Demand Accelerates with Largest Quarter of Leasing in the Past Year

▼ 8.9%	▲ 1.3M	▼ 917,000	▼ 5.5M	▲ $11.48
Vacancy Rate	SF Net Absorption	SF Construction Delivered	SF Under Construction	NNN/YR Direct Lease Rate

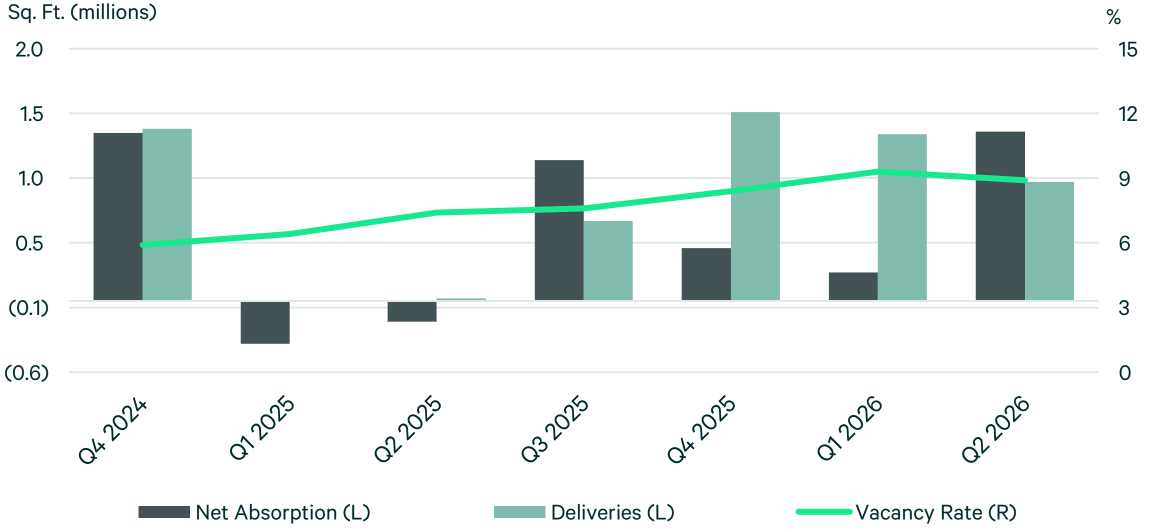
Note: Arrows indicate change from previous quarter.

Market Overview

The warehouse sector posted 1.2 million sq. ft. of positive absorption, with more than 90% of absorption concentrated in Class A properties, underscoring tenant preference for modern industrial product. Warehouse vacancy rates decreased due to a high absorption concentrated in new construction deliveries: a confidential tenant moving into new construction at US1 North Commerce Center, Vulcan acquiring a newly delivered site in Johnston County, and Morinaga moving into their newly completed facility in Orange County. Separately, flex properties recorded 114,000 sq. ft. of positive absorption, led by Class A space which accounted for 87,000 sq. ft. of net occupancy gains.

Warehouse and flex rental rates increased altogether; the largest increase was seen in Class A warehouse. New construction continues to lift pricing, with some recently delivered warehouse assets achieving asking rents above $12.00 per sq. ft. NNN, up from $11.50 in Q2 of 2025. Construction activity remains elevated in recent years. Space under construction increased from 2.2 million sq. ft. in Q4 2024 to 5.5 million sq. ft. in Q2 2026, now with 41 total active projects. Leasing activity remained strong across Orange County, Wake County, Granville County, and Johnston County, bolstered by several sizable lease transactions.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q2 2026

