

FIGURES | ATLANTA OFFICE | Q4 2021

# Tech demand continues to fuel Atlanta's office recovery

▲ 22.6%  
Vacancy Rate

▲ +498K  
SF Net Absorption

▼ 363K  
SF Completion

▼ 3.9M  
SF Under Construction

▲ \$29.47  
Overall Lease Rate

▲ \$31.85  
Class A Lease Rate

Note: Arrows indicate change from previous quarter.

## Key Takeaways

- Over the last several quarters, rents have held steady. Asking rent trended slightly upward from last quarter to end the year at \$29.47 per sq. ft. The delivery of almost 4 million sq. ft. of new office over the next year or so is expected to elevate Atlanta's market rent.
- The Atlanta office market recorded 498,232 sq. ft. of positive absorption. Over the previous three quarters, absorption has now totaled almost 1.1 million sq. ft.
- Atlanta's office market demand continued to be strong during Q4 as leasing activity totaled 2.5 million sq. ft., bringing the 2021 total to over 9.3 million sq. ft.

Despite continued challenges set forth by COVID and the Delta and Omicron variants throughout 2021, the Atlanta office market continued its strong recovery with an active end to the year. The fourth quarter marked the third straight with over 2 million sq. ft. of leasing activity showing strong demand for office space. Total net absorption was almost 500,000 sq. ft. with about 70% taking place in Class A office demonstrating a flight to quality for occupiers. With unemployment at 2.4%, a record low, Atlanta's office using job growth has fully recovered and remained strong throughout the year. In October, the Professional and Business Services sector saw its largest monthly growth in about 25 years.

FIGURE 1: Leasing Activity SF by Quarter



Source: CBRE Research, Q4 2021

The quarter’s largest lease took place within Atlanta’s largest office tower, Tower Square, the former Midtown home to AT&T. The Center for Global Health and Innovation leased 200,000 sq. ft. and will become Atlanta’s first central home for global health technology and life sciences companies. The new space will contain a conference center; laboratories for research, and office space well positioned in Atlanta’s innovation district. It is expected to be mainly used by universities, health care systems, and other health and tech related businesses.

Tenant demand remains diverse, though over recent years Atlanta is emerging as the new breeding ground for technology companies. Micron, a manufacturer of data storage hardware, will occupy an office within Midtown’s Tech Square. Micron’s Atlanta Design Center expansion will create up to 500 jobs across various STEM disciplines including computer hardware and electrical and electronic engineering. Cisco, another global technology company, will also occupy space within Tech Square. They will open a Talent and Collaboration Center in the Coda building in Midtown creating up to 700 jobs.

The strong activity and flight to quality has helped rent growth, though it has remained generally flat over the last several quarters. Overall rent was up slightly over last quarter, though rents are down slightly from a year ago. The delivery of almost 4 million sq. ft. of new office over the next year is expected to elevate Atlanta’s market rent.

