



Yardi Matrix

Industrial National Report

April 2026



Automation a Slow-Moving Revolution

- Automation and AI are becoming a more frequent feature of warehouse operations, though adoption remains uneven and far from mature.
- Contrary to earlier assumptions, automation has not reduced demand for logistics real estate. Part of this is consumer expectations for faster delivery of goods, which have absorbed much of the efficiency gained from technology. Another factor is that automation itself is space-intensive, mandating higher clear heights, flatter floors, wider column spacing and layouts able to accommodate robotics and internal product movement. These requirements often increase, rather than reduce, logistic firms' space needs.
- These physical restrictions are sustaining demand for new construction, as modern buildings are better positioned to support automation and AI. Demand for newer space helps explain why in-place rent growth has remained solid, if not spectacular, even as vacancy rates have spiked in the aftermath of the supply boom. Interest in build-to-suit projects capable of supporting automated operations also remains strong. Modern facilities that can meet automation requirements tend to command higher rents, support longer lease terms, and exhibit stronger tenant retention than older assets.
- Even as tenant interest remains strong, adoption of automation and AI has been uneven, constrained by building characteristics, power availability and retrofit costs. Power is still a limiting factor across much of the industrial sector, and access has become a central consideration in site selection. In many markets, grid capacity and the pace of utility upgrades restrain implementation regardless of tenant appetite. Even with access to power and a desirable location, some older properties may not be well suited for retrofit due to layout and insufficient clearances.
- The automation cycle will unfold over many years rather than all at once. Adoption is being paced by new construction, infrastructure capacity and the long replacement cycle of existing warehouse stock, not by technology alone. Prologis estimates that by 2035, roughly half of modern logistics space could incorporate some level of automation, primarily through flexible and modular systems rather than fully automated facilities. We expect adoption to remain incremental, with flexible, well-located assets that offer sufficient access to power positioned to benefit the most.



Rents and Occupancy: New Jersey Fundamentals Strong as Rates Normalize

- National in-place rents for industrial space averaged \$9.03 per square foot in March, up four cents over the previous month and 5.4% over the past 12 months.
- Atlanta continues to lead the country, with in-place rents increasing 8.1% over the past 12 months, followed by Tampa (7.3%), Bridgeport (7.1%) and Miami (7.0%).
- New Jersey has normalized after several years of outsize growth. In-place rent growth stands at 4.3%, one of the lowest levels among top markets, while vacancy has risen to 8.9% as new supply has been delivered and tenant decision-making has slowed. Yet fundamentals remain positive, with the market benefiting from access to the Port of New York and New Jersey and a central location in the most densely populated region in the country. Its pipeline has tapered in recent quarters, while leasing activity has stabilized, positioning the market for renewed rent growth over the medium term.
- The national vacancy rate was 9.3% in March, an increase of 10 basis points from February and 80 basis points over the past year.
- A lease signed in the past 12 months was \$10.01 per foot, 98 cents higher than the national average for in-place rents. After consistently shrinking for two years, this spread has plateaued around a dollar per square foot in recent months, signaling that the supply-boom impact may be waning. Some markets, however, continue to see substantial premiums paid for new leases. Bridgeport has experienced the largest spread, with a new lease costing \$5.06 more per square foot than the market average for in-place rent. Boston (\$3.73) and Miami (\$3.23) were the only other top markets with a premium of more than \$3 per square foot.

