

2021

ATLANTA MEDICAL OFFICE

YEAR-END MARKET REPORT



CUSHMAN &
WAKEFIELD



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MEDICAL OFFICE OVERVIEW & ATLANTA HEALTHCARE NEWS

MEDICAL OFFICE OVERVIEW

Atlanta continued its post-pandemic rebound through the end of 2021 and the Metro's unemployment rate remained well below the U.S. average at 2.9%. More than 125,900 jobs in total were added over the past year. Ambulatory Health Care Service jobs – including offices of physicians, dentists, and medical and diagnostic laboratories – continued to increase, climbing 9.2% over the past year to nearly 150,000 jobs. Employment growth in these fields is expected to persist with an estimated 13.5% employment growth by the end of 2025.

Market vacancy has declined steadily over time, falling 670 basis points over the past decade to 9.5%. The vacancy rate remained essentially unchanged over the past year, indicating the equilibrium of supply and demand across the market.

Average gross asking rental rates continued to climb, rising to a historical high of \$27.77 PSF. This represents a 3.7% YOY increase and 14.1% growth over the past five years, indicating the sector's health.

The fourth quarter was the most active of 2021 in terms of leasing activity. More than 118,500 SF of new leases and renewals inked throughout Q4, driving the annual total to 380,000 SF.

Metro Atlanta recorded healthy net occupancy gains in 2021 with nearly 315,000 SF of positive net absorption recorded throughout the year. In spite of multiple construction deliveries, demand continued to outpace new supply.

Four buildings totaling nearly 270,000 SF delivered during 2021. Over the past five years, more than 1.5 MSF of new product has been built, growing the market's inventory by 8.9% in that time.

