



Metro Atlanta  
First Quarter 2010 Overview  
Prepared by Cushman & Wakefield

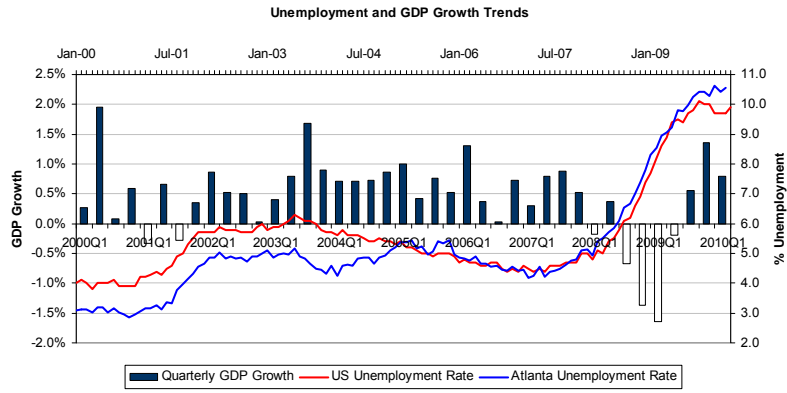


Atlanta Overview

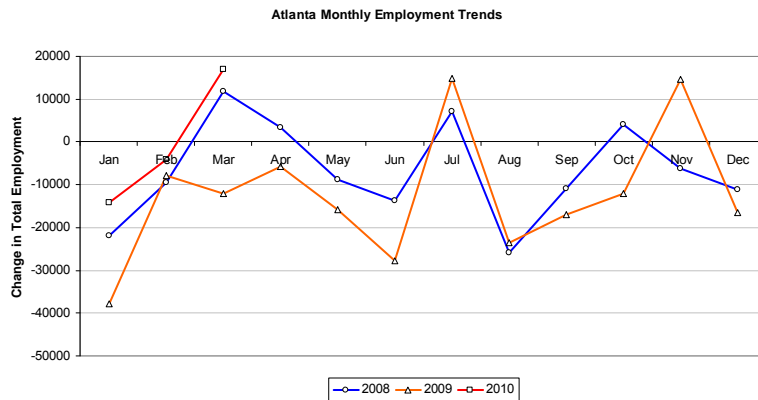
- Gradual improvement in economic conditions in first quarter 2010.
- Significant downside risks to sustained recovery persist.
- Including limited job growth and depressed business and consumer sentiment.
- Weak commercial markets and lingering housing market issues continued to weigh on smaller banks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



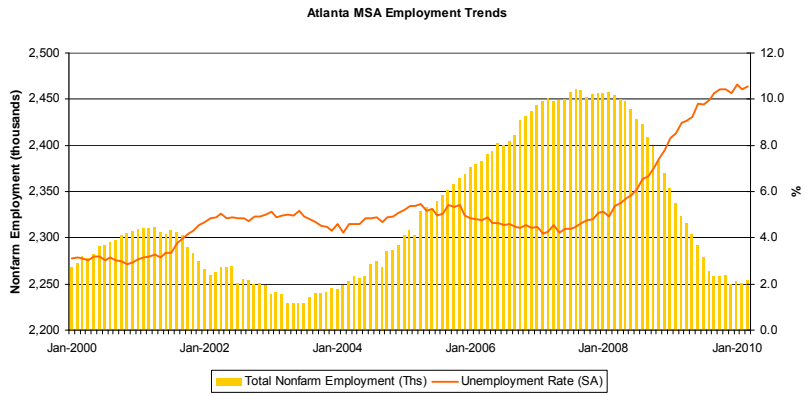
Economic Recovery on the Horizon?



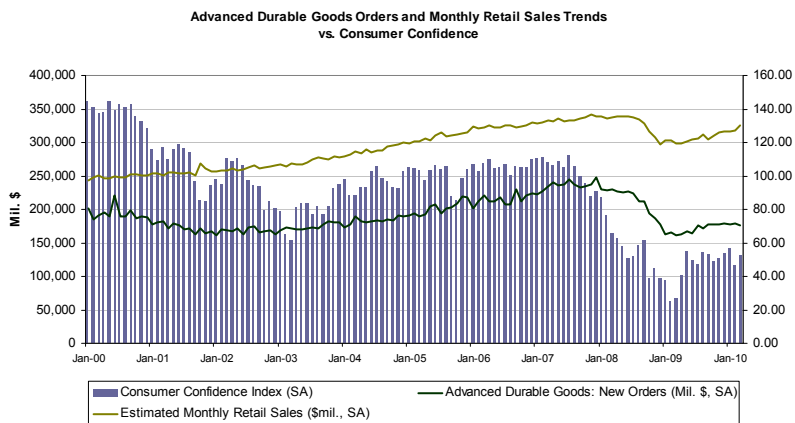
Stabilizing Employment Situation in Atlanta



