



CUSHMAN &
WAKEFIELD

DOWNTOWN DIGEST

A Mid-Year Update on
Downtown Atlanta Activity

June 2017



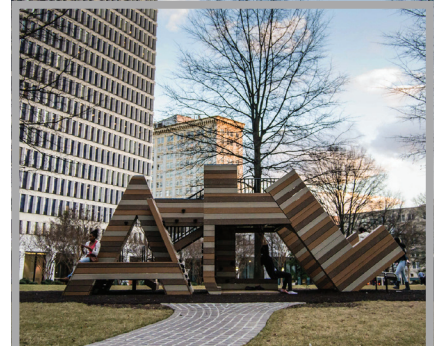
DOWNTOWN DIGEST

Downtown Update

The ongoing revitalization of Downtown Atlanta is well underway. With more than \$4 billion worth of real estate investment under construction and planned for Downtown, the submarket is poised to rise to its former glory.

Each quarter from our homebase at 55 Allen Plaza, Cushman & Wakefield brings you the *Downtown Digest*, designed to provide a snapshot of the real estate market, as well as key news and updates on projects happening Downtown. Here are this month's updates of note:

- The **Downtown Master Plan**, launched in 2016, has commenced. The plan is intended to set the vision and policy-directing strategy to guide the ongoing revitalization and evolution of Downtown over the next 15 years, helping to establish priorities and steer real estate and infrastructure investments, as well as economic development activities.
- Central Atlanta Progress (CAP) has issued a request for pre-development qualifications for **The Stitch**. CAP envisions “capping” the Downtown Connector by constructing a 3/4-mile platform over the highway, extending from the Civic Center MARTA station at West Peachtree Street to Piedmont Avenue. The goal is to create new urban greenspace and foster new commercial and residential growth while filling the void between Downtown and Midtown. The next step for the project is a detailed civil engineering survey, a technical feasibility study and a financing plan.
- In 2017, Central Atlanta Progress and the Atlanta Downtown Improvement District will coordinate the launch of the **Atlanta Arts & Entertainment District**, a neighborhood activation and economic development project. With outdoor digital signage and media creating light, vitality and activity, the district is intended to spur commercial investment, as well as serve the needs and demands of national and international events hosted in Atlanta.
- **Centennial Olympic Park** will be home to Atlanta's biggest **Fourth of July fireworks** display. Held at Lenox Square for the past 57 years, the mall is updating their programming for the holiday. Lenox will give a donation toward the event at the park, which is administered by the Georgia World Congress Center Authority.



Largest Blocks of Contiguous Class A Office Space

1. 305,127 SF Bank of America Plaza (BoA Plaza)
2. 161,233 SF - 34 Peachtree
3. 149,821 SF - BoA Plaza
4. 134,086 SF - Harris Tower
5. 130,620 SF - 250 Williams St

Submarket Snapshot

The **Downtown office submarket** showed several positive signs during the first quarter, including the largest amount of positive net absorption since 2014 with 117,260 square feet absorbed, **outperforming all other submarkets in positive absorption**.

- Significant absorption this quarter, led by **Anthem's 73,000-square-foot lease at the Bank of America Plaza**, dropped the overall vacancy rate 100 basis points from 22.1 percent in the first quarter of 2016 to 21.1 percent in the first quarter of 2017, the lowest recorded vacancy rate for Downtown since 2009.
- Overall asking rental rates for the Downtown submarket increased to \$23.17 per square foot in the first quarter. This is an **increase of \$1.09 per square foot**, or 4.9 percent year-over-year.
- Class A asking rental rates finished the first quarter of 2017 with a **5.1 percent increase** year-over-year to \$24.34 per square foot.
- The only office project under construction in the submarket is the **61,000-square-foot Willoughby building**, which is expected to deliver before the end of 2017.
- As the lack of construction continues in Downtown, the future office market will **continue to tighten and experience increased rental rates** in the coming year.



