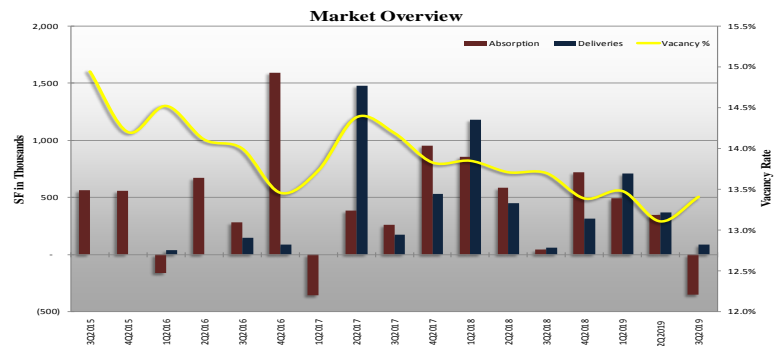


MARKET REPORT

ATLANTA OFFICE MARKET SNAPSHOT

Total Square Feet:	139,243,109	↑
Vacant Square Feet:	18,674,705	↑
Percent Occupied:	86.59%	↓
Absorption for Quarter:	(348,091)	↓
Absorption Year-to-Date:	490,164	↓
Average Rental Rates:	\$26.40	↑
Space Delivered YTD:	1,340,931	↑
Class "A" Avg. Rental Rate:	\$29.69	↑

METRO ATLANTA OFFICE MARKET SUMMARY



Metro Atlanta office market fundamentals have shown great stability...

Overview

The Metro Atlanta office market completed third quarter 2019 with 348,091 square feet of negative absorption, for office buildings 75,000 square feet and higher. While Richard Bowers & Company is reporting negative absorption for the quarter, this does not change the overall positive sentiment that is held for Metro Atlanta's office market. The Urban Corridor is experiencing the highest office rental rates in Atlanta's history with 1.34 million square feet of new office space having delivered year-to-date and with over 6.35 million square feet of office space for Metro Atlanta under construction and expected to deliver by year end 2021.

With overall strong sentiment for the continued growth of the Metro Atlanta office market, we can look towards other indicators, rather than absorption, to show the continued health of not just the Urban Corridor but the Suburban submarkets as well. This positive sentiment can be illustrated by the continued increase in rental rates currently at \$26.40 per square foot on average for the entire metro market, up over \$0.62 per square foot from second quarter 2019. Occupancy rates also are higher today at 86.59% than from third quarter 2018 at 86.29%. New office tenants, developments and real estate investments continue to flow into Atlanta as one of our major urban centers and our most desirable US relocation city according to Corenet, which will continue to serve rising demand from population and job growth.

Urban Submarkets

Midtown led the urban submarkets in absorption for third quarter 2019 with 117,011 square feet of positive absorption and year-to-date positive absorption of 856,718 square feet. Midtown has also been the highlight of new construction this year, with over 1 million square feet year-to-date and another 232,141 square feet set to come online in the fourth quarter (T-3 West Midtown at Atlantic Station). The growth that Midtown and our other urban markets have experienced, illustrates the continued desire of office tenants to remain in or near our CBD and urban corridor due to great amenities, continued accessibility to our freeways, secondary roads and public transportation, a growing talent pool, a favorable climate and a lower cost of living than other major U.S. urban centers.

Downtown stayed relatively flat this quarter with 7,359 square feet of negative absorption and currently ranks fifth in average rent at \$26.65 per square foot. Downtown continues to offer the most competitive rates along the Urban Corridor. Due to rising rents in Midtown and Buckhead, Downtown has been able to push rents and still stay our most competitive urban submarket.

Buckhead ended the third quarter with 135,176 square feet of negative absorption. Notwithstanding Buckhead is now tied for first in average rent at \$33.48 with Midtown, and Buckhead's average quoted Class A rental rate is just \$0.01 below Midtown at \$35.17. Buckhead did not have any one large tenant move out but instead saw numerous small to medium tenants relocate. These smaller tenants are very likely being priced out of the Buckhead market and are looking for cheaper rent in more affordable locations nearby.

Suburban Submarkets

The suburban submarkets had a mixed quarter and finished third quarter with 322,638 square feet of negative absorption and are reporting 85.68% occupancy. Average rent is currently being quoted at \$23.89 per square foot which is up \$1.27 from third quarter 2018. The northern sector of I-285 has drawn a lot of attention



TOP FIVE RANKING SUBMARKETS

Net Absorption - 3rd Quarter 2018

Peachtree Corners	136,552
Midtown	117,011
Airport/South	17,618
I-75N/Marietta/Johnson Ferry	6,564
NE Expressway-South	2,648

Total Existing Square Feet

I-285/GA-400	23,393,831
I-75/I-285	19,475,357
Midtown	17,314,428
GA-400 North	16,383,201
Buckhead/Lenox	16,343,929

Submarket Occupancy Rate

NE Expressway-South	94.24%
Decatur	91.40%
I-75N/Marietta/Johnson	90.58%
Midtown	90.08%
Buckhead/Lenox	87.93%

Average Quoted Rental Rate

Midtown	\$33.48
Buckhead/Lenox	\$33.48
I-75 Corridor	\$29.22
I-285/GA-400	\$27.11
Downtown	\$25.65

Average Quoted Class A Rental Rate

Midtown	\$35.18
Buckhead/Lenox	\$35.17
I-285/GA-400	\$29.68
Decatur	\$28.46
I-75/I-285	\$28.27

over the past few years. From the ongoing construction at The Battery to the growing popularity of the GA-400 corridor, from I-285 going north, the northern submarkets are showing no sign of slowing down as companies expand north to ease commute times for suburban employees and escape higher rents of Buckhead, Midtown, and the Perimeter.

