

# Raleigh-Durham

Office | Q1 2023 Market Report

## Quarterly Shifts

↑ Vacancy  
1.3%

↓ Average Rent  
-\$0.16/SF

↓ Net Absorption  
-223,126 SF

## Occupier's Perspective

More than 65 percent of under-construction space is still available and will ultimately drive-up vacancy rates once delivered.

With 600,000 square feet of new product delivered in the last 12 months, new construction moving forward is still unclear as capital conditions remain more challenging and economic headwinds continue.

The market currently has 2.4 million square feet of space available for sublease, which is double the amount available pre-pandemic.

Net absorption in RDU has turned negative in the past two quarters with an annual net absorption of -700,000 square feet. The combination of negative net absorption and the delivery of new products has increased vacancy rates to 11.0 percent. **While the vacancy rate is high for the market is historic terms, it is still below the national average of 12.9 percent.** While tenants continue to right-size their footprint, the flight-to-quality has led to most of the leasing activity occurring in newly constructed office buildings with walkable amenities. Tenants in the market can leverage direct deals with Landlords by taking advantage of the 2.4 million square of available sublease space. There is optimism as the region continues to see an increase in population and jobs. This is evident by the fact there are more residential units in downtown Raleigh under construction or recently completed than at any time in history.

## Submarket Movement

Vacancy Rate	QOQ Change	Direct Asking Rent (\$/SF)	Submarket
3.1%	0.3% ▲	\$26.52	East Raleigh
10.1%	0.6% ▲	\$27.51	Research Triangle
14.8%	3.7% ▲	\$28.56	RTP/RDU
9.1%	0.2% ▲	\$29.24	Cary
14.4%	1.6% ▲	\$30.58	West Raleigh
8.5%	1.9% ▲	\$32.44	Glenwood/Creedmoor
5.6%	-0.5% ▼	\$34.49	Six Forks/Falls of Neuse
14.2%	1.3% ▲	\$35.01	Downtown Raleigh
22.4%	1.5% ▲	\$36.22	Route 1

## NC Economic Development

**28,000**  
New Jobs  
Created

**\$19B+**  
Capital  
Investment

**\$1.55B**  
New Annual  
Payroll

Source: Economic Development Partnership of NC 2022 Annual Report