Atlanta, Georgia

Tenant's Guide ▪ North American Markets ▪ First Quarter 2012

Overview

While the Atlanta market is still reeling from the Great Recession, the prestigious Buckhead submarket has been flourishing. With 1.1 million SF of absorption over the past two years, the Buckhead market accounts for almost 75% of the class A net absorption in Atlanta. Buckhead continues to be the beneficiary of the flight to quality from companies already in Buckhead, as well as those relocating from other submarkets.

Atlanta's overall real estate market is anemic, with several more buildings defaulting on loans in the first quarter of 2012, and others being put on the market for sale. At 9.1%, Georgia's unemployment rate remains above the national average. While Atlanta's job market is slowly gaining momentum, and was recently reported to have grown by 1% in the past year, it is forecasted to take over four years to recover the 126,000 jobs lost since the peak. These weak fundamentals are holding down rental rate increases, as vacancy rates for most major submarkets are hovering between 18%-20%.

Market Trends

- A staggering 37% of all Atlanta office properties in Fitch-rated deals are now considered delinquent.
- Bank of America Plaza, Colony Square, Midtown Plaza, 200 Galleria, One Alliance Center, and Tower Place 200 are trophy buildings currently in default or seeking loan modification.
- Two premier Buckhead buildings are being sold: Two Alliance Center with 500,000 SF and Prominence with 424,000 SF.

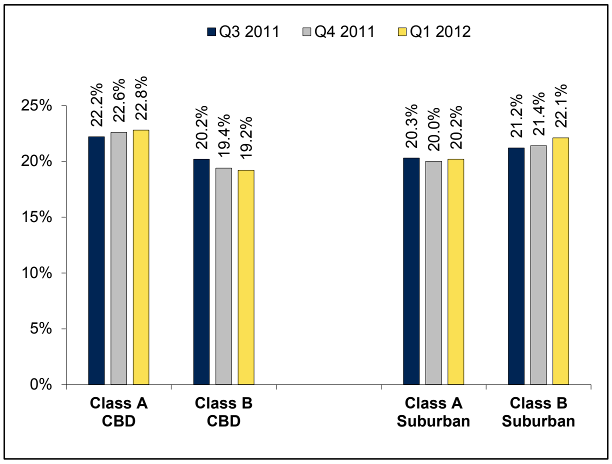
Tenant's Perspective

With many Atlanta office buildings suffering financial difficulties or being sold, businesses are wise to consult with Cresa's Advisors, before launching a search for office space or negotiating renewals directly with landlords. When a building is sold, the new landlord may implement cost reduction programs that are unfavorable for existing tenants and the lender may not have sufficient market knowledge to approve competitive incentives. If a building falls into default, the special servicer will usually pull back on tenant concessions and the time to obtain approval for a new lease or a renewal is greatly extended. Cresa's Advisors not only negotiate the best rental rate and concession packages for their clients, but also help guide tenants through the tangled web of decision makers – landlords, lenders, special servicers, and investors - to assist in expediting lease transactions to meet renewal or relocation deadlines.

Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
Metlife	45,000	Office	Lease
McGriff Seibels & Williams	42,000	Office	Renewal
IMG College	35,000	Office	Lease
Duane Morris LLP	28,500	Office	Lease
AJC International Inc.	26,466	Office	Lease
Southeast Gold Buyers	24,500	Office	Lease
GlobalCare	26,040	Office	Renewal
Alliant Insurance Services	25,155	Office	Renewal
Routematch Software	23,137	Office	Lease
Silverpop Systems Inc.	22,822	Office	Expansion

Vacancy Rate



Average Rental Rates

CBD	Q3 2011	Q4 2011	Q1 2012
Class A Office	$18.93	$19.53	$19.72
Class B Office	$14.53	$15.23	$15.55

Suburban	Q3 2011	Q4 2011	Q1 2012
Class A Office	$20.45	$20.84	$20.91
Class B Office	$14.53	$15.54	$15.37

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