Q4 2018
Atlanta Office Market Report

992,983 SF
Q4 NET ABSORPTION ↑
Q3 (-174,556 SF)

14.7%
Q4 VACANCY ↓
Q3 14.9%

2,771,476 SF
Q4 LEASING ACTIVITY ↓

4,327,208 SF
UNDER CONSTRUCTION ↓

568,176 SF
NEW SUPPLY DELIVERED ↑

$25.96 SF
AVERAGE ASKING RENT (PER YR.)

$170
AVERAGE SALES PER SF

$872 M
270 SALES TRANSACTIONS

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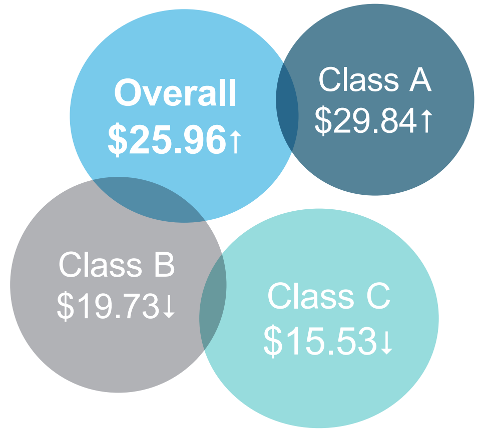
MARKET OVERVIEW

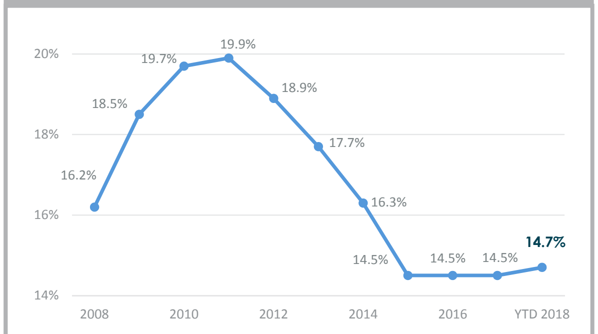
Overall vacancy decreased 20 basis points in Q4 2018 to 14.7% with a strong positive net absorption of 992,983 SF due to larger tenants moving into new space. Average asking rents for classes A, B, and C rose to $25.96 PSF. There was 4,327,208 SF under construction at the end of Q4 and a total of 2,229,855 SF of delivered office product in the year 2018. Of the 4.3M SF under construction, 14 buildings were over 100,000 SF and 58% pre-leased.

In 2018, over 6,100 new office jobs were announced in Atlanta, with technology fueling most of the growth. Atlanta has been declared the 3rd fastest growing metro area in the nation by the US Census Bureau. Even with delivered available speculative product, developers are still pursuing new office projects to accommodate corporate expansions and relocations.

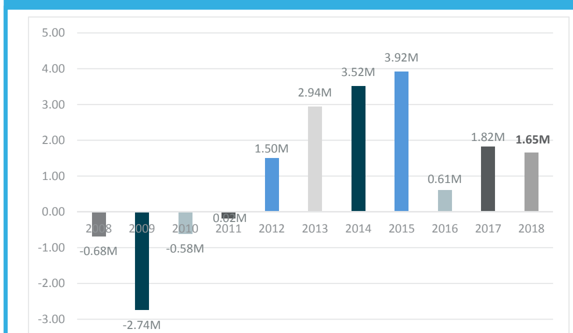
OVERALL RENTAL RATES



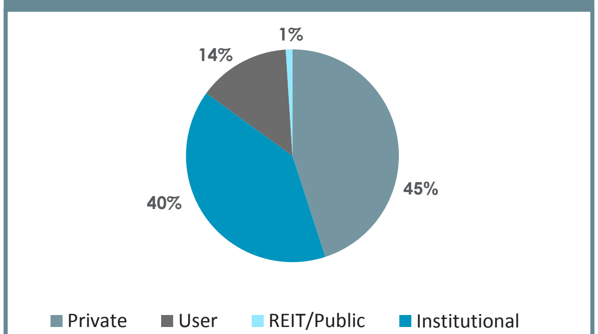
VACANCY
percentage, 2008 - 2018



ABSORPTION
in SF, 2008 - 2018



BUYER TYPE
in SF, 2008 - 2018



ABSORPTION

- Absorption for the Atlanta market was an impressive 992,983 SF thanks to NCR Corp (277,000 SF,) Northside Hospital (168,676 SF) and Brasfield & Gorrie (136,809 SF) move ins

VACANCY RATE

- Midtown reported the lowest submarket vacancy at 9.6%

RENTAL RATES

- Buckhead and Midtown reported the highest asking average rental rates in Q4, both asking over $30 PSF, with overall rates increasing $4.56 since 2008

DEVELOPMENT/CONSTRUCTION

- Developers continue to push new speculative projects, including TPA's 107,991 SF speculative building that broke ground in Q4
- NCR Corp Headquarters Phase II, 277,000 SF, was completed and occupied in Q4

SALES ACTIVITY

- The largest sale transaction of Q4 was the sale of the Prominence in Buckhead building in the Buckhead submarket; 433,000 SF for $383 M

LEASING ACTIVITY

- Leasing activity was 2,771,476 SF
- The largest lease transaction of Q4 was signed by WeWork; 112,000 SF at The Interlock, a 200,000 SF development in Midtown Atlanta

LARGEST PROJECTS UNDER CONSTRUCTION
as of Q4 2018

Building Name	Building Address	SF	Preleased	Delivery
Coda	756 W Peachtree St	760,000	68%	Q1-19
Park Center II -State Farm	240 Perimeter Ctr Pky	670,000	100%	Q4-19
725 Ponce	725 Ponce de Leon Ave	370,931	0%	Q1-19
Anthem	740 W Peachtree St NW	352,000	100%	Q1-20
Twelve24	1224 Hammond Dr	335,000	61%	Q4-19

