

ECONOMY

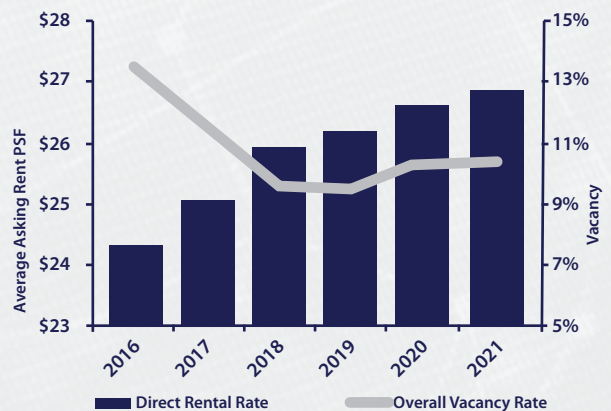
| | YoY Chg | 12-Mo. Forecast |
|------------------------------------|---------|-----------------|
| 10.5% Vacancy Rate | ▲ | ▼ |
| 58K Net Absorption, SF | ▲ | ▲ |
| \$26.80 Asking Rent, PSF | ▼ | ▲ |

Atlanta has shown signs of a rebound during 2021. As unemployment rate continued to decline, more than 183,400 jobs were added to Atlanta’s economy year-over-year, a 7.2% increase in employment level since Q2 2020. Health Care Service jobs, including offices of physicians, dentists, and medical and diagnostic laboratories, have surpassed pre-COVID numbers. While Metro Atlanta lost 15,290 jobs in these fields by May 2020, the market has since added 17,300 jobs –13.7% employment growth.

Metro Atlanta Medical

The healthcare real estate market in Atlanta remains very healthy with continued activity among tenants, developers and investors. The overall vacancy rate is 10.5%. There is a resiliency in the medical product type despite the global pandemic. However, the activity has not been limited to leasing space – Many professionals have acquired assets to house their practices. Market rental rates have reached a new high achieved with an average gross rental rate of \$26.80 per square foot and we do expect to see continued positive net absorption.

HISTORICAL RENT VS. VACANCY



MARKET STATISTICS

| SUBMARKET | INVENTORY (SF) | OVERALL VACANCY RATE | DIRECT VACANCY RATE | YTD LEASING ACTIVITY (SF) | UNDER CONSTR (SF) | YTD CONSTR COMPLETIONS (SF) | YTD DIRECT NET ABSORPTION (SF) | YTD OVERALL NET ABSORPTION (SF) | OVERALL AVERAGE ASKING RENT (ALL CLASSES)* | DIRECT AVERAGE ASKING RENT (ALL CLASSES)* |
|----------------------|-------------------|----------------------|---------------------|---------------------------|-------------------|-----------------------------|--------------------------------|---------------------------------|--|---|
| Buckhead | 819,891 | 16.5% | 16.5% | 828 | 0 | 0 | 0 | 0 | \$33.06 | \$33.06 |
| Central Perimeter | 3,366,158 | 10.9% | 10.7% | 20,247 | 0 | 0 | 364 | 7,809 | \$30.08 | \$30.08 |
| Downtown Atlanta | 294,259 | 2.0% | 2.0% | 0 | 0 | 0 | 0 | 0 | \$23.30 | \$23.30 |
| Midtown Atlanta | 927,917 | 2.9% | 1.1% | 4,945 | 0 | 0 | 1,162 | -10,680 | \$24.74 | \$25.50 |
| North Fulton | 2,329,372 | 9.9% | 8.5% | 7,473 | 0 | 0 | 70,116 | 54,223 | \$28.71 | \$28.73 |
| Northeast Atlanta | 1,577,526 | 20.3% | 19.3% | 15,151 | 0 | 0 | -40,062 | -40,062 | \$25.38 | \$25.38 |
| Northlake | 1,734,842 | 6.6% | 6.6% | 26,160 | 0 | 0 | 36,788 | 36,788 | \$21.69 | \$21.69 |
| Northwest Atlanta | 3,068,642 | 8.8% | 8.1% | 23,017 | 0 | 0 | -15,978 | -12,328 | \$24.35 | \$24.36 |
| South Atlanta | 2,652,960 | 11.8% | 11.6% | 29,735 | 0 | 0 | 27,307 | 32,548 | \$22.15 | \$22.00 |
| West Atlanta | 661,257 | 4.5% | 4.0% | 1,457 | 0 | 0 | -10,404 | -10,404 | \$20.02 | \$20.02 |
| ATLANTA TOTAL | 17,422,824 | 10.5% | 9.9% | 129,040 | 0 | 0 | 69,293 | 57,894 | \$26.80 | \$26.80 |

*Rental rates reflect full service gross %pst/year

KEY LEASE TRANSACTIONS 2021 YTD

| PROPERTY | SF | TENANT | TRANSACTION TYPE | SUBMARKET |
|--------------------------|--------|-----------------------------------|------------------|-------------------|
| 3460 Powder Springs Road | 75,395 | Powder Springs Center for Nursing | New | Northwest Atlanta |
| 371 E Paces Ferry | 5,776 | Beltline Bariatrics | New | Buckhead |
| Perimeter Town Center | 5,000 | Atlanta Hand | New | Central Perimeter |
| Dacula Medical | 3,600 | Worlds Famous Derm | New | Gwinett |
| Union Park | 8,500 | Children's Wellness | New | Central Perimeter |

KEY SALES TRANSACTIONS 2021 YTD

| PROPERTY | SF | SELLER/BUYER | PRICE/\$PSF | SUBMARKET |
|--------------------|--------|---------------------|--------------------|-----------|
| 1462 Montreal Road | 50,000 | Northside Hospital | 9,000,000 / \$179 | Northlake |
| 755 Commerce Drive | 90,000 | Alex Brown | 15,000,000 / \$157 | Decatur |
| 8225 Mall Pkwy | 31,361 | Whiteoak Healthcare | 6,700,000 / \$220 | East |
| 738 Old Norcross | 20,000 | Hammes Partners | 5,417,000 / \$270 | Northeast |