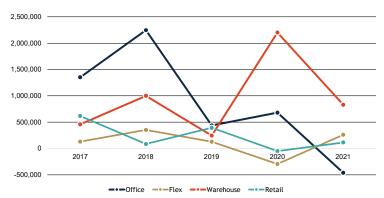
– 1Q 2021 Triangle Market Report

NA TRI PROPERTIES

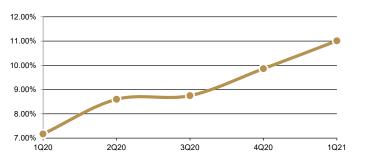
Triangle MARKET REVIEW

1Q2020	1Q2021	FORECAST
9.99%	12.36%	
7.30%	11.01%	
16.34%	15.27%	
7.45%	16.92%	
421,020	-460,215	▼
4.37%	3.22%	▼
-19,158	831,154	
7.57%	8.55%	▼
-378,913	260,618	
7.44%	8.44%	
2,197	114,771	▼
	9.99% 7.30% 16.34% 7.45% 421,020 4.37% -19,158 7.57% -378,913 7.44%	9.99% 12.36% 7.30% 11.01% 16.34% 15.27% 7.45% 16.92% 421,020 -460,215 4.37% 3.22% -19,158 831,154 7.57% 8.55% -378,913 260,618 7.44% 8.44%

ABSORPTION



CLASS A OFFICE VACANCY



Research data and forecasts throughout this publication have been compiled in part from the most recent editions of SPACE: The Triangle's Commercial Real Estate Quarterly and CoStar Market Analytics.

MARKET OVERVIEW

Office vacancy rose by 1.09% to 12.36%, warehouse vacancy fell by 1.74% to 3.22%, flex/lab vacancy fell by 1.09% to 8.55%, and retail vacancy rose by .20% to 8.44%.

Within the Triangle Metropolitan Statistic Area (MSA), comprised of Raleigh, Cary, Durham, Chapel Hill and surrounding counties, the unemployment rate in December was reported at 3.80% which is down 1.37% from the previous quarter. The Triangle MSA's unemployment rate continues to outpace both the State and National unemployment rates which reported at 5.2% and 6.0% respectively.

On the office development front, 3.2 million square feet of office space currently remains under construction across the region. On the industrial development front, 652,079 square feet of warehouse and 654,192 square feet of flex space remains under construction throughout the region. Additionally, 643,550 square feet of retail development remains under construction.

Highwoods Properties bought out Balandis Real Estate's 75% stake in The Forum Office Park for \$131.3 million which marked the largest transaction for the quarter. The transaction totaled \$275 per square foot for the 635,380 square foot property within the Six Forks Road submarket. Other notable sales transactions included the \$27.8 million (\$248.74 per square foot) acquisition of the 111,762 square foot Trinity Place by JPB Raleigh Holdings, and the acquisition of the 40,725 square foot medical office building at 3116 N Duke St for \$16.3 million (\$400.25 per square foot) by HTA.

Office MARKET REVIEW

OVERVIEW

The office vacancy rate rose by 1.09% to 12.36% in the first quarter of 2021. Negative net absorption was reported at 460,215 square feet for the quarter. Class A vacancy rose by 1.15% for the first quarter with 251,955 square feet of negative absorption reported. Additionally, average rental rates reported rose slightly by \$0.13 to \$26.74 per square foot. The average Class A asking rate reported rose by \$0.01 to \$31.54.

NOTABLE MOVES AND TRANSACTIONS

125,000 SF	GlenLake Seven delivered fully leased to Martin Marietta within the US 70/Glenwood submarket
55,000 SF	Schneider Electric vacated 120,000 square feet of office space at the EastPoint Campus in Knightdale while moving into 65,000 square feet of office space at the INC @ 1101 building within the RTP/I-40 Corridor

67,700 SF Premier Research vacated at One Park Drive in Durham within the RTP/I-40 Corridor submarket

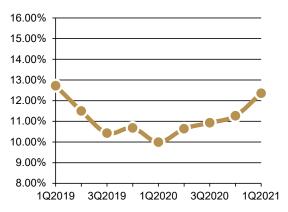
FORECAST

Triangle office vacancy rose by 1.09% to 12.36% in the first quarter. Negative absorption of 460,215 square feet was largely attributed to negative demand of 118,622 square feet and 103,866 square feet within the Cary and RTP/I-40 Corridor submarkets respectively. At the time of writing this report, tenants have begun returning to the office and companies have resumed moving forward on space decisions. Office leasing activity has picked up but will be better reflected within the latter half of the year as it pertains to vacancy.