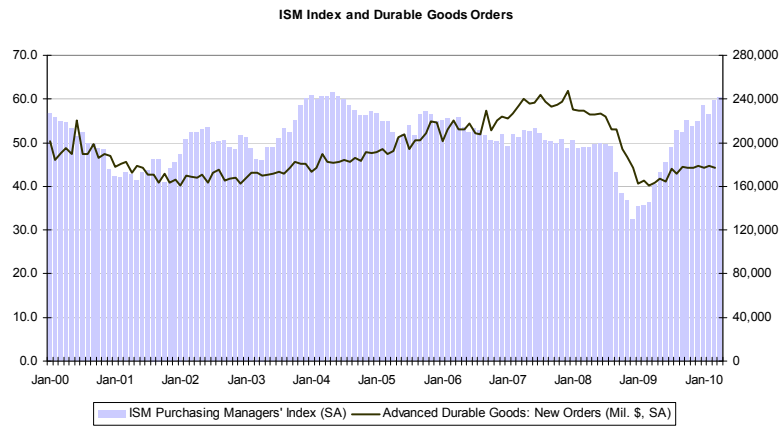
Though Unemployment Remains Elevated



Stabilizing Consumer Confidence and Retail Sales



## Continued Expansion in the Industrial Sector



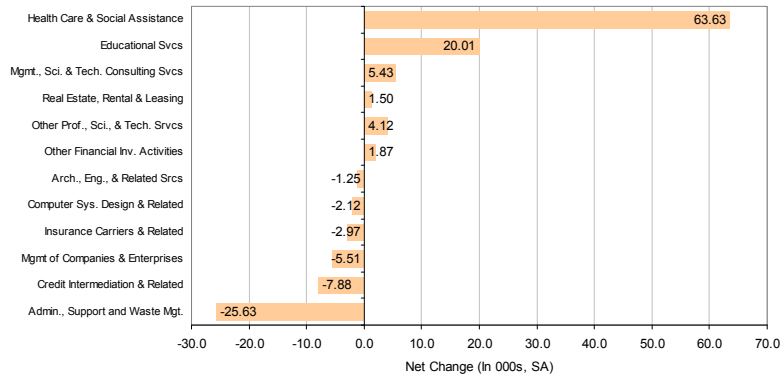
## Atlanta Office Market

- 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)

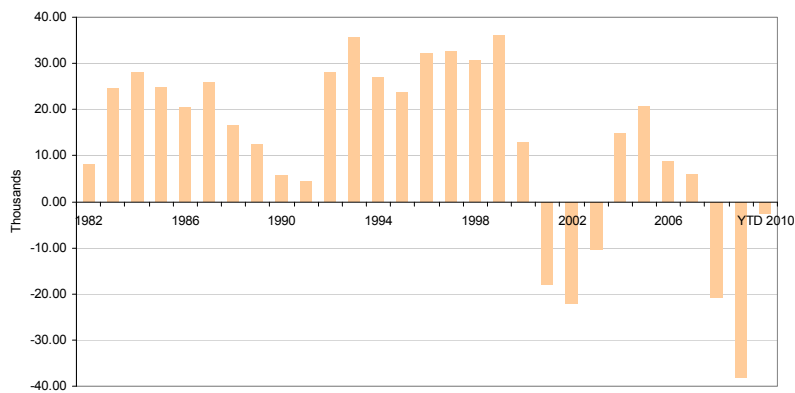


Source: Moody's | Economy.com



Job Losses Continue...

