

3, 2, 1 . . . Liftoff!

The Atlanta industrial market showed no signs of slowing down to start 2007. After an impressive fourth quarter, it seemed that leasing activity may have peaked, but instead Atlanta continued to raise the bar in the first quarter by recording a remarkable 14,740,047 square feet of activity.

This extraordinary achievement was the result of 835 deals averaging 17,635 square feet per transaction. This activity, offset by moderate tenant turnover, enabled Atlanta to record 3,775,260 square feet of positive net absorption. A major source behind this robust growth in activity was a surge in Build-to-Suit construction. In the first quarter, the Atlanta industrial market inked 15 Build-to-Suit deals totaling a whopping 1,206,500 square feet.

Furthermore, despite breaking ground on 1,094,156 square feet of new spec construction in the first quarter, the Atlanta industrial market was able to shave 8 tenths of a percent off its availability rate, dropping it to 16.2 percent - its lowest point in more than five years.

Notably, the majority of this growth took place along the I-20 west corridor rather than in traditional submarkets such as I-85 north corridor, the Airport, and Fulton Industrial. In the first quarter, this region accounted for 1,807,877 square feet of positive net absorption and accounted for more than 60 percent of the aggregate new construction in metro Atlanta during this time frame.

In the first quarter, 29 percent of the space leased in Atlanta was to users under 20,000 square feet and 36 percent was leased to users over 100,000 square feet. This expansion at both extremes illustrates the diversity and strength of the Atlanta industrial market and is indicative of balanced growth.

Meanwhile, this mix of big box deals merged with rapid growth among small entrepreneurial users demonstrates what the Atlanta industrial market is capable of when it is firing on all cylinders and bodes well for the future. This universal demand should continue to spark leasing activity and should enable Atlanta to extend its streak of 15 consecutive quarters of positive net absorption for many quarters to come.

Edward B. Smith
Associate Broker

Total Market

	Total Inventory	Net Absorption	Total Available	% Available	Total Activity	# of Deals	Avg SF Per Deal
Distribution	489,130,743	3,775,260	79,000,614	16.2%	14,740,047	835	17,653
Service Center	19,954,626	264,924	4,453,970	22.3%	943,909	172	5,488

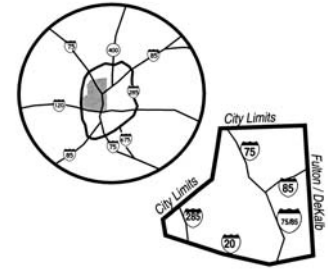
	Total Inventory	Market Share	Total Available	% Available	Total Activity	# of Deals
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Market Maps

AREA 10

Distribution	26,697,959	5.5%	3,645,366	13.7%	655,177	47
Service Center	826,994	4.1%	198,330	24.0%	44,605	10

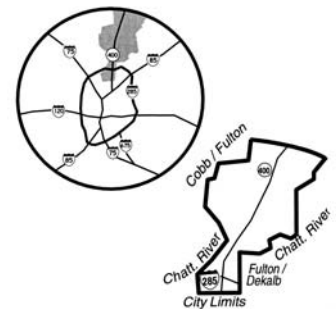
Area 10's distribution market continued to flourish in the first quarter of 2007. This submarket churned out 655,177 square feet of activity and converted 423,920 square feet of this output into positive net absorption, dropping its availability rate 3 percent to 13.7 percent in the process. Area 10's service center market was not as fortunate and started the year by recording -3,392 in negative net absorption.



AREA 15

Distribution	21,794,996	4.5%	3,159,256	14.5%	593,467	70
Service Center	2,940,692	14.7%	597,925	20.3%	268,282	14

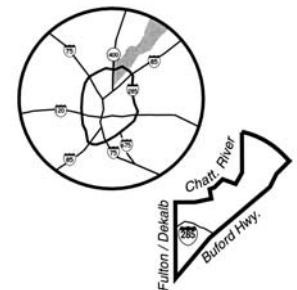
The 400 north distribution market stumbled out of the gate to start 2007. Despite an upswing in activity, this submarket recorded -209,047 square feet of negative net absorption. In contrast, thanks to tenant retention, Area 15's service center market led all metro Atlanta submarkets with 185,683 square feet of positive net absorption during the first quarter.



