

MARKETBEAT INDUSTRIAL SNAPSHOT



ATLANTA, GA

A Cushman & Wakefield Research Publication

Q1 2014



ECONOMIC OVERVIEW

Although the Atlanta economy has seen a great deal of momentum over the past 12-18 months the pace slowed at the start of the year. The Bureau of Labor Statistics reported that unemployment in the Atlanta metro area ended the month of February at 6.9%. As of the end of the first quarter, Atlanta's total employment increased by 52,200 jobs from this time last year. The manufacturing sector gained 800 new jobs over the same period while the trade, transportation and utilities sector gained 16,400 new jobs.

RECORD QUARTERLY ABSORPTION

Atlanta's industrial market saw a great deal of improvement during the first quarter, particularly in terms of overall occupancy gains. Overall vacancy ended the quarter at 8.8%, a 0.4 percentage point decrease from the 9.2% rate reported one year ago. Average direct net rental rates ended the first quarter at \$3.88 per square foot (psf), up 5.4% year-over-year. The Atlanta market posted a record 5.1 million square feet (msf) of positive overall absorption during the first quarter as a number of major occupancies took place. Notable occupancies included Ollie's Bargain Outlet's 962,000-sf occupancy in the I-85 North submarket and Home Depot's 612,000-sf occupancy in the I-75 South/Henry County submarket.

Atlanta captured a total of 2.0 msf of leasing activity during the first three months of the year, down significantly by 53.4% compared to activity posted during the same period in 2013. The market's largest new lease transactions year-to-date include Millennium Mat Company's 256,700-sf lease at 3200 Shawnee Industrial Way in the I-85 North Corridor and Dicks Sporting Goods 256,600-sf build-to-suit lease at 3909 North Commerce Drive in the Airport/South Atlanta submarket. There are currently several tenants in the market with requirements exceeding 500,000 sf that are expected to come to fruition later this year.

Atlanta's industrial market saw a pickup in build-to-suit construction activity at the start of 2014. Proctor & Gamble's 1.0-msf warehouse/distribution is now under construction in the Airport/South Atlanta submarket and is expected to deliver during the third quarter of this year. Additionally, Baxter's 1.0-msf manufacturing facility is under construction in the I-20 East/Snapfinger/Rockdale submarket and is expected to deliver during the first quarter of 2015. There are several other projects currently under construction all expected to deliver this year or during the first half of 2015.

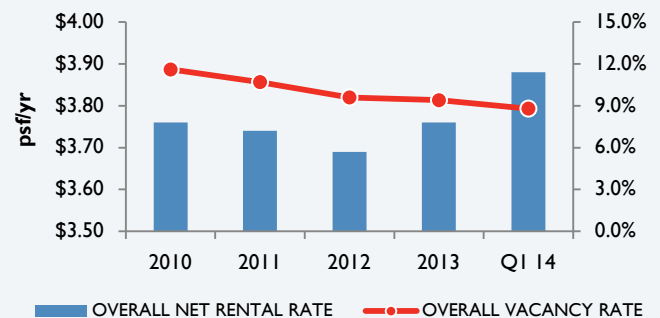
OUTLOOK

As the overall economy in the Atlanta metro area continues to improve, Atlanta's industrial market will benefit significantly. Atlanta's pipeline of industrial requirements continues to grow, which includes several large users currently in the market for space. The challenge will be the lack of availability of large blocks of space in existing buildings which we believe will not only continue to translate into a pickup in build-to-suit activity, but will also lead to a pickup in speculative construction activity in the near future.

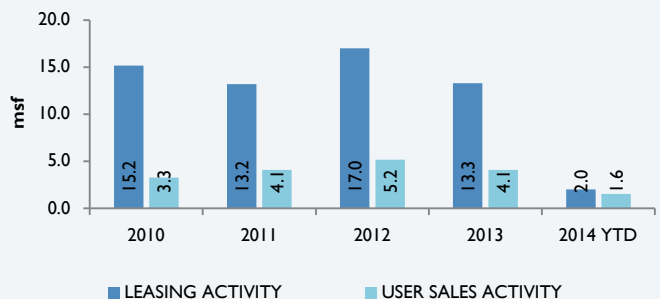
STATS ON THE GO

	Q1 2013	Q1 2014	Y-O-Y CHANGE	12 MONTH FORECAST
Overall Vacancy	9.2%	8.8%	-0.4pp	▼
Direct Asking Rents (psf/yr)	\$3.68	\$3.88	5.4%	◄►
YTD Leasing Activity (sf)	4,362,569	2,032,198	-53.4%	▲

