



Richard Bowers & Co.
Real Estate

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Q4 2010 Atlanta Office Market Report *2010 comes to a close with three quarters of positive absorption*

ATLANTA—Tuesday, December 28, 2010—The Atlanta office market closed the doors on calendar year 2010 with 262,282 square feet of negative absorption. Following a dismal 2009 calendar year, 2010 appears to be a giant leap in the right direction. The Atlanta office market witnessed four consecutive quarters of negative absorption of over 300,000 square feet in 2009, accounting for a loss of 1,771,536 square feet of occupied space. With the exception of second quarter's 431,612 square feet of negative absorption, three of the four quarters in 2010 were positive—the fourth quarter closed with 91,839 square feet, the third quarter recorded 63,337 square feet and the first quarter added only 14,154 square feet.

Average quoted rental rates, currently at \$21.23 per square foot, continued to decline for the seventh consecutive quarter, sliding from \$21.69 per square foot in the first quarter of 2009. The overall vacancy rate, having climbed as high as 20.03 percent during the second quarter of 2010, has dropped to 19.91 percent at year's end.

As we predicted, new construction has dried up. After bringing 1,640,626 square feet on stream during the first quarter of 2010, the year ended with three consecutive quarters with no new deliveries. New development remains stagnant with no office buildings over 50,000 square feet currently under construction in any of the 16 Atlanta submarkets.

The suburban markets, with 95,115 square feet of positive absorption, significantly outperformed the urban corridor's 3,276 square feet of negative absorption during the fourth quarter of 2010. The largest move this quarter occurred in the suburbs with Access Insurance Holdings consolidating into roughly 77,000 square feet at Three Ravinia, one of the tallest buildings within the I-285/GA-400 submarket. The hefty deal brings the building to 90 percent occupied. As was the case in 2009, the urban corridor remains the leader in absorption year-to-date with 37,942 square feet of positive absorption compared to the suburbs' negative 300,224 square feet. Within the urban corridor was Fisher and Phillips' move into nearly 50,000 square feet at the new 12th & Midtown project, downsizing from 70,000 square feet at Buckhead's Resurgens Plaza.

The top performing submarkets during the last quarter of 2010 were NE Expressway - South with 69,503 square feet of positive absorption, I-75/I-285 with 59,786 square feet, Airport/South with 57,015 square feet, GA-400 North with 41,894 square feet, and Downtown with 28,281 square feet. Buckhead remains the leader in overall average rental rates at \$26.23 per square foot, followed by Midtown at \$25.64 per square foot and I-285/GA-400 at \$21.87 per square foot. Midtown class "A" office rates of \$28.53 are slightly higher than the Buckhead Class "A" rate of \$28.25 per square foot.

The conclusion of 2010 revealed some signs of improvement in the Atlanta office market. The lack of new construction means that new deliveries will not add to the already heavy inventory of available space. Assuming reasonable job growth and no further financial meltdowns, 2011 should be a significantly better year than 2010.

About Richard Bowers & Co.

Established in 1980 and headquartered in its flagship property of 260 Peachtree Street in Atlanta, Richard Bowers & Co. is one of 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. The company has completed more than 10,000 property sales.

Full Office Report continued on pages 2-4

RICHARD BOWERS & CO.
QUARTERLY OFFICE REPORT

12/20/10

Categ: Urban/Suburban
 Market Analysis Summary
 4th Quarter 2010

The Atlanta Office Market

	<u>4th Quarter 2010</u>	<u>4th Quarter 2009</u>
4th Quarter Absorption	91,839	(568,266)
Year-to-Date Absorption	(262,282)	(1,771,536)
Total Existing Square Feet	135,088,945	133,448,319
Total Available Square Feet	26,900,668	24,997,760
Percent Of Total Space Vacant	19.91%	18.73%
Average Quoted Rental Rate	\$21.23	\$21.47
Space Delivered YTD - Square Feet (Does not include net losses)	1,640,626	1,888,461

