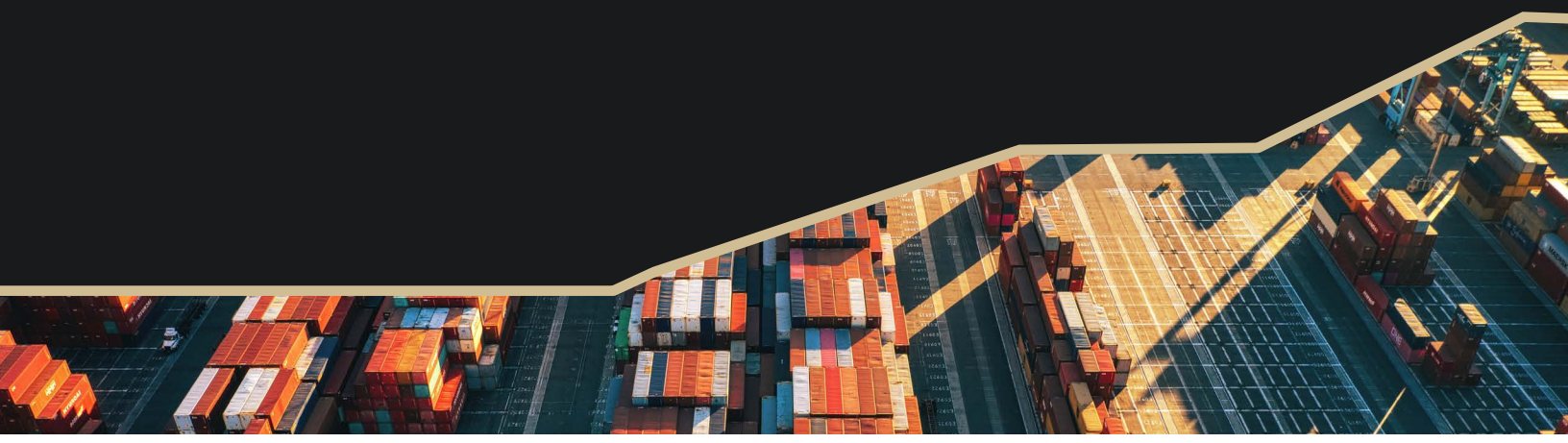
KBCADVISORS

Q3 2026

National Logistics Market Highlights



TOP FOUR

National Logistics Market Highlights

U.S. Industrial Logistics Demand Hits Strongest Quarter Since Late 2022

Net absorption surges 68.2% QOQ as demand outpaces new supply for the second time in 2026

The national logistics market delivered its best quarter of demand in nearly four years in Q3 2026, with net absorption reaching 96.1 million square feet (M SF) — up 68.2% from Q2's 57.1M SF and nearly double the pace recorded a year ago. This marks a fifth consecutive quarter of positive demand across all regions. With new completions trailing at 71.6M SF, occupiers absorbed roughly 24.5M SF more space than developers delivered in the third quarter — the second time this year demand has outpaced supply, and the widest gap yet. Vacancy responded accordingly, slipping 10 basis points (bps) quarter-over-quarter (QOQ) to 7.7%, its second straight quarterly decline and now 20 bps below where it stood a year ago.

Developers are starting to respond to the improved backdrop: supply under construction grew to 344.5M SF, up 6.3% QOQ and 10.9% year-over-year (YOY) - the fastest annual pipeline growth since Q4 2022, just before the current multi-year contraction began. The build remains fairly disciplined, however, with speculative to build-to-suit (BTS) ratio remaining fairly balanced. Asking rents nudged up to $10.79 per square foot (/SF), roughly $0.08 higher than Q2, with YOY growth firming to 3.0% from 2.8% — still about 130 bps below the market's 4.3% long-term average, but an early sign landlords are regaining some footing as demand returns.



Logistics net absorption reached 220.6M SF through the first three quarters of 2026, a 143% increase over the 90.8M SF recorded over the same period in 2025. Demand remained positive across all four regions and in 58 of 85 markets tracked by KBC in the third quarter. The top five markets (Dallas/Ft Worth, Chicago, Houston, Phoenix and New Jersey) accounted for roughly 44% of the 220.6M SF absorbed year-to-date (YTD).



Completions are still playing catch-up: despite the Q3 rebound, 190.5M SF delivered year-to-date (YTD) remains 8.8% behind the pace set through Q3 2025, reflecting a slower start to the year that hasn't fully been made up.



Construction starts were roughly flat QOQ but are tracking 4.5% ahead of last year's YTD pace — an early sign developers are responding to three straight quarters of improving demand.



