Steady Mid-Sized Leasing Volume Further Reduces Vacancy

▼19.6% Vacancy Rate

▼170,000 SF Net Absorption

▶0 SF Construction Delivered

▶0 SF Under Construction

▼$31.12 FSG/YR Direct Lease Rate

Note: Arrows indicate change from previous quarter.

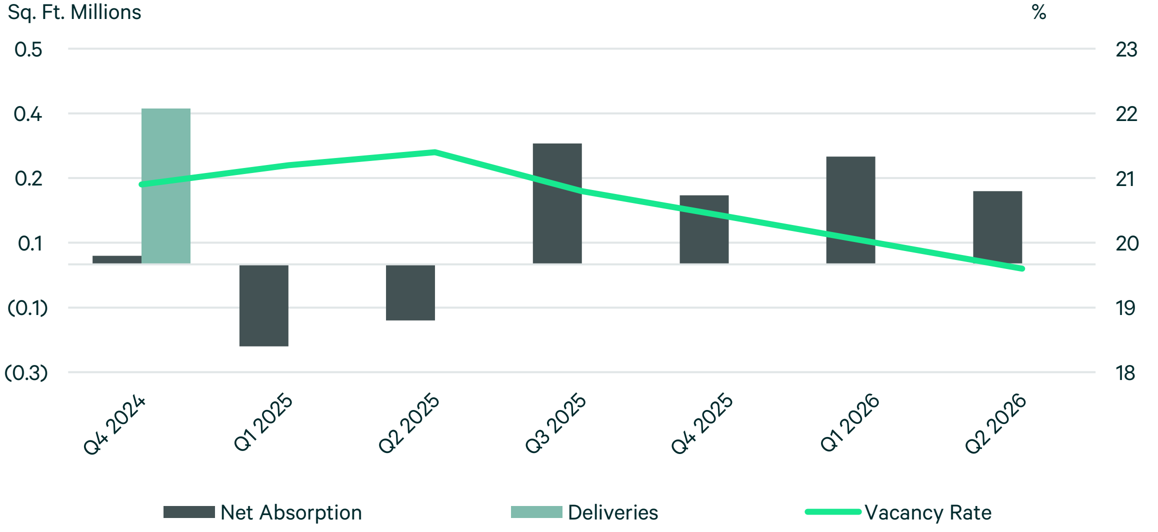
Market Overview

The market in Q2 2026 shows steadily improving fundamentals. Net absorption reached 170,000 sq. ft., bringing year-to-date net absorption to 422,000 sq. ft. A large absorption shift came from Imperial Tower which had Aspida Financial and Victra occupy. Market growth has seen a sharp turnaround from the negative absorption in Q2 2025. Vacancy decreased quarter-over-quarter from 20.0% to 19.6% and is down 180 basis points (bps) year-over-year, while availability edged down to 23.4%.

High leasing rates for Class A and prime space has removed high-dollar availability from the market, factoring into the decreased average rental rate. Current high watermark asking rates sit at the high $50s per sq. ft. in the North Hills District for new prime office.

Progress Software Corp. executed the largest new lease at 29,000 sq. ft. in Downtown Raleigh, highlighting continued interest in the core business district. Activity is balanced between urban and suburban nodes, with commitments spanning Downtown Raleigh, Cary, Midtown, and the RTP/I-40 Corridor, signaling that tenants are engaging across a range of locations, value-minded price points, and amenity profiles.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q2 2026

