

# Market Report

OFFICE | THIRD QUARTER | 2009

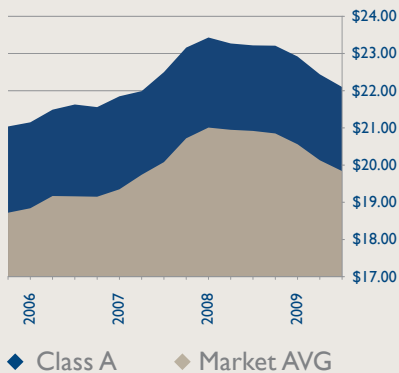


## MARKET INDICATORS

|                | Q3 2009 | NEXT QTR |
|----------------|---------|----------|
| VACANCY        | ↑       | ↔        |
| NET ABSORPTION | ↑       | ↑        |
| CONSTRUCTION   | ↓       | ↓        |
| RENTAL RATE    | ↓       | ↓        |
| CAP RATES      | ↑       | ↑        |

## UPDATE

ATLANTA RENTAL RATES  
OVERALL MARKET & CLASS A (PER SF)



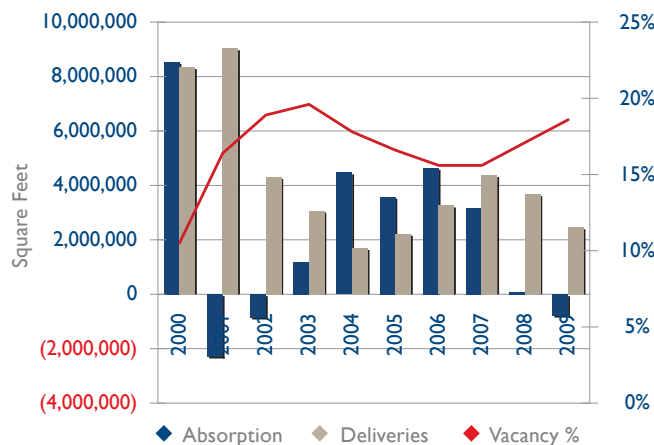
## Atlanta Office Vacancies Continue Piling Up

Though not as bad as second quarter, net absorption in the third quarter was negative yet again for Atlanta's office market. Occupancy dropped another 313,000 SF over the past three months resulting in a year-to-date absorption total of (782,182) SF. As has been the case through most of the year, smaller companies ranging between 15,000-75,000 SF have given back the most space and have contributed to the increase in vacancy in third quarter. This did not, however, account for the majority of the increase. New office deliveries were the largest contributor to the 1.6 million square feet of vacancy added in third quarter. Specifically, the additions of Terminus 200 and Two Alliance Center to Atlanta's office inventory resulted in a total of 1 million square feet of new vacancy. To date, the overall office vacancy rate stands at 18.6%; the highest since 2004. Despite rising space availabilities, office leasing activity has started to show some signs of life, picking up a bit in third quarter. The current distribution of activity is around 50-50 for new deals and lease renewals with the larger deals mostly being renewals. Highlighting the largest deals of third quarter were Sutherland, Asbill & Brennan and Kaiser Permanente each renewing their existing spaces.

With the year-to-date loss of occupied space totaling over three-quarters of a million square feet, it is likely the metro Atlanta area will have lost a net total of 1 million square feet of office tenants by year's end. The negative absorption this year will be the first since 2002 when vacancies rose due to the aftermath from both the tech bubble burst and September 11th attacks. Going forward, job growth in the metro Atlanta region is not expected to occur until later next year which means office absorption will continue to be hindered by the lack of demand for space over the near term. In addition, the Atlanta office market continues to face an over-supply problem. Already at record high vacancy, the city will see 1.6 million square feet added in the next six months from buildings currently under construction in Buckhead and Midtown. The amount of space available in the market is expected to remain high for some time to come. Furthermore, Atlanta's recovery will be much more subdued than years past. The housing industry, which was one of the major drivers to office market growth over the past decade, will be slow to recover. Near-term office market growth in the region will now be led by companies tied to the business service, technology and healthcare

industries. In spite of these challenges, Atlanta is better positioned for recovery than it was at the beginning of the year. The overall tone in the market seems much more upbeat and many feel the worst is over.

