

Market Overview

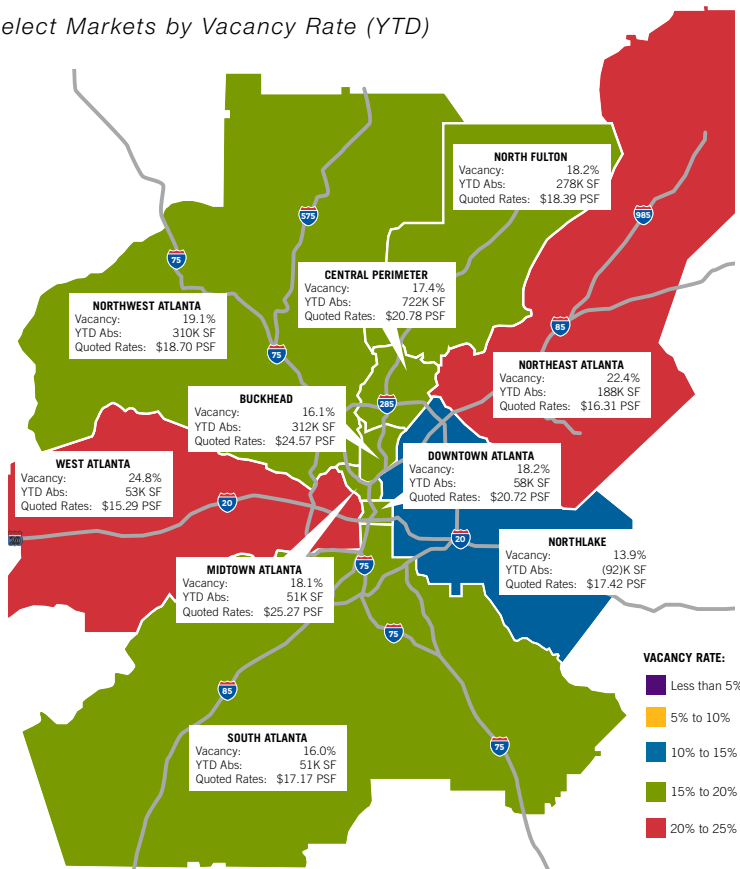
The Atlanta Office market ended the third quarter 2013 with a vacancy rate of 18.0%. This rate represents a decrease from the previous quarter rate of 18.5%. This decrease occurred in a quarter where Atlanta saw 1,120,189 SF in positive net absorption and 175,240 SF (4 buildings), delivered to the market. Quoted rental rates ended the quarter at \$19.63 PSF, down from the last quarter rate of \$19.67 PSF. Currently there is over 1.7 million SF of office product under construction in Metro Atlanta.

Economic Overview

The US economy grew slightly in spite of the Federal Government's uncertain fiscal outlook and the looming debt ceiling deadline in February 2014. Inflation remains tame the unemployment rate remains high and wage increases are modest. Job growth is subpar, but job creation is picking up in the healthcare and service industries. Gains in the housing market are evident by the tight housing inventory and increase in new home construction. Businesses increased spending by 4% this year and there is improvement in the manufacturing outlook and increased demand for US exports. GDP growth is expected to improve in 2014 as business and consumer confidence increases.

LEASING HIGHLIGHTS

Select Markets by Vacancy Rate (YTD)



3Q'13

Atlanta Office Market Report



MARKET SNAPSHOT

Market Indicators

	Current	Change from last	
		Qtr.	Yr.
Vacancy	18.0%	▼	▼
Net Absorption	1,120,189 SF	▲	▲
Construction	1,778,716 SF	▼	▲
Rental Rates	\$19.63 PSF	▼	▲

Economic Indicators

	3Q'13	3Q'12
Atlanta Employment	2.42M	2.36M
Atlanta Unemployment	8.0%	8.9%
Georgia Unemployment	8.7%	9.0%
U.S. Unemployment	7.2%	7.8%
U.S. CCI <i>(Consumer Confidence Index)</i>	71.2	72.2

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Vacancy

The overall vacancy rate is down 0.5% from the previous quarter to 18.0% at the end of the third quarter 2013. The current rate represents over 38 million SF of vacant office space throughout the Metro Atlanta Office market, a 6% decrease from this time last year. The current amount of vacant sublease space is 1.4 million SF.

