

Industrial Market Report

The Raleigh industrial market continues to be characterized by historically low vacancy coupled with robust demand from a diverse array of industries from traditional logistics and manufacturing to life science and technology users. This creates challenges for occupiers who are having to maneuver dramatic increases to real estate costs and a scarcity of options to accommodate growth needs.

A construction pipeline of 5.6M square feet can help relieve some of the supply-demand imbalance, but likely not enough to stop the trend of increasing rates over the next 2 – 3 quarters.



Vacancy
2.6 %



Average Rent
\$10.25/SF



Net Absorption
401,058 SF

Rental and Vacancy Rates

Direct Asking Rent (\$/SF)	Total Vacancy Rate	YoY Change
\$13.31	West Raleigh 1.8%	▼ -1.2%
\$11.21	East Raleigh 3.8%	▲ 1.2%
\$12.69	RTP/RDU 3.2%	▲ 1.4%
\$10.97	Glenwood/Creedmoor 0.6%	▼ -2.2%
\$10.79	6 Forks/Falls of Neuse 2.0%	▼ -2.7%
\$11.80	Route 1 2.6%	▼ -3.6%
\$9.93	Northeast Wake County 2.4%	▲ 0.2%
\$9.96	Southeast Wake County 2.7%	▲ 1.0%
\$11.59	Southwest Wake County 5.9%	▼ -0.5%

Recent Transactions

Tenant	Size	Submarket	Sector
1 Amazon	600,000 SF	Johnston County	Industrial
2 Long Beverage Inc	142,730 SF	Glenwood/Creedmoor	Industrial
3 Do Good Foods	135,000 SF	Johnston County	Industrial
4 Hilldrup Moving & Storage	120,114 SF	Southeast Wake County	Industrial
5 84 Lumber	55,146 SF	Northeast Wake County	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

Landlord-favorable market

The increased demand from logistics and life science manufacturing are continuing to push rental rates up on both industrial and flex space. Tight demand and robust preleasing will continue to create favorable leverage for landlords.

Development activity

The eastern and southern portions of the market are seeing increased construction activity, as developers seek to acquire land in less congested areas of I-40 and I-95 corridors. Roughly 5.4M SF of industrial space is currently under construction in the market or approximately 5.6% of the market's inventory.

Economic growth and recovery

The Research Triangle region continues to be one of the fastest growing metros in the nation driven by technology, life science and growing logistics sectors. Job recovery in the region has outpaced other Southern markets and supports a healthy labor pool.