

Occupier Outlook

United States Overview:

The Economy and Its Impact on Commercial Real Estate

Cresa Research | Q1, 2026

COMMERCIAL REAL ESTATE MARKET AT CROSSROADS: INFLATION JUMPS ON GLOBAL CONFLICTS AS GROWTH SLOWS

OCCUPIER OUTLOOK

Executive Summary

Macro Economic View

- Global conflicts and a softer job market have caused the Fed to pause additional interest rate cuts at the March 2026 meeting.
- Economists expect inflation to gradually ease, creating ongoing uncertainty around the timing and magnitude of future rate cuts.
- The labor market has devolved into a low-hire, low-fire environment, as unemployment claims remain contained while the hiring rate is at a decade low.

Office Market

- Net absorption for Class A office space kept its momentum, remaining positive for the first quarter of 2026, a good sign for market recovery.
- Office demand remains complex and highly variable across markets, which is unusual in the national office market, which typically sees at 75 to 90 percent of major cities trending in the same direction.
- Overall office recovery is being hindered by a sustained contraction of knowledge working job creation, potentially stalling a broader recovery.

Industrial Market

- Warehouse/distribution rent increases have moderated significantly, slowing to low single-digit annual growth.
- Net absorption has rebounded in the first quarter, but availability and sublease availability drifted higher.
- Although vacancy rates have increased, the small bay industrial market remains tight, with national vacancy rates below 6 percent.
- Industrial sales volume picks up steam to close 2025 as investors look to cash in on substantial lease rate increases over the past five years.

COMMERCIAL REAL ESTATE MARKET BY THE NUMBERS: YEAR-OVER-YEAR CHANGE INDICATORS MIXED

OCCUPIER OUTLOOK

Performance Snapshot

Office Market

	Office			
	Q1 2026	Q1 2025	Change	Trend
Inventory SF	5.695 B	5.701 B	-5.6 M	▼
Asking Rate \$/SF	\$38.20	\$37.74	+\$0.46	▲
Leasing Activity (TTM)	295.2 M	316.6 M	-21.4 M	▼
Vacancy Rate	18.6%	18.3%	+030 bps	►
Availability Rate	22.1%	23.1%	-100 bps	▼
Net Absorption (TTM)	-4.6 M	-23.8 M	+19.2 M	▲
Under Construction SF	31.5 M	43.6 M	-12.1 M	▼
Net Deliveries (TTM)	23.7 M	40.0 M	-16.3 M	▼
Sales Volume (TTM)	\$86.4B	\$62.3B	+\$24.1B	▲
Sales Price Per SF	\$214	\$204	+\$10.11	▲
Market Cap Rate	7.44%	7.38%	+006 bps	▲

Occupier Leverage



Industrial Market

	Industrial			
	Q1 2026	Q1 2025	Change	Trend
Inventory SF	10.620 B	10.385 B	+234.9 M	▲
Asking Rate \$/SF	\$9.44	\$9.25	+\$0.19	▲
Leasing Activity (TTM)	744.9 M	663.4 M	+81.5 M	▲
Vacancy Rate	10.6%	9.9%	+070 bps	▲
Availability Rate	15.0%	14.4%	+060 bps	▲
Net Absorption (TTM)	+143.8 M	162.6 M	-18.8 M	▼
Under Construction SF	414.8 M	439.9 M	-25.2 M	▼
Net Deliveries (TTM)	327.6 M	491.8 M	-164.2 M	▼
Sales Volume (TTM)	\$114.6B	\$103.5B	+\$11.1B	▲
Sales Price Per SF	\$139	\$134	+\$4.60	▲
Market Cap Rate	6.40%	6.25%	+015 bps	▲

Occupier Leverage



Highlights

- Office inventory has decreased over the past twelve months as limited deliveries were outpaced by demolitions and conversions.
- Office net absorption has been nearly zero over the past year, an improvement over the past several years.
- Industrial asking rates increased only slightly over the past year, increasing by a modest 2 percent.
- Industrial sales volume has picked up steam over the past year, highlighted by a spike of sales to end 2025.

Economic Overview



U.S. Economy Shows Resilience Amid Slowing Growth and Elevated Interest Rates

The U.S. economy has been described as resilient over the past six years. Although growth is slowing, steady expansion has helped counterbalance rising uncertainty. Economic forecasts predict real GDP growth will range from 2.2 percent to 2.6 percent, even though growth slowed to 0.5 to end 2025. Global conflicts and their impact on energy prices have driven inflation above 3.25 percent for the year-over-year change as of March.

The labor market has remained relatively stable, with unemployment projected to stay around 4.5 percent. However, the underlying momentum has weakened compared to previous years, with slower consumer spending and reduced business investment leading to a more cautious outlook for the second half of 2026. Consequently, the economy is balancing solid fundamentals against potential risks related to global conflict, trade policy, and the path of interest rates.

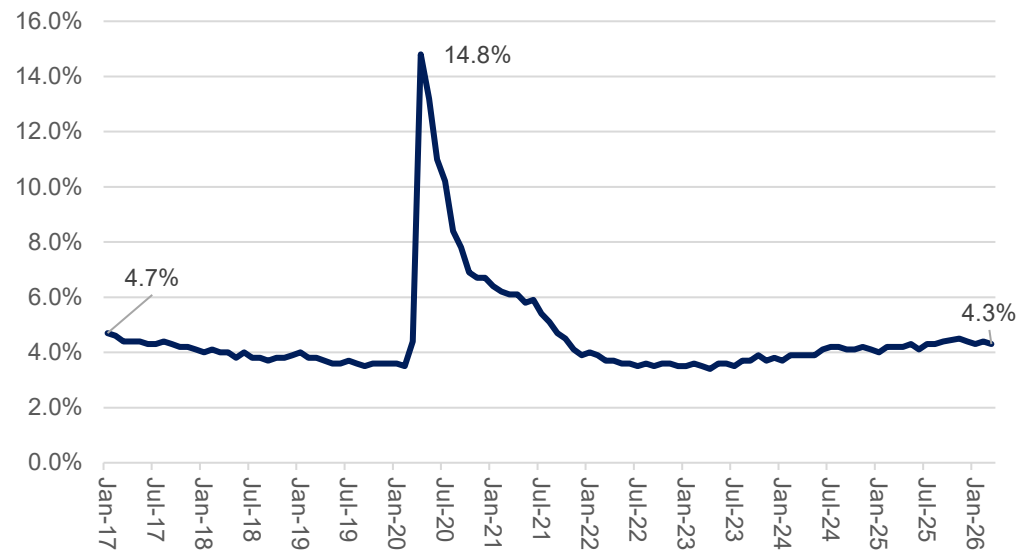
Macroeconomic conditions are producing varying effects across different sectors of U.S. commercial real estate. In the office sector, slower economic growth, the persistence of hybrid work trends, the contraction of knowledge worker jobs, and corporate cost-cutting measures have continued to suppress demand. This has resulted in elevated vacancy rates and ongoing tenant downsizing or consolidation. In contrast, the industrial sector remains relatively strong, driven by structural factors such as e-commerce supply chain reconfiguration and sustained demand for logistics. However, growth in this sector has moderated compared to the highs experienced during the pandemic. Overall, the current economic environment reinforces a divided real estate market: office assets face ongoing challenges, while industrial properties exhibit more resilience, although demand is gradually normalizing.

Unemployment

Unemployment Steadies After Drifting Higher

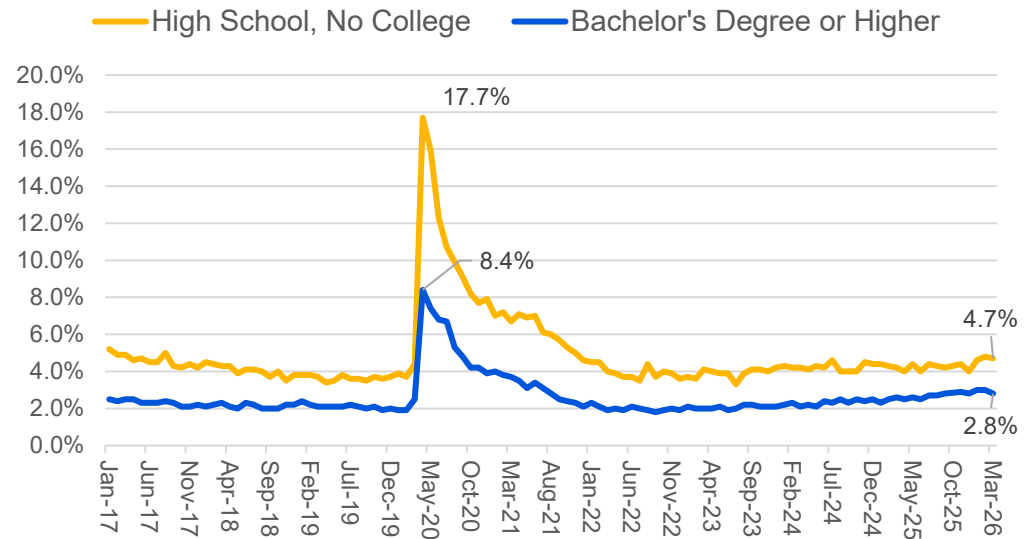
The Bureau of Labor Statistics (BLS) reported a steady U.S. unemployment rate of 4.3 percent in March 2026. The overall labor market shows signs of slowing hiring and limited turnover, indicating a “low-hire, low-fire” environment. The labor market is shifting from resilient growth to a late-cycle slowdown. Still, nonfarm payroll beat expectations in March, increasing 178,000.

Total Unemployment: (United States)



Source: U.S. Bureau of Labor Statistics, <https://bls.gov>; Seasonally adjusted

High School Only vs. Bachelor's Degree or Higher



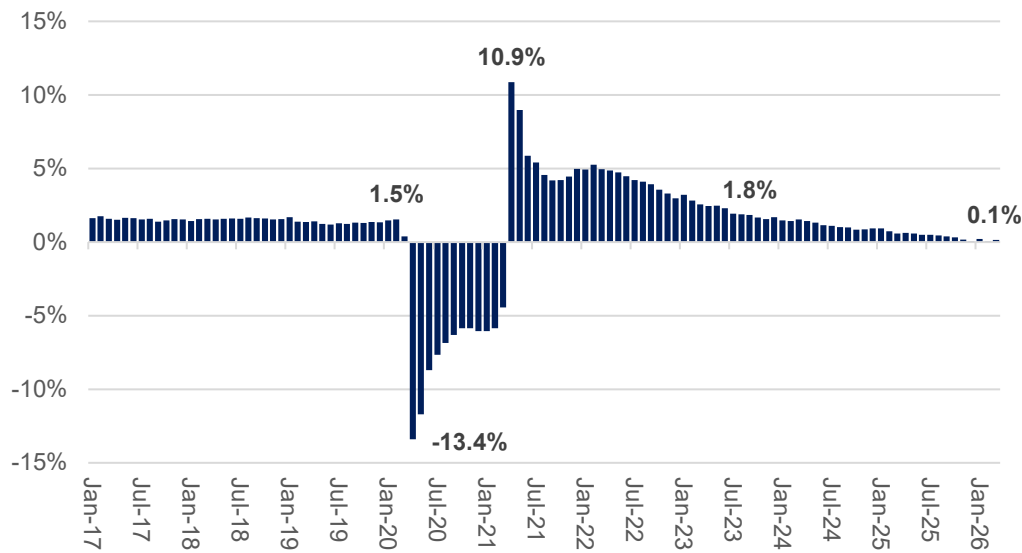
Source: U.S. Bureau of Labor Statistics, <https://bls.gov>; Seasonally adjusted

Employment

Job Creation Jumps in March Amid General Slowdown to Start the Year

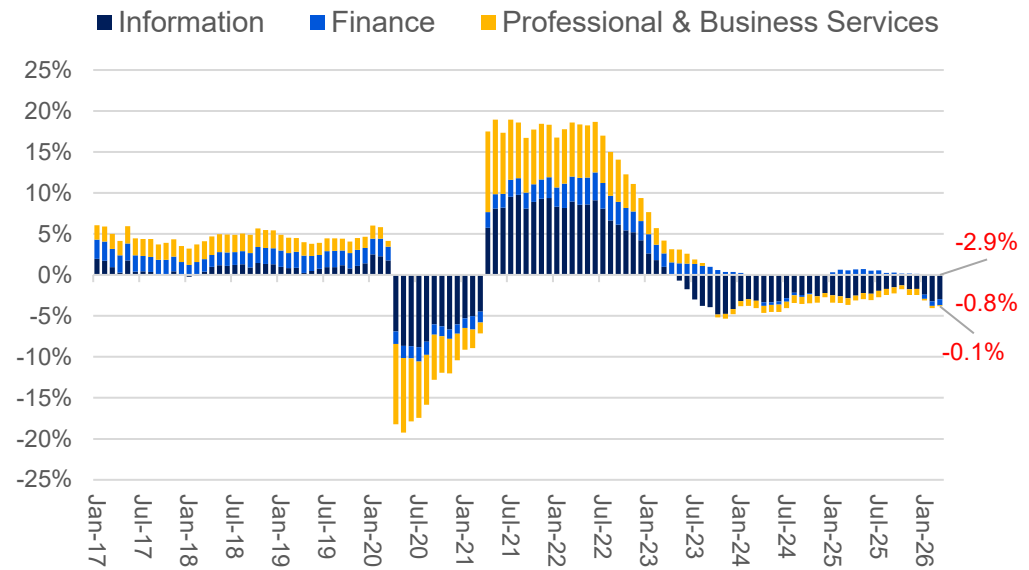
The March jobs report showed surprising growth, with non-farm payrolls increasing by 178,000 jobs, beating expectations. Key trends include a significant decline in federal employment to its lowest level since 2014, with notable gains in construction (+26,000) and transportation and warehousing (+21,000). Office-occupying jobs have been shedding jobs since mid-2023 as tech firms consider the future of AI and its impact on employment.

