

MARKET RESOURCE

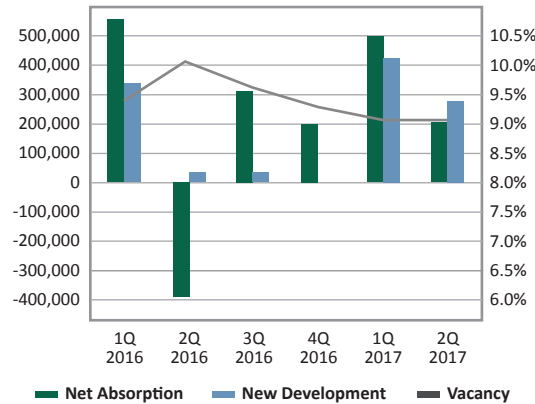
Raleigh, North Carolina - OFFICE MARKET

Q2
2017

OFFICE MARKET SNAPSHOT

	2Q 2017	1Q 2017	FORECAST
Market Supply (SF)	56,296,268	56,021,277	▲
Under Construction (SF)	2,321,066	2,194,160	▲
Direct Vacancy (%)	8.7%	8.7%	▲
Total Vacancy (%)	9.1%	9.1%	▲
Total Net Absorption (SF)	203,380	499,349	▲
YTD Net Absorption (SF)	702,729	499,349	▲
Direct Asking Rent	\$23.59	\$22.70	▲
Class A Direct Asking Rent	\$26.53	\$26.26	▲
Class B Direct Asking Rent	\$19.33	\$17.77	▲

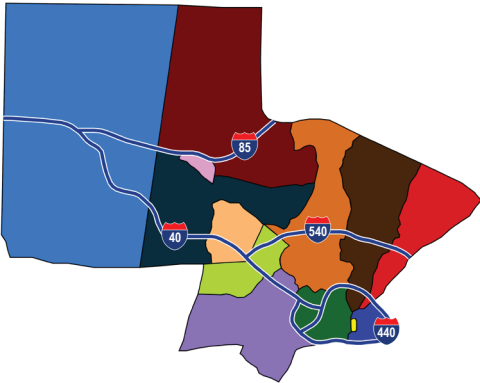
HISTORICAL VACANCY & NET ABSORPTION



HIGHLIGHTS

- ▶ North Carolina's economy is expected to grow by 2.4% in 2017, compared to a 1.7% growth rate last year.
- ▶ There has been an uptick in inquiries for economic development projects in North Carolina and approximately 30% are from foreign companies.
- ▶ May's preliminary unemployment rate for the Raleigh/Durham area was 3.8%.
- ▶ While office demand is high, the amount of new deliveries held the vacancy rate flat.
- ▶ Credit Suisse has signed a lease for nearly 180,000 square feet of temporary space in two office buildings on the former GSK campus recently sold for \$110 million – now called Parmer RTP.

Office Submarkets



OFFICE MARKET STATISTICS

Submarket	Inventory	Vacant Space	Vacancy Rate	2Q 2017 Absorption	2Q 2016 Absorption	Completions	Construction	Direct Asking Rate
DOWNTOWN DURHAM	3,608,167	20,391	0.6%	1,351	-1,958	0	1,003,182	\$30.53
DOWNTOWN RALEIGH	5,921,214	348,012	5.9%	58,414	-37,514	0	267,000	\$29.82
URBAN TOTALS	9,529,381	368,403	3.9%	59,765	-39,472	0	1,270,182	\$30.06
6 FORK FALLS OF NEUSE	6,877,535	657,181	9.6%	-15,904	115,635	0	0	\$24.55
CARY	6,586,593	422,916	6.4%	41,648	-54,990	0	167,154	\$22.81
GLENWOOD/CREEDMOOR	2,302,265	102,186	4.4%	-34,972	-12,833	0	116,500	\$23.77
NORTH DURHAM	985,936	362,838	36.8%	2,509	23,313	0	0	\$16.28
ORANGE COUNTY	1,967,911	122,797	6.2%	-2,972	-11,862	0	219,213	\$28.84
ROUTE 1	2,165,011	97,282	4.5%	13,429	3,546	0	0	\$18.53
RDU/I-40	5,478,657	308,331	5.6%	76,780	69,852	200,991	37,000	\$23.92
SOUTH DURHAM	3,814,249	120,632	3.2%	21,387	17,799	0	76,446	\$23.23
RESEARCH TRIANGLE	7,817,650	2,044,982	26.2%	1,875	-518,637	0	190,000	\$20.48
WEST RALEIGH	7,522,401	493,048	6.6%	50,834	19,539	74,000	244,571	\$25.13
EAST RALEIGH	1,248,679	48,324	3.9%	-10,999	3,800	0	0	\$23.73
SUBURBAN TOTALS	46,766,887	4,780,517	10.2%	143,615	-344,838	274,991	1,050,884	\$22.69
RALEIGH TOTALS	56,296,268	5,148,920	9.1%	203,380	-384,310	274,991	2,321,066	\$23.59

