



# Atlanta office market report

Q2 2024

**AVISON  
YOUNG**

# Atlanta office market trends

## 5.4 msf

### Leasing activity continues to rise in 2024

The first quarter of 2024 sparked optimism for the office sector, and the momentum continued through the second quarter. When looking at the number of deals signed this time last year, leasing activity is up 1.7% in the Atlanta market. 5 deals that exceeded 100k sf were executed during Q2, a surge in activity since the pandemic. Leasing pipelines continue to grow, and direct asking rates are still trending slightly upwards increasing 0.2% quarter-over-quarter.

## 32%

### Available space starting to see a slight decrease

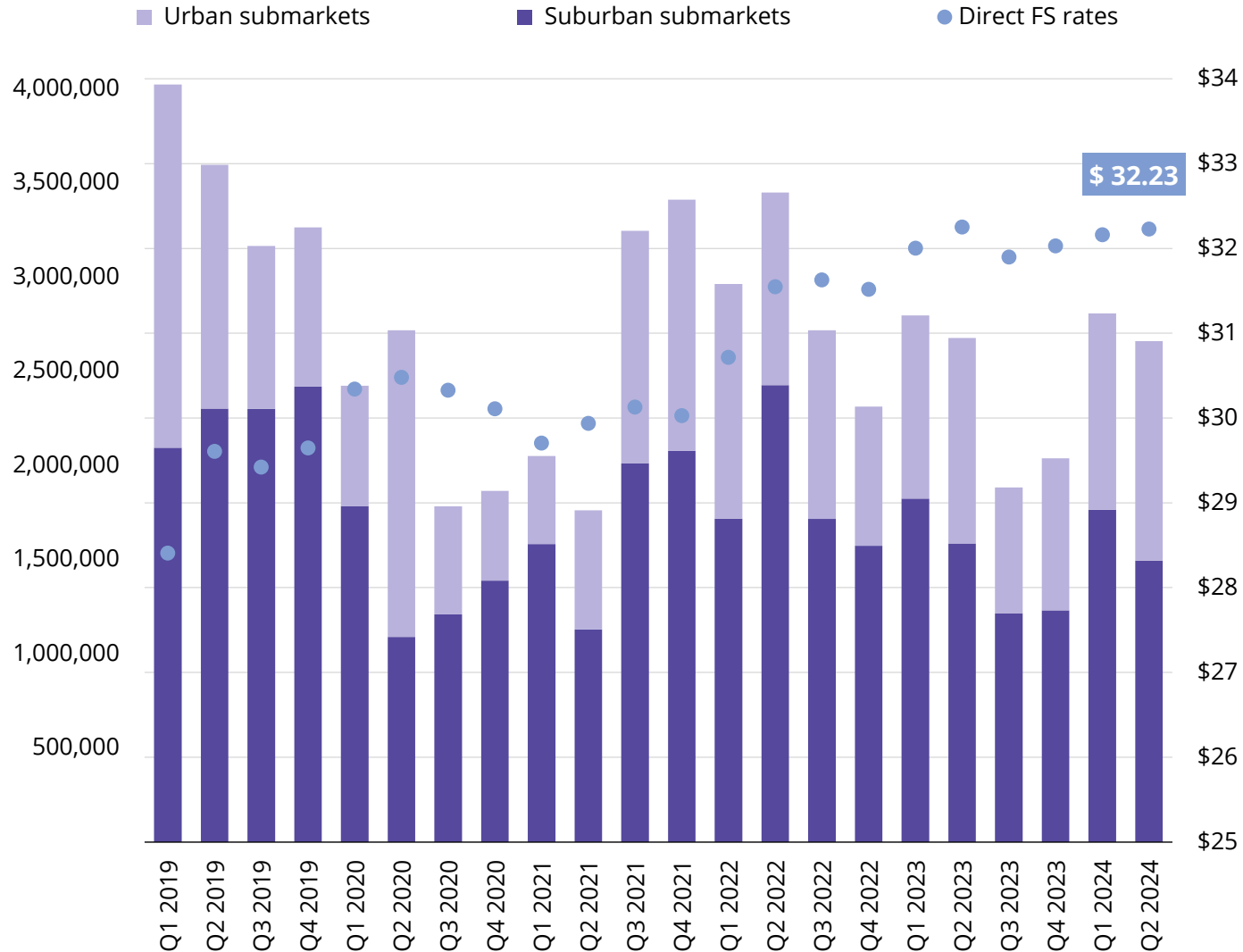
There is over 54 msf of available office space currently listed on the market in Atlanta, a 0.6% decrease quarter-over-quarter. Although there is still an abundance of space, this is the first decrease in availability in the market since the beginning of 2021. Available sublease space is also starting to level out, currently sitting at 5%. Between the amount of available space and the pressure of looming loan expirations, tenants in the market will continue to hold leverage with lease negotiations. As development lessens for office product, total availability should continue to slowly decrease.

