Metro Atlanta
First Quarter 2010 Overview
Prepared by Cushman & Wakefield

Atlanta Overview

- Gradual improvement in economic conditions in first quarter 2010.
- Significant downside risks to sustained recovery persist.
- Including limited job growth and depressed business and consumer sentiment.
- Weak commercial markets and lingering housing market issues continued to weigh on smaller banks in the metro Atlanta area.
Economic Recovery on the Horizon?

Unemployment and GDP Growth Trends

Source: Moody's | Economy.com

Stabilizing Employment Situation in Atlanta

Atlanta Monthly Employment Trends

Source: BLS
Though Unemployment Remains Elevated

![Graph showing Atlanta MSA Employment Trends]

Source: Moody's | Economy.com

Stabilizing Consumer Confidence and Retail Sales

![Graph showing Advanced Durable Goods Orders and Monthly Retail Sales Trends vs. Consumer Confidence]

Source: Moody's | Economy.com
Continued Expansion in the Industrial Sector

ISM Purchasing Managers’ Index (SA) Advanced Durable Goods: New Orders (Mil. $, SA)

Source: Moody’s | Economy.com

Atlanta Office Market

- Demand rebounded slightly to yield flat absorption in first quarter following near-record net occupancy losses in 2009.
- Last speculative office towers of current construction cycle completed.
- Overall vacancy continued to grow, though sublease vacancies decreased slightly.
- Excess supply and weak demand continued to weigh on effective rents.
Few Bright Spots Among Office-Using Industries

Atlanta MSA Nonfarm Employment
Job Gains - Office Sectors (2000 - 1Q 2010)

<table>
<thead>
<tr>
<th>Category</th>
<th>Net Change (In 000s, SA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Admin., Support and Waste Mgt.</td>
<td>-26.63</td>
</tr>
<tr>
<td>Other Financial Inv. Activities</td>
<td>-1.25</td>
</tr>
<tr>
<td>Mgmt., Sci. &amp; Tech. Consulting Srvcs</td>
<td>-1.50</td>
</tr>
<tr>
<td>Other Prof., Sci., &amp; Tech. Srvcs</td>
<td>-2.97</td>
</tr>
<tr>
<td>Arch., Eng., &amp; Related Srvcs</td>
<td>-3.53</td>
</tr>
<tr>
<td>Real Estate, Rental &amp; Leasing</td>
<td>-4.72</td>
</tr>
<tr>
<td>Mgmt of Companies &amp; Enterprises</td>
<td>-6.53</td>
</tr>
<tr>
<td>Insurance Carriers &amp; Related</td>
<td>-7.88</td>
</tr>
<tr>
<td>Computer Sys. Design &amp; Related</td>
<td>-1.50</td>
</tr>
<tr>
<td>Health Care &amp; Social Assistance</td>
<td>-20.01</td>
</tr>
<tr>
<td>Educational Srvcs</td>
<td>5.43</td>
</tr>
<tr>
<td>Mgmt of Companies &amp; Enterprises</td>
<td>2.12</td>
</tr>
<tr>
<td>Other Financial Inv. Activities</td>
<td>1.67</td>
</tr>
<tr>
<td>Educational Srvcs</td>
<td>63.63</td>
</tr>
</tbody>
</table>

Source: Moody's | Economy.com

Job Losses Continue...

Office-Using Employment Trends

Source: Moody's | Economy.com
Though Employment is Gradually Stabilizing

![Graph showing Atlanta MSA Yearly Employment vs. Overall Absorption](image)

Source: Moody's | Economy.com, Cushman & Wakefield

Office Supply and Demand Trends

![Graph showing Atlanta Office Annual Absorption & Vacancy Trends](image)

Source: Cushman & Wakefield
End of the Current Construction Cycle

Office Supply Trends

Source: Cushman & Wakefield

Excess Development Had Many Root Causes...

Atlanta Office Construction Starts vs. Investment Trends

Source: Moody’s | Economy.com, Cushman & Wakefield
Attractive Trends in Investment and Easily-Secured Financing...

Atlanta Office Speculative Construction Starts vs. RHB Construction Cost Index

Source: Moody’s | Economy.com, Cushman & Wakefield

Positive Trends in Overall Vacancy...

Source: Cushman & Wakefield
... And Aggressive Underwriting to Rental Rate Growth

Atlanta Office Development vs. Class A Asking Rents

Source: Cushman & Wakefield

Soft Demand and Development Activity Yielded Steadily Increasing Vacancies

Atlanta vs. U.S. Office Overall Vacancy and Rent Trends

Source: Cushman & Wakefield
Excess Supply Included Expanding Subleases

Source: Cushman & Wakefield

Sublease and Overall Vacancy Trends

Source: Cushman & Wakefield

Above-Market Average Vacancies...

