

GEORGIA FREIGHT & LOGISTICS COMMISSION

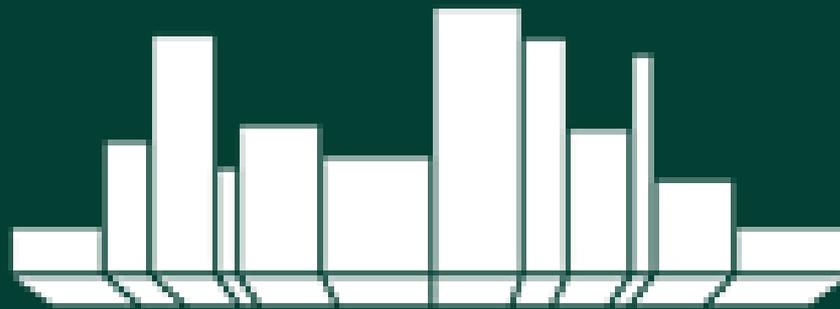


October 16, 2019

Natalie Tyler-Martin

Duke Realty Corporation – VP, Regional Asset Manager – Georgia & North Carolina
BOMA Georgia – Vice President
Aerotropolis Atlanta Community Improvement Districts – Fulton County Board Chair





BOMA Georgia

About BOMA International - Governance



Statewide Representation

Commercial real estate is more than commercial office space.



BOMA Georgia

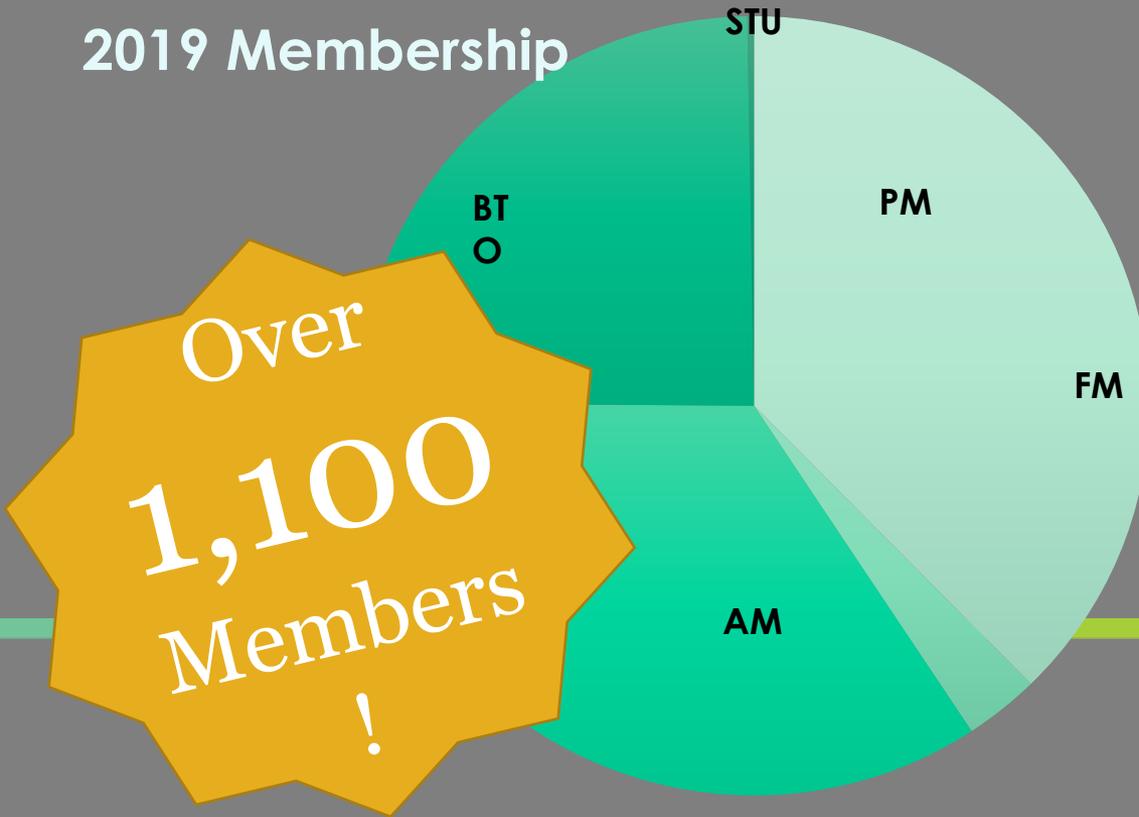
About BOMA Georgia

The Building Owners and Managers Association of Georgia:

