Metz Industrial

INDUSTRIAL OUTDOOR STORAGE

The Asset Class That Built Itself in Plain Sight

A Comprehensive Market Intelligence Report

Prepared by Metz Industrial Group • April 2026 • Updated October 2026

Prepared exclusively for institutional investors, capital allocators, and IOS industry participants

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~$200B	3.6%	123%	$1.7B
Tradable Market (Newmark)	U.S. IOS Vacancy, Q2 2026	U.S. Rent Growth, 2020–25	Raised, 12 Mo. to Q2 2024

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1. Executive Summary

What IOS Is and Why It Matters Now

Industrial Outdoor Storage (IOS) refers to open-air, fenced industrial sites used for the storage, staging, and servicing of vehicles, equipment, containers, and materials. Building coverage ranges from zero to roughly 20–30% — sites can be as low as 5% covered (a building materials yard with a small office) or as high as 25–30% (an equipment rental branch with a full maintenance shop). What defines IOS is that the yard is the product and the building serves the yard. This is where building materials companies store pipe and lumber, where scaffolding firms stage their inventory, where equipment rental fleets park and maintain their machines, where contractors dispatch to jobsites. It is the fenced compound off the highway interchange, the lot at the end of the port road, the yard with the shop building that keeps the physical economy moving.

For decades, IOS was treated as a footnote in industrial real estate — unglamorous, unbranded, and largely off-limits to institutional capital. That changed. Between 2019 and 2025, this segment transformed from a niche operator play into one of the most aggressively pursued asset classes in commercial real estate. Rents more than doubled. Vacancy compressed to levels unseen in any other industrial subcategory. Billion-dollar funds were raised specifically — and exclusively — to acquire IOS sites.

This report is written from the inside. Metz Industrial Group (MIG) has advised tenants, investors, pension funds, acquisition groups, banks, and appraisers on IOS before the industry had agreed on a name for it. What follows is a practitioner's analysis of this market, built on two decades of leasing, selling, owning and managing IOS in New Jersey — its definition, its tenant universe, its rent history, its supply constraints, its institutional capital story, and its investment thesis.

~$200B
Tradable IOS market (Newmark, 2025)

3.6%
U.S. IOS vacancy, Q2 2026; Northern NJ 4.2%, 1H 2025

123%
U.S. IOS rent growth, 2020–2025

$1.7B
Institutional IOS capital raised, 12 mo. to Q2 2024

2. What Is Industrial Outdoor Storage?

Definition, Physical Characteristics, and Distinctions

The Dictionary Definition

in·dus·tri·al out·door stor·age

/ in-DUS-tree-ul OUT-dor STOR-ij /

noun — **An outdoor site, typically fenced and paved, used for the storage, staging, or servicing of vehicles, equipment, containers, and materials in support of industrial and logistics operations.** Building coverage ranges from zero (a pure trailer lot) to roughly 20–30% (an equipment rental branch with a full maintenance shop). Sites at 5–10% coverage are common — a building materials distributor with a small office and a large pipe yard, a scaffolding company with a staging lot and a modest shop. What defines IOS is that the **yard is the product** and the building, if any, serves the yard.

A Note on Emerging Terminology: ISF

A newer and less widely adopted term — **Industrial Service Facility (ISF)** — has begun appearing in institutional circles to describe sites where building coverage exceeds the typical IOS range (above 20–30%) but remains well below traditional industrial. ISF sites are more service-intensive: the building is not just a small shop but a meaningful operational facility for fleet repair, fabrication, or equipment overhaul. Think of it as the upper end of the IOS spectrum — examples might include a large truck maintenance terminal or a heavy equipment service center with substantial shop space. The term is gaining early traction among some brokerages and platforms, but IOS remains the dominant and broadly understood market descriptor.

What IOS Is — and What It Is Not

IOS IS	IOS IS NOT
Open-air, fenced outdoor storage yards (0–30% building coverage) — from pure lots to sites with a maintenance shop	High-coverage distribution centers or logistics buildings
Paved or gravel surfaces for vehicles, equipment, and materials — the yard is the product	Covered parking structures, garages, or goods-storage-only warehouses
Land-intensive, low-coverage-ratio sites where the building serves the yard — not the other way around	High-rise or high-coverage logistics buildings where the building IS the product
Typically 1–10+ acres per tenant	Small-bay or multi-tenant flex space

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IOS IS	IOS IS NOT
Operationally critical — tenants cannot move easily	Fungible space easily replaced by nearby alternatives
Zoning-constrained and supply-inelastic	A product type with active development pipelines

Physical Characteristics

IOS sites share a consistent physical profile that distinguishes them from every other industrial product type: building coverage ratios of generally 20–30% or less, with the vast majority of the site consisting of open, paved or compacted gravel yard space. Perimeter fencing with controlled access, surfaces rated for heavy vehicle and equipment loads, and proximity to major transportation infrastructure are standard. Sites range from fractional acres in dense urban markets to 50+ acre yards in logistics corridors.

The Maintenance Building: The Most Misunderstood Asset in IOS

Here is the critical distinction that most newcomers to IOS miss: the improved portion of an IOS site — the building — is generally **not** a warehouse for storing goods. It is a **maintenance building**: a shop where tenants repair, fabricate, service, and maintain the fleet and equipment that is stored in the yard. An equipment rental company does not need a warehouse — it needs bays with overhead doors, lifts, compressors, and a parts room. A roofing contractor needs a fabrication shop. A utility contractor needs a fleet maintenance facility. The building is the service infrastructure that makes the yard operationally functional.

This distinction has enormous implications for both operations and deal execution. The most valuable IOS sites are not defined by a single feature — they are defined by **flexibility**: the combination of zoning, location, and physical functionality that allows the site to appeal to dozens of different industries. A site with the right zoning, a functional maintenance building, adequate yard and maneuvering space, and a location that serves a deep tenant pool is not just a good asset — it is a site that can be re-tenanted quickly, at market rents, across economic cycles. That operational flexibility is the core driver of IOS value. In MIG's experience, a site without a maintenance building may eliminate **50% or more** of the potential tenant pool — relegating the landlord to drop-yard and trailer-staging uses only. Even traditional logistics tenants benefit from on-site maintenance capability: in markets like Northern New Jersey, environmental regulations and zoning restrictions prohibit performing mechanical work on trucks and equipment in the open yard, making a shop building not just advantageous but legally required.

And here is the timing trap: if a site lacks a maintenance building and a tenant needs one, construction takes a **minimum of 9–12 months**. In a market where tenants are making decisions on near-term timelines, that delay is a deal-killer. The landlord who already has the building in place has a timing advantage that usually wins the deal over the one who needs to build it.

Site Configuration: The Variables That Separate Premium From Average

Beyond the maintenance building, the physical configuration of an IOS site determines its utility — and therefore its rent, its tenant depth, and its value. Not all IOS sites are created equal, and experienced operators evaluate a site's functionality across a matrix of variables that are invisible to investors accustomed to underwriting traditional industrial assets on a price-per-square-foot basis. In IOS, the yard *is* the asset — and the yard's design dictates everything.

Ingress / Egress Design: The number, width, and positioning of access points is one of the most critical variables on any IOS site. A site with a single narrow entrance creates bottlenecks during shift changes and peak dispatch hours — a dealbreaker for high-volume fleet operators. Dual access points (separate in/out gates) allow simultaneous inbound and outbound truck flow without gridlock. Gate width matters: a 53-foot trailer requires a minimum turning envelope that many older sites simply cannot accommodate. Sites with well-designed ingress/egress can command meaningful rent premiums over sites that force tenants into single-point access.

Internal Circulation & Turning Radius: Once inside the gate, a truck needs to maneuver. Can a tractor-trailer make a full turn without a spotter? Can two trucks pass in opposite directions within the yard? Is there a dedicated staging lane for inbound vehicles waiting to be unloaded? The internal circulation pattern of an IOS site is the equivalent of floor plan design in office or multifamily — except the consequences of poor layout are measured in damaged equipment, lost time, and tenant departures. Premium sites have drive-through configurations that eliminate the need for backing maneuvers with heavy loads.

Grade & Drainage: An IOS yard that floods during heavy rain is a liability, not an asset. Proper site grading ensures water drains away from storage areas and maintenance buildings. Stormwater management infrastructure — retention basins, drainage swales, oil-water separators — is not optional for sites handling heavy equipment, petroleum products, or hazardous materials. Poor drainage can trigger environmental compliance issues that shut down operations. Sites with engineered drainage systems built to current standards are increasingly rare and increasingly valuable.

Paving & Surface Load Capacity: Not all paving is equal. A crane company or heavy equipment operator needs a yard surface rated for concentrated loads that would destroy standard asphalt. Reinforced concrete pads, heavy-duty asphalt over engineered aggregate base, and gravel-stabilized areas each serve different load profiles. Sites with a mix of paved and stabilized surfaces offer operational flexibility that pure-gravel or pure-asphalt sites cannot match.

Power Capacity & Electrical Infrastructure: Modern IOS tenants require more power than the industry assumed even five years ago. EV fleet charging, welding operations, compressor systems, overhead crane power, HVAC for maintenance bays, and yard lighting all draw significant load. A site with a 200-amp service panel may be functionally obsolete for tenants running a full maintenance operation. Sites with 400-amp or higher service, three-phase power, and the infrastructure to support future EV charging stations are commanding premiums as the Electrified IOS (EIOS) trend accelerates.

Wash Bays & Environmental Containment: An often-overlooked but operationally critical feature. Equipment rental companies, fleet operators, and construction contractors need the ability to wash vehicles and equipment on site. A purpose-built wash bay with proper containment, oil-water separation, and drainage permitting is a significant capital improvement that tenants will pay a premium to have in place. Without one, tenants either cannot comply with local environmental codes or must

transport equipment off-site for cleaning — an operational cost and time burden that makes the site less competitive. In regulated markets like New Jersey, wash bay permitting alone can take 6–12 months, giving sites that already have them a durable competitive advantage.

Perimeter Security & Stacking Depth: Fencing, gating, camera coverage, and lighting are baseline requirements for any institutional-quality IOS site. But stacking depth — the distance from the perimeter fence to the internal circulation road — determines how efficiently a tenant can utilize the yard. Sites with shallow stacking depth waste acreage on circulation at the expense of storage. Sites with deep, regular lot geometry allow maximum container, equipment, or material stacking per acre, which directly translates to higher achievable rents.

The cumulative effect of these variables is profound. Two sites on the same road, with the same acreage and the same zoning, can, in MIG's experience, have a 30–50% rent differential based solely on configuration. Investors who underwrite IOS on a per-acre basis without evaluating these physical attributes are missing the most important dimension of the asset class. The sites that attract the deepest tenant pools, command the highest rents, and retain tenants through multiple lease cycles are the ones where every one of these variables has been addressed.

The IOS-Adjacent Use Case: Yards That Serve the Warehouse

There is an important adjacent category that institutional investors should understand: IOS that exists *in service of* a traditional warehouse or distribution operation. A 3PL, wholesale distributor, or logistics provider occupying 50,000–100,000+ square feet of warehouse space often needs an additional 2–5 acres — or 20 to 100+ trailer parking spots — for container and trailer staging, overflow storage, and fleet parking that cannot fit within the building's truck court. Wholesale distributors in building materials, plumbing supply, or roofing products may need the outdoor acreage for bulk storage of pipe, lumber, equipment, and van/box truck/sprinter van fleets. Truck terminals occupy a similar middle ground, with low-to-medium building coverage ratios and substantial yard requirements for cross-dock staging and tractor parking.

These IOS-adjacent uses represent additional demand pressure on the same constrained industrial land. A warehouse tenant that cannot find a facility with sufficient yard space faces the same scarcity dynamics as a pure IOS tenant — and often competes for the same sites.

