PMRG Market at a Glance

ATLANTA INDUSTRIAL MARKET REPORT

THIRD QUARTER 2014

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PMRG Market at a Glance

TABLE OF CONTENTS

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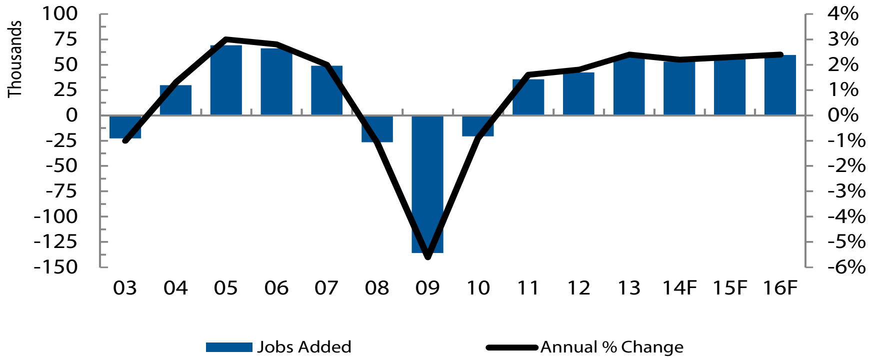
ECONOMIC OVERVIEW

Approaching the last quarter of 2014, Atlanta's economy has shown signs of improvement with 51,400 new jobs during the last 12 months ending in August 2014 – representing a 2.1% annual increase. The majority of the industry sectors contributed to this growth, with particularly strong annual gains in the professional business services (+17,600 jobs); trade, transportation & utilities (+11,300 jobs); and leisure & hospitality (+8,500 jobs). Meanwhile, Atlanta's August unemployment rate has increased 10 basis points to 8.0% within the past 12 months, which likely reflects the return of job seekers to the workforce in anticipation of better employment opportunities. With Atlanta's current employment level only 7,700 jobs below it pre-recession peak recorded in December 2007, the area is on pace to recover all jobs lost during the 2008 to 2010 downturn by year's end.

In light of recent expansions by Home Depot, Toyota Industries Corp, Mitsubishi and Kubota Tractor Corp, the metro Atlanta area continues to attract relocation and expansion activity with notably strong growth in the healthcare, technology, and homebuilding sectors. Atlanta's favorable geographic position, in the heart of the rapidly growing Southeast, along with its enviable infrastructure of highways and rail lines have helped make it one of the nation's largest distribution hubs. Growth in recent years has been fueled largely by surging traffic through the Port of Savannah, which is now the nation's fourth largest container port. Looking ahead, Atlanta's economic outlook looks even brighter as the Economic Forecasting Center at Georgia State University has predicted the metro area will create 55,600 jobs in 2015, followed by an addition of 59,400 jobs in 2016.

Employment Trends



Source: U.S. Bureau of Labor Statistics, Georgia State University

Employment Growth by Sector

	CURRENT READING	12-MONTHS PRIOR READING	ANNUAL CHANGE	HEALTH (Improving or Declining)
Mining	1.2	1.2	0.0%	▶
Construction	98.1	94.3	4.0%	▲
Manufacturing	154.2	149.3	3.3%	▲
Trade, Transportation & Utilities	549.5	538.2	2.1%	▲
Information	87.2	85.2	2.3%	▲
Financial Activities	161.5	157.9	2.3%	▲
Professional & Business Services	457.4	439.8	4.0%	▲
Education & Health Services	295.8	294.5	0.4%	▲
Leisure & Hospitality	261.4	252.9	3.4%	▲
Other Services	92.6	94.2	-1.7%	▼
Government	311.7	311.7	0.0%	▶

Source: U.S. Bureau of Labor Statistics, Employment Data as of August 2014.
All Employees, In Thousands, Data Not Seasonally Adjusted

