

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. Higher available inventory, slower absorption, and cautious business expansion have increased competition among landlords and contributed to continued downward pressure on asking lease rates. Year to date 2026 transaction activity has strengthened, with leasing continuing to drive volume and sales showing signs of improved buyer engagement, though elevated borrowing costs and broader economic uncertainty continue to influence investment decisions. Overall, the market is showing signs of stabilization, but elevated vacancy and softer rents continue to shape conditions, with sustained improvement dependent on stronger tenant demand and further absorption of available space.

VACANCY & AVAILABILITY

Vacancy and availability remain elevated in 2026 following a significant loosening in market conditions over the past several years. After holding between 2% and 3% for most of 2016 through 2022, vacancy climbed rapidly to 5% in 2023 and 7% in 2024, where it has remained through the current period. Availability followed a similar pattern, rising from 4% in 2022 to 9% by 2024 and remaining at that level in 2025. In 2026, availability has edged down to 8%, providing an early indication that the amount of space being marketed may be stabilizing, although vacancy has yet to show comparable improvement. The persistence of higher vacancy suggests absorption remains limited, keeping competition among landlords elevated and providing tenants with greater choice and negotiating leverage.

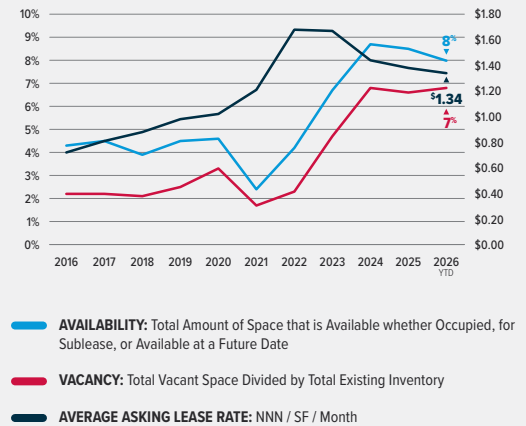
ASKING LEASE RATES

Average asking lease rates are continuing to adjust as the market works through a sustained period of elevated vacancy. After peaking at \$1.68 NNN in 2022, rates held nearly flat in 2023 before declining for three consecutive years, falling from \$1.44 NNN in 2024 to \$1.38 in 2025 and \$1.34 in 2026 YTD. This represents an approximately 7% decline since 2024, reflecting continued downward pressure on pricing. While the pace of decline has moderated, the additional reduction in 2026 suggests asking rates have yet to fully stabilize. Despite the recent adjustment, current rents remain above the levels recorded prior to the rapid growth experienced earlier in the decade. Future rental performance will depend on stronger leasing demand and a reduction in excess available space.

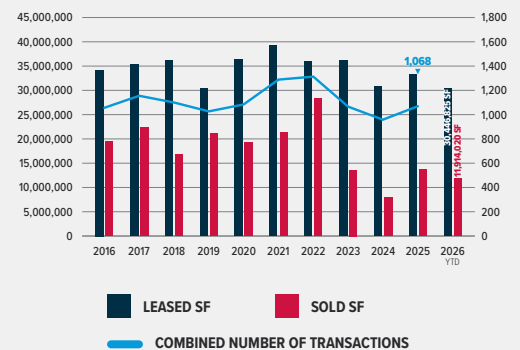
TRANSACTION ACTIVITY

Transaction activity has strengthened in 2026 YTD, with 30.4 MSF of leasing and 11.9 MSF of sales already recorded. Leasing volume is approaching the full-year 2025 total of 33.2 MSF, while sales have also regained momentum, reaching nearly 12.0 MSF compared with 13.7 MSF for all of 2025. The increase in transaction counts is similarly notable, with 675 lease transactions and 228 sales transactions recorded in 2026, compared with 791 and 277, respectively, during 2025. This represents a broader pickup in deal activity compared with the slowdown observed in 2023 and 2024, particularly in the investment sales market. Leasing remains the dominant component of overall activity, reflecting continued tenant demand, while the increase in sales activity suggests improving buyer engagement despite ongoing capital market constraints. Overall, 2026 YTD activity points to a more active transaction environment, although the full-year trend will depend on the pace of deals in the second half of the year.

VACANCY, AVAILABILITY & AVERAGE ASKING LEASE RATES



TRANSACTION VOLUME & NUMBER OF TRANSACTIONS



MARKET STATISTICS

	Change Over Last Quarter		2026 Q3	2026 Q2	2026 Q1	% Change Over 2026 Q2 to 2026 Q3
Total Vacancy Rate	▼ Down		6.8%	7.0%	6.9%	-3%
Availability Rate	▲ Up		8.4%	8.3%	8.8%	1%
Average Asking Lease Rate	▲ Up		\$1.34	\$1.31	\$1.34	2%
Sale & Lease Transactions	▼ Down		13,867,619	16,469,248	12,023,978	-16%
Gross Absorption	▲ Up		12,018,338	10,421,524	9,757,198	15%
Net Absorption	▲ Positive		774,543.00	(482,244.00)	(1,723,183.00)	N/A