

FIGURES | RALEIGH-DURHAM INDUSTRIAL | Q1 2025

# Construction Activity Picks Up in Q1 as Asking Rates Remain Stable

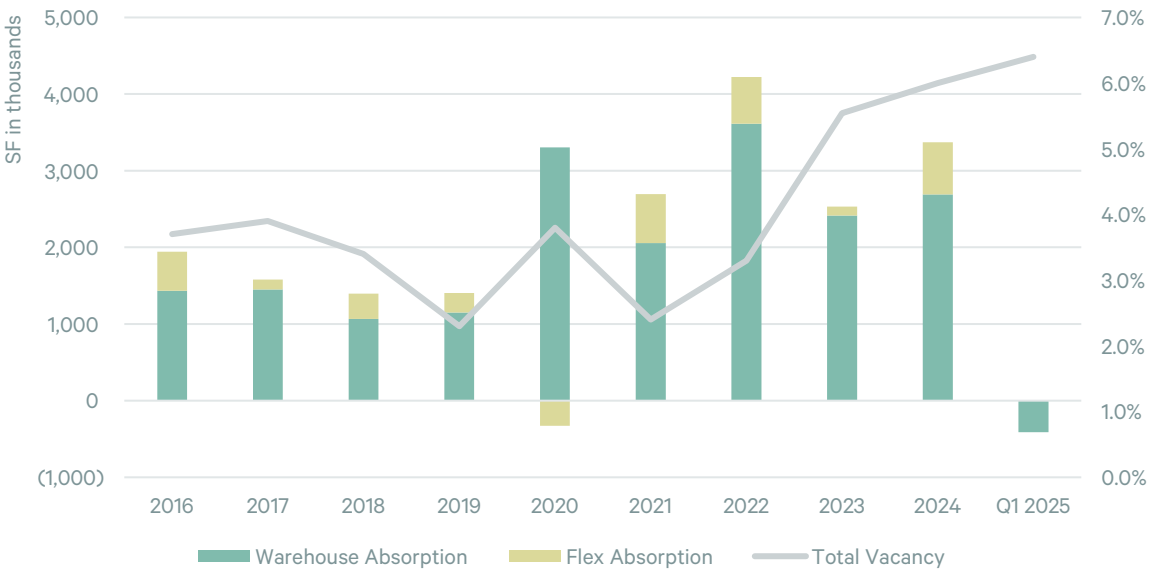
▲ 5.7%	▶ \$8.98	▶ 9.6%	▶ \$17.55	▼ -406K	▲ 4.4M
Warehouse Vacancy	Warehouse Rental Rate	Flex Vacancy	Flex Rental Rate	SF Quarterly Net Absorption	SF Under Construction

Note: Arrows indicate change from previous quarter.

## Market Report Highlights

- Net absorption of warehouse and flex space combined totaled -406,246 sq. ft. in Q1 2025.
- Overall vacancy rose to 6.4%, up 40 basis points for the quarter and 40 bps year-over-year.
- Rent rates remained stable starting off 2025. The average warehouse asking rate edged down to \$8.98 per sq. ft. in Q1, down 1.1% for the quarter and 3.2% year-over-year. The average flex asking rate rose to \$17.55, up 0.5% for the quarter and 1.2% year-over-year.
- Construction picked up in Q1, with 4.4M sq. ft. underway. That is up from 2.1M in Q4. Twenty-four 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 Q1.

FIGURE 1: Net Absorption and Vacancy Rates



Source: CBRE Research, Q1 2025

Market Fundamentals

Raleigh-Durham’s industrial market kicked off 2025 with a net absorption of -406, 246 sq. ft. Overall vacancy ended the year at 6.4%, up 40 basis points for the quarter and 40 bps year-over-year. Warehouse vacancy rose 50 bps to 5.7%, while flex vacancy remained at 9.6% from last quarter.

Rent growth remained stable in Q1 2025. The average warehouse asking rate edged down to \$8.98 per sq. ft. in Q1, down 1.1% for the quarter and 3.2% year-over-year. The average flex asking rate rose to \$17.55 per sq. ft., up 0.5% for the quarter and 1.2% 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. Rent rates are expected to pick up through 2025 as new space is delivered with higher asking rates.

