



# Raleigh-Durham industrial market report

Q1 2022

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**AVISON  
YOUNG**

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# Industrial market trends

## 01

### Solid demand

The Raleigh-Durham industrial market continues to experience unrelenting demand for space as availability remains constrained. As occupiers move at a rapid pace to expand and/or relocate their operations, vacancies have plummeted, and rents remain on the rise, particularly in large Class A inventory, despite hefty construction costs and labor and material shortages.

## 02

### Record low vacancy

Vacancy fell to 2.5% in the first quarter, down 210 bps year-over-year due to heightened demand and a stark lack of inventory, particularly in new construction. Of the 7.8 msf of industrial product that is currently underway, 31% is already preleased, indicating that demand shows no signs of slowing and total vacancy should remain at or around record lows in the near term.

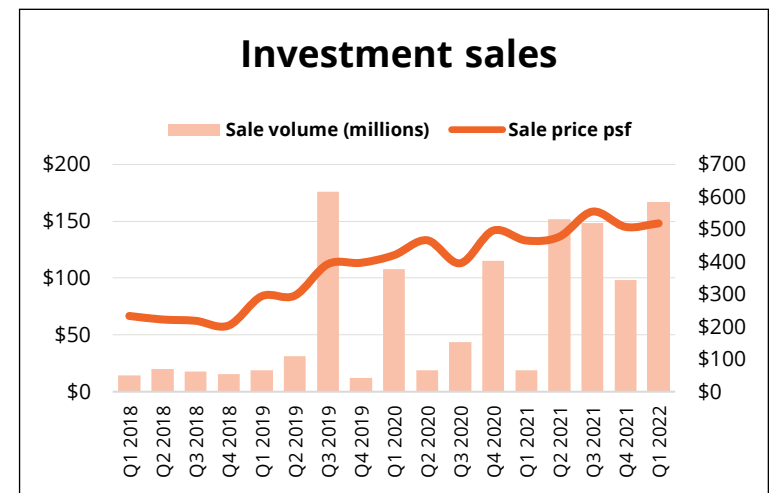
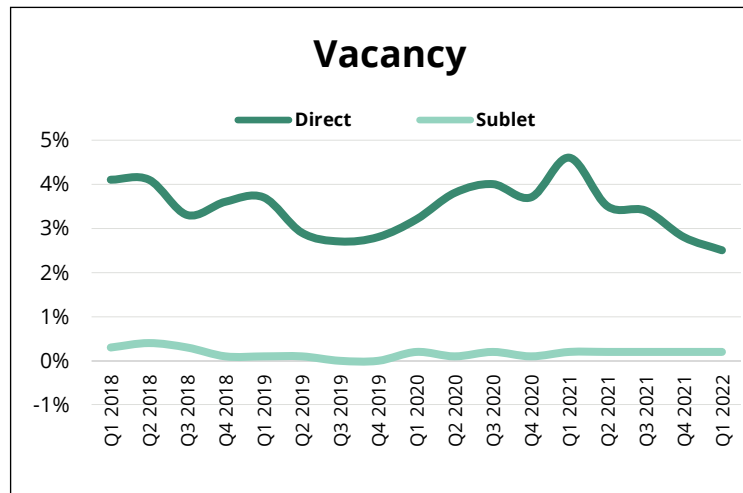
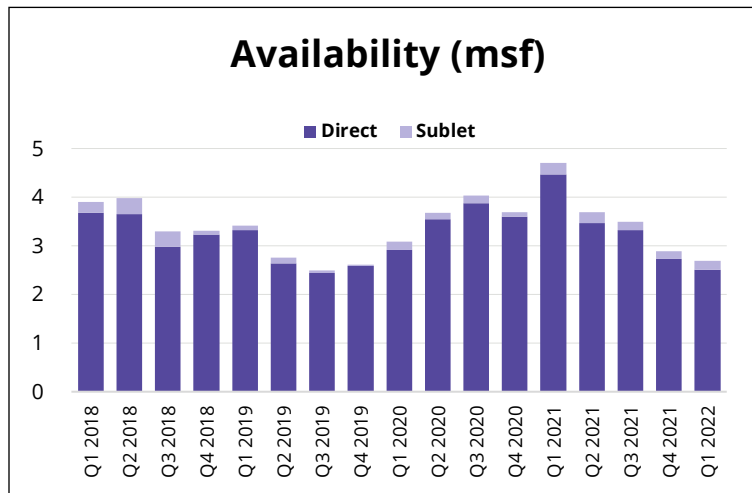
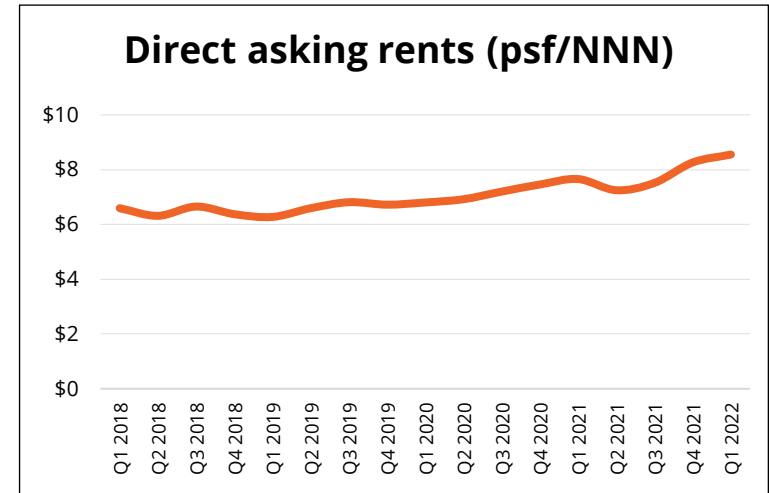
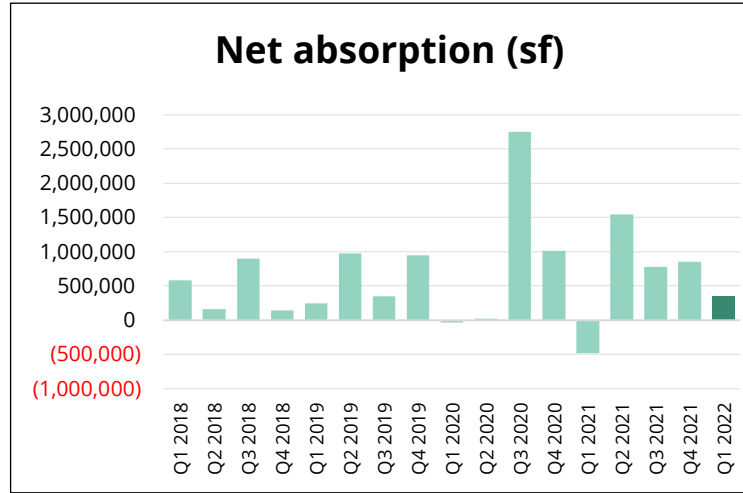
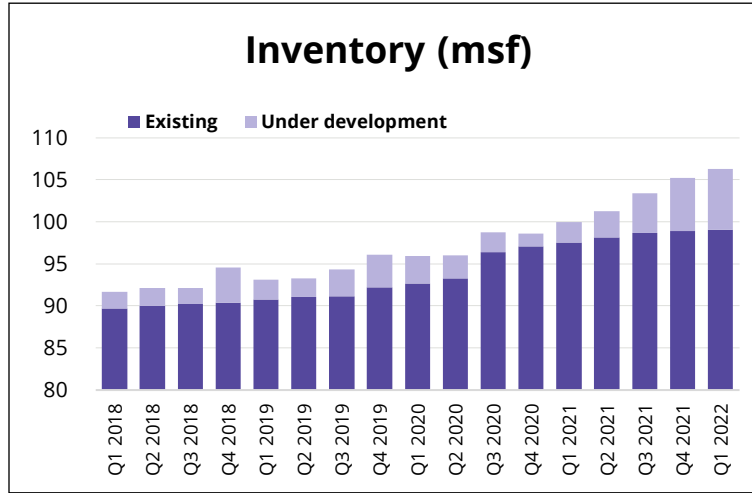
## 03

