

HIGHWOODS PROPERTIES INC

Form 424B5

February 07, 2018

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Registration No. 333-215936

PROSPECTUS SUPPLEMENT

(To prospectus dated February 7, 2017)

\$300,000,000

Common Stock

We have entered into separate equity distribution agreements with Wells Fargo Securities, LLC, Robert W. Baird & Co. Incorporated, BB&T Capital Markets, a division of BB&T Securities, LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, BTIG, LLC, Capital One Securities, Inc., Fifth Third Securities, Inc., Jefferies LLC and J.P. Morgan Securities LLC, each a “sales agent” and collectively the “sales agents,” relating to shares of our common stock offered by this prospectus supplement and the accompanying prospectus. In accordance with the terms of the equity distribution agreements, we may offer and sell shares of common stock having an aggregate offering price of up to \$300 million from time to time through or to the sales agents. Prior to the date of this prospectus supplement, we offered and sold 1,363,919 shares of common stock having an aggregate gross sales price of \$69,357,605 pursuant to our equity distribution agreements. As a result of such prior sales, as of the date of this prospectus supplement, common stock having an aggregate gross sales price of up to \$230,642,395 remains available for offer and sale from time to time through the sales agents pursuant to the equity distribution agreements and this prospectus supplement and the accompanying prospectus.

Our common stock is listed on the New York Stock Exchange (“NYSE”) under the symbol “HIW.” The last reported sale price of our common stock on the NYSE on February 6, 2018 was \$44.85 per share.

Sales of the shares of our common stock, if any, under this prospectus supplement and the accompanying prospectus may be made by means of ordinary brokers’ transactions on the NYSE or otherwise at market prices prevailing at the time of sale, at prices related to prevailing market prices or at negotiated prices (which may include block trades).

Subject to the terms and conditions of the equity distribution agreements, each sales agent will use its commercially reasonable efforts consistent with its normal trading and sales practices to sell the common stock on our behalf. Our common stock to which this prospectus supplement relates will be sold through only one sales agent on any given day. Each sales agent will receive from us a commission equal to 1.5% of the gross sales price of all shares sold through it as sales agent under the applicable equity distribution agreement. Under the terms of the equity distribution agreements, we may also sell our common stock to each of the sales agents, as principal for its own respective account, at a price agreed upon at the time of sale. If we sell our common stock to any sales agent as principal, we will enter into a separate terms agreement with the sales agent, setting forth the terms of such transaction, and we will describe the agreement in a separate prospectus supplement or pricing supplement.

To preserve our status as a real estate investment trust (“REIT”) for U.S. federal income tax purposes, among other reasons, we impose restrictions on the ownership and transfer of our common stock. See “Description of Common Stock-Ownership Limitations and Restrictions on Transfers” in the accompanying prospectus.

Investing in our common stock involves risks. Before investing in our common stock, you should carefully read and consider the information under “Risk Factors” on page S-1 of this prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Wells Fargo Securities Baird BB&T Capital Markets
BofA Merrill Lynch BTIG Capital One Securities

Fifth Third Securities Jefferies J.P. Morgan

The date of this prospectus supplement is February 7, 2018.

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You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus and any written communication from us or the sales agents specifying the final terms of any offering. Neither we nor the sales agents have authorized anyone else to provide you with additional or different information. If anyone provides you with additional or different information, you should not rely on it. We are not, and the sales agents are not, making an offer to sell these securities in any jurisdiction where the offer or sale of these securities is not permitted. You should assume that the information appearing in this prospectus supplement and the accompanying prospectus, as well as information we previously filed with the Securities and Exchange Commission

(“SEC”) and incorporated by reference, is only accurate as of the date of the front cover of this prospectus supplement or accompanying prospectus or as of the date given in the incorporated document, as applicable. Our business, financial condition, liquidity, results of operations and prospects may have changed since that date.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes certain terms of this offering and other matters relating to us. The second part, the accompanying prospectus, gives more general information about our company and securities we may offer from time to time, some of which does not apply to any offering hereunder. It is important for you to read and consider all information contained in this prospectus supplement, the accompanying prospectus and the information incorporated by reference herein and therein before making your investment decision. You should also read and consider the information in the documents we have referred you to in “Incorporation of Certain Documents by Reference” and “Where You Can Find More Information.” The information incorporated by reference is considered part of this prospectus supplement and the accompanying prospectus, and information we later file with the SEC may automatically update and supersede this information. To the extent any inconsistency or conflict exists between the information included or incorporated by reference in this prospectus supplement and the information included in the accompanying prospectus, the information included or incorporated by reference in this prospectus supplement updates and supersedes the information in the accompanying prospectus.

