

FIGURES | RALEIGH-DURHAM INDUSTRIAL | Q3 2026

Class A Demand Continues to Drive Construction Pipeline



Note: Arrows indicate change from previous quarter.

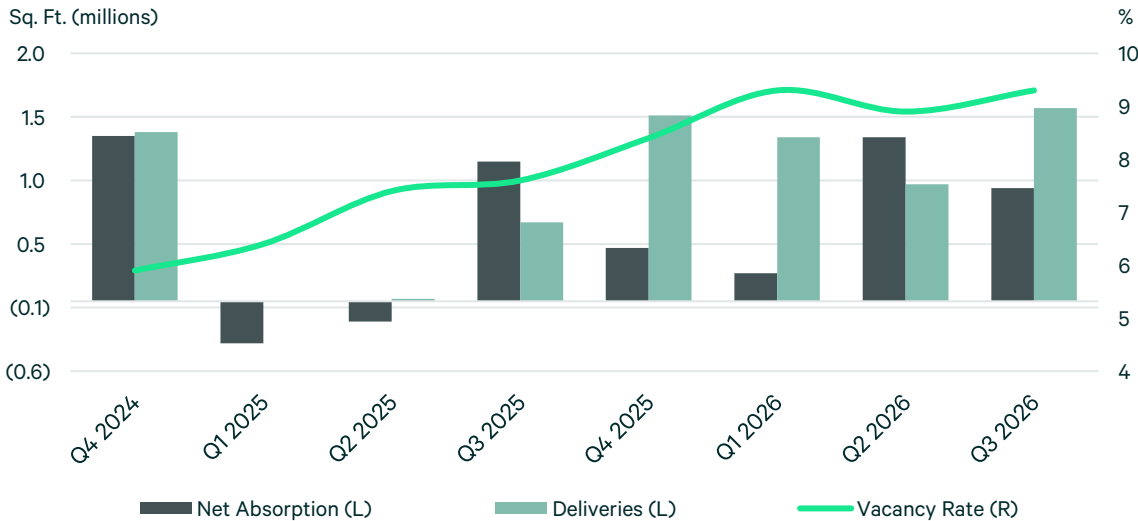
Market Overview

The industrial market continued to experience rising vacancy in Q3 2026 as new supply outpaced occupancy gains. Vacancy rose 40 basis points (bps) to 9.3%, matching availability, as deliveries of 1.52 million sq. ft. exceeded net absorption of 891,000 sq. ft. Much of the available space remains concentrated in recently delivered Class A buildings, reflecting the 5.19 million sq. ft. of space delivered during the past 12 months.

Tenant demand remained steady, with year-to-date leasing reaching 5.03 million sq. ft., significantly outpacing the 2.92 million sq. ft. recorded through the third quarter of 2025. This was supported by continued preference for newer, higher-quality facilities. Positive absorption was driven largely by recently completed Class A properties, while Class B space saw occupancy losses as tenants upgraded into modern buildings.

Asking rents increased to \$11.82 per sq. ft. from \$11.48 in Q2, lifted by the newly delivered product. Construction activity remains elevated at 5.87 million sq. ft. across 43 properties, although the development pipeline has begun to moderate from recent highs. Among the new construction space that delivered in Q3, 46% delivered preleased.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



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Vacancy Rate

Overall vacancy reached 9.3%, up 40 bps quarter-over-quarter from 8.9% in Q2 2026, while direct vacancy rose to 8.9%, also a 40 bps increase from 8.5% in Q2. Year-over-year, overall vacancy increased 170 bps from 7.6% in Q3 2025, and direct vacancy climbed 190 bps from 7.0% over the same period. Since Q4 2024, when overall vacancy stood at 5.9%, the market saw a cumulative 340 bps rise in vacancy, underscoring a gradual increase over that span. Sublease vacancy remained at 0.4%, unchanged quarter-over-quarter.

Warehouse vacancy increased 180 bps year-over-year to 9.3%, and Class A product comprised the majority of that with a Class A vacancy rate of 16.5%. Notably, 70% of Class A warehouse vacancy is concentrated in properties that delivered in 2025 or later, highlighting the outsized impact of recent construction on market vacancy. Flex vacancy currently stands at 9.2%, up 100 bps year-over-year, with newly delivered flex inventory accounting for much of the available space. Class A flex vacancy has risen to 21.2%.

