

MARKET RESOURCE

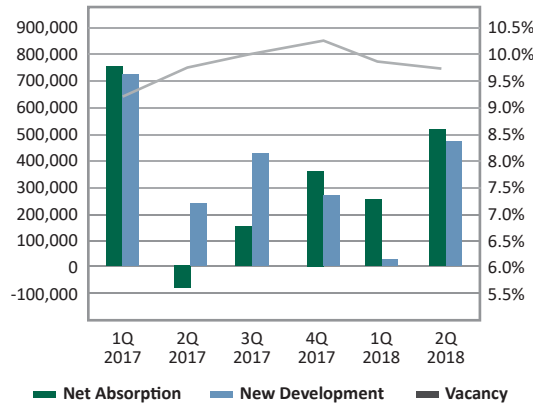
Raleigh, North Carolina - OFFICE MARKET

Q2
2018

OFFICE MARKET SNAPSHOT

	2Q 2018	1Q 2018	CHANGE
Market Supply (SF)	57,959,880	57,477,301	▲
Under Construction (SF)	2,645,042	2,748,324	▼
Direct Vacancy (%)	9.3%	9.4%	▼
Total Vacancy (%)	9.7%	9.8%	▼
Total Net Absorption (SF)	514,217	252,297	▲
YTD Net Absorption (SF)	766,514	252,297	▲
Direct Asking Rent	\$25.08	\$24.17	▲
Class A Direct Asking Rent	\$27.65	\$27.13	▲
Class B Direct Asking Rent	\$20.48	\$19.81	▲

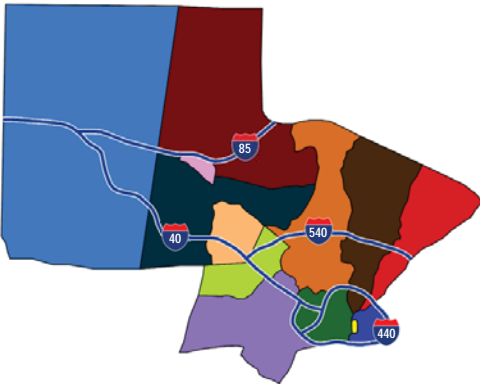
HISTORICAL VACANCY & NET ABSORPTION



HIGHLIGHTS

- ▶ The Milken Institute recently listed Raleigh as the 2nd best performing economy among U.S. metro's
- ▶ 2Q deliveries were highlighted by The Dillon in Downtown Raleigh - Kane Realty's 18-story mixed use tower including 227k SF of office space
- ▶ The Triangle has made the short list for both Amazon's HQ2 and Apple's U.S. expansion - a combined potential of up to 70,000 jobs
- ▶ Net absorption has outpaced new development in three consecutive quarters, driving a nearly 4% increase in asking rates as vacancy continues to dip
- ▶ 2.6M SF of office space is under construction in the Raleigh metro, with Downtown Durham projects accounting for 34% of the total

Office Submarkets



OFFICE MARKET STATISTICS

Submarket	Inventory	Vacant Space	Vacancy Rate	2Q 2018 Absorption	2Q 2017 Absorption	Completions	Construction	Direct Asking Rate
DOWNTOWN DURHAM	4,202,574	115,876	2.8%	2,927	-2,449	-	905,422	\$31.26
DOWNTOWN RALEIGH	6,129,601	399,223	6.5%	171,351	58,414	267,000	149,842	\$31.68
URBAN TOTALS	10,332,175	515,099	5.0%	174,278	55,965	267,000	1,055,264	\$31.44
6 FORK FALLS OF NEUSE	6,632,682	655,617	9.9%	4,777	-259,851	-	-	\$24.84
CARY	6,847,879	491,541	7.2%	3,383	38,623	29,086	459,000	\$25.72
GLENWOOD/CREEDMOOR	2,455,025	88,787	3.6%	34,952	-38,122	-	-	\$22.84
NORTH DURHAM	955,045	182,191	19.1%	120,559	2,509	-	-	\$16.57
ORANGE COUNTY	1,926,798	299,335	15.5%	28,699	-8,982	-	47,678	\$28.71
ROUTE 1	2,156,440	125,415	5.8%	0	14,357	-	57,432	\$20.34
RDU/I-40	5,495,962	405,335	7.4%	37,344	76,780	-	555,712	\$24.66
SOUTH DURHAM	3,849,116	295,421	7.7%	11,714	21,387	-	-	\$24.15
RESEARCH TRIANGLE	7,997,855	2,103,598	26.3%	-6,345	1,272	151,579	152,456	\$21.23
WEST RALEIGH	8,102,592	436,887	5.4%	96,633	79,435	64,000	317,500	\$26.59
EAST RALEIGH	1,208,311	0	0.0%	8,523	-10,999	-	-	\$24.26
SUBURBAN TOTALS	47,627,705	5,087,404	10.7%	339,939	391,297	215,579	1,589,778	\$23.85
RALEIGH TOTALS	57,959,880	5,602,503	9.7%	514,217	372,891	482,579	2,645,042	\$25.08