Development Pipeline

Construction activity picked up in Q1, from 2.1M sq. ft. in Q4 to 4.4M sq. ft. Eastern Wake County and the RTP/I-40 Corridor were particularly busy.

In the RTP/I-40 Corridor, Scannell Properties is constructing two new warehouse properties in the Triangle 55 industrial complex, named Building 3 and Building 4. The 340,200 sq. ft. Building 3 is fully pre-leased and the 238,680 sq. ft. Building 4 remains fully available. Also in the RTP/I-40 Corridor, King Street Properties is developing a 140,000 sq. ft. flex property at Pathway Triangle. Greenberg Gibbons is developing a two-building flex space park called Park Overlook East for a cumulative 162,017 sq. ft., which is expected to deliver in Q2.

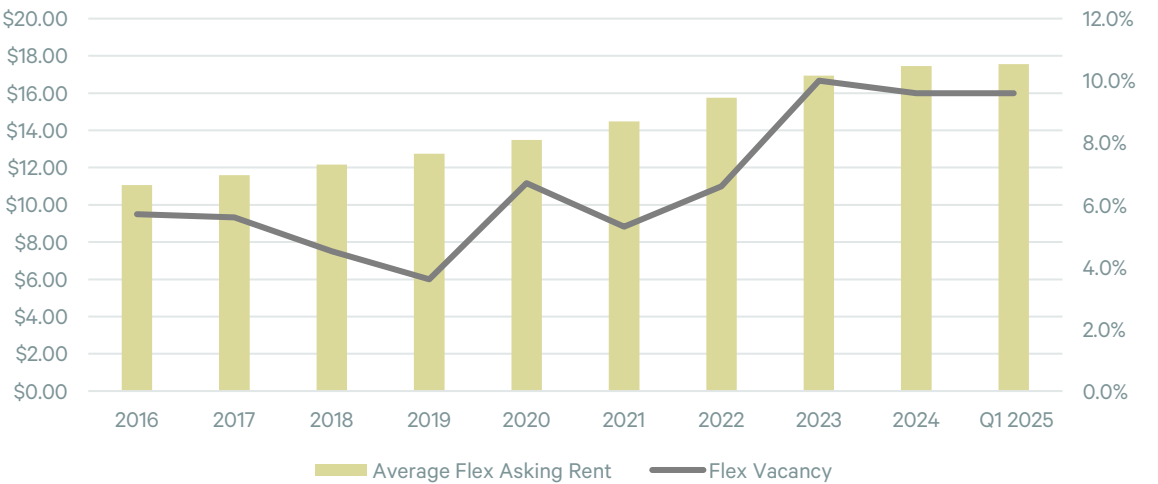
In Eastern Wake County, 500 Waterfield Partners is constructing a 60,000 sq. ft. flex project called 500 Waterfield Ridge Place. On the warehouse side, Beacon Partners began construction on the 128,000 sq. ft. 3001 Jones Sausage in Garner, which is expecting to deliver by the end of 2026. Across the market, there are many other projects underway.

FIGURE 2: Warehouse Average Asking Rates and Vacancy Rates



Source: CBRE Research, Q1 2025

FIGURE 3: Flex Average Asking Rates and Vacancy Rates



Source: CBRE Research, Q1 2025

Capital Markets

Although overall Raleigh-Durham investment sales remain light, industrial continues to be a favored asset class, with several buildings trading in Q1. In the largest transaction of the quarter, Bluerock Real Estate, LLC paid MT96 Crosspoint, LLC \$28 million (\$86/SF) for 2080 Woodall Dairy Rd. in Johnston County. The 326,210-sq.-ft. building was constructed in 1997 and is fully leased to John Deere. Also of note, as part of a five-property portfolio sale, Lightstone Group purchased three properties in the triangle from LM Real Estate Partners. Those properties were the 150,849-sq.-ft. 810-880 Lufkin Rd. for \$16.3 million (\$108/SF), the 118,558-sq.-ft. 35 Weathers St. for \$14.7 million (\$124/SF) and the 125,200-sq.-ft. 9257 Highway 70 W for \$13.1 million (\$105/SF). The portfolio also included one property in Charlotte, NC and another in Statesville, NC, with a total portfolio sale price of \$65.4 million.

