

ELITE 11

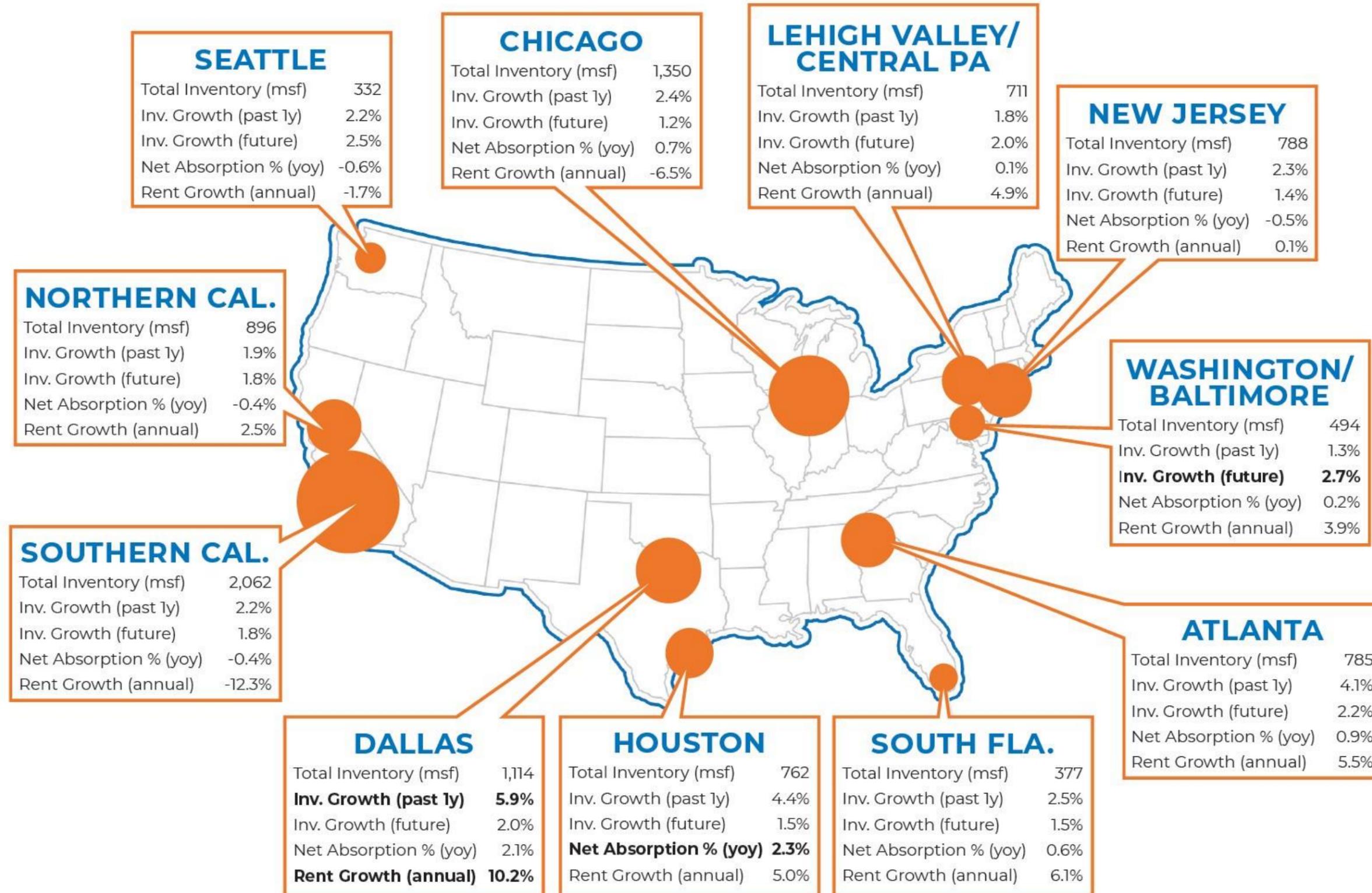
U.S. Industrial Markets

MID-YEAR 2024



TRANSWESTERN





[VIEW INTERACTIVE MAP](#)

Bold text indicates top-ranked indicator among Elite 11.



