



1Q 2026
Triangle
Market
Report

Triangle

MARKET REVIEW

Past 12 Mo. Change	1Q2025	1Q2026	FORECAST
OFFICE			
Overall Vacancy	17.24%	15.98%	▼
Class A Vacancy	18.46%	17.68%	▼
Class B Vacancy	14.00%	11.81%	▼
Class C Vacancy	14.87%	10.55%	■
Net Absorption 4Q	-331,043	252,782	▲
WAREHOUSE			
Overall Vacancy	7.32%	11.29%	▼
Net Absorption 4Q	669,624	-497,270	▲
FLEX/LIFE SCIENCE			
Overall Vacancy	15.35%	14.82%	▲
Net Absorption 4Q	103,456	-38,554	▼
RETAIL			
Overall Vacancy	6.09%	4.94%	▼
Net Absorption 4Q	82,383	402,114	▲

MARKET OVERVIEW

From the fourth quarter of 2025 to the first quarter of 2026, office vacancy decreased by .38% to 15.98%, warehouse vacancy increased by 3.56% to 11.29%, flex/life science vacancy increased by 0.97% to 14.82%, and retail vacancy decreased by 1.23% to 4.94%. Office and retail reported quarterly net positive absorption and warehouse and flex/lab reported net negative absorption.

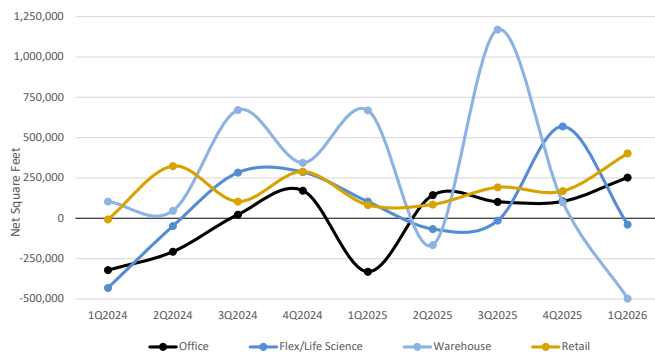
Within the Triangle Metropolitan Statistical Area (MSA), comprising Raleigh, Cary, Durham, Chapel Hill, and surrounding counties, the unemployment rate in February was reported at 3.35%, up from 3.12% a year earlier. The Triangle MSA's unemployment rate outpaces the Statewide Unemployment rate of 3.80% and the National Unemployment Rate of 4.40%.

On the development front, the pipeline for new projects has been sparse for office, flex/life science, and retail. Only the warehouse pipeline remains vigorous. Under construction totals for each property type include 12,000 square feet of office space, 3,981,005 square feet of warehouse, 267,979 square feet of flex/life science space, and 315,523 square feet of retail.

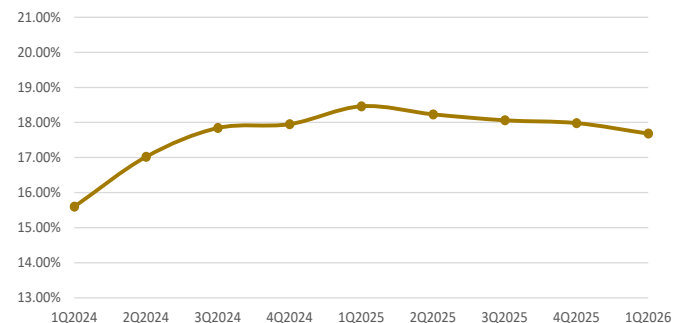
The largest transaction of the Triangle was the sale of Bloc 83 in Downtown Raleigh from City Office REIT to a joint venture between the North Carolina Department Investment Authority and Highwoods Properties for \$210.5 million. The two buildings, totaling 503,393 SF of office and retail space with a parking deck, were 97% leased. The property sold for \$120 million less than when City Office REIT purchased it for \$330 million in 2021.

Capital markets are trending positively, and with market sentiment boosted by the prospect of additional rate cuts, we anticipate an increase in volume in 2026. Industrial investment sales will continue on an upward trend as capital is available for this sought after product. Office sales remain flat. Geopolitical forces could, however, turn market sentiment. Raleigh-Durham, as one of the fastest-growing regions in the U.S., continues to be a sought-after destination for capital.

QUARTER-OVER-QUARTER NET 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, Real Capital Analytics, and CoStar Market Analytics.

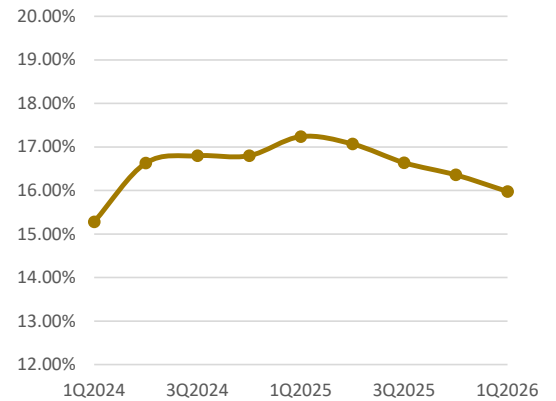
Office

MARKET REVIEW

Q1 OFFICE SNAPSHOT

Total SF	63,209,010
Total SF Vacant	10,102,423
Vacancy Rate	15.98%
Net Absorption	252,782
Avg. Asking Rent	\$31.44
Avg. Class A Asking Rent	\$37.19
SF Under Construction	12,000