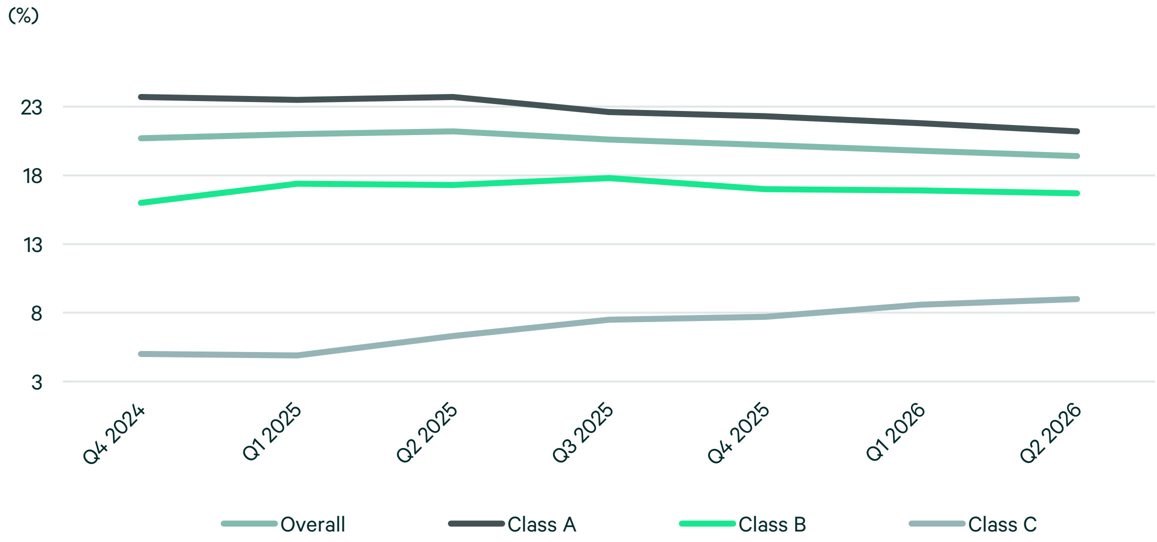
Vacancy

Overall office vacancy remained highest in Class A assets at 21.4%, however Class A vacancy continues to tighten, shown by a decline of 60 bps quarter-over-quarter and 250 bps year-over-year. Class B vacancy closed the quarter at 16.9%, down 20 bps quarter-over-quarter and 60 bps year-over-year.

South Durham posted the highest vacancy at 24.4%, with the RTP/I-40 Corridor also elevated at 21.7%. In South Durham, Palladian Corporate Center II and University Tower account for a sizeable percentage of vacancy increases for the submarket. In RTP/I-40 Corridor 7033 Louis Stephens Drive, 5213 S. Alston Avenue, and 1700 Perimeter Park Drive all have full-building vacancies leading to large blocks of Class A space.

Sublease vacancy in higher-quality product eased, with Class A at 3.2%, down 10 bps quarter-over-quarter and Class B at 2.1%, down 100 bps quarter-over-quarter. Sublease availability totaled 4.6% of market inventory.

