

# Raleigh-Durham

## Industrial market snapshot | Q2 2024

The Raleigh-Durham industrial market is reaching a healthier balance between supply and demand as deliveries continue, and availability reaches a reasonable 5.4%. Only three years ago, vacancy was 2.2%, and demand was so high that construction started on nearly 6 million square feet of space, representing around 8.5% of inventory at that time. Despite the arrival of this additional supply and the higher availability in the market, rental rates have increased by 61.7% since Q1 of 2023. Occupiers nationally are facing higher overall costs on commodities, making it more difficult for them to do business and afford higher rental rates. The Raleigh-Durham market is in a position of strength relative to the past, but the greater economy could certainly improve.

# -78.7%

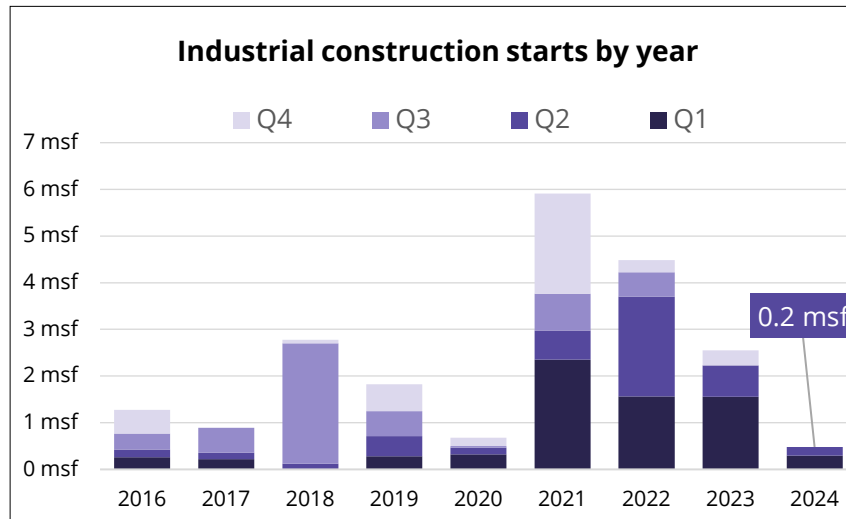
Decrease in construction starts from half 1 2023 to half 1 2024. The high costs of construction have caused many delays in starts.

# -30.5%

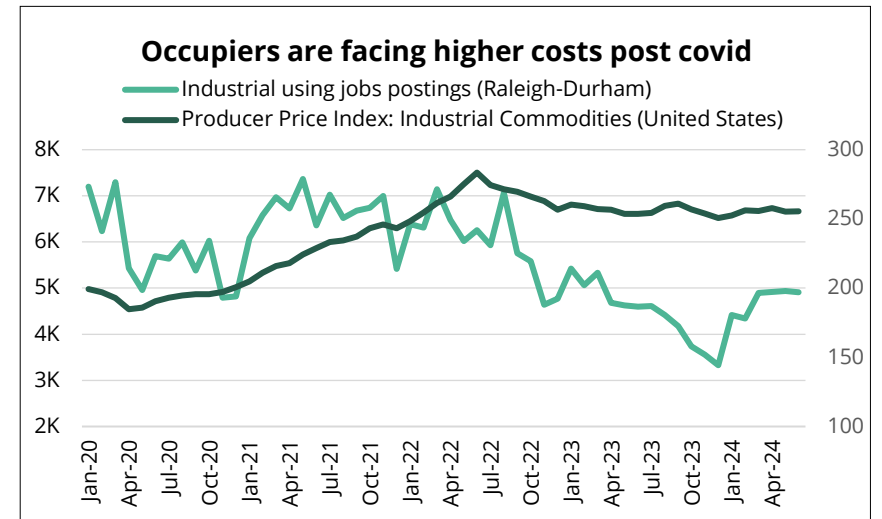
Decrease in industrial job postings since July of 2022. This decline has been brought on in part by increasing occupier costs.