- Supports the Commercial Real Estate Industry
- Contributes approx. **\$5.5 billion** to Georgia's economy
- Generates **\$1.7 billion** in personal taxable personal earnings
- Supports approximately **46,000 jobs**

About BOMA Georgia - Membership

2019 Membership



Legend:

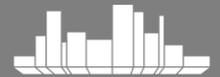
Allied Members (AM) – 380

BOMA Technical Organization (BTO) – 272

Property Managers (PM) – 416

Facility Managers (FM) – 34

Student (STU) – 3



BOMA Georgia

Companies Supporting BOMA Georgia

• Sustainer Real Estate Companies

- America's Capital Partners
- Atlanta Property Group
- Banyan Street Capital
- Brand Real Estate Services
- CBRE
- Colliers International Management – Atlanta
- Columbia Property Trust
- Cushman & Wakefield
- **Duke Realty**
- Granite Properties
- Highwoods Properties
- Lillibridge
- Lincoln Property Company
- Madison Marquette

- OA Management
- Physicians Realty Trust
- Piedmont Office Realty Trust
- Pope & Land Enterprises
- Prologis
- The RMR Group
- The Simpson Organization

• Vendors and Service Providers Partners

- [Platinum] Full Circle Restoration & Construction
- [Gold] Mid America Metals
- [Gold] SOLID Surface Care
- [Gold] Gray Contracting
- [Gold] Mayberry Electric

- [Gold] Parker Young Construction/FireStar Inc.
- [Silver] Arborguard
- [Silver] BMS CAT
- [Silver] Capital City Mechanical Services
- [Silver] Empire Roofing
- [Silver] Engineered Restorations
- [Silver & BTO] Everclear Enterprises
- [Silver] Georgia Paving
- [Silver] PM&A
- [Silver] Roof Partners
- [Silver] SecurAmerica
- [NextGen] AT&T
- [NextGen] Capital Restoration
- [NextGen] Russell Landscape Group
- [BTO] SERVPRO of Decatur





The Leading Domestic-Only Logistics REIT

Founded 1972, IPO
1993; Enterprise
value ~\$14.4B.

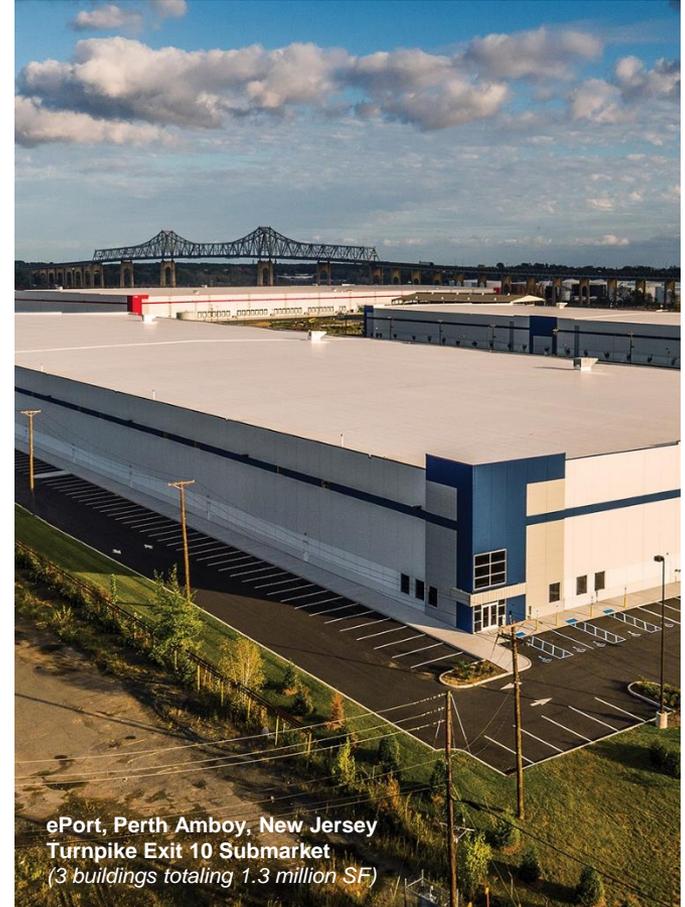
ESG focused culture;
Top tier governance;
LEED certification
investment goals

20 major U.S. logistics
markets

Member of
S&P 500
Index

Baa1/BBB+ credit
ratings; Ample liquidity

533 modern
facilities; 158
million square feet



ePort, Perth Amboy, New Jersey
Turnpike Exit 10 Submarket
(3 buildings totaling 1.3 million SF)

