



Charlotte Office Index - 3Q 2009

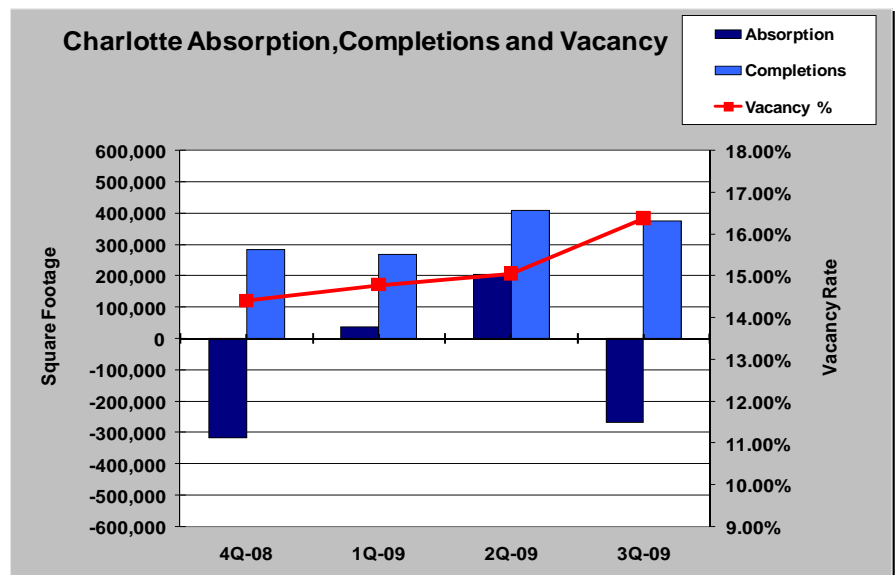
The Charlotte office market fell back into the red zone as negative absorption clocked in at 269,273 SF and the overall vacancy rate increased to 16.38%. Nine of the thirteen submarkets recorded negative absorption for the quarter, led by the Northeast submarket which registered negative absorption of 128,284 SF. By way of context, over the past four quarters, only the Airport submarket has recorded negative absorption in excess of 100,000 SF in a single reporting period.

The CBD vacancy rate was 7.14% at the close of the third quarter 2009. The last time the CBD had a vacancy rate this high was the first quarter 2005 when the CBD vacancy rate was 7.2% - and that was a two year low from the first quarter 2003 vacancy rate of 9.8%. However, the CBD represents 32% of the multi-tenant inventory in Charlotte, yet it contains only 14% of the overall vacant space in the market. By comparison, both the I-77 Southwest and Northeast submarkets contain less than 4.5 million square feet of space, yet both submarkets currently have over 1 million SF of space available for lease.

Looking at the plus side of the market, 440 S Church Street delivered 52% pre-leased during the 3rd quarter. It is interesting to note that the leases at 440 S Church Street were signed after the building went under construction. By comparison, NASCAR Plaza was only 30% pre-leased when it delivered during the second quarter, and the majority of that leasing was completed as part of the pre-development plan for the building. Looking ahead, the CBD will add over 2 million SF of additional space to its inventory once the 1 Bank of America Center and Duke Energy Center are completed. Collectively, these two buildings were advertising available space of less than 500,000 SF as of the end of the third quarter. If these numbers remain firm at delivery, then we would look at pre-lease figures of 65% and 88.5%, respectively, for these two developments.

