

Richard Bowers & Co: 1Q 2009 Atlanta Office Market Report

Buckhead/Lenox lone bright spot in first quarter for Atlanta CRE markets

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Atlanta (April X, 2009) – **Q1 2009 summary** –During the first quarter of 2009, the Atlanta office market struggled with negative absorption of 408,368 square feet according to the recently published ***First Quarter 2009 Market Report*** by Richard Bowers & Co.

The Buckhead/Lenox submarket led the only five submarkets to show positive absorption by a wide margin with 137,282 s.f. The same submarket also posts the highest average rental rate at \$26.15/s.f. Vacancy rates for the entire Atlanta market pushed upwards four-tenths of a percent to 16.71 percent in the quarter while average quoted rental rate showed a nominal dip of 13 cents to \$21.53/s.f. Compared to Q1 2008, vacancy rates have climbed 1.62 percent over the past 12 months.

The I-285/GA-400 submarket fared worst with negative absorption of 259,678 s.f. Northeast Expressway North and Downtown also struggled with negative absorption of 111,590 and 82,715 s.f. respectively. Downtown's negative absorption was due primarily to the expiration of Wachovia's 400,000 s.f lease at 191 Peachtree, although a significant amount of that space has been re-leased.

The entire summary is available online at http://www.richardbowers.com/Press_Releases/2009/Press_Release_2009_1Q.pdf

“The current economic struggles have obviously created a favorable situation for users requiring office space,” said Richard Bowers, president and CEO of Richard Bowers & Co. “Free rent, lower effective rental rates, and higher tenant improvements are all being negotiated in most locations in this difficult economic environment.”

Some analysts express concern over new space being brought to market while companies continue to layoff workers. Bowers & Co. projects just over 2 million s.f. of new space coming on line for the balance

of 2009. On a positive note, Atlanta's population increased by 100,000 last year, which should result in additional pent-up demand for office space as the economy improves.

"The economy has been hampered to no small degree by lack of liquidity often tied to mark-to-market lending requirements," Bowers said. "While economic stimulus funds may provide some short-term relief, we firmly believe that liquidity for businesses must be provided where companies can grow and expand and provide jobs for many of the employees who have been laid off. Eliminating mark-to-market accounting will go a long way toward achieving these objectives.

"If the state's leadership could address urgent transportation infrastructure needs including maximizing existing capacity and infrastructure through a commuter rail network, the city and state would be poised for a strong resurgence as the economy begins to recover."

About Richard Bowers & Co:

Established in 1980 and headquartered in its flagship property of 260 Peachtree Street in Atlanta, Richard Bowers & Co. is the largest independently owned commercial real estate firm in Metro Atlanta.

A member of TCN Worldwide—a national affiliation of real estate firms—the company represents clients and owners in office, retail, and industrial sales and leasing, land and investment sales, financial services, development, relocation services, interior design and construction management, and property management. Clients include numerous FORTUNE 500 corporations, regional and national headquarters, professional firms and major institutions. In 2007, the company completed 323 property sales and leasing requirements totaling 2,673,134 million square feet of space.

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RICHARD BOWERS & CO.
QUARTERLY OFFICE REPORT

04/08/09

Categ: Urban/Suburban
 Market Analysis Summary
 1st Quarter 2009

The Atlanta Office Market

	<u>1st Quarter 2009</u>	<u>1st Quarter 2008</u>
1st Quarter's Absorption	(408,368)	637,509
Total Existing Square Feet	132,011,643	130,357,028
Total Available Square Feet	22,055,730	19,675,957
Percent Of Total Space Vacant	16.71%	15.09%
Average Quoted Rental Rate	\$21.53	\$21.43
Space Delivered YTD - Square Feet (Does not include net losses)	52,000	152,000

Atlanta's Top Five Ranking Submarkets

Net Absorption 1st Quarter 2009

Buckhead/Lenox	137,282
GA-400 North	32,864
NE Expressway - South	21,390
I-75N/Marietta/JF	13,090
I-20W/Greenbriar	5,477

