

# Capital is moving faster than tenants.

Raleigh industrial sold almost \$1.6B over the four quarters ending 26Q2, close to three times its 10-year average. Leasing is still working through the 2024–26 supply wave, and Durham has become the softest industrial market in the Triangle. Retail runs the other way, with almost no new supply.<sup>1,2,3</sup>

| Segment    | Market    | Vacancy | Asking rent / SF | Rent growth | Under construction | 12-mo sales            | Market cap |
|------------|-----------|---------|------------------|-------------|--------------------|------------------------|------------|
| Industrial | ● Raleigh | 7.7%    | \$13.19          | +3.2%       | 5.3M SF            | \$1.1B                 | 7.8%       |
|            | ● Durham  | 10.3%   | \$11.93          | +3.7%       | 2.6M SF            | \$305M                 | 7.2%       |
| Flex       | ● Raleigh | 10.1%   | \$19.77          | +3.2%       | 470K SF            | Included in industrial |            |
|            | ● Durham  | 10.6%   | \$22.07          | +3.5%       | 31K SF             | Included in industrial |            |
| Retail     | ● Raleigh | 2.6%    | \$29.34          | +3.8%       | 540K SF            | \$864M                 | 7.0%       |
|            | ● Durham  | 2.1%    | \$25.43          | +1.5%       | 464K SF            | \$176M                 | 8.5%       |

Current quarter, CoStar, 10/1/2026. Rents are annual market asking rents. Industrial figures include flex.<sup>1-4</sup>

## Where the market stands

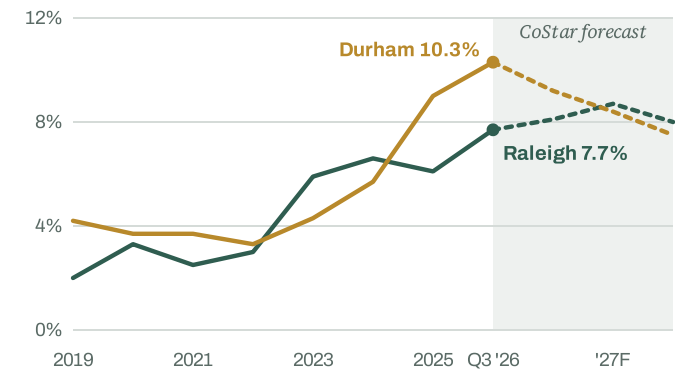
Institutions accounted for 48% of the past year's volume and foreign buyers 24%.<sup>1</sup> The largest trade was Fortress's \$226.6M purchase of a 99% stake in Morrisville's Spark Life Science Campus.<sup>1</sup>

Leasing has not kept pace. Raleigh delivered 4.2M SF over the past year and absorbed 2.8M SF.<sup>1</sup> Durham delivered 2.2M SF and absorbed only 87K SF.<sup>2</sup> CoStar expects vacancy to peak in 2026–27 in both markets as the pipeline thins.<sup>1,2</sup>

Pricing has held anyway. CoStar's industrial value index is up 6.8% year over year in Raleigh and 7.6% in Durham, and local brokers put well-leased product at 6.25–6.75% cap rates.<sup>1,2</sup>

Underneath it all, the Raleigh metro was the 10th-fastest-growing in the U.S. last year, adding 2.4% to reach nearly 1.6 million people.<sup>8</sup>

## Industrial vacancy



Year-end except Q3 2026. Source: CoStar.<sup>1,2</sup>

## Who is committing capital

### \$4.1B

Novo Nordisk is expanding in Clayton, including a 1.4M SF plant due mid-2027.<sup>1,6</sup>

### \$1.4B

AbbVie is building a 185-acre manufacturing campus in Durham, finishing by late 2028.<sup>6</sup>

