bill Act have contributed to more than \$35 billion in canceled, delayed, or downsized manufacturing and specialized warehousing projects nationwide. As subsidy-driven expansion recedes, tenant demand in these segments is shifting back toward traditional industrial fundamentals such as labor availability, power access, and logistics efficiency. Yet, recent higher energy prices could help support a gradual recovery in clean energy-related sectors.

* Forecast

** Through April

Tenant Preference Shifts Highlight Sector’s Evolution; Supply Pressure Poised to Ease Beyond 2026

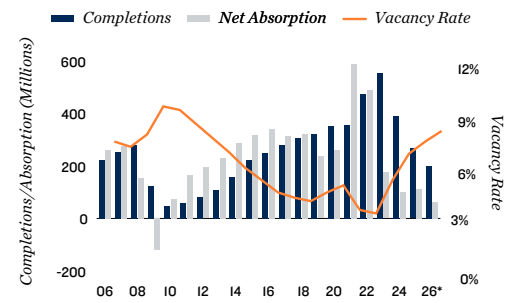
Demand for modern facilities evident. The enactment of “Liberation Day” tariffs last April immediately affected industrial leasing as tenants relinquished a net of 9.8 million square feet during the second quarter — the first negative recording in 15 years. The trajectory of demand, however, quickly corrected course. Over the subsequent nine months ended this March, tenants absorbed 142 million square feet. Standout demand for properties built this decade supported the improvement, with more than 270 million square feet absorbed. Recent performance highlights the ongoing migration of high-credit tenants from older facilities to newer spaces, a dynamic that will continue to play out in 2026 — supported by technological advancements and the ongoing aging of older stock. This will place pressure on pre-1980s-built properties, yet it will also fill a portion of the newer stock available on the market, space that represents a large share of current vacancy. While the utility of some older facilities may continue to fall, vacancy among smaller properties suitable for last-mile operations will remain limited, supported by historic consumer spending online. The steadfast demand for smaller spaces this online spending generates and the flight to modern facilities among larger users are poised to limit the extent of overall vacancy increase this year, even as more older spaces become vacant.

Additional dynamics limit degree of vacancy increase. After expanding by an average of 2.3 percent over the last five years, industrial inventory grows by just 1.0 percent in 2026. While the reduction in new supply pressure aids certain vacant properties in their near-term pursuit of tenants, other factors will positively impact the sector’s ability to absorb a portion of its current supply overhang. As of April, the active pipeline consisted of 345 million square feet, or 1.8 percent of existing stock. Just 62 million square feet of this space is slated for completion beyond this year, with more than 70 percent of it accounted for. While additional projects slated for 2027 delivery will break ground this year, the count of starts during the October 2025-March 2026 window trailed the prior six-month total by 13 percent — pointing to a broader slowdown in construction that will aid demand for existing properties longer term.

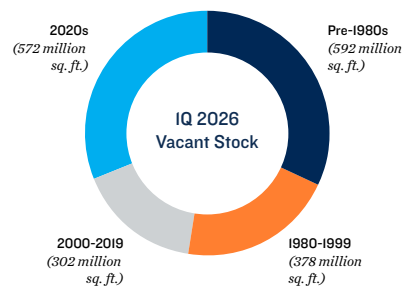
2026 NATIONAL INDUSTRIAL OUTLOOK

- Elevated shipping costs cloud outlook for metros most vital to the supply chain.** Despite tariff-driven disruptions to U.S. imports, the nation’s nine largest seaports collectively handled nearly 49.5 million twenty-foot equivalent units (TEUs) last year, activity that positively impacted U.S. rail and trucking operations. The Iran conflict, however, has significantly raised fuel costs for carriers, which will impact the movement of goods, most notably in port and inland hub markets. As of April 17, shipping costs for East Asia/China freight headed to West Coast ports were up 43 percent since late February, with costs for East Coast freight up 26 percent. Trucking costs are also on the rise, with domestic fuel prices up 14.4 percent in March.
- Funding source faces delays.** The \$1.2 trillion Infrastructure Investment and Jobs Act expires in September, with its reauthorization a focus for port, airport, and rail authorities with significant expansion plans. Reauthorizations, however, historically require extensions, indicating a new package may not be approved for some time.

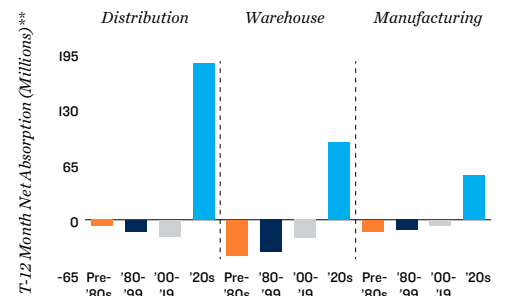
Supply Pressure Eases, Overhang Lingers



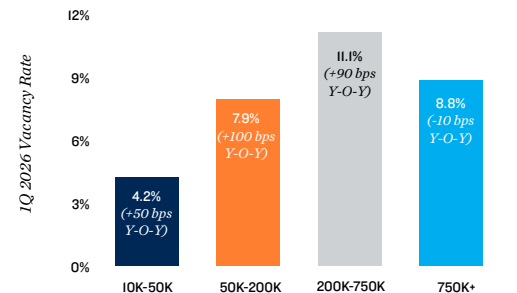
Composition of Industrial Vacant Stock



Newer Spaces Support Net Absorption

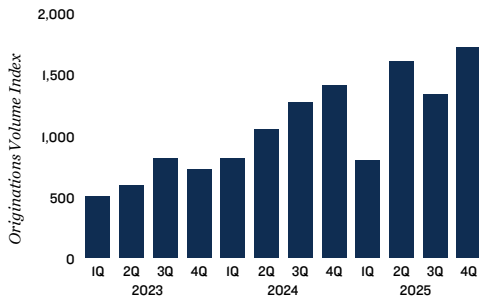


Smaller Spaces at a Premium

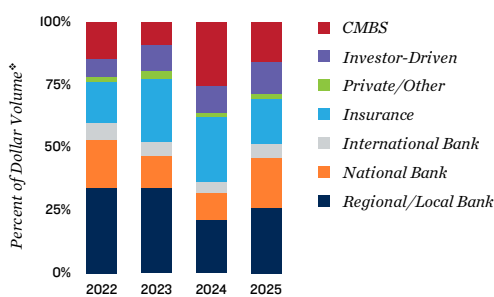


* Forecast
** Trailing 12-month period ending in March

Industrial Originations Rising



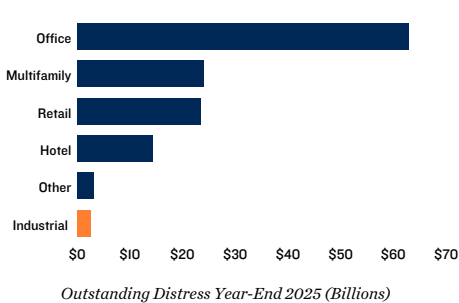
Industrial Lender Composition



Treasury Yield Trends



Industrial Distress Remains Low



* As of April 28

† Sales \$2.5 million and greater

Overseas Conflict Creates Volatility as Shorter-Term Loan Structures Remain a Priority

Borrowers and lenders favor flexibility over long-term-rate lock-in. Capital markets for industrial assets remained well supplied heading into the second quarter of 2026, with broad lender participation and production targets largely intact. Banks continue to account for a significant share of originations, alongside life companies and commercial mortgage-backed securities, collectively supporting a competitive environment focused on stabilized logistics and warehouse assets. On the loan-structuring side, most executions are skewing toward shorter duration, five-year fixed structures. This, despite borrowing costs commonly in the high-5 percent to low-6 percent range, levels that have previously encouraged longer-term rate locks. This reflects a degree of recency bias after the prolonged low-rate environment of 2020 and 2021, with both lenders and borrowers hesitant to lock in what are still seen as elevated rates, opting instead for flexibility around future refinancing. As a result, capital remains available, though more strategically deployed with a focus on structure and duration rather than just outright pricing.

Geopolitical uncertainty pushed Treasuries higher. Yields on U.S. Treasuries exhibited renewed volatility in early 2026, reversing course after reaching their lowest level since 2024 in late February. The 10-year climbed amid escalating tensions in the Persian Gulf to approximately 4.4 percent in March, before easing back to around the trailing 35-year average. This fluctuation has heightened uncertainty about the monetary policy outlook, reducing confidence in the timing of potential rate cuts. As a result, borrowing costs may remain near current levels, which are on par with long-term historical averages. If volatility returns, it will influence loan pricing and structure as lenders adjust spreads and proceeds to maintain risk discipline in an uncertain rate environment. These actions will not necessarily indicate a lack of willingness to deploy, however, as capital remains generally available as of April.

2026 CAPITAL MARKETS OUTLOOK

- **Industrial loan spreads reflect sector confidence.** Commercial real estate loan spreads have declined over the past year. As of February, industrial loans remained the second-lowest-spread sector at roughly 160 basis points, reflecting continued lender confidence in the sector's fundamentals. Looking forward, these spreads could widen or compress depending on Federal Reserve actions and broader market risk sentiment. Higher borrowing costs or continued uncertainty may prompt lenders to demand additional risk premiums. At the same time, a shift toward more dovish monetary policy could further compress spreads and boost transaction activity.
- **Industrial distressed debt remains low.** Although the market continues to navigate an environment of elevated loan maturities, industrial assets are demonstrating strong resilience during the refinancing cycle. As of the fourth quarter, industrial properties accounted for just \$2.6 billion of the \$130.3 billion in total outstanding distressed debt, roughly 2 percent, far below other major property types. This suggests that, while the sector is not immune to refinancing pressure, lenders have remained willing to work with borrowers to find solutions.

Deal Flow Holds Up Through Market Pressures, While Investors Position for Manufacturing Renewal

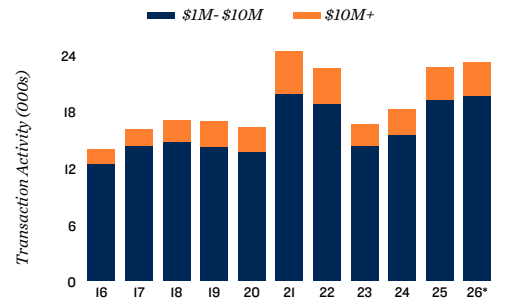
Smaller options and favorable pricing reinforce industrial sales. Investment activity remained resilient over the past year, even as global uncertainty, trade volatility, and labor constraints weighed on the broader economy. Transaction volume through March increased 21 percent from a year earlier, marking the second-strongest year on record and signaling sustained conviction in the sector. Momentum was greatest in the \$1 million to \$10 million tranche, where deal flow surpassed 2022 levels, while larger trades recovered more gradually. That pattern may hold in 2026 as buyers favor smaller assets with lower financing hurdles and properties over 200,000 square feet contend with higher vacancy. Rising institutional interest in small-bay assets should also deepen liquidity in this segment, supporting pricing and improving exit options for private investors. Having proven the ability to attract capital during uncertainty, industrial properties should remain well positioned. Relative pricing may reinforce that trend, as industrial values have adjusted to higher interest rates while public equity multiples remain elevated, leaving the gap between the implied industrial cap rate multiple and the S&P 500 earnings multiple at its widest level since 2000.

Onshoring broadens investment opportunities. Tenant demand for manufacturing space is rising as firms seek tighter supply-chain control, lower geopolitical risk, and shorter lead times, while automation eases labor constraints. Deregulation, tax incentives, and tariffs are also encouraging onshoring, with major investments planned across sectors like semiconductors, pharmaceuticals, and aerospace. For real estate investors, this creates an opportunity to enter early in a potential manufacturing upcycle if these announcements come to fruition. Manufacturing sales already rose 19 percent over the year ended in March, outpacing warehouse and distribution assets, while often-higher cap rates and stickier tenancy add to the segment's appeal. Smaller manufacturers stand to benefit from both direct production growth and supplier roles tied to larger plants, while rising storage and logistics needs may also support nearby warehouse and distribution assets. The best-positioned markets should be in the Sun Belt and select Midwest metros with deep labor pools and development capacity.

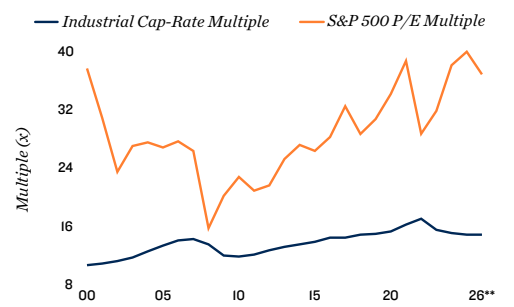
2026 INVESTMENT OUTLOOK

- **Smaller metros set sales records.** More than 10 major markets set local highs for investment activity last year, led by Dallas-Fort Worth but otherwise concentrated in historically smaller industrial metros, suggesting investors are pursuing assets tied to regional distribution and infill logistics rather than national freight flows.
- **Investors target value-add deals.** High-vacancy trades rose 23 percent over the year ended in March, as buyers pursued upside through retenanting, upgrades, or operating efficiencies. These assets may remain appealing as a lower basis helps offset elevated borrowing costs, while fewer deliveries reinforce lease-up confidence.
- **Tight suburbs sustain small-bay demand.** Small-bay investors may stay more focused on suburban nodes, where highway access and proximity to expanding population centers appear to be supporting tighter conditions than in urban locations, with segment vacancy at 4.2 percent in March versus 5.6 percent for urban assets.

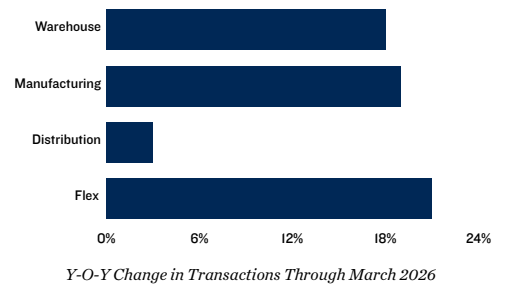
Smaller Deals Drive Investment Momentum



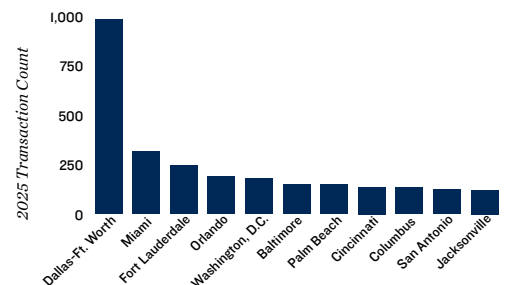
Industrial Discount to Equities Widens



Distribution Lags Warehouse and Manufacturing



11 Markets Set Local Sales Records



* Trailing 12 months through March

** Data as of March

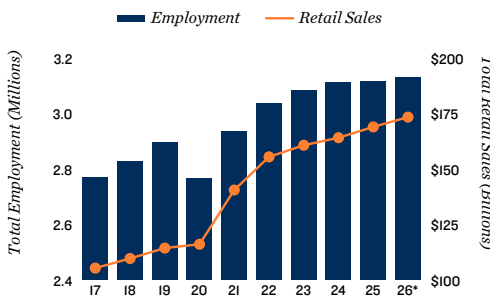
ATLANTA

Demand Drivers Intact as Supply Pressures Ease, Although Vacancy Still Elevated

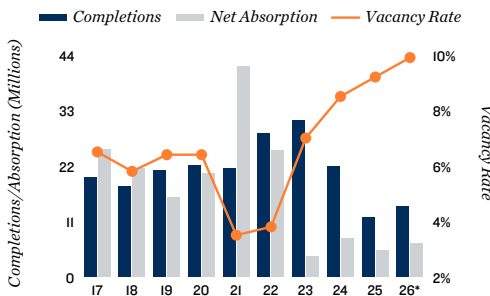
Tenants navigate recent supply wave. Steady population growth of roughly 1.3 percent annually since 2008 continues to support demand for last-mile logistics and distribution space. At the same time, Georgia's business-friendly tax climate and continued freight investment should help sustain industrial demand, reinforcing Atlanta's standing as a leading production hub. Together with a limited development slate, these trends should help offset some of the softness tied to the 2019-2024 supply wave, when inventory expanded 18 percent. Vacancy, however, is still projected to rise modestly in 2026 as about two-thirds of the incoming pipeline remains speculative. South Atlanta may face greater pressure as deliveries climb 28 percent this year, while new supply in the Interstate 20 East Corridor drops steeply, potentially allowing vacancy to fall below 10 percent. In the northeastern metro, the Blue Ridge Connector's opening in May should improve rail access to the Port of Savannah and strengthen freight connectivity, supporting demand in Gainesville and nearby nodes such as Jefferson over time.

Infrastructure investment shapes capital allocation. Georgia's total trade volume increased 5.8 percent in 2025, elevating the state to the seventh-largest trading market nationally. That backdrop should support investor demand for industrial assets, particularly as the Georgia Port Authority continues its \$4.5 billion, 10-year expansion of the ports of Savannah and Brunswick, increasing long-term cargo capacity. As such, warehouses and distribution centers along major trade routes in Atlanta remain well positioned to attract capital. Deal flow in 2025 reflected this outlook, rising 11 percent year-over-year, with most activity concentrated along the I-85 Northeast Corridor, I-75 Northwest Corridor, and South Atlanta — a trend likely to continue into 2026.

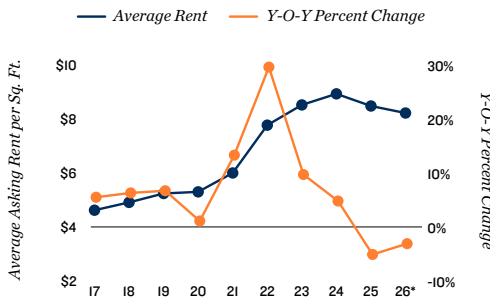
Economic Trends



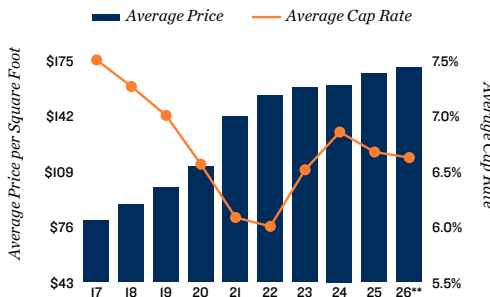
Supply and Demand



Rent Trends



Sales Trends



2026 MARKET FORECAST

NIPI RANK 31 *Despite tailwinds from the Port of Savannah, near-term vacancy will remain soft, weighing on Atlanta's ranking this year.*

+0.5% **EMPLOYMENT:** Roughly 15,000 jobs will be created on net this year, marking a material improvement from last year's stagnation. Still, this hiring represents only 35 percent of the long-term mean.

14 million sq. ft. **CONSTRUCTION:** Completions in 2026 will slightly increase relative to 2025, though they will remain about 35 percent below the prior 10-year average. Inventory will expand by just 1.7 percent.

+70 bps **VACANCY:** Availability will rise to 9.9 percent this year, matching last year's pace. South Atlanta and Gainesville may face the most near-term pressure, as they account for over half of 2026 deliveries.

-3.1% **RENT:** Increasing vacancy should put downward pressure on the average asking rent, which is projected to fall to \$8.20 per square foot. This level will be about 8 percent below its 2024 peak.

INVESTMENT: *Rising cargo volumes at Hartsfield-Jackson Atlanta International Airport could support nearby industrial facilities, especially as the airport advances plans to expand cargo capacity.*

* Forecast ** Through 1Q
Sources: CoStar Group, Inc.; Real Capital Analytics

Tech Titans Expand Their Presence While Small-Footprint Warehouses Trade Frequently

Supply concentration tests submarket momentum. Amid broad new supply pressures, certain submarkets stand out. Georgetown recorded the most absorption relative to its inventory, despite posting the highest local vacancy rate due to a large supply wave in 2023. Although not as extreme, Hays County could face similar pressures, as its 2026 completions are expected to nearly quadruple those of the previous year. This suggests local vacancy will increase after Hays County entered 2026 with the rate roughly 600 basis points higher than the previous quarter, and the submarket recording net relinquishment. Other submarkets, such as northeast and southeast Austin, improved heading into 2026, with both posting vacancy declines in the first quarter. However, performance may diverge over the remainder of the year, as northeast Austin is slated to receive only about 2 percent of the active pipeline, compared with roughly 14 percent in southeast Austin.

Trading activity accelerates as private capital targets smaller warehouses. Despite experiencing the largest decrease among major markets, Austin is expected to maintain its premium pricing among major Texas metros, as transaction activity continues to grow year-over-year in the first quarter of 2026. Warehouse and distribution centers accounted for most sales, with activity concentrated in Hays County and southeast Austin. Most warehouses sold were under 50,000 square feet, as demand for last-mile delivery grows. While most of the capital originated with institutions, private buyers comprised roughly half of all transactions, targeting northern and southern submarkets with strong access to Interstate 35. Given their strategic connection to other major metros, these locations should continue to attract investor interest.

2026 MARKET FORECAST

NIPI RANK 32

Despite growth in labor and consumer-driven demand, supply pressure will weigh on the already high vacancy in the ranking.

+1.3%



EMPLOYMENT: The metro's employment base is expected to recover, expanding by 18,000 positions by the end of 2026, though it will remain less than half of the trailing decade's average.

7.5 million sq. ft.



CONSTRUCTION: Total inventory will grow by about 5.2 percent amid the lowest construction level since 2021, with the Samsung Semiconductor facility accounting for about 2.8 million square feet.

+130 bps



VACANCY: Higher completion levels relative to pre-pandemic norms will continue to pressure vacancy, increasing the metro's vacancy rate to 16.7 percent by year's end, the highest on record.

-3.3%

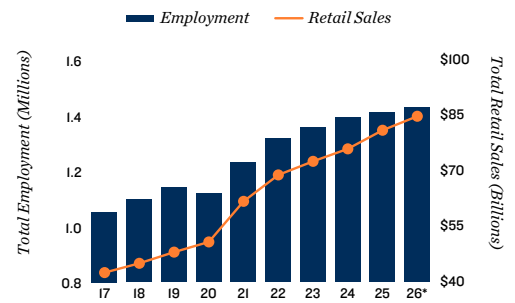


RENT: Continued increases in vacancies will push the average asking rent down to \$13.60 per square foot, though it will remain the highest among major Texas metros.

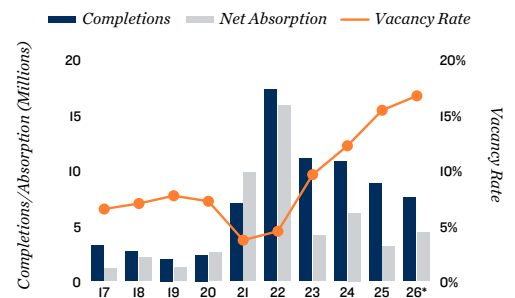
INVESTMENT:

Tesla Inc. announced its entry into semiconductor manufacturing, unveiling plans for a \$25 billion Terafab facility in Austin and signaling future potential demand for supplier-adjacent industrial space.