DIRECT RENTAL RATE VS. OVERALL VACANCY RATE



EMPLOYMENT STATS Q4 2021

2.8 M
Atlanta Employment

YOY
Chg



12-Mo.
Forecast



2.9%
Atlanta Unemployment Rate



4.2%
U.S. Unemployment Rate



ATLANTA MEDICAL OFFICE MARKET CLUSTERS

REGIONAL HEALTHCARE MARKET SUMMARY

INVENTORY

18,293,626 SF

TOTAL AVAILABLE

1,743,770 SF

VACANCY RATE

9.5%

LEASING ACTIVITY YTD

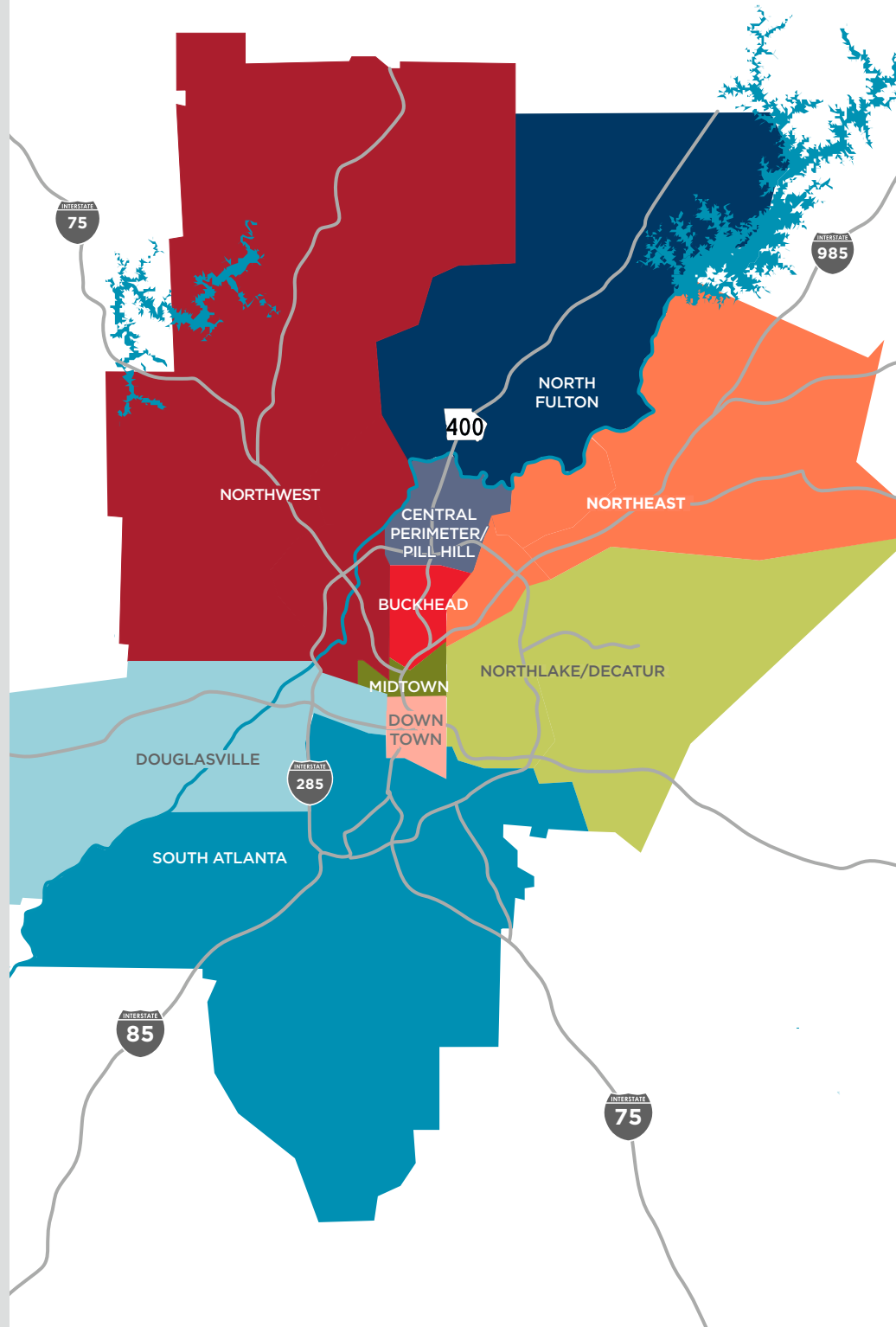
379,588 SF

YTD OVERALL NET ABSORPTION

321,063

OVERALL ASKING RENT (ALL CLASSES)

\$27.77





NORTH FULTON

Inventory:	3,180,316
Total Available:	296,324
Vacancy Rate:	9.3%
Leasing Activity YTD	67,465
YTD Overall Net Absorption	97,351
Overall Asking Rent (All Classes)	\$30.06

NORTHEAST

Inventory:	1,589,338
Total Available:	294,294
Vacancy Rate:	18.5%
Leasing Activity YTD	31,434
YTD Overall Net Absorption	(19,369)
Overall Asking Rent (All Classes)	\$25.15

NORTHLAKE

Inventory:	1,664,149
Total Available:	79,301
Vacancy Rate:	4.8%
Leasing Activity	39,492
YTD Overall Net Absorption	42,124
Overall Asking Rent (All Classes)	\$22.02

SOUTH ATLANTA

Inventory:	2,680,623
Total Available:	332,328
Vacancy Rate:	12.4%
Leasing Activity	66,117
YTD Overall Net Absorption	119,003
Overall Asking Rent (All Classes)	\$22.35

DOUGLASVILLE

Inventory:	663,231
Total Available:	30,158
Vacancy Rate:	4.5%
Leasing Activity	5,400
YTD Overall Net Absorption	(10,524)
Overall Asking Rent (All Classes)	\$22.06

NORTHWEST

Inventory:	3,045,361
Total Available:	275,121
Vacancy Rate:	9.0%
Leasing Activity	74,145
YTD Overall Net Absorption	11,899
Overall Asking Rent (All Classes)	\$25.60

CENTRAL PERIMETER/PILL HILL

Inventory:	3,371,343
Total Available:	322,983
Vacancy Rate:	9.6%
Leasing Activity YTD	60,474
YTD Overall Net Absorption	40,309
Overall Asking Rent (All Classes)	\$32.18

DOWNTOWN

Inventory:	294,259
Total Available:	5,795
Vacancy Rate:	2.0%
Leasing Activity YTD	-
YTD Overall Net Absorption	-
Overall Asking Rent (All Classes)	\$23.30

BUCKHEAD

Inventory:	841,320
Total Available:	86,400
Vacancy Rate:	9.9%
Leasing Activity YTD	12,816
YTD Overall Net Absorption	45,530
Overall Asking Rent (All Classes)	\$33.81

MIDTOWN

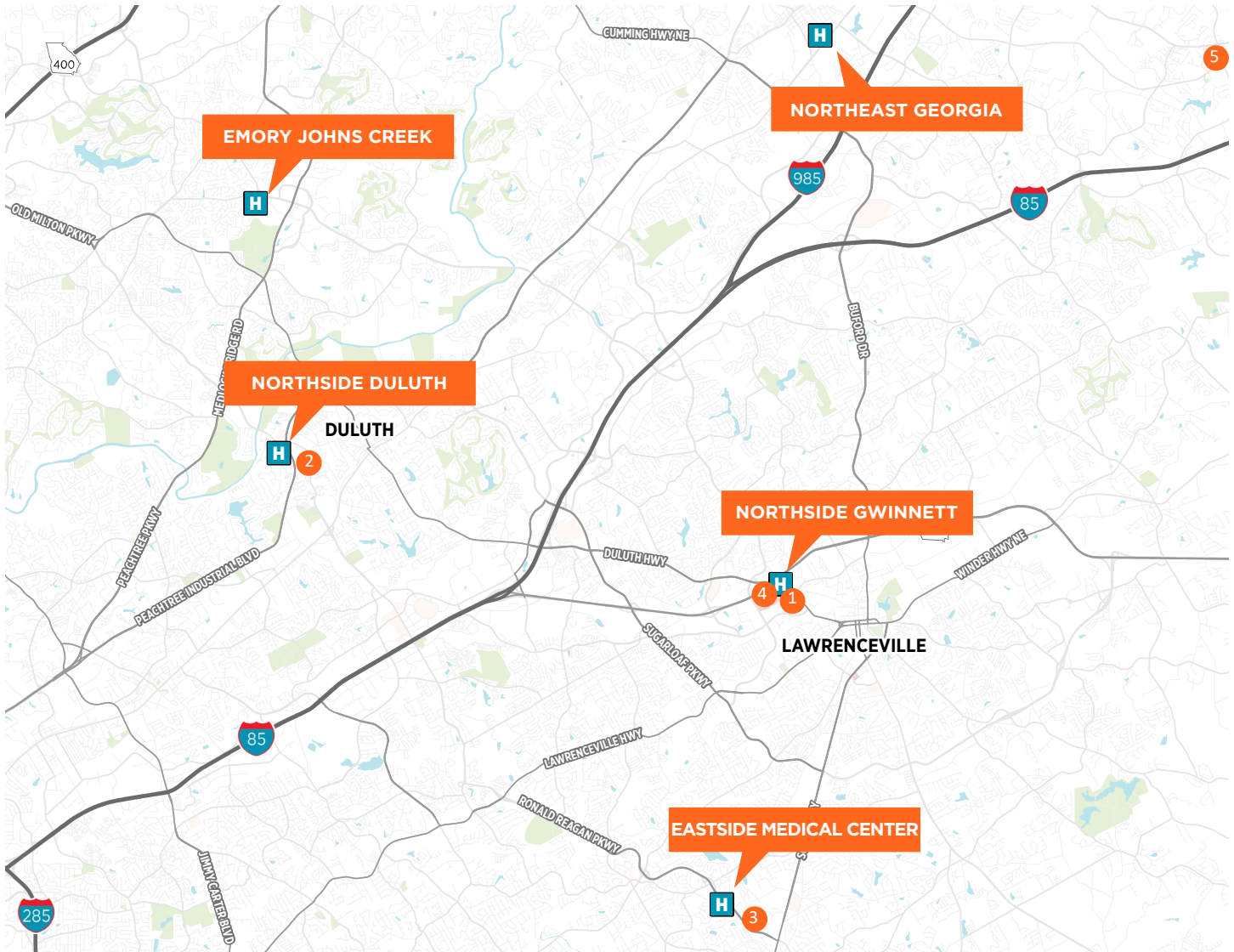
Inventory:	933,686
Total Available:	21,066
Vacancy Rate:	3.0%
Leasing Activity YTD	22,245
YTD Overall Net Absorption	(5,260)
Overall Asking Rent (All Classes)	\$25.55