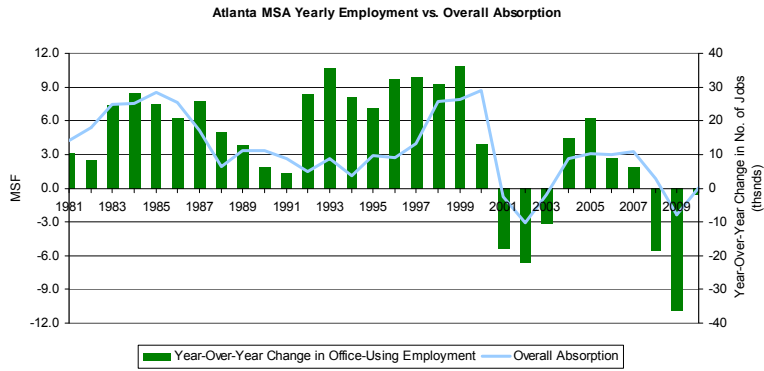
Office-Using Employment Trends



Source: Moody's | Economy.com



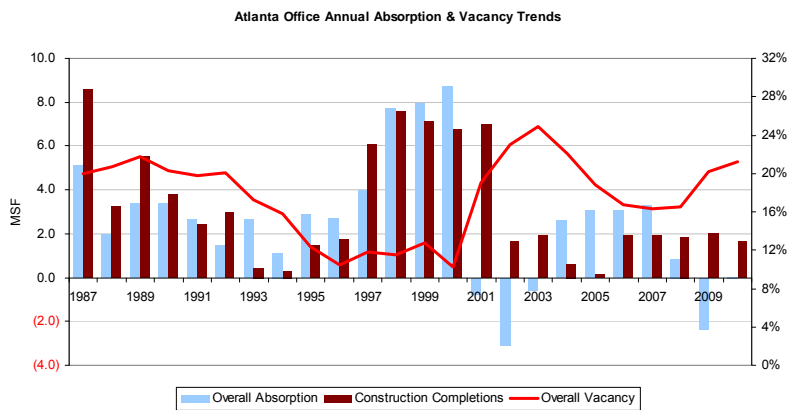
... Though Employment is Gradually Stabilizing



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



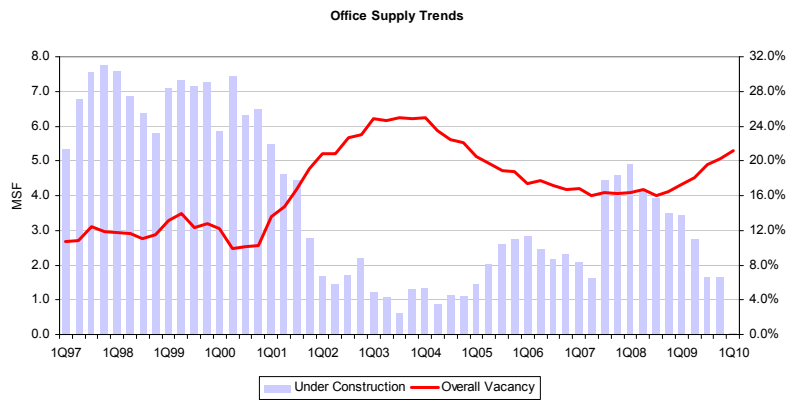
Office Supply and Demand Trends



Source: Cushman & Wakefield



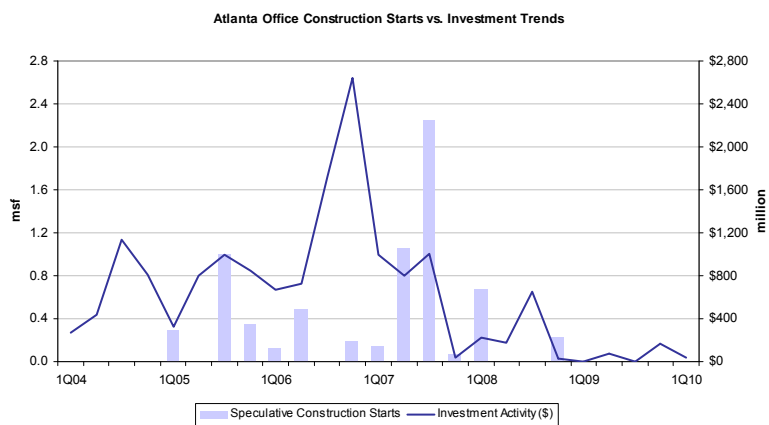
End of the Current Construction Cycle



Source: Cushman & Wakefield



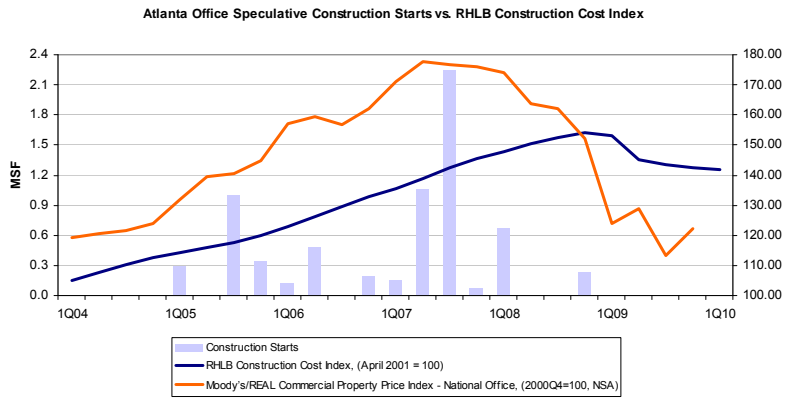
Excess Development Had Many Root Causes...



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



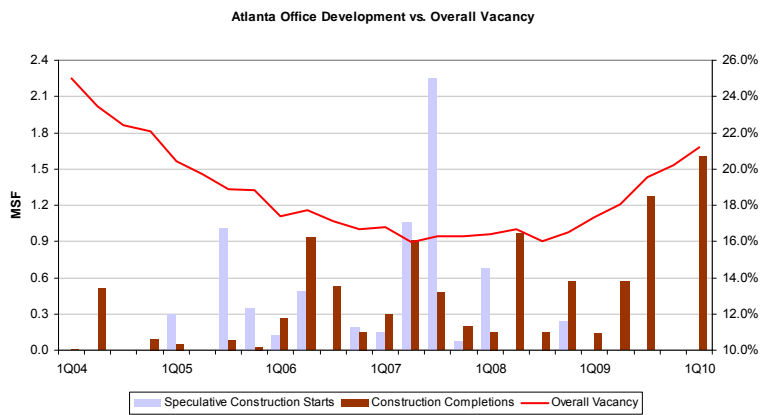
Attractive Trends in Investment and Easily-Secured Financing...



