

MARKET FUNDAMENTALS

	YOY Chg	Outlook
21.5% Vacancy Rate	▼	▼
-165.2K YTD Net Absorption, SF	▼	▲
\$31.60 Asking Rent, PSF (Overall, All Property Classes)	▲	▬

ECONOMIC INDICATORS

	YOY Chg	Outlook
1.1M Raleigh-Durham Employment	▲	▲
3.1% Raleigh-Durham Unemployment Rate	▼	▲
4.2% U.S. Unemployment Rate Source: BLS	▼	▲

ECONOMY

Economic momentum continued across Raleigh-Durham in Q3, with nonfarm employment increasing 1.6% year-over-year (YOY), ranking the Triangle third nationally for employment growth among more than 100 major metros tracked by Cushman & Wakefield Research. Unemployment remained low at 3.1%, 110 basis points (bps) below the national average of 4.2%. The region's sustained job growth and highly educated workforce continued to support long-term office demand, particularly among professional and technology-oriented occupiers.

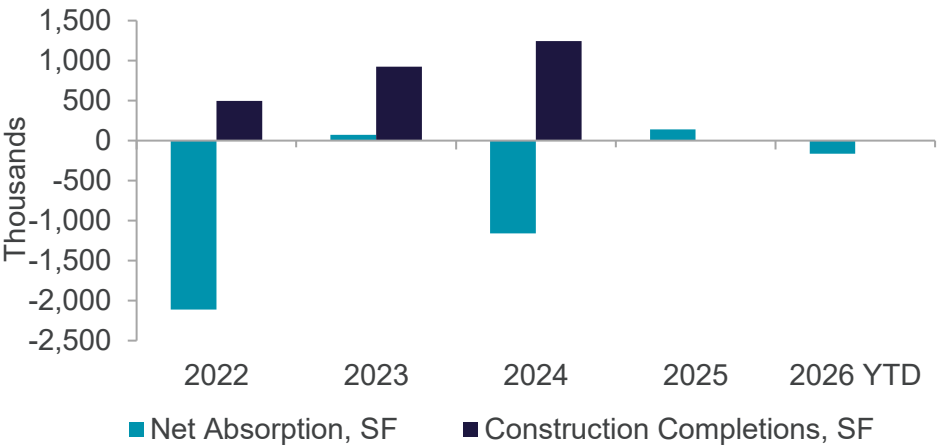
SUPPLY

The overall vacancy rate remained stable in Q3, rising by just 10 bps quarter-over-quarter (QOQ) to 21.5%. This marked the ninth consecutive quarter in which vacancy remained within a narrow 40-bp range. However, stability at the market level masked notable movement within individual submarkets, particularly US 1/Capital Blvd, where vacancy declined 920 bps QOQ to 15.2% due to the removal of over 115,000 sf of vacant space when The Frankie Lemmon Foundation School purchased two properties in this submarket. Looking ahead, vacancy is expected to tighten among higher-quality, well-located properties as tenants continue to prioritize modern amenities and accessibility.