What makes IOS operationally irreplaceable is the combination of factors that rarely align: the right zoning classification (heavy industrial, not light industrial or commercial), sufficient acreage for maneuvering equipment, adequate power for service operations, a maintenance building that can support the tenant's operational requirements, and a location within striking distance of ports, intermodal hubs, rail yards, or dense population centers. When all of those factors converge on a single site — in a market where a tenant actually needs to be — the landlord holds extraordinary leverage.

3. Who Occupies IOS Sites?

The Tenant Universe

The IOS tenant base is as diverse as the supply chain itself. These are not speculative tenants — they are mission-critical operators who cannot function without access to outdoor storage. When IOS supply tightens, they do not disappear; they compete harder for fewer sites. By MIG's estimate, current demand is anchored by construction and building materials (20–25% of tenant demand), logistics and trucking (20–25%), equipment rental, and utilities infrastructure — with the balance distributed across dozens of additional sectors. This structural demand inelasticity is one of the defining investment characteristics of the asset class.

CATEGORY	TENANT TYPES & EXAMPLES
Transportation & Logistics	Trucking companies, owner-operators, freight brokers, last-mile delivery providers, flatbed and specialized carriers, LTL operators, intermodal drayage fleets, container chassis pools, school bus operators, charter and tour bus companies, paratransit and medical transport providers (Access Link, Access-A-Ride, non-emergency medical transport), taxi and black car fleets, limousine services, ambulance and EMS fleet staging.
Construction & Contractors	General contractors, civil contractors, excavation and grading firms, utilities contractors, HVAC/mechanical, electrical, roofing, plumbing, fire protection, elevator, demolition, scaffolding, concrete pumping, paving and asphalt, striping and marking, fencing, signage, and specialty trade contractors.
Utilities & Energy	Electric utilities, gas and pipeline companies, telecommunications infrastructure operators, electrical wiring and cable distributors, renewable energy contractors, emergency restoration crews, fiber optic and broadband installers.
Government & Municipal	Public works departments, transportation departments (DOT), school districts, sanitation authorities, emergency services staging, national guard depots, FEMA disaster response staging, law enforcement evidence and impound facilities, postal service and USPS fleet operations, port authority operations.
Equipment & Heavy Machinery	Crane companies, heavy equipment dealers and rental fleets, aerial lift and scaffold rental, mining equipment operators, farm equipment dealers, generator and temporary power providers, portable sanitation companies, specialized transport firms.
Automotive & Vehicle Services	New car dealership overflow and PDI/prep lots, used car dealers, auto auctions, overseas auto exporters, domestic auto transport and remarketing, rental car agency staging and fleet rotation (Enterprise, Hertz, Avis, Sixt), consumer truck and van rental depots (U-Haul, Penske, Budget), fleet vehicle staging, impound and towing operators (including municipal tow yards and police impound lots), body shops with outdoor staging, auto detailing and tinting shops, vehicle wrapping and graphics companies, police and emergency vehicle retrofit and upfit shops, independent service centers, RV and boat storage, motorcycle and powersports dealers, truck parking and truck stop operators.
Waste & Environmental	Solid waste and recycling firms, C&D debris processors, hazardous materials handlers, environmental remediation companies, composting operators, portable toilet and sanitation service providers, document destruction and shredding fleets.

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CATEGORY	TENANT TYPES & EXAMPLES
Industrial & Manufacturing	Pipe and steel fabricators, precast concrete suppliers, modular building manufacturers, mobile office and trailer leasing companies (WillScot, ModSpace), industrial material suppliers, lumber distributors, ready-mix concrete and batch plant operators.
Food, Beverage & Cold Chain	Food distributors, beverage distributors, catering and food truck commissaries, ice and dry ice suppliers, refrigerated trailer staging, produce and perishable logistics operators.
Moving, Relocation & Misc. Services	Moving and relocation companies, portable storage container operators (PODS, 1-800-PACK-RAT), self-storage overflow staging, courier and delivery fleets, armored car and cash logistics services, pest control fleets, cleaning and janitorial service fleets, pool and spa service companies.
Film, Television & Media Production	Production support staging and drop yards, grip and lighting equipment storage, set construction material staging, prop and wardrobe warehousing overflow, generator and power distribution staging, production vehicle and trailer fleets. New Jersey's new studios (Netflix at Fort Monmouth, Lionsgate in Newark, 1888 Studios in Bayonne) drive demand for nearby IOS sites.

What unites all of these tenant types is a structural dependency on outdoor space that cannot be satisfied by traditional industrial alternatives. A trucking company cannot park its fleet in a warehouse. A crane company cannot store its 250-ton Liebherr under a roof. This operational lock-in produces the single most important underwriting characteristic in IOS: very low tenant turnover and very high renewal probability.

But not all IOS tenants cluster in the same locations. **Trucking, logistics, drayage, and container users** trend toward port-proximate sites to minimize transportation and drayage costs — every mile between the port and the yard is a direct hit to operating margins. **Contractors, service businesses, and equipment operators** follow a different gravity: they need to be near **population centers, job sites, and the built environment they serve**. The crane company needs to be close to the downtown towers it's erecting. The HVAC contractor needs to be within dispatch range of the thousands of homes and commercial buildings on its service routes. These are two distinct demand drivers anchored to two different geographies — and both are durable.

Critically, the vast majority of these tenants do not just need a yard — they need a yard **with a maintenance building**. The shop is where they service the fleet, repair the equipment, fabricate components, and stage before dispatching to jobsites. But the maintenance building is one component of a broader principle: **the most valuable IOS sites are the most flexible ones** — sites where the zoning, location, and physical functionality appeal to the widest possible range of industries. A site that can serve a crane company today, an equipment rental firm tomorrow, and a utility contractor the year after that is a site with durable, cycle-resistant demand. A site without that flexibility is limited to drop-yard and trailer-staging uses — dramatically narrowing the demand pool and the rent a landlord can command.

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4. The Tenant Evolution

From Trailers and Chassis to the Entire Built Economy

Between 2015 and 2022, the IOS conversation was dominated by a single narrative: ports, logistics, and the supply chain. Truck parking. Trailer staging. Chassis pools. Container overflow. The tenants driving rent growth were overwhelmingly tied to the movement of goods through America's port infrastructure — and the COVID-era supply chain crisis supercharged that demand into a frenzy.

That story was real. But it was only the first chapter.

As port-adjacent logistics demand has normalized from its emergency peak, a broader and arguably more durable tenant base has emerged. The IOS market in 2025 is no longer defined by trailers and containers. It is defined by the entire ecosystem of businesses that build, maintain, service, and supply the physical world — and every one of them needs outdoor yard space, fleet parking, and a maintenance shop. The trailer and logistics tenants were primarily drop-yard users — they could function on a paved lot with a fence and no building at all (though even they benefit from an on-site repair shop, and in markets like New Jersey, environmental regulations prohibit performing mechanical work on trucks in the open yard). But the new wave of tenants — the equipment rental firms, the contractors, the service businesses — they cannot operate without a maintenance building. The shop is not optional. It is the operating platform. And the sites that command the highest rents and the fastest re-tenanting velocity are the ones with the broadest flexibility: zoning, location, and physical functionality that appeal to dozens of different industries, not just one.

The Crane on the Skyline

Stand on the rooftop of any downtown in America and look at the cranes on the skyline. Each one represents a major construction project. And each of those projects has no fewer than two or three dozen trades working on it simultaneously — electricians, plumbers, mechanical contractors, steel erectors, concrete crews, glaziers, roofers, fire protection installers, elevator technicians, demolition crews, excavation operators, and more. Every one of those trades operates out of a yard. They need a fenced lot to park their fleet of trucks and vans, a laydown area for materials and equipment, and a shop to fabricate, repair, and stage before dispatching to the jobsite.

That is IOS. Not just the port. Not just the trailer. The entire construction supply chain — and every service business that supports the built environment.

The New Tenant Thesis: Breadth Over Concentration

The tenant evolution is structurally significant because it diversifies the demand base. The 2015–2022 IOS market was heavily concentrated in port-proximate logistics. Today's market draws demand from equipment rental, building materials distribution, specialty trades, utility infrastructure, environmental services, and fleet-based service businesses of every kind. This is not one industry driving demand — it is dozens, operating in every metro area in the country.

Consider the national equipment rental sector alone. A firm like United Rentals operates more than 1,600 North American locations. Sunbelt Rentals has nearly 1,600. Each location requires a multi-acre outdoor yard for equipment storage, staging, and maintenance. These are not optional facilities — they are the operating platform. And these firms are competing aggressively for market share, which means competing aggressively for sites. The same dynamic applies to building materials distributors, mechanical contractors, utility infrastructure builders, and every fleet-intensive service business in the country.

The Parallel Nobody Is Talking About: E-Commerce Created Two Booms, Not One

The standard institutional narrative goes like this: e-commerce drove a warehouse and logistics boom, and IOS benefited as an ancillary asset class serving that supply chain. That narrative is correct — but it is incomplete. It captures only the first-order effect. The second-order effect is arguably larger, more durable, and almost entirely overlooked.

E-commerce did not just change how goods move through the supply chain. It changed how consumers live. The same cultural shift that made one-click delivery the default expectation has made on-demand services the default expectation for everything else. The American consumer in 2025 does not change their own air filters — they call the HVAC company. They do not clean their own gutters, service their own boiler, patch their own roof, or snake their own drains. They call a professional. And they expect that professional to show up quickly, reliably, and competitively priced.

This is the service economy boom — and it is compounding IOS demand from a direction that has nothing to do with ports or trailers.

Think about it: the same two or three dozen trade industries that *build* the homes, the apartment complexes, the office towers, and the commercial buildings are the same industries that *service* them afterward. HVAC, plumbing, electrical, roofing, fire protection, elevator maintenance, pest control, landscaping, painting, waterproofing — the list goes on. Every one of these businesses operates out of a yard with a shop. They need fleet parking for their trucks and vans, materials storage for their supplies, and a maintenance building to fabricate, repair, and dispatch from. That is IOS. And unlike the logistics boom, which is concentrated near ports and intermodal hubs, the service economy boom is anchored to **population density**. These businesses need to be close to the homes and buildings they serve — close to the consumer.

IOS went from nonexistent, to an ancillary piece of the supply chain, to a **critical component of the consumer economy** itself. The warehouse boom was the headline. The service economy is the compound interest. Together, they create a demand profile for IOS that is broader, deeper, and more structurally durable than any single narrative can capture. This is a connection that MIG has been making for years — long before the institutional world arrived — and it is central to understanding why, even when leasing is cyclical, the need for IOS is not. It is civilizational.

The Emerging Demand Driver: Energy Infrastructure

If the logistics boom was the first wave and the service economy is the second, the energy transition may prove to be the third — and it is arriving faster than most market participants realize. Battery energy storage systems (BESS), EV fleet charging depots, substation expansion, transformer staging, and renewable energy equipment laydown are all generating a new category of IOS demand that barely existed five years ago. The industry is beginning to refer to powered, grid-connected IOS sites as **Electrified Industrial Outdoor Storage (EIOS)** — a designation that reflects the convergence of traditional IOS infrastructure with energy transition requirements.

Battery Energy Storage Systems (BESS) are the headline. The U.S. added 10.4 GW of utility-scale battery storage in 2024 and a record 15 GW in 2025, and developers planned about 24 GW more for 2026 (EIA). Each project needs industrial land that is fenced and secured, with heavy power access and proximity to utility substations. Battery projects compete for the same fenced, powered industrial land as IOS, though they come with their own approvals and underwriting.

