

LEE & ASSOCIATES ATLANTA

OFFICE MARKET REPORT Q3 2020

-667,094 SF
Q3 Net Absorption ↓
Q2 114,873 SF

15.6 %
Q3 Vacancy ↑
Q2 15.2%

1,751,074 SF
Q3 Leasing Activity ↓
Q2 2,074,218 SF

5,501,140 SF
Q3 Under Construction ↑
Q2 5,408,473 SF

110,983 SF
Q3 New Supply Delivered ↓
Q2 487,633 SF

\$28.34 PSF
Q3 Average Asking Rent Per Yr. ↑
Q2 \$28.21 PSF

\$131 PSF
Q3 Average Sales ↓
Q2 \$184 PSF

\$276,819,698
Q3 247 Sales Transactions ↑
Q2 \$229,339,221

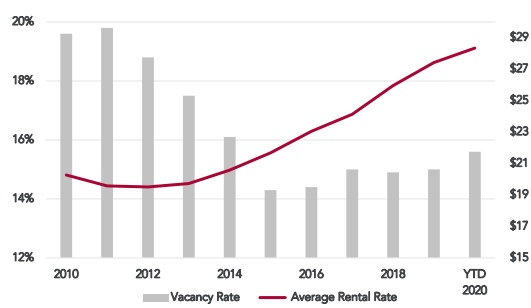
OVERALL RENTAL RATES Q3 2020

\$28.34 ↑ Overall
\$31.49 ↑ Class A
\$21.37 ↑ Class B
\$17.23 ↑ Class C

MARKET OVERVIEW

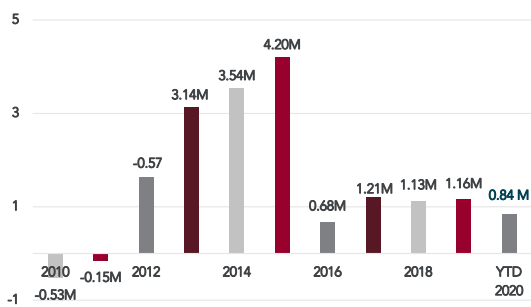
While the Atlanta office market had major tenant occupancies in the third quarter, it was the silent majority of smaller tenants (15,000 SF or less) vacating their office space which attributed to the negative 667,094 SF of net absorption. Vacancy continued to trend upward, ending the third quarter at 15.6%. Office sublease availability has increased 42% year-over-year due to recent work from home orders amid the coronavirus pandemic. In the third quarter, Macy's put their 107,712 SF new technology hub space on the market for sublease. However, sublease only accounted for 9% of all Atlanta's availability at the end of the third quarter.

VACANCY & RENTAL RATE percentage, 2010 - YTD 2020



Leasing activity, while not as robust as quarters past, still stood strong at 1,751,074 SF leased in the third quarter. Atlanta continues to attract technology tenants to the market and was recently named the #1 Metro Area Tech Hub by Growth Leader. The deal of the quarter was Mailchimp's announcement that they will move their headquarters from Ponce City Market to a tower in the new proposed development at 760 Ralph McGill. The new development is set to kick off in mid-2021 and Mailchimp's move is projected to be in late 2022.

ABSORPTION in SF, 2010 - YTD 2020



ABSORPTION While Atlanta had large tenant move-ins in Q3 such as Insight Global's 233k move in and FEMA's 114k move in, smaller tenants (15k and below) attributed to the large negative quarterly absorption of 667,094 SF.

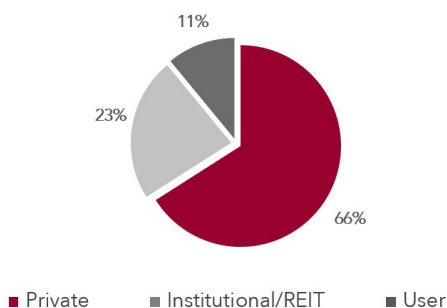
VACANCY RATE Increased 40 basis points from Q2 to Q3 to 15.6%.

RENTAL RATES While minimal increase from Q2 to Q3, rental rates are up almost \$5.00 PSF higher than 2017 levels.