SPOTLIGHT NORTH FULTON



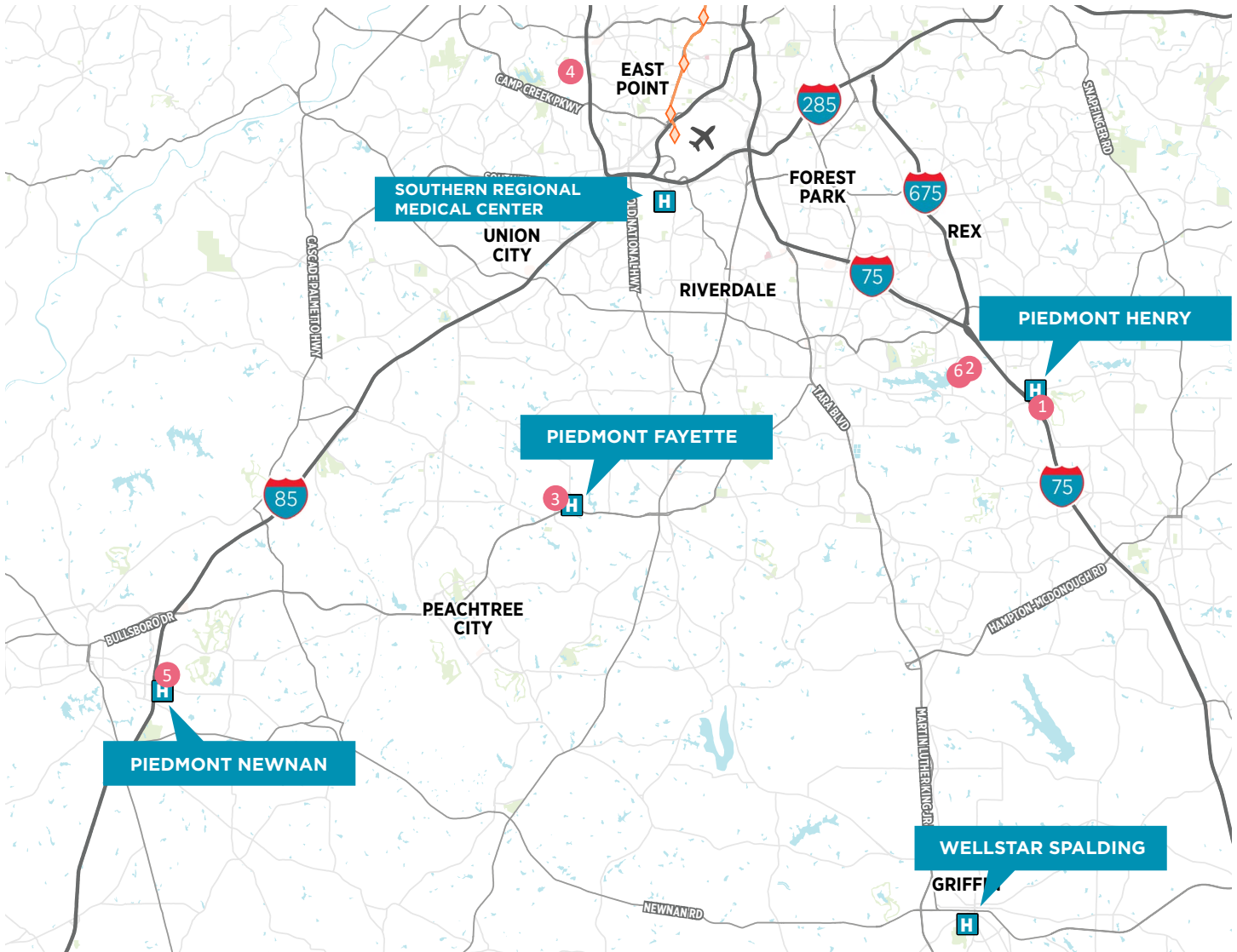
	ADDRESS	OWNER	YEAR BUILT/ RENOVATED	TOTAL RBA	TOTAL AVAILABLE	VACANCY RATE	ASKING RATE (GROSS)
1	3400 Old Milton Pky	Welltower Inc.	1999	190,310	18,395	10%	\$32.00
2	3905 Brookside Pky	Atlanta Women's Health Group, P.C.	2000	80,314	7,748	10%	\$33.50
3	6300 Hospital Pky	Starwood Property Trust, Inc.	2008	90,150	31,502	35%	\$32.50
4	4500 Hospital Pky	Healthcare Trust of America	2012	52,000	--	0%	\$34.00
5	4150 Deputy Bill Cantrell Memorial Hwy	iStar Inc.	2017	91,500	6,500	7%	\$33.00

