



INDUSTRIAL MARKET OVERVIEW

MARLENE SPRITZER, SIOR, CCIM, J.D., *Vice President*

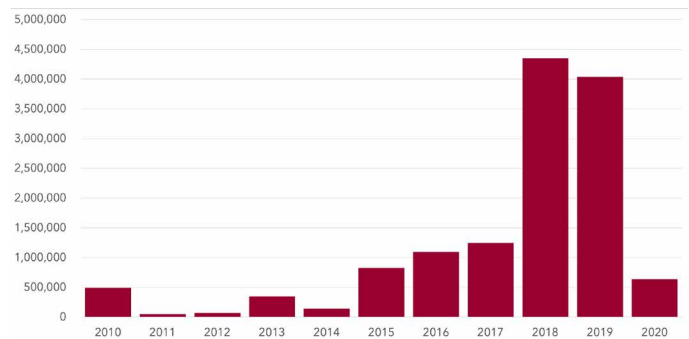
Raleigh's industrial market continues to benefit from the e-commerce, home building and third-party logistics industries servicing the region as well as expansions from life science and pharmaceutical companies. Logistics rents are growing at the highest rate as the demand for e-commerce increases. Low vacancies in the market prevail despite recent deliveries of new industrial space. The demand for life science space continues as seen by the recent acquisitions of several large buildings and flex parks slated for redevelopment for biotechnology, pharmaceutical and medical distribution uses. The low vacancy rate is predicted to be stable even with the addition of new construction and the conversion of other existing property types.

MARKET INDICATORS	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019
▲ Net Absorption	2,914,119 SF	2,553,765 SF	342,263 SF	1,258,122 SF	1,911,019 SF
▼ Vacancy Rate	3.2%	3.9%	3.4%	3.1%	2.1%
▲ Avg NNN Asking Rate	\$9.63 PSF	\$9.47 PSF	\$9.37 PSF	\$9.28 PSF	\$9.19 PSF
▼ Under Construction	637,739 SF	883,104 SF	3,593,381 SF	3,711,381 SF	4,053,734 SF
▲ Inventory	92,645,476 SF	92,103,476 SF	89,253,499 SF	89,103,499 SF	88,660,396 SF

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
2301-2337 US Hwy 70 Garner, NC	150,000 SF	\$16,500,000 \$110.00 PSF	STAG Industrial, Inc. Al Neyer	Class A
1400 N. Greenfield Parkway Garner, NC	133,000 SF	\$40,925,000 \$307.71 PSF	Realty Income Corporation Oak Street Real Estate Capital	Class B
9257 Hwy 70 W Clayton, NC	125,200 SF	\$9,400,000 \$75.08 PSF	LM Real Estate Partners Prime Time Leasing, LLC	Class B

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
1201 N. Greenfield Parkway Garner, NC	165,921 SF	Duke Realty Corporation	Undisclosed	Undisclosed
370 Spectrum Drive Knightdale, NC	159,600 SF	Undisclosed	Undisclosed	Undisclosed
1300 N. Greenfield Parkway Garner, NC	136,454 SF	Undisclosed	Undisclosed	Undisclosed



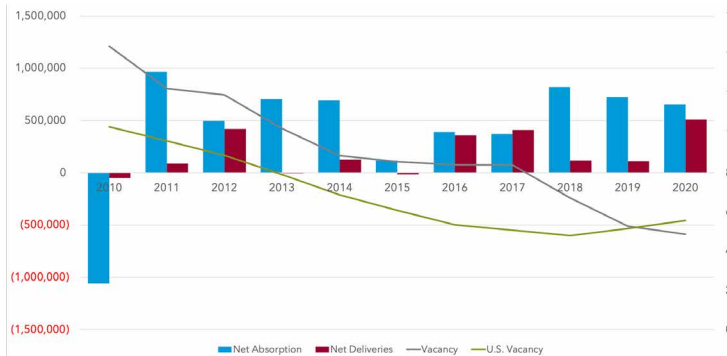
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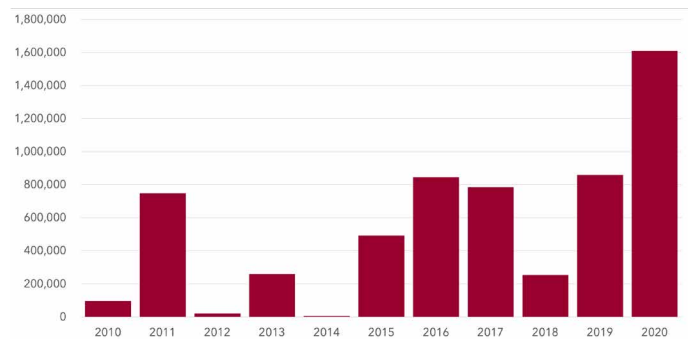
Vacancies in the Durham industrial market have remained low and relatively stable even with the addition of new construction and the conversion of existing other property types. As the e-commerce sector continues to expand and the demand for home-delivered supplies increases, so does the demand for logistics warehouse space. The region has grown to be the 5th largest Life Science Cluster in the US due to access to talent and the area's educational institutions. Investors have shown strong interest in the market, including the purchase of existing properties with plans for conversions into lab space as well as new construction for pharmaceutical manufacturing facilities.

MARKET INDICATORS	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019
▲ Net Absorption	653,632 SF	540,378 SF	664,070 SF	735,298 SF	725,278 SF
▼ Vacancy Rate	4.9%	5.2%	5.2%	5.1%	5.3%
▲ Avg NNN Asking Rate	\$9.48 PSF	\$9.36 PSF	\$9.27 PSF	\$9.19 PSF	\$9.11 PSF
▼ Under Construction	1,609,852 SF	1,626,979 SF	1,456,489 SF	1,437,202 SF	859,190 SF
▲ Inventory	43,223,359 SF	43,197,232 SF	43,197,232 SF	42,731,642 SF	42,714,842 SF

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
1275 Person Street Durham, NC	410,000 SF	\$51,000,000 \$124.39 PSF	Kohlberg Kravis Roberts & Co. L.P. Scannell Properties	Class A
4918 Prospectus Drive Durham, NC	188,000 SF	\$12,900,000 \$68.62 PSF	Reich Brothers Valassis	Class B
144 Old Lystra Road Chapel Hill, NC	143,800 SF	Unavailable	Unavailable J&B Importers, Inc.	Class B

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
4918 Prospectus Drive Durham, NC	188,000 SF	Reich Brothers	Valassis	Professional, Scientific, & Technical Services
5 National Way Durham, NC	187,500 SF	Broadview Real Estate Partners	Undisclosed	Undisclosed
1247 Person Street Durham, NC	144,000 SF	Undisclosed	Undisclosed	Undisclosed

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