MARKET REPORT

"2011 should yield significant positive absorption and occupancy levels are expected to increase..."
- Richard Bowers, SIOR

The first quarter of 2011 started off the new year with a decline in total market occupancy, recording 179,399 square feet of negative absorption. The first quarter saw no new deliveries of space, a trend that has continued since the first quarter of 2010 when more than 1.6 million square feet of new office space exaggerated the current economy's impact on office absorption. The vacancy rate increased from 20.14 percent in the fourth quarter of 2010 to 20.28 percent, again reaching a new record high over the last twenty years.

The Atlanta urban and suburban submarkets exhibited minimal positive absorption, with Buckhead/Lenox absorbing 290,000 square feet and GA 400 North absorbing 220,850 square feet—the only submarkets with positive absorption of more than 100,000 square feet. Only five of the sixteen submarkets experienced positive absorption. The overall average quoted rental rate decreased from $21.23 per square foot in the fourth quarter of 2010, to $21.05 currently. This may be the last quarter of negative absorption, considering an improving economy and no new deliveries.

The urban corridor remains in the black on the strength of leasing in Buckhead/Lenox: the submarket totaled 290,329 square feet of positive absorption—enough to cover Midtown's and Downtown's combined losses of 288,627 square feet. Downtown, the largest of the intown markets, remains the leader in urban occupancy at 80.7 percent, followed by Midtown at 75.3 percent. Buckhead made nice gains over the previous year, increasing occupancy by more than 4 percentage points since first quarter 2010 to 74.65 percent ending in the first quarter of 2011. Urban occupancy as a whole has increased somewhat over the last year, rising about one-half a percentage point since the first quarter of 2010 to 77.03 percent

The suburban markets lost 181,101 square feet of net occupancy in 2011's first quarter, with I-285/GA-400 seeing the largest drop, experiencing more than 300,000 square feet of net move-outs. GA-400 North netted 220,850 square feet of positive absorption, the second highest absorption overall for the quarter behind only Buckhead. Occupancy has steadily decreased in the suburban market since the beginning of 2010, dropping about 1 percentage point to 81.15 percent.

Infrastructure

A number of ongoing and significant infrastructure improvements are taking place, including the work on the international terminal at the world's busiest airport—Hartsfield Jackson International. Southwest Airlines has completed its acquisition of Airtran Airways, which is expected to add both additional flights and service to and from metro Atlanta. New roadwork is somewhat limited. A new half-diamond interchange is under construction at Hammond Drive and GA-400 as well as work taking place on the I-285/GA-400 intersection which should alleviate traffic congestion in Atlanta's largest submarket. Other road improvements are largely repaving projects on existing expressways and secondary roads.

The Transportation Investment Act legislation is scheduled to be voted on in 2012, which would create a self-taxing authority capable of generating an estimated $9 billion fund for various transportation improvements, including the development of the multimodal station near Five Points at the Gulch. Cousins Properties has recently been awarded the development rights to this major Downtown development. It is hoped that commuter rail and the utilization of our existing rail lines and rights-of-way will be implemented to reduce both commuter traffic congestion and development sprawl. Many of the communities along the rail lines will expand, becoming world-class commuter cities while serving Atlanta's ongoing population growth.

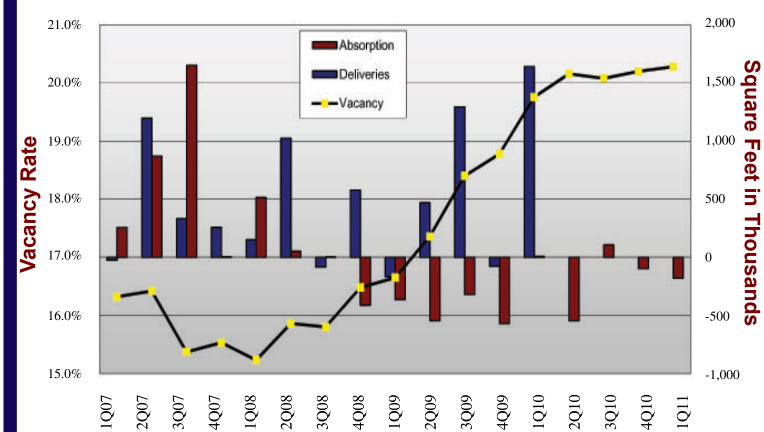
The current water supply and continued conflict with Alabama and Florida remain to be a major concern in Metro Atlanta. While

