

Market Report

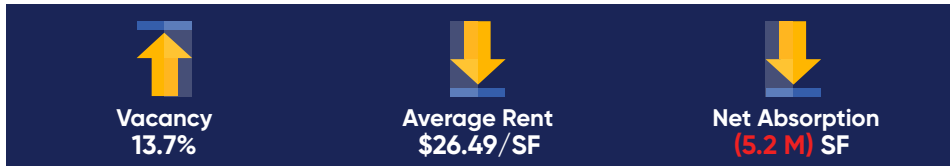
The Atlanta office market is starting to see the light at the end of the tunnel as we exit Q1 2021. As of the end of March, **about 2.7 million doses per day of one of the COVID-19 vaccines are going into someone's arm, bringing the total to over 96 million vaccinated Americans.** If the country maintains its current pace, about half of the United States population will be vaccinated by the end of May 2021.

Q1 was undoubtedly highlighted by Google's announcement to triple its space commitment at 1105 WP in Midtown. Originally committing to "just" five floors, the technology giant will now lease 19 floors totaling 500,000 square feet and creating hundreds of new jobs. Adding to that success, in February of this quarter **Airbnb announced that Atlanta will be the location of its new East Coast technology hub.** Airbnb has yet to suggest exactly where this new technology hub will be within the city and when they are aiming to open for business. Atlanta suburbs Sandy Springs and Alpharetta were among the highest population growth in the nation this quarter and their office markets are shining in part of it. **Global Payments signed a 200,000 square foot lease at 5995 Windward Parkway in Alpharetta this quarter to consolidate their office footprint.**

There is still a whopping 5.9 million square feet of sublease office space on the market

Sublease asking rates increased .8% this quarter

This could suggest that most companies are seeing a return to office nearing and are not willing to give away their office space for a massive loss. Atlanta is recovering healthily since COVID rocked the economy and we expect nothing but positive growth for the city as we progress into 2021.



Rental and Vacancy Rates

Direct Asking Rent (\$/SF)	Total Vacancy Rate	YoY Change
\$38.14	CBD Class A 23.6%	▲ 3.0%
\$27.68	CBD Class B 25.8%	▲ 7.2%
\$36.86	CBD Total 23.9%	▲ 4.8%
\$30.32	Suburban Class A 23.9%	▲ 3.3%
\$21.45	Suburban Class B 28.6%	▲ 5.5%
\$27.55	Suburban Total 25.4%	▲ 4.0%
\$11.95	Industrial Flex 23.4%	▲ 5.1%
\$5.64	Industrial Warehouse 5.8%	▲ 3.5%
\$6.85	Industrial Total 11.1%	▲ 4.8%

Recent Transactions

Tenant	Size	Submarket	Type	Building
Global Payments	206,542 SF	North Fulton	New Location	5995 Windward Pky
ServiceMaster	53,440 SF	Central Perimeter	New Location	1 Glenlake Pky
Soliant Health	36,000 SF	Norcross/ Peachtree Corners	New Location	5550 Peachtree Pky
New Benevis	30,202 SF	Cumberland/ Galleria	New Location	210 Interstate N Pky
ABB, Inc.	25,353 SF	Cumberland/ Galleria	New Location	2018 Powers Ferry Road

Occupier's Perspective

COVID has caused an uptick in vacancy rates that have remained stable throughout the years. Atlanta closed out at 13.7% this quarter, a 2% increase from 1 year ago.

With 7.2 million square feet under construction, the metro ranks as one of the most active construction markets in the country.

Midtown's rent growth has cooled significantly since the onset of the pandemic. Buckhead has seen a notable slowdown in rent growth over the past few quarters as well.

Market Trends



Gentrification has been a contentious topic of discussion for west Atlanta as Microsoft moves along with its massive new campus at Quarry Yards; naturally raising rent and property value. Atlanta Beltline Inc. purchased 31 acres this quarter for planned affordable units next to Microsoft's campus.

ServiceMaster Brands took advantage of the copious amounts of sublease space on the market and signed a 50,000 square foot sublease this quarter at One Glenlake in Sandy Springs; one of this quarter's largest office deals.

Amazon purchased a 150,000 square foot building in Alpharetta this quarter that used to house a Whole Foods office and distribution. This is just one of the many moves Amazon has made to expand its real estate footprint in Atlanta.