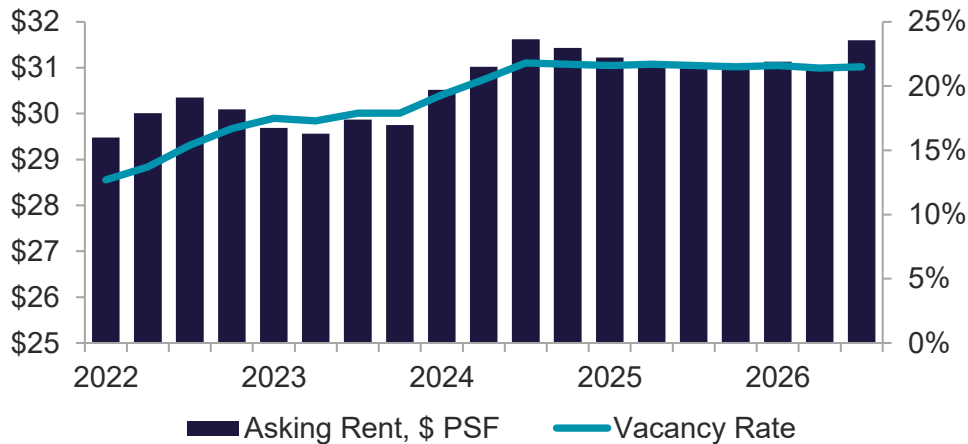
INVESTMENT SALES

Office investment sales activity remained concentrated in suburban assets during Q3, with five properties trading at a median price of \$88.00 per square foot (psf). The market has yet to record another significant trophy office transaction since Bloc[83] traded in early 2026. Investment activity is expected to remain measured as elevated borrowing costs and tighter underwriting continue to influence acquisitions.

