

Warehouse Spaces Reports Rising Interest in Industrial Space From SMBs

Why is demand for small-bay industrial space surging while large warehouses sit vacant? Explore the market shift and how SMBs are navigating the supply crunch.

The logo for Warehouse Spaces, with "Warehouse" in a dark blue sans-serif font and "Spaces" in a larger, bold, dark blue sans-serif font.

Warehouse Spaces Logo

SAN DIEGO, CA, UNITED STATES, June 26, 2026 /EINPresswire.com/ -- A contractor in Denver needs 5,000 square feet for tools and a small crew office. An e-commerce seller in Chicago is bursting out of her garage and needs room to store inventory. A startup logistics company in Atlanta wants to test the last-mile delivery market before committing to a big lease. All three make the same calls and hear the same answer: fully leased. The industrial warehouse real estate market is in the middle of a historic mismatch, and small and mid-sized businesses are caught in the squeeze.

While massive distribution centers built during the pandemic boom sit partially empty across the country, warehouse space under 50,000 square feet has become nearly impossible to find. [Vacancy rates for big-box industrial spaces hover around 6%](#) nationwide. For smaller spaces, the rate sits near 3 to 4 percent, meaning nearly everything that comes available gets leased within weeks. Rents for small-bay industrial space have climbed over 40 percent since 2020, pricing out many of the businesses most desperate for a foothold.

The demand surge comes from three converging trends. E-commerce continues to require last-mile fulfillment hubs closer to customers rather than massive centralized warehouses. New business formation remains elevated, with startups in tech, logistics, manufacturing, and skilled trades all needing physical space to operate. And a growing number of established small businesses are outgrowing home-based operations and need room to scale without taking on a 10-year lease to a 200,000-square-foot building they'll never fill.

According to the [Commercial Real Estate Development Association](#), smaller industrial users in the 50,000 to 150,000 square foot range are now the most active part of the market. Regional distributors, third-party logistics firms, and light manufacturers are driving consistent leasing activity, while national chains sit on the sidelines. This shift has pushed rents in core submarkets up 5 to 8 percent year over year for sub-100,000-square-foot space, even as large warehouses experience flat or declining rates.

The root cause is supply. Between 2020 and 2023, developers delivered a record 1.8 billion square feet of industrial space across the United States, responding to pandemic-era e-commerce booms and historically low interest rates. Nearly all of it was large-format: 200,000 square feet and up. When demand slowed, those megawarehouses filled slowly. Smaller spaces never got built.

Today, less than 4 percent of industrial space currently under development nationwide is small-bay. Developers avoid the segment because construction costs per square foot are higher, site work is more complex, and tenant buildouts require more customization. According to commercial real estate data, a small-bay property averages around \$142 per square foot in development costs, compared to \$75 per square foot for big-box. The economics push new construction toward large buildings, leaving the small-business segment starved for supply.

This is where platforms like [Warehouse Spaces](#) step in. Rather than forcing small businesses to compete for scraps on traditional commercial real estate websites, Warehouse Spaces operates as a free, impartial broker service with local experts in every major market across the nation. The model is simple: identify warehouse space available in your area, handle the negotiation, close the deal, and collect the landlord's commission so the tenant pays nothing.

"Small businesses typically lack the leverage to negotiate," says a spokesperson for Warehouse Spaces. "Our local brokers can often secure 10 to 15 percent discounts off list price and negotiate 1 to 2 months of free rent on most leases. We've seen tenants get better terms and faster occupancy because they're not handling this alone."

The service is completely free and comes with no obligation. Businesses fill out a brief profile detailing their space needs, and Warehouse Spaces matches them with options across its network. No long-term contracts required, no personal guarantees, no pressure. For SMBs just starting out, small bay and flex spaces units as small as 200 square feet, often with month-to-month terms prove to be ideal.

About Warehouse Spaces

Warehouse Spaces operates throughout the nation with local experts available in all major cities. The company helps small businesses, e-commerce brands, contractors, and entrepreneurs find and lease warehouse space at no cost. Services include market search, lease negotiation, and ongoing support. With locations nationwide and no long-term contracts, Warehouse Spaces removes barriers for growing businesses.

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