Atlanta's Top Five Ranking Submarkets

Net Absorption - 4th Quarter 2010

NE Expressway - South	69,503
I-75/I-285	59,786
Airport/South	57,015
GA-400 North	41,894
Downtown	28,281

Total Existing Square Feet:

I-285/GA-400	22,303,103
I-75/I-285	18,857,310
Downtown	16,794,417
GA-400 North	15,787,617
Buckhead/Lenox	15,273,538

Average Quoted Rental Rate:

Buckhead/Lenox	\$26.23
Midtown	\$25.64
I-285/GA-400	\$21.87
I-75 Corridor	\$21.77
Downtown	\$21.26

Total Available Square Feet:

Buckhead/Lenox	4,105,495
I-285/GA-400	3,802,611
I-75/I-285	3,596,285
Midtown	3,555,194
Downtown	3,094,124

Submarket Occupancy Rate:

I-75 Corridor	95.61%
NE Expressway - South	90.14%
I-285E/Stone Mtn	87.12%
I-285/I-85/Northlake	84.94%
Decatur	83.98%

Average Quoted Class "A" Rental Rate:

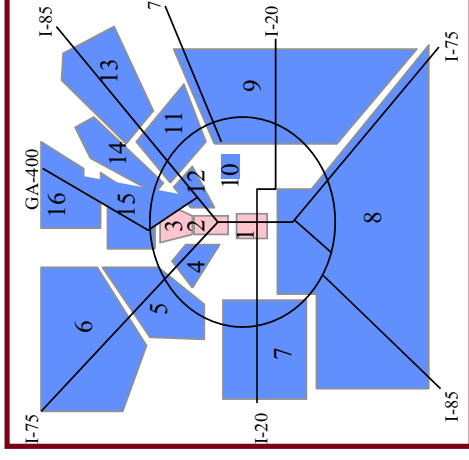
I-75 Corridor	\$30.00
Midtown	\$28.53
Buckhead/Lenox	\$28.25
Downtown	\$23.80
I-285/GA-400	\$23.38

Atlanta Office Market: Comparison by Submarkets

Totals By Submarket

	Total Sq. Ft.	Vacant Sq. Ft.	4th Quarter 2010		Absorption YTD	Avg. Rent Rate
			Occupancy Rate	Absorption This Qtr		
Urban						
Downtown	16,794,417	3,094,124	81.58%	28,281	26,177	\$21.26
Midtown	14,981,031	3,555,194	76.27%	12,298	(190,214)	\$25.64
Buckhead/Lenox	15,273,538	4,105,495	73.12%	(43,855)	201,979	\$26.23
Urban Totals	47,048,986	10,754,813	77.14%	(3,276)	37,942	\$24.27
Suburban						
Airport/South	3,239,696	855,012	73.61%	57,015	53,746	\$16.65
Decatur	1,142,709	183,095	83.98%	748	(32,095)	\$19.83
GA-400 North	15,787,617	2,686,603	82.98%	41,894	(26,750)	\$19.28
I-20W/Greenbriar	321,053	103,806	67.67%	(17,899)	(18,429)	\$13.14
I-285/GA-400	22,303,103	3,802,611	82.95%	2,219	(8,906)	\$21.87
I-285/I-85/Northlake	4,259,720	641,711	84.94%	(10,053)	(64,034)	\$17.21
I-285E/Stone Mtn	320,920	41,338	87.12%	0	2,215	\$13.69
I-75 Corridor	1,127,333	49,440	95.61%	1,506	9,453	\$21.77
I-75/I-285	18,857,310	3,596,285	80.93%	59,786	(207,270)	\$20.37
I-75N/Marietta/JF	3,169,873	662,428	79.10%	11,677	31,159	\$18.51
NE Expressway-North	4,760,932	1,242,885	73.89%	(124,682)	(53,688)	\$18.23
NE Expressway-South	4,663,151	459,979	90.14%	69,503	85,037	\$18.50
Peachtree Corners	8,086,542	1,820,662	77.49%	3,401	(70,662)	\$16.68
Suburban Totals	88,039,959	16,145,855	81.66%	95,115	(300,224)	\$19.60
Total/W. Averages	135,088,945	26,900,668	80.09%	91,839	(262,282)	\$21.23

