LEE & ASSOCIATES
COMMERCIAL REAL ESTATE SERVICES

Q3 2026
RALEIGH, NC



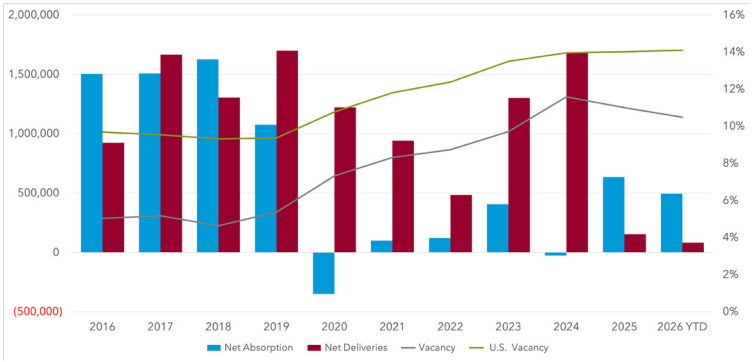
OFFICE MARKET OVERVIEW

MARLENE SPRITZER, SIOR, CCIM, J.D., *Vice President, Principal*

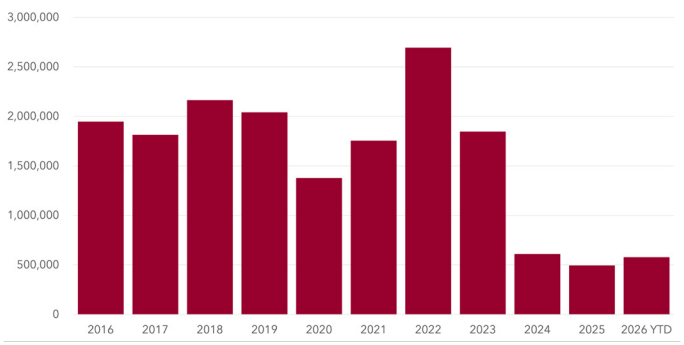
Raleigh's office recovery picked up speed in Q3 2026, with a fourth straight quarter of positive absorption pushing 12-month demand to 1.25 million SF, nearly double the 635,000 SF recorded in 2025. Vacancy fell to 10.0%, more than a point lower than a year ago, and asking rents rose 2.8% to $32.51/SF. Little new space is coming to compete: 579,000 SF is under construction, less than 1% of inventory, anchored by the city's 362,000 SF City Hall due in 2027. Investors have noticed. Sale prices rose 6% over the year and cap rates tightened to 8.5%, even as the Fed raised rates in September.

MARKET INDICATORS	Q3 2026	Q2 2026	Q1 2026	Q4 2025	Q3 2025
▼ 12 Mo. Net Absorption SF	1,248,091	1,490,592	542,412	635,477	318,525
▼ Vacancy Rate	10.0%	10.5%	10.9%	11.0%	11.3%
▲ Avg NNN Asking Rent PSF	$32.51	$32.32	$32.32	$31.83	$31.62
▲ Sale Price PSF	$225	$221	$216	$210	$212
▼ Cap Rate	8.5%	8.6%	8.8%	8.9%	8.9%
▲ Under Construction	578,555	556,925	588,645	495,135	683,044
▲ Inventory	81,477,433	81,466,763	81,453,736	81,394,096	81,181,187

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
100 Regency Forest Dr Cary, NC	103,597 SF	$7,792,703 $75.22 PSF	Manoj & Shelley Bhatia Adler Real Estate Partners	3 Star Office
200 Regency Forest Dr Cary, NC	102,991 SF	$7,707,297 $74.83 PSF	Manoj & Shelley Bhatia Adler Real Estate Partners	3 Star Office
11125 Forest Pines Dr Raleigh, NC	65,653 SF	$10,950,000 $166.79 PSF	Celebration Church Shengjing Li	3 Star Office

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
4101 Capital Blvd Raleigh, NC	66,000 SF	PMT Capital	NC Division of Employment Security	Public Administration
500 Gregson Dr Cary, NC	50,000 SF	Serac Capital Partners	American Airlines Credit Union	Finance
3005 Carrington Mill Blvd Morrisville, NC	36,705 SF	CapitaLand Ltd	General Atomics	Manufacturing