National Platform with Growing Diversification into Tier 1 Markets

● 2010 \$2.3B in T1

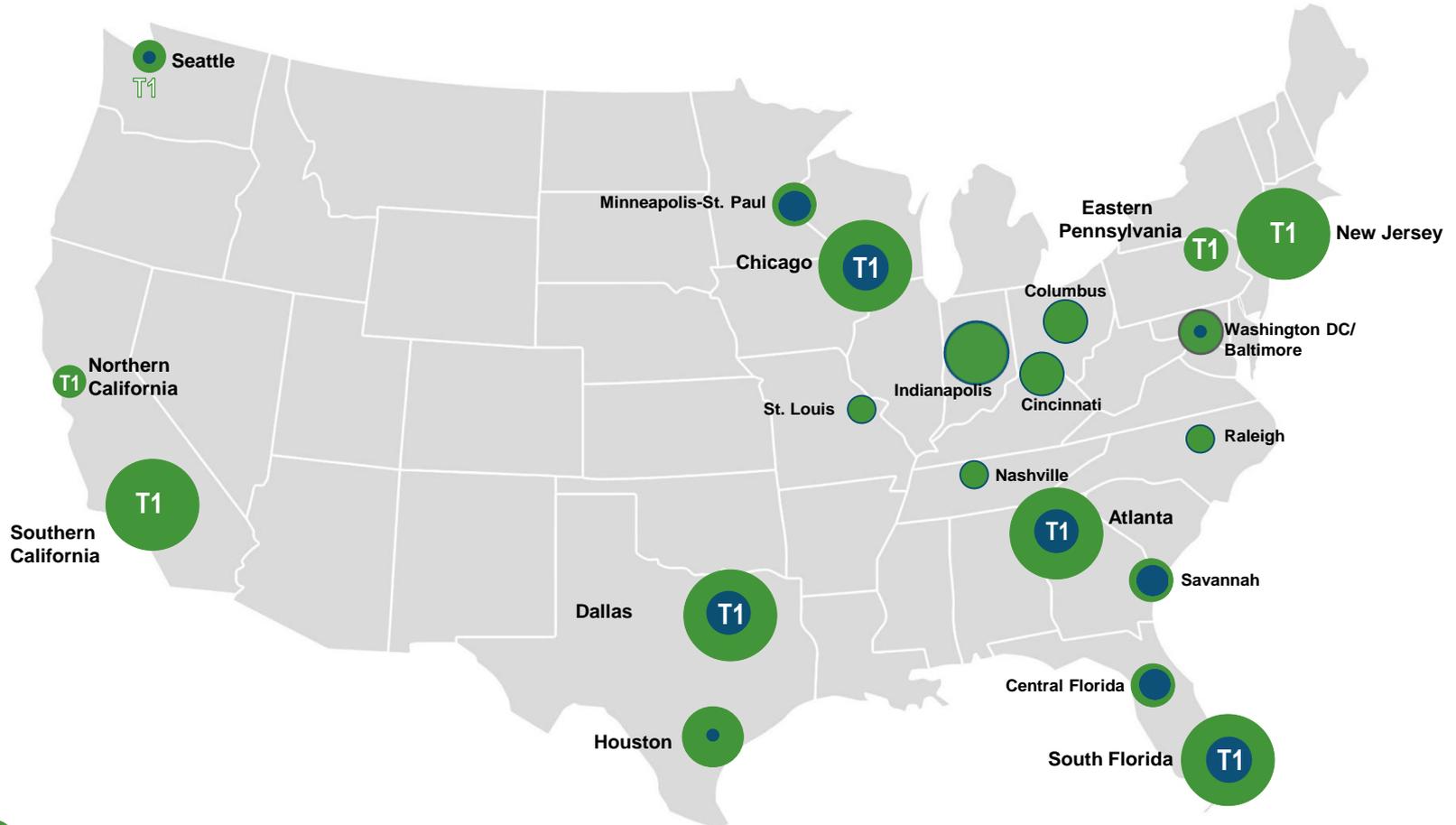
● 2019 \$9.0B in T1

T1 Exposure = 37%

T1 = 61%

T1 target approaching 70%

2021



T1 = Tier 1 Distribution Market

Concentration by GAV → ● \$200MM - \$399MM ● \$400MM - \$699MM ● \$700MM - \$999MM ● > \$1B

