

# Office

### VACANCY



**14.7%**

32.3 million square feet of vacant office space



### NET ABSORPTION



**992,983 SF**

2.8 million square feet of leasing activity



### AVERAGE RENTAL RATE



**\$25.96 PSF**

A 1.3% increase from the previous quarter (\$25.62)



### AVERAGE SALE PRICE



**\$195.26 (Q3)**

5.5 Million square feet sold in Q3 (42 buildings)



### DELIVERIES



**598,815 SF**

10 Buildings completed



### UNDER CONSTRUCTION



**4,927,008 SF**

37 Buildings in progress



### LARGEST DELIVERIES

**NCR Headquarters: 485,000 SF**  
Midtown Atlanta | 100% Occupied

**Northside Hospital: 168,676 SF**  
Midtown Atlanta | 100% Occupied

**33 S Main St: 38,500 SF**  
North Fulton | 100% Occupied

### LARGEST UNDER CONSTRUCTION

**Coda (756 W Peachtree St): 760,000 SF**  
Midtown Atlanta | 68% Pre-leased | Delivers Q2'19

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

**725 Ponce (725 Ponce de Leon Ave): 370,931 SF**  
Midtown Atlanta | 2% Pre-leased | Delivers Q1'19

Atlanta looks to have broken out of a holding pattern in vacancies that it has maintained for nearly three years.

Further, new office development this cycle has generally been build-to-suit, with State Farm, Cox Communications, and NCR leading the way. And even though Atlanta is experiencing the highest level of construction in the current cycle, the net amount of new supply still falls short of Atlanta's historical average. Still, several recently announced projects could send construction levels higher in the near future, with high levels of unsigned space available.

With these favorable conditions in Atlanta and so much capital in the marketplace, the metro has been a lucrative environment for deals this cycle. Over 80% of institutional-grade assets have traded at least one time in the last seven years, which may be a partial cause for a slow down in investment volume from a peak in 2015. Yet, average pricing continues to hit new highs and average cap rates for 4 & 5 Star buildings are being reported sub 6.5%.

### SIGNIFICANT LEASE DEALS

Building	Tenant	Submarket	Size (SF)
1115 Howell Mill Rd NW	WeWork	Northside Dr/GA Tech	112,500
1110 Sancturary Pkwy	McKesson	N Fulton/Forsyth Cnty	104,012
2550 Northwinds Pkwy	Veeam	N Fulton/Forsyth Cnty	80,986

### SIGNIFICANT BUILDING SALES

Building(s)	Price	Submarket	Size (SF)
Prominence in Buckhead	\$166.0 M	Buckhead	433,000
3445 Peachtree Rd NE	\$82.6 M	Buckhead	286,648
Wellstar Vinings Health Park	\$70.3 M	Northwest Atl	171,891

### ALL CONSTRUCTION ACTIVITY

Market	# Bldgs	Total RBA	Preleased SF	Preleased %	Available SF
Midtown Atlanta	6	2,151,739	941,636	43.8%	1,210,103
Central Perimeter	2	1,005,000	874,350	87.0%	130,650
North Fulton	11	837,687	457,914	54.7%	379,773
Northwest Atlanta	5	389,000	226,200	58.1%	162,800
Northlake	3	271,500	259,500	95.6%	12,000
Northeast Atlanta	6	69,000	35,630	51.6%	33,370
Downtown Atlanta	1	65,000	61,100	94.0%	3,900
South Atlanta	1	51,272	27,174	53.0%	24,098
Buckhead	1	49,200	49,200	100.0%	0
West Atlanta	1	37,610	27,455	73.0%	10,155
<b>Totals</b>	<b>37</b>	<b>4,927,008</b>	<b>2,960,159</b>	<b>60.1%</b>	<b>1,966,849</b>

**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	123	21,996,392	2,925,463	112,619	3,038,082	13.8%	181,152	0	49,200	\$34.57
Central Perimeter	252	29,471,940	4,293,627	318,037	4,611,664	15.6%	217,837	355,250	1,005,000	\$27.42
Downtown Atlanta	155	26,055,672	3,568,599	76,192	3,644,791	14.0%	336,533	61,000	65,000	\$26.18
Gainesville	63	2,307,629	177,978	0	177,978	7.7%	21,471	0	0	\$20.55
Jefferson	4	383,097	0	0	0	0.0%	0	0	0	\$2.00
Midtown Atlanta	157	22,730,232	2,061,630	115,605	2,177,235	9.6%	753,074	951,888	2,151,739	\$36.41
North Fulton	362	26,202,284	3,527,779	332,888	3,860,667	14.7%	(72,486)	351,773	515,387	\$24.02
Northeast Atlanta	432	21,096,829	4,454,616	169,189	4,623,805	21.9%	(219,091)	51,944	35,000	\$18.69
Northlake	380	18,664,377	2,221,300	16,600	2,237,900	12.0%	157,875	80,000	48,000	\$21.02
Northwest Atlanta	498	34,046,472	5,044,739	446,011	5,490,750	16.1%	33,277	258,000	369,000	\$24.07
South Atlanta	325	13,582,237	1,659,429	114,287	1,773,716	13.1%	182,224	120,000	51,272	\$18.80
West Atlanta	78	3,185,866	612,710	0	612,710	19.2%	57,621	0	37,610	\$20.00
<b>Totals</b>	<b>2,829</b>	<b>219,723,027</b>	<b>30,547,870</b>	<b>1,701,428</b>	<b>32,249,298</b>	<b>14.7%</b>	<b>1,649,487</b>	<b>2,229,855</b>	<b>4,327,208</b>	<b>\$25.96</b>

