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Good morning. Investor appetite is heating up again in the industrial sector, with over \$33B in deals closed in just the first half of 2025—despite soft leasing fundamentals and sluggish rent growth.

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MARKET SNAPSHOT

S&P 500 GSPC	6,460.26 Pct Chg: -0.25%	FTSE NAREIT FNER	779.05 Pct Chg: +0.59%
10Y Treasury TNX	4.232% Pct Chg: +0.02	SOFR 30-DAY AVERAGE	4.303% Pct Chg: -0.00

*Data as of 08/29/2025 market close.

MARKET REPORT

Industrial Sales Surge Past \$33B in H1 2025

Industrial real estate is seeing renewed [momentum](#) in 2025, even as vacancies linger and rent growth remains sluggish.

By the numbers: According to CommercialCafe, U.S. industrial investment sales hit \$33.8 billion in the first half of 2025—a 15% increase year-over-year and a strong pace that could surpass 2024's full-year total of \$74.3 billion. This uptick suggests investor appetite is returning despite broader economic concerns.

A mixed bag: While capital flows back, leasing fundamentals are weak. National industrial vacancy is at 5.6%, up from 4.1% in mid-2022, mainly due to new deliveries from 2021–2023 projects. Sun Belt and Midwest markets face the most pressure.

Rent growth flattens: After years of strong gains, industrial rents have plateaued. Year-over-year growth sits at just 1.8%, a steep drop from the 6.2% seen a year ago. Oversupply and tenant resistance to high costs are slowing the market, particularly in major logistics hubs where availability has climbed.

➡ **THE TAKEAWAY**

The bigger picture: Despite high interest rates, tariffs, and lingering trade uncertainty, the sector continues to benefit from underlying demand tied to reshoring, e-commerce, and supply chain diversification. Institutional buyers like Blackstone are still deploying capital into key growth corridors, betting on the durability of logistics real estate.

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