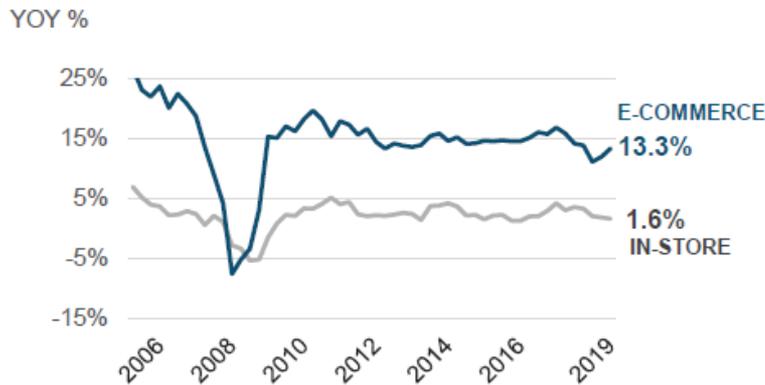
GAV = Gross Asset Value as estimated by Duke Realty using actual or estimated NOI's and using current cap rates.

Industrial Demand Drivers/Indicators

| | Correlation ⁽¹⁾ | Growth Forecast | Trend |
|--|--|-------------------------|---|
| E-Commerce Sales | 75% correlated to modern logistics facility ⁽²⁾ absorption | 10-15% ⁽³⁾ |  |
| Retail Sales ⁽⁴⁾ | 45% | 3.0-4.0% ⁽⁴⁾ |  |
| Brick 'n Mortar Sales ⁽⁴⁾ | 60% | 2.5-3.5% ⁽⁴⁾ |  |
| GDP | 55% | 2.0-2.2% ⁽⁵⁾ |  |
| Inbound Port Traffic, Intermodal Rail, Retail Inventories, Industrial Production | 60% | 2.0-2.5% ⁽⁶⁾ |  |

Industrial Real Estate Needs to Keep Pace with EComm

Growth Rate: E-commerce vs. in-store sales



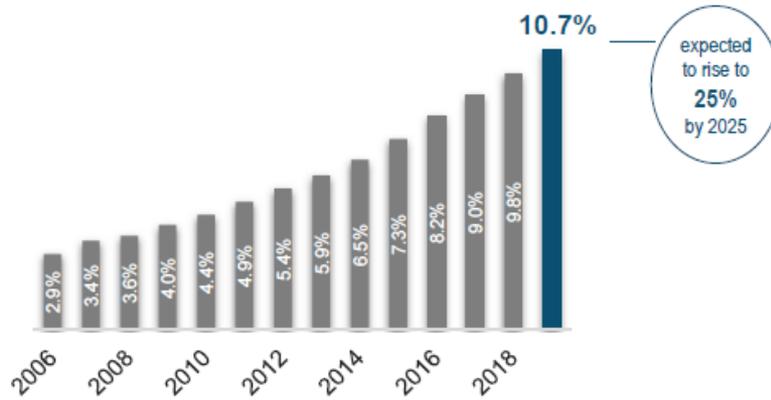
Significant incremental demand for space

\$1B of e-commerce sales requires approximately **1.3M SF of fulfillment space⁽¹⁾**

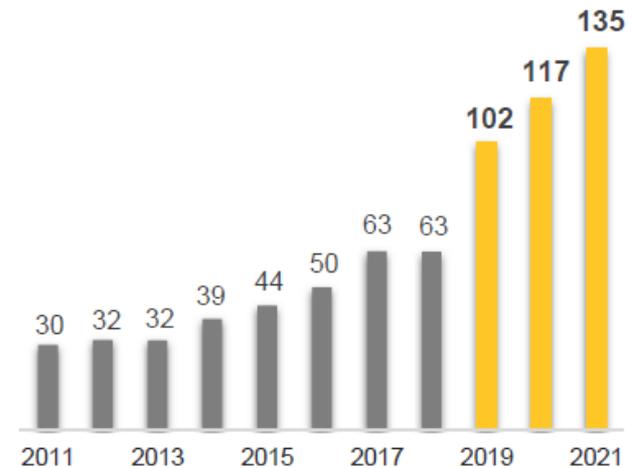
E-commerce requires approximately **3 times the square footage** of logistics vs. bricks and mortar

Projected incremental **354 million square feet** through 2021 needed to keep up with expected growth in e-commerce sales⁽²⁾ and related supply chain reconfiguration

