

Raleigh-Durham

Office market snapshot | Q3 2024

As North Carolina's largest metros continues to grow in population, Raleigh-Cary and Durham-Chapel Hill seem to be headed in very different directions. Raleigh-Cary saw population grow by 0.7%, while Durham-Chapel Hill declined in population by 0.2% over the same one-year period. Office developers seem to be embracing this trend, as nearly all supply under construction in the market is in the Raleigh-Cary CSBA. Non remote job postings for office using industries have seen massive growth YTD, which is a very good sign for office landlords looking into the future. Although trophy class properties have been over 50% vacant since the start of the year, average trophy asking rental rates are 65% higher than average class A asking rental rates. This suggests that the flight to quality trend may not be happening like it was in the past, but it is still anticipated by developers and landlords.

+0.7%

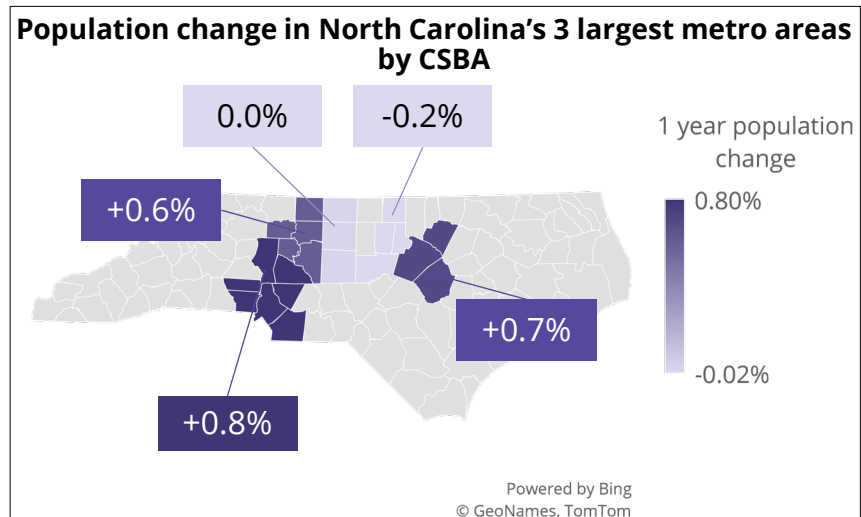
Year-over-year population growth in the Raleigh-Cary CBSA, while Durham-Chapel Hill declined by 0.2%.

65.1%

Higher average trophy rental rate compared to average class A office product.

141.1%

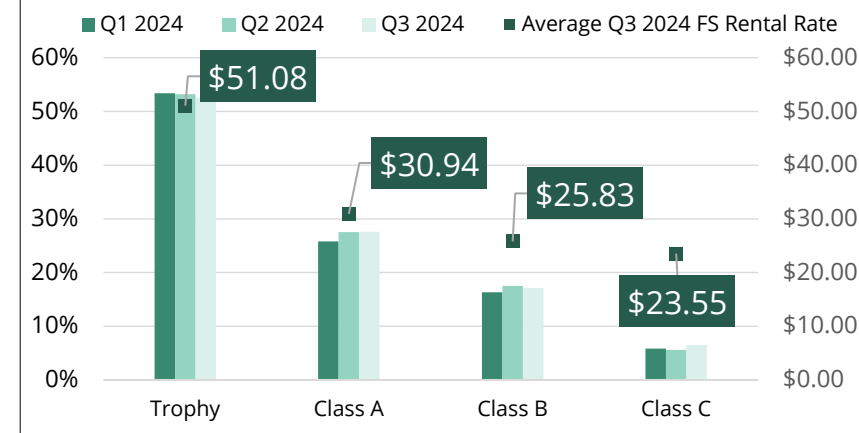
Increase in non remote office using job postings since December 2023. This represents a new optimism in Raleigh-Durham based office using industries.



