Vacancy Rates Decline As Positive Net Absorption Exceeds Speculative Development

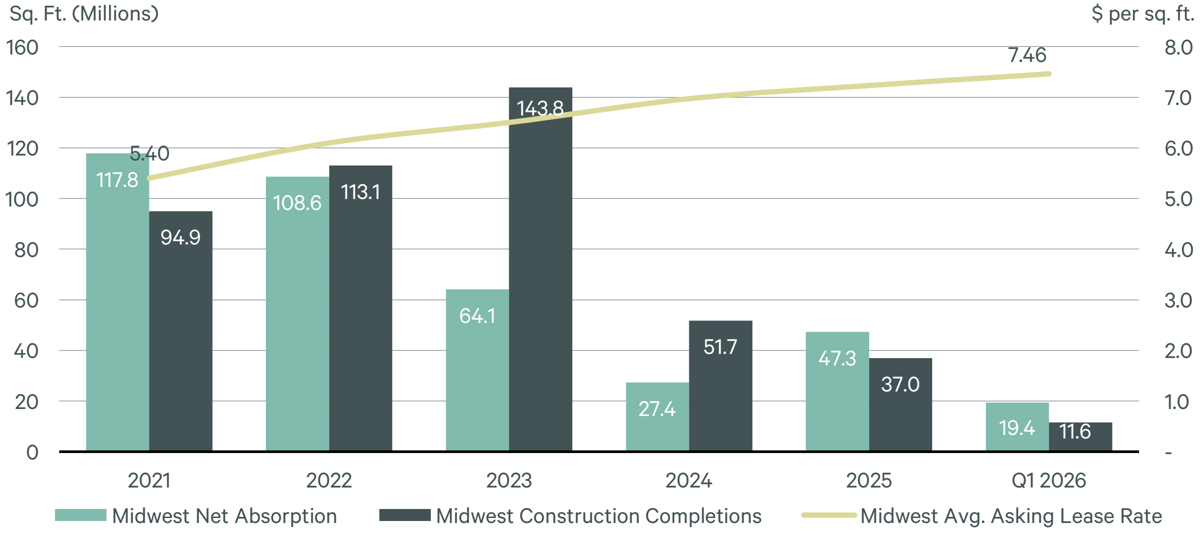
▼ 5.1%	▲ 19.4M	▲ 11.6M	▲ 46.1M	▲ $7.46
Vacancy Rate	SF Net Absorption	SF Construction Completed	SF Under Construction	NNN / Lease Rate

Note: Arrows indicate change from previous quarter.

SUMMARY

- Q1 2026 net absorption was 19.4 million sq. ft. showing continued growth.
- The Midwest continued steady construction activity in Q1 with 46.1 million sq. ft. underway. 61.2% of current construction underway is already leased. 11.6 million sq. ft. delivered in Q1 2026.
- Under construction activity increased by 0.8 million sq. ft. quarter-over-quarter due to an increase in projects breaking ground.
- The Midwest markets posted 44.0 million sq. ft. of industrial leasing activity in Q1 2026, 64.5% of which was new leasing activity.
- The Midwest average vacancy rate decreased quarter-over-quarter (5.4% to 5.1%).
- The overall asking lease rate for the Midwest increased quarter-over-quarter ($7.23 per sq. ft. to $7.46 per sq. ft.).

FIGURE 1: Midwest U.S. Net Absorption, Construction Completions, and Midwest Avg. Asking Lease Rate