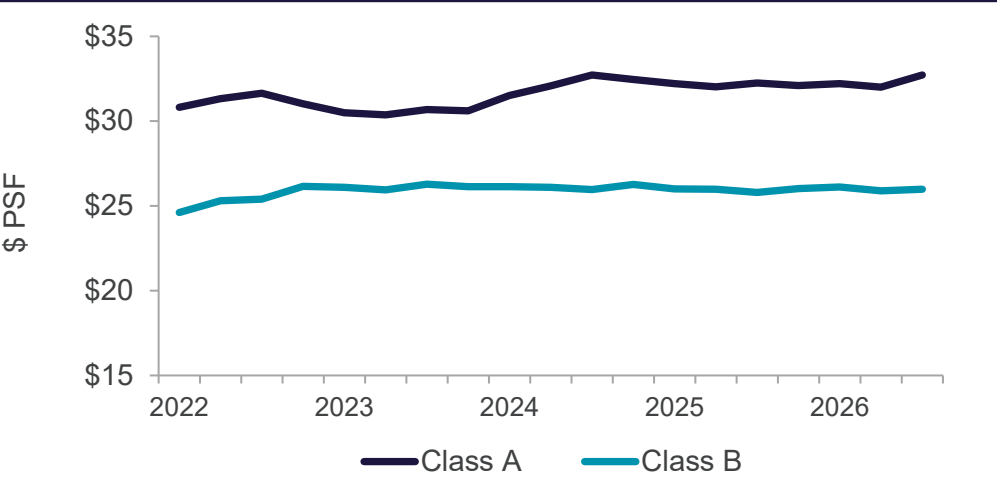
SPACE DEMAND / DELIVERIES



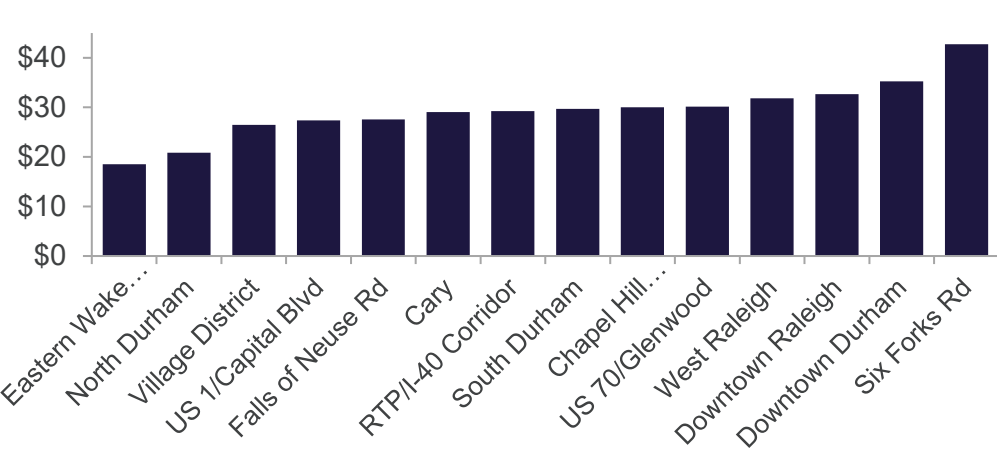
OVERALL VACANCY & ASKING RENT



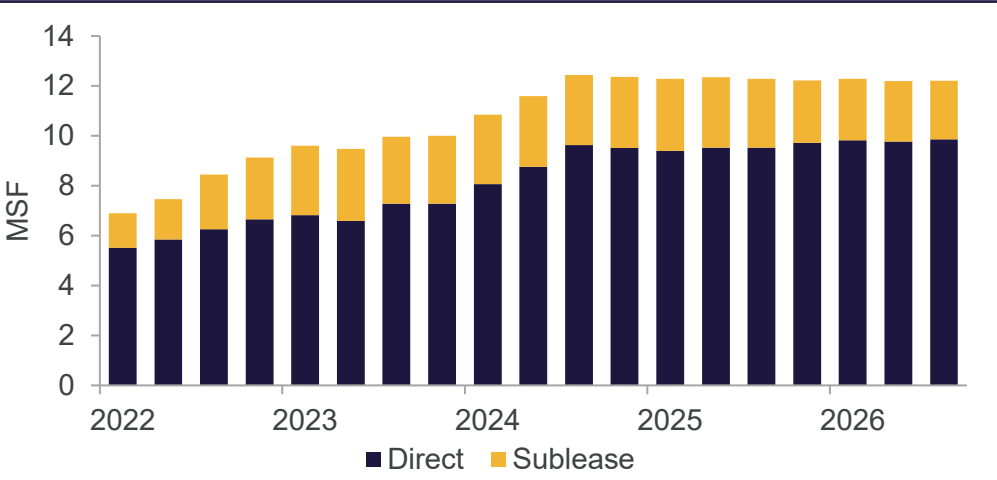
ASKING RENT COMPARISON



SUBMARKET ASKING RENT



DIRECT VS. SUBLEASE SPACE AVAILABLE COMPARISON



DEMAND

Negative net absorption in Q3 was heavily influenced by a single large move-out rather than widespread occupancy losses. The market recorded 196,226 square feet (sf) of negative absorption, largely attributed to Research Triangle Institute’s (RTI) departure from three buildings totaling more than 311,000 sf in the RTP/I-40 Corridor submarket. This brought year-to-date (YTD) absorption to -165,153 sf, although 11 of the market's 15 submarkets recorded either occupancy gains or remained unchanged QOQ. The Six Forks submarket drove occupancy gains in the market with more than 87,000 sf, benefiting from continued tenant demand for high-quality office space in amenity-rich locations. The RTP/I-40 Corridor posted the largest occupancy decline at more than 370,000 sf. Despite the overall losses, six tenants occupied spaces exceeding 25,000 sf during the quarter.

New leasing totaled 528,096 sf in Q3, bringing YTD activity to more than 1.7 million square feet (msf). Although leasing remained 15.0% below the market’s five-year average, activity was generally consistent with the same period in 2025. Demand continued to be concentrated in higher-quality space, with Class A properties accounting for 80.9% of all YTD leasing, while The RTP/I-40 Corridor, Six Forks, and Downtown Raleigh submarkets collectively captured 57.1%, highlighting occupiers’ preference for high-quality space in established office locations.

PRICING

Pricing momentum strengthened during the quarter as average asking rents increased 2.2% QOQ to \$31.60 psf. While most submarkets recorded only modest changes in rental rates, the Six Forks submarket recorded a notable 7.7% increase, pushing average asking rents to \$42.77 psf. Growth was largely concentrated in North Hills, a micro market within the Six Forks submarket, where several top-tier office properties increased rates in response to amid strong tenant demand and limited availability.

