

Industrial Insight

Lots to Gain:

Industrial Outdoor Storage is
Outperforming Bulk Warehouse

NEWMARK



Industrial outdoor storage (IOS) is a large but oft-overlooked segment of the U.S. industrial real estate market. However, this has begun to change as investors increasingly take note of the outsized rent growth IOS has delivered in recent years (123% since 2020), outpacing more visible and institutionalized segments such as bulk warehouse (58% over the same period). Newmark estimates there are 1.4 million acres of IOS across the U.S., an area roughly equivalent to the state of Delaware. A conservative estimate of readily tradeable IOS real estate in that footprint signals a \$200 billion market capitalization. Including the U.S. footprint of rail yards, inland intermodals, sea- and airport-related land – all of which rarely trade – the total market capitalization for IOS could conceivably exceed one trillion dollars.

Defining IOS

IOS encompasses two primary use cases that distinguish it from traditional industrial real estate, although specific use cases will evolve amid technological innovation and sector institutionalization.

TRANSPORT, LOGISTICS & FLEET OPERATIONS

This includes land and high flow-through facilities supporting cargo movement with an emphasis on a frequent inbound/outbound dynamic, such as cross-dock truck terminals, shipping container storage, trailer parking and fleet maintenance/charging facilities. Typical users may include companies such as FedEx, JB Hunt and Maersk.

EQUIPMENT & BULK MATERIALS STORAGE/RENTAL OPERATIONS

This includes land and facilities supporting asset-intensive operations with an emphasis on the yard storage and staging areas, such as contractor yards, building materials supply centers, car and equipment rentals, and landscaping services. Typical users may include companies such as TruGreen, ABC Supply and United Rentals, which has approximately 1,400 locations across the U.S.

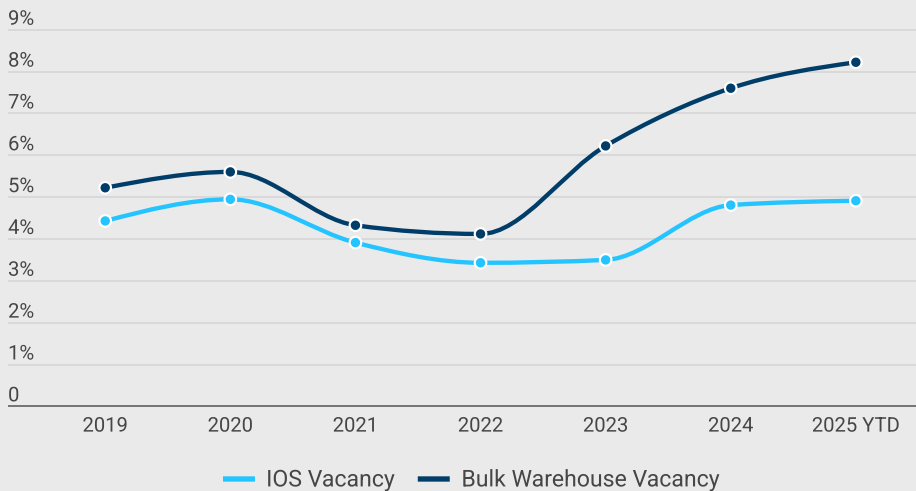
These operations typically require smaller one-to-15-acre parcels with coverage ratios well below 25%, most under 20%. In contrast, bulk warehouses occupy larger sites with coverage ratios typically exceeding 25% and emphasize building design for warehousing and distribution efficiency. While bulk warehouses have dominated industrial investor focus over the past five years, IOS has delivered twice the rent growth and has roughly half the vacancy rate of the bulk warehouse sector. This divergence reflects contrasting supply-demand dynamics.

Divergent fundamentals between IOS and bulk warehouse inventories are driven by supply-side pressure, yet IOS is consistently a tighter market.