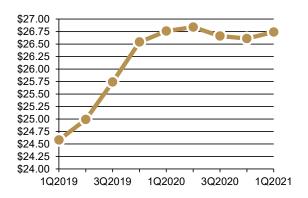
Class A vacancy rose above 10% and reported at 11.01% for the quarter. This marks the first time in seven years that Class A vacancy has exceeded the 10% threshold. Class B vacancy remains higher but only rose slightly by .06% to 15.27%.

On the development front, over 3.2 million square feet of office space remains under construction. Notable new office development projects including the The Stitch and GlenLake Seven all delivered during the quarter. (See Office Development Activity Map for notable projects).

OFFICE VACANCY

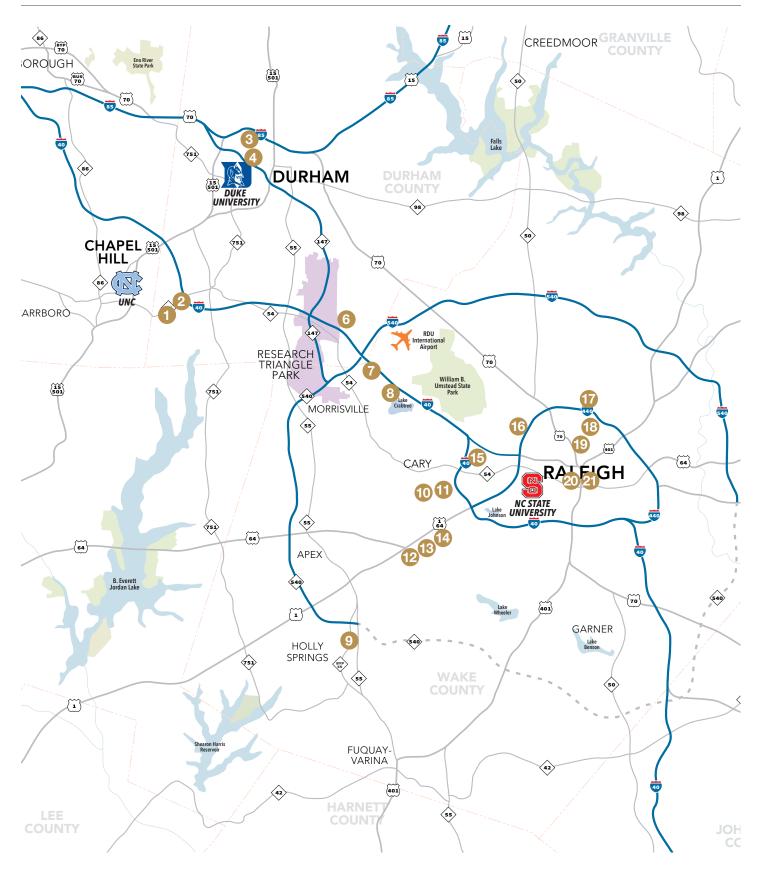


OFFICE RENTAL RATES



SUBMARKET	INVENTORY	VACANCY	ABSORPTION
West Raleigh	6,338,283	10.13%	-36,446
US 70 /Glenwood	4,473,560	14.16%	83,026
Six Forks Road	4,381,004	6.48%	31,325
Falls of Neuse	3,134,341	9.48%	-3,075
US 1/Capital Blvd.	2,157,179	9.21%	8,300
Downtown Raleigh	5,417,325	5.90%	-40,183
Cary	7,417,231	14.22%	-118,622
RTP/I-40 Corridor	12,078,995	12.54%	-103,866
Central Durham	4,978,565	12.38%	-44,301
South Durham	1,918,963	19.34%	-27,678
Orange County	2,197,073	21.25%	-13,041

