

Less is More

Activity in the Metro Atlanta area tumbled in the fourth quarter of 2010. Down 30 percent (almost three million square feet) from the third quarter 2010 total, activity of 7,000,261 square feet is the lowest seen in the 12 county metro area since the second quarter of 2009. That being said, seven of the 12 submarkets examined for this report actually saw an increase in activity. The decrease in activity for the remaining five submarkets, however, was overwhelming.

Activity in both the I-85 North and the Airport/Clayton & Henry County submarkets dropped more than a million square feet each. Yet, amazingly, these two submarkets still recorded positive net absorption. Two other submarkets, Gwinnett/North Fulton County and City of Atlanta South of I-20, also recorded positive net absorption. Again, Gwinnett/North Fulton County accomplished this feat despite a 50 percent reduction in activity.

The flip side of this coin is the Fayette/Coweta County submarket. This submarket saw a 130 percent increase in activity; nevertheless, it fell to negative net absorption. Furthermore, the -50,341 square feet recorded was far deeper than that seen in the third quarter number of -142 square feet.

While a decrease in activity is always disappointing, this quarter's results prove that success depends on more than just deals consummated. Net absorption for the fourth quarter of 2010 came in at -294,602 square feet . . . the best Metro Atlanta has seen in over two years.

Of course, the offset to activity in the net absorption equation is the amount of space returned to the market and that was the distribution sector's saving grace. Those same submarkets that dropped so significantly in activity were successful in keeping more of their tenants in place. In the fourth quarter, Gwinnett/North Fulton County returned half the amount of space given back to the market during the third quarter.

Although the Atlanta distribution sector has certainly seen fluctuations in activity over the past three years, those deviations alone are not responsible for the lows in the net absorption suffered. With any luck, the increase in tenant stability we experienced at the close of 2010 will continue as we begin a new year and, hopefully, will usher in a return to positive net absorption.

Wilson S. Covington
Senior Vice President

Total Market

	Total Inventory	Net Absorption	Total Available	% Available	Total Activity	# of Deals	Avg SF Per Deal
Distribution	513,266,061	-294,602	108,013,859	21.0%	7,000,261	470	14,894
Service Center	23,636,905	-228,974	6,753,861	28.6%	398,157	101	3,942

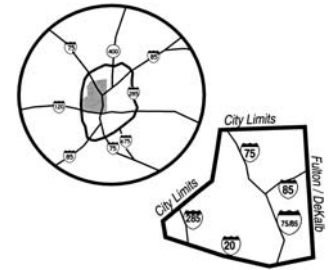
	Total Inventory	Market Share	Total Available	% Available	Total Activity	# of Deals
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Market Maps

AREA 10

Distribution	25,211,304	4.9%	5,706,203	22.6%	326,830	27
Service Center	765,257	3.2%	311,445	40.7%	29,751	4

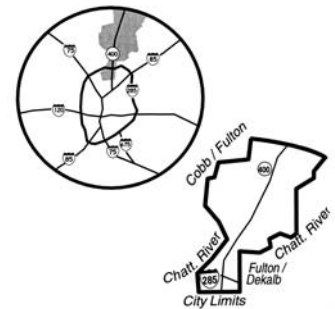
Up slightly to 326,830 square feet, the activity in Area 10 was not sufficient to break the streak of negative net absorption seen in this submarket's distribution sector. While still negative, the -132,524 square feet of net absorption was in improvement and added only one tenth of a percent to the availability rate, now at 22.6 percent. The service center sector on the north side of Atlanta saw a significant jump in activity in the fourth quarter. With activity up to 29,751 square feet, the net absorption improved over last quarter as well, stopping at -4,889 square feet. The down side to this performance was the increase in the availability rate to 40.7 percent, now the highest availability rate among the service center sectors.



AREA 15

Distribution	24,225,481	4.7%	4,618,805	19.1%	457,174	63
Service Center	3,503,056	14.8%	881,474	25.2%	37,326	13

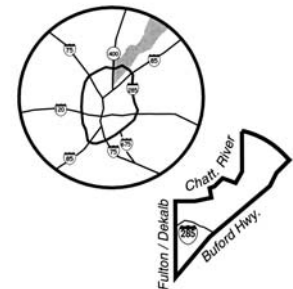
The Georgia 400 Corridor submarket faltered in the closing quarter of 2010. The distribution sector held steady in activity with a total of 457,174 square feet. However, existing tenant departures pushed net absorption to more than twice the depth seen last quarter. Coming in at -260,448 square feet, this negative net absorption added a full percentage point to the availability rate of 19.1 percent. The service center sector of Area 15 lost ground on all fronts. Activity was down to 37,326 square feet and sent net absorption back below the line to -44,956 square feet. Inevitably, the availability rate increased to 25.2 percent.



