NAI Brannen Goddard

3Q'13
Atlanta Industrial
Market Report

Market Overview

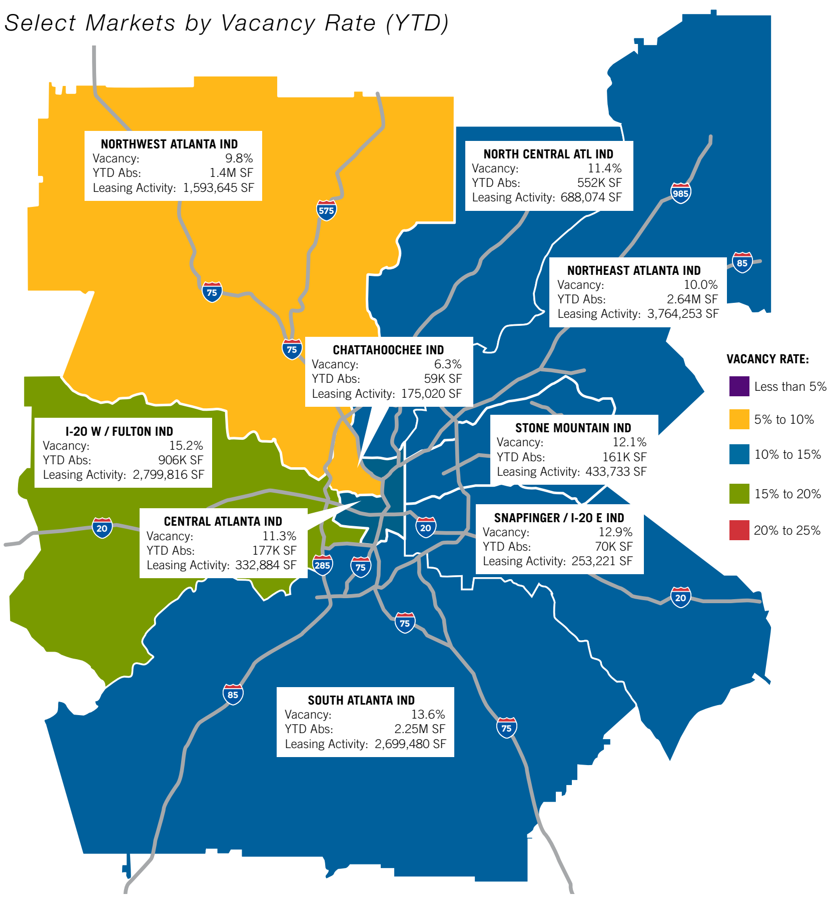
The Atlanta Industrial market ended the third quarter 2013 with a vacancy rate of 12.0%. This rate represents a decrease from the previous quarter rate of 12.3%. This decrease occurred in a quarter where Atlanta saw 1,799,366 SF in positive net absorption. Industrial rental rates ended the quarter at $3.88 PSF, down slightly from last quarter. There is currently 927,256 SF (3 Buildings) under construction in the Atlanta Industrial Market. Two Buildings totaling 63,630 SF were delivered to the market this quarter.

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)



MARKET SNAPSHOT

Market Indicators

	Current	Change from last Qtr.	Change from last Yr.
Vacancy	12.0%	▼	▼
Net Absorption	1,799,366 SF	▼	▼
Construction	927,256 SF	▼	▼
Rental Rates	$3.88 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 (Consumer Confidence Index)	71.2	72.2

Information is deemed from reliable sources. No warranty is made as to its accuracy.

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THIRD QUARTER 2013

Vacancy

The overall vacancy rate at the end of the third quarter 2013 is 12.0%, down from the previous quarter. This rate represents over 70 million SF of vacant space throughout the Metropolitan Atlanta Industrial market. Vacancy rates were the highest in the Flex market sector of the Stone Mountain and Northeast Atlanta submarkets.

The amount of vacant sublease space is down from the last quarter and sits at over 3 million SF. The largest amount of sublease vacancy was found in the Warehouse sector of the South Atlanta submarket.

