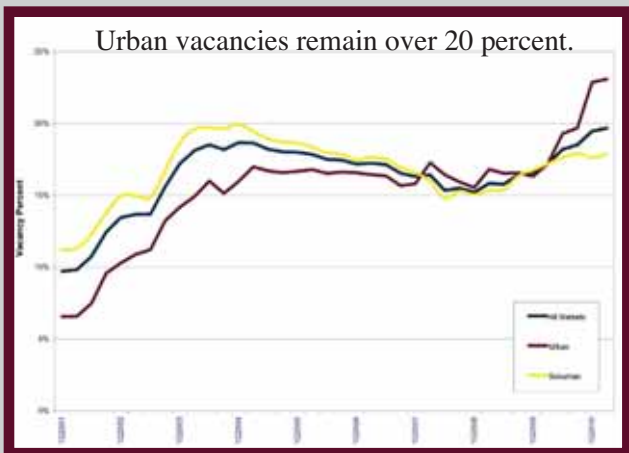
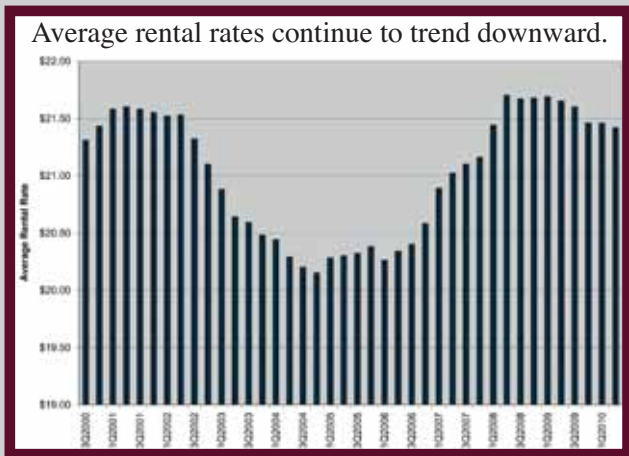
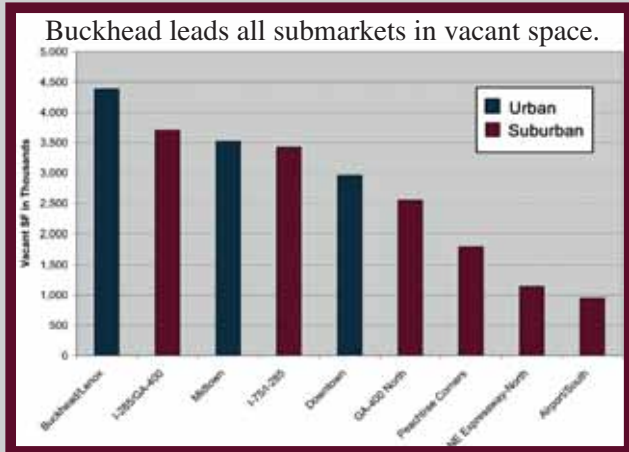


