



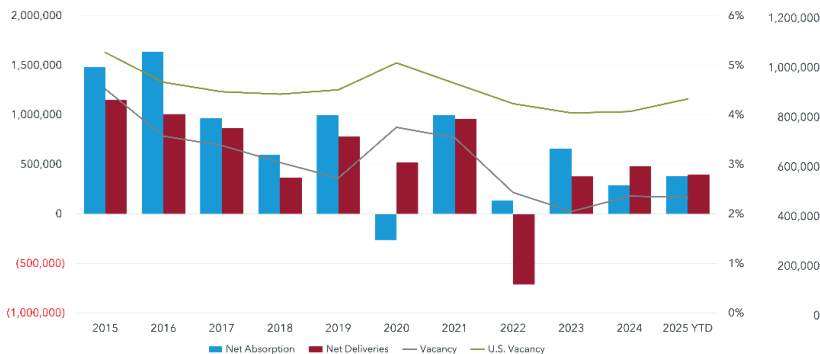
RETAIL MARKET OVERVIEW

COLE PENNELL, CCIM, Vice President, Principal

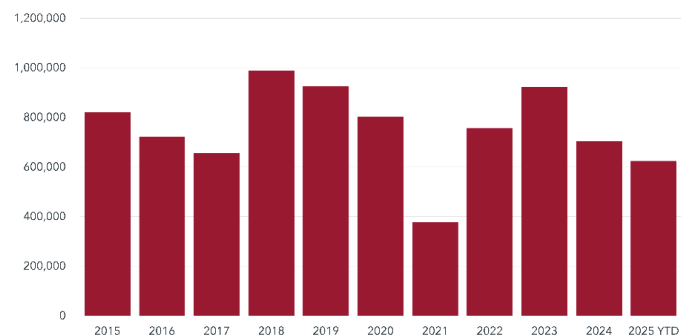
Raleigh's retail market gained momentum in Q3 2025, with net absorption strengthening to 476,958 SF, up from 396,179 SF in Q2. Vacancy edged down to 2.34% as demand held firm. Sale prices ticked up to \$266 PSF, though cap rates widened to 6.8%, reflecting selective investor caution. Construction expanded to 624,958 SF, nearly doubling last quarter's pipeline, signaling growing developer confidence. Inventory dipped slightly to 75.7 million SF due to reclassifications. Overall, Raleigh retail fundamentals remain robust, supported by active leasing and resilient tenant demand.

MARKET INDICATORS	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024
▲ 12 Mo. Net Absorption SF	476,958	396,179	415,407	291,543	377,056
▼ Vacancy Rate	2.34%	2.40%	2.30%	2.36%	2.35%
▲ Avg NNN Asking Rate PSF	\$27.94	\$27.64	\$27.05	\$26.52	\$26.97
▲ Sale Price PSF	\$266.00	\$265.00	\$262.00	\$260.00	\$280.00
▲ Cap Rate	6.80%	6.65%	6.60%	6.59%	6.54%
▲ Under Construction SF	624,958	384,625	465,473	704,275	752,008
▼ Inventory SF	75,695,705	76,141,933	77,006,036	76,429,576	76,155,978

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	TENANCY TYPE
4325 Glenwood Avenue* Raleigh, NC	1,005,162 SF	\$265,527,673 \$264.16 PSF	The Macerich Company Clarion Partners	Multi-Tenant
4325 Glenwood Avenue* Raleigh, NC	85,671 SF	\$15,333,068 \$178.98 PSF	The Macerich Company Clarion Partners	Multi-Tenant
10105-10183 US-70 Hwy W Clayton, NC	61,620 SF	\$9,310,000 \$151.09 PSF	Clayton Roselle LLC Midland Atlantic Properties	Multi-Tenant

*Part of a Portfolio Sale

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
3901 Capital Boulevard Raleigh, NC	21,136 SF	Tony Xie	Lucky Cat Entertainment Park	Retailer
213-450 Crossroads Boulevard Cary, NC	14,552 SF	Kimco Realty Corp.	Undisclosed	Undisclosed
1007 Forestville Road Wakeforest, NC	12,125 SF	Sassom LLC	Undisclosed	Undisclosed