The Q3 2026 national vacancy rate fell to 7.7%, down 10 bps QOQ and 20 bps YOY, though still 60 bps above the long-term average of 7.1%. Further improvement will depend on whether demand continues to strengthen relative to new deliveries as a result of a large pipeline and increased starts.



Current Market Dynamics

SUMMARY: VACANCY IMPROVING

7.7%

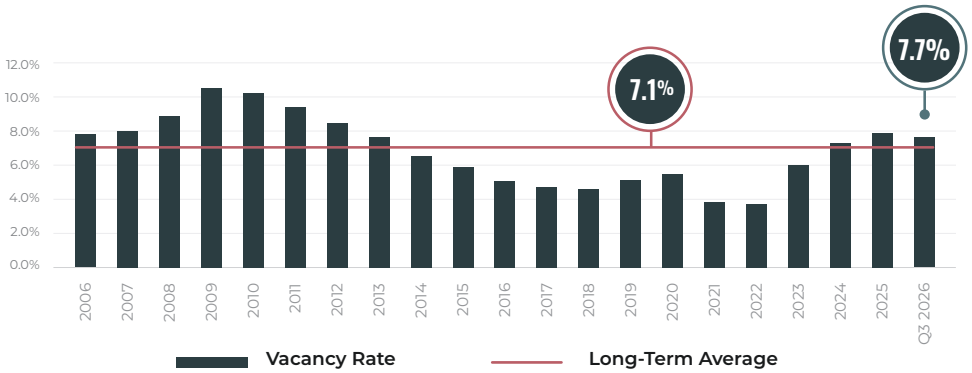
-10 BPS QOQ

+60 BPS OVER LTA

Vacancy: Improvement Broadens Across Markets

Q3 2026: 7.7%

- Vacancy fell to 7.7% in Q3 — its second straight quarterly decline and a clear break from the plateau held through late 2025 and early 2026.
- At 7.7%, the rate is still 60 bps above the 7.1% long-term (2000–2025) average (LTA) but well off the roughly 10.6% peak reached in 2010, so there's room to tighten further before landlords broadly regain pricing power.
  - With demand now outpacing new supply by the widest margin this year, further declines will likely hinge on whether completions stay below absorption into Q4. Q2's brief pause, when the two were nearly balanced, is a reminder of how quickly that gap can close back up.
  - The market overall remains tenant-favorable, though conditions vary widely by size segment and geography — occupiers still have meaningful optionality in many markets even as the tightest 24 markets push toward the low-3% to high-5% range.



Source: KBC Research



Vacancy: 24 Tightest Markets

Of the 85 markets tracked at KBC, 44 markets saw a vacancy decrease over the previous quarter.

Market	Q3 2026	Market	Q3 2026
Albany	3.0%	Los Angeles	4.5%
Albuquerque	3.0%	Milwaukee/Madison	4.8%
Omaha	3.1%	Nashville	4.9%
Roanoke	3.4%	Fresno	5.0%
West Michigan	3.5%	Detroit	5.0%
Wilmington	3.5%	Minneapolis/St Paul	5.1%
Columbus	3.5%	Rochester	5.1%
Tulsa	3.6%	Colorado Springs	5.2%
New Orleans	3.8%	Fayetteville	5.5%
Providence	4.1%	Cleveland	5.5%
Cincinnati/Dayton	4.3%	Little Rock/N Little Rock	5.6%
Chattanooga	4.4%	Richmond VA	5.8%

Current Vacancy vs Previous Cycle Low

24 of the 85 markets tracked maintained a vacancy rate below their previous cycle's low.

Market	Vacancy vs Previous Cycle Low	Market	Vacancy vs Previous Cycle Low
Chattanooga	(580)	Richmond VA	(120)
Columbus	(490)	St. Louis	(110)
Sacramento	(350)	Pittsburgh	(100)
Memphis	(330)	Dallas/Ft Worth	(80)
Detroit	(330)	Cleveland	(50)
Nashville	(300)	Stockton/Modesto	(40)
Atlanta	(270)	Indianapolis	(30)
Cincinnati/Dayton	(260)	Omaha	(30)
Chicago	(210)	Birmingham	(30)
Minneapolis/St Paul	(200)	Fresno	(30)
Hartford	(200)	Albany	(20)
Colorado Springs	(130)	Kansas City	(10)