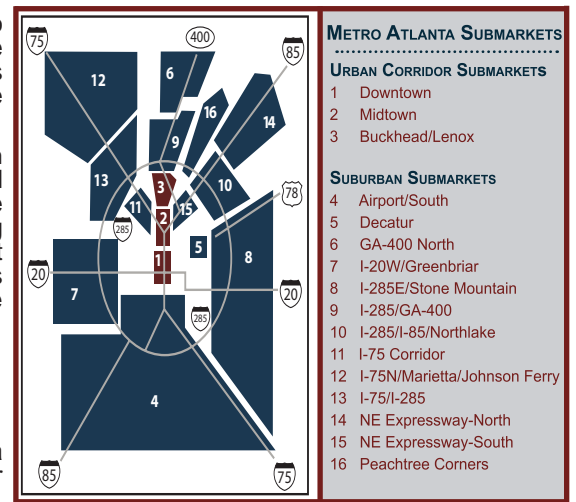
The top performing submarket this quarter is Peachtree Corners with 136,525 square feet of positive absorption offering full service and modified gross rent options ranging from \$15 to \$20 on average. One building came on-line this quarter in the GA-400 submarket, 6655 Town Square – Building 1200. This 90,000 square foot office building came on-line 95% occupied at over \$30 per square foot, once again showing the desire of office tenants to provide their employees with Class-A office space and reduced commute times.

Outlook

Our outlook for the Metro Atlanta office market remains strong and the Atlanta fundamentals have shown great stability. Rental rates are steadily increasing year over year, and occupancy rates are in the highest ranges since the early 2000's. There is currently 6.35 million square feet of office space under construction in Metro Atlanta, which reflects investor and developer optimism that Atlanta will continue to perform well relative to other major urban centers. Even with construction costs increasing, there seems to be no slow down in the number of new developments breaking ground and starting construction in Atlanta.

As the fourth quarter is underway it is very important to follow the progress of the WeWork buyout by Softbank. WeWork is a major owner and operator in the Urban Submarkets with over 2.7 million square feet of inventory in Metro Atlanta. Richard Bowers & Company will continue to track the buyout as the effect of the buyout could create a "false negative" absorption rate as unrented WeWork spec space comes back to the office market.

Other major ongoing projects in the Metro Atlanta office market include; Project Rocket (Amazons new fulfillment center), Facebook and Google data centers, SKI Innovations (battery plant), and a number of medical office buildings coming on-line in the next 2 years. Metro Atlanta is set to see another large population increase as people continue to find more cost-affordable places to live with favorable salaries and convenient office locations.



OFFICE TOTALS BY SUBMARKET

SUBMARKET	TOTAL SF	VACANT SF	OCCUPANCY RATE	CURRENT ABSORPTION	YTD ABSORPTION	AVERAGE RENT RATE
Urban						
Downtown	15,636,867	2,102,914	86.55%	(7,288)	1,784	\$25.65
Midtown	17,314,428	1,717,032	90.08%	117,011	856,718	\$33.48
Buckhead/Lenox	16,343,929	1,972,527	87.93%	(135,176)	(30,961)	\$33.48
Urban Totals	49,295,224	5,792,473	88.38%	(25,453)	827,541	\$31.00
Suburban						
Airport/South	2,750,528	368,009	86.62%	17,618	103,950	\$18.63
Decatur	1,154,049	99,305	91.40%	(17,359)	(14,048)	\$24.83
GA-400 North	16,383,201	2,272,209	86.13%	(20,746)	183,608	\$24.53
I-20W/Greenbriar	269,141	35,029	86.98%	(17,214)	(52,177)	\$18.78
I-285/GA-400	23,393,831	3,400,476	85.46%	(19,541)	(390,286)	\$27.11
I-285/I-85/Northlake	4,444,249	554,727	87.52%	(143,193)	(66,231)	\$19.94
I-285E/Stone Mountain	271,007	50,151	81.49%	0	8,891	\$16.42
I-75 Corridor	1,021,983	226,161	77.87%	(108,574)	(211,012)	\$29.22
I-75/I-285	19,475,357	3,001,161	84.59%	(138,872)	(101,132)	\$25.53
I-75N/Marietta/Johnson Ferry	3,158,977	297,622	90.58%	6,564	(51,705)	\$21.55
NE Expressway - North	4,961,213	829,439	83.28%	(20,611)	152,988	\$19.61
NE Expressway - South	4,757,125	273,876	94.24%	2,648	29,548	\$21.72
Peachtree Corners	7,907,224	1,474,067	81.36%	136,552	70,229	\$17.52
Suburban Totals	89,947,885	12,882,232	85.68%	(322,638)	(337,377)	\$23.89
Total with Averages	139,243,109	18,674,705	86.59%	(348,091)	490,164	\$26.40

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 11,735 requirements and over 89,930,708 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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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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