Market Data Source: CoStar data pulled 7.19.17 | Real Capital Analytics | Triangle Business Journal | Lincoln Harris Research



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OFFICE SPACE UNDER CONSTRUCTION

Building	Submarket	Developer/Owner	SF	SF Preleased	% Preleased	Completion Qtr.	Asking Rents	Major Tenant(S)
The Chesterfield	Downtown Durham	Ventas	286,000	226,000	79.0%	2Q 2017	\$23.00-\$27.50 NNN	Duke University, Nutanix
555 Mangum	Downtown Durham	Northwood Ravin	240,000	50,735	21.1%	4Q 2018	\$33.95	
The Dillon	Downtown Raleigh	Kane Realty	227,000	66,425	29.3%	1Q 2018	\$34.50	Stewart Eng, Regus
Perimeter Five	RDU/I-40	Trinity Capital	214,500	214,500	100.0%	3Q 2018	NA	INC Research
forty540	RDU/I-40	Federal Capital	198,525	84,478	42.6%	2Q 2017	\$27.50	Align Technologies
CentreGreen Three	Cary	Highwoods	168,000	44,000	26.2%	3Q 2017	\$29.50	Copernicus IRB
200 Morris Street South	Downtown Durham	Longfellow	160,000	160,000	100.0%	3Q 2018	NA	Duke Clinical Research
300 Morris Street North	Downtown Durham	Longfellow	160,000	15,000	9.4%	3Q 2018	\$32.00	
Carolina Square	Orange County	Northwood Ravin/Cousins	158,000	119,350	75.5%	3Q 2017	\$36.00	UNC, Blue Hill Group

Market Data Source:

- CoStar data pulled 7.19.17
- Real Capital Analytics
- Urban Land Institute
- Triangle Business Journal
- Lincoln Harris Research

RECENT INVESTMENT SALES

Building	Submarket	RBA (SF)	Sale Price	Price/SF
GSK Portfolio (mixed) 20 bldg	Research Triangle	1,800,000	\$110,000,000	\$61.00
1001 Wade Avenue	West Raleigh	60,000	\$9,900,000	\$164.00
3110 Edwards Mill Rd	West Raleigh	45,692	\$8,200,000	\$179.00
9131 Anson Way	6 Forks Falls of Neuse	45,160	\$6,700,000	\$147.00
208 Fayetteville Street	Downtown Raleigh	28,652	\$3,800,000	\$131.00

SIGNED LEASE TRANSACTIONS

Tenant	Building	Submarket	Size (SF)	Type
GSK	1818 Ellis Road	Research Triangle	201,056	Renewal
Credit Suisse	5 Moore Drive	Research Triangle	180,000	New
CapTrust	4208 Six Forks Rd	6 Forks Falls of Neuse	73,910	Renewal
YMCA	227 Fayetteville St	Downtown Raleigh	26,652	New
Align Technology	3030 Slater Rd	RDU/I-40	21,226	New

OFFICE STATISTICS BY TYPE

Building Class	Buildings	Inventory (SF)	Vacant Space (SF)	Vacancy Rate	YTD 2017 Absorption	Direct Asking Rent (PSF)
Class A	307	32,992,199	2,585,945	7.8%	627,940	\$26.53
Class B	397	23,304,069	2,562,975	11.0%	74,789	\$19.33
MARKET TOTALS	704	56,296,268	5,148,920	9.1%	702,729	\$23.59