

# Availabilities for Warehouse/ Distribution Spaces Increase Across Most Markets



The US Industrial Logistics Market Pauses After **Record Construction Deliveries**

After several quarters of historic construction starts and deliveries, the US logistics market is dealing with an increase in availabilities. The result has been a slowdown of record rent growth, increased vacancies and a dramatic decrease in new construction. The pandemic created a perfect storm of increased consumer demand, disrupted supply chains, and an overall lack of warehouse and distribution facilities. Companies pivoted from just-in-time to just-in-case inventory strategies, triggering many organizations to hurriedly lease up logistics space to meet demand and secure needs for current and anticipated growth, creating a sharp increase in rates. As the pandemic eased, demand for larger spaces (over 500,000 square feet) have begun to weaken, as companies look to right-size their warehouse/ distribution requirements. Coupled with an abundance of new deliveries has resulted in an increase in availabilities and sublease space. As occupiers look to navigate the current logistics market landscape, tenants will find more landlords willing to negotiate on rates, terms, and concessions.

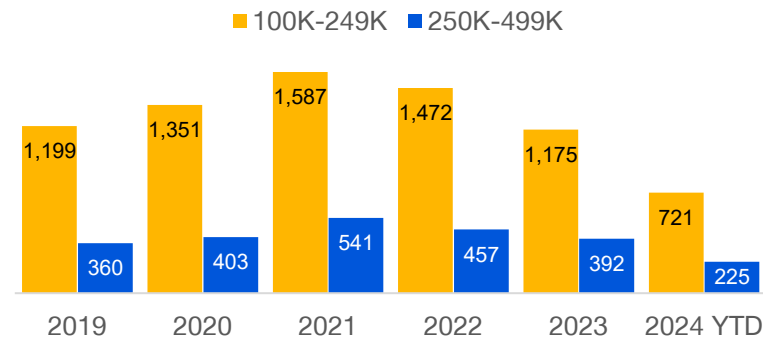
Logistics space is defined as class A & B industrial properties over 50,000 square feet with a use as a distribution, warehouse, or cold storage facility. Availabilities are defined as the amount of space that is being marketed as available for lease, regardless of whether the space is vacant, occupied, available for sublease or available at a future date.

# Signed Leases

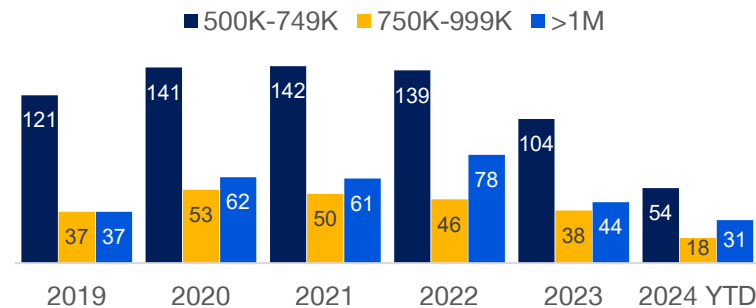
## US Industrial Logistics Market Deals Falling to Pre-Pandemic Levels

Overall lease deals for industrial logistics spaces increased between 2019 and 2021 before falling back to pre-pandemic levels. Deals over 1,000,000 square feet increased dramatically in 2020 and remained elevated through 2022. Much of this was connected to increased consumer demand created during the pandemic and disrupted supply chains causing many companies to increase their warehouse/distribution needs. More recently, there has been more demand for smaller spaces as companies look to right-size their supply chain portfolios. An uncertain economic outlook and a frenetic pace of signed deals during 2021 and 2022 aided in slowing down the overall number of signed leases across all space sizes in the past 18-months.

