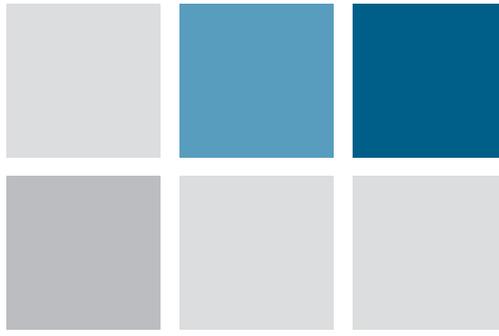


# NAI BRANNEN GODDARD

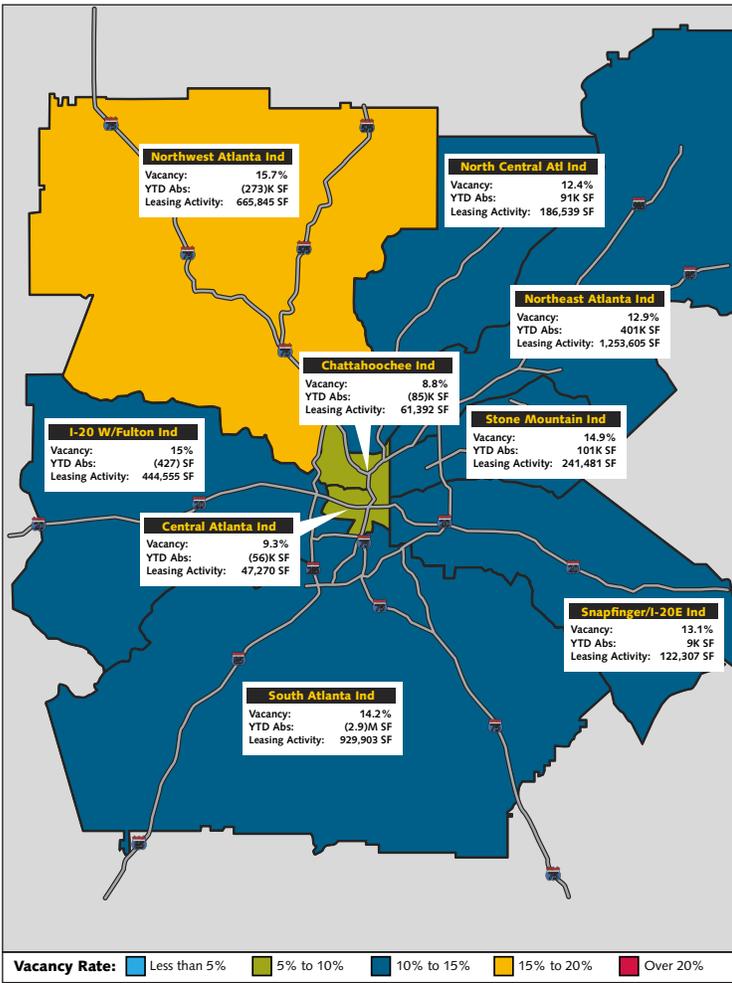
Atlanta Industrial Report | First Quarter 2011





1Q'11

# ATLANTA INDUSTRIAL MARKET



## LEASING HIGHLIGHTS

Select Markets by Vacancy Rate (YTD)

## MARKET OVERVIEW

The Atlanta Industrial market ended the first quarter 2011 with a vacancy rate of 13.7%. This rate represents a slight decrease from the previous quarter of 14.0%. This decrease occurred in a quarter where Atlanta saw a positive net absorption of 2,713,468 SF and 1,150,000 SF (1 building) in new deliveries. Rental rates ended the quarter at \$3.90 PSF, down from last quarter. There is currently 570,506 SF of build to suit construction underway.

## ECONOMIC OVERVIEW

Higher energy and food costs, falling home prices, cautious consumer sentiment, fiscal cutbacks at all levels

of government, global disruptions, including the conflict in the Middle East and Japan's earthquake, continue to slow the nation's economic recovery.

### UNEMPLOYMENT RATE DECEMBER 2010

National	8.8%
Georgia	10.0%
Atlanta MSA	9.8%

Economists noted that while healthcare remains one of the state's strong suits, particularly in Atlanta, manufacturing will continue to prosper because of a weak dollar that helps exports (which grew 22.3 percent in 2010), the presence of a container port in Savannah and a shift of industrial production to transportation, as exemplified by the Kia plant in West Point. Georgia is a place where a global company like Kia can get the resources it needs to grow.

