

# Q1 2019

## Atlanta Office Market Report

**391,398 SF**

Q1 Net Absorption ↓  
Q4 719,890

**14.6%**

Q1 Vacancy ↔  
Q4 14.6%

**3,360,411 SF**

Q1 Leasing Activity ↓

**4,997,652 SF**

Under Construction ↓

**790,454 SF**

New Supply Delivered ↑

**\$26.06 SF**

Average Asking Rent (per yr.)

**\$143**

Average Sales per SF

**\$471 M**

217 Sales Transactions

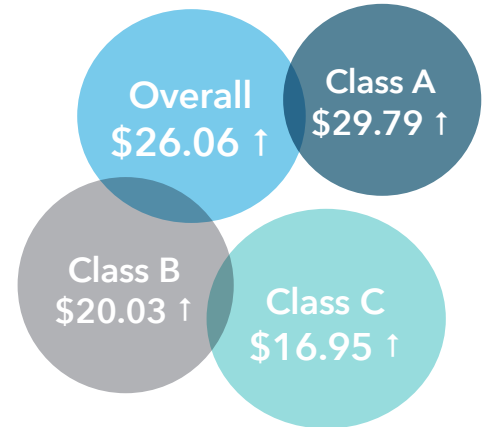


## MARKET OVERVIEW

Overall vacancy remained the same in the first quarter of 2019 at 14.6% with a positive net absorption of 391,398 SF due to larger tenants moving into new space. Average asking rents for classes A, B, and C rose to \$26.06 PSF. There was 4,997,652 SF under construction at the beginning of 2019 and a total of 790,454 SF of delivered office product. Of the 5M SF under construction, 16 buildings were over 100,000 SF and 56% pre-leased.

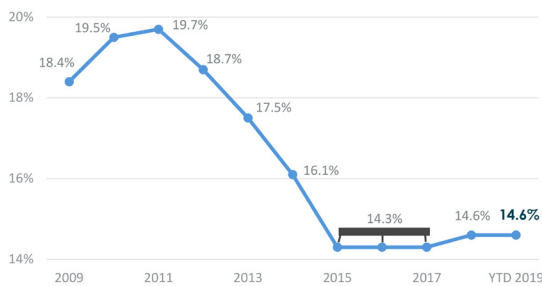
In the first three months of 2019, approximately 2,500 new office jobs were announced in Metro Atlanta, with Home Depot, Zillow and Google being some of the largest businesses to add new jobs to the marketplace. While 75% of economists predict a U.S. economy recession by 2021, Atlanta's market will continue to be a prime choice for business relocation and expansion.

## OVERALL RENTAL RATES



### VACANCY

percentage, 2009 - 2019



### ABSORPTION

- Absorption for the Atlanta market was positive 391,398 SF thanks Georgia Tech (289,000 SF) and Serta Simmons (210,000 SF) move ins.

### VACANCY RATE

- Northlake reported the lowest submarket vacancy at 11.1%.

### RENTAL RATES

- Buckhead and Midtown reported the highest asking average rental rates in Q1, both asking over \$34 PSF, with Midtown reporting close to \$2 more PSF than Buckhead.

### DEVELOPMENT/CONSTRUCTION

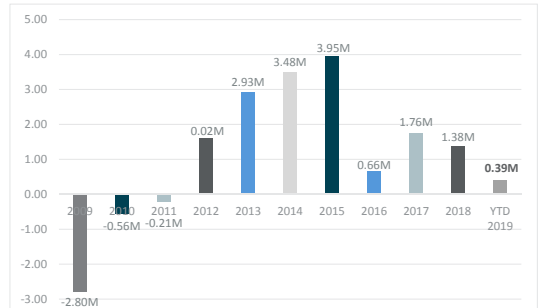
- 756 W Peachtree St, "Coda," (670,000 SF) delivered in Q1 2019 and is now 73% occupied, and 3900 Motors Industrial Way, (210,000 SF) delivered in Q1 2019 and is now 100% occupied by Serta Simmons.

### SALES & LEASING ACTIVITY

- The largest sale and lease of the quarter goes to Cousins Properties & Norfolk Southern. In 2018, Norfolk Southern announced its' new HQ will be located in Midtown. In Q1 2019, Norfolk Southern sold its' owner occupied building at 1200 Peachtree St to Cousins Properties for \$82M or \$222 PSF, and signed a lease with Cousins Properties to stay & occupy 1200 Peachtree St until the new HQ is complete.