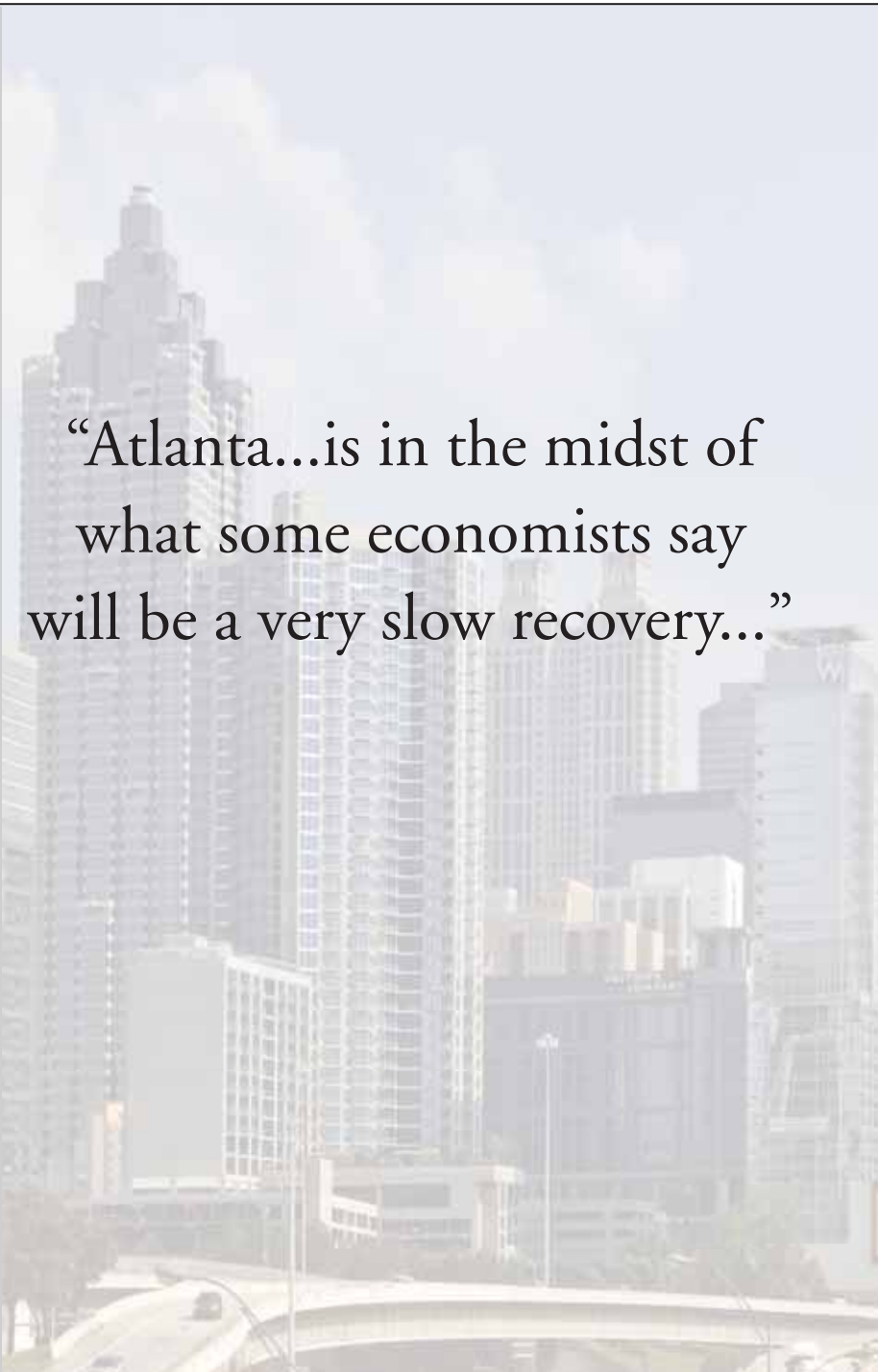
THE BOWERS DIGEST

METRO ATLANTA OFFICE MARKET ANALYSIS

Vol. 21, No. 2



“Atlanta...is in the midst of what some economists say will be a very slow recovery...”



REAL ESTATE TRENDS
MID-YEAR 2010

IN BRIEF: THE ATLANTA MARKET

Atlanta, like other major US cities, is in the midst of what some economist say will be a very slow recovery. Following five straight quarters of negative absorption, 2010 began favorably with its first-quarter positive absorption figure, restoring a sense of optimism for the remainder of the year. Second quarter absorption, however, was back in the red with 295,668 square feet of negative absorption, resulting in 242,142 square feet of negative absorption through mid-year. Overall vacancy rates have increased to 19.68 percent, up 0.21 percentage points from the first quarter of 2010 and up 2.46 percentage points from this time a year ago. This marks the highest vacancy rate the city has seen since the 1980s. Average rental rates continue on a downward trend despite having 1,640,816 square feet of trophy Class “A” space delivered during the first quarter. Average rental rates decreased from \$21.65 per square foot at mid-year 2009 to \$21.42 at mid-year 2010.

Although both the urban and suburban markets posted negative absorption in the second quarter, the urban corridor continued to outperform the suburbs with 100,946 square feet of negative absorption, compared to the suburbs at 194,722 square feet of negative absorption. Only four of the sixteen Atlanta submarkets posted positive absorption in the second quarter, two of which were in the urban corridor: Buckhead with 52,496 square feet and Downtown with 43,663 square feet. Central Perimeter’s I-285/GA-400 submarket led the city with 73,093 square feet while I-285E/Stone Mountain avoided the red this quarter with 1,410 square feet of positive absorption.

Buckhead, which has delivered nearly 3 million square feet since 2007, currently has the most available square feet of any submarket with 4,384,685 square feet and also has the highest average rental rate of all submarkets at \$26.18 per square foot. Midtown follows with an average rate of \$25.98. Downtown remains the most affordable option in the urban corridor with an average rental rate of \$21.58 per square foot.

Infrastructure. Six major interstate highway arteries (I-20, I-75, I-85, I-285, I-575, and I-675) exist in the Atlanta metro area, helping employees get to and from work. According to the U.S. Census Bureau, metro Atlanta has the fourth worst commute in the nation among cities with populations of over one million, lagging behind only New York, Washington, DC, and Chicago. With commuters averaging a drive time of 30.80 minutes, Atlanta is among only five cities with an average commute over 30 minutes. The most significant infrastructure improvement completed during the second quarter was the 17th Street bridge off-ramps—both

southbound and northbound from the I-75/I-85 connector in Midtown. Along with the recent completion of the 14th Street bridge project, the new ramps should help alleviate congestion in the Midtown submarket. Current construction on the Hammond Drive interchange and bridge in the Central Perimeter submarket continue with an estimated completion date of August, 2011. This project involves the construction of a 9-lane bridge on Hammond Drive over GA-400. Also, the city of Sandy Springs is planning to widen Hammond Drive from Roswell Road to Glenridge Drive, so Hammond Drive will be at least four lanes from Roswell Road to Perimeter Center. These GA-400/I-285 congestion improvements have been in the planning stages for about twenty years.

