



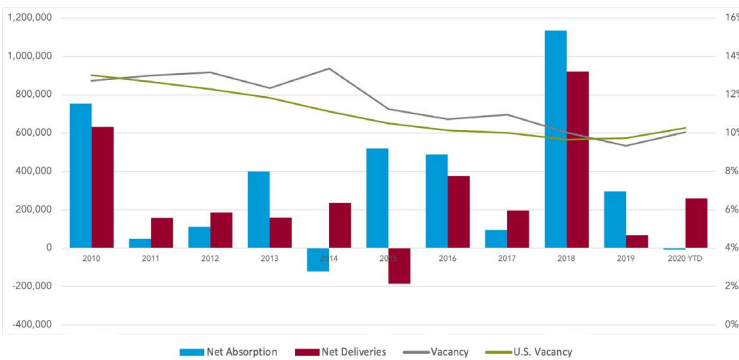
OFFICE MARKET OVERVIEW

BRIAN FARMER, *Senior Director*

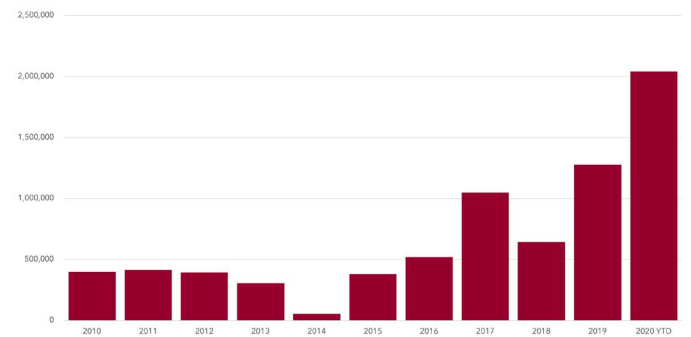
COVID-19 caused a lot of disruption in Durham as it was one of the first NC cities to enter a stay-at-home order. Overall, the Durham office market saw negative absorption for the first time in many quarters and rental rates continued to hold, though we are starting to hear of more concessions being offered, dependent on the property and submarket in Durham. Two new mixed-use projects in Downtown Durham signed ±150,000 SF of leases to PolicyGenius and Spreedly. For office investments, a fully leased Duke Medicine asset built in 2002 traded for \$33M equivalent to \$493 PSF at 67,000 SF. With decreased leasing activity and approximately 2M SF under construction, we are projecting vacancy to increase in late 2020.

MARKET INDICATORS	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
▼ Net Absorption	264,741 SF	312,081 SF	295,652 SF	731,190 SF	967,093 SF
▲ Vacancy Rate	9.9%	9.2%	9.3%	9.8%	10.0%
▲ Avg NNN Asking Rate	\$24.74 PSF	\$24.69 PSF	\$24.46 PSF	\$24.37 PSF	\$24.23 PSF
▲ Under Construction	2,042,185 SF	1,735,992 SF	1,276,804 SF	821,473 SF	791,371 SF
▲ Inventory	34,196,619 SF	33,943,714 SF	33,936,383 SF	33,936,383 SF	33,931,383 SF

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
1821 Hillandale Rd Durham, NC	67,000 SF	\$33,040,000 \$493.13 PSF	MBRE Healthcare Welltower, Inc.	Class B
4011-4015 University Dr Durham, NC	47,909 SF	Undisclosed	Undisclosed Undisclosed	Class B
1830 Hillandale Rd Durham, NC	26,871 SF	Undisclosed	Undisclosed Undisclosed	Class B

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
5623 Durham Chapel Hill Blvd Durham, NC	34,560 SF	Chapel Hill Ents, LLC	Red Roof Inns, Inc.	Personal Services
2505 Meridian Pkwy Durham, NC	21,325 SF	Torchlight Investors	Undisclosed	Undisclosed
2445 S. Alston Ave Durham, NC	14,668 SF	Aspire Property Group	Durham County BOE	Government