SPOTLIGHT NORTHEAST



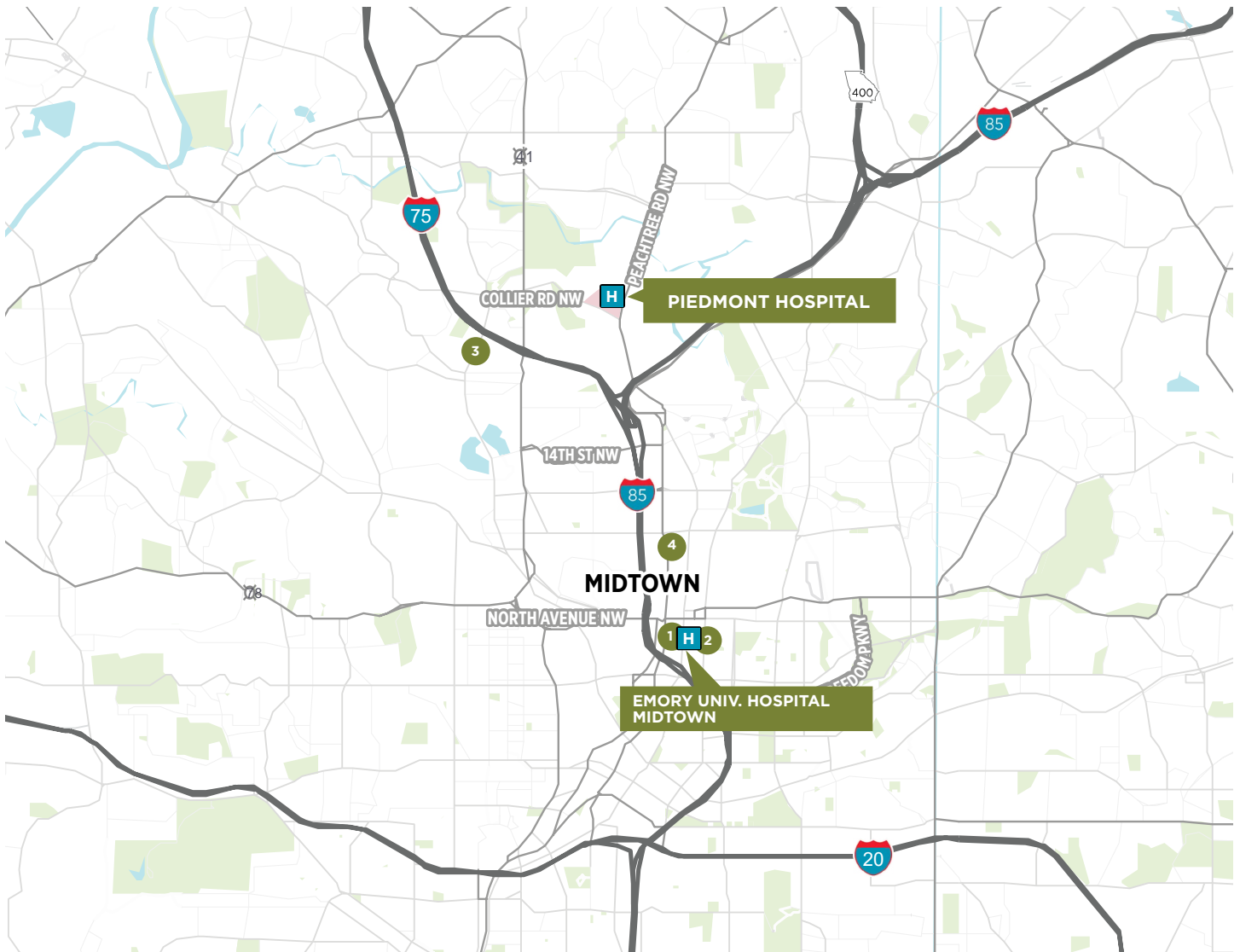
	ADDRESS	OWNER	YEAR BUILT/ RENOVATED	TOTAL RBA	TOTAL AVAILABLE	VACANCY RATE	ASKING RATE (GROSS)
1	600 Professional Dr	Griffin-American Healthcare REIT IV, Inc.	1990	45,359	--	0%	\$28.00
2	3790 Pleasant Hill Rd	Northside Hospital	1990	33,282	10,962	33%	\$27.00
3	1800 Tree Ln	HCA Healthcare, Inc.	2003	59,126	27,320	46%	\$26.00
4	631 Professional Dr	Physicians Realty Trust	2010	127,226	6,938	5%	\$32.50
5	1270 Friendship Rd	Norton Commercial Acreage Group, LLC	2017	50,000	20,000	40%	\$36.00

