



Atlanta, Georgia

Tenant's Guide ▪ North American Markets ▪ Fourth Quarter 2011

Overview

Atlanta is one of 25 major metro areas to carry a double-digit unemployment rate for the past three years, according to the U.S. Bureau of Labor Statistics. And, due to the state's weaker than average economy and anemic housing market, there were 23 bank failures in Georgia in 2011. In addition, trophy commercial office buildings in Atlanta continue to struggle with declining values and well-known properties have suffered foreclosure. While some local companies are showing healthy profit margins, they are still reluctant to hire. The political dysfunction in Washington combined with the explosion of government regulations and rising healthcare costs have created an environment of uncertainty for business owners. With tenants in a cautious mood, office space availability continues to approach 20% in most major Atlanta submarkets. The big winner in Atlanta is Buckhead, with over 700,000 SF of positive absorption in 2011. As the occupancy increases, Buckhead landlords are pulling back on concessions. Quoted rental rates for the Buckhead submarket remain the highest in Atlanta at more than \$25/SF, with tenant improvement allowances at \$20 to \$40/SF for a typical five- to ten-year lease.

Market Trends

- Georgia Pacific Plaza at 55 Park Place in Downtown Atlanta was foreclosed upon in December, as was the 27 story Resurgens Plaza building located in Buckhead.
- Two landmark Downtown properties were sold in 2011, including City Hall East, which will be transformed into a mixed use property, and the Equitable building, now known as 100 Peachtree.
- Major Buckhead properties that have recently been sold include The Medici and 3330 Peachtree Street.

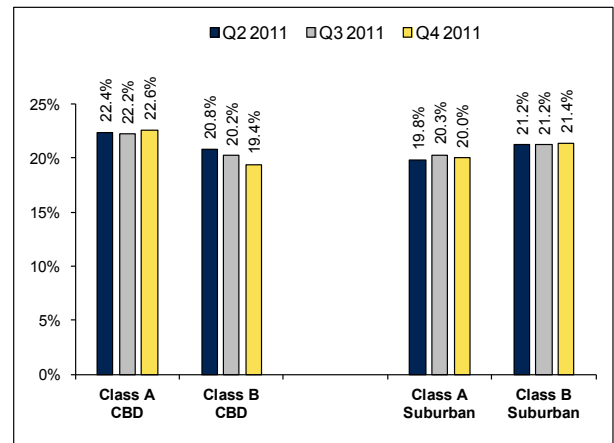
Tenant's Perspective

While it is still a tenant's market in Atlanta, rental rates have flattened out and concessions are being more tightly controlled. The window appears to be closing for obtaining long-term leases at historically low rental rates. Having completed more than 250 lease negotiations in 2011, Cresa Atlanta's Advisors are equipped with detailed market intelligence and can leverage intimate knowledge of the financial strength of landlords and the history of past rental rates and concession packages to save clients 20% or more on occupancy costs.

Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
Verint Systems, Inc.	132,676	Office	Expansion
Career Builder	93,000	Office	Lease
Alcatel-Lucent	70,000	Office	Renewal
Fleetcor Technologies	65,846	Office	Expansion
Auto Trader	48,000	Office	Sublease
Northrop Grumman	47,906	Office	Direct
Continental Casualty	38,333	Office	Direct
Focus Receivables Mgmt.	35,767	Office	Renewal
Boral Bricks, Inc.	26,951	Office	Direct
Veeam Software	25,762	Office	Direct

Vacancy Rate



Average Rental Rates

CBD	Q2 2011	Q3 2011	Q4 2011
Class A Office	\$19.22	\$18.93	\$19.53
Class B Office	\$15.41	\$14.53	\$15.23
Suburban	Q2 2011	Q3 2011	Q4 2011
Class A Office	\$20.24	\$20.45	\$20.84
Class B Office	\$14.99	\$14.53	\$15.54

