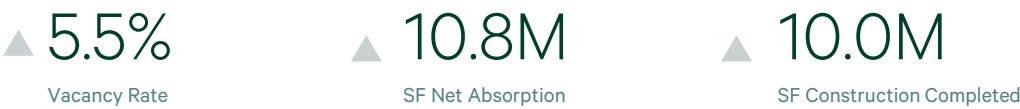


FIGURES | MIDWEST U.S. INDUSTRIAL | Q2 2025

# Both net absorption and construction deliveries increased quarter-over-quarter

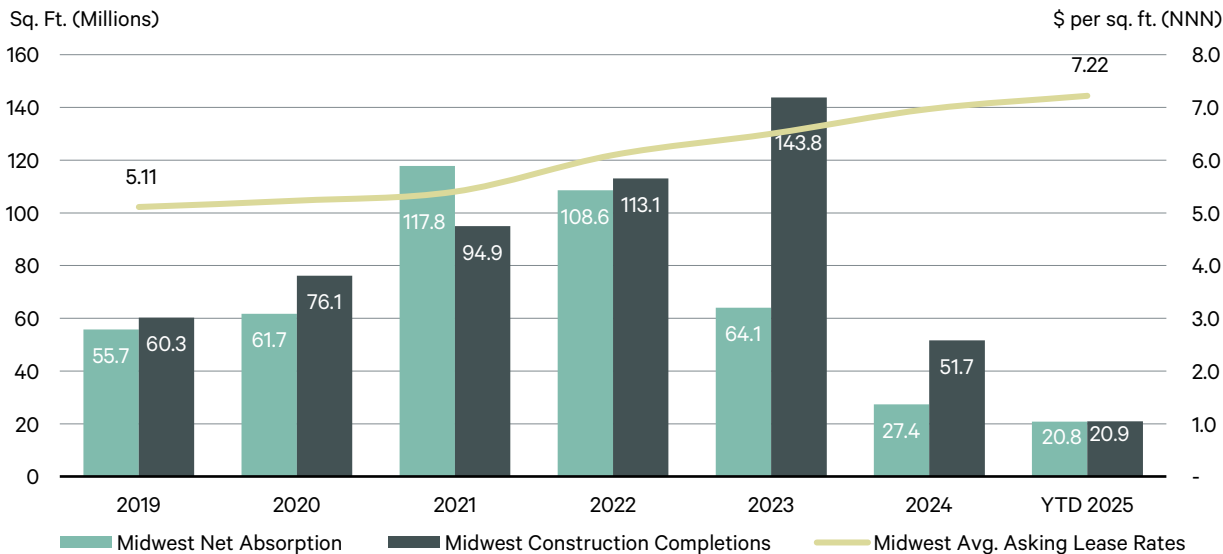


Note: Arrows indicate change from previous quarter.

## SUMMARY

- Q2 2025 net absorption was 10.8 million sq. ft. showing continued growth.
- The Midwest continued steady construction activity in Q2 with 39.7 million sq. ft. underway. 63.7% of current construction underway is already leased. 10.0 million sq. ft. delivered in Q2 2025.
- Under construction activity increased by 0.9 million sq. ft. quarter-over-quarter as new projects broke ground.
- The Midwest markets posted 33.2 million sq. ft. of industrial leasing activity in Q2 2025, 68.8% of which was new leasing activity.
- Vacancy rates increased 10 basis points (bps) quarter-over-quarter, finishing with an average rate of 5.5% in Q2 2025.
- Asking lease rates increased 1.1% quarter-over-quarter (\$7.14 per sq. ft. to \$7.22 per sq. ft.).

