

2Q 2025 Triangle Market Report



Triangle

MARKET REVIEW

| Past 12 Mo. Change | 2Q2024 | 2Q2025 | FORECAST |
|--------------------|----------|----------|----------|
| OFFICE | | | |
| Overall Vacancy | 16.63% | 17.07% | ▼ |
| Class A Vacancy | 17.02% | 18.23% | ▼ |
| Class B Vacancy | 16.09% | 13.70% | ▼ |
| Class C Vacancy | 11.81% | 17.32% | ▲ |
| Net Absorption 2Q | -206,989 | 143,559 | ▲ |
| WAREHOUSE | | | |
| Overall Vacancy | 7.55% | 8.04% | ▲ |
| Net Absorption 2Q | 46,430 | -165,815 | ▲ |
| FLEX/LAB | | | |
| Overall Vacancy | 15.80% | 15.52% | ▲ |
| Net Absorption 2Q | -47,821 | -66,388 | ▲ |
| RETAIL | | | |
| Overall Vacancy | 6.01% | 6.29% | ▼ |
| Net Absorption 2Q | 323,760 | 85,832 | ▲ |

MARKET OVERVIEW

From the first quarter to the second quarter of 2025, office vacancy decreased by .17% to 17.07%, warehouse vacancy increased by .75% to 8.04%, flex/lab vacancy increased by .29% to 15.52%, and retail vacancy increased by .20% to 6.29%. Office and retail property types reported quarterly net positive absorption and warehouse and flex/lab reported negative net absorption. Compared to one year ago, the office market has seen the greatest impact.

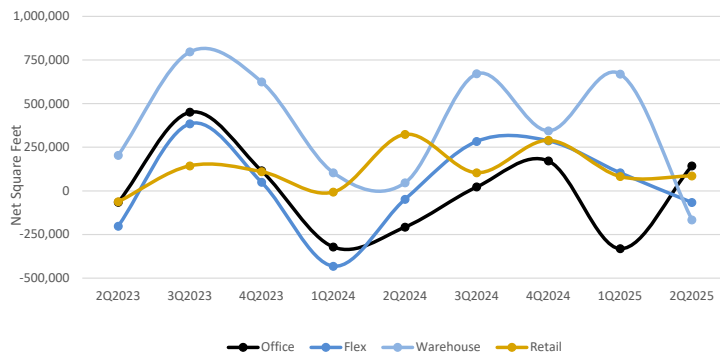
Within the Triangle Metropolitan Statistical Area (MSA), comprised of Raleigh, Cary, Durham, Chapel Hill, and surrounding counties, the unemployment rate in June was reported at 3.18%, down from 3.60% a year ago. The Triangle MSA's unemployment rate outpaces the Statewide Unemployment rate of 3.70% and the National Unemployment Rate of 4.10%.

On the development front, the pipeline for new projects has been sparse. Under construction totals for each property type include 183,475 square feet of office space, 3,356,468 square feet of warehouse, 234,613 square feet of flex/lab space, and 282,916 square feet of retail.

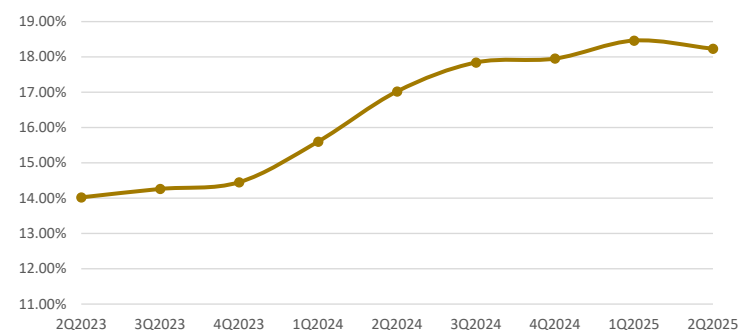
The largest Triangle transaction was the portfolio sale by Town Lane, acquiring six industrial parks for \$554.9 million. Five of the parks are in Raleigh, including Lincoln Park South, North, East, Central and Sumner Business Park, and one in Durham, Presidential Park West. The buildings total more than 2.6 million square feet and the parks had an occupancy rate of 94.4% at the time of the sale.

Capital markets have continued to see lower-than-average historical volumes. We anticipate that Raleigh-Durham, as one of the fastest-growing regions in the U.S., will become a sought-after destination for capital when the markets recover and investor confidence increases.

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.

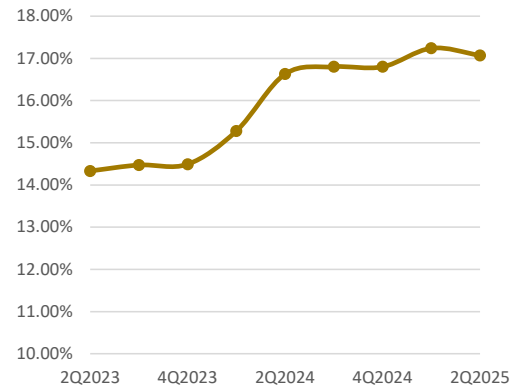
Office

MARKET REVIEW

Q2 OFFICE SNAPSHOT

| | |
|--------------------------|------------|
| Total SF | 63,672,248 |
| Total SF Vacant | 10,868,997 |
| Vacancy Rate | 17.07% |
| Net Absorption | 143,559 |
| Avg. Asking Rent | \$30.07 |
| Avg. Class A Asking Rent | \$35.33 |
| SF Under Construction | 183,475 |

