



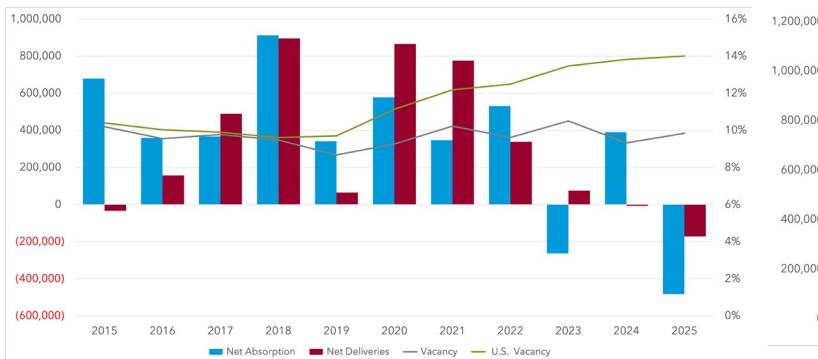
OFFICE MARKET OVERVIEW

KARAH JENNINGS MCCONNELL, Executive Vice President, Principal

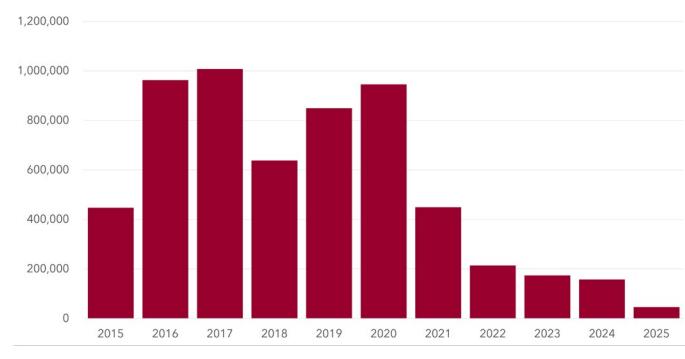
Durham's office market softened in Q4 2025, with net absorption falling to -483,438 SF after a brief rebound in Q3. Vacancy rose slightly to 9.84%, while average asking rents climbed to \$29.23 PSF, marking continued upward pressure on pricing. Sales pricing increased to \$223 PSF, and cap rates compressed to 8.79%, indicating firm investor interest despite leasing headwinds. The construction pipeline inched up to 45,880 SF, and total inventory contracted to 37.38 million SF. Following a positive Q3, the Q4 pullback highlights market volatility, though rising rents and tighter yields signal long-term confidence.

MARKET INDICATORS	Q4 2025	Q3 2025	Q2 2025	Q1 2025	Q4 2024
▼ 12 Mo. Net Absorption SF	(483,438)	174,341	(105,562)	31,350	389,472
▲ Vacancy Rate	9.84%	9.60%	10.30%	10.03%	9.32%
▲ Avg NNN Asking Rent PSF	\$29.23	\$28.85	\$28.66	\$28.36	\$28.36
▲ Sale Price PSF	\$223.00	\$206.00	\$211.00	\$199.00	\$203.00
▼ Cap Rate	8.79%	9.05%	8.90%	9.07%	8.93%
▲ Under Construction	45,880	39,505	39,505	39,505	157,537
▼ Inventory	37,375,894	37,746,108	37,789,990	38,072,367	37,712,117

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
14 Tw Alexander Drive Research Triangle Park, NC	276,726 SF	\$155,000,000 \$560.12 PSF	Novartis Alexandria Real Estate Equities, Inc.	Class B
4505 Emperor Boulevard Durham, NC	105,130 SF	\$6,875,000 \$65.40 PSF	Jonathan Dayan Office Properties Income Trust	Class B
2224 Highway 54 Durham, NC	105,130 SF	\$4,551,837 \$58.91 PSF	Triad Educational Services, Inc. JPB Holdings LLC	Class A

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
4820 Emperor Boulevard Durham, NC	89,770 SF	Drawbridge Realty	Aspida Financial	Direct Life Insurance Carriers
2525 E. NC Highway 54 Durham, NC	82,996 SF	Alexandria Real Estate Equities, Inc.	Humacyte	Professional, Scientific, and Technical Services
700 Park Offices Drive Durham, NC	21,248 SF	Research Triangle Park	Target RWE	Professional, Scientific, and Technical Services



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