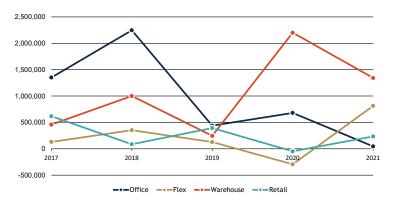


Triangle

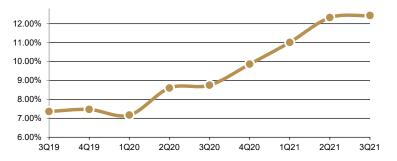
MARKET REVIEW

	3Q2020	3Q2021	FORECAST
OFFICE			
Overall Vacancy	10.94%	12.94%	V
Class A Vacancy	8.75%	12.43%	V
Class B Vacancy	16.15%	13.91%	V
Class C Vacancy	9.16%	16.32%	V
Net Absorption YTD	510,236	45,879	A
WAREHOUSE			
Overall Vacancy	5.84%	2.21%	V
Net Absorption YTD	1,511,478	1,343,505	A
FLEX/LAB			
Overall Vacancy	8.33%	8.25%	V
Net Absorption YTD	-333,210	813,632	A
RETAIL			
Overall Vacancy	7.04%	7.23%	V
Net Absorption YTD	65,226	234,005	A

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 fell by .15% to 12.94%, warehouse vacancy fell by .60% to 2.21%, flex/lab vacancy fell by 1.24% to 8.25%, and retail vacancy fell by .23% to 7.23%.

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 3.4% which is down .8% from the previous quarter. The Triangle MSA's unemployment rate continues to outpace both the State and National unemployment rates which reported at 4.2% and 4.8% respectively.

On the office development front, 1.4 million square feet of office space currently remains under construction across the region. On the industrial development front, 1,768,202 square feet of warehouse and 721,976 square feet of flex space remains under construction throughout the region. Additionally, 582,715 square feet of retail development remains under construction.

Investment activity remained strong during the third quarter of 2021. Industrial space continues to be scarce in the Triangle with sales prices commanding sales records on a per square foot basis with increasingly compressed cap rates.

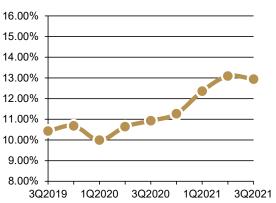
The Triangle area remains primed for an impressive post-Covid recovery. We expect a flurry of investment activity during the final quarter of 2021 as investors look to place capital before year end.

Office

MARKET REVIEW

OFFICE SNAPSHOT	
Total SF	58,480,452
Total SF Vacant	7,566,763
Vacancy Rate	12.94%
Net Absorption	6,555
Avg. Asking Rent	\$26.70
Avg. Class A Asking Rent	\$31.71
SF Under Construction	2,274,464

OFFICE VACANCY



NOTABLE MOVES AND TRANSACTIONS

27,000 SF	Industrious lease at The Gwendolyn in the Orange County submarket
25,302 SF	Unidentified tenant lease at 555 Mangum in the Downtown Durham submarket
25,000 SF	Clark Nexsen lease at Smoky Hollow in the Downtown Raleigh submarket

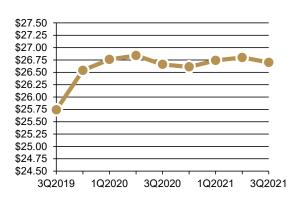
FORECAST

Triangle office vacancy fell by .15% to 12.94% in the third quarter. Minimal net positive absorption of 6,555 square feet was reported for the quarter. Strong positive absorption of 104,117 square feet in the Central Durham submarket helped offset negative absorption of 158,265 square feet within the RTP/I-40 Corridor submarket. There were two new 40,000 square foot vacancies at both the Concourse and Perimeter Park Three buildings which contributed to the vacancy increase within the RTP/I-40 Corridor submarket.

Class A vacancy remained above 10% at 12.43% after crossing the double digit threshold in the previous quarter. Class B vacancy remains slightly higher but fell by a notable .70% to 13.91%.

On the development front, nearly 2.3 million square feet of office space remains under construction. Notable new office development projects including Raleigh Crossing and Palisades III will deliver before the end of the year. (See Office Development Activity Map for notable projects).

