

CHARLOTTE

GREENSBORO
WINSTON-SALEM
HIGH POINT

RALEIGH-DURHAM

TRI-CITY NORTH CAROLINA

COMMERCIAL REAL ESTATE MARKET OVERVIEW

PRESENTED BY KARNES / ANDREW JENKINS

A black and white photograph of a city skyline with several skyscrapers, partially obscured by a blue diagonal overlay on the left side.

TRI-CITY MARKET OVERVIEW

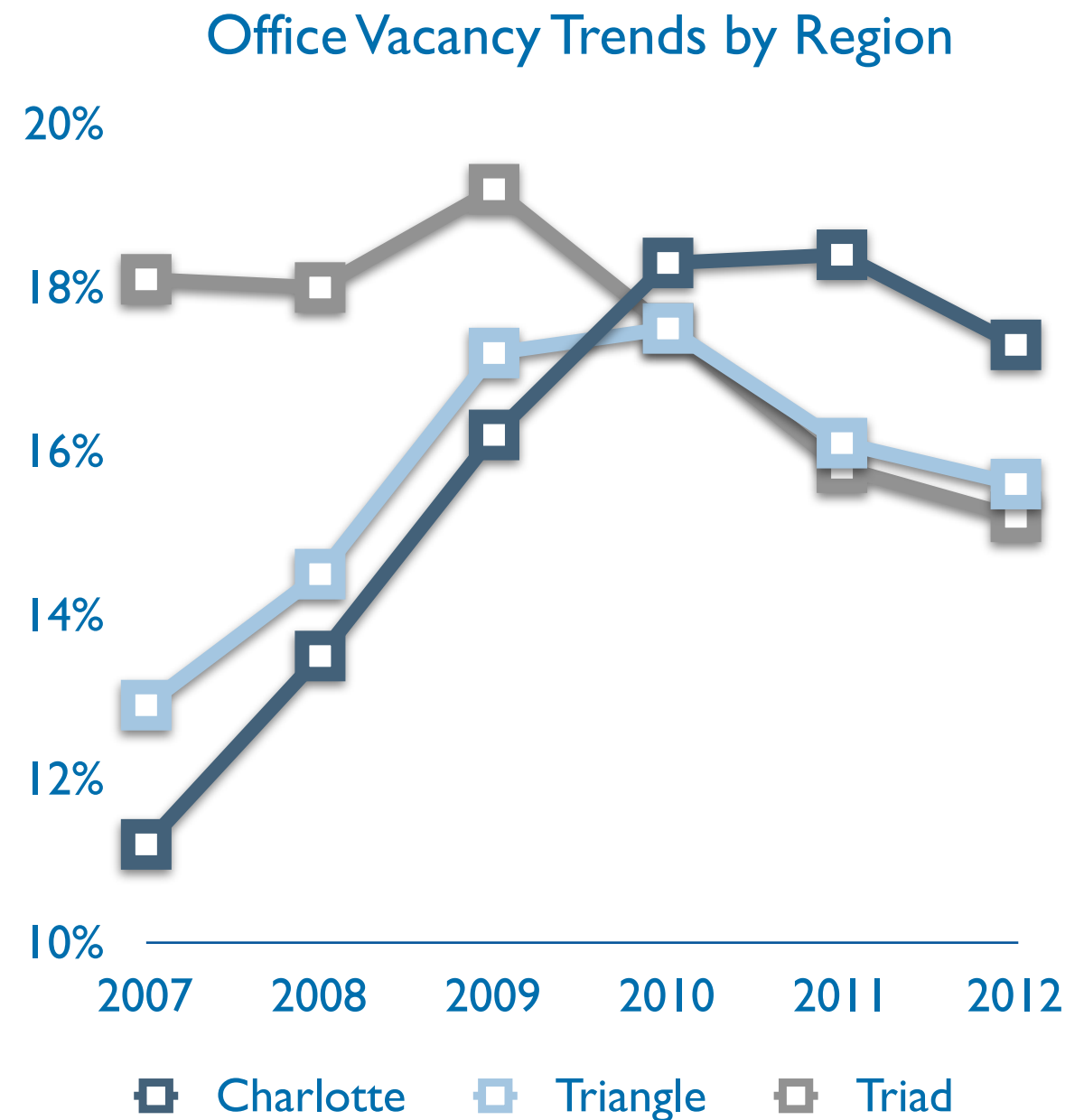
OFFICE MARKET ANALYSIS

RETAIL MARKET ANALYSIS

INDUSTRIAL MARKET ANALYSIS

OFFICE MARKET - VACANCY

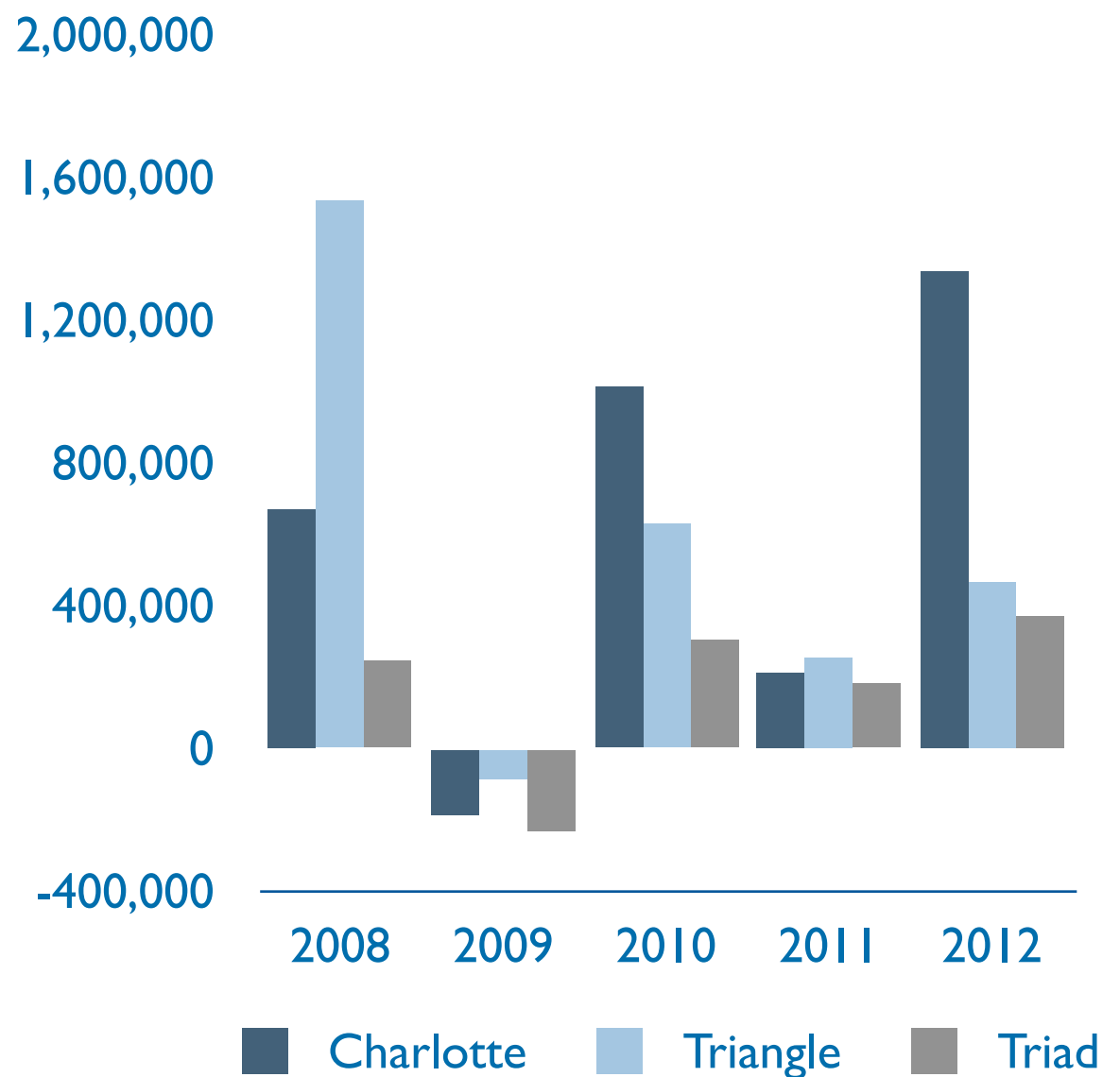
- ▶ Declining vacancy in all markets during 2012
- ▶ Total of 19.2 million square feet of vacant space in 2012, with 45% located in Charlotte.
- ▶ Total vacant sf down ~700,000 sf from 19.9 million sf in 2011.



