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## Warehouse Vacancies Hit a Record

BY LIZ YOUNG

More U.S. warehouse space is vacant than at any time in the past 11 years as companies hold off leasing new space amid rapidly changing trade policy.

The average warehouse vacancy rate across the U.S. ticked up to 7.1% in the second quarter from 6.9% the previous quarter and 6.1% a year earlier, according to a new report from commercial real-estate services firm **Cushman & Wakefield**.

That marked the first time the vacancy rate surpassed 7% since 2014, as businesses rushed extra inventory into their existing warehouses earlier this year and then paused decision-making during the Trump administration's onagain, off-again tariff rollout.

"The market has been moving in what I would call fits and starts" over the past three months, said Jason Tolliver, head of logistics and industrial real estate at Cushman.

Retailers, manufacturers and wholesalers built up stockpiles of inventory ahead of President Trump's anticipated tariffs, then pared back overseas orders and paused leasing decisions as the duties were announced. Tolliver said more companies have been touring warehouse space over the past month as the administration has paused and rolled back some of the steepest new levies.

The industrial real-estate sector has struggled for three years with climbing availability due to weak demand and an influx of newly built space, following a period of frenzied expansion in warehouse construction and leasing during the pandemic that drove vacancy down below 3%.

Many warehouse tenants have been working to cut back on excess space since the pandemic. The amount of U.S. warehouse space listed for sublease reached a record high of more than 225 million square feet in the second quarter, up 25% from the same period a year earlier, according to real-estate services firm Savills.

Mark Russo, head of industrial research at Savills, said retailers, manufacturers and wholesalers used that capacity to stow extra merchandise instead of leasing new space.

Developers have pulled back on new construction amid weakened demand. About 72 million square feet of newly built space became available in the second quarter, down 45% from the same period in 2024, according to Cushman.

Still, the total amount of warehouse inventory across the U.S. was up 19% in the first half of the year compared with 2019, while new leasing activity was down 5% from six years earlier, according to the Cushman report.

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