RALEIGH-DURHAM OFFICE MARKET

Yardi[®] Matrix



Second Quarter 2019

Contacts

Jeff Adler

Vice President & General Manager of Yardi Matrix Jeff.Adler@Yardi.com (800) 866-1124 x2403

Jack Kern

Director of Research and Publications Jack.Kern@Yardi.com (800) 866-1124 x2444

Chris Nebenzahl

Senior Analyst Chris.Nebenzahl@Yardi.com (800) 866-1124 ×2200

Veronica Grecu

Senior Real Estate Market Analyst Veronica.Grecu@Yardi.com (306) 955-1855 x7583

Author

Roxana Baiceanu

Associate Editor Roxana.Baiceanu@Yardi.com

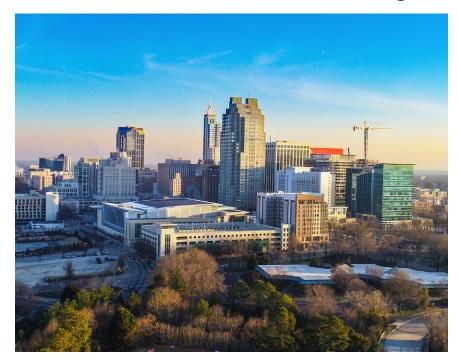
Aggregated and anonymized expense and lease expiration data is available to Yardi Matrix subscribers. Please contact us for details!

For more information please contact:

Ron Brock, Jr.

Industry Principal, Matrix JR.Brock@Yardi.com (480) 663-1149 x2404

Construction Soars in the Triangle



Raleigh-Durham's office market continued to thrive in the first two quarters of the year, bolstered by a favorable business climate for both entrepreneurs and high-growth companies. The only tech hub with a below-average cost of living, the metro remains a hotspot for technology, life science and biotech firms due to its highly educated talent. Developers are preparing to accommodate the growing demand for office and R&D space, with several mixed-use projects in the pipeline. One of them is Longfellow's Durham Innovation District, which is expected to add 900,000 square feet of office and lab space to Downtown Durham by 2021.

Although employment growth rate has been slowing down, the metro continued to gain jobs in all of its office-using employment sectors. Professional and business services led the way with 1,800 jobs added during the 12 months ending in May, followed by information (200 positions) and financial services (100 jobs).

Office vacancy in Raleigh-Durham was steady at 12.3%, despite the growing amount of space delivered since 2017 (4.2 million square feet). More than 700,000 square feet is expected to come online by year's end, making 2019 a likely new record year for deliveries. Some 1.5 million square feet was under construction as of June. The largest upcoming project is Kane Realty's 328,000-square-foot Tower 4 at North Hills. With Steve Malik's \$1.9 billion stadium in downtown Raleigh and Keith Corp.'s 105-acre campus in Research Triangle Park in the pipeline, development is set to remain in the limelight.

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