ABSORPTION, DELIVERIES AND VACANCY RATES



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## DEFINITIONS

**Absorption (Net)**-The net change in occupied space over a given period of time, calculated by summing all the positive changes in occupancy and subtracting all the negative changes in occupancy.

**Vacancy Rate**-A percentage of the total amount of physically vacant space divided by the total amount of existing inventory.

**Vacant Space**-Space that is not currently occupied by a tenant, regardless of any lease obligation on the space.

**Sublease Space**-Space that has been leased by a tenant and is being offered for lease back to the market by the tenant with the lease obligation.

**Deliveries**-Buildings that complete construction during a specified period of time. A certificate of occupancy must have been issued for the property for it to be considered delivered.

**Leasing Activity**-The volume of square footage that is committed to and signed for under a lease obligation for a specific building or market in a given period of time. It includes direct leases, subleases and renewals of existing leases. It also includes any pre-leasing activity for buildings under construction or planned.

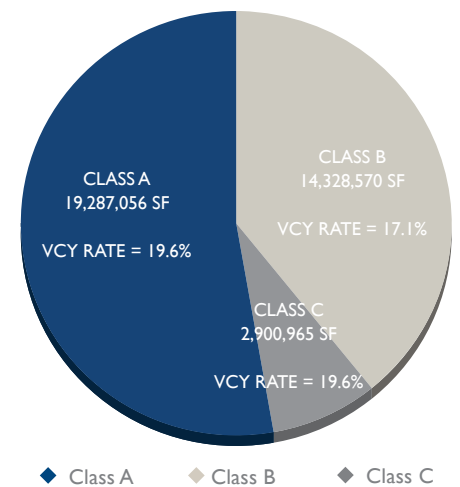
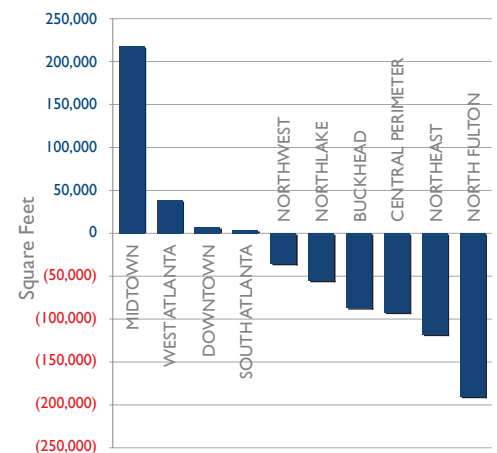
**Build-to-Suit**-A term describing property that was developed specifically for a certain tenant to occupy. Can be either leased or owned by the tenant.

## Vacancy &amp; Availability

- Since this time last year, office vacancy has increased 4.4 million square feet. The 1.6 million square feet increase in office vacancy for third quarter can mostly be attributed to new office space delivering only 7% occupied.
- Buckhead saw a 5.2% increase in its vacancy rate in third quarter due to the deliveries of Terminus 200 and Two Alliance Center.
- The increase in sublease space for third quarter was the smallest increase recorded in two years. Only 3,187 SF was added which roughly comes out to one office suite.
- Office vacancy is not expected to see any major shift over the next three months. It will likely end the year around the 18-19% mark.

## Absorption &amp; Demand

- Class B product is where occupancies have dropped the most. For the year, move-outs have topped move-ins by 1.1 million square feet in these buildings.
- Third quarter's largest move-ins were Alere Healthcare for 120,000 SF at the Towers @ Wildwood, Kaplan Education for 96,900 SF at 1015 Windward Ridge and BB&T for 85,736 SF at 271 17th Street. Though the largest, Alere's move ended up being a contraction of their office space use in Atlanta.
- Office leasing was stronger in the third quarter than the previous two. The activity appears to be carrying over into fourth quarter as well. It is still too early to confirm this as the beginnings of a market recovery.

