NAI Brannen Goddard

Q2 2018

ATLANTA MARKET REVIEW

Office

VACANCY

14.8%

32 million square feet of vacant office space

▲ from previous qtr

▲ from previous year

NET ABSORPTION

315,028 SF

3 million square feet of leasing activity

▼ from previous qtr

▼ from previous year

AVERAGE RENTAL RATE

$24.95 PSF

A 0.4% increase from the previous quarter ($24.86)

▲ from previous qtr

▲ from previous year

AVERAGE SALE PRICE

$199.74 (Q1)

4.1 Million square feet sold in Q1 (44 buildings)

▲ from previous qtr

▲ from previous year

DELIVERIES

734,575 SF

10 Buildings completed

▼ from previous qtr

▼ from previous year

UNDER CONSTRUCTION

3,856,488 SF

44 Buildings in progress

▼ from previous qtr

▼ from previous year

LARGEST DELIVERIES

One Mercedes-Benz Dr: 225,000 SF
Central Perimeter | 100% Occupied

3400 SE Cumberland Blvd: 222,000 SF
Northwest Atlanta | 100% Occupied

371 E Paces Ferry Rd NE: 120,757 SF
Buckhead | 36% Occupied

LARGEST UNDER CONSTRUCTION

Coda (771 Spring St): 760,000 SF
Midtown Atlanta | 66% Pre-leased | Delivers Q1'19

Park Center (240 Perimeter Ctr Pky): 670,000 SF
Central Perimeter | 100% Pre-leased | Delivers Q4'19

725 Ponce (725 Ponce de Leon Ave): 356,451 SF
Midtown Atlanta | 0% Pre-leased | Delivers Q1'19

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)
1120 & 1130 Sanctuary Pkwy*	Delta Dental	N Fulton/Forsyth Co	214,194
100 Southcrest Dr	Conduent	S Clayton/Henry Co	120,276
1950 Spectrum Cir SE	BlueLinx Corp	Cumberland/Galleria	68,023

*Renewal

SIGNIFICANT BUILDING SALES

Building(s)	Price	Submarket	Size (SF)
Phipps Tower (3438 Peachtree Rd NE)	$205.0 M	Buckhead	475,091
Cumberland Ctr II (3100 Cumberland Blvd SE)	$68.3 M	NW Atlanta	419,456
Peachtree 25th (1718-1720 NW Peachtree St)	$62.2 M	Buckhead	366,232

ALL CONSTRUCTION ACTIVITY

Market	# Bldgs	Total RBA	Preleased SF	Preleased %	Available SF
Midtown Atlanta	8	2,167,060	1,329,129	61.3%	837,931
Central Perimeter	1	670,000	670,000	100.0%	0
North Fulton	12	438,211	363,489	82.9%	74,722
Downtown Atlanta	6	229,300	106,820	46.6%	122,480
South Atlanta	5	188,872	125,674	66.5%	63,198
Northeast Atlanta	8	110,354	49,009	44.4%	61,345
West Atlanta	2	44,050	33,895	76.9%	10,155
Northwest Atlanta	2	8,641	0	0.0%	8,641
Totals	**44**	**3,856,488**	**2,678,016**	**69.4%**	**1,178,472**

NAI Brannen Goddard

SECOND QUARTER 2018

TOTAL ATLANTA OFFICE MARKET STATISTICS

Market	Existing Inventory # Bldgs	Existing Inventory Total RBA	Vacancy Direct SF	Vacancy Sublease SF	Vacancy Total SF	Vac%	YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
Buckhead	123	21,923,386	2,822,350	120,844	2,943,194	13.4%	301,557	120,757	0	$32.63
Central Perimeter	244	28,915,638	4,274,525	332,550	4,607,075	15.9%	102,641	355,250	670,000	$27.60
Downtown Atlanta	154	25,942,907	3,512,183	99,406	3,611,589	13.9%	327,324	0	222,000	$25.75
Gainesville	61	2,215,271	168,478	0	168,478	7.6%	24,905	0	0	$19.39
Jefferson	3	83,097	0	0	0	0.0%	0	0	0	$0.00
Midtown Atlanta	153	22,142,649	1,816,455	222,525	2,038,980	9.2%	426,002	505,149	2,143,973	$35.39
North Fulton	357	25,860,485	3,379,457	239,524	3,618,981	14.0%	96,307	295,932	106,411	$23.37
Northeast Atlanta	429	20,961,109	4,748,431	167,633	4,916,064	23.5%	(334,730)	0	86,944	$18.54
Northlake	378	18,571,593	2,242,194	19,708	2,261,902	12.2%	154,487	80,000	0	$19.98
Northwest Atlanta	494	33,635,627	4,974,948	492,808	5,467,756	16.3%	229,546	258,000	0	$23.66
South Atlanta	320	13,455,233	1,689,169	98,515	1,787,684	13.3%	11,427	20,000	188,872	$19.15
West Atlanta	74	2,792,342	550,775	0	550,775	19.7%	(7,591)	0	37,610	$18.14
Totals	**2,790**	**216,499,337**	**30,178,965**	**1,793,513**	**31,972,478**	**14.8%**	**1,331,875**	**1,635,088**	**3,455,810**	**$24.95**

