



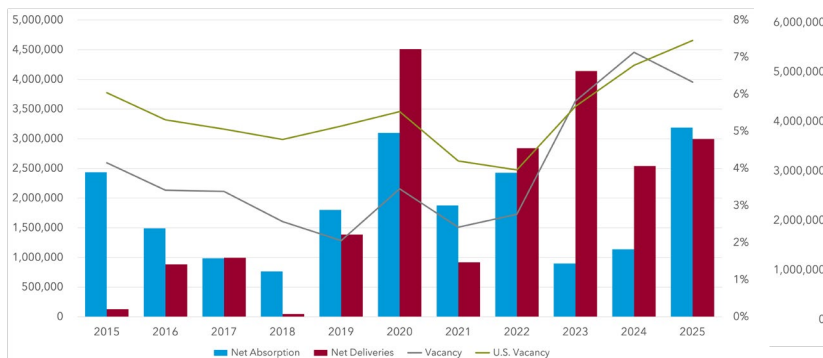
INDUSTRIAL MARKET OVERVIEW

HUNTER STEWART, SIOR, MBA, Vice President, Principal

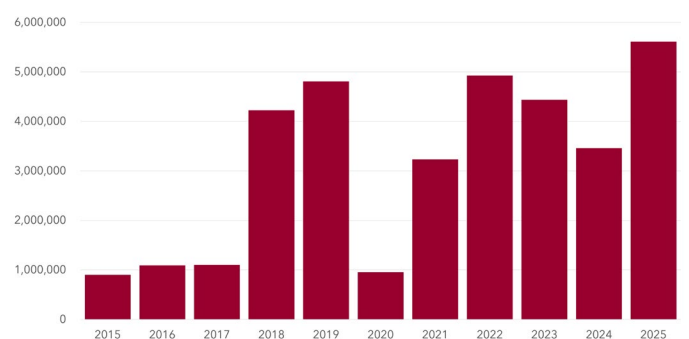
Raleigh's industrial market continued to accelerate in Q4 2025, posting 3.19 million SF in annual net absorption, its strongest showing this year. Vacancy fell to 6.33%, supported by sustained tenant demand. Average asking rents rose to \$12.65 PSF, while sale prices increased to \$153 PSF, continuing a steady upward trend. Cap rates compressed slightly to 7.73%, reflecting solid investor appetite. Construction activity surged to 5.61 million SF, up from 3.40 million SF in Q3 2025, marking a new cycle high. Total inventory reached 108.2 million SF. Raleigh remains one of the region's most resilient industrial hubs, driven by growth and confidence.

MARKET INDICATORS	Q4 2025	Q3 2025	Q2 2025	Q1 2025	Q4 2024
▲ 12 Mo. Net Absorption SF	3,187,810	2,777,062	2,190,618	1,401,729	1,137,777
▼ Vacancy Rate	6.33%	6.75%	6.80%	7.38%	7.13%
▲ Avg NNN Asking Rate PSF	\$12.65	\$12.57	\$12.59	\$12.35	\$12.27
▲ Sale Price PSF	\$153.00	\$145.67	\$139.00	\$137.00	\$132.00
▼ Cap Rate	7.73%	7.84%	8.00%	7.99%	8.27%
▲ Under Construction SF	5,611,856	3,395,290	3,165,148	3,904,749	3,458,569
▲ Inventory SF	108,193,015	108,173,810	107,314,159	105,965,428	105,621,642

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
421 Milburnie Lake Drive* Raleigh, NC	289,632 SF	\$60,625,033 \$209.32 PSF	Nuveen Beacon Development Company	Class A
431 Milburnie Lake Drive* Raleigh, NC	221,363 SF	\$43,874,967 \$198.20 PSF	Nuveen Beacon Development Company	Class A
1200 Innovation Avenue* Morrisville, NC	175,951 SF	\$34,397,662 \$195.50 PSF	EQT Real Estate ASB Capital Management	Class A

*Part of a Portfolio Sale

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
Morgan Road Benson, NC	1,064,880 SF	Edgewater Ventures	Vulcan Elements	Electronic Component Manufacturing
2000 Science Drive Morrisville, NC	202,000 SF	King Street Properties	Novasrtis	Pharmaceutical Preparation Mfg
560 Hinton Oaks Boulevard Knightdale, NC	110,000 SF	Wake Stone Corporation	Carrier Enterprise	Warm Air HVAC Equipment



