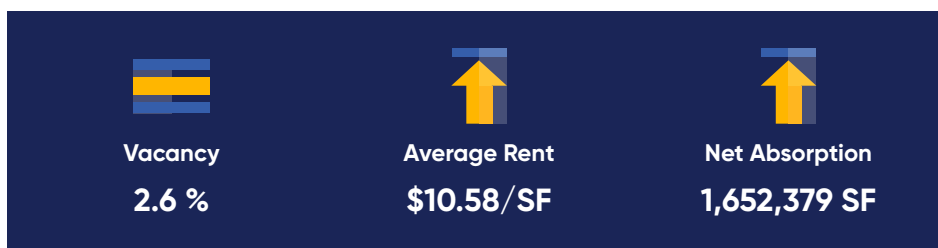


Industrial Market Report

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. Vacancy, at 2.6%, remains at historically low levels. The net result is a continued challenging environment for industrial occupiers.

New industrial development is pushing southeast to Garner and Clayton and to the west along I-85 into Mebane. However, the new supply still does not appear to be enough to keep up with demand.



Rental and Vacancy Rates

Direct Asking Rent (\$/SF)	Total Vacancy Rate	YoY Change
\$13.52	West Raleigh 1.8%	= 0.0%
\$11.51	East Raleigh 3.7%	▼ -0.1%
\$13.10	RTP/RDU 4.4%	▲ 1.2%
\$11.38	Glenwood/Creedmoor 0.8%	▲ 0.2%
\$11.08	6 Forks/Falls of Neuse 3.3%	▲ 1.3%
\$12.16	Route 1 2.3%	▼ -0.3%
\$10.26	Northeast Wake County 1.3%	▼ -1.1%
\$10.16	Southeast Wake County 3.0%	▲ 0.3%
\$12.25	Southwest Wake County 5.4%	▼ -0.5%

Recent Transactions

Tenant	Size	Submarket	Sector
1 Long Beverage Inc.	142,730 SF	Glenmoor / Creedmoor	Industrial
2 Confidential Client	52,080 SF	Research Triangle	Industrial
3 Confidential Client	16,160 SF	Research Triangle	Industrial
4 Branz Safety	11,580 SF	North Durham	Industrial
5 Confidential Client	9,200 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 as early as possible to generate leverage with current or future landlords.

Market Trends

Industrial Preleasing

Construction has grown over the past year to meet the increase in demand, with nearly half of the under construction space already preleased. While the deliveries should loosen the low vacancies slightly, the strong preleasing trend could indicate that supply pressures could remain limited in the market.

Construction

While the 4.4M SF currently under construction will likely lift vacancy rates in 2023, the continued population growth in both Raleigh and Durham will continue to support the demand for e-commerce, third-party logistics and last mile delivery operations.

Investment

Industrial investment activity in the market surpassed \$1.0B over the past 12 months. Logistics and light-manufacturing facilities are the most popular investments in the market.