

4Q 2024

# Triangle Market Report

5411

# Triangle

## MARKET REVIEW

Past 12 Mo. Change	4Q2023	4Q2024	FORECAST
<b>OFFICE</b>			
Overall Vacancy	14.49%	16.80%	▼
Class A Vacancy	14.45%	17.95%	▼
Class B Vacancy	15.09%	14.18%	▼
Class C Vacancy	10.57%	10.43%	▼
Net Absorption 4Q	115,060	171,463	▲
<b>WAREHOUSE</b>			
Overall Vacancy	4.89%	7.62%	▲
Net Absorption 4Q	624,681	344,165	▲
<b>FLEX/LAB</b>			
Overall Vacancy	11.91%	15.55%	▲
Net Absorption 4Q	49,173	286,777	▲
<b>RETAIL</b>			
Overall Vacancy	5.94%	5.74%	▼
Net Absorption 4Q	110,291	289,586	▲

### MARKET OVERVIEW

From the third quarter of 2024 to the fourth quarter of 2024, office vacancies remained at 16.80%, warehouse vacancies increased by .54% to 7.62%, flex/lab vacancies decreased by 1.13% to 15.55%, and retail vacancy decreased by .38% to 5.74%. All property types reported positive quarterly net absorptions to end the year. For 2024 in total, the annual absorption for each property type was: Office at -333,815 square feet, warehouse at 1,165,641 square feet, flex/lab at 91,355 square feet, and retail at 711,033 square feet.

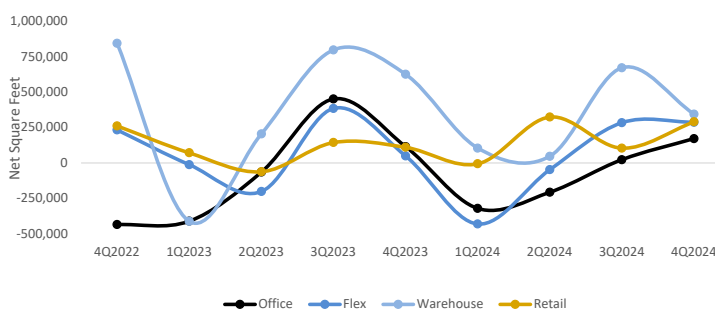
Within the Triangle Metropolitan Statistical Area (MSA), comprised of Raleigh, Cary, Durham, Chapel Hill, and surrounding counties, the unemployment rate in December was reported at 2.89%, up from 2.83% a year ago. The Triangle MSA's unemployment rate outpaces the Statewide Unemployment rate of 3.70% 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 150,498 square feet of office space, 2,017,819 square feet of warehouse, 169,017 square feet of flex/lab space, and 338,960 square feet of retail.

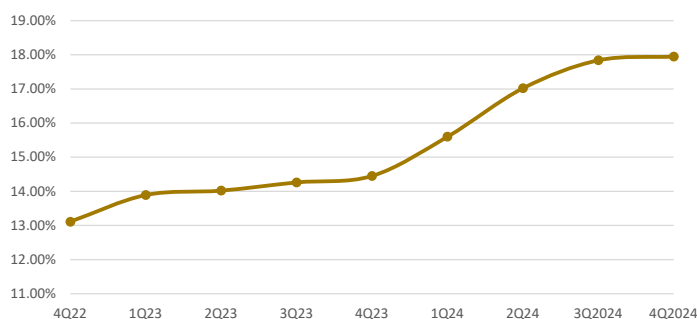
The largest Triangle transaction of the quarter was a three-property portfolio sale of Crossroads I, II, and III in Cary. Easterly Gov Properties purchased the 302,486 square feet of office space from Menlo Equities for \$72,499,953 million (\$240/SF). The buildings were 97% leased with Wake County Public Schools as the anchor tenant with lease terms extending to 2034.

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 highly sought-after destination for capital as the markets recover.

### 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.

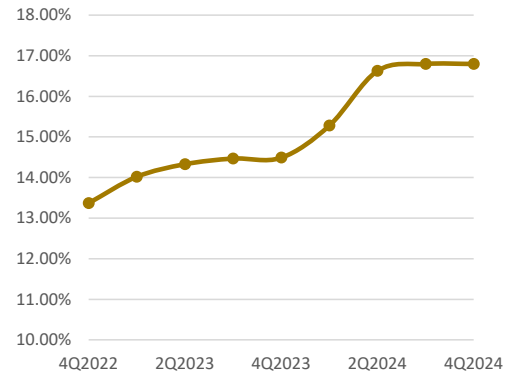
# Office

## MARKET REVIEW

### Q4 OFFICE SNAPSHOT

Total SF	63,642,171
Total SF Vacant	10,691,252
Vacancy Rate	16.80%
Net Absorption	171,463
Avg. Asking Rent	\$29.47
Avg. Class A Asking Rent	\$34.88
SF Under Construction	150,498

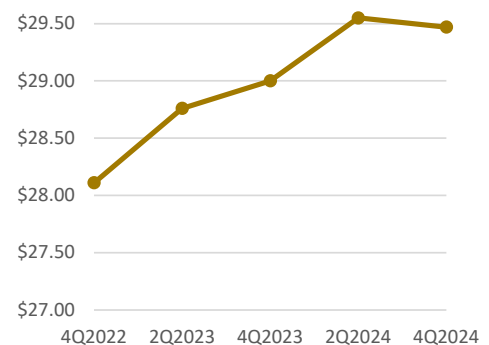
### OFFICE VACANCY



### NOTABLE MOVES AND TRANSACTIONS

- 116,300 SF** FEMA leased entire building at Danbury Hall in RTP/I-40 Corridor submarket
- 46,000 SF** Weatherby Healthcare lease at One North Hills Tower in Six Forks submarket
- 37,101 SF** Hill-Rom vacated 1225 Crescent Green Drive in Cary submarket and relocated to Palisades III
- 78,000 SF** Wells Fargo vacated at 150 Fayetteville Street in Downtown Raleigh submarket

### OFFICE RENTAL RATES



### FORECAST

Triangle office direct vacancy remained the same at 16.80% in the fourth quarter, while office sublease availability increased slightly from 4.91% to 5.20% of inventory. A positive net absorption of 171,463 square feet was reported for the quarter. The Six Forks submarket reported the largest net positive absorption of 141,244 square feet, followed by RTP/I-40 Corridor of positive net absorption 74,008 square feet.