OFFICE RENTAL RATES

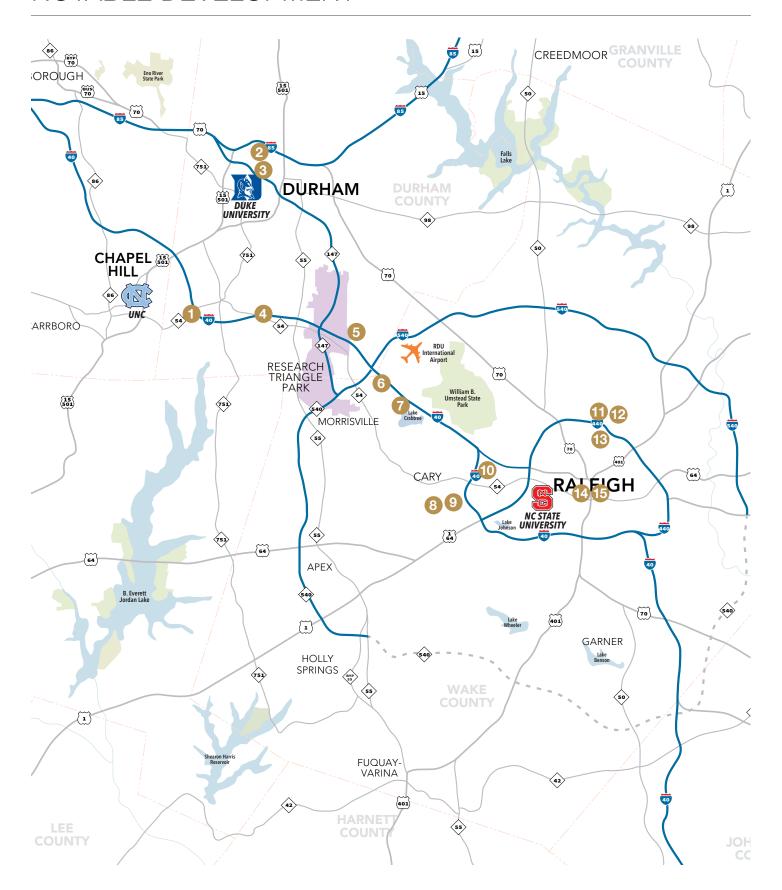


SUBMARKET	INVENTORY	VACANCY	ABSORPTION
West Raleigh	6,368,583	11.57%	-44,211
US 70 /Glenwood	4,471,599	12.72%	24,893
Six Forks Road	4,339,119	5.48%	34,637
Falls of Neuse	3,136,232	8.51%	23,604
US 1/Capital Blvd.	2,140,995	9.80%	-11,217
Downtown Raleigh	5,888,490	13.42%	9,197
Cary	7,530,926	14.43%	-7,562
RTP/I-40 Corridor	12,591,917	13.12%	-158,265
Central Durham	5,025,081	10.35%	104,117
South Durham	1,918,287	19.53%	8,916
Orange County	2,197,073	20.27%	10,810

Office

	PROJECT	SUBMARKET	TOTAL SF	DELIVERY	%LEASED(SF)	PARKING	RATE	MAJOR TENANTS
1	Hammes Medical Office Building	South Durham	168,000	1Q 2022	0%	Structured Parking	\$25.00, NNN	
2	949 Washington St.	Central Durham	37,492	4Q 2021	0%	Surface Parking	\$24.00 + NNN (\$31- \$31.50)	
3	The Roxboro at Venable Center	Central Durham	202,163	1Q 2022	0%	Structured Parking	\$38.50	
4	Southpoint Professional Center III	South Durham	70,400	2023	0%	Structured and Surface Parking	\$25.00, NNN	
5	Park Point (Redevelopment)	RTP/I-40 Corridor	652,000	4Q 2021	55% (355,000)	Surface Parking	DNR	Grail, Charles River Labs, Cree
6	Forty540 Phase II	RTP/I-40 Corridor	198,548	2Q 2021	42% (83,801)	Structured and Surface Parking	\$32.50	Solar Winds
7	The Stitch (Redevelopment)	RTP/I-40 Corridor	245,159	2Q 2021	100%	Surface Parking	\$33.50	Invitae
8	The Walker Walnut St	Cary	102,000	3Q 2021	25% (25,177)	Structured Parking	\$33.00	
9	Fenton - Phase 1	Cary	175,110	2Q 2022	0%	Structured and Surface Parking	\$38.50	
10	Palisades III 5401 Trinity Rd	West Raleigh	167,307	4Q 2021	0%	Structured and Surface Parking	\$33.00	
11	NHX I Creative Office	Six Forks Road	87,503	2Q 2023	0%	Structured Parking	\$44.50	
12	One North Hills	Six Forks Road	264,632	2Q 2023	0%	Structured Parking	\$44.50	
13	Raleigh Iron Works	US 1/ Capital Blvd	111,000	2022	0%	Structured and Surface Parking	\$45.00	
14	Tower Two Bloc 83	Downtown Raleigh	241,320	2Q 2021	58% (141,000)	Structured Parking	\$39.95	Envestnet, IE Interiors, McAdams
15	Raleigh Crossing 301 Hillsborough Street	Downtown Raleigh	292,457	4Q 2021	46% (135,023)	Deck Parking	\$41.50	Pendo, Nexus Strategies

