



Tenant confidence in the future of the office is on the rise as leasing volume doubles in Q3

As the theoretical 'light at the end of the tunnel' regarding the pandemic becomes more vivid, tenants have begun to solidify mid-to long-term plans for office occupancy. In Q3, leasing volume totaled 2.1 million square feet (msf) – more than double from the previous quarter (1.0 msf). This spike in office leasing may have stifled the rise in availability, but it was not enough to stop it all together. Overall availability increased from 26.0% in Q2 to 26.4% in Q3. Availability remains at its highest level in 10 years, providing a tenant-friendly office market with a surplus of options to choose from.

A soft office landscape provides a window of opportunity for tenants re-entering the market

Prior to the global pandemic, rental rates were on a steady rise in Atlanta's office market. In recent quarters rent growth has been halted, and concessions have increased significantly. Overall Atlanta asking rents are up 2.3% in over the past year, from \$29.32 per square foot (psf) in Q3 of 2020 to \$29.99 psf in Q3 2021. Rents within the central business district (CBD) remain more indicative of the soft and opportunistic plateau that has emerged since the beginning of the pandemic. The average asking rent in the CBD remains flat at \$36.42 psf. The flattening of the overall rent curve has opened the door for tenant-friendly lease terms including longer rent abatement periods, an increase in tenant improvement allowances offered, and flexibility regarding termination and expansion rights.

Investors are bullish as Atlanta continues its growth as a major global tech hub

Atlanta stands out among other urban areas as the city with the highest growth rate for technology-related graduates in the U.S. This growing tech talent pool acts as an important barometer for companies looking to relocate to or expand in the southeastern region. Georgia startups continue to attract the attention of both local and global investors as the city remains a fertile environment for tech-based entrepreneurship. Venture funding in the first half of 2021 exceeds the entirety of 2020 funding. Tech companies continue to show preference for unique and collaborative office space. Amenity-rich, non-traditional space proves to be a main target for these companies as they consider their office footprint in Atlanta. Due to proximity to the increasingly vibrant Beltline, Ponce City Market continues to serve as an attractive option for top-tier tech companies as well. Sports gambling giant, FanDuel announced plans to occupy 68,000 square feet (sf) in Ponce earlier this year. Additionally, Twitter unveiled plans to expand its existing footprint in the space.

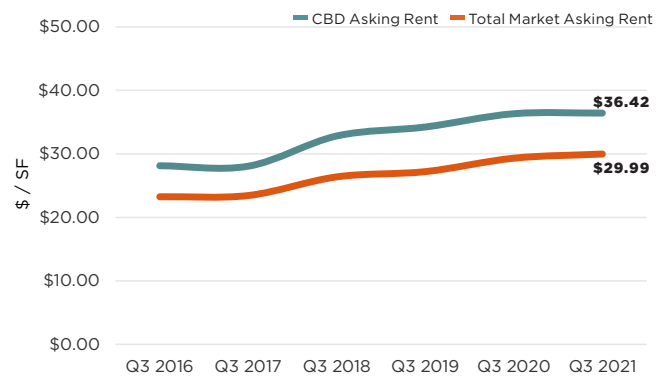
Outlook

- After a year of uncertainty, tenants are becoming more comfortable with mid- to long-term real estate decisions
- Softer office market conditions have resulted in plateaued rental rates and large concessions as landlords show continued willingness to be creative in order to secure tenancy
- Record levels of venture capital activity demonstrates that both internal and external investors remain bullish on Atlanta as a top tech-producing city post-pandemic

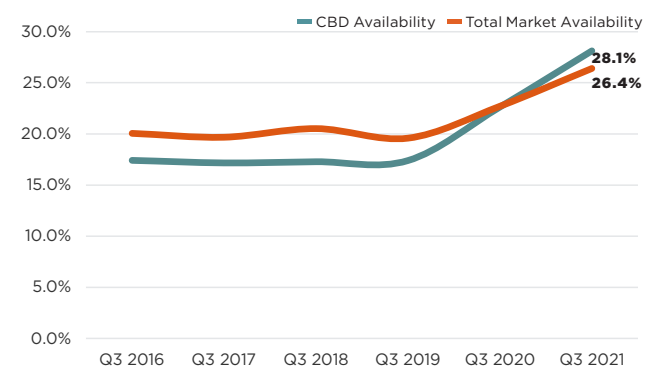
KEY STATISTICS

	Q3 2020	Q3 2021	y-o-y Change
Inventory	171.9 MSF	174.4 MSF	▲
Availability Rate	22.7%	26.4%	▲
Asking Rental Rate	\$29.32	\$29.99	▲
CBD Asking Rental Rate	\$36.34	\$36.42	▲
Quarterly Leasing Activity	1.4 MSF	2.1 MSF	▲

