

# Atlanta Industrial Market

## Warehouse/Distribution Demand Remains at Record Highs

Demand for space in the Atlanta region remains at an all-time high, driving vacancy downward and rents higher. Space is being leased quickly, resulting in many tenants needing to identify potential back up options in case their first choice is taken before they make their decision. Developers remain bullish on new construction, adding an additional 6.0 million square feet to the pipeline during the quarter.

Atlanta’s overall vacancy rate dropped 60 basis points from last quarter to 5.7%. This was 150 basis points lower than one year ago, despite adding 19.3 million square feet in the past 12 months. Since last quarter, the warehouse/distribution vacancy rate declined 60 basis points to 5.3%, the flex/R&D vacancy rate declined 40 basis points to 6.5%, and the general industrial vacancy rate dropped 100 basis points.

### Demand Continued to Outpace New Supply

Net absorption for the second quarter of 2021 was 8.0 million square feet, bringing the year-to-date total to 16.3 million square feet. This was significantly higher than the 5.6 million square feet absorbed at the mid-year point in 2020 and the 4.5 million square

### Current Conditions

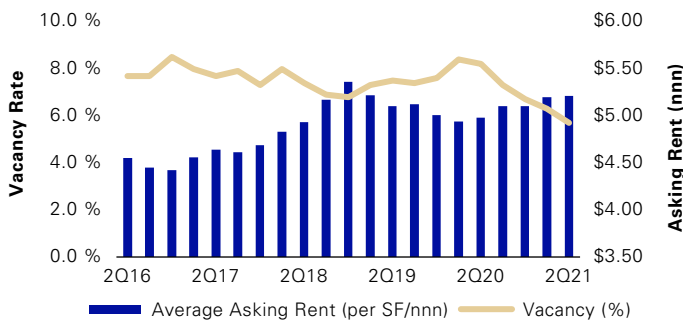
- Atlanta’s vacancy rate of 5.7% was 150 basis points lower than one year ago, despite adding 19.3 million square feet in the past 12 months.
- Net absorption for the second quarter was 8.0 million square feet, bringing the year-to-date total to 16.3 million square feet.
- Sixteen buildings totaling 4.3 million square feet was completed during the quarter.

### Market Summary

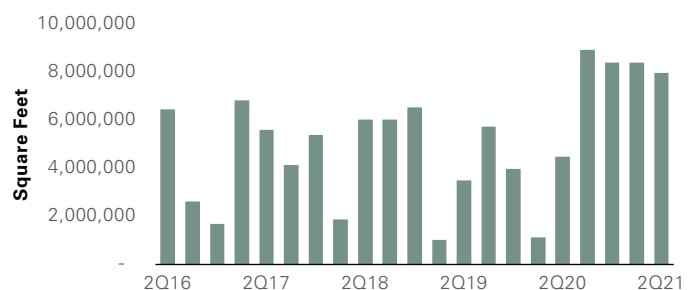
	Current Quarter	Prior Quarter	Year Ago Period	12-Month Forecast
Total Inventory (SF)	650.8M	646.8M	632.2M	↑
Vacancy Rate	5.7%	6.3%	8.2%	↓
Quarterly Net Absorption (SF)	8.0M	8.4M	4.5M	↑
Average Asking Rent/SF (NNN)	\$5.21	\$5.20	\$4.98	↑
Under Construction (SF)	26.3M	20.2M	18.5M	→

### Market Analysis

#### ASKING RENT AND VACANCY RATE



#### NET ABSORPTION



## RESEARCH 2Q 2021

feet absorbed by mid-year 2019. Second-quarter 2021 was the fourth consecutive quarterly absorption over 7.5 million square feet. The 33.8 million square feet absorbed in the last 12 months far exceeded the 19.3 million square feet completed during that period.

Some of the large move-ins included Comptree into 589,000 square feet and Williams-Sonoma into 462,000 square feet in the Northeast/I-85 Corridor, while PAC Worldwide into 500,000 square feet and Cope Services moved into 369,000 square feet in Airport/South Atlanta. QTS expanded into 495,000 square feet in the Chattahoochee Industrial submarket.

### More Than 4.3 Million Square Feet Completed

New space continues to be added to the inventory, as 4.3 million square feet, of which 47.1% was pre-leased, was completed in 16 buildings during the quarter. This brought the year-to-date total to 10.4 million square feet of newly constructed space. This is almost the same amount in the Central Atlanta submarket. Just over half of the total is warehouse/distribution space. The quarter's new development was spread primarily between three submarkets: Airport/South Atlanta, Northeast/I-85 Corridor and Northwest/I-75 Corridor.

