

Raleigh-Durham

Industrial market snapshot | Q4 2023

The Raleigh-Durham industrial market has seen stability in 2023, supported by ongoing market demand that justified the construction of much-needed new industrial spaces. Despite the delivery of nearly 4 msf of industrial space in 2023, and a large increase in direct vacancy throughout the entire year, Q4 2023 total vacancy was a very low 4.3%. Occupiers seeking large block spaces expressed interest in the market in 2023, and leasing volume has remained steady when compared to 2021 and 2022.

-40.6%

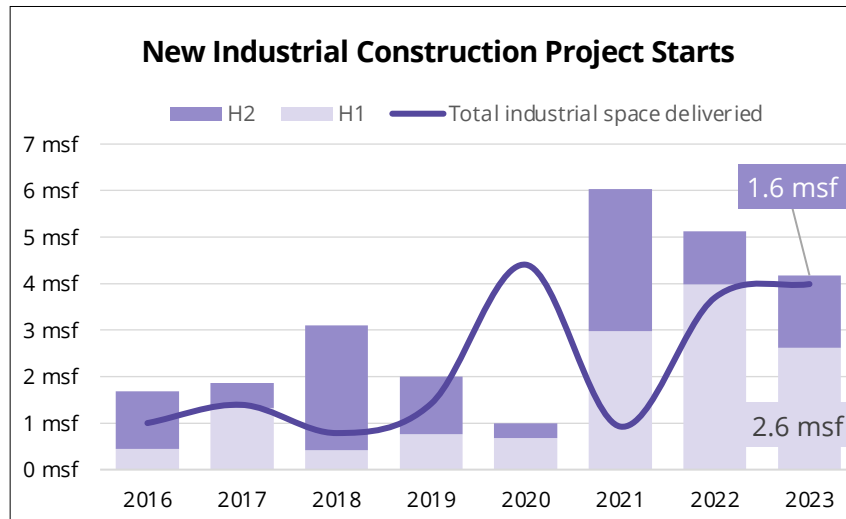
There was a decline in new construction projects started in the second half of 2023 compared to the first half. A similar trend occurred in 2022.

-8.9%

There was a decline in year-over-year industrial leasing volume, with Q4 2023 leasing volume down nearly 20% compared to Q4 2022.

58.7%

The industrial space newly occupied in 2023 consisted of spaces larger than 100,000 square feet, reflecting the sustained high demand for large block space.



Fewer new construction projects were started in the second half of 2023 than in the first half of the year, while total deliveries have been on the rise since 2021.



Industrial leasing volume has seen a decline in 2023 compared to 2022, despite nearly identical leasing volume during Q1 and Q2 in both years.

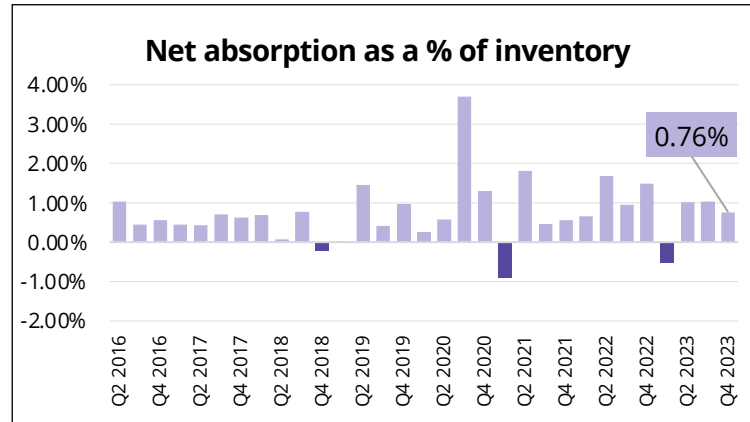
Note 1: Newly occupied industrial space figures only include known tenants.

Note 2: This information and analysis only considers industrial properties sized 20k+ sf.

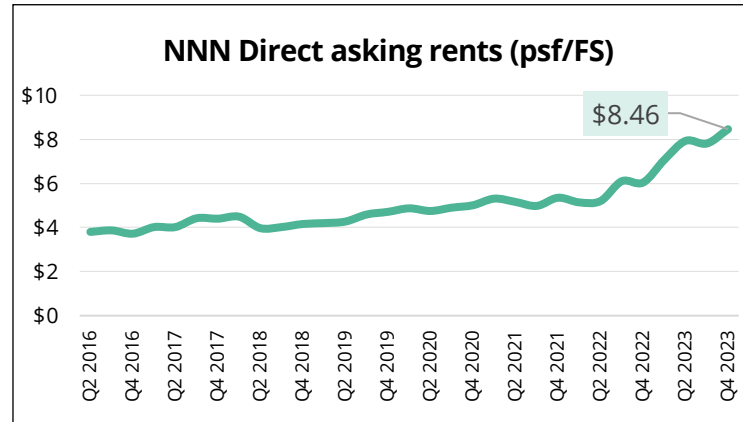
Source: Avant by Avison Young, CoStar.

