



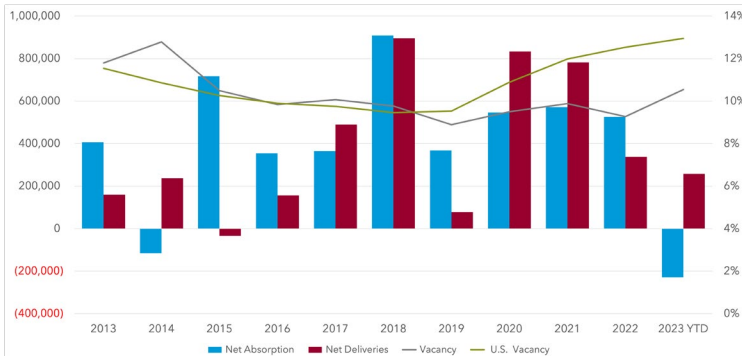
OFFICE MARKET OVERVIEW

BRIAN FARMER, SIOR, *Managing Director, Vice President*

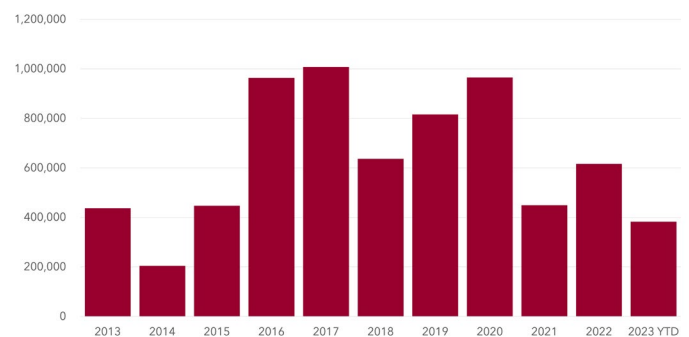
Another quarter of negative absorption brings the office vacancy in Durham to 9.8%. Rental rates continue to hold for quality Class A office spaces, and concessions are increasing for deals longer than five years. There is less than 400K square feet of office new construction, which should aid in the compression of vacancy. Life science continues to be a very sought-after sector, particularly in Durham, which comprises the Research Triangle Park. Building sales were very slow in Q1 due to interest rates and overall choppiness in the office sector. Despite that, we are seeing office usage climb in the Durham area with more employees going to the office to work at least 3 days per week.

MARKET INDICATORS	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
▼ 12 Mo. Net Absorption SF	369,888	525,766	493,397	445,266	423,642
▲ Vacancy Rate	9.78%	9.27%	9.15%	9.69%	9.65%
▲ Avg NNN Asking Rate PSF	\$27.48	\$27.46	\$27.26	\$26.98	\$26.69
▼ SF Under Construction	382,640	616,613	343,354	321,754	268,498
▲ Inventory SF	36,375,519	36,117,546	36,117,546	36,117,546	35,912,829

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
1701 TW Alexander Drive Durham, NC	16,630 SF	\$4,270,000 \$256.86 PSF	GCF Global Apex School of Theology	Class B
441 S Morgan Street Roxboro, NC	4,290 SF	\$325,000 \$75.76 PSF	Laze Properties LLC Norman C. Hall	Class C
706 W Corporation Street Durham, NC	4,134 SF	\$1,570,000 \$379.01 PSF	Magnolia Development Ram Realty	Class C

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
710 Slater Road Morrisville, NC	20,643 SF	Strategic Capital Partners	BE&K	Engineering Services
5001 S Miami Boulevard Durham, NC	14,745 SF	Lincoln Advisors	Undisclosed	Undisclosed
4307 Emperor Boulevard Durham, NC	9,492 SF	Blackburn Group Inc	Undisclosed	Undisclosed

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