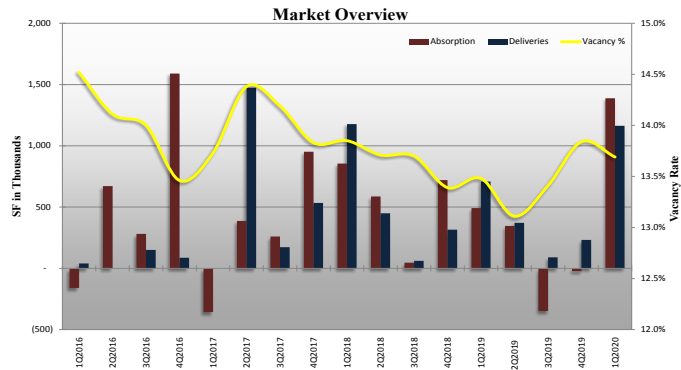


MARKET REPORT

ATLANTA OFFICE MARKET SNAPSHOT

Total Square Feet:	141,043,232	↑
Vacant Square Feet:	19,309,479	↑
Percent Occupied:	86.52%	↓
Absorption for Quarter:	1,388,328	↑
Absorption Year-to-Date:	1,388,328	↑
Average Rental Rates:	\$26.81	↑
Space Delivered YTD:	1,362,570	↑
Class "A" Avg. Rental Rate:	\$27.61	↑

METRO ATLANTA OFFICE MARKET SUMMARY



New Construction Leading the Way into 2020

Overview

The Metro Atlanta office market kicked off 2020 with 1,388,328 square feet positive absorption. This was largely due to the completion of Twelve24 in the I-285/GA-400 submarket (335,000 square feet), State Farm at Park Center – Phase II in the I-285/GA-400 submarket (670,000 square feet), 10,000 Avalon in the GA-400 North submarket (249,579 square feet), and The Edison in the GA-400 North submarket (107,991 square feet). These four offices combined for 1,362,570 square feet of class-A inventory. Currently, Twelve24 is 72.3% leased, State Farm at Park Center – Phase II is 100% leased, 1 Edison is 93.4% leased, and 10,000 Avalon is 74.9% leased. There is an additional 1.8 million square feet of inventory under construction in Metro Atlanta set to come online in 2020 most notably; Atlantic Yards South (366,970 square feet), Ballpark at SunTrust (332,486 square feet), The Interlock (290,000 square feet), 8West (220,000 square feet) and Atlantic Yards North (156,541 square feet).

The average vacancy rate dropped 15 basis points from the fourth quarter of 2019 to 13.69% but is down approximately 100 basis points from the highs of 2017. Rental rates are continually increasing quarter-over-quarter and are now at \$26.81 per square foot on average. Rental rates are up \$2.32 since the first quarter of 2018. I-285/GA-400 led all submarkets this quarter in absorption with 1,318,307 square feet of positive absorption. This can mainly be attributed to the completion of the State Farm Building at Park Center – Phase II in January of 2020 and Twelve24 in March 2020.

The GA-400 North submarket ranked second in absorption, totaling 156,032 square feet of positive absorption. Peachtree Corners came in third in total absorption, totaling 82,313 square feet. NE Expressway-South with 60,428 square feet of positive absorption and NE Expressway-North with 39,525 square feet of positive absorption came in fourth and fifth, respectively, this quarter. The first quarter's absorption for the urban submarkets totaled 219,794 square feet of negative absorption and the suburban submarkets totaled 1,608,122 square feet of positive absorption, combining for 1,388,328 square feet of positive absorption for the first quarter of 2020.

Urban Submarkets

The urban submarkets experienced a slowdown in the first quarter of 2020, although rental rates have continued to increase 16 straight quarters. Occupancy rates have fluctuated between 86-89% during this time but remain at the highest levels in decades. New deliveries and current construction remain steady. The Midtown submarket continues to lead the urban submarkets and is one of Atlanta's fastest growing submarkets. Downtown is also going through several major new renovations and major developments, to include The Gulch, Underground Atlanta, and Newport's developments on the southern side of the Central Business District, along with a growing Georgia State presence and student population.