**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	62	17,889,863	2,652,424	109,194	2,761,618	15.4%	147,649	0	0	\$35.46
Central Perimeter	82	21,021,232	2,888,368	305,710	3,194,078	15.2%	119,150	355,250	1,005,000	\$29.90
Downtown Atlanta	26	13,840,566	2,482,993	76,192	2,559,185	18.5%	58,913	0	65,000	\$27.24
Gainesville	3	181,621	29,807	0	29,807	16.4%	(2,926)	0	0	\$23.93
Jefferson	0	0	0	0	0	0.0%	0	0	0	\$0.00
Midtown Atlanta	49	17,767,200	1,880,339	107,310	1,987,649	11.2%	742,233	930,676	2,151,739	\$37.19
North Fulton	112	15,333,701	2,192,825	139,595	2,332,420	15.2%	48,605	276,932	515,387	\$26.30
Northeast Atlanta	66	7,109,631	1,456,785	109,953	1,566,738	22.0%	(187,616)	27,944	20,000	\$21.47
Northlake	32	4,245,950	437,197	13,440	450,637	10.6%	123,796	80,000	48,000	\$25.12
Northwest Atlanta	81	16,616,210	2,552,181	408,245	2,960,426	17.8%	13,716	222,000	369,000	\$27.32
South Atlanta	29	1,823,719	216,485	7,754	224,239	12.3%	62,880	70,000	51,272	\$25.30
West Atlanta	1	89,600	81,734	0	81,734	91.2%	7,866	0	0	\$24.48
<b>Totals</b>	<b>543</b>	<b>115,919,293</b>	<b>16,871,138</b>	<b>1,277,393</b>	<b>18,148,531</b>	<b>15.7%</b>	<b>1,134,266</b>	<b>1,962,802</b>	<b>4,225,398</b>	<b>\$29.84</b>

**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	44	3,745,574	263,423	3,425	266,848	7.1%	14,590	0	49,200	\$25.45
Central Perimeter	134	7,475,493	1,321,351	12,327	1,333,678	17.8%	91,598	0	0	\$21.04
Downtown Atlanta	73	8,582,645	732,824	0	732,824	8.5%	260,320	61,000	0	\$22.60
Gainesville	42	1,588,443	133,604	0	133,604	8.4%	12,201	0	0	\$19.43
Jefferson	3	83,097	0	0	0	0.0%	0	0	0	\$0.00
Midtown Atlanta	82	4,218,262	157,484	8,295	165,779	3.9%	(7,629)	21,212	0	\$26.96
North Fulton	228	10,283,614	1,322,538	193,293	1,515,831	14.7%	(163,794)	74,841	0	\$20.26
Northeast Atlanta	318	12,782,642	2,863,584	54,482	2,918,066	22.8%	(9,261)	24,000	15,000	\$16.74
Northlake	256	11,463,706	1,618,609	260	1,618,869	14.1%	38,059	0	0	\$20.00
Northwest Atlanta	352	15,561,786	2,363,778	37,766	2,401,544	15.4%	657	36,000	0	\$20.09
South Atlanta	223	9,802,296	1,258,095	99,832	1,357,927	13.9%	112,575	50,000	0	\$18.56
West Atlanta	53	2,244,920	461,765	0	461,765	20.6%	31,139	0	37,610	\$20.04
<b>Totals</b>	<b>1,808</b>	<b>87,832,478</b>	<b>12,497,055</b>	<b>409,680</b>	<b>12,906,735</b>	<b>14.7%</b>	<b>380,455</b>	<b>267,053</b>	<b>101,810</b>	<b>\$19.73</b>

**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	17	360,955	9,616	0	9,616	2.7%	18,913	0	0	\$23.53
Central Perimeter	36	975,215	83,908	0	83,908	8.6%	7,089	0	0	\$15.57
Downtown Atlanta	56	3,632,461	352,782	0	352,782	9.7%	17,300	0	0	\$19.19
Gainesville	18	537,565	14,567	0	14,567	2.7%	12,196	0	0	\$17.26
Jefferson	1	300,000	0	0	0	0.0%	0	0	0	\$2.00
Midtown Atlanta	26	744,770	23,807	0	23,807	3.2%	18,470	0	0	\$27.16
North Fulton	22	584,969	12,416	0	12,416	2.1%	42,703	0	0	\$12.78
Northeast Atlanta	48	1,204,556	134,247	4,754	139,001	11.5%	(22,214)	0	0	\$12.25
Northlake	92	2,954,721	165,494	2,900	168,394	5.7%	(3,980)	0	0	\$16.58
Northwest Atlanta	65	1,868,476	128,780	0	128,780	6.9%	18,904	0	0	\$14.61
South Atlanta	73	1,956,222	184,849	6,701	191,550	9.8%	6,769	0	0	\$13.91
West Atlanta	24	851,346	69,211	0	69,211	8.1%	18,616	0	0	\$19.33
<b>Totals</b>	<b>478</b>	<b>15,971,256</b>	<b>1,179,677</b>	<b>14,355</b>	<b>1,194,032</b>	<b>7.5%</b>	<b>134,766</b>	<b>0</b>	<b>0</b>	<b>\$15.53</b>