### Demand Continues to Drive New Development

The amount of space in the construction pipeline increased for the third consecutive quarter, to reach 26.3 million square feet at the end of second-quarter 2021. The 30.5% increase from last quarter is a direct result of the increasing tenant demand for warehouse/distribution in the Atlanta region. Half of the space in 71 buildings in the pipeline is concentrated in two submarkets: Airport/South Atlanta and Northwest/I-75 Corridor. While overall pre-leasing is 39.0%, new construction has been seeing quicker-than-average lease-ups over the past couple of years, resulting in bullish property owners.

### Market Outlook

Atlanta remains a top-tier industrial market due to the available labor force, access to East Coast ports and interstates, and developable land. Projections for the mid-term are for continued growth in the market, driven by ecommerce, retail and logistics companies.

### Select Lease Transactions

Tenant	Submarket	Building	Type	Square Feet
Amazon	Northeast/I-85 Corridor	650 Broadway Ave	Renewal	613,440
B&G Foods	Airport/South Atlanta	5220 Highway 138	New	573,324
Confidential	Airport/South Atlanta	Bridgeport Blvd	New	562,650
Confidential	Airport/South Atlanta	3650 Flat Shoals Rd	New	517,200
Georgia-Pacific	Airport/South Atlanta	2000 Logistics Dr	Renewal	495,625
Big Lots	Airport/South Atlanta	165 Greenwood Industrial Pkwy	New	485,091

### Select Sale Transactions

Property	Submarket	Sale Price	Square Feet	Price/SF
Equus Industrial Portfolio	Multiple	\$161,300,000	1,204,619	\$133
1415 Constitution Rd SE	Snapfinger/I-20E	\$100,000,000	171,700	\$582
4000 Venture Dr	Northeast/I-85 Corridor	\$38,000,000	156,263	\$243
2205 Northmont Pkwy	Northeast/I-85 Corridor	\$37,100,000	236,070	\$157
6767 Peachtree Industrial Blvd	Chamblee/Doraville/Norcross	\$24,100,000	219,939	\$109

Submarket Statistics								
	Total Inventory (SF)	Under Construction (SF)	Total Vacancy Rate	Qtr Absorption (SF)	YTD Absorption (SF)	Warehouse/Distribution Asking Rent (Price/SF)	R&D/Flex Asking Rent (Price/SF)	Overall Asking Rent (Price/SF)
Airport/South Atlanta	189,729,021	9,019,026	7.2 %	2,623,164	9,265,622	\$3.53	\$6.83	\$3.58
Carrollton/I-20W	5,639,716	-	0.0 %	-	40,000	\$1.81	-	\$1.81
Central Atlanta	12,172,434	-	9.9 %	25,883	30,866	\$11.32	\$9.27	\$9.54
Chamblee/Doraville/Norcross	65,327,627	-	5.5 %	159,332	59,172	\$6.19	\$8.21	\$6.99
Chattahoochee Industrial	14,534,789	-	6.2 %	442,554	617,963	\$10.98	\$15.13	\$11.74
Fulton Industrial/I-20 W	96,310,465	2,680,554	3.2 %	1,223,105	1,648,760	\$3.52	\$4.08	\$3.63
North Central/GA-400 Corridor	23,252,091	527,625	6.3 %	-1,217	-9,384	\$8.88	\$12.40	\$10.04
Northeast/I-85 Corridor	117,456,399	4,313,542	6.0 %	2,181,091	2,983,859	\$4.71	\$11.40	\$5.73
Northwest/I-75 Corridor	62,272,291	5,637,801	5.3 %	1,280,798	1,901,479	\$5.59	\$9.67	\$6.57
Snapfinger/I-20E	36,992,170	4,026,763	4.7 %	94,408	-67,816	\$4.63	\$7.53	\$4.46
Stone Mountain	27,171,299	96,000	4.8 %	198,999	174,847	\$4.56	\$7.06	\$4.85
<b>Atlanta Market</b>	<b>650,858,302</b>	<b>26,301,311</b>	<b>5.7 %</b>	<b>8,228,117</b>	<b>16,645,368</b>	<b>\$4.56</b>	<b>\$9.17</b>	<b>\$5.21</b>

Submarket Statistics by Subtype						
	Total Inventory (SF)	Under Construction (SF)	Total Vacancy Rate	Qtr Absorption (SF)	YTD Absorption (SF)	Total Asking Rent (Price/SF)
General Industrial	95,401,529	1,402,115	7.2%	2,170,870	4,601,026	\$4.69
R&D/Flex	55,322,170	2,732,000	6.5%	658,797	710,838	\$9.17
Warehouse/Distribution	500,134,603	22,167,196	5.3%	5,398,450	11,333,504	\$4.56
<b>Atlanta Market</b>	<b>650,858,302</b>	<b>26,301,311</b>	<b>5.7 %</b>	<b>8,228,117</b>	<b>16,645,368</b>	<b>\$5.21</b>

