COMPSTAK

2026 Biannual Industrial Market Overview

A CompStak Report

Gateway U.S. Industrial Markets

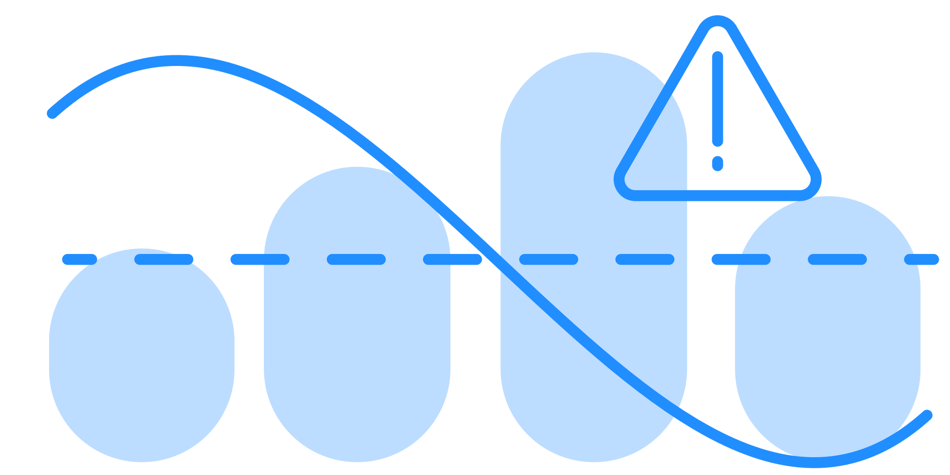
KEY FINDINGS

U.S. IMPORTS POST FIRST NON-COVID STREAK OF THREE STRAIGHT DOUBLE-DIGIT YOY DECLINES

Total goods imports peaked at $342.3 billion in March 2025 before entering a sustained contraction. China volumes were down 49.6% year-over-year in January 2026.

E-COMMERCE SHARE OF RETAIL SALES HIT 16.9% IN Q1 2026, SURPASSING THE PANDEMIC PEAK

After settling in a 14% to 15% range from 2021 to 2022, the share crossed 16% in Q2 2024 and has risen steadily since. The tariff environment appears to have reinforced rather than disrupted the structural shift toward online purchasing.



INLAND EMPIRE'S QUALITY-ADJUSTED CCRI DOWN 31.1% FROM PEAK; CHICAGO HITS NEW CYCLE HIGH

West Coast markets show the deepest CCRI corrections: LA MSA is off 25.7% over 12 quarters, Chicago flat, Dallas-Fort Worth down just 0.4% after five quarters, and New Jersey down only 3.8% despite an 85.6% run-up.

Gateway U.S. Industrial Markets

KEY FINDINGS

RENEWAL RENT INCREASES FOR LARGE-FORMAT LEASES HAVE NEARLY DOUBLED SINCE MID-2025

Renewal rent increases for deals of at least 500,000 square feet fell to 49.2% in Q2 2025 before rebounding to 83.7% in Q1 2026, while increases for smaller segments continued to compress.

NON-BULK FREE RENT REACHES A CYCLE HIGH AS BULK EASES FROM ITS Q4 2025 PEAK

Non-bulk free rent hit a cycle high of 4.5% of term in Q1 2026. Bulk eased to 4.8%, down from a 4.9% peak in Q4 2025, its first quarterly decline in eleven quarters. Both series remain well above the pre-pandemic range of 2.2% to 2.3%.

NEW JERSEY AND PHILADELPHIA CARRY THE STRONGEST NEAR-TERM REPRICING UPSIDE; LOS ANGELES FACES THE OPPOSITE

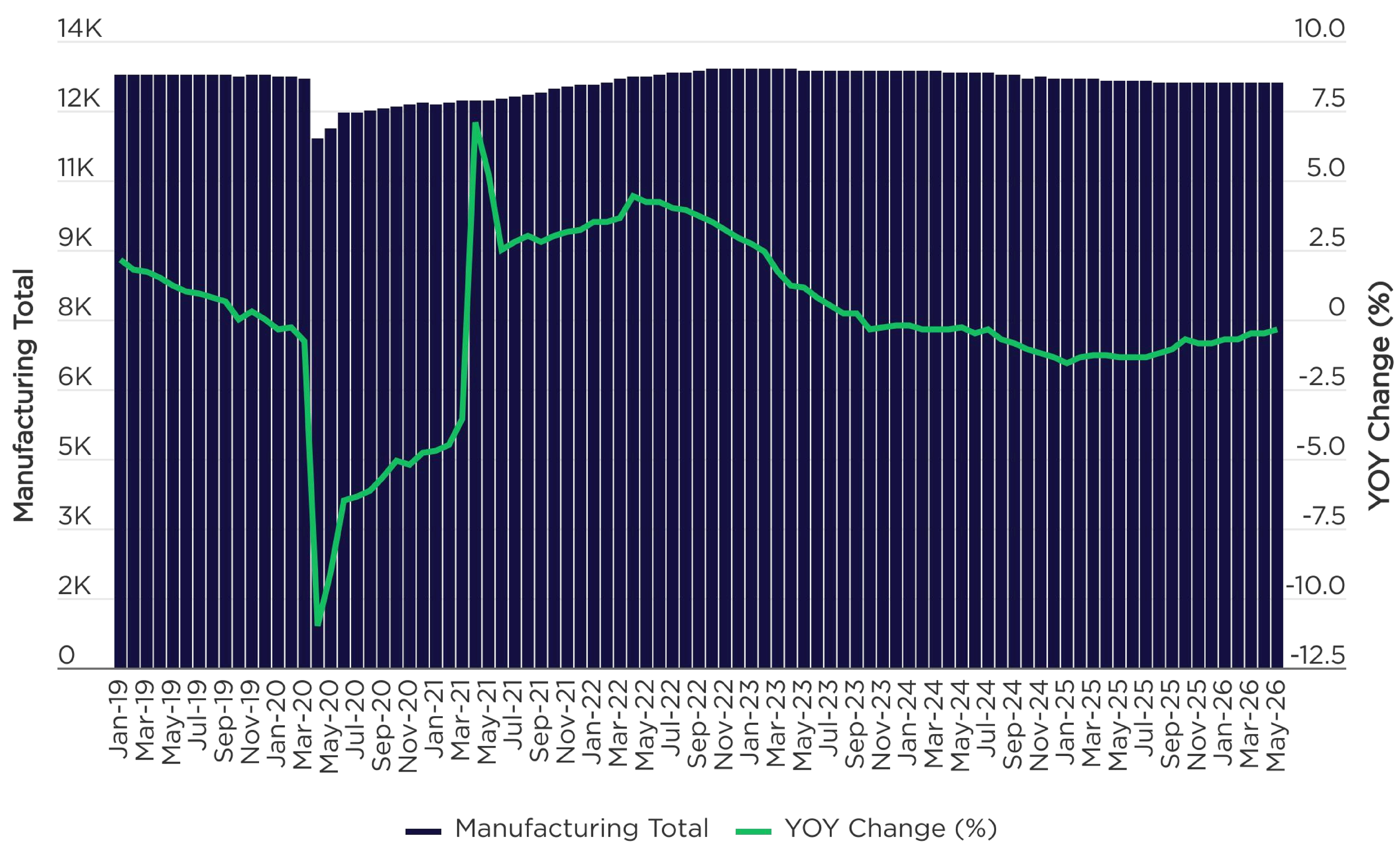
About 31% of leased industrial square footage expires by mid-2028. New Jersey rents run 35% to 42% above in-place for expiring leases; Greater Los Angeles, which holds over a third of near-term volume, runs 2% below.

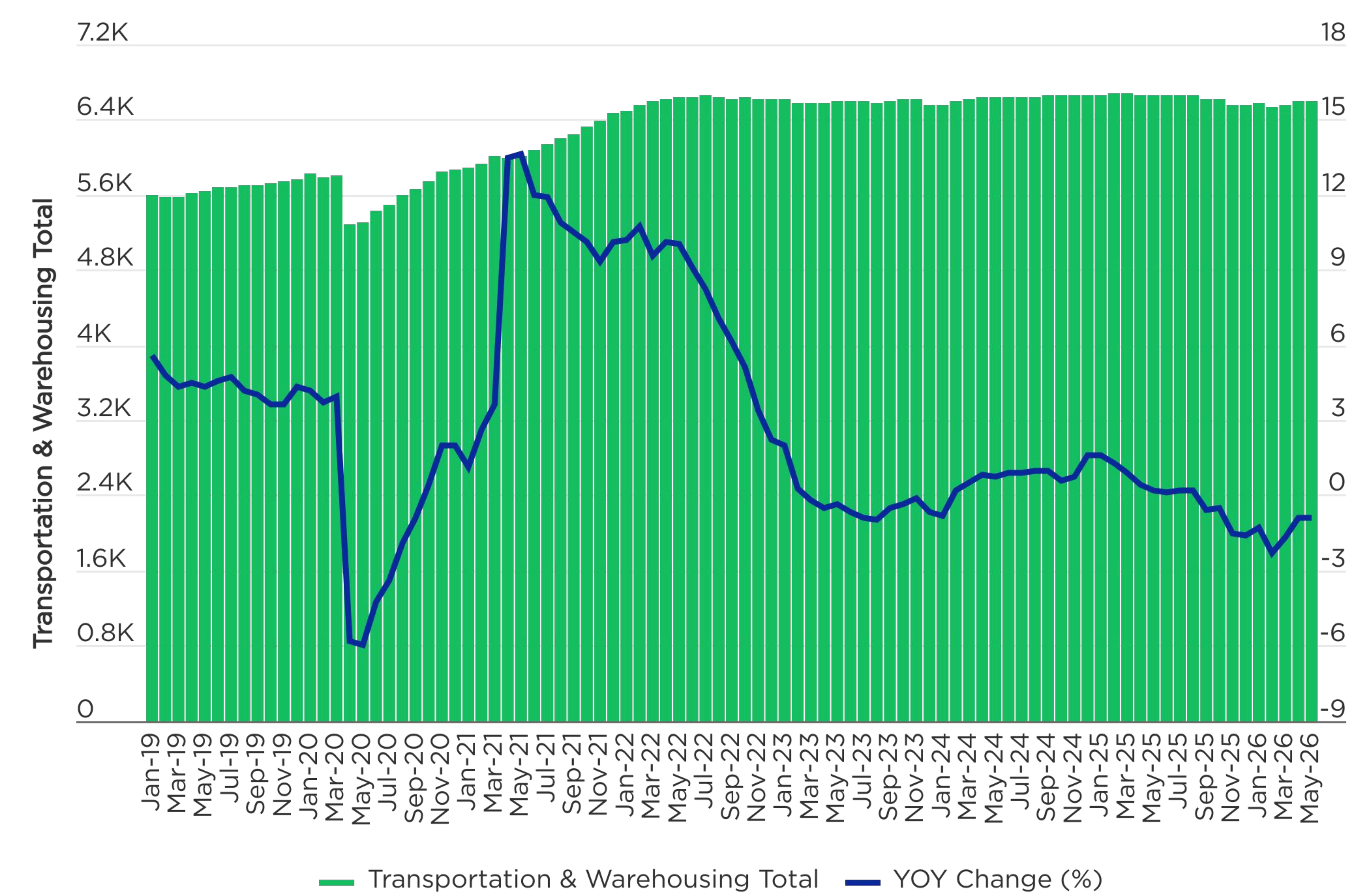
Industrial Employment Sectors Stabilizing, but Negative Year-Over-Year Trends Persist Through May 2026

Manufacturing fell 2.5% from January 2023 through December 2025 before stabilizing in early 2026, adding approximately 25,000 jobs through May. Year-over-year losses narrowed from 1.3% in mid-2025 to 0.4% as of May 2026, suggesting the post-pandemic correction may be approaching a floor.

Transportation and warehousing peaked near 6.7 million in February 2025 and declined 2.0% through December 2025. As of May 2026, the sector remains down 0.9% year-over-year, part of a persistent negative trend that has held since late 2024, with little indication of a near-term reversal.

U.S. Manufacturing and Transportation & Warehousing Employment





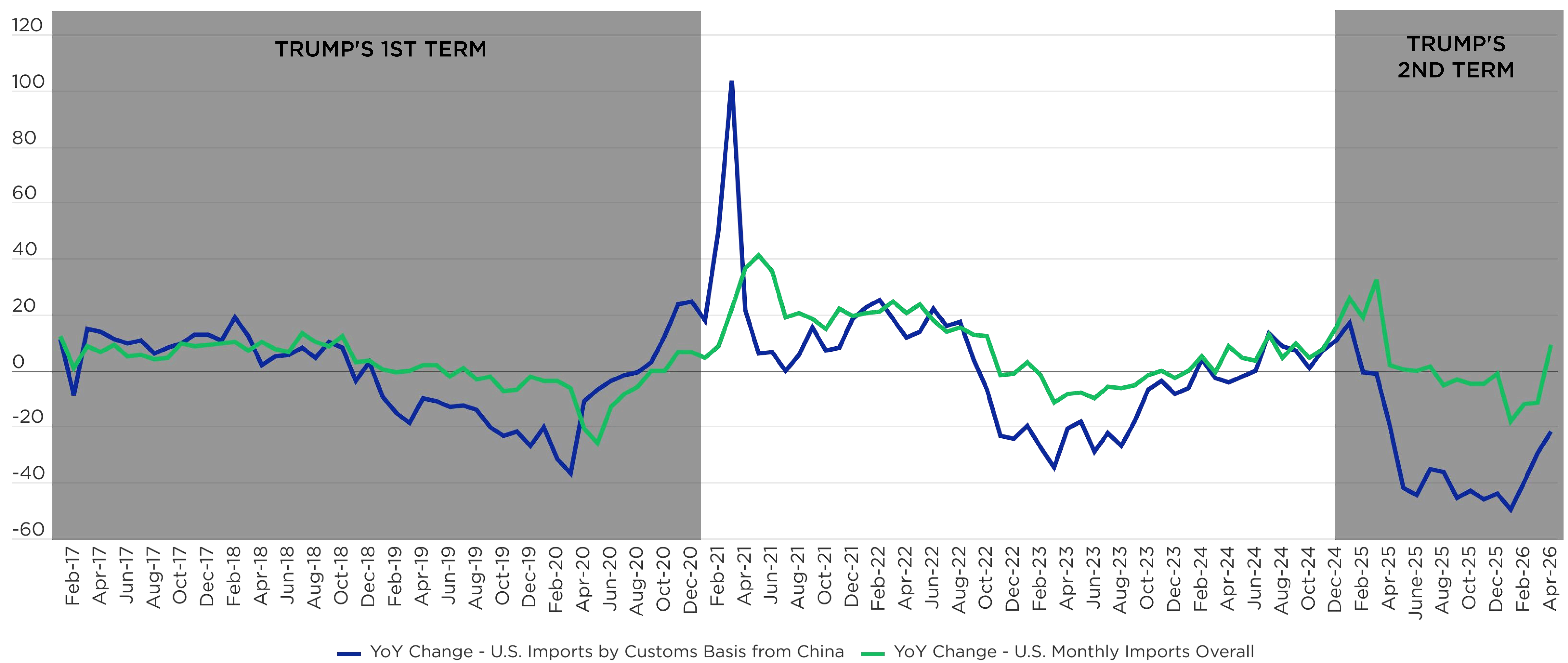
Source: U.S. Bureau of Labor Statistics, U.S. Employment, Hours, and Earnings - National, All Employees, In Thousands, seasonally adjusted.