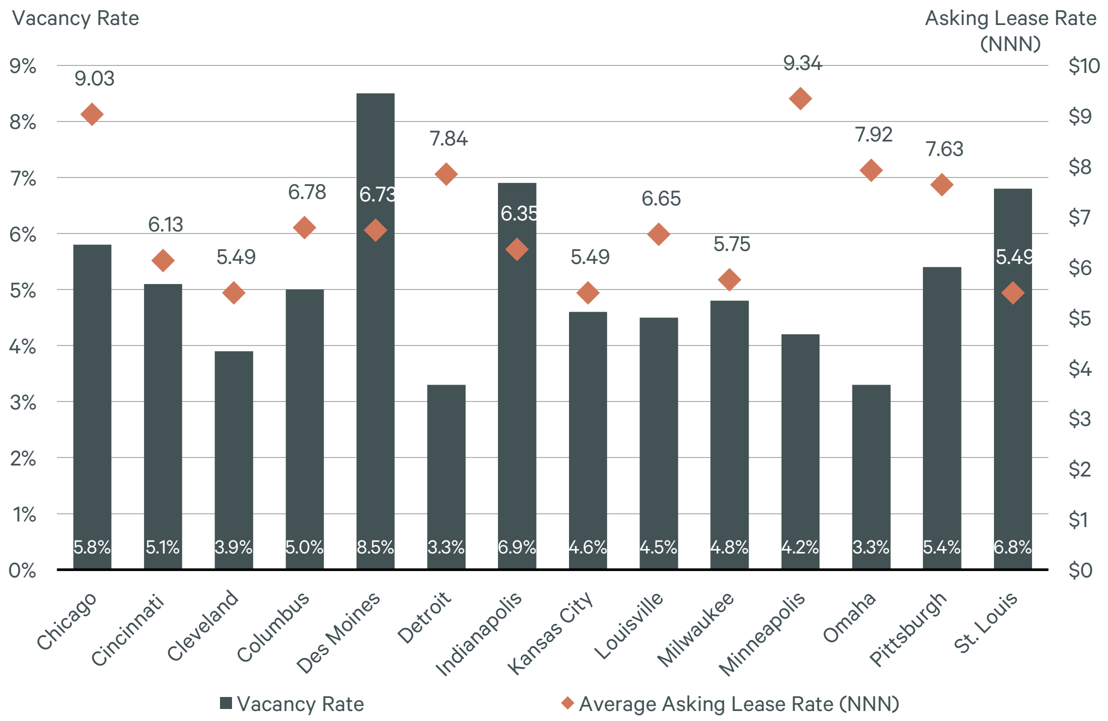


Source: CBRE Research, Q1 2026

Key Market Statistics

In the Midwest, Omaha and Detroit had the lowest vacancy rate (3.3%). Des Moines had the highest vacancy rate (8.5%). The overall vacancy rate for the Midwest markets decreased quarter-over-quarter finishing at 5.1%. Looking longer-term vacancy has decreased 30 basis points (bps) year-over-year. The overall asking lease rate for the Midwest increased in Q1 2026, finishing at $7.46 per sq. ft. Over the last 5 years asking rents grew 44% — from $5.17 per sq. ft. in Q1 2021 to $7.46 per sq. ft. in Q1 2026. Average asking lease rates range from as low as $5.49 per sq. ft. (Cleveland, Kansas City, St. Louis) to as high as $9.34 per sq. ft. (Minneapolis/St. Paul).

FIGURE 2: Vacancy and Asking Lease Rates



Source: CBRE Research, Q1 2026

FIGURE 3: Overall Market Statistics

Market	Total Rentable Area (MSF)	Availability Rate %	Vacancy Rate %	Q1 2026 Construction Completions (MSF)	Under Construction (MSF)	Q1 2026 Net Absorption (MSF)	Avg. Asking Rate ($ PSF, NNN)
Chicago	1,164.62	8.6	5.8	4.50	12.38	1.61	9.03
Cincinnati	292.00	7.2	5.1	0.93	0.85	2.83	6.13
Cleveland	246.89	6.1	3.9	0	0.12	1.04	5.49
Columbus	305.61	7.1	5.0	0.41	4.62	4.37	6.78
Des Moines	68.57	8.4	8.5	0.20	1.25	0.19	6.73
Detroit	430.87	4.6	3.3	0.20	1.64	0.73	7.84
Indianapolis	346.95	7.7	6.9	0.67	3.11	4.87	6.35
Kansas City	287.13	5.2	4.6	0.83	5.11	1.73	5.49
Louisville	184.70	6.9	4.5	1.28	7.34	0.06	6.65
Milwaukee	310.24	5.2	4.8	1.09	1.67	1.12	5.75
Minneapolis/St. Paul	323.20	6.8	4.2	0.73	2.53	(0.11)	9.34
Omaha	86.66	3.4	3.3	0.29	1.04	0.54	7.92
Pittsburgh	135.52	6.1	5.4	0.32	0.84	0.27	7.63
St. Louis	211.90	8.4	6.8	0.14	3,61	0.19	5.49
Midwest Total	**4,394.85**	**6.9**	**5.1**	**11.61**	**46.11**	**19.44**	**7.46**

Source: CBRE Research, Q1 2026

Construction Activity

Steady construction activity continued in Q1 2026 with 46.1 million sq. ft. underway. The Chicago market led the Midwest with 12.4 million sq. ft., followed by Louisville and Kansas City. 61.2% of current construction underway is already leased. Under construction activity increased by 0.8 million sq. ft. quarter-over-quarter, and up by 7.3 million sq. ft. compared to Q1 2025. Over approximately the last 10 years the Midwest has delivered 500.3 million sq. ft. of additional speculative product and 233.4 million sq. ft. from build-to-suit deliveries.

