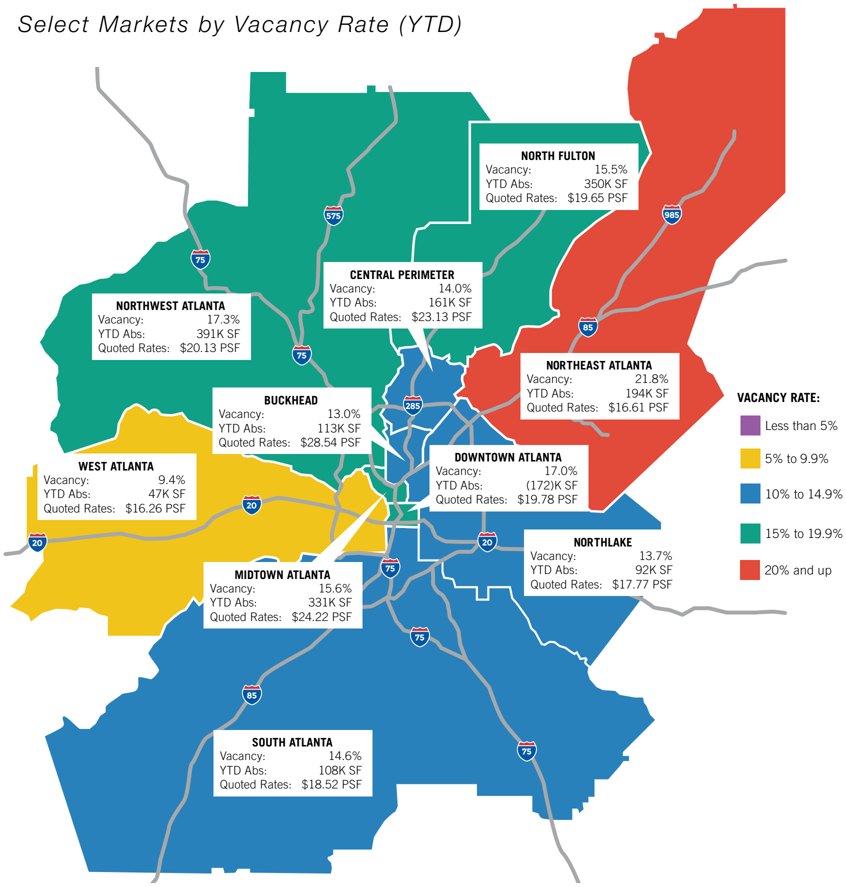
NAI Brannen Goddard

2Q'15

Atlanta Office
Market Review

LEASING HIGHLIGHTS
Select Markets by Vacancy Rate (YTD)



Atlanta's Vacancy Decreases to 15.9%

Net Absorption Positive 1,015,647 SF in the Quarter

Office Market Overview

The Atlanta Office market ended the second quarter 2015 with a vacancy rate of 15.9%, a slight decrease from the previous quarter rate of 16.4%. This decrease occurred in a quarter where Atlanta saw 1,015,647 SF in positive net absorption. Quoted rental rates ended the quarter at $20.84 PSF, up from $20.34 PSF last quarter. There is currently nearly 1.5 million SF under construction in the Atlanta Office Market. Three buildings totalling 621,189 SF were delivered to the market this quarter.

Market Indicators

	2Q'15	Change from last Qtr.	Change from last Yr.
Vacancy	15.9%	▼	▼
Net Absorption	1,015,647 SF	▲	▲
Deliveries	621,189 SF	▲	▲
Rental Rates	$20.84 PSF	▲	▲

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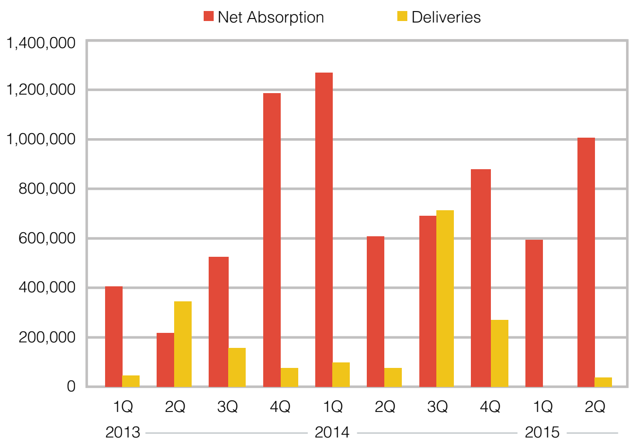
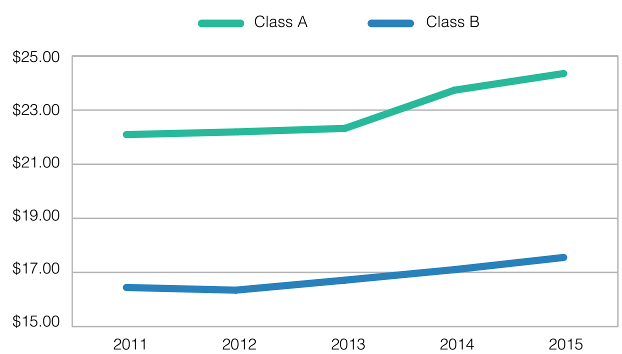
SECOND QUARTER 2015

