



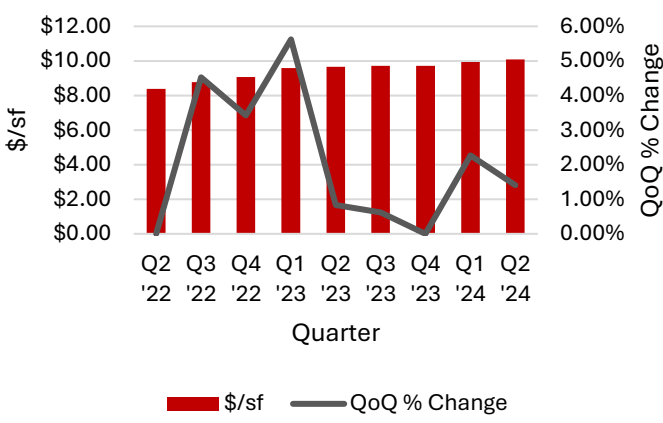
# 2024 National Market Report - Industrial

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## Executive Summary

The U.S. industrial real estate sector experienced a period of moderation and stabilized growth in Q2 2024, following several years of rapid expansion. As inflationary pressures and economic uncertainty increased, the market adopted a “wait and see” stance, cooling the red-hot growth of past years while proving its resilience to unstable market conditions. Vacancy crossed 6% , with positive absorption in southeastern high-growth markets such as Atlanta and Dallas-Fort Worth being outweighed by many other markets posting negative absorption . Rent growth has slowed, but industrial assets continue to post record rents, crossing the \$10.00/SF mark for the first time in Q2 '24. New development has sharply declined, as speculative deliveries went unleased, and conservative lenders combined with elevated interest rates caused the cost of development to remain high. This contraction in supply may help reinforce rent growth in future quarters, combined with an observed “flight to quality” as Class A leasing rates outperform both B and C. Moving forward, the U.S. industrial market is expected to stabilize further, with rent growth remaining moderate and net absorption expected to rise due to positive economic externalities such as continued e-commerce growth and reshoring. New construction is expected to stay low but will likely improve with rate cuts and loosening monetary policy.

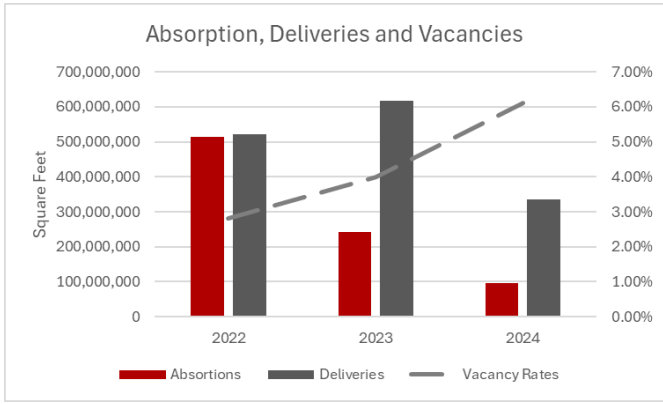
## National Rent Average



Year	Q2 2022	Q2 2023	Q2 2024
Cap Rate (%)	4.54%	5.35%	5.50%
Basis Pt. Change (YoY)	44	81	15

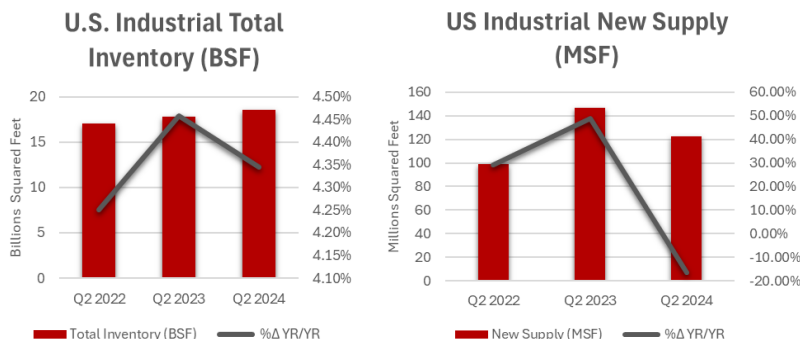
## Cooling Rent Growth

Industrial rents have seen steady growth over the past two years, hitting the \$10 per square foot milestone in Q2 2024. Starting at \$8.39/SF in Q2 2022, rents increased each quarter, with notable surges in Q1 2023 (5.62%) and Q1 2024 (2.26%). However, quarterly increases have slowed, most notably by 0.62% and 0.00% in Q3 and Q4 2023, which suggest that the market is stabilizing. However, rent is still expected to experience moderate growth moving forward, as underlying confidence and demand for high-quality spaces combined with a continuing upward trajectory for rent reflecting strong fundamentals amidst economic uncertainty.