EV fleet charging depots represent another emerging tenancy. Prologis Mobility opened North America's largest heavy-duty EV charging facility in Torrance, California in 2024 — a 9 MW facility capable of charging 96 electric trucks simultaneously, integrated with 18 MWh of on-site battery storage and backup generators. This is the prototype for a new class of industrial tenant: the fleet electrification depot, sited on 2–5 acres of outdoor industrial land near port and logistics corridors.

Utility infrastructure — substations, transformer yards, and transmission staging — is the quieter but equally consequential demand driver. Companies like PSEG, Con Edison, and regional transmission operators need fenced, secured outdoor sites for substation expansion, transformer staging (where lead times for large power transformers averaged about 128 weeks in 2025 and the U.S. was short about 30 percent of the units it needed), and equipment laydown for new high-voltage transmission. These are long-duration, infrastructure-grade tenancies on industrial land.

New Jersey is ground zero for this convergence. The state's Garden State Energy Storage Program (GSESP) is designed to deploy 2,000 MW of energy storage by 2030. The Two Rivers Storage project in Ridgefield, Bergen County — a 150 MW / 600 MWh facility representing roughly $200 million in private capital investment — is being developed on a former industrial site in precisely the kind of port-proximate, zoning-constrained corridor where IOS assets sit. For IOS landlords, energy infrastructure is not a hypothetical future tenant — it is a present-tense demand driver competing for the same scarce industrial land.

Who Occupies IOS Today: The Full Roster

The depth of the IOS tenant universe extends far beyond the headline names. What follows is a representative cross-section of real companies — national, regional, and local — across every major industry vertical that drives IOS demand today. Scale figures are company-reported and company-wide, not IOS-specific, and reflect each firm's disclosures at the time of the April edition unless updated.

Equipment Rental & Heavy Equipment

The equipment rental industry is, in MIG's view, the largest emerging driver of IOS demand outside of traditional logistics. These companies need hundreds of multi-acre yards nationwide — each with heavy-duty paving, maintenance shops, and secure perimeter fencing.

COMPANY	SCALE	IOS REQUIREMENT
United Rentals	1,658 N.A. locations	Multi-acre yards with shop facilities at every branch
Sunbelt Rentals	Nearly 1,600 locations	Heavy equipment staging, maintenance bays, fleet parking
HERC Holdings (Herc Rentals)	607 locations	Crane and heavy equipment yards
EquipmentShare	430 locations	Tech-enabled rental yards, rapidly expanding
Consolidation note	H&E Equipment Services is now part of Herc (June 2025). Ahern (2022), Neff (2017) and BlueLine (2018) are now part of United Rentals. Location counts are company-reported, 2026.	

Building Materials & Supply Distribution

Every building materials distributor operates from a yard. Lumber, pipe, steel, roofing materials, concrete products, aggregates — all require outdoor storage at scale. These businesses need heavy vehicle access, crane-serviced laydown areas, and proximity to the construction markets they serve.

COMPANY	PRODUCT	IOS FOOTPRINT
Builders FirstSource	Lumber, trusses, building products	Nation’s largest; 570+ locations with yard operations
84 Lumber	Lumber and building materials	320 facilities across 34 states, each with outdoor yard
ABC Supply	Roofing, siding, windows	900+ locations nationwide; material staging yards
Beacon Building Products	Roofing and complementary products	570+ branches with outdoor staging
Core & Main	Waterworks, pipe, storm drainage	320+ branches; pipe yards and heavy material storage

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COMPANY	PRODUCT	IOS FOOTPRINT
Ferguson Enterprises	Plumbing, HVAC, waterworks	1,700+ locations; pipe yards, equipment staging
MRC Global	Pipes, valves, fittings (PVF)	Industrial pipe yards and distribution
White Cap	Concrete accessories, safety, tools	450+ branches with outdoor material storage
Martin Marietta Materials	Aggregates, cement, ready-mix	500+ quarries and distribution yards
Vulcan Materials	Aggregates and asphalt	404 active facilities with massive outdoor footprints

The Construction Trades: Every Crane Represents Dozens of Yards

This is where the depth of IOS demand becomes unmistakable. Every active construction market in America generates demand from dozens of specialty contractors — each operating from a yard.

Electrical Contractors

COMPANY	SCALE	NOTES
Quanta Services	$20B+ revenue, 200+ operating cos.	Largest specialty contractor in North America
MYR Group	National, 5,500+ employees	Electrical infrastructure and construction
Rosendin Electric	$5.6B revenue, 12,000+ employees	Largest employee-owned electrical contractor
Faith Technologies	Regional, Midwest focus	Electrical, engineering, and technology services
Interstates	Regional, 1,500+ employees	Electrical engineering and construction

Mechanical, Plumbing & HVAC

COMPANY	SCALE	NOTES
EMCOR Group	$16.2B revenue, 100+ subsidiaries	Mechanical, electrical, industrial services
Comfort Systems USA	47 operating units, 178 locations	HVAC, plumbing, and mechanical services
APi Group	NYSE: APG, $6.7B revenue	Fire protection, HVAC, specialty services
Primoris Services	$11.3B backlog	Mechanical, industrial, and utility construction
Limbach Holdings	Public, mid-cap	Plumbing, mechanical, and building systems

Concrete, Steel & Structural

COMPANY	SCALE	NOTES
Baker Concrete	Nation’s largest concrete contractor	Formwork, reinforcement, finishing — massive yard needs
Schuff Steel	National steel fabricator/erector	Steel laydown yards, fabrication shops
Cives Steel	Regional, multi-plant	Structural steel fabrication and erection
BrandSafway	Global, 30,000+ employees	Scaffolding, forming, industrial services

Crane, Rigging & Heavy Lift

COMPANY	SCALE	NOTES
Maxim Crane Works	413 crawlers, 1,364+ mobile units	Largest crane fleet in North America
ALL Family of Companies	31 branches, 1,600+ employees	Full-service crane rental and rigging
Bigge Crane and Rigging	26 branches, 1,000+ employees	Heavy lift, wind energy, refinery services
Barnhart Crane	55 branches, 1,550 employees	Specialized heavy transport and rigging
Mammoet / Sarens	Global operations, US presence	Mega-project heavy lift and transport

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General Contractors & Site Work

COMPANY	SCALE	NOTES
Turner Construction	$17B+ revenue	Job trailers, temp yards at every major project
Kiewit Corporation	Top-5 US contractor	Infrastructure, heavy civil — massive equipment yards
Skanska USA	Top-10 US contractor	Equipment and material staging facilities
Granite Construction	National, infrastructure focus	Paving, civil — aggregate and equipment yards
Clark / Webcor / Suffolk	Major regional GCs	Each maintains equipment and material yards

Utility, Telecom & Infrastructure Contractors

The infrastructure investment cycle — accelerated by the Bipartisan Infrastructure Law and IRA — has generated enormous demand from utility and telecom contractors who need yards for fleet staging, cable and pole storage, transformer yards, and crew dispatch.

COMPANY	SCALE	NOTES
MasTec, Inc.	$12.3B revenue	Telecom, utility, pipeline infrastructure
Dycom Industries	19,500+ employees	Telecom and utility network construction
Pike Electric	75-year track record	Utility infrastructure, power delivery
Osmose Utilities	National	Utility pole and infrastructure services
Asplundh Tree Expert	34,800+ employees	Vegetation management for utilities

Landscaping, Tree Care & Site Services

COMPANY	SCALE	NOTES
BrightView Holdings	$2.8B revenue	North America’s largest commercial landscaper
TruGreen	National, 200+ branches	Lawn and landscape service fleet operations
Davey Tree Expert	$1.7B revenue	Tree care, utility vegetation management

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Waste, Environmental & Remediation

COMPANY	SCALE	NOTES
Waste Management	Largest US waste company	Transfer stations, fleet yards, processing facilities
Republic Services	2nd largest US waste company	Collection fleet yards, maintenance shops
Clean Harbors	870+ locations	Hazardous waste, environmental response yards
GFL Environmental	$4.7B revenue	Diversified waste/environmental, rapidly growing

Auto, Fleet & Vehicle Services

COMPANY	SCALE	NOTES
Penske / Ryder	435,000+ vehicles combined	Truck leasing, fleet yards, maintenance facilities
Enterprise Fleet Mgmt.	700,000+ vehicles managed	Fleet staging, overflow, and remarketing
Copart	200+ locations worldwide	Salvage vehicle storage — multi-acre open lots
IAA (Insurance Auto Auctions)	170+ US locations	Vehicle staging, auction yards
Manheim (Cox Automotive)	20,000+ employees	Vehicle remarketing and auction campuses

Energy Infrastructure & Battery Storage

The energy transition is creating an entirely new category of IOS tenant. Battery storage developers, EV charging depot operators, and utility companies expanding substation and transmission infrastructure all require fenced, secured outdoor industrial land — the same land IOS tenants occupy.

COMPANY	SCALE	NOTES
NextEra Energy Resources	7.3 GW solar + 3 GW BESS pipeline	Largest renewable energy developer; IOS-type sites for battery storage
Fluence Energy	Ranked #2 globally (BESS)	Utility-scale battery storage systems on industrial land
PSEG (Public Service Enterprise Group)	NJ’s largest utility	Substation expansion, transformer yards, grid infrastructure on industrial parcels

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COMPANY	SCALE	NOTES
Con Edison	NYC/NJ metro utility	Transmission staging, equipment laydown, substation sites
Prologis Mobility	9 MW Denker Hub (96-truck EV charging)	Prototype for fleet electrification depots on industrial land
Elevate Renewables	150 MW / 600 MWh Two Rivers (NJ)	~$200M BESS project on former industrial site in Bergen County
Eos Energy Enterprises	$7B order pipeline (zinc batteries)	Long-duration storage targeting industrial sites

Why This Matters for the Investment Thesis

The IOS tenant base is no longer a port story. It is an **everything** story. Equipment rental firms alone need thousands of locations. Building materials distributors need thousands more. Add the construction trades, utility contractors, environmental services, vehicle fleet operators, every local roofing company, plumber, and excavation contractor in America — and now layer on battery storage developers, EV fleet charging operators, and utility companies expanding grid infrastructure — and you begin to see the true scale of structural demand.

And here is the critical gate: the most valuable IOS sites are the most **flexible** ones — sites where the zoning, location, and physical functionality appeal to the widest range of industries. A site with a maintenance building, the right zoning, and a strong location can attract dozens of different tenant types. Without that flexibility, landlords eliminate half or more of their addressable market — and if they need to add a maintenance building, the 9–12 month construction timeline means losing the deal on timing alone.

This diversification is not a dilution of the thesis. It is a strengthening. Port-concentrated demand was vulnerable to trade cycles and supply chain normalization. Broad-based demand from the logistics economy, the service economy, and the energy transition is durable, growing, and geographically universal. IOS is not a logistics niche. It is infrastructure for the physical economy.

5. Why New Supply Cannot Solve the Problem

The Supply Constraint Thesis

Unlike traditional industrial real estate, IOS cannot simply be built. The supply constraint is structural, multi-layered, and essentially permanent in the markets that matter most. New IOS supply runs about 0.2% of inventory nationally (Newmark, 2025) — a fraction of the new supply pipeline in traditional warehouse

and logistics — largely due to restrictive municipal zoning and the layered barriers detailed below. This is not a temporary imbalance — it is an embedded feature of the asset class that supports long-term rent growth and sustained low vacancy.

Constraint 1: Zoning

Heavy outdoor storage requires specific zoning classifications — typically Heavy Industrial (I-2, I-3) or a special designated outdoor storage overlay. These zones represent a shrinking share of total land area as municipalities rezone industrial land to residential, mixed-use, and light commercial. Once an industrial zone is converted, it rarely returns. Every acre rezoned out is an IOS site permanently removed from potential supply.