## MARKET INDICATORS



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## VACANCY

The overall vacancy rate at the end of the first quarter 2011 is 13.7%, down from the previous quarter. This rate represents over 78.7 million square feet 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 1.9 million square feet, down from the previous quarter. The largest amount of sublease vacancy was found in the warehouse sector of the Northeast Atlanta submarket.

## NET ABSORPTION

At the close of the quarter, the market reported a positive net absorption of 2,713,468 SF. This time last year, a negative net absorption of (2,230,775) was recorded. The largest amount of net absorption was reported in the Warehouse sector of the South Atlanta submarket.

### YTD NET ABSORPTIONS BY BUILDING TYPE

» FLEX	(214,091) SF
» SHALLOW-BAY	343,864 SF
» WAREHOUSE	2,583,695 SF
» YTD	<b>2,713,468 SF</b>

## CONSTRUCTION ACTIVITY

The only delivery in 2011 has been Clorox, a 1,150,000 SF facility that delivered the first quarter 2011 and is now 100% occupied. This compares to no new deliveries last quarter and 155,614 SF in deliveries this time last year.

Currently, there is only 570,506 SF of new industrial projects under construction, a large decrease over the 3.8 million square feet that was underway this time last year. The largest project currently under construction, is the SANY America Assembly Plant - Phase I, a 409,006 SF building with 100% of its space pre-leased in South Atlanta and 3200 Webb Bridge Rd, a 100,500-square-foot facility located in North Central Atlanta.

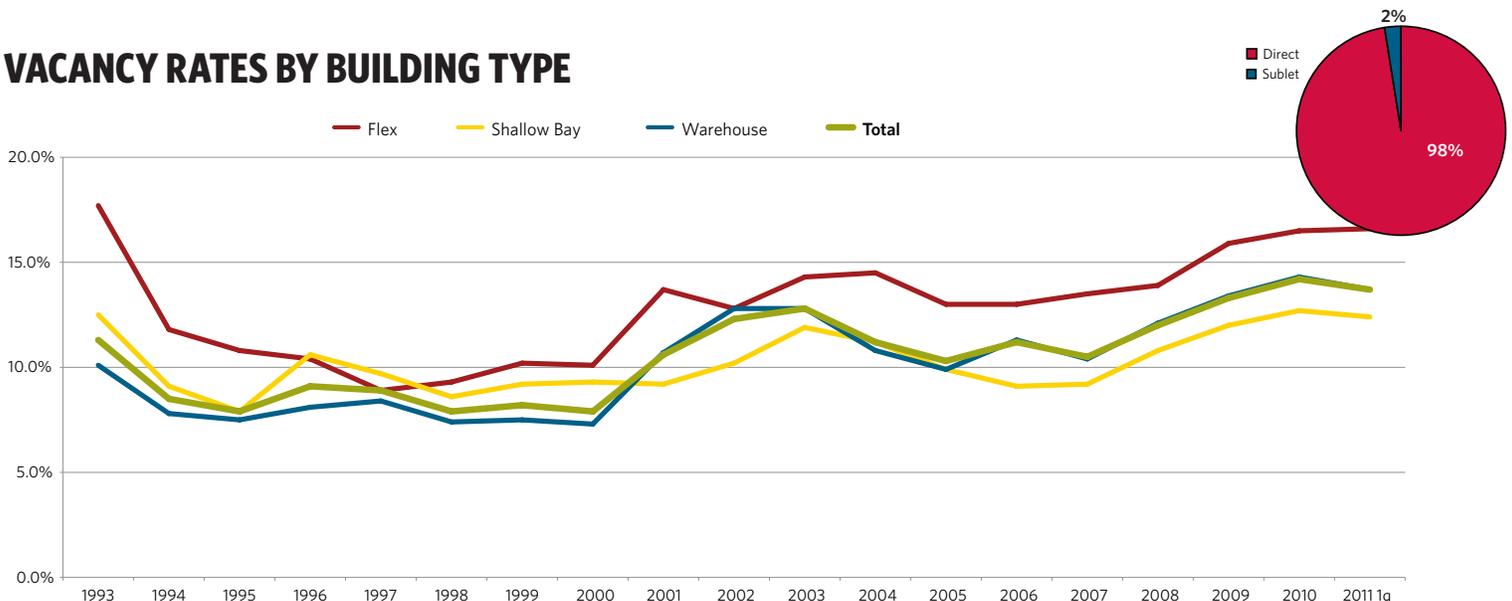
## AVERAGE QUOTED RENTAL RATES

The average quoted asking rental rate for available Distribution space was \$2.75-\$4.25 per square foot per year at the close of the first quarter 2011.

