



# ATLANTA

## Real Estate Trends

### Office Market

*Fourth Quarter 2023*

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# ATLANTA OFFICE MARKET

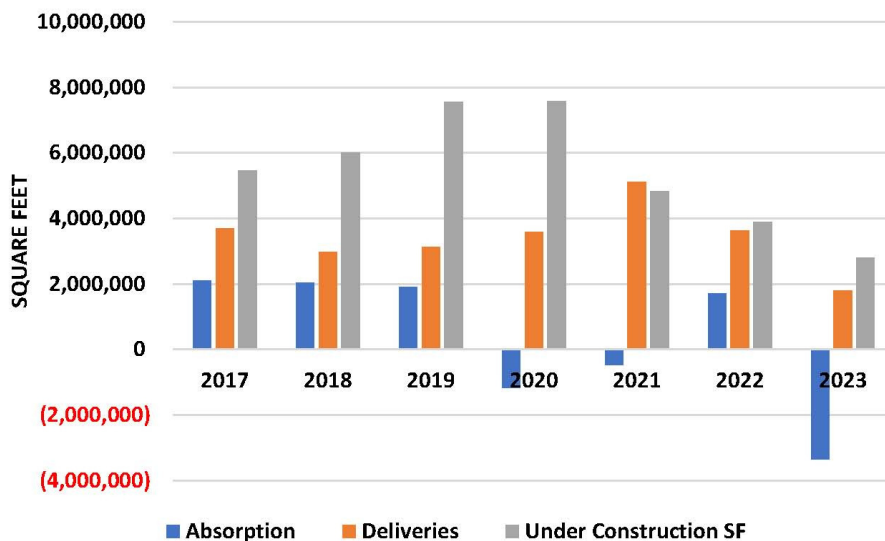
Fourth Quarter 2023

## QUICK SUMMARY:

- 337.6 million square feet
- Market vacancy rate: 15.2%
- Avg cap rate: 7.39%
- Quoted market rent: \$28.43/sf
- Avg sales price: \$145.32/sf

### Absorption, Deliveries & Under Construction

#### SUPPLY AND DEMAND



- New Construction and a return to negative absorption is of significant concern as COVID-19 shifted how companies operate, rethinking office space and moving to a more remote workforce model.



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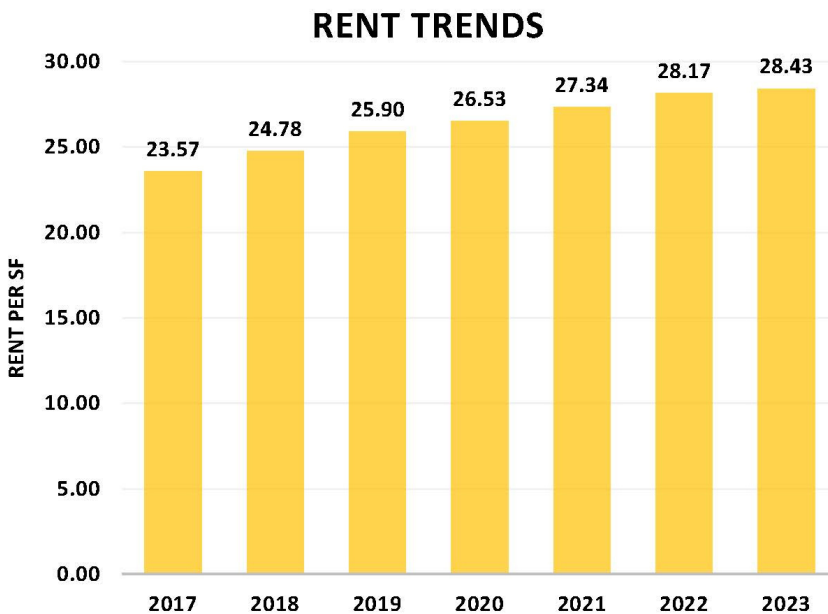
Fourth Quarter 2023

## Vacancy Trends



- Overall, vacancy rates have been trending up since 2019 with 2023 recording the seven year high.

## Rent Growth



- Rent growth remains positive but the rate of growth slowed significantly in 2023.

