

Raleigh-Durham

Industrial market snapshot | Q3 2024

Direct vacancy and new deliveries have both increased over the past two years in the Raleigh-Durham industrial market, but thanks to high occupier demand for new quality industrial product, more class B industrial space is available on the market than class A space for the first time since 2021. Although demand favors higher quality space, construction starts are down as measured by total square footage, and this trend has continued since 2021. Although the sharp increase in overall vacancy may be seen as a sign of a weaker market, average NNN asking rental rates have seen only a slight decline since 1Q 2024, and are up 15.8% since 3Q 2023 suggesting strong occupier demand, and a likely decline in vacancy and availability in the future.

-44.1%

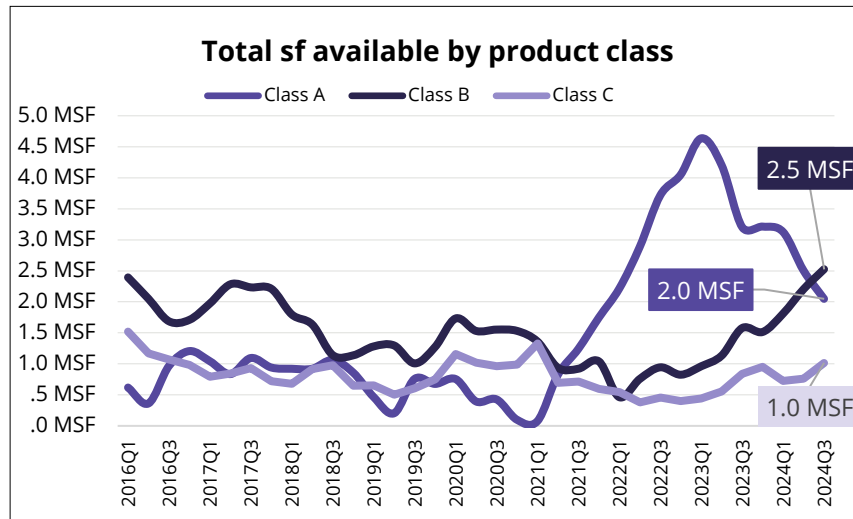
Decline in class A availability since the high in Q1 2023. More total class B industrial space is available today than total class A.

-64.2%

Less construction starts in 2024 in the first 3 quarters of the year, when compared to the first 3 quarters of 2023.

3.8%

Increase in direct vacancy since Q4 2022, due to changing occupier demand for industrial spaces.



For the first time in the past 8 years, more class B industrial space is available than class A space, as supply of class A space remains in high demand.

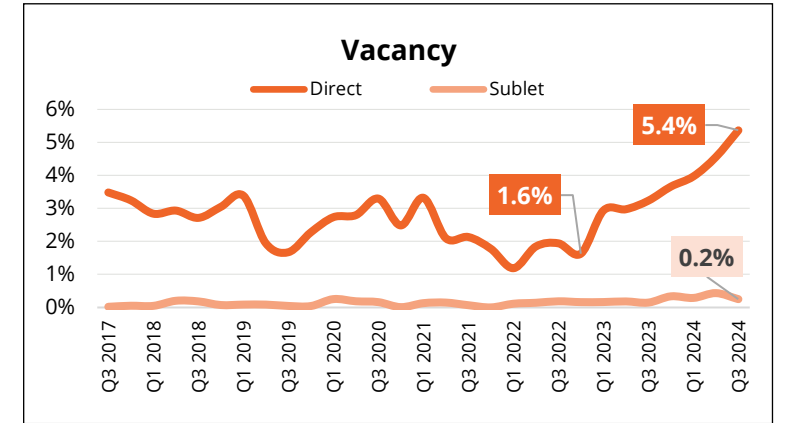
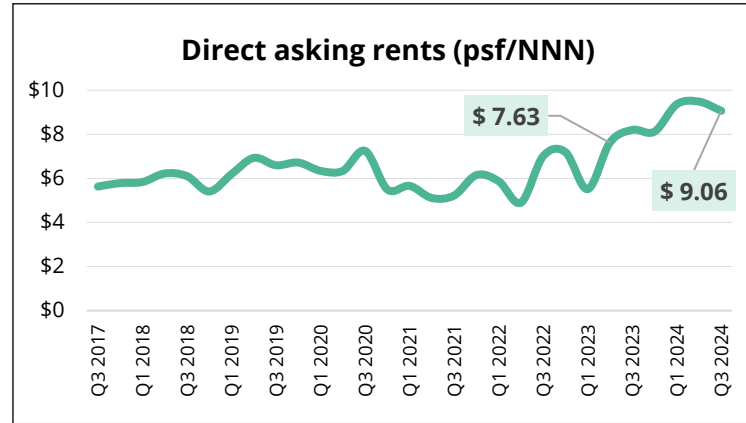
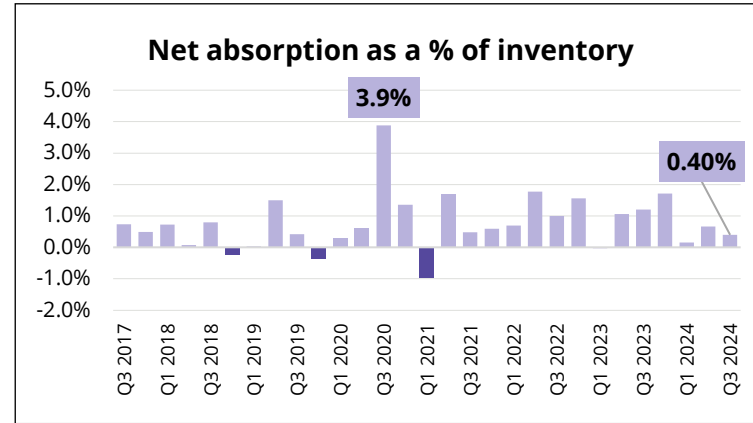