Charlotte Office Market		
	3rdQTR 2009	Previous QTR
Inventory	46,987,500	46,316,343
Vacancy Rate	16.38%	15.06%
Net Absorption	-269,273	205,002
Quoted Rate	\$21.47	\$22.34
Under Construction	2,173,000	2,522,000

Charlotte Multi-Tenant Vacancy Trends					
Multi-Tenant	3Q-08	4Q-08	1Q-09	2Q-09	3Q-09
Class A	9.54%	11.54%	12.19%	13.07%	14.04%
Class B	15.08%	15.53%	16.05%	15.81%	17.62%
Class C	24.83%	26.25%	24.80%	23.41%	25.30%
Multi-Tenant	13.00%	14.40%	14.78%	15.06%	16.38%





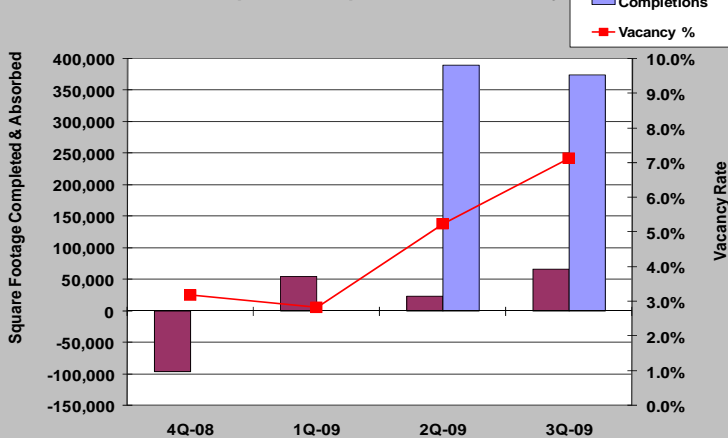
Charlotte Historical Data

	Total SF	Vacant SF	Vacancy %	Quoted \$/SF	Absorption	Under-Const.	Completions	Sublease	Vacancy w/ Sublease
4Q-07	42,827,278	4,647,849	10.85%	\$21.85	736,833	4,252,342	318,035	334,801	11.63%
1Q-08	43,306,655	4,922,603	11.37%	\$22.39	-201,877	4,219,527	164,715	336,724	12.14%
2Q-08	44,599,098	5,582,193	12.52%	\$22.58	418,639	3,642,968	1,048,559	362,536	13.33%
3Q-08	45,014,496	5,851,630	13.00%	\$22.74	-124,427	3,405,349	304,638	422,298	13.94%
4Q-08	45,426,352	6,541,304	14.40%	\$22.66	-317,894	3,182,478	282,871	500,340	15.50%
1Q-09	45,822,509	6,774,504	14.78%	\$22.25	35,953	2,965,199	270,478	690,469	16.29%
2Q-09	46,316,343	6,973,378	15.06%	\$22.34	205,002	2,522,000	409,000	558,579	16.26%
3Q-09	46,987,500	7,696,587	16.38%	\$21.47	-269,273	2,173,000	375,000	656,530	17.78%

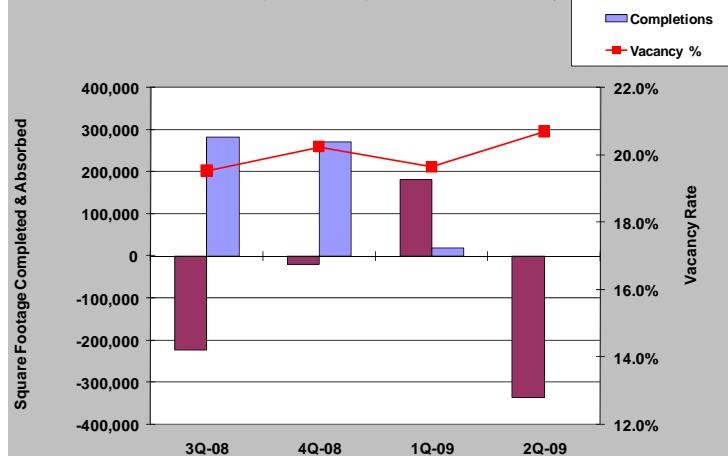
Charlotte Submarket Multi-tenant Comparison

