



MARKET FUNDAMENTALS

	YOY Chg	Outlook
8.2% Vacancy Rate	▲	▲
825K YTD Net Absorption, SF	▼	▼
\$9.95 Asking Rent, PSF <i>(Overall, Net Asking Rent)</i>	▬	▬

ECONOMIC INDICATORS

	YOY Chg	Outlook
1.1M Raleigh-Durham Employment	▲	▲
3.1% Raleigh-Durham Unemployment Rate	▼	▲
4.2% U.S. Unemployment Rate	▲	▼

Source: BLS

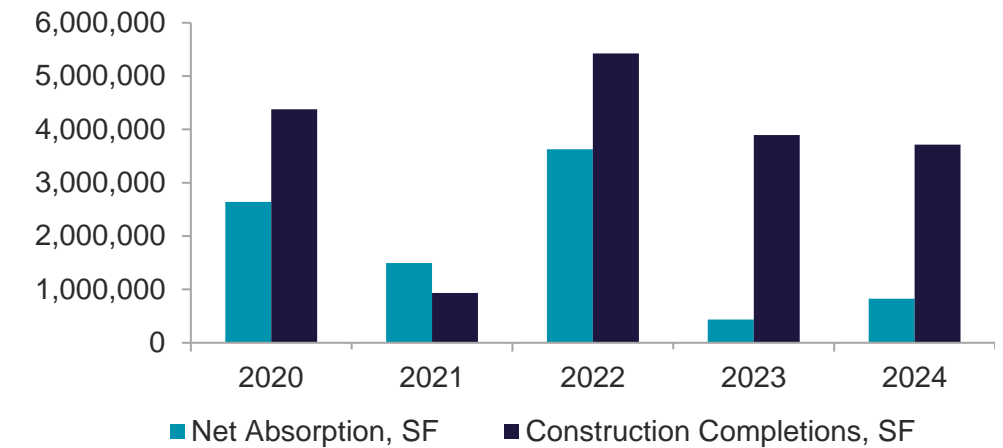
ECONOMY

At the end of 2024, the unemployment rate in Raleigh-Durham fell 10 basis points (bps) year-over-year (YOY) to 3.1%, 110 bps under the U.S. average of 4.2%. Non-farm employment grew by 2.1% YOY with the addition of 22,700 jobs in the region. The Raleigh-Durham market, specifically Chatham County, continued to be attractive to companies, with MetOx International announcing a \$193.7M investment that will bring 333 jobs to manufacture superconducting wire which helps with clean energy. With such wins as strong supporting evidence, Site Selection, a top commercial real estate magazine named North Carolina as the second-best business climate state.

SUPPLY

In Q4, overall vacancy decreased for the first time in 11 quarters to 8.3%, dropping by 20 bps quarter-over-quarter (QOQ). Vacancy fell in all three industrial product types in Q4. The flex vacancy decline was the most pronounced, down 40 bps QOQ to 9.6%. Both warehouse/distribution (W/D) and manufacturing product reported a 20-bp dip QOQ to 9.1% and 4.0%, respectively. Notable occupancy gains contributed to this improvement, with 10 tenants occupying space over 50,000 square feet (sf), removing over 1.0 million square feet (msf) of vacant supply. Four tenants over 125,000 sf occupied their spaces in Q4, the highest number of large move-ins in 2024: CCL Label Facility, Conklin Metal, Curated, and Amcor. More than 736,000 sf of net absorption was recorded in Q4, bringing the annual figure to 825,406 sf. Eastern Wake County reported the highest absorption figure with 933,375 sf of occupancy gains in the submarket. Nash County, which is considered an outlying county, reported the fourth strongest absorption which helped contribute to the outlying counties' vacancy rate decrease of 20 bps QOQ to 4.1%. For the total market, the average size of space occupied was 46,301 sf, which was significantly larger than the average space given back to the market in Q4 of 27,207 sf.

