

MARKET FUNDAMENTALS

9.5%

Vacancy Rate

1.7 MSF

YTD Net Absorption, SF

\$11.33

Asking Rent, PSF

(Overall, Net Asking Rent)

YOY Chg

Outlook

ECONOMIC INDICATORS

1.1M

Raleigh-Durham Employment

3.1%

Raleigh-Durham Unemployment Rate

4.2%

U.S. Unemployment Rate

Source: BLS

YOY Chg

Outlook

ECONOMY

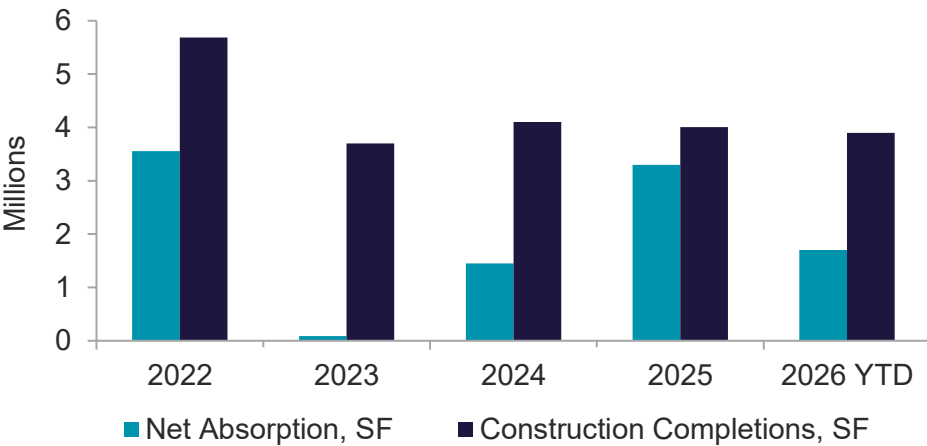
Raleigh-Durham’s industrial market continued to attract significant corporate investment in Q3, supporting long-term industrial and logistics demand. Caterpillar announced plans to invest \$1.0 billion in a new manufacturing facility in Lee County, creating 600 jobs, while Steris unveiled a \$600.0 million investment that will bring an additional 335 jobs to the same county. Labor market fundamentals remained favorable, with Raleigh-Durham ranked third for annual nonfarm employment growth among the more than 100 major U.S. metros tracked by Cushman & Wakefield Research. Continued employment growth and corporate expansion are expected to support industrial demand in the quarters ahead.

DEMAND

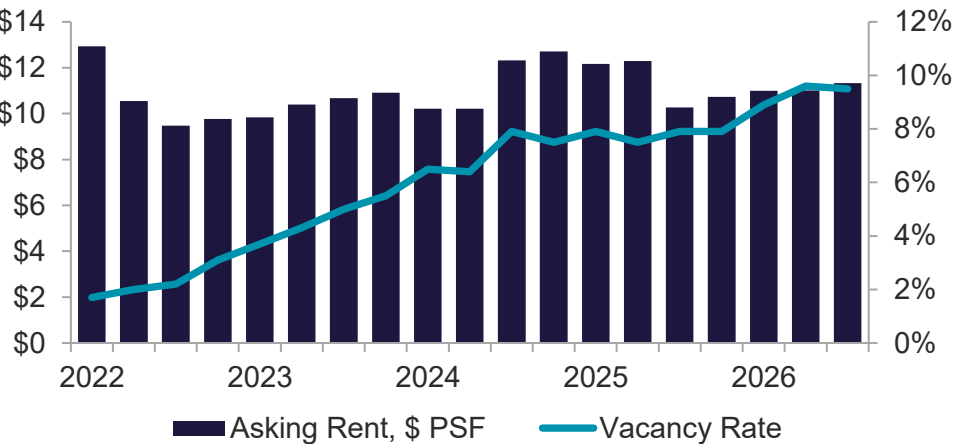
Demand remained strong as net absorption totaled more than 1.1 million square feet (msf) in Q3, bringing the year-to-date (YTD) total to nearly 1.7 msf. Vulcan's 500,000-square-foot (sf) move-in at Crosspoint Logistics Center drove much of the quarterly gain, helping Johnston County lead all submarkets in occupancy gains. Eastern Wake County followed with more than 363,000 sf of positive absorption, supported by occupancies from Siemens and Mygrant Glass. Of Raleigh-Durham’s 20 submarkets, 15 recorded positive or flat absorption during the quarter, as supply and demand were balanced across much of the market. Large requirements remained a significant driver of activity as nine tenants occupied spaces exceeding 50,000 sf during Q3.