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Q3 2026
DURHAM, NC



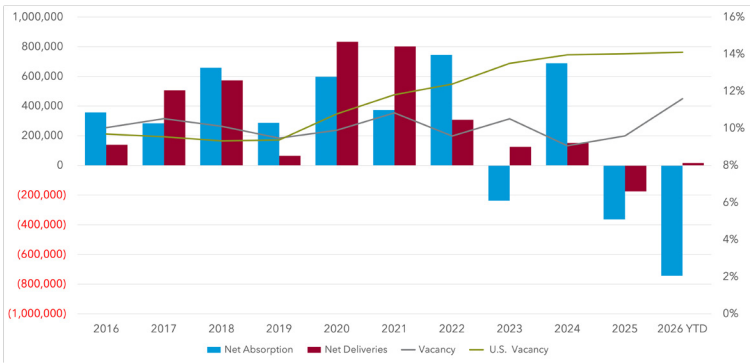
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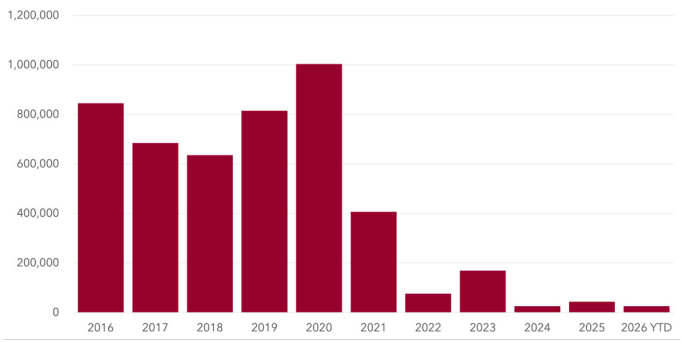
Durham's office market moved the opposite way from Raleigh's in Q3 2026. Tenants gave back roughly 504,000 SF in the quarter alone, deepening 12-month net absorption to a loss of 611,860 SF and lifting vacancy to 11.2% from 9.8% in Q2. With only 25,200 SF under construction, the rise came from move-outs, not new supply. Asking rents held flat at $28.55/SF. Pricing is splitting by quality: Highwoods sold two Creekstone Drive buildings, 160,755 SF combined, for $72/SF, about a third of the $223/SF market average. For tenants, that gap points to more leverage in older suburban buildings.

MARKET INDICATORS	Q3 2026	Q2 2026	Q1 2026	Q4 2025	Q3 2025
▼ 12 Mo. Net Absorption SF	(611,860)	(155,947)	(143,492)	(363,412)	(170,015)
▲ Vacancy Rate	11.2%	9.8%	9.1%	9.6%	9.9%
▲ Avg NNN Asking Rent PSF	$28.55	$28.52	$28.40	$28.39	$28.55
▲ Sale Price PSF	$223	$222	$220	$217	$203
◄ ► Cap Rate	8.7%	8.7%	8.8%	8.9%	9.2%
▼ Under Construction	25,200	28,200	43,200	43,200	43,200
▲ Inventory	37,929,104	37,927,496	37,912,496	37,912,496	38,084,043

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
4625 Creekstone Dr Durham, NC	89,392 SF	$5,963,850 $66.72 PSF	Kotarides Highwoods Properties	3 Star Office
4601 Creekstone Dr Durham, NC	71,363 SF	$5,686,150 $79.68 PSF	Kotarides Highwoods Properties	3 Star Office
415 W NC Hwy 54 Durham, NC	6,620 SF	$1,600,000 $241.69 PSF	Liaisons Community Care RHGC Investments	3 Star Office

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
2525 Meridian Pky Durham, NC	12,882 SF	Torchlight Investors	Accesso Partners	Real Estate Services
2510 Meridian Pky Durham, NC	12,190 SF	Accesso Partners	Undisclosed	Undisclosed
280 S Mangum St Durham, NC	8,735 SF	Capitol Broadcasting Co	Undisclosed	Undisclosed



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