Constraint 2: Environmental Permitting

Outdoor storage of certain materials, vehicles, and equipment triggers environmental review requirements that can add 12–36 months to the entitlement timeline. Stormwater management (NJPDES, NPDES permits), hazardous materials compliance, and impervious coverage limitations all constrain the conversion of raw land to functional IOS sites. In New Jersey, IOS sites in the Meadowlands corridor must navigate NJDEP oversight that effectively prevents rapid new supply additions.

Constraint 3: Infrastructure Requirements

Not all industrial land is suitable for IOS. Functional IOS requires: heavy vehicle access (weight-rated roads and curb cuts), sufficient power for lighting, HVAC service, and EV charging, adequate paving for heavy equipment loads, perimeter security, and proximity to a transportation network. Sites that tick all boxes in the right geographic markets are extraordinarily rare.

Constraint 4: NIMBY Pressure & Neighbor Opposition

IOS is a neighbor nobody wants. Truck traffic, noise, outdoor lighting, and visual impact generate organized opposition in the entitlement process. Even where zoning permits IOS use, variance and site plan approvals are frequently contested. This creates a permitting premium that disproportionately benefits existing IOS owners.

Constraint 5: The Maintenance Building Gate

As the IOS tenant base has evolved beyond drop-yard logistics users, the presence of a maintenance building has become the single most consequential physical attribute of an IOS site. In MIG's experience, without a functional shop building a landlord may eliminate 50% or more of the potential tenant pool. And if one needs to be constructed, the timeline is a minimum of 9–12 months from permitting through completion — an eternity in a market where tenants are making real-time relocation decisions. In markets like Northern New Jersey, environmental and zoning regulations further complicate matters: performing mechanical work on trucks and equipment in the open yard is restricted under local environmental codes, making the shop building not merely advantageous but a regulatory requirement for most tenant uses.

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Constraint 6: Geographic Irreplaceability

The highest-value IOS markets — Northern New Jersey, Southern California, South Florida, Chicago intermodal, Houston port complex — are land-constrained. And the geographic constraint operates on two axes simultaneously. Trucking, drayage, and container tenants are tethered to port infrastructure — every additional mile from Port Newark is a direct hit to drayage economics. But the service economy tenants — the contractors, the HVAC firms, the equipment rental operators — are tethered to population centers and job sites. They need to be within dispatch range of the homes, buildings, and construction projects they serve. Both demand pools are locked into specific geographies for different but equally durable reasons. Geography compounds all of the above constraints into a near-impenetrable supply barrier. When a tenant narrows its search to a specific submarket, a specific size requirement, a specific zoning classification, and a site with a functional maintenance building — they often discover that they have less than a handful of viable options in the entire market.

6. The Rent Story

From $2,000 to $45,000 and Back — Per Acre, Per Month

No chart in industrial real estate tells a more dramatic story than IOS rent history in port-proximate Northern New Jersey. What follows is a first-hand account of pricing by era, informed by two decades of direct market transactions and advisory work.

ERA	RENT / ACRE / MO.	MARKET CONDITIONS	NARRATIVE
2004–2008	$2,000–$3,000	Pre-institutional, no formal comp set	MIG's earliest deals. Prices set by local negotiation.
2008–2012	$5,000–$7,000	E-commerce begins reshaping supply chain	Amazon's early fulfillment build-out signals the logistics transformation.
2012–2015	$12,000–$15,000	MIG actively builds the comp set	MIG closes enough transactions to establish credible comparable rent data.
2015–2020	$18,000–$22,000	Demand accelerates, institutions begin watching	Logistics densification and last-mile pressure push rents higher.
2020–2022	**$35,000–$45,000**	PEAK — trailers fighting over sites	**COVID-era supply chain crisis creates emergency demand. A few top sites briefly touch $50K/acre/mo.**
2023–2025	$22,000–$28,000	Rates, inflation, tariffs — businesses defer	Some rents fall 30–50%, others far less. Floor stays above pre-COVID levels.
2026	**$30,000+**	Recovery — institutional capital deploys	Climbing back; secondary and tertiary markets already above the peak.

Geographic Context: The New Jersey IOS Corridor

The figures above reflect port-proximate Northern New Jersey — the tightest, most liquid, and highest-rent IOS submarket in the country. But the NJ IOS market is not one market. It is a corridor shaped by three distinct demand patterns that determine where tenants locate and what they are willing to pay.

First, **port-tethered users** — drayage operators, container yards, chassis pools — are locked to berth proximity, where every additional mile is a direct cost hit. Second, **service-economy operators** — the

contractors, equipment rental companies, building materials distributors, and utility fleets — are drawn to population density and development activity, not port infrastructure. Per the crane theory, their revenue is tied to proximity to job sites, not shipping lanes. Third, **multi-site national operators** — companies like United Rentals, Sunbelt, BrightView, and the major utility contractors — build coverage networks where no job site is more than 45 minutes from a yard. The same company may occupy sites in Tier 1 *and* Tier 3, not because they are trading down, but because they need geographic reach across the corridor.

A fourth dynamic shapes the secondary markets: **cost-conscious tenants** willing to trade proximity for price, accepting a 45–60 minute drive to core NYC/port markets in exchange for significantly lower rents. These are not leftover tenants — they are the affordable access point to the same regional economy.

SUBMARKET	KEY DYNAMICS
Tier 1: Port-Proximate & NYC-Adjacent	
Port Newark / Elizabeth / Bayonne	Dual demand drivers: drayage and container operations tethered to port berths, plus service-economy tenants drawn to the massive infrastructure and development activity in the port complex itself. Tightest geographic radius of any submarket — port users cannot substitute distance for savings. Currently flat post-2022 as logistics demand has cycled down, but structurally the most supply-constrained corridor in the state.
Meadowlands corridor	The premier service-economy IOS market in New Jersey. NYC proximity and dense North Jersey population centers put the crane theory at full force — contractors, utilities, equipment rental, and building materials operators need to be within dispatch range of the region's highest-concentration development activity. NJDEP oversight chokes new supply. Multi-site national operators often anchor one of their NJ locations here for northern coverage.
Tier 2: Turnpike Mid-Corridor	
Linden / Rahway (Exit 12)	Transitional corridor with dual appeal: still port-accessible via Turnpike for operators who need occasional container access, but increasingly dominated by service-economy tenants serving the central NJ population corridor. A frequent second-location choice for multi-site operators building regional coverage.
Carteret / Woodbridge / Avenel	Central NJ population hub access. Service and construction trades dominate tenant demand. Still drayage-viable for container operations that can tolerate moderate port distance. Multi-site operators commonly pair a Carteret/Woodbridge yard with a Meadowlands or port location to cover the full North/Central NJ geography within 45-minute windows.
Edison / Piscataway	Service-economy tenants who need central NJ coverage without Tier 1 pricing. Within 45-minute drive time of both the port corridor and the Exit 8A warehouse district, making it a strategic mid-point for multi-location operators. Still serves the broader North Jersey metro.
Tier 3: Secondary Corridor	

SUBMARKET	KEY DYNAMICS
Exit 9 / New Brunswick area	Warehouse-adjacent IOS with Turnpike access. Serves as the affordable entry point for operators who need NJ presence but are price-sensitive. Within 60-minute drive time of both NYC-area job sites and the South Jersey markets, making it a compromise location for budget-conscious tenants.
Exit 8A / Cranbury / Monroe / Dayton	NJ's warehouse capital. IOS here primarily serves the warehouse and distribution ecosystem — the IOS-adjacent use case. Major institutional logistics presence creates steady demand for trailer staging, container overflow, and fleet parking. Also attracts multi-site operators who need a southern NJ anchor location.
Aberdeen / Matawan / Old Bridge	Garden State Parkway corridor with its own development momentum. Attracts service-economy tenants covering the Monmouth/Middlesex County population base. Development activity picking up as core markets price out smaller operators seeking that 45–60 minute drive window to NYC/port markets.
Tier 4: Western Corridors	
Route 287 corridor	Service and construction tenants covering wider NJ/PA geography. Multi-site national operators place 287 corridor yards as their western NJ anchor, keeping Turnpike and I-78 markets within 45-minute range. Traded proximity for cost — but still serves the same regional economy.
Route 46 / 80 / 23 corridor	Lowest-cost IOS in the NJ market. Western NJ, Rockland County, PA-adjacent catchment. Attracts the "get me within an hour of the metro" tenants — cost-sensitive operators who need NJ presence at the most affordable entry point. Also serves the growing logistics and construction activity along the I-80 corridor.
National Reference Points	
SoCal, Chicago, S. Florida, Houston	Consistent national themes — supply constraints, fragmented ownership, rising institutional interest. Similar dynamics across major metro and port markets.

The critical insight is the spillover dynamic. As Tier 1 rents pushed through $40K–$45K/acre during the 2021–2022 peak, tenants who could tolerate distance began migrating south and west to Tier 2 and Tier 3 submarkets that offered 30–50% discounts while still providing Turnpike access to the broader region. That migration compressed Tier 2 and Tier 3 rents upward — a rising-tide effect across the entire corridor. Even after the 2023–2025 correction, many secondary and tertiary submarkets, driven by crane-theory users, are now above where they were at the peak. The floor has moved higher at every tier.

The Port Premium: Dormant, Not Dead

The 2020–2022 IOS boom was ignited by port and logistics demand. Container backlogs, chassis shortages, drayage bottlenecks, and e-commerce-driven last-mile urgency created emergency demand for yard space — and the port-proximate submarkets of Newark, Elizabeth, and Bayonne were ground zero. Rents in those corridors pushed through $40K–$45K/acre and set the ceiling for the entire New Jersey market.

Since 2022, however, a structural demand rotation has reshaped the landscape. The trucking and freight recession, combined with import volume normalization and reduced chassis and drayage

activity, has significantly thinned the port-centric user pool. The tenants driving today's IOS market are overwhelmingly the service-economy operators this report has outlined: the contractors, the equipment rental companies, the utility fleets, the building materials distributors, the trades. These tenants do not need to be within drayage range of Port Newark — they need to be within dispatch range of job sites, population centers, and the built environment they serve. Proximity to port is no longer the dominant gravitational force it was three years ago.

The result: port-proximate Tier 1 submarkets have been relatively flat since the 2022 correction compared to the rest of the corridor. Inventory remains minimal and vacancy remains tight — few tenants are giving back space — but deal velocity and rent escalation have not kept pace with Tier 2 and Tier 3 submarkets, where service-economy demand is competing aggressively for a finite number of sites. The secondary and tertiary corridors have been the beneficiaries of the demand rotation, absorbing tenants who don't require port adjacency but still need Turnpike access and functional IOS infrastructure.

MIG's forward view: the port premium is a coiled spring. When import and logistics demand normalizes — and the freight cycle, by definition, will turn — port-centric users will re-enter a market where the available inventory has not expanded, where no new supply has been built, and where the same structural constraints that existed in 2021 still exist today. The critical difference: port-tethered tenants operate within an even tighter geographic radius than service-economy users. A drayage company cannot relocate 20 miles south to save on rent — every additional mile from the berths is a direct cost hit. And unlike the service-economy tenants who migrated south and west when Tier 1 rents peaked, port-centric users have no equivalent release valve — the secondary markets they might look to have repriced dramatically upward since 2022, with Tier 2 and Tier 3 submarkets now trading at levels that would have been considered port premiums just four years ago. How does a drayage operator balk at above-peak pricing in the port when the alternatives 15 miles south are already priced at what port-adjacent sites commanded during the last cycle? The math resolves itself. When that demand layer reactivates on top of a supply base that has not changed, Tier 1 rents will reset and the port will reclaim the top of the pricing leaderboard in New Jersey. The question is not *if* — it is *when*.

