2Q'14

Atlanta Industrial
Market Report

Market Overview

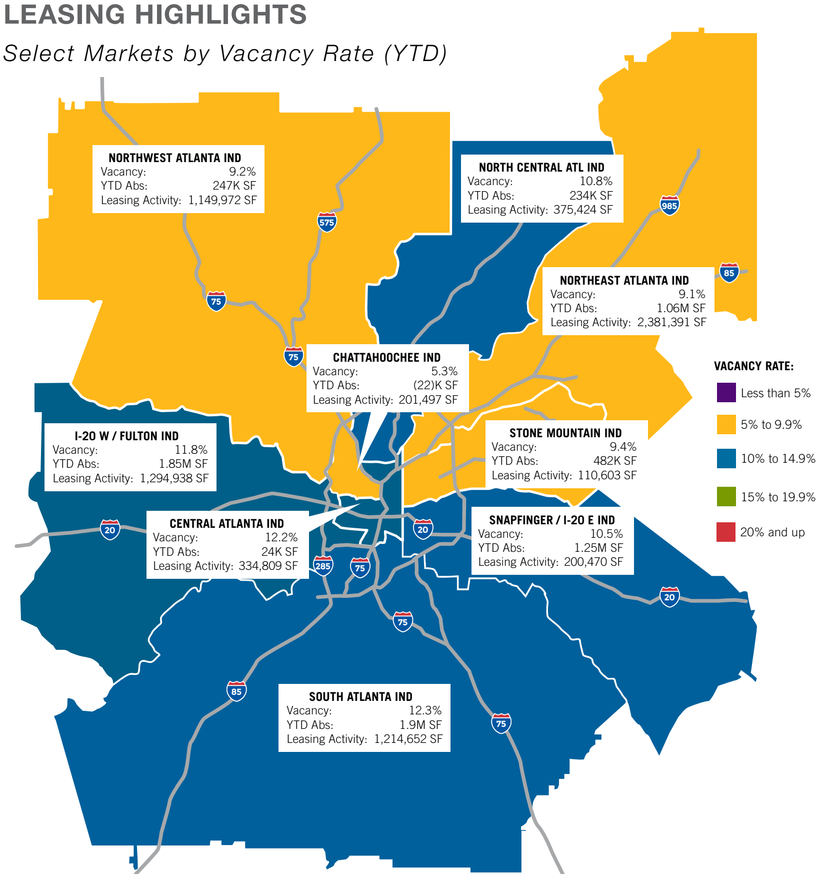
The Atlanta Industrial market ended the second quarter 2014 with a vacancy rate of 10.5%. This rate represents a decrease from the previous quarter rate of 10.8%. This decrease occurred in a quarter where Atlanta saw 2,453,848 SF in positive net absorption. Industrial rental rates ended the quarter at $3.93 PSF, up from last quarter. There is currently 4,793,981 SF (11 buildings) under construction in the Atlanta Industrial Market. One building totaling 496,730 SF was delivered to the market this quarter.

Economic Overview

US Economic growth has warmed with the weather this year as all signs point to a rebound in the second half. Consumer confidence jumped to the highest peak since mid-2007 in June. Consumer investment in durable goods has also gained momentum, while home and auto sales ramped up considerably. Households have boosted spending though retail sales saw a lackluster increase of only 0.3%, evidence that consumers still remain cautious. The labor market shows improvement as the national unemployment rate fell to 6.1%. That rate may fluctuate in the latter part of the year as hiring is expected to increase, enticing more people to return to the workforce. Business spending is also moderately increasing after sharp contraction in the first quarter.

