

Housing Doldrums, Leasing Fulcrum

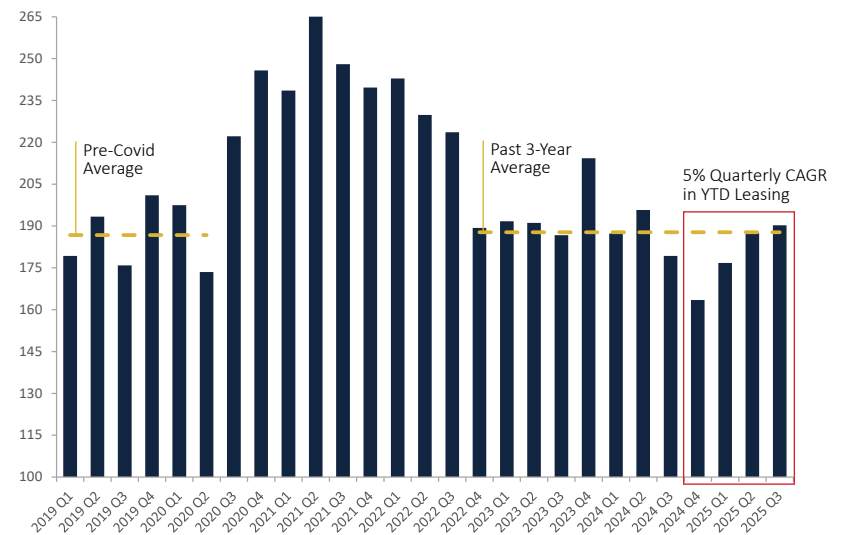
Industrial Leasing Climbs Despite Stagnant Home Sales

Industrial leasing has gained momentum following the temporary loss of traction observed at the end of 2024. As of Q3 2025, quarterly leasing volume surpassed 190 million square feet, aligning with the trailing three-year average (188 msf) and returning to pre-pandemic run-rate levels (187 msf). This normalization underscores the sector’s structural depth and suggests that tenant demand remains anchored by long-term fundamentals rather than transient macro volatility.

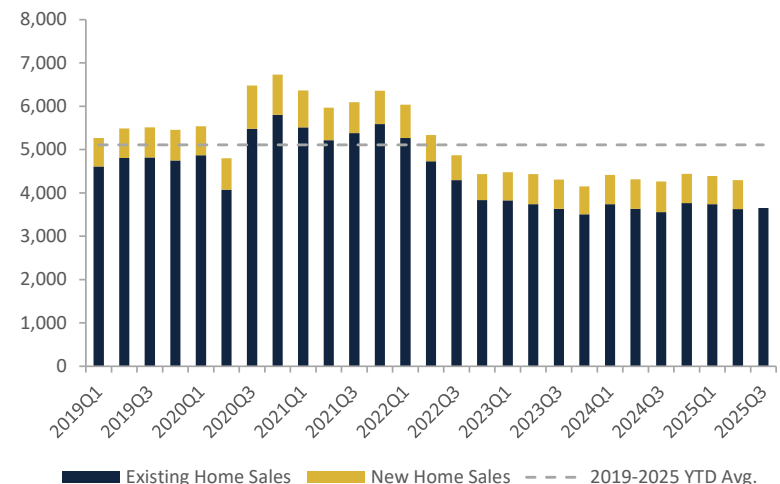
Notably, this recovery is occurring despite limited improvement in several key demand drivers. Amidst global trade tensions and lingering economic unease, residential home sales — historically a meaningful catalyst for industrial absorption — remain severely muted, tracking near Global Financial Crisis lows. This softness has tangible implications: year-to-date absorption from home-furnishing tenants totals 2.3 million square feet, well below periods characterized by healthier housing turnover.

Should mortgage rates decline further and stimulate a rebound in both new and existing home sales, the industrial sector could experience an incremental and potentially sizable boost in activity. Over the past five years, furniture retailers and home center-related absorption has averaged 9.5 million square feet, offering a useful benchmark for the scale of demand that could re-enter the market as housing conditions normalize.

U.S. Quarterly Leasing Volume
(square feet in millions)



Monthly U.S. Existing Home Sales (thousands)



Sources: National Association of Realtors, Haver Analytics, US Census Bureau as of 1/23/2026.



Endnotes + Disclosures

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