

Atlanta

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Leasing volume remains strong with the potential of an economic soft landing on the horizon

Leasing activity remained robust in the third quarter of 2024, with 2.2 million square feet (msf) of office space leased, representing a 29.4% increase year over year from the 1.7 msf recorded in Q3 2023. This brings the total leasing volume for the first three quarters of 2024 to 7.2 msf, driven by 11 significant leases exceeding 100,000 square feet (sf). Such significant activity includes the largest transaction this quarter, the 104,440-square-foot relocation of Morris, Manning & Martin, LLP to 3560 Lenox Road. The recent Federal Reserve interest rate cuts, with the potential for more on the horizon, can provide a significant stimulus for corporate leasing by lowering borrowing costs. This in turn makes it easier for companies to fund the capital costs associated with new leases or relocations, particularly benefiting larger firms that had delayed decisions in a higher-rate environment. As a result, expect Atlanta to remain a highly desirable market, with robust demand driven by tenants seeking growth and investors capitalizing on the city's resilient and dynamic office sector.

Increased availability and ample sublease options sustain tenant leverage

Overall availability in Q3 2024 rose to 30.6%, an increase of 260 basis points (bps) from 28.0% in Q3 2023. Atlanta's sublease space remains relatively stable at 8.6 msf, up 0.3 msf year over year, though it saw a slight decline of 0.1 msf quarter over quarter largely driven by Cargill's sublease of 82,000 sf at 864 Spring Street. Despite this minor decrease, notable blocks of large space from IBM, Elevance Health, and Cox Automotive remain available, providing tenants with a wealth of options. This abundance of space options continues to grant occupiers substantial leverage in negotiations, reinforcing a tenant-favorable environment in Atlanta's office market.

Concession offerings continue to exceed the pace of rent increases

In Q3 2024, average asking rental rates rose to \$32.57 per square foot (psf), a 4.0% year-over-year increase, with Midtown leading the market at \$44.80 psf. While lower interest rates may increase demand for office space, they could also ease the pressure on landlords trying to refinance maturing debt. Despite rising rents, landlords are offering attractive concession packages, such as tenant improvements and rent abatements, allowing occupiers to negotiate favorable terms in a market with high availability. This trend is expected to continue through 2024 and into 2025.

Key Statistics

	Q3 2023	Q3 2024	Y-0-Y
Inventory	176.0 msf	177.0 msf	+1.0 msf
Availability Rate	28.0%	30.6%	+260 bps
Asking Rental Rate	\$31.31	\$32.57	+4.0%
CBD Asking Rental Rate	\$37.34	\$39.96	+7.0%
Quarterly Leasing Activity	1.7 msf	2.2 msf	+0.5 msf
Available Sublease Space	8.3 msf	8.6 msf	+0.3 msf

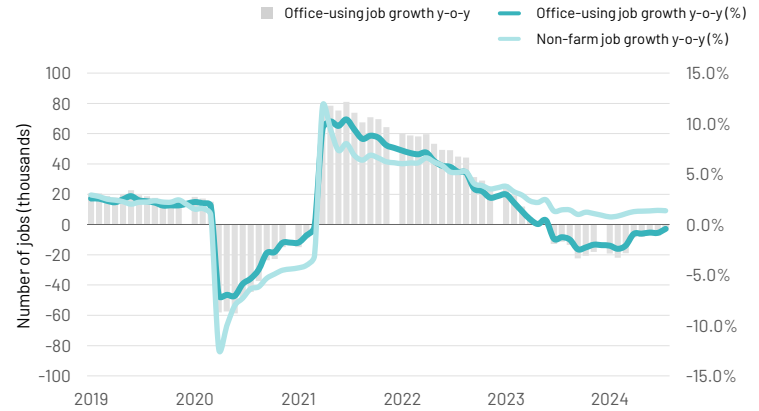
Outlook

01 Atlanta is a highly sought-after market, with demand driven by its diverse industry mix, competitive cost of living, and growing talent pool, further boosted by recent interest rate cuts

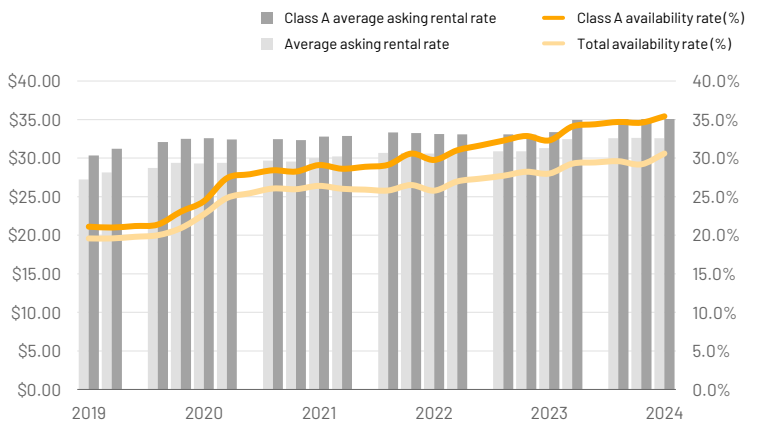
02 Expect increased availability and stable sublease options, alongside potential landlord loan distress, to support tenant-friendly market conditions through the remainder of 2024

03 While older buildings continue to face challenges in attracting tenants, newer, amenity-rich properties in prime locations will continue to appeal to occupiers seeking upgraded space

