

FIGURES | RALEIGH-DURHAM OFFICE | Q4 2025

Leasing and sales velocity strengthen market confidence entering 2026

▼ 20.6%

Total Vacancy Rate

▲ 159k

Sq. Ft. Total Net Absorption

▲ \$31.43

Market FSG / Asking Rate

▲ \$33.86

Class A FSG / Asking Rate

▶ 0

Sq. Ft. Under Construction

Note: Arrows indicate change from previous quarter.

Key Takeaways

- Vacancy rates show incremental improvement, supported by positive absorption and sustained demand for Class A space. Asking rents continue to trend upward, signaling landlord confidence and steady interest in core submarkets, even as overall growth moderates.
- Sublease availability continued its decline to 5.0%, suggesting improved utilization of second-generation, especially concentrated in prime locations. Sublease absorption has been positive for the second year with over 150,000 sq. ft absorbed.
- Investment sales in Q4 totaled \$328.3M. Activity dominated by private investor transactions, with lower participation from institutional and cross-border buyers in 2025.
- Office development activity remains paused as the market works through its remaining prime office inventory. Stabilization of these projects is expected to precede any new construction starts.

FIGURE 1: Net Absorption and Vacancy



Source: CBRE Research Q4 2025

Market Fundamentals

Raleigh’s office market posted improved fundamentals this quarter. Overall vacancy declined slightly to 20.6%, down 22 basis points (bps) from the prior quarter. Class A vacancy followed a similar trend at 22.7%, down 12 bps. Net absorption totaled 159,784 sq. ft., and Class A absorption was 43,028 sq. ft., aided by notable move-ins for: LNW Gaming (25,731 sq. ft.) at One Glenwood, Raliant (23,018 sq. ft.) at Creative Offices at North Hills, and Hill-Rom Company (22,418 sq. ft.) at Palisades III. Downtown Raleigh, Midtown Raleigh, and North Durham were key drivers of positive absorption, signaling steady, continued activity in these core locations.

Sublease availability declined to 5.01%, down 0.4% from last quarter, signaling improved absorption of second-generation space. Meanwhile, direct availability edged up slightly to 18.71%, though overall availability decreased to 23.72%, a 0.28% drop quarter-over-quarter. This reflects that while some direct availability is capturing future tenant moves, there is an overall decrease to available space and vacancy overall due to expansions and net-new tenant occupancies.

Overall market direct asking rents continued to edge upward, reaching \$31.43 per sq. ft., a quarterly increase of \$0.37. This increase was caused by a notable lift in Class C rates, which eliminated prior drag in pricing. Among prime offices, average asking rent increased from \$45.93 in Q4 2024 to \$46.54 in Q4 2025. The new high watermark rental rate for prime office is approaching the mid-\$50s per sq. ft..

Leasing Trends

The market saw notable leasing activity this quarter, led by Pendo’s 105,252 sq. ft. renewal at 301 Hillsborough in Downtown Raleigh. Additional large leases included Aspida Financial and North Carolina Education Lottery, as shown in Figure 2. The quarter showed a healthy mix of renewal and new lease activity, with continued removal of sublease availability.

Overall tenants-in-the-market demand remains steady with approximately 2.22 million sq. ft. currently in the market. Technology, Legal Services, and Financial Services account for 602,000 sq. ft., representing 27.1% of this pipeline, which mirrors the most active industries for recent leasing as well. The RTP/I-40 Corridor, anchored by the famed Research Triangle Park, has seen an influx of recent leases and tenant interest by both office and life science users.

FIGURE 2: Select Q4 2025 Leasing Activity

Property Name	Submarket	Tenant Name	Size (SF)	Lease Type
301 Hillsborough	Downtown Raleigh	Pendo.io	105,252	Renewal
Imperial Tower	RTP/I-40 Corridor	Aspida Financial	89,770	New Lease
Colonnade 2	North Raleigh	N.C. Education Lottery	89,000	New Lease
Perimeter Park One	RTP/I-40 Corridor	[Confidential]	47,411	Renewal
540 Tech Center	North Raleigh	[Confidential]	38,470	New Lease
Martin Building	Downtown Raleigh	Raleigh Police Department	31,228	New Lease
CentreGreen Four	Cary	DB Global Technology	30,411	Renewal
Tower 2 at Bloc [83]	Downtown Raleigh	RapidScale	27,210	Sublease

Source: CBRE Research Q4 2025

FIGURE 3: Historical Average Direct Asking Rate



Source: CBRE Research Q4 2025

Development & Investment

The office development pipeline remained inactive in Q4, with the construction remaining stalled in the near-term. Four major deliveries from 2024 - Tower 5, 1000 Social, 400H and Horseshoe at Hub RTP - are still in lease-up and account for over 600,000 sq. ft. of remaining vacant available space. The stabilization of these and other recently delivered properties in the past five years are expected to support renewed development, aided by the improving interest rate and lender environment.