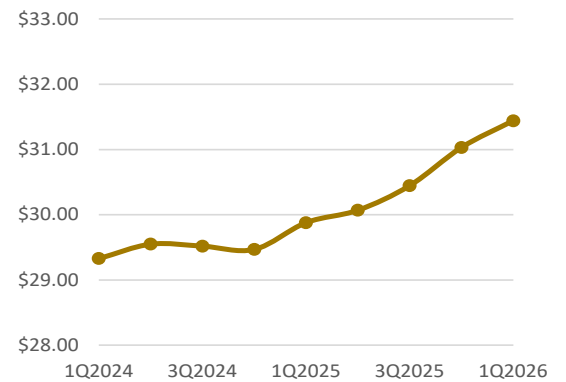
OFFICE VACANCY



NOTABLE MOVES AND TRANSACTIONS

- 30,991 SF Cardinal Civil Contracting lease at Six Forks Place I in the Six Forks submarket
- 121,792 SF LexisNexis lease expired at 1801 Varsity Drive in the West Raleigh submarket
- 74,570 SF Victra and Robinson Bradshaw lease at Imperial Tower in the RTP/I-40 Corridor submarket
- 30,365 SF Unknown tenant(s) lease at 400H in Downtown Raleigh submarket

OFFICE RENTAL RATES



FORECAST

Triangle office direct vacancy rate increased by .38% to 15.98% in the first quarter. Sublease vacancy increased .09% to 4.40%. Combined, the total effective office vacancy rate is 20.38%.

A positive net absorption of 252,782 square feet was reported for the quarter. The Six Forks submarket reported the highest net positive absorption of 97,423 square feet, followed by the Downtown Raleigh submarket with 47,508 square feet of positive absorption. The West Raleigh submarket reported the highest net negative absorption of 145,124 square feet.

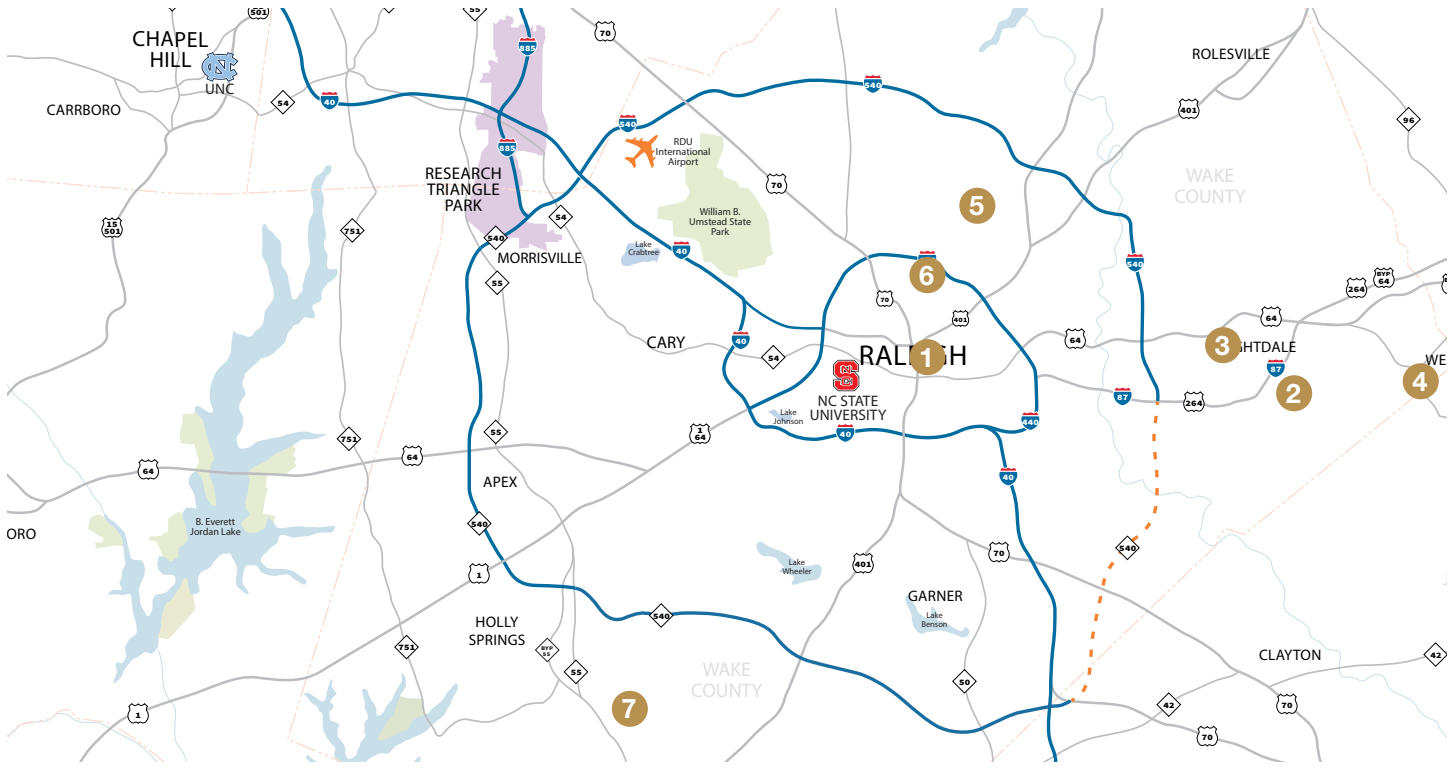
Class A vacancy rate decreased .30% to 17.68% from the fourth quarter to the first quarter. The overall office rental rate increased by \$.41, while Class A office rental rates saw an increase of \$.63.

On the development front, only 12,000 square feet of office space is under construction. This is a record-setting low in the office development pipeline for the Triangle. Due to increased construction costs and high vacancy rates, developers have been on hold from starting new projects. (See Office Development Activity Map for notable projects).

