Richard Bowers & Co: 3Q 2008 Atlanta office market report

In tenth straight quarter of positive absorption, urban corridor solidly outperforms suburbs

Atlanta (October 6, 2008) – During the third quarter of 2008, the Atlanta office market showed slight improvements over mid-year 2008 with positive net absorption of 38,287 square feet. Total absorption for 2008 now measures 1,042,130 square feet, down nearly two-thirds from the same quarter last year.

The urban corridor (Downtown, Midtown and Buckhead/Lenox) solidly outperformed the suburbs in the third quarter with 220,721 square feet of positive absorption, while the suburban submarkets experienced negative absorption of 182,434 square feet. Rental rates along the urban corridor are still $4.01 per square foot higher than the suburbs at average rates of $24.32 and $20.31, respectively. The urban corridor also enjoys a higher occupancy rate at 85.15 percent than the suburbs at 84.57 percent.

"Our ongoing urban renaissance and public transportation objectives clearly favor the urban corridor," said Richard Bowers, president and CEO of Richard Bowers & Co. "There is also a groundswell in the interest of new investment in alternative public transportation to serve Atlanta's commuters and offset our commuting difficulties, particularly with short-term fuel shortages and longer-term prices exceeding $4.00 per gallon. We are thrilled with the positive news about commuter rail in the Athens-Atlanta-Macon corridor, particularly Griffin-to-Atlanta, and the Downtown Multimodal Passenger Terminal."

The Midtown submarket led net absorption gains for the quarter with 168,675 square feet, followed by the Airport/South (80,363 square feet), NE Expressway-South (53,509 square feet), Downtown (37,833 square feet), and the I-75 Corridor (34,405 square feet).

Average rental rates throughout Atlanta decreased slightly during the third quarter from $21.69 per square foot to $21.65 per square foot.

The detailed summary is available online at
http://www.richardbowers.com/Press_Releases/2008/Press_Release_2008_3Q.pdf

"Atlanta is fortunate to be home to many strong companies, corporate headquarters, and the world's busiest airport," Bowers said. "Additionally, the city is fortunate that we are not delivering a lot of new space. In fact, for the third quarter of 2008 there were no new deliveries. For the remainder of the year only three smaller buildings are being delivered, all in the suburbs, totaling 378,557 square feet: Stonebridge III in the GA-400 North submarket, Suwanee Gateway I in the NE Expressway-North submarket, and the Da Vinci building in Peachtree Corners."

With a stronger fourth quarter, Bowers believes 500,000 square feet of additional positive absorption is possible, though the market will miss the 2,500,000 projection for the year by a wide margin.

About Richard Bowers & Co:

Established in 1980 and headquartered in its flagship property of 260 Peachtree Street in Atlanta, Richard Bowers & Co. is the largest independently owned commercial real estate firm in Metro Atlanta.

A member of TCN Worldwide—a national affiliation of real estate firms—the company represents clients and owners in office, retail, and industrial sales and leasing, land and investment sales, financial services, development, relocation services, interior design and construction management, and property management. Clients include numerous FORTUNE 500 corporations, regional and national headquarters, professional firms and major institutions. In 2007, the company completed 323 property sales and leasing requirements totaling 2,673,134 million square feet of space.

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RICHARD BOWERS & CO.
QUARTERLY OFFICE REPORT

09/30/08

Categ: Urban/Suburban
Market Analysis Summary
3rd Quarter 2008

The Atlanta Office Market

	3rd Quarter 2008	3rd Quarter 2007
Year to Date Absorption	1,042,130	2,976,764
3rd Quarter's Absorption	38,287	1,848,394
Total Existing Square Feet	131,378,125	129,945,468
Total Available Square Feet	20,021,175	19,742,621
Percent Of Total Space Vacant	15.24%	15.19%
Average Quoted Rental Rate	$21.65	$21.08
Space Delivered YTD - Square Feet (Does not include net losses)	1,222,852	1,860,187

