

QUICK LOOK Q2 2021

Raleigh-Durham Office Market



APG
ADVISORS

Leasing velocity remains flat, although major commitments from life science tenants help drive the market's **positive net absorption in Q2 of 220,917 square feet.**

The **1.3 million square feet added to the market year-to-date** are collectively 50% leased. Another **1.35 million square feet** is under construction with delivery estimated by year-end.

New 2020/2021 deliveries drive Class A direct vacancy to 13.4%.

The average **Class A direct asking rent of \$29.66** is flat QOQ and YOY. Considering the headwinds the market faced in the last year, we consider flat activity. The rate, which is calculated from current availabilities only, represents a 17.7% increase over five years.

There were six individual non-medical office properties sold year to date; a total of 490,912 square feet for a combined \$90,083,000. The **2021 average price per square foot of \$184** is a 7% increase YOY.

Market Indicators Class A ⁽¹⁾	Q2 2021	QOQ Change	YOY Change
Vacancy - Direct	12.30%	↑	↑
WA Asking Rent - Direct	\$29.66	→	→
Market Rent	\$31.65	→	→
Direct Net Absorption (SF)	126,455	↑	↓
Under Construction (SF)	1,517,004	↓	↓
Under Const. WA Asking Rate	\$35.23	↑	↑

A quarterly rent change of ±1% or less is deemed to be flat.
A quarterly vacancy rate change of ±10 basis points or less is deemed to be flat.



"Keep it simple." - Charlie Munger

Deliveries						
Building Park	Property Address	City	Submarket Name	Delivered	RBA	% Leased
Tower 2 at Bloc 83	621 Hillsborough St	Raleigh	West Raleigh	Q1	281,634	43.20
The Stitch	1001 Airport Blvd	Morrisville	RTP/RDU	Q1	250,000	100.00
Perimeter Park	4000 Paramount Pky	Morrisville	RTP/RDU	Q1	90,000	65.00
The Gwendolyn at Glen Lennox	101 Glen Lennox Dr	Chapel Hill	Orange County	Q1	110,418	11.00
GlenLake Seven	4123 Parklake Ave	Raleigh	Glenwood/Creedmoor	Q1	130,000	100.00
Smockey Hollow	421 N. Harrington St	Raleigh	DT Raleigh	Q1	255,000	2.60
Forty540 Phase II	710 Slater Rd	Morrisville	Research Triangle	Q2	205,000	40.00
Totals					1,322,052	50.00

Under Construction						
Building Park	Property Address	City	Submarket Name	Delivery	RBA	% Pre-Leased
Park Point - Edge (West)	4001 E NC Hwy 54	RTP	Research Triangle	2021 Q3	149,000	50.00
Park Point - Edge (East)	4001 E NC Hwy 54	RTP	Research Triangle	2021 Q3	179,000	0.00
Fenton - Bldg. 10	855 Cary Towne Blvd	Cary	Cary	2021 Q4	161,087	22.91
Fenton - Bldg. 12	855 Cary Towne Blvd	Cary	Cary	2021 Q4	64,263	20.76
The Walker	1300 Walnut St	Cary	Cary	2021 Q4	97,074	0.00
Raleigh Crossing	301 Hillsborough St	Raleigh	CBD Raleigh	2021 Q4	292,543	45.35
The Roxboro at Venable Center	464 Pettigrew St	Durham	CBD Durham	2021 Q4	193,044	0.00
Palisades III	5401 Trinity Rd	Raleigh	West Raleigh	2021 Q4	167,307	0.00
	1309 Annapolis Dr	Raleigh	West Raleigh	2021 Q4	50,000	52.00
Meridian	2540 Meridian Pky	Durham	South Durham	2022 Q1	111,871	0.00
East End	2020 Progress Ct.	Raleigh	6 Forks Falls of Neuse	2022 Q4	51,815	62.90
Totals					1,517,004	20.83

