



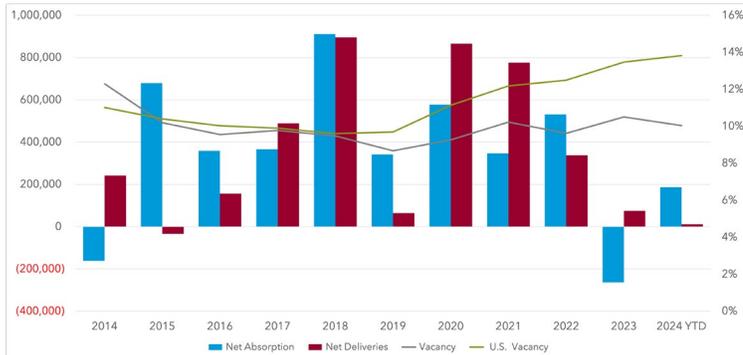
OFFICE MARKET OVERVIEW

MARLENE SPRITZER, SIOR, CCIM, JD, *Vice President*

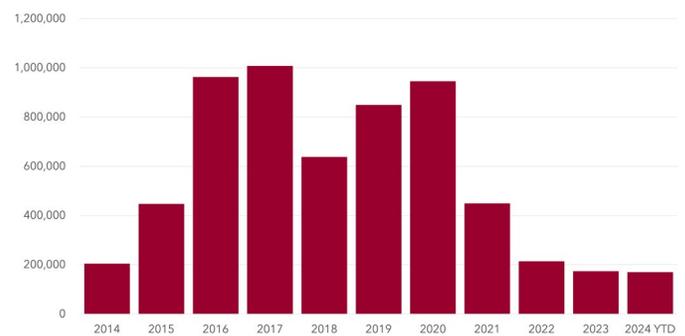
Durham market vacancies are 10%, below the national vacancy rate of 13.8%. First quarter market results include positive net absorption, slowing asking rent growth, increasing concessions, and available sublease space more than ten times the amount available before the pandemic. On the demand side, employees want work-from-home flexibility and offices with fitness centers, health clubs, coffee shops, rooftop bars, restaurants, retail, event areas and outdoor spaces. Notwithstanding these challenges, the Research Triangle area is strong, home to more than 375 companies, with 21 companies recently expanding and relocating to Chatham, Orange, and Durham counties.

MARKET INDICATORS	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
▲ 12 Mo. Net Absorption SF	182,291	(263,604)	(233,786)	42,841	113,213
▼ Vacancy Rate	9.9%	10.5%	10.2%	10.0%	10.2%
▲ Avg NNN Asking Rate PSF	\$27.84	\$27.81	\$27.71	\$27.56	\$27.33
▼ SF Under Construction	169,959	174,180	198,180	198,180	238,040
▲ Inventory SF	37,446,460	37,435,039	37,411,039	37,411,039	37,359,758

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
4825, 4752, 4751 Creekstone Durham, NC	97,074 SF + Land	\$9,400,000 \$97.00 PSF	APG Capital Highwoods Properties	Class B
120 W. Franklin Street Chapel Hill, NC	8,000 SF	\$5,000,000 \$625.00 PSF	Investors Title EAP Walker Properties	Class B
4003 N. Roxboro Street Durham, NC	6,807 SF	\$2,400,000 \$353.00 PSF	Bank OZK Lakewood Pediatrics & Family Medicine	Class C

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
Meridian Bus Park 2635 Meridian Pky Durham, NC	11,604 SF	Dominion Realty Partners	ICF International, Inc	Professional, Scientific & Technical Services
424 Gallimore Dairy Road Greensboro, NC	5,075 SF	SPI TCM Airpark LLC	WithersRavenel	Professional, Scientific & Technical Services
3710 University Drive Durham, NC	4,065 SF	Hem + Spire	Guess & Co	Undisclosed



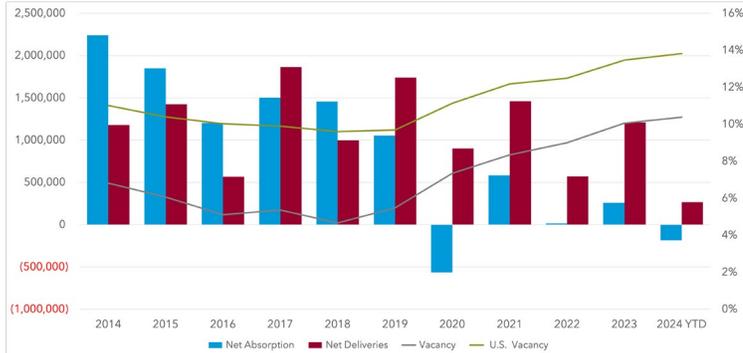
OFFICE MARKET OVERVIEW

JAMES BAILEY, JD, *Vice President*

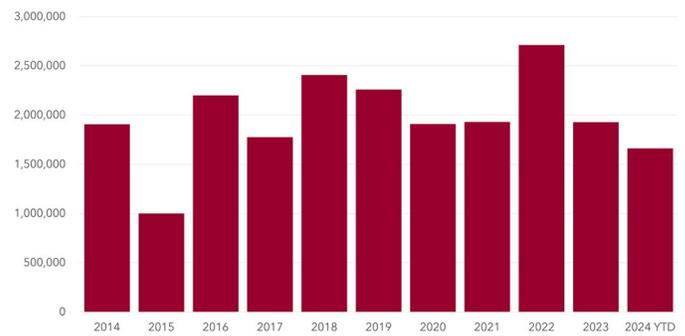
Raleigh's 10% vacancy, although well below US vacancy, is the state capital's highest vacancy in ten years. Demand decline, decreased deal volume, decreased absorption, increased new deliveries, and under-construction properties less than 35% preleased, may pose a bleaker picture than reality. Raleigh remains one of the fastest-growing areas in the nation. Business-friendly, high-skilled labor, lower-than-average costs, tech, and life science companies contribute to the robust economy. Additionally, as the state capital, Raleigh has the stability of large government employment base.

MARKET INDICATORS	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
▲ 12 Mo. Net Absorption SF	862,261	259,791	(204,040)	(644,638)	(539,758)
▲ Vacancy Rate	10.4%	10.1%	10.0%	9.7%	9.9%
▲ Avg NNN Asking Rate PSF	\$29.78	\$29.70	\$29.50	\$29.27	\$28.90
▼ SF Under Construction	1,660,667	1,927,937	2,227,391	2,884,935	2,841,305
▲ Inventory SF	79,183,601	78,916,331	78,574,350	77,841,580	77,782,210

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
2625 Appliance Court Raleigh, NC	28,321 SF	\$9,500,000 \$335.44 PSF	MLU Services APG Advisors	Class B
3500 Regency Parkway Cary, NC	49,754 SF	\$7,100,000 \$142.70 PSF	Baker Roofing Company American Tower Corporation	Class A
5050 Kentworth Drive Holly Springs, NC	5,678 SF	\$2,950,000 \$520.00 PSF	Main Street Family Dentistry Beltline Properties	Class B

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
4800 Falls of Neuse Road Raleigh, NC	29,849 SF	Highwoods Properties	KCI Technologies	Professional, Scientific, Technical
305 Church At North Hills Street Raleigh, NC	10,572 SF	Crescent Real Estate	Freshfields	Professional, Scientific, Technical
1418 E. Millbrook Road Raleigh, NC	6,540 SF	January Partnership	Applied Behavioral Care	Healthcare