### Economic Conditions

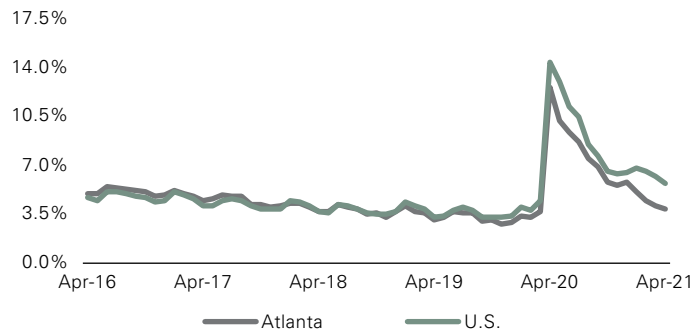
Atlanta’s unemployment rate was 3.9% as of April 2021, 160 basis points lower than the 5.7% rate in the U.S. It was 870 basis points lower than April 2020, the highest unemployment rate for the metro area during the pandemic.

Atlanta’s employment levels are rebounding post-pandemic; recent expansion announcements by Freshly and Soliant, in addition to new operations for FanDuel, Heliox and Semperit Industrial Products, will bring additional jobs to the region over the next 12 to 18 months.

Atlanta gained 246,900 jobs in the 12 months ending in April 2021. This was 120,000 jobs fewer than were lost in April 2020. The 3,200 jobs gained in April 2021 were the fewest one-month gains over the past year.

### Unemployment Rate

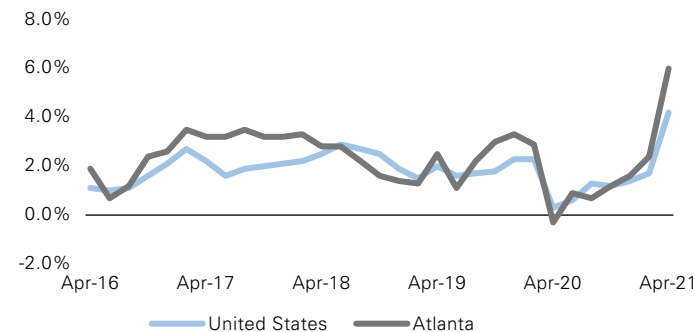
NOT SEASONALLY ADJUSTED



Source: U.S. Bureau of Labor Statistics, July 2021.

### Consumer Price Index (CPI)

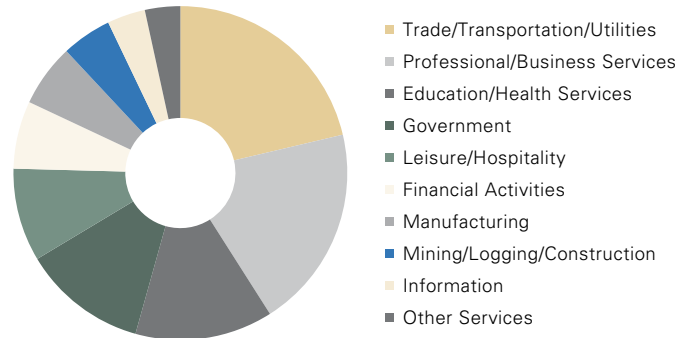
ALL ITEMS, 12-MONTH % CHANGE  
NOT SEASONALLY ADJUSTED



Source: U.S. Bureau of Labor Statistics, July 2021.

### Employment by Industry

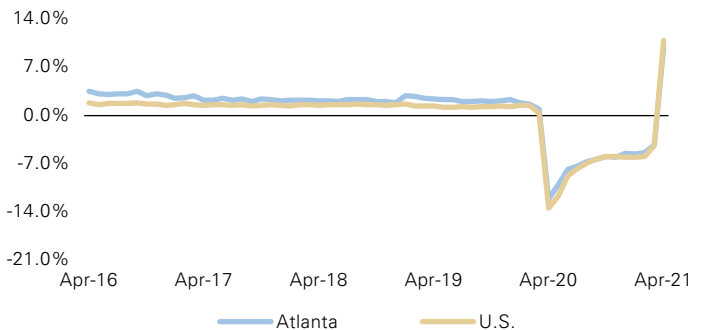
ATLANTA, APRIL 2021



Source: U.S. Bureau of Labor Statistics, July 2021.