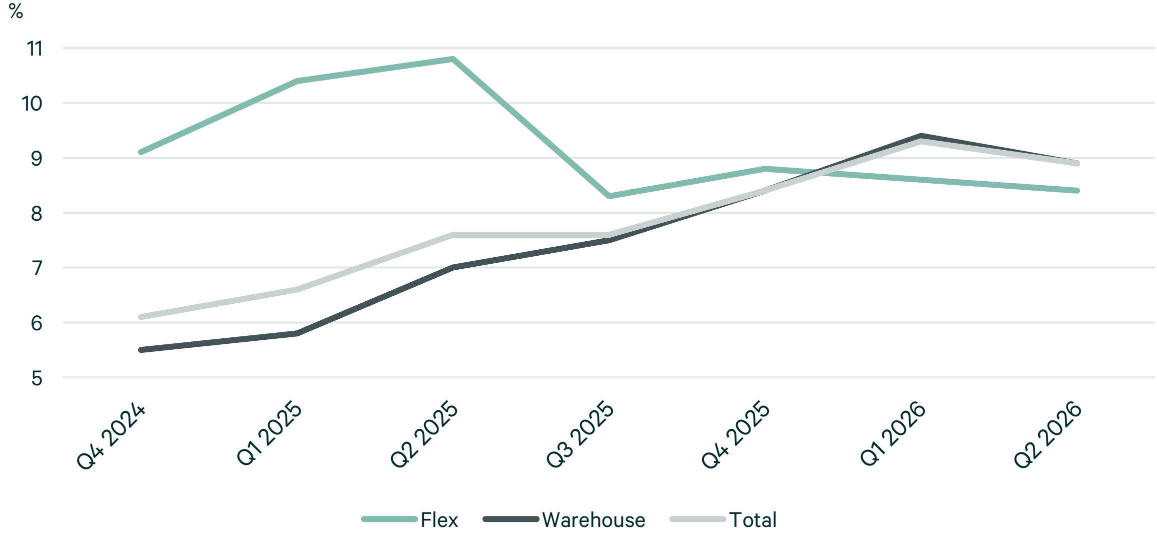
Vacancy Rate

Warehouse vacancy declined to 8.9%, down 50 basis points (bps) quarter-over-quarter, but increased by 50 bps year-over-year. The elevated vacancy continues to reflect the steady pace of new supply delivered over the past year, with more than 500,000 sq. ft. of newly constructed space leased but not yet physically occupied, delaying its impact on absorption.

Flex vacancy measured at 8.4%, down 20 bps quarter-over-quarter. This shift was driven by a handful of mid-sized occupancies in Class A space.

Eastern Wake, the largest submarket by inventory volume, posted 6.1% total vacancy. Vacancy has reduced despite 494,000 sq. ft. of new construction deliveries this quarter; among these is the newly delivered Wendell Commerce Center Building 1A that is fully leased and will be occupied later this year.

Figure 2: Vacancy Rate



Source: CBRE Research, Q2 2026

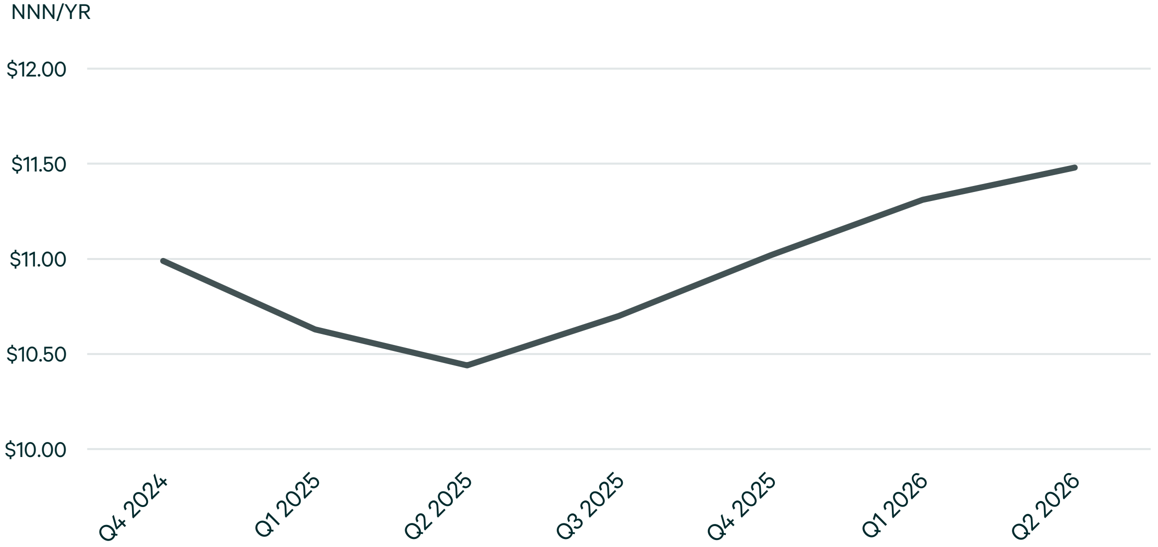
Asking Rent

In Q2 2026, the market-wide average asking rent increased to $11.48 per sq. ft., up from $11.31 per sq. ft. in Q1 2026. Several large warehouse deals transacted within lower-priced availabilities, particularly in properties with asking rates in the $8.00–$10.00 per sq. ft. range.

