



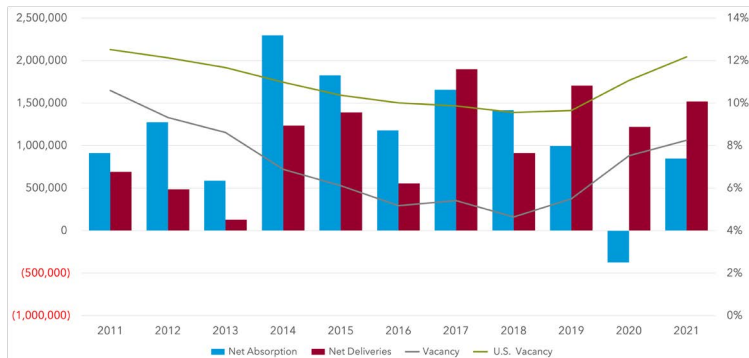
OFFICE MARKET OVERVIEW

SCOTT HADLEY, *Vice President*

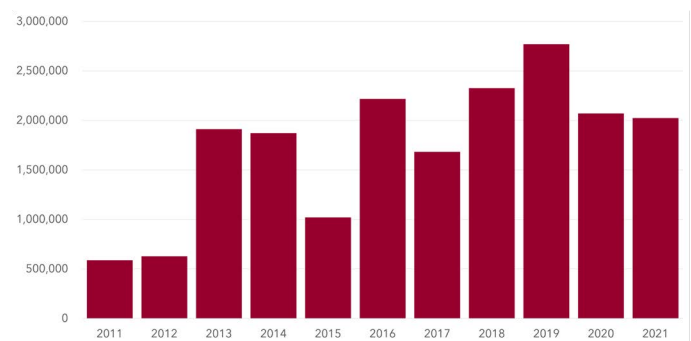
The office market in the Triangle saw little change in vacancy from Q3 due in part to the resurgence of COVID. The market had been experiencing positive absorption, which ultimately stalled back to neutral levels. While vacancies remained the same, 2.4 million SF of sublease space translates to another 1-2% in our vacancy rates. Forecasts predicted a drop in vacancy rates and greater absorption in the latter part of 2021, but that did not materialize. Office purchases remain strong and the sales price per SF continues to escalate. Investors are purchasing buildings with varying degrees of occupancy indicating that the Triangle Market continues to be viewed as a solid investment for the future.

MARKET INDICATORS	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
▲ 12 Mo. Net Absorption SF	848,096	115,233	446,520	(332,394)	(374,626)
▼ Vacancy Rate	8.2%	8.7%	8.2%	7.8%	7.5%
▲ Avg NNN Asking Rate PSF	\$27.69	\$27.66	\$27.36	\$27.21	\$27.04
▲ SF Under Construction	2,023,598	1,796,338	1,063,158	1,776,900	2,070,171
▲ Inventory SF	76,845,500	76,495,671	76,581,530	75,855,788	75,326,902

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, Inc. Preferred Office Properties	Class A
1100 Corporate Center Drive Raleigh, NC	454,838 SF	\$63,000,000 \$138.51 PSF	SLA WFCC LLC LH15 Raleigh NC LLC	Class A
4208 Six Forks Road Raleigh, NC	300,389 SF	\$142,500 \$474.38 PSF	Highwoods Properties, Inc. Preferred Office Properties	Class A

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
14040 Regency Parkway Cary, NC	62,463 SF	Intercontinental Real Estate Corporation	Garmin	Private
4200 Six Forks Road Raleigh, NC	30,897 SF	Kane Realty Corporation	Undisclosed	Undisclosed
5000 Falls of Neuse Road Raleigh, NC	19,038 SF	Highwoods Properties	Undisclosed	Undisclosed

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