

Office Market Report

The Raleigh-Durham market recovery outpaces the nation and is beginning to reach pre-pandemic levels across various metrics. The region continues to attract new companies, exemplified by the largest economic development announcement in the state's history. VinFast announced a \$6.5B investment and an additional 13,000 jobs with benefits impacting all surrounding counties.

Direct vacancies in Raleigh-Durham remained stable at 10.2% in the first quarter, well below the national rate of 15.3%. The market saw over 150,000 SF of positive direct absorption, which is a trend we expect to continue throughout 2022, as more move-ins occur throughout the region.



Rental and Vacancy Rates

Direct Asking Rent (\$/SF)	Total Vacancy Rate	YoY Change
\$35.13	Downtown Raleigh Class A 17.1%	▲ 7.2%
\$29.18	Downtown Raleigh Class B 4.6%	▲ 0.9%
\$30.33	RTP/RDU Class A 17.7%	▼ -0.5%
\$27.99	RTP/RDU Class B 5.8%	▲ 0.6%
\$35.52	Six Forks Falls of Neuse Class A 8.7%	▲ 2.9%
\$24.08	Six Forks Falls of Neuse Class B 6.9%	▼ -0.7%
\$30.23	Research Triangle Class A 16.5%	▲ 9.9%
\$24.24	Research Triangle Class B 5.3%	▼ -3.7%
\$33.29	Downtown Durham Class A 15.7%	▲ 6.0%
\$25.49	Downtown Durham Class A 8.7%	▲ 1.0%

Recent Transactions

Tenant	Size	Submarket	Sector
1 Confidential Client	156,114 SF	Research Triangle	Office
2 WakeMed Health	62,181 SF	RTP/RDU	Office
3 Kymanox	28,457 SF	Research Triangle	Office
4 Restor 3D	27,509 SF	Research Triangle	Office
5 Absher Wealth Management	21,252 SF	West Raleigh	Office
6 Carolina Bank	20,977 SF	Southwest Wake	Office

Occupier's Perspective

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

Rental rates continue to rise as do construction costs. Companies with a well-planned real estate strategy should however be able to minimize the impact of increased real estate costs.

Market Trends

Construction More than 2.3M SF remain under construction throughout the Triangle region with approximately 1M SF expected to deliver in 2022. Projects include a total of 541,000 SF to be delivered at Raleigh Iron Works and another 225,350 SF to be delivered at the Fenton Project.

Vacancy rate stability Substantial leasing activity has allowed for the direct vacancy rate to remain stable in the market.

Downtown Durham sees record-high Class A rental rates. Class A rentals rates in the Downtown Durham submarket, reached record-highs in the first quarter at an average of \$33.29 per SF. This is a 4.3% increase from pre-pandemic rates, a trend we expect to continue in this submarket.