Total Existing Square Feet:

I-285/GA-400	22,338,381
I-75/I-285	18,857,310
Downtown	16,899,337
GA-400 North	15,806,617
Midtown	13,666,498

Average Quoted Rental Rate

Buckhead/Lenox	\$26.15
Midtown	\$24.86
I-285/GA-400	\$22.96
I-75 Corridor	\$22.21
Downtown	\$21.98

Total Available Square Feet:

I-75/I-285	3,562,711
I-285/GA-400	3,330,830
Downtown	2,991,268
GA-400 North	2,572,236
Midtown	2,153,844

Submarket Occupancy Rate

I-75 Corridor	95.48%
NE Expressway - South	88.70%
Decatur	85.90%
Buckhead/Lenox	85.77%
I-285/GA-400	85.09%

Space Delivered 1st Quarter 2009 - Sq Ft

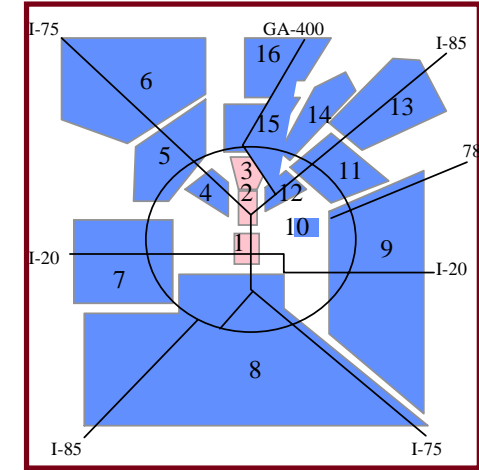
Airport South	52,000
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Atlanta Office Market: Comparison by Submarkets

Totals By Submarket

	1st Quarter 2009					
	Total Sq. Ft.	Vacant Sq. Ft.	Occupancy Rate	Absorption This Qtr	Absorption YTD	Avg. Rent Rate
Urban						
Downtown	16,899,337	2,991,268	82.30%	(82,715)	(82,715)	\$21.98
Midtown	13,666,498	2,153,844	84.24%	(37,395)	(37,395)	\$24.86
Buckhead/Lenox	13,295,091	1,891,903	85.77%	137,282	137,282	\$26.15
Urban Totals	43,860,926	7,037,015	83.96%	17,172	17,172	\$24.14
Suburban						
Airport/South	3,111,300	669,135	78.49%	(156)	(156)	\$16.75
Decatur	1,141,165	160,919	85.90%	(20,946)	(20,946)	\$20.11
GA-400 North	15,806,617	2,572,236	83.73%	32,864	32,864	\$19.84
I-20W/Greenbriar	321,053	91,401	71.53%	5,477	5,477	\$14.39
I-285/GA-400	22,338,381	3,330,830	85.09%	(259,678)	(259,678)	\$22.96
I-285/I-85/Northlake	4,480,184	677,571	84.88%	(44,947)	(44,947)	\$17.63
I-285E/Stone Mtn	403,932	62,203	84.60%	(21,000)	(21,000)	\$13.50
I-75 Corridor	1,127,333	51,003	95.48%	(13,128)	(13,128)	\$22.21
I-75/I-285	18,857,310	3,562,711	81.11%	(13,027)	(13,027)	\$21.13
I-75N/Marietta/JF	3,169,873	493,138	84.44%	13,090	13,090	\$18.92
NE Expressway-North	4,644,115	1,156,324	75.10%	(111,590)	(111,590)	\$18.40
NE Expressway-South	4,663,151	526,818	88.70%	21,390	21,390	\$18.52
Peachtree Corners	8,086,303	1,664,426	79.42%	(13,889)	(13,889)	\$16.97
Suburban Totals	88,150,717	15,018,715	82.96%	(425,540)	(425,540)	\$20.23
Total/W. Averages	132,011,643	22,055,730	83.29%	(408,368)	(408,368)	\$21.53

