



Leasing posts strongest first-quarter total in five years, deliveries keep availability stable

Overall availability in Atlanta remains essentially unchanged year-over-year, ending the quarter at 19.6% despite a significant uptick in leasing activity. More than 3.1 million square feet (msf) of space was leased in the first quarter, marking the strongest quarterly total since 2014. New construction has kept availability in check with 2.6 msf of new product delivered in 2018 and an additional 3.8 msf currently under construction. With stronger demand and a robust pipeline of high-quality space, asking rents for the CBD increased 9.9% over the year, now at \$32.81 per square foot (psf). However, rent growth will likely top off this year, particularly as new construction is leased and some of the city's older office product becomes available.

Coworking and tech continue to lease large blocks

Coworking is expanding rapidly in nearly all major markets across the U.S. and Atlanta is no exception. WeWork alone has surpassed 500,000 sf in the Atlanta area, specifically in West Midtown, Downtown, and Buckhead. Rumored plans project that WeWork will occupy more than 1.5 million sf by 2020, establishing its presence as one of the largest tenants in the Atlanta market. This quarter WeWork added 100,300 sf at Centennial Tower, as well as the entire 42,000 sf available at the new Boundary development in Midtown. The technology, advertising, media and information (TAMI) sector was also particularly active this quarter with Google committing to 122,000 sf at the new 1105 W Peachtree Street tower, further solidifying Atlanta's status as a top tech city.

Midtown continues development hot streak

With the attraction of more companies and headquarters to Midtown, including Google and Norfolk Southern, developers are eager to transform the skyline to best fit tenants' needs. Notable Q1 groundbreakings with anchor tenants already in place include 1105 West Peachtree Street (Google and Smith, Gambrell & Russell LLP), 650 West Peachtree Street (Norfolk Southern), and the Boundary (WeWork), and 881 Peachtree Street. Overall availability stands at 17.0% in Midtown – a 50-basis-point increase year-over-year. With so much new product available, overall asking rents increased 3.2% from the previous year, and the market has even seen some recently signed leases topping just over \$50.00 psf.

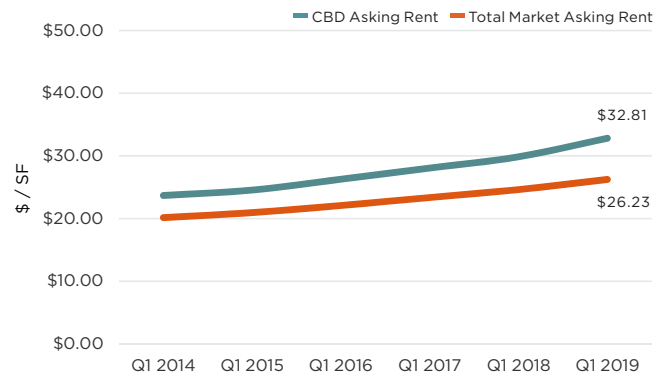
Outlook

- Due to its low cost of living and high quality of life, Atlanta continues to be a top contender for corporate relocations
- TAMI and coworking demand will continue to drive the market, especially now that Google is in the mix
- Midtown sees interest from both developers and organizations seeking to attract a talented workforce

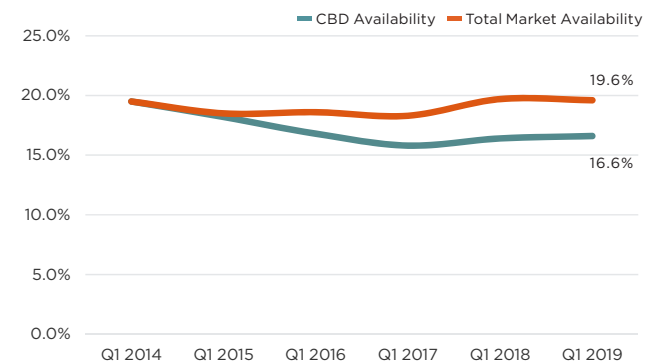
KEY STATISTICS

	Q1 2018	Q1 2019	y-o-y Change
Inventory	56.9 MSF	58.4 MSF	▲
Availability Rate	19.7%	19.6%	▼
Asking Rental Rate	\$24.62	\$26.23	▲
CBD Asking Rental Rate	\$29.85	\$32.81	▲
Quarterly Leasing Activity	1.9 MSF	3.2 MSF	▲