Raleigh-Durham

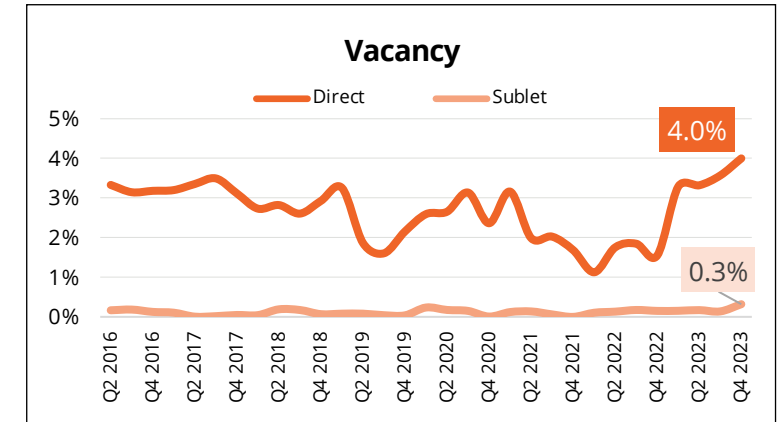
Industrial market snapshot | Q4 2023



Over 1.8 msf of space was absorbed in 2023, which is nearly 49.5% less than the over 3.6 msf absorbed in 2022. This decline is attributed to the substantial delivery of industrial space in 2023 (nearly 4 msf), and businesses adjusting to the new higher interest rate environment.



NNN asking rents have increased substantially in the past two years due to high demand for industrial product coupled with low supply available. Asking rental rates have also been impacted by high construction costs post-pandemic which continue to make building industrial property more expensive than in recent years.



Although direct vacancy has increased dramatically over the course of 2023, 4.3% vacancy figure remains relatively low when compared to other nearby industrial markets such as Atlanta, GA (7.0%), Charleston, SC (7.2%), Charlotte, NC (4.5%), and Dallas Fort Worth, TX (9.9%). This figure will likely increase as more industrial product continues to be delivered in 2024.

Raleigh-Durham

Industrial market snapshot | Q4 2023

Get in touch

Kathy Gigac
Managing Director, Principal
+1 919 913 1117
kathy.gigac@avisonyoung.com

Derek Jacobs
Market Intelligence Analyst
+1 919 420 1554
derek.jacobs@avisonyoung.com

	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	19,289,566	838,642	280,000	277,315	188,000	465,315	413,838	-1.0%	2.2%	\$9.95
Johnston County	13,545,192	1,548,336	635,548	587,972	0	587,972	582,683	5.5%	7.1%	\$13.18
Southeast Wake	10,244,155	603,998	644,285	437,882	3,600	441,482	149,935	0.5%	4.4%	\$7.72
Northeast Wake	9,264,115	0	510,995	258,887	0	258,887	78,058	0.3%	-0.8%	\$7.39
Southwest Wake	5,123,485	234,000	142,500	190,580	0	190,580	29,056	3.4%	4.0%	\$6.54
US 1/Capital Boulevard	4,886,675	84,440	0	209,765	0	209,765	171,630	-0.2%	-1.8%	\$10.28
Orange County	4,766,538	580,200	540,000	593,700	0	593,700	340,000	0.0%	5.0%	\$5.25
North Durham	2,631,914	100,000	544,800	0	0	0	0	0.0%	3.8%	\$8.50
Six Forks/Falls of Neuse Road	2,560,014	0	0	89,042	27,758	116,800	25,338	-1.3%	-1.0%	\$7.65
South Durham	2,491,993	0	0	74,173	0	74,173	58,556	0.3%	-2.3%	\$8.43
Chatham County	1,513,316	0	176,251	90,000	25,740	115,740	-25,280	0.0%	1.7%	\$9.41
Cary	1,356,805	0	0	17,421	0	17,421	12,536	0.0%	-0.9%	N/A
East Raleigh	1,294,054	0	0	232,764	14,400	247,164	173,254	-10.8%	-13.4%	\$13.95
US 70/Glenwood Ave	1,263,062	0	120,120	150,530	0	150,530	150,530	-0.6%	-11.9%	\$11.11
West Raleigh	820,097	0	0	0	0	0	0	0.0%	0.0%	N/A
Market total	81,050,981	3,989,616	3,594,499	3,210,031	259,498	3,469,529	2,160,134	0.8%	2.3%	\$8.46

	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	14,141,154	290,725	213,800	940,990	61,983	1,002,971	7,817	0.49%	2.0%	\$17.5

Note 1: Market total figures do not include flex industrial.

Note 2: Only industrial properties 20k+ sf and flex industrial properties 10k+ sf are included.

Source: Avant by Avison Young, CoStar.

**AVISON
YOUNG**