

# Atlanta

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## Vacancy continues to climb amid prospects of an economic soft landing

Atlanta's industrial market saw further softening in the third quarter of 2024, with the vacancy rate rising to 9.4%, up 330 basis points (bps) year over year, largely due to new supply outpacing demand. Despite higher vacancy, asking rents ticked up by 1.0% in Q3, reaching \$6.95 per square foot (psf), reflecting construction costs and more premium space available. As the market adjusts to economic challenges and moves towards pre-pandemic norms, vacancy rates are expected to rise throughout 2024. However, recent interest rate cuts by the Federal Reserve could stimulate investment and demand by making borrowing cheaper, potentially stabilizing vacancy rates if demand catches up with supply. However, Atlanta is expected to remain a key industrial hub for the foreseeable future.

## Declining absorption leaves tenants in the market with a plethora of options

Net absorption in Q3 2024 totaled 1.1 million square feet (msf), down from 2.0 msf in Q3 2023, reflecting a continued softening in demand. The South Atlanta submarket experienced the largest decline, with negative 0.3 msf in absorption, primarily driven by several large move-outs, including Kuehne & Nagel departing their 474,425-square-foot facility at 2160 Anvil Block Road. As these move-outs occur, tenants are left with a wider range of available spaces to choose from. The construction pipeline also continues to slow, with 15.5 msf currently under construction, a drop of 12.0 msf from the previous year. This reduction in new development is expected to help stabilize the market over time, as the current oversupply begins to normalize.

## Robust demand endures in Atlanta's logistical corridors amid leasing slowdown

The largest lease of the quarter occurred in the South Atlanta submarket, where GE Energy Parts, Inc. renewed 660,000 square feet at 4955 Mason Road, alongside several other large renewals, highlighting tenants' ongoing commitment to Atlanta's key logistical corridors. As 2024 comes to a close, Atlanta is expected to remain a critical Southeast market, thanks to its connections to major hubs like Tennessee and the Port of Savannah. Recent interest rate cuts by the Federal Reserve could further boost leasing activity, as lower borrowing costs make it easier for tenants to renew or expand leases and for landlords to offer competitive terms, reinforcing Atlanta's position as a logistics hub.

## Key Statistics

	Q3 2023	Q3 2024	Y-0-Y
Inventory	674.5 msf	714.6 msf	+40.1 msf
Vacancy Rate	6.1%	9.4%	+330 bps
Asking Rental Rate	\$6.88	\$6.95	+1.0%
Net Absorption	2.0 msf	1.1 msf	-0.9 msf
Under Construction	27.5 msf	15.5 msf	-12.0 msf
Deliveries	5.5 msf	3.7 msf	-1.8 msf

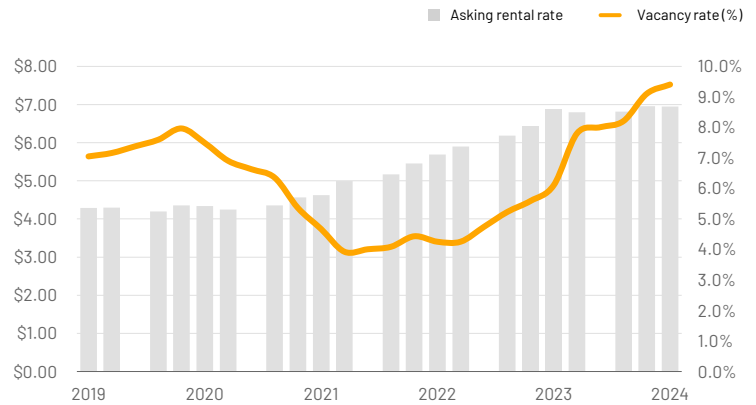
## Outlook

**01** Tenant-favorable market conditions are expected to persist through 2024, driven by rising vacancy rates and an increase in new supply

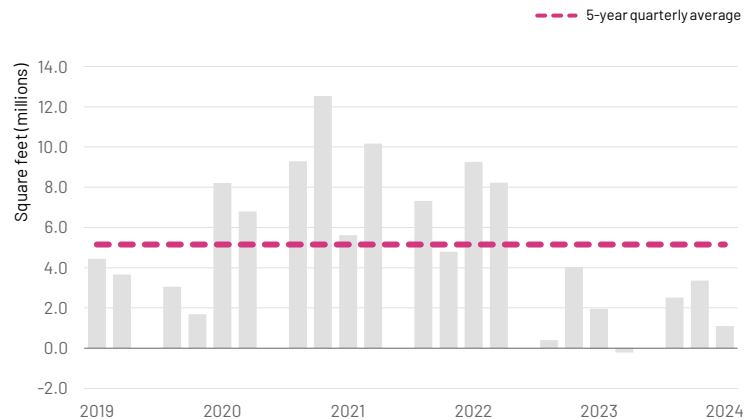
**02** Interest rate cuts and economic turbulence are fueling ongoing uncertainty in demand, balancing potential investment boosts with growth concerns