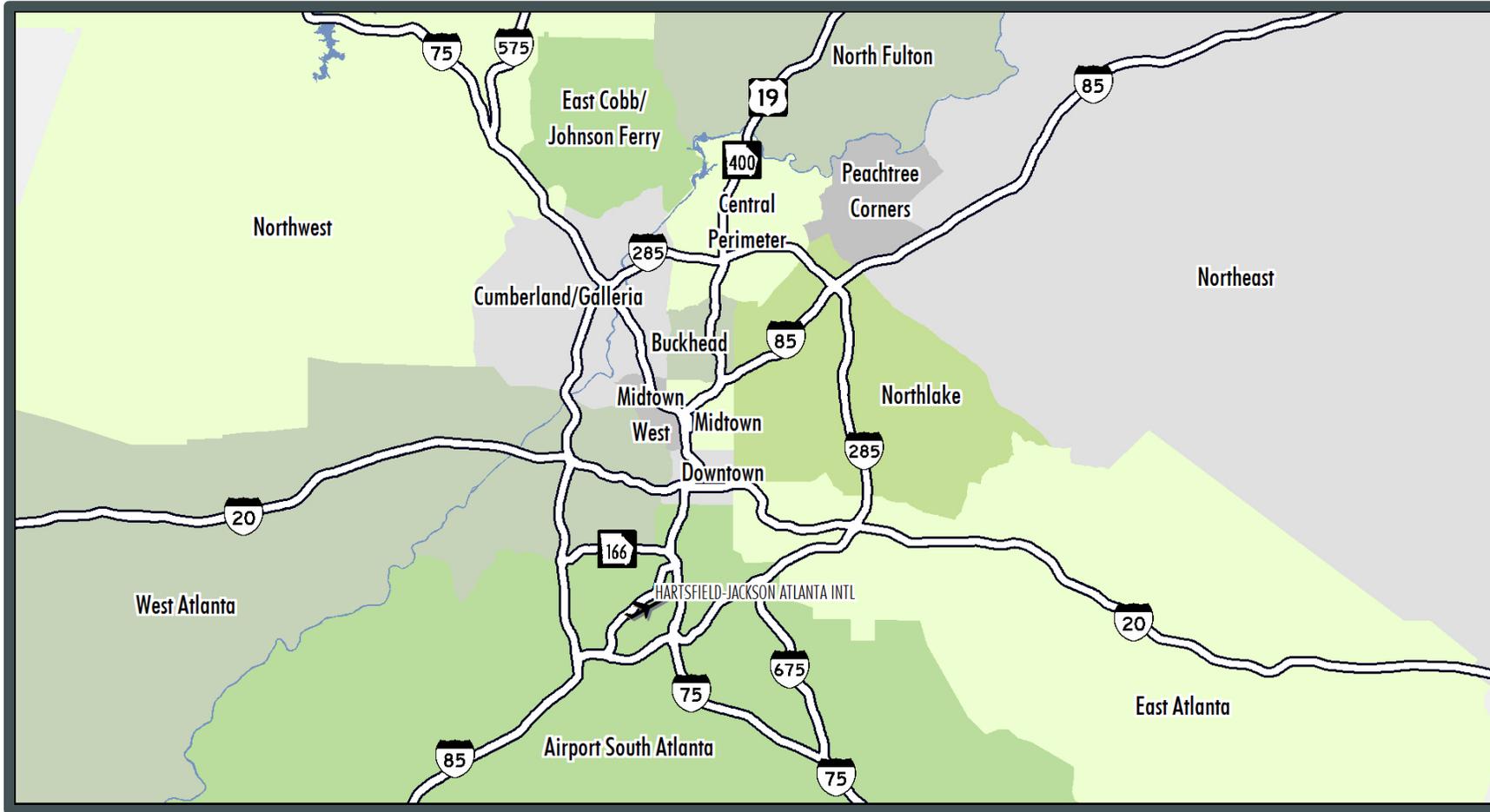
FIGURE 3: Q4 Key Leasing Transactions

Tenant	Location	Size (sq. ft.)	Submarket	Transaction Type
Center For Global Health Innovation Inc	AT&T Midtown Center	193,285	Midtown	New
Hapag-Lloyd	3 Ravina	125,000	Central Perimeter	New
Cisco Systems	Coda	93,389	Midtown	New
Micron Technologies	Anthem – Phase II	93,000	Midtown	New
Bakkt LLC	10000 Avalon Boulevard	50,856	North Fulton	New

Source: CBRE Research, Q4 2021

FIGURE 4: Market Statistics

Submarket	Market Rentable Area (sq. ft)	Vacancy Rate %	Avail. Rate %	Q4 2021 Net Absorption (sq. ft.)	YTD Net Absorption (sq. ft.)	Under Construction (sq. ft.)	Avg. Gross Asking Lease Rate (\$/sq. ft./Yr)
Downtown	16,975,020	21.1	22.6	19,864	(218,505)	855,532	\$27.16
Midtown	20,420,287	24.9	30.2	86,008	671,146	983,652	\$38.17
Buckhead	16,324,413	23.0	29.0	93,752	(204,511)	340,000	\$36.08
Midtown West	2,210,746	45.5	37.8	17,666	247,663	465,989	\$41.07
<b>CBD</b>	<b>55,930,466</b>	<b>24.0</b>	<b>27.8</b>	<b>217,290</b>	<b>495,793</b>	<b>2,645,173</b>	<b>35.10</b>
Cumberland	19,525,818	19.9	28.1	62,387	209,180	0	\$26.72
Northwest	2,506,392	24.6	25.1	9,818	(53,503)	0	\$26.29
Central Perimeter	22,958,283	23.5	30.8	91,237	(215,823)	44,697	\$28.45
North Fulton	18,577,556	21.3	29.2	(62,538)	(62,641)	97,500	\$26.18
I-85/Northeast	6,392,251	21.5	25.2	65,389	8,124	100,000	\$21.43
Peachtree Corners	5,310,482	25.3	24.0	47,701	117,136	0	\$21.15
Northlake/Decatur	9,014,440	20.3	24.2	6,714	(175,562)	530,000	\$24.05
Airport South Atlanta	2,711,652	22.5	25.1	53,830	(60,7644)	0	\$19.42
I-20 West	229,054	1.1	8.0	0	(2,440)	523,851	\$19.00
East Atlanta	302,869	11.0	12.2	6,404	(216)	0	\$17.26
East Cobb/ Johnson Ferry	189,776	3.1	3.1	0	7,297	0	\$18.50
<b>SUBURBAN</b>	<b>87,718,573</b>	<b>21.7</b>	<b>27.9</b>	<b>280,942</b>	<b>(229,212)</b>	<b>1,296,048</b>	<b>26.10</b>
<b>ATLANTA</b>	<b>143,649,039</b>	<b>22.6</b>	<b>27.9</b>	<b>498,232</b>	<b>266,581</b>	<b>3,941,221</b>	<b>\$29.47</b>



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