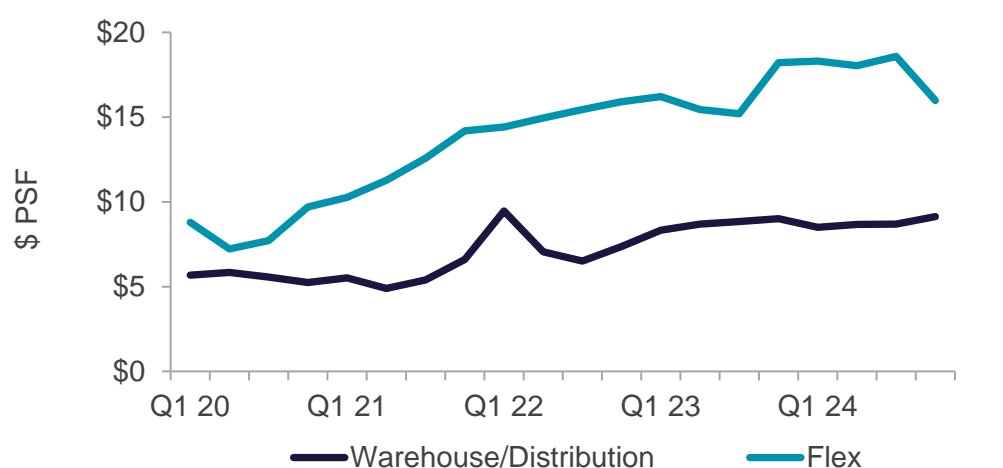
SPACE DEMAND / DELIVERIES



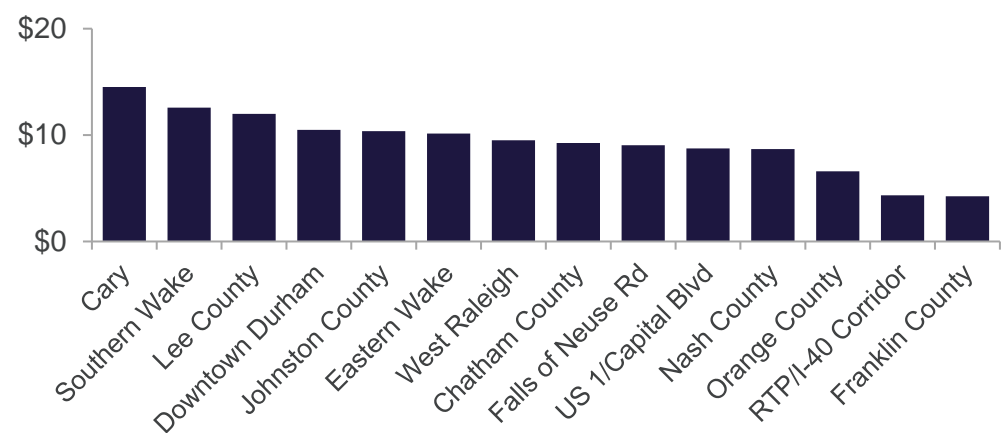
OVERALL VACANCY & ASKING RENT



ASKING RENT COMPARISON

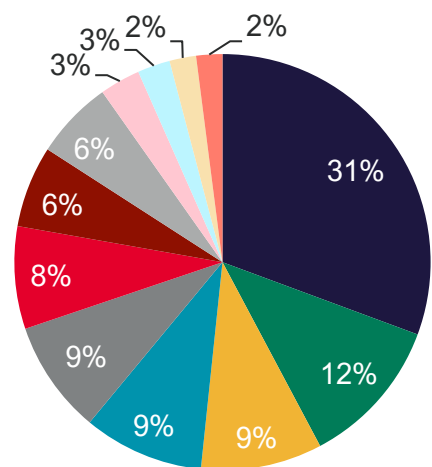


SUBMARKET ASKING RENT



YTD LEASING ACTIVITY

- Eastern Wake County
- Chatham County
- RTP/I-40 Corridor
- Orange County
- Franklin County
- Johnston County
- US 1/Capital Blvd
- Lee County
- Other
- North Durham
- Falls of Neuse Rd
- Southern Wake County



CONSTRUCTION

Over 3.7 msf and 27 buildings delivered in 2024 across 10 submarkets. This number is up slightly from the previous four-year average of 3.6 msf. Strong preleasing and leasing occurred in new product, with only 28.7% remaining vacant at the end of 2024. Eastern Wake County recorded the most deliveries with 904,232 sf, followed by Orange County with 833,279 sf. Buckhorn II Industrial Park, Knightdale Gateway Building 1 and Garner Business Park 70 Building 5 were among the major developments that delivered in 2024. Nearly 5.0 msf of construction projects remained underway at the end of 2024, of which 44.3% was preleased.

DEMAND

While leasing activity softened in Q4 with just over 654,000 sf, total leasing figures for 2024 hit a new high with just over 5.5 msf, a 23.7% YOY increase. While the majority of new leases were signed within the core markets with 73.5% of deals signed, Chatham County, an outlying county, boasted the second highest annual leasing figure with 11.6%, only following Eastern Wake County with 30.6%. Annual demand was primarily focused in smaller spaces with 51.2% of all new leasing activity occurring in spaces less than 100,000 sf with an average lease size of 36,336 sf. In Q4, there were two leases above 100,000 sf with VeeTee Foods and Stier Supply Company inking deals at Eastfield Business Park and Regional Crossroads Park.

