U.S. Industrial Market Report — Q4 2025

Industrial's recovery is taking shape. Q4 brought record leasing, high occupancy, and double-digit rent mark-to-market — while a sharp pullback in new construction sets up a demand-led reacceleration in 2026.

Based on the Q4 2025 (quarter ended December 31, 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 analyze them every quarter so you don't have to.

We went through the Q4 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 recovery that began mid-2025 picked up speed. Occupancy held high across the group (94% to 97%+), rent mark-to-market stayed strong (double-digit cash leasing spreads, far higher on a net-effective basis), and leasing volumes hit records — CBRE pegged Q4 U.S. industrial leasing at 226 million square feet, up 22% year over year and an all-time high, with full-year 2025 the second-highest on record. Demand from third-party logistics firms, manufacturers, and data center users is reaccelerating.

The supply side is the other half of the story. New deliveries fell roughly 35% versus 2024, construction starts remain depressed, and permitting and zoning have gotten harder — tightening future supply just as demand returns. Prologis expects U.S. net absorption near 200 million square feet in 2026, up from about 155 million in 2025, with vacancy easing toward 7%. Most management teams guided to continued FFO growth and several raised dividends. Stabilization is giving way to a demand-led reacceleration.

At a Glance

Company	Q4 FFO / Share	YoY	Occupancy	Cash Rent Spread
Prologis	$1.44	— *	95.8%	+44% **
STAG Industrial	$0.66	+6.3% †	96.4%	+16.3%
EastGroup	$2.34	+8.8%	96.5%	+19%
First Industrial	$0.77	+8.5%	94.4%	+35%
LXP Industrial	$0.79	Flat	97.1%	+22.6%

** Prologis Q4 Core FFO was $1.44 including net promote expense ($1.46 excluding); promote-income timing distorts the year-over-year comparison, and full-year Core FFO finished at the top of guidance. ** Prologis figure is net effective rent change on new and renewed leases; the others are cash leasing spreads. † STAG's full-year Core FFO grew 6.3%; the Q4 figure includes roughly $0.10 of one-time items. LXP Adjusted Company FFO was flat versus Q4 2024.*

Prologis (PLD)

Prologis closed 2025 with record execution. It signed 57 million square feet of leases in Q4 and drove occupancy toward 96% (95.8% at period-end), with Core FFO of $1.44 per share as the year finished at the top end of guidance. Net effective rents on new and renewed leases rose 44% in the quarter, and the portfolio still carries an 18% lease mark-to-market — roughly $800 million of embedded NOI not yet realized. Same-store NOI grew 5.7% on a cash basis in the quarter.

The strategic story remains the pivot toward power and data infrastructure. Prologis is targeting roughly 40% of its $4–5 billion in annual development starts toward data centers, and its power pipeline has grown to 5.7 gigawatts against a 10-gigawatt opportunity. With founder Hamid Moghadam now executive chairman, CEO Dan Letter laid out a bullish 2026 — Core FFO guidance of $6.00 to $6.20 per share, and an expectation that U.S. net absorption rebounds toward 200 million square feet as market rents approach an inflection.

STAG Industrial (STAG)

STAG capped what management called one of its best years. Core FFO was $0.66 per share in Q4 and $2.55 for the year, up 6.3%, on same-store cash NOI growth of 5.4% in the quarter. Cash leasing spreads were 16.3% — and would have been 20% excluding five fixed-rate renewals — with full-year cash spreads reaching 24%. The portfolio entered 2026 near 98% occupancy.

STAG stayed acquisitive, buying $285.9 million of buildings in Q4 at a 6.4% cash cap rate, and raised its dividend 4%, the largest increase since 2014. CEO Bill Crooker pointed to an improved supply backdrop — deliveries down nearly 35% versus 2024 — and growing tenant engagement across third-party logistics, food and beverage, and data center users. 2026 guidance calls for Core FFO of $2.60 to $2.64, with conditions expected to improve in the back half of the year.

