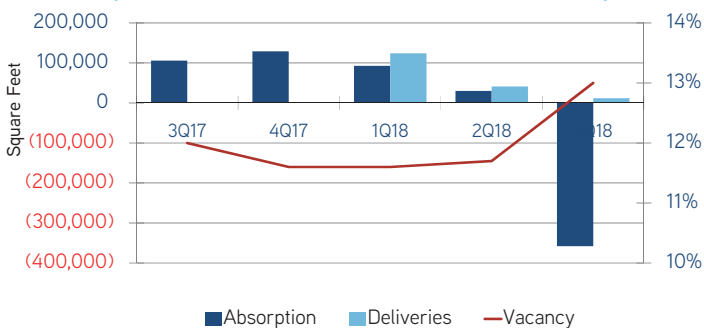


Key Takeaways

- North Fulton had its worst quarter since statistics have been consistently tracked, losing almost 360,000 square feet of tenants in Q3. The submarket was plagued with large move-outs by General Motors, Comcast, and State Farm this quarter.
- Because of the negative quarter, the submarket's overall office vacancy rate jumped to 13%; its highest point in 2.5 years.
- Both 1000 Avalon and 1 Edison Dr. broke ground in Q3, bringing the total office square feet under construction to 803,432 sq. ft.
- Going against market fundamentals, the average rental rate in the submarket increased for a sixth consecutive quarter. The Class A average reached a new record high of \$26.48/sf.
- The down quarter in North Fulton was somewhat expected given the anticipated moves. The submarket should finish the year with positive absorption in Q4; however, it likely won't be enough to bring the overall total into positive territory.

Absorption, Deliveries and Vacancy



Market Indicators

Relative to prior period

North Fulton
Q3 2018North Fulton
Q4 2018*

VACANCY	↑	↓
NET ABSORPTION	■	+
CONSTRUCTION	↑	↓
RENTAL RATE	↑	↑

*Projected

Summary Statistics

North Fulton Office Market

All
Classes

Class A

Class B

Total Inventory (Millions Square Feet)	28.5	15.8	11.6
Vacancy Rate	13.0%	13.6%	12.9%
Change From Q2 2018	1.3%	0.2%	2.8%
Absorption YTD (Thousands Square Feet)	-235	-34	-250
Construction Deliveries YTD (Thousands Square Feet)	177	149	28
Under Construction (Thousands Square Feet)	804	765	39
Asking Rents Per Square Foot Per Year			
Average Quoted	\$23.94	\$26.48	\$20.11
Change From Q2 2018	2.2%	2.1%	1.8%

UPDATE - Recent Transactions in the Market

Notable Leasing Activity

TENANT	PROPERTY	LANDLORD	SIZE (SF)	TYPE
E-Trade	3 Edison Dr.	TPA Group, LLC	107,991	Class A Lease
Hi-Rez Studios	3750 Brookside Pkwy.	OA Development	75,748	Class B Renewal & Expansion
Thrivent Financial	1125 Sanctuary Parkway	Rubenstein Partners	47,308	Class A Lease
Marsh & McLennan	11330 Lakefield Dr.	Woodside Capital Partners	39,668	Class B Renewal

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
1000 Windward Concourse	10/17/2018	\$43,935,000	252,301	\$174.14	Windward Acquisition Delaware LLC
11675 Great Oaks Way	7/24/2018	\$22,500,000	153,797	\$146.30	The Simpson Organization
4501 North Point Pkwy.	10/30/2018	\$19,425,000	130,378	\$148.99	Aareal Bank AG

In The News

- Alpharetta's North Point Mall plans for big redevelopment:** North Point Mall aims to bring a modern, open-air redevelopment to Alpharetta with upgrades in many areas. The largest changes will come to what was formerly a Sears department store, replacing it with a 14-acre project containing 328 apartments and roughly 30,000 square feet of restaurant and retail space. North Point's plans also include green space, a multi-use trail system, and a 2.5 acre plaza. Spaces, a co-working group, will add 25,000 square feet to a currently vacant part of the mall, as well. These changes, North Point hopes, will allow them to compete with nearby open-air shopping centers such as Avalon.
- Office expansion continuing throughout Alpharetta:** A large number of office expansion projects are underway in Alpharetta with room for more in the near future. The area combines great schools, amenities, shopping, and housing with a booming technology and medical market. For example, Jackson Healthcare plans to open a new 306,000 square foot building in early 2019. The city staff and leaders within the city of Alpharetta have been accommodating with the developments, including helping expedite permitting processes, combined with a vision to help cultivate what business leaders call a quality of life conducive to expansion and longevity.

AT A GLANCE | 10000 Avalon



- > Second office tower at Avalon**
- > 10-story building totaling 251,000 square feet**
- > Will include a fitness center and rooftop terrace shared with the adjacent 8000 Avalon building**
- > Axis Reinsurance Co. has preleased 76,000 square feet of building.**
- > Developers Hines and Cousins are projecting a Summer 2018 ground-breaking**

FOR MORE INFORMATION

Scott Amoson
 VP, Director of Research | Atlanta
 +1 404 877 9286
 scott.amoson@colliers.com

COLLIERS INTERNATIONAL ATLANTA OFFICE SPECIALISTS

Scott DeMyer	Emily Richardson
Jessica Doyle	Jodi Selvey
Lee Evans	Fred Sheats
Deming Fish	Pete Shelton
Josh Gregory	Hayes Swann
Russ Jobson	Will Tyler
Jeff Kelley	Andrew Waguespack
Dany Koe	Andrew Walker
Drew Levine	Bob Ward
Michael Lipton	Tiffany Wein
Paul Reese	Stewart Yates

Colliers International | Atlanta Office | North Fulton Listings



PRESTON RIDGE III
 1,555-2,862 SF Lease
 Deming Fish



DEERFIELD POINT 100
 21,445 SF Sublease
 Russ Jobson



PARKWAY 400 I & II
 3,316-12,119 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