Average Rent by Metro

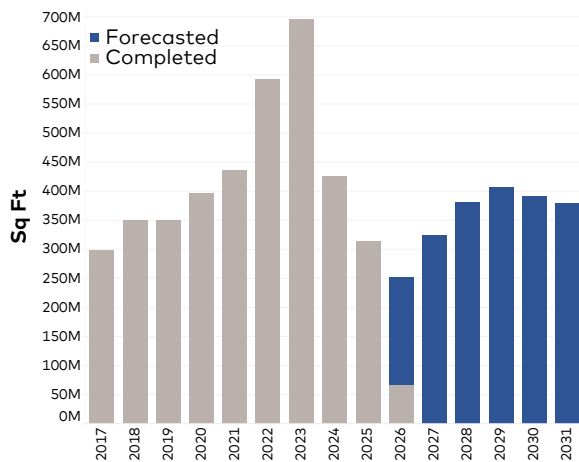
Market	Mar-26 Average Rent	12-Month Change	Avg Rate Signed in Last 12 Months	Vacancy Rate
National	\$9.03	5.4%	\$10.01	9.3%
Atlanta	\$6.78	8.1%	\$8.41	8.7%
Tampa	\$8.97	7.3%	\$10.54	10.3%
Bridgeport	\$10.31	7.1%	\$15.37	7.5%
Miami	\$13.52	7.0%	\$16.75	11.4%
Inland Empire	\$12.10	6.8%	\$12.84	8.9%
Philadelphia	\$8.63	6.7%	\$11.06	9.4%
Boston	\$12.20	6.6%	\$15.93	12.2%
Dallas	\$6.90	6.5%	\$9.07	9.1%
Baltimore	\$9.34	6.3%	\$10.16	9.9%
Cincinnati	\$5.71	6.1%	\$6.59	10.9%
Nashville	\$6.95	6.1%	\$9.34	7.3%
Seattle	\$12.69	5.8%	\$13.60	11.1%
Phoenix	\$10.05	5.7%	\$11.11	9.6%
Houston	\$7.24	5.4%	\$8.47	5.8%
Los Angeles	\$15.86	5.4%	\$14.35	8.9%
Twin Cities	\$7.76	5.3%	\$7.82	9.0%
Chicago	\$6.70	5.2%	\$7.23	11.6%
Bay Area	\$14.82	5.0%	\$17.19	9.6%
Indianapolis	\$5.47	5.0%	\$6.14	8.1%
Orange County	\$17.79	4.9%	\$18.17	7.2%
Columbus	\$5.67	4.8%	\$6.26	7.6%
Portland	\$10.67	4.6%	\$11.85	10.8%
Charlotte	\$7.57	4.4%	\$7.93	10.8%
New Jersey	\$12.44	4.3%	\$13.32	8.9%
Central Valley	\$6.94	3.4%	\$8.59	13.8%
Denver	\$9.87	3.2%	\$9.93	11.7%
Kansas City	\$5.21	3.2%	\$4.33	5.0%
St. Louis	\$5.29	3.1%	\$4.80	6.0%
Memphis	\$4.41	3.0%	\$3.75	11.5%
Detroit	\$7.64	2.7%	\$7.78	7.4%

Source: Yardi Matrix. Data as of March 2026. Rent data provided by Yardi Market Insight. National rent and occupancy data is a weighted average of the top 30 markets.

Supply: Phoenix Pipeline Shrinks but Remains Substantial

- Currently, 367.7 million square feet of industrial space (1.8% of stock) are under construction.
- Phoenix experienced a period of rapid expansion at the start of the decade, with more than 70 million square feet breaking ground between 2021 and 2022. Although that breakneck pace slowed, Phoenix is still among the most active development markets in the country. On a total square foot basis, its 18.7 million square feet under construction place it third behind Dallas and Houston, and as a percent of stock its 4.1% is the highest figure among top markets.
- Despite a persistent supply boom, infill assets continue to be a tight segment of the market. The vast majority of properties delivered in Phoenix in recent years are either big-box space larger than 100,000 square feet or smaller buildings located within logistics parks. Development in the market has been highly concentrated, as well. Nearly three-quarters of all space delivered since the start of 2021 has been in just three submarkets. Phoenix-West has had 38.0 million square feet delivered over that period (28.3% of the market's total deliveries), followed by Peoria with 36.5 million (27.2%) and Mesa with 25.3 million (18.9%).

