

A photograph of a bright, modern hospital hallway. The hallway has a polished, light-colored floor that reflects the overhead lights. On the right side, there is a long wall of large, black-framed windows that offer a view of greenery outside. Several people are walking through the hallway: a man in blue scrubs on the left, a woman in a purple top and a young girl in a pink shirt, a woman in a white lab coat in the center, and a person in blue scrubs pushing a gurney on the right. The ceiling is white with recessed lighting.

Raleigh-Durham medical office market report

Q1 2023

**AVISON
YOUNG**

Medical office market trends

01

Sales volume

Commercial real estate investment activity continues to be muted broadly, with medical office sale transaction activity being no exception. During the quarter, only one property traded hands, the sole contributor to a meager \$2.8m first quarter total. However, thanks to strong volume in the second and third quarters of 2022, T12 sales activity of \$195m remained in line with historical market performance. Volatility in the debt markets continues to create a difficult transactional environment and sideline investors, impairing price discovery until macroeconomic uncertainty abates.

02

Leasing activity

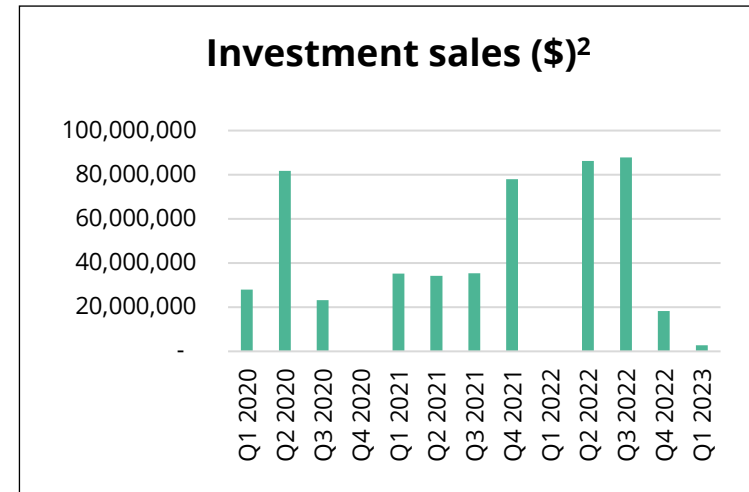
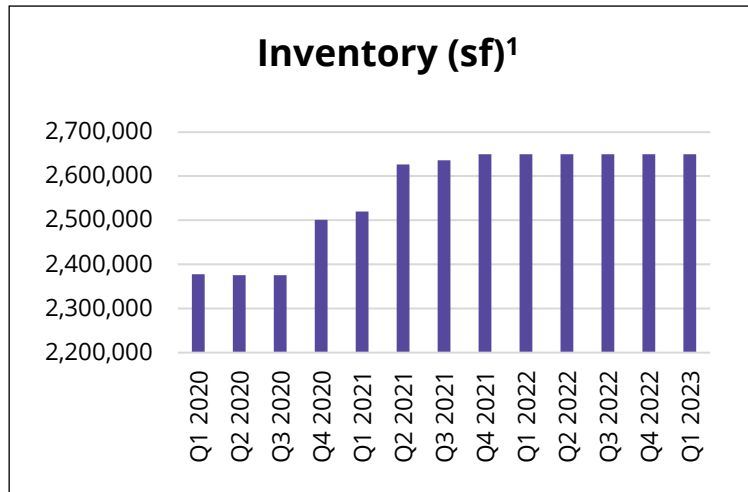
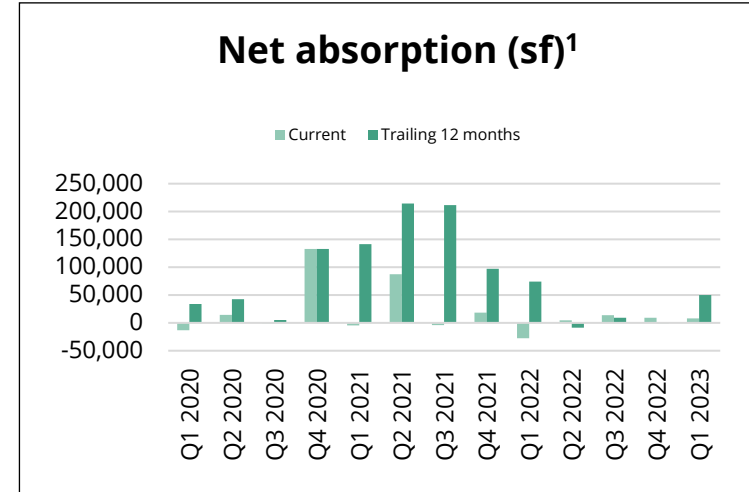
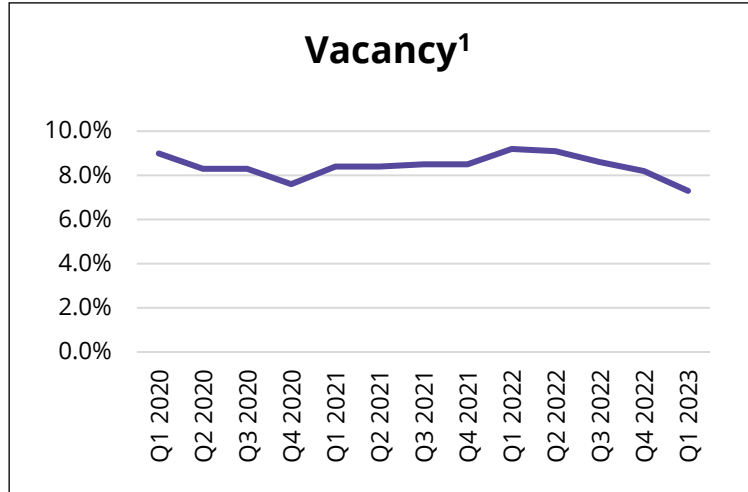
Trailing twelve-month net absorption closed the first quarter at 50,030 sf, a 32% decrease from the same timeframe a year ago. The WakeMed Cary submarket contributed the most to the absorption with 28,352 sf over the twelve-month period as it continued absorbing the 238,000-sf added to the submarket over the last three years, the most notable additions being Healthcare Realty's 125,000-sf facility on the hospital campus and the 87,000-sf HealthPark at Kildaire II.

