

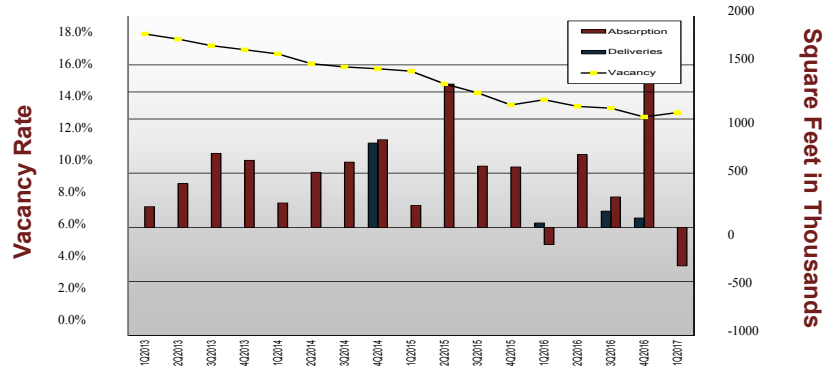
MARKET REPORT

ATLANTA OFFICE MARKET SNAPSHOT

Total Square Feet:	134,775,411	↓
Vacant Square Feet:	18,503,572	↓
Percent Occupied:	86.27%	↑
Absorption for Quarter:	(356,284)	↓
Absorption Year-to-Date:	(356,284)	↓
Average Rental Rates:	\$23.59	↑
Space Delivered YTD:	0	↓
Class "A" Avg. Rental Rate:	\$26.46	↑

* Change from 1Q 2016

METRO ATLANTA OFFICE MARKET SUMMARY



The Atlanta Office Market has experienced its first quarter of negative absorption since 2016.

1st Quarter 2017 has proven to be somewhat disappointing with 356,284 square feet of negative absorption. The 1st quarter's negative absorption can be attributed to several tenants who moved out of large blocks of space and also the lack of significant move-ins to negate the move outs. The last time the Atlanta office market recorded negative absorption was in the 1st quarter of 2016 which yielded 159,526 square feet negative absorption. Although somewhat surprising, 2017 still promises to be an excellent year with the delivery of a number of class A office buildings to include One Ballpark Center, Three Alliance Center, 4004 Perimeter Summit, Riverwood 200, The 309 in Buckhead, 3400 Overton, 8000 Avalon, which will total just over 2,000,000 square feet of new deliveries. We also anticipate strong positive absorption for 2017.

This is a far contrast from 2016 where the Atlanta office market added only three office buildings totaling 270,231 square feet. In addition to large amounts of new space being delivered, we also expect several large blocks of previously leased space to become available due to several large tenants moving into owner occupied space. This includes State Farm which has relocated to their new 600,000 square foot Park Center building at the end of 2016 and Mercedes Benz which will also be relocating to a new 250,000 square foot headquarters in the Georgia 400/I-285 submarket in early 2018. Both these deliveries will free up significant space in the Central Perimeter submarket.

The Leading submarkets in absorption this quarter were Downtown at 119,596 square feet, followed by I-285/GA-400 at 78,856, Midtown at 50,473, Airport/South at 46,438, and rounding out the fifth spot, I-285/I-85/Northlake at 24,908. The 2017 urban submarket is currently at positive 61,197 square feet absorption for the first quarter. This is due in large part to Anthem slowly moving into large amounts of space at Bank of America Plaza in Downtown and several other smaller move-ins throughout the urban corridor. The suburban submarkets recorded 417,481 square feet of negative absorption for the first quarter. This is owed mostly to a very large move-out at 2500 Windy Ridge Parkway in the I-75/I-285 submarket.