Unless otherwise indicated or the context requires otherwise, in this prospectus supplement references to “we,” “us,” and “our” refer to Highwoods Properties, Inc., a Maryland corporation (the “Company”), and its consolidated subsidiaries, including Highwoods Realty Limited Partnership, a North Carolina limited partnership, which we refer to in this prospectus supplement as the “Operating Partnership.”

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

Some of the information included or incorporated by reference in this prospectus supplement and the accompanying prospectus may contain “forward-looking statements” within the meaning of the safe harbor from civil liability provided for such statements by the Private Securities Litigation Reform Act of 1995 (set forth in Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Such statements include, in particular, statements about our plans, strategies and prospects. You can identify forward-looking statements by our use of forward-looking terminology such as “may,” “will,” “expects,” “anticipates,” “estimates,” “believes,” “intends,” “plans,” “projects,” “seeks,” “should,” or other similar words or expressions. forward-looking statements reflect our current views about our plans, intentions, expectations, strategies and prospects, which are based on the information currently available to us and on assumptions we have made. Although we believe that our plans, intentions, expectations, strategies and prospects reflected in or suggested by such forward-looking statements are reasonable, we cannot assure you that our plans, intentions, expectations, strategies or prospects will be achieved and you should not place undue reliance on these forward-looking statements. When considering such forward-looking statements, you should keep in mind the following important factors that could cause our actual results to differ materially from those contained in any forward-looking statement:

- the financial condition of our customers could deteriorate;
- we may not be able to lease or re-lease second generation space, defined as previously occupied space that becomes available for lease, quickly or on as favorable terms as old leases;
- we may not be able to lease newly constructed buildings as quickly or on as favorable terms as originally anticipated;
- we may not be able to complete development, acquisition, reinvestment, disposition or joint venture projects as quickly or on as favorable terms as anticipated;
- development activity in our existing markets could result in an excessive supply relative to customer demand;
- our markets may suffer declines in economic and/or office employment growth;
- unanticipated increases in interest rates could increase our debt service costs;
- unanticipated increases in operating expenses could negatively impact our operating results;
- we may not be able to meet our liquidity requirements or obtain capital on favorable terms to fund our working capital needs and growth initiatives or repay or refinance outstanding debt upon maturity; and

we could lose key executive officers.

This list of risks and uncertainties, however, is not intended to be exhaustive. You should also review the other cautionary statements we make under “Risk Factors” in this prospectus supplement, as such risk factors may be amended, updated or modified periodically in our reports filed with the SEC.

Given these uncertainties, you should not place undue reliance on forward-looking statements. Except as required by law, we undertake no obligation to publicly release the results of any revisions to these forward-looking statements to reflect any future events or circumstances or to reflect the occurrence of unanticipated events.

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HIGHWOODS PROPERTIES, INC.

The Company is a fully integrated office REIT that owns, develops, acquires, leases and manages properties primarily in the best business districts (BBDs) of Atlanta, Greensboro, Memphis, Nashville, Orlando, Pittsburgh, Raleigh, Richmond and Tampa. The Company conducts its activities through the Operating Partnership.

At December 31, 2017, we owned all of the preferred partnership interests in the Operating Partnership and 102.9 million, or 97.3%, of the common partnership interests in the Operating Partnership. Limited partners owned the remaining 2.8 million common partnership interests.

The Company was incorporated in Maryland in 1994. Our executive offices are located at 3100 Smoketree Court, Suite 600, Raleigh, North Carolina 27604 and our telephone number is (919) 872-4924. Our website is www.highwoods.com. The information found on or accessible through our website is not incorporated into and does not constitute a part of this prospectus supplement, the accompanying prospectus or any other report or document we file with or furnish to the SEC.

Additional information regarding the Company is set forth in documents on file with the SEC and incorporated by reference in this prospectus supplement and the accompanying prospectus, as described below under the sections entitled "Incorporation of Certain Documents by Reference" and "Where You Can Find More Information."