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"				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	1,647,273	82.03%	\$23.80	6,582,437	1,315,015	80.02%	\$18.49	1,043,964	131,836	87.37%	\$16.40
Midtown	10,944,278	2,828,641	74.15%	\$28.53	3,381,853	602,013	82.20%	\$18.04	654,900	124,540	80.98%	\$16.53
Buckhead/Lenox	10,477,535	3,014,794	71.23%	\$28.25	4,546,070	1,027,701	77.39%	\$21.97	249,933	63,000	74.79%	\$18.81
Urban Totals/Averages	<u>30,589,829</u>	<u>7,490,708</u>	<u>75.51%</u>	<u>\$27.02</u>	<u>14,510,360</u>	<u>2,944,729</u>	<u>79.71%</u>	<u>\$19.48</u>	<u>1,948,797</u>	<u>319,376</u>	<u>83.61%</u>	<u>\$16.75</u>
Suburban												
Airport/South	937,865	279,467	70.20%	\$20.09	1,275,448	266,663	79.09%	\$15.81	1,026,383	308,882	69.91%	\$14.55
Decatur	405,038	66,823	83.50%	\$21.91	737,671	116,272	84.24%	\$18.68	0	0	n/a	n/a
GA-400 North	11,837,180	1,961,936	83.43%	\$20.46	3,930,437	724,667	81.56%	\$15.73	20,000	0	100.00%	\$16.50
I-20W/Greenbriar	0	0	n/a	n/a	53,000	10,070	81.00%	\$23.00	268,053	93,736	65.03%	\$11.19
I-285/GA-400	14,900,654	2,453,261	83.54%	\$23.38	6,260,951	939,393	85.00%	\$19.78	1,141,498	409,957	64.09%	\$13.60
I-285/I-85/Northlake	522,357	81,154	84.46%	\$19.84	2,027,366	280,074	86.19%	\$17.53	1,709,997	280,483	83.60%	\$16.01
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%	\$20.12	75,300	12,048	84.00%	\$17.00
I-75/I-285	11,859,332	1,734,661	85.37%	\$22.55	6,508,637	1,696,225	73.94%	\$16.88	489,341	165,399	66.20%	\$13.74
I-75N/Marietta/JF	1,558,599	339,669	78.21%	\$20.09	1,303,356	259,774	80.07%	\$17.44	307,918	62,985	79.54%	\$15.08
NE Expressway-North	3,123,889	819,881	73.75%	\$19.75	1,605,219	415,048	74.14%	\$15.30	31,824	7,956	75.00%	\$17.00
NE Expressway-South	474,436	25,217	94.68%	\$21.70	3,728,385	407,002	89.08%	\$18.45	460,330	27,760	93.97%	\$15.59
Peachtree Corners	<u>2,363,029</u>	<u>364,087</u>	<u>84.59%</u>	<u>\$19.48</u>	<u>5,091,185</u>	<u>1,194,648</u>	<u>76.53%</u>	<u>\$15.98</u>	<u>632,328</u>	<u>261,927</u>	<u>58.58%</u>	<u>\$11.91</u>
Suburban Totals/Averages	<u>48,249,060</u>	<u>8,155,894</u>	<u>83.10%</u>	<u>\$21.82</u>	<u>33,499,344</u>	<u>6,336,628</u>	<u>81.08%</u>	<u>\$17.38</u>	<u>6,291,555</u>	<u>1,653,333</u>	<u>73.72%</u>	<u>\$14.40</u>
Totals & Averages	<u>78,838,889</u>	<u>15,646,602</u>	<u>80.15%</u>	<u>\$23.84</u>	<u>48,009,704</u>	<u>9,281,357</u>	<u>80.67%</u>	<u>\$18.01</u>	<u>8,240,352</u>	<u>1,972,709</u>	<u>76.06%</u>	<u>\$14.96</u>