

Raleigh-Durham

Industrial | Q1 2023 Market Report

Quarterly Shifts

- ↑ Vacancy
1.3%
- ↑ Average Rent
\$0.44/SF
- ↓ Net Absorption
-189,342 SF

Occupier's Perspective

Construction activity has grown to roughly 5.8 million square feet with about 30 percent pre-leased. New large industrial developments are most active in the southern and eastern sides of the market. The largest project underway is a one million square foot spec distribution center in the Johnston County submarket.

Net absorption continues to be strong with just over 230,000 square feet absorbed in the Raleigh market in 1Q 2023.

Raleigh's workforce continues to attract technology and life-science employers. The three major universities in the area - Duke, NC State and UNC - continue to supply highly-educated individuals to the workforce.

NC Economic Development

Raleigh's industrial vacancy has continued to slightly increase over the past year to its current 4.3 percent rate, equal to the national average. **The lack of inventory is a main driver in continuing overall rent growth of 11 percent year-over-year. The trend does look to be flattening with rent growth close to 3 percent from Q4 2022 to Q1 2023.** Development activity continues to push outward from the market's center with industrial activity to the east, southeast and west along major interstate corridors. The lack of land and available inventory continue to make Raleigh a challenging market for industrial occupiers.

Submarket Movement

Vacancy Rate	QOQ Change	Direct Asking Rent (\$/SF)	Submarket
0.0%	-2.8% ▼	\$10.83	East Raleigh
5.3%	2.5% ▲	\$11.28	Southeast Wake County
2.9%	0.5% ▲	\$11.61	Northeast Wake County
1.6%	0.2% ▲	\$13.27	West Raleigh
4.7%	3.9% ▲	\$15.19	Glenwood/Creedmoor
2.0%	-0.2% ▼	\$15.46	Route 1
12.5%	6.9% ▲	\$15.73	Southwest Wake County
3.6%	1.0% ▲	\$17.40	Research Triangle
3.0%	0.4% ▲	\$22.69	Six Forks/Falls of Neuse
6.3%	0.4% ▲	\$22.80	RTP/RDU
6.5%	1.7% ▲	\$25.26	Cary

28,000
New Jobs
Created

\$19B+
Capital
Investment

\$1.55B
New Annual
Payroll

Source: Economic Development Partnership of NC 2022 Annual Report