



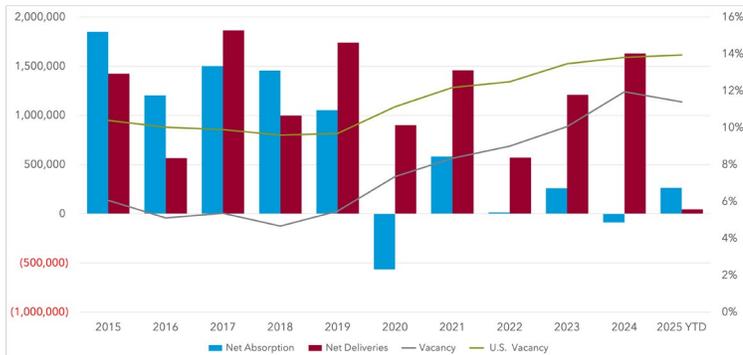
OFFICE MARKET OVERVIEW

JONATHON HARRISS, *Broker*

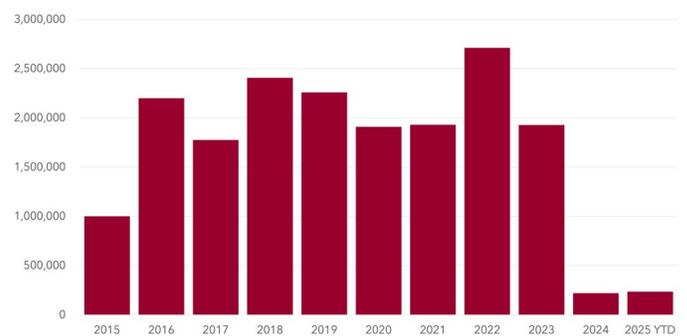
Raleigh's office market rebounded in Q1 2025, recording 582,142 SF of net absorption after Q4's contraction of -87,441 SF. The vacancy rate improved to 11.4%, and average asking rents rose to \$30.31 PSF. Sale prices remained steady at \$202 PSF, while cap rates held at 8.9%. The construction pipeline saw a slight uptick to 234,157 SF. Notable Q1 transactions included a 34,000 SF lease at 223 S West St and a \$22.7 million sale of 4700 Six Forks Rd. Momentum is returning, particularly in walkable, amenity-rich submarkets.

MARKET INDICATORS	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024
▲ 12 Mo. Net Absorption SF	582,142	(87,441)	245,802	833,196	862,261
▲ Vacancy Rate	11.40%	11.96%	11.36%	10.90%	10.40%
▲ Avg NNN Asking Rent PSF	\$30.31	\$30.05	\$30.03	\$30.08	\$29.78
▲ Sale Price PSF	\$202	\$201	\$162	\$164	\$231
▲ Cap Rate	8.90%	8.88%	8.55%	8.53%	8.50%
▲ Under Construction	234,157	220,160	866,142	1,033,101	1,660,667
▲ Inventory	81,017,165	80,697,876	80,043,866	79,982,058	79,183,601

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
3801 Barrett Drive Raleigh, NC	10,073 SF	\$3,350,000 \$332.57 PSF	Moonsun Apex LLC ACLU of North Carolina Legal Fdn	Class C
1410 Hillsborough Street Raleigh, NC	4,446 SF	\$2,225,000 \$500.45 PSF	Roman Catholic Diocese Of Raleigh A Squared LLC	Class C

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
4300 Edwards Mill Road Raleigh, NC	31,902 SF	Highwoods Properties, Inc.	Undisclosed	Undisclosed
1010 Main Campus Drive Raleigh, NC	31,532 SF	Ventas, Inc.	Undisclosed	Undisclosed
900 Main Campus Drive Raleigh, NC	24,590 SF	Wake County Public School System	Undisclosed	Undisclosed



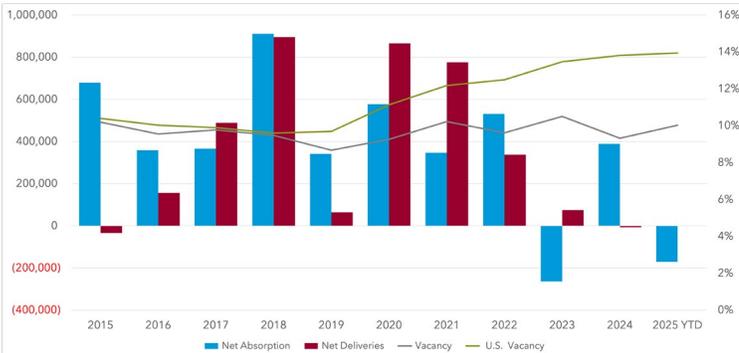
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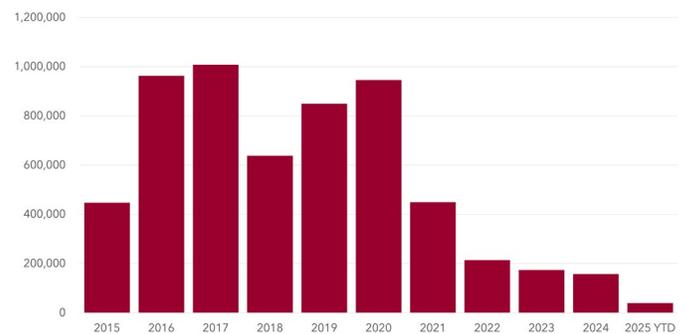
Durham's office market slowed in Q1 2025, posting just 31,350 SF of net absorption, down significantly from 389,472 SF in Q4. Vacancy rose to 10.03%, up from 9.32%, while asking rents held flat at \$28.36 PSF. Sale prices dipped slightly to \$199 PSF, and cap rates expanded to 9.07%. Construction activity declined sharply to just 39,505 SF, indicating fewer speculative developments. The market remains in a recalibration phase, with leasing driven primarily by renewals and smaller tenants adapting to hybrid workplace trends.

MARKET INDICATORS	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024
▼ 12 Mo. Net Absorption SF	31,350	389,472	256,895	52,042	182,291
▼ Vacancy Rate	10.03%	9.32%	9.38%	9.70%	9.90%
◀ ▶ Avg NNN Asking Rent PSF	\$28.36	\$28.36	\$28.06	\$28.29	\$27.84
▼ Sale Price PSF	\$199	\$203	\$71	\$302	\$100
▲ Cap Rate	9.07%	8.93%	8.65%	8.66%	8.64%
▼ Under Construction	39,505	157,537	157,537	162,759	169,959
▲ Inventory	38,072,367	37,712,117	37,746,396	37,405,361	37,446,460

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
3211 Shannon Road Durham, NC	140,522 SF	\$12,275,000 \$87.35 PSF	Durhamite Southcourt LLC Crescent Communities LLC	Class A
4628 Industry Lane Durham, NC	9,408 SF	\$2,075,000 \$220.56 PSF	R & B Investments USA LLC Structured Properties LLC	Class B
3206 Old Chapel Hill Road Durham, NC	2,461 SF	\$560,000 \$227.52 PSF	Barnes Family Property LLC Smile Properties LLC	Class B

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
Davis Drive RTP, NC	31,500 SF	Park Center East LLC	Genesys	Computer System Design
3151 Elion Drive RTP, NC	25,905 SF	Research Triangle Park Foundation	Undisclosed	Undisclosed
4506 S. Miami Boulevard Durham, NC	9,409 SF	Private Individual	Undisclosed	Undisclosed

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