



NEWMARK

Raleigh-Durham Office
Market Overview

1Q26

Market Observations



Economy

- The market's unemployment rate of 3.4% increased by 26 basis points year over year and finished 2025 slightly above the five-year average of 3.9%.
- Employment growth decelerated by 31 basis points to 1.4% year over year but remains ahead of the national average of 0.1%.
- Most office-using sectors, except information, reported employment growth, with business and professional leading the way at 2.5%.
- Office-using employees in the market decreased modestly from their all-time high to 217,425 jobs as of the end of December 2025.



Leasing Market Fundamentals

- Annual full-service asking rental rates increased by 1.2% on a quarterly basis and 2.7% on an annual basis to \$31.66/SF.
- While vacancy declined by 25 and 94 basis points on a quarterly and annual basis to 19.5%, it remains well above the 20-year average of 13.3%.
- The under-construction pipeline remained stagnant at 74,967 SF as the impacts of higher financing and construction costs have curbed groundbreakings.
- Total leasing activity for the quarter was 832,595 SF, which is 33.0% below the 16-year first-quarter average of 1.2 MSF.



Major Transactions

- Victra, the largest authorized Verizon dealer in the United States, signed the largest lease of the quarter, when it relocated its corporate headquarters from the Colonnade to Imperial Tower. Imperial Tower has seen a surge of leasing in recent quarters, with Victra and Aspida Financial relocating their headquarters there and law firm Robinson Bradshaw leasing at the building.
- Macroeconomic and geopolitical headwinds have stalled several projects and leasing decisions. The first quarter of 2026 began with increased activity volume in the market; however a noticeable decline occurred as the quarter closed.
- There has been a dearth of tenant activity in Durham, as firms continue to focus their leasing activity on Research Triangle and Downtown Raleigh.
- Several suburban office buildings have been leased or are negotiating with alternative users looking to take advantage of a soft market for older and suburban assets.



Outlook

- Artificial intelligence companies from tech hubs may enter the market and catalyze demand as firms look to capitalize on the region's highly educated workforce to grow employee headcounts.
- Even as construction costs moderate, uncertainty reigns due to inflationary pressures that could soon enter the system. No large-scale projects will break ground in the near term as a result.
- A depressed under-construction pipeline and scarcity of ground breakings will continue to drive vacancy and asking rental rates in trophy properties that are attracting most tenant demand.
- Vacancy in suburban office buildings could trend downward as these properties are removed from the market by alternative users, such as charter schools, taking advantage of a soft market.

Table of Contents

Economy	04
Leasing Market Fundamentals	08
Appendix	22

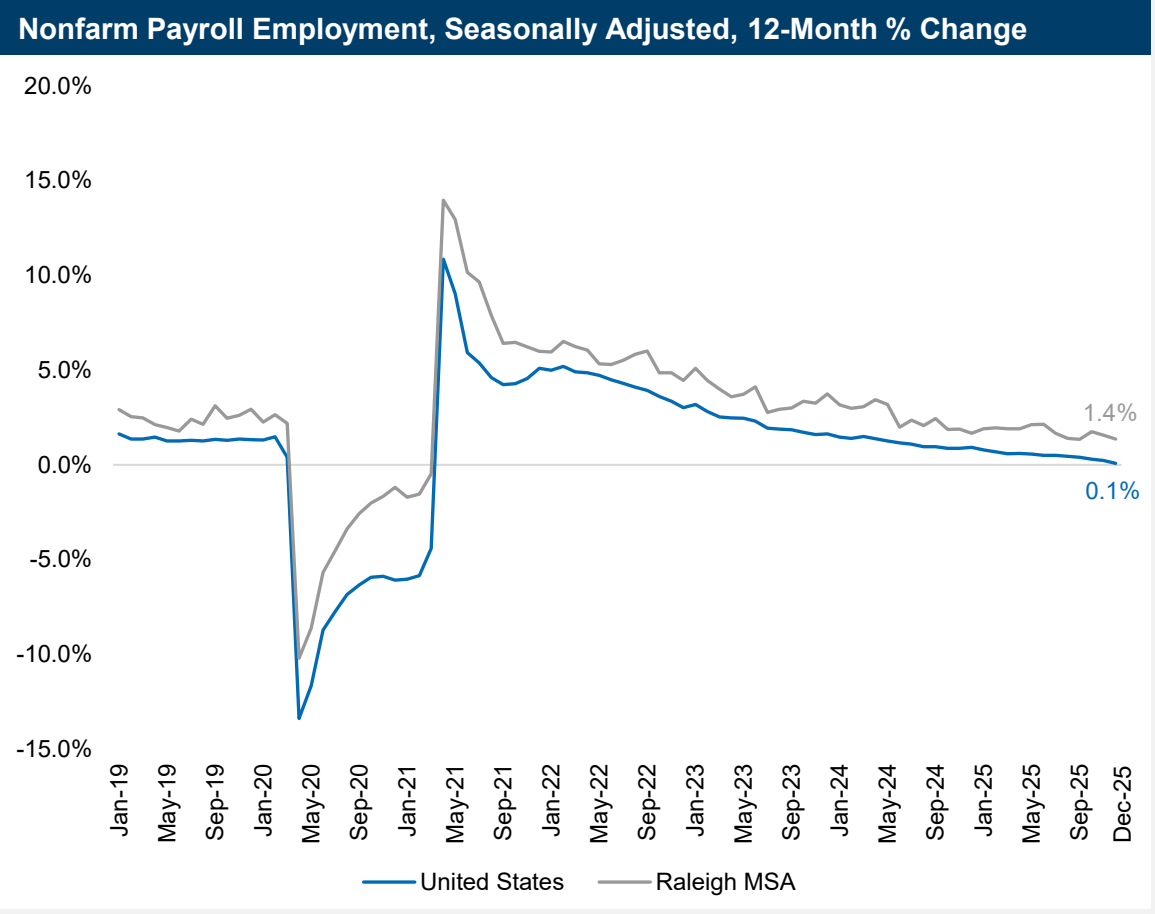
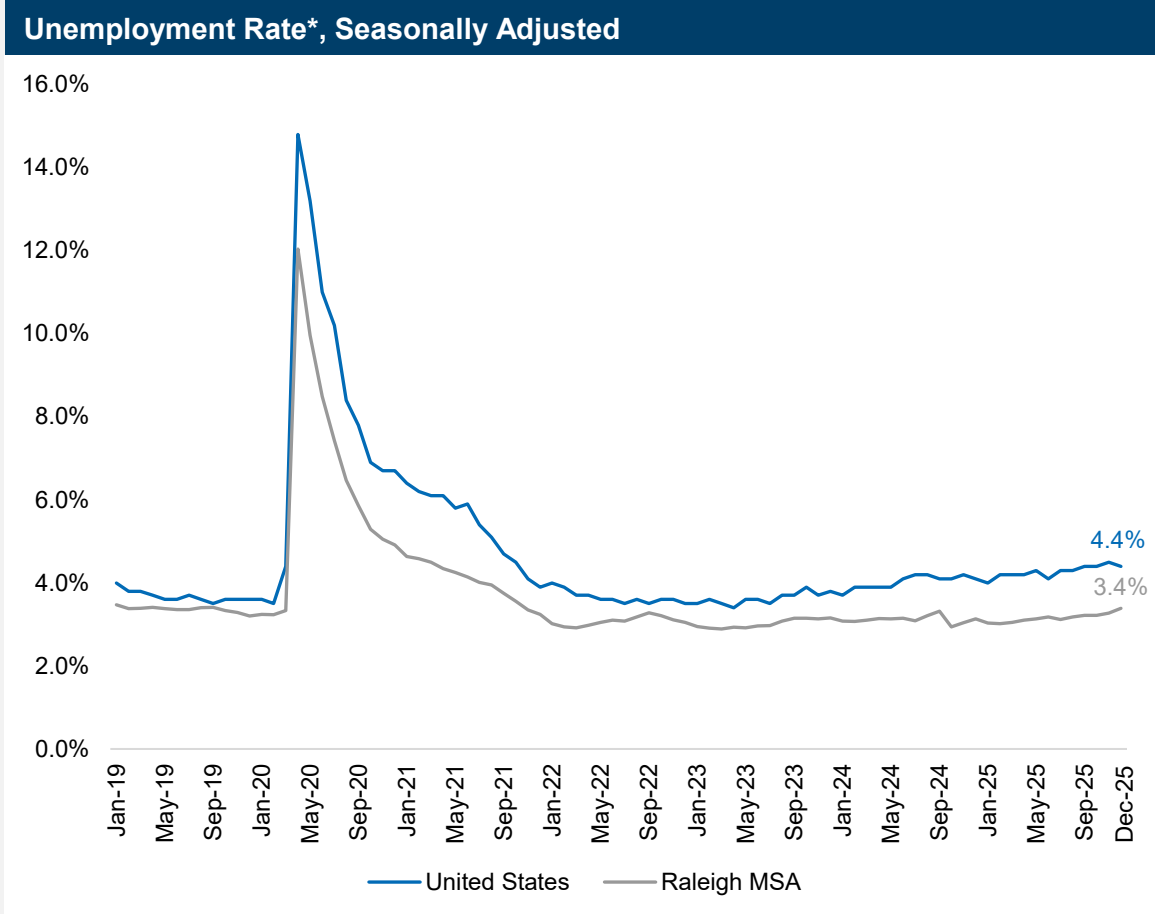
01

