

OFFICE

TECH GIANTS HELP BOOST MARKET CONDITIONS AS POST-PANDEMIC SOFTENING OCCURS

MARKET TRENDS

INDICATOR	Current Quarter	1 Year Ago	Y-O-Y Change
INVENTORY	230 MSF	226 MSF	↑
VACANCY	18.7%	15.1%	↑
NET ABSORPTION	134K SF	50K SF	↑
LEASING ACTIVITY	1.9 MSF	3.0 MSF	↓

DEVELOPMENT PIPELINE

4.5 MSF UNDER CONSTRUCTION	2.7 MSF DELIVERIES YTD 2021	42% PRE-LEASED AMOUNT
--------------------------------------	---------------------------------------	---------------------------------

TAKEAWAYS







- ✓ Atlanta offices continue reopenings and tour activity recommences
- ✓ Leasing activity slows and rent growth flattens
- ✓ Significant volume of deliveries, though new development recedes
- ✓ New and expansion space activity by major tech firms is a positive sign for the future outlook of Atlanta's office market

ECONOMIC INDICATORS

Atlanta's office market was in a healthy position heading into the pandemic, but conditions have softened over the past few quarters. The 2.7 MSF of office space delivered year-to-date is a record high, though new development activity has diminished. The city has recently benefited from a wave of new and expanding big tech tenants such as Microsoft, Google, Facebook, Global Payments, and Mailchimp. However, overall leasing activity has continued to trend below norms.

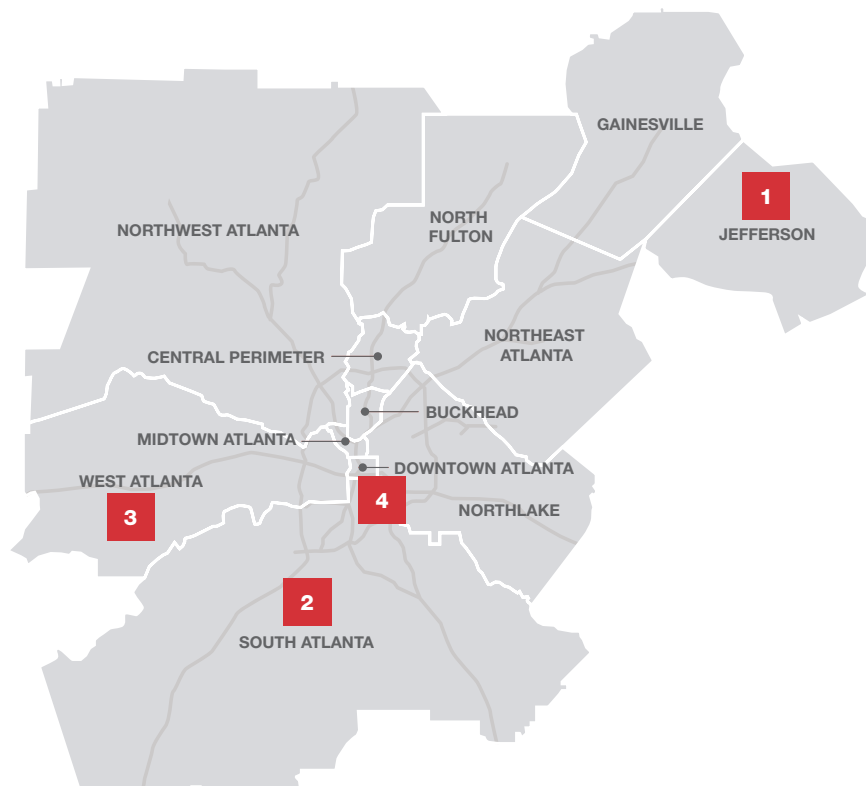
Comparatively low living and business costs should continue to boost population and job growth in Atlanta. The metro area has drawn some of the strongest in-migration in the country over the past few decades. Many employers have openly stated that moving all or a portion of their operations to Atlanta saved them millions without sacrificing access to high-quality labor.

