

MARKET FUNDAMENTALS

	YOY Chg	Outlook
8.5% Vacancy Rate	▲	▲
647.4K YTD Net Absorption, SF	▲	▼
\$10.01 Asking Rent, PSF <small>(Overall, Net Asking Rent)</small>	▼	▼

ECONOMIC INDICATORS

	YOY Chg	Outlook
1.1M Raleigh-Durham Employment	▲	▲
3.1% Raleigh-Durham Unemployment Rate	—	▲
4.1% U.S. Unemployment Rate	▲	▼

Source: BLS

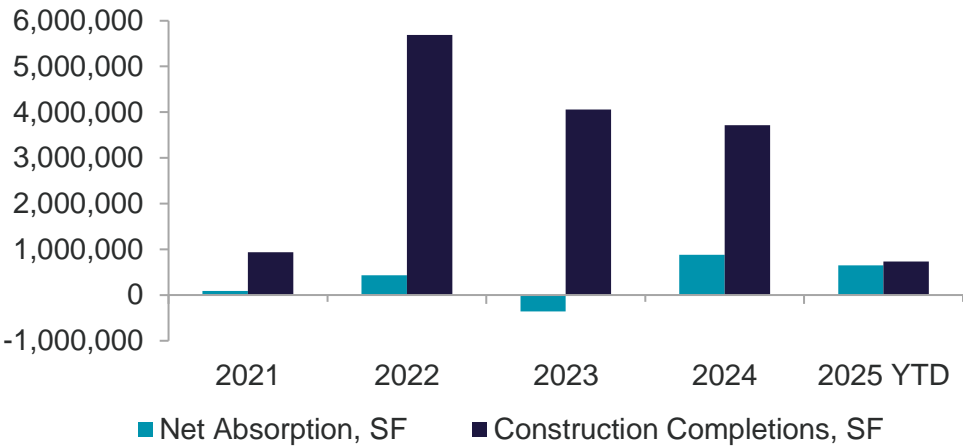
ECONOMY

Despite facing an uncertain political and economic environment during the first quarter of 2025, the Raleigh-Durham industrial market demonstrated resilience and performed well. The regional unemployment rate remained steady year-over-year (YOY) at 3.1%, 100 basis points (bps) below the national average. Over the same period, the region successfully added 18,800 new jobs, showcasing continued growth despite broader headwinds. Although several industries reported YOY job losses, the trade, transportation, and utilities sector stood out with 1.7% growth YOY, reinforcing its critical role in the local employment landscape.