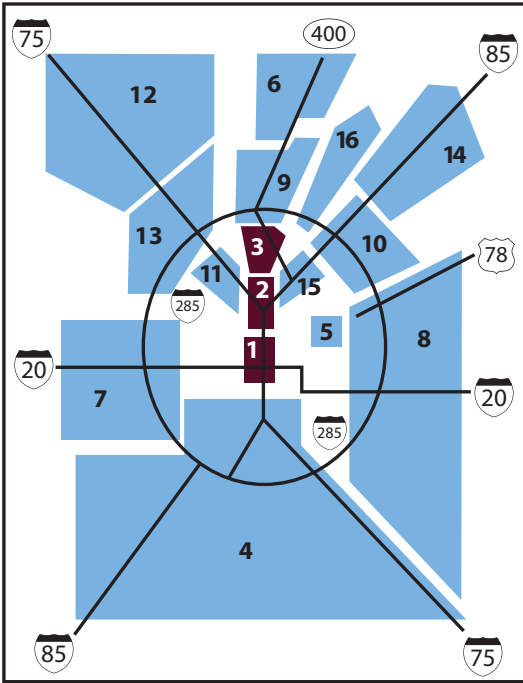
Thanks to ongoing financial struggles and budget cuts, MARTA is cutting routes and increasing wait times. Better make it out to see Bobby Cox one last time because among the routes being cut is the popular Turner Field shuttle, scheduled to be cut at the end of the season. Layoffs of over 700 MARTA employees will undeniably have a negative impact on MARTA customers, cutting the number of bus routes to 91 and reducing train service system-wide. Wait times will increase as buses extend their routes, and riders will be paying more as prices will likely increase as well. These changes will take effect in September.

The case for commuter rail lines from Atlanta to Macon continues to spark debate. Commuter rail is one solution for a car-dependent city like Atlanta and could improve its immense traffic problems, but lack of funding keeps prolonging the project. A recent comprehensive study by the Georgians for Passenger Rail offer a variety of ways that local administrations could fund the 103-mile rail line estimated to cost \$400 million.

Outlook. With close to 3 million square feet delivered during the past year and the overall average vacancy rate approaching 20 percent, new construction has been brought to a standstill. This lack of new construction will allow the Atlanta office market over time to catch up and fill this abundance of empty space. Atlanta remains one of the fastest-growing cities in the country and has attracted several Fortune 500 companies recently. Our outlook for the remainder of the year is optimistic with positive absorption and a reduction in vacancy rates. A thriving economy and job creation for the 80,000 metro Atlanta office workers who have been displaced in the last three years, would return the market to above 90% occupancy far more quickly than many office market experts are projecting.

Richard E. Bowers





Urban Corridor Submarkets

- 1. Downtown
- 2. Midtown
- 3. Buckhead/Lenox

Suburban Submarkets

- 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

THE ATLANTA OFFICE MARKET

2nd Quarter 2010 2nd Quarter 2009

Year to Date Absorption	(242,142)	(795,810)
2nd Quarter Absorption	(950,422)	(1,160,790)
Total Existing Square Feet	135,121,702	132,243,639
Total Available Square Feet	26,597,453	22,768,968
Percent Of Total Space Vacant	19.68%	17.22%
Average Quoted Rental Rate	\$21.42	\$21.65
Space Delivered YTD - Square Feet*	1,640,816	541,318

* Excludes Net Losses

ATLANTA'S TOP FIVE RANKING SUBMARKETS

Absorption Year-to-Date 2010:

I-285/GA-400	92,561
NE Expressway - North	73,435
GA-400 North	31,055
I-75N/Marietta/JF	21,921
Downtown	14,204

Total Available Square Feet:

Buckhead/Lenox	4,384,685
I-285/GA-400	3,703,221
Midtown	3,517,502
I-75/I-285	3,422,061
Downtown	2,959,473

Total Existing Square Feet:

I-285/GA-400	22,231,630
I-75/I-285	18,857,310
Downtown	16,794,417
GA-400 North	15,806,617
Buckhead/Lenox	15,268,768

Submarket Occupancy Rate:

I-75 Corridor	95.10%
NE Expressway - South	88.51%
I-285/I-85/Northlake	85.46%
Decatur	84.14%
GA-400 North	83.87%

Average Quoted Rental Rate:

Buckhead/Lenox	\$26.18
Midtown	\$25.98
I-285/GA-400	\$22.08
I-75 Corridor	\$22.00
Downtown	\$21.58

Average Class "A" Rental Rate:

I-75 Corridor	\$30.00
Midtown	\$28.97
Buckhead/Lenox	\$28.25
Downtown	\$24.08
I-285/GA-400	\$23.64

The Bowers Digest was prepared by the Research Department & Assistants of Richard Bowers & Company. 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. Copyright © 2010 by Richard Bowers & Company, Atlanta, Georgia. All rights reserved.

