

MARKET REPORT

"Our outlook remains positive with continued absorption and improving market conditions." - RICHARD BOWERS, SIOR

Third quarter 2005 continued a slow, but consistent, absorption trend for the Atlanta office market. With 13 of Atlanta's 16 submarkets showing positive absorption, the overall market registered 473,433 square feet of positive absorption during the third quarter, the largest during the last four quarters. Year-to-date absorption totals 903,078 square feet.

Overall average rental rates continued to increase marginally, from \$20.11 per square foot at year-end 2004 to \$20.46 at the end of the 2005's third quarter. Not surprisingly, the three leading submarkets in average rental rates are all in the urban corridor: Buckhead/Lenox at \$24.92 per square foot, Midtown at \$24.38, and Downtown at \$21.17. The I-285/GA-400 and the I-75/I-285 submarkets led the suburbs at \$21.01 and \$20.14 per square foot, respectively.

The leading submarkets in year-to-date absorption are the I-285/GA-400 submarket at 643,380 square feet, followed by GA-400 North at 297,536 square feet, and Midtown at 236,570 square feet. Total space availability has decreased by nearly two million square feet since second quarter 2004 (from 23,116,322 square feet to 21,161,144), due primarily to positive absorption but also to a number of buildings being removed from the market for alternative uses or redevelopment. Teardowns and conversions will continue with a number of low-rise office parks along the perimeter being demolished and several intown buildings undergoing conversions. 256,000 square feet of office space has been removed from the market during 2005.

The submarkets with the greatest availability remain the same with three submarkets having more than 3 million square feet available: I-285/GA-400 at 3,484,750 square feet, I-75/I-285 with 3,302,605, and Downtown with 3,054,197.

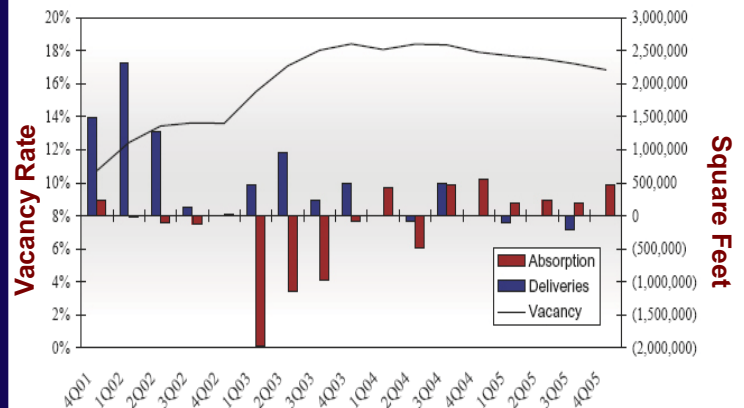
The suburban submarkets have soundly outperformed the urban markets for 2005 year-to-date with the spread between their occupancy levels narrowing. The urban corridor still remains at a higher occupancy level at 83.94 percent as compared to the suburbs at 82.79 percent. The urban submarkets' average rental rate is significantly higher at \$23.21 per square foot as compared to the suburbs' \$19.15 per square foot. Year-to-date, the suburban market absorbed 900,444 square feet, while the urban market managed only 2,634 square feet of positive absorption.

Only one delivery has occurred so far in 2005, a 56,400 square foot, one-story office building at Camp Creek Business Park. The Southern Company Headquarters—30 Allen Plaza in Downtown, a 260,000 square foot building—is scheduled for delivery in the fourth quarter for a projected total of 316,400 square feet to be delivered during 2005. This is the lowest amount of new space delivered since we began tracking the office market eighteen years ago. New deliveries in 2006 and 2007 will bring an additional

OFFICE MARKET SNAPSHOT

Total Square Feet:	125,624,029
Vacant Square Feet:	21,161,144
Percent Occupied:	83.16%
Absorption for Quarter:	473,433
Average Rental Rates:	\$20.46
Space Delivered YTD:	56,440
Class "A" Avg. Rental Rate:	\$22.72

METRO ATLANTA OFFICE MARKET SUMMARY 3RD QUARTER 2005



ATLANTA'S TOP FIVE RANKING SUBMARKETS

Net Absorption 1st Quarter 2005:

I-285 / GA-400	288,499
GA-400 North	119,232
Midtown	97,952
NE Expressway - North	63,611
Peachtree Corners	46,181

Total Available Square Feet:

I-285/GA-400	3,484,750
I-75/I-285	3,302,605
Downtown	3,054,197
GA-400 North	2,709,047
Midtown	1,746,503

