



Atlanta office market report

Q3 2022

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Office market trends

01

Re-evaluation of the workplace

Companies 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 with great amenities. There is also a desire to be within the best submarkets to attract younger talent.

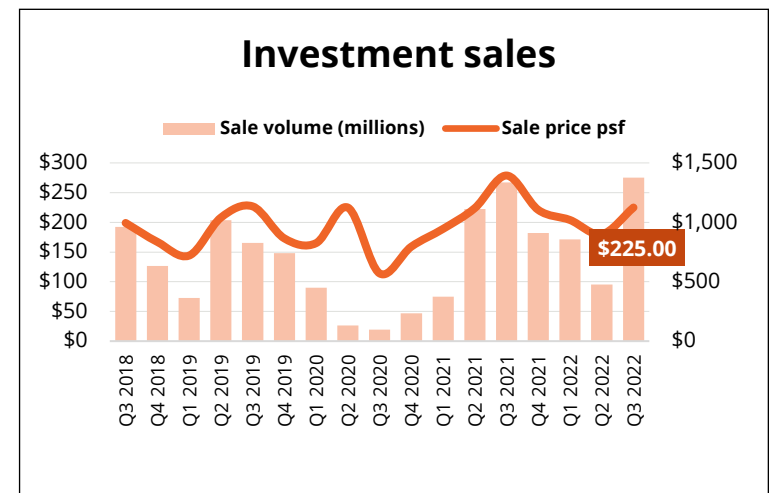
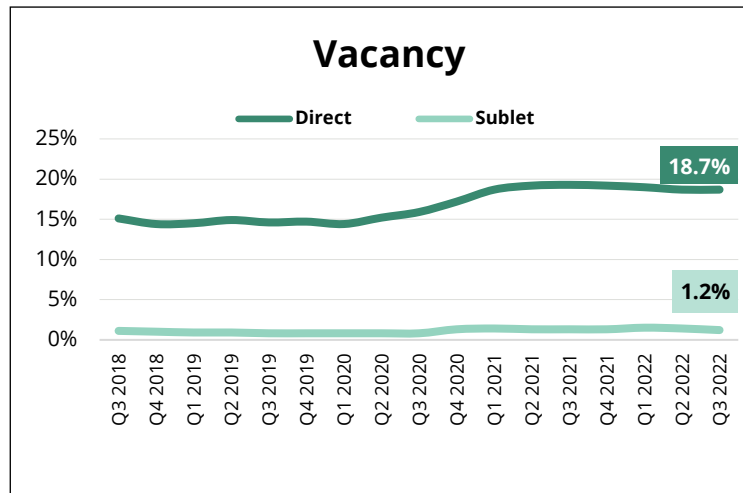
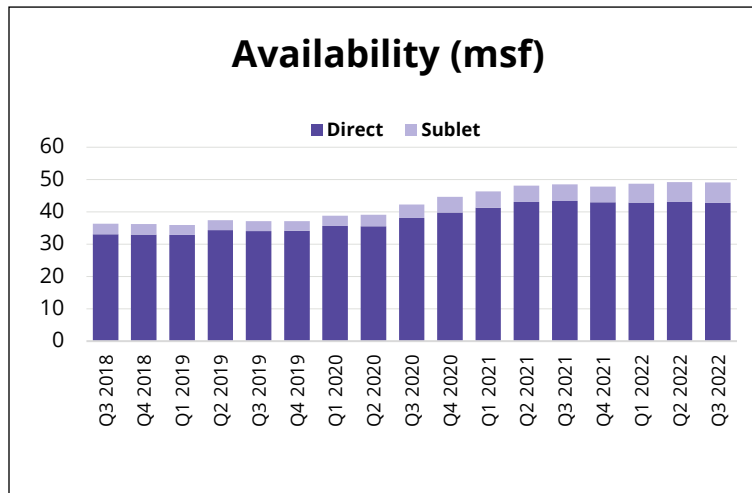
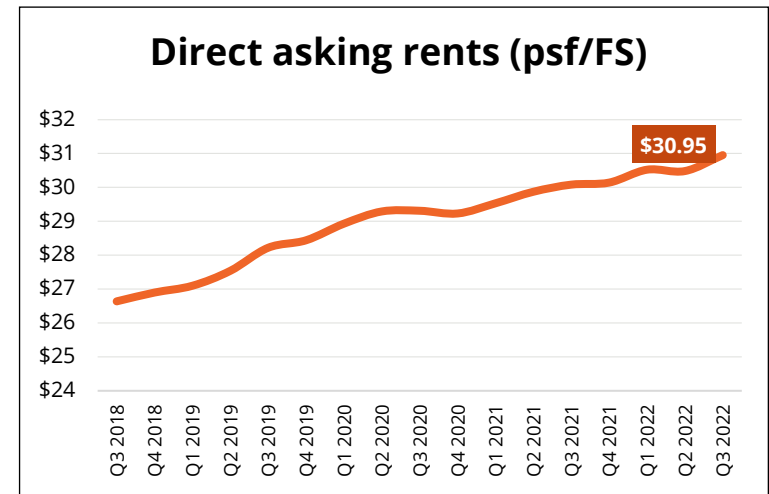
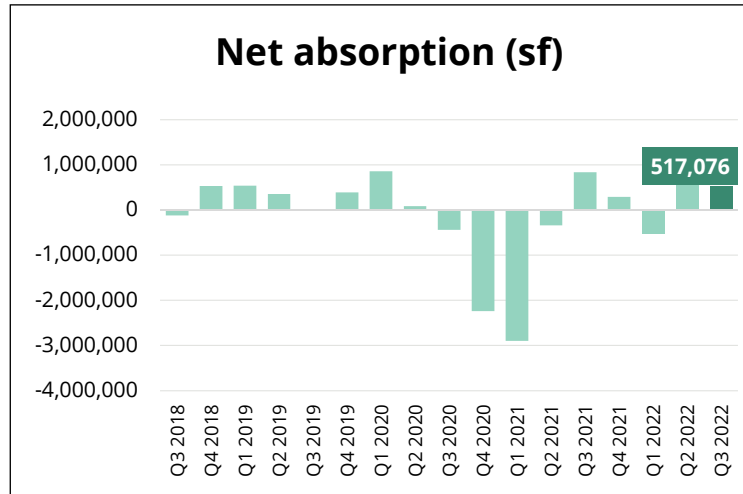
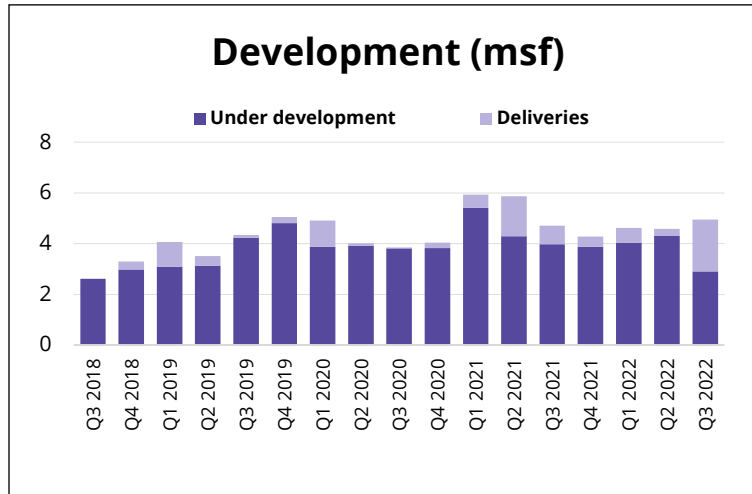
03