Net Absorption

At the close of the quarter, the market reported a net absorption of 1,799,366 SF, down significantly from the previous quarter. This marks the 11th consecutive quarter of positive net absorption. Leasing activity was over 3.5 million SF ending the third quarter, down from the previous quarter.

Construction Activity

During the second quarter 2013, two buildings totaling 63,360 SF were delivered to the market. There are 927,256 SF of new construction currently underway, the notable new construction starts are: Rockdale Regional Distribution Center, a 496,730 SF building in the Snapfinger/I-20 East submarket and 7280 Oakley Industrial Blvd, a 353,400 SF building in the South Atlanta submarket.

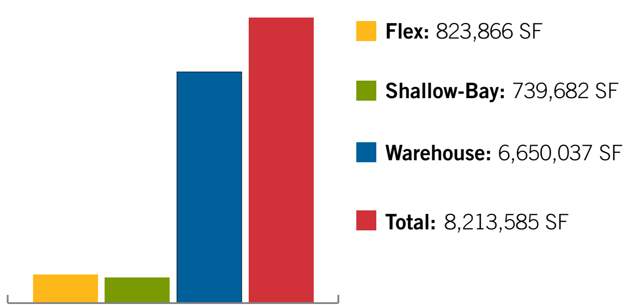
Average Quoted Rental Rates

The average quoted asking rental rate for available Distribution space was $2.50-$4.05 PSF at the close of the third quarter 2013.

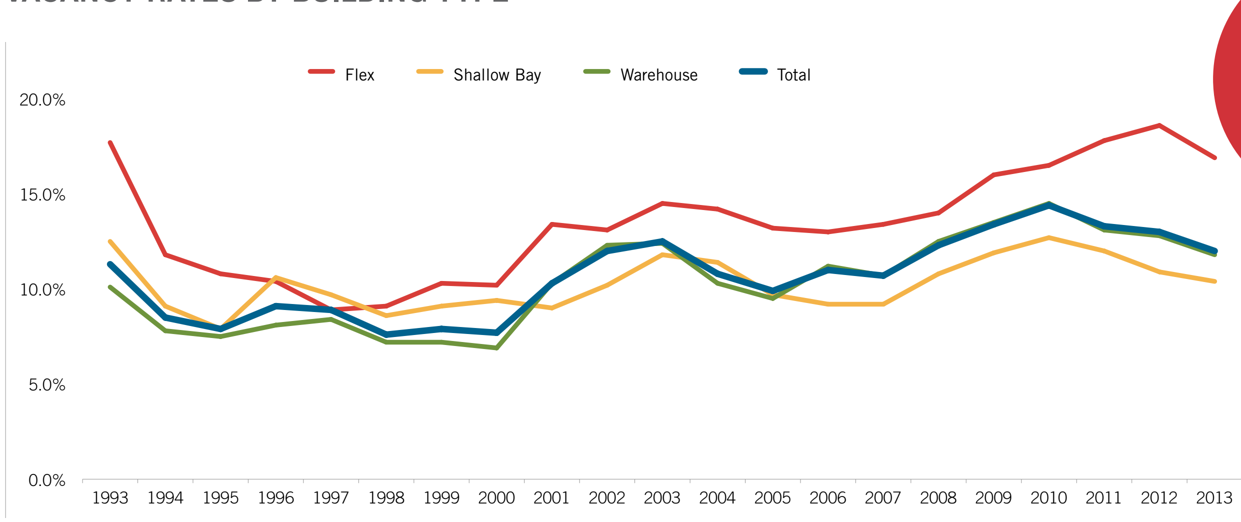
Bulk Warehouse rates were reported at $2.25-$3.75 PSF.

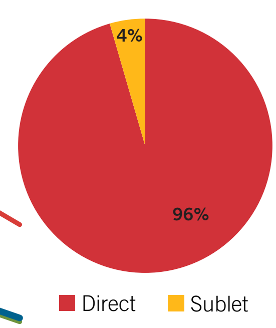
The average quoted rate within the Flex sector was $4.50-$7.80 PSF.

