



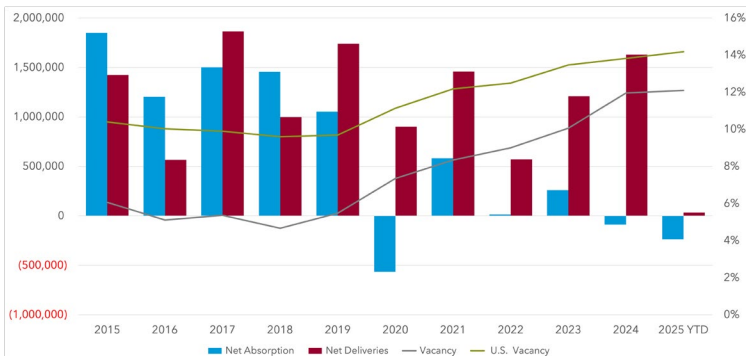
### OFFICE MARKET OVERVIEW

BRIAN FARMER, SIOR, *Managing Director, Principal*

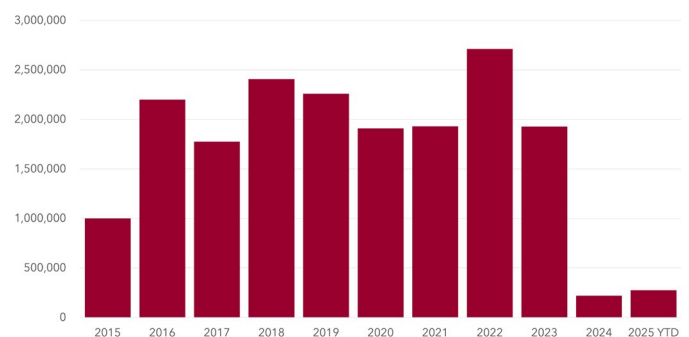
Raleigh's office market cooled in Q2 2025, posting -151,082 SF of net absorption after a strong 582,142 SF gain in Q1. Vacancy rose to 12.1% from 11.4%, while asking rents increased to \$30.69 PSF. Sale prices edged up to \$208 PSF, and cap rates compressed slightly to 8.79%, signaling ongoing investor demand. Construction activity expanded to 275,254 SF, up from 234,157 SF last quarter. Inventory reached 81.2 million SF. While momentum softened, fundamentals remain solid in high-amenity and core submarkets such as North Hills, Glenwood Avenue and West Raleigh.

MARKET INDICATORS	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024
▼ 12 Mo. Net Absorption SF	(151,082)	582,142	(87,441)	245,802	833,196
▲ Vacancy Rate	12.10%	11.40%	11.96%	11.36%	10.90%
▲ Avg NNN Asking Rent PSF	\$30.69	\$30.31	\$30.05	\$30.03	\$30.08
▲ Sale Price PSF	\$208.00	\$202.00	\$201.00	\$162.00	\$164.00
▼ Cap Rate	8.79%	8.90%	8.88%	8.55%	8.53%
▲ Under Construction	275,254	234,157	220,160	866,142	1,033,101
▲ Inventory	81,227,427	81,017,165	80,697,876	80,043,866	79,982,058

### NET ABSORPTION, NET DELIVERIES, & VACANCY



### UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
5565 Centerview Drive Raleigh, NC	75,276 SF	\$5,704,240 \$75.78 PSF	Pergament Properties, Inc. TriGate Capital	Class A
110 Horizon Drive Raleigh, NC	44,364 SF	\$6,500,000 \$146.52 PSF	Sunrock Group RealOp Investments	Class B

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
901 Main Campus Drive Raleigh, NC	157,715 SF	Parkway	Hitachi Energy	Electric Services
4300 Edwards Mill Road Raleigh, NC	31,902SF	Highwoods Properties, Inc.	Undisclosed	Undisclosed
4000 Center At North Hills Street Raleigh, NC	31,337 SF	Kane Realty Corporation	Undisclosed	Undisclosed