Atlanta's Top Five Ranking Submarkets

Net Absorption 3rd Quarter 2008

Midtown	168,675
Airport/South	80,363
NE Expressway - South	53,509
Downtown	37,833
I-75 Corridor	34,405

Total Available Square Feet:

I-75/I-285	3,441,193
I-285/GA-400	2,997,489
Downtown	2,817,791
GA-400 North	2,251,014
Buckhead/Lenox	1,937,047

Total Existing Square Feet:

I-285/GA-400	22,335,626
I-75/I-285	18,857,310
Downtown	16,899,337
GA-400 North	15,448,001
Midtown	13,666,498

Submarket Occupancy Rate

I-75 Corridor	96.95%
Decatur	91.80%
NE Expressway - South	89.73%
I-285E/Stone Mtn	88.72%
Midtown	87.12%

Average Quoted Rental Rate

Midtown	$26.12
Buckhead/Lenox	$25.87
I-285/GA-400	$23.13
I-75 Corridor	$22.26
Downtown	$21.64

Net Deliveries YTD
(No new deliveries in 3rd Quarter 2008)

Buckhead/Lenox	496,921
I-285/GA-400	354,953
I-75/I-285	152,000
Airport/South	98,978
I-75N/Marietta/JF	75,000

Comparison by Sub-Market, continued

	Class "A"				Class "B"				Class "C"			
	Total Sq. Ft.	Vacant Sq. Ft.	Occupancy Rate	Average Rental Rate	Total Sq. Ft.	Vacant Sq. Ft.	Occupancy Rate	Average Rental Rate	Total Sq. Ft.	Vacant Sq. Ft.	Occupancy Rate	Average Rental Rate
Urban Corridor												
Downtown	9,168,016	1,238,720	86.49%	$23.58	6,687,357	1,448,869	78.33%	$19.68	1,043,964	130,202	87.53%	$17.20
Midtown	9,677,960	1,282,342	86.75%	$28.78	3,217,018	286,381	91.10%	$20.29	771,520	191,703	75.15%	$17.09
Buckhead/Lenox	8,499,088	1,186,464	86.04%	$28.37	4,546,070	729,441	83.95%	$21.59	249,933	21,142	91.54%	$19.05
Urban Totals/Averages	**27,345,064**	**3,707,526**	**86.44%**	**$26.91**	**14,450,445**	**2,464,691**	**82.94%**	**$20.42**	**2,065,417**	**343,047**	**83.39%**	**$17.38**
Suburban												
Airport/South	757,469	181,339	76.06%	$19.91	1,240,448	199,590	83.91%	$16.45	1,061,383	333,594	68.57%	$14.68
Decatur	405,038	34,971	91.37%	$23.14	736,127	58,591	92.04%	$19.31	0	0	n/a	n/a
GA-400 North	11,478,564	1,594,305	86.11%	$20.91	3,949,437	651,709	83.50%	$16.34	20,000	5,000	75.00%	$17.00
I-20W/Greenbriar	0	0	n/a	n/a	53,000	12,720	76.00%	$23.25	268,053	84,158	68.60%	$12.78
I-285/GA-400	14,900,654	1,803,490	87.90%	$24.82	6,202,092	836,433	86.51%	$20.63	1,232,880	357,566	71.00%	$15.27
I-285/I-85/Northlake	522,357	65,606	87.44%	$19.84	2,247,830	407,567	81.87%	$17.72	1,709,997	218,433	87.23%	$17.03
I-285E/Stone Mtn	54,681	29,528	46.00%	$21.05	220,668	0	100.00%	$12.46	128,583	16,050	87.52%	$12.08
I-75 Corridor	212,000	0	100.00%	$30.00	840,033	26,072	96.90%	$20.54	75,300	8,283	89.00%	$19.69
I-75/I-285	12,460,332	1,992,726	84.01%	$23.21	5,714,717	1,284,174	77.53%	$17.81	682,261	164,293	75.92%	$15.63
I-75N/Marietta/JF	1,558,599	176,728	88.66%	$20.62	1,243,356	195,928	84.24%	$17.57	367,918	64,262	82.53%	$15.77
NE Expressway-North	2,869,722	507,538	82.31%	$19.80	1,599,569	291,094	81.80%	$15.79	31,824	0	100.00%	$17.00
NE Expressway-South	474,436	29,420	93.80%	$21.81	3,728,385	423,076	88.65%	$18.41	460,330	26,225	94.30%	$15.59
Peachtree Corners	2,285,643	219,656	90.39%	$20.16	5,091,185	973,734	80.87%	$16.18	632,328	232,052	63.30%	$13.12
Suburban Totals/Averages	**47,979,495**	**6,635,307**	**86.17%**	**$22.65**	**32,866,847**	**5,360,688**	**83.69%**	**$17.89**	**6,670,857**	**1,509,916**	**77.37%**	**$15.41**
Totals & Averages	**75,324,559**	**10,342,833**	**86.27%**	**$24.20**	**47,317,292**	**7,825,379**	**83.46%**	**$18.66**	**8,736,274**	**1,852,963**	**78.79%**	**$15.88**