SUBMARKET	INVENTORY	VACANCY	ABSORPTION
West Raleigh	7,527,379	15.73%	-145,124
US 70 /Glenwood	4,598,153	13.44%	19,439
Six Forks Road	4,968,739	16.09%	97,423
Falls of Neuse	3,418,139	18.28%	39,543
US 1/Capital Blvd.	2,551,663	18.25%	14,447
Downtown Raleigh	6,388,653	15.37%	47,508
Village District	523,498	5.65%	31,303
Eastern Wake Co.	1,022,462	12.38%	22,580
Southern Wake Co.	737,617	3.58%	46,960
Cary	7,707,083	18.20%	30,364
RTP/I-40 Corridor	13,788,332	18.06%	39,034
Central Durham	4,733,364	14.14%	-9,041
North Durham	797,351	14.83%	1,964
South Durham	1,853,124	20.81%	13,609
Orange County	2,593,453	16.85%	2,773

Office

NOTABLE DEVELOPMENT



	PROJECT	SUBMARKET	TOTAL SF	DELIVERY	%PRELEASED	RATE
1	Boylan Pearce	Downtown Raleigh	26,040	2Q 2025	0%	\$34.00/SF
2	Treelight Square at Wendell Falls - Phase IV	Eastern Wake	12,000	2Q2026	79%	\$33.00/SF
3	Knightdale Station	Eastern Wake	12,600	4Q 2025	77%	\$28.00/SF
4	Timber Drive Professional Park (610 Timber Dr)	Eastern Wake	10,500	4Q 2025	0%	DNR
4	Timber Drive Professional Park (620 Timber Dr)	Eastern Wake	12,600	4Q 2025	0%	\$28.00/SF
5	Quail Corners II Office	Falls of Neuse	36,108	1Q 2026	82%	DNR
6	3083 B Computer Drive	Six Forks Road	28,863	3Q 2025	81%	\$35.00/SF
6	3521 Haworth Drive	Six Forks Road	17,554	3Q 2025	0%	\$39.50/SF
7	Lane Professional Park	Southern Wake	67,350	1Q 2026	72%	\$27.50- \$29.50/SF

Warehouse

MARKET REVIEW

Q1 WAREHOUSE SNAPSHOT

Total SF	48,390,739
Total SF Vacant	5,464,398
Vacancy Rate	11.29%
Net Absorption	-497,270
Avg. Asking Rent	\$10.25
SF Under Construction	3,981,005

NOTABLE MOVES & TRANSACTIONS

- 127,558 SF** City of Raleigh lease at 2315 Atlantic Avenue, in the US 1/ Capital Boulevard submarket.
- 100,990 SF** Aisin NC Corp. lease at 7110 E Washington Street, in the Orange County submarket.
- 252,311 SF** Millennium West Logistics vacated 224 N Hoover Road in South Durham submarket
- 156,000 SF** Amazon and North State Express vacated at Regional Commerce Center in the South Durham submarket
- 45,840 SF** Pack-Rat vacated at Garner Business Park 1, in Eastern Wake County submarket.

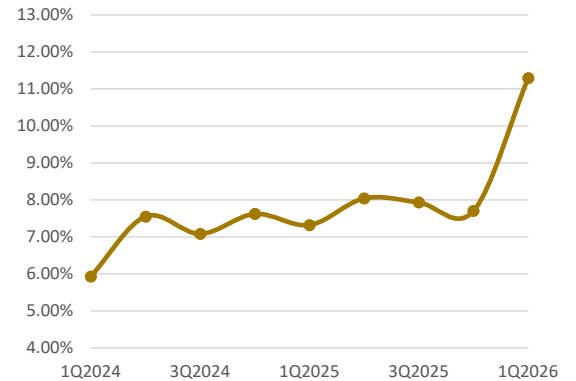
FORECAST

Triangle warehouse vacancy increased by 3.56% to 11.29% in the first quarter. This is the highest vacancy rate warehouse has seen since 2017. Asking rents increased by \$.08 to \$10.25 per square foot in the first quarter.

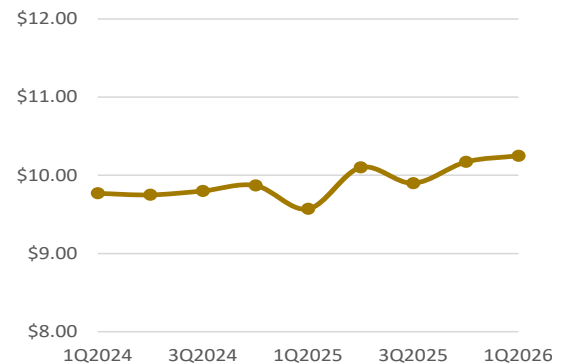
A net negative absorption of 497,270 square feet was reported for the quarter. The South Durham submarket reported the highest net negative absorption of 440,355 square feet, followed by 174,430 square feet of negative absorption in the RTP/I-40 Corridor submarket. The South Durham submarket reported the highest positive absorption of 92,500 square feet.

On the development front, 1,410,543 square feet of inventory was added to the market within the Eastern Wake, North Durham, and Southern Wake submarkets in the first quarter. 21 buildings totaling 3,981,005 square feet are expected to deliver by the end of the year, of that, 266,760 square feet has been pre-leased. The Triangle's warehouse inventory continues to grow, fueled by strong tenant demand and investor confidence. (See Warehouse Development Activity Map for notable projects).

