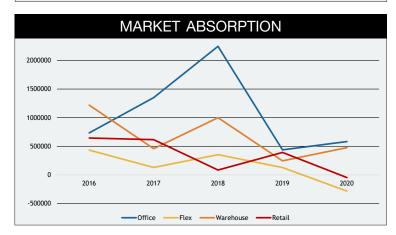
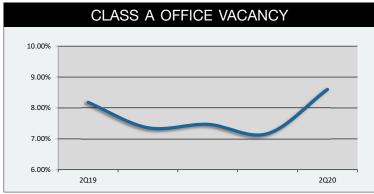


TRIANGLE

MARKET REVIEW

	MARKET SNA	APSHOT	
	3Q2019	3Q2020	FORECAST
OFFICE			
Overall Vacancy	10.43%	10.94%	A
Class A Vacancy	7.36%	8.75%	A
Class B Vacancy	18.43%	16.15%	A
Class C Vacancy	8.30%	9.16%	A
Net Absorption YTD	1,399,395	510,236	▼
WAREHOUSE			
Overall Vacancy	4.70%	5.84%	A
Net Absorption YTD	417,819	1,511,478	▼
FLEX			
Overall Vacancy	5.67%	8.33%	A
Net Absorption YTD	320,505	-333,210	▼
RETAIL			
Overall Vacancy	7.04%	8.02%	A
Net Absorption YTD	320,274	65,226	▼





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.

At the time of compiling this report the world is still in the midst of the COVID-19 pandemic. This report is reflective of the results reported for the third quarter of 2020, and the full effects of the pandemic have yet to be fully realized.

Office vacancy rose by .41% to 10.93%, warehouse vacancy rose by .74% to 5.84% flex vacancy rose by .41% to 8.33%, and retail vacancy rose by .26% to 8.02%. Although vacancy for all product types rose over the second quarter we have yet to see substantial vacancy shifts of greater than 1%.

Within the Triangle Metropolitan Statistic Area (MSA), comprised of Raleigh, Cary, Durham, Chapel Hill and surrounding counties, the unemployment rate in September was reported at 5.76% which is down 1.38% from the previous quarter. The Triangle MSA's unemployment rate continues to outpace both the State and National unemployment rates which reported at 7.3% and 7.9% respectively.

On the office development front, 3.5 million square feet of office space currently remains under construction across the region. On the industrial development front, 822,935 square feet of warehouse/flex space remains under construction throughout the region. Additionally, 420,102 square feet of retail development remains under construction.

The \$189.1 million (\$373.27 per square foot) sale of the three-building Perimeter Park office portfolio marked the largest sale for the quarter. The 503,898 square foot portfolio was acquired by Mapletree Investments. Additionally, the \$42.9 million (\$73.79 per square foot) acquisition of the 900 Aviation Parkway warehouse building by TRG from Ares Management marked an additional notable industrial sale.

OFFICE REVIEW

OVERVIEW

The office vacancy rate rose by .30% to 10.94% in the third quarter of 2020. Negative net absorption was reported at 72,764 square feet for the quarter. Class A vacancy rose slightly by .33% for the third quarter with a modest 42,404 square feet of positive absorption reported. The vacancy increase is attributable to a shift in the office inventory. Additionally, average rental rates reported fell by \$0.18 to \$26.66 per square foot. The average Class A asking rate reported also fell for the quarter down \$0.21 to \$31.83.



NOTABLE MOVES & TRANSACTIONS

95,000 SF: The WakeMed Medical Park in Cary delivered at

76% occupancy in Cary.

25,000 SF: Veloxis Pharmaceuticals lease at 2000 Regency

in the Cary submarket.

16,466 SF: AstraZeneca lease at Winchester Place within the

Imperial Center in the RTP/I-40 Corridor

submarket.

74,000 SF: WeWork vacated the Durham ID 300 Morris

Street coworking space which Longfellow Real

Estate Partners plans to convert to lab.



