

VACANCY BIFURCATION TREND WIDENING

New construction vacancy tightens while older product availability edges higher

April 2026

VANTAGE POINT

While buildings constructed within the last five years represent just 20% of the industrial market, they are capturing a growing share of leasing activity. Over the past three years, 61% of deals exceeding 100,000 square feet (sf) have occurred in facilities built since 2020, reflecting occupier demand for higher clear heights and stronger power capacity to support automation and AI. This trend is most [evident in buildings over 500,000 sf](#), where functional requirements are most demanding.

VACANCY TIGHTENS SHARPLY IN NEW PRODUCT

Vacancy trends have diverged sharply by vintage. After bottoming in mid-2022 at 14.7%, newly built facilities (since 2020) saw vacancy rise to 27.1% in mid-2024 amid elevated speculative deliveries and softer pre-leasing. However, as demand for high-quality space accelerated and just 280 million square feet (msf) of new product was delivered in 2025, vacancy in these assets has since declined by 520 basis points (bps), tightening materially since mid-2024. At 21.9%, vacancy for these buildings reached its lowest mark since Q2 2023. Net absorption has been propelled by these buildings, totaling 540.8 msf in 2024 and 2025, the majority of which was in facilities larger than 100,000 sf.

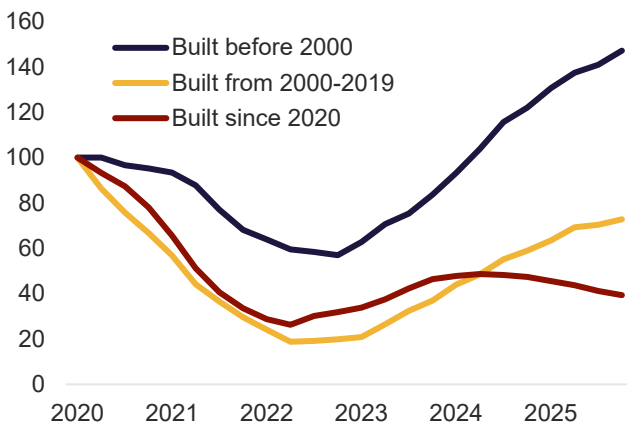
OLDER INDUSTRIAL FACILITIES FACE RISING AVAILABILITY

In contrast, logistics buildings constructed before 2020 have experienced steady vacancy increases as large occupiers vacate space that no longer meets operational needs. In the past two years, there have been 247 msf of net occupancy losses in buildings built prior to 2020, underscoring the trend of tenants upgrading or consolidating multiple outdated facilities into new logistics product. However, availability remains relatively tight. Even as vacancy has risen 360 bps from its 2022 low, it finished 2025 at just 5.2%, underscoring the continued scarcity of functional space even within older stock.

VACANCY TRENDS CONSISTENT ACROSS ALL SIZE SEGMENTS

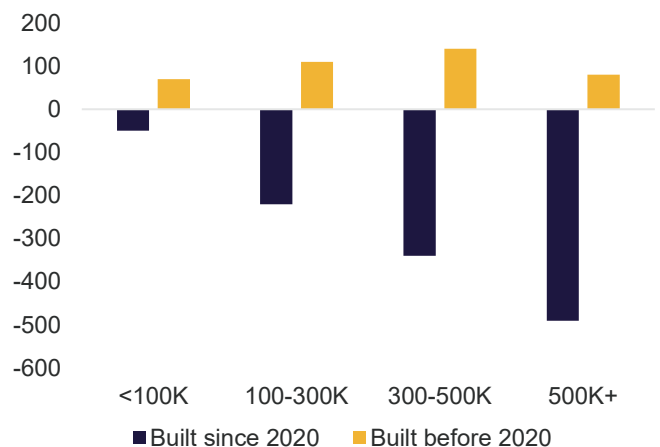
All size ranges have trended similarly for vacancy rates. Within newly built warehouses, rates mainly peaked in 2024 and have edged lower over the last year, with the 500,000-sf+ segment the tightest at 19.8%. With over one-third of new deliveries in recent years concentrated in the 100,000–300,000-sf range, vacancy remained the highest at 27.1%, although it has fallen by 220 bps year over year (YOY). Logistics buildings constructed prior to the start of this decade, while exhibiting lower vacancy rates, have seen vacancy rise in each of the last three years. The most pronounced increase was in the 300,000–500,000-sf segment, which surged by 480 bps, likely due to large corporate users moving into upgraded facilities.

