

RALEIGH-DURHAM OFFICE MARKET Yardi® Matrix

Market Analysis

Fourth Quarter 2019

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Thriving Office Scene



Raleigh-Durham closed another year of robust growth, which keeps the metro high on investors' watchlists. Strong demographics, economic diversity, innovation opportunities, top talent, affordable rental rates, and top-of-the-line office spaces are the key advantages that have been driving new business to the metro. Online insurance marketplace Policygenius is one of the newest arrivals, choosing Downtown Durham for its second national headquarters for 400 tech employees. Amazon also has its \$200 million distribution facility in Garner under construction, which is expected to generate more than 1,500 jobs by the end of 2020.

The metro gained jobs in all its employment sectors in the 12 months ending in September, with education and health services (5,600 jobs) and professional and business services (5,200 jobs) leading gains. The information sector also grew by 600 jobs, and with the recently announced expansions of Xerox, Policygenius and Pendo, the sector is expected to perform well.

Development activity remained high, with 2019 expected to become the third consecutive year in which deliveries surpassed 1.4 million square feet. Some 2.5 million square feet was under construction in the metro as of October. The bulk of development was concentrated in the Raleigh CBD submarket (670,000 square feet), where The Fallon Co. has broken ground on the 280,000-square-foot Raleigh Crossing project. Despite the strong supply wave, the office vacancy rate held steady at 12.2%.