FIGURE 1: Midwest U.S. Net Absorption, Construction Completions, and Lease Rates

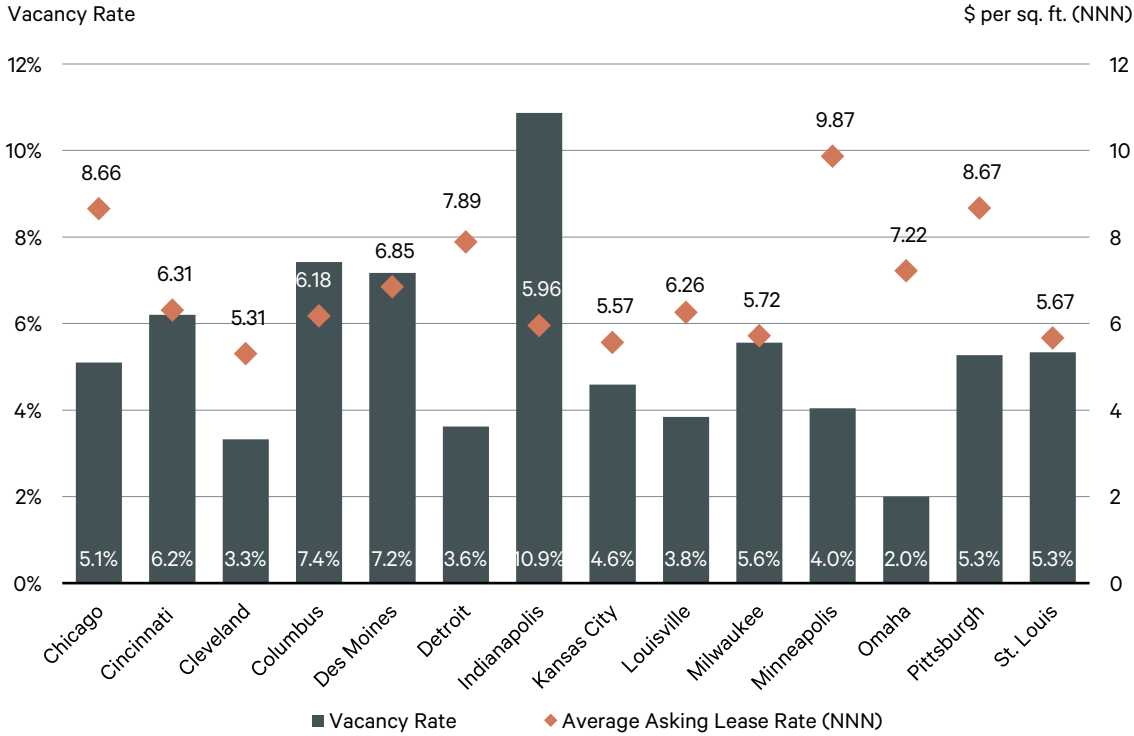


Source: CBRE Research, Q2 2025

## Key Market Statistics

In the Midwest, Omaha had the lowest vacancy rate (2.0%). Indianapolis had the highest vacancy rate (10.9%). Overall vacancy rates increased slightly quarter-over-quarter finishing at 5.5%. Looking longer-term vacancy has increased 70 basis points (bps) year-over-year. Asking rates increased in Q2 2025, finishing at \$7.22 per sq. ft. Over the last 5 years asking rents grew 49% - from \$4.86 per sq. ft. in Q2 2020 to \$7.22 per sq. ft. in Q2 2025. Average asking lease rates range from as low as \$5.35 per sq. ft. (Cleveland) to as high as \$9.87 per sq. ft. (Minneapolis/St. Paul).

FIGURE 2: Vacancy and Asking Lease Rates



Source: CBRE Research, Q2 2025

FIGURE 3: Overall Market Statistics

Market	Total Rentable Area (SF)	Availability Rate %	Vacancy Rate %	Q2 2025 Construction Completions (SF)	Under Construction (SF)	Q2 2025 Net Absorption (SF)	Avg. Asking Rate (\$ PSF, NNN)
Chicago	1,051,797,317	8.5	5.5	1,995,690	9,713,312	1,120,438	8.66
Cincinnati	302,842,623	7.7	6.2	725,000	2,345,728	365,781	6.31
Cleveland	245,269,761	5.7	3.3	0	990,000	-138,015	5.35
Columbus	305,774,312	7.5	7.4	225,000	2,170,327	890,564	6.18
Des Moines	67,460,567	7.6	7.2	397,000	0	1,068,076	6.85
Detroit	433,218,637	5.1	3.6	0	1,730,316	741,429	7.89
Indianapolis	344,998,642	11.9	10.9	746,672	2,088,411	1,568,182	5.96
Kansas City	291,043,508	5.9	4.6	2,339,454	3,523,192	1,301,903	5.57
Louisville	180,121,452	6.3	3.8	198,408	7,181,937	102,102	6.26
Milwaukee	307,431,628	6.9	5.6	1,734,601	2,089,135	1,341,331	5.72
Minneapolis/St. Paul	321,608,286	6.2	4.0	1,118,560	3,517,819	528,351	9.87
Omaha	86,351,217	4.0	2.0	81,995	885,794	194,616	7.22
Pittsburgh	136,726,313	6.0	5.3	100,000	190,277	139,859	8.67
St. Louis	211,234,214	8.0	5.3	357,056	3,278,298	-68,499	5.67
Midwest Total	4,403,434,672	7.4	5.5	10,019,436	39,704,546	10,857,710	7.22

