

Major Tenant Announcements



TALENT POOL METRICS

- 49%** of residents over age of 25 hold bachelor's degree or higher
(US News & World Report)
- #1** in NIH Funding per Capita Among Major Life Sciences and Tech Hubs
- #2** Top Places to Live in the U.S.
U.S. News & World Report, July 2021
- #3** Fastest-Growing U.S. Metro from 2019-2020
U.S. Census, March 2021
- #4** Most Educated City in the U.S.
Fox Business

MARKET MOMENTUM

Despite national uncertainty regarding the COVID-19 Delta Variant, the Raleigh-Durham office market has sustained momentum throughout 3Q2021. The market continues to attract large new-to-market companies who plan to invest heavily in the region. The Triangle's low cost of living and deep talent pool continue to serve as primary drivers for the region's growth and the market's optimism. With a diverse tenant-mix and several new class A office product deliveries this year, the Raleigh-Durham market is poised for a strong fourth quarter. The Spectrum Companies expects to see continued investment in the region from out-of-market institutional buyers as well as new and local tenant growth announcements.

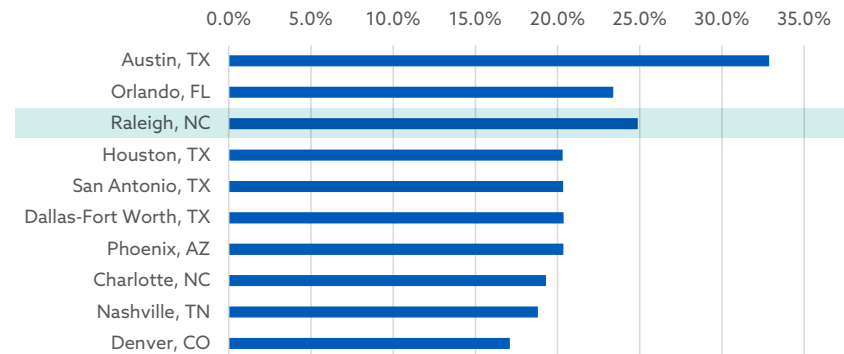
COST OF LIVING INDEX

Compared To Other Major US Markets



MSA POPULATION GROWTH

2010-2020



Source: US Census Bureau

FAST FACTS

97.5M SF

Q3 2021
Market Inventory

2.3M SF

Under
Construction

\$31.71

Class A
Avg Asking Rate

\$24.68

Class B
Avg Asking Rate

-369,963 SF

3Q21
Net Absorption

9.6%

Market
Vacancy Rate

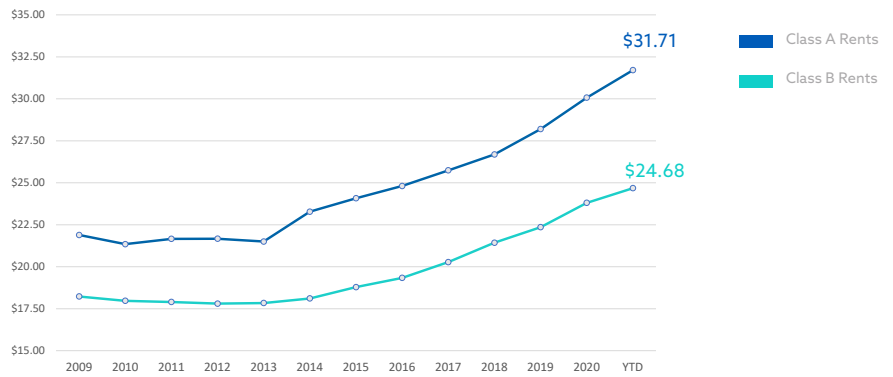
LEASING ACTIVITY

Leasing activity remained healthy throughout 3Q2021 as companies implemented return-to-office plans and many rolled out hybrid work models. New lease transaction and expansion activity was largely driven by the STEM sector, while notable mid-sized local and regional professional services firms also committed to long-term lease arrangements.

