Q2 2017
ATLANTA OFFICE MARKET REPORT

596,773 SF
Q2 NET ABSORPTION ↑
Q1 -83,506 SF

15.1%
Q2 VACANCY ↑
Q1 14.8%

2,470,383 SF
Q2 LEASING ACTIVITY ↓

4,896,518 SF
UNDER CONSTRUCTION ↑

1,519,745 SF
NEW SUPPLY DELIVERED ↑

$23.86 SF
AVERAGE ASKING RENT (PER YR.) ↑

$152
AVERAGE SALES PER SF ↑

$741 M
208 SALES TRANSACTIONS ↑

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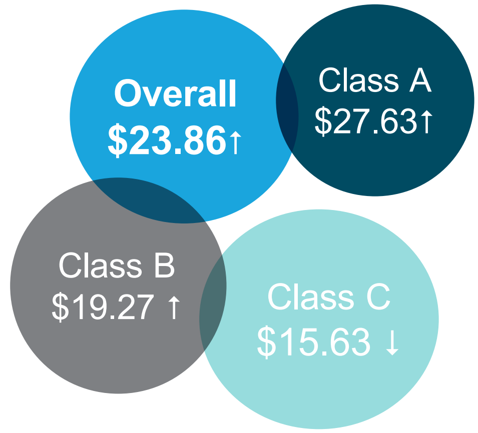
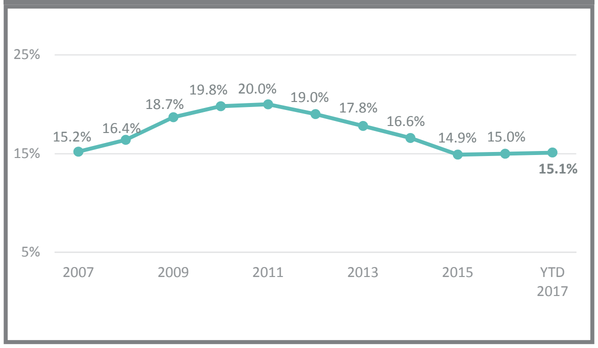
MARKET OVERVIEW

Atlanta's office market continues to show a steady and strong performance in the second quarter of 2017. Overall vacancy increased slightly in Q2 30 basis points to 15.1% with a net absorption of 596,713 SF and strong leasing activity of 2,470,383 SF. Average asking rents for Class A Office space have escalated 2.3% in the last 6 months and 5.75% over the last year. With few options, particularly in new construction developments designed around 21st century work space criteria, Class A tenants are experiencing price restraints due to the constant rise of asking rental rates. Office development picked up this quarter to 4,896,518 SF currently under construction with 1,519,745 SF of delivered product, bringing year to date deliveries to 1,609,745 SF. With a steady decreasing unemployment rate, Atlanta continues to be ranked in the top 10 cities for job seekers.