Source: CBRE Research, Q2 2025

## Construction Activity

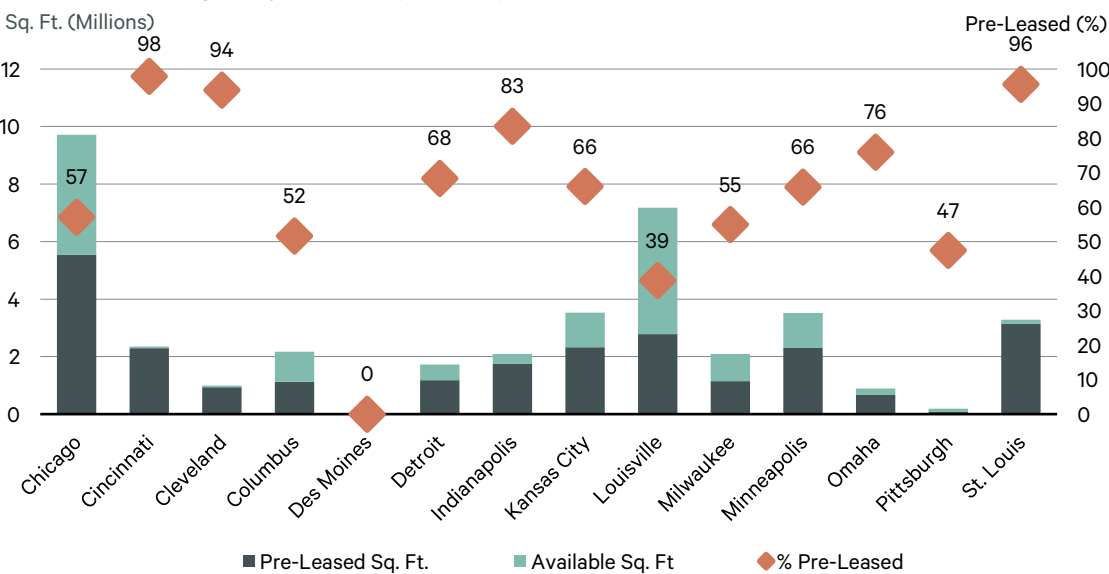
Steady construction activity continued in Q2 2025 with 39.7 million sq. ft. underway. The Chicago market led the Midwest with 9.7 million sq. ft., followed by Louisville and Kansas City. 63.7% of current construction underway is already leased. Under construction activity increased by 0.9 million sq. ft. quarter-over-quarter, marking three consecutive quarters of increasing construction activity. Over approximately the last 10 years the Midwest has delivered 497.0 million sq. ft. of additional speculative product and 231.6 million sq. ft. of build-to-suit product from buildings 100,000 sq. ft. or greater.

FIGURE 4: Q2 2025 Construction Underway

Market	UC BTS (SF)	UC SPEC (SF)	Under Construction Total (SF)	Available Space (SF)	Available Space (%)	Pre- Leased (SF)	Pre- Leased (%)
Chicago	5,525,860	4,187,452	9,713,312	4,170,431	42.9	5,542,881	57.1
Cincinnati	2,190,348	50,000	2,345,728	50,000	2.1	2,295,728	97.9
Cleveland	930,000	60,000	990,000	60,000	6.1	930,000	93.9
Columbus	929,378	1,240,949	2,170,327	1,049,872	48.4	1,120,455	51.6
Des Moines	0	0	0	0	0.0	0	0.0
Detroit	1,128,628	601,688	1,730,316	547,930	31.7	1,182,386	68.3
Indianapolis	1,161,474	926,937	2,088,411	346,053	16.6	1,742,358	83.4
Kansas City	2,197,791	1,325,401	3,523,192	1,199,272	34.0	2,323,920	66.0
Louisville	2,747,873	4,434,064	7,181,937	4,403,014	61.3	2,778,923	38.7
Milwaukee	1,046,652	1,042,483	2,089,135	940,694	55.0	1,148,441	45.0
Minneapolis/ St. Paul	2,328,149	1,137,670	3,517,819	1,202,726	34.2	2,315,093	65.8
Omaha	505,070	380,724	885,794	213,091	24.1	672,703	75.9
Pittsburgh	90,277	100,000	190,277	100,000	52.6	90,277	47.4
St. Louis	3,133,696	144,602	3,278,298	144,333	4.4	3,133,965	95.6
Total Midwest	23,915,196	15,631,970	39,704,546	14,427,416	36.3	25,277,130	63.7

