

# REGIONAL SNAPSHOT

March 2008

## Office and Retail Trends in the Atlanta Region

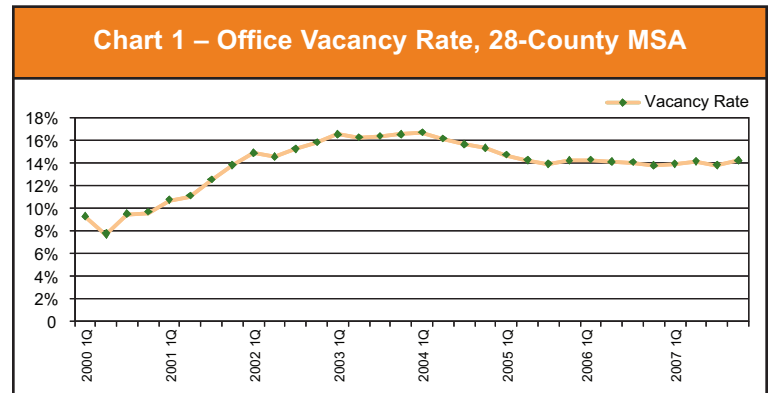
This month's Regional Snapshot explores office and retail trends in the 20-county Atlanta area and finds that almost 35 million square feet of new office space has been added since 2000. This represents a 16 percent increase in the amount of office space available. The amount of vacant space, however, has increased 72 percent over the same time period.

The Snapshot also shows that there is an average of approximately 49 square feet per person of retail space in the 20-county area, compared to a national average of around 20 square feet per person.

### OFFICE VACANCY RATES HIGHER OVERALL; STEADY SINCE 2005

As Table 1 shows, since 2000, the office vacancy rate in the 20-county area has risen substantially, from around 9.5 percent to more than 14 percent as of the fourth quarter of 2007. Most of the increase in vacancy rates, however, occurred prior to 2005. As Chart 1 shows, the vacancy rate (this is for the entire 28-county MSA) has remained essentially the same since the third quarter in 2005.

Fulton County has almost 54 percent of the usable office space in the 20-county area and 48 percent of the vacant space. The four most populous counties – Fulton, Gwinnett, DeKalb and Cobb – account for 91 percent of all office space in the 20-county area.



Source: Co-Star

**Table 1 – Office Space in the 20-County Area**

	2007 (Q4)			2000 (Q4)			Change			
	Usable Space	Vacant	Vacancy Rate	Usable Space	Vacant	Vacancy Rate	Usable Space	Percent Change	Vacant	Percent Change
Fulton	135,391,739	17,068,550	12.6%	117,241,111	9,433,275	8.0%	18,150,628	15.5%	7,635,275	80.9%
DeKalb	35,441,910	4,635,262	13.1%	34,194,278	2,745,593	8.0%	1,247,632	3.6%	1,889,669	68.8%
Cobb	32,990,282	5,561,125	16.9%	28,967,039	3,313,393	11.4%	4,023,243	13.9%	2,247,732	67.8%
Gwinnett	25,845,760	4,648,232	18.0%	20,736,154	3,192,564	15.4%	5,109,606	24.6%	1,455,668	45.6%
Forsyth	3,877,638	785,763	20.3%	1,922,770	309,672	16.1%	1,954,868	101.7%	476,091	153.7%
Clayton	3,641,568	629,172	17.3%	3,450,683	509,465	14.8%	190,885	5.5%	119,707	23.5%
Fayette	2,975,284	473,055	15.9%	2,151,761	317,219	14.7%	823,523	38.3%	155,836	49.1%
Cherokee	2,623,400	282,075	10.8%	1,858,356	380,710	20.5%	765,044	41.2%	(98,635)	-25.9%
Hall	2,495,701	230,334	9.2%	2,081,417	83,308	4.0%	414,284	19.9%	147,026	176.5%
Henry	2,466,511	583,731	23.7%	1,331,416	41,096	3.1%	1,135,095	85.3%	542,635	1,320.4%
Coweta	1,602,554	59,668	3.7%	1,277,273	110,941	8.7%	325,281	25.5%	(51,273)	-46.2%
Rockdale	1,160,702	229,293	19.8%	848,764	76,194	9.0%	311,938	36.8%	153,099	200.9%
Douglas	867,641	91,021	10.5%	758,255	133,100	17.6%	109,386	14.4%	(42,079)	-31.6%
Bartow	614,255	107,072	17.4%	523,683	2,040	0.4%	90,572	17.3%	105,032	5,148.6%
Carroll	385,670	71,831	18.6%	330,576	71,000	21.5%	55,094	16.7%	831	1.2%
Paulding	334,149	62,984	18.8%	236,082	18,232	7.7%	98,067	41.5%	44,752	245.5%
Newton	240,185	26,122	10.9%	155,978	0	0	84,207	54.0%	26,122	NA
Walton	193,622	6,069	3.1%	155,622	1,843	1.2%	38,000	24.4%	4,226	229.3%
Spalding	88,710	26,676	30.1%	61,710	0	0	27,000	43.8%	26,676	NA
Barrow	24,720	5,350	21.6%	24,720	0	0	0	0	5,350	NA
<b>20-Co Total</b>	<b>253,262,001</b>	<b>35,583,385</b>	<b>14.1%</b>	<b>218,307,648</b>	<b>20,739,645</b>	<b>9.5%</b>	<b>34,954,353</b>	<b>16.0%</b>	<b>14,843,740</b>	<b>71.6%</b>