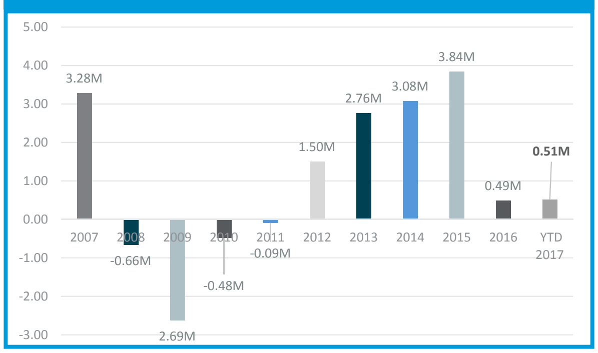
OVERALL RENTAL RATES



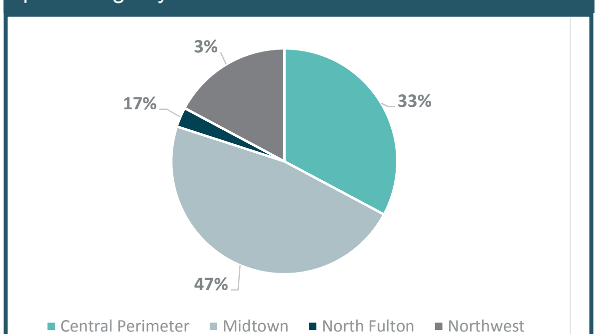
VACANCY
percentage, 2007-YTD 2017



ABSORPTION
in SF, 2007-YTD 2017



UNDER CONSTRUCTION
percentage by Submarket



ABSORPTION

- Overall net absorption for Metro Atlanta in Q2 2017 was positive 596,713 SF, bringing year-to-date absorption to 513,267 SF

VACANCY RATE

- Vacancy increased slightly to 15.1% Q2 2017
- Midtown reported to lowest submarket vacancy at 10.7%

RENTAL RATES

- Average quoted asking rental rate for all classes increased from $23.40 PSF to $23.86 PSF

DEVELOPMENT/CONSTRUCTION

- There was 4,896,518 SF of office space under construction in Q2 2017
- There was 1,519,745 SF of office space delivered in Q2 2017

SALES ACTIVITY

- The largest sale transaction of Q2 was the sale of the BB&T Tower in the Midtown Submarket; 541,789 SF for $182,000,000

LEASING ACTIVITY

- Leasing activity was 2,470,383 SF in Q2
- The largest lease transaction of of Q2 was signed by Serta Simmons; 210,000 SF in the Northlake Submarket

LARGEST PROJECTS UNDER CONSTRUCTION
as of Q2 2017

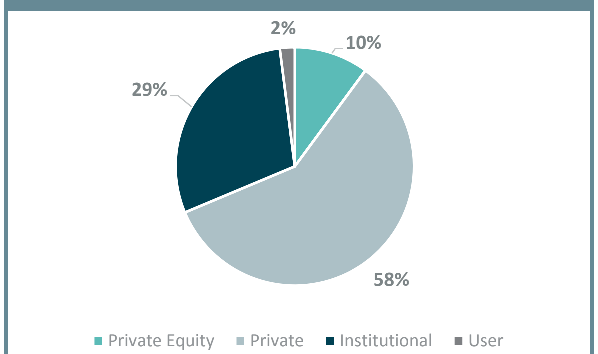
Building Name	Building Address	SF	Preleased	Delivery
Coda	771 Spring St	760,000	60.7%	Q1-19
Park Center II -State Farm	240 Perimeter Ctr Pky	670,000	100%	Q2-20
NCR Corp	864 Spring St	485,000	100%	Q1-18
725 Ponce	725 Ponce de Leon Ave	430,000	20.2%	Q3-19
4004 Perimeter Summit	4004 Summit Blvd	355,000	0%	Q3-17

