

FAST FACTS

97.8M SF

Q4 2021
Market Inventory

2.7M SF

Under
Construction

\$31.68

Class A
Avg Asking Rate

\$25.11

Class B
Avg Asking Rate

330,036 SF

4Q21
Net Absorption

9.5%

Market
Vacancy Rate

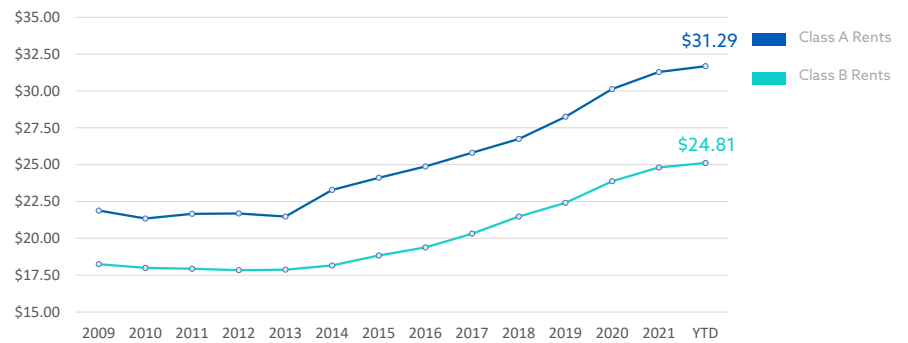
Sources: U.S. Census Bureau, CoStar

LEASING ACTIVITY AND MARKET MOMENTUM

Leasing activity remained healthy through 4Q2021 and into the first quarter of 2022. As the nation adjusted to a new normal with return-to-office strategies and hybrid work environments, the office sector realized an uptick in longer term lease renewals and new leasing activity across multiple sectors. As inflation and supply chain constraints continue to impact construction costs, many landlords have increased asking rents which is a trend we expect to continue into 2022.