NATIONAL OVERVIEW

Pendulum Shifting but May Be Halted

The shift toward equilibrium continued for U.S. industrial real estate, as vacancies continued to loosen and rent growth stalled. However, softening conditions may be short-lived as new construction starts diminish.

Here's the big picture.

Occupancy Growth Slows Considerably

Despite continued growth in total occupancy, the overall vacancy rate increased by 30 basis points, surpassing 6.0% for the first time in nine years. The number of sublease listings continued to rise, albeit the pace slowed, accounting for 9.8% of available space, more than double the level of two years ago.

New Development Decelerating

When compared to the first six months of 2023, new property deliveries slowed 27% through the first half of 2024, while product under construction fell for the seventh consecutive quarter to its lowest level since Q4 2020.

Demand for Industrial Remains Strong

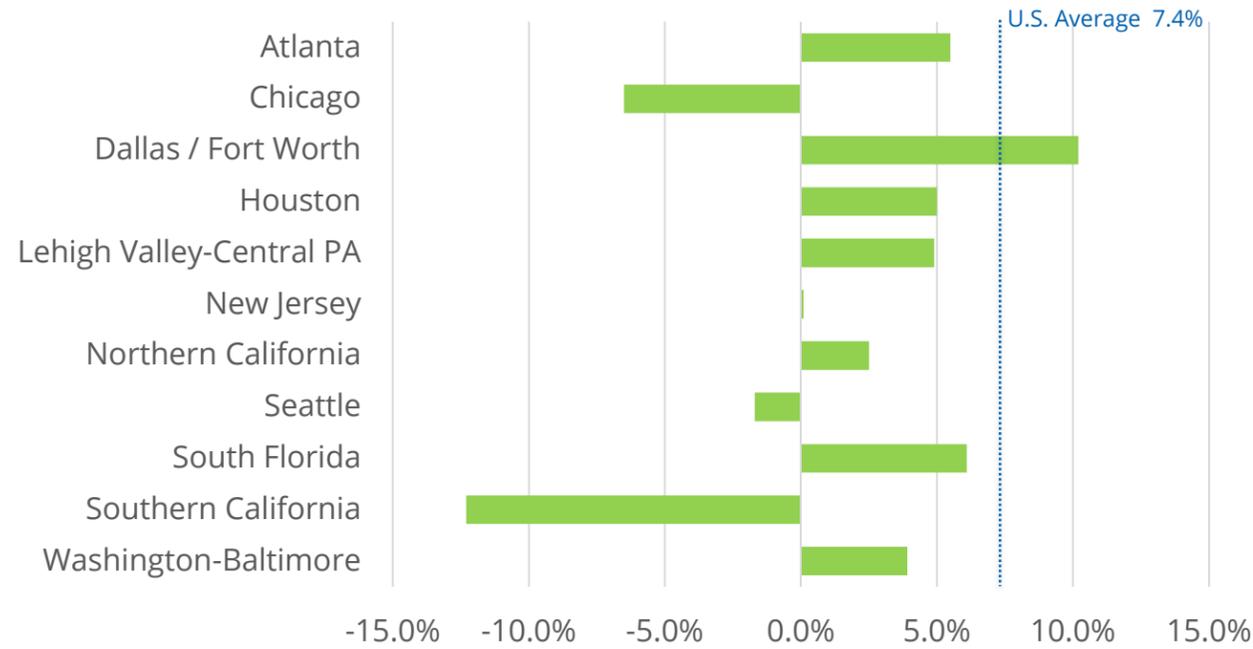
The tenant base for industrial space is expanding beyond ubiquitous warehouse demand to include more cold storage, pharma, and data center users, while investor dry powder is being deployed as interest rates ease and industrial remains a favored asset class.