Source: Co-Star

Note: Space is in Square Feet

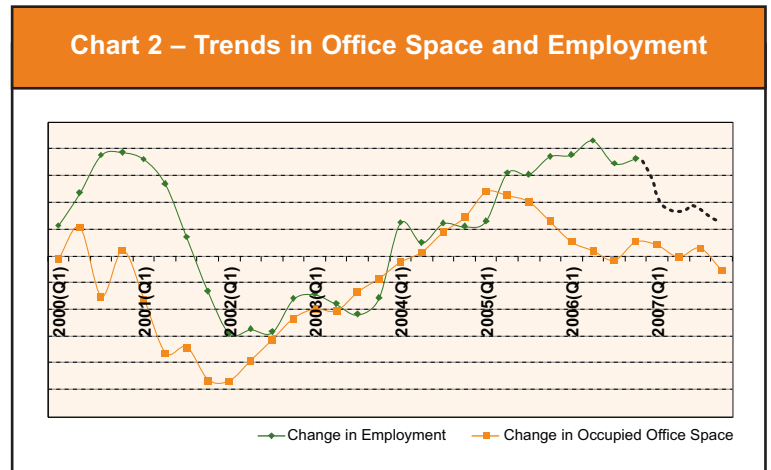
# Office and Retail Trends in the Atlanta Region

Forsyth County had the largest percent increase in usable office space, adding almost 2 million square feet, slightly more than double the space Forsyth had in 2000.

Of course, not all office space is the same. Table 2 shows that office space per building varies greatly, ranging from more the 52,000 square feet of space per building in Fulton, to 2,700 square feet per building in Barrow. Since 2000, more than 1,200 office buildings have been constructed, but the size (defined here as the amount of square feet of usable office space per building) has remained approximately the same.

Chart 2 shows the relationship between office space and employment by comparing year-over-year percent changes in number of jobs to the amount of occupied office space per 1,000 square feet. The two trendlines are positively correlated, meaning that a decline in employment is typically associated with a decline in the amount of usable office space. As can be seen, since 2005, there has been a downward trend in the amount of office space and an upward trend in employment, which deviates from what is expected – that the two trends roughly track each other. Please note that there are several factors that contribute to employment growth other than

just office space, but in examining only these two trends through a regression analysis, one could suggest that employment growth will begin to taper off, represented by the dashed line.



Source: Co-Star for office space; Quarterly Workforce Indicators (U.S. Census Bureau) for employment.