THIRD QUARTER 2009  
AVAILABLE SPACE BY PRODUCT TYPETHIRD QUARTER 2009  
NET ABSORPTION BY SUBMARKET

## UPDATE

## RECENT TRANSACTIONS IN THE MARKET

## SALES ACTIVITY

| PROPERTY                   | SUBMARKET         | SALES DATE | SALE PRICE  | SIZE SQ. FT. | SALES PRICE/SQ. FT. | TYPE                   |
|----------------------------|-------------------|------------|-------------|--------------|---------------------|------------------------|
| 3855-4055 Johns Creek Pky. | North Fulton      | 9/11/2009  | \$7,700,000 | 72,414       | \$106               | Class B Medical Office |
| 40 Marietta St.            | Downtown          | 9/1/2009   | \$7,000,000 | 122,503      | \$57                | Class B Foreclosure    |
| 1315 Peachtree             | Midtown           | 9/28/2009  | \$6,600,000 | 55,000       | \$120               | Class B Owner/User     |
| 1580-1600 Atkinson Rd.     | Northeast Atlanta | 6/24/2009  | \$5,100,000 | 40,700       | \$125               | Class B Investment     |

## LEASING ACTIVITY

| PROPERTY                  | SUBMARKET         | TENANT                       | LANDLORD               | SIZE SQ. FT. | TYPE             |
|---------------------------|-------------------|------------------------------|------------------------|--------------|------------------|
| 999 Peachtree             | Midtown           | Sutherland, Asbill & Brennan | Jamestown              | 240,906      | Class A Renewal  |
| Piedmont Ctr. 9-11        | Buckhead          | Kaiser Permanente            | PC Management          | 212,105      | Class A Renewal  |
| River Ridge               | Central Perimeter | Affiliated Computer Services | PM Realty Group        | 135,000      | Class A Renewal  |
| 223 Perimeter Center Pky. | Central Perimeter | Atlanta Journal-Constitution | Federated Dept. Stores | 127,823      | Class B Sublease |