WAREHOUSE VACANCY



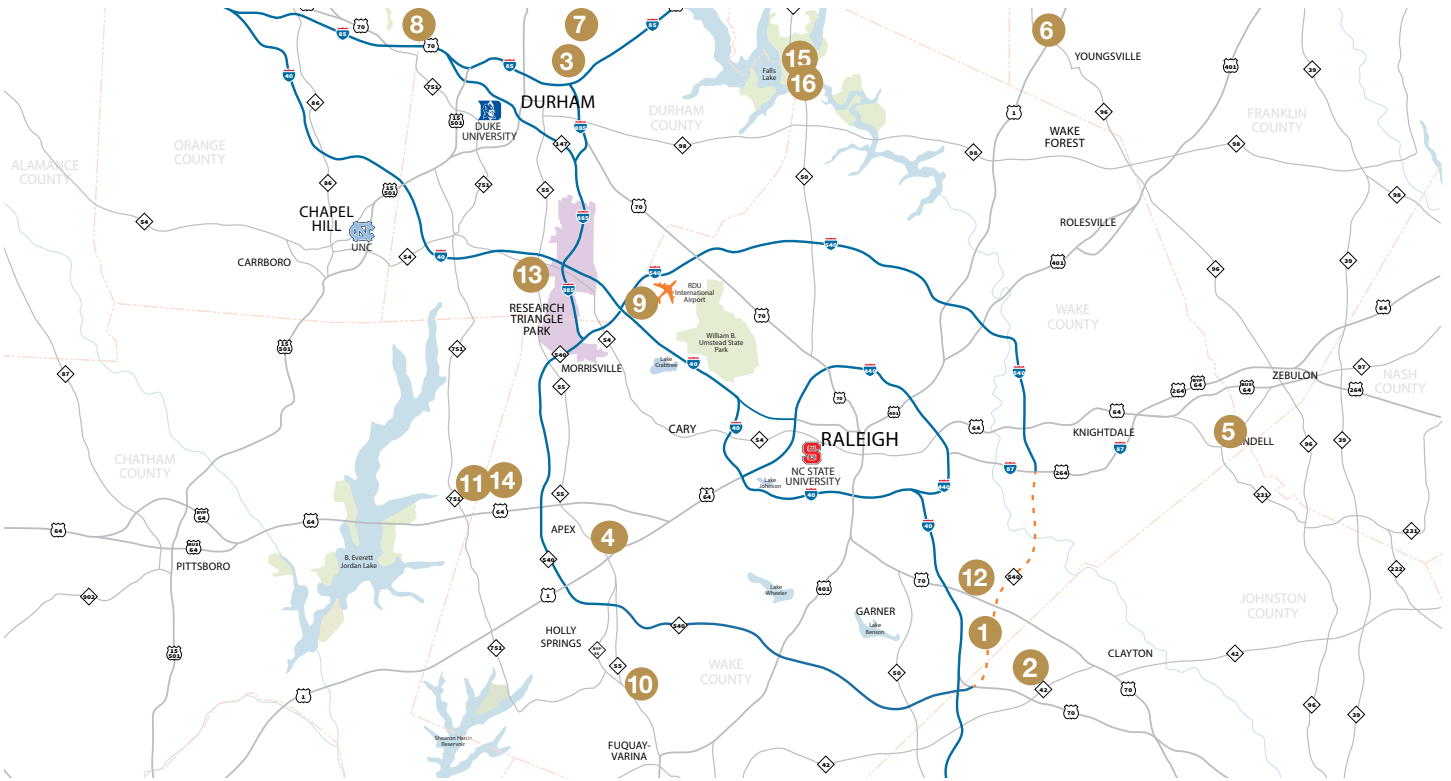
WAREHOUSE RENTAL RATES



SUBMARKET	INVENTORY	VACAN-CY	ABSORPTION
West Raleigh	248,131	2.39%	8,921
US 70 /Glenwood	788,815	15.26%	0
Six Forks Road	110,000	4.92%	0
Falls of Neuse	1,152,792	3.90%	0
US 1/Capital Blvd.	3,849,552	13.04%	62,480
Downtown Raleigh	325,814	3.68%	0
Village District	0	0.00%	0
Eastern Wake Co.	15,719,228	3.39%	-66,186
Southern Wake Co.	3,354,323	32.04%	39,000
Cary	153,277	0.00%	0
RTP/I-40 Corridor	15,696,963	8.11%	-174,430
Central Durham	599,434	6.34%	-29,000
North Durham	2,183,856	32.16%	-9,800
South Durham	768,382	58.74%	-440,355
Orange County	3,440,172	22.08%	92,500

Warehouse

NOTABLE DEVELOPMENT



	PROJECT	SUBMARKET	TOTAL SF	DELIVERY	%PRELEASED	RATE
1	Garner Business Park 70 - Building 6	Eastern Wake County	236,600	1Q 2026	0%	DNR
2	Crossroads Trade Center - Industrial Building 1	Johnston County	209,560	1Q 2026	0%	DNR
3	Durham Logistics Center	North Durham	351,030	1Q 2026	0%	DNR
4	Apex Commerce Center Building 2, 3, & 4	Southern Wake	613,353	1Q 2026	0%	DNR
5	Wendell Commerce Center Building 1A, 1B, & 1C	Southern Wake	493,730	2Q 2026	21%	DNR
6	US-1 North Commerce Center Building 500	Franklin County	505,440	2Q 2026	100%	DNR
7	Welcome Venture Park - Building C & H	North Durham	200,550	2Q 2026	0%	DNR
8	Oakwood Commerce Center	Orange County	244,400	2Q 2026	0%	DNR
9	1050 Northgate Court	RTP/I-40 Corridor	64,059	2Q 2026	0%	DNR
10	Stotan Crossings 55 - Building 1 2, & 3	Southern Wake	486,383	2Q 2026	0%	DNR
11	Apex Gateway - Building 6 & 7	Southern Wake	397,049	2Q 2026	0%	DNR
12	White Oak Industrial Park Building 1 & 2	Eastern Wake County	386,264	3Q 2026	0%	DNR
13	Triangle 55 - Building 5 & 6	RTP/I-40 Corridor	533,520	3Q 2026	50%	DNR
14	Apex Ridge Industrial Park - Building 1 & 2	Southern Wake	305,470	3Q 2026	0%	DNR
15	Falls Lake Industrial Park: 300 Tradecrest Road	Granville County	262,080	4Q 2026	0%	DNR
16	Falls Lake Industrial Park: 200 Turnrow Road	Granville County	102,060	4Q 2026	0%	DNR

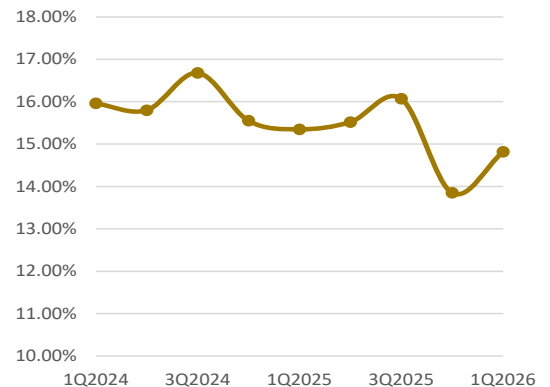
Flex/Life Science

MARKET REVIEW

Q1 FLEX/LIFE SCIENCE SNAPSHOT

Total SF	28,873,499
Total SF Vacant	4,279,881
Vacancy Rate	14.82%
Net Absorption	-38,554
Avg. Asking Rent	\$20.31
SF Under Construction	267,979