DEVELOPMENT/CONSTRUCTION Four buildings between 50,000 and 108,400 SF broke ground in Q3 2020, totaling 268,750 SF.

SALES & LEASING ACTIVITY While the number of transactions from Q2 to Q3 increased in Atlanta, pricing per SF decreased \$53 due to economic instability caused by COVID-19.

BUYER TYPE Q3 2020



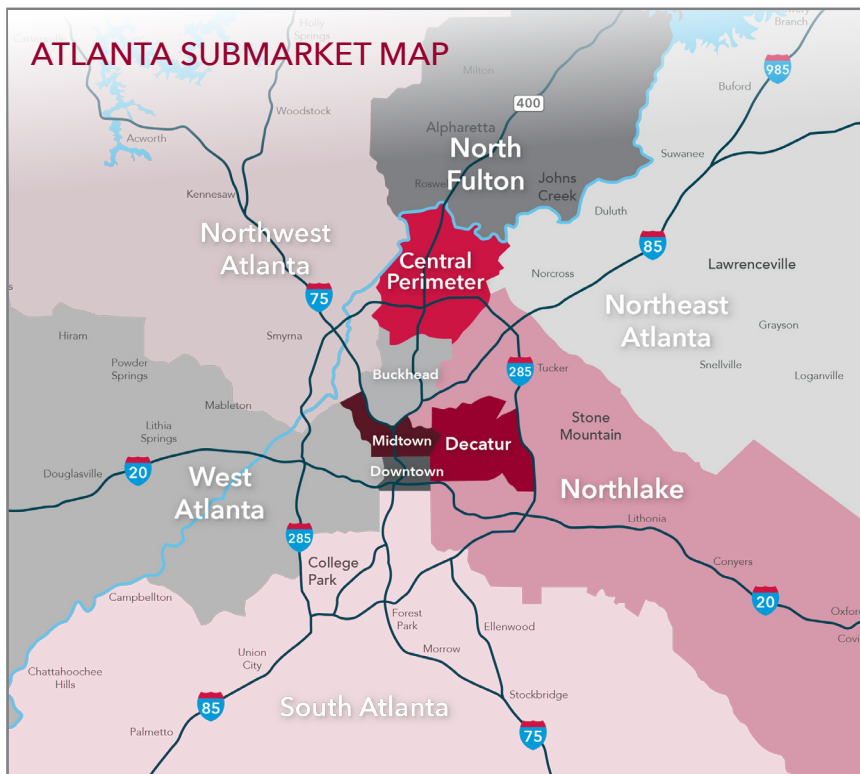
LARGEST PROJECTS UNDER CONSTRUCTION as of Q3 2020

Building Name	Building Address	SF	Preleased	Delivery
Norfolk Southern HQ	650 W Peachtree St	750,000	100%	Q3-21
1105 WP	1105 W Peachtree St	664,184	40%	Q3-21
Midtown Union	1331 Spring St NW	612,947	49%	Q4-21
State Farm - Bldg 3	240 Perimeter Ctr Pky	429,200	100%	Q1-21
Atlantic Yards South	200 17th Street NW	366,970	100%	Q4-20

OFFICE SUBMARKET DATA

Office Submarkets	Total Inventory	Vacancy Total SF	Vacancy %	Net Absorption YTD 2020	Deliveries YTD 2020	Under Construction	Asking Rent PSF
Buckhead	22,202,263	3,376,612	15.2%	(219,652)	51,429	373,671	\$36.11
Central Perimeter	30,361,830	5,845,140	19.3%	654,856	1,005,000	429,200	\$28.29
Downtown	26,614,447	3,902,375	14.7%	(183,817)	72,229	203,750	\$28.82
Midtown	25,108,456	3,153,031	12.6%	665,064	439,426	3,653,129	\$40.24
North Fulton	26,802,127	4,351,870	16.2%	(13,336)	444,736	273,031	\$24.37
Northeast Atlanta	24,096,357	4,496,718	18.7%	(54,080)	-	30,138	\$21.68
Northlake	18,679,097	2,660,546	14.2%	(35,574)	124,495	48,650	\$22.41
Northwest Atlanta	34,184,795	5,027,830	14.7%	(113,356)	191,366	400,961	\$25.86
South Atlanta	14,248,848	1,737,287	12.2%	120,505	48,000	25,000	\$20.26
West Atlanta	3,494,283	578,933	16.6%	17,508	-	63,610	\$19.06
Total	225,792,503	35,130,342	15.6%	838,118	2,376,681	5,501,140	\$28.34

