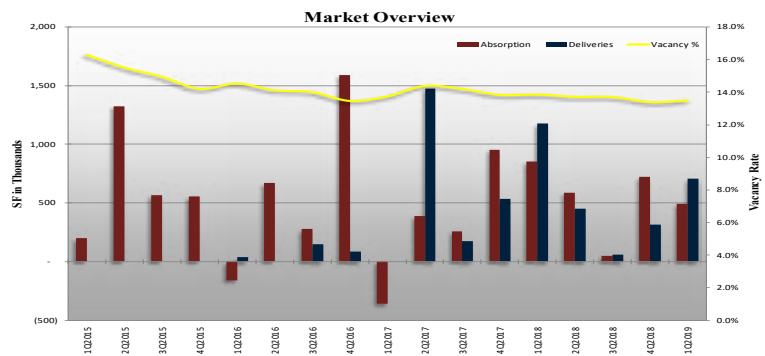


MARKET REPORT

ATLANTA OFFICE MARKET SNAPSHOT

Total Square Feet:	139,350,821	↑
Vacant Square Feet:	18,780,701	↓
Percent Occupied:	86.52%	↑
Absorption for Quarter:	491,880	↓
Absorption Year-to-Date:	491,880	↓
Average Rental Rates:	\$24.96	↑
Space Delivered YTD:	708,280	↓
Class "A" Avg. Rental Rate:	\$26.67	↓



Continuing strong into 2019...

Overview

The Metro Atlanta office market kicked off 2019 with 491,880 square feet of positive absorption. This was largely due to the completion of the Coda building in Midtown (670,000 square feet) and Serta Simmons corporate headquarters opening in Doraville (210,000 square feet). These two offices combined for 880,000 square feet of inventory. Currently, the Coda is 72.9% leased with major tenants including Georgia Tech (289,000 square feet), Keysight Technologies (50,686 square feet), and WeWork (25,832 square feet). Serta Simmons completed their new headquarters in March 2019 and the building is currently owned by investment company Angelo Gordon. There are currently 3.2 million square feet of inventory under construction in the Atlanta market, with 725 Ponce (370,931 square feet) and T3 West Midtown at Atlantic Station (232,141 square feet) set to deliver this year.

The average vacancy rate rose 9 basis points from the fourth quarter of 2018 to 13.48% but is down approximately 100 basis points from the highs of 2017. Rental rates are continually increasing quarter-over-quarter and are now at \$24.96 per square foot on average. Rental rates are up over 5.5% since the first quarter of 2017. Midtown led all submarkets this quarter in absorption with 569,891 square feet of positive absorption. This can mainly be attributed to the completion of the Coda in March of 2019. The I-285/I-85/Northlake submarket ranked second in absorption, totaling 181,230 square feet of positive absorption. NE Expressway-North came in third in total absorption, totaling 99,069 square feet. Buckhead/Lenox (39,867 square feet) and Downtown (33,770 square feet) came in fourth and fifth, respectively, in total absorption this quarter. The first quarter's absorption for the urban submarkets totaled 643,528 square feet of positive absorption and the suburban submarkets totaled 151,648 square feet of negative absorption, combining for 586,364 square feet of positive absorption.

Urban Submarkets

The urban submarkets continue to be in high demand, with rental rates increasing quarter-over-quarter since the first quarter of 2016, 12 quarters straight. Occupancy rates have fluctuated between 86-89% during this time but remain at the highest levels in decades. New deliveries and current construction are steady, with the delivery of the Coda and 725 Ponce and T3 West Midtown at Atlantic Station set to deliver in quarter 3 and quarter 4 respectively. The Midtown market continues to lead the charge as one of Atlanta's fastest growing Submarkets. Downtown is also going through several major renovations and major developments, to include The Gulch, Underground Atlanta, and Newport's developments in the southern CBD. The urban submarkets have seen 1.8 million square feet in deliveries since the beginning of 2018. Midtown has seen remarkable increases in rental rates the past few years and is currently at \$31.78 per square foot on average and is expected to continue to increase as new construction comes online later this year. Midtown has eclipsed \$31.75 per square foot on average widening the gap on Buckhead for the most expensive submarket in Atlanta, though Buckhead continues to hold strong rental rates that continue to increase year over year. The urban submarkets of Atlanta are showing an average rental rate of approximately \$28.93 per square foot.