RISK FACTORS

Investing in our common stock involves a high degree of risk. You should carefully consider the risk factors described in our Annual Report on Form 10-K for the year ended December 31, 2017, as such risk factors may be amended, updated or modified periodically in our reports filed with the SEC, as well as other information set forth in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein before making an investment decision with respect to our common stock. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially adversely affect us. The risks described could affect our business, financial condition or results of operations. In such a case, you may lose all or part of your original investment. Please also refer to the section entitled "Disclosure Regarding Forward-Looking Statements."

USE OF PROCEEDS

We intend to use the net proceeds from the sale of the shares that we may offer under this prospectus supplement and the accompanying prospectus, after deducting commissions and estimated offering expenses, to fund our property acquisitions and development activity, repay or repurchase outstanding debt (including amounts outstanding from time to time under our \$600 million unsecured revolving credit facility), repurchase or redeem outstanding preferred equity and for working capital and other general corporate purposes.

As of December 31, 2017, there was \$245.0 million outstanding under our revolving credit facility and \$0.5 million of outstanding letters of credit. Our revolving credit facility bears interest at LIBOR plus 100 basis points (based on our current credit ratings) and is scheduled to mature in January 2022. Assuming no defaults have occurred, we have an option to extend the maturity for two additional six-month periods.

Affiliates of certain sales agents are lenders under our revolving credit facility. To the extent that we use any of the net proceeds from this offering to repay borrowings outstanding under our revolving credit facility, such affiliates will receive their proportionate share of any amount of our revolving credit facility that is repaid with the net proceeds from this offering. See “Plan of Distribution.”

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ADDITIONAL FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of additional federal tax considerations with respect to the purchase, ownership and disposition of our common stock. This summary supplements and, where applicable, supersedes the discussion under “Material Federal Income Tax Considerations” in the accompanying prospectus, and should be read together with such discussion.

On December 22, 2017, the President signed into law the Tax Cuts and Jobs Act (the “Act”). The Act made significant changes to the U.S. federal income tax rules for taxation of individuals and corporations. In the case of individuals, the tax brackets were adjusted, the top federal income rate was reduced to 37%, special rules reduce taxation of certain income earned through pass-through entities and reduce the top effective rate applicable to ordinary dividends from REITs to 29.6% (through a 20% deduction for ordinary REIT dividends received that are not “capital gain dividends” or “qualified dividend income,” subject to complex limitations) and various deductions were eliminated or limited, including limiting the deduction for state and local taxes to \$10,000 per year. Most of the changes applicable to individuals are temporary and apply only to taxable years beginning after December 31, 2017 and before January 1, 2026. The top corporate income tax rate was reduced to 21%, and the corporate alternative minimum tax was repealed. Additionally, for taxable years beginning after December 31, 2017, the Act limits interest deductions for businesses, whether in corporate or pass-through form, to the sum of the taxpayer’s business interest income for the tax year and 30% of the taxpayer’s adjusted taxable income for the tax year. This limitation could apply to the Operating Partnership, underlying partnerships and potential taxable REIT subsidiaries. This limitation does not apply to an “electing real property trade or business.” We have not yet determined whether we or any of our subsidiaries will elect out of the new interest expense limitation or whether each of our subsidiaries is eligible to elect out. One consequence of electing to be an “electing real property trade or business” is that the new expensing rules will not apply to certain property used in an electing real property trade or business. In addition, in the case of an electing real property trade or business, real property and “qualified improvement property” are depreciated under the alternative depreciation system, with 40-year useful life for nonresidential real property and a 20-year useful life for qualified improvement property (although a potential drafting error makes the useful life for qualified improvement property uncertain). There are only minor changes to the REIT rules (other than the 20% deduction applicable to individuals for ordinary REIT dividends received).

The Act makes numerous other large and small changes to the tax rules that do not affect REITs directly but may affect our stockholders and may indirectly affect us. For example, the Act amended the rules for accrual of income so that income is taken into account no later than when it is taken into account on applicable financial statements, even if financial statements take such income into account before it would accrue under the original issue discount rules, market discount rules or other rules in the Internal Revenue Code of 1986, as amended. Such rules may cause us to recognize income before receiving any corresponding receipt of cash, which may make it more likely that we could be required to borrow funds or take other action to satisfy the REIT distribution requirements for the taxable year in which such income is recognized, although the precise application of this rule is unclear at this time. In addition, the Act reduced the limit for individual’s mortgage interest expense to interest on \$750,000 of mortgages and does not permit deduction of interest on home equity loans (after grandfathering all existing mortgages). Such change and the reduction in deductions for state and local taxes (including property taxes) may potentially (and negatively) affect the markets in which we may invest.

