

Office

VACANCY



14.9%

32.8 million square feet of vacant office space



to previous qtr



from previous year

NET ABSORPTION



(15,692) SF

2.7 million square feet of leasing activity



from previous qtr



from previous year

AVERAGE RENTAL RATE



\$25.64 PSF

A 2.8% increase from the previous quarter (\$24.94)



from previous qtr



from previous year

AVERAGE SALE PRICE



\$149.82 (Q2)

2.7 Million square feet sold in Q2 (38 buildings)



from previous qtr



from previous year

DELIVERIES



154,384 SF

6 Buildings completed



from previous qtr



from previous year

UNDER CONSTRUCTION



4,900,825 SF

46 Buildings in progress



from previous qtr



from previous year

LARGEST DELIVERIES

746 Willoughby Way NE: 61,000 SF
Downtown Atlanta | 100% Occupied

2301 Newnan Crossing Blvd: 40,000 SF
South Atlanta | 45% Occupied

5009 W Broad St: 27,944 SF
Northeast Atlanta | 34% Occupied

LARGEST UNDER CONSTRUCTION

Coda (771 Spring St): 760,000 SF
Midtown Atlanta | 68% Pre-leased | Delivers Q1'19

Park Center (240 Perimeter Ctr Pky): 670,000 SF
Central Perimeter | 100% Pre-leased | Delivers Q4'19

725 Ponce (725 Ponce de Leon Ave): 370,931 SF
Midtown Atlanta | 0% Pre-leased | Delivers Q1'19

The Atlanta office market is in good shape, as rent growth and vacancy continue to outperform historical averages.

These conditions are due to strong job growth in office-using employment and a relative lack of new supply. Further, new office development this cycle has generally been build to suit, with State Farm, Cox Communications, and NCR leading the way. And even though Atlanta is experiencing the highest level of construction in the current cycle, the net amount of new supply still falls short of Atlanta's historical average.

With these favorable conditions in Atlanta, and so much capital in the marketplace, the metro has been a lucrative environment for deals this cycle. However, the average number of investment transactions has been slowing after strong showings in 2015-16. But this slowdown can be partially attributed to a lack of available inventory, as over 80% of institutional-grade assets have traded at least one time in the last seven years. Plus, average pricing continues to appreciate and average cap rates for 4 & 5 Star buildings are being reported sub 6.5%. Based on these factors, Atlanta's office fundamentals are expected to remain favorable as the nation continues its economic expansion.

SIGNIFICANT LEASE DEALS

Building	Tenant	Submarket	Size (SF)
The Battery (Circle 75)	ThyssenKrupp	Cumberland/Galleria	210,000
3100 Interstate N Cir	ThyssenKrupp	Cumberland/Galleria	67,002
4004 Perimeter Summit	Carr, Riggs & Ingram	Central Perimeter	49,544

SIGNIFICANT BUILDING SALES

Building(s)	Price	Submarket	Size (SF)
Lenox Park (5 Properties) 2180 Lake Blvd	\$251.5 M	Buckhead	1,040,950
Palisades (4 Properties) 5909 Ptree Dunn. Rd	\$121.0 M	Central Perimeter	638,915
Central Park, 7000 Central Pky NE	\$104.8 M	Central Perimeter	415,324

ALL CONSTRUCTION ACTIVITY

Market	# Bldgs	Total RBA	Preleased SF	Preleased %	Available SF
Midtown Atlanta	8	2,181,540	1,348,709	61.8%	832,831
Central Perimeter	2	1,005,000	874,350	87.0%	130,650
North Fulton	13	873,202	488,294	55.9%	384,908
Northwest Atlanta	4	376,841	231,020	61.3%	145,821
South Atlanta	4	148,872	107,674	72.3%	41,198
Northeast Atlanta	8	96,760	29,572	30.6%	67,188
Downtown Atlanta	3	70,300	0	0.0%	70,300
Northlake	2	61,500	49,500	80.5%	12,000
Buckhead	1	49,200	49,200	100.0%	0
West Atlanta	1	37,610	27,455	73.0%	10,155
Totals	46	4,900,825	3,205,774	65.4%	1,695,051

TOTAL ATLANTA OFFICE MARKET STATISTICS

Market	Existing Inventory		Vacancy				YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Bldgs	Total RBA	Direct SF	Sublease SF	Total SF	Vac%				
Buckhead	125	22,220,700	2,950,332	139,680	3,090,012	13.9%	146,553	0	49,200	\$34.11
Central Perimeter	247	29,687,191	4,339,530	304,274	4,643,804	15.6%	(6,148)	355,250	1,005,000	\$27.79
Downtown Atlanta	155	26,007,493	3,315,673	104,840	3,420,513	13.2%	553,854	61,000	63,000	\$25.81
Gainesville	64	2,371,629	190,824	0	190,824	8.0%	8,625	0	0	\$20.12
Jefferson	4	383,097	0	0	0	0.0%	0	0	0	\$2.00
Midtown Atlanta	153	22,133,077	1,970,741	175,735	2,146,476	9.7%	306,594	505,149	2,158,453	\$35.88
North Fulton	363	26,177,717	3,554,173	386,575	3,940,748	15.1%	(204,570)	310,374	560,402	\$23.77
Northeast Atlanta	431	21,066,980	4,903,569	148,500	5,052,069	24.0%	(384,128)	27,944	59,000	\$18.82
Northlake	381	19,154,380	2,365,729	20,817	2,386,546	12.5%	9,229	80,000	48,000	\$20.32
Northwest Atlanta	496	33,930,560	5,013,855	496,820	5,510,675	16.2%	156,625	258,000	369,000	\$24.37
South Atlanta	322	13,506,239	1,704,950	96,411	1,801,361	13.3%	94,579	60,000	148,872	\$19.04
West Atlanta	74	2,866,953	621,737	0	621,737	21.7%	11,047	0	37,610	\$18.89
Totals	2,815	219,506,016	30,931,113	1,873,652	32,804,765	14.9%	692,260	1,657,717	4,498,537	\$25.64