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



Positive Trends in Overall Vacancy ...

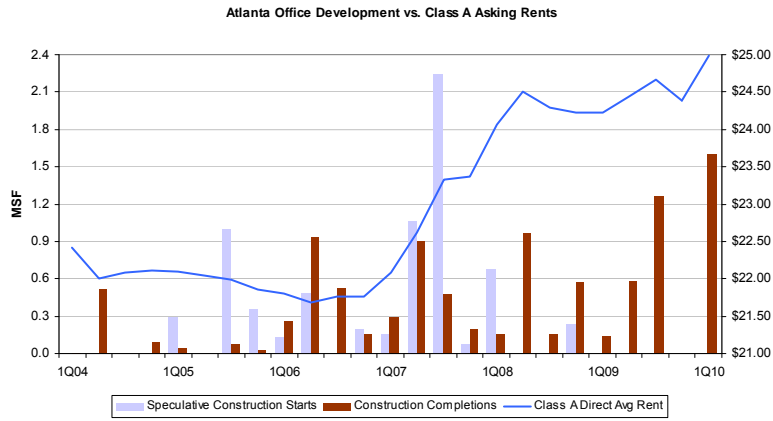


Source: Cushman & Wakefield





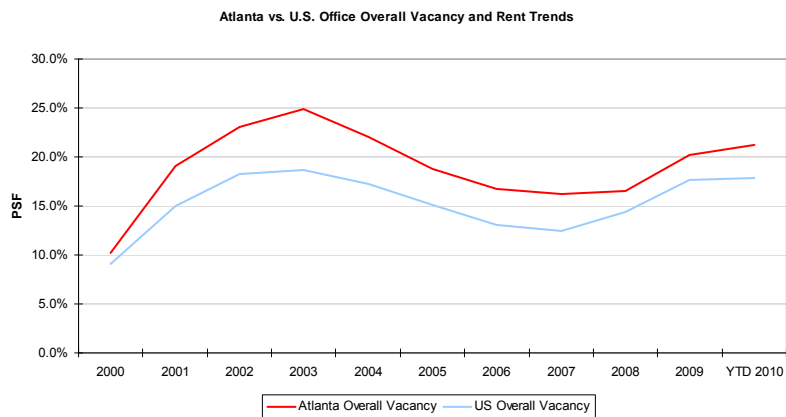
... And Aggressive Underwriting to Rental Rate Growth



Source: Cushman & Wakefield



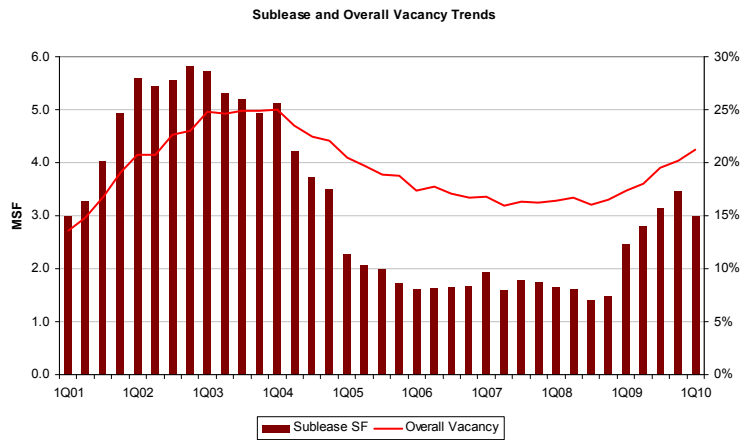
Soft Demand and Development Activity Yielded Steadily Increasing Vacancies



Source: Cushman & Wakefield



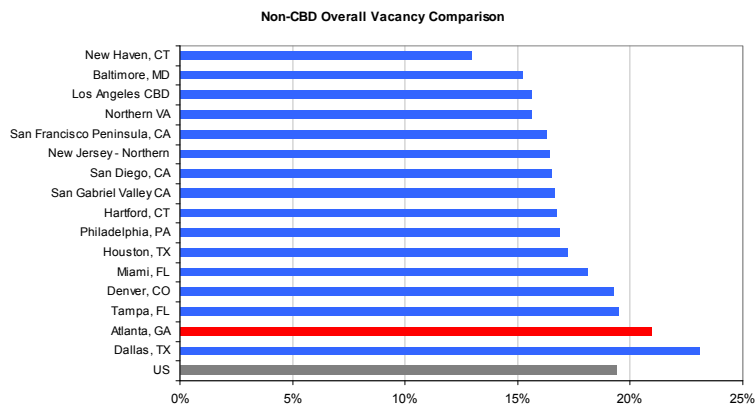
Excess Supply Included Expanding Subleases



