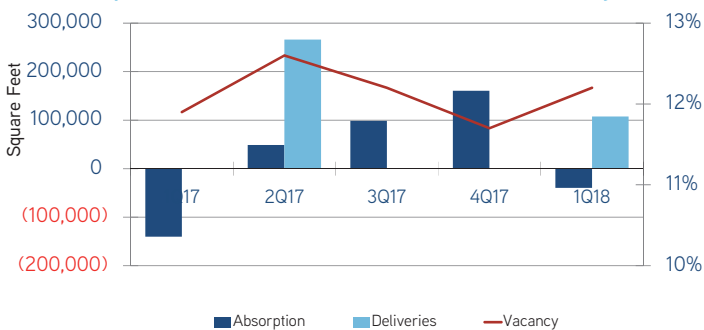


Key Takeaways

- After three consecutive quarters of positive absorption, North Fulton begins 2018 in negative territory, albeit by only a small amount. Hartford Financial's vacancy at Sanctuary Park contributed the most to the negative absorption in Q1.
- The decrease in occupancy levels this quarter, coupled with delivery of 108,000 square feet resulted in North Fulton's vacancy rate increasing to 12.2% which is slightly higher than this time last year.
- TPA Group's "3 Edison" delivered this quarter. The speculative office building bring new loft-style office buildings to the suburbs and seeks to capitalize on the demand in the market for such space.
- Average rental rates for office in North Fulton increased to record levels yet again this quarter, in spite of more space added.
- According to preliminary notes, the submarket is anticipated to see another negative quarter in Q2. Comcast is expected to vacate more than 108,000 square feet at 4700 North Point next quarter.

Absorption, Deliveries and Vacancy



Market Indicators

Relative to prior period

North Fulton
Q1 2018North Fulton
Q2 2018*

Market Indicator	North Fulton Q1 2018	North Fulton Q2 2018*
VACANCY	↑	↑
NET ABSORPTION	↓	↓
CONSTRUCTION	↓	↓
RENTAL RATE	↑	↑

*Projected

Summary Statistics

North Fulton Office Market

All
Classes

Class A

Class B

Summary Statistic	All Classes	Class A	Class B
Total Inventory (Millions Square Feet)	28.6	16.2	11.2
Vacancy Rate	12.2%	13.4%	10.7%
Change From Q4 2017	0.5%	0.7%	0.1%
Absorption YTD (Thousands Square Feet)	-40	-18	-18
Construction Deliveries YTD (Thousands Square Feet)	108	108	-
Under Construction (Thousands Square Feet)	388	338	50

Asking Rents

Per Square Foot Per Year

Asking Rent Metric	All Classes	Class A	Class B
Average Quoted	\$23.00	\$25.96	\$19.23
Change From Q4 2017	1.7%	0.8%	0.9%

UPDATE - Recent Transactions in the Market

Notable Leasing Activity

TENANT	PROPERTY	LANDLORD	SIZE (SF)	TYPE
Delta Dental	Stonebridge II & III	Rubenstein Partners	220,000	Class A Renewal
Siemens	4800 North Point Pky.	Alvarez & Marsal	37,646	Class A Renewal
Compliance 360	Parkside Terrace West	Granite Properties	22,475	Class A Renewal
Halyard Health	5405 Windward Pkwy.	Highwoods Properties	16,864	Class A Expansion

Notable Sales Activity

PROPERTY	SALES DATE	SALE PRICE	SIZE (SF)	PRICE / SF	BUYER
Royal Centre	3/30/2018	\$107,000,000	626,506	\$170.79	Bridge Commercial Real Estate
Preston Ridge I	2/15/2018	\$23,510,000	150,210	\$156.51	The Simpson Organization
One Pointe Royal	3/8/2018	\$18,500,000	151,051	\$122.48	Atlanta Property Group
6465 E Johns Crossing	3/23/2018	\$15,180,000	100,815	\$150.57	The Simpson Organization

In The News

- > Delta Dental ups its commitment to Sanctuary Park:** Delta Dental Insurance is staying put at its current location at Sanctuary Park in North Fulton. The company renewed two leases together for a total of 220,000 square feet at the Stonebridge II & III office buildings and plans to add 200 new jobs as a part of the blend and extend transaction. The lease is vital considering the recent departures of Microsoft and Verizon from the office park. Now with the Delta Dental renewal complete, Rubenstein Partners plans to invest in the park and build additional amenities including a 25,000 square foot food hall and fitness center.
- > Parkway 400 project reflects a changing Alpharetta:** Greenstone Properties has adjusted plans for a new development it wants to build on 17-acres off of Old Milton Parkway. The project will model itself after recent successes of mixed-use developments including nearby Avalon. The developer wants to downsize the office footprint for Parkway 400 from 630,000 to 450,000 square feet, and also connect the office space to the right mixture of retail and restaurants. A central pedestrian plaza and 325 apartments are also changes Greenstone wants to make. Before any work can begin, the developer has to seek an amendment to Alpharetta's comprehensive land-use plan.

AT A GLANCE | 10000 Avalon



- > Second office tower at Avalon
- > 10-story building totaling 246,000 square feet
- > Will include a fitness center and rooftop terrace shared with the adjacent 8000 Avalon building
- > Developers Hines and Cousins are projecting a Summer 2018 ground-breaking, but will mostly rely upon significant pre-leasing before work begins

FOR MORE INFORMATION

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Russ Jobson	Will Tyler
Jeff Kelley	Andrew Waguespack
Dany Koe	Andrew Walker
Drew Levine	Bob Ward
Michael Lipton	Stewart Yates

Colliers International | Atlanta Office | North Fulton Listings



PRESTON RIDGE III
1,555-2,808 SF Lease
Deming Fish



DEERFIELD POINT 100
21,445 SF Sublease
Russ Jobson /
Bryce Metcalf



PARKWAY 400 I & II
2,838-10,560 SF Lease
Will Tyler / Lee Evans



TWO POINT ROYAL
11,590 SF Sublease
Jodi Selvey /
Emily Richardson



1150 SANCTUARY PARK
50,000 SF Sublease
Andrew Walker /
Drew Levine



6445 SHILOH RD
27,087 SF Sublease
Pete Shelton /
Bryce Metcalf