PMRG
Market at a Glance

ATLANTA INDUSTRIAL MARKET REPORT

SECOND QUARTER 2014

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TABLE OF CONTENTS

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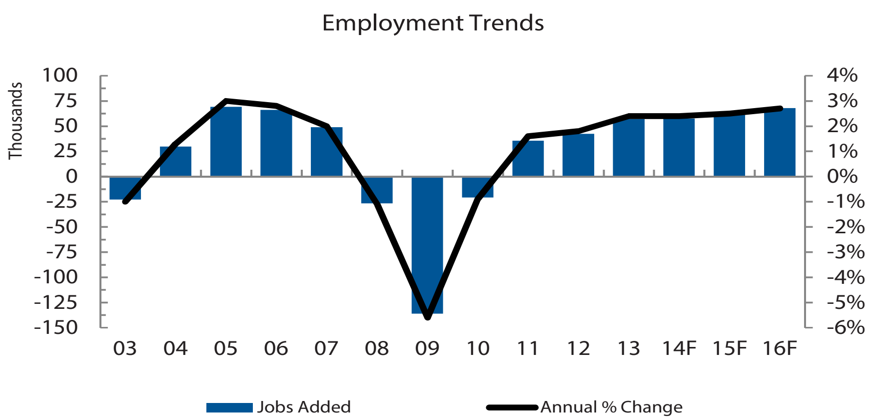
ECONOMIC OVERVIEW

During the first-half of 2014, Atlanta's economy demonstrated signs of picking up steam with 59,400 jobs created for the 12 months ending May 2014, which represents a 2.5% annual increase. Growth was evident in nearly all industry sectors, with particularly strong annual gains in the professional & business services sector (+20,100 jobs); the trade, transportation & utilities sector (+14,600 jobs); and the leisure & hospitality sector (+9,400 jobs). During the same period, Atlanta's unemployment rate has dropped 70 basis points to 7.3% in May. The sustained positive economic indicators signify Atlanta is in the midst of fully recovering from the downturn experienced from 2008 to 2010, with its current employment level only 13,100 jobs below its pre-recession peak recorded in December 2007. Based on the current rate of job growth, Atlanta is on pace to fully recover all jobs lost during the downturn during the second-half of 2014.

The metro Atlanta area continues to attract relocation and expansion activity, with particularly strong growth in the healthcare, technology, and homebuilding sectors. Recent expansions by Home Depot, Toyota Industries Corp, Mitsubishi and Kubota Tractor Corp provides clear evidence of the area's increasing attractiveness to logistic companies seeking a centralized location with an efficient and effective transportation infrastructure. Atlanta's economy is forecasted to exhibit continued strength and accelerate with the creation of 61,300 jobs in 2015 and a strong addition of 67,800 jobs in 2016, according to the Economic Forecasting Center at Georgia State University.



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	97.6	90.5	7.8%	▲
Manufacturing	151.0	148.8	1.5%	▲
Trade, Transportation & Utilities	546.9	532.3	2.7%	▲
Information	85.3	84.8	0.6%	▲
Financial Activities	158.7	155.9	1.8%	▲
Professional & Business Services	453.3	433.2	4.6%	▲
Education & Health Services	300.0	295.2	1.6%	▲
Leisure & Hospitality	258.5	249.1	3.8%	▲
Other Services	93.2	93.9	-0.7%	▼
Government	319.5	320.9	-0.4%	▼