Signed Deals By Year: Over 150,000 SF to 499,999 SF



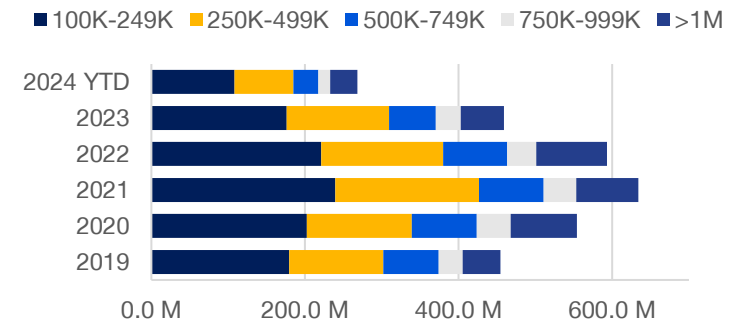
Signed Deals By Year: Over 500,000 SF



Annual Percentage Change of Signed Deals By Size

| Space Sizes SF  | 2019 - 2020 | 2020- 2021 | 2021- 2022 | 2022- 2023 | 2023 H1- 2024 H1 |
|-----------------|-------------|------------|------------|------------|------------------|
| 100,000-249,000 | 12.7%       | 17.5%      | -7.2%      | -20.2%     | -9.9%            |
| 250,000-499,000 | 11.9%       | 34.2%      | -15.5%     | -14.2%     | -25.1%           |
| 500,000-749,000 | 16.5%       | 0.7%       | -2.1%      | -25.2%     | -10.2%           |
| 750,000-999,999 | 43.2%       | -5.7%      | -8.0%      | -17.4%     | -13.3%           |
| Over 1,000,000  | 67.6%       | -1.6%      | 27.9%      | -43.6%     | 14.3%            |

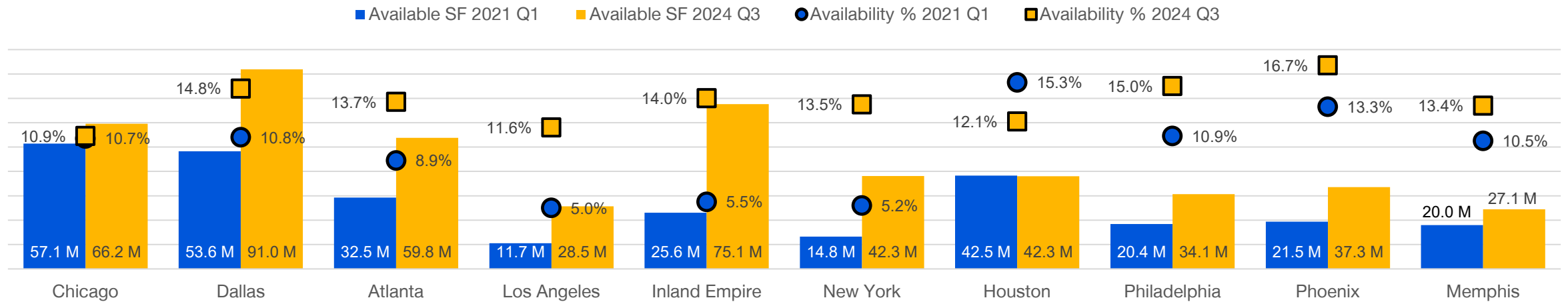
Volume SF of Signed Deals By Size



# Availability Change

## Top 10 Industrial Logistics Markets By Inventory SF: Existing Buildings

### Availability Change Between Q1 2021 and Q3 2024



Note: Existing Class A & B logistics buildings over 50,000 SF.  
Available spaces include distribution, warehouse, & cold storage facilities

Source: CoStar and Cresa

**54.6%**

Increase in available SF in US logistics markets since the start of 2021

**485.6 M**

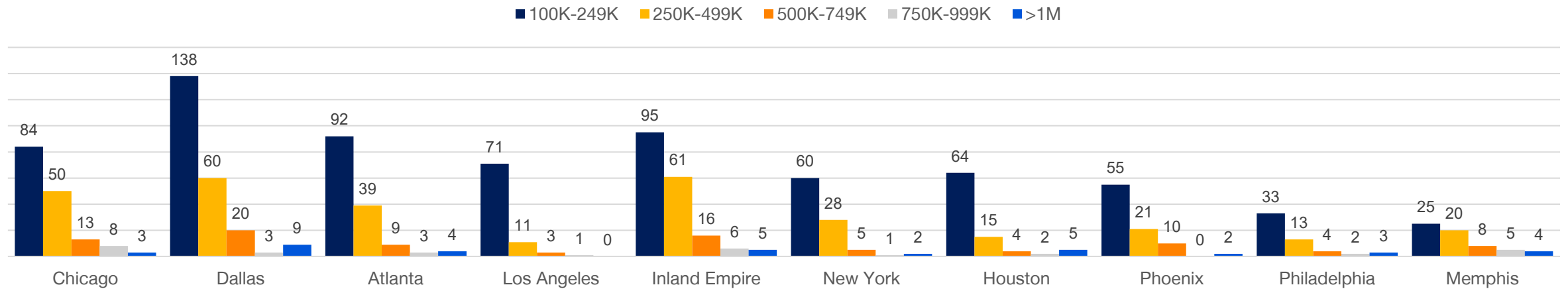
Square feet of space available in largest industrial metros in September 2024, compared to **287.5 M** in 2021

The total amount of **available space increased in 9 out of the top 10 industrial logistics markets** since the start of 2021. The most active markets in terms of new deliveries have seen the largest increase in the square footage of available space. Los Angeles, the Inland Empire, and New York markets have doubled the amount of available logistics space, while Houston has stayed relatively flat.

