



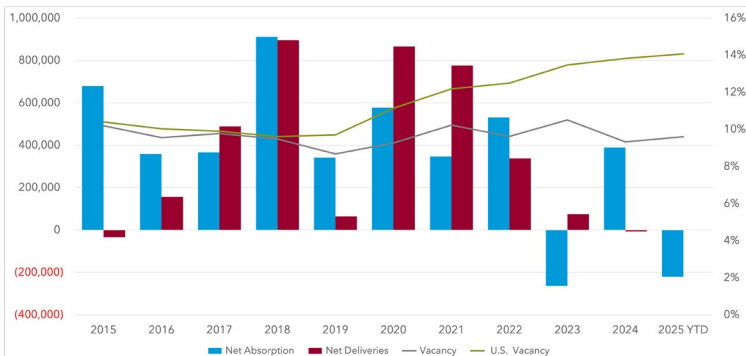
OFFICE MARKET OVERVIEW

WILL SMITH, *Senior Director*

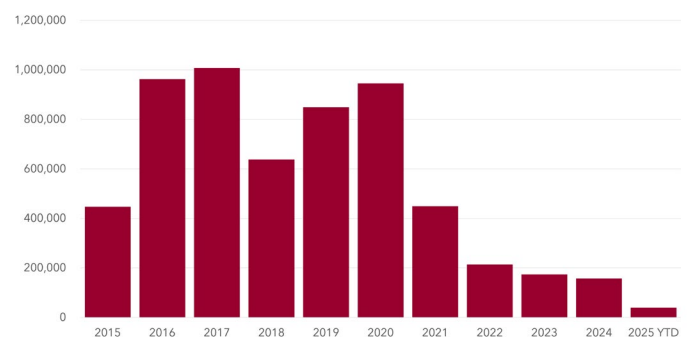
Durham's office market rebounded in Q3 2025, posting positive net absorption of 174,341 SF, a sharp recovery from Q2's -105,562 SF. Vacancy declined to 9.6%, supported by steady leasing momentum, while average asking rents rose to \$28.85 PSF. Sale prices eased to \$206 PSF, though cap rates expanded slightly to 9.05%, reflecting continued caution among investors. Construction remained unchanged at 39,505 SF, underscoring limited speculative activity. Overall, Durham's office fundamentals improved this quarter, with demand regaining traction and rental growth offsetting modest pricing adjustments in investment sales.

MARKET INDICATORS	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024
▲ 12 Mo. Net Absorption SF	174,341	(105,562)	31,350	389,472	256,895
▼ Vacancy Rate	9.60%	10.30%	10.03%	9.32%	9.38%
▲ Avg NNN Asking Rent PSF	\$28.85	\$28.66	\$28.36	\$28.36	\$28.06
▼ Sale Price PSF	\$206.00	\$211.00	\$199.00	\$203.00	\$71.00
▲ Cap Rate	9.05%	8.90%	9.07%	8.93%	8.65%
◀ ▶ Under Construction	39,505	39,505	39,505	157,537	157,537
▼ Inventory	37,746,108	37,789,990	38,072,367	37,712,117	37,746,396

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
1822 E. Highway 54 Durham, NC	38,887 SF	\$3,270,000 \$84.09 PSF	Undisclosed Undisclosed	Class B
101 Europa Drive Chapel Hill, NC	38,000 SF	\$3,535,500 \$93.04 PSF	Undisclosed N Software, Inc.	Class A
101-103 W. Main Street, 1st Fl Durham, NC	5,153 SF	\$1,450,000 \$281.39 PSF	Undisclosed Atlantic Investment Management	Class B

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
555 S. Mangum Street Durham, NC	24,190 SF	Northwood Investors	Undisclosed	Undisclosed
2224 Highway 54 Durham, NC	19,772 SF	JBP Holdings LLC	Department of Health	Health Services
4819 Emperor Boulevard Durham, NC	19,006 SF	Principal Real Estate Investors	Undisclosed	Undisclosed

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