DIRECT ASKING RATES | RALEIGH MSA

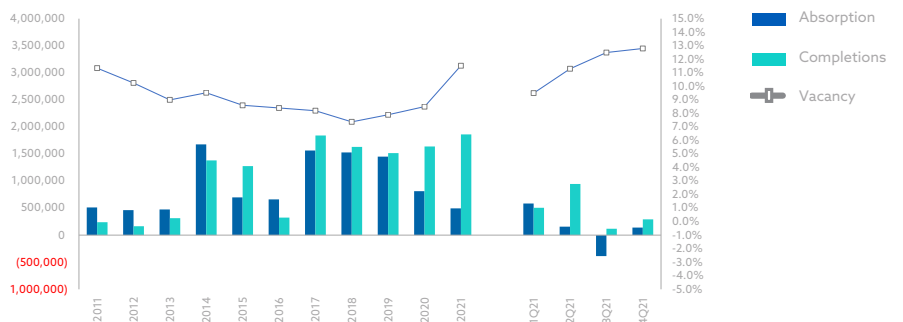
Weighted Average



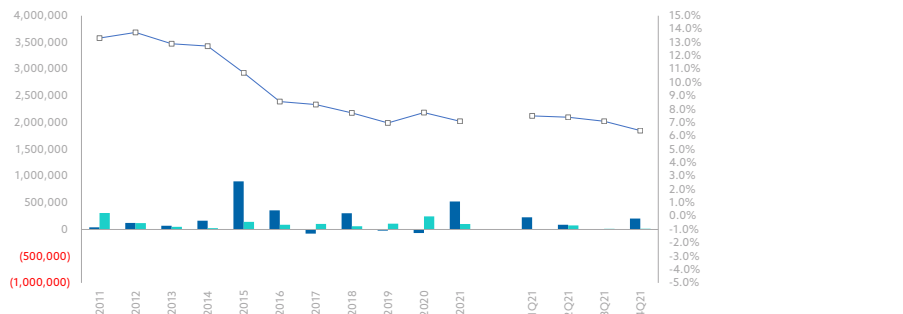
MARKET ABSORPTION + VACANCY | RALEIGH MSA

Historical Average

Class A



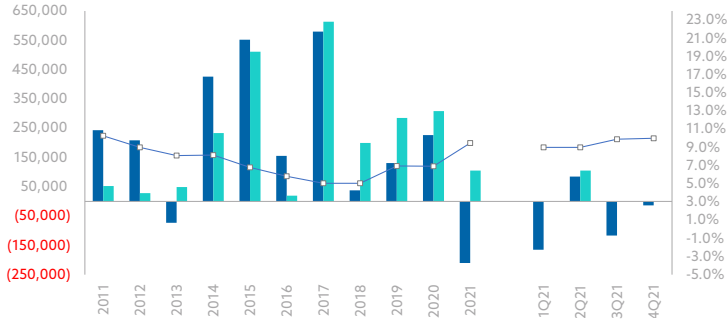
Class B



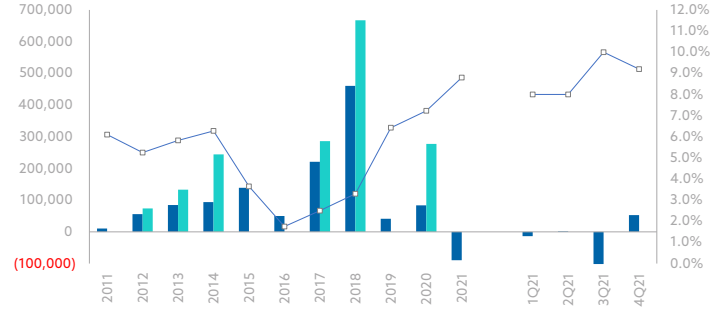
SUBMARKET HIGHLIGHTS

- Absorption
- Completions
- ◻ Vacancy

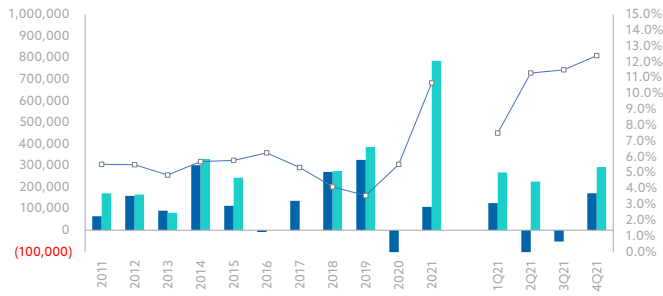
CARY



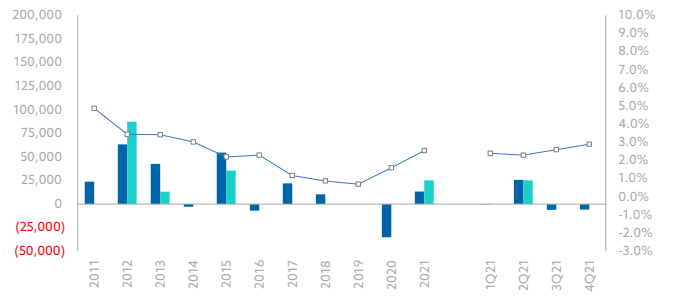
DOWNTOWN DURHAM



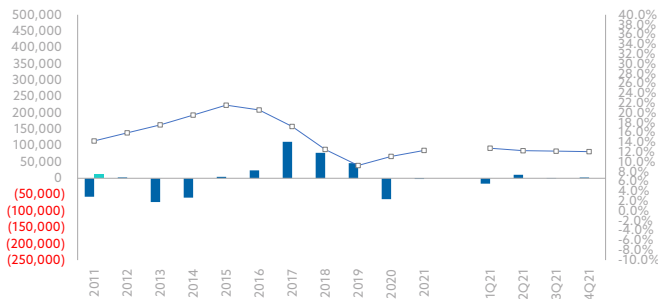
DOWNTOWN RALEIGH



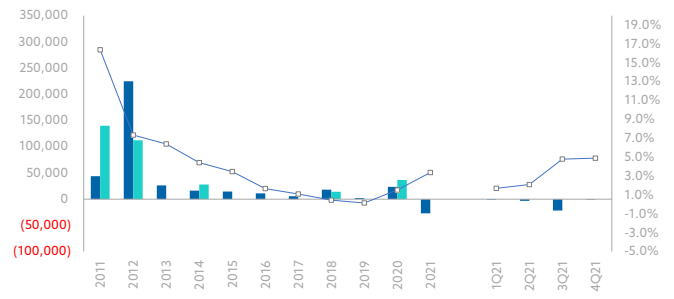
EAST RALEIGH



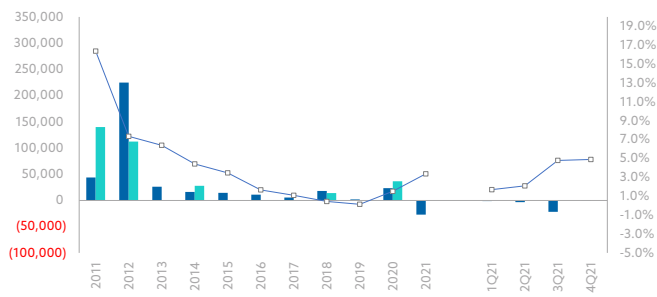
NORTH DURHAM



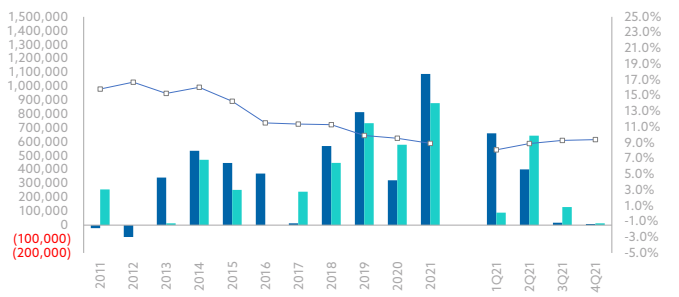
