

Market Report

2019 was a historically successful year for the Atlanta office market. The city scored large corporate relocations, expansions, and has consistently defied predicted slowdowns. Big name firms are snatching up space in Atlanta's recently delivered and under construction "Class A+" buildings that are demanding rates into the mid-50's/SF. It will be interesting to see how Atlanta's historic buildings compete as their legacy tenants relocate to these shiny new towers like 1105 WP, Midtown Union, and CODA. The Atlanta Beltline, the hippest place to eat, drink, and increasingly, work, has proliferated expansion throughout neglected areas of Atlanta this year. 760 Ralph McGill and Quarry Yards are prime examples of mixed-use developments that likely would not have happened without the Beltline's influence. Midtown, still the hottest market in Atlanta with over 3 million square feet under construction, ended out Q4 2019 with just 259,529 SF in leasing activity, relatively low compared to past quarters for this tech-driven submarket. Buckhead landed 325,437 SF in leasing activity in Q4, a well-deserved win over Midtown that has been stealing the ITP spotlight for most of 2019. Atlanta's outer and more affordable office markets, Cumberland/Galleria and Central Perimeter, closed out Q4 with 238,027 SF and 597,685 SF in leasing activity, respectively. Bank of America Plaza, Atlanta's tallest building that sits between Downtown and Midtown, secured 58K SF in leases this quarter; a significant win for this icon of the Atlanta skyline that has been plagued with large vacancies for many years. With the economy holding steady, the city still thriving from a highly educated talent pool, and relatively low cost of living, we predict a healthy start to 2020 for Atlanta's office market.

Occupier's Perspective



Overall vacancy rates have held steady throughout 2019. Atlanta closed out at 11.6% this quarter, a negligible increase from Q3.



36 Class A buildings, totaling 7.5 million SF, are under construction across metro Atlanta, over half of which is in Midtown alone.



CBD Class A rent ended at \$35.28/SF this quarter. This number has grown steadily this year as we still are in somewhat of a "landlord's market." New deliveries will continue to escalate average rent in 2020.

Market Trends



West Atlanta development continues to thrive. A once scattered array of industrial buildings and rail stations, this area is brimming with mixed-use projects. Quarry Yards and the Beltline expansion will make Atlanta's westside one of the hottest places to work and live in the coming years.

760 Ralph McGill secured a \$22.5 million tax break this quarter from Invest Atlanta as it is set to break ground Q1 2020. From the same developers as 725 Ponce, the 475,000 SF project at Ralph McGill Blvd will be an exciting addition to this once considered aging corridor and add to the growing office presence on the Beltline.

1105 WP and Midtown Union delivering in Q2 2021 and Q2 2022, respectively, are going to be Midtown's most desirable and expensive new buildings. When 14th & Spring breaks ground, it will add to the concentration of class A+ office offerings on Midtown's northern fringe.



Rental and Vacancy Rates

Direct Asking Rent (\$/SF)	Total Vacancy Rate	QoQ Change
\$35.28	CBD Class A 14.5%	▼ 0.7%
\$27.75	CBD Class B 6.6%	▲ 0.5%
\$34.31	CBD Total 11.6%	▲ 0.7%
\$27.59	Suburban Class A 14.4%	▲ 0.3%
\$20.05	Suburban Class B 12.3%	▲ 0.5%
\$23.31	Suburban Total 11.4%	▲ 0.2%
\$10.98	Industrial Flex 5.2%	▼ 0.2%
\$4.79	Industrial Warehouse 6.5%	▲ 0.3%
\$5.40	Industrial Total 6.1%	▲ 0.2%

Notable Transactions

Tenant	Building	Size (SF)	Type	Submarket
The Art Institute	6600 Peachtree Dunwoody Rd.	112,367	Renewal	Central Perimeter
MarketSource	11700 Great Oaks Way	100,484	Renewal	North Fulton
AIU	6600 Peachtree Dunwoody Rd.	75,698	Renewal	Central Perimeter
World Financial Group	11315 Johns Creek Pky	50,000	New Location	North Fulton
Convoy	600 Peachtree St NE	49,914	New Location	Midtown