Early signals are emerging. In Q1 2026, MIG has begun to observe the first port-related tenant activity in nearly three years — a small number of trucking and drayage operators re-entering the market and a few early deals closing in the port-proximate corridor. It is early, but after an extended period of near-zero port-centric leasing velocity, even modest activity is directionally significant.

The Correction That Wasn't a Collapse

The correction that began in early 2023, as rates, inflation and tariffs moved sharply, is frequently cited by skeptics as evidence that IOS is a bubble. It is not. Rents fell from a supply-chain-crisis peak driven by emergency demand — but they did not return to pre-COVID levels. The floor is structurally higher because the demand drivers are durable, while the supply constraints have not changed.

A market that absorbed a 525-basis-point Federal Reserve tightening cycle, saw some rents fall 30–50% from a crisis peak and others far less, and kept vacancy near half of warehouse levels is not a bubble. In many secondary and tertiary submarkets, where crane-theory users drive demand, rents are now above the peak. Growth has cooled (CBRE: +1.6% year over year, Q2 2026), but in-place IOS rents sit about 30% below market (CompStak, Q1 2026).

Recent macro tailwinds have only reinforced this floor. As the 2023–2025 trucking and freight recession eased, IOS demand rebounded sharply — with contractors and suppliers stockpiling inventory and equipment to hedge against tariff-related cost increases. The current trade policy environment is accelerating this trend: tenants are pre-positioning materials and fleet assets at yard sites to buffer against supply chain disruption, creating a demand layer that did not exist two years ago.

Tenant Awareness: The Market Has Caught Up

There is another dynamic accelerating rent stabilization that is worth noting: tenants now *understand* IOS pricing in a way they did not even three to five years ago. As recently as 2020, many tenants approached an IOS site search with outdated expectations — offering $10,000 per acre for sites that were trading at $25,000+. The disconnect was real, and it created friction in lease negotiations that could delay deals by months.

That disconnect has largely closed. IOS is in the headlines now. The marketing materials tenants receive say “IOS” on them. Brokers are educating them. Institutional research reports are being published. And when a tenant who still carries outdated pricing assumptions begins their market search — when they see a property survey, submit initial offers, and discover that *nobody* is leasing $25,000 per acre sites for $10,000 — they recalibrate quickly. The adjustment period that used to take months now takes weeks. Tenants are arriving at the negotiating table with realistic expectations, which means faster deal velocity, less friction, and a market that increasingly behaves like the mature asset class it has become.

7. Institutional Capital Arrives

Billions Deployed Across Dozens of Dedicated Platforms

Perhaps nothing validates the IOS thesis more emphatically than the sheer volume of institutional capital that has poured into the sector over the past five years. This is not a handful of opportunistic funds testing the waters — it is a coordinated, market-wide capital formation event spanning dozens of dedicated platforms, joint ventures, and fund vehicles with billions of dollars in committed capital. The IOS sector has gone from a category that institutional investors could not underwrite (because there was no data) to one that global private equity firms, sovereign wealth vehicles, and pension fund allocators are actively competing to deploy into. Estimates of 2025 volume vary widely with definition, from about $1.5 billion of institutional IOS transactions (Cooper-Horowitz) to $14–16 billion of all IOS trades (Matthews).

What makes this capital story so remarkable is its breadth. Unlike traditional CRE sectors where two or three dominant players control a disproportionate share of investment activity, IOS has spawned an entire ecosystem of purpose-built platforms — each with hundreds of millions or billions of dollars in investable capital, each pursuing a slightly different geographic or operational strategy, and each validating the same fundamental thesis: IOS is a durable, institutionally investable asset class.

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Dedicated IOS Platforms

The following firms have built their entire business model around the acquisition, management, and aggregation of IOS assets. These are not industrial funds with an IOS allocation — they are IOS-first operators with dedicated capital vehicles.

PLATFORM	CAPITAL / PORTFOLIO	NOTABLE
Alterra IOS	Venture III: $925M (2024); 470+ sites, 39 states	Largest IOS-dedicated pool of discretionary capital to date (IREI).
Catalyst IOS	$1B+ AUM; Fund III: $400M (oversubscribed); 175+ sites	Concentrated in high-quality, infill markets. 48 acquisitions in 2025 (self-reported). About $900M of buying power after Fund III.
Triten Real Estate Partners	$1B added w/ TPG Angelo Gordon (2024); 90 properties	Houston-based; aggressive national expansion.
Zenith IOS	Second $700M JV w/ JPMAM (2024); ~100 properties	JPMAM took a strategic stake in the platform (Apr 2026).
Sitex Group	$4.2B+ transactions, 11 funds (firm-wide, since 2002)	Among the longest-tenured IOS operators in the U.S.
Industrial Outdoor Ventures (IOV)	92 properties (self-reported, 2025)	Early scaled IOS aggregator; Stockbridge JV (2021).
B&D Holdings	$1B+ AUM; 230+ inv. (firm-wide)	Shallow-bay + IOS (company-reported).
Jadian IOS	225+ assets, ~$2.2B; $277M Apollo loan (2026)	Backed by Blackstone and Apollo lending.
Stonemont Financial	Cerberus JV targeting $1B; $672M refi (Aug 2026)	Major PE backing accelerates acquisitions.
Transport Properties	$300M mixed industrial fund with GFH; 45+ properties	Gulf capital entering transport-related industrial.
Dalfen Industrial	Centerbridge IOS JV; firm-wide 45M+ SF	Last-mile + IOS hybrid strategy at scale.
Realterm	Bought 13-property IOS portfolio from Brookfield, $277M	Pioneering transport RE firm with deep IOS exposure.
Centurion Realty	Phoenix-area IOS acquisitions	Sunbelt IOS growth market positioning.

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PLATFORM	CAPITAL / PORTFOLIO	NOTABLE
Ridgecut Road	Northern NJ focus; infill IOS strategy	Targeting the most supply-constrained corridor in the U.S.
Sagard / **La Caisse**	US$360M IOS JV (Mar 2026)	Seeded in the NJ Meadowlands.
Also active in IOS:	Axis IOS, Blacktop Industrial Trust, COARE Industrial, TRIP	Various strategies and activity levels across the IOS landscape.

Major Institutional JV Partners & Capital Sources

Behind many of these dedicated platforms sits a second layer of institutional validation: the joint venture partners, fund-of-funds allocators, and global private equity firms providing the capital. These are not passive investors — they are among the largest and most sophisticated capital allocators in the world, and their willingness to underwrite IOS-specific vehicles speaks volumes about the sector's risk-adjusted return profile.

INSTITUTIONAL PARTNER	IOS INVOLVEMENT	SIGNIFICANCE
TPG Angelo Gordon	$1B added with Triten	Top-tier PE firm backing dedicated IOS platform at scale.
JP Morgan Asset Mgmt.	Zenith JVs and platform stake; co-seller of 51 sites to Peakstone	Owner, lender and platform investor in IOS.
Blackstone	Lender: $231M to Jadian, $189M to Alterra; $1.1B+ IOS loans	World's largest alt manager — IOS now on the radar.
Cerberus Capital	JV with Stonemont targeting $1B	Major PE firm backing IOS/industrial hybrid strategy.
Centerbridge Partners	JV with Dalfen Industrial	Significant PE capital flowing to last-mile + IOS.
Quilvest Capital	~$500M JV with Axis IOS (2023)	European family office / PE capital tested U.S. IOS market.
Blue Owl Capital	Financing across multiple IOS platforms	Alternative credit provider with growing IOS exposure.
Brookfield Asset Mgmt.	Sold 13 IOS sites to Realterm ($277M); took Peakstone private (~$1.2B, May 2026)	Global infrastructure giant with growing IOS conviction via multiple entry points.

INSTITUTIONAL PARTNER	IOS INVOLVEMENT	SIGNIFICANCE
GFH Financial Group	$300M fund with Transport Properties	Dubai-based manager; mixed industrial and transport fund.
Kurv (formerly Bridge Industrial)	Large industrial platform; select IOS allocation	Major industrial owner-developer; IOS is a select part of the portfolio.

What This Capital Formation Means

The significance of this institutional capital wave cannot be overstated. When more than two dozen dedicated platforms are each raising hundreds of millions or billions of dollars in committed capital — and when the joint venture partners behind them include names like TPG, JP Morgan, Blackstone, Cerberus, and Brookfield — the market has moved well beyond "emerging." This is a mature, institutionally recognized asset class with a deep and competitive bid for quality assets.

For existing IOS owners who built positions before this wave of capital formation, the implications are transformative. Early movers assembled portfolios at basis levels that would be unrecognizable in today's market. The institutional entry wave is providing exit optionality at cap rates that compress with every new fund raised and every new JV announced. Portfolio premiums — where aggregated portfolios trade at tighter cap rates than individual assets — are now a documented reality in IOS, creating a powerful incentive for continued consolidation.

For new entrants, institutional competition has fundamentally repriced the cost of admission. Single-site acquisitions in port-proximate or infill markets now trade at cap rates that reflect the scarcity premium and the institutional bid — not the opportunistic pricing that characterized the market even five years ago. The window for building a scaled IOS platform at historically attractive basis levels is narrowing with each passing quarter.

Institutionalization is also driving sector-wide professionalization: longer lease terms, improved documentation standards, greater pricing transparency, and standardized underwriting frameworks. As the asset class matures, IOS is transitioning from a niche alternative to an institutional necessity — supported by durable cash flows, yield premiums to traditional warehouse, and persistent structural barriers to entry.

8. IOS in the News

A Market Timeline by Era

The progression of IOS from an unmarked asset type to a named, tracked, and institutionally recognized sector can be traced through the media and trade press timeline. Each era reflects a different stage of market awareness.

2012–2018 | THE GROUND-LEVEL ERA

A handful of practitioners on the ground notice what the institutions haven't

There was no trade press coverage. No institutional research. No fund launches. But if you were doing dozens of deals a year in the same geographic markets, the trend was impossible to miss. Rents that had been $2,000–$3,000 per acre in 2004 had quietly climbed to $12,000–$15,000 per acre by 2015 — a 4–6x increase that happened without a single headline. The tenant base was overwhelmingly trucking and logistics, fueled by the initial e-commerce boom of the early 2010s: last-mile carriers, drayage operators, chassis pools, and intermodal fleets competing for yard space near ports and distribution corridors. MIG was executing these transactions in real time, building a comparable data set that simply did not exist anywhere else. The institutions would not arrive for another five years — but the market was already telling its story to anyone paying attention.

2018–2020 | DISCOVERY ERA

Trade press "discovers" a market that practitioners have been working in for years

The earliest mainstream coverage characterized IOS as an anomaly — a yield play hiding in plain sight, overlooked by institutional real estate because it didn't fit neatly into existing product type categories. Articles in NAIOP's Development magazine and Bisnow began using the term "industrial outdoor storage" consistently for the first time. The key theme: why is this sector not tracked?

2020–2022 | DISRUPTION ERA

COVID supply chain crisis drives IOS into mainstream awareness

The pandemic supply chain disruption brought IOS to national attention. Port congestion, chassis shortages, and container backlogs created emergency demand for outdoor storage near every major US port. The Commercial Observer, Wall Street Journal, and Bloomberg all covered the IOS demand surge. Rents went parabolic. The term "IOS" became standard vocabulary in commercial real estate.

2022–2024 | INSTITUTIONALIZATION ERA

Capital formation, fund launches, and first comprehensive market research

GlobeNewswire, BusinessWire, and trade press covered dedicated IOS fund launches and financings from Alterra, Blackstone, and other platforms. For the first time, institutional-quality research on IOS market sizing, vacancy rates, and rent growth began appearing. Newmark later put the tradable IOS market at roughly $200 billion on about 1.4 million acres. CBRE began publishing IOS-specific data. There is still no CoStar for IOS.