AREA 20

Distribution	36,378,279	7.1%	7,526,891	20.7%	604,491	50
Service Center	3,831,488	16.2%	1,070,233	27.9%	65,220	18

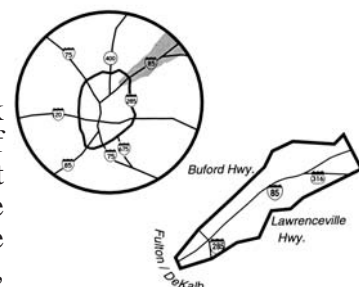
Though not as successful as the third quarter, the distribution sector in Area 20 posted a second consecutive quarter on the right track. Activity of 604,491 square feet was half that seen last quarter, but net absorption managed to stay above the line at 82,749 square feet. The availability rate dropped slightly to 20.7 percent. The service center sector of Gwinnett/North Fulton Counties, however, fell short in both activity and net absorption. Activity of 65,220 square feet resulted in net absorption falling to -85,471 square feet - deeper than seen in this submarket since the second quarter of 2008. Up 1.5 percent, the availability rate rose to 27.9 percent.



AREA 25

Distribution	93,761,855	18.3%	16,996,236	18.1%	1,214,213	75
Service Center	4,997,253	21.1%	1,660,475	33.2%	126,896	28

Despite diminished activity in both sectors, the I-85 North Corridor submarket took the honor of highest activity in both sectors for the fourth quarter of 2010. Near half last quarter, activity of 1,214,213 square feet in the distribution sector came in at 234,979 square feet of net absorption - virtually the same mark as last quarter. The availability rate shaved off another half a percent and posted at 18.1 percent. The service center sector of Area 25 saw activity down slightly to 126,896 square feet, yet net absorption increased significantly to 23,553 square feet. The availability rate improved to 33.2 percent.



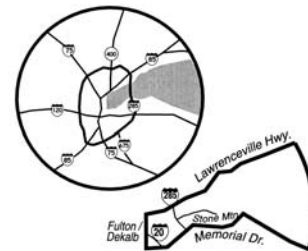
	Total Inventory	Market Share	Total Available	% Available	Total Activity	# of Deals
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Market Maps

AREA 30

Distribution	26,962,916	5.3%	5,448,567	20.2%	350,642	35
Service Center	1,713,285	7.2%	383,685	22.4%	20,493	9

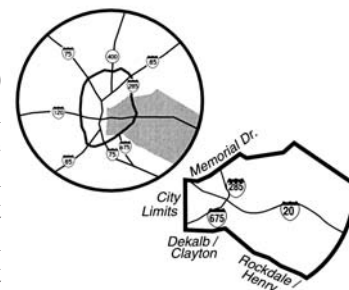
Area 30 made progress to close the year. The distribution sector held steady with activity of 350,642 square feet, but managed to put much more of that activity to use this quarter. While still negative, the net absorption of -27,751 square feet was a dramatic improvement over third quarter. The availability rate remained unchanged at 20.2 percent. The service center sector of the Stone Mountain Corridor saw activity dip slightly to 20,493 square feet, but it was enough to push net absorption into positive territory at 9,633 square feet. The availability rate benefited by erasing six tenths of a percent and ended the year at 22.4 percent.



AREA 40

Distribution	40,615,024	7.9%	7,199,837	17.7%	298,116	33
Service Center	480,456	2.0%	114,160	13.9%	0	0

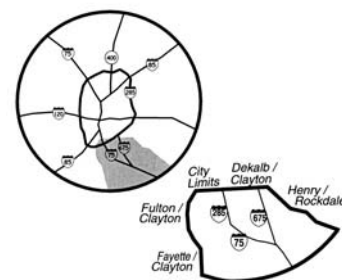
The hefty jump in activity to 298,116 square feet in the distribution sector of the I-20 East Corridor submarket was put to good use. While still negative, net absorption rose sharply to -2,850 square feet. The availability rate adjusted to 17.7 percent. The service center sector of Area 40 sat this quarter out when it came to activity. With no new tenants coming on board, the 6,000 square feet given back to the market went directly to negative net absorption. This -6,000 square feet of net absorption translated to a three percent increase in the availability rate, closing the quarter at 23.8 percent.



AREA 50

Distribution	69,186,485	13.5%	16,151,830	23.3%	1,184,901	34
Service Center	1,046,714	4.4%	351,886	33.6%	13,440	3

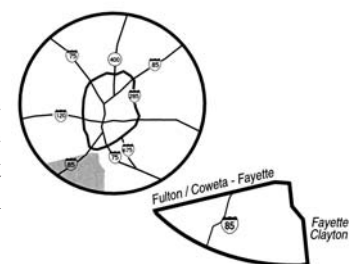
The Airport, Clayton/Henry Counties distribution sector kept the momentum going in spite of a substantial decrease in activity. The 1,184,901 square feet of activity was enough to keep net absorption on the right side of the line, albeit barely 10 percent of third quarter results. That same 149,929 square feet of positive net absorption, however, shaved two tenths of a percent off the availability rate, lowering it to 23.3 percent. The service center sector inked 13,440 square feet in deals, but lost it all to tenants returning space to the market. The -843 square feet of net absorption was, nonetheless, an improvement. The availability rate took the smallest of steps up to 33.6 percent.