All Job Sectors (12-Month Change)



Source: U.S. Bureau of Labor Statistics, <https://bls.gov>, Not seasonally adjusted

Office-Occupying Jobs (12-Month Change)



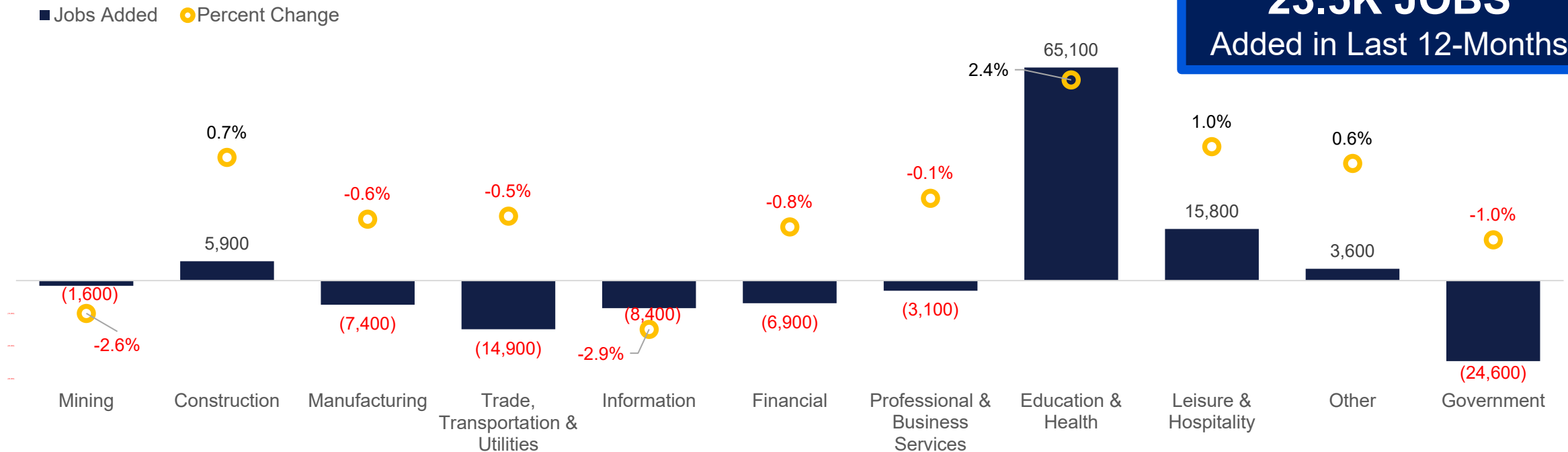
Source: U.S. Bureau of Labor Statistics, <https://bls.gov>, Not seasonally adjusted

Employment

Education and Healthcare Sectors Lead the Way

In March 2026, the healthcare sector once again took the lead by adding 76,000 jobs. However, despite these significant gains for the month, the U.S. only added 23,500 jobs over the past year. This suggests that the overall employment market has slowed down, affected by mixed economic conditions, advancements in technology, and global conflicts.

Job Creation by Sector (12-Month Change)

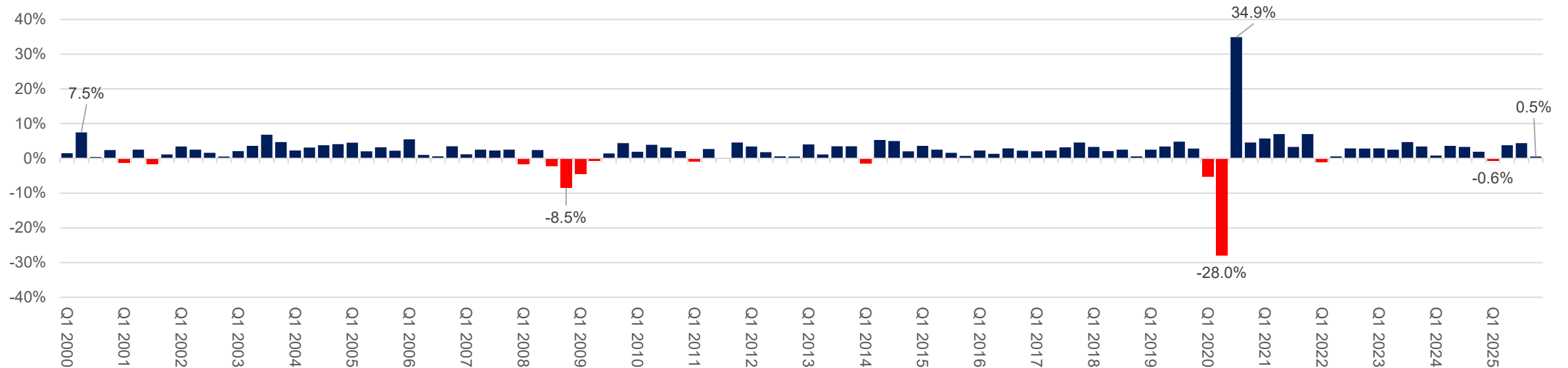


GDP

Real GDP Hits the Brakes During the Second Half of 2025

In the third quarter of 2025, the GDP increased at an annualized rate of 4.4 percent, but it significantly decelerated in the fourth quarter, registering only a 0.5 percent increase. This growth was primarily driven by rises in consumer spending and investment; however, it was offset by declines in government spending and exports. Additionally, a partial federal government shutdown that occurred from October to November 2025 contributed to this slowdown, with the Bureau of Economic Analysis estimating it resulted in a 1.0 percentage point decrease in GDP growth.

Real GDP Percent Change from Preceding Quarter: Q4 2025



Source [Real Gross Domestic Product \(A191RL1Q225SBEA\) | FRED | St. Louis Fed \(stlouisfed.org\)](https://fred.stlouisfed.org/series/A191RL1Q225SBEA)

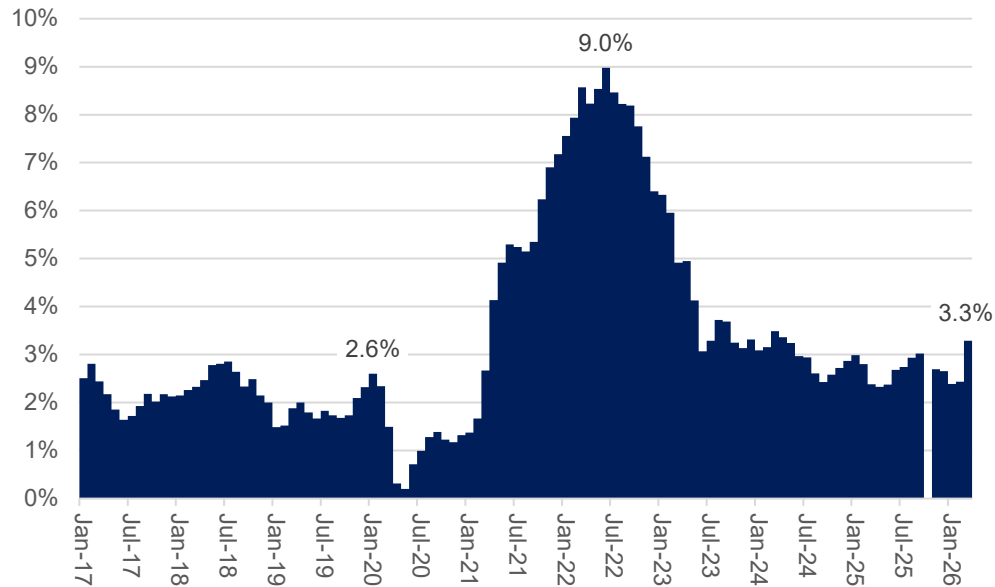
Note April 15, 2024. Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/A191RL1Q225SBEA>, April 15, 2026.

Inflation

Inflation Jumps on Sharp Increase in the Energy and Transportation Sectors

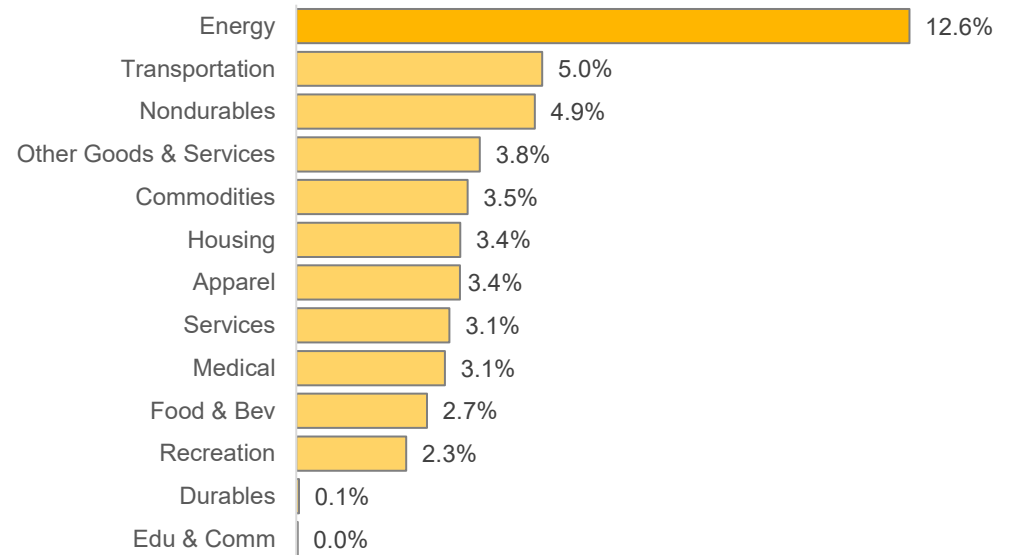
The annual inflation report jumped to 3.3 percent in March, a significant increase from both January and February. The surge was largely driven by a 12.6 percent increase in energy costs, specifically a 21.2 percent monthly spike in gasoline prices linked to conflict with Iran.

Consumer Price Index (12-Month Change)



Source: U.S. Bureau of Labor Statistics, <https://bls.gov>
 Note: Seasonally adjusted, Data pulled April 2026. Data not reported in September 2025

Consumer Price Index by Sector (12-Month Change)



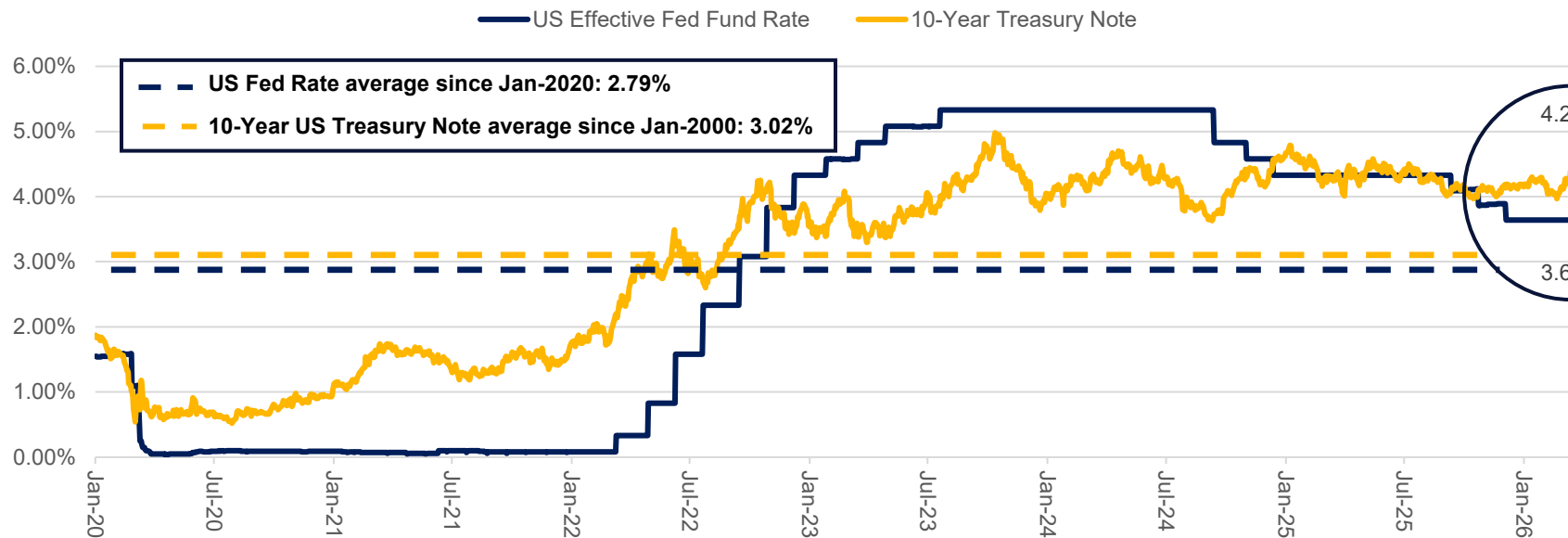
Source: U.S. Bureau of Labor Statistics, <https://bls.gov>
 Note: Seasonally adjusted, Data pulled April 2026

Monetary Policy

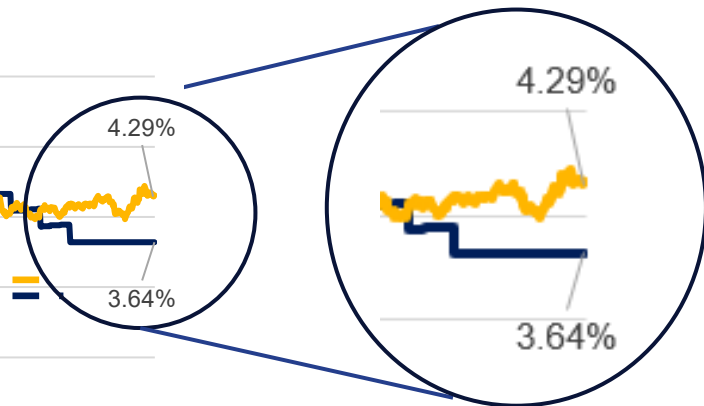
The Fed Holds Rates Steady

At the Fed's meeting on March 18, 2026, interest rate cuts were paused, maintaining the rate at 3.5 to 3.75 percent. The decision was driven by a resilient economy and stable labor market, despite rising inflation and weak job market numbers. Chair Powell signaled a cautious approach, with markets anticipating cuts later in the year. The Fed has cut the federal funds target rate three times since the middle of 2025. The current rate of 3.64 percent suggests that investors expect a moderate amount of inflation and or moderate growth ahead.

US Effective Fed Fund Rate & 10-Year Treasury Note



10-Year Treasury Passes US Fed Fund Rate



When the 10-year treasury note yield is higher than the US effective rate, it indicates that investors are demanding higher returns on longer-term bonds. The result is typically higher mortgage rates and higher interest rates on other debt like credit cards.

