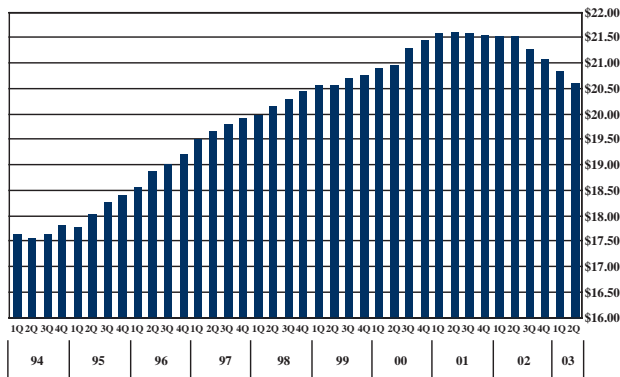


# The Bowers Digest

Metro Atlanta Office Market Analysis

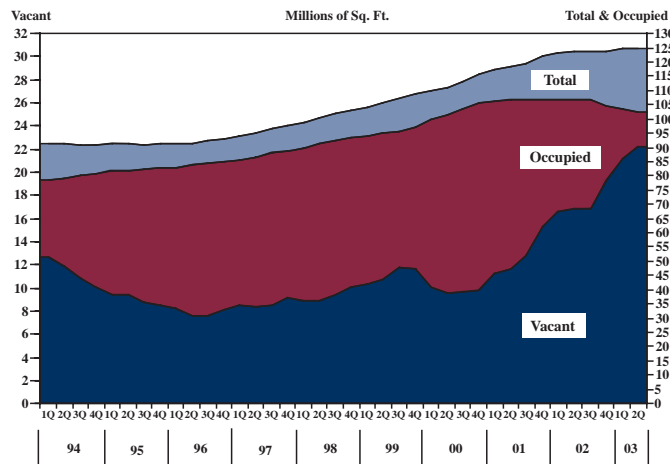
Vol. 14, No. 2

Responding to market conditions, average quoted rental rates have slipped by almost \$1.00 per square foot, or 5 percent, in the past eight quarters.

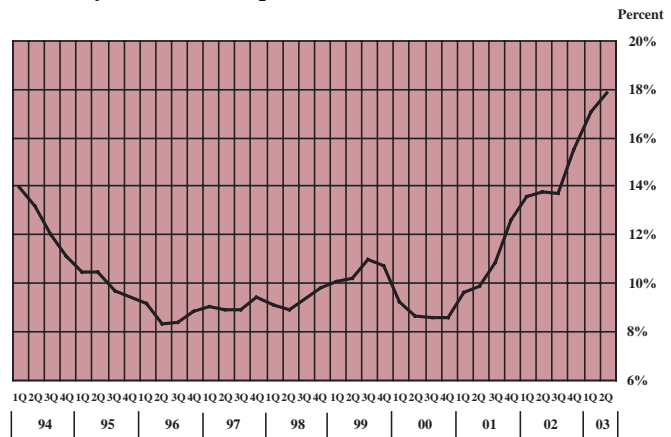


“At mid-year 2003, Atlanta’s office market is in its most serious downturn since the early 1990s.”

After only one other quarterly decline in 15 years, total occupied space has dropped by 4.1 million square feet since mid-2001.



Sustained negative absorption has pushed the overall vacancy rate above 17 percent for the first time since 1992.



“The Downtown submarket has held up extremely well at 87.4 percent occupied . . . the highest of the five largest submarkets.”

Real Estate Trends  
Mid-Year 2003

## In Brief: The Atlanta Market

**A**t mid-year 2003, Atlanta's office market is in its most serious downturn since the early 1990s. But this is a different kind of slump: in the early '90s, the market steadily absorbed the millions of square feet of new space then being delivered, with only one quarter of negative absorption in 1991.

But because of the stagnant economy and the declining number of white-collar jobs in Atlanta, that's not happening this time. Since mid-2002, a total of 3,853,060 square feet of space has been returned to the speculative market. Of this amount, three submarkets accounted for more than 77 percent: I-285/GA-400 with 1,560,601 square feet, I-75/I-285 with 747,474 square feet, and Buckhead/Lenox with 684,862 square feet. During that 4-quarter period, 12 of Atlanta's 16 submarkets showed negative absorption. Overall, absorption has been negative in an unprecedented six of the past seven quarters.

Since year-end 2002, overall occupancy has decreased from 84.5 percent to 82.2 percent, and square footage availability has increased from 19,166,835 square feet to a record 22,273,338 square feet. The average rental rate has dropped by 2.2 percent, from \$21.08 to \$20.62 per square foot.

The urban corridor continues in significantly better shape than the suburbs, with an occupancy rate of 85.3 percent as compared to suburban occupancy of 80.7 percent. In addition, the urban corridor's average rental rate is \$23.69 per square foot versus \$19.19 per square foot for the suburbs. The Downtown submarket has held up extremely well at 87.4 percent occupied, the highest of the urban submarkets and the highest of the five largest submarkets.

