

FIGURES | RALEIGH-DURHAM INDUSTRIAL | Q4 2024

# Absorption surges as new space delivers substantially leased

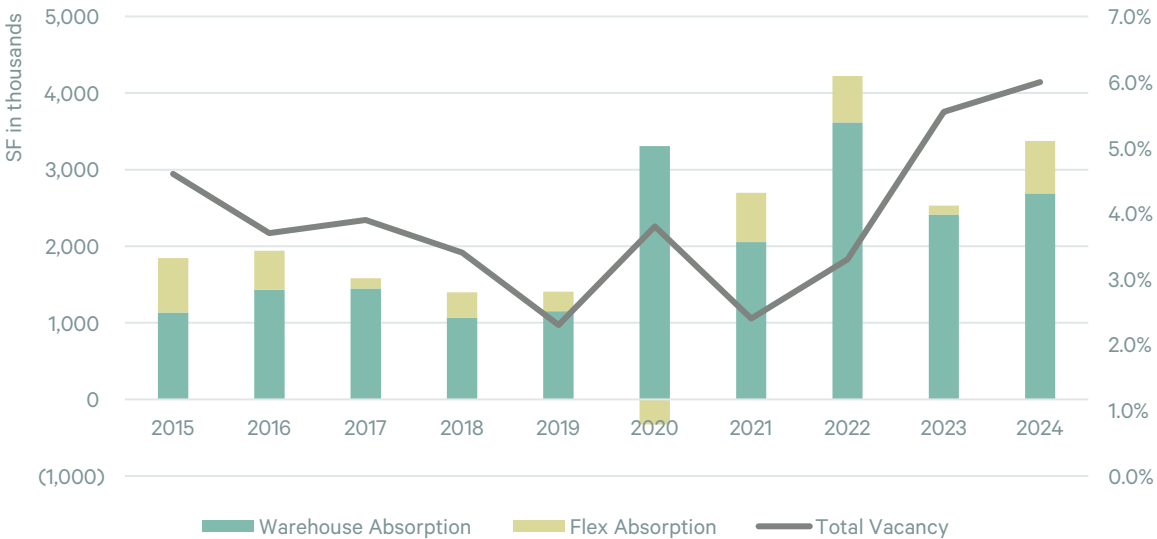
▲ 5.2%	▲ \$9.08	▼ 9.6%	▲ \$17.46	▲ 1.2M	▼ 2.1M
Warehouse Vacancy	Warehouse Rental Rate	Flex Vacancy	Flex Rental Rate	SF Quarterly Net Absorption	SF Under Construction

Note: Arrows indicate change from previous quarter.

## Market Report Highlights

- Net absorption of warehouse and flex space combined totaled 1.2 million sq. ft. in Q4 2024, bringing the year-to-date total to 3.4 million sq. ft.
- Overall vacancy rose to 6%, up 10 basis points for the quarter and 50 bps year-over-year.
- Rent growth moderated but remained positive in 2024. The average warehouse asking rate rose to \$9.08 per sq. ft. in Q4, up 0.7% for the quarter and 4.6% year-over-year. The average flex asking rate rose to \$17.46, up 0.2% for the quarter and 3.3% year-over-year.
- Construction deliveries totaled 1.4 million sq. ft. in Q4, with 65% of the space leased upon completion. The amount of industrial space underway declined to 2.1 million sq. ft., the lowest level registered since Q4 2020. Forty-seven percent of the space has already been leased.
- Although overall Raleigh-Durham investment sales remain light, industrial continues to be a favored asset class, with several buildings purchased by investors and owner occupants in Q4.

FIGURE 1: Net Absorption and Vacancy Rates



Source: CBRE Research, Q4 2024

Market Fundamentals

Raleigh-Durham’s industrial market ended 2024 with a show of strength as net absorption totaled 1.2 million sq. ft. for the quarter, bringing the annual tally to 3.4 million sq. ft. That figure was 33% higher than the absorption witnessed in 2023. A wave of construction deliveries drove a significant portion of the activity as tenants continued to seek high-quality leasing options in new buildings. Overall vacancy ended the year at 6.0%, up 10 basis points for the quarter and 50 bps year-over-year. Warehouse vacancy rose 10 bps to 5.2%, while flex vacancy fell 10 bps to 9.6%.

