

SECOND QUARTER 2026 INDUSTRIAL MARKET REPORT

OVERVIEW

The market continues to favor tenants as vacancy and availability remain above the historically tight levels experienced through 2022. After a period of tightening from 2016 through 2022, increased supply and more measured leasing activity have placed downward pressure on asking lease rates, while investment sales continue to be constrained by elevated interest rates and capital market uncertainty. Year to date 2026 activity suggests a cautious market, with leasing continuing to drive transaction volume and sales activity remaining selective. Overall, increased competition among landlords and slower investment activity continue to shape market conditions, with longer term improvement dependent on stronger demand and continued absorption of available space.

VACANCY & AVAILABILITY

Vacancy and availability have increased meaningfully in recent years, reflecting a gradual shift toward softer market conditions. Availability has ranged from 4% to 5% through most of the historical period, while vacancy held near 2%, indicating a relatively tight market from 2016 through 2020. Conditions tightened further in 2021, when availability fell to 2% and vacancy reached a cyclical low of 1%, before beginning to loosen again in 2022. The market softened more noticeably in 2023 and 2024 as availability rose to 7% and then 9%, while vacancy increased to 4% and 6%, respectively. In 2025 and 2026, both metrics have stabilized at 8% availability, with vacancy holding at 6% and then easing to 5%, suggesting some moderation in excess space. Overall, the market remains more balanced than distressed, but the upward trend in available space indicates reduced landlord leverage and a more competitive environment for tenants.

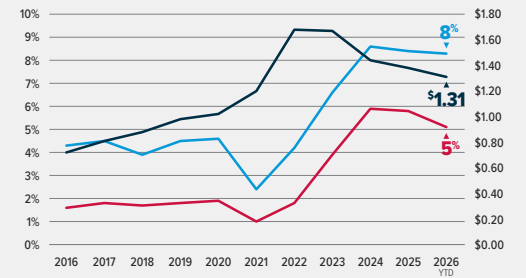
ASKING LEASE RATES

Average asking lease rates have moderated as vacancy and availability have increased in recent years. Following a steady rise from \$0.72 NNN in 2016 to a peak of \$1.68 NNN in 2022, asking rents remained relatively stable at \$1.67 in 2023 before declining to \$1.44 in 2024, \$1.38 in 2025, and \$1.31 in 2026 YTD. The continued downward trend reflects growing competition among landlords as available space has increased and leasing activity has become more measured. Despite the recent correction, asking rents remain well above pre 2020 levels, demonstrating that much of the long-term rental growth has been retained. Market conditions are expected to remain moderately tenant-favorable until vacancy declines and available inventory is further absorbed.

TRANSACTION ACTIVITY

Transaction activity has started 2026 on a moderate footing, with 20.1 MSF leased and 7.1 MSF sold year to date across 585 total transactions. Leasing continues to account for the majority of activity, reflecting steady occupier demand, while investment sales remain more constrained as buyers navigate elevated borrowing costs and pricing uncertainty. Compared with 2025, which recorded 33.3 MSF of leasing volume, 13.7 MSF of sales volume, and 1,070 total transactions, deal activity is progressing at a measured pace. Transactions counts total 444 lease transactions and 141 sales transactions through 2026 year to date, compared with 793 and 277, respectively, during all of 2025. Overall, leasing continues to drive market activity, while investment sales remain selective as capital market conditions continue to temper buyer demand.

VACANCY, AVAILABILITY & AVERAGE ASKING LEASE RATES

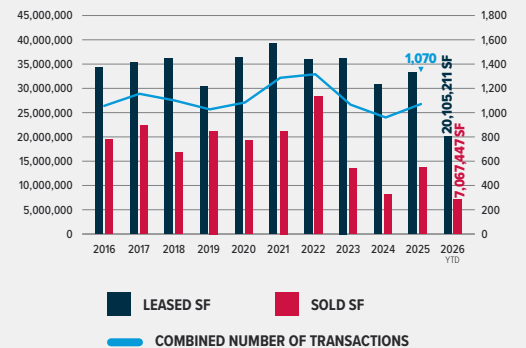


AVAILABILITY: Total Amount of Space that is Available whether Occupied, for Sublease, or Available at a Future Date

VACANCY: Total Vacant Space Divided by Total Existing Inventory

AVERAGE ASKING LEASE RATE: NNN / SF / Month

TRANSACTION VOLUME & NUMBER OF TRANSACTIONS



MARKET STATISTICS

	Change over last Quarter		2026 Q2	2026 Q1	2025 Q4	% Change Over 2025 Q4 to 2026 Q1
Total Vacancy Rate	▼ Down		5%	6%	6%	-14%
Availability Rate	▼ Down		8%	9%	8%	-5%
Average Asking Lease Rate	▼ Down		\$1.31	\$1.34	\$1.38	-2%
Sale & Lease Transactions	▲ Up		15,205,583	11,967,075	10,630,278	27%
Gross Absorption	▲ Up		10,394,554	9,763,572	10,238,428	6%
Net Absorption	▲ Positive		1,533,956.00	(1,852,944.00)	1,680,558.00	N/A