Midtown has seen remarkable increases in rental rates the past few years and is currently at \$31.87 per square foot on average. While COVID-19 may cause rents to dip for a period of time, Midtown is expected to maintain Atlanta's highest average rental rate. At \$31.87 per square foot on average, Midtown, widened the gap with Buckhead by \$0.95 for the most expensive submarket in Metro Atlanta, although Buckhead continues to have strong rental rate growth that continues to increase year-over-year, currently at \$30.92 per square foot on average. Downtown continues to offer the most competitive average rental rates in the urban corridor at \$23.65 per square foot. The urban submarkets currently have an average rental rate of approximately \$28.93 per square foot.

Suburban Submarkets

The suburban submarkets have continued constructing large developments, totaling 1,362,570 square feet year-to-date. The suburban submarkets have been on trend with the urban submarkets with 23 straight quarters of quarter-over-quarter rental rate growth. Rental rates for the suburban submarkets average \$24.27 per square foot a \$1.47 increase over first quarter 2019. The most desirable suburban submarkets first quarter 2020 were I-285/GA-400 who lead this quarter with 1,318,307 square feet positive absorption, followed by GA-400 North at 156,032 square feet positive absorption. Suburban submarkets also make up three of the top 4 submarkets in terms of existing square feet; I-285/GA-400 has 24,466,077 square feet, I-75/I-285 has 19,475,357 square feet, and GA-400 North has 16,740,771 square feet. These submarkets have attracted large new developments for tenants looking to be outside the central business district and urban corridor. Richard Bowers and Company is not reporting a slowdown in construction in these suburban submarkets. Rates are also more favorable for suburban Class A office space than urban alternatives inside I-285, although Downtown class-A rental rates are competitive with these suburban developments and afford advantages in a pedestrian environment, with alternative transportation options, amenities, and major Atlanta events.



TOP FIVE RANKING SUBMARKETS

Net Absorption - 1st Quarter 2020

I-285/GA-400	1,318,307
GA-400 North	156,032
Peachtree Corners	82,313
NE Expressway-South	60,428
NE Expressway-North	39,525

Total Existing Square Feet

I-285/GA-400	24,466,077
I-75/I-285	19,475,357
Midtown	17,622,814
GA-400 North	16,740,771
Buckhead/Lenox	16,343,929

Submarket Occupancy Rate

NE Expressway-South	95.04%
Decatur	90.33%
I-285E/Stone Mountain	89.90%
I-75N/Marietta/Johnson	89.55%
I-20W/Greenbriar	88.50%

Average Quoted Rental Rate

Midtown	\$34.45
Buckhead/Lenox	\$33.74
I-75 Corridor	\$29.22
I-285/GA-400	\$27.72
Downtown	\$25.83

Average Quoted Class A Rental Rate

Midtown	\$36.28
Buckhead/Lenox	\$35.64
I-285/GA-400	\$30.10
Decatur	\$28.46
I-75/I285	\$28.36

Outlook

Our outlook for the Metro Atlanta office market in the near term is positive, as companies follow through on lease renewals, expansions, and relocations. Richard Bowers and Company will continue to follow the effects of COVID-19 on the office market. As stay at home orders are lifted, small to medium sized businesses have started to regain life as employees return to the office. While some companies, like Twitter, have decided to remain remote, Richard Bowers and Company does not assume this will be the new normal for a majority of companies.

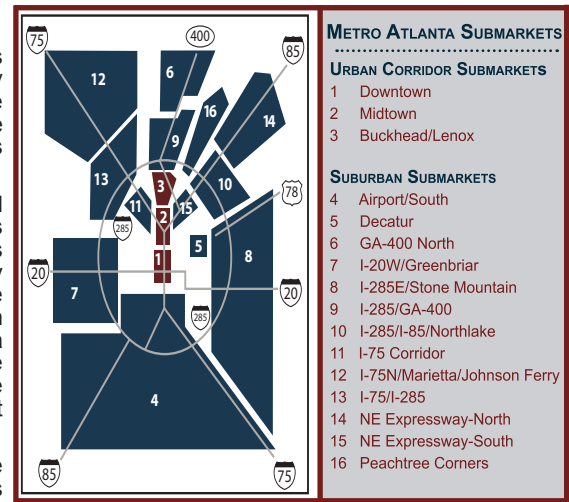
As we witness the departure of big box stores, and the rise of e-commerce, coupled with the increase of technology and data companies, Richard Bowers and Company believes this economic change will positively affect the office market, not just in Atlanta but across the nation. This can be highlighted by Amazon, Facebook, Salesforce, and other technology companies that are continuously growing their footprint in Metro Atlanta. As major corporate headquarters and large businesses are continuing to relocate to Atlanta, small-to-medium sized businesses are also continuing to develop and grow in Metro Atlanta. The Metro Atlanta population currently remains ranked 9th in the USA with 6,020,364 people living within the metro area and this number continues to grow year-over-year. In fact, Metro Atlanta was the fastest growing metro area east of the Mississippi and the fourth fastest nationally over the last decade, with population growth of over 1,000,000 people.

