

Q1 2017 ATLANTA OFFICE MARKET REPORT

-258,211 SF

Q1 NET ABSORPTION ↓
Q4 -36,859 SF

15.1%

Q1 VACANCY ↔
Q4 15.1%

2,001,672 SF

Q1 LEASING ACTIVITY ↓

5,242,106 SF

UNDER CONSTRUCTION ↑

130,000 SF

Q1 NEW SUPPLY DELIVERED ↓

\$23.40 SF

AVERAGE ASKING RENT (PER YR.) ↑

\$123

AVERAGE SALES PER SF ↓

\$382 M

234 SALES TRANSACTIONS ↓



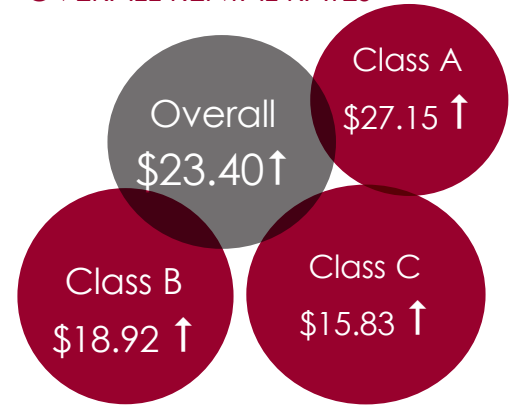
LEE &
ASSOCIATES®

COMMERCIAL REAL ESTATE SERVICES

MARKET OVERVIEW

Atlanta's office sector may be off to a slow start in 2017, but that doesn't mean it's not a healthy market. With 258,211 SF of negative absorption in the first quarter, Coca-Cola's vacancy of 322,000 SF in the Northwest Atlanta submarket is the main contributor to the negative number. Total vacancy for the Metro Atlanta area remained unchanged at 15.1%. For tenants, demand for quality, large contiguous space(s) continues to lack, bringing more speculative development and built to suit options into the conversation. Office development and construction picked up this quarter with the ground breaking of 725 Ponce, a 430,000 SF speculative development in Midtown. With more businesses considering a corporate move to Atlanta and current tenants scout the market for possible expansion opportunities, a positive outlook for the remainder of 2017 will persist.

OVERALL RENTAL RATES



ABSORPTION

- > Overall net absorption for Metro Atlanta in Q1 2017 was negative 258,211 square feet

RENTAL RATES

- > Average quoted asking rental rate for all classes increased from \$23.30 PSF to \$23.40 PSF

SALES ACTIVITY

- > The largest sale transaction of Q1 was the 2 property portfolio sale of 1040 & 1050 Crown Pointe in Central Perimeter; 499,985 SF for \$166.81 PSF

VACANCY RATE

- > Vacancy remained unchanged at 15.1% Q1 2017
- > Buckhead reported to lowest submarket vacancy at 11.4%

DEVELOPMENT/CONSTRUCTION

- > There was 5,242,106 SF of office space under construction in Q1 2017
- > There was 130,000 SF of office spaces delivered in Q1 2017

LEASING ACTIVITY

- > Leasing activity was 2,001,672 SF in Q1
- > The largest lease transaction of Q1 was signed by WestRock Co; 194,178 SF in Central Perimeter

LARGEST PROJECTS UNDER CONSTRUCTION

as of Q1 2017

Building Name	Building Address	SF	Released	Delivery
Coda	771 Spring St	760,000	60.7%	Q1-19
Three Alliance	3550 Lenox Rd	506,647	47.7%	Q2-17
NCR Corp	864 Spring St	485,000	100%	Q1-18
725 Ponce	725 Ponce de Leon Ave	430,000	20.2%	Q3-19
4004 Perimeter Summit	4004 Summit Blvd	355,000	3.5%	Q3-17

ECONOMIC INDICATORS

as of Q1 2017

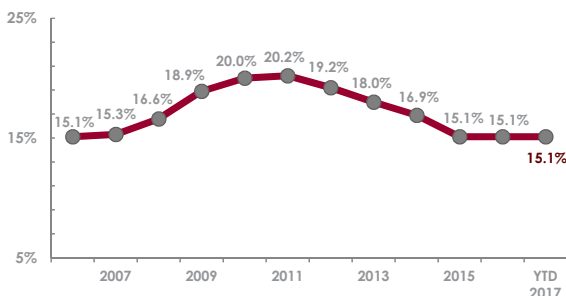
Unemployment

U.S.	Up to 4.7%
Georgia	Remains at 5.3%
Atlanta Metro	Up to 5.3%
U.S. Consumer Price Index (CPI)	Up 0.1%
Gross Domestic Product (GDP)	Down 2.2%