Office DEVELOPMENT



Office DEVELOPMENT

	PROJECT	SUBMARKET	TOTAL SF	DELIVERY	%LEASED(SF)	PARKING	RATE	MAJOR TENANTS
1	The Gwendolyn	Orange County	109,000	Jan-21	15% (16,716)	Structured Parking	\$38.50 Full service	
2	Hammes Medical Office Building	South Durham	168,000	1Q 2021	0%	Structured Parking	\$32.00	
3	949 Washington St.	Central Durham	37,492	Q4 2021	0%	Surface Parking	\$24.00 + NNN (\$31- \$31.50)	
4	The Roxboro at Venable Center	Central Durham	202,163	4Q 2021	0%	Structured Parking	\$38.50	
5	Park Point (Redevelopment)	RTP/I-40 Corridor	652,000	2021	42% (270,673)	Surface Parking	DNR	Grail, Charles River Labs
7	Forty540 Phase II	RTP/I-40 Corridor	198,548	Q2 2021	42% (83,801)	Structured and Surface Parking	\$32.50	Solar Winds
8	The Stitch (Redevelopment)	RTP/I-40 Corridor	245,159	2Q 2021	100%	Surface Parking	\$33.50	Invitae
9	The Block	Southern Wake Co.	54,600	1Q 2021	94% (51,137)	Surface Parking	\$28.00	
10	The Walker Walnut St	Cary	102,000	2Q 2021	25% (25,177)	Structured Parking	\$33.00	
11	Fenton - Phase 1	Cary	200,000	1Q 2022	0%	Structured and Surface Parking	\$28.50 NNN	
12	HealthPark II	Cary	86,172	1Q 2021	93% (79,758)	Structured and Surface Parking	\$32.50 FS	WakeMed Health
13	WakeMed Medical Park of Cary 210 Ashville Ave	Cary	125,000	3Q 2020	76% (95,000)	Surface Parking	\$27.00	WakeMed Health, Duke
14	Twenty Three 33, 2333 Walnut St.	Cary	133,628	4Q 2020	0%	Surface Parking	\$28.00	
15	Palisades III, 5401 Trinity Rd	West Raleigh	167,307	3Q 2021	0%	Structured and Surface Parking	\$33.00	
16	GlenLake Seven	US 70/ Glenwood	125,000	1Q 2021	100%	Structured Parking	\$36.00	Martin Marietta
17	Advance Auto Parts Tower	Six Forks Road	344,500	Q4 2020	100% (344,500)	Structured Parking	\$41.50	Advance Auto Parts, IAT Insurance, ABOA
19	Smoky Hollow	Downtown Raleigh	220,000	4Q 2020	8% (18,000)	Structured Parking	\$38.50	Clancy & Theys
18	Raleigh Iron Works	US 1/ Capital Blvd	203,000	2022	0%	Structured and Surface Parking	\$34.50	
20	Tower Two Bloc 83	Downtown Raleigh	241,320	2Q 2021	34% (81,380)	Structured Parking	\$37.50	Envestnet, IE Interiors
21	The Crossing 301 Hillsborough Street	Downtown Raleigh	292,457	4Q 2021	45% (132,355)	Deck Parking	\$41.50	Pendo

Warehouse MARKET REVIEW

OVERVIEW

The vacancy rate in the Triangle warehouse market fell by 1.74% to 3.22% in the first quarter of 2021. Positive absorption reported at 831,154 square feet leading to the substantial vacancy shift. Furthermore, average asking rental rates for warehouse space rose by \$.09 to \$6.99 per square foot.

NOTABLE MOVES & TRANSACTIONS

- 165,921 SF Undisclosed Tenant lease the entirety of 1201 N. Greenfield Parkway within the Eastern Wake submarket
- 144,000 SF Regional Commerce Center 2 delivered fully leased to CandleScience within the RTP/I40 Corridor submarket

FORECAST

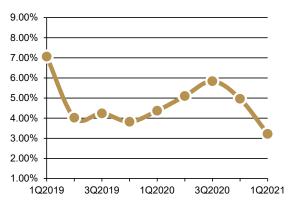
The first quarter of 2021 reported a vacancy decrease to an all-time vacancy low of 3.22%. The 831,154 square feet of positive absorption reported was largely attributed to the RTP/I-40 Corridor submarket which experienced 466,382 square feet of positive absorption for the quarter.