FORECAST

Despite Triangle office vacancy rising by .30% to 10.94% in the third quarter, the vacancy reported marks the fourth lowest quarter in the market's history. Positive absorption gains were primarily attributed to net positive absorption gains of 98,151 square feet in Cary. These gains were offset by negative absorption of 86,283 and 72,377 square feet within the RTP/I-40 Corridor and West Raleigh submarkets respectively.

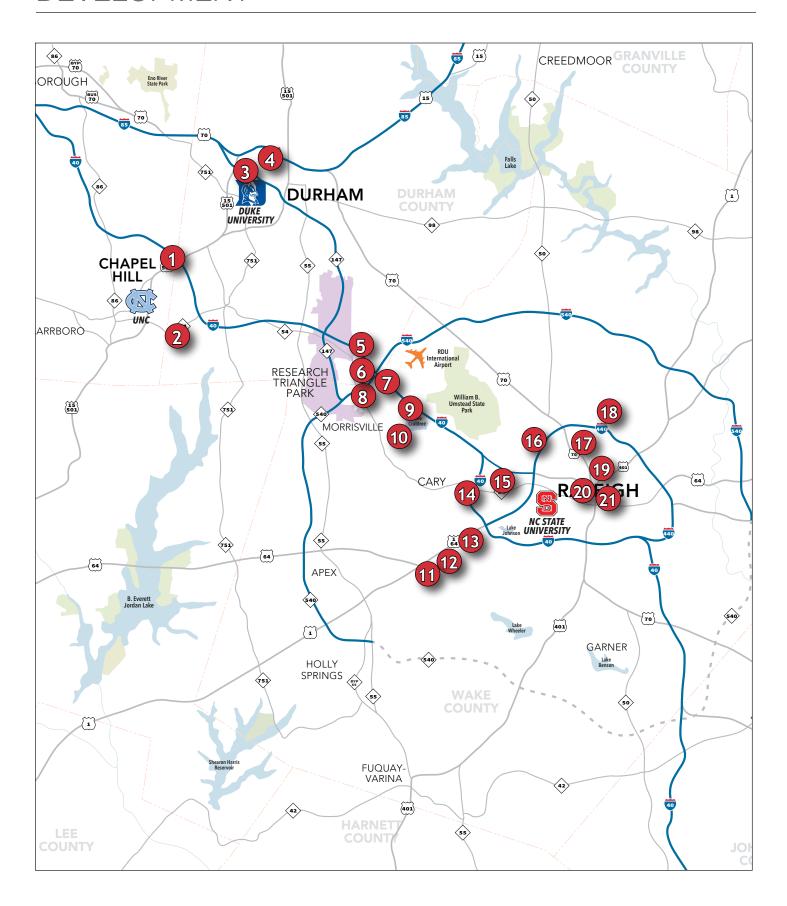
Class A vacancy remains a strong indicator of market strength and reported at 8.75% for the quarter. Class B vacancy remains higher and rose .53% to 16.15% however that is 2.28% lower than the total reported 12 months prior. It remains to be seen if tenants will shift to value office options due to the pandemic and continue to push Class B vacancy down throughout the Triangle.

On the development front, over 3.48 million square feet of office space remains under construction. Notable projects including the WakeMed Medical Park in Cary delivered during the quarter. (See Office Development Activity Map for notable projects).

SUBMARKET	OFFICE LEASABLE SF	OFFICE VACANCY	OFFICE ABSORPTION SF
West Raleigh	6,310,607	9.31%	-72,377
US 70/Glenwood Ave.	4,290,284	12.96%	5,972
Six Forks Road	3,986,924	6.48%	-28,156
Falls of Neuse	3,145,942	8.14%	18,010
US 1/Capital Blvd.	2,145,568	8.58%	-34,549
Downtown Raleigh	5,355,252	5.45%	-33,403
Cary	7,164,042	11.35%	98,151
RTP/I-40 Corridor	14,550,586	12.09%	-86,283
Central Durham	4,900,452	10.07%	8,501
South Durham	1,918,970	19.91%	21,129
Orange County	2,074,654	17.09%	2,107

