



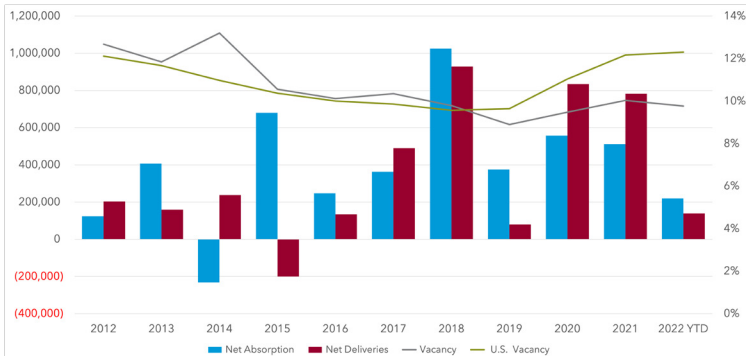
OFFICE MARKET OVERVIEW

BRIAN FARMER, *Managing Director, Vice President*

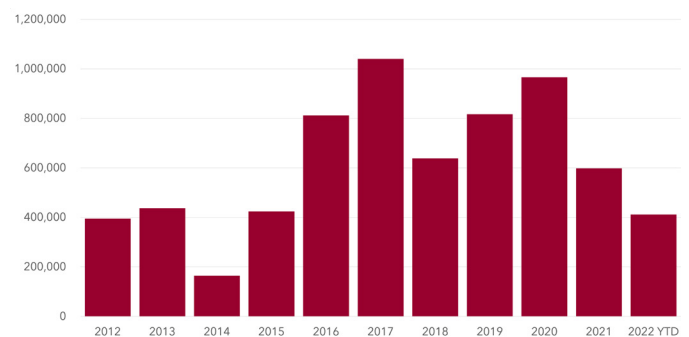
Due to positive leasing momentum from Q4, Durham's office market vacancy decreased from 10.03% to 9.8%. Though rental rates have held over the past few quarters, landlords are starting to offer more concessions to fill vacancies. End of Q1 yielded the least amount of office under construction since the pandemic began in 2020. This should aid in compression of vacancy. Life science continues to be a very sought-after sector particularly in Durham and Research Triangle Park. Building sale activity has intensified and the largest sale reported in Durham was 3211 Shannon Road which traded for \$22.3 million.

MARKET INDICATORS	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
▼ 12 Mo. Net Absorption SF	368,367	511,530	770,348	853,157	850,538
▼ Vacancy Rate	9.80%	10.03%	9.31%	9.37%	8.66%
▲ Avg NNN Asking Rate PSF	\$25.95	\$25.88	\$25.93	\$25.79	\$25.78
▼ SF Under Construction	411,757	598,249	672,027	806,334	1,139,278
▲ Inventory SF	35,832,595	35,693,852	35,490,603	35,356,296	34,983,847

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
3211 Shannon Road Durham, NC	133,368 SF	\$22,350,000 \$167.58 PSF	Crescent Communities Gemini Rosemont CRE	Class A
1000 Park Forty Plaza Drive Durham, NC	122,311 SF	\$14,370,000 \$117.52 PSF	Aniketos Capital Management Continental Capital Partners	Class A
630 Davis Drive Morrisville, NC	62,354 SF	\$8,750,000 \$140.33 PSF	NAI Carolantic Realty Origin Investments	Class B

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
9 Laboratory Dr - 1st Floor Research Triangle Park, NC	42,000 SF	Alexandria Real Estate Equities	Undisclosed	Undisclosed
9 Laboratory Dr - 2nd Floor Research Triangle Park, NC	42,000 SF	Alexandria Real Estate Equities	Undisclosed	Undisclosed
430 Davis Drive Morrisville, NC	28,457 SF	Innovatus Capital Partners	Undisclosed	Undisclosed

The information and details contained herein have been obtained from third-party sources believed to be reliable, however, Lee & Associates has not independently verified its accuracy. Lee & Associates makes no representations, guarantees, or express or implied warranties of any kind regarding the accuracy or completeness of the information and details provided herein, including but not limited to, the implied warranty of suitability and fitness for a particular purpose. Interested parties should perform their own due diligence regarding the accuracy of the information.

The information provided herein, including any sale or lease terms, is being provided subject to errors, omissions, changes of price or conditions, prior sale or lease, and withdrawal without notice. Third-party data sources: CoStar Group, Inc., The Economist, U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, Congressional Budget Office, European Central Bank, GlobeSt.com, CoStar Property, and Lee & Associates Proprietary Data. ©

© Copyright 2022 Lee & Associates all rights reserved. Third-party Image sources: sorbis/shutterstock.com, shutterstock.com, pixabay.com, istock.com