NE WAKE COUNTY



ORANGE COUNTY



RTP/RDU



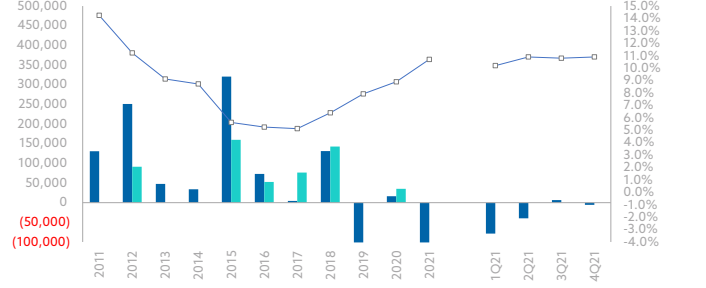
SUBMARKET HIGHLIGHTS

- Absorption
- Completions
- Vacancy

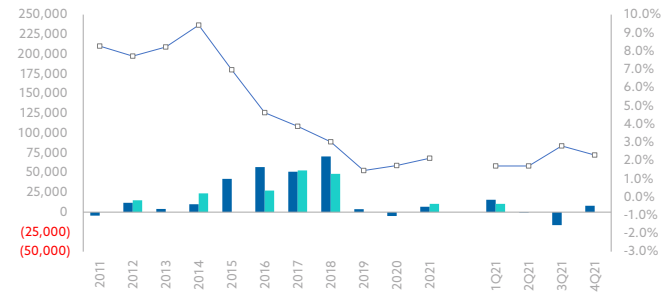
SIX FORKS / FALLS OF NEUSE



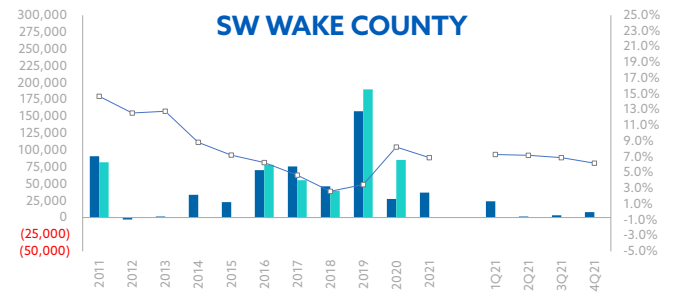
SOUTH DURHAM



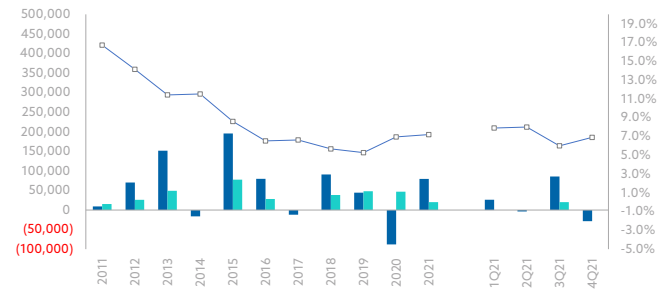
SE WAKE COUNTY



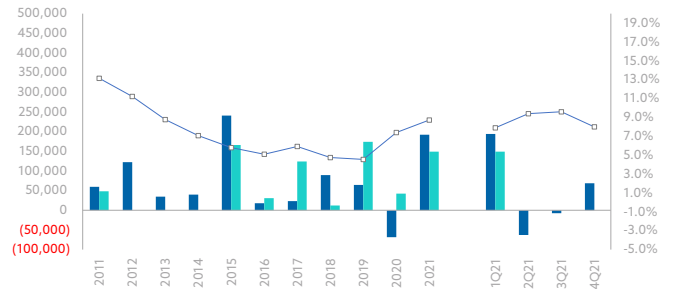
SW WAKE COUNTY



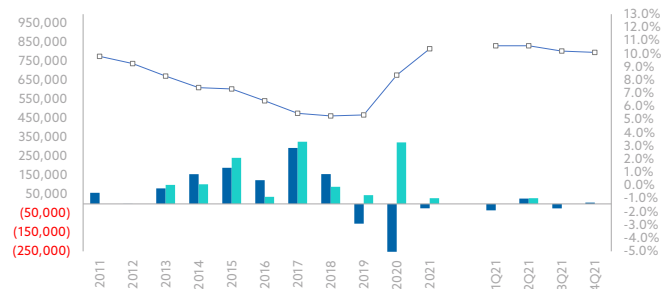
US 1 / CAPITAL BLVD



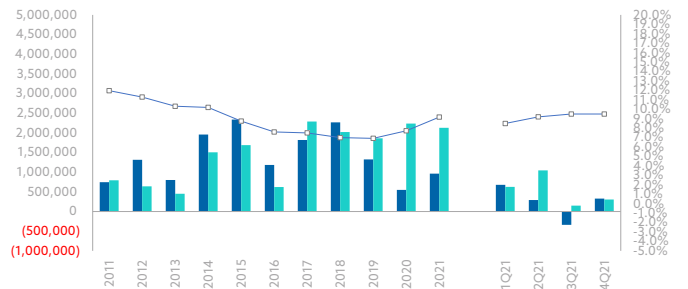
GLENWOOD



ORANGE COUNTY



RALEIGH MARKET



INVESTOR PERSPECTIVE

INVESTOR OUTLOOK SUMMARY

2021 investment sale activity was one of the most active on record. Market wide, thirteen major transactions were recorded totaling over \$1.3B across the office and life science sector. Another record was shattered for price per square foot when Bloc 83, located in downtown Raleigh, traded for \$690psf. The previous high-water mark for traditional office space was the Dillon, (11/20 sale date) at \$531psf. The largest transaction in 2021 was The Stitch, a creative office/life science conversion, single tenant life science use. The project traded for \$727psf, \$181M to the Related Companies. We continue to see influx of out of market buyers and first-time buyers in the Triangle market, making acquiring product highly competitive and favorable for existing owners looking at dispositions.