China-Driven Contraction Deepens U.S. Import Decline

Total U.S. goods imports peaked at $342.3 billion in March 2025, driven by frontloading ahead of new tariffs, before entering a sustained contraction. January through March 2026 posted the first three consecutive months of double-digit year-over-year declines outside of COVID, at -18.1%, -11.9%, and -11.7%, extending a negative streak that began in August 2025. April turned positive at +9.0% year-over-year, though this largely reflects a depressed base from the April 2025 tariff shock rather than a genuine demand recovery. Absolute volumes at $300.5 billion remain well below peak.

China's declines have run far deeper than overall goods throughout this cycle, reaching -49.6% year-over-year in January 2026 versus -18.1% for total imports. While overall volumes show early signs of base-effect normalization, China imports remained down 21.9% in April, with no comparable stabilization in sight.

U.S. Imports of Goods by Customs Basis from China vs. US. Imports of Goods Overall



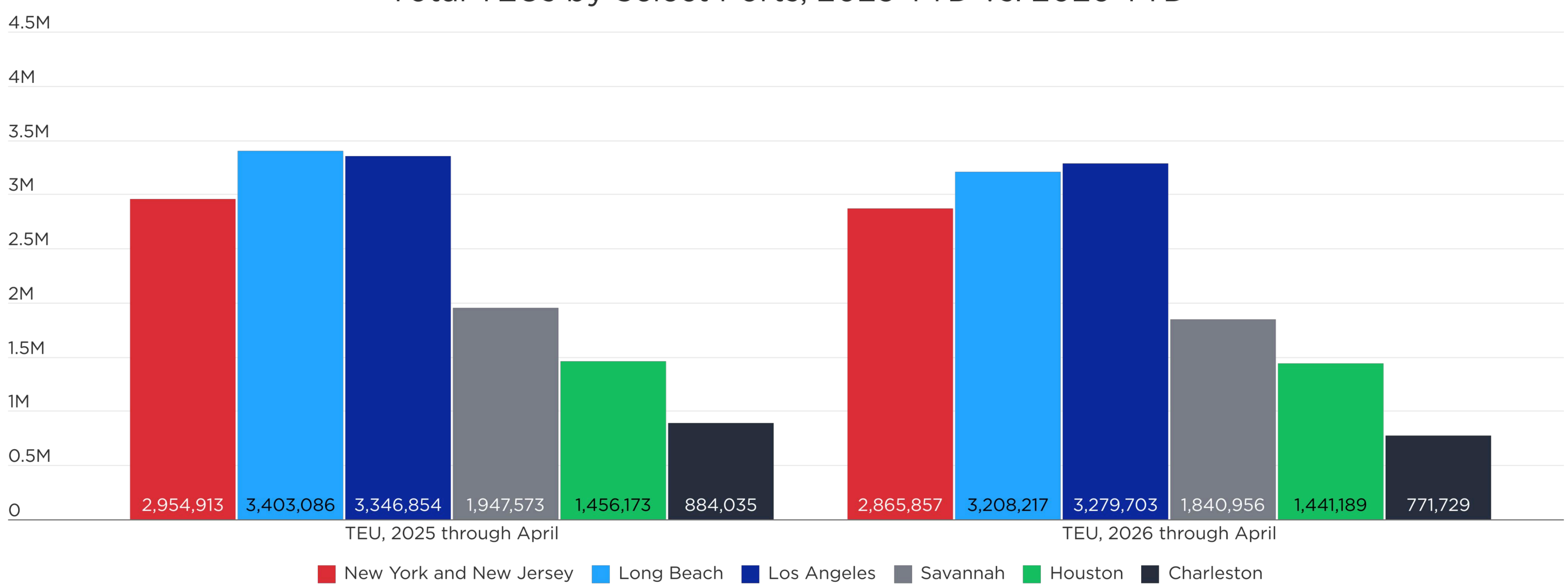
Source: U.S. Census Bureau and U.S. Bureau of Economic Analysis, U.S. Imports of Goods by Customs Basis from China and Imports of Goods for United States, both not seasonally adjusted.

Every Major Port Down Year-Over-Year Through April, with Charleston and Long Beach Leading Declines

Every major port analyzed posted year-over-year declines through April 2026, with the elevated 2025 baseline from tariff-driven frontloading weighing on comparisons on both coasts. Across six major ports analyzed combined, total TEU volume fell 4.2% year-over-year, a decline of approximately 585,000 TEUs.

Charleston led all declines at -12.7%, followed by Long Beach at -5.7% and Savannah at -5.5%. East and Gulf ports combined fell 4.5% year-over-year, modestly outpacing the West Coast's 3.9% decline, the reverse of the dynamic that characterized much of 2024. Los Angeles was the most resilient West Coast port at -2.0% from 2025 through April, while Houston posted the smallest decline overall at -1.0%. West Coast ports held their year-over-year share of the combined volume of these ports at 48.4%, suggesting that the coast-to-coast demand shift of recent years has not meaningfully accelerated under the current tariff environment.

Total TEUs by Select Ports, 2025 YTD vs. 2026 YTD



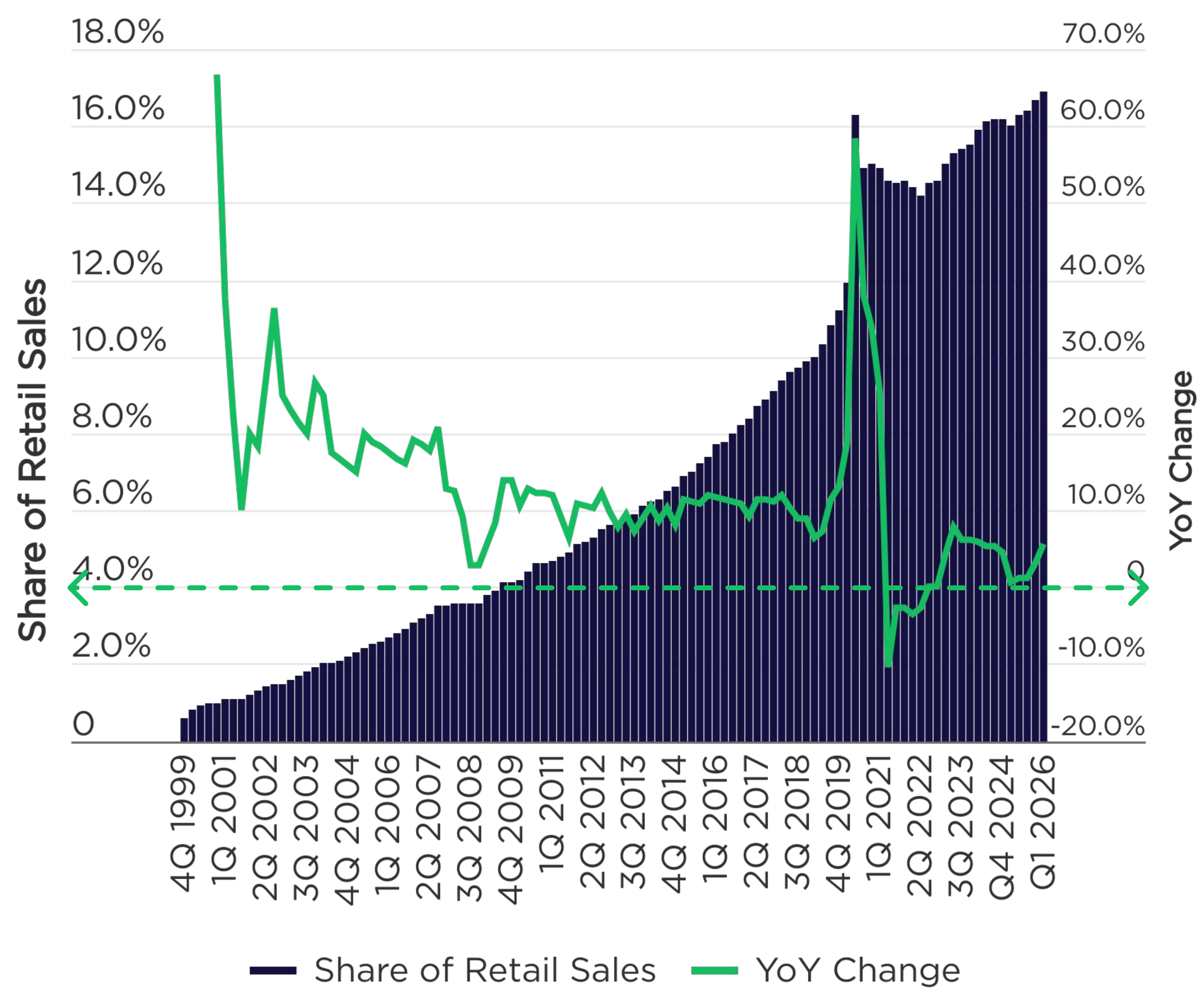
Source: Ports of Long Beach, Los Angeles, Savannah, Houston, Charleston, and the Port of New York and New Jersey. Measures volumes through April 2025 vs. April 2026.

E-Commerce Share Hits a New High as Consumer Spending Stabilizes After Early 2025 Surge

E-commerce's share of retail sales reached 16.9% in Q1 2026, surpassing the pandemic peak of 16.3% recorded in Q2 2020. After settling into a 14% to 15% range from 2021 to 2022, share resumed its climb in 2023, crossed 16% in Q2 2024, and has risen steadily since. The tariff environment of 2025 appears to have reinforced rather than disrupted the shift toward online purchasing.

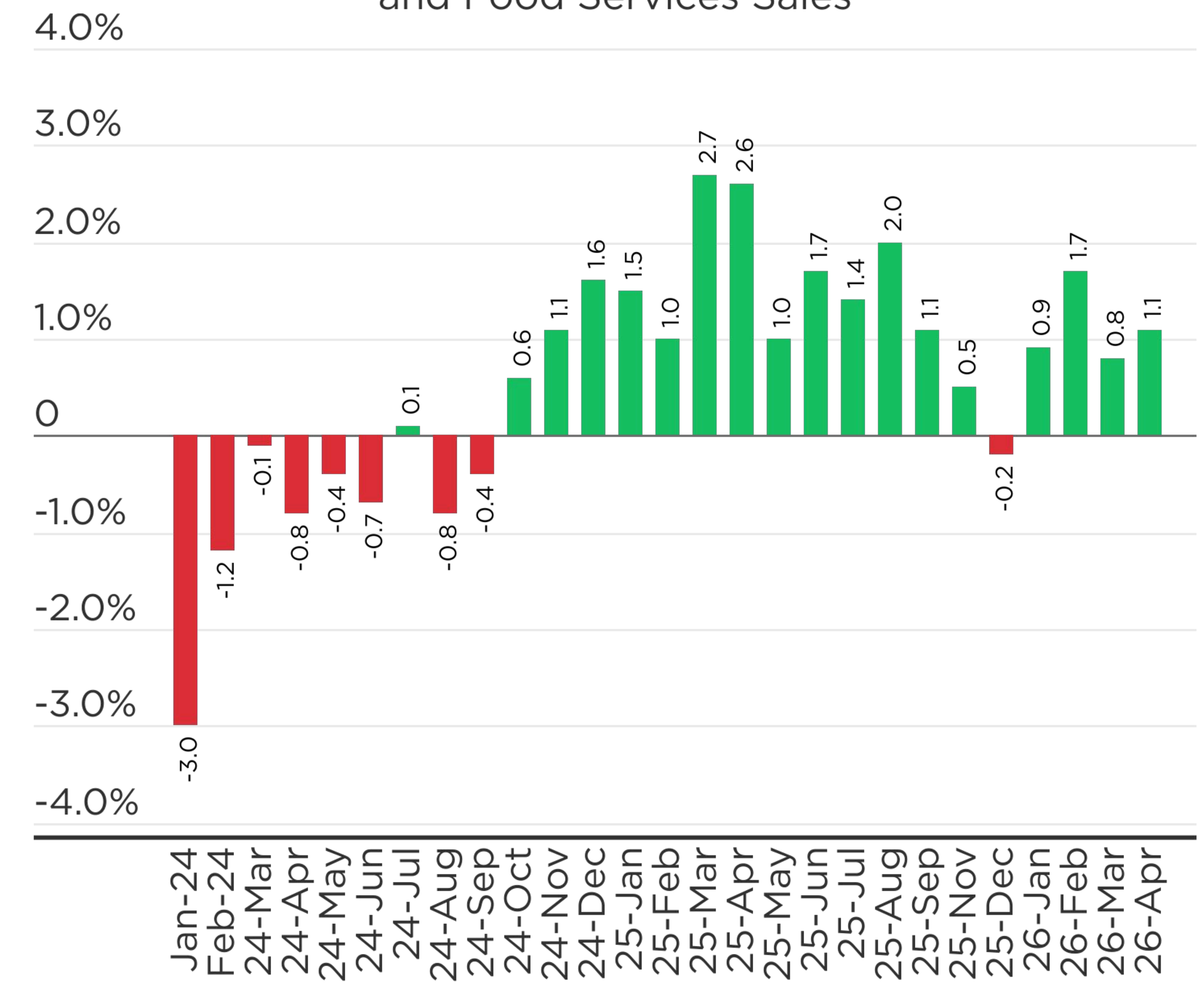
Real retail and food services sales spiked in March and April 2025 at +2.7% and +2.6% year-over-year, the dataset's two strongest monthly readings, as buyers pulled forward purchases ahead of anticipated price increases. Growth softened through Q4 2025, including a lone contraction in December at -0.2%. Q1 2026 stabilized between 0.8% and 1.7%, then 1.1% in April, suggesting consumer spending has held up as the pull-forward tailwind faded.

E-Commerce Share of Retail Sales vs. Year Over Year Change



Source: U.S. Census Bureau, E-Commerce Retail Sales as a Percent of Total Sales, seasonally adjusted.