OFFICE

DEVELOPMENT



OFFICE DEVELOPMENT

	PROJECT	SUBMARKET	TOTAL OFFICE SF	DELIVERY	%LEASED(SF)	PARKING	ASKING RATE	MAJOR TENANTS
1	100 Eastowne Dr.	Orange County	150,000	Fall 2020	100%	Surface Parking	DNR	UNC Health Care
2	The Gwendolyn	Orange County	106,000	Jan-21	0%	Deck Parking	\$38.50 Full service	
3	555 Mangum	Central Durham	233,000	2Q 2020	53% (102,092)	Structured Parking	\$36.50 - \$39.50	Spaces, PolicyGenius
4	949 Washington St.	Central Durham	36,628	Q3 2021	0%	Surface Parking	\$24.00 + NNN (\$31- \$31.50)	
5	Park Point (Redevelopment)	RTP/I-40 Corridor	652,000	1Q 2021	31% (200,304)	Surface Parking	DNR	Grail
6	Innovation I at Imperial Center	RTP/I-40 Corridor	139,163	May 2020	74% (102,972)	Surface Parking	\$26.75	
7	Forty540 Phase II	RTP/I-40 Corridor	205,000	Apr-21	39% (80,000)	Structured/Surface Parking	\$32.50	Solar Winds
8	INQ @ 1101 Shiloh Glenn Dr.	RTP/I-40 Corridor	140,302	Sept. 2020	0%	Surface Parking	\$28.00	
9	The Stitch (Redevelopment)	RTP/I-40 Corridor	237,537	Dec. 2020	0%	Surface Parking	\$33.00	
10	4000 Paramount	RTP/I-40 Corridor	95,787	Oct-20	63% (49,697)	Surface Parking	\$27.50	UCB Biosciences
11	HealthPark II	Cary	86,172	4Q 2020	80% (68,937)	Deck and Surface Parking	\$32.50 FS	WakeMed Health
12	WakeMed Medical Park of Cary 210 Ashville Ave	Cary	125,000	3Q 2020	76% (95,000)	Surface Parking	\$27.00	WakeMed Health, Duke
13	Twenty Three 33, 2333 Walnut St.	Cary	133,628	4Q 2020	0%	Surface Parking	\$28.00	
14	Palisades III, 5401 Trinity Rd	West Raleigh	166,290	2Q 2021	0%? (39,438)	Surface/Structured Parking	\$33.00	Golden Corral
15	Wade V	West Raleigh	215,415	Jun-20	20% (42,650)	Surface/Sturctured Parking	\$34.00	Vontier, Apex Systems
16	GlenLake Seven	US 70/Glenwood Ave.	125,000	1Q 2021	100%	Structured Parking	\$34.50	Martin Marietta
17	3800 Glenwood	US 70/Glenwood Ave.	113,543	Q2 2020	49% (56,00)	Structured Parking	\$38.00	Brasfield & Gorrie, Cherry Bekaert, PNC
18	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	Kane Realty
20	Tower Two Bloc 83	Downtown Raleigh	235,000	1Q 2021	39% (86,000)	Structured Parking	\$37.50	Envestnet, IE Interiors
21	The Crossing 301 Hillsborough Street	Downtown Raleigh	270,000	4Q 2021	44% (120,000)	Deck Parking	\$41.50	CBRE

WAREHOUSE

REVIEW

OVERVIEW

The vacancy rate in the Triangle warehouse market rose by .74% to 5.84% in the third quarter of 2020. Positive absorption reported at 1,033,478 square feet. The vacancy increase is attributable to a shift in the warehouse inventory. Furthermore, average asking rental rates for warehouse space rose by \$.11 to \$6.76 per square foot.

NOTABLE MOVES & TRANSACTIONS

700,000 SF: Amazon fulfillment center opens off of I-40 in Garner

within in the Eastern Wake Co. Submarket.

238,000 SF: Eastgate 540 Building 5 delivered at 85% occupancy within

the Eastern Wake Co. submarket.

120,000 SF: Hinton Oaks V delivered with 100% occupancy within the

Eastern Wake Co. submarket.

FORECAST

The third quarter of 2020 reported a vacancy increase up to 5.84%, but remains the lowest of the product types. A massive 1,517,239 square feet of net positive absorption reported in the Eastern Wake County submarket helped sustain the warehouse market for the third quarter.