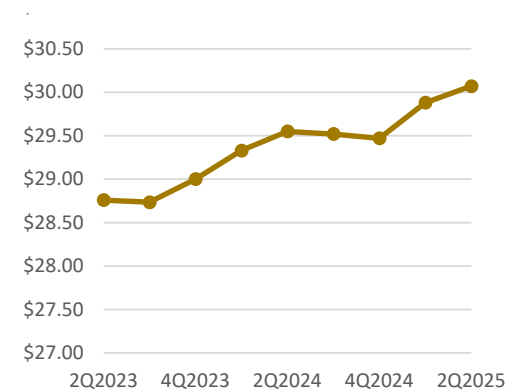
OFFICE VACANCY



NOTABLE MOVES AND TRANSACTIONS

- 157,715 SF** Hitachi Energy renewed and expanded at 901 Main Campus Drive on Centennial Campus in the West Raleigh submarket
- 62,075 SF** LexisNexus downsized from its 121,800 SF space at 1801 Varsity Drive to a 59,725 SF lease at 900 Main Campus Drive on Centennial Campus in the West Raleigh submarket
- 32,000 SF** Smith Debnam renewal at 4601 Six Forks Road in Six Forks Road submarket
- 61,562 SF** Infosys lease at in US 70/Glenwood submarket

OFFICE RENTAL RATES



FORECAST

Triangle office direct vacancy rate decreased by .17% to 17.07% in the second quarter. Combined with the 5.23% sublease vacancy rate, the total office vacancy rate is 22.3%. A positive net absorption of 143,559 square feet was reported for the quarter. The West Raleigh submarket reported the largest net positive absorption of 176,431 square feet, followed by Six Forks Road submarket with a positive net absorption of 77,269 square feet. This is largely attributed to several sizable lease expirations.

Class A vacancy rate has remained above 10% since the beginning of 2021 and decreased .23% to 18.23% from the first to second quarter. The overall office rental rate increased by \$.19, Class A office rental rates saw an increase of \$.33.

On the development front, only 183,475 square feet of office space is under construction. No new office developments have started construction. 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 | 7,490,318 | 15.92% | 176,431 |
| US 70 /Glenwood | 4,529,095 | 14.52% | 76,652 |
| Six Forks Road | 5,023,457 | 15.04% | 77,269 |
| Falls of Neuse | 3,379,485 | 18.41% | 9,657 |
| US 1/Capital Blvd. | 2,608,043 | 21.26% | -69,969 |
| Downtown Raleigh | 6,373,046 | 15.47% | -2,570 |
| Village District | 523,498 | 13.67% | 1,859 |
| Eastern Wake Co. | 937,484 | 10.73% | 32,204 |
| Southern Wake Co. | 698,267 | 1.58% | 7,378 |
| Cary | 7,684,595 | 18.95% | -79,742 |
| RTP/I-40 Corridor | 14,286,023 | 17.83% | -106,349 |
| Central Durham | 4,834,550 | 15.49% | 34,372 |
| North Durham | 1,010,363 | 26.66% | -36,787 |
| South Durham | 1,850,998 | 22.87% | 3,782 |
| Orange County | 2,443,026 | 19.37% | 19,372 |

NOTABLE DEVELOPMENT



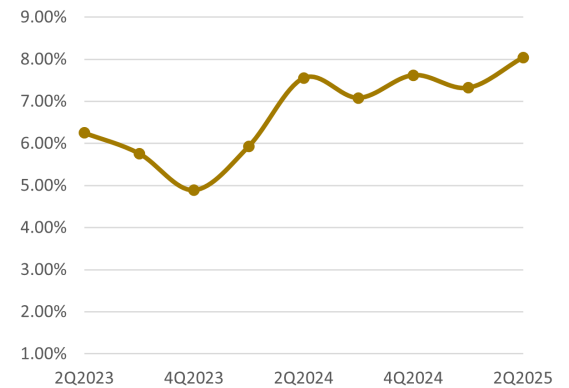
Warehouse

MARKET REVIEW

Q2 WAREHOUSE SNAPSHOT

| | |
|-----------------------|------------|
| Total SF | 45,996,889 |
| Total SF Vacant | 3,699,830 |
| Vacancy Rate | 8.04% |
| Net Absorption | -165,815 |
| Avg. Asking Rent | \$10.10 |
| SF Under Construction | 3,356,468 |

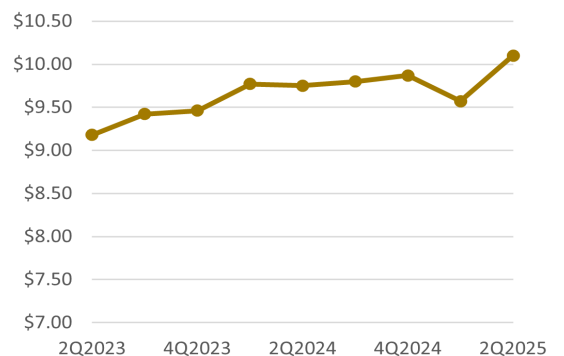
WAREHOUSE VACANCY



NOTABLE MOVES & TRANSACTIONS

- 30,905 SF** ITC Millwork lease at 600 N Greenfield Parkway in the Eastern Wake submarket
- 24,318 SF** Undisclosed tenant vacated at 1001 Bridge Street, Building 1 in the Southern Wake submarket
- 46,181 SF** FedEx vacated 2311 Englert Drive in the RTP/I-40 submarket
- 62,400 SF** Stier Supply vacated 619 Distribution Drive in the RTP/I-40 submarket

