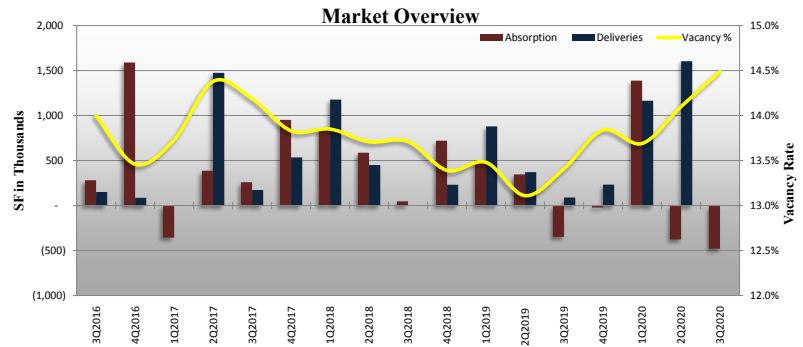


MARKET REPORT

ATLANTA OFFICE MARKET SNAPSHOT

Total Square Feet:	141,363,270	↑
Vacant Square Feet:	20,486,866	↑
Percent Occupied:	85.51%	↓
Absorption for Quarter:	(480,301)	↓
Absorption Year-to-Date:	308,000	↓
Average Rental Rates:	\$27.22	↑
Space Delivered YTD:	1,602,608	↑
Class "A" Avg. Rental Rate:	\$27.72	↑

METRO ATLANTA OFFICE MARKET SUMMARY



Metro Atlanta Continues to Show Positive Growth Well into 2020

Overview

The Metro Atlanta office market has shown great resilience through the first three quarters of 2020, despite Covid-19 and the setbacks that are associated with this type of economic strain that has not occurred in almost 100 years. Through the first three quarters of 2020 there has been 530,979 square feet of positive absorption with the first quarter of 2020 posting over a million square feet of positive absorption. The second quarter and third quarter have seen slowdowns of 377,048 square feet of negative absorption and 480,301 square feet of negative absorption, respectively. Year-to-Date Metro Atlanta has seen 1,682,608 square feet of new space delivered with a majority being pre-leased, too include State Farm Phase-II, Twelve24, 1 Edison, and 10,000 Avalon. Average rental rates have remained fairly flat as the uncertainties of Covid-19's long term effects on the market are yet to be determined, but as of this market report publication there have been three major companies that have announced vaccines with 90%+ effectiveness. The most concerning number for the Metro Atlanta office market, is the amount of sublease space that has hit the market; approximately 4.5 million square feet was reported by the end of the third quarter of 2020 and this number has continued to climb through the fourth quarter as more and more companies continue to work remotely, as we enter the winter months.

The average vacancy rate has risen 1.08% to 14.49% when tracking buildings larger than 75,000 square feet. Average rental rates have seen a small increase over the last year of 82 cents and are now at \$27.22 per square foot on average. While rental rates have remained fairly flat, deals are being structured with higher tenant improvement allowances and more free rent to help offset lower demand and our difficult economy.

The ongoing construction in Midtown, Buckhead, and several of the suburban submarkets, is a continued sign that metro Atlanta is poised for continued growth for many years to come. As rates have risen in the Urban Corridor due to a large number of technology companies moving to the Central Business District as a means to recruit a highly talented pool of employees and recent college graduates that Metro Atlanta has to offer. As rental rates have risen, many companies are considering more suburban accessible office locations as seen with the success of the I-75/I-285 and GA-400 North submarkets.

Urban Submarkets

The urban submarkets are among the hardest effected submarkets since the onset of Covid-19. Downtown has seen 4 consecutive quarters of negative absorption, and Buckhead has seen 3 consecutive quarters of negative absorption. Midtown is the only suburban submarket to post a positive 4 quarter cumulative absorption, with 167,475 square feet positive absorption. This is primarily due to new construction and the ever-growing technology footprint, from companies like Microsoft, Google, and Sales Force.