OFFICE MARKET SNAPSHOT

Total Square Feet:	135,140,100
Vacant Square Feet:	27,412,672
Percent Occupied:	79.72%
Absorption for Quarter:	(179,399)
Average Rental Rates:	$21.05
Space Delivered YTD*:	0
Class "A" Avg. Rental Rate:	$23.67

* Excludes Net Losses

METRO ATLANTA OFFICE MARKET SUMMARY 1ST QUARTER 2011



ATLANTA'S TOP FIVE RANKING SUBMARKETS

Net Absorption 1st Quarter 2011:	
Buckhead/Lenox	290,329
GA-400 North	220,850
I-75/I-285	39,476
Peachtree Corners	15,737
Decatur	964

Total Available Square Feet:	
I-285/GA-400	4,202,762
Buckhead/Lenox	3,871,949
Midtown	3,701,994
I-75/I-285	3,639,934
Downtown	3,245,743

Total Existing Square Feet:	
I-285/GA-400	22,303,103
I-75/I-285	18,857,310
Downtown	16,845,572
GA-400 North	15,787,617
Buckhead/Lenox	15,273,538

Submarket Occupancy Rate:	
I-75 Corridor	95.61%
NE Expressway-South	89.66%
I-285E/Stone Mtn	87.12%
I-285/I-85/Northlake	84.58%
GA-400 North	83.86%

Average Quoted Rental Rate:	
Midtown	$25.72
Buckhead/Lenox	$25.18
I-75 Corridor	$21.77
I-285/GA-400	$21.71
Downtown	$21.00

Average Quoted Class "A" Rental Rate:	
I-75 Corridor	$30.00
Midtown	$28.61
Buckhead/Lenox	$27.63
Downtown	$23.31
I-285/GA-400	$23.21

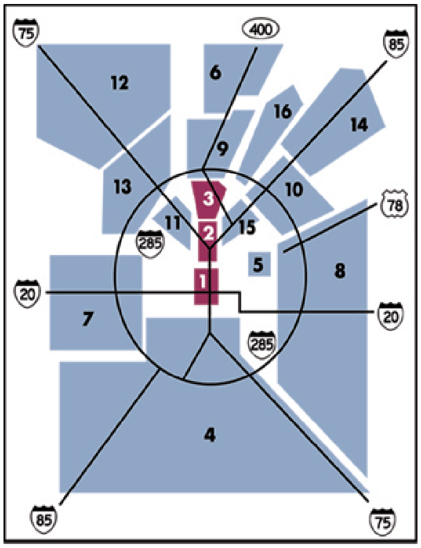
Georgia may still prevail in court over the use of Lake Lanier as a primary water source, there has also been discussion of raising the water level at Lake Lanier two feet to provide millions of gallons of additional water for Metro Atlanta and downstream requirements. The alternative would be to construct additional reservoirs to meet growing water demand and stave off shortages resulting from another extended drought.

Outlook

Increased leasing activity over the last two quarters should manifest itself in positive absorption starting in the second quarter of 2011, particularly in the urban corridor. There, tenants are taking advantage of lower lease rates and attractive concessions to migrate into more attractive office spaces with central access to highways and public transportation. More noticeable growth may take some time, as "shadow space" left by the drops in employment but not given back to the landlords is utilized before companies expand beyond their existing spaces.

Yet with an improving economy, numerous business relocations to Atlanta, an available workforce from the unemployed as well as new college graduates entering the workforce, 2011 should yield significant positive absorption and increased occupancy levels, particularly with the absence of new office deliveries.