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

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Q2 2014

INDUSTRIAL MARKET ASSESSMENT

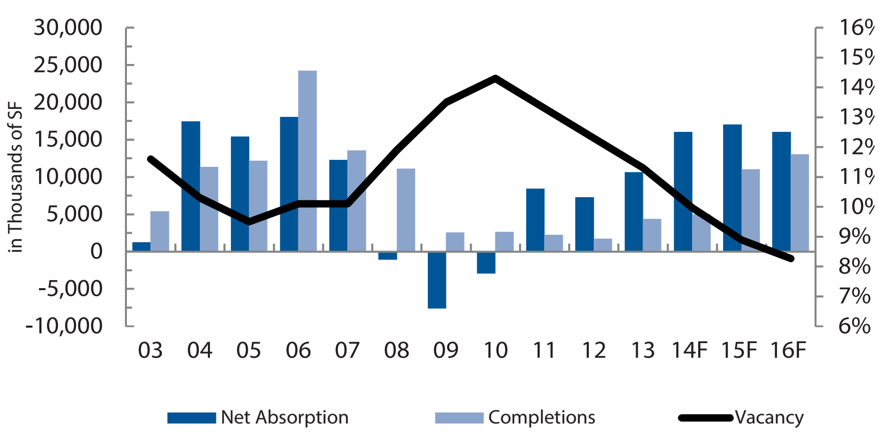
Atlanta's industrial market fundamentals continued to improve during the second quarter of 2014, benefitting from the resurgence in its diverse industrial base, gains in international trade and investment, as well as an upswing in the local economy. The local industrial market recorded strong occupancy gains totaling more than 2.6 million sq. ft. during the quarter, bringing the trailing 12-month total to just over 12.6 million sq. ft., and marking the ninth consecutive quarter with positive gains. With the annual absorption reading approaching its highest level since 2007, Atlanta's industrial vacancy rate has dropped 170 basis points to 10.7% within the past year. The warehouse/distribution sector accounted for roughly 97% of the quarterly demand with 2,557,936 sq. ft. of absorption growth, bringing the trailing 12-month total to approximately 11.5 million sq. ft. Meanwhile, the flex property sector improved with its sixth consecutive quarterly gain totaling 91,274 sq. ft., bringing the trailing 12 month absorption total to 1.1 million sq. ft.

As more companies consolidate operations to drive efficiencies, demand is on the rise for bulk big-box distribution space of 250,000 sq. ft. and higher. Within the past year, much of the increased activity has been driven by build-to-suit projects due to the dwindling supply of large blocks of space. Some build-to-suit developments currently under construction include projects for Proctor & Gamble (1,001,790 sq. ft.), Niagara Bottling, LLC (450,000 sq. ft.), HH Gregg (402,500 sq. ft.), Dick's Sporting Goods (256,600 sq. ft.), and FedEx (77,100 sq. ft.). During the second quarter, Ashley Capital delivered Rockdale Regional Distribution Center, a 496,730 sq. ft. Class A build-to-suit for Hill Phoenix. 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 a handful of 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	89.7%	▲	▲	▲
Total Net Absorption	2,649,210	▼	▲	▲
Under Construction	6,032,673	▲	▲	▲
Overall Asking Rents	$3.60	▲	▲	▲

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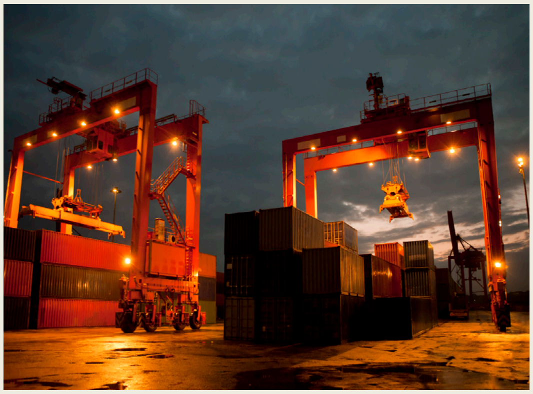
NET ABSORPTION & VACANCY



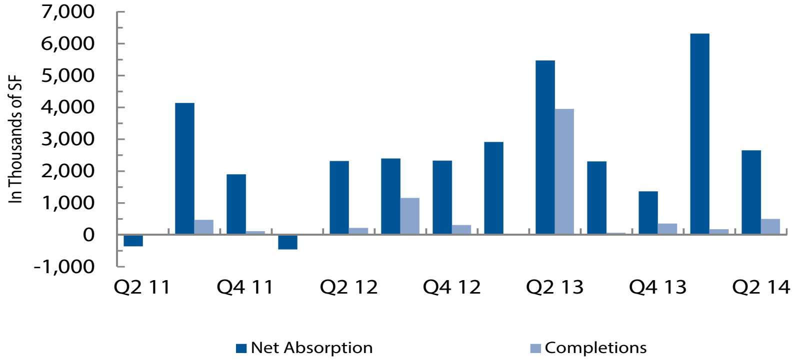
"Atlanta's industrial market continues to steadily recover as the overall vacancy rate is now 470 basis points below its recessionary peak", said Steve Williams, Vice President of PMRG's Industrial Leasing team.

