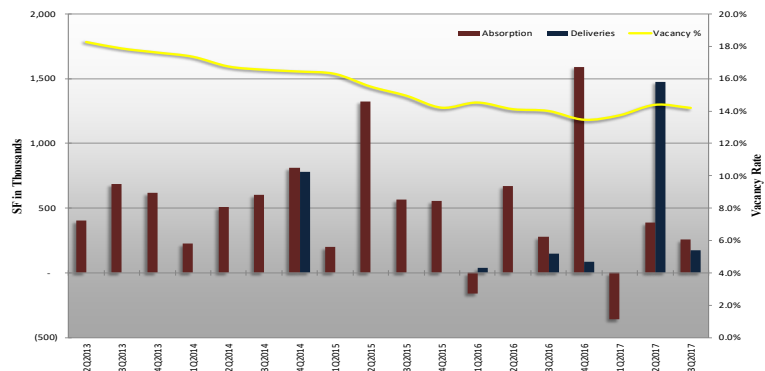


MARKETREPORT

ATLANTA OFFICE MARKET SNAPSHOT

Total Square Feet:	136,250,031	↑
Vacant Square Feet:	19,331,962	↓
Percent Occupied:	85.81%	↑
Absorption for Quarter:	259,579	↑
Absorption Year-to-Date:	289,946	↑
Average Rental Rates:	\$23.78	↑
Space Delivered YTD:	1,647,526	↑
Class "A" Avg. Rental Rate:	\$26.71	↑

METRO ATLANTA OFFICE MARKET SUMMARY



Positive momentum continues in the Metro Atlanta office market...

Positive momentum continued 3rd quarter 2017, following a healthy 2nd quarter for the Metro Atlanta office market. The market sustained good absorptions numbers, totaling 259,579 square feet of positive absorption and bringing the year-to-date positive total to 289,946 square feet. This absorption can be contributed to many tenants moving into newly delivered buildings that came online 2nd quarter 2017, including Three Alliance Center, Riverwood 200, 8000 Avalon and Two Ballpark Center. This situation benefitted the Buckhead/Lenox submarket with Three Alliance Center absorbing over 278,000 square feet. Buckhead/Lenox lead all submarkets in absorption this quarter with 220,580 square feet of positive absorption. Downtown was second in absorption this quarter with 151,306 square feet positive absorption. This brings Downtown's year-to-date absorption to 281,178 square feet positive absorption, which leads all submarkets. Midtown is third in absorption this quarter with 93,628 square feet. Our Central Business District is seeing many tenants moving into the urban corridor.

While the urban corridor shined, the suburban submarkets had a rough quarter, totaling 205,935 square feet of negative absorption. This was contributed to some major key move-outs, including Equifax vacating their space from Central Perimeter and consolidating their offices into their Midtown headquarters on Peachtree Street. Average rental rates remained relatively stable, only increasing on average by \$0.02 per square foot. This is the first quarter that average rental rates have had less than a \$0.10 increase since the beginning of 2016. Vacancy rates fell 19 basis points this quarter, from 14.38% to 14.19%, due to the new 2nd quarter deliveries' absorption this quarter. Overall, this quarter was very productive and this trend should continue through 4th quarter 2017.

Urban Submarkets

As noted earlier, this was a great quarter for the urban submarkets. Buckhead, Downtown and Midtown led all submarkets in quarterly absorption, combining for over 465,000 square feet positive absorption. Downtown still leads all submarkets in year-to-date absorption, with Buckhead closely behind. Buckhead continues to hold the highest average rental rate of all submarkets, commanding a \$30.49 average rental rate. Midtown holds the second highest average rental rate of all submarkets with an average rate of \$28.07 per square foot. One of the interesting trends is that the urban absorption has been significantly higher than the suburbs. This trend is continuing with the urban submarkets leading the suburban submarkets in 3rd quarter absorption, average rental rates and occupancy.

Downtown has also been the benefactor of recent attention geared toward massive redevelopment projects in the area. Many historical buildings are getting bought up with proposals for extreme makeovers, reigniting the optimism that Downtown will return to its former glory. Historical buildings such as the Grant Building, Hurt Building, 222 Mitchell and other large landmarks in the south Downtown area have been purchased recently by motivated buyers with plans to renovate these buildings into modern redevelopments. The owners of Peachtree Center have also announced plans to make major renovations to their buildings, modernizing their retail space, offices and adding residential units. These new announcements add to the numerous development plans announced last quarter, including proposals for Underground Atlanta, The Gulch, expansions to Ponce City Market and a large development proposal centered around Philips Arena. Central Atlanta Progress estimates over \$4 billion is currently being invested in the Downtown area. These projects will certainly increase the attraction to Downtown while rental rates are highly favorable.

Suburban Submarkets

Although the suburban submarkets had a tough quarter, the suburbs have still produced almost 1 million square feet in deliveries through 3rd quarter 2017, including Two Ballpark Center, 8000 Avalon and Riverwood 200. The suburbs also accounted for the only 3rd quarter delivery - 3400 Overton, a 172,900 square foot Class A office space that came online in the I-75/I-285 submarket in August. This building, located just off Cumberland Boulevard and Akers Mill Road next to the I-75/I-285 interchange, is headlined by Synovus Financial, anchoring 103,850 square feet.



