

ATLANTA

OFFICE | Q3 2019

MARKET REPORT

149,772 SF

Q3 Net Absorption ↓
Q2 481,099

15.0%

Q3 Vacancy ↑
Q2 14.9%

3,211,652 SF

Q3 Leasing Activity ↑

7,273,458 SF

Under Construction ↑

265,955 SF

New Supply Delivered ↓

\$27.21 SF

Average Asking Rent (per yr.)

\$182

Average Sales per SF

\$785 M

274 Sales Transactions

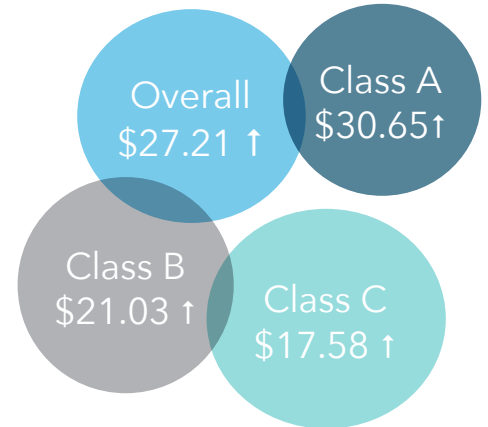


MARKET OVERVIEW

Overall vacancy in the Atlanta office market increased slightly, ten basis points in the third quarter of 2019 to 15.0% with positive net absorption of 149,772 SF due to larger tenants occupying new space. Average asking rents for classes A, B, and C rose to \$27.21 PSF. There was 7,273,458 SF under construction in Q3, with Midtown Atlanta leading all office development with 3.56 MSF.

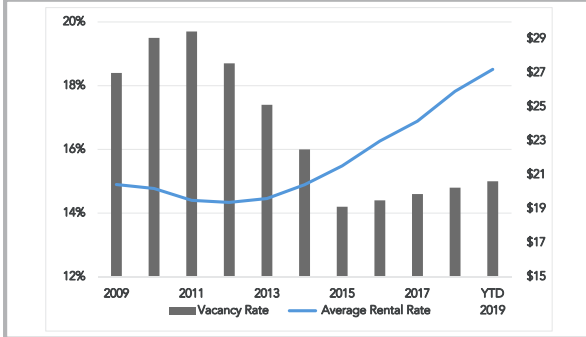
Midtown Atlanta continues to be the most popular submarket for office development. On the leasing side, Invesco (300k,) Anthem BlueCross BlueShield (275k,) and BlackRock (132k) have all announced its' plans of expansion and relocation in Midtown Atlanta. At the beginning of 2019, Midtown had an explosive 1,487,652 SF under construction. Today, there is 3,566,262 SF under construction in Midtown, a 139% increase since Q1 2019.

OVERALL RENTAL RATES



VACANCY & RENTAL RATE

percentage, 2009 - 2019



ABSORPTION

- Absorption for the Atlanta market was positive 149,772 SF thanks to Inspire Brands (171,481 SF) and Keysight Tech (50,003 SF) move ins.

VACANCY RATE

- Northlake reported the lowest submarket vacancy at 11.9%.

RENTAL RATES

- Buckhead and Midtown reported the highest asking average rental rates in Q3, both asking over \$35 PSF, with Midtown asking over \$3 more PSF than Buckhead.

DEVELOPMENT/CONSTRUCTION

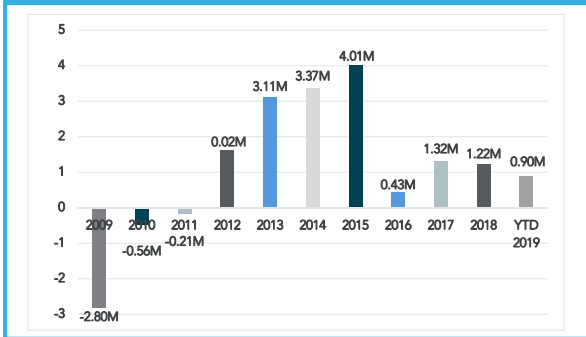
- At the end of Q3, there was 7,273,458 SF under construction in the Atlanta market and 265,955 SF delivered, in Q3 with 1.77M SF year to date.

SALES & LEASING ACTIVITY

- The largest sale of Q3 was the sale of the Salesforce Tower in the Buckhead submarket; KKR & Co. LP purchased the 631,808 SF office building for \$205 M, or \$324 PSF.
- PruittHealth, which provides nursing home and assisted living care, signed a 197,455 SF lease at 5238 Peachtree Rd in the Northlake submarket in Q3 where it plans to relocate their headquarters.