AREA 20

Distribution	37,633,175	7.7%	5,122,257	13.6%	771,203	99
Service Center	3,205,121	16.1%	637,058	19.9%	131,443	38

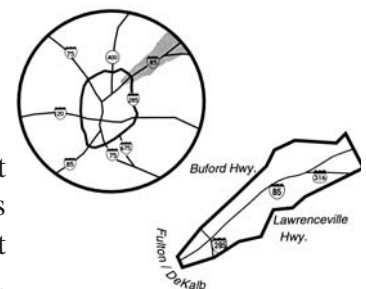
Tenant turnover hindered Area 20's efforts in the first quarter. This submarket recorded 99 deals totaling 771,203 square feet of activity but because of outflows, it converted that activity to a -154,601 in negative net absorption. Meanwhile, Area 20's service center market was only able to convert 17,447 of its 131,443 square feet of activity into positive net absorption.



AREA 25

Distribution	90,733,539	18.5%	13,272,572	14.6%	2,836,648	131
Service Center	4,445,265	22.3%	1,320,288	29.7%	184,135	41

The I-85 north distribution corridor came out of the gate with 2,836,648 square feet of activity during the first quarter. This impressive output was the result of 131 deals averaging 21,654 square feet a pop; however, when combined with a surge in tenant turnover, it was only able to convert 487,423 square feet into positive net absorption. In addition, Area 25's service center market recorded 49,521 square feet of positive net absorption in the first quarter, compliments of tenant retention and 184,135 square feet of activity.



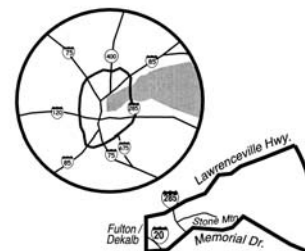
	Total Inventory	Market Share	Total Available	% Available	Total Activity	# of Deals
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Market Maps

AREA 30

Distribution	25,487,459	5.2%	2,722,971	10.7%	602,455	44
Service Center	1,248,118	6.3%	227,619	18.2%	40,952	11

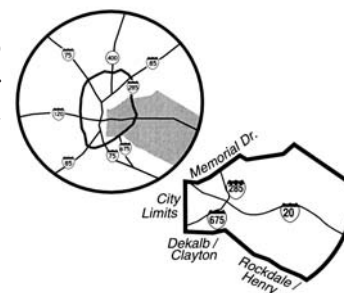
A slip in demand compared to last quarter, hampered Area 30's ability to counter outflows and, as a result, it recorded -12,244 square feet of negative net absorption. Nevertheless, the Stone Mountain district still has the lowest availability rate among metro Atlanta distribution markets at 10.7 percent. Meanwhile, Area 30's service center market recorded positive net absorption for the second consecutive quarter marking the first time it has done so in the last couple of years.



AREA 40

Distribution	40,411,323	8.3%	4,688,131	11.6%	581,713	54
Service Center	274,506	1.4%	22,455	8.2%	0	0

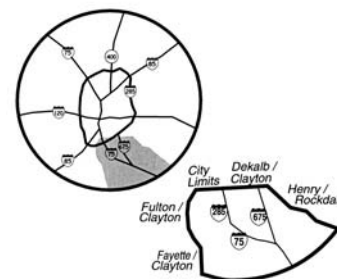
Area 40 bounced back from the disappointments of last quarter and was able to convert at least a portion of its 581,713 square feet of activity during the first quarter of 2007. With its 26,131 square feet of positive net absorption, Area 40's availability rate stands at 11.6 percent. On the flipside, Area 40's small service center market was inactive during the first quarter and all of its market indicators remain unchanged.



AREA 50

Distribution	64,574,343	13.2%	14,835,399	23.0%	1,006,097	58
Service Center	752,952	3.8%	125,709	16.7%	39,822	6

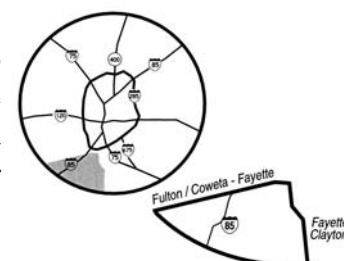
Despite recording 1,006,097 square feet of activity, tenant instability derailed Area 50's chances of recording positive net absorption in the first quarter. This submarket posted -191,153 square feet of negative net absorption and its availability rate rose 7 tenths of a percent to 23 percent, which is now the highest among metro Atlanta submarkets. In contrast, Area 50's service center market produced only 39,822 square feet of activity during the first quarter, but converted 19,822 of this output into positive net absorption.



