

Smooth Sailing

Atlanta's prosperity in the fourth quarter was the result of robust growth and tenant retention combined with the resurgence of the small entrepreneurial user. These factors enabled Atlanta's Industrial market to balance growth with new development and to capitalize upon the fruits of its labor.

The Atlanta industrial market generated 10,415,464 square feet of activity in the fourth quarter and despite a slight dip in activity compared to last quarter, it was able to improve upon its overall results by limiting outflows. Notably, Atlanta was able to convert 40 percent of its output in the fourth quarter into positive net absorption representing its greatest level of efficiency since the fourth quarter of 1999.

In the meantime, the 4,170,268 square feet of positive net absorption that metro Atlanta harvested in the fourth quarter trimmed two tenths of a percent off its availability rate, reducing it to 17 percent - its lowest mark since the third quarter of 2001. In addition, the balance and depth of the Atlanta industrial market was evident in how it achieved these results, 11 out of 12 metro Atlanta submarkets recorded positive net absorption in the fourth quarter and for the calendar year of 2006.

Meanwhile, another source behind this stability has been the revival of the small entrepreneurial user. Initially, when Atlanta was pulling out of the recession, it was the large corporate industrial users that led the charge. However, in the fourth quarter of 2006, 34 percent of the space leased in metro Atlanta was to users less than twenty thousand square feet.

In regards to new construction, 80 percent of the spec construction in metro Atlanta during the fourth quarter was initiated in either the Fulton Industrial district or the I-20 west corridor. The abundance of affordable and available land in these submarkets combined with their proximity to I-285 has led to this shift from other traditional industrial areas that have been tapped out or rezoned.

The dynamic Atlanta industrial market continued to thrive in the fourth quarter thanks to consistent demand and a stable tenant base. All economic indicators in this region are positive and the growth among small entrepreneurial users demonstrates the strength of this market from top to bottom.

Randall Bryan
Sales Associate

Total Market

	Total Inventory	Net Absorption	Total Available	% Available	Total Activity	# of Deals	Avg SF Per Deal
Distribution	486,440,150	4,170,268	82,595,744	17.0%	10,415,464	606	17,187
Service Center	19,595,233	208,967	4,582,682	23.4%	600,985	147	4,088

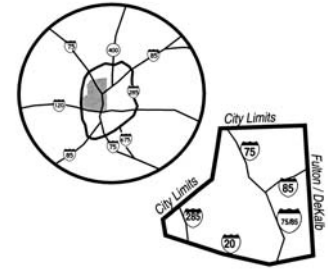
	Total Inventory	Market Share	Total Available	% Available	Total Activity	# of Deals
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Market Maps

AREA 10

Distribution	26,891,169	5.5%	4,501,820	16.7%	990,084	57
Service Center	826,994	4.2%	214,938	26.0%	5,282	4

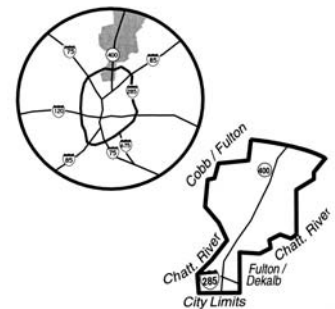
The distribution market in Area 10 finished the year on an upbeat note. After four consecutive quarters of negative net absorption this submarket roared to life in the fourth quarter, producing 990,084 square feet of activity which translated into 514,928 square feet of positive net absorption. Area 10's service center market on the other hand struggled with demand and as a result it recorded -56,352 square feet of negative net absorption.



AREA 15

Distribution	21,741,679	4.5%	2,942,775	13.5%	487,207	46
Service Center	2,572,987	13.1%	575,592	22.4%	28,878	7

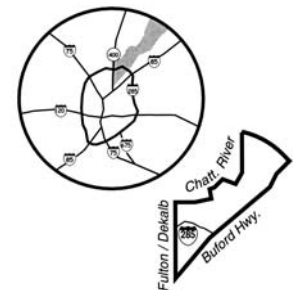
Area 15's distribution market continued to prosper in the fourth quarter of 2006. This submarket has been the epitome of consistency over the last three quarters and the 487,207 square feet of activity it generated in the fourth quarter resulted in 194,550 square feet of positive net absorption. In contrast, Area 15's service center market failed to find its rhythm and consequently posted -10,034 square feet of negative net absorption to close out the year.