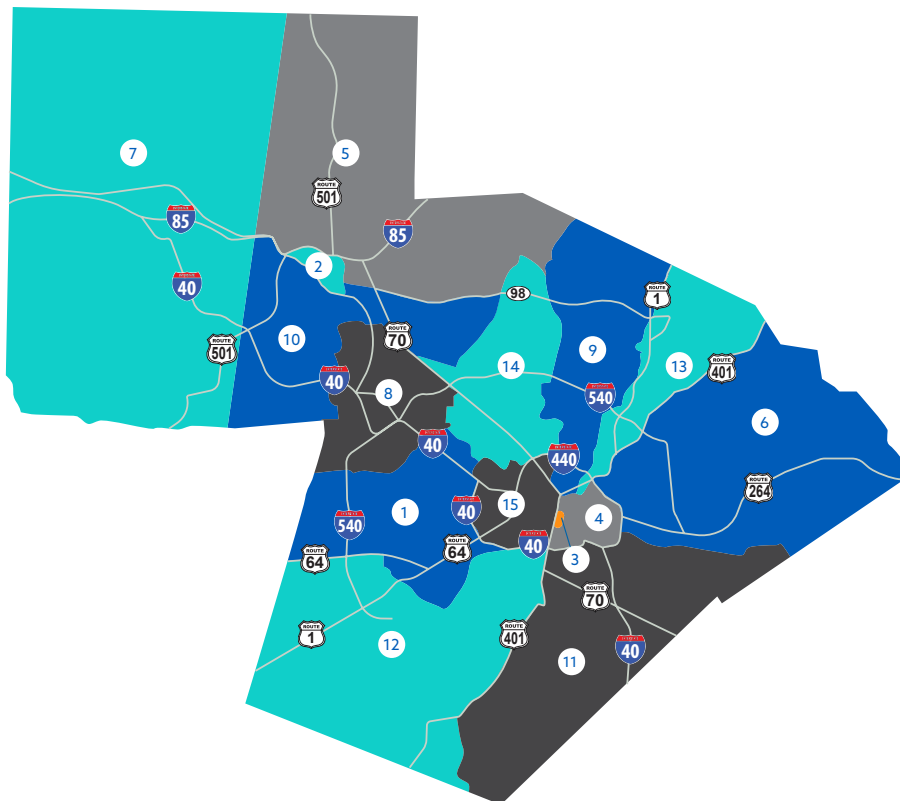
Bloc 83 | Raleigh, NC

NOTABLE SALES TRANSACTIONS

PROPERTY NAME	DATE	DEAL TYPE	SUB MARKET	YR BUILT	RSF	LEASED % AT SALE	PRICE (\$MM)	\$PSF	CAP RATE	BUYER	SELLER
ONE GLENWOOD (Bloc 83)	Dec-21	OFFICE	DOWNTOWN	2019	229,024	96%	\$158.0M	\$690	3.70%	CITY OFFICE REIT	HERITAGE PROPERTIES
621 HILLSBOROUGH ST (Bloc 83)	Dec-21	OFFICE	DOWNTOWN	2021	494,487	71%	\$172.0M	\$348	3.70%	CITY OFFICE REIT	HERITAGE PROPERTIES
BRIER CREEK SOUTH	Dec-21	OFFICE	RTP / RDU	2007	127,434	97%	\$39.0M	\$306	-	HW PROPERTIES	SOUTHMARK CAPITAL
PATTERSON PLACE PHASE II	Dec-21	OFFICE	DURHAM	2010	64,864	95%	\$37.1M	\$572	-	LASALLE INVESTMENT MGMT	BOULEVARD PROPERTIES
CAROLINA PLACE	Dec-21	OFFICE	WEST RALEIGH	1984	99,387	99%	\$32.5M	\$327	-	DEBNAM PROPERTY MGMT	GRIFFIN PARTNERS
PALISADES (PORTFOLIO)	Dec-21	OFFICE	WEST RALEIGH	-	332,701	-	\$87.5M	\$263	-	ALIDADE CAPITAL	KEYSTONE CORPORATION
WEST VILLAGE (PORTFOLIO)	Dec-21	MIXED	DURHAM	1916/2000	-	-	\$107.6M	-	-	BLACKSTONE	CONNOR & COMPANY
THE STITCH	Dec-21	OFFICE	RTP / RDU	2021	250,000	100%	\$181.8M	\$727	-	RELATED FUND MANAGEMENT	EQUATOR CAPITAL MANAGEMENT
RESEARCH COMMONS (PORTFOLIO)	Nov-21	OFFICE	DURHAM	-	429,758	74%	\$138.0M	\$321	-	OXFORD PROPERTIES GROUP	GLOBAL MUTUAL
WESTON	Aug-21	OFFICE	CARY	1995/2005	93,582	100.0%	\$24.0M	\$256	-	6501 WESTON LLC	ALBANY ROAD PARTNERS
CAPTRUST TOWER	Jul-21	OFFICE	6 FORKS	2010	300,389	98%	\$142.5M	\$474	6.12%	HIGHWOODS PROPERTIES	PREFERRED OFFICE PROPERTIES
WELLS FARGO CAPITOL CENTER	Jul-21	OFFICE	DOWNTOWN	1991	559,591	90%	\$148.0M	\$266	6.12%	HIGHWOODS PROPERTIES	PREFERRED OFFICE PROPERTIES
INNOVATION I	May-21	OFFICE	RTP / RDU	2020	139,163	74%	\$36.8M	\$264	7.02%	NORTHBRIDGE CAPITAL	SCANNELL PROPERTIES
TRINITY PLACE	Apr-21	OFFICE	WEST RALEIGH	1999	114,547	63%	\$27.8M	\$242	7.15%	JPB HOLDINGS	ORIGIN INVESTMENTS
THE CRESCENT	Dec-20	OFFICE	CARY	2000	50,069	87%	\$10.7M	\$214	6.50%	TRILAND PROPERTY	BNE LAND & DEVELOPMENT
SOUTHPORT BUSINESS PARK	Dec-20	MEDICAL	RTP / RDU	1990	911,702	96%	\$200.0M	\$219	4.70%	STARWOOD / TRINITY	GID
THE DILLON	Nov-20	OFFICE	DOWNTOWN	2018	273,937	100%	\$145.6M	\$531	-	METLIFE	KANE REALTY CORPORATION
CRABTREE CENTER	Nov-20	OFFICE	GLENWOOD	1984	65,808	92%	\$11.4M	\$173	6.25%	GRUBB VENTURES SERVICES	AMERICAN PRIDE
PARMER RTP	Aug-20	MEDICAL	DURHAM	1983	2,377,640	87%	\$615.0M	\$259	4.30%	ARE	KARLIN REAL ESTATE
DURHAM.ID	Jul-20	MEDICAL	RTP / RDU	2018	338,998	87%	\$138.0M	\$407	5.30%	LONGFELLOW	BAIN / LONG FELLOW
TRIANGLE BUSINESS PARK	Apr-20	OFFICE	RTP / RDU	1984	271,181	92%	\$36.0M	\$133	6.60%	TPG REAL ESTATE	ALIDADE CAPITAL
LAKERIDGE NORTH	Mar-20	OFFICE	6 FORKS	1985	73,503	40%	\$10.2M	\$139	6.12%	TRIGATE CAPITAL	CONTINENTAL CAPITAL PARTNERS
KEYSTONE PORTFOLIO	Mar-20	MEDICAL	RTP / RDU	2010/2017	175,000	100%	\$80.0M	\$457	5.60%	VENTAS	KEYSTONE CORPORATION
PERIMTER'S EDGE PORTFOLIO	Jan-20	MEDICAL	RTP / RDU	1993/2002	401,175	67%	\$64.7M	\$161	6.80%	LONGFELLOW	SINGERMAN REAL ESTATE
BIOMEDICAL PARTNERSHIP CENTER	Dec-19	MEDICAL	WEST RALEIGH	2017	44,835	95%	\$17.7M	\$394	-	DAX HOCK	CAPITAL ASSOCIATES MGMT
CITRIX CORPORATE HQ	Dec-19	OFFICE	DOWNTOWN	2014	204,808	100%	\$84.8M	\$414	5.75%	EXAN CAPITAL	ACRAM GROUP
DUKE CARY MEDICAL OFFICE	May-19	MEDICAL	CARY	2007	44,680	84%	\$14.5M	\$324	5.50%	WELLTOWER	CNL HEALTHCARE PROPERTIES
3700 GLENWOOD AVE	Feb-19	OFFICE	WEST RALEIGH	2007	111,710	100%	\$30.0M	\$269	-	ASCENTRIS	GRUBB VENTURES SERVICES