Prospective stockholders are urged to consult with their tax advisors with respect to the Act and any other regulatory or administrative developments and proposals and their potential effect on an investment in our common stock.

PLAN OF DISTRIBUTION

We have entered into separate equity distribution agreements with the sales agents relating to the offer and sale of shares of our common stock having an aggregate offering price of up to \$300 million. Prior to the date of this prospectus supplement, we offered and sold 1,363,919 shares of common stock having an aggregate gross sales price of \$69,357,605 pursuant to our equity distribution agreements. As a result of such prior sales, as of the date of this prospectus supplement, common stock having an aggregate gross sales price of up to \$230,642,395 remains available for offer and sale from time to time through the sales agents pursuant to the equity distribution agreements and this prospectus supplement and the accompanying prospectus.

Sales of the shares of our common stock, if any, under this prospectus supplement and the accompanying prospectus may be made by means of ordinary brokers' transactions on the NYSE or otherwise at market prices prevailing at the time of sale, at prices related to prevailing market prices or at negotiated prices (which may include block trades). Subject to the terms and conditions of the applicable equity distribution agreement, upon its acceptance of written instructions from us, each sales agent will use its commercially reasonable efforts consistent with its normal trading and sales practices to sell the common stock on our behalf. We will instruct each sales agent as to the amount of common stock to be sold by it. We may instruct the sales agents not to sell common stock if the sales cannot be effected at or above the price designated by us in any instruction. Our common stock sold pursuant to the equity distribution agreements will be sold through only one of the sales agents on any given day. We or the sales agents may suspend the offering of common stock upon proper notice and subject to other conditions.

For its service as sales agent in connection with the sale of shares of our common stock that may be offered hereby, we will pay each sales agent an aggregate fee of 1.5% of the gross sales price per share for any shares sold by it acting as our sales agent. The remaining sales proceeds, after deducting any transaction fees, transfer taxes or similar taxes or fees imposed by any governmental, regulatory, or self-regulatory organization in connection with the sales, will equal our net proceeds for the sale of such shares. In the event we engage a sales agent for a sale of shares that would constitute a "distribution" within the meaning of Regulation M under the Exchange Act, we and the sales agent will agree to compensation that is customary for the sales agent with respect to such transaction. We estimate that the total expenses of the offering payable by us, excluding discounts and commissions payable to the sales agents under the equity distribution agreements, will be approximately \$100,000.

Each sales agent will provide written confirmation to us following the close of trading on the NYSE each day in which shares of common stock are sold by it for us under the applicable equity distribution agreement. Each confirmation will include the number of shares sold on such day, the aggregate gross sales proceeds of the shares, the aggregate net proceeds (as described above) to us and the aggregate compensation payable by us to the sales agent with respect to such sales.

Settlement for sales of common stock will occur, unless the parties agree otherwise, on the second business day following the date on which any sales were made in return for payment of the proceeds to us net of compensation paid by us to the sales agents. There is no arrangement for funds to be received in an escrow, trust or similar arrangement. We will deliver to the NYSE copies of this prospectus supplement and the accompanying prospectus pursuant to the rules of the NYSE. Unless otherwise required, we will report at least quarterly the number of shares of common stock sold through the sales agents under the equity distribution agreements, the net proceeds to us and the compensation paid by us to the sales agents in connection with the sales of our common stock.

Under the terms of the equity distribution agreements, we also may sell shares to each of the sales agents, as principal for its own respective account, at a price agreed upon at the time of sale. If we sell shares to any sales agent, as principal, we will enter into a separate terms agreement with the sales agent setting forth the terms of such transaction, and we will describe the agreement in a separate prospectus supplement or pricing supplement.

In connection with the sale of the common stock on our behalf, the sales agents may be deemed to be an "underwriter" within the meaning of the Securities Act, and the compensation paid to the sales agents may be deemed to be underwriting commissions or discounts. We have agreed in the equity distribution agreements to provide indemnification and contribution to the sales agents against certain civil liabilities, including liabilities under the Securities Act.

