Q3 2018
Atlanta Office Market Report

-15,692 SF
Q3 NET ABSORPTION ↑
Q2 -187,366 SF

14.9%
Q3 VACANCY<>
Q2 14.9%

2,650,841 SF
Q3 LEASING ACTIVITY ↓

4,498,537 SF
UNDER CONSTRUCTION ↑

128,944 SF
NEW SUPPLY DELIVERED ↓

$25.64 SF
AVERAGE ASKING RENT (PER YR.)

$193
AVERAGE SALES PER SF

$1.14 B
311 SALES TRANSACTIONS

LEE & ASSOCIATES
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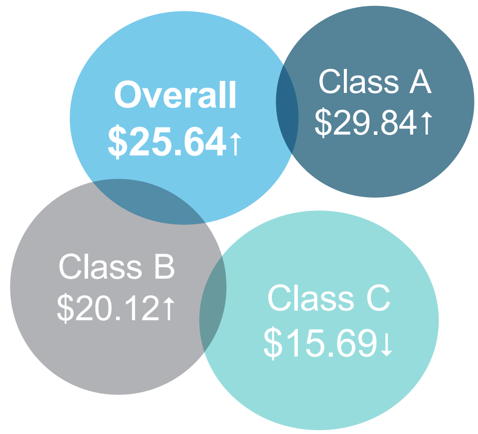
MARKET OVERVIEW

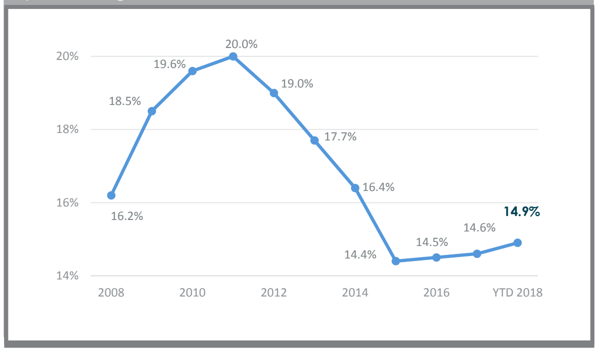
Overall vacancy stayed unchanged in Q3 2018 at 14.9% with a slightly negative net absorption of 15,692 SF in contribution to larger tenants State Farm and AT&T vacating/consolidating almost 500,000 SF. Average asking rents continue to escalate to $25.64 PSF over all classes. There was 4,498,537 SF under construction at the end of Q3 and a total of 1,657,717 SF of delivered office product in the first three quarters of the 2018. Of the 4.5M SF under construction, 11 buildings are over 100,000 SF and 64% preleased.

In the first 9 months of 2018, over 4,500 new office jobs were announced in Atlanta, with technology fueling most of the growth. Atlanta has been declared the 3rd fastest growing metro area in the nation by the US Census Bureau. Even with delivered available speculative product, developers are still pursuing new office projects to accommodate corporate expansions and relocations.

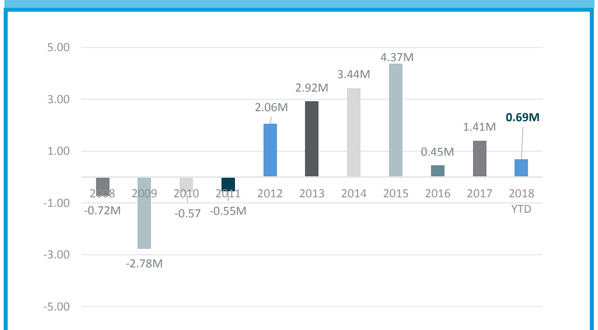
OVERALL RENTAL RATES



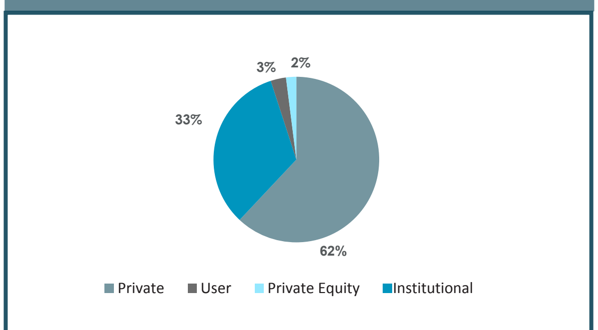
VACANCY
percentage, 2008 - YTD 2018



ABSORPTION
in SF, 2008 - YTD 2018



BUYER TYPE
in SF, 2008 - YTD 2018



ABSORPTION

- Large corporate move outs and consolidations, such as State Farm's +/-374,000 SF move out, drove Q3's negative net absorption