Among the reasons for the continued negative absorption were several BellSouth lease expirations and the Company's decision to relocate from speculative space to the owner-occupied BellSouth Metro Business Centers, tenants moving from landlord space to subleased space, and several bankruptcies, including HQ Global.

**Space Availability.** The Atlanta office market continues to be extremely favorable, and is in fact deflationary for office space acquirers, with lower rental rates, free rent, concessions, and above-standard tenant improvements. With record vacancies, plenty of prime space—up to 240,000 square feet contiguous—is available in all of Atlanta's submarkets. Sublease square footage is also still plentiful and can provide users with even less expensive space than can primary landlords with, in certain instances, excellent tenant improvement allowances and furniture and fixtures as well. Ownership opportunities are also exceptional, with low interest rates that can provide owner/users below-market occupancy costs compared to leasing. Only two new developments will deliver during the second half of 2003, both of which are about 60 percent pre-leased: the 448,000 square foot Cyntergy One at Technology Square and the 50,000 square foot Barrett Summit 300.

**Infrastructure.** Major improvements underway include the nearly-completed 17<sup>th</sup> Street Bridge that ties the 67-acre Atlantic Station multi-use development to Midtown and the ongoing Hartsfield International Airport expansion. The airport additions include the fifth runway, a new international terminal, and new auto rental/parking facilities. The airport continues to be number one in the world, and with these additions, Hartsfield will be well positioned to maintain a dominant position, particularly with its location only eight miles from the Central Business District, connected by public transportation.

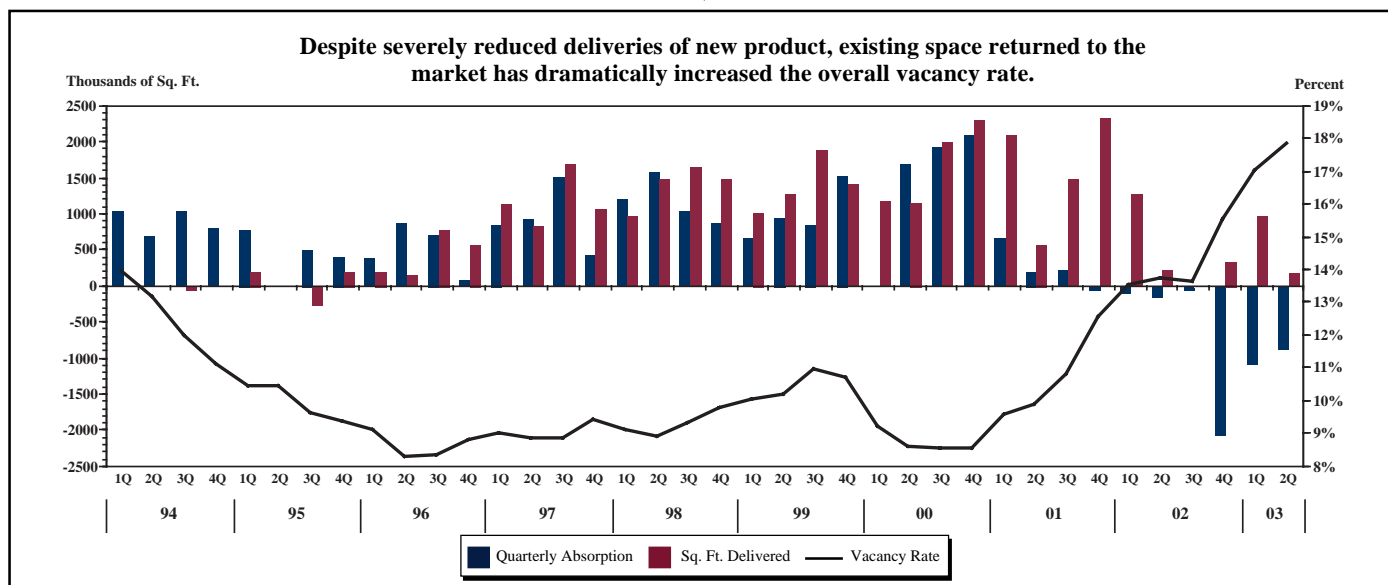
Ongoing discussions and plans for additional transportation projects include expanded HOV lanes on I-75 North and improvements in the I-285/GA-400 submarket. The Windward Parkway interchange on GA-400 North is also undergoing a dramatic upgrade which should be completed shortly. The I-75/I-285 submarket and Cobb County's Community Improvement District have done an excellent job with badly needed road improvements, including the Cumberland Interchange, the Paces Ferry/I-285 interchange, the tie-in to the East/West Connector, the widening of Powers Ferry Road, and the bridge connecting Interstate North Parkway to Akers Mill Road.

Because of the sluggish economy and the change in State administration, various agencies are re-evaluating public transportation issues, including the Downtown Multi-Modal Station. Rail passenger service to Athens, Macon and other cities is still under discussion. In addition, recent studies have proposed trolley car service on existing right-of-way along the Peachtree Street corridor from Downtown to Buckhead.