ATLANTA MARKET TRENDS BY QUARTER

Quarter	Total Sq. Ft.	Vacant Sq. Ft.	Vacancy Rate	Delivered Qtr.	Delivered YTD	Net Absorption			Average Rental Rate
						4 Qtr. Total	Year To Date	Quarter	
2Q2010	135,121,512	26,597,453	19.68%	0	1,640,626	(950,612)	(242,332)	(295,858)	\$21.42
1Q2010	135,121,512	26,301,595	19.47%	1,640,626	1,640,626	(1,057,734)	53,526	53,526	\$21.46
4Q2009	133,480,886	24,714,495	18.52%	(57,896)	1,537,056	(1,504,090)	(1,504,090)	(462,214)	\$21.46
3Q2009	133,538,782	24,310,177	18.20%	1,295,143	1,594,952	(1,409,361)	(1,041,876)	(246,066)	\$21.60
2Q2009	132,243,639	22,768,968	17.22%	468,273	299,809	(1,160,790)	(795,810)	(402,980)	\$21.65
1Q2009	131,775,366	21,897,715	16.62%	(168,464)	(168,464)	(697,724)	(392,830)	(392,830)	\$21.69
4Q2008	131,943,830	21,673,349	16.43%	578,763	1,671,603	209,123	209,123	(367,485)	\$21.68
3Q2008	131,365,067	20,727,101	15.78%	(83,012)	1,092,840	578,189	576,608	2,505	\$21.67
2Q2008	131,448,079	20,812,618	15.83%	1,023,852	1,175,852	2,250,406	574,103	60,086	\$21.70
1Q2008	130,424,227	19,848,852	15.22%	152,000	152,000	3,059,471	514,017	514,017	\$21.44
4Q2007	130,272,227	20,210,869	15.51%	256,805	1,757,439	2,801,220	2,801,220	1,581	\$21.16
3Q2007	130,015,422	19,955,645	15.35%	331,482	1,500,634	3,568,043	2,799,639	1,674,722	\$21.10
2Q2007	129,683,940	21,298,885	16.42%	1,193,023	1,169,152	2,463,881	1,124,917	869,151	\$21.02
1Q2007	128,490,917	20,975,013	16.32%	(23,871)	(23,871)	2,057,421	255,766	255,766	\$20.89
4Q2006	128,514,788	21,254,650	16.54%	713	669,630	1,732,397	1,732,397	768,404	\$20.58
3Q2006	128,514,075	22,022,341	17.14%	525,749	668,917	1,259,846	963,993	570,560	\$20.40
2Q2006	127,988,326	22,067,152	17.24%	657,139	143,168	1,064,582	393,433	462,691	\$20.34
1Q2006	127,331,187	21,872,704	17.18%	(513,971)	(513,971)	790,408	(69,258)	(69,258)	\$20.26
4Q2005	127,845,158	22,317,417	17.46%	271,853	727,356	1,328,091	1,328,091	295,853	\$20.38
3Q2005	127,573,305	22,341,417	17.51%	(68,300)	455,503	1,168,165	1,032,238	375,296	\$20.32
2Q2005	127,641,605	22,785,013	17.85%	(5,779)	523,803	1,341,306	656,942	188,517	\$20.30
1Q2005	127,647,384	22,979,309	18.00%	529,582	529,582	1,596,038	468,425	468,425	\$20.28
4Q2004	127,117,802	22,918,152	18.03%	(109,922)	300,360	452,524	452,524	135,927	\$20.15
3Q2004	127,227,724	23,164,001	18.21%	0	410,282	734,890	316,597	548,437	\$20.20
2Q2004	127,227,724	23,712,438	18.64%	492,223	410,282	91,024	(231,840)	443,249	\$20.29
1Q2004	126,735,501	23,663,464	18.67%	(81,941)	(81,941)	(1,309,815)	(675,089)	(675,089)	\$20.44

The Urban Corridor

At mid-year 2010, the urban corridor showed 100,946 square feet of negative absorption, the fourth consecutive quarter in the red. Four-quarter-cumulative absorption figures for the three urban submarkets (Downtown, Midtown, and Buckhead) totaled negative 525,168 square feet; the largest cumulative year of office space loss dating back to 2003. Average quoted rental rates within the urban corridor are at \$24.47 and remain steady, having fallen only slightly from \$24.57 in the third quarter of 2009.

The urban corridor has witnessed an interesting last two years with the addition of over 3 million square feet of office space in a total of six buildings; 1,973,677 square feet in Buckhead and 1,266,318 square feet in Midtown. During this time the urban market has averaged 256,149 square feet of negative absorption per quarter, and the average vacancy rate has jumped from 16.54 percent vacant to 23.09 percent vacant today. Businesses seeking office space have plenty of options in the urban corridor, where there is 10,861,660 square feet of office space available.

