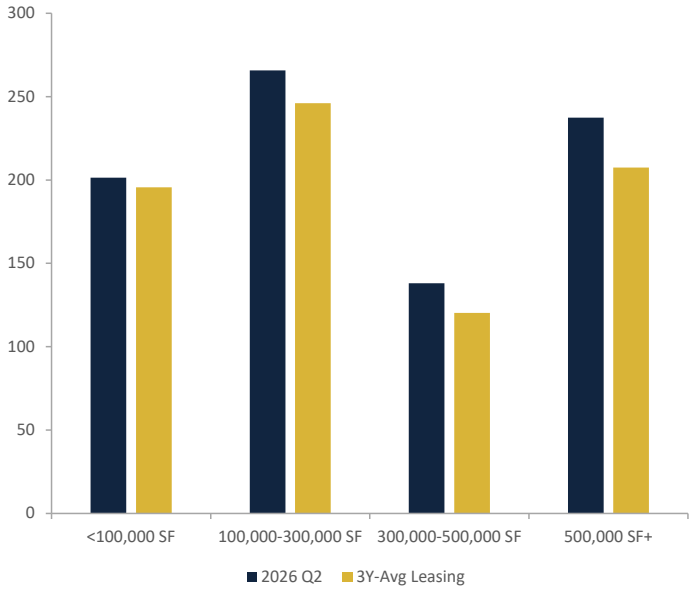
US Market Pulse

US logistics demand accelerated during the first half of 2026. Net absorption reached approximately 88 million square feet, an increase of 185% from the first half of 2025, while the second quarter marked a fourth consecutive period of positive absorption. Robust leasing activity reached 228 million square feet during Q2, the strongest quarterly volume since Q1 2021. Traditional transportation and warehousing tenants, led by third-party logistics providers, remain a key source of demand, leasing more than 176 million square feet over the trailing 12 months[1] as occupiers increasingly rely on outsourced networks for flexibility, technology and scale.

Ancillary demand is also broadening as US manufacturing investment and data center construction and operations create space requirements for equipment manufacturers, contractors, suppliers, and service providers. A proximity-based analysis found that more than 6% of total leasing through August 2026 occurred within five miles of an existing or under-construction data center, up more than 200 basis points from the prior year.[2] Separately, tenant-based research that does not impose a distance threshold indicates that data center-related users account for approximately 10–15% of leasing in the top three data center markets by square footage.[3] Although the methodologies differ, both measures signal a growing industrial-demand multiplier associated with data center development and operations.

Annualized Leasing and Past 3Y Average
(square feet in millions)



Excludes buildings <10,000 SF

Tenant demand remains concentrated in modern, operationally efficient buildings. Logistics properties completed in 2010 or later total 4.1 billion square feet and represent less than 30% of inventory, yet their annualized gross leasing trailed the much larger pre-2010 segment by only about 14 million square feet. Leasing in modern[4] facilities equaled 9.7% of that segment's inventory, more than twice the 4.5% rate in older buildings. Over the past year, modern vacancy declined by 164 basis points while vacancy in older properties rose by 76 basis points, reflecting occupiers' preference for higher clear heights, stronger power, functional loading, and better labor and transportation access.

Source: CoStar as of 6/30/26 unless otherwise noted.
[1] Data based on US Index excluding buildings <50,000 SF.
[2] Juan Arias, "Data Center Boom Spills Into Industrial Demand as Suppliers Take More Space," *CoStar*, August 2026.
[3] Dallas-Fort Worth, Northern Virginia, and Atlanta, per CoStar as of 6/30/26.
[4] Modern stock defined as buildings with a vintage of 2010 or younger.