New leasing volume totaled more than 1.2 msf, bringing YTD activity to nearly 4.3 msf, 30.5% above the total for the same period in 2025 and 18.5% above the market's five-year average. This was bolstered by 10 new leases in Q3 of 50,000 sf or larger, four of which exceeded 100,000 sf. Following a Q2 slowdown, renewal activity rebounded with nearly 110,000 sf of existing leases renewed, including just the second tenant of 2026 larger than 50,000 sf to recommit to its existing location.

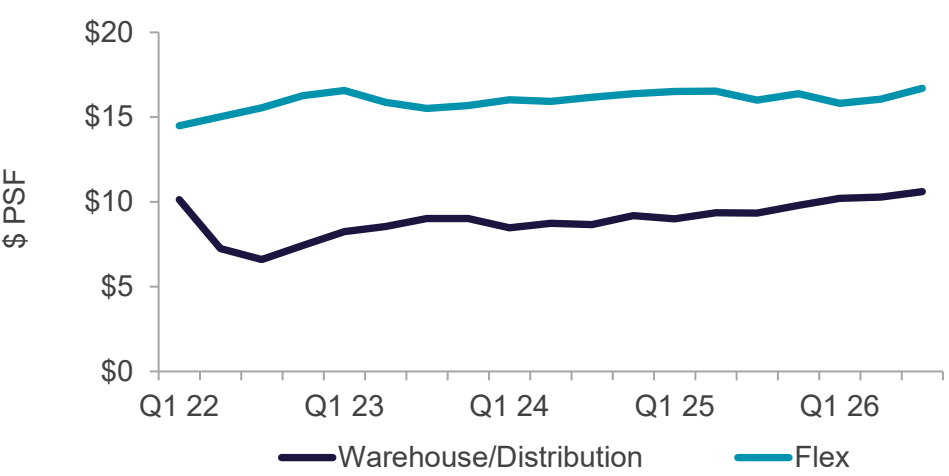
SPACE DEMAND / DELIVERIES



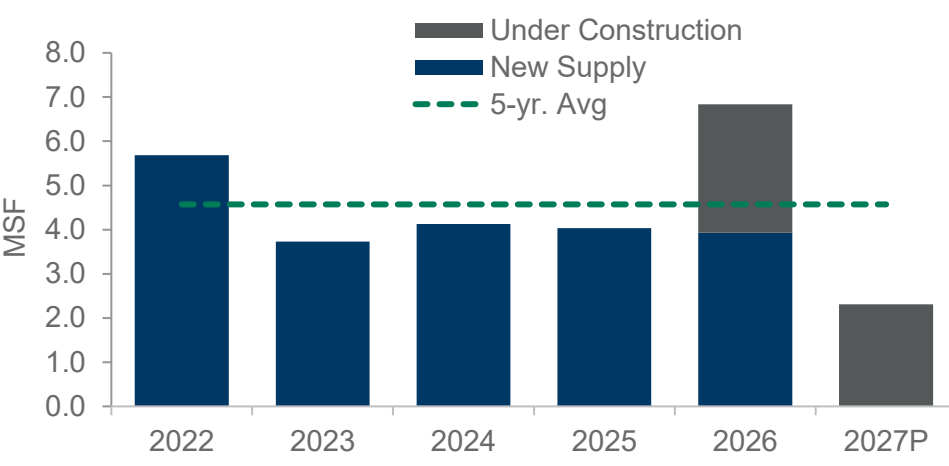
OVERALL VACANCY & ASKING RENT



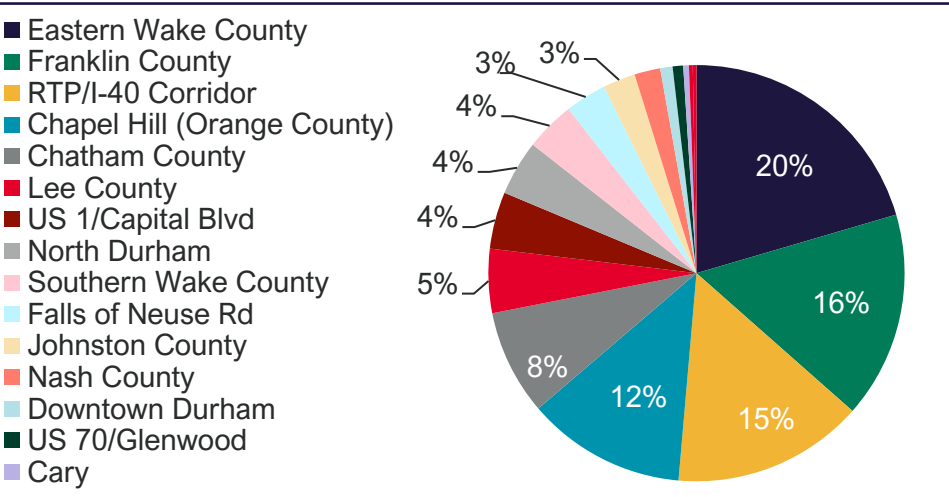
ASKING RENT COMPARISON



NEW SUPPLY



2026 LEASING ACTIVITY



SUPPLY

Overall vacancy declined 10 basis points (bps) quarter-over-quarter (QOQ) to 9.5% in Q3 as strong occupancy gains slightly outpaced the significant amount of new speculative space that delivered vacant during the quarter. Several submarkets recorded significant improvements in vacancy with Johnston County dropping the most—390 bps QOQ to 5.8% overall—driven by Vulcan’s 500,000-sf occupancy at Crosspoint Logistics Center. The Falls of Neuse submarket followed with a 370-bp decline to 4.8% following J.B. Hunt’s occupancy of more than 106,000 sf. Conversely, several submarkets experienced vacancy increases as new speculative buildings delivered without preleased tenants. Vacancy increased in the North Durham, South Durham, and Chatham County submarkets by 540 bps, 460 bps, and 410 bps, respectively. These increases reflected vacant speculative deliveries rather than tenant departures.