Buckhead accounts for one third of the urban market and makes up 11.3 percent of the overall Atlanta office market. A closer look at the Buckhead market reveals an unprecedented 28.72 percent vacancy, although down from 29.06 percent vacant last quarter. Buckhead was the leading urban area in total space absorbed during the second quarter of 2010 with 52,496 square feet. A trend that we hope to



see continue as these new trophy, Class “A” towers continue to fill up, some with space already pre-leased. Located in the heart of Buckhead, the 3344 Peachtree Rd building is one force behind this positive absorption. Since its delivery in the second quarter of 2008, this 496,921 square foot giant has already reached 94 percent occupancy. Anchored by the arrival of the law firm of Weinberg, Wheeler, Hudgins, Gunn & Dial, the building has jumped from 78 percent occupancy to 94 percent occupancy during the second quarter alone. Other new buildings however have not been so successful. Three of the four new buildings added in the last year (Phipps Tower, 3630 Peachtree, and Terminus 200) are currently less than 10 percent occupied; consequently Buckhead is now the leading submarket in available space with 4,384,685 square feet available. In response to increased supply, Buckhead rates dropped from \$26.32 per square foot in first quarter 2010 to \$26.18 per square foot in the second quarter, yet maintains its title as the most expensive submarket in the city.

Midtown is the smallest of the three urban submarkets with 14,981,031 total existing square feet. Vacancies in the second quarter of 2010 continue to rise, up from 22.16 percent vacant last quarter to 23.48 percent at mid-year. Since the fourth quarter of 2006, the vacancy rate has more than doubled. Most of Midtown’s 197,105 square feet of negative absorption this quarter can be attributed to the AT&T sublet space in Promenade II that returned to direct, leaseable space. This change accounted for 66 percent of the overall negative absorption in the second quarter and would have put the urban corridor into positive absorption numbers if the sublet space had not expired. The average rental rate in Midtown

NOTABLE LEASE TRANSACTIONS

Lessee	Property	Size (SF)
Atlanta Journal-Constitution	Perimeter Center	127,823
Greenburg Traurig	Terminus 200	110,329
Cox Enterprises	9000 Central Park	102,500
Weinberg, Wheeler, Hudgens, Gunn & Dial	3344 Peachtree Rd	64,000
Hall Booth Smith & Slover	191 Peachtree St	54,000
Hughes Telematics	2002 Summit Blvd	49,353
Sony Ericsson	Terminus 200	49,000
Cox IT	1001 Summit Blvd	31,000
Media Brokers	Parkway 400 - Bldg Two	24,617
Passport Office	230 Peachtree St	17,000
* GT Software	Peachtree Center	14,121
Barclay Services	3344 Peachtree Rd	14,000
Nall & Miller	Peachtree Center	14,000
Balentine	3344 Peachtree Rd	10,000
Xerox	Two Point Royal	8,459

* Indicates Transaction Represented by Richard Bowers & Co

“Tenants have had the upper hand in most lease transactions over the last few quarters...”

OFFICE SPACE BY BUILDING CLASSIFICATION

	Total Sq. Ft.	Vacant Sq. Ft.	Vacancy Rate	Net Absorption		
				4th Quarter	4-Qtr Total	Average Rental Rate
Urban Corridor						
Class A	30,585,059	7,746,908	25.33%	(74,133)	(334,900)	\$27.26
Class B	14,510,360	2,867,068	19.76%	(16,523)	(125,922)	\$19.64
Class C	<u>1,948,797</u>	<u>247,684</u>	<u>12.71%</u>	<u>(10,290)</u>	<u>(64,346)</u>	<u>\$16.81</u>
Total	<u>47,044,216</u>	<u>10,861,660</u>	<u>23.09%</u>	<u>(100,946)</u>	<u>(525,168)</u>	<u>\$24.47</u>
Suburban						
Class A	48,850,060	8,068,872	16.52%	(73,735)	98,917	\$21.98
Class B	32,733,124	5,970,093	18.24%	(64,997)	(258,187)	\$17.50
Class C	<u>6,494,302</u>	<u>1,696,828</u>	<u>26.13%</u>	<u>(55,990)</u>	<u>(265,984)</u>	<u>\$14.78</u>
Total	<u>88,077,486</u>	<u>15,735,793</u>	<u>17.87%</u>	<u>(194,722)</u>	<u>(425,254)</u>	<u>\$19.78</u>
Total Market						
Class A	79,435,119	15,815,780	19.91%	(147,868)	(235,983)	\$24.01
Class B	47,243,484	8,837,161	18.71%	(81,520)	(384,109)	\$18.15
Class C	<u>8,443,099</u>	<u>1,944,512</u>	<u>23.03%</u>	<u>(66,280)</u>	<u>(330,330)</u>	<u>\$15.25</u>
Total	<u>135,121,702</u>	<u>26,597,453</u>	<u>19.68%</u>	<u>(295,668)</u>	<u>(950,422)</u>	<u>\$21.42</u>