Demand for warehouse space within the centrally located and largest submarket, the RTP/I-40 Corridor, remains high with reported vacancy at 4.70% for the third quarter despite negative net absorption of 171,849 square feet for the quarter. The aforementioned Eastern Wake Co. submarket had over 1 million square feet of positive absorption due in large part to the three notable deliveries above at Amazon, Eastgate 540 and Hinton Oaks.

Ecommerce will continue to be a driving factor with speed of delivery being put at a premium and the necessary warehouse inventory needed to accommodate. Amazon remains the leader of the charge and continues to absorb large blocks of warehouse space across the Triangle. Additionally, the Prologis research team reported that logistics metrics stabilized during the third quarter to prepandemic levels after a volatile second quarter.

On the development front, an additional 822,935 square feet remains under construction throughout the region and the most notable warehouse delivery was the 700,000 square foot Amazon Distribution Center in Garner. With a low warehouse vacancy rate and warehouse/distribution services operating as essential businesses, we anticipate additional warehouse projects to break ground in the next 12 months. (See Industrial Development Activity Map for notable projects).





SUBMARKET	WAREHOUSE LEASABLE SF	WAREHOUSE VACANCY	WAREHOUSE ABSORPTION SF
West Raleigh	256,865	7.34%	-7,000
US 70 /Glenwood Ave.	746,463	10.28%	-42,985
Falls of Neuse	1,143,112	1.91%	-10,000
US 1/Capital Blvd.	3,832,931	4.75%	-154,588
Cary	153,277	0%	0
RTP/I-40 Corridor	12,945,604	4.70%	-171,849
Durham	2,566,383	5.37%	0
Eastern Wake Co.	8,793,825	6.37%	1,517,239
Southern Wake Co.	1,430,842	11.02%	0
Orange County	671,464	21.42%	-143,800

FLEX REVIEW

OVERVIEW

Flex vacancy rates rose in the third quarter of 2020 by .40% to 8.33%. Net negative absorption of 51,010 square feet was reported for the quarter. Meanwhile, average rental rates for Triangle flex space decreased slightly by \$0.23 to \$13.67 per square foot.

NOTABLE MOVES & TRANSACTIONS

25,354 SF: Unknown tenant lease at 52 North, Building 4, 5240-5256 Greens Dairy Road in the US 1/Capital Blvd. submarket.

11,332 SF: Windlift lease at 2445 South Alston Avenue in the RTP/I-40 Corridor submarket.

10,380 SF: West Shore Home lease at 6531 Meridien Drive in the

US 1/Capital Blvd. submarket.

16,215 SF: Undisclosed tenant vacated at 4022 Stirrup Creek Drive in

the RTP/I-40 Corridor submarket.

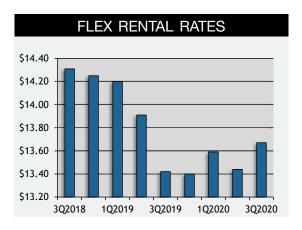
FORECAST

Triangle flex vacancy increased to 8.33% during the third quarter of 2020. The 51,010 square feet of negative net absorption for the quarter was influenced largely by negative absorption of 60,990 square feet within the RTP/I-40 Corridor.

Flex vacancy indicators will continue to be driven by the inventory-heavy RTP/I-40 Corridor and US 1/Capital Boulevard submarkets, which combined for a total net negative absorption total of 93,070 square feet for the quarter. This was mitigated somewhat by strong positive absorption of 48,266 square feet within the Eastern Wake County submarket.

On the development front, 299,520 square feet of flex space is under construction. The single-digit vacancy rate for flex product will continue to make proposed development projects viable. (See Industrial Development Activity Map for projects currently under construction).