Bulk Warehouse rates were reported at \$2.25-\$3.15 per square foot.

The average quoted rate within the Flex sector was \$5.00-\$7.50 per square foot.

## VACANCY RATES BY BUILDING TYPE



## MARKET HIGHLIGHTS

### Significant First Quarter 2011 Lease Transactions (New & Renewal)

Building	Submarket	Square Feet	Tenant Name
7780 Spence Road	Airport	600,000	Electrolux
DMI Building	Kennesaw/Acworth	292,000	Shaw Industries
4175 Boulder Ridge Drive	Fulton District	142,352	Scott Distributions
5750 McEver Road	I-985/Gainesville	40,800	Sparta Polymers
1346 Oakbrook Drive	Norcross	33,606	Ackerman Security

### Significant First Quarter 2011 Construction Deliveries

Building	Submarket	Square Feet	Occupied
Clorox	South Atlanta	1,150,000	100%

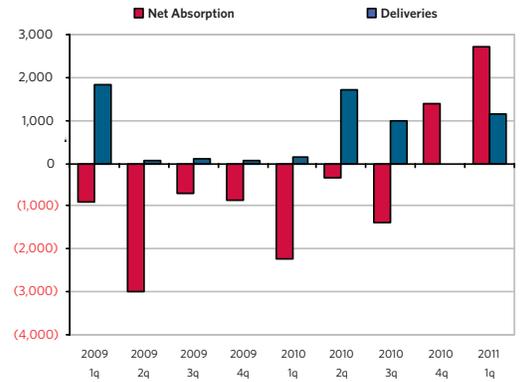
### Significant First Quarter 2011 Properties Under Construction

Building	Submarket	Square Feet	Delivery
SANY America Assembly Plant	South Atlanta	409,006	2Q 2011
3200 Webb Bridge Road	North Central	100,500	4Q 2011
All American Containers	South Atlanta	61,000	3Q 2011

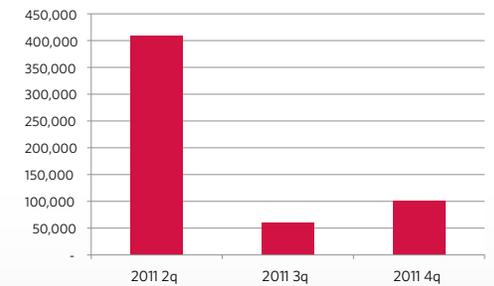
### All Construction Activity (Markets Ranked by Under Construction Square Footage)

Market	Under Construction Inventory				Available SF
	# Bldgs	Total RBA	Preleased SF	Preleased %	
South Atlanta	2	470,006	470,006	100.0%	0
North Central	1	100,500	0	0.0%	100,500
Stone Mountain	0	0	0	0.0%	0
Northeast Atlanta	0	0	0	0.0%	0
I-20 West/Fulton	0	0	0	0.0%	0
Chattahoochee	0	0	0	0.0%	0
Northwest Atlanta	0	0	0	0.0%	0
Central Atlanta	0	0	0	0.0%	0
Snapfinger/I-20 East	0	0	0	0.0%	0
<b>Totals</b>	<b>9</b>	<b>570,506</b>	<b>470,006</b>	<b>82.4%</b>	<b>100,500</b>