### Speculative construction

In a highly competitive land market where demand has outstripped supply, Raleigh-Durham continues to experience an uptick in speculative construction. New speculative construction strives to meet both flex and warehouse occupiers' immediate needs as developers acknowledge that high demand for industrial inventory isn't dissipating.



# Industrial market indicators



# Industrial market activity

## Recent leasing activity

Tenant name	Property	Size	Submarket	Lease type	Sign date	Property type
Amazon	2095 W Market Street	600,000	Johnston County	New	Mar 2022	Industrial
Confidential	Alexander Commerce Park – Bldg 1	189,072	I-40/RTP	New	Mar 2022	Industrial
West Brothers Transportation Services	North 70 Distribution Center	160,497	North Durham	New	Feb 2022	Industrial
Confidential	Bradford Center	121,883	I-40/RTP	New	Jan 2022	Flex R&D
Park Building Supply	2728 Capital Boulevard	68,554	Northeast Wake	New	Jan 2022	Light Industrial
Costco	Regional Commerce Center	63,800	South Durham	New	Feb 2022	Industrial
Pactiv	Eastgate 540 – Bldg 3	60,134	Northeast Wake	New	Mar 2022	Industrial
Mountain Power Systems*	144 Old Lystra Road	55,200	Orange County	New	Feb 2022	Industrial
Siemens Energy*	101 Oak Tree Drive	20,200	Johnston County	New	Feb 2022	Industrial

