

Raleigh-Durham

Office market snapshot | Q1 2024

2024 has started off slowly for the Raleigh-Durham office market as Q1 leasing volume is lower than Q1 2023, and availability is higher than it was in Q1 2023. The office investment market may be reaching its bottom after a 78.5% decline in total annual investment volume from 2022 to 2023, and an average price per square foot lower than the same price in 2017. Although the market is showing some weakness, the future may be brighter as the technology sector, which is a major employer in Raleigh-Durham, may be in the market for more office space again in the future, as the number of jobs posted as remote in this industry has declined nearly 50% since April of 2023. Although across the entire job market, total job postings are down year over year, the percentage of remote jobs posted has also seen a decline suggesting future demand for office space.

-40.0%

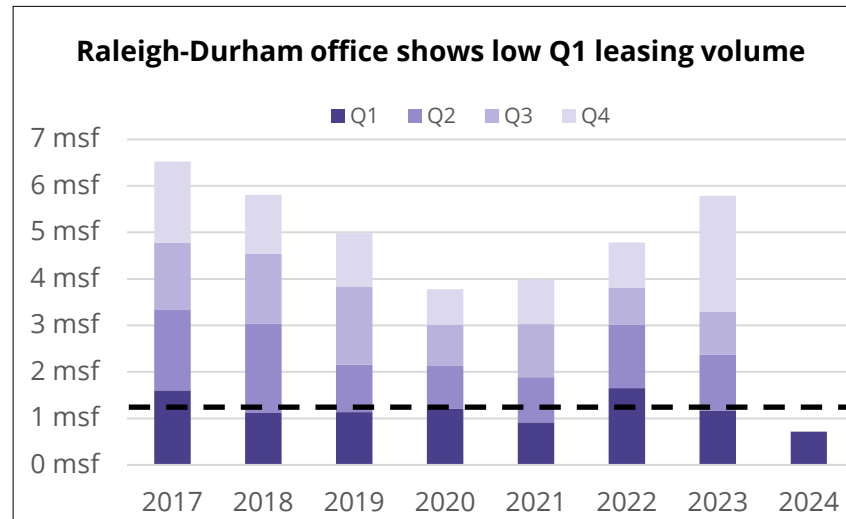
Q1 office leasing volume was 40% lower than the average Q1 leasing volume since 2017.

-78.5%

Decrease in investment volume from 2022 to 2023. 2023 Price per square foot is lower than it was in 2017.

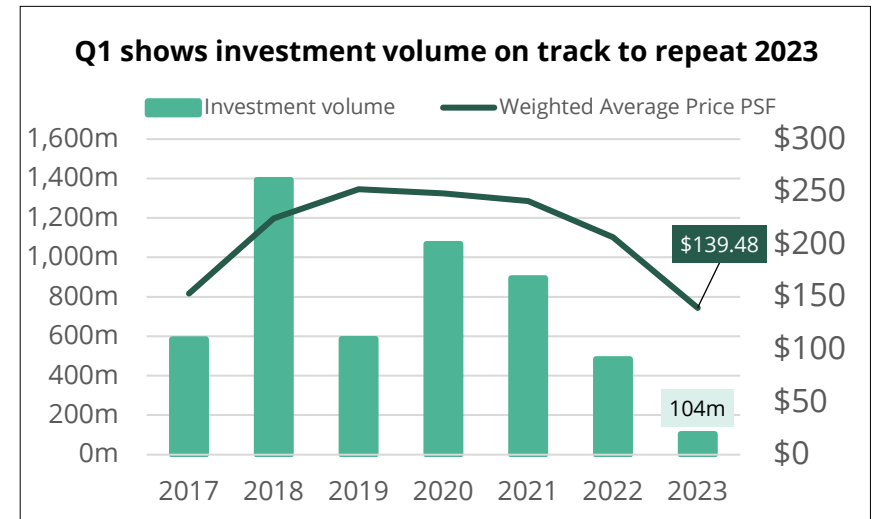
-50.0%

Decline in the percentage of tech job postings posted as remote compared to April of last year. Tech may begin to use more office again soon.



Despite very high leasing volume in Q4 2023 (higher than all other fourth quarters since 2017), Q1 2024 has not seen the same momentum.

