

Raleigh-Durham

Office market snapshot | Q4 2023

In 2023 the Raleigh-Durham office market saw a decrease in leasing volume, coupled with an increase in vacancy rates. Data indicates that prospective office tenants seeking new space have numerous favorable options going into 2024, with 27.8% of class A space available and relatively low competition in the leasing market. Despite this, the office market outlook from the remote job postings perspective is optimistic, as there has been a substantial decrease in the percentage of remote postings in the Raleigh-Durham market.

-5.9%

Decline in office leasing activity in Q4 2023 compared to Q4 2022. Each quarter in 2023 saw a decline in comparison to 2022.

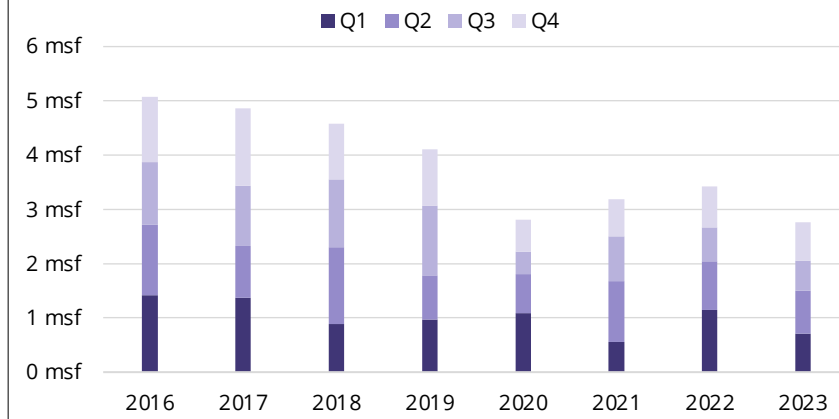
27.8%

Class A vacancy has reached an all time high, while Class B vacancy has shown a slight decline in the past two quarters.

-24.3%

Decline in the percentage of remote job postings for office industries in Raleigh-Durham from August 2022.

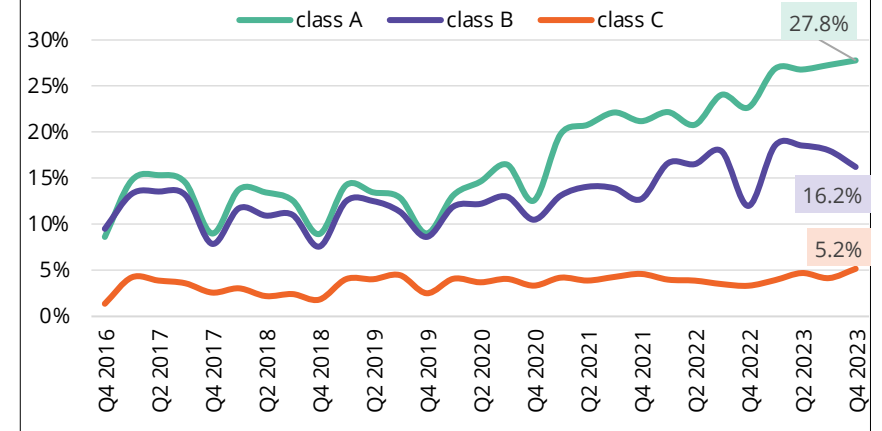
2023 saw the lowest office leasing activity in recent history



Office leasing volume in Raleigh-Durham has been down since the pandemic of 2020, but 2023 has shown lower leasing volume even when compared to other post-covid years.

Note: Availability includes both sublet and direct.
Source: Avant by Avison Young, CoStar

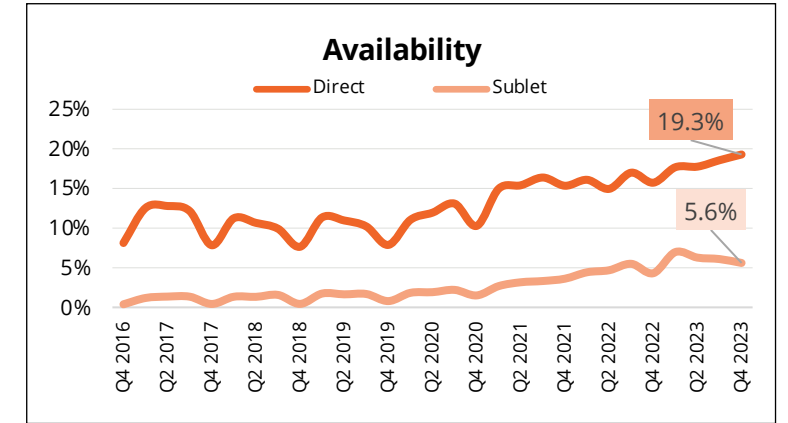
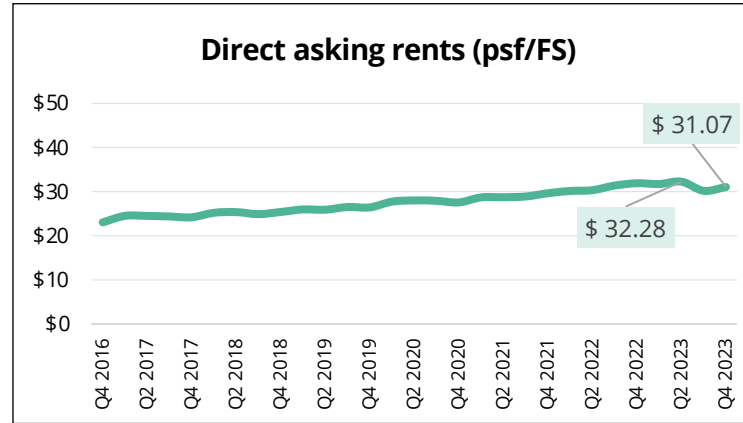
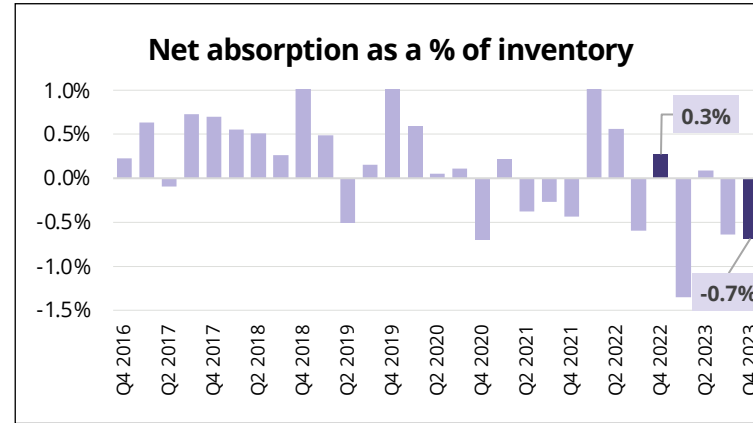
Class A availability sees a new high in Q4



