

OFFICE

MARKET IN RECOVERY AS LEASING VOLUME DOUBLES;
HIGH-PROFILE TENANTS FLOCKING TO CLASS A SPACE

Market Trends

INDICATOR	Current Quarter	1 Year Ago	Y-O-Y Change
INVENTORY	233 MSF	228 MSF	↑
VACANCY	18.3%	15.3%	↑
NET ABSORPTION	1.2 MSF	(545)K SF	↑
LEASING ACTIVITY	3.3 MSF	2.5 MSF	↑

Development Pipeline

4.5 MSF UNDER CONSTRUCTION	32% PRE-LEASED AMOUNT	3.7 MSF DELIVERIES YTD 2021
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Takeaways

- ✓ Atlanta office market seemingly on the post-pandemic upturn
- ✓ Leasing volume doubled from Q2
- ✓ Positive absorption of 1.2 MSF, its highest level since Q1 2020
- ✓ New construction remains active with 4.5 MSF underway
- ✓ Large blocks of space being snapped up by high-profile corporations seen as a positive sign for the future outlook of Atlanta's office market

Economic Indicators

Atlanta continues to show signs of an economic recovery. Leasing volume doubles, up 1.2 MSF from last quarter, demonstrating confidence in the return to office occupancy. In addition, large corporations including Microsoft, Google, FanDuel, Visa, Cisco, Norfolk Southern, Deluxe Corp, Papa John's, Mailchimp, Carvana, and Airbnb are all in the process of adding thousands of high-paying office jobs in Atlanta. However, overall leasing activity is still trending below norms and contending with the effects of a few large move-outs and a glut of sublet availability.

Office construction activity in Atlanta has slowed over the past few quarters. Still, some of the metro's newest projects broke ground on a speculative basis, and roughly 68% of the current pipeline is unleased. Rent growth has cooled, as the metro's rising vacancy rate and increase in backfill availabilities are making it difficult for owners to push rents.

Recent Transactions

Notable 3Q Leases

VISA
122,760 SF New Lease
1200 PEACHTREE
Midtown

Novelis
95,742 SF New Lease
ONE PHIPPS PLAZA
Buckhead

Arnall Golden Gregory LLP
90,000 SF Renewal
171 17TH STREET, ATLANTIC STATION
Midtown

Intuitive Surgical
54,080 SF New Lease
SPALDING TRIANGLE OFFICE PARK
Northeast

Notable 3Q Sales

725 Ponce
\$300M, \$809.31/SF
725 Ponce de Leon Ave | Midtown
Buyer: Cousins Properties

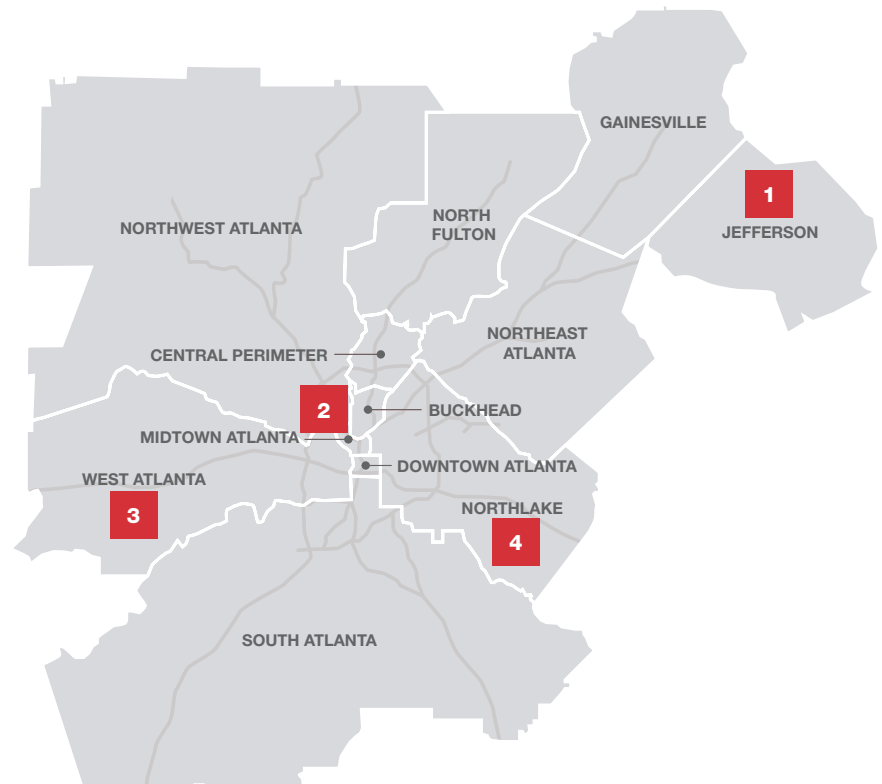
American Cancer Society Center
\$285M, \$179.31/SF
250 Williams St NW | Downtown
Buyer: Mapletree US