Office



Warehouse

MARKET REVIEW

WAREHOUSE SNAPSHOT			
Total SF	36,013,792		
Total SF Vacant	795,591		
Vacancy Rate	2.21%		
Net Absorption	366,354		
Avg. Asking Rent	\$7.50		
SF Under Construction	1,768,202		

NOTABLE MOVES & TRANSACTIONS

159,600 SF	Eastgate 540 - Building 6 opened fully leased to PCX Corp. within the Eastern Wake submarket
120,000 SF	A confidential tenant consolidated into the entirety of the 1101 Perry Creek building within the So. Wake submarket
54,256 SF	Southern Industrial Constructors lease at 5201 Departure Drive in the US 1/Capital Boulevard submarket

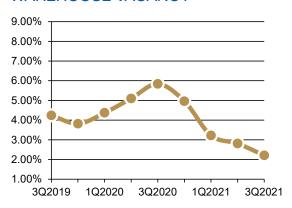
FORECAST

The third quarter of 2021 reported a vacancy decrease by .60% to another all-time vacancy low of 2.21%. The 366,354 square feet of net positive absorption reported was largely attributed to the US 1/Capital Boulevard and Southern Wake submarkets which totaled 153,873 and 120,000 square feet, respectively, of positive absorption.

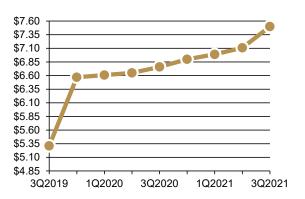
Demand for warehouse space within the centrally located and largest submarket, the RTP/I-40 Corridor, dropped by .22% to and staggering 0.00% vacancy for the quarter. The second-largest submarket, Eastern Wake, reported at 2.75% vacancy for the quarter.

On the development front 1,768,202 square feet of warehouse space is under construction. The historically low vacancy rate will continue to make development projects attractive. 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	250,865	19.93%	-20,050
US 70 /Glenwood	746,463	0.00%	26,000
Falls of Neuse	1,152,912	1.91%	-12,000
US 1/Capital Blvd.	3,870,441	5.19%	153,873
Cary	153,277	0.00%	0
RTP/I-40 Corridor	13,528,303	0.00%	29,993
Durham	2,577,383	4.40%	-7,205
Eastern Wake Co.	11,088,028	2.75%	70,743
Southern Wake Co.	1,550,842	1.29%	120,000
Orange County	671,464	8.22%	0

Flex/Lab

MARKET REVIEW

FLEX/LAB SNAPSHOT	
Total SF	21,825,273
Total SF Vacant	1,800,217
Vacancy Rate	8.25%
Net Absorption	559,777
Avg. Asking Rent	\$14.92
SF Under Construction	721,976

NOTABLE MOVES AND TRANSACTIONS

198,000 SF	Grail Inc. lease at Assembly building at Park Point within the RTP/I-40 corridor submarket
96,363 SF	Combined leasing activity at Merritt TW Crossing within the RTP/I-40 corridor submarket
89,200 SF	Cree LED lease at Grid East building at Grid East at Park Point within the RTP/I-40 corridor submarket

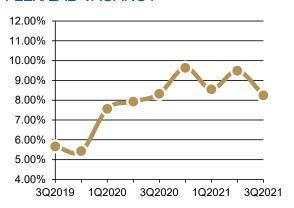
FORECAST

Triangle flex/lab vacancy fell by a significant 1.24% to 8.25% during the third quarter of 2021. Positive net absorption of 559,777 square feet reported for the quarter contributed to the large vacancy drop. Within the RTP/I-40 Corridor, the positive absorption of 277,011 square feet consisted of a mix of large lab leases and traditional flex leases (See notable moves above).

