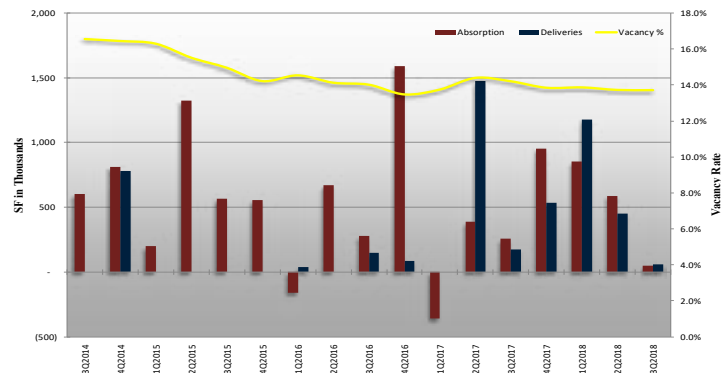


# MARKET REPORT

## ATLANTA OFFICE MARKET SNAPSHOT

Total Square Feet:	138,327,041	↑
Vacant Square Feet:	18,968,985	↑
Percent Occupied:	86.29%	↑
Absorption for Quarter:	46,594	↑
Absorption Year-to-Date:	1,488,266	↑
Average Rental Rates:	\$24.52	↑
Space Delivered YTD:	1,542,944	↑
Class "A" Avg. Rental Rate:	\$27.44	↑

## METRO ATLANTA OFFICE MARKET SUMMARY



*Metro Atlanta office market fundamentals have shown great stability...*

### Overview

The metro Atlanta office market completed third quarter 2018 with 46,594 square feet of positive absorption. This quarter was highlighted by large moves, both positive and negative to reflect major office consolidations in the Atlanta market to include the major consolidations by AT&T and Comcast. AT&T at 675 West Peachtree announced last quarter they would be consolidating their offices and moving out of their AT&T Tower in Midtown. Comcast also moved into their new headquarters to The Battery at SunTrust Park. While there were significant move-outs this quarter, there were also large move-ins within the Central Business District.

Overall, this quarter remained relatively unchanged from second quarter 2018. Rental rates increased to \$24.52 per square foot on average, up \$0.03 per square foot from second quarter 2018. Occupancy rates remained unchanged from second quarter 2018 at 86.29%. New developments and investment continue to flow into metro Atlanta real estate which will continue to serve rising demand from population and job growth.

### Urban Submarkets

Downtown led third quarter 2018 in absorption by a wide margin with 209,616 square feet of positive absorption. This was mostly made up by over 71,000 square feet of positive absorption at Bank of America Plaza, as well as a newly delivered office building in the Old Fourth Ward called "The Willoughby", which is fully leased by several companies. The Willoughby is a new Class A 61,000 square foot office space located in the vibrant Old Fourth Ward neighborhood, situated adjacent to both Downtown and Midtown.

Midtown finished third in absorption with 48,433 square feet of positive absorption. Although AT&T announced they will be vacating a total of 2.5 million square feet of office space throughout Atlanta and consolidating into existing offices elsewhere, this consolidation will open several opportunities for businesses to relocate to this highly sought-after Midtown submarket. Major Midtown activity included Honeywell and Gather leasing 61,000 square feet of space at 715 Peachtree St NE. Interface also moved into their 42,000 square feet at their new redeveloped offices at 1280 W Peachtree St.

Buckhead had large moves both in and out of this submarket. Terminus leased 41,698 square feet at Tower Place 100 (3340 Peachtree Rd NE) and Regus took 31,957 square feet at 3035 Peachtree Rd. Buckhead ended with a net negative 15,922 square feet for third quarter absorption primarily due to Bain & Co. vacating their offices of nearly 70,000 square feet at Terminus 100 (3280 Peachtree Rd NE) and completing their relocation to 1180 Peachtree in Midtown.

### Suburban Submarkets

The suburban submarkets had a mixed quarter and finished third quarter with 195,533 square feet of negative absorption. There were large move-outs in the Norcross/ Peachtree Corners submarket along with major consolidations of office space by Comcast, adjacent to the new Braves Stadium, and State Farm in Dunwoody. General Motors also relocated 96,900 square feet from the GA-400 North submarket. These move-outs should not be interpreted as a sign of poor activity. The suburban submarkets have seen new developments of major office buildings this year. In Central Perimeter, State Farm's Phase 2 building is currently under construction and will contain 670,000 square feet. This is in addition to their existing first phase of 590,926 square feet which sold last year for \$466 per square foot. This complex borders another Class A office building, 4004 Perimeter Summit, that holds 355,250 square feet.

Another suburban submarket that has had great success this year is the I-75/I-285 submarket. This submarket has seen a large amount of new development. Since 2017, there have been four Class A office buildings developed, totaling a combined 956,418 square feet of new office space. This submarket also recently gained a commitment from ThyssenKrupp to build a new 420-foot tower containing 290,000 square feet of office space.