## 21.2

### Average lease-up time decreasing for office listings

At the end of 2023, spec suites were leasing at a faster rate than compared to second generation space. Now, Atlanta is seeing a 7% faster lease-up time year-over-year for all office listings for an average of 21.2 months on market. This is a positive sign for the office market as this trend correlates with an increase in leasing activity. Spec suites remain a desirable option for tenants though as they are more marketable and move-in ready during a period when rising costs of buildout and longer permitting times may hinder their office search.

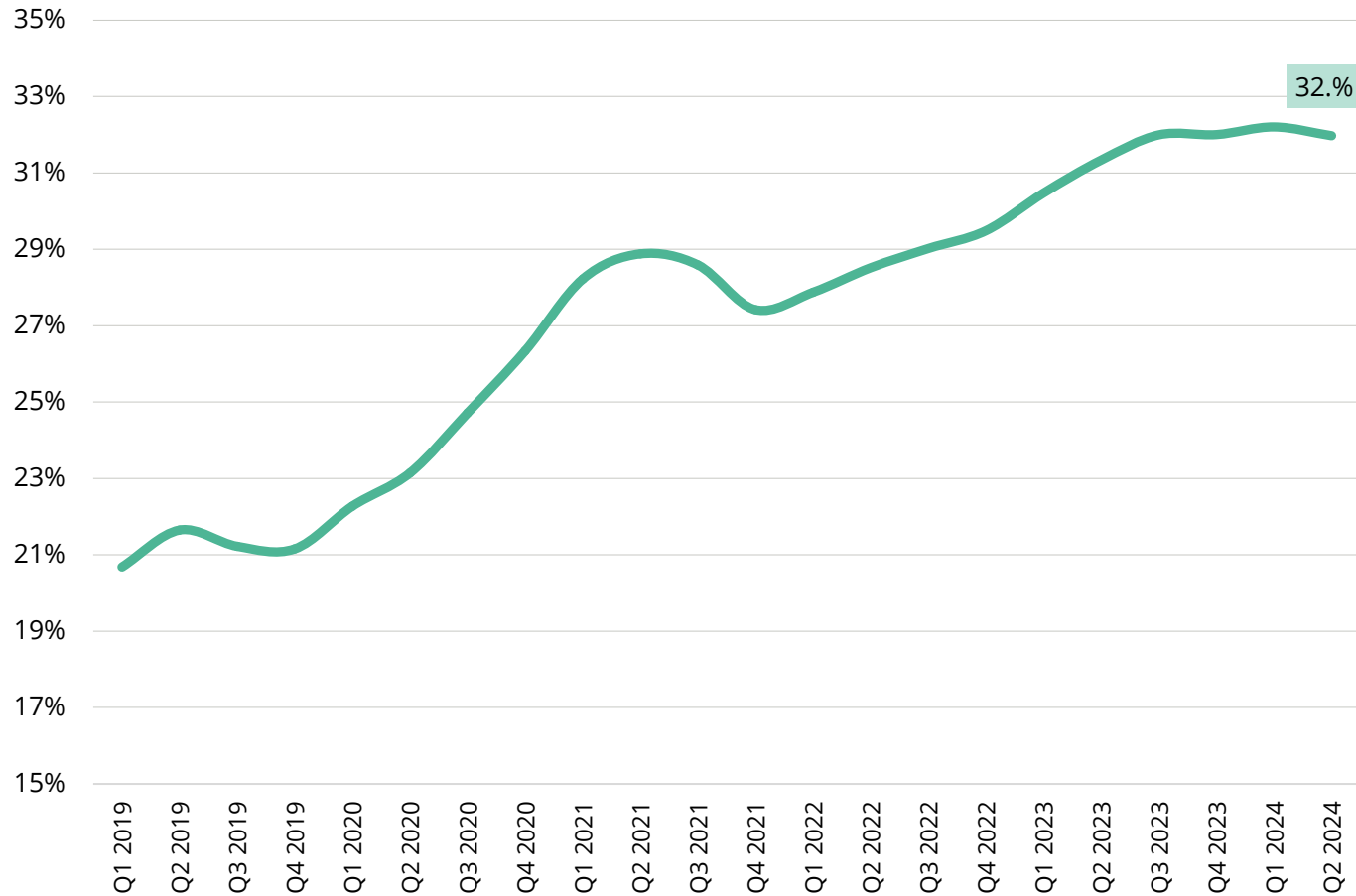
# Leasing activity continues to rise in 2024



From the beginning of the year through the end of second quarter, 5.4 msf of deals were signed. Deals signed by Southern Company, Newell Brands, Piedmont Healthcare, and AT&T were significant transactions during second quarter.