Figure 2: Vacancy Rates by Class



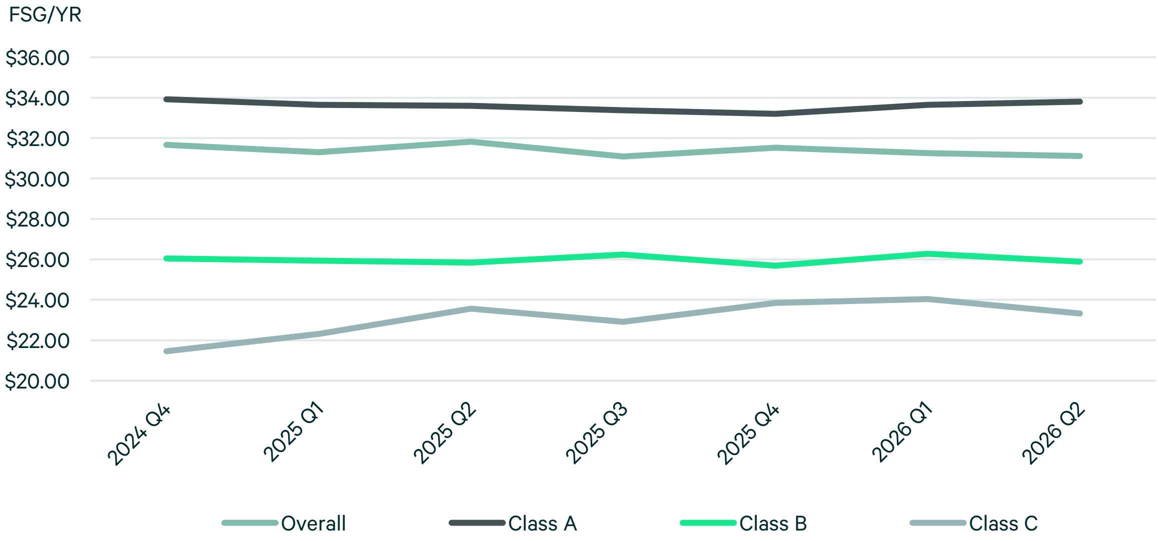
Source: CBRE Research, Q2 2026

Asking Rent

In Q2 2026, the overall average asking rent was $31.12 per sq. ft., a modest 0.4% quarter-over-quarter decrease from $31.25 per sq. ft. The decrease was driven primarily by a decline in Class C asking rents, widening the upgrade costs to Class B space. Class A space maintains a clear premium, with average asking rents of $33.81 per sq. ft., reflecting a 0.5% quarter-over-quarter increase and a 0.6% year-over-year gain. Class A increases are offset by the continued absorption of premium and high watermark availabilities as tenants remained active in the market's most amenity-rich spaces.

At the submarket level, Midtown and Downtown Raleigh commanded the highest Class A asking rents, reaching $46.61 and $41.10 per sq. ft., respectively, while Central Durham also remained a premium-priced market at $38.67 per sq. ft. Midtown Raleigh's elevated pricing is primarily attributed to high-end product concentrated within the North Hills district, where asking rents for top-tier space now approaches the $60 per sq. ft. range. In the Class B segment, Central Durham led the market at $31.56 per sq. ft., followed by Downtown Raleigh at $29.66 per sq. ft.

Figure 3: Average Direct Asking Rate by Class



Source: CBRE Research, Q2 2026

Net Absorption

Total office net absorption in Q2 2026 was 170,000 sq. ft. across all property classes, marking the fourth consecutive quarter of positive demand. While absorption was positive, it was under the Q3 2025 peak of 281,000 sq. ft. by 111,000 sq. ft. Demand in Q2 2026 was driven by Class A space, which recorded 216,000 sq. ft. of positive absorption.

Large occupancy gains at Imperial Tower, driven by Aspida Financial and Victra's combined 133,000 sq. ft. move-ins, propelled the RTP/I-40 Corridor to the top-performing submarket for positive absorption. Cary ranked second, recording 71,000 sq. ft. of absorption with Kimley-Horn's occupancy at Weston One. Midtown Raleigh also posted positive gains, totaling 61,000 sq. ft., supported by Cardinal Civil Contracting's 31,000 sq. ft. lease at Six Forks Place One and Fly Exclusive's 28,000 sq. ft. occupancy at One North Hills Tower. Some of these properties are anticipated to have positive absorption next quarter with leases signed and tenants preparing to occupy.

Overall, Class B and C saw mild negative absorption with Class B having negative 44,000 sq. ft. due to lower leasing velocity combined with a few move outs in Q2.

Construction Activity

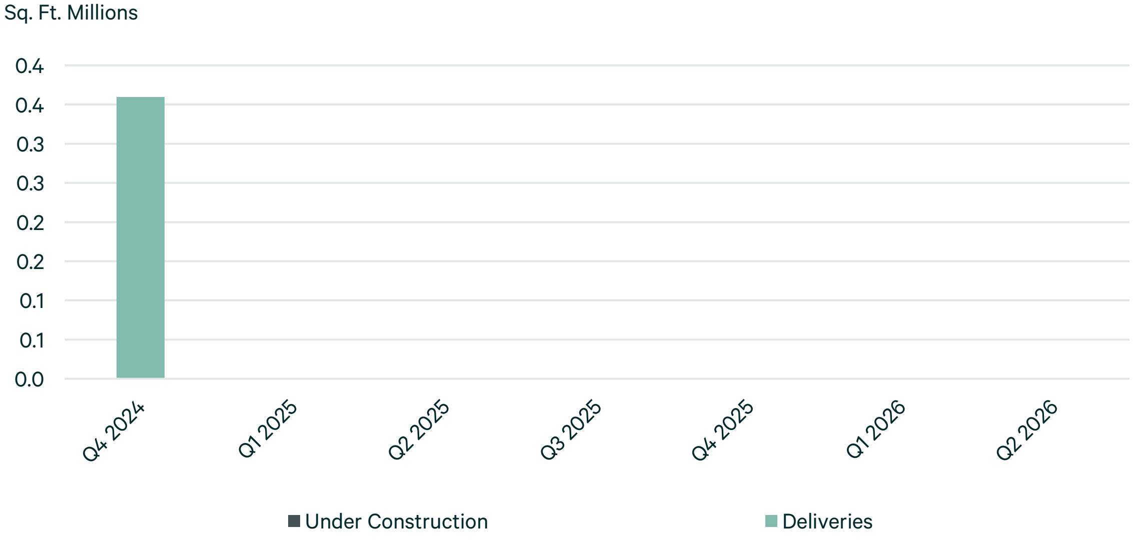
There was no construction activity in Q2 2026, with both under construction and delivered volumes at 0 sq. ft. Under construction has been at 0 sq. ft. in every quarter from Q4 2024 through Q2 2026. Delivered construction totaled 363,000 sq. ft. with Tower V delivering in Q4 2024 and then fell to 0 sq. ft. from Q1 2025 onward.