PMRG Market at a Glance

Q3 2014

INDUSTRIAL MARKET ASSESSMENT

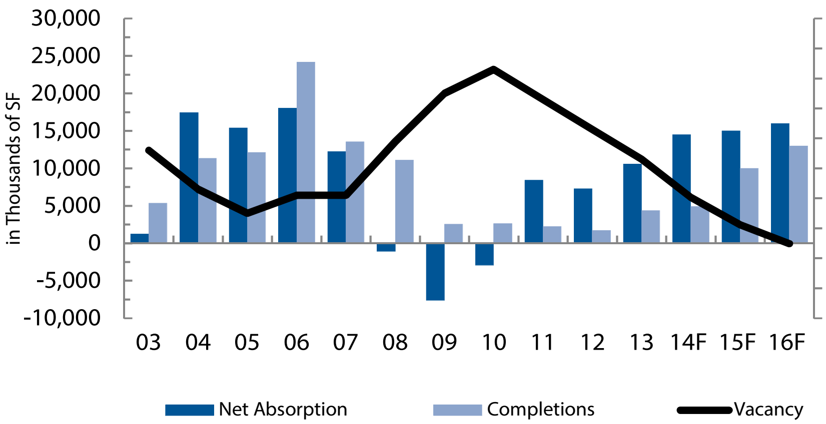
Due to a resurgence in its diverse industrial base, gains in international trade and investment, and an upswing in the economy, Atlanta's industrial market continued to improve during the third quarter of 2014. Overall, the industrial market recorded strong occupancy gains totaling nearly 1.1 million sq. ft. during the quarter, bringing the trailing 12-month total to just over 11.8 million sq. ft. and marking the thirteenth consecutive quarter with positive gains. With the annual absorption reading approaching its highest level since 2006, Atlanta's industrial vacancy rate has dropped 190 basis points to 10.2% over the prior 12 months. Accounting for roughly 97% of the quarterly demand, the warehouse/distribution sector posted roughly 1 million sq. ft. of absorption growth, bringing the trailing 12-month total to approximately 11.2 million sq. ft. The flex property sector experienced its seventh consecutive quarterly gain totaling 25,857 sq. ft., bringing the trailing 12-month absorption total to 711,341 sq. ft.

Demand is on the rise for bulk big-box distribution space of 250,000 sq. ft. and higher as more companies consolidate operations to drive efficiencies. The dwindling supply of large blocks of space and minimal speculative development has driven much of the build-to-suit activity within the past year. With build-to-suit development activity remaining strong, more speculative developments have recently broken ground and currently account for 31.5% of industrial space underway. Some developments currently under construction include projects for Surya Carpets (1,036,000 sq. ft.), Proctor & Gamble (1,001,790 sq. ft.), Baxter International (1,000,000 sq. ft.), Niagara Bottling, LLC (450,000 sq. ft.), and Dick's Sporting Goods (256,600 sq. ft.). During the third quarter, Duke Realty delivered the 2429 Old Anvil Block Rd project, a 402,500 sq. ft. Class A build-to-suit for H.H. Gregg. Also worth noting, Hitachi Koki USA recently inked a deal to lease 544,838 sq. ft. at Braselton Distribution Center One, commencing in December 2014. Mizuno USA, Inc. and Eagle Rock Distributing Company will also be taking large amounts of space in the Northeast submarket during the fourth quarter when they move into 520,570 sq. ft. and 295,000 sq. ft. of space, respectively, at Braselton Business Park and at 6205 Best Friend Rd.

FORECAST

- With the combination of Atlanta's intermodal access, port access, international airport, skilled labor, affordable housing and the state's low 6 percent corporate income tax rate, Atlanta will continue to attract new businesses and create job growth.
- In the year ahead, industrial development is expected to increase with creditworthy users committing to the area through build-to-suits, and with lending restrictions easing to allow additional speculative developments to kick off construction.

Industrial Market Trends



Atlanta Ranked 3rd Fastest Growing Metro: The Atlanta metropolitan area was the third-fastest growing area in the nation between 2000 and 2010, behind Houston and Dallas. The Atlanta region's one million new residents in the 28-county area represented a growth rate of 24%, which is the largest population gain in the Southeast.

Home to 27 Fortune 1000 Companies: Atlanta ranks third in the nation among cities with the highest concentration of Fortune 500 headquarters. Twenty-seven metro Atlanta headquartered companies placed among the Fortune 1,000, of which fifteen are among the Fortune 500.

Atlanta Ranked Least Costly Business Location: Atlanta was ranked the least-costly location to do business in the United States among the 27 largest metro areas, according to a new study from audit, tax and advisory firm KPMG. The "2014 Competitive Alternatives" study measured 26 cost components in each market, including labor, taxes, real estate, and utilities, as they apply to 19 industries over a 10-year analysis horizon.

