

New Record Unlocked for Industrial CRE Supply



Data from the National Industrial Report – produced by Yardi Matrix and published in March 2022 – shows that industrial property continues to set new records quarter by quarter.

Furthermore, the data suggests that there is no end in sight for the industrial boom, especially as the biggest players continue to gobble up sites in key areas around the country. Although this report is focused on the US, and regional specifics will apply, it must be noted that this is part of a global trend.

Current Research

As the report authors summarize: “Industrial deliveries hit an all-time high in 2021, largely driven by pandemic-era growth in e-commerce, and the supply pipeline indicates that new records will be set in coming years.”

In the CommercialSearch analysis of the report, they emphasize the fact that the “active pipeline” amounts to some 593 million square feet (by end February), while delivery for 2021 amounted to over 350 million square feet. This, Yardi Matrix explains, is the “highest level of new supply since at least the turn of the century”.

The data comes from 117 markets around the United States specifically, and a third of the markets actually established new records for supply in the last two years. Markets of note mentioned by the researchers include Little Rock, Denver, Memphis and Philadelphia.

Forecasting Industrial Supply

Looking forward, the researchers argue that “industrial supply levels will only grow in the coming years”, but they added that even with record supply levels being achieved, “it has not been enough to meet demand.”

Demand Drivers

It should come as no surprise to anyone paying attention to the market conditions of late that the ongoing e-commerce boom is the biggest driver herein.

The report further singles out Amazon as the “biggest player” offering this astounding nugget: “The 16 largest buildings delivered last year, all ranging from 2.5 million to 3.8 million square feet, were either leased or owned by Amazon.”