	Total SF	3Q 2009 Vacant SF	2Q 2009 Vacant SF	3Q 2009 Vacancy %	3Q 2009 Quoted \$/SF	3Q 2009 Absorption	3Q 2009 Under-Const.
CBD	15,125,148	1,079,748	772,880	7.14%	\$27.09	65,862	2,050,000
Airport/BGP	3,904,298	562,990	580,186	14.42%	\$17.02	17,195	0
CrownPoint/Matthews	962,218	218,616	222,848	22.72%	\$13.91	4,232	0
East	1,390,736	349,664	319,862	25.14%	\$13.99	-36,802	0
Hwy 51-South	1,788,783	290,912	266,084	16.26%	\$18.65	-24,828	0
I-485-South	3,811,437	905,770	958,881	23.76%	\$24.07	44,750	0
I-77-Southwest	4,422,787	1,302,289	1,214,964	29.44%	\$15.66	-88,075	0
Midtown	2,681,112	352,166	273,774	13.14%	\$20.95	-62,813	35,000
North	2,451,016	566,898	485,780	23.13%	\$19.68	-5,978	0
Northeast	4,235,249	1,198,212	1,052,678	28.29%	\$14.94	-128,284	26,000
Park Road	759,186	178,222	151,283	23.48%	\$17.33	-26,939	62,000
Randolph Road	1,406,152	134,815	142,802	9.59%	\$22.28	-2,664	0
Southpark	4,049,378	556,285	531,356	13.74%	\$23.17	-24,929	0
Totals/Averages	46,987,500	7,696,587	6,973,378	16.38%	\$21.47	-269,273	2,173,000

CBD - Absorption, Completions and Vacancy



Suburban Absorption, Completions and Vacancy





CBD Multi-Tenant Vacancy Trends

Multi-Tenant	3Q-08	4Q-08	1Q-09	2Q-09	3Q-09
Class A	1.3%	1.5%	1.0%	4.0%	6.3%
Class B	4.2%	6.3%	5.8%	7.0%	7.5%
Class C	17.6%	17.6%	20.2%	20.2%	23.4%
Multi-Tenant	2.5%	3.2%	2.8%	5.2%	7.1%

Airport/BGP Multi-Tenant Vacancy Trends

Multi-Tenant	3Q-08	4Q-08	1Q-09	2Q-09	3Q-09
Class A	10.4%	15.0%	15.2%	15.7%	15.3%
Class B	10.9%	12.2%	12.2%	12.2%	11.8%
Class C	13.7%	13.7%	23.5%	23.4%	20.9%
Multi-Tenant	10.6%	14.1%	14.5%	14.9%	14.4%

Crownpoint/Matthews Multi-Tenant Vacancy Trends

Multi-Tenant	3Q-08	4Q-08	1Q-09	2Q-09	3Q-09
Class A	23.4%	24.3%	24.3%	23.5%	23.6%
Class B	25.6%	25.7%	27.1%	25.0%	23.9%
Class C	0.0%	0.0%	0.0%	0.0%	0.0%
Multi-Tenant	24.1%	24.3%	25.4%	23.6%	22.7%

East Multi-Tenant Vacancy Trends

Multi-Tenant	3Q-08	4Q-08	1Q-09	2Q-09	3Q-09
Class A	35.5%	28.4%	28.4%	28.4%	28.4%
Class B	31.1%	29.2%	29.3%	26.6%	29.0%
Class C	16.3%	18.3%	17.9%	17.5%	18.6%
Multi-Tenant	25.8%	25.2%	25.1%	23.3%	25.1%

Hwy 51-South Multi-Tenant Vacancy Trends

Multi-Tenant	3Q-08	4Q-08	1Q-09	2Q-09	3Q-09
Class A	4.1%	8.6%	7.2%	8.4%	13.4%
Class B	6.7%	13.9%	14.5%	17.9%	17.3%
Class C	24.1%	24.1%	24.1%	24.1%	24.1%
Multi-Tenant	6.6%	12.5%	12.3%	14.9%	16.3%