# 1.3msf

Industrial space delivered so far in 2024. This additional supply will help the market maintain healthy availability numbers.



High construction and borrowing costs combined with a 1.7% increase in vacancy year-over-year have caused construction starts to slow significantly in the past twelve months.

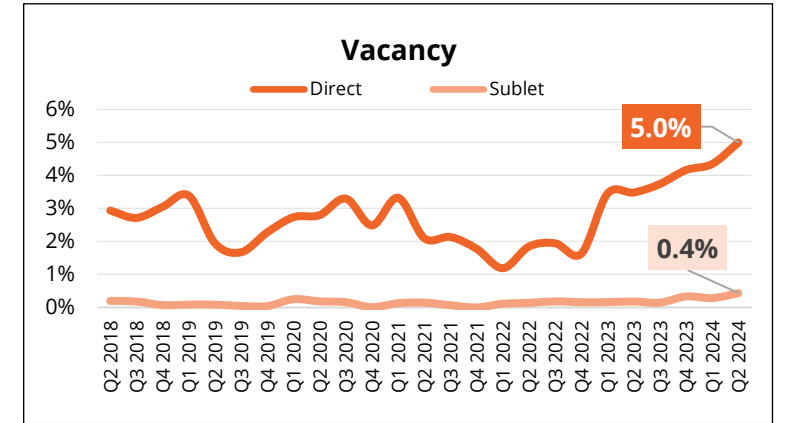
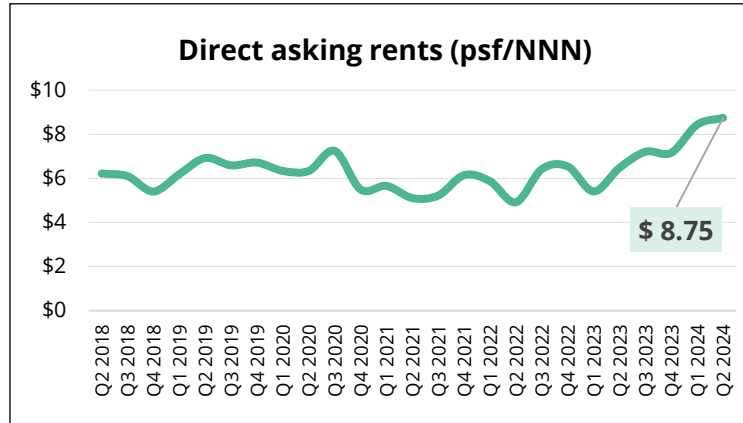
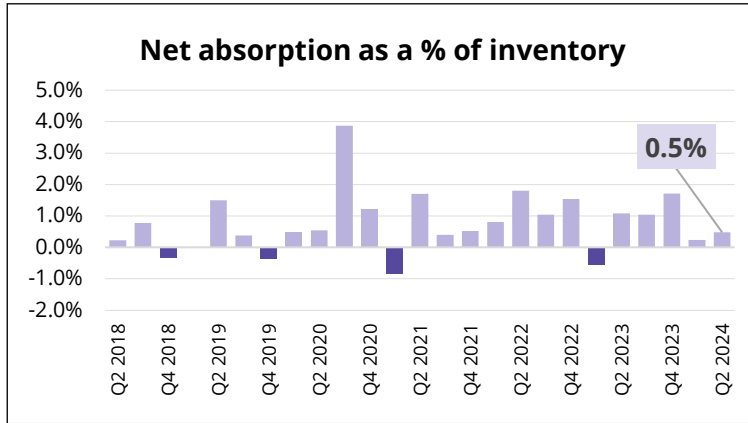


The sharp rise in producer industrial commodities post covid has contributed to the higher costs occupiers are experiencing which in part have caused a decrease in hiring for industrial positions in markets like Raleigh-Durham.

Note: The producer price index measures the average change over time in the selling prices received by domestic producers for their output. Source: Avant by Avison Young, CoStar, Federal Reserve Bank of St. Louis.