UPDATE  
MARKET COMPARISONS

EXISTING PROPERTIES

ABSORPTION

DELIVERIES

U/C

RENT

| CLASS                             | BLDG         | TOTAL SF           | DIRECT VCY SF     | DIRECT VCY % | SUB VCY SF       | SUB VCY %   | TOTAL VCY SF      | VCY CURR %   | VCY PRIOR %  | NET ABSORP CURR SF | NET ABSORP YTD SF | NEW SUPPLY CURR SF | NEW SUPPLY YTD SF | UNDER CONSTR SF  | AVG RENT RATE  |
|-----------------------------------|--------------|--------------------|-------------------|--------------|------------------|-------------|-------------------|--------------|--------------|--------------------|-------------------|--------------------|-------------------|------------------|----------------|
| <b>URBAN</b>                      |              |                    |                   |              |                  |             |                   |              |              |                    |                   |                    |                   |                  |                |
| <b>DOWNTOWN</b>                   |              |                    |                   |              |                  |             |                   |              |              |                    |                   |                    |                   |                  |                |
| A                                 | 24           | 13,400,418         | 2,012,173         | 15.0%        | 692,095          | 5.2%        | 2,704,268         | 20.2%        | 20.5%        | 41,565             | 130,757           | -                  | -                 | -                | \$20.02        |
| B                                 | 49           | 7,059,429          | 500,427           | 7.1%         | 15,526           | 0.2%        | 515,953           | 7.3%         | 7.2%         | (4,944)            | (43,752)          | -                  | -                 | -                | \$16.23        |
| C                                 | 55           | 2,631,999          | 468,919           | 17.8%        | -                | -           | 468,919           | 17.8%        | 16.7%        | (29,367)           | (31,738)          | -                  | -                 | -                | \$16.20        |
| <b>Total</b>                      | <b>128</b>   | <b>23,091,846</b>  | <b>2,981,519</b>  | <b>12.9%</b> | <b>707,621</b>   | <b>3.1%</b> | <b>3,689,140</b>  | <b>16.0%</b> | <b>16.0%</b> | <b>7,254</b>       | <b>55,267</b>     | <b>-</b>           | <b>-</b>          | <b>-</b>         | <b>\$18.80</b> |
| <b>MIDTOWN</b>                    |              |                    |                   |              |                  |             |                   |              |              |                    |                   |                    |                   |                  |                |
| A                                 | 31           | 13,561,031         | 2,277,116         | 16.8%        | 456,525          | 3.4%        | 2,733,641         | 20.2%        | 21.9%        | 242,616            | 333,062           | -                  | 541,318           | 719,003          | \$22.91        |
| B                                 | 74           | 4,547,567          | 540,438           | 11.9%        | 59,061           | 1.3%        | 599,499           | 13.2%        | 12.5%        | (29,453)           | (116,566)         | -                  | -                 | -                | \$18.44        |
| C                                 | 25           | 681,576            | 67,353            | 9.9%         | 8,179            | 1.2%        | 75,532            | 11.1%        | 11.8%        | 4,691              | (282)             | -                  | -                 | -                | \$15.42        |
| <b>Total</b>                      | <b>130</b>   | <b>18,790,174</b>  | <b>2,884,907</b>  | <b>15.4%</b> | <b>523,765</b>   | <b>2.8%</b> | <b>3,408,672</b>  | <b>18.1%</b> | <b>19.3%</b> | <b>217,854</b>     | <b>216,214</b>    | <b>-</b>           | <b>541,318</b>    | <b>719,003</b>   | <b>\$22.06</b> |
| <b>BUCKHEAD</b>                   |              |                    |                   |              |                  |             |                   |              |              |                    |                   |                    |                   |                  |                |
| A                                 | 48           | 13,532,105         | 2,909,442         | 21.5%        | 195,080          | 1.4%        | 3,104,522         | 22.9%        | 16.2%        | (22,068)           | 27,150            | 1,058,051          | 1,058,051         | 922,585          | \$26.25        |
| B                                 | 42           | 4,515,469          | 677,469           | 15.0%        | 29,909           | 0.7%        | 707,378           | 15.7%        | 14.2%        | (65,402)           | (110,958)         | -                  | -                 | -                | \$19.63        |
| C                                 | 26           | 643,244            | 58,946            | 9.2%         | 4,650            | 0.7%        | 63,596            | 9.9%         | 9.9%         | 288                | (8,635)           | -                  | -                 | -                | \$20.14        |
| <b>Total</b>                      | <b>116</b>   | <b>18,690,818</b>  | <b>3,645,857</b>  | <b>19.5%</b> | <b>229,639</b>   | <b>1.2%</b> | <b>3,875,496</b>  | <b>20.7%</b> | <b>15.5%</b> | <b>(87,182)</b>    | <b>(92,443)</b>   | <b>1,058,051</b>   | <b>1,058,051</b>  | <b>922,585</b>   | <b>\$25.30</b> |
| <b>URBAN TOTAL</b>                |              |                    |                   |              |                  |             |                   |              |              |                    |                   |                    |                   |                  |                |
| A                                 | 103          | 40,493,554         | 7,198,731         | 17.8%        | 1,343,700        | 3.3%        | 8,542,431         | 21.1%        | 19.6%        | 262,113            | 490,969           | 1,058,051          | 1,599,369         | 1,641,588        | \$23.06        |
| B                                 | 165          | 16,122,465         | 1,718,334         | 10.7%        | 104,496          | 0.6%        | 1,822,830         | 11.3%        | 10.7%        | (99,799)           | (271,276)         | -                  | -                 | -                | \$18.17        |
| C                                 | 106          | 3,956,819          | 595,218           | 15.0%        | 12,829           | 0.3%        | 608,047           | 15.4%        | 14.8%        | (24,388)           | (40,655)          | -                  | -                 | -                | \$17.25        |
| <b>Total</b>                      | <b>374</b>   | <b>60,572,838</b>  | <b>9,512,283</b>  | <b>15.7%</b> | <b>1,461,025</b> | <b>2.4%</b> | <b>10,973,308</b> | <b>18.1%</b> | <b>16.9%</b> | <b>137,926</b>     | <b>179,038</b>    | <b>1,058,051</b>   | <b>1,599,369</b>  | <b>1,641,588</b> | <b>\$22.05</b> |
