



Sublease additions drive availability upwards in Atlanta

With many organizations looking to reduce costs in the current environment, sublease space in the Atlanta metro has reached an all-time high of 4.8 million square feet (msf) available - up 35.6% year over year. This pushed the market's overall availability rate to 22.7%, an increase of 180 basis points over the quarter. Owners have been hesitant to significantly reprice asking rates, even in the face substantial sublease additions. Average asking rents held flat over the quarter, now at \$29.32 per square foot (psf) but are likely to decline as additional lower-priced sublease options come to market. Market conditions are expected to continue to soften through the remainder of the year as the pandemic impact drags on. Still, developers and investors are remaining bullish on the market's future and several new developments are poised to break ground soon.

Leasing declines, Atlanta's lower dependence on public transit makes it an attractive option

Third-quarter leasing volume fell to just 1.4 msf, down 11.6% from last quarter and 45.6% compared to Q3 2019. Companies are re-evaluating space needs and delaying real estate decisions until the "new normal" is better defined or a successful vaccine is available to the masses. Despite the overall slowdown, large occupiers are still active in the market with leases signed by Mailchimp (300,000 sf), Deluxe Corporation (171,269 sf), and Rooms to Go (60,000 sf). Given that Atlanta has a lower dependency on public transportation, it may become increasingly enticing to corporations looking for office space outside of denser cities.

TAMI tenants remain active as Atlanta continues to cement its place among top tech markets

This quarter, Mailchimp signed a new lease for 300,000 sf at the north tower of 760 Ralph McGill, located on the popular eastside Beltline. Mailchimp will double in size when it relocates from Ponce City Market in fall 2022. The Beltline has connected over 45 intown neighborhoods and has sparked an economic revitalization across 22 miles of abandoned railways. Shifting to the westside, Microsoft, just off the heels of a 523,511-sf lease commitment at Atlantic Yards, has paid \$127 million for the long-anticipated Quarry Yards development site. It is speculated that Microsoft will build a corporate campus that includes mixed-use elements.

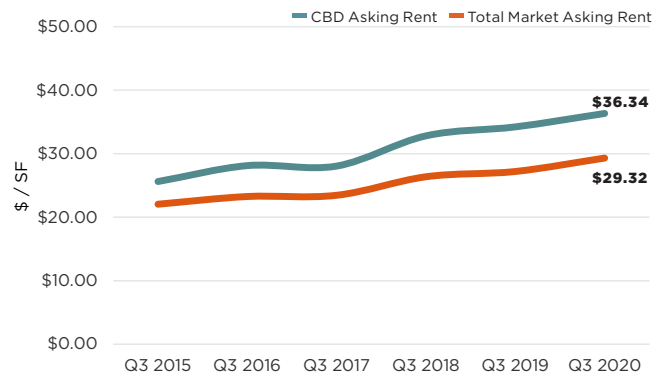
Outlook

- The glut of sublease space signals that organizations are re-evaluating workspace needs; this could offer tenants in the market below-average rates for high-quality spaces
- Microsoft's purchase of Quarry Yards underscores Atlanta's emergence as a top market for tech talent, particularly now as organizations seek locations less reliant on public transit
- Progress and pre-leasing at New City's Development on the Eastside Beltline are a positive sign that both developers and tenants are bullish on Atlanta's future

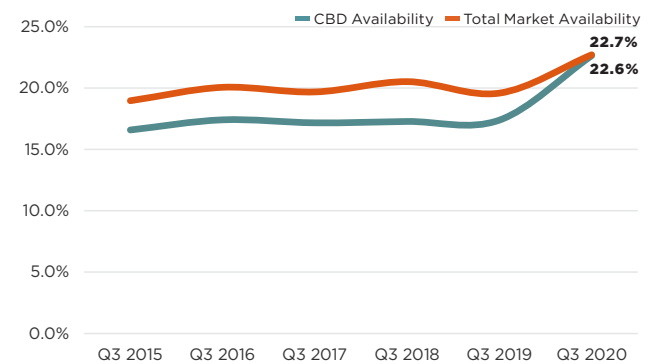
KEY STATISTICS

	Q3 2019	Q3 2020	y-o-y Change
Inventory	171.1 MSF	172.1 MSF	▲
Availability Rate	19.6%	22.7%	▲
Asking Rental Rate	\$27.22	\$29.32	▲
CBD Asking Rental Rate	\$34.23	\$36.34	▲
Quarterly Leasing Activity	2.6 MSF	1.4 MSF	▼