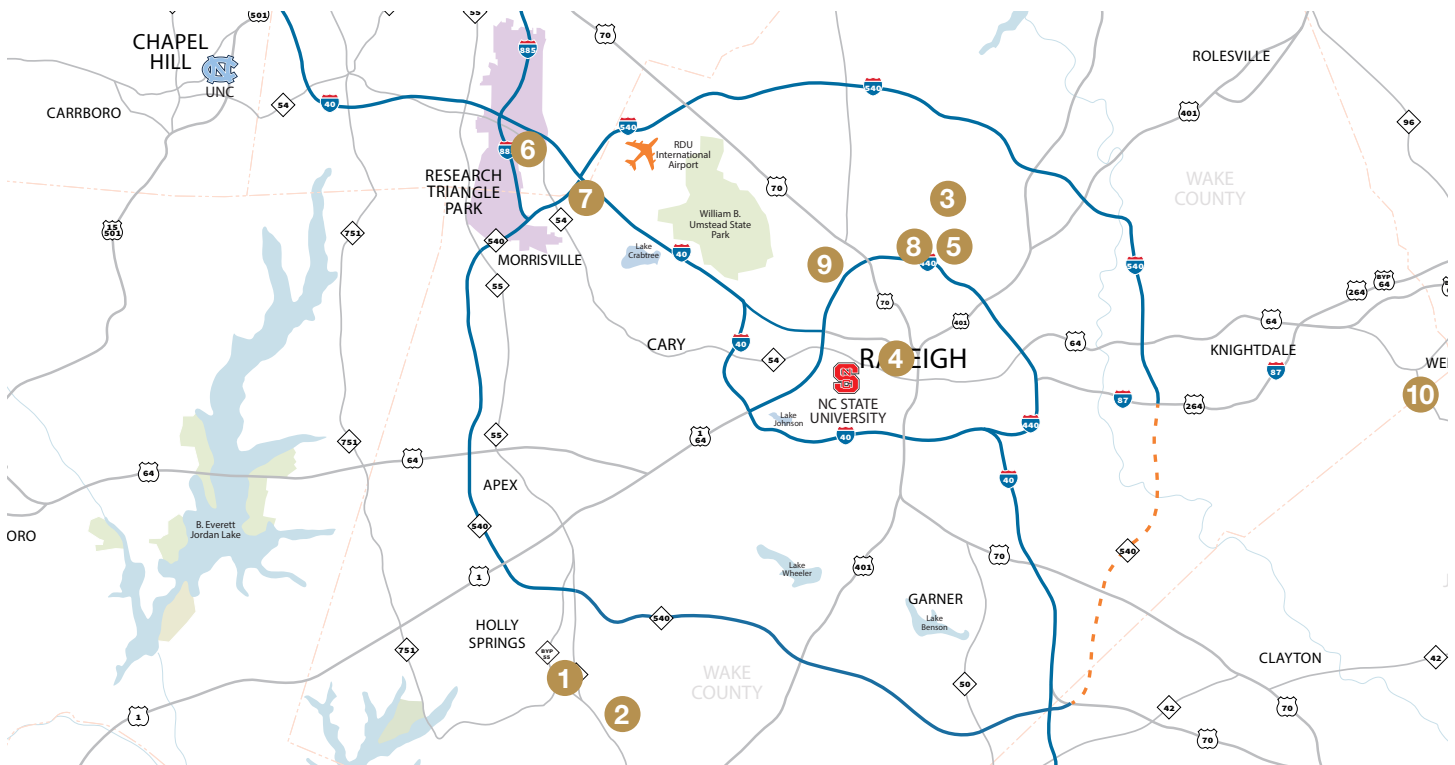
Class A vacancy rate has remained above 10% since the beginning of 2021 and increased .11% to 17.95% from the third to fourth quarter. While the overall office rental rate slightly decreased by \$.05, Class A office rental rates saw an increase of \$.11.

On the development front, only 150,498 square feet of office space is under construction. North Hills Tower V delivered at 17% preleased. Due to increased construction costs and high vacancy, developers have been on hold to start new projects. (See Office Development Activity Map for notable projects).

SUBMARKET	INVENTORY	VACANCY	ABSORPTION
West Raleigh	7,490,318	17.78%	6,237
US 70 /Glenwood	4,619,583	17.67%	-6,047
Six Forks Road	5,041,635	14.33%	141,244
Falls of Neuse	3,356,024	15.96%	35,238
US 1/Capital Blvd.	2,564,513	18.75%	69,038
Downtown Raleigh	6,372,769	15.00%	-70,908
Village District	523,498	11.10%	10,471
Eastern Wake Co.	937,484	14.53%	9,914
Southern Wake Co.	713,267	5.34%	3,986
Cary	7,572,489	17.62%	-138,969
RTP/I-40 Corridor	14,326,594	17.19%	74,008
Central Durham	4,829,807	14.95%	-21,458
North Durham	1,011,465	22.93%	33,460
South Durham	1,836,577	21.81%	20,017
Orange County	2,446,148	19.00%	5,232

