

Market Overview

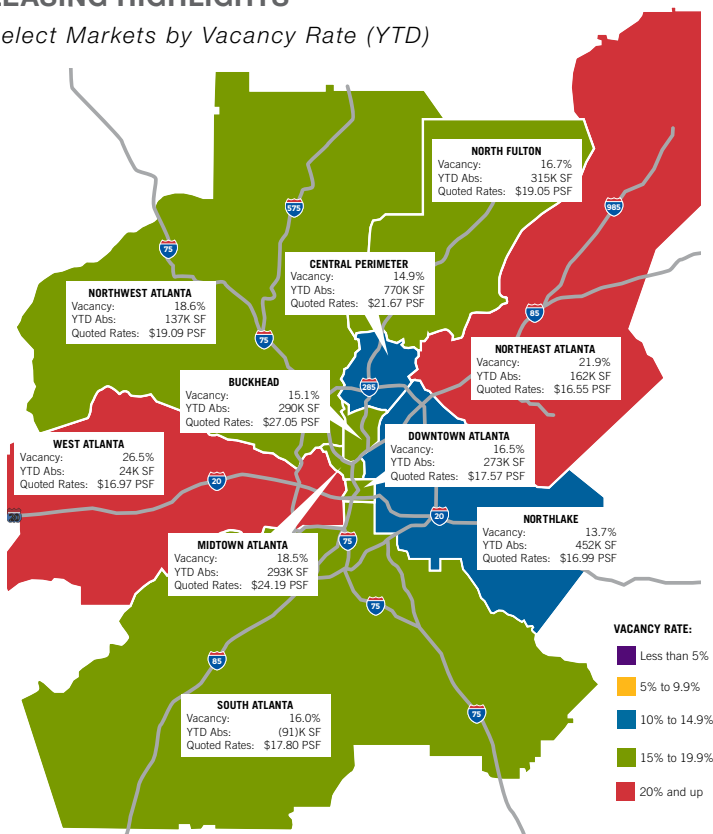
The Atlanta Office market ended the third quarter 2014 with a vacancy rate of 17.1%. This vacancy rate remains unchanged from the previous quarter and no submarket showed significant change. The lack of change occurred in a quarter where Atlanta saw 578,955 SF in positive net absorption and 170,000 SF (2 buildings), delivered to the market. Quoted rental rates ended the quarter at \$19.88 PSF, up from the last quarter rate of \$19.62 PSF. Currently there is over 2.1 million SF of office product under construction in Metro Atlanta.

Economic Overview

The US economy performed better than projected with a GDP growth rate of 3.5%. The growth can be attributed to strong vehicle sales, business spending, exports and construction. Consumer confidence jumped to it's highest level since before the recession. Business confidence is also improving, as seen by a 13% hike in new orders for business equipment. The employment market is also heating up as exhibited by September's very low rate of initial unemployment claims and the highest number of new hires since 2000. While the housing market's performance sends a mixed message, pending home sales rose considerably and inventory remains low. Economists expect the Fed to hold off on raising short term interest rates for the remainder of this year.

LEASING HIGHLIGHTS

Select Markets by Vacancy Rate (YTD)



3Q'14

Atlanta Office Market Report



MARKET SNAPSHOT

Market Indicators

	3Q'14	Change from last	
		Qtr.	Yr.
Vacancy	17.1%	◀▶	▼
Net Absorption	578,955 SF	▼	▲
Deliveries	170,000 SF	▲	▼
Rental Rates	\$19.88 PSF	▲	▲

Economic Indicators

	3Q'14	3Q'13
Atlanta Employment	2.52M	2.51M
Atlanta Unemployment	7.3%	7.6%
Georgia Unemployment	7.9%	8.0%
U.S. Unemployment	5.9%	7.2%

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

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Vacancy

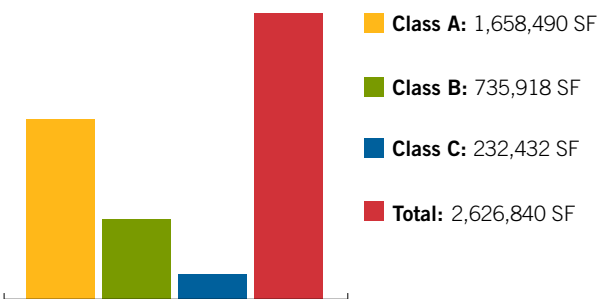
The overall vacancy rate remains unchanged from the previous quarter's rate of 17.1%. The current rate represents over 36 million SF of vacant office space throughout the Metro Atlanta Office market, a -7% decrease from this time last year. The current amount of vacant sublease space is 1.4 million SF, up from last quarter's sublease vacancy of 1.2 million SF.

