

Raleigh, NC

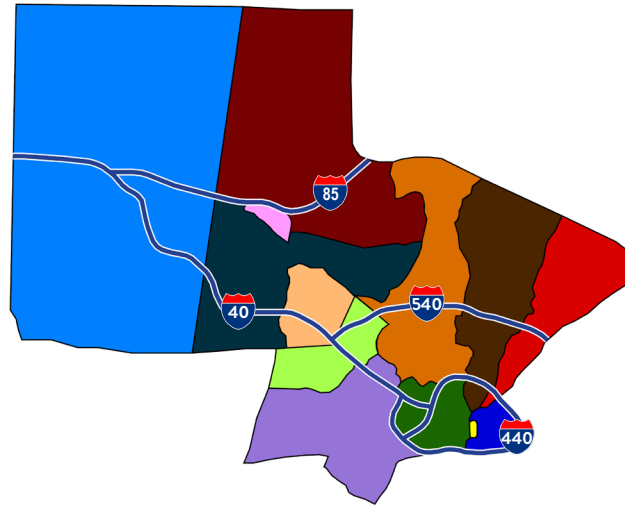
OFFICE MARKET REPORT | Q2 2020

The COVID-19 pandemic continues to weigh on office markets nationwide, moving vacancy rates away from the record lows of 2019 and first quarter 2020.

Raleigh was listed as the #9 "most recession-resistant" city in the U.S. in a recent report by SmartAsset, citing the Triangle's stable housing market during the last downturn along with its current employment base and low percentage of population on social assistance as determining factors in the ranking.

California-based bio-tech firm GRAIL, Inc. will serve as the anchor tenant at Park Point, currently under redevelopment in RTP. GRAIL will occupy 200,000 sf at the property while bringing 400 new jobs and a \$100 million total investment to the region.

Bandwidth, Inc. was approved to purchase a 40-acre land site from the State of NC and announced plans to develop a new 500,000 sf corporate headquarters at the site once the transaction is completed. The company will add an additional 1,165 high-paying jobs as part of the expansion.



	2Q 2020	1Q 2020
↑ Market Supply (SF)	72,670,075	71,932,965
↑ Under Construction (SF)	4,295,466	4,072,760
↑ Direct Vacancy (%)	8.1%	7.5%
↑ Total Vacancy (%)	8.7%	8.1%
↑ Total Net Absorption (SF)	62,452	454,840
↑ YTD Net Absorption (SF)	517,292	454,840
↑ Direct Asking Rent	\$27.77	\$27.16
↑ Class A Direct Asking Rent	\$30.56	\$29.98
↑ Class B Direct Asking Rent	\$22.87	\$22.69

SUBMARKET	INVENTORY	VACANT SPACE	VACANCY RATE	2Q 2020 ABSORPTION	2Q 2019 ABSORPTION	COMPLETIONS	CONSTRUCTION	DIRECT ASKING RATE
<i>Downtown Durham</i>	5,273,612	430,754	8.2%	135,109	-19,797	252,905	200,519	\$34.15
<i>Downtown Raleigh</i>	7,268,878	387,132	5.3%	-35,519	12,458	-	535,000	\$36.67
URBAN TOTALS:	12,542,490	817,886	6.5%	99,590	-7,339	252,905	735,519	\$35.62
<i>Six Forks Rd/Falls of Neuse</i>	7,005,552	444,073	6.3%	59,099	-33,012	-	330,380	\$27.29
<i>Cary</i>	9,319,948	586,402	6.3%	137,623	-58,219	-	419,491	\$27.96
<i>US-70/Glenwood</i>	2,870,875	239,698	8.3%	-37,293	4,424	-	130,000	\$26.10
<i>North Durham</i>	1,476,573	185,439	12.6%	-	430	-	-	\$17.90
<i>Orange County</i>	2,429,240	346,145	14.2%	41,145	34,049	-	256,000	\$28.65
<i>Route 1</i>	2,283,440	193,963	8.5%	-32,108	3,263	-	36,000	\$23.67
<i>RDU/I-40</i>	9,490,226	671,417	7.1%	-27,649	-10,489	140,302	340,000	\$25.55
<i>South Durham</i>	4,288,808	449,049	10.5%	-5,208	-112,674	-	266,973	\$26.84
<i>Research Triangle</i>	10,666,849	1,432,046	13.4%	-28,441	145,780	-	1,252,162	\$22.24
<i>West Raleigh</i>	9,058,316	961,776	10.6%	-142,222	16,755	328,958	528,941	\$31.75
<i>East Raleigh</i>	1,237,758	6,125	0.5%	-2,084	-	-	-	\$30.50
SUBURBAN TOTALS:	60,127,585	5,516,133	9.2%	-37,138	-9,693	469,260	3,559,947	\$26.32
RALEIGH TOTALS:	72,670,075	6,334,019	8.7%	62,452	-17,032	722,165	4,295,466	\$27.77

Market Data Source: CoStar data pulled 9.22.20 | Triangle Business Journal | The News & Observer | Lincoln Harris Research





SIGNED LEASE TRANSACTIONS

TENANT	BUILDING	SUBMARKET	SF	TYPE
Duke RTP Campus	Parmer RTP	RDU/I-40	275,000	New
GRAIL, Inc.	Park Point	RDU/I-40	200,000	New
Biogen	Innovation I	RDU/I-40	104,000	New
Premier Research	3800 Paramount Pky	RDU/I-40	61,000	New
Wake County	4401 Bland Rd	Six Forks Rd/Falls of Neuse	52,741	New
UNC	The Parkline	Orange County	50,000	New

2019 Triangle office sales exceeded
\$1 Billion
 for the fourth time in the last five years.

RECENT INVESTMENT SALES

BUILDING	SUBMARKET	RBA	SALE PRICE	PRICE/SF	BUYER
Croasdaile Commons	North Durham	67,644	\$33,000,000	\$493	MBRE Healthcare
Triangle Business Center (4 bldgs)	Research Triangle	448,924	\$60,100,000	\$134	TPG/Lincoln Harris

OFFICE UNDER CONSTRUCTION

BUILDING	SUBMARKET	DEVELOPER/OWNER	SF	ASKING RENTS	MAJOR TENANT(S)
Advance Auto Parts Tower	Six Forks Rd/Falls of Neuse	Kane Realty	390,000	\$41.50	Advance Auto Parts, IAT Insurance
301 Hillsborough at Raleigh Crossing	Downtown Raleigh	The Fallon Company	280,000	\$41.50	Pendo
Smoky Hollow 2	Downtown Raleigh	Kane Realty	225,000	\$38.50	Clancy & Theys
The Roxboro at Venable Center	Downtown Durham	SLI/Trinity/Wheelock St Capital	203,249	\$38.50	-
Forty540 Phase II	Research Triangle	Strategic Capital Partners	200,000	Withheld	SolarWinds
Tower Two at Bloc [83]	West Raleigh	Heritage Properties	159,940	\$37.50	Envestnet, Inc.

Market Data Source: CoStar data pulled 9.22.20 | Triangle Business Journal | The News & Observer | Lincoln Harris Research