Rent growth moderated but remained positive in 2024. The average warehouse asking rate rose to \$9.08 per sq. ft. in Q4, up 0.7% for the quarter and 4.6% year-over-year. The average flex asking rate rose to \$17.46 per sq. ft., up 0.2% for the quarter and 3.3% year-over-year. In addition to an influx of new supply, rent growth has also slowed due in part to a recent increase in vacancy within older properties with lower asking rates.

Development Pipeline

Construction deliveries totaled 1.4 million sq. ft. in Q4, with 65% of the space leased upon completion. Projects totaling nearly 4 million sq. ft. were delivered in 2024, compared to just over 5 million sq. ft. completed in 2023.

The largest concentration of new space was delivered at Beacon Partners’ Apex Gateway development in the US 1/64 West Corridor. Two speculative buildings totaling 314,650 sq. ft. were delivered fully leased to multiple tenants, including U.S. Autoforce, Buckeye Trading and PMC. A 178,670-sq.-ft. build-to-suit for Durham Coca-Cola Bottling Company was also completed at the park. The tenant relocated from two long-term locations in Sanford and in South Durham. The Durham facility will be demolished to make way for a mixed-use development. In September, Beacon Partners purchased an additional 72 acres for future phases of Apex Gateway. The developer also completed construction of a 289,870-sq.-ft. building at Knightdale Gateway in Eastern Wake County in Q4, with 27% of the space leased to Siemens.

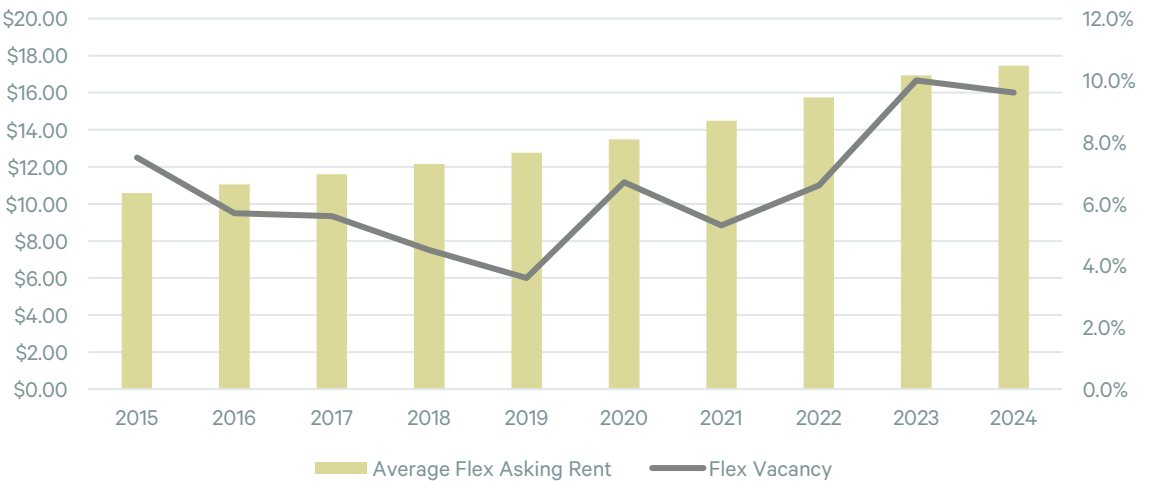
In North Durham, Welcome Group completed construction of four buildings totaling 394,800 sq. ft. at Welcome Venture Park. The properties were 37% leased upon delivery. The only project to break ground in Q4 was a 132,000-sq.-ft. expansion for Morinaga in Orange County.

FIGURE 2: Warehouse Average Asking Rates and Vacancy Rates



Source: CBRE Research, Q4 2024

FIGURE 3: Flex Average Asking Rates and Vacancy Rates



Source: CBRE Research, Q4 2024

The amount of industrial space underway declined to 2.1 million sq. ft. in Q4, the lowest level registered since Q4 2020. Forty-seven percent of the space has already been leased. This thinning of the pipeline will lead to a notable slowdown in deliveries in 2025, setting the stage for vacancy to tighten. Multiple developers have begun positioning for the next cycle via land acquisitions and site work, which will likely lead to a rise in construction starts by the second half of the year.