Economy



Raleigh Continues Outperformance on Unemployment and Job Growth

Raleigh has consistently reported lower unemployment rates and higher employment growth when compared to the national average. Despite economic headwinds, this trend carried into the end of 2025, with the market’s unemployment rate of 3.4% ticking up 26 basis points year over year and remaining well below the U.S. average of 4.4%. The region’s seasonally adjusted nonfarm payrolls also outperformed the national average, reflecting 1.4% growth year over year. However, in line with expectations of a softening job market, the pace of growth moderated by 31 basis points compared to the prior year.

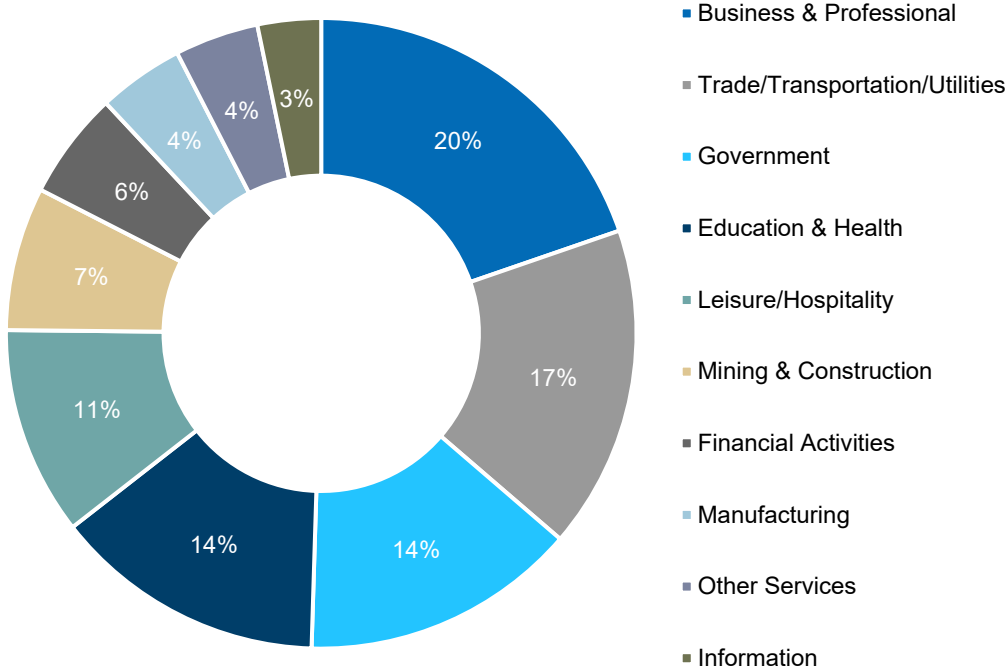


Source: U.S. Bureau of Labor Statistics, Raleigh-Cary MSA
 *October 2025 government shutdown missing data addressed with duplicating September 2025's data

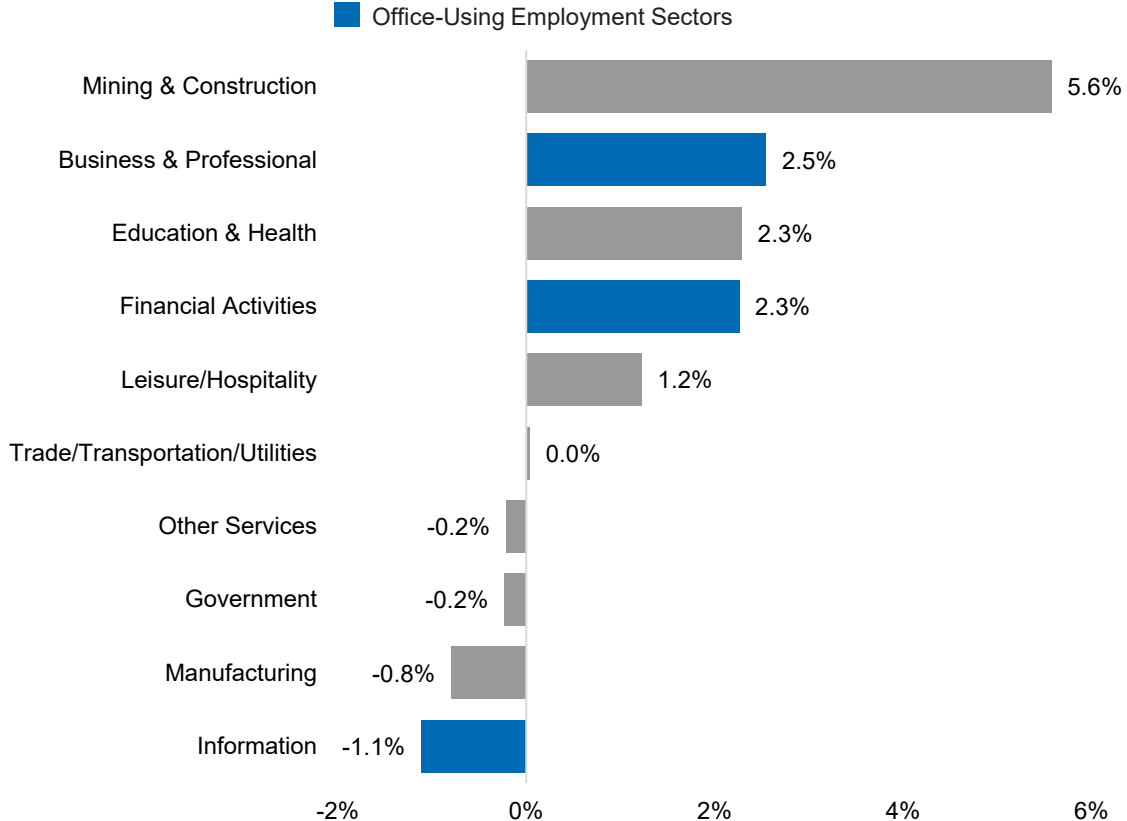
Office-Using Job Growth Shows Mixed Results

Raleigh’s tech-forward market is anchored by its top two employment industries: business and professional services and trade/transportation/utilities, which account for 36.3% of total local jobs. The business and professional sector, Raleigh’s largest office-based employment industry, makes up 19.7% of the market. Overall job growth posted mixed results, with a slight majority of employment sectors reporting annual growth. Office-using jobs growth showed mixed results as financial activities and business and professional services reported growth of 2.3% and 2.5% year over year, respectively. Meanwhile, information employment declined by 1.1% over the same period.