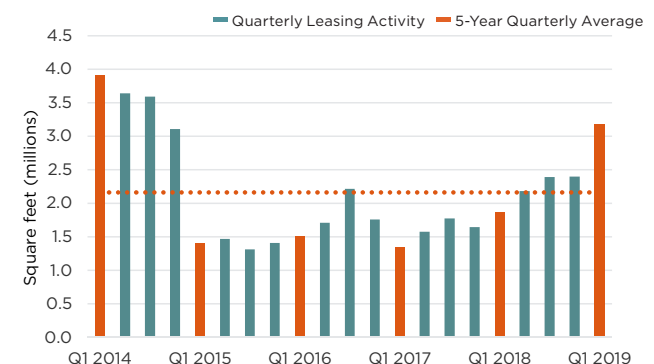
ASKING RENT TRENDS



AVAILABILITY TRENDS



LEASING ACTIVITY



MAJOR TRANSACTIONS

59.5%

of major transactions were **new entrants or relocations**

64.6%

of large transactions occurred in the **Midtown** submarket

23.7%

TAMI represented 23.7% of largest transactions

Tenant	Square feet	Address	Transaction type	Submarket	Industry
Norfolk Southern	366,196	1200 Peachtree Street, NE	Sale / Leaseback	Midtown	Transportation
Google	122,000	1105 W Peachtree Street, NW	New Location	Midtown	TAMI
WeWork	100,300	101 Marietta Street NW	New Location	Downtown	Coworking
Home Depot	83,106	340 Interstate N Parkkway, SE	Relocation	Northwest	Retail
OS National	70,779	3097 Satellite Boulevard	Relocation	Northeast	Professional Services
McKinsey	65,000	725 Ponce de Leon Avenue, NE	Relocation	Midtown	Professional Services
Samsara	64,910	1170 Peachtree Street	New Location	Midtown	TAMI
Brightree LLC	60,500	125 Technology Parkway	New Location	Northeast	TAMI
PNC Foundation	55,796	1075 Peachtree Street, NE	Renewal and Expansion	Midtown	Financial Services
Habitat for Humanity	54,603	285 Peachtree Center Avenue, NE	Relocation	Downtown	Associations and Nonprofits

Source Savills Research

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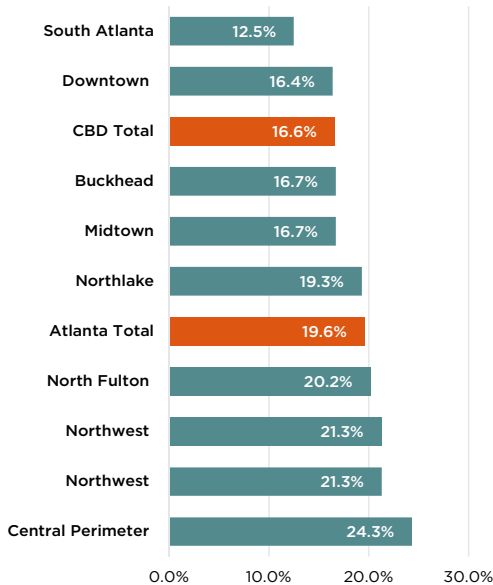
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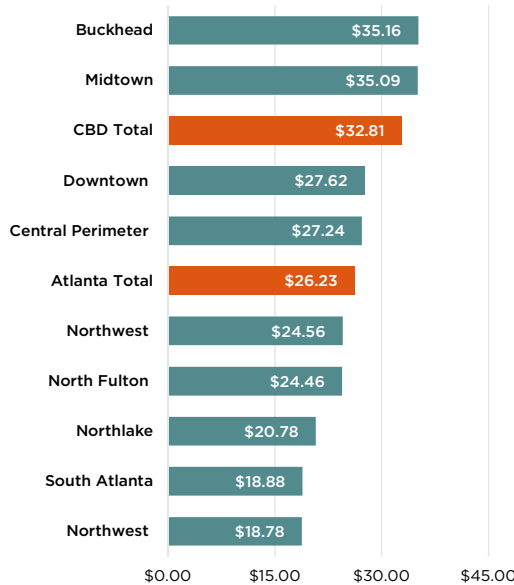
AVAILABILITY RATE COMPARISON

Atlanta Submarkets



RENTAL RATE COMPARISON (\$/SF)

Atlanta Submarkets



Unless otherwise noted, all rents quoted throughout this report are average asking gross (full service) rents psf. 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 compiled with the support of The CoStar Group.

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