I-485 South Multi-Tenant Vacancy Trends

Multi-Tenant	3Q-08	4Q-08	1Q-09	2Q-09	3Q-09
Class A	14.7%	21.6%	26.0%	25.2%	23.8%
Class B	N/A	N/A	N/A	N/A	N/A
Class C	N/A	N/A	N/A	N/A	N/A
Multi-Tenant	14.7%	21.6%	26.0%	25.2%	23.8%

I-77 Southwest Multi-Tenant Vacancy Trends

Multi-Tenant	3Q-08	4Q-08	1Q-09	2Q-09	3Q-09
Class A	33.1%	30.9%	29.3%	27.2%	27.4%
Class B	28.3%	29.0%	28.3%	27.4%	29.8%
Class C	31.2%	30.4%	28.1%	28.4%	32.4%
Multi-Tenant	30.9%	30.1%	28.6%	27.6%	29.4%

Suburban Multi-Tenant Vacancy Trends

Multi-Tenant	3Q-08	4Q-08	1Q-09	2Q-09	3Q-09
Class A	15.1%	18.2%	19.4%	19.2%	19.4%
Class B	18.5%	18.4%	19.3%	18.6%	20.8%
Class C	25.6%	27.1%	25.3%	23.7%	25.5%
Multi-Tenant	17.9%	19.5%	20.2%	19.6%	20.8%

Midtown Multi-Tenant Vacancy Trends

Multi-Tenant	3Q-08	4Q-08	1Q-09	2Q-09	3Q-09
Class A	8.3%	8.2%	10.6%	10.2%	9.9%
Class B	8.0%	8.6%	9.8%	9.8%	13.7%
Class C	8.0%	11.8%	11.8%	11.4%	18.2%
Multi-Tenant	8.1%	9.1%	10.5%	10.3%	13.1%

North Multi-Tenant Vacancy Trends

Multi-Tenant	3Q-08	4Q-08	1Q-09	2Q-09	3Q-09
Class A	20.7%	21.3%	22.4%	26.0%	28.7%
Class B	6.1%	5.1%	8.9%	7.4%	8.4%
Class C	13.0%	6.8%	6.8%	19.6%	16.1%
Multi-Tenant	16.7%	16.7%	18.4%	20.9%	23.1%

Northeast Multi-Tenant Vacancy Trends

Multi-Tenant	3Q-08	4Q-08	1Q-09	2Q-09	3Q-09
Class A	23.0%	24.0%	22.8%	22.5%	23.5%
Class B	25.5%	21.1%	21.8%	21.5%	27.7%
Class C	46.1%	49.9%	42.5%	35.8%	35.6%
Multi-Tenant	29.9%	29.4%	27.4%	25.5%	28.3%

Park Rd Multi-Tenant Vacancy Trends

Multi-Tenant	3Q-08	4Q-08	1Q-09	2Q-09	3Q-09
Class A	N/A	N/A	N/A	N/A	N/A
Class B	29.2%	23.8%	24.2%	23.8%	27.8%
Class C	9.3%	9.3%	13.6%	13.1%	15.9%
Multi-Tenant	22.0%	18.6%	20.4%	19.9%	23.5%

Randolph Rd Multi-Tenant Vacancy Trends

Multi-Tenant	3Q-08	4Q-08	1Q-09	2Q-09	3Q-09
Class A	2.6%	11.7%	12.0%	11.1%	8.6%
Class B	10.8%	10.2%	14.7%	6.9%	8.2%
Class C	10.9%	12.0%	11.8%	13.0%	14.4%
Multi-Tenant	7.0%	11.3%	12.8%	10.2%	9.6%

Southpark Multi-Tenant Vacancy Trends

Multi-Tenant	3Q-08	4Q-08	1Q-09	2Q-09	3Q-09
Class A	6.5%	8.5%	10.1%	8.2%	8.9%
Class B	15.5%	15.6%	17.5%	16.5%	17.5%
Class C	23.5%	24.3%	24.3%	22.8%	22.2%
Multi-Tenant	11.8%	13.0%	14.5%	13.1%	13.7%