Market Trend Indicators

	Current Quarter	Change from Previous Quarter	Change from Previous Year	12-month Forecast
Occupancy Rate	89.8%	▲	▲	▲
Total Net Absorption	1,026,073	▼	▼	▲
Under Construction	7,569,235	▲	▲	▲
Overall Asking Rents	$3.64	▲	▲	▲

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NET ABSORPTION & VACANCY

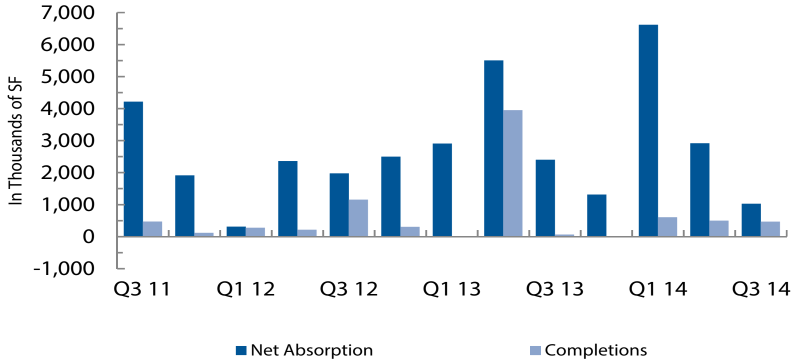
"Atlanta's industrial market continues to steadily recover as the overall vacancy rate is now 470 basis points below its recessionary peak", said Steve Williams, Vice President of PMRG's Industrial Leasing team.

- Northwest Atlanta led the way absorbing 388,323 sq. ft. of space during the third quarter, pushing its vacancy rate down to 8.8%. The most notable move-ins involved Belnick occupying 168,640 sq. ft. of space at Stratton Warehouse, Entertainment Magpie moving into 132,000 sq. ft. at 1039 Northpoint Parkway, and Coregistics taking 127,498 sq. ft. at 240 Northpoint Parkway.
- Snapfinger/I-20 East had an equally impressive quarter with an absorption gain of 260,234 sq. ft. The submarket has absorbed more than 1.6 million sq. ft. over the prior 12 months, improving the vacancy rate 300 basis points to 9.5%. The largest occupancy gain occurred when Pactive, Dishembo Automotive moved into 202,358 sq. ft. of space at Lochridge Industrial Park.
- Northeast Atlanta experienced the largest move-ins with Kubota Manufacturing taking 290,000 sq. ft. at 1215 Palmour Drive, as well as Corsicana Bedding occupying 249,000 sq. ft. at Mill One Building. These move-ins helped offset major move-outs placing the submarket's quarterly absorption at 200,662 sq. ft.
- I-20 West/Douglasville completed its fifth consecutive quarter of gains with 6,944 sq. ft. of net absorption. The vacancy rate remained at 13.6%, its lowest mark since mid-year 2008. The largest tenant movement involved Gen Again Resources taking 50,000 sq. ft. at the Vanguard Building.
- South Atlanta followed a remarkable second quarter with 243,965 sq. ft. of negative absorption but vacancy remained flat at 11.8%. Large occupancy gains by Briggs Equipment moving into 122,880 sq. ft. at International Airport Park 1 and Goya occupying 151,800 sq. ft. at 4005 Haworth Parkway were countered by the vacancy of 800,000 sq. ft. left by First Quality at 201 Greenwood Court and the delivery of Duke Realty's currently vacant build-to-suit 402,000 sq. ft. project for H.H. Gregg – who will move-in by year-end.

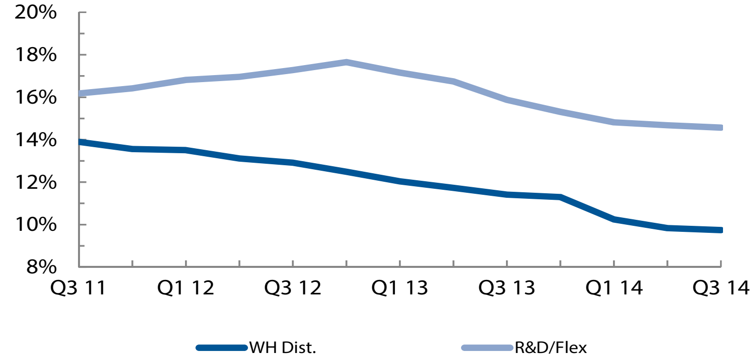
Submarket Vacancy Ranking

Rank	Submarket	Vacancy Rate	Y-O-Y % Change
1	Chattahoochee	4.7%	-0.1%
2	Northwest	8.8%	-0.6%
3	Stone Mountain	8.7%	-2.7%
4	Northeast	9.2%	-1.4%
5	Snapfinger / I-20 East	9.5%	-2.7%
6	North Central	10.2%	-1.0%
7	I-20 W / Fulton District	10.8%	-0.8%
8	South	11.8%	-1.6%
9	Central Atlanta	11.1%	-1.3%
10	I-20 W / Douglasville	13.6%	-4.4%