Significant Office Leases

Q4 2016 through Q1 2017

Company	Building	Size (SF)
Anthem	Bank of America Plaza	148,000
Georgia's Own Credit Union	100 Peachtree	98,000
Drew Eckl & Farnham	SunTrust Plaza	60,000
Atlanta Regional Commission	Peachtree Center	49,000
MWH Global	Peachtree Center	41,000
CallRail	100 Peachtree	32,000

Significant Office Sales

Q4 2016 through Q1 2017

Building	Buyer	Price
191 Peachtree	Banyan Street / Oaktree Capital	\$267.5 million
Bank of America Plaza	Shorenstein Properties	\$220.0 million
The Hurt Building	Gamma Real Estate / Metzler Properties	\$33.5 million
250 Williams (American Cancer Society)	Carter Validus	Under contract
100 Peachtree	Zeller Realty Group	\$79.4 million
Multiple South Downtown Buildings (More Than 150,000 SF)	Newport US Real Estate	\$13.5 million
The Grant Building	57 Dudley, LLC	\$7.25 million
Frederick Douglas Jordan Hall	YMCA	\$4.15 million

DOWNTOWN DIGEST

1 The Stitch will cover 3/4 of a mile over I-75/85, creating new town squares and urban greenspace as well as helping to bridge the gap between Downtown and Midtown.

