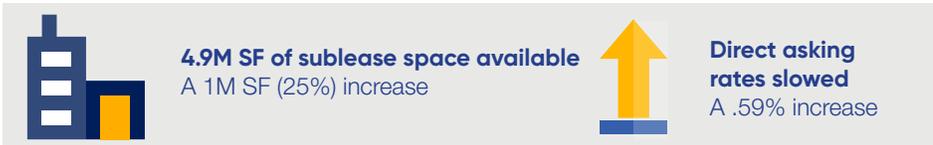


# Office Market Report

Q3 2020 coming to an end solidifies over half a year our country has been living and adapting in a COVID-19 environment. CRE analysts continue to expect a drop in direct asking rates from Landlords as they compete with subleases, but as of this quarter, it has not yet happened.



Although the city posted a mere 1.4M SF of leasing activity this quarter, the Atlanta Business Chronicle has reported that in the last year, Atlanta has posted more leasing activity of technology companies than any other metro in the country. This is highlighted of course by progress on Microsoft's new campus at Atlantic Station and whispers of their potential involvement in the recent purchase of the Quarry Yards development in West Atlanta. Further expanding on West Atlanta's growth, Lincoln Property Co has started pre-development work on "Echo Street West," a \$227 million mixed-use project just west of Georgia Tech. Echo Street West will include 285,000 square feet of creative office space, 30,000 square feet of retail and 300 apartments, of which about 60 are set aside as affordable units. Announcements like these are a reminder that in a time of constant negative news, Atlanta is still a healthy metro with booming construction and one that has historically fared better in economic crashes than most cities.



## Occupier's Perspective

Vacancy rates have held relatively stable in recent years. Atlanta closed out at 12.1% this quarter, a .2% increase from Q2 2020.

6.5 million SF of office space is under construction in Atlanta. Atlanta is set to expand at one of the fastest rates in the country as these projects deliver in the next few years.

CBD Class A rent held steady this quarter, ending at \$37.87/SF, only a .26% increase from Q2. Asking rates for outer markets North Fulton, Cumberland, and Central Perimeter actually dropped .8% to \$30.52/SF this quarter.

## Rental and Vacancy Rates

Direct Asking Rent (\$/SF)	Total Vacancy Rate	QoQ Change
\$37.87	CBD   Class A 14.9%	▲ 0.3%
\$26.51	CBD   Class B 6.4%	▲ 0.7%
\$34.94	CBD   Total 12.2%	▲ 0.4%
\$30.52	Suburban   Class A 15.9%	▼ 0.8%
\$21.80	Suburban   Class B 14.8%	▲ 0.6%
\$27.86	Suburban   Total 15.5%	▲ 0.2%
\$11.74	Industrial   Flex 5.2%	▲ 0.2%
\$5.10	Industrial   Warehouse 6.5%	▲ 0.3%
\$6.25	Industrial   Total 6.1%	▲ 0.2%

## Market Trends



Atlanta marketing company, Mailchimp, announced in September that they will vacate Ponce City Market and move into the highly anticipated 760 Ralph McGill development. Mailchimp will occupy 300,000 SF in this 1 Billion dollar mixed-use beltline project.

Quarry Yards' original development team, which includes Braves star Mark Teixeira, sold the un-started project for \$127 million to a mystery buyer this quarter. Microsoft is rumored to be behind the purchase, but this is not yet confirmed. There is increasing controversy over the gentrification that this project could cause to this area of the city.

Shared office and flexible leasing giant, Regus, has filed bankruptcy for three of its Atlanta locations, as well as dozens of others across the nation. Regus is one of the many companies that have fallen under hard times from COVID-19 and puts stress on Landlords with hefty debt-service payments to make.

## Notable Transactions

	Tenant	Building	Size (SF)	Type	Submarket
1	Mailchimp	760 Ralph McGill	300,000	New Location	Midtown
2	Luxury Corporation	5565 Glenridge Connector	171,269	Sublease	Central Perimeter
3	Rooms to Go	4004 Summit Blvd	60,000	New Location	Central Perimeter
4	AMI	3095 Satellite Blvd	53,010	New Location	Duluth
5	First Advantage	1 Concourse Pky	36,731	Renewal	Central Perimeter