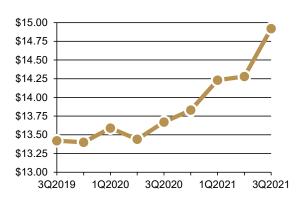
Flex vacancy indicators will continue to be driven by the inventory-heavy RTP/I-40 Corridor and US 1/Capital Boulevard submarkets, which reported strong net positive absorption of 354,633 square feet. This is a notable improvement coming from the previous quarter where these two submarkets reported a negative net absorption total of 115,449 square feet.

On the development front 707,796 square feet of flex space is under construction. The single-digit vacancy rate for flex/lab product will continue to make development projects viable. (See Industrial Development Activity map for projects currently under construction).

FLEX/LAB VACANCY

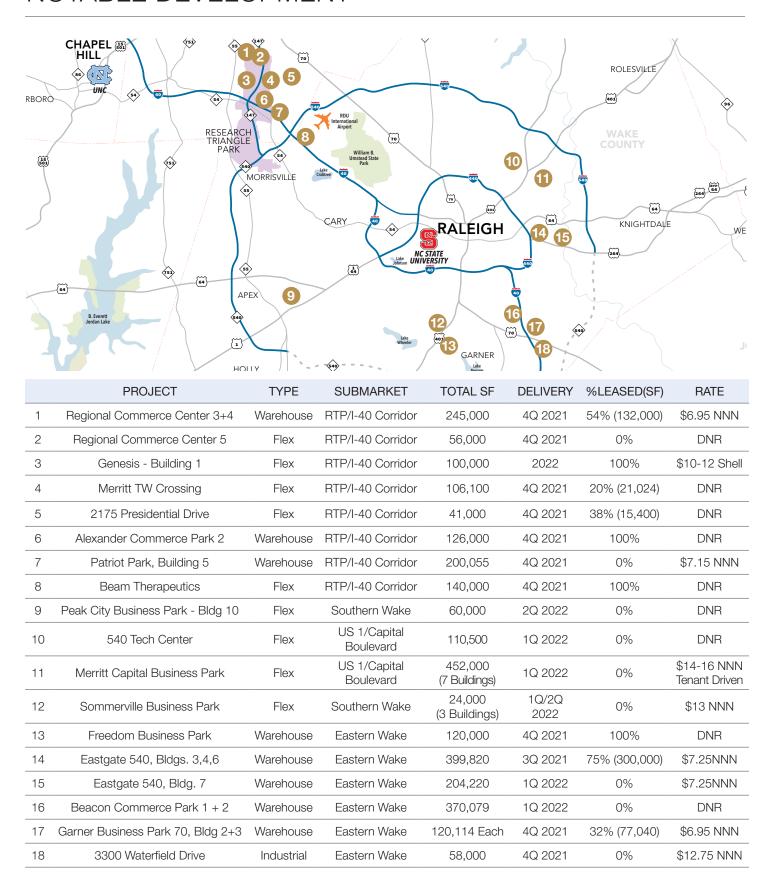


FLEX/LAB RENTAL RATES



INVENTORY	VACANCY	ABSORPTION
642,805	9.42%	-3,428
1,206,993	3.12%	26,355
377,272	2.20%	0
4,376,576	4.47%	77,622
975,408	2.20%	13,629
10,276,527	10.53%	277,011
756,809	11.42%	-3,541
1,608,459	2.41%	36,691
1,105,341	17.21%	34,160
383,916	18.05%	21,000
	642,805 1,206,993 377,272 4,376,576 975,408 10,276,527 756,809 1,608,459 1,105,341	642,805 9.42% 1,206,993 3.12% 377,272 2.20% 4,376,576 4.47% 975,408 2.20% 10,276,527 10.53% 756,809 11.42% 1,608,459 2.41% 1,105,341 17.21%

Industrial



Retail

MARKET REVIEW

RETAIL SNAPSHOT	
Total SF	46,469,834
Total SF Vacant	3,359,627
Vacancy Rate	7.23%
Net Absorption	109,281
Avg. Asking Rent	\$21.27
SF Under Construction	582,715

NOTABLE MOVES AND TRANSACTIONS

36,000 SF	·
	Crossroads in the Cary submarket
22,700 SF	The Burlington discount department lease at North
	Pointe Center in the North Durham submarket
20,760 SF	Furniture Source lease at 5301 Capital Boulevard in the
	US 1/Capital Boulevard submarket

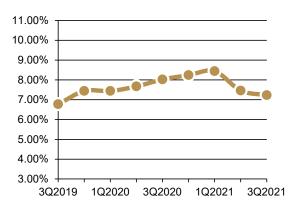
FORECAST

Triangle retail vacancy fell by .33% to 7.23% in the third quarter of 2021. Strong positive net absorption of 109,281 square feet was reported for the quarter. Strong positive absorption of 46,634 square feet in the South Durham submarket helped contribute to the vacancy drop.

