

# Atlanta

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## Vacancy reaches a high to start the year as the market continues to decompress

In Q1 2024, Atlanta's industrial market continues to show signs of softening. Vacancy proceeds to rise to a high of 8.4%, marking a 320 basis-point (bps) increase year over year. Rental rates also continue to rise, despite the uptick in vacancy. Asking rates rose 10.2%, from \$6.18 in Q1 2023 to \$6.81 in Q1 2024. The increase is largely the result of more expensive quality product on the market, as well as higher construction costs related to new product. As Atlanta's market continues to decompress and inch towards pre-pandemic norms due to economic turbulence, vacancy is likely to continue to rise throughout 2024. Despite the constant increase in vacancy, Atlanta is expected to maintain a strong foothold as an industrial cornerstone in the Southeast throughout the rest of 2024.

### As the gap between supply and demand narrows, tenants are faced with a plethora of options in the market

Net absorption totaled 1.7 million square feet (msf) in the first quarter of 2024, a sharp incline from the negative 1.1 msf recorded in Q4 2023 and a 1.3 msf increase year over year. The South Atlanta submarket recorded the highest absorption of the quarter at 2.5 msf. This was fueled by large move ins, led by Devgiri's 705,833-square-foot move-in at 246 Mount Zion Road. New speculative development totaled 5.8 msf in Q1 2024, with the South Atlanta submarket leading with 2.9 msf. Now five consecutive quarters of slowed net absorption, coupled with deliveries totaling 32.1 msf in just the last four quarters, has left tenants with a plethora of options in a historically tight market.

### Demand remains resilient among Atlanta's key logistical arteries, amid a slowdown in leasing

The largest lease of Q1 took place in the Northwest submarket with Hanwha Qcells leasing 834,971 square feet at Cass White Road. A majority of the largest leases of the quarter were renewals in the South Atlanta submarket, showing that tenants remain committed to Atlanta's resilient chief logistical corridors. As we continue into 2024, expect Atlanta to remain a cornerstone market in the southeast as it connects to several other major markets such as Tennessee and the Port of Savannah, one of the nation's busiest ports.

## Key Statistics

	Q1 2023	Q1 2024	Y-0-Y
Inventory	660.4 msf	697.5 msf	+37.1 msf
Vacancy Rate	5.2%	8.4%	+320 bps
Asking Rental Rate	\$6.18	\$6.81	+10.2%
Net Absorption	0.4 msf	1.7 msf	+1.3 msf
Under Construction	43.6 msf	19.8 msf	-23.8 msf
Deliveries	7.7 msf	5.8 msf	-1.9 msf

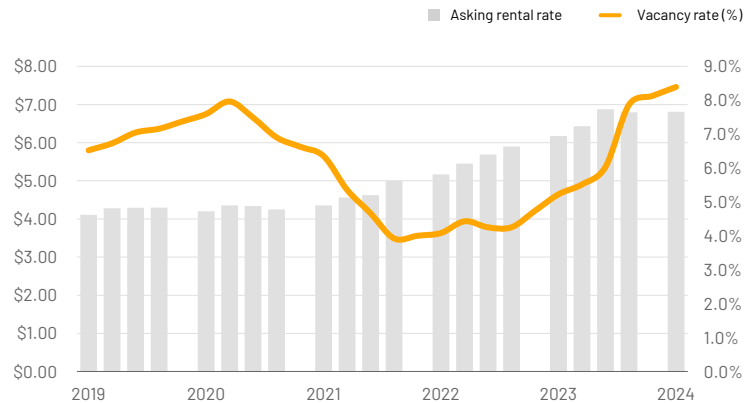
## Outlook

**01** Rising vacancy and elevated new supply continue to aid tenant-favorable market conditions in 2024

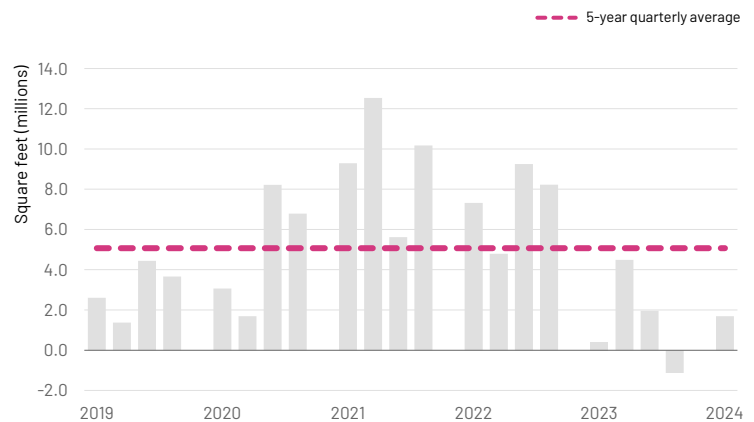
**02** Potential interest rate cuts coupled with economic turbulence continue to impact the uncertainty in demand

**03** Despite a decline in leasing, expect Atlanta to maintain a foothold as an industrial cornerstone in the Southeast through 2024, housing key logistic infrastructure and connecting several major markets