ATLANTA OFFICE MARKET: COMPARISON BY SUBMARKETS



Urban

Downtown
Midtown
Buckhead/Lenox

Urban Totals

Suburban

Airport/South
Decatur
GA-400 North
I-20W/Greenbriar

I-285/GA-400
I-285/I-85/Northlake
I-285E/Stone Mtn.
I-75 Corridor

I-75/I-285
I-75N/Marietta/J.Ferry
NE Expressway-North
NE Expressway-South
Peachtree Corners

Suburban Totals

Total With Averages

Total Market					
Total Sq. Ft.	Vacant Sq. Ft.	Occupancy Rate	Absorption This Qtr	Absorption YTD	Average Rental Rate
16,794,417	2,959,473	82.38% ↓	43,663	14,204 ↑	\$21.58 ↓
14,981,031	3,517,502	76.52% ↓	(197,105)	(152,522) ↓	\$25.98 ↓
<u>15,268,768</u>	<u>4,384,685</u>	71.28% ↓	<u>52,496</u>	<u>(144,981)</u> ↓	<u>\$26.18</u> ↑
47,044,216	10,861,660	76.91% ↓	(100,946)	(283,299) ↓	\$24.47 ↓
3,239,696	944,611	70.84% ↓	(23,375)	10,164 ↑	\$16.79 ↑
1,142,709	181,278	84.14% ↓	(24,425)	(30,278) ↓	\$19.94 ↑
15,806,617	2,550,127	83.87% ↑	(39,553)	31,055 ↑	\$19.51 ↓
321,053	86,967	72.91% ↑	(1,590)	(1,590) ↓	\$13.70 ↓
22,321,630	3,703,221	83.41% ↓	73,093	92,561 ↑	\$22.08 ↓
4,259,720	619,566	85.46% ↓	(22,943)	(49,869) ↑	\$17.34 ↓
320,920	53,993	83.18% ↓	1,410	(5,640) ↓	\$13.76 ↑
1,127,333	55,186	95.10% ↓	(10,600)	3,707 ↑	\$22.00 ↓
18,857,310	3,422,061	81.85% ↓	(81,602)	(102,218) ↓	\$20.54 ↓
3,169,873	647,166	79.58% ↓	(9,300)	21,921 ↑	\$18.92 ↓
4,760,932	1,140,944	76.04% ↑	(43,833)	73,435 ↑	\$18.26 ↑
4,663,151	535,865	88.51% ↑	(3,794)	9,151 ↑	\$18.47 ↓
<u>8,086,542</u>	<u>1,794,808</u>	<u>77.80%</u> ↓	<u>(8,210)</u>	<u>(11,242)</u> ↑	<u>\$16.82</u> ↓
88,077,486	15,735,793	82.13% ↓	(194,722)	41,157 ↑	\$19.78 ↓
135,121,702	26,597,453	80.32% ↓	(295,668)	(242,142) ↑	\$21.42 ↓

Change from Mid-Year 2009: ↑ Increase ↓ Decrease - No Change

is \$25.98 per square foot with the average Class “A” rate at \$28.97, higher than both Downtown and Buckhead.

Over four dollars per square foot less than Buckhead and Midtown, Downtown continues to be the most affordable in-town option with an average rental rate of \$21.58 per square foot. Downtown has 16,794,417 total existing square feet and is currently 82.38 percent occupied, making it the largest and most occupied submarket in the urban corridor. Year-to-date, Downtown has 14,204 square feet of space absorbed with 43,663 square feet of positive absorption taking place in the second quarter of 2010. We continue to watch the number of large spaces available within this submarket. Currently there are ten buildings with over 100,000 square feet of contiguous space available. Plenty of opportunities exist for a major tenant in this urban market.

The Suburban Markets

Commercial real estate office markets remain relatively weak across the thirteen Atlanta suburban submarkets. Seven of the last eight quarters have ended with more than 100,000 square feet of negative absorption. Most recently, mid-year 2010 ended with 194,722 square feet of negative office space absorbed. Tenants have had the upper hand in most lease transactions over the last few quarters as reflected by the drop in average rental rate; falling from \$20.32 per square foot