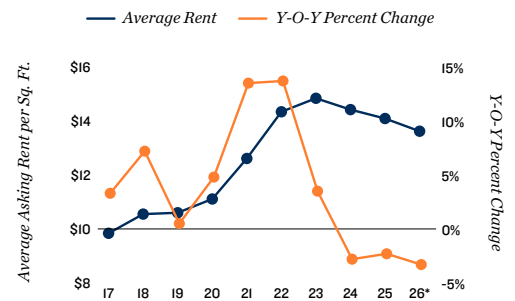
Economic Trends



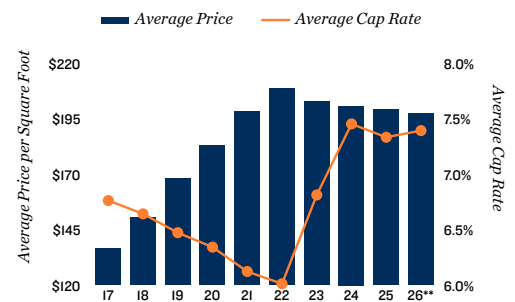
Supply and Demand



Rent Trends



Sales Trends

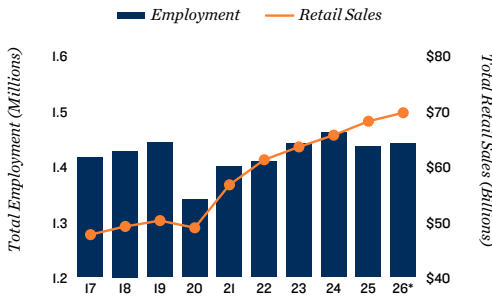


* Forecast ** Through 1Q
Sources: CoStar Group, Inc.; Real Capital Analytics

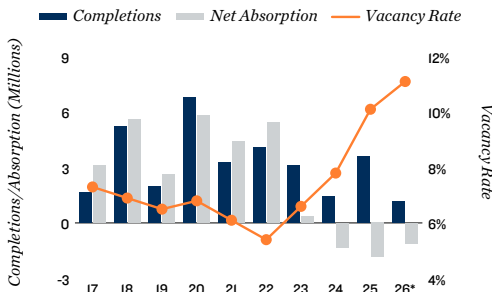
BALTIMORE

Infrastructure Upgrades Support Recovery Despite Near-Term Headwinds

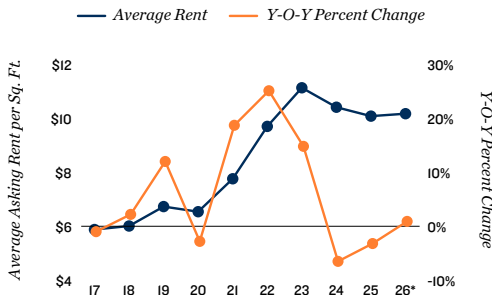
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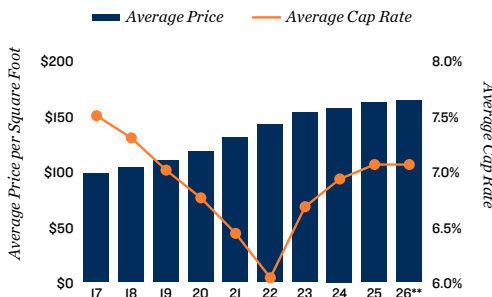
Supply and Demand



Rent Trends



Sales Trends



Improving leasing could signal stabilizing demand. While Baltimore continued to record negative absorption in early 2026 — a pattern observed in six of the past eight quarters — leasing activity has increased modestly over the 12 months ended in March across both large- and small-bay properties. This trend suggests stabilizing demand, though ongoing footprint optimization and isolated move-outs will continue to limit net absorption. Harford County remains the weakest East Coast submarket in terms of net space relinquishment in early 2026. At the same time, metrowide deliveries this year are largely speculative and remained unleased as of March. Several projects in Southern Anne Arundel County and Columbia are set to deliver, each adding more than 5 percent to local inventory in those submarkets, reinforcing that a broader recovery will depend on the pace of the return of large-bay demand.

Investors continue to focus on major cargo nodes. Baltimore’s position along the Mid-Atlantic corridor is supporting targeted infrastructure investment, particularly around key logistics hubs. Ongoing improvements at Baltimore/Washington International Airport include expanded baggage handling capacity delivered in January and longer-term runway expansion planning. As a result, the Route 1-BWI submarket recorded the strongest growth in industrial sales volume over the 12 months ending in March compared with other areas in the metro. In addition, the Port of Baltimore set record cargo volumes and vessel calls in 2025 following its recovery from the Francis Scott Key Bridge collapse. Transaction activity near these core logistics nodes should remain a focal point going forward, as investors prioritize locations with durable infrastructure advantages and consistent freight demand drivers.

2026 MARKET FORECAST

NIPI RANK 34 *Elevated vacancy rates and slow population growth keep the metro near the end of this year’s rankings.*

+0.3% **EMPLOYMENT:** After recording net job losses last year, Baltimore should return to growth in 2026. The addition of 5,000 jobs will be on par with the metro’s trailing 10-year average.

1.1 million sq. ft. **CONSTRUCTION:** As construction slows nationwide, deliveries in the metro are projected to fall to their lowest annual total since 2012, expanding inventory by just 0.5 percent.

+100 bps **VACANCY:** Continued net space relinquishment is expected to push vacancy higher despite easing supply pressure, with the rate projected to reach 11.1 percent by year-end.

+0.9% **RENT:** Rents will improve to \$10.15 per square foot by the end of this year, ending a two-year decline. The market will remain among the most affordable across major East Coast metros.

INVESTMENT: *While options for deploying capital can be limited at times, the Owings Mills-Pikesville-Woodlawn area’s recent vacancy declines and strategic connectivity could draw increased investor attention.*

* Forecast ** Through 1Q
Sources: CoStar Group, Inc.; Real Capital Analytics

Less Space Demand Attrition Helping Vacancy to Plateau as Supply Pressure Remains Limited

Boston poised for stabilization this year. While the market's supply pressure eased notably in 2025, contributing to the smallest vacancy increase in three years, the metro also recorded its highest level of net space relinquishment since 2004, partially because larger tenants remained cautious after rapid expansion in prior years. In 2026, vacancy and rent should stabilize further. The trend is expected to be most evident in submarkets along Route 128, which recorded the metro's largest vacancy increases last year. The corridor's comparatively large share of mid-box and flex inventory contributed to weaker performance. However, further stabilization is likely as tenant footprint optimization eases and leasing activity in the first quarter of 2026 improves from prior-year levels. A similar dynamic is expected along Route 495, where a larger concentration of big-box space also contributed to elevated net space relinquishment last year. Conditions there should start to improve as well, particularly if manufacturing sector performance strengthens.

Investment activity improves across the metro. Transaction velocity rose 20 percent in Boston last year, led by the Route 495 Northeast submarket around Andover-Amesbury, where sales increased 50 percent, highlighting continued investor interest despite recent operating softness. Land constraints remain a defining factor across the metro, especially in urban submarkets and their immediate surroundings. Intown Boston recorded the only year-over-year vacancy decline last year, while limited modern inventory in first-ring suburbs continues to support pricing for well-located assets. These conditions should continue to support demand for last-mile assets and long-term investor confidence overall in one of the nation's highest-income metros.

2026 MARKET FORECAST

NIPI RANK 26

Job market softness and slow population growth keep Boston in the bottom third of this year's rankings.

-0.3%



EMPLOYMENT: After recording the metro's largest job loss since 2020 last year, Boston will see less of a contraction this year, losing about 8,000 positions on net.

3 million sq. ft.



CONSTRUCTION: Deliveries will remain at levels similar to 2025. Adding 0.6 percent to inventory, the metric is notably lower than the metro's prior decade average of 0.9 percent annually.

+60 bps



VACANCY: While supply pressure is limited this year, ongoing net space relinquishment will push the vacancy rate to 9.3 percent, the highest level in the metro since late 2012.

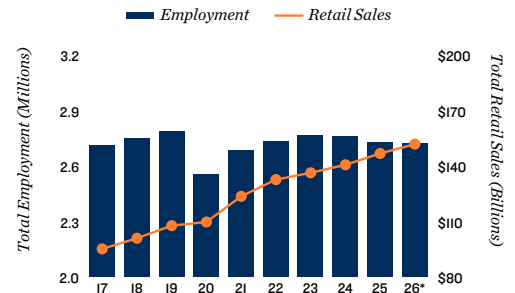
+0.1%



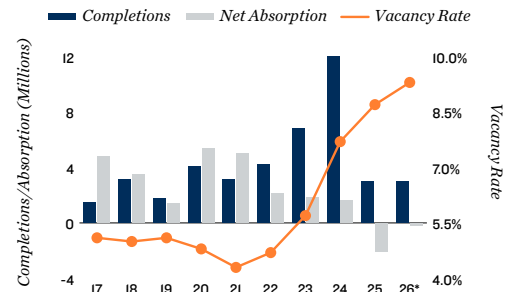
RENT: Rising vacancies continue to weigh on rent growth. The average asking rent is expected to tick up slightly this year, reaching \$12.05 per square foot by December.

INVESTMENT: *Massport's multiyear capital program includes upgrades at Conley Terminal aimed at improving freight efficiency, which could support stronger logistics-oriented tenant demand over the long term.*

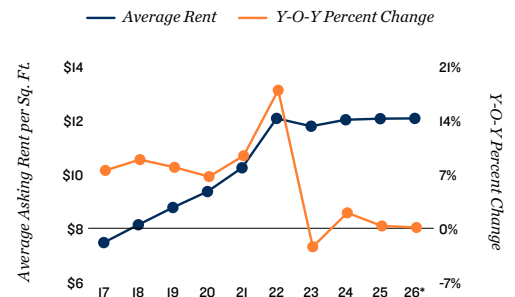
Economic Trends



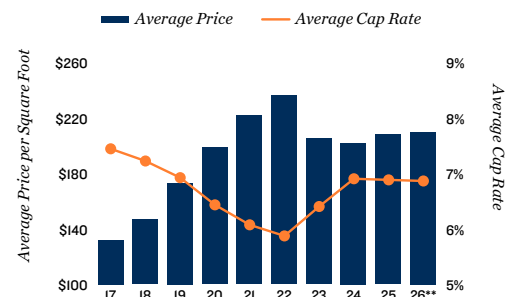
Supply and Demand



Rent Trends



Sales Trends



* Forecast ** Through 1Q
Sources: CoStar Group, Inc.; Real Capital Analytics

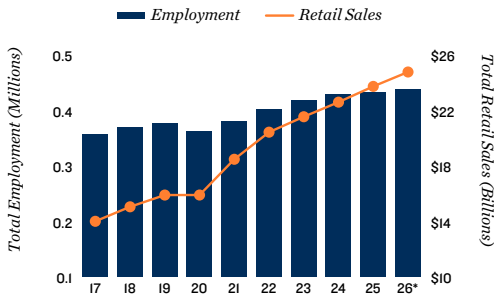
CHARLESTON

Big-Box Leasing Returns Vacancy to Downward Trajectory, Keeping Investors Engaged

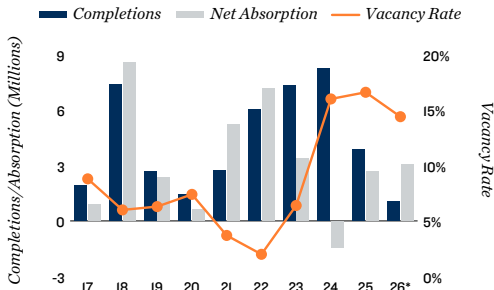
Slowing development coincides with rising port volumes. Between 2022 and 2025, Charleston's industrial stock expanded by nearly 35 percent, representing growth roughly in line with the previous decade. This wave of new supply is expected to subside in 2026, however, as the metro anticipates its smallest delivery slate since 2014. Meanwhile, quarterly net absorption has been consistently positive since the start of 2025, following more than 1.4 million square feet of net relinquishment the year prior. Much of this rebound has been driven by strengthening demand for mid- to large-format distribution space, with properties over 50,000 square feet recording sharply improved absorption in late 2025 and early 2026. In contrast, properties from 10,000 to 20,000 square feet continue to face softening demand. Looking ahead, broader industrial activity will remain supported by the metro's ability to attract new business and by the South Carolina Ports system, which recorded year-over-year cargo volume growth in 2025, despite evolving trade policy uncertainty.

Key submarkets maintain investment appeal. Vacancy in the mid-11 percent range – the lowest among major submarkets – and strong transportation access, including proximity to Charleston International Airport, should focus trading on the North Charleston area in 2026. Here, warehouses – typically trading below \$5 million – accounted for more than two-thirds of transactions over the year ended in March, supported by improving net absorption in the segment in early 2026. Meanwhile, investors targeting manufacturing and distribution facilities at slight discounts to the aforementioned area have increasingly looked farther north to the U.S. Route 78 corridor in Dorchester County, which noted a sharply declining vacancy last year.

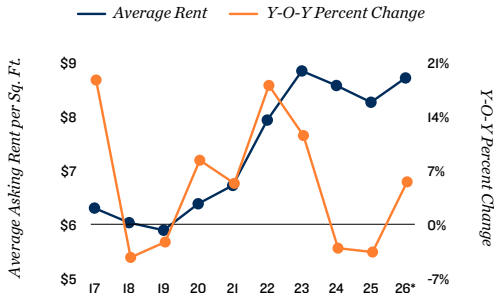
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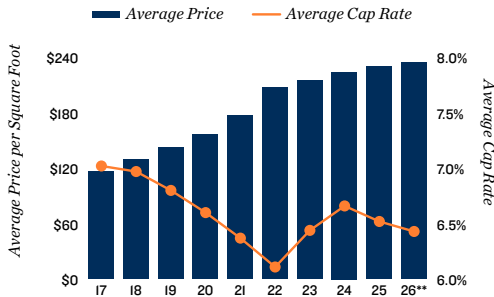
Supply and Demand



Rent Trends



Sales Trends



2026 MARKET FORECAST

NIPI RANK 6 *Rapidly declining vacancy and strong revenue growth place Charleston among the top 10 markets in the Index for 2026.*

+0.9% **EMPLOYMENT:** Charleston's employment growth remains below its 3.6 percent long-term average in 2026, yet the metro still ranks among the five fastest-growing major markets, adding 5,000 jobs.

1.1 million sq. ft. **CONSTRUCTION:** The 2026 delivery slate marks a sharp pullback from prior years, as inventory is projected to expand by just 1.1 percent, well below the trailing-decade average of 6.0 percent.

-220 bps **VACANCY:** Sharply declining construction coupled with steady net absorption helps drive the metro's vacancy down to 14.4 percent by year-end, still well above the long-term average of 8.7 percent.

+5.5% **RENT:** Tightening vacancy is expected to help the average asking rent return to growth in 2026, following two years of decline, pushing the rate up to \$8.70 per square foot in December.

INVESTMENT: *Elevated vacancy, coupled with the eighth-consecutive year of a top-10 population growth ranking among major markets in 2026, will likely support lease-up and mark-to-market strategies ahead.*

* Forecast ** Through 1Q
Sources: CoStar Group, Inc.; Real Capital Analytics

Larger, Recently Built Spaces See Accelerating Demand, Drawing Institutional Capital

Leasing trends remain bifurcated. Population and job growth continue to fuel a strong retail environment in Charlotte, driving the need for supply chain expansion and supporting last-mile delivery and warehouse demand. At the same time, vacancy remains well above pre-pandemic norms following a surge in construction, with the metro adding an average of over 10 million square feet of space during the past four years. While demand among larger spaces remained steady in early 2026, churn in pre-2000-built 10,000- to 50,000-square-foot spaces continues to weigh on overall net absorption. This is particularly true for the warehousing segment, where spaces over 50,000 square feet noted a strong rebound in demand in early 2026, while smaller spaces continued to see net relinquishment. Looking ahead, a slowdown in new supply – projected to fall below 4 million square feet in 2026, with few warehouses – may bring relief to small-bay properties. Nevertheless, recent leasing activity suggests that newer spaces over 50,000 square feet are the primary beneficiaries.

Higher-capital commitments accelerate. Transaction activity among properties priced from \$1 million to \$10 million declined for a fourth consecutive year in 2025, while assets over \$10 million recorded their most active year on record. This divergence, in part, reflects an uptick in institutional engagement, with investors increasingly targeting larger distribution and warehouse facilities. Activity will likely remain concentrated near key transportation nodes, including the Interstate 485 and 77 interchange and Charlotte Douglas International Airport, where local vacancy remains near 8.0 percent. Meanwhile, Iredell County’s standout population growth should continue to attract private capital, particularly for small-bay warehouse assets.

2026 MARKET FORECAST

NIPI RANK | *Top-tier employment and population growth, coupled with declining vacancy, support Charlotte’s premier placement.*

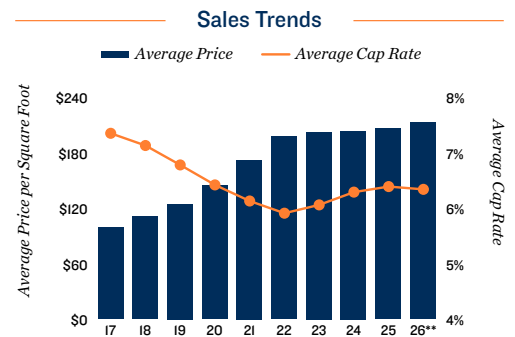
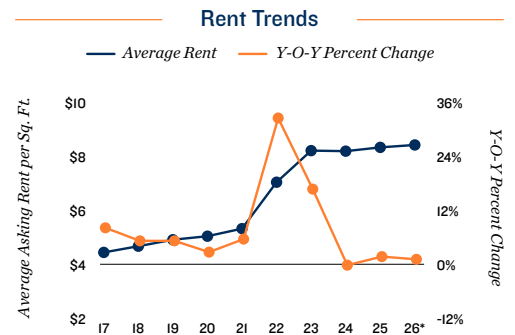
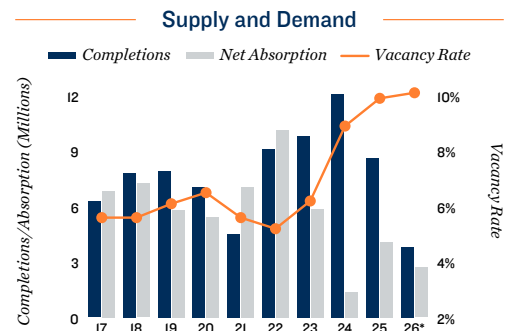
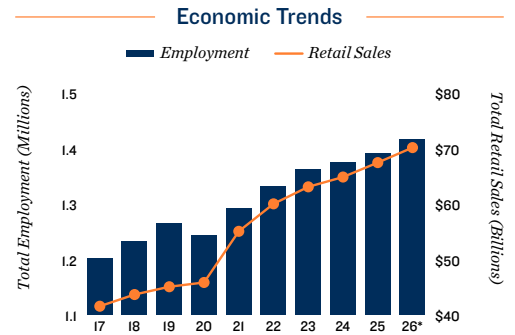
+1.3% **EMPLOYMENT:** Charlotte’s job growth improves slightly in 2026 to 18,000 positions, as the metro is projected to post the fastest growth rate among major markets for a second straight year.

3.8 million sq. ft. **CONSTRUCTION:** The development pipeline thins to less than half of the trailing decade’s annual average as the metro’s inventory is forecast to expand by 1.0 percent in 2026.

+20 bps **VACANCY:** Slowing deliveries help temper vacancy pressure. By year-end, the rate is forecast to reach 10.1 percent, 390 basis points above the 2015-2019 average.

+1.1% **RENT:** Asking rent growth decelerates slightly in 2026 as the metro’s average reaches \$8.50 per square foot. Still, this pace of growth trails the long-term average of 3.6 percent.

INVESTMENT: *Union County remains one of the nation’s tightest submarkets, with over 15 million square feet of inventory, and its status as one of the state’s fastest-growing counties supports investor demand.*

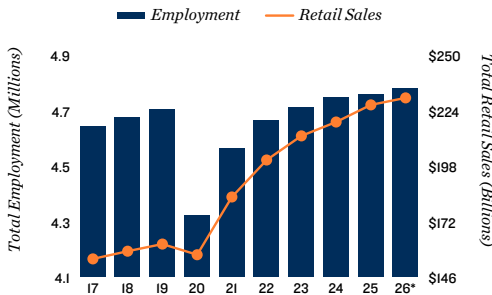


* Forecast ** Through 1Q
Sources: CoStar Group, Inc.; Real Capital Analytics

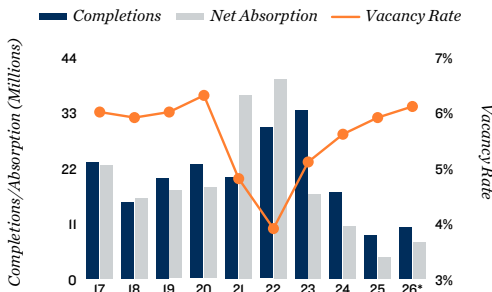
CHICAGO

Growing Segments of Demand and Slow Expansion of Inventory Cool Upward Vacancy Trajectory

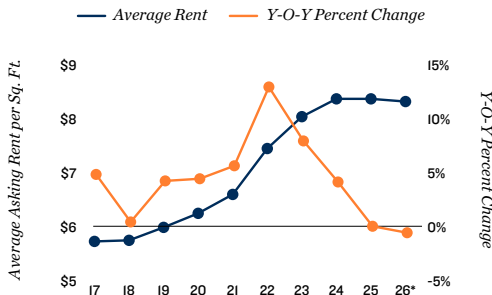
Economic Trends



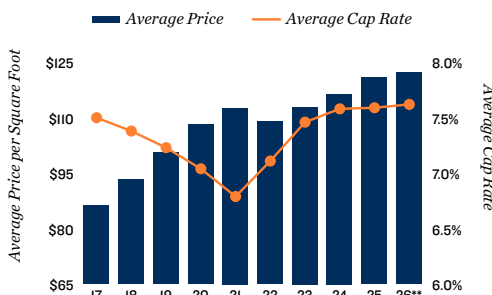
Supply and Demand



Rent Trends



Sales Trends



Tenants favor large-bay assets. Total square footage leased rose roughly 15 percent in 2025 after three consecutive years of deceleration from the 2021 peak, supported by big-box demand near Joliet, Bolingbrook, and Chicago O’Hare International Airport. Even so, first-half move-outs, particularly among small-bay users, contributed to higher local vacancy and softer asking rents. This mirrored the broader metro trend, where consecutive quarters of net space relinquishment through June 2025 – the first such stretch since 2009 – subdued year-end net absorption. Still, tenants appear willing to make meaningful commitments, with average lease size surpassing 40,000 square feet in the first quarter of 2026 for the first time in more than two years, while net absorption posted its strongest opening quarter since 2022. While broader economic uncertainty may weigh on 2026 demand, slower supply growth relative to 2020-2024 should limit vacancy growth, even as half the pipeline remained unclaimed as of April.

Select submarkets poised to receive greater attention. Deal flow increased through 2025, with both small- and large-bay assets trading more frequently. Small-bay properties are likely to remain the preferred target, given lower entry costs and tighter vacancy. However, relinquishment in small footprints relative to absorption in large-bay products could draw buyers with sufficient capital into the latter segment. Blue Island-Chicago Heights may see greater investor interest following the opening of the OmniTRAX multimodal logistics hub. Vacancy near 4 percent, together with added rail connectivity, should enhance the submarket’s appeal. In Kenosha County, Eli Lilly’s manufacturing expansion will open in mid-2026, which may draw logistics investment to the node after a triple-digit vacancy decline over the 12 months ended March 2026.

2026 MARKET FORECAST

NIPI RANK 15 *Slow household formation weighs on Chicago’s ranking, while vacancy below the national mean keeps it in the upper half.*

+0.5% **EMPLOYMENT:** The metro’s labor force is expected to grow by about 22,000 positions, a strong increase relative to 2025’s tally, though only about half the 2014-2019 annual average.

10.2 million sq. ft. **CONSTRUCTION:** Inventory will expand by about 0.8 percent year-over-year, with roughly half of this year’s incoming pipeline located along the I-88 West and I-55 Southwest Corridors.

+20 bps **VACANCY:** Though local vacancy will rise to 6.1 percent, it will still be the fifth-lowest rate among major U.S. markets. This measure is 160 basis points below the metro’s average vacancy since 2000.

-0.6% **RENT:** Chicago’s mean marketed rate will fall to \$8.30 per square foot, marking the second straight year without an increase as incoming supply has outpaced net absorption every year since 2023.

INVESTMENT: *AbbVie and Hyundai Translead’s major manufacturing investments underscore Chicago’s reshoring potential, reinforcing long-term confidence and supporting local logistics-oriented assets over time.*

* Forecast ** Through 1Q
Sources: CoStar Group, Inc.; Real Capital Analytics

Tenants Proceed Selectively as Fundamentals Regain Some Balance, Supporting Disciplined Deal Flow

Scant supply adds support. As of March 2026, Cleveland had the lowest vacancy rate among major U.S. markets, with net absorption turning positive in the first quarter after negative prints throughout 2025. Move-outs in light distribution and light manufacturing contributed to vacancy rising 80 basis points over the past 12 months, while leasing velocity softened before rebounding in early 2026. Sub-50,000-square-foot spaces have been the most stable, recording the smallest rise in vacancy amid new tenant commitments. In particular, leasing activity for well-located sub-25,000-square-foot warehouses in Cuyahoga Heights- Garfield Heights supported positive local net absorption. By contrast, big-box users grew more selective, as renewal activity increased and lease durations shortened. Elevated uncertainty surrounding trade policy and the Middle East conflict may keep tenant decision-making measured near term, especially for those with international supply chains. Still, limited new supply should lessen pressure on metrowide fundamentals while freight-related infrastructure upgrades at the Port of Cleveland may provide a modest long-term tailwind.

