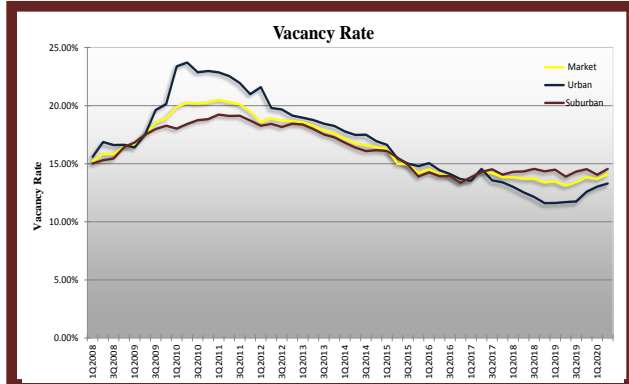
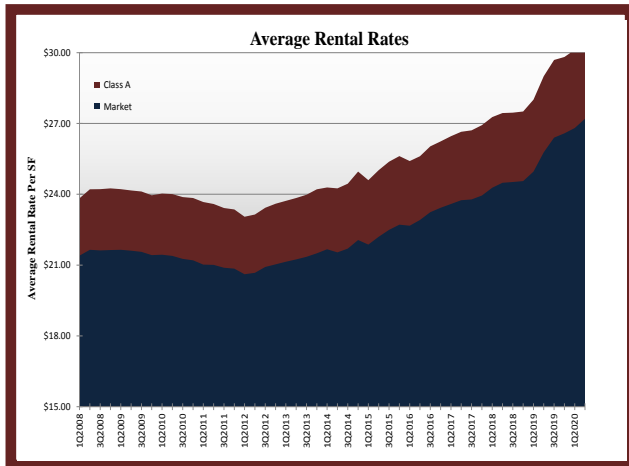
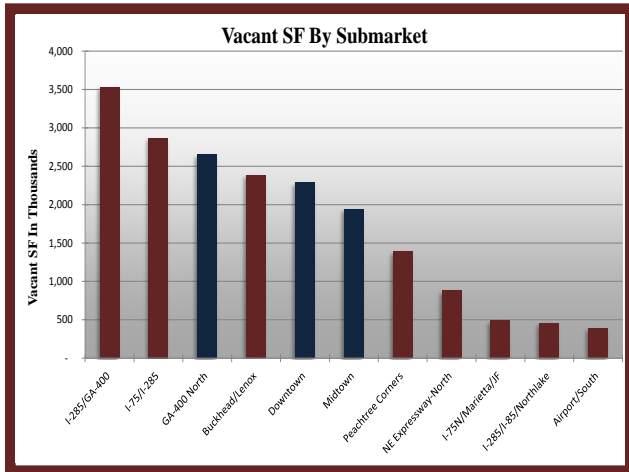


THE BOWERS DIGEST

METRO ATLANTA OFFICE MARKET ANALYSIS

Vol. 31, No. 2



REAL ESTATE TRENDS
MID-YEAR 2020



Providing self generated and proprietary office market data since 1989

OVERVIEW: THE ATLANTA MARKET

Overview

The Metro Atlanta office market saw numerous ups and downs in the first half of 2020. Richard Bowers & Company is reporting year-to-date absorption totaling 1,011,280 positive square feet. The Metro Atlanta real estate market continues to outperform other cities due to the continuing strong economy, our favorable cost of living, and less expensive office space. Metro Atlanta is well positioned for continued growth with new development and large multi-national firms expanding their footprint in both the urban and suburban corridors. Metro Atlanta is also a popular destination for technology companies, healthcare, and warehouse/distribution.

The top five submarkets in absorption this quarter are Midtown with 288,734 square feet of positive absorption, I-75/I-285 with 228,333 square feet of positive absorption, Decatur with 27,410 square feet of positive absorption, I-20W/Greenbriar with 18,429 square feet of positive absorption, and I-285/Stone Mountain with 10,295 square feet of positive absorption.

I-285/GA-400 has led all submarkets in year-to-date absorption with 1,028,713 square feet of positive absorption, which can be attributed to the success of new Class-A office developments, State Farm – Phase II and the new development Twelve 24 with the major tenant Insight Global leasing 233,384 square feet. Midtown follows in year-to-date absorption with 248,586 square feet of positive absorption. Following respectively is I-75/I-285 with 150,530 square feet of positive absorption, GA-400 North with 60,572 square feet of positive absorption, and I-285/I-85/Northlake rounding out the top five with 38,487 square feet of positive absorption year-to-date.