SPOTLIGHT SOUTH ATLANTA



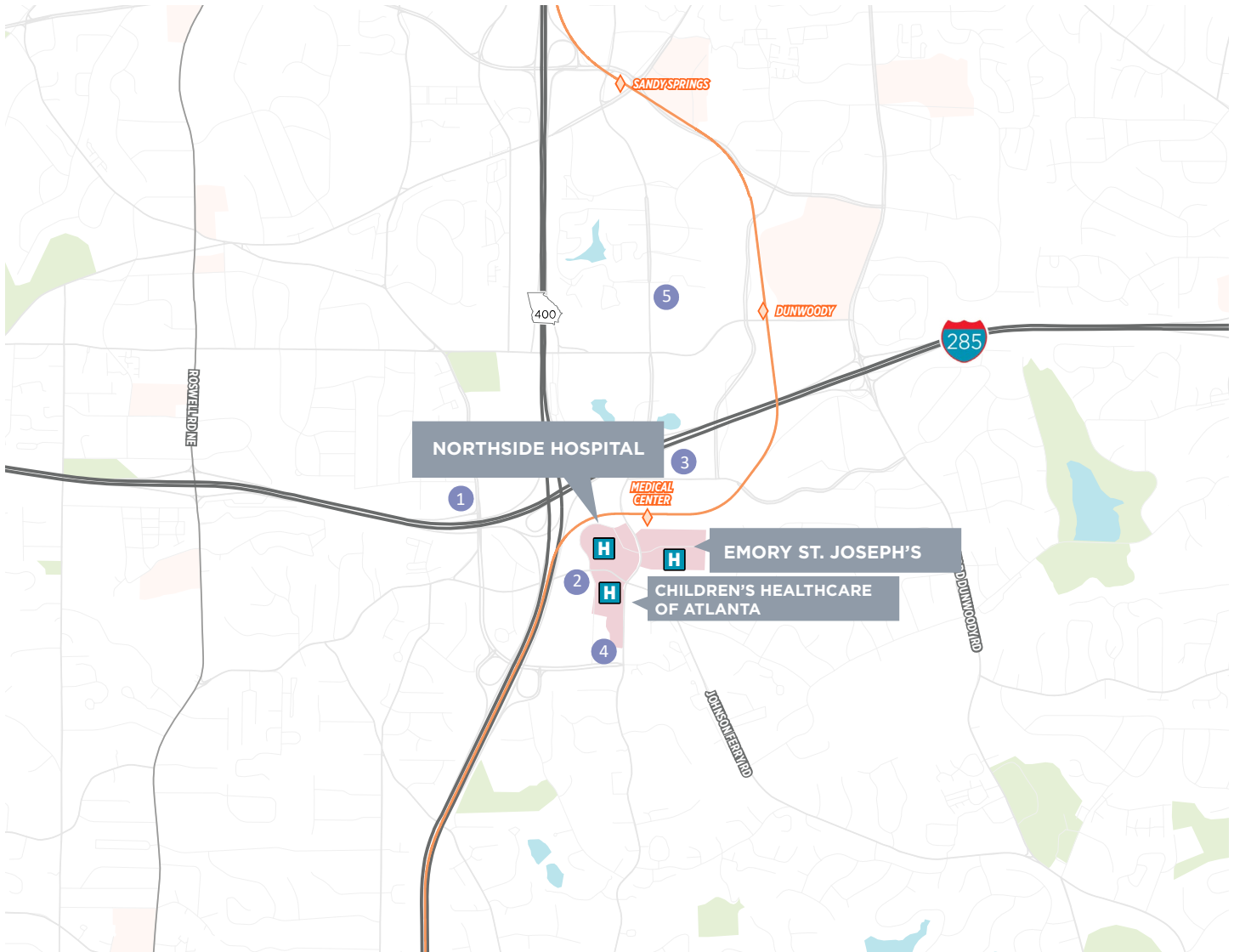
	ADDRESS	OWNER	YEAR BUILT/ RENOVATED	TOTAL RBA	TOTAL AVAILABLE	VACANCY RATE	ASKING RATE (GROSS)
1	1050 Eagles Landing Pky	Hamilton Point Investments	2002	58,317	7,669	13%	\$29.50
2	7823 Spivey Station Blvd	Welltower Inc.	2007	59,195	8,937	15%	\$31.50
3	874 W Lanier Ave	Flagship Healthcare Properties	2007	41,450	4,354	11%	\$28.50
4	3886 Princeton Lakes Way	Healthcare Trust of America	2010	30,398	1,162	4%	\$34.00
5	795 Poplar Rd	Piedmont Healthcare	2021	113,000	--	0%	\$34.00
6	7813 Spivey Station Blvd	Welltower Inc.	2009	47,548	--	0%	\$31.50