Employment by Industry, December 2025



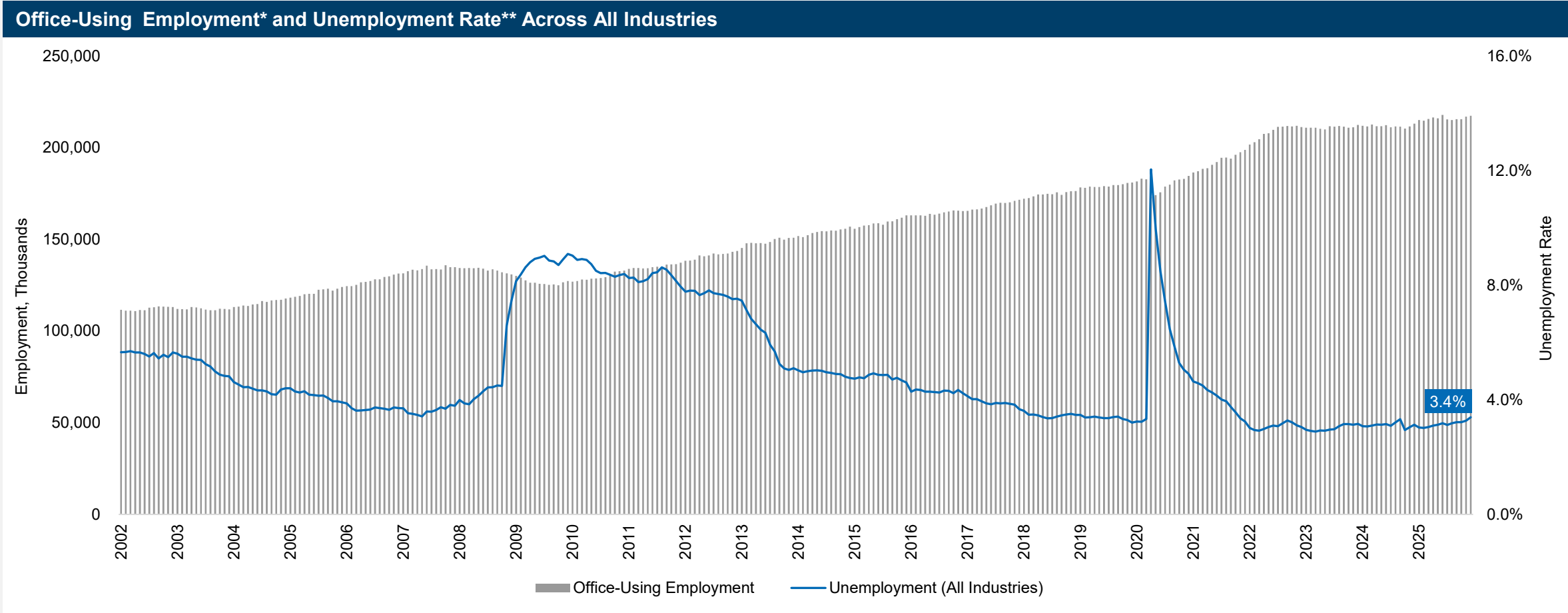
Employment Growth by Industry, 12-Month % Change, December 2025



Source: U.S. Bureau of Labor Statistics, Raleigh-Cary MSA

Office-Using Employment Declines From Record High

As of December 2025, economic uncertainty and the adoption of artificial intelligence into workflows caused the Raleigh market to shed some office-using jobs when compared to the record high set at the end of June 2025. The market ended December 2025 with 217,425 office-using jobs. Overall, yearly job gains reported in the business and professional and financial activities sectors have been inadequate to compensate for annual job losses in the information sector. Currently, the seasonally adjusted unemployment rate stands at 3.4%, which is three basis points lower than the 3.4% average levels reported in 2019.



Source: Moody's Analytics, Raleigh-Cary MSA
 *Office-using employment includes employment in the following industry sectors: Professional & Business Services, Financial Activities and Information.
 ** October 2025 government shutdown missing data addressed with duplicating September 2025's data

02

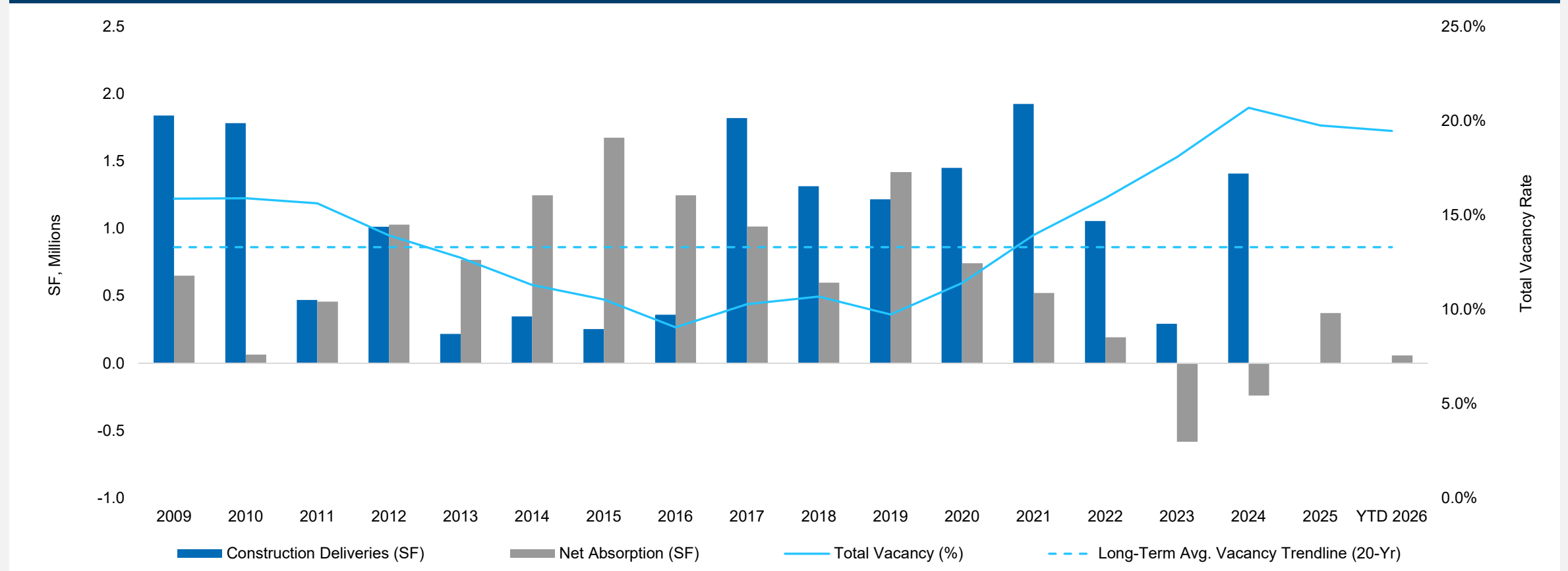
Leasing Market Fundamentals



Vacancy Continues Downward Trajectory

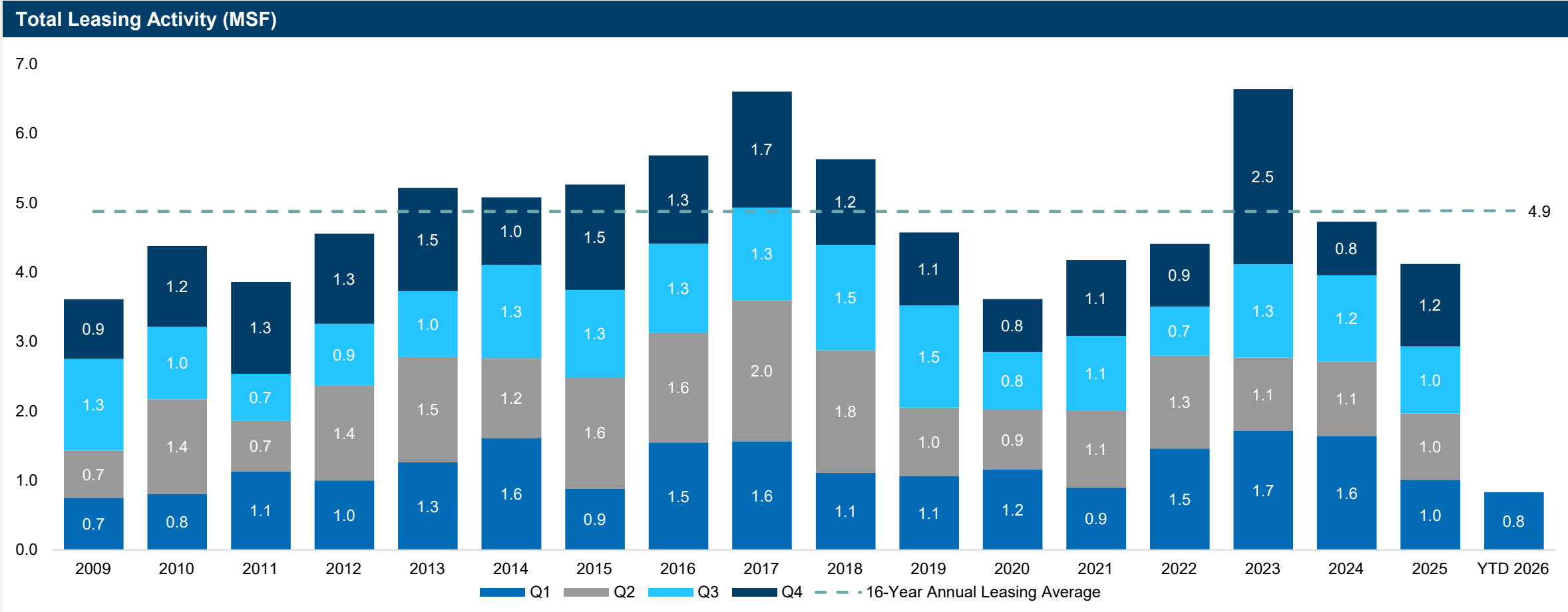
During the first quarter of 2026, Raleigh recorded 57,867 SF of positive net absorption, with no new supply delivered into the market since the second quarter of 2024. In turn, vacancy continued its downward trend from the high of 20.7% recorded during the second quarter of 2025, ending the quarter at 19.5%. This reflects quarterly and annual decreases of 25 basis points and 94 basis points, respectively. While vacancy has improved over the past several quarters, it remains elevated relative to long-term norms. Vacancy is expected to remain elevated in the near term as corporations continue to adjust their office footprints and evaluate the impacts of artificial intelligence on corporate headcounts and space needs. Geopolitical and macroeconomic uncertainty is further exacerbating delays in corporate decision making.

