MARKET IN MINUTES
Savills Research

Q3 2022 - Office

# Atlanta

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## Atlanta's office market remains resilient in ascent from pandemic lows

The Atlanta office market continued to show signs of strength in the third quarter of 2022. Despite a year-over-year decline in leasing of 4.8%, stronger occupier demand was shown as leasing volume totaled 2.0 million square feet (msf) in Q3, which is on par with the 5-year quarterly average. The post-pandemic return in demand is visible, as the 5-year quarterly leasing average has been met or exceeded in four of the last five quarters. This uptick in leasing comes as occupiers flock to first-generation Class A space, both in central business district (CBD) and suburban submarkets.

### Record availability represents both a pain point for landlords and an opportunity for tenants

The total availability rate declined to 25.8% in the third quarter, down 60 basis points (bps) from 26.4%, reported in Q3 2021. Though availability has decreased slightly, the metric remains near record highs for the Atlanta market, due in part to a swell in sublease inventory. Sublease availability has increased from 5.4 msf in Q3 2021 to 6.7 msf as of Q3 2022. This 24.1% increase reflects the larger national trend of office tenants reevaluating current footprints and rightsizing to account for new space needs and hybrid work models. Elevated availability levels present opportunities for tenants in the market for space, as landlords are forced to compete with below-market-priced Class A sublease blocks across the city. Notable large blocks include a 141,551-square-foot (sf) Class A block at 10 Glenlake Parkway in Central Perimeter, and a contiguous 163,992-sf block at 712 W Peachtree Street.

### Despite high asking rental rates, the Atlanta office market remains soft for tenants willing to commit

The healthy demand for space in Atlanta's office market has caused a continued rise in rental rates. This quarter, market-wide rental rates reached an average of $30.58 per square foot (psf). Average CBD asking rates also increased year over year, from $36.42 psf to $36.70 psf. Much like other leading markets, tenants in Atlanta are showing a flight to quality, as first-generation space in CBD submarkets is commanding a vast market premium when compared to availabilities in traditional, aging assets. Although face rents have shown no signs of decline, landlords remain willing to offer substantial concession packages in the form of high tenant improvement allowances, beneficial occupancy, rental abatement packages, and other forms of flexibility for occupiers.

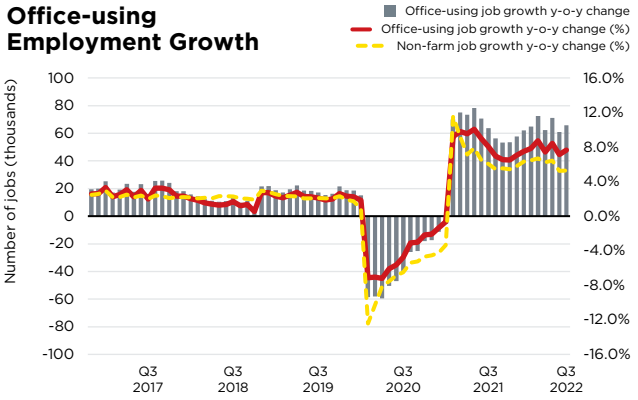
## Outlook

- Supported by strong industry and population growth, office leasing in Atlanta remains strong relative to other major metros
- Record availabilities for both direct and sublease space offer an array of options for occupiers now active in the market
- Despite high rental rates, landlords remain aggressive in offering generous concessions and favorable lease terms to remain competitive

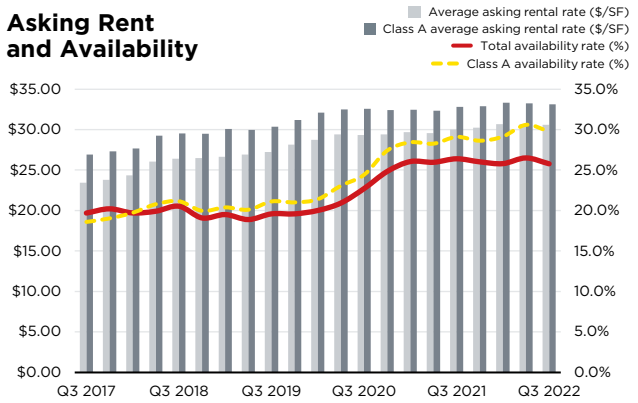
## Key Statistics

| | Q3 2021 | Q3 2022 | y-o-y Change |
|---|---|---|---|
| **Inventory** | 174.1 MSF | 174.7 MSF | ▲ |
| **Availability Rate** | 26.4% | 25.8% | ▼ |
| **Asking Rental Rate** | $29.99 | $30.58 | ▲ |
| **CBD Asking Rental Rate** | $36.42 | $36.70 | ▲ |
| **Quarterly Leasing Activity** | 2.1 MSF | 2.0 MSF | ▼ |
| **Available Sublease Space** | 5.4 MSF | 6.7 MSF | ▲ |