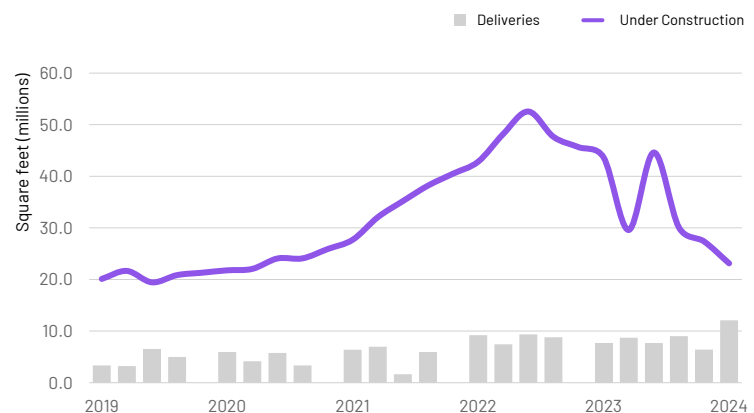
## Asking Rent and Vacancy



## Net Absorption



## Deliveries and Under Construction



## Top Leases

Source: Savills Research

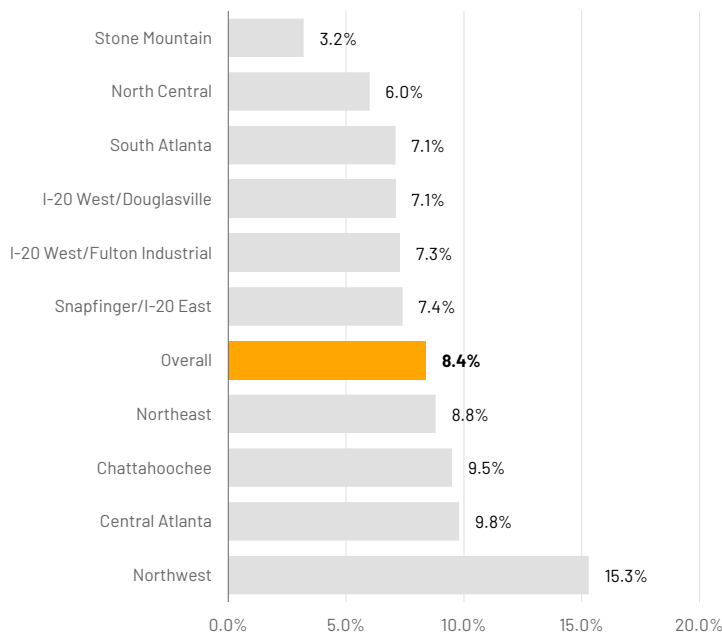
TENANT	SIZE (SF)	SUBMARKET	ADDRESS	TRANSACTION TYPE	INDUSTRY
Hanwha Qcells	834,971	Northwest	Cass White Road	New Lease	Energy
Devgiri Home	705,833	South Atlanta	2464 Mount Zion Road	Sublease	Consumer Goods
GX0 Logistics	498,258	South Atlanta	3060 South Park Boulevard	Renewal	Logistics & Distributions/3PLs
Trane Technologies	400,125	South Atlanta	4286 East Southmeadow Parkway	Renewal	Manufacturing
Interface	370,000	South Atlanta	7225 Goodson Road	Renewal	Construction Materials & Building Fixtures

## Top Sales

OWNER/BUYER	SIZE (SF)	SUBMARKET	ADDRESS	PRICE / \$/SF	SELLER
Purina	599,914	South Atlanta	5005 Terminus Drive	\$70.9 M / \$118	Clarion Partners
BentallGreenOak	188,449	South Atlanta	4777 Derrick Road	\$54.0 M / \$287	Saxum Real Estate
Longpoint Realty Partners	327,825	Northeast	195 Sawmill Drive	\$39.3 M / \$120	TPA Group LLC
Purina	279,776	South Atlanta	5025 Fayetteville Road	\$37.4 M / \$134	Clarion Partners
Sycamore Partners	300,000	Northeast	1275 Barrow Industrial Parkway	\$29.5 M / \$98	Chico's

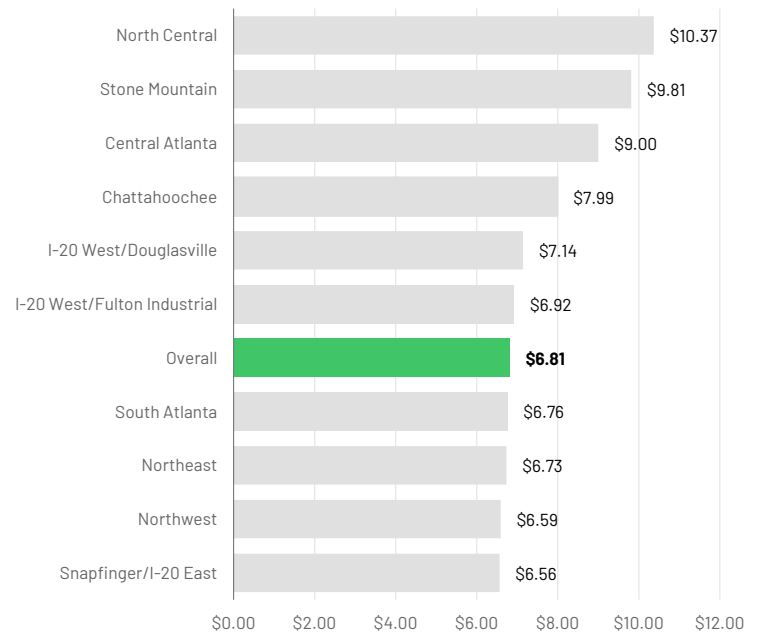
## Vacancy Rate Comparison (%)

ATLANTA SUBMARKETS



## Rental Rate Comparison (\$/sf)\*

ATLANTA SUBMARKETS



## Atlanta Q1 2024 - Industrial

\*based on all classes of available inventory

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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 availability and rent data are subject to change due to changes in inventory.

The information in this report is obtained from sources deemed reliable, but no representation is made as to the accuracy thereof. Unless otherwise noted, source for data is Savills Research.

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