Net Absorption

At the close of the quarter, an overall net absorption of 1,120,189 SF was reported, a significant increase over the previous quarter and an increase from this time last year. The recorded net absorption for the current quarter by class follows: Class A: 1,191,799 SF, Class B: (49,413) SF and Class C: (22,197) SF.

Leasing activity was over 1.9 million square feet for the quarter, down from the previous quarter

Construction Activity

At the close of the quarter, the Atlanta Office market had 4 buildings, totaling 175,240 SF, in new construction deliveries. This compares to 371,533 SF in deliveries last quarter and 568,799 SF this time last year.

Currently there is 1,778,716 SF of new office projects under construction (11 buildings), a significant increase from this same time last year.

The largest project currently underway is Ponce City Market, a 1,050,000 SF building located in Midtown scheduled for completion in early next year (reposition/renovation.)

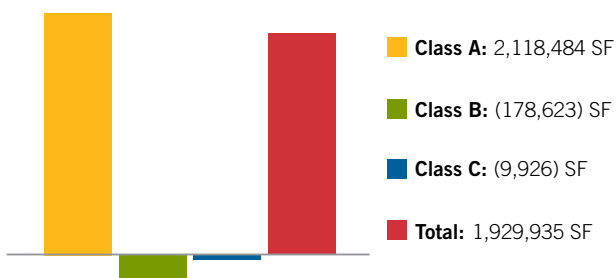
Quoted Rental Rates

The current overall quoted Atlanta Office rental rate of \$19.63 PSF represented a \$0.04 PSF decrease in rental rates from the end of the previous quarter, when rents were \$19.67 PSF.

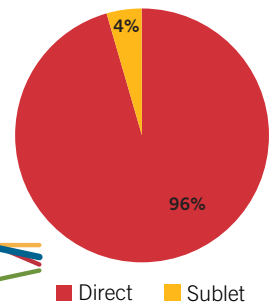
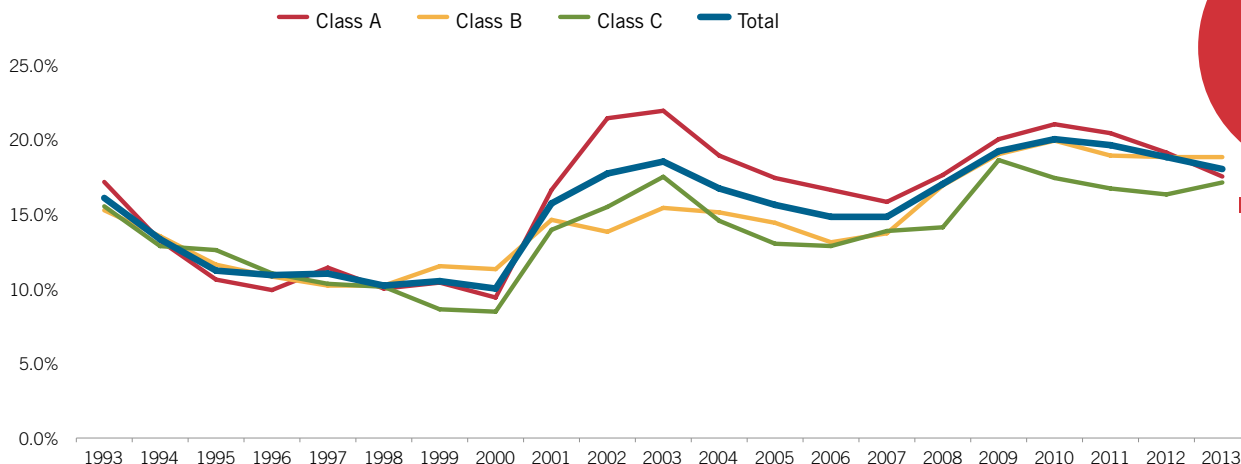
The Class A rental rates are reported at \$22.24 PSF with the highest rate reported in the Midtown submarket at \$27.11 with Buckhead rates closely following at \$26.38 PSF.