Class A availability in Raleigh-Durham reached a new high in Q4 2023 as office supply continues to outweigh demand.

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Recent leasing activity

Tenant	Address	Size (sf)	Transaction type	Lease type
Tanium	555 Mangum	24,190	New	Direct
Deloitte	621 Hillsborough St	19,794	New	Direct
Heelstone Energy	555 Mangum	12,874	New	Direct
RS&H	8521 Six Forks Rd	12,112	Renewal	Direct

Recent sales activity

Buyer	Address	Sale price	Sale price psf	Seller
Crescent Real Estate	305 Church at North Hills St.	\$132,900,000	\$403.20	Lionstone Partners, LLC
Hines	4205 S Miami Blvd	\$66,000,000	\$82.52	IBM
Wake Internal Medical Consultants	3237 Blue Ridge Rd	\$17,765,000	\$370.10	The Keith Corporation
Bobbitt Construction	2400 Weston Pkwy	\$10,000,000	\$318.64	North Carolina Healthcare associates

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	Existing inventory sf	Deliveries sf (YTD)	Under development sf	Direct availability	Sublet availability	Total availability	Total availability change (YoY)	Net absorption % of inventory (QTD)	Net absorption % of inventory (YTD)	Annual direct asking rent psf FS
I-40/RTP	14,640,990	31,500	130,000	2,906,270	1,938,889	4,617,317	1,249,479	-4.16%	-8.03%	\$ 27.78
Downtown Raleigh	8,002,811		207,000	1,213,641	463,312	1,555,030	335,884	1.01%	-0.08%	\$ 35.01
West Raleigh	6,550,212	50,000	0	1,511,284	94,854	1,606,138	310,589	-0.26%	-4.57%	\$ 30.32
Downtown Durham	4,401,224	0	0	750,012	161,221	911,233	-5,742	-1.48%	-2.19%	\$ 36.87
Six Forks Road	4,162,517	0	689,032	996,271	158,750	1,155,021	180,921	-1.01%	-2.43%	\$ 41.17
Cary	4,098,301	100,395	137,000	550,526	56,322	606,848	54,075	0.82%	4.30%	\$ 29.42
Glenwood/Creedmoor	3,680,425	205,000	0	670,696	6,064	676,760	27,424	1.75%	-0.17%	\$ 32.57
Southern Wake County W	3,008,653	0	0	765,261	96,426	861,687	234,396	0.98%	-0.85%	\$ 27.31
US 1/Capital Boulevard	2,660,316	0	31,854	817,801	172,994	990,795	-22,574	-0.11%	-0.21%	\$ 34.04
Falls of Neuse Road	2,638,697	0	325,839	593,624	57,155	650,779	-2,929	-0.10%	0.94%	\$ 26.66
South Durham	2,057,810	0	0	396,216	156,624	552,840	239,213	4.65%	-3.23%	\$ 27.70
Chapel Hill/Carrboro	1,968,332	0	0	401,592	43,119	444,711	64,762	-0.63%	0.28%	\$ 29.75
North Durham	651,973	0	0	148,223	0	148,223	-4,618	6.46%	6.30%	\$ 18.25
Southern Wake County E	484,119	0	0	0	0	0	-33,692	0.00%	1.65%	N/A
East Raleigh	222,467	0	0	0	0	0	0	0.00%	0.00%	N/A
Market total	59,228,847	386,895	1,520,725	11,721,417	3,405,730	14,777,382	2,627,188	(0.7%)	(2.6%)	\$31.07

Note: Asking rent figures are only available in submarkets where space is available.
Source: Avant by Avison Young, CoStar