

# Atlanta

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## Amid ongoing economic turbulence, leasing volume accelerates to pre-pandemic levels to start the year

Leasing activity for the Atlanta office market surged in the first quarter of 2024, despite ongoing economic turbulence. In Q1, leasing volume totaled 2.4 million square feet (msf), aligned with the pre-pandemic average. This uptick marks a 71% increase year-over-year and a 20% increase on the quarter. Notable renewals by Manhattan Associates and Workday Inc. attributed to the rise in leasing. Sizeable renewals this quarter indicate that tenants remain committed to Atlanta's resilient market. As Atlanta moves closer towards returning to pre-pandemic norms, expect the metro to remain a highly desirable market with robust demand due to its broad foundational industry base, lower cost of living, and ever-growing diverse talent pool.

### Tenants sustain leverage as availability ticks up

Overall availability continued to rise in Q1, reaching a high of 29.6%. The availability rate is up 30 basis points (bps) from 29.3% in Q4 2023, and up 190 bps from 27.7% in Q1 2023. Atlanta's sublease space also continued to rise and now rests at 8.1 msf, up 2.5% from 7.9 msf in Q1 2023. Sublease availability is down 4.7% from Q4 2023 due to expiring lease terms and occupiers taking their space back, a hopeful signal that the market is slowly stabilizing and returning to normal. However, there is still a considerable number of large blocks of space on the market from previous quarters, leaving occupiers with a plethora of options as well as elevated leverage when in the market for space. Notable large blocks that remain are from NCR and IBM. Cox Automotive also has two sizeable blocks totaling 606,906 sf at 3003 Summit Boulevard and 6325 Peachtree Dunwoody Road.

### Concession packages surpass rising rental rates

Average asking rental rates continue to rise to start 2024. Rates increased to \$32.57 in Q1, up 5.5% year-over-year. The increase is largely the result of more expensive space available on the market, as well as higher construction costs related to newer product. However, rather than dropping their quoted asking rates, landlords continue to be willing to offer more attractive concession packages, which include elongated rental abatement periods and increased tenant improvement allowances. Expect this trend to continue throughout 2024.

### Key Statistics

	Q1 2023	Q1 2024	Y-0-Y
Inventory	174.5 msf	176.5 msf	+2.0 msf
Availability Rate	27.7%	29.6%	+190 bps
Asking Rental Rate	\$30.86	\$32.57	+5.5%
CBD Asking Rental Rate	\$36.75	\$39.99	+8.8%
Quarterly Leasing Activity	1.4 msf	2.4 msf	+1.0 msf
Available Sublease Space	7.9 msf	8.1 msf	+0.2 msf

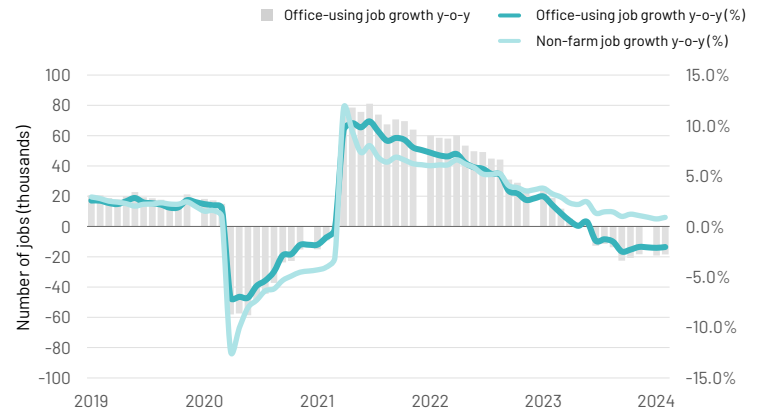
### Outlook

**01** Expect Atlanta to remain a highly desirable market with robust demand due to its broad foundational industry base, lower cost of living, and ever-growing diverse talent pool

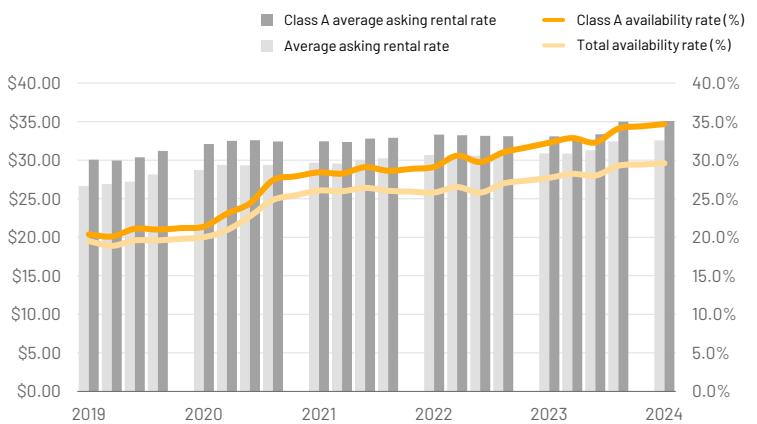
**02** Tenant-favorable market conditions will continue throughout 2024 due to heightened availability coupled with some landlords facing loan distress

**03** While older buildings will struggle to attract and retain occupiers, newer buildings with amenities in desirable locations remain attractive for occupiers looking for upgraded space