Year Over Year Change in Advance Real Retail and Food Services Sales

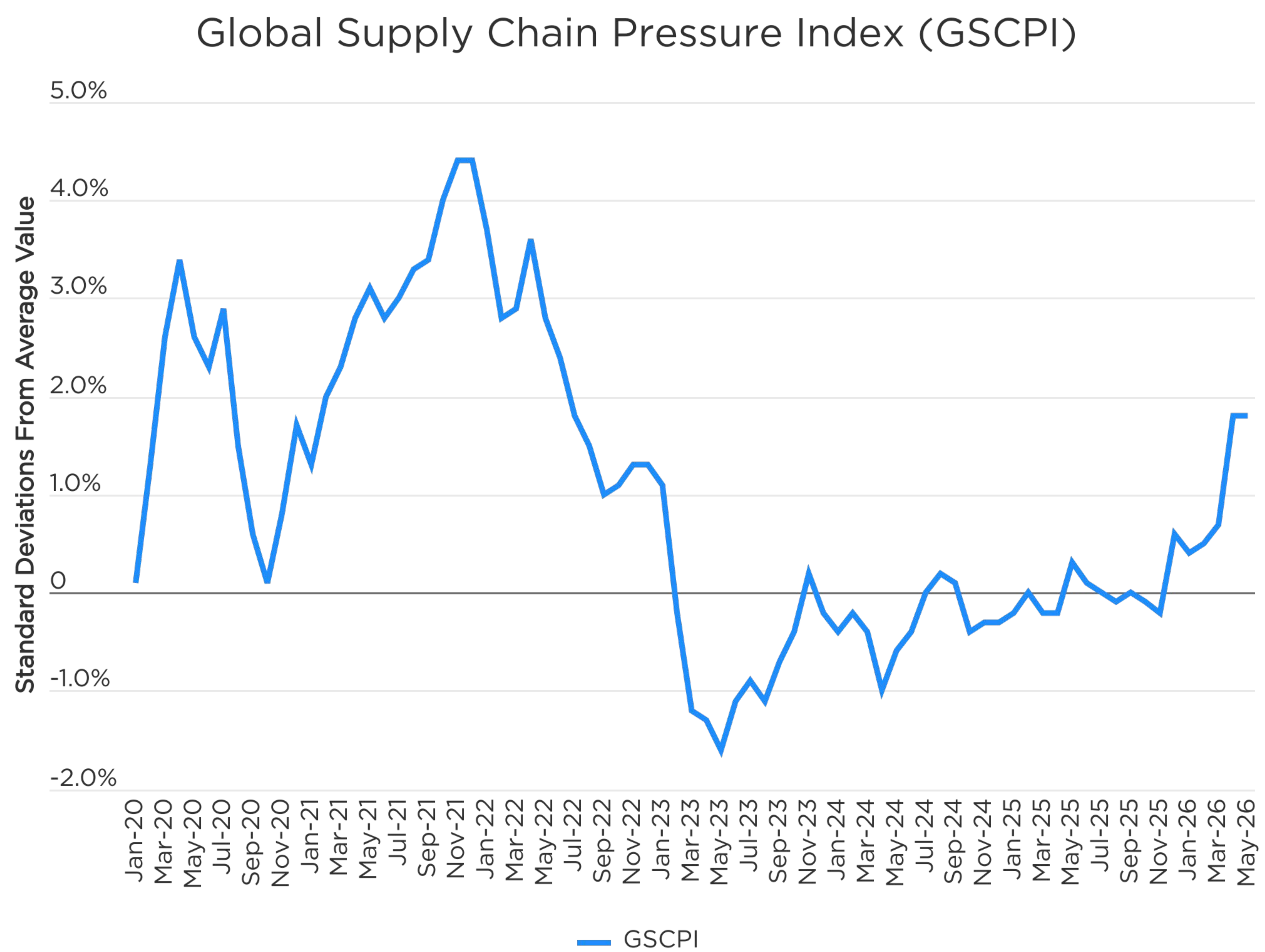


Source: Federal Reserve Bank of St. Louis, Advance Real Retail and Food Services Sales, seasonally adjusted and deflated using CPI

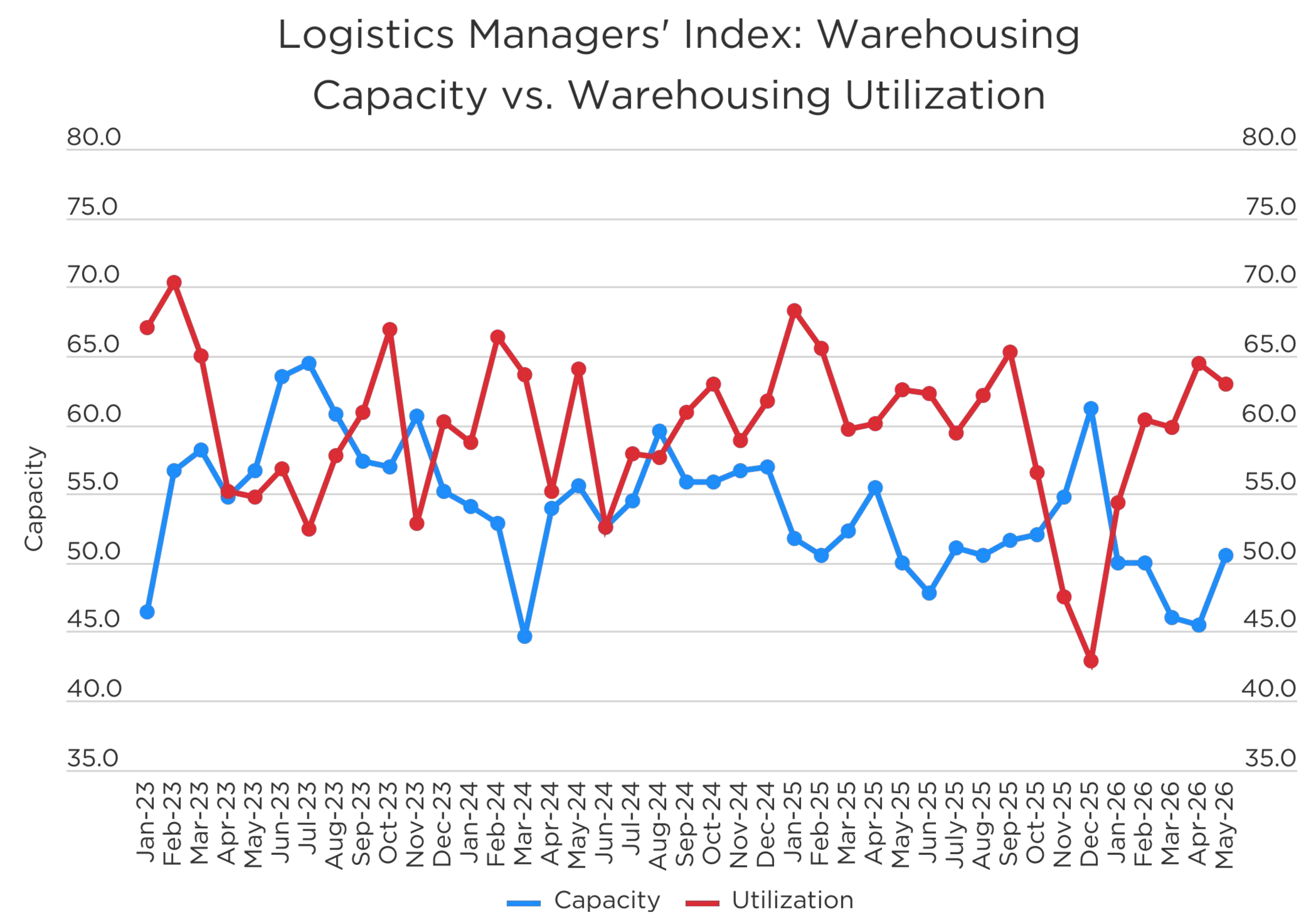
Supply Chain Pressure and Warehouse Tightening Signal a More Constrained Second Half for Occupiers

The Global Supply Chain Pressure Index registered 1.8 in both April and May 2026, its highest level since July 2022, though still well below pandemic levels. After spending most of February 2023 through November 2025 in negative territory, the index crossed back into positive ground at 0.6 in December 2025 before jumping 1.1 points in April, driven by lengthening delivery times and growing order backlogs. The back-to-back reading at 1.8 suggests pressure may have stabilized at an elevated level rather than continuing to spike.

Warehousing Capacity and Utilization have maintained a divergent pattern through May 2026 in the Logistics Managers' Index. After contracting through much of early 2026, capacity ticked back to mild expansion at 50.5 in May. Warehousing Utilization held at 62.9, preserving a 12.4-point spread between the two series. The recovery in capacity was uneven across the supply chain: upstream firms reported continued contraction at 44.3, while downstream firms reported expansion at 60.9.



Source: Federal Reserve Bank of New York, Global Supply Chain Pressure Index



Source: Logistics Manager's Index Report. The LMI is calculated using a diffusion index, in which any reading above 50.0 indicates that logistics is expanding; a reading below 50.0 is indicative of a shrinking logistics industry.

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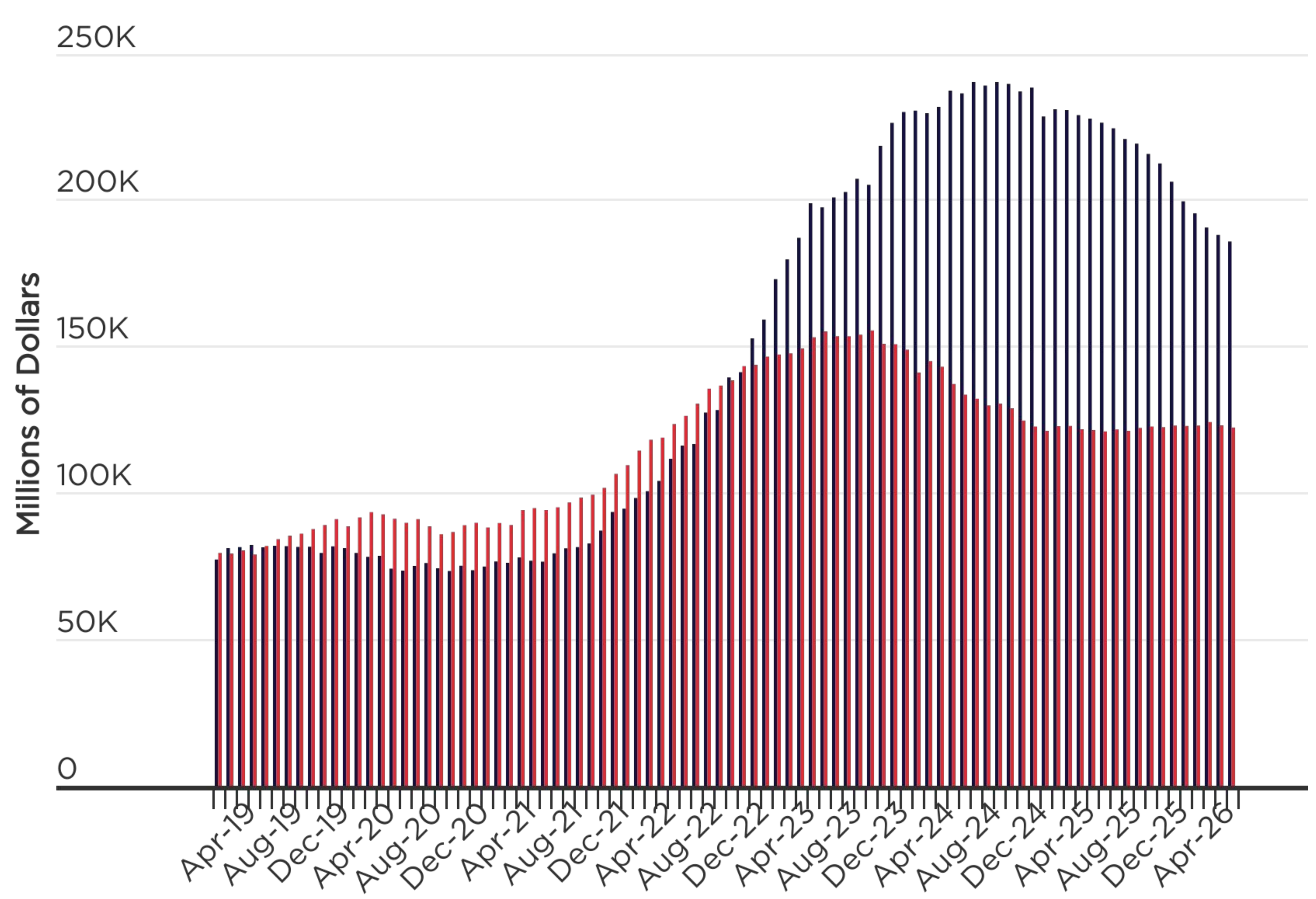
Leaner Inventories and a Decelerating Construction Pipeline Point to Tightening Conditions Ahead

The retail inventories-to-sales ratio declined from a peak of 1.33 in August 2024 to 1.26 in March 2026, a 5.3% drop and its lowest reading since mid-2023. Retailers are carrying leaner inventory positions relative to sales, a condition that historically precedes restocking cycles and associated demand for distribution and warehouse space.

