



Atlanta office market report

Q2 2022

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Office market trends

01

Re-evaluation of the workplace

As some companies are still ironing out the details of their return to office strategy, those that have made the decision to return are taking a closer look at their current office space. While many are switching to a hybrid work schedule in order to compete for top talent, they still want to encourage employees to come into the office. This has pushed employers to re-evaluate their existing space, or look for new space, in order to provide their employees with a desirable, and intriguing, office environment.

02

Flight to quality vs. costs

Asking rental rates and construction costs continue to rise, leaving tenants with the question of how much are they willing to pay for office space. Some believe in order to recruit top talent they need high quality office space, however, that will come at a steep price if they are looking at a 3-5-year deal. One alternative is to sign a longer-term lease, 7-10 years, where landlords tend to offer more free rent and a larger tenant improvement allowance. If they want a shorter-term, companies should look at other ways to use their concessions, such as, taking their rent abatement and putting it towards tenant improvement costs.

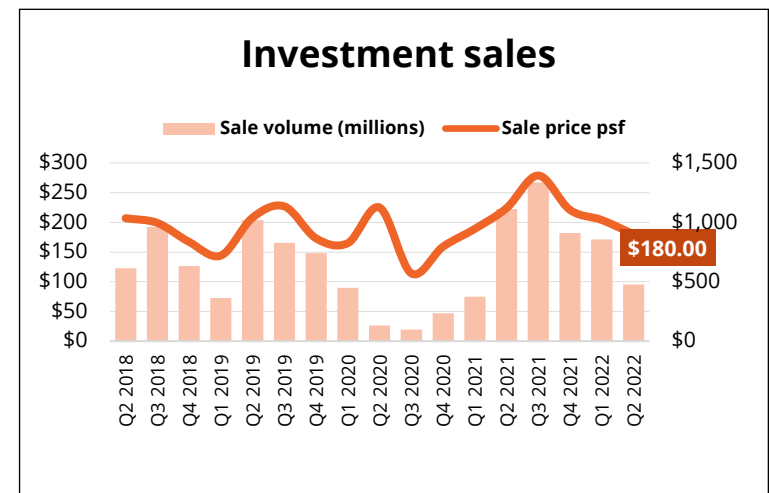
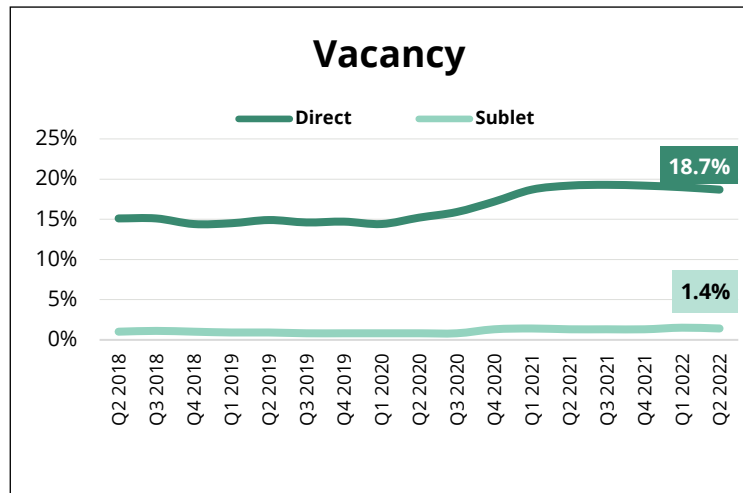
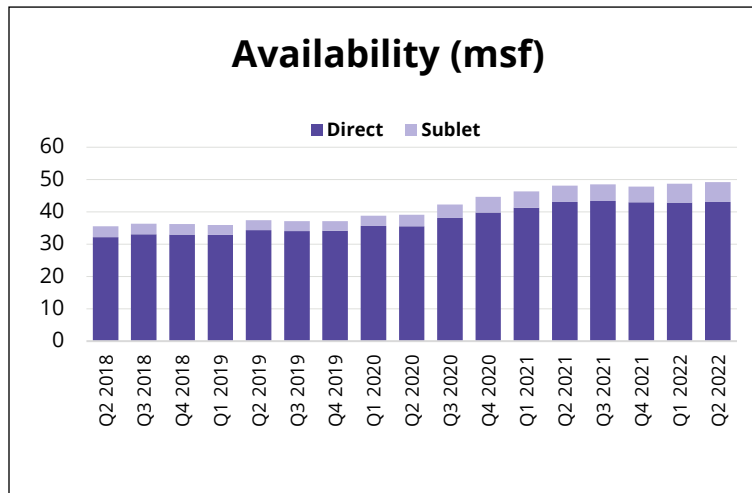
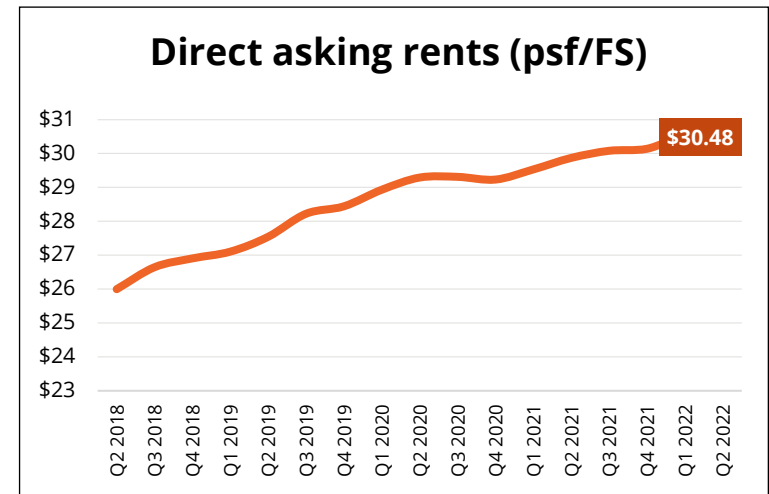
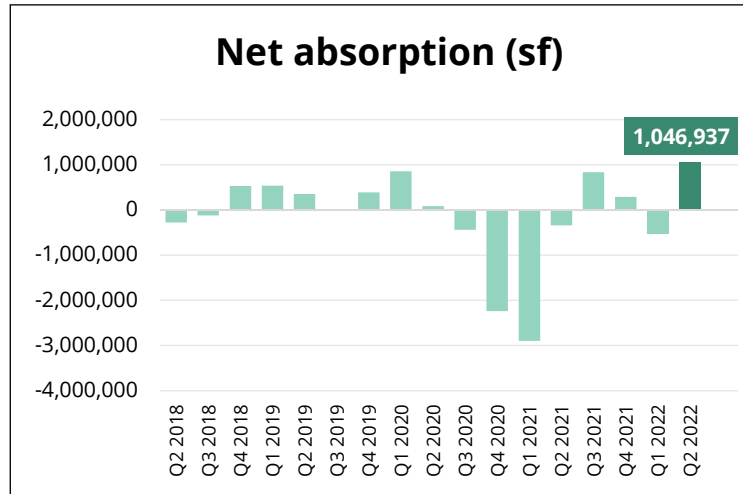
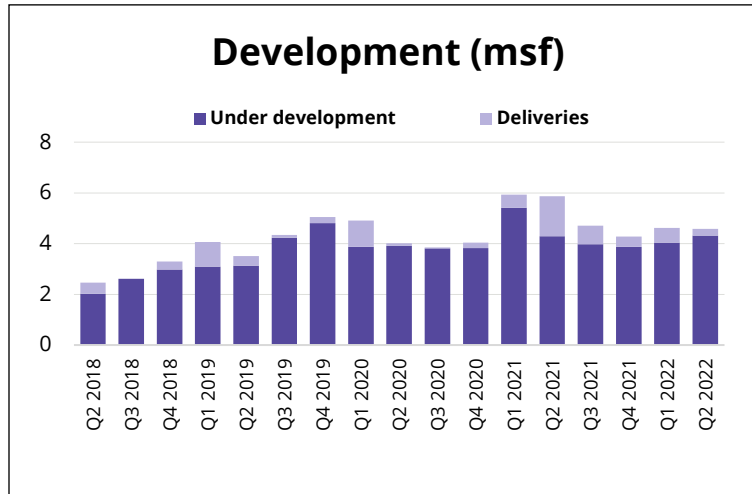
03