AREA 55

Distribution	19,262,961	3.9%	2,947,986	15.3%	842,569	64
Service Center	46,655	0.2%	13,336	28.6%	0	0

The Peachtree City distribution market extended its streak of positive net absorption to six consecutive quarters to start 2007. Area 55 posted 128,028 square feet of positive net absorption compliments of 842,569 square feet of activity. In the meantime, Area 55's miniscule service center market continued to slumber during the first quarter with no new activity to report.



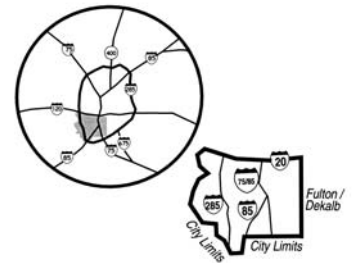
	Total Inventory	Market Share	Total Available	% Available	Total Activity	# of Deals
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Market Maps

AREA 60

Distribution	23,753,236	4.9%	4,325,646	18.2%	669,046	14
Service Center	163,819	0.8%	59,323	36.2%	0	0

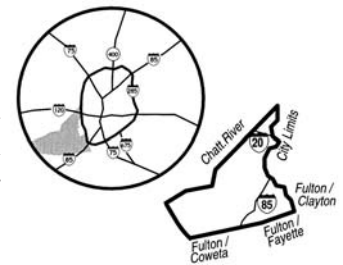
Area 60's distribution market inked only 14 deals in the first quarter, but it made the most of it. This submarket averaged a whopping 47,789 square feet per transaction during the first quarter, totaling 669,046 square feet of activity and facilitating 207,064 square feet of positive net absorption. Meanwhile, Area 60's service center market failed to register a single deal this quarter and remained stuck in neutral.



AREA 70

Distribution	67,826,934	13.9%	14,921,120	22.0%	1,864,632	51
Service Center	240,164	1.2%	42,160	17.6%	7,811	2

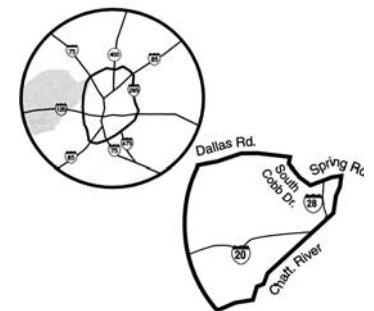
It was an auspicious start to 2007 for the Fulton Industrial district. This submarket harvested 1,864,632 square feet of activity which, combined with tenant retention, yielded 801,012 square feet of positive net absorption. On the contrary, Area 70's service center market was not as efficient and ended the quarter on an even note.



AREA 80

Distribution	39,821,015	8.1%	6,077,557	15.3%	3,129,275	87
Service Center	1,312,533	6.6%	203,445	15.5%	129,956	18

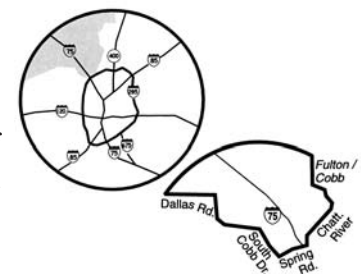
Area 80's distribution market had an exceptional first quarter. This submarket recorded a remarkable 3,129,275 square feet of activity to start the year and converted an astonishing 1,807,877 square feet of this output into positive net absorption. In conjunction with this success, Area 80's service center market recorded 73,623 square feet of positive net absorption, thanks to tenant stability and 129,956 square feet of activity.



AREA 85

Distribution	31,133,803	6.4%	3,282,353	10.5%	1,187,765	116
Service Center	4,497,807	22.5%	1,006,322	22.4%	96,903	32

The I-75 north distribution market continued to gain momentum in the first quarter of 2007. This submarket posted a record 1,187,765 square feet of activity to begin the year and was able to post 460,850 square feet of positive net absorption. However, Area 85's service center market was not as blessed. After seven consecutive quarters of positive net absorption, a drop in activity, combined with tenant turnover, resulted in -92,658 square feet of negative net absorption.



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