OFFICE MARKET - ABSORPTION

- ▶ Over 6.7 million square feet absorbed in the last 5 years.
- ▶ At the current rate it would take 15 years to absorb all of NC's vacant office space.
- ▶ 11.7 million square feet of new office space completed in last 5 years.

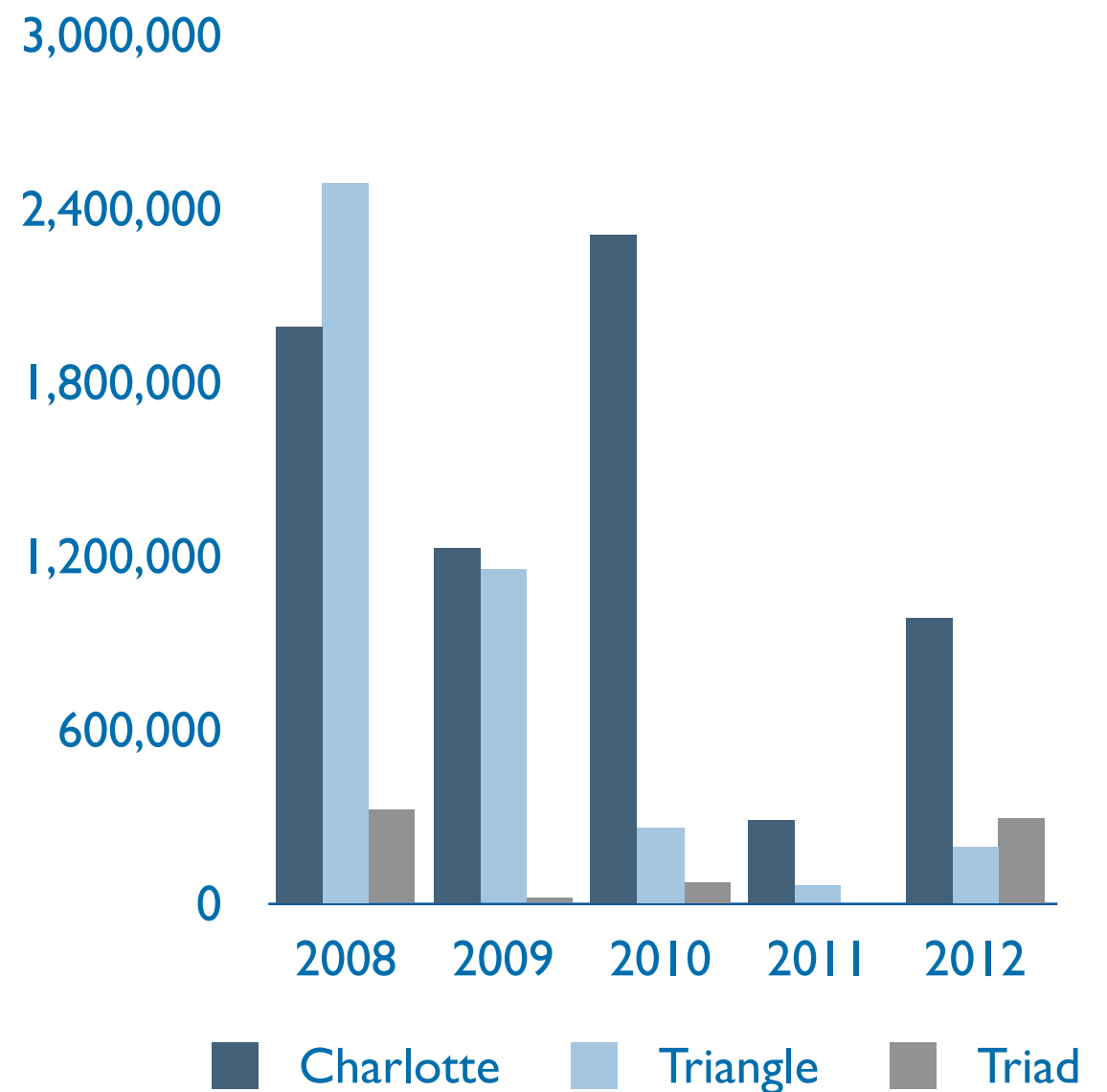
Office Absorption Trends by Region



OFFICE MARKET - COMPLETIONS

- ▶ 58% of the 11.7 million sf completed in the last 5 years was in Charlotte, while 36% was in the Triangle.
- ▶ Completed 1.48 million sf completed in 2012, up from 354,769 sf in 2011.
- ▶ ~500,000 square feet was under construction at the end of 2012.

Office Completion Trends by Region



OFFICE MARKET - COMPLETIONS



Ballantyne - Woodward

Market	Charlotte
Submarket	NC-51/Southeast
Size	276,120 sf
Tenant(s):	MetLife (55,224 sf)



Ballantyne - Gragg

Market	Charlotte
Submarket	NC-51/Southeast
Size	276,120 sf
Tenant(s):	MetLife (276,120 sf)

OFFICE MARKET - COMPLETIONS



Ballantyne - SPX Headquarters

Market	Charlotte
Submarket	NC-51/Southeast
Size	238,991 sf
Tenant(s):	SPX



Midtown Medical Plaza II

Market	Charlotte
Submarket	Midtown
Size	171,000 sf
Tenant(s):	Levine Cancer Institute

OFFICE MARKET - COMPLETIONS



WakeMed Raleigh Medical Park

Market	Triangle
Submarket	South Wake
Size	87,379 sf
Tenant(s):	Duke Children's, WakeMed Children's, Capital City Surgery



Measurement Building

Market	Triangle
Submarket	Downtown Durham
Size	60,059 sf
Tenant(s):	Glenn, Mills, Fisher & Mahoney Law (16,606 sf)

OFFICE MARKET - COMPLETIONS



Wake Forest Biotech Place

Market	Triad
Submarket	Forsyth - CBD
Size	242,000 sf
Tenant(s):	Wake Forest University Health Sciences, Carolina Liquid Chemicals, Allegacy Federal Credit Union, PTRP Offices



3975 Premier Drive

Market	Triad
Submarket	Guilford - Airport
Size	55,000 sf
Tenant(s):	South University