Suburban Submarkets

The suburban submarkets have continued constructing large developments, totaling nearly 2.2 million square feet in deliveries of office space since the beginning of 2018. The suburban submarkets have been on trend with the urban submarkets with 19 straight quarters of quarter-over-quarter rental rate growth. Rental rates for the suburban submarkets average \$22.80 per square foot. The most desirable suburban submarkets, such as I-285/GA-400 and I-285/I-75, are obtaining rental rates at \$27.55 per square foot or higher for certain Class A developments. Suburban submarkets also make up the top three submarkets in terms of existing square feet. I-285/GA-400 has 23,398,494 total square feet, I-75/I-285 has 19,663,456 total square feet, and GA-400 North has 16,284,232 total square feet. These submarkets have attracted large new developments for tenants looking to be outside the CBD and urban corridor. Rates are also more favorable for suburban Class A office space than urban alternatives inside I-285.



TOP FIVE RANKING SUBMARKETS

Net Absorption - 1st Quarter 2019

Midtown	569,891
I-285/I-85/Northlake	181,230
NE Expressway-North	99,069
Buckhead/Lenox	39,867
Downtown	33,770

Total Existing Square Feet

I-285/GA-400	23,398,494
I-75/I-285	19,663,456
Midtown	17,030,997
Buckhead/Lenox	16,343,929
GA-400 North	16,284,232

Submarket Occupancy Rate

NE Expressway-South	93.55%
I-20W/Greenbriar	93.38%
I-285/I-85/Northlake	93.09%
Decatur	92.01%
I-75N/Marietta/Johnson	91.84%

Average Quoted Rental Rate

Midtown	\$31.87
Buckhead/Lenox	\$30.92
I-75 Corridor	\$26.31
I-285/GA-400	\$26.09
I-75/I-285	\$24.07

Average Quoted Class A Rental Rate

Midtown	\$33.55
Buckhead/Lenox	\$32.37
I-75/I-285	\$26.58
Downtown	\$25.85
GA-400 North	\$25.16

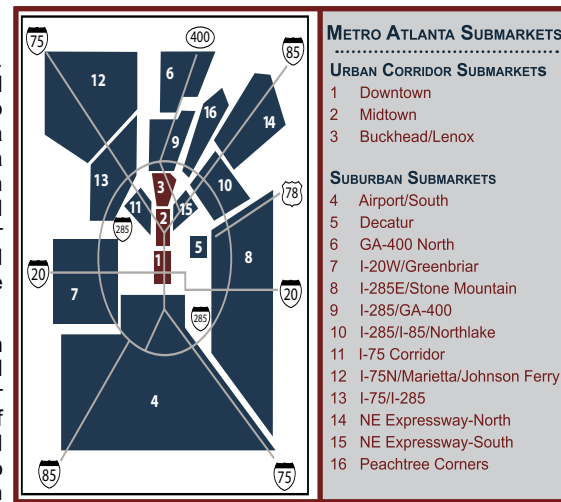
Outlook

Our outlook for the Metro Atlanta office market remains very good for the near future. Corporate headquarters and major businesses are continuing to relocate to Atlanta. Small businesses are also continuing to develop and grow in the Metro Atlanta area with the help of cost-efficient rehab incentives throughout the downtown submarket. The Metro Atlanta population is currently ranked 9th in the USA with 5,888,736 people living within the metro area and continues its growth year over year. Chicago O'Hare has overtaken Hartsfield-Jackson International Airport in the number of flight operations, though Hartsfield-Jackson has hosted over 100,000,000 passengers for the 4th year in a row, remaining the top-ranked passenger airport in the world. Rental rate growth and positive absorption continue to signal that demand is strong in many vital areas of the city. Many large developments in Downtown and along the BeltLine are supporting renewed development interest in the historic areas of Atlanta.