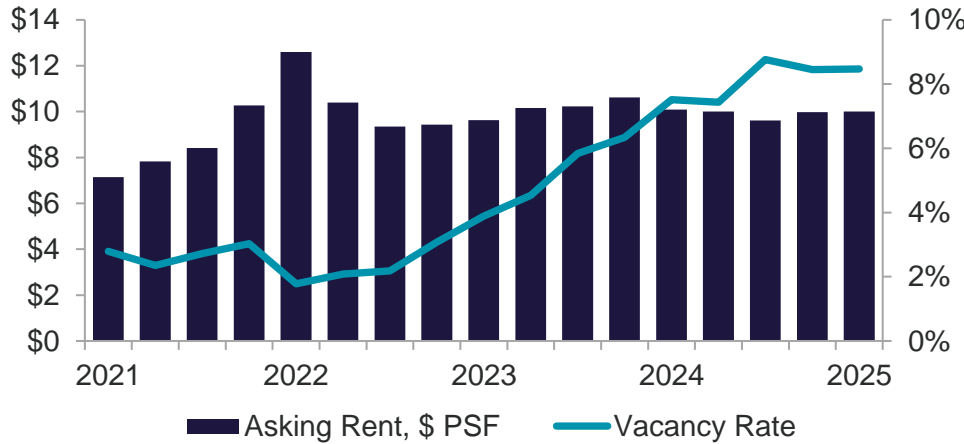
SUPPLY

The overall vacancy rate in the Raleigh-Durham industrial market remained unchanged quarter-over-quarter (QOQ) at 8.5%, signaling a steady balance between supply and demand. Franklin County experienced the most significant decrease in vacancy, recording a 460-bp drop, largely attributed to Terrasafe and Southwire collectively occupying nearly 230,000 square feet (sf) of space. On the other hand, North Durham reported the largest increase in vacancy, rising 1,470 bps, driven by the delivery of four new buildings totaling nearly 400,000 sf at Welcome Venture Park. Although these new buildings were 81.1% preleased at the time of delivery, several tenants totaling 167,000 sf will not occupy their spaces until later in 2025. Net absorption remained positive for the second consecutive quarter, with more than 647,000 sf of occupancy gains. Major tenants such as US Autoforce, Southwire, VeeTee Foods, Novo Nordisk, and Cavalier Logistics each occupied over 100,000 sf, fueling the market's momentum. Johnston, Franklin, and Chatham Counties recorded the highest levels of occupancy gains, while Nash County faced the steepest losses, totaling 133,000 sf, largely due to Woodgrain vacating 85,000 sf at 3375 North Wesleyan Boulevard. Warehouse/distribution (W/D) product posted a 20-bp decrease QOQ to 9.2%, while manufacturing product experienced a more pronounced 80-bp decline to 3.8%. In flex product, conversely, vacancy climbed 160 bps, primarily due to new deliveries bringing fresh inventory to the market.

