

REAL ESTATE VALUE AND COST OUTLOOK

NOV 2003

UNEMPLOYMENT

6.0% ↑

PRIME RATE

4.00 % ↔

DOW JONES

9,741.05 ↑

NASDAQ

1,946.42 ↑

**PURCHASING
MANAGERS
INDEX**

57.0 % ↑

**CONSUMER
PRICE
INDEX**

185.9 ↔

CRUDE OIL

\$27.04 BL ↔

KEY VALUE INDICATORS



- Unemployment claims fell far below the 400,000 mark, the unofficial benchmark for recession. About 355,000 filed for claims last week, down from 370,000 the week before.
- Atlanta added 66,000 jobs in the last twelve months. Manufacturing employment remains a problem; warehousing and air transportation are soft; food-processing and wireless telecommunication jobs are growing.
- Purchase Managers Institute index rose from 54.7% to 57.0% in one month.

Atlanta is the only good news for Georgia for employment growth.

Atlanta's industrial real estate market is showing positive signs: vacancy about 15% and three quarters of positive absorption. However, rents remain low.

KEY COST INDICATORS



- Core inflation is modest at 1.25%, but food inflation is growing with farm prices of beef, soybeans and dairy products up 15% YTD.
- When will the Fed raise interest rates? Job growth will trigger.
- Energy costs should fall. However, Iraq's production is still one of the unpredictable market problems. The electric utility grid will be the next capital cost problem.

Landlord must continue to find more justified pass thru expenses to offset low rental rates.

Security costs will be the next debate between landlords tenants.

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