

U.S. Industrial Real Estate Market Summary | Q2 2021

Industrial Real Estate Statistics

	Logistics	Specialized	Flex Space	12-Month Rent Growth	Delivered Construction	Sales	Average Sale Price
Vacancy	5.5%	3.8%	7.2%	5.2%	303M SF	\$74.9B	\$115 PSF
Rent	\$8.41 psf	\$8.96 psf	\$15.47 psf				

Executive Summary

Demand for industrial real estate continues to reach historic highs as the economy recovers from the pandemic. The most active sectors in terms of lease value include e-commerce firms, third-party logistics providers, and home improvement retailers.



Industrial users across a vast range of segments are committing to record levels of new space. In Q1 2021, over 15,000 industrial leases were signed, representing more than 250 million SF.



The industrial sector has maintained significantly high sales figures, with over \$20 billion in sales recorded in Q1 2021. Industrial building prices are forecasted to average 3% growth over the next three years.



Industrial rental rates are growing at 4.1% year over year. The strength of demand is offsetting the high level of supply and keeping vacancy rates low.



The unemployment rate is down from its peak of 14.7% in April 2020 to 6.0% in March 2021. Employment in manufacturing has shown little net movement since March and is 481,000 below the February 2020 level.



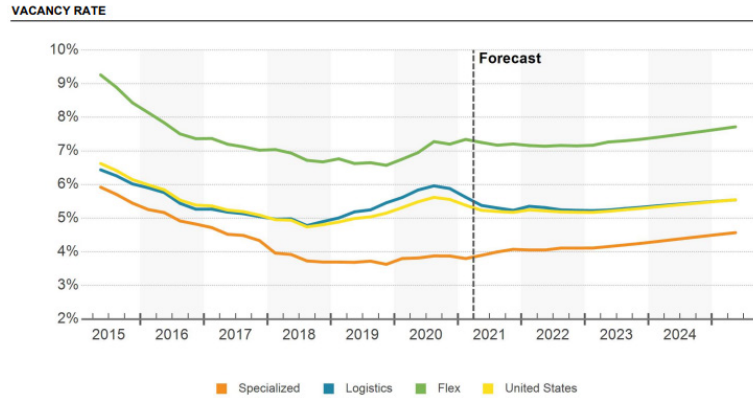
In response to intense demand, developers have broke ground on 90 million SF of industrial space year to date, adding to the already significant amount of 350 million SF under construction.



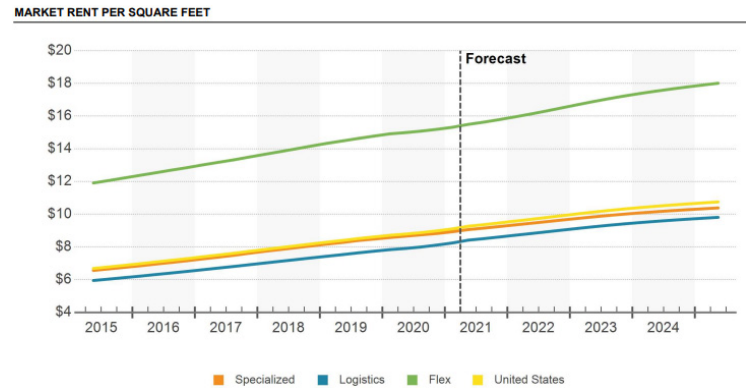
Industrial Leasing Outlook

With retailers, third-party logistics firms, and e-commerce providers scrambling to meet the changing demands of consumers, a vast majority are addressing increased demand with new space. Net absorption measured in at over 80 million SF in Q1 2021. Rental rates have grown 5.2% over the past year, fueled primarily by increased demand across a broad range of industrial sectors. The national rent average is \$9.24 PSF and the average vacancy rate is 5.3%.