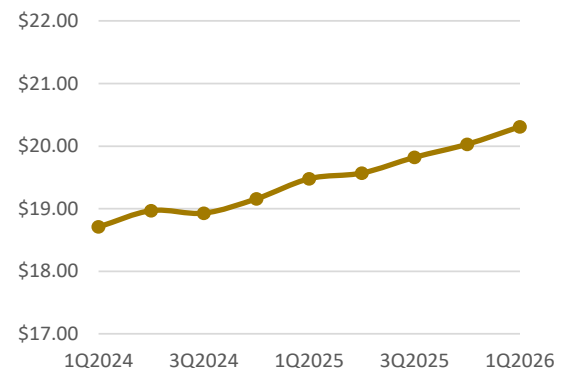
FLEX/LIFE SCIENCE VACANCY



NOTABLE MOVES AND TRANSACTIONS

- 41,883 SF** Owner occupied 70% of 500 Waterfield Ridge Place in the Eastern Wake County submarket.
- 28,053 SF** Undisclosed Tenant leases at Merritt Midway Business Park in the Eastern Wake submarket
- 26,720 SF** Undisclosed tenant vacated space at Spring Forest Business Center in the US1/Capital Blvd.submarket
- 14,514 SF** Undisclosed tenant vacated space at 860 Aviation Parkway in the RTP/I-40 corridor
- 21,778 SF** Atlantic Landscape Group vacated 1400 Nowell Rd in the West Raleigh submarket

FLEX/LIFE SCIENCE RENTAL RATES



FORECAST

Triangle flex/life science vacancy increased by 0.97% to 14.82% in the first quarter. Of this vacancy, true flex vacancy increased by .26% to 8.8%. The life science subsector decreased by 2.45% to 22.94% vacancy. Rental rates decreased by \$7.45 per square foot to \$20.31 per square foot.

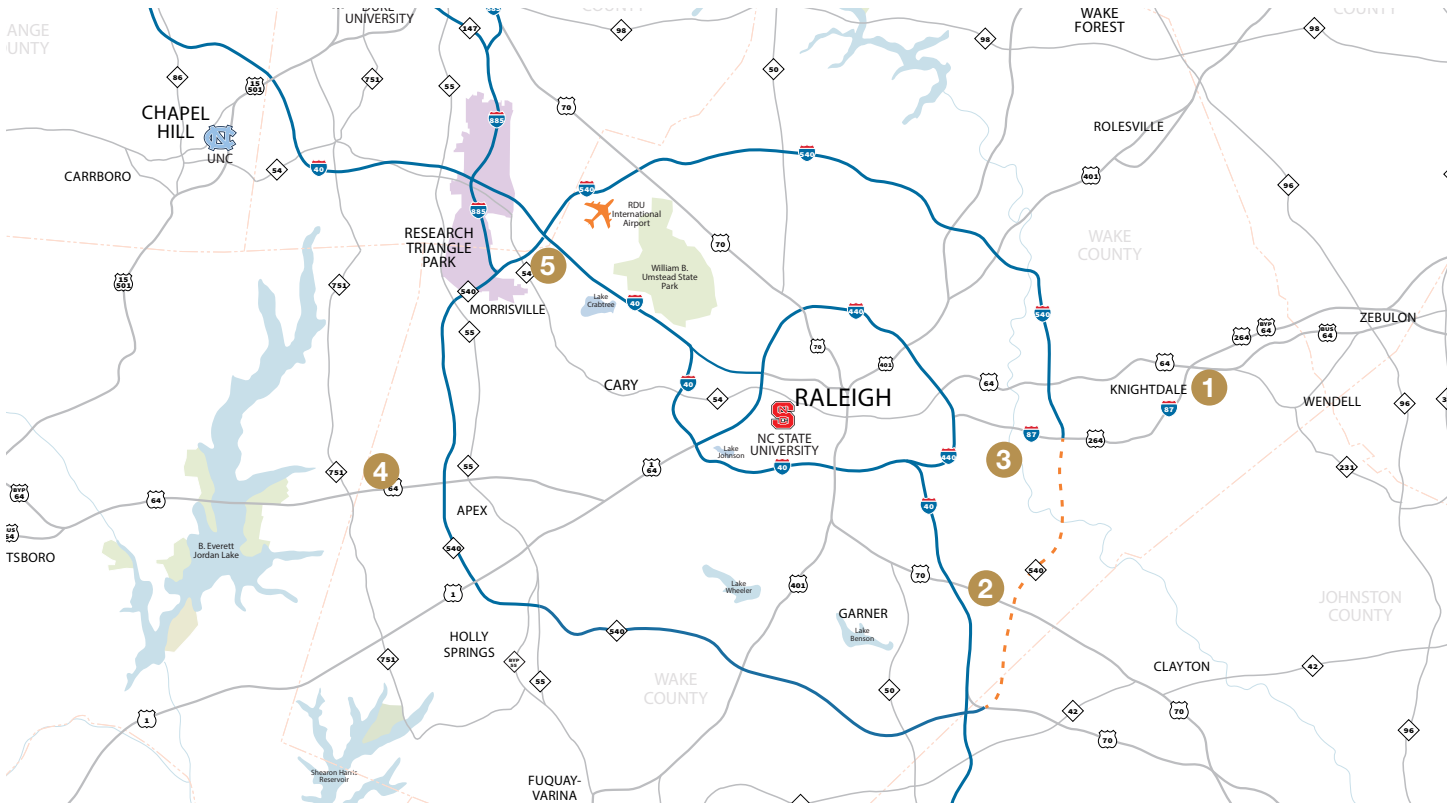
A negative net absorption of 38,554 square feet was reported from the fourth quarter 2025 to first quarter 2026. US1/Capital Blvd submarket reported the most negative absorption of 57,236 square feet while the Eastern Wake submarket reported the highest positive absorption of 75,956 square feet.