OFFICE SUBMARKET DATA

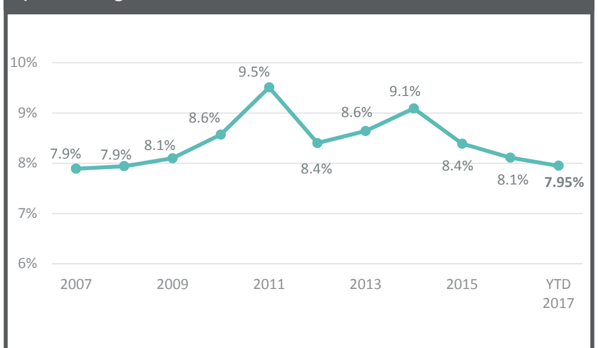
Office Submarkets	Total Inventory	Vacancy Total SF	Vacancy Q2 '17	Net Absorption YTD Total	Under Construction	YTD Deliveries	Asking Rent PSF
Buckhead	21,673,330	3,040,941	14.0%	104,160	147,617	731,579	$32.95
Central Perimeter	28,519,321	4,184,578	14.7%	12,626	1,045,966	15,402	$27.13
Downtown Atlanta	26,450,768	4,358,607	16.5%	99,749	124,000	0	$23.95
Midtown Atlanta	21,366,411	2,291,316	10.7%	204,626	1,818,149	17,000	$29.13
North Fulton	25,408,700	3,758,307	14.8%	-75,278	518,584	266,075	$23.00
Northeast Atlanta	22,753,330	4,977,721	21.9%	-30,054	133,497	70,000	$17.74
Northlake	18,109,542	2,509,951	13.9%	-241,886	289,066	27,689	$19.17
Northwest Atlanta	32,531,891	4,979,983	15.3%	209,105	742,639	392,000	$22.86
South Atlanta	12,860,816	1,501,043	11.7%	208,896	60,000	90,000	$18.34
West Atlanta	2,863,167	538,797	18.8%	21,323	17,000	0	$20.82
Total	**212,537,276**	**32,141,244**	**15.1%**	**513,267**	**4,896,518**	**1,609,745**	**$23.86**

Office Submarkets	Total Inventory	Vacancy Total SF	Vacancy Q2 '17	Net Absorption YTD Total	Under Construction	YTD Deliveries	Asking Rent PSF
Class A	110,527,441	16,942,362	15.3%	230,544	4,507,724	1,507,343	$27.63
Class B	86,655,721	13,670,022	15.8%	319,800	388,794	102,402	$19.27
Class C	15,354,114	1,528,860	10.0%	-37,077	-	-	$15.63
Total	**212,537,276**	**32,141,244**	**15.1%**	**513,267**	**4,896,518**	**1,609,745**	**$23.86**

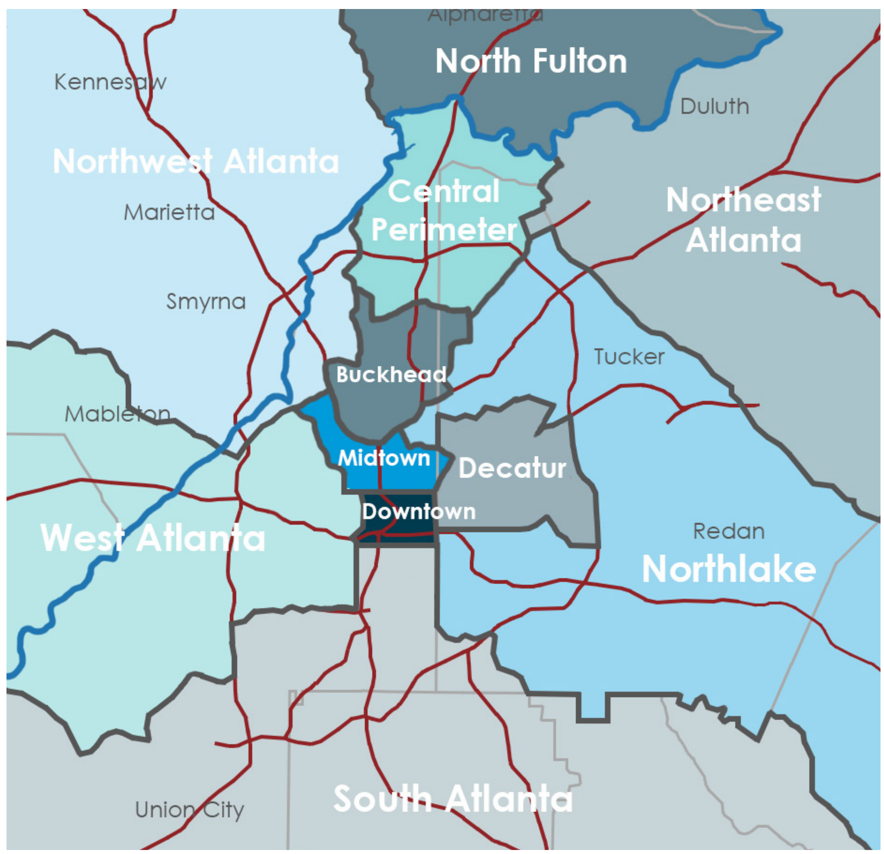
BUYER TYPE
Q2 2017 sales



CAP RATES
percentage, 2007-YTD 2017



ATLANTA SUBMARKET MAP



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.