Urban Markets

The urban submarket with the highest average rental rate is Buckhead/Lenox, which increased its average rental rate from \$28.23 in the first quarter of 2016 to \$30.18 in first quarter 2017. This is the first time since we began tracking the office market in 1989 that a submarket has had an average rental rate over \$30.00 per square foot. Continued positive absorption of 50,473 square feet for the Midtown submarket has led to an increase in the occupancy rate of 2.23 percentage points since first quarter 2016, with current occupancy at 87.98 percent, and an average rental rate of \$27.93. The Downtown submarket continues to be the most affordable along the Urban Corridor with an average rental rate of \$22.52 and also with the most urban square feet available at 2,664,185 square feet currently vacant at a current occupancy rate of 83.15%

Overall Market

Despite negative first quarter absorption, the average rental rate has continued to increase and the vacancy rate has only increased slightly from year end 2016. The average rental rate overall increased 16 cents from the previous quarter and the overall vacancy rate fell less than .30%. Class A rental rates increased 22 cents from fourth quarter 2016, from \$26.24 to a current rate of \$26.46. The Urban Corridor submarkets command approximately a \$5.00 per square foot premium over the Suburban



TOP FIVE RANKING SUBMARKETS

Net Absorption - 1st Quarter 2017

Downtown	119,596
I-285/GA-400	78,856
Midtown	50,473
Airport/South	46,438
I-285/I-85/Northlake	24,908

Total Existing Square Feet

I-285/GA-400	22,705,938
I-75/I-285	18,587,264
GA-400 North	15,990,950
Downtown	15,810,867
Midtown	15,516,115

Submarket Occupancy Rate

I-20W Green Briar	93.95%
I-75N/Marietta/Johnson	93.85%
I-75 Corridor	92.55%
NE-Expressway South	92.16%
Decatur	89.08%

Average Quoted Rental Rate

Buckhead/Lenox	\$30.18
Midtown	\$27.93
I-75 Corridor	\$27.84
I-285/GA-400	\$25.10
I-75/I-285	\$23.05

Average Quoted Class "A" Rental Rate

I-75 Corridor	\$42.00
Buckhead/Lenox	\$31.48
Midtown	\$29.91
I-285/GA-400	\$27.31
I-75/I285	\$25.69

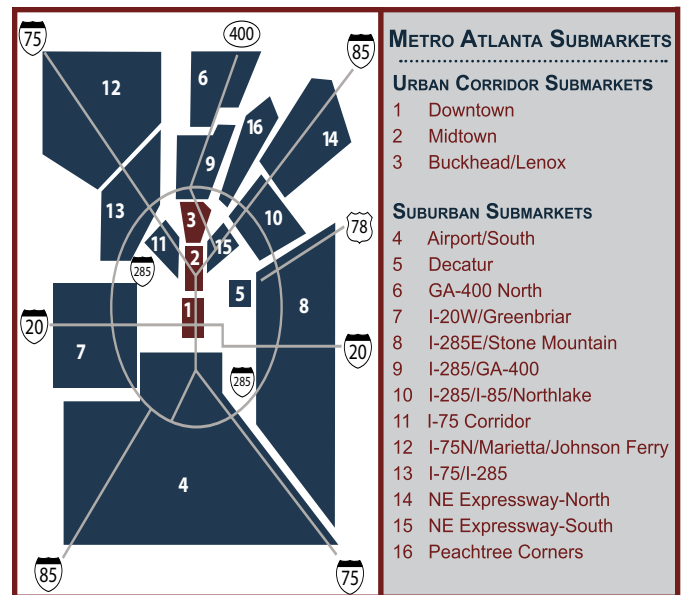
submarkets, with rates at \$26.83 per square foot versus \$21.88 per square foot in the Suburban submarkets. The leading submarkets for average quoted rental rates are Buckhead/Lenox at \$30.18, Midtown at \$27.93, I-75 Corridor at \$27.84, I-285/GA-400 at \$25.10, and I-75/I-285 at \$23.05.