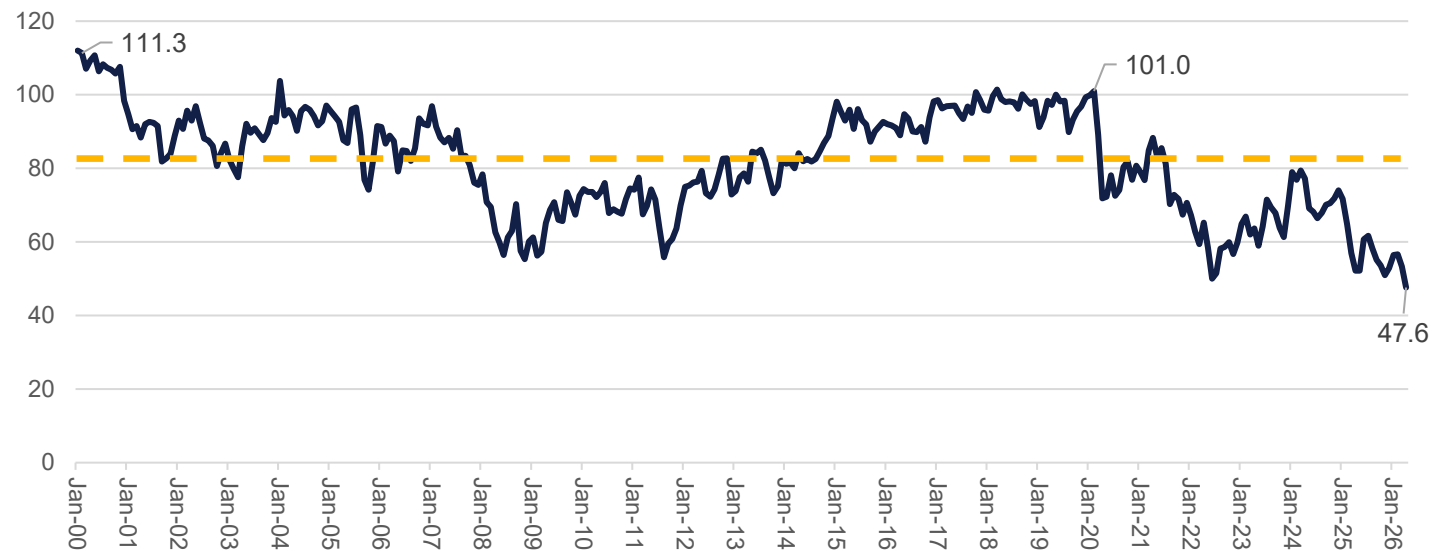
Consumers

Consumer Sentiment Moves Lower

The Consumer Sentiment Index reported a reading of 47.6 in April, which is low by historical standards and suggests consumers are cautious. Broad concern across the economy, including job-market concerns, inflation, the conflict in Iran, and trade/tariff worries, is negatively impacting sentiment. Since the start of 2025, the Consumer Sentiment Index has generally been declining, decreasing from a reading of 71.7 in January.

Consumer Sentiment Index: (United States Total)

— Historical average since January 2000: 81.5



Consumer Sentiment Index

Consumer sentiment is a statistical measurement of the overall health of the economy as determined by consumer opinion. It considers people's feelings toward their current financial health, the health of the economy in the short-term, and the prospects for longer-term economic growth.

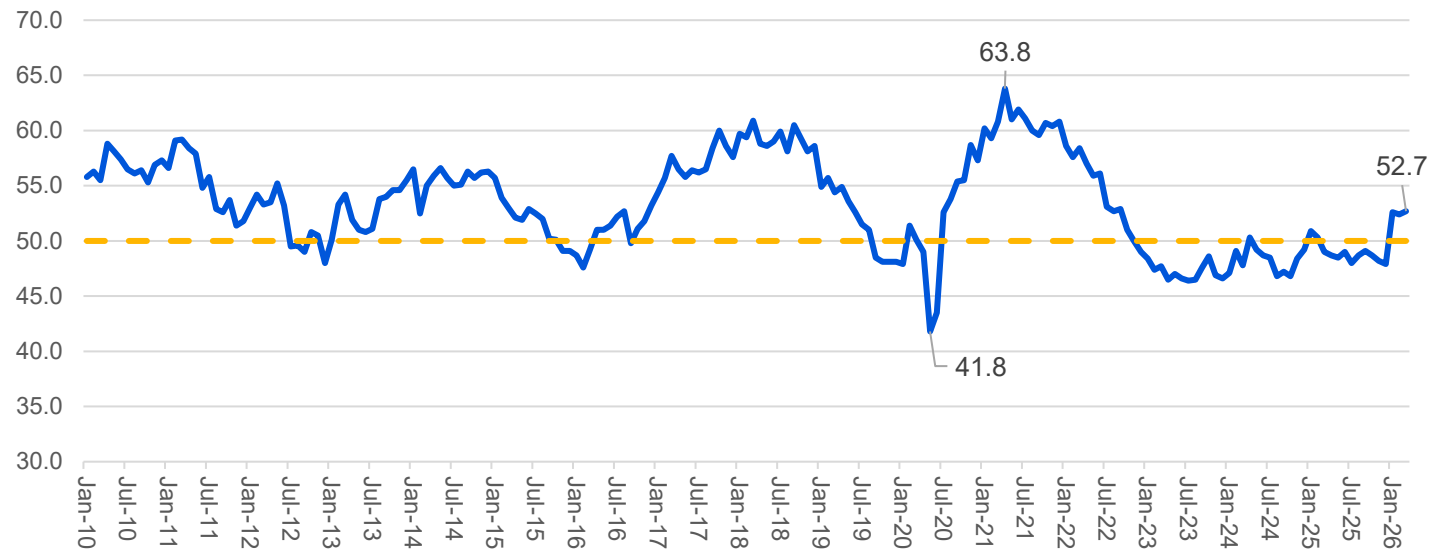
Consumers

ISM Manufacturing PMI Signals Expansion in Early 2026

The Institute for Supply Management (ISM) Manufacturing PMI (Purchasing Managers Index) for March registered at 52.7, signaling the third straight expansion in 12 months, driven by a surge in new orders and production. While the headline number is positive, the growth is partly driven by typical post-holiday reordering and efforts to front-run potential price increases due to ongoing tariff issues.

ISM Manufacturing Index: (United States Total)

— A score of 50 indicates that the manufacturing sector is generally expanding



ISM Manufacturing PMI

The ISM Manufacturing Index is a key economic indicator that measures the level of demand for products by surveying purchasing managers at manufacturing companies. The PMI is based on five major components: new orders, production, employment, supplier deliveries, and inventories. The index is seasonally adjusted to account for differences in weather, holidays, and other factors. **A reading above 50 percent indicates that the manufacturing sector is generally expanding; below 50 percent indicates that it is generally contracting.**

Source: [Institute of Supply Management](#)

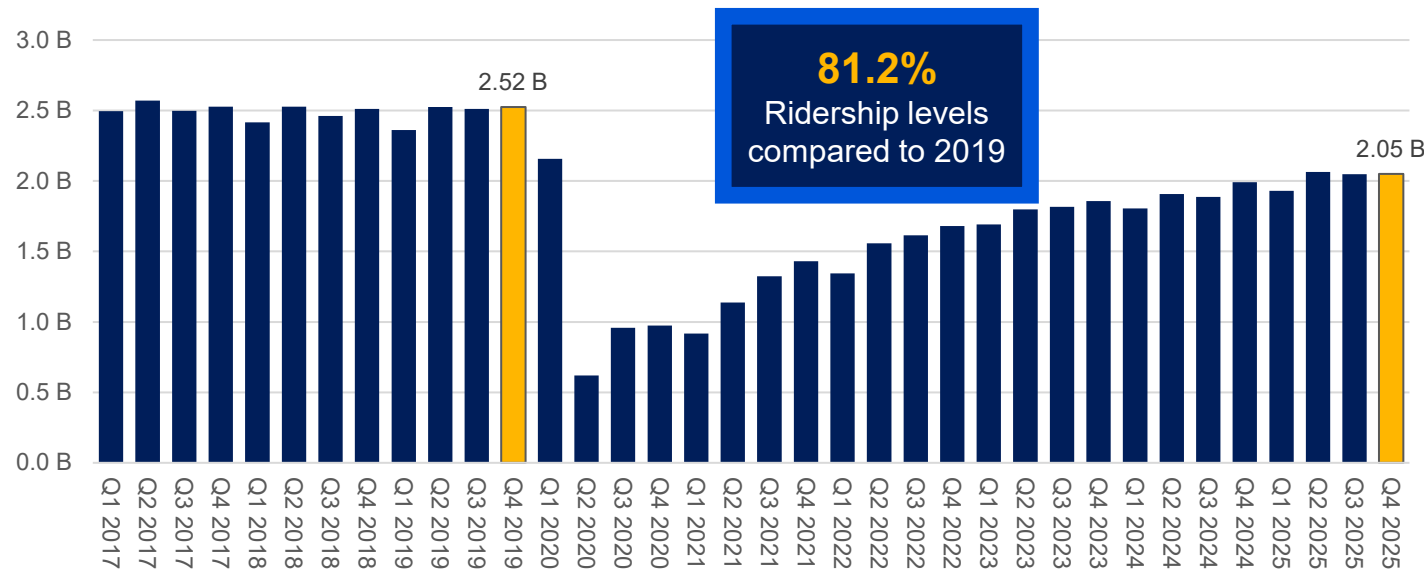
Note: Data thru March 2026

Public Transit

Public Transit Ridership Levels Off

A good indicator of the health of an urban core, and by extension the downtown office market, is the use of public transportation. Public transit ridership jumped to 2.05 billion in the third quarter. Based on several additional indicators, return-to-office momentum has appeared to stabilize, but given the new administration’s view on return-to-office, it may shift in the future. Nevertheless, public transit has been flat over the past nine quarters. Still, public transit crossed two billion riders for the third straight quarter since the first quarter of 2000.

Public Transit Ridership: (United States)



Public Transit Still Lags Historic Norms

Public transportation has been consistently reliable since the beginning of the century. In 2008, rising gas prices temporarily increased public ridership, but it quickly returned to historic levels. During the first year of the declared pandemic, ridership was halved, experiencing a 52.8 percent decrease. The economy began to reopen in 2021, but ridership only saw a modest increase of 3.1 percent compared to the previous year. By early 2022, the economy was moving toward pre-pandemic levels. However, by the end of the fourth quarter of 2025, public transportation ridership had only reached 81.2 percent of the average ridership from 2019, the last full year before the pandemic began.

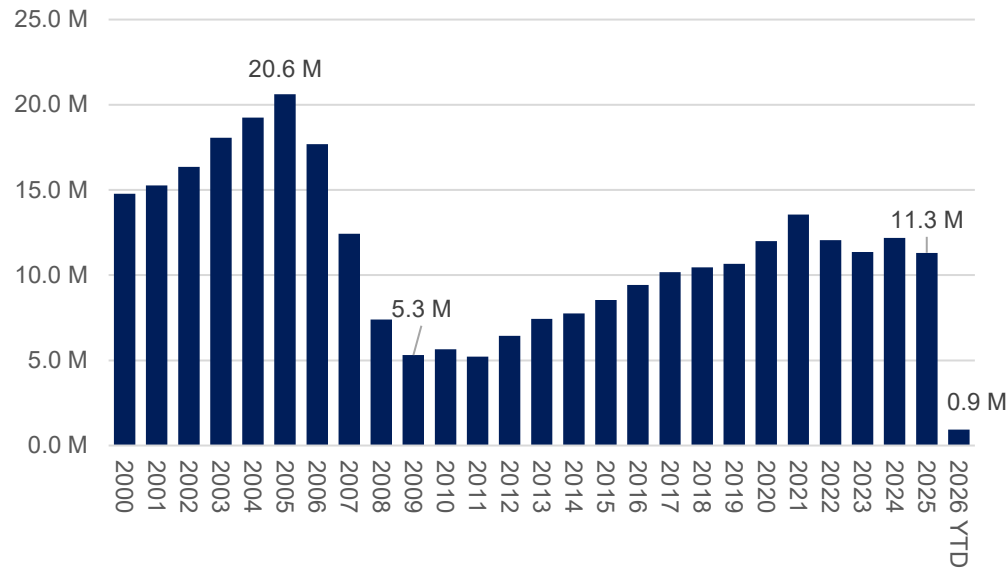
Source: American Public Transportation Association Quarterly Ridership Report. [Ridership Report - American Public Transportation Association \(apta.com\)](#)

Housing

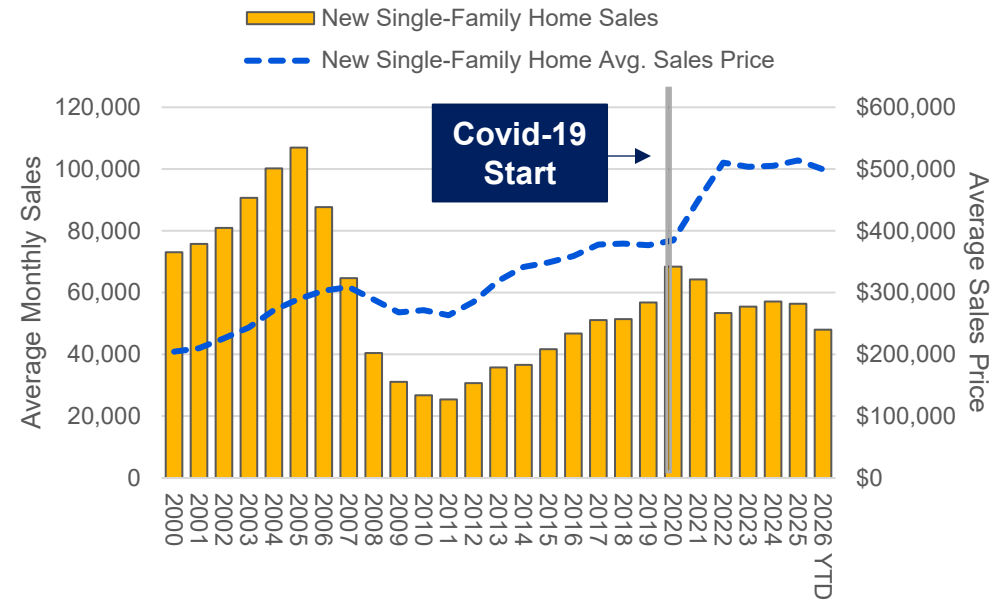
Sale Prices Fluctuate, but Remain Near Historic Highs

The number of residential housing starts soared at the start of the pandemic, while sale prices reached record highs in 2022. This growth is being tempered as mortgage rates remain elevated, labor and material costs rise, and supplies remain scarce. During 2023, home starts declined from the previous two years but remained near pre-pandemic levels. Meanwhile, prices have begun to stabilize as demand softens. The housing market is defined by a significant affordability crisis, with home values vastly outpacing income growth.