Net Absorption

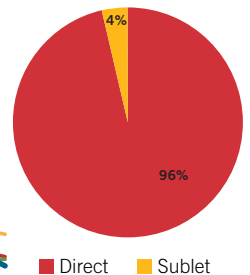
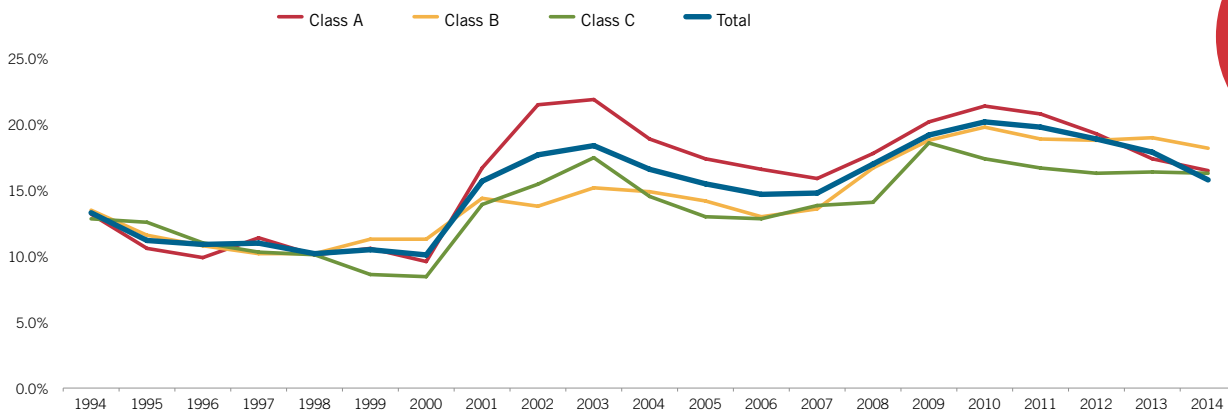
At the close of the quarter, an overall net absorption of 578,955 SF was reported, a decrease over the previous quarter and an increase from this time last year. The recorded net absorption for the current quarter by class follows: Class A: 664,910 SF, Class B: (134,335) SF and Class C: 48,380 SF.

Leasing activity was over 2.1 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 2 buildings, totaling 170,000 SF, in new construction deliveries. This compares to 87,880 SF in deliveries last quarter and 2,330,402 SF this time last year.

Currently there is 2,140,420 SF of new office projects under construction (10 buildings), a decrease from this same time last year.

The largest projects currently underway are Cox Communications, a 578,000 SF building (100% pre-leased) in Central Perimeter scheduled for completion in the second quarter of 2015 and Three Alliance, a 500,000 SF facility in Buckhead scheduled for completion in the third quarter of 2016 (5% pre-leased).

Quoted Rental Rates

The current overall quoted Atlanta Office rental rate of \$19.88 PSF represented a \$0.26 PSF increase in rental rates from the end of the previous quarter, when rents were \$19.62 PSF.

The Class A rental rates are reported at \$23.16 PSF with the highest rate reported in the Buckhead submarket at \$28.67 with Midtown rates closely following at \$26.54 PSF.

Class B sector ended the quarter with quoted rental rates of \$16.77 PSF, which is \$0.01 lower than last quarter and \$0.41 higher than this time last year.

Market Highlights

Significant Third Quarter 2014 Lease Transactions (New and Renewal)

Building	Submarket	Square Feet	Tenant Name
Westbridge Business Park	S Clayton/Henry County	62,000	Total System
Meadows III	N Fulton/Forsyth County	54,041	Benson Media
Oak View III	N Fulton/Forsyth County	53,200	Ciena Corporation
One Ninety One Peachtree Tower	Downtown Atlanta	51,066	Dixon Hughes Goodman

Significant Third Quarter 2014 Construction Deliveries

Building	Submarket	Square Feet	Class
Ponce City Market	Midtown Atlanta	557,122	A
3624 Providence Rd	Northwest Atlanta	165,000	A

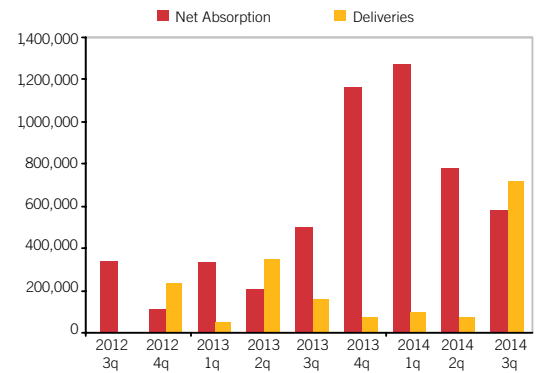
Significant Third Quarter 2014 Properties Under Construction