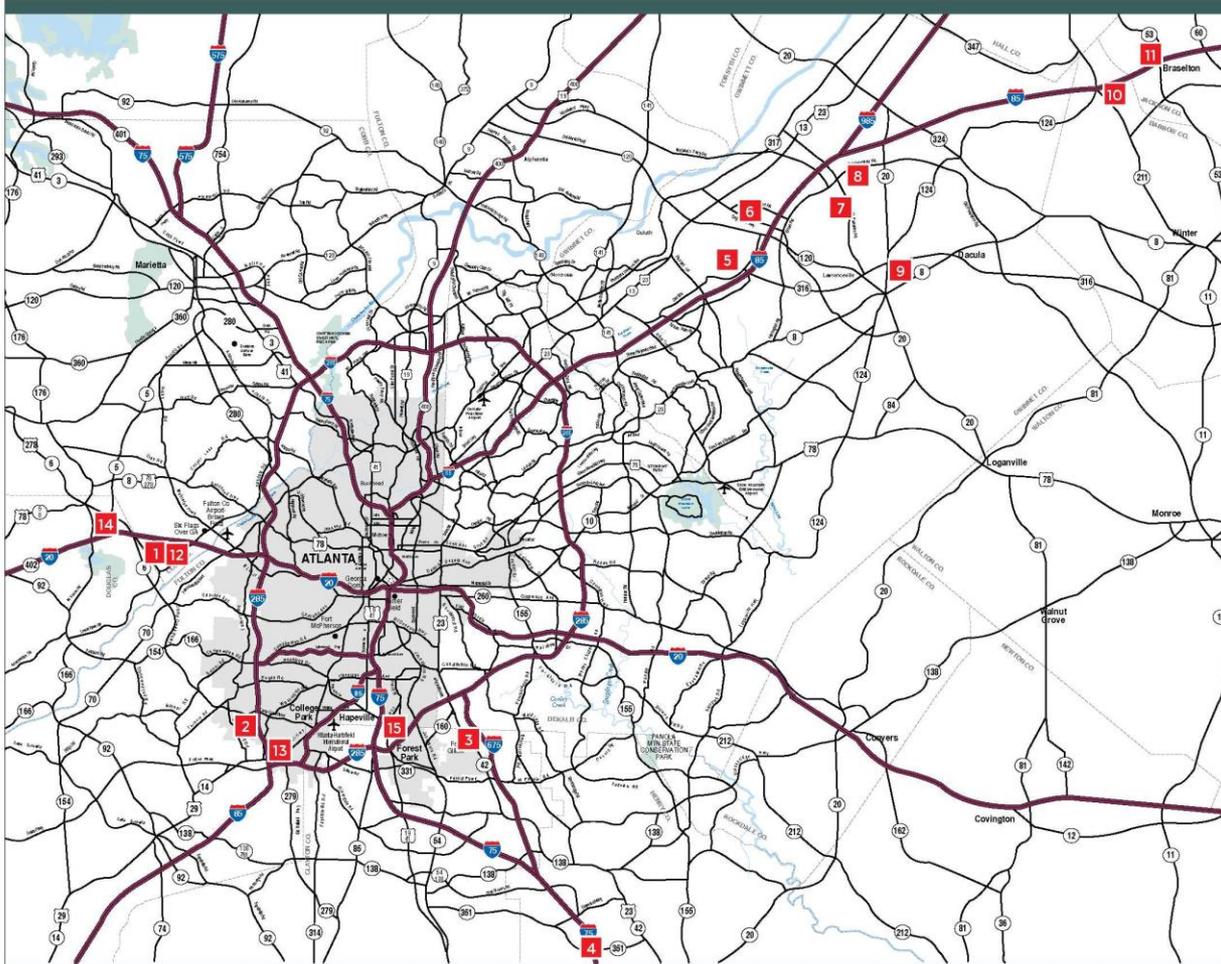
E-commerce as a % of total retail sales



Source: Retail sales (Incl A&G) and Ecomm sales as of Q1 per Census Bureau; if exclude A&G, penetration rises from 10.7% to 15.9%. Sales growth rates in top graph are MRQ YoY. Projections per WF (Moody's) June 2019.



(1) Metric per CBRE, Cushman & Wakefield, NAIOP. (2) Assumes E-comm sales growth of 15%, which is consistent with the actual 2015-2018 quarterly growth rate range of 15-17%