ELITE 11 MARKET HIGHLIGHTS

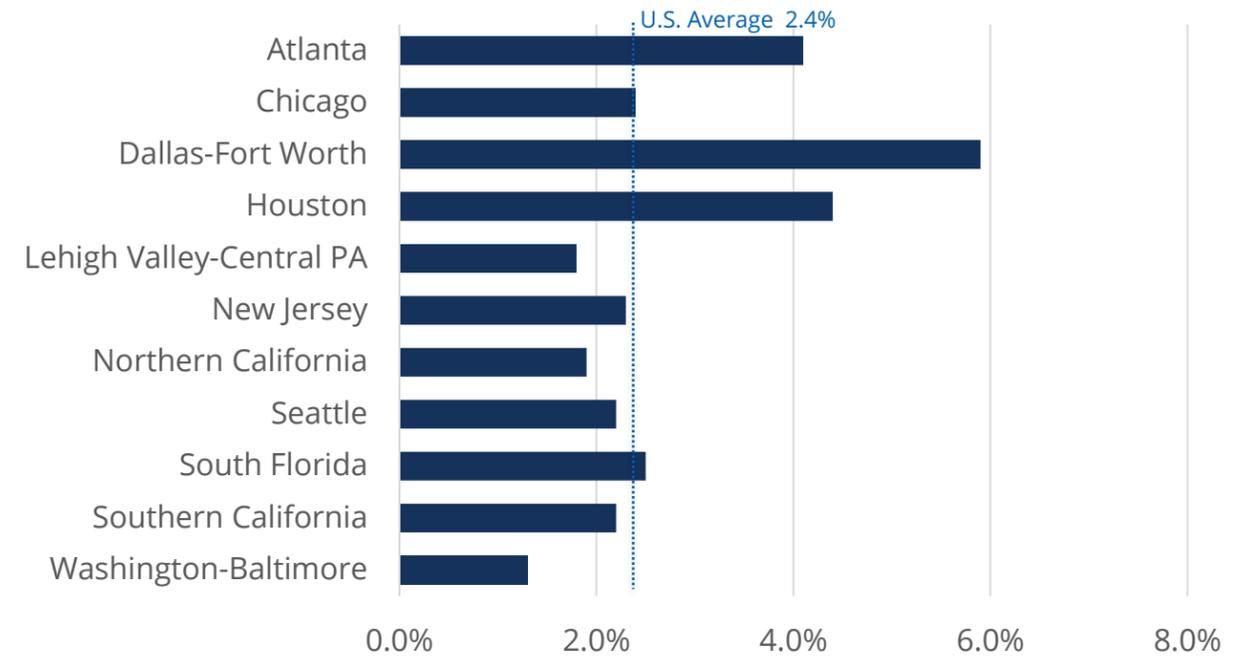
- **Dallas** continued adding inventory faster than all markets, pushing rents higher, and while its construction pipeline is shrinking, the vacancy rate has reached double digits for the first time since 2011.
- **Houston** recorded the highest level of occupancy growth over the past 12 months, and with a contracting construction pipeline, the market is one of the most balanced.
- The **Washington-Baltimore** region moved to the top of the list for future inventory growth, boosted by data center development.
- While still near the top of the list, **South Florida's** rent growth normalized as new deliveries pushed availability levels higher, providing more options for tenants.
- **Atlanta** ranked third among all growth categories and while overbuilding was once a concern, continued strong leasing points towards demand catching up to supply.
- While construction starts have slowed considerably, absorption is no longer outpacing new supply in **Chicago**.
- Activity in the historically strong **Southern California** and **New Jersey** markets has cooled considerably. A rebound is anticipated as the two largest port regions remain prime destinations for industrial users.



