

Industrial Market Report

Raleigh has continued to experience strong demand for industrial product (both from traditional industrial occupiers along with life science companies) in a limited supply environment. Net absorption in Q4 2021 was 680,425 SF along with deliveries of 173,157 SF. The net result is a very challenging environment for occupiers from both availability (2.4% vacancy) and cost (up 9% since Q4 2020) perspectives. Rising fuel costs and labor shortages are additional factors through which industrial users are having to navigate.



Vacancy
2.4%



Average Rent
\$9.51/SF



Net Absorption
680,390 SF

Rental and Vacancy Rates

Direct Asking Rent (\$/SF)	Total Vacancy Rate	YoY Change
\$12.44	West Raleigh 1.3%	▼ -0.3%
\$10.58	East Raleigh 2.3%	▼ -6.4%
\$10.99	RTP/RDU 2.7%	▬ 0.0%
\$10.19	Glenwood/Creedmoor 1.1%	▼ -1.0%
\$9.62	6 Forks/Falls of Neuse 3.2%	▲ 1.3%
\$11.05	Route 1 3.6%	▼ -2.2%
\$9.31	Northeast Wake County 4.2%	▲ 1.4%
\$9.29	Southeast Wake County 1.2%	▼ -3.9%
\$10.74	Southwest Wake County 5.0%	▼ -0.8%

Recent Transactions

Tenant	Size	Submarket	Sector
1 FedEx Ground	188,000 SF	Northeast Wake County	Industrial
2 Park Communications	68,450 SF	RTP/RDU	Industrial
3 CHEP USA	66,000 SF	Johnston County	Industrial
4 Confidential Tenant	41,300 SF	Research Triangle	Industrial
5 Confidential Tenant	33,639 SF	Southeast Wake County	Industrial
6 Confidential Tenant	33,600 SF	6 Forks/Falls of Neuse	Industrial
7 Capital City Roofing	21,200 SF	Northeast Wake County	Industrial
8 A. Maynor Heating & Air	19,200 SF	Route 1	Industrial
9 Motion Industries	12,960 SF	Glenwood/Creedmoor	Industrial

Occupier's Perspective

5 largest submarkets by total inventory: Johnston County, Southeast Wake County, Northeast Wake County, Route 1, and Southwest Wake County

We recommend that occupiers begin to formulate their strategy for renewal or relocation a minimum of 12 months prior to lease expiration.

Market Trends

Investment sales

Similar to other sunbelt markets, Raleigh has seen heightened activity in investment sales. Q4 saw sales volume of \$406,818,310, up 58% YOY. Reflective of the strength of the market, cap rates continue to compress to a current 6.73%, off 4 basis points from a year ago and off 81 basis points in the past 5 years.

Development

Life Science continues to be a huge driver of development activity in the Triangle. Crescent Communities and Trinity Capital both have plans for new life science campuses with investments in excess of \$500M. On the bulk industrial front, available land has driven new projects to East Raleigh and southwest to Garner and Clayton. Scarcity of land near RTP/RDU have made new projects very challenging and expensive.