



Industrial Outdoor Storage

Market Report & Outlook | Q4 2025

Industrial Outdoor Storage (IOS) has evolved from a niche asset class into a strategic investment target for institutional capital. In 2025, demand surged as e-commerce growth and supply chain resilience strategies drove the need for well-located outdoor storage sites. Scarcity of zoned land and entitlement hurdles pushed valuations higher, while tenant diversification broadened the sector beyond trucking to include construction, utilities, and renewable energy operators. Looking ahead, IOS fundamentals remain constructive, with continued institutional interest and selective rent growth expected into 2026.

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Mr. Norusis serves as Executive Vice President and National Practice Lead for IOS with over a decade of industrial valuation experience. Having appraised more than \$10 billion in assets and advised leading operators, institutions, and lenders on portfolio strategy and complex sites, he is recognized nationally for IOS expertise. Vytas leads appraisal and consulting assignments nationwide and contributes IOS thought leadership through widely read publications, advancing education and best practices in the industry.

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Key Trends

From Niche to Necessity: IOS Gains Institutional Traction

IOS continued its evolution from a niche asset class to a mainstream investment target in 2025, driven by institutional capital seeking stable, land-based assets with long-term upside. Capital inflows accelerated as investors recognized IOS's critical role in logistics and supply chain resilience. The surge in e-commerce and nearshoring amplified demand for sites near major transportation corridors, positioning IOS as an essential component of last-mile delivery and regional distribution networks.

Scarcity of zoned land remains a defining trend. Urban and infill markets face severe constraints, pushing valuations higher and creating competitive bidding environments for acquisitions. Entitlement hurdles and community opposition further limit supply, reinforcing IOS's pricing power.

Meanwhile, tenant diversification is reshaping the landscape. Beyond trucking and logistics, IOS now attracts construction firms, utilities, and renewable energy operators, broadening its tenant base and reducing risk concentration.

In addition, the sector saw continued maturation and increased transparency. Institutional debt and equity allocations improved liquidity and brought more clarity to what was once an opaque market. This trend intensified in the second half of the year as both conventional and alternative lenders sought exposure to IOS.

Finally, market stratification emerged as a key dynamic: premium sites with by-right zoning, clean environmental profiles, and strong tenant demand commanded fierce competition and higher pricing, while more challenging sites traded at discounts to attract buyers willing to undertake repositioning. On the investor side, some groups expanded aggressively with focused strategies, while others retrenched and exited non-accretive investments.



IOS Market Stratification Table (2025)

DRIVER	PREMIUM SITES	REPOSITIONING SITES
Zoning	By-right zoning	Conditional use / entitlement hurdles
Environmental Status	Clean environmental	Requires remediation (stormwater/hazmat)
Location	Infill / logistics-adjacent	Edge locations / secondary markets
Site Geometry	Efficient ingress/egress; trailer circulation	Irregular layout; limited maneuverability
Tenant Demand	Strong, diversified (logistics, utilities, renewables)	Emerging or niche demand
Pricing Outcome	Premium pricing; cap rates closer to traditional industrial	Discounted pricing; value-add thesis
Investor Behavior	Institutional capital; aggressive bidding; sale/leaseback interest	Opportunistic buyers; repositioning strategies



This table illustrates how IOS assets were segmented in 2025, premium sites versus repositioning opportunities, and how those differences shaped pricing and strategy. These dynamics remain relevant for 2026, offering a clear lens for evaluating risk, competition, and potential upside.

Transaction Pulse

Record Volumes Signal IOS Momentum



The IOS transaction market was exceptionally active throughout 2025, with several surveyed groups reporting record volumes. Portfolio transactions gained traction as scale, financing efficiency, and operational standardization became increasingly important to institutional buyers. Many also indicated closing one to two deals per week, underscoring the sector's rapid institutionalization and strong investor appetite. Activity was particularly robust in the second half of the year as capital sources accelerated aggregation strategies.

Most In-Demand Assets

Well-located sites with clean environmental profiles, by-right zoning, and favorable site geometry dominated investor interest. These characteristics reduced entitlement risk and supported scalability, making such assets highly competitive in bidding processes.

2025 Sales

PROPERTY	BUYER	SELLER
First Student Portfolio	J.P. Morgan Real Estate Income Trust	First Student
CanTex Portfolio	Stockbridge	CanTex
Realterm/EQT Portfolio	Realterm	EQT
Catalyst Recaps	Pension Funds	Catalyst
Alterra/TruGreen	Alterra	TruGreen
Triten Houston Portfolio	Miramar Capital	Triten
Jack Doheny Portfolio	Alterra	Jack Doheny Companies

2026 Sales

PROPERTY	BUYER	SELLER
Axis Sunbelt IOS Portfolio	Realterm	Axis
Peakstone/Brookfield	Brookfield	Peakstone
Open Industrial Recap	Open Industrial	Heitman



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2026 Outlook

Opportunities in Income Growth

The IOS sector is expected to maintain strong momentum from 2025, with several large-scale financings anticipated in the first quarter. The entry of new capital sources, both debt and equity, will continue to push pricing closer to traditional industrial assets, narrowing the gap between these two property types. Institutional interest remains robust, and portfolio aggregation strategies will likely accelerate as investors seek scale and operational efficiency.

Challenges & Risks

Despite positive fundamentals, uncertainty in the logistics market could temper rent growth for logistics-oriented users. Zoning regulations will remain a significant hurdle, making new developments challenging and time-consuming.

Additionally, as the traditional industrial market recovers, IOS inventory could shrink as larger sites with favorable geometry and prime locations are redeveloped into traditional industrial facilities. This trend may create competitive pressure for IOS operators and investors focused on long-term land control.

Opportunities for Investors

Softness in the freight market may present opportunities to acquire functionally obsolete truck terminals that have the requisite zoning for IOS and convert them into alternate uses. Furthermore, consolidation across IOS-related sectors is expected to create significant sale/leaseback opportunities. National operators, who prefer leasing, are increasingly purchasing local companies that own their real estate, opening the door for creative financing and structured transactions.



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For more information,
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