| <b>SUBURBAN</b>                   |              |                    |                   |              |                  |             |                   |              |              |                    |                   |                    |                   |                  |                |
| <b>CENTRAL PERIMETER</b>          |              |                    |                   |              |                  |             |                   |              |              |                    |                   |                    |                   |                  |                |
| A                                 | 76           | 19,130,077         | 3,058,264         | 16.0%        | 534,014          | 2.8%        | 3,592,278         | 18.8%        | 18.5%        | (59,069)           | (157,838)         | -                  | -                 | -                | \$22.10        |
| B                                 | 129          | 7,649,392          | 1,321,106         | 17.3%        | 184,023          | 2.4%        | 1,505,129         | 19.7%        | 19.6%        | (8,749)            | (242,549)         | -                  | -                 | -                | \$18.54        |
| C                                 | 59           | 1,474,492          | 557,967           | 37.8%        | -                | -           | 557,967           | 37.8%        | 36.2%        | (24,632)           | (67,345)          | -                  | -                 | -                | \$13.29        |
| <b>Total</b>                      | <b>264</b>   | <b>28,253,961</b>  | <b>4,937,337</b>  | <b>17.5%</b> | <b>718,037</b>   | <b>2.5%</b> | <b>5,655,374</b>  | <b>20.0%</b> | <b>19.7%</b> | <b>(92,450)</b>    | <b>(467,732)</b>  | <b>-</b>           | <b>-</b>          | <b>-</b>         | <b>\$20.84</b> |
| <b>NORTH FULTON</b>               |              |                    |                   |              |                  |             |                   |              |              |                    |                   |                    |                   |                  |                |
| A                                 | 96           | 13,805,837         | 2,194,984         | 15.9%        | 317,261          | 2.3%        | 2,512,245         | 18.2%        | 17.4%        | (108,449)          | 4,665             | -                  | 100,000           | -                | \$20.15        |
| B                                 | 215          | 10,221,733         | 2,003,359         | 19.6%        | 143,919          | 1.4%        | 2,147,278         | 21.0%        | 20.2%        | (84,770)           | (235,716)         | -                  | 41,350            | 15,840           | \$16.09        |
| C                                 | 25           | 740,404            | 28,426            | 3.8%         | -                | -           | 28,426            | 3.8%         | 4.2%         | 2,817              | (201)             | -                  | -                 | -                | \$16.73        |
| <b>Total</b>                      | <b>336</b>   | <b>24,767,974</b>  | <b>4,226,769</b>  | <b>17.1%</b> | <b>461,180</b>   | <b>1.9%</b> | <b>4,687,949</b>  | <b>18.9%</b> | <b>18.2%</b> | <b>(190,402)</b>   | <b>(231,252)</b>  | <b>-</b>           | <b>141,350</b>    | <b>15,840</b>    | <b>\$18.37</b> |
| <b>NORTHWEST ATLANTA</b>          |              |                    |                   |              |                  |             |                   |              |              |                    |                   |                    |                   |                  |                |
| A                                 | 67           | 15,146,095         | 2,081,720         | 13.7%        | 406,682          | 2.7%        | 2,488,402         | 16.4%        | 16.7%        | 38,652             | (45,148)          | -                  | -                 | 94,060           | \$21.13        |
| B                                 | 315          | 15,389,705         | 3,180,405         | 20.7%        | 147,974          | 1.0%        | 3,328,379         | 21.6%        | 21.2%        | (60,271)           | (216,590)         | -                  | 121,666           | 34,650           | \$17.20        |
| C                                 | 54           | 1,777,436          | 230,077           | 12.9%        | -                | -           | 230,077           | 12.9%        | 12.2%        | (13,913)           | 15,048            | -                  | -                 | -                | \$14.87        |
| <b>Total</b>                      | <b>436</b>   | <b>32,313,236</b>  | <b>5,492,202</b>  | <b>17.0%</b> | <b>554,656</b>   | <b>1.7%</b> | <b>6,046,858</b>  | <b>18.7%</b> | <b>18.6%</b> | <b>(35,532)</b>    | <b>(246,690)</b>  | <b>-</b>           | <b>121,666</b>    | <b>128,710</b>   | <b>\$18.86</b> |
| <b>NORTHEAST ATLANTA</b>          |              |                    |                   |              |                  |             |                   |              |              |                    |                   |                    |                   |                  |                |
| A                                 | 60           | 6,497,234          | 1,311,032         | 20.2%        | 81,456           | 1.3%        | 1,392,488         | 21.4%        | 20.0%        | (6,272)            | 24,327            | 108,696            | 108,696           | -                | \$19.79        |
| B                                 | 283          | 11,337,657         | 2,353,451         | 20.8%        | 177,945          | 1.6%        | 2,531,396         | 22.3%        | 21.3%        | (111,291)          | (160,667)         | -                  | -                 | -                | \$15.82        |
| C                                 | 33           | 780,156            | 95,158            | 12.2%        | -                | -           | 95,158            | 12.2%        | 12.1%        | (496)              | 1,271             | -                  | -                 | -                | \$14.33        |
| <b>Total</b>                      | <b>376</b>   | <b>18,615,047</b>  | <b>3,759,641</b>  | <b>20.2%</b> | <b>259,401</b>   | <b>1.4%</b> | <b>4,019,042</b>  | <b>21.6%</b> | <b>20.5%</b> | <b>(118,059)</b>   | <b>(135,069)</b>  | <b>108,696</b>     | <b>108,696</b>    | <b>-</b>         | <b>\$17.25</b> |
| <b>NORTHLAKE</b>                  |              |                    |                   |              |                  |             |                   |              |              |                    |                   |                    |                   |                  |                |
| A                                 | 14           | 1,792,854          | 178,756           | 10.0%        | 20,138           | 1.1%        | 198,894           | 11.1%        | 11.7%        | 11,556             | 17,420            | -                  | -                 | -                | \$20.32        |