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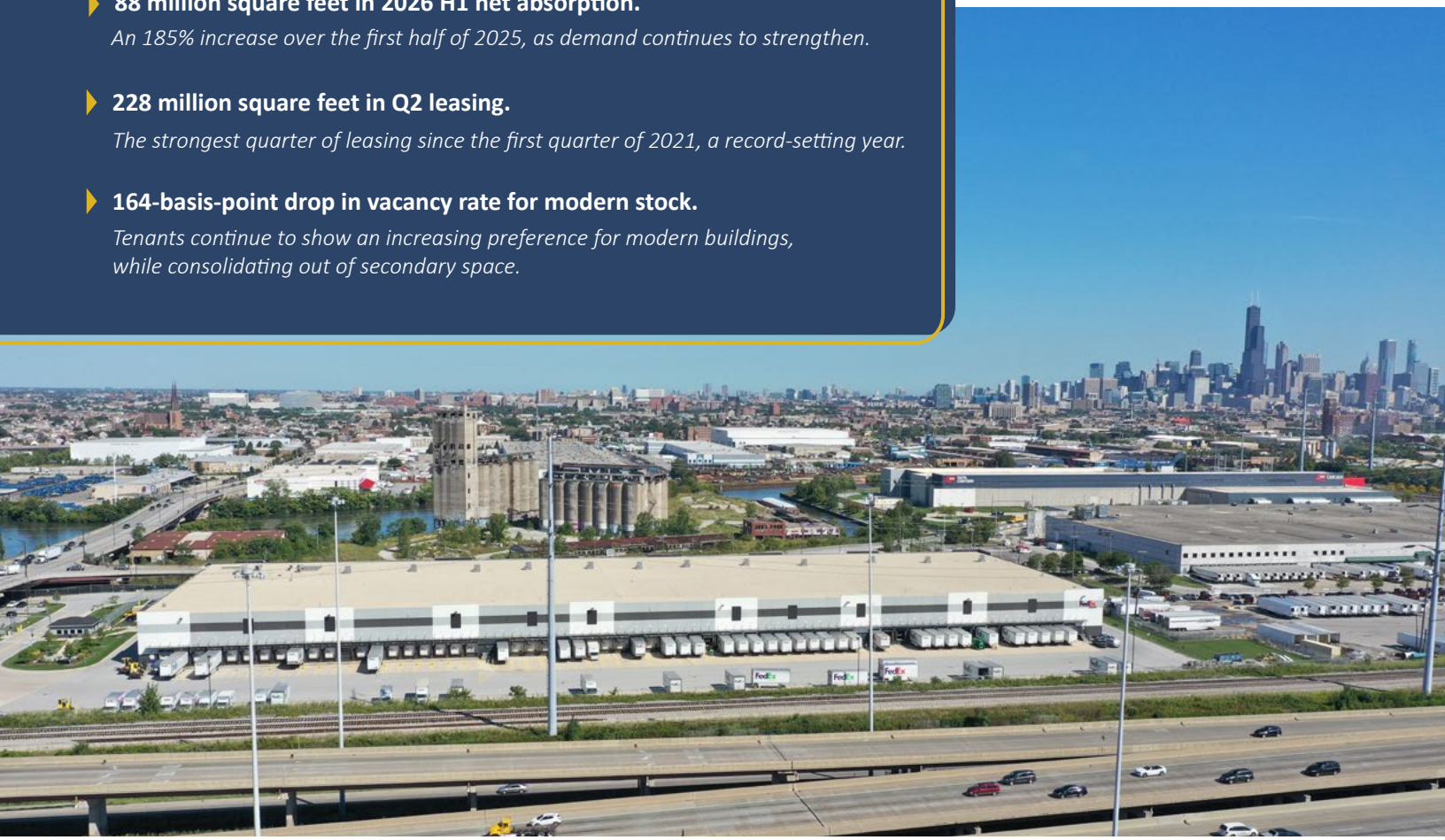
US Market Pulse

Leasing momentum grew across building sizes, with buildings 100,000 to 300,000 square feet remaining the market's largest source of activity. This mid-sized segment accounted for roughly 266 million square feet (36%) of total Q2 annualized leasing, while trailing 12-month volume ran 8% above its three-year average. Momentum extended to every major size category, including facilities larger than 500,000 square feet, where trailing 12-month leasing increased 40% year over year to 237 million square feet.

A recent example in Atlanta illustrates how these segments can reinforce one another: a leading eCommerce company committed to a 1.2-million-square-foot fulfillment center and approximately 150,000 square feet in a neighboring submarket, expanding both its core distribution capacity and regional and last-mile network. Large fulfillment hubs can generate follow-on requirements for regional distribution, suppliers, service operations, and returns functions commonly housed in 100,000- to 300,000-square-foot facilities. Together, renewed bulk activity and sustained small to mid-sized demand point to a wider recovery, supported by growth in structural drivers and occupiers' continued preference for modern space.

Industrial Market Fundamentals

- **88 million square feet in 2026 H1 net absorption.**
  An 185% increase over the first half of 2025, as demand continues to strengthen.
- **228 million square feet in Q2 leasing.**
  The strongest quarter of leasing since the first quarter of 2021, a record-setting year.
- **164-basis-point drop in vacancy rate for modern stock.**
  Tenants continue to show an increasing preference for modern buildings, while consolidating out of secondary space.



Source: CoStar as of 6/30/26 unless otherwise noted.

Endnotes + Disclosures

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