



Office leasing continues to rally in Q4 as transaction volume in Atlanta returns to pre-pandemic levels

The Atlanta office market continues to show signs of recovery as quarterly leasing remains above the five-year moving quarterly average. In Q4, leasing totaled 2.4 million square feet (msf) – more than doubling the volume of Q4 2020 (1.0 msf). The swell in transaction volume has emerged due to an increase in clarity regarding tenants’ post-pandemic real estate strategies, yet it remains too early to tell if emerging variant concerns will negatively impact the market. Despite stronger leasing volume, availability remains in the range of 10-year highs at 26.0%. Aggregate deal volume was bolstered by Visa’s commitment to 122,760 square feet (sf) in the former Norfolk Southern headquarters at 1200 Peachtree Street, and German shipping giant Hapag-Lloyd’s announcement of a new 127,000-sf North American headquarters in Central Perimeter’s Three Ravinia.

A plateau in rental rates coupled with favorable concessions portrays a tenant-friendly environment

Asking rental rates in the Atlanta office market have remained relatively stagnant throughout the pandemic and Q4 saw no change. Central Business District (CBD) rates shifted upward only 0.5% year over year to \$36.48 per square foot (psf). Pricing compression in Atlanta’s most active areas can be primarily attributed to the abundance of sublease space on the market. The combination of high sublease and direct availability, as well as an increase in alternative working models such as hoteling, has increased landlords’ willingness to offer competitive concession packages on some of the city’s top office space.

Midtown Atlanta continues to cement itself as a key innovation hub for the greater Southeast

Due to its central location and access to a wealth of well-educated human capital, Midtown has shown no signs of slowing in its rise as a major hub for technology, education, and professional services. 2021 marked a record year for venture capital investment in Atlanta-based companies, totaling \$4.2 billion in investment compared to \$1.9 billion in 2020. Many of these companies were nourished in the innovation district surrounding Tech Square. In Q4, Cisco Systems announced a 700-person expansion into Coda. Additionally, global computer chip manufacturer Micron reported that it will bring 500 jobs to its new Midtown office. In December, it was announced that Tower Square, one of the city’s marquis office landmarks, was chosen to house the 200,000-sf Center for Global Health and Innovation which aims to equip Atlanta with the necessary infrastructure to become one of the nation’s leading life sciences developments centers.

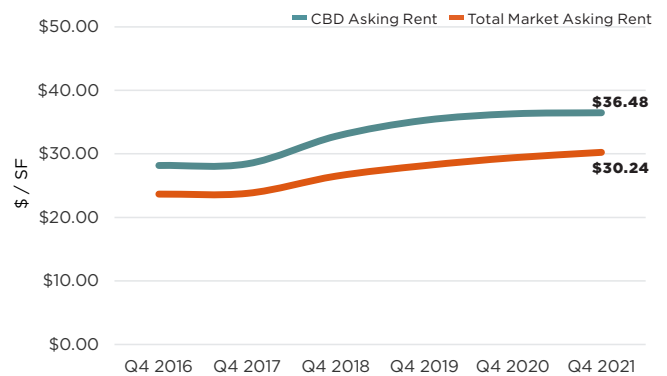
Outlook

- As organizations begin to obtain pre-pandemic strategic clarity, office leasing in Atlanta will likely remain strong
- Stalled rental rates and an inflated supply of sublease and direct availability will keep landlords offering increasingly generous concession packages to secure occupancy
- Atlanta will continue to strive for new heights with large tech relocations and an ambitious plan for a life sciences hub to bolster Midtown’s innovation district

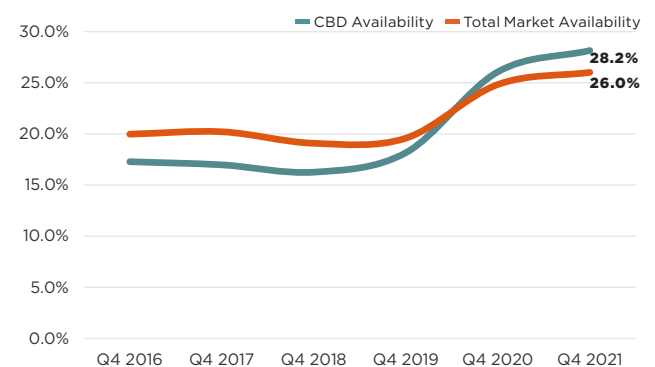
KEY STATISTICS

| | Q4 2020 | Q4 2021 | y-o-y Change |
|----------------------------|-----------|------------------|--------------|
| Inventory | 174.0 MSF | 174.7 MSF | ▲ |
| Availability Rate | 24.8% | 26.0% | ▲ |
| Asking Rental Rate | \$29.39 | \$30.24 | ▲ |
| CBD Asking Rental Rate | \$36.30 | \$36.48 | ▲ |
| Quarterly Leasing Activity | 1.0 MSF | 2.4 MSF | ▲ |

