

## Rental rates continue to climb despite greater macroeconomic concerns

Through the first six months of 2022, Atlanta's industrial market has continued to favor landlords as rental rates rise and vacancies remain at historic lows. Rents in the Atlanta industrial market experienced a continuation of the recent uptrend in the second quarter of 2022. In Q2, rents reached a high-water mark of \$5.08 per square foot (psf), increasing 10.9% year-over-year. Despite an increasing national concern of an impending recession, demand for space has increased, suppressing vacancy to 3.9% this quarter, down 130 basis points (bps) from the second quarter of 2021. Despite low vacancies, future options for tenants remain promising due to a robust construction pipeline with 36.6 million square feet (msf) in availabilities.

### A record construction pipeline aims to stabilize Atlanta's industrial market and solve the problem of dwindling supply

The first half of 2022 was momentous in bringing new industrial product to the Atlanta market. In Q2, 2.8 msf of industrial product delivered, bringing the total for the first half of 2022 to 11.4 msf in total deliveries. Despite the large number of deliveries, even more are scheduled for the remainder of 2022. Atlanta's current construction pipeline sits at a record 51.8 msf, with over 15 msf scheduled to deliver before 2023. This pipeline of new supply will aim to alleviate the strain felt by the continued rise in occupier demand which has led to historically low vacancies, making the market landlord favored. The submarkets with the most inventory currently under construction are South Atlanta and Northeast with 14.7 msf and 18.8 msf under construction, respectively.

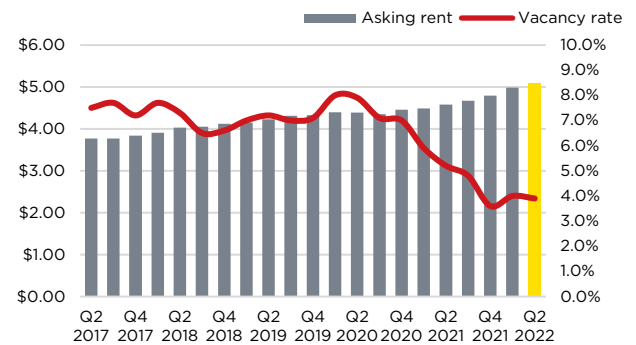
### Demand holds strong as leasing volume remains well above historic levels

Strong leasing activity continued in the second quarter of 2022, totaling 13.3 msf in transaction volume. Despite a decline in leasing from Q2 2021 (16.9 msf), demand still sits at near record levels. Q2's two largest leases both occurred in South Atlanta, Dollar General's 1,001,000 sf lease of 1057 Coweta Industrial Parkway in Newnan and Spreetail's 909,509 sf lease of 200 Metcalf Road in Forrest Park. The top two sale transactions for the quarter include Ares Management Corporation's \$90 million purchase of 350 Logistic Center Parkway and JLL Income Property Trust's \$54.1 million purchase of 200 Thomas Parkway, both transactions took place in the Northeast submarket.

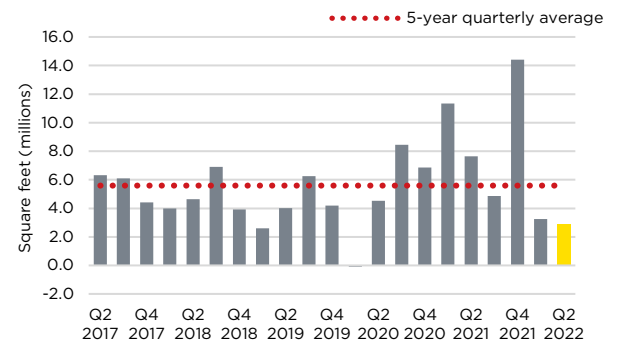
### KEY STATISTICS

	Q2 2021	Q2 2022	y-o-y Change
Inventory	610.3 MSF	630.5 MSF	▲
Vacancy Rate	5.2%	3.9%	▼
Quarterly Net Absorption	8.0 MSF	2.9 MSF	▼
Under Construction	29.5 MSF	51.8 MSF	▲
Deliveries	4.3 MSF	2.8 MSF	▼
Asking Rental Rate	\$4.58	\$5.08	▲

