

Q4 2014 ATLANTA INDUSTRIAL MARKET REPORT

7,598,649 SF

Q4 NET ABSORPTION ↑
Q3 1,505,193SF

9.1%

Q4 VACANCY ↓
Q3 10%

4,098,594 SF

LEASING ACTIVITY ↓

11,435,147 SF

UNDER CONSTRUCTION ↑

3,083,484 SF

NEW SUPPLY DELIVERED ↑

\$3.99 SF

AVERAGE ASKING RENT (PER YR.) ↑

\$53.00

AVERAGE SALES PER SF ↑

\$505 M

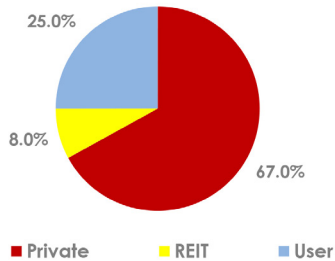
194 SALES TRANSACTIONS ↑

MARKET HIGHLIGHTS

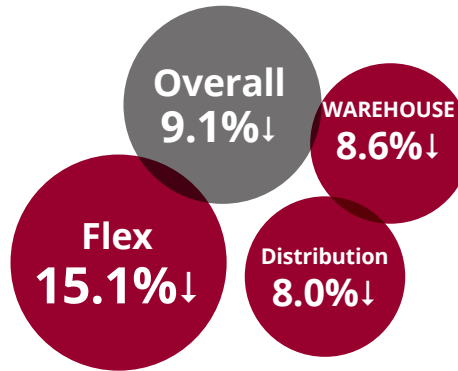
The Metro Atlanta Industrial market left 2014 with continued high demand and strong growth, ending with nearly 7.6M square feet (SF) of net absorption. The vacancy rate decreased 90 basis points to 9.1%, the lowest Atlanta has seen in over ten years. With larger tenants demanding space and soaking up the supply, it is no surprise that this quarter ended with 3.1M SF of new delivered space, nearly four times more than last quarter. Construction activity continued to grow in the fourth quarter, finishing with 11,435,147 SF underway. With rental rates, sales volume and price per square foot (PSF) steadily increasing, the Atlanta Industrial sector can expect 2015 to outperform and for new opportunities to arise.

Lease activity minimally decreased this quarter to nearly 4.1M SF. However, during the fourth quarter the Georgia Ports Authority allowed construction on the Savannah Harbor Expansion Project to begin. The deepening of the harbor aids prompt delivery of cargo to and from Atlanta, not only attracting

BUYER TYPE Q4 2014 sales



OVERALL VACANCY RATES



new tenants into the marketplace, but creating more jobs and encouraging economic growth. With unemployment steadily decreasing and population increasing, Atlanta can anticipate positive momentum in the growth sector for 2015.

The Atlanta Industrial market ended Q4 with 7,598,649 SF of net absorption, bringing 2014 absorption to 17,278,008 SF. Total vacancy has dropped to 9.1% from the Q3 10.0% vacancy rate. The Northeast and Northwest Atlanta Industrial markets have the lowest vacancy rates at 7.6% and 7.2%, respectively.

Construction activity showed strong numbers by the end of 2014. There were 11,435,147 SF of space under construction in the Atlanta market, up two

million from the 9,538,731 SF of space under construction at the end of Q3. Out of 38 proposed and under construction industrial buildings, 42% are build-to-suits. With limited supply, 2015 may inspire developers to look at other areas around Atlanta for unique development and/or redevelopment opportunities.

Rental rates have increased to \$3.99 PSF and are projected to keep climbing. In the flex sector, the average asking rent for the St. Mountain/Snapfinger market rose to \$7.33, a 10% increase just in the last quarter. In the warehouse sector, overall market rents have maintained steady rental rates, staying close to \$3.00 PSF. The largest lease transaction of the quarter was signed by Walmart.com: 1.2M SF of warehouse space located at the Majestic Airport Center IV in South Fulton.