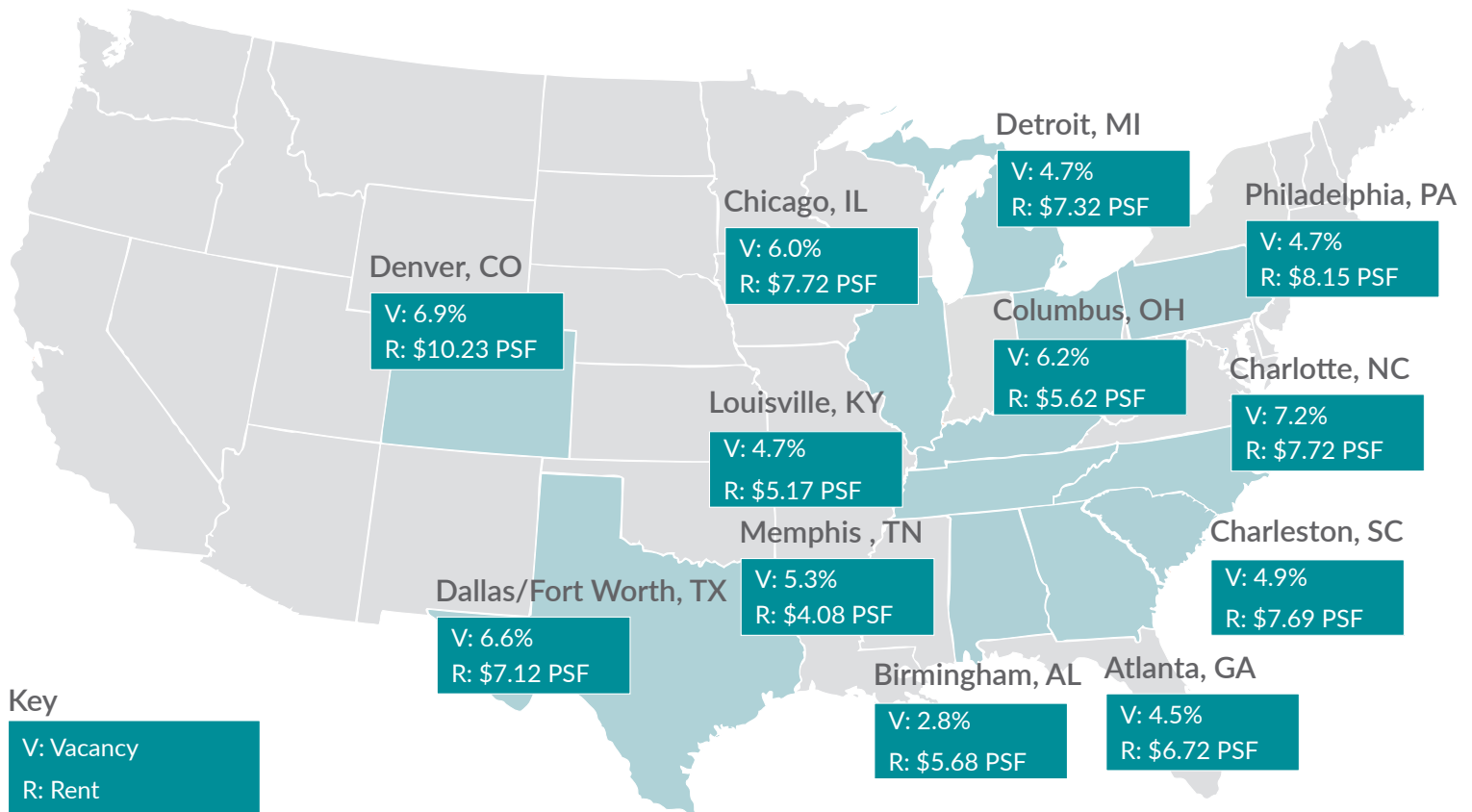
Leasing



Rent



Metrics from Select Metros

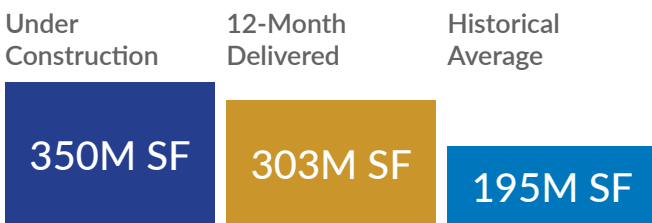




Industrial Construction & Deliveries

To meet the industrial sector's white-hot demand for new space, developers have broken ground on 90 million SF of new construction year to date. These new groundbreaking are contributing to the significant level of new construction already underway, measuring in at over 350 million SF. Many see the increased level of supply as a concern, but strong preleasing rates are indicative of the low risk of oversupply. Construction activity has not only been limited to logistics-related distribution and fulfillment space. Several manufacturers are undertaking large-scale development projects as their operations grow and their consumers demand a more efficient supply chain.

