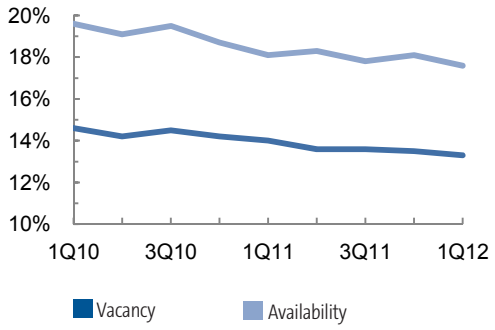
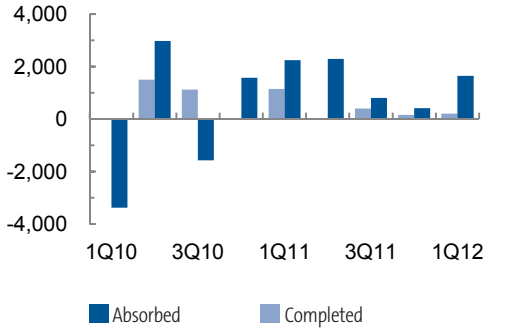
Industrial Trends Report—First Quarter 2012
Atlanta, GA

GRUBB & ELLIS
From Insight to Results

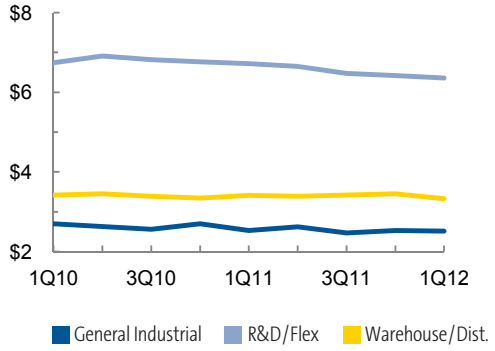
Vacancy & Availability Rates



Completions vs. Absorption
(in Thousands of SF)



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



Positive Activity

Atlanta's real estate recovery was propelled by major activities in the industrial market. With over 1.6 million square feet of absorption, the market posted a 20 basis point reduction in the vacancy rate to 13.3 percent and a forty basis point decrease in the availability rate to 17.6 percent. The majority of the submarkets put forth positive fundamentals led by significant absorption. Overall, the three industrial products types fared well, all with positive absorption. Vacancy and availability rates are still high with numerous options for tenants, but with the growing manufacturing demand and strong retail distribution volume, the market may recover quickly.

Chamblee/Doraville/Norcross, Fulton Industrial/I-20 West, North Central/GA 400, Northeast / I-85 Corridor and Northwest/I-75 Corridor all had six figure positive absorption values with Northeast and Northwest each posting approximately 500,000 square feet of absorption. Consolidations were active in most submarkets, as seen during past quarters, but many added space in the process. Simmons Bedding (Fulton Industrial/Flex), Hitachi Technology (Fulton Industrial/Warehouse/Distribution), IMS Gear (Northeast/Warehouse/Distribution) and Aquafil (Northwest/Warehouse/Distribution) committed to Atlanta by taking occupancy in first quarter.

Even with negative absorption (-37,792 SF), activity was strong in the Airport / South Atlanta submarket. The availability rate dropped 160 basis points, 20.3 percent to 18.7 percent, with direct available and sublease available each decreasing by 1 million square feet. Additionally, Airport had the only new construction underway in the metro area. FedEx secured the 900,000-square-foot warehouse build-to-suit, which is slated to be completed in fourth quarter.

Investment activity remained strong with several large users taking advantage of the attractive mortgage rates including 3500 Atlanta Industrial (Western Distributors), 2345 Monroe Drive (Wilheit Packaging), 1376 Airport Drive (Roller Bearing Company) and 3675 Kennesaw 75 Parkway (Parallax Digital Studio). Institutional and private capital markets were also active throughout the city with many large parks sold or under contract. This investment trend is expected to continue, as additional product is marketed over the next several quarters.

KEY TRANSACTIONS SIGNED 1Q12

Owens Corning	Haas Group	Clarion Partners	Carter Validus Mission Critical REIT
leased 1,044,288 SF at 8095 McLarin Rd Palmetto, GA from Prologis	leased 113,104 SF at 450 Westridge Pky McDonough, GA from Lincoln Property Company	purchased 1950 Vaughn Rd Kennesaw, GA from Capital Commercial Investments, Inc for $12.8 Million	purchased 2775 Northwoods Pky Norcross, GA from Raulet Property Partners for $5.3 Million