### Capital Markets

Although overall Raleigh-Durham investment sales remain light, industrial continues to be a favored asset class, with several buildings trading in Q4. In the largest transaction of the quarter, LaSalle paid Oppidan \$43.6 million (\$186/SF) for Apex Commerce Center I in Southern Wake County. The 233,818-sq.-ft. building was constructed in 2022 and is fully leased to multiple tenants. Also of note, Beacon Partners paid a local investor \$10 million (\$82/SF) for a 122,500-sq.-ft. building at 3301 Jones Sausage Road in Eastern Wake County. The building was constructed in 2001 and is 100% leased. MSS Solutions purchased a 160,633-sq.-ft. building at 400 Vintage Park Drive in Eastern Wake County for occupancy, paying Zeb Land LLC \$16.3 million (\$101/SF).

### Market Outlook

In its recently released [U.S. Real Estate Market Outlook](#), CBRE projects that the flight to quality will persist in 2025 as industrial occupiers continue to seek ways to improve efficiency, ensure supply chain resiliency and meet evolving consumer expectations. The increase in vacancy in older buildings that emerged in 2024 is likely to continue, while availability in newly constructed buildings and properties under construction will decline. The E-commerce share of total retail sales, excluding autos and gasoline, hit a record-high of 23.2% in Q3 2024 and is expected to reach 25% by year-end 2025, creating more demand for warehouse & distribution space.

These national trends are expected to play out in the Raleigh-Durham region as well. A rapidly expanding population, rising manufacturing activity and relative affordability will support future demand for Raleigh-Durham industrial space. The region’s economy remains sound despite recent macroeconomic headwinds, with 22,600 jobs created between November 2023 and November 2024 for a growth rate of 2.1%. Unemployment edged 10 bps higher to 3.1% during that time as the region’s labor force increased. The Milken Institute named the Raleigh MSA the top performing city in the U.S. in its recently released [2025 Best-Performing Cities](#) report.

FIGURE 4: Select Lease and Sale Transactions, Q4 2024

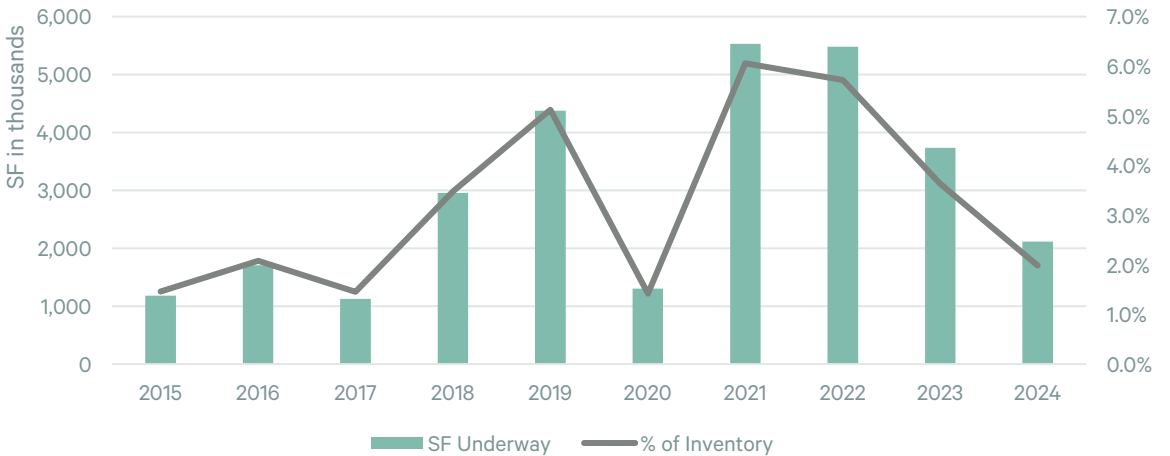
Lease: Tenant	Building	Type	SF	Submarket
Air Distribution Technologies	101 McNeill Road	New	270,017	US 1/Highway 64 West
Trensor*	161 Tradition Trl	New	128,385	Southern Wake
RGH Enterprises*	Edinburgh Place	Renewal	90,000	RTP/I-40 Corridor
EMCOR Construction Services	Apex Gateway 3	New	68,957	US 1/Highway 64 West
Ferguson Enterprises*	1001 N Greenfield Parkway	Renewal	60,873	Eastern Wake
Wurth Wood Group*	4213 Poole Road	Renewal	54,481	Eastern Wake

