



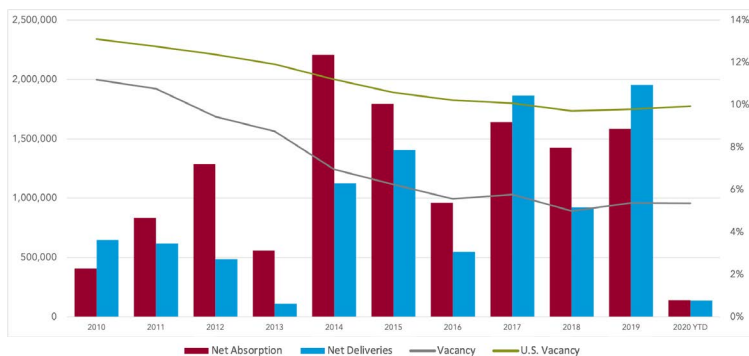
OFFICE MARKET OVERVIEW

BRIAN FARMER, *Senior Director*

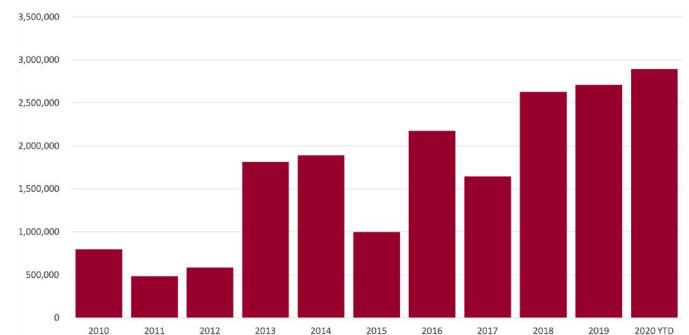
Positive absorption continued in the Raleigh office market in Q12020. Approximately 1 million SF was leased reducing the vacancy rate to 5.1%. While asking rents increased again, we expect some pricing correction as the market recovers from COVID-19 in the next quarters. Martin Marietta's relocation from a Class B building to a new build-to-suit Class A office was the largest lease. This deal as well as Golden Corral's corporate headquarters leases were both pre-leases of new developments. Rental rates we are seeing for new buildings are in the mid \$30s/RSF, full service. Institutional investors continue to expand their office portfolios as represented by Alidade Capital's acquisition of Millpond Village mixed-use development.

MARKET INDICATORS	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
▼ Net Absorption	987,642 SF	1,584,763 SF	1,547,606 SF	1,593,967 SF	2,003,791 SF
▼ Vacancy Rate	5.10%	5.40%	4.90%	4.80%	4.70%
▲ Avg FSG Asking Rate	\$27.46/SF	\$27.06/SF	\$26.73/SF	\$26.41/SF	\$26.05/SF
▲ Under Construction	2,909,177 SF	2,710,490 SF	3,218,788 SF	2,556,068 SF	2,083,015 SF
▲ Inventory	73,608,363 SF	73,487,574 SF	72,539,689 SF	72,293,157 SF	72,264,033 SF

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
3434 Kildaire Farm Rd Cary, NC	202,768 SF	\$15,700,000 \$77.43/SF	Alidade Capital The Simpson Org	Class B
5511 Capital Center Dr Raleigh, NC	161,060 SF	\$33,000,000 \$204.89/SF	Bridge Investment Group The Dilweg Companies	Class A
4505 Falls of Neuse Rd Raleigh, NC	111,534 SF	\$19,747,521 \$177.05/SF	Bridge Investment Group The Dilweg companies	Class B

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
4143 Parklake Ave Raleigh, NC	125,000 SF	Highwoods Properties	Martin Marietta	Business Services
4000 Paramount Pky Morrisville, NC	50,000 SF	SVT Paramount Pkwy LP	UCB Biosciences	Manufacturing
5401 Trinity Rd Raleigh, NC	39,438 SF	Keystone Corporation	Golden Corral	Restaurant