

Raleigh/Durham

Powered by Savills Research & Data Services

Leasing volume breaks records in the Raleigh-Durham market

In the final quarter of 2023, the Raleigh-Durham market experienced more than 1.6 million square feet (msf) of office space leased. That is a 63% increase year-over-year, and nearly 100,000 square feet (sf) greater than the previous leasing record made 14 years ago. The Q4 new record level is largely due to the sale leaseback by IBM of their 774,000-square foot office space off Miami Boulevard in Research Triangle Park. Half of the top leases signed in the fourth quarter were in the RTP / RDU submarket. This is a positive trend, as the RTP / RDU submarket has the highest amount of square footage on the sublease market totaling 2.0 msf, or 56% of the sublease market. Subleases made up 20% of the top leases in Q4 2023 and quarter-over-quarter continue to decrease. Looking ahead, except sublease inventory to level off as subleases put on the market during the pandemic begin to expire and users continue to take advantage of the lower rental rates and shorter terms associated with such space.

Availability continues to climb as new product delivers

Year-over-year, availability in the Triangle has increased 310 basis points (bps). At the end of 2023, Raleigh-Durham totaled 23.4% availability, just below the previous quarter of 23.5%. Growth in availability is a trend that has continued to increase since the start of the pandemic largely due to companies downsizing office space and new product deliveries flood the market. One office building was delivered in Q4 which totaled 205,000 SF. Glenlake Three delivered the Class A office property to the popular Glenwood/Creedmoor submarket north of Downtown Raleigh. Construction remains high going into 2024 with 2.5 msf underway.

Landlords offer concession packages as rental rates begin to level off

Despite the slight relief in rising rental rates, landlords continue to offer tenants record concession packages. Class A average rental rates have dropped a modest 0.4% year-over-year to \$29.31 per square foot, however, rent abatement and tenant improvement allowances offered by landlords continue.

Key Statistics

	Q4 2022	Q4 2023	Y-0-Y
Inventory	59.4 msf	60.9 msf	+1.5 msf
Availability Rate	20.3%	23.4%	+310 bps
Asking Rental Rate	\$29.13	\$29.31	+0.6%
Class A Asking Rental Rate	\$30.75	\$30.64	-0.4%
Quarterly Leasing Activity	0.6 msf	1.6 msf	+1.0 msf
Available Sublease Space	3.1 msf	3.1 msf	+0.0 msf

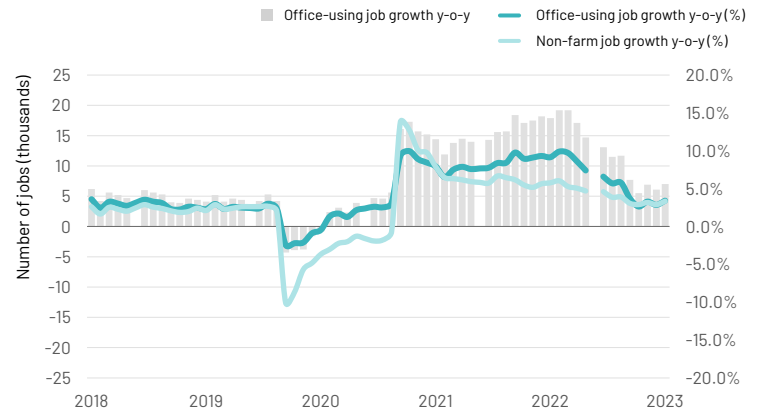
Outlook

01 Raleigh-Durham will continue to attract new companies due to its relatively lower cost of living in the Southeastern region and growing talent pool

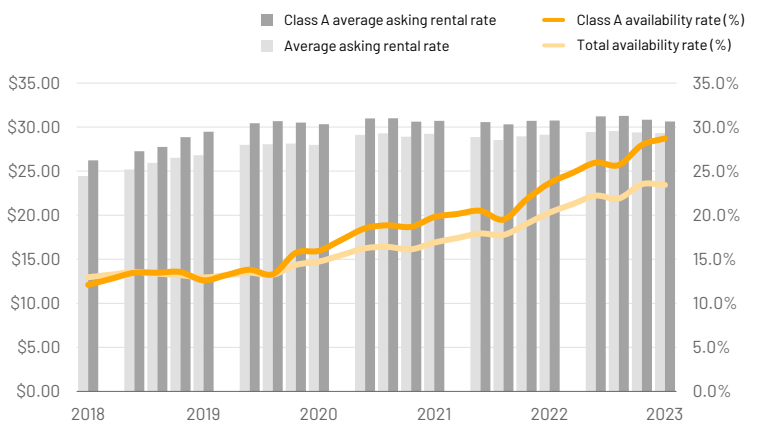
02 Expect tenant-favorable market conditions to continue into 2024 due to increased availability coupled with landlords facing economic uncertainty

03 As large office buildings face more debt maturities, landlords will be faced to decide between investing equity into their assets or giving the keys back to the lender

