CoStar Expects U.S. Industrial Demand to Outpace Supply by Late 2027

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ARLINGTON, Va.--(BUSINESS WIRE)--Aug. 5, 2026-- U.S. industrial vacancy is expected to rise slightly through early 2027 before making a gradual descent, 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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Industrial deliveries to outpace demand into 2027

The national industrial vacancy rate remains in the mid-7% range entering the third quarter of 2026 and is expected to edge higher into 2027 before beginning a steady decline. This is a modest improvement from the previous forecast, as stronger-than-expected demand in recent quarters has led to an upward revision in near-term net absorption and a slightly lower vacancy outlook.

Average annual rent growth over the 2026-27 period has also been revised higher and is now forecasted at +1.9%.

“While leasing activity remains healthy, elevated availability and a lingering supply overhang are expected to keep rent growth modest in the near term,” said Juan Arias, national director of industrial analytics at CoStar Group. “By late 2027, slowing construction activity and improving demand should allow net absorption to exceed new supply, marking a turning point for market fundamentals.”

“Risks to the forecast remain tilted to the downside,” said Arias. “Trade and tariff uncertainty, elevated operating costs, and subdued consumer spending on goods could weigh on tenant expansion plans and delay the recovery in demand. Under a weaker economic scenario, vacancy could rise above the current forecast and place additional pressure on rents. Conversely, easing inflation, stronger consumer confidence, and continued resilience in leasing activity could support faster absorption and an earlier recovery.”

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 118 million average monthly unique visitors in the second quarter of 2026, 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.

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News Media Contacts
Haley Luther
Senior Communications Manager
(216) 278-0627
hluther@costar.com

Source: CoStar Group