Table 2 – Office Space by Building

	2007			2000			Change 2000 - 2007		
	# of Buildings	Space per Building	Vacant Space per Building	# of Buildings	Space per Building	Vacant Space per Building	# of Buildings	Space per Building	Vacant Space per Building
Barrow	9	2,747	594	9	2,747	0	0	0	594
Bartow	76	8,082	1,409	71	7,376	29	5	706	1,380
Carroll	48	8,035	1,496	44	7,513	1,614	4	522	(117)
Cherokee	304	8,630	928	224	8,296	1,700	80	333	(772)
Clayton	274	13,290	2,296	263	13,120	1,937	11	170	359
Cobb	1,425	23,151	3,903	1,225	23,647	2,705	200	(495)	1,198
Coweta	155	10,339	385	140	9,123	792	15	1,216	(408)
DeKalb	1,423	24,906	3,258	1,403	24,372	1,957	20	534	1,300
Douglas	111	7,817	820	101	7,507	1,318	10	309	(498)
Fayette	284	10,476	1,666	230	9,355	1,379	54	1,121	286
Forsyth	273	14,204	2,878	156	12,325	1,985	117	1,878	893
Fulton	2,595	52,174	6,577	2,344	50,018	4,024	251	2,157	2,553
Gwinnett	1,539	16,794	3,020	1189	17,440	2,685	350	(646)	335
Hall	235	10,620	980	195	10,674	427	40	(54)	553
Henry	207	11,916	2,820	152	8,759	270	55	3,156	2,550
Newton	32	7,506	816	28	5,571	0	4	1,935	816
Paulding	32	10,442	1,968	21	11,242	868	11	(800)	1,100
Rockdale	150	7,738	1,529	127	6,683	600	23	1,055	929
Spalding	14	6,336	1,905	12	5,143	0	2	1,194	1,905
Walton	24	8,068	252	23	6,766	80	1	1,301	173
<b>20-Co Total</b>	<b>9,210</b>	<b>27,499</b>	<b>3,864</b>	<b>7,957</b>	<b>27,436</b>	<b>2,606</b>	<b>1,253</b>	<b>63</b>	<b>1,257</b>

Source: Co-Star

Note: Space is in Square Feet

## GROWTH IN RETAIL SPACE OUTPACING POPULATION GROWTH (BARELY)

According to the International Council of Shopping Centers, there are approximately 20 square feet of retail space per person nationally. As Table 3 shows, on average, there are 49 square feet of retail space per person in the 20-county area, well above the national average. Furthermore, the amount of retail space has increased by some 22 percent between 2000 and 2007 in the 20-county area, compared to a 20 percent population increase.

The vacancy rates for retail have also risen significantly in the 20-county area, increasing from 4.6 percent in 2000 to 8.3 percent as of the second quarter in 2007.

Coweta leads the 20-county area in retail space per capita with 67.3 square feet per person, followed by Fayette (65.4), Gwinnett (59.8), then Fulton (57.5). Please note that those counties with the most retail space per capita also have the lowest vacancy rates in 2007.

Table 4, on the next page, shows retail sales for the years 1997 and 2006. As can be seen, a 20-county resident spent, on average, \$14,800 on retail goods in 2006, up from \$10,800 in 1997, which is a 37.8 percent increase. Rockdale County leads the 20-county area with \$24,400 per capita retail sales, followed by Douglas (\$21,000), Fulton (\$18,400) and Gwinnett (\$17,700).