Sale: Property	Buyer	SF	Price	Price per SF
Apex Commerce Center I	LaSalle	233,818	\$43,600,000	\$186
400 Vintage Park Drive*	MSS Solutions	160,633	\$16,250,000	\$101
3301 Jones Sausage Road	Beacon Partners	122,500	\$10,000,000	\$82
2425 Reliance Avenue	Apex Holdings Group	24,000	\$6,650,000	\$277
411 Aviation Parkway	Cregger Company Inc.	37,100	\$6,000,000	\$162

\*Denotes CBRE Transaction

FIGURE 5: Historical Industrial Construction Activity

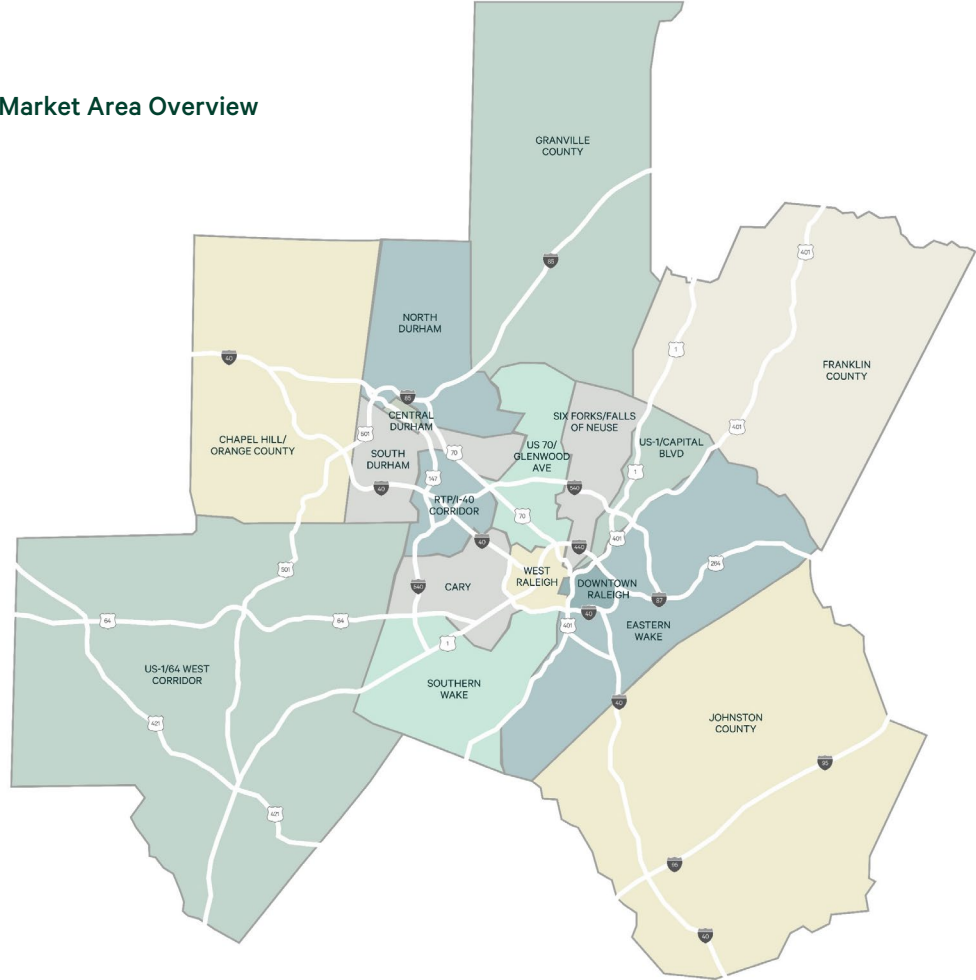


Source: CBRE Research, Q4 2024

FIGURE 6: Submarket Breakdown

	Rentable Area (SF)	VACANCY			AVAILABILITY			NET ABSORPTION (SF)		SF Under Construction	AVERAGE ASKING RATE	
		Total	Warehouse	Flex	Total	Warehouse	Flex	Q4	YTD		Warehouse	Flex
West Raleigh	1,365,776	4.5%	-	8.6%	3.5%	0.0%	6.6%	11,205	(4,196)	-	-	\$18.18
US 70/Glenwood Avenue	2,694,678	1.2%	1.3%	1.0%	0.5%	0.1%	1.1%	(20,059)	5,116	-	\$14.00	\$16.93
Six Forks/Falls of Neuse Road	2,790,823	23.6%	25.8%	14.6%	23.1%	25.2%	14.6%	(43,538)	(505,221)	-	\$9.87	\$15.94
US 1/Capital Boulevard	7,776,651	7.0%	3.5%	10.4%	6.5%	4.7%	8.3%	9,200	120,274	-	\$11.68	\$17.43
Eastern Wake	22,732,202	4.6%	4.3%	7.1%	5.1%	4.8%	7.6%	197,353	945,127	885,100	\$9.73	\$16.73
Southern Wake	5,896,170	6.1%	6.0%	6.4%	6.7%	6.5%	7.2%	81,756	152,367	-	\$10.88	\$17.29
Cary	2,260,301	1.9%	-	4.1%	4.6%	0.0%	10.2%	(5,559)	(65,227)	-	-	\$17.67
RTP/I-40 Corridor	22,032,609	3.4%	2.6%	6.9%	5.3%	4.6%	8.4%	6,213	228,100	502,217	\$10.68	\$19.14
North Durham	3,112,690	10.0%	3.8%	60.1%	9.1%	2.8%	59.6%	116,700	333,122	249,600	\$9.00	\$17.50
South Durham	1,249,041	1.3%	-	4.4%	0.2%	0.0%	0.7%	34,200	(276)	-	-	\$16.50
Orange County	6,083,355	14.0%	14.2%	12.9%	21.0%	22.8%	2.6%	50,178	658,585	132,000	\$8.12	\$16.62
Core Market Totals	77,994,296	6.0%	5.3%	8.6%	7.2%	6.8%	8.6%	437,649	1,867,771	1,768,917	\$9.52	\$17.70
Johnston County	9,949,878	10.0%	8.6%	24.9%	8.7%	7.2%	25.7%	202,402	331,440	-	\$7.61	\$16.39
