



Richard Bowers & Co.  
*Real Estate*

## **Fourth Quarter 2007** **Press Release**

### **Q4 2007 summary**

The fourth quarter of 2007 continued favorably for the Atlanta office market, posting positive absorption of 75,300 square feet. Urban submarkets absorbed 105,873 square feet, while the suburbs had negative absorption of 30,573 square feet, primarily as a result of negative absorption in two submarkets: 228,262 square feet in the I-285/GA-400 submarket and 106,797 square feet in the I-75/I-285 submarket. Average rental rates across all Atlanta submarkets increased modestly from \$21.09 in the third quarter of 2007 to \$21.15 in the fourth quarter.

With 256,805 square feet of deliveries, all of which occurred in the suburbs, average vacancy rates increased slightly from 15.23 percent in Q3 2007 to 15.33 percent in the fourth quarter.

### **2007 year-end summary**

Despite economic concerns about sub-prime lending, oil and gas price increases, and the devaluation of the dollar, calendar year 2007 experienced 3,164,363 square feet of positive absorption—the highest since calendar year 2000 by well over one million square feet. Over the last year, vacancy rates have decreased from 16.43 percent in the fourth quarter of 2006 to 15.33 percent for the fourth quarter of 2007. Rental rates have moved upward significantly from \$20.56 per square foot for the fourth quarter of 2006 to \$21.15 per square foot for the fourth quarter of 2007. Although the urban corridor outperformed the suburbs in the fourth quarter of 2007, for all of 2007 the suburbs outperformed the urban corridor with 1,900,875 square feet of absorption compared to the urban corridor's 1,263,488 square feet.

The urban corridor, due to significantly greater square footage deliveries for 2007, has a slightly higher vacancy rate at year-end 2007 of 15.66 percent as compared to the fourth quarter of 2006 at 15.52 percent. The suburbs' vacancy rate, however, decreased from 16.88 percent in the fourth quarter of





2006 to 15.18 percent in the fourth quarter of 2007. The urban corridor has significantly higher average quoted rental rates—currently at \$23.65 per square foot versus \$19.88 in the suburbs.

### **2008 Outlook**

With the current questionable economic outlook for 2008 and concerns in residential and sub-prime lending, U.S. manufacturing, gasoline prices, and inflation, Richard Bowers & Co. is not as bullish on 2008 despite favorable 2007 absorption results.

Nevertheless, as the fastest-growing city in the country and the number one location under consideration for young college professionals, we fully expect the Atlanta office market to have positive absorption in 2008 unless there is a severe economic downturn. The office market will remain relatively stable with only 743,062 square feet of deliveries in 2008—484,000 square feet along the urban corridor, and 259,062 square feet in the suburbs. The major development scheduled for delivery in 2008 is Buckhead's 3344 Peachtree Road at 484,000 square feet.

Occupancy rates will in all likelihood increase by a small percentage with the limited number of deliveries projected for 2008. Rental rates, which have been relatively stable in comparison to other U.S. markets, are also expected to move upwards, possibly by as much as \$1.00 per square foot, particularly with increased operating expenses and taxes, and new buildings brought on stream at more expensive full service rental rates.

### ***About Richard Bowers & Co:***

*Founded in 1980, Richard Bowers & Co. is Atlanta's premier local commercial real estate firm. The firm engages in leasing and sales of office, industrial, retail, land and investment properties. Online at [www.richardbowers.com](http://www.richardbowers.com)*

**RICHARD BOWERS & CO.**  
**QUARTERLY OFFICE REPORT**

01/16/08

Categ: Urban/Suburban  
 Market Analysis Summary  
 4th Quarter 2007

**The Atlanta Office Market**

	<u>4th Quarter 2007</u>	<u>4th Quarter 2006</u>
Year to Date Absorption	3,164,363	1,850,076
4th Quarter's Absorption	75,300	846,536
Total Existing Square Feet	130,218,171	128,129,229
Total Available Square Feet	19,980,858	21,056,279
Percent Of Total Space Vacant	15.34%	16.43%
Average Quoted Rental Rate	\$21.15	\$20.56
Space Delivered YTD - Square Feet (Does not include net losses)	2,292,601	1,032,293

**Atlanta's Top Five Ranking Submarkets**

Net Absorption 2007

Downtown	743,779
GA-400 North	628,274
Buckhead/Lenox	449,138
I-285/GA-400	301,773
I-75/I-285	237,079

Total Available Square Feet:

I-75/I-285	3,161,954
Downtown	3,039,010
I-285/GA-400	2,974,260
Midtown	2,195,304
GA-400 North	1,943,959

Total Existing Square Feet:

I-285/GA-400	21,980,673
I-75/I-285	18,639,466
Downtown	17,231,079
GA-400 North	15,153,001
Midtown	13,713,498

Submarket Occupancy Rate:

I-75 Corridor	91.65%
I-285E/Stone Mountain	91.61%
NE Expressway-South	89.61%
Buckhead/Lenox	87.37%
GA-400 North	87.17%

Average Quoted Rental Rate:

Buckhead/Lenox	\$25.87
Midtown	\$24.93
I-285/GA-400	\$22.41
Downtown	\$20.99
I-75/I-285	\$20.89

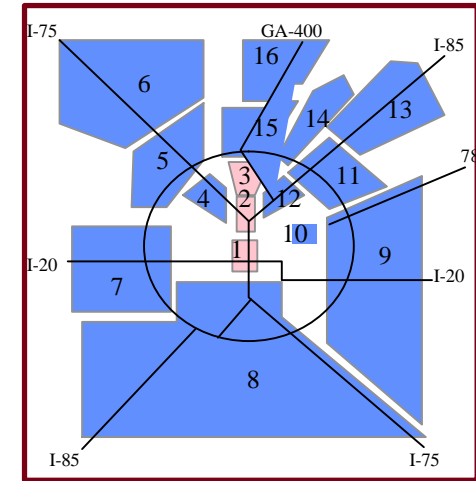
Space Delivered 4th Quarter 2007 - Sq Ft

GA-400 North	141,805
Airport South	63,000
I-75N/Marietta/Johnson Ferry	52,000

## Atlanta Office Market: Comparison by Submarkets

	Totals By Submarket					
	4th Quarter 2007					
	<u>Total</u> <u>Sq. Ft.</u>	<u>Vacant</u> <u>Sq. Ft.</u>	<u>Occupancy</u> <u>Rate</u>	<u>Absorption</u> <u>This Qtr</u>	<u>Absorption</u> <u>YTD</u>	<u>Avg. Rent</u> <u>Rate</u>
<b>Urban</b>						
Downtown	17,231,079	3,039,010	82.36%	124,738	743,779	\$20.99
Midtown	13,713,498	2,195,304	83.99%	287	70,571	\$24.93
Buckhead/Lenox	12,798,170	1,615,843	87.37%	(19,152)	449,138	\$25.87
<b>Urban Totals</b>	<b><u>43,742,747</u></b>	<b><u>6,850,157</u></b>	<b><u>84.34%</u></b>	<b><u>105,873</u></b>	<b><u>1,263,488</u></b>	<b><u>\$23.65</u></b>
<b>Suburban</b>						
Airport/South	2,960,322	597,354	79.82%	(16,399)	121,100	\$16.39
Decatur	1,079,165	144,883	86.57%	10,842	(15,601)	\$20.63
GA-400 North	15,153,001	1,943,959	87.17%	262,073	628,274	\$19.38
I-20W/Greenbriar	321,053	54,332	83.08%	0	(8,483)	\$13.66
I-285/GA-400	21,980,673	2,974,260	86.47%	(228,262)	301,773	\$22.41
I-285/I-85/Northlake	4,480,184	825,987	81.56%	(41,777)	49,644	\$17.30
I-285E/Stone Mtn	465,932	39,081	91.61%	11,780	41,047	\$13.43
I-75 Corridor	1,127,333	94,162	91.65%	0	150,322	\$20.89
I-75/I-285	18,639,466	3,161,954	83.04%	(106,797)	237,079	\$20.89
I-75N/Marietta/JF	3,094,873	453,192	85.36%	20,376	58,820	\$18.73
NE Expressway-North	4,501,115	1,040,657	76.88%	61,349	185,367	\$18.41
NE Expressway-South	4,663,151	484,514	89.61%	4,888	24,957	\$18.43
Peachtree Corners	8,009,156	1,316,366	83.56%	(8,646)	126,576	\$16.75
<b>Suburban Totals</b>	<b><u>86,475,424</u></b>	<b><u>13,130,701</u></b>	<b><u>84.82%</u></b>	<b><u>(30,573)</u></b>	<b><u>1,900,875</u></b>	<b><u>\$19.88</u></b>
<b>Total/W. Averages</b>	<b><u>130,218,171</u></b>	<b><u>19,980,858</u></b>	<b><u>84.66%</u></b>	<b><u>75,300</u></b>	<b><u>3,164,363</u></b>	<b><u>\$21.15</u></b>

## Area Map



## Area Boundaries

- |                                 |                         |
|---------------------------------|-------------------------|
| 1. Downtown                     | 13. NE Expressway-North |
| 2. Midtown                      | 14. Peachtree Corners   |
| 3. Buckhead/Lenox               | 15. I-285/GA-400        |
| 4. I-75 Corridor                | 16. GA-400 North        |
| 5. I-75/I-285                   |                         |
| 6. I-75N/Marietta/Johnson Ferry |                         |
| 7. I-20 W/Greenbriar            |                         |
| 8. Airport/South                |                         |
| 9. I-285 E/Stone Mountain       |                         |
| 10. Decatur                     |                         |
| 11. I-285/I-85/Northlake        |                         |
| 12. NE Expressway-South         |                         |