Historical Construction Deliveries, Net Absorption, and Vacancy



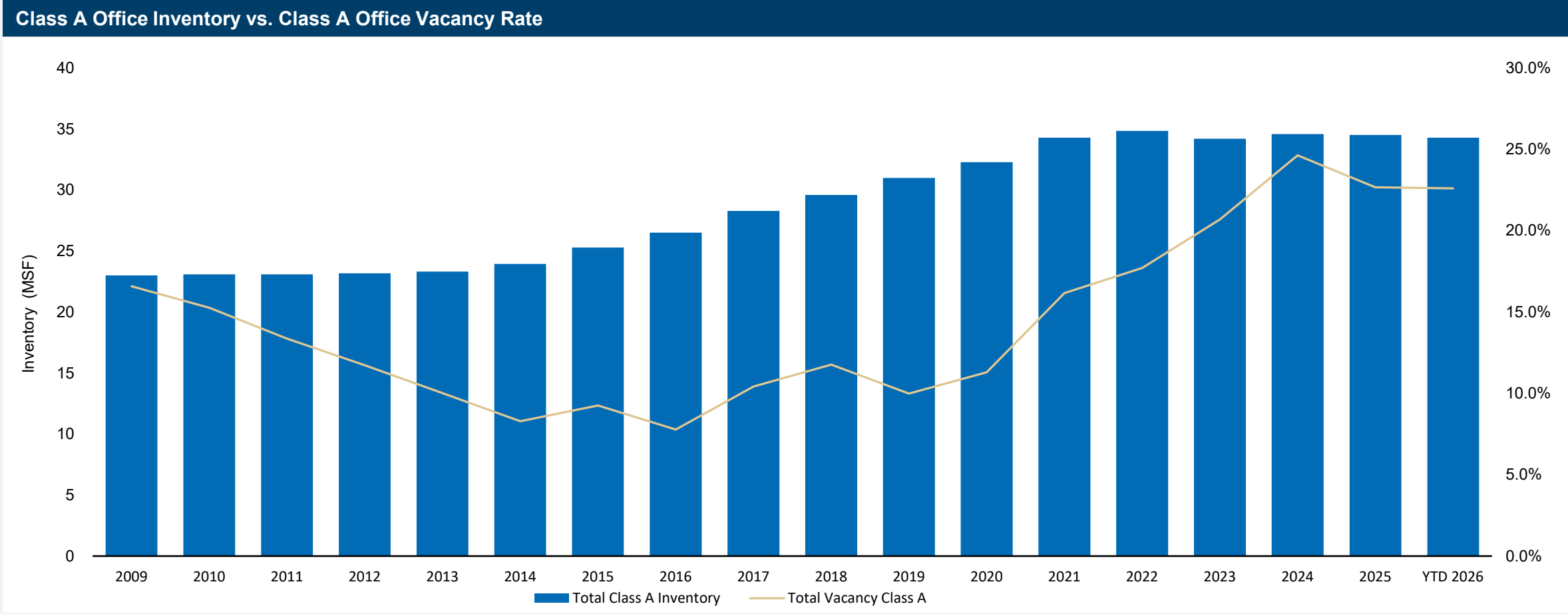
Leasing Activity Declines; Closes Below Quarter Average

Leasing activity in the first quarter of 2026 in the market decreased by 352,828 SF quarter over quarter and 177,065 SF year over year to 832,595 SF. In sum, these declines reflect a 33.0% decrease from the trailing sixteen-year first-quarter average of 1.2 MSF. The relatively lower activity is likely driven by companies reevaluating corporate office space needs amid corporate downsizings and hesitancy to lease space in an economic environment marked by economic policy and geopolitical uncertainty and the risk of elevated costs from surging fuel costs.



Corporate Relocations Put Downward Pressure on Class A Vacancy

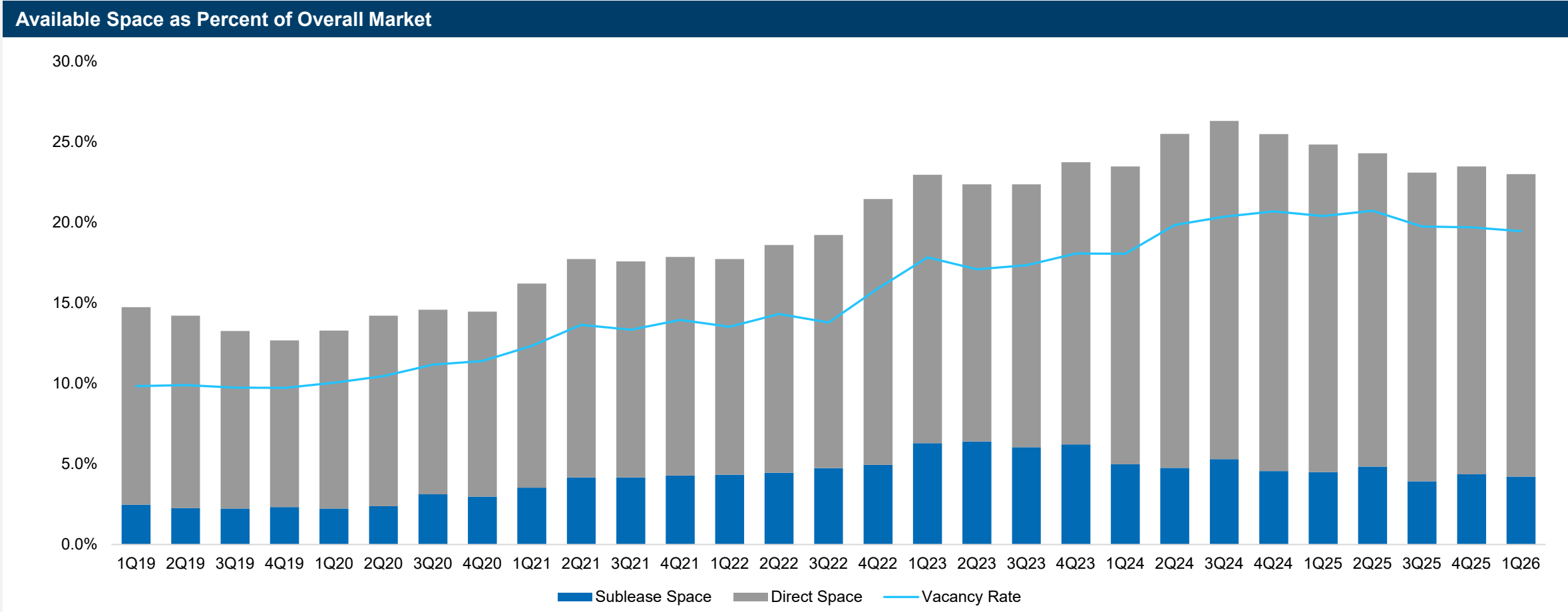
Raleigh’s Class A office inventory totals 34.3 MSF, representing 65.8% of total stock. The Class A vacancy rate declined to 22.6% in the first quarter of 2026, down from a recent peak of 24.6% observed at the end of 2024. Meanwhile, Class A vacancy remains above the market’s total vacancy of 19.5%. Despite vacancy remaining above pre-pandemic levels, leasing activity within Class A has generally reflected corporations consolidating into smaller, higher-quality, amenitized spaces. Class A vacancy will likely decrease as pre-pandemic leases expire and companies elect to re-locate their offices into Class A spaces.