**Outlook.** Our outlook for 2004 reflects a return to market stabilization with anticipated pent-up demand for office space, positive absorption, and few deliveries. In fact, we are currently showing only two developments that will deliver in 2004: the Atlantic Station Office Tower at 171 17<sup>th</sup> Street, a 500,000 square foot building which is 65 percent pre-leased, and Business Park at Sugarloaf VI, which is 103,223 square feet and is 100 percent pre-leased.

We do not expect any major office developments other than buildings with significant pre-leases or build-to-suits will take place until 2006. Assuming a stronger economy, improvements in the second half of 2003, and ongoing economic expansion in 2004, occupancy levels could approach 90 percent by year-end 2004, with average rental rates rebounding to approximately \$21.50 per square foot, close to Atlanta's all time high.

*Richard E. Bowers*



## The Atlanta Office Market

	June 30	
	2003	2002
<b>Net Annual Absorption – Square Feet</b>	<b>(3,853,060)</b>	<b>23,177</b>
<b>Total Existing Square Feet</b>	<b>124,978,428</b>	<b>123,465,548</b>
<b>Total Available Square Feet</b>	<b>22,273,338</b>	<b>16,907,398</b>
<b>Percent Of Total Space Occupied</b>	<b>82.2%</b>	<b>86.3%</b>
<b>Average Rental Rate</b>	<b>\$20.62</b>	<b>\$21.53</b>
<b>Space Delivered – Square Feet (excludes losses)</b>	<b>1,157,556</b>	<b>1,514,079</b>

### Atlanta Market Trends By Quarter

Quarter	Total Sq. Ft.	Vacant Sq. Ft.	Vacancy Rate	Net Delivered Sq. Ft.	Net Absorption			Average Rental Rate
					4-Qtr. Cumulative	Year To Date	Quarter	
2Q 03	124,978,428	22,273,338	17.8%	189,556	(3,853,060)	(1,948,947)	(873,852)	\$20.62
1Q 03	124,788,872	21,209,930	17.0%	968,000	(3,019,489)	(1,075,095)	(1,075,095)	\$20.86
4Q 02	123,820,872	19,166,835	15.5%	355,324	(2,049,565)	(2,049,565)	(2,005,391)	\$21.08
3Q 02	123,465,548	16,806,120	13.6%	0	(102,871)	(44,174)	101,278	\$21.29
2Q 02	123,465,548	16,907,398	13.7%	227,874	23,177	(145,452)	(40,281)	\$21.53
1Q 02	123,237,674	16,639,243	13.5%	1,286,205	271,017	(105,171)	(105,171)	\$21.54
4Q 01	121,980,669	15,247,867	12.5%	2,322,172	1,045,901	1,045,901	(58,697)	\$21.57
3Q 01	119,658,497	12,866,998	10.8%	1,480,953	3,208,387	1,104,598	227,326	\$21.59
2Q 01	118,177,544	11,613,371	9.8%	585,264	4,903,253	877,272	207,559	\$21.61
1Q 01	117,592,280	11,235,666	9.6%	2,089,770	6,394,148	669,713	669,713	\$21.59
4Q 00	115,502,510	9,815,609	8.5%	2,297,938	8,445,691	8,445,691	2,103,789	\$21.44
3Q 00	113,204,572	9,621,460	8.5%	2,003,327	7,880,218	6,341,902	1,922,192	\$21.31
2Q 00	111,201,345	9,540,425	8.6%	1,167,843	6,817,706	4,419,710	1,698,454	\$20.98
1Q 00	110,033,502	10,071,036	9.2%	1,183,119	6,073,898	2,721,256	2,721,256	\$20.92
4Q 99	108,850,383	11,609,173	10.7%	1,418,341	4,028,430	4,028,430	1,538,316	\$20.77
3Q 99	107,432,042	11,729,148	10.9%	1,874,289	3,378,073	2,490,114	859,680	\$20.71
2Q 99	105,557,753	10,714,539	10.2%	1,277,556	3,557,037	1,630,434	954,646	\$20.59
1Q 99	104,280,197	10,391,629	10.0%	1,019,189	4,177,387	675,788	675,788	\$20.58
4Q 98	103,261,008	10,048,228	9.7%	1,480,848	4,709,775	4,709,775	887,959	\$20.48
3Q 98	101,780,160	9,455,339	9.3%	1,641,409	4,259,512	3,821,816	1,038,644	\$20.30
2Q 98	100,138,751	8,852,574	8.8%	1,498,890	4,736,965	2,783,172	1,574,996	\$20.17
1Q 98	98,639,861	8,928,680	9.1%	984,279	4,098,069	1,208,176	1,208,176	\$19.99
4Q 97	97,655,582	9,152,577	9.4%	1,056,904	3,746,149	3,746,149	437,696	\$19.94
3Q 97	96,598,678	8,533,369	8.8%	1,699,968	3,390,458	3,308,453	1,516,097	\$19.81
2Q 97	94,898,710	8,349,498	8.8%	841,363	2,583,597	1,792,356	936,100	\$19.68
1Q 97	94,057,347	8,444,235	9.0%	1,144,241	2,527,294	856,256	856,256	\$19.50

*The Bowers Digest* was prepared by the Research Department of Richard Bowers & Company, Bill Thanner, Scott Amoson, Angela Szeremeta, and interns Owen Bouton and Jeff Hamling. The numerical data summarized herein were obtained directly from the owners and managers of the buildings included in the Richard Bowers & Company database. Richard Bowers & Company takes no responsibility for the accuracy of the information provided by others. Additional copies are available at \$25.00 each.