OFFICE SUBMARKET DATA

Office Submarkets	Total Inventory	Vacancy Total SF	Vacancy Q4 '18	Net Absorption 2018 Total	2018 Deliveries	Under Construction	Asking Rent PSF
Buckhead	21,996,392	3,038,082	13.8%	181,152	-	49,200	$34.57
Central Perimeter	29,471,940	4,611,664	15.6%	217,837	355,250	1,005,000	$27.42
Downtown	26,055,672	3,644,791	14.0%	336,533	61,000	65,000	$26.18
Midtown	22,730,232	2,177,235	9.6%	753,074	951,888	2,151,739	$36.41
North Fulton	26,202,284	3,860,667	14.7%	(72,486)	351,773	515,387	$24.02
Northeast Atlanta	21,479,926	4,623,805	21.5%	(219,091)	51,944	35,000	$19.47
Northlake	18,664,377	2,237,900	12.0%	157,875	80,000	48,000	$21.02
Northwest Atlanta	34,046,472	5,490,750	16.1%	33,277	258,000	369,000	$24.07
South Atlanta	13,582,237	1,773,716	13.1%	182,224	120,000	51,272	$18.80
West Atlanta	3,185,866	612,710	19.2%	57,621	-	37,610	$20.00
Total	**219,723,027**	**32,249,298**	**14.7%**	**1,649,487**	**2,229,855**	**4,327,208**	**$25.96**

Office Submarkets	Total Inventory	Vacancy Total SF	Vacancy Q4 '18	Net Absorption 2018 Total	2018 Deliveries	Under Construction	Asking Rent PSF
Class A	115,919,293	18,148,531	15.7%	1,134,266	1,962,802	4,225,398	$29.84
Class B	87,832,478	12,906,735	14.7%	380,455	267,053	101,810	$19.73
Class C	15,971,256	1,194,032	7.5%	134,766	-	-	$15.53
Total	**219,723,027**	**32,249,298**	**14.7%**	**1,649,487**	**2,229,855**	**4,327,208**	**$25.96**

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 Fifth 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

The information and details contained herein have been obtained from third-party sources believed to be reliable; however, Lee & Associates Atlanta has not independently verified its accuracy. Lee & Associates Atlanta makes no representations, guarantees, or express or implied warranties of any kind regarding the accuracy or completeness of the information and details provided herein, including but not limited to the implied warranty of suitability and fitness for a particular purpose. Interested parties should perform their own due diligence regarding the accuracy of the information. The information provided herein, including any sale or lease terms, is being provided subject to errors, omissions, changes of price or conditions, prior sale or lease, and withdrawal without notice. Third-party data sources: CoStar Group, Inc., Real Capital Analytics, and Georgia State Economic Forecasting Center.

The Lee & Associates Atlanta Office Market Report compiles market data by using a third-party database for the proprietary analysis of over 15,000 office properties in the Atlanta Metropolitan Area.

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Q4 2018 TOP LEASES - SIGNED

Property Name	Address	Submarket	Tenant Name	SF	Lease Type
The Interlock	1115 Howell Mill Rd NW	Midtown	WeWork	112,500	New
Stonebridge I	1110 Sanctuary Pky	North Fulton	McKesson	104,821	New
Northwinds VII	2550 Northwinds Pky	North Fulton	Veeam	80,986	New
The Proscenium	1170 Peachtree St	Midtown	Samsara	64,910	New
Suntrust Plaza	303 Peachtree Center Ave	Downtown	Anthem Blue Cross Blue Shield	61,812	New

Q4 2018 TOP SALES

	Property Name	Submarket	Buyer	Seller	SF	Sales / PSF
1	Prominence in Buckhead	Buckhead	New York Life Insurance Co	Crocker Partners, LLC	433,000	$166 M / $383
2	3445 Peachtree Rd NE	Buckhead	Barings, LLC	The Brookdale Group	286,648	$83 M / $288
3	Atlanta Decorative Arts Center	Buckhead	Blackstone Real Estate Advisors	Atlanta Decorative Arts Center	427,351	$68 M / $158
4	1000 Windward Concourse	North Fulton	B Developments	UBS Realty Investors LLC	251,425	$44 M / $175
5	1600 Parkwood Cir SE	Northest	Adventus Realty Services	Velocis	154,524	$23 M / $150

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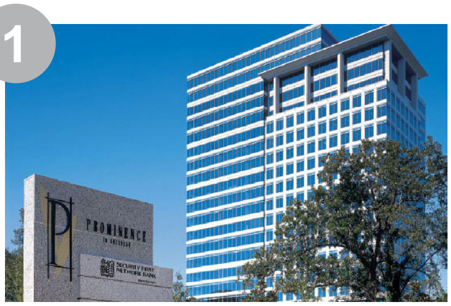

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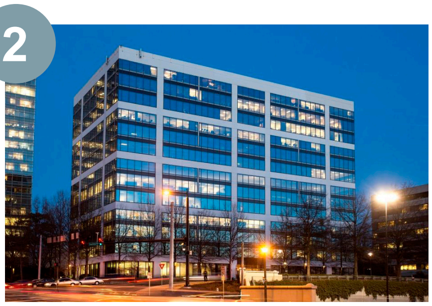

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COMMERCIAL REAL ESTATE SERVICES

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In 2010, our Atlanta office joined Lee & Associates, the largest broker-owned commercial real estate sales organizations in the U.S. As a local office of this highly respected national firm, the Atlanta team capitalizes on Lee's stellar reputation to continue its paradigm of establishing long-term, client-driven relationships to develop customized solutions for every client's specific real estate requirement.

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