

Market Overview

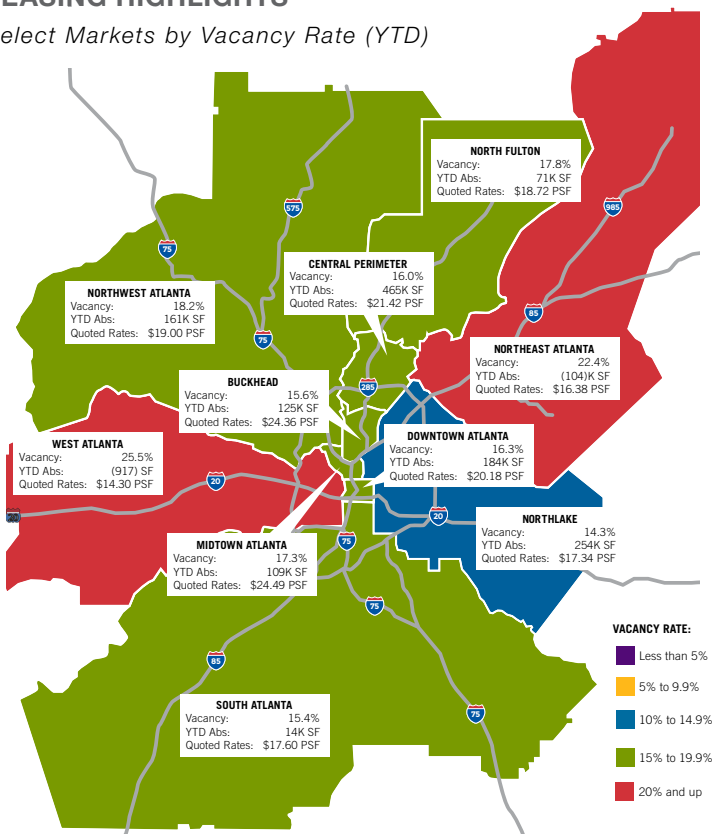
The Atlanta Office market ended the first quarter 2014 with a vacancy rate of 17.3%. This rate represents a decrease from the previous quarter rate of 17.9%. This decrease occurred in a quarter where Atlanta saw 1,278,711 SF in positive net absorption and 309,357 SF (5 buildings), delivered to the market. Quoted rental rates ended the quarter at \$19.73 PSF, up from the last quarter rate of \$19.60 PSF. Currently there is over 2 million SF of office product under construction in Metro Atlanta.

Economic Overview

The economy in the first quarter 2014 was off to a slow start for GDP growth due to severe weather; however, the latest data from the U.S. Department of Labor shows private sector job openings as the highest level since pre-recession 2008. The positive hiring numbers in addition to a reduction in layoffs may be indicative of the trajectory of current and future demand for space. The poor weather conditions are to blame for a slip in the construction of new homes, but the Mortgage Purchase Index recovered in March, indicating that an increase in housing sales and new starts due to tight inventory are in the future. Inflation remains slight, below the Fed's 2% target, but market fears should be relieved by The Fed's insistence that short-term rates will remain low.

LEASING HIGHLIGHTS

Select Markets by Vacancy Rate (YTD)



1Q'14

Atlanta Office Market Report



MARKET SNAPSHOT

Market Indicators

	Current	Change from last	
		Qtr.	Yr.
Vacancy	17.3%	▼	▼
Net Absorption	1,278,711 SF	▲	▲
Construction	2,014,299 SF	▼	▲
Rental Rates	\$19.73 PSF	▲	▲

Economic Indicators

	1Q'14	1Q'13
Atlanta Employment	2.53M	2.48M
Atlanta Unemployment	6.9%	8.4%
Georgia Unemployment	7.1%	8.5%
U.S. Unemployment	6.7%	7.7%