Demand for warehouse space within the centrally located and largest submarket, the RTP/I-40 Corridor, which dropped by 1.93% to a record-low vacancy of 0.34% for the first quarter. Additionally, the Eastern Wake Co. submarket had positive absorption of 99,586 and reported the second lowest vacancy among the submarkets for the quarter at 3.98%.

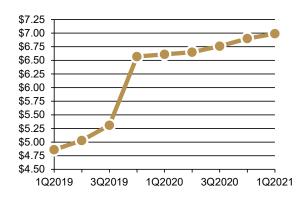
As vacancy drops and existing available inventory tightens within the two biggest submarkets, RTP/I-40 and Eastern Wake, there have been absorption gains in the other submarkets across the Triangle. Southern Wake County experienced 130,127 square feet of positive absorption for the quarter and only one of the ten submarkets tracked reported negative absorption.

On the development front, an additional 652,079 square feet remains under construction throughout the region. With a low warehouse vacancy rate and warehouse/distribution services we anticipate additional warehouse projects to break ground in the next 12 months. (See Industrial Development Activity Map for notable projects).

WAREHOUSE VACANCY



WAREHOUSE RENTAL RATES



SUBMARKET	INVENTORY	VACANCY	ABSORPTION
West Raleigh	256,865	11.66%	-11,100
US 70 /Glenwood	746,463	5.76%	15,760
Falls of Neuse	1,143,112	1.14%	0
US 1/Capital Blvd.	3,832,931	5.59%	38,099
Cary	153,277	0.00%	0
RTP/I-40 Corridor	13,530,019	0.34%	466,382
Durham	2,566,383	4.13%	31,700
Eastern Wake Co.	10,821,428	3.98%	99,586
Southern Wake Co.	1,550,842	9.51%	130,127
Orange County	671,464	12.39%	60,600

Flex MARKET REVIEW

OVERVIEW

Flex vacancy rates fell in the first quarter of 2021 by 1.09% to 8.55%. Net positive absorption of 260,618 square feet was reported for the quarter. The continued emphasis on life science conversions will continue to have an impact on the flex market. Meanwhile, average rental rates for Triangle flex space rose by \$0.40 to \$14.23.

NOTABLE MOVES AND TRANSACTIONS

- 160,000 SF Adverum Biotechnologies leased a full flex/lab building at 14 TW Alexander in the RTP/I-40 corridor submarket
- 55,590 SF Carolina Components Group leased the full building at 2330 Presidential Park in the RTP/I-40 corridor
- 43,226 SF Merritt TW Crossing Building 4 delivered at 89% occupancy with TransEnterix and Shimadzu occupying space within the RTP/I-40 corridor

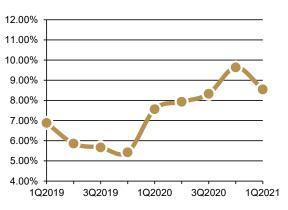
FORECAST

Triangle flex vacancy decreased by 1.09% to 8.55% during the first quarter of 2021. A strong positive absorption total of 260,618 square feet contributed to the vacancy drop. Additionally, only one of the ten submarkets tracked reported negative absorption for the first quarter.

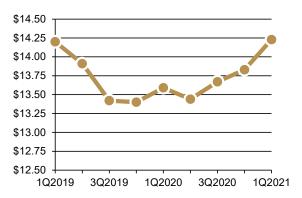
Flex vacancy indicators will continue to be driven by the inventoryheavy RTP/I-40 Corridor and US 1/Capital Boulevard submarkets, which combined for a strong total net positive absorption of 242,510 square feet for the quarter.

On the development front 654,192 square feet of flex space is under construction. The single-digit vacancy rate for flex product will continue to make development projects viable. (See Industrial Development Activity map for projects currently under construction).

