

# US Market Pulse

The US industrial sector began 2025 with **45.3 million square feet in net absorption**, a 52% quarter-over-over increase and 6% above the trailing two-year quarterly average. While quarterly net absorption was modest compared to the record levels of 2021 and 2022, this marks the 60th consecutive quarter of positive absorption since the GFC.

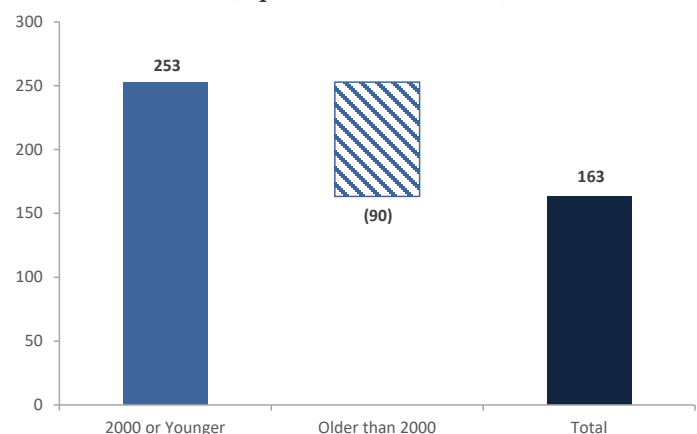
## ► Modern, Mid-Sized Buildings Continue to Perform

As expected, **occupier demand continues to favor modern facilities**. Over the past 12 months, buildings constructed in 2000 or later recorded 253 million square feet of net absorption in the US. This resulted in a 10-basis-point drop in vacancy for modern buildings, with net absorption slightly exceeding new deliveries. In contrast, older buildings saw a net negative absorption of 90 million square feet, as tenants consolidate into modern, more functional spaces.

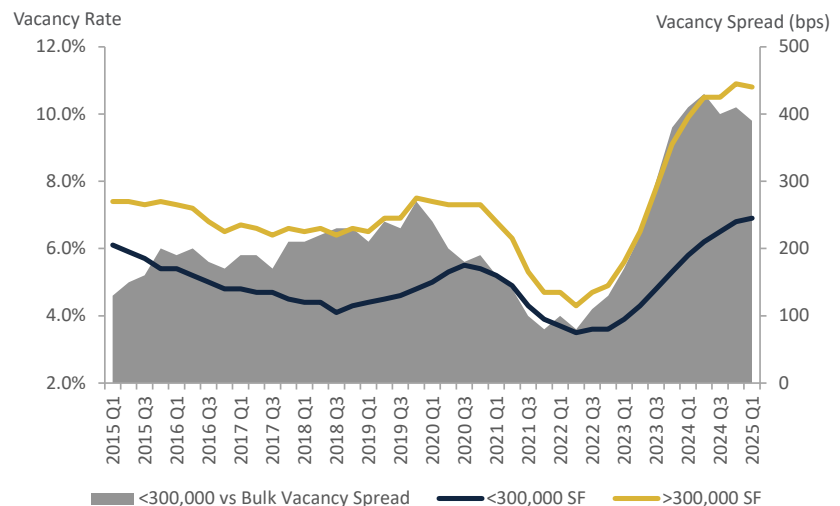
In addition to vintage, we are also seeing a divergence in demand among warehouse size segments. Since 2022, overall industrial vacancy has been trending upward; however, mid-sized facilities (<300,000 square feet) have seen a more moderate increase in vacancy compared to larger assets (>300,000 square feet). In that time frame, **the vacancy spread between size segments has increased significantly and currently stands just shy of 400bps**. This pattern is likely to persist as tenants continue to seek out flexible spaces that support last-mile delivery and diversified supply chains.

On the supply side, the US industrial market saw 61 million square feet of new completions during the first quarter. This marks a 21% decline from the previous quarter and, more notably, **the tenth consecutive quarter of declining construction activity**, suggesting the market may be trending toward equilibrium.

**Trailing 12 Month Net Absorption by Vintage**  
(square feet in millions)



**Vacancy Rate and Spread by Size Segment<sup>1</sup>**



Source: CoStar US Index as of 3/31/25 unless otherwise noted.

<sup>1</sup> Analysis excludes inventory <10,000 SF.



## Endnotes + Disclosures

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