Class B sector ended the quarter with quoted rental rates of \$17.18 PSF, which is the same as last quarter and \$0.91 higher than this time last year.

YTD NET ABSORPTIONS BY BUILDING TYPE



VACANCY RATES BY CLASS



Market Highlights

Significant Third Quarter 2013 Lease Transactions

Building	Submarket	Square Feet	Tenant Name
100 Peachtree	Downtown Atlanta	96,908	Koch Business Solutions
Ponce City Market	Midtown/Pershing Pt.	75,058	Cardlytics LLC
302 Research Drive	Norcross/P'tree Corners	58,368	7th Day Adventist
One Deerfield Centre	N Fulton/Forsyth County	54,086	Intelligrated LLC

Significant Third Quarter 2013 Construction Deliveries

Building	Submarket	Square Feet	Class
Northside-Cherokee/Towne Lake Medical Campus	Northwest Atlanta	100,000	A
1725 Breckenridge Plaza	Northeast Atlanta	60,000	A
5370 Thompson Mill Rd	Northeast Atlanta	10,240	B

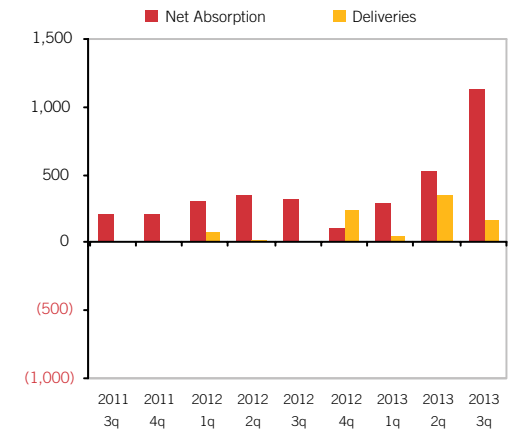
Significant Third Quarter 2013 Properties Under Construction

Building	Submarket	Square Feet	Delivery
Ponce City Market	Midtown Atlanta	1,050,000	2Q 2014
Cox Communications	Central Perimeter	578,000	2Q 2015
4770 Buford Hwy	Northlake	290,000	4Q 2013
Porsche Cars North America	South Atlanta	200,000	2Q 2014

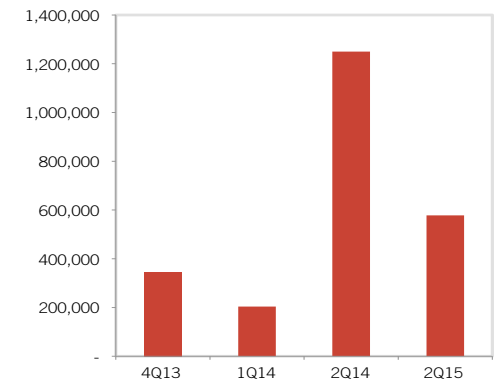
All Construction Activity (Markets Ranked by Under Construction Square Footage)

Market	# Bldgs	Under Construction Inventory			Available SF
		Total RBA	Preleased SF	Preleased %	
Central Perimeter	1	578,000	578,000	100.0%	0
Midtown Atlanta	1	450,000	148,500	33.0%	301,500
Northlake	3	323,000	309,040	95.7%	13,960
South Atlanta	2	260,000	234,800	90.3%	25,200
Buckhead	2	144,000	100,000	69.4%	44,000
Northwest Atlanta	1	16,650	16,650	100.0%	0
West Atlanta	1	7,066	2,332	33.0%	4,734
North Fulton	0	0	0	0.0%	0
Downtown Atlanta	0	0	0	0.0%	0
Northeast Atlanta	0	0	0	0.0%	0
Totals	11	1,778,716	1,389,322	78.1%	389,394

