

Raleigh, NC

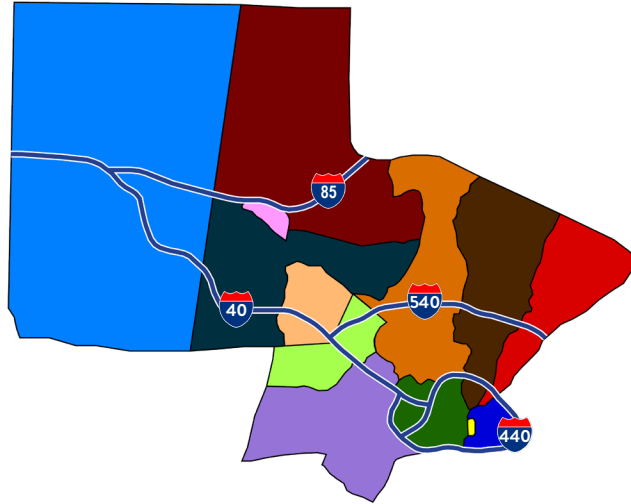
OFFICE MARKET REPORT | Q3 2020

The COVID-19 pandemic continues to weigh on office markets nationwide & while rental rates have remained stable, office landlords are finding it necessary to increase concessions in order to drive leasing activity amid the uncertainty.

Momentum in life-sciences driving sales & leasing transactions: Alexandria Real Estate Equities Inc. purchased a total of 35 acres at Parmer RTP. The sale included 18 buildings for a total of 2,367,000 SF.

Longfellow Real Estate Partners paid \$138 million for full ownership of Durham.ID, the 330,000 sf first phase of the Durham Innovation District. Longfellow expects to add one million square feet of new office & lab space upon completion of the major mixed-use innovation district.

Raleigh-Durham ranked as the #1 U.S. real estate market to watch in the 2021 Emerging Trends in Real Estate Report by the Urban Land Institute and PwC.



	3Q 2020	2Q 2020
↑ Market Supply (SF)	72,538,118	72,065,327
↓ Under Construction (SF)	3,686,800	4,095,328
↑ Direct Vacancy (%)	8.4%	8.2%
↑ Total Vacancy (%)	9.2%	8.8%
↑ Total Net Absorption (SF)	130,234	62,452
↑ YTD Net Absorption (SF)	642,741	512,507
↑ Direct Asking Rent	\$28.33	\$27.50
↑ Class A Direct Asking Rent	\$30.68	\$30.22
↑ Class B Direct Asking Rent	\$23.10	\$22.83

SUBMARKET	INVENTORY	VACANT SPACE	VACANCY RATE	3Q 2020 ABSORPTION	3Q 2019 ABSORPTION	COMPLETIONS	CONSTRUCTION	DIRECT ASKING RATE
<i>Downtown Durham</i>	5,270,124	448,729	8.5%	-17,975	83,822	-	-	\$31.17
<i>Downtown Raleigh</i>	6,725,484	300,079	4.5%	87,053	-58,530	-	535,381	\$37.04
URBAN TOTALS:	11,995,608	748,808	6.2%	69,078	25,292	-	535,381	\$35.32
<i>Six Forks Rd/Falls of Neuse</i>	7,005,552	450,296	6.4%	-6,223	75,014	-	330,380	\$27.33
<i>Cary</i>	9,453,003	811,095	8.6%	-91,065	-42,265	133,628	350,126	\$28.47
<i>US-70/Glenwood</i>	2,819,875	253,060	9.0%	-13,362	22,221	-	130,000	\$30.52
<i>North Durham</i>	1,476,573	194,172	13.2%	-8,733	-	-	-	\$17.90
<i>Orange County</i>	2,429,240	334,458	13.8%	11,687	-4,206	-	256,000	\$27.83
<i>Route 1</i>	2,283,440	218,371	9.6%	-24,408	-50,755	-	36,000	\$23.08
<i>RDU/I-40</i>	9,490,226	723,680	7.6%	-52,263	115,965	-	340,000	\$26.52
<i>South Durham</i>	4,288,808	469,210	10.9%	-20,161	662	-	266,973	\$27.02
<i>Research Triangle</i>	11,006,012	1,532,905	13.9%	238,304	26,534	339,163	912,999	\$23.44
<i>West Raleigh</i>	9,052,023	923,381	10.2%	38,395	53,110	-	528,941	\$31.81
<i>East Raleigh</i>	1,237,758	17,140	1.4%	-11,015	-	-	-	\$30.50
SUBURBAN TOTALS:	60,542,510	5,927,768	9.8%	61,156	196,280	472,791	3,151,419	\$27.25
RALEIGH TOTALS:	72,538,118	6,676,576	9.2%	130,234	221,572	472,791	3,686,800	\$28.33

Market Data Source: CoStar data pulled 10.19.20 | Triangle Business Journal | The News & Observer | Lincoln Harris Research





SIGNED LEASE TRANSACTIONS

TENANT	BUILDING	SUBMARKET	SF	TYPE
Iqvia	Parmer Ellis	Research Triangle	322,384	New
Biogen	Innovation I	RDU/I-40	104,000	New
bioMason	2 Triangle Dr	Research Triangle	30,335	Expansion
First Carolina Bank	Carolina Place	West Raleigh	19,498	Expansion

2021 Emerging Trends In Real Estate
named Raleigh

#1
IN OVERALL
REAL ESTATE PROSPECTS

RECENT INVESTMENT SALES

BUILDING	SUBMARKET	RBA	SALE PRICE	PRICE/SF	BUYER
Durham.ID	Downtown Durham	330,274	\$138,000,000	\$418	Bain Capital/Longfellow RE Partners
1009-1025 Think Pl/5221 Paramount Pky	RDU/I-40	503,898	\$189,100,000	\$375	Mapletree Investments
Parmer RTP/Parmer Ellis/Parmer 14	Research Triangle	2,367,000	\$590,400,000	\$249	Alexandria Real Estate Equities
Somerset Park	Six Forks Rd	206,829	\$41,600,000	\$201	Boyd Watterson Asset Mgmt

OFFICE UNDER CONSTRUCTION

BUILDING	SUBMARKET	DEVELOPER/OWNER	SF	ASKING RENTS	MAJOR TENANT(S)
Advance Auto Parts Tower	Six Forks Rd	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
Tower Two at Bloc [83]	West Raleigh	Heritage Properties	241,750	\$37.50	Envestnet, Inc.
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	\$32.50	SolarWinds

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