Source: Cushman & Wakefield



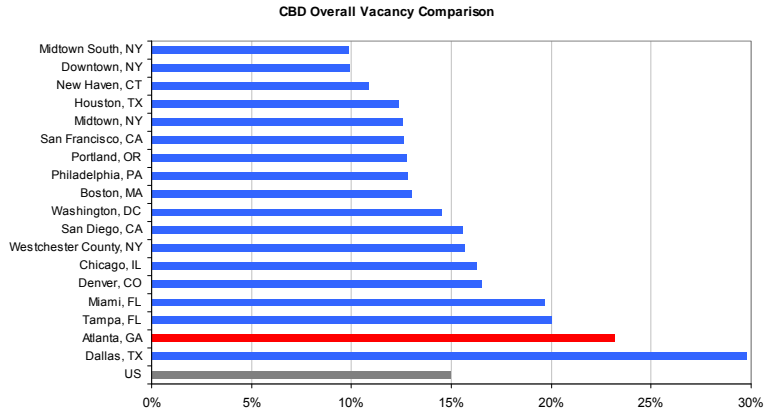
Above-Market Average Vacancies...



Source: Cushman & Wakefield



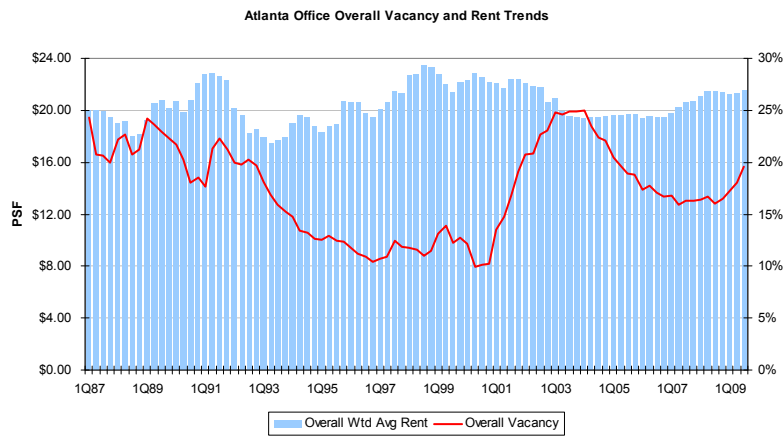
... Even in the Absence of New Construction



Source: Cushman & Wakefield



Few Barriers to Entry Constrain Rental Rate Growth



Source: Cushman & Wakefield

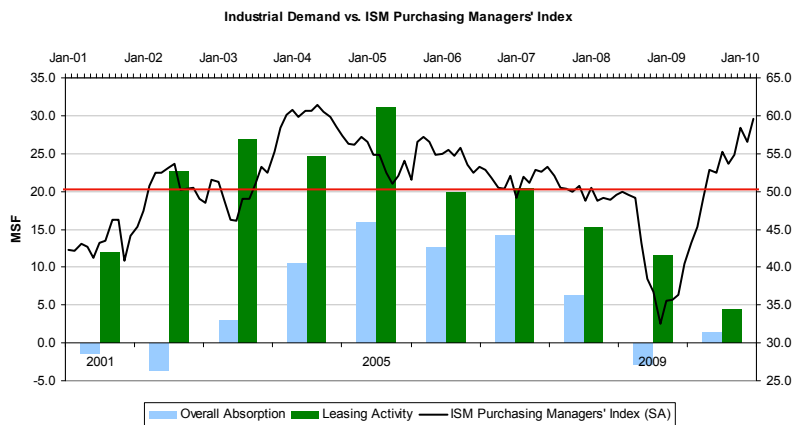


### Atlanta Industrial Market

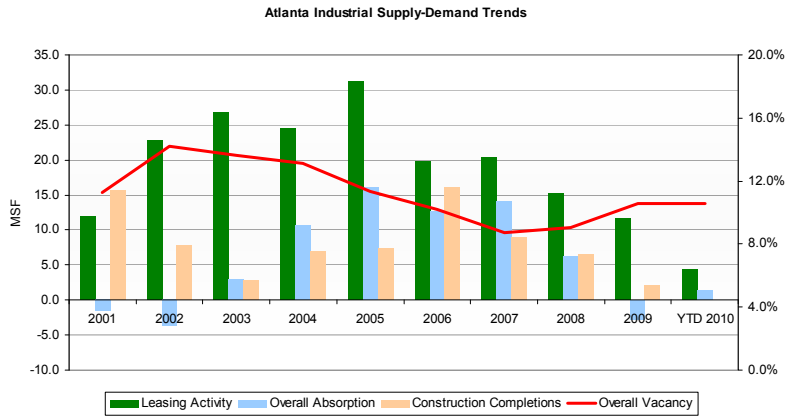
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### Industrial Sector Displayed Earliest Signs of Recovery