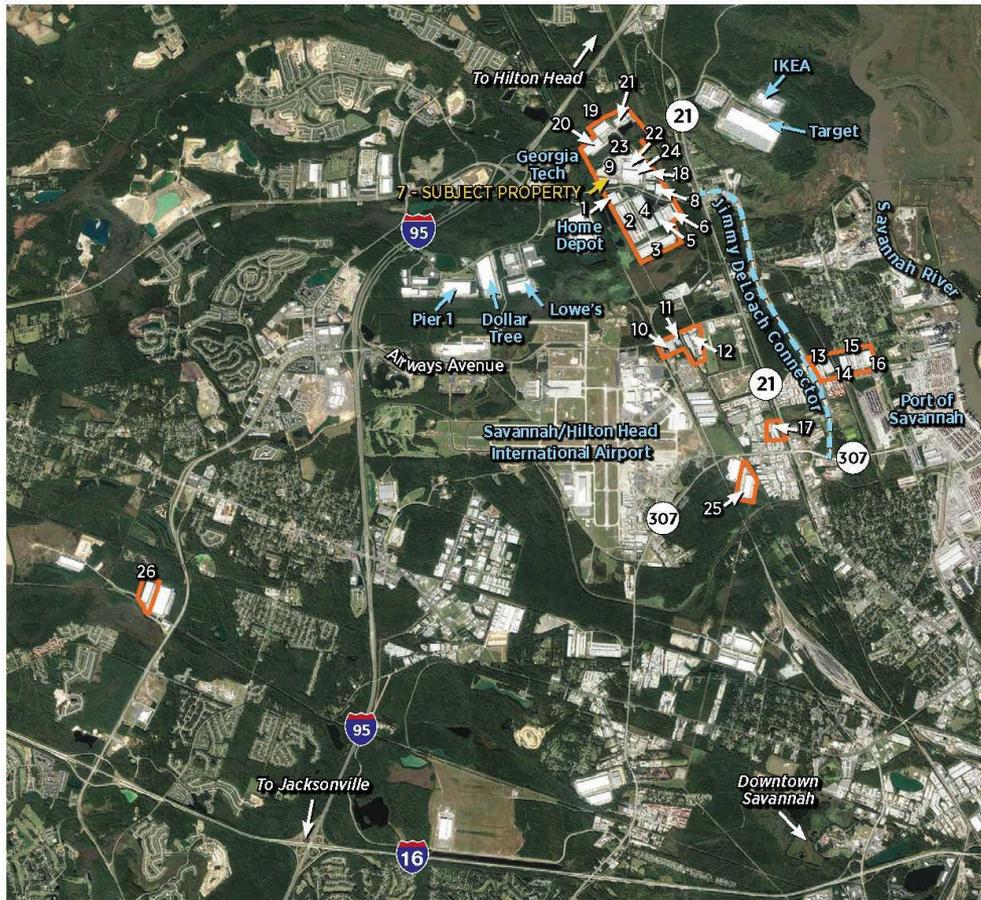
INDUSTRIAL

1. **Hartman Industrial**
Tenant: Czarnowski Displays
2. **Camp Creek***
Tenants: Amazon
Fedex
Dick's Sporting Goods
Clorox
CEVA
Kuehne & Nagel
3. **Anvil Block Business Park**
Tenant: Expeditors
4. **Liberty Distribution Center***
Tenants: Verte Logistics
North Bay Distribution
5. **Pinebrook – Meadowbrook**
Tenants: Trane
Shake-N-Go
6. **Business Park at Sugarloaf**
Tenants: Weg Electric
Envisionware
Honeywell
Legacy Worldwide
7. **Northbrook**
Tenants: Kraft
Rudolf
8. **Horizon**
Tenants: Genera Corp
Elesys
Millennium Mat
9. **Alcovy Industrial**
Tenant: Weyhaeuser
10. **Braselton Business Park**
Tenant: Mizuno
11. **Park 85 at Braselton***
Tenants: Carters
Safelite
Dayton Superior
12. **240 The Bluffs**
Tenant: TBD
13. **Aerotropolis***
Tenant: TBD
14. **Skyview**
Tenant: Z-Gallerie
15. **Airport Distribution 3781**
Tenant: UPS Supply Chain