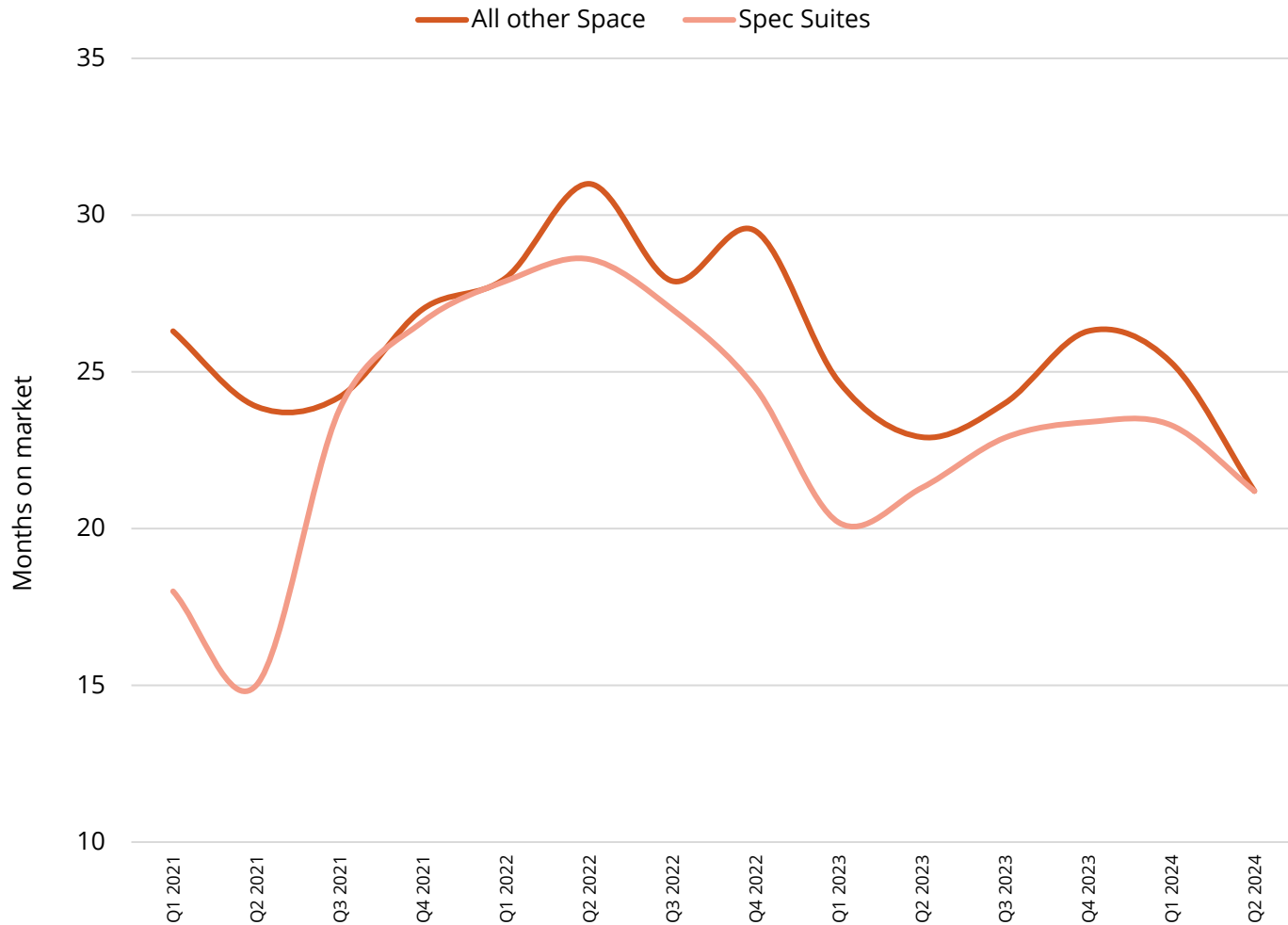
# Available space starting to see a slight decrease

Total % of available space



Direct available space experienced a 1.7% decrease quarter-over-quarter while available sublease space remains steady. Notable large blocks of sublease space remain on market from Anthem, Cox Automotive, and NCR.