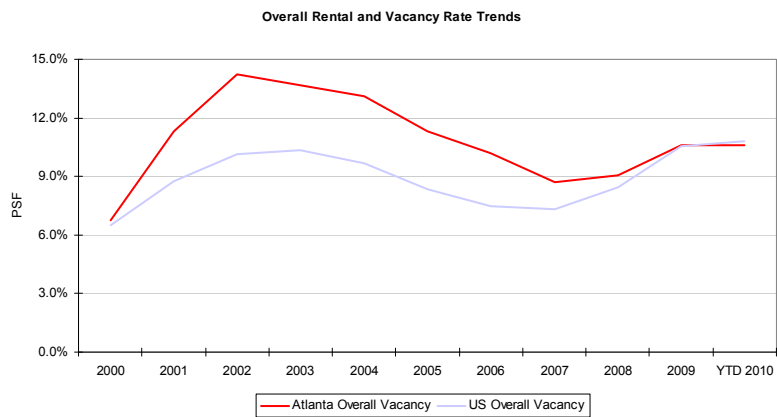
Healthy Demand Coupled with a Lack of Speculative Development



Source: Cushman & Wakefield



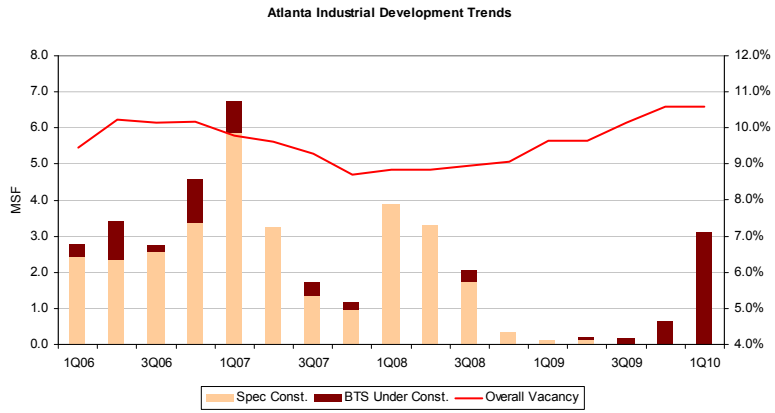
Helped Stabilize Overall Vacancy



Source: Cushman & Wakefield



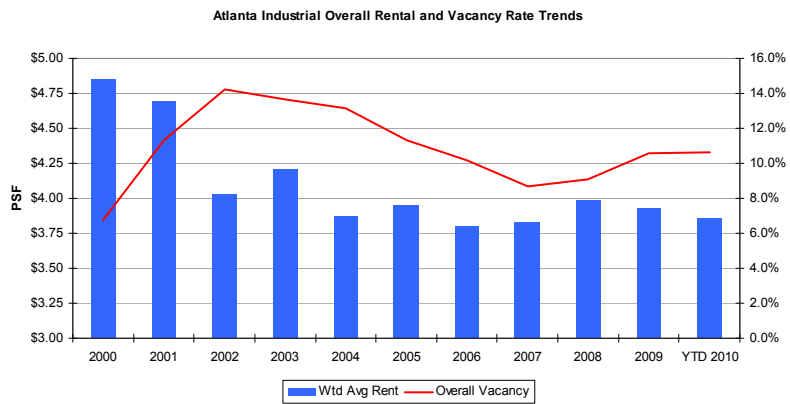
Developers Focused on Built-to-Suit Activity



Source: Cushman & Wakefield



Rental Rates Remained Stable



Source: Cushman & Wakefield

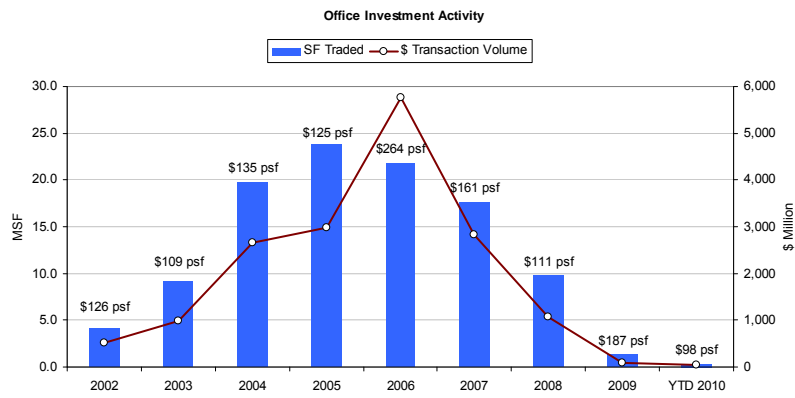


## Capital Markets

- 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.