Class A warehouse asking rents increased to $10.70, up 5.5% year-over-year as a result of multiple large transactions in more cost-effective submarkets, further removing pricing drag from the weighted rent calculation. 6370 Buckhorn Industrial Parkway leased 330,000 sq. ft., removing a space in the Chapel Hill/Orange County submarket where Class A rents average roughly $9 per sq. ft. NNN, which is below the Class A market-wide average. Additional upward lift came from newly delivered Class A warehouse developments where asking rents have launched towards $12-13 per sq. ft., raising rent expectations across the market.

Class A flex asking rents increased during the quarter, driven by the addition of newly delivered product and higher-priced second-generation availability added to the market. Successful leasing activity in higher-priced Class A flex properties removed available space from rental rate average calculations, partially offsetting rate increases.

Figure 3: Average Direct Asking Rate



Source: CBRE Research, Q2 2026

Net Absorption

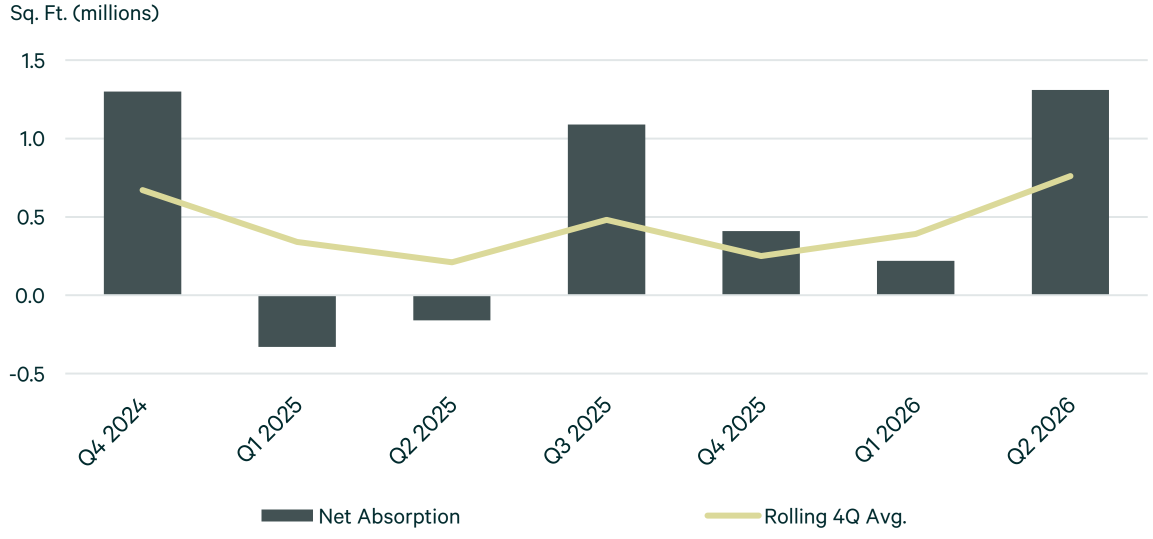
Market net absorption in Q2 2026 totaled 1.3 million sq. ft., with the rolling twelve-month total at 3.0 million sq. ft. Q2 2026 experienced absorption that was five times higher than the previous quarter.

In Q2 2026, Franklin County posted the highest positive net absorption at 547,000 sq. ft., which included a confidential tenant commencing operations at US1 North Commerce Center, followed by Johnston County at 493,000 sq. ft. where Vulcan Elements Inc. moved into their facility at Crosspoint Logistics Center following the property's acquisition. Together, these two occupancies accounted for more than 1.0 million sq. ft. of positive absorption.

Submarkets with solid gains of over 100,000 sq. ft. include Chapel Hill/Orange County, Eastern Wake County, Franklin County, and Johnston County.

The warehouse sector posted 1.2 million sq. ft. of positive absorption, with more than 90% of absorption concentrated in Class A properties. Within these, Distribution/Logistics facilities captured the vast majority of absorption.