Source: Cushman & Wakefield

Non-CBD Overall Vacancy Comparison

Source: Cushman & Wakefield
... Even in the Absence of New Construction

CBD Overall Vacancy Comparison

Midtown South, NY
Downtown, NY
New Haven, CT
Houston, TX
Midtown, NY
San Francisco, CA
Portland, OR
Philadelphia, PA
Boston, MA
Washington, DC
San Diego, CA
Westchester County, NY
Chicago, IL
Denver, CO
Miami, FL
Tampa, FL
Atlanta, GA
Dallas, TX
US

0% 5% 10% 15% 20% 25% 30%

Source: Cushman & Wakefield

Few Barriers to Entry Constrain Rental Rate Growth

Atlanta Office Overall Vacancy and Rent Trends

Overall Wtd Avg Rent
Overall Vacancy

Source: Cushman & Wakefield
Atlanta Industrial Market

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Industrial Sector Displayed Earliest Signs of Recovery

![Graph showing Industrial Demand vs. ISM Purchasing Managers' Index]

Source: Moody's | Economy.com, Cushman & Wakefield
Healthy Demand Coupled with a Lack of Speculative Development

Atlanta Industrial Supply-Demand Trends

-10.0  -5.0  0.0  5.0  10.0  15.0  20.0

2001 2002 2003 2004 2005 2006 2007 2008 2009 YTD 2010

Leasing Activity  Overall Absorption  Construction Completions  Overall Vacancy

Source: Cushman & Wakefield

Helped Stabilize Overall Vacancy

Overall Rental and Vacancy Rate Trends

Source: Cushman & Wakefield
Developers Focused on Built-to-Suit Activity

Atlanta Industrial Development Trends

![Graph showing Atlanta Industrial Development Trends]

Source: Cushman & Wakefield

Rental Rates Remained Stable

Atlanta Industrial Overall Rental and Vacancy Rate Trends

![Graph showing Atlanta Industrial Overall Rental and Vacancy Rate Trends]

Source: Cushman & Wakefield
Pervasive bid-ask spread limited investment activity.

Expanding pipeline of available core assets.

Despite dramatic improvements in liquidity in the credit markets, delinquencies continued to grow.

Loan modifications provide some relief for borrowers, banks and special servicers.

Investment Activity Remains Limited
Investors Increasingly Focused on Core Assets

Source: Moody's | Economy.com, Cushman & Wakefield

Atlanta Office Investment Activity

Transaction Volume Gradually Rebounding Nationally as Credit Markets Thaw

Source: Real Capital Analytics, Cushman & Wakefield
Buyer and Seller Composition

Buyer Composition (12 Mos.)

- Atlanta Buyers
  - 43%
  - 16%
  - 22%
  - 18%
- US Buyers
  - 18%
  - 22%
  - 18%
  - 6%
- Atlanta Sellers
  - 58%
  - 8%
  - 22%
  - 10%
- US Sellers
  - 23%
  - 2%
  - 6%
  - 8%

Source: Real Capital Analytics, Cushman & Wakefield

Aggressive or Deteriorating Underwriting Standards

Historical U.S. CMBS Issuance

Source: Realpoint
Delinquencies Continue to Grow Unabated

Overall CMBS Delinquency Rates

Loan Modifications Gaining Increased Attention

U.S. Total Outstanding Distress

Source: Realpoint

Source: Real Capital Analytics
Growing Distressed Asset Volume Has Yet to Impact Commercial Market

Source: Real Capital Analytics

As Well-Capitalized Investors Await on the Sidelines

Source: Moody’s | Economy.com, Cushman & Wakefield
While modest economic recovery is forecast for the nation, continued contraction in Atlanta’s employment sector and persistent problems in its banking industry will yield limited demand within its office sector in 2010.

Continued expansion in the industrial indices will result in increased leasing activity in 2010, especially among distribution facilities attracting headquarters relocation activity.

Improving clarity in the investment sector and an expanding pipeline of available assets will greet investors eager to place money, as investment activity increases on a limited basis in 2010.
Cushman & Wakefield Overview

Founded in 1917 in New York City
Largest private real estate services firm in the world
- 211 Offices in 58 Countries
- 110 Domestic Offices
- More than 15,000 employees

Most Recent Year Performance

<table>
<thead>
<tr>
<th>Transaction Services</th>
<th>Property/Facility/Project Management</th>
<th>Investment Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Nearly 16,600 leasing transactions</td>
<td>• More than 8,500 employees</td>
<td>• 2,340 transactions</td>
</tr>
<tr>
<td>• Representing more than 280 million sf</td>
<td>• Manages more than 10,000 properties worldwide</td>
<td>• Representing more than 165 million sf</td>
</tr>
<tr>
<td>• Valued at more than $35 billion</td>
<td>• Representing more than 467 million sf</td>
<td>• Valued at more than $31.5 billion</td>
</tr>
</tbody>
</table>

Atlanta office opened in 1977

Most Recent Year Lease and Sale Transactions

- More than 320 transactions
- Representing more than 18 million sf and 900 acres
- Valued at nearly $1.4 billion
Cushman & Wakefield Overview

231 Offices in 58 Countries