| B                                 | 279          | 14,333,770         | 1,696,027         | 11.8%        | 68,392           | 0.5%        | 1,764,419         | 12.3%        | 12.1%        | (30,317)           | (204,307)         | -                  | 82,400            | -                | \$17.62        |
| C                                 | 90           | 3,019,495          | 420,232           | 13.9%        | -                | -           | 420,232           | 13.9%        | 12.7%        | (36,554)           | (94,068)          | -                  | -                 | -                | \$15.24        |
| <b>Total</b>                      | <b>383</b>   | <b>19,146,119</b>  | <b>2,295,015</b>  | <b>12.0%</b> | <b>88,530</b>    | <b>0.5%</b> | <b>2,383,545</b>  | <b>12.4%</b> | <b>12.2%</b> | <b>(55,315)</b>    | <b>(280,955)</b>  | <b>-</b>           | <b>82,400</b>     | <b>-</b>         | <b>\$17.58</b> |
| <b>SOUTH ATLANTA</b>              |              |                    |                   |              |                  |             |                   |              |              |                    |                   |                    |                   |                  |                |
| A                                 | 17           | 1,238,024          | 502,006           | 40.5%        | 52,732           | 4.3%        | 554,738           | 44.8%        | 37.7%        | (7,914)            | 165,957           | 128,396            | 301,547           | 21,000           | \$22.68        |
| B                                 | 178          | 7,540,226          | 1,059,182         | 14.0%        | 12,180           | 0.2%        | 1,071,362         | 14.2%        | 14.1%        | 7,344              | 93,843            | 18,200             | 85,000            | -                | \$17.99        |
| C                                 | 48           | 1,545,440          | 318,284           | 20.6%        | 3,150            | 0.2%        | 321,434           | 20.8%        | 21.1%        | 4,307              | 18,306            | -                  | -                 | -                | \$13.44        |
| <b>Total</b>                      | <b>243</b>   | <b>10,323,690</b>  | <b>1,879,472</b>  | <b>18.2%</b> | <b>68,062</b>    | <b>0.7%</b> | <b>1,947,534</b>  | <b>18.9%</b> | <b>17.7%</b> | <b>3,737</b>       | <b>278,106</b>    | <b>146,596</b>     | <b>386,547</b>    | <b>21,000</b>    | <b>\$18.55</b> |
| <b>WEST ATLANTA</b>               |              |                    |                   |              |                  |             |                   |              |              |                    |                   |                    |                   |                  |                |
| A                                 | 1            | 71,500             | 5,580             | 7.8%         | -                | -           | 5,580             | 7.8%         | 7.8%         | -                  | 10                | -                  | -                 | -                | \$25.34        |
| B                                 | 30           | 1,274,622          | 150,616           | 11.8%        | 7,161            | 0.6%        | 157,777           | 12.4%        | 11.5%        | 4,513              | 73,479            | 18,000             | 18,000            | -                | \$19.40        |
| C                                 | 18           | 1,484,301          | 639,624           | 43.1%        | -                | -           | 639,624           | 43.1%        | 45.4%        | 34,043             | 48,883            | -                  | -                 | -                | \$13.44        |
| <b>Total</b>                      | <b>49</b>    | <b>2,830,423</b>   | <b>795,820</b>    | <b>28.1%</b> | <b>7,161</b>     | <b>0.3%</b> | <b>802,981</b>    | <b>28.4%</b> | <b>29.3%</b> | <b>38,556</b>      | <b>122,372</b>    | <b>18,000</b>      | <b>18,000</b>     | <b>-</b>         | <b>\$16.67</b> |
| <b>SUBURBAN TOTAL</b>             |              |                    |                   |              |                  |             |                   |              |              |                    |                   |                    |                   |                  |                |
| A                                 | 331          | 57,681,621         | 9,332,342         | 16.2%        | 1,412,283        | 2.4%        | 10,744,625        | 18.6%        | 18.1%        | (131,496)          | 9,393             | 237,092            | 510,243           | 115,060          | \$21.03        |
| B                                 | 1,429        | 67,747,105         | 11,764,146        | 17.4%        | 741,594          | 18.5%       | 12,505,740        | 18.5%        | 18.0%        | (283,541)          | (892,507)         | 36,200             | 348,416           | 50,490           | \$17.52        |
| C                                 | 327          | 10,821,724         | 2,289,768         | 21.2%        | 3,150            | 21.2%       | 2,292,918         | 21.2%        | 20.9%        | (34,428)           | (78,106)          | -                  | -                 | -                | \$14.48        |
| <b>Total</b>                      | <b>2,087</b> | <b>136,250,450</b> | <b>23,386,256</b> | <b>17.2%</b> | <b>2,157,027</b> | <b>1.6%</b> | <b>25,543,283</b> | <b>18.7%</b> | <b>18.3%</b> | <b>(449,465)</b>   | <b>(961,220)</b>  | <b>273,292</b>     | <b>858,659</b>    | <b>165,550</b>   | <b>\$18.30</b> |
| <b>ATLANTA MARKET GRAND TOTAL</b> |              |                    |                   |              |                  |             |                   |              |              |                    |                   |                    |                   |                  |                |
| A                                 | 434          | 98,175,175         | 16,531,073        | 16.8%        | 2,755,983        | 2.8%        | 19,287,056        | 19.6%        | 18.7%        | 130,617            | 500,362           | 1,295,143          | 2,109,612         | 1,756,648        | \$22.10        |
| B                                 | 1,594        | 83,869,570         | 13,482,480        | 16.1%        | 846,090          | 1.0%        | 14,328,570        | 17.1%        | 16.6%        | (383,340)          | (1,163,783)       | 36,200             | 348,416           | 50,490           | \$17.11        |
| C                                 | 433          | 14,778,543         | 2,884,986         | 19.5%        | 15,979           | 0.1%        | 2,900,965         | 19.6%        | 19.2%        | (58,816)           | (118,761)         | -                  | -                 | -                | \$14.83        |
| <b>Total</b>                      | <b>2,461</b> | <b>196,823,288</b> | <b>32,898,539</b> | <b>16.7%</b> | <b>3,618,052</b> | <b>1.8%</b> | <b>36,516,591</b> | <b>18.6%</b> | <b>17.8%</b> | <b>(311,539)</b>   | <b>(782,182)</b>  | <b>1,331,343</b>   | <b>2,458,028</b>  | <b>1,807,138</b> | <b>\$19.84</b> |