Capital targets well-leased assets. Deal flow has remained relatively stable since 2023, with private buyers driving most transaction activity. Investment in the southeast rebounded after a subdued 2024, with manufacturing assets attracting renewed interest, likely driven by the segment’s low vacancy. Small-bay properties also remained a favored target, as vacancy held below 3 percent, likely to continue drawing investors in 2026. This trend was especially evident along the shoreline between Painesville and the CBD, where investors targeted fully leased, pre-1990 warehouses, suggesting a preference for stable in-place cash flow and proximity to the Port.

2026 MARKET FORECAST

NIPI RANK 13 *Cleveland’s ranking benefits from one of the lowest vacancy rates nationally, supported by minimal inventory growth.*

+0.2% **EMPLOYMENT:** The local labor market is expected to expand slightly compared to last year. Roughly 2,000 positions will be added on net, likely driven by growth in the healthcare sector.

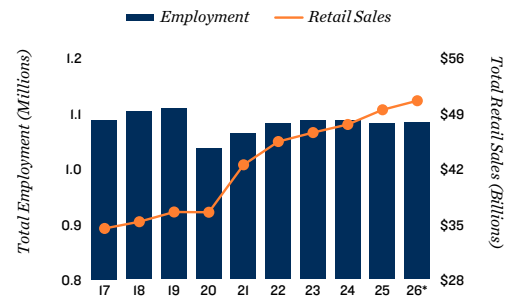
650,000 sq. ft. **CONSTRUCTION:** Inventory will expand by only 0.2 percent in 2026, its slowest pace since 2013. Most deliveries will occur in the second half of the year if current timelines hold.

+20 bps **VACANCY:** Vacancy will rise to 4.6 percent, a marginal year-over-year increase, but the year-end rate will nonetheless remain among the tightest nationally.

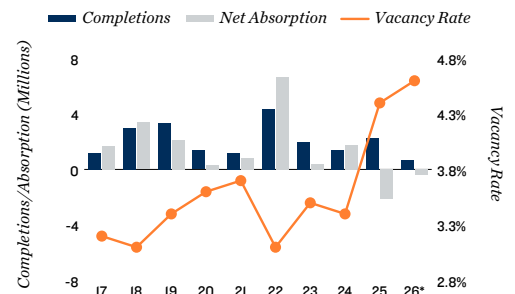
+1.6% **RENT:** Rent growth is expected to continue, albeit at a slower pace than the year prior, with the metrowide average asking rate rising to \$5.68 per square foot by the end of 2026.

INVESTMENT: *Medina County vacancy rose 230 basis points in 2025, topping 3 percent, but below-market pricing and still tight conditions may draw investors willing to accept near-term leasing risk.*

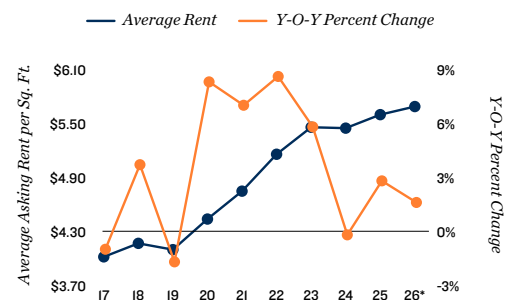
Economic Trends



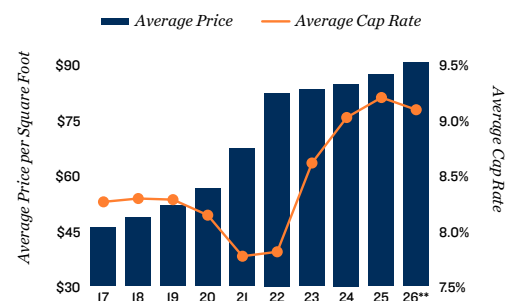
Supply and Demand



Rent Trends



Sales Trends



* Forecast ** Through 1Q

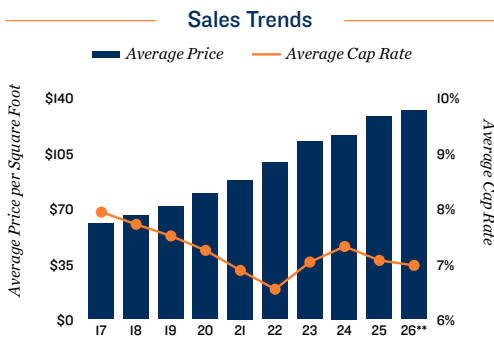
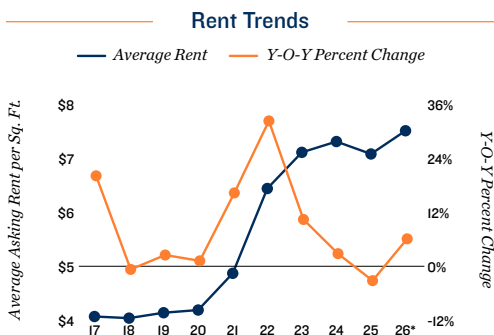
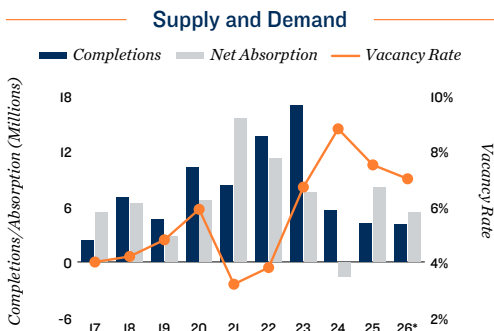
Sources: CoStar Group, Inc.; Real Capital Analytics

COLUMBUS

Large Tenant Expansions Help Draw Significant Influx of Institutional Capital

Vacancy declines as major commitments lead to absorption gains. Demand has begun to catch up with the large supply wave of the past four years, marking the first metrowide annual vacancy decline, with the rate falling about 180 basis points as of the first quarter of 2026. Much of the new demand was in Licking County, where the average new lease size was 400,000 square feet. Many of these leases were signed by notable names such as Kosch Logistics, Illuminate USA, Ryder Systems, and Meta, resulting in local vacancy dropping about 670 basis points to 2.8 percent. Along with a tapering supply pipeline, this momentum should put upward pressure on the average asking rent. Anduril recently completed its first manufacturing facility and anticipates completing the second building by year-end, totaling 1.7 million square feet in Pickaway County, just south of Rickenbacker International Airport. This could bring future demand from auxiliary industries in southeast Columbus and Pickaway County.

Influx of capital signals investor conviction as vacancy tightens. The average sale price per square foot rose by roughly 10 percent over the year ended in March as transaction activity continued to grow. Institutions expanded their presence with a significant increase in transactions over \$20 million, helping activity more than double. This ramp-up in institutional activity could signal long-term confidence in the market as Columbus is expected to remain one of the least vacant major metros in 2026. Warehouses continued to be favored by private and institutional investors, making up approximately 70 percent of transactions, with a strong concentration in southeast and northeast Columbus. These areas will likely remain the most active with their proximity to international airports and major interstates.



2026 MARKET FORECAST

NIPI RANK 8 Further vacancy decreases to a relatively low rate will place the metro among the top 10 markets in this year's ranking.

+1.3% **EMPLOYMENT:** The labor market is expected to rebound, adding a net of 15,000 positions. This addition will marginally exceed the previous 10-year annual average.

4.1 million sq. ft. **CONSTRUCTION:** Inventory will grow by 1.3 percent, marking the lowest level of completions since 2017. Outside Anduril's Arsenal-1, Licking County will receive the bulk of the new supply.

-50 bps **VACANCY:** With the pipeline tapering, the vacancy rate edges down to 7.0 percent by year-end 2026. However, this remains about 210 basis points above the 2015-2019 average.

+6.1% **RENT:** After two years of vacancy decreases, the average asking rent will move higher to \$7.50 per square foot, establishing a new record high for the metro.

INVESTMENT: Licking County and northeast Columbus rank among the three least-vacant submarkets nationwide, with over 40 million square feet of inventory, which could increase competition for listings.

* Forecast ** Through 1Q
Sources: CoStar Group, Inc.; Real Capital Analytics

Vacancy Compression Continues as New Supply Shrinks Amid Renewed Private Investor Confidence

Tapering construction and leasing activity tightens vacancy. New supply continues to temper, supporting a modest decline in vacancy as of the first quarter of 2026. This was especially apparent in South Dallas. There, vacancy fell roughly 450 basis points year-over-year to about 7.3 percent, supported by larger leases, with average commitments above 100,000 square feet, such as Google committing to two warehouses totaling 2 million square feet. The area around the Dallas-Fort Worth International Airport also saw vacancy decline to 10.7 percent, helping push the local average asking rent up roughly 11 percent to \$11.60 per square foot. Vacancies may continue to compress, as first-quarter 2026 leasing activity nearly doubled last year's level alongside a sharply shrinking construction pipeline. Despite lower rents, Fort Worth submarkets maintain tighter vacancy, led by the greater southwest Arlington area at 8.2 percent, as demand rebounds after two years of net relinquishment. However, new supply on the Fort Worth side is expected to test near-term resilience.

Private investors fuel metrowide transaction growth. Trading increased by roughly 40 percent year-over-year as of the first quarter of 2026, driven primarily by a nearly 50 percent rise in deals in the \$1 million to \$10 million range, signaling renewed private investor confidence. Private buyers accounted for more than half of all industrial trades. Nearly three-quarters of that activity was in warehouses and distribution facilities, underscoring sustained demand for functional, small- to mid-bay assets. South Stemmons and northeast Dallas led activity, with both posting vacancy rates below 10 percent. Their proximity to major interstates and airports positions them to continue capturing substantial investor interest in warehouses and distribution.

2026 MARKET FORECAST

NIPI RANK 3

Demand drivers continue to compress vacancy and support revenue growth, earning the metroplex a top-three spot.

+0.9%

EMPLOYMENT: Despite reaching only one-third of the 2015-2019 average, this year's job gains will rank as the highest among major metros, adding 40,000 jobs on net.

15 million sq. ft.

CONSTRUCTION: Completions are projected to reach their lowest level since 2013, expanding inventory by about 1.5 percent, despite ranking as the second-largest delivery slate among major metros.

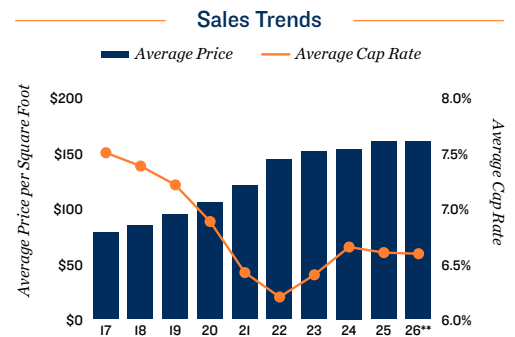
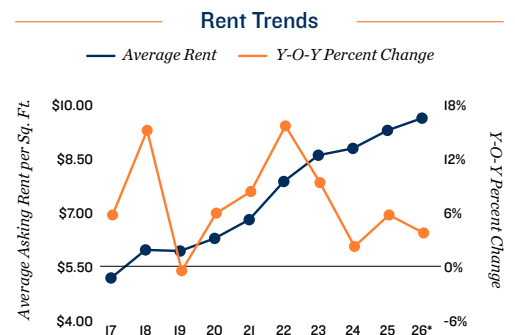
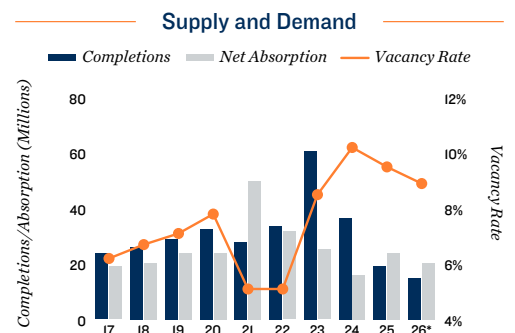
-60 bps

VACANCY: Although not enough to reverse the increases incurred in 2023 and 2024, a tapering supply pipeline will support a vacancy decrease to 8.9 percent, the lowest rate in three years.

+3.7%

RENT: The decrease in vacancy will help the average asking rent edge higher to \$9.40 per square foot, although Dallas-Fort Worth remains the most cost-effective major Texas metro.

INVESTMENT: *South Stemmons' construction pipeline is expected to shrink significantly, positioning well-located investors for vacancy tightening and rent growth, given its strategic location near two major airports.*



* Forecast ** Through 1Q
Sources: CoStar Group, Inc.; Real Capital Analytics

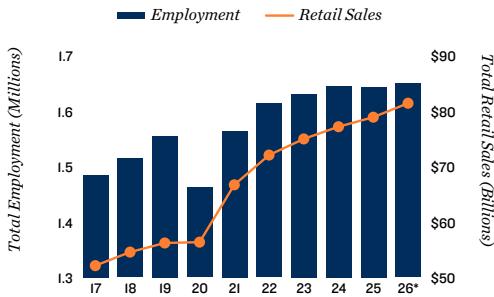
DENVER

Larger-Format Leasing Centers on Northeast Denver as Private Capital Takes Larger Share of Deals

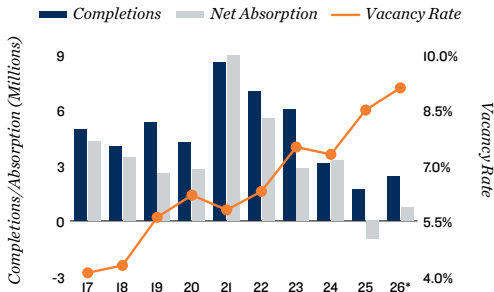
Demand poised to recover after a fragmented year. Denver posted negative net absorption over the past year as companies exited the region, including the Heibar manufacturing plant, contributing to overall softening in fundamentals. Despite metro-wide weakness, north and northeast Denver stood out, each recording year-over-year vacancy declines of more than 150 basis points in the first quarter of 2026. However, performance diverged as northeast Denver entered 2026 with net relinquishment in the first quarter, while north Denver vacancy continued to shrink. More recently, leasing activity has shown signs of improvement. First-quarter volume was roughly one-third higher than a year earlier, with the average commitment size near 15,000 square feet, alongside larger commitments from firms such as Crusoe's. That tenant will use its northeast Denver warehouse to produce transportable mini data centers. This leasing momentum should support a moderate rise in vacancy metrowide.

Private capital anchors market liquidity. Transaction activity rose roughly 27 percent year-over-year as of March 2026, driven primarily by increased private investor participation. Institutions remained net sellers and selective. Looking ahead, private capital is expected to lead investment volume, as the average cap rate has risen by about 150 basis points since 2022, making it the highest in the mountain region. Warehouses accounted for nearly 70 percent of trades, particularly along east Denver's Interstate-70 Corridor, where strong interstate access, proximity to Denver International Airport, and sub-9 percent vacancy should continue to support deal flow. Future transactions are likely to remain skewed toward smaller-format properties, with an average deal size near 50,000 square feet, aligning with private investor preferences.

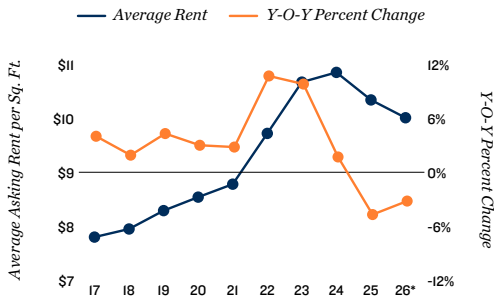
Economic Trends



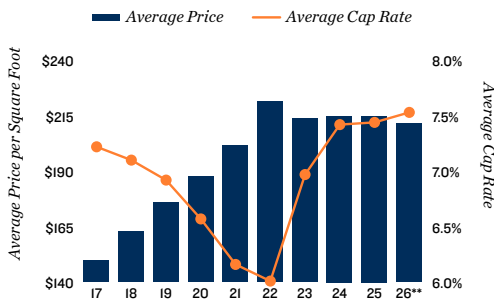
Supply and Demand



Rent Trends



Sales Trends



2026 MARKET FORECAST

NIPI RANK 25 *Selective tenants will drive vacancy higher, pulling on revenues, placing Denver in the lower half of this year's Index.*

+0.4% **EMPLOYMENT:** Despite year-over-year improvement, Denver's labor market will add only 7,000 jobs on net, roughly 30 percent of the previous 10-year average.

2.4 million sq. ft. **CONSTRUCTION:** The new supply pipeline remains muted, with inventory growing by 1.0 percent, roughly half the average pace during 2015-2019.

+60 bps **VACANCY:** As demand renews, vacancy increases are projected to minimize, with the rate edging up to 9.1 percent. However, this marks the highest vacancy in nearly two decades.

-3.2% **RENT:** Increasing vacancy will apply pressure to asking rents, inching the average down to \$10.00 per square foot, marking one of the largest decreases among all major U.S. metros.

INVESTMENT: *Pepsi's 1.2 million-square-foot factory, expected to come online in Northeast Denver this year, may support incremental spillover demand for nearby small- to mid-bay distribution and warehouse space.*

* Forecast ** Through 1Q
Sources: CoStar Group, Inc.; Real Capital Analytics

Auto-Sector Pressures Reshape Demand, While User Activity Supports Pricing Resilience

Motor-vehicle-related headwinds temper demand, though core fundamentals hold.

Detroit's industrial market is adjusting to near-term automotive restructuring driven by tariffs, reduced EV incentives, intensifying foreign competition, and the potential expansion of defense manufacturing. These dynamics have contributed to layoffs and facility closures, resulting in metrowide net relinquishment. Even so, fundamentals remain relatively resilient, with vacancy holding at 5 percent as of March 2026. Despite recent headwinds, northeast Detroit and Down River are the only two submarkets as of March 2026 to post a year-over-year decrease in vacancy. Despite this, these submarkets will likely continue to experience relinquishment, which will apply upward pressure to vacancy rates. Recent corporate investments suggest a marginal path of recovery, as automakers increasingly participate in reshoring initiatives, such as Stellantis' megahub set to open in 2027, GM's announcement to invest \$4 billion in its U.S. manufacturing, and Ford's continued expansion of its headquarters in Dearborn.

Valuation remains resilient as user activity rises. The average sale price per square foot rose by 4.4 percent year-over-year as of March 2026, supporting the investment prospectus despite softer deal flow. Trading was concentrated along the Interstate-96 Corridor. Activity there more than doubled, led by warehouse and manufacturing transactions, positioning the area as a near-term liquidity focus. While private investors remained the most active, user acquisitions were up more than 50 percent, mostly in Troy and near the airport, and primarily involving warehouses and factories. Growth in owner-occupied purchases points to more durable occupancy. With early 2026 user transactions marginally outpacing the prior year, momentum may continue.

2026 MARKET FORECAST

NIPI RANK 16

Despite net relinquishments eroding revenue growth, low vacancy and a limited pipeline give Detroit a middle ranking.

+0.2% 

EMPLOYMENT: Despite recent losses in manufacturing, trade, and transportation, the metro is expected to add 5,000 jobs on net in 2026, translating into growth that lags the national average.

1.4 million sq. ft. 

CONSTRUCTION: Inventory growth will decline to 0.2 percent, marking the lowest level of construction since 2014. Oakland County will welcome the bulk of the new supply.

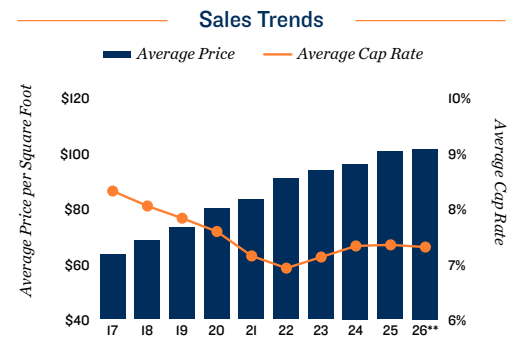
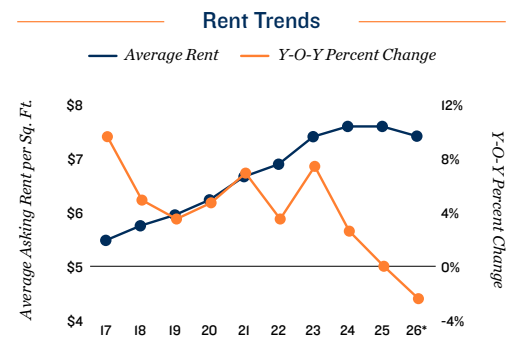
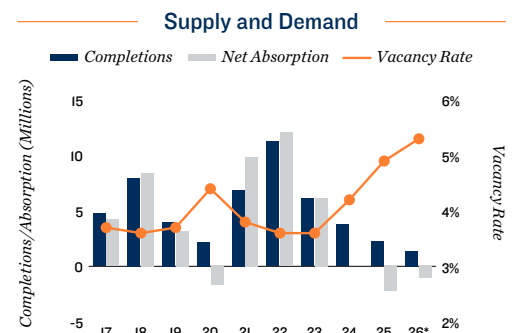
+40 bps 

VACANCY: Fewer projects will help slow the pace of vacancy expansion. Still, the metro's rate will rise to 5.3 percent, the highest level since 2015.

-2.4% 

RENT: The average asking rent will retreat for the first time in over a decade to \$7.40 per square foot. This will remain the third-highest average asking rent among Midwest markets.

INVESTMENT: *The completion of GM's 715,000-square-foot factory for Piston Automotive in Oakland County could drive incremental spillover demand for nearby warehouse space along Interstate 75.*



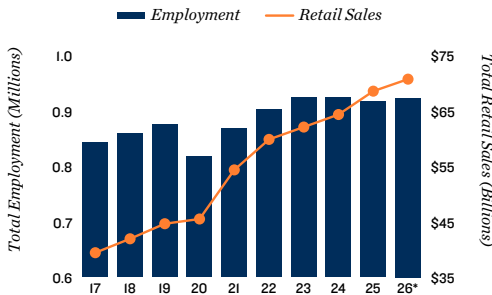
* Forecast ** Through 1Q

Sources: CoStar Group, Inc.; Real Capital Analytics

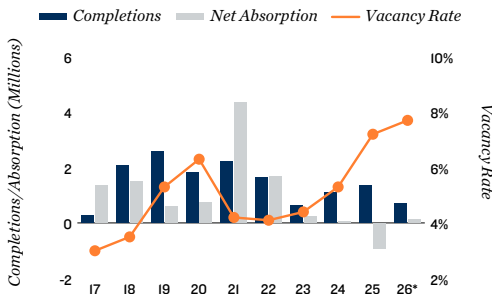
FORT LAUDERDALE

Strong Consumer Spending Supports Record Small-Bay Leasing Despite Ongoing Headwinds

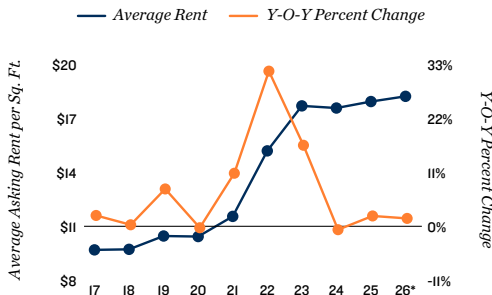
Economic Trends



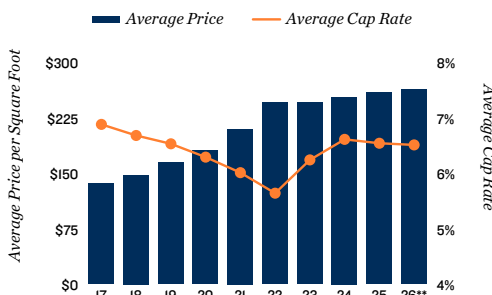
Supply and Demand



Rent Trends



Sales Trends



Demand for smaller warehouses helps offset large-block caution. Vacancy rose over 100 basis points in most submarkets in the year ended March amid heightened new supply, broad tenant move-outs, and weaker big-box leasing, with the greatest pressure in West Sunrise and Pompano Beach. Nevertheless, leasing at properties under 50,000 square feet increased about 30 percent in 2025 to a record of roughly 2.8 million square feet, underscoring growing small-bay demand. Fort Lauderdale's 6.7 percent annual retail sales growth, the strongest among major markets in 2025, supported warehouse demand near dense population centers such as Central and Southeast Broward. This dynamic should support backfilling of small-bay spaces, while completions in 2026 falling by about half from last year should also help contain vacancy at larger properties. Even so, soft hiring and rising oil prices could temper spending, potentially slowing leasing and keeping tenants hesitant to make large commitments.