The first half of 2020 has shown the strength of Metro Atlanta's suburban submarkets, specifically I-75/I-285, I-285/GA-400, and GA-400 North. As development costs in the Urban Corridor continue to rise, these suburban submarkets have shown great strength with continued high absorption rates and ongoing development of Class-A office buildings. Truist Park has brought renewed interest to the I-75/I-285 submarket, offering its tenants a "live, work, and play ball" atmosphere. The success of Avalon (GA-400 North) coupled with the completion of State Farm-Phase II and Twelve 24 (I-285/GA-400) have brought renewed strength to these two GA-400 submarkets. As we start to see the long-term effects of Covid-19, these suburban submarkets will continue to cater to companies looking for less density, cheaper rent, somewhat easier commute times and offering a lot of the same amenities as the Urban Corridor. The on set of Covid-19 is bringing renewed attention to the suburban submarkets, which has been shown through rise in single-family home sales.

The Urban Corridor has shown amazing resilience during Covid-19. The vacancy rate for the Urban Corridor is 13.29% which is a small increase quarter-over-quarter of .26%. While the long-term effects of Covid-19 have yet to be realized, the continued popularity of the Midtown submarket coupled with the competitive rental rates of Downtown show that Metro Atlanta's Urban Corridor will continue to attract a wide range of companies from start-ups to multi-national firms, as Atlanta has become one of the top markets for recruiting due to a favorable cost of living and a strong university system. Ongoing development has been the highlight of the Urban Corridor, during the second quarter of 2020. With decreased traffic and more people working from home, construction has continued to move forward at an accelerated rate.

While some submarkets have seen rental rates drop, Metro Atlanta's average rental rate has continued to climb since the first quarter of 2016, which can be attributed to new Class-A developments and rising rental rates in some of the more popular suburban submarkets and buildings. Average rental rates for Metro Atlanta are up 39 cents quarter-over-quarter to \$27.20. The demand for Class-A office space continues to outpace lesser expensive B and C developments, even with rental rate averages at \$30.62 per square foot for Class-A buildings and \$22.06 and \$18.79 respectively for class B and C office buildings.

The average quoted rental rates are much higher for the Urban Corridor at \$32.46 per square foot vs. \$24.35 for the suburbs. Midtown at \$35.81 per square foot, and Buckhead/Lenox at \$33.80 per square foot on average are the leading submarkets in pricing. Due to higher Midtown and Buckhead rental rates, Downtown, at \$27.27 per square foot, is receiving strong interest in office relocations primarily due to economics and great infrastructure when considering points of ingress/egress to the expressway, secondary roads, pedestrian sidewalks, MARTA rapid-rail stations, as well as proximity to Hartsfield-Jackson International Airport only ten miles away. Tenants are also looking to the I-75/GA 400 and I-285/GA 400 submarkets for a suburban change of pace with a more pedestrian friendly environment, a convenient suburban location, and excellent amenities.

Construction Pipeline 2020 and Beyond!

Metro Atlanta has seen a boom in recent years of new Class-A developments, in both the Urban and Suburban submarkets. The continued interest in Metro Atlanta, has helped it to weather the uncertainties of Covid-19 and has opened the door to large multi-national firms looking to expand or move out of higher cost cities. With competitive rents, a strong recruiting presence, and a favorable climate, Atlanta continues to attract companies of all sizes.

Midtown is set to have another excellent year of development. Atlantic Yards North and South are set to deliver in September and will add 523,511 square feet of leased Class-A office space. Microsoft is set to take all the space in both the North and South buildings and will be investing \$75 million of their own money into the build-out. Two other major developments set to deliver in Midtown this year are the Interlock (290,000 square feet) and 8West (220,000 square feet). Both buildings are already pre-leasing and are expected to come online stabilized.

The popular I-75/I-285 suburban submarket is set to see the delivery of the Ballpark at SunTrust, a 332,486 square foot Class-A office building. Airport/South saw the completion of the SMC3 building (80,000 square feet) in July.

On Going Expansion of Metro Atlanta's Technology Sector

Microsoft announced this quarter they will move into the Hines' development of Atlantic Yards expected to be completed by 2021. This new expansion will create Microsoft's second largest hub, after their campus in Redmond, WA. In the announcement, Microsoft is leasing over 523,000 square feet and will invest \$75 million in the facility itself which will also include open retail.

Microsoft already occupies space in the Coda building in Technology Square as well as offices in Buckhead and Alpharetta. Microsoft currently holds 55,000 square feet of space located in the GA-400 North submarket. The expansion is expected to create 1,500 new technology jobs in the cloud services and artificial intelligence sectors. Terrel Cox, general manager of Microsoft's US East Coast Region and AI Acceleration Development Program, cites Atlanta's rich history and willingness to innovate as core reasons for the Atlanta selection. Atlanta has consistently been seen as a major innovation hub of the Southeast for numerous industries.

The deal marks a pivotal step for Atlanta's job growth in the technology sector. Macy's was supposed to create a technology hub in Midtown and add 630 jobs

due to the fashion retailer closing off their San Francisco presence; however, they canceled the expansion citing Covid-19 as the main reason. Macy's still does plan on opening a technology hub in the Peachtree Corners submarket.