Several proposed developments remain in the planning stages as developers work toward targeted pre-leasing thresholds before commencing construction. Recently, leasing activity has been driven primarily by small- to mid-sized tenants seeking move-in-ready office space, with demand concentrated in existing available inventory.

Figure 4: Net Absorption Trend

Source: CBRE Research, Q2 2026

Figure 5: Construction Activity



Source: CBRE Research, Q2 2026

Leasing Activity

Leasing activity totaled 763,000 sq. ft. in Q2 2026, representing a 7.0% increase quarter-over-quarter from the 710,000 sq. ft. leased in Q1 2026. The four-quarter rolling average reached 858,000 sq. ft., reflecting a modest decline in overall leasing velocity compared with the prior year.

The RTP/I-40 Corridor recorded the highest leasing volume during the quarter, led by renewals from Extreme Networks and a confidential tenant, which collectively accounted for more than 100,000 sq. ft. of activity. Downtown Raleigh posted several notable mid-sized new leases, including Progress Software Corp.'s transaction at 421 N. Harrington St. and MaintainX's lease at 150 Fayetteville St.

While several of the quarter's largest transactions were renewals, new leases accounted for the majority of leasing transactions. New deal activity was driven primarily by small to mid size Class A leases across both suburban and urban submarkets. These deals spanned a wide range of locations, price points, and amenity profiles.

Figure 6: Leasing by Submarket (% of Total Activity)

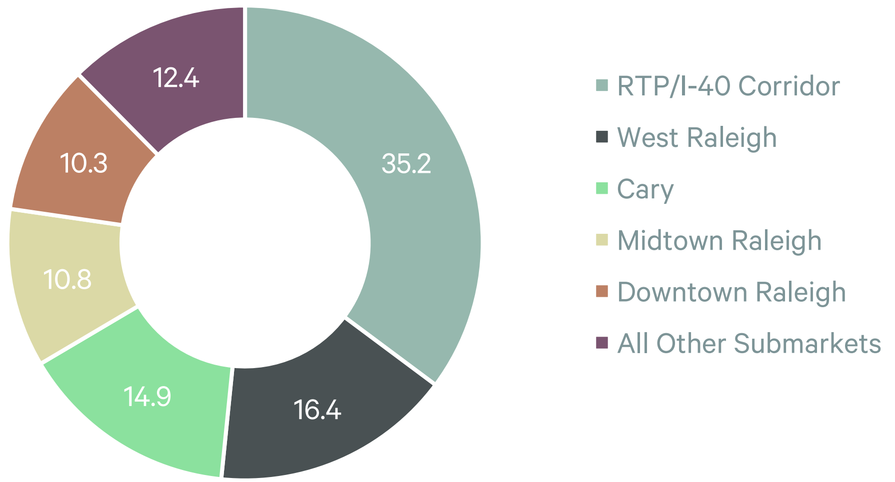


Figure 7: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Extreme Networks	54,000	Renewal	2121 RDU Center Drive	RTP/I-40 Corridor
Confidential Tenant	47,000	Renewal	3005 Carrington Mill Boulevard	RTP/I-40 Corridor
Progress Software Corp.	29,000	New Lease	421 N Harrington Street	Downtown Raleigh
Garmin	28,000	New Lease	12040 Regency Parkway	Cary
Playmetrics	26,000	New Lease	1700 Perimeter Park Drive	RTP/I-40 Corridor
Couchbase, Inc.	19,000	New Lease	4350 Lassiter At North Hills Avenue	Midtown Raleigh
MaintainX	19,000	New Lease	150 Fayetteville Street	Downtown Raleigh