EastGroup Properties (EGP)

EastGroup, the Sun Belt-focused operator, extended its long growth streak. FFO was $2.34 per share in Q4, up 8.8%, and $8.98 for the year, up 7.7% — the twelfth straight quarter of meeting or beating estimates, and over a decade of year-over-year quarterly FFO growth. The portfolio finished 96.5% occupied and 97% leased, with same-store occupancy at 97.4% and cash same-store NOI up 8.4% in the quarter. Quarterly re-leasing spreads were 19% cash and 35% on a GAAP basis.

Development leasing inflected sharply — the fourth quarter accounted for 52% of the year's total, the best quarter in over three years, with average lease size topping 60,000 square feet and six to eight large-tenant conversations underway across six states. Backed by a low-leverage balance sheet, EastGroup guided 2026 FFO to a range of $9.40 to $9.60 per share, roughly 6% growth, and flagged tougher zoning and permitting as a growing constraint on new supply.

First Industrial Realty Trust (FR)

First Industrial delivered double-digit annual growth despite a choppy leasing year. Q4 FFO was $0.77 per share, up from $0.71, and full-year FFO rose 12% to $2.96. Cash rental rates on new and renewal leasing jumped 35% in the quarter (32% for the year, or 37% excluding a large fixed-rate Central Pennsylvania renewal). In-service occupancy was 94.4%, up 40 basis points from the third quarter.

The company raised its dividend 12.4% and pointed to a record leasing market — CBRE counted 226 million square feet of U.S. industrial leasing in Q4, up 22% year over year, with third-party logistics firms making up 36% of activity. First Industrial started new developments including an 84,000-square-foot center in Dallas and a 220,000-square-foot facility in Miami. Its 2026 FFO guidance of $3.09 to $3.19 implies roughly 6% growth, with management flagging some execution risk on 2026 lease-ups.

LXP Industrial Trust (LXP)

LXP finished the year with occupancy at 97.1%, up sharply from 93.6% a year earlier, as its big-box development lease-ups paid off. Adjusted Company FFO was $0.79 per share in Q4 and $3.15 for the year, with same-store NOI up 2.9% for the full year. Fourth-quarter leasing of 2.1 million square feet raised base rents 27.4% (22.6% on a cash basis). After a year of portfolio cleanup — $389.1 million of property sales and net debt reduced to 4.9x EBITDA — LXP is leaning back into growth.

CEO Will Eglin highlighted the first attractive development opportunities the company has seen in years, with 514 acres of land (including 315 acres in Phoenix) and a new Phoenix West Valley project anchoring the pipeline. 2026 FFO guidance of $3.22 to $3.37 implies 4.6% growth, supported by reshoring tailwinds, a favorable supply-demand setup, and lower construction costs.

The Texas & Houston Angle

The Q4 calls leaned more national than local this quarter, but the Sun Belt — and Texas — kept its edge. EastGroup continues to orient its portfolio and new capital toward Sun Belt markets including Texas, where its development leasing inflected to a three-year high. First Industrial broke ground on a new center in Dallas as part of its 2026 development slate. And the broader setup favors Houston: deliveries are down sharply, construction starts remain low, and demand from third-party logistics firms and manufacturers is returning — the same supply-demand backdrop that has kept Texas among the country's healthier industrial markets.

Themes Shaping the Market

- **Demand is reaccelerating.** Record Q4 leasing — 226 million square feet per CBRE, up 22% year over year — led by third-party logistics, manufacturing, and data center users.
- **Supply is tightening.** New deliveries fell roughly 35% versus 2024, construction starts stayed low, and permitting and zoning have gotten harder, constraining future supply.
- **Rent mark-to-market stays strong.** Double-digit cash leasing spreads across the group — and far higher on a net-effective basis — with below-market rent still to roll to market.
- **The data center pivot accelerates.** Prologis is steering roughly 40% of its development starts toward data centers and building a multi-gigawatt power pipeline.

Outlook

Across all five names, the message is a demand-led reacceleration taking shape for 2026. Occupancy is high, rent growth continues, supply is constrained, and absorption is expected to climb — Prologis sees U.S. net absorption near 200 million square feet next year. Most REITs guided to continued FFO growth and several raised dividends. The best-positioned own well-located, modern product in supply-constrained markets, and the Sun Belt, including Texas, remains near the front of the recovery.