\*Avison Young transaction

## Recent sales activity – YTD 2022

Buyer	Property	Sale date	Sale price	Sale price psf	Total sf	Seller
Alexandria Real Estate Equities	The Labs at Research Triangle Park	Jan 2022	\$80,000,000	\$1,158	69,059	Thor Equities
Omega Industrial Realty, GMF Capital	100 K-Flex Way	Feb 2022	\$26,500,000	\$73	363,918	Noda LLC
Agree Realty	3820 Generosity Court	Feb 2022	\$6,200,000	\$407	15,300	Frall Developers
New Market Strategies	1610 Wolfpack Lane	Mar 2022	\$4,800,000	\$248	19,380	Glenn Currin

## Notable development

Property	Property type	Expected delivery	Size (sf)	% preleased	Submarket
Medline Distribution Facility	Industrial – Distribution	Apr 2022	1,256,278	79%	Orange County
Amazon - 2095 W Market Street	Industrial – Distribution	Jan 2023	600,000	100%	Johnston County
Buckhorn Industrial Park – Bldg 1	Industrial – Distribution	Sep 2022	375,000	0%	Orange County
Garner Business Park 70 – Bldg 4	Industrial – Warehouse	Aug 2022	298,741	0%	Southwest Wake County

# Industrial market stats by submarket

By Submarket	Inventory (sf)	Total %	Vacancy		Net Absorption		SF Under	Average Asking Rent		
			W / D	Flex	1Q22	TTM	Construction	Total	W / D	Flex
Cary	2,930,771	6.8%	9.8%	0.8%	-178,112	-108,001	-	\$13.85	\$14.00	\$13.79
East Raleigh	1,072,532	5.3%	4.7%	8.0%	-40,910	-21,910	-	\$10.51	\$8.75	\$15.00
I-40/RTP	22,169,767	1.5%	0.2%	6.1%	103,502	1,032,885	1,245,799	\$13.15	\$7.27	\$16.11
North Durham	2,766,238	3.5%	0.0%	3.4%	1,640	15,834	-	\$5.75	\$5.75	-
Northeast Wake	9,950,358	3.3%	3.4%	2.8%	318,585	726,858	673,120	\$9.06	\$8.43	\$13.57
Orange County	1,950,182	0.6%	0.7%	0.0%	-	112,200	1,841,900	\$4.50	\$4.50	-
Six Forks Road/Falls	2,924,077	1.1%	1.2%	0.8%	49,598	77,521	-	\$7.33	\$6.75	\$13.57
South Durham	2,081,622	2.7%	0.0%	7.2%	-	-	274,370	\$15.61	-	\$15.61
Southeast Wake	9,677,872	1.3%	0.2%	7.8%	26,114	396,941	1,838,032	\$7.53	\$5.38	\$12.24
Southwest Wake	5,852,927	4.6%	3.3%	7.4%	-6,413	54,335	799,200	\$15.08	\$5.95	\$15.70
US 1/Capital Blvd	6,973,097	5.0%	3.6%	6.7%	-11,697	154,352	-	\$12.29	\$9.22	\$14.03
US 70/Glenwood	2,383,291	1.7%	0.0%	3.7%	55,835	58,106	-	\$12.44	\$8.70	\$12.52
West Raleigh	1,276,150	4.9%	4.8%	5.0%	-37,430	-9,503	-	\$13.30	\$12.50	\$14.18
<b>Core Markets</b>	<b>71,996,432</b>	<b>2.7%</b>	<b>1.7%</b>	<b>5.9%</b>	<b>280,712</b>	<b>2,489,618</b>	<b>6,672,421</b>	<b>\$10.79</b>	<b>\$7.14</b>	<b>\$14.66</b>
Chatham County	573,834	9.6%	10.0%	-	-	-47,200	-	\$6.50	\$6.50	-
East Alamance	6,910,631	7.7%	7.1%	-	50,000	198,740	297,675	\$5.01	\$4.37	\$8.75
Johnston County	10,346,932	0.2%	0.0%	4.5%	20,200	360,125	735,000	\$5.20	\$5.20	-
Lee County	6,964,629	1.7%	1.7%	0.00%	-	477,250	117,185	\$4.95	\$4.95	-
South Granville	2,304,648	0.0%	0.0%	-	-	58,182	-	\$5.75	\$5.75	-
<b>Outlying Markets</b>	<b>27,100,674</b>	<b>2.7%</b>	<b>2.5%</b>	<b>10.4%</b>	<b>70,200</b>	<b>1,047,097</b>	<b>1,149,860</b>	<b>\$5.03</b>	<b>\$4.87</b>	<b>\$8.75</b>
<b>Market Total</b>	<b>99,097,106</b>	<b>2.7%</b>	<b>2.0%</b>	<b>6.1%</b>	<b>350,912</b>	<b>3,536,715</b>	<b>7,822,281</b>	<b>\$8.56</b>	<b>\$4.61</b>	<b>\$14.37</b>

For more market insights  
and information visit  
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