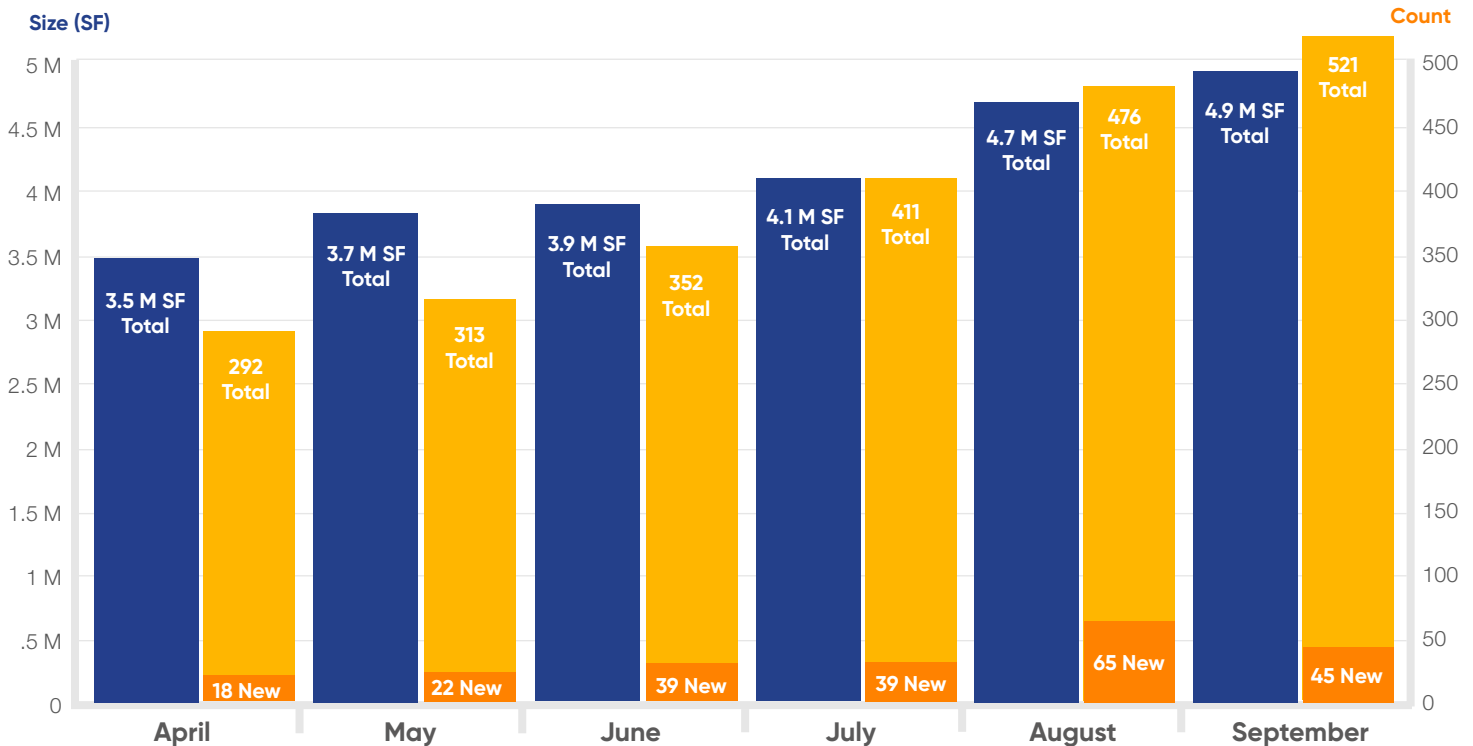


Atlanta Sublease Market Observations

October 2020

Since March 12, 2020 (the start of Covid-19 restrictions in the U.S.) we have seen the sublease inventory continue a steady increase of new space on the Atlanta market. The rental rates for direct space with Landlords has not moved much yet, but as the market sees businesses enter back into negotiations for space in the coming quarters, we expect an impact or some downward pressure on rental rates. At this point, it is very important to track the sublease inventory because it is one of the best live time indicators we have to view the market. As more sublease space enters the market, this will put increased pressure on Landlords to compete for new deals. For historical perspective, after the Great Recession that began in 2008, we reached a sublease inventory peak of 5.7 million SF in Q2 2009. This compares to Atlanta's most recent inventory of 4.9 million SF. It will be interesting if we surpass the peak of 2009. We are confident that this sublease inventory is going to support more favorable terms for tenants in the near term. Take a look at the story this graph shows:

Sublease Space by Month



New and Notable Subleases as a Result of COVID-19

Tenant	Address	Submarket	Size (SF)
At&T	11650 Johns Creek Pkwy	North Fulton	266,790
Heidelberg	1000 Gutenberg Dr.	Kennesaw	175,900
Macy's	383 17th Street	Midtown	107,712
Reliance Trust	1100 Abernathy Rd.	Central Perimeter	64,158
Coca-Cola	1150 Sanctuary Pkwy	North Fulton	31,584



In the month of September, 30 new spaces over 5,000 SF came to the market, totaling almost 802,000 SF.