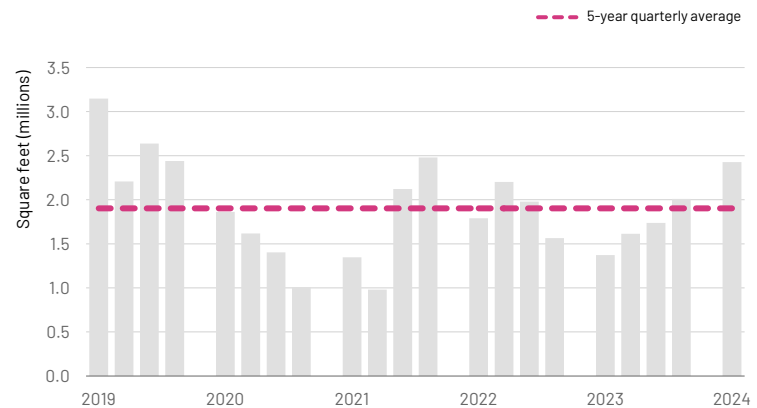
## Office-using Employment Growth



## Asking Rent and Availability



## Leasing Activity



# Top Transactions

\*Trophy Building

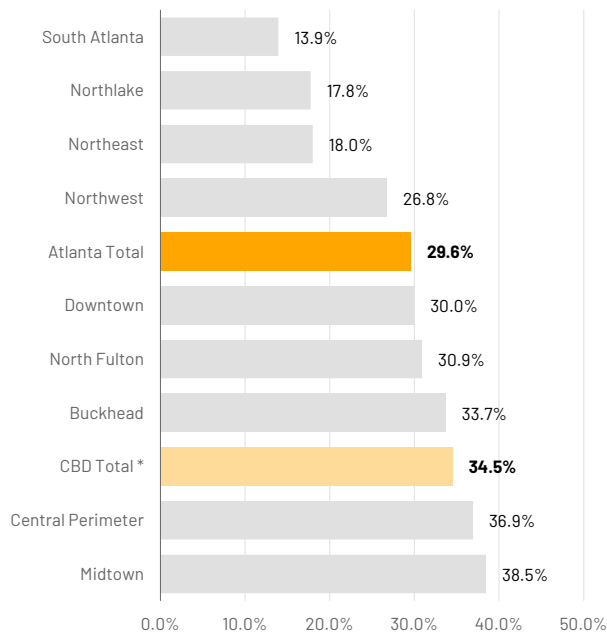
\*\*Sublease

Source: Savills Research

TENANT	INDUSTRY	SUBMARKET	ADDRESS	SIZE (SF)	TRANSACTION TYPE
Manhattan Associates	● Business, Professional, and Consulting Services	Northwest	2300 Windy Ridge Parkway*	210,000	Renewal
Workday, Inc.	● TAMI	Buckhead	3350 Peachtree Road*	112,899	Renewal and Expansion
Georgia Department of Revenue	● Government	Northlake	2500 Century Parkway	110,061	Relocation
Pond and Company	● Architecture, Engineering and Construction	Northeast	3500 Parkway Lane	101,891	Renewal
MiMedx	● Manufacturing	Northwest	1775 West Oak Commons	79,854	Renewal
Nolan Transportation Group	● Transportation	North Fulton	1735 Founders Parkway	62,156	Renewal
Innova Solutions	● TAMI	Central Perimeter	1455 Lincoln Parkway	50,010	New Location
Aramark Corporation	● Business, Professional, and Consulting Services	North Fulton	1037 Alpharetta Street*	45,091	New Location
Siemens Digital Industries Software	● TAMI	North Fulton	4800 North Point Parkway	42,690	Renewal
Builders Insurance Group	● Financial Services and Insurance	Northwest	2859 Paces Ferry Road*	40,120	Renewal and Expansion

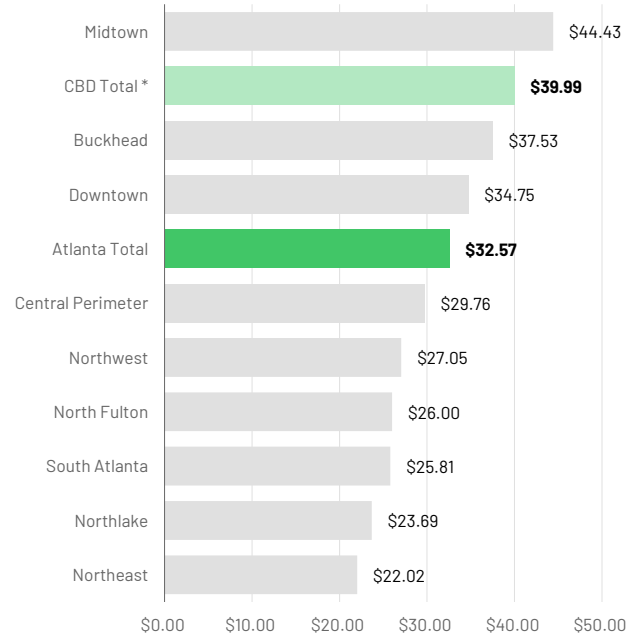
## Availability Rate Comparison (%)

ATLANTA SUBMARKETS



## Rental Rate Comparison (\$/sf)

ATLANTA SUBMARKETS



\*CBD Total is comprised of Midtown, Downtown and Buckhead submarkets

## Atlanta Q1 2024 - Office

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Unless otherwise noted, all rents quoted throughout this report are average asking gross (full service) rents per square foot. Statistics are calculated using both direct and sublease information. Current and historical availability and rent data are subject to change due to changes in inventory.

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