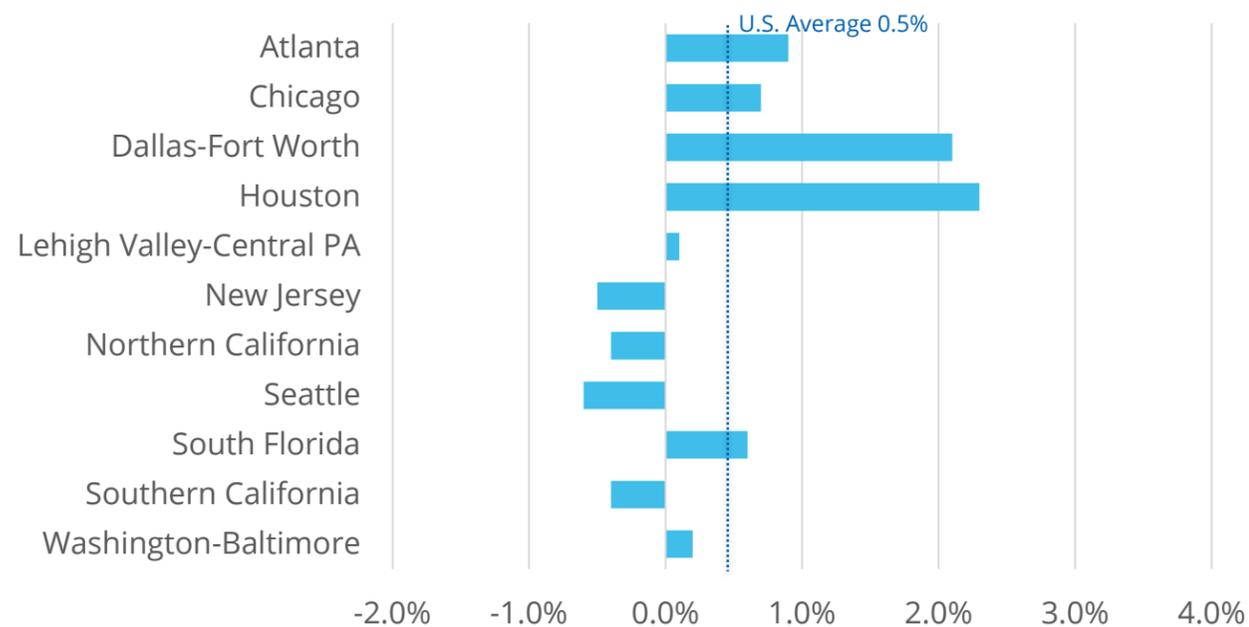
RENT GROWTH Year-over-Year



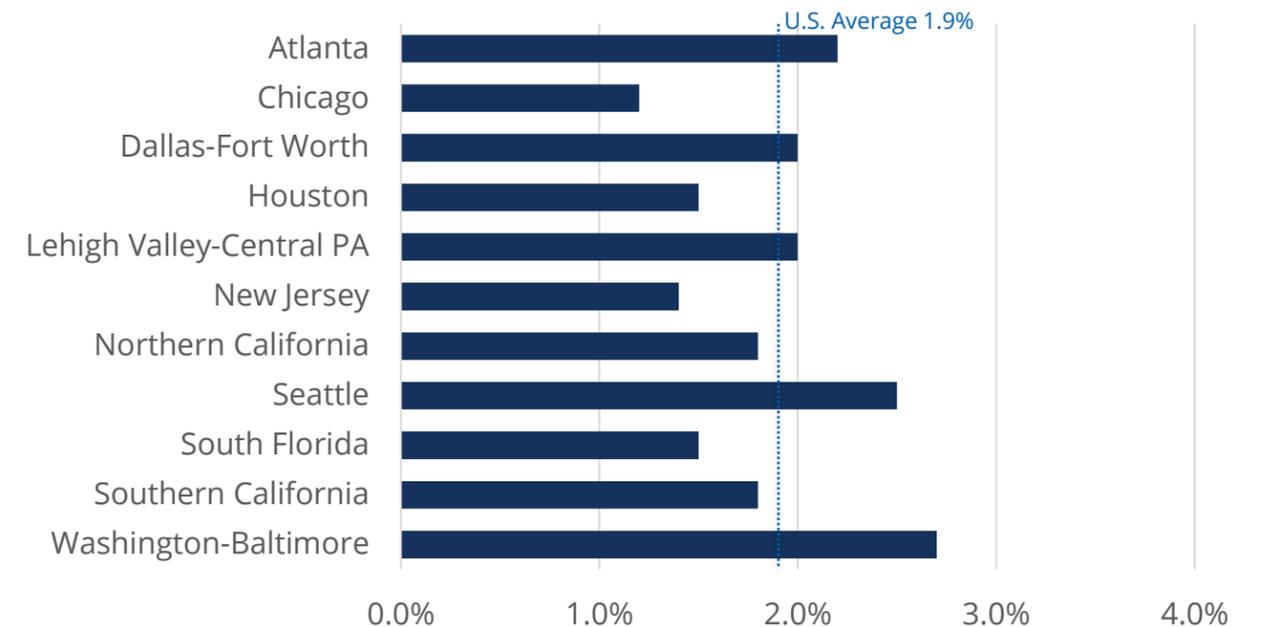
12-MONTH MARKET GROWTH Percentage of Inventory