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## Atlanta Office Market: Comparison by Sub-Markets

## Total Sub-Market

	Total Sq. Ft.	Vacant Sq. Ft.	Occupancy Rate	2003 Net Absorption	Average Rental Rate
<b>Urban Corridor</b>					
Downtown	16,593,668	2,084,346	87.4% ▼	(150,066)▼	\$22.72 ▼
Midtown	11,513,750	2,029,641	82.4% ▼	(4,330)▲	\$23.62 ▼
Buckhead/Lenox	<u>11,449,353</u>	<u>1,711,498</u>	<u>85.1% ▼</u>	<u>(459,691)▼</u>	<u>\$25.18 ▼</u>
Urban Corridor Total	<u>39,556,751</u>	<u>5,825,485</u>	<u>85.3% ▼</u>	<u>(614,087)▼</u>	<u>\$23.69 ▼</u>
<b>Suburban</b>					
Airport/South	2,619,908	475,759	81.8% ▼	(7,403)▼	\$15.35 ▼
Decatur	1,093,973	58,012	94.7% ▼	6,128 ▲	\$18.90 ▼
GA-400 North	14,286,219	3,270,030	77.1% ▼	(232,136)▼	\$19.32 ▼
I-20W/Greenbriar	310,663	60,563	80.5% ▲	(2,414)▲	\$12.93 ▲
I-285E/Stone Mountain	431,051	27,517	93.6% ▼	3,244 ▼	\$12.61 ▲
I-285/GA-400	22,298,857	5,104,023	77.1% ▼	(742,381)▼	\$20.37 ▼
I-285/I-85/Northlake	4,618,363	699,824	84.9% ▼	(185,552)▼	\$17.12 ▼
I-75 Corridor	1,126,783	202,053	82.1% ▼	3,182 ▼	\$21.05 ▼
I-75N/Marietta/Johnson Ferry	2,854,808	610,785	78.6% ▼	(83,476)▼	\$18.45 ▼
I-75/I-285	19,041,319	3,081,258	83.8% ▼	(349,720)▼	\$20.52 ▼
NE Expressway-North	4,150,915	891,342	78.5% ▲	294,835 ▲	\$17.88 ▼
NE Expressway-South	4,795,209	412,663	91.4% ▲	(72,841)▼	\$18.37 ▼
Peachtree Corners	<u>7,793,589</u>	<u>1,554,024</u>	<u>80.1% ▲</u>	<u>33,674 ▲</u>	<u>\$16.72 ▼</u>
Suburban Markets Total	<u>85,421,657</u>	<u>16,447,853</u>	<u>80.7% ▼</u>	<u>(1,334,860)▼</u>	<u>\$19.19▼</u>
Totals and Averages	<u>124,978,428</u>	<u>22,273,338</u>	<u>82.2% ▼</u>	<u>(1,948,947)▼</u>	<u>\$20.62 ▼</u>

Change From Mid-Year 2002: ▲ – Increase ▼ – Decrease

## Sub-Market Updates

**Downtown**

Despite the negative absorption the Atlanta office market continues to encounter, the Downtown submarket is holding its own in rough times, proving to be one of the stronger submarkets in the city. Downtown's 87.4 percent occupancy rate is highest among the five largest submarkets by almost four percentage points. The average quoted rental rate dropped slightly from \$22.84 per square foot in the first quarter of 2003 to \$22.72 at mid-year, but Downtown's rental rates remain third highest in Atlanta. Absorption for 2003 to date was a negative 150,066 square feet, significantly less than year-to-date numbers for the I-285/GA-400 and Buckhead/Lenox submarkets. Recent major developments around Centennial Olympic Park include the Georgia World Congress Center expansion, Museum Tower, Centennial House and now the groundbreaking for the Georgia Aquarium and the new World of Coca-Cola. With continued support from civic leaders and influential Downtown proponents, the Central Business District will become one of the more attractive submarkets in which to live, work and play in Atlanta.

**Midtown**

Midtown was one of only three Atlanta submarkets to show

positive absorption for the second quarter of 2003. The occupancy rate in Midtown increased slightly to 82.4 percent in the second quarter, and absorption in the submarket was 10,594 square feet, bringing the year-to-date absorption to a negative 4,330 square feet. Midtown's average rental rate remains second highest in the Atlanta market at \$23.62 per square foot, down \$.20 from first quarter 2003. Despite all of the positives, Midtown still has the highest vacancy rate, 17.6 percent, in the urban corridor.