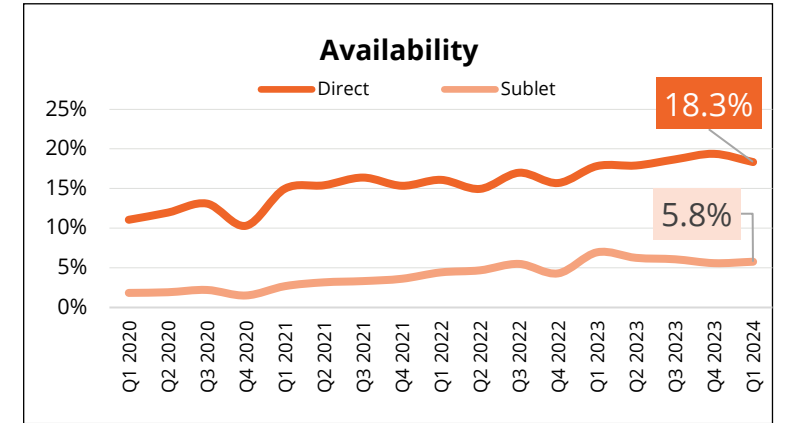
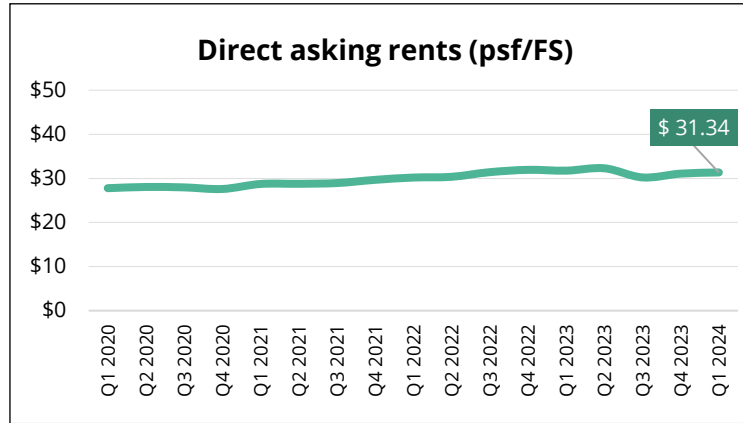
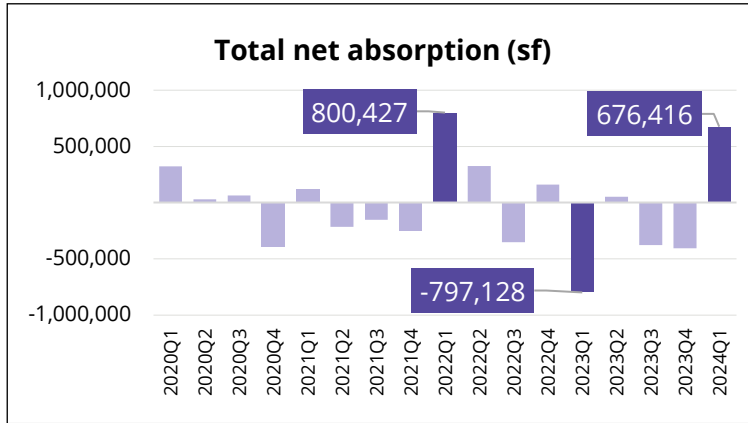
Source: Avant by Avison Young, CoStar.



The office investment market in Raleigh-Durham has experienced extreme declines in volume over the past 4 years and

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Recent leasing activity

Tenant	Address	Size (sf)	Transaction type	Lease type	Avison Young deal
Extreme Networks	2121 RDU Center Dr.	52,530	Renewal	Direct	No
KCI, Technologies	4800 Falls of Neuse Rd.	28,633	New	Direct	No
Cranfill Sumner	5440 Wade Park Blvd.	27,354	Renewal	Direct	Yes
Morningstar Law Group	434 Fayetteville St.	14,500	New	Direct	No

Recent sales activity

Buyer	Address	Sale price	Sale price psf	Seller
William and Marcia L. Ulm	2625 Appliance Ct.	\$9,500,000	\$335.44	APG Advisors
Nothwood Investors, Llc	2500 Blue Ridge Rd.	\$7,500,000	\$121.69	Highwoods Properties, Inc.
Crescent Real Estate Llc	305 Church at North Hills	\$132,900,000	\$403.04	Lionstone Partners Llc

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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	0	130,000	19.7%	14.2%	32.0%	180572	0.71%	0.71%	\$ 28.06
Downtown Raleigh	8,002,811	0	207,000	13.9%	5.5%	18.0%	-73612	1.38%	1.38%	\$ 35.37
West Raleigh	6,550,212	0	120,694	22.5%	.7%	23.2%	-144625	0.45%	0.45%	\$ 30.74
Six Forks Road	4,428,517	266,000	423,032	18.7%	2.3%	21.0%	-42162	6.29%	6.29%	\$ 41.87
Downtown Durham	4,401,224	0	0	16.1%	3.0%	19.1%	-163093	1.38%	1.38%	\$ 36.91
Cary	4,098,301	0	137,000	10.7%	2.6%	13.3%	-211421	0.88%	0.88%	\$ 28.72
Glenwood/Creedmoor	3,680,425	0	0	17.6%	.4%	18.0%	-78991	0.52%	0.52%	\$ 32.6
Southern Wake County W	3,008,653	0	22,600	25.3%	3.4%	28.8%	135178	-4.34%	-4.34%	\$ 27.33
US 1/Capital Boulevard	2,660,316	0	31,854	27.2%	6.6%	31.4%	-225594	1.52%	1.52%	\$ 33.43
Falls of Neuse Road	2,638,697	0	325,839	20.9%	2.1%	23.0%	11521	-1.49%	-1.49%	\$ 26.63
South Durham	2,057,810	0	0	14.7%	7.2%	21.9%	-170206	3.48%	3.48%	\$ 28.54
Chapel Hill/Carrboro	1,968,332	0	0	19.7%	2.7%	22.4%	55876	0.80%	0.80%	\$ 29.75
North Durham	651,973	0	0	14.4%	-	14.4%	-122979	12.20%	12.20%	\$ 19.53
Southern Wake County E	484,119	0	0	-	-	-	-26492	0.00%	0.00%	-
East Raleigh	222,467	0	0	-	-	-	0	0.00%	0.00%	-
Market total	59,494,847	266,000	1,398,019	18.3%	5.8%	24.1%	(5.8%)	1.14%	1.14%	\$31.34