Multi-tenant infill assets remain a defensive play amid uncertainty. Sales activity rose more than 50 percent over the past year to a record high, driven by increased institutional and private investment. The metro's average cap rate also declined for the first time since 2022, falling 10 basis points to 6.5 percent and signaling firmer pricing. While momentum carried into early 2026, a potentially prolonged oil shock may delay deal flow, particularly for larger manufacturing and distribution assets. Investment in small-bay, multi-tenant warehouses should remain more resilient, supported by a diversified tenant base and vacancy below 6 percent, compared with nearly 9 percent for larger properties. Urban infill assets in locations such as Central Broward are likely to stay popular due to their proximity to consumers and limited new supply competition.

2026 MARKET FORECAST

NIPI RANK 18 *Rising vacancy places Fort Lauderdale near the middle of the Index, even as strong retail sales support warehouse demand.*

+0.4% **EMPLOYMENT:** Hiring will improve modestly in 2026 with 4,000 jobs created on net. Job growth will be less than half of the metro's long-run norm, but is still expected to outpace the national average.

710,000 sq. ft. **CONSTRUCTION:** Inventory growth in 2026 drops to 0.6 percent, about half the past 10-year average. Completions will remain clustered in Pompano Beach, and Southeast and Southwest Broward.

+50 bps **VACANCY:** The metro's vacancy will rise for a fourth straight year, though more slowly, to 7.7 percent. That is nearly 300 basis points above the prior decade average but still below the U.S. rate.

+1.6% **RENT:** Higher vacancy limits rent growth. Nevertheless, Fort Lauderdale's average asking rent reaches \$18.19 per square foot, surpassing Miami and ranking fourth-highest among major markets.

INVESTMENT: *Fort Lauderdale's average asking rent has risen more than 70 percent since 2019, the third-fastest growth among major markets, which may continue to support value-add investment strategies.*

* Forecast ** Through 1Q
Sources: CoStar Group, Inc.; Real Capital Analytics

Port-Related Demand Evolves, While Onshoring and Distribution Outsourcing Reinforce Bulk Leasing

Trade shifts reshape space needs. Resilient leasing has helped metrowide vacancy hold steady over the past three quarters through March as tariffs are shifting demand rather than driving outright weakness. Rising cargo volumes at Port Houston supported leasing near the channel, though activity tilted toward energy, industrial support, and export-oriented users rather than broad goods-handling firms. Softer demand from local distributors in the northwest may also reflect firms outsourcing shipping functions to larger third-party logistics providers. This dynamic, coupled with manufacturing growth in the north, has supported demand for larger properties, pushing vacancy lower among buildings over 250,000 square feet. Apple and Eli Lilly’s planned expansions also reflect growing interest in onshoring production, which should further reinforce Houston’s long-term outlook. However, a prolonged oil shock may still weigh on near-term demand, even if energy-related leasing offers a modest offset.

Capital flows accelerate amid tight vacancy. Houston posted the seventh-largest increase in sales activity among major markets over the year ended in March, with sales up over 40 percent to a near-record high. The metro is expected to remain attractive as vacancy held at 7.5 percent in early 2026, below the national rate and the lowest among major Sun Belt markets outside Florida. Small-bay assets may continue to lead momentum amid lower segment vacancy and limited new supply, while stable leasing near the port could lift demand for larger distribution space even as vacancy in southeast Houston sits near 10 percent as of March. The northwest and southwest should continue to gain appeal as access to higher-income households and slower inventory growth keep vacancy below the metro average, reinforcing value-add potential.

2026 MARKET FORECAST

NIPI RANK 10

Above-average job growth and strong net migration will give Houston the 10th spot in this year’s rankings.

+0.9%



EMPLOYMENT: A gain of 17,000 jobs in 2026 will exceed last year’s total, with strong intermodal access sustaining one of the nation’s fastest-growing transportation and warehousing sectors.

19 million sq. ft.



CONSTRUCTION: Deliveries in 2026 will stay roughly in line with totals from the prior two years, though completions will remain about 30 percent below the 2020-2023 annual average.

+40 bps



VACANCY: Much of the new space will arrive unleased, lifting vacancy in 2026 at about half last year’s pace. The rate will hit 7.9 percent, roughly 170 basis points above the past decade’s average.

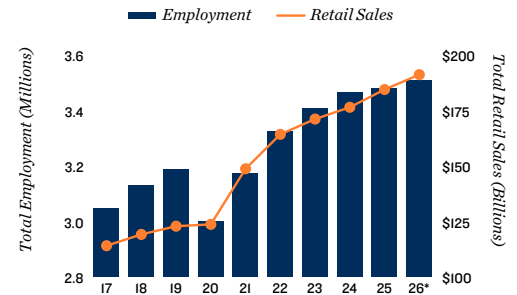
+2.8%



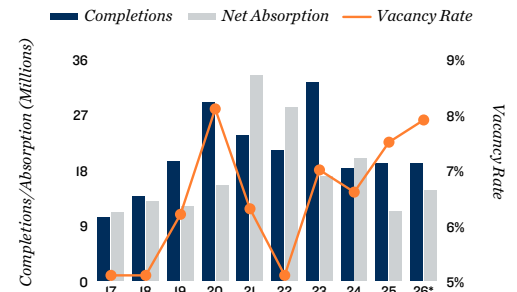
RENT: The rise in vacancy is expected to slow rent growth. Even so, at \$10.36 per square foot, the metro’s average asking rate will still stand more than 50 percent above the 2019 level.

INVESTMENT: *A new Texas law exempts up to \$125,000 of income-producing tangible personal property, which could bolster equipment-heavy small-bay users and lift investment in assets leased to these tenants.*

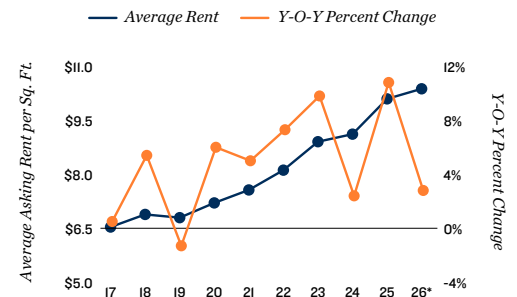
Economic Trends



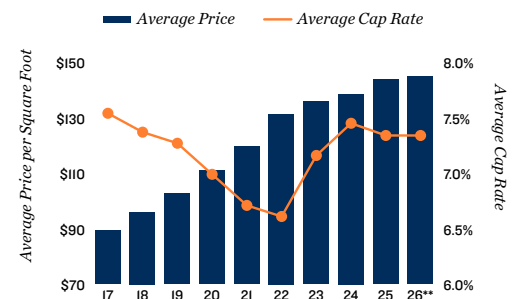
Supply and Demand



Rent Trends



Sales Trends



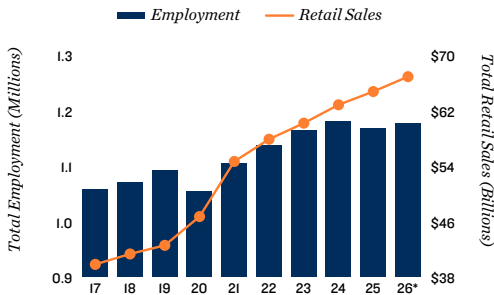
* Forecast ** Through 1Q

Sources: CoStar Group, Inc.; Real Capital Analytics

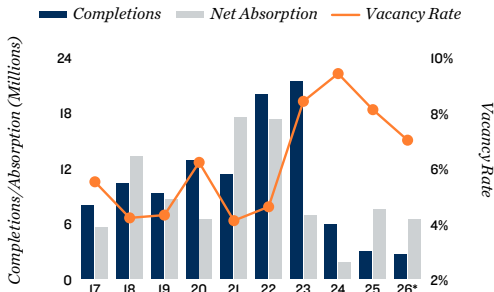
INDIANAPOLIS

Conditions Improve in the East and South as Space Grows Scarce in the North and West

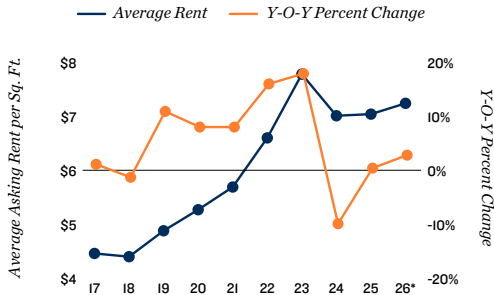
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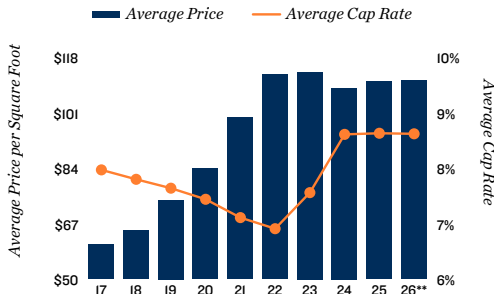
Supply and Demand



Rent Trends



Sales Trends



Broader tenant base absorbs newer space. Indianapolis is rapidly rebalancing as demand strengthens and new supply recedes. Over the year ended in March, the metro posted the sharpest vacancy decline among major industrial markets, with the rate falling 200 basis points to 7.3 percent as demand for modern space pushed vacancy in post-2020 buildings down more than 1,200 basis points to about 11 percent. Leasing beyond pure logistics should continue to support occupancy, with healthcare firms such as St. Jude Medical and Cardinal Health recently taking space alongside manufacturers like GE Aerospace and Faith Technologies. Momentum may remain strongest outside the Interstate-465 beltway, where vacancy in the east and south sits above 10 percent but is falling, while rates in Boone and Hendricks counties to the north and west dropped below 4 percent in March. Areas within the beltway have faced modest pressure, yet less speculative supply should help limit move-outs and support tightening, particularly as more firms favor inland hubs less reliant on coastal gateways.

Capital flows to infill and outer beltway assets. Investors are gaining conviction as recovery takes hold, with Indianapolis posting the largest sales increase among tertiary metros last year. Private buyers are targeting eastside infill assets near Interstate 70, given access to both dense neighborhoods and faster-growing outer suburbs, while Eli Lilly's Lebanon expansion and Fishers' bioscience growth may sustain interest in light manufacturing facilities to the north. Institutions, meanwhile, will likely favor newer distribution assets in outer suburbs, especially those with some vacancy that allows lower-basis entry. Hancock County should be a key target after posting the largest vacancy drop among national submarkets with at least 12 million square feet of stock.

2026 MARKET FORECAST

NIPI RANK 4 *Another year of strong vacancy compression, supported by slower supply growth, earns Indianapolis a top-five spot.*

+0.5% **EMPLOYMENT:** After losing jobs last year, the metro adds 5,500 roles in 2026. Construction should remain a key hiring source as projects such as Eli Lilly's campus and new data centers advance.

2.7 million sq. ft. **CONSTRUCTION:** Completions decline slightly from last year and remain about one-third of the prior decade's average. The northeast and southeast will receive most of the new supply in 2026.

-110 bps **VACANCY:** Firmer leasing and fewer deliveries push vacancy lower for a second straight year. At 7.0 percent, the rate will stand about 100 basis points above the past decade's average.

+2.8% **RENT:** Tightening vacancy is expected to help restore rent momentum in 2026 after two years of muted growth, lifting the average asking rate to \$7.23 per square foot.

INVESTMENT: *With cargo volumes rising at Indianapolis International Airport, more buyers may target the surrounding Southwest submarket, where small-bay vacancy remains the metro's tightest at under 3 percent.*

* Forecast ** Through 1Q
Sources: CoStar Group, Inc.; Real Capital Analytics

Sharply Slowing Construction Coincides With Improving Port Activity to Temper Rising Vacancy

Market relieved by steep contraction in development. Completions in Jacksonville are expected to slow to the lowest level since 2018 in 2026. This comes at an opportune time, as an average of more than 5 million square feet has opened in the metro each of the previous three years, driving a 750-basis-point increase in vacancy during the period. At the same time, the average time to lease reached five months in early 2026, the highest level since mid-2021, reflecting slower absorption in select segments. Small-bay, pre-2000-built properties are experiencing the most pressure, though even newer sub-50,000-square-foot buildings reported net relinquishment in the first quarter. Meanwhile, port activity increased modestly in 2025, despite ongoing tariff headwinds, reflecting robust trade flows that have supported leasing activity for logistics-related demand. This has manifested in resilient net positive absorption of larger, primarily distribution, facilities.

Institutional trading picks up as key submarkets stand out. Investors remained active in Jacksonville’s industrial market heading into the second quarter of 2026, with momentum extending across all price tiers. Activity above \$20 million accelerated most notably, as institutional capital reengaged following two years of limited transaction volume. Both private and institutional investors are expected to remain focused on assets near key transportation corridors. In Jacksonville’s Southside, strong population growth and access to major southbound routes have helped keep vacancy below 6 percent in early 2026, sustaining investor demand for warehouse and distribution space. Private capital is also likely to target assets near the Interstate 10 and 295 interchange, where properties commonly trade for less than \$100 per square foot.

2026 MARKET FORECAST

NIPI RANK 5 *Strong household formation and revenue growth underpin Jacksonville’s top-five position in the Index.*

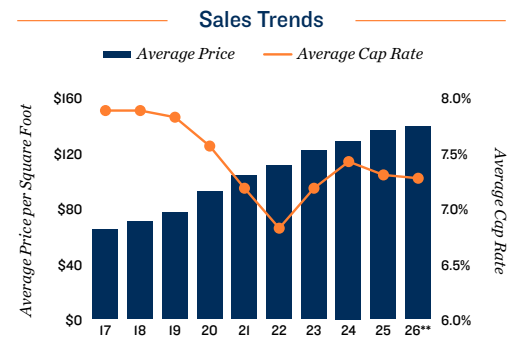
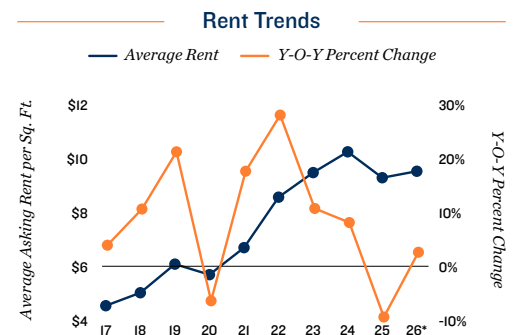
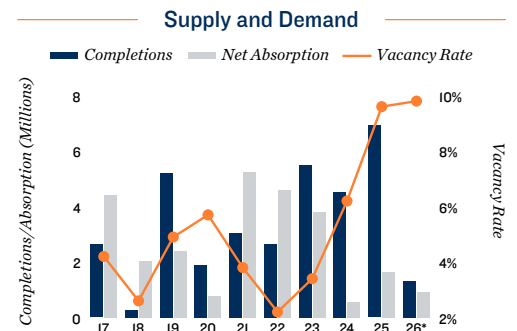
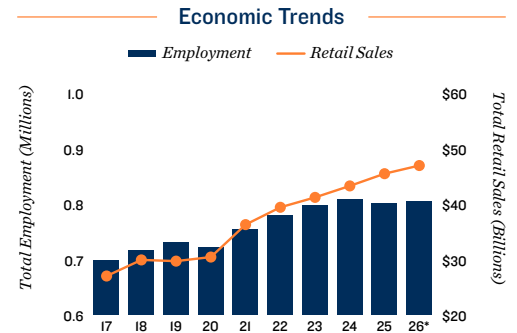
+0.5% **EMPLOYMENT:** After a net loss, Jacksonville’s job count grows in 2026, with the metro adding just 4,000 positions. Gains will likely be concentrated in health services.

1.3 million sq. ft. **CONSTRUCTION:** Development in the metro slows to less than a quarter of last year’s total as inventory expands by just 0.9 percent, nearly in line with the national pace.

+20 bps **VACANCY:** Slowing deliveries help temper rising vacancy, with the metro’s rate ticking up to 9.7 percent, 750 basis points above the record-low level recorded at year-end in 2022.

+2.6% **RENT:** After the average asking rate declined nearly 10 percent in 2025, Jacksonville will see rent growth resume, with the rate projected to reach \$9.50 per square foot by year-end.

INVESTMENT: *The Port of Jacksonville’s continued resilience, paired with below-metro-average vacancy, positions the Imeson Park-Oceanway submarket to attract increased investor interest moving forward.*

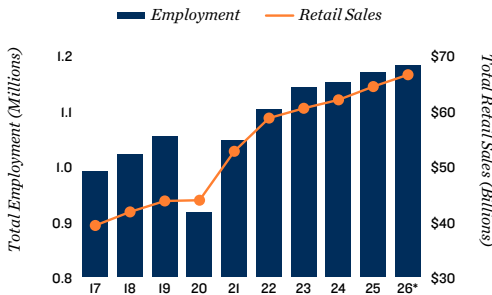


* Forecast ** Through 1Q
Sources: CoStar Group, Inc.; Real Capital Analytics

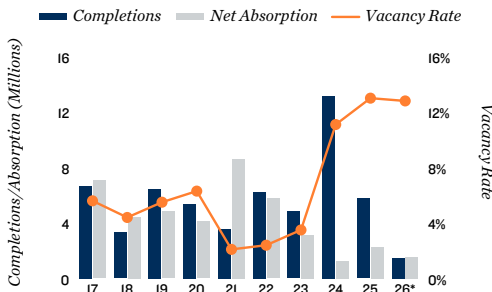
LAS VEGAS

Rapid Reduction in Local Supply Pressure Warranted; Investors Undeterred By Elevated Vacancy

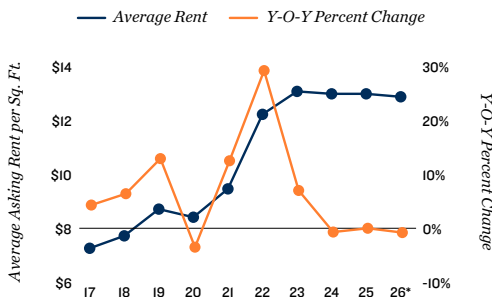
Economic Trends



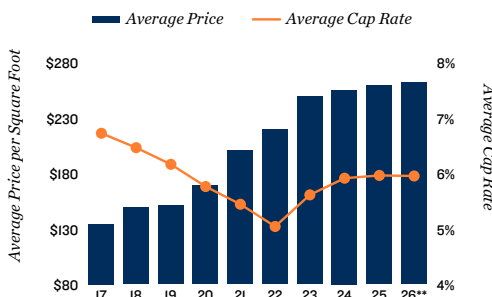
Supply and Demand



Rent Trends



Sales Trends



Northern submarkets receive reprieve. Las Vegas’ industrial inventory expanded by nearly 24 million square feet over the last three years, a rapid growth that increased vacancy by 1,060 basis points, despite positive net absorption throughout. This spike, driven by a supply influx, has catalyzed a pronounced pullback in local development activity that will significantly ease supply-side pressure in 2026. After receiving 4 million to 7.7 million square feet of new space apiece over the past three years, North Las Vegas, Speedway, and outlying northeast Clark County will all lack speculative deliveries in 2026. Elsewhere, Southwest Las Vegas continues to add properties, though at a slower pace than in recent years, with most of the space accounted for. These dynamics and growing demand among certain tenants for post-2020-built space should allow a portion of the metro’s newer-built inventory to be removed from its vacant stock this year, potentially stabilizing or reducing vacancy over the near term.

Investors bet on future improvement. Despite the recent rapid escalation in vacancies, a diverse buyer pool will actively compete for local listings this year. The metro’s continued growth and expectations for steady, long-term population gains are poised to fuel demand among private investors, including those from California, for smaller warehouses suitable for last-mile operations. North Las Vegas and areas immediately west, south, and east of Harry Reid International Airport, which provide quick access to both Interstates 215 and 15, should account for a sizable share of these trades. Institutional investors, meanwhile, may discover opportunities to acquire newly built warehouses and distribution centers in these submarkets, as well as in Speedway and outlying portions of Clark County, following a historic stretch of development.

2026 MARKET FORECAST

NIPI RANK 30 *Exaggerated local vacancy overshadows a nationally strong rate of household formation, resulting in a lower-tier ranking.*

- +1.0%** **EMPLOYMENT:** After adding 19,200 roles last year, Las Vegas notes a modest tapering in hiring. The metro’s count of manufacturing and logistics positions should remain historically elevated.
- 1.5 million sq. ft.** **CONSTRUCTION:** Delivery volume slows to an 11-year low in 2026, translating to just 1.0 percent stock growth. Of the space slated for completion, roughly 80 percent was accounted for as of April.
- 20 bps** **VACANCY:** A stark pullback in completions allows for a portion of the metro’s supply overhang to be absorbed. As such, vacancy dips to 12.8 percent, a rate still 930 basis points above the 2023 mark.
- 0.8%** **RENT:** For a third straight year, elevated vacancy prevents meaningful rent movement. Still, the metro’s average of \$12.85 per square foot ranks highest among Mountain markets.

INVESTMENT: *The local average price reached a record \$260 per square foot last year, a benchmark that, along with notable out-of-state buyer activity, could generate additional sell-side momentum in 2026.*

* Forecast ** Through 1Q
Sources: CoStar Group, Inc.; Real Capital Analytics

Port Operations Anchor Industrial Demand as Local Transaction Activity Bucks National Trend

Record vacancy tests West Coast's largest market. A foundational generator of local industrial demand, container activity at the ports of Los Angeles and Long Beach was noteworthy last year, despite the impact of newly enacted tariffs on global trade. Each port also logged encouraging volumes in January and February, with the two facilities projected to handle more than 20 million TEUs again this year. However, the Iran conflict could impact volume. A steady flow of goods through both ports will help to stabilize local fundamentals in the county's industrial hubs – South Bay, Commerce-Vernon, Lower San Gabriel Valley, Mid-Cities, and San Fernando Valley – at a time when overall vacancy is in the low-7 percent band for the first time since at least 2000. Mirroring many major markets, vacancy is most pronounced across 2020s-built properties, at nearly 25 percent as of this March. Fortunately, speculative deliveries will be minimal for the foreseeable future. This dynamic should allow some of these spaces to secure tenants amid a broader movement among users to modern facilities.

Private investors exhibit confidence. Properties built this century account for a sizable share of deal flow across many major markets. In Los Angeles, however, assets built before 2000 continue to trade most frequently. During the 12 months ending this March, sales involving buildings of this vintage accounted for 90 percent of closings. Most warehouses traded for less than \$5 million, reflecting the long-lasting impact of Measure ULA. This dynamic will persist for the foreseeable future, as nearly 75 percent of the inventory was built before 2000. Active private investors may pursue listings in Central Los Angeles, South Bay, and San Fernando Valley, areas where vacancy is elevated, yet long-term has averaged in the 3 to low-4 percent range.

2026 MARKET FORECAST

NIPI RANK 20

Vacancy is elevated by local standards; however, it is below-average nationally, securing Los Angeles a mid-tier ranking.

+0.4% 

EMPLOYMENT: By adding 18,000 roles this year, Los Angeles County records an improvement in hiring velocity, raising the metro's headcount to a record level.

2.7 million sq. ft. 

CONSTRUCTION: A recent pullback in project starts translates to the lowest delivery slate since 2019, with inventory expanding by just 0.3 percent. Most of the pipeline was accounted for as of March.

+50 bps 

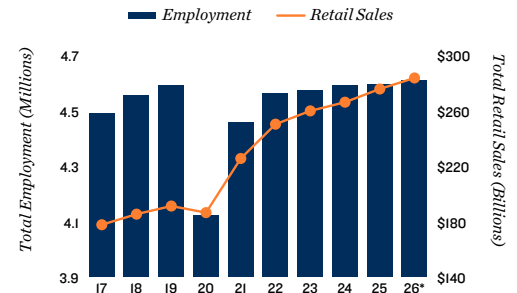
VACANCY: Minimal supply-side pressure and encouraging leasing in the 100,000-square-foot-plus marketplace limit the extent of vacancy increase in 2026. Still, the local rate reaches 7.2 percent.