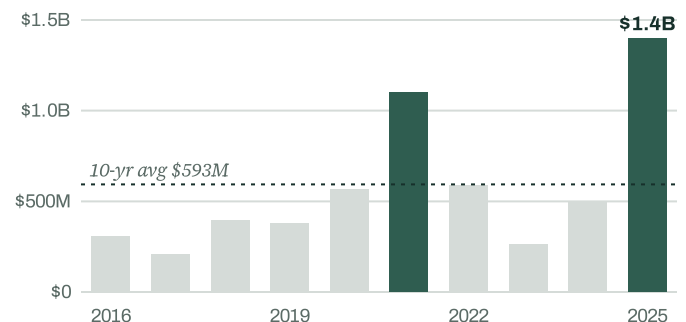
### \$2.0B

Genentech more than doubled its planned investment in Holly Springs.<sup>5</sup>

### \$918M

Vulcan Elements is building a 1M SF magnet campus in Benson and bought a 501K SF building there for \$62M.<sup>1,7</sup>

## Raleigh industrial sales volume



Calendar years. Source: CoStar.<sup>1</sup>

# Ten callouts for buyers and sellers

Ordered by property type: industrial, flex, then retail.

|                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                        |                                                                                              |  |               |      |                 |       |              |      |            |      |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|--|---------------|------|-----------------|-------|--------------|------|------------|------|
| Industrial                                                                                                                                                                                                                                                                                                | <b>1 Raleigh capital markets are running hot</b><br>12-month volume is \$1.1B across 176 trades, and four-quarter volume through 26Q2 reached ~\$1.6B versus a \$593M 10-year average. Institutions drove 48% of volume; foreign buyers 24%. <sup>1</sup>                                                    | <table><tr><td>Under 100K SF</td><td>6.1%</td></tr><tr><td>100K to 500K SF</td><td>12.7%</td></tr><tr><td>Over 500K SF</td><td>1.3%</td></tr><tr><td>Market avg</td><td>7.7%</td></tr></table> <p>Raleigh industrial vacancy by building size. Source: CoStar.<sup>1</sup></p>                         |                                                                                              |  | Under 100K SF | 6.1% | 100K to 500K SF | 12.7% | Over 500K SF | 1.3% | Market avg | 7.7% |
|                                                                                                                                                                                                                                                                                                           | Under 100K SF                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                        |                                                                                              |  | 6.1%          |      |                 |       |              |      |            |      |
|                                                                                                                                                                                                                                                                                                           | 100K to 500K SF                                                                                                                                                                                                                                                                                              | 12.7%                                                                                                                                                                                                                                                                                                  |                                                                                              |  |               |      |                 |       |              |      |            |      |
|                                                                                                                                                                                                                                                                                                           | Over 500K SF                                                                                                                                                                                                                                                                                                 | 1.3%                                                                                                                                                                                                                                                                                                   |                                                                                              |  |               |      |                 |       |              |      |            |      |
|                                                                                                                                                                                                                                                                                                           | Market avg                                                                                                                                                                                                                                                                                                   | 7.7%                                                                                                                                                                                                                                                                                                   |                                                                                              |  |               |      |                 |       |              |      |            |      |
| <b>2 Vacancy depends on building size</b><br>Big-box Raleigh product is nearly full, while 100–500K SF buildings sit at 12.7% vacancy. More than 60% of Raleigh's 5.3M SF under construction falls in that range. Older mid-size buildings are where landlords are most likely to negotiate. <sup>1</sup> |                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                        |                                                                                              |  |               |      |                 |       |              |      |            |      |