On the development front, the first quarter added 82,000 square feet of new development. An additional 267,979 square feet of space is projected to deliver by the fourth quarter in the Southern and Eastern Wake submarkets. (See Flex/Lab Development Activity map for notable projects).

SUBMARKET	INVENTORY	VACANCY	ABSORPTION
West Raleigh	786,982	10.50%	5,154
US 70 /Glenwood	1,296,275	10.06%	-4,383
Six Forks Road	91,178	5.88%	0
Falls of Neuse	322,792	10.50%	0
US 1/Capital Blvd.	4,969,546	8.47%	-57,236
Downtown Raleigh	174,859	9.04%	-54,902
Village District	0	0%	0
Eastern Wake Co.	2,488,333	7.71%	75,956
Southern Wake Co.	2,115,822	32.83%	19,997
Cary	1,473,049	11.70%	30,069
RTP/I-40 Corridor	13,027,435	15.57%	-52,839
Central Durham	536,152	18.59%	-10,370
North Durham	701,440	47.31%	0
South Durham	235,076	1.17%	0
Orange County	654,560	8.79%	10,000

Flex/Life Science

NOTABLE DEVELOPMENT



	PROJECT	SUBMARKET	TOTAL SF	DELIVERY	% PRELEASED	RATE
1	Battle Bridge Business Park East Bldg	Eastern Wake	45,000	1Q 2026	0%	DNR
1	Battle Bridge Business Park West Bldg	Eastern Wake	37,000	1Q 2026	0%	DNR
2	Greenfield Business Park	Southern Wake	26,000	2Q 2026	0%	DNR
3	5080 Trademark Drive	Eastern Wake	15,029	2Q 2026	0%	\$18.95/SF
4	Apex 64 Building 1	Southern Wake	78,750	2Q 2026	0%	DNR
4	Apex 64 Building 2	Southern Wake	75,600	3Q 2026	4%	DNR
5	Merrit Midway Business Park	Eastern Wake	72,600	4Q 2026	39%	DNR

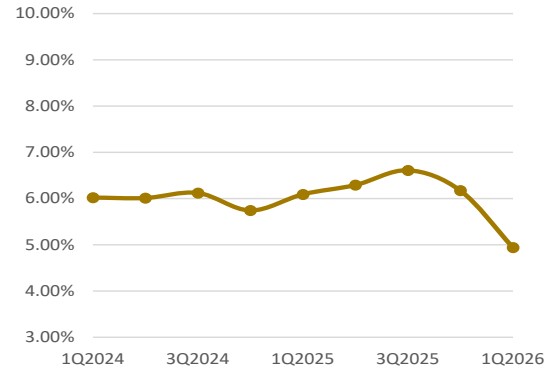
Retail

MARKET REVIEW

Q1 RETAIL SNAPSHOT

Total SF	48,940,893
Total SF Vacant	2,415,458
Vacancy Rate	4.94%
Net Absorption	402,111
Avg. Asking Rent	\$27.58
SF Under Construction	315,523

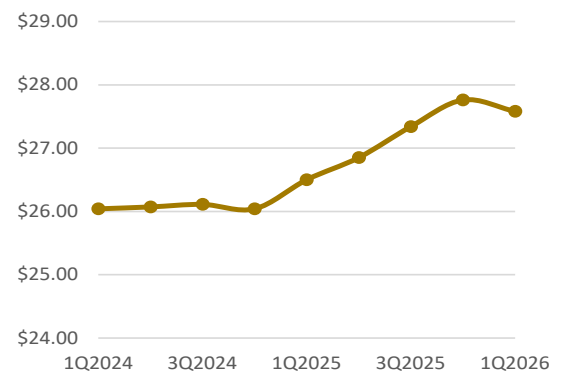
RETAIL VACANCY



NOTABLE MOVES AND TRANSACTIONS

- 147,259 SF** Target lease at Gold Leaf Crossing in the Southern Wake submarket
- 55,000 SF** Publix lease at Latta Park in the North Durham submarket
- 36,108 SF** Undisclosed lease(s) at Quail Corners II in the Falls of Neuse submarket
- 46,409 SF** Undisclosed lease expired leaving space vacant at McCrimmon Corners in the RTP/I-40 Corridor

RETAIL RENTAL RATES



FORECAST

The Triangle's retail vacancy reported a decrease by 1.23% to 4.94% in the first quarter, setting a new record low vacancy for the region. This was largely attributed to Northgate Mall, 607,523 square feet in the North Durham submarket, being removed from the market inventory, as it will be redeveloped. Rental rates decreased by \$0.18 per square foot to \$27.58 per square foot.

A net positive absorption of 402,111 square feet was reported for the quarter. The Southern Wake submarket reported the most positive absorption of 174,940 square feet, and the West Raleigh submarket reported the most negative 7,953 absorption.