Atlanta has been attractive to technology companies due to the high education concentration in Atlanta. Emory, Georgia Tech, Georgia State, Kennesaw State and other urban colleges all contribute to the Metro Atlanta's education presence. Georgia Tech consistently has shown to be a top engineering school, making Atlanta attractive for technology heavy companies. Georgia Tech is a key reason for the strong activity in Midtown. These new technology jobs are expected to help stabilize multifamily rents in the market. Apartments have seen higher concessions paired with slowly declining rents, especially recently due to Covid-19.

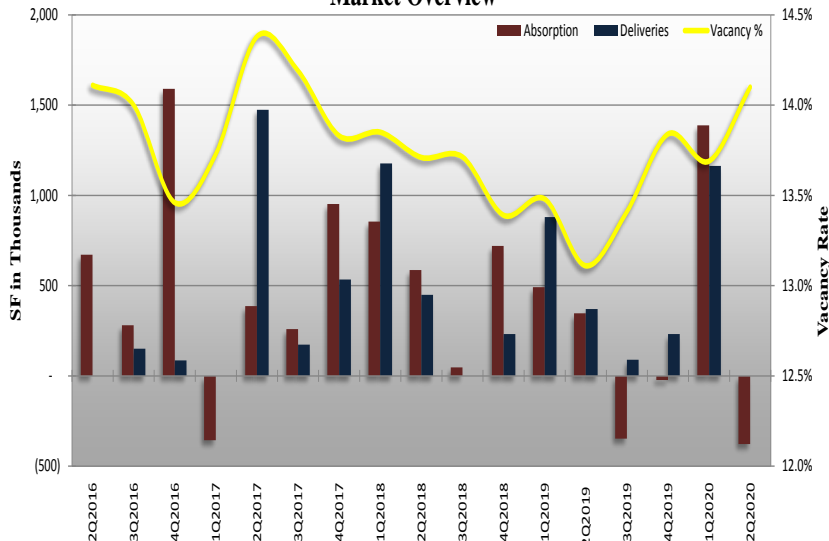
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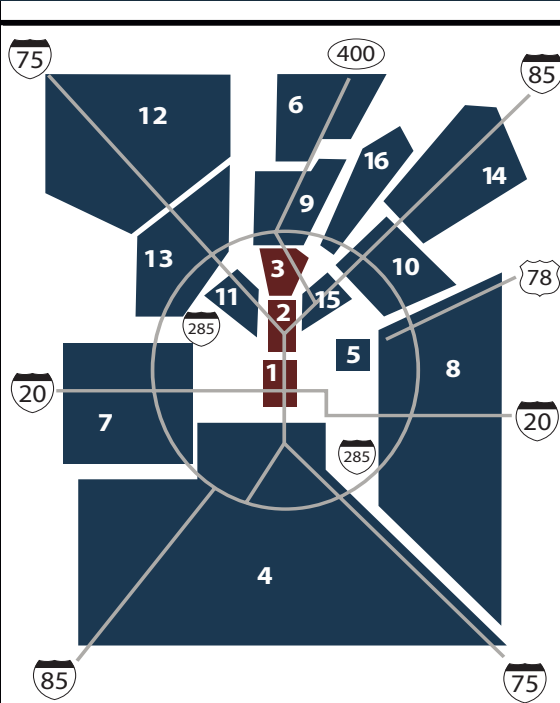
The outlook for the remainder of 2020 and beyond holds its uncertainties and unknowns, but as can be seen companies are equipped to adapt. More people are working from home, but as offices start to reopen the amount of square feet needed per employee could continue to rise as companies enforce more practical social distancing guidelines.

The office market is contributing to the success and prosperity of our clients and office users throughout Atlanta, whether it is an urban location or the suburbs. Atlanta affords a great and plentiful supply of quality office space that is favorably priced in comparison to many other major metropolitan centers. In closing and as always, we want to wish our clients and customers great success and prosperity for calendar year 2020 and beyond!

Richard E. Bowers

Market Overview





Urban Corridor Submarkets

1. Downtown
2. Midtown
3. Buckhead/Lenox

Suburban Submarkets

4. Airport/South
5. Decatur
6. GA-400 North
7. I-20W/Greenbriar
8. I-285E/Stone Mountain
9. I-285/GA-400
10. I-285/I-85/Northlake
11. I-75 Corridor
12. I-75N/Marietta/Johnson Ferry
13. I-75/I-285
14. NE Expressway-North
15. NE Expressway-South
16. Peachtree Corners

THE ATLANTA OFFICE MARKET

	<u>2nd Quarter 2020</u>	<u>2nd Quarter 2019</u>
Year-to-Date Absorption	1,011,280	838,255
4-Quarter Cumulative Abs.	440,210	1,605,033
Total Existing Square Feet	141,283,270	139,153,106
Total Available Square Feet	19,926,565	18,236,614
Percent Of Total Space Vacant	14.10%	13.11%
Average Quoted Rental Rate	\$27.20	\$25.78
Space Delivered YTD* (SF)	1,602,608	1,250,931