# Office

## NOTABLE DEVELOPMENT



	PROJECT	SUBMARKET	TOTAL SF	DELIVERY	%PRELEASED	RATE
1	Office Park At Village Gate - MOB #2	Southern Wake County	48,000	3Q 2024	54%	\$35.00
2	Lane Professional Park	Southern Wake County	67,350	1Q 2025	50%	DNR
3	Quail Corners II	Falls of Neuse	36,108	1Q 2025	65%	DNR
4	400H	Downtown Raleigh	150,000	1Q 2024	6%	\$38.50, NNN
5	1000 Social at The Exchange	Falls of Neuse	315,427	2Q 2024	50%	\$47.00
6	Horseshoe at Hub RTP	RTP/I-40 Corridor	119,065	3Q 2024	27%	\$46.50 - \$49.50
7	Slater Station	RTP/I-40 Corridor	35,350	3Q 2024	33%	\$28.50 NNN
8	4114   Creative Offices	Six Forks Road	87,503	2Q 2024	28%	\$48.50 - \$52.00
8	One North Hills	Six Forks Road	264,632	2Q 2024	60%	\$48.50 - \$52.00
8	North Hills Tower 5	Six Forks Road	354,466	4Q 2024	17%	\$49.50
9	GlenLake III	US 70/Glenwood Ave	205,000	4Q 2023	27%	\$42.00
10	Timber Drive Professional Park (610 Timber Dr)	Eastern Wake	10,500	2Q 2025	0%	DNR
10	Timber Drive Professional Park (620 Timber Dr)	Eastern Wake	10,500	2Q 2025	0%	DNR

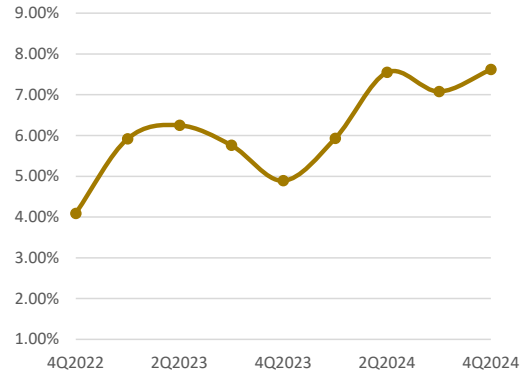
# Warehouse

## MARKET REVIEW

### Q4 WAREHOUSE SNAPSHOT

Total SF	45,415,808
Total SF Vacant	3,167,151
Vacancy Rate	7.62%
Net Absorption	344,165
Avg. Asking Rent	\$9.87
SF Under Construction	2,017,819

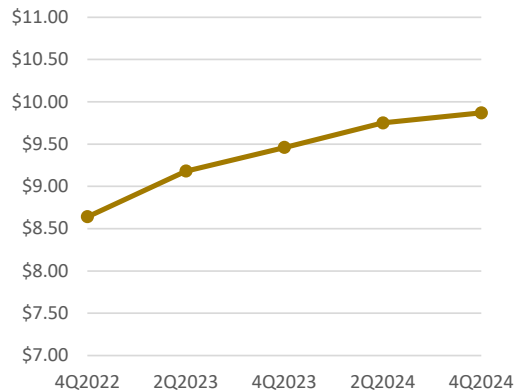
### WAREHOUSE VACANCY



### NOTABLE MOVES & TRANSACTIONS

- 155,585 SF** Undisclosed tenant lease at 2728 Capital Blvd. in the US 1/Capital Blvd. submarket
- 157,693 SF** Kitchen Cabinet Distributors vacated 2114 Atlantic Ave. in the US 1/Capital Blvd. submarket
- 144,015 SF** Undisclosed tenant lease at 8605 Ebenezer Church Road in the US 70/Glenwood Ave. submarket

### WAREHOUSE RENTAL RATES



### FORECAST

The fourth quarter of 2024 reported a vacancy increase of .54% to 7.62%. Net positive absorption of 334,165 square feet was reported for the quarter, with the Southern Wake Co. submarket reporting the most positive at 247,587 square feet and the Orange County submarket reporting the most negative at 92,500 square feet.

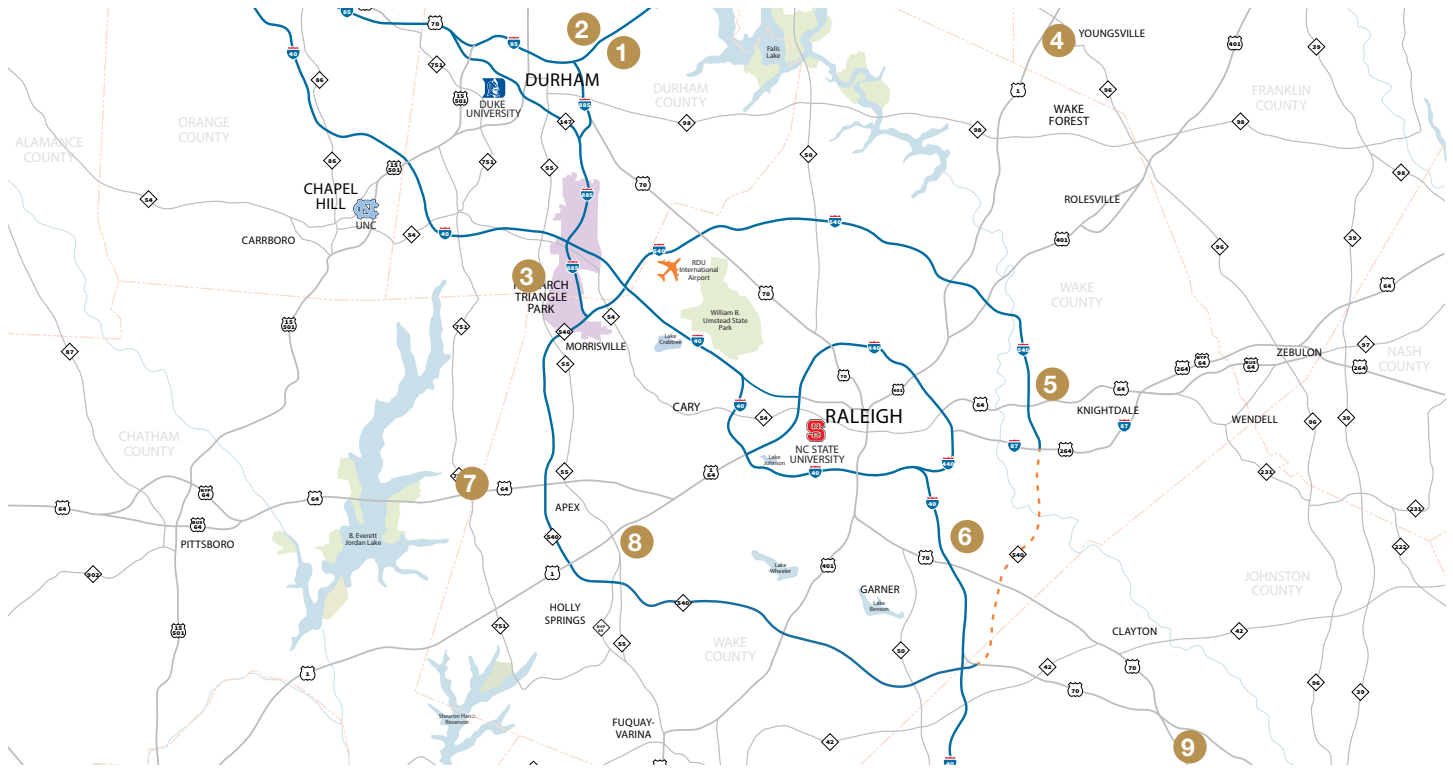
638,125 square feet of new inventory was added to the warehouse market in the fourth quarter of the year with the delivery of four buildings in Welcome Venture Park in the North Durham submarket and two buildings at Apex Gateway in the Southern Wake Co. submarket.

