

Office Market Report

As companies continue to mandate their employees return to the office, the desire to create an environment to attract and retain talent continues to be of the utmost importance. This flight to quality trend is highlighted by Class A office having seen higher absorption rates compared to Class B.

Class B suburban assets in the Raleigh-Durham office market struggled to retain clients as average rental rates dropped quarter over quarter. Conversely, Class A office rates continue to climb to all-time highs.



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 continue as planned, showing strong beliefs in the marketplace. The completion of Raleigh Ironworks and the Hub RTP in its final stages of completion highlight the multi-use development in the region creating live, work, and play environments.

Capital markets saw an increase in Q3 2022, with a total volume of \$450 Million. Park Point was the largest sale of the quarter achieving a sale price of \$288 Million.

Sublease availabilities continue to see a substantial rise in the total of available sublease space at nearly 3.3 Million SF. This is an increase of over 60% from this time last year.

Rental and Vacancy Rates

Direct Asking Rent (\$/SF)	Total Vacancy Rate	YoY Change
\$36.17	Downtown Raleigh Class A 16.9%	▲ 1.4%
\$27.30	Downtown Raleigh Class B 2.9%	▲ 0.5%
\$30.92	RTP/RDU Class A 9.0%	▼ -1.1%
\$27.35	RTP/RDU Class B 15.4%	▲ 4.4%
\$35.39	Six Forks Falls of Neuse Class A 7.1%	▼ -2.0%
\$23.86	Six Forks Falls of Neuse Class B 4.4%	▼ -2.9%
\$30.50	Research Triangle Class A 12.6%	▲ 2.2%
\$24.60	Research Triangle Class B 6.5%	▼ -1.7%
\$34.92	Downtown Durham Class A 15.7%	▲ 0.4%
\$25.06	Downtown Durham Class A 7.2%	▬ 0.0%

Recent Transactions

Tenant	Size	Submarket	Sector
1 Extreme Networks	54,530 SF	RTP/RDU	Office
2 Cintas	24,811 SF	Research Triangle	Office
3 Scantron	24,249 SF	RTP/RDU	Office
4 Nokia	22,679 SF	Six Forks Fall of Neuse	Office
5 Data443	20,000 SF	Research Triangle	Office
6 GSA	19,986 SF	RTP/RDU	Office