Midtown is poised to deliver even more office space to the market. Centergy One at Technology Square is scheduled to deliver 448,000 square feet of office space in the third quarter of 2003, 59 percent pre-leased. The development also includes new classrooms for Georgia Tech, along with a hotel and conference facility. Atlantic Station has also begun construction of its first office building, 171 17<sup>th</sup> Street, in conjunction with the 17<sup>th</sup> Street bridge. It is scheduled to deliver 500,000 square feet of office space in the second quarter of 2004; 65 percent of the office space has been pre-leased to South Trust Bank and several other tenants. Another project yet to be determined is the Hines development at Peachtree and 14<sup>th</sup> Streets. Preliminary designs include a 41-story office building alongside the new Atlanta Symphony Orchestra concert hall.

*(continues on page 5)*

Comparison by Sub-Markets, *continued*

Class "A"			Class "B"			Class "C"		
Vacant Sq. Ft.	Occupancy Rate	Average Rental Rate	Vacant Sq. Ft.	Occupancy Rate	Average Rental Rate	Vacant Sq. Ft.	Occupancy Rate	Average Rental Rate
860,124	89.9%	\$25.79	1,065,250	84.1%	\$19.91	158,972	88.4%	\$17.34
1,207,902	83.2%	\$26.74	591,695	82.5%	\$18.92	230,044	75.8%	\$16.65
<u>899,910</u>	<u>87.5%</u>	<u>\$26.92</u>	<u>801,007</u>	<u>79.7%</u>	<u>\$22.71</u>	<u>10,581</u>	<u>96.8%</u>	<u>\$16.85</u>
<u>2,967,936</u>	<u>87.0%</u>	<u>\$26.45</u>	<u>2,457,952</u>	<u>82.4%</u>	<u>\$20.46</u>	<u>399,597</u>	<u>85.0%</u>	<u>\$17.03</u>
50,520	90.8%	\$19.09	168,351	83.9%	\$14.70	256,888	75.0%	\$14.01
40,378	90.4%	\$21.32	17,634	97.4%	\$17.38	n/a	n/a	n/a
2,236,544	78.3%	\$20.14	1,028,486	73.9%	\$17.18	5,000	75.0%	\$16.00
n/a	n/a	n/a	0	100.0%	\$22.00	60,563	76.5%	\$11.06
n/a	n/a	n/a	19,347	93.5%	\$12.70	8,170	94.0%	\$12.41
3,808,267	72.3%	\$22.04	940,010	86.2%	\$18.08	355,746	75.4%	\$14.83
117,109	73.2%	\$19.56	335,575	83.8%	\$17.83	247,140	88.3%	\$15.92
36,040	83.0%	\$29.00	166,013	80.2%	\$19.41	0	100.0%	\$17.00
379,665	73.9%	\$20.41	123,304	87.5%	\$16.98	107,816	73.8%	\$15.06
1,822,554	85.1%	\$22.54	1,163,811	80.7%	\$17.12	94,893	87.3%	\$14.86
501,170	81.1%	\$19.29	389,536	73.5%	\$15.38	636	98.0%	\$16.00
29,420	91.5%	\$22.18	363,195	90.7%	\$18.42	20,048	96.2%	\$15.53
<u>332,884</u>	<u>84.2%</u>	<u>\$19.71</u>	<u>962,421</u>	<u>80.5%</u>	<u>\$16.01</u>	<u>258,719</u>	<u>66.4%</u>	<u>\$13.07</u>
<u>9,354,551</u>	<u>79.1%</u>	<u>\$21.38</u>	<u>5,677,683</u>	<u>82.8%</u>	<u>\$17.09</u>	<u>1,415,619</u>	<u>81.3%</u>	<u>\$14.17</u>
<u>12,322,487</u>	<u>81.8%</u>	<u>\$23.10</u>	<u>8,135,635</u>	<u>82.7%</u>	<u>\$18.09</u>	<u>1,815,216</u>	<u>82.3%</u>	<u>\$14.91</u>

Sub-Market Updates, *continued***Buckhead/ Lenox**

Buckhead/Lenox maintains the highest average rental rate among all the submarkets at \$25.18 per square foot. It also has 1.7 million square feet of available space, of which 52.6 percent is Class "A." Atlanta Plaza and Piedmont Center offer the best opportunities for large tenants to get a great deal in Atlanta's most solid market, with maximum contiguous spaces ranging from 128,000-240,000 square feet. Buckhead/Lenox has slipped from fourth to fifth place in the highest submarket occupancy rates since mid-year 2002, from 91.7 percent to 85.1 percent. Only one new delivery has occurred since 1999, and no new developments are under construction.

**I-285/GA-400**

Atlanta's largest submarket continues to lose space. Totaling 22,298,857 square feet, I-285/GA-400 experienced yet another quarter of negative absorption at 477,569 square feet. This submarket has the highest total available space at 5,104,023 square feet and has one of the lowest occupancy rates at only 77.1 percent, a 10.6 percentage point decline from one year ago. Of the total available square feet for lease, Class "A" office space accounts for 74.6 percent. The average rental rate has also dropped to \$20.37 per square foot, the lowest rate that we have seen in this submarket

since before the 1996 Olympics. Numerous large blocks of prime space are available in this submarket.