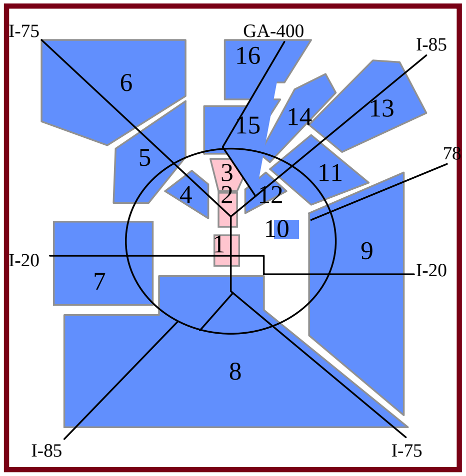
Atlanta Office Market: Comparison by Submarkets

Totals By Submarket

3rd Quarter 2008

	Total Sq. Ft.	Vacant Sq. Ft.	Occupancy Rate	Absorption This Qtr	Absorption YTD	Avg. Rent Rate
Urban						
Downtown	16,899,337	2,817,791	83.33%	37,833	159,693	$21.64
Midtown	13,666,498	1,760,426	87.12%	168,675	227,078	$26.12
Buckhead/Lenox	13,295,091	1,937,047	85.43%	14,213	175,717	$25.87
Urban Totals	**43,860,926**	**6,515,264**	**85.15%**	**220,721**	**562,488**	**$24.32**
Suburban						
Airport/South	3,059,300	714,523	76.64%	80,363	(5,451)	$16.69
Decatur	1,141,165	93,562	91.80%	15,698	113,321	$20.67
GA-400 North	15,448,001	2,251,014	85.43%	(130,576)	(175,500)	$19.74
I-20W/Greenbriar	321,053	96,878	69.82%	(18,440)	(42,546)	$14.51
I-285/GA-400	22,335,626	2,997,489	86.58%	(101,656)	307,807	$23.13
I-285/I-85/Northlake	4,480,184	691,606	84.56%	4,137	134,381	$17.70
I-285E/Stone Mtn	403,932	45,578	88.72%	(5,084)	(57,957)	$13.50
I-75 Corridor	1,127,333	34,355	96.95%	34,405	59,807	$22.26
I-75/I-285	18,857,310	3,441,193	81.75%	(56,030)	(65,393)	$21.30
I-75N/Marietta/JF	3,169,873	436,918	86.22%	23,697	91,274	$18.86
NE Expressway-North	4,501,115	798,632	82.26%	30,554	223,182	$18.36
NE Expressway-South	4,663,151	478,721	89.73%	53,509	5,793	$18.48
Peachtree Corners	8,009,156	1,425,442	82.20%	(113,011)	(109,076)	$17.08
Suburban Totals	**87,517,199**	**13,505,911**	**84.57%**	**(182,434)**	**479,642**	**$20.31**
Total/W. Averages	**131,378,125**	**20,021,175**	**84.76%**	**38,287**	**1,042,130**	**$21.65**

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

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