

## Industrial rental rates reach record highs and vacancies remain at historic lows as market continues to tighten

Through the first three months of 2022, Atlanta's industrial market has continued to favor landlords as rental rates rise and vacancies remain at historic lows. In Q1, rents reached a record \$4.98 per square foot (psf), increasing 10.9% year-over-year. The heightened demand for space has suppressed vacancy to 4.0% this quarter, down 190 basis points (bps) from the first quarter of 2021. Despite low vacancies, future options for tenants remain promising due to a robust construction pipeline with 32.2 million square feet (msf) in upcoming availabilities.

### Robust construction pipeline along Atlanta's interstates

A near record 7.2 msf of industrial space delivered in Q1, with South Atlanta alone delivering 4.6 msf. Atlanta's industrial construction pipeline has continued to swell to 42.8 msf as supply attempts to keep up with an escalated demand. The South Atlanta submarket directly connects one of North America's busiest ports (the Port of Savannah) to the United States' busiest airport (Hartsfield Jackson International Airport). High demand for space in the I-75 corridor - which connects these logistical center points - has stimulated development activity in South Atlanta, which now has 10.4 msf under construction. The Northeast submarket, which encompasses the I-985 and I-85 corridors, has developed into one of Atlanta's most desirable submarkets. This corridor acts as a major artery in connecting Atlanta with the greater east coast. The Northeastern submarket construction pipeline is Atlanta's largest at 18.1 msf.

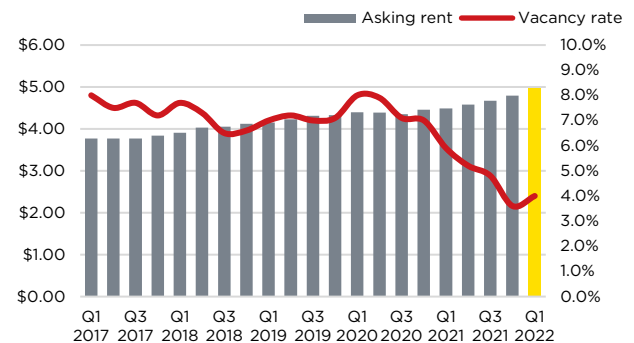
### Leasing volume remains strong amid waning availability

Strong leasing activity continued in the first quarter of 2022, reaching 12.7 msf in transaction volume. Despite a decline in leasing from Q4 2021 (14.0 msf), demand remains at historic levels. Continued supply chain constraints coupled with an increase in manufacturing, warehousing, and logistical spend has set the stage for a sustained rise in demand over the next 12 months. Atlanta's central location in the Southeast, both geographically and logistically, has developed a competitive advantage which solidifies the forecasted continuation in growth. The largest deal of the quarter was a 634,900-sf lease by Allen Distribution in the South Atlanta submarket. The remaining top five deals took place in only two submarkets, I-20 West/Fulton Industrial and the Northeast submarket. Robust demand and strong market fundamentals position Atlanta for a strong year ahead in the remaining three quarters of 2022.

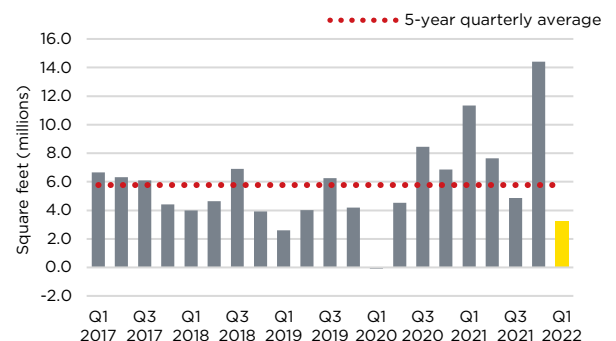
### KEY STATISTICS

	Q1 2021	Q1 2022	y-o-y Change
<b>Inventory</b>	604.7 MSF	626.8 MSF	▲
<b>Vacancy Rate</b>	5.9%	4.0%	▼
<b>Quarterly Net Absorption</b>	11.4 MSF	3.2 MSF	▼
<b>Under Construction</b>	21.8 MSF	42.8 MSF	▲
<b>Deliveries</b>	5.4 MSF	7.2 MSF	▲
<b>Asking Rental Rate</b>	\$4.47	\$4.98	▲