LEASING HIGHLIGHTS

Select Markets by Vacancy Rate (YTD)



MARKET SNAPSHOT

Market Indicators

	2Q'14	Change from last Qtr.	Change from last Yr.
Vacancy	10.5%	▼	▼
Net Absorption	2,453,848 SF	▼	▼
Deliveries	496,730 SF	▲	▼
Rental Rates	$3.93 PSF	▲	▲

Economic Indicators

	2Q'14	2Q'13
Atlanta Employment	2.55M	2.51M
Atlanta Unemployment	7.3%	8.0%
Georgia Unemployment	7.5%	8.2%
U.S. Unemployment	6.1%	7.3%

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SECOND QUARTER 2014

Vacancy

The overall vacancy rate at the end of the second quarter 2014 is 10.5%, down from the previous quarter. This rate represents over 61 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 up from the last quarter and sits at 2.19 million SF. The largest amount of sublease vacancy was found in the Warehouse sector of the South Atlanta submarket.

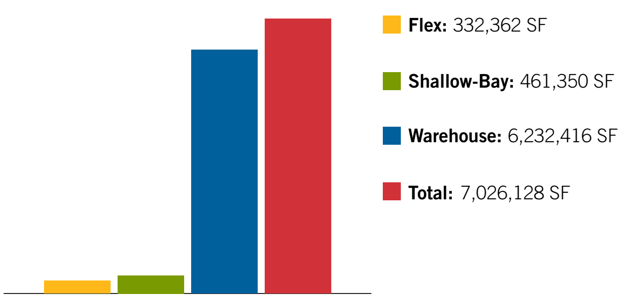
Net Absorption

At the close of the quarter, the market reported a net absorption of 2,453,848 SF, down from the previous quarter. This marks the 14th consecutive quarter of positive net absorption. Leasing activity was over 3.6 million SF ending the second quarter, down from the previous quarter.

Construction Activity

During the second quarter 2014, one building totaling 496,730 SF was delivered to the market. There is 4,793,981 SF of new construction currently underway. The notable new construction starts are: Majestic Airport Center III - Building 7, a 1,001,790 SF building in the South Atlanta submarket and Baxter Plant, a 1,000,000 SF building in the Snapfinger/I-20 E submarket (both 100% preleased).

YTD NET ABSORPTIONS BY BUILDING TYPE



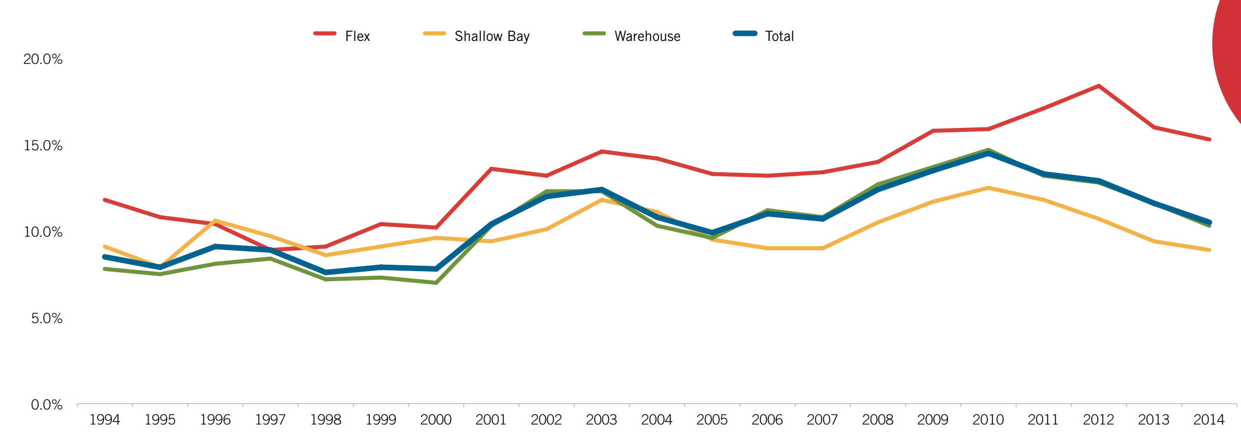
Average Quoted Rental Rates

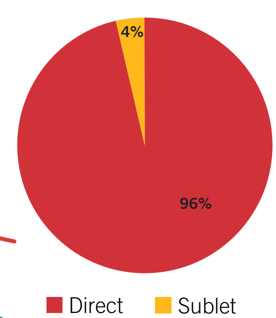
The average quoted asking rental rate for available Distribution space was $2.50-$4.05 PSF at the close of the second quarter 2014.

