



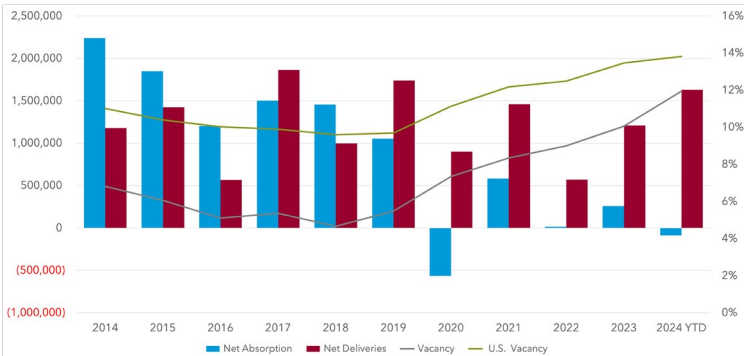
OFFICE MARKET OVERVIEW

JAMES BAILEY, *Vice President*

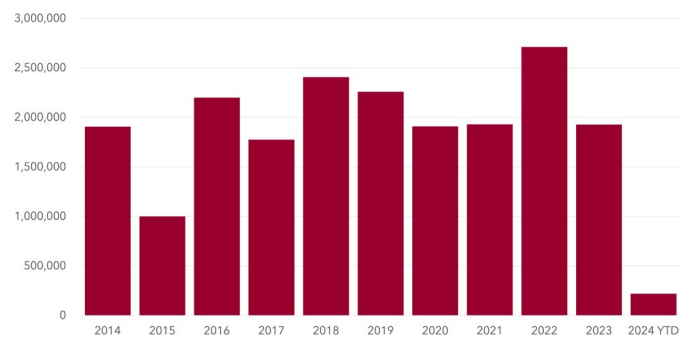
Raleigh's office market softened in Q4 2024, with net absorption declining to -87,441 SF from 245,802 SF in Q3. The vacancy rate increased to 11.96% from 11.36%, indicating a slight supply-demand imbalance. Average NNN asking rents held steady at \$30.05 per SF, reflecting stable demand for premium office space. Sales prices averaged \$201 PSF, while the cap rate rose slightly to 8.88%. Construction activity slowed, with 220,160 SF underway. Notable transactions included a 31,553 SF lease at 4000 Center at North Hills St and the \$21.4 million sale of ±170,000 SF at 4800 Falls of Neuse Rd. Office investments are beginning to open back up due in part to lower interest rates and more leasing activity.

MARKET INDICATORS	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023
▼ 12 Mo. Net Absorption SF	(87,441)	245,802	833,196	862,261	259,791
▲ Vacancy Rate	11.96%	11.36%	10.90%	10.40%	10.10%
▲ Avg NNN Asking Rent PSF	\$30.05	\$30.03	\$30.08	\$29.78	\$29.70
▲ Sale Price PSF	\$201	\$162	\$164	\$231	\$317
▲ Cap Rate	8.88%	8.55%	8.53%	8.50%	8.44%
▼ Under Construction	220,160	866,142	1,033,101	1,660,667	1,927,937
▲ Inventory	80,697,876	80,043,866	79,982,058	79,183,601	78,916,331

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
4800 Falls of Neuse Road Raleigh, NC	176,886 SF	\$21,350,000 \$120.70 PSF	Undisclosed Highwoods Properties	Class A
110 Corning Road* Cary, NC	122,030 SF	\$29,163,472 \$238.99 PSF	Crossroads Menlo Equities	Class B
110 Corning Road* Cary, NC	100,256 SF	\$23,492,539 \$234.33 PSF	Crossroads Menlo Equities	Class B

*Part of a Portfolio Sale

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
4000 Center at North Hills St	31,553	Kane Realty Corp	Undisclosed	Undisclosed
4000 Center at North Hills St	31,312	Kane Realty Corp	Weatherby Healthcare	Administrative and Support
8045 Arco Corporate Dr	15,033	American Asset Corp	Undisclosed	Undisclosed