CIM and Stream Realty have begun renovations on the eight-story Norfolk Southern Buildings, a major adaptive-reuse initiative for one of South Atlanta's iconic and oldest industrial buildings. Delivery of this mix-used retail, office and multi-family building is scheduled for Q1 of 2020 and will be the cornerstone of The Gulch. The building will consist of 2 floors of retail and office space and 6 floors of multi-family residential. Included in the deal, CIM and Stream Realty will be rebuilding the Nelson Street Bridge, for pedestrian use only, helping to reconnect Castleberry Hill and downtown Atlanta in a more pedestrian-friendly manner. South Atlanta continues to be the focal point for rehab and adaptive reuse projects. Along with CIM and Stream Realty, Newport and WRS are working to revitalize the once thriving southern end of Atlanta's CBD market.

The Georgia Department of Transportation has confirmed plans to expand the northern half of I-285 with express lanes. The initial plans are set to have single express lanes built on either side of the northern half of I-285, which eventually will be expanded into two lanes on both sides. As popularity for the northern-suburban submarkets continues to grow, the battle to combat traffic and supply the growing population with acceptable commute times has become of great importance. As part of this multi-billion-dollar project, the GDOT also plans to place express lanes on GA-400 between the Perimeter and the North Springs Marta Station. In total, the GDOT plans to have 120 miles of express lanes. Completion dates for the new express lanes are unclear, but construction is set to begin as early as 2022.

Metro Atlanta has benefited greatly from a low unemployment rate, a growing population, an advantageous pro-business policy by our local, state, and national government leaders, and a favorable credit environment. This can be seen by the continued investments in not only private real estate ventures but also the investments into The University System of Georgia and The Georgia Department of Transportation. The City of Atlanta along with The State of Georgia leads the country in multiple arenas from excellent airline connections, a temperate climate, an attractive forested city, a lower cost of living than most other major urban centers, and the dredging of the Savannah Harbor allowing for larger ships to dock. All this contributes toward a great outlook and positive future for Metro Atlanta and the Southeast United States. Atlanta remains one of the fastest growing metro areas and has been consistently ranked as one of the top cities to do business.



OFFICE TOTALS BY SUBMARKET

SUBMARKET	TOTAL SF	VACANT SF	OCCUPANCY RATE	CURRENT ABSORPTION	YTD ABSORPTION	AVERAGE RENT RATE
Urban						
Downtown	15,636,687	2,070,928	86.76%	33,770	33,770	\$23.65
Midtown	17,030,997	1,720,428	89.90%	569,891	569,891	\$31.87
Buckhead/Lenox	16,343,929	1,901,699	88.36%	39,867	39,867	\$30.92
Urban Totals	49,011,793	5,693,055	88.38%	643,528	643,528	\$28.93
Suburban						
Airport/South	2,942,528	643,207	78.14%	20,752	20,752	\$17.41
Decatur	1,154,049	92,264	92.01%	(7,007)	(7,007)	\$22.81
GA-400 North	16,284,232	2,348,660	85.58%	8,188	8,188	\$23.09
I-20W/Greenbriar	269,141	17,815	93.38%	(34,963)	(34,963)	\$16.78
I-285/GA-400	23,398,494	3,086,804	86.81%	(71,951)	(71,951)	\$26.09
I-285/I-85/Northlake	4,444,249	307,266	93.09%	181,230	181,230	\$18.75
I-285E/Stone Mountain	271,007	50,151	81.49%	8,891	8,891	\$16.42
I-75 Corridor	1,127,333	201,567	82.12%	(81,068)	(81,068)	\$26.31
I-75/I-285	19,663,456	3,235,704	83.54%	(147,576)	(147,576)	\$24.07
I-75N/Marietta/Johnson Ferry	3,158,977	257,651	91.84%	(11,734)	(11,734)	\$21.40
NE Expressway - North	4,961,213	883,358	82.19%	99,069	99,069	\$19.35
NE Expressway - South	4,757,125	306,866	93.55%	(3,442)	(3,442)	\$21.00
Peachtree Corners	7,907,224	1,656,333	79.05%	(112,037)	(112,037)	\$17.30
Suburban Totals	90,339,028	13,087,646	85.51%	(151,648)	(151,648)	\$22.80
Total with Averages	138,266,041	18,954,579	86.52%	586,364	1,441,672	\$24.96

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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