Source: Newmark Research, CoStar

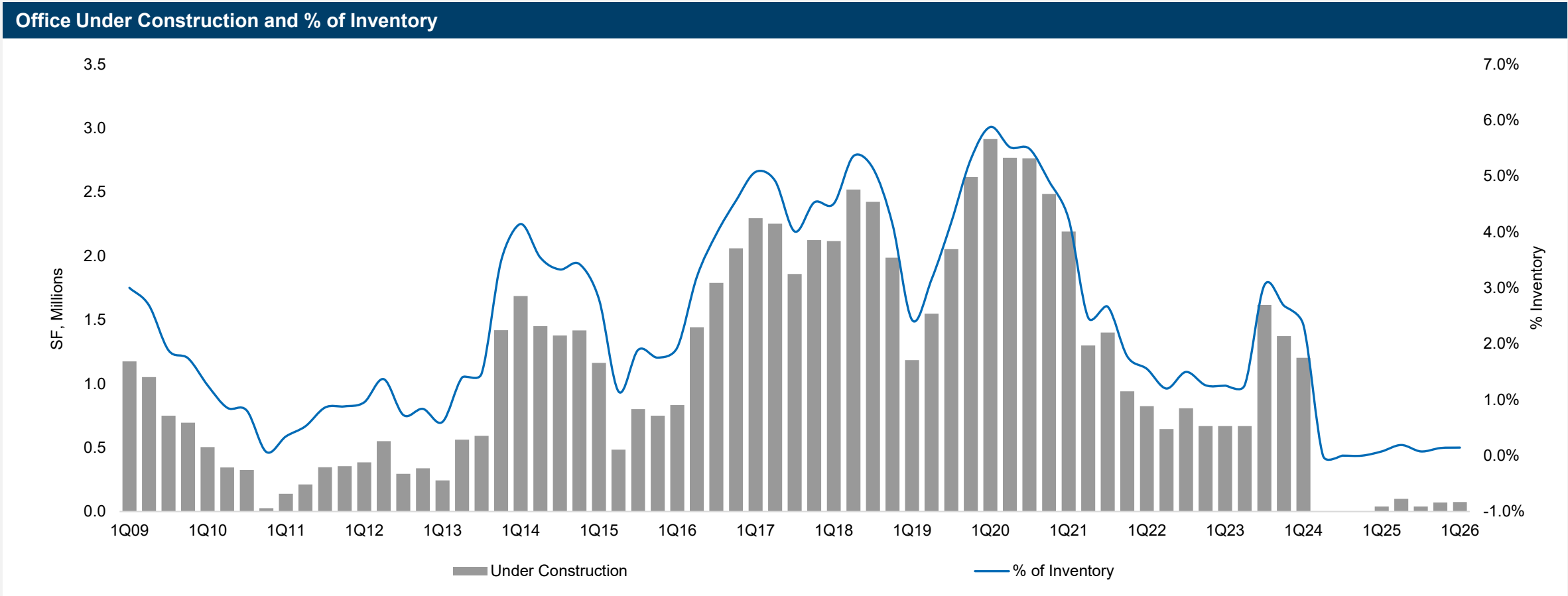
Annual Declines in Direct and Sublet Availabilities Push Vacancy Down

After a brief interlude of direct and sublet availabilities increasing during the fourth quarter of 2025, availabilities returned to their downward trend that has occurred since the peak recorded during the third quarter of 2024. The most recent quarter recorded quarterly and annual decreases of 14 basis points and 27 basis points, respectively, bringing sublet availability to 4.2%. Meanwhile, direct availability declined by 34 basis points quarter over quarter and 157 basis points year over year to 18.8%. The continued downward trajectories of direct and sublet availabilities has pushed overall vacancy down by 94 basis points year over year to 19.5%.



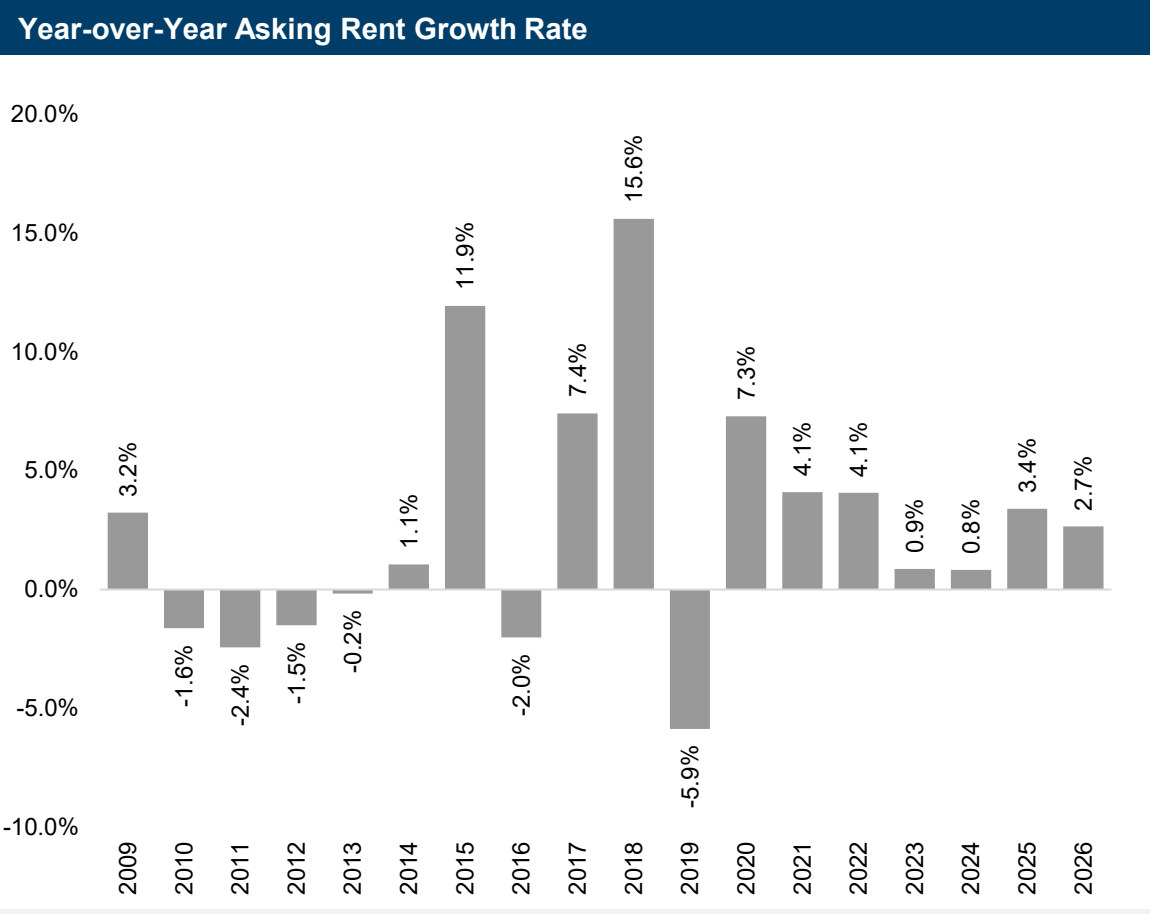
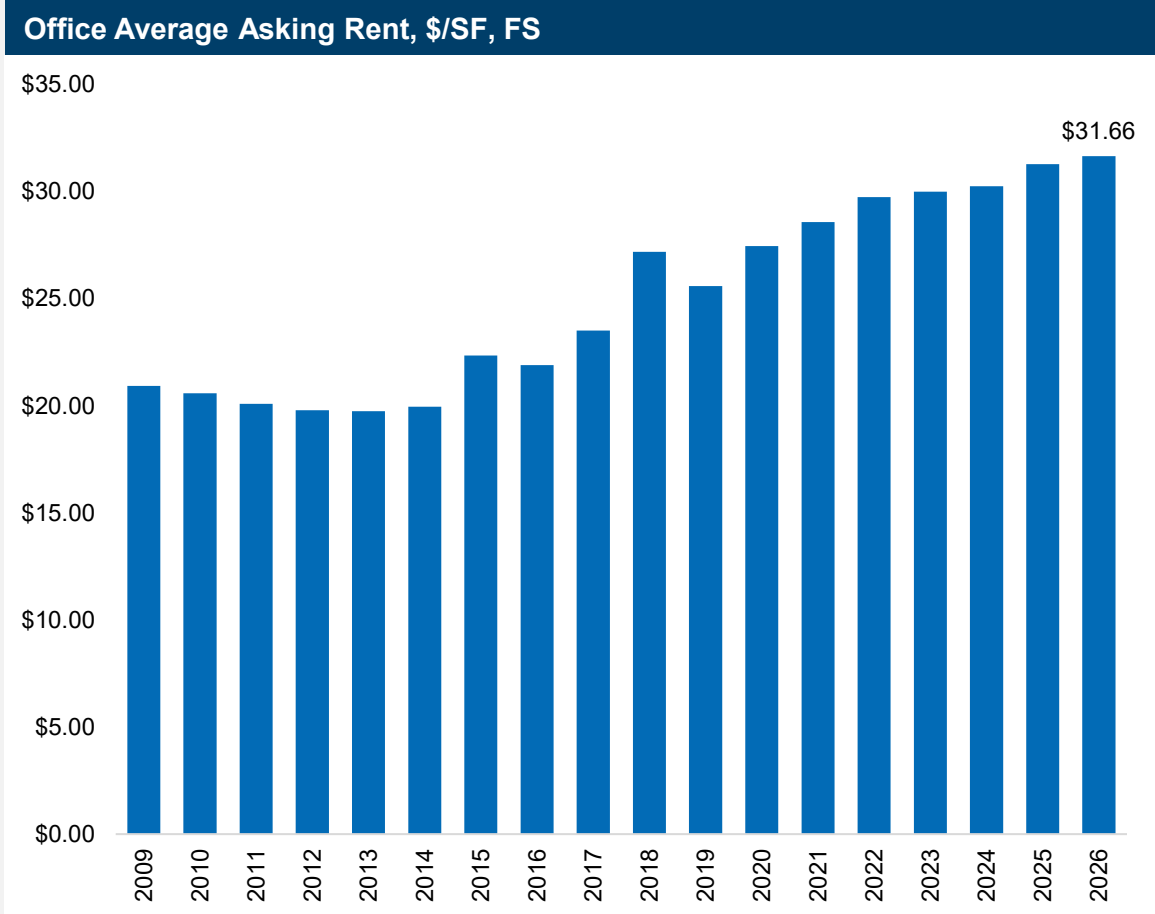
Construction Activity Remains Stagnant

