



Raleigh, North Carolina

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

Overview

The overall office vacancy rate in the Triangle for the 3rd quarter of 2012 increased by 0.7% from last quarter to 14.8%. The Net absorption year to date decreased to 17,789 SF.

The Triangle jobless rate fell to 7.9 percent in August from 8.1 percent in July.

Sales activity among investors of office and warehouse properties in the Triangle region has increased.

Market Trends

- Rental rates have dropped slightly since 2nd quarter
- Class A space continues to outpace Class B office space
- Vacancy of Class B CBD space, Class A suburban space and R&D space decreased from last quarter
- Vacancy of Class A CBD office space increased slightly from the 2nd quarter to 7.1%.
- Vacancy of Class B Suburban office space increased from 15.3% to 17.1% from last quarter.

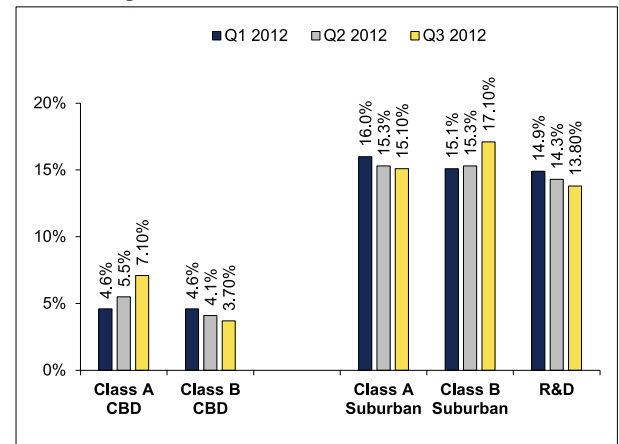
Tenant's Perspective

The Triangle has shown continued economic growth and momentum compared to the national average. The availability of large blocks of Class A office space continues to decrease as tenants opt for Class A product. The diverse Triangle economy continues to drive businesses to the area. Tenants who commit to renewals and longer-term leases will continue to benefit as landlord concessions decrease in the future.

Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
United Therapeutics	697,569	Office	Sale
Highwoods Properties, Inc.	184,600	Office	Sale
Pizzagalli Properties	182,000	Industrial	Sale
Capital Advisors	101,850	Industrial	Sale
WBN/Discover Drive	84,600	Industrial	Sale
LNR Partners, Inc.	83,486	Office	Sale
Novella Clinical	77,239	Office	Lease
Blue Cross Blue Shield	49,000	Office	Sale
Old Battleground Prop.	47,500	Office	Sale
Priority Equipment Source	43,899	Industrial	Sale
WorldWide Clinical Trials	30,000	Office	Lease
HTC	29,067	Office	Lease
Healthways, Inc.	27,440	Office	Lease
HB Properties	26,000	Industrial	Sale

Vacancy Rate



Average Rental Rates

CBD	Q1 2012	Q2 2012	Q3 2012
Class A Office	\$22.33	\$22.36	\$22.67
Class B Office	\$18.13	\$18.40	\$18.11
Suburban	Q1 2012	Q2 2012	Q3 2012
Class A Office	\$21.52	\$21.31	\$21.19
Class B Office	\$17.16	\$16.98	\$16.86
R&D	\$9.78	\$9.79	\$9.76