Figure 4: Net Absorption Trend



Source: CBRE Research, Q2 2026

Construction Activity

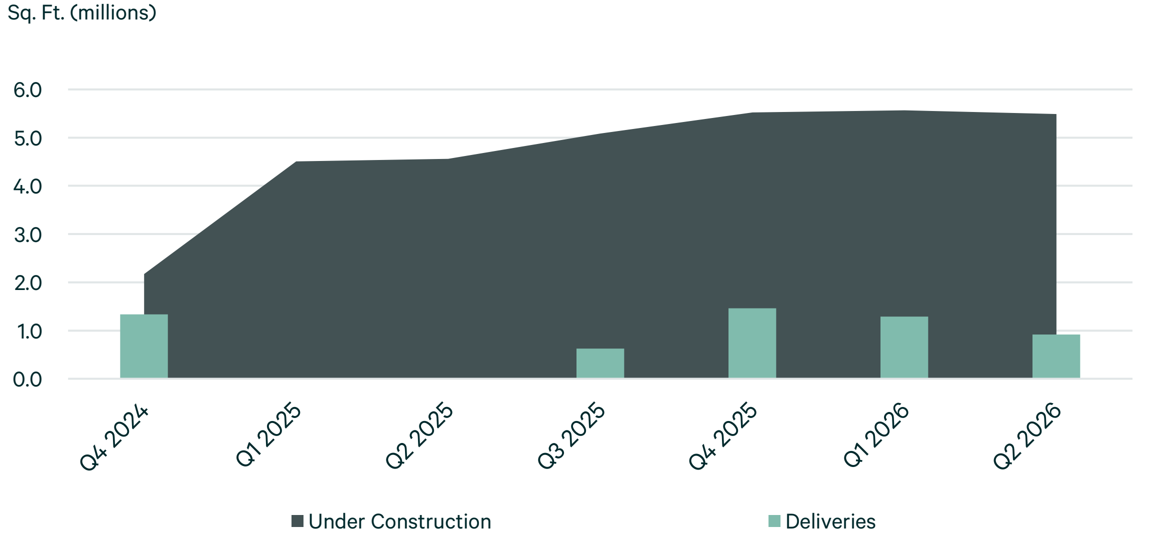
In Q2 2026, the market had 5.5 million sq. ft. under construction and 917,000 sq. ft. of construction delivered. Deliveries this quarter achieved a pre-lease rate of 26%. Under construction volume declined quarter-over-quarter by 1.4% but was 20.3% higher year-over-year. The current twelve-month rolling average is 5.4 million sq. ft. showing a slight increase to the construction pipeline.

The largest developments include I-40 Exchange in Garner and Steel 70 in Clayton, each with two speculative buildings currently under construction.

The 101,000 sq. ft. Building 1A at Wendell Commerce Center delivered fully leased to a single tenant. Morinaga's building on 512 Ben Wilson Road delivered the largest market-wide built-to-suit in 2026 thus far, totaling 132,000 sq. ft.

Currently, nine flex buildings totaling 449,000 sq. ft. are under construction, while the development pipeline remains heavily concentrated in warehouse product, which accounts for more than 5.0 million sq. ft. underway. The overall pre-leasing rate stands at 29%, supported primarily by full-building preleases at Beacon Commerce Park Phase 3 Building B, Triangle 55 Building 5, and Falls Lake Industrial Park Building B4.