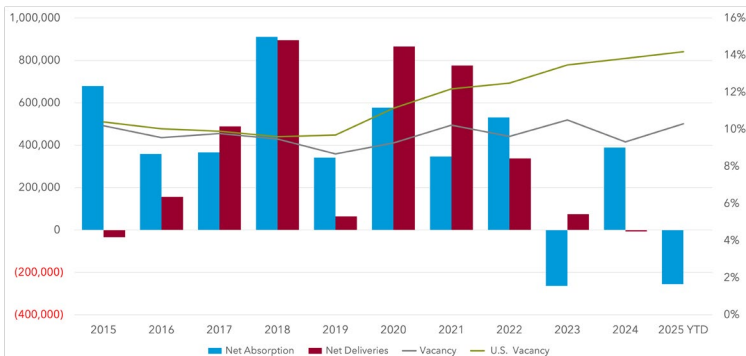
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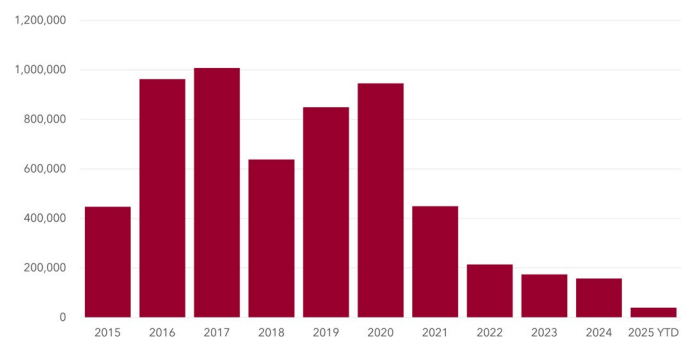
Durham's office market softened in Q2 2025, posting negative net absorption of -105,562 SF, a reversal from Q1's modest 31,350 SF gain. The vacancy rate edged up to 10.3%, reflecting tepid demand. Average asking rents rose slightly to \$28.66 PSF. Sale prices increased to \$211 PSF but it's important to note these were small transactions (less than 10,000 SF) with cap rates compressed to 8.9%. Construction remained flat at just 39,505 SF, underscoring a lack of speculative development. The market remains tenant-favorable as companies reassess space needs amid evolving workplace strategies. This is especially true in Downtown Durham and South Durham where vacancies continue to rise.

MARKET INDICATORS	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024
▼ 12 Mo. Net Absorption SF	(105,562)	31,350	389,472	256,895	52,042
▲ Vacancy Rate	10.30%	10.03%	9.32%	9.38%	9.70%
▲ Avg NNN Asking Rent PSF	\$28.66	\$28.36	\$28.36	\$28.06	\$28.29
▲ Sale Price PSF	\$211.00	\$199.00	\$203.00	\$71.00	\$302.00
▼ Cap Rate	8.90%	9.07%	8.93%	8.65%	8.66%
◀ ▶ Under Construction	39,505	39,505	157,537	157,537	162,759
▼ Inventory	37,789,990	38,072,367	37,712,117	37,746,396	37,405,361

### NET ABSORPTION, NET DELIVERIES, & VACANCY



### UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
18 W. Colony Place Durham, NC	9,420 SF	\$162,168 \$17.22 PSF	Cynthia Sortisio LLC Byassee Byassee & Williams	Class B
3326 Durham Chapel Hill Blvd - Bldg A Durham, NC	7,100 SF	\$255,000 \$35.92 PSF	Irish Green Properties LLC D&C Elite Contractors LLC	Class B
5302 NC-55 Highway Durham, NC	7,000 SF	\$750,000 \$107.14 PSF	Treasured Property McDowell Real Estate Investments	Class B

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
2222 Highway 54 Durham, NC	19,792 SF	JPB Holdings LLC	Undisclosed	Undisclosed
200 W. Franklin Street Durham, NC	14,361 SF	Prestige Associates, Inc.	Undisclosed	Undisclosed
200 W. Franklin Street Durham, NC	7,793 SF	Prestige Associates, Inc.	Undisclosed	Undisclosed

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