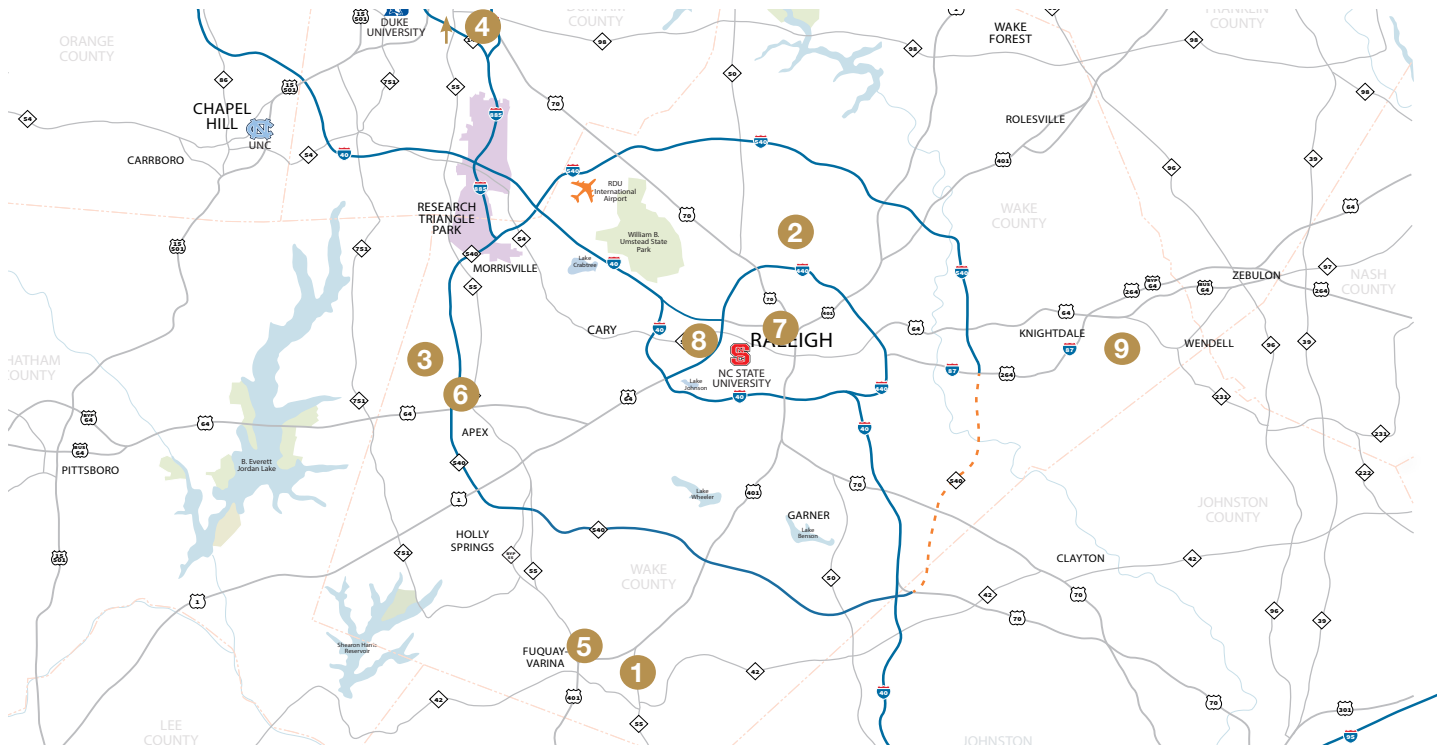
The downtown submarkets continue to be among the highest retail vacancy rates with Central Durham at 18.42% and Downtown Raleigh at 17.32%.

On the development front, 291,255 square feet of retail space was added to the market in the first quarter. 315,523 square feet is expected to deliver by the end of 2026, including Wendell Commons in Eastern Wake and Beaver Creek Crossing in Southern Wake, 4500 Western in West Raleigh, Highline Glenwood in Downtown Raleigh and Latta Park in North Durham. (See Retail Development Activity Map for notable projects).

SUBMARKET	INVENTORY	VACANCY	ABSORPTION
West Raleigh	834,924	4.74%	-7,953
US 70 /Glenwood	5,055,751	6.15%	8,520
Six Forks Road	2,132,523	21.03%	21,972
Falls of Neuse	2,713,943	2.79%	24,926
US 1/Capital Blvd.	7,336,178	6.78%	17,089
Downtown Raleigh	1,162,397	17.32%	7,443
Village District	651,920	0.58%	4,400
Eastern Wake Co.	3,821,974	2.34%	63,690
Southern Wake Co.	4,718,752	1.95%	174,940
Cary	7,145,554	3.68%	48,737
RTP/I-40 Corridor	1,192,355	2.43%	6,177
Central Durham	1,106,060	18.42%	1,418
North Durham	2,921,204	3.61%	14,168
South Durham	5,286,276	3.65%	-1,038
Orange County	2,861,082	3.85%	-17,625

Retail

NOTABLE DEVELOPMENT



	PROJECT	SUBMARKET	TOTAL SF	DELIVERY	%PRELEASED	RATE
1	Gold Leaf Crossing - Phase I	Southern Wake	223,500	1Q 2026	66%	DNR
2	Quail Corners II Retail	Falls of Neuse	36,108	1Q 2026	77%	DNR
3	Freedom Square III	Southern Wake	10,000	1Q 2026	100%	DNR
3	Freedom Square I & II	Southern Wake	21,647	1Q 2026	0%	DNR
4	Latta Park	North Durham	55,000	2Q 2026	85%	DNR
5	Fuquay Market	Southern Wake	27,000	2Q 2026	52%	\$37.00/SF
6	Beaver Creek Crossing - Outparcel	Southern Wake	16,000	2Q 2026	100%	DNR
7	Highline Glenwood	Downtown Raleigh	7,745	3Q 2026	0%	DNR
8	4500 Western Blvd	West Raleigh	117,400	4Q 2026	98%	\$24.00/SF
9	Wendell Commons	Eastern Wake	92,378	4Q 2026	62%	DNR

Investment Sales

MARKET REVIEW

NOTABLE SALE TRANSACTIONS

TYPE	PROPERTY	SUBMARKET	TOTAL SF	SALE PRICE / PER SF	BUYER/SELLER
Office	Bloc 83	Downtown Raleigh	503,393	\$206,700,000 / \$410/SF	NC Dept. of State Treasurer, Highwoods Properties / City Office REIT
Office	Forty 540 II	RTP/I-40 Corridor	198,500	\$45,450,000 / \$229/SF	DRA Advisors / Federalist Capital Partners
Retail	The Factory	US 1/Capital Blvd	213,582	\$25,000,000 / \$117/SF	Bluestone Real Estate Investments / Richard Robbins
Retail	Treelight Square	Eastern Wake	33,208	\$16,900,000 / \$509/SF	NorthPond Partners / Treelight Square Developer LLC
Retail	9600 Strickland Road	Six Forks Rd	43,455	\$7,990,000 / \$183.87/SF	First Washington Realty / CSR Carolina LP
Warehouse	Clayton Logistics Center	Johnston County	124,950	\$43,800,000 / \$351/SF	LBA Realty / Elphick Properties LLC
Warehouse	North 70 Distribution Center	South Durham	261,717	\$26,700,000 / \$102/SF	Atlanta Property Group / Brookfield AM
Warehouse	The Press 2001 Evans Rd	Cary	252,465	\$58,325,000 / \$231.02	Vigilant Real Estate Holdings / TPG Capital, LP
Flex	2720 Discovery Dr	US 1/Capital Blvd	21,075	\$3,200,000 / \$152/SF	Christopher C Papadopoulos / Charles W Harris III

