



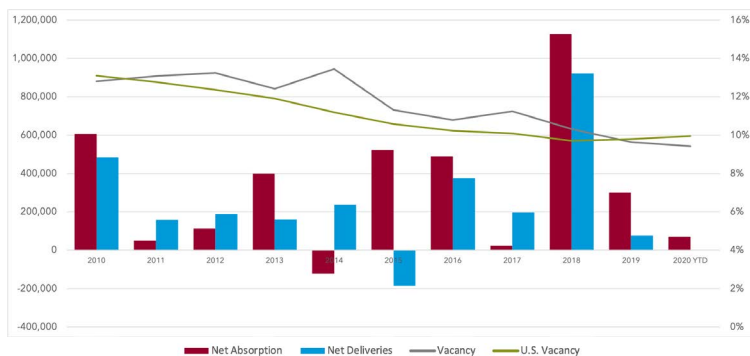
OFFICE MARKET OVERVIEW

MARLENE SPRITZER, JD, CCIM, *Senior Director*

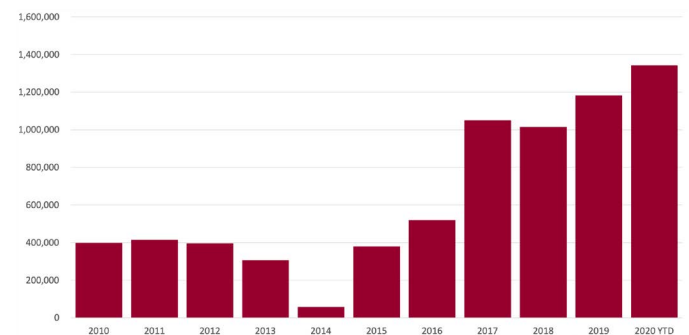
Durham has been a vibrant location for companies to relocate and expand due to affordable rents, a strong university, pharmaceutical and life science centered market, and a steady supply of educated workers from top-rated universities however, it is most challenging to provide a forecast of the market impact of COVID-19. Current vacancy is ~9.0% and is expected to rise in the next few quarters. Durham's two most dynamic submarkets, Downtown and Research Triangle, have benefited the most from new and expanding tenants, specifically in the medical and technology sectors. These submarkets have posted the strongest rent growth numbers in the metro area.

| MARKET INDICATORS | Q1 2020 | Q4 2019 | Q3 2019 | Q2 2019 | Q1 2019 |
|-----------------------|---------------|---------------|---------------|---------------|---------------|
| ▲ Net Absorption | 323,398 SF | 300,968 SF | 739,450 SF | 964,866 SF | 1,134,268 SF |
| ▼ Vacancy Rate | 9.40% | 9.60% | 10.10% | 10.30% | 10.00% |
| ▲ Avg FSG Asking Rate | \$24.52/SF | \$24.37/SF | \$24.30/SF | \$24.18/SF | \$23.90/SF |
| ▲ Under Construction | 1,342,636 SF | 1,182,636 SF | 1,062,636 SF | 1,022,794 SF | 1,028,566 SF |
| ◀▶ Inventory | 33,758,702 SF | 33,758,702 SF | 33,758,702 SF | 33,745,442 SF | 33,608,460 SF |

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



| TOP SALE TRANSACTIONS BY SF | SIZE | SALE PRICE | BUYER / SELLER | BUILDING CLASS |
|---------------------------------|------------|-----------------------------|---|----------------|
| 5927 S Miami Blvd Durham, NC | 102,896 SF | \$21,556,000 \$209.49/SF | Alidade Capital Crown Realty & Development | Class B |
| 112 N Duke St Durham, NC | 25,000 SF | \$7,000,000 \$280.00/SF | Asana Partners 2500 Bentley, LLC | Class B |
| 323 Foster St Durham, NC | 18,491 SF | \$6,544,000 \$353.91/SF | Arcos Properties The Seng Co. | Class B |

| TOP LEASE TRANSACTIONS BY SF | SIZE | LANDLORD | TENANT | TENANT INDUSTRY |
|--|-----------|------------------------------|-----------------------|--------------------|
| 710 Slater Rd Morrisville, NC | 80,000 SF | Undisclosed | SolarWinds | Computer/Data Proc |
| 3829-3839 S Alston Ave Durham, NC | 23,239 SF | Scannell Properties | Lindenmyer Monroe | Manufacturing |
| 3015 Carrington Mill Blvd Morrisville, NC | 10,342 SF | Ascendas-Singbridge Group | Marvell Semiconductor | Manufacturing |