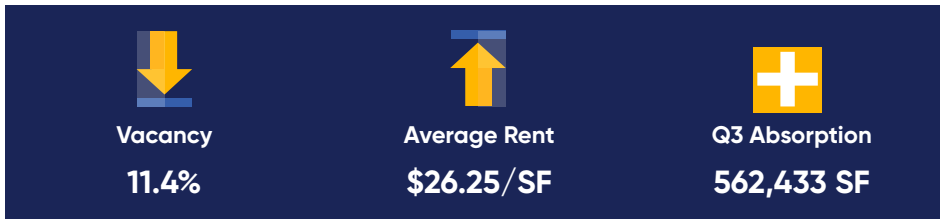


Market Report

Atlanta posted a strong but steady Q3 with rents continuing to climb and vacancy holding firm. Class A quoted rent this quarter ended at \$30.65/SF, only a 7-cent jump from Q2 which saw a much larger spike. Midtown is continuing to distinguish itself from other submarkets with an average Class A rent of \$38.99/SF which is over \$2.40/SF more expensive than Buckhead. Central Perimeter crushed it in Q3 with 685,000+ SF in leasing activity. North Fulton was just behind with 602,000 SF. Cumberland's "Galleria" office buildings fetched one of the highest investment sales of the year but Q3 as a whole was slow for Cumberland with only 224,000 SF in leasing activity. Ameris Bank's 58k SF lease at Securities Center in Buckhead helped soften a rather weak Q3 for Atlanta's financial district. West Atlanta's The Interlock, The Works, and Star Metals are some of the most highly anticipated mixed-use projects in the city and are filling quickly. Projects like these coupled with the 230 acre+ Quarry Yards project are keying up West Atlanta to become the next hot area to work and play for a younger workforce. Downtown Atlanta fell short this quarter on signing an anchor tenant for the Summerhill development which is poised to re-shape the south end of Atlanta. With over 7 million SF under construction, there has perhaps never been a more exciting time in the Atlanta office market and we look forward to seeing how the city closes out 2019.

Occupier's Perspective

- Overall vacancy rates remained virtually the same from Q3 to Q2 2019 finishing at 11.4% and 11.5%, respectively.
- 33 Class A buildings totaling 6.79 million SF, are under construction across metro Atlanta, over half of which are in Midtown alone.
- Class A average rent marginally increased to \$30.65/SF, perhaps finally realizing predicted slow-downs. Buckhead and Midtown both have average Class A rents over \$36.50/SF.



Rental and Vacancy Rates

Direct Asking Rent (\$/SF)	Total Vacancy Rate	YoY Change
\$35.28	CBD Class A 14.6%	▼ 0.3%
\$27.65	CBD Class B 6.6%	▲ 1.8%
\$34.16	CBD Total 11.6%	▲ 0.4%
\$27.52	Suburban Class A 14.4%	▲ 0.1%
\$19.92	Suburban Class B 12.3%	▲ 0.1%
\$23.31	Suburban Total 11.4%	▲ 0.2%
\$10.98	Industrial Flex 5.2%	▼ 0.4%
\$4.79	Industrial Warehouse 6.1%	▼ 0.1%
\$5.28	Industrial Total 6.1%	▲ 0.2%

Market Trends



Midtown had the most leasing activity of all submarkets this quarter, with over 788,000 SF. A large chunk of that was Invesco's 297k SF lease at the proposed Midtown Union. The submarket leads the city with 3.6 million SF under construction.

The Atlanta Beltline is continuing to be a catalyst of development across the city, bringing interest and investment to areas that have historically been overlooked. The Beltline's planned westward expansion will connect to the Quarry Yards project.

Coworking giant WeWork has over 677k SF in lease commitments in some of the most desirable buildings in Atlanta. Recent C-Suite step downs and a 2018 reported loss of \$1.6 billion will have landlords and developers sweating going into Q4.

Notable Transactions

Tenant	Building	Size (SF)	Type	Submarket
Invesco	1295 Spring St NW	297,000	Relocation	Midtown
Blackrock	725 Ponce de Leon Ave	115,896	New Location	Midtown
Samsara	1170 Peachtree St	79,150	New Location	Midtown
WeWork	1155 Perimeter Center W	71,821	New Location	Central Perimeter
Owens & Minor	1 Edison Drive	67,283	New Location	N Fulton