The state of North Carolina has experienced a large population growth of 0.7% placing it in the top 5 states for the metric. However, within the state some of the most populous counties have actually seen some decline while others have exploded in population.

Note 1: Charlotte –Concord population change data includes York, Chester, and Lancaster counties in South Carolina even though they are not pictured on the map above. figures represent only certain entire Census Bureau Statistical Areas; no individual counties migration data is represented in the above map.
Note 2: Population change data is from April of 2023 to April of 2024.
Source: Avant by Avison Young, CoStar, Placer.AI.

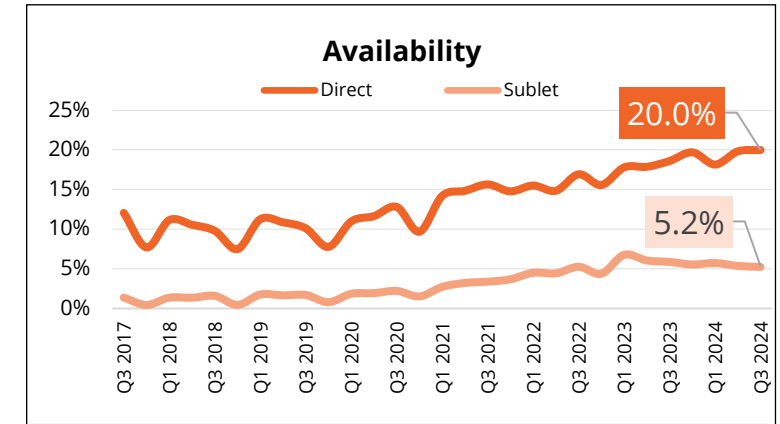
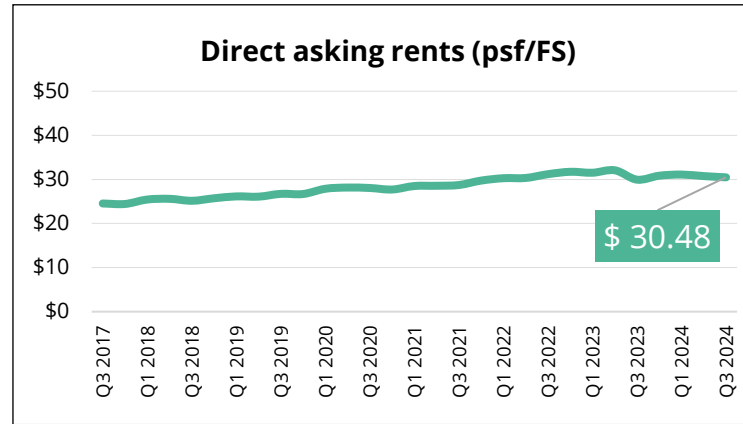
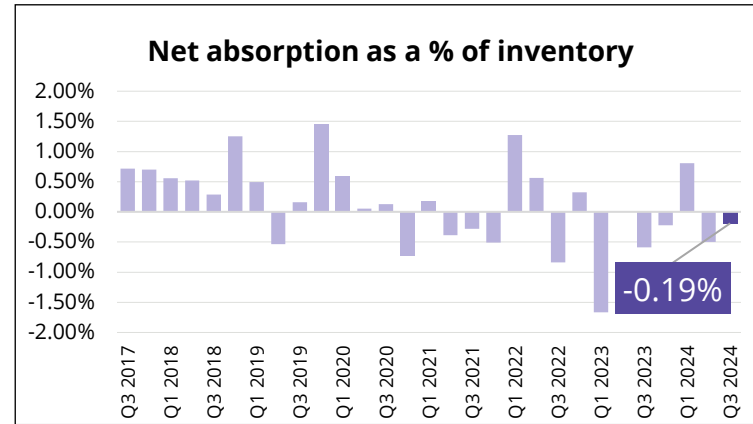
Availability trends and rental rates by property class



Despite marginally better amenities and greater product quality, trophy properties ask for significantly higher rental rates than class A. Class C average asking rates are only 9% less than class B although class C availability is much lower.