Investment sales volume reached \$505M this quarter and averaged \$53 PSF. The largest sales transaction for the quarter was Hartz Mountain Industries' purchase of a 2.9M SF distribution facility in the North Atlanta Distribution portfolio for \$129M or approximately \$44.86 PSF.

LARGEST PROJECTS UNDER CONSTRUCTION

as of Q4 2014

Project Location	Building SF	Tenant	Delivery	Project Location	Building SF	Tenant	Delivery
Fort Gillem	2,000,000	Kroger/ES3	Q1-16	MAC IV Building 2	910,000	Speculative	Q3-15
MAC IV Building 1	1,200,000	Walmart.com	Q2-15	350 Logistics Center Pky Building B	839,712	Speculative	Q2-15
212 Bohannon Rd	1,129,750	Speculative	Q3-15	King Mill Rd	752,590	Speculative	Q2-15
1000 Shannon Mall Blvd	1,100,000	Speculative	Q3-15	2201 Thornton Rd	733,000	Speculative	Q2-15
11510 Lewis Braselton Blvd	1,074,596	Speculative	Q3-15	1766 Riverside Pky	700,000	McMaster Carr	Q1-15
1095 Cass White Rd	1,036,000	Surya Carpets	Q3-15	7875 White Rd	604,852	Speculative	Q2-15
505 Baxter Pky	1,000,000	Baxter Plant	Q1-18	Cass White Rd	500,000	Beaulieu International	Q2-15

ECONOMIC INDICATORS

as of Q4 2014

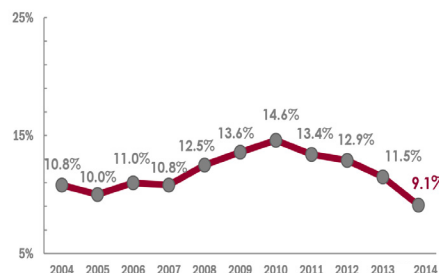
Unemployment

U.S. Down to 5.6%
 Georgia Down to 7.2%
 Atlanta Metro Down to 6.5%

U.S. Consumer Price Index (CPI) Down 0.4%

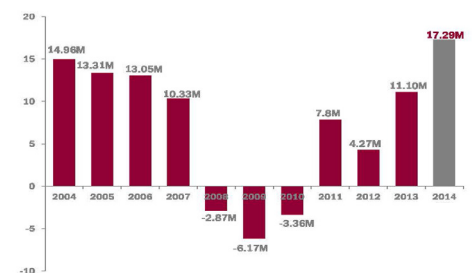
VACANCY

percentage, 2004-2014



ABSORPTION

in SF, 2004-2014



Source: Bureau of Labor Statistics, Georgia State University Economic Forecasting Center, Bureau of Economic Analysis