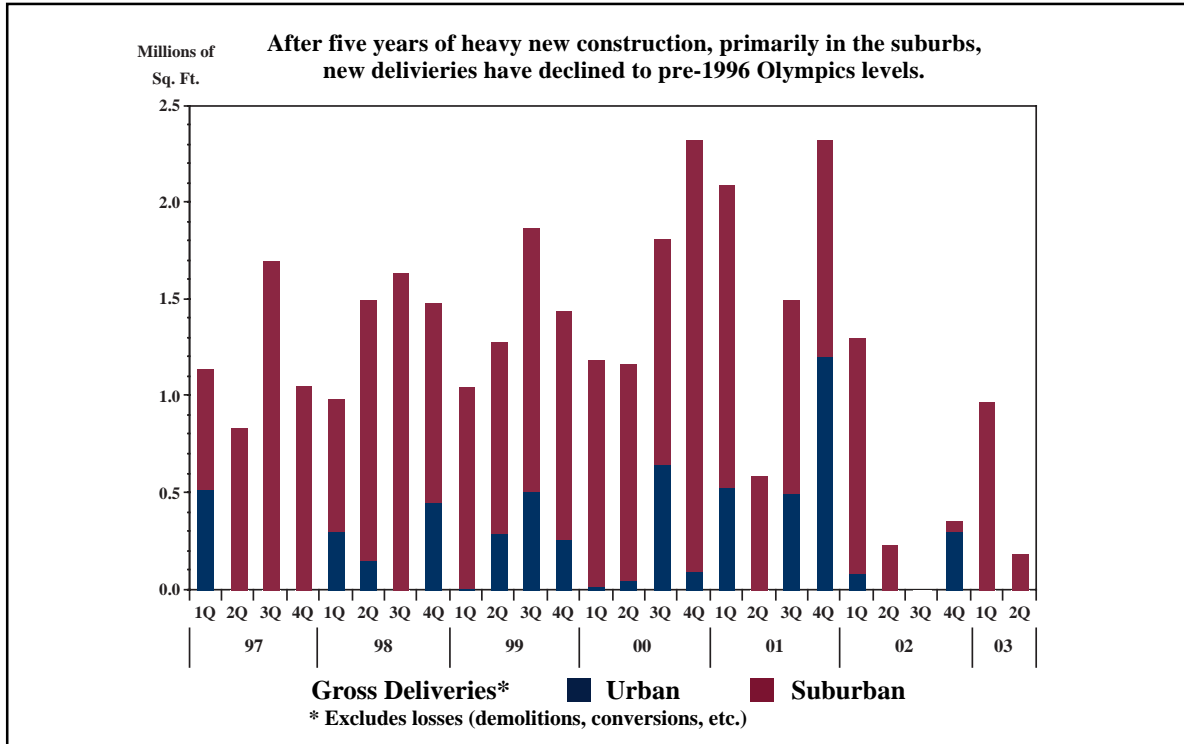
**I-75/I-285**

Atlanta's second largest submarket has felt the same downturn as the other large submarkets, but the effects have not been as great. I-75/I-285 has returned 747,474 square feet to the market since mid-year 2002, less than half the amount returned in the I-285/GA-400 submarket. However, its vacancy rate has reached 16.2%, a level not seen since the early 1990s. Available space, at 3,081,258 square feet, is a record high, barely topping the 3,072,000 vacant square feet in the third quarter of 1990. This submarket has not experienced the same growth as other submarkets in recent years. With little new space coming on line, the submarket's average rental rate is about the same as it was five years ago. The average rental rate has dropped from a high of \$21.58 per square foot in the third quarter of 2000 to today's \$20.52, a decline of \$1.08 per square foot, or about 5 percent over the last three years. With its infrastructure much improved including a new bridge at Akers Mill Road connecting to Interstate North Parkway, this submarket may continue to consolidate and gather itself for a new growth spurt in the next few years.

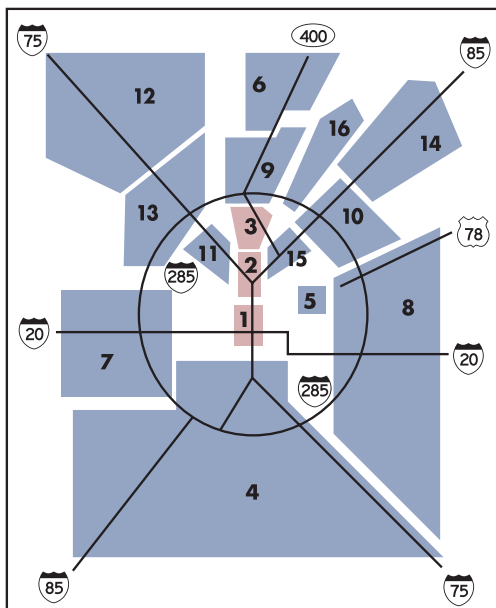
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# Speculative Buildings Under Construction

