



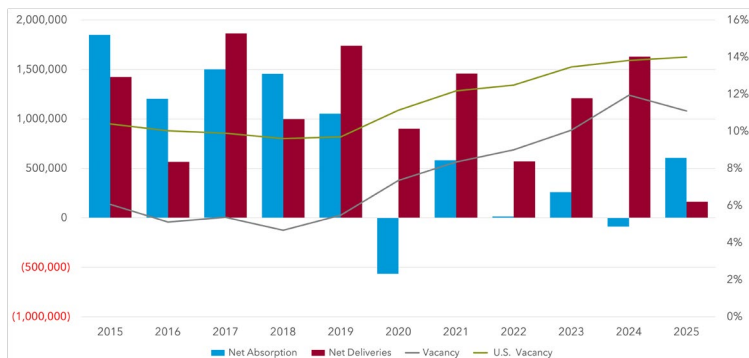
OFFICE MARKET OVERVIEW

KARAH JENNINGS MCCONNELL, *Executive Vice President, Principal*

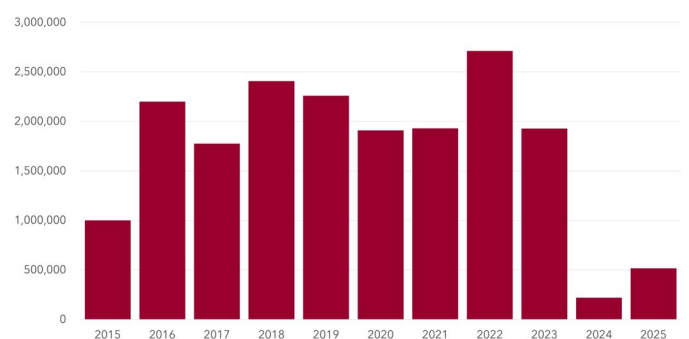
Raleigh's office market rebounded in Q4 2025, posting 606,675 SF of net absorption following a Q3 decline. Vacancy improved to 11.10%, and asking rents jumped to \$31.60 PSF, an unexpected rise from \$25.06 last quarter. Sale prices also increased to \$213 PSF, while cap rates compressed to 8.84%, suggesting renewed investor interest. Construction surged to 516,660 SF, nearly doubling the prior quarter, though total inventory dipped slightly to 81.29 million SF. After several quarters of leasing volatility, Raleigh appears to be stabilizing, with improved occupancy and pricing momentum signaling cautious optimism for 2026.

MARKET INDICATORS	Q4 2025	Q3 2025	Q2 2025	Q1 2025	Q4 2024
▲ 12 Mo. Net Absorption SF	606,675	(72,559)	(151,082)	582,142	(87,441)
▼ Vacancy Rate	11.10%	11.86%	12.10%	11.40%	11.96%
▲ Avg NNN Asking Rent PSF	\$31.60	\$25.06	\$30.69	\$30.31	\$30.05
▲ Sale Price PSF	\$213.00	\$203.00	\$208.00	\$202.00	\$201.00
▼ Cap Rate	8.84%	9.14%	8.79%	8.90%	8.88%
▲ Under Construction	516,660	277,224	275,254	234,157	220,160
▼ Inventory	81,294,460	81,397,723	81,227,427	81,017,165	80,697,876

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
3900 Paramount Parkway* Morrisville, NC	118,825 SF	\$16,679,688 \$140.37 PSF	Olive Point Capital Net Lease Office Properties	Class A
3900 Paramount Parkway* Morrisville, NC	100,987 SF	\$16,320,312 \$161.61 PSF	Olive Point Capital Net Lease office Properties	Class A
3434 Kildaire Farm Road Cary, NC	125,702 SF	\$12,007,500 \$95.52 PSF	Triland Commerical Alidade Capital, LLC	Class B

*Part of a Portfolio Sale

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
8510 Colonade Center Drive Raleigh, NC	89,000 SF	Real Estate Value Advisors	North Carolina Education Lottery	Educational Support Services
4403 Bland Road Raleigh, NC	54,376 SF	Boyd Watterson Global	Undisclosed	Undisclosed
3005 Carrington Mill Boulevard Morrisville, NC	25,293 SF	CapitaLand Group	General Atomics	Technology



