CoStar Expects U.S. Industrial Vacancy to Peak This Year; Rent Growth Remains Unchanged Through 2026

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ARLINGTON, Va.--(BUSINESS WIRE)--Feb. 5, 2026-- U.S. industrial vacancy is projected to rise in 2026, while average annual rent growth is expected to remain steady, according to a revised forecast from CoStar, the leading global provider of online real estate marketplaces, information and analytics in the property markets.

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Despite the expectation that demand will increase slightly from 2025 levels, the national industrial vacancy rate is forecasted to increase from its current level (7.5%) to 7.8% by the end of 2026, before declining through 2027. This modest near-term rise in vacancy, driven by ongoing supply additions, is projected to pull rent growth closer to +1.0% before reaccelerating.

Average annual rent growth over the 2026-27 period is forecasted at +2.2%, in line with previous expectations. An inflection in the vacancy trend by the end of 2026 is expected to push annual rent growth higher to +2.8% by the end of 2027, which would still underperform the pre-pandemic five-year average.

Absorption is expected to increase in 2026 but continues to reflect weak tenant demand relative to pre-2023 levels.

“While the freight recession, which has persisted since 2023, has primarily resulted in negative net absorption in older properties, sublease space has begun to increase in newer properties as industrial tenants work to right-size their footprints,” said Juan Arias, national director of industrial analytics at CoStar Group. “Rent increases, which have stalled, are likely to continue to pull back as competitive sublease space becomes available at a discount in major markets.”

“Risks to the forecast remain tilted to the downside,” said Arias. “If tariffs between the U.S. and other trade partners increase or remain elevated for a prolonged period, or if consumer spending on goods weakens further, the industrial vacancy rate could reach 8-9%, resulting in a more significant drag on national industrial rents. Conversely, if inflation eases and consumer confidence rebounds, absorption and rent growth across industrial properties could outperform expectations.”

The full forecast can be found here.

For more information about the company and its products and services, please visit costargroup.com.

About CoStar Group

CoStar Group (NASDAQ: CSGP) is a global leader in commercial real estate information, analytics, online marketplaces, and 3D digital twin technology. Founded in 1986, CoStar Group is dedicated to digitizing the world’s real estate, empowering all people to discover properties, insights, and connections that improve their businesses and lives.

CoStar Group’s major brands include CoStar, a leading global provider of commercial real estate data, analytics, and news; LoopNet, the most trafficked commercial real estate marketplace; Apartments.com, the leading platform for apartment rentals; Homes.com, the fastest-growing residential real estate marketplace; and Domain, one of Australia’s leading property marketplaces. CoStar Group’s industry-leading brands also include Matterport, a leading spatial data company whose platform turns buildings into data to make every space more valuable and accessible; STR, a global leader in hospitality data and benchmarking; Ten-X, an online platform for commercial real estate auctions and negotiated bids; and OnTheMarket, a leading residential property portal in the United Kingdom.

CoStar Group’s websites attracted over 143 million average monthly unique visitors in the third quarter of 2025, serving clients around the world. Headquartered in Arlington, Virginia, CoStar Group is committed to transforming the real estate industry through innovative technology and comprehensive market intelligence. From time to time, we plan to utilize our corporate website as a channel of distribution for material company information. For more information, visit CoStarGroup.com.

This news release includes "forward-looking statements" including, without limitation, statements regarding CoStar's expectations or beliefs regarding the future. These statements are based upon current beliefs and are subject to many risks and uncertainties that could cause actual results to differ materially from these statements. The following factors, among others, could cause or contribute to such differences: the risk that U.S. industrial projected absorption levels and total vacancy rate do not occur as expected or are not influenced negatively by weighty trends in trade uncertainty or positively by trends in consumer spending and inflationary economic conditions as expected. More information about potential factors that could cause results to differ materially from those anticipated in the forward-looking statements include, but are not limited to, those stated in CoStar’s filings from time to time with the Securities and Exchange Commission, including in CoStar’s Annual Report on Form 10-K for the year ended December 31, 2024 and Forms 10-Q for the quarterly periods ended March 31, 2025, June 30, 2025, and September 30, 2025, each of which is filed with the SEC, including in the “Risk Factors” section of those filings, as well as CoStar’s other filings with the SEC available at the SEC’s website (www.sec.gov). All forward-looking statements are based on information available to CoStar on the date hereof, and CoStar assumes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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