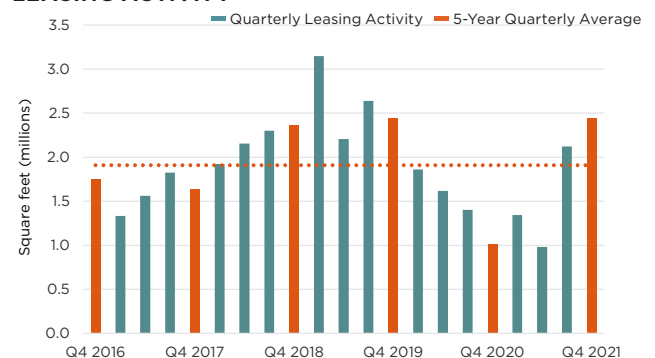
ASKING RENT TRENDS



AVAILABILITY TRENDS



LEASING ACTIVITY



MAJOR TRANSACTIONS

ALL

major transactions were **new locations**

72.5%

of large transactions occurred in the **Central Perimeter** submarket by square footage

60.0%

TAMI sector tenants represented 60.0% of major transactions by square footage

| Tenant | Square feet | Address | Transaction type | Submarket | Industry |
|-------------------------|-------------|---------------------------------|------------------|-------------------|--------------------|
| Carvana | 569,778 | 236 Perimeter Center Parkway NE | New Location | Central Perimeter | TAMI |
| Hapag-Lloyd | 127,000 | 3 Ravinia Drive | New Location | Central Perimeter | Transportation |
| Visa | 122,760 | 1200 Peachtree Street Ne | New Location | Midtown | Financial Services |
| Bakkt | 50,756 | 10000 Avalon Boulevard | New Location | North Fulton | TAMI |
| Schindler Elevators | 50,556 | 3 Ravinia Drive | New Location | Central Perimeter | Engineering |
| RH Specialty | 43,135 | 5605 Glenridge Drive NE | New Location | Central Perimeter | Financial Services |
| Osmose Utilities | 35,167 | 191 Peachtree Street NE | New Location | Downtown | Energy & Utilities |
| Synamedia | 32,930 | 1715 N Brown Road | New Location | Northeast | TAMI |
| RoadSync | 31,237 | 715 Peachtree Street NE | New Location | Midtown | Financial Services |
| Marquee Insurance Group | 26,645 | 1455 Old Alabama Road | New Location | North Fulton | Financial Services |

Source Savills Research

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

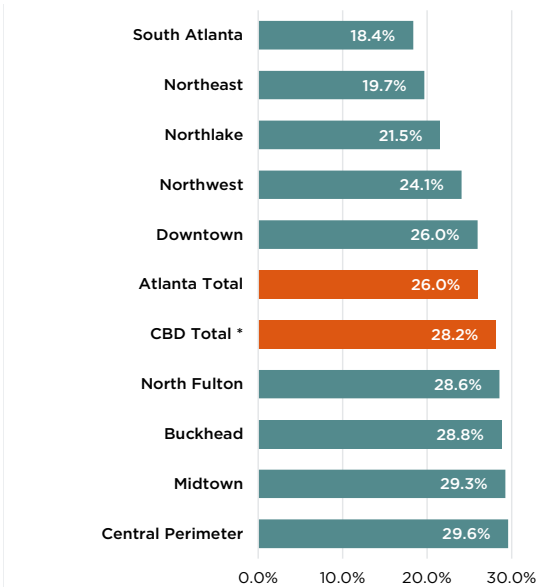
Max Ervin
 Research Associate
 +1 404 467 0707
 mervin@savills.us

About Savills Inc.
 Savills helps organizations find the right solutions that ensure employee success. Sharply skilled and fiercely dedicated, the firm's integrated teams of consultants and brokers are experts in better real estate. With services in tenant representation, workforce and incentives strategy, workplace strategy and occupant experience, project management, and capital markets, Savills has elevated the potential of workplaces around the corner, and around the world, for 160 years and counting.

For more information, please visit Savills.us and follow us on LinkedIn, Twitter, Instagram and Facebook.

AVAILABILITY RATE COMPARISON

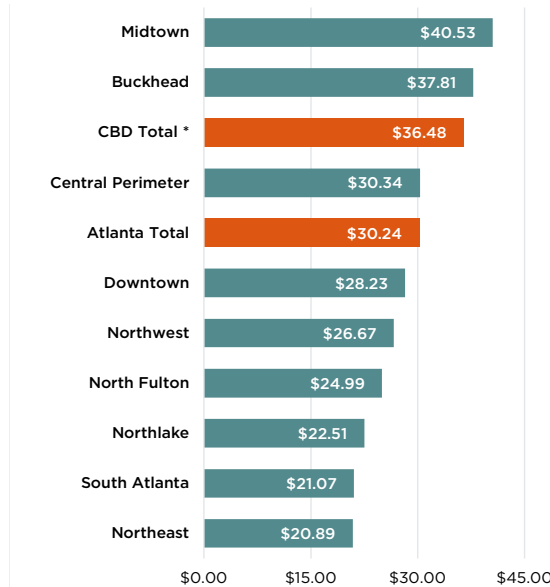
Atlanta Submarkets



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

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.

Copyright © 2022 Savills