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

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Vacancy

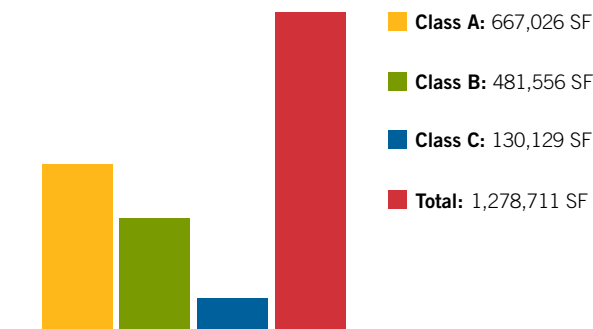
The overall vacancy rate is down 0.6% from the previous quarter to 17.3% at the end of the fourth quarter 2013. The current rate represents over 36 million SF of vacant office space throughout the Metro Atlanta Office market, a -8% decrease from this time last year. The current amount of vacant sublease space is 1.3 million SF.

Net Absorption

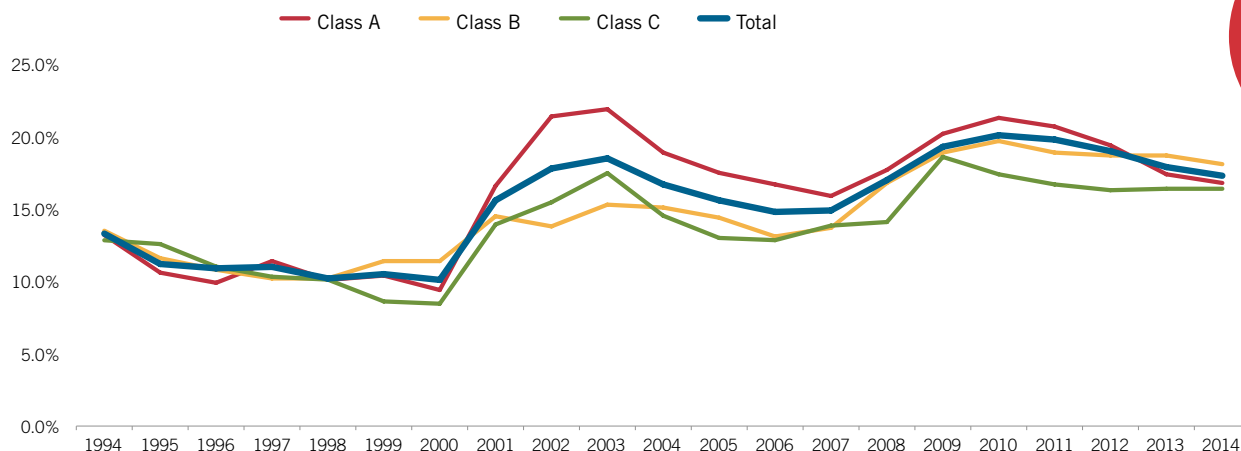
At the close of the quarter, an overall net absorption of 1,278,711 SF was reported, an increase over the previous quarter and a significant increase from this time last year. The recorded net absorption for the current quarter by class follows: Class A: 667,026 SF, Class B: 481,556 SF and Class C: 130,129 SF.

Leasing activity was over 2.3 million square feet for the quarter, down from the previous quarter.

YTD NET ABSORPTIONS BY BUILDING TYPE



VACANCY RATES BY CLASS



Construction Activity

At the close of the quarter, the Atlanta Office market had 5 buildings, totaling 309,357 SF, in new construction deliveries. This compares to 60,000 SF in deliveries last quarter and 53,000 SF this time last year.

Currently there is 2,014,299 SF of new office projects under construction (12 buildings), an increase from this same time last year.

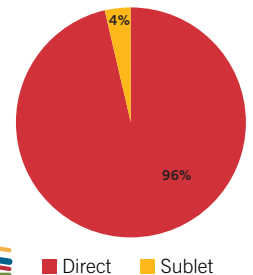
The largest projects currently underway are Ponce City Market, a 487,034 SF building located in Midtown scheduled for completion in the third quarter of this year (reposition/renovation) and Cox Communications, a 578,000 SF building in Central Perimeter scheduled for completion in the second quarter of 2015.