* Excludes Net Losses

ATLANTA'S TOP FIVE RANKING SUBMARKETS

Net Absorption - 2nd Quarter 2020:

Midtown	288,734
I-75/I-285	228,333
Decatur	27,410
I-20W/Greenbriar	18,429
I-285/Stone Mountain	10,295

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

Average Quoted Rental Rate:

Midtown	\$35.81
Buckhead/Lenox	\$33.80
I-75 Corridor	\$29.22
I-285/GA-400	\$27.81
Downtown	\$27.27

Total Available Square Feet:

I-285/GA-400	3,529,980
I-75/I-285	2,867,852
GA-400 North	2,651,129
Buckhead/Lenox	2,381,623
Downtown	2,285,339

Submarket Occupancy Rate:

I-20W/Greenbriar	95.34%
NE Expressway-South	93.39%
Decatur	92.70%
I-75N/Marietta/JF	89.80%
Midtown	89.05%

Average Class "A" Rental Rate:

Midtown	\$38.04
Buckhead/Lenox	\$35.58
I-285/GA-400	\$30.22
Downtown	\$29.95
I-75/I-285	\$28.55

"Metro Atlanta will continue to be one of the most desired markets in the Southeast, with continued interest from technology firms and large multi-national firms looking for favorable rent and good cost of living for their employees."

The Bowers Digest was prepared by the Research Department of Richard Bowers & Co. The numerical 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. Additional copies are available. Copyright © 2020 by Richard Bowers & Co., Atlanta, Georgia. All rights reserved.

ATLANTA MARKET TRENDS BY QUARTER

<u>Quarter</u>	<u>Total Square Feet</u>	<u>Vacant Square Feet</u>	<u>Vacancy Rate</u>	<u>Delivered Square Feet</u>	<u>Net Absorption</u>			<u>Average Rental Rate</u>
					<u>4 Qtr. Total</u>	<u>YTD</u>	<u>Quarter</u>	
2Q2020	141,283,270	19,926,565	14.10%	1,602,608	440,210	1,011,280	-377,048	\$ 27.20
1Q2020	141,043,232	19,309,479	13.70%	1,362,570	1,163,633	1,388,328	1,388,328	\$ 26.81
4Q2019	139,680,662	19,335,237	13.84%	437,553	267,185	267,185	-222,979	\$ 26.58
3Q2019	139,243,109	18,674,705	13.41%	90,000	1,210,348	490,164	-348,091	\$ 26.40
2Q2019	139,153,109	18,236,614	13.11%	-197,712	1,605,033	838,255	346,375	\$ 25.78
1Q2019	139,350,821	18,780,701	13.48%	708,280	1,845,022	491,880	491,880	\$ 24.96
4Q2018	138,642,541	18,564,301	13.39%	315,500	2,208,450	2,208,450	720,184	\$ 24.56
3Q2018	138,327,041	18,968,985	13.71%	61,000	2,439,987	1,488,266	46,594	\$ 24.52
2Q2018	138,266,041	18,954,579	13.71%	449,357	2,652,972	1,441,672	586,364	\$ 24.49
1Q2018	137,816,684	19,091,586	13.85%	1,032,587	2,453,259	855,308	855,308	\$ 24.28
4Q2017	136,784,097	18,914,307	13.83%	534,066	1,241,667	1,241,667	951,721	\$ 23.95
3Q2017	136,250,031	19,331,962	14.19%	0	1,087,071	289,946	259,579	\$ 23.78
2Q2017	136,250,031	19,591,541	14.38%	1,474,620	1,108,511	30,367	386,651	\$ 23.75
1Q2017	134,775,411	18,503,572	13.73%	0	560,621	-356,284	-356,284	\$ 23.59
4Q2016	134,775,411	18,147,288	13.46%	86,113	614,886	614,886	797,125	\$ 23.43
3Q2016	134,689,298	18,858,300	14.00%	150,000	666,736	-182,239	281,019	\$ 23.24
2Q2016	134,539,298	18,989,319	14.11%	-832,502	951,290	-463,258	-161,239	\$ 22.91
1Q2016	135,371,800	19,660,582	14.52%	150,465	2,398,258	-302,019	-302,019	\$ 22.67
4Q2015	135,221,335	19,208,098	14.20%	-173,658	2,902,709	2,902,709	848,975	\$ 22.71
3Q2015	135,394,993	20,230,731	14.94%	-732,073	3,314,848	2,053,734	565,573	\$ 22.49
2Q2015	136,127,066	21,528,377	15.81%	778,000	3,066,735	1,488,161	1,285,729	\$ 22.20
1Q2015	135,349,066	22,036,106	16.28%	0	2,289,620	202,432	202,432	\$ 21.87

The Urban Corridor

The Urban Corridor saw a bit of a slow down with 271,486 negative square feet of absorption year-to-date. As Covid-19 hit the higher density Urban Corridor harder than most of the suburban submarkets, we have seen more companies continue to allow their employees to work from home and have seen many leases renegotiated to help both the landlords and their tenants during these uncertain times.