Net Absorption vs. Completions



Vacancy Rates



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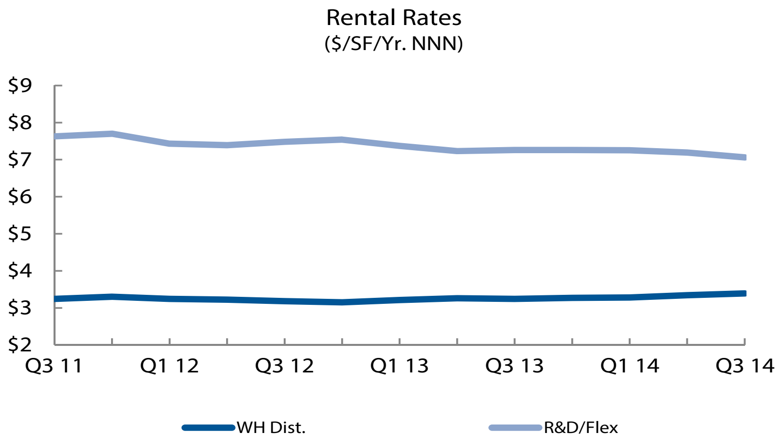
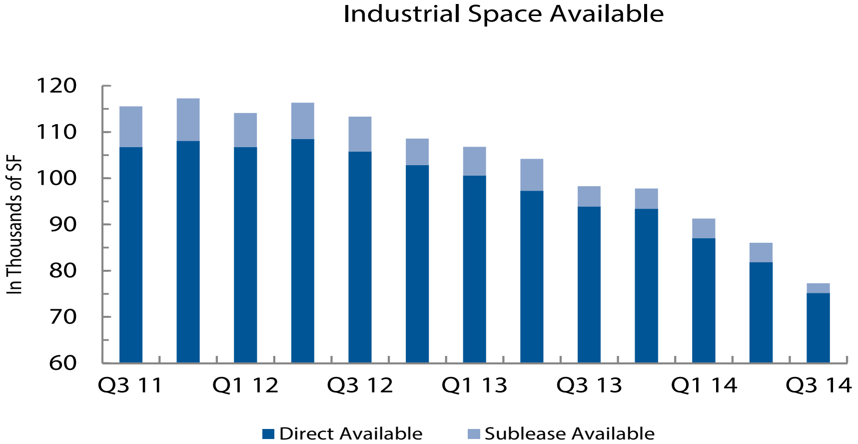
RENTAL RATES & LEASING ACTIVITY

- Warehouse/distribution asking rents increased by $0.05 to $3.39 NNN per square foot during the third quarter and have improved by $0.24 since hitting their cyclical low at year-end 2012. Warehouse/distribution asking rents remain 5.6% or $0.20 per square foot below their cyclical peak recorded in 3Q 2008.
- Flex asking rents decreased by $0.13 to $7.06 NNN per square foot during the quarter, the lowest mark since mid-2005. Flex asking rents are 23.6% or $2.18 per square foot below their peak recorded in mid-2008.
- The pendulum appears to be gradually swinging back to the landlord's favor as 90% of the submarkets experienced rent growth during the third quarter. Although landlords are still offering generous incentives for second and third generational product in submarkets with high vacancy rates, concessions have begun to ease as large space options recede.
- The warehouse/distribution sector accounts for the majority of the rent growth due to strong leasing demand, with the largest annual increases taking place in Chattahoochee (19.2%), Snapfinger/I-20 East (12.6%), I-20 W/Douglasville (10.1%), and I-20 W/Fulton District (5.8%).
- The amount of total space available has declined by 33% or 39 million sq. ft. since reaching its record high of 124.5 million sq. ft. at mid-year 2010. Sublease space has dropped by 78% to 2.1 million sq. ft. since its cyclical high of 9.6 million sq. ft. recorded during the third of 2010.
- Atlanta's industrial market has remained active with over 34.0 million sq. ft. leased within the past 12 months. Some of the largest lease transactions signed during the quarter included Menlo Logistics 395,750 sq. ft. deal at 2124 Skyview Dr., Steelcase leasing 227,639 sq. ft. at 6070 Fulton Industrial Blvd. SW, and Kane Warehousing Inc. leasing 201,600 sq. ft. at 1780 Westgate Parkway SW.