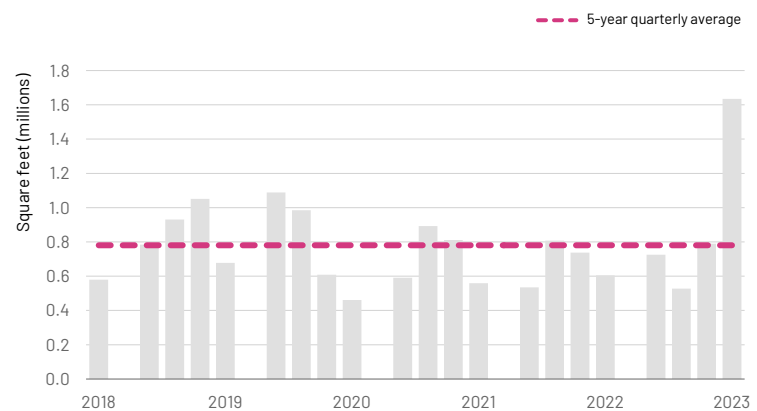
Office-using Employment Growth



Asking Rent and Availability



Leasing Activity



Top Transactions

*Trophy Building

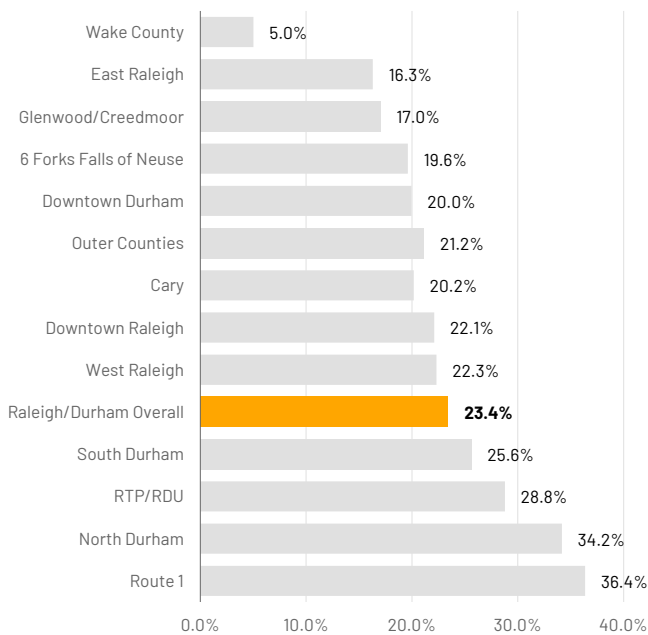
**Sublease

Source: Savills Research

TENANT	INDUSTRY	SUBMARKET	ADDRESS	SIZE (SF)	TRANSACTION TYPE
IBM	TAMI	RTP / RDU	4205 S Miami Boulevard	774,000	Sale-Leaseback
North Carolina Department of Health	Government	RTP / RDU	65 Moore Drive	201,056	New Location**
BioMerieux	Healthcare	RTP / RDU	3015 Carrington Mill Boulevard	41,327	New Location
HNTB	Architecture, Engineering & Construction	6 Forks Falls of Neuse	4000 Center At North Hills Street	30,589	New Location
Durham Tech	Education	North Durham	3414 N Duke Street	25,017	New Location
North Carolina Department of Health	Government	Downtown Raleigh	333 Fayetteville Street	25,000	New Location
Tanium	TAMI	Downtown Durham	555 S Mangum Street	24,190	New Location
Jaggaer	TAMI	RTP / RDU	700 Park Offices Drive	20,830	New Location**
Deloitte	Business, Professional and Consulting Services	West Raleigh	621 Hillsborough Street	19,794	New Location
Undisclosed	Undisclosed	RTP / RDU	1101 Slater Road	18,748	New Location

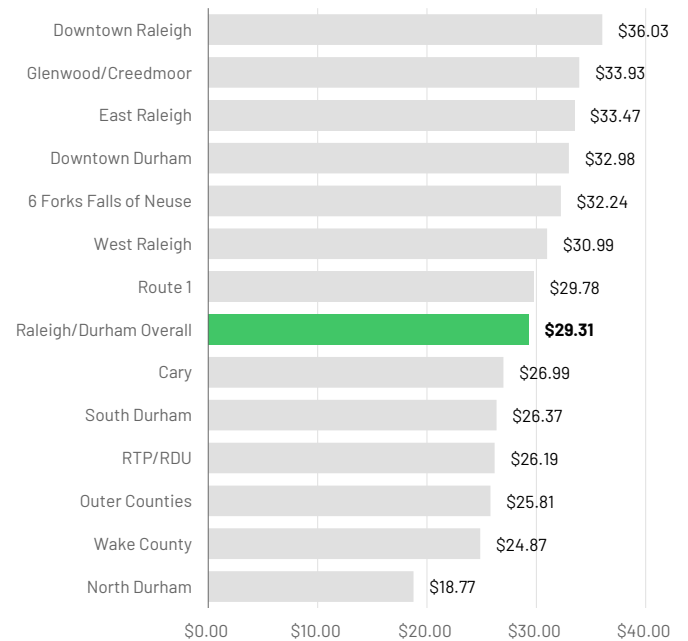
Availability Rate Comparison (%)

RALEIGH/DURHAM SUBMARKETS



Rental Rate Comparison (\$/sf)

RALEIGH/DURHAM SUBMARKETS



Raleigh/Durham Q4 2023 - Office

For more information, please contact us:

[savills.us](https://www.savills.us)

Savills Raleigh
PNC Plaza
301 Fayetteville St
15th Floor
Raleigh, NC 27601
+1 919 827 1818

Tucker Shade
Executive Vice President,
Carolinas Region Lead
tshade@savills.us
+1 919 746 7758

Audra Laskey
Research Associate
alasky@savills.us
+1 704 414 7450

Unless otherwise noted, all rents quoted throughout this report are average asking gross (full service) rents per square foot. Statistics are calculated using both direct and sublease information. Current and historical availability and rent data are subject to change due to changes in inventory.

The information in this report is obtained from sources deemed reliable, but no representation is made as to the accuracy thereof. Unless otherwise noted, source for data is Savills Research.

Copyright © 2024 Savills