Small-to-medium sized businesses were the most impacted during the second quarter of 2020. With many of these companies only having on average a one to two-month runway of cash, Metro Atlanta saw many of these businesses close completely or have to furlough their entire staff. While this has been hard for many, the federal, state, and local governments are supplying relief for these struggling businesses, as small-to-medium sized businesses are the corner stone of the American work force. From the Cares Act, to PPP loans, and even local initiatives from Mayor Bottoms, many small to medium sized business were able to receive some relief during these difficult times.

A shining light on the Urban Corridor is The Beltline and Beltline Overlay District, which has been at the center of attention for many developers. The success of the Beltline continues to ripple throughout the urban corridor, bringing together all demographics in a pedestrian friendly environment. It is our belief the Beltline will have a positive impact on urban living and development which will continue to strengthen our Central Business District and the success of our urban tenants.

Downtown Atlanta continues to offer the most competitive rents of our three urban submarkets at \$27.27 per square foot. Occupancy in Downtown is at 85.41% with Class-A properties charging upwards of \$29.95 per square foot. Tenants looking to remain in our Central Business District and capitalize on competitive rents will soon realize the return as developments like the Gulch and rehab projects like Underground Atlanta begin to bring new residents to the Central Business District. The growth of Georgia State will also continue to bring new young talent to our Downtown submarket.

Midtown has continued to be one of Metro Atlanta's strongest submarkets in regard to absorption and new construction. Holding the highest overall average rental rate in Metro Atlanta, currently at \$35.81 per square foot and also holding the highest occupancy rate of all three urban submarkets at 89.41%. Midtown is on pace to produce over one million square feet of new Class-A office space for the second consecutive year with another 1,033,511 square feet set to deliver by years end. Many firms are attracted to this urban space due to the workforce talent in the area from the highly skilled Georgia Tech, Georgia State, and other urban colleges, and whose graduates often look to stay within the city or the vicinity of their alma maters. This interest and demand have drawn many employers to occupy offices in Midtown, especially those from within technology sectors.

Buckhead was hit the hardest with 452,724 square feet of negative absorption year-to-date. With increasingly high rental rates compared to Downtown and other suburban submarkets, Covid-19 has seemingly affected this urban submarket the most. While this year has proven to be a challenge for both landlords and tenants, Buckhead still remains one of the most sought-after submarkets in the Southeast by investors and developers. Buckhead is currently at \$33.80 per square foot on average with over 16 million in inventory. Buckhead's occupancy rate is currently at 85.43%. Due to first-class office developments, luxury retail spaces, and excellent restaurants and hotels, Richard Bowers & Company expects a full recovery of the Buckhead Submarket.

Overall, the Urban Corridor remains in high demand as exemplified by the consistently high rental rates and sale prices of Class-A office buildings. Demand is remaining steady for office space in Downtown, Midtown, and Buckhead at over 86% occupancy, and we expect this trend to continue for 2020 and beyond.

NOTABLE LEASE TRANSACTIONS

Tenant	Property	Size (SF)
Microsoft	170 & 200 17th St NW	523,511
Lease Plan USA	1165 Sanctuary Pky	81,615
Emory School of Nursing	250 East Ponce	69,232
Lewis Brisbois	600 Peachtree St NE	48,002
Om Partners USA, Inc.	2727 Paces Ferry Rd	32,467

NOTABLE SALES TRANSACTIONS

Property	Address	Price
1 Edison	1 Edison Dr.	\$38,875,720
3 Edison	3 Edison Dr.	\$35,324,280
Waterford Centre	5555 Triangle	\$11,133,000

"The Urban Corridor has shown great resilience and ongoing development will continue to cater to companies of all sizes"

OFFICE SPACE BY BUILDING CLASSIFICATION

	Total Sq. Ft.	Vacant Sq. Ft.	Vacancy Rate	Quarterly Abs.	4-Qtr Abs.	Avg. Rental Rate
URBAN CORRIDOR						
Class A	34,653,871	4,500,398	12.99%	95,504	-438,476	\$ 35.06
Class B	13,235,014	1,896,397	14.33%	-148,705	7,772	\$ 26.98
Class C	1,828,690	208,617	11.41%	1,509	14,663	\$ 22.68
Urban Totals	49,717,575	6,605,412	13.29%	-51,692	-416,041	\$ 32.46
SUBURBAN CORRIDOR						
Class A	53,034,774	8,127,218	15.32%	-240,883	536,119	\$ 27.72
Class B	33,042,611	4,679,744	14.16%	-158,679	150,397	\$ 20.09
Class C	5,488,310	514,191	9.37%	74,206	169,735	\$ 17.49
Suburban Totals	91,565,695	13,321,153	14.55%	-325,356	856,251	\$ 24.35
URBAN/SUBURBAN TOTALS						
Class A	87,688,645	12,627,616	14.40%	-145,379	97,643	\$ 30.62
Class B	46,277,625	6,576,141	14.21%	-307,384	158,169	\$ 22.06
Class C	7,317,000	722,808	9.88%	75,715	184,398	\$ 18.79
Total	141,283,270	19,926,565	14.10%	-377,048	440,210	\$ 27.20