-3.0% 

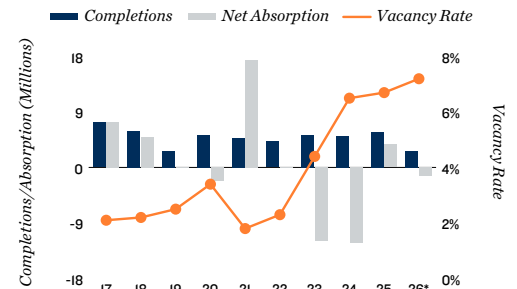
RENT: Following a first quarter of net relinquishment, the average asking rent remains on a downward trajectory, falling to \$16.00 per square foot. This mean trails the 2022 peak by nearly 20 percent.

INVESTMENT: *Listings in southern San Gabriel Valley, which includes the City of Industry, will garner attention as its below-average vacancy rate among larger submarkets appeals to investors seeking well-leased buildings.*

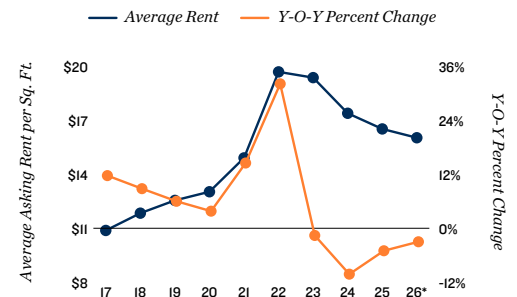
Economic Trends



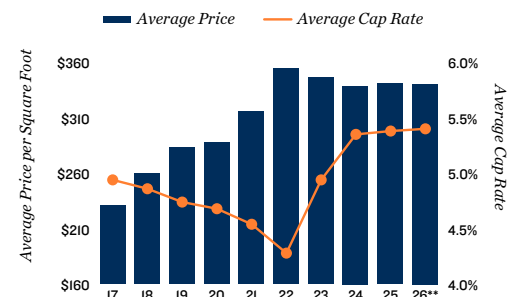
Supply and Demand



Rent Trends



Sales Trends



* Forecast ** Through 1Q
Sources: CoStar Group, Inc.; Real Capital Analytics

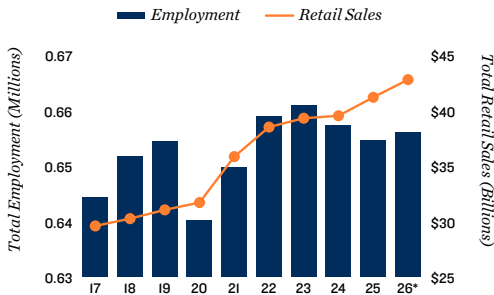
MEMPHIS

Logistics and Manufacturing Realignment Create Foundation For New Growth Cycle

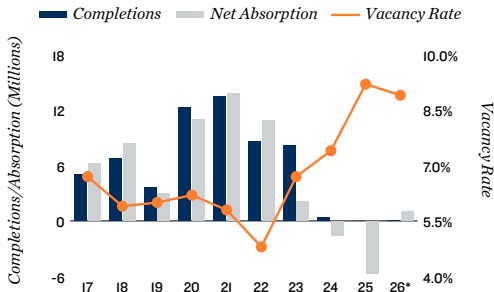
Inland advantages underpin industrial comeback. Memphis may be on the cusp of an industrial resurgence, as supply-chain shifts and industrial policy structurally reshape freight and manufacturing networks in favor of inland hubs. Few metros are better positioned, as Memphis hosts five Class I railroads and Memphis International Airport (MEM), the busiest cargo airport in North America. Demand is already evident, as large-bay leasing surged more than 60 percent over the year ended in March, topping 20 million square feet and tightening vacancy around MEM in the southeast and southwest. Notably, manufacturing vacancy compressed more than 200 basis points over the past year, with Ford’s BlueOval City and Amplify’s battery cell plant anchoring a growing advanced manufacturing pipeline. This activity should also attract small-bay tenants serving in support and supplier roles. At the same time, job growth from these major investments and Memphis’ low cost of living could help revive domestic in-migration and further aid the small-bay segment where leasing has lagged.

Demand may lift investor sentiment. Large manufacturing investments are widening the industrial base in Memphis, which has long been viewed as a freight hub. Less reliance on freight demand could ease investor risk perceptions and narrow the cap rate discount that opened after 2005, before which local yields sat below the U.S. average. Infill assets may remain compelling in the northeast and northwest along Interstate 40, where small-bay vacancy has held near 4 percent, versus over 7 percent around MEM. DeSoto County, the metro’s fastest-growing county, could also draw interest. There, small-bay vacancy along Interstate 55 remains below 1 percent, while Mississippi’s 15 percent assessment ratio compares favorably with Tennessee’s 40 percent.

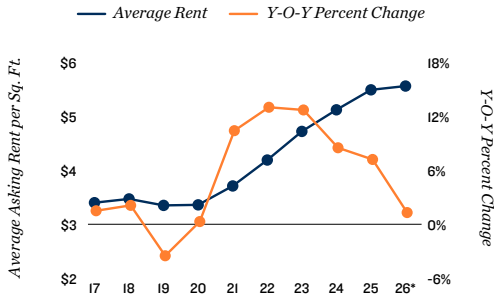
Economic Trends



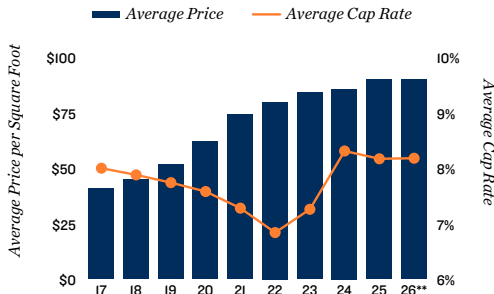
Supply and Demand



Rent Trends



Sales Trends



2026 MARKET FORECAST

NIPI RANK 28 *Weak job growth and still-elevated vacancy position Memphis near the lower end of the rankings, despite falling vacancy.*

- +0.3%** **EMPLOYMENT:** With a forecasted net gain of 2,000 jobs in 2026, near-term uncertainty is expected to weigh on hiring, even as a growing industrial base raises the long-term outlook.
- 20,000 sq. ft.** **CONSTRUCTION:** Deliveries remain scant for a third consecutive year, after an average of 10 million square feet opened annually from 2020 to 2023, helping funnel tenants into existing space.
- 30 bps** **VACANCY:** A gradual rebound in net absorption and minimal new supply helps vacancy fall for the first time in four years. At 8.9 percent, the rate will be 230 basis points above the past decade average.
- +1.3%** **RENT:** While the prior supply wave added modern space that lifted asking rents, elevated vacancy slows rent growth as owners offer concessions, with the average rate reaching \$5.55 per square foot.

INVESTMENT: *St. Jude’s multibillion-dollar campus expansion and Regional One’s plan for a billion-dollar-plus hospital could draw small-bay investors to the downtown-to-midtown healthcare corridor.*

* Forecast ** Through 1Q
Sources: CoStar Group, Inc.; Real Capital Analytics

Record Airfreight Strengthens Metro’s Logistics Role, While Oil and Trade Shocks Cloud the Outlook

Rising cargo volumes support distribution demand. Miami saw negative net absorption for a second straight year in 2025, followed by another roughly 1 million square feet of move-outs in the first quarter of 2026, as tenants resized and higher operating costs pressured both small-bay and bulk users. Yet the metro’s role in global trade is strengthening. Cargo shipments at Miami International Airport rose by 13.6 percent in 2025 to a record 3.5 million tons, while pass-through freight exceeded local shipments for the first time in over a decade, reinforcing Miami’s hub role. That helped lift leasing in the fourth quarter of 2025 above 5 million square feet to the highest level since early 2022, with activity carrying into 2026. Large-block demand also improved, with at least 24 leases above 100,000 square feet signed in the year ended in March, up from 16 in the prior period. Although tariff and energy volatility remain key risks that could stall leasing, these recent commitments should help prevent a sharper rise in vacancy.

Record trades reflect broadening small-bay investor interest. Sales activity set a record over the past year, driven by \$1 million to \$10 million deals as small-bay assets remain popular. Segment vacancy near 4 percent should help sustain private investor demand for single-tenant warehouses, while institutions favor the diversified income streams of multi-tenant assets. Properties near Miami International Airport will likely remain most in demand. However, buyer interest may continue to spread north into Miami Lakes and west toward Sweetwater as access improves, such as with the recent completion of Northwest 112th Avenue. Stronger large-block leasing could also revive interest in distribution assets, where vacancy near 12 percent has deterred sales, while manufacturing facilities may continue to gain appeal as vacancy holds below 4 percent.

2026 MARKET FORECAST

NIPI RANK 23 *Higher vacancy, which is limiting rent growth, will place Miami in the second half of the Index despite strong retail sales.*

+0.6% **EMPLOYMENT:** The addition of 8,000 jobs marks a modest rebound after losses last year. One of the nation’s fastest-growing construction sectors should help support demand for sublet space.

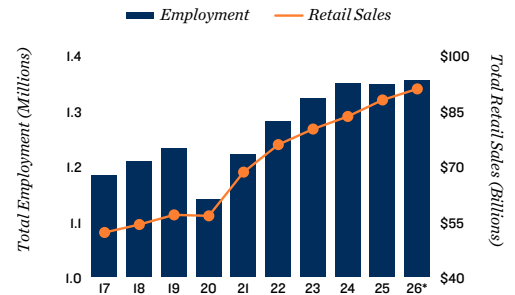
3.3 million sq. ft. **CONSTRUCTION:** Completions are set to rise modestly in 2026 but remain well below the peak of over 6 million square feet in 2024 and about 20 percent below the past 10-year average.

+100 bps **VACANCY:** After a sharp increase in the first quarter of 2026, vacancy is expected to rise more modestly over the rest of the year, though at 8.0 percent, the rate will be the highest in over a decade.

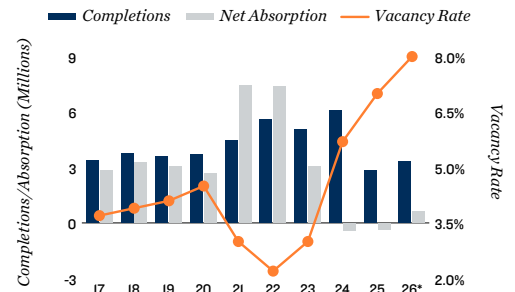
+1.0% **RENT:** The metro’s average asking rate edges up to \$18.00 per square foot, as elevated vacancy keeps rent growth constrained. Even so, the rate will stand about 70 percent above the 2019 level.

INVESTMENT: *A March 2026 federal pilot selection positions Florida to test drone cargo use cases. That could eventually support logistics demand near Miami-Dade airports under review for vertiport infrastructure.*

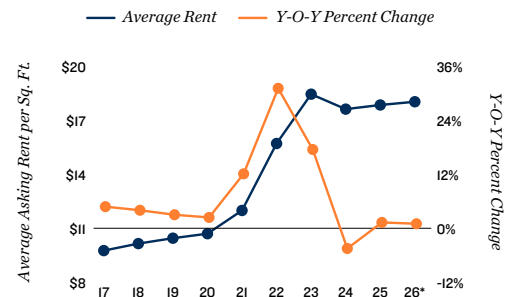
Economic Trends



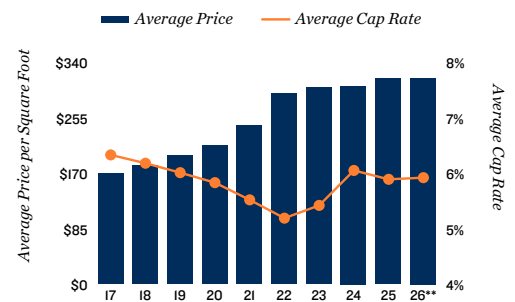
Supply and Demand



Rent Trends



Sales Trends



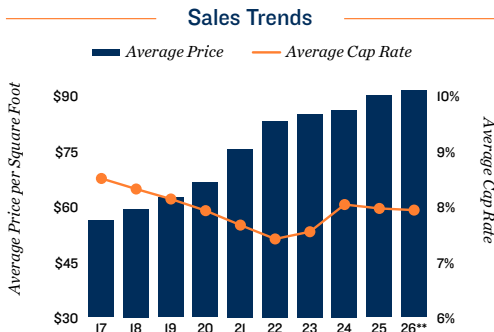
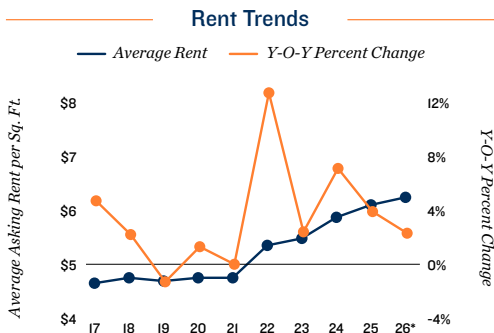
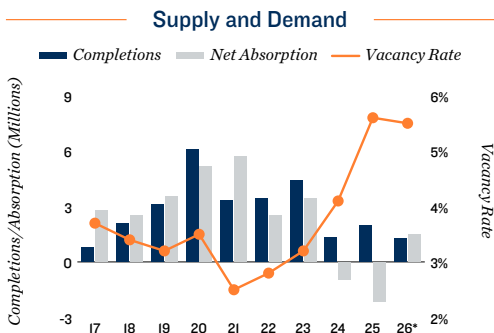
* Forecast ** Through 1Q
Sources: CoStar Group, Inc.; Real Capital Analytics

MILWAUKEE

Fundamentals Regain Footing as Tenant Needs Expand and Investor Interest Deepens

Expanding infrastructure reinforces industrial recovery. More than 4 million square feet of net move-outs in the first half of 2025 pushed vacancy in Milwaukee to 6.0 percent, though the rate edged lower through mid-2026. A slowing delivery pipeline that is largely pre-leased should support further improvement, even as conditions remain mixed, with vacancy near 2 percent in Waukesha County versus more than 7 percent in Milwaukee and Racine counties. Expanding freight and power capacity is expected to enhance the metro's appeal, as Milwaukee Mitchell International Airport advances a 337,000-square-foot cargo expansion and Racine County plans two new substations. That backdrop aligns with recent major commitments, including Foxconn's planned \$579 million build-out in Mount Pleasant and Rockwell's proposed 1-million-square-foot facility in New Berlin. Low operating costs and a deep manufacturing labor pool position the metro to keep drawing tenants, including firms pursuing onshoring, though trade and energy volatility may keep near-term leasing measured.

Small-bay warehouses gain appeal as sale-leasebacks fuel larger trades. A strong increase in sales activity has driven deal flow about 50 percent above the 2015-2019 average. In the small-bay segment, investment shifted more decisively toward warehouses, which serve a broad tenant mix and are often easier to backfill than manufacturing assets. Activity also shifted north along Interstate 41 between Butler and Germantown. Meanwhile, a record number of \$10 million-plus trades points to rising institutional interest. Many of these deals were sale-leasebacks of manufacturing facilities in Waukesha and Milwaukee counties, enabling tenants to free up capital while remaining in place. That structure should stay appealing while rate uncertainty persists.



2026 MARKET FORECAST

NIPI RANK 12 *With vacancy remaining low and expected to decline further, Milwaukee will place just outside the top 10 markets.*

-1.1% **EMPLOYMENT:** The metro will shed 9,500 jobs in 2026 amid broad sectoral volatility, though Milwaukee's construction sector may remain one of the fastest-growing among major markets.

1.3 million sq. ft. **CONSTRUCTION:** Completions are forecast to decline roughly 35 percent year-over-year in 2026, with inventory growth of 0.5 percent, about half the pace of the prior 10-year average.

-10 bps **VACANCY:** Improving net absorption and fewer deliveries help vacancy fall for the first time in five years. At 5.5 percent, the metro will retain one of the 10 lowest rates among major markets.

+2.3% **RENT:** Recent tenant move-outs will slow the pace of rent growth this year, as newly vacant space intensifies competition, with the average asking rate reaching \$6.23 per square foot.

INVESTMENT: *Wisconsin's new PFAS liability protections for owners not directly responsible for contamination may support acquisitions of older industrial assets by reducing remediation-related underwriting risk.*

* Forecast ** Through 1Q
Sources: CoStar Group, Inc.; Real Capital Analytics

Bifurcated Tenant Demand Shapes Fundamentals as Capital Deployment Rises

Uncertainty pressuring manufacturing, but vacancy still nationally low. In 2025, metro exports fell roughly 16 percent, compared with a 6 percent national gain, and net international migration into the metro fell 65 percent, constraining labor force growth. These trends align with weaker sentiment among local manufacturers, many of whom by late 2025 expected slower order growth and tight labor conditions to pressure margins in 2026. Manufacturers responded last year by leasing 21 percent less space than in 2024, which, combined with preliminary 2026 data, indicates demand may remain subdued this year. Warehouses and distribution centers, however, have proved more resilient. Cottage Grove-Forest Lake, for example, posted a 500-basis-point vacancy decline in 2025, driven by a nearly 45 percent increase in leasing, most of it in warehouses and distribution space. More broadly, with nearly 85 percent of the 2026 delivery slate accounted for, limited speculative supply pressure should keep the metrowide vacancy rate the tightest nationally.

Well-located nodes see strong transaction activity. After peaking in 2021, deal flow declined annually until rebounding roughly 18 percent year-over-year in 2025. Private investors were most active, though institutional activity also ticked up. Buyers in the latter segment may continue targeting big-box assets in Plymouth-Osseo, where vacancy remained below 4 percent over the last 12 months ended in March. Private investors, meanwhile, may stay focused on first-ring suburbs, particularly warehouse assets near Minneapolis-St. Paul International Airport, Burnsville, and Eagan. Below-average entry costs in those suburbs coincide with major warehouse development and long-term cargo-planning efforts, reinforcing the airport-oriented logistics corridor.

2026 MARKET FORECAST

NIPI RANK 9

Low vacancy battles employment headwinds and slowing household formation, though the metro will rank near the top.

+0.1%

EMPLOYMENT: Minneapolis-St. Paul is expected to add roughly 2,000 net jobs in 2026, with the healthcare sector showing strength through early 2026 and likely to remain a key source of growth.

5 million sq. ft.

CONSTRUCTION: After a subdued level of supply came online in 2025, inventory growth is expected to edge up to 1.4 percent, the same pace as the trailing half-decade mean.

+30 bps

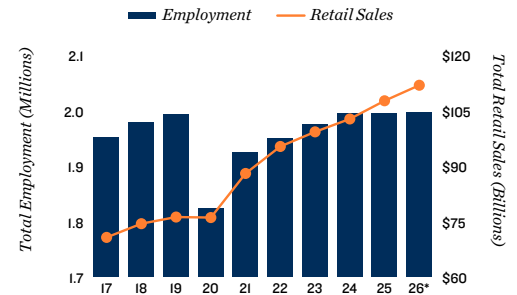
VACANCY: The metro should see moderate vacancy growth, as manufacturing weakness offsets the relative strength in warehouse and distribution demand, pushing the rate to 4.5 percent.

+0.3%

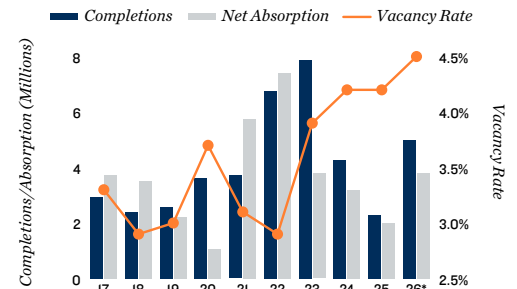
RENT: The year-end average will rise to \$8.90 per square foot. This year's growth trails the metro's long-term annual mean of 2.5 percent, reflecting the slight increase in availability.

INVESTMENT: *After deal flow increased in Anoka County last year, investors are likely to continue seeking 1990s-vintage assets at a lower cost basis, often below \$5 million, bolstered by regional highway connectivity.*

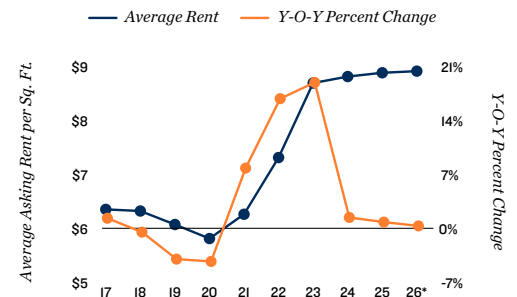
Economic Trends



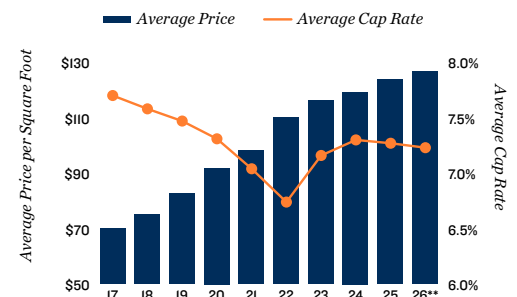
Supply and Demand



Rent Trends



Sales Trends



* Forecast ** Through 1Q
Sources: CoStar Group, Inc.; Real Capital Analytics

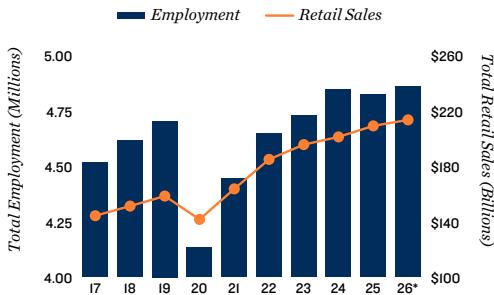
NEW YORK CITY

Interest in Small-Bay Infill Space Holds, Supporting Vacancy Stabilization

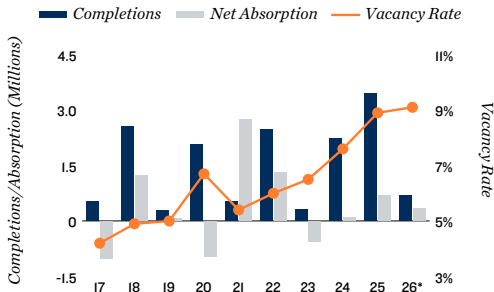
Large-format performance remains sluggish. After four straight years in which deliveries outpaced net absorption, New York City’s supply-demand imbalance is expected to begin easing this year. As supply pressure slows, the metrowide vacancy rate may retreat from the historically elevated level of near 9 percent recorded in the first quarter of 2026. Still, many newly delivered spaces, particularly larger, multi-story logistics properties in Queens and the Bronx, continue to face leasing challenges as demand for upper-floor space remains limited. Properties completed in the 2020s still carry vacancy rates above 35 percent, and limited pre-leasing among projects delivering this year will add to the existing space overhang. By contrast, small-bay spaces under 50,000 square feet, particularly single-story product with functional loading, recorded a slight increase in leasing, suggesting demand for existing infill product should remain resilient. In addition, absorption in the Bronx has strengthened over the past two quarters, which could help ease vacancy from elevated levels above 13 percent.

Infrastructure improvements attract investment to select areas. While Brooklyn was the only borough to record notable net demand growth in 2025, the number of sales for the year ended March fell by half relative to the prior span. In this context, South Brooklyn stands out with steady net absorption near port-adjacent industrial corridors. Metrowide transaction velocity largely stayed constant, reflecting continued investor caution amid tariff uncertainty and inflation concerns. Even so, infill industrial assets may continue to draw attention despite compressed sales volume, as high replacement costs and redevelopment optionality in this land-constrained market support pricing for select properties, even while near-term vacancy remains elevated.