WAREHOUSE RENTAL RATES



FORECAST

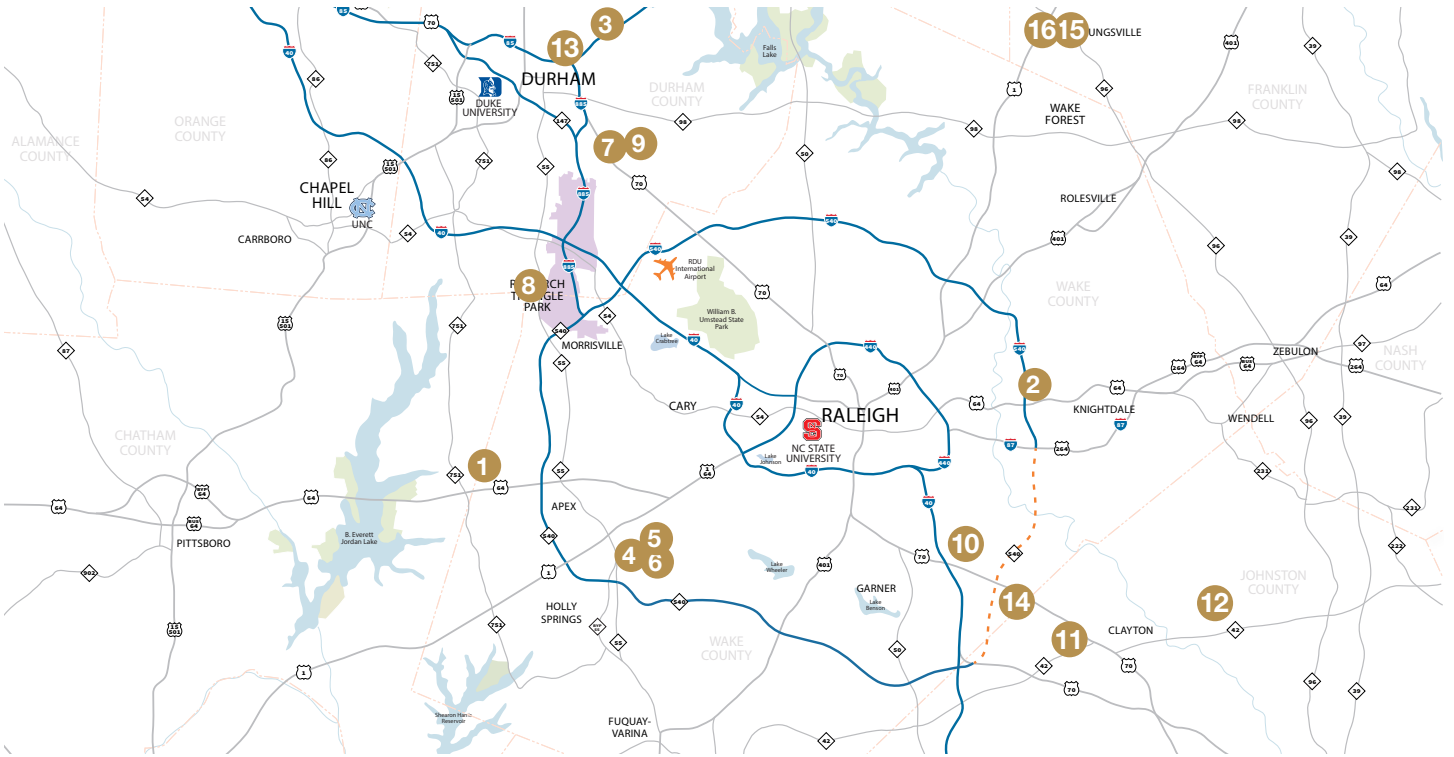
The second quarter of 2025 reported a vacancy rate increase of .75% to 8.04%. Net negative absorption of -165,815 square feet was reported for the quarter, with the Eastern Wake Co. submarket reporting the most positive at 52,902 square feet and the RTP/I-40 Corridor submarket reporting the most negative at -177,587 square feet.

180,000 square feet of new inventory, 100% vacant, was added to the warehouse market in the first quarter of the year with the delivery of Building Six at Hinton Oaks Industrial Park in the Eastern Wake Co. submarket.

