

Atlanta

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Leasing volume surpasses pre-pandemic averages amidst continued economic volatility

Atlanta's office market continues to demonstrate resilience amid economic fluctuations. Despite ongoing economic uncertainty, leasing activity in the Atlanta office market reached 2.6 million square feet (msf) in Q2 2024, the highest since the 3.1 msf attained in Q1 2019, as well as surpassing the pre-pandemic average of 2.4 msf. This represents a 63% year over year increase from 1.6 msf in Q2 2023 and an 8% increase from 2.4 msf reported last quarter. Five leases exceeded 100,000 square feet (sf), the most significant level of large office leases signed locally since pre-pandemic. Return to office mandates, the reclaiming of space by AT&T, and headquarters relocations by companies such as Southern Gas Company, Newell Brands, and Piedmont Healthcare all contributed to this surge. These developments are positive signs of a robust recovery, underscoring tenant confidence in Atlanta's resilient economy, one which remains highly desirable due to its diverse industry base, lower cost of living, and its growing workforce talent pool.

Availability continues to climb as tenants maintain leverage

Overall availability in Q2 2024 rose to 29.2%, up 110 basis points (bps) from 28.1% in Q2 2023. Atlanta's sublease space also climbed to 8.7 msf, up 0.5 msf year over year. This abundance of space options gives occupiers in the market elevated leverage in negotiations. Notable sublease space includes Anthem's nearly 164,000 sf at 712 West Peachtree, with significant large blocks from NCR, IBM, and Cox Automotive also remaining on the market. The ongoing rise of sublease supply and increasing availability rates suggest that tenants will continue to have leverage in securing space, reinforcing a tenant-favorable environment in Atlanta's office market.

Concession packages continue to outpace increasing rents

Average asking rental rates continued to climb in Q2 2024, reaching \$32.61 per square foot (psf), up 5.6% year over year. In the Central Business District (CBD), average asking rates have risen 9.1% and now sit at \$40.19 psf, with Midtown leading at \$44.89 psf. This increase is driven by more expensive space on the market and higher construction costs for new development. As an offset, concession packages have offset rising rental rates. Despite the rise in rental rates, landlords are maintaining confidence in the market's resilience and are offering more attractive concession packages, including extended rental abatement periods and increased tenant improvement allowances. This trend is expected to persist through the remainder of 2024.

Key Statistics

	Q2 2023	Q2 2024	Y-0-Y
Inventory	173.3 msf	177.8 msf	+4.5 msf
Availability Rate	28.1%	29.2%	+110 bps
Asking Rental Rate	\$30.88	\$32.61	+5.6%
CBD Asking Rental Rate	\$36.84	\$40.19	+9.1%
Quarterly Leasing Activity	1.6 msf	2.6 msf	+1.0 msf
Available Sublease Space	8.2 msf	8.7 msf	+0.5 msf

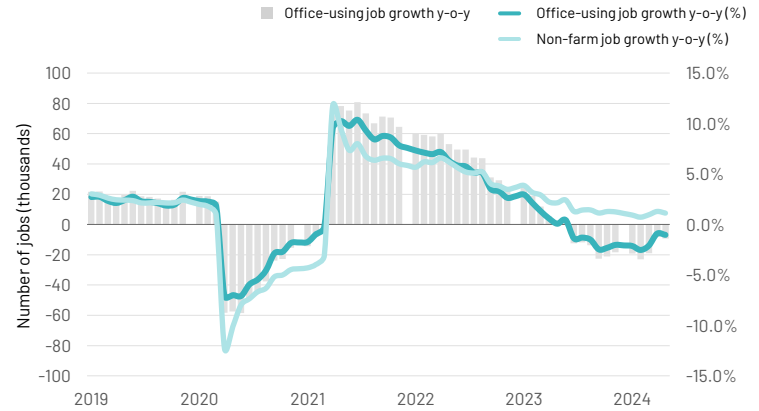
Outlook

01 Atlanta is expected to remain a highly desirable market with strong demand, driven by its diverse industry base, lower cost of living, and continually growing workforce talent pool

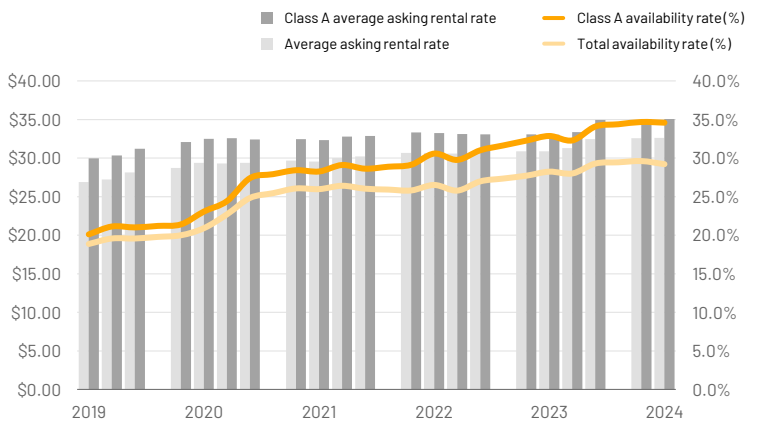
02 Heightened space availability coupled with some landlords facing loan distress will help sustain tenant-favorable market conditions throughout 2024