The Spectrum Companies recognizes a trending flight to quality as demand increases for Class A product. Efficient floor plates, updated common areas, and indoor/outdoor amenity spaces are increasingly demanded as management teams look to incentivize employees to return to in-person work. Many building owners have responded to these demands with planned improvements in exchange for elevated rental rates. We expect rental rates to continue to trend upward on average across most submarkets in the region.

DIRECT ASKING RATES | RALEIGH MSA

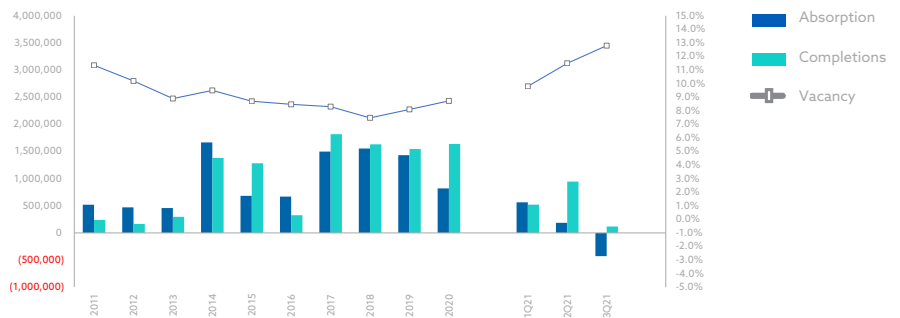
Weighted Average



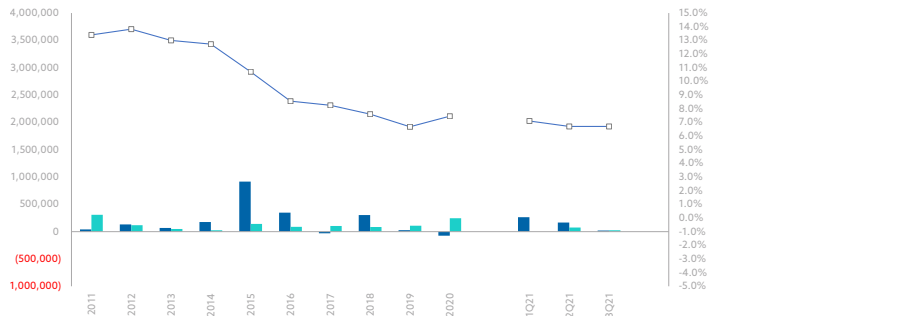
MARKET ABSORPTION + VACANCY | RALEIGH MSA

Historical Average

Class A

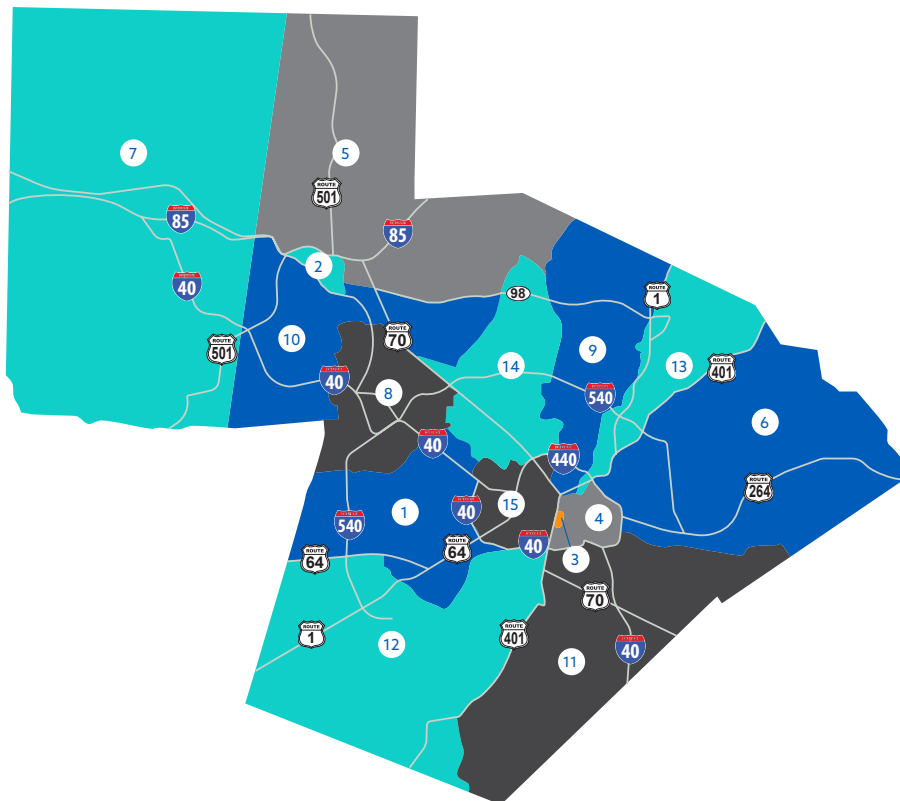


Class B



3Q21 OFFICE MARKET INVENTORY

| ID | SUBMARKET | BUILDINGS | EXISTING SF | SF UNDER CONSTRUCTION | VACANT SF | 2021 NET ABSORPTION | 3Q21 ABSORPTION | AVERAGE VACANCY | AVERAGE GROSS ASKING RENTS |
|--------------|--------------------------|--------------|-------------------|-----------------------|------------------|---------------------|------------------|-----------------|----------------------------|
| 1 | Cary | 273 | 13,194,514 | 338,594 | 1,304,098 | (196,586) | (116,479) | 9.9% | \$29.01 |
| 2 | Downtown Durham | 101 | 6,349,984 | 240,741 | 637,753 | (142,093) | (130,057) | 10.0% | \$34.63 |
| 3 | Downtown Raleigh | 93 | 8,233,055 | 292,543 | 839,824 | (172,929) | (85,700) | 10.2% | \$34.90 |
| 4 | East Raleigh | 44 | 2,100,056 | 16,000 | 55,504 | 19,138 | (6,122) | 2.6% | \$26.81 |
