LEE & ASSOCIATES
COMMERCIAL REAL ESTATE SERVICES

Q3 2022
RALEIGH, NC

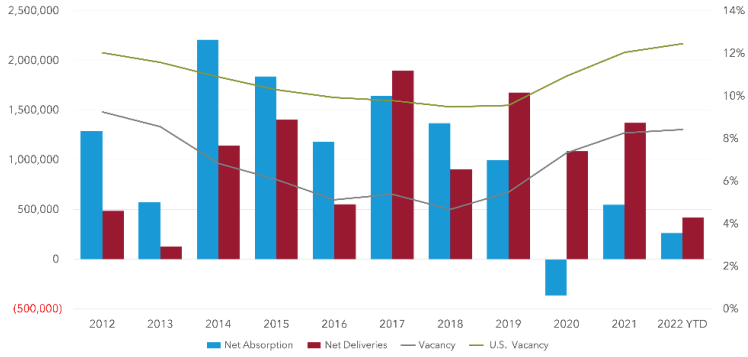
OFFICE MARKET OVERVIEW

JAMES BAILEY, JD, *Broker*

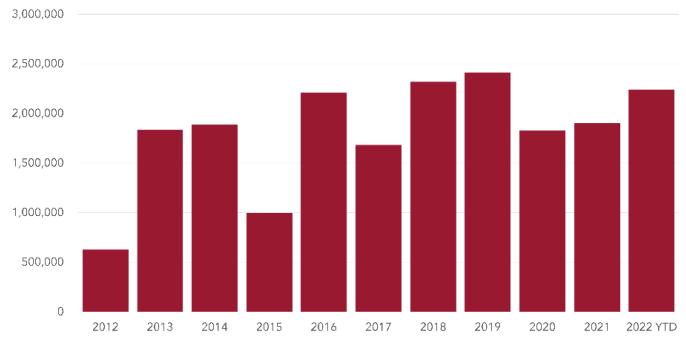
The office market was showing signs of recovery from the COVID-19 pandemic heading into the second half of 2022, but corporations are still trying to strike the right balance between working from home and coming to the office, leaving the office sector in limbo. Raleigh currently has over 2.239 million SF of office product under construction (up from 1.9m SF YOY). Vacancy rates are at 8.43% which is over 4% better than the national average of 12.46%. Supply chain issues, rising construction costs and inflation, however, are creating more issues for an already struggling office sector looking to recover.

MARKET INDICATORS	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
▲ 12 Mo. Net Absorption SF	1,139,745	618,741	369,187	548,587	(208,437)
▲ Vacancy Rate	8.2%	8.1%	8.2%	8.3%	8.6%
▲ Avg NNN Asking Rate PSF	$28.20	$28.12	$27.89	$27.62	$27.36
▲ SF Under Construction	2,239,565	2,044,693	1,995,219	1,903,694	1,651,281
▲ Inventory SF	77,287,269	77,128,250	76,881,039	76,866,501	76,355,365

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
1010 Sync Street Morrisville, NC	200,257 SF	$66,000,702 $329.58 PSF	Menlo Equities Starwood Capital Group	Class A
4414 Lake Boone Trail Raleigh, NC	103,500 SF	Undisclosed	Insite Properties Capital Associates Management	Class A
4000 Paramount Parkway Morrisville, NC	90,000 SF	$29,200,000 $324.44 PSF	Zurich Alternative Asset Mgmt Starwood Capital Group	Class A

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
2121 RDU Center Drive Morrisville, NC	54,530 SF	Dilweg	Extreme Networks	Information
3509-3545 Maitland Drive Raleigh, NC	40,000 SF	Undisclosed	American Freight	Furniture Retailers
6001 Hospitality Court Morrisville, NC	56,541 SF	Sentinel Real Estate Corporation	Undisclosed	Undisclosed

LEE & ASSOCIATES
COMMERCIAL REAL ESTATE SERVICES

Q3 2022
DURHAM, NC

OFFICE MARKET OVERVIEW

JAMES BAILEY, JD, *Broker*

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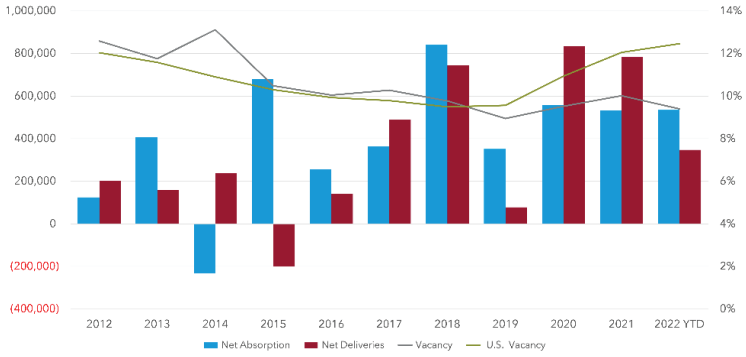
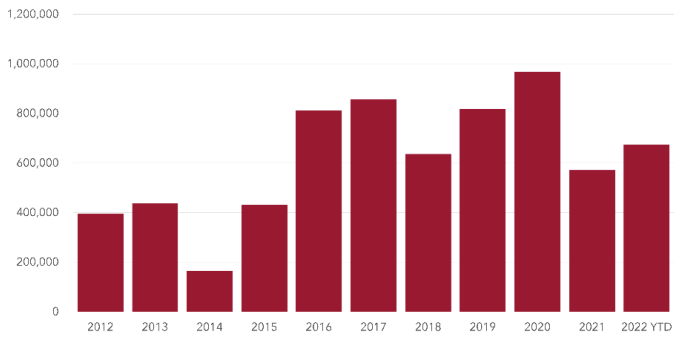
MARKET INDICATORS	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
▲ 12 Mo. Net Absorption SF	494,456	440,994	383,262	532,030	792,348
▼ Vacancy Rate	9.3%	9.8%	9.8%	10.0%	9.3%
▲ Avg NNN Asking Rate PSF	$26.70	$26.62	$26.47	$26.15	$26.12
▲ SF Under Construction	675,625	583,625	390,369	571,256	645,034
◄ ► Inventory SF	36,086,937	36,086,937	35,872,220	35,739,082	35,535,833

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
4001 E Hwy 54 Durham, NC	187,117 SF	$82,080,000 $438.66 PSF	CBRE Investment Management Starwood Capital Group	Class A
4001 E Hwy 54 Durham, NC	143,395 SF	$62,900,000 $438.66 PSF	CBRE Investment Management Starwood Capital Group	Class A
2222 Highway 54 Durham, NC	75,732 SF	$5,770,000 $76.22 PSF	JPB Holdings Eli Global	Class A

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
4601 Creekstone Drive Durham, NC	24,811 SF	Highwoods	Cintas	Industrial Supplies
Davis Drive Research Triangle Park, NC	20,000 SF	Research Triangle Park Foundation	Data443	Professional and Scientific Services
4000 Park Drive Durham, NC	12,686 SF	Research Triangle Park Foundation	Undisclosed	Undisclosed