

Dorey Midtown West Submarket Review

New Projects - No new developments in the Midtown West submarket in the past 18 months. All of the residential buildings finished construction and delivered in early 2010 and most have seen decent lease activity on the retail portions of their developments due to the continued desire for restaurants and shops to be in the trendy area. There is a bright spot on the horizon as The Atlanta Development Authority (ADA) intends to close on a \$2.5 million TAD bond issuance for Moore's Mill Crossing in the first quarter of 2011, and Columbia, S.C.-based Edens & Avant plans to begin the next phase redevelopment in August. The \$42.1 million project will include a new, 45,600-square-foot Publix and 31,040 square feet of shop and restaurant space. This project will be a big boost for the entire area from Riverside Park up to Defoor / Collier Road.

Major Leases – Anthropologie is set to open a 9,000 SF store at the Westside Urban Market. They will join Room and Board as the second national retailer to enter the Midtown West Submarket. This will continue to bring other local and national retailers to the area and will allow for properties adjacent to these stores to be redeveloped from warehouse to retail / office showroom i.e. 1071 Howell Mill Road. The Atlanta Ballet opened the Michael C. Carlos Dance Centre (1695 Marietta Blvd.), Once an abandoned appliance manufacturing plant, the nearly \$11 million headquarters features recycled carpet, donated furniture, dual flush toilets and low-flow faucets, energy-efficient lighting and other green features. And it uses 35 percent less energy and water than conventional structures. Atlanta Ballet officials say the facility is one of the first LEED Gold certified headquarters for an arts organization in the country. Sunlow Mass Marketing purchased a 63,000 SF warehouse and relocated their headquarters from Howell Mill Road. The sales price was \$30 per square foot.

Trends in the Submarket - There are a half dozen properties under contact in the area (mostly warehouse product) to investors looking to capitalize on the nearly 30% to 40% reduction in asking prices in the market. Also, a handful of potential residential redevelopment sites remain on the market some with reduced asking rates and some that are holding on to 2006 prices. We should see a couple of the larger land sites trade in the next 12 to 18 months once the lending market frees up some.

Class A Rates - \$25 to \$30 Full Service with one project Medical (1800 Howell Mill Road)

Class B Rates - \$12 to \$18 most of these are Modified Gross

Class C Rates - \$8 to \$16 most of these are Modified Gross

Concessions

Free Rent – ½ to 1 month per year of term

Tenant Improvement – Very little on the office side, \$3 to \$10 per SF. Retail is getting a bigger number than office in TI concessions.

Moving Allowance – Part of the TI package if any