On the development front, 2,017,819 square feet of warehouse space is expected to be delivered in the next year. The Triangle's warehouse inventory is still in high demand. (See Warehouse Development Activity Map for notable projects).

SUBMARKET	INVENTORY	VACANCY	ABSORPTION
West Raleigh	241,131	18.01%	7,612
US 70/Glenwood Ave.	788,828	0%	144,015
Falls of Neuse Road	1,152,792	11.46%	-30,851
US 1/Capital Blvd.	3,733,709	11.09%	-79,677
Eastern Wake Co.	14,612,727	3.68%	46,225
Southern Wake Co.	2,501,972	22.96%	247,587
RTP/I-40 Corridor	15,048,333	3.81%	-72,939
Central Durham	606,934	2.06%	27,173
North Durham	1,904,874	13%	147,200
South Durham	795,245	1.38%	12,320
Orange County	3,440,172	26.62%	-92,500

# Warehouse

## NOTABLE DEVELOPMENT



	PROJECT	TYPE	SUBMARKET	TOTAL SF	DELIVERY	%RELEASED	RATE
1	Durham85 Bldg 2	Warehouse	North Durham	249,600	2Q 2025	0%	DNR
2	Welcome Venture Park Bldg C	Warehouse	North Durham	100,100	3Q 2025	0%	DNR
2	Welcome Venture Park Bldg D	Warehouse	North Durham	103,200	4Q 2024	0%	DNR
2	Welcome Venture Park Bldg E	Warehouse	North Durham	74,400	4Q 2024	0%	DNR
2	Welcome Venture Park Bldg F	Warehouse	North Durham	192,000	4Q 2024	67%	DNR
2	Welcome Venture Park Bldg G	Warehouse	North Durham	25,200	1Q 2025	0%	DNR
2	Welcome Venture Park Bldg H	Warehouse	North Durham	100,450	3Q 2025	0%	DNR
3	Triangle 55 Bldg 3	Warehouse	RTP/I-40 Corridor	340,200	3Q 2025	100%	DNR
4	Jeffrey Drive Commercial	Warehouse	Franklin Co	20,000	4Q 2024	0%	\$7.75
5	Hinton Oaks Industrial Park Bldg 6	Warehouse	Eastern Wake Co	180,000	1Q 2025	0%	\$10 NNN
6	Garner Business Park 70 Bldg 5	Warehouse	Eastern Wake Co	225,000	1Q 2024	0%	\$8.95
7	Apex Gateway Bldg 1	Warehouse	Southern Wake	66,754	4Q 2024	100%	DNR
7	Apex Gateway Bldg 2	Warehouse	Southern Wake	176,571	4Q 2024	100%	DNR
7	Apex Gateway Bldg 3	Warehouse	Southern Wake	137,890	1Q 2025	0%	DNR
7	Apex Gateway Bldg 4	Warehouse	Southern Wake	205,776	1Q 2025	0%	DNR
8	Apex Commerce Center Bldg 2	Warehouse	Southern Wake	183,232	3Q 2025	0%	DNR
8	Apex Commerce Center Bldg 3	Warehouse	Southern Wake	222,121	3Q 2025	0%	DNR
8	Apex Commerce Center Bldg 4	Warehouse	Southern Wake	208,000	3Q 2025	0%	DNR
9	96 Gulfstream Court	Warehouse	Johnston Co	65,250	1Q 2025	0%	DNR

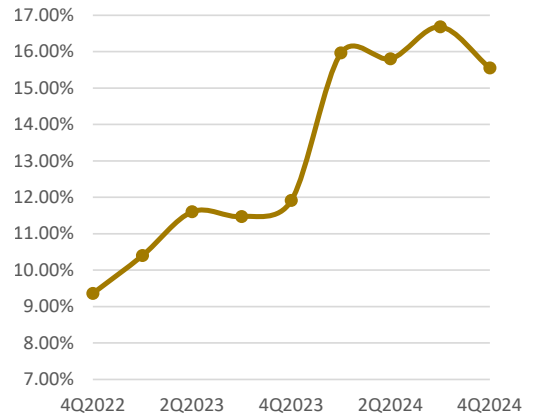
# Flex/Lab

## MARKET REVIEW

### Q4 FLEX/LAB SNAPSHOT

Total SF	27,634,334
Total SF Vacant	4,298,373
Vacancy Rate	15.55%
Net Absorption	286,777
Avg. Asking Rent	\$19.16
SF Under Construction	169,017