The Midtown submarket had a relatively slow third quarter posting 6,919 negative square feet of absorption at an average rental rate of \$35.82 per square foot. Downtown reported 57,035 square feet of negative absorption at an average rental rate of \$27.27 per square foot and Buckhead reported 110,563 square feet of negative absorption at an average rental rate of \$33.82 per square foot.

Suburban Submarkets

The suburban submarkets accounted for all of Metro Atlanta's positive absorption this quarter. NE Expressway-North had 96,327 square feet of positive absorption at an average rental rate of \$19.96 per square foot. Airport/South had 69,291 square feet of positive absorption at an average rental rate of \$19.15 per square foot. Peachtree Corners had 40,027 square feet of positive absorption at an average rental rate of \$17.64 per square foot. I-75/Marietta/Johnson Ferry had 19,895 square feet of positive absorption at an average rental rate of \$22.26 per square foot. NE Expressway-South had 14,354 square feet of positive absorption at an average rental rate of \$22.26 per square foot.



TOP FIVE RANKING SUBMARKETS

Net Absorption - 3rd Quarter 2020

NE Expressway-North	96,327
Airport/South	69,291
Peachtree Corners	40,027
I-75/Marietta/JF	19,895
NE Expressway-South	14,354

Total Existing Square Feet

I-285/GA-400	24,466,077
I-75/I-285	19,475,357
Midtown	17,710,240
GA-400 North	16,740,771
Buckhead/Lenox	16,343,929

Submarket Occupancy Rate

I-20W/Greenbriar	95.34%
NE Expressway-South	93.69%
Decatur	92.00%
I-75N/I-85/Northlake	89.47%
I-285E/Midtown	89.02%

Average Quoted Rental Rate

Midtown	\$35.82
Buckhead/Lenox	\$33.82
I-75 Corridor	\$29.22
I-285/GA-400	\$27.81
Downtown	\$27.27

Average Quoted Class A Rental Rate

Midtown	\$38.05
Buckhead/Lenox	\$35.64
I-285/GA-400	\$30.22
Downtown	\$29.95
I-75/I-285	\$28.55

New Developments

1) West Midtown Developments

Two major developments are coming to West Midtown following the completion of the Bellwood Quarry. Quarry Yards and Echo Street West are new multi-use master planned developments being built on the growing west side of Atlanta. It is rumored that Microsoft has purchased the seventy-acre Quarry Yards site in order to build out their Atlanta Headquarters, although no official statement has been released by the company. Earlier this year Microsoft leased over 500,000 square feet at Atlantic Yards. Recently announced, Microsoft also plans to expand its footprint in Fulton County by increasing their data center space as well. The continued investments by not only Microsoft but other tech companies show the growing interest in Metro Atlanta and the Southeast.

Echo Street West, an eighteen-acre development site, was purchased by Lincoln Property Company last December is set to connect the Beltline and GA Tech with access through their master planned development. While the goal is to attract one large user to build out a corporate campus similar to Quarry Yards, Echo Street West also plans to create a live-work-play atmosphere on the west side of our Central Business District.

2) 760 Ralph McGill

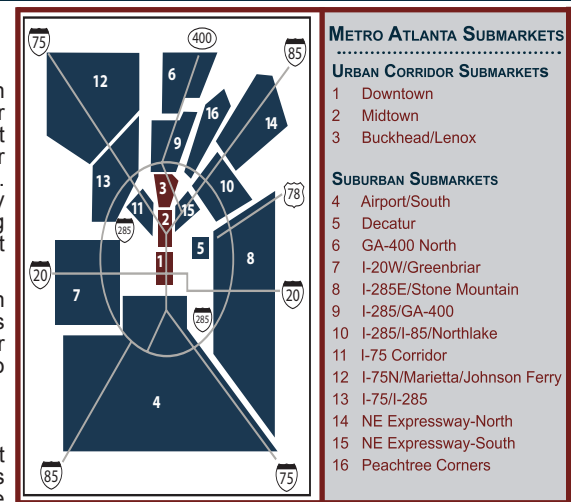
The most populous and developed area of the Beltline is going to receive yet another addition. Permits have been filed by New City LLC to add two mid-rise towers along the Eastside Trail of the Beltline. This one-billion-dollar development will house two 11 story office buildings that will be connected via a pedestrian bridge. New City's permits will allow for the development of 500,000 square feet of office and retail space. Phase 1 of the 12-acre development will also include a hotel, social club, and a 350-unit apartment development.