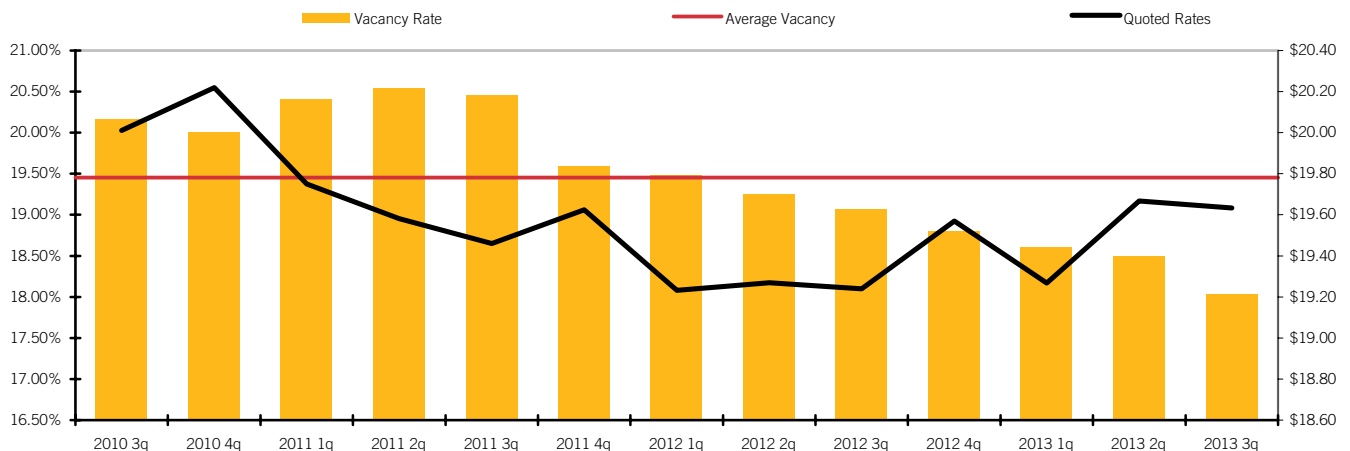
ABSORPTION & DELIVERIES



FUTURE DELIVERIES



OVERALL VACANCY & QUOTED RATES



TOTAL ATLANTA OFFICE MARKET STATISTICS

Market	Existing Inventory		Vacancy				YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Bldgs	Total RBA	Direct SF	Sublease SF	Total SF	Vac%				
Buckhead	111	20,277,540	3,147,194	125,336	3,272,530	16.1%	311,634	47,500	144,000	\$24.57
Central Perimeter	261	29,206,413	4,742,820	337,990	5,080,810	17.4%	721,836	0	578,000	\$20.78
Downtown Atlanta	159	26,421,602	4,528,703	282,436	4,811,139	18.2%	57,949	0	0	\$20.72
Midtown Atlanta	138	20,309,975	3,551,409	119,769	3,671,178	18.1%	51,491	0	450,000	\$25.27
North Fulton	341	24,218,405	4,282,755	115,325	4,398,080	18.2%	277,738	0	0	\$18.39
Northeast Atlanta	472	22,295,507	4,888,938	101,320	4,990,258	22.4%	188,036	404,476	0	\$16.31
Northlake	397	19,356,475	2,613,601	81,229	2,694,830	13.9%	(92,129)	0	318,000	\$17.42
Northwest Atlanta	476	32,637,699	6,000,457	229,495	6,229,952	19.1%	309,501	100,000	16,650	\$18.70
South Atlanta	307	13,025,204	2,046,061	36,314	2,082,375	16.0%	51,231	0	60,000	\$17.17
West Atlanta	68	3,271,503	811,344	0	811,344	24.8%	52,648	0	0	\$15.29
TOTALS	2,730	211,020,323	36,613,282	1,429,214	38,042,496	18.0%	1,929,935	551,976	1,566,650	\$19.63