On the development front, 3,356,468 square feet of warehouse space is under construction with 857,190 square feet expected to be delivered in the next year. The Triangle's warehouse inventory is still in high demand and leasing activity is expected to slow down in the coming months. (See Warehouse Development Activity Map for notable projects).

| SUBMARKET | INVENTORY | VACANCY | ABSORPTION |
|--------------------|------------|---------|------------|
| West Raleigh | 248,131 | 21.09% | 0 |
| US 70 /Glenwood | 788,828 | 0.00% | 0 |
| Six Forks Road | 110,000 | 0.00% | 0 |
| Falls of Neuse | 1,152,792 | 11.46% | 0 |
| US 1/Capital Blvd. | 3,757,259 | 10.25% | 6,388 |
| Downtown Raleigh | 325,814 | 3.68% | 0 |
| Village District | 0 | 0.00% | 0 |
| Eastern Wake Co. | 14,792,727 | 3.89% | 52,902 |
| Southern Wake Co. | 2,845,638 | 28.66% | -46,918 |
| Cary | 153,277 | 0.00% | 0 |
| RTP/I-40 Corridor | 15,092,898 | 4.88% | -177,587 |
| Central Durham | 589,234 | 0.00% | 0 |
| North Durham | 1,904,874 | 4.73% | 15,600 |
| South Durham | 795,245 | 1.38% | 0 |
| Orange County | 3,440,172 | 25.86% | -16,200 |

NOTABLE DEVELOPMENT



| | PROJECT | SUBMARKET | TOTAL SF | DELIVERY | %PRELEASED | RATE |
|----|---|---------------------|----------|----------|------------|-------------|
| 1 | Apex Gateway - Building 4 | Southern Wake | 106,357 | 1Q 2025 | -93% | DNR |
| 2 | Hinton Oaks Industrial Park 6 | Eastern Wake County | 180,000 | 2Q 2025 | 0% | \$10.00 NNN |
| 3 | Durham 85 - Building 2 | North Durham | 249,600 | 3Q 2025 | 0% | DNR |
| 4 | Apex Commerce Center Building 2 | Southern Wake | 183,232 | 3Q 2025 | 0% | DNR |
| 5 | Apex Commerce Center Building 3 | Southern Wake | 222,121 | 3Q 2025 | 0% | DNR |
| 6 | Apex Commerce Center Building 4 | Southern Wake | 208,000 | 3Q 2025 | 0% | DNR |
| 7 | Welcome Venture Park - Building H | North Durham | 100,450 | 3Q 2025 | 0% | DNR |
| 8 | Triangle 55 - Building 3 | RTP/I-40 Corridor | 340,200 | 3Q 2025 | 100% | DNR |
| 9 | Welcome Venture Park - Building C | North Durham | 100,100 | 3Q 2025 | 0% | DNR |
| 10 | Johnson Brothers Building | Eastern Wake County | 625,000 | 3Q 2025 | 70% | DNR |
| 11 | Crossroads Trade Center Building 1 | Johnston County | 209,560 | 4Q 2025 | 0% | DNR |
| 12 | Crossroads Trade Center Building 2 | Johnston County | 60,000 | 4Q 2025 | 0% | DNR |
| 13 | Durham Logistics Center | North Durham | 351,030 | 4Q 2025 | 0% | DNR |
| 14 | Garner Business Park 70 Bldg. 6 | Eastern Wake County | 236,600 | 1Q 2026 | 0% | DNR |
| 15 | US-1 North Commerce Center Building 300 | Franklin County | 266,604 | 4Q 2026 | 0% | DNR |
| 16 | US-1 North Commerce Center Building 400 | Franklin County | 203,971 | 4Q 2026 | 0% | DNR |

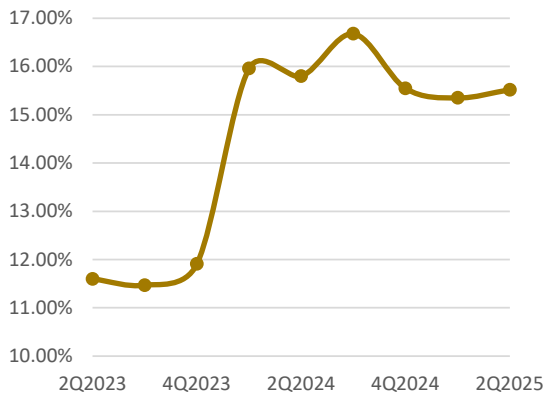
Flex/Lab

MARKET REVIEW

Q2 FLEX/LAB SNAPSHOT

| | |
|-----------------------|------------|
| Total SF | 27,912,910 |
| Total SF Vacant | 4,333,225 |
| Vacancy Rate | 15.52% |
| Net Absorption | -66,388 |
| Avg. Asking Rent | \$19.57 |
| SF Under Construction | 234,613 |

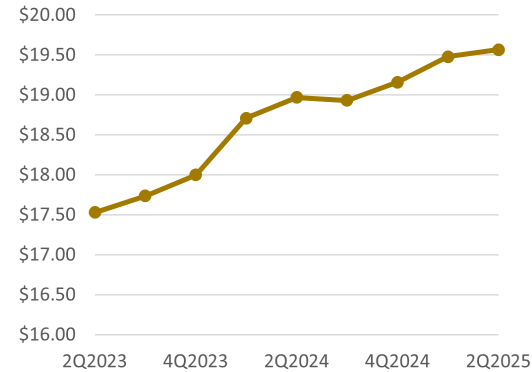
FLEX/LAB VACANCY



NOTABLE MOVES AND TRANSACTIONS

- 70,131 SF** Liquidia lease at Pathway Triangle, Building 1 in the RTP/I-40 Corridor submarket
- 22,075 SF** Undisclosed tenant vacated from 6541 Meridien Drive in the US 1/Capital Blvd. submarket
- 22,985 SF** Undisclosed tenant vacated 4233 Technology Drive in the North Durham submarket