Despite upward pressure from recent deliveries, the ongoing flight to quality trend continues to pull tenants to this newer product. Vacancy has remained relatively tempered, when considering the millions of sq. ft. added to Raleigh industrial market in recent years.

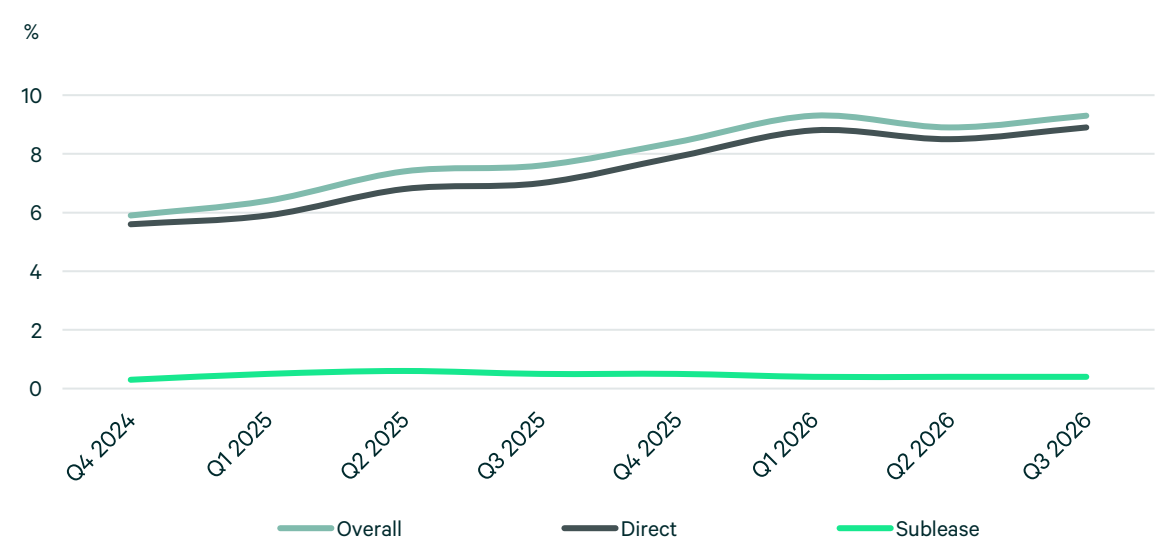
Asking Rent

Average asking rents rose to \$11.82 per sq. ft. in Q3 2026, up 3.0% quarter-over-quarter and 10.5% year-over-year. Overall rates were most affected by new deliveries adding available square footage to the weighted asking rent calculation; successful leasing of these top-tier spaces nominally offset the full impact of rate increases this quarter. The submarket with the greatest increase in asking rate was Southern Wake County, raising overall direct asking rate by 35.3%; this growth was primarily driven by the completion of two flex buildings, Apex 64 Buildings 1 and 2, which increased the submarket’s asking rents during the quarter.

Average warehouse asking rents increased 4.4% quarter-over-quarter to \$10.16 per sq. ft. New warehouse deliveries entered the market with asking rents in the low to mid \$10s per sq. ft.

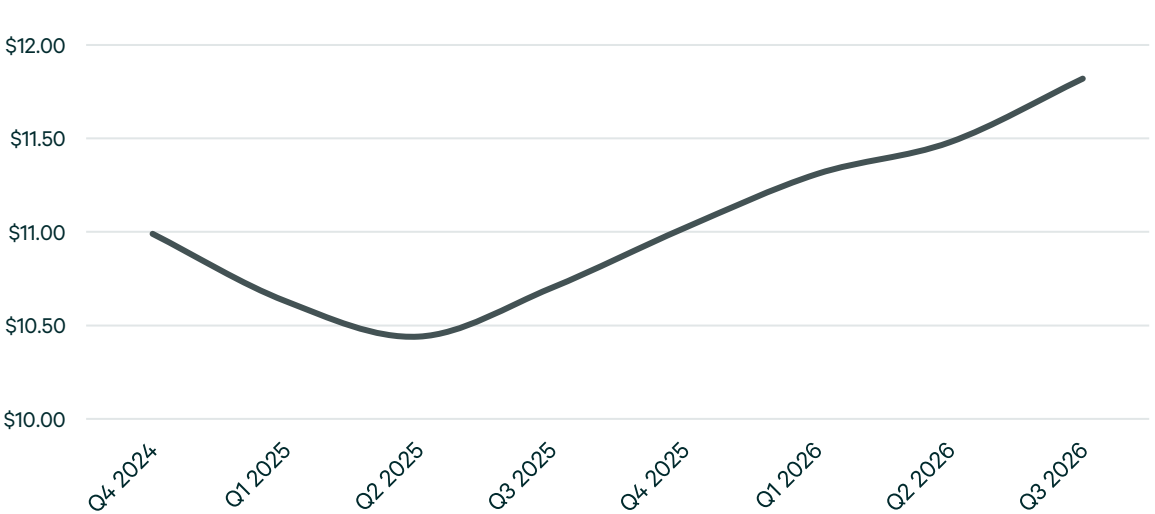
Flex asking rents increased modestly during the quarter, rising 0.6% to \$18.19 per sq. ft. West Raleigh commanded the highest flex asking rents in the market at \$20.71 per sq. ft., as the submarket currently has a small amount of availability at higher-than-average rates.