Industrial Vacancy Rates by Vintage (Indexed to Q1 2020)



Index 100 = Q1 2020 Vacancy Rate (%)
Source: Cushman & Wakefield Research

Year-Over-Year Vacancy Rate Change (By Size Segment)



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VACANCY MOVEMENT AND LEVELS VARY BY MARKET

Across most markets, vacancy rates have declined annually, led by Indianapolis, New Jersey, Chicago, and Atlanta where big-box Class A leasing remained healthy. Some of the lowest vacancy rates for newer buildings are in the Midwest, led by Detroit (5.5%), St. Louis (8.6%), and Kansas City (12.1%), due to lower speculative big-box delivery totals over the last three years. Conversely, 10 markets posted rates above 30% at the end of 2025. Tighter rates were seen in older product across all regions, with 15 markets boasting vacancy below 4%. Despite the 247 msf of negative absorption recorded over the last two years, 81% of logistics inventory consists of buildings delivered prior to 2020, limiting upward pressure on vacancy rates.

THE IMPACT

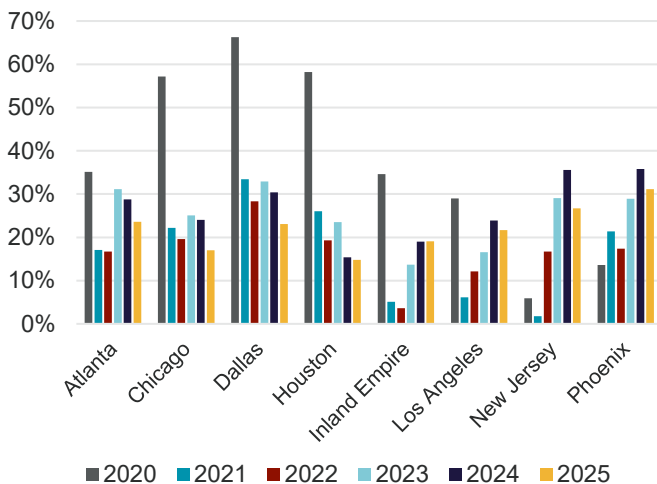
OCCUPIERS

- Tightening vacancy in new product, combined with an under-construction pipeline near eight-year lows, will limit options—particularly for buildings 500,000 sf and larger.
- With expectations for fewer deliveries and accelerating net absorption in the second half of 2026, competition for prime, modern space is likely to intensify.

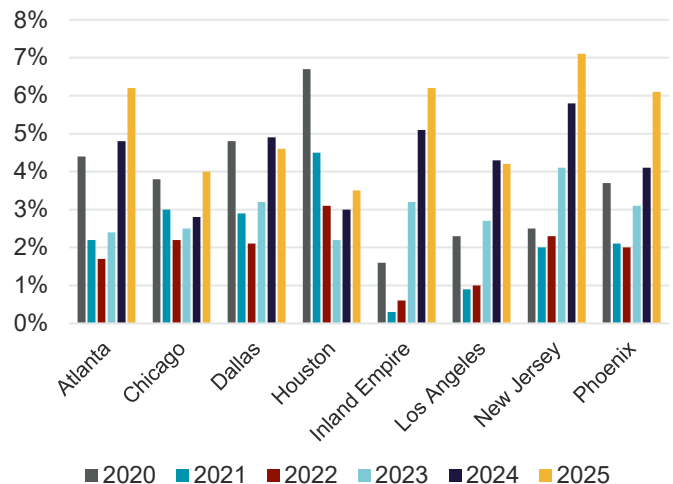
INVESTORS

- For investors, healthy demand and declining vacancy within newer facilities support future rent growth and stable NOI.
- Developers are already taking note of strong leasing activity and declining vacancy rates in the Class A market. As a result of firming dynamics, some markets are reporting increases in new groundbreakings over the past few quarters.

Vacancy Comparison – Buildings Built Since 2020 (Key Select Markets)



Vacancy Comparison – Buildings Built Before 2020 (Key Select Markets)



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