



Demand for top-tier space keeps availability stable, despite a robust development pipeline

Even with 6.2 million square feet (msf) of new construction in the development pipeline, availability has held somewhat stable across the Atlanta office market over the first half of the year. Overall availability declined 50 basis points year over year to end Q2 at 19.0%. Meanwhile, Class A availability saw a slight increase with the influx of new product, rising just 20 basis points over the same period to 20.5%. Demand for top-tier office space is still prevalent across the Atlanta market, where high-profile tenants such as Google, Starbucks and WeWork are willing to pay a premium for newer, high-end locations. Overall average asking rents in Atlanta's CBD increased 5.1% year over year to \$33.23 per square foot (psf), while Class A CBD asking rents increased 3.6% over the same period to \$34.88 psf.

Leasing slows from outstanding Q1, Central Perimeter garners majority of core activity

Leasing velocity slowed substantially from a standout first quarter, but still posted a healthy 2.3 msf of activity during Q2, bringing the market's year-to-date total to 5.4 msf. The most active core submarket for Q2, Central Perimeter, accounted for 16.1% of the leases signed this quarter. Notable tenant commitments in this submarket included lease accounting and management software company, LeaseQuery, which added 52,888 sf at 3 Ravinia. Recently named one of the fastest growing companies in Atlanta, LeaseQuery has announced plans to create over 200 new jobs in the market. Additionally, coworking provider Spaces took 38,658 sf at 1 Concourse Parkway NE. Coworking and flexible office space currently occupy approximately 1.0-2.0% of Atlanta's office inventory, with that number continuing to grow at a rapid pace.

Large tenants expanding throughout Midtown, knocking out options in new buildings

Insurance giant Anthem has committed to anchor a new, second, tower at 712 West Peachtree Street where it will occupy 275,000 sf in the development expected to deliver in 2021. Also securing new space this quarter, AmLaw Top 10 firm, Jones Day, is taking 115,000 sf at the newest building within the Colony Square redevelopment, an amenity-rich redevelopment comprised of office, retail and residential uses. Though new construction activity has pushed Midtown availability up 330 basis points year-over-year to 17.7%, this increase is likely temporary with such strong tenant appetite for new product.

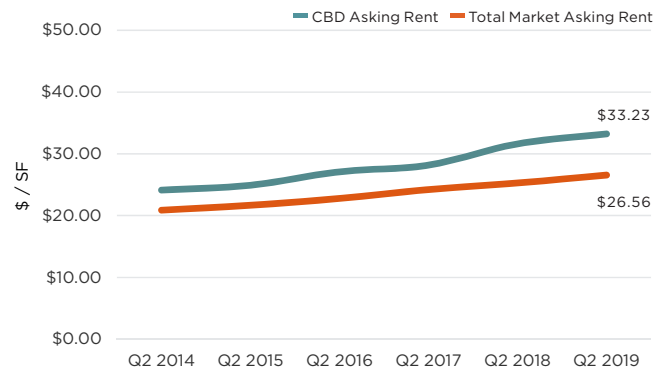
Outlook

- Atlanta continues to attract new market entrants; recently 48 companies have decided to locate or expand in Atlanta — 32 relocating from out of state
- Increasing asking rents are a consequence of organizations using their real estate as a recruitment tool, as prime (and pricey) space can attract and retain top talent in a tight labor market
- Availability is expected to increase on a temporary basis as new buildings deliver and tenants shift within the market

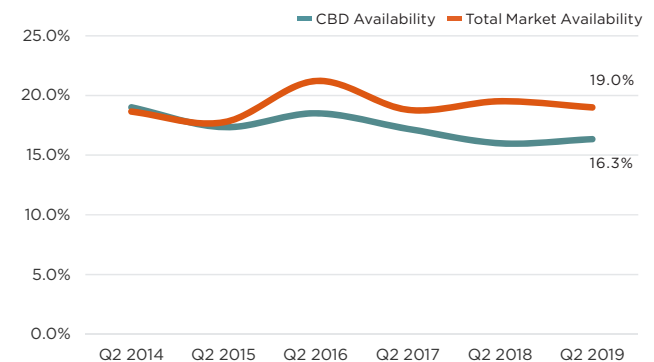
KEY STATISTICS

| | Q2 2018 | Q2 2019 | y-o-y Change |
|----------------------------|-----------|------------------|--------------|
| Inventory | 172.0 MSF | 171.3 MSF | ▼ |
| Availability Rate | 19.5% | 19.0% | ▼ |
| Asking Rental Rate | \$25.29 | \$26.56 | ▲ |
| CBD Asking Rental Rate | \$31.62 | \$33.23 | ▲ |
| Quarterly Leasing Activity | 2.2 MSF | 2.3 MSF | ▲ |