QUARTERLY COMPARISON AND TOTALS

| Q     | BLDG  | TOTAL SF    | DIRECT VCY SF | DIRECT VCY % | SUB VCY SF | SUB VCY % | TOTAL VCY SF | VCY CURR % | VCY PRIOR % | NET ABSORP CURR SF | NET ABSORP YTD SF | NEW SUPPLY CURR SF | NEW SUPPLY YTD SF | UNDER CONSTR SF | AVG RENT RATE |
|-------|-------|-------------|---------------|--------------|------------|-----------|--------------|------------|-------------|--------------------|-------------------|--------------------|-------------------|-----------------|---------------|
| Q3-09 | 2,461 | 196,823,288 | 32,898,539    | 16.7%        | 3,618,052  | 1.8%      | 36,516,591   | 18.6%      | 17.8%       | (311,539)          | (782,182)         | 1,331,343          | 2,458,028         | 1,807,138       | \$19.84       |
| Q2-09 | 2,455 | 195,491,945 | 31,258,944    | 16.0%        | 3,614,865  | 1.8%      | 34,873,809   | 17.8%      | 17.2%       | (485,866)          | (470,643)         | 884,934            | 1,126,685         | 3,138,481       | \$20.13       |
| Q1-09 | 2,447 | 194,607,011 | 30,246,254    | 15.5%        | 3,256,755  | 1.7%      | 33,503,009   | 17.2%      | 17.1%       | 15,223             | 15,223            | 241,751            | 241,751           | 3,929,575       | \$20.56       |
| Q4-08 | 2,436 | 194,365,260 | 30,060,337    | 15.5%        | 3,216,144  | 1.7%      | 33,276,481   | 17.1%      | 16.6%       | 78,221             | 94,275            | 1,232,434          | 3,677,609         | 4,074,266       | \$20.85       |
| Q3-08 | 2,419 | 193,132,826 | 29,090,654    | 15.1%        | 3,031,614  | 1.6%      | 32,122,268   | 16.6%      | 16.0%       | (201,596)          | 16,054            | 429,399            | 2,445,175         | 5,118,604       | \$20.92       |