Absorption vs. Deliveries



Historical Asking Rates



	2011	2012	2013	2014	2015
Class A	$22.09	$22.19	$22.32	$23.73	$24.35
Class B	$16.44	$16.34	$16.71	$17.10	$17.55

Vacancy

The overall vacancy rate at the end of the second quarter 2015 is 15.9%, which represents over 33.6 million SF of vacant office space throughout the Metro Atlanta Office market, a decrease from this time last year. The current amount of vacant sublease space is 1.29 million SF, down from last quarter's sublease vacancy of 1.30 million SF.

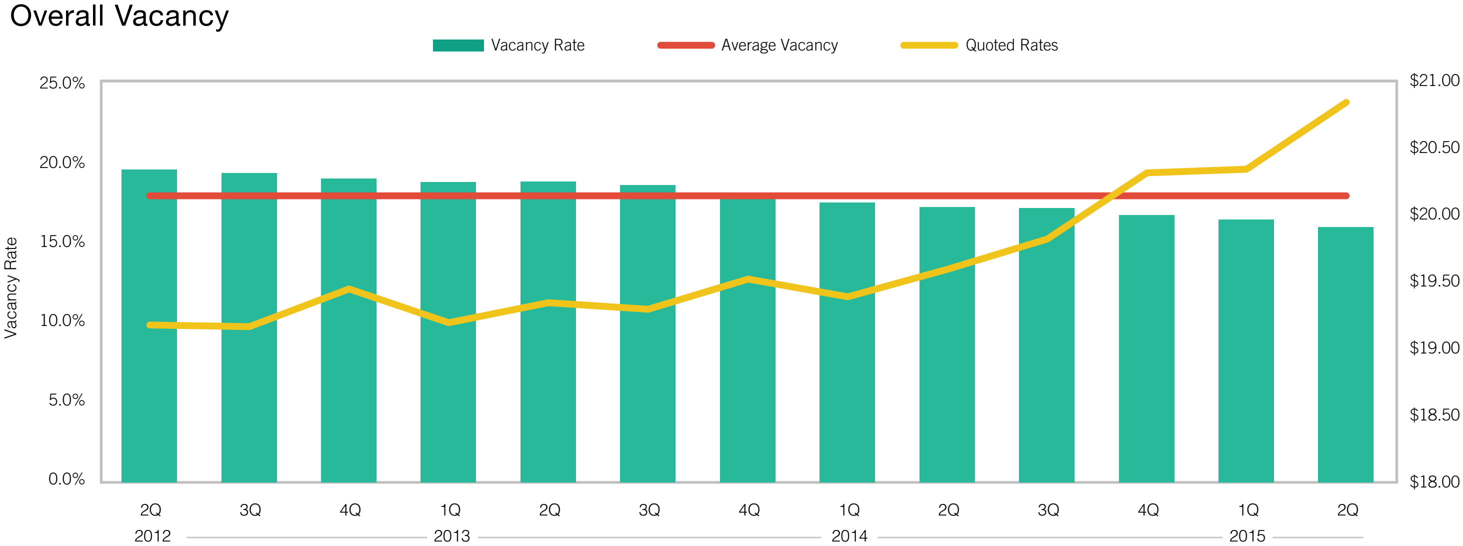
Net Absorption

At the close of the quarter, an overall positive net absorption of 1,015,647 SF was reported, an increase from the previous quarter and from this time last year. The recorded net absorption for the current quarter by class is as follows: Class A: 765,384 SF, Class B: 231,048 SF and Class C: 19,215 SF. Leasing activity was over 1.8 million square feet for the quarter, down from the previous quarter.

Construction Activity

At the close of the quarter, the Atlanta Office market had 3 buildings, totaling 621,189 SF, in new construction deliveries. This compares to 217,470 SF in deliveries last quarter and 98,480 SF this time last year. Currently there is just under 1.5 million SF of new office projects under construction (9 buildings), a decrease from this same time last year.