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
1,511,372	83.51%	\$24.08	1,321,655	79.92%	\$18.90	126,446	87.89%	\$16.54
2,865,353	73.82%	\$28.97	532,430	84.26%	\$18.13	119,719	81.72%	\$16.47
<u>3,370,183</u>	<u>67.82%</u>	<u>\$28.25</u>	<u>1,012,983</u>	<u>77.72%</u>	<u>\$21.82</u>	<u>1,519</u>	<u>99.39%</u>	<u>\$18.81</u>
<u>7,746,908</u>	<u>74.67%</u>	<u>\$27.26</u>	<u>2,867,068</u>	<u>80.24%</u>	<u>\$19.64</u>	<u>247,684</u>	<u>87.29%</u>	<u>\$16.81</u>
329,422	64.88%	\$20.32	235,526	81.01%	\$15.84	379,663	64.23%	\$14.78
73,742	81.79%	\$21.91	107,536	85.42%	\$18.86	0	n/a	n/a
1,775,025	85.00%	\$20.72	775,102	80.37%	\$15.88	0	100.00%	\$16.50
0	n/a	n/a	11,130	79.00%	\$23.50	75,837	71.71%	\$11.76
2,412,421	83.81%	\$23.64	879,082	85.96%	\$19.90	411,718	64.50%	\$13.89
79,211	84.84%	\$19.84	264,090	86.97%	\$17.59	276,265	83.84%	\$16.29
25,153	54.00%	\$21.25	0	100.00%	\$12.36	28,840	77.57%	\$12.08
14,840	93.00%	\$30.00	26,792	96.81%	\$20.43	13,554	82.00%	\$17.00
1,831,867	85.30%	\$22.46	1,431,472	75.40%	\$17.03	158,722	72.58%	\$14.69
354,108	77.28%	\$20.70	226,218	81.81%	\$17.58	66,840	81.83%	\$15.90
764,756	75.52%	\$19.75	369,823	76.96%	\$15.38	6,365	80.00%	\$17.00
23,116	95.13%	\$21.70	486,524	86.95%	\$18.42	26,225	94.30%	\$15.59
<u>385,211</u>	<u>83.70%</u>	<u>\$19.65</u>	<u>1,156,798</u>	<u>77.28%</u>	<u>\$16.05</u>	<u>252,799</u>	<u>60.02%</u>	<u>\$12.53</u>
<u>8,068,872</u>	<u>83.48%</u>	<u>\$21.98</u>	<u>5,970,093</u>	<u>81.76%</u>	<u>\$17.50</u>	<u>1,696,828</u>	<u>73.87%</u>	<u>\$14.78</u>
<u>15,815,780</u>	<u>80.09%</u>	<u>\$24.01</u>	<u>8,837,161</u>	<u>81.29%</u>	<u>\$18.15</u>	<u>1,944,512</u>	<u>76.97%</u>	<u>\$15.25</u>

“The urban corridor has witnessed an interesting last two years with the addition of over 3 million square feet...”

in third quarter of 2008 to \$19.78 per square foot today. Financing for property purchases remains hard to come by, and financing for new construction has all but dried up. Having delivered 432,092 square feet of new office space in the last two years, suburban deliveries make up only 14 percent of what the urban corridor delivered during that same time. There are currently no properties under construction.

As the largest submarket in total existing square feet with 22,321,630 square feet, Central Perimeter (I-285/GA-400) accounts for 16.52 percent of the total metro Atlanta office market. A major addition for the Central Perimeter submarket this quarter was the relocation of the Atlanta Journal-Constitution who moved from Downtown into their new home in Perimeter Center. This massive submarket led all Atlanta submarkets in the second quarter of 2010 with positive absorption of 73,093 square feet and ranks number one in absorption year-to-date with 92,561 square feet. Currently, the vacancy rate is at 16.59 percent, down from the previous quarter when it was 16.92 percent vacant. Two-thirds of the Central Perimeter submarket consists of class “A” office buildings. Average quoted class “A” rental rates are \$23.64 per square feet, much higher than the suburban average class “A” rate at \$21.98 per square foot. Quoted rental rates for the class “B” sector are at \$19.90 per square foot.

While the Central Perimeter submarket experienced positive absorption for the quarter, the neighboring I-75/I-285 submarket experienced 81,602 square feet of negative absorption. The submarket is in the red at 102,218 square feet of negative absorption for the year, leading the way for all suburban submarkets. Overall average quoted rental rates continued to trend downward for the eighth consecutive quarter, falling from \$21.30 per square foot at the third quarter of 2008 to \$20.54 per square foot today. Quoted class “A” rental rates ended the second quarter at \$22.46 per square foot, down from the previous quarter at \$22.52 per square foot.