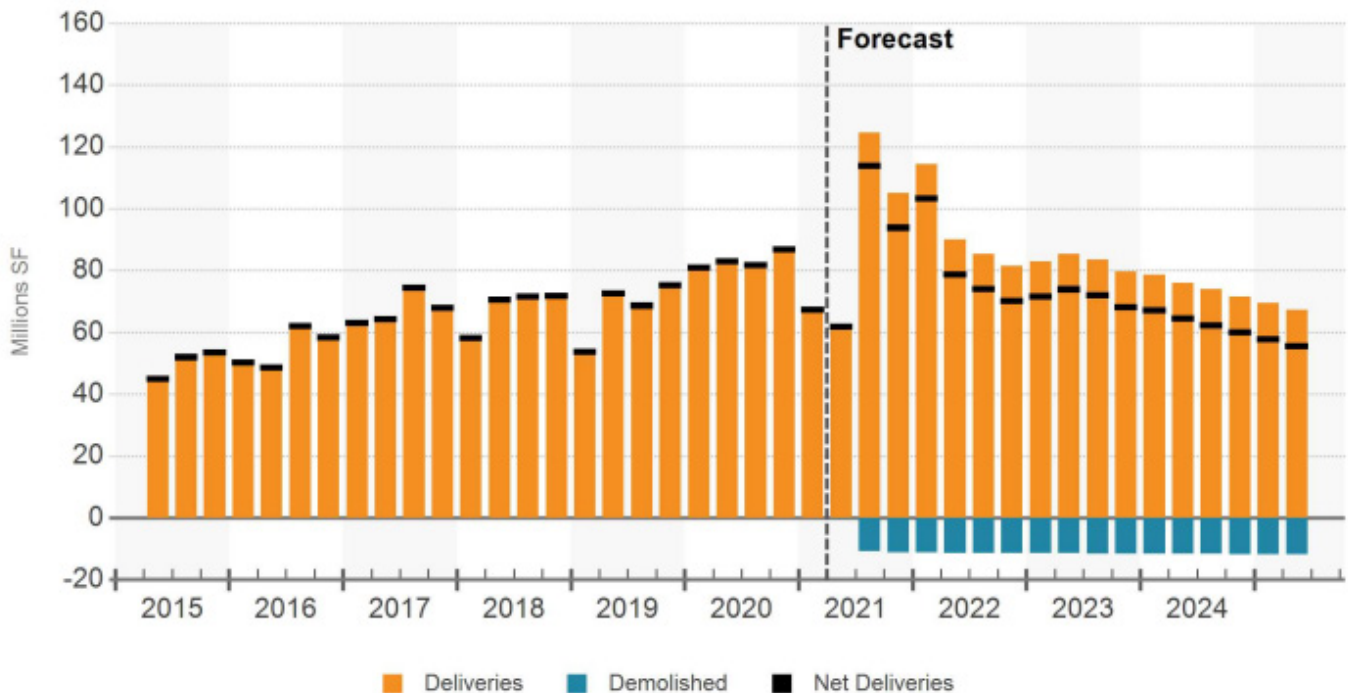
National Metrics



Top Metros Under Construction



Deliveries & Demolitions

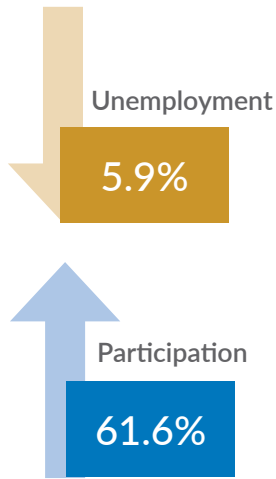




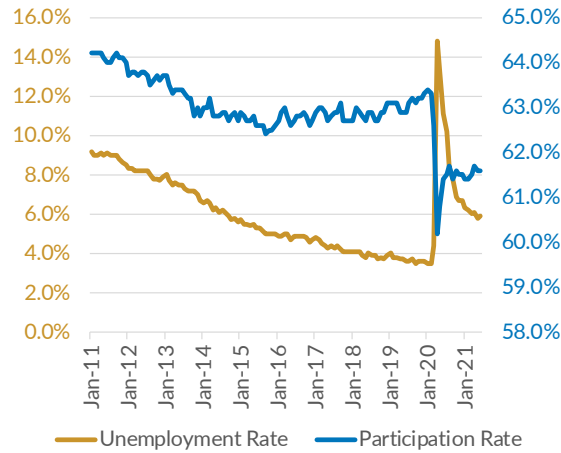
National Labor Statistics

According to recent data from the U.S. Bureau of Labor Statistics, the national unemployment rate decreased to 5.9% at the end of this quarter. Participation has remained fairly stagnant over the past year. The future of the labor force is unknown, with the main drivers being the decision to give up looking for work or retiring earlier than expected.

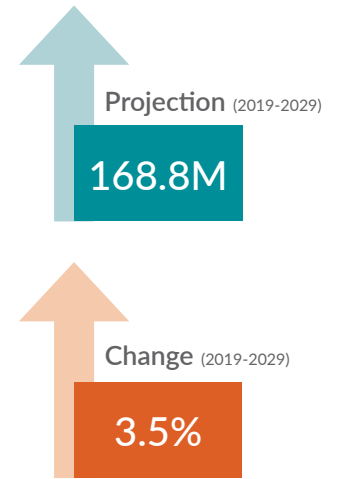
Employment



Labor Statistics, 2011-2021



Job Growth



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About Plante Moran Cresa

Plante Moran Cresa offers unbiased advocacy for companies looking to lease, buy, build, or develop a comprehensive real estate strategy that will align their company goals and real estate. Here's how we serve industrial space users:



Tenant & Buyer Representation

- Portfolio Optimization
- Site Selection
- Lease Administration
- Incentives



Owner's Representation

- Program Management
- Team Selection
- Master Budget & Schedule



Real Estate Consulting

- Strategic Planning
- Due Diligence
- Programming/Benchmarking

Contact

To learn more about your real estate market or to discuss your company's real estate needs, contact us today.

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