SUMMARY:
GROWTH
STABILIZING

3.0%

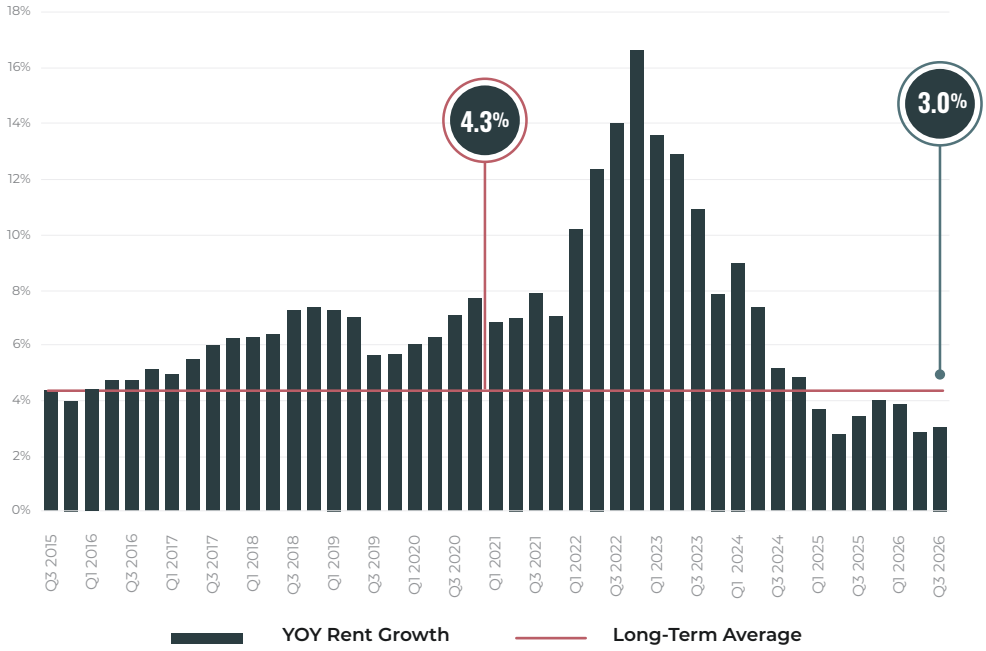
+20
BPS QOQ

+$10.79
/SF

Rent Growth: Firming, But Uneven Across Markets

Q3 2026: 3.0%

- YOY rent growth ticked up to 3.0% from 2.8% in Q2 — modest, but the first acceleration in several quarters, bringing asking rents to $10.79/SF, a new high.
- The gains are narrower than they look at the national level: just 13 of 85 markets saw growth accelerate QOQ, even as 73 of 85 still posted positive YOY growth overall.
  - At 3.0%, national rent growth still sits roughly 130 bps below the market's 4.3% long-term average — landlords in most markets are still prioritizing occupancy over pushing rate, though markets may see this start to shift with the surge in demand and newer product delivering that commands a premium.



Source: KBC Advisors



Rent Growth: Top 24 Markets

Rent growth averages vary widely across the top 24 markets, with high-barrier and infill markets continuing to outperform.

Market	YOY Rent Growth	Market	YOY Rent Growth
Nashville	10.9%	Raleigh/Durham	4.3%
Columbus	8.8%	Chattanooga	4.3%
Savannah	7.1%	Charleston	4.3%
Louisville	6.0%	Little Rock/N Little Rock	4.2%
Washington, DC	5.3%	Jackson	4.2%
Greenville/Spartanburg	5.2%	Birmingham	4.1%
Baltimore	4.9%	Indianapolis	4.1%
Greensboro/Winston-Salem	4.8%	Stockton/Modesto	4.0%
Columbia	4.7%	El Paso	4.0%
Cincinnati/Dayton	4.6%	Richmond VA	3.9%
Dallas/Ft Worth	4.4%	Phoenix	3.9%
Wilmington	4.3%	Orlando	3.7%