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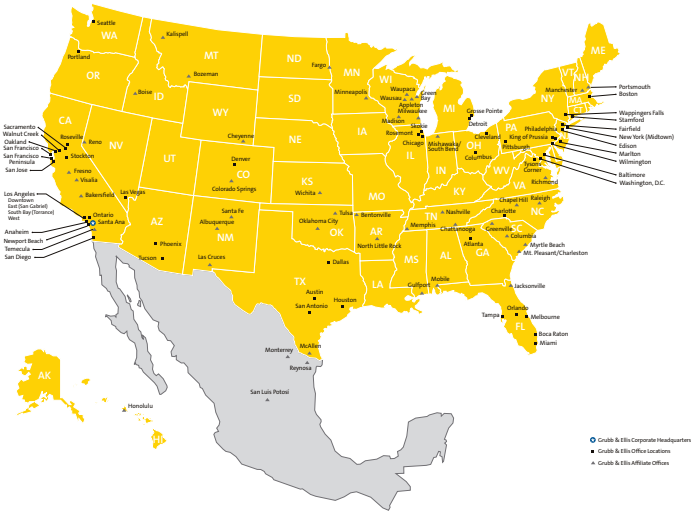
By Submarket	Total SF	Vacant SF	Vacancy %	Available %	NET ABSORPTION Current Qtr	NET ABSORPTION Year To Date	Under Construction SF	ASKING RENT WH/Dist	ASKING RENT R&D/Flex
Airport/South Atlanta	141,170,020	19,605,974	13.9%	18.7%	(37,292)	(37,292)	900,640	$2.85	$5.37
Carrollton/I-20W	3,294,433	359,400	10.9%	15.4%	1,000	1,000	-	$1.76	-
Central Atlanta	16,471,666	1,450,043	8.8%	13.0%	(6,095)	(6,095)	-	$4.98	$4.69
Chamblee/Doraville/Norcross	75,887,176	10,463,164	13.8%	16.9%	328,759	328,759	-	$4.58	$6.28
Chattahoochee Industrial	26,163,175	2,499,526	9.6%	12.5%	(23,130)	(23,130)	-	$3.77	$7.02
Fulton Industrial/I-20W	85,726,543	12,441,748	14.5%	21.7%	299,212	299,212	-	$2.79	$4.00
North Central/GA 400 Corridor	25,881,647	3,312,618	12.8%	17.0%	163,671	163,671	-	$5.12	$8.32
Northeast/I-85 Corridor	97,502,623	13,253,265	13.6%	17.0%	528,192	528,192	-	$3.21	$7.47
Northwest/I-75 Corridor	59,590,569	7,544,003	12.7%	16.7%	492,898	492,898	-	$3.82	$7.21
Snapfinger/I-20E	31,596,802	4,294,771	13.6%	16.7%	(27,965)	(27,965)	-	$3.05	$5.65
Stone Mountain	27,730,662	3,178,568	11.5%	14.8%	(73,540)	(73,540)	-	$3.40	$5.44
Totals	**591,015,316**	**78,403,080**	**13.3%**	**17.6%**	**1,645,710**	**1,645,710**	**900,640**	**$3.33**	**$6.36**

By Property Type								ASKING RENT
General Industrial	79,544,017	3,757,021	4.7%	6.6%	428,340	428,340	-	$2.51
R&D/Flex	68,578,822	10,446,586	15.2%	19.7%	194,737	194,737	-	$6.36
Warehouse/Distribution	442,892,477	64,199,473	14.5%	19.3%	1,022,633	1,022,633	900,640	$3.33
Totals	**591,015,316**	**78,403,080**	**13.3%**	**17.6%**	**1,645,710**	**1,645,710**	**900,640**	**$3.72**

Grubb & Ellis Office Locations
as of 4th Quarter 2011



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INDUSTRIAL TERMS AND DEFINITIONS

Total SF: Industrial inventory includes all multi-tenant, single tenant and owner occupied buildings at least 10,000 square feet.

Industrial Buildings Classifications: Industrial buildings are categorized as warehouse/distribution, general industrial, R&D/flex and incubator based on their physical characteristics including percent office build-out, clear height, typical bay depth, typical suite size, type of loading and typical uses.

Vacancy and Availability: The vacancy rate is the amount of physically vacant space divided by the inventory and includes direct and sublease vacant. The availability rate is the amount of space available for lease divided by the inventory.

Net Absorption: The net change in physically occupied space over a period of time.

Asking Rent: The dollar amount asked by landlords for available space expressed in dollars per square foot per year in most parts of the country, and dollars per square foot per month in areas of California and selected other markets. Industrial rents are expressed as triple net where all costs including, but not limited to, real estate taxes, insurance and common area maintenance are borne by the tenant on a pro rata basis. The asking rent for each building in the market is weighed by the amount of available space in the building.

** Grubb & Ellis statistics are audited annually and may result in revisions to previously reported quarterly and final year-end figures.*

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