4Q21 OFFICE MARKET INVENTORY

ID	SUBMARKET	BUILDINGS	EXISTING SF	SF UNDER CONSTRUCTION	VACANT SF	2021 NET ABSORPTION	4Q21 ABSORPTION	4Q21 AVERAGE VACANCY	4Q21 AVERAGE GROSS ASKING RENTS
1	Cary	270	13,129,839	456,588	1,317,714	(210,202)	(13,616)	10.0%	\$29.44
2	Downtown Durham	101	6,359,739	240,741	585,062	(89,402)	52,691	9.2%	\$35.24
3	Downtown Raleigh	105	9,298,774	0	1,155,715	107,766	170,853	12.4%	\$35.57
4	East Raleigh	46	2,147,681	16,000	61,333	13,309	(5,829)	2.9%	\$28.45
5	North Durham	62	2,068,820	12,500	250,487	(2,283)	2,347	12.1%	\$18.13
6	Northeast Wake Co.	28	816,410	0	40,044	(26,947)	(898)	4.9%	\$22.42
7	Orange Co.	122	3,969,004	51,281	562,207	(112,756)	(9,547)	14.2%	\$28.67
8	RTP/RDU	262	23,456,567	328,000	2,195,076	1,088,835	8,349	9.4%	\$26.19
9	Six Forks/Falls of Neuse	257	10,044,846	439,800	741,767	20,933	68,263	7.4%	\$26.00
10	South Durham	148	5,636,645	111,871	614,323	(117,435)	(5,522)	10.9%	\$27.22
11	Southeast Wake Co.	51	1,558,561	31,500	35,100	6,827	8,052	2.3%	\$15.30
12	Southwest Wake Co.	58	1,219,801	182,205	76,165	37,051	8,107	6.2%	\$30.03
13	US 1/Capital Blvd.	99	3,333,246	221,404	229,182	79,522	(28,488)	6.9%	\$29.27
14	Glenwood	123	4,140,259	0	329,311	192,028	68,610	8.0%	\$27.82
15	West Raleigh	207	10,620,846	657,882	1,075,440	(23,302)	6,664	10.1%	\$30.06
Total		1,939	97,801,038	2,749,772	9,268,926	963,944	330,036	9.5%	\$28.56



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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