Figure 2: Vacancy Rate



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Figure 3: Average Direct Asking Rate
\$/NNN/YR



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Net Absorption

Total net absorption for the quarter was 891,000 sq. ft., with the rolling four-quarter average easing to 706,000 sq. ft. Class A properties accounted for 870,000 sq. ft., being offset by 100,000 sq. ft of negative absorption from Class B. More specifically, over 820,000 sq. ft. was recorded in properties built since 2024, making up 92% of the positive absorption total for the quarter. Tenants among Class B properties have been migrating to Class A properties, and net-new tenant interest to the market is almost exclusively directed towards Class A assets.

RTP/I-40 Corridor and Eastern Wake County posted the strongest gains in Q3 2026, driven by major tenant occupancies in newly delivered buildings across both submarkets. Despite positive growth in Eastern Wake, gains were somewhat tempered by significant negative absorption at 1711 Corporation Parkway, where a tenant vacated space as part of a move to a newer Class A building. North Durham and US 1/Highway 64 West both benefitted from new occupancies at Welcome Venture Park II- C and Apex Gateway, respectively, for a 180,000 sq. ft. absorption combined impact.

Warehouse space totaled 845,000 sq. ft. of positive absorption. Absorption in flex space totaled 46,000 sq. ft., with properties completed since 2024 accounting for 56,000 sq. ft. of flex space absorption gains this quarter.

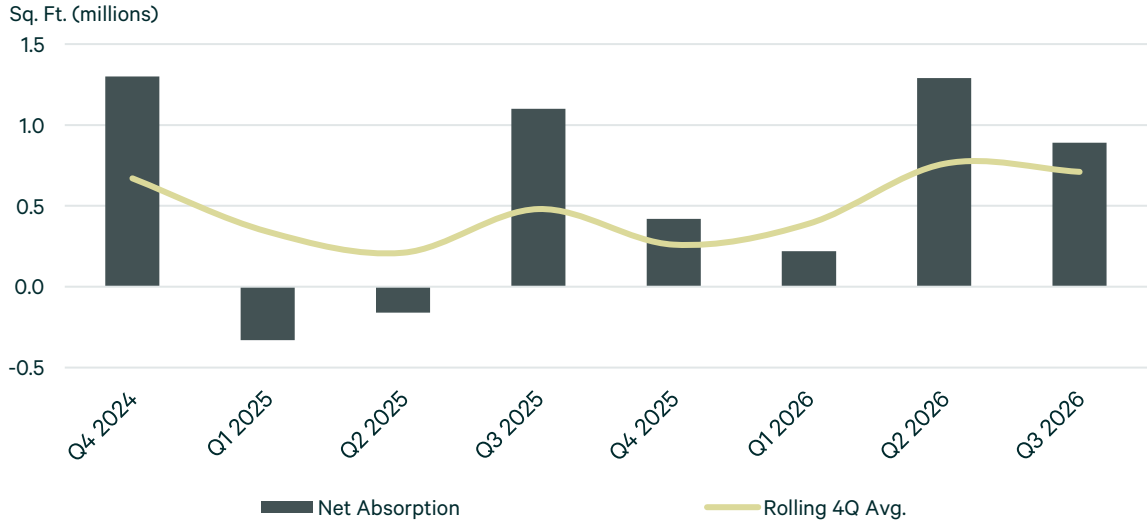
Construction Activity

Despite delivering a two-year high of 1.52 million sq. ft. in Q3, over 5.87 million sq. ft. remains under construction in the market.. Due to the surge in deliveries, the under construction total declined 8% quarter-over-quarter, from 6.38 million sq. ft. in Q2. Deliveries surged 66.3% quarter-over-quarter, rising from 917,000 sq. ft. to 1.52 million sq. ft. and were up 145.2% year-over-year.

