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Editors/Reporters

Please click on link to view and download Avison Young's Q4 2018 Triangle Office Market Report:
<https://www.avisonyoung.us/documents/92532/2127338/Raleigh-Durham+Office+Report+%28Q4+2018%29/2e7de2a5-aa04-4d9d-874c-ae69cbd04391?t=1571194656>

**Rental rates hit record high in Triangle office market in 2018
as annual absorption tops 1.6 million square feet**

Avison Young releases its Fourth-Quarter 2018 Triangle Office Market Report

Raleigh, NC —The Triangle office market registered an extraordinary performance in 2018 with vacancy ending the year at 12.3% despite 1.6 million square feet (msf) in deliveries and asking rental rates surging to unprecedented levels. Solid economic and leasing fundamentals fueled exuberance among investors looking for upside opportunity outside of the more expensive gateway markets.

These are some of the key trends noted in Avison Young's Fourth-Quarter 2018 Triangle Office Market Report released today.

"It was an incredible year for the Triangle market in 2018. With major corporate headquarters locating here and more than 1,000 new jobs announced in the fourth quarter, the Triangle continues to be a favorite among businesses and investors," comments **John Linderman**, Avison Young Principal and Managing Director of the company's North Carolina operations. "Construction activity remains in line with demand, placing landlords comfortably in the driver's seat heading into 2019."

According to the report, overall office vacancy ended the year at 12.3%, down 30 basis points (bps) year-over-year. Class A vacancy held steady at 10%, unchanged year-over-year. During the same period, class B vacancy fell 90 bps to 16.9% as rising rental rates and limited options drove increased activity in older buildings.

Net absorption of 943,518 sf in the fourth quarter brought the annual total to 1.6 msf, the market's strongest performance since 2007. Absorption was particularly robust in Downtown Durham, where more than 640,000 sf of new space was delivered significantly preleased.

While rental rates have been on an upward trajectory since 2012, the rate of increase was sharply higher in 2018. The average class A rate rose to a record-high of \$28.67 per square foot (psf) in the fourth quarter, up 8% year-over-year. The increase was even more pronounced for class B properties, where the average rental rate rose 10% in the last 12 months to end the quarter at \$21.08 psf.

Triangle investment sales and office sales also registered a record-breaking year in 2018. Office building sales totaled \$2 billion in 2018, shattering historic records by a wide margin. Sales were up 78% versus the previous year.

Avison Young is the world's fastest-growing commercial real estate services firm. Headquartered in Toronto, Canada, Avison Young is a collaborative, global firm owned and operated by its principals. Founded in 1978, the company comprises 2,700 real estate professionals in 85 offices, providing value-added, client-centric investment sales, leasing, advisory, management, financing and mortgage placement services to owners and occupiers of office, retail, industrial, multi-family and hospitality properties.

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