

Record Leasing and Falling Vacancy Reaffirms Turning Point



Prologis Beacon Lakes 23
South Florida

01 The IBI Activity Index™ increased to its highest level since November 2024 as goods moved through the supply chain more quickly in January. At the same time, the utilization rate remained steady around 85%.ⁱ Together with slower imports, these readings indicate rapid inventory repositioning and replenishment.

02 Demand for logistics space accelerated among a broader group of customers in Q4 and outpaced deliveries of new space. As a result, vacancies fell -10 bps to 7.4%, reflecting the emergent recovery that should progress through 2026.ⁱⁱ

03 Pricing power is beginning to rebalance as market rents inflect across multiple locations, priming rent growth to accelerate in 2026ⁱ as scarcity emerges in a broadening array of locations and size categories.

Inventory Is Moving Downstream, Driving a Retailer-Led Activity Pickup

The IBI Activity Index rose to 59.1 in January, driven by goods moving downstream through the supply chain as retailers replenished inventory. Utilization rates remained steady in the second half of 2025 and into January, hovering around 85%, just below the historical expansionary threshold as inventories remain historically lean. This utilization rate is up from an average of 84.5% in 2024ⁱ, reflecting customers who have grown into their footprints over time.

Leasing Activity Surged in 2H 2025, Pushing Vacancy Down

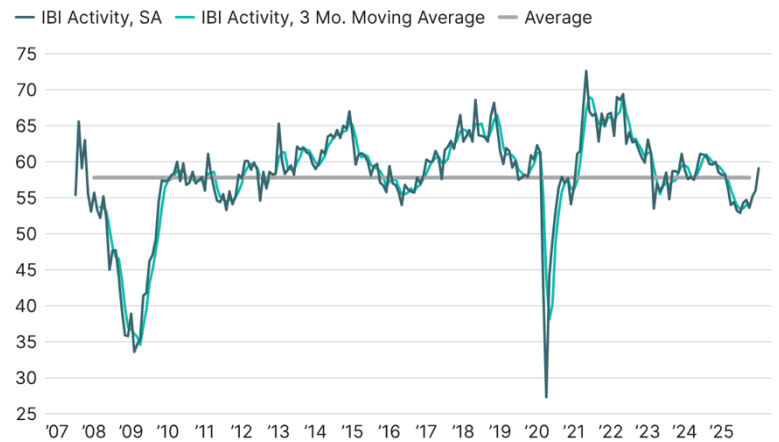
Net absorption outpaced new supply in Q4 2025, pushing vacancy down 10 bps quarter-over-quarter to 7.4%.ⁱⁱ Leasing activity increased in the second half of 2025, as customers moved off the sidelines to advance long-term growth strategies. With market fundamentals rebalancing, availability is expected to tighten over 2026. As a result, users evaluating space needs may face increased competition and reduced options in the next year.

New Supply at Decade Low in 2026

Scarcity is emerging in select size categories across key markets as deliveries have fallen sharply in recent quarters. New deliveries totaled 50MSF in the U.S., while new development starts have fallen 71% from peak.ⁱⁱ Development economics continue to limit new speculative groundbreakings, with replacement cost rents roughly 20% above market rents in aggregate.ⁱ As a result of resurgent demand, specialized needs and a lack of existing speculative space that fits the bill, build-to-suit construction starts were up 61% year-over-year in Q4 2025.ⁱ

Exhibit 1 – IBI Activity Index

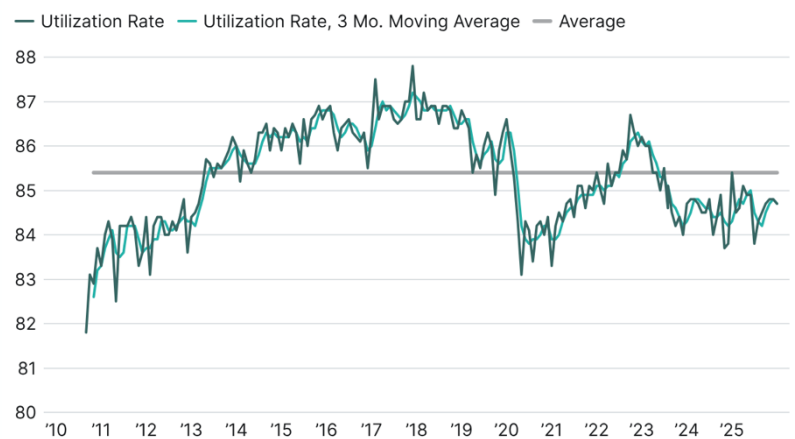
Index, 50 = neutral, seasonally adjusted



Source: Prologis Research.

