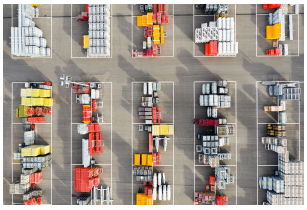

Industrial Outdoor Storage and Zoning: Seven Common Pitfalls for IOS Developers to Avoid

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Authors:

Cameron W. MacLeod
Jacob B. Vissing

Industrial outdoor storage, often referred to as IOS, has become one of the most closely watched segments of the industrial real estate market. As land becomes scarcer, various IOS uses are often fighting for the same properties as residential, retail, commercial, and larger warehouse developments. The concept is simple: land used for storing trucks, trailers, construction equipment, containers, building materials, or other business-related assets outside a building. The zoning analysis behind it, however, is often anything but.

For developers, owners, tenants, and municipalities, IOS raises a recurring land use question: where is outdoor storage an appropriate industrial use, and when does it create impacts that require additional regulation? The answer depends on the local zoning ordinance, the intensity of the proposed operation, the surrounding land uses, and the site's ability to handle traffic, stormwater, screening, lighting, noise, and environmental concerns.

What Counts as Industrial Outdoor Storage?

IOS is not a single use. It can range from contractor yards, container yards, equipment rental yards, and building material storage, on up to staging areas for logistics operations, fleet parking, and truck or trailer storage. Because these activities vary widely, many zoning ordinances regulate them differently.

As with any property, start with the zoning code. The first zoning issue is often definitional. A use that one municipality treats as "outdoor storage" may be classified elsewhere as a contractor's yard, motor vehicle storage, truck terminal, recycling-related use, equipment sales and rental, warehousing, or an accessory use. That classification can determine whether the activity is permitted by right, allowed only by conditional use, or prohibited entirely

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(requiring either a rezoning or some type of use variance or special permit).

Common Zoning Issues for IOS Sites

- **Permitted use versus conditional use:** Even in industrial districts, outdoor storage may require conditional use approval, site plan approval, a variance, or another discretionary entitlement. In some jurisdictions — particularly those in the Northeast — site plan approval, even for a permitted use, may be required so that the municipality can address some of the zoning issues below. We have also encountered, in some jurisdictions, zoning ordinances that allow for staff/planning director discretion to determine whether a use that is not specifically defined in the ordinance fits within a particular zoning district/designation. This scenario highlights the importance of advance communication with the planning and zoning staff beyond a mere zoning report analysis.
- **Accessory versus principal use:** Some ordinances allow outdoor storage only when it is accessory to a building-based business, while others permit stand-alone yard operations. Even if it is permitted as accessory, some municipalities and planning jurisdictions have differing standards for whether a use is actually accessory to the principal use on the property or is a second principal use.
- **Screening and buffering:** Fencing, landscaping, berms, setbacks, and limits on stack height are common tools used to reduce visual impacts from public streets and neighboring properties. Some codes expressly require them, and others leave this buffering to the discretion of the jurisdiction. Often, screening and buffering requirements will change based on the intensity of the IOS use.
- **Traffic and circulation:** Truck turning movements, driveway locations, queuing, employee parking, fire access, and conflicts with residential streets often become central review issues.

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- **Surface and stormwater controls:** Based on whether the project is an existing developed property or a new development, the permitting agencies may require paved or stabilized surfaces, stormwater management, drainage improvements, and controls for sediment, oils, fuels, or other pollutants. They may also be wary of an IOS use becoming more akin to a trucking depot or repair facility, so limitations may be proffered to restrain related but undesirable uses.
- **Lighting, noise, and hours of operation:** IOS uses that operate early, late, or around the clock may need limits on lighting spillover, backup alarms, loading activity, and idling. They may also face site security concerns.
- **Environmental constraints:** As always, environmental restrictions will certainly limit potential for development. Be sure that as part of a due diligence process, anyone exploring IOS uses should review neighboring wetlands, flood hazard areas, contaminated sites, or threatened and endangered species habitat, among others, and confirm whether any regional environmental agencies may have oversight.

Why Municipalities Are Looking More Intently at IOS

The growth of e-commerce, logistics, construction activity, and fleet-based businesses has increased demand for low-coverage industrial land. At the same time, many municipalities are wary of large-scale warehousing and indoor storage facilities because of the renewed focus on warehouse and data center issues, which remain in the limelight. IOS has become a seemingly more palatable option for municipalities that want to continue to gain the ratable value without the public backlash. As a result, many communities are revisiting zoning ordinances to define IOS more precisely, limit where it may occur, or impose design and operational standards.

Practical Takeaways

IOS value is closely tied to entitlement certainty. A parcel that appears ideal from a market perspective may lose value if outdoor

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storage is not clearly permitted, if approvals are discretionary, or if environmental and infrastructure constraints make the use difficult to operate. Conversely, a well-located site with clear zoning, documented approvals, adequate buffering, and strong circulation can be highly attractive to users that need functional outdoor space.

The best approach is to treat zoning and permitting as a front-end business issue rather than a closing condition. Before committing to a transaction, stakeholders should clearly understand the use classification, entitlement pathway, operational standards, environmental constraints, and municipal policy context. In the IOS market, the land may be the asset, but the zoning often determines whether that asset can perform.

FBT Gibbons is ready and willing to assist in these initial reviews as part of any contract diligence. Our permitting teams work closely with our transactional colleagues to set realistic timelines and realistic expectations that lead to strong results for our clients. For questions or further guidance as it relates to the topics and issues discussed above, please contact the authors or any member of the firm's Real Estate and Finance Industry teams.

You can also check out additional IOS coverage below:

- Industrial Outdoor Storage: A Maturing Asset Class
- Five Provisions to Consider When Negotiating IOS Leases

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