Area	Property	Square Feet	Pre-Leased Sq. Ft.	% Pre-Leased	Rental Rate	No. of Floors	Compl. Date
Midtown	Centergy One at Technology Square	448,000	264,320	59%	\$28.50	14	3Q 03
Midtown	171 17th Street	500,000	325,000	65%	\$29.25	21	2Q 04
I-75N/Marietta/Johnson Ferry	Barrett Summit 300	50,000	30,000	60%	\$19.00	2	3Q 03
NE Expressway-North	Business Park at Sargarloaf VI	103,223	103,223	100%	\$20.50	4	2Q 04
		<u>1,101,223</u>	<u>722,543</u>	<u>66%</u>	<u>\$27.66</u>		



## Area Map



## Areas

### Urban Corridor Sub-Markets

- 1 Downtown
- 2 Midtown
- 3 Buckhead/Lenox

### Suburban Sub-Markets

- 4 Airport/South
- 5 Decatur
- 6 GA-400 North
- 7 I-20W/Greenbriar
- 8 I-285E/Stone Mountain
- 9 I-285/GA-400
- 10 I-285/I-85/Northlake
- 11 I-75 Corridor
- 12 I-75N/Marietta/Johnson Ferry
- 13 I-75/I-285
- 14 NE Expressway-North
- 15 NE Expressway-South
- 16 Peachtree Corners

Sub-Market Updates, *continued***GA-400 North**

GA-400 North is Atlanta's fourth largest submarket at 14,286,219 square feet, and it continues to rank second in total available space at 3,270,030 square feet. The I-285/GA-400 and the GA-400 North submarkets are tied for Atlanta's highest vacancy rates at 22.9 percent. Occupancy has fallen by 3.8 percentage points since mid-year 2002, and rental rates decreased \$.54 since year-end 2002, down from \$19.86 to \$19.32 per square foot, the lowest since year-end 1996. Furthermore, the construction slowdown of the last two years continues in 2003, possibly indicating that this market is maturing. Only the four-story, 189,556 square foot 1100 Alderman building delivered this quarter, and it was 46 percent pre-leased. One new development is scheduled for the area: Newell Rubbermaid is slated to break ground on their new 225,000 square foot, owner-occupied corporate campus at Sanctuary Park this fall.

**Northeast Expressway-North**

The Northeast Expressway-North submarket seems to be the healthiest office submarket in Atlanta. It has consistently posted positive absorption over the last three years, even as the rest of the office market has been going through rough times. One of the reasons for the positive absorption is the submarket's popularity. Over the last five years, Northeast Expressway-North has grown by 145 percent, adding 2,455,744 square feet of office space. Still, the submarket has its negatives. The vacancy rate for Northeast Expressway-North was 21.5 percent at mid-year 2003, which makes fifteen consecutive quarters with a vacancy rate above 20 percent. The good news is that construction has slowed, and only one office building is under construction. The 103,223 square foot building is part of the Business Park at Sugarloaf, and it will deliver at 100 percent pre-leased in the second quarter of 2004.

## Office Space by Building Classification

	Total Sq. Ft.	Vacant Sq. Ft.	Vacancy Rate	Net Absorption			Average Rental Rate
				Annual	Last Two Quarters	2nd Qtr. 2003	
<b>Urban Corridor</b>							
Class "A"	22,905,281	2,967,936	13.0%	(575,552)	(135,384)	(44,177)	\$26.45
Class "B"	13,992,129	2,457,952	17.6%	(634,307)	(453,775)	(221,593)	\$20.46
Class "C"	<u>2,659,361</u>	<u>399,597</u>	<u>15.0%</u>	<u>(35,649)</u>	<u>(24,928)</u>	<u>(3,599)</u>	<u>\$17.03</u>
	<u>39,556,771</u>	<u>5,825,485</u>	<u>14.7%</u>	<u>(1,245,508)</u>	<u>(614,087)</u>	<u>(269,369)</u>	<u>\$23.69</u>
<b>Suburban</b>							
Class "A"	44,777,807	9,354,551	20.9%	(1,774,433)	(613,127)	(188,137)	\$21.38
Class "B"	33,074,858	5,677,683	17.2%	(498,232)	(620,797)	(282,830)	\$17.09
Class "C"	<u>7,568,992</u>	<u>1,415,619</u>	<u>18.7%</u>	<u>(334,887)</u>	<u>(100,936)</u>	<u>(133,516)</u>	<u>\$14.17</u>
	<u>85,421,657</u>	<u>16,447,853</u>	<u>19.3%</u>	<u>(2,607,552)</u>	<u>(1,334,860)</u>	<u>(604,483)</u>	<u>\$19.19</u>
<b>Total</b>							
Class "A"	67,683,088	12,322,487	18.2%	(2,349,985)	(748,511)	(232,314)	\$23.10
Class "B"	47,066,987	8,135,635	17.3%	(1,132,539)	(1,074,572)	(504,423)	\$18.09
Class "C"	<u>10,228,353</u>	<u>1,815,216</u>	<u>17.8%</u>	<u>(370,536)</u>	<u>(125,864)</u>	<u>(137,115)</u>	<u>\$14.91</u>
	<u>124,978,428</u>	<u>22,273,338</u>	<u>17.8%</u>	<u>(3,853,060)</u>	<u>(1,948,947)</u>	<u>(873,852)</u>	<u>\$20.62</u>