# Availability by Total Spaces

## Top 10 Industrial Logistics Markets: Existing Buildings

Number of Available Contiguous Spaces By Size Segment



Note: Existing Class A & B logistics buildings over 50,000 SF.  
Available spaces include distribution, warehouse, & cold storage facilities

Source: CoStar and Cresa

33

The number of available contiguous spaces **over 1 million square feet** in the 10 largest logistics markets

198

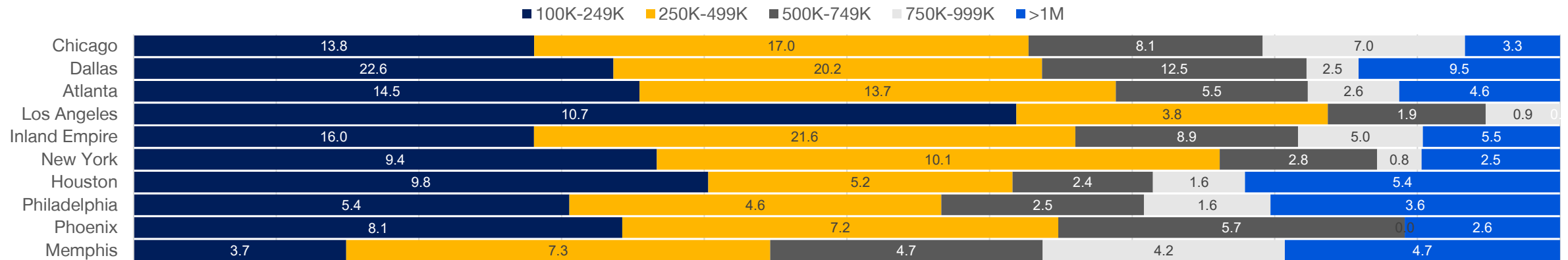
Available spaces in the Dallas-Ft Worth logistics market **under 500,000 square feet**

The number of available logistics spaces has been growing over the past 18-months. The Dallas and Inland Empire market have the most spaces available, spurred by new deliveries and occupiers moving to new, amenitized buildings. Markets with less construction, like New York, have not seen the volatility in terms of available spaces.

# Availability by Total SF

## Top 10 Industrial Logistics Markets: Existing Buildings

SF of Available Contiguous Spaces By Size Segment (Millions of SF) As A Total Per Market



Note: Existing Class A & B logistics buildings over 50,000 SF.  
Available spaces include distribution, warehouse, & cold storage facilities

Source: CoStar and Cresa

22.1%

Available of total space  
over 1 M SF  
in Houston

66.8%

Available space in the 10 largest  
logistics markets between  
100,000 and 499,999 SF

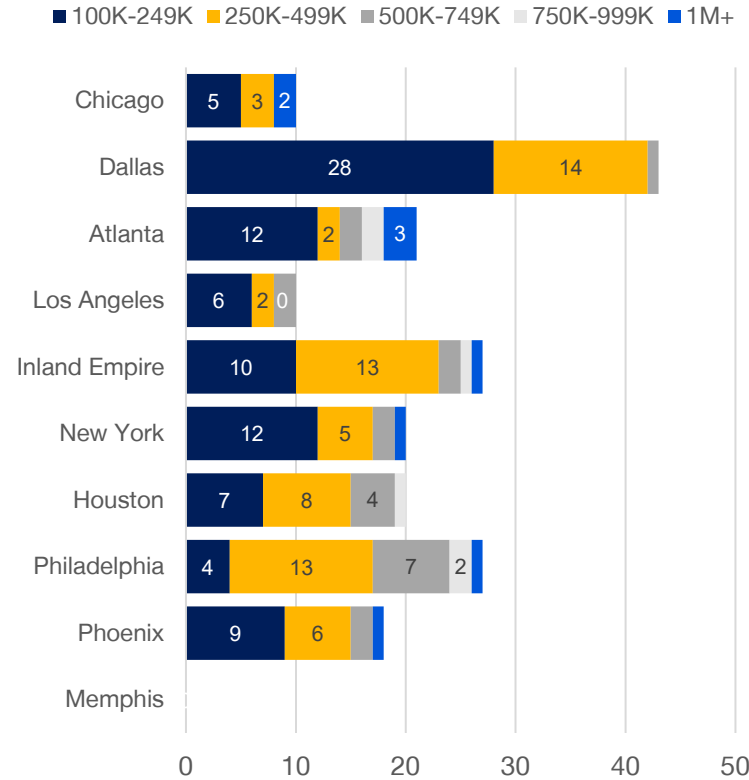
The amount of available square feet in the 10 largest logistics markets is primarily found in the small- to mid-sized spaces. Houston and Philadelphia had larger percentages of available space over 1 million square feet compared to other large markets. Available spaces between 100,000 to 249,999 square feet represent the largest percentage of available size segments (followed by 250,000 to 499,999 square feet) within the largest logistics markets.