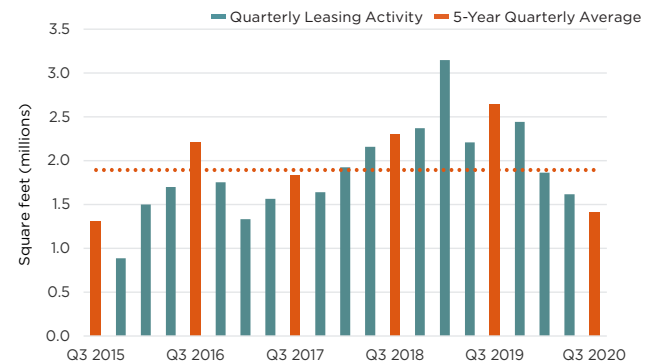
ASKING RENT TRENDS



AVAILABILITY TRENDS



LEASING ACTIVITY



MAJOR TRANSACTIONS

5 of 10

major transactions were new locations

48.9%

of large transactions occurred in the Downtown submarket by square footage

45.3%

TAMI sector tenants represented 45.3% of major transactions by square footage

Tenant	Square feet	Address	Transaction type	Submarket	Industry
Mailchimp	300,000	760 Ralph McGill Boulevard NE	Relocation	Downtown	TAMI
Deluxe Corporation	171,269	5565 Glenridge Connector	New Location	Central Perimeter	Retail
Rooms To Go	60,000	4004 Summit Boulevard	New Location	Central Perimeter	Retail
AMI	53,010	3095 Satellite Boulevard	Relocation	Northeast	TAMI
Ogletree Deakins	52,510	191 Peachtree Street NE	Renewal	Downtown	Legal Services
First Advantage	36,731	1 Concourse Parkway NE	Renewal	Central Perimeter	Professional Services
Money Penny	27,906	2915 Premiere Parkway	New Location	Northeast	Professional Services
Morehouse College	27,873	50 Hurt Plaza SE	New Location	Downtown	Education
Georgia Default	25,221	4500 River Green Parkway	New Location	Northeast	Professional Services
Merlinos & Associates	23,989	5550 Peachtree Parkway	Relocation	Northeast	Professional Services

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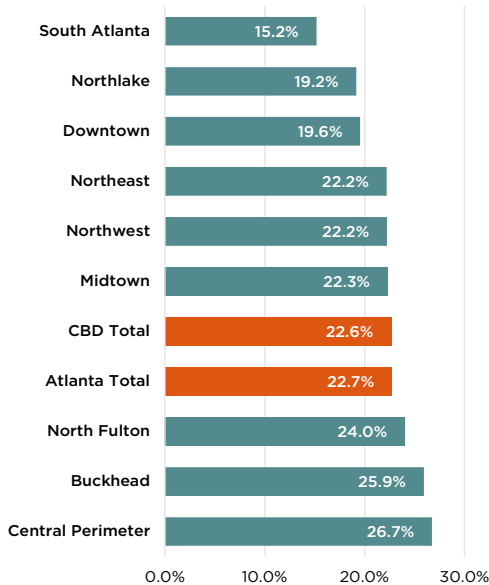
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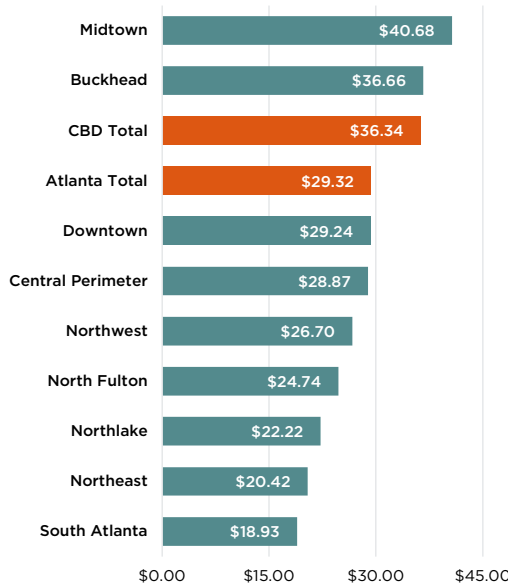
AVAILABILITY RATE COMPARISON

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. Availability includes any space (existing or under construction) that could be occupied within 12 months. Current and historical availability and rent data are subject to change due to changes in inventory.

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