TOP FIVE RANKING SUBMARKETS

Net Absorption - 3rd Quarter 2017

Buckhead/Lenox	220,580
Downtown	151,306
Midtown	93,628
I-285/GA-400	60,334
Decatur	13,830

Total Existing Square Feet

I-285/GA-400	22,705,938
I-75/I-285	19,152,170
GA-400 North	16,219,132
Buckhead	16,034,199
Downtown	15,810,867

Submarket Occupancy Rate

I-20W/Greenbriar	93.95%
I-75N/Marietta/Johnson	92.65%
NE-Expressway South	92.16%
Decatur	90.61%
I-75 Corridor	88.20%

Average Quoted Rental Rate

Buckhead/Lenox	\$30.49
Midtown	\$28.07
I-75 Corridor	\$27.72
I-285/GA-400	\$25.19
I-75/I-285	\$23.37

Average Quoted Class A Rental Rate

Buckhead/Lenox	\$32.04
Midtown	\$30.07
I-285/GA-400	\$27.44
I-75/I-285	\$25.96
GA-400 North	\$24.57

The suburban submarkets account for 346,539 square feet of negative absorption year-to-date. Fortunately, many tenants have not left the Metro Atlanta market entirely, but have relocated to the urban corridor. The leading suburban submarkets in four-quarter cumulative absorption have been I-285/I-85/Northlake leading with 150,951 square feet positive absorption; I-285/GA-400 with 144,993 square feet positive absorption and GA-400 North with 71,833 square feet of positive absorption. The suburban submarkets still account for the majority of deliveries for 2017, totaling 965,994 square feet. The suburban submarkets should continue to contribute as there are still developments scheduled to come online during 4th quarter 2017, including One Ballpark Center, 3 Edison and 4004 Perimeter Summit, totaling over 700,000 square feet.

Outlook

We expect positive momentum to continue through 4th quarter 2017 and into 2018. With roughly 1,000,000 square feet set to deliver in the 4th quarter, these deliveries will contribute to positive 4th quarter absorption as well as early 2018 positive absorption since many of these projects under construction are substantially pre-leased. These 4th quarter 2017 developments include 4004 Perimeter Summit (355,000 square feet), 1 Ballpark Center (260,000 square feet), FBI Building (151,000 square feet), Stockyards (123,000 square feet) and 3 Edison (107,600 square feet), totaling 885,000 square feet. Although rental rate increases have slowed, demand has still outpaced supply so far this year.

Atlanta's growth and future is expected to be favorably impacted by move-ins to Atlanta, including NCR Corp, Treatment Management, Mantis International and Itamar Medical, to name a few. Atlanta continues to rank with the top cities in the world and is poised to continue growing for many years to come. With a favorable business environment, excellent climate, a highly-educated workforce and a reasonable cost-of-living, Atlanta affords many corporate advantages. Atlanta is home to 15 Fortune 500 company headquarters, which is more than Dallas and Nashville combined, making Atlanta a premier commercial hub in the South.

Atlanta has also recently been regarded in the news as one of the finalists for Amazon's coveted "HQ2." Atlanta is positioned well to possibly win the assignment. The Atlanta logistics industry has been consistently ranked among the top producers in the United States. This can be attributed to Atlanta's geographically-centered position with access to major highways, the world's busiest airport and direct highway access to the 2nd largest seaport in the United States (Savannah, GA). Atlanta is also positioned in the Southeastern quadrant of the United States, providing a transverse location to Amazon's current Seattle, WA headquarters. Atlanta has also been steadily ranked among the top tech-talent markets in the country. This can be credited to the city's top universities, including Georgia Tech, Emory University, and Georgia State University, that produce highly-educated talent in technology and engineering. This combination of established technology and logistics industries could bode well to win over this e-commerce giant.

We expect this positive momentum to continue through 4th quarter and provide a good ending to 2017.

OFFICE TOTALS BY SUBMARKET

SUBMARKET	TOTAL SF	VACANT SF	OCCUPANCY RATE	CURRENT ABSORPTION	YTD ABSORPTION	AVERAGE RENT RATE
Urban						
Downtown	15,810,867	2,502,603	84.17%	151,306	281,178	\$22.50
Midtown	15,516,115	1,839,188	88.15%	93,628	75,843	\$28.07
Buckhead/Lenox	16,034,199	2,084,494	87.00%	220,580	279,464	\$30.49
Urban Totals	47,361,181	6,426,285	86.43%	465,514	636,485	\$26.14
Suburban						
Airport/South	2,942,528	747,662	74.59%	(25,363)	38,117	\$17.29
Decatur	1,154,049	108,419	90.61%	13,830	(8,071)	\$22.12
GA-400 North	16,219,132	2,380,631	85.32%	(29,909)	(58,614)	\$22.53
I-20W/Greenbriar	313,609	18,963	93.95%	0	0	\$15.23
I-285/GA-400	22,705,938	2,735,433	87.95%	60,334	84,196	\$25.19
I-285/I-85/Northlake	4,298,545	627,297	85.41%	(12,956)	22,007	\$17.30
I-285E/Stone Mountain	271,007	64,281	76.28%	0	3,288	\$13.06
I-75 Corridor	1,127,333	133,006	88.20%	(53,501)	(71,652)	\$27.72
I-75/I-285	119,152,170	3,030,420	84.18%	(53,907)	(27,018)	\$23.37
I-75N/Marietta/Johnson Ferry	3,158,977	232,129	92.65%	(59,936)	(30,184)	\$20.47
NE Expressway - North	4,934,213	1,001,289	79.82%	(15,110)	(113,666)	\$19.03
NE Expressway - South	4,677,125	366,499	92.16%	(1,568)	(11,625)	\$19.61
Peachtree Corners	7,907,224	1,459,648	81.54%	(27,849)	(172,221)	\$16.97
Suburban Totals	88,888,850	12,905,677	85.48%	(205,935)	(346,539)	\$22.05
Total with Averages	136,250,031	19,331,962	85.81%	259,579	289,946	\$23.78

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.

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