Exhibit 2 - Utilization Rate

%



Source: Prologis Research.

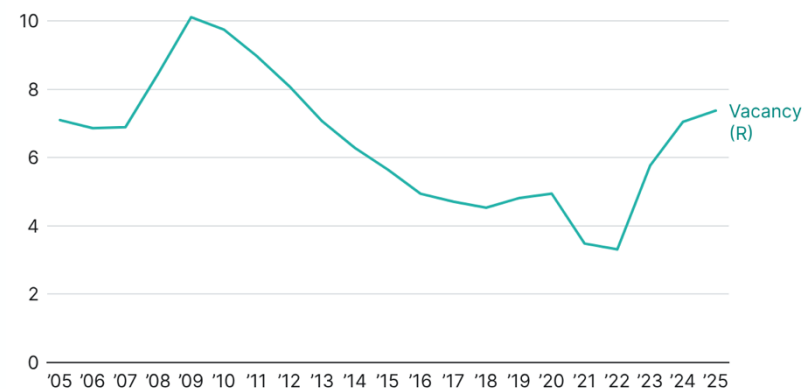
Exhibit 3 - Summary of Net Absorption Indicators

	Latest Reading	as of	Est. Net Absorption, MSF		Regression Fit (R-sqr)
			Quarterly	Annualized	
IBI-Activity	59.1	Jan 2026	35	142	0.82
Weighted Average of Econ Variables			41	165	
PMI (non-MFG)	50.8	Dec 2025	29	116	0.77
Jobs (private)	115	Dec 2025	43	171	0.69
Core Retail Sales	4.3%	Dec 2025	43	170	0.71

Note: Values are a 3-month trailing average, except Inventories.
Source: Institute for Supply Management, Bureau of Economic Analysis, U.S. Census, Bureau of Labor Statistics, Prologis Research

Exhibit 4 - Market Fundamentals, U.S. – Vacancy

%

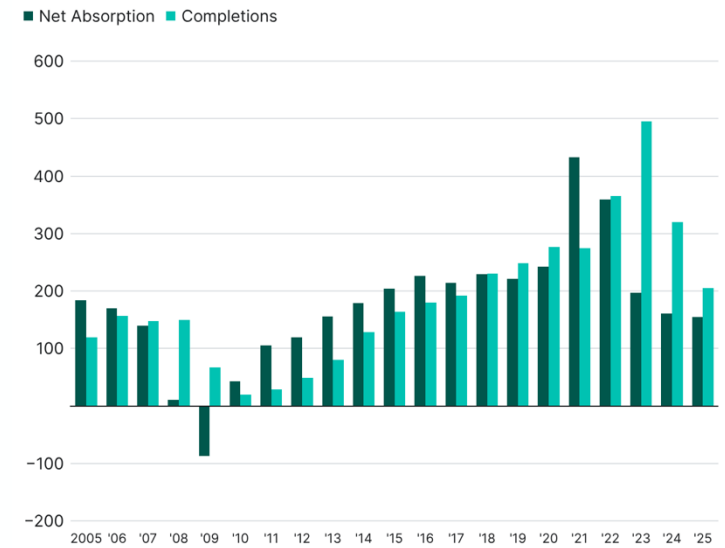


Source: CBRE, JLL, Cushman & Wakefield, Colliers, CoStar, CBRE-EA, Prologis Research.

