

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)
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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**

1	LOWEST VACANCY RATE	2	HIGHEST NET ABSORPTION
JEFFERSON 0%	ATLANTA 19.0%	NORTHWEST ATLANTA 136K SF	ATLANTA 334K MSF
3	HIGHEST LEASING ACTIVITY	4	HIGHEST UNDER CONSTRUCTION
MIDTOWN ATLANTA 644K SF	ATLANTA 2.9 MSF	MIDTOWN ATLANTA 1.3 MSF	ATLANTA 3.7 MSF



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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