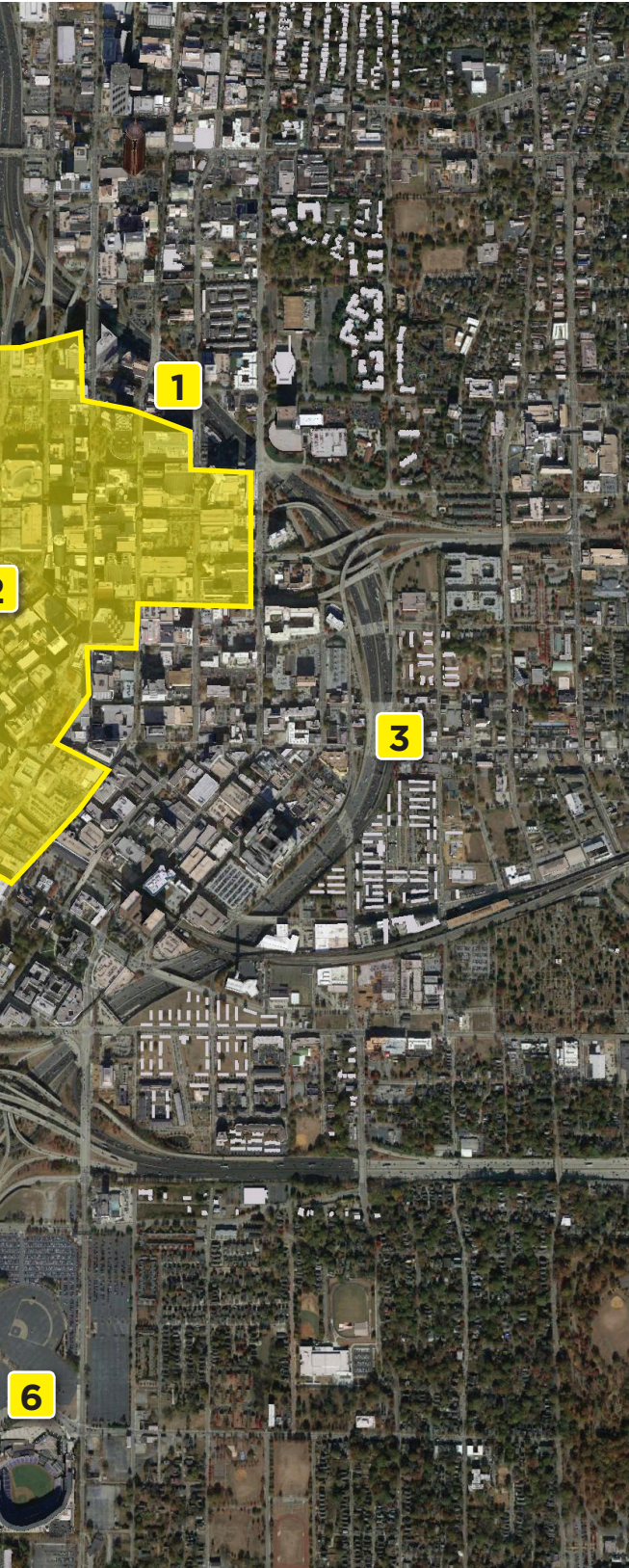


2 Much of Downtown Atlanta will be part of the new Arts & Entertainment District, with new signage guidelines that will allow for Times Square type digital media and entertainment.




3 As part of the Auburn Avenue History & Culture Project, the famous streetscape will see the addition of wayside signage and a mural and lighting improvements to the interstate underpass.

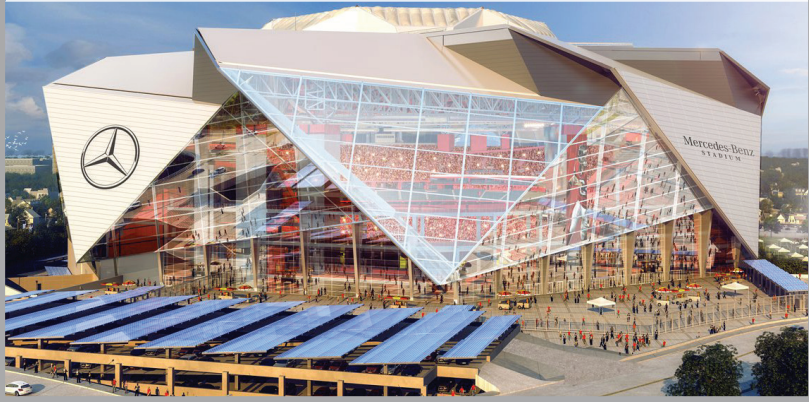




The City sold Underground Atlanta to developer WRS, who plans to redevelop the property with 1,000 residential units, 250,000 square feet of retail, and 320 hotel rooms. **4**



The new Mercedes Benz Stadium is expected to drive development in the Castleberry Hill area, including a new Hard Rock Hotel that will open in time for Super Bowl LIII in 2019. **5**



The former Braves' Turner Field is being redeveloped into a sports center for Georgia State University, and plans call for extensive mixed-use improvements to the Summerhill district. **6**



DOWNTOWN DIGEST

Downtown Driver: Investments

More than **\$449 million of public and private investment** was made in Downtown in 2016. An additional **\$4.4 billion is under construction** or is planned to be completed by 2020, for a total of \$4.8 billion in redevelopment.

According to CAP, this includes: 447,000 square feet of retail; 2,059 student beds; 372,790 square feet of office space; more than 3.1 million square feet of institutional square footage; 5,662 housing units; and 2,528 hotel rooms.

Below is a look at some of the redevelopments and renovations taking place downtown, the majority of which includes office space.

- Invest Atlanta announced in December that the vacant former Butler Street YMCA building will receive the first grant, totaling \$1 million, from the Resurgens Fund. The building will be transformed into the **Sweet Auburn Ballroom**, a 1,200-person live music venue.
- **The Hub** is the renovation of 5,200-square-foot vacant commercial building at 340 Auburn Avenue into a mixed-use project focused on the non-profit community. The project was recently awarded funds from the Eastside Tax Allocation District (ETAD).
- Proposals for the purchase and redevelopment of 143 Alabama, the site of the old **Atlanta Journal-Constitution building**, were solicited earlier this year. Invest Atlanta is currently evaluating responses and will select a buyer later this year. Preliminary plans envision the building with a significant office use.
- At **The Hurt Building**, a \$5 million renovation is underway, which includes a new Starbucks and plans for a renovated lobby, a new fitness center, and technology upgrades throughout the building.
- **Peachtree Center** is planning large scale renovations to both indoor and outdoor common spaces. Plans include an overhaul and redesign of the main courtyard, with an infusion of light and an incorporation of technology. Architectural enhancements and infrastructure improvements are also slated to begin this summer.



