

MARKETBEAT ATLANTA



Office Q3 2021

YoY Chg 12-Mo. Forecast

22.7%
Vacancy Rate



-1.4M
Net Abs. YTD, SF



\$29.34
Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS Q3 2021

YoY Chg 12-Mo. Forecast

2.8M
Atlanta
Employment



3.6%
Atlanta
Unemployment Rate



5.2%
U.S.
Unemployment Rate



Source: BLS

ECONOMY: Employment Continues to Strengthen

With a quarterly unemployment rate of 3.6%, Metro Atlanta's employment fundamentals continued to improve at a more rapid pace than the U.S. average. Every main industry sector recorded growth over the past year including the key office-using segments Professional and Business Services (7.5%) and Financial Activities (3.9%).

SUPPLY: Construction Pipeline and Second-Generation Space

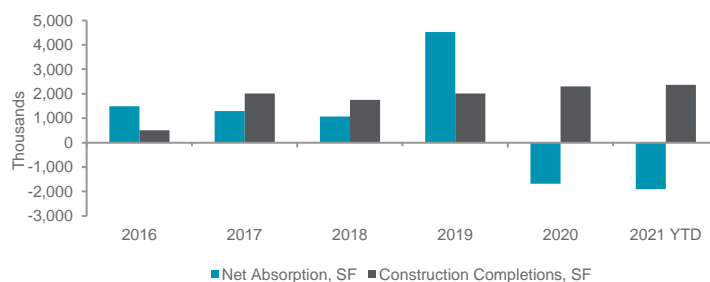
Norfolk Southern Corporation completed construction on the most sizable office delivery of the quarter, though its 750,000-square-foot (sf) build-to-suit facility in Midtown is excluded from the data set due to its owner-occupied status. Nearby, Selig Enterprises' 662,619-sf property at 1105 West Peachtree delivered fully pre-leased to Smith, Gambrell, & Russell (which occupied its space in Q3) and Google (slated for early-2022 move-in). In 2021 to date, nearly 3.1 million square feet (msf) of new product has delivered across the Metro—a 33% increase over the 2020 year-end total. An additional 2.8 msf remains under construction.

Overall vacancy remained stable in Metro Atlanta, falling slightly to 22.7% after increasing gradually for the past five quarters. Atlanta recorded nearly 880,000 sf of net occupancy gains during the third quarter, the second consecutive quarter of positive absorption. The most substantial occupancy improvements occurred in Midtown, where Microsoft completed the buildout of its 523,511 sf at Atlantic Yards, and Georgia 400, where Global Payments moved into more than 200,000 sf at 5995 Windward Parkway. In total, seven of the nine major office submarkets recorded occupancy improvements throughout the quarter. The most significant move-outs of the quarter occurred in Buckhead and Midtown, where Anthem and Smith, Gambrell, & Russell each moved out of large blocks of space into newly-constructed product.

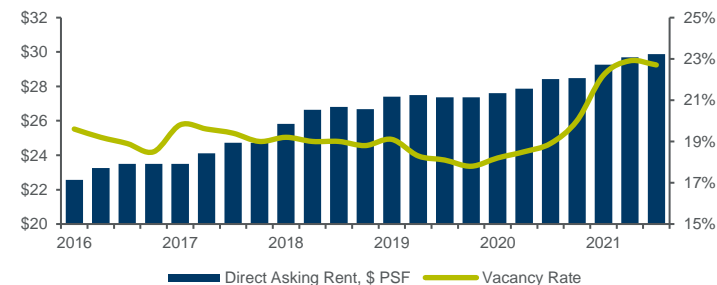
RENTAL RATES: Still on the Rise

The direct average asking rent continued to climb, rising for the third consecutive quarter, yielding 5.2% rent growth over the past year. At \$29.87 per-square-foot (psf), this marks a new historical high for Metro Atlanta. Midtown remains the priciest submarket in the metro with a direct Class A rate of \$42.25 psf, a reflection of the unique, highly-amenitized opportunities in West Midtown, East Midtown, and the Midtown core. Central Perimeter continues to boast the highest suburban rents, with a Class A direct average rate of \$31.21 psf.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & DIRECT ASKING RENT