PRICING

Average rental rates in Raleigh-Durham held steady with little movement throughout 2024. Though asking rates vary based on location and size throughout the market, the overall rental rate rose by 3.9% QOQ to \$9.95 per square foot (psf). W/D spaces recorded the most substantial increase, climbing 5.1% during Q4. Outlying counties offered a discounted overall rate of \$7.61 psf, 27.7% below core markets with Lee, Nash, and Edgecombe Counties posting the lowest overall rents of \$6.59, \$4.35, and \$4.25 psf. Inversely, Cary and US 70/Glenwood offered the highest rents with rents posted at \$14.51 and \$14.14 psf.

OUTLOOK

- As land restrictions in core markets starts to tighten, demand will shift to outlying counties where tenants can take advantage of discounted rates for larger footprints.
- Absorption is expected to remain positive in 2025 following the record-high leasing of 2024 as tenants occupy their spaces in the coming quarters.
- More speculative construction starts are expected in 2025 as developers gain more confidence in the market due to strong demand figures.

MARKET STATISTICS

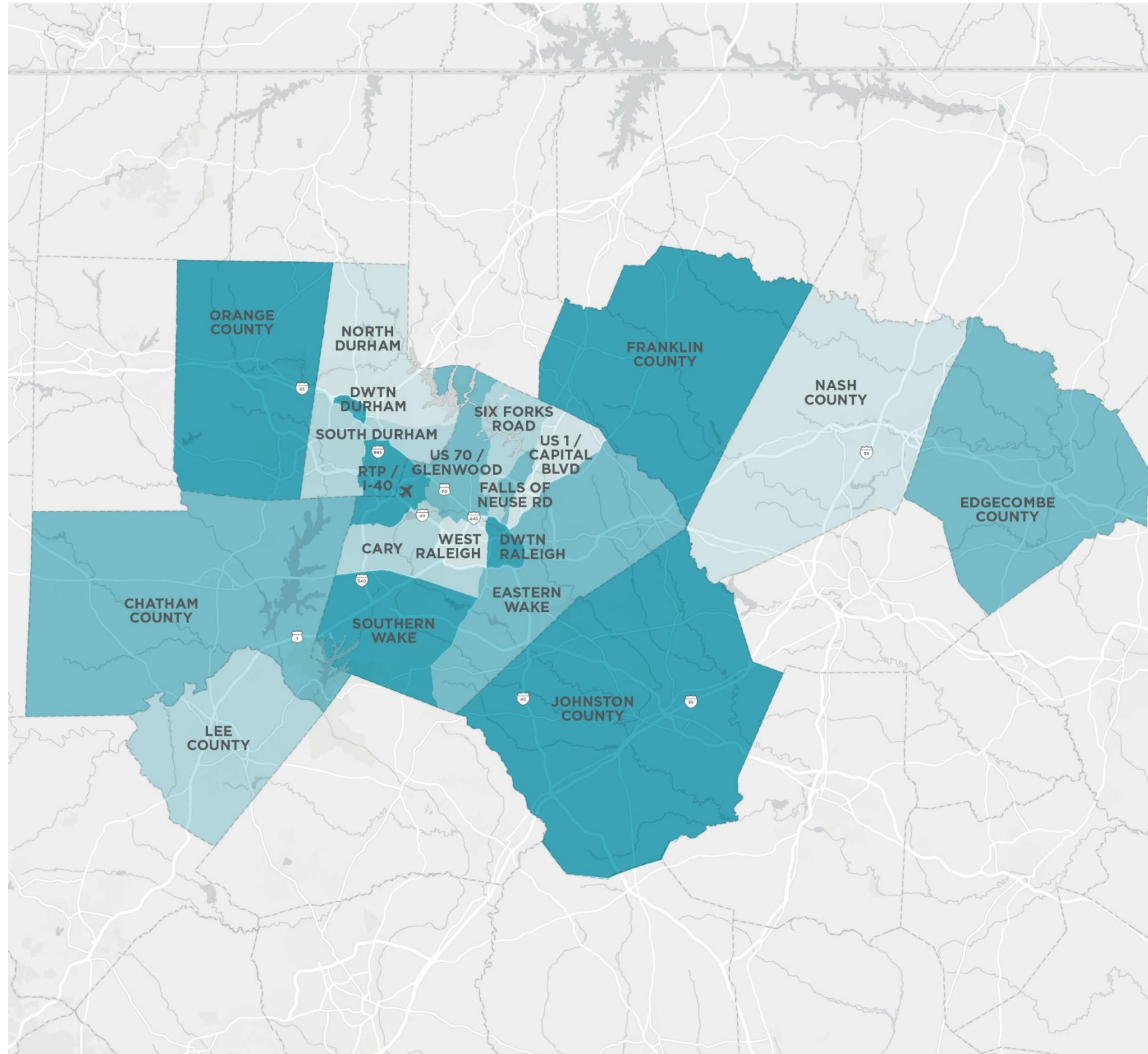
SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	CNSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (Flex)	OVERALL WEIGHTED AVG NET RENT (W/D)
Cary	1,279,809	55,149	4.3%	0	0	6,224	0	0	-	\$14.51	-
Orange County	4,230,834	1,301,841	30.8%	-80,617	278,959	518,195	0	833,279	-	\$15.23	\$9.02
Downtown Durham	655,944	98,606	15.0%	-11,306	4,067	76,173	0	0	-	\$5.00	\$12.85
Downtown Raleigh	305,260	0	0	0	16,135	0	0	0	-	-	-
Eastern Wake County	16,096,604	1,431,751	8.8%	268,168	933,375	1,697,423	885,100	904,232	-	\$15.68	\$8.90
Falls of Neuse Rd	1,572,225	266,038	16.9%	0	-187,280	114,357	0	0	-	-	\$10.36
Johnston County	13,265,128	1,371,280	10.3%	61,095	-53,889	441,062	0	223,502	\$13.74	\$15.00	\$6.84