*Land Available

DUKE REALTY PROPERTIES

Savannah, GA



| # | BUILDING ADDRESS | TOTAL BUILDING SIZE |
|--------------|---------------------------------------|---------------------|
| 1 | 151 Portside Court | 250,000 SF |
| 2 | 163 Portside Court | 200,000 SF |
| 3 | 175 Portside Court | 600,000 SF |
| 4 | 150 Portside Court | 800,000 SF |
| 5 | 239 Jimmy Deloach Parkway | 216,000 SF |
| 6 | 235 Jimmy Deloach Parkway | 250,200 SF |
| 7 | 276 Jimmy Deloach Parkway* (Proposed) | 194,120 SF |
| 8 | 246 Jimmy Deloach Parkway | 163,500 SF |
| 9 | 100 Logistics Way - Godley Road | 388,500 SF |
| 10 | 198 Gulfstream Road | 150,000 SF |
| 11 | 194 Gulfstream Road | 100,800 SF |
| 12 | 190 Gulfstream Road | 175,000 SF |
| 13 | 318 Grange Road | 195,000 SF |
| 14 | 250 Grange Road | 284,400 SF |
| 15 | 248 Grange Road | 99,000 SF |
| 16 | 246 Grange Road | 262,800 SF |
| 17 | 15 Aviation Court* | 9.63 acres |
| 18 | 405 Expansion Boulevard | 116,250 SF |
| 19 | 600 Expansion Boulevard | 331,800 SF |
| 20 | 602 Expansion Boulevard | 400,000 SF |
| 21 | 605 Expansion Boulevard | 225,000 SF |
| 22 | 200 Logistics Way | 285,000 SF |
| 23 | 500 Expansion Boulevard | 176,000 SF |
| 24 | 400 Expansion Boulevard | 432,600 SF |
| 25 | 2509 Dean Forest Road | 329,396 SF |
| 26 | Floor & Decor | 1,435,750 SF |
| TOTAL | | 7,866,966 SF |

* Container Storage

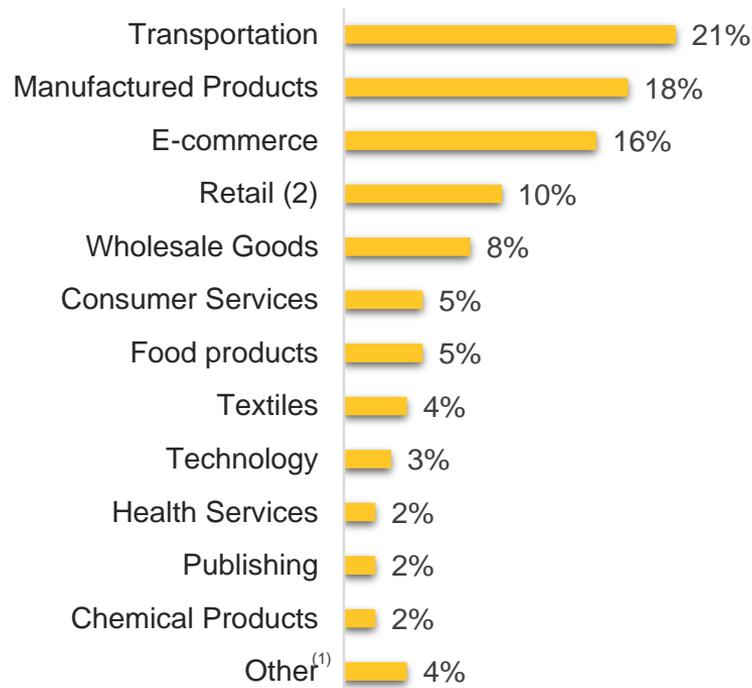


CONTACT INFORMATION:

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Customer Relationships

| RANK | TENANT | LENGTH OF RELATIONSHIP (years) | ANLV | % OF TOTAL ANLV |
|------|------------------|--------------------------------|-----------------|-----------------|
| 1 | Amazon.com | 12 | \$ 44.7 | 6.8% |
| 2 | UPS of America | 21 | 15.3 | 2.3% |
| 3 | Wayfair Inc. | 3 | 15.0 | 2.3% |
| 4 | NFI Industries | 13 | 8.7 | 1.3% |
| 5 | Floor & Décor | 14 | 8.5 | 1.3% |
| 6 | Crate and Barrel | 22 | 8.2 | 1.2% |
| 7 | Target | 21 | 7.6 | 1.1% |
| 8 | Deckers | 5 | 7.5 | 1.1% |
| 9 | HD Supply Inc. | 16 | 6.7 | 1.0% |
| 10 | Home Depot | 21 | 6.5 | 1.0% |
| | TOTAL | | \$ 128.8 | 19.4% |



Note: Includes in-service portfolio as of June 30, 2019 only
 Note: ANLV = Annualized Net Lease Value

(1) Other includes gov't agencies, construction, financial services, utilities, and agriculture

(2) Top Retail tenants by ANLV include: Floor & Décor, Target, Home Depot, Crate and Barrel, the Container Store, Walmart, Electrolux, Starbucks, Genuine Parts Co and Best Buy, in aggregate which represents 71% of total retail exposure.

