NAI Brannen Goddard

Q1 2018

ATLANTA MARKET REVIEW

Office

VACANCY

14.5%

Over 31.3 million square feet of vacant office space

▼ *from previous qtr*

▲ *from previous year*

NET ABSORPTION

1,316,242 SF

Over 1.9 million square feet of leasing activity

▲ *from previous qtr*

▲ *from previous year*

AVERAGE RENTAL RATE

$24.86 PSF

A 2.3% increase from the previous quarter ($24.30)

▲ *from previous qtr*

▲ *from previous year*

AVERAGE SALE PRICE

$193.35 (Q4’17)

6.6 Million square feet sold in Q4 (45 buildings)

▲ *from previous qtr*

▲ *from previous year*

DELIVERIES

1,434,411 SF

16 Buildings completed

▲ *from previous qtr*

▲ *from previous year*

UNDER CONSTRUCTION

4,214,086 SF

38 Buildings in progress

▼ *from previous qtr*

▼ *from previous year*

LARGEST DELIVERIES

NCR Corporate Headquarters: 485,000 SF
Midtown Atlanta | 100% Occupied | Delivered Q1’18

4004 Perimeter Summit: 355,250 SF
Central Perimeter | 0% Occupied | Delivered Q1’18

Mercedes-Benz U.S. Headquarters: 225,000 SF
Central Perimeter | 100% Occupied | Delivered Q1’18

LARGEST UNDER CONSTRUCTION

Coda: 760,000 SF
Midtown Atlanta | 66% Pre-leased | Delivers Q1’19

Park Center - State Farm Phase II: 670,000 SF
Central Perimeter | 100% Pre-leased | Delivers Q4’19

Anthem Technology Center: 605,135 SF
Midtown Atlanta | 100% Pre-leased | Delivers Q1’20

The Atlanta office market is in good shape, as rent growth and vacancy continue to outperform historical averages.

These fundamental markers are due to strong job growth in office-using employment and a relative lack of new supply. Further, most of the new office this cycle has been build to suit, with State Farm, Cox Communications, and NCR leading the way. And even though we are experiencing the most deliveries than at any other point during the current cycle, the net amount of new supply still falls short of Atlanta’s historical average.

These conditions have typically created a lucrative environment for deals, but the average number of sales transactions recorded during the recovery have been falling lately simply because the amount of inventory available for purchase is dwindling. Based on these factors, Atlanta’s office fundamentals are expected to remain strong.

SIGNIFICANT LEASE DEALS

Building	Tenant	Submarket	Size (SF)
1001 Perimeter Summit	Northside Hospital	Central Perimeter	178,001
Coda	WeWork	Midtown/Pershing Point	51,719
Terrell Mill Campus	First Data	Cumberland/Galleria	50,972

SIGNIFICANT BUILDING SALES

Building(s)	Price	Submarket	Size (SF)
Three Alliance Center	$270.0 M	Buckhead	506,647
Portfolio: 275 Collier Rd NW (2 Properties)	$139.5 M	Buckhead	435,086
Royal Centre (3 Properties)	$107.0 M	North Fulton	626,506

ALL CONSTRUCTION ACTIVITY

Market	# Bldgs	Total RBA	Preleased SF	Preleased %	Available SF
Midtown Atlanta	7	2,267,614	1,638,194	72.2%	629,420
Central Perimeter	1	670,000	670,000	100.0%	0
North Fulton	11	458,011	397,454	86.8%	60,557
Northwest Atlanta	2	277,800	222,000	97.5%	55,800
South Atlanta	4	137,600	60,900	44.3%	76,700
Downtown Atlanta	4	131,300	61,000	46.5%	70,300
Buckhead	1	129,099	49,058	38.0%	80,041
Northlake	3	110,000	61,800	56.2%	48,200
Northeast Atlanta	4	77,944	34,289	44.0%	43,655
West Atlanta	1	4,718	4,718	100.0%	0
Totals	**38**	**4,214,086**	**3,199,413**	**75.9%**	**1,014,673**

TOTAL ATLANTA OFFICE MARKET STATISTICS

Market	Existing Inventory		Vacancy				YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Bldgs	Total RBA	Direct SF	Sublease SF	Total SF	Vac%				
Buckhead	121	21,791,670	2,767,448	124,848	2,892,296	13.3%	259,061	0	129,099	$32.76
Central Perimeter	245	28,940,919	4,244,658	267,395	4,512,053	15.6%	204,225	359,913	670,000	$27.50
Downtown Atlanta	154	25,868,189	3,736,070	118,147	3,854,217	14.9%	24,617	0	124,000	$25.57
Gainesville	60	2,181,251	181,098	0	181,098	8.3%	12,285	0	0	$19.89
Jefferson	3	83,097	0	0	0	0.0%	0	0	0	$0.00
Midtown Atlanta	150	22,039,433	1,702,143	232,615	1,934,758	8.8%	636,425	505,149	2,253,927	$34.59
North Fulton	357	25,831,416	3,238,943	253,820	3,492,763	13.5%	199,412	248,984	153,011	$23.07
Northeast Atlanta	432	21,166,227	4,749,458	87,172	4,836,630	22.9%	(140,697)	0	71,944	$18.01
Northlake	376	18,472,027	2,285,453	23,676	2,309,129	12.5%	44,660	0	80,000	$19.93
Northwest Atlanta	490	33,115,008	4,986,473	323,124	5,309,597	16.0%	86,988	36,000	222,000	$23.44
South Atlanta	315	13,045,862	1,357,976	103,386	1,461,362	11.2%	(16,313)	20,000	137,600	$18.67
West Atlanta	72	2,715,572	534,105	0	534,105	19.7%	5,579	0	0	$18.46
Totals	**2,775**	**215,250,671**	**29,783,825**	**1,534,183**	**31,318,008**	**14.5%**	**1,316,242**	**1,170,046**	**3,841,581**	**$24.86**