Figure 5: Construction Activity



Source: CBRE Research, Q2 2026

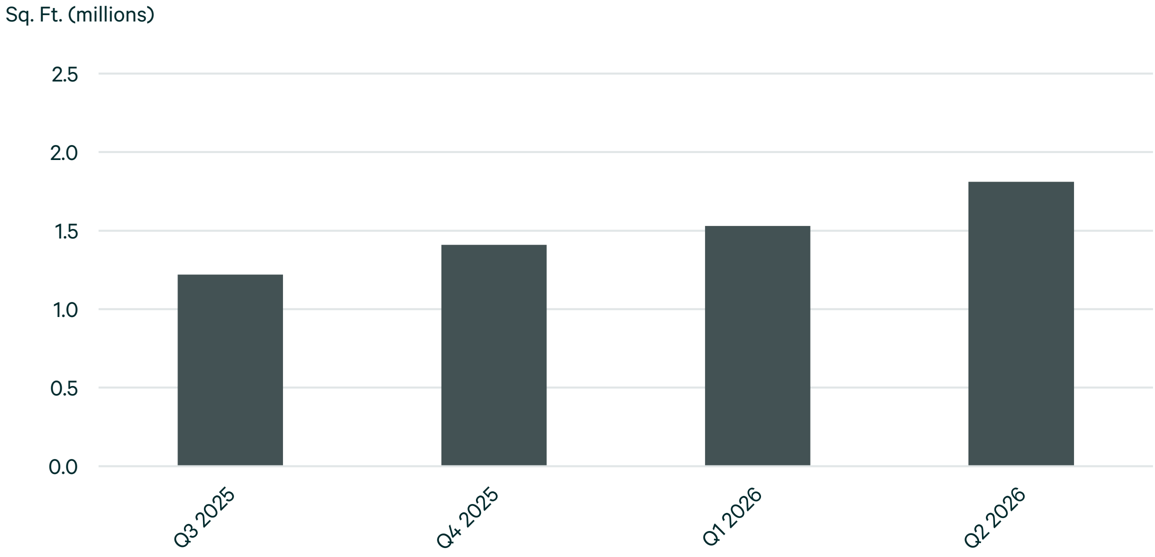
Leasing Activity

Leasing activity accelerated in Q2 with 1.8 million sq. ft. leased across the market, marking the strongest quarter of leasing activity in the past year. Across the past 12 months, tenants leased roughly 6.0 million sq. ft. of space. Compared with Q1 2026, Q2 2026 leasing rose 17.9% quarter-over-quarter.

Demand was led primarily by new leases with a few key sizable deals, including Millennium Print Group taking 330,000 sq. ft. in the Chapel Hill/ Orange County submarket. A confidential new lease accounted for 210,000 sq. ft. out of the 373,000 sq. ft. total in Johnston County, the submarket boasting the highest activity in Q2 2026. Seven submarkets experienced a high volume of leasing activity with the following submarkets having over 100,000 sq. ft. of leasing each: Chapel Hill/Orange County, Eastern Wake, Granville County, Johnston County, North Durham, the RTP/I-40 Corridor, and US 1/Highway 64 West.

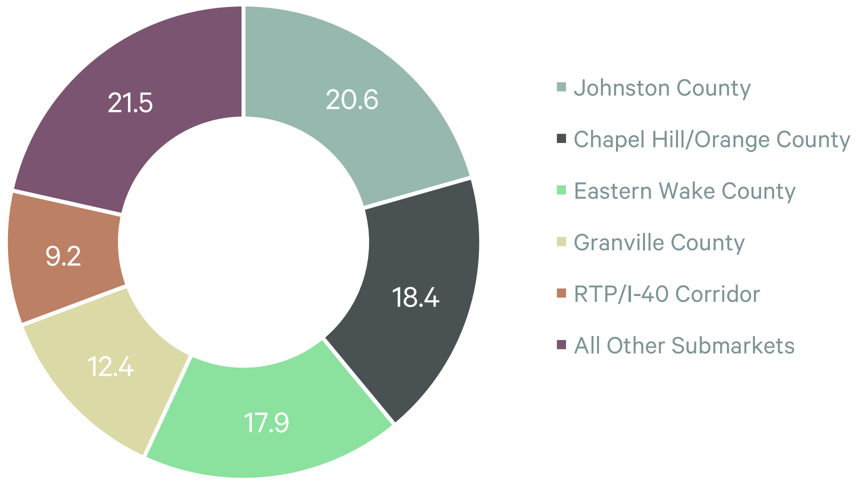
The market's flight-to-quality trend was also evident in leasing activity, with Class A properties accounting for more than 1.2 million sq. ft. of leasing volume (or 66%). By comparison, Class B properties recorded more than 500,000 sq. ft. of leasing activity (or 27%).