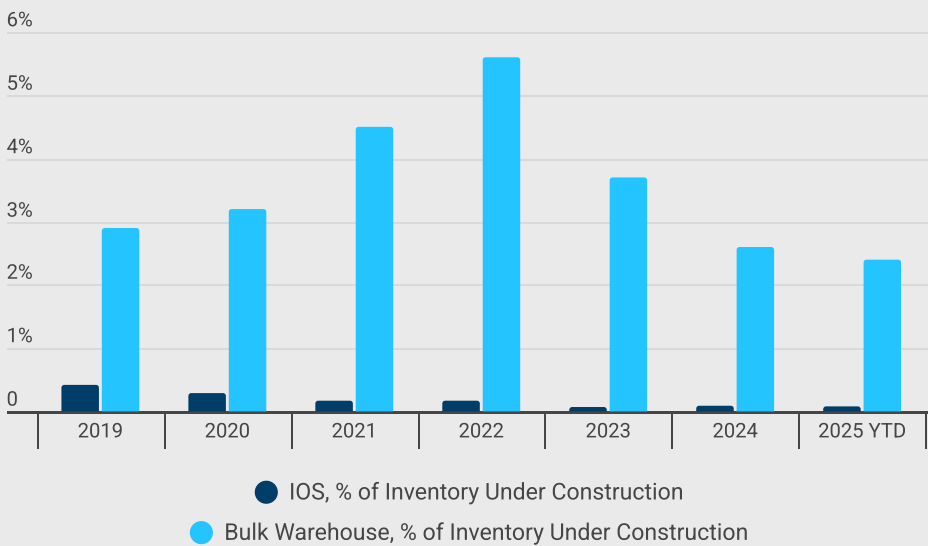


As a percentage of inventory, bulk warehouse development soared to 2.5 times the 2015-2019 average by its peak in 2022, driven by surging consumer demand for goods stored and distributed through warehouses and the low cost of capital. However, this demand has since normalized faster than developers could respond. IOS, facing [even greater zoning restrictions](#) than bulk warehouses, has seen minimal purpose-built inventory additions over the same period. The sector’s sticky tenant base also helps maintain tight fundamentals, as many IOS assets are owner-occupied and tenants that lease tend to stay and are less directly exposed to fluctuations in consumer retail spending.

U.S. IOS & BULK WAREHOUSE VACANCY RATES



U.S. IOS & BULK WAREHOUSE % OF INVENTORY UNDER CONSTRUCTION



Source: Newmark Research, CoStar

A typical bulk warehouse could occupy upwards of 10 times more land at higher floor-area-ratios (FAR) than IOS’s more fully utilizable typical acreage. When normalized per acre, IOS generates similar rents to bulk warehouse in some markets due to factors including:

- **Land Density and Zoning Driving Bulk Warehouse Occupiers to IOS:** In dense markets such as Chicago and Northern New Jersey, land scarcity has pushed bulk warehouse FARs higher, driving some bulk warehouse tenants to lease IOS for drop yards or parking as a complement to warehousing operations, increasing demand for a finite supply of IOS. Zoning restrictions complicate higher utilization of bulk warehouse land. On the flip side, many IOS parcels may offer the potential to “go vertical,” appealing to industrial developers seeking optionality in dense or high-growth markets (further tightening the core IOS inventory).
- **Softening Bulk Warehouse Fundamentals Bringing Rents In Line:** Beyond supply-side pressures on bulk warehouse, it is important to note that both IOS and bulk warehouse have seen vacancy rise due to softer demand amid economic and policy uncertainty in 2025. However, IOS vacancy has increased at a much slower rate than bulk warehouse. With higher vacancy, bulk warehouse rents are softening while IOS rents are still rising as a national average, narrowing the price gap.
- **Fragmented IOS Pricing:** IOS has a highly disparate ownership base with institutionalization still in the nascent stages, creating inconsistent pricing approaches. Moreover, lenders’ limited historical understanding of IOS collateral has complicated financing for acquisitions and developments, but growing lender expertise and a new wave of tailored debt products are broadening capital access and standardizing pricing.

IOS remains in early stages of transitioning to institutional ownership, but acquisitions by major equity managers are rising, evidenced by recent transactions such as [Alterra IOS and J.P. Morgan Asset Management’s sale of a \\$490 million, 51-property portfolio](#), [Realterm’s \\$277 million portfolio acquisition from Brookfield](#), and [Catalyst IOS’s \\$163.5 million sale of 18 properties](#). During the past five years, the number of IOS properties reported in the National Council of Real Estate Investment Fiduciaries’ (NCREIF) Expanded National Property Index has more than doubled, with five-year annualized returns exceeding those of the broader industrial sector by 126 basis points*.