New industrial logistics construction peaked in 2022. Starts for 2023 were comparable to pre-pandemic levels. In particular, the number of large projects, over 1,000,000 square feet, has fallen sharply. Atlanta has three available spaces over 1,000,000 square feet under construction, while the Chicago market has two. Dallas leads with the most availabilities in the smaller range (between 100,000 and 249,999 square feet), with 28 availabilities. Meanwhile, the Philadelphia has the broadest offering of availabilities of logistics spaces by size, with 13 spaces available in the 250,000 to 499,999 square foot range and 7 space in the 500,000 to 749,999 square foot range.

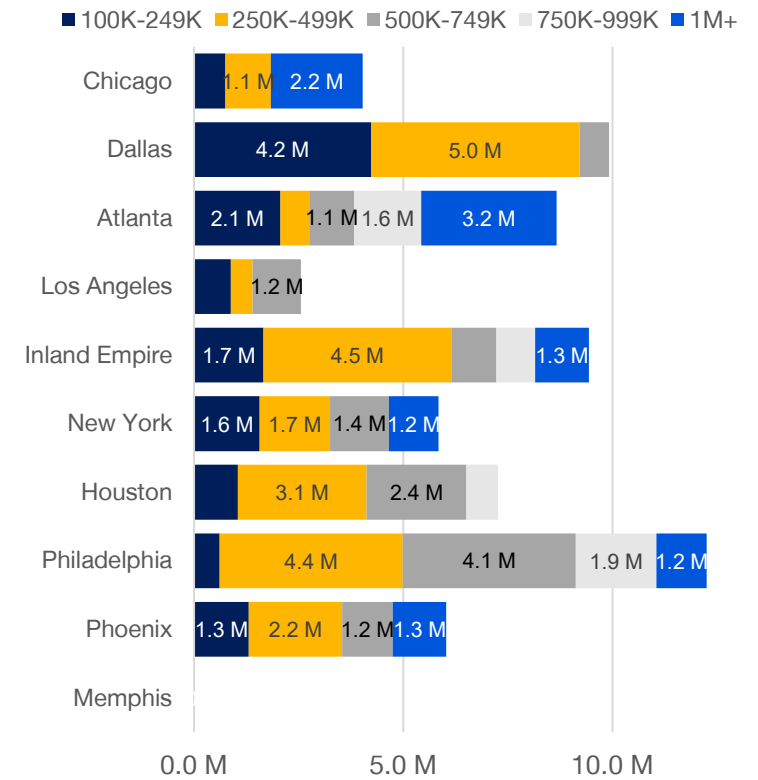
# Availability in Under Construction

## Top 10 Industrial Logistics Markets: Under Construction

**Number of Available Contiguous Spaces Under Construction by Size**



**Total Contiguous SF Available Under Construction by Size**



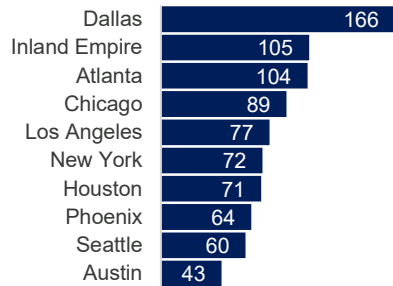
Source: CoStar and Cresa. Data includes class A & B logistics buildings over 50,000 SF under construction. Available paces include contiguous space within distribution, warehouse, & cold storage facilities. Markets reviewed include all US industrial markets.