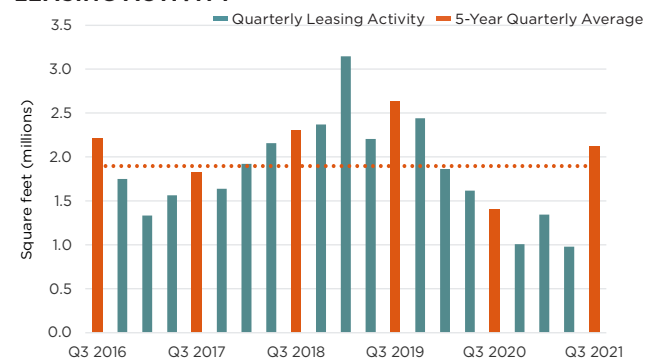
ASKING RENT TRENDS



AVAILABILITY TRENDS



LEASING ACTIVITY



MAJOR TRANSACTIONS

64.4%

of major transactions were **new locations** by square footage

34.0%

of large transactions occurred in the **Northwest** submarket by square footage

29.4%

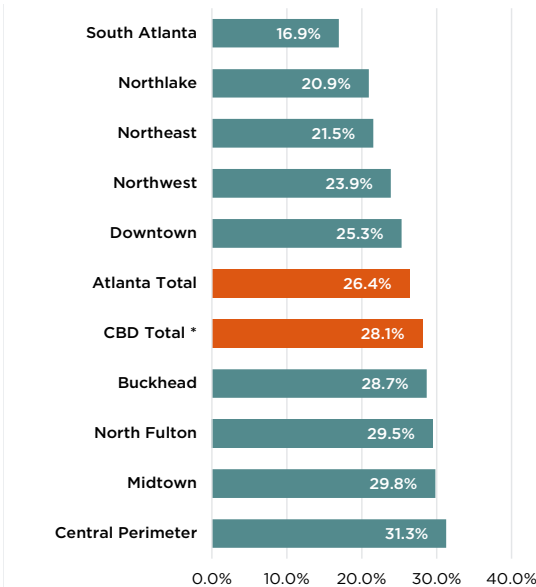
Manufacturing sector tenants represented 29.4% of major transactions by square footage

Tenant	Square feet	Address	Transaction type	Submarket	Industry
Novelis	95,742	1 Phipps Plaza	New Location	Buckhead	Manufacturing
Tax Wise	87,556	225 NW Chastain Meadows Court	Renewal	Northwest	Professional Services
FanDuel	66,971	675 Ponce de Leon Avenue NE	New Location	Midtown	TAMI
Intuitive Surgical	64,279	5400 Triangle Parkway	New Location	Northeast	Manufacturing
MacDermid Graphic Solutions	45,000	400-500 Chattahoochee Row NW	New Location	Midtown	Architecture
World 50, Inc	43,852	3525 Piedmont Road NE	New Location	Buckhead	Professional Services
GreenSky Credit	43,690	5565 Glenridge Connector	Renewal	Central Perimeter	Financial Services
Republic National Distributing Company	34,787	4300 Wildwood Parkway	New Location	Northwest	Retail
Scientific Research Corporation	31,492	2300 Windy Ridge Parkway SE	Restructure	Northwest	Education
Papa John's	31,006	3 Ballpark Avenue	Expansion	Northwest	Retail

Source Savills Research

AVAILABILITY RATE COMPARISON

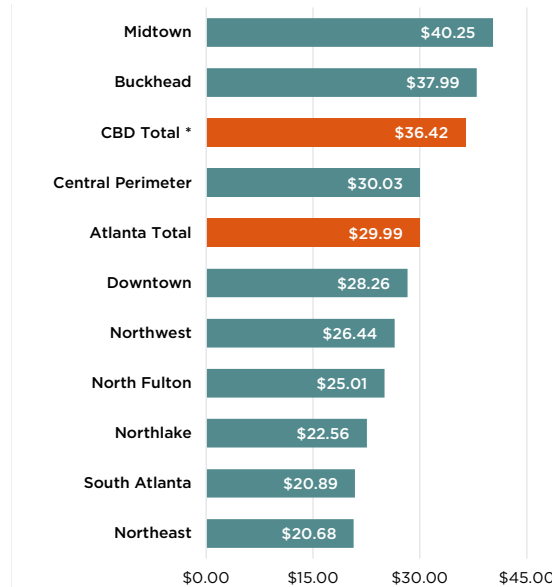
Atlanta Submarkets



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

RENTAL RATE COMPARISON (\$/SF)

Atlanta Submarkets



For more information, please contact us:

Savills
 Monarch Tower
 3424 Peachtree Road, NE
 Suite 2100
 Atlanta, GA 30326
 +1 404 467 0707

Chris White
 Vice Chairman, Director,
 Southeast Region Lead
 +1 404 504 0019
 cwhite@savills.us

Max Ervin
 Research Associate
 +1 404 467 0707
 mervin@savills.us

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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. 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.

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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