

Raleigh-Durham

Office market snapshot | Q2 2024

Stability in the Raleigh-Durham office market is the main theme prevailing in Q2 2024 with few exceptions. Trophy properties have seen steady rental rates throughout the year after recovering from a decline in the middle of 2023. Office leasing volume and investment volume has remained within a reasonable range of the post covid average suggesting that the covid era trend of uncertainty is a thing of past, replaced with stable more consistent Year-over-year figures. Year-over-year direct availability has increased 1.9%, while sublet availability has decreased 1.5%, bringing the overall availability Year-over-year to not even 1% higher. Supply and demand for office space may finally have stabilized in Raleigh-Durham.

15.9%

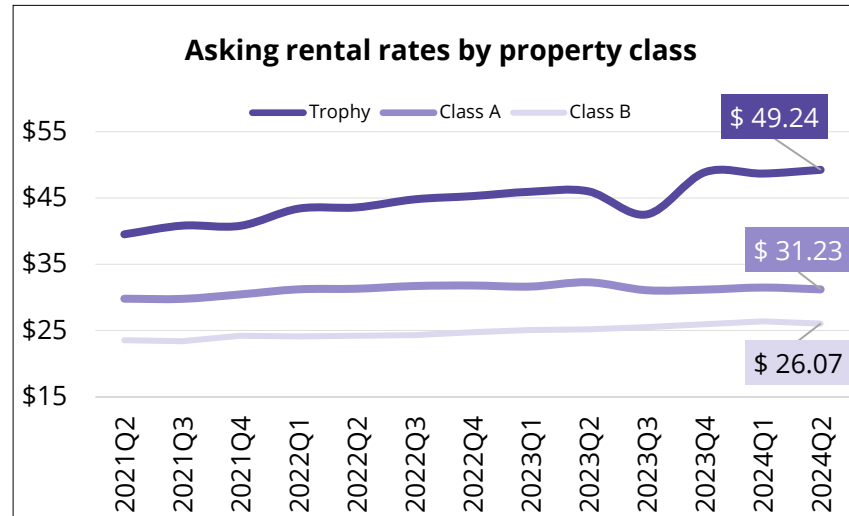
Increase in trophy class office asking rental rate since Q3 2023, during the same period trophy availability has decreased 10.5%.

1.3m sf

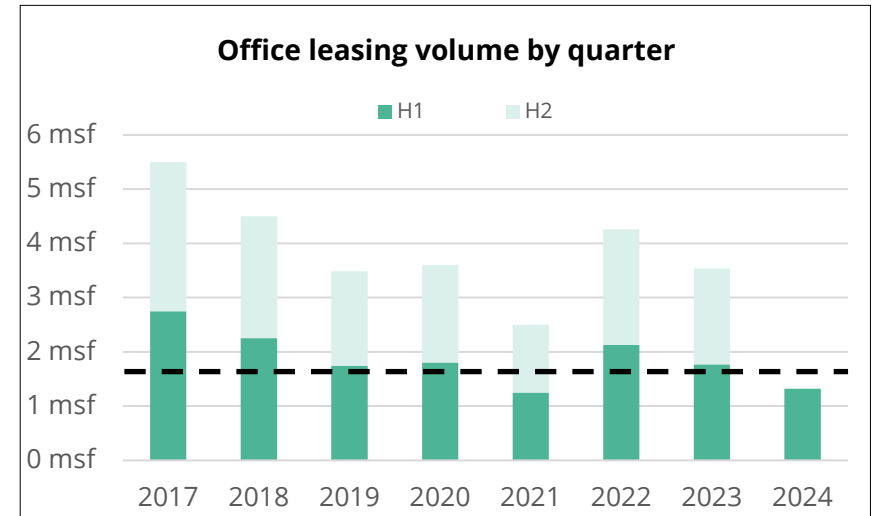
Average leasing volume ytd, which supports the ongoing post covid leasing volume stability trend.

\$876.1 m

Office investment sales YTD, which is less than half of H1 2019s office investment sales, but also only 1% lower than office investment sales in the first half of 2023.



Trophy class office properties have seen a large rise in asking rental rates since 2021, as flight to quality continues to be a lasting trend in the Raleigh-Durham office market.



Although office leasing volume has been lower overall post pandemic than it has been in the past, a steady trend has emerged suggesting that office demand may be leveling out.

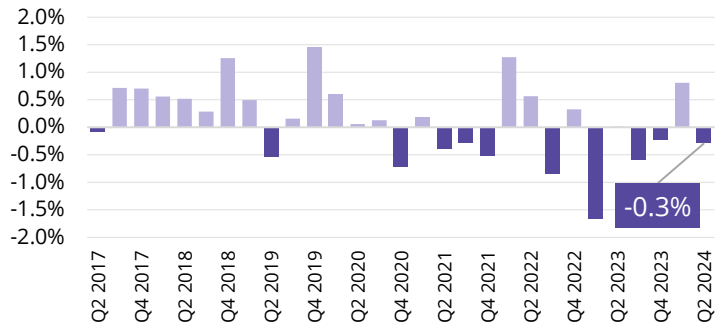
Source: Avant by Avison Young, CoStar.