National New Supply Forecast



Source: Yardi Matrix. Data as of March 2026

Supply Pipeline (by metro)

Market	Under Construction	Under Construction % Stock	UC Plus Planned % Stock
National	367,661,691	1.8%	3.5%
Phoenix	18,663,553	4.1%	11.5%
Columbus	12,143,843	3.6%	5.2%
Houston	21,593,327	3.1%	5.4%
Denver	8,351,687	2.9%	4.2%
Dallas	29,678,473	2.8%	4.9%
Central Valley	7,846,736	2.1%	6.4%
Bridgeport	4,516,914	2.1%	3.2%
Nashville	4,583,190	2.0%	3.2%
Indianapolis	6,647,216	1.7%	3.6%
Twin Cities	5,922,504	1.7%	2.4%
Atlanta	9,724,575	1.6%	3.8%
Baltimore	3,630,657	1.6%	2.7%
Portland	3,377,209	1.6%	2.0%
Detroit	8,894,655	1.4%	1.9%
Charlotte	4,584,028	1.3%	3.7%
Tampa	3,689,821	1.3%	2.2%
Inland Empire	8,094,971	1.2%	3.6%
New Jersey	7,188,868	1.2%	2.6%
Kansas City	3,686,823	1.2%	1.9%
Bay Area	3,833,668	1.2%	2.5%
Philadelphia	5,135,218	1.1%	2.7%
Cincinnati	3,131,754	1.1%	1.5%
Chicago	9,616,484	0.9%	2.3%
Seattle	2,705,941	0.9%	1.1%
Memphis	2,800,000	0.9%	4.6%
Boston	2,250,046	0.9%	2.3%
Cleveland	3,212,703	0.8%	0.9%
Los Angeles	4,232,025	0.6%	1.6%
Orange County	430,801	0.2%	0.3%

Source: Yardi Matrix. Data as of March 2026

Economic Indicators: Warehouse Employment Continues to Fall

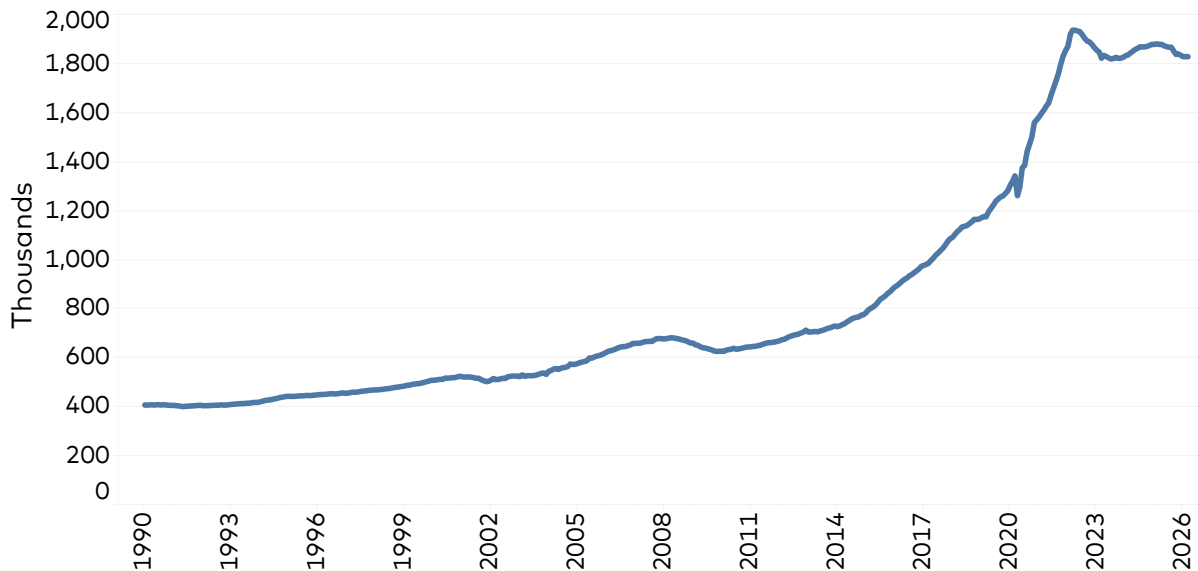
- Warehouse employment has continuously fallen in the past year, according to the Bureau of Labor Statistics. In March, employment in the sector was down by more than 50,000 jobs year-over-year, a decrease of 2.7%.
- The decline in warehouse employment is not due to a lack of job openings but rather is driven by a shortage of workers. Recent industry surveys have seen more than 70% of respondents reporting difficulty in hiring and retaining staff, with estimates placing the annual turnover rate in the sector between 35% and 40%. Entry-level warehouse work often competes for labor with hospitality and gig work, which are less physically demanding and offer more flexible schedules. Some firms are trying to address this by speeding up the adoption of AI and automation, but at least some of the current shortage reflects a lack of skilled workers that can support automated, tech-centric roles. Even where AI and automation are being utilized, that is largely as a supplement to existing workforces rather than wholesale replacement.