We have determined that our shares of common stock are “actively-traded securities” excepted from the requirements of Rule 101 of Regulation M under the Exchange Act by Rule 101(c)(1) under that Act. If a sales agent or we have reason to believe that the exemptive provisions set forth in Rule 101(c)(1) of Regulation M under the Exchange Act are not satisfied, that

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party will promptly notify the other and sales of our common stock under the equity distribution agreements will be suspended until that or other exemptive provisions have been satisfied in the judgment of the sales agents and us. The offering of our common stock pursuant to the equity distribution agreements will terminate upon the earlier of (1) the sale of common stock having an aggregate offering price of up to \$300 million and (2) the termination of all of the equity distribution agreements, pursuant to their terms, by either the sales agents or us. Each equity distribution agreement may be terminated by the applicable sales agent or us at any time.

Other Relationships

Affiliates of Wells Fargo Securities, LLC, BB&T Capital Markets, a division of BB&T Securities, LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Capital One Securities, Inc., Fifth Third Securities, Inc. and J.P. Morgan Securities LLC are lenders under our \$600 million unsecured revolving credit facility. In connection with their participation in our revolving credit facility, such affiliates receive customary fees, and to the extent that we use any of the net proceeds from this offering to repay borrowings under our revolving credit facility, such affiliates will receive their proportionate share of any amount of our revolving credit facility that is repaid with the net proceeds from this offering.

In the ordinary course of their business, the sales agents and/or their affiliates have in the past performed, and may continue to perform, investment banking, commercial banking, treasury management, deposit account, broker dealer, lending, financial advisory or other services for us for which they have received, or may receive, separate fees. In addition, in the ordinary course of their business activities, the sales agents and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. The sales agents and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

An affiliate of Wells Fargo Securities, LLC is a lender under our funded seven-year term loan and affiliates of Wells Fargo Securities, LLC, BB&T Capital Markets, a division of BB&T Securities, LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Capital One Securities, Inc., Fifth Third Securities, Inc. and J.P. Morgan Securities LLC are lenders under our funded five-year term loan.

LEGAL MATTERS

The validity of the shares of common stock offered hereby is being passed upon for us by DLA Piper LLP (US). In addition, DLA Piper LLP (US) is rendering an opinion with respect to certain federal income tax matters relating to us. Certain legal matters in connection with this offering will be passed upon for the sales agents by Baker Botts L.L.P., Washington, D.C.

EXPERTS

The financial statements, and the related financial statement schedules, incorporated in this prospectus supplement and the accompanying prospectus by reference from Highwoods Properties, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2017, and the effectiveness of Highwoods Properties, Inc.'s internal control over financial reporting have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports, which are incorporated herein by reference (which reports (1) express an unqualified opinion on the financial statements and financial statement schedules and (2) express an unqualified opinion on the effectiveness of internal control over financial reporting). Such financial statements and financial statement schedules have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing. The financial statements, and related financial statement schedules, incorporated in this prospectus supplement and the accompanying prospectus by reference from Highwoods Realty Limited Partnership's Annual Report on Form 10-K for the year ended December 31, 2017, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report which is also incorporated herein by reference (which report expresses an unqualified opinion). Such financial statements and financial statement schedules have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

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INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

SEC rules permit us to “incorporate by reference” the information contained in documents that we file with the SEC, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus supplement and supersedes information incorporated by reference that we filed with the SEC prior to the date of this prospectus supplement. Information that we file in the future with the SEC automatically will update and supersede, as appropriate, the information contained in this prospectus supplement and in the documents previously filed with the SEC and incorporated by reference into this prospectus supplement. We incorporate by reference the documents listed below and any future filings we will make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act (excluding any information that is deemed to have been “furnished” and not “filed” with the SEC) on or after the date of this prospectus supplement but before the end of the offering made under this prospectus supplement:

the 2017 Annual Report on Form 10-K of the Company and the Operating Partnership filed with the SEC on February 6, 2018;

the Current Report on Form 8-K of the Company filed with the SEC on February 1, 2018;

the information specifically incorporated by reference into the 2016 Annual Report on Form 10-K from our Definitive Proxy Statement on Schedule 14A filed with the SEC on March 31, 2017; and

the description of our common stock included in our Registration Statement on Form 8-A dated May 16, 1994, including any amendments and reports filed for the purpose of updating such description.

You may request a copy of these filings, at no cost, by writing or telephoning us at the following address:

Investor Relations

Highwoods Properties, Inc.

