

OFFICE

OPTIMISTIC SIGNS OF PROGRESS CONTINUE
EVEN AS SOME CHALLENGES STILL EXIST

Market Trends

INDICATOR	This Quarter Q4 2021	Last Quarter Q3 2021	Last Year Q4 2020
INVENTORY	236 MSF	233 MSF	232 MSF
VACANCY	18.4%	18.3%	16.3%
NET ABSORPTION	457K SF	1.2 MSF	(2.1) MSF
LEASING ACTIVITY	3.4 MSF	3.3 MSF	2.2 MSF

Development Pipeline

4.6 MSF UNDER CONSTRUCTION	30 2021 TOTAL DELIVERIES (#)	4.1 MSF 2021 TOTAL DELIVERIES (SF)
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Takeaways

- ✓ Atlanta office market continues to strengthen despite pandemic challenges
- ✓ Leasing volume continues gradual upward trend
- ✓ Absorption remains positive
- ✓ New construction remains active with 4.6 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 continues to expand, 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 surplus 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 60% 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 Q4 Leases

Carvana
569,778 SF Sublease
236 PERIMETER CENTER
Central Perimeter

Center for Global Health & Innovation
116,993 SF New Lease
675 W PEACHTREE
Buckhead

Hapag-Lloyd
128,109 SF New Lease
3 RAVINIA
Central Perimeter

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

Notable Q4 Sales

999 Peachtree
\$360/SF
999 Peachtree St | Midtown
Buyer: Piedmont Office Realty Trust

One West Court Square
\$282/SF
1 W Court Sq | Northlake
Buyer: Asana Partners

Parkway at Avalon, Bldg 2
\$278/SF
11720 Amberpark Dr | N Fulton
Buyer: Admiral Capital Group

5405 Windward
\$193/SF
5405 Windward Pky | N Fulton
Buyer: Rubenstein Partners

Submarket Trends

1	LOWEST VACANCY RATE	2	HIGHEST NET ABSORPTION
JEFFERSON 0%	ATLANTA 18.4%	NORTHEAST ATLANTA 179K SF	ATLANTA 457K SF
3	HIGHEST LEASING ACTIVITY	4	HIGHEST UNDER CONSTRUCTION
CENTRAL PERIMETER 1.1 MSF	ATLANTA 3.4 MSF	MIDTOWN ATLANTA 1.7 MSF	ATLANTA 4.6 MSF



BY SUBMARKET	TOTAL RBA	VACANT SF	VACANCY %	LEASING ACTIVITY	NET ABSORPTION	DELIVERIES	UNDER CONSTRUCTION
BUCKHEAD	22,477,313	4,580,365	20.4%	457,872	95,861	-	521,063
CENTRAL PERIMETER	31,081,017	7,045,400	22.7%	1,103,975	115,076	-	89,010
DOWNTOWN ATLANTA	30,087,631	4,931,231	16.4%	96,773	(12,218)	57,000	693,427
GAINESVILLE	2,489,099	192,053	7.7%	10,207	36,331	-	-
JEFFERSON	80,502	-	0.0%	-	-	-	-
MIDTOWN ATLANTA	28,350,554	6,049,143	21.3%	450,665	151,342	100,000	1,699,025
NORTH FULTON	28,094,993	5,570,511	19.8%	378,732	(187,405)	303,000	147,500
NORTHEAST ATLANTA	21,803,556	4,010,388	18.4%	207,955	178,894	-	233,913
NORTHLAKE	19,044,029	2,988,742	15.7%	73,542	9,506	-	530,000
NORTHWEST ATLANTA	34,406,728	5,668,068	16.5%	444,083	60,349	36,000	43,367
SOUTH ATLANTA	14,236,106	1,655,309	11.6%	106,946	15,656	-	117,000
WEST ATLANTA	3,676,493	704,327	19.2%	36,075	(6,132)	-	517,672
TOTALS	235,828,021	43,395,537	18.4%	3,366,825	457,260	496,000	4,591,977

BY PRODUCT TYPE	TOTAL RBA	VACANT SF	VACANCY %	LEASING ACTIVITY	NET ABSORPTION	DELIVERIES	UNDER CONSTRUCTION
CLASS A	129,511,512	28,379,536	21.9%	2,442,184	211,313	317,000	3,677,797
CLASS B	91,580,272	14,025,057	15.3%	874,828	185,600	179,000	914,180
CLASS C	14,736,237	990,944	6.7%	49,813	60,347	-	-

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