ATLANTA OFFICE MARKET: COMPARISON BY SUBMARKETS



Urban

Downtown
Midtown
Buckhead/Lenox

Urban Totals

Suburban

Airport/South
Decatur
GA-400 North
I-20W/Greenbriar

I-285/GA-400
I-285/I-85/Northlake
I-285E/Stone Mtn
I-75 Corridor

I-75/I-285
I-75N/Marietta/JF
NE Expressway-North
NE Expressway-South
Peachtree Corners

Suburban Totals

Total/W. Averages

Total Market					
Total Sq. Ft.	Vacant Sq. Ft.	Occupancy Rate	Absorption This Qtr	Absorption YTD	Average Rental Rate
15,663,406	2,285,339	85.41% ↓	(45,900)	(163,174) ↓	\$27.27 ↑
17,710,240	1,938,450	89.05% ↓	288,734	291,405 ↓	\$35.81 ↑
16,343,929	2,381,623	85.43% ↓	(294,526)	(544,272) ↓	\$33.80 ↑
49,717,575	6,605,412	86.71% ↓	(51,692)	(416,041) ↓	\$32.46 ↑
2,750,528	391,566	85.76% ↓	(33,381)	(5,939) ↓	\$18.79 ↑
1,154,049	84,220	92.70% ↓	27,410	(2,274) ↓	\$25.21 ↑
16,740,771	2,651,129	84.16% ↓	(95,460)	(42,096) ↓	\$24.86 ↑
269,141	12,531	95.34% ↑	18,429	5,284 ↑	\$18.78 ↑
24,466,077	3,529,980	85.57% ↑	(289,594)	923,291 ↑	\$27.81 ↑
4,466,631	455,599	89.80% ↓	(5,217)	(21,683) ↓	\$20.43 ↑
271,007	39,856	85.29% ↑	10,295	10,295 ↑	\$16.42 ↑
1,021,983	220,013	78.47% ↓	-	(102,426) ↓	\$29.22 ↑
19,475,357	2,867,852	85.27% ↓	228,333	(5,563) ↓	\$25.89 ↑
3,324,589	486,146	85.38% ↓	(2,013)	(16,348) ↑	\$22.16 ↑
4,961,213	880,920	82.24% ↓	(51,058)	(72,092) ↓	\$19.84 ↑
4,757,125	314,427	93.39% ↓	(78,899)	(37,903) ↓	\$22.26 ↑
7,907,224	1,386,914	82.46% ↑	(54,201)	223,705 ↑	\$17.64 ↑
91,565,695	13,321,153	85.45% ↓	(325,356)	(856,251) ↑	\$24.35 ↑
141,283,270	19,926,565	85.90% ↓	(377,048)	440,210 ↓	\$27.20 ↑

Change from Year-End:

↑ Increase

↓ Decrease

No Change

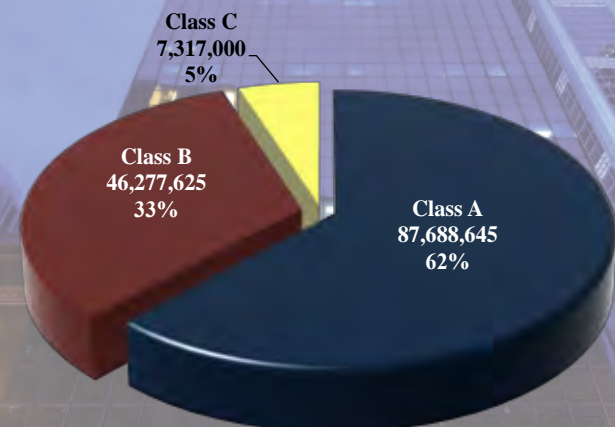
The Suburban Submarkets

The suburban submarkets continue to show strength, especially during Covid-19, as single-family home sales have seen a boost in recent months. This can be attributed to people moving out of the more densely populated Urban Corridor and to the less dense suburbs. The I-285/GA-400 and I-75/I-285 corridors are still proving to be some of the strongest and most popular of the suburban submarkets with 1,028,713 square feet and 150,5030 square feet of positive absorption year-to-date. The average rents for the two submarkets are \$22.81 per square foot and \$25.89 per square foot, respectively. The GA-400 North corridor has 60,572 square feet of positive absorption year-to-date which is highlighted by the success of Avalon. As Metro Atlanta continues to expand its footprint, Richard Bowers & Company expects these submarkets to see expanded growth.

