



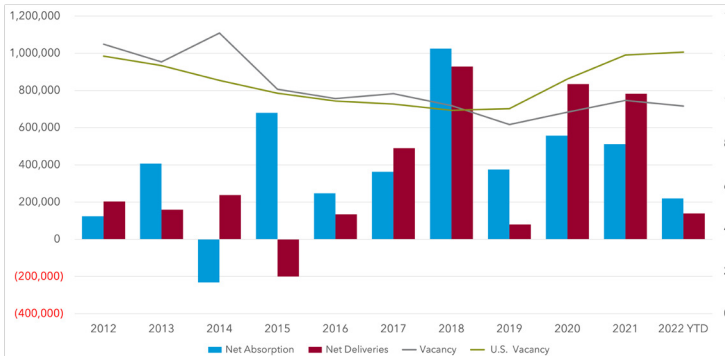
OFFICE MARKET OVERVIEW

BRIAN FARMER, *Managing Director, Vice President*

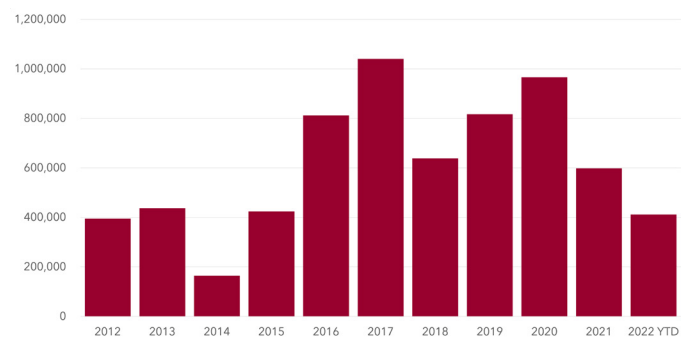
Due to positive leasing momentum from Q4, Durham's office market vacancy decreased from 10.03% to 9.8%. Though rental rates have held over the past few quarters, landlords are starting to offer more concessions to fill vacancies. End of Q1 yielded the least amount of office under construction since the 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 |