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.

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 18,800 jobs created between February 2024 and February 2025 for a growth rate of 1.7%. With high demand and leasing activity, absorption is expected to pick up through 2025 as tenants occupy space. With a large amount of industrial space now under construction and expected to deliver throughout 2025, an increase in rent rates is to be expected heading into the end of the year.

FIGURE 4: Select Lease and Sale Transactions, Q1 2025

Lease: Tenant	Building	Type	SF	Submarket
Millennium Print Group	The Press	New	262,400	Cary
Unilin North America*	Greenfield Business Park	Renewal	180,000	Eastern Wake
Guardian Logistics	Welcome Venture Park	New	103,200	North Durham
Blue Valley Cabinets*	Knightdale Gateway 1	New	79,694	Eastern Wake
TireHub*	900 Aviation Parkway	Expansion	67,400	RTP/I-40 Corridor

Sale: Property	Buyer	SF	Price	Price per SF
2080 Woodall Dairy Road	Bluerock Real Estate	326,210	\$28,000,000	\$86
810-880 Lufkin Road	Lightstone Group	150,849	\$16,335,500	\$108
35 Weathers Street	Lightstone Group	118,558	\$14,713,500	\$124
9257 Highway 70 W	Lightstone Group	125,200	\$13,129,000	\$105
3031 Hamp Stone Road*	Gallimore Gallimore & Eller	72,500	\$4,105,000	\$57