FIGURE 4: Q1 2026 Construction Underway

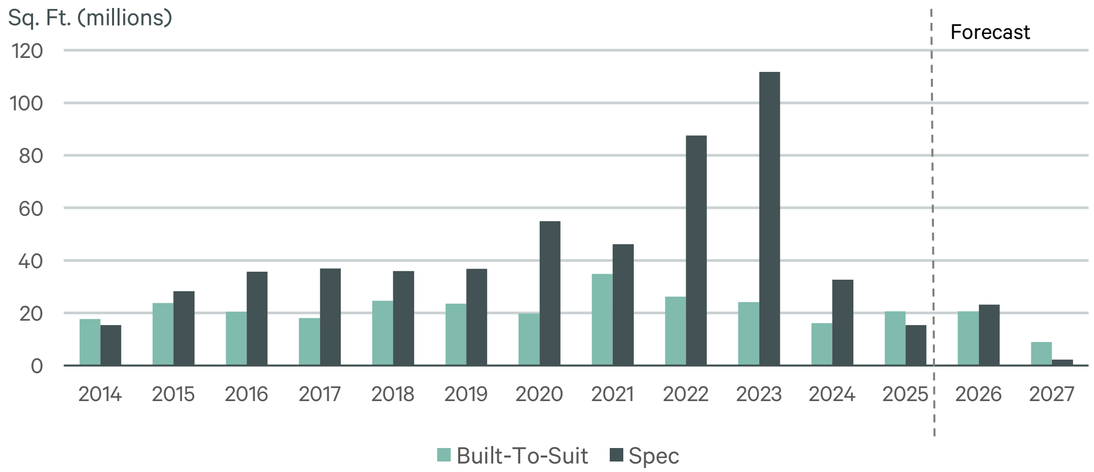
Market	UC BTS (MSF)	UC SPEC (MSF)	Under Construction Total (MSF)	Available Space (MSF)	Available Space (%)	Pre-Leased (MSF)	Pre-Leased (%)
Chicago	7.19	5.18	12.38	4.69	41.9	7.19	58.1
Cincinnati	0.85	0.00	0.85	0.00	0.0	0.85	100.0
Cleveland	0.04	0.08	0.12	0.08	67.7	0.04	32.3
Columbus	2.72	1.91	4.62	1.29	27.9	3.33	72.1
Des Moines	1.01	0.24	1.25	0.21	17.1	1.04	82.9
Detroit	1.25	0.39	1.64	0.39	23.8	1.25	76.2
Indianapolis	2.51	0.60	3.11	0.60	19.3	2.51	80.7
Kansas City	1.67	3.44	5.11	2.43	47.5	2.68	52.5
Louisville	2.19	5.15	7.34	5.01	68.4	2.32	31.6
Milwaukee	0.44	1.23	1,67	1.17	70.0	0.50	30.0
Minneapolis/ St. Paul	1.82	0.71	2.53	0.62	24.5	1.91	75.5
Omaha	0.47	0.56	1.04	0.54	52.6	0.49	47.4
Pittsburgh	0.31	0.43	0.84	0.00	0.0	0.84	100.0
St. Louis	3.24	0.37	3.61	0.37	10.2	3.24	89.8
Total Midwest	**25.71**	**20.40**	**46.11**	**17.41**	**38.8**	**28.21**	**61.2**