**03** Construction pipeline reduction signals potential market stabilization amid oversupply correction

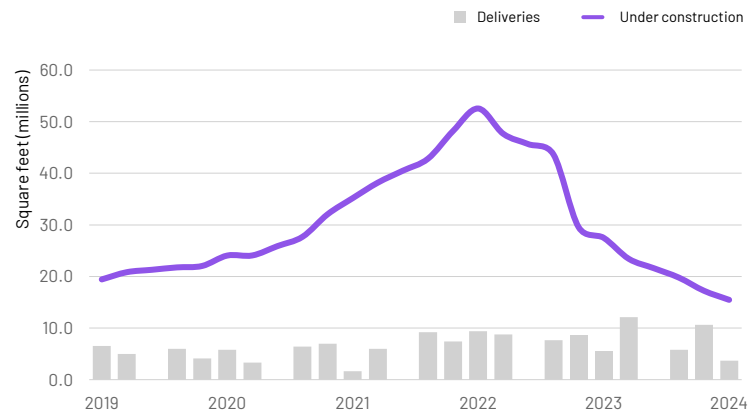
## Asking Rent and Vacancy



## Net Absorption



## Deliveries and Under Construction



## Top Leases

Source: Savills Research

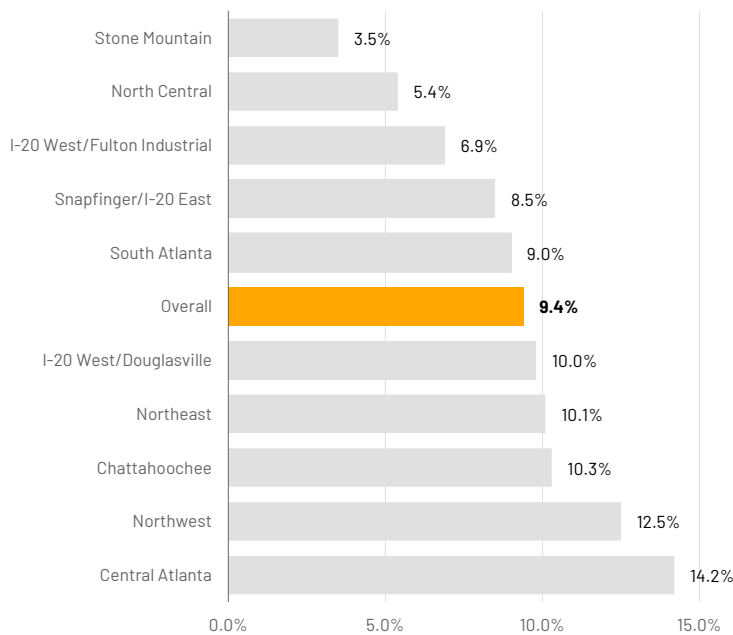
TENANT	SIZE (SF)	SUBMARKET	ADDRESS	TRANSACTION TYPE	INDUSTRY
GE Energy Parts, Inc.	660,000	South Atlanta	4955 Mason Road	Renewal	Energy
Petco	506,200	Northeast	930 Highway 124	Renewal	Retailer
Geodis	499,500	South Atlanta	4900 Stonewall Tell Road	New Lease	Logistics & Distribution/3PLs
Pactra	497,842	Northwest	1343 Cassville White Road	New Lease	Logistics & Distribution/3PLs
eFulfill	468,827	I-20 West/Douglasville	545 Lake Careco Road	Sublease	E-commerce

## Top Sales

OWNER/BUYER	SIZE (SF)	SUBMARKET	ADDRESS	PRICE / \$/SF	SELLER
Development Authority of Fulton County	360,180	South Atlanta	4811 Flat Shoals Road	\$48.5 M / \$135	AEW Capital
EssilorLuxottica	490,961	South Atlanta	130 Greenwood Industrial Parkway	\$48.0 M / \$98	JP Morgan
KKR	251,629	Northeast	2961 Gravel Springs Road	\$41.0 / \$163	Link Logistics
Cabot Properties Inc	220,996	South Atlanta	3968 Gilbert Road - Building 500	\$28.7 M / \$130	OA Development, Inc.
SHAKE-N-GO Fashion, INC.	140,830	Northeast	2805 Vista Ridge Drive	\$24.3 M / \$173	Johnson Development Associates, Inc.

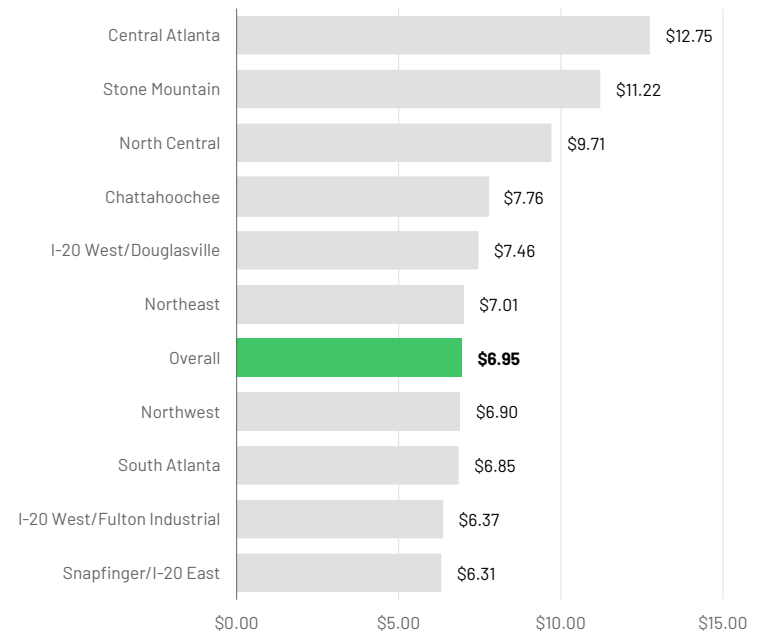
## Vacancy Rate Comparison (%)

ATLANTA SUBMARKETS



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

ATLANTA SUBMARKETS



## Atlanta Q3 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.

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