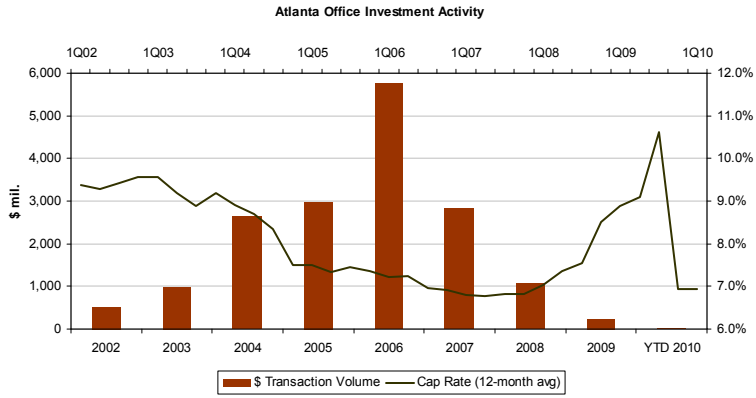
## Investment Activity Remains Limited



Source: Cushman & Wakefield



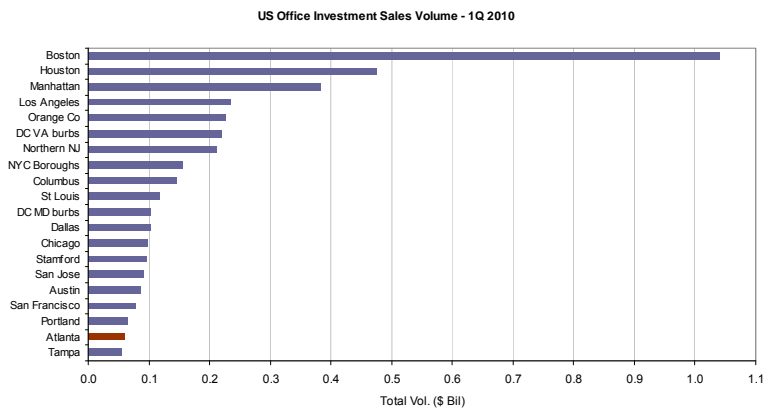
Investors Increasingly Focused on Core Assets



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



Transaction Volume Gradually Rebounding Nationally as Credit Markets Thaw



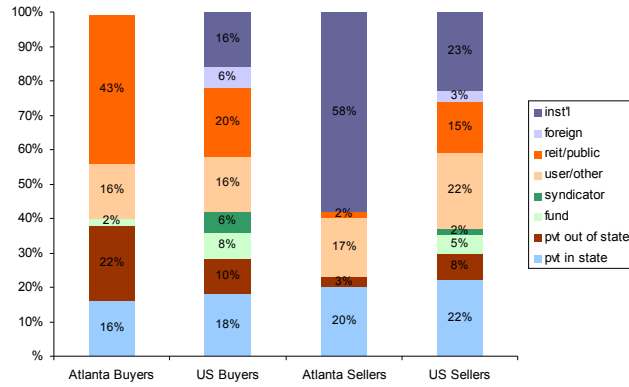
Source: Real Capital Analytics, Cushman & Wakefield





### Buyer and Seller Composition

Buyer Composition (12 Mos.)