Overall Vacancy



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SECOND QUARTER 2015

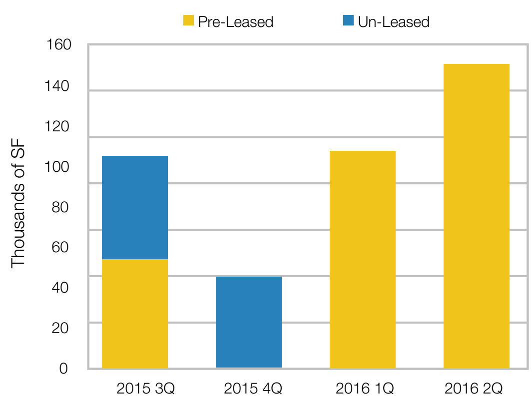
Notable New Construction

Cox Communications
578,000 SF | Central Perimeter
100% Occupied | Delivered 2Q'15

State Farm
585,000 SF | Central Perimeter
100% Pre-leased | Delivers 4Q'16

Three Alliance
500,000 SF | Buckhead
4% Pre-leased | Delivers 4Q'16

Future Deliveries



Significant Office Transactions

LEASE

Pershing Point Plaza

Submarket: Midtown/Pershing Point
Size: 157,000 SF
Tenant: Kaiser Permanente
Tenant Rep: N/A
Landlord Rep: CBRE

LEASE

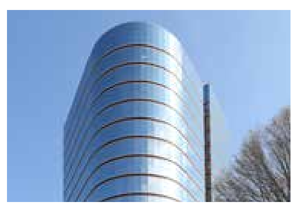
Peachtree Dunwoody Pavilion, Bldg C

Submarket: Central Perimeter
Size: 57,933 SF
Tenant: OPTUM
Tenant Rep: JLL
Landlord Rep: JLL

SALE

Atlantic Station

Size: 355,870 SF
Date: 6/24/2015
Buyer: KBS REIT III, Inc
Seller: CBRE Global Investors Ltd
Price: $98,300,000



SALE

One & Two Midtown Plaza

Size: 562,503 SF
Date: 4/17/2015
Buyer: Lincoln Property Co
Seller: Tishman Speyer
Price: $96,300,000

ALL CONSTRUCTION ACTIVITY *(Markets Ranked by Under Construction SF)*

	Under Construction Inventory				
Market	**# Bldgs**	**Total RBA**	**Preleased SF**	**Preleased %**	**Available SF**
Central Perimeter	1	585,000	585,000	100.0%	0
Buckhead	1	500,000	20,000	4.0%	480,000
Northwest Atlanta	1	150,000	150,000	100.0%	0
Midtown Atlanta	1	107,000	107,000	100.0%	0
Northeast Atlanta	3	59,440	8,500	14.3%	50,940
North Fulton	1	52,000	26,000	50.0%	26,000
Northlake	1	38,000	19,000	50.0%	19,000
West Atlanta	0	0	0	0.0%	0
South Atlanta	0	0	0	0.0%	0
Downtown Atlanta	0	0	0	0.0%	0
Totals	**9**	**1,491,440**	**915,500**	**61.4%**	**575,940**

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SECOND QUARTER 2015

TOTAL ATLANTA OFFICE MARKET STATISTICS

Market	Existing Inventory		Vacancy				YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Bldgs	Total RBA	Direct SF	Sublease SF	Total SF	Vac%				
Buckhead	117	20,853,374	2,623,546	82,687	2,706,233	13.0%	112,955	0	500,000	$28.54
Central Perimeter	254	29,208,471	3,830,742	249,863	4,080,605	14.0%	161,417	0	585,000	$23.13
Downtown Atlanta	155	26,780,532	4,480,239	84,703	4,564,942	17.0%	(171,919)	0	0	$19.78
Midtown Atlanta	135	20,991,656	3,133,616	148,734	3,282,350	15.6%	331,303	0	0	$24.22
North Fulton	344	24,937,712	3,694,451	168,973	3,863,424	15.5%	350,170	0	52,000	$19.65
Northeast Atlanta	472	22,052,005	4,686,647	123,439	4,810,086	21.8%	194,432	0	45,000	$16.61
Northlake	387	18,663,982	2,393,468	157,625	2,551,093	13.7%	92,339	35,189	38,000	$17.77
Northwest Atlanta	479	32,228,132	5,351,196	236,733	5,587,929	17.3%	390,789	0	150,000	$20.13
South Atlanta	312	13,369,569	1,913,105	36,602	1,949,707	14.6%	107,947	0	0	$18.52
West Atlanta	68	2,487,198	233,263	0	233,263	9.4%	47,015	0	0	$16.26
TOTALS	**2,723**	**211,572,631**	**32,340,273**	**1,289,359**	**33,629,632**	**15.9%**	**1,616,448**	**35,189**	**1,370,000**	**$20.84**