OFFICE MARKET - TOP OCCUPANCIES

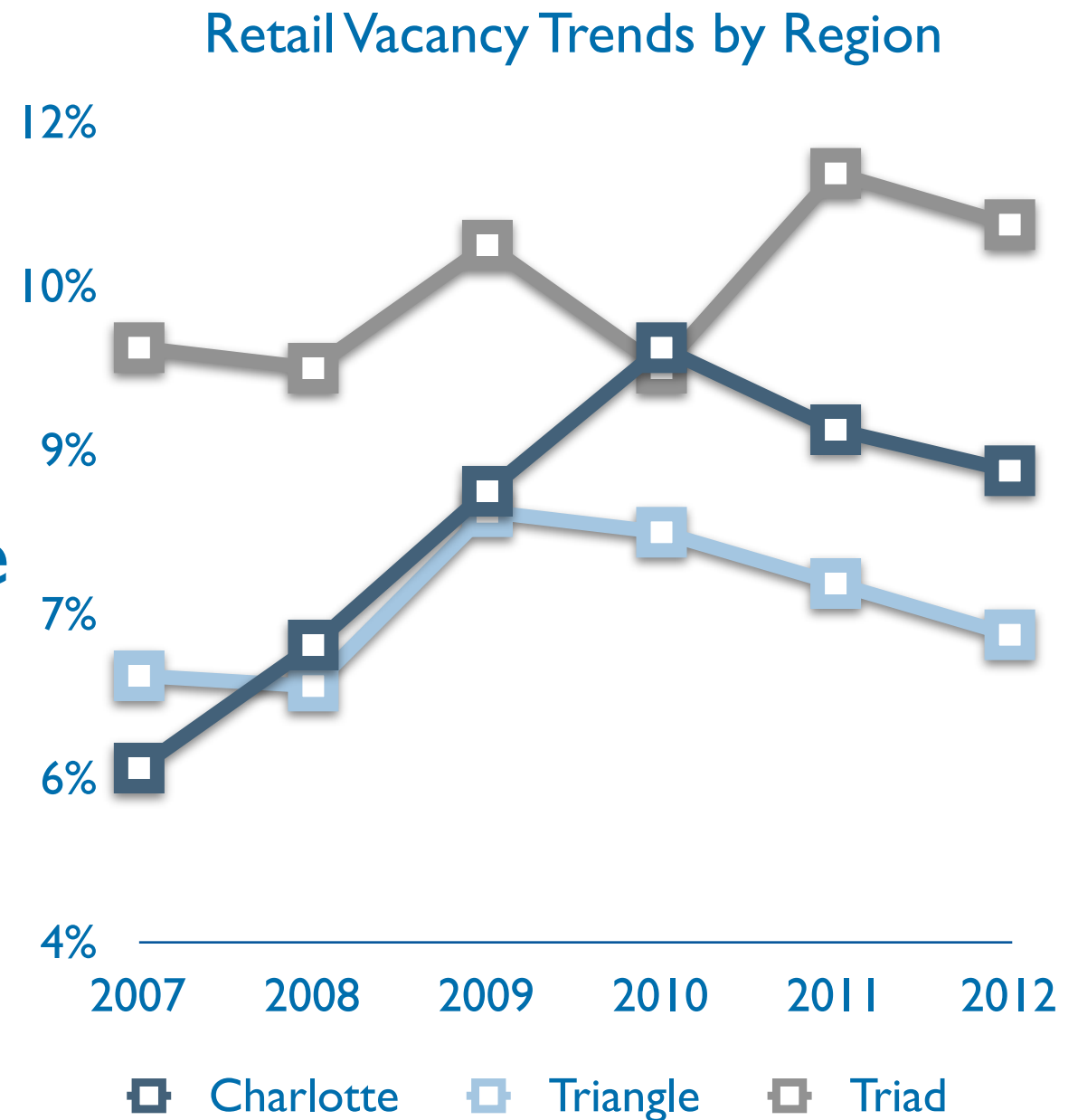
Market / Building	Tenant	Size
CLT / Duke Energy Center	Wells Fargo Securities	300,000 sf
CLT / Ballantyne - SPX	SPX	238,991 sf
Triad / Wake Forest Biotech Place	Wake Forest University Health Sciences	200,000 sf
CLT / Coliseum Centre Four	United Technologies	190,479 sf
CLT / Morehead Medical Plaza II	Levine Cancer Institute	171,000 sf

OFFICE MARKET - TOP NEW VACANCIES

Market / Building	Tenant	Size
CLT / Charlotte Plaza	Wells Fargo	233,192 sf
CLT / Transamerica Square	SCOR Global Life Americas	139,636 sf
CLT / 525 N. Tryon St.	Bank of America	103,122 sf
Triangle / 4301 Research Commons	UNC School of Dentistry	71,500 sf
Triangle / Crabtree Overlook	Alcatel- Lucent	49,167 sf

RETAIL MARKET - VACANCY

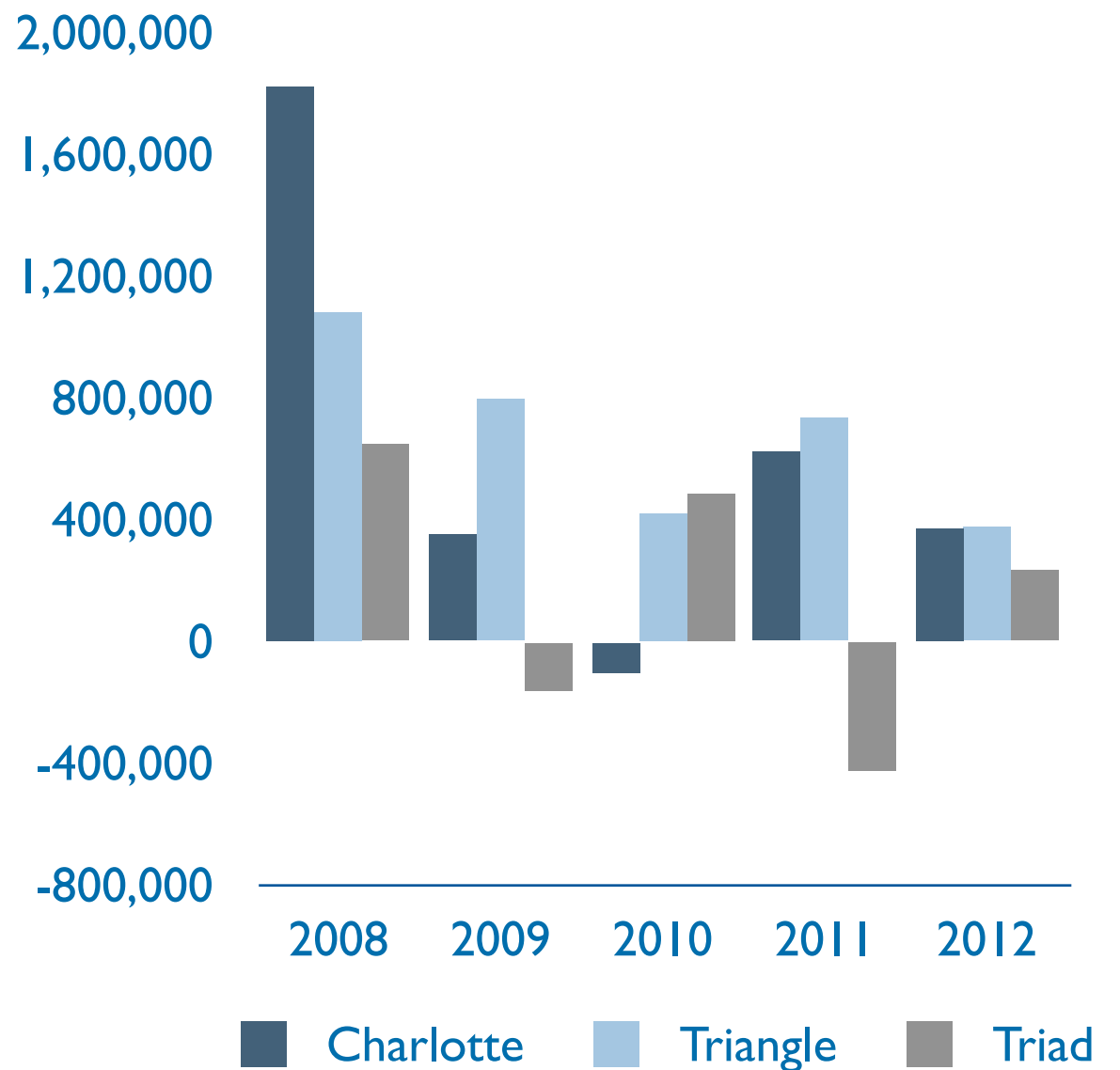
- ▶ Declining vacancy in all markets during 2012.
- ▶ Vacancy rates up in all markets since 2007.
- ▶ Over 12.5 million square feet of vacant space. Triad holds 33% of the vacant space with only 26% the inventory.