VACANCY RATE

- Midtown reported the lowest submarket vacancy at 9.7%

RENTAL RATES

- Buckhead and Midtown reported the highest asking average rental rates in Q3, both asking over $30 PSF, with overall rates increasing $4.24 since 2008

DEVELOPMENT/CONSTRUCTION

- Developers continue to push new speculative projects, including Trammell Crow Company's 335,000 SF speculative building that broke ground in Q3, preleasing 204,211 SF to Insight Global
- 4004 Perimeter Summit, a 355,250 SF newly built office building, landed their first tenant in Q3, Carr, Riggs, & Ingram leasing 49,544 SF

SALES ACTIVITY

- The largest sale transaction of Q3 was the sale of 700 Central Park Pky (82% leased) in the Central Perimeter submarket; 415,324 SF for $252 M

LEASING ACTIVITY

- Leasing activity was 2,650,841 SF
- The largest lease transaction of Q3 was signed by Thyssenkrupp; 210,000 SF at 3 Battery Ave, The Battery's newest spec building in the Northwest submarket

LARGEST PROJECTS UNDER CONSTRUCTION
as of Q3 2018

Building Name	Building Address	SF	Preleased	Delivery
Coda	771 Spring St	760,000	68%	Q1-19
Park Center II -State Farm	240 Perimeter Ctr Pky	670,000	100%	Q4-19
725 Ponce	725 Ponce de Leon Ave	370,931	0%	Q1-19
Anthem	740 W Peachtree St NW	352,000	100%	Q1-20
Twelve24	1224 Hammond Dr	335,000	61%	Q4-19

OFFICE SUBMARKET DATA

Office Submarkets	Total Inventory	Vacancy Total SF	Vacancy Q3 '18	Net Absorption YTD Total	YTD Deliveries	Under Construction	Asking Rent PSF
Buckhead	22,220,700	3,090,012	13.9%	146,553	-	49,200	$34.11
Central Perimeter	29,687,191	4,643,804	15.6%	(6,148)	355,250	1,005,000	$27.79
Downtown	26,007,493	3,420,513	13.2%	553,854	61,000	63,000	$25.81
Midtown	22,133,077	2,146,476	9.7%	306,594	505,149	2,158,453	$35.88
North Fulton	26,177,717	3,940,748	15.1%	(204,570)	310,374	560,402	$23.77
Northeast Atlanta	23,821,706	5,242,893	22.0%	(375,503)	27,944	59,000	$19.47
Northlake	19,154,380	2,386,546	12.5%	9,229	80,000	48,000	$20.32
Northwest Atlanta	33,930,560	5,510,675	16.2%	156,625	258,000	369,000	$24.37
South Atlanta	13,506,239	1,801,361	13.3%	94,579	60,000	148,872	$19.04
West Atlanta	2,866,953	621,737	21.7%	11,047	-	37,610	$18.89
Total	**219,506,016**	**32,804,765**	**14.9%**	**692,260**	**1,657,717**	**4,498,537**	**$25.64**

Office Submarkets	Total Inventory	Vacancy Total SF	Vacancy Q3 '18	Net Absorption YTD Total	YTD Deliveries	Under Construction	Asking Rent PSF
Class A	105,936,462	17,039,884	16.1%	291,701	1,484,227	4,241,227	$29.84
Class B	97,253,874	14,454,928	14.9%	385,540	173,490	257,310	$20.12
Class C	16,315,680	1,309,953	8.0%	15,019	-	-	$15.69
Total	**219,506,016**	**32,804,765**	**14.9%**	**692,260**	**1,657,717**	**4,498,537**	**$25.64**