Economic Indicators

National Employment (March) 158.6M 0.1% MoM ▲ 0.2% YoY ▲	ISM Purchasing Manager's Index (March) 52.7 0.3 MoM ▲ 3.8 YoY ▲
Inventories (January) \$2,675.0B -0.1% MoM ▼ 1.0% YoY ▲	Imports (February) \$291.5B 5.0% MoM ▲ -11.0% YoY ▼
Core Retail Sales (February) \$546.6B 0.4% MoM ▲ 4.1% YoY ▲	Exports (February) \$206.9B 5.9% MoM ▲ 14.5% YoY ▲

Sources: Bureau of Labor Statistics, Institute for Supply Management, U.S. Census Bureau, Bureau of Economic Analysis, Moody's Analytics

Warehouse Employment



Sources: U.S. Bureau of Labor Statistics, Yardi Matrix

Transactions: Atlanta Active to Start Year

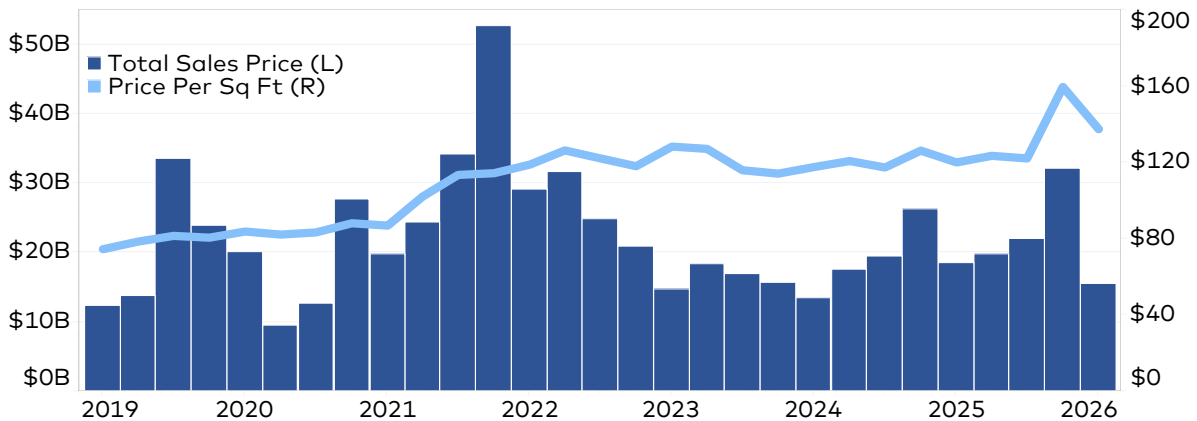
- Yardi Matrix logged \$15.5 billion in industrial transactions during the first quarter of the year, with properties trading at an average of \$138 per square foot.
- Geopolitical turmoil and an oil price shock have put rate cuts on hold. Investment activity is close to levels seen at this point last year.
- Atlanta has experienced the second-greatest sales volume so far this year, with \$811 million in industrial transactions logged in the first quarter. While average sales prices have slipped slightly from 2025 in the early going, they are still up 13% from 2024 and have doubled since 2019. Atlanta benefits from one of the world's busiest airports, a vast rail network and direct connectivity to multiple major interstate highways, complemented by proximity to the Port of Savannah. This transportation infrastructure advantage, combined with strong population growth and relatively cheap land, has positioned the metro as a premier logistics hub, attracting third-party logistics providers seeking access to Southeastern markets and national supply chains. The Lawrenceville sub-market in fast-growing Gwinnett County has emerged as a surprise hot spot for activity to start the year. Its \$154.7 million of transactions in the first quarter is nearly as much as the total of 2024 and 2025 combined.