Eleven properties completed construction this quarter, all speculative developments. 46% of the new construction space delivered pre-leased, demonstrating sustained demand for newer development. White Oak Industrial Park Building 1 is fully leased, accounting for more than 216,000 sq. ft of pre-leasing. Six of the new deliveries were warehouse, which comprised 83% of delivered square footage.

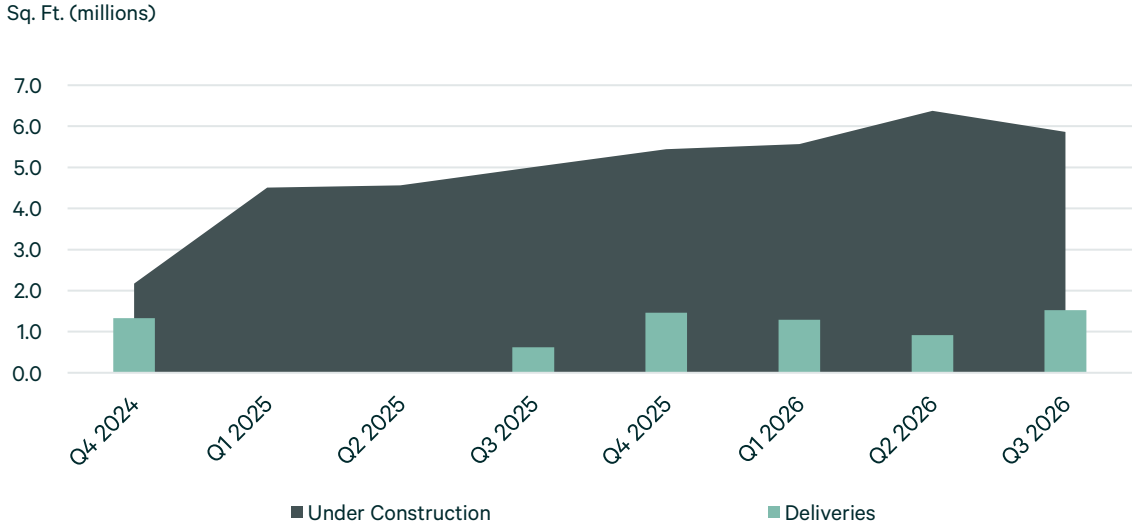
Within the Q3 2026 construction pipeline, Eastern Wake County continues to carry the largest construction pipeline with 1.49 million sq. ft. currently under construction. Notable large projects underway include Wendell Commerce Center - 2A with over 450,000 sq. ft. as well as Hinton Oaks Industrial Park- 7 with over 213,000 sq. ft.

Figure 4: Net Absorption Trend



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Figure 5: Construction Activity



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Leasing Activity

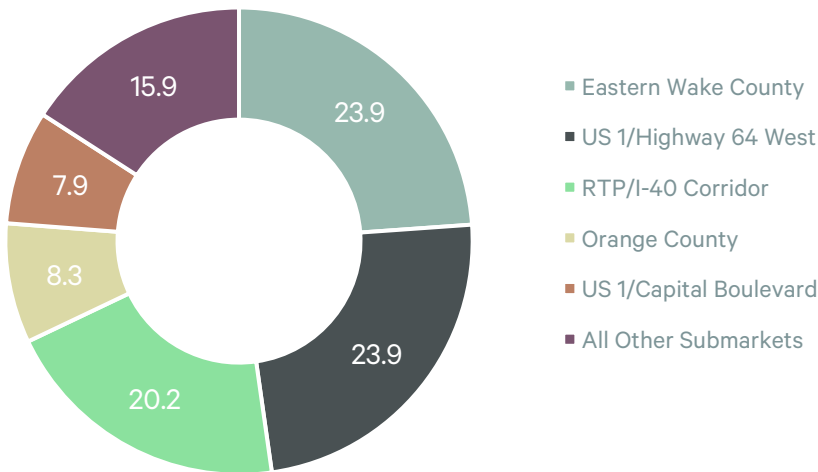
Leasing activity in Q3 2026 totaled 1.35 million sq. ft., with leased area increasing 11.5% year-over-year. The rolling four-quarter average reached 1.61 million sq. ft., representing a 49.1% increase over the 2025 average of 1.08 million sq. ft. This increase underscores sustained tenant demand overall in 2026 despite more moderate activity during the quarter.

