



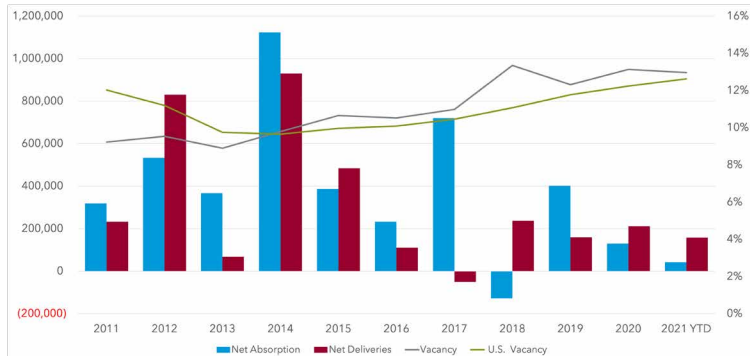
OFFICE MARKET OVERVIEW

SCOTT HADLEY, *Vice President*

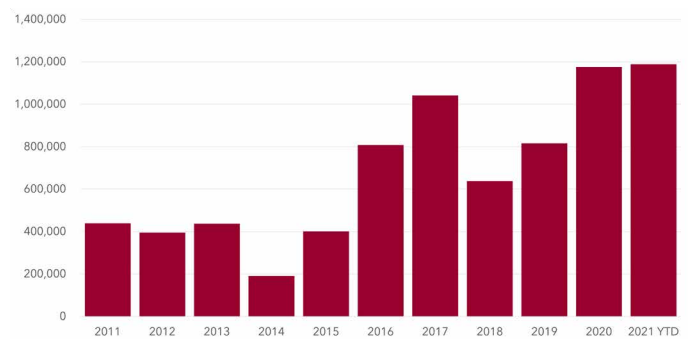
Absorption in Durham was positive while Raleigh showed negative absorption, with almost as much space given back in Q1 2021 as in Q3/Q4 2020 combined. Durham tenants tend to be more medical, pharma and life science oriented which require employees to be onsite for work. Raleigh's market has more traditional businesses, and is better suited to workers being able to work remotely. Expect more negative absorption in Raleigh as businesses continue to renegotiate leases that relinquish space back to the landlord, pushing vacancy up. Durham announced Google taking 200,000 SF of office space, which should have a positive absorption for their space and ancillary space with companies serving Google.

MARKET INDICATORS	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
▲ Net Absorption SF	798,940	532,864	525,169	399,460	364,878
▼ Vacancy Rate	9.20%	9.50%	9.50%	9.20%	8.70%
▲ Avg NNN Asking Rate	\$24.97 PSF	\$24.94 PSF	\$25.02 PSF	\$24.92 PSF	\$24.49 PSF
▲ SF Under Construction	1,188,704	1,175,849	1,380,951	1,732,083	1,099,074
▲ Inventory SF	35,115,161	34,882,530	34,677,428	34,309,496	34,055,407

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
324 Blackwell Street Durham, NC	176,364 SF	Undisclosed	Undisclosed Undisclosed	4 Star Office
3116 N Duke Street Durham, NC	71,036 SF	\$16,300,000.00 \$397.21 PSF	Healthcare Trust of America Dovini, Ltd	3 Star Office
1912 E Hwy 54 Durham, NC	9,471 SF	\$1,100,000.00 \$116.14 PSF	Duke David M Vernetta Alston	3 Star Office

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
14 TW Alexander Drive RTP, NC	262,667 SF	Alexandria Real Estate Equities, Inc.	Undisclosed	Undisclosed
2800 Meridian Pky Durham, NC	15,703 SF	Accesso Partners	Undisclosed	Undisclosed
5201 International Drive Durham, NC	11,700 SF	Coffey Estates LLC	Undisclosed	Undisclosed



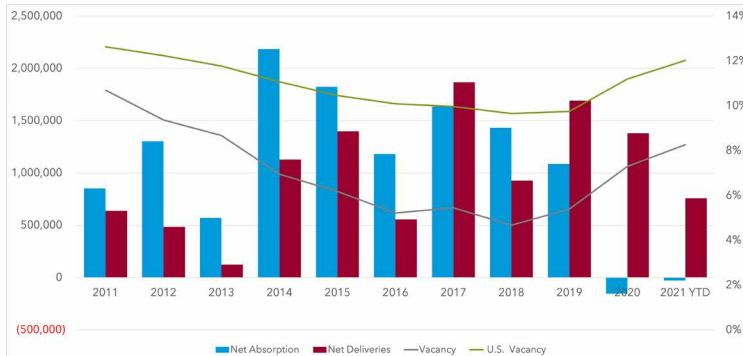
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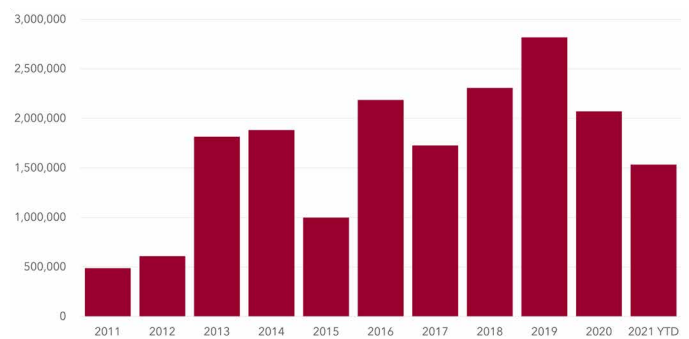
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MARKET INDICATORS	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
▼ Net Absorption SF	(261,110)	(153,629)	(132,818)	341,398	523,912
▲ Vacancy Rate	7.8%	7.3%	6.5%	5.9%	5.2%
▲ Avg NNN Asking Rate	\$27.45 PSF	\$27.39 PSF	\$27.44 PSF	\$27.34 PSF	\$27.10 PSF
▼ SF Under Construction	1,759,394	2,071,316	2,479,238	2,716,832	2,943,941
▲ Inventory SF	75,189,301	74,657,767	74,073,005	73,684,870	73,393,051

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
8529 Six Forks Road Raleigh, NC	182,407 SF	\$37,694,040 \$275.53 PSF	Highwoods Properties Highwoods/Kapital-Consult	4 Star Office
8601 Six Forks Road Raleigh, NC	135,317 SF	\$27,963,400 \$275.53 PSF	Highwoods Properties Highwoods/Kapital-Consult	4 Star Office
8537 Six Forks Road Raleigh, NC	127,747 SF	\$26,398,660 \$275.53 PSF	Highwoods Properties Highwoods/Kapital-Consult	4 Star Office

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
1101 Shiloh Glenn Drive Morrisville, NC	65,000 SF	DRA Advisors LLC	Schneider Electric USA	Services
170 Southport Drive Morrisville, NC	36,344 SF	Trinity Capital Advisors LLC	Charles & Colvard	Manufacturing
301 Fayetteville Street Raleigh, NC	22,121 SF	Highwoods Properties	Acute Investments	Real Estate