CLASS "A" STATISTICS

Market	Existing Inventory		Vacancy				YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Bldgs	Total RBA	Direct SF	Sublease SF	Total SF	Vac%				
Buckhead	43	15,200,424	2,390,445	90,786	2,481,231	16.3%	263,312	47,500	144,000	\$26.38
Central Perimeter	77	20,163,634	2,329,218	285,228	2,614,446	13.0%	650,777	0	578,000	\$22.81
Downtown Atlanta	26	13,827,095	3,009,342	281,126	3,290,468	23.8%	70,363	0	0	\$19.24
Midtown Atlanta	34	14,615,297	2,682,658	68,205	2,750,863	18.8%	10,246	0	450,000	\$27.11
North Fulton	101	14,284,456	2,565,012	79,970	2,644,982	18.5%	299,346	0	0	\$20.24
Northeast Atlanta	67	7,100,196	1,488,843	46,868	1,535,711	21.6%	379,414	404,476	0	\$19.51
Northlake	25	3,512,544	397,781	23,937	421,718	12.0%	50,621	0	290,000	\$19.35
Northwest Atlanta	77	16,065,334	2,420,402	56,467	2,476,869	15.4%	339,575	100,000	0	\$22.07
South Atlanta	23	1,595,393	407,829	22,427	430,256	27.0%	54,830	0	60,000	\$20.34
West Atlanta	1	71,500	0	0	0	0.0%	0	0	0	\$0.00
TOTALS	474	106,435,873	17,691,530	955,014	18,646,544	17.5%	2,118,484	551,976	1,522,000	\$22.24

CLASS "B" STATISTICS

Market	Existing Inventory		Vacancy				YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Bldgs	Total RBA	Direct SF	Sublease SF	Total SF	Vac%				
Buckhead	45	4,511,440	681,420	34,550	715,970	15.9%	55,587	0	0	\$18.84
Central Perimeter	135	7,897,602	2,081,782	52,762	2,134,544	27.0%	43,186	0	0	\$18.73
Downtown Atlanta	75	9,093,539	837,511	1,310	838,821	9.2%	(4,581)	0	0	\$33.85
Midtown Atlanta	81	5,004,689	836,887	40,140	877,027	17.5%	2,854	0	0	\$18.42
North Fulton	214	9,243,380	1,675,944	35,355	1,711,299	18.5%	(266)	0	0	\$15.37
Northeast Atlanta	343	13,483,258	3,244,386	48,999	3,293,385	24.4%	(178,069)	0	0	\$14.72
Northlake	274	12,408,495	1,939,868	38,542	1,978,410	15.9%	(103,077)	0	28,000	\$17.29
Northwest Atlanta	334	14,712,321	3,386,122	173,028	3,559,150	24.2%	(36,473)	0	16,650	\$16.09
South Atlanta	206	9,171,560	1,161,459	10,140	1,171,599	12.8%	5,667	0	0	\$17.21
West Atlanta	44	1,540,418	123,053	0	123,053	8.0%	36,549	0	0	\$14.63
TOTALS	1,751	87,066,702	15,968,432	434,826	16,403,258	18.8%	(178,623)	0	44,650	\$17.18

CLASS "C" STATISTICS

Market	Existing Inventory		Vacancy				YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Bldgs	Total RBA	Direct SF	Sublease SF	Total SF	Vac%				
Buckhead	23	565,676	75,329	0	75,329	13.3%	(7,265)	0	0	\$18.35
Central Perimeter	49	1,145,177	331,820	0	331,820	29.0%	27,873	0	0	\$12.77
Downtown Atlanta	58	3,500,968	681,850	0	681,850	19.5%	(7,833)	0	0	\$11.61
Midtown Atlanta	23	689,989	31,864	11,424	43,288	6.3%	38,391	0	0	\$13.44
North Fulton	26	690,569	41,799	0	41,799	6.1%	(21,342)	0	0	\$14.28
Northeast Atlanta	62	1,712,053	155,709	5,453	161,162	9.4%	(13,309)	0	0	\$14.82
Northlake	98	3,435,436	275,952	18,750	294,702	8.6%	(39,673)	0	0	\$14.33
Northwest Atlanta	65	1,860,044	193,933	0	193,933	10.4%	6,399	0	0	\$15.22
South Atlanta	78	2,258,251	476,773	3,747	480,520	21.3%	(9,266)	0	0	\$13.81
West Atlanta	23	1,659,585	688,291	0	688,291	41.5%	16,099	0	0	\$16.18
TOTALS	505	17,517,748	2,953,320	39,374	2,992,694	17.1%	(9,926)	0	0	\$13.64