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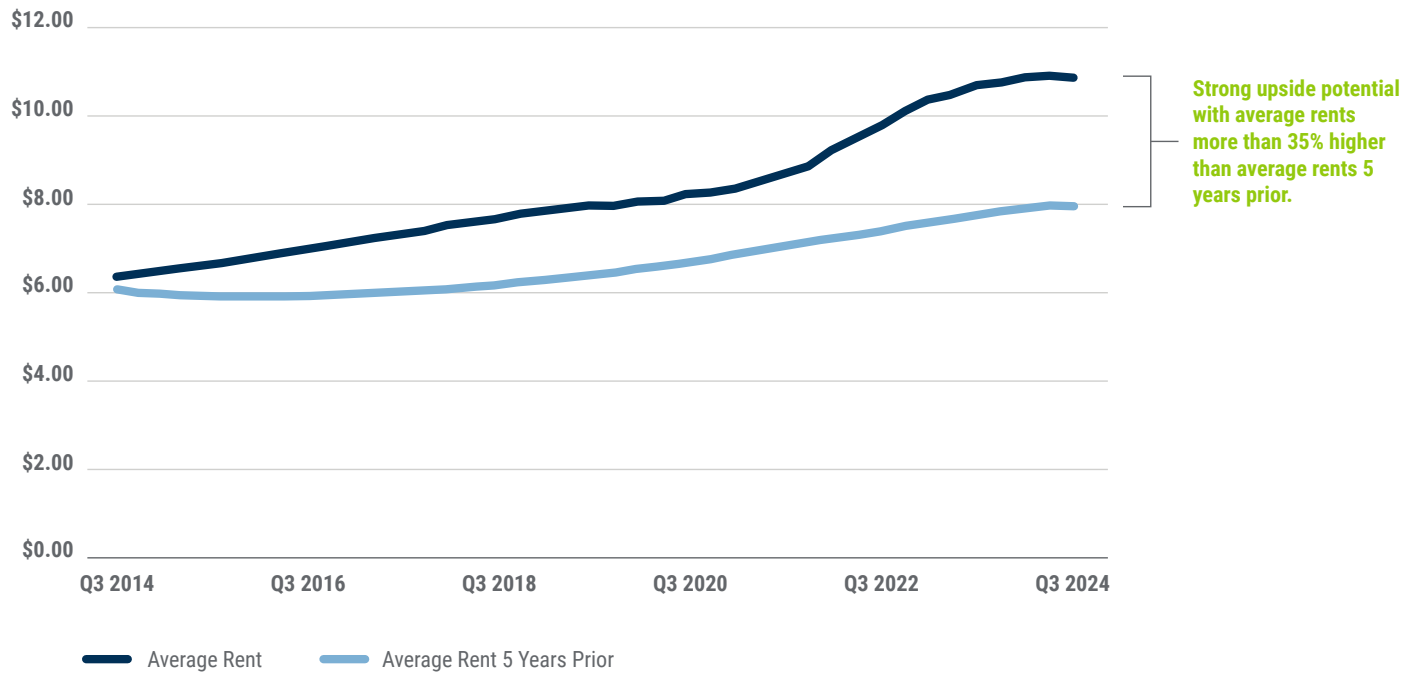
The Industrial Sector Rent Growth Opportunity

BLUEROCK CHART OF THE MONTH

Intense industrial sector demand growth over the last several years has created a rent and value growth opportunity as average U.S. industrial rents 5 years ago are approximately 27% below today's market. Since 5 years is a typical average lease term, this demonstrates that expiring lease rents can rise nearly 30% upon a typical industrial lease expiration in today's world. This means that even without market rent growth, NOI and value growth will be strong for industrial assets as rents reset from much lower in place rates signed years ago. This has made industrial a favored sector as investors expect landlords to capture these gains upon lease maturities and enhance total portfolio returns.

AVERAGE INDUSTRIAL RENT TODAY VS FIVE YEARS PRIOR



Source: Original chart courtesy of AEW Research and Strategy: U.S. Property Market Outlook, October 2024

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