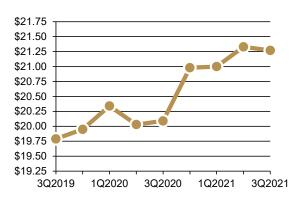
Retail owners will need to be nimble and creative to fill big box spaces that continue to remain vacant. Though expensive, the opportunity to redevelop well-located retail into industrial uses is still a viable alternative due to continued tightening supply in the warehouse market.

582,715 square feet of retail product remains under construction during the third quarter. A new Costco is now open at the intersection of 401 South and Ten-Ten Road in Southeastern Wake at the time of this report (See Retail Development Activity Map for notable projects).

RETAIL VACANCY

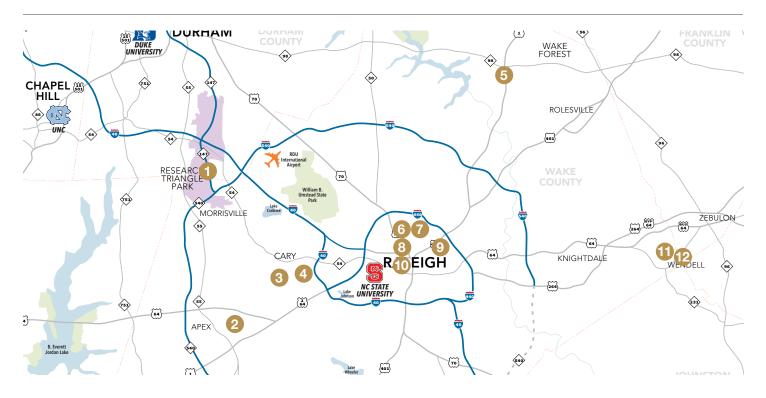


RETAIL RENTAL RATES



SUBMARKET	INVENTORY	VACANCY	ABSORPTION
West Raleigh	953,354	6.14%	-666
US 70 /Glenwood	5,061,609	8.98%	1,931
Six Forks Road	2,055,153	9.73%	12,302
Falls of Neuse	2,498,952	6.98%	6,464
US 1/Capital Blvd.	6,548,754	6.77%	-10,653
Downtown Raleigh	787,025	15.80%	-9,914
Village District	635,120	5.08%	14,240
Eastern Wake	3,756,386	5.79%	26,621
Southern Wake	4,054,272	4.40%	3,468
Cary	6,717,824	6.67%	-21,192
RTP/I-40 Corridor	1,014,662	4.35%	4,654
Central Durham	910,912	18.71%	8,134
North Durham	3,535,843	7.95%	20,436
South Durham	5,153,914	5.99%	46,634
Orange County	2,786,054	8.03%	6,822

Retail



	PROJECT	SUBMARKET	TOTAL SF	DELIVERY	%LEASED(SF)	RATE
1	Kitt Creek Commons	RTP/I-40 Corridor	9,613	4Q 2021	0%	\$28 NNN
2	Highline	Southern Wake	10,000	4Q 2021	68% (6,792)	\$30
3	Fenton- Phase 1	Cary	350,000	2Q 2022	62% (217,000)	DNR
4	The Walker Walnut St	Cary	20,251	2Q 2021	0%	\$33
5	Wegman's Wake Forest	US 1/Capital Blvd	98,000	2Q 2021	100% (98,000)	DNR
6	East End Market, 2020 Progress Court	US 1/Capital Blvd	58,244	2Q 2021	54% (31,165)	\$38.50
7	Raleigh Iron Works	US 1/Capital Blvd	80,000	2022	0%	DNR
8	Raleigh Crossing	Downtown Raleigh	12,145	4Q 2021	0%	DNR
9	Seaboard Station	Downtown Raleigh	52,300	2022	0%	DNR
10	Smokey Hollow II	Downtown Raleigh	41,254	4Q 2021	35% (14,304)	DNR
11	Publix at Wendell Falls Pkwy	Eastern Wake Co.	48,387	4Q 2021	100%	DNR
12	Treelight Square at Wendell Falls	Eastern Wake Co.	33,053	3Q 2022	40% (13,057)	DNR