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2024–2025 | MATURATION ERA

Stabilized cap rates, portfolio transactions, and sector-wide professionalization

Portfolio-scale transactions, cap rate compression discussion at industry conferences, and the first dedicated IOS REIT speculation stories mark IOS's arrival as a fully institutionalized sector. The market has a data infrastructure, a recognized investment thesis, and a competitive buyer pool.

The Emerging IOS Media Ecosystem

Perhaps the clearest sign of sector maturation is the emergence of dedicated media covering IOS as a standalone beat. Publications like **IOS List**, **IOS Journal**, and **IOS Yard Dogs** now publish digital newsletters and daily email digests covering transactions, market data, platform launches, and industry analysis specific to the IOS sector. These are not sidebars in broader industrial publications — they are purpose-built media outlets for an asset class that, five years ago, did not have a single dedicated reporter. CoStar, LoopNet, and most major CRE industry publications now cover the IOS space as well. More dedicated outlets will follow as the sector's institutional profile continues to grow.

9. The Investment Thesis

Cap Rate Compression and the Convergence Argument

As of the April edition, IOS traded at a meaningful cap rate premium to Class A big-box industrial. Stabilized institutional-quality IOS assets in primary markets were trading between 6.00% and 6.75% (industry estimates), with secondary markets ranging from 6.75% to 7.75%. Over the past 12 months, top-tier markets have experienced 25–50 basis points of compression, driven by strong capital inflows and portfolio-scale transactions. The remaining spread to traditional industrial reflects residual institutional skepticism, lack of standardized data, and the operational complexity of managing land-based assets. Each of these factors is resolving — and as they do, the cap rate gap is expected to compress further. See the October 2026 Update for current NJ pricing.

CLASS A BIG-BOX INDUSTRIAL	IOS — CURRENT MARKET	IOS — PROJECTED TRAJECTORY
~4.75%	**~5.75%**	**~5.00%**
Core markets, April 2026 (MIG est.)	Port-proximate, April 2026 (MIG est.)	As institutional adoption matures

Why the Spread Should Compress

Four factors support cap rate convergence between IOS and traditional industrial:

Institutional data infrastructure: As CoStar, MSCI, and research firms build dedicated IOS tracking, the information asymmetry premium that inflates IOS cap rates will erode.

Portfolio scale and standardization: Large-scale IOS platforms (Alterra Venture III, Peakstone's $490M, 51-site purchase) create templates for underwriting, management, and exit that reduce perceived operational risk.

Structural supply constraint permanence: Unlike other industrial subcategories where supply can respond to demand, IOS supply is structurally constrained in a way that supports durable rent growth.

Lease term maturation: One brokerage (Matthews, 2026) estimates that average IOS lease terms have expanded from 2–3 years in 2023 to 4–6 years in 2026, with build-to-suit deals now securing 7–10 year commitments, and that institutional portfolio weighted average lease terms (WALTs) have extended from approximately 2.5 years in 2022 to over 4.5 years today. Longer WALTs mean more stable cash flows, improved debt terms, and tighter cap rates — all of which support continued spread compression.

The Landlord Leverage Dynamic

There is a negotiation reality in IOS that does not exist in traditional industrial real estate, and it is one of the most powerful drivers of rent growth and tenant retention in the asset class. When a tenant begins a market search for an IOS site, they typically need a specific set of attributes: a certain acreage, a specific submarket location (within a defined radius of their service area), heavy industrial zoning that permits outdoor storage, and — critically — a site with the physical flexibility to support their operations, including a functional maintenance building.

The lease structures reinforce this leverage. Institutional IOS leases are predominantly structured as triple-net (NNN) agreements with built-in annual rent escalations of 3% or more — meaning tenants cover property taxes, insurance, and maintenance costs while rents automatically hedge inflation. For landlords, this creates a low-management, inflation-protected income stream with minimal operating burden — a cash flow profile that institutional investors increasingly recognize as comparable to, or better than, traditional net-lease industrial.

After filtering for all of these requirements, most tenants discover a sobering reality: **they have less than a handful of viable options in the entire market.** Not all IOS sites are created equal. Some tenants need rail access. Others need specific environmental permits. Others need a shop with overhead cranes or drive-through bays. The specificity of each tenant's operational requirements, combined with the structural supply constraints, creates a natural funnel that often reduces a market search to a handful of realistic choices.

Experienced IOS landlords understand this dynamic intimately. They know that once a tenant has identified a site that checks every operational box — and once that tenant has confirmed through their own market search that alternatives are scarce — the landlord holds significant leverage in lease negotiations. The experienced operator also knows what the competing landlord with the runner-up site is willing to offer, and prices accordingly. This information asymmetry and supply scarcity is the engine behind IOS rent growth — and it is a dynamic that took decades of market presence to fully understand.

From the Field: How the Funnel Works in Practice

The dynamics described above are not theoretical. They play out on every IOS lease negotiation in every major market, every month. The following accounts — drawn from actual transactions — illustrate how the supply funnel operates from both sides of the table.

The Tenant's Perspective

When we represented a lumber and building supply company, the team looked at more than a dozen Northern New Jersey IOS opportunities before choosing 1.6 acres with a 4,225-square-foot maintenance building on Julia Street in Elizabeth.

More than a dozen sites. One that worked. That is the funnel.

The Landlord's Perspective

A site that uniquely solves an operating problem is a one-of-one, and an experienced owner knows it. When the right zoning, a functional shop and a strong location line up on a single parcel, more than one qualified tenant will compete for it.

We have seen owners take national operators to a final round for one site. When more than one qualified tenant is chasing it, the owner doesn't have to chase anybody.

The Broker's View

Most of the tenants we represent have already looked at more than one site. Some almost worked. The geography was a little off, the use wasn't permitted, the circulation didn't work, or there was no building. After months with a tenant, we know what it actually needs, not just what's on the requirement sheet.

More than once, we have been preparing a new IOS listing and realized it solved the exact problem one of those tenants had been trying to solve for months. We introduced it before the full launch, and it leased before it ever hit the market.

The Downside Scenario

A balanced analysis requires acknowledging the risks. IOS faces three primary headwinds: (1) regulatory risk — municipalities can impose restrictions on outdoor storage uses; (2) tenant credit risk — many IOS tenants are small operators without investment-grade credit; (3) liquidity risk — the IOS transaction market is thinner than traditional industrial.

None of these risks are fatal to the thesis. They are factors to manage in underwriting and portfolio construction — and they explain the cap rate premium that makes the risk-adjusted return profile attractive.

MIG's April 2026 Call

The IOS cap rate spread to Class A industrial will compress by 50–75 basis points over the next 3–5 years as institutional adoption matures, data infrastructure develops, and portfolio-scale transactions become the norm rather than the exception.

The window to acquire IOS assets at today's yields — before full institutional repricing — is open. It will not stay open indefinitely.

October 2026: Since April, the spread between IOS and core industrial cap rates has narrowed to roughly 25 to 50 basis points, from about 150 historically (Alterra and CBRE, July 2026). With interest rates moving the wrong way this fall, cap rates have expanded slightly across the board. See Pricing at a Glance in the October 2026 Update.

Underwriting Checklist

- **Downtime and concessions.** Plan for nine to twelve months between tenants, plus free rent.
- **TI and shop work.** Who pays for it, and how long it takes to permit and build.
- **Environmental controls.** Read the deed notice and map the restricted area (next page).
- **Paving and drainage.** Budget capital for surfaces and stormwater, not just the roof.
- **Refinancing.** Test the debt and the exit at today's rates, not last year's.
- **Tenant approvals.** Confirm the tenant's specific use is permitted before the LOI.

Sources: CBRE podcast with Alterra IOS, July 14, 2026; Metz Industrial Group field observations, October 2026.

An Emerging Risk: Occupancy-Restricted Yards

The risk almost nobody is pricing

New Jersey allows PCB contamination to remain in place when it is capped and NJDEP approves the remedy. On a warehouse the cap is usually the slab. On a yard it is often the asphalt, the surface the business runs on. The deed notice recorded with the cap can carry a low-occupancy restriction. Under 40 CFR 761.3, low occupancy for bulk PCB remediation waste, which includes capped soil, means less than 335 hours a year, an average of 6.7 hours a week, for any one person without dermal and respiratory protection. (A separate 840-hour threshold applies to non-porous surfaces.) The rule's own example of a low-occupancy area is "an unoccupied area outside a building," the opposite of an IOS yard.

It Surfaces When the Site Sells

This is coming for sites that have not traded in decades. Many long-held yards carry the problem today without anyone knowing it. When they sell in the coming years, they will go through Phase I and the DEP process, a deed notice will be recorded, and the restriction will come with it.

A tenant that has run its business on that yard for years may no longer be able to occupy the site, or use it the way it always has, if its people exceed the hours. Nothing about the ground changed. The rules for using it did, and so did the tenant pool.

In our experience, three national tenants reviewing one otherwise ideal site each said the restriction would likely rule it out, and few market participants we spoke with were aware of the issue.

One approach some owners take: remediate only the building footprint, build the shop there, and lease to fleet and transportation users who do not spend their days on the lot. It can work for some users, but it does not lift the restriction on the yard.

Every site is different. The recorded deed notice, the approved remedy, the restricted area and how the tenant will actually use the site control the analysis. Have an LSRP or environmental counsel confirm before underwriting.

MIG's Preliminary Underwriting Assumptions

Read the deed notice itself and map the restricted area against where the tenant will work. Underwrite twice the normal downtime. Price the risk about 50 basis points wide of an unrestricted comparable on the same NOI basis with a long lease in place, closer to 75 if the lease rolls within one to two years, and closer to 100 if the site is vacant, applied to stabilized NOI after the longer lease-up. Do not assume rent has to come down; in a strong market, enough users the restriction does not touch will want a site that checks every other box.

These are MIG's preliminary assumptions, not established market pricing. Hold them until the market prices these sites.

Sources: 40 CFR 761.3 (definitions of low and high occupancy area); NJDEP, "Coordination of NJDEP and USEPA PCB Remediation Policies," Version 1.1, updated Sept 18, 2023; Metz Industrial Group interviews and transaction experience, October 2026. This is general context, not legal or environmental advice.

October 2026 Update

What Has Changed Since the April Edition

This update covers what has changed since the April edition: the power buildout reaching the yard, power as the second filter on a yard, what the Yellow bankruptcy proved about terminal real estate, the turn in port-market demand, where pricing stands, why end users price differently from investors, the building-and-yard site, what lease-up really takes, MIG's updated call, and the case for an IOS voice in town hall. The thesis has not changed. New yards largely cannot be entitled anymore, so scarcity shows up in what tenants pay to stay, not in a deep comp set.

The Power Buildout Reaches the Yard

The Edison Electric Institute projects that U.S. investor-owned electric companies will invest more than $1.1 trillion over the five years from 2025 through 2029, driven by data centers, electrification, storm hardening and a grid built for a different century. That work is done by line crews and substation contractors running bucket trucks, digger derricks, pole trailers and reels of wire. None of it lives in a warehouse. It lives in a yard, and when a storm hits, it needs to be ten minutes away, not forty.

The equipment rental companies are posting the same signal. United Rentals reported a record third quarter in 2026: rental revenue of $4.316 billion, up 17.8 percent, with full-year total revenue guidance raised to $18.0 to $18.2 billion. Specialty rental revenue rose 34.7 percent to a record $1.704 billion, and the company raised its planned 2026 gross equipment purchases to $5.2 to $5.5 billion, from $4.85 to $5.25 billion. More machines means more machines that need a yard. Herc Rentals grew equipment rental revenue 12 percent to $1.254 billion as dollar utilization rose to 43.5 percent from 39.9 percent, and it raised its 2026 guidance. Both companies pointed to large projects: data centers, infrastructure, manufacturing and energy. Every lift, generator and excavator on those jobs comes out of a yard and goes back to one.