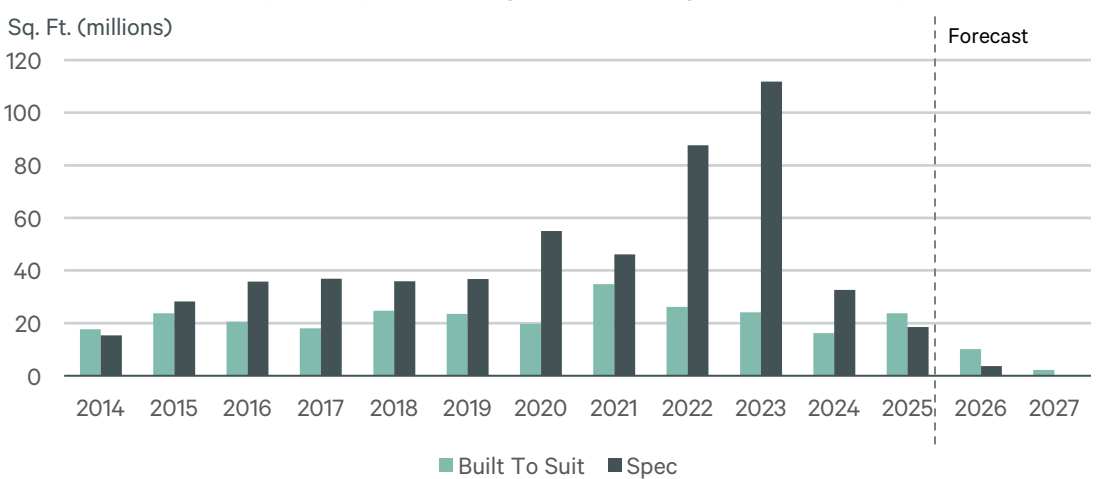
Source: CBRE Research, Q2 2025

FIGURE 5: Pre-Leasing in Projects Currently Underway



Source: CBRE Research, Q2 2025

FIGURE 6: Construction Completions by Year – Buildings 100,000 and Larger - Build-to-Suit vs. Speculative