| <b>3 Durham is a buyer's market for now</b><br>Vacancy is 10.3%, up from 5.9% two years ago, and logistics vacancy is 15.3%. About 78% of the 2.6M SF pipeline is pre-leased. Value-add buyers paid \$102/SF for the vacant North 70 Distribution Center. <sup>2</sup>                                    | <b>4 Pricing is holding up</b><br>Values are up 6.8% YoY in Raleigh (\$158/SF) and 7.6% in Durham (\$144/SF). Brokers peg well-leased product at 6.25–6.75% caps, and under 6% for strong credit or newer vintage. New, leased deals trade at \$244–286/SF. <sup>1,2</sup>                                   |                                                                                                                                                                                                                                                                                                        |                                                                                              |  |               |      |                 |       |              |      |            |      |
| <b>5 Rent growth is slowing but beats the nation</b><br>Raleigh asking rents are up 3.2%, the slowest since 2013, and Durham's 3.7%, versus 1.3% nationally. Raleigh's ~\$13/SF average is well above Charlotte and Atlanta, a headwind for regional distribution users. <sup>1,2</sup>                   | <b>6 Johnston County is where the growth is going</b><br>Novo Nordisk and Vulcan Elements are both there, and it led Raleigh with 36 industrial trades. Developers say outlying counties are more open to industrial projects than Wake, and cheaper land supports lower rents. <sup>1,6,7</sup>             |                                                                                                                                                                                                                                                                                                        |                                                                                              |  |               |      |                 |       |              |      |            |      |
| Flex                                                                                                                                                                                                                                                                                                      | <b>7 A Triangle specialty with softer leasing</b><br>Flex is ~25% of Raleigh industrial inventory versus ~10% nationally. Vacancy is 10.1% in Raleigh and 10.6% in Durham, where it has doubled since 2024. Raleigh flex sales hit \$569M in 2025; YTD trades average \$218/SF at a 7.1% cap. <sup>1,2</sup> | <b>8 Thin supply helps owners; research funding is the risk</b><br>Only ~31K SF of flex is under construction in Durham and ~470K SF in Raleigh. CoStar flags federal research cuts as a drag on RTP-area demand, so underwrite tenant credit closely. <sup>1,2</sup>                                  |                                                                                              |  |               |      |                 |       |              |      |            |      |
|                                                                                                                                                                                                                                                                                                           | <b>9 Supply-constrained, and owners hold leverage</b><br>Vacancy is 2.6% in Raleigh and 2.1% in Durham. About 90% of Raleigh's construction and more than 95% of Durham's is pre-leased. Rent growth is cooling, to 3.8% in Raleigh from 7.9% a year ago and 1.5% in Durham. <sup>3,4</sup>                  | <b>10 Institutions are buying; price Durham off comps</b><br>Invesco (\$86.7M) and Principal (\$80.6M) bought Raleigh centers at ~\$211–222/SF. In Durham, actual trades averaged a 6.1% cap while CoStar's modeled market rate is 8.5%, so lean on closed comps rather than the index. <sup>3,4</sup> |                                                                                              |  |               |      |                 |       |              |      |            |      |
| Retail                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                        |                                                                                              |  |               |      |                 |       |              |      |            |      |
| What to watch                                                                                                                                                                                                                                                                                             | Population growth is slowing, almost entirely because net international migration fell sharply. <sup>9</sup>                                                                                                                                                                                                 | Federal research cuts and their effect on RTP-area flex and life science demand. <sup>1,2</sup>                                                                                                                                                                                                        | Whether industrial vacancy peaks on schedule in 2026–27, as CoStar forecasts. <sup>1,2</sup> |  |               |      |                 |       |              |      |            |      |
|                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                        |                                                                                              |  |               |      |                 |       |              |      |            |      |

The long-term case for the Triangle is intact. In the near term, building size, submarket and vintage matter more than the headline numbers.

1. CoStar, Raleigh Industrial Market and Capital Markets Reports, 10/1/2026.

2. CoStar, Durham Industrial Market and Capital Markets Reports, 10/1/2026.

3. CoStar, Raleigh Retail Market and Capital Markets Reports, 10/1/2026.

4. CoStar, Durham Retail Market and Capital Markets Reports, 10/1/2026.

5. Town of Holly Springs, Genentech expansion announcement, Jan. 2026.

6. AbbVie press release via BioSpace; Research Triangle Regional Partnership, Apr. 2026. Novo Nordisk Clayton expansion announcement, 2024.

7. The Manufacturer; Research Triangle Regional Partnership, Vulcan Elements announcement.

8. Axios Raleigh, U.S. Census Bureau metro population estimates, Mar. 2026.

9. Carolina Demography (UNC), 2025 municipal population estimates, May 2026.