



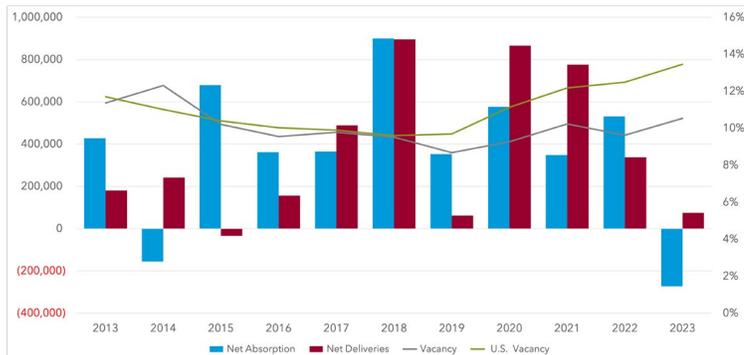
OFFICE MARKET OVERVIEW

BRIAN FARMER, SIOR, *Managing Director, Principal*

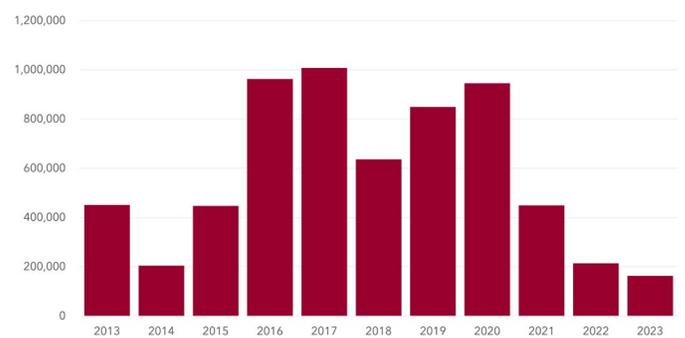
Although life science and pharmaceutical companies are major contributors to demand in this market, annual net absorption was negative for the year, causing vacancies to rise. New supply delivered over the year was less than 100,000 SF. Sublease availabilities pushed Durham's availability rate to 14.7%. Average asking rent ranges from \$25 to \$39.50 PSF. Sales transaction volume totaled approximately \$157 million, below the market's historical annual average. The largest sale of the year, a sale-leaseback, redevelopment opportunity, was Hines' purchase of IBM's 774,000 SF-campus for \$66 million, or \$85 PSF.

MARKET INDICATORS	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
▼ 12 Mo. Net Absorption SF	(272,361)	(219,890)	30,293	112,306	531,164
▲ Vacancy Rate	10.5%	10.2%	10.10%	10.20%	9.6%
▲ Avg NNN Asking Rate PSF	\$27.47	\$27.42	\$27.34	\$27.18	\$27.12
▼ SF Under Construction	162,759	186,759	186,759	238,040	214,040
▲ Inventory SF	37,415,123	37,391,123	37,391,123	37,339,842	37,339,842

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
4205 S Miami Boulevard - IBM 500 Durham, NC	774,000 SF	\$66,000,000 \$85.00 PSF	Hines Global Income Trust IBM	Class B
205 Sage Road Chapel Hill, NC	20,878 SF	\$7,600,000 \$364.02 PSF	Flagship Healthcare Properties Chapel Hill Pediatrics	Class B
120 Davis Street Asheboro, NC	7,488 SF	\$2,326,000 \$310.63 PSF	TMMP Asheboro LP Allergic Dermis Real Estate	Medical

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
4205 S Miami Boulevard - IBM 500 Durham, NC	774,000 SF	Hines Global Income Trust	IBM Lease-Back	Professional Scientific Technical Services
1030 Swabia Court Durham, NC	34,418 SF	W&G Associates	Sierra Space Corporation	Manufacturing
4321 Medical Park Drive Durham, NC	12,338 SF	Greenleaf Capital LLC	Almac Diagnostics	Health Care and Social Assistance



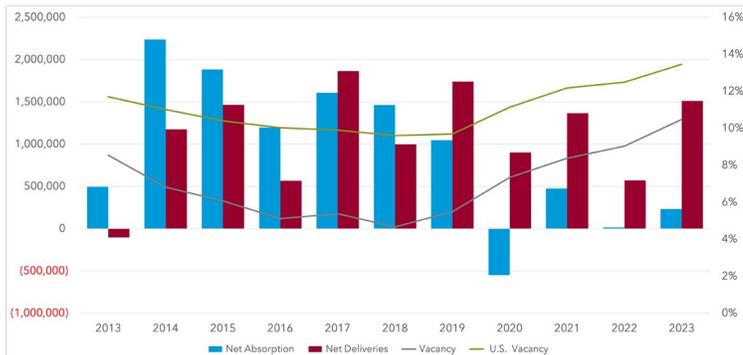
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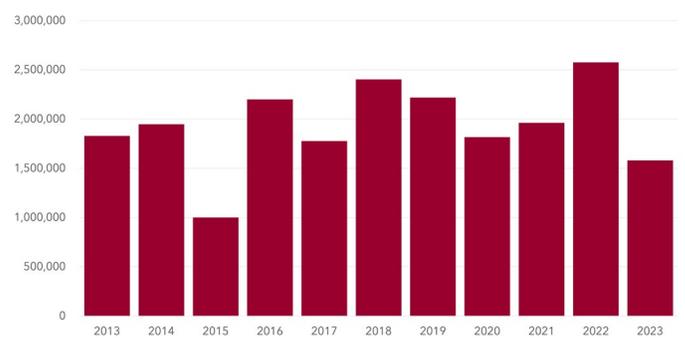
Investors and builders favor the Raleigh/Durham metro, due to population and economic growth, in-migrations, corporate relocations, and labor force growth, which is well above national averages. The Raleigh/Durham metro, classified as a "Magnet Supernova" market, received high rankings in the PwC ULI 2024 "Emerging Trends in Real Estate" survey. Like 2023, the office market in Raleigh will be challenging due to high interest rates, slow return to office, and debt vulnerabilities. Rent growth, absorption, lease size, transaction volume and market prices will present challenges and opportunities.

MARKET INDICATORS	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
▲ 12 Mo. Net Absorption SF	232,704	(161,925)	(619,749)	(562,253)	14,709
▲ Vacancy Rate	10.5%	10.0%	9.7%	9.9%	9.0%
▲ Avg NNN Asking Rate PSF	\$29.68	\$29.58	\$29.35	\$29.15	\$28.88
▼ SF Under Construction	1,580,169	2,152,800	2,810,344	2,706,714	2,576,047
▲ Inventory SF	78,945,314	78,337,333	77,567,241	77,507,871	77,432,721

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
305 Church @ North Hills St Midtown Plaza, Raleigh, NC	329,613 SF	\$132,900,000 \$403.20 PSF	Crescent Real Estate LLC Lionstone Partners LLC	Class A
3237 Blue Ridge Road Raleigh, NC	48,000 SF	\$17,765,000 \$370.10 PSF	Wake Internal Medicine Consultants The Keith Corporation	2023 Construction
2400 Weston Parkway Cary, NC	31,383 SF	\$10,000,000 \$318.64 PSF	Bobbitt Construction North Carolina	Class B

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
2250 Perimeter Park Morrisville, NC	78,588 SF	Mapletree	Mercalis	Biopharma
1600 Perimeter Park Drive Morrisville, NC	22,544 SF	1600 Perimeter Park LLC	IXL Learning	Professional Scientific Technical Services
621 Hillsborough Street Raleigh, NC	19,794 SF	City Office REIT, Inc	Deloitte	Professional Scientific Technical Services