Figure 6: Leasing Activity Trend



Source: CBRE Research, Q2 2026

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



Source: CBRE Research, Q2 2026

Figure 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Millennium Print Group	330,000	New Lease	6370 Buckhorn Industrial Pkwy	Chapel Hill/Orange County
Palmer-Donavin Manufacturing Co.	225,000	New Lease	400 Turnrow Rd	Granville County
Confidential Tenant	210,000	New Lease	00 42 Hwy	Johnston County
Confidential Tenant	140,000	New Lease	Wilmington Rd	Eastern Wake County
Novo Nordisk Pharma. Industries	129,000	Renewal	834 Brogden Rd	Johnston County
bioMérieux	100,000	New Lease	1539 Hamlin Road	North Durham
LaserShip	79,000	Renewal	3500 Tricenter Boulevard	RTP/I-40 Corridor
Edged Infrastructure	76,000	New Lease	4102 South Miami Boulevard	RTP/I-40 Corridor

Source: CBRE Research, Q2 2026

Market Statistics by Product Type

Figure 9

Product Type	NRA (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF NNN/yr)	Q2 2026 Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Distribution/Logistics	72.35M	10.2	10.4	9.7	0.7	10.15	1.05M	1.37M	696,000	4.91M
Manufacturing	19.13M	5.1	4.3	4.3	-	7.08	8,000	(276,000)	-	207,000
R&D/Flex	19.04M	8.4	9.6	8.7	0.9	18.08	114,000	302,000	89,000	377,000
Other Industrial	1.98M	-	-	-	-	-	132,000	132,000	132,000	-
Total	**112.50M**	**8.9**	**9.0**	**8.4**	**0.6**	**11.48**	**1.31M**	**1.53M**	**917,000**	**5.49M**

Source: CBRE Research, Q2 2026

Market Statistics by Size

Figure 10

Size Range	NRA (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF NNN/yr)	Q2 2026 Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Below 50K SF	22.28M	3.7	5.1	4.4	0.7	16.08	135,000	254,000	24,000	223,000
50K-99,999 SF	17.86M	7.4	8.4	7.9	0.5	13.94	(111,000)	56,000	65,000	643,000
100K-249,999 SF	39.17M	12.4	11.8	11.3	0.5	10.34	312,000	231,000	568,000	3.53M
250K-499,999 SF	19.01M	14.6	12.5	11.8	0.7	9.50	(82,000)	(66,000)	260,000	1.09M
500K-749,999 SF	7.64M	2.5	6.8	5.4	1.4	11.50	1.05M	1.05M	-	-
750,000 SF +	6.54M	-	-	-	-	-	-	-	-	-
Total	**112.50M**	**8.9**	**9.0**	**8.4**	**0.6**	**11.48**	**1.31M**	**1.53M**	**917,000**	**5.49M**

Source: CBRE Research, Q2 2026

Market Statistics by Class

Figure 11

Property Class	NRA (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF NNN/yr)	Q2 2026 Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	37.14M	16.1	13.0	12.0	1.0	11.77	1,261,000	1,538,000	917,000	4,830,000
Class B & C	75.36M	5.3	7.1	6.7	0.5	11.22	46,000	46,000	-	662,000
Total	**112.50M**	**8.9**	**9.0**	**8.4**	**0.6**	**11.48**	**1.31M**	**1.53M**	**917,000**	**5.49M**