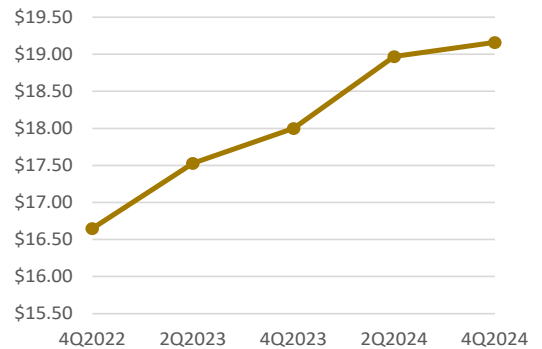
### FLEX/LAB VACANCY



### NOTABLE MOVES AND TRANSACTIONS

- 123,547 SF** Owner/occupant acquired 400 Vintage Park Dr. in the Eastern Wake Co. submarket
- 40,393 SF** NC Museum of History lease at 1015 Swabia Ct. in the RTP/I-40 Corridor submarket
- 66,040 SF** Undisclosed tenant lease at 4101 Capital Blvd. in the US 1/Capital Boulevard submarket

### FLEX/LAB RENTAL RATES



### FORECAST

Triangle flex/lab vacancy decreased by 1.13% to 15.55% during the fourth quarter of 2024. Positive net absorption of 286,777 square feet was reported for the quarter.

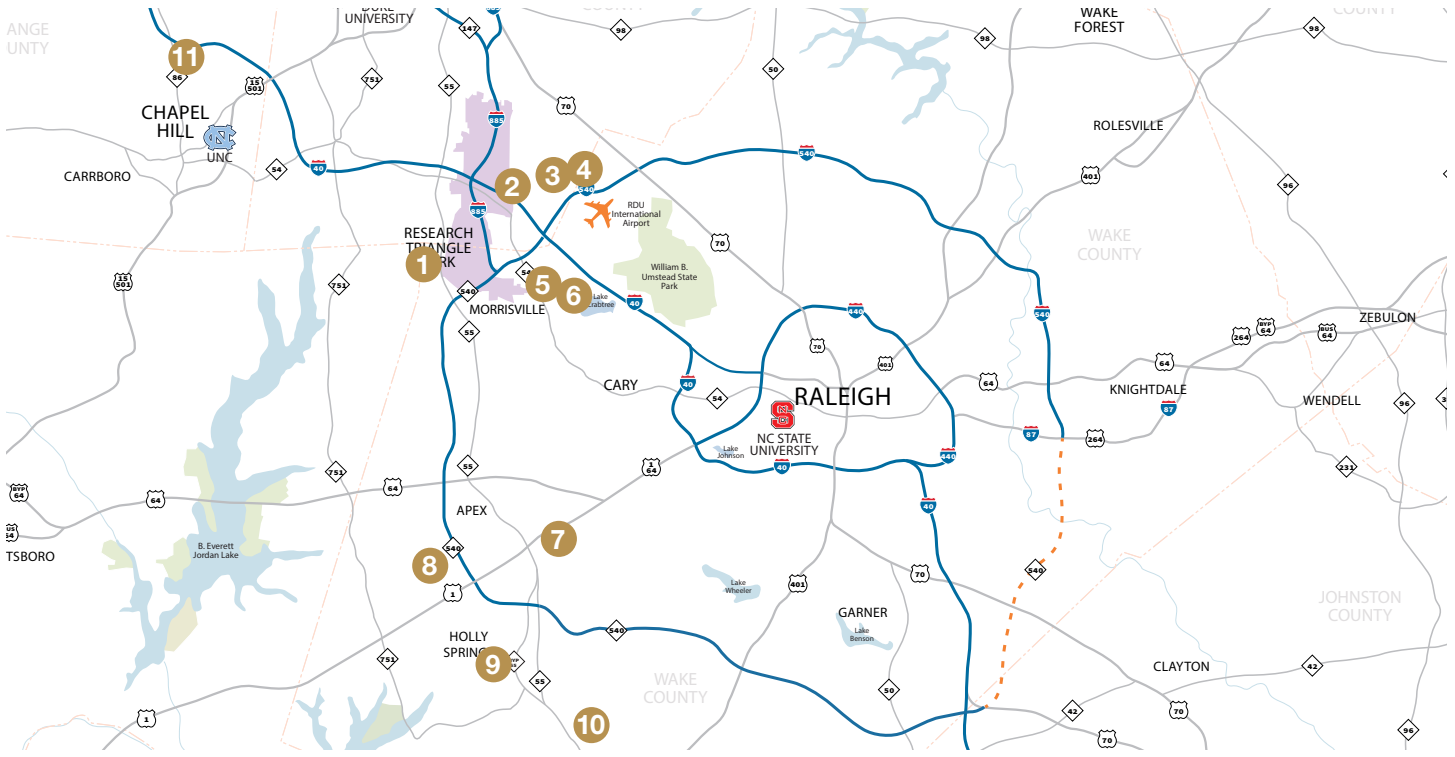
Flex vacancy indicators continue to be driven by the inventory-heavy RTP/I-40 Corridor submarket. Net positive absorption of 123,847 square feet was reported within the Eastern Wake Co. submarket for the quarter and the Central Durham submarket reported the most negative at 12,500 square feet.