Inflation increases

Per the Bureau of Labor Statistics, metro Atlanta has the second highest inflation rate in the country with a CPI of 11.7%. 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
AT&T	754 Peachtree St NE	July 2022	259,738	Renewal	Direct	Midtown
USPO Atlanta	3333 Peachtree Rd	September 2022	220,065	Renewal	Direct	Buckhead
Nelson Mullins	201 17 th St NW	July 2022	103,156	Renewal	Direct	Midtown
Travelers	1000 Windward Concourse	July 2022	92,224	Renewal	Direct	North Fulton/Forsyth
ADP	5995 Windward Pky	August 2022	80,793	New	Direct	North Fulton/Forsyth

Recent sales activity

Buyer	Address	Sale date	Sale price	Sale price psf	Submarket	Seller
Piedmont Office Realty Trust	1180 Peachtree St NE	August 2022	\$472,000,000	\$683	Midtown	GE Pension Trust
Kohlberg Kravis Roberts & Co.	170 & 200 17 th St NW	July 2022	\$385,000,000	\$729	Midtown	Hines
The Simpson Organization	3200 Windy Hill Rd	September 2022	\$109,500,000	\$152	Cumberland/Galleria	America's Capital Partners
Midtown Realty Group	5335 Triangle Pky	July 2022	\$26,725,000	\$232	Norcross/ Peachtree Corners	Founders Properties
Asana Partners	2700 Apple Valley Rd NE	September 2022	\$23,500,000	\$323	Buckhead	Stream Realty Partners

Under development projects

Address	Size	Project Completion	Percent Preleased	Major Tenant	Owner	Submarket
1020 Spring St	538,126	2025	0%	N/A	Portman Holdings	Midtown
Northside Dr NW & Cameron M Alexander Blvd NW	364,871	2024	1.3%	N/A	Vlp 4 LLC	Downtown
765 Echo St NW	274,974	2023	6.67%	N/A	Lincoln Property Company	Midtown
950 W Marietta St	223,851	2022	0%	N/A	Third & Urban	Midtown

Office market stats by submarket

By Submarket	Inventory (sf)	Total %	Vacancy		Net Absorption		SF Under		Average Asking Rent	
			Class A	Class B	3Q22	YTD	Construction	Total	Class A	Class B
Buckhead	20,435,808	23.8%	24.00%	23.50%	-65,388	-281,335	187,751	\$36.99	\$38.05	\$29.72
Downtown	19,743,918	20.90%	25.80%	5.20%	105,725	90,650	652,871	\$31.10	\$31.06	\$32.66
Midtown	25,133,149	19.10%	19.90%	14.20%	181,946	620,555	1,493,542	\$41.75	\$42.45	\$31.40
Urban Total	65,312,875	21.10%	22.80%	12.5%	222,283	429,870	2,334,164	\$37.25	\$38.04	\$30.04

By Submarket	Inventory (sf)	Total %	Class A	Class B	3Q22	YTD	Construction	Total	Class A	Class B
Airport/South Atlanta	4,758,795	18.40%	16.20%	20.4%	7,577	-52,268	125,000	\$22.18	\$23.76	\$21.94
Central Perimeter	24,826,174	22.10%	23.70%	15.4%	96,043	503,727	100,905	\$31.27	\$32.40	\$24.50
Cumberland/Galleria	20,176,345	18.20%	18.70%	18.00%	74,794	186,656	-	\$27.84	\$30.12	\$22.32
Decatur/Stone Mountain	1,843,587	15.60%	22.00%	10.60%	-14,976	-121,189	-	\$29.26	\$30.95	\$23.16
Duluth/Suwanee/Buford	7,729,481	16.10%	14.50%	18.00%	95,154	232,230	35,580	\$22.00	\$22.82	\$20.44
I-20 East/Conyers	507,205	8.30%	-	9.80%	-	-17,444	-	\$19.11	-	\$19.11
I-20 West/Douglasville	412,681	42.10%	-	44.90%	-	14,700	266,524	\$22.11	-	\$22.51
Norcross/Peachtree Corners	5,983,641	18.20%	24.00%	14.70%	-44,110	-114,145	-	\$21.08	\$22.85	\$19.42
North Fulton/Forsyth	20,328,399	20.50%	21.50%	17.70%	85,373	-96,583	46,834	\$26.17	\$28.21	\$22.77
Northeast Atlanta	9,035,182	16.10%	19.80%	14.70%	19,929	145,803	-	\$23.08	\$24.98	\$21.88
Northwest Atlanta	4,004,999	19.10%	18.40%	20.80%	-24,991	-75,010	-	\$25.26	\$28.49	\$23.38
Suburban Subtotal	99,606,489	19.20%	21.00%	17.30%	294,793	606,477	574,843	\$26.71	\$29.35	\$21.91
Market Total	164,919,364	20.00%	21.80%	16.40%	517,076	1,036,347	2,909,007	\$30.95	\$32.93	\$22.48

By Class	Inventory (sf)	Vacancy	3Q Absorption	YTD Absorption	SF Under Construction	Available Sublease
Class A	114,587,510	21.80%	541,856	870,454	2,346,493	4,994,294
Class B	45,674,213	16.40%	-12,807	202,584	562,514	1,309,796
Class C	4,657,641	9.70%	-11,973	-36,691	-	12,999
Market Total	164,919,364	20.00%	517,076	1,036,347	2,909,007	6,317,089

For more market insights
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