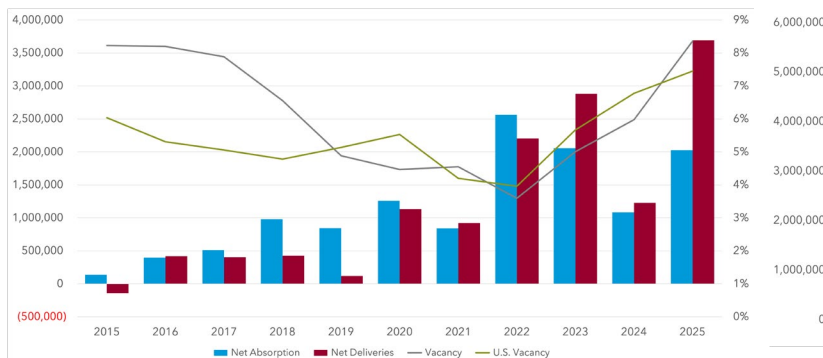
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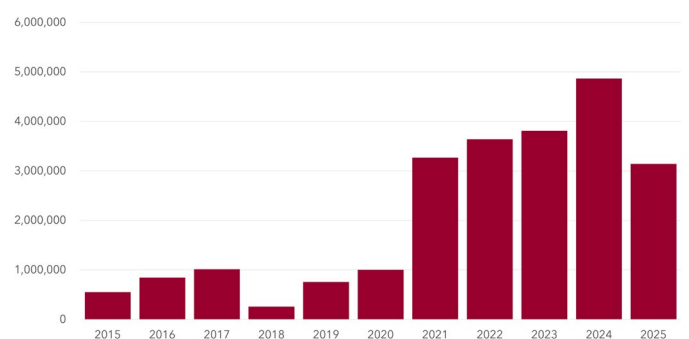
Durham's industrial market remained active in Q4 2025, with vacancy rising to 8.36% and asking rents increasing slightly to \$11.67 PSF. Sale prices continued their upward trajectory, reaching \$147 PSF, while cap rates compressed to 7.10%, underscoring persistent investor demand. Construction activity expanded to 3.14 million SF, the highest since Q2 2025, reflecting renewed development momentum. Twelve-month net absorption totaled 2.03 million SF, down from 2.42 million SF in Q3 2025. Over the past two quarters, rent growth and asset pricing have remained firm even as supply pressures mount. Fundamentals point to a resilient market adjusting to a more balanced cycle.

MARKET INDICATORS	Q4 2025	Q3 2025	Q2 2025	Q1 2025	Q4 2024
▼ 12 Mo. Net Absorption SF	2,028,505	2,422,013	2,032,208	2,574,173	1,084,319
▲ Vacancy Rate	8.36%	8.00%	7.83%	7.30%	5.98%
▲ Avg NNN Asking Rate PSF	\$11.67	\$11.56	\$11.61	\$11.45	\$11.32
▲ Sale Price PSF	\$147.00	\$136.00	\$130.00	\$128.00	\$121.00
▼ Cap Rate	7.10%	7.28%	7.40%	7.38%	7.68%
▲ Under Construction SF	3,141,931	2,854,763	3,358,471	3,286,422	4,865,112
▲ Inventory SF	59,273,163	58,399,791	57,906,298	57,700,652	54,972,032

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
1190 Roby Barton Road Timberlake, NC	246,079 SF	\$19,000,000 \$77.21 PSF	Voltage GKN Automotive	Class C
3921 S. Miami Boulevard* Durham, NC	69,747 SF	\$12,642,000 \$181.26 PSF	Ares Industrial R.E. Income Trust Inc. EQT Real Estate	Class B
3921 S. Miami Boulevard Durham, NC	50,000 SF	\$8,820,000 \$176.40 PSF	Ares Industrial R.E. Income Trust Inc. EQT Real Estate	Class B

*Part of a Portfolio Sale

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
933 Ellis Road Durham, NC	83,010 SF	EastGroup Properties, Inc.	Undisclosed	Undisclosed
933 Ellis Road Durham, NC	80,000 SF	EastGroup Properties, Inc.	North State Logistics	Transportation and Warehousing
619 Distribution Drive Morrisville, NC	62,400 SF	Prologis	Undisclosed	Undisclosed

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