



Charlotte, North Carolina

Tenant's Guide ▪ North American Markets ▪ First Quarter 2012

Overview

As we close the first quarter of 2012, the market shows signs of recovery. Rental rates and vacancy have seen some change this quarter, and activity in Charlotte is encouraging. A recently published article in the Charlotte Observer stated that Charlotte is the highest growing urban area in the United States over the ten year period from 2000-2010. Several large leases were signed this quarter, most notably AXA in University Research Park, and the Chiquita headquarters relocation, announced last quarter, signed a lease at NASCAR Plaza.

Competition among landlords for large tenants remains strong. With the exception of Ballantyne Corporate Park in southeast Charlotte, no speculative buildings have been constructed in more than three years. In the Charlotte metro area, large blocks of space are limited to five spaces with more than 100,000 SF, and multiple tenants are currently in the market for these spaces. As space is absorbed, the impact of limited construction will become a factor. As mentioned last quarter, there is a surplus of shadow space in the CBD market from the large banks, making it unlikely that vacancy will decrease to numbers we experienced prior to the recession.

Also worth mentioning is the current activity of large building sales. This quarter five buildings or parks were listed for sale and two of those are already under contract with planned closings in the second quarter. This will change the landscape with new owners entering the Charlotte market.

Market Trends

- Creativity with concessions will be required as landlords begin to hold rental rates closer to asking price. However, we are still seeing favorable terms for tenants across the Charlotte market.
- Several buildings in Charlotte have loans reaching maturity in the next few years; we see a desire from landlords to renew key tenants early as well as enticing new tenants.
- Competitiveness for larger tenants is strong in both office and industrial buildings.

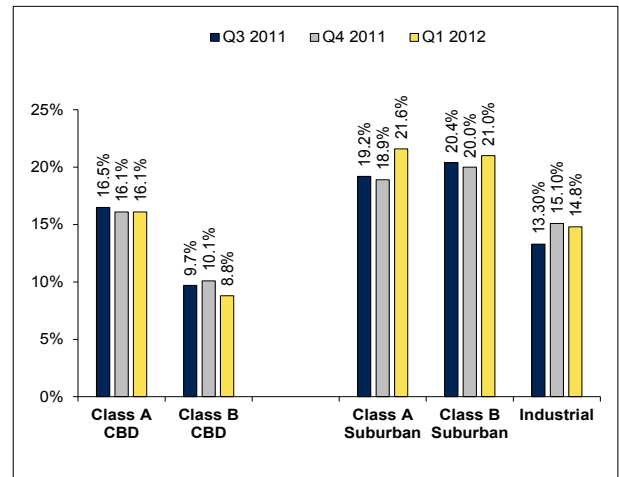
Tenant's Perspective

The outlook for 2012 remains guarded, but favorable for tenants in most submarkets, including the CBD. For all markets, the best possible tenant deal is going to be secured by starting early, exploring multiple options, and negotiating aggressively.

Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
AXA Life Insurance	140,000	Office	Lease
OrthoCarolina	33,000	Office	Renewal
Odyssey Logistics	24,800	Office	Lease
XPO Logistics	20,700	Office	Lease
Optical Experts Manu.	122,000	Industrial	Lease
Performance Team	185,500	Industrial	Lease
Goodyear	32,000	Industrial	Renewal
Forest Hill Church	25,000	Industrial	Purchase
RK Motors	24,000	Industrial	Lease

Vacancy Rate



Average Rental Rates

CBD	Q3 2011	Q4 2011	Q1 2012
Class A Office	\$24.50	\$24.81	\$24.41
Class B Office	\$19.82	\$19.76	\$19.19
Suburban	Q3 2011	Q4 2011	Q1 2012
Class A Office	\$21.18	\$21.56	\$22.24
Class B Office	\$16.91	\$17.15	\$17.82
Industrial	\$3.92	\$3.86	\$3.82