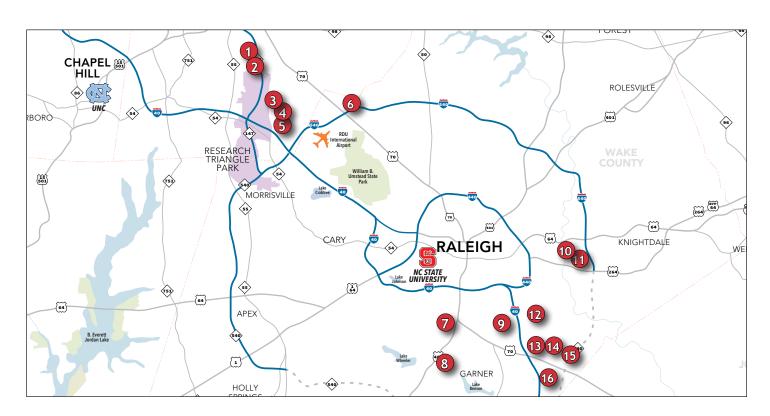




SUBMARKET	FLEX LEASABLE SF	FLEX VACANCY	FLEX ABSORPTION SF
West Raleigh	642,805	6.29%	-642
US 70/Glenwood Ave.	1,179,693	2.78%	-6,364
Falls of Neuse	343,382	1.21%	-2,200
US 1/Capital Blvd.	4,295,270	6.81%	-32,080
Cary	985,806	14.57%	-15,748
RTP/I-40 Corridor	6,733,204	9.03%	-60,990
Durham	707,667	11.33%	0
Eastern Wake Co.	1,579,914	3.12%	48,266
Southern Wake Co.	980,073	17.10%	10,103
Orange County	383,916	20.08%	6,560

INDUSTRIAL

NOTABLE DEVELOPMENT

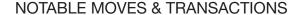


	PROJECT	TYPE	SUBMARKET	SIZE	DELIVERY DATE	%LEASED (SF)	ASKING RATE
1	Regional Commerce Center Building 2	Warehouse	RTP/I-40 Corridor	52,000	Oct. 2020	75% (156,000)	DNR
2	Regional Commerce Center Buildings 3,4, 5	Warehouse	RTP/I-40 Corridor	295,500	Oct. 2021	0%	DNR
3	Merritt TW Crossing	Flex	RTP/I-40 Corridor	48,650	4Q 2020	78%	DNR
4	I-40 Inovation Center, 3921 S. Miami Blvd.	Warehouse	RTP/I-40 Corridor	66,000 Two buildings	2020	0%	\$8.50 -9.25 NNN
5	Patriot Park, Buildings 3+4	Warehouse	RTP/I-40 Corridor	187,500 Each	1Q 2021	50% (Building 4 Occupied)	\$6.50 NNN
6	7320 ACC Boulevard	Flex	US 70/Glenwood	11,900	4Q 2020	0%	\$13.75 NNN
7	110 Rupert Road	Flex	Southern Wake	14,000	4Q 2020	0%	\$12-14 NNN
8	8201 Old McCullers Rd	Flex	Southern Wake	11,800	3Q 2020	0%	\$12.50 NNN
9	Amazon Distribution Center, 4851 Jones Sausage Road	Warehouse	Eastern Wake County	700,000	Fall 2020	100%	DNR
10	Eastgate 540, Bldg. 5	Warehouse	Eastern Wake County	280,000	Aug 2020	85% (236,869)	\$6.25 NNN
11	Eastgate 540, Bldg. 6	Warehouse	Eastern Wake County	159,600	Apr 2021	0%	\$6.50 NNN
12	3807 Centurion Dr	Flex	Southern Wake	12,000	1Q 2021	0%	\$12-14 NNN
13	Garner Business Park 70, Bldg 2+3	Warehouse	Eastern Wake County	120,114 Each	Oct-21	0%	\$6.25 NNN
14	Parksite,1100 North Greenfield Pkwy.	Warehouse	Eastern Wake County	83,000	3Q 2020	DNR	DNR
15	Greenfield North, 1201 North Greenfield Pkwy.	Warehouse	Eastern Wake County	165,921	3Q 2020	0%	\$5.95 NNN
16	105 Sigma Drive	Flex	Southern Wake	26,702	4Q 2020	0%	\$12.75 NNN

RETAIL REVIEW

OVERVIEW

The retail vacancy rate increased by .35% to 8.02% in the third quarter of 2020. Positive net absorption reported at 110,926 square feet for the quarter. The vacancy increase is attributable to a shift in the retail inventory. Average rental rates reported dropped by \$0.06 to \$20.09 per square foot.