ABSORPTION

in SF, 2009 - 2019

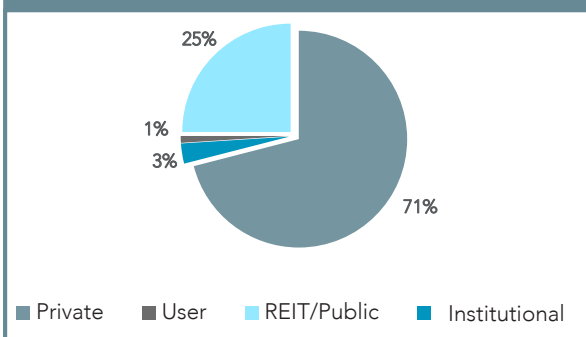


LARGEST PROJECTS UNDER CONSTRUCTION as of Q3

Building Name	Building Address	SF	Preleased	Delivery
Norfolk Southern HQ	650 W Peachtree St	750,000	100%	Q3-21
State Farm - Bldg 2	240 Perimeter Ctr Pky	670,000	100%	Q1-20
1105 WP	1105 W Peachtree St	664,184	40%	Q3-21
State Farm - Bldg 3	240 Perimeter Ctr Pky	429,200	100%	Q1-21
Atlantic Yards South	200 17th Street NW	366,970	0%	Q2-20

BUYER TYPE

in SF, 2009 - 2019





OFFICE SUBMARKET DATA

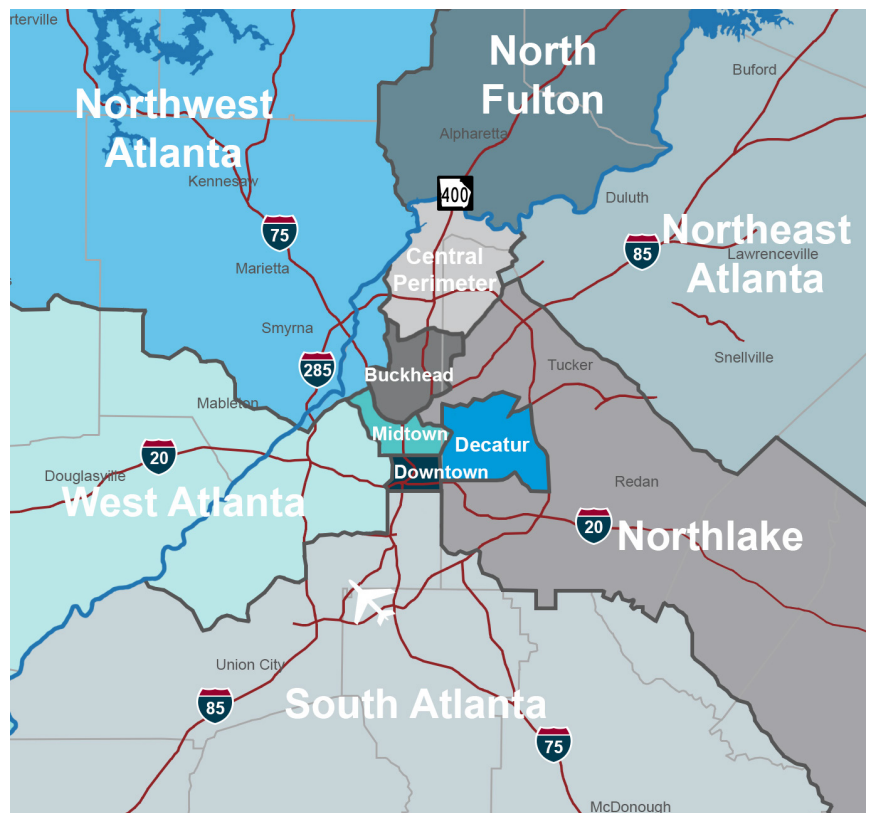
Office Submarkets	Total Inventory	Vacancy Total SF	Vacancy Q3'19	Net Absorption 2019 YTD	Deliveries 2019 YTD	Under Construction	Asking Rent PSF
Buckhead	21,996,130	3,226,238	14.7%	23,614	49,200	470,000	\$35.43
Central Perimeter	29,450,153	5,180,705	17.6%	(536,973)	0	1,434,200	\$28.13
Downtown	26,674,560	3,600,330	13.5%	195,628	0	93,775	\$27.67
Midtown	24,221,444	3,156,874	13.0%	314,948	1,179,964	3,566,262	\$38.24
North Fulton	26,257,392	3,699,430	14.1%	367,300	90,000	561,484	\$24.72
Northeast Atlanta	23,663,395	4,576,691	19.3%	13,316	30,000	120,000	\$24.72
Northlake	18,637,507	2,209,517	11.9%	259,963	258,000	199,427	\$21.50
Northwest Atlanta	34,075,513	5,273,246	15.5%	159,304	111,296	545,490	\$25.08
South Atlanta	13,711,033	1,755,687	12.8%	111,563	48,108	245,210	\$21.19
West Atlanta	3,244,052	614,172	18.9%	(7,421)	0	37,610	\$18.26
Total	221,931,179	33,292,890	15.0%	901,242	1,766,568	7,273,458	\$27.21