Operating Platform Aligned with E-commerce Growth



Freight Cluster Plan



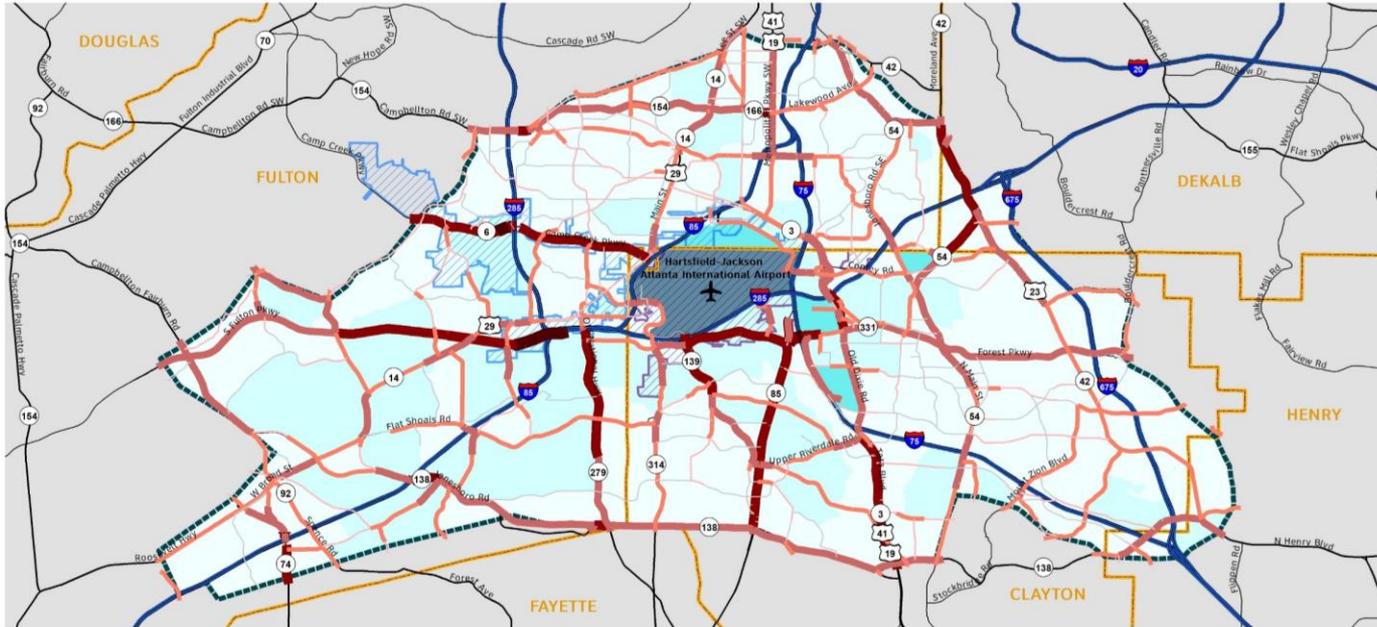
Powered by Aerotropolis Atlanta CIDs

BEST PRACTICES: KEY FINDINGS

- **Alternative delivery methods** and technology can reduce congestion, improve efficiency and reduce environmental impact
- Emerging **connected signal technology** can make it easier to implement systems like truck signal priority
- Access management and **innovative site design** are key to minimizing freight costs, mileage, and impacts on surrounding areas – **trending toward vertical**
- **Efficient supply chain models** can help reduce environmental impact and improve delivery performance
- **Off-peak delivery incentives** may help:
 - Reduce infrastructure burden,
 - Increase reliability and save time,
 - Improve air quality by reducing idling, and
 - Reduce potential conflicts between vehicles, vehicles and people, and between industrial and residential land uses



FUTURE (2040) TRUCK VOLUME AND DESTINATIONS



Note: volumes are for medium- and heavy-duty trucks on routes other than interstates

INVENTORY AND ASSESSMENT: CHALLENGES & OPPORTUNITIES

Challenges

- Balancing **population growth** with **economic development**, especially freight
- Creating **opportunities for truck parking** and developing **technology for access management**
- Intergovernmental collaboration and **consistency in land use regulation**
- **Encroachment** between residential and commercial/industrial/manufacturing areas
- **Retrofitting existing vacant warehouses** around the Aerotropolis for today's supply chain technology

Opportunities

- Developing **tax incentives for sustainable and smart freight development**
- **Investing in infrastructure** for emerging technologies
- Collaboration with **future cargo expansion** at Hartsfield-Jackson International Airport
- **Mixed-use freight development** to **provide employment access** and **improve quality of life for employees and residents**
- **Funding opportunities** at the local, state, and federal and **proposing freight investments for SPLOST referendums**
- **Traffic signal upgrades** along freight routes

Thank You!



Questions & Comments