Source: CBRE Research, Q1 2026

FIGURE 5: Pre-Leasing in Projects Currently Underway

Source: CBRE Research, Q1 2026

FIGURE 6: Construction Completions by Year –Build-to-Suit vs. Speculative

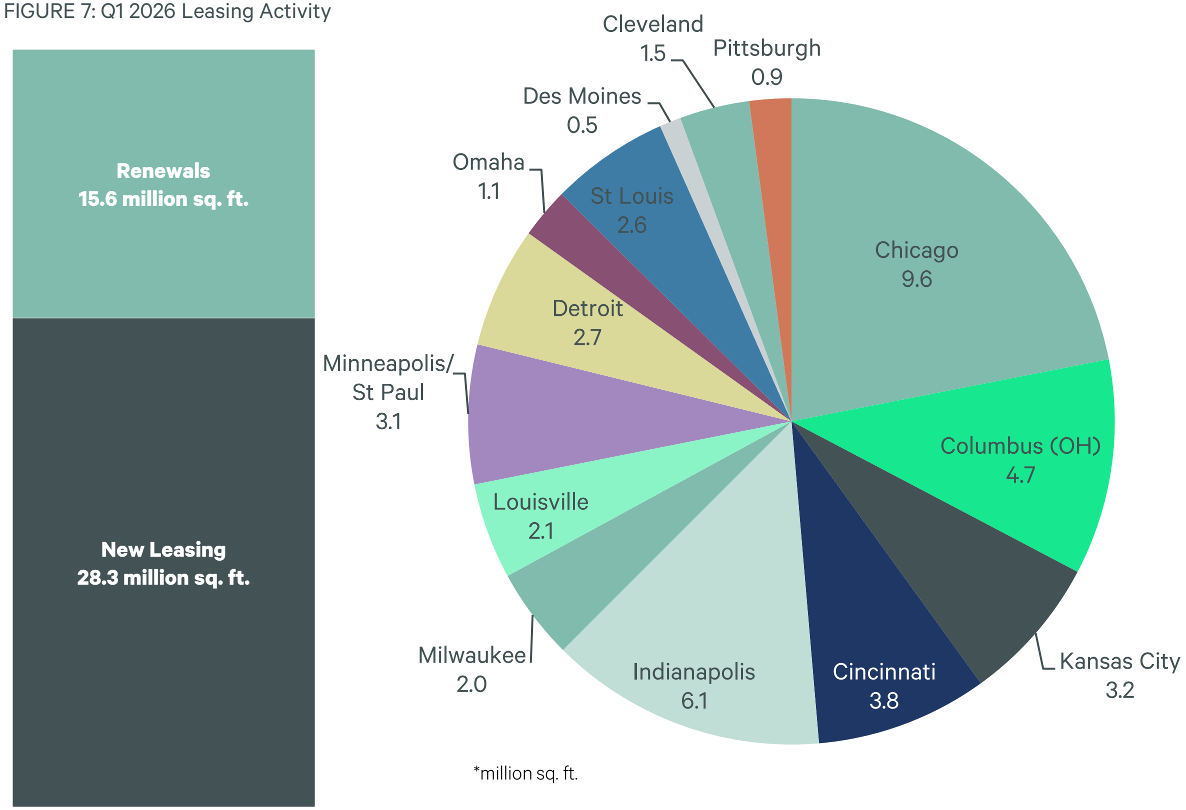


Source: CBRE Research, Q1 2026, forecast based on projects which had started construction as of Q1 2026