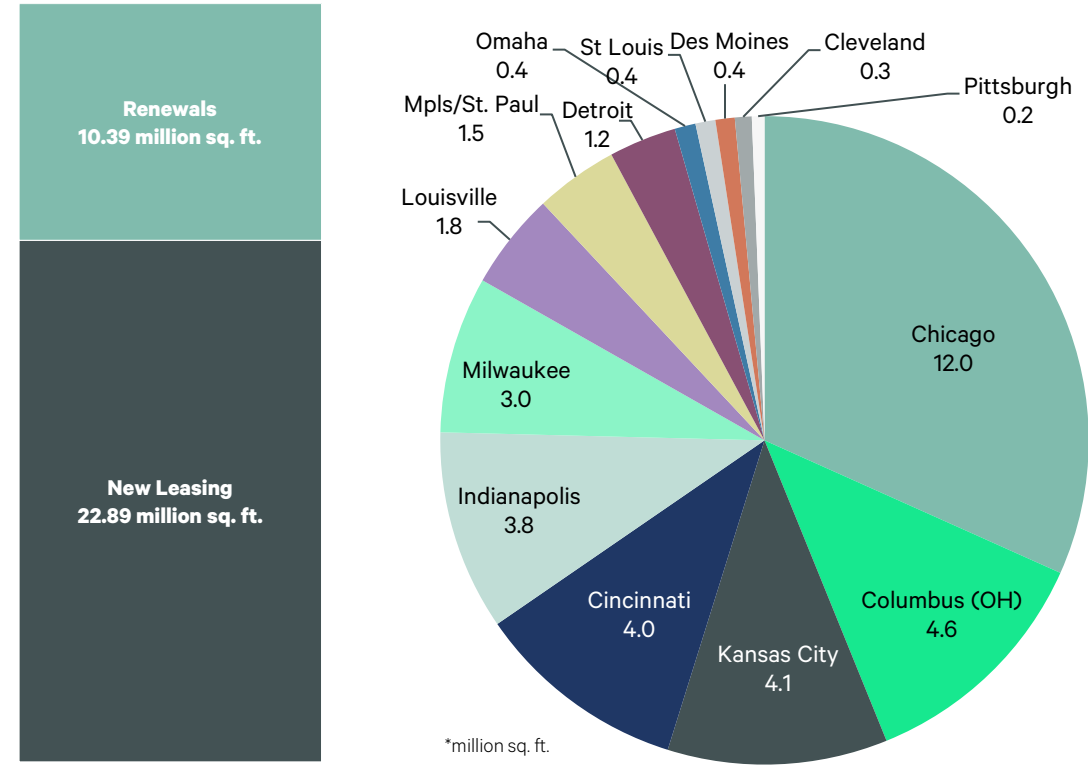


Source: CBRE Research, Q2 2025, forecast based on projects which had started construction as of Q2 2025

## Transaction Activity

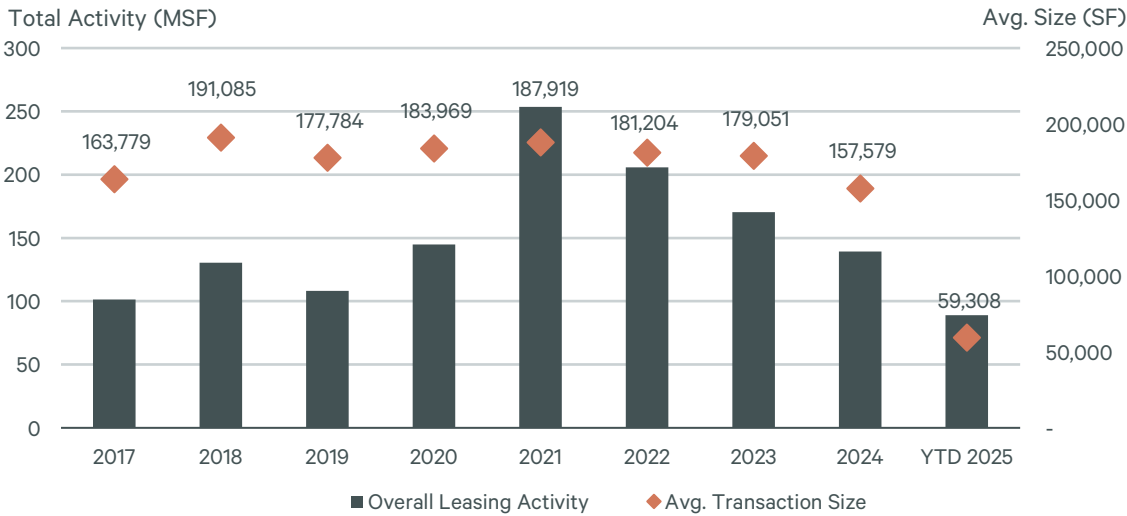
The Midwest markets posted 33.3 million sq. ft. of industrial leasing activity in Q2 2025, based on leases 50,000 sq. ft. or greater, 68.8% was new leasing activity and 31.2% was from renewals. Leasing activity decreased from the 55.6 million sq. ft. recorded in Q1 2025. Chicago saw the most activity, followed by Columbus, Kansas City, and Cincinnati. While leasing activity has decreased compared to previous years, leasing activity remained strong and exceeded totals prior to 2020. Overall, in 2024 leasing activity posted 139.4 million sq. ft. Midwest leasing activity through the first two quarters of 2025 has totaled 88.9 million sq. ft., putting the market on pace to exceed 2024 totals.