RETAIL MARKET - ABSORPTION

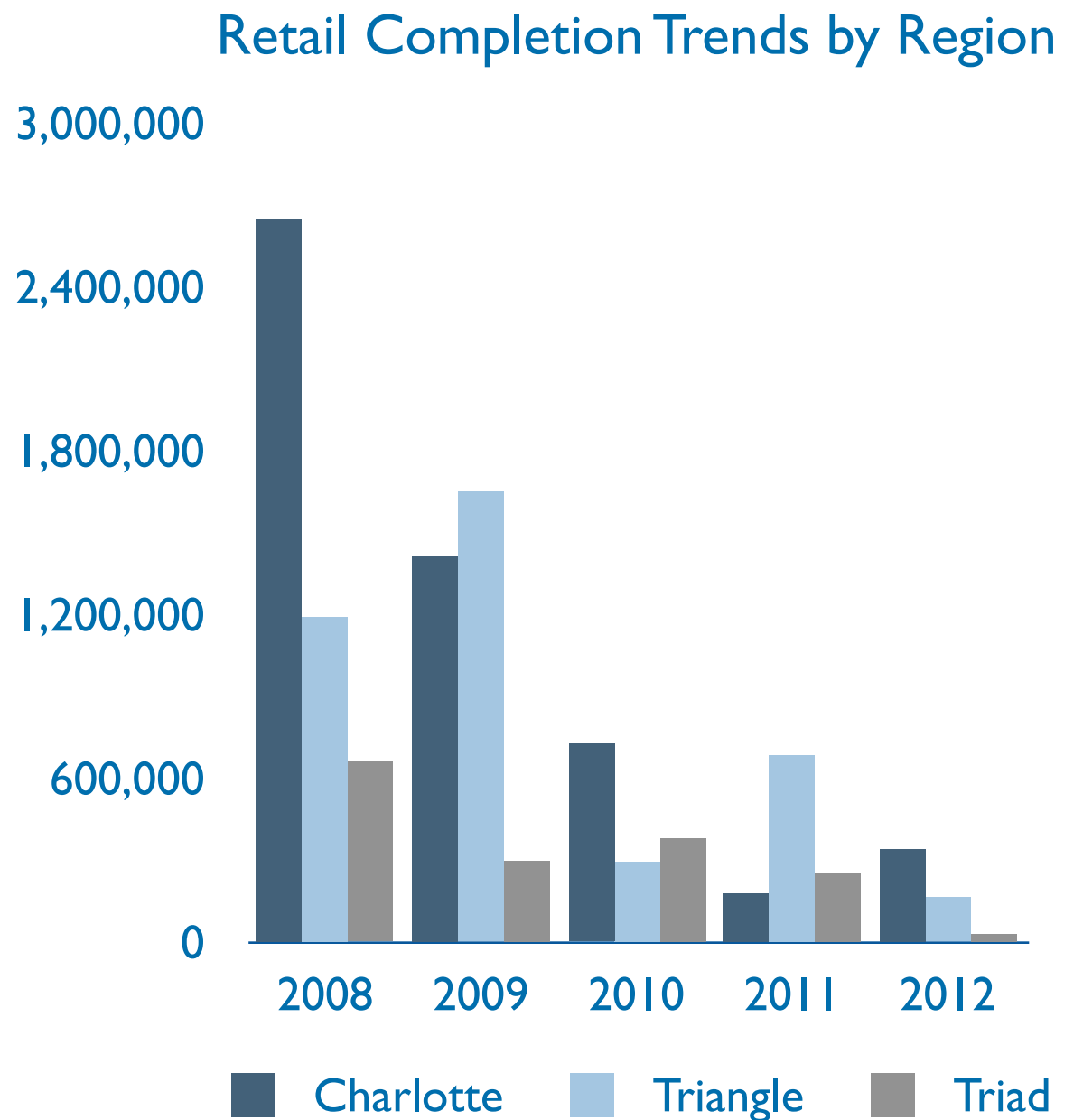
- ▶ Over 7.2 million square feet absorbed in the last 5 years.
- ▶ 9 years to absorb all of NC's vacant space at that rate.
- ▶ 10.5 million square feet of new retail space completed in last 5 years.

Retail Absorption Trends by Region



RETAIL MARKET - COMPLETIONS

- ▶ Over 10.5 million square feet completed in the last 5 years.
- ▶ Only 541,782 square feet was completed in 2012. Lowest level reported by KARNES.
- ▶ 1.5 million square feet was under construction at the end of 2012.



RETAIL MARKET - COMPLETIONS



University Pointe

Market	Charlotte
Submarket	Northeast
Size	70,000 sf
Tenant(s):	Cato, Shoe Show, Anna's Linens



Sharon Square

Market	Charlotte
Submarket	Inner Southeast
Size	42,000 sf
Tenant(s):	Whole Foods

RETAIL MARKET - COMPLETIONS



Park West Village - Expansion

Market	Triangle
Submarket	Cary
Size	91,215 sf
Tenant(s):	ROSS Dress for Less, Gander Mountain



Poyner Place - Expansion

Market	Triangle
Submarket	Northeast Wake
Size	59,901 sf
Tenant(s):	Toys R Us, Babies R Us

RETAIL MARKET - COMPLETIONS



Shoppes at Stratford Corner

Market	Triad
Submarket	Forsyth - West
Size	16,325 sf
Tenant(s):	Mattress Center, Temporary Resources



2913 Battleground Ave - Expansion

Market	Triad
Submarket	Guilford - Northwest
Size	16,219 sf
Tenant(s):	none

RETAIL MARKET - TOP OCCUPANCIES

Market / Center	Tenant	Size
Triad / Holly Hill Mall	Dunham's Sports	89,000 sf
CLT / Academy Sports Dave Lyle Blvd. (York)	Academy Sports	71,000 sf
Triad / Holden Crossing	Virginia College	60,218 sf
Triangle / Poyner Place	Babies R Us/ Toys R Us	59,901 sf
Triad / Greensboro South Shopping Center	LiMing's Global Market	51,851 sf