DEMAND: Uptick in Leasing Across Submarkets

Atlanta recorded an uptick in demand, marking the highest quarterly total of new leasing activity in over a year. The rise was most substantial in the CBD, where nearly 773,000 sf of new leases were signed during Q3 – a 59.6% quarter-over-quarter (QOQ) increase. The largest deal of the quarter was inked by Visa, which announced it will bring 1,000 jobs to the region as it plans to occupy 123,000 sf of Norfolk Southern’s former home at 1200 Peachtree Street. This firm is the latest in a series of recent announcements of relocations and expansions into the Atlanta market. While Midtown boasted the highest demand, all but one submarket saw a QOQ increase. Midtown, Central Perimeter, Northwest and Buckhead each recorded more than 200,000 sf of new leasing activity.

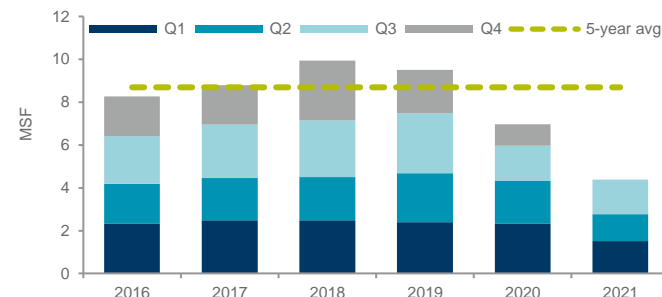
INVESTMENT SALES: Continued Strong Performance

Nearly 3.0 msf of premium office product traded during Q3, affirming Atlanta’s significant capital markets strength. Quarterly volume totaled \$915.6M, a 267.5% year-over-year increase. At \$295, the median price psf is the highest in history. Institutional buyers comprise 32.8% of the capital composition in 2021 YTD. After setting a record during Q2 with the purchase of the Anthem Technology Center, Metro Atlanta reached a new high-water mark in Q3. Cousins Properties paid \$809 psf for 725 Ponce, a 370,000-sf premier office building on the BeltLine’s Eastside Trail. Other key sale transactions included 250 East Ponce in Decatur, the Armour Yards portfolio in Buckhead, and 250 Williams Street in the Downtown area.

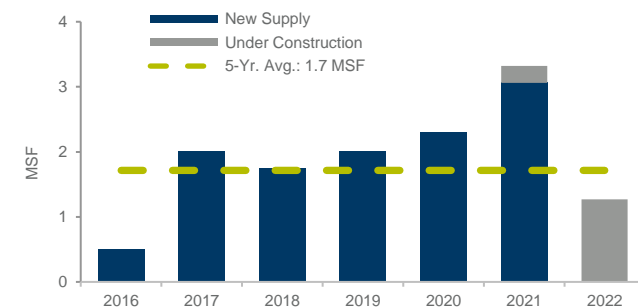
OUTLOOK

- The signature of several leases ranging from 100,000 – 600,000 sf were imminent at the close of Q3. The expectations of these transactions finalizing in the coming months bodes well for Atlanta’s leasing performance throughout the remainder of 2021.
- Though some shadow space remains (with the likes of AT&T, Norfolk Southern, Novelis, and others anticipating move-outs from sizable blocks over the next year), recent large leases and their forthcoming occupancy can be expected to begin driving the vacancy rate downward once again.

