

INVENTORY	VACANCY	ASKING RATE	NET ABSORPTION	DELIVERIES	CONSTRUCTION
226M SF	15.6%	\$28.34	(667)K SF	111K SF	5.5M SF

OFFICE

ABSORPTION DIPS DUE TO WEAKER LEASING AND RISING SUBLET AVAILABILITIES

OFFICE SECTOR SHOWING SIGNS OF A SLOWDOWN

Atlanta's office market has weathered the coronavirus storm better than most markets so far. Leasing activity is still weaker than normal, but Georgia's capital landed big deals from Microsoft, Deluxe Corp, and Mailchimp since the pandemic.

While net absorption, or the number of move-ins versus move-outs, dipped into negative territory in the third quarter, Atlanta is one of the few cities where trailing 12-month net absorption is still positive. And though rent growth has cooled, annual growth remains positive and is outperforming the national benchmark.

Atlanta's office market will continue to face significant challenges over the next few quarters. The metropolitan area faces a significant supply wave, and leasing activity on under-construction, speculative projects has dried up in recent months. Atlanta properties will also have to contend with a rising amount of sublet availability, and backfilling space from AT&T, State Farm and others will continue to weigh on market conditions.

Long term, the region's highly educated workforce, lower rents than core coastal cities and relatively affordable cost of living should continue to attract brand-name office tenants. However, the Atlanta market is not immune to macro trends, such as increased work from home, remote work situations and tenants looking to downsize in an uncertain economic environment, all of which will impact office demand over the next few years.

SUMMARY

- Leasing and sales decline as market continues to pause for the pandemic
- Negative absorption; subleases on the uptick
- Rent growth slowing
- Shift in working trends lend uncertainty

MARKET TRENDS

INDICATOR	CURRENT QUARTER	PRIOR QUARTER	1 YEAR AGO
Inventory (SF)	226 M	226 M	223 M
Vacancy	15.6%	15.2%	15.2%
Asking Rate	\$28.34	\$28.21	\$27.19
Leasing Activity (SF)	1.8 M	2.1 M	3.5 M
Net Absorption (SF)	(667) K	115 K	(146) K
Deliveries (SF)	111 K	488 K	266 K
Construction (SF)	5.5 M	5.4 M	6.7 M

NOTABLE TRANSACTIONS

LEASE	SUBMARKET	TENANT / TYPE	SIZE (SF)
760 Ralph McGill Blvd	Downtown	Mailchimp / Prelease	300,000
5565 Glenridge Conn	Central Perimeter	Deluxe Corp / Sublease	171,269
4004 Summit Blvd	Central Perimeter	Rooms To Go / Lease	60,000
SALE	SUBMARKET	PRICE	SIZE (SF)
760 Ralph McGill Blvd	Downtown	\$25.5 M	42,686
1072 W Peachtree St	Midtown	\$25.0 M	30,000
4221 International Pkwy	South Atlanta	\$20.3 M	60,005

©2020 NAI Brannen Goddard, LLC. Source: Costar Group, Inc. Data within is believed to be accurate but not warranted; subject to future revision.

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

NAIBG.COM

OFFICE BY SUBMARKET

SUBMARKET	TOTAL RBA	VACANT SF	VACANCY %	ABSORPTION YTD	DELIVERIES YTD	CONSTRUCTION SF
Buckhead	22,202,263	3,376,612	15.2%	(219,652)	51,429	373,671
Central Perimeter	30,361,830	5,845,140	19.3%	654,856	1,005,000	429,200
Downtown Atlanta	26,614,447	3,902,375	14.7%	(183,817)	72,229	203,750
Gainesville	2,467,811	206,772	8.4%	(9,026)	0	0
Jefferson	80,502	0	0.0%	0	0	0
Midtown Atlanta	25,108,456	3,153,031	12.6%	665,064	439,426	3,653,129
North Fulton	26,802,127	4,351,870	16.2%	(13,336)	444,736	273,031
Northeast Atlanta	21,548,044	4,289,946	19.9%	(45,054)	0	30,138
Northlake	18,679,097	2,660,546	14.2%	(35,574)	124,495	48,650
Northwest Atlanta	34,184,795	5,027,830	14.7%	(113,356)	191,366	400,961
South Atlanta	14,248,848	1,737,287	12.2%	120,505	48,000	25,000
West Atlanta	3,494,283	578,933	16.6%	17,508	0	63,610
TOTALS	225,792,503	35,130,342	15.6%	838,118	2,376,681	5,501,140

OFFICE BY PRODUCT TYPE

PRODUCT	TOTAL RBA	VACANT SF	VACANCY %	ABSORPTION YTD	DELIVERIES YTD	CONSTRUCTION SF
Class A	122,182,770	20,980,567	17.2%	1,656,354	2,277,452	5,204,130
Class B	88,778,491	13,028,504	14.7%	(751,914)	99,229	297,010
Class C	14,831,242	1,121,271	7.6%	(66,322)	0	0

©2020 NAI Brannen Goddard, LLC. Source: Costar Group, Inc. Data within is believed to be accurate but not warranted; subject to future revision.



78 
 REAL ESTATE
 PROFESSIONALS


POWER BROKER
TOP FIRM WINNER

 TOP LEASING FIRM
 TOP SALES FIRM

 **\$995**

MILLION IN TRANSACTIONAL VOLUME

 **44M**

TOTAL SQUARE FEET IN LISTINGS

 **OVER 1.5M**

MONTHLY LEASING ACTIVITY



OVER 6,000
 MARKET EXPERTS
 IN 375 OFFICES
 GLOBALLY