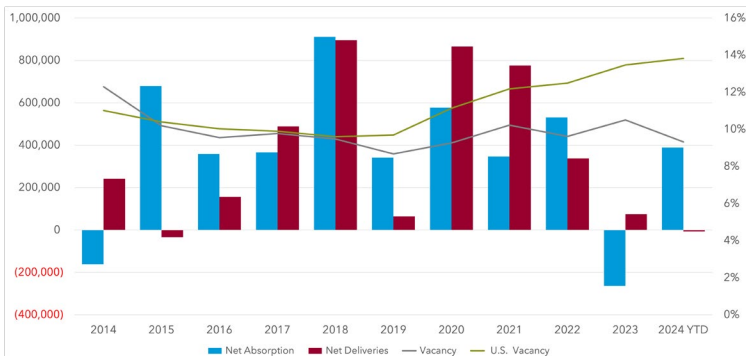
OFFICE MARKET OVERVIEW

JAMES BAILEY, *Vice President*

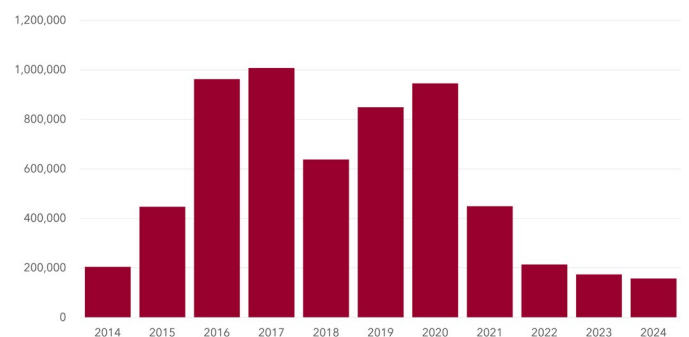
The Durham office market saw notable growth in Q4 2024, with net absorption reaching 389,472 SF, a significant rise from 256,895 SF in Q3. The vacancy rate slightly decreased to 9.32% from 9.38%, reflecting improved demand. Average NNN asking rents climbed to \$28.36 per SF, compared to \$28.06 in the previous quarter. Construction activity remained steady, with 157,537 SF underway, signaling limited new supply. Notable transactions include a 45,065 SF lease at 324 Blackwell St and the \$14 million sale of 118 Knox Way. Market fundamentals continue to show resilience amid cautious economic conditions.

MARKET INDICATORS	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023
▲ 12 Mo. Net Absorption SF	389,472	256,895	52,042	182,291	(263,604)
▼ Vacancy Rate	9.32%	9.38%	9.70%	9.90%	10.50%
▲ Avg NNN Asking Rent PSF	\$28.36	\$28.06	\$28.29	\$27.84	\$27.81
▲ Sale Price PSF	\$203	\$71	\$302	\$100	\$91
▲ Cap Rate	8.93%	8.65%	8.66%	8.64%	8.60%
◀ ▶ Under Construction	157,537	157,537	162,759	169,959	174,180
▼ Inventory	37,712,117	37,746,396	37,405,361	37,446,460	37,435,039

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
118 Knox Way Chapel Hill, NC	14,000 SF	\$6,500,000 \$464.29 PSF	Graham Adair Amaon Hobbies	Class B
311-327 Providence Road Chapel Hill, NC	11,847 SF	\$2,450,000 \$206.80 PSF	Jasbir Mahajan Virtual Benefit Solutions	Class B
1130 Weaver Dairy Road Chapel Hill, NC	8,234 SF	\$2,100,000 \$255.04 PSF	Therapy Smarts Coldwell Banker Advantage	Class B

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
324 Blackwell Street Durham, NC	45,065 SF	American Campus LLC	Undisclosed	Undisclosed
4819 Emperor Boulevard Durham, NC	22,256 SF	Principal Real Estate Investors	Undisclosed	Undisclosed
3908 Patriot Drive Durham, NC	15,117 SF	Ventas, Inc.	Avazyme	Science & Technology

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