03

Vacancy rates

Vacancy rates have continued their downward trend, finishing the first quarter at 7.3%. This is the lowest since this report began tracking activity eleven years ago. Only two submarkets have vacancy in the double digits, WakeMed Cary at 10.4% and Duke Regional at 12.4%. WakeMed Raleigh was again the only fully leased submarket, maintaining its 0.0% vacancy for the fifth straight quarter. Vacancy in the Duke Raleigh Hospital area dropped precipitously over the previous twelve months, due mostly to leasing activity at 3801 Wake Forest Road and 3801 Computer Drive.

Medical office market indicators



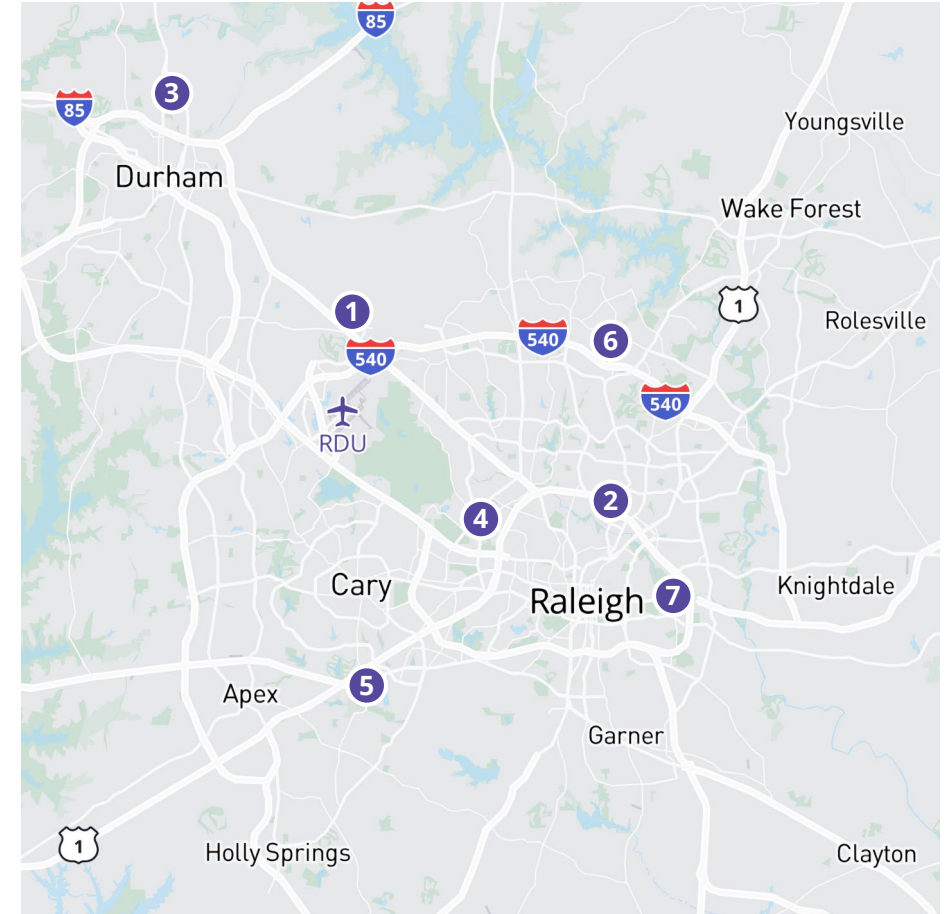
¹ Exclusive of MOB's owned by health systems

² Entire Raleigh-Durham medical market

Medical office market stats by submarket¹

By Submarket	Inventory (sf)	Vacancy		Net Absorption (sf)	
		SF	%	4Q 2022	Trailing 12 months
1 Brier Creek	217,009	6,394	2.9%	0	0
2 Duke Raleigh Hospital	95,660	1,298	1.4%	(132)	13,607
3 Duke Regional Hospital	461,693	57,109	12.4%	1,520	0
4 Rex Hospital	879,949	40,841	4.6%	(1,535)	8,071
5 WakeMed Cary	804,335	83,260	10.4%	8,191	28,352
6 WakeMed North Hospital	121,243	4,204	3.5%	0	0
7 WakeMed Raleigh	69,666	0	0.0%	0	0
Total	2,649,555	193,106	7.3%	8,044	50,030

¹ Exclusive of MOB's owned by health systems



For more medical market
insights and information, contact

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