



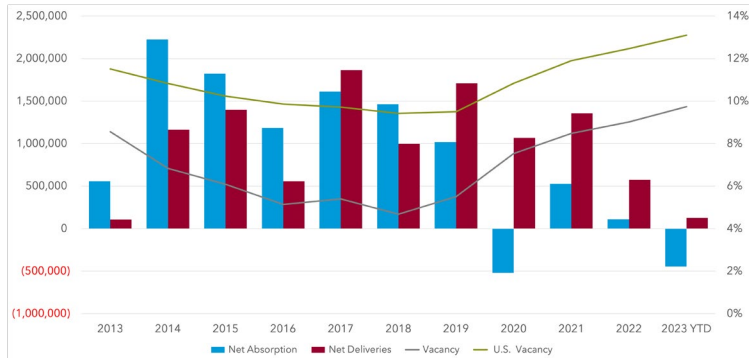
OFFICE MARKET OVERVIEW

BRIAN FARMER, SIOR, *Managing Director, Principal*

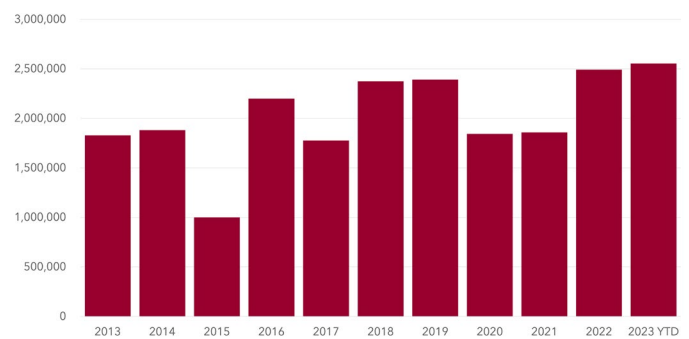
The vacancy factor for Raleigh decreased slightly in Q2 to 9.74%. Add to that another approximate 4 million SF of sublease space, the office sector is experiencing roughly 15% vacancy/availability. Rental rates in Raleigh and surrounding submarkets are continuing to climb, although ever so slightly at this point. There is over 2.5 million SF under construction. We are seeing more activity in office with increased showings and calls. This is especially true for any spaces less than 5,000 SF. Top sale this quarter was for just under \$300 PSF.

MARKET INDICATORS	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
▼ 12 Mo. Net Absorption SF	(636,329)	(541,518)	110,459	997,189	554,058
▼ Vacancy Rate	9.74%	9.89%	9.02%	8.62%	8.40%
▲ Avg NNN Asking Rate PSF	\$29.10	\$29.09	\$28.92	\$28.81	\$28.59
▲ SF Under Construction	2,554,561	2,489,931	2,491,215	2,103,022	1,999,339
▲ Inventory SF	77,537,337	77,486,967	77,411,047	77,282,415	77,098,712

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
5000 Falls of Neuse Road Raleigh, NC	24,000 SF	\$7,010,000 \$292.25 PSF	Gunter Gaffney, Jr. Corporate Chaplains of America	Class A
200 W. Morgan Street Raleigh, NC	20,577 SF	\$9,100,000 \$442.24 PSF	Convexity Properties The Episcopal Diocese of No. Carolina	Class B
3210 Fairhill Drive Raleigh, NC	11,180 SF	\$2,380,000 \$212.43 PSF	Undisclosed Kuehn Properties LLC	Class B

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
149-159 E. Chatham Street Cary, NC	40,746 SF	Chatham Street Commercial LLC	WithersRavenel	Engineering Services
Saint Albans Drive Raleigh, NC	31,305 SF	Dewitt Carolinas, Inc.	Undisclosed	Undisclosed
Saint Albans Drive Raleigh, NC	31,294 SF	Dewitt Carolinas, Inc.	Undisclosed	Undisclosed



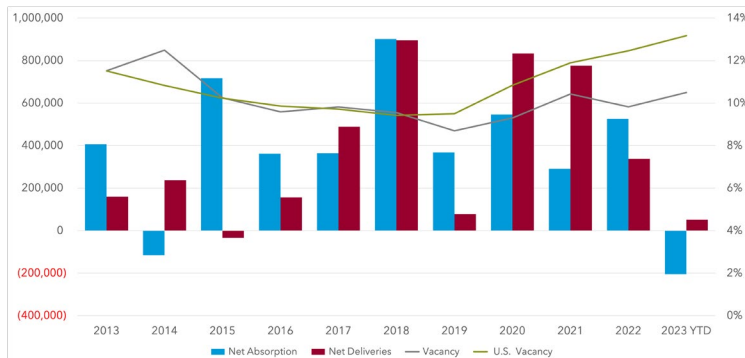
OFFICE MARKET OVERVIEW

BRIAN FARMER, SIOR, *Managing Director, Principal*

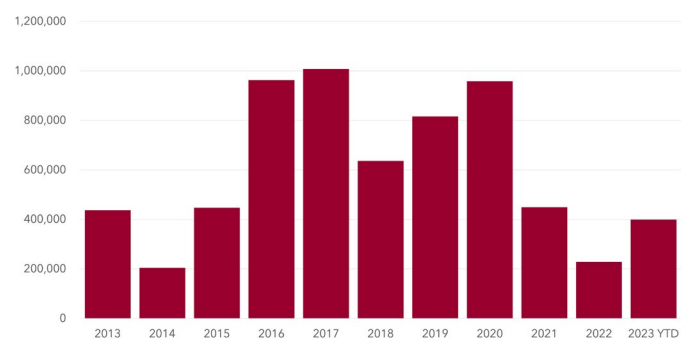
A quarter of positive absorption brings the vacancy in Durham down slightly. Rental rates in Durham and surrounding submarkets are continuing to climb, although the rates are increasing ever so slightly at this point. There is only 400,000 SF under construction. We are seeing more activity in the office sector with increased showings and calls, which is especially true for any spaces less than 5,000 SF. Top sale this quarter was just over \$20 million by Fidelity Investment at \$344 PSF.

MARKET INDICATORS	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
▼ 12 Mo. Net Absorption SF	86,867	119,050	525,766	493,397	170,889
▼ Vacancy Rate	10.12%	10.38%	9.82%	9.71%	10.23%
▲ Avg NNN Asking Rate PSF	\$27.48	\$27.46	\$27.45	\$27.14	\$26.78
▲ SF Under Construction	399,159	252,440	228,440	78,181	63,781
▲ Inventory SF	36,927,531	36,876,250	36,876,250	36,876,250	36,876,250

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
4709 Creekstone Drive Durham, NC	60,192 SF	\$20,740,000 \$344.56 PSF	Fidelity Investments Highwoods Properties, Inc.	Class B
4620 Industry Lane Durham, NC	17,000 SF	\$2,500,000 \$147.06 PSF	Rasidul Amin Brady Johnson	Class B
3508-3510 University Drive Durham, NC	12,000 SF	\$1,250,000 \$104.17 PSF	Durham Academy Laura Hall	Class C

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
800 Taylor Street Durham, NC	9,867 SF	LRC Properties	MHA Works	Professional, Scientific, and Technical Services
301 W. Barbee Chapel Road Chapel Hill, NC	7,495 SF	Gem Land Company, Inc.	Undisclosed	Undisclosed
320 Roney Street Durham, NC	7,247 SF	Measurement, Inc.	Undisclosed	Undisclosed

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