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Recent leasing activity

Tenant	Address	Size (sf)	Transaction type	Lease type
Paraxel	541 Church at North Hills St. – Tower 5	61,076	New	Direct
General Dynamics	5444 Wade Park Blvd	34,458	New	Direct
Jewelers Mutual Group	4000 Center at North Hills – One North Hills Tower	31,553	New	Direct
Gregory Poole	2610 Wycliff Rd.	16,000	New	Direct

Recent sales activity

Buyer	Address	Sale price	Sale price psf	Seller
Edgewater Ventures	4601 Six Forks Rd.	\$21.3M	\$127.81	BGO
TradeMark Properties	6131 Falls of Neuse Rd	\$11.0M	\$194.16	APG Advisors
Perry Creek RE Holdings	2011 Falls Valley Dr.	\$4.8M	\$225.87	Timothy R Conley and David J O'Connell
Americas Cup, LLC	122 Oberlin Rd	\$1.0M	\$38.18	Jack O Clayton

Note: Some figures are rounded up.
Source: Avant by Avison Young, CoStar.

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Get in touch

Kathy Gigac, SIOR
 Managing Director, Principal
 +1 919 913 1117
 kathy.gigac@avisonyoung.com

Derek Jacobs
 Market Intelligence Analyst
 +1 919 420 1554
 derek.jacobs@avisonyoung.com

	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	480,000	25.3%	10.1%	33.7%	3.0%	0.38%	(0.15%)	\$ 27.6
Downtown Raleigh	8,002,811	0	207,000	14.6%	6%	18.9%	0.3%	(1.83%)	(0.14%)	\$ 34.2
West Raleigh	6,550,212	0	120,694	21.8%	.8%	22.6%	(2.5%)	0.42%	1.40%	\$ 29.92
Six Forks Road	4,402,517	266,000	423,032	19.1%	4%	23.1%	(0.3%)	(1.50%)	0.07%	\$ 42.15
Downtown Durham	4,199,224	0	0	11.9%	6.2%	18.1%	1.6%	(0.22%)	0.22%	\$ 35.31
Cary	4,098,301	0	137,000	11.5%	3%	14.5%	(1.6%)	0.80%	0.03%	\$ 29.53
Glenwood/Creedmoor	3,680,425	0	0	15.5%	1.5%	17%	(2.2%)	(1.24%)	1.42%	\$ 33.69
Southern Wake County W	3,008,653	0	22,600	30.1%	4.1%	34.1%	4.9%	(0.31%)	(6.97%)	\$ 27.12
Falls of Neuse Road	2,964,536	325,839	0	23.4%	1.3%	24.7%	1.5%	0.82%	(1.71%)	\$ 27.29
US 1/Capital Boulevard	2,660,316	0	0	26.2%	6.6%	30.3%	(7.4%)	0.92%	5.97%	\$ 33.65
South Durham	1,957,557	0	0	22%	7.6%	29.6%	2.1%	(0.07%)	(3.30%)	\$ 28.26
Chapel Hill/Carrboro	1,882,702	0	0	19.9%	2.5%	22.2%	2.8%	0.30%	1.40%	\$ 29.26
North Durham	630,135	0	0	20.5%	0.0%	20.5%	(13.5%)	0.00%	12.62%	\$ 19.47
Southern Wake County E	484,119	0	0	0.0%	0.0%	0.0%	--	--	--	--
East Raleigh	222,467	0	0	0.0%	0.0%	0.0%	--	--	--	--
Market total	58,401,892	591,839	1,390,326	20.0%	5.2%	25.2%	0.2%	(0.19%)	0.11%	\$30.48

Note: Data set includes all product classes and does not include flex space that has an industrial component.
 Source: Avant by Avison Young, CoStar.