## ABSORPTION & DELIVERIES

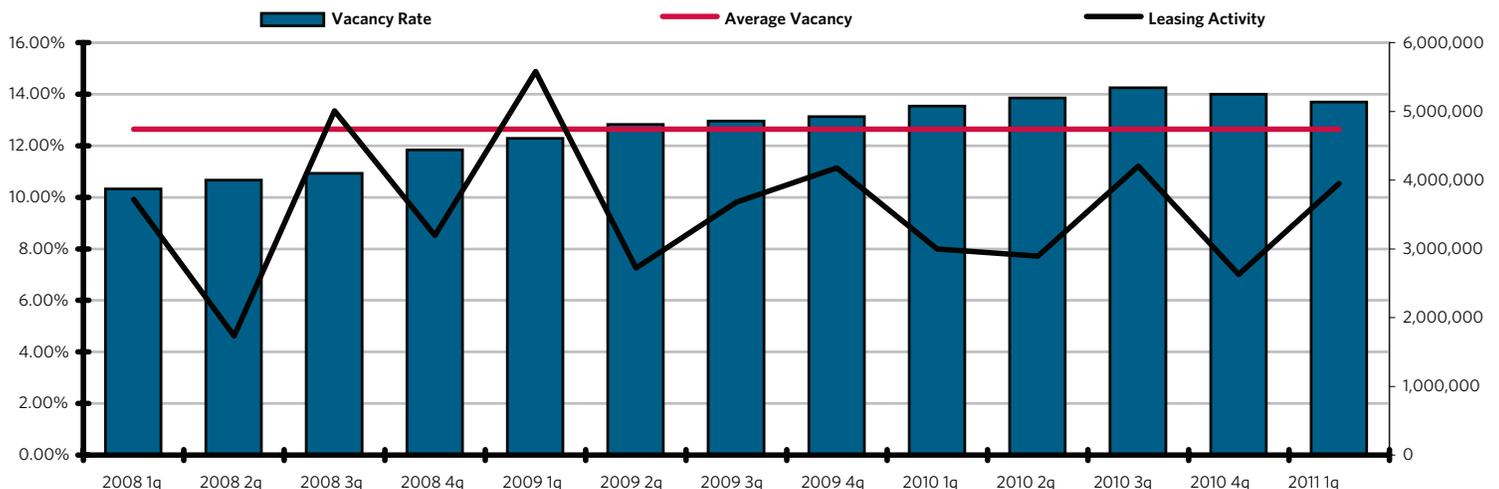


## FUTURE DELIVERIES



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## OVERALL VACANCY & LEASING ACTIVITY



# TOTAL ATLANTA INDUSTRIAL MARKET STATISTICS

FIRST QUARTER 2011

Market	Existing Inventory		Vacancy				YTD Net Absorp	YTD Deliveries	Under Const SF	Leasing Activity
	#Bldgs	Total RBA	Direct SF	Sublease SF	Total SF	Vac %				
Central Atlanta Ind	272	15,123,340	1,400,280	0	1,400,280	9.3%	(56,436)	0	0	47,270
Chattahoochee Ind	411	20,511,746	1,788,139	9,644	1,797,783	8.8%	(85,122)	0	0	61,392
I-20 W/Fulton Ind	898	90,919,716	13,202,704	426,570	13,629,274	15.0%	(426,544)	0	0	444,555
North Central Atlanta Ind	475	23,998,587	2,903,154	74,815	2,977,969	12.4%	91,466	0	100,500	186,539
Northeast Atlanta Ind	2,044	154,497,917	19,402,407	596,606	19,999,013	12.9%	401,368	0	0	1,253,605
Northwest Atlanta Ind	951	57,912,512	8,859,341	252,439	9,111,780	15.7%	(272,634)	0	0	665,845
Snapfinger/I-20 East Ind	477	39,584,420	5,162,982	16,800	5,179,782	13.1%	8,630	0	0	122,307
South Atlanta Ind	1,224	146,982,496	20,353,874	533,168	20,887,042	14.2%	2,951,730	1,150,000	409,006	929,903
Stone Mountain Ind	469	25,103,149	3,697,056	41,250	3,738,306	14.9%	101,010	0	0	241,481
<b>TOTALS</b>	<b>7,221</b>	<b>574,633,883</b>	<b>76,769,937</b>	<b>1,951,292</b>	<b>78,721,229</b>	<b>13.7%</b>	<b>2,713,468</b>	<b>1,150,000</b>	<b>509,506</b>	<b>3,952,897</b>