OUTLOOK

- As availability within trophy and top-tier Class A properties continues to tighten, tenant demand is expected to increasingly shift toward other Class A assets across the market.
- Asking rents are projected to continue to rise as premium office space becomes scarcer, placing additional pricing pressure on well-located Class A properties with strong amenity offerings.
- Net absorption is expected to improve over the coming quarters as tenants occupy recently leased space and move-ins outpace major departures.
- Strong employment growth and favorable labor market conditions should support tenant demand, providing a solid foundation for long-term office market recovery.

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLET VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)	OVERALL AVG ASKING RENT(CLASS A)
Downtown Durham	4,451,948	533,676	224,088	17.0%	-25,249	-18,471	79,039	0	\$35.22	\$35.97
Downtown Raleigh	6,337,093	812,481	507,717	20.8%	26,507	121,131	214,348	0	\$32.64	\$32.78
CBD TOTALS	10,789,041	1,346,157	731,805	19.3%	1,258	102,660	293,387	0	\$33.44	\$33.68
Chapel Hill (Orange County)	2,116,099	484,811	21,068	23.9%	6,219	-23,275	45,885	0	\$30.00	\$30.27
North Durham	574,561	111,522	0	19.4%	0	0	0	0	\$20.84	-
South Durham	1,541,075	291,658	103,132	25.6%	-21,230	-39,666	28,326	0	\$29.69	\$29.69
Cary	6,521,540	1,175,272	81,913	19.3%	30,990	70,009	147,715	0	\$29.07	\$30.01
Eastern Wake County	466,205	21,505	0	4.6%	0	0	0	0	\$18.50	-
Falls of Neuse Rd	2,723,362	415,479	36,828	16.6%	12,907	-12,719	60,424	0	\$27.54	\$28.46
RTP/I-40 Corridor	13,091,478	3,069,848	930,744	30.6%	-370,899	-361,812	490,312	0	\$29.23	\$30.09
Six Forks Rd	5,404,922	861,827	165,846	19.0%	87,096	133,411	295,273	0	\$42.77	\$44.39
Southern Wake County	370,669	0	0	0.0%	0	0	0	0	-	-
US 1/Capital Blvd	1,637,633	212,297	36,296	15.2%	14,593	17,763	25,192	0	\$27.36	\$28.37
US 70/Glenwood	4,500,344	682,279	175,783	19.1%	-20,772	-8,226	147,936	0	\$30.14	\$31.31
Village District	400,173	28,129	13,869	10.5%	1,351	-6,707	9,173	0	\$26.47	\$26.19
West Raleigh	6,604,476	1,166,833	44,370	18.3%	62,261	-36,591	207,685	0	\$31.86	\$33.11
SUBURBAN TOTALS	45,952,537	8,521,460	1,609,849	22.0%	-197,484	-267,813	1,457,921	0	\$31.16	\$32.46
RALEIGH/DURHAM TOTALS	56,741,578	9,867,617	2,341,654	21.5%	-196,226	-165,153	1,751,308	0	\$31.60	\$32.72