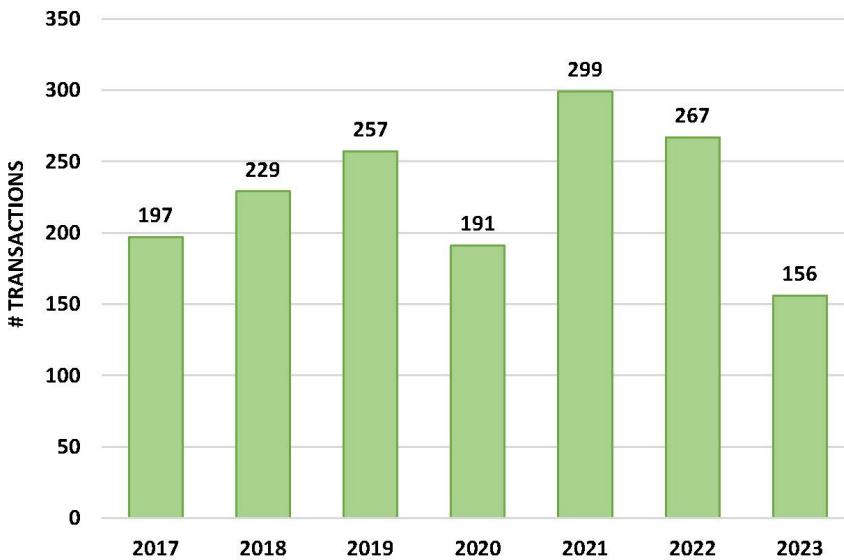


# ATLANTA OFFICE MARKET

Fourth Quarter 2023

## Transaction Volume

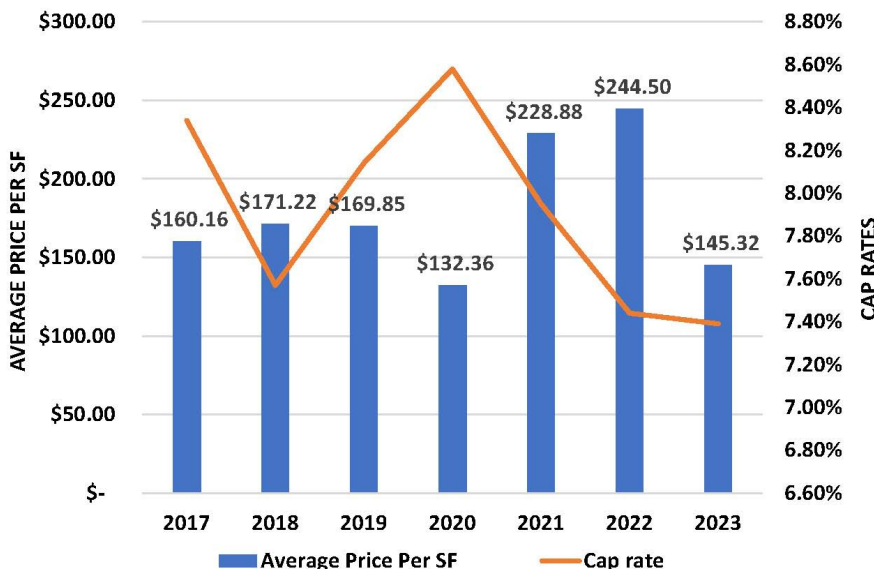
TRANSACTION HISTORY



- 2023 transaction volume set a seven year low as financing is difficult to obtain in the office market.

## Valuation History

AVERAGE SALES PRICE & CAP RATES



- Values in 2023 were down 40% from 2022 on record low volume.





# ATLANTA OFFICE MARKET

Fourth Quarter 2023

## Summary by Quarter

		2020	2021	2022				2023			
		Q4	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Supply	Supply SF	322.2M	332.3M	332.5M	333M	335M	334.5M	334.2M	335.8M	336.9M	337.6M
	Under Construction	7.2M	4.9M	5.8M	5.4M	3.8M	4.5M	3.7M	3.3M	2.7M	2.8M
	Deliveries**	500k	600k	70k	949k	2.1M	340k	510k	281k	754k	261k
	Demolitions**	0	-95k	-384k	-275k	-383k	-514k	-519k	-65k	-58k	-133k
	Net Absorption**	-636k	636k	-1.1M	2.6M	-361k	513k	305k	-2.5M	-890k	-264k
Sales	Transactions**	50	82	47	72	60	69	31	48	39	38
	Average Price Per SF	\$140.69	\$266.73	\$243.75	\$222.62	\$237.94	\$238.99	\$131.10	\$140.69	\$157.49	\$145.32
	Cap Rate	8.84%	8.15%	6.35%	7.71%	7.35%	7.66%	7.85%	7.24%	7.53%	7.93%
Lease	Vacancy	12.4%	13.8%	14.0%	13.8%	14.2%	14.1%	14.1%	14.7%	15.0%	15.2%
	Market Rent	\$ 26.39	\$ 27.05	\$ 27.09	\$ 26.93	\$ 27.45	\$ 27.68	\$ 27.90	\$ 28.08	\$ 28.21	\$ 28.43

\*\*Indicates a quarterly number

## CONCLUSION:

The negative impact of COVID 19 continues to show in the office data. While 2022 recorded positive net absorption for the first time in three years and other positive signs for the office market, all the positive momentum was lost in 2023 as rising interest rates, tightening credit markets and a fundamental shift in demand are negatively impacting the office market. Overall, there are real concerns for the office market as it continues to lag behind other market segments.

# Company Profile

Crossroads Appraisal Group is a respected commercial appraisal firm specializing in the valuation of commercial, industrial, multifamily and special use properties. We serve the greater Atlanta area with offices in Lawrenceville and Vinings. Please reach out to us if we can be of service to you as we would like the chance to meet your valuation needs.



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