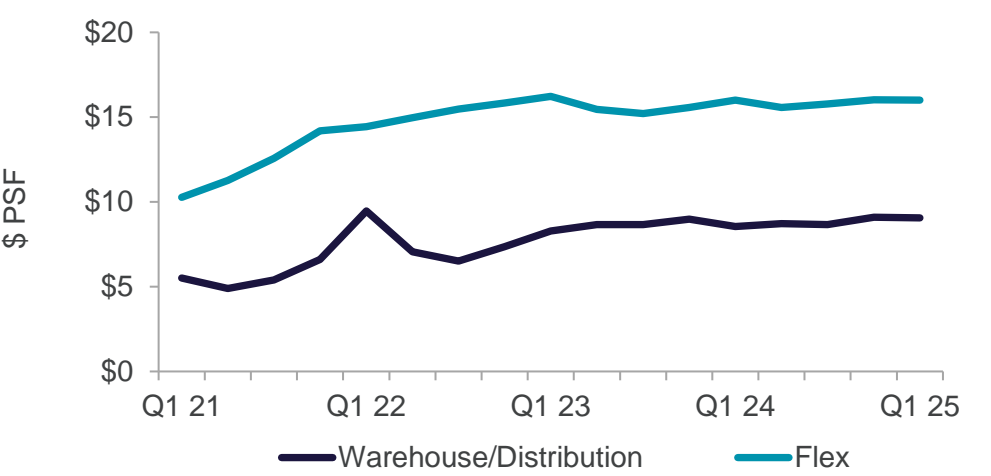
SPACE DEMAND / DELIVERIES



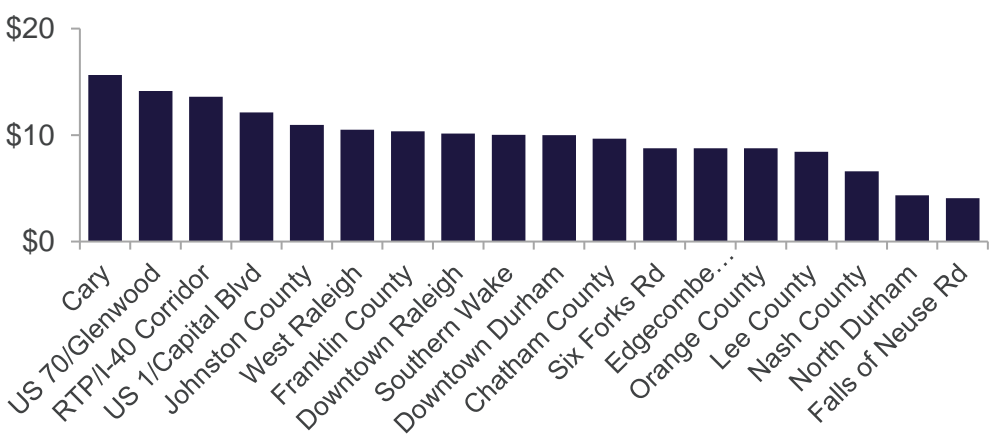
OVERALL VACANCY & ASKING RENT



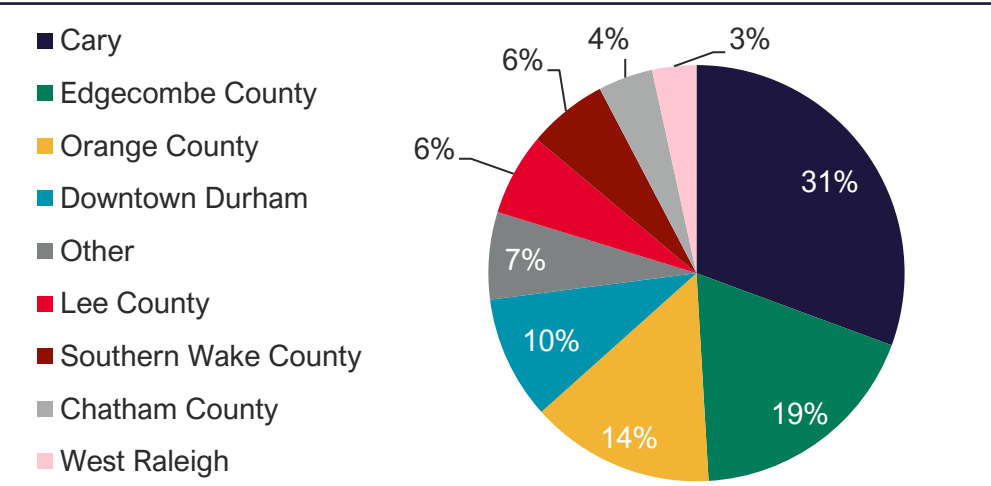
ASKING RENT COMPARISON



SUBMARKET ASKING RENT



YTD LEASING ACTIVITY



CONSTRUCTION

In addition to Welcome Venture Park completing construction during the first quarter, another 342,000 sf of industrial product was delivered, bringing total new supply for the quarter to 734,417 sf. Of the space delivered, approximately 45.0% was preleased at the time of completion, reflecting solid demand for newly built product. While W/D space continues to dominate the market, comprising 67.7% of the total inventory, flex product made up a significant 53.4% share of new deliveries in the first quarter. Nearly 4.5 million square feet of industrial space remains under construction across the region. Among comparable Southeast markets, Raleigh-Durham boasts the highest amount of product underway as a percentage of total inventory, with projects under construction representing 3.9% of the market. The average asking rent for properties under construction sits at \$10.79 per square foot (psf), 7.9% higher than the current overall market average asking rent of \$10.00 psf, signaling developers' and landlords' confidence in achieving premium pricing for modern, high-quality assets.

DEMAND

Demand for industrial space remained healthy through the first quarter of 2025, with more than 850,000 sf of new leases signed. Renewal activity was also robust, recording a 6.8% YOY increase and totaling 270,000 sf. The largest lease of the quarter was signed by Millennium Printing, which committed to over 260,000 sf at The Press in the Cary submarket. As a result, Cary led the market in new leasing activity, accounting for more than 270,000 sf, followed by Eastern Wake County, which reported 162,000 sf of new leases. W/D properties, which constitute the majority of the market's inventory, captured 72.2% of new leasing activity, a slight decline QOQ but still indicative of robust tenant demand for functional and efficient space.

PRICING

Rental rates remained largely flat during the first quarter, ticking up by just 0.2% to an average asking rent of \$10.00 psf. Flex properties commanded the highest asking rents, averaging \$16.00 psf, while manufacturing spaces came in at \$7.79 psf. The Cary area, dominated by high-quality flex product, was the priciest submarket with asking rents at \$15.65 psf. In contrast, Edgecombe County continued to offer the steepest discount with an average of \$4.06 psf, highlighting the cost advantages of the region's outlying areas. Properties located in these outer counties offer tenants a 30.6% discount compared to those located in core markets, presenting a compelling value proposition for occupiers willing to expand beyond the traditional metro boundaries.