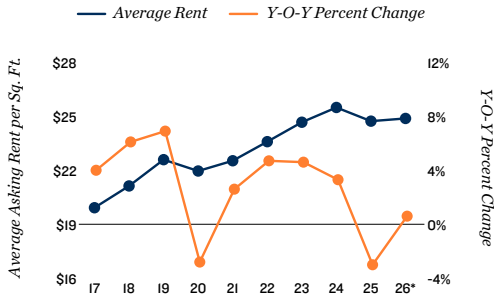
Economic Trends



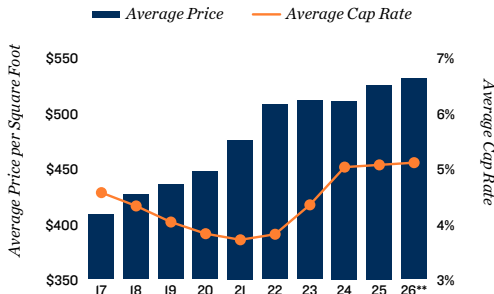
Supply and Demand



Rent Trends



Sales Trends



2026 MARKET FORECAST

NIPI RANK 21 *Abating supply pressure will keep New York in the middle of the rankings this year despite slow population growth.*

+0.7% **EMPLOYMENT:** Job growth in New York City should return this year after a net loss of roles in 2025. Adding 35,000 positions, this growth is still below the metro’s prior ten-year average.

700,000 sq. ft. **CONSTRUCTION:** Total deliveries this year will be less than one-third of the annual average from 2022 through 2025, signaling that the post-pandemic construction wave is fading across the metro.

+20 bps **VACANCY:** After rising 250 basis points over the past two years, the vacancy rate will tick up to 9.1 percent by December amid moderating supply pressure and steadier demand.

+0.6% **RENT:** Rent growth is expected to resume as vacancy begins to stabilize. The average asking rate should reach \$24.85 per square foot by year-end, remaining the highest among major U.S. markets.

INVESTMENT: *Recently completed freight-access improvements in Hunts Point, alongside expanding marine freight initiatives, should help sustain investor interest in nearby industrial properties.*

* Forecast ** Through 1Q
Sources: CoStar Group, Inc.; Real Capital Analytics

Infill Corridors Benefit from Last-Mile Demand, While Investors Target Lower-Basis Opportunities

Rising fuel costs reinforce close-in industrial space. Leasing across both small- and large-bay space is shifting toward infill logistics nodes as last-mile and distribution tenants favor locations with better access to consumers and strong transportation infrastructure. Large-bay demand has been especially concentrated along the New Jersey Turnpike, with users targeting modern facilities near Newark Liberty International Airport and the Meadowlands corridor, helping keep vacancy below 7 percent in Bergen and Essex counties as of March. In contrast, move-outs in older nodes in Hudson and Union counties, including Bayonne, pushed vacancy to around 8 percent. At the same time, weaker manufacturing demand and softer leasing in peripheral areas also left new space unfilled in Morris County, lifting vacancy near 10 percent. A manufacturing tax credit program launched in late 2025 could support longer-term factory demand. However, near-term leasing is likely to remain centered on infill distribution space, especially as higher gas prices encourage tenants to reduce transportation costs.

Repositioning potential helps investors navigate elevated rates. Investors grew more selective over the year ended in March, with deal flow rising for small-bay assets even as trades of larger properties slowed. Lower-basis purchases with leasing, retrofit, or operational upside should remain attractive while financing costs stay elevated, especially in counties such as Bergen, where higher rents help justify upgrades to older stock. Investor interest in newer large logistics facilities should also hold, particularly for vacant assets that offer buyers upside through leasing. Confidence in lease-up potential should remain firm after post-2015-built properties recorded over 2 million square feet of net absorption in 2025, while older buildings posted net move-outs.

2026 MARKET FORECAST

NIPI RANK 14

Relatively tight vacancy and modest inventory growth will keep Northern New Jersey in the upper half of the rankings.

+0.6% 

EMPLOYMENT: Hiring remains tempered in 2026, with 6,000 jobs created. Even so, the metro's unemployment rate climbing 70 basis points to 5.5 percent in 2025 could improve labor availability.

2.3 million sq. ft. 

CONSTRUCTION: Deliveries fall slightly from last year, standing about 20 percent below the past 10-year average. Most of this year's supply additions will concentrate in Bergen and Morris counties.

+40 bps 

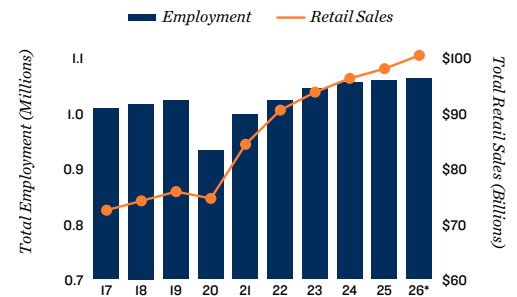
VACANCY: The metro will post its second-strongest net absorption in four years, helping limit the rise in vacancy. At 7.0 percent, the rate will stand 140 basis points below the national level.

+1.4% 

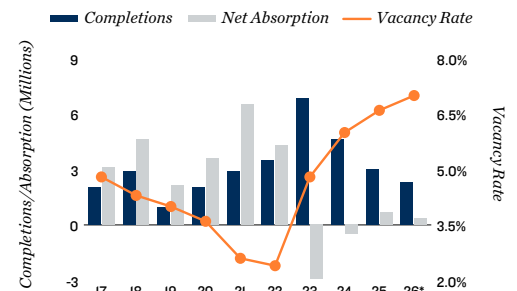
RENT: A slower pace of vacancy expansion supports modestly improved rent growth, with the average asking rate rising to \$14.90 per square foot, among the highest rents in the country.

INVESTMENT: *Manhattan congestion pricing could lift demand for close-in New Jersey warehouses that enable cross-docking and load consolidation, helping tenants reduce tolled entries and improve delivery efficiency.*

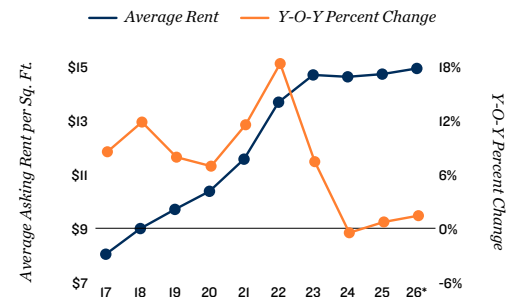
Economic Trends



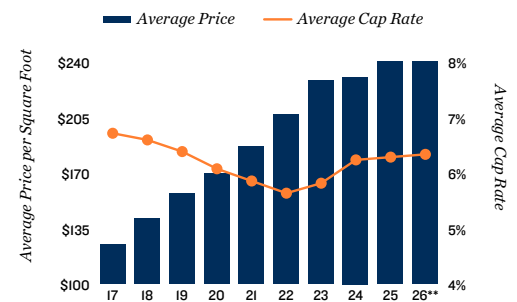
Supply and Demand



Rent Trends



Sales Trends



* Forecast ** Through 1Q
Sources: CoStar Group, Inc.; Real Capital Analytics

OAKLAND





Ongoing Construction Still Weighs on Occupancy, Despite Further Stabilization in Demand

Urban demand growth emerging as an early green shoot. While most submarkets still recorded notable net space relinquishment in 2025, the City of Oakland witnessed four consecutive quarters of positive absorption and vacancy compression, though conditions softened in early 2026. Despite this, the 2025 recovery of this port-adjacent node may signal the initial stages of a broader market inflection, even as the Port of Oakland has maintained largely stable, but not expanding, container throughput amid tariff-related uncertainty. Still, metrowide conditions remain soft, with eight consecutive quarters of net space relinquishment. Weakness is most pronounced along the Interstate 880 and 680 corridors, where a higher concentration of newer, large-format speculative distribution space continues to face leasing challenges. Although more than half of this year's deliveries remained unleased as of March, forward supply pressure is easing as development starts have largely paused.

Recent investment trends highlight newer vintages, less costly locations. As the market continues to absorb recent supply and contend with soft job growth, older assets in established industrial zones such as the I-80 corridor have recorded a marked decline in transaction velocity over the 12 months ending in March. In contrast, activity along the I-680 corridor has increased materially, with sales activity doubling over the same period, indicating that investors are becoming more active in lower-cost growth areas. Metrowide transaction velocity is likely to remain subdued in the near term as vacancy continues to rise at a slower pace, supporting gradual stabilization. Even so, select asset types, particularly newer flex properties capable of accommodating tech and R&D users, could attract comparatively stronger investor interest.

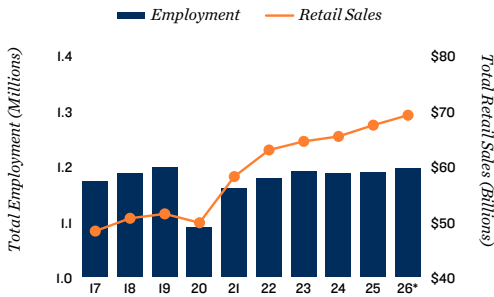
2026 MARKET FORECAST

NIPI RANK 36 *A further uptick in already elevated vacancy keeps Oakland toward the end of this year's rankings.*

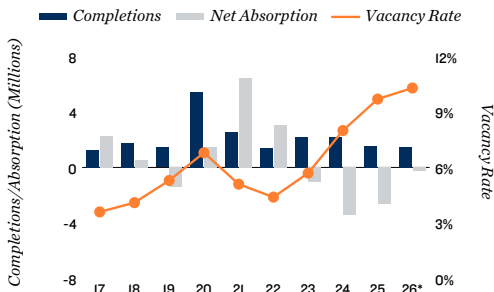
- +0.7%**  **EMPLOYMENT:** The job market in Oakland continues to recover for a second consecutive year, adding 8,000 roles by December, as strength in education and healthcare services persists.
- 1.5 million sq. ft.**  **CONSTRUCTION:** Deliveries are expected to increase modestly from 2025 levels, though total volume will remain about 33 percent below the metro's prior 10-year annual average.
- +60 bps**  **VACANCY:** The metrowide vacancy rate is projected to rise to 10.3 percent by year-end, with the pace of increase ranking among the highest among major West Coast metros.
- 1.2%**  **RENT:** Rising vacancy will continue to exert downward pressure on rents, with the average asking rate forecast to decline to \$17.11 per square foot by year-end, remaining below 2022 levels.

INVESTMENT: *Ongoing modernization at Oakland International Airport should support the metro's multimodal positioning, helping sustain investor interest in well-located assets despite near-term market softness.*

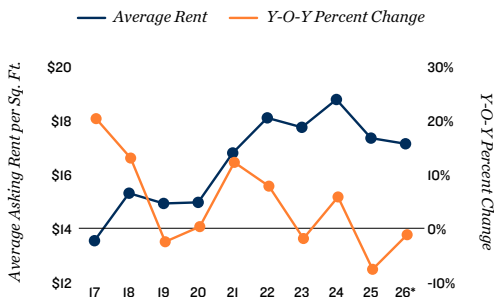
Economic Trends



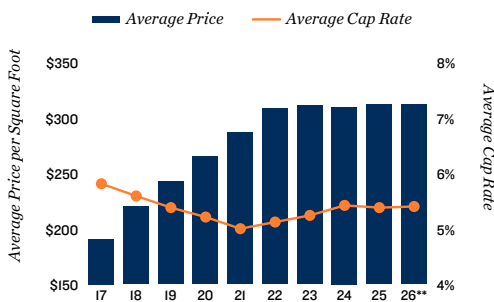
Supply and Demand



Rent Trends



Sales Trends



* Forecast ** Through 1Q

Sources: CoStar Group, Inc.; Real Capital Analytics

Higher Overall Vacancy Overshadows Positive Warehouse and Manufacturing Demand

Distribution center metrics skew fundamentals. Industrial tenants across Orange County absorbed 780,000 square feet of space from October 2025 through March 2026, which ended seven quarters of net relinquishment. Still, local vacancy is historically elevated, sitting at 6.8 percent as of April. Much of this available space, however, is concentrated within distribution centers. Across the property type, vacancy doubled over the past 12 months ending in March to 14.0 percent, a reaction to some larger users, including Republic National Distributing Company, exiting the market along with a collection of speculative deliveries. In contrast, warehouse vacancy declined 30 basis points over the same yearlong interval, falling below 6 percent, while manufacturing availability held in the mid-5 percent range. Based on recent lease executions, the latter sector may drive overall absorption in the coming quarters as several upcoming move-ins are scheduled at facilities larger than 50,000 square feet. Still, the metro will end 2026 with its highest year-end vacancy rate since 2002.

Older assets remain in demand, dictate deal flow. Despite historically elevated vacancy, private investors are actively engaging with the marketplace. Smaller warehouses in North County, which includes the cities of Anaheim, Orange, and Buena Park, should continue to garner attention as the area was the only submarket to post positive net absorption over the 12 months ended in March. Here, properties built before 2000 will account for the bulk of sales activity, as assets of this vintage comprise 85 percent of the local stock. A similar inventory divide exists metrowide, generating opportunities for private buyers to acquire older properties in longstanding industrial zones for under \$5 million, despite one of the nation's highest average entry costs.

2026 MARKET FORECAST

NIPI RANK **22**

Orange County ranks third among West Coast markets thanks to its lower comparable vacancy.

+0.8%

EMPLOYMENT: After shedding 7,600 jobs last year, Orange County's workforce returns to a record level in 2026 as employers add 14,000 positions, most of which are blue-collar roles.

815,000 sq. ft.

CONSTRUCTION: Delivery volume falls to a five-year low as developers grow stock by just 0.3 percent. Completions are primarily in Irvine, Anaheim, San Juan Capistrano, and the city of Orange.

+20 bps

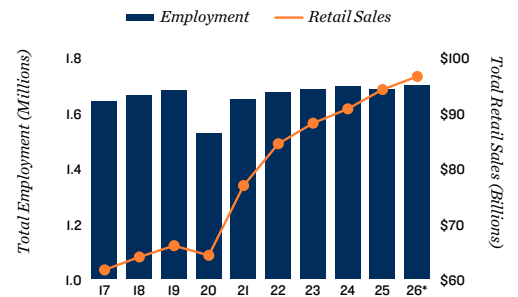
VACANCY: Supply and demand come into better alignment, preventing a sizable vacancy increase. At 7.0 percent, the metro's year-end rate is the second lowest among major West Coast markets.

-2.5%

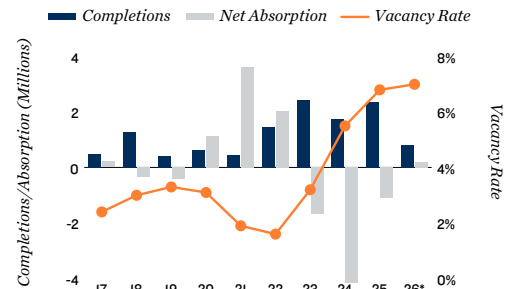
RENT: The local average asking rent remains on a downward trajectory for a third straight year, though the decline in 2026 is less pronounced, bringing the mean to \$17.90 per square foot.

INVESTMENT: *The manufacturing sector is the metro's least vacant industrial property type, a dynamic that may steer private investors to smaller facilities in Santa Ana and other hubs for factory users.*

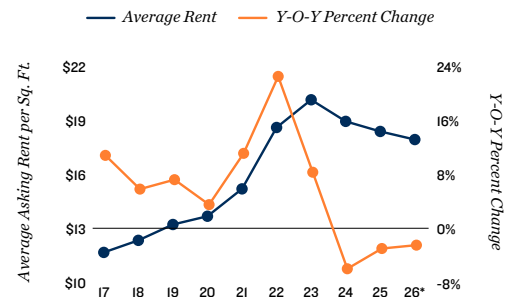
Economic Trends



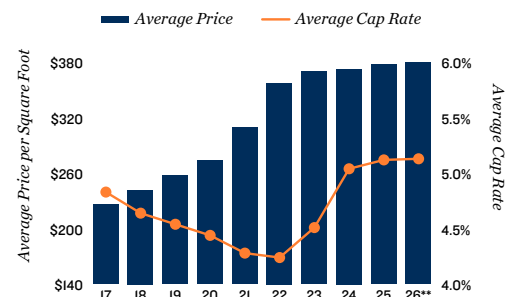
Supply and Demand



Rent Trends



Sales Trends



* Forecast ** Through 1Q

Sources: CoStar Group, Inc.; Real Capital Analytics

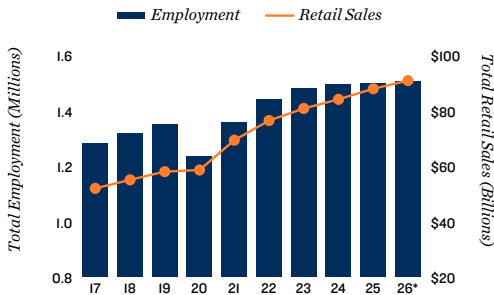
ORLANDO

Vacancy Sees Little Change For Second Straight Year as Investors Continue to Focus on Select Areas

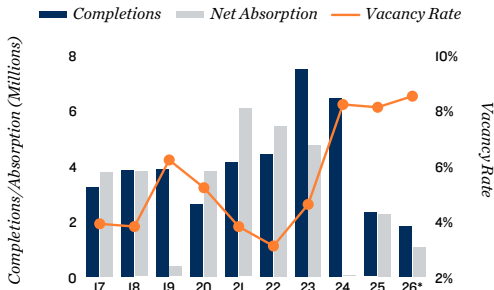
Volatility in leasing activity persists. Orlando's industrial market is rebalancing as development eases amid uneven demand. On the supply side, completions are expected to slow markedly following a four-year stretch in which more than 20 million square feet was delivered. Against this backdrop, leasing has been volatile, resulting in minimal year-over-year vacancy change through March, with strength concentrated in the big-box distribution segment. This was highlighted by several leases over 200,000 square feet signed just west of Orlando International Airport (OIA). The area is seeing heavily concentrated demand, benefiting from its position near the convergence of SR 528, Florida's Turnpike, and Orange Blossom Trail — one of the metro's most connected freight nodes. Meanwhile, sub-50,000-square-foot spaces continued to record negative net absorption in early 2026, driven by steep move-outs in pre-1980-built product. In contrast, newer small-bay inventory has seen more stable tenant demand, helping keep overall segment vacancy in the mid-5 percent range.

Private investment remains concentrated. Warehouses constituted over two-thirds of industrial transaction activity during the year ended in March, a segment that should continue to garner investor attention as several years of nationally strong population growth have supported last-mile logistics. In 2026, both private and institutional trading will likely remain concentrated along U.S. Route 441 in Northwest Orange County, the Northeast Orlando corridor up to Woodruff Springs, and the aforementioned pocket west of OIA. Momentum in Northwest Orange County should be notable to investors, as it sits within a key industrial submarket with connectivity to major regional thoroughfares and surging rent growth over the past five years.

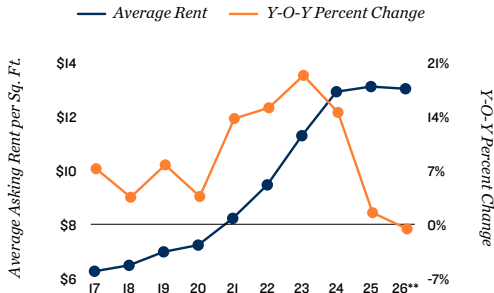
Economic Trends



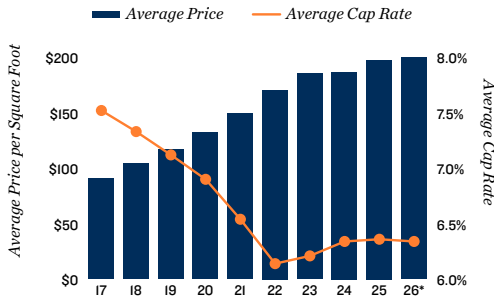
Supply and Demand



Rent Trends



Sales Trends



2026 MARKET FORECAST

NIPI RANK 2 *Orlando's rapid household formation and cumulative revenue growth over the past five years support a top-five ranking.*

+0.7% **EMPLOYMENT:** Orlando's hiring pace accelerates in 2026, with the metro adding 11,000 jobs. Still, growth remains below the long-term average of 2.9 percent.

1.8 million sq. ft. **CONSTRUCTION:** The metro is expected to post its slowest delivery pace in the past decade in 2026, as total inventory expands by just 1.1 percent, nearly in line with the national level.

+40 bps **VACANCY:** Following last year's 10 basis point drop, Orlando's vacancy rate rises to 8.5 percent in 2026, representing the highest year-end level recorded since 2013.

-0.6% **RENT:** Elevated vacancy begins to weigh on the metro's average asking rent this year, as the metric declines to \$13.00 per square foot — still more than double its level a decade ago.

INVESTMENT: *Annual transaction velocity in the metro hit a record high in 2025, signaling a broader shift toward a more liquid environment and boding well for low-vacancy pockets like Seminole County.*

* Forecast ** Through 1Q
Sources: CoStar Group, Inc.; Real Capital Analytics

Dwindling Supply Pressure Aids Operations Despite Divergent Submarket Performances

Leasing concentrates in outer suburbs. Demand rebounded in the final three months of last year after recording net space relinquishment during the second and third quarters of 2025, the first consecutive decline since 2009. If demand continues this year, it supports the potential for vacancy compression in 2026 as the supply pipeline materially contracts. Much of last year’s net demand growth was concentrated in Burlington and Cecil counties, both located along the metro’s outer edge near neighboring gateways such as Baltimore and New York. This suggests Philadelphia’s strategic East Coast location remains a key driver of tenant demand, despite nationwide economic uncertainty. By contrast, counties in and around the urban core — including Philadelphia, Delaware, Montgomery, and Camden — each recorded roughly half a million square feet of net space relinquishment in 2025. Philadelphia County, in particular, posted one of the highest vacancy rates in the metro as of March, and softness in this core submarket may persist as pre-2000 buildings experience consolidation-driven move-outs, while post-2000 assets continue to face elevated vacancy.

Institutional interest becomes more active. While transaction velocity in Philadelphia remained largely unchanged in the 12 months ending in March compared with the prior year-long period, deals above \$20 million increased by roughly 25 percent. Institutional buyers accounted for more than 60 percent of total dollar volume over the past 12 months, up from about 40 percent one year earlier. At the submarket level, transaction activity on the Delaware side of the metro nearly doubled, as investors position around the Port of Wilmington’s ongoing expansion while also capitalizing on the submarket’s relative pricing advantages and regional distribution access.

2026 MARKET FORECAST

NIPI RANK 19

Hiring tailwinds and less new supply help offset slower retail sales growth, landing the metro in the middle of the rankings.

+0.9%

EMPLOYMENT: After recording the largest job gain among major U.S. metros last year, Philadelphia is expected to remain among the top five this year, adding 28,000 positions on net.

3.2 million sq. ft.

CONSTRUCTION: The delivery slate this year is projected to fall to less than one-quarter of last year’s volume and roughly one-third of the metro’s prior 10-year annual average.

-30 bps

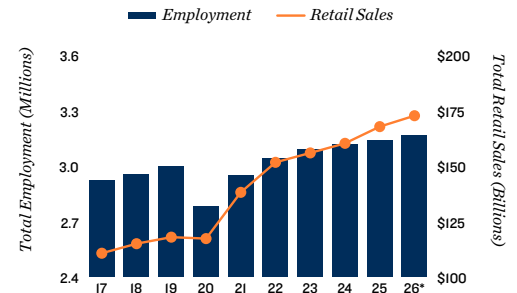
VACANCY: After expanding by more than 500 basis points over the past four years, metrowide vacancy is projected to decline slightly to 9.2 percent by December.

+1.7%

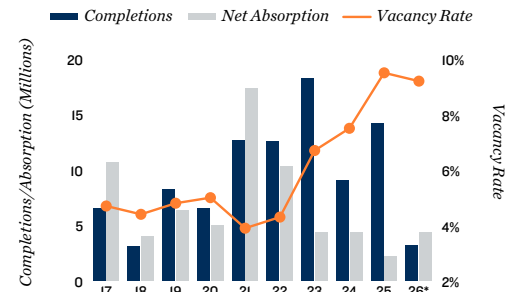
RENT: The average asking rent is expected to rise this year after a 6.5 percent decline in 2025, reaching \$10.36 per square foot by year-end. This increase would rank ninth among major metros.

