YOUTUBE LINK:
https://youtu.be/eC5KIwgw5pw?si=qmZHx3xNblBREAIY

ASPIRE CRE · MARKET REPORTS

U.S. Industrial Market Report — Q3 2025

Five major industrial REITs reported a market that has found its footing: stabilizing fundamentals, double-digit rent growth, and a supply pipeline shrinking fast — with the Sun Belt, and Texas in particular, out front.

Based on the Q3 2025 earnings calls of Prologis (PLD), STAG Industrial (STAG), EastGroup Properties (EGP), First Industrial Realty Trust (FR), and LXP Industrial Trust (LXP).

The quarterly earnings calls of publicly traded industrial REITs provide some of the clearest real-time data on where the market is headed.

The bad news: they're long, boring and might put you to sleep.

The good news: we analyzed them so you don't have to.

For this report, we went through the Q3 2025 results of five of the biggest names in industrial — Prologis, STAG Industrial, EastGroup Properties, First Industrial Realty Trust, and LXP Industrial Trust — and pulled out what matters for the market overall, and for Houston and Texas in particular.

The Takeaway

Across all five reports, the message is consistent: the industrial market has stabilized. Rents are still growing, often in double digits, and construction pipelines are shrinking fast. The large corporate occupiers — third-party logistics firms, manufacturers, and e-commerce tenants — who spent much of the past year on the sidelines waiting out tariff and economic uncertainty are starting to move again.

Q3 2025 was about stabilization. Q4 and 2026 could mark the start of a slow but steady reacceleration. And one region drew the most attention from tenants, developers, and investors alike: the Sun Belt, with Texas and Houston named as outperformers in nearly every report.

At a Glance

Company	Q3 FFO / Share	YoY	Occupancy	Cash Rent Spread
Prologis	$1.49	—	95.3%	+49% *
STAG Industrial	$0.65	+8%	~93% **	+27%
EastGroup	$2.27	+6.5%	96.7%	+22%
First Industrial	$0.76	+8%	94%	+32%
LXP Industrial	— ***	+6%	96.8%	—

** Prologis figure reflects rent growth on new and renewed leases. ** STAG occupancy not separately disclosed; industry vacancy ~7%. *** LXP FFO rose 6% year over year; a per-share figure was not specified on the call. Rent spreads shown on a cash basis where available.*

Prologis (PLD)

The global heavyweight posted another strong quarter. Core FFO of $1.49 per share beat expectations, leasing hit a record 62 million square feet, and occupancy held at 95.3%. Rent growth was the headline: new and renewed leases came in 49% above prior rates — a striking figure for a market most observers call "normalizing." The portfolio also carries roughly $900 million of embedded NOI in below-market leases set to roll to market over the next few years.

The bigger story was strategic. Prologis is repositioning from a pure warehouse REIT into a power and data-infrastructure company. It now holds over 5 gigawatts of data-center capacity secured or in development — about $15 billion of powered-shell investment — and is already in discussions with customers for every megawatt it plans to deliver over the next three years. Its solar and battery operations are scaling toward 1 gigawatt by year-end.

The quarter also closed an era. Longtime CEO Hamid Moghadam announced he is stepping down after 42 years and 112 earnings calls, moving to executive chairman. He leaves on some of the company's best-ever results.

STAG Industrial (STAG)

A similar story of steady fundamentals. Core FFO of $0.65 per share, up 8% year over year, on nearly 6 million square feet of leasing at cash rent spreads of 27%. With industry vacancy around 7%, STAG expects improvement by the second half of 2026, and it is already through more than half of next year's expirations — a sign tenants are locking in renewals early.

Where Prologis is building data centers, STAG is staying with what it knows: single-tenant warehouses in infill markets and build-to-suit projects. Its stated priorities are consistency — rent spreads in the high teens, NOI growth around 4%, and markets and deal sizes it knows well.

EastGroup Properties (EGP)

One of the sector's most disciplined operators. FFO of $2.27 per share, up 6.5%, extending more than a decade of uninterrupted quarterly FFO growth. The portfolio is 96.7% leased, with same-store cash NOI up 7% and net rent spreads of 36% (GAAP) and 22% (cash). Tenant retention sits near 80%, and the top 10 tenants account for just 7% of rent — minimal concentration risk.

Management flagged construction costs down 10–12% and permitting delays limiting new supply, which it expects to tighten the market further over the next two years. The balance sheet is strong: debt-to-EBITDA under 3x, interest coverage at 17x, and nearly half a billion in liquidity. New capital is aimed at Sun Belt markets — Florida, Texas, and North Carolina.

First Industrial Realty Trust (FR)

Solid, normalizing-market performance. FFO of $0.76 per share, up 8%; same-store cash NOI up 6%; and full-year guidance raised to $2.96 per share. The portfolio is 94% leased, with 95% of 2025 expirations already addressed at a 32% cash rent increase — and 31% of 2026 expirations addressed at 31% rent growth.

Development wins came in Phoenix, Miami, the Inland Empire, and Dallas. Management specifically called out Houston and Dallas, along with South Florida and Nashville, as top performers. Houston's diversified tenant base — energy, logistics, and manufacturing — and disciplined new supply were highlighted. The firm is targeting 7% development yields and 9% IRRs.

LXP Industrial Trust (LXP)

One of its best quarters in years, driven by a single move: the sale of two vacant one-million-square-foot developments, in Central Florida and Indianapolis, for $175 million — a 20% premium to book value. The deal lifted occupancy 400 basis points, cut leverage from 5.8x to 5.2x, and raised FFO 6%. Proceeds retired $140 million of 6.75% debt, saving roughly $12 million a year.

Portfolio occupancy now stands at 96.8%, with same-store NOI up 4% year to date and rents growing about 3% annually; 2026 leases roll roughly 31% below market, a foundation for next year's rent growth. LXP is concentrated in 12 Sun Belt and Lower Midwest target markets — 85% of the portfolio — including Dallas, Houston, Phoenix, and Indianapolis, where construction starts are down more than 70% since 2022. It is recycling capital out of slower markets rather than chasing acquisitions, and raised its dividend 3.7%.

The Texas & Houston Angle

For the Houston market, the reports line up in one direction. EastGroup is steering new capital toward Texas, citing population growth, manufacturing expansion, and a business-friendly environment. First Industrial named Houston a top-performing market, pointing to its diversified energy, logistics, and manufacturing tenant base and to developers holding back on new supply. LXP counts Houston among its core target markets, where construction starts have fallen more than 70% since 2022. Tightening supply against steady demand is the classic setup for continued rent growth.

Themes Shaping the Market

- **Supply is tightening fast.** Construction starts remain well below post-COVID levels — down more than 70% since 2022 in some markets — while permitting delays and a 10–12% drop in construction costs further constrain new product.
- **Flight to quality.** Demand is concentrating in newer, energy-efficient, well-located buildings, while older and poorly located product begins to lag.

- **Occupiers are reactivating.** 3PLs, manufacturers, and e-commerce tenants are moving again after a cautious stretch tied to tariff and economic uncertainty.
- **Strategies are diverging.** Prologis is pushing into power and data centers; the others are doubling down on disciplined, well-located warehouse portfolios.

Outlook

The through-line across all five names is cautious confidence heading into 2026. Fundamentals have stabilized, supply is constrained, rent growth continues, and demand is returning. If Q3 2025 marked the floor, the next several quarters could bring a slow, steady reacceleration — with the Sun Belt, and Texas, positioned to lead.
