

VACANCY
15%
Slight increase

LEASE RATE
\$27.21 PSF
Above average rent growth

ABSORPTION
150K SF
Positive activity continues

DELIVERIES
266K SF
7 Buildings

CONSTRUCTION
6.5 MSF
55% Preleased

OFFICE

STRONG LEASING VELOCITY CALMS FEARS OF OVERSUPPLY FROM SPECULATIVE PROJECT PIPELINE

LEASING ACTIVITY AND RENT GROWTH REMAINS STRONG

Thanks to a limited supply pipeline and steady demand, Atlanta's office market is as healthy as it's been in decades. Construction is ramping up, but the amount of new supply underway still falls short of Atlanta's historical average. A large portion of new projects are breaking ground on a speculative basis, and roughly 45% of the current pipeline is unleased. However, strong leasing velocity, particularly in new properties in Midtown, has helped calm fears of oversupply in the near term. New supply hasn't weighed on rents yet, as rent growth continues to outperform both the metro's historical average and the national average.

The Atlanta office market is in a solid position. Due to consistently strong demand and a relatively tame construction pipeline, vacancies have remained below the metro's historical average for a few years. While the recent increase in speculative groundbreakings could be cause for some concern, strong leasing velocity on new deals should keep vacancies from expanding at an accelerated pace in the coming years.

Atlanta benefits from its relative affordability, above-average education levels, and the presence of an international airport. Office users choosing to relocate to or expand in the metro often don't have to sacrifice quality of labor or accessibility, making Atlanta an ideal spot for tenants.

UNDER CONSTRUCTION

Submarket	# Bldgs	RBA (SF)	Preleased
Midtown	10	2,816,262	39%
Central Perimeter	3	1,434,200	93%
North Fulton	7	561,484	64%
Northwest	4	545,490	38%
Buckhead	3	470,000	7%
South Atlanta	5	245,210	41%
Northlake	5	199,427	73%
Downtown	3	93,775	1%
Northeast	1	60,000	100%
Gainesville	1	60,000	74%
West Atlanta	1	37,610	73%
Total	43	6,523,458	55%

SPEC CONSTRUCTION RETURNS

Developers have responded to the metro's consistently low vacancies, strong rent growth, and impressive leasing velocity by breaking ground on a number of major projects in recent quarters. Many of those deals are at least partially speculative, and there is even more spec supply in the planning stages.

NOTABLE TRANSACTIONS

LEASE	Submarket	Tenant	Size (SF)
1295 Spring St NW (Midtown Union)	Midtown	Invesco Ltd.	297,000
5238 Peachtree Rd	Chamblee/Doraville	PruittHealth	197,455
1155 Perimeter Center West	Central Perimeter	VMWare AirWatch	152,726
SALE	Submarket	Price	Size (SF)
400 & 600 Galleria Pkwy SE	Cumberland/Galleria	\$224.9 M	866,228
950 E Paces Ferry Rd NE (Salesforce Tower)	Buckhead	\$205.0 M	631,808
746 Willoughby Way NE (The Willoughby)	Downtown	\$23.8 M	58,547

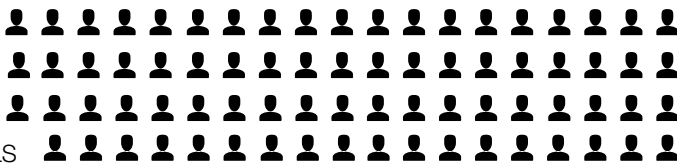
OFFICE BY SUBMARKET

Submarket	Total RBA	Vacant SF	Vacancy %	Absorption YTD	Deliveries YTD	Construction SF
Buckhead	21,996,130	3,226,238	14.7%	23,614	49,200	470,000
Central Perimeter	29,450,153	5,180,705	17.6%	(536,973)	0	1,434,200
Downtown Atlanta	26,674,560	3,600,330	13.5%	195,628	0	93,775
Gainesville	2,499,292	189,807	7.6%	(1,528)	0	60,000
Jefferson	80,502	0	0.0%	0	0	0
Midtown Atlanta	24,221,444	3,156,874	13.0%	314,948	1,179,964	2,816,262
North Fulton	26,257,392	3,699,430	14.1%	367,300	90,000	561,484
Northeast Atlanta	21,083,601	4,386,884	20.8%	14,844	30,000	60,000
Northlake	18,637,507	2,209,517	11.9%	259,963	258,000	199,427
Northwest Atlanta	34,075,513	5,273,246	15.5%	159,304	111,296	545,490
South Atlanta	13,711,033	1,755,687	12.8%	111,563	48,108	245,210
West Atlanta	3,244,052	614,172	18.9%	(7,421)	0	37,610
TOTALS	221,931,179	33,292,890	15.0%	901,242	1,766,568	6,523,458

OFFICE BY PRODUCT TYPE

Product	Total RBA	Vacant SF	Vacancy %	Absorption YTD	Deliveries YTD	Construction SF
Class A	117,101,042	19,166,996	16.4%	733,294	1,526,413	6,039,510
Class B	89,845,455	13,090,990	14.6%	131,034	240,155	483,948
Class C	14,984,682	1,034,904	6.9%	36,914	0	0

NAI BRANNEN GODDARD

75  REAL ESTATE PROFESSIONALS

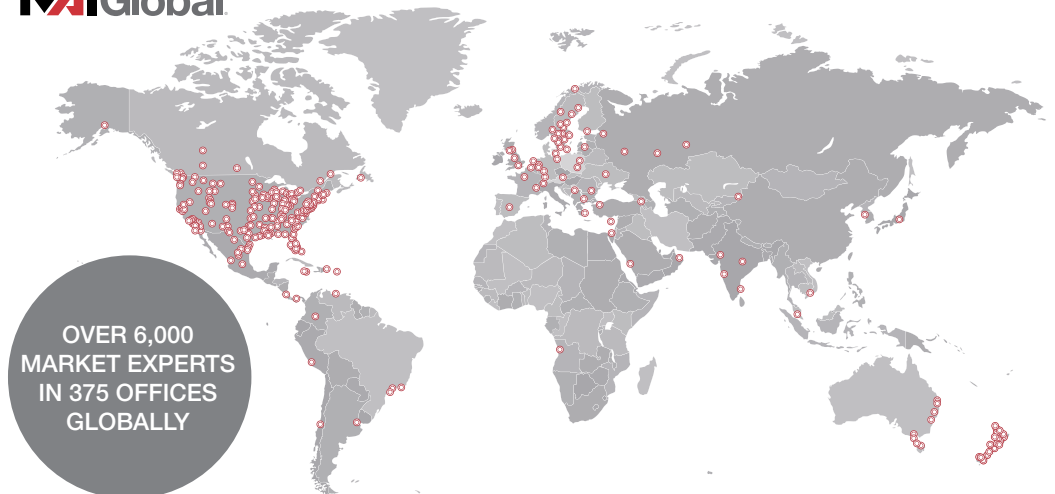
 **TOP FIRM WINNER**
TOP LEASING FIRMS
TOP SALES FIRMS

 **\$700**
MILLION IN TRANSACTIONAL VOLUME

 **42M**
TOTAL SQUARE FEET IN LISTINGS

 **OVER 1M**
MONTHLY LEASING ACTIVITY

NAIGlobal



©2019 NAI Brannen Goddard, LLC. All rights reserved. Data source: Costar Group, Inc. Data within is believed to be accurate but not warranted; subject to future revision.