YTD NET ABSORPTIONS BY BUILDING TYPE



VACANCY RATES BY BUILDING TYPE





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THIRD QUARTER 2013

Market Highlights

Significant Third Quarter 2013 Lease Transactions

Building	Submarket	Square Feet	Tenant Name
Westfork Business Park - Bldg D4	I-20 W / Douglasville	395,750	Menlo Logistics
Westgate Industrial Ctr - Bldg 5	Fulton District	227,639	Steelcase
1780 Westgate Pky SW	Fulton District	201,600	Kane Warehousing Inc
Stratton Warehouse	Kennessaw/Acworth	199,505	Belnick, Inc.
3100 Shawnee Industrial Way	Duluth/Suwanee/Buford	105,758	Animal Supply Co.

Significant Third Quarter 2013 Construction Deliveries

Building	Submarket	Square Feet	Occupied
Bluffs II	Northwest Atlanta	52,000	100%
5756 Sydney Ann Ct	I-20 W / Fulton	11,360	0%

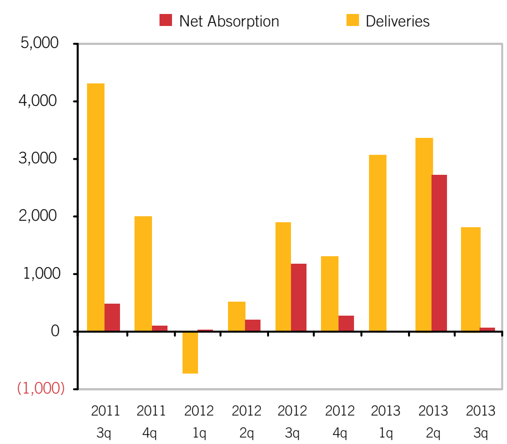
Significant Third Quarter 2013 Properties Under Construction

Building	Submarket	Square Feet	Delivery
Rockdale Regional Dist. Center	Snapfinger / I-20 E	496,730	4Q 2013
7280 Oakley Blvd	South Atlanta	353,400	4Q 2013
1845 New Harvest Rd	Northeast Atlanta	77,126	2Q 2014

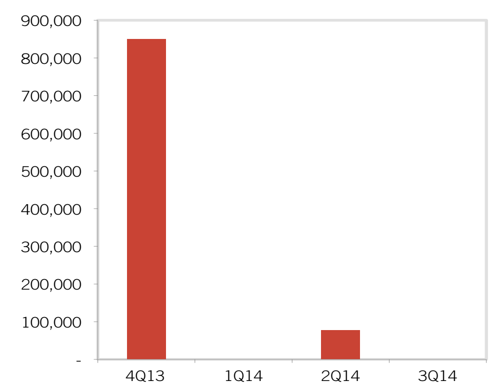
All Construction Activity (Markets Ranked by Under Construction Square Footage)

	Under Construction Inventory				
Market	# Bldgs	Total RBA	Preleased SF	Preleased %	Available SF
Snapfinger / I-20 E	1	496,730	496,730	100.0%	0
South Atlanta	1	353,400	0	0.0%	353,400
Northeast Atlanta	1	77,126	0	0.0%	77,126
Central Atlanta	0	0	0	0.0%	0
I-20 W / Fulton	0	0	0	0.0%	0
Chattahoochee Ind	0	0	0	0.0%	0
North Central Atlanta	0	0	0	0.0%	0
Northwest Atlanta	0	0	0	0.0%	0
Downtown Atlanta	0	0	0	0.0%	0
Totals	3	927,256	496,730	53.6%	430,526