**Comparison by Sub-Market, continued**

	Class "A"				Class "B"				Class "C"			
	Total Sq. Ft.	Vacant Sq. Ft.	Occupancy Rate	Average Rental Rate	Total Sq. Ft.	Vacant Sq. Ft.	Occupancy Rate	Average Rental Rate	Total Sq. Ft.	Vacant Sq. Ft.	Occupancy Rate	Average Rental Rate
<b>Urban Corridor</b>												
Downtown	9,168,016	1,533,424	83.27%	\$22.58	6,687,357	1,337,581	80.00%	\$19.53	1,375,706	168,005	87.79%	\$17.50
Midtown	9,677,960	1,673,659	82.71%	\$27.23	3,217,018	308,320	90.42%	\$20.05	818,520	213,325	73.94%	\$16.87
Buckhead/Lenox	<u>8,002,167</u>	<u>930,673</u>	<u>88.37%</u>	<u>\$27.69</u>	<u>4,546,070</u>	<u>665,546</u>	<u>85.36%</u>	<u>\$23.04</u>	<u>249,933</u>	<u>19,624</u>	<u>92.15%</u>	<u>\$19.17</u>
Urban Totals/Averages	<u>26,848,143</u>	<u>4,137,756</u>	<u>84.59%</u>	<u>\$25.78</u>	<u>14,450,445</u>	<u>2,311,447</u>	<u>84.00%</u>	<u>\$20.75</u>	<u>2,444,159</u>	<u>400,954</u>	<u>83.60%</u>	<u>\$17.46</u>
<b>Suburban</b>												
Airport/South	757,469	142,414	81.20%	\$19.83	1,141,470	78,651	93.11%	\$16.12	1,061,383	376,289	64.55%	\$14.22
Decatur	405,038	36,800	90.91%	\$23.14	674,127	108,083	83.97%	\$19.12	0	0	n/a	n/a
GA-400 North	11,183,564	1,329,640	88.11%	\$20.32	3,949,437	609,319	84.57%	\$16.73	20,000	5,000	75.00%	\$17.00
I-20W/Greenbriar	0	0	n/a	n/a	53,000	7,420	86.00%	\$23.00	268,053	46,912	82.50%	\$11.81
I-285/GA-400	14,545,701	1,823,592	87.46%	\$24.04	6,202,092	809,191	86.95%	\$19.92	1,232,880	341,477	72.30%	\$15.68
I-285/I-85/Northlake	522,357	116,636	77.67%	\$19.79	2,247,830	463,580	79.38%	\$17.35	1,709,997	245,771	85.63%	\$16.47
I-285E/Stone Mtn	54,681	26,794	51.00%	\$20.80	282,668	7,587	97.32%	\$12.62	128,583	4,700	96.34%	\$12.08
I-75 Corridor	212,000	0	100.00%	\$30.00	840,033	85,879	89.78%	\$18.73	75,300	8,283	89.00%	\$19.44
I-75/I-285	12,308,332	2,031,692	83.49%	\$22.73	5,648,873	957,646	83.05%	\$17.62	682,261	172,616	74.70%	\$14.96
I-75N/Marietta/JF	1,558,599	206,056	86.78%	\$20.61	1,168,356	182,942	84.34%	\$17.38	367,918	64,194	82.55%	\$15.09
NE Expressway-North	2,869,722	669,255	76.68%	\$19.95	1,599,569	368,220	76.98%	\$15.68	31,824	3,182	90.00%	\$17.00
NE Expressway-South	474,436	27,319	94.24%	\$21.81	3,728,385	445,290	88.06%	\$18.34	460,330	11,905	97.41%	\$15.64
Peachtree Corners	<u>2,285,643</u>	<u>207,963</u>	<u>90.90%</u>	<u>\$19.61</u>	<u>5,091,185</u>	<u>872,932</u>	<u>82.85%</u>	<u>\$15.92</u>	<u>632,328</u>	<u>235,471</u>	<u>62.76%</u>	<u>\$13.12</u>
Suburban Totals/Averages	<u>47,177,542</u>	<u>6,618,161</u>	<u>85.97%</u>	<u>\$22.12</u>	<u>32,627,025</u>	<u>4,996,740</u>	<u>84.69%</u>	<u>\$17.62</u>	<u>6,670,857</u>	<u>1,515,800</u>	<u>77.28%</u>	<u>\$15.13</u>
Totals & Averages	<u>74,025,685</u>	<u>10,755,917</u>	<u>85.47%</u>	<u>\$23.45</u>	<u>47,077,470</u>	<u>7,308,187</u>	<u>84.48%</u>	<u>\$18.58</u>	<u>9,115,016</u>	<u>1,916,754</u>	<u>78.97%</u>	<u>\$15.75</u>