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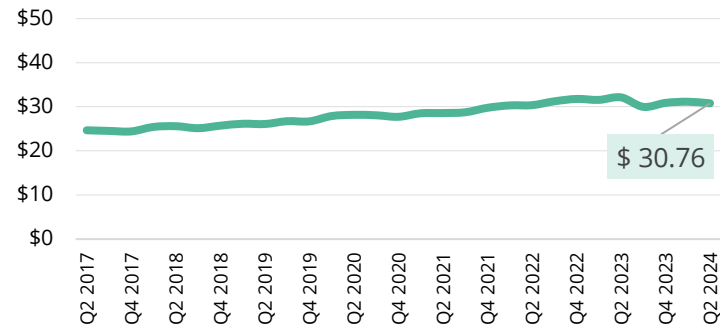
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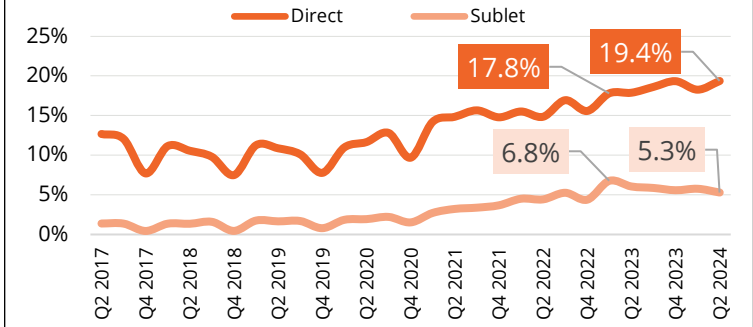
Net absorption as a % of inventory



Direct asking rents (psf/FS)



Availability



Recent leasing activity

Tenant	Address	Size (sf)	Transaction type	Lease type
Audemars Piguet	2201 Iron Works Dr	61,244	New	Direct
JTI	4000 Center at North Hills Tower	17,846	New	Direct
NC Association of Educators	3700 Glenwood Ave	11,027	New	Direct
Hall Booth Smith, P.C.	5420 Wade Park Blvd	6,473	New	Direct

Recent sales activity

Buyer	Address	Sale price	Sale price psf	Seller
The Perkins Fund	4505 Falls of Neuse Rd	\$8,000,000	\$68.76	Bridge Investment Group
Evergreen Medical Properties	2300 Rexwoods Dr	\$9,770,000	\$160.01	Highwoods Properties, Inc
Equator Ventures	2323 Operations Dr	\$5,400,000	\$45.31	Truist Bank

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Get in touch

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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	13,657,917	0	130,000	3,086,408	1,589,822	4,443,199	349439	0.40%	-0.31%	\$ 28.16
Downtown Raleigh	8,002,811	0	207,000	1,175,197	425,746	1,479,020	-31574	0.31%	1.69%	\$ 34.42
West Raleigh	6,550,212	0	120,694	1,516,195	75,331	1,591,526	-22303	0.53%	0.98%	\$ 30.76
Six Forks Road	4,428,517	266,000	423,032	932,083	111,659	1,043,742	-99647	-4.72%	1.56%	\$ 41.72
Downtown Durham	4,199,224	0		556,974	237,083	794,057	62186	-1.01%	0.44%	\$ 35.36
Cary	4,098,301	0	137,000	490,695	105,860	596,555	-64332	-0.82%	0.06%	\$ 29.08
Glenwood/Creedmoor	3,680,425	0		570,511	45,844	616,355	-113643	2.13%	2.65%	\$ 32.18
Southern Wake County W	3,008,653	0	22,600	927,789	106,315	1,034,104	268259	-2.32%	-6.66%	\$ 27.21
Falls of Neuse Road	2,964,536	325,839	0	659,020	69,147	728,167	-43560	-1.20%	-2.52%	\$ 26.68
US 1/Capital Boulevard	2,660,316	0	0	659,648	179,541	777,365	-271028	5.67%	7.19%	\$ 32.91
South Durham	1,957,557	0	0	429,842	150,241	580,083	-38093	-6.88%	-3.23%	\$ 28.82
Chapel Hill/Carrboro	1,882,702	0	0	375,869	52,944	425,048	79834	0.60%	1.10%	\$ 29.79
North Durham	630,135	0	0	129,042	0	129,042	-85252	0.00%	12.62%	\$ 19.47
Southern Wake County E	484,119	0	0	0	0	0	0	0.00%	0.00%	--
East Raleigh	222,467	0	0	0	0	0	0	0.00%	0.00%	--
Market total	58,427,892	591,839	1,040,326	11,509,273	3,149,533	14,238,263	-9,714	-0.29%	0.51%	\$30.76

Source: Avant by Avison Young, CoStar.

