



RETAIL MARKET OVERVIEW

COLE PENNELL, *Senior Director, Principal*

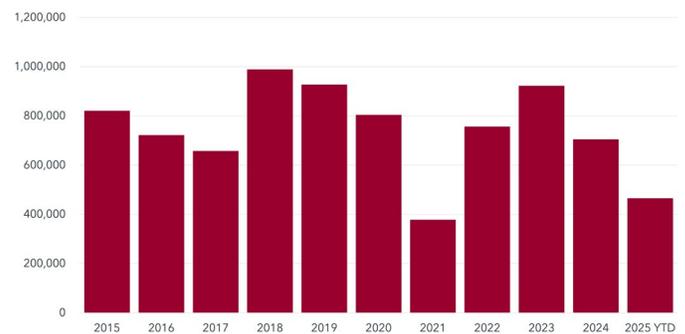
Raleigh's retail market stayed resilient in Q1 2025 with 415,407 SF of net absorption, a solid increase from 291,543 SF in Q4. Vacancy remained stable at 2.3%, while average asking rents climbed to \$27.05 PSF. Sales prices edged up to \$262 PSF, and cap rates held at 6.6%. Construction activity moderated to 465,473 SF, as developers respond to inflationary pressures and selective tenant demand. Inventory grew to over 77 million SF. Leasing velocity remained active across high-traffic corridors, with investor interest persisting in well-located single-tenant and multi-tenant assets.

MARKET INDICATORS	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024
▲ 12 Mo. Net Absorption SF	415,407	291,543	377,056	486,204	569,335
▼ Vacancy Rate	2.30%	2.36%	2.35%	2.20%	1.80%
▲ Avg NNN Asking Rate PSF	\$27.05	\$26.52	\$26.97	\$26.69	\$27.27
▲ Sale Price PSF	\$262	\$260	\$280	\$349	\$292
▲ Cap Rate	6.60%	6.59%	6.54%	6.58%	6.58%
▼ Under Construction SF	465,473	704,275	752,008	803,624	951,519
▲ Inventory SF	77,006,036	76,429,576	76,155,978	76,090,078	75,828,324

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	TENANCY TYPE
4500 Western Boulevard Raleigh, NC	117,440 SF	\$14,000,000 \$119.21 PSF	CityPlat Jack A. Sneed Corp.	Multi-Tenant
6701 Glenwood Avenue Raleigh, NC	39,381 SF	\$7,800,000 \$198.07 PSF	Phillips Food Shop, Inc. Bright Family Properties LLC	Multi-Tenant
225 S. Wilmington Street Raleigh, NC	8,117 SF	\$4,050,000 \$498.95 PSF	Chabad Young Professionals Raleigh 225 S. Wilmington Landlord LLC	Single-Tenant

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
8021-8231 Brier Creek Parkway Raleigh, NC	12,000 SF	American Asset Corporation	Undisclosed	Undisclosed
316 W. Cabarrus Street Raleigh, NC	8,532 SF	Hobby Properties	Legends	Accommodation and Food Services
5205-5249 Capital Boulevard Raleigh, NC	7,747 SF	Adler Real Estate Partners	Undisclosed	Undisclosed



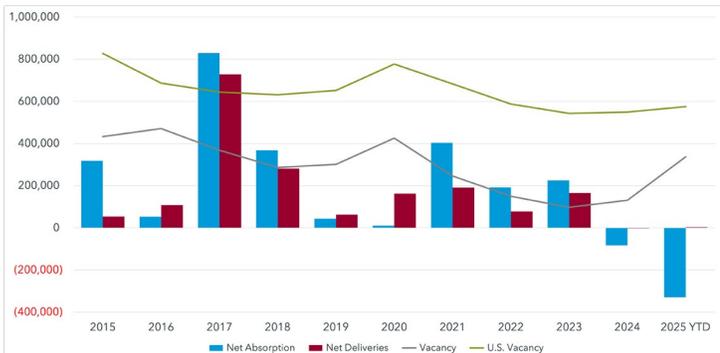
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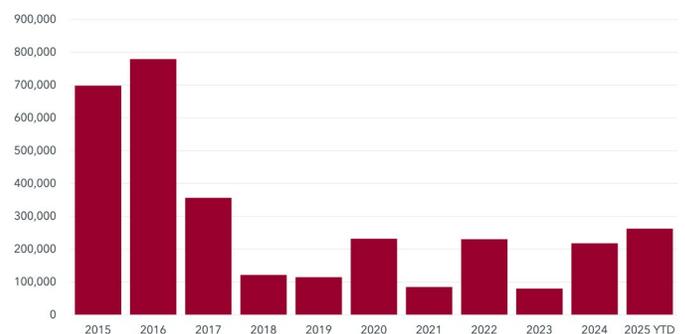
Durham's retail market softened in Q1 2025 with negative absorption of -392,943 SF, a steep decline from Q4's -83,224 SF. Vacancy rose to 3.16%, up from 2.28%, driven by continued closures of big-box tenants. Asking rents increased modestly to \$25.08 PSF, while sale prices slipped to \$241 PSF. Cap rates widened to 8.57%, reflecting cautious investor sentiment. Construction activity grew to 262,722 SF, suggesting long-term confidence despite near-term disruptions. Investors are watching this market closely as it rebalances amid changing retail formats and shifting consumer patterns.

MARKET INDICATORS	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024
▼ 12 Mo. Net Absorption SF	(392,943)	(83,224)	50,821	221,496	220,511
▲ Vacancy Rate	3.16%	2.28%	2.06%	1.90%	2.00%
▲ Avg NNN Asking Rate PSF	\$25.08	\$24.91	\$25.06	\$24.57	\$23.81
▼ Sale Price PSF	\$241	\$247	\$250	\$332	\$268
▲ Cap Rate	8.57%	8.33%	8.21%	8.22%	8.25%
▲ Under Construction SF	262,722	217,770	67,770	102,612	92,634
▲ Inventory SF	30,969,627	31,025,916	30,867,546	31,470,622	28,278,420

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	TENANCY TYPE
4125-4142 Durham Chapel Hill Blvd. Durham, NC	17,587 SF	\$3,090,000 \$175.70 PSF	Centennial Real Estate Company Uni-can Corporation	Multi-Tenant
1113-1121 E. 11th Street Siler City, NC	14,800 SF	\$2,000,000 \$134.14 PSF	Zas Properties LLC Equity LLC	Multi-Tenant
4906 Meadow Drive Durham, NC	7,922 SF	\$1,400,000 \$176.72 PSF	Wasp Auto Properties LLC Hornet Holdings, Inc.	Single-Tenant

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
5454-5458 New Hope Commons Dr. Durham, NC	68,248 SF	Kimco Realty Corporation	Best Buy	Electronics and Appliance Retailers
3616 Witherspoon Boulevard Durham, NC	33,839 SF	Armada Hoffer Properties, Inc.	Bob's Discount Furniture	Furniture Retailers
301 E. Chapel Hill Street Durham, NC	8,133 SF	Private Owner	Undisclosed	Undisclosed

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