### TOP FIVE RANKING SUBMARKETS

#### Net Absorption - 3rd Quarter 2018

Downtown	209,616
Airport-South	65,388
Midtown	48,433
NE Express-South	44,074
I-75/I-285	23,963

#### Total Existing Square Feet

I-285/GA-400	23,398,494
I-75/I-285	19,412,170
GA-400 North	16,219,132
Buckhead	16,164,348
Midtown	16,038,997

#### Submarket Occupancy Rate

I-20W/Greenbriar	93.80%
NE Expressway-South	93.62%
I-75N/Marietta/Johnson	93.42%
Decatur	92.02%
I-285/I-85/Northlake	88.75%

#### Average Quoted Rental Rate

Midtown	\$30.45
Buckhead/Lenox	\$30.29
I-75 Corridor	\$27.69
I-285/GA-400	\$25.87
I-75/I-285	\$23.80

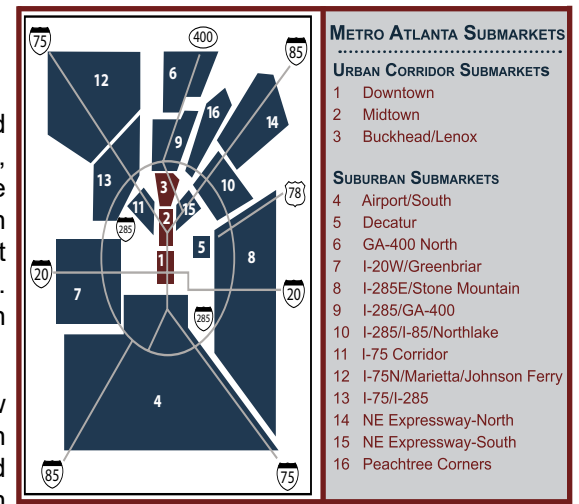
#### Average Quoted Class A Rental Rate

Midtown	\$32.07
Buckhead/Lenox	\$31.78
I-285/GA-400	\$28.20
I-75/I-285	\$26.23
GA-400 North	\$25.09

## Outlook

Our outlook for the metro Atlanta office market remains strong and fundamentals have shown great stability. Rental rates are slowly increasing, and occupancy rates are in the highest ranges since the early 2000's. There is also currently 2,000,000 square feet of office space under construction in metro Atlanta which shows investors and developers are very optimistic that Atlanta will continue to perform well relative to other geographical opportunities. Atlanta's population continues to see a record number of new residents which has also contributed to job growth, investment and office demand.

A decision on The Gulch in Downtown, creating approximately 40 new city blocks, is the largest potential Atlanta development and a major urban commitment for Atlanta. City officials have been divided on the decision to fund this major development with taxpayer money. A commitment of over \$1 billion is at stake for potential new developments and major relocations that would be



a major urban impact for future generations in Atlanta.

Other major infrastructure plans for Atlanta's future will come from the new MARTA transportation plan that pledges \$2.7 billion to City of Atlanta projects to expand, adapt and improve our public transportation systems. This 40-year plan involves 29 miles of light rail, 13 miles of bus rapid transit lines and three arterial rapid transit routes. As Atlanta's population continues to grow, public transportation policy has been at the forefront of city officials for the past few years. This plan shows a great commitment to improving and expanding our current public transportation options.

### OFFICE TOTALS BY SUBMARKET

SUBMARKET	TOTAL SF	VACANT SF	OCCUPANCY RATE	CURRENT ABSORPTION	YTD ABSORPTION	AVERAGE RENT RATE
<b>Urban</b>						
Downtown	15,636,867	2,347,152	86.28%	209,616	88,140	\$23.41
Midtown	16,083,997	1,879,737	89.01%	48,433	579,015	\$30.45
Buckhead/Lenox	16,285,105	1,993,454	88.23%	(15,922)	383,543	\$30.29
<b>Urban Totals</b>	<b>48,005,969</b>	<b>5,828,623</b>	<b>87.86%</b>	<b>242,127</b>	<b>1,050,698</b>	<b>\$28.10</b>
<b>Suburban</b>						
Airport/South	2,942,528	753,188	76.14%	65,388	50,993	\$17.41
Decatur	1,154,049	92,133	92.35%	1,817	(27,441)	\$22.71
GA-400 North	16,219,132	2,294,989	85.40%	(81,955)	(32,223)	\$23.04
I-20W/Greenbriar	313,609	19,439	93.58%	(688)	3,255	\$15.53
I-285/GA-400	23,398,494	3,050,990	86.64%	(109,342)	269,448	\$25.87
I-285/I-85/Northlake	4,449,611	500,439	88.25%	9,049	(18,091)	\$17.94
I-285E/Stone Mountain	271,007	35,893	86.64%	2,628	11,807	\$16.17
I-75 Corridor	1,127,333	127,089	89.70%	381	3,594	\$27.69
I-75/I-285	19,412,170	3,164,093	84.26%	23,963	303,894	\$23.80
I-75N/Marietta/Johnson Ferry	3,158,977	207,704	93.50%	12,657	(9,485)	\$21.35
NE Expressway - North	4,934,213	949,830	80.00%	816	(44,323)	\$19.33
NE Expressway - South	4,677,125	298,481	93.69%	44,074	50,479	\$20.87
Peachtree Corners	7,907,224	1,376,975	80.16%	(164,321)	(124,339)	\$17.19
<b>Suburban Totals</b>	<b>90,321,072</b>	<b>13,140,362</b>	<b>85.45%</b>	<b>(195,560)</b>	<b>437,568</b>	<b>\$22.62</b>
<b>Total with Averages</b>	<b>137,816,684</b>	<b>18,968,985</b>	<b>86.29%</b>	<b>46,594</b>	<b>1,488,266</b>	<b>\$24.52</b>

Richard Bowers & Co. is Atlanta's premier, local commercial real estate firm. Established in 1980, we currently engage in leasing and sales of office, industrial, retail, land and investment properties and have completed over 11,000 requirements and over 86,000,000 square feet of space leased or sold since our inception. Over the years we have continued growth by adding affiliate companies to satisfy diverse real estate needs for our clients. Our full-service approach offers a single-source solution encompassing property and facility management; design and relocation services; development and construction management; and financial services.

**Richard Bowers & Company has been providing self generated and proprietary office market data since 1989**

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