INVESTMENT: *Additional cold storage capacity at the Port of Philadelphia is expected to strengthen the metro’s refrigerated logistics position, supporting industrial demand from temperature-sensitive distribution users.*

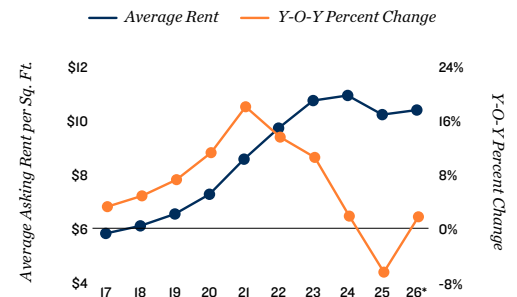
Economic Trends



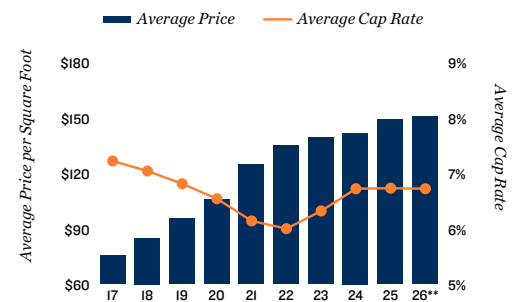
Supply and Demand



Rent Trends



Sales Trends



* Forecast ** Through 1Q
Sources: CoStar Group, Inc.; Real Capital Analytics

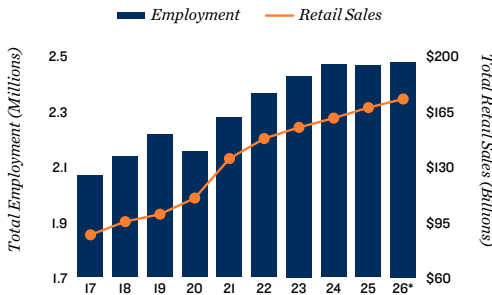
PHOENIX

Distributors and Advanced Manufacturers Revive Big-Box Leasing, Moving Market Closer to Balance

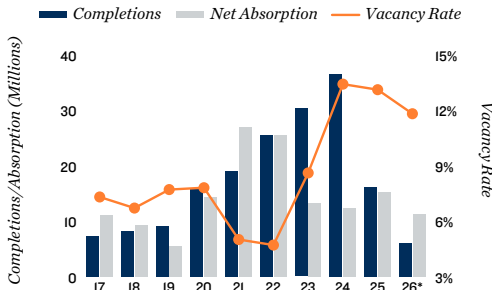
Demand catches up to new supply. For several years, deliveries outpaced demand as Phoenix underwent one of the nation's most aggressive industrial build-outs. That imbalance is now narrowing. The metro posted the third-largest vacancy decline among major markets in the year ended March, led by properties above 250,000 square feet, where vacancy dropped more than 500 basis points to below 12 percent. Leasing in that tier rose to at least 25 deals from 11 a year earlier, suggesting large users are finally acting on delayed decisions. The strongest gains emerged along Interstate 10 and Loop 303 in the northwest and southwest, where third-party logistics firms and retailers such as Walmart cut vacancy by more than 150 basis points in the first quarter alone. Vacancy in the southeast also tightened as firms like Hadrian and Axon added to the area's high-tech industrial base. Completions falling to a decade low in 2026 should extend this progress, though slower hiring and energy volatility could pressure tenants.

Modern space fuels bulk trades as small-bay demand holds. Investment rose sharply over the past year, and dollar volume hit a record as over \$1 billion traded in each of the past four quarters through March. Owner-user purchases by firms like Walmart and Dollar Tree helped lift activity and signaled conviction in Phoenix's demand base. The recent supply wave should also continue to create opportunities for institutions to acquire modern industrial product. Along Loop 303, high-vacancy buildings may remain compelling, as pricing around \$100 per square foot offers a lower-basis entry, while tighter vacancy along Interstate 10 should sustain interest in stabilized assets with durable cash flow. Near Sky Harbor Airport, bulk trades have slowed, yet the submarket is expected to remain a key node for small-bay investors seeking infill properties.

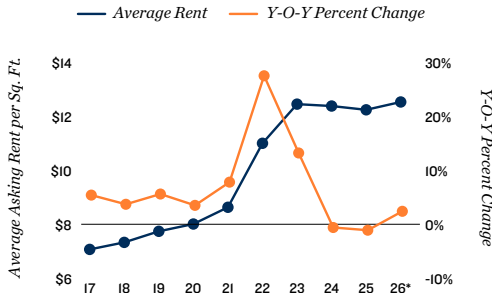
Economic Trends



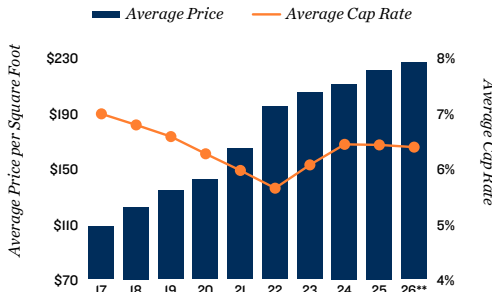
Supply and Demand



Rent Trends



Sales Trends



2026 MARKET FORECAST

NIPI RANK 7 *Rapidly firming market conditions, alongside a growing consumer base, give Phoenix a top-10 ranking in 2026.*

+0.6% **EMPLOYMENT:** After losing jobs last year, the creation of 14,000 new roles in 2026 marks a modest rebound, though job growth of 0.6 percent will be less than one-fifth of the 2015-2019 average.

6 million sq. ft. **CONSTRUCTION:** Deliveries will fall by more than half from last year and sit 80 percent below the 2024 peak, with the sharpest slowdown occurring along the Loop 303 corridor in the southwest.

-130 bps **VACANCY:** Early-year leasing momentum and a sharp drop in new supply position Phoenix for the second-strongest vacancy compression among major markets, lowering the rate to 11.8 percent.

+2.4% **RENT:** After modest declines over the past two years, rent growth resumes as vacancy pressures ease, lifting the metro's average asking rate to \$12.51 per square foot by year-end.

INVESTMENT: *Near-record construction of more than 1 million square feet around Sky Harbor Airport could attract large tenants, deepening small-bay demand and expanding the pool of institutional-grade assets.*

* Forecast ** Through 1Q
Sources: CoStar Group, Inc.; Real Capital Analytics

Port Operator Clarity Adding Optimism to Metro Outlook Despite Global Trade Volatility

Demand finds its footing as port support emerges. Portland spent 2023 and 2024 working through a post-pandemic reset, as tempered job growth and tenant rightsizing drove negative net absorption. In 2025, a freight shock added a new headwind, with Port of Portland cargo volumes falling roughly 12 percent year-over-year amid tariff uncertainty, carrier shifts, and Terminal 6 instability. Even so, net absorption turned positive last year, suggesting demand had begun to stabilize. Occupied stock expanded in the northeast, northwest, and Clark County, while the southeast and Interstate 5 Corridor remained weaker amid older inventory and slower population growth. Terminal 6 may also offer a meaningful tailwind after a new private operator took over in January 2026, giving shippers more certainty after years of closure risk. Management has said it aims to double container traffic and add another carrier, which, if realized, should lift port-related industrial demand. These trends point toward gradual rebalancing, though subdued hiring and geopolitical uncertainty may delay a full recovery.

Online spending boosts small-bay asset appeal. While sales activity still lacks broad momentum, investors should continue targeting dense consumer-serving nodes as e-commerce supports last-mile demand. Residents in Oregon, and especially Washington, make online purchases at rates above the national average, reinforcing interest in infill corridors such as Guilds Lake and East Columbia. This may also help sustain record trading in Clark County, where population growth is relatively stronger. New supply here has pushed vacancy at properties over 100,000 square feet toward 15 percent. Yet vacancy at buildings under 50,000 square feet fell to near 2 percent as of March, versus more than 6 percent across the rest of the market, aiding small-bay demand.

2026 MARKET FORECAST

NIPI RANK 29 *A contracting labor market, coupled with rising vacancy, will place Portland in the lower half of this year's Index.*

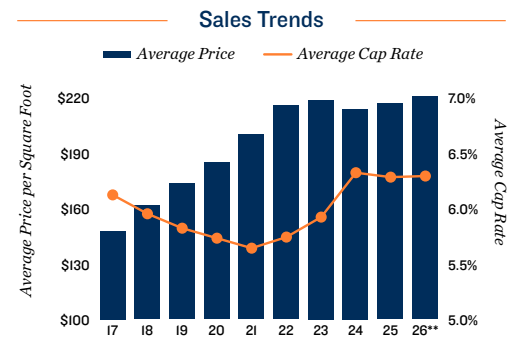
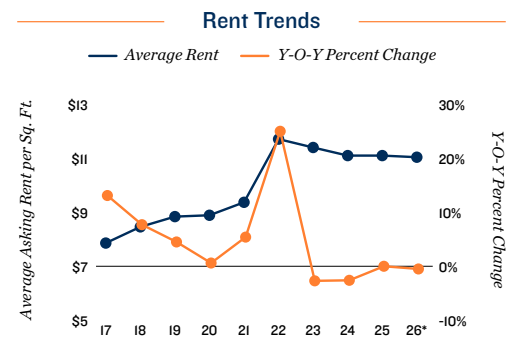
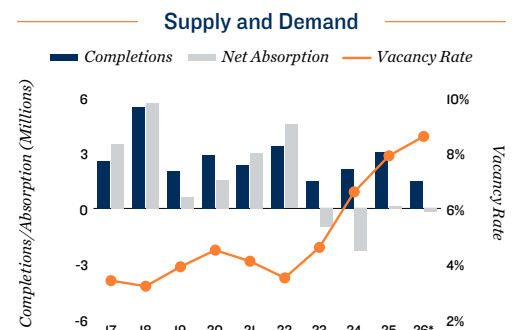
-0.4% **EMPLOYMENT:** The metro sheds another 5,000 jobs in 2026, as a cyclical slowdown in construction likely tempers hiring in this sector, while greater tariff certainty may boost manufacturing activity.

1.5 million sq. ft. **CONSTRUCTION:** Inventory growth of 0.7 percent will sit about 50 percent below both last year's pace and the past 10-year average, aligning with 2023 for the smallest delivery slate in over a decade.

+70 bps **VACANCY:** After three years of triple-digit increases, the market records a smaller vacancy increase in 2026. Reaching 8.6 percent, the metro's rate will sit slightly above the national level.

-0.5% **RENT:** Elevated availability and tempered tenant demand will push Portland's average asking rate down modestly to \$11.02 per square foot, though it will remain above the U.S. average.

INVESTMENT: *Lam Research's planned Tualatin R&D expansion highlights the Interstate 5 Corridor's growing semiconductor base and could deepen demand for nearby industrial assets tied to chip-related logistics.*



* Forecast ** Through 1Q
Sources: CoStar Group, Inc.; Real Capital Analytics

West Coast's Industrial Hub a Regional Standout as Supply and Demand Reach Alignment

Enacted legislation impacts pipeline. The Inland Empire's industrial sector is in transition. Vacancy is near a 15-year high, and recent increases in shipping costs could influence local demand, as the metro is the initial offloading destination for many TEUs arriving at the ports of Los Angeles and Long Beach. Additionally, after five years of development activity that saw 107 million square feet of space come online, the market is expected to register its smallest delivery slate since 2012 at roughly 10 million square feet. The Mojave River Valley adds the most space among submarkets, a historical first that should provide some near-term relief to other larger areas that have shouldered the bulk of recent supply additions. The pullback in completions may extend beyond this year as California Assembly Bill 98, which established strict development regulations for Inland Empire warehouses and distribution centers, took effect in 2026. Should this materialize, a share of the metro's supply overhang should be occupied over time, as roughly 8 million square feet of 2020s-built space was absorbed over the 12-month period ending in March.

Sizable private buyer pool exists. Sales activity below the \$5 million band continues to dictate local deal flow despite headline-grabbing closings involving larger, newer, built properties. Investor competition for smaller assets catering to last-mile operations and single users will remain apparent, as vacancy among sub-50,000-square-foot warehouses was 5.1 percent in March, well below the metro mean. Lower entry costs relative to other Southern California markets — on average, \$60 to \$90 per square foot — should also attract private buyers. Listings in areas of outperformance — south Riverside County, Coachella Valley, and Ontario — may garner the most attention.

2026 MARKET FORECAST

NIPI RANK 27 *Vacancy above the hub-market average offsets an encouraging household formation rate, resulting in a lower placement.*

+0.8% **EMPLOYMENT:** The local job count reaches a record high, with 14,000 positions added. Blue-collar hiring, including the creation of transportation and warehousing roles, drives this growth.

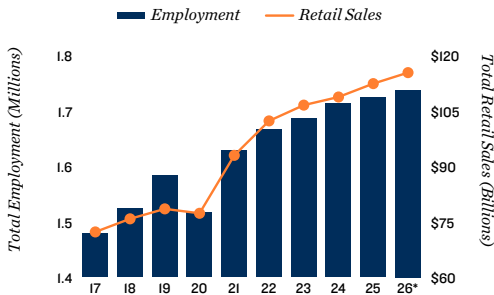
10.2 million sq. ft. **CONSTRUCTION:** For the first time since 2011, the Inland Empire's inventory expands by less than 2 percent. Completions are centered in Menifee, Hesperia, Apple Valley, and Ontario.

-30 bps **VACANCY:** After rising a collective 730 basis points over the last three years, vacancy across the Inland Empire dips moderately to 8.9 percent — a rate 50 basis points above the national mark.

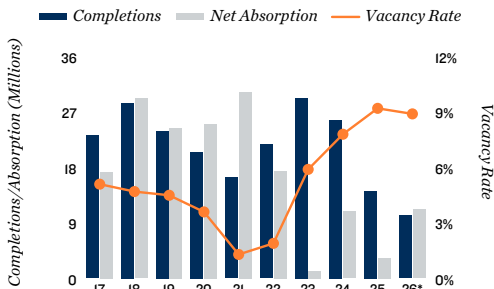
-2.9% **RENT:** Asking rent remains on a downward trajectory despite declining vacancy. At \$12.25 per square foot, the metro's average represents a \$4 to \$7.50 discount to other Southern California markets.

INVESTMENT: *In response to AB 98, active investors may increasingly target listings in areas with the most hurdles to development, anticipating a pull-back in supply pressure that aids existing property performance.*

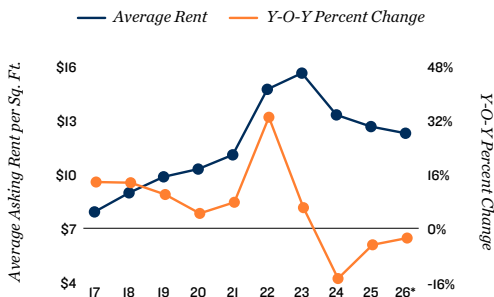
Economic Trends



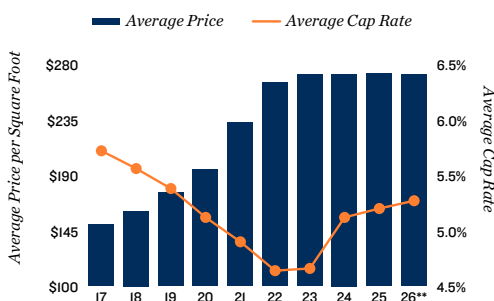
Supply and Demand



Rent Trends



Sales Trends



* Forecast ** Through 1Q

Sources: CoStar Group, Inc.; Real Capital Analytics

Metro Becomes West Coast’s Least Vacant Market, Heightening Private Investor Competition

Sacramento well positioned ahead of lull in new supply. An average of 3 million square feet of space was added across the metro during each of the last five years, a supply influx that lifted vacancy to its highest level since 2016. The metro’s low-7 percent rate as of March, however, is still more than 200 basis points below its long-term mean, placing Sacramento in a favorable position heading into the second half. Rising vacancy has also catalyzed a pullback in development activity, with less than 300,000 square feet slated for addition this year. The lack of supply-side pressure should aid newer built, vacant properties in attracting tenants in the near term. While ongoing construction is minimal, the Airport South Industrial Project in North Natomas completed its regulatory process in March, potentially clearing the way for a sizable light industrial park in the future. This space may be warranted as Sacramento International Airport registered a nearly 14 percent year-over-year rise in cargo handling volume last year, with the January-February 2026 total up 30 percent annually.

Local pricing and industrial fundamentals stand out regionally. Among major West Coast markets, Sacramento registered the least amount of vacancy movement over the past two years. The performance of smaller warehouses featuring less than 50,000 square feet is largely to credit, as vacancy within this subsector sat in the mid-3 percent range as of April. As such, private investors are likely to pursue these listings in 2026, with local hubs Power Inn, West Sacramento, Rancho Cordova, and Woodland attractive areas for investment. While pricing across these submarkets reached a record mark last year, many assets traded for less than \$200 per square foot, an entry cost that represents a significant discount to the Bay Area.

2026 MARKET FORECAST

NIPI RANK || *Sacramento falls just outside the top 10, aided by regionally low vacancy and a lack of near-term deliveries.*

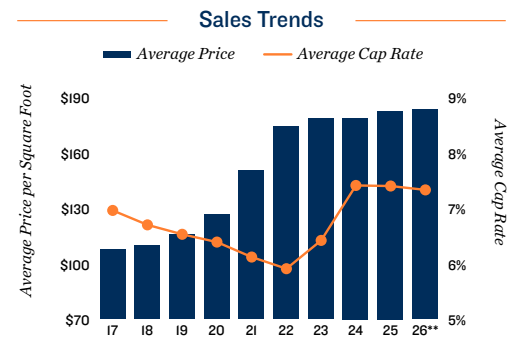
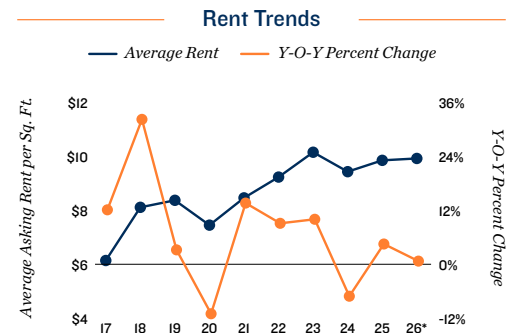
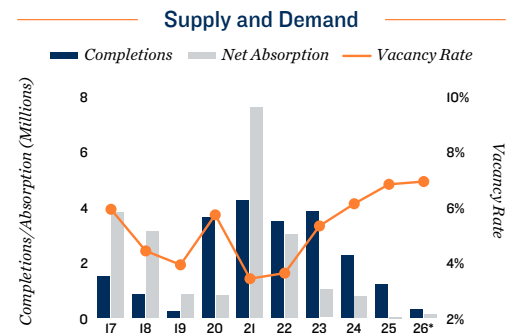
+1.0% **EMPLOYMENT:** The count of transportation-warehousing roles rose by 2,200 last year, contributing to overall growth. This dynamic may continue, with the market adding 11,500 positions in 2026.

290,000 sq. ft. **CONSTRUCTION:** Delivery volume falls below the 1-million-square-foot mark for the first time since 2019, growing stock by just 0.2 percent. Yolo County lacks additions for a second straight year.

+10 bps **VACANCY:** Minimal completions and encouraging leasing at 2020s built properties translates to modest vacancy movement in 2026, placing the year-end rate at 6.9 percent.

+0.7% **RENT:** Supply and demand aligning drives a slight increase in local asking rents. At \$9.90 per square foot, Sacramento’s average is up 80 percent over the past 10 years.

INVESTMENT: *After leading submarkets in net absorption over the 12-month period ending in March, Yolo County entered April with vacancy well below its long-term mean, demand that should garner investor attention.*



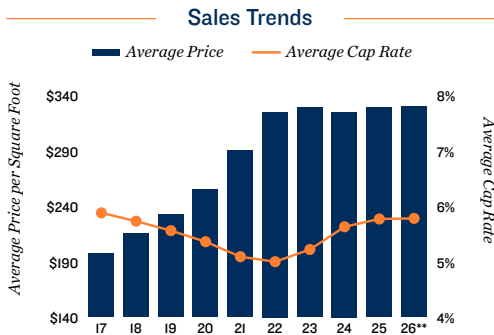
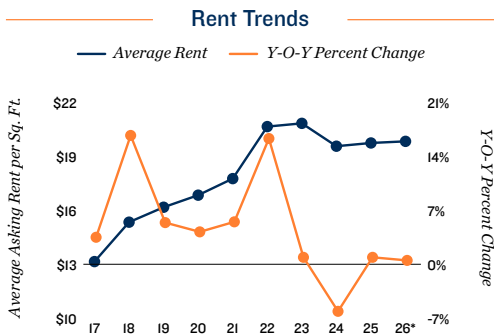
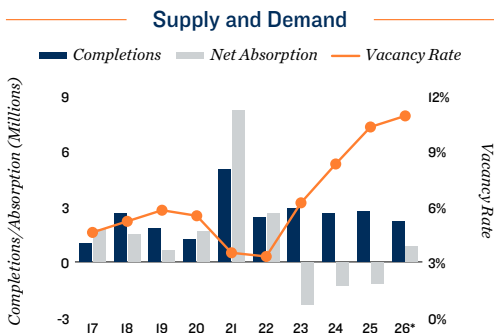
* Forecast ** Through 1Q
Sources: CoStar Group, Inc.; Real Capital Analytics

SAN DIEGO

Speculative Additions Remain a Hurdle; Investors Still Exhibit Confidence

Local construction activity contrasts broader national trend. San Diego is grappling with mid-10 percent vacancy for the first time since 2012, yet there is reason for optimism. Tenants absorbed a net of 1.1 million square feet over the six months ending in March. Though this total is tied to an Amazon move-in of similar size near the U.S.-Mexico border, this period ended 11 quarters of net relinquishment. Additionally, leasing activity involving spaces smaller than 50,000 square feet matched the prior six-month span, pointing to consistent demand among smaller users. Headwinds are building, though. Unlike many other major markets, San Diego will not record a significant reduction in supply pressure during 2026. Instead, this year's delivery slate trails the prior four-year average by just 450,000 square feet, with nearly half the space scheduled for completion available as of April. This will likely moderately increase vacancy over the near term.

North County capturing a larger share of transactions. Despite recent volatility surrounding local fundamentals, San Diego registered the largest year-over-year improvement in deal flow among secondary markets during the 12 months ending in March. This activity reflects investor confidence in the metro's longtime industrial hubs of Mira Mesa-Miramar, Otay Mesa, and Kearny Mesa, as well as competition for warehouses and manufacturing facilities in the metro's northern reaches. In this area, which includes the cities of Vista, San Marcos, and Escondido, construction is minimal, and vacancy is well below the metrowide mean. These dynamics have recently caught the attention of international capital, institutional investors, and private buyers alike, a diverse pool of interested parties that may generate some sell-side activity.



2026 MARKET FORECAST

NIPI RANK 35 *Double-digit vacancy weighs on property performance, placing San Diego near the bottom of this year's Index.*

+0.6% **EMPLOYMENT:** Hiring velocity reaches a three-year high as employers add 10,000 roles. Mirroring 2025, the count of transportation and warehousing positions remains relatively consistent.

2.2 million sq. ft. **CONSTRUCTION:** For a sixth straight year, inventory growth exceeds 1 percent. Available properties slated for addition are concentrated in Otay Mesa, and, to a lesser extent, Santee.

+60 bps **VACANCY:** The metro registers its first positive net absorption in four years. However, speculative completions continue to increase vacancy, raising the local year-end rate to 10.9 percent.

+0.5% **RENT:** Despite historically elevated vacancy, the metro notches marginal rent growth. At \$19.80 per square foot, the mean marketed rate is 8 percent below the prior peak reached in mid-2023.

INVESTMENT: *East County is one of the West Coast's least-vacant submarkets, entering April with sub-3 percent vacancy. This, along with pricing below the metro mean, should steer investors to area listings.*

* Forecast ** Through 1Q
Sources: CoStar Group, Inc.; Real Capital Analytics

Declining Import Activity Weighs on Demand as Investors Maintain Selective Approach

Softer conditions persist amid ongoing speculative development. Within Seattle’s small-bay segment, leasing activity has remained relatively consistent with prior years. However, vacancy continues to rise as tenants either relinquish space or relocate into post-2000 construction. Conditions in the 50,000- to 200,000-square-foot range are similar, though demand weakened more materially in early 2026, as ongoing tenant consolidations outweighed limited expansions to raise availability. Tenants are nevertheless more actively pursuing mid-sized blocks than either smaller or larger alternatives. Properties exceeding 200,000 square feet experienced a modest rebound in leasing activity during 2025, though that momentum has tapered in early 2026. This broad-based softening aligns with declining cargo volumes at the Northwest Seaport Alliance, where container throughput has trailed year-ago levels throughout the early months of 2026, largely due to a drop in imports. As a result, persistent speculative completions will put further upward pressure on vacancy in the near term.