## FLEX STATISTICS

Market	Existing Inventory		Vacancy				YTD Net Absorp	YTD Deliveries	Under Const SF	Leasing Activity
	#Bldgs	Total RBA	Direct SF	Sublease SF	Total SF	Vac %				
Central Atlanta Ind	61	2,705,147	235,112	0	235,112	8.7%	(39,092)	0	0	1,170
Chattahoochee Ind	75	2,304,736	248,290	0	248,290	10.8%	(34,324)	0	0	15,427
I-20 W/Fulton Ind	51	2,433,169	291,247	0	291,247	12.0%	(307)	0	0	12,323
North Central Atlanta Ind	142	6,997,220	1,227,028	46,065	1,273,093	18.2%	(111,777)	0	0	36,383
Northeast Atlanta Ind	401	14,828,343	3,099,503	76,880	3,176,383	21.4%	(56,157)	0	0	97,637
Northwest Atlanta Ind	191	8,236,420	1,093,151	130,616	1,223,767	14.9%	29,802	0	0	36,248
Snapfinger/I-20 East Ind	56	1,920,523	145,695	0	145,695	7.6%	(5,208)	0	0	10,000
South Atlanta Ind	112	3,501,124	306,540	0	306,540	8.8%	(2,243)	0	0	12,064
Stone Mountain Ind	89	2,885,732	654,345	36,450	690,795	23.9%	5,215	0	0	73,472
<b>TOTALS</b>	<b>1,178</b>	<b>45,812,414</b>	<b>7,300,911</b>	<b>290,011</b>	<b>7,590,922</b>	<b>16.6%</b>	<b>(214,091)</b>	<b>0</b>	<b>0</b>	<b>294,724</b>

## WAREHOUSE STATISTICS

Market	Existing Inventory		Vacancy				YTD Net Absorp	YTD Deliveries	Under Const SF	Leasing Activity
	#Bldgs	Total RBA	Direct SF	Sublease SF	Total SF	Vac %				
Central Atlanta Ind	158	10,438,155	1,056,668	0	1,056,668	10.1%	(19,444)	0	0	46,100
Chattahoochee Ind	306	17,034,305	1,438,335	3,000	1,441,335	8.5%	(50,798)	0	0	45,965
I-20 W/Fulton Ind	585	71,070,570	11,110,797	336,570	11,447,367	16.1%	(521,482)	0	0	415,576
North Central Atlanta Ind	212	11,143,706	1,221,529	22,500	1,244,029	11.2%	103,292	0	100,500	72,911
Northeast Atlanta Ind	1,098	111,038,849	12,443,136	489,326	12,932,462	11.6%	326,023	0	0	698,965
Northwest Atlanta Ind	554	38,611,352	6,026,079	121,823	6,147,902	15.9%	(320,603)	0	0	515,479
Snapfinger/I-20 East Ind	312	31,486,303	4,381,523	16,800	4,398,323	14.0%	70,125	0	0	85,307
South Atlanta Ind	852	122,194,089	17,675,789	533,168	18,208,957	14.9%	2,947,975	1,150,000	0	894,179
Stone Mountain Ind	201	14,102,240	1,679,564	0	1,679,564	11.9%	48,607	0	0	138,109
<b>TOTALS</b>	<b>4,278</b>	<b>427,119,569</b>	<b>57,033,420</b>	<b>1,523,187</b>	<b>58,556,607</b>	<b>13.7%</b>	<b>2,583,695</b>	<b>1,150,000</b>	<b>100,500</b>	<b>2,912,591</b>

## SHALLOW-BAY DISTRIBUTION STATISTICS

Market	Existing Inventory		Vacancy				YTD Net Absorp	YTD Deliveries	Under Const SF	Leasing Activity
	#Bldgs	Total RBA	Direct SF	Sublease SF	Total SF	Vac %				
Central Atlanta Ind	53	1,980,038	108,500	0	108,500	5.5%	2,100	0	0	0
Chattahoochee Ind	30	1,172,705	101,514	6,644	108,158	9.2%	0	0	0	0
I-20 W/Fulton Ind	262	17,415,977	1,800,660	90,000	1,890,660	10.9%	95,245	0	0	16,656
North Central Atlanta Ind	121	5,857,661	454,597	6,250	460,847	7.9%	99,951	0	0	77,245
Northeast Atlanta Ind	545	28,630,725	3,859,768	30,400	3,890,168	13.6%	131,502	0	0	457,003
Northwest Atlanta Ind	206	11,064,740	1,740,111	0	1,740,111	15.7%	18,167	0	0	114,118
Snapfinger/I-20 East Ind	109	6,177,594	635,764	0	635,764	10.3%	(56,287)	0	0	27,000
South Atlanta Ind	260	21,287,283	2,371,545	0	2,371,545	11.1%	5,998	0	409,006	23,660
Stone Mountain Ind	179	8,115,177	1,363,147	4,800	1,367,947	16.9%	47,188	0	0	29,900
<b>TOTALS</b>	<b>1,765</b>	<b>101,701,900</b>	<b>12,435,606</b>	<b>138,094</b>	<b>12,573,700</b>	<b>12.4%</b>	<b>343,864</b>	<b>0</b>	<b>409,006</b>	<b>745,582</b>

Source: CoStar Group, Inc.