North Durham	1,469,766	18,189	1.2%	-5,869	244,672	140,320	642,000	250,541	-	-	-
RTP/I-40 Corridor	15,756,656	1,280,667	8.1%	-46,896	-383,743	522,683	197,117	57,000	-	\$19.13	\$11.27
Six Forks Rd	110,000	36,925	33.6%	0	-36,925	0	0	0	-	-	\$8.75
South Durham	2,247,196	62,632	2.8%	-15,000	33,405	0	385,455	0	-	-	-
Southern Wake County	3,693,799	518,034	14.0%	329,220	151,862	112,434	672,400	274,960	-	\$17.55	\$8.83
US 1/Capital Blvd	8,292,792	1,035,250	12.5%	-157,455	-324,724	350,952	0	0	-	\$15.87	\$10.32
US 70/Glenwood	1,906,226	178,655	9.4%	0	22,181	62,181	0	0	-	-	\$14.14
West Raleigh	853,561	7,000	0.8%	12,540	12,540	30,251	0	0	-	\$9.95	-
CORE MARKETS	71,708,800	7,482,017	10.4%	353,880	710,635	4,072,255	2,782,072	2,543,514	\$13.74	\$16.12	\$9.50
Chatham County	4,996,465	596,512	11.9%	138,079	37,548	641,455	2,056,779	493,320	-	\$17.95	\$7.11
Edgecombe County	6,258,007	195,000	3.1%	62,510	-112,490	0	0	0	\$4.25	-	\$4.25
Franklin County	4,922,015	309,232	6.3%	162,889	131,576	487,432	0	414,430	-	\$15.95	\$10.25
Lee County	11,808,885	483,522	4.1%	18,700	-104,363	337,940	101,920	100,000	\$6.32	\$12.00	\$6.52
Nash County	12,692,713	102,800	0.8%	0	162,500	0	0	162,500	-	\$6.00	\$3.72
OUTLYING COUNTIES	40,678,085	1,687,066	4.1%	382,178	114,771	1,466,827	2,158,699	1,170,250	\$4.48	\$15.53	6.64
RALEIGH-DURHAM TOTALS	112,386,885	9,169,083	8.2%	736,058	825,406	5,539,082	4,940,771	3,713,764	\$8.12	\$15.99	\$9.13

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

KEY LEASE TRANSACTIONS Q4 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Eastfield Business Park Building 100	Johnston County	VeeTee Foods	135,000	New Lease
Regional Crossroads Park Building A	Lee County	Stier Supply Company	101,920	New Lease
Youngsville Commerce Center	Franklin County	TerraSafe Materials	58,479	New Lease
Citation Drive	Eastern Wake County	SRS Distribution	37,957	New Lease

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