

# ATLANTA OFFICE MARKET

Yardi® Matrix

## Market Analysis

Second Quarter 2019

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## Strong Economy Fuels Steady Growth



Atlanta's favorable business climate, skilled labor force and relatively low cost of living continue to attract companies and residents alike. Steady growth is fueled by companies looking to relocate or expand, while a smart approach to development keeps the demand-supply dynamics in check. Despite concerns about a looming global economic decline, Atlanta's diverse industry base and growing population are bound to keep the metro strong. As of February, Atlanta had 798,000 office-using jobs, with professional and business services leading growth in the office sector (17,900 new jobs, up 3.5% year-over-year).

Development activity picked up in 2019, with groundbreakings and completions accelerating in the first quarter. Overall, some 6 million square feet was underway as of April 1, and more than a third of that (2.2 million square feet) is expected to come online by year's end. Midtown led in new construction activity, with three projects kicking off this year. One of the largest completions year-to-date is Coda, a 720,000-square-foot project in Tech Square

As major players such as thyssenkrupp, Google and WeWork lease up large blocks of space, tightening availabilities are likely to put upward pressure on rents and impact vacancies. In line with national trends, investment sales cooled in the first quarter of the year. Momentum continues to draw investors, and with acquisition yields for top-rated properties hovering in the 5.75% to 6.75% range, Atlanta is trending slightly higher than first-tier markets such as Chicago and San Diego.