123,000 SF: The anchored Twin Lakes Center on

Davis Drive in the Cary submarket delivered.

45,000 SF: Publix supermarket opened at the Peace Raleigh

building in the Downtown Raleigh submarket.

~175,000 SF: Stein Mart went bankrupt closing two stores

in Cary, two in Raleigh and one in Chapel Hill.

FORECAST

Triangle retail vacancy increased by .35% to 8.02% in the third quarter of 2020. Modest net absorption gains were helped by the positive gain of 84,434 square feet within the Cary submarket. This large gain helped offset the negative net absorption of 52,150 in the Southern Wake County submarket.

The retail sector has been most vulnerable to the effects of COVID-19 from both the early stay-at-home orders and continued restrictions put into place. Nationally, the Stein Mart bankruptcy is the latest big box retailer to succumb to the added pressure with five stores closed locally during the third quarter.

Grocers continue to find success during this time and prove to be a "pandemic-proof" necessity. Wegmans opened it's second location in the Triangle in Cary during while Publix opened it's first location locally within Downtown Raleigh during the third quarter.

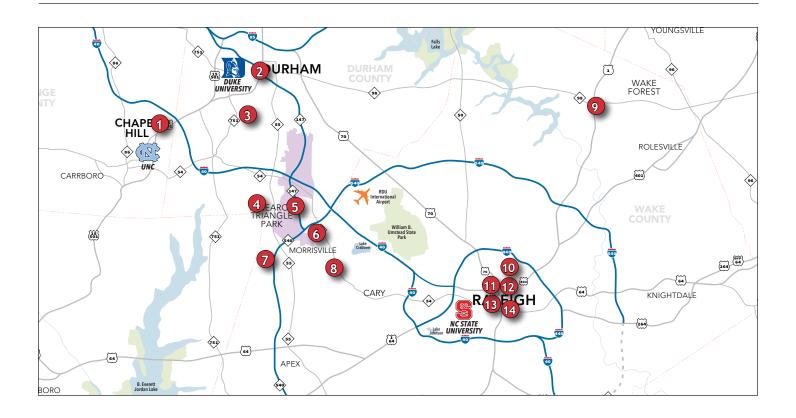
Over 420,102 square feet of retail product remains under construction during the third quarter. (See Retail Development Activity Map for notable projects).





SUBMARKET	RETAIL LEASABLE SF	RETAIL VACANCY	RETAIL ABSORPTION SF
West Raleigh	953,296	6.51%	-2,729
US 70/Glenwood Ave.	5,051,369	7.57%	31,685
Six Forks Road	2,052,781	8.95%	-24,095
Falls of Neuse	2,498,952	4.65%	3,258
US 1/Capital Blvd.	6,242,353	7.80%	-19,855
Downtown Raleigh	777,936	12.84%	32,814
Cameron Village	635,120	7.10%	14,291
Eastern Wake	3,919,593	6.38%	-200
Southern Wake	3,904,201	4.79%	-52,150
Cary	7,568,096	13.13%	84,434
RTP/I-40 Corridor	990,982	5.29%	-706
Central Durham	775,015	10.00%	-2,396
North Durham	3,526,334	8.26%	12,746
South Durham	5,154,202	4.90%	35,108
Orange County	2,630,945	7.59%	-1,279