FIGURE 7: Q2 2025 Leasing Activity – Leases 50,000 sq. ft. and greater



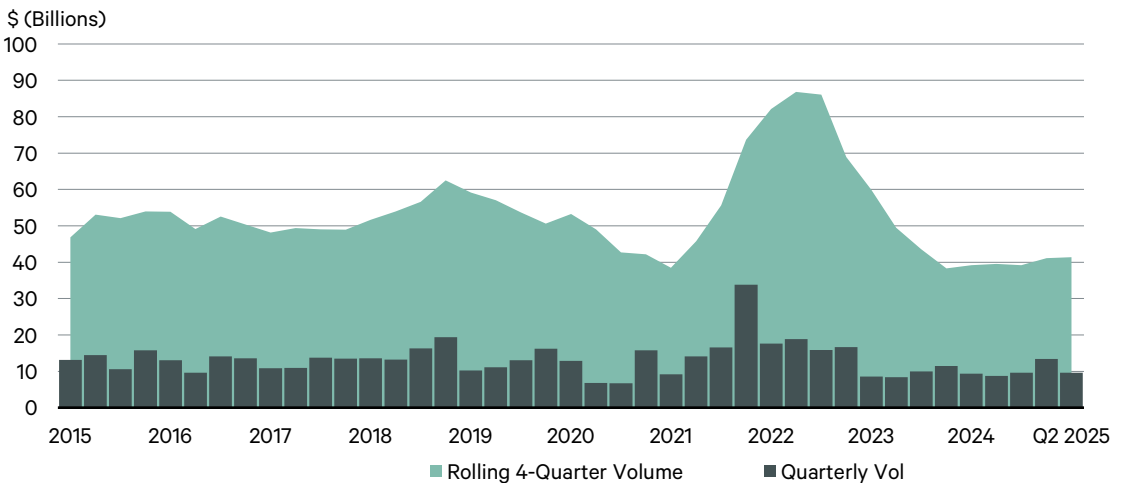
Source: CBRE Research, Q2 2025

FIGURE 8: Historic Leasing Activity – Leases 50,000 sq. ft. and greater



Source: CBRE Research, Q2 2025

FIGURE 9: Investment Activity



Source: Real Capital Analytics Q2 2025

## Industrial Big Box

One of the most important decisions facing developers is what size speculative facilities to develop in order to meet user demand, while minimizing downtime and maximizing returns. As shown in Figure 10 below, 49% of Midwest big-box facilities fall in the 200,000 to 499,999 sq. ft. range. Facilities in this range had the highest average asking rents in Q2 2025, averaging \$7.30 per sq. ft. NNN representing a 12.5% premium over facilities in the 500,000 to 749,999 sq. ft. range. Facilities in the 750,000+ sq. ft. range maintained the lowest vacancy rate for big box facilities, averaging 6.6% vacancy as of Q2 2025 after posting 9.2 million sq. ft. of positive net absorption in the first half of 2025.

While leasing activity has declined steadily from the record levels posted in 2021, strong activity remains with over 61 million sq. ft. of big box leasing activity in the first half of 2025. 51.3% came from facilities 200,000-499,999 sq. ft., 25.2% came from facilities 500,000-749,999 sq. ft., and 23.5% came from facilities over 750,000 sq. ft.

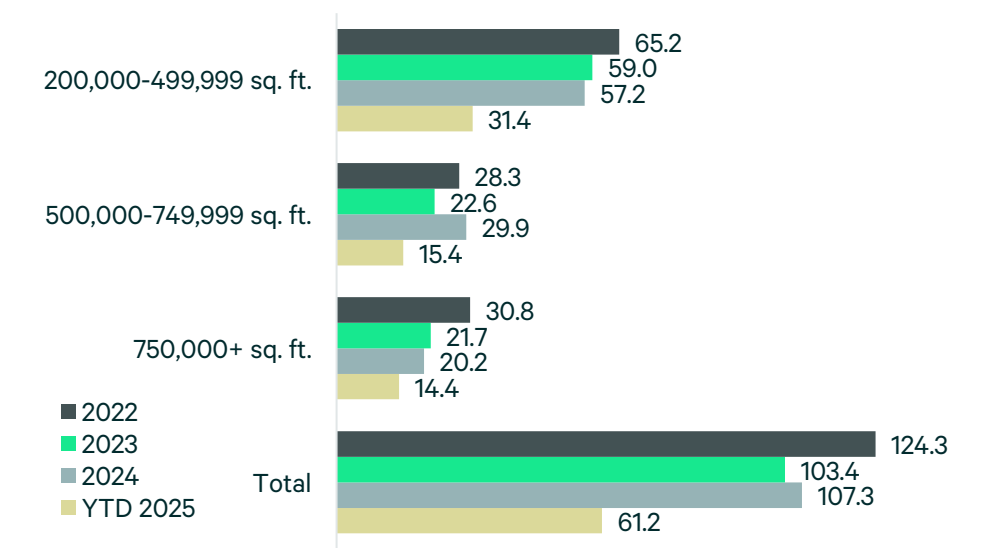
While new big box development starts have slowed in recent quarters, steady development activity continues. 57% of the big box completed space came from facilities 200,000-499,999 sq. ft., 20% came from facilities 500,000 to 749,999 sq. ft., and 23% came from facilities over 750,000 sq. ft.