CLASS "A" STATISTICS

Market	Existing Inventory		Vacancy				YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Bldgs	Total RBA	Direct SF	Sublease SF	Total SF	Vac%				
Buckhead	60	17,607,885	2,513,715	117,581	2,631,296	14.9%	196,016	0	129,099	$33.71
Central Perimeter	80	20,587,910	2,825,564	255,330	3,080,894	15.0%	121,734	359,913	670,000	$29.42
Downtown Atlanta	26	13,780,545	2,490,923	118,147	2,609,070	18.9%	4,768	0	0	$26.52
Gainesville	3	181,621	26,881	0	26,881	14.8%	0	0	0	$25.38
Jefferson	0	0	0	0	0	0.0%	0	0	0	$0.00
Midtown Atlanta	43	16,367,537	1,290,705	227,485	1,518,190	9.3%	634,593	485,000	2,153,927	$36.36
North Fulton	110	15,181,148	2,078,658	183,220	2,261,878	14.9%	83,294	232,643	94,511	$25.29
Northeast Atlanta	65	7,041,114	1,443,971	39,500	1,483,471	21.1%	6,205	0	47,944	$20.58
Northlake	27	3,618,234	455,084	7,594	462,678	12.8%	25,746	0	80,000	$22.85
Northwest Atlanta	80	15,998,213	2,584,682	280,858	2,865,540	17.9%	(107,158)	0	222,000	$26.53
South Atlanta	26	1,721,222	190,295	0	190,295	11.1%	26,824	0	107,600	$22.78
West Atlanta	0	0	0	0	0	0.0%	0	0	0	$0.00
Totals	**520**	**112,085,429**	**15,900,478**	**1,229,715**	**17,130,193**	**15.3%**	**992,022**	**1,077,556**	**3,505,081**	**$28.39**

CLASS "B" STATISTICS

Market	Existing Inventory		Vacancy				YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Bldgs	Total RBA	Direct SF	Sublease SF	Total SF	Vac%				
Buckhead	45	3,839,944	244,283	7,267	251,550	6.6%	61,080	0	0	$24.04
Central Perimeter	130	7,607,968	1,323,515	12,065	1,335,580	17.6%	75,035	0	0	$22.24
Downtown Atlanta	71	8,739,112	995,692	0	995,692	11.4%	(25,002)	0	124,000	$22.26
Gainesville	39	1,551,075	131,280	0	131,280	8.5%	8,459	0	0	$19.25
Jefferson	3	83,097	0	0	0	0.0%	0	0	0	$0.00
Midtown Atlanta	84	5,003,813	376,624	5,130	381,754	7.6%	9,172	20,149	100,000	$26.33
North Fulton	222	10,030,507	1,132,516	70,600	1,203,116	12.0%	82,335	16,341	58,500	$19.72
Northeast Atlanta	319	12,884,041	3,175,102	18,085	3,193,187	24.8%	(114,206)	0	24,000	$16.48
Northlake	257	11,952,283	1,715,310	7,792	1,723,102	14.4%	6,215	0	0	$19.32
Northwest Atlanta	344	15,228,177	2,290,538	42,266	2,332,804	15.3%	141,030	36,000	0	$19.83
South Atlanta	214	9,219,832	909,140	96,685	1,005,825	10.9%	(17,528)	20,000	30,000	$17.94
West Atlanta	50	2,191,859	474,887	0	474,887	21.7%	5,579	0	0	$19.26
Totals	**1,778**	**88,331,708**	**12,768,887**	**259,890**	**13,028,777**	**14.7%**	**232,169**	**92,490**	**336,500**	**$19.59**

CLASS "C" STATISTICS

Market	Existing Inventory		Vacancy				YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Bldgs	Total RBA	Direct SF	Sublease SF	Total SF	Vac%				
Buckhead	16	343,841	9,450	0	9,450	2.7%	1,965	0	0	$22.08
Central Perimeter	35	745,041	95,579	0	95,579	12.8%	7,456	0	0	$16.56
Downtown Atlanta	57	3,348,532	249,455	0	249,455	7.4%	44,851	0	0	$19.01
Gainesville	18	448,555	22,937	0	22,937	5.1%	3,826	0	0	$14.59
Jefferson	0	0	0	0	0	0.0%	0	0	0	$0.00
Midtown Atlanta	23	668,083	34,814	0	34,814	5.2%	(7,340)	0	0	$25.31
North Fulton	25	619,761	27,769	0	27,769	4.5%	33,783	0	0	$16.56
Northeast Atlanta	48	1,241,072	130,385	29,587	159,972	12.9%	(32,696)	0	0	$12.17
Northlake	92	2,901,510	115,059	8,290	123,349	4.3%	12,699	0	0	$16.81
Northwest Atlanta	66	1,888,618	111,253	0	111,253	5.9%	53,116	0	0	$12.13
South Atlanta	75	2,104,808	258,541	6,701	265,242	12.6%	(25,609)	0	0	$18.42
West Atlanta	22	523,713	59,218	0	59,218	11.3%	0	0	0	$16.38
Totals	**477**	**14,833,534**	**1,114,460**	**44,578**	**1,159,038**	**7.8%**	**92,051**	**0**	**0**	**$16.72**

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