Single-Family Residential Housing Starts



Single-Family Homes: No. of Sales vs. Avg Sales Price



Source: U.S. Census Bureau, <https://census.gov/construction>
 *Note: Data thru January 2026

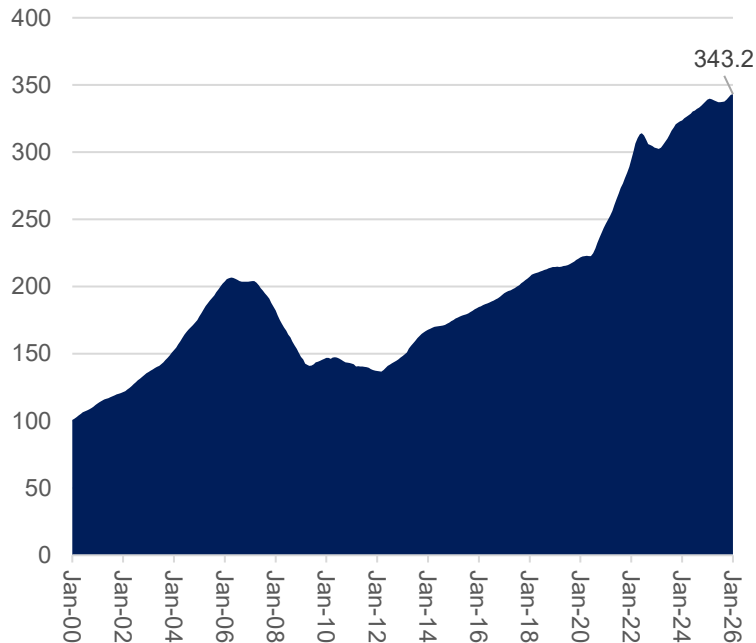
Source: U.S. Census Bureau, <https://census.gov/construction>
 Note: Data thru January 2026

Home Price Index

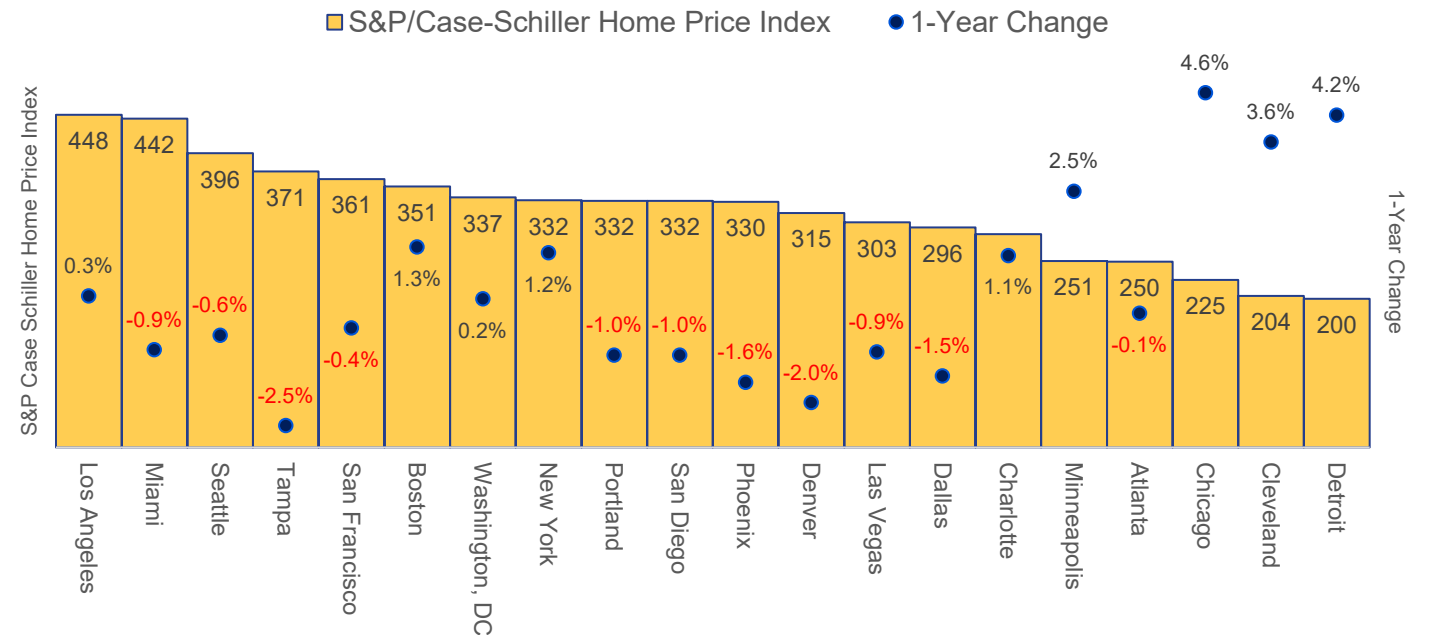
Case-Schiller Home Price Index Peaks in February

The Case-Schiller Index is an economic indicator that measures the monthly change in the value of the U.S. single-family home market. The 20-City Home Price Index briefly peaked in June 2022 and dropped for eight consecutive months before ticking higher over the past two years. The current level marks a continuation of high, albeit potentially slowing, price levels, showing a deceleration in growth. Los Angeles and Miami hold the highest Home Price Indexes. Detroit, Cleveland, and Chicago increased the most in the past 12-months, while 11 of the 20 markets in the index retreated in the past year.

Home Price Index: 20-City Average



S&P/Case-Schiller Home Price Index



Source: S&P Dow Jones Indices LLC, S&P/Case-Schiller U.S. National Home Price Index [CSUSHPINSA], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/CSUSHPINSA>, April 15, 2026.

Industrial Trends



The US Industrial Market Strengthens as **Demand Begins to Catch Up to Supply**

The slight softening in the industrial market has improved, leading to stronger core metrics such as net absorption and availability rates. The slowdown in the construction pipeline has allowed demand to start catching up with the significant increase in supply that occurred due to the Covid-related surge. Leasing activity remains robust, particularly for modern logistics and distribution facilities; however, tenants are taking longer to make decisions and are becoming more selective. Rent increases have significantly moderated, shifting to a more normalized growth rate.

Despite this stabilization, there are potential roadblocks to continued expansion, including declining consumer spending resulting from weakened consumer sentiment. Import activity at the largest U.S. seaports has remained volatile, and a prolonged reduction in international trade could dampen demand. Nonetheless, strong fundamentals are creating less favorable conditions for landlords compared to the peak of the cycle.

Industrial Tenant View

- Tenants are being more deliberate in site selection, often evaluating multiple markets and delaying commitments due to economic uncertainty.
- Tenants continue to prioritize newer class A logistics space with features like higher clear heights, advanced loading capabilities, and proximity to major transportation infrastructure.
- Many companies are optimizing their footprint and supply chains by reassessing distribution networks, balancing inventory levels, location strategy, and costs, leading to expansions or consolidations based on business needs.

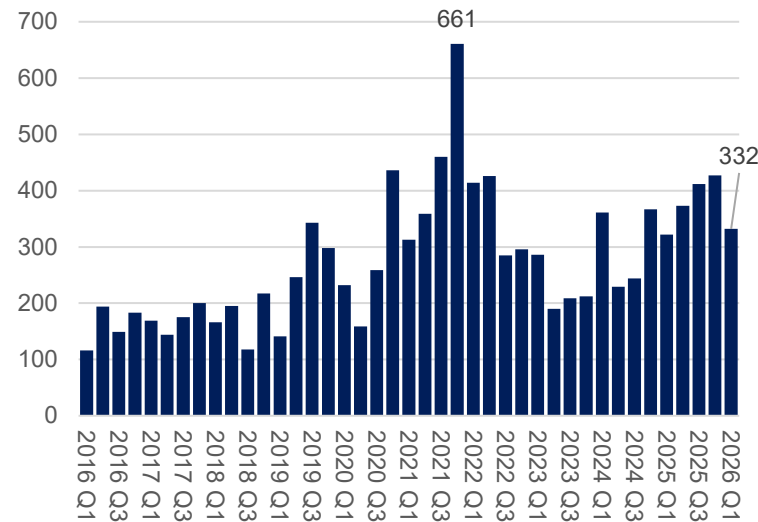
Capital Markets

Industrial Sales Velocity Drops in First Quarter

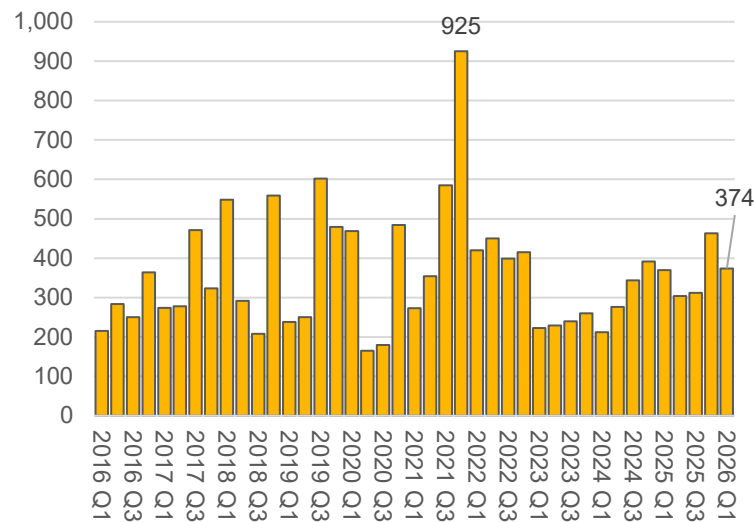
Strong demand caused industrial sales velocity (number of sales) to nearly double in the year following the COVID-19 lockdown. Warehouse/distribution spaces consist of nearly 70 percent of the sales volume in 2023. **Strong demand in manufacturing caused sales to spike in the first quarter of 2021, before falling back to historic levels.** Meanwhile, sales of warehouse/distribution spaces have leveled off in the past two years. Warehouse/distribution sales jumped in the fourth quarter of 2025. Meanwhile, manufacturing flex properties have trended higher. In the first quarter of 2026, sales velocity slowed as economic headwinds and global conflict impacted transactions.

Industrial Sales Velocity: (United States)

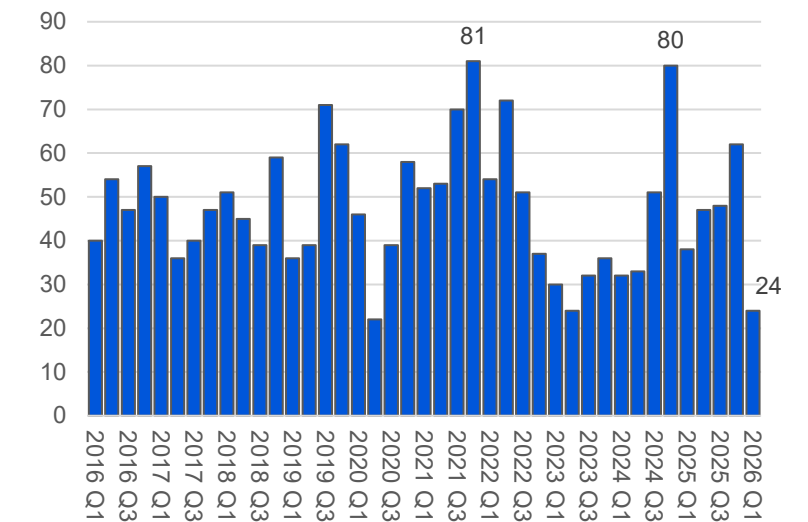
Manufacturing



Distribution



Flex



Source: Real Capital Analytics and Cresa; thru Q1 2026

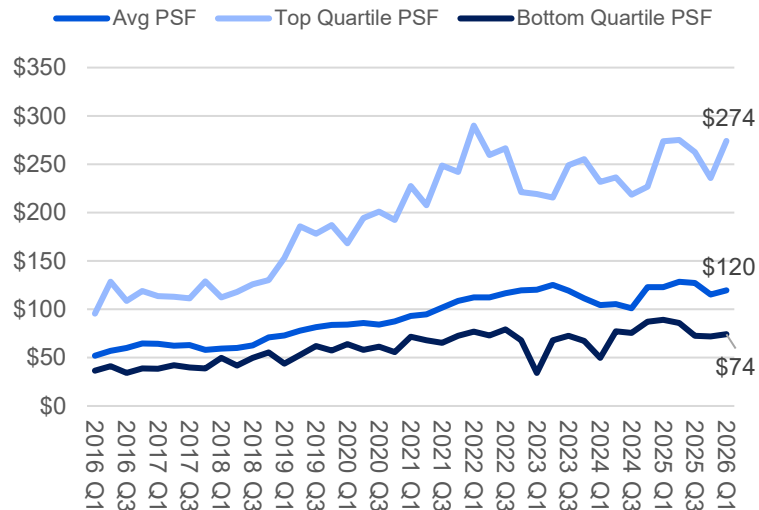
Capital Markets

Sales For Top-End Manufacturing Properties Have Spiked in the Manufacturing Sector on a Per-Square-Foot Basis

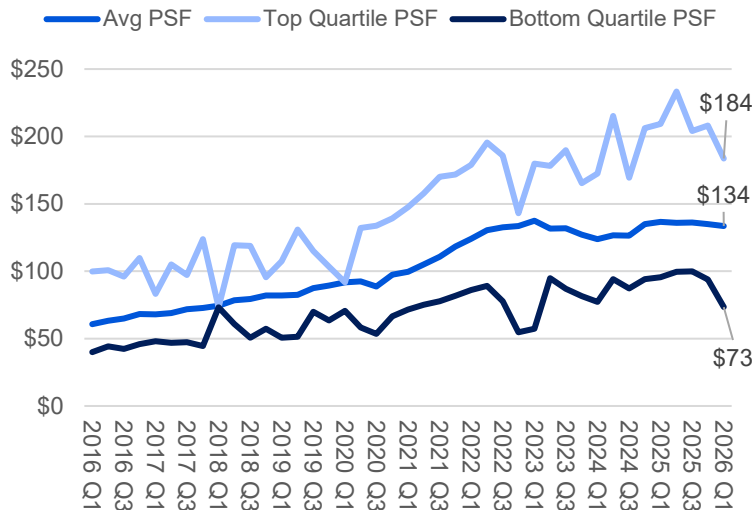
The average sales price per square foot for industrial properties remained stable in the first quarter. However, the average price per square foot for manufacturing space reached its highest level in the third quarter of 2025 and continues to remain elevated in the first quarter of 2026. The average realized prices per square foot for both manufacturing and distribution spaces have increased by over 60 percent since the beginning of 2019. Additionally, flex spaces experienced a significant increase in per square foot prices during the most recent quarter.