Nearly 1.2 msf delivered in Q3, bringing YTD completions to more than 3.9 msf. However, newly completed product continued to face lease-up challenges as 78.4% of space delivered in 2026 YTD remained vacant at the end of the third quarter. The construction pipeline remained elevated, with 6.0 msf currently underway, 37.6% higher than the five-year average. Nearly 2.9 msf of speculative product is scheduled to deliver before year-end, with 82.7% still available, potentially placing additional upward pressure on vacancy.

PRICING

Overall asking rents increased 2.9% QOQ to \$11.33 per square foot (psf) in Q3, supported by healthy demand for high-quality space and premium-priced new construction. West Raleigh commanded the market’s highest asking rents at \$18.50 psf, followed by Cary at \$14.70 psf, reflecting their greater share of higher-priced flex properties. Space currently under construction was marketed at an average of \$11.51 psf, slightly above the existing market average, with Eastern Wake County continuing to lead at \$12.25 psf. Additional premium-priced deliveries are expected to place upward pressure on overall market asking rents.

OUTLOOK

- Vacancy is expected to rise modestly in the coming quarters as a significant volume of speculative product delivers with limited preleasing.
- Healthy leasing activity is likely to support continued absorption gains as tenants move into recently leased space.
- Premium-priced new construction is expected to support additional asking rent growth.