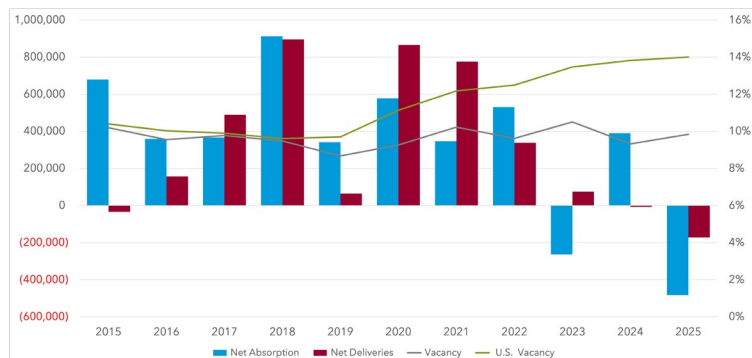
OFFICE MARKET OVERVIEW

KARAH JENNINGS MCCONNELL, *Executive Vice President, Principal*

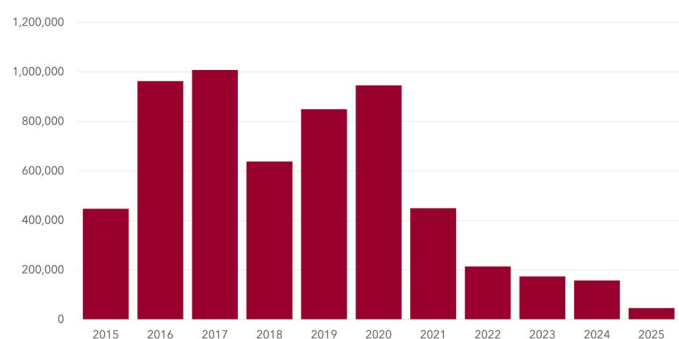
Durham's office market softened in Q4 2025, with net absorption falling to -483,438 SF after a brief rebound in Q3. Vacancy rose slightly to 9.84%, while average asking rents climbed to \$29.23 PSF, marking continued upward pressure on pricing. Sales pricing increased to \$223 PSF, and cap rates compressed to 8.79%, indicating firm investor interest despite leasing headwinds. The construction pipeline inched up to 45,880 SF, and total inventory contracted to 37.38 million SF. Following a positive Q3, the Q4 pullback highlights market volatility, though rising rents and tighter yields signal long-term confidence.

MARKET INDICATORS	Q4 2025	Q3 2025	Q2 2025	Q1 2025	Q4 2024
▼ 12 Mo. Net Absorption SF	(483,438)	174,341	(105,562)	31,350	389,472
▲ Vacancy Rate	9.84%	9.60%	10.30%	10.03%	9.32%
▲ Avg NNN Asking Rent PSF	\$29.23	\$28.85	\$28.66	\$28.36	\$28.36
▲ Sale Price PSF	\$223.00	\$206.00	\$211.00	\$199.00	\$203.00
▼ Cap Rate	8.79%	9.05%	8.90%	9.07%	8.93%
▲ Under Construction	45,880	39,505	39,505	39,505	157,537
▼ Inventory	37,375,894	37,746,108	37,789,990	38,072,367	37,712,117

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
14 Tw Alexander Drive Research Triangle Park, NC	276,726 SF	\$155,000,000 \$560.12 PSF	Novartis Alexandria Real Estate Equities, Inc.	Class B
4505 Emperor Boulevard Durham, NC	105,130 SF	\$6,875,000 \$65.40 PSF	Jonathan Dayan Office Properties Income Trust	Class B
2224 Highway 54 Durham, NC	105,130 SF	\$4,551,837 \$58.91 PSF	Triad Educational Services, Inc. JPB Holdings LLC	Class A

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
4820 Emperor Boulevard Durham, NC	89,770 SF	Drawbridge Realty	Aspida Financial	Direct Life Insurance Carriers
2525 E. NC Highway 54 Durham, NC	82,996 SF	Alexandria Real Estate Equities, Inc.	Humacyte	Professional, Scientific, and Technical Services
700 Park Offices Drive Durham, NC	21,248 SF	Research Triangle Park	Target RWE	Professional, Scientific, and Technical Services

The information and details contained herein have been obtained from third-party sources believed to be reliable, however, Lee & Associates has not independently verified its accuracy. Lee & Associates makes no representations, guarantees, or express or implied warranties of any kind regarding the accuracy or completeness of the information and details provided herein, including but not limited to, the implied warranty of suitability and fitness for a particular purpose. Interested parties should perform their own due diligence regarding the accuracy of the information.

The information provided herein, including any sale or lease terms, is being provided subject to errors, omissions, changes of price or conditions, prior sale or lease, and withdrawal without notice. Third-party data sources: CoStar Group, Inc., The Economist, U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, Congressional Budget Office, European Central Bank, GlobeSt.com, CoStar Property, and Lee & Associates Proprietary Data. ©

© Copyright 2025 Lee & Associates all rights reserved. Third-party Image sources: sorbis/shutterstock.com, shutterstock.com, pixabay.com, istock.com