FLEX/LAB RENTAL RATES



FORECAST

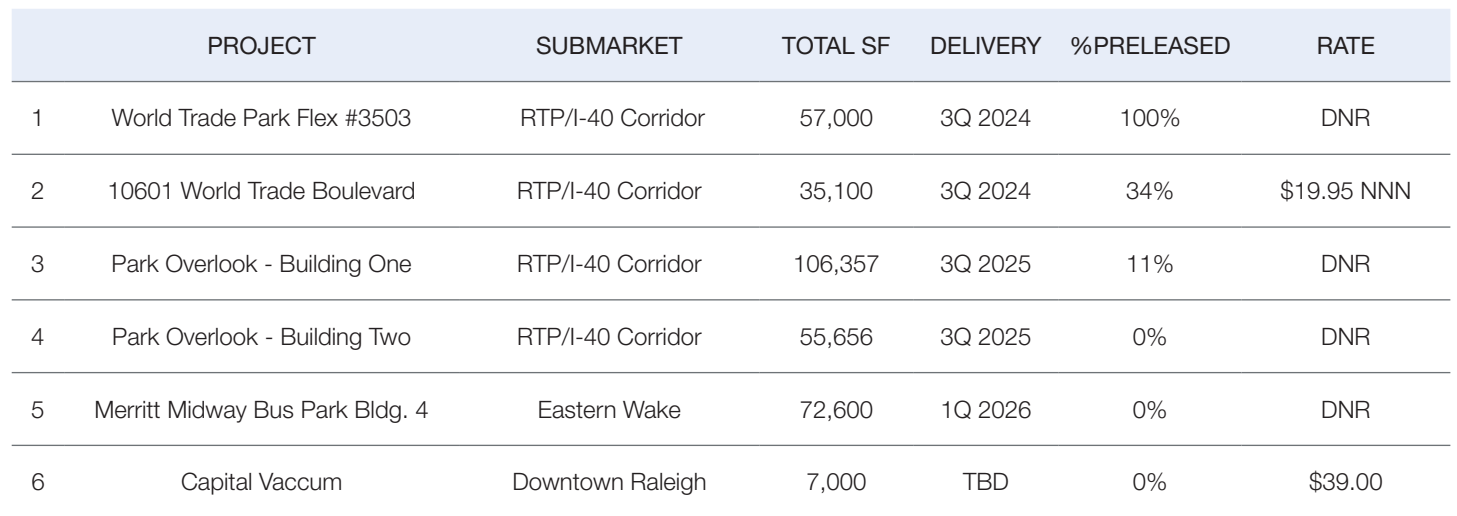
Triangle flex/lab vacancy increased slightly by .17% to 15.52% from the first quarter to the second quarter of 2025. Of this vacancy, true flex vacancy sits at 7.70%, which was slightly higher than first quarter's 6.62% vacancy rate. Negative net absorption of -66,388 square feet was reported for the quarter.

Flex vacancy indicators continue to be driven by the inventory-heavy RTP/I-40 Corridor submarket, which reported the largest net positive absorption of 41,741 square feet. The largest net negative absorption of 29,451 square feet was reported in the US 1/Capital Boulevard submarket.

On the development front, 234,613 square feet of flex and lab space is under construction. We expect several flex/lab projects to be complete in the next year. (See Flex/Lab Development Activity map for notable projects).

| SUBMARKET | INVENTORY | VACANCY | ABSORPTION |
|--------------------|------------|---------|------------|
| West Raleigh | 764,517 | 6.67% | -3,516 |
| US 70 /Glenwood | 1,267,254 | 1.59% | -14,310 |
| Six Forks Road | 91,178 | 0.00% | 0 |
| Falls of Neuse | 322,792 | 10.50% | 0 |
| US 1/Capital Blvd. | 4,899,188 | 9.88% | -29,451 |
| Downtown Raleigh | 113,814 | 12.36% | 0 |
| Village District | 0 | 0.00% | 0 |
| Eastern Wake Co. | 2,216,330 | 1.94% | -7,200 |
| Southern Wake Co. | 2,106,550 | 40.16% | -18,906 |
| Cary | 1,298,230 | 4.72% | 5,617 |
| RTP/I-40 Corridor | 12,967,652 | 19.19% | 41,741 |
| Central Durham | 484,627 | 12.74% | 0 |
| North Durham | 504,820 | 30.11% | -18,085 |
| South Durham | 221,398 | 0.00% | 0 |
| Orange County | 654,560 | 11.89% | -22,278 |

NOTABLE DEVELOPMENT



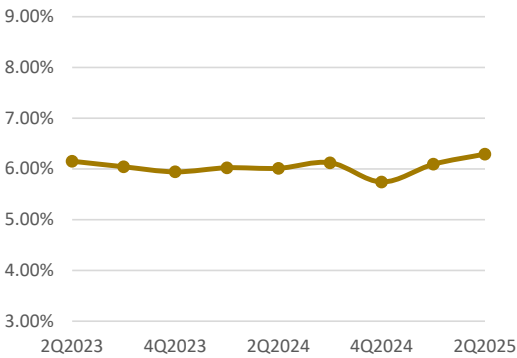
Retail

MARKET REVIEW

Q2 RETAIL SNAPSHOT

| | |
|-----------------------|------------|
| Total SF | 49,215,049 |
| Total SF Vacant | 3,096,778 |
| Vacancy Rate | 6.29% |
| Net Absorption | 85,832 |
| Avg. Asking Rent | \$26.85 |
| SF Under Construction | 282,916 |