Average Industrial Sale Price/SF (United States)

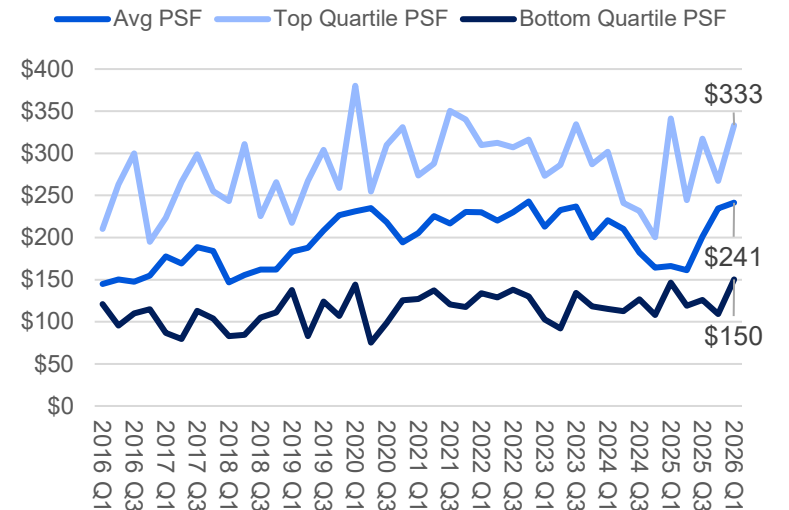
Manufacturing



Distribution



Flex



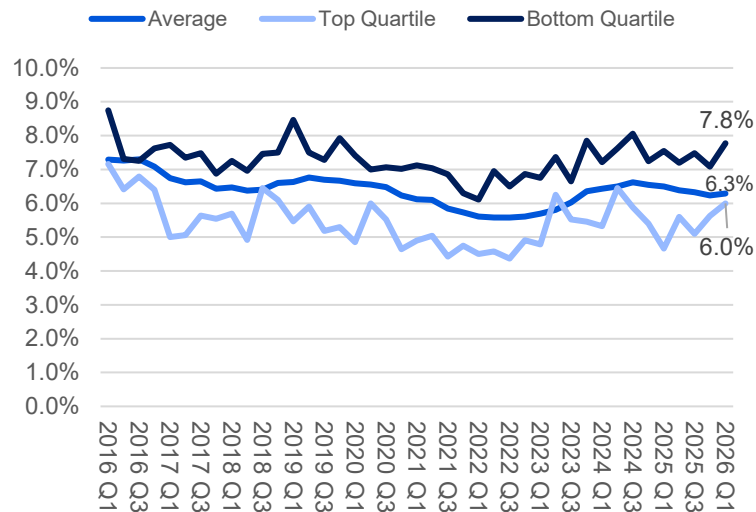
Capital Markets

Industrial Cap Rates Steady

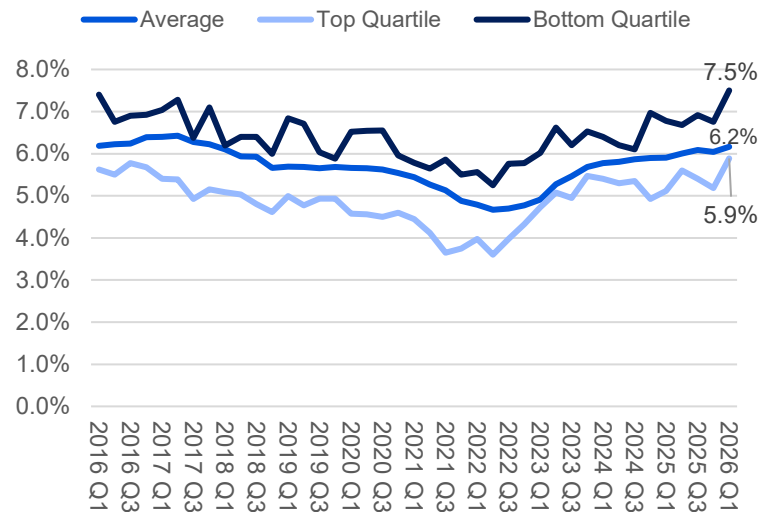
Economic volatility, increasing borrowing rates, and rising construction costs have led to higher cap rates for industrial properties over the past 24 months. This increased risk has slowed the overall prices paid for industrial assets. While there is still capital available for investment in stable asset classes, **the scarcity of top-quality properties with modern amenities has created hesitation in the capital markets**. An increase in sales volume in the fourth quarter of 2025 may signal an inflection point. Additionally, further cuts in interest rates by the Federal Reserve could encourage more investment, especially as the hold periods for investments made during the height of the pandemic begin to extend, prompting investors to seek cash-out opportunities.

Industrial Cap Rates (United States)

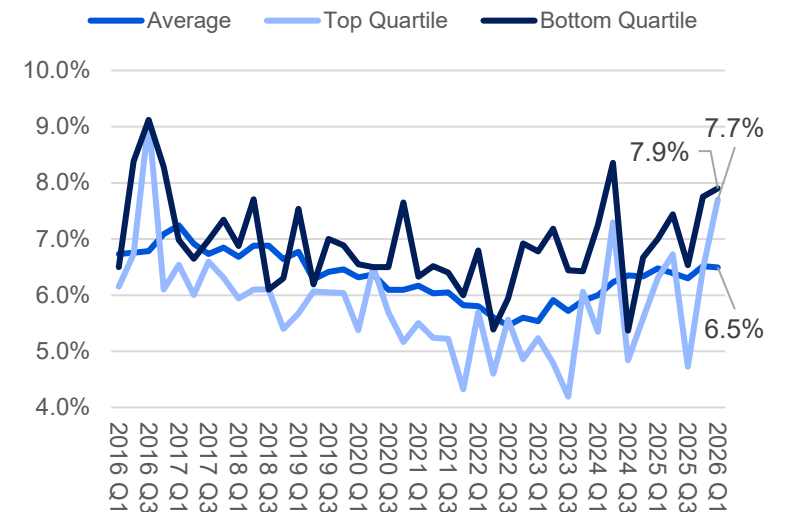
Manufacturing



Distribution



Flex



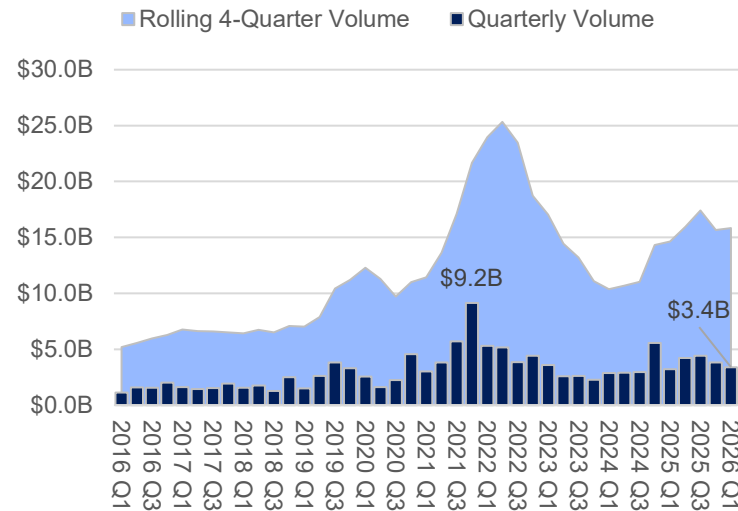
Capital Markets

Industrial Sales Volume Trends Higher

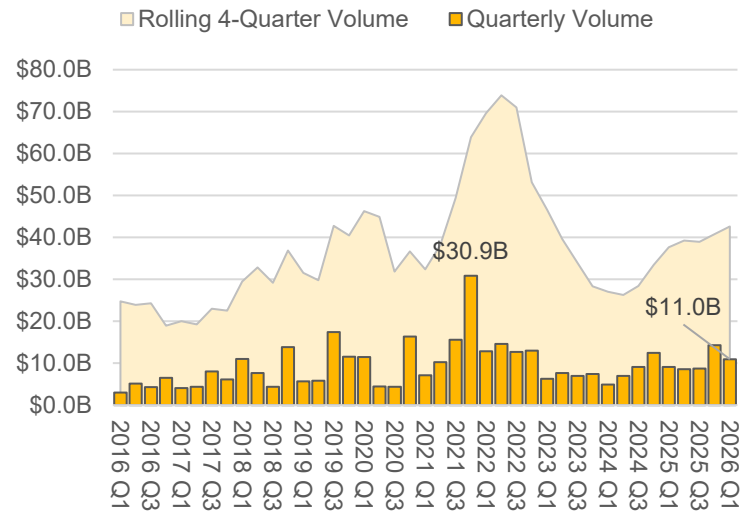
Sales volume for the trailing 12-months, while lower than 2022 and 2023 levels, is comparable to pre-pandemic levels. Higher prices and the number of sales increasing has pushed volume higher. **The sales volume for all three industrial asset types – manufacturing, distribution, and flex properties – has been trending higher in the past year, with flex showing the biggest increase.**

Industrial Sales Volume: (United States)

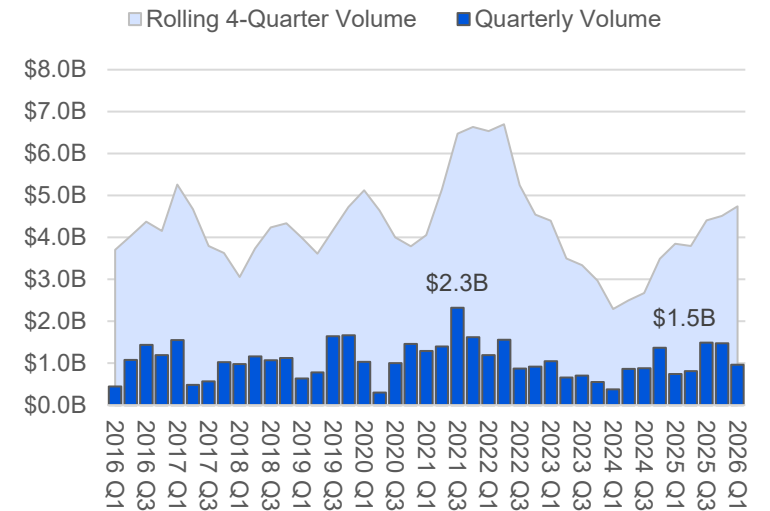
Manufacturing



Distribution



Flex

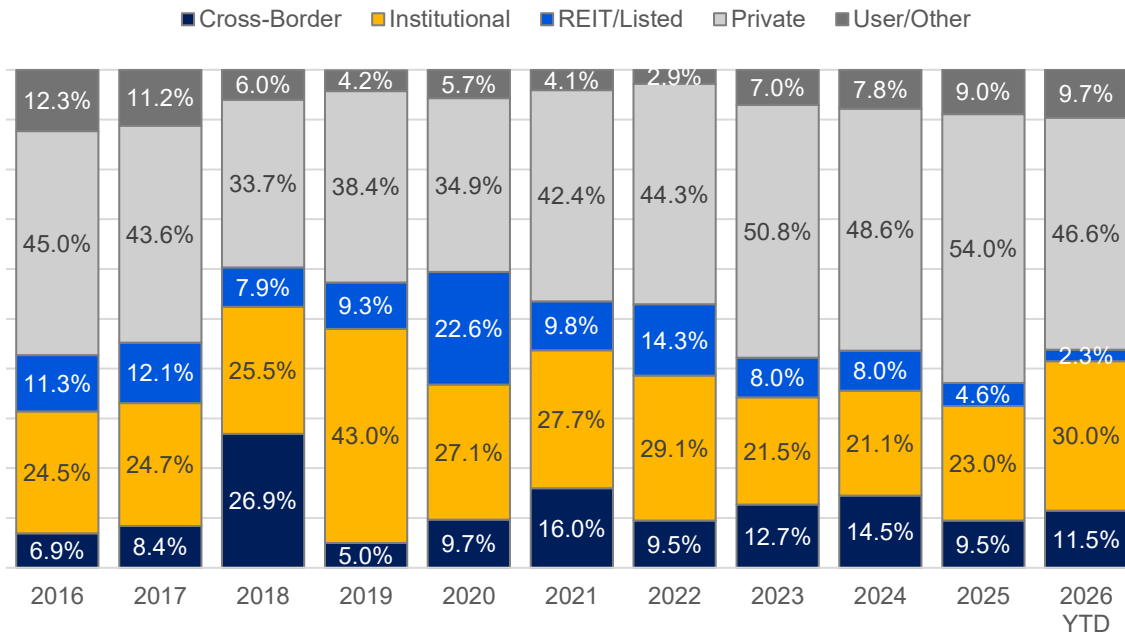


Capital Markets

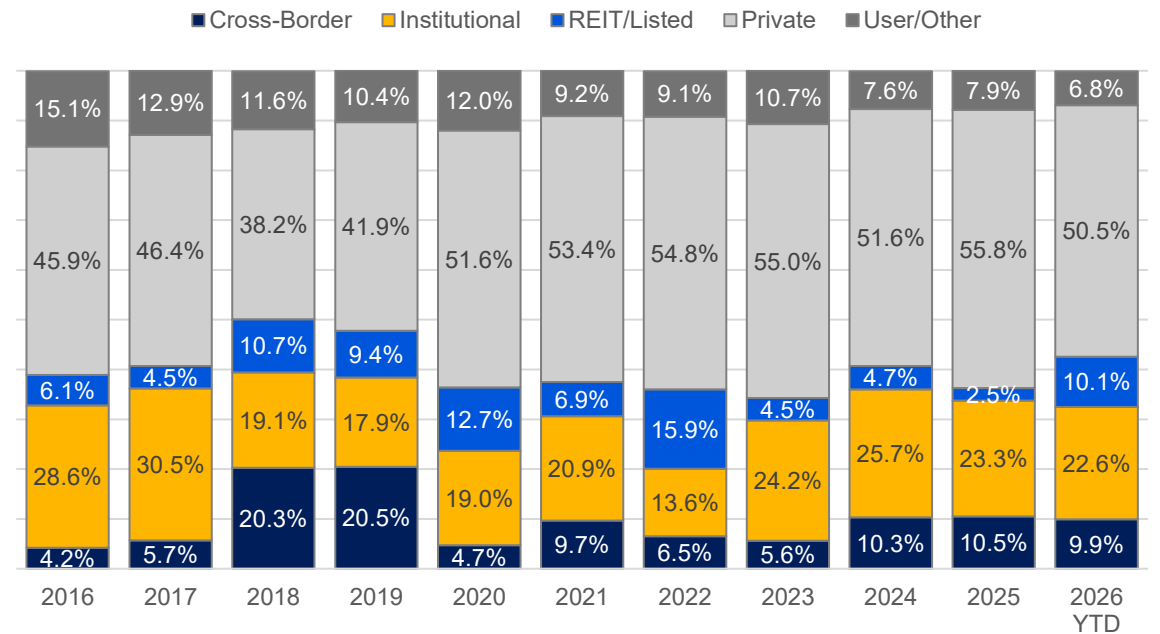
Industrial Capital Composition

Capital markets were very active in 2021 and 2022 but quickly slowed down due to rising interest rates and costs, as well as a lack of investment-grade industrial supply. Private investors have been significant buyers in the industrial market, while institutional users have increased their purchasing activity. In the first quarter of 2026, REITs became active sellers after holding their positions for several years. Additionally, cross-border investors have been more active in selling over the past eight quarters, looking to take profits after holding their investments for the past five years.