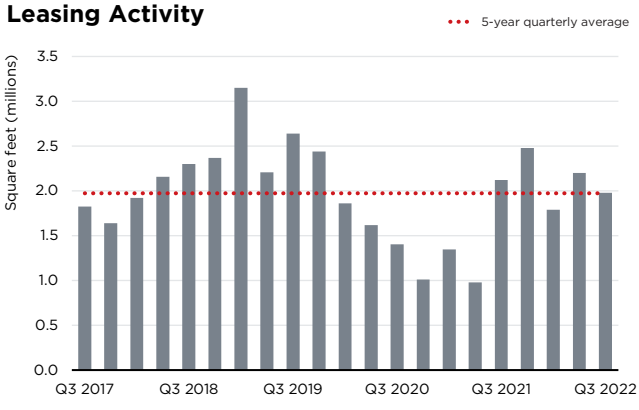
### Office-using Employment Growth




### Asking Rent and Availability




### Leasing Activity



## By the Numbers

**3.0%**
Atlanta Metro unemployment rate (as of August 2022)

**7.7%**
Office-using employment growth year over year (as of August 2022)

**2.4 msf**
Office space currently under construction

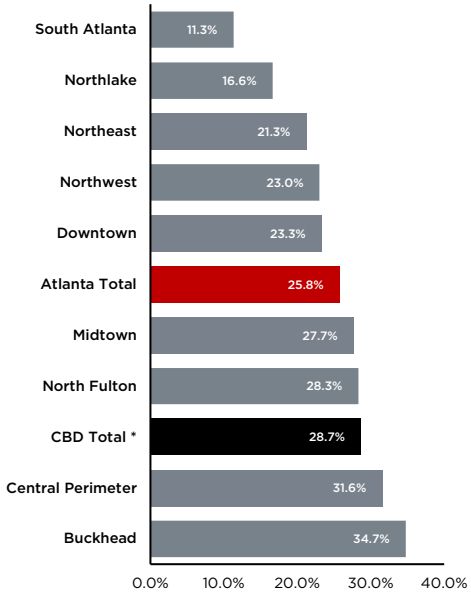
## Top Transactions

| Tenant | Square Feet | Address | Transaction Type | Submarket | Industry |
|---|---|---|---|---|---|
| **Anduril** | 140,000 | 1435 Hills Place | New Location | Midtown | TAMI |
| **Travelers** | 92,244 | 1000 Windward Concourse | Extension | North Fulton | Financial Services & Insurance |
| **ADP** | 80,793 | 5995 Windward Parkway | New Location | North Fulton | Business & Professional Services |
| **Cleveland Electric Company** | 51,042 | 3715 Northside Parkway | New Location | Northwest | Energy & Utilities |
| **J.P. Morgan** | 46,524 | 3424 Peachtree Road | Expansion | Buckhead | Financial Services & Insurance |
| **Bakkt** | 40,649 | 4125 Windward Plaza Drive | Relocation | North Fulton | Financial Services & Insurance |
| **Lockton Companies** | 37,938 | 3280 Peachtree Road | Extension | Buckhead | Financial Services & Insurance |
| **TVS Design** | 37,580 | 1200 Peachtree Street | New Location | Midtown | Construction, Engineering and Architecture |
| **Best Claims** | 34,642 | 3157 Royal Drive | New Location | North Fulton | Financial Services & Insurance |
| **Enterprise Holdings, Inc** | 31,000 | 4151 Ashford Dunwoody Road | New Location | Central Perimeter | Transportation |

Source: Savills Research

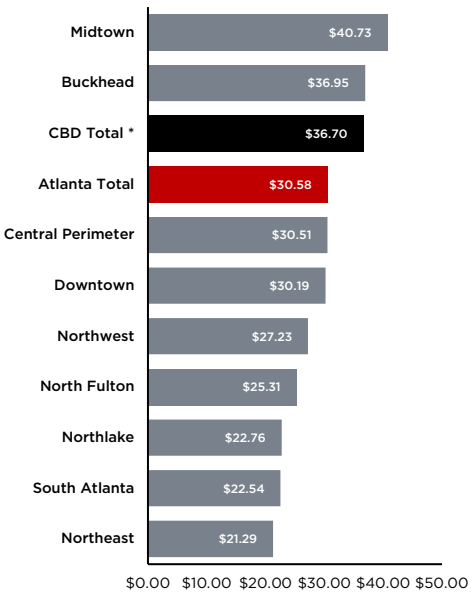
## Availability Rate Comparison (%)

Atlanta Submarkets




## Rental Rate Comparison ($/SF)

Atlanta Submarkets




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

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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