Recent construction activity surged and peaked in the third quarter of 2023, driven by strong office demand in the technology and biotechnology sectors. However, the under-construction pipeline, impacted by the effects of elevated building costs and a higher cost of debt, has generally declined to its lowest levels in recent years. During the first quarter of 2026, the pipeline remained stagnant with 74,967 SF under construction, representing 0.1% of total inventory.



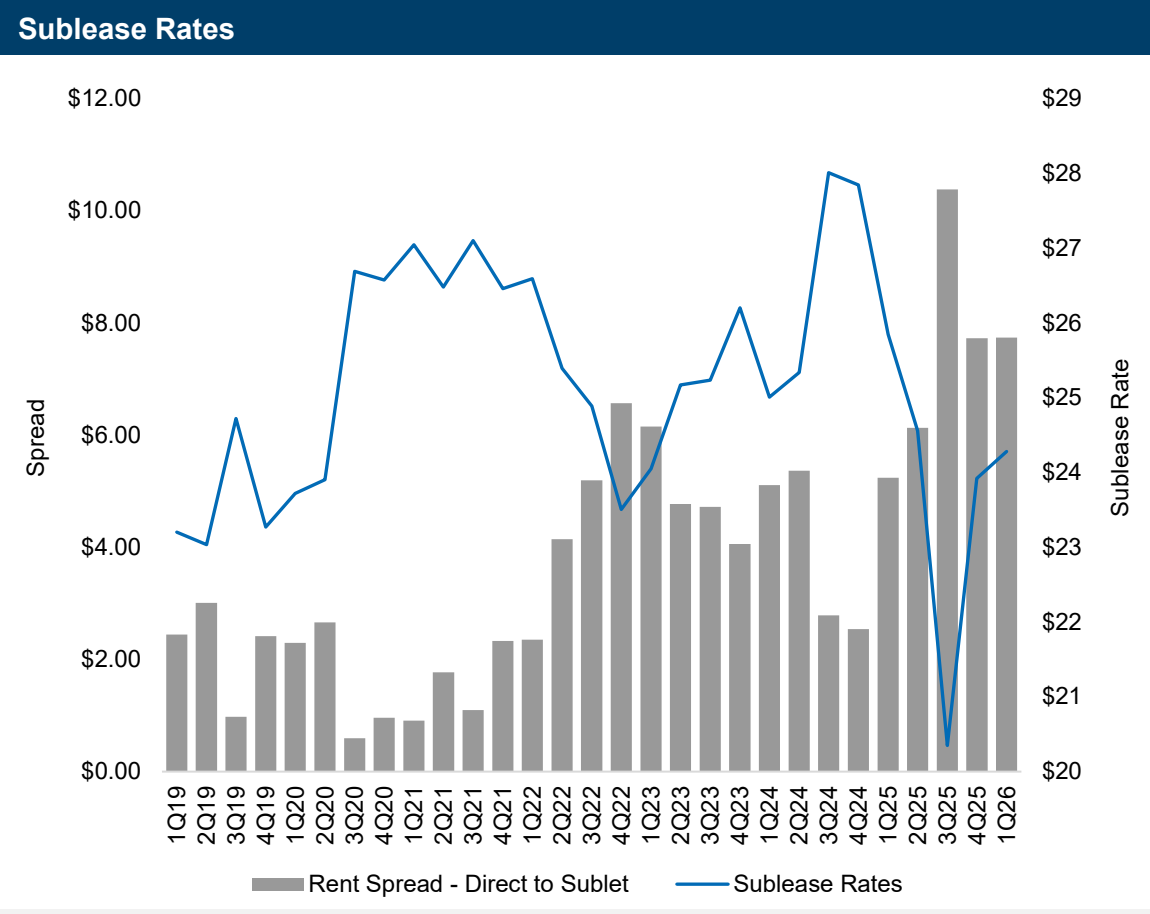
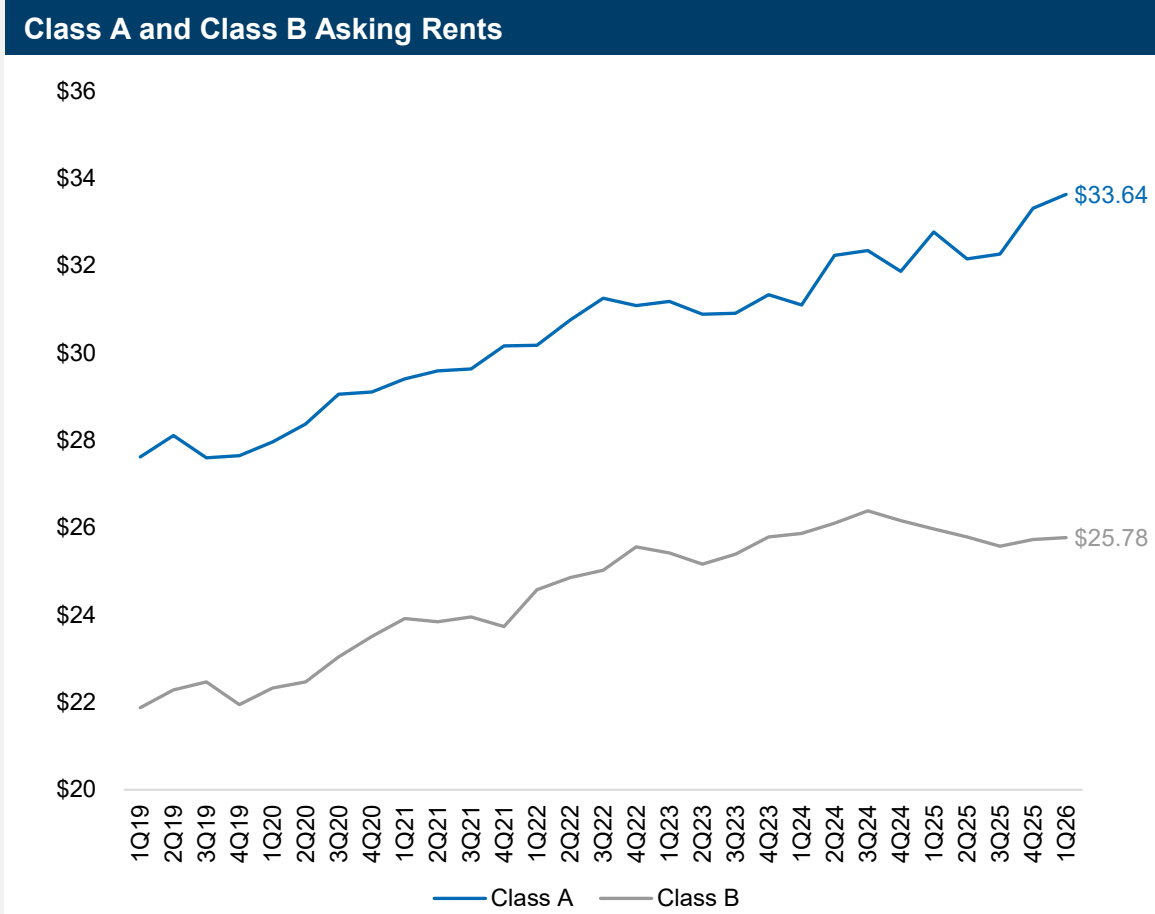
Asking Rents Tick Up to a Record High