Investment Sales

MARKET REVIEW

NOTABLE OFFICE TRANSACTIONS

PROPERTY	SUBMARKET	TOTAL SF	SALE PRICE/PER SF	BUYER/SELLER
Corporate Center	West Raleigh	450,393 (3 buildings)	\$63,000,000/\$139.88	Ferncroft Capital/ Consolidated Tomoka
6501 Weston Parkway	Cary	93,990	\$24,000,000/\$255.35	Grey Wilson/ Albany Road RE Partners
1100 Perimeter Park Drive	RTP/I-40 Corridor	83,755	\$21,300,000/\$254.31	Nuveen/Singerman Real Estate
Beta Center I&II	US 70/Glenwood Avenue	148,160 (2 buildings)	\$17,500,000/\$117.76	Grubb Ventures/David Associates
111125 Forest Pines Drive	US1/Capital Boulevard	64,890	\$12,500,000/\$192.63	Shengjing Li/Omnicell
Friendship Medical Center	Cary	28,437	\$10,000,000/\$351.65	Healthcare Realty Trust/ Flagship Healthcare Properties

NOTABLE INDUSTRIAL TRANSACTIONS

PROPERTY	SUBMARKET	TOTAL SF	SALE PRICE/PER SF	BUYER/SELLER
Regional Commerce Center Buildings 2&6	RTP/I-40 Corridor	404,000 (2 buildings)	\$67,000,000/\$165.84	Link Industrial/Scannell Properties
Patriot Park	RTP/I-40 Corridor	375,000 (2 buildings)	\$66,800,000/\$178.13	LaSalle/Strategic Capital Partners
Eastgate 540 Building 6	Eastern Wake Co.	159,600	\$27,800,000/\$174.19	BentallGreenOak/Trinity Capital

FORECAST

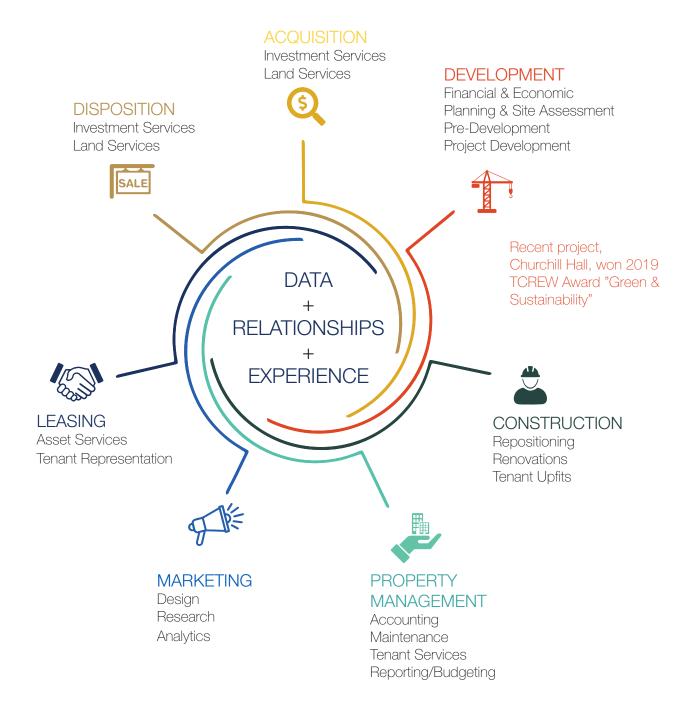
Investment activity remained strong during the third quarter of 2021 after an uptick in the previous quarter. The \$67,000,000 (\$165.84 per square foot) acquisition of Regional Commerce Center buildings 2 and 6 by Link Industrial marked the largest single transaction for the quarter. An additional notable office transaction was the \$63,000,000 acquisition (\$139.98 per square foot) of three buildings at Corporate Center by Ferncroft Capital.

Industrial properties continue to be scarce in the Triangle with pricing commanding sales records on a per square foot basis and increasingly compressed cap rates being a result. Investors maintain strong interest in the office market as demand for office space continues to make positive strides. The Triangle area remains primed for an impressive post-Covid recovery. We expect a flurry of investment activity during the final quarter of 2021 as investors look to place capital before year end.

Full Service

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