Investment sales totaled \$328.3 million in Q4. Key trades included Novartis' \$155 million acquisition of 14 TW Alexander Drive within Research Triangle Park, as part of a broader \$771 million expansion in the area to bolster its manufacturing hub and create 700 new jobs. Also of note was the sale of 3900 North Paramount Parkway in Morrisville for \$33 million to OlivePoint Capital. The majority of recent sales in Raleigh-Durham has been among private investors, with a lull in institutional buyer activity this year.

Economic Outlook

Nationally, economic growth is projected to slow to 1.4%, while unemployment is expected to rise to 4.5% and inflation may peak at 3.3% mid-year. Raleigh's labor market, however remains consistent entering 2026, with unemployment at 3.2%, still well below the U.S. average of 4.4%. Raleigh-Durham's highly diverse industry base and government presence provides insulation to major swings in the market. Although national trends point to a cautious environment, Raleigh's fundamentals suggest resilience and gradual expansion.

Leasing activity is anticipated to improve throughout 2026, driven by larger occupiers entering to the market and increased emphasis on the need for quality office space. One North Hills in Midtown Raleigh is now fully leased—a key milestone for this high-demand development. While recent office deliveries have pushed Midtown's vacancy rates higher, this full lease-up marks progress toward more balanced market fundamentals and highlights the strong performance of newly built prime office space.

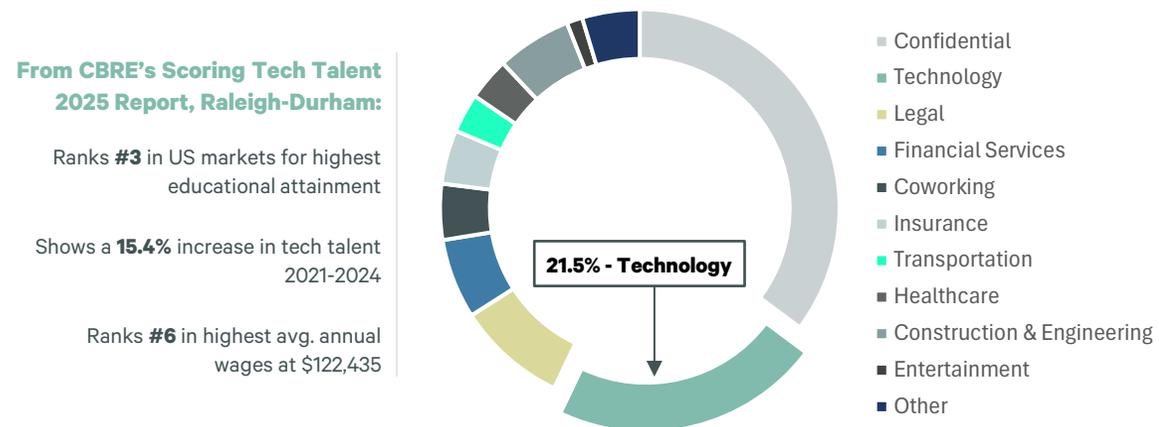
Overall, the Raleigh market is expected to experience moderate growth, with tenant activity signaling confidence in the region's long-term outlook despite a softer national backdrop.