Source: Bureau of Labor Statistics, Georgia State University Economic Forecasting Center, Bureau of Economic Analysis

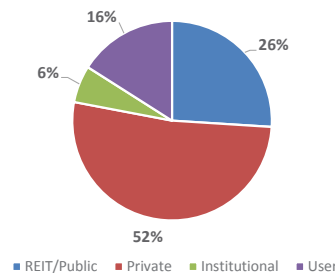
VACANCY

percentage, 2007-YTD 2017



BUYER TYPE

Q1 2017 sales



ABSORPTION

in SF, 2007-YTD 2017

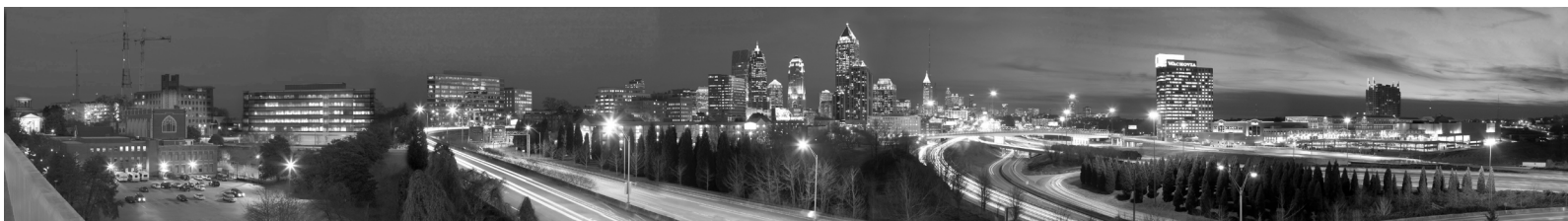
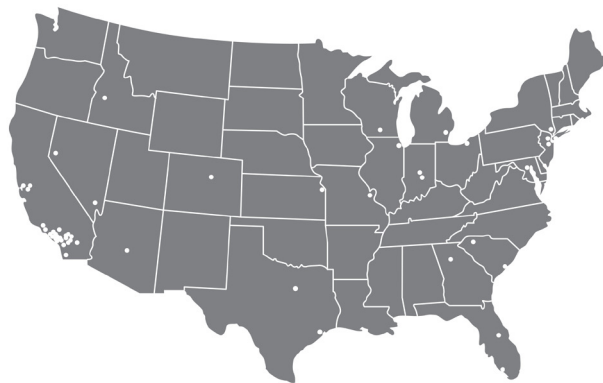


OFFICE SUBMARKET DATA

Office Submarkets	Total Inventory	Vacancy Total SF	Vacancy Q1 17	NET Absorption YTD Total	Under Construction	YTD Deliveries	Asking Rent PSF
1. Buckhead	20,976,269	2,391,560	11.4%	39,527	874,311	-	\$32.59
2. Central Perimeter	27,941,971	4,166,274	14.9%	-107,871	391,118	-	\$26.28
3. Downtown Atlanta	26,367,652	4,387,505	16.6%	111,842	61,000	-	\$23.41
4. Midtown Atlanta	21,407,390	2,576,116	12.0%	30,587	1,815,000	-	\$28.23
5. North Fulton	25,152,334	3,619,105	14.4%	-144,192	639,718	-	\$22.97
6. Northeast Atlanta	22,452,910	4,909,927	21.9%	53,082	105,553	70,000	\$17.79
7. Northlake	17,943,554	2,417,370	13.5%	-55,764	152,500	-	\$18.08
8. Northwest Atlanta	31,932,972	4,969,201	15.6%	-193,852	1,112,906	-	\$22.40
9. South Atlanta	12,912,029	1,635,438	12.7%	19,593	50,000	60,000	\$18.09
10. West Atlanta	2,805,547	528,506	18.8%	-11,163	40,000	-	\$20.67
Atlanta Metro Total	209,892,628	31,601,002	15.1%	-258,211	5,242,106	130,000	\$23.40

By Building Type

Class A	108,243,722	15,999,797	14.8%	-494,454	4,963,133	60,000	\$27.15
Class B	86,395,150	13,962,721	16.2%	303,653	278,973	70,000	\$18.92
Class C	15,253,756	1,638,484	10.7%	-67,410	-	-	\$15.83
Building Type Total	209,892,628	31,601,002	15.1%	-258,211	5,242,106	130,000	\$23.40



The information and details contained herein have been obtained from third-party sources believed to be reliable; however, Lee & Associates Atlanta has not independently verified its accuracy. Lee & Associates Atlanta makes no representations, guarantees, or express or implied warranties of any kind regarding the accuracy or completeness of the information and details provided herein, including but not limited to the implied warranty of suitability and fitness for a particular purpose. Interested parties should perform their own due diligence regarding the accuracy of the information.