In terms of existing square feet, the five largest submarkets are I-285/GA-400 at 22,705,938 square feet; I-75/I-285 at 18,587,264 square feet; GA-400 North at 15,990,950 square feet; Downtown at 15,810,867 square feet; and Midtown at 15,516,115 square feet. These submarkets are also the five leading submarkets in space availability with I-285/GA-400 at 2,740,773 square feet; Downtown at 2,664,185 square feet; I-75/I-285 at 2,656,976 square feet; GA-400 North at 2,157,483 square feet; and Midtown at 1,864,558 square feet.

Outlook

Despite the fact first quarter 2017 had significant negative absorption due to Coca-Cola giving up approximately 300,000 square feet at 2500 Windy Ridge and RentPass vacating approximately 100,000 SF at Technology Park, we fully expect 2017 to be another banner year with significant positive absorption. A number of reasons to remain optimistic include the fact that Atlanta is one of the fastest growing cities in the country. Recent job growth for Metro Atlanta was also greater than the national average. Metro Atlanta will also account for the majority percentage of new job growth in Georgia for 2017. Our local economy is also quite favorable.

Atlanta's growth will also be favorably impacted due to ongoing discussions and improvements in both public transportation and road enhancements. Obviously with the reopening on May 12th of the I-85 and GA 400 expressways, this repair is a huge positive factor for Atlanta's accessibility and automobile travel. Other major factors for positive office absorption include the fact that Atlanta is perhaps the leading metro area in projected job growth and is quite favorable to major office users from a standpoint of our cost of living, favorable climate, an attractive city and the location of the world's busiest airport. We continue to expect the urban corridor to be a strong sector in the overall office market growth with a high level of absorption, a higher occupancy level at year end 2017 than exists today and also a higher urban occupancy than the suburbs. Notwithstanding, the suburban submarkets will also do quite well.



OFFICE TOTALS BY SUBMARKET

SUBMARKET	TOTAL SF	VACANT SF	OCCUPANCY RATE	CURRENT ABSORPTION	YTD ABSORPTION	AVERAGE RENT RATE
Urban						
Downtown	15,810,867	2,664,185	83.15%	119,596	119,596	\$22.52
Midtown	15,516,115	1,864,558	87.98%	50,473	50,473	\$27.93
Buckhead/Lenox	15,352,667	1,791,298	88.33%	(108,872)	(108,872)	\$30.18
Urban Totals	46,679,649	6,320,041	86.46%	61,197	61,197	\$26.83
Suburban						
Airport/South	2,942,528	738,245	74.91%	46,438	46,438	\$17.17
Decatur	1,154,049	126,027	89.08%	(25,679)	(25,679)	\$21.93
GA-400 North	15,990,950	2,157,483	86.51%	(63,648)	(63,648)	\$22.18
I-20W/Greenbriar	313,609	18,963	93.95%	0	0	\$15.23
I-285/GA-400	22,705,938	2,740,773	87.93%	78,856	78,856	\$25.10
I-285/I-85/Northlake	4,298,545	624,396	85.47%	24,908	24,908	\$17.35
I-285E/Stone Mountain	271,007	66,075	75.62%	1,494	1,494	\$13.06
I-75 Corridor	1,127,333	83,944	92.55%	(22,590)	(22,590)	\$27.84
I-75/I-285	18,587,264	2,656,976	85.71%	(218,480)	(218,480)	\$23.05
I-75N/Marietta/Johnson Ferry	3,158,977	194,375	93.85%	7,570	7,570	\$20.23
NE Expressway - North	4,934,213	984,525	80.16%	(96,902)	(96,902)	\$18.95
NE Expressway - South	4,677,125	366,620	92.16%	(11,746)	(11,746)	\$19.75
Peachtree Corners	7,907,224	1,425,129	81.98%	(137,702)	(137,702)	\$16.93
Suburban Totals	88,095,762	12,183,531	86.17%	(417,481)	(417,481)	\$21.88
Total with Averages	134,775,411	18,503,572	86.27%	(356,284)	(356,284)	\$23.59

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 11,000 requirements and over 86,000,000 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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