Metro Atlanta Submarkets



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-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 Submarket

	Total Sq. Ft.	Vacant Sq. Ft.	Occupancy Rate	Absorption This Qtr.	Absorption Year to Date	Avg. Rent Rate
Urban						
Downtown	16,845,572	3,245,743	80.73%	(109,890)	(109,890)	$21.00
Midtown	14,981,031	3,701,994	75.29%	(178,737)	(178,737)	$25.72
Buckhead/Lenox	15,273,538	3,871,949	74.65%	290,329	290,329	$25.18
Urban Totals	47,100,141	10,819,686	77.03%	1,702	1,702	$23.86
Suburban						
Airport/South	3,239,696	879,199	72.86%	(40,627)	(40,627)	$16.46
Decatur	1,142,709	220,856	80.67%	964	964	$19.85
GA-400 North	15,787,617	2,547,492	83.86%	220,850	220,850	$19.28
I-20W/Greenbriar	321,053	105,850	67.03%	(2,044)	(2,044)	$13.01
I-285/GA-400	22,303,103	4,202,762	81.16%	(300,482)	(300,482)	$21.71
I-285/I-85/Northlake	4,259,720	656,900	84.58%	(15,189)	(15,189)	$17.29
I-285E/Stone Mtn	320,920	41,338	87.12%	0	0	$13.69
I-75 Corridor	1,127,333	49,440	95.61%	0	0	$21.77
I-75/I-285	18,857,310	3,639,934	80.70%	39,476	39,476	$20.36
I-75N/Marietta/Johnson F	3,169,873	731,172	76.93%	(61,634)	(61,634)	$18.50
NE Expressway-North	4,760,932	1,228,062	74.21%	(15,960)	(15,960)	$18.21
NE Expressway-South	4,663,151	482,171	89.66%	(22,192)	(22,192)	$18.30
Peachtree Corners	8,086,542	1,807,810	77.64%	15,737	15,737	$16.62
Suburban Totals	88,039,959	16,592,986	81.15%	(181,101)	(181,101)	$19.54
Total/Wgt. Averages	135,140,100	27,412,672	79.72%	(179,399)	(179,399)	$21.05

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RICHARD BOWERS & CO.

QUARTERLY OFFICE REPORT

04/13/11

Categ: Urban/Suburban
Market Analysis Summary
1st Quarter 2011

The Atlanta Office Market

	1st Quarter 2011	1st Quarter 2010
Year to Date Absorption	(179,399)	8,103
4 Quarter Cumulative Absorption	(713,487)	(1,426,613)
Total Existing Square Feet	135,140,100	135,140,100
Total Available Square Feet	27,412,672	26,699,185
Percent Of Total Space Vacant	20.28%	19.76%
Average Quoted Rental Rate	$21.05	$21.46
Space Delivered YTD - Square Feet (Does not include net losses)	0	1,640,626

Atlanta's Top Five Ranking Submarkets

Net Absorption - 1st Quarter 2011

Buckhead/Lenox	290,329
GA-400 North	220,850
I-75/I-285	39,476
Peachtree Corners	15,737
Decatur	964

Total Available Square Feet:

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Midtown	$25.72
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Average Quoted Class "A" Rental Rate:

I-75 Corridor	$30.00
Midtown	$28.61
Buckhead/Lenox	$27.63
Downtown	$23.31
I-285/GA-400	$23.21

Atlanta Office Market: Comparison by Submarkets

Totals By Submarket

1st Quarter 2011

	Total Sq. Ft.	Vacant Sq. Ft.	Occupancy Rate	Absorption This Qtr	Absorption YTD	Avg. Rent Rate
Urban						
Downtown	16,845,572	3,245,743	80.73%	(109,890)	(109,890)	$21.00
Midtown	14,981,031	3,701,994	75.29%	(178,737)	(178,737)	$25.72
Buckhead/Lenox	15,273,538	3,871,949	74.65%	290,329	290,329	$25.18
Urban Totals	**47,100,141**	**10,819,686**	**77.03%**	**1,702**	**1,702**	**$23.86**
Suburban						
Airport/South	3,239,696	879,199	72.86%	(40,627)	(40,627)	$16.46
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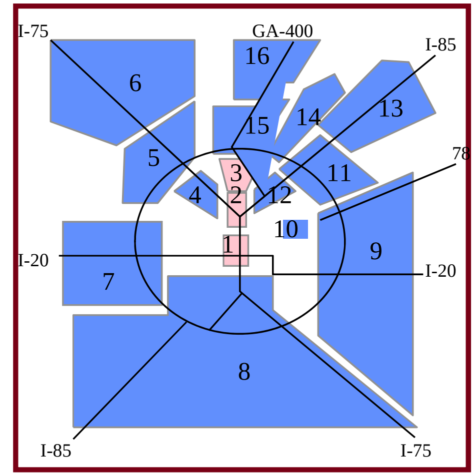
Suburban Totals	**88,039,959**	**16,592,986**	**81.15%**	**(181,101)**	**(181,101)**	**$19.54**
Total/W. Averages	**135,140,100**	**27,412,672**	**79.72%**	**(179,399)**	**(179,399)**	**$21.04**

