MARKET RESOURCE

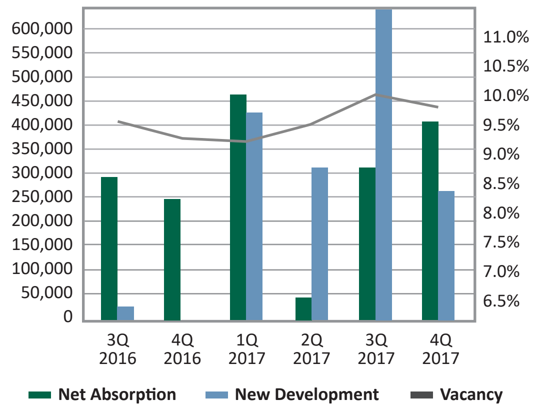
Raleigh, North Carolina - *OFFICE MARKET*

Q4 2017

OFFICE MARKET SNAPSHOT

	4Q 2017	3Q 2017	CHANGE
Market Supply (SF)	57,215,363	56,952,864	▲
Under Construction (SF)	2,426,968	1,804,907	▲
Direct Vacancy (%)	9.3%	9.7%	▼
Total Vacancy (%)	9.8%	10.1%	▼
Total Net Absorption (SF)	418,839	309,311	▲
YTD Net Absorption (SF)	1,234,621	815,782	▲
Direct Asking Rent	\$24.00	\$24.07	▼
Class A Direct Asking Rent	\$26.70	\$26.55	▲
Class B Direct Asking Rent	\$19.47	\$19.60	▼

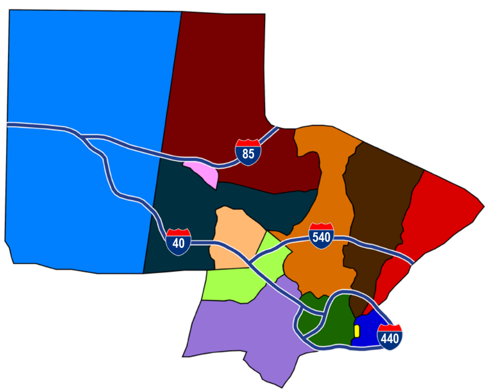
HISTORICAL VACANCY & NET ABSORPTION



HIGHLIGHTS

- Local area preliminary statistics showed unemployment rates reached 3.9 percent in November - down from 4.2 percent a year ago
- Nearly a dozen major buildings have been delivered in 2017, with several more expected to open in the first quarter of 2018, including The Dillon tower in Raleigh's Warehouse District
- Tight market conditions continued despite 1.7 million square feet of new deliveries, as occupancy grew by 1.2 million square feet
- Despite the number of projects expected to deliver in 2018, we anticipate vacancy rates to remain stable due to the high levels of preleasing

Office Submarkets



OFFICE MARKET STATISTICS

Submarket	Inventory	Vacant Space	Vacancy Rate	4Q 2017 Absorption	3Q 2016 Absorption	Completions	Construction	Direct Asking Rate
DOWNTOWN DURHAM	3,953,627	101,658	2.6 %	45,228	241,903	0	695,501	\$28.84
DOWNTOWN RALEIGH	5,922,100	348,677	5.9%	28,559	-21,660	0	267,000	\$30.99
URBAN TOTALS	**9,875,727**	**450,335**	**4.8%**	**73,787**	**220,243**	**0**	**962,501**	**\$29.80**
6 FORK FALLS OF NEUSE	6,822,243	831,594	12.2%	55,468	78,204	0	-	\$24.75
CARY	6,758,325	516,451	7.6%	-33,315	120,591	0	455,960	\$24.63
GLENWOOD/CREEDMOOR	2,393,710	170,116	7.1%	50,227	-10,380	0	-	\$24.16
NORTH DURHAM	1,002,039	314,061	31.3%	3,257	78,987	0	-	\$14.60
ORANGE COUNTY	2,208,079	242,489	11.0%	101,988	-21,165	1	47,678	\$29.31
ROUTE 1	2,132,621	129,706	6.1%	12,053	-57,244	0	26,400	\$19.85
RDU/I-40	5,535,462	431,334	7.8%	-3,280	-62,947	0	458,250	\$23.82
SOUTH DURHAM	3,832,495	260,984	6.8%	-15,654	-48,252	0	-	\$23.78
RESEARCH TRIANGLE	7,437,095	1,693,048	22.8%	113,931	-29,967	0	151,579	\$20.76
WEST RALEIGH	8,009,256	530,734	6.6%	60,377	30,242	1	324,600	\$25.33
EAST RALEIGH	1,208,311	26,638	2.2%	0	10,999	0	-	\$23.30
SUBURBAN TOTALS	**47,339,636**	**5,147,155**	**10.9%**	**345,052**	**89,068**	**2**	**1,464,467**	**\$23.05**
RALEIGH TOTALS	**57,215,363**	**5,597,490**	**9.8%**	**418,839**	**309,311**	**2**	**2,426,968**	**\$24.00**