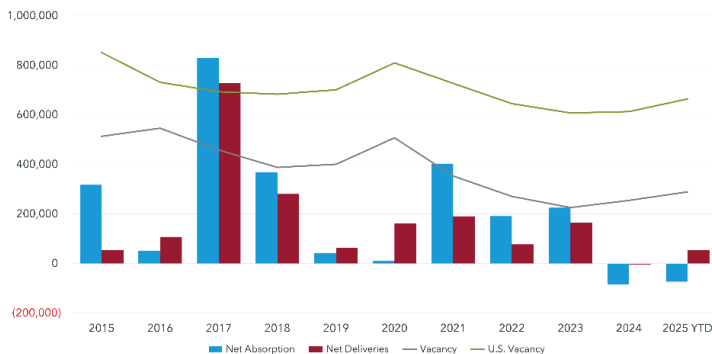
RETAIL MARKET OVERVIEW

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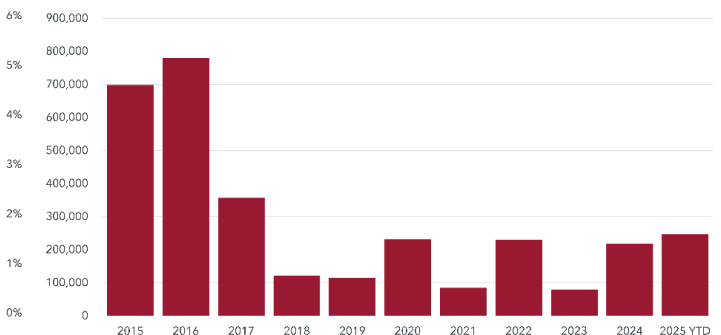
Durham's retail market softened in Q3 2025 as net absorption declined to -113,581 SF, down from -82,779 SF in Q2. Vacancy increased up to 2.45% but still remains historically low. Sale prices moderated further to \$239 PSF, and cap rates widened slightly to 8.8%, indicating more conservative investor sentiment. The construction pipeline contracted to 246,302 SF from 289,676 SF, pointing to a measured approach to new supply. Despite lingering negative absorption, overall vacancy remains low, underscoring the market's stability even as pricing and fundamentals adjust, and also pointing to lack of new product, which is where the demand is.

MARKET INDICATORS	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024
▼ 12 Mo. Net Absorption SF	(113,581)	(82,779)	(392,943)	(83,224)	50,821
▲ Vacancy Rate	2.45%	2.20%	3.16%	2.28%	2.06%
▼ Avg NNN Asking Rate PSF	\$24.67	\$24.83	\$25.08	\$24.91	\$25.06
▼ Sale Price PSF	\$239.00	\$242.00	\$241.00	\$247.00	\$250.00
▲ Cap Rate	8.80%	8.70%	8.57%	8.33%	8.21%
▼ Under Construction SF	246,302	289,676	262,722	217,770	67,770
▼ Inventory SF	30,625,640	30,914,808	30,969,627	31,025,916	30,867,546

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	TENANCY TYPE
3438 Hillsborough Road Durham, NC	84,439 SF	\$7,900,113 \$93.56 PSF	Undisclosed Undisclosed	Multi-Tenant
2945 S. Miami Boulevard* Durham, NC	78,305 SF	\$16,486,093 \$210.54 PSF	Town Lane Equus Capital Partners	Multi-Tenant
110 Banks Drive Chapel Hill, NC	13,088 SF	\$4,275,000 \$326.64 PSF	Ehsan & Arash Khani Swift Investments LLC	Multi-Tenant

*Part of a Portfolio Sale

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
223-265 S. Elliot Road Chapel Hill, NC	22,074 SF	Ram Realty	Undisclosed	Undisclosed
1000 N. Miami Boulevard Durham, NC	11,488 SF	Riverquest Realty Investors	Fishing Point Healthcare	Healthcare
1000 N. Miami Boulevard Durham, NC	11,440 SF	Riverquest Realty Investors	Fishing Point Healthcare	Healthcare