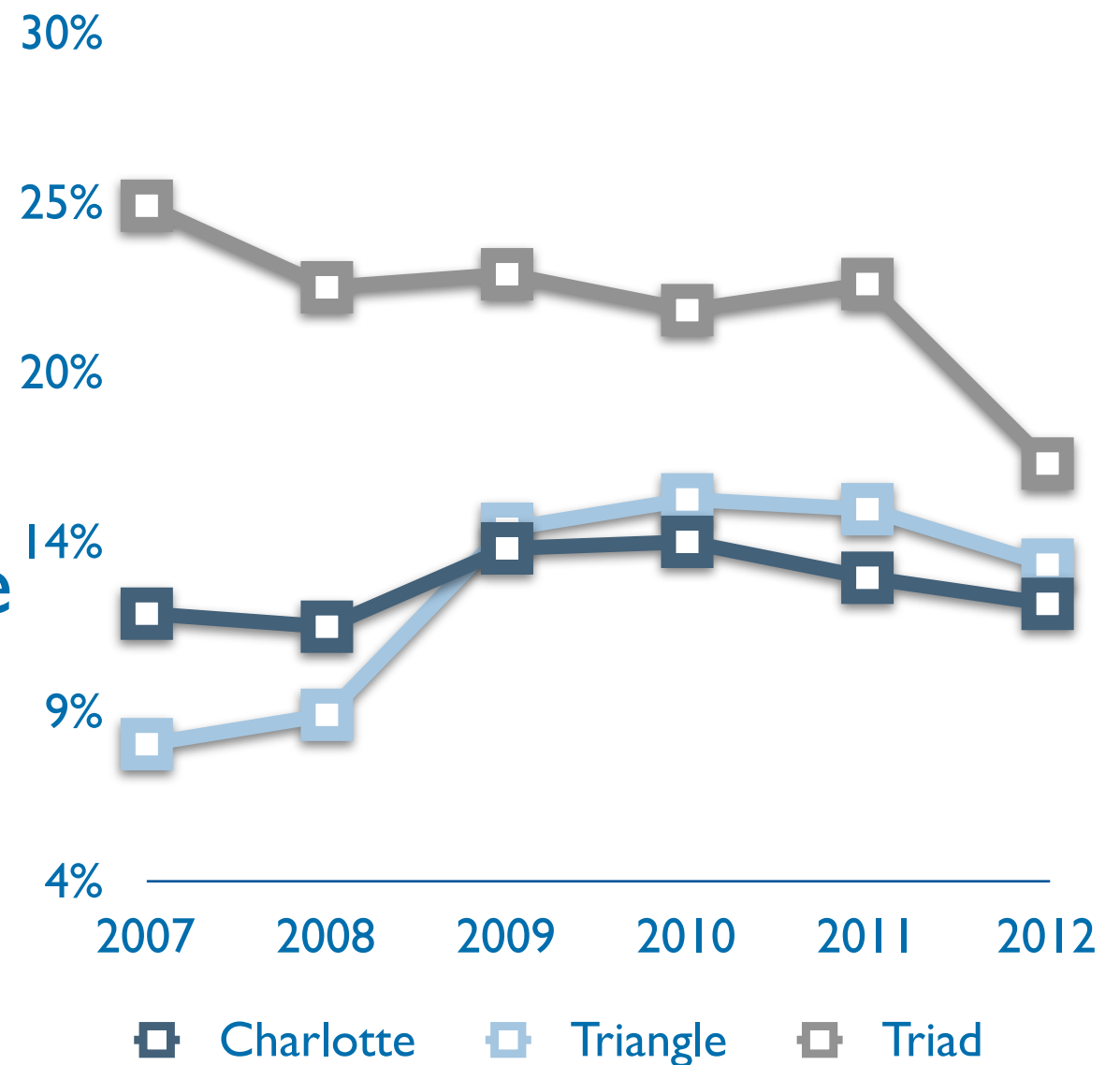
RETAIL MARKET - TOP NEW VACANCIES

Market / Center	Tenant	Size
CLT / Eastway Crossing	Wal-Mart	114,513 sf
CLT / Windsor Square	Furniture Row Outlet	54,006 sf
Triangle / Sunset Plaza	Rose's	46,685 sf
CLT / Carolina Pavilion	Old Navy	40,512 sf
Triangle / Emporium Plaza	Babies R Us	38,493 sf

WAREHOUSE MARKET - VACANCY

- ▶ Declining vacancy in all markets during 2012
- ▶ Vacancy rates are up in Charlotte/Triangle since 2007.
- ▶ Over 15.5 million square feet of vacant space. Triad accounts for 56% of the vacant space.