Eastern Wake County and US 1/Highway 64 West recorded the highest activity during the quarter, with each submarket surpassing 300,000 sq. ft. of leasing. Transaction volume in both submarkets were largely attributed to full-building leases. In US 1/ Highway 64, AP Emissions committed to a full-building lease at 207,000 sq. ft. at 930 Gateway Drive.

New leases dominated market activity, representing the largest share of both lease volume and leased square footage, compared to renewals and expansions. Class A assets attracted a larger share of leasing velocity, mirroring the dominant flight to quality trend in the market.

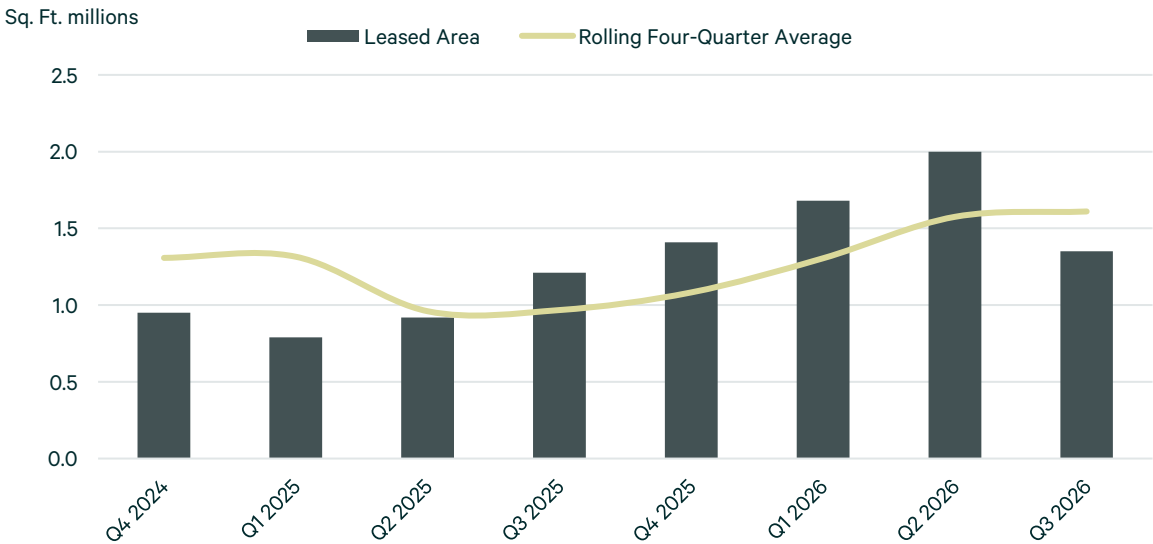
The triangle tracked over 14.8 million sq. ft. of active tenant requirements. Active tenant space needs average approximately 120,000 sq. ft., highlighting continued demand from larger tenants – a consistent trend in recent quarters.

Figure 7: Leasing Activity by Submarket (% of Total Activity)



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Figure 6: Leasing Activity Trend



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Figure 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Confidential Tenant	216,000	New Lease	500 North Greenfield Pky	Eastern Wake County
AP Emissions Technologies	207,000	New Lease	930 Gateway Dr	US 1/Highway 64 West
Downey Wholesale Grocer	103,000	New Lease	6056 West Ten Rd	Orange County
Pentair	101,000	New Lease	5100 Rex McLeod Dr	US 1/Highway 64 West
Hajoca	67,000	New Lease	8009-8013 Purfoy Rd	Southern Wake County
Star Exhibits & Environments	51,000	New Lease	2012 TW Alexander Dr	RTP/I-40 Corridor
Confidential Tenant	51,000	Renewal	9200 Globe Center Dr	RTP/I-40 Corridor