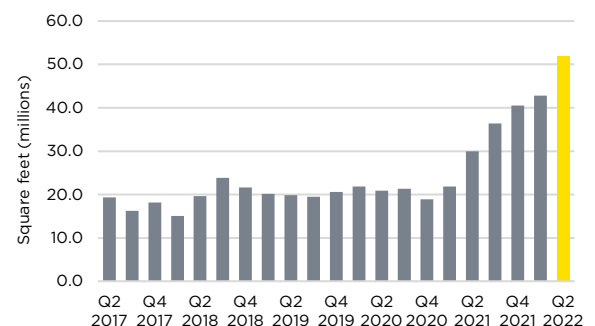
### ASKING RENT AND VACANCY



### NET ABSORPTION



### UNDER CONSTRUCTION



### Outlook

- Climbing rental rates and historic low vacancies continue to pose a challenge to prospective occupiers looking for industrial space
- A record level construction pipeline looks to alleviate the current supply bottleneck by drastically increasing market inventory
- Transaction volume remains strong in Atlanta's industrial market, specifically in the Northeast and South Atlanta submarkets

BY THE NUMBERS

**51.8M**

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

**3.9%**

A historic low-point for vacancies

**0.9%**

Stone Mountain exhibits lowest submarket vacancy

TOP TRANSACTIONS

Leases

Tenant	Square Feet	Address	Transaction Type	Submarket	Landlord
Dollar General	1,001,000	1057 Coweta Industrial Parkway	New	South Atlanta	Crow Holdings Industrial
Spreetail	909,509	200 Metcalf Road	New	South Atlanta	TA Realty
Porter Logistics	264,788	650 Selig Drive Southwest	New	I-20 West/Fulton Industrial	EQT Exeter
Sherwin Williams	261,396	950 Sherwin Parkway	New	Northeast	Prologis
Toto	253,744	7250 Graham Road	New	South Atlanta	Development Authority of Fulton County

Sales

Owner/Buyer	Square Feet	Address	Price	Submarket	Seller
Ares Management Corporation	850,500	350 Logistics Center Parkway	\$90,000,000	Northeast	IDI Logistics
Jones Lang LaSalle Income Property Trust	458,640	200 Thomas Parkway	\$54,050,000	Northeast	Factory Direct Wholesale LLC
Taurus Investment Holdings, LLC	538,500	2110-2135 Lawrence Avenue	\$51,500,000	South Atlanta	Summit Real Estate Group
Blackstone Inc.	254,100	7450 Factory Shoals Road	\$38,850,000	I-20 West/Douglasville	Euphoric Development
Broadrange Logistics	376,980	800 Cassville White Road	\$38,828,940	Northwest	Core5 Industrial Partners

Source: Savills Research

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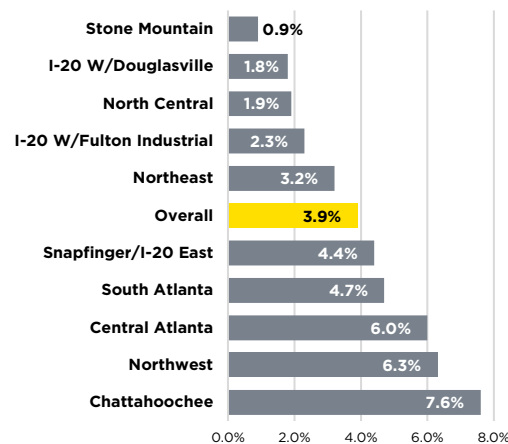
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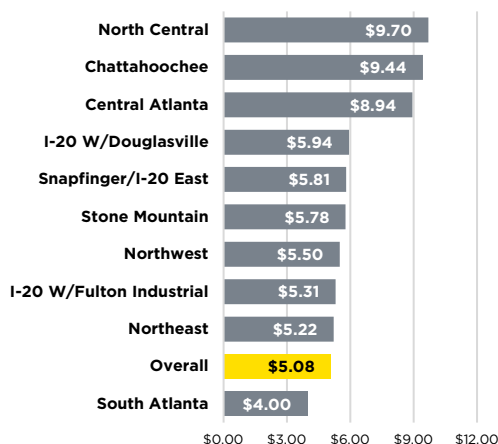
VACANCY RATE COMPARISON

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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