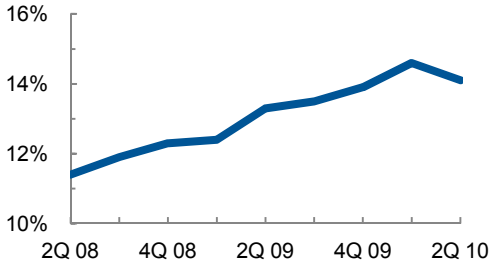
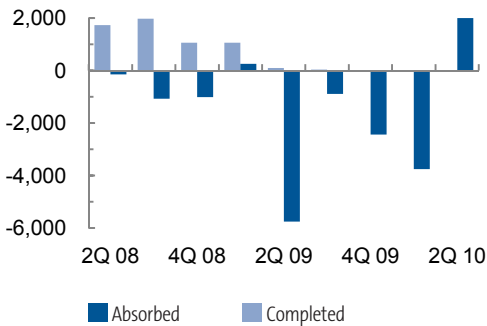




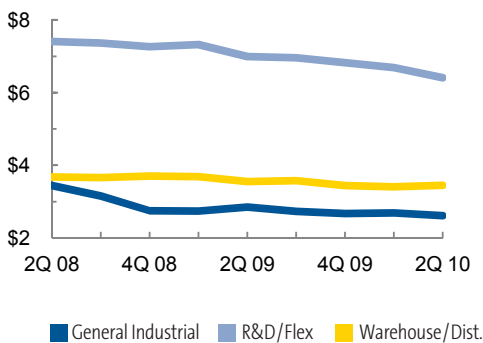
Vacancy Rate



Completions vs. Absorption
(in Thousands of SF)



Asking Rental Rates
(\$/SF/Yr./Triple Net)



Industrial Inventory Gains Positive Ground

Second quarter's overall net occupancy gain of more than 2.5 million square feet was a welcome change from one year ago, when the industrial market posted 5.7 million square feet of negative absorption. Speculative construction activity is still on hold as developers await an uptick in demand. However, General Mills Distribution Center, a 1.5-million-square-foot build-to-suit development in Social Circle was recently delivered. The building sits on 130 acres on Hightower Trail in Walton County and is LEED Gold certified. General Mills' expansion into the Atlanta market will bring with it 118 new jobs. Economic indicators suggest we are on the road to recovery, thanks largely to significant increases in tenant activity and a drop in unemployment from 10.4 percent in the first quarter to 9.9 percent in the second quarter. Positive tenant activity included corporate relocations, renewals and several large move-ins that contributed to an upward trend sooner than expected; the most significant being Colgate-Palmolive who occupied 744,331 square feet at Westpoint at Riverside in the I-20 West submarket. In the Northeast submarket, Safelite Auto Glass occupied 325,000 square feet at Park 85, joined by Dayton Superior, who moved into their 192,000-square-foot space, bringing the building to 100 percent occupied. Systemax Distribution followed suit with their 459,134-square-foot move-in at 235 Hog Mountain Road, also in the Northeast submarket. Although the current uptick in absorption is a positive sign, it remains to be seen if market acceleration will be sustained in the coming months. One potential caveat to the recovery, however, is the drop in Georgia's Purchasing Managers Index to 57.4 percent in June, down 580 basis points from 63.2 percent in May. The Gulf Oil Crisis and European economic downturn, coupled with China's export decreases, have created some uncertainty for manufacturers and distributors. Despite the drop in orders, retail sectors have seen a four-month sustained growth pattern and many are planning for expansion.

FORECAST

- Investment sales volume will remain flat until cap rates drop and building values increase, however, small REO commercial building sales will escalate as business owners take advantage of falling asking prices.
- Renewals will remain the dominant transaction type through the remainder of the year as tenants keep expansion plans on hold.
- New development will be limited to build-to-suit projects until the scale tips in favor of demand versus supply.
- Overall absorption will remain in positive territory as deals that were signed in late 2009 and early 2010 result in new move-ins.

