



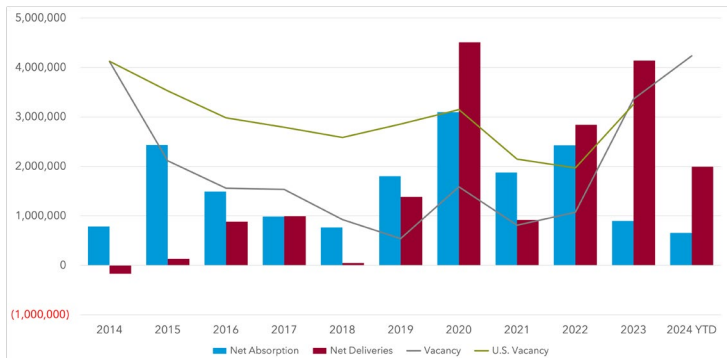
### INDUSTRIAL MARKET OVERVIEW

RYAN LAWLER, *Senior Director*

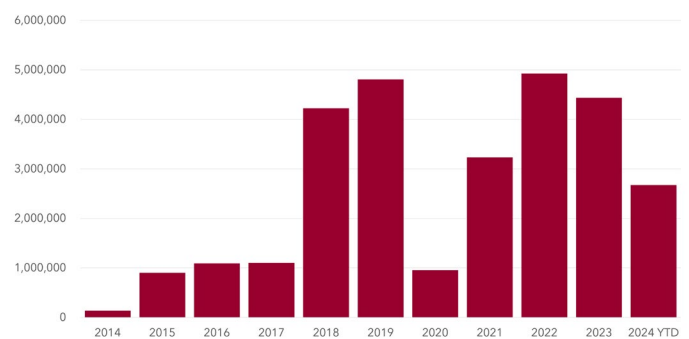
Raleigh's industrial market in Q3 2024 continues to cool, with net absorption totaling 1.15 million SF, up from 979,000 SF in Q2. The vacancy rate has increased to 7.0%, reflecting a rising trend due to significant new supply. Average NNN asking rates rose slightly to \$12.20 per SF. Demand remains lower 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<br>Garner, NC  | 240,000 SF | \$37,008,000<br>\$154.20 PSF | Stream Realty Partners<br>AI Neyer     | Class B        |
| 3001 Garner Business Park Drive<br>Clayton, NC | 225,000 SF | \$32,625,000<br>\$145.00 PSF | Ferguson Enterprises<br>AI Neyer       | Class A        |
| 8605 Ebenezer Church Road<br>Raleigh, NC       | 144,015 SF | \$32,500,000<br>\$225.67 PSF | 6421 Westgate Realty<br>Stout Ventures | Class B        |

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

The information and details contained herein have been obtained from third-party sources believed to be reliable, however, Lee & Associates has not independently verified its accuracy. Lee & Associates makes no representations, guarantees, or express or implied warranties of any kind regarding the accuracy or completeness of the information and details provided herein, including but not limited to, the implied warranty of suitability and fitness for a particular purpose. Interested parties should perform their own due diligence regarding the accuracy of the information.

The information provided herein, including any sale or lease terms, is being provided subject to errors, omissions, changes of price or conditions, prior sale or lease, and withdrawal without notice. Third-party data sources: CoStar Group, Inc., The Economist, U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, Congressional Budget Office, European Central Bank, GlobeSt.com, CoStar Property, and Lee & Associates Proprietary Data. ©

© Copyright 2024 Lee & Associates all rights reserved. Third-party Image sources: sorbis/shutterstock.com, shutterstock.com, pixabay.com, istock.com