






 **235,244** NET ABSORPTION SF

 **6.6%** VACANCY  
6,936,484 SF

 **\$25.74** AVG. ASKING RATE PSF GROSS

 **506,764** DELIVERIES  
5 Buildings

 **3,034,679** UNDER CONSTRUCTION  
44 Buildings

**BRIAN FAMER**, Senior Director

The Raleigh-Durham office market is one of the strongest performing markets on the East Coast. Rental rate growth continues and our market is now #2 in the US for office rent growth. Deliveries were doubled from Q1 at just over half a million SF, with much of it in the Downtown Durham market. Absorption was up from Q1 as well to 235k SF. Strong demand increased construction with 3 new Class A office towers in the Raleigh area ranging in size from 255k to 330k SF. A new trend we are seeing is former large box retail and smaller scale malls being converted to open tech office. We are seeing record investment sales in office buildings. The Captrust Tower at North Hills closed in July fetching \$459/SF and a cap rate of 5.7%!

### SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
5 Moore Dr, Bldg F	Research Triangle Prk	111,018	-
Crossroads Corporate Pk	Cary	73,256	Relias Learning
Lenovo Bldg II 1009 Think	Morrisville	73,200	-

### SIGNIFICANT BUILDING SALES

Address	Sale Value	PPSF	SF	Buyer
City	Type of Sale	Cap Rate	Class	Seller
4208 Six Forks Rd Raleigh	\$137,750,000 Investment	\$459.00 5.7%	300,289 Class A	Preferred Office Prop KBS Realty Advisors
79 TW Alexander Dr Research Triangle Park	\$26,468,249 Investment	\$360.00 -	73,606 Class B	Global Mutual (USA) Highwoods Properties
6601 Six Forks Rd Raleigh	\$24,257,479 Investment	\$219.00 7.5%	111,000 Class A	JPB Holdings, LLC Principal Financial Group

### LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
6933 Louis Stephens Dr	Morrisville	205,000	Credit Suisse Mgmt
907 Gateway Commons Dr	Wake Forest	31,932	Radeas
1525 Apex Pkwy	Apex	27,502	Staley C. Smith

### LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
4200 Six Forks Rd	Raleigh	330,380	Oct 2020
621 Hillsborough St	Raleigh	265,000	Jan 2021
421 N. Harrington St	Raleigh	255,000	Oct 2020

### TOTAL OFFICE MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q3 2019	6.6%	\$25.74	235,244	105,173,634	3,034,679
Q2 2019	6.4%	\$24.99	149,219	104,698,802	2,883,910
Q1 2019	6.4%	\$24.61	754,406	104,513,906	2,605,637
Q4 2018	6.4%	\$24.26	1,211,872	103,721,152	3,239,605
Q3 2018	6.5%	\$23.51	520,517	102,507,186	3,634,468