- Northeast Atlanta led the way absorbing 817,194 sq. ft. of space during the second quarter, pushing its vacancy rate down to 9.2%. The most notable move-ins involved Lion Apparel occupying 212,000 sq. ft. of sublease space at Valentine Farms Distribution Center, Avnet taking 182,000 sq. ft. at 2100 Evergreen Blvd, and Anixter moving into 176,250 sq. ft. at 3400 Lawrenceville Suwanee Rd.
- Snapfinger/I-20 East had an equally impressive quarter with an absorption gain of 811,968 sq. ft. The submarket has absorbed more than 1.6 million sq. ft. over the prior 12 months, improving the vacancy rate 260 basis points to 10.3%. The largest occupancy gain occurred when Hill Phoenix moved into their 496,730 sq. ft. build-to-suit at 2016 Gees Mill Rd.
- I-20 West/Douglasville completed its fourth consecutive quarter of gains with 483,563 sq. ft. of net absorption. The vacancy rate declined 110 basis points to 14.1%, its lowest mark since mid-year 2008. The largest tenant movement involved Total Sweetners taking 235,719 sq. ft. at 9000 Riverside Pky.
- South Atlanta followed a remarkable first quarter with vacancy remaining flat at 11.9%. Large occupancy gains by Ford Motor Company moving into 231,000 sq. ft. at Greenwood Industrial Park and Future Forwarding taking 140,400 sq. ft. at Southside Dist Ctr were countered by the vacancy of 324,000 sq. ft. left by Carter's at Space Center Bldg.
- I-20 W/Fulton District had 604,468 sq. ft. of occupancy losses during the second quarter, immediately after experiencing its tenth straight quarter of gains during the prior quarter. Velocity Express gave up 185,000 sq. ft. of sublease space at 615 Stonehill Dr SW for sublease, Royal Manufacturing moved out of 111,504 sq. ft. at 4525 Frederick Dr SW, and Menlo Logistics vacated 110,039 sq. ft. at 6255 Boat Rock Blvd SW.

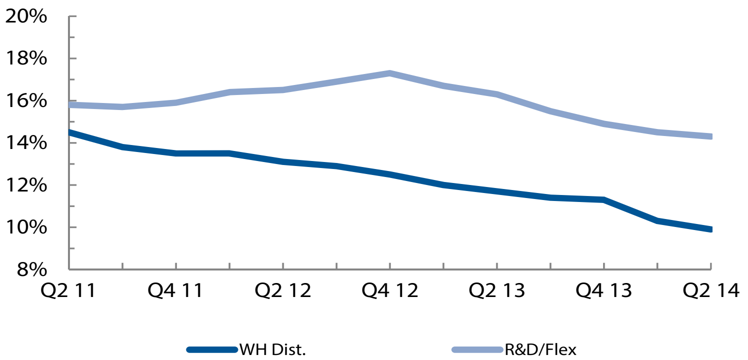
Submarket Vacancy Ranking

Rank	Submarket	Vacancy Rate	Y-O-Y % Change
1	Chattahoochee	5.2%	-0.4%
2	Northwest	9.1%	-1.1%
3	Stone Mountain	9.1%	-2.3%
4	Northeast	9.2%	-2.0%
5	Snapfinger / I-20 East	10.3%	-2.6%
6	North Central	10.4%	-1.6%
7	I-20 W / Fulton District	11.0%	-1.1%
8	South	11.9%	-1.2%
9	Central Atlanta	12.1%	0.5%
10	I-20 W / Douglasville	12.7%	-5.9%

