State of the Office Market
Members Only Round Table
May 18, 2016
Carman Liuzzo  
Highwoods Properties  
22 years  
Investment Team

Raleigh Portfolio  
4.9M SF  
93% Occupancy

5.4% Year over Year  
Rent Growth

1.4M SF Development
Founded in 1979

Became a Public Company in 2013 (NYSE: AHH)

Full Service Real Estate Developer with In-house General Contractor

Developed over 25 Million SF of Real Estate Worth over $3.3 Billion in Market Value

Experience in Retail, Office, Multi-Family, Mixed-Use, Hospitality, Medical and Industrial

CHRISTOPHER J. ODLE
Vice President of Development

Over 25 years of experience in planning, estimating and construction

Oversees activities that relate to company and entity ownership of development projects and supervises property acquisitions

Works closely with management to ensure that project development is economically feasible, financially viable and completed within the stated objectives
Michael Morgan
JLL
20 years
Triangle Tenant Representation

- Changing landscape of office product under development & redevelopment (i.e. warehouse conversions)
- CBD Development; Plug ‘n Play, Live, Work, Play

- Lack of options for credit-challenged tenants
- Not enough inexpensive start-up space options
- Rush hour traffic congestion
- Limited supply of venture capital

Local Government Federal Credit Union: 100,000 SF Office, Buyer’s agency, Project Management, $20M Redevelopment

Provides commercial real estate strategy, services and support to organizations worldwide.
Trinity Capital Advisors

Invested over $1.8 BILLION IN 14M SF since 2001 across the Southeast

CURRENT PORTFOLIO INCLUDES:

PERIMETER PARK
Morrisville, NC
2.65 million SF

400 SOUTH TRYON
Charlotte, NC
585,000 SF

FABER PLAZA
Charleston, SC
125,000 SF

CAPITAL PARTNERS:

STARWOOD CAPITAL GROUP  PCCP  Principal Financial Group

AIG  STOCKBRIDGE CAPITAL GROUP

JEFF SHEEHAN, Partner
16-year industry veteran, formerly with Duke Realty
Responsible for sourcing, structuring, and ensuring capitalization while overseeing due diligence
Completed over $450 million in new development and acquisition projects

TRINITYCAPITALADVISORS.COM
4.6% Unemployment Rate

16K New Jobs

3.2% YOY Rent Growth Forecast 2017-2020 (CoStar)

5.4% Q1 '16 YOY Rent Growth (CoStar)

$245M Office Q1 '16 Investment Sales ▼ 24% YOY (RC Analytics)

3.2% YOY Q1 '16 Rent Growth (CoStar)

Absorption 1.7M SF 2015 -55K SF Q1 '16 (JLL)

1.7M SF 42% Pre-Leased Q1 '16 Development (JLL)

8.4% Q1 '16 Class A Vacancy (JLL)

1.7M SF 42% Pre-Leased Q1 '16 Development (JLL)
US Office Market Cycle

San Francisco Peninsula
Denver, Silicon Valley
Dallas
San Francisco
Austin, Nashville
Los Angeles, San Diego, Seattle-Bellevue
Minneapolis
Atlanta, New York, Portland, Tampa
Boston, United States
Jacksonville, Miami, Orange County, Raleigh-Durham
Phoenix
Chicago, Indianapolis, Richmond
Charlotte, Fort Lauderdale, Milwaukee, Oakland-East Bay, Orlando, Salt Lake City
Cleveland, Sacramento, St. Louis
Cincinnati, Fairfield County
Hampton Roads, Long Island, San Antonio
Philadelphia, Pittsburgh, Westchester County
Baltimore, Detroit, Hartford, West Palm Beach
Columbus

Source: JLL Research
Raleigh-Durham Submarket Cycle

Downtown Durham
Cary, Downtown Raleigh, West Raleigh
Six Forks / Falls of Neuse
Glenwood Creedmoor, Orange County, RTP / RDU, South Durham

Peaking phase
Falling phase
Rising phase
Bottoming phase

Source: JLL Research
# Raleigh-Durham Submarket Stats Q1 2016

<table>
<thead>
<tr>
<th></th>
<th>Inventory (s.f.)</th>
<th>Total net absorption (s.f.)</th>
<th>Direct vacancy (%)</th>
<th>Average asking rent ($ p.s.f.)</th>
<th>Under construction (s.f.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Downtown Durham</td>
<td>3,112,253</td>
<td>6,145</td>
<td>2.4%</td>
<td>$23.71</td>
<td>414,000</td>
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<tr>
<td>Downtown Raleigh</td>
<td>3,849,409</td>
<td>26,781</td>
<td>10.5%</td>
<td>$27.57</td>
<td>227,000</td>
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<tr>
<td><strong>CBD</strong></td>
<td><strong>6,961,662</strong></td>
<td><strong>32,926</strong></td>
<td><strong>6.9%</strong></td>
<td><strong>$26.96</strong></td>
<td><strong>641,000</strong></td>
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<tr>
<td>Cary</td>
<td>5,851,705</td>
<td>-49,010</td>
<td>8.1%</td>
<td>$21.03</td>
<td>0</td>
</tr>
<tr>
<td>East Raleigh</td>
<td>633,249</td>
<td>4,256</td>
<td>8.6%</td>
<td>$15.47</td>
<td>0</td>
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<tr>
<td>Glenwood/Creedmoor</td>
<td>1,765,705</td>
<td>19,652</td>
<td>8.0%</td>
<td>$20.47</td>
<td>0</td>
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<tr>
<td>North Durham</td>
<td>626,953</td>
<td>523</td>
<td>49.2%</td>
<td>$14.33</td>
<td>0</td>
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<tr>
<td>Orange County</td>
<td>1,420,524</td>
<td>8,156</td>
<td>5.5%</td>
<td>$25.47</td>
<td>159,000</td>
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<tr>
<td>Route 1</td>
<td>1,843,956</td>
<td>8,392</td>
<td>6.7%</td>
<td>$17.86</td>
<td>0</td>
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<tr>
<td>RTP/RDU</td>
<td>11,398,756</td>
<td>-18,330</td>
<td>15.5%</td>
<td>$19.05</td>
<td>200,000</td>
</tr>
<tr>
<td>Six Forks/Falls of Neuse</td>
<td>5,623,020</td>
<td>-593</td>
<td>9.4%</td>
<td>$23.39</td>
<td>642,869</td>
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<tr>
<td>South Durham</td>
<td>2,601,379</td>
<td>-43,408</td>
<td>5.3%</td>
<td>$20.77</td>
<td>0</td>
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<tr>
<td>Southwest Wake County</td>
<td>137,768</td>
<td>0</td>
<td>12.7%</td>
<td>$22.00</td>
<td>0</td>
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<tr>
<td>West Raleigh</td>
<td>5,499,280</td>
<td>-18,158</td>
<td>10.9%</td>
<td>$22.54</td>
<td>24,582</td>
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<tr>
<td><strong>Suburban</strong></td>
<td><strong>37,402,295</strong></td>
<td><strong>-88,520</strong></td>
<td><strong>11.3%</strong></td>
<td><strong>$20.12</strong></td>
<td><strong>1,026,451</strong></td>
</tr>
<tr>
<td>Raleigh-Durham</td>
<td><strong>44,363,957</strong></td>
<td><strong>-55,594</strong></td>
<td><strong>10.6%</strong></td>
<td><strong>$20.82</strong></td>
<td><strong>1,667,451</strong></td>
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