FLEX VACANCY

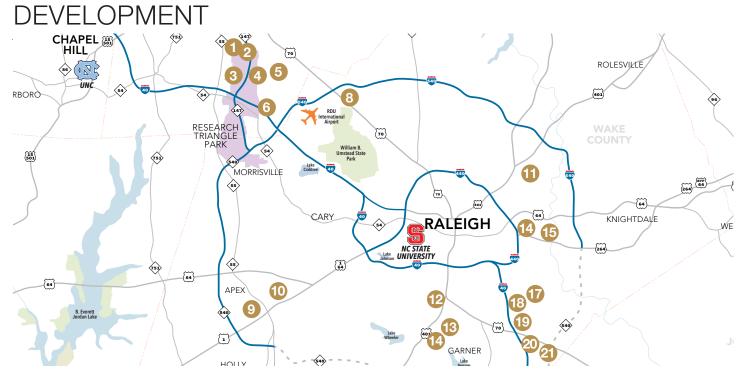


FLEX RENTAL RATES



SUBMARKET	INVENTORY	VACANCY	ABSORPTION
West Raleigh	642,805	4.50%	11,499
US 70 /Glenwood	1,194,993	2.77%	3,935
Falls of Neuse	377,272	11.70%	2,904
US 1/Capital Blvd.	4,376,576	5.40%	20,011
Cary	985,808	8.20%	7,193
RTP/I-40 Corridor	9,645,246	9.29%	222,499
Durham	707,809	11.21%	858
Eastern Wake Co.	1,575,357	5.66%	-14,496
Southern Wake Co.	986,034	20.86%	500
Orange County	383,916	23.52%	7,800

Industrial



	PROJECT	TYPE	SUBMARKET	TOTAL SF	DELIVERY	%LEASED(SF)	RATE
1	Regional Commerce Center 3+4	Warehouse	RTP/I-40 Corridor	259,000	4Q 2021	0%	DNR
2	Regional Commerce Center 5	Flex	RTP/I-40 Corridor	56,000	4Q 2021	0%	DNR
3	Genesis - Building 1	Flex	RTP/I-40 Corridor	100,000	2022	100%	\$10-12 Shell
4	Merritt TW Crossing	Flex	RTP/I-40 Corridor	235,590	1Q/2Q 2021	46% (107,490)	\$13-16 NNN Tenant Driven
5	2175 Presidential Drive	Flex	RTP/I-40 Corridor	41,000	3Q 2021	0%	\$10.50 NNN Shell
6	Patriot Park, Buildings 3+4	Warehouse	RTP/I-40 Corridor	187,500	1Q 2021	100%	\$6.50 NNN
8	8870 Westgate Park	Flex	US 70/Glenwood	12,000	Apr-21	50% (6,000)	\$11.90
9	Norris Park	Flex	Southern Wake	36,000	1Q 2021	79% (28,500)	\$16.50 NNN
10	Peak City Business Park - Bldg 7	Flex	Southern Wake	60,000	2Q 2021	50% (30,000)	DNR
11	Merritt Capital Business Park	Flex	US 1/Capital Boulevard	452,000 (7 Buildings)	Q1 2022	0%	\$14-16 NNN Tenant Driven
12	3130 Garner Station Boulevard	Flex	Southern Wake	8,000	4Q 2021	0%	\$14 NNN
13	Sommerville Business Park	Flex	Southern Wake	24,000 (3 Buildings)	Q1/Q2 2022		\$13 NNN
14	8201 Old McCullers Rd	Flex	Southern Wake	23,600 (2 Buildings)	1Q/4Q 2021	36% (8,475)	\$13.75 NNN
15	Freedom Business Park	Warehouse	Eastern Wake	120,000	4Q 2021	100%	DNR
16	Eastgate 540, Bldg. 7	Warehouse	Eastern Wake	159,600	1Q 2022	0%	\$7.25NNN
17	3807 Centurion Dr	Flex	Eastern Wake	12,000	1Q 2021	0%	\$13.50 NNN
18	Southeast 40 Centre Business Park	Flex	Southern Wake	20,000	Q3 2021	0%	\$16-18 NNN
19	Garner Business Park 70, Bldg 2+3	Warehouse	Eastern Wake	120,114 Each	4Q 2021	0%	\$6.95 NNN
20	3300 Waterfield Drive	Industrial	Eastern Wake	58,000	4Q 2021	0%	\$12.75 NNN
21	105 Sigma Drive	Flex	Eastern Wake	26,702	1Q 2021	0%	\$12.75 NNN