INDUSTRIAL SUBMARKET DATA

Submarkets	Total Inventory	Vacancy Total SF	Vacancy Q4 14	NET Absorption Total	Under Construction	Building Completions Q4 14	Building Completions Total	Asking Rent
Northwest								
Warehouse	42,432,759	2,469,069	5.8%	1,307,776	500,000	-	210,000	\$4.33
Distribution	10,837,014	912,742	8.4%	295,679	1,036,000	-	-	-
Flex	8,031,044	1,052,576	13.1%	30,805	-	-	-	\$8.41
Total	61,300,817	4,434,387	7.2%	1,634,260	1,536,000	-	210,000	\$6.37
North Central								
Warehouse	13,048,072	1,079,886	8.3%	238,935	-	-	75,222	\$5.84
Distribution	5,155,589	244,469	4.7%	67,924	-	-	-	-
Flex	7,470,468	1,326,678	17.8%	66,392	-	-	-	\$9.31
Total	25,674,129	2,651,033	10.3%	373,251	-	-	75,222	\$7.58
Northeast								
Warehouse	113,523,318	6,889,373	6.1%	2,264,077	1,469,984	-	-	\$4.10
Distribution	27,589,456	2,327,869	8.4%	438,386	-	826,972	826,972	-
Flex	15,783,445	2,723,868	17.3%	412,540	-	17,097	17,097	\$7.17
Total	156,896,219	11,941,110	7.6%	3,115,003	1,469,984	844,069	844,069	\$5.64
St. Mountain/Snapfinger								
Warehouse	49,104,795	4,401,758	8.9%	1,828,104	1,000,000	-	559,730	\$3.40
Distribution	14,219,689	890,671	6.3%	666,501	-	-	-	-
Flex	5,216,357	789,649	14.4%	103,858	-	-	-	\$7.33
Total	68,540,841	6,082,078	9.0%	2,598,463	1,000,000	-	559,730	\$5.37
South Atlanta								
Warehouse	125,412,489	14,089,306	11.2%	5,586,339	506,600	2,012,415	2,318,315	\$2.99
Distribution	23,826,584	2,305,836	9.7%	22,195	2,077,100	-	450,000	-
Flex	4,376,867	551,401	12.6%	107,806	-	-	-	\$7.27
Total	153,615,940	16,946,543	11.0%	5,716,340	2,583,700	2,012,415	2,768,315	\$5.13
I-20 West/Fulton Ind								
Warehouse	72,300,009	6,995,167	9.7%	3,345,496	4,145,463	227,000	227,000	\$2.89
Distribution	15,596,376	1,288,471	8.3%	471,309	700,000	-	-	-
Flex	2,832,228	479,996	16.9%	(73,424)	-	-	-	\$6.07
Total	90,728,613	8,763,634	9.7%	3,743,381	4,845,463	227,000	227,000	\$4.48
Chattahoochee/Central Atl								
Warehouse	25,869,013	2,177,614	9.5%	64,217	-	-	-	\$4.41
Distribution	3,184,026	63,500	3.2%	13,600	-	-	-	-
Flex	4,418,249	361,801	8.1%	19,493	-	-	-	\$10.85
Total	33,471,288	2,602,915	8.4%	97,310	-	-	-	\$7.64
Total Submarkets								
Warehouse	441,690,455	38,129,459	8.6%	14,634,944	7,622,047	3,066,387	3,390,267	\$3.53
Distribution	100,418,734	8,033,558	8.0%	1,975,594	3,813,100	-	450,000	-
Flex	48,128,658	7,285,699	15.1%	667,470	-	17,097	17,097	\$7.89
Total	590,237,847	53,448,716	9.1%	17,278,008	11,435,147	3,083,484	4,684,336	\$3.99

The information and details contained herein have been obtained from third-party sources believed to be reliable; however, Lee & Associates Atlanta has not independently verified its accuracy. Lee & Associates Atlanta makes no representations, guarantees, or express or implied warranties of any kind regarding the accuracy or completeness of the information and details provided herein, including but not limited to the implied warranty of suitability and fitness for a particular purpose.

Interested parties should perform their own due diligence regarding the accuracy of the information. The information provided herein, including any sale or lease terms, is being provided subject to errors, omissions, changes of price or conditions, prior sale or lease, and withdrawal without notice. Third-party data sources: CoStar Group, Inc., Real Capital Analytics, and Georgia State Economic Forecasting Center.