3) Ardent Development Project

A high-density development is also planned on a highly speculative and sought-after .92-acre Buckhead site. The Houston restaurant has been closed for two years and has gained attention from numerous potential buyers for both residential and hotel developments, such as Ritz-Carlton residences and hotels. The site is strategically located across from the Lenox Marta station and is a prime location for a major high-rise development project. The site's high-density zoning also has the capacity for a mixed-use development containing office, retail, residential and a hotel/restaurant component.

Outlook

Richard Bowers and Company's outlook for the remainder of 2020 and into the early part of 2021 is flat. With a change in Presidential Administrations, coupled with a spike in Covid-19 cases the short term outlook for the Atlanta office market remains unfavorable as subleases continue to rise and more companies decide to work from home through the remainder of the winter months. Notwithstanding, it is our belief that we will see some return to normal conditions, as the vaccine becomes more readily available and companies and employees realize the long-term benefits of being in an office environment (i.e. training new staff, productive in person meetings, and the overall social aspect of employee interaction), we will see a gradual shift back to the work place.



Phase 1 of the 12-acre development will also include a hotel, social club, and a 350-unit apartment development.

OFFICE TOTALS BY SUBMARKET

SUBMARKET	TOTAL SF	VACANT SF	OCCUPANCY RATE	CURRENT ABSORPTION	YTD ABSORPTION	AVERAGE RENT RATE
Urban						
Downtown	15,663,406	2,342,374	85.05%	(57,035)	(124,383)	\$27.27
Midtown	17,710,240	1,945,369	89.02%	(6,919)	241,667	\$35.82
Buckhead/Lenox	16,343,929	2,492,186	84.75%	(110,563)	(563,287)	\$33.82
Urban Totals	49,717,575	6,779,929	86.97%	(174,517)	(446,003)	\$32.47
Suburban						
Airport/South	2,830,528	402,275	85.79%	69,291	43,774	\$19.15
Decatur	1,154,049	92,268	92.00%	(8,048)	19,698	\$25.21
GA-400 North	16,740,771	2,684,237	83.97%	(33,108)	27,464	\$24.85
I-20W/Greenbriar	269,141	12,531	95.34%	0	22,498	\$18.78
I-285/GA-400	24,466,077	4,014,265	83.59%	(484,285)	544,428	\$27.81
I-285/I-85/Northlake	4,466,631	470,153	89.47%	(14,554)	23,933	\$20.48
I-285E/Stone Mountain	271,007	39,856	85.29%	0	10,295	\$16.42
I-75 Corridor	1,021,983	220,013	78.47%	0	6,148	\$29.22
I-75/I-285	19,475,357	2,873,535	85.25%	(5,683)	144,847	\$25.91
I-75N/Marietta/Johnson Ferry	3,324,589	466,251	88.98%	19,895	(14,919)	\$22.16
NE Expressway - North	4,961,213	784,593	84.19%	96,327	84,794	\$19.96
NE Expressway - South	4,757,125	300,073	93.69%	14,354	(4,117)	\$22.26
Peachtree Corners	7,907,224	1,346,887	82.97%	40,027	68,139	\$17.64
Suburban Totals	91,645,695	13,706,937	85.04%	(305,784)	976,982	\$24.37
Total with Averages	141,363,270	20,486,866	85.51%	(480,301)	530,979	\$27.22

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



Richard Bowers & Co.
Real Estate

260 Peachtree Street • Suite 2400 • Atlanta, Georgia 30303 • P: 404.816.1600 • F: 404.880.0077
richardbowers.com

The data summarized herein was obtained directly from the owners and managers of the buildings included in the Richard Bowers & Co. database. Richard Bowers & Co. takes no responsibility for the accuracy of the information provided by others.

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