On the development front, 169,017 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	5.96%	10,732
US 70 /Glenwood	1,267,254	0.33%	-4,203
Six Forks	91,178	0.00%	0
Falls of Neuse	322,792	10.50%	0
US 1/Capital Blvd.	4,833,367	7.70%	25,898
Eastern Wake Co.	2,216,330	2.26%	123,847
Southern Wake Co.	2,106,550	40.26%	48,730
Cary	1,298,230	25.37%	17,707
RTP/I-40 Corridor	12,905,630	18.59%	73,038
Central Durham	448,893	16.54%	-12,500
North Durham	489,935	24.90%	0
South Durham	221,398	0.64%	0
Orange County	543,266	0.67%	3,528

# Flex/Lab

## NOTABLE DEVELOPMENT



	PROJECT	TYPE	SUBMARKET	TOTAL SF	DELIVERY	%PRELEASED	RATE
1	Park Overlook Bldg One	Flex	RTP/I-40 Corridor	106,333	1Q 2025	11%	DNR
1	Park Overlook Bldg Two	Flex	RTP/I-40 Corridor	55,684	1Q 2025	0%	DNR
2	Alexandria Center for Advanced Technologies	Flex	RTP/I-40 Corridor	171,366	3Q 2024	0%	Negotiable
3	10601 World Trade Blvd	Flex	RTP/I-40 Corridor	35,100	3Q 2024	34%	\$19.95 NNN
4	World Trade Park Flex	Flex	RTP/I-40 Corridor	57,000	3Q 2024	100%	DNR
5	Spark - Biomanufacturing 1	Flex	RTP/I-40 Corridor	162,000	1Q 2024	0%	DNR
6	Pathway Triangle Bldg 1	Flex	RTP/I-40 Corridor	163,157	1Q 2024	0%	DNR
6	Pathway Triangle Bldg 2	Flex	RTP/I-40 Corridor	198,310	1Q 2024	0%	DNR
7	Pinnacle Park	Flex	Southern Wake	18,000	4Q 2023	100%	DNR
8	1718-1720 Round Rock Dr	Flex	US1/Capital Blvd	11,870	4Q 2023	100%	\$16.95
9	The Yield Holly Springs Bldg H	Flex	Southern Wake	110,000	1Q 2024	0%	DNR
9	The Yield Holly Springs Bldg I	Flex	Southern Wake	110,000	1Q 2024	0%	DNR
10	80 Technology Park Lane	Flex	Southern Wake	24,960	1Q 2024	36%	\$18.50 NNN
11	North Chapel Business Center 100-185	Flex	Orange Co	61,700	4Q 2023	100%	DNR
11	North Chapel Business Center 125-180	Flex	Orange Co	54,600	4Q 2023	100%	DNR



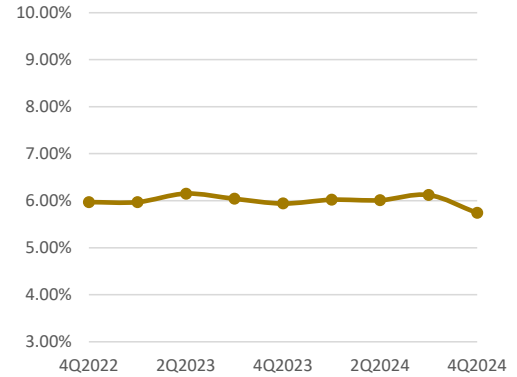
# Retail

## MARKET REVIEW

### Q4 RETAIL SNAPSHOT

Total SF	48,763,631
Total SF Vacant	2,800,244
Vacancy Rate	5.74%
Net Absorption	289,586
Avg. Asking Rent	\$26.04
SF Under Construction	338,960

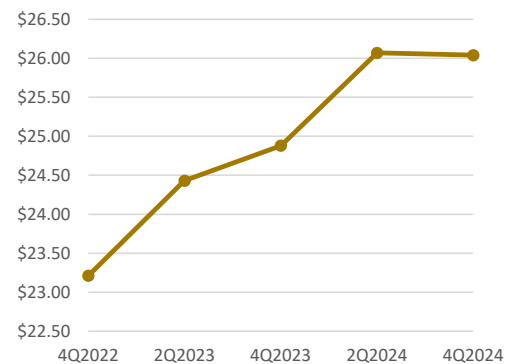
### RETAIL VACANCY



### NOTABLE MOVES AND TRANSACTIONS

- 64,000 SF** Harris Teeter lease at newly delivered Sweetwater Towncenter in the Southern Wake submarket
- 48,600 SF** RH Gallery lease at newly delivered Gallery at North Hills in the Six Forks submarket
- 43,015 SF** Tenant mix lease at Crossroads Plaza in Cary submarket

### RETAIL RENTAL RATES



### FORECAST

Triangle vacancy decreased by .38% to 5.74% in the fourth quarter of 2024. A net positive absorption of 289,586 square feet was reported for the quarter and all but one submarket saw positive absorption. The Six Forks submarket had the highest positive absorption of 75,788 square feet. And Southern Wake and Cary submarkets also reported impressive positive absorption of 89,389 and 68,935 square feet, respectively.

