

Q1 2018 Atlanta Office Market Report

1,316,242 SF

Q1 NET ABSORPTION ↑

Q4 337,892 SF

14.6%

Q1 VACANCY ↓

Q4 14.7%

1,915,959 SF

Q1 LEASING ACTIVITY ↓

3,841,581 SF

UNDER CONSTRUCTION ↓

1,170,046 SF

NEW SUPPLY DELIVERED ↑

\$24.86 SF

AVERAGE ASKING RENT (PER YR.)

\$221

AVERAGE SALES PER SF

\$1 B

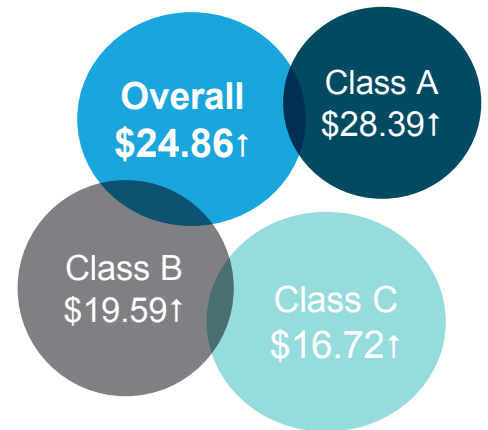
145 SALES TRANSACTIONS



MARKET OVERVIEW

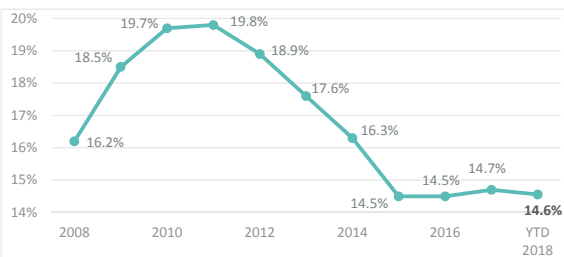
Overall vacancy decreased in Q1 2018 10 basis points to 14.6% with a positive net absorption of 1,316,242 SF. Average asking rents continue to escalate to \$24.86 PSF over all classes. There was 3,841,581 SF under construction at the end of Q1 and a total of 1,170,046 SF of delivered office product. Of the 3.8M SF under construction, 8 buildings are over 100,000 SF and 79% preleased. Consolidation has begun changing the dynamics of office space as companies shrink their footprint to create more efficient layouts. However, more businesses are announcing corporate relocations or expansions almost daily. Driving the first quarter of 2018, over 1,500 new office jobs were announced in Atlanta, with the largest being Northside Hospital creating 400 new jobs and leasing 178,001 SF. Atlanta has been declared the 3rd fastest growing metro area in the nation by the US Census Bureau. With a lower cost of living, increasing population and amenity packed market all make Atlanta an attractive place for businesses to call home.

OVERALL RENTAL RATES



VACANCY

percentage, 2008 - YTD 2018



ABSORPTION

- Overall net absorption for Metro Atlanta in Q1 2018 was positive 1,316,242 SF

VACANCY RATE

- Vacancy decreased 10 basis points to 14.6%
- Midtown reported to lowest submarket vacancy at 8.8%

RENTAL RATES

- Average quoted asking rental rate for all classes increased from \$24.33 PSF to \$24.86 PSF

DEVELOPMENT/CONSTRUCTION

- There was 3,841,581 SF of office space under construction in Q1 2018
- There was 1,170,046 SF of office space delivered in Q1 2018

SALES ACTIVITY

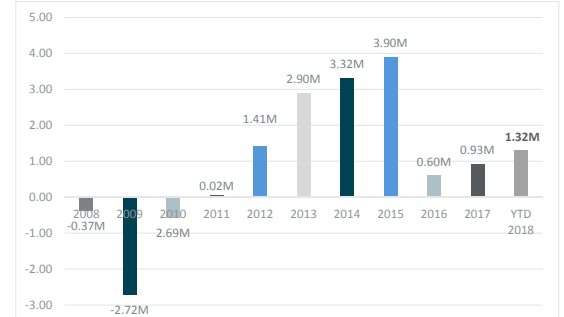
- The largest sale transaction of Q1 was the sale of Three Alliance (93% leased, built in 2017) in the Buckhead submarket, 506,647 SF for \$532 M

LEASING ACTIVITY

- Leasing activity was 1,915,959 SF
- The largest lease transaction of Q1 was signed by Northside Hospital; 178,001 SF in the Central Perimeter submarket

ABSORPTION

in SF, 2008 - YTD 2018



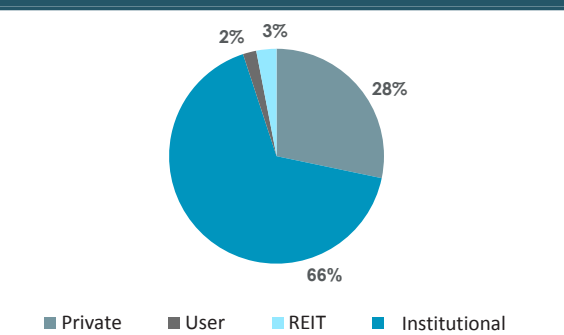
LARGEST PROJECTS UNDER CONSTRUCTION

as of Q1 2018

Building Name	Building Address	SF	Preleased	Delivery
Coda	771 Spring St	760,000	66%	Q1-19
Park Center II -State Farm	240 Perimeter Ctr Pky	670,000	100%	Q2-20
725 Ponce	725 Ponce de Leon Ave	343,270	0%	Q1-19
NCR Corp HQ II	864 Spring St	277,000	100%	Q4-18
Jackson Healthcare	2555 Northwinds Pky	267,000	100%	Q1-19