Office Submarkets	Total Inventory	Vacancy Total SF	Vacancy %	Net Absorption YTD 2020	Deliveries YTD 2020	Under Construction	Asking Rent PSF
Class A	122,182,770	20,980,567	17.2%	1,656,354	2,277,452	5,204,130	\$31.49
Class B	88,778,491	13,028,504	14.7%	(751,914)	99,229	297,010	\$21.37
Class C	14,831,242	1,121,271	7.6%	(66,322)	-	-	\$17.23
Total	225,792,503	35,130,342	15.6%	838,118	2,376,681	5,501,140	\$28.34



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 Sixth Year in a Row
- #1 Top Moving Destination for the Eighth Consecutive Year
- #1 Metro Area Technology Hub

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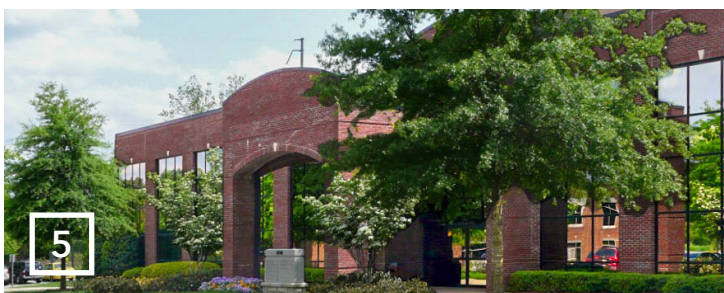
Third-party data sources: CoStar Group, Inc., Real Capital Analytics, and Georgia State Economic Forecasting Center. The Lee & Associates Atlanta Industrial Market Report compiles market data by using a third-party database for the proprietary analysis of building sizes of 15,000 SF and larger in the Atlanta Metropolitan Area. © Copyright 2020 Lee & Associates Atlanta. All rights reserved. Market report analysis by: Kate Hunt, Research and Database Director. Market report created by: Bentley Logue, Graphic Designer

Q3 2020 TOP LEASES - SIGNED

Property Name	Address	Submarket	Tenant Name	SF	Lease Type
760 Ralph McGill Blvd NE	760 Ralph McGill Blvd NE	Downtown	Mailchimp	300,000	New
Glenridge Highlands Two	5565 Glenridge Connector	Central Perimeter	Deluxe Corporation	171,269	New
4004 Perimeter Summit	4004 Summit Blvd	Central Perimeter	Rooms To Go	60,000	New
Satellite Place Bldg 800	3095 Satellite Blvd	Northeast Atlanta	AMI	53,010	New
Concourse Corporate Center One	1 Concourse Pkwy NE	Central Perimeter	First Advantage	36,731	Renewal

Q3 2020 TOP SALES * Portfolio Sale

Property Name	Submarket	Buyer	Seller	Class	SF	Sales / PSF
1 1700 Corporate Dr*	Northeast Atlanta	CIP RE Property	Westmount Realty	B	92,046	\$11.8 M / \$124
2 4165 Shackleford Rd*	Northeast Atlanta	CIP RE Property	Westmount Realty	B	57,085	\$7.47 M / \$131
3 4145 Shackleford Rd*	Northeast Atlanta	CIP RE Property	Westmount Realty	B	41,321	\$6.55 M / \$158
4 157 Technology Pkwy*	Northeast Atlanta	SF Partners	Stockbridge Capital	B	71,513	\$6.32 M / \$88
5 10700 Medlock Bridge	North Fulton	Greenlead Mgmt	Rushmore Properties	B	32,069	\$5.90 M / \$184



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