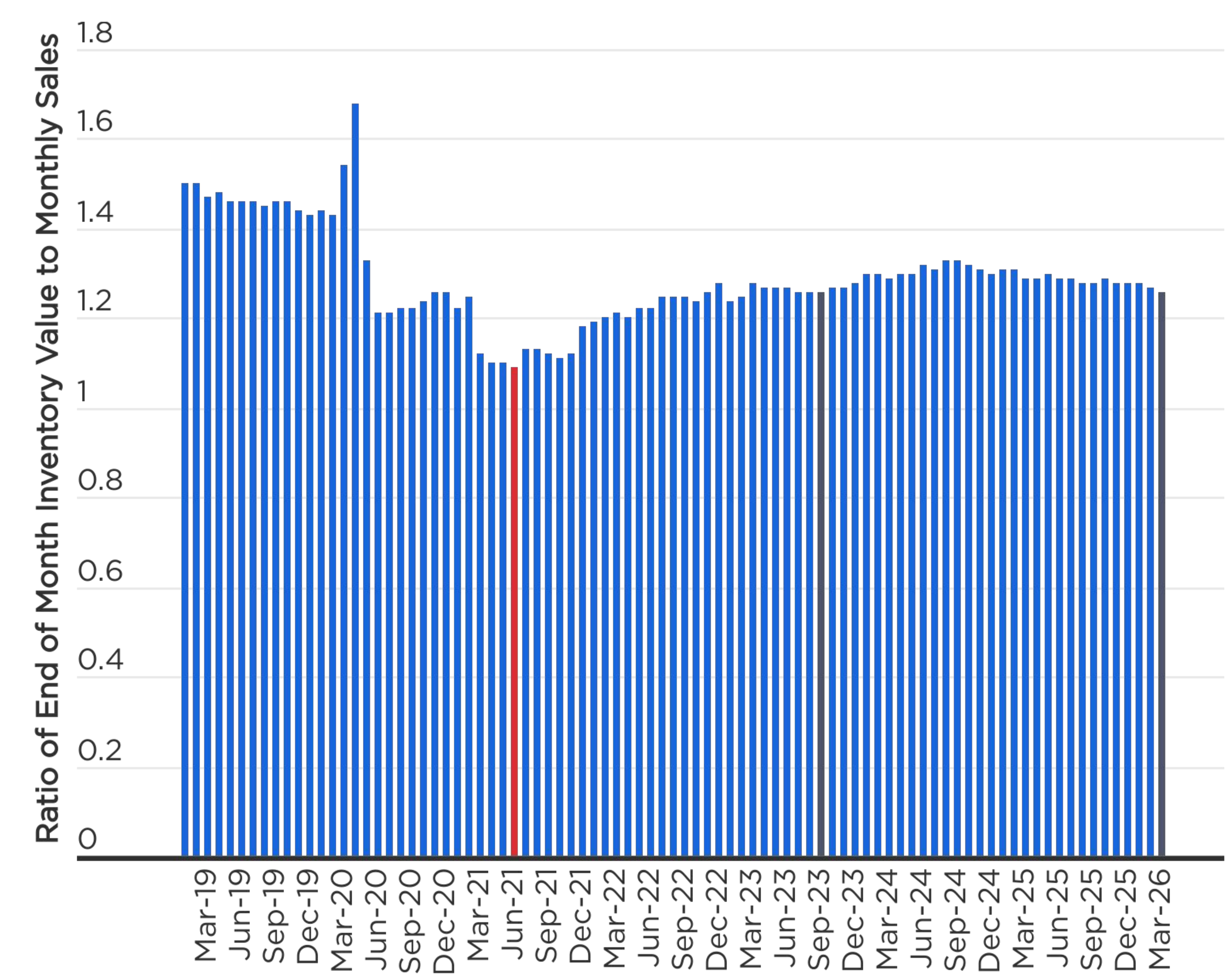
Commercial construction spending, which includes warehouses and distribution buildings, peaked at $155.4 billion in September 2023 and has fallen approximately 21% through April 2026 to $122.3 billion. Manufacturing construction spending, driven largely by semiconductor and clean-energy facility investment, followed a similar arc, peaking at $240.1 billion in August 2024 before declining 22.7% through April 2026. Both series remain well above pre-pandemic levels, meaning new supply continues entering the market, but the sustained deceleration in construction spending points to a moderating pipeline and potential tightening in supply.

Total U.S. Construction Spending: Manufacturing vs. Commercial, 2019 - 2026 YTD



Source: U.S. Census Bureau, Total Construction Spending: Manufacturing in the United States, and Total Construction Spending: Commercial, both seasonally adjusted.

Retail Inventories to Sales Ratio, 2019 - 2026 YTD

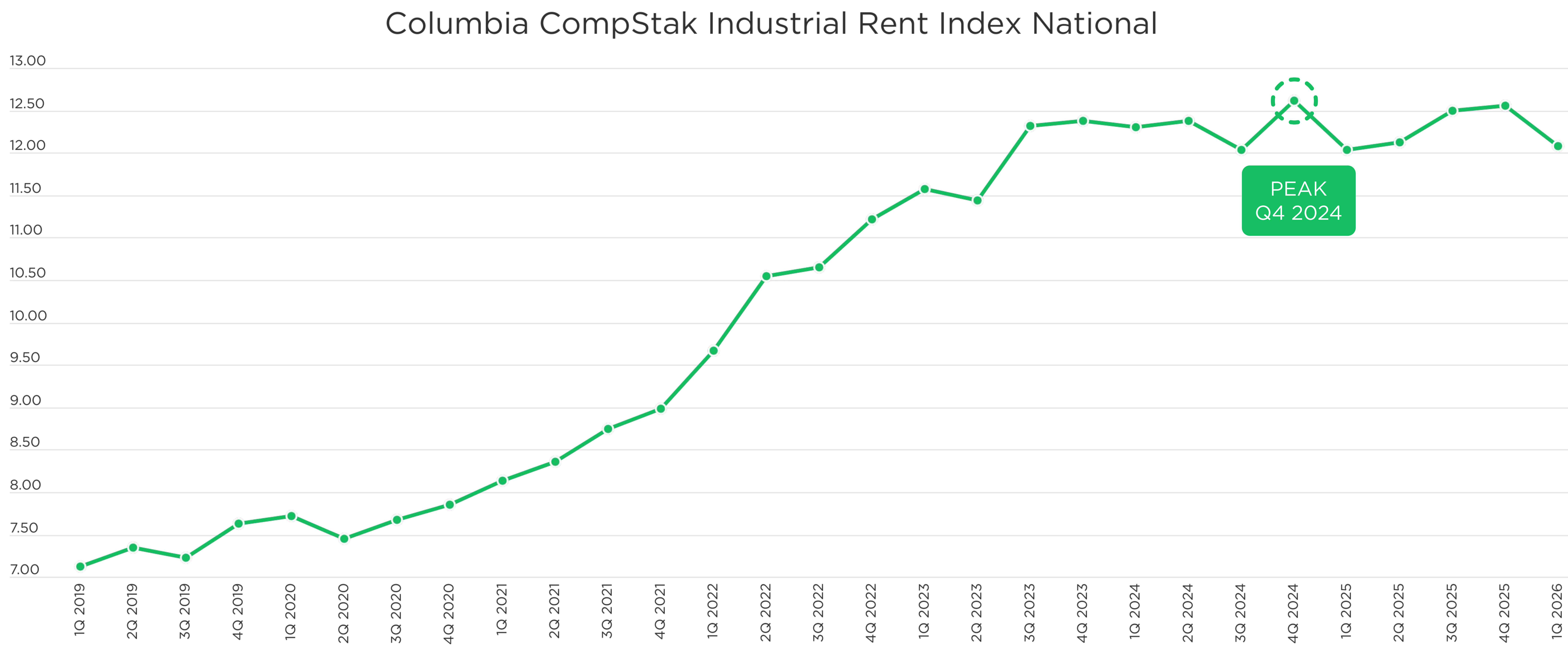


Source: U.S. Census Bureau, Retailers: Inventories to Sales Ratio, seasonally adjusted.

The National Industrial CCRI Has Plateaued for Eight Consecutive Quarters

The Columbia CompStak Rent Index (CCRI) for national industrial leases has trended in a narrow band since late 2023, oscillating between 12.03 and 12.61 across eight consecutive quarters. The index peaked at 12.61 in Q4 2024, pulled back to 12.03 in Q1 2025, recovered through Q4 2025, and has since declined to 12.08 in Q1 2026, just 4.2% below that peak. Year-over-year, the index is up 0.4%, which is effectively flat.

The pattern does not suggest a deepening correction. Quality-adjusted industrial rents appear to have reached a ceiling rather than entered a sustained decline, with repeated attempts to breach the 12.5 level followed by modest pullbacks. The index remains 69.7% above its Q1 2019 baseline, indicating that the structural rent gains of the post-COVID cycle remain largely intact despite the absence of further appreciation.



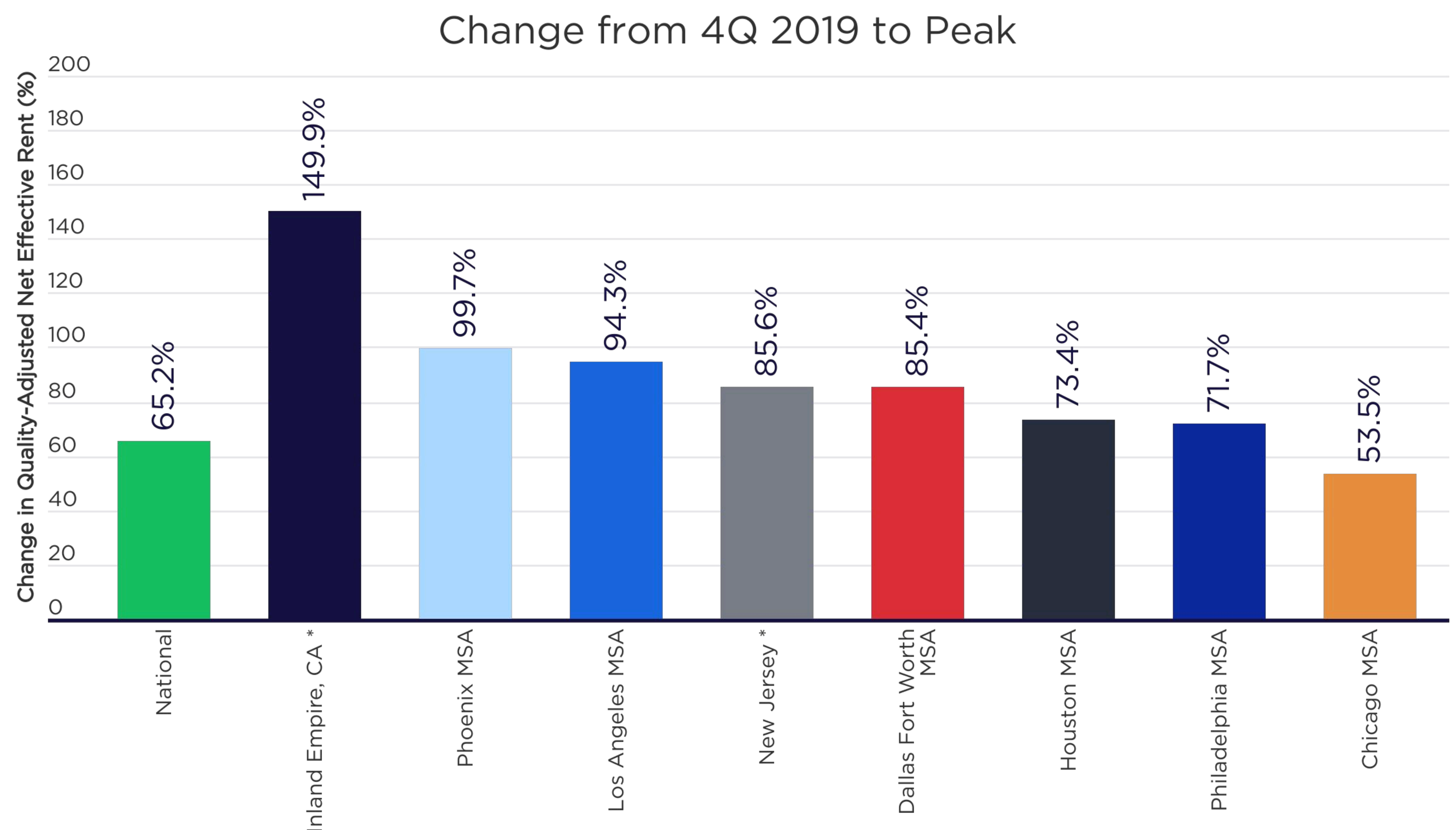
Source: CompStak and Columbia. https://columbiacompstak.com

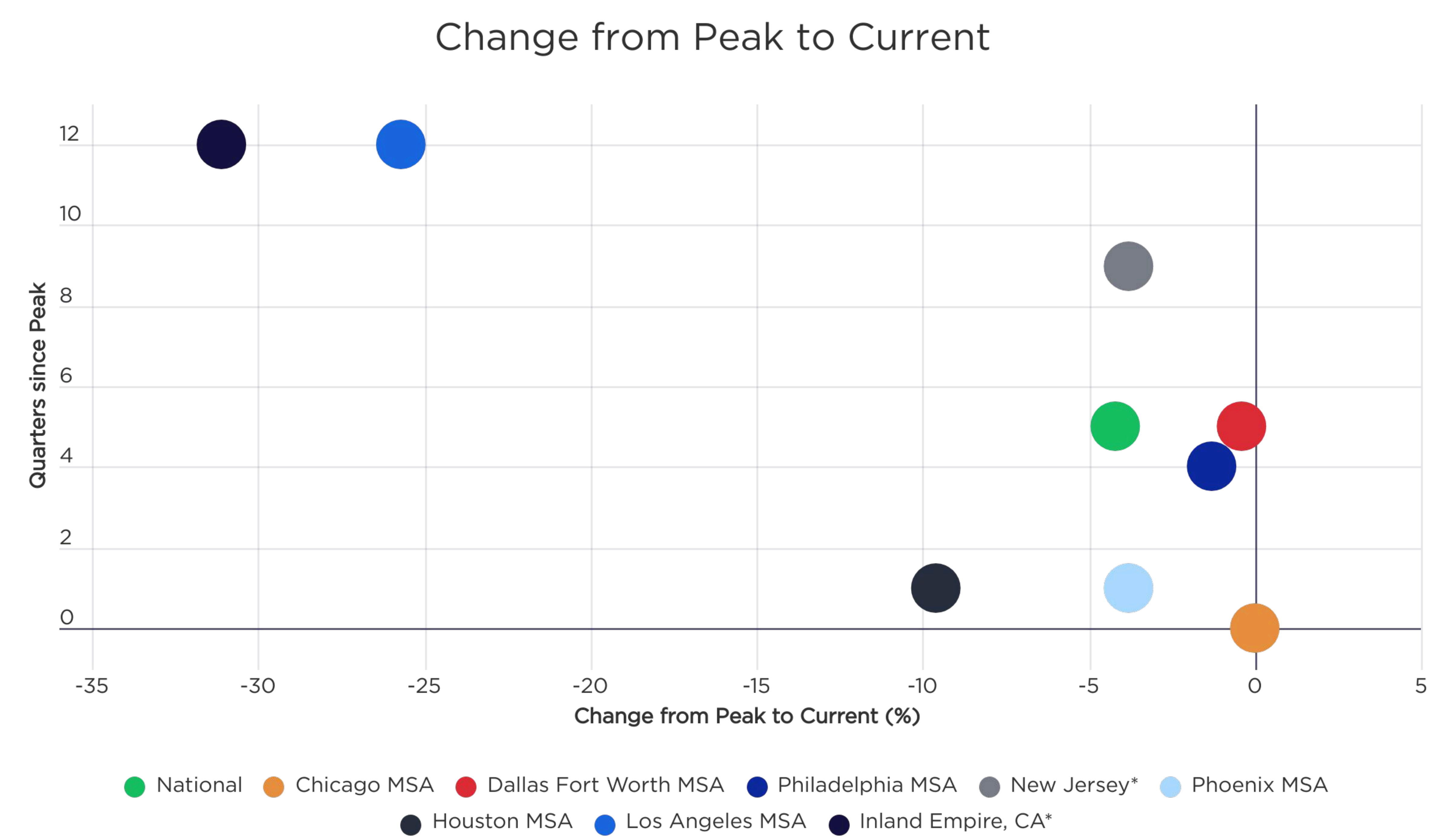
West Coast CCRI Values Have Retreated Sharply from Peak; Chicago and Dallas Remain Within Striking Distance of Cycle Highs

By a quality-adjusted measure, West Coast markets have posted the steepest declines from peak: the Inland Empire and Los Angeles MSA are down by 31.1% and 25.7%, respectively, and are both 12 quarters removed from their respective peaks. These are not shallow pullbacks. The Inland Empire ran up 149.9% above its fourth-quarter 2019 level before receding; Los Angeles climbed 94.3% over the same baseline. Quality-adjusted rents in both markets remain well above pre-pandemic levels, but the repricing since peak has been most severe among major markets analyzed.