METRO ATLANTA FACTS & FIGURES

#1 Most Traveled Airport in the World

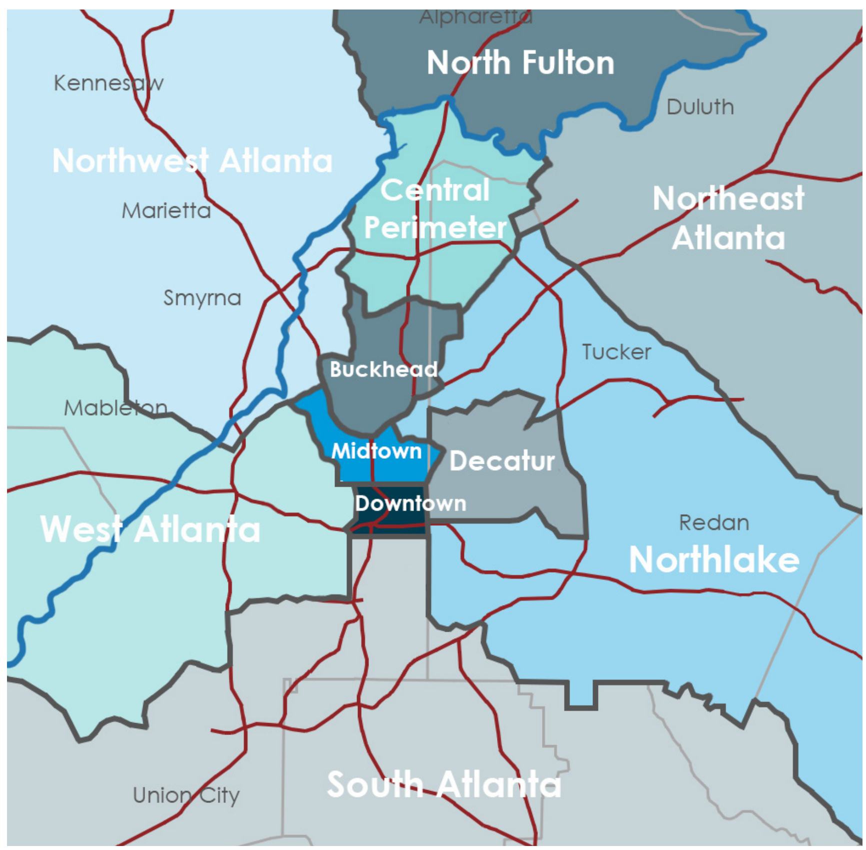
Atlanta is within a 2-hour flight of 80% of the US population

#1 Georgia is the #1 State for Doing Business Fourth Year in a Row

#1 Top Moving Destination for the Eighth Consecutive Year

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

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.

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Market report created by: Brittany Sturdivant, Marketing Coordinator

Q3 2018 TOP LEASES - SIGNED

Property Name	Address	Submarket	Tenant Name	SF	Lease Type
The Battery	3 Battery Ave	Northwest	Thyssenkrupp	210,000	New
Windward Ridge	1015 Windward Ridge Pky	North Fulton	Confidential	96,900	New
One Overton Park	3625 Cumberland Blvd SE	Northwest	Carestream Dental	54,000	New
4004 Perimeter Summit	4004 Summit Blvd	Central Perimeter	Carr, Riggs, & Ingram	49,544	New
FullStory	1745 Peachtree St NE	Buckhead	FullStory	49,200	New

Q3 2018 TOP SALES

*Portfolio sales as individual property sales

	Property Name	Submarket	Buyer	Seller	SF	Sales / PSF
1	Central Park	Central Perimeter	Starwood Capital Group	CBRE Global Investors	415,324	$105 M / $252
2	Buckhead Tower @ Lenox Square	Buckhead	TPA Group, LLC	Parmenter, LLC	348,152	$97 M / $277
3	Lenox Park Building A*	Buckhead	Bridge Commercial Real Estate	Fortress Investment Group	350,460	$85 M / $242
4	Northside Hospital Medical Office	Midtown	Starwood Capital Group	Northside Hospital, Inc	168,522	$83 M / $493
5	Lenox Park Building B*	Buckhead	Bridge Commercial Real Estate	Fortress Investment Group	331,013	$80 M / $242

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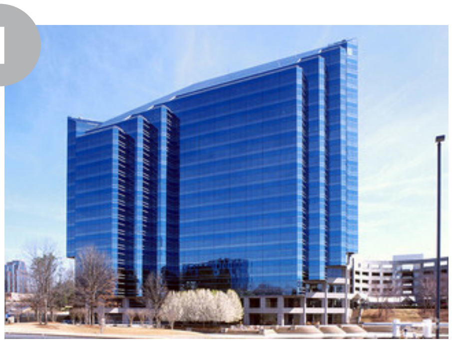

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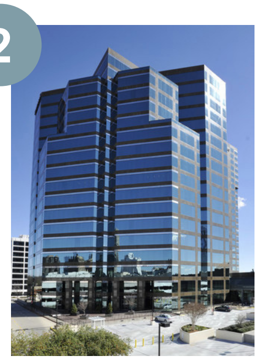

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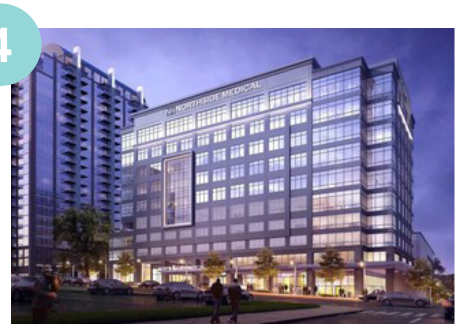

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About Lee & Associates

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.

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