AREA 55

Distribution	20,577,000	4.0%	3,272,603	15.9%	289,501	38
Service Center	204,314	0.9%	79,159	38.7%	2,400	1

Area 55 proved that it takes more than activity to be successful. The 289,501 square feet of activity in the distribution sector represented over a 130 percent increase from last quarter. Tenant instability was this submarket's undoing, however, and net absorption of -50,341 square feet was the end result. The availability rate remained 15.9 percent. The service center sector of Fayette/Coweta Counties submarket was lucky enough to find one new tenant and booked 2,400 square feet of activity. With all existing tenants remaining status quo, that same 2,400 square feet converted to net absorption. With such a small amount of inventory, this slender amount of net absorption lowered the availability rate more than one percent to 38.7 percent.



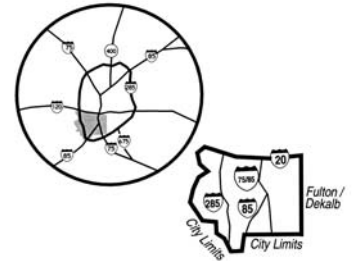
	Total Inventory	Market Share	Total Available	% Available	Total Activity	# of Deals
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Market Maps

AREA 60

Distribution	24,712,101	4.8%	5,723,365	23.2%	508,160	5
Service Center	244,575	1.0%	76,378	31.2%	0	0

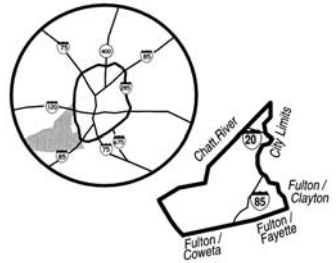
The distribution sector of Area 60 saved the best for last. The 508,160 square feet of deals done in the fourth quarter was the best quarter this submarket saw in 2010. Enough tenants stayed put allowing 362,760 square feet of net absorption – again the best seen this year. This formula had a positive impact on the availability rate, lowering it to 23.2 percent. The service center sector in the south side of Atlanta saw the exact opposite in the closing quarter of 2010. With no new leases announced those tenants making changes went straight to negative net absorption. The -4,800 square feet in net absorption sent the availability rate up to 31.2 percent.



AREA 70

Distribution	73,410,769	14.3%	20,379,599	27.8%	986,339	33
Service Center	314,864	1.3%	45,600	14.5%	6,000	1

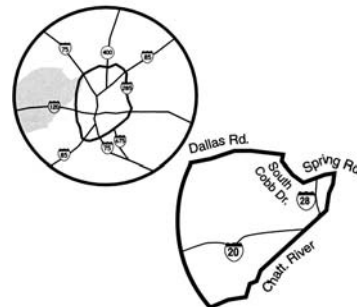
The distribution sector of the South Fulton County submarket saw some improvement in the fourth quarter. Activity increased slightly to 986,339 square feet. This increase, in conjunction with stronger tenant stability, kept net absorption from falling as low as seen in the third quarter. The -345,600 square feet in net absorption was enough to push the availability rate to 27.8 percent – still the highest among the distribution sectors. The one deal for 6,000 square feet in the service center sector of Area 70 was directly offset by departures, leaving net absorption at the break even point. An adjustment to existing inventory, however, reduced the availability rate to 14.5 percent.



AREA 80

Distribution	44,462,731	8.7%	8,840,008	19.9%	337,603	26
Service Center	1,665,307	7.0%	562,917	33.8%	36,650	12

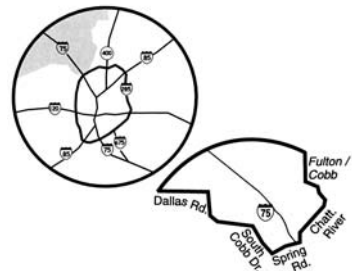
In the closing quarter of 2010, the Cobb/Douglas Counties distribution sector saw only a third of the activity it accumulated in the third quarter. Fortunately, fourth quarter saw better control of the tenant base and the 337,603 square feet of activity fell to only -193,413 square feet of net absorption – again, a third of that seen last quarter. The availability rate jumped three tenths of a percent to 19.9 percent. The diminished activity in the service center sector of Area 80 had a very different outcome. Activity was down to 36,650 square feet pushing net absorption to -38,022 square feet - even lower than seen in the third quarter. Now at 33.8 percent, a new high was set for the availability rate in this submarket.



AREA 85

Distribution	33,762,116	6.6%	6,149,915	18.2%	442,291	51
Service Center	4,870,336	20.6%	1,216,449	25.0%	59,981	12

Activity in the Area 85 distribution sector fell for a second consecutive quarter. The 442,291 square feet succumbed to space returned to the market leaving net absorption at -112,092 square feet. The availability rate, however, was unchanged at 18.2 percent thanks to the addition of existing occupied inventory. The service center sector in the I-75 North Corridor took a big hit in the fourth quarter. Activity fell to 59,981 square feet and net absorption dropped to a low not seen here since the first quarter of 2009. This -79,579 square feet of negative net absorption added 1.4 percent to the availability rate, which closed at 25 percent.



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