



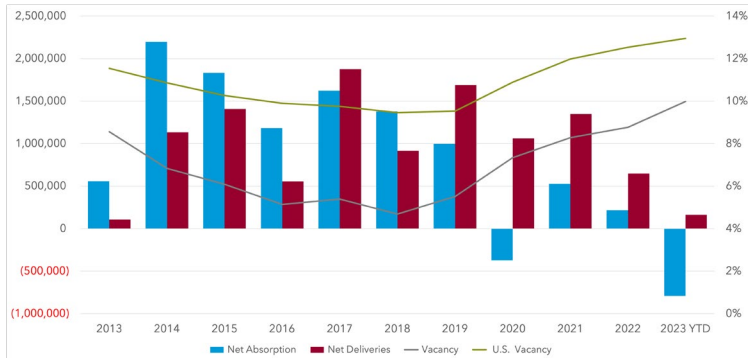
OFFICE MARKET OVERVIEW

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

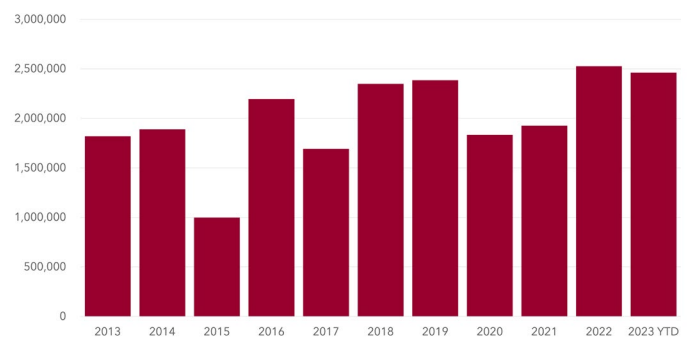
The vacancy factor for Raleigh popped in Q1 by over 100 basis points to 9.91%. Add to that approximately 4M SF of sublease space, and the result is roughly 15% vacancy/availability. This time in 2022 there was approximately 1.7M SF of sublease space. Since the mid-1990s, the Triangle has not seen this amount of office vacancy. Rental rates in Raleigh and surrounding submarkets continue to climb quarterly to pace the construction costs and higher proformas from the institutional office owners. The smaller sublease spaces are getting leased while the larger blocks have had much less interest. This is the same for direct leases. Despite all of this, Raleigh Metro is seeing much better activity than many other metros across the USA.

MARKET INDICATORS	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
▼ 12 Mo. Net Absorption SF	(581,446)	216,614	1,091,897	576,498	355,077
▲ Vacancy Rate	9.91%	8.77%	8.36%	8.18%	8.22%
▲ Avg NNN Asking Rate PSF	\$28.91	\$28.81	\$28.68	\$28.46	\$28.07
▼ SF Under Construction	2,434,235	2,526,495	2,140,902	2,071,755	2,043,281
▲ Inventory SF	77,533,850	77,370,280	77,241,648	76,984,945	76,737,734

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
817 New Bern Avenue Raleigh, NC	7,666 SF	\$1,120,000 \$145.84 PSF	Level Up Kitchen & Barcadium Capitol Group Brokerage LLC	Class C
213 Barden Street Princeton, NC	4,863 SF	\$450,000 \$92.54 PSF	Donald Butler Rains Revocable Trust Treasury Antiques	Class C
2701 Rowland Road Raleigh, NC	4,800 SF	\$900,000 \$187.50 PSF	Ellen P Bergdolt Command Construction Services	Class B

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
2610 Wycliff Road Raleigh, NC	64,536 SF	Alvarez & Marsal Holdings, LLC	General Dynamics	Manufacturing
Saint Albans Drive Raleigh, NC	29,664 SF	Dewitt Carolinas, Inc.	Summit Engineering	Technical Services
2100 Gateway Centre Boulevard Morrisville, NC	26,383 SF	CapRidge Partners	Undisclosed	Undisclosed

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