\*Denotes CBRE Transaction

FIGURE 5: Historical Industrial Construction Activity

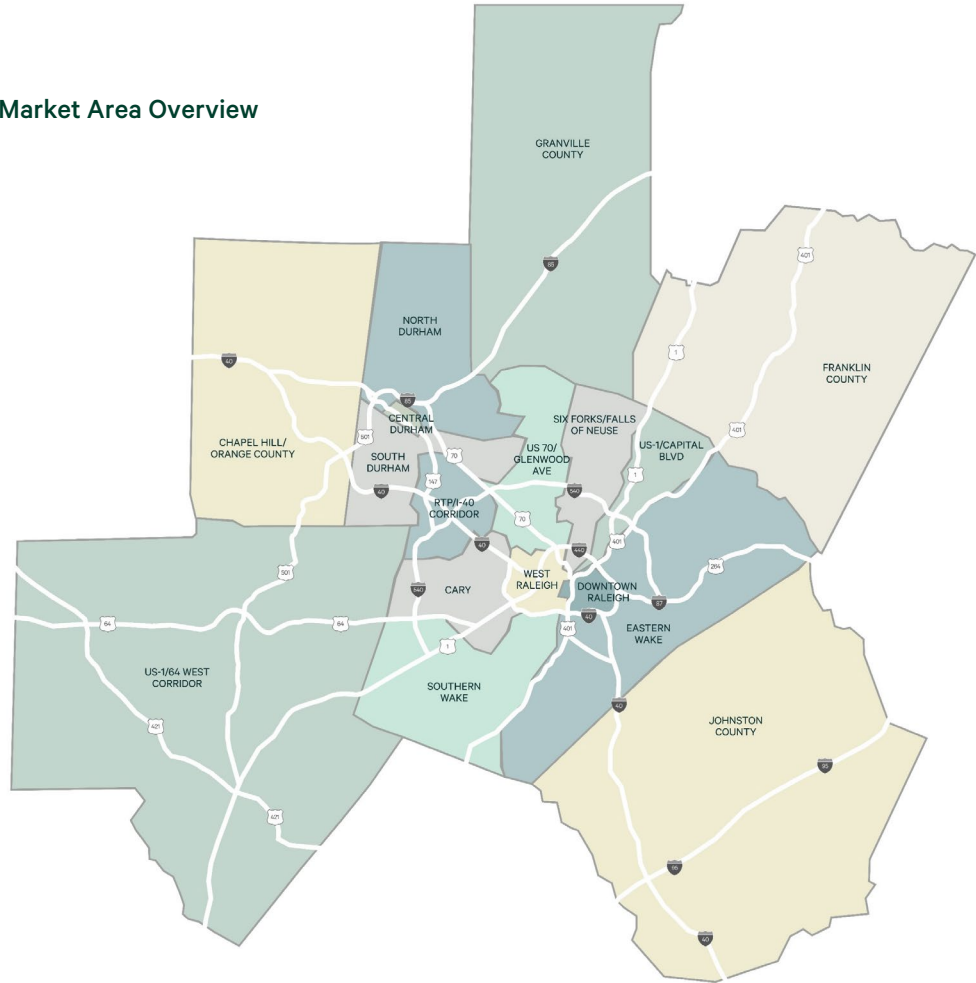


Source: CBRE Research, Q1 2025

FIGURE 6: Submarket Breakdown

	Rentable Area (SF)	VACANCY			AVAILABILITY			NET ABSORPTION (SF)		SF Under Construction	AVERAGE ASKING RATE	
		Total	Warehouse	Flex	Total	Warehouse	Flex	Q1	YTD		Warehouse	Flex
West Raleigh	1,365,776	4.6%	-	8.9%	5.1%	-	9.8%	(1,961)	(1,961)	-	-	\$19.32
US 70/Glenwood Avenue	2,694,678	0.5%	-	1.4%	0.4%	-	1.1%	17,400	17,400	-	-	\$18.08
Six Forks/Falls of Neuse Road	2,790,823	20.6%	23.0%	10.8%	22.0%	24.6%	11.4%	84,416	84,416	15,000	\$9.80	\$15.21
US 1/Capital Boulevard	7,776,611	6.5%	5.2%	7.8%	7.4%	5.2%	9.6%	36,022	36,022	93,240	\$11.84	\$16.97
Eastern Wake	22,732,202	5.1%	4.7%	7.6%	4.9%	4.5%	7.9%	(97,346)	(97,346)	1,072,500	\$9.69	\$16.61
Southern Wake	5,896,170	8.5%	9.5%	6.5%	4.4%	3.8%	5.6%	(148,144)	(148,144)	612,353	\$8.45	\$17.39
Cary	2,260,301	2.3%	-	5.0%	2.8%	-	6.1%	(9,033)	(9,033)	-	-	\$18.93
RTP/I-40 Corridor	22,027,133	5.1%	4.4%	8.2%	8.5%	8.0%	11.1%	(380,152)	(380,152)	880,897	\$10.80	\$19.82
North Durham	3,112,616	9.9%	3.9%	59.6%	11.29%	10.0%	21.9%	1,000	1,000	452,600	-	\$17.50
South Durham	1,249,041	0.8%	-	2.6%	0.8%	-	2.6%	6,596	6,596	-	-	\$10.99
Orange County	6,083,355	14.6%	14.1%	18.8%	20.2%	21.4%	8.1%	5,255	5,255	132,000	\$8.07	\$16.49
Core Market Totals	77,988,706	6.7%	6.1%	8.6%	7.9%	7.2%	8.6%	(485,947)	(485,947)	3,258,590	\$9.44	\$17.87
Johnston County	9,949,878	9.2%	7.7%	24.9%	9.3%	7.7%	25.5%	81,373	81,373	338,475	\$7.64	\$16.00
US 1/64 West Corridor	9,460,870	4.6%	4.1%	53.5%	9.0%	8.6%	53.5%	0	0	343,666	\$8.15	\$17.95
Franklin County	3,623,522	4.2%	3.4%	13.3%	4.2%	3.4%	13.3%	(1,672)	(1,672)	494,575	\$9.42	\$15.51
Granville County	5,593,833	2.2%	2.2%	-	3.8%	3.8%	0.0%	0	0	-	\$7.14	-
Outlying Market Totals	28,628,103	5.7%	4.8%	23.8%	7.5%	6.7%	24.2%	79,701	79,701	1,176,716	\$7.81	\$16.77
Market Totals	106,616,809	6.4%	5.7%	9.6%	7.8%	7.4%	9.6%	(406,246)	(406,246)	4,435,306	\$8.98	\$17.55

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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