# OFFICE

MOST SINGLE QUARTER DELIVERIES IN OVER TWO DECADES
AS NEW CONSTRUCTION FALLS TO 5 YEAR LOW

#### **MARKET TRENDS**

INDICATOR	This Quarter Q3 2022	Last Quarter Q2 2022	Last Year Q3 2021
INVENTORY	238 MSF	236 MSF	236 MSF
VACANCY	19.0%	18.4%	18.3%
NET ABSORPTION	334K SF	1.3 MSF	1.2 MSF
LEASING ACTIVITY	2.9 MSF	3.3 MSF	3.3 MSF

## **DEVELOPMENT PIPELINE**

3.7 MSF

UNDER

CONSTRUCTION

15 YTD TOTAL DELIVERIES (#) 2.5 MSF

YTD TOTAL

DELIVERIES (SF)

#### **TAKEAWAYS**

- ✓ Vacancy rises offering options for occupiers in the market
- ✔ Renewal activity strong though leasing overall inched down
- ✓ Absorption dip attributed to 2.1 MSF in deliveries in 3Q
- ✓ Rent growth continues in key submarkets
- ✓ New construction slows with 3.7 MSF underway

#### **ECONOMIC INDICATORS**

Headwinds entering the fourth quarter are significant. Over 5 million SF of new space is available between buildings recently delivered or under construction. There is a one million SF deficit of net absorption since 20Q2, despite 12-month absorption topped by just a handful of office markets worldwide. Three straight quarters of additions bring sublease availability to a 15-year high in Atlanta.

Flight to quality likely involves upper-tier space, but a flight to location is what many in the market believe will separate haves and have-nots moving forward. Providing walkable access to rapid transit and dining and entertainment offers an advantage to a less-connected building. Atlanta offers a diverse and talented labor pool, regional affordability, and a multi-tiered transportation system. Older space may not snag corporate relocators, but well-located buildings near tenants like Google and Truist can get spin-off demand.

#### RECENT TRANSACTIONS

## **Notable Q3 Leases**

**AT&T**259,738 SF Renewal
754 PEACHTREE ST
Midtown

**USPO Atlanta 220,065 SF Renewal**3333 PEACHTREE RD
Buckhead

Nelson Mullins 103,156 SF Renewal ATLANTIC STATION Midtown

Verint Systems, Inc. 80,000 SF New Lease 5995 WINDWARD PKY North Fulton

#### **Notable Q3 Sales**

1180 Peachtree \$472M, \$683/SF 1180 Peachtree St | Midtown Buyer: Piedmont Office Realty Trust

Atlantic Station \$385M, \$729/SF 170 & 200 17th St | Midtown Buyer: KKR

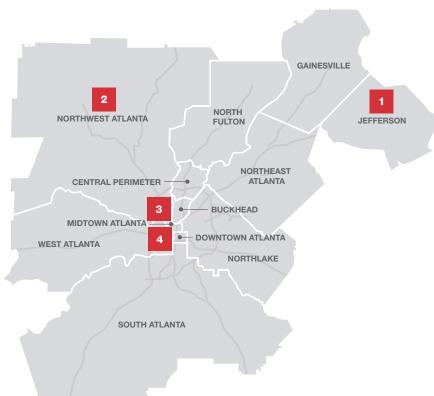
Towers at Wildwood Plaza \$109.5M, \$152/SF 3200 Windy Hill Rd | Northwest Buyer: The Simpson Organization

Perimeter Center \$73M, \$148/SF 64 Perimeter Center | Central Perimeter Buyer: GIC Real Estate



# SUBMARKET TRENDS





BY SUBMARKET	TOTAL RBA	VACANT SF	VACANCY %	LEASING ACTIVITY	NET ABSORPTION	DELIVERIES	UNDER CONSTRUCTION
BUCKHEAD	23,374,463	5,355,570	22.9%	288,001	(101,663)	365,263	262,751
CENTRAL PERIMETER	32,385,232	6,681,496	20.6%	425,713	57,444	-	115,905
DOWNTOWN ATLANTA	29,799,114	5,429,595	18.2%	43,410	99,405	558,668	669,066
GAINESVILLE	2,535,710	169,082	6.7%	12,597	16,116	-	122,500
JEFFERSON	80,502	-	0.0%	-	-	-	-
MIDTOWN ATLANTA	29,617,556	6,812,511	23.0%	643,675	744	1,118,036	1,269,691
NORTH FULTON	27,824,958	5,867,148	21.1%	559,094	14,424	20,000	217,136
NORTHEAST ATLANTA	20,827,291	3,439,273	16.5%	226,794	84,000	-	242,436
NORTHLAKE	19,408,242	3,486,006	18.0%	92,309	22,631	-	-
NORTHWEST ATLANTA	34,157,109	5,513,537	16.1%	430,645	136,134	-	103,367
SOUTH ATLANTA	14,400,711	1,575,858	10.9%	131,955	(15,725)	16,000	173,000
WEST ATLANTA	3,894,420	858,970	22.1%	15,267	20,116	57,521	565,375
TOTALS	238,305,308	45,189,046	19.0%	2,869,460	333,626	2,135,488	3,741,227

BY PRODUCT TYPE	TOTAL RBA	VACANT SF	VACANCY %	LEASING ACTIVITY	NET ABSORPTION	DELIVERIES	UNDER CONSTRUCTION
CLASS A	131,588,636	31,001,356	23.6%	1,972,630	252,304	1,968,649	2,715,493
CLASS B	91,394,491	13,122,342	14.4%	827,117	127,318	166,839	1,025,734
CLASS C	15,322,181	1,065,348	7.0%	69,713	(45,996)	-	-

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