- A lobby renovation including a life-size video wall, new seating and meeting areas and all new modern look and feel, is set for **101 Marietta**. Plans also include a revitalized fitness center with all new equipment, a brand new state-of-the-art conference/training facility with seating up to 50 people, and a lounge/gaming area for tenants.
- The sale of **Underground Atlanta** closed in late March. WRS Inc. acquired the property for \$34.6 million, and is currently identifying a partner for the redevelopment. Plans call for approximately 1,000 residences, 250,000 square feet of retail, and 320 hotel rooms on the 12-acre site.
- In March, Friends of Memorial Drive Greenway and Park Pride presented their concept plan for the **Memorial Drive Greenway**, spanning from Oakland Cemetery to a large park capping The Connector where Memorial Drive meets Downtown. The plan includes a continuous park experience with trees, shade, seating, water and paths that creates a variety of destinations, including an arboretum, a day chapel, fountains, paths, cafés, gardens, and small restaurants.
- From 2011 to 2015, \$891.27 million was invested within a five-minute walk of the **Atlanta Streetcar** corridor, and in 2016, additional investments of \$391.19 million were made. Plans to extend the system to the east, west and south are advancing, connecting neighborhoods as well as jobs and entertainment centers.
- The multi-purpose retractable-roof **Mercedes-Benz Stadium** will open later this year as the new home of the Atlanta Falcons and the new Atlanta United soccer team. The \$2 billion investment is driving new development in the southwest corner of Downtown and the Castleberry Hill neighborhood, with restaurants, entertainment venues, and a **200-room Hard Rock hotel** in the works.
- **Newport U.S. Real Estate** has acquired over 150,000 square feet of buildings in South Downtown, centered around Underground Atlanta, for approximately \$13.5 million with more acquisitions in the pipeline.

Georgia State

The site of the former Turner Field will be transformed into Georgia State's new sports center and home to the university's Panthers football and baseball teams.

Developers Carter and Oakwood are planning a \$300 million investment in the surrounding Summerhill neighborhood that will create a "dynamic mixed-use urban destination" with a focus on the area's connectivity to Downtown.



Cushman & Wakefield in Atlanta



Since 1977, Cushman & Wakefield has played a key role in the shaping of the Atlanta skyline. Over the past 40 years, the firm’s Atlanta operations have grown to employ approximately 500 team members in the metro Atlanta area and surrounding Southeast region who provide expertise in all of the company’s vertically integrated services.

Cushman & Wakefield’s Atlanta office is among the very top commercial real estate firms in the city, as evidenced by the annual “Book of Lists” compiled by the *Atlanta Business Chronicle*. The firm’s Atlanta office is also regularly ranked among the city’s top employers, having been named one of the *Atlanta Business Chronicle*’s “Best Places to Work” in 2014, 2015, and 2016.



To learn more about what’s going on in Downtown Atlanta, please contact:



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It All Starts With Culture...

Cushman & Wakefield’s long-term success in Atlanta is due to the office’s uniquely collaborative culture. With the entire office working together, the Atlanta team developed the following guiding principles:

INTEGRITY

EXCELLENCE

TEAMWORK

CREATIVITY

PASSION

- **Integrity** — Do The Right Thing With Uncompromising Ethics And Character
- **Excellence** — The Habit Of Delivering The Highest Quality Always
- **Teamwork** — Collaborate, Share And Commit To Helping Others Succeed
- **Creativity** — Continually Breaching The Status Quo With New Ideas, Energy And Action
- **Passion** — Enthusiasm And Excitement For The Work And The Reward Of A Job Well Done

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