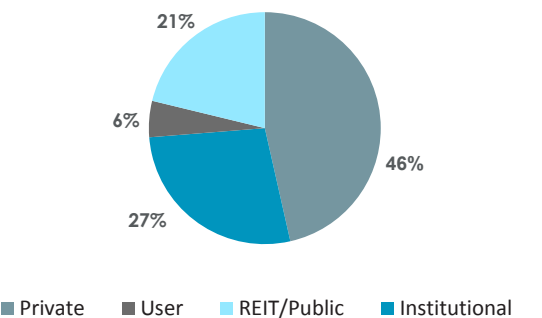
### ABSORPTION

in SF, 2009 - 2019



### BUYER TYPE

in SF, 2009 - 2019



### LARGEST PROJECTS UNDER CONSTRUCTION as of Q1 2019

Building Name	Building Address	SF	Preleased	Delivery
State Farm - Bldg 2	240 Perimeter Ctr Pky	670,000	100%	Q4-19
State Farm - Bldg 3	240 Perimeter Ctr Pky	429,200	100%	Q1-21
725 Ponce	725 Ponce de Leon Ave	370,931	19%	Q2-19
Anthem	740 W Peachtree St NW	352,000	100%	Q1-20
Atlantic Yards North	17th Street NW	350,000	100%	Q2-20



## OFFICE SUBMARKET DATA

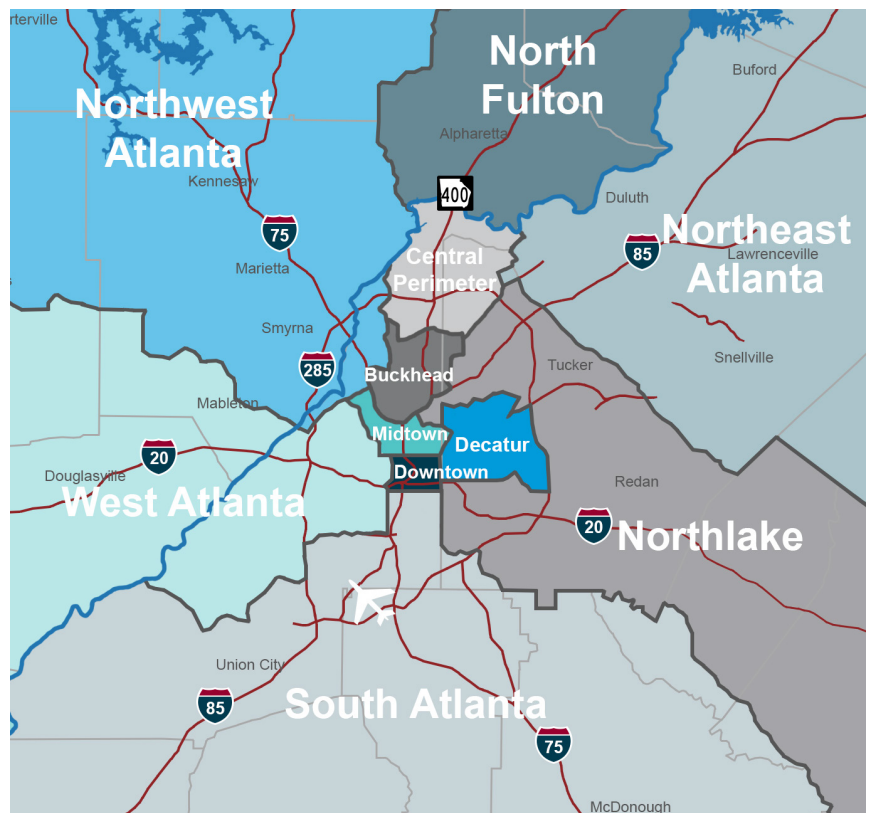
Office Submarkets	Total Inventory	Vacancy Total SF	Vacancy Q1'19	Net Absorption 2019 YTD	Deliveries 2019 YTD	Under Construction	Asking Rent PSF
Buckhead	22,104,050	3,188,986	14.4%	21,741	-	124,200	\$34.90
Central Perimeter	29,532,004	4,617,402	15.6%	22,548	-	1,434,200	\$27.23
Downtown	26,200,889	3,134,900	12.0%	175,972	24,346	69,429	\$26.96
Midtown	23,507,590	2,874,995	12.2%	84,357	670,000	2,155,367	\$36.73
North Fulton	25,744,172	3,851,928	15.0%	320	-	545,635	\$24.21
Northeast Atlanta	23,623,840	4,810,176	20.4%	(72,127)	-	15,000	\$20.29
Northlake	18,637,052	2,077,986	11.1%	77,924	48,000	111,000	\$20.94
Northwest Atlanta	33,780,464	5,254,154	15.6%	16,682	-	437,911	\$24.34
South Atlanta	13,527,192	1,696,819	12.5%	71,112	48,108	67,300	\$19.02
West Atlanta	3,220,361	624,341	19.4%	(7,131)	-	37,610	\$17.68
<b>Total</b>	<b>219,877,614</b>	<b>32,131,687</b>	<b>14.6%</b>	<b>391,398</b>	<b>790,454</b>	<b>4,997,652</b>	<b>\$26.06</b>