FIGURE 10: Midwest U.S. Industrial Big Box Market Statistics

Size Range (Sq. Ft.)	Total Rentable Area (SF)	Availability Rate %	Vacancy Rate %	Q2 2025 Construction Completions (SF)	Under Construction (SF)	Q2 2025 Net Absorption (SF)	Avg. Asking Rate PSF (\$, NNN)
200,000-499,999	1,132,594,405	9.4	6.9	3,926,176	14,404,577	(44,652)	7.30
500,000-749,999	439,089,497	9.5	8.3	1,340,237	5,990,801	4,152,849	6.49
750,000+	726,247,803	8.3	6.6	1,536,045	7,859,598	5,508,845	6.84
Midwest Total	2,297,931,705	9.1	7.1	6,802,458	28,254,976	9,617,042	7.00

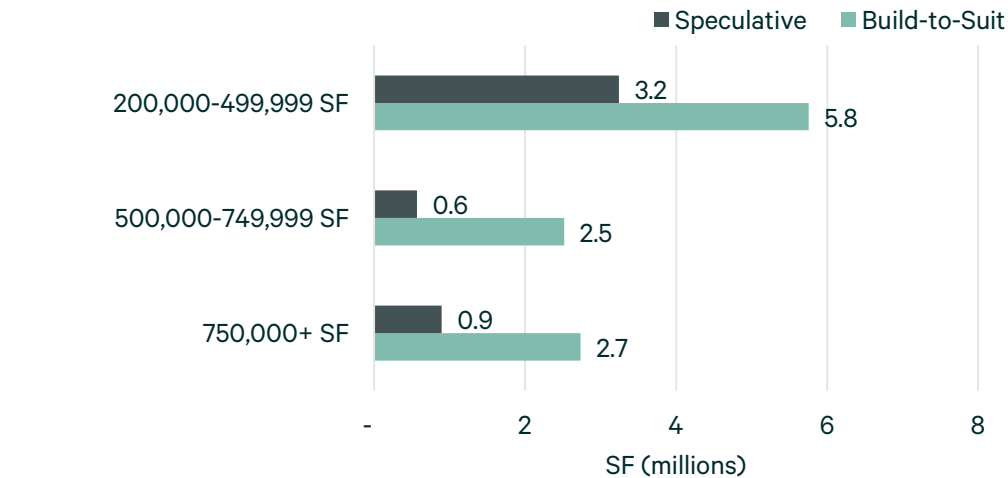
Source: CBRE Research, Q2 2025

FIGURE 11: Midwest U.S. Big Box Leasing Activity by Building Size (sq. ft., millions)



Source: CBRE Research, Q2 2025

FIGURE 12: Q2 2025 Midwest U.S. Big Box Completions by Size



Source: CBRE Research, Q2 2025

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Definitions

Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant. Availability Rate: Total Available Sq. Ft. divided by the total building Area. Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage. Building Area: The total floor area sq. ft. of the building, typically taken at the “drip line” of the building. Gross Activity: All sale and lease transactions completed within a specified time period. Excludes investment sale transactions. Gross Lease Rate: Rent typically includes real property taxes, building insurance, and major maintenance. Net Absorption: The change in Occupied Sq. Ft. from one period to the next. Net Lease Rate: Rent excludes one or more of the “net” costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate. Occupied Sq. Ft.: Building Area not considered vacant. Vacancy Rate: Total Vacant Sq. Ft. divided by the total Building Area. Vacant Sq. Ft.: Space that can be occupied within 30 days.

Survey Criteria

CBRE has updated the criteria for industrial tracked building sets to reflect buildings with a Net Rentable Area (NRA) of 30,000 square feet or higher. In addition to creating regional consistency, this change will enhance the reporting and depth of data on each market's most competitive buildings. Historical stats have been revised to reflect current industrial thresholds. Building inventories will be evaluated quarterly to ensure they remain the most comprehensive and accurate representation of each market.

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