Sources: Edison Electric Institute capital expenditure projections, 2025, as reported by T&D World and POWER Magazine; United Rentals Q3 2026 earnings release, Oct 21, 2026; Herc Holdings Q3 2026 earnings release, Oct 2026 (company-reported).

Power: The Second Filter

Zoning is still the first filter on an IOS site. Power is becoming the second. For a growing set of users, including fleet-charging operators and autonomous-vehicle depot operators, a yard without usable electrical capacity is not a candidate at all. Autonomous fleets of the kind Waymo and Zoox are building have to charge, clean and service vehicles somewhere every day, a measure of how deep IOS demand now reaches. MIG has started to field these calls, though power has not yet come up in most yard requirements.

New Jersey has a small base of operating truck charging and a larger base of announced projects. The Port Authority opened a truck charging station at Port Newark with four fast chargers at the truck welcome center on Marlin and Kellogg streets; its September 2026 announcement says it opened "last year." One charging operator announced a Newark site with a 30 MW PSE&G interconnection and 84 DC fast-charging ports, with Phase I operations planned for Q4 2025. Another announced a Newark depot with charging and storage for 62 commercial EVs, leased on a triple-net basis, targeting early 2025. MIG could not confirm that either Newark project is operating.

The fleet demand is identifiable. Hermann Services in South Brunswick signed for 15 electric Peterbilt trucks in October 2025 and announced a $2.975 million New Jersey Zero-Emission Incentive Program award in March 2026. APM Terminals Elizabeth ordered 96 electric terminal tractors from Orange EV in August 2026. That is an order, not delivered and energized equipment, and terminal demand does not automatically become demand for leased off-terminal yards. Across the river, robotaxi operators were reported in September 2026 to be looking for 50,000 to 100,000 square foot depots in Long Island City and the South Bronx.

Public money is targeting charging near the port. The Port Authority and CALSTART launched programs totaling $45 million in September 2026, including up to $39 million in vouchers for zero-emission drayage trucks, yard tractors and charging, and $5 million for up to five charging hubs within 10 miles of the Port Authority's seaports. That radius covers much of the Exit 12/13 corridor. NJEDA opened applications on October 5, 2026 for its $25 million Take Charge pilot, with grants from $100,000 to $5 million covering 50 percent of project costs for commercial fleets, and a requirement for on-site renewable generation or storage. A New Jersey solicitation through the Clean Corridor Coalition offers up to $84,133,655, capped at $20 million per site, for sites of at least 2.5 MW. These are solicitations and reimbursement programs, not awarded or completed depots.

The Counter-Case

The economics of electric trucks are still difficult. ICCT put the median model year 2025 battery-electric Class 8 tractor at $411,200, against $172,500 for a diesel equivalent. The federal 45W commercial clean vehicle credit is not allowed for vehicles acquired after September 30, 2025, and the 30C charging credit is not allowed for property placed in service after June 30, 2026. New Jersey issued compliance flexibilities under its Advanced Clean Trucks rule for model years 2025 and 2026, and New York paused penalties for the same model years. New Jersey's Clean Fleet incentive paused new applications on July 24, 2026. Nationally, Greenlane, the Daimler Truck, NextEra and BlackRock charging venture, said it is scaling back the size of its next hubs, citing tariffs, policy rollbacks and slowing electric truck adoption.

Equipment takes time. Wood Mackenzie and American Clean Power put average lead times in the second quarter of 2025 at 128 weeks for power transformers, 46.4 weeks for three-phase pad-mounted transformers and about 44 weeks for switchgear. These are national figures, not a New Jersey utility service timeline. MIG did not find a defensible statewide benchmark for how long, or how much, it takes to bring new industrial service to a yard in any New Jersey utility territory. That has to be studied parcel by parcel.

What It Means for Pricing and Underwriting

There is no verified New Jersey premium for a powered yard. J.P. Morgan Asset Management told Commercial Observer it is seeing tenants willing to pay a 20 to 30 percent rent premium for turnkey assets with power already in place, but that is one investor's observation about powered industrial real estate broadly, with no stated lease basis and no matched New Jersey yard comparables. In MIG's view, the value of power is real but site-specific. Give credit for documented capacity, a utility energization date and a signed tenant that will use it. Give little credit for "power available" on a flyer. And do not capitalize charging-service revenue as if it were land rent.

Sources: Port Authority of NY & NJ and CALSTART announcement, via AJOT, Sept 3, 2026; operator releases, May 22, 2024 and Mar 13, 2024, Hermann Services, Mar 12, 2026, and APM Terminals, Aug 18, 2026 (all company-reported); ROI-NJ, Oct 10, 2025; CRE Daily, Sept 30, 2026; NJEDA, Sept 30, 2026; CTE summary of the NJDEP / Clean Corridor solicitation, Sept 24, 2026; ICCT working paper via Transport Topics, Sept 16, 2025; IRS FS-2025-05, Aug 21, 2025; NJDEP, July 10, 2025; NY DEC, May 23, 2025; Charge Up

NJ Clean Fleet; Axios, Aug 14, 2025; Wood Mackenzie / ACP, Sept 2025; Commercial Observer, Mar 16, 2026 (investor observation). Metz Industrial Group field observations, October 2026.

The Land Outlives the Tenant

In the summer of 2023, Yellow Corp., one of the largest less-than-truckload carriers in the country, shut down and filed for bankruptcy. On December 12, 2023, the bankruptcy court approved the sale of 130 of its terminals for $1.88 billion. The buyers were Yellow's competitors: XPO (28 terminals, $870 million), Estes (24, $248.7 million), Saia (17, $235.7 million), R+L Carriers' real estate company RAMAR Land (8, $211.5 million) and Knight-Swift (13, $51.3 million). Judge Craig Goldblatt called it "obviously a tremendous outcome."

A truck terminal is a large yard with a dock building attached. The carrier failed. The real estate did not. Operators competed for those sites because new terminals are so difficult to entitle. For owners, the mechanics are worth knowing in plain terms: a tenant in bankruptcy has 120 days to assume or reject a commercial lease, plus one 90-day extension, after which it needs the landlord's consent. Functional logistics real estate tends to find a buyer or a tenant even when the operator does not survive. This is general context, not legal advice.

Sources: FreightWaves, Dec 12, 2023 (buyer figures from court filings); Transport Topics, Dec 12, 2023; Reuters, Dec 12, 2023; CoStar, December 2023; 11 U.S.C. § 365(d)(4). The 130-terminal, $1.88 billion total is the court-approved headline; itemized buyer lists in press reports total fewer terminals.

The Port Turn

Cushman & Wakefield reported that inland markets captured 83 percent of U.S. industrial demand in the first half of 2026, their highest share since 2010. Then the third quarter turned. Cushman reported that demand strengthened across major port markets, including New Jersey, and that port-market demand through September had already exceeded full-year 2025 levels by 3 percent.

Those are warehouse numbers. A drayage operator measures a yard by how many moves it can make between the terminal and the gate in a shift. When the port gets busy, every container needs a chassis, a driver and a place to stage near Port Newark and Elizabeth. Port warehouse demand can come and go. The supply of yards near the port mostly cannot, because new ones are not being approved. When demand returns, it returns to the same container yards and drayage lots it left.

Sources: Cushman & Wakefield, "From Port to Property," 2026 (inland share); Cushman & Wakefield Q3 2026 U.S. Industrial MarketBeat release, Oct 12, 2026.

Pricing: Cap Rates, Exits and the Sayreville Trade

Values in IOS are rising on confidence. Investors believe in the rents and are underwriting them to hold. In MIG's read of recent trades, earlier in 2026, right before rates turned, core New Jersey industrial was trading as low as a 5.0 to 5.5 percent cap rate, and core New Jersey IOS was trading at 5.75 to 6.0 percent, well inside the 6.00 to 6.75 percent range this report cited for primary markets in April. As of late October 2026, with interest rates moving in the wrong direction, both had shifted roughly 25 to 35 basis points higher, and the general consensus in New Jersey was to underwrite exits at 6.0 to 6.5 percent. Capital markets are watching it closely, but it has not slowed investor appetite whatsoever. Buyers are refining their underwriting to account for debt costs and the 10-year Treasury, and they are still paying up. The spread between IOS and core industrial cap rates has narrowed to roughly 25 to 50 basis points, from about 150 historically (Alterra and CBRE, July 2026). The compression this report called for is under way.

Pricing at a Glance

Measure	Period	Figure	Basis
IOS cap rates, primary markets (as cited in April)	Mar 2026	6.00–6.75%	Industry estimate (Matthews)
Core NJ industrial cap rates	Early 2026, before rates turned	As low as 5.0–5.5%	MIG transactions and advisory
Core NJ IOS cap rates	Early 2026, before rates turned	5.75–6.0%	MIG transactions and advisory
Change since rates turned	Late Oct 2026	+25–35 bps, both	MIG field read
NJ exit underwriting	Late Oct 2026	6.0–6.5%	MIG field read; NJ consensus
IOS spread to core industrial	July 2026	25–50 bps (about 150 historically)	Alterra and CBRE

The clearest example this year came in Sayreville. Ridgecut Road, Brennan and Global Gate bought six and a half usable acres, added power, fencing and an office, and leased the entire site long-term. In October they sold it to a new Open Industrial and Heitman venture investing for the State of Hawaii for $36 million, just under a six cap, with rates moving the wrong way; if it traded as of late October 2026, it might inch a hair over six. A state pension now owns a yard in Middlesex County.

Sources: Metz Industrial Group transaction and advisory data, 2026 (cap rates, exit assumptions, Sayreville pricing); CBRE podcast with Alterra IOS and CBRE, July 14, 2026 (spread); Matthews, 2026 IOS Sector Update, Mar 20, 2026 (April edition range); April 2026 edition of this report, Section 9.

Users Do Not Price Like Investors

An investor prices a yard off the rent it can collect. An end user prices it off what it pays today, holding current rent against a new mortgage payment. Many users have been in the market for years and tell us plainly that they will only buy. In one recent MIG transaction, a large national company consolidating three locations in one port region onto a single site paid more than $7 million an acre, for a property we would have expected to trade at roughly $5 million to $5.5 million an acre to an investor, about 30 percent more. Users will also live with conditions investors will not: an occupancy restriction that does not touch their operation, or zoning that permits their use but not the next tenant's, because they are not underwriting the next lease-up.

Most sellers still prefer investors. These are complicated properties, and institutional buyers run a system: roughly 30 days of diligence and 10 to 15 days to close, with the tools to solve environmental issues when they surface. A business owner facing $50,000 of Phase II testing with no assurance the results will allow a purchase has a much steeper learning curve. For an investor with a long lease-up assumption, the end-user market is a useful backstop: a well-located yard can usually be sold vacant to a user.

Source: Metz Industrial Group transaction data, 2026. The buyer is not named.

The Building-and-Yard Site

Most New Jersey yards come with a small building, and most large buildings come with almost no yard. A site that pairs a 100,000-plus square foot service building with a multi-acre yard is rare, and for an operator that needs both, the list of alternatives gets short quickly. These are regional operating

hubs: the building does real work (repair, parts, preparation, fabrication, protected inventory) and the yard holds the fleet, equipment, materials and dispatch.