Office Submarkets	Total Inventory	Vacancy Total SF	Vacancy Q3'19	Net Absorption 2019 YTD	Deliveries 2019 YTD	Under Construction	Asking Rent PSF
Class A	117,101,042	19,166,996	16.4%	733,294	1,526,413	6,789,510	\$30.65
Class B	89,845,455	13,090,990	14.6%	131,034	240,155	483,948	\$21.03
Class C	14,984,682	1,034,904	6.9%	36,914	0	0	\$17.58
Total	221,931,179	33,292,890	15.0%	901,242	1,766,568	7,273,458	\$27.21

METRO ATLANTA FACTS & FIGURES

- #1** Most Traveled Airport in the World
Atlanta is within a 2-hour flight of 80% of the US population
- #1** Georgia is the #1 State for Doing Business Sixth Year in a Row
- #1** Top Moving Destination for the Eighth Consecutive Year
- #2** North American Metro Area for Competitiveness in the Business, Financial Services and Technology Industries

ATLANTA SUBMARKET MAP



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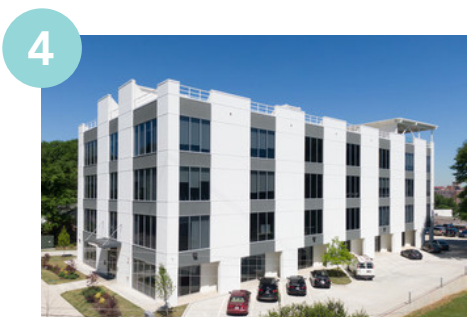
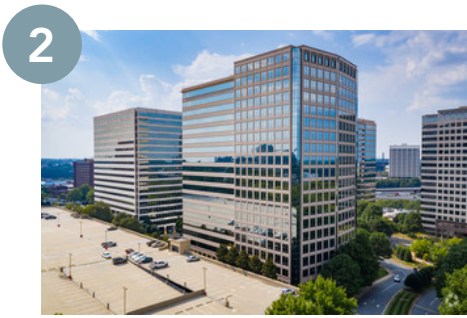
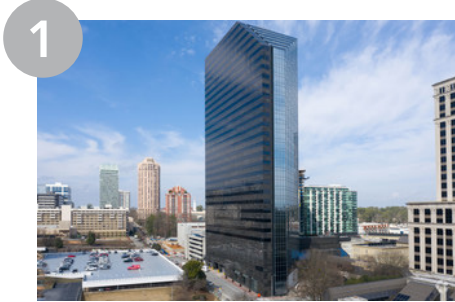
Q3 2019 TOP LEASES - SIGNED

Property Name	Address	Submarket	Tenant Name	SF	Lease Type
PruittHealth HQ	5238 Peachtree Rd	Northlake	PruittHealth	197,455	New
Perimeter Center West	1155 Perimeter Ctr W	Central Perimeter	VMWare AirWatch	152,726	Renewal
725 Ponce	725 Ponce de Leon Ave NE	Midtown	BlackRock	131,656	New
The Proscenium	1170 Peachtree St	Midtown	Samsara	79,150	New
Perimeter Center West	1155 Perimeter Ctr W	Central Perimeter	WeWork	71,821	New

Q3 2019 TOP SALES

* Portfolio Sale

	Property Name	Submarket	Buyer	Seller	SF	Sales / PSF
1	Salesforce Tower	Buckhead	KKR & Co. L.P.	Oaktree Capital Mngmt L.P.	631,808	\$205 M / \$324
2	Galleria 600*	Northwest	Piedmont Office Realty Trust, Inc	Teachers Retirement Ohio	433,826	\$113 M / \$260
3	Galleria 400*	Northwest	Piedmont Office Realty Trust, Inc	Teachers Retirement Ohio	432,402	\$113 M / \$260
4	The Willoughby	Downtown	Stockbridge Capital Group LLC	RAF Capital LLC	58,547	\$24 M / \$407
5	Wildwood Park	Northwest	3301 Windy Ridge Pkwy LLC	Greenstone Properties, Inc	106,574	\$19 M / \$178



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