3100 Smoketree Court, Suite 600

Raleigh, North Carolina 27604-1050

Telephone: (919) 872-4924

We also maintain an Internet site at www.highwoods.com at which there is additional information about our business, but the contents of that site are not incorporated by reference into, and are not otherwise a part of, this prospectus supplement or accompanying prospectus.

WHERE YOU CAN FIND MORE INFORMATION

We are subject to the informational requirements of the Exchange Act, and, in accordance therewith, we file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any reports, statements or other information on file at the SEC’s public reference room located at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Our SEC filings are also available on the website maintained by the SEC at <http://www.sec.gov>. These filings are also available to the public from commercial document retrieval services.

We have filed with the SEC a “shelf” registration statement on Form S-3, including exhibits filed with the registration statement. This prospectus supplement and accompanying prospectus do not contain all of the information in the registration statement. We have omitted parts of the registration statement from this prospectus supplement and the accompanying prospectus in accordance with the rules and regulations of the SEC. For more detail about us and any securities that may be offered by this prospectus supplement and accompanying prospectus, you may examine the registration statement on Form S-3 and the exhibits filed with it at the locations listed in the previous paragraph.

Highwoods Properties, Inc.
Common Stock
Preferred Stock
Depositary Shares
Guarantees

Highwoods Realty Limited Partnership
Debt Securities

We or any selling stockholder may offer, issue and sell from time to time, together or separately, the securities described in this prospectus. Highwoods Properties, Inc. may offer and sell common stock, preferred stock, depositary shares and guarantees of debt securities issued by Highwoods Realty Limited Partnership. Highwoods Realty Limited Partnership may offer and sell debt securities.

This prospectus describes some of the general terms that may apply to these securities. The specific terms of any securities to be offered will be described in a supplement to this prospectus. You should read this prospectus and any applicable prospectus supplement carefully before you invest. We also may authorize one or more free writing prospectuses to be provided to you in connection with the offering. The prospectus supplement and any free writing prospectus also may add, update or change information contained or incorporated in this prospectus.

We or any selling stockholder may offer and sell these securities to or through one or more underwriters, dealers and agents, or directly to purchasers, on a continuous or delayed basis. The prospectus supplement for each offering of securities will describe the plan of distribution for that offering. For general information about the distribution of securities offered, see “Plan of Distribution” in this prospectus. The prospectus supplement also will set forth the price to the public of the securities and the net proceeds that we expect to receive from the sale of such securities. We will not receive any of the proceeds from the sale of securities by any selling stockholder.

The common stock of Highwoods Properties, Inc. is listed on the New York Stock Exchange (“NYSE”) under the symbol “HIW.” On February 6, 2017, the last reported sales price of our common stock on the NYSE was \$50.04 per share.

To preserve our status as a real estate investment trust (“REIT”) for U.S. federal income tax purposes, among other reasons, we impose restrictions on the ownership and transfer of our common stock. See “Description of Common Stock-Ownership Limitations and Restrictions on Transfers” in this prospectus.

You should carefully read and consider the risk factors included on page 3 of this prospectus and in our periodic reports and other information that we file with the Securities and Exchange Commission before you invest in our securities.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is February 7, 2017.

You should rely only on the information contained in this prospectus and the accompanying prospectus supplement or incorporated by reference in these documents. No dealer, salesperson or other person is authorized to give any information or to represent anything not contained or incorporated by reference in this prospectus or the accompanying prospectus supplement. If anyone provides you with different, inconsistent or unauthorized information or representations, you must not rely on them. This prospectus and the accompanying prospectus supplement are an offer to sell only the securities offered by these documents, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus or any prospectus supplement is current only as of the date on the front of those documents.

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ABOUT THIS PROSPECTUS

This prospectus is part of an automatic “shelf” registration statement that we have filed with the Securities and Exchange Commission (the “SEC”). By using a shelf registration statement, we or any selling stockholder to be named in a prospectus supplement may sell, at any time and from time to time, in one or more offerings, any combination of the securities described in this prospectus. The exhibits to our registration statement contain the full text of certain contracts and other important documents we have summarized in this prospectus. Since these summaries may not contain all the information that you may find important in deciding whether to purchase the securities we or any selling stockholder to be named in a prospectus supplement may offer, you should review the full text of these documents. The registration statement and the exhibits can be obtained from the SEC as indicated under the section entitled “Where You Can Find More Information.”