| 5 | North Durham | 62 | 2,068,820 | 12,500 | 252,834 | (4,630) | 992 | 12.2% | \$17.95 |
| 6 | Northeast Wake Co. | 28 | 816,410 | 0 | 39,146 | (26,049) | (21,663) | 4.8% | \$22.42 |
| 7 | Orange Co. | 122 | 3,967,358 | 51,281 | 552,660 | (103,209) | 17,411 | 13.9% | \$28.47 |
| 8 | RTP/RDU | 262 | 23,450,005 | 328,000 | 2,189,845 | 1,092,938 | 29,905 | 9.3% | \$26.06 |
| 9 | Six Forks/Falls of Neuse | 257 | 10,022,219 | 439,800 | 810,030 | (47,330) | (94,886) | 8.1% | \$25.59 |
| 10 | South Durham | 148 | 5,635,999 | 111,871 | 608,801 | (111,913) | 6,476 | 10.8% | \$27.22 |
| 11 | Southeast Wake Co. | 50 | 1,548,061 | 0 | 43,152 | (11,725) | (16,422) | 2.8% | \$15.30 |
| 12 | Southwest Wake Co. | 58 | 1,219,864 | 74,538 | 84,272 | 28,944 | 3,336 | 6.9% | \$26.83 |
| 13 | US 1/Capital Blvd. | 100 | 3,356,441 | 221,464 | 226,926 | 81,778 | 85,578 | 6.8% | \$22.85 |
| 14 | Glenwood | 122 | 4,126,003 | 0 | 395,721 | 125,618 | (7,622) | 9.6% | \$28.08 |
| 15 | West Raleigh | 221 | 11,445,341 | 217,307 | 1,279,805 | 160,275 | (27,710) | 11.2% | \$31.21 |
| Total | | 1,941 | 97,534,130 | 2,344,639 | 9,320,371 | 692,227 | (362,963) | 9.6% | \$28.11 |



ID SUBMARKET

- 1 Cary
- 2 Downtown Durham
- 3 Downtown Raleigh
- 4 East Raleigh
- 5 North Durham
- 6 Northeast Wake Co.
- 7 Orange Co.
- 8 RTP/RDU
- 9 Six Forks/Falls of Neuse
- 10 South Durham
- 11 Southeast Wake Co.
- 12 Southwest Wake Co.
- 13 US 1/Capital Blvd.
- 14 Glenwood
- 15 West Raleigh



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