

Q4 2017

Atlanta Office Market Report

665,068 SF

Q4 NET ABSORPTION ↑

Q3 28,402 SF

14.8%

Q4 VACANCY ↓

Q3 14.9%

1,916,770 SF

Q4 LEASING ACTIVITY ↓

4,307,559 SF

UNDER CONSTRUCTION ↓

401,518 SF

NEW SUPPLY DELIVERED ↓

\$24.33 SF

AVERAGE ASKING RENT (PER YR.) ↑

\$178

AVERAGE SALES PER SF ↑

\$1.272 B

254 SALES TRANSACTIONS ↑



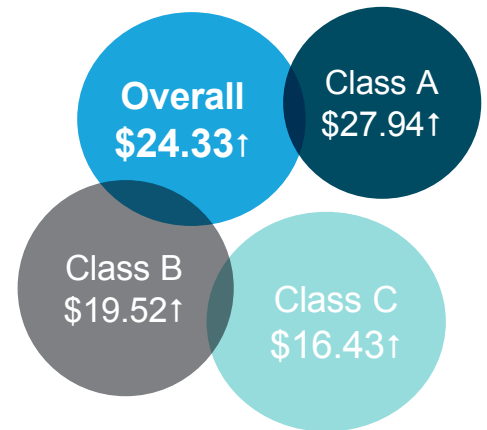
COMMERCIAL REAL ESTATE SERVICES



MARKET OVERVIEW

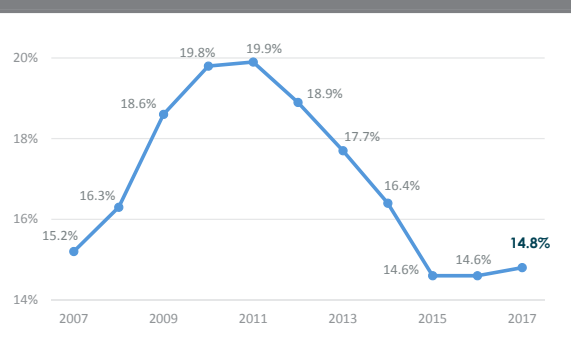
Overall vacancy decreased in Q4 10 basis points to 14.8% with a net absorption of 655,068 SF and leasing activity of 1,916,770 SF. Average asking rents have continued to escalate to \$24.33 PSF over all classes. Office development continues to grow with 4,307,559 SF currently under construction and 401,518 SF of delivered product in Q4, bringing year to date deliveries to 2,380,430 SF. Of the 4.3M SF currently under construction, there are 10 buildings over 100,000 SF that are already 71% preleased. Consolidation has begun changing the dynamics of office space as companies shrink their footprint to create more efficient layouts. However, more businesses are announcing corporate relocations or expansions almost daily, with recent headlines announcing corporate companies like Amazon and Insight Global have expressed thorough interest in HQ relocation and expansion to the metro area. Atlanta's lower cost of living, increasing population and amenity packed market all make Atlanta an attractive place for businesses to call home.

OVERALL RENTAL RATES



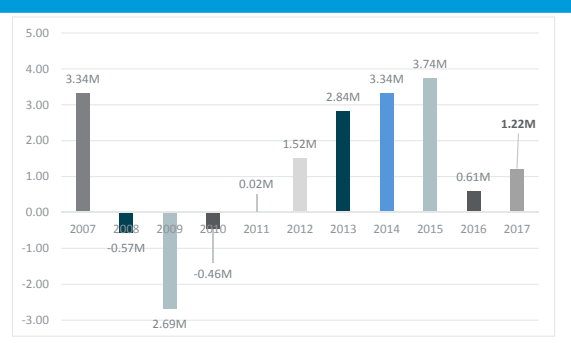
VACANCY

percentage, 2007-2017



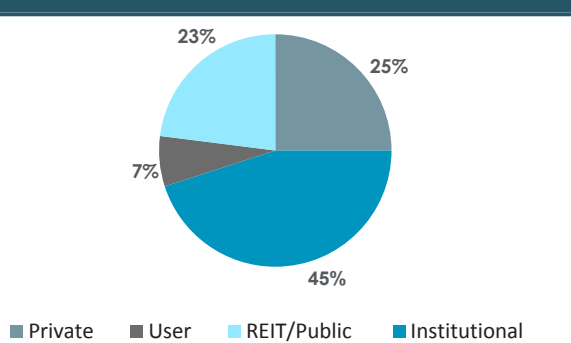
ABSORPTION

in SF, 2007-2017



BUYER TYPE

Q4 2017 sales



ABSORPTION

- Overall net absorption for Metro Atlanta in Q4 2017 was positive 655,068 SF, bringing year-to-date absorption to 1,224,668 SF

VACANCY RATE

- Vacancy decreased 10 basis points to 14.8% Q4 2017
- Midtown reported to lowest submarket vacancy at 9.6%

RENTAL RATES

- Average quoted asking rental rate for all classes increased from \$24.08 PSF to \$24.33 PSF

DEVELOPMENT/CONSTRUCTION

- There was 4,307,559 SF of office space under construction in Q4 2017
- There was 401,518 SF of office space delivered in Q4 2017

SALES ACTIVITY

- The largest sale transaction of Q4 was the sale of 180 Peachtree Street in the Downtown Atlanta submarket, 523,000 SF for \$183 M