AREA 20

Distribution	37,676,019	7.7%	5,041,381	13.4%	974,278	65
Service Center	3,246,996	16.6%	708,309	21.8%	187,306	29

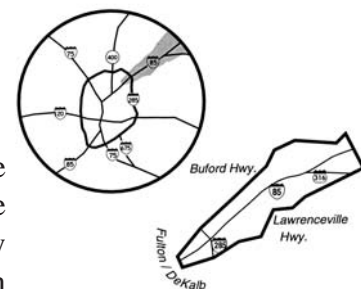
The Peachtree Industrial distribution market had an exceptional fourth quarter. Area 20 inked 65 deals totaling 974,278 square feet and, thanks to tenant stability, it was able to convert 533,021 square feet of this output into positive net absorption. Notably, this marks the most productive quarter this submarket has had in the last six years. Likewise, Area 20's service center market followed suit by recording 132,108 square feet of positive net absorption to lead all metro Atlanta service markets during the fourth quarter.



AREA 25

Distribution	89,233,220	18.3%	13,442,418	15.1%	1,903,136	126
Service Center	4,463,029	22.8%	1,371,204	30.7%	134,206	46

Demand for distribution space along the I-85 north corridor sparked 1,903,136 square feet of activity during the fourth quarter. This enabled Area 25 to post 598,819 square feet of positive net absorption and to shave 5 tenths of a percent off its availability rate; dropping it to 15.1 percent - its lowest mark since the first quarter of 2001. In addition, Area 25's service center market was blessed with bountiful activity and, as a result, it posted 31,711 square feet of positive net absorption.



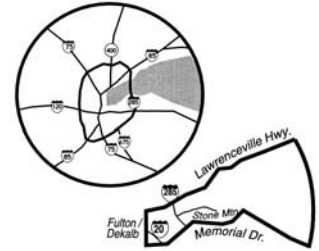
	Total Inventory	Market Share	Total Available	% Available	Total Activity	# of Deals
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Market Maps

AREA 30

Distribution	25,575,715	5.3%	2,553,956	10.0%	706,767	46
Service Center	1,246,623	6.4%	256,445	20.6%	46,554	18

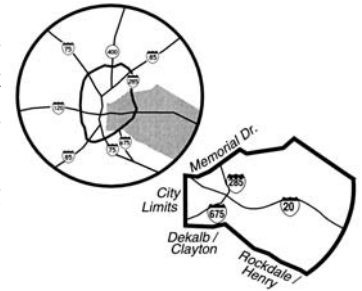
The Stone Mountain distribution market was able to build upon the momentum of last quarter by recording 434,034 square feet of positive net absorption in the fourth quarter of 2006. This productivity lowered Area 30's availability rate to ten percent, which is the lowest among metro Atlanta submarkets. In conjunction with this success, Area 30's service center market was able to erase the setbacks of last quarter and record 13,837 square feet of positive net absorption.



AREA 40

Distribution	40,171,119	8.3%	4,616,611	11.5%	557,257	29
Service Center	274,506	1.4%	22,455	8.2%	3,000	1

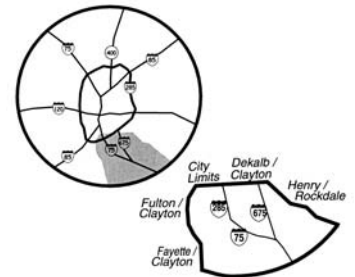
The I-20 east distribution market faltered down the stretch in 2006. After starting the year in impressive fashion, this submarket experienced a surge in tenant turnover that led to -541,465 square feet of negative net absorption. On that note, Area 40 was the only submarket in metro Atlanta to end the year on a downturn. In the meantime, Area 40's small service center market made the most of the minimal activity by recording 3,000 square feet of positive net absorption.



AREA 50

Distribution	64,370,769	13.2%	14,338,741	22.3%	1,765,699	52
Service Center	752,952	3.8%	150,225	20.0%	19,273	6

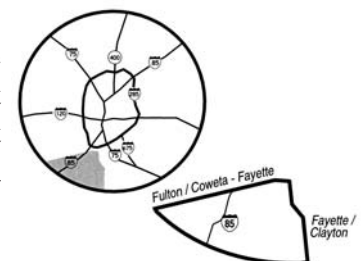
The expansion of the airport and quality first generation space continues to attract big box distribution users to Area 50. This submarket led all metro Atlanta submarkets with 866,809 square feet of positive net absorption in the fourth quarter which was the result of 52 deals averaging 33,956 square feet per transaction. Meanwhile, Area 50's service center market was the model of efficiency in the fourth quarter converting 100 percent of its 19,273 square feet of activity into positive net absorption.