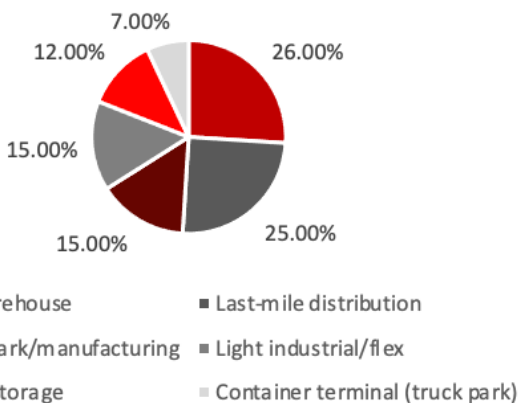
## Total Inventory Growth

Total industrial inventory continued to grow year to year in the United States, with the rate slowing from 4.46% Q2 2022-2023 to 4.35% Q2 2023-2024. From Q2 2023 to 2024, the square footage of total inventory rose from 17.8 billion to 18.6 billion. During the same period, industrial under construction decreased from 635.3 MSF to 342.95 MSF, a -46.02% decrease. New supply, which is down 16% from Q2 2023 but still up from Q2 2022, continues to trend towards tenant demand equilibrium and pre-pandemic levels.

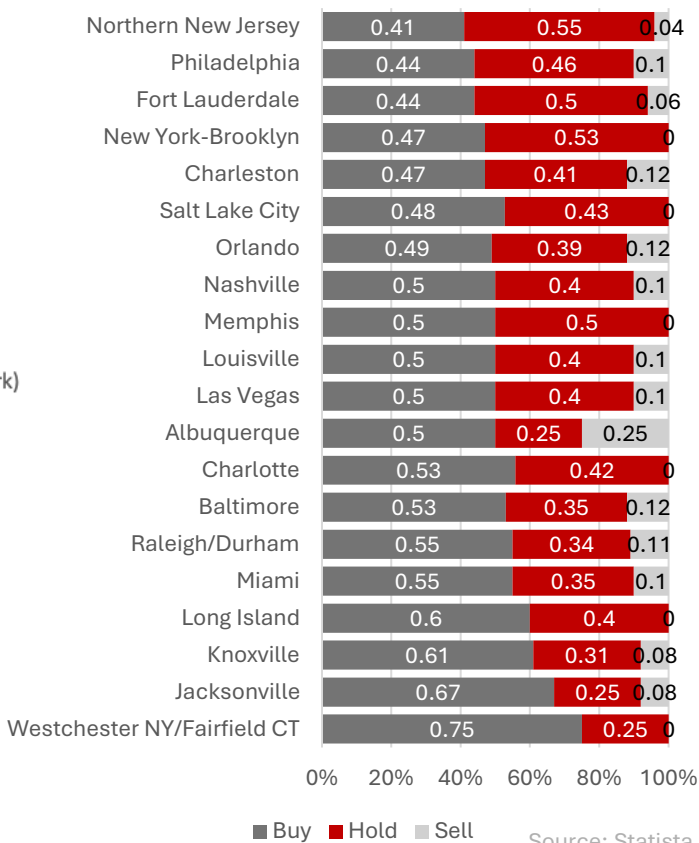


Data collected from Colliers

## Share of Real Estate Investors Who Plan to Invest in Different Types of Industrial and Logistics real Estate Worldwide



## Recommendations to buy, hold or sell an industrial property in the United States in 2024, by city



Source: Statista

## Recommendations to Buy, Hold, or Sell

Of the leading industrial real estate locations in the United States in 2024, the percentage of recommendations to buy industrial property was highest in Westchester, NY/Fairfield, CT, with 75% of the industry respondents indicating in favor. In Northern New Jersey, however, 55% of respondents recommended holding industrial real estate instead. The highest recommendation to sell was in Albuquerque, with 25% of respondents indicating such—more than double the next highest recommendations to sell (Baltimore and Charleston at 12%).