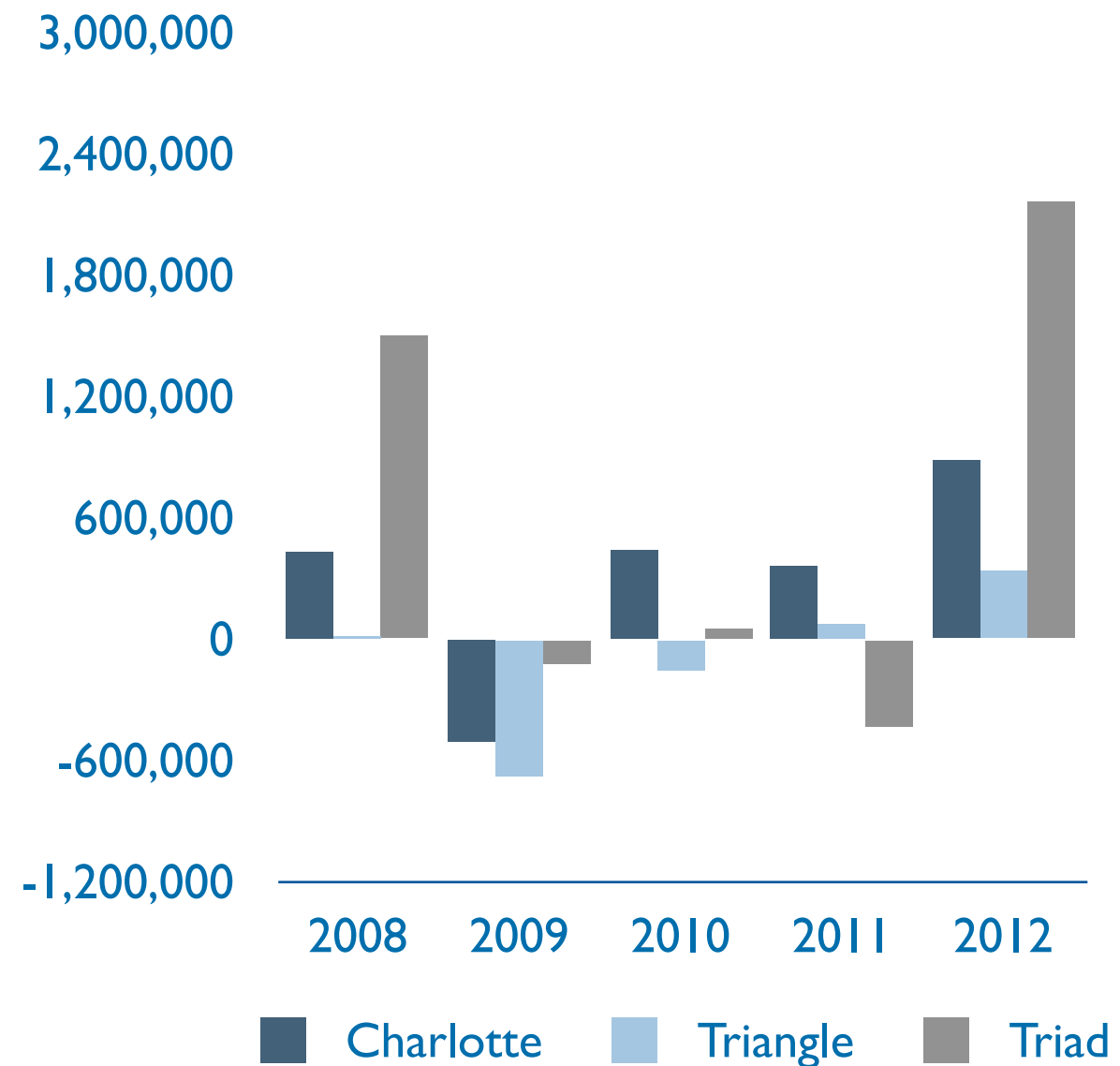
Warehouse Vacancy Trends by Region



WAREHOUSE MARKET - ABSORPTION

- ▶ Over 4.3 million square feet absorbed in the last 5 years.
- ▶ 18 years to absorb all of NC's vacant space at that rate.
- ▶ 2.5 million square feet of new warehouse space completed in last 5 years.

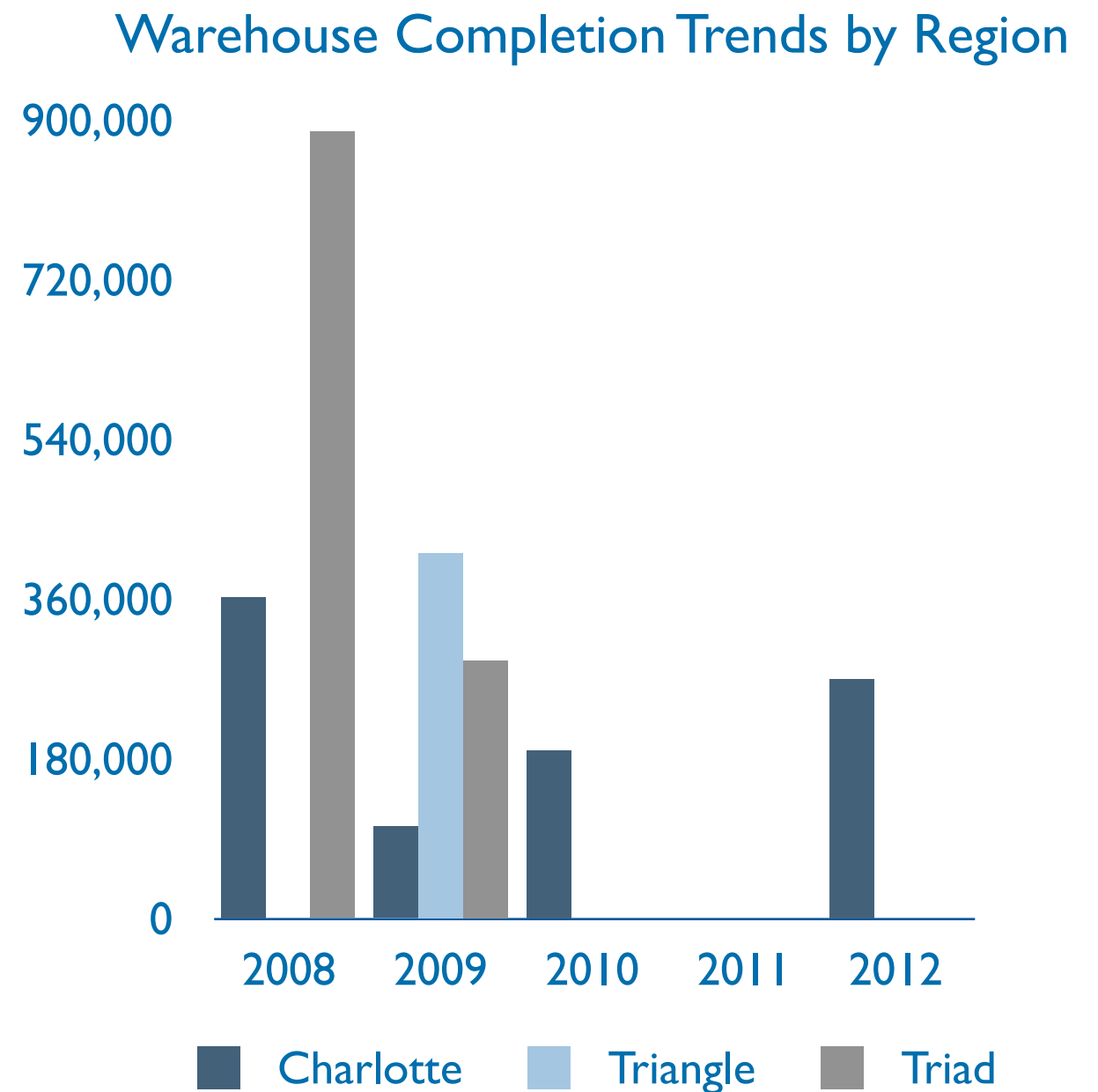
Warehouse Absorption Trends by Region





WAREHOUSE MARKET - COMPLETIONS

- ▶ 2.5 million square feet completed in the last 5 years.
- ▶ Charlotte only market to report completed warehouse during 2012.
- ▶ Only 517,660 square feet was under construction at the end of 2012 - all in the Triad.



WAREHOUSE MARKET - COMPLETIONS



Ridge Creek IV

Market	Charlotte
Submarket	Southwest
Size	270,400 sf
Tenant(s):	Averitt Express (68,000 sf)