Sales Activity

Market	YTD Sales Price PSF	YTD 2026 Sales (Mil)
National	\$138	\$15,548
Dallas	\$142	\$1,181
Atlanta	\$120	\$811
Chicago	\$85	\$792
New Jersey	\$292	\$784
Los Angeles	\$293	\$656
Phoenix	\$156	\$636
Inland Empire	\$165	\$613
Philadelphia	\$154	\$564
Bay Area	\$304	\$529
Houston	\$94	\$520
Charlotte	\$146	\$347
Orange County	\$277	\$318
Boston	\$157	\$303
Denver	\$99	\$262
Columbus	\$140	\$235
Nashville	\$140	\$219
Indianapolis	\$91	\$202
Seattle	\$178	\$195
Tampa	\$180	\$153
Baltimore	\$140	\$153
Cleveland	\$93	\$147
Portland	\$182	\$138
Twin Cities	\$73	\$104
Kansas City	\$154	\$101
Detroit	\$78	\$96

Source: Yardi Matrix. Data as of March 2026

Quarterly Transactions



Source: Yardi Matrix. Data as of March 2026

Definitions

Yardi Matrix collects listing rate and occupancy data using proprietary methods.

- **Average Rents**—Provided by Yardi Market Insight, a cutting-edge service that uses anonymized and aggregated data from other Yardi platforms to provide the most accurate rental and expense information available.
- **Vacancy**—The total square feet vacant in a market, including subleases, divided by the total square feet of office space in that market. Owner-occupied buildings are not included in vacancy calculations. Also provided by Yardi Market Insight.

Stage of the supply pipeline:

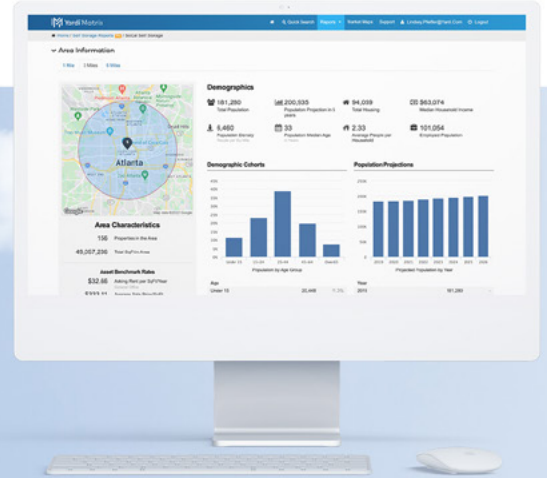
- **Planned**—Buildings that are currently in the process of acquiring zoning approval and permits but have not yet begun construction.
- **Under Construction**—Buildings for which construction and excavation has begun.

Sales volume and price-per-square-foot calculations for portfolio transactions or those with unpublished dollar values are estimated using sales comps based on similar sales in the market and submarket, use type, location and asset ratings, sale date and property size.



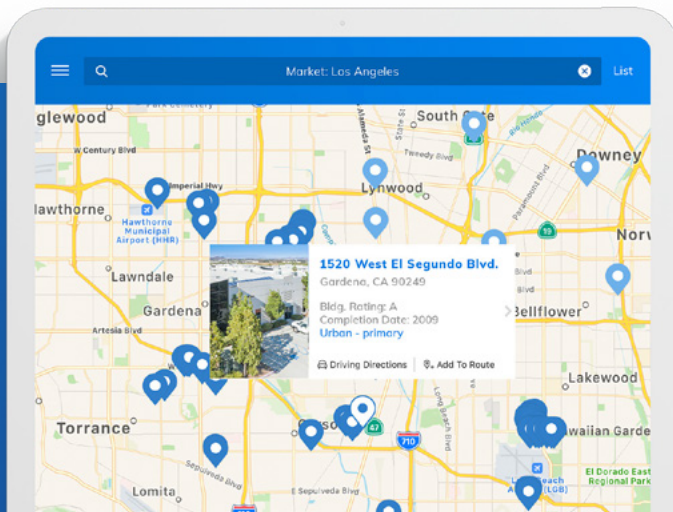
Yardi Matrix

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- Active in 118 markets across the U.S., covering over 16 billion square feet
- Find acquisition prospects based on in-place loans, maturity dates, lenders and originators
- Pierce the LLC with true ownership and contact info at the asset and portfolio levels
- Gain new supply pipeline information at the asset, competitive set and market levels
- Anonymized transacted rents and expense comps



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