Source: CBRE Research, Q2 2026

Source: CBRE Research, Q2 2026

Market Statistics by Class

Figure 8: Metro Market Statistics by Class

Property Class	NRA (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF FSG/yr)	Q2 2026 Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	34.91M	21.4	25.5	19.6	6.0	33.81	216,000	331,000	-	-
Class B	18.62M	16.9	20.4	18.2	2.3	25.89	(44,000)	108,000	-	-
Class C	1.51M	9.2	11.1	11.1	-	23.32	(2,000)	(17,000)	-	-
Total	**55.04M**	**19.6**	**23.4**	**18.9**	**4.6**	**31.12**	**170,000**	**422,000**	**-**	**-**

Source: CBRE Research, Q2 2026

Figure 9: Suburban Market Statistics by Class

Property Class	NRA (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF FSG/yr)	Q2 2026 Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	24.74M	21.6	26.6	20.8	5.8	31.03	157,000	166,000	-	-
Class B	14.78M	16.9	20.1	18.6	1.5	24.85	(18,000)	155,000	-	-
Class C	810,000	8.2	9.4	9.4	-	19.76	(11,000)	(12,000)	-	-
Total	**40.33M**	**19.6**	**23.8**	**19.7**	**4.1**	**28.85**	**128,000**	**309,000**	**-**	**-**

Source: CBRE Research, Q2 2026

Figure 10: Urban Market Statistics by Class

Property Class	NRA (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF FSG/yr)	Q2 2026 Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	10.18M	20.9	23.0	16.6	6.4	42.46	59,000	165,000	-	-
Class B	3.84M	17.0	21.9	16.5	5.4	30.32	(27,000)	(47,000)	-	-
Class C	696,000	10.4	13.1	13.1	-	26.14	10,000	(5,000)	-	-
Total	**14.72M**	**19.4**	**22.3**	**16.4**	**5.8**	**38.65**	**41,000**	**113,000**	**-**	**-**