## Construction

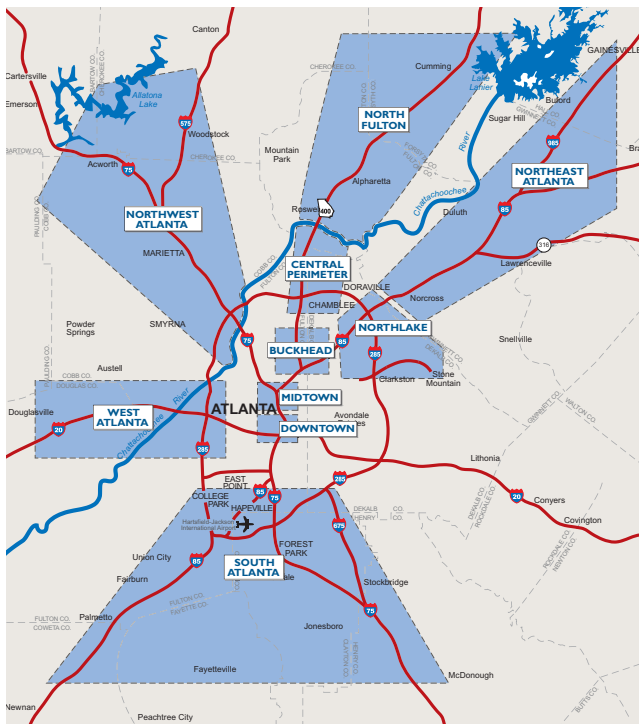
- The deliveries of Terminus 200 and Two Alliance Center in Buckhead were the highlights of third quarter. The office towers combined for 1 million square feet added to Atlanta's office inventory.
- The amount of space delivered in third quarter is the highest since second quarter 2008. No more significant office buildings will deliver until the first quarter of 2010.

## Rental Rates

- The overall average rental rate for office space in Atlanta has dropped 5% since this time last year. Third quarter's decrease was the sixth consecutive quarterly decline.
- Atlanta's priciest office submarkets continue to see rental rates fall. Class A rates in Midtown and Buckhead dropped another 2% and 1.6% respectively in third quarter.

### CONSTRUCTION ACTIVITY (100,000 SF+)

| PROPERTY          | SUBMARKET | SIZE (SF) | DELIVERY DATE |
|-------------------|-----------|-----------|---------------|
| 1) 1075 Peachtree | Midtown   | 719,003   | January 2010  |
| 2) Phipps Tower   | Buckhead  | 486,000   | March 2010    |
| 3) 3630 Peachtree | Buckhead  | 436,585   | January 2010  |



### OFFICE SUBMARKETS

The Atlanta Office market consists of nine office submarkets. They include the urban submarkets of Downtown, Midtown and Buckhead, and the suburban submarkets of Central Perimeter, North Fulton, Northwest Atlanta, Northeast Atlanta, Northlake, South Atlanta and West Atlanta. The major interstates in the region include: I-75, I-85, I-285, I-575, I-985, I-675 and I-20. Georgia 400 and US 316 play important roles to Atlanta's transportation system as well.



294 OFFICES IN 61 COUNTRIES  
ON 6 CONTINENTS

USA 94  
Canada 22  
Latin America 17  
Asia Pacific 64  
EMEA 97

\$48.1 billion in annual transaction volume  
1.1 billion square feet under management  
12,749 Professionals

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