# Average lease-up time decreasing for office listings



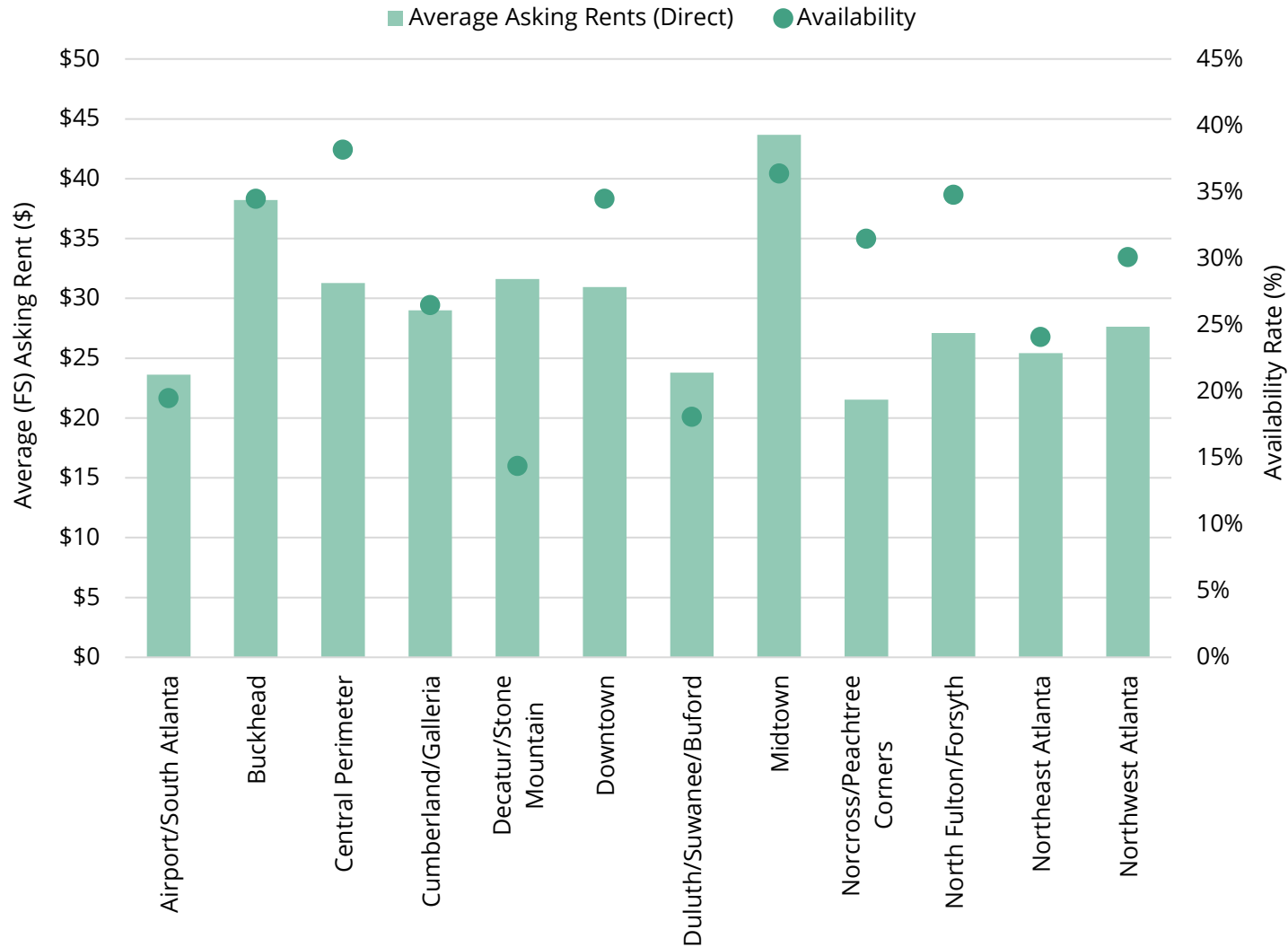
Although spec suites typically have a much quicker lease-up time than second generation space, during the second quarter, both space types had an average listing of 21.2 months on market. Second generation space is leasing up 16% faster quarter-over-quarter while spec suites are leasing 9% faster compared to the first quarter of 2024.