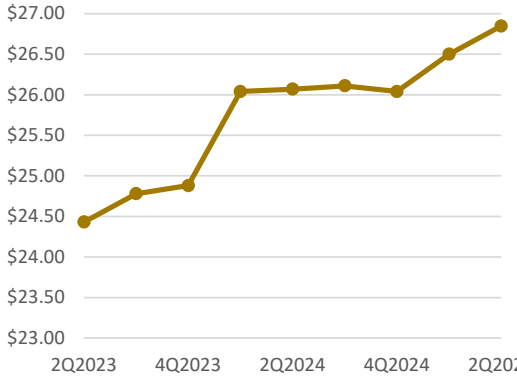
RETAIL VACANCY



NOTABLE MOVES AND TRANSACTIONS

- 27,600 SF Office Depot vacated South Square in South Durham submarket
- 36,800 SF Big Lots vacated Triangle Square in RTP/I-40 Corridor submarket
- 33,000 SF Planet Fitness lease at Townridge Shopping Center in the US 70/Glenwood Avenue submarket

RETAIL RENTAL RATES



FORECAST

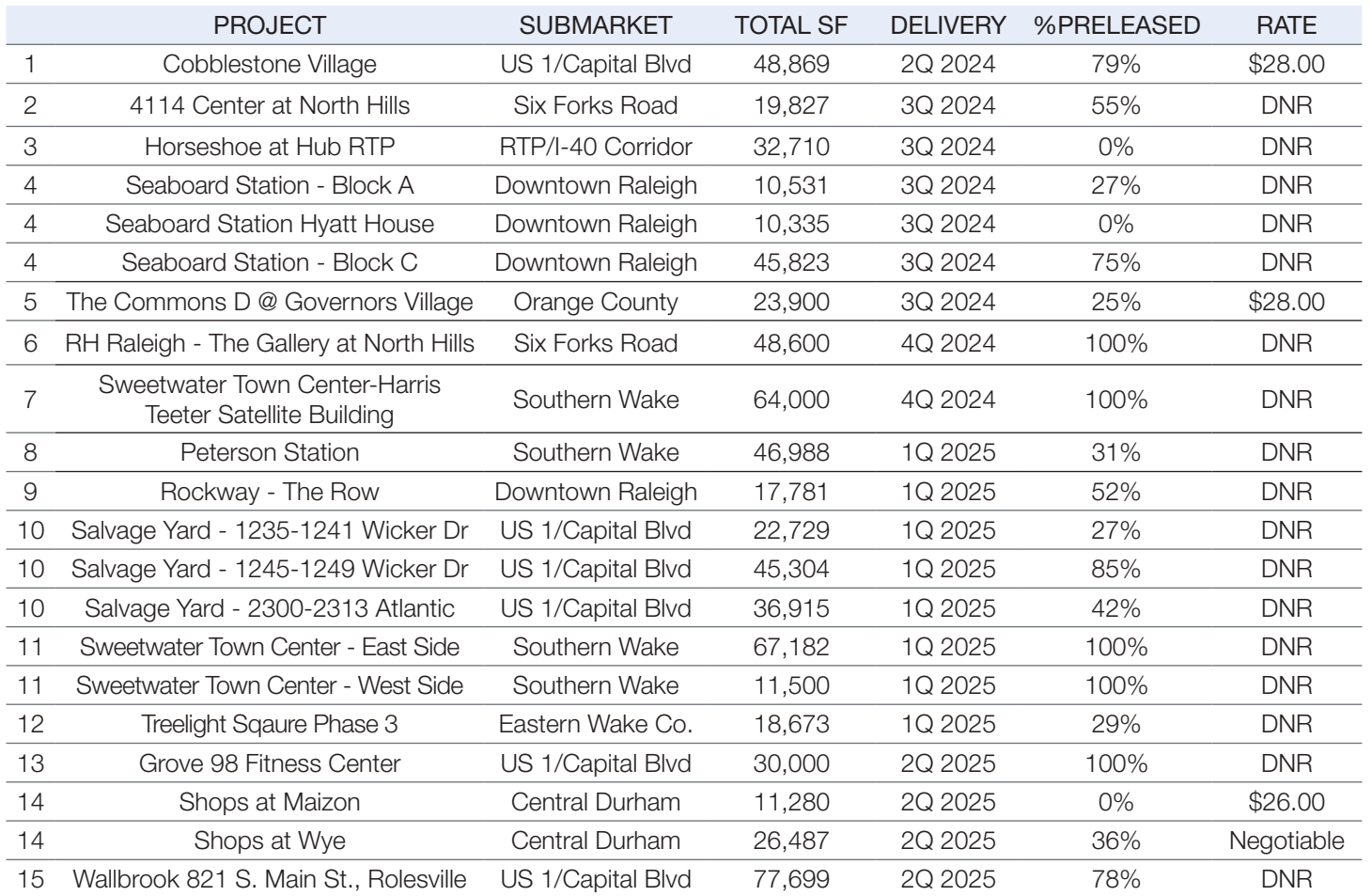
Triangle retail vacancy increased by .20% to 6.29% in the second quarter of 2025. A net positive absorption of 85,832 square feet was reported for the quarter. US 1/Capital Blvd. submarket reported an impressive positive absorption of 114,447 square feet, while South Durham submarket reported the highest net negative absorption of 60,230 square feet.