SUMMARY:
DEMAND SURGES

96.1M
SF

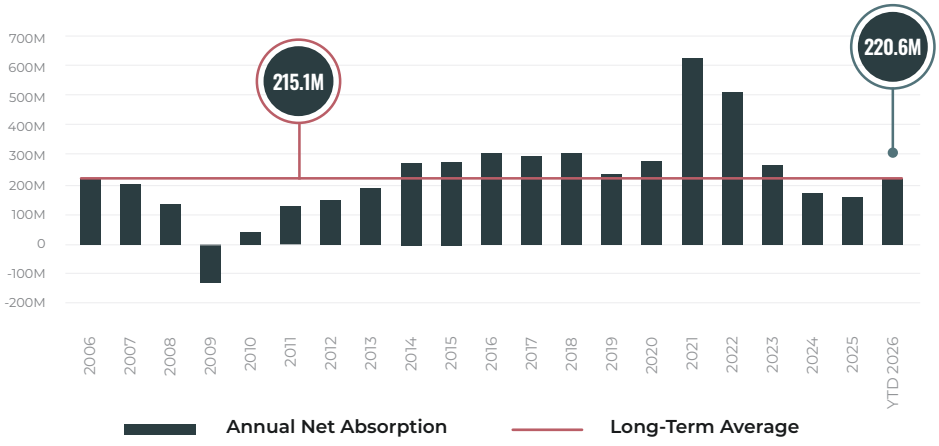
+119.6%
YOY

+68.2%
QOQ

Net Absorption: Best Quarter in Nearly Four Years

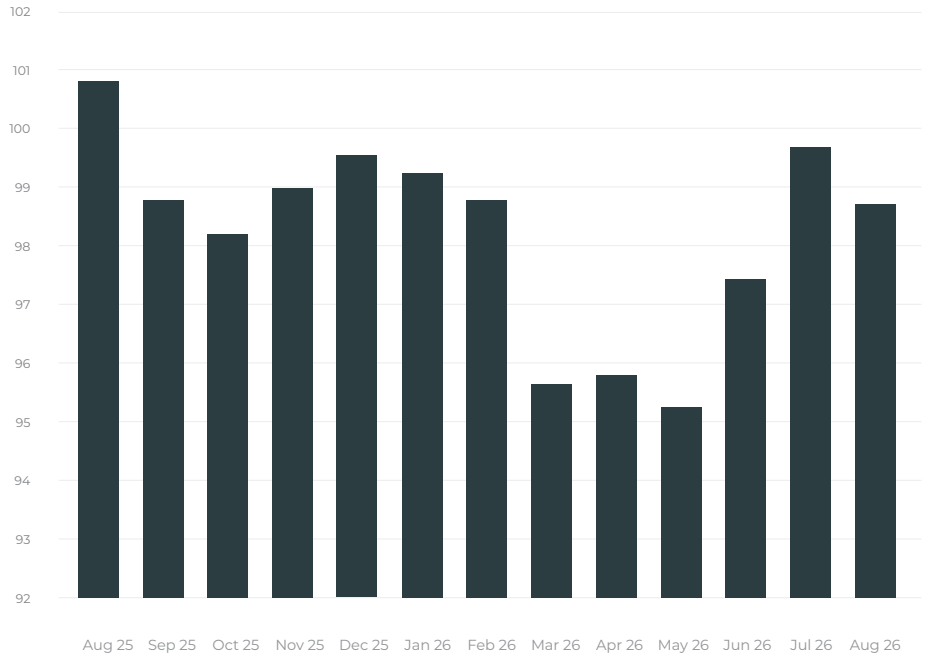
Q3 2026: Demand Accelerates

- At 96.1M SF, Q3 net absorption was the strongest single quarter since Q4 2022 — up 68.2% QOQ and roughly 120% YOY — lifting the YTD total to 220.6M SF, already 143% ahead of the first three quarters of 2025.
  - Just the third quarter for 2026 alone accounts for more positive demand than all of 2025.
- Leasing tells a slightly different story: Q3 volume dipped 6.7% QOQ to 232.0M SF, even as YTD leasing activity of 718.2M SF is running 14.4% ahead of last year — a sign that deals signed earlier in the year are now converting into occupied space rather than a loss of momentum.
- Demand was positive across all four regions, with the South leading at 41.9M SF for the quarter, nearly double the next-closest region, the Midwest (21.8M SF).
- Demand has now outpaced new supply on a YTD basis by roughly 30M SF, or about 16% — a notably wider gap than earlier in the year, when the two were running close to even.