Quoted Rental Rates

The current overall quoted Atlanta Office rental rate of \$19.73 PSF represented a \$0.13 PSF increase in rental rates from the end of the previous quarter, when rents were \$19.60 PSF.

The Class A rental rates are reported at \$22.25 PSF with the highest rate reported in the Buckhead submarket at \$26.14 with Midtown rates closely following at \$25.93 PSF.

Class B sector ended the quarter with quoted rental rates of \$17.26 PSF, which is \$0.13 higher than last quarter and \$1.09 higher than this time last year.



Market Highlights

Significant First Quarter 2014 Lease Transactions (New and Renewal)

Building	Submarket	Square Feet	Tenant Name
Cobalt Center	N Fulton/Forsyth County	376,351	Fiserv
12000 Findley Rd	N Fulton/Forsyth County	69,380	City of Johns Creek
The Proscenium	Midtown/Pershing Point	64,910	Earthlink
Encore Center	Cumberland/Galleria	60,000	Preferred Apartment

Significant First Quarter 2014 Construction Deliveries

Building	Submarket	Square Feet	Class
4770 Buford Hwy	Northlake	290,000	A
Sandtown Crossing - Bldg 300	West Atlanta	7,066	B
North Point Park - Bldg 28	North Fulton	4,752	B

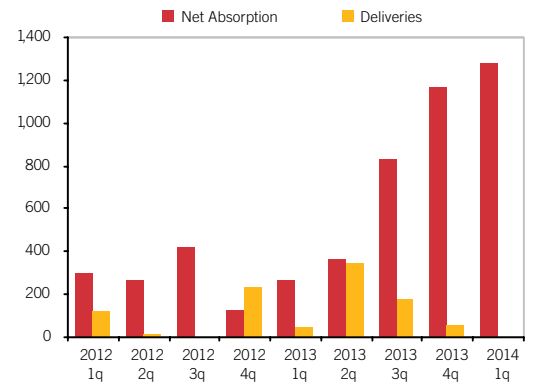
Significant First Quarter 2014 Properties Under Construction

Building	Submarket	Square Feet	Delivery
Cox Communications	Central Perimeter	578,000	2Q 2015
Ponce City Market	Midtown Atlanta	487,034	3Q 2014
Porsche Cars North America	South Atlanta	220,000	4Q 2014
Buckhead Atlanta	Buckhead	125,000	3Q 2014

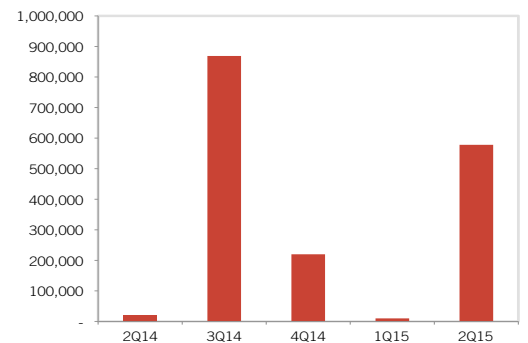
All Construction Activity (Markets Ranked by Under Construction Square Footage)

Market	# Bldgs	Under Construction Inventory			Available SF
		Total RBA	Preleased SF	Preleased %	
Midtown Atlanta	2	785,145	370,146	47.1%	414,999
Central Perimeter	1	578,000	578,000	100.0%	0
North Fulton	3	224,504	76,348	34.0%	148,156
South Atlanta	1	200,000	200,000	100.0%	0
Buckhead	2	162,000	112,500	69.4%	45,500
Northlake	1	38,000	28,880	76.0%	9,120
Northwest Atlanta	1	16,650	16,650	100.0%	0
Northeast Atlanta	1	10,000	0	0.0%	10,000
Downtown Atlanta	0	0	0	0.0%	0
Downtown Atlanta	0	0	0	0.0%	0
Totals	12	2,014,299	1,382,524	68.6%	627,775