Chicago's CCRI sits at a new cycle high with no measurable decline, while Dallas-Fort Worth is off just 0.4% after five quarters. New Jersey has declined 3.8% over nine quarters despite an 85.6% run-up, and Philadelphia has retraced 1.3%. Phoenix and Houston peaked just one quarter ago and are each down under 10%, suggesting those markets may be in the early stages of repricing.

Change in Columbia CompStak Industrial Rent Index by Market





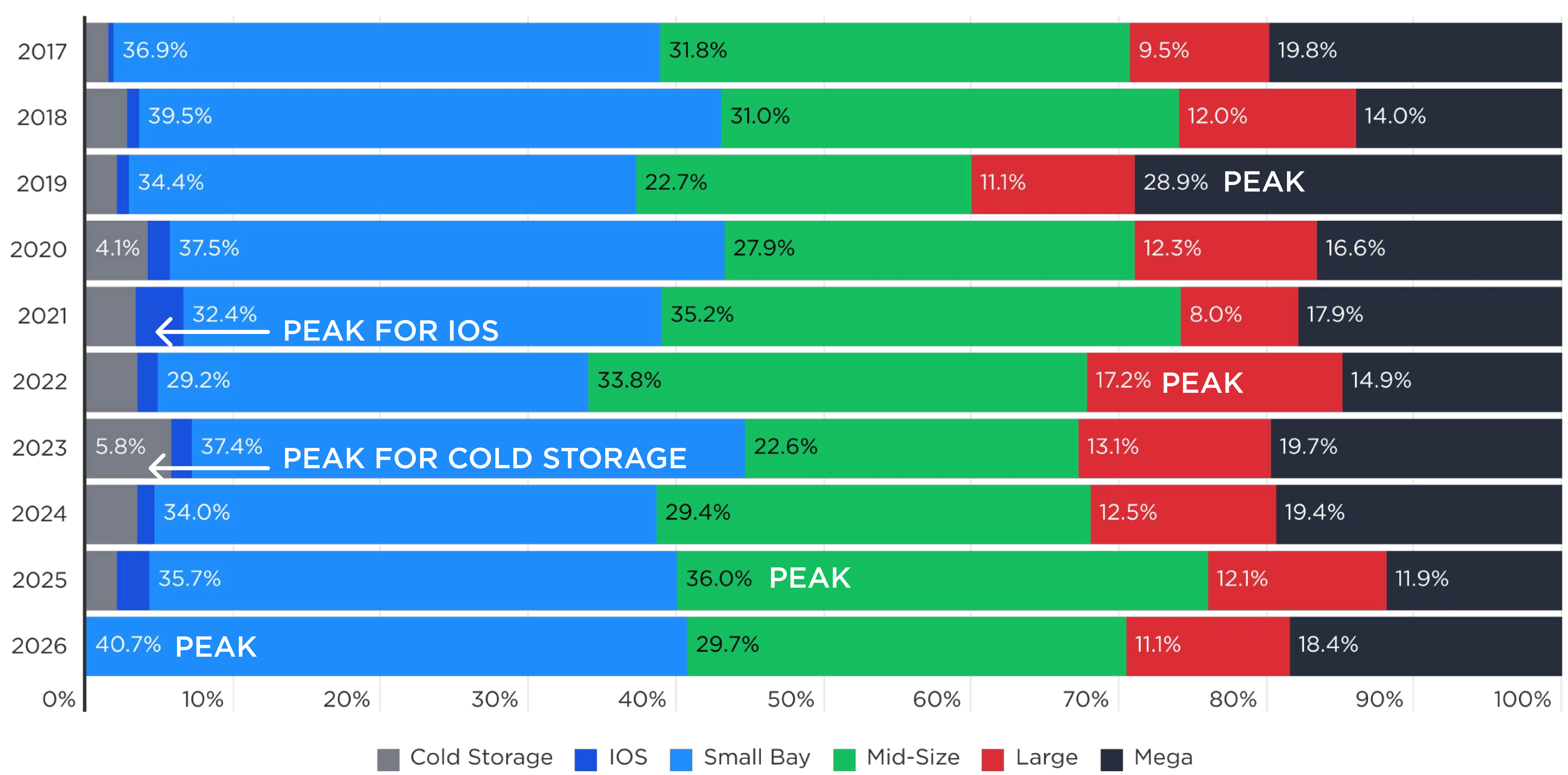
Source: CompStak and Columbia. https://columbiacompstak.com. Each market displays values for the MSA except for New Jersey which reflects the state.

Mega Posts Largest Share Gain of Any Size Segment of Total Value in 2026, While IOS Holds Highest Repricing Potential

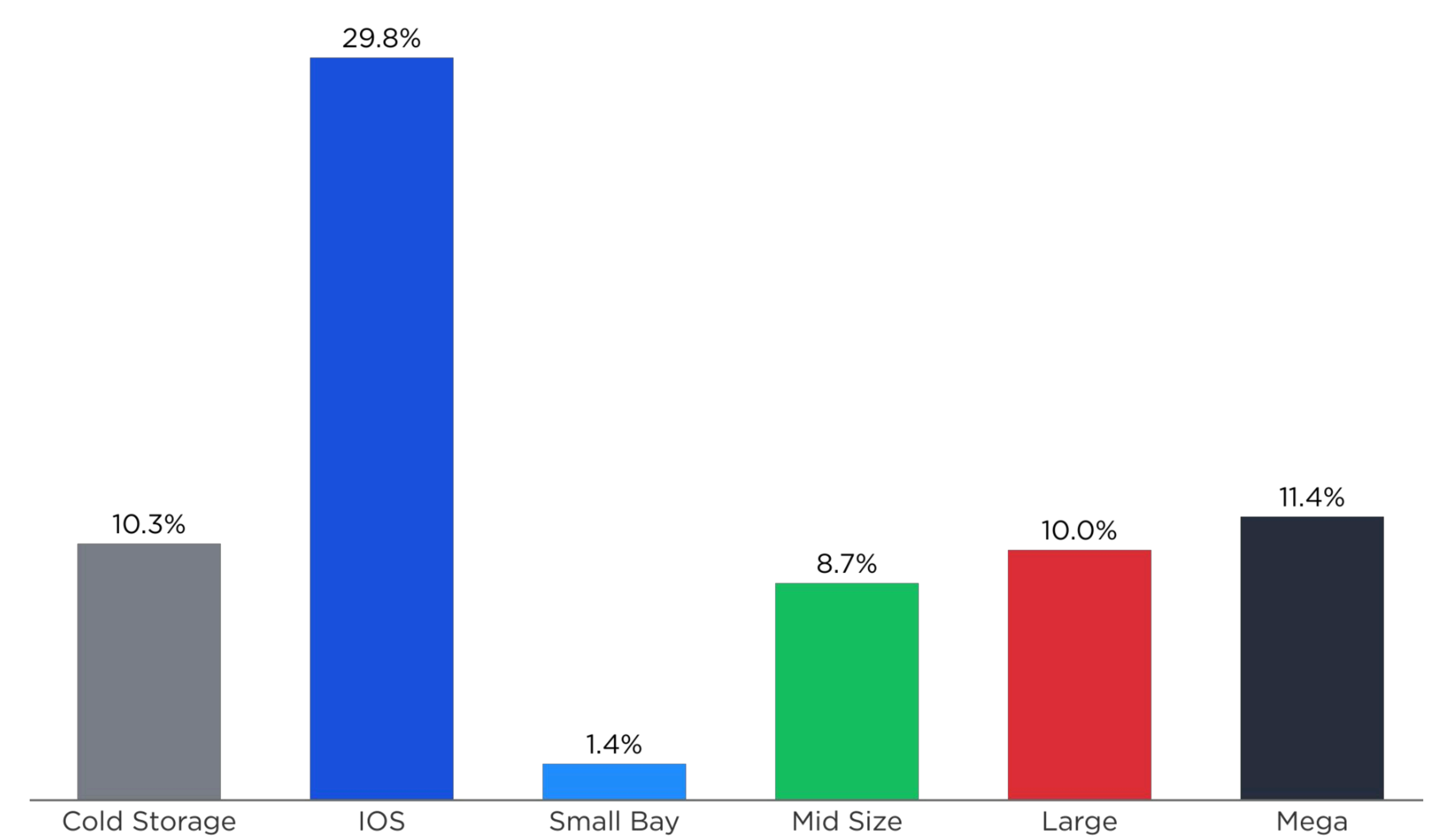
Leases of the mega-size segment posted the largest single-period share gain among size-based segments in 2026, rising 650 basis points from 11.9% to 18.4% of total industrial lease value, approaching levels last seen in 2024. Small Bay simultaneously reached its dataset peak at 40.7%, up 500 basis points from 2025. Both gains came primarily at the expense of Mid-Size, which fell from a 2025 peak of 36.0% to 29.7%, its steepest single-period decline in the dataset. The pattern suggests tenant demand is gravitating toward the size extremes of the industrial spectrum rather than the middle.

On repricing potential, IOS holds the widest spread of market rent over in-place rent at 29.8%, well ahead of all other subsectors. Among size-based segments, Mega leads at 11.4%, ahead of Large at 10.0% and Mid-Size at 8.7%. Small Bay's spread of 1.4% indicates that in-place rents there are more closely aligned with current market rates.

Share of Total Lease Value by Industrial SubSector



Spread of Market Rent over Current Rent by Subsector

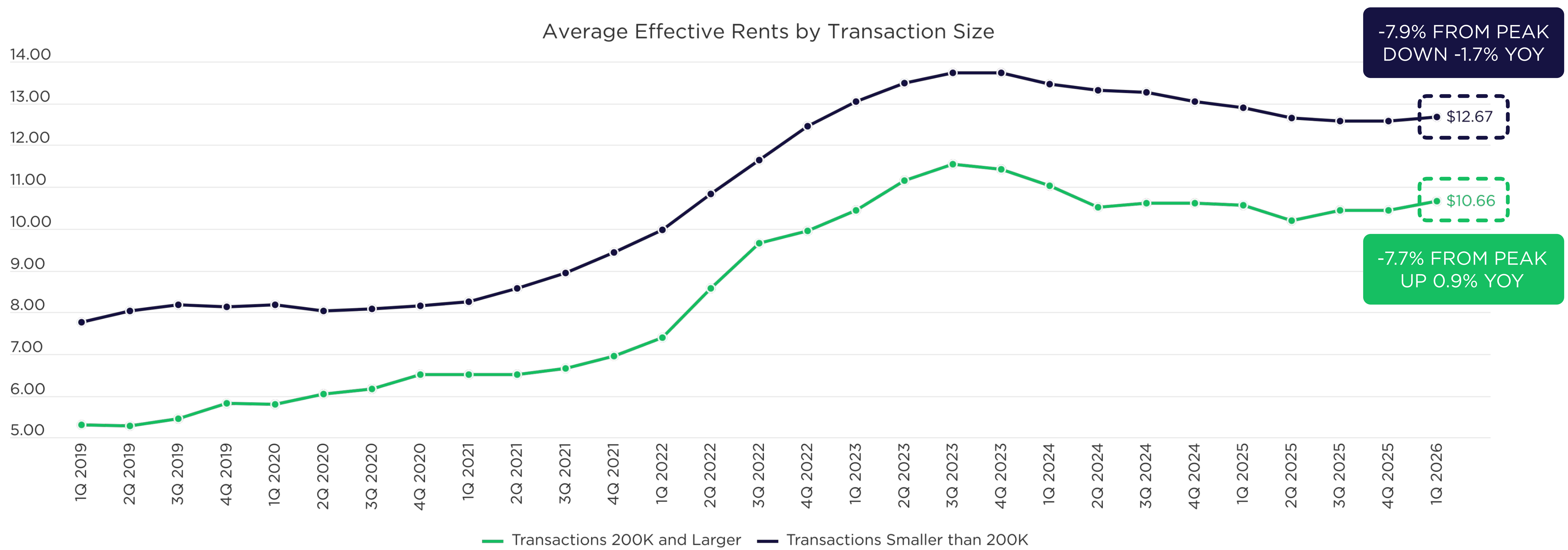


Source: CompStak. Each category is exclusive, if a lease is cold storage or IOS, it is not counted in the other categories focused on breaking up leases by corresponding property size. Small bay is properties under 200,000 square feet, midsize is 200-500,000 square feet, large is 500,000 to 750,000 square feet and mega is properties of 750,000 square feet and larger.

Bulk Effective Rents Turn Positive Year-Over-Year in Q1 2026, While Non-Bulk Continues to Slide

Average adjusted effective rents for bulk transactions of 200,000 square feet and larger reached $10.66 per square foot in Q1 2026, up 0.9% year-over-year and marking the first positive annual reading after an extended period of decline. From peak, bulk rents remain down 7.7%, a correction that has tracked closely with non-bulk transactions, which are off 7.9% from their own high.

The divergence lies in current direction. Non-bulk transactions, at $12.67 per square foot, continued to decline, falling 1.7% year-over-year in Q1 2026. Bulk's turn to positive territory is a tentative signal of stabilization in the large-format segment, consistent with the share gains Mega-size leases recorded in the lease value composition data. Whether that stabilization holds will depend on whether the demand rotation toward larger formats observed in Q1 2026 persists through the remainder of the year as tariff uncertainty continues to weigh on occupier decision-making.



Source: CompStak. Effective rents account for concessions and escalations and are quoted annually for net lease type.

Landlord Lease Economics Weakening as Effective-to-Starting Rent Spreads Compress in Both Segments

The spread of effective rents over starting rent has compressed in both bulk and non-bulk transactions since their respective cycle peaks, signaling that landlords are offering more generous concession packages and that annual escalation rates are moderating. Bulk transactions posted a spread of 2.5% in Q1 2026, down from a peak of 4.7% in Q3 2024, while non-bulk fell to 1.4% from a peak of 3.9% in Q4 2023.

Both series compressed steadily through 2025, but bulk posted a modest uptick in Q1 2026, rising from 2.3% in Q4 2025 to 2.5%, while non-bulk continued its decline from 1.7% to 1.4% over the same period. Whether that one-quarter move signals a durable shift toward landlord leverage in large-format transactions or reflects normal volatility remains to be seen, but it is consistent with bulk effective rents turning to positive year-over-year growth in the same quarter.