Source: CBRE Research, Q2 2026

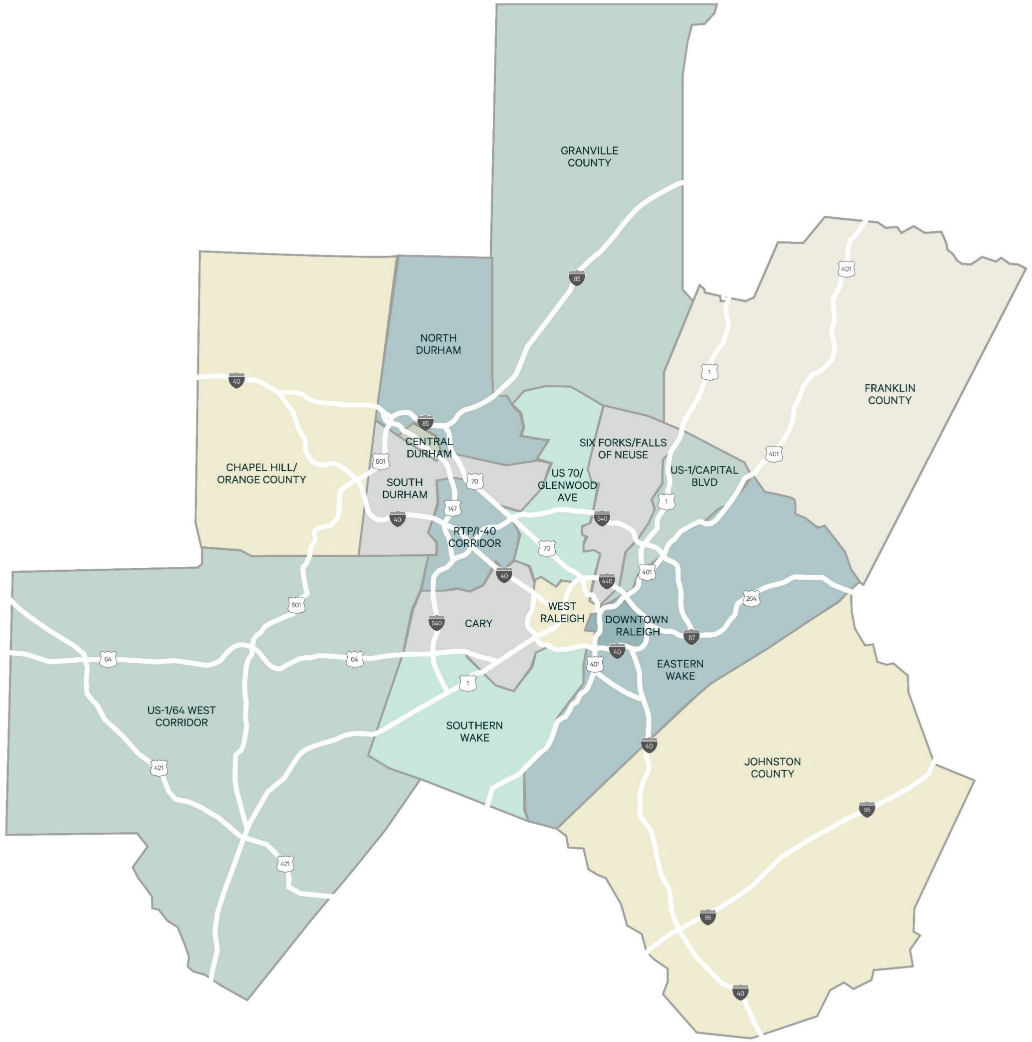
Market Statistics by Submarket

Figure 12

Submarket	NRA (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF NNN/yr)	Q2 2026 Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Cary	2.53M	2.2	2.7	1.6	1.2	19.74	-	15,000	-	-
Chapel Hill/Orange County	6.22M	11.2	6.1	6.1	-	9.37	136,000	137,000	132,000	197,000
Eastern Wake County	24.18M	6.1	6.7	6.4	0.3	11.24	(14,000)	450,000	494,000	930,000
Franklin County	4.67M	12.7	14.4	14.4	-	12.35	547,000	561,000	24,000	85,000
Granville County	5.59M	3.3	4.2	4.2	-	6.56	(60,000)	(60,000)	-	662,000
Johnston County	10.23M	5.4	3.9	3.9	-	12.70	493,000	556,000	-	999,000
North Durham	3.87M	33.8	31.7	31.7	-	10.68	3,000	(185,000)	202,000	-
RTP/I-40 Corridor	22.85M	9.3	11.4	9.4	2.0	13.71	64,000	(29,000)	65,000	693,000
Six Forks/Falls of Neuse Road	2.57M	10.6	6.6	5.4	1.2	12.54	(10,000)	4,000	-	-
South Durham	1.25M	2.9	3.5	3.5	-	14.22	9,000	4,000	-	-
Southern Wake County	6.52M	11.6	11.4	11.4	-	10.08	44,000	65,000	-	1.53M
US 1/Capital Boulevard	7.87M	6.3	9.6	8.9	0.7	16.34	29,000	38,000	-	-
US 1/Highway 64 West	10.11M	13.5	11.1	11.1	-	7.82	55,000	(41,000)	-	397,000
US 70/Glenwood Avenue	2.67M	0.6	2.0	1.4	0.6	16.11	22,000	11,000	-	-
West Raleigh	1.38M	3.3	6.5	5.8	0.7	17.13	(10,000)	1,000	-	-
Total	**112.50M**	**8.9**	**9.0**	**8.4**	**0.6**	**11.48**	**1.31M**	**1.53M**	**917,000**	**5.49M**

Source: CBRE Research, Q2 2026

Market Area Overview



CBRE Industrial

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Survey Criteria

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 statistical 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. Net absorption is based on physical occupancy timing. Leasing activity is based on deal execution timing.

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