CLASS "A" STATISTICS

Market	Existing Inventory		Vacancy				YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Bldgs	Total RBA	Direct SF	Sublease SF	Total SF	Vac%				
Buckhead	62	17,806,571	2,684,295	134,390	2,818,685	15.8%	107,913	0	0	\$34.95
Central Perimeter	77	20,257,311	2,967,794	291,608	3,259,402	16.1%	(204,308)	355,250	1,005,000	\$30.15
Downtown Atlanta	20	10,973,500	1,955,589	100,715	2,056,304	18.7%	304,263	0	0	\$27.93
Gainesville	3	181,621	39,651	0	39,651	21.8%	(12,770)	0	0	\$23.64
Jefferson	0	0	0	0	0	0.0%	0	0	0	\$0.00
Midtown Atlanta	44	16,692,530	1,763,139	170,840	1,933,979	11.6%	311,218	485,000	2,158,453	\$36.97
North Fulton	100	14,065,562	1,849,292	184,276	2,033,568	14.5%	21,893	274,033	521,902	\$26.11
Northeast Atlanta	53	5,141,892	1,189,507	114,498	1,304,005	25.4%	(244,158)	27,944	20,000	\$21.45
Northlake	23	2,836,677	383,614	9,866	393,480	13.9%	85,445	80,000	48,000	\$25.71
Northwest Atlanta	79	16,186,069	2,485,901	443,253	2,929,154	18.1%	(130,347)	222,000	369,000	\$27.65
South Atlanta	26	1,705,129	186,044	0	186,044	10.9%	48,564	40,000	118,872	\$24.73
West Atlanta	1	89,600	85,612	0	85,612	95.5%	3,988	0	0	\$24.48
Totals	488	105,936,462	15,590,438	1,449,446	17,039,884	16.1%	291,701	1,484,227	4,241,227	\$29.84

CLASS "B" STATISTICS

Market	Existing Inventory		Vacancy				YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Bldgs	Total RBA	Direct SF	Sublease SF	Total SF	Vac%				
Buckhead	45	3,763,174	258,894	5,290	264,184	7.0%	17,254	0	49,200	\$25.37
Central Perimeter	135	8,560,100	1,307,911	12,666	1,320,577	15.4%	176,064	0	0	\$22.41
Downtown Atlanta	79	11,401,532	1,007,963	3,075	1,011,038	8.9%	232,680	61,000	63,000	\$22.07
Gainesville	43	1,652,443	136,371	0	136,371	8.3%	9,434	0	0	\$19.64
Jefferson	3	83,097	0	0	0	0.0%	0	0	0	\$0.00
Midtown Atlanta	83	4,704,604	171,940	4,895	176,835	3.8%	(19,748)	20,149	0	\$27.07
North Fulton	240	11,524,683	1,689,345	202,299	1,891,644	16.4%	(266,529)	36,341	38,500	\$20.83
Northeast Atlanta	331	14,749,732	3,575,230	29,248	3,604,478	24.4%	(128,553)	0	39,000	\$17.73
Northlake	265	12,856,933	1,698,392	8,051	1,706,443	13.3%	45,993	0	0	\$19.85
Northwest Atlanta	352	15,873,450	2,429,287	53,567	2,482,854	15.6%	232,470	36,000	0	\$20.23
South Atlanta	223	9,839,206	1,303,350	89,710	1,393,060	14.2%	69,953	20,000	30,000	\$18.34
West Atlanta	53	2,244,920	467,444	0	467,444	20.8%	16,522	0	37,610	\$19.40
Totals	1,852	97,253,874	14,046,127	408,801	14,454,928	14.9%	385,540	173,490	257,310	\$20.12

CLASS "C" STATISTICS

Market	Existing Inventory		Vacancy				YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Bldgs	Total RBA	Direct SF	Sublease SF	Total SF	Vac%				
Buckhead	18	650,955	7,143	0	7,143	1.1%	21,386	0	0	\$23.53
Central Perimeter	35	869,780	63,825	0	63,825	7.3%	22,096	0	0	\$15.30
Downtown Atlanta	56	3,632,461	352,121	1,050	353,171	9.7%	16,911	0	0	\$18.81
Gainesville	18	537,565	14,802	0	14,802	2.8%	11,961	0	0	\$13.98
Jefferson	1	300,000	0	0	0	0.0%	0	0	0	\$2.00
Midtown Atlanta	26	735,943	35,662	0	35,662	4.8%	15,124	0	0	\$27.08
North Fulton	23	587,472	15,536	0	15,536	2.6%	40,066	0	0	\$17.87
Northeast Atlanta	47	1,175,356	138,832	4,754	143,586	12.2%	(11,417)	0	0	\$12.44
Northlake	93	3,460,770	283,723	2,900	286,623	8.3%	(122,209)	0	0	\$15.76
Northwest Atlanta	65	1,871,041	98,667	0	98,667	5.3%	54,502	0	0	\$12.34
South Atlanta	73	1,961,904	215,556	6,701	222,257	11.3%	(23,938)	0	0	\$15.19
West Atlanta	20	532,433	68,681	0	68,681	12.9%	(9,463)	0	0	\$16.68
Totals	475	16,315,680	1,294,548	15,405	1,309,953	8.0%	15,019	0	0	\$15.69