OUTLOOK

- Absorption is expected to remain positive as tenants occupy recently-leased spaces in the coming quarters.
- Rates are expected to increase as new product delivers commanding higher rents.
- More speculative construction starts are expected in 2025 as developers gain more confidence in the market due to strong demand figures.

MARKET STATISTICS

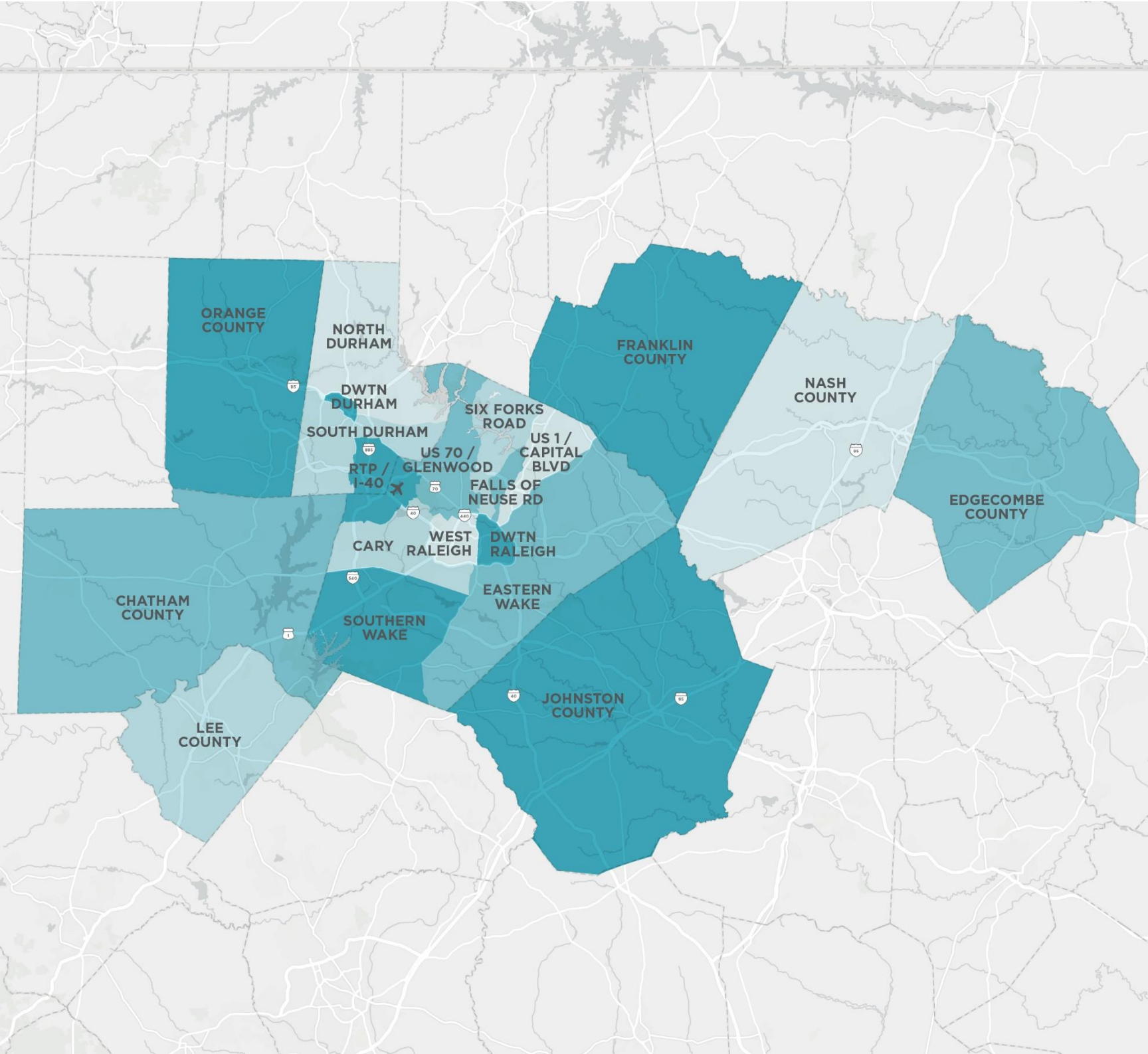
SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	CNSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (Flex)	OVERALL WEIGHTED AVG NET RENT (W/D)
Cary	1,542,209	318,970	20.7%	-1,421	-1,421	270,012	0	0	-	\$15.65	-
Orange County	4,230,834	1,307,315	30.9%	10,500	10,500	37,500	196,827	0	-	\$15.23	\$9.43
Downtown Durham	643,444	75,306	11.7%	23,300	23,300	0	0	0	-	\$5.00	\$12.85
Downtown Raleigh	305,260	0	0.0%	0	0	0	0	0	-	-	-
Eastern Wake County	16,536,154	1,216,678	7.4%	56,073	56,073	162,575	705,100	180,000	-	\$15.68	\$8.64
Falls of Neuse Rd	1,572,225	266,038	16.9%	0	0	0	0	0	-	-	\$10.36
Johnston County	13,265,128	1,077,221	8.1%	239,254	239,254	56,117	68,915	0	\$13.86	\$15.00	\$6.92
North Durham	1,862,166	296,865	15.9%	113,724	113,724	126,200	249,600	392,400	-	\$10.00	\$7.50
RTP/I-40 Corridor	15,853,673	1,318,815	8.3%	29,587	29,587	59,780	35,100	162,017	-	\$19.71	\$11.67
Six Forks Rd	110,000	36,925	33.6%	0	0	0	0	0	-	-	\$8.75
South Durham	2,247,196	62,632	2.8%	0	0	0	385,455	0	-	-	-
Southern Wake County	3,816,506	733,160	19.2%	-77,512	-77,512	0	672,400	0	-	\$17.40	\$8.55
