

Raleigh, NC

OFFICE MARKET REPORT | Q2 2021

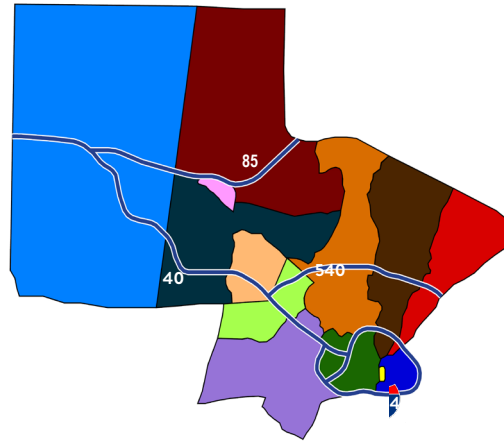
Office leasing activity has increased with continued positive net absorption numbers as COVID-19 cases and trends continue to slow. Despite the increased leasing activity and positive net absorption, vacancy rates have increased due to deliveries of new office product to the market.

Raleigh-Durham continues to see major employers relocate to the Triangle region. The corporate announcements of Apple, Google, & FUJIFILM alone will help accelerate economic recovery and add over 4,000 jobs and \$10 billion of investment to the market. In total, there have been 16,800 total new jobs announced YTD in Raleigh-Durham.

The life-sciences sector continues to grow in the Triangle resulting in both increased property conversions and tenant and investor demand. Traditional office/flex properties continue to be converted and tracked as life-science assets moving forward. Raleigh-Durham's proximity

to top research universities and consistent life science activity helps position the city as one of the top real estate markets for life science users.

Although investors remain active and interested in the Triangle region, investment sales activity remained slow in the second quarter. The largest transaction by \$/SF in the second quarter was Duke Medical Plaza, a 41,000 square foot office building in the North Durham submarket, purchased by Healthcare Trust of America for \$16.3 million or \$397 per square foot. 1,202,670 square feet was added to the market in the second quarter including Tower2, Smokey Hollow, The Stitch, and Forty540 Phase II.



	Q2 2021	Q1 2021
↑ Market Supply (SF)	75,617,390	74,414,720
↓ Under Construction (SF)	1,755,022	2,903,958
↑ Direct Vacancy (%)	9.1%	8.3%
↑ Total Vacancy (%)	10.2%	9.3%
↓ Total Net Absorption (SF)	445,322	641,476
↑ YTD Net Absorption (SF)	1,086,798	641,476
↑ Direct Asking Rent	\$28.67	\$28.65
↑ Class A Direct Asking Rent	\$30.88	\$30.85
↑ Class B Direct Asking Rent	\$23.22	\$23.15

SUBMARKET	INVENTORY	VACANT SPACE	VACANCY RATE	Q2 2021 ABSORPTION	Q2 2020 ABSORPTION	COMPLETIONS	CONSTRUCTION	DIRECT ASKING RATE
<i>Downtown Durham</i>	5,327,245	426,711	8.0%	-1,242	140,425	-	240,741	\$34.39
<i>Downtown Raleigh</i>	7,009,327	581,009	8.3%	-63,646	-63,750	225,000	292,543	\$35.93
URBAN TOTALS:	12,336,572	1,007,720	8.2%	-62,404	76,675	225,000	533,284	\$35.29
<i>Six Forks Rd/Falls of Neuse</i>	7,318,208	369,620	5.1%	45,231	55,934	-	73,000	\$26.75
<i>Cary</i>	9,697,488	917,283	9.5%	29,785	140,035	86,935	322,424	\$29.54
<i>US-70/Glenwood</i>	3,006,954	320,083	10.6%	-76,120	-37,293	-	-	\$29.03
<i>North Durham</i>	1,317,003	194,172	14.7%	-	-	-	-	\$17.90
<i>Orange County</i>	2,689,658	508,386	18.9%	-14,894	36,145	-	51,281	\$28.74
<i>Route 1</i>	2,456,947	192,092	7.8%	-3,881	-32,108	-	-	\$23.12
<i>RDU/I-40</i>	9,902,426	733,574	7.4%	312,967	-27,336	279,678	-	\$26.43
<i>South Durham</i>	4,323,910	527,948	12.2%	-27,355	-5,208	-	111,871	\$26.95
<i>Research Triangle</i>	11,364,160	1,027,948	9.0%	72,455	-2,960	365,000	445,855	\$23.75
<i>West Raleigh</i>	9,612,376	1,095,296	11.4%	84,677	-111,453	30,000	217,307	\$31.16
<i>East Raleigh</i>	1,591,688	13,525	0.8%	22,457	1,150	25,179	-	\$30.50
SUBURBAN TOTALS:	63,280,818	5,899,927	9.3%	445,322	16,906	786,792	1,221,738	\$27.47
RALEIGH TOTALS:	75,617,390	6,907,647	9.1%	382,918	93,581	1,011,792	1,755,022	\$28.67



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SIGNED LEASE TRANSACTIONS

TENANT	BUILDING	SUBMARKET	SF	TYPE
Invitae	The Stitch	Research Triangle	245,000	New
Zoetis	Imperial Center	Research Triangle	79,000	Expansion
Azzur Cleanrooms	INQ @ 1101	Research Triangle	75,000	New
Confidential	1200 Crescent Green	Cary	75,000	New
CARSgen	TBC	Research Triangle	36,590	New
BioAgilytix Labs	Berrington Center	Research Triangle	33,000	New

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
Duke Medical Plaza	North Durham	41,036	\$16,300,000	\$397	Healthcare Trust of America
Innovation I	Research Triangle	139,163	\$36,800,000	\$264	Northridge Capital
Trinity Place	West Raleigh	114,547	\$27,500,000	\$240	JPB Raleigh Holdings

OFFICE UNDER CONSTRUCTION

BUILDING	SUBMARKET	DEVELOPER/OWNER	SF	ASKING RENTS	MAJOR TENANT(S)
301 Hillsborough at Raleigh Crossing	Downtown Raleigh	The Fallon Company	292,543	\$41.50	Pendo
One Fenton Main	Cary	Hines	161,087	\$38.50	-
8 Davis Drive	Research Triangle	Alexandria Real Estate Equities	117,855	N/A	-
Palisades III	West Raleigh	Keystone Corporation	167,307	\$33.00	-
The Roxboro at Venable Center	Downtown Durham	Trinity Capital Advisors	203,249	\$38.50	-
Raleigh Iron Works	East Raleigh	Grubb Ventures	540,000	N/A	-

Market Data Source: CoStar data pulled 7.13.21 | Triangle Business Journal | The News & Observer | Lincoln Harris Research