Average Spread of Effective over Starting by Industrial Transaction Size

WHAT DOES THIS SPREAD MEASURE?

This measures the spread between effective rent, which factors in free rent, tenant improvement allowances, and escalations, and the rent signed at lease start.

Illustrative Example of Effective Rent Spread:

	DEAL A	DEAL B
Starting Rent	$8.00/sq ft/year	$8.00/sq ft/year
Escalation	3% annual	0% (flat)
Free Rent	0 months	1 month
TI Allowance	$0/sq ft	$1.50/sq ft
Effective Rent	$8.24/sq ft/year	$7.28/sq ft/year
Spread	+3.0%	-9.0%

A wider spread means escalations outweigh concessions, favoring landlords. A narrower or negative spread means concessions outweigh escalations, favoring tenants.

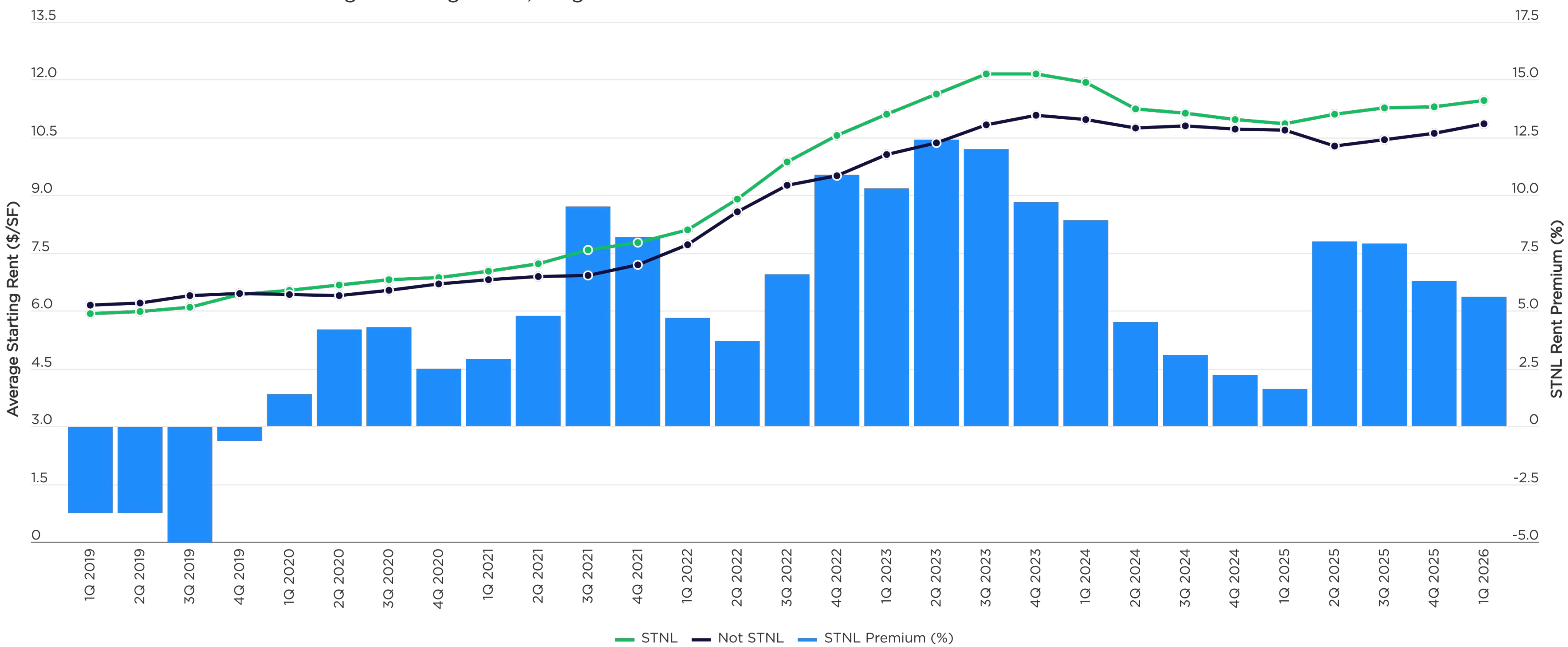
Source: CompStak. Compares average spread of effective rent, accounting for concessions and lease escalations, over starting by lease transaction size.

Single-Tenant Net Lease Premium Holds Above 5% for Fourth Consecutive Quarter, Backed by Stronger Cumulative Rent Growth Since 2019

The single-tenant net lease (STNL) industrial starting rent premium over non-STNL transactions has held above 5% for four consecutive quarters through Q1 2026, reaching 5.6% as STNL averaged $11.46 per square foot against $10.85 for non-STNL. The premium troughed at 1.6% in Q1 2025 before jumping to 8.0% in Q2 2025, suggesting the re-emergence is a sustained trend, even as the premium has moderated from that high.

Since Q1 2019, STNL starting rents have grown 93.3% compared to 76.1% for non-STNL. Both segments peaked in Q4 2023 and have since corrected, but STNL's cumulative advantage over the full period remains intact.

Average Starting Rents, Single Tenant Net Leased Industrial vs. All Other Industrial Transactions

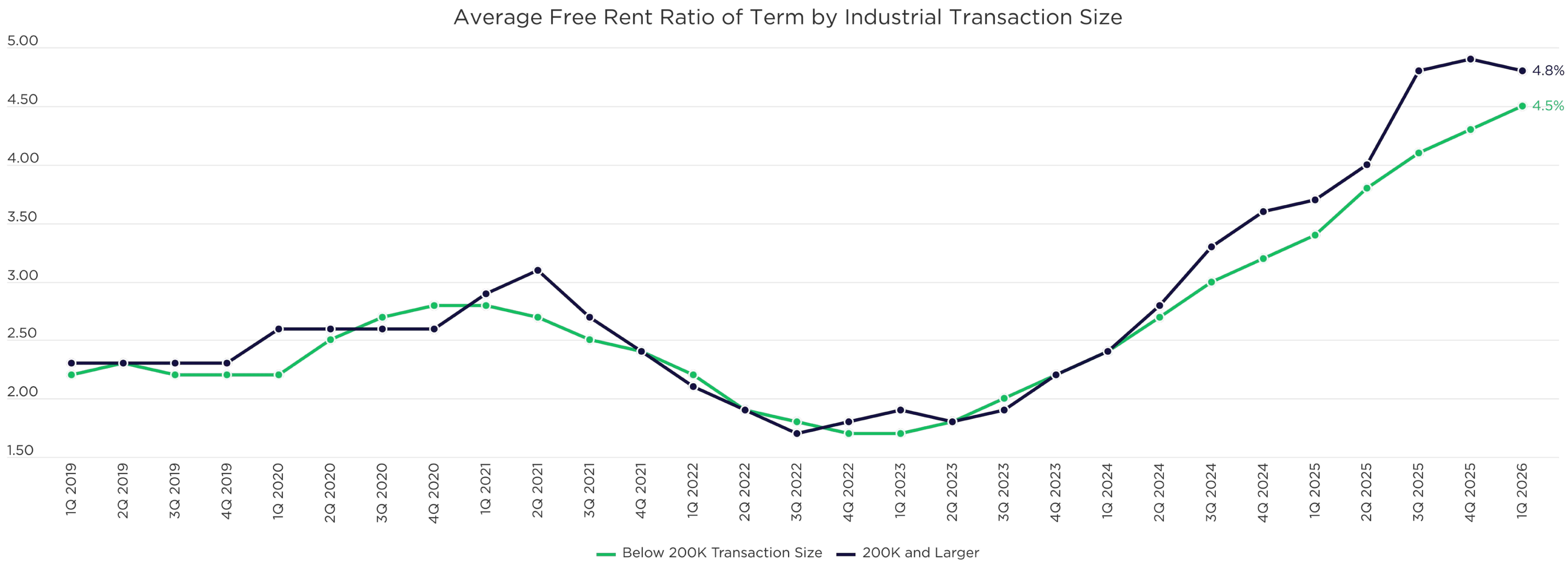


Source: CompStak. Rents are weighted by transaction size.

Free Rent (Bulk vs. Non-Bulk): Have Concessions Peaked?

Non-bulk free rent reached a cycle high of 4.5% of term in Q1 2026, continuing an unbroken climb from the 1.7% trough in Q4 2022. Bulk, at 4.8% of term, edged down from its own cycle peak of 4.9% in Q4 2025, the first quarterly decline after eleven consecutive quarters of increases from a 1.7% trough in Q3 2022.

The gap between the two series has narrowed. Bulk tenants held a 0.6 percentage point higher free rent ratio over non-bulk as recently as Q4 2025, which compressed to 0.3 points in Q1 2026 as non-bulk continued rising while bulk pulled back slightly. Both series remain well above pre-pandemic norms of roughly 2.2% to 2.3%, indicating that lease terms remain more tenant favorable despite the broader signals of tightening supply and demand conditions.



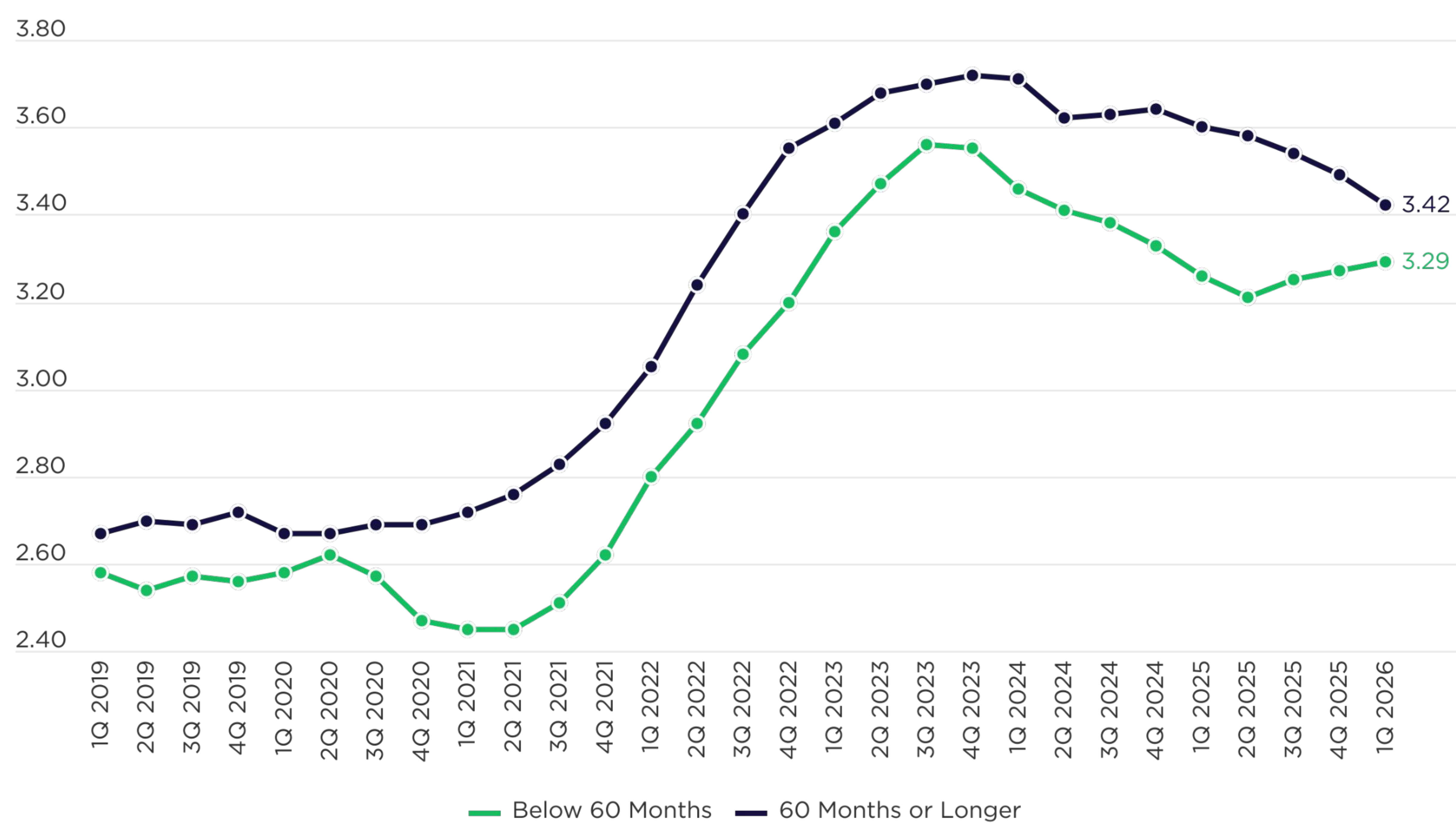
Source: CompStak. Measures share of lease term given to a free rent period.