Areas of our market with a more extensive retail history, such as Downtown Raleigh and Central Durham, are experiencing elevated vacancy rates of 15.78% and 13.89%, respectively, yet rental prices remain stable. In contrast, newer and emerging suburban submarkets are facing inventory shortages amid strong demand, fueling a wave of new construction.

On the development front, there is 282,916 square feet under construction. 145,466 square feet delivered, including Grove 98 Fitness Center in Wake Forest with an O2 Fitness, and Wallbrook anchored by a new Publix in Rolesville. (See Retail Development Activity Map for notable projects).

| SUBMARKET | INVENTORY | VACANCY | ABSORPTION |
|--------------------|-----------|---------|------------|
| West Raleigh | 947,722 | 8.30% | 3,646 |
| US 70 /Glenwood | 5,048,493 | 7.70% | 35,131 |
| Six Forks Road | 2,132,523 | 4.21% | -6,502 |
| Falls of Neuse | 2,697,595 | 2.37% | 50,317 |
| US 1/Capital Blvd. | 7,049,270 | 7.16% | 114,447 |
| Downtown Raleigh | 1,317,519 | 15.78% | -5,975 |
| Village District | 642,920 | 2.88% | -10,080 |
| Eastern Wake Co. | 3,772,248 | 4.47% | -13,519 |
| Southern Wake Co. | 4,559,021 | 2.12% | 24,551 |
| Cary | 7,189,806 | 4.85% | -32,264 |
| RTP/I-40 Corridor | 1,195,107 | 6.79% | -32,260 |
| Central Durham | 1,038,495 | 13.89% | 19,573 |
| North Durham | 3,528,896 | 16.20% | -6,722 |
| South Durham | 5,259,676 | 4.57% | -60,230 |
| Orange County | 2,835,758 | 3.29% | 5,719 |

NOTABLE DEVELOPMENT



Investment Sales

MARKET REVIEW

NOTABLE SALE TRANSACTIONS

| TYPE | PROPERTY | SUBMARKET | TOTAL SF | SALE PRICE / PER SF | BUYER/SELLER |
|-----------|-----------------------------|---------------------|-----------|--------------------------|--|
| Retail | 4325 Glenwood Ave | US 70/Glenwood Ave | 1,326,000 | \$290,000,000 / \$219/SF | Macerich / Plaza Associates, Clarion Partners |
| Warehouse | 3222 Wellington Ct | US 1/Capital Blvd | 845,144 | \$148,744,000 / \$176/SF | Town Lane / LB AMC, Equus Capital Partners, AIG |
| Flex | 6531-6551 Meridien Dr | US 1/Capital Blvd | 559,999 | \$132,689,000 / \$237/SF | Town Lane / LB AMC, AIG, Equus Capital Partners |
| Flex | 2330 Presidential Dr | RTP/1-40 Corridor | 517,458 | \$122,305,000 / \$236/SF | Town Lane / LB AMC, AIG, Equus Capital Partners |
| Flex | 2101-2300 Westinghouse Blvd | US 1/Capital Blvd | 294,158 | \$62,382,500 / \$212/SF | Town Lane / LB AMC, AIG, Equus Capital Partners |
| Warehouse | 1220 Corporation Pkwy | Eastern Wake County | 230,832 | \$41,091,000 / \$178/SF | Town Lane / Equus Capital Partners, LB AMC, AIG |
| Retail | 4601 Glenwood Ave | US 70/Glenwood Ave | 168,000 | \$29,000,000 / \$173/SF | Macerich / Plaza Associates |
| Warehouse | 3028 E Cornwallis Rd | RTP/1-40 Corridor | 132,249 | \$28,750,000 / \$217/SF | Calare Properties / Wolfspeed Inc |
| Retail | 4501 New Bern Ave | Eastern Wake County | 58,616 | \$16,750,000 / \$286/SF | Phillips Edison & Co (REIT) / Widewaters Group |
| Office | 316 W Edenton St | Downtown Raleigh | 31,137 | \$15,950,000 / \$512/SF | NCACC / Trinity Capital |
| Office | 2308 Wesvill Ct | West Raleigh | 20,962 | \$11,880,000 / \$567/SF | Flagship Healthcare Properties / Cato Management |
| Office | 204 Capcom Ave | US 1/Capital Blvd | 63,000 | \$11,100,000 / \$176/SF | Khashayar K Neshat / Griffin Realty Trust |

FORECAST

Triangle investment sales activity remained relatively unchanged in the second quarter. While the number of deals increased among all property types, the total sales volume remained lackluster as investors continue to face a challenging lending environment. The office market is especially affected as it experiences higher vacancy with minimal absorption.

The largest Triangle transaction was the portfolio sale by Town Lane, acquiring six industrial parks for \$554.9 million. Five of the parks are in Raleigh, including Lincoln Park South, North, East, Central and Sumner Business Park, and one in Durham, Presidential Park West. The buildings total more than 2.6 million square feet and had an occupancy rate of 94.4% at the time of the sale. The top individual building prices are noted in the above chart.