Office Submarkets	Total Inventory	Vacancy Total SF	Vacancy Q1'19	Net Absorption 2019 YTD	Deliveries 2019 YTD	Under Construction	Asking Rent PSF
Class A	116,768,413	18,730,490	16.0%	366,630	766,108	4,657,817	\$29.79
Class B	87,466,798	12,178,619	13.9%	27,789	24,346	339,835	\$20.03
Class C	15,642,403	1,222,578	7.8%	(3,021)	-	-	\$16.95
<b>Total</b>	<b>219,877,614</b>	<b>32,131,687</b>	<b>14.6%</b>	<b>391,398</b>	<b>790,454</b>	<b>4,997,652</b>	<b>\$26.06</b>

## 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 Fifth 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



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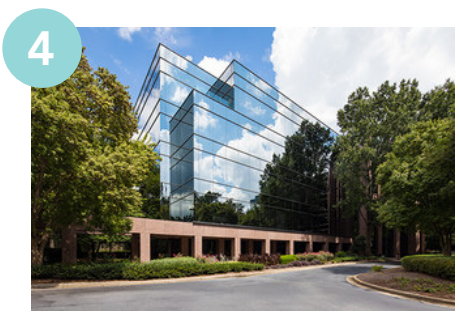
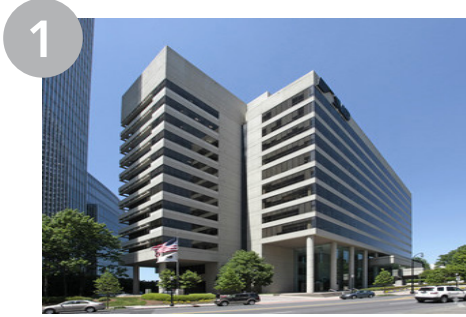


### Q1 2019 TOP LEASES - SIGNED

Property Name	Address	Submarket	Tenant Name	SF	Lease Type
David R Goode Building	1200 Peachtree St	Midtown	Norfolk Southern Co	370,000	Renewal
1105 WP	1105 W Peachtree St NW	Midtown	Confidential	161,292	New
Centennial Tower	101 Marietta St NW	Downtown	WeWork	100,300	New
1105 WP	1105 W Peachtree St NW	Midtown	Smith, Grambrell & Russell LLP	96,758	New
Pennant Park	340 Interstate N Pky SE	Northwest	Home Depot	83,105	New

### Q1 2019 TOP SALES

Property Name	Submarket	Buyer	Seller	SF	Sales / PSF
1 David R Goode Building	Midtown	Cousins Properties Inc	Norfolk Southern Corp	370,000	\$82 M / \$222
2 Piedmont Center - Piedmont 14	Buckhead	The Ardent Companies	Lone Star Funds	300,454	\$58 M / \$193
3 2100 Riveredge Pkwy NW	Northwest	River Edge Inc	Mainstreet Capital Partners	264,320	\$45 M / \$171
4 200 Ashford Ctr N	Central Perimeter	TerraCap Management LLC	Parmenter LLC	159,154	\$25 M / \$155
5 Peachtree Palisades	Buckhead	Holder Properties	ELV Associates Inc	129,386	\$23 M / \$181



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