# Availability: Top 100 Markets

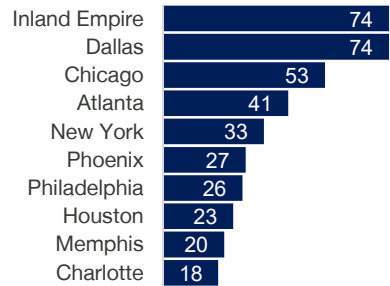
## Top 10 Industrial Logistics Markets In Terms of Availability By Size Segment

### Number of Contiguous Available Spaces in Existing & Under Construction Buildings

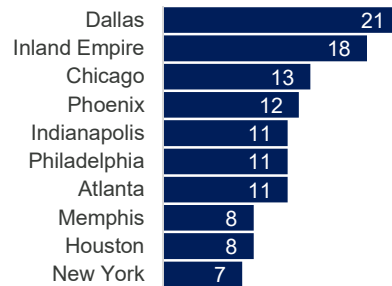
100,000 – 249,999 SF



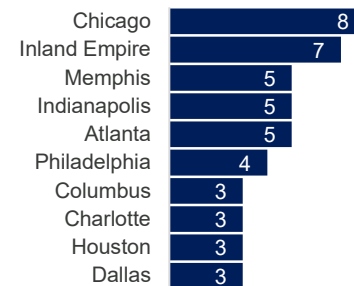
250,000 – 449,999 SF



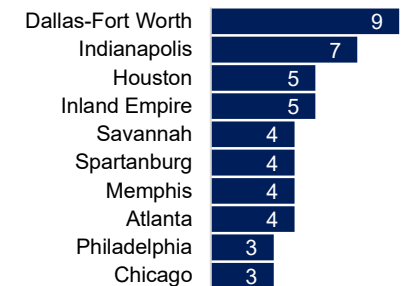
500,000 – 749,999 SF



750,000 – 999,999 SF

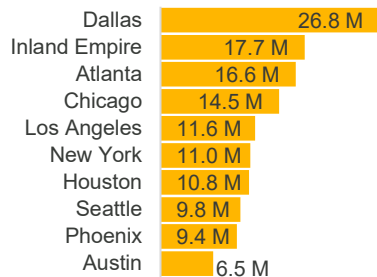


>1,000,000 SF

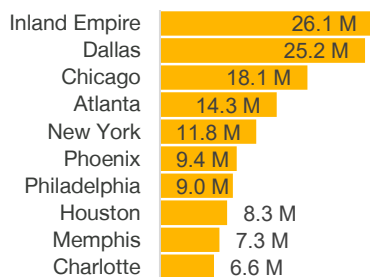


### SF of Contiguous Available Space in Existing & Under Construction Buildings

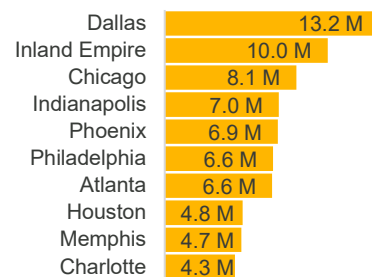
100,000 – 249,999 SF



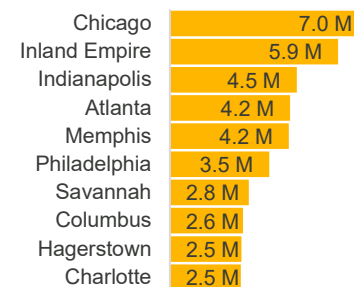
250,000 – 449,999 SF



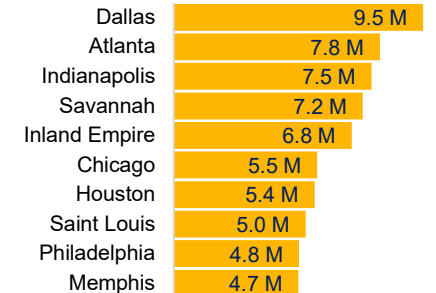
500,000 – 749,999 SF



750,000 – 999,999 SF



>1,000,000 SF



Source: CoStar and Cresa. Data includes existing and under construction class A & B logistics buildings over 50,000 SF. Available spaces include contiguous space within distribution, warehouse, & cold storage facilities. Markets reviewed include the top 100 US Industrial markets by total inventory.