Source: KBC Advisors

NFIB Optimism Index

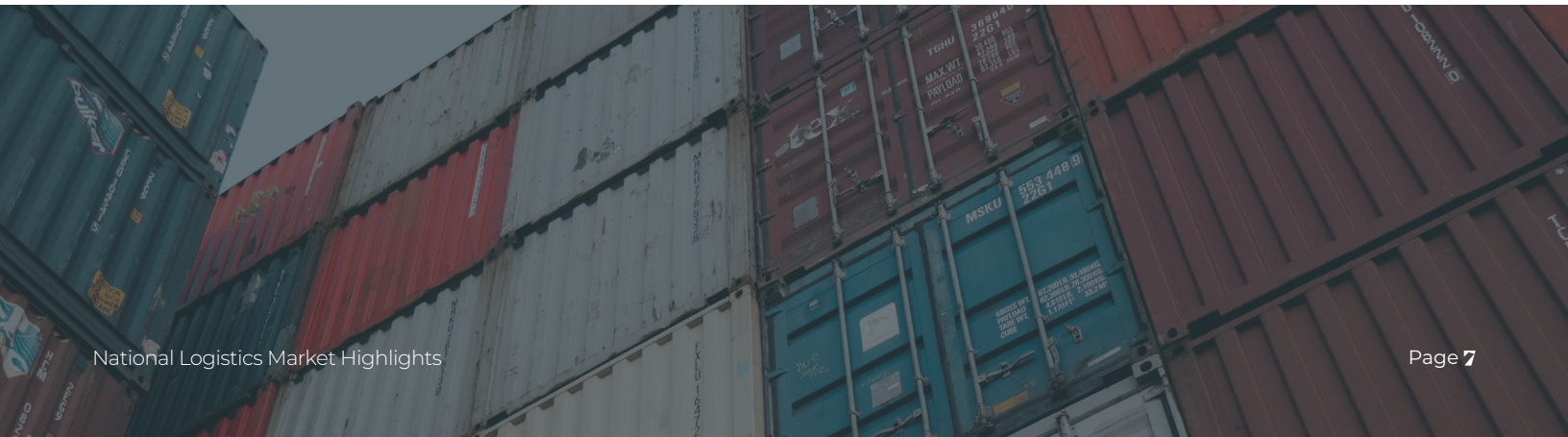


Source: KBC Advisors

Net Absorption: YTD Top 24 Markets

Q3 2026 saw 58 of 85 markets record positive demand.

Market	YTD Net Absorption	Market	YTD Net Absorption
Dallas/Ft Worth	31,560,125	Charlotte	5,125,362
Chicago	17,257,030	Kansas City	5,092,773
Houston	17,098,785	Indianapolis	4,699,376
Phoenix	15,868,820	Los Angeles	4,569,982
New Jersey	14,546,742	Greenville/Spartanburg	4,463,864
Atlanta	12,319,139	Stockton/Modesto	4,310,148
Columbus	10,674,581	Wilmington	4,051,609
Eastern PA I-78/I-81 Corridors	7,000,234	Louisville	3,435,032
Philadelphia	5,772,817	El Paso	3,414,260
Savannah	5,722,298	Memphis	3,173,526
Las Vegas	5,587,478	Charleston	2,809,740
Cincinnati/Dayton	5,307,267	Washington, DC	2,717,622



Net Absorption: Demand Positive in 68% of Markets

58 of 85 markets tracked recorded positive demand in Q3 2026.

Market	YTD Net Absorption % of Inventory	Market	YTD Net Absorption % of Inventory
New Orleans	22.8%	Dallas/Ft Worth	3.0%
Wilmington	18.5%	Greenville/Spartanburg	2.6%
El Paso	4.6%	Boise City	2.5%
Philadelphia	4.2%	Stockton/Modesto	2.5%
Phoenix	4.2%	Houston	2.2%
Savannah	4.0%	Reno/Sparks	2.0%
Columbus	3.9%	Des Moines	2.0%
Las Vegas	3.6%	Chicago	1.9%
Charleston	3.5%	Eastern PA I-78/I-81 Corridors	1.9%
Fayetteville	3.4%	Hartford	1.8%
Buffalo	3.3%	Louisville	1.8%
Austin	3.2%	Oklahoma City	1.6%

SUMMARY:
PIPELINE GROWING FASTER

344.5M
SF

+6.3%
QOQ

+10.9%
YOY

Supply Under Construction: Developers Respond to Demand

Q3 2026: 344.5M SF

- The pipeline's growth rate has accelerated for three straight quarters — up 3.5% in Q1, 4.4% in Q2 and 6.3% in Q3 — pushing YOY growth to 10.9%, the fastest pace since Q4 2022, just before the pipeline began its multi-year contraction.
- Builders are staying fairly disciplined even as the pipeline reaccelerates: speculative projects make up only about 60% of what's underway, suggesting developers are still leaning on pre-leased and build-to-suit (BTS) deals rather than chasing the recovery with purely speculative product.
- Completions bounced back sharply in Q3 (+24.8% QOQ, +18.9% YOY) to 71.6M SF, though the 190.5M SF delivered YTD still trails 2025's pace by 8.8%, the slow start to the year hasn't fully been offset. Starts were about flat QOQ but are tracking 4.5% ahead of last year on a YTD basis — early evidence that developers are starting to feed new supply back into the market as demand firms up.



Source: KBC Advisors

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