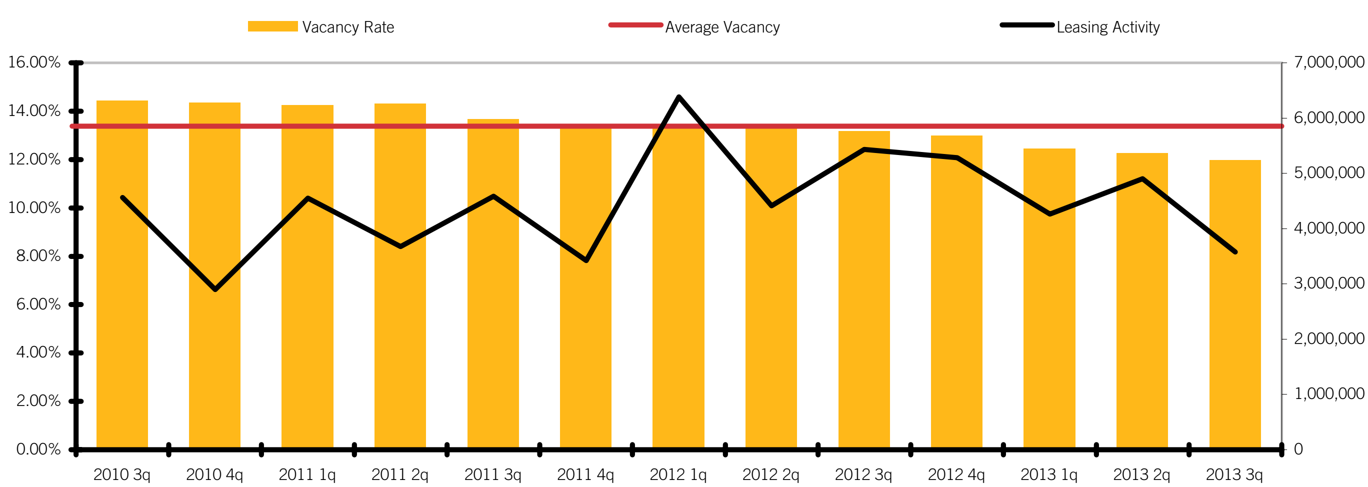
ABSORPTION & DELIVERIES



FUTURE DELIVERIES



OVERALL VACANCY & QUOTED RATES



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THIRD QUARTER 2013

TOTAL ATLANTA INDUSTRIAL MARKET STATISTICS

Market	Existing Inventory		Vacancy				YTD Net Absorption	YTD Deliveries	Under Const SF	Leasing Activity
	# Bldgs	Total RBA	Direct SF	Sublease SF	Total SF	Vac%				
Central Atlanta Ind	291	14,133,236	1,598,254	2,821	1,601,075	11.3%	176,987	0	0	332,884
Chattahoochee Ind	409	20,262,548	1,231,311	49,500	1,280,811	6.3%	59,178	0	0	175,020
I-20 W/Fulton Ind	940	90,783,756	13,570,767	197,758	13,768,525	15.2%	906,177	653,484	0	2,799,816
North Central Atlanta Ind	504	25,435,977	2,847,119	54,045	2,901,164	11.4%	551,654	0	0	688,074
Northeast Atlanta Ind	2,126	155,378,229	15,198,069	332,705	15,530,774	10.0%	2,637,430	585,469	77,126	3,764,253
Northwest Atlanta Ind	995	60,351,819	5,677,254	263,930	5,941,184	9.8%	1,400,643	52,000	0	1,593,645
Snapfinger/I-20 East Ind	523	42,615,672	5,418,652	75,000	5,493,652	12.9%	70,350	0	496,730	253,221
South Atlanta Ind	1,310	151,235,044	18,820,160	1,750,338	20,570,498	13.6%	2,250,384	1,498,000	353,400	2,699,480
Stone Mountain Ind	470	25,384,705	3,035,224	29,784	3,065,008	12.1%	160,782	0	0	433,773
TOTALS	**7,568**	**585,580,986**	**67,396,810**	**2,755,881**	**70,152,691**	**12.0%**	**8,213,585**	**2,788,953**	**927,256**	**12,740,166**