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.

VACANCY RATES BY BUILDING TYPE





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SECOND QUARTER 2014

Market Highlights

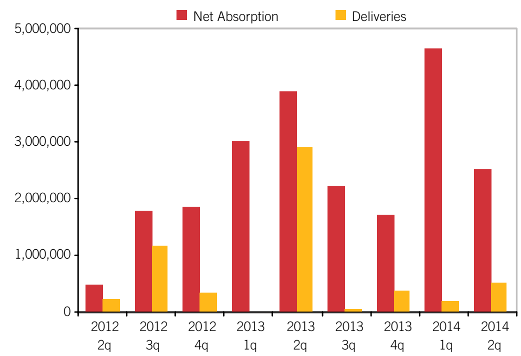
Significant Second Quarter 2014 Lease Transactions			
Building	Submarket	Square Feet	Tenant Name
3710 Atlanta Industrial Pky N	Fulton District	301,500	N/A
6205 Best Friend Rd	Doraville	295,000	Eagle Rock Dist. Co.
Majestic Airport Ctr 2 - Bldg 1	Airport/North Clayton	253,300	Coaster Company
472 Eagles Landing Pky	S Clayton/Henry County	161,446	N/A
125 Ottley Dr NE	Central Atlanta	136,000	Classic Design Services

Significant Second Quarter 2014 Construction Deliveries			
Building	Submarket	Square Feet	Occupied
Rockdale Regional Dist. Center	Snapfinger/I-20 East	496,730	100%

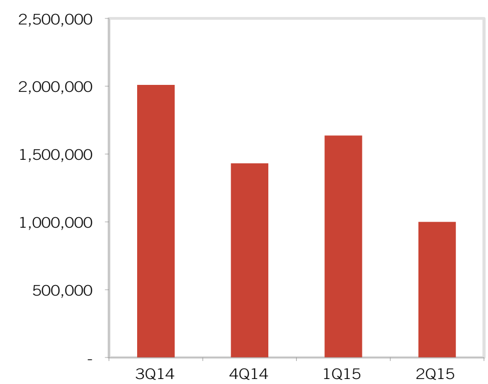
Significant Second Quarter 2014 Properties Under Construction			
Building	Submarket	Square Feet	Delivery
Majestic Airport Ctr 3 - Bldg 7	South Atlanta	1,001,790	3Q 2014
505 Baxter Pky	Snapfinger/I-20 East	1,000,000	2Q 2015
TJX Industries	Northeast Atlanta	826,972	4Q 2014
McMaster-Carr Dist Ctr	I-20 W/Fulton	700,000	1Q 2015

All Construction Activity (Markets Ranked by Under Construction Square Footage)					
	Under Construction Inventory				
Market	# Bldgs	Total RBA	Preleased SF	Preleased %	Available SF
South Atlanta	5	2,298,615	1,737,990	75.6%	560,625
Snapfinger/I-20 East	1	1,000,000	1,000,000	100.0%	0
I-20 W/Fulton	2	965,000	965,000	100.0%	0
Northeast Atlanta	2	485,366	0	0.0%	485,366
Northwest Atlanta	1	45,000	45,000	100.0%	0
Central Atlanta	0	0	0	0.0%	0
North Central Atlanta	0	0	0	0.0%	0
Chattahoochee	0	0	0	0.0%	0
Stone Mountain	0	0	0	0.0%	0
Totals	11	4,793,981	3,747,990	78.2%	1,045,991