# Atlanta office market insights

Let's examine more prevailing office trends

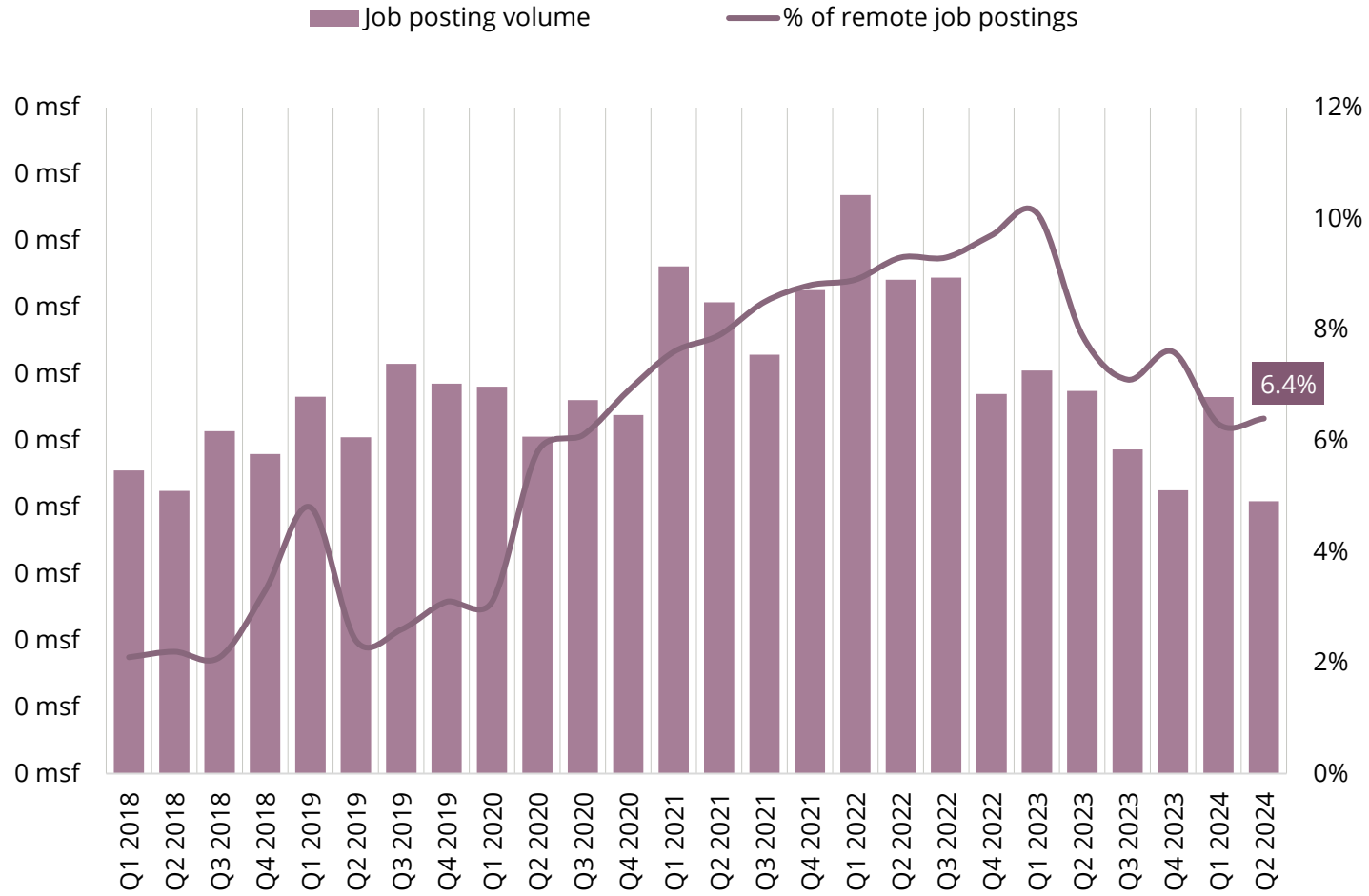


# Pricing & availability by submarket



Midtown and Buckhead command the highest asking rent prices even though availability has been trending upwards. Despite elevated availability rates in these submarkets, stronger owners have the upper hand and occupiers remain willing to pay a premium to secure leases in prime locations.

# Remote job postings decreasing as companies evaluate RTO policies



Remote job postings are down nearly 19% year-over-year in Atlanta as companies continue to evaluate their return-to-office policies and act accordingly when it comes to committing to space. There are a mix of occupiers growing as well as right-sizing when evaluating renewal and relocation options.