NOTABLE RECENT TRANSACTIONS

<p>LEASE / Tenant</p> <p>NORTH FULTON</p>  <p>globalpayments</p> <p>206,542 SF New Lease</p>	<p>LEASE / Tenant</p> <p>NORTHEAST</p>  <p>INTUITIVE SURGICAL®</p> <p>67,279 SF New Lease</p>	<p>LEASE / Tenant</p> <p>MIDTOWN</p>  <p>FANDUEL</p> <p>66,971 SF New Lease</p>
<p>SALE / Buyer</p> <p>MIDTOWN</p>  <p>Blackstone</p> <p>\$248M \$719/SF Anthem Technology Center (1 building)</p>	<p>SALE / Buyer</p> <p>CENTRAL PERIMETER</p>  <p>OFFICE PROPERTIES INCOME TRUST</p> <p>\$195M \$564/SF Twelve24 (1 building)</p>	<p>SALE / Buyer</p> <p>BUCKHEAD</p>  <p>THE ARDENT COMPANIES</p> <p>\$106M \$205/SF Piedmont Center 5-8 (4 buildings)</p>

SUBMARKET TRENDS

1	LOWEST Q2 VACANCY RATE	2	YTD HIGHEST ABSORPTION
	JEFFERSON 0%		SOUTH ATLANTA 142K SF
	ATLANTA 18.7%		ATLANTA (2.9) MSF
3	HIGHEST INCREASE IN QUOTED RATE	4	LARGEST YOY CONSTRUCTION INCREASE
	WEST ATLANTA UP 11% TO \$22.18		DOWNTOWN UP 548K SF TO 650K SF
	ATLANTA \$28.97		ATLANTA 4.5 MSF



BY SUBMARKET	TOTAL RBA	VACANT SF	VACANCY %	ABSORPTION YTD	DELIVERIES YTD	CONSTRUCTION SF
BUCKHEAD	22,350,299	4,511,549	20.2%	(1,011,219)	40,000	398,000
CENTRAL PERIMETER	30,908,268	6,931,596	22.4%	(199,017)	429,200	0
DOWNTOWN ATLANTA	26,126,627	4,694,836	18.0%	(557,774)	30,000	649,945
GAINESVILLE	2,502,126	179,679	7.2%	29,663	0	0
JEFFERSON	80,502	0	0.0%	0	0	0
MIDTOWN ATLANTA	27,094,546	6,091,768	22.5%	(367,012)	1,639,696	2,144,352
NORTH FULTON	27,352,391	5,096,339	18.6%	(292,011)	128,031	345,500
NORTHEAST ATLANTA	21,610,271	4,330,262	20.0%	(148,676)	0	135,232
NORTHLAKE	18,905,237	3,015,948	16.0%	(274,104)	0	530,000
NORTHWEST ATLANTA	34,665,387	5,703,343	16.5%	(169,370)	365,461	36,000
SOUTH ATLANTA	14,402,467	1,634,384	11.3%	142,323	25,000	20,000
WEST ATLANTA	3,510,016	704,782	20.1%	(96,030)	37,610	223,851
TOTALS	229,508,137	42,894,486	18.7%	(2,943,227)	2,694,998	4,482,880

BY PRODUCT TYPE	TOTAL RBA	VACANT SF	VACANCY %	ABSORPTION YTD	DELIVERIES YTD	CONSTRUCTION SF
CLASS A	124,329,986	27,613,102	22.2%	(2,205,039)	2,602,488	4,137,778
CLASS B	90,189,565	14,062,832	15.6%	(654,681)	92,510	345,102
CLASS C	14,988,586	1,218,552	8.1%	(83,507)	0	0

©2021 NAI Brannen Goddard, LLC. Source: Costar Group, Inc. Data within is believed to be accurate but not warranted; subject to future revision.