

Office Market Report

Raleigh is beginning to see signals of post-pandemic recovery as more occupiers announce return-to-office plans. Although vacancies continued to rise this quarter, Raleigh's well-established cluster of life science and technology companies have greatly impacted the market's speed of recovery. Rent growth is expected to continue to shift in the tenant's favor over the next year, as new space delivers from the 1.7 million SF in the construction pipeline. Despite the pandemic, Raleigh and the Research Triangle region continue to be among the fastest growing metros across the nation, with a rebounding employment rate and the announcement of major expansions, such as Apple and Google, in the market.

Occupier's Perspective

Workplace strategy continues to be a key service line for clients as we look at how post-pandemic offices look and function.

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

Raleigh continues to benefit from the ever-expanding talent pool provided by the three major research universities in the area.



Rental and Vacancy Rates

Direct Asking Rent (\$/SF)	Total Vacancy Rate	YoY Change
\$35.27	Downtown Class A 14.3%	▲ 8.2%
\$26.80	Downtown Class B 2.5%	▲ 0.6%
\$30.29	RTP/RDU Class A 10.0%	▲ 3.9%
\$26.32	RTP/RDU Class B 10.8%	▲ 1.6%
\$33.40	Six Forks Falls of Neuse Class A 10.4%	▲ 5.1%
\$22.79	Six Forks Falls of Neuse Class B 5.7%	▼ -3.2%
\$31.28	Glenwood/Creedmoor Class A 10.8%	▼ -2.0%
\$23.77	Glenwood/Creedmoor Class B 12.0%	▲ 5.0%
\$30.56	Cary Class A 16.6%	▲ 4.7%
\$26.09	Cary Class B 4.3%	▲ 0.8%

Recent Transactions

Tenant	Size	Submarket	Sector
1 IXL Learning	45,236 SF	RTP/RDU	Office
2 Confidential Tenant	31,643 SF	Research Triangle	Office
3 Clark Nexsen	25,000 SF	Downtown	Office
4 Cadence Design Systems Inc.	24,317 SF	Cary	Office
5 Confidential Tenant	23,306 SF	Downtown	Office
6 Booth & Associates	21,418 SF	West Raleigh	Office
7 Confidential Tenant	15,594 SF	Glenwood/Creedmoor	Office
8 Confidential Tenant	14,220 SF	Glenwood/Creedmoor	Office

Market Trends

Growing sublease availability. Currently representing about 1.9% of current inventory, the sublease availability in Raleigh is concentrated mostly in Cary, Downtown and West Raleigh submarkets.

Suburban submarkets are well-positioned for growth. The delivery of new suburban mixed-use developments have given office tenants options for livable work environments in the market.

Largest life science investment announced in NC History in March. FUJIFILM Diosynth Biotechnologies announced a capital investment of \$2 billion, to build the largest cell culture biopharmaceutical CDMO facility in North America in Holly Springs. This facility is expected to break ground in Q4 2021, to be operational by spring 2025, and to bring 725 new jobs to the area by the end of 2028.