ANNUAL ABSORPTION AND VACANCY RATE BY SUBMARKET

	<u>2nd Qtr. 2006</u>		<u>2nd Qtr. 2007</u>		<u>2nd Qtr. 2008</u>		<u>2nd Qtr. 2009</u>		<u>2nd Qtr. 2010</u>	
	<u>4 Qtrs. Absorption</u>	<u>Vacancy Rate</u>	<u>4 Qtrs. Absorption</u>	<u>Vacancy Rate</u>	<u>4 Qtrs. Absorption</u>	<u>Vacancy Rate</u>	<u>4 Qtrs. Absorption</u>	<u>Vacancy Rate</u>	<u>4 Qtrs. Absorption</u>	<u>Vacancy Rate</u>
Urban										
Downtown	(27,970)	20.03%	(279,636)	22.55%	611,477	17.76%	67,099	17.36%	(44,419)	17.62%
Midtown	738,510	13.78%	176,186	14.32%	18,425	16.07%	108,541	18.50%	(155,496)	23.48%
Buckhead/Lenox	<u>96,983</u>	<u>14.31%</u>	<u>764,560</u>	<u>13.33%</u>	<u>24,076</u>	<u>16.39%</u>	<u>93,379</u>	<u>15.69%</u>	<u>(325,253)</u>	<u>28.72%</u>
Urban Totals	<u>807,523</u>	<u>16.44%</u>	<u>661,110</u>	<u>17.27%</u>	<u>653,978</u>	<u>16.81%</u>	<u>269,019</u>	<u>17.22%</u>	<u>(525,168)</u>	<u>23.09%</u>
Suburban										
Airport/South	24,997	19.62%	110,651	17.69%	(47,669)	25.98%	187,625	21.19%	(156,954)	29.16%
Decatur	76,124	8.88%	(25,558)	11.25%	61,699	10.66%	(34,398)	13.67%	(25,036)	15.86%
GA-400 North	279,944	19.61%	891,995	14.81%	261,904	14.14%	(17,625)	16.20%	10,732	16.13%
I-20W/Greenbriar	(19,513)	28.13%	39,147	15.93%	(27,286)	24.43%	(8,844)	27.19%	315	27.09%
I-285/GA-400	125,502	16.16%	429,640	14.01%	555,249	12.90%	(738,209)	15.91%	(199,603)	16.59%
I-285/I-85/Northlake	(78,077)	19.05%	18,811	18.12%	116,140	15.53%	(118,807)	13.95%	(25,480)	14.54%
I-285E/Stone Mountain	(11,549)	7.47%	18,129	14.44%	(35,229)	10.03%	(88,521)	14.33%	(7,990)	16.82%
I-75 Corridor	(40,381)	23.32%	108,053	13.73%	86,039	6.10%	17,397	4.56%	(3,823)	4.90%
I-75/I-285	(332,270)	16.89%	(155,704)	17.92%	136,318	18.10%	29,344	17.94%	(38,206)	18.15%
I-75N/Marietta/Johnson Fy	3,811	16.14%	157,490	13.81%	86,716	14.53%	(72,262)	16.81%	(114,289)	20.42%
NE Expressway-North	76,167	22.25%	26,055	24.33%	281,583	18.72%	(167,426)	24.81%	122,085	23.96%
NE Expressway-South	(98,561)	14.01%	99,267	10.60%	(38,015)	11.41%	(17,588)	11.79%	13,953	11.49%
Peachtree Corners	<u>250,865</u>	<u>18.97%</u>	<u>84,795</u>	<u>17.88%</u>	<u>158,979</u>	<u>16.43%</u>	<u>(400,495)</u>	<u>22.18%</u>	<u>(958)</u>	<u>22.20%</u>
Suburban Totals	<u>257,059</u>	<u>17.64%</u>	<u>1,802,771</u>	<u>16.00%</u>	<u>1,596,428</u>	<u>15.34%</u>	<u>(1,429,809)</u>	<u>17.21%</u>	<u>(425,254)</u>	<u>17.87%</u>
Total With Averages	<u>1,064,582</u>	<u>17.24%</u>	<u>2,463,881</u>	<u>16.42%</u>	<u>2,250,406</u>	<u>15.83%</u>	<u>(1,160,790)</u>	<u>17.22%</u>	<u>(950,422)</u>	<u>19.68%</u>

Agents

Jonathan Alford, Ernie R. Baker, Thomas Barrow, Richard Bowers, SIOR, Rick Bowers Jr., Linda Burns, Michael Cheney, David Clappier, Daniel Gannon, Drew Griffin, Randy Hoyer, Bill Johnson, CCIM, Greg Kindred, Jeff Kinton, Chet Lacy, Anthony Lois, Dean Lord, Charles McDonald, Jeff McMullen, Paul Mendel, Donnie Miller, Tim Moresco, David Morgan, Ray Nestlehutt, Ash Parker, Hugh Rader, Diana Rowe, Jenna Schulten, Jeff Searcy, George Smeltzer, Richard L. Smith Jr., CCIM, Tarkenton Thompson, Park Williams, Grahame Wood, Vernon L. Wright

Research

Amar Balikai, Jeremy Harrison, Jonathan Majors, Ashley Wilson

Administrative

Charity Abraham, Sandra Bowers, Deborah Gleason, Cynthia Lloyd, Pier Mallory, Tasana Owen-Minsheu, Dianne Oeser, Jeanel Savoy, Mary Sorrells Carter, Ginger Toothman, Keri Whyayne



Richard Bowers & Co.
Real Estate



Broker - Richard E. Bowers, SIOR, President

260 Peachtree Street, Suite 2400, Atlanta, Georgia 30303

Phone: 404-816-1600 Fax: 404-880-0077 www.richardbowers.com