CLASS "A" STATISTICS

Market	Existing Inventory		Vacancy				YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Bldgs	Total RBA	Direct SF	Sublease SF	Total SF	Vac%				
Buckhead	49	15,423,955	1,893,385	75,209	1,968,594	12.8%	177,338	0	500,000	$31.48
Central Perimeter	78	20,423,411	1,958,513	179,462	2,137,975	10.5%	119,035	0	585,000	$25.67
Downtown Atlanta	26	13,927,460	2,717,609	81,133	2,798,742	20.1%	(56,486)	0	0	$21.48
Midtown Atlanta	37	15,696,866	2,393,352	119,322	2,512,674	16.0%	379,817	0	0	$26.22
North Fulton	103	14,360,140	2,056,826	114,049	2,170,875	15.1%	379,943	0	0	$22.20
Northeast Atlanta	64	6,856,535	1,172,765	47,929	1,220,694	17.8%	179,991	0	45,000	$20.21
Northlake	25	3,512,645	222,981	17,755	240,736	6.9%	(4,588)	0	38,000	$21.11
Northwest Atlanta	74	15,507,939	2,314,374	194,065	2,508,439	16.2%	141,108	0	150,000	$23.59
South Atlanta	23	1,659,782	241,039	22,461	263,500	15.9%	63,505	0	0	$19.65
West Atlanta	1	71,500	7,524	0	7,524	10.5%	0	0	0	$27.98
TOTALS	**480**	**107,440,233**	**14,978,368**	**851,385**	**15,829,753**	**14.7%**	**1,379,663**	**0**	**1,318,000**	**$24.35**

CLASS "B" STATISTICS

Market	Existing Inventory		Vacancy				YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Bldgs	Total RBA	Direct SF	Sublease SF	Total SF	Vac%				
Buckhead	48	4,942,140	693,525	7,478	701,003	14.2%	(73,690)	0	0	$21.32
Central Perimeter	129	7,667,995	1,608,904	70,401	1,679,305	21.9%	51,091	0	0	$20.72
Downtown Atlanta	72	9,245,800	940,926	1,310	942,236	10.2%	(76,071)	0	0	$17.43
Midtown Atlanta	77	4,675,221	689,174	29,412	718,586	15.4%	(39,756)	0	0	$18.90
North Fulton	216	9,909,155	1,609,496	54,924	1,664,420	16.8%	(35,681)	0	52,000	$16.46
Northeast Atlanta	339	13,410,609	3,268,486	75,510	3,343,996	24.9%	6,954	0	0	$15.10
Northlake	270	12,303,151	2,018,493	131,983	2,150,476	17.5%	74,270	35,189	0	$17.39
Northwest Atlanta	336	14,728,189	2,845,794	42,668	2,888,462	19.6%	228,301	0	0	$17.00
South Atlanta	209	9,392,640	1,153,639	13,041	1,166,680	12.4%	57,561	0	0	$18.89
West Atlanta	45	1,700,513	102,920	0	102,920	6.1%	41,563	0	0	$15.65
TOTALS	**1,741**	**87,975,413**	**14,931,357**	**426,727**	**15,358,084**	**17.5%**	**234,542**	**35,189**	**52,000**	**$17.55**

CLASS "C" STATISTICS

Market	Existing Inventory		Vacancy				YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Bldgs	Total RBA	Direct SF	Sublease SF	Total SF	Vac%				
Buckhead	20	487,279	36,636	0	36,636	7.5%	9,307	0	0	$18.35
Central Perimeter	47	1,117,065	263,325	0	263,325	23.6%	(8,709)	0	0	$12.43
Downtown Atlanta	57	3,607,272	821,704	2,260	823,964	22.8%	(39,362)	0	0	$12.61
Midtown Atlanta	21	619,569	51,090	0	51,090	8.2%	(8,758)	0	0	$17.94
North Fulton	25	668,417	28,129	0	28,129	4.2%	5,908	0	0	$12.97
Northeast Atlanta	69	1,784,861	245,396	0	245,396	13.7%	7,487	0	0	$11.65
Northlake	92	2,848,186	151,994	7,887	159,881	5.6%	22,657	0	0	$13.66
Northwest Atlanta	69	1,992,004	191,028	0	191,028	9.6%	21,380	0	0	$12.73
South Atlanta	80	2,317,147	518,427	1,100	519,527	22.4%	(13,119)	0	0	$15.62
West Atlanta	22	715,185	122,819	0	122,819	17.2%	5,452	0	0	$16.98
TOTALS	**502**	**16,156,985**	**2,430,548**	**11,247**	**2,441,795**	**15.1%**	**2,243**	**0**	**0**	**$13.34**