Market report analysis by: Kate Hunt, Research and Database Coordinator
Market report created by: Brittany Sturdivant, Marketing Coordinator

Q2 2017 TOP LEASES

Property Name	Address	Submarket	Tenant Name	SF	Lease Type
The Assembly	Motors Industrial Way	Northlake	Serta Simmons	210,000	New
One Glenlake	1 Glenlake Pky	Central Perimeter	Cotiviti	66,100	New
2300 Defoor Hills	2300 Defoor Hills Rd	Midtown Atlanta	Reliance Worldwide Corporation	60,760	New
5775 Glenridge Dr - Bldg E	5775 Glenridge Dr	Central Perimeter	Hodges-Mace	59,439	New
Johns Creek Parkway 4000	4000 Johns Creek Ct	North Central	Macy's	56,589	Renewal

Q2 2017 TOP SALES

*Portfolio sales as individual property sales

	Property Name	Submarket	Buyer	Seller	SF	Sales / PSF
1	BB&T Tower	Midtown Atlanta	Lionstone Investments	CBRE Global Investors Ltd	541,789	$182 M / $335
2	American Cancer Society Center	Downtown Atlanta	Carter Validus Mission Critical REIT	Cousins Properties Inc	998,770	$166 M / $166
3	Equitable	Downtown Atlanta	Zeller Realty Group	Five Mile Capital Partners	622,084	$79.5 M / $123
4	730 Midtown	Midtown Atlanta	Crestlight Capital	The Simpson Organization	213,041	$35.3 M / $166
5	The Pointe - Bldg 400*	Central Perimeter	The Dilweg Companies	Gateway Mosswood Inc	272,914	$29.4 M / $108

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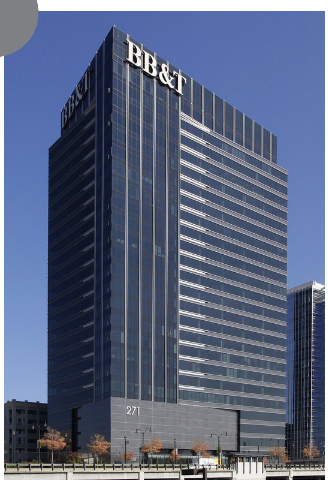

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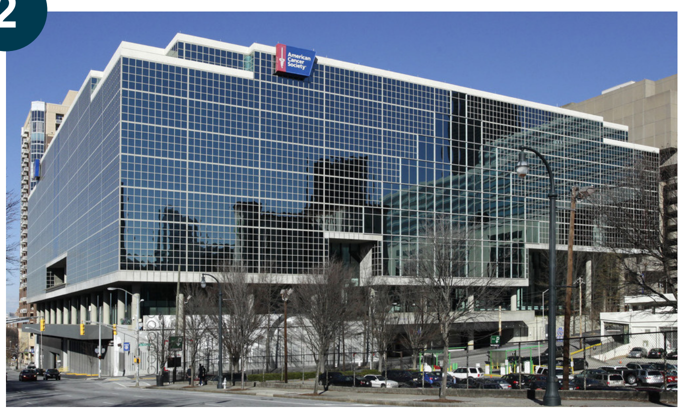

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In 2010, our Atlanta office joined Lee & Associates, the largest broker-owned commercial real estate sales organizations in the U.S. As a local office of this highly respected national firm, the Atlanta team capitalizes on Lee's stellar reputation 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