Net Absorption vs. Completions



Vacancy Rates



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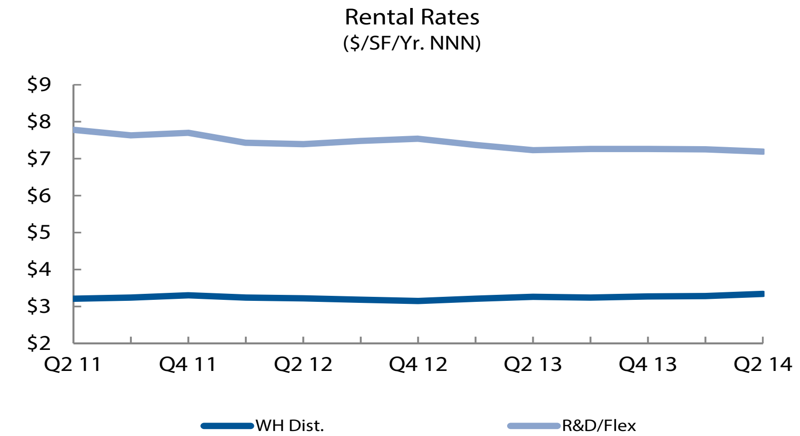
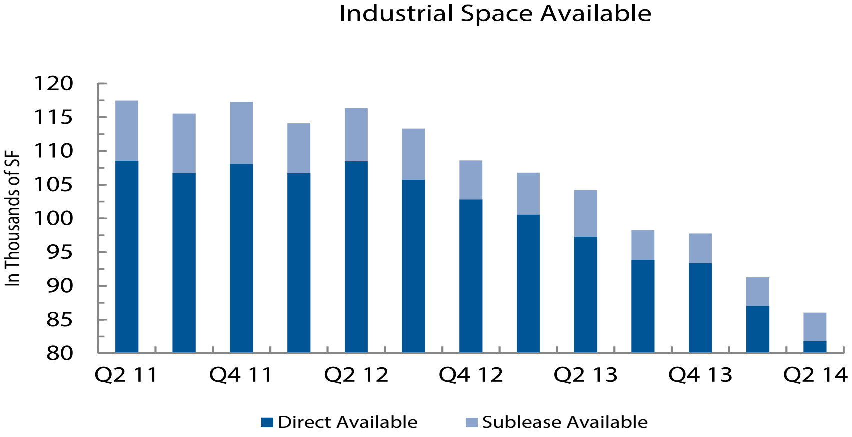
RENTAL RATES & LEASING ACTIVITY

- Warehouse/distribution asking rents increased by $0.06 to $3.34 NNN per square foot during the second quarter and have improved by $0.18 since hitting their cyclical low at year-end 2012. Warehouse/distribution asking rents remain 7.0% or $0.25 per square foot below their cyclical peak recorded in 3Q 2008.
- Flex asking rents decreased by $0.06 to $7.19 NNN per square foot during the quarter, the lowest mark since mid-2005. Flex asking rents are 22.2% or $2.05 per square foot below their peak recorded in mid-2008.
- While it remains a tenant favorable market, the tide is changing as landlords have begun to firm up and raise rents in 80% of the submarkets during the second quarter. Landlords will continue to offer aggressive incentives for second and third generational product in submarkets with high vacancy rates, but concessions will slowly 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 (15.3%), North Central (7.8%), Northeast (6.7%), and I-20 W/Douglasville (5.8%).
- The amount of total space available has declined by 30.0% or 37 million sq. ft. since reaching its record high of 123.5 million sq. ft. at mid-year 2010. Sublease space has dropped by 58.0% to 4.1 million sq. ft. since its cyclical high of 9.7 million sq. ft. recorded during the third of 2010.
- Atlanta's industrial market has remained active with nearly 36.0 million sq. ft. leased within the past 12 months. Some of the largest lease transactions signed during the quarter included Lion Apparel, Inc.'s 477,000 renewal at Valentine Farms Distribution Center, Eagle Rock Distributing Company taking 295,000 sq. ft. at 6205 Best Friend Rd, and an undisclosed company leasing 301,500 sq. ft. at 3710 Atlanta Industrial Pky N.

"Limited speculative construction coupled with steady absorption growth will lead 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

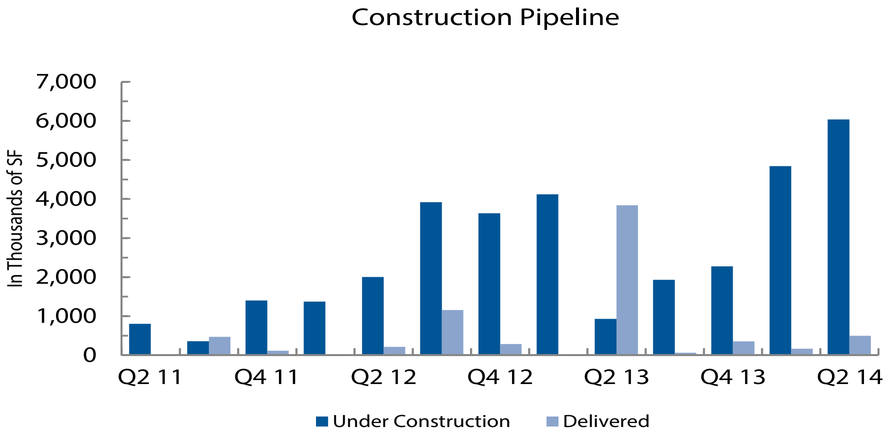
Rank	Submarket	Rental Rate	Y-O-Y % Change
1	North Central	$7.44	10.1%
2	Chattahoochee	$5.16	9.1%
3	Northwest	$4.68	4.0%
4	Central Atlanta	$4.36	-1.4%
5	Northeast	$4.09	5.1%
6	Stone Mountain	$3.55	0.9%
7	Snapfinger / I-20 East	$3.30	0.3%
8	I-20 W / Douglasville	$3.17	6.7%
9	South	$2.91	3.2%
10	I-20 W / Fulton District	$2.88	-2.4%

