MARKET IN MINUTES
Savills Research

Q3 2022 - Industrial

Atlanta

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Despite uncertain economic headwinds, demand in Atlanta holds as vacancies remain near record lows

As Q3 ends, Atlanta's industrial market has continued to favor landlords. Despite 40-year-high inflation and rising interest rates, rental rates remain at historic highs and vacancies remain near historic lows. In Q3, rental rates in Atlanta rose to a new high of $5.69 per square foot (psf), representing an increase of 22.9% from the same period in 2021. The high velocity in rental rate increase is in large part due to the still-suppressed supply. Atlanta's industrial market showed a vacancy rate of 4.1%. Although vacancy rose slightly from Q2, the demand is far outpacing market supply. The Stone Mountain submarket claims the quarter's lowest vacancy, at only 0.5%.

Absorption and deliveries move in tandem, as a robust construction pipeline aims to create a softer environment

Overall net absorption in Q3 totaled 9.3 million square feet (msf), well above the five-year quarterly average. Demand was strongest in the Northeast, Northwest and South Atlanta submarkets, with each submarket totaling over 2.0 msf in positive absorption. When contrasted with the 9.4 msf of new industrial deliveries for the quarter, absorption data shows no sign of relative demand shortage. Despite this quarter's absorption and deliveries increasing in tandem, the construction pipeline aims to soften the industrial landscape. Currently, 53.4 msf of space is under construction in the Atlanta industrial market.

Transaction volume remains high in Atlanta's industrial market

Leasing volume was strong in each of the first two quarters of 2022, and the third quarter was no different. In Q3, leasing totaled 9.7 msf. The largest lease in Q3 occurred in South Atlanta, where Dollar General leased 712,040 square feet at 500 Business Center Dr. Four out of the top five largest industrial sales also occurred in the South Atlanta submarket. The largest occurred when Blackstone sold 1595 Oakley Industrial Blvd. to Kin Properties Inc. for $134.5 million. The strong demand for space in the South Atlanta submarket is derived from its logistically advantageous location, which connects one of the nation's busiest ports (Savannah) to the world's busiest airport (Hartsfield-Jackson).

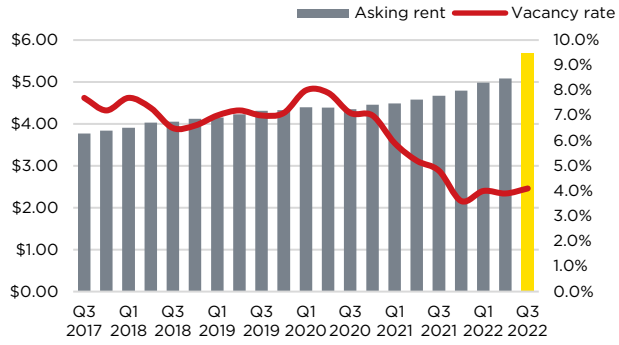
Outlook

- Rental rates continue to march higher alongside waning vacancies as the market remains landlord favored
- A 53.4 msf construction pipeline hopes to solve the imbalance between record-low supply and historically high demand in the Atlanta industrial market
- Though the global economy remains uncertain, Atlanta's industrial market continues to show signs of strong demand, both in leasing and investment

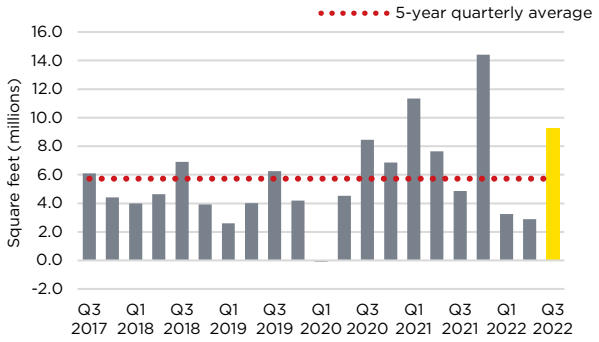
KEY STATISTICS

	Q3 2021	Q3 2022	y-o-y Change
Inventory	605.9 MSF	639.1 MSF	▲
Vacancy Rate	4.8%	4.1%	▼
Quarterly Net Absorption	5.6 MSF	9.3 MSF	▲
Under Construction	35.2 MSF	53.4 MSF	▲
Deliveries	1.6 MSF	9.4 MSF	▲
Asking Rental Rate	$4.63	$5.69	▲

