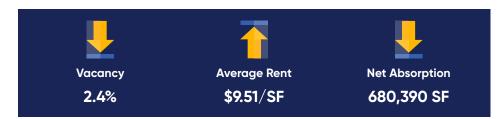
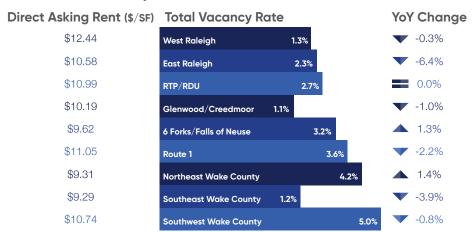


Industrial Market Report

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.



Rental and Vacancy Rates



Recent Transactions

Ter	nant	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.