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

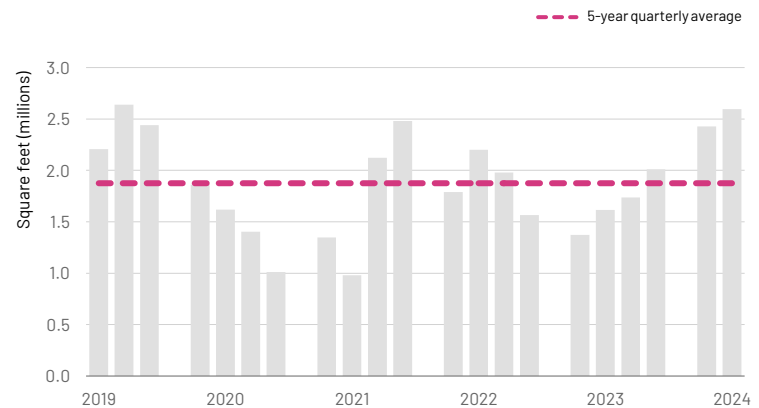
Office-using Employment Growth



Asking Rent and Availability



Leasing Activity



Top Transactions

*Trophy Building

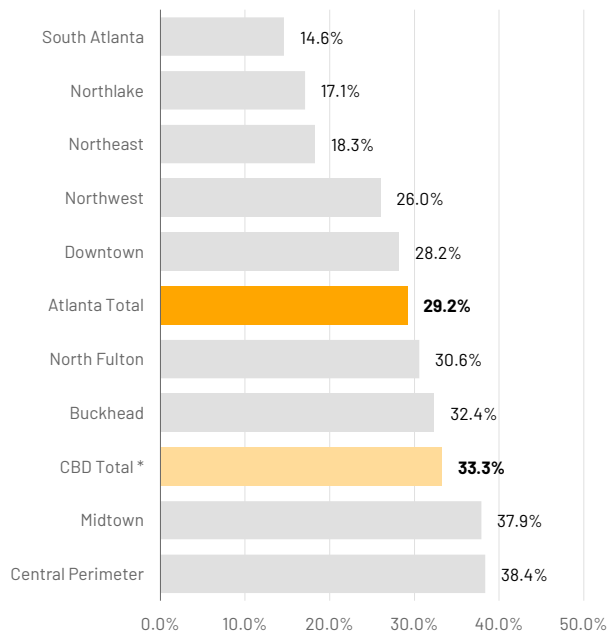
**Sublease

Source: Savills Research

TENANT	INDUSTRY	SUBMARKET	ADDRESS	SIZE (SF)	TRANSACTION TYPE
Southern Company Gas	Energy and Utilities	Midtown	725 W Peachtree Street	264,300	Relocation
Newell Brands	Manufacturing	Central Perimeter	5 Concourse Parkway*	180,173	Relocation
Piedmont Healthcare	Healthcare	Midtown	271 17 th Street*	164,221	Relocation
AT&T	TAMI	Buckhead	1057 Lenox Park	117,045	Relocation
AT&T	TAMI	Buckhead	1055 Lenox Park	103,229	Relocation
KPMG LLP	Business, Professional and Consulting Services	Downtown	303 Peachtree Street*	99,151	Renewal
T-Mobile South	TAMI	Central Perimeter	1 Ravinia Drive	98,526	Renewal
Atlanta Hawks	Personal Services and Recreation	Downtown	101 Marietta Street	57,594	Renewal
AON Service Corporation	Business, Professional and Consulting Services	Central Perimeter	3 Ravina Drive	50,243	New Location**
Havertys Furniture	Retail	Central Perimeter	780 Johnson Ferry Road	46,590	Renewal

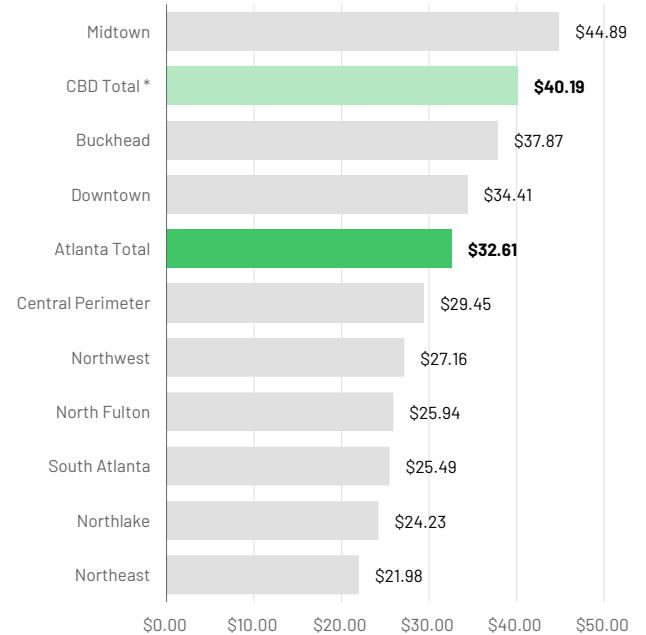
Availability Rate Comparison (%)

ATLANTA SUBMARKETS



Rental Rate Comparison (\$/sf)

ATLANTA SUBMARKETS



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

Atlanta Q2 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.

The information in this report is obtained from sources deemed reliable, but no representation is made as to the accuracy thereof. Unless otherwise noted, source for data is Savills Research.

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