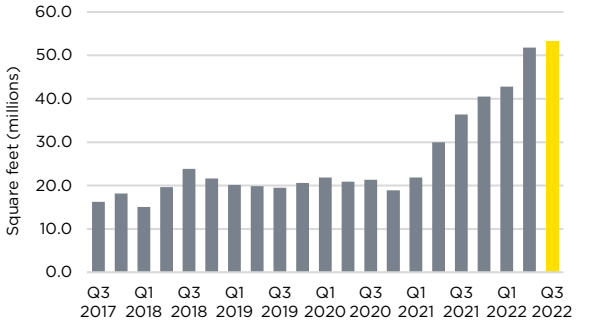
ASKING RENT AND VACANCY



NET ABSORPTION



UNDER CONSTRUCTION



BY THE NUMBERS

53.4M
square feet under construction, which is the highest in 25 years

4.1%
near historic low-point for vacancy

0.5%
Stone Mountain exhibits lowest submarket vacancy

TOP TRANSACTIONS

Leases

Tenant	Square Feet	Address	Transaction Type	Submarket	Landlord
Dollar General	712,040	500 Business Center Drive	New	South Atlanta	Growth Capital Partners
Unis	500,400	7550 Wood Road	New	I-20 W/Douglasville	TA Realty
Buske Logistics	339,963	81 Brown Loop	New	Northwest	Greenway Larry D
Ceva Logistics	250,874	934 Peeples Valley Road	New	Northwest	Transwestern
Kenco Logistics	192,780	7980 Spence Road	New	South Atlanta	Blackstone

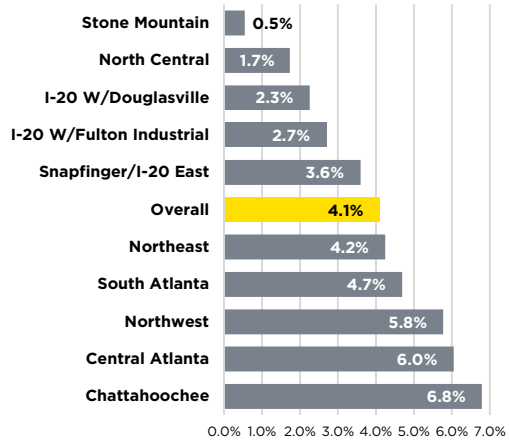
Sales

Owner/Buyer	Square Feet	Address	Price	Submarket	Seller
Kin Properties, Inc	1,505,690	1595 Oakley Industrial Boulevard	$134,500,000	South Atlanta	Blackstone
Black Creek Group	1,008,474	700 Palmetto Logistics Parkway	$81,648,000	South Atlanta	PGIM Real Estate
Prologis	913,700	3909 N Commerce Drive	$76,535,610	South Atlanta	Duke Realty
Prologis	1,061,663	625 Braselton Parkway	$74,267,296	Northeast	Duke Realty
Prologis	759,300	250 Declaration Drive	$64,719,657	South Atlanta	Duke Realty

Source: Savills Research

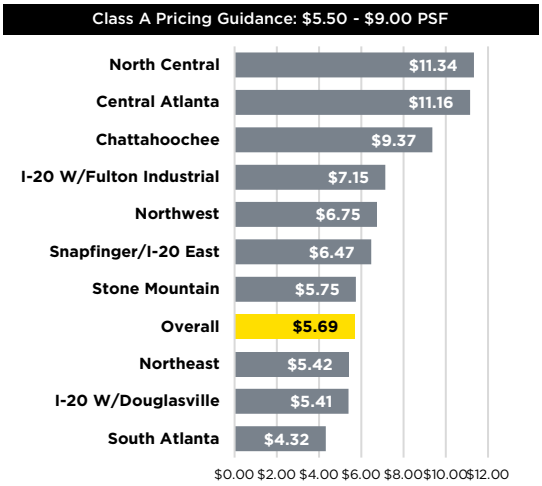
VACANCY RATE COMPARISON

Atlanta Industrial Submarkets



RENTAL RATE COMPARISON ($/SF)*

Atlanta Industrial Submarkets



*Based on all classes of available inventory

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.

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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