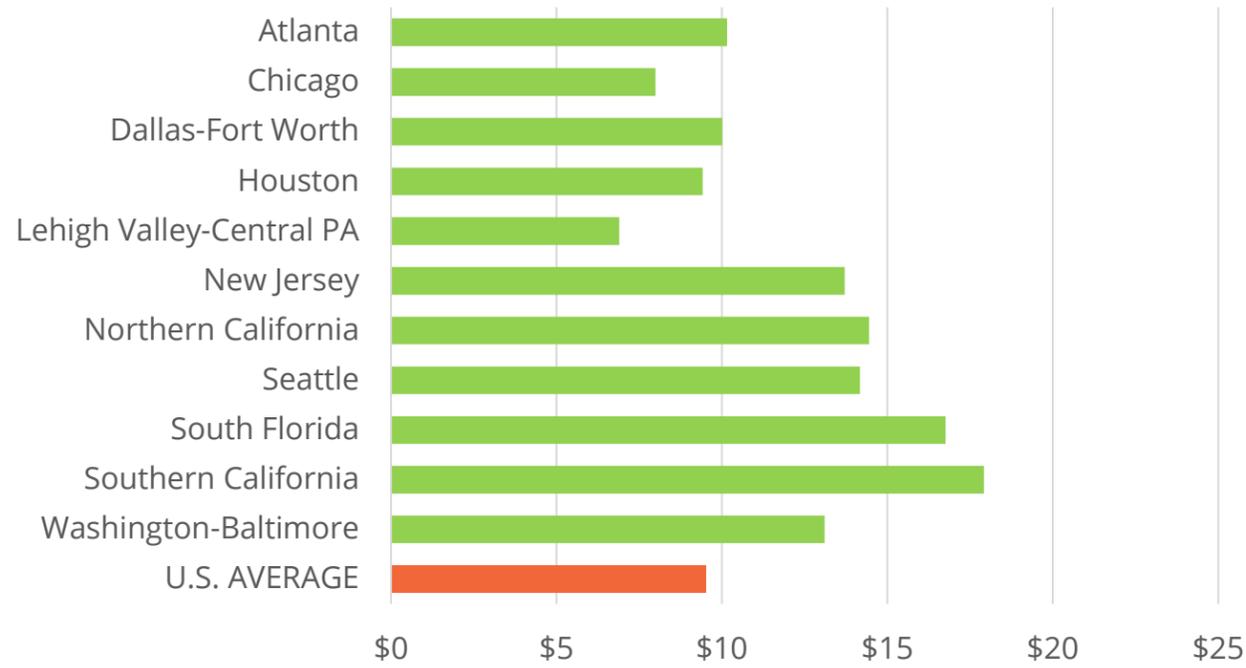
4-QUARTER NET ABSORPTION Percentage of Inventory