WAREHOUSE MARKET - TOP OCCUPANCIES

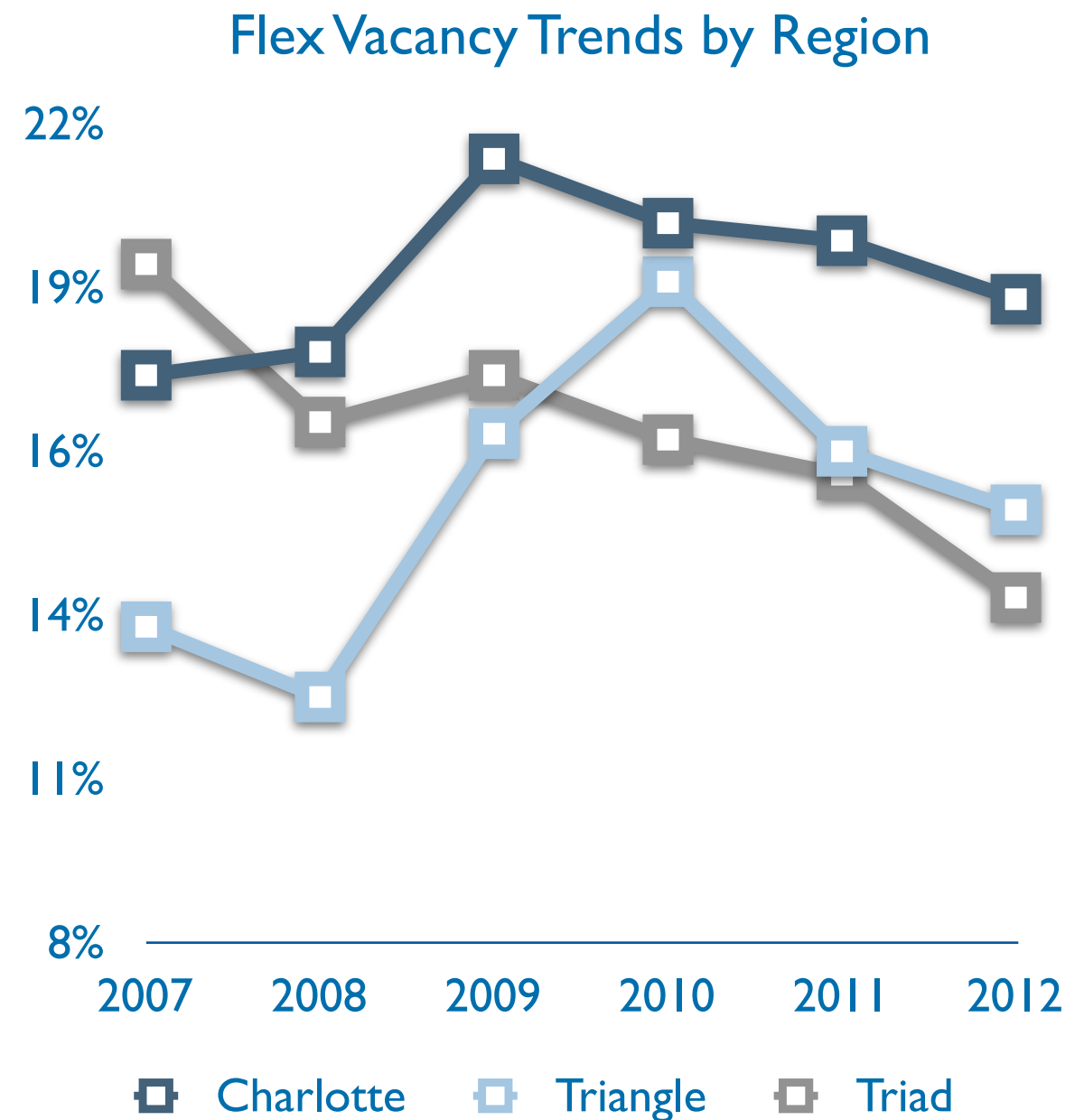
Market / Building	Tenant	Size
Triad / Union Cross III	Pepsi Bottling Ventures	526,320 sf
Triad / 645 North Park	Undisclosed	300,000 sf
Triad / 520 Northridge Park Drive	Rock-Tenn Converting	220,500 sf
CLT / Ridge Creek II	DMSI	215,000 sf
Triad / Executive Delivery	United Medical	142,557 sf

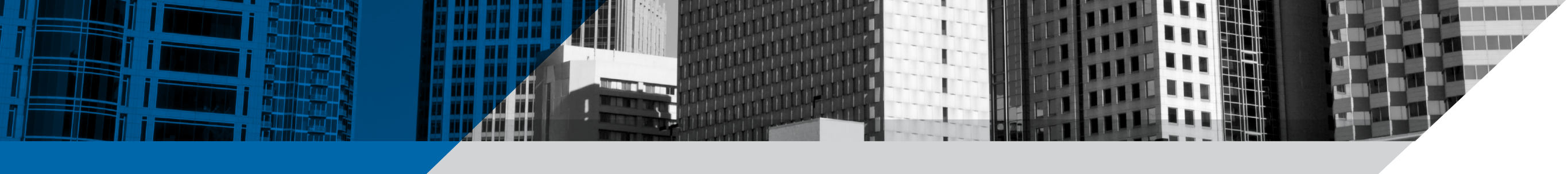
WAREHOUSE MARKET - TOP NEW VACANCIES

Market / Building	Tenant	Size
CLT / Ridge Creek II	Forward Air	215,000 sf
CLT / CrossPoint Center I	Undisclosed	117,400 sf
Triangle / Research Tri-Center South I	Cormatech	103,579 sf
CLT / Township Business Park I	OEM	80,000 sf
CLT / West Pointe I	CFS Logistics	76,800 sf

FLEX MARKET - VACANCY

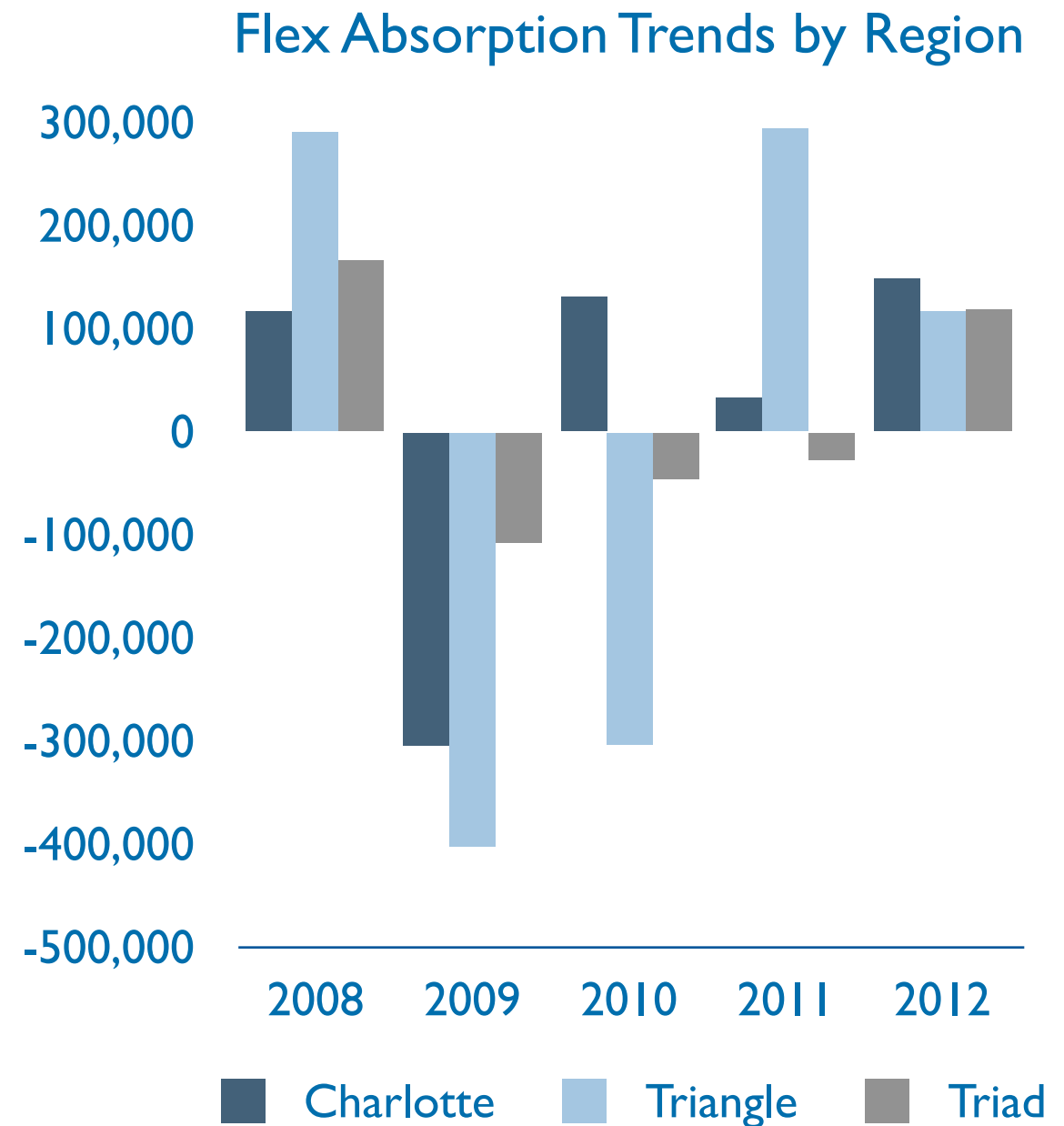
- ▶ Declining vacancy all markets during 2012.
- ▶ Vacancy rates are down in Triad since 2006.
- ▶ Over 5.5 million square feet of vacant space. Charlotte has the smallest inventory has the highest share of vacant space (36%).





