



Atlanta Central Perimeter 23Q2

Key Takeaways

- Overall vacancy increased 160 bps from the prior quarter to 22.1%, the highest mark since Q1 2021
- Modest rent growth returned, reaching \$31.16/SF overall and \$32.09/SF for Class A space
- Subleases have added one million square feet of available inventory over the past 12 months
- Over 115,000 SF of office space is actively under construction with more projects planned in the coming years.



Slowing Activity and Subleases Elevate Vacancy Rate

Sublease availabilities have nearly doubled over the past year, adding one million square feet of available inventory in Central Perimeter. Notable sublease availabilities include Cox Automotive's 390k SF space at Perimeter Summit, while Carvana terminated its 570k SF sublease at State Farm's campus in Dunwoody. Overall vacancy increased 160 bps from the prior quarter to 22.1%, the highest mark since Q1 2021 in the submarket. Despite the current headwinds, Central Perimeter continues to be an attractive submarket to office tenants and several notable development projects are in the works.

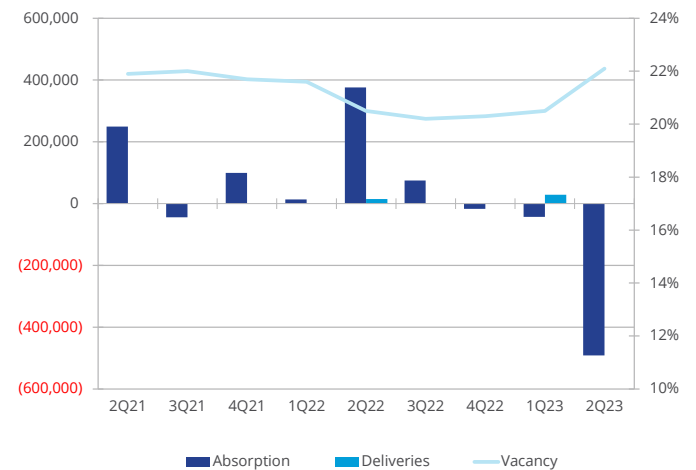
Atlanta Market Indicators



Historic Comparison

	22Q2	23Q1	23Q2
Total Inventory (in Millions of SF)	30.9	40.0	40.0
New Supply (in Thousands of SF)	-	28.5	-
Net Absorption (in Thousands of SF)	375.8	(42.9)	(491.4)
Overall Vacancy	20.5%	20.5%	22.1%
Under Construction (in Thousands of SF)	129.4	100.9	100.9
Overall Asking Lease Rates (FSG)	\$31.04	\$30.82	\$31.16

Market Graph



Sublease availabilities and slowing activity increased the Central Perimeter vacancy 16 bps from the first quarter to 22.1% in Q2 23.

Sources: CoStar, Colliers Research

Recent Transactions



Lease
Ashford Green
60k SF



Lease
Perimeter Summit
51k SF



Lease
Lakeside Commons
23k SF



Lease
Perimeter Center
16k SF



Sale
Perimeter Summit
\$247.5M (\$182/SF)
Spear Street Capital



Sale
Ashford Green
\$23.0M (\$87/SF)
Ashford Green
Ventures LLC

In The News

- Carvana terminates massive, metro Atlanta lease after market value plunges:** Carvana Co. has terminated its 570,000-square-foot sublease in Dunwoody, according to sources with knowledge of the market. The decision comes over a year after Carvana signed the deal and anticipated hiring 3,500 people in Atlanta. It's a sign that large corporate office users are still rethinking their real estate portfolio as they pursue hybrid styles of work and reduce costs. It's unclear when Carvana (NYSE: CVNA) made the decision to terminate the lease. Carvana sublet one building in State Farm Insurance's three-building, 2.2-million square foot campus, which would eventually become the largest lease of 2021. The company was in a period of high growth at the time of signing and already had 1,500 employees based in metro Atlanta. It said the Dunwoody office would become its Customer Experience Center and one of its largest locations.

At A Glance | Campus 244



- \$100 million renovation of the former Gold Kist headquarters in Dunwoody will feature a new 145-key Element Hotel, 400,000-sf of office space and 25,000-sf of new food and beverage establishments.
- Campus 244 will offer convenient, transit-oriented access to Atlanta's "Pill Hill" healthcare community, State Farm's office campus, Perimeter Mall, and other surrounding areas.

Colliers Atlanta Central Perimeter Listings



Sublease
Lake Ridge 400
6,600 SF



Sublease
1200 Ashwood
11,722 SF



Sublease
Ashford Perimeter
1,555 SF



Sublease
Two Lakeside Commons
2,656 - 21,429 SF



Sublease
5505 Roswell Road
5,333 SF

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