

Raleigh-Durham

Industrial market snapshot | Q1 2024

High construction costs and borrowing rates have caused industrial development to slow down in Q1 2024 compared to prior quarters. However, demand for industrial space in Raleigh-Durham remains high as rental rates have risen by 56.7% since Q1 2023, and vacancy has declined by 1% in the same period. Although nearly all Raleigh-Durham industrial product types have performed well in the past 5 years, demand has varied based on class and use. Class C general warehouse space saw rents grow by a staggering 86.1% year over year, while Class C distribution space only saw rents grow by 13.5% in the same period. Although new industrial development project starts are fewer than in prior quarters, there is still over 4.7 million square feet of industrial product under development, including the massive VinFast facility in Chatham County which is slated to deliver in 2025.

-67.8%

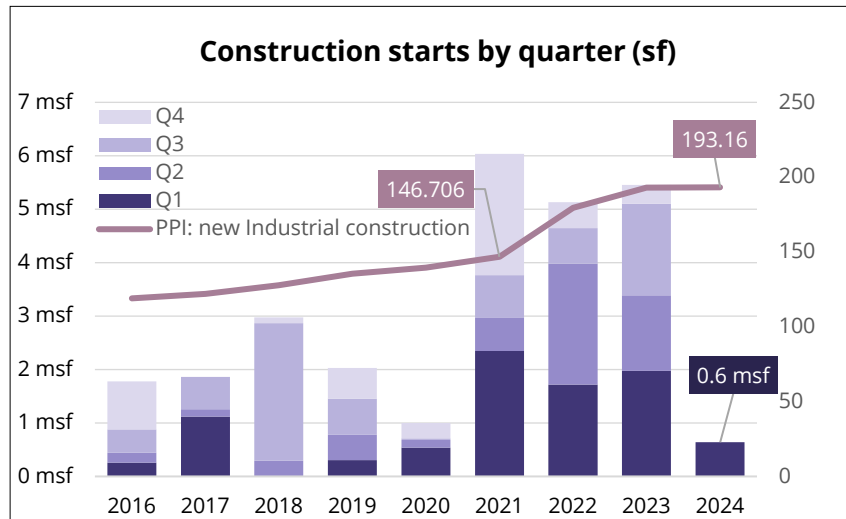
Decrease in construction starts by sf from Q1 2023 to Q1 2024 as higher costs impact investment and construction.

86.1%

Positive class C general warehouse rent growth year over year. Demand for lower priced industrial space outweighs supply.

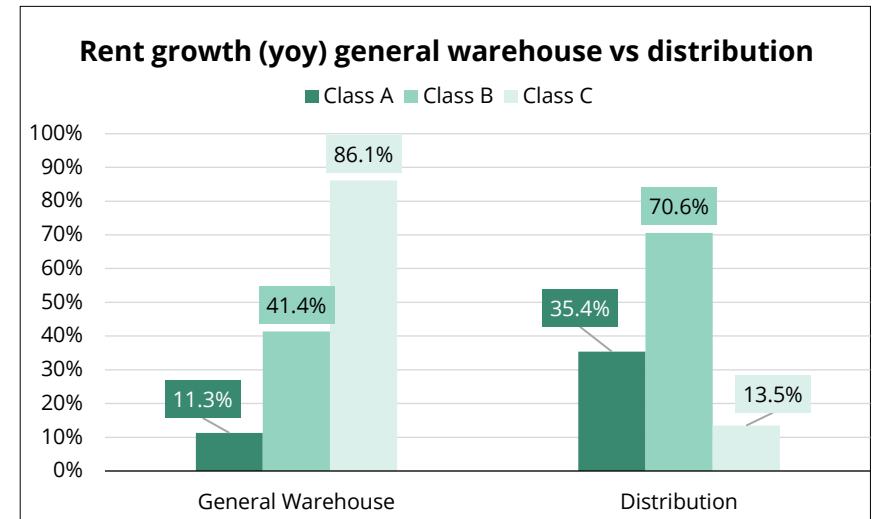
1.1 msf

Chatham county shows the highest amount of sf under development in any submarket thanks in large part to the VinFast manufacturing plant.



Higher construction costs and interest rates have caused new investment and development to slow in the Raleigh-Durham despite the high market demand from tenants and buyers.

