

# Office Market Report

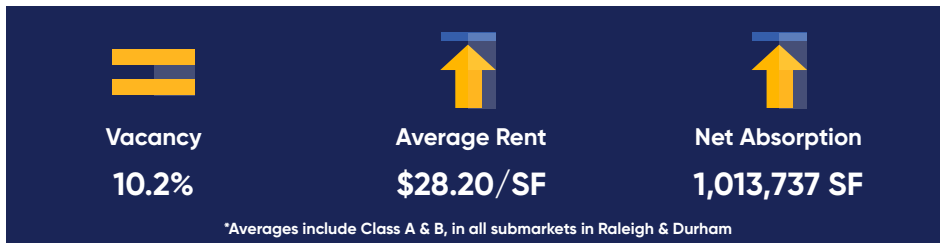
Population and available talent pool, continue to draw large corporate occupiers to the Raleigh-Durham market. While the post-pandemic hybrid-work model has slowed overall, leasing activities and high-end office supply outpaces the current demand. Vacancy in the market remains below the national average. These fundamentals have allowed for slower rent growth, most noticeably in the Downtown Raleigh submarket.

Raleigh's strong technology and life science industries will continue to support the office demand across the market. Given the available vacancy rate and new supply, rent growth could shift in the favor of tenants over the next few quarters.

## Occupier's Perspective

Workplace solutions remain a top priority for all firms navigating the ever-changing hybrid workforce.

Raleigh's premier suburban submarkets are outperforming as demand grows in the areas along high-growth submarkets, like Route 1 corridor and the RTP/RDU submarket.



## Market Trends

### Construction and new deliveries

With the completion of 301 Hillsborough at Raleigh Crossing in Downtown and work underway on Bandwidth's campus in West Raleigh, Raleigh is expected to continue to benefit from relocations and expansions as firms see less expensive markets to expand their footprints. Construction is returning to pre-pandemic levels this quarter with 2.0M SF underway, with about 50% of this new supply preleased.

**Vacancy rate stability** Although Raleigh's overall vacancy rate at 8.1%, is below the national average, it is still well above the market's trough in 2018 at 4.6%.

**Sublease availabilities** now total 1.8M SF or approximately 2.3% of the current inventory. While this is down from first quarter, it remains nearly double the market's pre-pandemic trend.

## Rental and Vacancy Rates

Direct Asking Rent (\$/SF)	Total Vacancy Rate	YoY Change
\$35.32	Downtown Raleigh   Class A 15.3%	▼ -0.3%
\$29.35	Downtown Raleigh   Class B 8.1%	▲ 3.8%
\$30.61	RTP/RDU   Class A 11.0%	▼ -1.9%
\$28.25	RTP/RDU   Class B 5.8%	▲ 2.4%
\$35.80	Six Forks Falls of Neuse   Class A 8.6%	▲ 0.4%
\$24.24	Six Forks Falls of Neuse   Class B 6.5%	▲ 0.4%
\$30.39	Research Triangle   Class A 15.7%	▲ 3.7%
\$24.34	Research Triangle   Class B 5.5%	▼ -3.2%
\$33.45	Downtown Durham   Class A 14.0%	▲ 4.1%
\$25.57	Downtown Durham   Class A 12.6%	▲ 5.6%

## Recent Transactions

Tenant	Size	Submarket	Sector
1 Renesas Electronics America	90,000 SF	Research Triangle	Office
2 Enzyvant	25,972 SF	RTP/RDU	Office
3 Confidential Client	20,341 SF	Six Forks Falls of Neuse	Office
4 Rite Aid Corporation	16,049 SF	Downtown	Office
5 Ford, Bacon & Davis	13,981 SF	RTP/RDU	Office
6 CAMPO	13,086 SF	Cary	Office