

OFFICE

SLOW START FOR LEASING ACTIVITY AS POST-PANDEMIC OFFICE OCCUPANCY STABILIZES

MARKET TRENDS

INDICATOR	This Quarter Q4 2021	Last Quarter Q4 2021	Last Year Q1 2021
INVENTORY	236 MSF	236 MSF	233 MSF
VACANCY	18.9%	18.4%	18.2%
NET ABSORPTION	(1.1) MSF	457K SF	(3.0) MSF
LEASING ACTIVITY	2.9 MSF	3.4 MSF	2.3 MSF

DEVELOPMENT PIPELINE

5.5 MSF UNDER CONSTRUCTION	1 YTD TOTAL DELIVERIES (#)	60K SF YTD TOTAL DELIVERIES (SF)
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TAKEAWAYS

- ✓ Atlanta office market moderates
- ✓ Leasing volume inched down
- ✓ Absorption dipped after high number of move-outs
- ✓ Rent growth only in key submarkets
- ✓ New construction remains active with 5.5 MSF underway
- ✓ Large blocks of space recently 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 stronger signs of an economic recovery than its peers. Return to office occupancy has increased dramatically. 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 surplus of sublet availability.

Office construction in Atlanta remains active. Some of the metro's newest projects broke ground on a speculative basis, although more than half 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 Q1 Leases

Micron
93,072 SF New Lease
712 W. PEACHTREE ST
Midtown

Honda
90,592 SF New Lease
ROYAL CENTRE ONE
North Fulton

MiMedx
79,854 SF Renewal
WEST OAK CENTER
East Cobb

Stryten
68,798 SF New Lease
CABOT BUSINESS CENTER
North Fulton

Notable Q1 Sales

Bank of America Plaza
\$380M, \$281/SF
600 Peachtree St | Downtown
Buyer: CP Group / HPS Investment

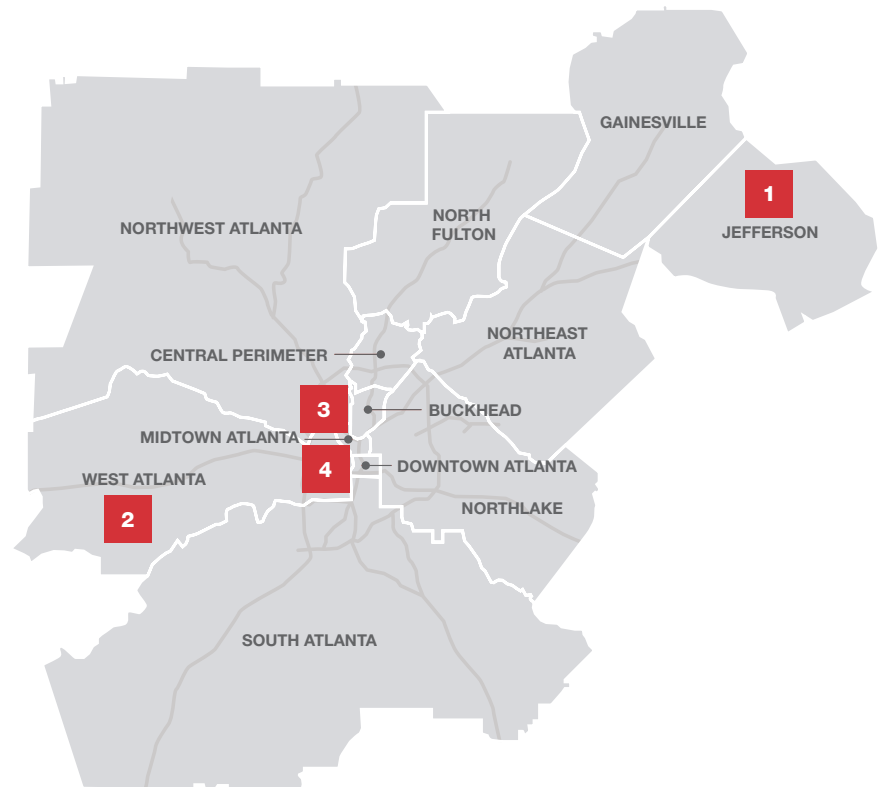
3630 Peachtree
\$202M, \$460/SF
3630 Peachtree Rd | Buckhead
Buyer: Granite Properties

Windward Chase 100
\$30.3M, \$120/SF
1235 Old Alpharetta Rd | N Fulton
Buyer: RealOp

Buckhead Centre
\$27M, \$300/SF
2964 Peachtree Rd | Buckhead
Buyer: CP Group

SUBMARKET TRENDS

1 LOWEST VACANCY RATE JEFFERSON 0% ATLANTA 18.9%	2 HIGHEST NET ABSORPTION WEST ATLANTA 23K SF ATLANTA (1.1) MSF
3 HIGHEST LEASING ACTIVITY MIDTOWN ATLANTA 534K SF ATLANTA 2.9 MSF	4 HIGHEST UNDER CONSTRUCTION MIDTOWN ATLANTA 1.8 MSF ATLANTA 5.5 MSF



BY SUBMARKET	TOTAL RBA	VACANT SF	VACANCY %	LEASING ACTIVITY	NET ABSORPTION	DELIVERIES	UNDER CONSTRUCTION
BUCKHEAD	22,483,653	4,718,569	21.0%	242,090	(48,016)	-	686,063
CENTRAL PERIMETER	31,613,112	6,966,380	22.0%	418,673	(16,426)	-	59,697
DOWNTOWN ATLANTA	29,940,893	4,891,420	16.3%	83,837	7,931	1	861,745
GAINESVILLE	2,489,099	195,721	7.9%	7,971	(3,668)	-	-
JEFFERSON	80,502	-	0.0%	-	-	-	-
MIDTOWN ATLANTA	27,999,386	6,208,307	22.2%	534,005	(193,028)	-	1,795,272
NORTH FULTON	28,124,953	5,791,664	20.6%	442,781	(99,900)	-	460,791
NORTHEAST ATLANTA	21,592,744	4,168,559	19.3%	391,854	(237,195)	-	161,856
NORTHLAKE	19,118,501	3,227,880	16.9%	175,178	(243,498)	-	530,000
NORTHWEST ATLANTA	34,271,477	5,992,441	17.5%	444,258	(244,743)	-	103,367
SOUTH ATLANTA	14,218,701	1,705,351	12.0%	80,135	(30,238)	-	262,000
WEST ATLANTA	3,673,817	681,800	18.6%	90,974	22,527	-	557,672
TOTALS	235,606,838	44,548,092	18.9%	2,911,756	(1,086,254)	60,000	5,478,463

BY PRODUCT TYPE	TOTAL RBA	VACANT SF	VACANCY %	LEASING ACTIVITY	NET ABSORPTION	DELIVERIES	UNDER CONSTRUCTION
CLASS A	129,778,744	29,460,783	22.7%	1,726,499	(865,664)	60,000	4,369,364
CLASS B	90,985,880	14,083,217	15.5%	1,107,836	(206,705)	-	1,069,099
CLASS C	14,842,214	1,004,092	6.8%	77,421	(13,885)	-	40,000

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