First-quarter asking rents increased by 1.2% quarter over quarter and 2.7% year over year to a record high of \$31.66/SF. While Raleigh has reported positive yearly asking-rent growth since 2020, growth moderated through much of the cycle before reaccelerating in 2025, when asking rents increased 3.4%. However, recent annual gains in the first quarter of 2026 signal a return toward more normalized conditions. While new high-quality deliveries and rising inflation-driven costs have placed upward pressure on asking rents, sustained elevated vacancy and several quarters of subdued leasing activity have tempered overall growth in recent years.



Class A and B Rents Show Quarterly Increases

As of the end of the first quarter of 2026, both Class A and Class B rents posted quarterly increases. Class A rents increased by 1.0% to \$33.64/SF quarter over quarter while Class B increased by 0.2% to \$25.78/SF over the same period. The \$7.86/SF rent spread reflects a 39.4% increase since the first quarter of 2020. The widening gap suggests tenants are leaving lower-quality properties while seeking smaller, amenity-rich office spaces. The trend may persist as Class B landlords reduce rents to stimulate demand. Sublease asking rates increased 1.5% quarter over quarter to \$24.28/SF, but remain 6.1% lower than the same period last year.



Flight to Quality Office Buildings Continues

Victra, the largest authorized Verizon dealer in the United States, signed the largest lease of the quarter, when it relocated its corporate headquarters from the Colonnade to Imperial Tower. Imperial Tower has seen a surge of leasing in recent quarters, with Victra and Aspida Financial relocating their headquarters there and law firm Robinson Bradshaw leasing in the building. Macroeconomic and geopolitical headwinds have stalled several projects and leasing decisions. Overall, the first quarter of 2026 began with an increased volume of activity in the market and noticeably declined as the quarter closed. Meanwhile, there has been a dearth of tenant activity in Durham, as firms continue to focus their leasing activity on Research Triangle and Downtown Raleigh. Notably, suburban office buildings have been leased or are negotiating with alternative users, such as charter schools and churches, looking to take advantage of a soft market for older and suburban assets.

Notable 1Q26 Lease Transactions

Tenant	Building(s)	Submarket	Type	Square Feet
Victra	Imperial Tower	Research Triangle	Direct New	43,665
<i>Newmark represented Victra, the largest authorized Verizon dealer in the United States, when it relocated its office headquarters from the Colonnade to 4820 Emperor Boulevard in Durham. The firm will occupy part of the first floor and the entirety of the fourth floor. It is expected to occupy the space in July 2026.</i>				
Biologics	Biologics Building	Cary	Renewal	75,000
<i>Pharmaceutical company and McKesson subsidiary Biologics renewed its lease at its namesake building located at 11800 Weston Parkway. The firm has occupied the entire building since June of 2015.</i>				
Robinson Bradshaw	Imperial Tower	Research Triangle	Direct New	30,905
<i>Full-service law firm Robinson Bradshaw will be relocating its office to 4820 Emperor Boulevard in Durham. It is expected to move into the third floor during the second quarter of 2027.</i>				
Holt Brothers Construction	FNB Tower	Downtown Raleigh	Direct New	15,000
<i>Raleigh-headquartered general contractor Holt Brothers Construction will be moving its office from One City Place to 501 Fayetteville Street.</i>				

Raleigh-Durham Office Submarket Overview—All Classes

Submarket Statistics - All Classes								
	Total Inventory (SQ FT)	Net Absorption (Units)	Total Inventory (Units)	Net Absorption (Units)	Net Absorption (%)	Total Inventory (Units)	Total Inventory (SQ FT)	Total Inventory (Units)
Market Total	1,000,000	0	100%	0	0%	0	0	0
Wake County	500,000	0	50%	0	0%	0	0	0
South Durham	200,000	0	20%	0	0%	0	0	0
Southwest Wake County	100,000	0	10%	0	0%	0	0	0
West Raleigh	6,700,000	0	67%	-10,000	-10%	0	0	0
Submarket Total	40,000,000	70,000	100%	0	0%	0	0	0
Market Total	40,000,000	70,000	100%	0	0%	0	0	0

Please reach out to your Newmark business contact for this information

Raleigh-Durham Office Submarket Overview—Class A

Submarket Statistics - Class A						
	Total Inventory (SQ FT)	Under Construction (SQ FT)	Total Inventory (M)	Q3 Absorption (SQ FT)	YTD Absorption (SQ FT)	Days to Lease & Selling Rate (Percent)
Durham (M)	2,007,000	0	100%	4,000	4,000	97%

Please reach out to your Newmark business contact for this information

South Durham	1,200,000	0	100%	10,000	10,000	99%
Southwest Wake County	-	0	-	-	-	-
Southwest Wake County	10,000	0	100%	-	-	-
West Raleigh	2,000,000	0	100%	10,000	10,000	99%
Subtotal	27,000,000	10,000	100%	4,000	4,000	97%
Market Total	28,000,000	10,000	100%	25,000	25,000	97%

Raleigh-Durham Office Submarket Overview—Class B

	Total Inventory (SQ FT)	Under Construction (SQ FT)	Total Inventory (M)	FFB Absorption (SQ FT)	FFB Absorption (M)	Other Types & Leasing Rate (FFB/yr)
Durham (M)	1,274,700	0	100%	4,700	4,700	\$24.70
Durham (M)	1,274,700	0	100%	4,700	4,700	\$24.70

