



SEPTEMBER 2024

Three key policies
will steer the
industrial sector
in the next
presidential term

As the November 5 election approaches, its outcome will have significant implications for industrial occupiers, landlords and market trends. With the presidency, key Senate races and all House seats on the ballot, U.S. industrial policy is at a crossroads. Savills Research has identified three critical issues—China tariffs, electric vehicle (EV) incentives and energy policy—that will shape the sector’s outlook. Policy outcomes could vary significantly under a Harris or Trump administration, with a divided government determining how far-reaching each candidate’s respective policies will be.

China tariffs

Higher tariffs may boost growth in domestic manufacturing hubs but could slow activity in port markets over time. While both candidates support tariffs, Trump has signaled a more aggressive stance.

Recent leasing: China-focused 3PLs

Tenant	Size (SF)	Sign Date	Address	City, State	Market
Western Post	1,006,050	3Q 2024	3363 Gun Club Road	Nazareth, PA	PA I-81/78 Corridor
Elogistek	1,003,592	1Q 2024	11281 Citrus Avenue	Fontana, CA	Inland Empire
Western Post	927,696	3Q 2024	1979 W Renaissance Parkway	Rialto, CA	Inland Empire
GigaCloud Tech	655,370	1Q 2024	3001 Jimmy DeLoach Parkway	Bloomington, GA	Savannah
Western Post	609,500	2Q 2024	7776 Tippecanoe Avenue	San Bernardino, CA	Inland Empire
Elogistek	607,417	1Q 2024	1001 W Middlesex Avenue	Port Reading, NJ	Northern New Jersey
GigaCloud Tech	427,047	4Q 2023	800 Barrington Avenue	Ontario, CA	Inland Empire
GigaCloud Tech	373,283	1Q 2024	5140 Santa Ana Street	Ontario, CA	Inland Empire
JW Fulfillment	350,824	2Q 2024	1521 E Francis Street	Ontario, CA	Inland Empire
JW Fulfillment	342,371	2Q 2024	99 Callahan Boulevard	Sayreville, NJ	Northern New Jersey
Western Post	317,003	4Q 2023	14402 Fallbrook Drive	Cypress, TX	Houston
KCL Fulfillment	304,755	1Q 2024	12249 Holly Street	Colton, CA	Inland Empire
eFulfill*	250,000	3Q2024	600 Linden Logistics Way	Linden, NJ	Northern New Jersey

*Sublease

Source: Savills Research

Tariffs will remain a key concern for industrial occupiers, regardless of the 2024 election outcome. The \$380 billion in Trump-era tariffs on Chinese goods, largely upheld by the Biden administration, are set to increase by an additional \$18 billion under Section 301 over the next two years. Trump has proposed general levies of up to 60%, while Harris supports targeted tariffs including recently enacted 100% tariffs on EVs and 50% on solar panels from China. These protectionist measures, compounded by ongoing supply chain disruptions, are prompting companies to stockpile inventories ahead of expected increases, leading to higher leasing activity in the first half of 2024 for China-focused third-party logistics (3PL) providers.