Construction starts have seen a decline since the highs of 2021, which has contributed to less new class A space coming to the market.

Source: Avant by Avison Young, CoStar.

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Recent leasing activity

Tenant	Address	Size (sf)	Transaction type	Lease type
AISIN North Carolina Corporation	7110 E Washington St	286,112	New	Direct
Morinaga	512 Ben Wilson Rd	132,000	New	Direct
Wurth	800 N Grennfield Pky	50,756	Renewal	Direct

Recent sales activity

Buyer	Address	Sale price	Sale price psf	Seller
Stolz Real Estate Partners	900 Aviation Pky	\$71 Million	\$122.35	Dogwood Industrial Properties
Prologis	1730 T.W. Alexander Dr.	\$34.2 Million	\$180.82	Trinity Capital Advisors
Ferguson Enterprises	3001 Garner Business Park Dr	32.6 Million	\$145.00	Al Neyer

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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	18,786,441	280,000	0	495,652	67,181	562,833	287962	0.20%	0.97%	\$ 14.00
Johnston County	12,270,011		270,734	1,038,028		1,038,028	775067	0.06%	-2.57%	\$ 5.05
Southeast Wake	10,973,940	485,954	0	458,968	3,600	462,568	27761	-0.28%	4.58%	\$ 6.93
Northeast Wake	9,775,110	510,995	0	346,714		346,714	64238	3.83%	4.33%	\$ 8.42
Orange County	5,386,538	620,000	0	782,700	37,500	820,200	610000	-0.70%	0.19%	\$ 5.58
US 1/Capital Boulevard	4,827,387	0	0	97,153	0	97,153	-87568	0.25%	2.00%	\$ 12.24
Southwest Wake	4,505,284	0	142,500	126,000	0	126,000	-238581	0.18%	1.43%	\$ 14.50
North Durham	2,917,301	352,800	264,000	24,400	0	24,400	24400	3.54%	11.26%	\$ 8.04
Six Forks/Falls of Neuse Road	2,560,014	0	0	516,442	56,446	572,888	488726	-11.69%	-17.82%	\$ 10.41
South Durham	2,460,744	0	0	95,601	0	95,601	13628	-1.22%	-0.87%	\$ 8.22
Chatham County	1,651,097	137,781	1,131,251	136,000	22,300	158,300	42560	8.34%	5.77%	\$ 5.89
US 70/Glenwood Ave	1,383,182	0	0	144,650	0	144,650	1920	2.09%	0.43%	\$ 13.53
Cary	1,333,869	0	0	17,421	0	17,421	0	1.88%	0.00%	\$ 11.29
East Raleigh	979,032	0	0	43,338	11,400	54,738	-53071	-1.34%	5.95%	\$ 12.44
West Raleigh	820,097	0	0	0	0	0	0	0.00%	0.00%	--
Market total	80,630,047	2,387,530	1,808,485	5.4%	0.2%	5.6%	2.2%	0.4%	2.9%	\$9.06

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Flex Industrial	11,914,438	210,653	585,300	6.1%	0.5%	6.6%	1.1%	0.6%	1.8%	\$17.50

Note 1: All industrial product classes are included.

Note 2: Flex industrial is only included in the flex industrial row.

Source: Avant by Avison Young, CoStar.

