



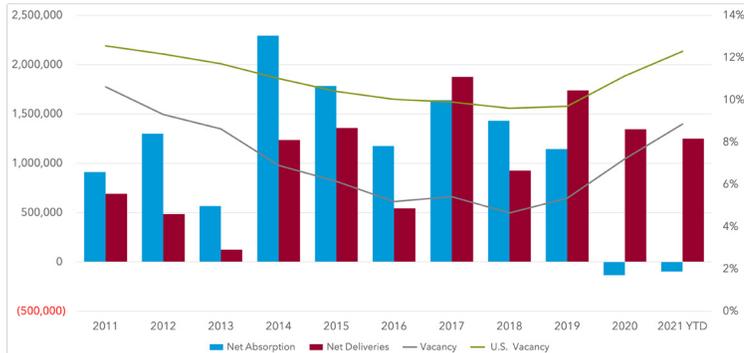
OFFICE MARKET OVERVIEW

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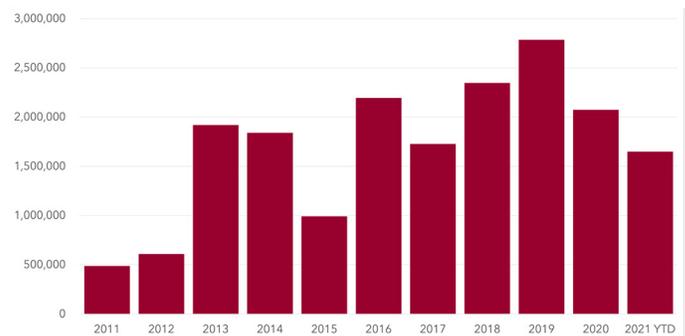
The office market has been sluggish over the last 18 months as companies are still balancing work from home with transitioning back to full time in the office. However, as the effects of Covid-19 seem to be waning, new and existing office sublease space continue to decline. There is approximately 1.6 million SF of product under construction as we head into Q4, with a few large scale projects delivering in downtown Raleigh in the coming months. Average asking rates for leasing have slightly increased from Q2 in both the Raleigh and Durham markets. As vacancy rates remain relatively stable and sublease space is absorbed, we hope to see similar trends moving into the fourth quarter.

MARKET INDICATORS	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
▼ 12 Mo. Net Absorption SF	(57,976)	540,566	(273,882)	(133,944)	(77,803)
▲ Vacancy Rate	9%	8%	8%	7%	6%
▲ Avg NNN Asking Rate PSF	\$27.43	\$27.19	\$27.09	\$26.96	\$26.85
▲ SF Under Construction	1,647,971	1,005,152	1,718,894	2,073,816	2,481,876
▼ Inventory SF	76,590,451	76,606,556	75,880,814	75,341,280	74,759,458

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
150 Fayetteville Street Raleigh, NC	559,591 SF	\$148,000,000 \$264.48 PSF	Highwoods Properties Preferred Office Properties	Class A
1100 Corporate Center Drive Raleigh, NC	454,838 SF	\$63,000,000 \$138.51 PSF	Springs Insurance CTO Realty Growth	Class A
4208 Six Forks Road Raleigh, NC	300,389 SF	\$142,500,000 \$474.38 PSF	Highwoods Properties Preferred Office Properties	Class A

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
10900 World Trade Boulevard Raleigh, NC	116,882 SF	Stockbridge Capital Group	Millennium Print Group	Professional Services
5151 Glenwood Avenue Raleigh, NC	51,000 SF	Grubb Ventures Services	Undisclosed	Undisclosed
1600 Perimeter Park Drive Morrisville, NC	45,300 SF	Mapletree Investments	IXL Learning	Administrative and Support Services

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