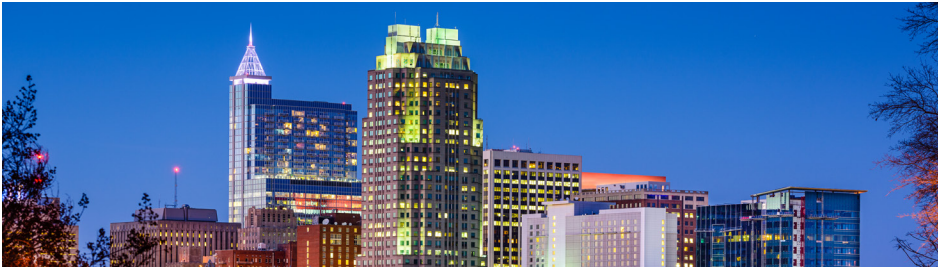


Office Market Report



Raleigh's office market had strength pre-pandemic, what the future holds is the million-dollar question. According to CoStar, vacancy has ticked up slightly year over year from 4.8% in Q2 '19 to 6.1% in Q2 '20. Rental rates increased over the same period from \$26.29 in Q2 '19 to \$27.71 in Q2 '20. The low vacancy seen in the market provides cushion moving forward, but future strength will be dependent on the duration of the pandemic.



Rental and Vacancy Rates

Direct Asking Rent (\$/SF)	Total Vacancy Rate	Q1 Change
\$35.44	Market Class A CBD 7.2%	▲ 0.70%
\$26.62	Market Class B CBD 1.7%	▲ 0.40%
\$30.18	Market Class A Suburban 8.1%	▼ 2.40%
\$24.80	Market Class B Suburban 3.4%	▲ 0.30%

Recent Transactions

Tenant	Size	Submarket	Sector
1 Premier Research Intl	61,722	RTP/RDU	Office
2 UNC Health	54,000	Orange County	Office
3 bioMason, Inc.	30,335	RTP	Office
4 Wake County	27,188	Falls of Neuse	Office
5 Wake County	25,553	Falls of Neuse	Office
6 Undisclosed	23,091	Orange County	Office
7 Undisclosed	22,772	Falls of Neuse	Office
8 Undisclosed	21,325	RTP	Office

All information and data is proprietary to CoStar.

Occupier's Perspective

➔ 5 largest submarkets by total inventory: Cary, West Raleigh, Falls of Neuse, RTP and Downtown.

➔ We recommend that occupiers begin to formulate their strategy for renewal or relocation a minimum of 12 months from lease expiration.

Market Trends



COVID-19 makes future of office market uncertain. How will teleworking affect corporate real estate demand?

Roughly 2.5 million square feet of office space is currently under construction.

Vacancy remains below the 10-year average. Will that hold steady?