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
Urban Corridor												
Downtown	9,168,016	1,456,176	84.12%	\$24.04	6,687,357	1,410,021	78.92%	\$19.91	1,043,964	125,071	88.02%	\$17.19
Midtown	9,677,960	1,593,743	83.53%	\$27.14	3,217,018	357,600	88.88%	\$20.01	771,520	202,501	73.75%	\$16.48
Buckhead/Lenox	8,499,088	1,164,017	86.30%	\$28.24	4,546,070	709,287	84.40%	\$22.64	249,933	18,599	92.56%	\$19.05
Urban Totals/Averages	<u>27,345,064</u>	<u>4,213,936</u>	<u>84.59%</u>	<u>\$26.44</u>	<u>14,450,445</u>	<u>2,476,908</u>	<u>82.86%</u>	<u>\$20.79</u>	<u>2,065,417</u>	<u>346,171</u>	<u>83.24%</u>	<u>\$17.15</u>
Suburban												
Airport/South	809,469	190,379	76.48%	\$20.36	1,240,448	154,321	87.56%	\$16.30	1,061,383	324,435	69.43%	\$14.53
Decatur	405,038	62,865	84.48%	\$21.56	736,127	98,054	86.68%	\$19.32	0	0	n/a	n/a
GA-400 North	11,837,180	1,859,660	84.29%	\$21.03	3,949,437	702,576	82.21%	\$16.27	20,000	10,000	50.00%	\$16.50
I-20W/Greenbriar	0	0	n/a	n/a	53,000	12,720	76.00%	\$23.25	268,053	78,681	70.65%	\$12.64
I-285/GA-400	14,900,654	2,084,525	86.01%	\$24.62	6,204,847	865,788	86.05%	\$20.53	1,232,880	380,517	69.14%	\$15.13
I-285/I-85/Northlake	522,357	59,775	88.56%	\$19.84	2,247,830	396,488	82.36%	\$17.75	1,709,997	221,308	87.06%	\$16.80
I-285E/Stone Mtn	54,681	25,153	54.00%	\$21.05	220,668	0	100.00%	\$12.46	128,583	37,050	71.19%	\$12.08
I-75 Corridor	212,000	4,240	98.00%	\$30.00	840,033	26,432	96.85%	\$20.47	75,300	20,331	73.00%	\$19.69
I-75/I-285	12,460,332	2,019,390	83.79%	\$22.97	5,714,717	1,345,902	76.45%	\$17.77	682,261	197,419	71.06%	\$15.69
I-75N/Marietta/JF	1,558,599	222,780	85.71%	\$20.71	1,243,356	198,177	84.06%	\$17.58	367,918	72,181	80.38%	\$15.87
NE Expressway-North	3,012,722	839,841	72.12%	\$19.85	1,599,569	316,483	80.21%	\$15.69	31,824	0	100.00%	\$17.00
NE Expressway-South	474,436	25,217	94.68%	\$22.04	3,728,385	475,376	87.25%	\$18.43	460,330	26,225	94.30%	\$15.59
Peachtree Corners	<u>2,362,790</u>	<u>370,773</u>	<u>84.31%</u>	<u>\$20.31</u>	<u>5,091,185</u>	<u>1,045,841</u>	<u>79.46%</u>	<u>\$15.91</u>	<u>632,328</u>	<u>247,812</u>	<u>60.81%</u>	<u>\$13.03</u>
Suburban Totals/Averages	<u>48,610,258</u>	<u>7,764,598</u>	<u>84.03%</u>	<u>\$22.54</u>	<u>32,869,602</u>	<u>5,638,158</u>	<u>82.85%</u>	<u>\$17.81</u>	<u>6,670,857</u>	<u>1,615,959</u>	<u>75.78%</u>	<u>\$15.30</u>
Totals & Averages	<u>75,955,322</u>	<u>11,978,534</u>	<u>84.23%</u>	<u>\$23.94</u>	<u>47,320,047</u>	<u>8,115,066</u>	<u>82.85%</u>	<u>\$18.72</u>	<u>8,736,274</u>	<u>1,962,130</u>	<u>77.54%</u>	<u>\$15.74</u>