# Office development pipeline

**8 properties**

under construction

**1.5 msf**

under construction

**0.9%**

share of office inventory

**37.3%**

pre-leasing in place

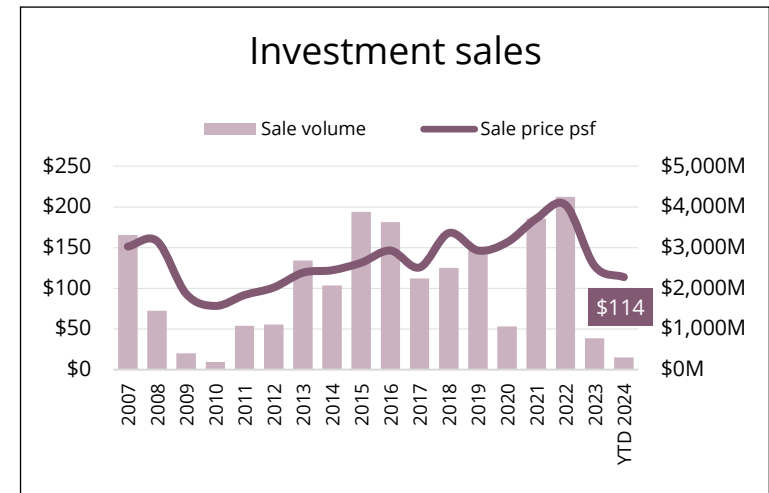
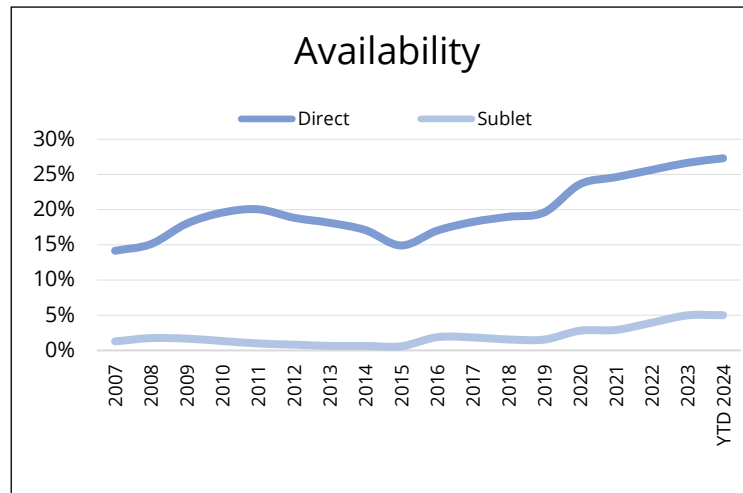
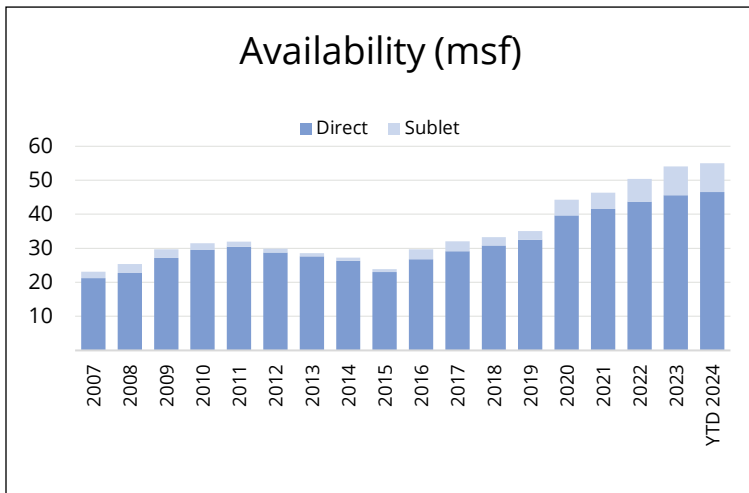
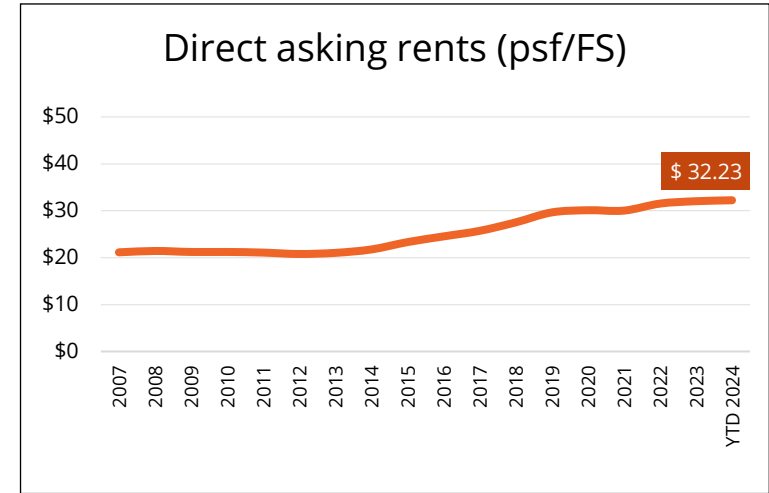
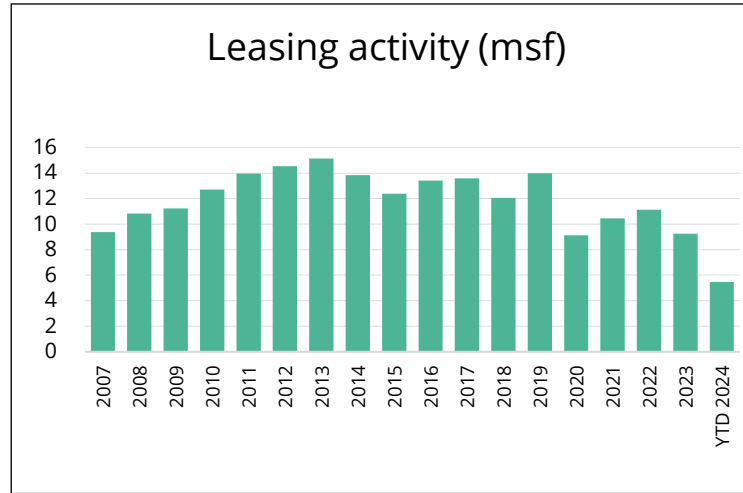
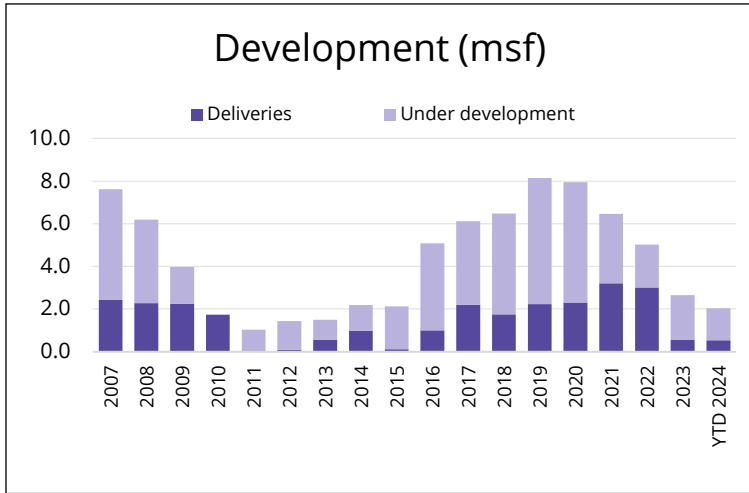


1020 Spring St- Spring Quarter Rendering (Source: Portman Holdings)

# Appendix



# Atlanta office market indicators



# Atlanta office market activity

## Recent leasing activity

Tenant	Address	Submarket	Sign date	Size (sf)	Transaction type	Lease type
Southern Company	725 W Peachtree St	Midtown	April 2024	264,300	New	Direct
Newell Brands	5 Concourse Pky NE	Central Perimeter	June 2024	180,173	New	Direct
Piedmont Healthcare	271 17 <sup>th</sup> St NW	Midtown	May 2024	164,221	New	Direct