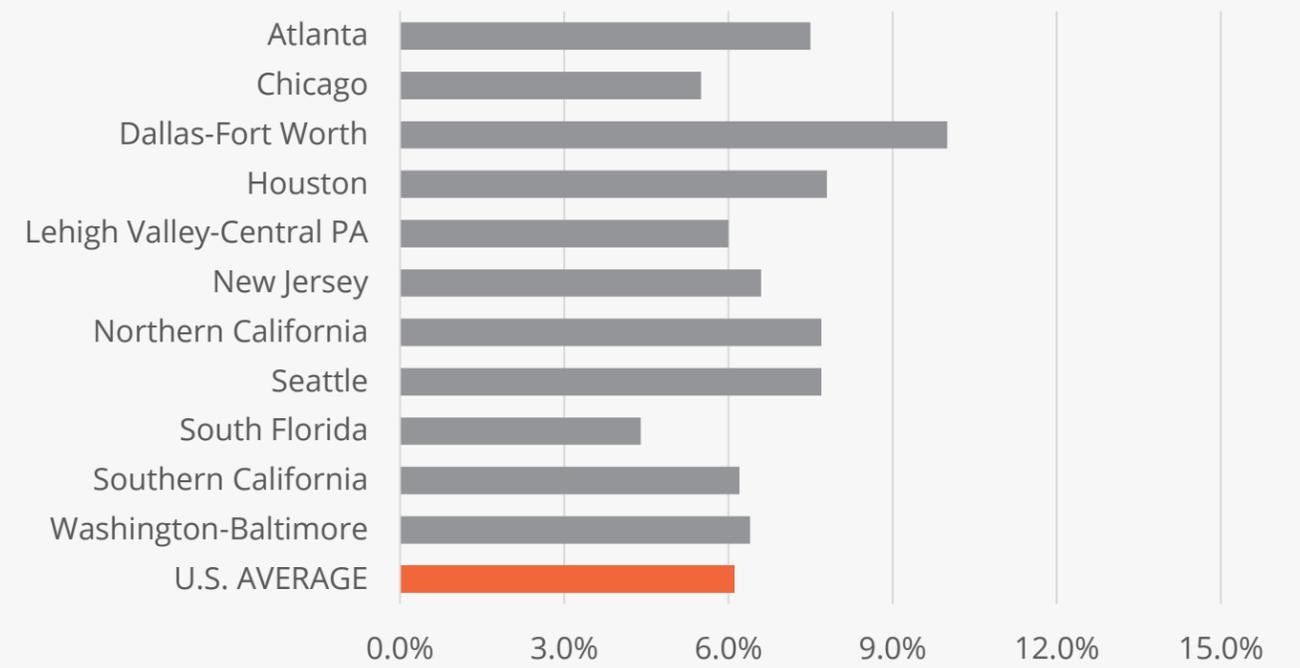
FUTURE DELIVERIES Percentage of Inventory