FLEX MARKET STATISTICS

Market	Existing Inventory		Vacancy				YTD Net Absorption	YTD Deliveries	Under Const SF	Leasing Activity
	# Bldgs	Total RBA	Direct SF	Sublease SF	Total SF	Vac%				
Central Atlanta Ind	60	2,086,375	125,387	2,821	128,208	6.1%	62,441	0	0	55,053
Chattahoochee Ind	77	2,444,668	197,882	0	197,882	8.1%	30,678	0	0	50,229
I-20 W/Fulton Ind	60	2,670,752	294,017	0	294,017	11.0%	82,000	0	0	70,938
North Central Atlanta Ind	156	7,379,910	1,426,824	5,770	1,432,594	19.4%	329,727	0	0	174,301
Northeast Atlanta Ind	414	15,755,391	3,176,535	73,837	3,250,372	20.6%	338,734	0	0	462,243
Northwest Atlanta Ind	197	8,574,819	1,269,429	76,017	1,345,446	15.7%	87,335	0	0	220,075
Snapfinger/I-20 East Ind	67	2,336,244	221,647	0	221,647	9.5%	(71,000)	0	0	0
South Atlanta Ind	138	4,163,211	477,336	0	477,336	11.5%	13,856	0	0	65,248
Stone Mountain Ind	89	2,962,335	815,572	19,424	834,996	28.2%	(49,905)	0	0	67,446
TOTALS	**1,258**	**48,373,705**	**8,004,629**	**177,869**	**8,182,498**	**16.9%**	**823,866**	**0**	**0**	**1,165,533**

SHALLOW-BAY DISTRIBUTION MARKET STATISTICS

Market	Existing Inventory		Vacancy				YTD Net Absorption	YTD Deliveries	Under Const SF	Leasing Activity
	# Bldgs	Total RBA	Direct SF	Sublease SF	Total SF	Vac%				
Central Atlanta Ind	45	2,006,113	97,100	0	97,100	4.8%	9,990	0	0	0
Chattahoochee Ind	29	1,126,421	0	0	0	0.0%	0	0	0	0
I-20 W/Fulton Ind	247	15,382,718	1,858,277	8,000	1,866,277	12.1%	226,755	0	0	334,940
North Central Atlanta Ind	102	5,161,001	367,808	0	367,808	7.1%	3,234	0	0	191,926
Northeast Atlanta Ind	515	27,358,935	2,646,542	12,635	2,659,177	9.7%	243,807	0	0	902,884
Northwest Atlanta Ind	204	10,862,176	1,147,136	79,779	1,226,915	11.3%	(2,979)	0	0	266,531
Snapfinger/I-20 East Ind	108	6,280,045	797,634	75,000	872,634	13.9%	(137,913)	0	496,730	183,726
South Atlanta Ind	252	21,562,907	2,149,129	0	2,149,129	10.0%	480,739	211,000	0	270,192
Stone Mountain Ind	171	7,935,840	860,578	10,360	870,938	11.0%	(83,951)	0	0	234,063
TOTALS	**1,673**	**97,676,156**	**9,924,204**	**185,774**	**10,109,978**	**10.4%**	**739,682**	**211,000**	**496,730**	**2,384,262**

WAREHOUSE MARKET STATISTICS

Market	Existing Inventory		Vacancy				YTD Net Absorption	YTD Deliveries	Under Const SF	Leasing Activity
	# Bldgs	Total RBA	Direct SF	Sublease SF	Total SF	Vac%				
Central Atlanta Ind	186	10,040,748	1,375,767	0	1,375,767	13.7%	104,556	0	0	277,831
Chattahoochee Ind	303	16,691,459	1,033,429	49,500	1,082,929	6.5%	28,500	0	0	124,791
I-20 W/Fulton Ind	633	72,730,286	11,418,473	189,758	11,608,231	16.0%	597,422	653,484	0	2,393,938
North Central Atlanta Ind	246	12,895,066	1,052,487	48,275	1,100,762	8.5%	218,693	0	0	321,847
Northeast Atlanta Ind	1,197	112,263,903	9,374,992	246,233	9,621,225	8.6%	2,054,889	585,469	77,126	2,399,126
Northwest Atlanta Ind	594	40,914,824	3,260,689	108,134	3,368,823	8.2%	1,316,287	52,000	0	1,107,039
Snapfinger/I-20 East Ind	348	33,999,383	4,399,371	0	4,399,371	12.9%	279,263	0	0	69,495
South Atlanta Ind	920	125,508,926	16,193,695	1,750,338	17,944,033	14.3%	1,755,789	1,287,000	353,400	2,364,040
Stone Mountain Ind	210	14,486,530	1,359,074	0	1,359,074	9.4%	294,638	0	0	132,264
TOTALS	**4,637**	**439,531,125**	**49,467,977**	**2,392,238**	**51,860,215**	**11.8%**	**6,650,037**	**2,577,953**	**430,526**	**9,190,371**