"Limited speculative construction coupled with steady absorption growth have led to fewer concessions, fewer quality space options and a moderate increase in rental rates," said Bill Weghorst, EVP and Managing Director of PMRG's Southeast Division.





Submarket Rental Rate Ranking

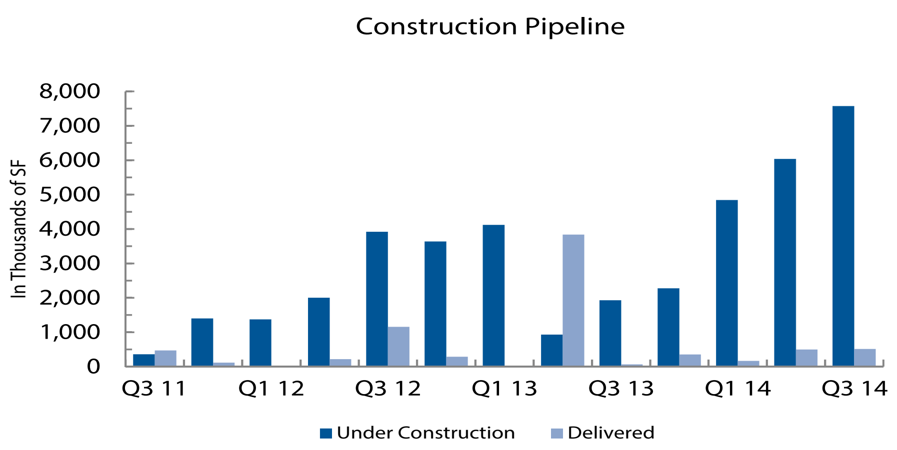
Rank	Submarket	Rental Rate	Y-O-Y % Change
1	North Central	$7.33	6.7%
2	Chattahoochee	$5.36	14.0%
3	Northwest	$4.74	4.4%
4	Central Atlanta	$4.45	-0.9%
5	Northeast	$4.12	4.0%
6	Stone Mountain	$3.59	2.9%
7	Snapfinger / I-20 East	$3.45	15.4%
8	I-20 W / Douglasville	$3.24	11.0%
9	South	$2.91	2.1%
10	I-20 W / Fulton District	$3.00	6.8%

RECENT ANNOUNCEMENTS

- The Integral Group LLC has acquired 162 acres north of Atlanta for close to $60 million in September. The site is the former Doraville General Motors plant, and will be demolished to make room for 20 blocks of office buildings, housing, stores and restaurants.
- Chick-fil-A has recently signed an 111,252 sq. ft. lease to accommodate their expansion at Airport West Distribution Center, bringing total occupancy to 332,701 sq. ft. Chick-fil-A will occupy approximately 85% of the facility after Lincoln Property Company finishes developing the asset in January.
- Kroger, the nation's largest supermarket chain confirmed its plan to develop and relocate into a 1.5 million sq. ft. refrigerated distribution center at the 1,000-acre former US Army base in Fort Gillem.
- Walmart has recently signed a deal for a 1.2 million sq. ft. e-commerce distribution center. Walmart will now have 2 sizeable distribution centers dedicated to online sales in Atlanta.
- Seefried Properties and Clarion Partners have plans to develop a new speculative warehouse at Southpark, in Fairburn. Seefried filed documents with the Georgia Department of Community Affairs to develop 531,000 sq. ft. in two buildings.
- Keurig Green Mountain (formerly Green Mountain Coffee Roasters), has decided on a facility to open a $337 million Keurig K-cup plant in Douglasville. Keurig is acquiring Centerpoint Properties' 585,000 sq. ft. warehouse at 7705 Staples Dr.
- UnderArmour has recently drawn up plans for their new hub at Fort Gillem – a redeveloped former U.S. Army base – that would entail two buildings covering over 1 million sq. ft.
- Maurice Sporting Goods may develop 300,000 sq. ft. in McDonough. They are currently in a company-owned, 178,000 sq. ft. facility at 1325 Georgia 155 in McDonough, but a build-to-suit could double its size. The company is also looking at existing buildings in the area.