Inflation increases

Per the Bureau of Labor Statistics, metro Atlanta has the second highest inflation rate in the country with an April CPI of 10.8%, which is higher than New York, L.A., Miami and Chicago. Landlords have begun to express fears over the increased inflation and are looking at increasing annual escalations to 4% instead of the typical 3%. Some smaller landlords have also looked at switching to CPI increases to hedge their bets.



Office market indicators



*Tracking class A, B & C Office buildings 20,000 sf and up (no owner occupied, medical or government)

Office market activity

Recent leasing activity

Tenant name	Address	Sign date	Size	Transaction type	Lease type	Submarket
Truist	900 Battery Ave	April 2022	250,000	New	Direct	Cumberland/Galleria
Transportation Insight	244 Perimeter Center Pky	June 2022	174,400	New	Direct	Central Perimeter
Insight Global	244 Perimeter Center Pky	June 2022	133,796	New	Direct	Central Perimeter
Brand Industrial Services	600 Galleria Pky	April 2022	53,080	New	Direct	Cumberland/Galleria
Georgia Division Family & Child Services	1090 Northchase Pky	May 2022	48,000	New	Direct	Cumberland/Galleria

Recent sales activity

Buyer	Address	Sale date	Sale price	Sale price psf	Submarket	Seller
STRS Ohio CA Real Estate	3455 Peachtree Rd	May 2022	\$220,000,000	\$511	Buckhead	The Brookdale Group
The Simpson Organization	1025 Lenox Park Blvd	April 2022	\$148,500,000	\$449	Buckhead	Bridge Investment Group
Somerset Properties	Chattahoochee Corners Portfolio	June 2022	\$35,205,832	\$115	Duluth/Suwanee/Buford	B Group Capital
The Simpson Organization	3600 Mansell Rd	April 2022	\$19,719,255	\$156	North Fulton/Forsyth	Ravinia Capital Group
Front Street Capital	3100 Breckinridge Blvd	June 2022	\$12,500,000	\$167	Duluth/Suwanee/Buford	TerraCap Management

Under development projects

Address	Size	Project Completion	Percent Preleased	Major Tenant	Owner	Submarket
1331 Spring Street	612,947	August 2022	49%	Invesco	MetLife	Midtown
760 Ralph McGill Boulevard	475,000	October 2022	68%	Mailchimp	New City Properties	Downtown
1 Phipps Plaza	388,063	September 2022	29%	Novelis	Simon Property Group	Buckhead
14 th & Spring Street	320,089	July 2022	0%	N/A	Greenstone Properties	Midtown

Office market stats by submarket

By Submarket	Inventory (sf)	Total %	Vacancy		Net Absorption		SF Under		Average Asking Rent	
			Class A	Class B	2Q22	YTD	Construction	Total	Class A	Class B
Buckhead	19,734,693	22.60%	23.30%	18.00%	-190,580	-215,947	575,814	\$36.91	\$37.78	\$28.42
Downtown	19,210,501	20.00%	22.40%	13.00%	-57,454	-15,075	1,075,421	\$31.11	\$31.06	\$27.52
Midtown	25,309,992	18.60%	19.60%	11.90%	560,643	438,609	2,068,940	\$41.02	\$41.67	\$31.37
Urban Total	64,149,943	20.20%	21.50%	13.80%	312,609	207,587	3,720,175	\$36.91	\$37.57	\$28.83

By Submarket	Inventory (sf)	Total %	Class A	Class B	2Q22	YTD	Construction	Total	Class A	Class B
Airport/South Atlanta	4,687,842	21.70%	14.30%	25.80%	-21,311	-59,845	145,000	\$21.89	\$23.54	\$21.74
Central Perimeter	24,219,054	22.80%	25.00%	14.50%	366,909	407,684	109,007	\$31.05	\$32.02	\$24.09
Cumberland/Galleria	20,346,745	18.50%	19.20%	18.20%	237,212	111,862	-	\$27.83	\$30.19	\$21.94
Decatur/Stone Mountain	1,834,604	15.20%	21.10%	10.40%	-9,421	-106,213	-	\$29.26	\$30.78	\$25.55
Duluth/Suwanee/Buford	7,730,781	15.90%	14.60%	17.70%	148,653	137,076	35,580	\$21.88	\$22.92	\$19.98
I-20 East/Conyers	507,205	8.30%	-	9.80%	-8,075	-17,444	-	\$19.10	-	\$19.10
I-20 West/Douglasville	458,839	38.30%	-	40.10%	14,700	14,700	266,524	\$22.11	-	\$22.51
Norcross/Peachtree Corners	6,233,565	19.20%	23.60%	17.30%	47,392	-70,035	-	\$20.80	\$22.63	\$19.02
North Fulton/Forsyth	19,980,550	20.40%	21.30%	19.10%	-63,460	-181,956	48,294	\$26.00	\$27.56	\$22.62
Northeast Atlanta	9,057,560	19.10%	21.10%	18.80%	30,857	125,874	-	\$23.24	\$25.10	\$22.01
Northwest Atlanta	3,854,692	17.90%	18.00%	18.80%	-9,128	-50,019	-	\$25.29	\$28.37	\$23.29
Suburban Subtotal	98,911,437	19.90%	21.40%	18.50%	734,328	311,684	604,405	\$26.66	\$29.13	\$21.72
Market Total	163,061,380	20.10%	22.30%	16.90%	1,046,937	519,271	4,324,580	\$30.48	\$32.93	\$22.48

By Class	Inventory (sf)	Vacancy	2Q Absorption	YTD Absorption	SF Under Construction	Available Sublease
Class A	113,385,164	21.50%	790,861	328,598	3,710,241	5,152,278
Class B	44,997,449	17.60%	281,692	215,391	475,356	1,056,540
Class C	4,678,767	9.90%	-25,616	-24,718	-	12,999
Market Total	163,061,380	20.10%	1,046,937	519,271	4,324,580	6,221,817

For more market insights
and information visit
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