Source: CBRE Research, Q3 2026

Market Statistics

Figure 9

Product Type	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF/NNN/YR)	Q3 2026 Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Distribution/Logistics	73.41M	10.2	10.7	9.9	0.7	10.58	914,000	2.29M	1.06M	5.75M
Manufacturing	19.34M	6.8	4.1	4.1	-	7.09	(70,000)	(419,000)	207,000	-
R&D/Flex	19.30M	9.2	10.4	8.9	1.5	18.19	46,000	404,000	261,000	115,000
Other Industrial	1.98M	-	-	-	-	-	-	132,000	-	-
Total	114.03M	9.3	9.3	8.6	0.7	11.82	891,000	2.40M	1.52M	5.87M

Figure 10

Size Range	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF/NNN/YR)	Q3 2026 Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Below 50K SF	22.39M	4.2	5.6	4.8	0.8	16.16	(22,000)	233,000	108,000	115,000
50K-99,999 SF	18.02M	8.3	9.5	8.7	0.9	13.88	25,000	15,000	153,000	998,000
100K-249,999 SF	39.90M	12.4	11.8	10.8	0.9	10.89	620,000	903,000	731,000	3.75M
250K-499,999 SF	19.55M	15.6	13.6	12.9	0.7	10.01	267,000	201,000	534,000	1.00M
500K-749,999 SF	7.64M	2.5	4.3	4.3	-	11.50	-	1.05M	-	-
750,000 SF +	6.54M	-	-	-	-	-	-	-	-	-
Total	114.03M	9.3	9.3	8.6	0.7	11.82	891,000	2.40M	1.52M	5.87M

Figure 11

Property Class	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF/NNN/YR)	Q3 2026 Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	38.66M	17.0	14.2	12.9	1.3	12.40	870,000	2.46M	1.52M	4.92M
Class B & C	75.37M	5.3	6.8	6.4	0.4	11.18	21,000	(60,000)	-	943,000
Total	114.03M	9.3	9.3	8.6	0.7	11.82	891,000	2.40M	1.52M	5.87M