Dynamics Point to Rising Rents Ahead

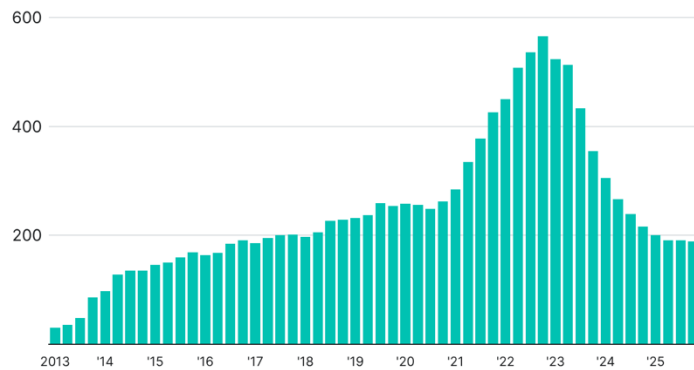
Pricing power is beginning to rebalance as market rents stabilize or grow across more markets each quarter. Following several quarters of broad-based declines, U.S. rents entered a period of relative stability as 78% of markets showed slower declines or faster rent growth.ⁱⁱ With vacancies falling and demand clearly in a higher gear, conditions are ripe for rent growth to accelerate in 2026.

Exhibit 5 - Market Fundamentals, U.S. MSF



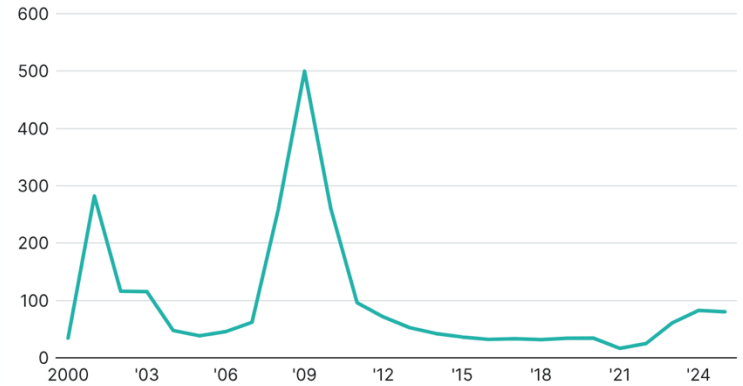
Source: CBRE, JLL, Cushman & Wakefield, Colliers, CoStar, CBRE-EA, Prologis Research.

Exhibit 6 – Under Construction, U.S. Industrial MSF



Source: CBRE, JLL, Cushman & Wakefield, Colliers, CoStar, CBRE-EA, Prologis Research

Exhibit 7 – U.S. True Months of Supply - TMS Months



Source: CBRE, JLL, Cushman & Wakefield, Colliers, CoStar, CBRE-EA, Prologis Research

Conclusion: New Growth Cycle Ahead

The U.S. logistics real estate market shifted materially by the end of 2025. Operational momentum stems from accelerating demand, with leasing volumes rebounding and customer requirements broadening into 2026. Limited speculative deliveries and faster lease execution is setting the stage for a new phase of competition for space as networks expand to meet growth and structural supply chain needs. Customers seeking to secure strategically located logistics real estate must act with urgency to stay ahead of this emerging supply-demand imbalance.

Endnotes

- i. Prologis Research.
- ii. CBRE, JLL, Cushman & Wakefield, Colliers, Prologis Research.

Forward-Looking Statements

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Prologis' Research department studies fundamental and investment trends and Prologis' customers' needs to assist in identifying opportunities and avoiding risk across four continents. The team contributes to investment decisions and long-term strategic initiatives, in addition to publishing white papers and other research reports. Prologis publishes research on the market dynamics impacting Prologis' customers' businesses, including global supply chain issues and developments in the logistics and real estate industries. Prologis' dedicated research team works collaboratively with all company departments to help guide Prologis' market entry, expansion, acquisition and development strategies.

About Prologis

Prologis, Inc., is the global leader in logistics real estate with a focus on high-barrier, high-growth markets. At December 31, 2025, the company owned or had investments in, on a wholly owned basis or through co-investment ventures, properties and development projects expected to total approximately 1.3 billion square feet (120 million square meters) in 20 countries. Prologis leases modern logistics facilities to a diverse base of approximately 6,500 customers principally across two major categories: business-to-business and retail/online fulfillment.

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