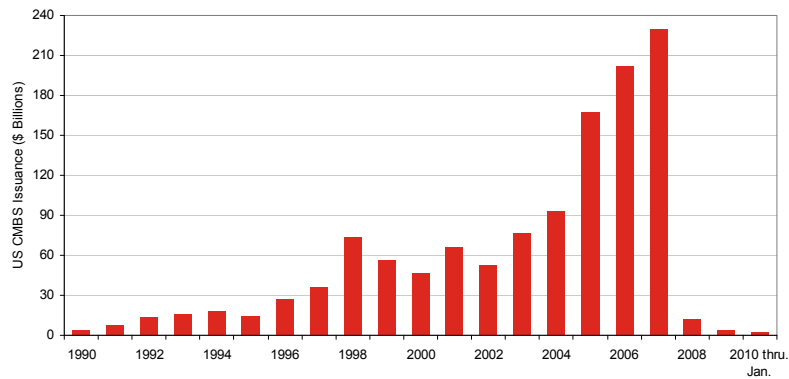


Source: Real Capital Analytics, Cushman & Wakefield



### Aggressive or Deteriorating Underwriting Standards

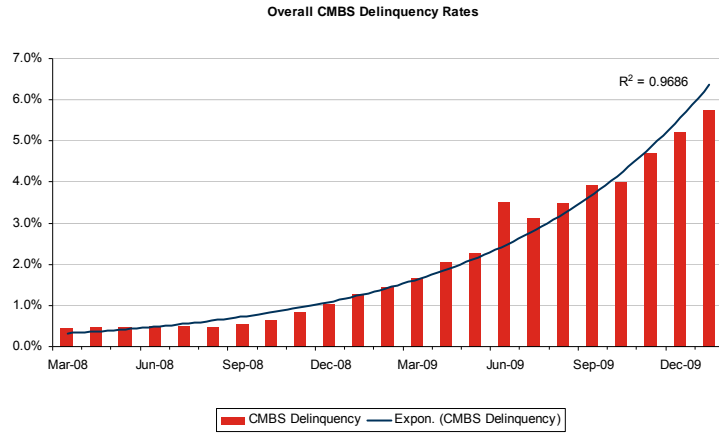
Historical U.S. CMBS Issuance



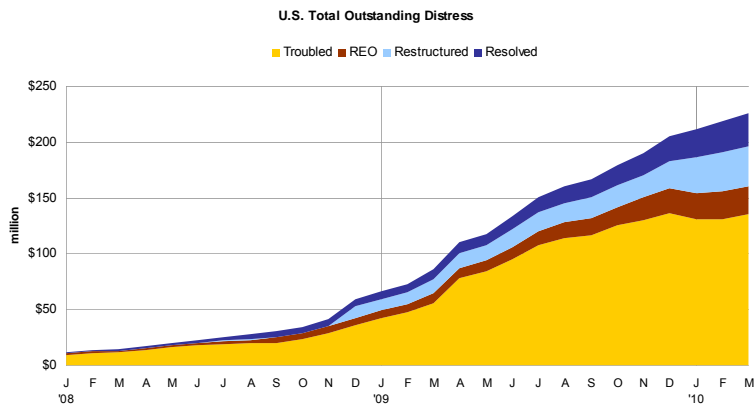
Source: Realpoint



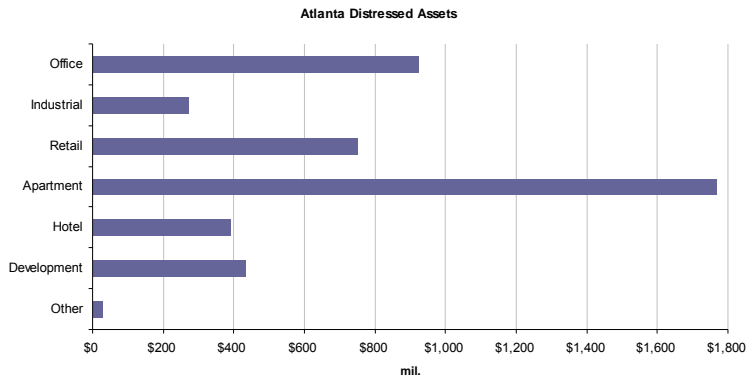
Delinquencies Continue to Grow Unabated



Loan Modifications Gaining Increased Attention



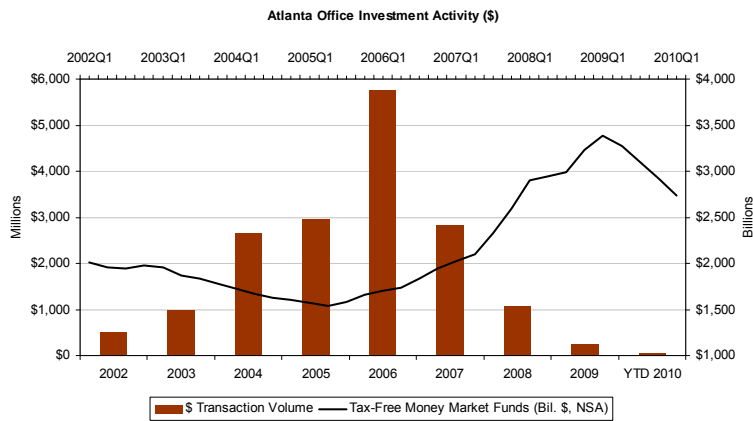
Growing Distressed Asset Volume Has Yet to Impact Commercial Market



Source: Real Capital Analytics



As Well-Capitalized Investors Await on the Sidelines



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



## Market Outlook

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- 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.



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Appendix



**Cushman & Wakefield Overview**

**Founded in 1917 in New York City**  
**Largest private real estate services firm in the world**

- 231 Offices in 58 Countries
- 110 Domestic Offices
- More than 15,000 employees

**Most Recent Year Performance**

**Transaction Services**

- Nearly 16,600 leasing transactions
- Representing more than 280 million sf
- Valued at more than \$35 billion

**Property/Facility/Project Management**

- More than 6,500 employees
- Manages more than 10,000 properties worldwide
- Representing more than 467 million sf

**Investment Sales**

- 2,340 transactions
- Representing more than 165 million sf
- Valued at more than \$31.5 billion



**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



55 Allen Plaza  
 Suite 700  
 Atlanta, GA 30308



**Cushman & Wakefield Overview**



Cushman & Wakefield Overview

231 Offices in 58 Countries