Retail MARKET REVIEW

OVERVIEW

The retail vacancy rate increased by .20% to 8.44% in the first quarter of 2021. Positive net absorption reported at 114,771 square feet for the quarter contributed to the shift and the slight vacancy shift is attributable to an adjustment within the inventory set. Average rental rates reported rose by \$.02 to \$21.00 per square foot.

NOTABLE MOVES & TRANSACTIONS

99,000 SF	Wegman's Chapel Hill opened fully leased within
	the Orange County submarket.
65.057.SE	Lowes Foods at Grevstone opened at 92% occupancy

- within the Cary submarket.25,990 SF Delivery of a new Planet Fitness in Wake Forest within
- the US 1/Capital Boulevard submarket

FORECAST

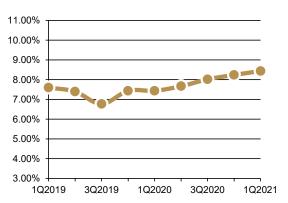
Triangle retail vacancy increased by .20% to 8.44% in the first quarter of 2021. Positive net absorption of 114,771 square feet was largely attributable to net positive absorption totals of 60,191 and 34,013 square feet within the US 1/Capital Boulevard and Southern Wake submarkets respectively.

The retail sector initially seemed most vulnerable to the potential effects of COVID-19 with stay at home orders and closings of certain nonessential businesses. The negative impact thus far has fallen short of the dire projections early into the pandemic with only a 1% vacancy increase over the past 12 months. The retail sector was buoyed by the "pandemic-proof" grocers including: Wegman's, Food Lion, Aldi, Lidl, and Publix which continue to grow their respective footprints across the Triangle.

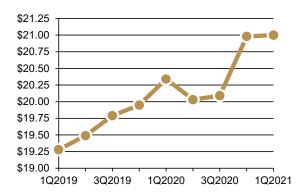
One cause for concern in the retail sector is the length of time that large retail boxes have remained vacant. Unless landlords are willing to divide the large boxes, which is expensive, these boxes will remain vacant.

New retail development has been exclusively supermarket driven or small unanchored strips. Over 643,550 square feet of retail product remains under construction during the first quarter. (See Retail Development Activity Map for notable projects).

RETAIL VACANCY



RETAIL RENTAL RATES



SUBMARKET	INVENTORY	VACANCY	ABSORPTION
West Raleigh	961,354	9.05%	10,457
US 70 /Glenwood	5,052,421	8.38%	-22,621
Six Forks Road	2,060,475	10.72%	-32,548
Falls of Neuse	2,498,952	6.29%	12,061
US 1/Capital Blvd.	6,246,251	6.66%	60,191
Downtown Raleigh	778,253	12.72%	815
Cameron Village	635,120	7.79%	-1,350
Eastern Wake	3,930,781	5.99%	3,440
Southern Wake	4,029,492	4.65%	34,013
Cary	7,638,981	13.80%	20,141
RTP/I-40 Corridor	1,003,302	4.51%	12,360
Central Durham	810,253	19.21%	-21,990
North Durham	3,526,334	8.49%	-5,738
South Durham	5,146,202	5.90%	392
Orange County	2,786,153	8.67%	45,148