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Submarket Breakdown



Class A ⁽¹⁾	Inventory		Vacant Available		Net Absorption (SF)		Rent		Under Construction	
	Submarket	Bldgs	Total SF	Direct %	Total %	Q2 Total	YTD Total	Direct Asking ⁽²⁾	Direct Market ⁽³⁾	Total SF
DT Raleigh	12	3,053,366	18.00	20.30	(63,646)	(87,371)	\$34.92	\$35.49	292,543	\$41.50
DT Durham	21	3,008,384	11.00	11.40	(4,614)	(8,536)	\$31.12	\$32.54	193,044	\$38.50
Subtotal CBD	33	6,061,750	14.50	15.90	(68,260)	(95,907)	\$34.08	\$34.02	485,587	\$40.31
W Raleigh	44	4,579,062	17.60	18.50	36,873	119,540	\$30.94	\$33.29	217,307	\$34.25
RTP-RDU	38	4,733,778	10.50	12.50	200,367	226,482	\$27.14	\$30.37	-	-
Cary	35	4,206,105	16.40	18.10	(50,112)	(145,644)	\$27.75	\$30.18	322,424	\$35.20
Research Triangle	34	3,479,335	14.70	15.80	62,733	59,486	\$25.61	\$34.99	328,000	Undisclosed
Six Forks / Falls of Neuse	20	2,804,385	3.30	8.40	16,385	8,826	\$34.46	\$34.23	51,815	\$38.50
S. Durham	21	1,787,761	18.30	18.70	(30,532)	(69,694)	\$26.78	\$28.95	111,871	\$31.95
Glenwood / Creedmoor	16	1,634,852	11.00	11.40	(31,942)	139,451	\$32.09	\$31.07	-	-
Orange County	15	1,215,069	15.70	15.90	(4,360)	(10,302)	Undisclosed	\$31.17	-	-
Rt 1 / E. Ral / NE Wake	6	632,396	0.70	0.70	(4,697)	1,223	\$27.50	\$30.21	-	-
Total Class A	262	31,134,493	13.40	15.00	126,455	233,461	\$29.66	\$31.65	1,517,004	\$37.40

Class B ⁽¹⁾	Inventory		Vacant Available		Net Absorption (SF)		Rent	
	Submarket	Bldgs	Total SF	Direct %	Total %	Q2 Total	YTD Total	Direct Asking ⁽²⁾
DT Raleigh	12	1,082,121	2.80	0.07	-	(1,999)	\$30.41	\$29.34
DT Durham	12	748,779	10.60	10.60	357	(3,564)	\$31.52	\$24.93
Subtotal CBD	24	1,830,900	6.00	8.60	357	(5,563)	\$30.92	\$27.54
W Raleigh	29	1,821,186	9.30	12.30	10,334	(8,336)	\$27.32	\$27.14
RTP-RDU	14	1,205,027	6.70	6.70	94,889	63,488	\$21.09	\$28.46
Cary	23	1,496,372	2.30	4.40	2,160	(2,855)	\$22.91	\$25.51
Research Triangle	44	4,410,887	4.80	6.70	10,169	560,186	\$23.70	\$23.68
Six Forks / Falls of Neuse	38	2,336,120	7.80	7.80	25,251	50,339	\$24.67	\$26.78
S. Durham	16	927,197	16.60	16.60	1,833	(9,275)	\$20.83	\$22.33
N. Durham	7	403,678	44.40	44.40	0	0	\$16.47	\$20.83
Glenwood / Creedmoor	14	712,032	16.60	16.60	(48,625)	(47,001)	\$21.51	\$22.06
Orange County	3	225,610	41.60	41.60	0	(93,953)	Undisclosed	\$27.76
Rt 1 / E. Ral / NE Wake	21	1,249,434	10.20	14.60	(1,906)	(593)	\$21.36	\$22.83
South Wake	8	346,323	5.10	7.10	0	(36)	\$17.71	\$22.45
Total Class B	241	16,964,766	8.70	10.40	94,462	506,401	\$23.23	\$25.15

Class A&B ⁽¹⁾	Vacant Available		Net Absorption (SF)		Rent		Under Construction			
	Bldgs	Inventory (SF)	Direct %	Total %	Q2 Total	YTD Total	Direct Asking ⁽²⁾	Direct Market ⁽³⁾	Total SF	Asking Rent
	503	48,099,259	11.40	13.40	220,917	739,862	\$28.08	\$29.37	1,517,004	\$37.40

(1) Office buildings of 30K SF or greater, non-government, non-medical, non-owner occupied

(2) Weighted Average Asking Rents based on current availability

(3) Costar derived Market Rents - modeled gross asking rents, informed by current asking rents and lease comps; taking into consideration the entire inventory rather than current availabilities only

Sources: The Raleigh-Durham office report reflects statistics calculated using CoStar, Real Capital Analytics and APG Advisors' internal database of existing and under construction properties. Additional information sources include, Wake County Economic Development, and NC Commerce.

All information contained herein is from sources deemed reliable; however, no representation or warranty is made to the accuracy thereof.

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