



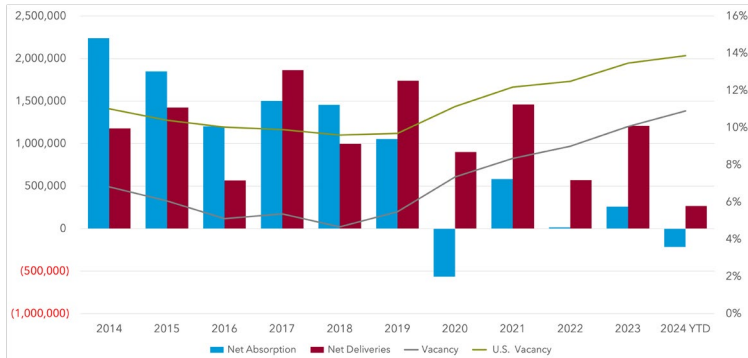
### OFFICE MARKET OVERVIEW

SCOTT HADLEY, *Vice President, Principal*

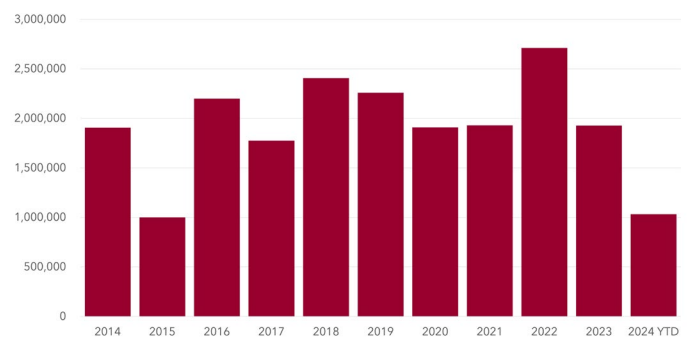
Raleigh's 10.8% vacancy, although well below US vacancy, is the state capital's highest vacancy in ten years. Demand decline, decreased deal volume, decreased absorption, increased new deliveries, and properties under construction less than 35% preleased, may pose a bleaker picture than reality. Raleigh remains one of the fastest-growing areas in the nation. Business-friendly, high-skilled labor, lower-than-average costs, tech, and life science companies contribute to the robust economy. Additionally, as the state capital, Raleigh has the stability of a large government employment base.

MARKET INDICATORS	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023
▼ 12 Mo. Net Absorption SF	833,196	862,261	259,791	(204,040)	(644,638)
▲ Vacancy Rate	10.9%	10.4%	10.1%	10.0%	9.7%
▲ Avg NNN Asking Rate PSF	\$30.08	\$29.78	\$29.70	\$29.50	\$29.27
▼ SF Under Construction	1,033,101	1,660,667	1,927,937	2,227,391	2,884,935
▲ Inventory SF	79,982,058	79,183,601	78,916,331	78,574,350	77,841,580

#### NET ABSORPTION, NET DELIVERIES, & VACANCY



#### UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
4201 Lake Boone Trail* Raleigh, NC	50,220 SF	\$13,710,000 \$273.00 PSF	Evergreen Medical Properties Highwoods Properties, Inc.	Class B
4301 Lake Boone Trail* Raleigh, NC	48,417 SF	\$13,160,000 \$271.81 PSF	Evergreen Medical Properties Highwoods Properties, Inc.	Class B
2300 Rexwoods Drive* Raleigh, NC	61,060 SF	\$9,770,000 \$160.01 PSF	Evergreen Medical Properties Highwoods Properties, Inc.	Class B

\*Part of a Portfolio Sale

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
2201 Iron Works Drive Raleigh, NC	30,622 SF	Grubb Ventures Services, LLC	Undisclosed	Undisclosed
1001 Winstead Drive Cary, NC	30,000 SF	Accesso Partners	Accesso	Business Services, NEC
2501 Aerial Center Parkway Morrisville, NC	22,500 SF	Sentinel Real Estate Corporation	Undisclosed	Undisclosed



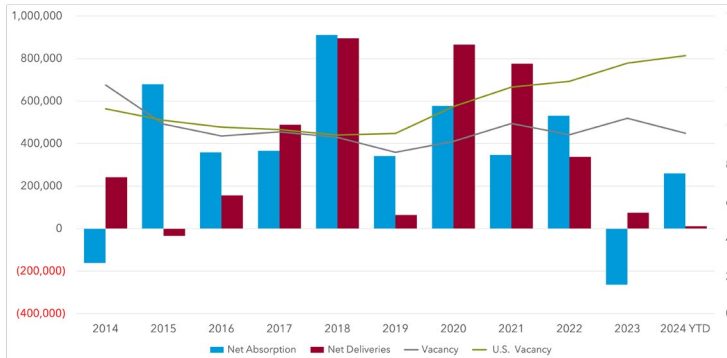
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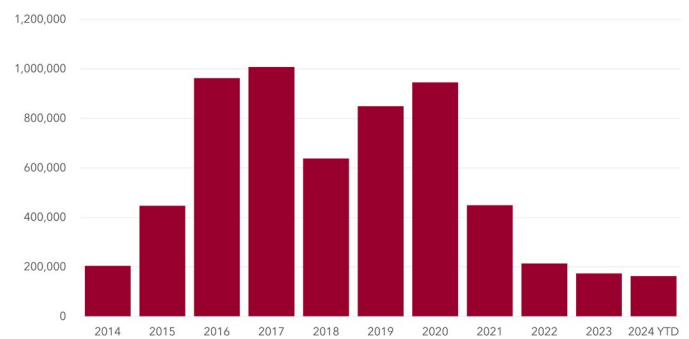
Durham market vacancies are 9.7%, below the national vacancy rate of 13.8%. Second quarter market results include positive net absorption, slowing asking rent growth, increasing concessions, and available sublease space more than ten times the amount available before the pandemic. On the demand side, employees want work-from-home flexibility and offices with fitness centers, health clubs, coffee shops, rooftop bars, restaurants, retail, event areas, and outdoor spaces. Notwithstanding these challenges, the Research Triangle area is strong, home to more than 375 companies, with 21 companies recently expanding and relocating to Chatham, Orange, and Durham counties.

MARKET INDICATORS	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023
▼ 12 Mo. Net Absorption SF	52,042	182,291	(263,604)	(233,786)	42,841
▼ Vacancy Rate	9.7%	9.9%	10.5%	10.2%	10.0%
▲ Avg NNN Asking Rate PSF	\$28.29	\$27.84	\$27.81	\$27.71	\$27.56
▼ SF Under Construction	162,759	169,959	174,180	198,180	198,180
▼ Inventory SF	37,405,361	37,446,460	37,435,039	37,411,039	37,411,039

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
502 Rigsbee Avenue Durham, NC	11,587 SF	\$4,300,000 \$371.11 PSF	Civic Federal Credit Union Clear Vue Glass	Class B
316-318 Holland Street Durham, NC	7,000 SF	\$2,000,000 \$285.71 PSF	Sung J. & Ivette Lee Frank B. Konhaus and Ellen Cassilly	Class B
514 S Duke Street Durham, NC	3,688 SF	\$1,100,000 \$298.26 PSF	Mills & Mahoney, P.A. Rebecca Merrill	Class C

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
410 Blackwell Street Durham, NC	15,000 SF	Capitol Broadcasting Company	Undisclosed	Undisclosed
5003 S. Miami Boulevard Durham, NC	11,913 SF	Lincoln Property Company	Undisclosed	Undisclosed
700 Park Offices Drive Durham, NC	10,000 SF	Research Triangle Park Foundation	Undisclosed	Undisclosed