Retail DEVELOPMENT

PROJECTSUBMARKETTOTAL SFDELIVERY%LEASED(SF)RATE1Wegmans Chapel HillOrange County99,000Spring 2021100% (99,000)DNR
1 Wegmans Chapel Hill Orange County 99,000 Spring 2021 100% (99,000) DNR
2 751 South, 9252 NC 751 HWY South Durham 58,700 Oct. 2020 85% (50,000) DNR
3 Kitt Creek Commons RTP/I-40 Corridor 15,243 1Q 2021 0% \$28 NNN
4 The Marketplace at Perimeter Park RTP/I-40 Corridor 15,400 1Q 2021 65%(9,967) \$28-\$29 NM
5 Lowes Foods at Greystone Cary 71,057 1Q 2021 92% (65,057) \$28
6 Twin Lakes Center/Wegmans Cary 126,000 3Q 2020 98% (123,000) DNR
7 Fenton- Phase 1 Cary 350,000 1Q 2021 62% (217,000) DNR
8 The Walker Walnut St Cary 20,251 2Q 2021 0% \$33
9 Grove Ninety Eight US 1/Capital Blvd 98,000 2Q 2021 100% (98,000) DNR
East End Market, US 1/Capital Blvd 58,244 2Q 2021 54% (31,165) \$38.50
11Raleigh Iron WorksUS 1/Capital Blvd80,00020220%DNR
12 Raleigh Crossing Downtown Raleigh 15,000 4Q 2021 0% DNR
13Publix at Peace StreetDowntown Raleigh50,882Fall 202090% (45,600)DNR
14 Seaboard Station Downtown Raleigh 52,300 2022 0% DNR
15 Smokey Hollow II Downtown Raleigh 41,254 1Q 2021 0% DNR
16 Tower Two Bloc [83] Downtown Raleigh 17,855 1Q 2021 0% DNR
17Publix at Wendell Falls PkwyEastern Wake Co.48,3872Q 2021100%DNR

Investment Sales MARKET REVIEW

OVERVIEW

Highwoods Properties bought out Balandis Real Estate's 75% stake in The Forum Office Park for \$131.3 million which marked the largest transaction for the quarter. The transaction totaled \$275 per square foot for the 635,380 square foot property within the Six Forks Road submarket. Other notable sales transactions included the \$27.8 million (\$248.74 per square foot) acquisition of the 111,762 square foot Trinity Place by JPB Raleigh Holdings, and the acquisition of the 40,725 square foot medical office building at 3116 N Duke St for \$16.3 million (\$400.25 per square foot) by HTA.

The \$16.1 million (\$98.17 per square foot) sale of 164,005 square feet at 120 Trans Air Dr marked a prominent industrial sale for the first quarter.

PROPERTY	TYPE	SUBMARKET	TOTAL SF	SALE \$/SF	BUYER/SELLER
Forum Office Park	Office	Six Forks Rd.	635,380	\$175,000,000 / \$275.43	Highwoods Properties / Balandis
Trinity Place	Office	West Raleigh	111,762	\$27,800,000 / \$248.74	JPB Raleigh Holdings / Origin Investments
Duke Family Medical (3116 N Duke St)	Medical Office	North Durham	40,725	\$16,300,000 / \$400.25	HTA / DS Durham LLC
120 Trans Air Drive	Warehouse	RTP/I-40 Corridor	164,005	\$16,100,000 / \$98.17	Exter / Colony Capital
3801 Computer Drive	Office	Six Forks Rd.	54,688	\$9,900,000 / \$181.02	Atlas Stark Holdings/ George Lattimore
The Martin Building	Office	Downtown Raleigh	31,000	\$5,500,000 / \$177.42	Edgewater Ventures / Whitestar Advisors LLC
Tryon Hills Industrial Center	Warehouse	Eastern Wake Co.	52,800	\$4,400,000 / \$83.33	Martin Enterprises / Palm Park Inc

NOTABLE SALES TRANSACTIONS

FORECAST

Investment activity slowed from a strong fourth quarter of 2020 however there were numerous notable transactions in the first quarter of 2021. Investors continue to gain confidence as the pandemic wains and the investment market for office space is making positive strides. Available industrial space continues to be scarce with the Triangle's current record low vacancy rate and institutional industrial investment cap rates are at record lows.

The Triangle area remains primed for an impressive post-Covid recovery. The lifting of mandates and return to more normalcy are encouraging signs of growth and should further embolden investor confidence. We expect continued investment activity moving forward in 2021.