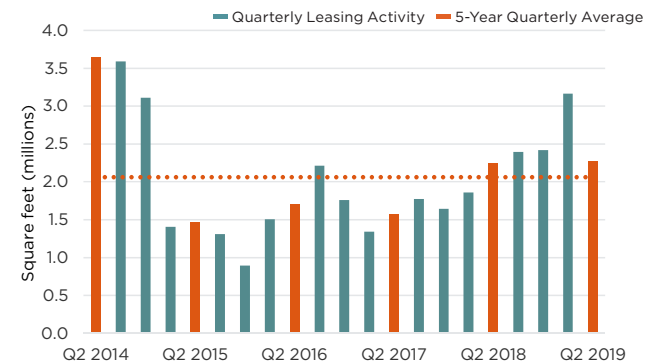
ASKING RENT TRENDS



AVAILABILITY TRENDS



LEASING ACTIVITY



MAJOR TRANSACTIONS

All

major transactions were new market entrants, expansions or relocations

53.2%

of large transactions occurred in the Midtown submarket

17.0%

TAMI represented 17.0% of largest transactions

| Tenant | Square feet | Address | Transaction type | Submarket | Industry |
|----------------------------------|-------------|------------------------------|------------------|-------------------|-----------------------|
| Anthem Insurance Companies, Inc. | 275,000 | 712 W Peachtree Street | New Location | Midtown | Healthcare |
| Jones Day | 115,000 | 1220 Peachtree Street | Relocation | Midtown | Legal Services |
| DataScan | 87,972 | 5925 Cabot Parkway | Relocation | North Fulton | TAMI |
| The Clorox Company | 72,180 | 1150 Sanctuary Parkway | Relocation | North Fulton | Manufacturing |
| LGE Community Credit Union | 59,348 | 3100 Cumberland Boulevard SE | New Location | Northwest | Financial Services |
| LeaseQuery | 52,888 | 3 Ravinia Drive | Expansion | Central Perimeter | TAMI |
| CommonGrounds Workplace | 49,506 | 999 Peachtree Street NE | New Location | Midtown | Coworking |
| CRH Americas | 47,000 | 400 Perimeter Center Terrace | Relocation | Central Perimeter | Professional Services |
| SPACES | 38,658 | 1 Concourse Parkway NE | New Location | Central Perimeter | Coworking |
| The Walsh Group - Archer Western | 29,000 | 2839 Paces Ferry Road SE | Relocation | Northwest | Professional Services |

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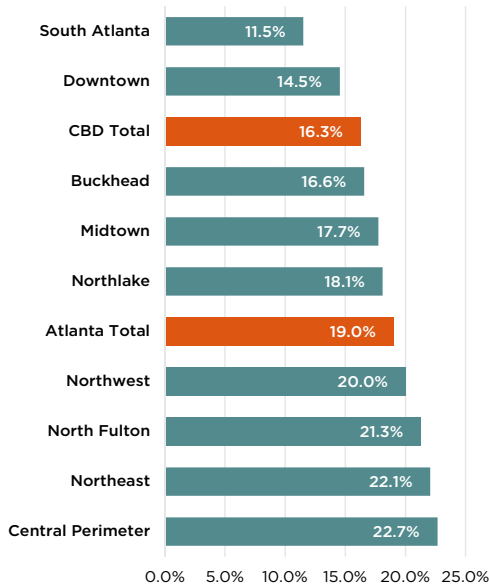
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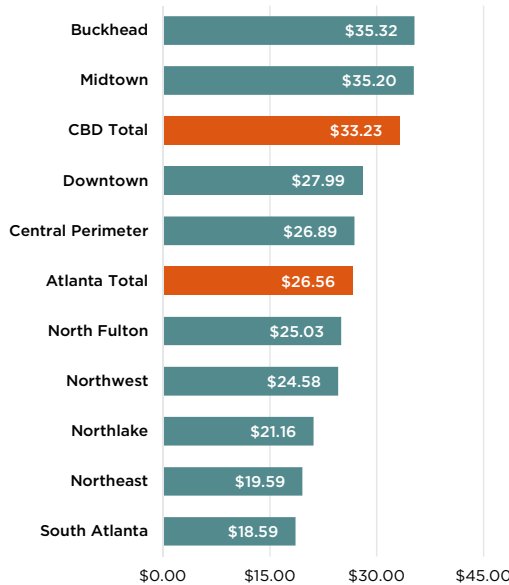
AVAILABILITY RATE COMPARISON

Atlanta Submarkets



RENTAL RATE COMPARISON (\$/SF)

Atlanta Submarkets



Unless otherwise noted, all rents quoted throughout this report are average asking gross (full service) rents 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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