

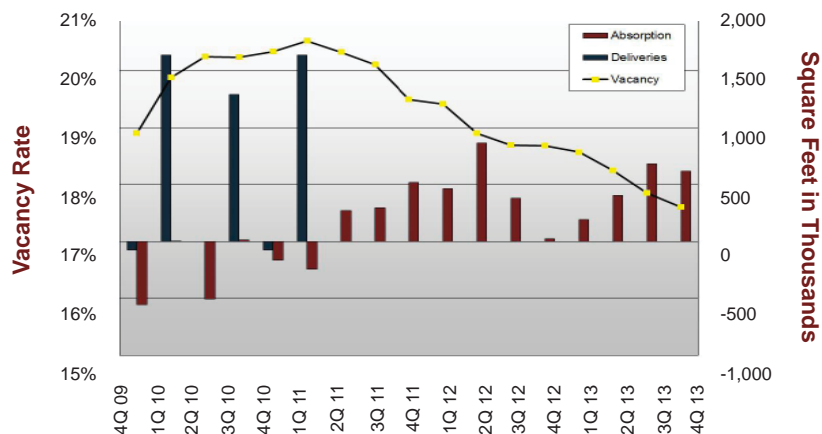
MARKET REPORT

ATLANTA OFFICE MARKET SNAPSHOT

Total Square Feet:	134,396,301	↓
Vacant Square Feet:	23,341,410	↓
Percent Occupied:	82.63%	↑
Absorption for Quarter:	224,574	↑
Absorption Year-to-Date:	224,574	↑
Average Rental Rates:	\$21.50	↑
Space Delivered YTD:	178,958	↑
Class "A" Avg. Rental Rate:	\$24.29	↑

* Change from 1Q 2013

METRO ATLANTA OFFICE MARKET SUMMARY



The Atlanta Office Market has experienced twelve consecutive quarters of positive absorption.

The first quarter of 2014 posted positive net absorption of 224,574 square feet. As a result, the vacancy rate fell to 17.3 percent, down 1.27 percent from first quarter 2013. This continued decline in the vacancy rate is a sign of optimism for a recovering Atlanta office market, as the vacancy rate is at its lowest since the first quarter of 2009.

Leading office submarket in absorption this quarter is I-285/GA-400, followed by Northeast Expressway-South, Downtown, I-75N/Marietta/JF, and I-75N Corridor. Suburban submarkets recorded positive absorption for the first quarter 2014 of 220,745 square feet, versus only 3,829 square feet of absorption for the Urban Corridor. The Urban Corridor has a significantly higher average rental rate than the Suburban submarkets, at \$24.38 per square foot compared to \$20.05 per square foot. The Urban submarket with the highest occupancy rate is Buckhead/Lenox, which raised its occupancy rate from 78.66 percent during the first quarter of 2012 to 85.75 percent first quarter 2014. The Downtown submarket continues to be the most affordable with an average rental rate of \$20.72, while the Buckhead/Lenox submarket leads all Urban Corridor submarkets in occupancy at 85.75 percent.

With the absence of any new speculative office space delivering in 2013, the three largest submarkets of existing square footage have stayed the same this quarter, I-285/GA-400 at 22,705,938 square feet; I-75/I-285 at 18,439,558 square feet; Downtown at 16,606,571 square feet. These submarkets are also three of the five leading submarkets in space availability which are: Downtown with 3,565,305 square feet; I-75/I-285 with 3,116,913 square feet; I-285/GA-400 with 3,289,797 square feet.

The Atlanta office market occupancy rate improved 30 basis points this quarter from 82.40 percent to 82.70 percent, the highest occupancy rate since 2009. The leading submarkets in terms of occupancy are Northeast Expressway-South at 90.97 percent; Decatur at 89.32 percent; Buckhead/Lenox at 85.75 percent. The greatest improvement this quarter was in Class A space rose 0.40 percent for an overall occupancy rate of 85.36 percent.

Due to a first quarter slow-down of the on-going trend of positive absorption the average quoted rental rate has remained steady this quarter and currently stands at \$21.50 per square foot. As expected, the Urban Corridor submarkets demand almost a four and a half dollar premium over the suburban submarkets. The top five submarkets for average quoted rental rates are Buckhead/Lenox at \$26.87; Midtown at \$26.61; I-285/GA-400 at \$22.89; I-75 Corridor at \$21.97 and Downtown at \$20.81 per square foot.