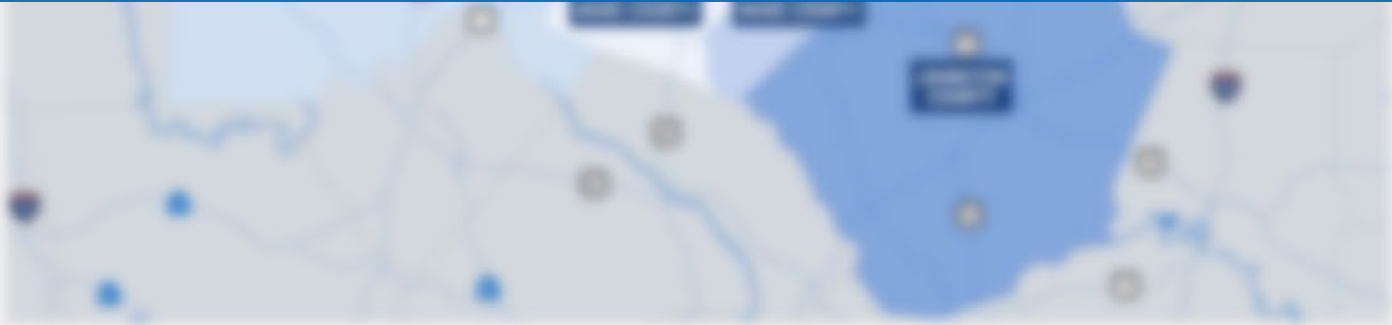
Please reach out to your Newmark business contact for this information

Charlotte	1,127,000	0	100%	4,700	4,700	\$24.70
Rocky Mount	100,000	0	100%	10,270	10,270	\$25.00
Wake Forest	10,000	0	100%	-	-	-
Wendell	10,000	0	100%	-	-	-
Wendell	10,000	0	100%	-	-	-
Wendell	1,071,200	0	100%	4,700	4,700	\$24.70
Wendell	10,000,000	0	100%	400	400	\$25.70
Market Total	11,740,000	0	100%	10,000	10,000	\$25.21

Raleigh-Durham Office Submarket Map



Please reach out to your
Newmark business contact for this information



1Q26 North Carolina Office Market Overview



Please reach out to your
Newmark business contact for this information

1Q26 Data

\$

\$

Direct Leasing Rate (2025)

100.00

100.00

Public Leasing Rate (2025)

100.00

100.00

Total Leasing Rate (2025)

100.00

100.00

03

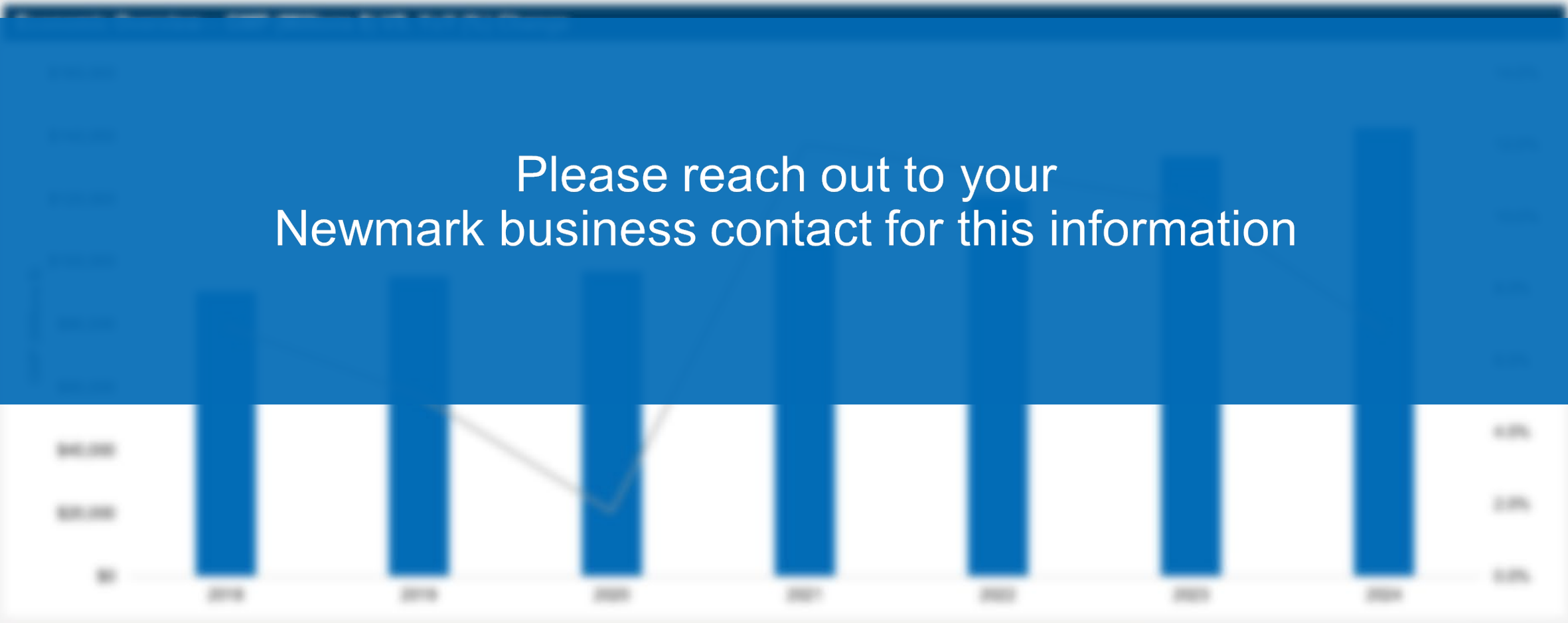
Appendix



Raleigh Gross Metropolitan Product

Raleigh's gross metropolitan product continues to increase despite economic headwinds, albeit at a slower rate. In line with macroeconomic trends, the annual growth rate has declined since the record high set during 2021. During 2024, the gross metropolitan product rose 4.8% year over year to reach a new all-time high of \$142.4 billion.

Please reach out to your Newmark business contact for this information



Raleigh Office Market



The city has a diverse economy with strong sectors in healthcare, advanced manufacturing,



Many small-scale jobs can be a challenge for some businesses.

Please reach out to your Newmark business contact for this information

- The under construction pipeline is below historic averages, potentially limiting expansion of demand within the city.
- Tighter properties, though high availability, compared to other markets with increasing opportunities for the construction of new office buildings, as well as office development & office use trends.

- Office portfolios for Class B and C properties.
- Higher financing costs may deter investment and slow leasing activity.
- Potential economic downturns in both sectors decreasing could reduce office demand, particularly given Raleigh's reliance on both and the volatility.

Andrew Cook

Research Analyst
Southeast Research
Andrew.Cook@nmrk.com

Neil Matthee

Research Manager
Southeast Research
Neil.Matthee@nmrk.com

Kirsten Kempf

Senior Research Analyst
Southeast Research
Kirsten.Kempf@nmrk.com

Ching-Ting Wang

Head of Southeast Research
Southeast Research
Chingting.Wang@nmrk.com

Raleigh

4242 Six Forks Rd Suite 930
Raleigh, NC 27609
t 919-390-0281

New York Headquarters

125 Park Ave.
New York, NY 10017
t 212-372-2000

Newmark has implemented a proprietary database and our tracking methodology has been revised. With this expansion and refinement in our data, there may be adjustments in historical statistics including availability, asking rents, absorption and effective rents. Newmark Research Reports are available at nmrk.com/insights.

All information contained in this publication (other than that published by Newmark) is derived from third party sources. Newmark (i) has not independently verified the accuracy or completeness of any such information, (ii) does not make any warranties or representations, express or implied, concerning the same and (iii) does not assume any liability or responsibility for errors, mistakes or inaccuracies of any such information. Further, the information set forth in this publication (i) may include certain forward-looking statements, and there can be no guarantee that they will come to pass, (ii) is not intended to, nor does it contain sufficient information, to make any recommendations or decisions in relation to the information set forth therein and (iii) does not constitute or form part of, and should not be construed as, an offer to sell, or a solicitation of any offer to buy, or any recommendation with respect to, any securities. Any decisions made by recipient should be based on recipient's own independent verification of any information set forth in this publication and in consultation with recipient's own professional advisors. Any recipient of this publication may not, without the prior written approval of Newmark, distribute, disseminate, publish, transmit, copy, broadcast, upload, download, or in any other way reproduce this publication or any of the information it contains with any third party. This publication is for informational purposes only and none of the content is intended to advise or otherwise recommend a specific strategy. It is not to be relied upon in any way to predict market movement, investment in securities, transactions, investment strategies or any other matter. If you received this publication by mistake, please reply to this message and follow with its deletion, so that Newmark can ensure such a mistake does not occur in the future.