



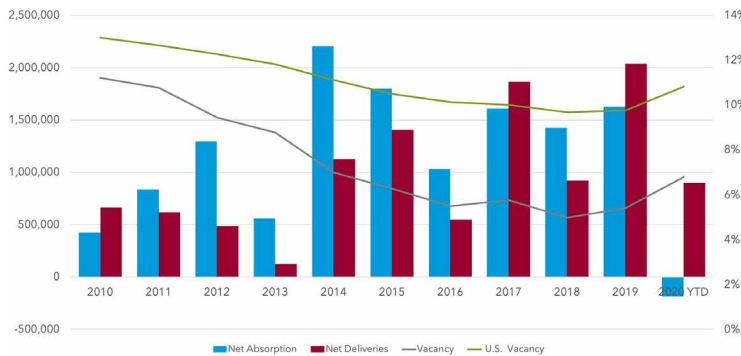
OFFICE MARKET OVERVIEW

BRIAN FARMER, *Managing Director, Vice President*

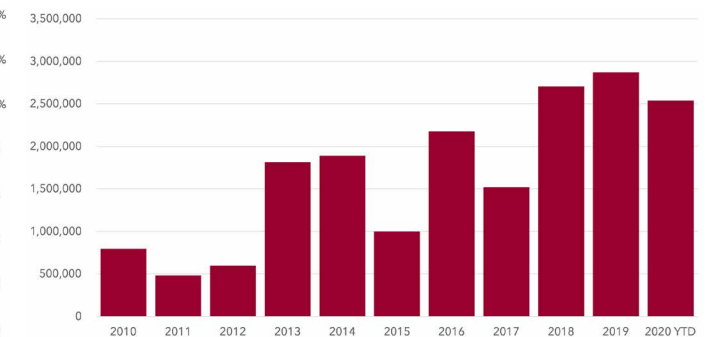
The Raleigh office market remained stable in Q3 2020 despite pandemic challenges. Despite some negative absorption, the vacancy rate remains low at 6.8% which includes all classes of office space. The market continues to see companies relocate from larger metropolitan markets. There is over 2.5 million SF of office under construction, so we do anticipate absorption to slow more and rent growth to stabilize. We do not believe rents will decrease. We are continuing to see a shift from urban to suburban and we are now experiencing a decent amount of sublease space come online which will compete against direct vacancy. Three large fully leased A assets traded between \$345-\$395 PSF in early September in Perimeter Park.

MARKET INDICATORS	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019
▼ Net Absorption	424,278 SF	761,316 SF	935,990 SF	1,625,143 SF	1,588,631 SF
▲ Vacancy Rate	6.7%	6.1%	5.2%	5.4%	4.9%
▲ Avg NNN Asking Rate	\$27.81 PSF	\$27.71 PSF	\$27.51 PSF	\$26.91 PSF	\$26.58 PSF
▼ Under Construction	2,540,339 SF	2,614,036 SF	3,015,171 SF	2,871,104 SF	2,983,965 SF
▲ Inventory	74,259,605 SF	73,925,853 SF	73,476,187 SF	73,360,621 SF	72,382,530 SF

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
1025 Think Pl Morrisville, NC	187,040 SF	\$64,600,000 \$345.38 PSF	Mapletree Investments Pte Ltd Starwood Capital Group	4-Star Office
1009 Think Pl Morrisville, NC	183,023 SF	\$72,500,000 \$396.13 PSF	Mapletree Investments Pte Ltd Starwood Capital Group	4-Star Office
5221 Paramount Pkwy Morrisville, NC	137,834 SF	\$51,500,000 \$373.64 PSF	Mapletree Investments Pte Ltd Starwood Capital Group	4-Star Office

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
2000 Regency Pkwy Cary, NC	28,090 SF	Alidade Capital, LLC	Undisclosed	Undisclosed
5240-5256 Greens Dairy Rd Raleigh, NC	25,354 SF	The Dilweg Companies	Undisclosed	Undisclosed
3801 Wake Forest Rd Raleigh, NC	12,520 SF	Bone & Joint Surgery Clinic	US Foot & Ankle	Health Care and Social Assistance

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