MARKET STATISTICS

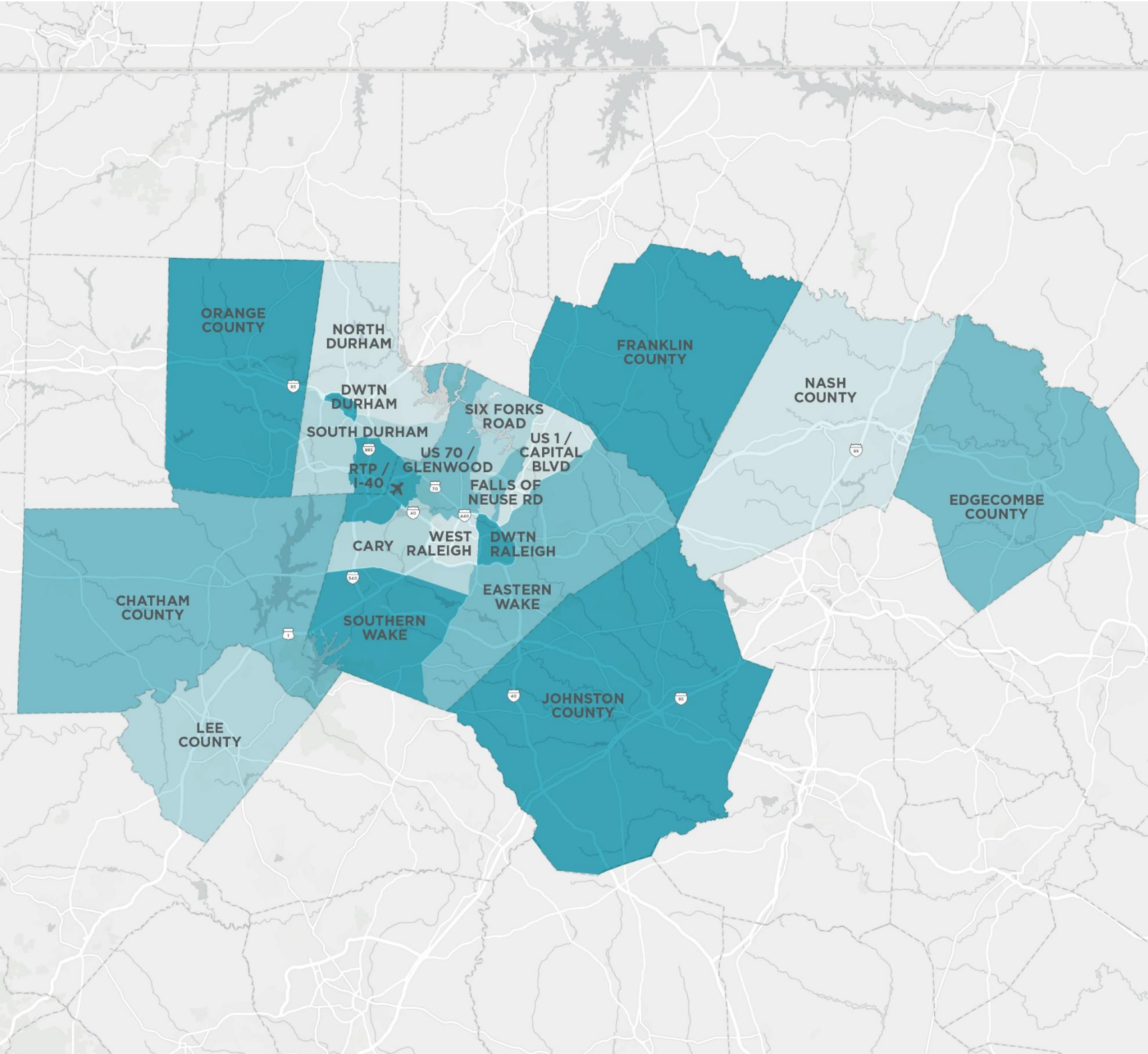
SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	CNSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (MF)*	OVERALL WEIGHTED AVG NET RENT (Flex)*	OVERALL WEIGHTED AVG NET RENT (W/D)*	OVERALL WEIGHTED AVG NET RENT*
Cary	1,275,492	20,578	1.6%	-14	4,184	18,800	0	0	-	\$14.70	-	\$14.70
Chapel Hill (Orange County)	4,231,334	670,969	15.9%	0	224,500	525,613	329,503	132,000	-	\$24.50	\$8.75	\$9.00
Downtown Durham	584,372	46,500	8.0%	-12,500	24,542	40,736	0	11,736	-	-	\$12.00	\$12.00
Downtown Raleigh	307,612	0	0.0%	12,622	12,622	12,622	0	0	-	-	-	-
Eastern Wake County	18,397,710	1,641,103	8.9%	363,637	284,070	870,533	910,838	838,330	-	\$15.08	\$10.82	\$11.03
Falls of Neuse Rd	1,561,669	75,578	4.8%	58,480	88,480	136,480	0	0	-	-	\$10.72	\$10.72
Johnston County	13,634,152	790,366	5.8%	532,083	486,426	107,227	1,041,720	269,560	\$7.40	\$15.67	\$8.83	\$10.36
North Durham	2,665,716	936,249	35.1%	-3,500	16,400	182,200	432,000	551,550	-	\$13.00	\$11.21	\$11.27
RTP/I-40 Corridor	17,353,537	2,316,505	13.4%	-48,970	-60,195	632,609	525,548	194,600	-	\$19.95	\$11.84	\$13.84
Six Forks Rd	110,000	0	0.0%	0	0	0	0	0	-	-	-	-
South Durham	3,099,077	1,197,996	38.7%	0	-313,034	0	326,760	215,460	-	-	\$10.49	\$10.49
Southern Wake County	4,945,303	1,210,238	24.5%	4,313	12,258	164,774	1,374,253	767,703	-	\$16.14	\$10.75	\$12.27
US 1/Capital Blvd	8,505,611	822,096	9.7%	81,911	83,379	188,349	24,560	0	-	\$16.01	\$10.96	\$12.64