Source: CBRE Research, Q3 2026

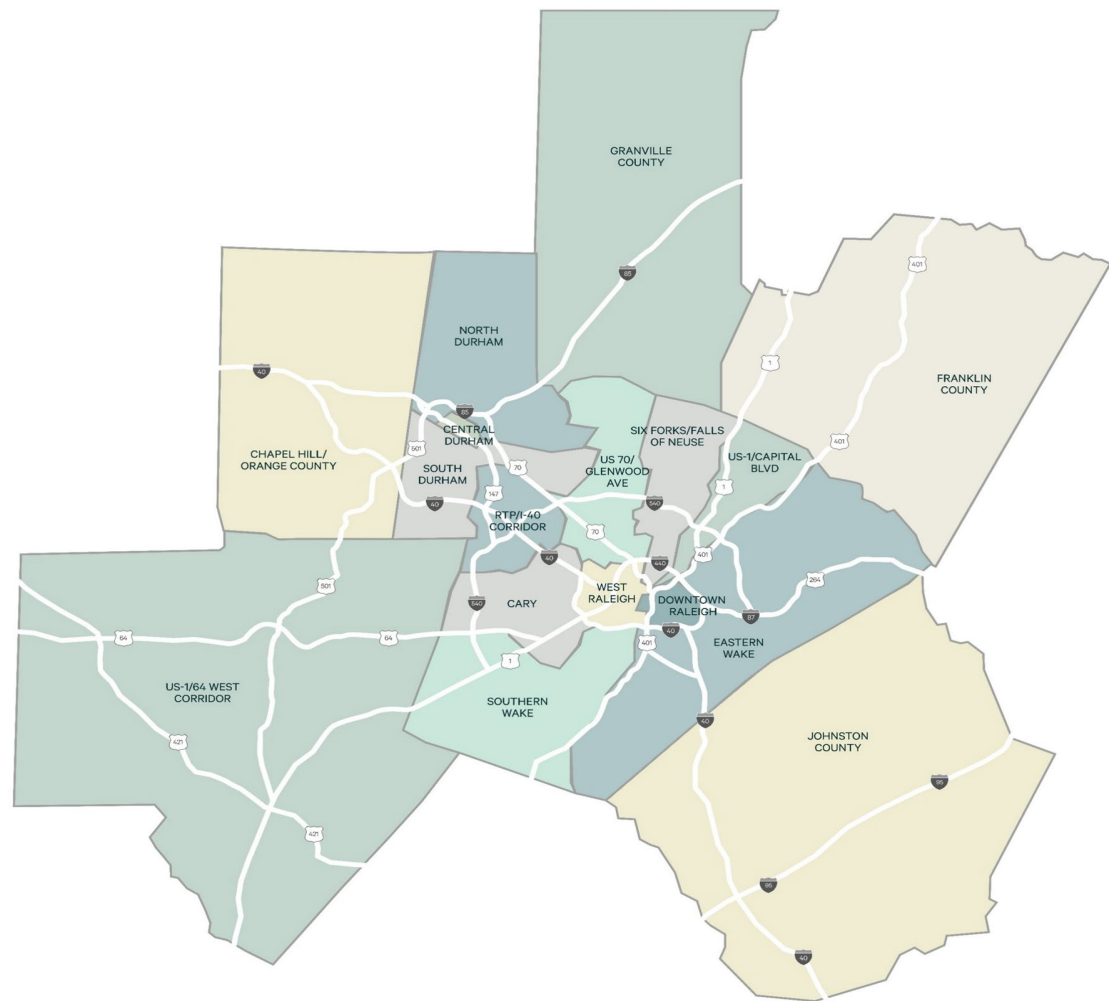
Market Statistics by Submarket

Figure 12

Submarket	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF/NNN/YR)	Q3 2026 Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Cary	2.53M	2.4	2.8	1.5	1.3	19.74	(5,000)	10,000	-	-
Orange County	6.22M	11.2	4.2	4.2	-	9.72	-	137,000	-	197,000
Eastern Wake County	24.50M	6.0	6.3	5.7	0.6	12.50	281,000	744,000	324,000	1.49M
Franklin County	4.67M	13.9	15.5	15.5	-	11.70	(58,000)	504,000	-	85,000
Granville County	5.59M	3.3	4.2	4.2	-	6.56	-	(60,000)	-	589,000
Johnston County	10.35M	5.8	5.2	4.9	0.3	12.80	24,000	635,000	117,000	962,000
North Durham	3.87M	31.2	33.7	31.1	2.7	10.53	100,000	(85,000)	-	97,000
RTP/I-40 Corridor	23.38M	9.7	12.1	10.5	1.7	13.66	407,000	378,000	534,000	886,000
Six Forks/Falls of Neuse Road	2.57M	10.3	12.7	11.7	1.0	13.48	6,000	10,000	-	-
South Durham	1.25M	4.9	7.7	7.7	-	12.44	(25,000)	(20,000)	-	103,000
Southern Wake County	6.67M	14.4	14.2	14.1	0.1	13.76	(7,000)	11,000	153,000	1.37M
US 1/Capital Boulevard	7.87M	5.5	6.7	5.8	0.9	17.03	58,000	97,000	-	-
US 1/Highway 64 West	10.51M	16.3	10.7	10.7	-	8.08	87,000	10,000	397,000	80,000
US 70/Glenwood Avenue	2.67M	0.4	1.8	1.2	0.6	14.81	6,000	16,000	-	-
West Raleigh	1.38M	2.1	5.1	4.4	0.7	20.68	17,000	18,000	-	-
Total	114.03M	9.3	9.3	8.6	0.7	11.82	891,000	2.40M	1.52M	5.87M

Source: CBRE Research, Q3 2026

Market Area Overview



Definitions

Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant. Availability Rate: Total Available Sq. Ft. divided by the total building Area. Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage. Building Area: The total floor area sq. ft. of the building, typically taken at the “drip line” of the building. Gross Activity: All sale and lease transactions completed within a specified time period. Excludes investment sale transactions. Gross Lease Rate: Rent typically includes real property taxes, building insurance, and major maintenance. Net Absorption: The change in Occupied Sq. Ft. from one period to the next. Net Lease Rate: Rent excludes one or more of the “net” costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate. Occupied Sq. Ft.: Building Area not considered vacant. Vacancy Rate: Total Vacant Sq. Ft. divided by the total Building Area. Vacant Sq. Ft.: Space that can be occupied within 30 days. The Chapel Hill/ Orange County submarket has been renamed to Orange County to better reflect the geographic area. No changes to geographic area have occurred during the quarter.

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