This prospectus only provides you with a general description of the securities we or any selling stockholder may offer. Each time we or any selling stockholder sell securities, we will provide a prospectus supplement that contains specific information about the terms of those securities. The prospectus supplement also may add, update or change information contained in this prospectus. If there is an inconsistency between the information in this prospectus and any prospectus supplement, you should rely on the information in the prospectus supplement. You should read carefully both this prospectus and any prospectus supplement together with the additional information described below under the section entitled “Where You Can Find More Information.”

Unless otherwise indicated or the context requires otherwise, in this prospectus and any prospectus supplement hereto references to “we,” “us,” and “our” refer to Highwoods Properties, Inc., a Maryland corporation (the “Company”), and its consolidated subsidiaries, including Highwoods Realty Limited Partnership, a North Carolina limited partnership, which we refer to in this prospectus as the “Operating Partnership.”

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

Some of the information included or incorporated by reference in this prospectus and any accompanying prospectus supplement may contain “forward-looking statements” within the meaning of the safe harbor from civil liability provided for such statements by the Private Securities Litigation Reform Act of 1995 (set forth in Section 27A of the Securities Act of 1933, as amended (the “Securities Act”) and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Such statements include, in particular, statements about our plans, strategies and prospects. You can identify forward-looking statements by our use of forward-looking terminology such as “may,” “will,” “expects,” “anticipates,” “estimates,” “believes,” “intends,” “plans,” “projects,” “seeks,” “should,” or other similar words or expressions. Our forward-looking statements reflect our current views about our plans, intentions, expectations, strategies and prospects, which are based on the information currently available to us and on assumptions we have made. Although we believe that our plans, intentions, expectations, strategies and prospects reflected in or suggested by such forward-looking statements are reasonable, we cannot assure you that our plans, intentions, expectations, strategies or prospects will be achieved and you should not place undue reliance on these forward-looking statements. When considering such forward-looking statements, you should keep in mind the following important factors that could cause our actual results to differ materially from those contained in any forward-looking statement:

- the financial condition of our customers could deteriorate;
- we may not be able to lease or re-lease second generation space, defined as previously occupied space that becomes available for lease, quickly or on as favorable terms as old leases;
- we may not be able to lease our newly constructed buildings as quickly or on as favorable terms as originally anticipated;
- we may not be able to complete development, acquisition, reinvestment, disposition or joint venture projects as quickly or on as favorable terms as anticipated;
- development activity by our competitors in our existing markets could result in an excessive supply relative to customer demand;
- our markets may suffer declines in economic growth;
- unanticipated increases in interest rates could increase our debt service costs;
- unanticipated increases in operating expenses could negatively impact our operating results;

we may not be able to meet our liquidity requirements or obtain capital on favorable terms to fund our working capital needs and growth initiatives or to repay or refinance outstanding debt upon maturity; and the Company could lose key executive officers.

This list of risks and uncertainties, however, is not intended to be exhaustive. You should also review the other cautionary statements we make under the caption “Business - Risk Factors” in our 2016 Annual Report on Form 10-K, incorporated by reference herein, and as updated in subsequent SEC filings. Given these uncertainties, you should not place undue reliance on forward-looking statements. Except as required by law, we undertake no obligation to publicly release the results of any revisions to these forward-looking statements to reflect any future events or circumstances or to reflect the occurrence of unanticipated events.

THE COMPANY AND THE OPERATING PARTNERSHIP

The Company is a fully-integrated office REIT that owns, develops, acquires, leases and manages properties primarily in the best business districts (BBDs) of Atlanta, Greensboro, Memphis, Nashville, Orlando, Pittsburgh, Raleigh, Richmond and Tampa. The Company conducts its activities through the Operating Partnership.

The Operating Partnership is managed by the Company, its sole general partner. At December 31, 2016, the Company owned all of the preferred partnership interests in the Operating Partnership and 101.3 million, or 97.3%, of the common partnership interests in the Operating Partnership. Limited partners owned the remaining 2.8 million common partnership interests. Generally, the Operating Partnership is obligated to redeem each common partnership interest at the request of the holder thereof for cash equal to the value of one share of the Company's common stock based on the average of the market price for the 10 trading days immediately preceding the notice date of such redemption, provided that the Company, at its option, may elect to acquire any such common partnership interests presented for redemption for cash or one share of the Company's common stock. The common partnership interests owned by the Company are not redeemable.