OVERALL RENTAL VS. VACANCY RATES



OVERALL OCCUPIER ACTIVITY



ATLANTA, GA

SUBMARKET	INVENTORY	OVERALL VACANCY RATE	YTD LEASING ACTIVITY	YTD USER SALES ACTIVITY	UNDER CONSTRUCTION	YTD CONSTRUCTION COMPLETIONS	YTD DIRECT NET ABSORPTION	YTD OVERALL NET ABSORPTION	DIRECT WEIGHTED AVERAGE NET RENTAL RATE			
									HT	MF	OS	W/D
Northwest Atlanta	43,618,992	7.6%	246,691	25,000	0	0	148,033	192,755	N/A	N/A	\$9.28	\$4.45
Georgia 400 Corridor	23,167,792	7.5%	85,288	0	75,225	0	55,987	55,987	\$7.61	\$5.50	\$8.56	\$6.58
Northeast Atlanta	143,014,097	9.6%	846,411	285,878	0	0	1,512,497	1,525,518	\$13.96	\$3.38	\$7.67	\$3.80
I-20 West/Fulton Industrial	79,204,858	10.7%	59,589	396,825	965,000	0	1,482,075	1,482,075	N/A	N/A	\$4.96	\$2.92
Chattahoochee/CBD	35,075,535	3.2%	2,404	198,814	0	0	(78,042)	(78,042)	\$1.25	\$8.20	\$4.50	\$4.31
Stone Mountain/Tucker	25,661,817	8.4%	48,844	0	0	0	171,563	168,538	N/A	N/A	\$2.63	\$3.58
Airport/South Atlanta	73,741,731	9.3%	621,625	40,000	1,896,115	0	152,744	149,844	N/A	\$1.98	\$7.47	\$3.11
I-85 South	27,845,415	4.2%	18,700	0	0	0	77,790	96,490	N/A	N/A	N/A	\$2.84
I-75 South	37,191,002	12.0%	0	550,810	402,500	0	1,203,777	1,203,777	N/A	\$2.25	N/A	\$2.80
SOUTH ATLANTA SUBTOTAL	138,778,148	9.0%	640,325	590,810	2,298,615	0	1,434,311	1,450,111	N/A	\$1.98	\$7.47	\$2.97
I-20 East/Snapfinger/Rockdale	28,813,444	9.3%	102,646	56,000	1,500,000	0	283,021	283,021	N/A	\$3.17	\$5.41	\$2.89
TOTALS**	517,334,683	8.8%	2,032,198	1,553,327	4,838,840	0	5,009,445	5,079,963	\$6.30	\$3.07	\$7.50	\$3.43

* RENTAL RATES REFLECT ASKING \$PSF/YEAR HT= HIGH TECH MF = MANUFACTURING OS = OFFICE SERVICE W/D = WAREHOUSE/DISTRIBUTION

MARKET HIGHLIGHTS

SIGNIFICANT Q1 2014 LEASE TRANSACTIONS	SUBMARKET	TENANT	PROPERTY TYPE	SQUARE FEET
3200 Shawnee Industrial Way	I-85 North Corridor	Millennium Mat Co	Warehouse/Distribution	256,700
3909 North Commerce Drive	Airport/South Atlanta	Dicks Sporting Goods	Warehouse/Distribution	256,600
4380 International Parkway	Airport/South Atlanta	Future Forwarding	Warehouse/Distribution	140,400
SIGNIFICANT Q1 2014 SALE TRANSACTIONS	SUBMARKET	BUYER	PURCHASE PRICE / \$PSF	SQUARE FEET
500 Business Center Drive & 201 King Mill Court (Portfolio Sale)	I-75 South/Henry County	AR Capital	\$65,552,000 / \$51	1,281,127
1111 Broadway Avenue	I-85 North Corridor	Hillwood Investment Properties	\$21,250,000 / \$39	545,542
375 Airport Road	I-75 South/Henry County	1888 Mills	\$2,500,000 / \$4.91	509,000
SIGNIFICANT Q1 2014 CONSTRUCTION COMPLETIONS	SUBMARKET	MAJOR TENANT	COMPLETION DATE	BUILDING SQUARE FEET (% LEASED)
N/A				
SIGNIFICANT PROJECTS UNDER CONSTRUCTION	SUBMARKET	MAJOR TENANT	COMPLETION DATE	BUILDING SQUARE FEET (% LEASED)
6720 Oakley Industrial Boulevard	Airport/South Atlanta	Proctor & Gamble	Q3 2014	1,001,790
505 Baxter Parkway	I20 East/Snapfinger/Rockdale	Baxter	Q1 2015	1,000,000
1766 Riverside Parkway	I20 West/Fulton Industrial	McMaster-Carr	Q1 2015	700,000

* RENEWAL - NOT INCLUDED IN LEASING ACTIVITY STATISTICS