FIGURE 4: Historic Annual Investment Sales Volume



Source: CBRE Research Q4 2025; Real Capital Analytics

FIGURE 5: Tenants in the Market by Industry Composition



Source: CBRE Research Q4 2025

Market Statistics

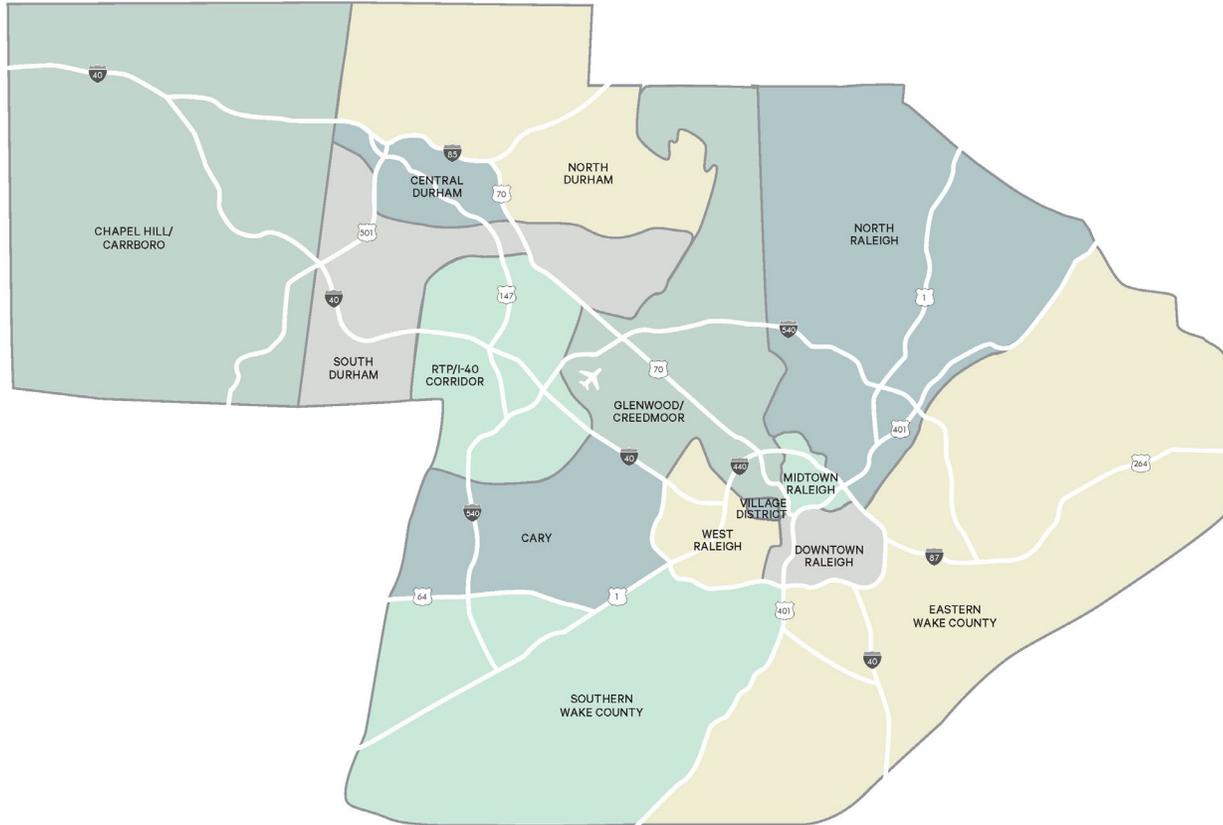
By Submarket	Inventory (Sq. Ft.)	Direct Vacancy Rate (%)	Total Vacancy Rate (%)	Total Availability Rate (%)	Under Construction (Sq. Ft.)	Avg. Direct Lease Rate (Sq. Ft./Year FSG)	Q4 Net Absorption (Sq. Ft)	YTD Net Absorption (Sq. Ft.)
Central Durham	4,273,931	13.0	16.4	22.0	0	\$35.62	(265)	93,306
Downtown Raleigh	6,439,640	12.4	19.7	22.2	0	\$35.35	101,393	53,234
Midtown Raleigh	4,121,843	22.8	24.7	22.9	0	\$43.78	59,165	235,963
North Raleigh	312,422	5.5	5.5	21.8	0	\$21.65	791	7,049
Glenwood/Creedmoor	4,130,536	16.6	19.6	22.5	0	\$32.46	(33,762)	(49,989)
Village District	382,262	14.7	15.1	19.9	0	\$31.59	431	(5,574)
West Raleigh	6,045,462	16.4	17.3	21.7	0	\$32.46	43,215	174,201
Cary	6,451,139	21.0	23.4	23.5	0	\$28.45	(13,217)	(177,677)
RTP/I-40 Corridor	13,384,548	21.0	24.7	29.4	0	\$29.15	(70,709)	(162,959)
Eastern Wake	489,153	4.6	4.6	4.6	0	\$18.58	(313)	(19,707)
Southern Wake	302,861	3.7	3.7	1.1	0	\$25.05	2,277	(3,082)
North Durham	5,666,991	13.2	17.2	18.5	0	\$27.24	56,278	(29,107)
South Durham	1,620,451	24.2	24.9	33.5	0	\$28.82	(2,466)	(25,609)
Chapel Hill/Carrboro	2,000,040	15.9	16.0	21.4	0	\$32.55	16,996	29,935
MARKET TOTAL	55,621,279	17.4%	20.6%	18.7%	0	\$31.43	159,792	119,984

By Class	Inventory (Sq. Ft.)	Direct Vacancy Rate (%)	Total Vacancy Rate (%)	Total Availability Rate (%)	Under Construction (Sq. Ft.)	Avg. Direct Lease Rate (Sq. Ft./Year FSG)	Q4 Net Absorption (Sq. Ft)	YTD Net Absorption (Sq. Ft.)
Class A	36,022,841	19.5	22.7	26.3	0	\$33.18	43,028	442,809
Class B	18,029,410	14.2	17.5	20.0	0	\$25.83	123,491	(276,491)
Class C	1,569,028	8.0	8.0	7.8	0	\$23.85	(6,735)	(46,334)
MARKET TOTAL	55,621,279	17.4%	20.6%	18.7%	0	\$31.43	159,792	119,984

Prime Office Only	Inventory (Sq. Ft.)	Direct Vacancy Rate (%)	Total Vacancy Rate (%)	Total Availability Rate (%)	Under Construction (Sq. Ft.)	Avg. Direct Lease Rate (Sq. Ft./Year FSG)	Q4 Net Absorption (Sq. Ft)	YTD Net Absorption (Sq. Ft.)
Downtown	4,727,121	24.1	31.2	30.4	0	\$46.66	71,303	279,764
Suburban	997,786	13.3	13.3	13.5	0	\$46.07	19,228	145,920
MARKET TOTAL	5,724,907	22.2%	28.1%	27.5%	0	\$46.54	90,531	444,431

Source: CBRE Research Q4 2025

Submarket Map



CBRE Offices

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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. Demolitions and downsized space lead to a small reduction of inventory during the Q4 2025 period.

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