RECENT ANNOUNCEMENTS

- 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 is searching for sites south of Atlanta to develop a 1.2 million sq. ft. e-commerce distribution center, which would be their second distribution center in Atlanta dedicated to online sales.
- 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. The site has previously been marketed for build-to-suit tenants.
- Keurig Green Mountain (formerly Green Mountain Coffee Roasters), who recently came to an agreement with Atlanta-based Coca-Cola to collaborate on in-home beverage systems, has decided on a facility to open a $337 million Keurig K-cup plant in Douglassville. Keurig is rumored to be acquiring Centerpoint Properties' 585,000 sq. ft. warehouse at 7705 Staples Dr.
- UnderArmour is currently scouting the market for sites to construct a 600,000 sq. ft. build-to-suit distribution facility from Savannah to Atlanta.
- 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.
- Gordon Food Service moved forward on a 250,000 sq. ft. distribution facility in the Riverside West Business Park in Douglasville, slated to deliver by year-end 2014.
- United Arab Shipping Co. is planning on putting its headquarters in Peachtree Corners for its customer service, accounting/finance, and logistics operations.

CONSTRUCTION

- The Industrial construction pipeline is nearing its 10-year historical average of 6.4 million sq. ft., with 6.0 million sq. ft. of industrial product under construction across the metro area. However, this remains substantially below its peak of 20.5 million sq. ft. under construction late in 2005.
- The South Atlanta submarket accounts for 45.5% of the industrial space underway which includes build-to-suits for Proctor & Gamble (1.0 million sq. ft.), Niagara Bottling, LLC (450,000), and HH Gregg (402,500 sq. ft.), as well as Majestic Realty Co.'s speculative building (560,625 sq. ft.).
- Majestic Realty Co. is also 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.
- 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	15,430,003	1,864,913	12.1%	15.9%	158,490	-77,647	-	-	$3.71	$9.65
Chattahoochee	20,736,208	1,078,199	5.2%	10.3%	-35,287	77,632	-	-	$4.83	$7.45
I-20 W / Douglasville	44,132,867	5,624,548	12.7%	14.6%	1,068,563	2,027,797	-	965,000	$3.10	$5.26
I-20 W / Fulton District	49,988,962	5,479,664	11.0%	15.3%	-578,468	523,185	-	-	$2.82	$5.53
North Central	29,167,001	3,026,691	10.4%	12.1%	109,141	466,204	-	-	$5.11	$9.13
Northeast	182,600,339	16,835,167	9.2%	12.0%	817,194	3,663,004	-	1,319,058	$3.83	$6.67
Northwest	67,599,143	6,181,222	9.1%	11.9%	130,566	1,066,592	-	-	$4.14	$7.47
Snapfinger / I-20 East	45,586,155	4,678,013	10.3%	14.0%	811,968	1,617,885	496,730	1,000,000	$3.25	$5.96
South	157,068,298	18,622,771	11.9%	15.2%	-6,161	2,153,352	-	2,748,615	$2.87	$6.47
Stone Mountain	27,235,010	2,491,441	9.1%	13.5%	173,204	616,952	-	-	$3.26	$6.43
Totals	**639,543,986**	**65,882,629**	**10.3%**	**13.5%**	**2,649,210**	**12,134,956**	**496,730**	**6,032,673**	**$3.34**	**$7.19**

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	582,065,963	57,648,247	9.9%	13.0%	2,557,936	10,988,389	496,730	6,032,673	$3.34	2.5%
Flex	57,478,023	8,234,382	14.3%	17.8%	91,274	1,146,567	-	-	$7.19	-1.0%
Totals	**639,543,986**	**65,882,629**	**10.3%**	**13.5%**	**2,649,210**	**12,134,956**	**496,730**	**6,032,673**	**$3.60**	**2.3%**

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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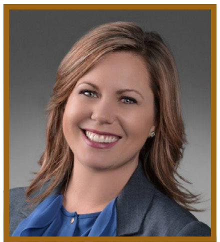

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ABOUT PMRG

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.