



***From the Mayor's Desk***

**May, 2022**

## Commercial real estate values increasing, but city remains competitive

### *A close look at the numbers*

Commercial property in Peachtree Corners is getting more expensive to buy and rent, and there is less of it to go around, but it is still a place where prices are reasonable and where people want to work and play. Companies that have moved here have said they like the access to major roads and Hartsfield Jackson International Airport, but they also like the affordable rents and the prices of the buildings.

According to the real estate information company CoStar, the city-wide asking rent rate, per square foot, has increased in Peachtree Corners from an average of \$12.50/SF in 2017 to approximately \$17 /SF in 2022. A roughly 41 percent increase hardly seems possible, especially coming out of a pandemic, but that's the state of things. For comparison, the asking rent in Atlanta is about \$29 /SF. Statewide it is about \$19/SF. Although prices are increasing dramatically all over, the city is still a good place to open a business.

Similarly, the sale price per square foot has increased from an average of \$73 in 2017 to \$106 per SF this quarter—or about 45 percent in five years. We've seen a number of office buildings sell, not only in Tech Park, but also the Holcomb Bridge Road corridor. There is a lot of interest in redevelopment right now. The city's permitting department has been busy, despite escalating prices. Statewide, commercial property values have increased 65 percent. Sale prices in Atlanta have gone up and down, but currently the cost to buy a building in Atlanta is about \$248/SF.

Just a few years ago, there were a great deal of "For Lease" signs around town. Today, the commercial real estate market in the city looks a lot brighter. Buildings that sat vacant for years are being renovated or redeveloped. The city-wide commercial vacancy rate is just over 8 percent. It dropped about 33 percent in the last five years. Statewide, the vacancy rate is 6.5 percent and Atlanta is about 14 percent.

At the time the city incorporated in 2012, there was more than 3 million square feet of commercial property available for sale. Today, there is just over 500,000 square feet, so there is a lot less inventory.

The total inventory of commercial property in the city is currently 35 M square feet and there is 320,000 SF under construction. All of this is positive for not only the city but the state of Georgia as well.

Gov. Brian Kemp, in conjunction with the Georgia Department of Economic Development, announced recently that job creation and investments in development projects have already surpassed fiscal year

2021 year-end totals. There has been a 48 percent increase in jobs compared to the third quarter of 2021. The key sectors are biotechnology, advanced manufacturing, automotive, logistics, software and technology, and food processing. Currently, the unemployment rate for the Atlanta Metro area is 3.2 percent, according to the Georgia Department of Labor.

I think it is safe to say that the business outlook is good. Thank you for opening your business in Peachtree Corners. Let us know what we can do to make things even better. For those businesses that have been here a while, we are glad to have you.

**Stay safe,**

**Mike Mason, Mayor**