SPOTLIGHT MIDTOWN



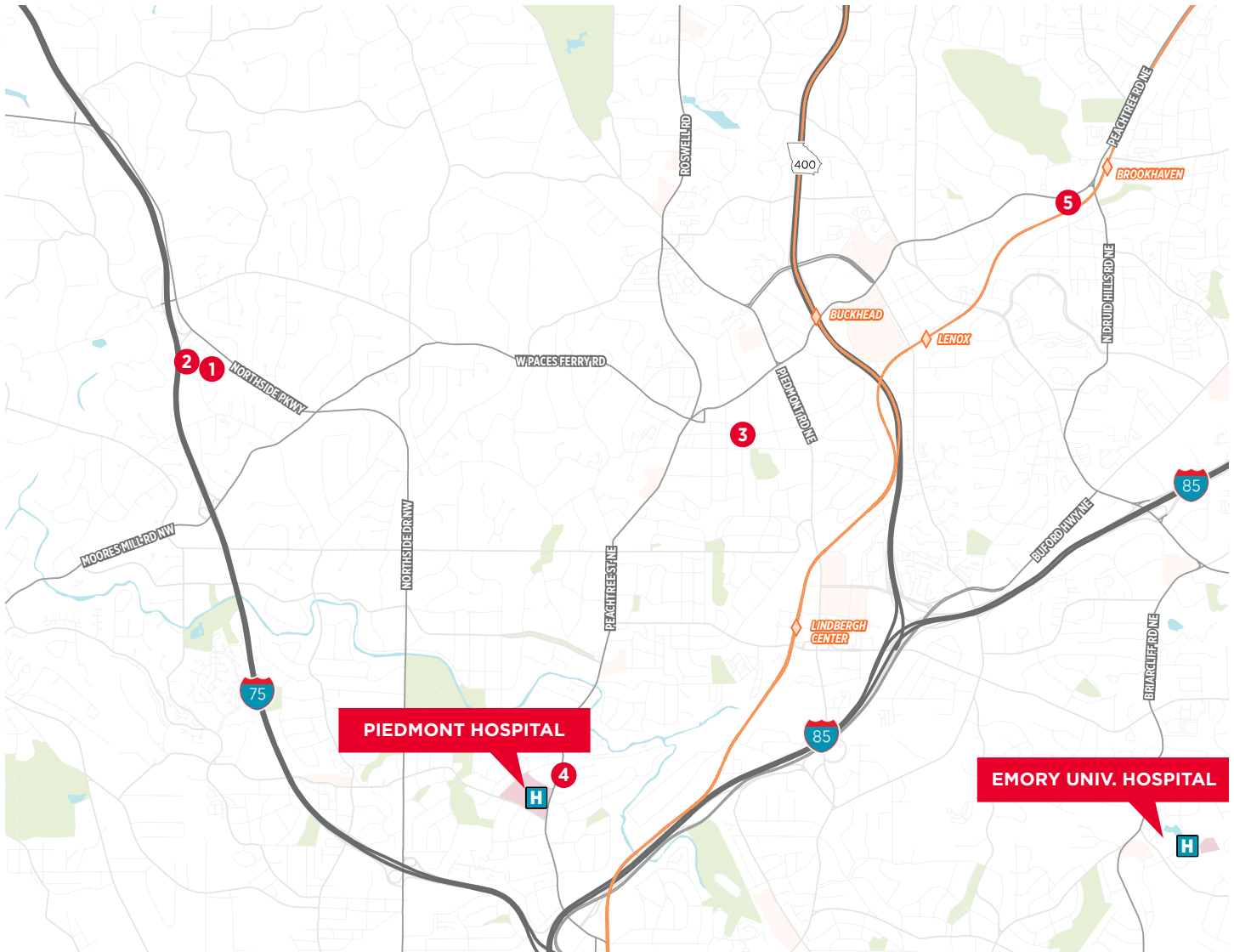
	ADDRESS	OWNER	YEAR BUILT/ RENOVATED	TOTAL RBA	TOTAL AVAILABLE	VACANCY RATE	ASKING RATE (GROSS)
1	1 Baltimore Pl NW	Gamma Real Estate	1885 1989	105,241	17,462	17%	\$26.00
2	550 Peachtree St NE	Emory University	2002 2018	1,221,654	8,039	1%	\$38.50
3	1800 Howell Mill Rd	MB Real Estate Services Inc.	2008	268,894	--	0%	\$37.00
4	1110 W Peachtree St NW	Physicians Realty Trust	2018	168,676	2,885	2%	\$39.00

SPOTLIGHT CENTRAL PERIMETER



	ADDRESS	OWNER	YEAR BUILT/ RENOVATED	TOTAL RBA	TOTAL AVAILABLE	VACANCY RATE	ASKING RATE (GROSS)
1	5730 Glenridge Dr NE	Richmond Honan Development & Acquisitions	1975 2008	96,000	4,779	5%	\$32.00
2	975 Johnson Ferry Rd NE	Welltower Inc.	1984	100,054	6,450	6%	\$32.00
3	1150 Lake Hearn Dr NE	Pavilion Partners LP	1980 2021	175,000	111,900	64%	\$32.00
4	5445 Meridian Mark Rd	Cousins Properties	1999	160,000	--	0%	\$37.00
5	6115 Peachtree Dunwoody Rd NE	Ackerman & Co.	2008	65,497	1,750	3%	\$31.00