## Atlanta's Top Five

Net 2003 Absorption		Total Vacant Square Feet		Average Quoted Rental Rate	
NE Expressway-North	294,835	I-285/GA-400	5,104,023	Buckhead/Lenox	\$25.18
Peachtree Corners	33,674	GA-400 North	3,270,030	Midtown	\$23.62
Decatur	6,128	I-75/I-285	3,081,258	Downtown	\$22.72
I-285E/Stone Mountain	3,244	Downtown	2,084,346	I-75 Corridor	\$21.05
I-75 Corridor	3,182	Midtown	2,029,641	I-75/I-285	\$20.52
Total Existing Square Feet		Occupancy Rate		Space Delivered in 2003	
I-285/GA-400	22,298,857	Decatur	94.7%	I-285/GA-400	743,000
I-75/I-285	19,041,319	I-285/E/Stone Mountain	93.6%	GA-400 North	414,556
Downtown	16,593,668	NE Expressway-South	91.4%		
GA-400 North	14,286,219	Downtown	87.4%		
Midtown	11,513,750	Buckhead/Lenox	85.1%		



## Annual Absorption and Vacancy Rates by Sub-Market

For the Four Quarters Ending June 30

	1999		2000		2001		2002		2003	
	Annual Absorption	Vacancy Rate	Annual Absorption	Vacancy Rate	Annual Absorption	Vacancy Rate	Annual Absorption	Vacancy Rate	Annual Absorption	Vacancy Rate
<b>Urban Corridor</b>										
Downtown	518,666	14.5%	874,718	8.2%	426,715	8.3%	(200,024)	9.7%	(344,077)	12.6%
Midtown	119,712	9.2%	1,008,407	3.1%	203,387	6.2%	135,625	14.0%	(216,569)	17.6%
Buckhead/Lenox	<u>530,837</u>	<u>7.2%</u>	<u>735,243</u>	<u>4.1%</u>	<u>(76,939)</u>	<u>4.8%</u>	<u>34,469</u>	<u>9.0%</u>	<u>(684,862)</u>	<u>14.9%</u>
Urban Corridor Total	<u>1,169,215</u>	<u>10.8%</u>	<u>2,618,368</u>	<u>5.4%</u>	<u>553,163</u>	<u>6.6%</u>	<u>(29,930)</u>	<u>11.0%</u>	<u>(1,245,508)</u>	<u>14.7%</u>
<b>Suburban</b>										
Airport/South	76,025	17.2%	152,985	18.1%	(10,060)	21.7%	135,498	17.7%	(11,456)	18.2%
Decatur	(35,047)	7.3%	4,809	6.8%	40,925	4.0%	(7,252)	4.4%	(9,856)	5.3%
GA-400 North	1,112,586	13.7%	1,826,214	12.3%	1,490,094	16.9%	742,586	19.1%	(202,790)	22.9%
I-20W/Greenbriar	31,554	22.2%	66,205	14.2%	14,479	9.5%	(39,698)	22.3%	8,602	19.5%
I-285E/Stone Mountain	(37,562)	22.5%	91,451	4.4%	(15,064)	7.3%	12,197	5.8%	(2,663)	6.4%
I-285/GA-400	69,075	11.5%	547,806	9.2%	1,407,123	8.5%	(967,495)	13.0%	(1,560,601)	22.9%
I-285/I-85/Northlake	(35,131)	7.0%	36,877	9.9%	(68,046)	11.3%	13,750	11.0%	(190,716)	15.2%
I-75 Corridor	1,442	3.7%	(25,849)	6.5%	170,547	9.0%	13,148	7.8%	(114,053)	17.9%
I-75N/Marietta/Johnson Ferry	294,751	13.4%	457,781	10.9%	214,100	10.3%	120,252	9.4%	(342,554)	21.4%
I-75/I-285	348,581	5.7%	373,625	5.9%	463,265	7.5%	(161,234)	12.3%	(747,474)	16.2%
NE Expressway-North	311,331	14.3%	437,010	27.1%	431,320	27.2%	324,856	29.7%	340,879	21.5%
NE Expressway-South	(12,775)	2.8%	29,369	3.3%	21,798	5.1%	(35,881)	10.2%	77,541	8.6%
Peachtree Corners	<u>262,992</u>	<u>12.2%</u>	<u>201,055</u>	<u>15.6%</u>	<u>189,609</u>	<u>14.2%</u>	<u>(97,620)</u>	<u>21.3%</u>	<u>147,589</u>	<u>19.9%</u>
Suburban Markets Total	<u>2,387,822</u>	<u>9.8%</u>	<u>4,199,338</u>	<u>10.1%</u>	<u>4,350,090</u>	<u>11.3%</u>	<u>53,107</u>	<u>14.9%</u>	<u>(2,607,552)</u>	<u>19.3%</u>
Totals and Averages	<u>3,557,037</u>	<u>10.2%</u>	<u>6,817,706</u>	<u>8.6%</u>	<u>4,903,253</u>	<u>9.8%</u>	<u>23,177</u>	<u>13.7%</u>	<u>(3,853,060)</u>	<u>17.8%</u>

Note: Annual absorption is expressed in square feet.



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