



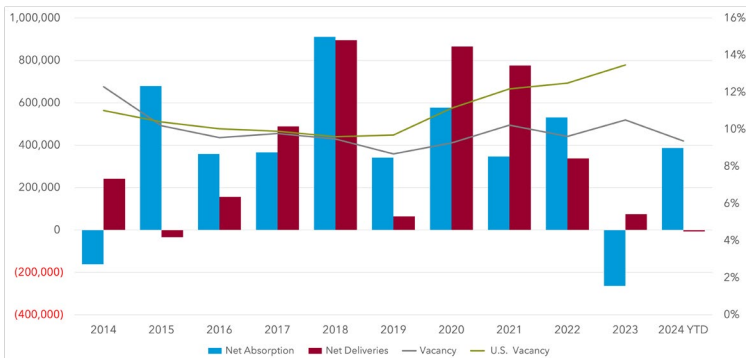
OFFICE MARKET OVERVIEW

BRIAN FARMER, SIOR, *Managing Director, Principal*

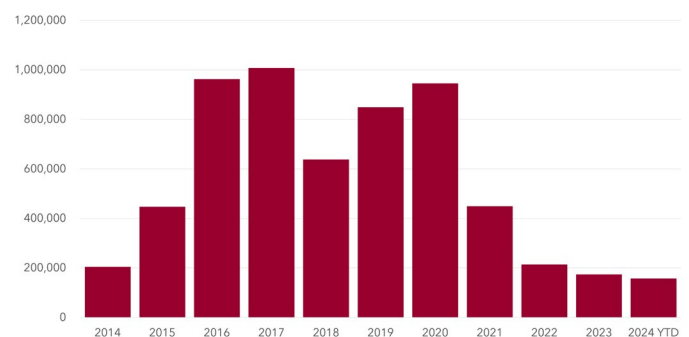
Durham's office market in Q3 2024 shows signs of improvement, with net absorption reaching 257,000 SF, a notable increase from 52,000 SF in Q2. The vacancy rate decreased slightly to 9.4%, down from 9.7%. Average asking rates have softened marginally to \$28.06 per SF. Limited new deliveries and moderate demand have helped stabilize the market despite economic uncertainties. While rent growth has slowed compared to historical averages, the market's fundamentals remain stronger than the national office sector. Looking ahead, the low construction activity suggests that vacancy rates will likely remain stable, and rent growth may see gradual improvement.

MARKET INDICATORS	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023
▲ 12 Mo. Net Absorption SF	256,895	52,042	182,291	(263,604)	(233,786)
▼ Vacancy Rate	9.38%	9.70%	9.90%	10.50%	10.20%
▼ Avg NNN Asking Rate PSF	\$28.06	\$28.29	\$27.84	\$27.81	\$27.71
▼ Sale Price PSF	\$71.00	\$302.00	\$100.00	\$91.00	\$81.00
▼ Cap Rate	8.65%	8.66%	8.64%	8.60%	8.50%
▼ Under Construction SF	157,537	162,759	169,959	174,180	198,180
▲ Inventory SF	37,746,396	37,405,361	37,446,460	37,435,039	37,411,039

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
108 W. Parrish Street Durham, NC	2,113 SF	\$1,000,000 \$473.26 PSF	The Bank Law Firm Cion, Inc.	Class B
500 W. Rosemary Street Chapel Hill, NC	2,068 SF	\$970,000 \$469.05 PSF	Self-Help Credit Union Jeffery C. West, DMD	Class B

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
79 TW Alexander Drive Durham, NC	30,215 SF	Oxford Properties	Undisclosed	Undisclosed
710 Slater Road Morrisville, NC	20,643 SF	Strategic Capital Partners	Undisclosed	Undisclosed
411 W. Chapel Hill Street Durham, NC	9,728 SF	Turnbridge Equities	Undisclosed	Undisclosed