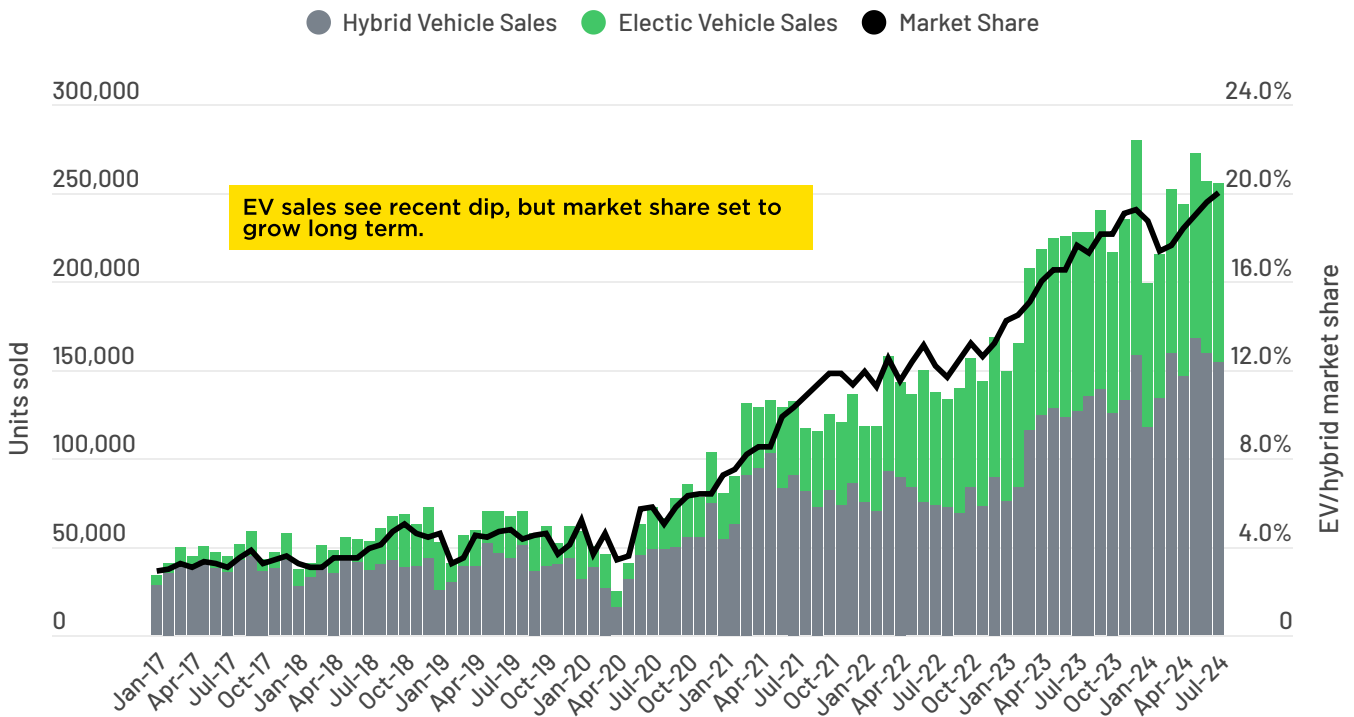
Firms such as Western Post, Elogistek, GigaCloud Tech and JW Fulfillment have leased spaces ranging from 300,000 to over 1.0 million square feet in top port markets.

In the longer term, these protectionist policies could accelerate domestic manufacturing, particularly in Southeast and Midwest hubs, as highlighted in [Savills 2024 Manufacturing Report](#). This growth extends beyond factories to the broader ecosystem of suppliers, all of which need warehouse and distribution space. However, port markets may face a slowdown as the flow of goods shifts and imports decrease as a share of consumption, though this shift will take years. To further complicate matters, critical manufacturing inputs like the artificial graphite Ford sources from China for EV batteries remain dependent on imports, underscoring persistent supply chain vulnerabilities. Additionally, higher tariffs may result in higher consumer prices, potentially cooling retail spending, the key driver of warehouse demand.

EV incentives

Regardless of the election outcome, EVs will continue gaining market share, boosting domestic production. Harris is expected to push for stronger incentives to accelerate adoption.

Monthly electric and hybrid sales vs. total market share of auto sales



Source: Argonne National Laboratory

The EV sector has expanded significantly during the Biden administration, with EV sales market share rising from 7.2% in January 2021 to 20% by July 2024. Domestic EV manufacturing and its knock-on effects has created over 340,000 new jobs, primarily in Battery Belt states such as Michigan, Ohio, Kentucky, Tennessee, Georgia and the Carolinas. These new plants attracted \$177 billion in private capital investment, including major projects like the \$7.6 billion HMG Metaplant America in Ellabell, GA, and Toyota's \$13.9 billion facility in Liberty, NC. EV charging infrastructure also grew by 103%, reaching over 64,000 stations nationwide during this period. Recently, the EV market has encountered setbacks, with Rivian and Ford delaying projects in Georgia and Michigan, while several EV-related startups, including Charge Enterprises and Fisker, have filed for bankruptcy. Nonetheless, with substantial private and public investment and a growing market share, EV adoption is expected

to continue regardless of the election outcome.

Harris has vocalized support for the EV sector through incentives, while Trump has proposed eliminating the \$7,500 clean vehicle tax credit created by the Inflation Reduction Act (IRA). Notably, nearly all leading states for EV manufacturing are historically Republican-leaning or swing states, which could make Trump hesitant to remove policies benefiting their local economies. Manufacturing projects could be influenced by Trump's fast-track permitting initiatives, while his approach to public-private partnerships, as seen in Operation Warp Speed, may also affect production in critical sectors. Tariffs are another key issue for domestic EV production, with Biden having raised tariffs on Chinese EVs from 25% to 100% and on lithium-ion batteries from 7.5% to 25%, while key components like natural graphite and permanent magnets now face an additional 25% tariff.

