

RALEIGH-DURHAM OFFICE MARKET

Yardi® Matrix

Market Analysis

Second Quarter 2019

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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.