BUYER TYPE

Q1 2018 sales



OFFICE SUBMARKET DATA

Office Submarkets	Total Inventory	Vacancy Total SF	Vacancy Q1 '18	Net Absorption YTD Total	YTD Deliveries	Under Construction	Asking Rent PSF
Buckhead	21,791,670	2,892,296	13.3%	259,061	-	129,099	\$32.76
Central Perimeter	28,940,919	4,512,053	15.6%	204,225	359,913	670,000	\$27.50
Downtown	25,868,189	3,854,217	14.9%	24,617	-	124,000	\$25.57
Midtown	22,039,433	1,934,758	8.8%	636,425	505,149	2,253,927	\$34.59
North Fulton	25,831,416	3,492,763	13.5%	199,412	248,984	153,011	\$23.07
Northeast Atlanta	23,347,478	5,017,728	21.5%	(128,412)	-	71,944	\$18.10
Northlake	18,472,027	2,309,129	12.5%	44,660	-	80,000	\$19.93
Northwest Atlanta	33,115,008	5,309,597	16.0%	86,988	36,000	222,000	\$23.44
South Atlanta	13,045,862	1,461,362	11.2%	(16,313)	20,000	137,600	\$18.67
West Atlanta	2,715,572	534,105	19.7%	5,579	-	-	\$18.46
Total	215,167,574	31,318,008	14.6%	1,316,242	1,170,046	3,841,581	\$24.86

Office Submarkets	Total Inventory	Vacancy Total SF	Vacancy Q1 '18	Net Absorption YTD Total	Under Construction	YTD Deliveries	Asking Rent PSF
Class A	112,085,429	17,130,193	15.3%	992,022	1,077,556	3,505,081	\$28.39
Class B	88,248,611	13,028,777	14.8%	232,169	92,490	336,500	\$19.59
Class C	14,833,534	1,159,038	7.8%	92,051	-	-	\$16.72
Total	215,167,574	31,318,008	14.6%	1,316,242	1,170,046	3,841,581	\$24.86

METRO ATLANTA FACTS & FIGURES

#1

Most Traveled Airport in the World
Atlanta is within a 2-hour flight of 80% of the US population

#2

North American Metro Area for Competitiveness in the Business, Financial Services and Technology Industries

#1

Top Moving Destination for the Eighth Consecutive Year

#3

Fastest Growing Metro Area in the Nation

ATLANTA SUBMARKET MAP



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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 2018 Lee & Associates Atlanta. All rights reserved.

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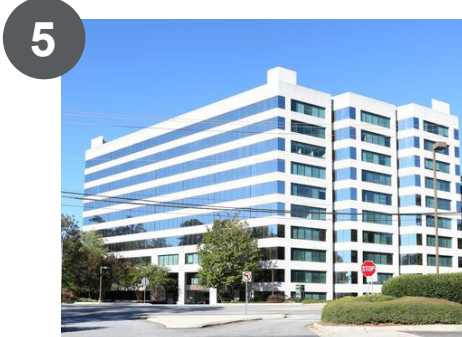
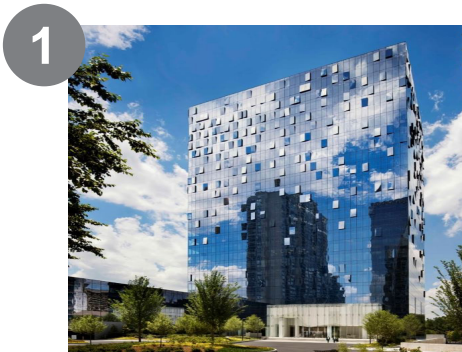
Q1 2018 TOP LEASES

Property Name	Address	Submarket	Tenant Name	SF	Lease Type
1001 Summit	1001 Summit Blvd	Central Perimeter	Northside Hospital	178,001	New
The Loudermilk Center	40 NE Courtland St	Downtown	United Way of Greater Atlanta	74,658	New
Coda	771 Spring St	Midtown	WeWork	51,719	New
Bank of America Plaza	600 Peachtree St NE	Downtown	Flexport Inc.	49,914	New
210 Interstate North	210 N Interstate N Pky SE	Central Perimeter	QBE First	37,595	Renewal

Q1 2018 TOP SALES

*Portfolio sales as individual property sales

Property Name	Submarket	Buyer	Seller	SF	Sales / PSF
1 Three Alliance Center	Buckhead	State of Florida Retirement Fund	Tishman Speyer	506,647	\$270 M / \$532
2 Pershing Point Plaza	Midtown	The Dilweg Companies	CBRE Global Investors	409,579	\$75 M / \$183
3 Royal Center Four*	North Fulton	Bridge Investment Group	The Dilweg Companies	308,101	\$59 M / \$192
4 Royal Center Three*	North Fulton	Bridge Investment Group	The Dilweg Companies	165,527	\$32 M / \$192
5 Park Central	Northlake	TerraCap Management	HighBrook Investors	213,165	\$29 M / \$136



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