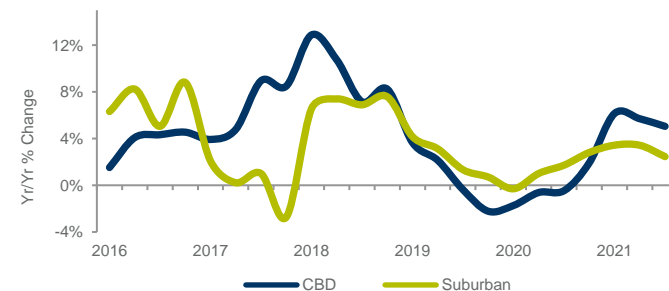
DEMAND: NEW LEASING ACTIVITY



SUPPLY: CONSTRUCTION DELIVERIES



CLASS A ASKING RENT TREND



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLET VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION	YTD OVERALL ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Downtown	15,455,830	3,644,865	190,643	24.8%	5,954	-515,532	280,466	108,400	\$27.52	\$28.13
Midtown	23,267,400	5,362,673	357,954	24.6%	453,511	373,341	772,269	1,964,528	\$38.11	\$41.90
Buckhead	17,742,177	4,139,888	364,465	25.4%	-242,997	-1,345,779	543,707	365,257	\$36.93	\$37.58
Central Perimeter	24,691,064	5,376,113	843,919	25.2%	-66,145	-288,633	699,108	0	\$28.96	\$30.74
Georgia 400 Corridor	19,111,205	3,453,610	857,584	22.6%	320,916	-11,617	684,475	410,997	\$26.03	\$27.73
Northwest Atlanta	24,485,322	4,349,137	485,404	19.7%	235,797	297,356	805,866	0	\$27.51	\$29.92
Airport/South Atlanta	4,030,701	532,266	117,473	16.1%	13,174	55,352	33,105	0	\$19.54	\$21.05
Northlake/Decatur	4,395,109	1,134,101	47,226	26.9%	1,002	-7,650	77,785	0	\$23.07	\$25.83
Northeast	20,470,234	3,439,917	220,168	17.9%	158,767	-4,968	492,216	0	\$20.86	\$22.33
ATLANTA TOTALS	153,649,042	31,432,570	3,484,836	22.7%	879,979	-1,448,130	4,388,997	2,849,182	\$29.34	\$31.97

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q3 2021

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
1200 Peachtree	Midtown	Visa	123,000	New Lease
Lakeside at Spalding Triangle 100 & 200	Northeast	Intuitive Surgical	121,349	New Lease
171 17 th Street	Midtown	Arnall Golden Gregory LLP	97,792	Renewal/Expansion
One Phipps Plaza	Buckhead	Novelis	95,742	Pre-Lease
Concourse Corporate Center Five	Central Perimeter	Atlantius Holding Corp.	73,124	Renewal
2002 Perimeter Summit	Central Perimeter	Aprio	52,184	New Lease