### Payroll Employment

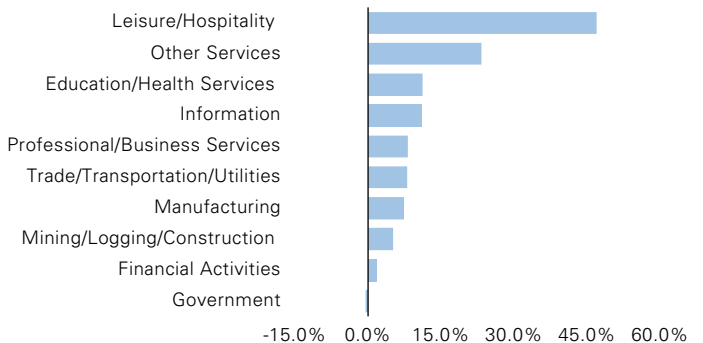
TOTAL NONFARM, NOT SEASONALLY ADJUSTED,  
12-MONTH % CHANGE



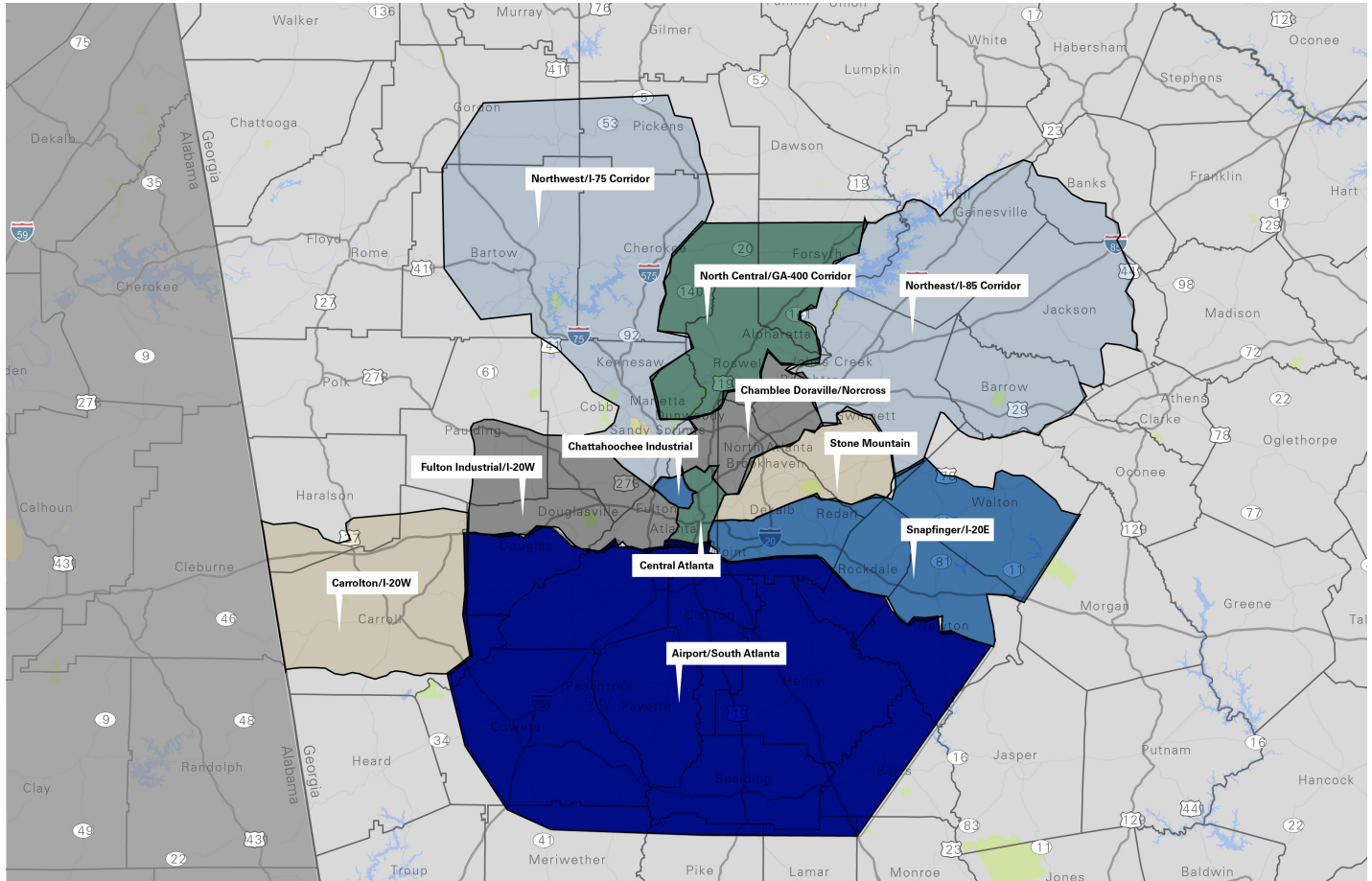
Source: U.S. Bureau of Labor Statistics, July 2021.

### Employment Growth by Industry

ATLANTA, APRIL 2021, 12-MONTH % CHANGE  
NOT SEASONALLY ADJUSTED



Source: U.S. Bureau of Labor Statistics, July 2021.



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