Transaction Activity

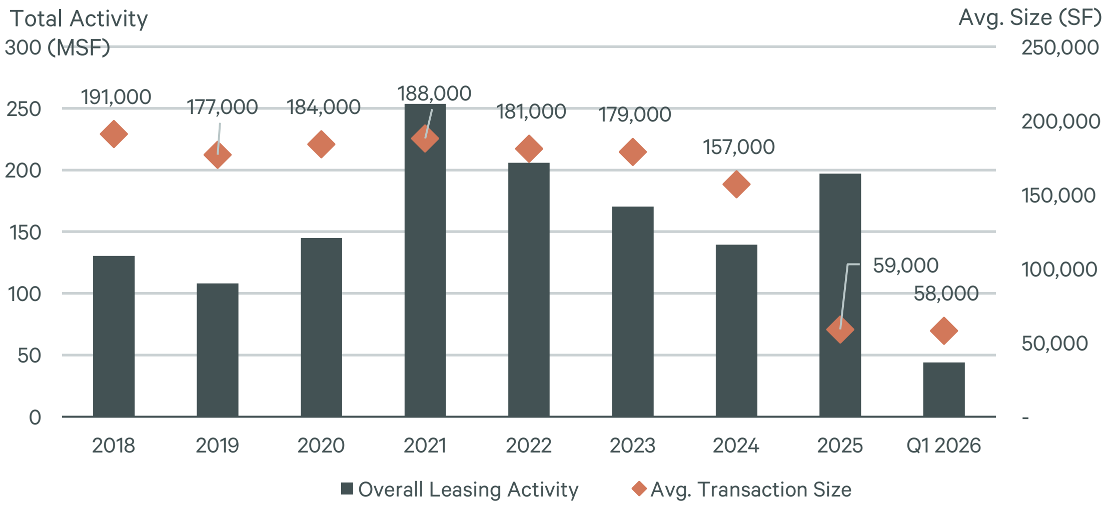
The Midwest markets posted 43.9 million sq. ft. of industrial leasing activity in Q1 2026. 64.5% was new activity and 35.5% was from renewals. Leasing activity decreased from the 49.0 million sq. ft. recorded in Q4 2025. Chicago saw the most activity, followed by Indianapolis, Columbus, and Cincinnati. While activity has decreased compared with previous years, leasing activity remained strong and exceeded totals prior to 2020. The last full year of leasing activity in 2025 posted 197.0 million sq. ft., which greatly exceeded the 2024 leasing activity total of 139.4 million sq. ft.

FIGURE 7: Q1 2026 Leasing Activity



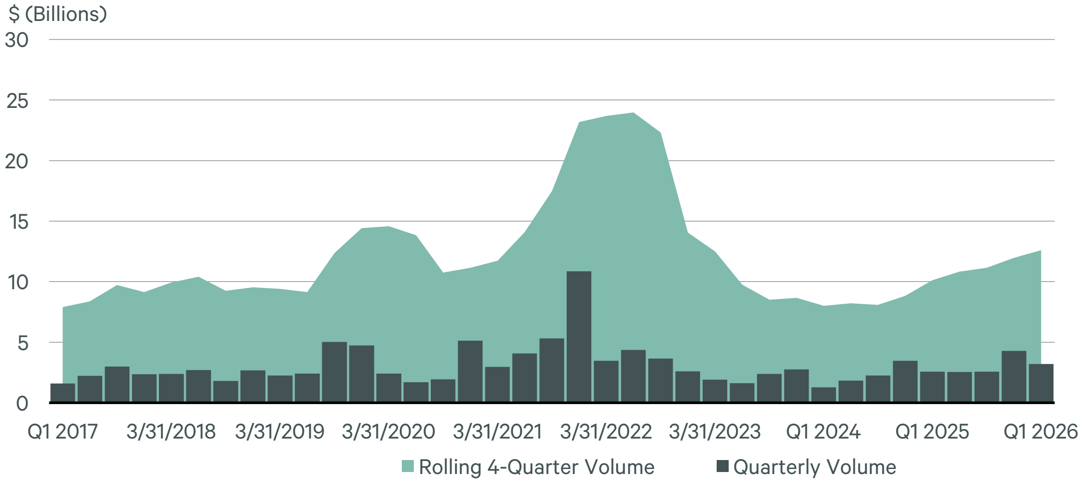
Source: CBRE Research, Q1 2026

FIGURE 8: Historic Leasing Activity



Source: CBRE Research, Q1 2026

FIGURE 9: Investment Activity



Source: Real Capital Analytics Q1 2026

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 Q1 2026, averaging $7.28 per sq. ft. NNN representing a 13.6% premium over facilities in the 500,000 to 749,999 sq. ft. range. Facilities in the 750,000 sq. ft. or greater range maintained the lowest vacancy rate for big box facilities, averaging 5.8% vacancy as of Q1 2026 after posting 6.2 million sq. ft. of positive net absorption in Q1 2026.

Strong leasing activity continues in the Midwest with 29.7 million sq. ft. of big box leasing activity in Q1 2026. 69.0% came from facilities 200,000-499,999 sq. ft., 10.1% came from facilities 500,000-749,999 sq. ft., and 20.9% came from facilities over 750,000 sq. ft.