Source: CBRE Research, Q2 2026

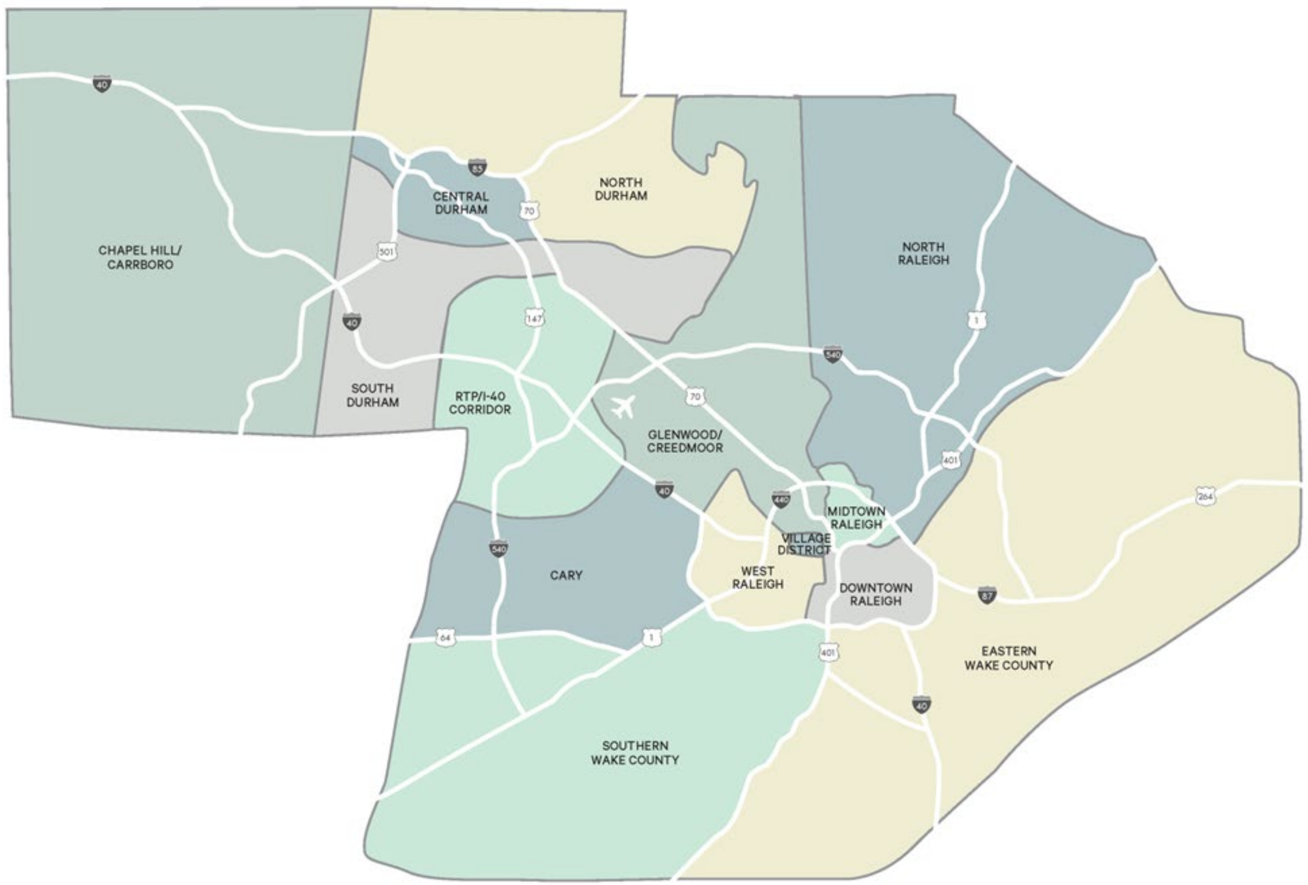
Market Statistics by Submarket

Figure 11

Submarket	NRA (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF FSG/yr)	Class A Asking Rent ($/SF FSG/yr)	Q2 2026 Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Cary	6.33M	22.3	24.0	21.3	2.7	27.69	29.43	79,000	13,000	-	-
Central Durham	4.25M	16.0	22.9	17.7	5.2	36.10	38.67	12,000	46,000	-	-
Chapel Hill/Orange County	1.99M	14.8	21.7	20.9	0.8	30.81	33.50	21,000	20,000	-	-
Downtown Raleigh	6.35M	20.4	22.3	14.4	7.9	36.88	41.10	(31,000)	(34,000)	-	-
Eastern Wake County	480,000	4.8	7.2	7.2	-	19.52	-	(2,000)	-	-	-
Glenwood/Creedmoor	4.13M	19.3	22.4	18.0	4.4	31.04	32.83	(14,000)	12,000	-	-
Midtown Raleigh	4.12M	21.3	21.4	18.1	3.3	43.24	46.61	61,000	101,000	-	-
North Durham	305,000	3.3	21.7	21.7	-	21.78	-	2,000	7,000	-	-
North Raleigh	5.59M	16.9	19.3	16.7	2.6	27.97	31.25	(67,000)	13,000	-	-
RTP/I-40 Corridor	13.12M	21.7	28.4	21.0	7.4	28.00	29.42	117,000	261,000	-	-
South Durham	1.58M	24.4	32.6	25.7	6.9	27.95	30.29	-	16,000	-	-
Southern Wake County	303,000	2.3	2.3	2.3	-	25.91	28.50	(4,000)	4,000	-	-
Village District	382,000	17.7	16.2	12.5	3.6	23.55	-	(16,000)	(10,000)	-	-
West Raleigh	6.12M	18.3	20.5	19.6	0.8	31.81	34.19	12,000	(26,000)	-	-
Total	**55.04M**	**19.6**	**23.4**	**18.9**	**4.6**	**31.12**	**33.81**	**170,000**	**422,000**	**-**	**-**

Source: CBRE Research, Q2 2026

Market Area Overview



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Survey Criteria

CBRE's competitive office inventory includes buildings with 10,000 sq. ft. or more of office space located within Wake, Durham, and Orange counties. Owner-occupied, medical and life science properties are excluded. Average asking rates are weighted by the amount of available space per building and are quoted on a full-service basis, per sq. ft. per year. Absorption is based on physical space occupancy, and leasing activity captures all leases signed at time of deal execution (including renewals). Demolitions and a cleanup of space no longer meeting statistical survey criteria led to a small reduction of inventory from the Q4 2025 period.

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