Pershing Point Plaza
\$73M, \$178.60/SF
1375 Peachtree St NE | Midtown
Buyer: FullG Capital

Complex West Midtown
\$30M, \$278.39/SF
1175 Chattahoochee Ave | Midtown
Buyer: Crestlight Capital

Submarket Trends

1 Q3 LOWEST VACANCY RATE JEFFERSON 0% ATLANTA 18.3%	2 YTD HIGHEST ABSORPTION MIDTOWN 501K SF ATLANTA (1.8) MSF
3 YOY LARGEST QUOTED RATE INCREASE WEST ATLANTA UP 22% TO \$23.46 ATLANTA \$29.12	4 YOY LARGEST CONSTRUCTION INCREASE NORTHLAKE UP 495K SF TO 530K SF ATLANTA 4.5 MSF



BY SUBMARKET	TOTAL RBA	VACANT SF	VACANCY %	ABSORPTION YTD	DELIVERIES YTD	CONSTRUCTION SF	QUOTED RATES
BUCKHEAD	22,502,132	4,642,737	20.6%	(1,179,757)	40,000	498,263	\$36.48
CENTRAL PERIMETER	31,255,380	7,036,273	22.5%	(337,807)	429,200	0	\$29.11
DOWNTOWN ATLANTA	27,615,314	4,880,400	17.7%	(545,268)	30,000	649,945	\$29.23
GAINESVILLE	2,484,430	228,384	9.2%	(19,042)	0	0	\$23.23
JEFFERSON	80,502	0	0.0%	0	0	0	-
MIDTOWN ATLANTA	28,234,518	5,841,154	20.7%	501,040	2,318,849	1,719,035	\$40.37
NORTH FULTON	28,197,794	4,804,452	17.0%	53,615	120,744	345,500	\$24.90
NORTHEAST ATLANTA	21,618,370	4,069,135	18.8%	130,110	17,616	279,472	\$20.47
NORTHLAKE	18,941,860	2,998,248	15.8%	(236,980)	0	530,000	\$23.33
NORTHWEST ATLANTA	34,771,032	5,799,181	16.7%	(286,809)	365,461	36,000	\$26.07
SOUTH ATLANTA	14,267,184	1,670,965	11.7%	231,718	138,000	51,000	\$21.33
WEST ATLANTA	3,509,845	700,095	19.9%	(91,343)	37,610	385,151	\$23.46
TOTALS	233,478,361	42,671,024	18.3%	(1,780,523)	3,497,480	4,494,366	\$29.12

BY PRODUCT TYPE	TOTAL RBA	VACANT SF	VACANCY %	ABSORPTION YTD	DELIVERIES YTD	CONSTRUCTION SF	QUOTED RATES
CLASS A	127,318,416	27,876,032	21.9%	(1,412,225)	3,387,354	4,008,074	\$32.01
CLASS B	91,236,116	13,703,251	15.0%	(354,799)	110,126	486,292	\$22.05
CLASS C	14,923,829	1,091,741	7.3%	(13,499)	0	0	\$19.09

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