Table 3 – Retail Space

	2007 (2Q)				2000 (2Q)				Change 2000 - 2007	
	Usable Retail Space	2007 Population	Retail Space per Person	Vacancy Rate (%)	Usable Retail Space	2000 Population	Retail Space per Person	Vacancy Rate (%)	Percent Change in Population	Percent Change in Retail
Coweta	7,501,703	111,500	67.3	3.5%	6,193,470	89,215	69.4	1.0%	25.0%	21.1%
Fayette	6,897,203	105,400	65.4	5.5%	5,880,468	91,263	64.4	4.6%	15.5%	17.3%
Gwinnett	44,241,392	740,200	59.8	5.8%	33,424,517	588,448	56.8	3.1%	25.8%	32.4%
Fulton	53,669,816	933,600	57.5	7.4%	45,089,178	816,006	55.3	2.8%	14.4%	19.0%
Cobb	34,760,829	664,700	52.3	7.5%	30,761,521	607,751	50.6	5.6%	9.4%	13.0%
Rockdale	4,340,157	83,400	52.0	7.9%	3,083,948	70,111	43.0	5.9%	19.0%	40.7%
Douglas	6,462,331	125,800	51.4	8.0%	5,412,688	92,174	58.7	5.1%	36.5%	19.4%
DeKalb	36,816,166	718,400	51.2	8.5%	31,581,984	665,865	47.4	6.1%	7.9%	16.6%
Clayton	13,403,396	275,500	48.7	8.6%	12,650,971	236,517	53.5	3.5%	16.5%	5.9%
Forsyth	5,964,101	157,400	37.9	8.7%	3,592,242	98,407	36.5	3.9%	59.9%	66.0%
Henry	6,959,602	185,700	37.5	8.8%	3,746,169	119,341	31.4	1.1%	55.6%	85.8%
Cherokee	7,274,264	196,700	36.0	9.4%	5,036,311	141,903	35.5	4.8%	38.6%	44.4%
Barrow	2,073,304	63,100	32.9	9.7%	1,787,994	46,144	38.7	0.4%	36.7%	16.0%
Hall	5,095,789	167,200	30.5	10.0%	4,417,415	139,277	31.7	1.7%	20.0%	15.4%
Spalding	1,913,825	64,200	29.8	11.1%	1,568,371	58,417	26.8	2.4%	9.9%	22.0%
Bartow	2,713,752	91,500	29.7	12.0%	2,576,593	76,019	33.9	1.8%	20.4%	5.3%
Paulding	3,383,384	118,300	28.6	12.0%	2,218,732	81,678	27.2	1.8%	44.8%	52.5%
Carroll	2,733,518	105,600	25.9	12.5%	2,388,195	87,268	27.4	1.8%	21.0%	14.5%
Newton	2,073,304	93,200	22.2	13.3%	1,787,994	62,001	28.8	4.4%	50.3%	16.0%
Walton	1,433,237	76,100	18.8	14.9%	1,309,021	60,687	21.6	0.7%	25.4%	9.5%
20-County Total	249,711,073	5,077,500	49.2	8.3%	204,507,782	4,228,492	48.4	4.6%	20.1%	22.1%

Source: Co-Star for retail; ARC for population

## Office and Retail Trends in the Atlanta Region

Table 4 – Retail Sales Per County

County	2006		1997		Percent change in Per Capita Sales
	Total Sales (in thousands)	Per Capita Sales	Total Sales (in thousands)	Per Capita Sales	
Rockdale	\$1,959,840	\$24,397	\$765,983	\$11,403	113.9%
Douglas	\$2,517,873	\$21,060	\$974,735	\$11,280	86.7%
Fulton	\$17,639,828	\$18,375	\$9,248,184	\$12,010	53.0%
Gwinnett	\$13,398,093	\$17,697	\$6,828,970	\$13,234	33.7%
Cobb	\$11,906,206	\$17,527	\$6,971,649	\$12,548	39.7%
Spalding	\$959,935	\$15,437	\$521,547	\$9,014	71.2%
Cherokee	\$2,740,713	\$14,031	\$968,854	\$7,787	80.2%
Fayette	\$1,476,741	\$13,844	\$677,611	\$8,157	69.7%
Hall	\$2,309,441	\$13,330	\$1,240,762	\$9,989	33.4%
Clayton	\$3,320,180	\$12,241	\$2,731,688	\$12,596	-2.8%
Henry	\$2,131,792	\$11,974	\$660,705	\$6,785	76.5%
Bartow	\$1,074,324	\$11,771	\$580,007	\$8,434	39.6%
Coweta	\$1,343,656	\$11,654	\$550,040	\$6,966	67.3%
Walton	\$898,981	\$11,324	\$247,551	\$4,834	134.3%
Forsyth	\$1,624,314	\$10,759	\$653,899	\$8,709	23.5%
Carroll	\$1,141,303	\$10,634	\$574,547	\$7,059	50.7%
DeKalb	\$7,194,591	\$9,943	\$6,229,317	\$9,798	1.5%
Paulding	\$1,169,229	\$9,621	\$390,784	\$5,778	66.5%
Barrow	\$565,333	\$8,875	\$344,841	\$8,423	5.4%
Newton	\$707,292	\$7,734	\$319,821	\$5,869	31.8%
20-County Total	\$76,079,665	\$14,837	\$41,481,495	\$10,765	37.8%

Source: 1997 – U.S. Census Bureau; 2006 – Georgia Statistics System reporting of data from Trade Dimensions

Note: Since ARC did not produce population estimates for the 20-county area in 1997 or 2006, mid-year Census estimates are used for both years.



For more information on these issues or to suggest new subjects, please email [mcarnathan@atlantaregional.com](mailto:mcarnathan@atlantaregional.com).  
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