Industrial Buyer: (United States)



Industrial Seller: (United States)



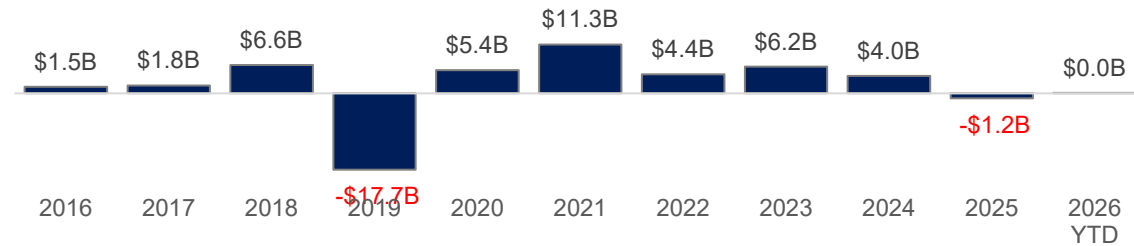
Source: Real Capital Analytics and Cresa; thru Q1 2026

Capital Markets

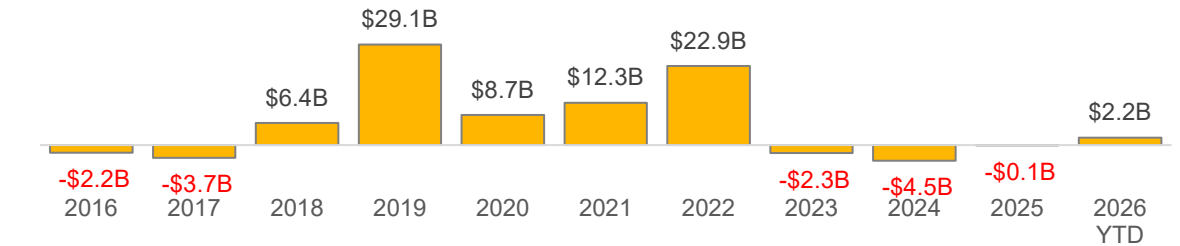
Industrial Capital Flows: Net Acquisitions

Private investors have generally shown more optimism on the investment side, but they have been net sellers in the industrial asset category, consistently selling more than buying over the past eleven years. In contrast, cross-border investors and REITs have taken significant positions on the buy-side, acquiring more industrial assets than they have sold in six of the past seven years.

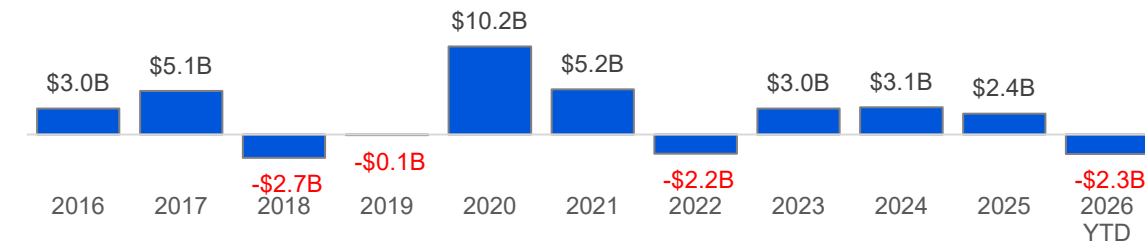
Cross-Border



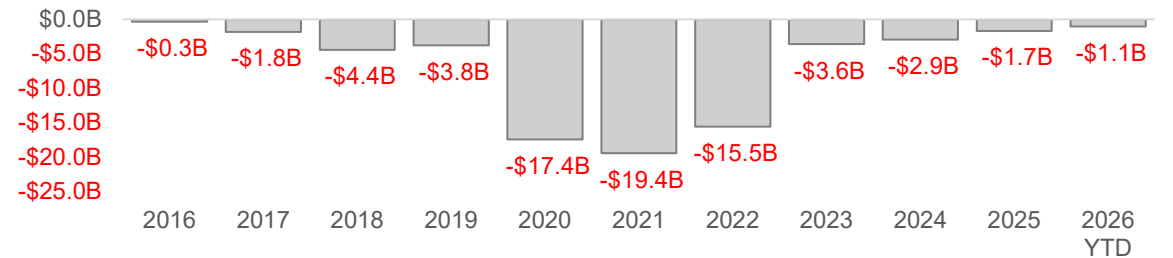
Institutional



REIT/Listed



Private



Source: Real Capital Analytics and Cresa; thru Q1 2026

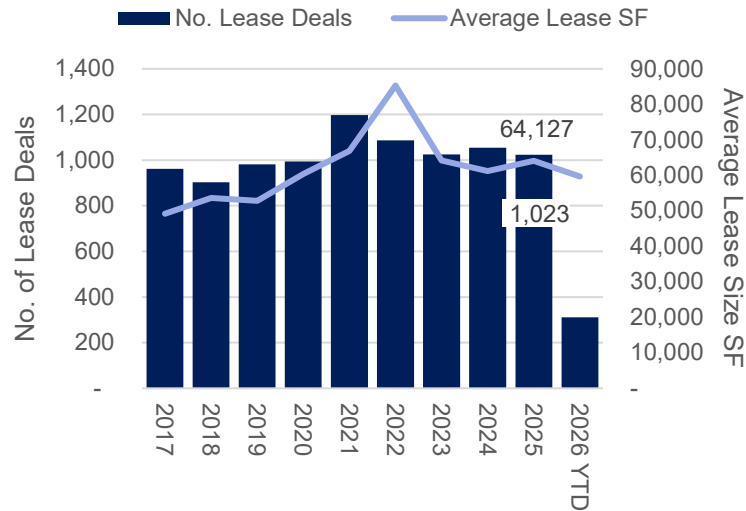
Leasing Trends

Transaction Reverts to Historic Averages

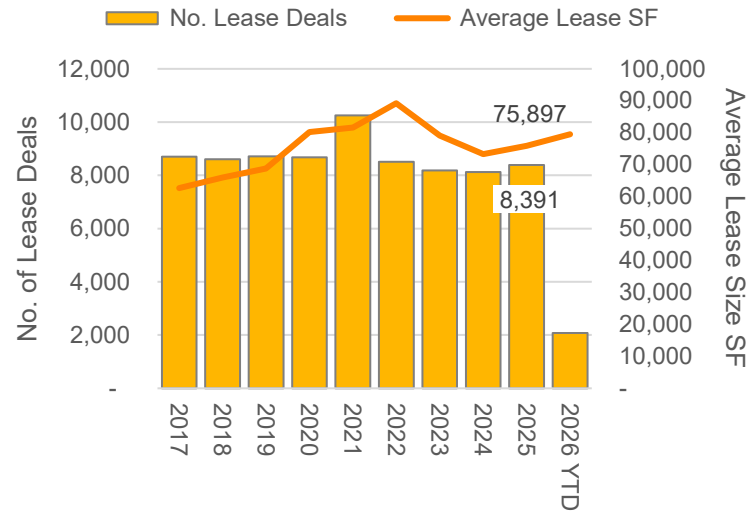
In 2022, lease deal sizes for all industrial property types were larger compared to the first quarter of 2026. After experiencing a significant increase beginning in 2020, average deal sizes have returned to levels closer to historic averages. The number of lease agreements for manufacturing, distribution, and flex spaces is expected to be consistent with the trends seen over the past two years.

Historic Industrial Activity – Average Deal Size

Manufacturing



Distribution



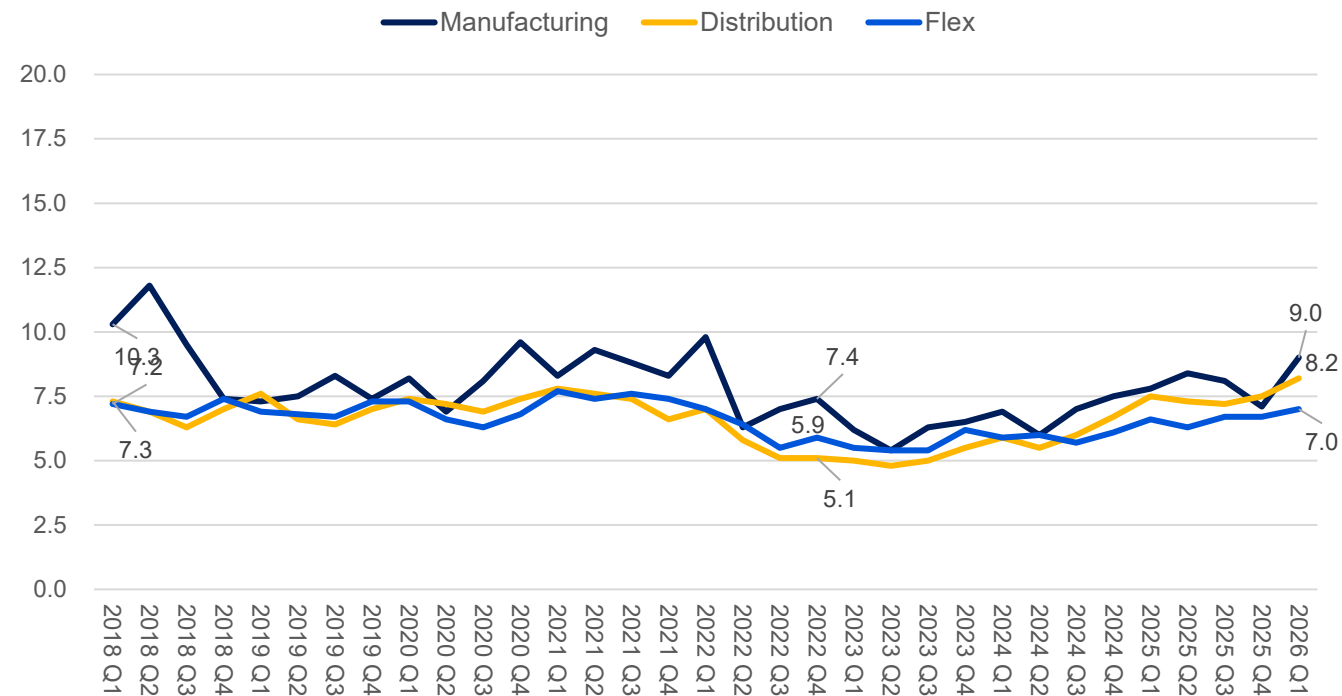
Flex



Leasing Trends

Months to Lease Properties Moves to Historic Norms

Months-To-Lease



The leasing duration for industrial properties has generally decreased over the past seven years, reaching a low point in 2023 before rising again. However, it has slightly increased in the last year. Distribution spaces have taken 2.7 months longer to lease since the start of 2023.

Manufacturing spaces have taken 3.6 months longer to lease since the start of 2023, while flex space has taken nearly two months longer.

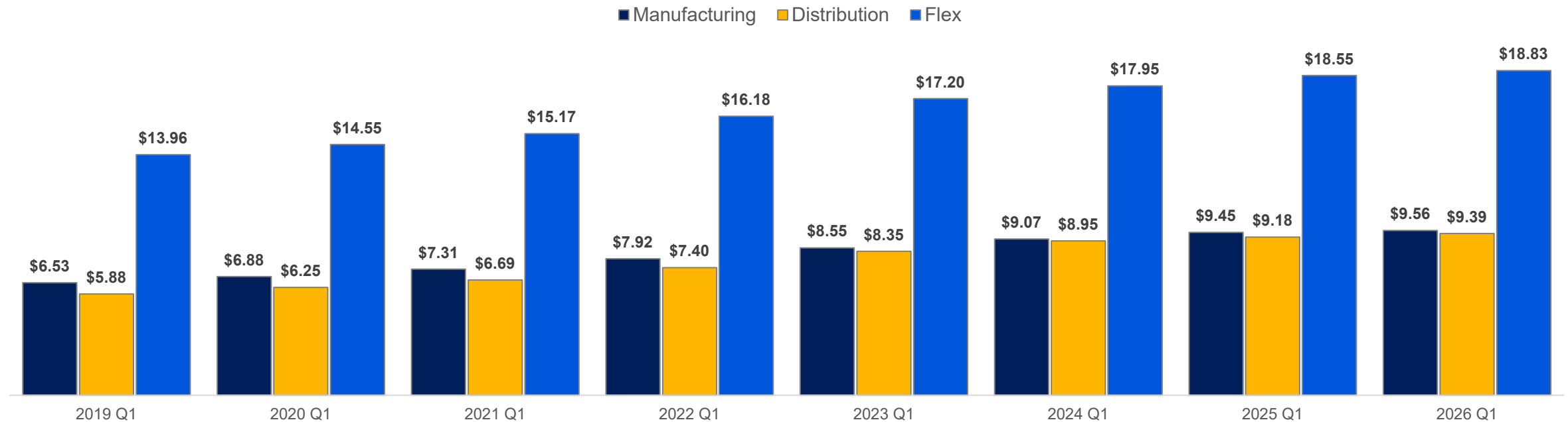
All three industrial asset leasing times are generally reverting to historical averages.

Market Rent

Industrial Rents Growth Slows

Industrial rates have steeply increased since the end of 2019, particularly in distribution space, which has increased by nearly 50 percent in the past five years. Nationwide, average logistics asking rates have increased every quarter since 2017, although the rate of increase has substantially slowed. It should be noted that some markets that underwent dramatic rate increases have experienced rates moving lower. While rates are generally expected to increase, landlords will need to wait for demand and absorption to catch up before rates see a meaningful increase.