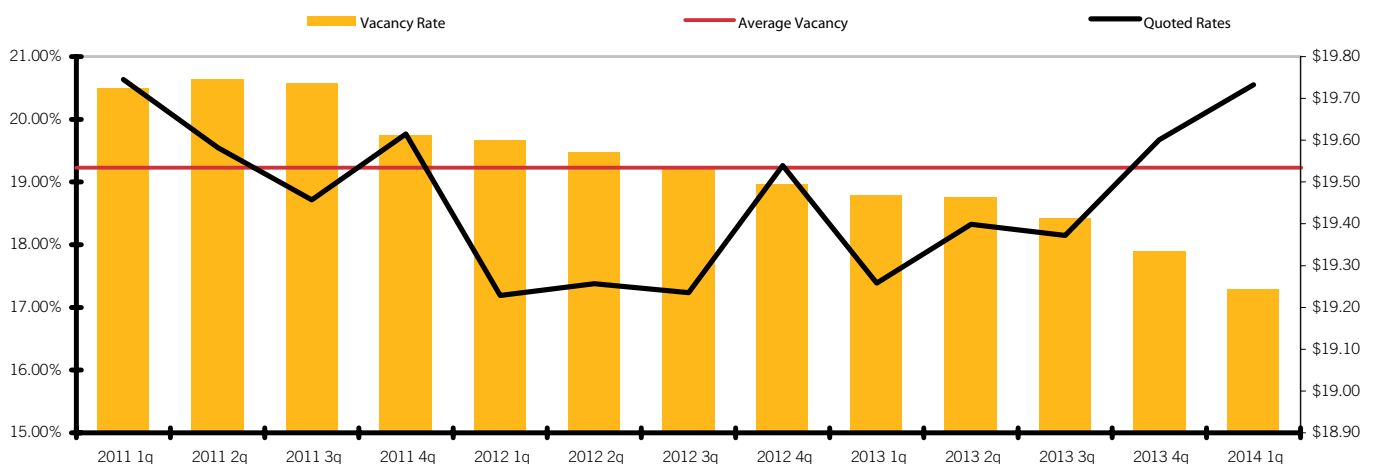
ABSORPTION & DELIVERIES



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	117	20,415,578	3,067,076	111,874	3,178,950	15.6%	124,666	0	162,000	\$24.36
Central Perimeter	257	29,310,953	4,447,709	233,214	4,680,923	16.0%	465,000	0	0	\$21.42
Downtown Atlanta	158	26,426,678	4,207,247	96,791	4,304,038	16.3%	183,524	0	0	\$20.18
Midtown Atlanta	136	20,267,450	3,355,014	143,850	3,498,864	17.3%	109,000	0	785,145	\$24.49
North Fulton	344	24,696,760	4,276,759	108,631	4,385,390	17.8%	71,289	0	218,904	\$18.72
Northeast Atlanta	475	22,404,756	4,903,186	109,417	5,012,603	22.4%	(103,534)	0	0	\$16.38
Northlake	392	19,213,601	2,605,662	147,730	2,753,392	14.3%	254,022	0	38,000	\$17.34
Northwest Atlanta	474	32,119,213	5,599,290	238,423	5,837,713	18.2%	161,439	0	16,650	\$19.00
South Atlanta	308	12,971,529	1,917,242	85,568	2,002,810	15.4%	14,222	0	0	\$17.60
West Atlanta	69	3,315,503	802,391	44,000	846,391	25.5%	(917)	0	0	\$14.30
TOTALS	2,730	211,142,021	35,181,576	1,319,498	36,501,074	17.3%	1,278,711	0	1,220,699	\$19.73