Building	Submarket	Square Feet	Delivery
Cox Communications	Central Perimeter	578,000	2Q 2015
Three Alliance	Buckhead	500,000	3Q 2016
Porsche Cars North America	South Atlanta	200,000	2Q 2015
Buckhead Atlanta	Buckhead	125,000	4Q 2014
Avalon Bldg 5000 Office	North Fulton	56,846	4Q 2014

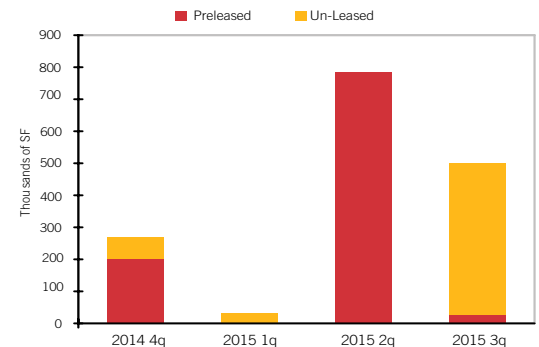
All Construction Activity (Markets Ranked by Under Construction Square Footage)

Market	# Bldgs	Under Construction Inventory			Available SF
		Total RBA	Preleased SF	Preleased %	
Buckhead	2	625,000	136,250	21.8%	488,750
Central Perimeter	1	578,000	578,000	100.0%	0
South Atlanta	1	200,000	200,000	100.0%	0
North Fulton	2	106,298	59,966	56.4%	46,332
Northlake	1	38,000	30,400	80.0%	7,600
Northeast Atlanta	2	36,000	6,000	16.7%	30,000
Midtown Atlanta	0	0	0	0.0%	0
Northwest Atlanta	0	0	0	0.0%	0
Downtown Atlanta	0	0	0	0.0%	0
West Atlanta	0	0	0	0.0%	0
Totals	9	1,583,298	1,010,616	63.8%	572,682