US 1/64 West Corridor	9,460,870	4.6%	4.1%	53.5%	4.9%	4.4%	53.5%	620,090	797,600	343,666	\$8.51	\$17.95
Franklin County	3,623,522	4.1%	3.4%	12.7%	4.2%	3.4%	13.6%	(34,666)	326,296	-	\$9.42	\$15.21
Granville County	5,592,975	2.2%	2.2%	-	3.1%	3.1%	0.0%	0	50,000	-	\$6.34	-
Outlying Market Totals	28,627,245	5.9%	5.1%	23.6%	5.8%	4.9%	24.4%	787,826	1,505,336	343,666	\$7.82	\$16.47
Market Totals	106,621,541	6.0%	5.2%	9.6%	6.8%	6.2%	9.6%	1,225,475	3,373,107	2,112,583	\$9.08	\$17.46

Market Area Overview



Definitions

To more accurately reflect the dramatic growth in Raleigh-Durham’s industrial market, CBRE has added Franklin and Granville counties to its geographical coverage area. Wake, Durham, Orange, Johnston, Chatham and Lee counties are also included.

CBRE’s competitive industrial inventory includes warehouse buildings with 20,000 sq. ft. or more of building area and flex buildings with 10,000 sq. ft. or more of building area. Government-owned, medical and life science properties are excluded.

Average asking rental rates are weighted by the amount of direct available space per building and are quoted on a triple-net basis, per sq. ft., per year.

Vacancy: Physically vacant space that can be occupied within 30 days.

Availability: Space in a building, ready for occupancy within six months; can be occupied or vacant.

Net Absorption: The change in occupied sq. ft. from one period to the next.

Building Area: The total floor area sq. ft. of the building, typically taken at the “drip line” of the building.

Gross Lease Rate: Rent typically includes real property taxes, building insurance and major maintenance.

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.

In an effort to provide the most comprehensive data possible, CBRE recently made revisions to its historical asking rate information. The data contained herein may differ from previously published reports.

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