Investors focus on low-vacancy areas. Seattle’s transaction activity increased year-over-year in 2025, though at a slower pace than the average across primary U.S. markets. Investor sentiment may remain cautious amid weakening fundamentals, particularly as the metro holds one of the 10 lowest cap rates across major markets, leaving limited yield cushion. Still, select submarkets such as Northend and the Eastside are well positioned, with vacancy at 7.6 and 5.2 percent, respectively, in the first quarter. In the former, both private and institutional investors will likely continue targeting properties near Paine Field, supported by a highly localized aerospace manufacturing cluster and recent production expansion at Boeing’s Everett facility.

2026 MARKET FORECAST

NIPI RANK 33 *Elevated and rising vacancy alongside weak revenue growth place Seattle in the final five metros of this year’s Index.*

+0.2%

EMPLOYMENT: Despite continued losses in traditionally office-using sectors, Seattle is expected to add 5,000 jobs in 2026, marking growth roughly in line with the national forecast.

3.9 million sq. ft.

CONSTRUCTION: Completions will decelerate for the fourth consecutive year in 2026, with total inventory expanding by 1.2 percent, the metro’s slowest pace in the past decade.

+50 bps

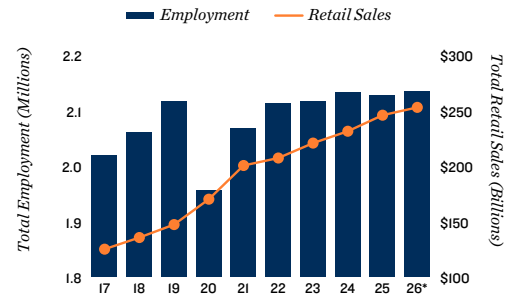
VACANCY: Improving tenant demand, coupled with slowing construction, tempers rising vacancy. Still, the metro’s rate reaches 10.4 percent by year-end, the highest level on record.

-1.5%

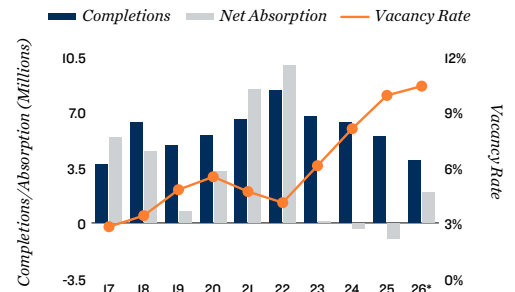
RENT: Elevated vacancy is weighing on asking rents, pushing the average down to \$12.80 per square foot in 2026, while five-year growth totals roughly 12 percent.

INVESTMENT: *Investor interest, particularly for the nearly 6 percent vacant warehouse segment, will likely be sustained along Washington State Route 167 in the South End, one of the metro’s core distribution corridors.*

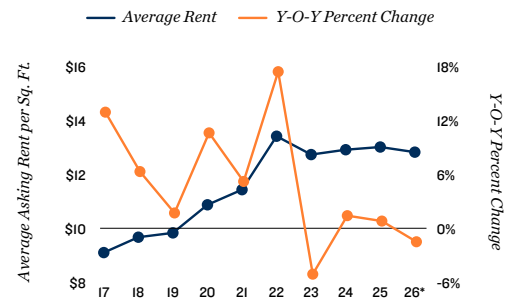
Economic Trends



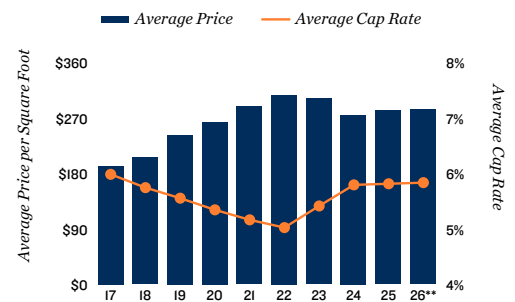
Supply and Demand



Rent Trends



Sales Trends



* Forecast ** Through 1Q
Sources: CoStar Group, Inc.; Real Capital Analytics

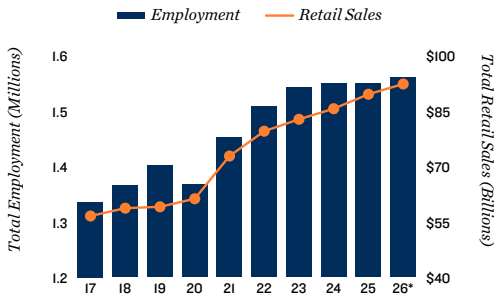
TAMPA-ST. PETERSBURG

Record Small-Bay Leasing and Stronger Port Activity Help Shape Gradual Industrial Recovery

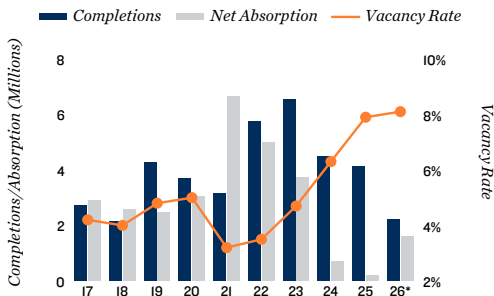
Active retenancing meets a delivery slowdown. New speculative supply and move-outs by smaller tenants lifted vacancy to its highest level since 2013 last year. Yet that churn also opened more small-bay options, with segment leasing reaching an all-time high of nearly 4 million square feet in 2025. Faster-growing areas, such as east and north Hillsborough County and Sarasota-Bradenton, all saw historically high small-bay demand, pointing to strong backfilling. Port activity likely helped, as container traffic moving through Port Tampa Bay rose 2 percent year-over-year while cargo at Tampa International Airport fell by more than 10 percent, leaving airport-area leasing softer. Relief may broaden in 2026 as completions fall to a decade low, especially in Plant City, which will see no major deliveries after adding more than 6 million square feet since 2022. That pullback should aid buildings over 100,000 square feet, where vacancy hit 12 percent in March, versus about 4 percent for small-bay properties. Tampa's average asking rent, now at a record discount to Orlando, may also draw tenants.

Sales surge in the south while port interest grows. Investment activity rose over the past year, led by private investors, while institutions stayed selective. A healthier supply-demand balance in 2026 could support further deal flow, despite near-term geopolitical volatility. Sarasota-Bradenton posted record sales activity, with buyers especially active along U.S. 301 between Manatee and Sarasota counties, where properties sit between fast population growth in Manatee County and Sarasota County's higher-income households. Farther north, East Hillsborough may also draw more interest near the port as two new cranes arrive in 2026. Institutions may stay focused here, favoring properties with recently signed leases that provide longer-term income visibility.

Economic Trends



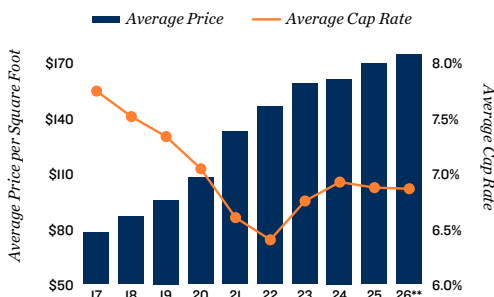
Supply and Demand



Rent Trends



Sales Trends



2026 MARKET FORECAST

NIPI RANK 17 *The metro will sit in the middle of this year's ranking as elevated vacancy and tempered job growth weigh on performance.*

+0.5% **EMPLOYMENT:** Employers across the metro are expected to add 7,000 positions on net in 2026, marking a modest rebound but still the slowest job growth outside recessionary periods.

2.2 million sq. ft. **CONSTRUCTION:** Deliveries in 2026 will fall sharply, with inventory growth of 1.0 percent at roughly half the past 10-year average. New supply will cluster in east Hillsborough and Pinellas counties.

+20 bps **VACANCY:** A slight pickup in net absorption and fewer completions should limit the rise in vacancy to its smallest margin in four years. At 8.1 percent, vacancy will sit just below the U.S. rate.

+0.7% **RENT:** Rent growth resumes after asking rates edged down over the past two years. The average rate will tick up to \$11.64 per square foot, though it will remain about 40 cents below the 2023 peak.

INVESTMENT: *Average asking rents across Hillsborough County have roughly doubled since 2019, which may support greater capital spending on building upgrades or subdividing space to meet smaller-tenant demand.*

* Forecast ** Through 1Q
Sources: CoStar Group, Inc.; Real Capital Analytics

Core-Suburban Divergence Becomes Clearer, Influencing Investment Decisions

Steady absorption helps limit vacancy upticks. Washington, D.C., is the only coastal metro that has not recorded a year-over-year decline in average asking rents since 2021, reinforcing the stability of the local industrial sector. The market's inventory remains among the smallest of primary markets, and with deliveries and net absorption largely in balance in recent years, vacancy expansion has been slower than in similarly sized metros such as Atlanta and Philadelphia. This dynamic is expected to carry into 2026. Still, macroeconomic uncertainty and federal layoffs have weighed on more central areas, with both the District and Fairfax County posting consecutive quarters of net space relinquishment throughout 2025 amid softer demand for last-mile delivery space. In contrast, demand has remained more resilient in outlying submarkets such as Washington County, Lanham-Landover-Bowie, and Greater Fredericksburg — underscoring the metro's strategic positioning along key transportation routes as a draw for distribution and logistics tenants.

Property sales pick up in strategic corridors. Transaction velocity increased 20 percent over the last 12 months ended in March, with activity concentrated in several key submarkets. Along Interstate 495 in Prince George's County, sales of pre-2000-built assets, many configured for light manufacturing and distribution, rose sharply. At the same time, the Dulles Corridor, which maintains a sub-4 percent vacancy rate as of March, recorded a threefold increase in sales activity over the past year. Investor interest has been driven by a preference for newer assets near multimodal infrastructure, a trend further supported by ongoing cargo and passenger capacity expansions at Washington Dulles International Airport.

2026 MARKET FORECAST

NIPI RANK 24

Employment headwinds and a corresponding consumer spending slowdown continue to weigh on the market this year.

-0.9%

EMPLOYMENT: Federal government layoffs will continue to ripple through the metro's labor market, resulting in a net loss of roughly 30,000 jobs by year-end.

3.1 million sq. ft.

CONSTRUCTION: This year's delivery slate will be the smallest since 2020; however, roughly two-thirds of the space remains unleased as of March, suggesting lingering supply-side pressure.

+10 bps

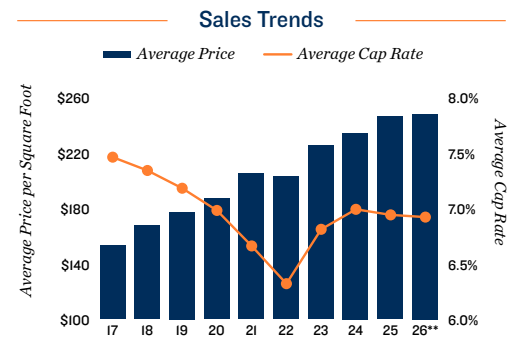
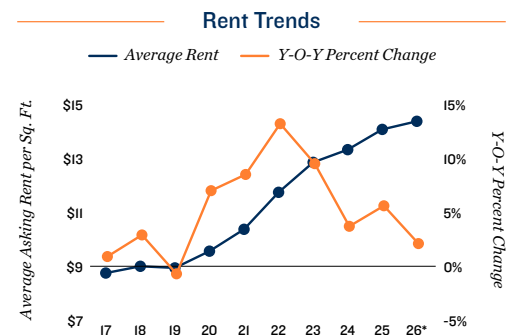
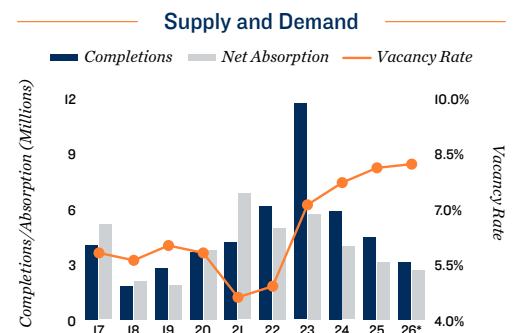
VACANCY: More balanced supply and demand will support stabilization, with metrowide vacancy reaching 8.2 percent by year-end — 200 basis points above the prior 10-year average.

+2.1%

RENT: Following an average annual growth rate of 8.2 percent over the past five years, rent gains will moderate in 2026, with the metric projected to reach \$14.35 per square foot.

INVESTMENT:

Data center expansion in Northern Virginia is generating localized demand for specialized industrial users, including equipment suppliers and contractors, while also tightening land availability nearby.



* Forecast ** Through 1Q
Sources: CoStar Group, Inc.; Real Capital Analytics

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¹ National Industrial Properties Index Note: Employment and industrial data forecasts for 2026 are based on the most up-to-date information available as of April 2026 and are subject to change.

² Statistical Summary Note: Metro-level employment, vacancy and asking rents are year-end figures and are based on the most up-to-date information available as of April 2026. Average prices and cap rates are a function of the age, class and geographic area of the properties trading and therefore may not be representative of the market as a whole. Forecasts for employment and industrial data are made during the second quarter and represent estimates of future performance. No representation, warranty or guarantee, express or implied, may be made as to the accuracy or reliability of the information contained herein. This is not intended to be a forecast of future events nor a guarantee regarding a future event. This is not intended to provide specific investment advice and should not be considered as investment advice.

Sources: Marcus & Millichap Research Services; CoStar Group, Inc.; Federal Reserve; Ford Motor Co.; E2; Georgia Chamber of Commerce; Indianapolis Airport Authority; IOSList; major U.S. port authorities; McKinsey; Miami International Airport; Minnesota Department of Employment and Economic Development; Moody's Analytics; Oberlo; Pew Research Center; Pitney Bowes Parcel Shipping; Real Capital Analytics; Sacramento County Department of Airports; Schiller CAPE; Semiconductor Industry Association; Stellantis; Tampa International Airport; The Budget Lab at Yale; Transportation for America; U.S. Bureau of Economic Analysis; U.S. Bureau of Labor Statistics; U.S. Bureau of Transportation Statistics; U.S. Census Bureau

STATISTICAL SUMMARY

Market Name	Employment Growth				Completions (000's of sq. ft.)				Vacancy Rate				Average Asking Rent				Average Price per sq. ft.			Market Name
	2023	2024	2025	2026*	2023	2024	2025	2026*	2023	2024	2025	2026*	2023	2024	2025	2026*	2024	2025	2026**	
Atlanta	1.5%	1.0%	0.0%	0.5%	31,000	21,900	11,800	14,000	7.0%	8.5%	9.2%	9.9%	\$8.50	\$8.91	\$8.46	\$8.20	\$160	\$167	\$170	Atlanta
Austin	2.9%	2.6%	1.3%	1.3%	11,100	10,800	8,800	7,500	9.6%	12.2%	15.4%	16.7%	\$14.82	\$14.40	\$14.07	\$13.60	\$201	\$199	\$197	Austin
Baltimore	2.3%	1.4%	-1.7%	0.3%	3,100	1,400	3,600	1,200	6.6%	7.8%	10.1%	11.1%	\$11.11	\$10.39	\$10.06	\$10.15	\$157	\$162	\$164	Baltimore
Boston	1.1%	-0.2%	-1.1%	-0.3%	6,800	12,000	3,000	3,000	5.7%	7.7%	8.7%	9.3%	\$11.76	\$12.00	\$12.04	\$12.05	\$202	\$208	\$210	Boston
Charleston	4.4%	2.4%	0.7%	0.9%	7,300	8,200	3,900	1,100	6.4%	16.0%	16.6%	14.4%	\$8.83	\$8.56	\$8.25	\$8.70	\$224	\$230	\$234	Charleston
Charlotte	2.2%	1.0%	1.2%	1.3%	9,800	12,100	8,600	3,800	6.2%	8.9%	9.9%	10.1%	\$8.19	\$8.17	\$8.31	\$8.40	\$204	\$206	\$213	Charlotte
Chicago	1.0%	0.8%	0.2%	0.5%	33,400	17,100	8,700	10,300	5.1%	5.6%	5.9%	6.1%	\$8.02	\$8.35	\$8.35	\$8.30	\$116	\$121	\$122	Chicago
Cleveland	0.6%	0.0%	-0.6%	0.2%	2,000	1,400	2,300	700	3.5%	3.4%	4.4%	4.6%	\$5.45	\$5.44	\$5.59	\$5.68	\$85	\$87	\$91	Cleveland
Columbus	1.9%	2.6%	0.4%	1.3%	17,000	5,600	4,200	4,100	6.7%	8.8%	7.5%	7.0%	\$7.10	\$7.30	\$7.07	\$7.50	\$116	\$128	\$131	Columbus
Dallas-Fort Worth	2.0%	1.6%	0.5%	0.9%	60,700	36,500	19,300	15,000	8.5%	10.2%	9.5%	8.9%	\$8.57	\$8.76	\$9.26	\$9.60	\$153	\$160	\$160	Dallas-Fort Worth
Denver	1.1%	0.9%	-0.1%	0.4%	6,000	3,100	1,700	2,400	7.5%	7.3%	8.5%	9.1%	\$10.66	\$10.84	\$10.33	\$10.00	\$215	\$215	\$211	Denver
Detroit	1.2%	-0.2%	-0.7%	0.2%	6,100	3,800	2,200	1,400	3.6%	4.2%	4.9%	5.3%	\$7.39	\$7.58	\$7.58	\$7.40	\$96	\$100	\$101	Detroit
Fort Lauderdale	2.5%	0.0%	-0.9%	0.4%	600	1,100	1,300	700	4.4%	5.3%	7.2%	7.7%	\$17.66	\$17.54	\$17.90	\$18.19	\$254	\$259	\$263	Fort Lauderdale
Houston	2.4%	1.7%	0.4%	0.9%	32,200	18,200	19,000	19,000	7.0%	6.6%	7.5%	7.9%	\$8.89	\$9.10	\$10.08	\$10.36	\$139	\$144	\$145	Houston
Indianapolis	2.5%	1.3%	-1.0%	0.5%	21,400	5,800	2,900	2,700	8.4%	9.4%	8.1%	7.0%	\$7.77	\$7.00	\$7.03	\$7.23	\$109	\$110	\$111	Indianapolis
Jacksonville	2.3%	1.3%	-0.9%	0.5%	5,500	4,500	6,900	1,300	3.4%	6.2%	9.6%	9.8%	\$9.45	\$10.22	\$9.26	\$9.50	\$129	\$136	\$139	Jacksonville
Las Vegas	3.7%	0.7%	1.7%	1.0%	4,800	13,200	5,800	1,500	3.5%	11.1%	13.0%	12.8%	\$13.05	\$12.96	\$12.96	\$12.85	\$256	\$259	\$261	Las Vegas
Los Angeles	0.3%	0.4%	0.1%	0.4%	5,200	5,100	5,700	2,700	4.4%	6.5%	6.7%	7.2%	\$19.34	\$17.36	\$16.49	\$16.00	\$339	\$341	\$340	Los Angeles
Memphis	0.3%	-0.5%	-0.4%	0.3%	8,200	400	0	0	6.7%	7.4%	9.2%	8.9%	\$4.71	\$5.11	\$5.48	\$5.55	\$86	\$90	\$90	Memphis
Miami-Dade	3.1%	2.1%	-0.1%	0.6%	5,000	6,100	2,900	3,300	3.0%	5.7%	7.0%	8.0%	\$18.42	\$17.59	\$17.82	\$18.00	\$304	\$314	\$316	Miami-Dade
Milwaukee	0.5%	0.0%	-1.0%	-1.1%	4,400	1,300	2,000	1,300	3.2%	4.1%	5.6%	5.5%	\$5.47	\$5.86	\$6.09	\$6.23	\$86	\$90	\$91	Milwaukee
Minneapolis-St. Paul	1.2%	1.1%	-0.0%	0.1%	7,900	4,300	2,300	5,000	3.9%	4.2%	4.2%	4.5%	\$8.68	\$8.80	\$8.87	\$8.90	\$119	\$124	\$127	Minneapolis-St. Paul
New York City	1.8%	2.4%	-0.4%	0.7%	300	2,200	3,400	700	6.5%	7.6%	8.9%	9.1%	\$24.64	\$25.46	\$24.70	\$24.85	\$511	\$525	\$531	New York City
Northern New Jersey	2.1%	1.0%	0.3%	0.6%	6,900	4,600	3,000	2,300	4.8%	6.0%	6.6%	7.0%	\$14.66	\$14.59	\$14.69	\$14.90	\$231	\$240	\$240	Northern New Jersey
Oakland	1.0%	-0.3%	0.2%	0.7%	2,200	2,200	1,500	1,500	5.7%	8.0%	9.7%	10.3%	\$17.72	\$18.75	\$17.32	\$17.11	\$310	\$312	\$312	Oakland
Orange County	0.7%	0.5%	-0.4%	0.8%	2,400	1,700	2,400	800	3.2%	5.5%	6.8%	7.0%	\$20.11	\$18.91	\$18.35	\$17.90	\$372	\$378	\$379	Orange County
Orlando	2.7%	0.9%	0.3%	0.7%	7,500	6,400	2,300	1,800	4.6%	8.2%	8.1%	8.5%	\$11.26	\$12.89	\$13.08	\$13.00	\$187	\$197	\$200	Orlando
Philadelphia	1.6%	1.0%	0.6%	0.9%	18,200	9,000	14,200	3,200	6.7%	7.5%	9.5%	9.2%	\$10.71	\$10.90	\$10.19	\$10.36	\$142	\$149	\$150	Philadelphia
Phoenix	2.7%	1.7%	-0.1%	0.6%	30,300	36,500	16,100	6,000	8.6%	13.4%	13.1%	11.8%	\$12.43	\$12.36	\$12.22	\$12.51	\$211	\$221	\$226	Phoenix
Portland	1.0%	-0.2%	-1.7%	-0.4%	1,500	2,100	3,000	1,500	4.6%	6.6%	7.9%	8.6%	\$11.38	\$11.08	\$11.08	\$11.02	\$214	\$217	\$220	Portland
Riverside-San Bernardino	1.2%	1.6%	0.6%	0.8%	29,300	25,700	14,200	10,200	5.9%	7.8%	9.2%	8.9%	\$15.59	\$13.27	\$12.62	\$12.25	\$272	\$273	\$272	Riverside-San Bernardino
Sacramento	1.5%	1.5%	0.8%	1.0%	3,800	2,300	1,200	300	5.3%	6.1%	6.8%	6.9%	\$10.13	\$9.41	\$9.83	\$9.90	\$179	\$183	\$183	Sacramento
San Diego	0.9%	0.3%	0.2%	0.6%	2,900	2,600	2,700	2,200	6.2%	8.3%	10.3%	10.9%	\$20.80	\$19.53	\$19.71	\$19.80	\$325	\$329	\$330	San Diego
Seattle-Tacoma	0.2%	0.8%	-0.3%	0.2%	6,700	6,400	5,500	3,900	6.1%	8.1%	9.9%	10.4%	\$12.71	\$12.89	\$12.99	\$12.80	\$275	\$281	\$283	Seattle-Tacoma
Tampa-St. Petersburg	2.2%	0.5%	0.0%	0.5%	6,500	4,500	4,100	2,200	4.7%	6.3%	7.9%	8.1%	\$12.03	\$11.81	\$11.56	\$11.64	\$161	\$169	\$174	Tampa-St. Petersburg
Washington, D.C.	1.6%	1.6%	-2.9%	-0.9%	11,700	5,900	4,500	3,100	7.1%	7.7%	8.1%	8.2%	\$12.83	\$13.30	\$14.05	\$14.35	\$234	\$246	\$248	Washington, D.C.
United States	1.6%	0.9%	0.1%	0.2%	554,500	391,700	274,400	200,000	5.6%	7.1%	7.8%	8.4%	\$10.59	\$10.52	\$10.49	\$10.55	\$157	\$163	\$164	United States

*Forecast **As of1Q

²See Statistical Summary Note on Page 48.

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