



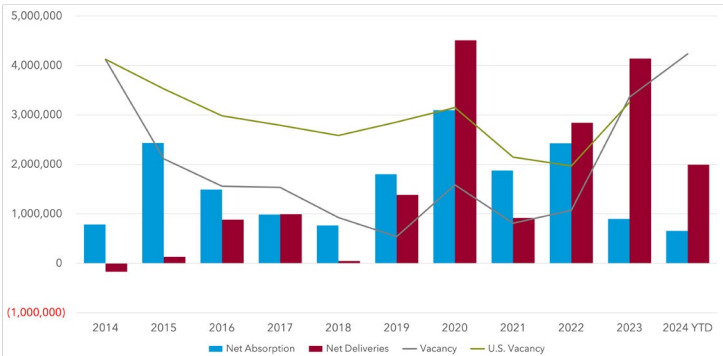
INDUSTRIAL MARKET OVERVIEW

RYAN LAWLER, *Senior Director*

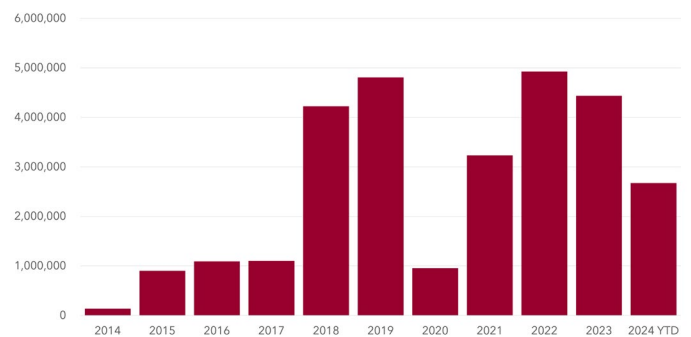
Raleigh's industrial market in Q3 2024 continues to cool, with net absorption totaling 1.15 million SF, up from 979,000 SF in Q2. The vacancy rate has increased to 7.0%, reflecting a rising trend due to significant new supply. Average NNN asking rates rose slightly to \$12.20 per SF. Demand remains lower than historical levels, leading to elevated vacancies, especially in larger industrial buildings. While construction activity has remained active, with 3.7 million SF delivered over the past year, new starts have slowed. Expectations are for vacancies to stabilize by mid-2025, with rent growth likely to reaccelerate thereafter. With continued influx of population and rooftop construction, we expect Raleigh to remain a constant destination for industry.

| MARKET INDICATORS | Q3 2024 | Q2 2024 | Q1 2024 | Q4 2023 | Q3 2023 |
|----------------------------|-------------|-------------|-------------|-------------|-------------|
| ▲ 12 Mo. Net Absorption SF | 1,148,858 | 979,307 | 1,091,675 | 898,187 | 716,138 |
| ▲ Vacancy Rate | 6.98% | 6.30% | 6.30% | 5.80% | 5.20% |
| ▲ Avg NNN Asking Rate PSF | \$12.20 | \$12.13 | \$11.97 | \$11.82 | \$11.63 |
| ▼ Sale Price PSF | \$137.00 | \$161.00 | \$129.00 | \$161.00 | \$67.00 |
| ▼ Cap Rate | 8.04% | 8.07% | 8.06% | 7.99% | 7.88% |
| ▼ Under Construction SF | 2,672,898 | 2,961,786 | 3,608,941 | 4,434,440 | 5,335,737 |
| ▲ Inventory SF | 105,124,889 | 104,711,812 | 103,188,121 | 102,362,622 | 101,096,850 |

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



| TOP SALE TRANSACTIONS BY SF | SIZE | SALE PRICE | BUYER / SELLER | BUILDING CLASS |
|--|------------|------------------------------|--|----------------|
| 2000 Garner Business Park Drive Garner, NC | 240,000 SF | \$37,008,000 \$154.20 PSF | Stream Realty Partners AI Neyer | Class B |
| 3001 Garner Business Park Drive Clayton, NC | 225,000 SF | \$32,625,000 \$145.00 PSF | Ferguson Enterprises AI Neyer | Class A |
| 8605 Ebenezer Church Road Raleigh, NC | 144,015 SF | \$32,500,000 \$225.67 PSF | 6421 Westgate Realty Stout Ventures | Class B |

| TOP LEASE TRANSACTIONS BY SF | SIZE | LANDLORD | TENANT | TENANT INDUSTRY |
|---|------------|--------------------|-------------|-----------------|
| 2728 Capital Boulevard Raleigh, NC | 140,000 SF | Beacon Development | Undisclosed | Undisclosed |
| 421 Milburnie Lake Drive Raleigh, NC | 78,712 SF | Beacon Development | Undisclosed | Undisclosed |
| 5100 Jones Sausage Road Garner, NC | 74,927 SF | Beacon Development | Undisclosed | Undisclosed |