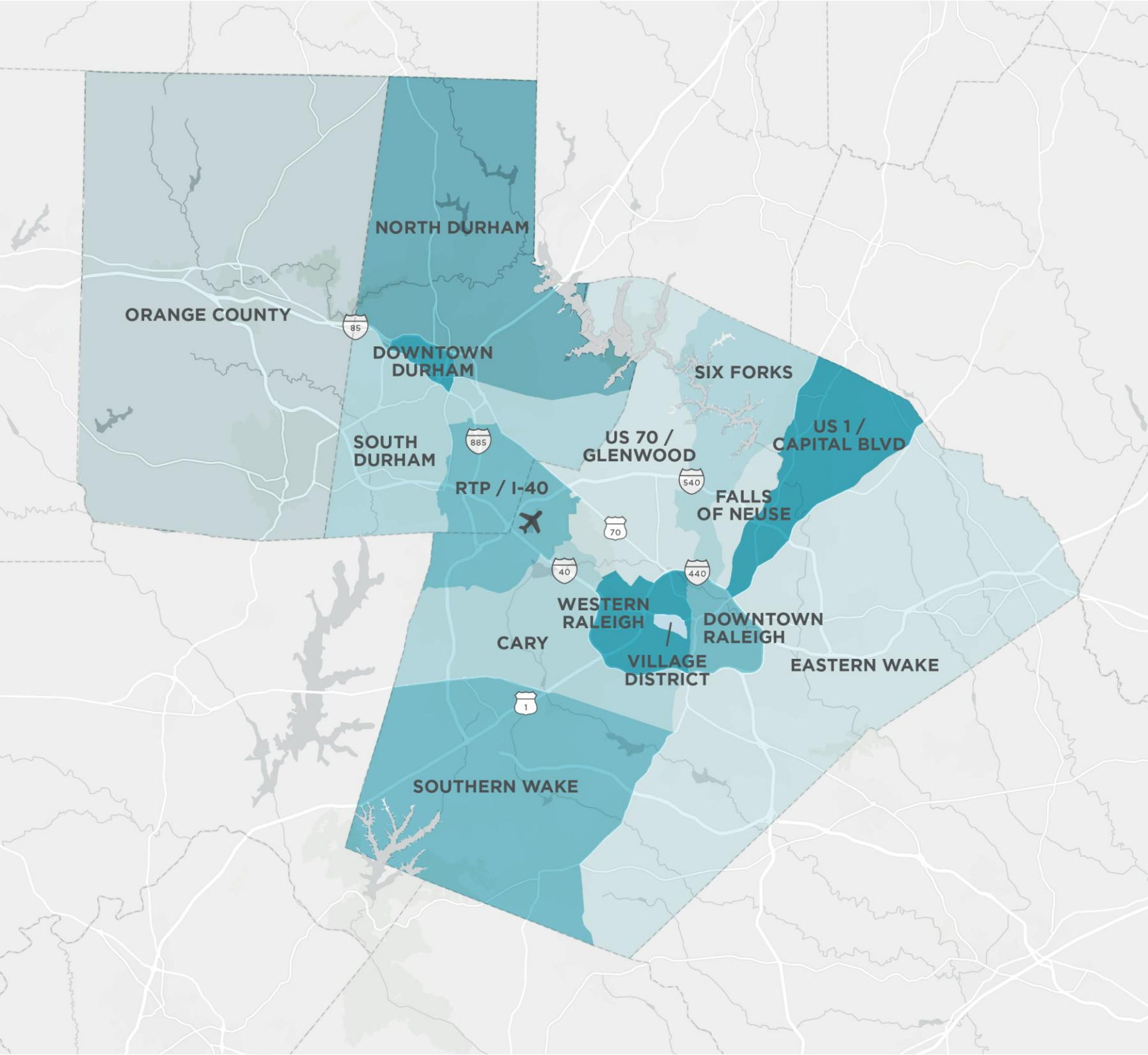
*Rental rates reflect full service asking
**Excludes medical office and life science properties

KEY LEASE TRANSACTIONS Q3 2026

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Perimeter One	RTP/I-40 Corridor	General Atomics	36,705	New Lease
Crabtree Overlook	US 70/Glenwood	Marsh McLennan Real Estate Services	33,000	Renewal*
700 Frontier	RTP/I-40 Corridor	DLH	20,265	New Lease
2000 Aerial Center Pkwy	RTP/I-40 Corridor	Undisclosed	19,310	New Lease
2525 Meridian Pkwy	RTP/I-40 Corridor	Piedmont Healthcare	18,283	New Lease

*Renewals not included in leasing statistics

OFFICE SUBMARKETS



MADELYN DAVIS TREFSGAR
Senior Research Analyst, Carolinas
Tel: +1 919 439 5148
Madelyn.davis@cushwake.com

JP PRICE
Research Manager, Carolinas
Tel: +1 704 335 4455
Jp.price@cushwake.com

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