The Company was incorporated in Maryland in 1994. The Operating Partnership was formed in North Carolina in 1994. Our executive offices are located at 3100 Smoketree Court, Suite 600, Raleigh, North Carolina 27604 and our telephone number is (919) 872-4924. Our website is www.highwoods.com. The information found on or accessible through our website is not incorporated into and does not constitute a part of this prospectus or any other report or document we file with or furnish to the SEC.

RISK FACTORS

Investing in our securities involves risks. Before purchasing the securities offered by this prospectus you should consider carefully the risk factors incorporated by reference in this prospectus from our 2016 Annual Report on Form 10-K, as well as (i) the risks, uncertainties and additional information set forth in our SEC reports on Forms 10-K, 10-Q and 8-K and in the other documents incorporated by reference in this prospectus that we file with the SEC after the date of this prospectus and which are deemed incorporated by reference in this prospectus, and (ii) the information contained in any applicable prospectus supplement. For a description of these reports and documents, and information about where you can find them, see "Where You Can Find More Information." The risks and uncertainties we discuss in this prospectus and in the documents incorporated by reference in this prospectus are those that we currently believe may materially affect our company. Additional risks not presently known, or currently deemed immaterial, also could materially and adversely affect our financial condition, results of operations, business and prospects.

USE OF PROCEEDS

Unless otherwise specified in the accompanying prospectus supplement, we intend to use the net proceeds from the sale of securities offered by us to provide additional funds for general corporate purposes, including funding our acquisition and development activity, the repayment or refinancing of outstanding debt, working capital and other general purposes. Any specific allocation of the net proceeds of an offering of securities will be determined at the time of such offering and will be described in the accompanying prospectus supplement. As required by the terms of the partnership agreement of the Operating Partnership, the Company must invest the net proceeds of any sale of common stock, preferred stock or depositary shares in the Operating Partnership in exchange for additional partnership interests.

We will not receive any of the proceeds of the sale by any selling stockholder of the securities covered by this prospectus.

RATIOS OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS

The following table shows ratios of earnings to fixed charges for the Company and the Operating Partnership for the periods shown:

	Company	Operating Partnership
Year Ended December 31, 2016	2.29x	2.28x
Year Ended December 31, 2015	1.81x	1.81x
Year Ended December 31, 2014	1.99x	1.99x
Year Ended December 31, 2013	1.43x	1.43x
Year Ended December 31, 2012	1.21x	1.21x

The following table shows ratios of earnings to combined fixed charges and preferred stock dividends for the Company and the Operating Partnership for the periods shown:

	Company	Operating Partnership
Year Ended December 31, 2016	2.22x	2.22x
Year Ended December 31, 2015	1.77x	1.77x
Year Ended December 31, 2014	1.93x	1.93x
Year Ended December 31, 2013	1.39x	1.39x
Year Ended December 31, 2012	1.18x	1.18x

For purposes of computing these ratios, earnings have been calculated by adding fixed charges, excluding capitalized interest, to income (loss) from continuing operations before gains or losses on property sales and (if applicable) minority interest in the Operating Partnership. Fixed charges consist (if applicable) of interest costs, whether expensed or capitalized, the interest component of rental expense and amortization of debt issuance costs.

DESCRIPTION OF DEBT SECURITIES

Unless otherwise specified in the prospectus supplement, the Operating Partnership's debt securities will be issued under an indenture, dated as of December 1, 1996, between the Operating Partnership, the Company and U.S. Bank National Association (as successor in interest to First Union National Bank of North Carolina), as trustee. We have filed the indenture with the SEC. The Trust Indenture Act of 1939 governs the indenture. The following description summarizes only the material provisions of the indenture. Accordingly, you should read the indenture because it, and not this description, defines your rights as holders of debt securities issued by the Operating Partnership.

General

The debt securities will be direct, unsecured obligations of the Operating Partnership and will rank equally with all other unsecured and unsubordinated debt of the Operating Partnership. The Operating Partnership may issue debt securities in one or more series without limit as to aggregate principal amount. The board of directors of the Company, as sole general partner of the Operating Partnership, will determine the terms of the debt securities. All debt securities of one series need not be issued at the same time and a series may generally be reopened for additional issuances, without the consent of the holders of the debt securities of the series.

If any debt securities rate below investment grade at the time of issuance, they will be fully and unconditionally guaranteed by the Company as to payment of principal, interest and any premium. The debt securities will be effectively subordinated to the prior claims of each secured mortgage lender to any specific property that secures such lender's mortgage.