## Recent sales activity

Buyer	Address	Sale date	Building size (sf)	Sale price	Sale price psf	Seller
B Group Capital Management	3490 & 3500 Piedmont Rd NE (Ameris Center One & Two)	June 2024	531,000	\$81M	\$152.5	TPG Angelo Gordon & Co., L.P.
EQT Exeter	Satellite Place (4 building portfolio)	May 2024	284,749	\$36.2M	\$127.3	Virtua Partners
Camco Investment Group	780 Johnson Ferry Rd NE	June 2024	186,360	\$23.5M	\$126.1	Blackmount Real Estate Partners

## Top projects under development

Address	Submarket	Delivery date	Building size sf	% Preleased	Developer
1020 Spring St	Midtown	2025	538,126	0%	Portman Holdings
900 SE Battery Ave	Cumberland/Galleria	2024	250,000	100%	Braves Development Company
1050 Marietta St NW	Midtown	2024	225,000	6.9%	Sterling Bay/Asana Partners

# Atlanta office market stats

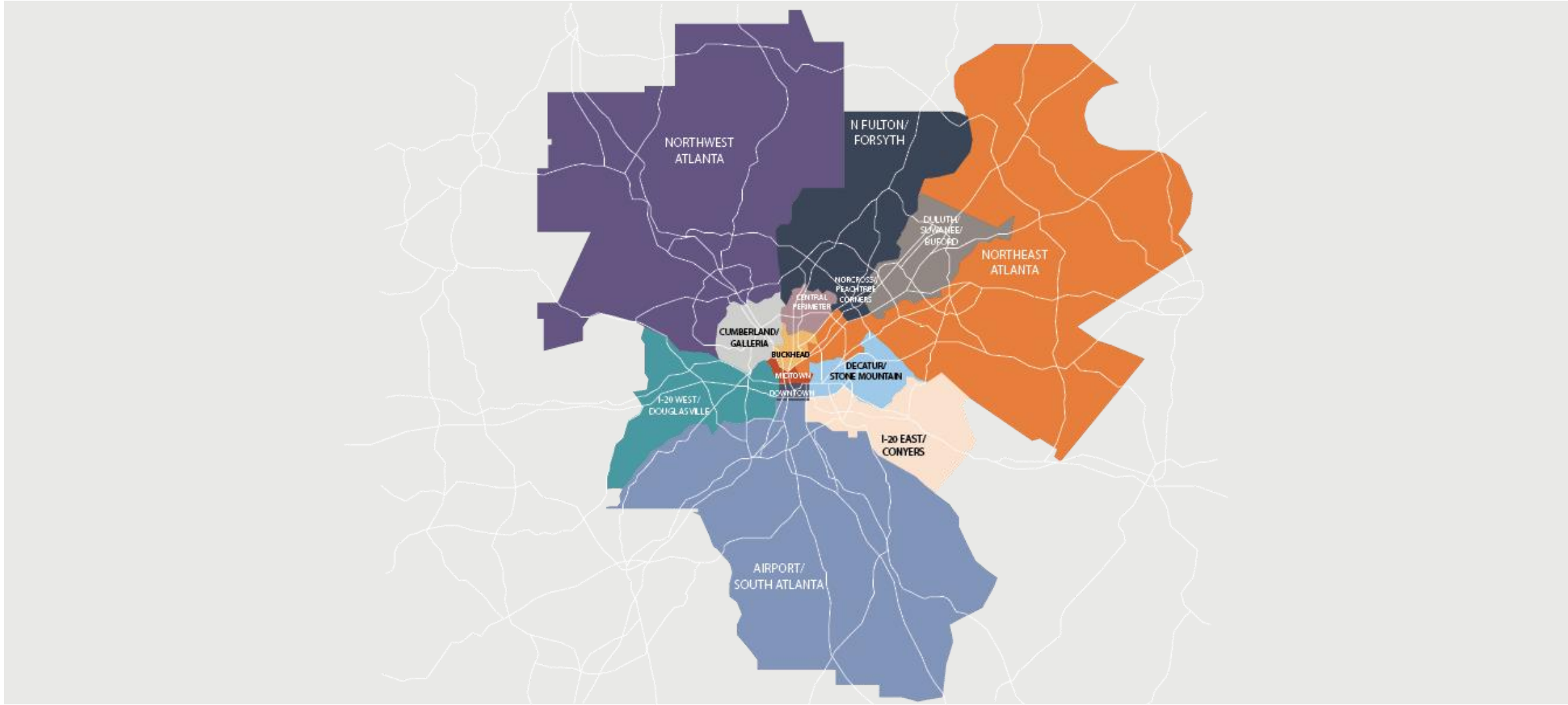
	Existing inventory sf	Deliveries sf (YTD)	Under development sf	Direct availability	Sublet availability	Total availability	Net absorption sf (Q2 2024)	Net absorption % of inventory (Q2 2024)	Annual direct asking rent psf FS
Buckhead	20,657,483	0	57,574	31.8%	2.8%	34.5%	10,388	0.1%	\$38.21
Downtown	18,973,409	0	0	30.2%	2.8%	34.5%	(20,868)	(0.1%)	\$30.94
Midtown	25,310,654	400,947	1,110,849	31.4%	5.1%	36.4%	(370,763)	(1.5%)	\$43.68
<b>Urban total</b>	<b>64,941,546</b>	<b>400,947</b>	<b>1,168,423</b>	<b>31.7%</b>	<b>3.8%</b>	<b>35.5%</b>	<b>(381,243)</b>	<b>(0.6%)</b>	<b>\$37.61</b>
Airport/South Atlanta	5,766,231	30,149	0	18.8%	0.7%	19.5%	(62,647)	(1.1%)	\$23.63
Central Perimeter	26,572,749	100,905	0	29.6%	9.8%	38.2%	(41,529)	(0.2%)	\$31.28
Cumberland/Galleria	21,325,875	0	250,000	21.6%	4.9%	26.5%	(64,880)	(0.3%)	\$28.99
Decatur/Stone Mountain	1,833,949	0	0	13.9%	0.5%	14.4%	(11,953)	(0.6%)	\$31.62
Duluth/Suwanee/Buford	7,654,861	0	35,580	16.0%	2.3%	18.1%	199,942	2.6%	\$23.79
Norcross/Peachtree Corners	6,526,316	0	0	29.3%	4.1%	31.5%	(99,245)	(1.5%)	\$21.54
North Fulton/Forsyth	20,415,114	0	143,767	28.6%	6.5%	34.8%	(112,774)	0.6%	\$27.11
Northeast Atlanta	9,784,121	0	0	22.3%	1.8%	24.1%	32,855	0.3%	\$25.43
Northwest Atlanta	4,008,309	0	0	22.7%	9.6%	30.1%	53,835	1.3%	\$27.63
<b>Suburban total</b>	<b>103,887,525</b>	<b>131,054</b>	<b>389,813</b>	<b>24.9%</b>	<b>5.8%</b>	<b>30.2%</b>	<b>119,152</b>	<b>0.1%</b>	<b>\$26.78</b>
<b>Market total</b>	<b>168,829,071</b>	<b>532,001</b>	<b>1,558,236</b>	<b>27.3%</b>	<b>5.0%</b>	<b>32.3%</b>	<b>(262,091)</b>	<b>(0.2%)</b>	<b>\$32.23</b>