Market Data Source: CoStar data pulled 1.29.18 | Real Capital Analytics | Triangle Business Journal | Lincoln Harris Research

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OFFICE SPACE UNDER CONSTRUCTION

Building	Submarket	Developer/Owner	OFFICE SF	SF Preleased	% Preleased	Completion Qtr.	Asking Rents	Major Tenant(S)
Perimeter Five	RDU	Trinity Capital	258,000	258,000	100.0%	4Q 2018	NA	Syneos Health frmr INC Research
The Dillon	Downtown Raleigh	Kane Realty	220,300	83,323	37.8%	1Q 2018	$34.50	Stewart Eng, Spaces
301 Metlife Way	Cary	Highwoods	219,000	219,000	100.0%	3Q 2019	NA	Metlife
One Glenwood	West Raleigh	Heritage Properties	212,500	105,700	49.7%	2Q 2019	$34.50	WeWork, Sepi Eng.
Perimeter Six	RDU	Trinity Capital	196,000	131,000	66.8%	1Q 2019	$28.00	Relias Learning
300 Morris Street North	Downtown Durham	Longfellow	164,000	0	0.0%	2Q 2018	$32.00	
200 Morris Street South	Downtown Durham	Longfellow	160,000	154,271	96.4%	2Q 2018	NA	Duke Clinical Research
Churchill Hall	Research Triangle	Churchill Partners	152,000	0	0.0%	1Q 2018	$27.50	
One City Center	Downtown Durham	Austin Lawrence Partners	130,000	55,000	42.3%	2Q 2018	$32.00	Duke University, WeWork

Market Data Source:
- *CoStar data pulled 1.29.18*
- *Real Capital Analytics*
- *Urban Land Institute*
- *Triangle Business Journal*
- *Lincoln Harris Research*

RECENT INVESTMENT SALES

Building	Submarket	RBA (SF)	Sale Price	Price/SF
Hock Plaza I	South Durham	327,200	$141,900,000	$434.00
Highwoods Tower I	Route 1	185,500	$34,300,000	$185.00
Highwoods Tower II	Route 1	168,000	$31,000,000	$185.00
Regency Park (4 bldg)	Cary	389,500	$53,000,000	$136.00
Nottingham Hall	Research Triangle	105,400	$22,000,000	$209.00

SIGNED LEASE TRANSACTIONS

Tenant	Building	Submarket	Size (SF)	Type
Rho Inc.	Triangle 54, Building 1	Research Triangle	152,500	New
Infosys Limited	Legacy at Brier Creek	Glenwood/Creedmoor	60,500	New
US Attorney	Wells Fargo Capitol Center	Downtown Raleigh	56,000	New
Varonis	2200 Perimeter Park Drive	RDU	53,000	New
Solar Winds	Forty540	RDU	42,000	New

OFFICE STATISTICS BY TYPE

Building Class	Buildings	Inventory (SF)	Vacant Space (SF)	Vacancy Rate	YTD 2017 Absorption	Direct Asking Rent (PSF)
Class A	312	33,642,982	3,148,296	9.4%	1,009,307	$26.70
Class B	399	23,572,381	2,449,194	10.4%	225,314	$19.47
MARKET TOTALS	**711**	**57,215,363**	**5,597,490**	**9.8%**	**1,234,621**	**$24.00**

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