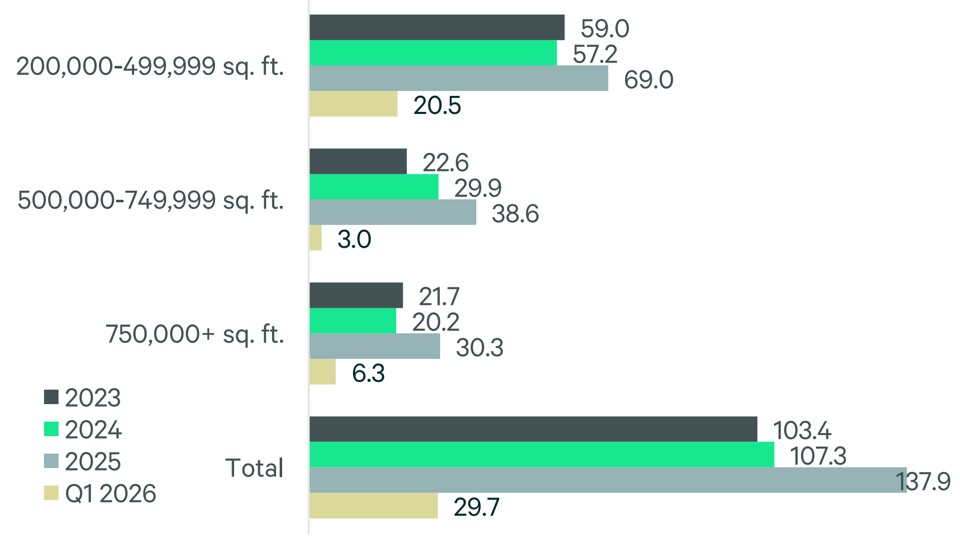
Big Box development activity has increased with the Q1 2026 under construction total 19.7% higher than the total in Q1 2025. For completions in Q1 2026, 56.4% of the big box completed space came from facilities 200,000-499,999 sq. ft., 8.4% came from facilities 500,000 to 749,999 sq. ft., and 35.2% came from facilities over 750,000 sq. ft.

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

Size Range (Sq. Ft.)	Net Rentable Area (MSF)	Availability Rate %	Vacancy Rate %	Q1 2026 Construction Completions (MSF)	Under Construction (MSF)	Q1 2026 Net Absorption (MSF)	Avg. Asking Rate PSF ($, NNN)
200,000-499,999	1,137.55	8.6	6.4	4.51	18.43	9.89	7.28
500,000-749,999	439.39	7.9	6.3	0.67	6.97	0.35	6.41
750,000+	722.93	7.6	5.8	2.81	11.95	6.26	6.77
Midwest Total	**2,299.87**	**8.1**	**6.2**	**7.99**	**37.35**	**16.49**	**6.96**

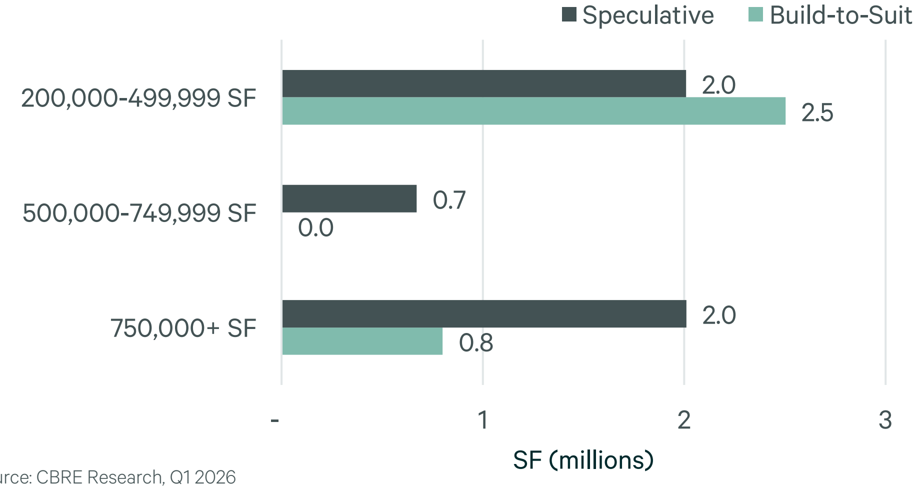
Source: CBRE Research, Q1 2026

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



Source: CBRE Research, Q1 2026

FIGURE 12: Q1 2026 Midwest U.S. Big Box Completions by Size



Source: CBRE Research, Q1 2026

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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 (Louisville industrial tracked building sets to reflect buildings with a Net Rentable Area (NRA) of 50,000 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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