The suburban office market is seeing a higher growth rate than expected as office tenants look to cut down on employee commute times, achieve competitive rents, and receive more amenities like walking trails and outdoor meeting areas; coupled with the onset of Covid-19 and the de-densifying of certain high density submarkets. SunTrust Park and The Battery continue to impress office tenants who enjoy the perks of being close to the stadium and great restaurants. To the east we are monitoring a surge of tech companies moving up GA-400 to the northern suburbs and out of Midtown and Buckhead. We are also seeing rents as high as \$42-\$45 per square for Class-A office space in the I-285/GA 400 and GA-400 North submarkets. This growth has in actuality brought in a new class of office building owners and operators looking to capitalize on rehabbing the older office buildings and capturing higher rents.

Average occupancy for the suburban submarkets is 85.45%. The suburban market has seen a mix of new development and building renovations, bringing life to older suburban areas of Metro Atlanta. As Atlanta continues to grow the need for both suburban and urban office space will increase.

EXISTING SPACE BY CLASS



Class A			Class B			Class C		
Vacant Sq. Ft.	Occupancy Rate	Average Rental Rate	Vacant Sq. Ft.	Occupancy Rate	Average Rental Rate	Vacant Sq. Ft.	Occupancy Rate	Average Rental Rate
1,818,732	84.46%	\$35.58	562,891	87.51%	\$22.31	74,845	92.79%	\$17.15
1,328,073	90.75%	\$34.12	450,115	86.35%	\$28.53	148,432	77.33%	\$22.33
1,353,593	88.02%	\$34.25	435,324	90.34%	\$27.49	-	100.00%	\$28.43
<u>4,500,398</u>	<u>89.30%</u>	<u>\$32.39</u>	<u>1,877,630</u>	<u>85.78%</u>	<u>\$25.63</u>	<u>223,280</u>	<u>87.79%</u>	<u>\$19.84</u>
99,237	92.20%	\$20.85	216,106	83.50%	\$18.31	100,423	81.91%	\$14.22
16,841	96.53%	\$26.67	67,879	90.94%	\$22.98	-	-	-
2,367,648	84.68%	\$26.25	290,806	92.83%	\$17.35	-	100.00%	\$16.00
-	-	-	6,833	85.00%	\$30.00	10,982	95.09%	\$14.09
2,543,253	86.40%	\$29.31	924,496	85.55%	\$21.99	275,973	71.33%	\$16.02
47,106	95.90%	\$24.53	374,474	81.40%	\$18.38	610	99.96%	\$16.32
17,225	55.00%	\$14.50	5,805	90.08%	\$26.22	19,740	87.49%	\$13.44
4,240	97.30%	\$42.00	111,863	84.77%	\$25.45	-	100.00%	\$25.50
1,614,083	87.42%	\$27.22	1,210,778	79.84%	\$19.78	17,424	96.40%	\$16.20
322,530	93.49%	\$24.37	106,319	91.75%	\$19.87	96,119	68.66%	\$15.80
583,622	84.44%	\$21.17	297,004	81.90%	\$16.23	-	100.00%	\$25.00
46,562	92.60%	\$24.53	235,510	93.71%	\$21.32	-	100.00%	\$16.89
464,871	75.84%	\$20.96	909,233	81.56%	\$16.10	135,255	78.61%	\$13.86
<u>8,127,218</u>	<u>86.28%</u>	<u>\$26.74</u>	<u>4,757,106</u>	<u>85.57%</u>	<u>\$19.44</u>	<u>656,526</u>	<u>87.89%</u>	<u>\$15.78</u>
<u>12,627,616</u>	<u>87.49%</u>	<u>\$29.00</u>	<u>6,634,736</u>	<u>85.63%</u>	<u>\$21.21</u>	<u>879,806</u>	<u>87.93%</u>	<u>\$19.84</u>

“The Atlanta office market is set for a strong recovery following COVID-19, with competitive rents and ongoing development.

Companies and Landlords have proven they are able and willing to adapt.”

Overall Market

In summary, the overall office market has seen major changes since the onset of Covid-19. From the 40-day shut-down and working from home to the way people interact inside the office and outside the office, Covid-19 has affected the lives of every single person, tenant, and landlord. Rental rates on the short term took a small dip as demand dropped due to Covid-19 concerns. Over time Richard Bowers & Company expects Metro Atlanta to make a full recovery as new construction and developments continue to bring more Class-A office space and companies to the Metro Atlanta market.

An ongoing trend is the adaptation landlords are making to their buildings and tenants are making to their spaces. While working from home has been adopted by some companies, many companies believe an office environment is more conducive to productivity. In order to make employees and tenants feel safe, landlords are making changes to common areas, shared spaces, and elevators in order to reduce any risk of spreading Covid-19. Tenants are trying a wide range of techniques to keep employees safe; for example, alternating work schedules, supplying PPE, putting up protective barriers, and even increasing their footprint to allow for more distance between employees. All of these changes will allow landlords and tenants to continue to operate in the safest way possible moving forward.