Energy Policy

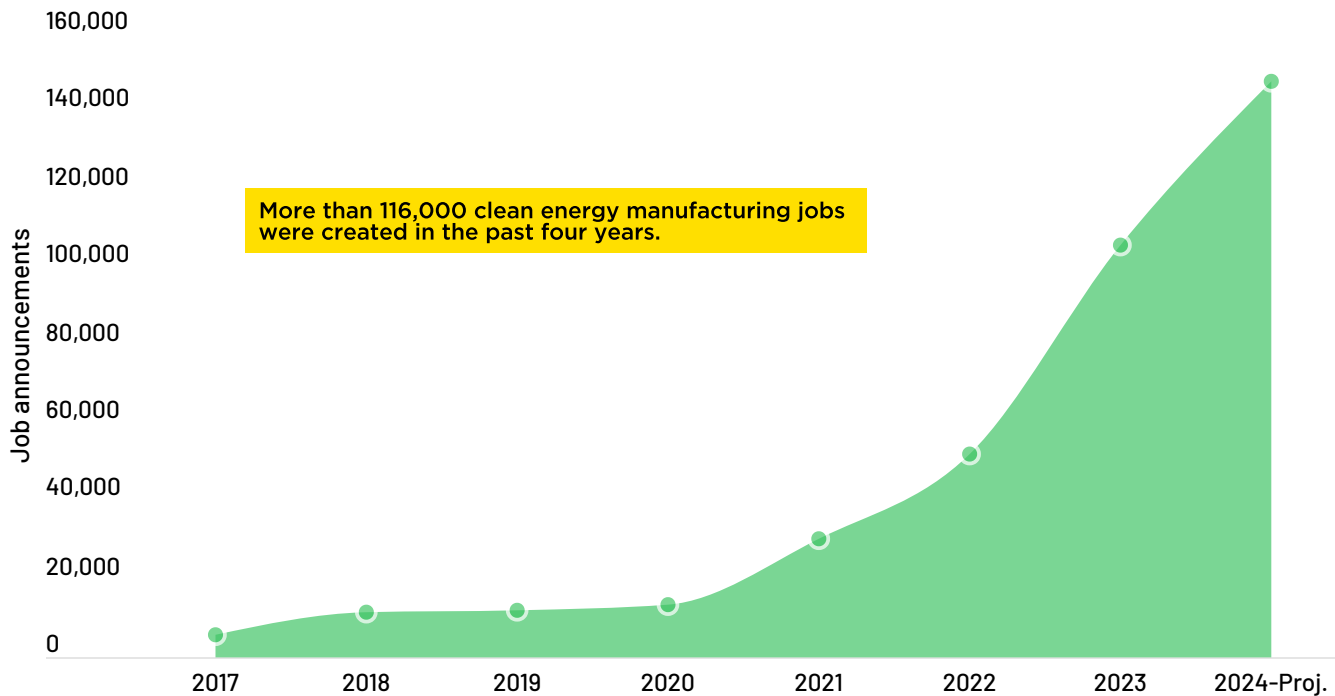
Both candidates aim to boost U.S. energy production: Harris would accelerate renewables, while Trump would prioritize oil and gas, shaping industrial demand in both sectors.

Growing power demands across sectors like data centers, EV charging and advanced manufacturing are significantly impacting U.S. energy needs. Power consumption for data centers alone is expected to rise by 160% by 2030, driven by the increasing use of AI technologies. According to a May 2024 report by Goldman Sachs, a single ChatGPT query uses 10 times more electricity than a Google search. This surge in energy demand is also fueled by sectors like cold storage, vertical farming and crypto-mining. Even traditional warehouse and distribution operations are requiring more power due to the rise of automation, with some facilities now needing up to 10,000 amps, far exceeding the typical range of 2,000 to 4,000 amps.

The 2024 election will have considerable implications for U.S. energy policy, with each presidential candidate offering a different approach. A Harris presidency would likely accelerate growth in the clean energy sector, benefiting the manufacturing of wind turbines, solar panels and other renewable technologies. States with a strong clean energy presence, such as Texas, Georgia, New Mexico, Ohio and Tennessee, stand to gain. Last year, for example, Illuminate USA opened a 1.1-million-square-foot solar panel manufacturing facility in Pataskala, OH, creating 850 jobs. Conversely, a Trump presidency would prioritize domestic oil and gas production, benefiting traditional energy markets like Houston,

as well as emerging regions such as the Delaware Basin and Oklahoma’s STACK and SCOOP plays, among others. These fossil fuel policies could lead to lower energy costs and increased demand for industrial space near drilling sites for support operations.

U.S. clean energy manufacturing job announcements*: cumulative 2017-2024



*Reshoring and FDI jobs adjusted for supply chain impact
Source: Reshoring Initiative (data through July 2024)

The upcoming election will have a lasting impact on U.S. industrial markets, with tariffs, EV growth and energy policies all playing critical roles. Whether through protectionist trade measures, evolving EV incentives or shifts in energy strategy, the next administration’s policies will shape the future landscape of industrial production, supply chains and markets.

Source: Office of the United States Trade Representative, Tax Foundation, Brookings Institute, Goldman Sachs

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