CONSTRUCTION

- The Industrial construction pipeline has surpassed its 10-year historical average of 6.4 million sq. ft. with nearly 7.6 million sq. ft. of industrial product under construction across the metro area. Although this is a great increase from the previous quarter, this is still substantially below its peak of 20.5 million sq. ft. under construction in late 2005.
- The South Atlanta submarket accounts for 31.0% of the industrial space underway which includes build-to-suits for Proctor & Gamble (1.0 million sq. ft.), Menlo Logistics (560,625 sq. ft.), and Dick's Sporting Goods (256,600 sq. ft.).
- Majestic Realty Co. is moving forward with its latest expansion of Airport Center. The developer has filed plans with the state for a 1.5 million sq. ft. warehouse project on 160 acres in Union City. Majestic is seeking to rezone the land to become the next phase of the developer's Airport Center III project, which is targeted for completion in 2015. Phase 4 of their Airport Center expansion project has also commenced.
- IDI has begun construction on The TJX Companies' $60 million, 826,000 sq. ft. distribution facility project located at IDI's Jefferson Distribution Center in Jefferson, Georgia. The project is scheduled to be completed by mid-2015.
- IDI has also filed plans to develop a $13 million, 567,000 sq. ft. speculative distribution center off Thornton Road near the Douglasville border.
- Oakmont Industrial Group recently filed plans with regional planners to develop a 617,000 sq. ft. warehouse facility in South Fulton County off Roosevelt Highway. Oakmont has stated the facility is scheduled to deliver in 2016.
- Exeter has filed plans to expand their project in Fairburn. Exeter, who owns two buildings on Oakley, could expand those buildings on a speculative basis by at least 500,000 sq. ft. along Oakley Industrial Blvd.



SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROJECT NAME	SIZE (SF)	SUBMARKET	MAJOR TENANT	% PRE-LEASED	DEVELOPER	TARGET COMPLETIO
6720 Oakley Industrial Blvd - Bldg 7	1,001,790	South Atlanta	Proctor & Gamble	100%	Majestic Realty Co.	3Q 2014
505 Baxter Pky	1,000,000	Snapfinger / I-20 East	Baxter International Inc.	100%	Undisclosed	2Q 2015
TJX Industries - Raco Pky	826,972	Northeast	The TJX Companies Inc.	100%	IDI	4Q 2014
McMaster-Carr Dist Ctr - 1766 Riverside Pky	700,000	I-20 W / Douglasville	McMaster-Carr	100%	McMaster-Carr	1Q 2015
6705 Oakley Industrial Blvd - Bldg 4	560,625	South Atlanta	N/A	0%	Majestic Realty Co.	3Q 2014
Niagara Water Bottling & Distribution	450,000	South Atlanta	Niagara Bottling, LLC	100%	Choate Construction Co	4Q 2014
Buford Logistics Center	414,960	Northeast	N/A	0%	Panattoni Development	1Q 2015
2429 Old Anvil Block Rd	402,500	South Atlanta	HH Gregg - BTS`	100%	Duke Realty	3Q 2014
1500 N River Rd	265,000	I-20 W/Douglasville	Gordon Food Svcs	100%	Whiting-Turner	4Q 2014
3909 N Commerce Dr Phase II	256,600	South Atlanta	Dicks Sporting Goods	100%	Duke Realty	4Q 2014
1845 New Harvest	77,126	Northeast	N/A	0%	Patillio Industrial	3Q 2014
3700 N Commerce Dr	77,100	South Atlanta	FedEx Trade Networks	100%	Duke Realty	3Q 2014