US 70/Glenwood	1,871,236	154,408	8.3%	-2,893	14,247	34,640	0	0	-	\$16.50	\$14.00	\$14.05
West Raleigh	903,884	6,375	0.7%	12,000	0	12,000	0	0	-	\$18.50	-	\$18.50
CORE MARKETS	79,446,705	9,888,961	12.4%	997,169	877,879	2,926,583	4,965,182	2,980,939	\$7.40	\$16.98	\$10.89	\$11.76
Chatham County	5,650,674	665,659	11.8%	136,807	144,807	348,007	782,255	397,049	-	\$17.95	\$8.76	\$9.40
Edgecombe County	6,243,007	0	0.0%	0	0	0	0	0	-	-	-	-
Franklin County	5,993,582	588,388	9.8%	0	550,992	682,849	0	550,992	-	-	\$9.71	\$9.71
Lee County	12,214,752	353,039	2.9%	0	85,000	211,554	250,000	0	\$5.13	\$12.00	\$7.50	\$6.54
Nash County	12,693,192	133,399	1.1%	0	0	85,599	0	0	-	\$6.00	\$5.75	\$5.90
OUTLYING COUNTIES	42,795,207	1,740,485	4.1%	136,807	780,799	1,328,009	1,032,255	948,041	\$5.13	\$12.32	\$8.99	\$8.84
RALEIGH/DURHAM TOTALS	122,241,912	11,629,446	9.5%	1,133,976	1,658,678	4,254,592	5,997,437	3,928,980	\$6.10	\$16.70	\$10.61	\$11.33

*Rental rates reflect weighted net asking \$psf/year

KEY LEASE TRANSACTIONS Q3 2026

PROPERTY	SUBMARKET	TENANT	SF	TYPE
White Oak Industrial Park - Bldg 1	Eastern Wake County	Undisclosed	216,164	New Lease
Wendell Commerce Center – Bldg 1B	Eastern Wake County	Siemens	132,720	New Lease
Buckhorn Industrial Park - Bldg 2	Chapel Hill (Orange County)	Downey Grocery Distribution	103,113	New Lease
5100 Rex McLeod Dr	Lee County	Pentair Water Pool and Spa, Inc.	100,800	New Lease

INDUSTRIAL SUBMARKETS



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