Industrial Lease Asking Rates (\$/SF): (United States)

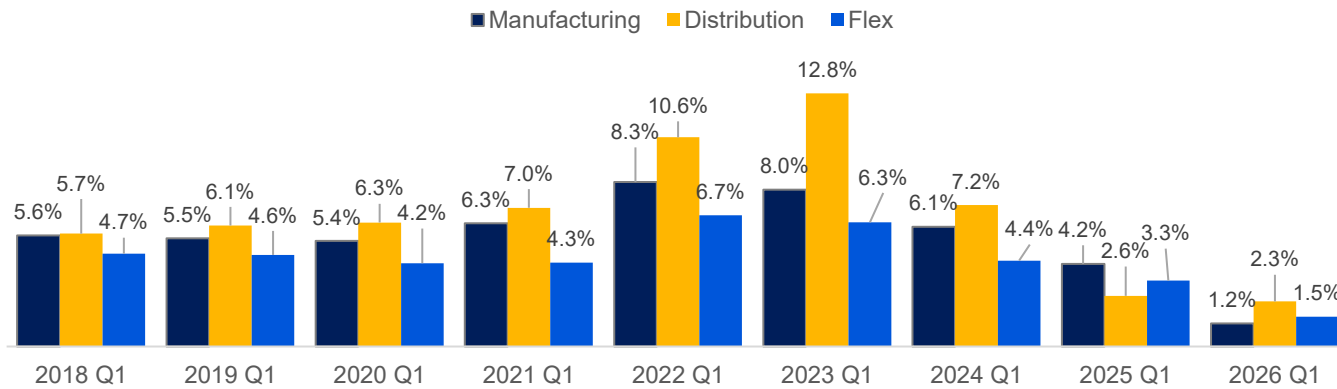


Source: CoStar and Cresa; thru Q1 2026

Market Rent

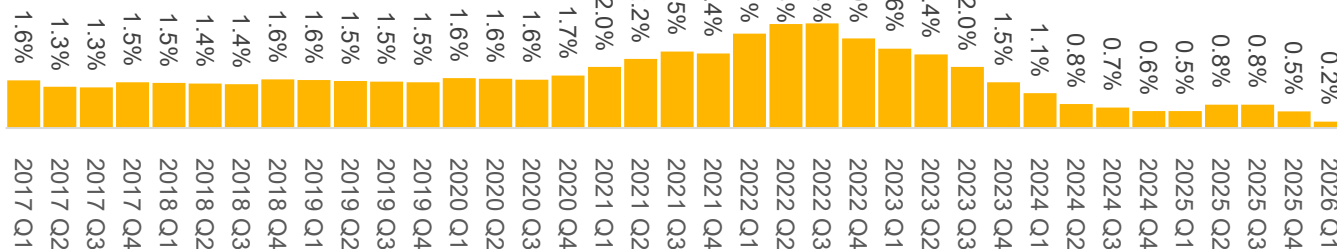
Direct Asking Rent Growth Dips Below Pre-Pandemic Levels for the Past Year

Industrial Asking Rent Annual Increase: (United States)



Industrial lease rates have stabilized after a significant period of substantial increases. However, the compounded annual growth rate (CAGR) for distribution spaces has risen by 6.9 percent per year since 2019. In comparison, manufacturing spaces have seen a 5.6 percent increase, while flex spaces have grown by 4.4 percent during the same time frame. Although it is unlikely that lease rates will experience a meaningful decline, other incentives such as tenant improvements (TIs) and abatements may become more negotiable for tenants.

Distribution Asking Rent Quarterly Increase

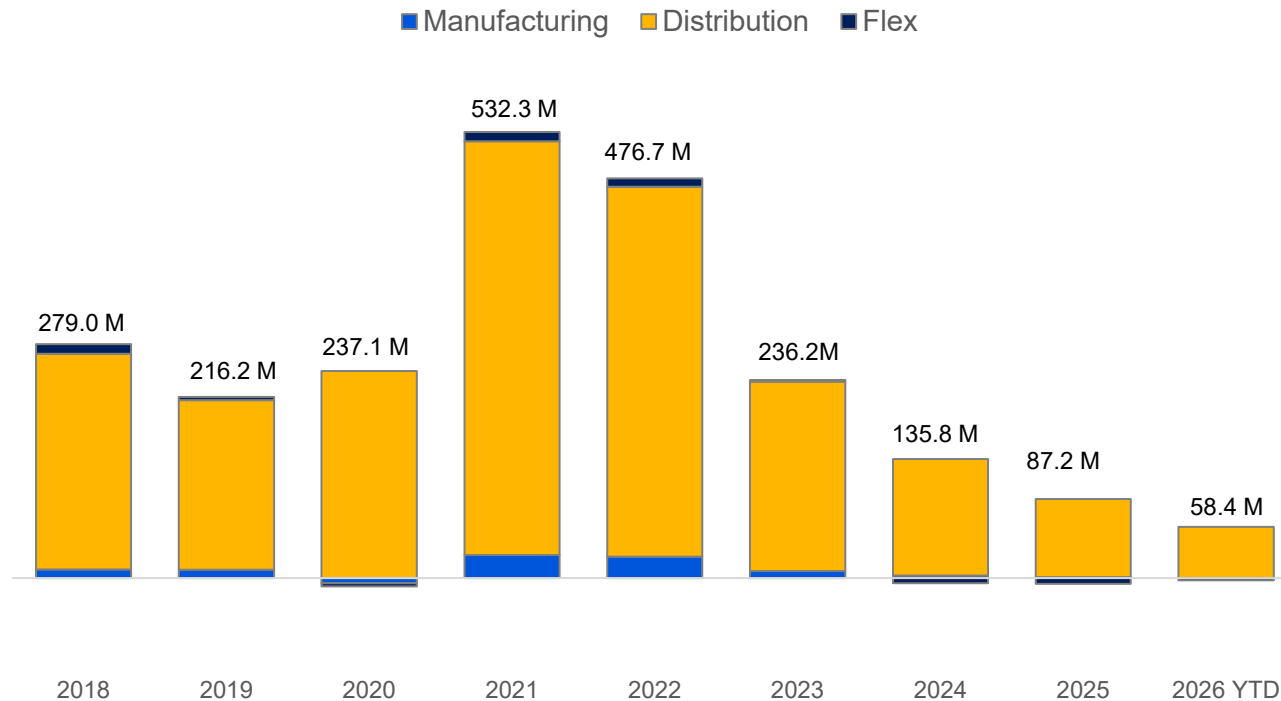


Source: CoStar and Cresa; thru Q1 2026

Absorption

Industrial Absorption Dramatically Slows in 2025, Before Rebounding to Start 2026

Industrial Net Absorption (SF): (United States)



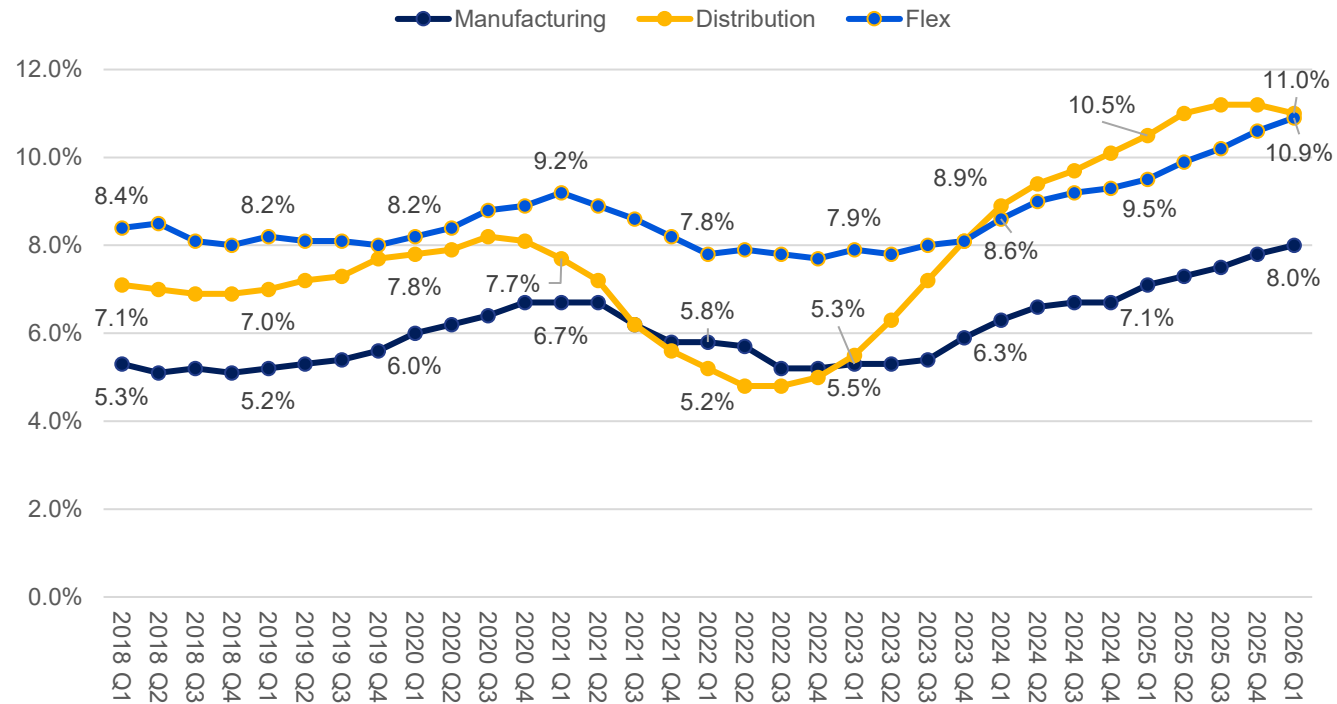
Following a record-breaking year in 2021, absorption has seen a significant slowdown. This decline can be attributed to softening economic conditions and a general decrease in imports. **In 2025, absorption reached its lowest level in the past decade, although it showed a slight rebound in the first quarter of 2026.**

Nonetheless, the consistent delivery of new construction and sustained demand are expected to keep absorption positive, with modest gains. However, net absorption for both manufacturing and flex properties recorded minor declines in 2025, with losses of 1.7 million square feet and 6.8 million square feet, respectively.

Direct Vacancy

Industrial Vacancy Peaks in the Distribution Sector

Industrial Direct Vacancy: (United States)

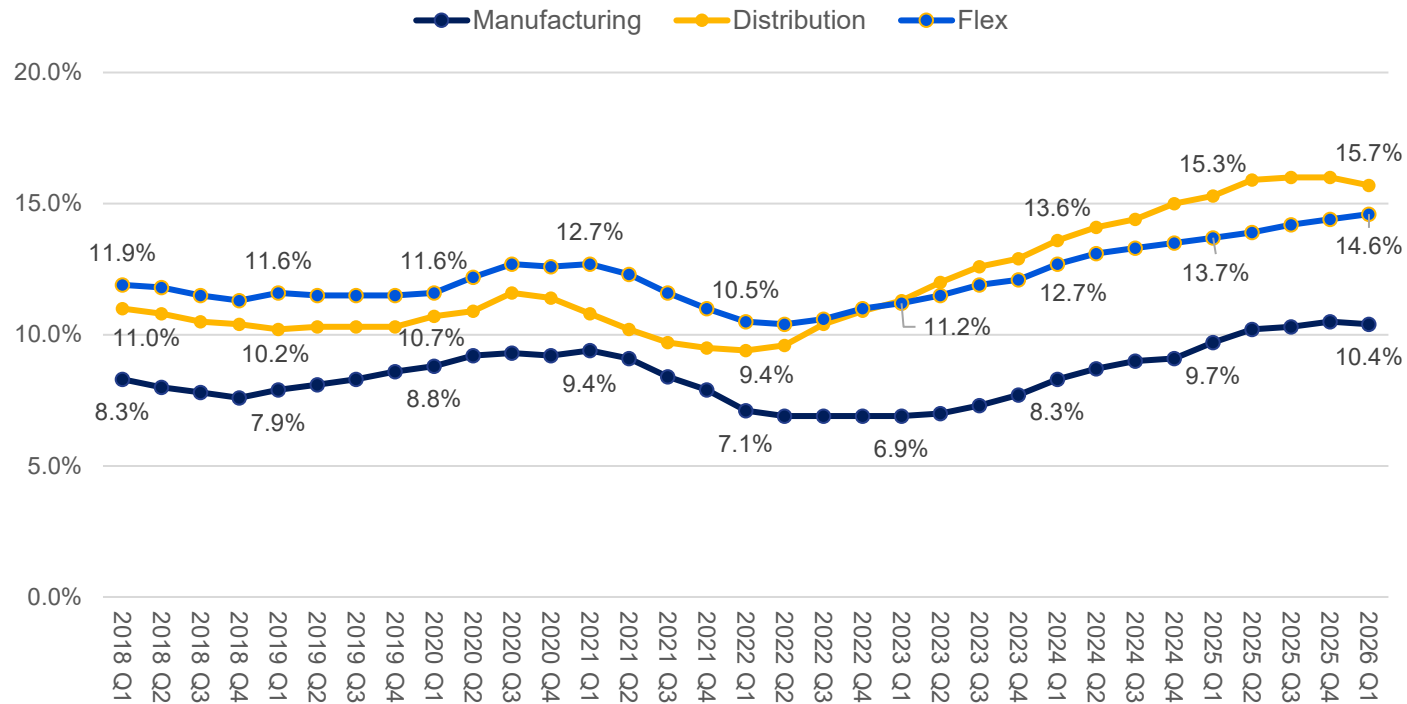


Direct vacancy is drifting higher than historical averages after spending 2021 – 2023 near historic lows. **The large amount of new construction being delivered likely contributed to the increase. Still, large retailers are looking to shore up distribution facilities, so they are better positioned for future growth. Vacancy in manufacturing space has remained low due to increased demand as more companies move operations closer to US markets to stabilize supply chains.** The impacts due to the uncertainty around tariff increases is still unknown. It may increase attractiveness for distribution spaces as retailers look to hold inventories at higher levels, but it also may create hesitancy for further investment as companies await a clearer picture. Bonded warehouses and locations free trade zones (FTZs), will likely be highly desirable for some occupiers of space because of their ability to avoid initial costs related to rising tariffs.