# Atlanta office market stats by class

	Existing inventory sf	Deliveries sf (YTD)	Under development sf	Direct availability	Sublet availability	Total availability	Net absorption sf (Q2 2024)	Net absorption % of inventory (Q2 2024)	Annual direct asking rent psf FS
Trophy	12,991,182	0	0	23.1%	4.0%	27.1%	25,092	0.2%	\$44.18
Class A	103,768,332	532,001	1,558,236	30.0%	5.7%	35.4%	(358,328)	(0.4%)	\$33.27
Class B	48,442,652	0	39,534	23.4%	4.2%	27.0%	55,473	0.1%	\$24.71
Class C	3,960,276	0	0	16.8%	0.2%	17.0%	15,672	0.4%	\$21.65
<b>Market total</b>	<b>168,825,008</b>	<b>532,001</b>	<b>1,558,236</b>	<b>27.3%</b>	<b>5.0%</b>	<b>32.3%</b>	<b>(262,091)</b>	<b>(0.2%)</b>	<b>\$32.23</b>



# Atlanta submarket map



# Office insights glossary of terms

## Demand

- **Leasing activity:** total square footage of relocations, renewals, expansions and subleases expressed when the leases are signed, not when tenants take physical occupancy of the space
- **Absorption:** period-over-period change in occupied square footage

## Supply

- **Direct vacancy rate:** space operated by landlords that is ready for immediate occupancy
- **Sublease vacancy rate:** space operated by sublandlords that is ready for immediate occupancy
- **Total vacancy rate:** sum of direct vacancy rate and sublease vacancy rate
- **Availability rate:** space that is vacant plus space that will become vacant over an indefinite time horizon, including spaces that are occupied by vacating tenants and under-construction properties

## Office rents and concessions

- **Asking rents:** pricing guidance provided by landlords to tenants for available space expressed as full service (FS)
- **Base rents:** fair market value of market-level lease pricing based on representative executed leases, expressed as full service (FS)
- **Free rent period:** months of free rent that are typically provided upfront by landlords to tenants as a concession to offset the total cost of a lease and/or the construction timeline of an office suite
- **Tenant improvement allowance:** an allowance expressed in dollars per square foot provided from landlords to tenants to offset build-out, engineering, space planning and related permit costs
- **Net effective rent:** base rents discounted by the dollar values of tenant improvement allowance and free rent concessions expressed as full service (FS)

## Capital markets

- **Investment volume:** office sales dollars expressed when the transactions close and based on inventory thresholds; partial-interest sale dollar amounts are not grossed-up to reflect the 100% value of the sale
- **Asset pricing:** unweighted average per-square-foot asset pricing of market-level closed sales
- **Cap rate:** net operating income divided by sale price; this measurement of market-level investment returns is calculated as an unweighted average based on closed investment sales



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