Hartsfield-Jackson International Airport has recaptured the number one position in the United States for the number of flight operations out pacing Chicago O'Hare and Los Angeles International. Hartsfield-Jackson served over 103,900,000 passengers in 2019, and remains 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 Metro Atlanta. Many large developments in Downtown and along the Beltline are supporting renewed development interest in the historic areas of Atlanta.

As we have adjusted to working from home and fewer days in the office, the Georgia Department of Transportation along with state and local governments have taken this opportunity to accelerate some of their ongoing expansions and infrastructure upgrades, to include express lanes, pothole repair, sewer repair and much more. During this time, construction projects were deemed essential, not only keeping people employed but utilizing this time of low traffic to push needed developments forward.

Metro Atlanta has benefited greatly from a low unemployment rate (pre-COVID-19), a growing population, an advantageous pro-business policy by our local, state, and national government leaders, and a favorable credit environment. This positive sentiment 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 and increased shipping, receiving, and commerce. All these positive elements contribute toward a great outlook and positive future for Metro Atlanta and the Southeast. Atlanta remains one of our fastest growing metro areas and has been consistently ranked as one of the top U.S. cities to do business.



OFFICE TOTALS BY SUBMARKET

SUBMARKET	TOTAL SF	VACANT SF	OCCUPANCY RATE	CURRENT ABSORPTION	YTD ABSORPTION	AVERAGE RENT RATE
Urban						
Downtown	15,663,406	2,239,439	85.70%	(21,448)	(21,448)	\$25.83
Midtown	17,622,814	2,139,758	87.86%	(40,148)	(40,148)	\$34.45
Buckhead/Lenox	16,343,929	2,087,097	87.23%	(158,198)	(158,198)	\$33.74
Urban Totals	49,630,149	6,466,294	86.97%	(219,794)	(219,794)	\$31.50
Suburban						
Airport/South	2,750,528	358,185	86.98%	7,864	7,864	\$18.73
Decatur	1,154,049	111,630	90.33%	336	336	\$25.19
GA-400 North	16,740,771	2,555,669	84.73%	156,032	156,032	\$24.80
I-20W/Greenbriar	269,141	30,960	88.50%	4,069	4,069	\$18.78
I-285/GA-400	24,466,077	3,240,382	86.76%	1,318,307	1,318,307	\$27.27
I-285/I-85/Northlake	4,466,631	450,382	89.92%	43,704	43,704	\$20.36
I-285E/Stone Mountain	271,007	50,151	81.49%	0	0	\$16.42
I-75 Corridor	1,021,983	220,013	78.47%	6,148	6,148	\$29.22
I-75/I-285	19,475,357	3,096,185	84.10%	(77,803)	(77,803)	\$25.72
I-75N/Marietta/Johnson Ferry	3,171,977	331,521	89.55%	(32,801)	(32,801)	\$21.78
NE Expressway - North	4,961,213	829,862	83.27%	39,525	39,525	\$19.80
NE Expressway - South	4,757,125	235,528	95.05%	60,428	60,428	\$22.43
Peachtree Corners	7,907,224	1,332,713	83.15%	82,313	82,313	\$17.60
Suburban Totals	91,413,083	12,843,185	85.95%	1,608,122	1,608,122	\$24.27
Total with Averages	141,043,232	19,309,479	86.31%	1,388,328	1,388,328	\$26.81

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 12,196 requirements and over 91,872,384 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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