The information provided herein, including any sale or lease terms, is being provided subject to errors, omissions, changes of price or conditions, prior sale or lease, and withdrawal without notice. Third-party data sources: CoStar Group, Inc., Real Capital Analytics, and Georgia State Economic Forecasting Center.

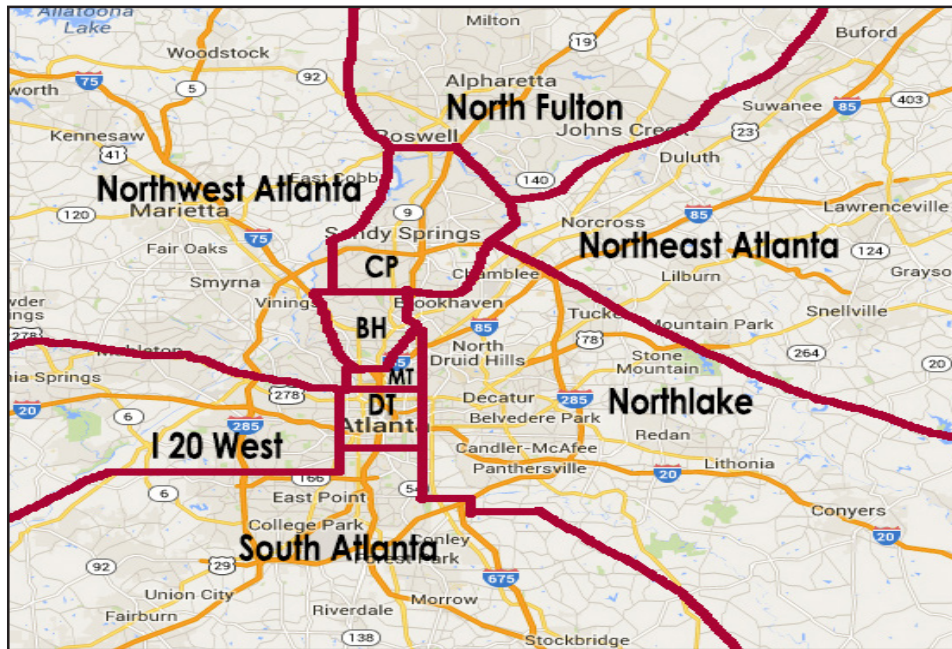
The Lee & Associates Atlanta Office Market Report compiles market data by using a third-party database for the proprietary analysis of over 15,000 office properties in the Atlanta Metropolitan Area.

© Copyright 2017 Lee & Associates Atlanta. All rights reserved.

Market report analysis by: Kate Hunt, Research and Database Coordinator

Market report created by: Brittany Sturdivant, Marketing Coordinator

ATLANTA OFFICE SUBMARKETS



Q1 2017 TOP LEASES

Property Name	Address	Submarket	Tenant Name	SF	Lease Type
Jackson Healthcare	2655 Northwinds Pky	North Fulton	Jackson Healthcare	267,000	New/Expansion
Northpark 400	1000 Abernathy Rd	Central Perimeter	WestRock	194,718	New
Three Alliance	3550 Lenox Rd	Buckhead	CBRE	104,817	New
Lakeside at Spalding Triangle	3795 Data Dr	Northeast Atlanta	Computer Generated Systems	55,047	New
International Tower	229 Peachtree St	Downtown Atlanta	Atlanta Regional Commission	41,381	New

Q1 2017 TOP SALES

*Portfolio sales as individual property sales

Property Name	Buyer	Seller	Sales Price	SF	PSF
*1050 Crown Pointe	KBS Strategic Opportunity REIT	Barings Real Estate Advisors	\$45,632,895	273,561	\$166.81
*1040 Crown Pointe	KBS Strategic Opportunity REIT	Barings Real Estate Advisors	\$37,767,105	226,407	\$166.81
*One Premier Plaza	Zeller Realty Group	Barings Real Estate Advisors	\$32,239,482	186,600	\$172.77
*Two Premier Plaza	Zeller Realty Group	Barings Real Estate Advisors	\$22,460,518	130,000	\$172.77
Ashford Center	OA Development, Inc	FCA Partners	\$22,375,000	161,247	\$138.76

ABOUT LEE & ASSOCIATES

In 2010, our Atlanta office joined Lee & Associates, the largest broker-owned commercial real estate sales organizations in the U.S. As a local office of this highly respected national firm, the Atlanta team capitalizes on Lee's stellar reputation to continue its paradigm of establishing long-term, client-driven relationships to develop customized solutions for every client's specific real estate requirement.



3500 Lenox Road
Suite 200
Atlanta, GA 30326
404.442.2810 | www.leeatlanta.com