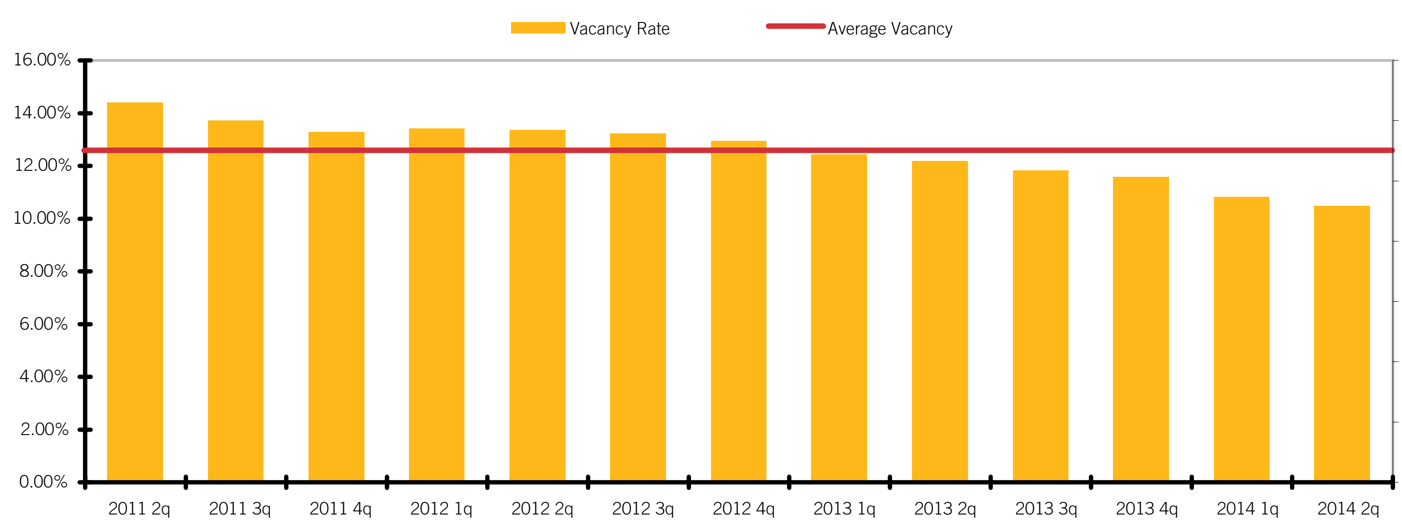
ABSORPTION & DELIVERIES



FUTURE DELIVERIES



OVERALL VACANCY



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SECOND QUARTER 2014

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	288	14,132,718	1,727,886	0	1,727,886	12.2%	23,555	0	0	334,809
Chattahoochee Ind	405	19,498,468	1,032,346	5,500	1,037,846	5.3%	(22,403)	0	0	201,497
I-20 W/Fulton Ind	942	90,336,884	10,246,315	377,892	10,624,207	11.8%	1,850,893	0	965,000	1,294,938
North Central Atlanta Ind	507	25,763,473	2,697,066	93,486	2,790,552	10.8%	233,996	0	0	375,424
Northeast Atlanta Ind	2,124	155,183,526	13,800,861	363,256	14,164,117	9.1%	1,061,007	0	485,366	2,381,391
Northwest Atlanta Ind	995	61,265,138	5,438,710	226,864	5,665,574	9.2%	246,611	165,000	45,000	1,149,972
Snapfinger/I-20 East Ind	526	43,148,618	4,456,140	75,000	4,531,140	10.5%	1,252,702	496,730	1,000,000	200,470
South Atlanta Ind	1,306	150,389,539	17,402,654	1,043,540	18,446,194	12.3%	1,897,911	0	1,896,115	1,214,652
Stone Mountain Ind	464	25,053,109	2,360,071	4,740	2,364,811	9.4%	481,856	0	0	110,603
TOTALS	**7,557**	**584,771,473**	**59,162,049**	**2,190,278**	**61,352,327**	**10.5%**	**7,026,128**	**661,730**	**4,391,481**	**7,263,756**