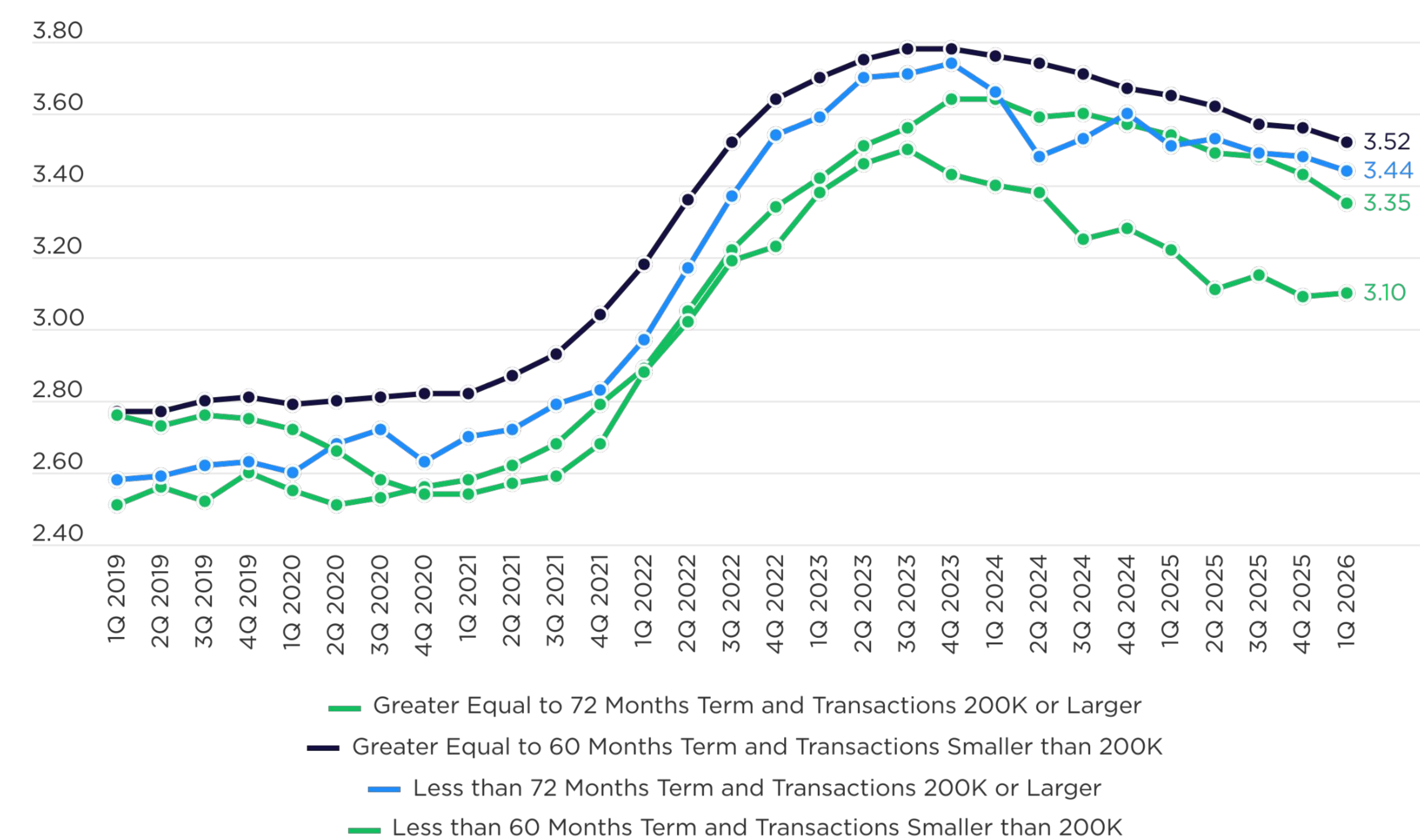
Non-Bulk Short-Term Leases See Steepest Escalation Compression from Peak, While All Segments Remain Above Pre-COVID Levels

Average annual lease escalation rates remained above pre-COVID levels across all transaction size and lease term segments in Q1 2026, with long-term leases at 3.42% and short-term at 3.29%, both well above their 2019 baselines of 2.67% and 2.58% respectively. The gap between long and short-term has narrowed to just 13 basis points from 31 basis points in Q4 2024, continuing a steady convergence.

Among the four transaction size and lease term combinations, non-bulk long-term leases retained the highest escalation at 3.52%, maintaining a 17 basis point premium over bulk long-term at 3.35%. Non-bulk short-term recorded the sharpest compression from peak, falling 40 basis points from 3.50% in Q3 2023 to 3.10% in Q1 2026, the steepest decline of any segment. Bulk short-term retains the largest gain over its 2019 baseline at 86 basis points, suggesting large-format shorter-commitment leases have held escalation terms most durably through the correction.

Average Annual Lease Escalation by Transaction Size and Lease Term



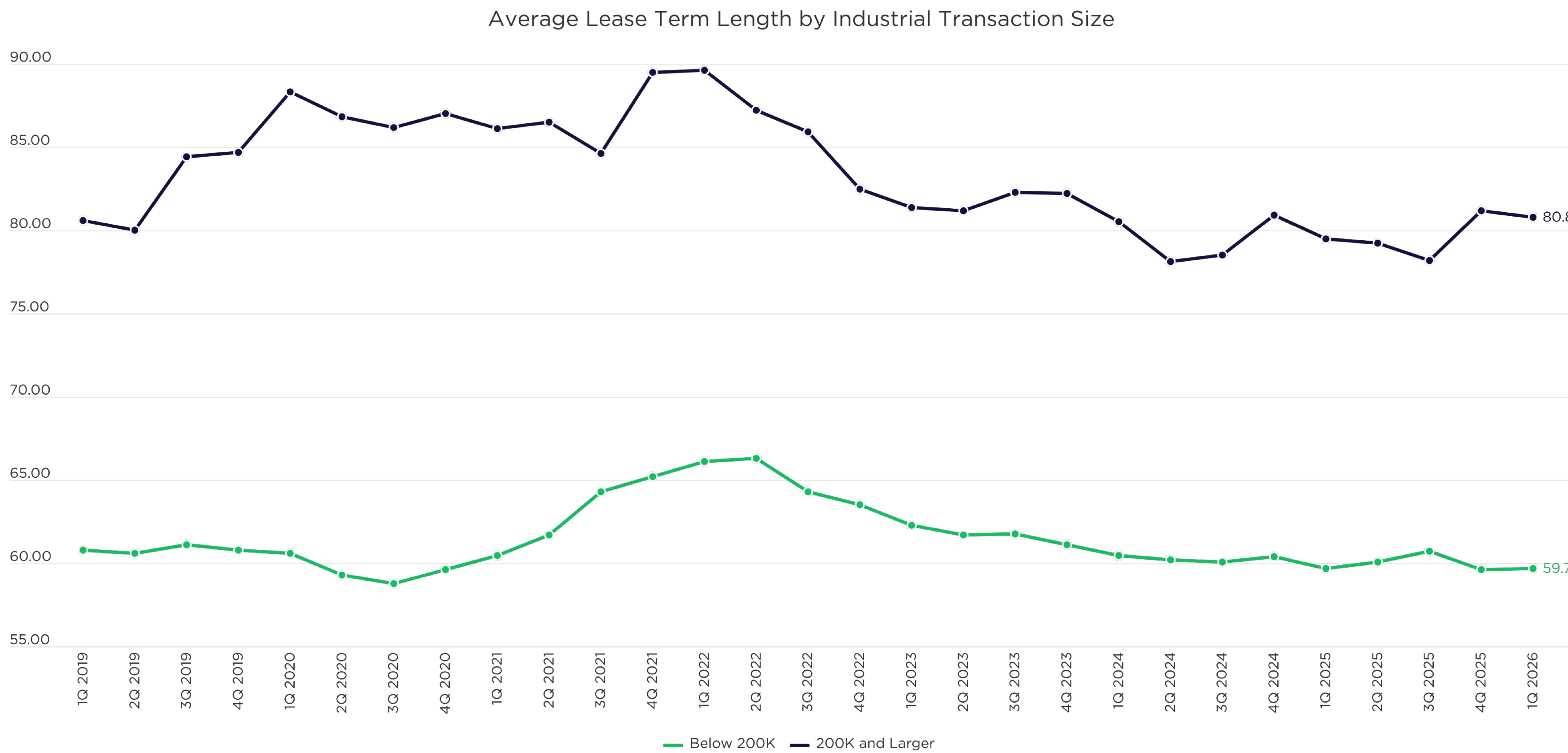


Source: CompStak. Annual escalation is the increase in rent each year of term in the lease. Long-term is defined as 72 months or longer for bulk leases, and 60 months or longer for non-bulk transactions. Short-term is defined as less than 72 months for bulk transactions , and less than 60 months for small-bay transactions.

Lease Term Compression Has Returned Both Segments to Pre-COVID Norms

For transactions of 200,000 square feet and larger, the average lease term length stood at 80.2 months in Q1 2026, nearly matching the 80.6-month pre-COVID baseline. After peaking at 89.6 months in Q1 2022, bulk terms compressed through mid-2025 before recovering to 80.8 months, suggesting the compression cycle has run its course.

Below-200,000-square-foot transactions tell a parallel story. Lease term length peaked at 66.3 months in Q2 2022 and has settled at 59.7 months, just 1.1 months below the Q1 2019 baseline, a level at which they have held for five consecutive quarters.



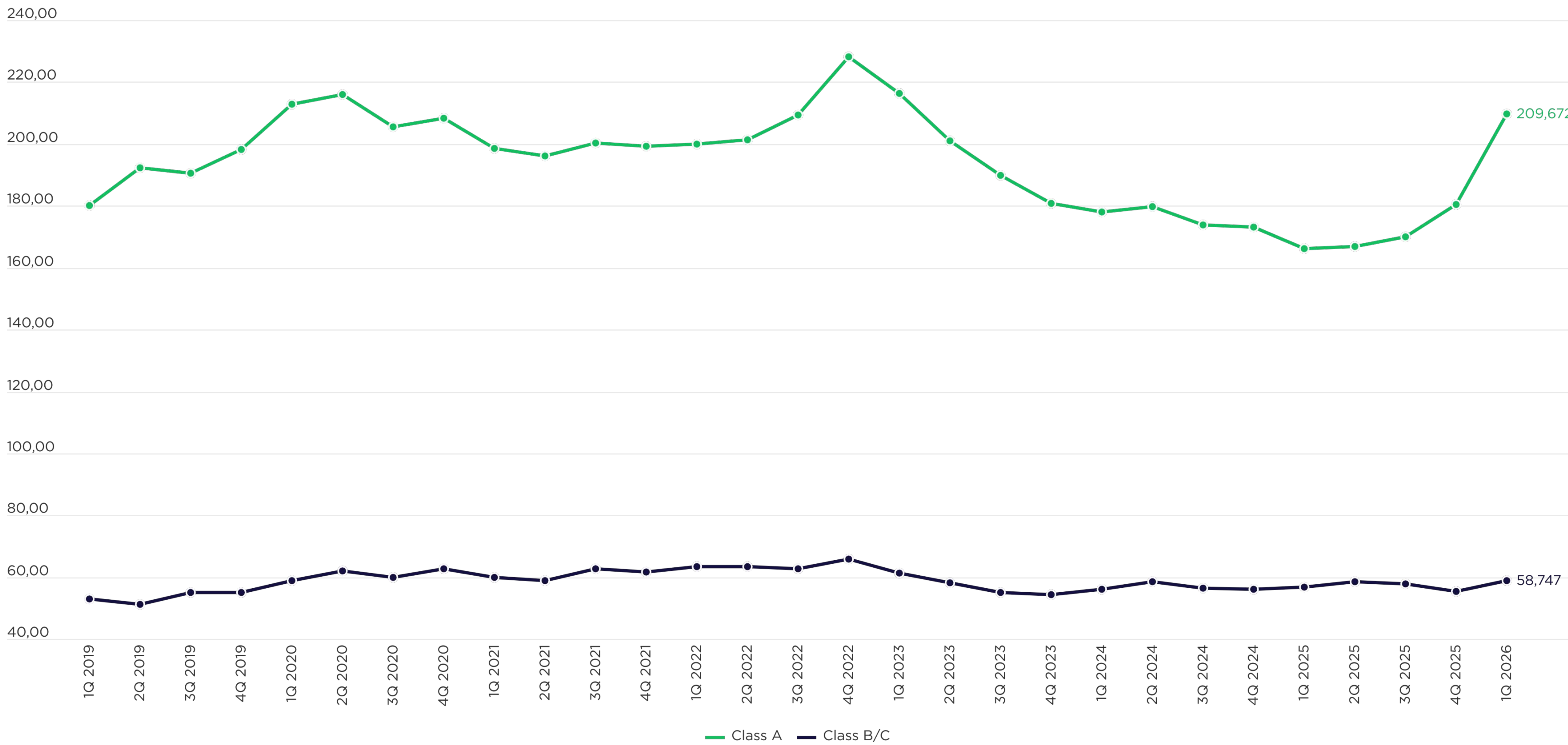
Source: CompStak.

Class A Transaction Size Surges to a Three-Year High While Class B/C Holds Flat

Average Class A transaction size jumped 16.2% quarter-over-quarter to 209,672 square feet in Q1 2026, the highest reading since Q4 2022 and 16.5% above the Q1 2019 baseline. The move follows five quarters of recovery from a trough of 166,145 square feet at the beginning of 2025.

Class B/C transaction size, by contrast, has been more stable. Over the past eight quarters, the average has ranged narrowly between 55,359 and 58,747 square feet, with a standard deviation of roughly 1,200 square feet. In Q1 2026, the Class B/C average is up just 3.7% year-over-year. The large-format recovery in Q1 2026 appears concentrated in Class A buildings.

Average Transaction Size by Building Class



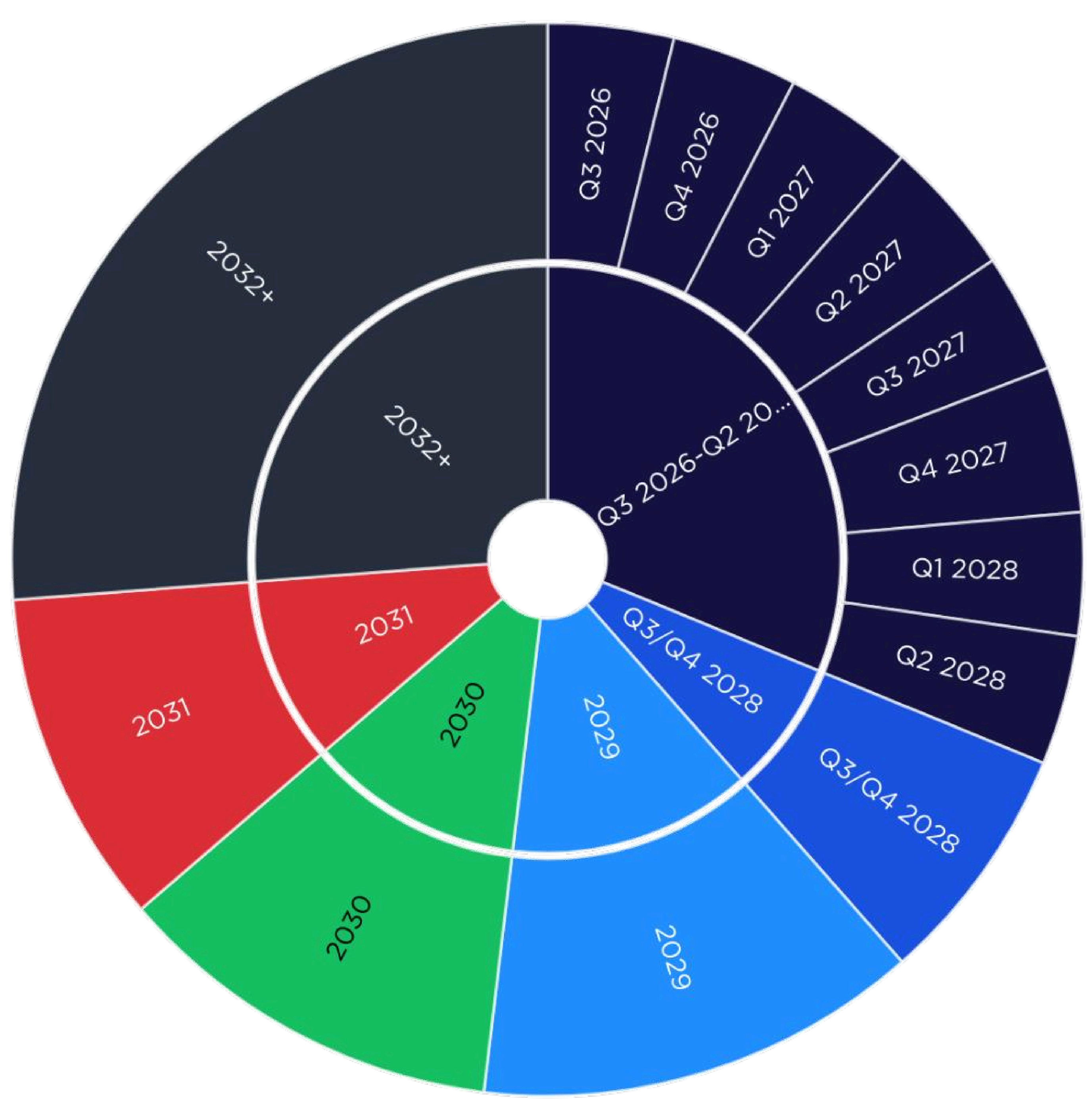
Source: CompStak.