US 1/Capital Blvd	8,292,792	964,385	11.6%	-6,179	-6,179	54,708	0	0	-	\$15.44	\$10.39
US 70/Glenwood	1,906,226	158,655	8.3%	20,000	20,000	0	0	0	-	-	\$14.14
West Raleigh	853,561	34,900	4.1%	-27,900	-27,900	0	0	0	-	\$10.50	-
CORE MARKETS	73,037,374	7,867,865	10.8%	379,426	379,426	766,892	2,313,397	734,417	\$13.86	\$16.15	\$9.45
Chatham County	4,996,335	407,811	8.2%	176,571	176,571	84,443	2,056,779	0	-	\$17.95	\$6.68
Edgecombe County	6,258,007	195,000	3.1%	0	0	0	0	0	\$4.25	-	\$2.40
Franklin County	4,922,015	140,813	2.9%	228,419	228,419	0	0	0	-	\$15.95	\$9.45
Lee County	12,229,965	824,576	6.7%	0	0	0	101,920	0	\$6.32	\$12.00	\$6.52
Nash County	12,693,192	236,299	1.9%	-133,499	-133,499	0	0	0	-	\$6.00	\$3.72
OUTLYING COUNTIES	41,099,514	1,804,499	4.4%	271,491	271,491	84,443	2,158,699	0	\$5.48	\$15.31	\$6.42
RALEIGH-DURHAM TOTALS	114,136,888	9,672,364	8.5%	650,917	650,917	851,335	4,472,096	734,417	\$7.79	\$16.00	\$9.07

*Rental rates reflect weighted net asking \$psf/year **Stats not reflective of U.S. Marketbeat

KEY LEASE TRANSACTIONS Q1 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
The Press	Cary	Millennium Printing	262,400	New Lease
Greenfield Business Park	Eastern Wake County	Mohawk Industries	180,000	Renewal
Welcome Venture Park Building D	North Durham	Undisclosed	103,200	New Lease
Edinburgh Place	RTP/I-40 Corridor	Cardinal Health	90,000	Renewal

OFFICE SUBMARKETS



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