There were two other notable transactions. One was the sale of the Crabtree Valley Mall on Glenwood Avenue in Raleigh to Macerich Company. The 1.3 million square foot mall sits on 57 acres and was 94% occupied at the time of the sale. It was purchased for \$290 million or \$219/SF. Macerich plans to invest \$60 million in updates and renovations to the mall over the next few years.

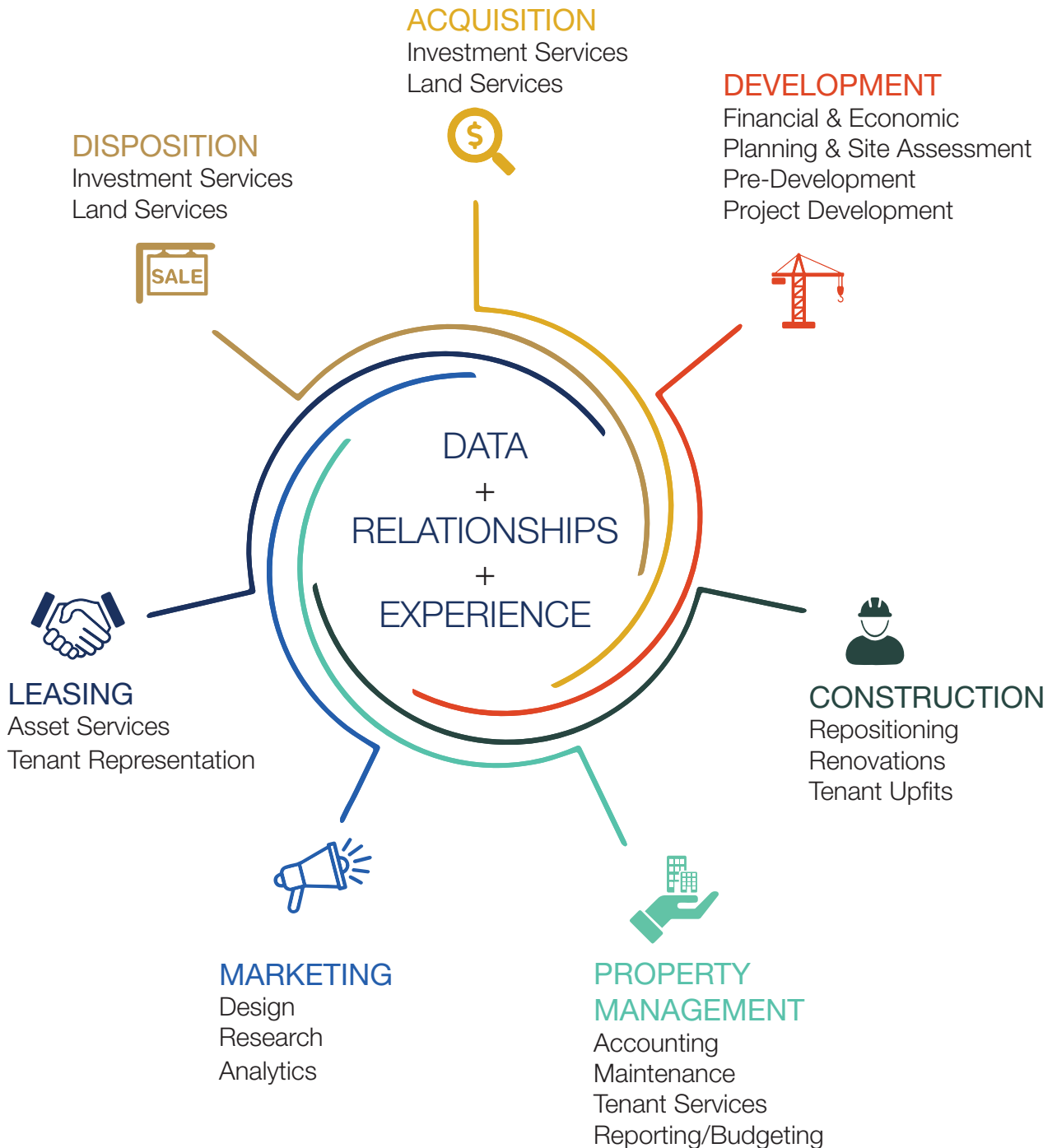
The other notable transaction was the office sale of 316 W Edenton Street in Downtown Raleigh, which was purchased by NCACC from Trinity Capital for \$15,950,000 (\$567/SF). The 3-story, 31,000 SF building is zoned for up to 40 stories. NCACC plans to renovate and occupy the building.

Transaction volume can largely be attributed to the Federal Reserve controlling interest rates, the lack of available capital from banks, uncertainty of the impact of tariffs, and higher vacancies (for office buildings). Raleigh-Durham, as one of the fastest-growing regions in the U.S., is, however, a sought-after destination for capital as markets recover and investors become more confident.

Full Service

SOLUTIONS

Corporate Services | Healthcare | Investment Sales | Land Services
Office Asset Leasing | Retail | Warehouse | Flex
Construction Services | Development | Property & Facilities Management



5425 Page Road, Suite 100
Durham, NC 27703

5121 Kingdom Way, Suite 200
Raleigh, NC 27607