Availability

Industrial Availability Stabilizes but Remains Above Historic Averages

Industrial Availability Rate: (United States)



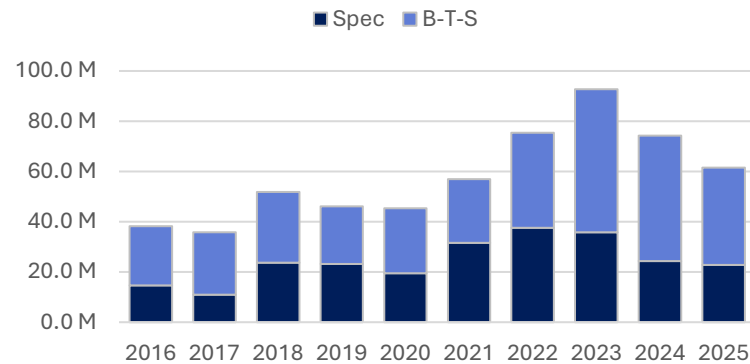
The availability rate includes the amount of space that is being marketed as available for lease, regardless of whether the space is vacant, occupied, available for sublease, or available at a future date. Therefore, the availability rate may be a more accurate depiction of the market during this volatile period than the direct vacancy rate. **Availability in the distribution asset type jumped from 9.4 percent over the past four years to 15.7 percent to close the first quarter of 2026.**

Construction

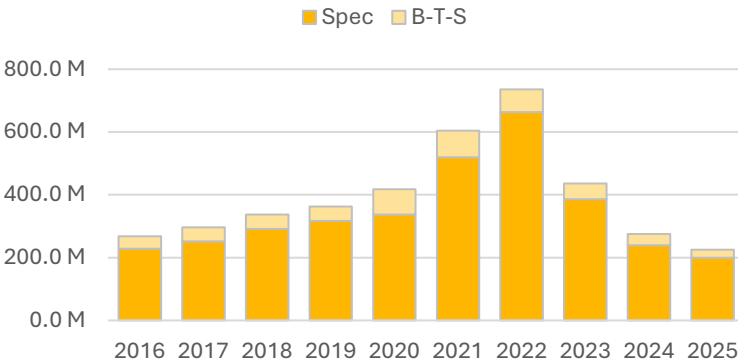
Distribution Properties Under Construction Fall Sharply, While Manufacturing and Flex Projects Steady

While spec development still dominates distribution construction, more specialized build-to-suit properties make up more than half of new manufacturing and flex development. Both manufacturing and flex construction are still elevated compared to historical norms, in terms of square footage.

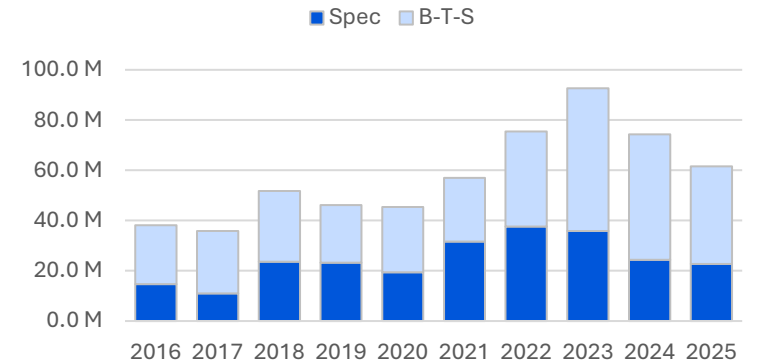
Manufacturing : Under Construction: Spec v. Build-to-Suit



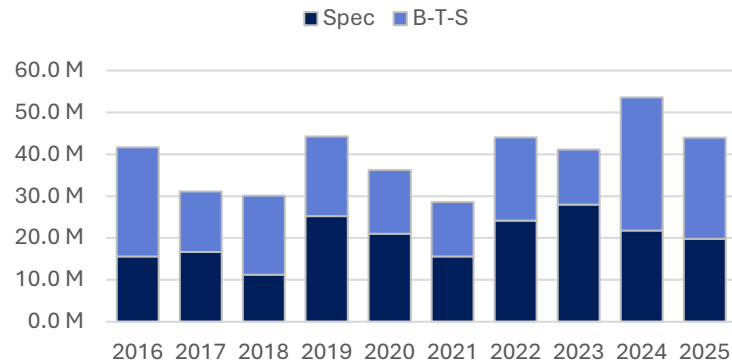
Distribution : Under Construction: Spec v. Build-to-Suit



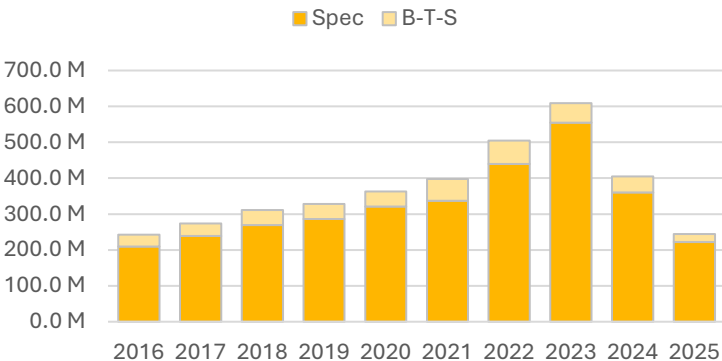
Flex : Under Construction: Spec v. Build-to-Suit



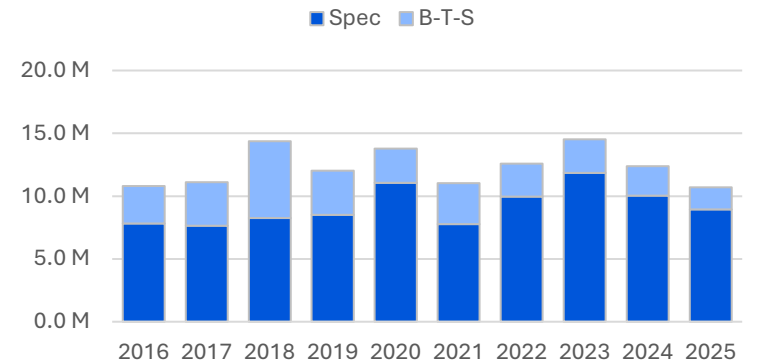
Manufacturing : New Deliveries: Spec v. Build-to-Suit



Distribution : New Deliveries: Spec v. Build-to-Suit



Flex : New Deliveries: Spec v. Build-to-Suit



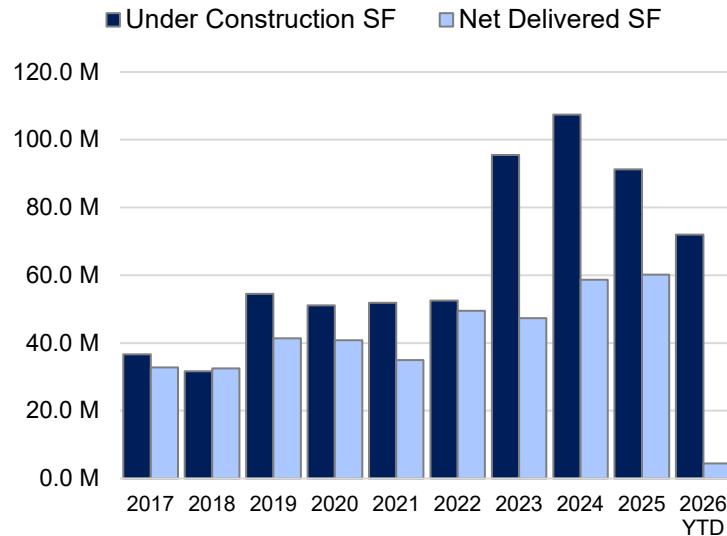
Source: CoStar and Cresa; thru Q4 2025

New Construction

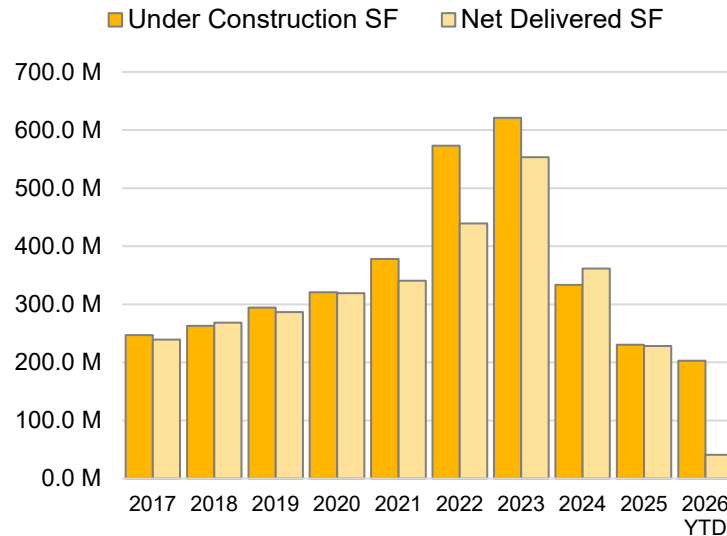
New Distribution Projects Pull the Reins

New construction has slowed in all industrial asset types over the past four years. Distribution square footage has dropped below historical averages, while manufacturing and flex square footage under construction has remained elevated.

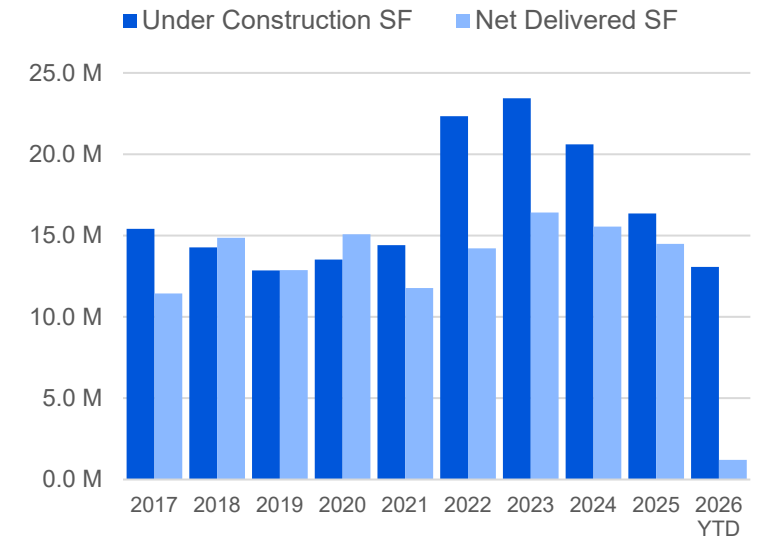
Construction: Under Construction SF v. New Deliveries



Construction: Under Construction SF v. New Deliveries



Construction: Under Construction SF v. New Deliveries



The problem with the real estate market is **the market itself.**

THE MARKET SEES YOU AS A **TARGET.**

THE MARKET CHASES THE **DEAL.**

The stakes are high for occupiers. Real estate is expensive and inflexible. With the pandemic, labor dynamics, and economic instability, all bets are off.

THE MARKET IS SHORT TERM AND **REACTIVE.**

THE SYSTEM FAVORS **LANDLORDS** NOT OCCUPIERS.

It's time to go beyond the market and uncover how your commercial real estate can drive your goals, not impede them.

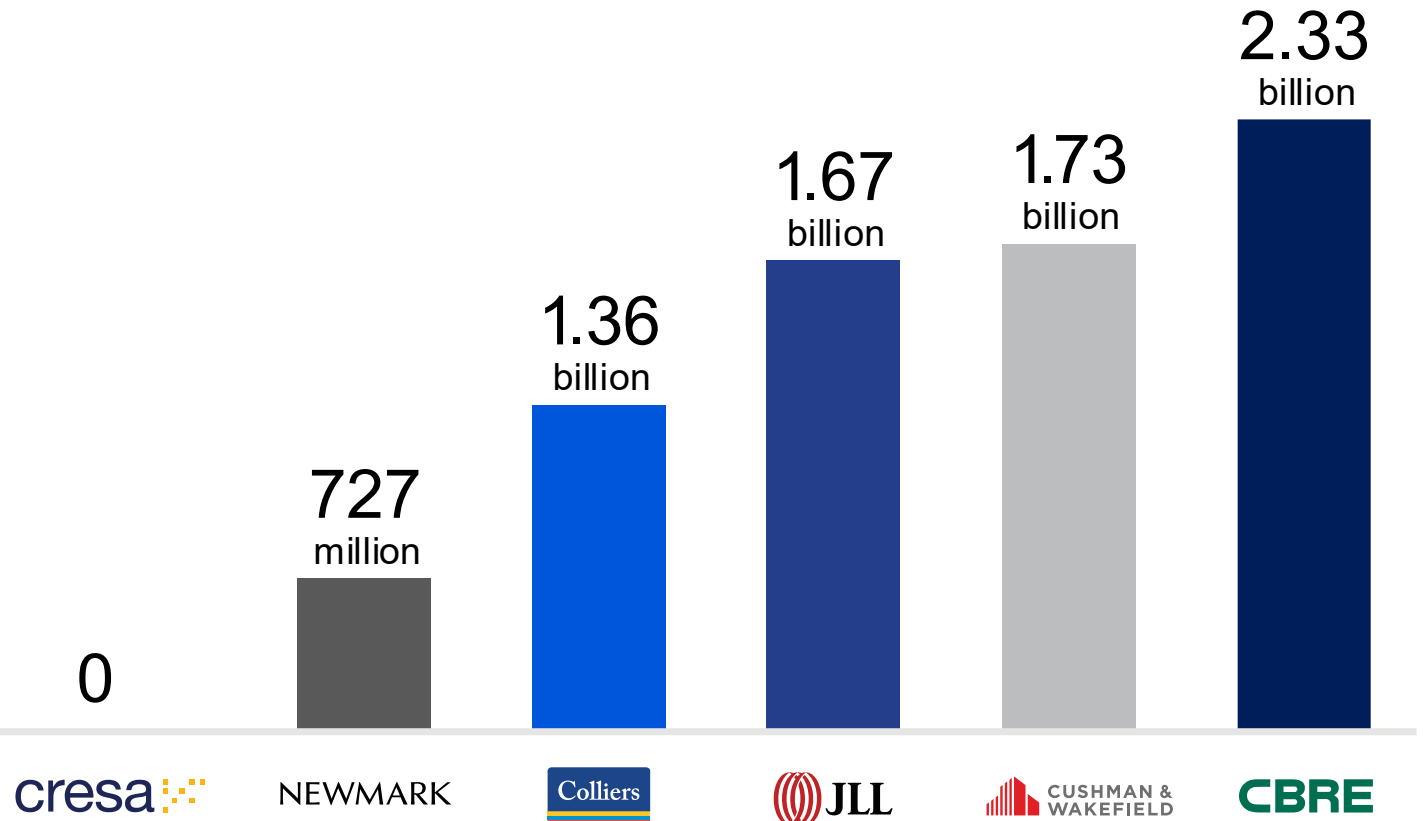
How We're Different

As the world's largest corporate real estate provider committed exclusively to serving occupiers, we're in a league of our own.

We offer creative solutions, unbiased advisory services and executive leadership on every account.

We believe this combination of transparency and executive involvement generates the superior service our clients have come to expect from Cresa.

Billions of square feet are represented on the landlord's behalf nationally. Cresa never does business on behalf of landlords.





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Cresa is the world's leading global commercial real estate advisory firm that exclusively represents occupiers and specializes in the delivery of fully integrated real estate solutions. Our purpose is to think beyond space, strengthening those we serve and enhancing the quality of life for our clients. Delivered across every industry, Cresa's services include Transaction Management, Workplace Solutions, Project Management, Consulting, Lease Administration, Technology, Investment Banking & Capital Markets and Portfolio Solutions. In partnership with London-based Knight Frank, Cresa provides service through 16,000 people, across 380 offices in 51 territories.



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