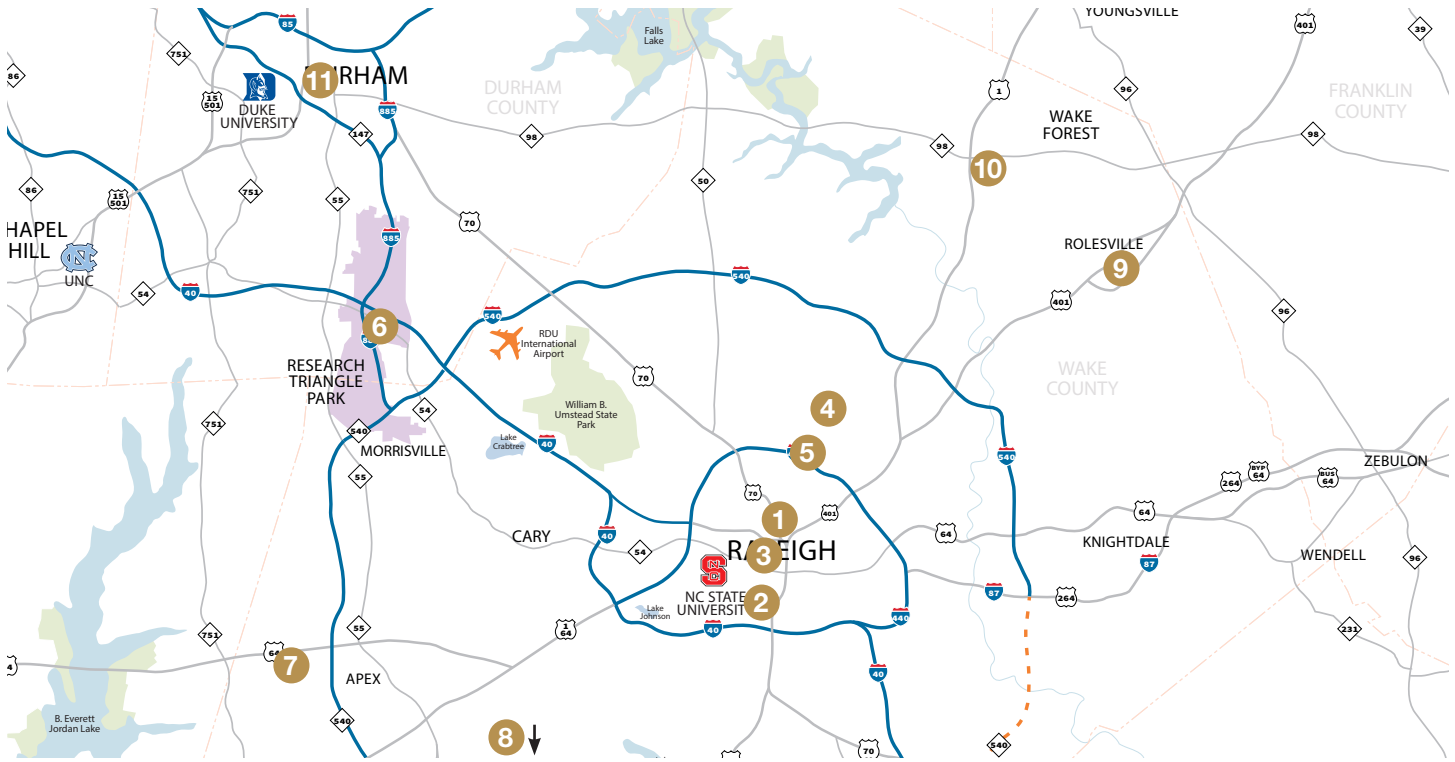
The downtown areas compared to the other submarkets are still showing notably higher vacancies with Downtown Raleigh at 14.58% and Central Durham at 11.55%.

On the development front, there is 338,960 square feet under construction. The most notable retail projects that were delivered in the fourth quarter include RH Raleigh – The Gallery at North Hills and Sweetwater Town Center, both of which were fully preleased. (See Retail Development Activity Map for notable projects).

SUBMARKET	INVENTORY	VACANCY	ABSORPTION
West Raleigh	947,722	8.39%	1,864
US 70 /Glenwood	5,048,493	8.23%	3,556
Six Forks Road	2,139,366	3.77%	75,788
Falls of Neuse	2,718,846	4.47%	13,073
US 1/Capital Blvd.	6,836,643	7.05%	-49,662
Downtown Raleigh	1,328,086	14.58%	6,358
Village District	642,920	0.28%	2,990
Eastern Wake	3,705,773	2.08%	5,982
Southern Wake	4,441,809	1.70%	69,389
Cary	7,159,686	3.78%	68,935
RTP/I-40 Corridor	1,195,107	4.73%	10,388
Central Durham	1,000,728	11.55%	7,911
North Durham	3,536,899	15.76%	2,997
South Durham	5,247,826	3.28%	40,399
Orange County	2,813,727	3.59%	29,618

# Retail

## NOTABLE DEVELOPMENT



	PROJECT	SUBMARKET	TOTAL SF	DELIVERY	%PRELEASED	RATE
1	Seaboard Station - Block C	Downtown Raleigh	45,823	3Q 2024	75%	DNR
2	Rockway - The Row	Downtown Raleigh	18,000	1Q 2025	100%	DNR
3	400H	Downtown Raleigh	16,000	1Q 2024	52%	DNR
4	Quail Corners II	Falls of Neuse	36,108	3Q 2024	66%	DNR
5	RH Raleigh - The Gallery at North Hills	Six Forks Road	48,600	4Q 2024	100%	DNR
5	4114 Center at North Hills	Six Forks Road	19,827	3Q 2024	55%	DNR
5	One North Hills Tower	Six Forks Road	12,437	3Q 2024	100%	DNR
6	Horseshoe at Hub RTP	RTP/I-40 Corridor	32,710	3Q 2024	0%	DNR
7	Sweetwater Town Center - East Side	Southern Wake	67,182	1Q 2025	100%	DNR
7	Sweetwater Town Center - Harris Teeter Satellite Building	Southern Wake	64,000	4Q 2024	100%	DNR
8	Peterson Station	Southern Wake	46,988	1Q 2025	31%	DNR
9	Cobblestone Village	US 1/Capital Blvd	48,869	2Q 2024	79%	\$28.00
9	Wallbrook 821 S. Main St., Rolesville	US 1/Capital Blvd	77,699	2Q 2025	78%	DNR
10	Grove 98 Fitness Center	US 1/Capital Blvd	30,000	2Q 2025	100%	DNR
11	The Novus	Central Durham	21,558	1Q 2025	0%	DNR
11	Shops at Wye	Central Durham	26,487	2Q 2025	36%	Negotiable