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## Recent leasing activity

Tenant	Address	Size (sf)	Transaction type	Lease type
SMT, Inc.	7300 ACC Blvd.	175,275	Renewal	Direct
Majestic Kitchen and Bath	117 Franklin Park Dr.	60,246	New	Direct
Blind Industries and Services of Maryland	2100 Harrod St.	45,000	New	Direct

## Recent sales activity

Buyer	Address	Sale price	Sale price psf	Seller
Eastgroup Properties	933 Ellis Rd.	\$53.2M	\$193.90	Trinity Capital Advisors
Wake County Board of Alcohol	600 S Greenfield Pky	\$27.5M	\$171.47	Wigeon Capital
Foxfield	4501 Waterfield Dr.	\$13.2M	\$229.39	Wigeon Capital

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## Get in touch

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	Existing inventory sf	Deliveries sf (YTD)	Under development sf	Direct vacancy	Sublet vacancy	Total vacancy	Total vacancy change (YoY)	Net absorption % of inventory (QTD)	Net absorption % of inventory (YTD)	Annual direct asking rent psf NNN
I-40/RTP	18,531,441	160,000	155,000	1.5%	1.1%	2.6%	(1.0%)	-0.11%	0.78%	\$ 10.53
Johnston County	12,135,011		270,734	7.5%	0.0%	7.5%	6.6%	-0.50%	-2.65%	\$ 4.68
Southeast Wake	10,748,940	260,954	139,500	4.0%	0.0%	4.0%	(0.6%)	1.32%	2.87%	\$ 11.76
Northeast Wake	9,264,115		510,995	2.3%	0.0%	2.3%	(0.4%)	1.18%	0.52%	\$ 8.28
Orange County	5,386,538	620,000	120,000	19.1%	0.7%	19.8%	1.8%	-0.70%	2.69%	\$ 5.70
US 1/Capital Boulevard	4,858,287			2.3%	0.0%	2.3%	0.4%	0.28%	1.73%	\$ 12.37
Southwest Wake	4,505,284		142,500	3.0%	0.0%	3.0%	(2.4%)	1.14%	1.25%	\$ 7.95
North Durham	2,814,101	249,600	367,200	0.9%	0.0%	0.9%	--	8.87%	8.00%	\$ 8.50
Six Forks/Falls of Neuse Road	2,560,014			9.6%	1.1%	10.7%	8.0%	-2.32%	-6.12%	\$ 13.00
South Durham	2,460,744			2.7%	0.0%	2.7%	(0.5%)	0.00%	0.35%	\$ 8.30
Chatham County	1,513,316		1,131,251	9.0%	1.5%	10.5%	6.4%	-2.81%	-2.81%	\$ 6.89
Cary	1,333,869			1.3%	1.9%	3.2%	2.2%	-1.88%	-1.88%	\$ 13.00
US 70/Glenwood Ave	1,263,062		120,120	13.7%	0.0%	13.7%	3.9%	-2.45%	-1.83%	\$ 13.54
East Raleigh	1,113,167			17.2%	2.3%	19.5%	15.8%	-2.44%	2.67%	\$ 12.44
West Raleigh	820,097			0.0%	0.0%	0.0%	(1.4%)	0.00%	0.00%	--
<b>Market total</b>	<b>79,307,986</b>	<b>1,290,554</b>	<b>2,957,300</b>	<b>5.0%</b>	<b>0.4%</b>	<b>5.4%</b>	<b>1.8%</b>	<b>0.33%</b>	<b>0.61%</b>	<b>\$ 8.75</b>

	Existing inventory sf	Deliveries sf (YTD)	Under development sf	Direct vacancy	Sublet vacancy	Total vacancy	Total vacancy change (YoY)	Net absorption % of inventory (QTD)	Net absorption % of inventory (YTD)	Annual direct asking rent psf NNN
Flex Industrial	11,858,228	213,800	469,500	5.5%	0.2%	5.7%	(0.2%)	(0.08%)	(1.74%)	\$ 17.5

Note: Flex is not included in overall industrial market statistics.  
 Source: Avant by Avison Young, CoStar.