Despite higher vacancy in some coastal and freight-dependent markets, the U.S. IOS sector is expected to remain tighter than bulk warehouse and enjoy rent growth. Long-term demand drivers - from the construction of megaprojects, such as [data centers](#), [manufacturing facilities](#) or [major infrastructure](#) investments, to the need for specialized charging and maintenance networks for evolving technologies, i.e. advanced air mobility, autonomous vehicle fleets - are poised to further catalyze institutional investment, transforming IOS from a niche, fragmented market into a maturing, standardized asset class.

On average, IOS has seen *twice the rent growth* and has nearly *half the vacancy* of bulk warehouse.



Market	Total Bulk Warehouse Footprint (Acres)	Total Est. IOS Footprint (Acres)	Population Density (People per Sq Mi)	Annual Average 2025 Bulk Warehouse Rent Per Acre	Annual Average 2025 IOS Rent Per Usable Acre*	5-Year IOS Rent Growth (2020-2025 YTD)	5-Year Bulk Warehouse Rent Growth (2020-2025 YTD)	1H 2025 IOS Vacancy	1H 2025 Bulk Warehouse Vacancy
Atlanta	57,800	15,700	737	\$107,611	\$117,252	172.3%	58.9%	8.7%	11.1%
Chicago	61,200	26,800	1,327	\$112,873	\$134,640	109.5%	12.1%	3.9%	6.8%
Dallas-Fort Worth	66,800	37,100	973	\$140,533	\$91,488	84.9%	54.9%	5.5%	10.2%
Greater Philadelphia	32,600	14,300	1,374	\$196,146	\$127,235	81.3%	126.3%	6.0%	9.1%
Houston	49,400	27,400	934	\$123,101	\$83,988	82.8%	10.7%	3.4%	8.0%
Inland Empire	36,500	24,100	174	\$260,489	\$255,516	86.5%	75.4%	6.8%	10.2%
Los Angeles	19,300	28,400	2,679	\$405,544	\$336,120	78.4%	50.5%	7.5%	8.0%
Memphis	20,600	11,400	296	\$80,185	\$58,644	195.5%	36.6%	3.5%	10.4%
Northern NJ	9,700	26,700	1,089	\$361,004	\$335,208	110.8%	109.2%	4.2%	7.0%
Orlando	8,700	13,900	842	\$117,743	\$93,372	130.9%	66.3%	2.5%	14.3%
Phoenix	31,000	13,400	359	\$129,591	\$137,220	316.7%	58.4%	3.9%	16.7%
Savannah	18,200	6,500	320	\$88,209	\$99,972	143.2%	48.9%	3.4%	16.1%
Seattle	13,600	12,500	706	\$228,463	\$178,824	61.4%	56.4%	6.1%	9.8%
South Florida	15,400	17,000	1,273	\$320,758	\$198,420	115.6%	70.8%	3.7%	7.6%
Tampa	15,800	9,300	1,386	\$150,265	\$94,632	71.9%	69.9%	4.7%	11.8%
15 Market Sum	456,600	284,500	965	\$188,168	\$156,169	122.8%	60.3%	4.9%	10.5%

Source: Newmark Research, Alterra IOS, U.S. Census, CoStar.

Notes:

*NCREIF parameters for IOS include truck terminals only, so this is likely an understatement of the trend.

**Memphis vacancy skewed by an abnormally large vacant IOS property, which has been removed from the Memphis vacancy pool for purposes of this analysis

1. Bulk Warehouse Rent Per Acre determined by market avg. FAR and rents for Class A bulk warehouse. Note that bulk warehouse rent per acre may include usable and unusable acreage alike and is therefore considered a low estimate. Also note that market standard for IOS is rent per acre per month; for consistency, these numbers have been annualized.

2. IOS vacancy is calculated on building improvements only.

3. Bulk warehouse inventory collected from buildings on 3-900 acres to avoid data-skewing outliers.

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