Area Map



Area Boundaries

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

Comparison by Sub-Market, continued

	Class "A" Total Sq. Ft.	Class "A" Vacant Sq. Ft.	Class "A" Occupancy Rate	Class "A" Average Rental Rate	Class "B" Total Sq. Ft.	Class "B" Vacant Sq. Ft.	Class "B" Occupancy Rate	Class "B" Average Rental Rate	Class "C" Total Sq. Ft.	Class "C" Vacant Sq. Ft.	Class "C" Occupancy Rate	Class "C" Average Rental Rate
Urban Corridor												
Downtown	9,168,016	1,359,228	85.17%	$23.31	6,633,592	1,699,478	74.38%	$18.52	1,043,964	187,037	82.08%	$16.51
Midtown	10,944,278	2,727,478	75.08%	$28.61	3,381,853	842,853	75.08%	$18.13	654,900	131,663	79.90%	$16.53
Buckhead/Lenox	10,477,535	2,861,598	72.69%	$27.63	4,546,070	947,351	79.16%	$19.88	249,933	63,000	74.79%	$18.81
Urban Totals/Averages	**30,589,829**	**6,948,304**	**77.29%**	**$26.69**	**14,561,515**	**3,489,682**	**76.03%**	**$18.85**	**1,948,797**	**381,700**	**80.41%**	**$16.81**
Suburban												
Airport/South	937,865	257,608	72.53%	$19.25	1,275,448	317,963	75.07%	$15.95	1,026,383	303,628	70.42%	$14.55
Decatur	405,038	66,823	83.50%	$21.91	737,671	154,033	79.12%	$18.73	0	0	n/a	n/a
GA-400 North	11,837,180	1,842,190	84.44%	$20.48	3,930,437	705,302	82.06%	$15.68	20,000	0	100.00%	$16.50
I-20W/Greenbriar	0	0	n/a	n/a	53,000	7,420	86.00%	$23.00	268,053	98,430	63.28%	$11.04
I-285/GA-400	14,900,654	2,693,035	81.93%	$23.21	6,260,951	968,219	84.54%	$19.72	1,141,498	541,508	52.56%	$13.10
I-285/I-85/Northlake	522,357	93,304	82.14%	$19.84	2,027,366	298,088	85.30%	$17.53	1,709,997	265,508	84.47%	$16.22
I-285E/Stone Mtn	54,681	19,138	65.00%	$21.25	137,656	0	100.00%	$12.36	128,583	22,200	82.73%	$11.90
I-75 Corridor	212,000	10,600	95.00%	$30.00	840,033	26,792	96.81%	$20.13	75,300	12,048	84.00%	$17.00
I-75/I-285	11,859,332	1,710,608	85.58%	$22.56	6,508,637	1,751,651	73.09%	$16.85	489,341	177,675	63.69%	$13.70
I-75N/Marietta/JF	1,558,599	414,665	73.40%	$20.09	1,303,356	260,099	80.04%	$17.42	307,918	56,408	81.68%	$15.08
NE Expressway-North	3,123,889	773,051	75.25%	$19.81	1,605,219	447,055	72.15%	$15.19	31,824	7,956	75.00%	$14.00
NE Expressway-South	474,436	25,217	94.68%	$21.70	3,728,385	429,194	88.49%	$18.21	460,330	27,760	93.97%	$15.59
Peachtree Corners	2,363,029	342,289	85.51%	$19.38	5,091,185	1,188,804	76.65%	$15.93	632,328	276,717	56.24%	$11.91
Suburban Totals/Averages	**48,249,060**	**8,248,528**	**82.90%**	**$21.76**	**33,499,344**	**6,554,620**	**80.43%**	**$17.33**	**6,291,555**	**1,789,838**	**71.55%**	**$14.34**
Totals & Averages	**78,838,889**	**15,196,832**	**80.72%**	**$23.67**	**48,060,859**	**10,044,302**	**79.10%**	**$17.79**	**8,240,352**	**2,171,538**	**73.65%**	**$14.92**