SEPT 2023 // VOL 01

THE BRIGHT SIDE

FINDING OPPORTUNITY IN THE OFFICE MARKET

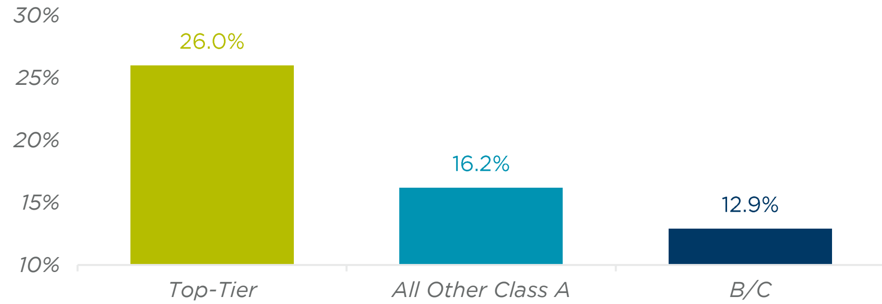
ATLANTA

FLIGHT TO QUALITY

As companies reevaluate their office footprints, interest in Metro Atlanta's top-tier* buildings outpaces leasing in the remainder of the inventory. While many tenants are rightsizing, they are seeking space within the highest quality buildings with ample access to amenities even if it comes at a premium.

DEMAND

New Leasing as % of Inventory
2020-Present



	Top-Tier	All Other Class A	B/C
Leasing Activity	5.8 msf	13.8 msf	6.7 msf
Inventory Size	22.3 msf	85.3 msf	51.9 msf
Absorption	4.3 msf	-6.8 msf	-1.0 msf

Since 2020, demand for office space has been correlated with building quality. During that time, 26.0% of the top-tier inventory was leased. Meanwhile, tenants leased 16.2% of the remainder of the Class A building set and only 12.9% of the B/C segment.

Despite most U.S. office markets registering net occupancy losses, Atlanta's top-tier building segment recorded 4.3 msf of net absorption.

VACANCY

*Availability is tightest in Atlanta's highest quality buildings. Excluding new deliveries in their initial lease-up period,** top-tier properties currently maintain a vacancy rate 1,020 basis points (bps) lower than all other Class A buildings and 370 bps lower than value-play buildings.*

** Top-tier building set: 55 of Atlanta's highest quality buildings (14% of total market inventory) in premier locations with access to amenities*

*** Lease-up period: Properties that have delivered within 18 months and are still in the process of reaching stabilized occupancy*

RESEARCH CONTACTS

AUDREY GIGUERE
Research Manager, Atlanta
audrey.giguere@cushwake.com

CHRISTA DILALO
Director of Research, Southeast
christa.dilalo@cushwake.com

ALEX KAPLAN
Senior Research Analyst
alex.kaplan@cushwake.com

MAIJA SUNNARBORG
Research Analyst
maija.sunnarborg@cushwake.com