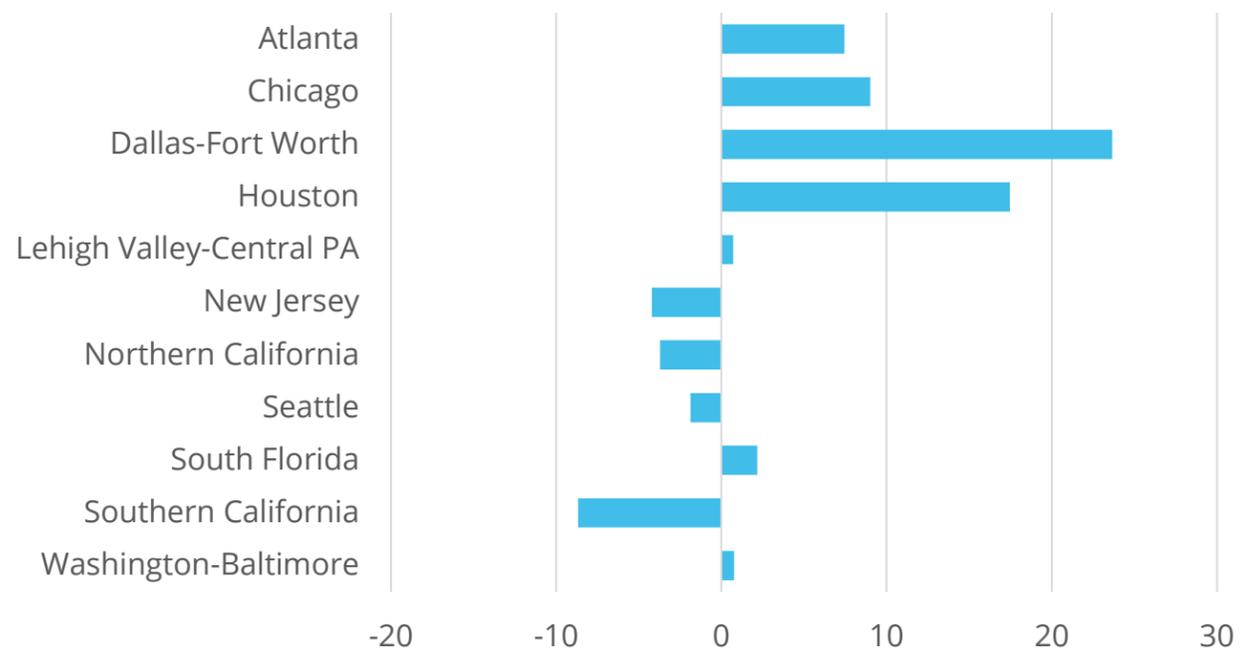
ASKING RENT PSF NNN



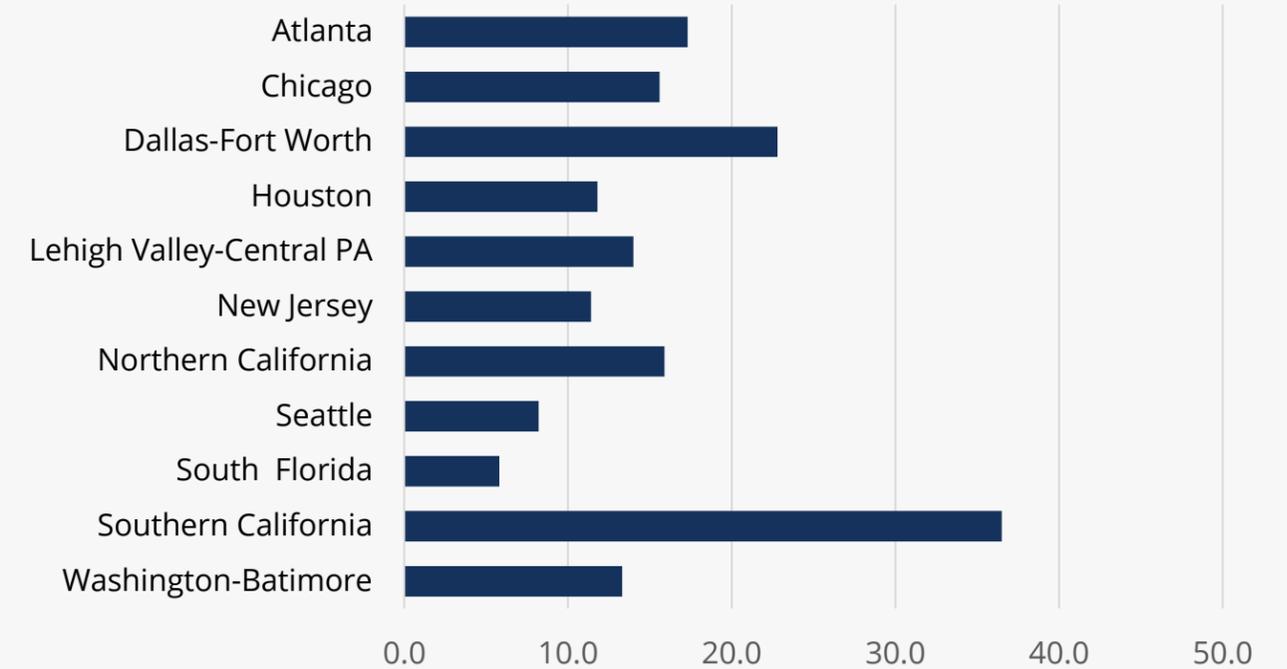
VACANCY RATE



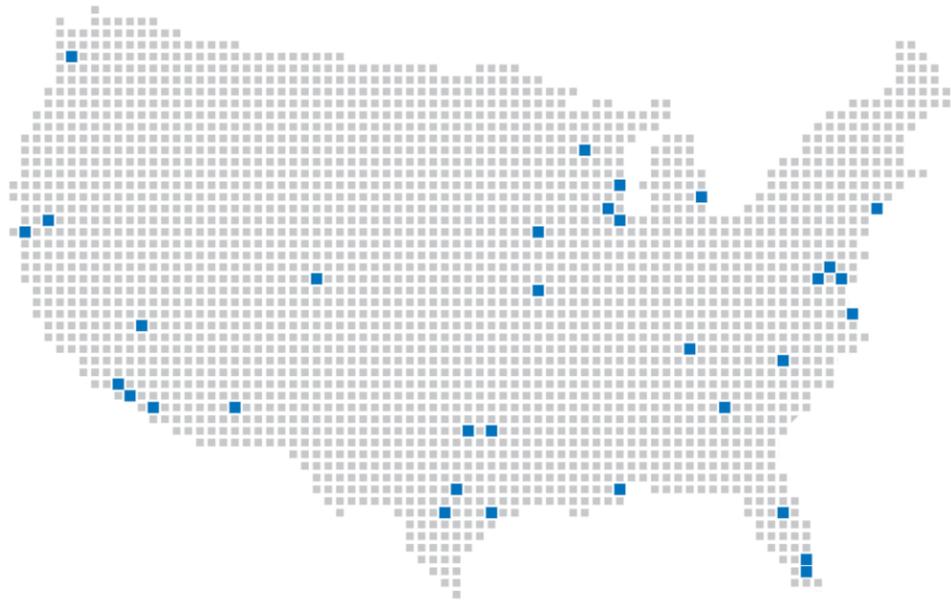
TRAILING 4-QUARTER NET ABSORPTION (MSF)



UNDER CONSTRUCTION (MSF)



TRANSWESTERN LOCATIONS



DEFINITION & METHODOLOGY

Transwestern tracks 11 core and growth markets across the U.S. that continue to lure global investors of industrial real estate. These Elite 11 regions are preferred locations for big-box distribution users and/or areas in high demand by logistics and manufacturing companies.

Growth indicators for the Elite 11 are based primarily on rent acceleration, space absorption and pace of development relative to the size of each market. The information in this report is a compilation of competitive industrial and flex properties located in select U.S. metropolitan areas. All rents are reported as triple net.

Lehigh Valley-Central PA includes the Lehigh Valley as well as Northeast and Central Pennsylvania

Northern California includes East Bay/Oakland, Sacramento, San Jose/Silicon Valley and Central Valley

Southern California includes the Inland Empire, Los Angeles, Orange County and San Diego

South Florida includes Miami and Broward County

Washington/Baltimore includes Baltimore, the District of Columbia, Northern Virginia and Suburban Maryland

For further analysis of industrial markets nationwide, view our quarterly [National Industrial Market Overview](#).

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TRANSWESTERN RESEARCH

In markets across the country, our research professionals produce sophisticated data analyses, local market reports and insight on national trends that helps clients make informed real estate decisions.

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