In closing, Atlanta has been an excellent market and continues to remain one of the top metropolitan centers in the country. With 1,011,280 square feet of positive absorption at mid-year, 2020 Metro Atlanta will continue to be one of the more attractive markets for office tenants of all sizes. Class-A and Class-B office buildings have continued to see strong demand among investors, even with the onset of Covid-19. Two Class-A office buildings sold in the second quarter of 2020; 1 Edison sold for \$359.99 a square foot and 3 Edison sold for \$327.10 a square foot. Three Class-B office buildings sold this quarter, as well; The Catalyst at Peachtree Corners sold for \$156.96 a square foot, Waterford Centre sold for \$129.45 a square foot and The Exchange sold for \$65.07 a square foot. With a strong economy, favorable business incentives by both local and state government, affordable housing and favorable office pricing, many business leaders are choosing to relocate and continue to grow their operations in Atlanta. Metro Atlanta is well positioned for continued success, affording great accessibility, favorable economics, and a great climate for many years to come.



ANNUAL ABSORPTION AND VACANCY RATE BY SUBMARKET

	<u>2Q 2016</u>		<u>2Q 2017</u>		<u>2Q 2018</u>		<u>2Q 2019</u>		<u>2Q 2020</u>	
	<u>4 Qtr.</u>	<u>Vacancy</u>	<u>4 Qtr.</u>	<u>Vacancy</u>	<u>4 Qtr.</u>	<u>Vacancy</u>	<u>4 Qtr.</u>	<u>Vacancy</u>	<u>4 Qtr.</u>	<u>Vacancy</u>
	<u>Absorption</u>	<u>Rate</u>	<u>Absorption</u>	<u>Rate</u>	<u>Absorption</u>	<u>Rate</u>	<u>Absorption</u>	<u>Rate</u>	<u>Absorption</u>	<u>Rate</u>
Urban										
Buckhead/Lenox	172,149	11.18%	92,806	14.38%	655,599	11.67%	121,854	11.24%	(544,272)	14.57%
Downtown	(95,524)	19.01%	351,555	16.79%	125,237	14.73%	259,046	13.40%	(163,174)	14.59%
Midtown	416,573	13.01%	85,742	12.46%	685,001	11.29%	1,212,085	10.59%	291,405	10.95%
Urban Totals	493,198	14.44%	530,103	14.55%	1,465,837	12.56%	1,465,837	11.70%	(416,041)	13.29%
Suburban										
Airport/South	(146,409)	27.05%	96,391	24.55%	(45,209)	26.08%	189,881	14.02%	(5,939)	14.24%
Decatur	14,902	8.36%	(25,755)	10.59%	32,127	7.81%	8,176	7.10%	(2,274)	7.30%
GA-400 North	179,081	12.35%	(123,131)	14.49%	87,803	14.09%	175,525	13.27%	(42,096)	15.84%
I-20W/Greenbriar	22,590	22.24%	50,788	6.05%	(476)	6.20%	(42,844)	6.62%	5,284	4.66%
I-285/GA-400	(550,996)	12.99%	283,479	12.31%	471,349	12.89%	(368,714)	14.45%	923,291	14.43%
I-285/I-85/Northlake	77,014	18.61%	185,502	14.29%	233,449	11.96%	115,062	9.26%	(21,683)	10.20%
I-285E/Stone Mountain	5,749	26.72%	8,139	23.72%	25,460	14.32%	11,330	18.51%	10,295	14.71%
I-75 Corridor	57,773	5.81%	(14,007)	7.05%	(37,042)	10.34%	(106,390)	11.51%	(102,426)	21.53%
I-75/I-285	348,350	13.81%	154,784	15.54%	344,000	15.86%	93,411	14.70%	(5,563)	14.73%
I-75N/Marietta/JF	288,572	6.09%	20,050	5.45%	(45,909)	6.90%	(86,084)	9.63%	(16,348)	14.62%
NE Expressway-North	235,854	17.88%	(77,183)	19.88%	(6,756)	20.01%	184,107	16.30%	(72,092)	17.76%
NE Expressway-South	(75,480)	8.34%	25,337	7.80%	100,638	7.24%	67,769	5.81%	(37,903)	6.61%
Peachtree Corners	1,092	18.03%	(5,986)	18.11%	27,701	17.76%	(206,521)	20.37%	223,705	17.54%
Suburban Totals	458,092	13.94%	578,408	14.29%	1,187,135	14.33%	12,048	13.88%	856,251	14.55%
Total With Averages	951,290	14.11%	1,108,511	14.38%	2,652,972	13.71%	1,605,033	13.11%	440,210	14.10%

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