Leases Expiring Through 2028 Show the Strongest Rent Upside in New Jersey, Philadelphia, and Dallas

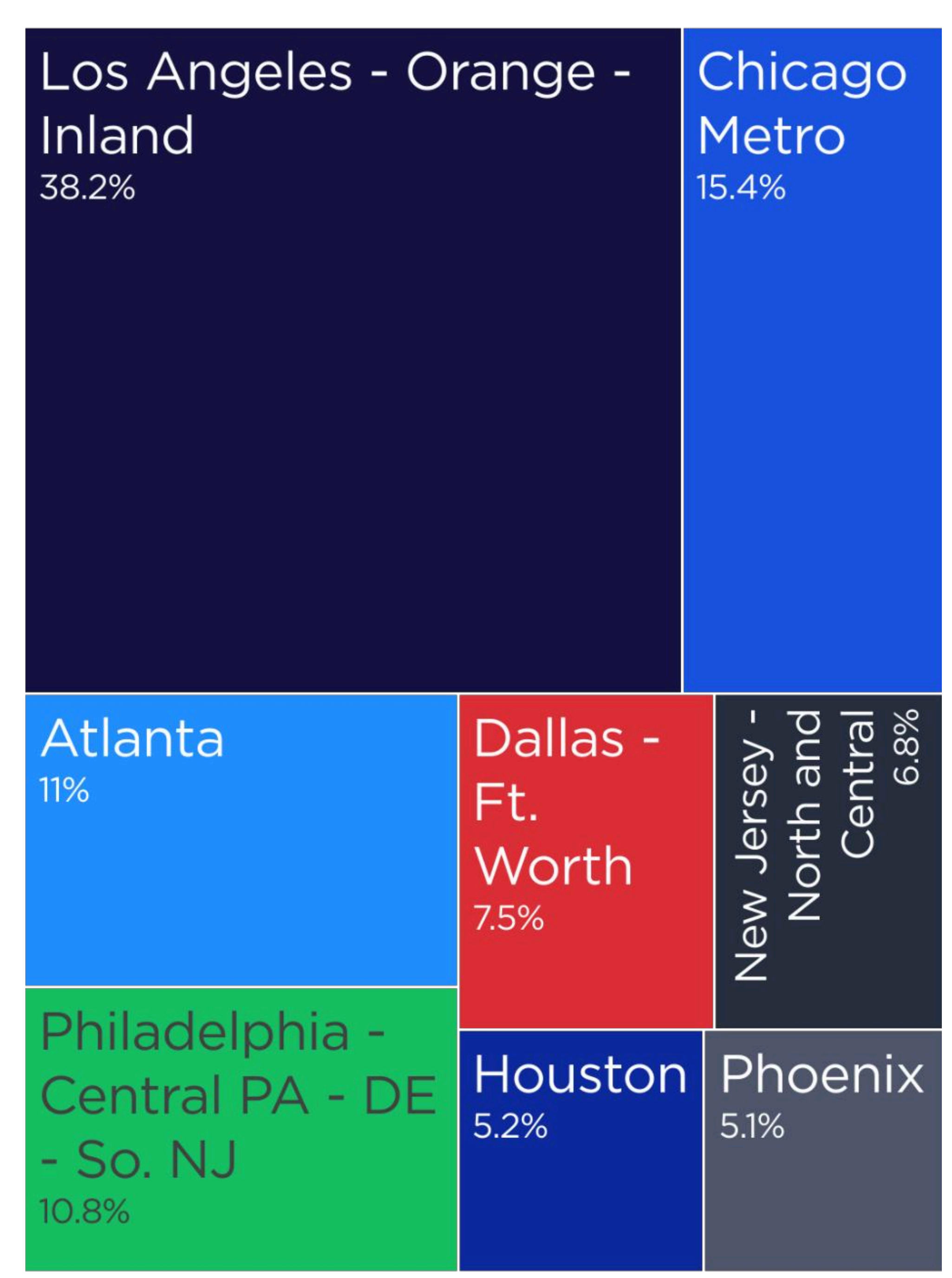
Roughly 31% of leased industrial square footage across major markets is scheduled to expire between Q3 2026 and Q2 2028. The Greater Los Angeles market accounts for more than a third of that near-term volume, followed by Chicago Metro at 15.4% and Atlanta at 11.0%.

The repricing opportunity, however, does not follow the volume. In the Los Angeles-Orange-Inland market, starting rents are running 2% below current in-place rents for both transaction size segments, meaning landlords face downward mark-to-market pressure at renewal. New Jersey-North and Central presents the sharpest upside: spreads of 35% for below-200,000-square-foot transactions and 42% for larger deals, followed by Philadelphia with 36% and 32%, respectively. Dallas and Atlanta each carry spreads above 20% across both segments. Chicago Metro holds significant expiration volume but limited repricing leverage, particularly for bulk deals where the spread narrows to just 8%.

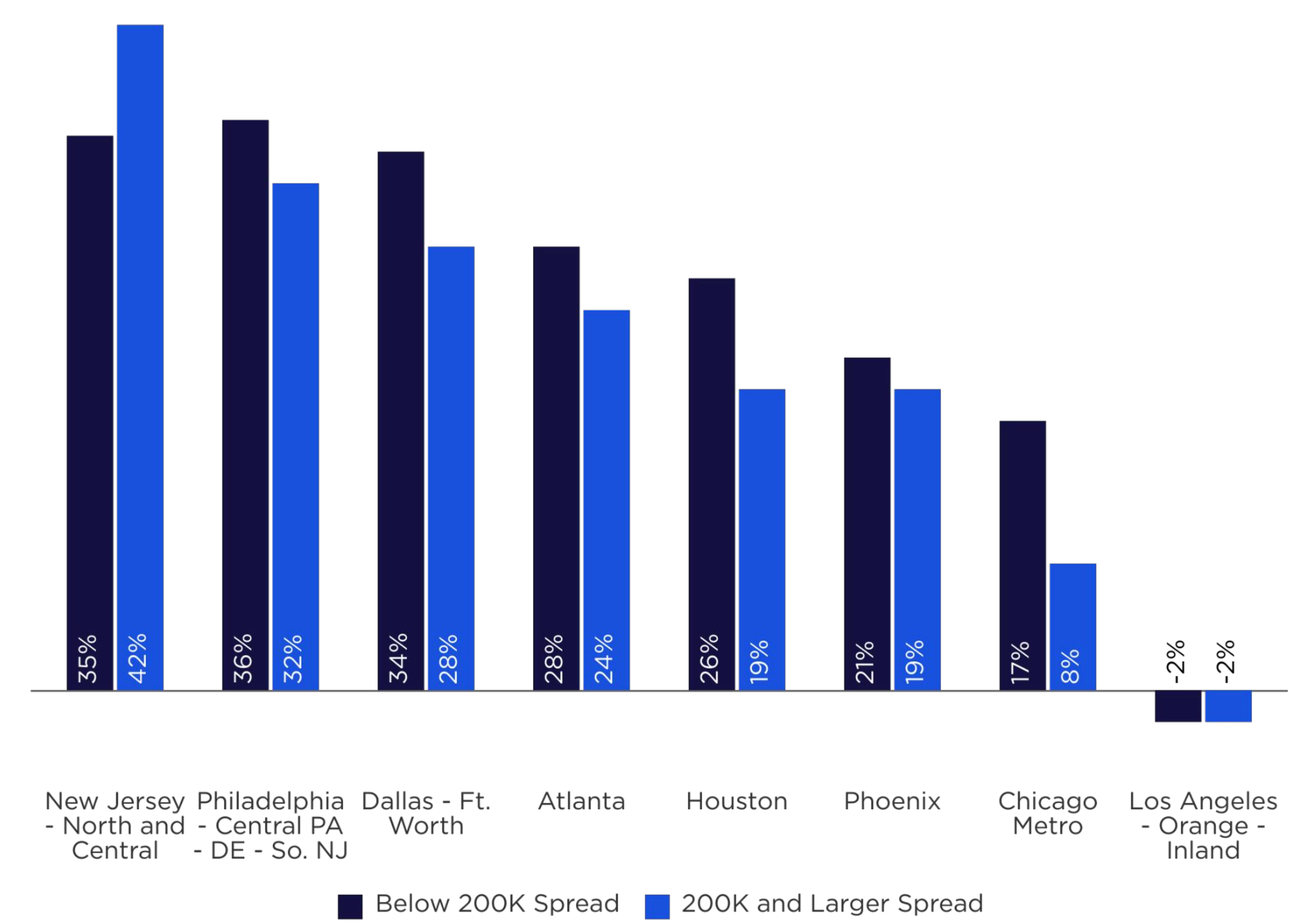
Share of Leased Industrial Square Footage, Expiring by Year, Q3 2026+



Share of Expirations Q3 2026- Q2 2028 by Market



Expirations, Q3 2026 - Q2 2028 by Market and Transaction Size, Comparing Market Starting Rents to Current Rents In Place for Expirations



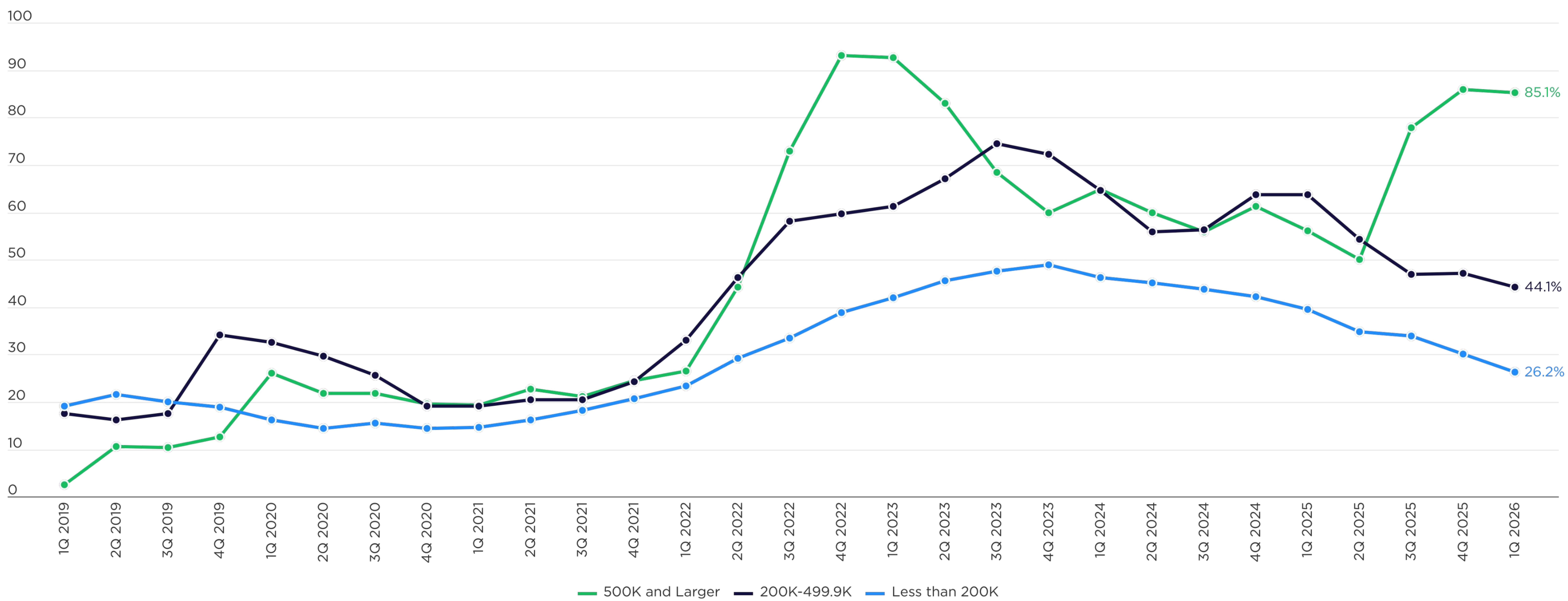
Source: CompStak. Includes all leases expiring from 7/1/2026 In chart on left, current rent and estimated starting rent are weighted by transaction size. Excludes subleases.

Renewal Rent Increases Have Nearly Doubled Since Mid-2025 for Transactions of at Least 500,000 Square Feet, While Smaller Transactions Continue to Compress

Segmented by lease transaction size, the average increase in rent at renewal reveals three distinct trajectories. Transactions of 500,000 square feet and larger reached a peak of 147.2% above the ending rent of their prior lease in Q1 2023 before compressing to 49.2% by Q2 2025. Since then, the segment has rebounded sharply to 85.1% in Q1 2026, the only size cohort moving in that direction.

The 200,000-to-499,999-square-foot segment peaked later at 83.6% in Q3 2023 and has declined steadily to 44.1%, with no sign of stabilization. Sub-200,000-square-foot transactions peaked at 50.9% in Q4 2023 and have compressed to 26.2%, continuing a two-year decline.

Average Increase in Rent at Renewal by Industrial Property Size



Source: CompStak. Compares starting rent of most recent renewal to previous lease's ending rent. Data covers all U.S. markets.

END NOTES:

1. Unless Otherwise Noted, Data Presented Is Sourced From CompStak And Covers 8 Major U.S. Industrial Markets Including: Los Angeles-OC-Inland Empire, Atlanta, Phoenix, Chicago Metro, NJ-North And Central, Philadelphia-Central PA/DE/NJ-South, Houston, And Dallas-Fort Worth And Covers Data Through Q1 2026.

2. Rents Are Adjusted To Net Lease Type And Quoted Annually.

3. All Effective Rents Account For Concessions Including Free Rent And Work Value, Where Provided.
4. Bulk Refers To Leases Or Buildings Of 200,000 Square Feet Or Larger, While Non Bulk Or Small Bay Is Leases Or Buildings Of Less Than 200,000 Square Feet

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