Total Existing Square Feet:

I-285/GA-400	21,936,140
I-75/I-285	18,973,582
Downtown	16,634,456
GA-400 North	14,274,912
Midtown	12,397,234

Submarket Occupancy Rate:

I-285E/Stone Mountain	95.3%
NE Expressway-South	87.9%
Buckhead/Lenox	85.9%
I-75/Marietta/Johnson Fy	85.5%
Midtown	85.4%

Average Quoted Rental Rate:

Buckhead/Lenox	\$24.92
Midtown	\$24.38
Downtown	\$21.17
I-285 / GA-400	\$21.01
I-75 / I-285	\$20.14

Space Delivered 2005 - Sq Ft:

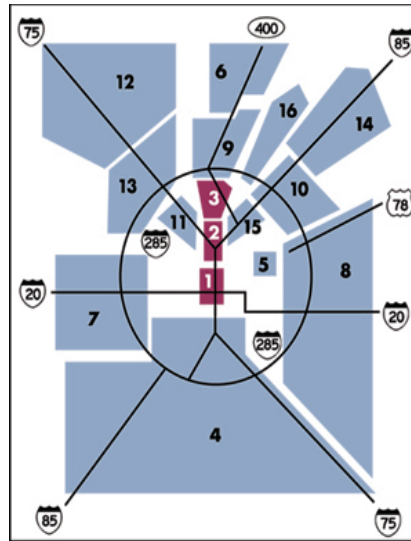
Airport/South	56,440
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1,706,010 square feet to the market, of which the vast majority will be along the urban corridor

For the next several years, the urban corridor will experience a much higher level of new office development than the suburbs, which has not been the case over the last thirty years. This situation will continue primarily due to the urban corridor's accessibility, convenience, public transportation, shorter commute times, numerous amenities, and proximity to Hartsfield-Jackson International Airport.

Although the office market remains a buyer's market, our outlook remains positive with continued absorption and market conditions less concessionary than a year ago. Actual market performance in 2005 may fall short of our earlier projections of 85 percent occupancy for year-end 2005 requiring an additional one million square feet of positive absorption and/or additional office buildings being removed from inventory by year-end 2005. Nonetheless, the office market will approach this occupancy level due to increased market activity.

METRO ATLANTA SUB-MARKETS



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-285 E / 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

OFFICE TOTALS BY SUB-MARKET

	Total Sq. Ft.	Vacant Sq. Ft.	Occupancy Rate	Absorption This Qtr.	Absorption Year to Date	Avg. Rent Rate
Urban						
Downtown	16,634,456	3,054,197	81.64%	18,378	(127,035)	\$21.17
Midtown	12,397,234	1,746,503	85.91%	97,542	236,570	\$24.38
Buckhead/Lenox	11,453,597	1,701,291	85.15%	(20,503)	(106,901)	\$24.92
Urban Totals	40,485,287	6,501,991	83.94%	95,417	2,634	\$23.21
Suburban						
Airport/South	2,663,777	462,544	82.64%	40,915	73,909	\$15.67
Decatur	1,093,973	159,310	85.44%	11,255	(57,462)	\$19.05
GA-400 North	14,274,912	2,709,047	81.02%	119,232	297,536	\$19.01
I-20W/Greenbriar	321,053	70,786	77.95%	0	27,184	\$20.14
I-285/GA-400	21,936,140	3,484,750	84.11%	288,499	643,380	\$21.01
I-285/I-85/Northlake	4,517,699	769,246	82.97%	15,977	53,894	\$16.70
I-285E/Stone Mtn	411,251	19,164	95.34%	0	3,372	\$12.59
I-75 Corridor	1,127,333	215,071	80.92%	7,400	47,671	\$19.97
I-75/I-285	18,973,582	3,302,605	82.59%	(209,443)	(173,774)	\$20.14
I-75N/Marietta/JF	2,939,478	425,049	85.54%	44,548	6,870	\$18.47
NE Expressway-North	4,200,528	755,393	82.02%	63,611	(1,918)	\$17.99
NE Expressway-South	4,732,558	571,330	87.93%	(50,159)	(97,068)	\$18.19
Peachtree Corners	7,976,458	1,714,858	78.50%	46,181	76,850	\$16.14
Suburban Totals	85,168,742	14,659,153	82.79%	378,016	900,444	\$19.15
Total/W. Averages	125,654,029	21,161,144	83.16%	473,433	903,078	\$20.46



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