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	2,076,924	164,446	0	164,446	7.9%	(24,200)	0	0	16,109
Chattahoochee Ind	76	2,507,733	250,736	0	250,736	10.0%	9,311	0	0	33,331
I-20 W/Fulton Ind	61	2,786,408	352,221	0	352,221	12.6%	(67,651)	0	0	59,100
North Central Atlanta Ind	158	7,639,886	1,394,160	7,882	1,402,042	18.4%	82,574	0	0	82,910
Northeast Atlanta Ind	411	15,435,507	2,828,864	67,285	2,896,149	18.8%	123,991	0	0	229,126
Northwest Atlanta Ind	194	8,170,585	1,123,800	28,109	1,151,909	14.1%	3,563	0	0	206,394
Snapfinger/I-20 East Ind	67	2,346,381	180,162	0	180,162	7.7%	9,567	0	0	1,950
South Atlanta Ind	138	4,315,966	405,528	0	405,528	9.4%	104,279	0	0	16,211
Stone Mountain Ind	88	2,949,458	599,516	0	599,516	20.3%	90,928	0	0	22,426
TOTALS	**1,253**	**48,228,848**	**7,299,433**	**103,276**	**7,402,709**	**15.3%**	**332,362**	**0**	**0**	**667,557**

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%	0	0	0	0
Chattahoochee Ind	30	1,197,913	0	0	0	0.0%	0	0	0	0
I-20 W/Fulton Ind	245	15,240,050	1,742,819	0	1,742,819	11.4%	16,961	0	700,000	200,170
North Central Atlanta Ind	102	5,155,589	272,013	4,900	276,913	5.4%	40,680	0	0	49,985
Northeast Atlanta Ind	514	27,436,843	2,325,646	15,330	2,340,976	8.5%	278,883	0	0	611,994
Northwest Atlanta Ind	202	10,840,294	1,066,790	28,357	1,095,147	10.1%	81,285	0	0	69,482
Snapfinger/I-20 East Ind	111	6,552,670	495,363	75,000	570,363	8.7%	108,867	0	0	179,050
South Atlanta Ind	252	23,731,673	2,289,405	0	2,289,405	9.6%	(412,455)	0	77,100	21,627
Stone Mountain Ind	168	7,699,068	485,721	4,740	490,461	6.4%	347,129	0	0	52,449
TOTALS	**1,669**	**99,860,213**	**8,774,857**	**128,327**	**8,903,184**	**8.9%**	**461,350**	**0**	**777,100**	**1,184,757**

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	183	10,049,681	1,466,340	0	1,466,340	14.6%	47,755	0	0	318,700
Chattahoochee Ind	299	15,792,822	781,610	5,500	787,110	5.0%	(31,714)	0	0	168,166
I-20 W/Fulton Ind	636	72,310,426	8,151,275	377,892	8,529,167	11.8%	1,901,583	0	265,000	1,035,668
North Central Atlanta Ind	247	12,967,998	1,030,893	80,704	1,111,597	8.6%	110,742	0	0	242,529
Northeast Atlanta Ind	1,199	112,311,176	8,646,351	280,641	8,926,992	7.9%	658,133	0	485,366	1,540,271
Northwest Atlanta Ind	599	42,254,259	3,248,120	170,398	3,418,518	8.1%	161,763	165,000	45,000	874,096
Snapfinger/I-20 East Ind	348	34,249,567	3,780,615	0	3,780,615	11.0%	1,134,268	496,730	1,000,000	19,470
South Atlanta Ind	916	122,341,900	14,707,721	1,043,540	15,751,261	12.9%	2,206,087	0	1,819,015	1,176,814
Stone Mountain Ind	208	14,404,583	1,274,834	0	1,274,834	8.9%	43,799	0	0	35,728
TOTALS	**4,635**	**436,682,412**	**43,087,759**	**1,958,675**	**45,046,434**	**10.3%**	**6,232,416**	**661,730**	**3,614,381**	**5,411,442**