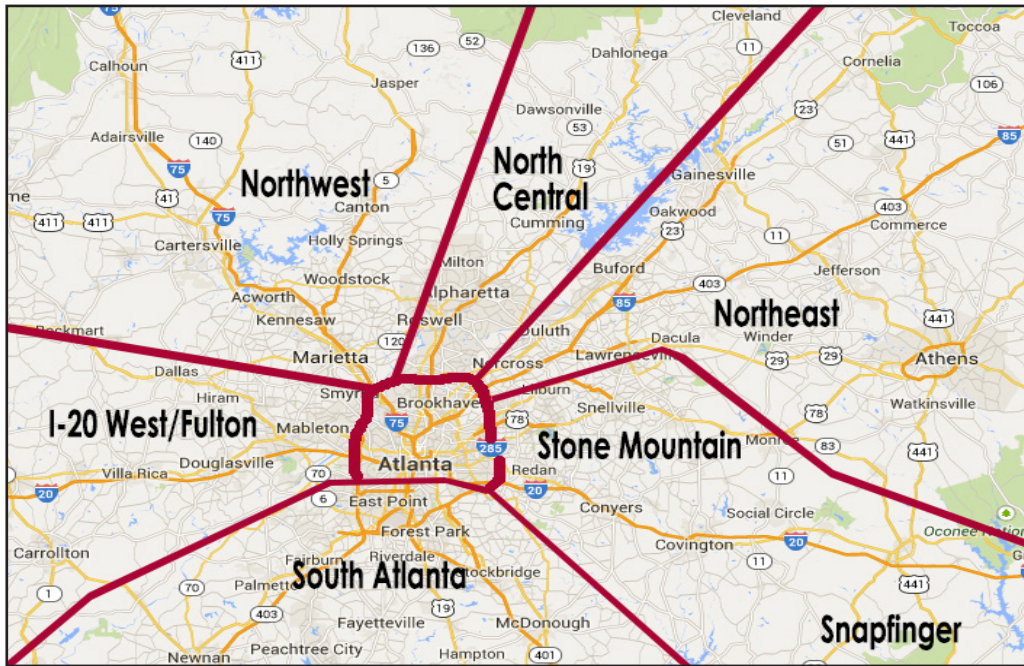
The Lee & Associates Atlanta Industrial Market Report compiles market data by using a third-party

database for the proprietary analysis of over 7,500 distribution, flex, manufacturing and warehouse properties in the Atlanta Metropolitan Area.

© Copyright 2014 Lee & Associates Atlanta. All rights reserved.

Market report analysis by:
Kate Kaluzne, Research Coordinator

ATLANTA INDUSTRIAL SUBMARKETS



Q4 2014 TOP LEASES

Property Name	Address	Submarket	Type	Tenant Name	SF	Lease Type
Majestic Airport Center IV	S Fulton Parkway	South Atlanta	Warehouse	Walmart.com	1,200,000	New
Villa Rica Industrial Park	580 W Industrial Court	I-20 W/Douglasville	Warehouse	Sugar Foods Coporation	607,183	New
MidLand	201 King Mill Court	South Atlanta	Distribution	Goodyear	570,586	Renewal
Westfork Business Park	875 Maxham Rd	I-20 W	Distribution	Hub One Logistics Ltd	247,000	Extension
1260 Southern Rd	1260 Southern Rd	South Atlanta	Warehouse	Global Group	203,850	New

Q4 2014 TOP SALES

Property Address	Buyer	Seller	Type	Sales Price	SF	PSF
North Atlanta Distribution Portfolio	Hartz Mountain Industries, Inc	LIT/Hodges Industrial Trust	Distribution	\$128,999,999	2,875,856	\$44.86
400 Highpoint Road	Beverage House	Highwoods Properties	Warehouse	\$11,400,000	200,000	\$57.00
2800 Vista Ridge Drive	Publisher Services, Inc	Duke Realty Corporation	Warehouse	\$10,500,000	252,092	\$41.65
400 Princeton Blvd	The Dixie Group, Inc.	Judson Advisors	Warehouse	\$9,800,000	292,000	\$33.56
7000 Cobb International	DCT Industrial Trust	Exeter Property Group	Warehouse	\$8,139,096	150,724	\$54.00

ABOUT LEE & ASSOCIATES

In 2010, our Atlanta office joined Lee & Associates, the largest broker-owned commercial real estate sales organizations in the U.S. As a local office of this highly respected national firm, the Atlanta team capitalizes on Lee's stellar reputation to continue its paradigm of establishing long-term, client-driven relationships to develop customized solutions for every client's specific real estate requirement.



3500 Lenox Road
Suite 200
Atlanta, GA 30326
404.442.2810 | www.leeatlanta.com