

Industrial Market Report

Raleigh's industrial market continued to pace ahead of historic national levels. Vacancy remains very low at 2.5%, 40% lower than first quarter of 2021. This lack of availability continues to push rents higher across various product types, with bulk distribution up 12% year-over-year from \$8.63 in 2021 to \$9.63 in 2022.

Raw land remains scarce with newer industrial development pushing SE to Garner and Clayton and to the west along I-85 in Mebane.

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

Industrial investment activity has remained stable throughout the pandemic and strong demand and stable fundamentals will continue to generate investor interest in future quarters.

Preleasing Demand is expected to continue throughout the year and minimal vacancy rates are expected to remain. In the coming quarters, absorption will remain positive, with strong preleasing activity of speculative projects, the supply side pressures will remain low.

Rent growth areas While a majority of the submarkets are reporting similar rent growth, the locations with closer proximity to major transportation routes and the airport are reporting the highest rental rate gains. Rent growth is expected to reach new records in the coming quarters.

Rental and Vacancy Rates

Direct Asking Rent (\$/SF)	Total Vacancy Rate	YoY Change
\$12.95	West Raleigh 1.9%	▼ -0.4%
\$10.89	East Raleigh 3.7%	▲ 0.6%
\$12.29	RTP/RDU 3.3%	▼ -0.1%
\$10.66	Glenwood/Creedmoor 0.5%	▼ -1.4%
\$10.49	6 Forks/Falls of Neuse 1.5%	▼ -2.1%
\$11.46	Route 1 3.7%	▼ -2.5%
\$9.64	Northeast Wake County 2.6%	▼ -1.8%
\$9.65	Southeast Wake County 1.2%	▼ -2.3%
\$11.27	Southwest Wake County 5.3%	▼ -0.4%

Recent Transactions

Tenant	Size	Submarket	Sector
1 Park Communications	160,497 SF	North Durham	Industrial
2 BioGen US	120,000 SF	Research Triangle	Industrial
3 Confidential Client	73,920 SF	Research Triangle	Industrial
4 Parks Building Supply	68,554 SF	Northeast Wake County	Industrial
5 Precision Packaging	43,074 SF	Southeast Wake County	Industrial