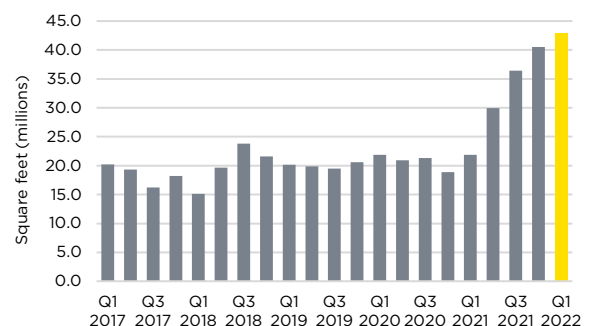
### ASKING RENT AND VACANCY



### NET ABSORPTION



### UNDER CONSTRUCTION



### Outlook

- Record high rates and historic low vacancies continue to pose a challenge to prospective tenants looking for industrial space
- Robust construction pipelines in submarkets surrounding Atlanta's major interstates aim to fulfil occupier demand for space
- Atlanta's advantageous proximity to major logistics arteries sets the stage for a continuation in escalated transaction volume in this cornerstone Southeastern market

BY THE NUMBERS

**42.8M**

SF under construction, which is the highest in at least 25 years

**4.0%**

A historic low-point for vacancies

**2.0%**

I-20 West/Douglasville exhibits lowest submarket vacancy

TOP TRANSACTIONS

Leases

Tenant	Square Feet	Address	Transaction Type	Submarket	Landlord
Allen Distribution	634,900	4475 S Fulton Parkway	New	South Atlanta	Select Fulton
Deutz Corporation	265,525	596 Bonnie Valentine Way	Renewal	Northeast	First Industrial Realty Trust
All Points	150,739	190 Selig Drive	New	I-20 West/Fulton Industrial	Levitt Properties
Manhattan Beach Equipment Company	124,109	3610 Atlanta Industrial Drive	New	I-20 West/Fulton Industrial	Blackstone
CorDx	124,060	2670 Breckinridge	New	Northeast	Prologis

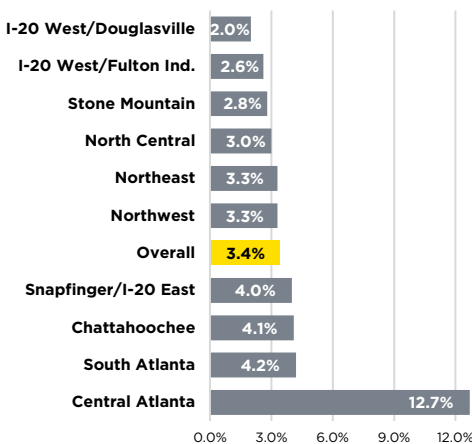
Sales

Owner/Buyer	Square Feet	Address	Price	Submarket	Seller
Florida State Board of Administration	1,514,040	139 Orchard Business Parkway	\$135,000,000	South Atlanta	Stonemont Financial Group
Industrial Logistics Properties Trust	657,600	3150 Highway 42	\$132,828,997	South Atlanta	Mamouth Real Estate Investment Group
Eaton Vance Real Estate Investment Group	560,000	280 Bridgeport Boulevard	\$58,500,000	South Atlanta	CRG
Industrial Logistics Properties Trust	216,130	700 Hudson Road	\$43,656,221	South Atlanta	Mamouth Real Estate Investment Group
KKR	434,837	300 Eagles Landing Parkway	\$36,383,950	South Atlanta	State Teachers Retirement System of Ohio

Source: Savills Research

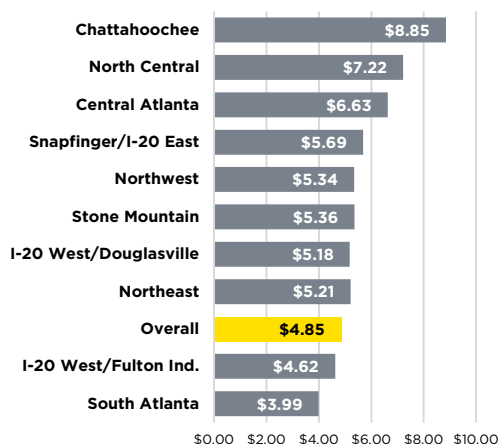
VACANCY RATE COMPARISON

Atlanta Industrial Submarkets



RENTAL RATE COMPARISON (\$/SF)

Atlanta Industrial Submarkets



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Unless otherwise noted, all rents quoted throughout this report are average asking net (NNN) rents per square foot. Statistics are calculated using both direct and sublease information. Current and historical vacancy and rent data are subject to change due to changes in inventory.

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