RETAIL DEVELOPMENT



	PROJECT	SUBMARKET	TOTAL SF	DELIVERY	%LEASED(SF)	ASKING RATE
1	Wegmans Chapel Hill	Orange County	99,000	Spring 2021	100% (99,000)	DNR
2	555 Mangum	Central Durham	23,461	2020	0%	\$38.00
3	University Hill Mixed-Use	South Durham	55,000	Spring 2020	55% (30,000)	DNR
4	751 South, 9252 NC 751 HWY	South Durham	58,700	Oct. 2020	85% (50,000)	DNR
5	Kitt Creek Commons	RTP/I-40 Corridor	15,243	3Q 2020	0%	\$28 NNN
6	The Marketplace at Perimeter Park	RTP/I-40 Corridor	15,400	1Q 2021	65%(9,967)	\$30 NNN
7	Lowes at Greystone	Cary	71,057	1Q 2021	79% (56,657	\$28
8	Twin Lakes Center/Wegmans	Cary	126,000	3Q 2020	98% (123,000)	DNR
9	Grove Ninety Eight	US 1/Capital Blvd	98,000	Spring 2021	100% (98,000)	DNR
10	East End Market, 2020 Progress Court	US 1/Capital Blvd	58,244	Fall 2020	54% (31,165)	\$38.50
11	Raleigh Crossing	Downtown Raleigh	15,000	4Q 2021	0%	DNR
12	Publix at Peace Street	Downtown Raleigh	50,882	Fall 2020	90% (45,600)	DNR
13	Smokey Hollow II	Downtown Raleigh	41,254	Fall 2020	0%	DNR
14	Tower Two Bloc [83]	Downtown Raleigh	17,855	1Q 2021	0%	DNR

RETAIL DEVELOPMENT -

INVESTMENT SALES REVIEW

OVERVIEW

The \$189.1 million (\$373.27 per square foot) sale of the three-building Perimeter Park office portfolio marked the largest sale for the quarter. The 503,898 square foot portfolio was acquired by Mapletree Investments. Additionally, the \$42.9 million (\$73.79 per square foot) acquisition of the 900 Aviation Parkway warehouse building by TRG from Ares Management marked a prominent industrial sale.

Other notable sales transactions included the \$41.6 million (\$201.13 per square foot) acquisition of the 206,829 square foot 4407 Bland Road office building Boyd Watterson Asset Management from U.S. Department of Agriculture and the \$34.85 million (\$338.35 per square foot) acquisition of the newly delivered Wegmans shopping center by REIT Realty Income from Leyland Alliance.

NOTABLE SALES TRANSACTIONS

PROPERTY	TYPE	SUBMARKET	TOTAL SF	SALES PRICE/PER SQUARE FOOT	BUYER/SELLER
Perimeter Park	Office	RTP/I-40 Corridor	503,898	\$189,100,000 / \$373.27	Mapletree Investments / DNR
900 Aviation Parkway	Warehouse	RTP/I-40 corridor	500,000	\$42,800,000 / \$73.79	TRG / Ares Management of Los Angeles
4407 Bland Road	Office	Falls of Neuse	206,829	\$41,600,000 / \$201.13	Boyd Watterson Asset Management / U.S. Dep. Of Agriculture
3710 Davis Dr.	Retail	Cary	103,000	\$34,850,000 / \$338.35	REIT Realty Income / Leyland Alliance
4021/4025 Stirrup Creek	Retail	Orange Co.	99,000	\$32,000,000 / \$323.23	Agree Realty Corporation / Leon Property Group
4401 Creedmoor Rd.	Office	US 70/ Glenwood Ave.	161,000	\$22,000,000 / \$136.65	SECU / Nationwide
242 S. Main St.	Office	Southern Wake Co.	45,000	\$13,700,000 / \$304.44	Epic Games / Trustwell Property Group
4918 Prospectus Dr.	Warehouse	Durham	178,564	\$12,900,000 / \$77.24	Reich Brothers / Valassis Manufacturing Company

FORECAST

Investors remained cautious during the third quarter of 2020 as a direct result of uncertainty presented by COVID-19, although there is still a substantial amount of capital targeting the Triangle for investment. Several investment portfolios and properties that were coming to market in this year are still delayed at this time. Conversion of traditional flex portfolios to a life science use is an emerging trend in the Triangle market at the moment, and numerous flex portfolios are being pursued by several firms with this intention.

Although transaction volume has slowed, the Triangle market is well-positioned for a post-COVID recovery and was recently named by Urban Land Institute as the market with the best prospects for 2021. Densely populated urban cities will take considerably longer to recover and we anticipate increased activity within the mid-tier cities from investors seeking more stability.