FLEX MARKET - ABSORPTION

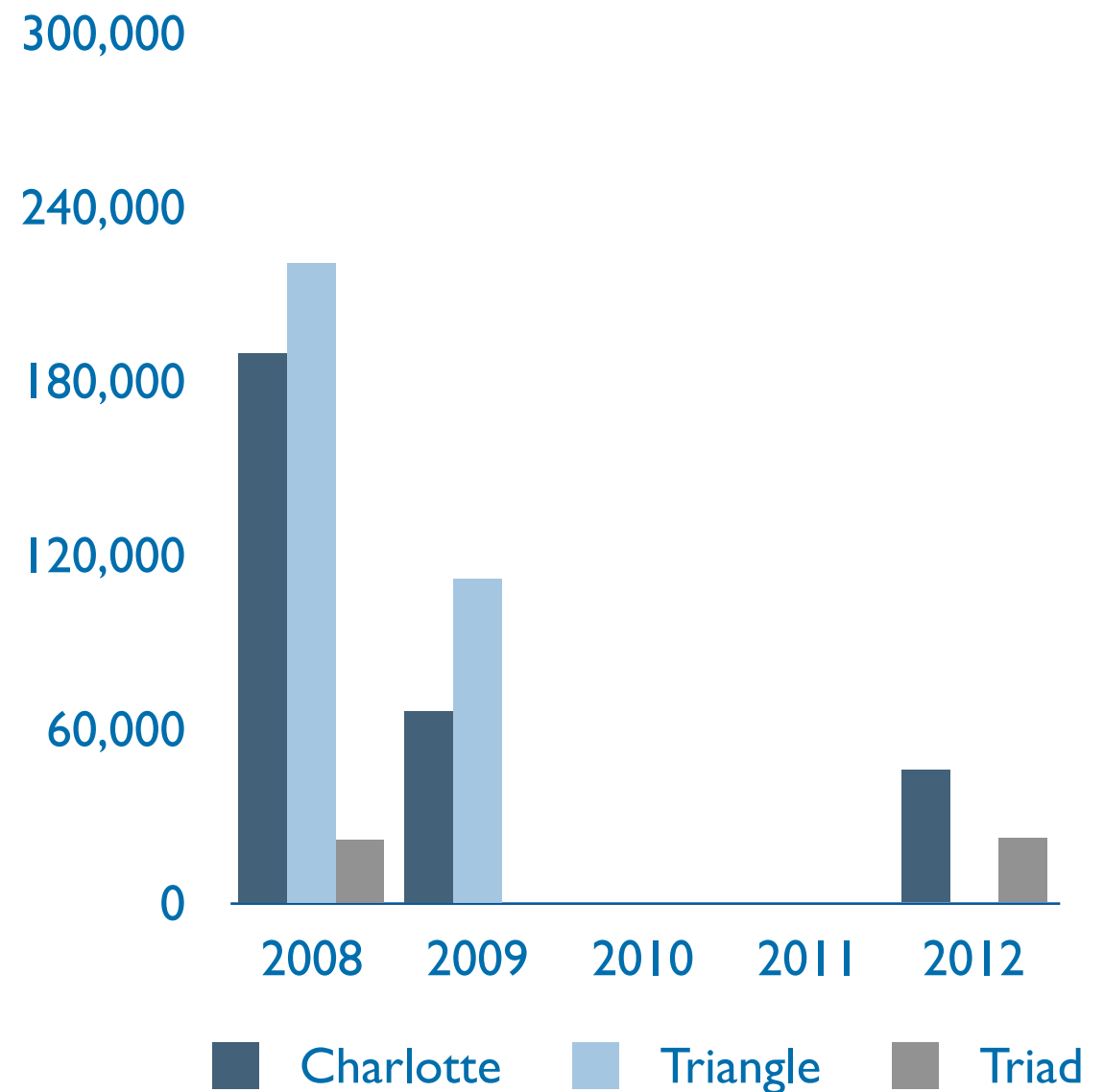
- ▶ Only 228,282 square feet of net absorption over the last 5 years.
- ▶ 122 years to absorb all of NC's vacant space at that rate.
- ▶ 682,900 square feet of new flex space completed in last 5 years.



FLEX MARKET - COMPLETIONS

- ▶ Only 682,900 square feet of new flex space completed in last 5 years
- ▶ No flex space completed in 2010 or 2011, but 71,500 sf completed in 2012.
- ▶ No flex space was under construction at the end of 2012.

Flex Completion Trends by Region



FLEX MARKET - COMPLETIONS



Northlake Commerce Center - Phase II

Market	Charlotte
Submarket	North
Size	46,000 sf
Tenant(s):	CrossFit Vitality LLC (5,062 sf)



South Park Business Center

Market	Triad
Submarket	Forsyth - Kernersville
Size	25,500 sf
Tenant(s):	Carolina North Manufacturing Inc.

FLEX MARKET - TOP OCCUPANCIES

Market / Building	Tenant	Size
Triad / Rock Creek Center	Undisclosed Tenant	102,000 sf
Triangle / 4900 Prospectus Drive	Kestrel Heights Charter School	50,950 sf
Triad / 4000 Ossi Ct	SunGard	50,000 sf
Triad / 4320 Enterprise Drive	Undisclosed Tenant	46,500 sf
CLT / Steele Creek Business Park	Undisclosed Tenant	31,818 sf

FLEX MARKET - TOP NEW VACANCIES

Market / Building	Tenant	Size
Triangle / Triangle Business Center 7	Kendle	81,370 sf
CLT / Airport Center H	Solstas Labs Partners	54,377 sf
CLT / Coffee Creek II	Undisclosed Tenant	30,423 sf
CLT / Coffee Creek II	Agrix Direct	30,384 sf
CLT / Renaissance Center	Undisclosed Tenant	23,922 sf



data-driven research solutions™

Presented By

Karnes Research Company, LLC
Andrew Jenkins, Managing Partner
www.karnesco.com

Charlotte Office

200 S. Tryon St.
Suite 1650
Charlotte, NC 28202
T 704.940.9550
F 888.879.2160

Raleigh Office

324 S. Wilmington St.
Suite 215
Raleigh, NC 27601
T 919.829.9141
F 919.829.9066

Greensboro / Winston-Salem Office

301 N. Elm St.
Suite 308-a
Greensboro, NC 27401
T 800.879.7172
F 888.879.2160