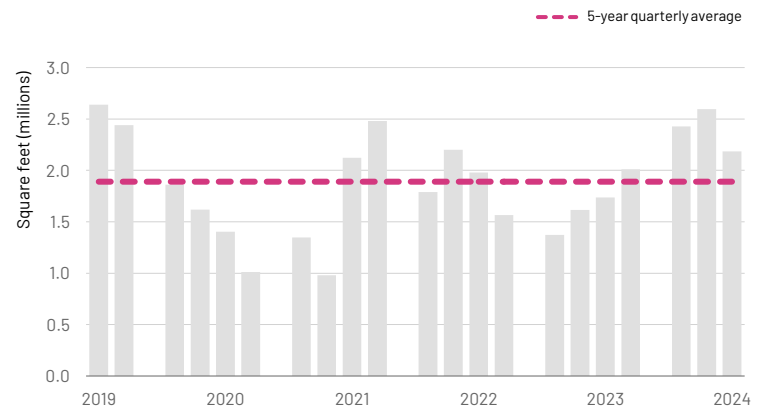
Office-using Employment Growth



Asking Rent and Availability



Leasing Activity



Top Transactions

*Trophy Building

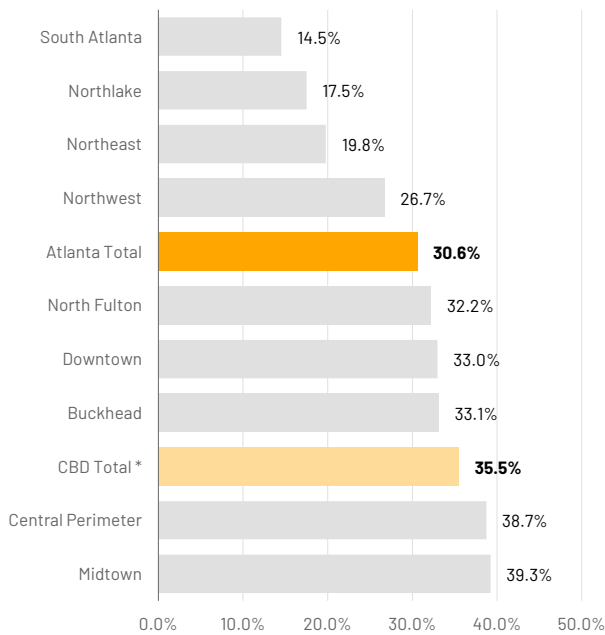
**Sublease

Source: Savills Research

TENANT	INDUSTRY	SUBMARKET	ADDRESS	SIZE (SF)	TRANSACTION TYPE
Morris, Manning & Martin, LLP	Legal Services	Buckhead	3560 Lenox Road*	104,440	Relocation
Truist	Financial Services and Insurance	Downtown	303 Peachtree Center Avenue	104,100	Relocation
CoStar Group, Inc.	TAMI	Buckhead	3438 Peachtree Road	82,131	Renewal
Cargill	Manufacturing	Midtown	864 Spring Street*	82,000	New Location**
Omnissa	TAMI	Central Perimeter	1155 Perimeter Center - Trading Floor	66,499	New Location**
Omnissa	TAMI	Central Perimeter	1155 Perimeter Center - Perimeter Center West	60,891	New Location**
SiteOne Landscape Supply, LLC	Retail	North Fulton	300 Colonial Center	55,869	Renewal
Cardea Capital Advisors	Financial Services and Insurance	Northwest	3350 Riverwood Parkway	46,917	Renewal
Endurance Services	Business, Professional and Consulting Services	North Fulton	1105 Lakewood Parkway	46,386	New Location
Athenahealth, Inc.	TAMI	Midtown	675 Ponce de Leon Avenue*	45,652	Renewal

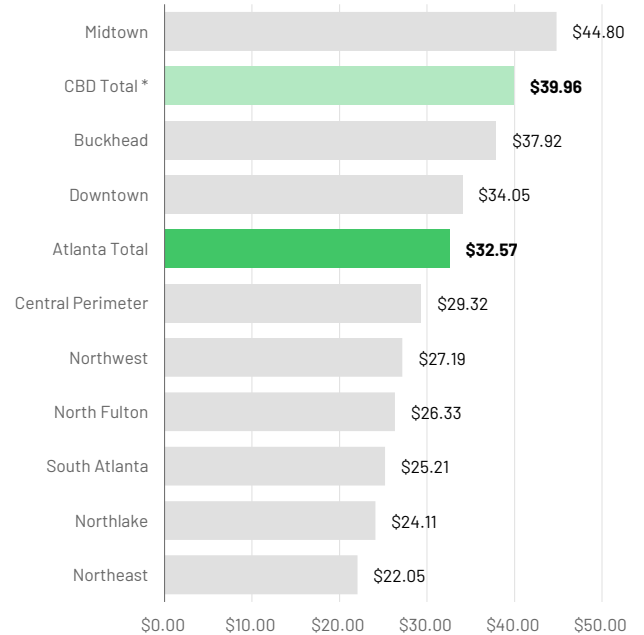
Availability Rate Comparison (%)

ATLANTA SUBMARKETS



Rental Rate Comparison (\$/sf)

ATLANTA SUBMARKETS



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

Atlanta Q3 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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