FORECAST

Triangle capital markets showed early signs of recovery in the first quarter of 2026, though activity remains measured and highly selective. Investment sales volume improved, led by the recapitalization of Bloc 83, helping drive office sales to approximately \$270 million for the quarter, the strongest level since late 2021.

The largest transaction in the Triangle was the sale of Bloc 83 in Downtown Raleigh from City Office REIT to a joint venture between the North Carolina Department Investment Authority and Highwoods Properties for \$210.5 million. The two buildings, totaling 503,393 SF of office and retail space with a parking deck, were 97% leased and include tenants such as WeWork, First Horizon, Envestnet, RapidScale, McAdams, and Gensler. The property sold for \$120 million less than when City Office REIT purchased it for \$330 million in 2021.

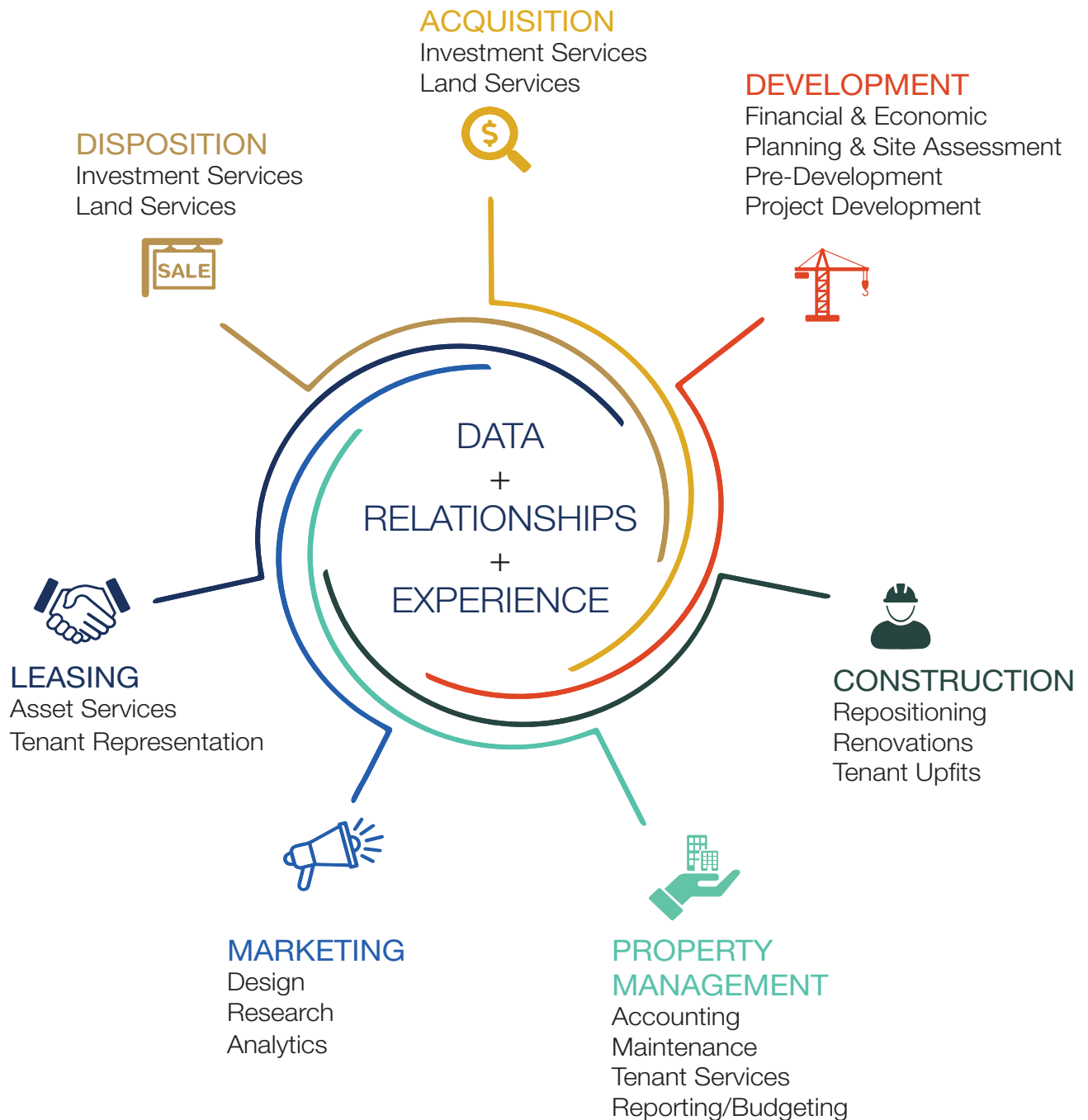
Overall transaction velocity remains constrained by tight lending conditions and elevated equity requirements. Loan-to-value ratios have compressed, and lenders continue to underwrite conservatively, limiting the buyer pool and prolonging deal timelines. The industrial sector continues to outperform in price appreciation, supported by strong tenant demand and sustained investor interest. Institutional capital remains active in modern logistics and manufacturing assets, reinforcing pricing and liquidity within the sector.

Market activity forecasts are trending positively, and with market sentiment boosted by the prospect of additional rate cuts, we anticipate an increase in volume in 2026. Geopolitical forces could, however, turn market sentiment. Raleigh-Durham, as one of the fastest-growing regions in the U.S., continues to be a sought-after destination for capital.

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