AREA 55

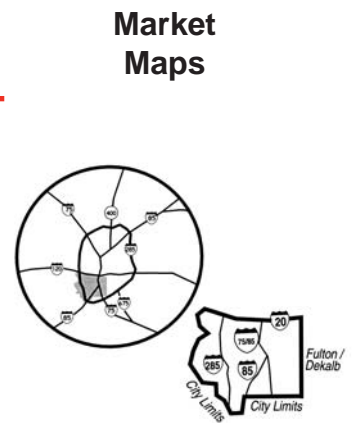
Distribution	19,224,279	4.0%	2,912,572	15.2%	194,861	10
Service Center	46,655	0.2%	13,336	28.6%	0	0

Peachtree City's distribution market has now recorded positive net absorption for five consecutive quarters thanks to consistent demand and a stable tenant base, evident by its ability to convert 86 percent of its output in the fourth quarter into positive net absorption. Consequently Area 55 was able to drop its availability rate 8 tenths of a percent to 15.2 percent. Meanwhile, Area 55's miniscule service center market was dormant during the fourth quarter with no new activity to report.



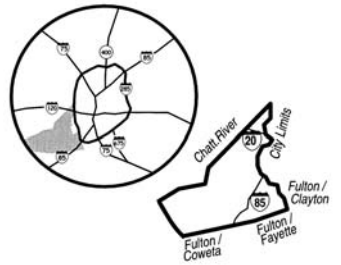
	Total Inventory	Market Share	Total Available	% Available	Total Activity	# of Deals
AREA 60						
Distribution	23,660,471	4.9%	4,780,701	20.2%	579,127	16
Service Center	169,819	0.9%	59,323	34.9%	0	0

The story in Area 60 during the fourth quarter was a new construction project for 268,400 square feet. This marks the first time in more than five years this submarket has added first generation space to its inventory and, in conjunction with this encouraging news, Area 60 recorded 209,527 square feet of positive net absorption. Unfortunately, Area 60's service market was not as blessed and it backtracked to the tune of -8,972 square feet of negative net absorption in the fourth quarter.



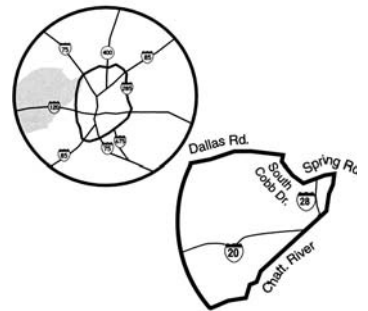
AREA 70						
Distribution	68,463,444	14.1%	17,365,143	25.4%	869,544	42
Service Center	227,216	1.2%	24,160	10.6%	0	0

Despite a drop in leasing activity, Area 70 was able to record 276,219 square feet of positive net absorption in the fourth quarter. Nevertheless, this submarket has the greatest volume of first generation space and highest availability rate among metro Atlanta submarkets at 25.4 percent. Conversely, Area 70's minute service center market failed to sign a single deal in the fourth quarter and, as a result, it posted -6,000 square feet of negative net absorption.



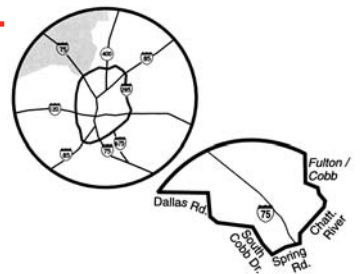
AREA 80						
Distribution	38,527,817	7.9%	6,320,191	16.4%	425,099	25
Service Center	1,281,251	6.5%	282,804	22.1%	18,090	4

Area 80 broke ground on 1,216,877 square feet of new spec construction in the fourth quarter and now over 54 percent of the available space in this submarket is first generation. However, Area 80's availability rate of 16.4 percent remains 6 tenths below the metro Atlanta average of 17 percent. This submarket recorded 279,021 square feet of positive net absorption during the fourth quarter. Area 80's service center market also had a solid fourth quarter, albeit on a much smaller scale, recording 8,308 square feet of positive net absorption.



AREA 85						
Distribution	30,904,449	6.4%	3,779,435	12.2%	962,405	92
Service Center	4,486,205	22.9%	903,891	20.1%	158,396	32

The I-75 north distribution market continued to pick up steam in the fourth quarter. This submarket churned out 962,405 square feet of activity, which after outflows yielded a whopping 637,694 square feet of positive net absorption. Additionally, Area 85's large service center market generated 158,396 square feet of activity and had the second highest level of positive net absorption among metro Atlanta submarkets at 82,088 square feet.



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