SUBMARKET STATISTICS

Submarkets	Total Inventory SF	Total Vacant SF	Overall Vacancy %	Overall Availability %	TOTAL NET ABSORPTION Current Qtr.	TOTAL NET ABSORPTION Rolling 12-Month	CONSTRUCTION Completions Current Qtr	CONSTRUCTION Under Construction	ASKING RENT WH/Dist	ASKING RENT Flex
Central Atlanta	15,375,823	1,705,290	11.1%	16.0%	74,416	204,475	-	-	$3.89	$9.88
Chattahoochee	20,610,080	975,367	4.7%	9.4%	-42,168	-51,461	-	-	$5.10	$7.10
I-20 W / Douglasville	44,367,845	6,026,974	13.6%	13.5%	6,944	1,689,943	-	1,754,800	$3.17	$5.26
I-20 W / Fulton District	49,999,774	5,418,446	10.8%	15.7%	182,190	454,806	-	-	$2.94	$5.48
North Central	29,316,311	2,979,507	10.2%	12.2%	-13,623	367,169	-	-	$5.08	$9.22
Northeast	183,366,554	16,883,715	9.2%	11.3%	200,662	2,656,192	-	2,423,320	$3.87	$6.46
Northwest	67,597,385	5,937,157	8.8%	10.8%	388,323	648,955	-	45,000	$4.27	$7.43
Snapfinger / I-20 East	45,703,237	4,355,074	9.5%	13.6%	260,234	1,647,533	-	1,000,000	$3.30	$6.97
South	157,698,998	18,620,562	11.8%	11.3%	-243,965	3,466,468	402,500	2,346,115	$2.87	$6.66
Stone Mountain	27,294,488	2,362,720	8.7%	12.5%	213,060	789,118	63,000	-	$3.28	$6.48
Totals	**641,330,495**	**65,264,812**	**10.2%**	**13.1%**	**1,026,073**	**11,873,198**	**465,500**	**7,569,235**	**$3.39**	**$7.06**

Property Types	Total Inventory SF	Vacant SF	Overall Vacancy %	Overall Availability %	Absorption Current Qtr.	12-Month Rolling Absorption	Completions Current Qtr	Under Construction	Asking Rent	Y-O-Y Change
Warehouse/Dist	583,767,208	56,871,958	9.7%	12.6%	1,000,216	11,161,857	465,500	7,569,235	$3.39	4.6%
Flex	57,608,287	8,392,854	14.6%	17.6%	25,857	711,341	-	-	$7.06	-2.4%
Totals	**641,375,495**	**65,264,812**	**10.2%**	**13.1%**	**1,026,073**	**11,873,198**	**465,500**	**7,569,235**	**$3.64**	**4.0%**

METHODOLOGY

Total Inventory: The total inventory includes all multi-tenant, single tenant and owner-occupied industrial buildings with at least 10,000 square feet.

Vacant and Availability: The vacancy rate is the amount of vacant space divided by the total inventory, which includes vacant direct and sublease space. The availability rate is the amount of space available (either physically vacant or occupied) divided by the total inventory. Under construction space is not included in vacancy or availability figures.

Net Absorption: The net change in physically occupied space over a given period of time.

Under Construction: Industrial buildings which have commenced construction as evidenced by site excavation or foundation work.

Asking Rents: The quoted asking rent for direct available space is expressed in triple net (NNN) per square foot per year. Industrial rents are expressed as triple net where all costs including, but not limited to, real estate taxes, insurance and common area maintenance are assumed by the tenant on a pro rata basis.

Industrial Classification: Industrial buildings are categorized as warehouse/distribution and flex based on physical characteristics such as office build-out percentage, clear height, typical bay depth, and type of loading docks.

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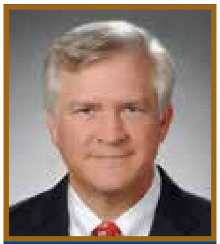

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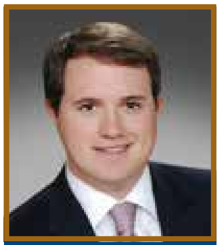

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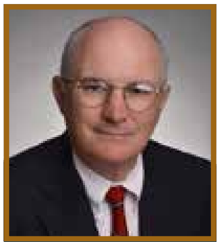

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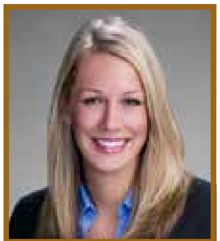

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ABOUT PMRG

Headquartered in Houston, Texas, PM Realty Group (PMRG) is one of the nation's leading real estate companies focusing on comprehensive property services, development and acquisitions. With a strategic presence in 30 markets, PMRG provides the highest quality services to its clients and investors. PMRG's clients and investors include large financial institutions, advisors and high net worth individuals. By capitalizing on the team's experience and expertise, PMRG has the ability to undertake large and challenging management, leasing, development and acquisition projects.

PMRG's portfolio, including projects managed for third parties, includes commercial office buildings, mixed-use centers, corporate headquarters, industrial buildings, medical facilities, high-rise multifamily buildings and re-appropriated military facilities.

Our goal is to generate exceptional returns for our clients and investors by focusing on real estate fundamentals. For additional information, visit www.pmrg.com.