Infrastructure

Currently there are several infrastructural developments recently completed or in progress that will help the connectivity and transportation needs of Metro Atlanta as we continue to grow. Opened to the public on April 2nd, 2014, the GA-400/I-85 Interchange, which won the 2012 Real Estate Catalyst Award, connects I-85 Southbound to GA-400 Northbound and GA-400 Southbound to I-85 Northbound with two single-lane interchange ramps. Opening in the third quarter of 2014 is the Atlanta Streetcar, a 2.7 mile track will feature twelve stops and connect the Martin Luther King Center to CNN Center. The streetcar will be the first operating streetcar in Atlanta since 1949.

Other improvements that are under construction or in the planning stages include: the toll road development along I-75 and I-575, the diverging diamond interchange at I-85 and Jimmy Carter Boulevard, the planned reconfiguration of the I-285/GA-400 interchange, the removal of toll booths on GA-400 (expected to be completed by the end of 2014), the deepening of the Savannah harbor and the continuing progress and development of the Atlanta Beltline.

Outlook

With no new speculative office buildings delivering space since 2010, the Atlanta office market vacancy rates continue to decline making it more difficult to find large blocks of space. The only two developments scheduled to deliver in 2014 are Ponce City Market and Buckhead Atlanta, both of which are already substantially leased. Although there has been speculation that Tishman Speyer will break ground on Three Alliance Center in Buckhead, any additional office



TOP FIVE RANKING SUBMARKETS

Net Absorption - 1st Quarter 2014

I-285/GA-400	303,386
NE Expressway - South	109,046
Downtown	34,544
I-75N/Marietta/JF	34,413
I-75N Corridor	15,905

Total Existing Square Feet

I-285/GA-400	22,705,938
I-75/I-285	18,439,558
Downtown	16,606,571
GA-400 North	15,838,963
Buckhead/Lenox	15,204,451

Submarket Occupancy Rate

NE Expressway-South	90.97%
Decatur	89.32%
Buckhead/Lenox	85.75%
I-285/GA-400	85.51%
GA-400 North	84.65%

Average Quoted Rental Rate

Buckhead/Lenox	\$26.87
Midtown	\$26.61
I-285/GA-400	\$22.89
I-75 Corridor	\$21.97
Downtown	\$20.72

Average Quoted Class "A" Rental Rate

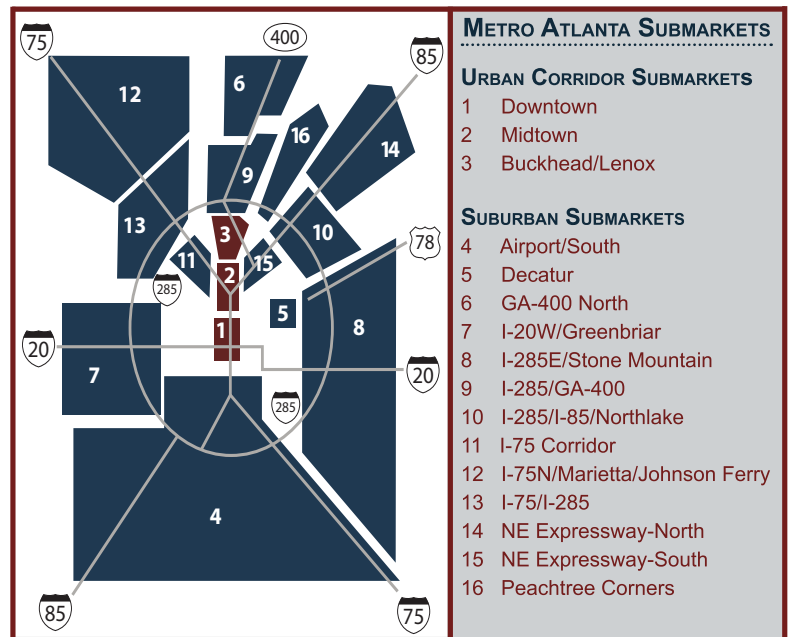
Buckhead/Lenox	\$29.15
Midtown	\$28.38
I-75 Corridor	\$28.00
I-285/GA-400	\$24.84
Downtown	\$23.18

development could be several years away from completion. Lack of new deliveries bodes well for the continuation of rising rental rates which have increased each of the past seven quarters and rising occupancy.