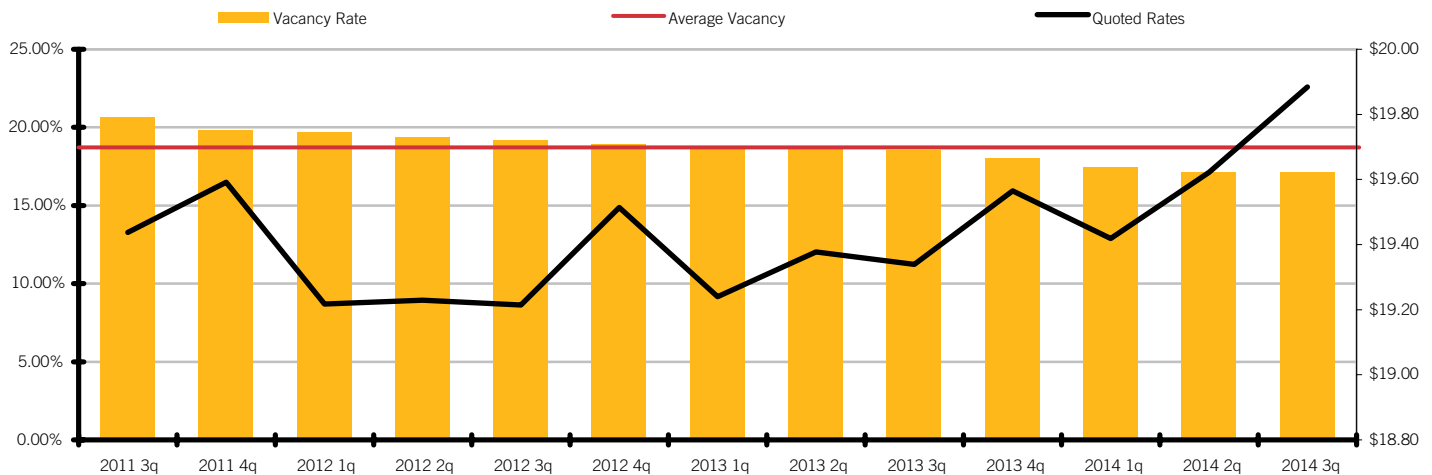
ABSORPTION & DELIVERIES



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	113	20,218,453	2,860,866	183,505	3,044,371	15.1%	290,142	0	625,000	\$27.05
Central Perimeter	256	29,256,271	4,044,331	312,259	4,356,590	14.9%	770,370	0	0	\$21.67
Downtown Atlanta	156	26,378,597	4,225,199	116,993	4,342,192	16.5%	273,449	0	0	\$17.57
Midtown Atlanta	136	20,918,344	3,738,033	122,459	3,860,492	18.5%	293,391	557,122	0	\$24.19
North Fulton	344	24,708,003	3,959,456	172,159	4,131,615	16.7%	315,322	100,000	106,298	\$19.05
Northeast Atlanta	471	22,275,700	4,776,863	102,625	4,879,488	21.9%	161,933	0	30,000	\$16.55
Northlake	388	19,047,823	2,454,636	153,807	2,608,443	13.7%	451,915	0	38,000	\$16.99
Northwest Atlanta	477	32,044,722	5,750,512	221,111	5,971,623	18.6%	137,259	165,000	0	\$19.09
South Atlanta	308	12,991,932	1,992,061	89,928	2,081,989	16.0%	(91,230)	0	0	\$17.80
West Atlanta	70	3,393,171	898,185	0	898,185	26.5%	24,289	77,000	0	\$16.97
TOTALS	2,719	211,233,016	34,700,142	1,474,846	36,174,988	17.1%	2,626,840	899,122	799,298	\$19.88

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	48	15,653,288	2,255,769	175,433	2,431,202	15.5%	126,049	0	625,000	\$28.67
Central Perimeter	78	20,427,620	2,077,330	270,077	2,347,407	11.5%	458,103	0	0	\$24.41
Downtown Atlanta	26	13,852,153	2,670,242	110,439	2,780,681	20.1%	211,761	0	0	\$18.91
Midtown Atlanta	36	15,457,535	3,018,746	107,953	3,126,699	20.2%	227,973	557,122	0	\$26.54
North Fulton	101	14,278,647	2,331,288	124,331	2,455,619	17.2%	266,211	100,000	106,298	\$21.22
Northeast Atlanta	64	6,873,569	1,346,616	29,475	1,376,091	20.0%	96,206	0	0	\$19.94
Northlake	25	3,512,645	228,139	25,349	253,488	7.2%	316,920	0	0	\$20.06
Northwest Atlanta	74	15,466,513	2,434,571	45,786	2,480,357	16.0%	(78,373)	165,000	0	\$22.42
South Atlanta	24	1,650,617	376,635	18,114	394,749	23.9%	33,640	0	0	\$19.31
West Atlanta	1	71,500	0	0	0	0.0%	0	0	0	\$0.00
TOTALS	477	107,244,087	16,739,336	906,957	17,646,293	16.5%	1,658,490	822,122	731,298	\$23.16

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	4,077,565	544,442	8,072	552,514	13.6%	155,394	0	0	\$20.01
Central Perimeter	130	7,698,446	1,707,090	42,182	1,749,272	22.7%	271,043	0	0	\$18.71
Downtown Atlanta	72	8,946,008	818,840	4,294	823,134	9.2%	81,243	0	0	\$16.27
Midtown Atlanta	78	4,825,199	692,377	14,506	706,883	14.6%	54,454	0	0	\$18.76
North Fulton	215	9,678,596	1,583,963	47,828	1,631,791	16.9%	40,746	0	0	\$15.89
Northeast Atlanta	341	13,603,202	3,279,050	73,150	3,352,200	24.6%	71,440	0	30,000	\$14.93
Northlake	270	12,276,395	2,051,789	119,071	2,170,860	17.7%	(17,829)	0	38,000	\$16.92
Northwest Atlanta	337	14,679,456	3,154,777	175,325	3,330,102	22.7%	201,579	0	0	\$16.34
South Atlanta	205	9,053,611	1,169,072	68,067	1,237,139	13.7%	(150,506)	0	0	\$18.58
West Atlanta	46	1,662,086	211,429	0	211,429	12.7%	28,354	77,000	0	\$16.89
TOTALS	1,739	86,500,564	15,212,829	552,495	15,765,324	18.2%	735,918	77,000	68,000	\$16.77

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	20	487,600	60,655	0	60,655	12.4%	8,699	0	0	\$19.03
Central Perimeter	48	1,130,205	259,911	0	259,911	23.0%	41,224	0	0	\$12.43
Downtown Atlanta	58	3,580,436	736,117	2,260	738,377	20.6%	(19,555)	0	0	\$11.97
Midtown Atlanta	22	635,610	26,910	0	26,910	4.2%	10,964	0	0	\$11.59
North Fulton	28	750,760	44,205	0	44,205	5.9%	8,365	0	0	\$12.73
Northeast Atlanta	66	1,798,929	151,197	0	151,197	8.4%	(5,713)	0	0	\$12.84
Northlake	93	3,258,783	174,708	9,387	184,095	5.6%	152,824	0	0	\$12.93
Northwest Atlanta	66	1,898,753	161,164	0	161,164	8.5%	14,053	0	0	\$14.09
South Atlanta	79	2,287,704	446,354	3,747	450,101	19.7%	25,636	0	0	\$12.93
West Atlanta	23	1,659,585	686,756	0	686,756	41.4%	(4,065)	0	0	\$17.26
TOTALS	503	17,488,365	2,747,977	15,394	2,763,371	15.8%	232,432	0	0	\$12.95