INDUSTRIAL · DATA CENTERS | NATIONAL
FINANCE · CONSTRUCTION FINANCING

Electrified Industrial Outdoor Storage Gains Fans Among Investors and Tenants

It's the ultimate plug-and-play in commercial real estate amid a scramble for sites equipped to quickly handle data centers and logistics hubs

BY PATRICK SISSON MARCH 16, 2026 9:00 AM

ILLUSTRATION: CREATED WITH CHATGPT

Industrial outdoor storage is already a niche real estate sector built on scarce supply and rising demand. Municipalities rarely, if ever, approve the likes of additional truck parking or zone for more gravel lots for storing construction gear.

Now, industrial outdoor storage (IOS) may have a new point of differentiation driving up rents and property values.

SEE ALSO: DMV Industrial Pipeline Doubles Year-Over-Year Because of Data Centers

classes such as logistics hubs and data centers, and it's called electrified industrial outdoor storage, or EIOS. Investors have already taken note.

"Tenants are looking for the 'three P's' — people, place and power," said Chad Tredway, global head of real estate for J.P. Morgan Asset Management, who has been focused on powered sites for advanced manufacturing.

Proponents of this particular property play see rising demand for plots with excess electrical capacity for everything from EV charging depots and powered parking for self-driving vehicle fleets to spaces that can be converted to support advanced manufacturing facilities of at least 500,000 square feet. Traditionally, unsexy IOS sites, typically located deep in the industrial zones in and around cities, tend to be near power lines or have excess power capacity, a previously underappreciated characteristic that's making property investors give these sites a closer look.

"As opposed to buying land for equipment rental companies or lumber laydown yards, investors are seeing opportunities like autonomous trucking or autonomous cars," said Justin Horowitz, senior managing director of Cooper-Horowitz, a financing firm active in the IOS space. "It's just another asset class within IOS that's becoming popular."

A new JLL analysis underscores how much, as the report puts it, the mantra of "location, location, location" is increasingly giving way to "location, resilience, reliability." In Silicon Valley, for instance, sites capable of meeting significant power demand — roughly 4,000 amps or more — are commanding 49 percent higher rents than standard industrial leases, a premium above and beyond new construction. Bringing ample electrification to your site can bring in a whole new type of tenant.

for a turnkey asset with power already in place. Even at those higher rents, demand is strong, executives at other companies say.

“Attractive, powered land locations that are already zoned for industrial near major urban areas are already hot commodities,” said Josephine Tucker, a JLL managing director and head of its energy advisory. “The absorption rate is tremendously high in this space — over 99 percent.”

The market for this type of power-supplied IOS really emerged in the last 18 months, said Max Heiden, a partner at Catalyst Investment Partners, a sector-specific real estate manager that owns about 140 IOS properties up and down the East Coast. Before, demand was mostly confined to West Coast markets, where there was a regulatory push that raised demand for more EV chargers, and in Texas, where a number of startups were moving forward with autonomous, electric trucking.

But, in the last year and a half, Heiden said that what he calls “new age electrified uses” have started seeking property: EV charging, autonomous vehicles (AV), and firms adjacent to the AI and data center buildout industries looking for storage space. They all share a desire for industrial-zoned real estate with lots of power and outdoor storage near population centers.

“The quote-unquote popping of the EV bubble has not taken these players out of the market in terms of who’s looking for space,” said Heiden. “We definitely view it as a major category going forward.”

Heiden predicted that AV storage alone could soon comprise 20 percent of Catalyst’s portfolio. Catalyst just launched a $400 million equity fund in February, and Heiden expects AV- and EV-focused buys will be a significant part of the fund’s acquisition strategy.

estate right now," said Tucker. "Prologis and Brookfield have already been thinking about the relationship between energy resources and operational real estate in logistics or manufacturing. But we're starting to see that trickle out in terms of other investors starting new funds — for example, manufacturing logistics with energy infrastructure as a specific requirement in fundraising."

Tredway said J.P. Morgan Asset Management is looking at the potential for advanced manufacturing and robotics, which he sees as a growing source of industrial demand. He cites a recent project his team worked on in Houston for a major electronics manufacturer, developing a 112-acre site with two 380,000-square-foot buildings into an advanced manufacturing site. It's expected to open in late 2026.

Tredway also has Southern California, Texas and Phoenix on his radar for these kinds of investments. Those markets have benefited from government stimulus for industries, such as the CHIPS Act bolstering microchip manufacturing, and they have both a base of talent and deep ties in sectors like defense and aerospace, which attract suppliers in need of new facilities.

While manufacturing employment is down, it's a mixed signal for real estate, because increased automation and robotics mean companies can do more with less. Tredway said leasing for manufacturing space has actually been growing at a 50 percent compound annual rate since 2018.

As investment flows to these EIOS sites, and turns what was traditional truck parking and storage spaces to newer uses, it'll exacerbate the existing supply crunch around IOS property in general. That could further increase prices.

Demand for urban, highway-adjacent storage — previously the domain of waste management firms, logistics, utility companies and commercial landscapers —

Tredway has found that cap rates for IOS are 50 to 150 basis points above traditional industrial uses, but those are compressing as sites become harder to find.

"It's just more fuel on the fire for the supply crunch story," said Heiden. "There is a fixed or declining amount of this inventory."

This new, more high-tech use case for IOS is also emerging as the IOS space at large becomes more institutionalized, said Horowitz. Over the past 24 months, he said there's been a real push to institutionalize IOS as an investment option amid growing interest from players like J.P. Morgan, Clarion Partners and Peakstone Realty Trust.