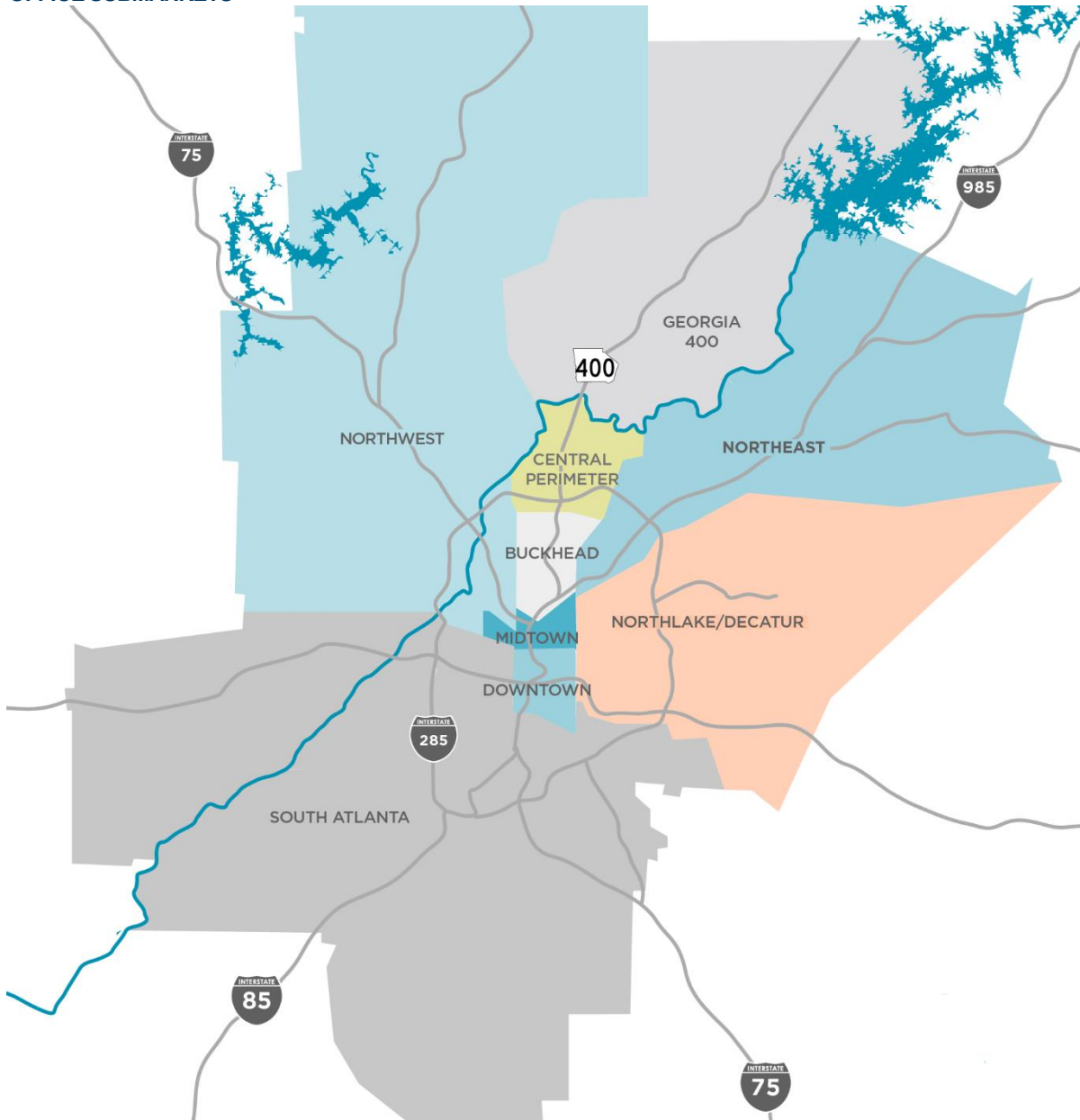
KEY SALES TRANSACTIONS Q3 2021

PROPERTY	SUBMARKET	SELLER BUYER	SF	PRICE \$ PSF
725 Ponce	Midtown	New City Properties/JP Morgan Cousins Properties	370,000	\$300.2M \$809
250 East Ponce	Northlake/Decatur	Dilweg TUFF	141,582	\$52.5M \$371
Armour Yards Portfolio	Buckhead	Preferred Office Properties Northwood Office	223,855	\$79.5M \$357
The Edison Chastain	Northwest	TPA Group Vanderlande Industries	152,612	\$38.5M \$252
250 Williams Street	Downtown	Sila Realty Trust Mapletree	1,589,465	\$285M \$179
Peachtree Corners Corporate Centre Portfolio	Northeast	Icarus Alternative Investments Somerset Properties	162,293	\$21.5M \$134

KEY CONSTRUCTION COMPLETIONS Q3 2021

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER DEVELOPER
650 West Peachtree	Midtown	Norfolk Southern	750,000	Norfolk Southern Cousins Properties
1105 West Peachtree	Midtown	Google Smith, Gambrell, & Russell	662,619	Selig Enterprises
251 Armour Drive	Buckhead	N/A	40,000	Northwood Office

OFFICE SUBMARKETS



CHRISTA DILALO

Director, Southeast

Tel: +1 404 853 5231

christa.dilalo@cushwake.com

RILEY MCMULLAN

Associate Director

Tel: +1 404 853 5292

riley.walker@cushwake.com

BRANDON LABORD

Senior Analyst

Tel: +1 404 853 5245

brandon.labord@cushwake.com

SHAUNDI MCDANIEL

Analyst

Tel: +1 404 682 3464

shaundi.mcdaniel@cushwake.com

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