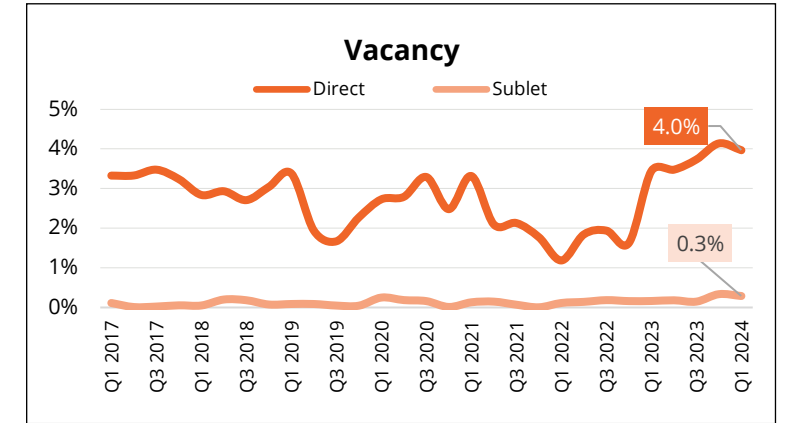
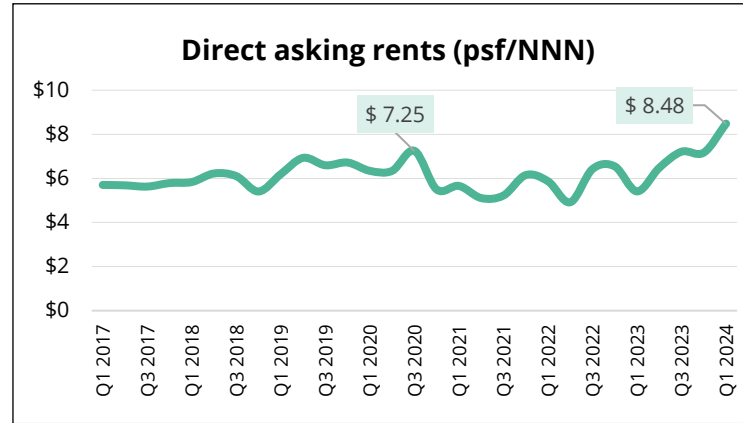
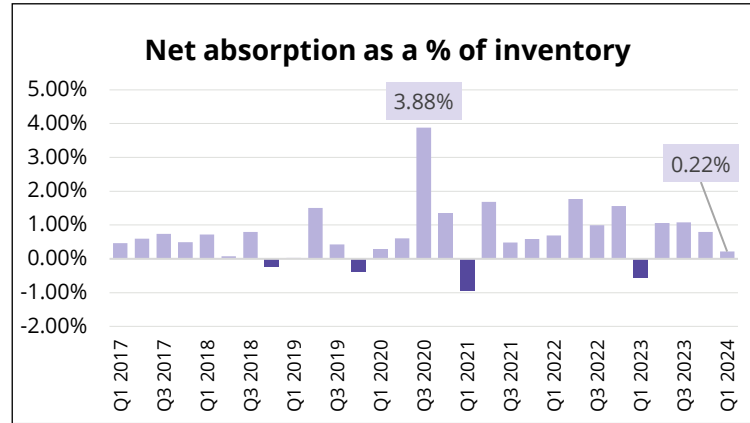
Note 1: Producer Price Index (PPI): New Industrial Construction figures are annual averages for all years except for 2024 where the figure is a quarterly average.
Note 2: This report does not include flex industrial space.
Source: Avant by Avison Young, CoStar, Federal Reserve of St. Louis (FRED), U.S. Bureau of Labor Statistics.



General warehouse and Distribution show nearly opposite trends in rent growth by property classification as occupiers simultaneously desire lower prices for general warehouse and higher quality for distribution.

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Recent leasing activity

Tenant	Address	Size (sf)	Transaction type	Lease type
PBM Graphics	4032 Patriot Dr	163,403	Renewal	Direct
Drop Shot	2201 S Wilmington St	72,246	New	Direct
Pin Point	2201 S Wilmington St	71,000	New	Direct
Wellness Water Filtration Systems	1408 Christian Ave	28,166	New	Direct

Recent sales activity

Buyer	Address	Sale price	Sale price psf	Seller
Pennybacker Capital, LLC	3200 Bush St	\$46,750,000	\$186.02	New Market Strategies, LLC
Thermo Fisher Scientific	6086 W Ten Rd	\$41,037,500	\$109.43	Al Neyer
Metlife	125 National Way	\$41,000,000	\$204.94	Strategic Capital Partners
Prologis, Inc.	1805 TW Alexander Dr.	\$38,745,747	\$119.28	Duke Realty Corporation

Note: Only industrial properties 20k+ sf are included.
Source: Avant by Avison Young, CoStar.

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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	18,391,691	-	315,000	0.8%	0.8%	1.6%	0.5%	0.89%	0.89%	\$ 10.26
Johnston County	11,770,197	-	635,548	5.0%	-	5.0%	4.3%	0.03%	0.03%	\$ 3.42
Southeast Wake	10,244,155	-	644,285	4.9%	-	4.9%	-1.3%	-0.65%	-0.65%	\$ 10.16
Northeast Wake	9,264,115	-	510,995	3.5%	-	3.5%	1.7%	-0.66%	-0.66%	\$ 7.38
US 1/Capital Boulevard	4,886,675	-		2.8%	-	2.8%	1.0%	1.45%	1.45%	\$ 11.89
Orange County	4,766,538	-	660,000	10.3%	-	10.3%	-3.1%	2.15%	2.15%	\$ 5.7
Southwest Wake	4,505,284	-	142,500	4.1%	-	4.1%	-5.2%	0.11%	0.11%	\$ 6.35
North Durham	2,564,501	-	544,800	1.0%	-	1.0%	1.0%	-0.95%	-0.95%	\$8.50
Six Forks/Falls of Neuse Road	2,560,014	-		7.3%	1.1%	8.4%	4.8%	-3.80%	-3.80%	\$9.70
South Durham	2,491,993	-		2.6%	-	2.6%	1.6%	0.34%	0.34%	\$ 8.3
Chatham County	1,513,316	-	1,131,251	5.9%	1.7%	7.6%	-1.7%	0.00%	0.00%	\$ 11.07
Cary	1,356,805	-		-	-	-	-	0.00%	0.00%	-
US 70/Glenwood Ave	1,263,062	-	120,120	11.3%	-	11.3%	-	0.62%	0.62%	\$ 14.16
East Raleigh	1,113,167	-		15.8%	1.3%	17.1%	14.1%	5.11%	5.11%	\$ 12.5
West Raleigh	820,097	-		-	-	-	-	0.00%	0.00%	-
Market total	77,511,610	-	4,704,499	4.0%	0.3%	4.3%	0.8%	0.22%	0.22%	\$8.48

	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	11,724,714	-	863,300	5.9%	0.1%	6.0%	(0.1%)	(0.14%)	(0.14%)	\$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.