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	47	15,490,548	2,301,158	78,629	2,379,787	15.4%	54,214	0	125,000	\$26.14
Central Perimeter	77	20,343,558	2,151,512	186,679	2,338,191	11.5%	432,335	0	0	\$23.72
Downtown Atlanta	26	13,852,153	2,702,898	94,631	2,797,529	20.2%	127,570	0	0	\$18.60
Midtown Atlanta	34	14,681,972	2,607,372	93,336	2,700,708	18.4%	79,131	0	785,145	\$25.93
North Fulton	101	14,287,302	2,625,300	95,241	2,720,541	19.0%	14,952	0	218,904	\$20.88
Northeast Atlanta	66	7,083,497	1,553,325	47,116	1,600,441	22.6%	(130,122)	0	0	\$19.55
Northlake	25	3,513,498	306,298	104,992	411,290	11.7%	99,118	0	0	\$19.50
Northwest Atlanta	76	15,849,488	2,421,022	91,176	2,512,198	15.9%	(18,415)	0	0	\$22.09
South Atlanta	24	1,651,289	450,599	15,000	465,599	28.2%	8,243	0	0	\$19.13
West Atlanta	1	71,500	0	0	0	0.0%	0	0	0	\$0.00
TOTALS	477	106,824,805	17,119,484	806,800	17,926,284	16.8%	667,026	0	1,129,049	\$22.25

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	47	4,359,354	688,645	33,245	721,890	16.6%	78,371	0	37,000	\$19.61
Central Perimeter	132	7,837,190	2,005,957	46,535	2,052,492	26.2%	21,770	0	0	\$18.84
Downtown Atlanta	74	9,073,557	811,727	2,160	813,887	9.0%	51,157	0	0	\$32.87
Midtown Atlanta	79	4,903,199	711,720	39,090	750,810	15.3%	27,917	0	0	\$17.78
North Fulton	215	9,658,698	1,591,709	13,390	1,605,099	16.6%	63,517	0	0	\$15.43
Northeast Atlanta	342	13,510,340	3,185,762	62,301	3,248,063	24.0%	33,592	0	0	\$14.86
Northlake	274	12,389,510	2,081,741	34,851	2,116,592	17.1%	30,870	0	38,000	\$17.10
Northwest Atlanta	333	14,399,170	3,007,727	147,247	3,154,974	21.9%	179,978	0	16,650	\$15.99
South Atlanta	206	9,057,534	1,007,666	66,821	1,074,487	11.9%	(4,699)	0	0	\$18.29
West Atlanta	45	1,584,418	119,700	44,000	163,700	10.3%	(917)	0	0	\$13.70
TOTALS	1,747	86,772,970	15,212,354	489,640	15,701,994	18.1%	481,556	0	91,650	\$17.26

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	77,273	0	77,273	13.7%	(7,919)	0	0	\$18.66
Central Perimeter	48	1,130,205	290,240	0	290,240	25.7%	10,895	0	0	\$12.45
Downtown Atlanta	58	3,500,968	692,622	0	692,622	19.8%	4,797	0	0	\$11.53
Midtown Atlanta	23	682,279	35,922	11,424	47,346	6.9%	1,952	0	0	\$13.14
North Fulton	28	750,760	59,750	0	59,750	8.0%	(7,180)	0	0	\$12.79
Northeast Atlanta	67	1,810,919	164,099	0	164,099	9.1%	(7,004)	0	0	\$12.75
Northlake	93	3,310,593	217,623	7,887	225,510	6.8%	124,034	0	0	\$13.10
Northwest Atlanta	65	1,870,555	170,541	0	170,541	9.1%	(124)	0	0	\$13.97
South Atlanta	78	2,262,706	458,977	3,747	462,724	20.5%	10,678	0	0	\$14.03
West Atlanta	23	1,659,585	682,691	0	682,691	41.1%	0	0	0	\$16.18
TOTALS	506	17,544,246	2,849,738	23,058	2,872,796	16.4%	130,129	0	0	\$13.19