A large building is an advantage only to a tenant that can use it economically, so MIG tests the building-to-yard ratio first. The wrong ratio eliminates a prospect regardless of rent, and a company that only needs a parking lot is not the whole-site tenant. MIG looks for six operating formats on these sites: transportation hubs, materials distribution, equipment service hubs, scaffold and formwork centers, vehicle processing hubs and contractor operating bases. The strongest case is often consolidation, a company running several smaller facilities. Asking what happens at each site, what moves between them and when each lease expires uncovers demand that never appears as a matching requirement on a broker flyer. Each format has one qualifying question: who provides the depot, and where does the fleet sleep and get serviced; does the product mix work with the clear height and loading; is this another branch or a base supporting several; what work happens to the vehicle between arrival and next dispatch; and is this a long-term regional base or one temporary project. Pure vehicle storage is a weak whole-site case, and an acquisition is a reason to call, not proof of a requirement.

Public contract awards (paratransit contracts, infrastructure packages, airport and data center construction) identify which operators to call. In Kenilworth, CoreWeave is converting part of the former Merck campus into a 250 megawatt AI data center, a project of about $1.8 billion that broke ground in September 2025, and the Port Authority's 2026–2035 capital plan includes a new Terminal B, an expanded Terminal A and a new AirTrain at Newark Liberty. A contract is a lead into an operator, not proof that the operator needs another facility; the first question is whether the work creates a new facility requirement or can be performed from an existing or agency-provided location. Incumbents can need more space without winning or losing a contract.

Pricing works differently at this end of the range. On a typical IOS site the rent is effectively an all-in number per acre with the shop included. When the building is large enough to be an asset on its own, MIG prices each component from its own evidence (the yard from yard leases, the building from executed building leases) and combines them. A comp that bundles a small building with a yard is a reference to adjust, not a yard rate; using it as a yard input counts the building twice.

In 2023, MIG leased a 160,000 square foot building in Union with about three acres of IOS, to Easton Coach, the NJ Transit Access Link operator, generating two competing offers in a difficult market. The lease started at $14.75 per square foot NNN on a ten-year term, about 64 percent above the roughly $9 per square foot the building alone would have commanded without the extra parking. The tenant took two months of free rent and funded about $5 million of improvements itself; had the landlord funded them, they would have been built back into the rent. Either way, the value they added to the asset came from the lease. Ownership refinanced and kept the property. The Sayreville trade on the pricing page is the same format: a 28,500 square foot service building with a paint booth on about 6.5 acres, sold this October at a sub-6 cap rate.

Sources: Metz Industrial Group leasing and advisory practice, October 2026; ROI-NJ, May 17, 2023, and Real Estate NJ via Lee & Associates, June 14, 2023 (Union lease: size, site and parties); Union lease rent, free rent and tenant investment per MIG records; JLL offering brochure, 2023 (Sayreville building); Real Estate NJ, late 2025 (CoreWeave); Port Authority 2026–2035 capital plan via Aviation Pros, Dec 18, 2025.

Lease-Up and the Cycle

Owners should plan for nine to twelve months of downtime between tenants and be pleased if it is shorter. A site with issues can take a year. A perfect site should still be underwritten close to twelve months, with the expectation of beating it. Discipline is the strategy: owners who wait for the right tenant usually hit their numbers and keep their underwriting whole. Some of the wait is the cycle. The last few years were defined by deferred decisions across all of industrial, as companies waited for clarity on the economy and interest rates. What we are seeing on the ground is that decision-making is picking up, first in Class A, and we expect it to reach Class B and IOS in 2027.

The peak-era leases are rolling. Many tenants signed between 2020 and 2022, and those leases are now approaching expiration. MIG tracks those operators and reaches them before their decision window, not after. The sites behind them carry their own surprises: a pipeline easement nobody mentioned, a zoning restriction on the intended use, a turning radius that does not work for the fleet. Owners should sell a vetted site, with the constraints disclosed up front, and protect face rent: concessions are tools to win rent, credit and term, cut or traded for a higher face rate as the market firms. Pricing should move on qualified demand, competing options and the real cost of vacancy, not on the calendar.

The supply barely moves, so even a modest rise in demand can shorten lease-ups quickly. Through the downturn, national warehouse vacancy rose from about 3 percent in 2022 to around 7 percent, and New Jersey industrial stands at 8.5 percent. IOS vacancy stayed in the low single digits, around 2.5 to 3.6 percent, and U.S. IOS rents rose 123 percent from 2020 to 2025.

Sources: CBRE national industrial vacancy, 2022 low via IREI and 2025 peak via Propmodo; Cushman & Wakefield New Jersey Q3 2026 via ROI-NJ, Oct 2, 2026; CBRE IOS vacancy via Commercial Property Executive, Mar 17, 2026, and Bisnow, Sept 9, 2026; Newmark, "Lots to Gain," Sept 2025. Lease-up timing is MIG field observation.

MIG's Updated Call

Good sites will lease faster, and rents outside the port will get back to the 2022 peak. In most submarkets a tenant has two or three real options, and they are usually the same two or three every other group is shortlisting. If even a handful of IOS tenants start searching at once, conditions can change quickly. We expect shorter lease-ups on good, functional sites over the next one to four quarters, rents back to the 2022 peak and beyond (some secondary markets are already there), and continued pressure pushing IOS cap rates toward core industrial.

An IOS Voice in Town Hall

Yards draw more municipal pushback than warehouses. A warehouse goes up behind a berm and a finished facade; a yard puts trucks, trailers, equipment and lighting in plain sight, and too often no one from the industry is in the room to explain it. The warehouse side has established trade groups. The yard side does not yet have a voice of its own.

Metz Industrial Group is organizing an IOS advocacy effort, trade-association style, bringing owners, operators, brokers and tenants together to meet with planning boards, zoning officers, mayors and councils before applications are filed, not after a fight. The message is straightforward. In many cases an IOS site is more innocuous than a warehouse on the same land: smaller buildings, lower coverage. And the people who work out of these yards are part of the community's fabric. They service the homes, offices, hospitals and schools around them. Every yard a town turns away is a yard no one gets back.

What This Update Adds to the Thesis

- New demand: the grid and rental-fleet buildout, and a port market that is turning toward a fixed supply of yards.
- Proof of value: terminals held their value when the operator failed, and Sayreville put a state pension in a New Jersey yard.
- Power: a second filter after zoning. It matters to a growing set of users, but there is no verified New Jersey premium yet.
- Building-and-yard sites: rare, priced by component, and leased by testing the building-to-yard ratio first.
- Pricing: cap rates have tightened toward core industrial, and end users can pay well above investor value.
- Entitlement scarcity is the constant. Patience on lease-up pays, and advocacy is how the industry protects the supply.

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10. About Metz Industrial Group

The Authority on IOS

Metz Industrial Group (MIG) has been active in Industrial Outdoor Storage since before the asset class had a name. Jordan Metz and the MIG team have been executing IOS transactions, advisory engagements, and market analysis since 2008 — when the industry was still calling these sites "yard deals" and treating them as miscellaneous entries in industrial surveys. MIG has been quietly at the center of the IOS market for two decades, building the relationships, the comparable data, and the operational knowledge that no amount of institutional capital can replicate.

When the major institutional players entered the IOS space, it was Jordan Metz who was explaining the dynamics to them — the landlord leverage that comes from tenants having only a handful of viable options, the critical distinction between a site with a maintenance building and one without, the submarket-specific negotiation intelligence that only decades of deal-making can produce. MIG helped these platforms formulate the playbooks they now execute at scale. The dynamics that make IOS work as an institutional investment — the supply scarcity, the tenant lock-in, the maintenance building gate, the negotiation leverage — these are not concepts MIG learned from a research report. They are assets MIG built over 20 years of being in the market every single day.

IOS is no longer just the operating system on your iPhone. It is a roughly $200 billion real estate asset class with institutional-quality fundamentals, a documented rent growth story, and a structural supply constraint that no amount of capital can solve. MIG was there when it was none of those things — and we intend to be there as it becomes all of them.

A Track Record Across Every Stakeholder Type

What separates MIG from the wave of newcomers that have entered IOS since 2020 is the depth and breadth of advisory experience across every principal in the market:

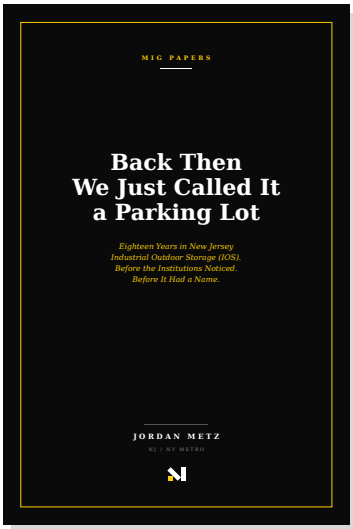
STAKEHOLDER	MIG'S ROLE
Tenants	Negotiating leases for trucking firms, contractors, utilities, equipment dealers, and specialty operators across New Jersey, New York, and regional markets.
Investors	Advising private equity groups, family offices, and high-net-worth investors on IOS acquisition strategy, underwriting assumptions, and portfolio construction.
Pension Funds	Providing institutional advisory and market intelligence to pension fund managers evaluating IOS as part of a diversified real assets allocation.
Acquisition Groups	Supporting platform builders and aggregation strategies with deal sourcing, market comp data, and transaction advisory.
Banks and Lenders	Advising commercial real estate lenders on IOS collateral valuation, market rent assumptions, and loan underwriting parameters.

STAKEHOLDER	MIG'S ROLE
Appraisers	Providing comparable transaction data and market commentary spanning two decades of direct market activity.

Ready to talk IOS?

Whether you are evaluating an acquisition, advising a client, underwriting a loan, or assessing an investment thesis — if IOS is part of the conversation, MIG should be in it.

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COMING SOON FROM MIG PAPERS

Back Then We Just Called It a Parking Lot

This report is the numbers. The book is the story behind them.

How a gravel lot nobody wanted became one of the most fought-over assets in industrial real estate, told from the yards of New Jersey by Jordan Metz.

Stay tuned for the launch.

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Appendix: Key Terms & Definitions

TERM	DEFINITION
IOS	Industrial Outdoor Storage. Open-air, fenced sites (0–30% building coverage) used for vehicle, equipment, container, and material storage. The yard is the product; the building, if any, serves the yard. The dominant market term for this asset class.
ISF	Industrial Service Facility. A newer, less widely adopted term for the service-intensive upper end of the IOS spectrum — sites with building coverage above 20–30% (but still below traditional industrial) where the building is a significant maintenance, fabrication, or service operation.
IOS-Adjacent	Warehouse or distribution tenants (3PLs, wholesale distributors, truck terminals) that require additional outdoor acreage for trailer parking, container staging, or bulk material storage beyond what their building's truck court provides.
Cap Rate	Capitalization rate. Net operating income divided by purchase price; the primary yield metric in commercial real estate.
NOI	Net Operating Income. Gross rental income minus operating expenses (taxes, insurance, maintenance).
Drayage	Short-distance trucking of goods, typically from a port or rail terminal to a nearby staging area or warehouse.
NNN Lease	Triple-net lease. Tenant pays base rent plus property taxes, insurance, and maintenance.
NJDEP	New Jersey Department of Environmental Protection. Oversight in Meadowlands and port-adjacent areas creates significant barriers to new IOS supply.
Intermodal	Freight transported in a container that can move between multiple modes (ship, rail, truck) without repacking.
Basis Point (bps)	One hundredth of a percentage point (0.01%). 100 bps = 1%.
Coverage Ratio	The percentage of a site's total area occupied by building footprint. IOS sites typically have 20–30% coverage or less, with the building serving as a maintenance shop rather than a warehouse.
Maintenance Building	The improved structure on an IOS site used for repair, fabrication, and servicing of tenant fleet and equipment. Not a warehouse for goods. The presence or absence of a shop building determines 50%+ of the addressable tenant pool.

This report reflects market intelligence gathered through direct advisory engagements, transaction data, and publicly available research as of October 2026. All rent figures reflect port-proximate Northern New Jersey unless otherwise noted. This document is intended for informational purposes and does not constitute investment advice.