"There's a lot of positive momentum in IOS," said Horowitz. "It still feels like the early days for investors. There's more institutional capital coming into the space on the equity side, and all the aggregators over the past several years have built tremendous portfolios."

Demand for these sites will continue to rise as voracious data center growth looks back toward urban and suburban sites. There's even growing, albeit limited, use of these sites to store large, industrial-size batteries to help power other projects, said Leo Addimando, CEO and managing partner of Alterra Property Group, a major investor and developer in the space.

As the massive rural and exurban data center campuses continue to refine and evolve AI models and their commercial applications, tech firms will start investing more and more in data centers nearer to users — so-called edge computing — to help curb or eliminate delays in consumer applications like chatbots.

and inference traffic from AI will grow 25 percent between 2024 and 2027. Daniel English, managing investor of real estate investment firm Legacy Investing, predicts 10x growth of edge data centers between now and 2030. Catalyst IOS's Heiden has seen IOS land being turned over for this use over the last two years in particular.

That may put data centers and advanced manufacturing in competition with each other, said JLL's Tucker. Advanced manufacturing already has a number of site constraints. Ideally, its backers want it near transportation routes like rail, connected to a larger distribution network, and also close to talent and work crews. At the same time, advanced manufacturing, like EIOS, functions best with copious power. There's opportunity for on-site generation at these industrial sites, said Tucker, but there will still be demand for more electricity.

The scramble for powered sites has complicated zoning and utility hookups, said J.P. Morgan's Tredway. There are growing pains, too, as utilities try to meet demand and prioritize the right projects, and municipalities deal with rising electricity rates and industrial development that can even crowd out uses like much-needed housing construction.

Tucker said many users are looking at battery storage to cut costs. For an industrial tenant, energy can account for up to 20 percent of the total operation costs.

But, even as grid dynamics, electrification and technology become more central to the economy, the evolving EIOS story suggests the land where all this activity takes place still carries significant value.

"Boil it down to the high-barrier-to-entry things," said Heiden. "It's location, zoning and proximity to the population. It's all a real estate game."

TRENDING STORIES

INDUSTRY · INVESTMENTS & SALES | NEW YORK CITY

Manhattan's Long Investment Sales Drought — And Why a Surge May Be Coming

INDUSTRIAL · DEVELOPMENT | NATIONAL

DMV Industrial Pipeline Doubles Year-Over-Year Because of Data Centers

MIXED-USE · INVESTMENTS & SALES | NEW YORK CITY

Centurion Realty Sells Mixed-Use Building in SoHo for $58M

RETAIL · LEASES | NEW YORK CITY

Focal Point Brewery Inks 5K-SF Deal at 420 Carroll Street

INDUSTRIAL · DEVELOPMENT | NEW JERSEY

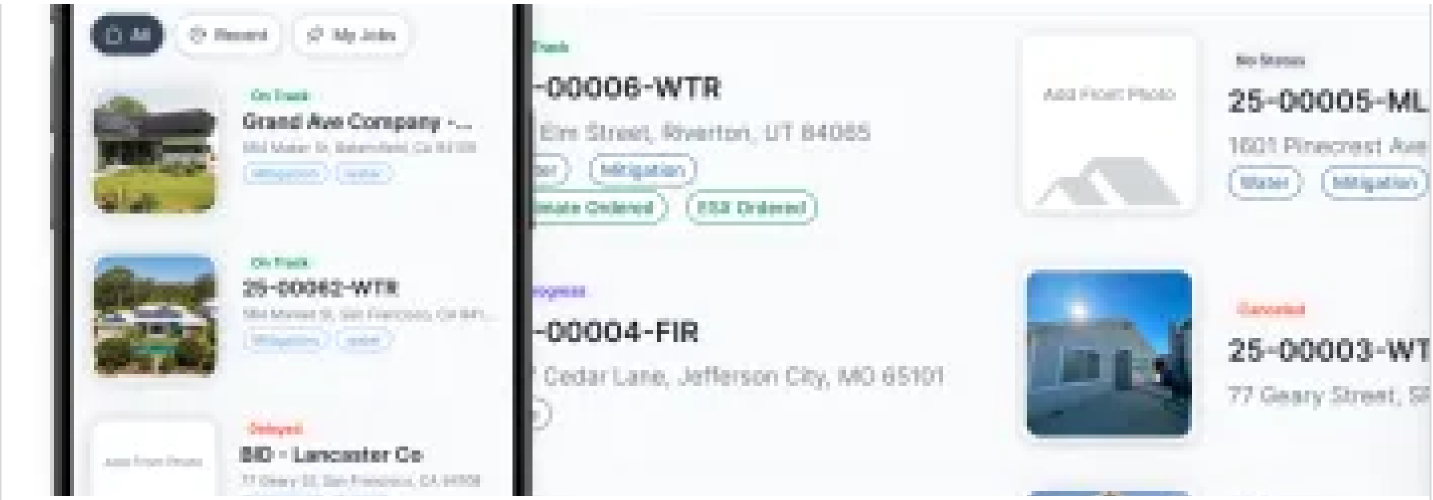
New Jersey Is a Film Hub Again After a 100-Year Hiatus

BY: LARRY GETLEN

INDUSTRY · TECHNOLOGY | NEW YORK CITY

Real Estate Is Insecure About Its Relationship With Data and AI

BY: PHILIP RUSSO



INDUSTRY · DEVELOPMENT | NATIONAL

Contech Startup TrueBuilt Acquires Capabuild

BY: PHILIP RUSSO

MORE

Read the latest edition of the Commercial Observer online!

TERMS

PRIVACY

COOKIES SETTINGS

DO NOT SELL MY DATA

SITEMAP