LEASING ACTIVITY

- Leasing activity was 1,916,770 SF in Q4
- The largest lease transaction of Q4 was signed by WeWork; 47,670 SF in the Buckhead submarket

LARGEST PROJECTS UNDER CONSTRUCTION

as of Q4 2017

Building Name	Building Address	SF	Preleased	Delivery
Coda	771 Spring St	760,000	59%	Q1-19
Park Center II -State Farm	240 Perimeter Ctr Pky	670,000	100%	Q2-20
NCR Corp	864 Spring St	485,000	100%	Q1-18
725 Ponce	725 Ponce de Leon Ave	430,000	20%	Q1-19
4004 Perimeter Summit	4004 Summit Blvd	355,000	0%	Q1-18

OFFICE SUBMARKET DATA

Office Submarkets	Total Inventory	Vacancy Total SF	Vacancy Q4 '17	Net Absorption YTD Total	Under Construction	YTD Deliveries	Asking Rent PSF
Buckhead	21,756,017	3,114,117	14.3%	65,178	129,099	755,605	\$32.20
Central Perimeter	28,538,073	4,399,587	15.4%	(192,282)	1,025,250	15,402	\$26.84
Downtown Atlanta	26,086,283	4,001,408	15.3%	280,357	124,000	-	\$25.20
Midtown Atlanta	21,509,148	2,070,119	9.6%	225,713	2,140,671	140,000	\$32.68
North Fulton	25,705,541	3,490,463	13.6%	239,218	391,995	357,575	\$22.92
Northeast Atlanta	23,189,979	4,938,942	21.3%	49,379	47,944	91,553	\$17.99
Northlake	18,310,814	2,216,690	12.1%	48,935	93,000	72,689	\$20.06
Northwest Atlanta	33,407,188	5,318,313	15.9%	376,759	258,000	857,606	\$22.81
South Atlanta	13,022,153	1,569,185	12.1%	112,205	97,600	90,000	\$18.82
West Atlanta	2,765,052	540,914	19.6%	19,206	-	-	\$21.30
Total	214,290,248	31,659,738	14.8%	1,224,668	4,307,559	2,380,430	\$24.33

Office Submarkets	Total Inventory	Vacancy Total SF	Vacancy Q4 '17	Net Absorption YTD Total	Under Construction	YTD Deliveries	Asking Rent PSF
Class A	111,302,237	16,706,015	15.0%	991,814	4,042,569	2,165,268	\$27.94
Class B	87,558,061	13,273,355	15.2%	468,456	264,990	215,162	\$19.52
Class C	15,429,950	1,680,368	10.9%	(235,602)	-	-	\$16.43
Total	214,290,248	31,659,738	14.8%	1,224,668	4,307,559	2,380,430	\$24.33

METRO ATLANTA FACTS & FIGURES

#1

Most Traveled Airport in the World
Atlanta is within a 2-hour flight of 80% of the US population

#2

North American Metro Area for Competitiveness in the Business, Financial Services and Technology Industries

#1

Moving Destination in the Nation for 2016

#4

Metro Area for Largest Increase in Population

ATLANTA SUBMARKET MAP



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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. © Copyright 2018 Lee & Associates Atlanta. All rights reserved.

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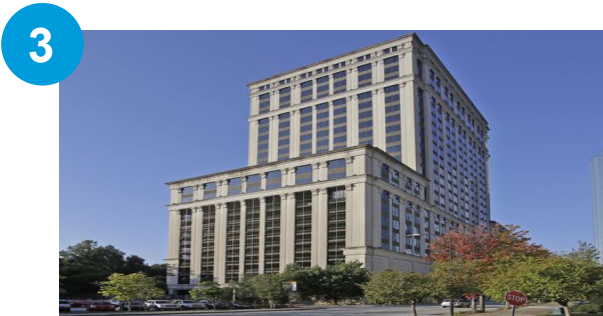
Q4 2017 TOP LEASES

Property Name	Address	Submarket	Tenant Name	SF	Lease Type
Terminus 100	3280 Peachtree Rd NE	Buckhead	WeWork	47,670	New
One Ravinia	1 Ravinia Dr	Central Perimeter	Unknown	47,032	New
Technology Park Bldg 30	30 Technology Pky	Northeast	ConstructConnect	38,000	Renewal
BB&T Tower	271 17th St NW	Midtown	Ford & Harrison LLP	37,561	New
Concourse Corporate Center Two	2 Concourse Pky NE	Central Perimeter	Zelis Healthcare	36,515	Renewal

Q4 2017 TOP SALES

*Portfolio sales as individual property sales

Property Name	Submarket	Buyer	Seller	SF	Sales / PSF
1 180 Peachtree*	Downtown	Mapletree US Management	Carter Validus Mission Critical REIT	523,000	\$183 M / \$350
2 1100 Johnson Ferry*	Central Perimeter	Physicians Realty Trust	Duke Realty	214,498	\$95.9 M / \$447
3 Resurgens Plaza	Buckhead	Zeller Realty Group	Lone Star Funds	402,802	\$92.7 M / \$230
4 699 Church Street	Northwest	WellStar Health Systems	Meadows & Ohly, LLC	129,000	\$87.6 M / \$679
5 1100 Johnson Ferry*	Central Perimeter	Physicians Realty Trust	Duke Realty Corp	134,243	\$60.0 M / \$447



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