SPOTLIGHT BUCKHEAD



	ADDRESS	OWNER	YEAR BUILT/ RENOVATED	TOTAL RBA	TOTAL AVAILABLE	VACANCY RATE	ASKING RATE (GROSS)
1	1801 Peachtree St NE	The Loudermilk Companies	1968 2022	55,474	11,338	20%	\$29.50
2	3200 Downwood Cir NW	Shohreh LLC	1991 2014	230,000	--	0%	\$31.00
3	2061 Peachtree Rd	Healthcare Realty Trust Incorporated	2013	47,936	2,729	6%	\$41.50
4	371 E Paces Ferry Rd NE	The Loudermilk Companies	2018	114,495	27,734	24%	\$41.00
5	3929 Peachtree Rd	Anchor Health Properties	2020	51,429	4,046	8%	\$40.00

CONSTRUCTION ACTIVITY

2021 DELIVERIES



PIEDMONT MEDICAL PLAZA II

795 Poplar Rd

113,000 SF

Owner: Piedmont Healthcare

Submarket: South Atlanta



2860 RONALD REAGAN BLVD

60,578 SF

Owner: Ama Real Estate Holdings

Submarket: North Fulton



PADDOCKS MEDICAL

2685 Peachtree Pky

60,166 SF

Owner: Crosland Barnes Group

Submarket: North Fulton



BROOKHAVEN MEDICAL CENTER II

3929 Peachtree Rd

51,429 SF

Owner: Anchor Health/Carlyle Group

Submarket: Buckhead



1521 HICKORY FLAT HWY

36,000 SF

Owner: Hickory Flat MOB 2, LLC
Submarket: Northwest



660 CHEROKEE ST NE

35,450 SF

Owner: Caddis
Submarket: Northwest



156 FOSTER DR

31,326 SF

Owner: Remedy Medical Properties
Submarket: South Atlanta



187 CHASTAIN RD

39,642 SF

Owner: SG Properties | Artemis
Submarket: Northwest



CONSTRUCTION ACTIVITY

CONSTRUCTION PIPELINE

Three medical office buildings are active in the construction pipeline. A 145,000 SF building is underway in Northeast Atlanta with plans to deliver in early 2023. The project, which is 36.8% available, is connected to Northside Hospital Gwinnett.

In Buckhead, Darlington Medical Center is under construction across Peachtree Road

from Piedmont Atlanta Hospital and The Shepherd Center. The 75,000 SF speculative project is slated to deliver in 3Q 2022 and remains fully available.

The building broke ground in November 2021 on a 60,000 SF MOB in the Northwest submarket. The building will deliver in November 2023 and is 94% leased.



**In this market,
a little bit of
speculative
development is
a good thing...**



2112 MEDICAL CENTER BLVD

145,000 SF

Under Construction, Delivers Q1 2023

Owner: affiliates of NSH

Submarket: Northeast



NORTHSIDE MEDICAL CUMBERLAND

4359 W Atlanta Rd SE

60,000 SF

Under Construction, Delivers Q4 2023

Owner: NSH, Managing Member

Submarket: Northwest



DARLINGTON MEDICAL CENTER

2021 Peachtree Rd

75,000 SF

Under Construction, Delivers Q3 2022

Owner: Varden Capital Properties

Submarket: Buckhead

LEASE TRANSACTION ACTIVITY

2021 MOB HIGHLIGHTS



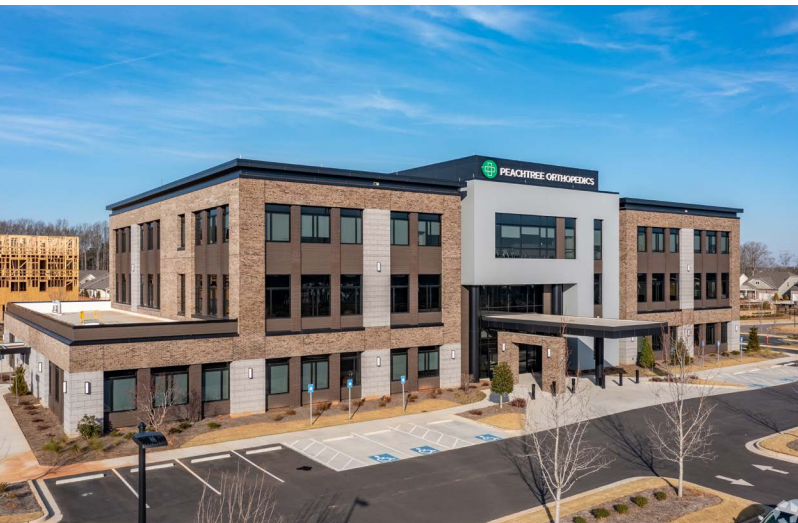
795 POPLAR RD

Tenant: Eye Consultants of America
SF Leased: 22,500 SF
New Lease
Submarket: South Atlanta



1100 JOHNSON FERRY RD NE

Tenant: Eye South Partners
SF Leased: 18,620 SF
New Lease
Submarket: Central Perimeter



2860 RONALD REAGAN BLVD

Tenant: Peachtree Orthopedics
SF Leased: 15,872 SF
New Lease
Submarket: North Fulton