In addition to a lack of new development, there are also a number of office buildings which either have, or will be, taken off the market, thus increasing occupancy. This includes 55 Park Place, a 553,018 square foot building, sold to Georgia State University, two buildings at Powers Ferry Landing East containing 245,966 square feet which have been demolished for the Heard's Ferry Elementary School. There is also the possibility other office buildings will either be torn down or converted to other uses.

Although the Atlanta office market has lagged behind other major cities in this recovery, Atlanta's economy is finally growing and starting to catch up. We have seen leasing activity increase over the last few quarters as well as corporate relocations and expansions such as State Farm and Pulte Homes continue throughout the city. We fully expect more company expansions and business relocations in the coming months and years as Atlanta provides a great place to do business, affordable housing, convenient transportation, a favorable climate, a low cost of living, favorable taxes and a diverse, well-educated talent.

Overall, we expect the trend of positive year-to-date absorption, decreasing vacancy rates, and rising rental rates to continue positively for the remainder of the year. All indications point to these trends continuing as the economy is improving, unemployment is dropping, new construction for office is minimal and businesses are beginning to expand.



OFFICE TOTALS BY SUBMARKET

SUBMARKET	TOTAL SF	VACANT SF	OCCUPANCY RATE	CURRENT ABSORPTION	YTD ABSORPTION	AVERAGE RENT RATE
Urban						
Downtown	16,606,571	3,565,305	78.44%	34,544	34,544	\$20.72
Midtown	14,918,875	2,865,876	80.79%	(795)	(795)	\$26.61
Buckhead/Lenox	15,204,451	2,165,878	85.75%	(29,920)	(29,920)	\$26.87
Urban Totals	47,672,989	8,597,059	81.60%	3,829	3,829	\$24.38
Suburban						
Airport/South	3,046,939	758,823	75.10%	(15,989)	(15,989)	\$16.47
Decatur	1,154,049	123,280	89.32%	(24,891)	(24,891)	\$20.49
GA-400 North	15,838,963	2,388,696	84.92%	(41,982)	(41,982)	\$19.69
I-20W/Greenbriar	313,599	95,856	69.43%	1,990	1,990	\$14.21
I-285/GA-400	22,705,938	3,289,797	85.051%	303,386	303,386	\$22.89
I-285/I-85/Northlake	4,292,723	900,033	79.03%	(65,148)	(65,148)	\$17.27
I-285E/Stone Mountain	271,007	68,643	74.67%	0	0	\$13.47
I-75 Corridor	1,127,333	192,740	82.90%	15,905	15,905	\$21.97
I-75/I-285	18,341,298	3,116,913	83.01%	(35,948)	(35,948)	\$20.71
I-75N/Marietta/Johnson Ferry	3,158,977	564,033	82.15%	34,413	34,413	\$18.91
NE Expressway - North	4,776,727	1,231,962	74.21%	(29,610)	(29,610)	\$17.93
NE Expressway - South	4,677,125	422,475	90.97%	109,046	109,046	\$18.51
Peachtree Corners	7,961,726	1,549,118	80.54%	(30,427)	(30,427)	\$16.74
Suburban Totals	87,666,404	14,702,369	83.23%	220,745	220,745	\$20.05
Total with Averages	134,396,301	23,299,428	82.66%	224,574	224,574	\$21.50

About Richard Bowers & Co.

Richard Bowers & Co. is Atlanta's premier, local commercial real estate firm. Established in 1980, we currently engage in leasing and sales of office, industrial, retail, land and investment properties and have completed over 10,000 requirements and over 80,000,000 square feet of space leased or sold since our inception. Over the years we have continued growth by adding affiliate companies to satisfy diverse real estate needs for our clients. Our full-service approach offers a single-source solution encompassing property and facility management; design and relocation services; development and construction management; and financial services.

Richard Bowers & Company has been providing self generated and proprietary office market data since 1989



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