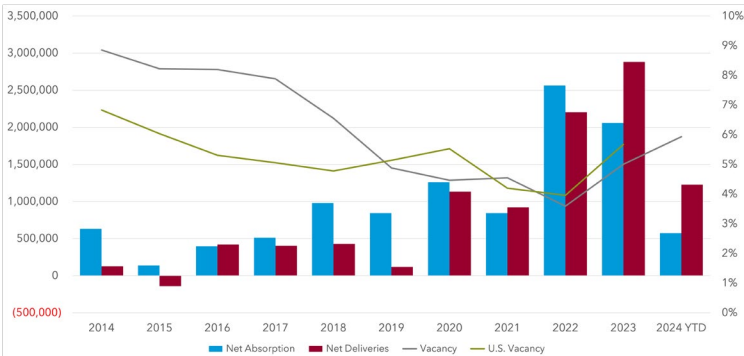
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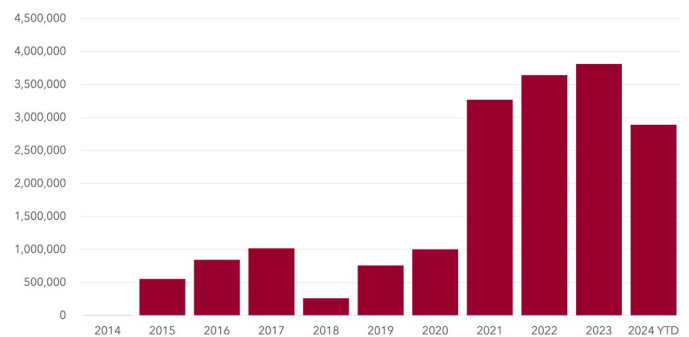
Durham's industrial market in Q3 2024 remains active, with 1.18 million SF of net absorption, slightly down from 1.36 million SF in Q2. Vacancy decreased to 5.9% from 6.5%, despite delivery of new supply. Average NNN asking rates rose to \$11.60 per SF. Demand is largely driven by logistics and e-commerce sectors which remain active in the local economy. The construction pipeline holds 3.0 million SF, with 70% pre-leased, indicating sustained market confidence. While sales activity is affected by high interest rates, fundamentals remain healthy. Anticipated trends suggest vacancies may rise slightly with ongoing deliveries, which will likely result in slow and steady rent growth.

| MARKET INDICATORS | Q3 2024 | Q2 2024 | Q1 2024 | Q4 2023 | Q3 2023 |
|----------------------------|------------|------------|------------|------------|------------|
| ▼ 12 Mo. Net Absorption SF | 1,178,003 | 1,362,918 | 1,731,066 | 2,058,150 | 2,379,543 |
| ▲ Vacancy Rate | 5.94% | 6.50% | 6.29% | 5.00% | 4.58% |
| ▲ Avg NNN Asking Rate PSF | \$11.60 | \$11.53 | \$11.51 | \$11.36 | \$11.18 |
| ◀ ▶ Sale Price PSF | \$112.00 | \$145.00 | \$135.00 | \$153.00 | \$179.00 |
| ◀ ▶ Cap Rate | 7.34% | 7.43% | 7.40% | 7.34% | 7.20% |
| ◀ ▶ Under Construction SF | 2,888,232 | 3,113,275 | 3,180,320 | 3,809,720 | 3,911,370 |
| ◀ ▶ Inventory SF | 54,002,769 | 53,142,318 | 51,929,860 | 50,995,260 | 50,867,859 |

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



| TOP SALE TRANSACTIONS BY SF | SIZE | SALE PRICE | BUYER / SELLER | BUILDING CLASS |
|---------------------------------------|------------|------------------------------|--|----------------|
| 6086 W. Ten Road Mebane, NC | 375,000 SF | \$41,037,500 \$109.43 PSF | Thermo Fisher Scientific AI Neyer | Class B |
| 1805 TW Alexander Drive Durham, NC | 324,838 SF | \$38,745,745 \$119.28 PSF | Prologis Duke Realty | Class A |
| 933 Ellis Road Durham, NC | 274,370 SF | \$53,200,000 \$193.90 PSF | EastGroup Properties Trinity Capital Advisors | Class A |

| TOP LEASE TRANSACTIONS BY SF | SIZE | LANDLORD | TENANT | TENANT INDUSTRY |
|---|------------|---|---------------------|--------------------------------|
| 7110 E. Washington Street Mebane, NC | 286,112 SF | STAG Industrial, Inc. | ASIN North Carolina | Transportation and Warehousing |
| 0 US Highway 64 W Staley, NC | 150,000 SF | Tims Farm & Forestry | Undisclosed | Undisclosed |
| 512 Ben Wilson Road Mebane, NC | 132,000 SF | W H Wilson Family Investment Group LLC | Morinaga | Manufacturing |

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