550 PEACHTREE ST NE

Tenant: Emory Healthcare
SF Leased: 12,877
Sublease
Submarket: Midtown



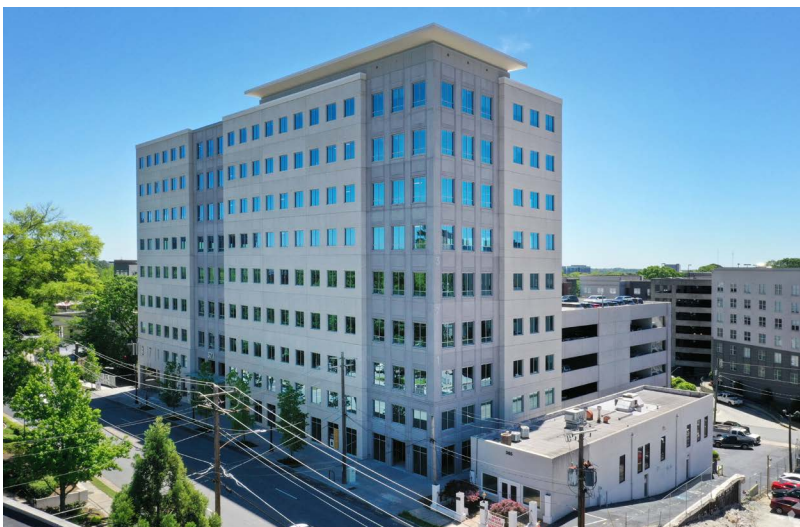
1050 EAGLES LANDING PKY

Tenant: Atlanta Cancer Care
SF Leased: 10,476 SF
New Lease



371 E PACES FERRY RD NE

Tenant: Beltline Bariatrics
SF Leased: 5,706 SF
New Lease
Submarket: Buckhead



INVESTMENT SALES ACTIVITY

2021 MOB HIGHLIGHTS



156 FOSTER DR

Sale Price: \$13.0M | \$415 PSF
Buyer: Remedy Medical Properties
Sale Date: January 2022
Submarket: South Atlanta



187 CHASTAIN RD

Sale Price: \$709 PSF
Buyer: SG Properties | Artemis
Sale Date: January 2022
Submarket: Northwest



2324 LIMESTONE OVERLOOK

Sale Price: \$12.1M | \$575 PSF
Buyer: KKR
Sale Date: December 2021
Submarket: Gainesville



PRESTIGE PARK

874 W Lanier Ave
Sale Price: \$14.6M | \$352 PSF
Buyer: Flagship Healthcare Properties
Sale Date: December 2021
Submarket: South Atlanta



SMYRNA HEIGHTS

1155 Concord Rd SE
Sale Price: \$9.4M | \$433 PSF
Buyer: TBD
Sale Date: November 2021
Submarket: Northwest



ROSWELL MEDICAL CENTER

1285 Hembree Rd
Sale Price: \$14.8 M | \$322 PSF
Buyer: Big Sky Medical
Sale Date: November 2021
Submarket: North Fulton



MARBLE MILL MEDICAL CENTER

121 Marble Mill Rd NW
 Sale Price: \$9.5M | \$431 PSF
 Buyer: Harrison Street Capital
 Sale Date: August 2021
 Submarket: Northwest



FAYETTE PROF. CENTER - PHASE I

1250 Highway 54 W
 Sale Price: \$8.0M | \$162 PSF
 Buyer: Kanye Anderson Real Estate
 Sale Date: August 2021
 Submarket: South Atlanta



MONTREAL MEDICAL CENTER

1462 Montreal Rd
 Sale Price: \$9.0M | \$180 PSF
 Buyer: Northside Hospital
 Sale Date: May 2021
 Submarket: Northlake



15 MEDICAL DR

Sale Price: \$19.5M | \$390 PSF
 Buyer: SG Properties | Artermis
 Sale Date: April 2021
 Submarket: Northwest



PRESTLEY MILL MEDICAL CENTER

4586 Timber Ridge Dr
 Sale Price: \$5.6M | \$196 PSF
 Buyer: Healthcare Realty Trust Inc.
 Submarket: Douglasville

HEALTHCARE ADVISORY TEAM

WHO WE ARE

CUSHMAN & WAKEFIELD

GLOBALLY



60

COUNTRIES



400

OFFICES



50,000

EMPLOYEES



\$8.8B

REVENUE



4.1B

MANAGED SF

LOCALLY



TOP 2

COMMERCIAL REAL
ESTATE FIRM



TOP 10

BEST PLACES
TO WORK



FORBES

BEST EMPLOYERS 2019
BEST EMPLOYERS FOR DIVERSITY 2019
BEST EMPLOYERS FOR WOMEN 2020



550+

PROFESSIONALS



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- 20+ years of experience
- Atlanta Lead Healthcare Advisory Practice

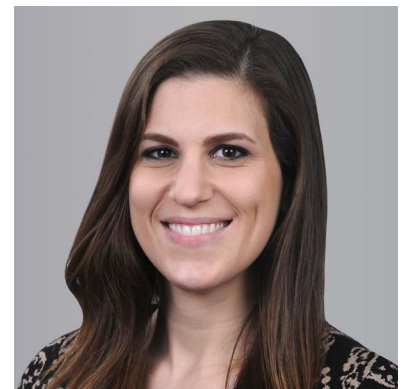


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- Atlanta Team Member Healthcare Advisory Practice



CHRISTA DILALO

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- 10+ years of experience
- Southeast Research Director

NATIONAL NUMBERS



35M

square feet of healthcare
properties under management



\$2B

healthcare and senior housing
investment sales in 2019



300+

healthcare advisory
practice professionals



\$4.6B

landlord and tenant leasing
transaction value in 2019



LORIE DAMON

Managing Director

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- 15+ years of experience
- Ph.D.
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