CLASS "A" STATISTICS

Market	Existing Inventory # Bldgs	Existing Inventory Total RBA	Vacancy Direct SF	Vacancy Sublease SF	Vacancy Total SF	Vac%	YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
Buckhead	62	17,813,084	2,558,341	115,096	2,673,437	15.0%	261,347	120,757	0	$33.59
Central Perimeter	80	20,590,429	2,832,025	324,712	3,156,737	15.3%	41,599	355,250	670,000	$29.48
Downtown Atlanta	26	13,792,387	2,426,045	99,406	2,525,451	18.3%	89,922	0	0	$26.82
Gainesville	3	181,621	13,381	0	13,381	7.4%	13,500	0	0	$24.06
Jefferson	0	0	0	0	0	0.0%	0	0	0	$0.00
Midtown Atlanta	44	16,692,530	1,564,251	217,395	1,781,646	10.7%	441,781	485,000	2,143,973	$36.83
North Fulton	111	15,207,506	2,099,720	173,823	2,273,543	15.0%	57,909	259,591	67,911	$25.28
Northeast Atlanta	66	7,104,644	1,554,958	122,333	1,677,291	23.6%	(185,615)	0	47,944	$21.21
Northlake	29	3,698,234	485,243	9,866	495,109	13.4%	73,315	80,000	0	$23.36
Northwest Atlanta	81	16,451,195	2,607,857	455,557	3,063,414	18.6%	(45,212)	222,000	0	$26.67
South Atlanta	26	1,722,729	178,547	0	178,547	10.4%	38,572	0	158,872	$25.23
West Atlanta	0	0	0	0	0	0.0%	0	0	0	$0.00
Totals	**528**	**113,254,359**	**16,320,368**	**1,518,188**	**17,838,556**	**15.8%**	**787,118**	**1,522,598**	**3,088,700**	**$28.52**

CLASS "B" STATISTICS

Market	Existing Inventory # Bldgs	Existing Inventory Total RBA	Vacancy Direct SF	Vacancy Sublease SF	Vacancy Total SF	Vac%	YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
Buckhead	44	3,749,347	249,486	5,748	255,234	6.8%	26,204	0	0	$24.87
Central Perimeter	130	7,597,027	1,376,368	7,838	1,384,206	18.2%	41,253	0	0	$22.35
Downtown Atlanta	72	8,888,616	877,267	0	877,267	9.9%	219,467	0	222,000	$22.42
Gainesville	41	1,604,393	143,644	0	143,644	9.0%	(3,905)	0	0	$19.21
Jefferson	3	83,097	0	0	0	0.0%	0	0	0	$0.00
Midtown Atlanta	83	4,714,176	213,289	5,130	218,419	4.6%	(27,650)	20,149	0	$26.02
North Fulton	223	10,070,259	1,251,762	65,701	1,317,463	13.1%	10,771	36,341	38,500	$20.07
Northeast Atlanta	316	12,681,109	3,037,767	43,120	3,080,887	24.3%	(138,887)	0	39,000	$17.04
Northlake	258	12,006,299	1,661,668	6,942	1,668,610	13.9%	30,707	0	0	$19.26
Northwest Atlanta	348	15,322,070	2,270,070	37,251	2,307,321	15.1%	213,410	36,000	0	$19.92
South Atlanta	219	9,616,771	1,245,728	91,814	1,337,542	13.9%	4,817	20,000	30,000	$18.23
West Atlanta	52	2,228,920	462,774	0	462,774	20.8%	21,192	0	37,610	$19.80
Totals	**1,789**	**88,562,084**	**12,789,823**	**263,544**	**13,053,367**	**14.7%**	**397,379**	**112,490**	**367,110**	**$19.71**

CLASS "C" STATISTICS

Market	Existing Inventory # Bldgs	Existing Inventory Total RBA	Vacancy Direct SF	Vacancy Sublease SF	Vacancy Total SF	Vac%	YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
Buckhead	17	360,955	14,523	0	14,523	4.0%	14,006	0	0	$22.83
Central Perimeter	34	728,182	66,132	0	66,132	9.1%	19,789	0	0	$14.63
Downtown Atlanta	56	3,261,904	208,871	0	208,871	6.4%	17,935	0	0	$21.16
Gainesville	17	429,257	11,453	0	11,453	2.7%	15,310	0	0	$13.93
Jefferson	0	0	0	0	0	0.0%	0	0	0	$0.00
Midtown Atlanta	26	735,943	38,915	0	38,915	5.3%	11,871	0	0	$26.76
North Fulton	23	582,720	27,975	0	27,975	4.8%	27,627	0	0	$17.43
Northeast Atlanta	47	1,175,356	155,706	2,180	157,886	13.4%	(10,228)	0	0	$11.33
Northlake	91	2,867,060	95,283	2,900	98,183	3.4%	50,465	0	0	$17.39
Northwest Atlanta	65	1,862,362	97,021	0	97,021	5.2%	61,348	0	0	$10.71
South Atlanta	75	2,115,733	264,894	6,701	271,595	12.8%	(31,962)	0	0	$16.54
West Atlanta	22	563,422	88,001	0	88,001	15.6%	(28,783)	0	0	$13.99
Totals	**473**	**14,682,894**	**1,068,774**	**11,781**	**1,080,555**	**7.4%**	**147,378**	**0**	**0**	**$16.99**

5555 Glenridge Connector, Suite 1100, Atlanta, GA 30342 | 404 812 4000

NAIBG.COM