# Investment Sales

## MARKET REVIEW

### NOTABLE SALE TRANSACTIONS

TYPE	PROPERTY	SUBMARKET	TOTAL SF	SALE PRICE/PER SF	BUYER/SELLER
Office	Crossroads I, II and III	Cary	302,486	\$72,499,953 / \$240/SF	Easterly Gov Properties (REIT)/Menlo Equities
Office	111 Corning Rd	Cary	122,030	\$29,248,194.2 / \$240/SF	Easterly Gov Properties (REIT)/Menlo Equities
Office	4800 Falls of Neuse Rd	Falls Of Neuse Road	179,192	\$21,350,000 / \$125/SF	Duy Khuong Ong/Highwoods Properties
Warehouse	5125 Jessie Dr	Southern Wake County	233,818	\$43,600,000 / \$186/SF	LaSalle/Rockpoint Group, Oppidan Investment Co
Warehouse	5036 1 World Way	Us 1/Capital Blvd	145,684	\$12,700,000 / \$87/SF	Capital One World Property LLC/Buth-Na-Bodhaige, in
Warehouse	3301 Jones Sausage Road	Eastern Wake County	69,711	\$10,000,000 / \$143/SF	Beacon Partners/Stephens Center Inc
Flex	400 Vintage Park Dr	Eastern Wake County	151,485	\$16,250,000 / \$107/SF	MSS Solutions/Noda LLC
Flex	2425 Reliance Avenue	Southern Wake County	47,874	\$9,875,000 / \$206/SF	Derek R Orr/Twentyfour 25 Reliance LLC
Retail	6010 Falls of the Neuse Rd	Falls Of Neuse Road	169,827	\$54,500,000 / \$321/SF	Brixmor/Washington Prime Group
Retail	2990 Kildaire Farm Rd	Southern Wake County	52,035	\$9,200,000 / \$177/SF	Brody Co (NC)/APG Capital

### FORECAST

Triangle investment sale activity remained lackluster in the fourth quarter across all property types, especially the office market which has experienced higher vacancy and lower absorption, as investors still face a challenging lending environment.

The largest Triangle transaction of the quarter was a three-property portfolio sale of Crossroads I, II, and III in Cary. Easterly Gov Properties purchased the 302,486 square feet of office space from Menlo Equities for \$72,499,953 million (\$240/SF). The buildings were 97% leased, with Wake County Public Schools as the anchor tenant occupying space under long-term leases extending to 2034.

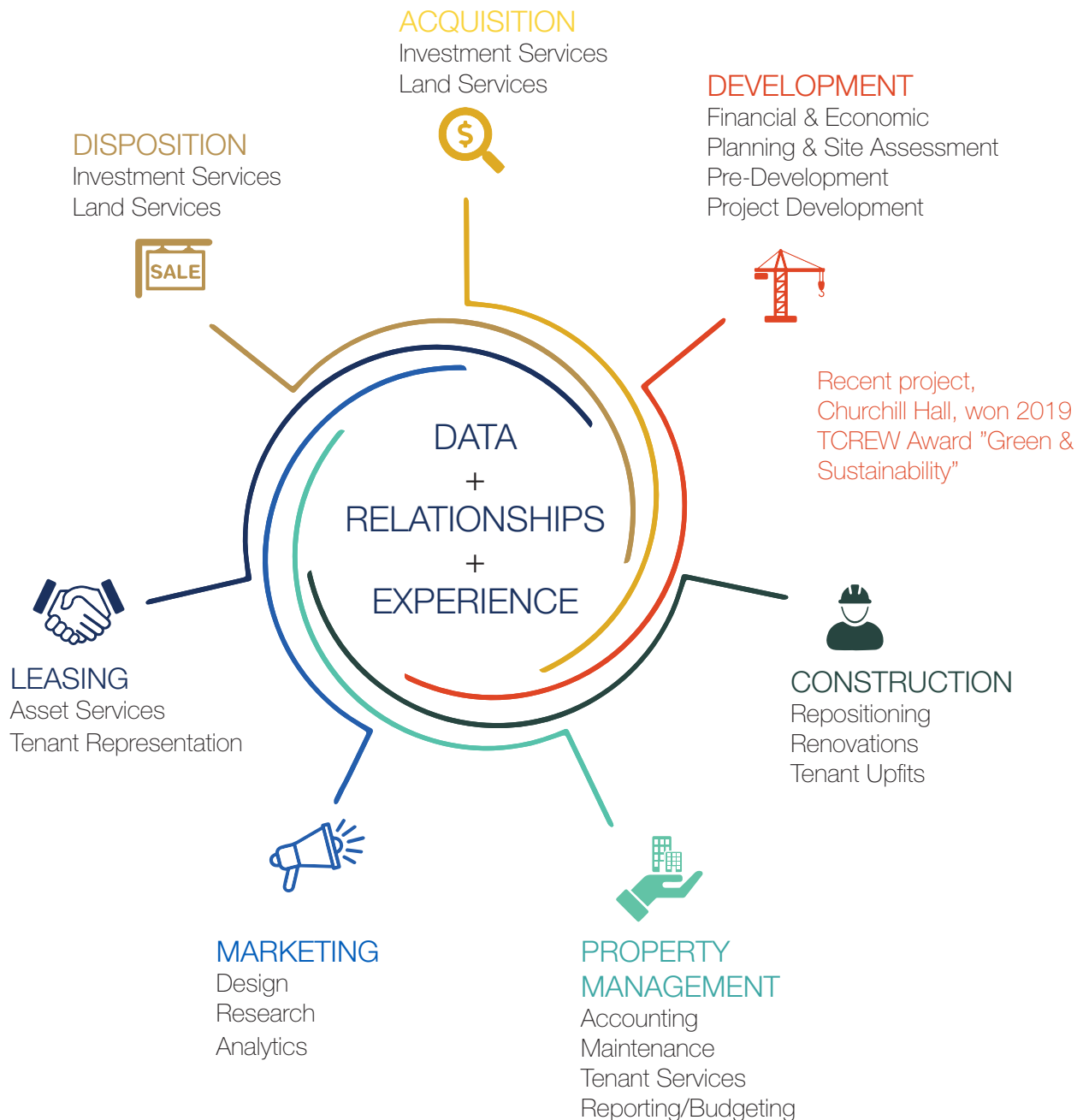
Another notable transaction was the sale of North Ridge Shopping Center at 6010 Falls of Neuse in Raleigh, a retail property anchored by Harris Teeter totaling 169,827 square feet. It was purchased by Brixmor from Washington Prime Group for \$54.5 million (\$321/SF).

Low sale transaction volume can largely be attributed to the Federal Reserve controlling interest rates and the lack of available capital from banks. As anticipated, the rate hikes continue to put upward pressure on cap rates across all property types. We anticipate that Raleigh-Durham, as one of the fastest-growing regions in the U.S., will become a highly sought-after destination for capital as the markets recover.

# 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