Market Data Source: CoStar data pulled 9.26.18 | Real Capital Analytics | Triangle Business Journal | Lincoln Harris Research



David Connor
Senior Vice President
919.645.6968
david.connor@lincolnharris.com

Kaler Walker
Vice President
919.645.6983
kaler.walker@lincolnharris.com

Amy Watkins
Vice President
919.645.6966
amy.watkins@lincolnharris.com

Tyler Ashley
Research Analyst
704.714.7663
tyler.ashley@lincolnharris.com

Lincoln Harris
5400 Trinity Road, Suite 200
Raleigh, NC 27607
919.840.8040

lincolnharris.com

MARKET RESOURCE

Raleigh, North Carolina - OFFICE MARKET

Q2
2018

OFFICE SPACE UNDER CONSTRUCTION

Building	Submarket	Developer/Owner	OFFICE SF	SF Preleased	% Preleased	Completion Qtr.	Asking Rents	Major Tenant(S)
Durham.iD A & B (2 bldgs)	Downtown Durham	Longfellow	303,000	168,512	55.6%	3Q 2018	\$33.50	Duke Clinical Research
555 S Mangum Street	Downtown Durham	Northwood Ravin	230,000	48,000	20.9%	3Q 2019	\$34.50	NA
301 MetLife Way	Cary	Highwoods	219,000	219,000	100.0%	3Q 2019	NA	Metlife
Perimeter Five	RDU/I-40	Trinity Capital	214,450	214,450	100.0%	4Q 2018	NA	INC Research/inVentiv Health
One Glenwood	West Raleigh	Heritage Properties	212,500	107,000	50.4%	1Q 2019	\$35.25	WeWork/SEPI
Perimeter Six	RDU/I-40	Trinity Capital	195,687	131,000	66.9%	1Q 2019	\$28.50	Relias Learning
Hwy 54 & TW Alexander Dr	Research Triangle	The Keith Corp	159,000	159,000	100.0%	1Q 2019	NA	Rho Inc.
FNB Tower	Downtown Raleigh	Dominion Realty Partners	150,000	90,000	60.0%	4Q 2019	\$35.50	First National Bank
Regency Woods II	Cary	Spectrum Properties	150,000	88,500	59.0%	4Q 2018	\$29.50	Tactest Pharma

Market Data Source:
 - CoStar data pulled 9.26.18
 - Real Capital Analytics
 - Urban Land Institute
 - Triangle Business Journal
 - Lincoln Harris Research

RECENT INVESTMENT SALES

Building	Submarket	RBA (SF)	Sale Price	Price/SF
Wells Fargo Capital Center	Downtown Raleigh	544,482	\$173,000,000	\$318.00
Venture/Alliance Center (5 bldgs)	West Raleigh	621,000	\$172,000,000	\$277.00
Crabtree Overlook	Glenwd/Creedmoor	155,380	\$32,000,000	\$206.00
Sun Life Office Portfolio (7 bldgs)	6 Falls/OC/RDU	227,327	\$30,600,000	\$135.00
Ellis Research Center	Research Triangle	360,000	\$8,000,000	\$22.22

SIGNED LEASE TRANSACTIONS

Tenant	Building	Submarket	Size (SF)	Type
Align Technology	forty540	RDU/I-40	40,000	Expansion
Advanced Auto Parts	One Progress Plaza	Downtown Raleigh	38,168	Sublease
Spaces	The Station at East 54	Orange County	33,000	New
WillowTree	Mill No. 1	Downtown Durham	29,000	New
Northwestern Mutual	Trinity Place	West Raleigh	28,845	New

OFFICE STATISTICS BY TYPE

Building Class	Buildings	Inventory (SF)	Vacant Space (SF)	Vacancy Rate	YTD 2018 Absorption	Direct Asking Rent (PSF)
Class A	312	33,885,759	2,940,109	8.7%	577,049	\$27.65
Class B	408	24,074,121	2,662,394	11.1%	189,465	\$20.48
MARKET TOTALS	710	57,959,880	5,602,503	9.7%	766,514	\$25.08

LINCOLN
HARRIS

David Connor
Senior Vice President
919.645.6968
david.connor@lincolnharris.com

Kaler Walker
Vice President
919.645.6983
kaler.walker@lincolnharris.com

Amy Watkins
Vice President
919.645.6966
amy.watkins@lincolnharris.com

Tyler Ashley
Research Analyst
704.714.7663
tyler.ashley@lincolnharris.com

Lincoln Harris
5400 Trinity Road, Suite 200
Raleigh, NC 27607
919.840.8040

lincolnharris.com