NAI Brannen Goddard

Q1 2018

ATLANTA MARKET REVIEW

Industrial

VACANCY	**6.9%** 46.6 Million square feet of vacant industrial space	▲ from previous qtr ▼ from previous year
NET ABSORPTION	**3,481,354 SF** A decrease from 7.1 million square feet in last quarter	▼ from previous qtr ▼ from previous year
LEASING ACTIVITY	**6,382,837 SF** A 41% decrease from the previous quarter	▼ from previous qtr ▼ from previous year
AVERAGE RENTAL RATE	**$4.76 PSF** A 1.1% increase from the previous quarter ($4.71/SF)	▲ from previous qtr ▲ from previous year
DELIVERIES	**5,992,854 SF** 16 Buildings completed	▲ from previous qtr ▲ from previous year
UNDER CONSTRUCTION	**17,441,295 SF** 40 Buildings in progress	▼ from previous qtr ▼ from previous year

LARGEST DELIVERIES

Lambert Farms Logistics Park (B1): 1,555,200 SF
South Atlanta Ind | 65% Occupied | Delivered Q1'18

Palmetto Logistics Park: 1,054,500 SF
South Atlanta Ind | 0% Occupied | Delivered Q1'18

Locust Grove Distribution Ctr (100): 1,000,993 SF
South Atlanta Ind | 0% Occupied | Delivered Q1'18

LARGEST UNDER CONSTRUCTION

Southwest 85 Logistics Center: 1,300,000 SF
South Atlanta Ind | 93% Pre-leased | Delivers Q2'18

UPS Distribution Facility: 1,200,000 SF
I-20/W Fulton Ind | 100% Pre-leased | Delivers Q2'18

Southern Gateway (B): 1,104,320 SF
South Atlanta Ind | 0% Pre-leased | Delivers Q1'19

The Atlanta industrial market continues to surge, benefiting from its role as a national distribution hub and from the rapid growth in the metro itself.

Logistics space dominates the market, accounting for nearly 80% of all supply. And that share is only expected to increase as major tenants continue to ink deals for modern warehouses near interstates in the suburbs, and smaller industrial buildings inside of the perimeter are converted to better and higher uses. By removing low-functioning supply in the core, and adding build-to-suit facilities in the industrial nodes, overall vacancy has steadily fallen throughout the cycle, reaching a trough in the beginning of 2018.

These conditions have created an environment where industrial landlords can easily push rents, and cumulative rent gains in Atlanta have been in the top third of the nation since the beginning of 2015. Fundamentals are also attractive for investors, who have traded more than $2 billion in industrial assets each of the last four years, while pricing continues to appreciate. At the beginning of 2018, average pricing was over $50/SF.

SIGNIFICANT LEASE DEALS

Building	Tenant	Submarket	Size (SF)
Gillem Logistics Ctr (150)	N/A	Airport/N Clayton Ind	1,017,627
Liberty Distribution Ctr (250)	Vert Logistics	S Clayton/Henry Cnty Ind	759,300
1791 Mount Zion Road	XPO Logistics	Airport/N Clayton Ind	254,358

SIGNIFICANT BUILDING SALES

Building(s)	Price	Submarket	Size (SF)
FedEx Portfolio (2 Properties)	$47.7 M	South Atlanta Ind	442,000
Chattahoochee Corners/River Green (9 Props)	$29.6 M	NE Atlanta Ind	388,715
Buford Logistics (Building A)	$28.6 M	NE Atlanta Ind	492,048

ALL CONSTRUCTION ACTIVITY

Market	# Bldgs	Total RBA	Preleased SF	Preleased	Available SF
South Atlanta Ind	16	9,223,858	1,243,958	13.5%	7,979,900
Jefferson Ind	5	3,925,202	0	0.0%	3,925,202
I-20 W/Fulton Ind	7	3,035,795	1,863,300	61.4%	1,172,495
Gainesville Ind	2	392,181	145,000	37.0%	247,181
Northwest Atlanta Ind	3	369,875	40,575	11.0%	329,300
Stone Mountain Ind	1	189,690	83,464	44.0%	106,226
Northeast Atlanta Ind	3	148,954	54,135	36.3%	94,819
Central Atlanta Ind	1	80,000	80,000	100.0%	0
Snapfinger/I-20 E Ind	1	51,000	51,000	100.0%	0
Chattahoochee Ind	1	24,740	0	0.0%	24,740
Totals	**40**	**17,441,295**	**3,561,432**	**20.4%**	**13,879,863**

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FIRST QUARTER 2018

TOTAL ATLANTA INDUSTRIAL MARKET STATISTICS

Market	EXISTING INVENTORY		VACANCY				YTD Net Absorption	YTD Deliveries	Under Const SF	Leasing Activity
	# Bldgs	Total RBA	Direct SF	Sublease SF	Total SF	Vac%				
Central Atlanta Ind	277	13,130,816	672,975	0	672,975	5.1%	(19,209)	0	80,000	53,937
Chattahoochee Ind	391	19,965,473	520,922	89,500	610,422	3.1%	(207,470)	0	24,740	59,922
Gainesville Ind	298	19,299,331	774,501	0	774,501	4.0%	46,702	0	392,181	249,203
I-20 W/Fulton Ind	1,024	100,894,870	5,974,354	264,720	6,239,074	6.2%	474,369	0	2,619,995	514,983
Jefferson Ind	98	26,166,577	4,371,716	459,134	4,830,850	18.5%	103,077	368,000	3,925,202	0
North Central Atl Ind	527	27,417,387	1,414,497	25,190	1,439,687	5.3%	102,857	0	0	232,879
Northeast Atlanta Ind	1,938	146,410,128	8,481,419	259,066	8,740,485	6.0%	39,769	653,602	148,954	1,780,527
Northwest Atlanta Ind	1,100	70,560,127	2,603,362	132,690	2,736,052	3.9%	591,188	19,079	360,500	440,524
Snapfinger/I-20 E Ind	544	46,217,145	1,778,095	3,200	1,781,295	3.9%	(317,037)	480,000	0	571,191
South Atlanta Ind	1,439	183,374,636	16,639,856	333,812	16,973,668	9.3%	2,590,989	4,408,273	9,223,858	2,178,073
Stone Mountain Ind	476	25,589,356	1,788,833	0	1,788,833	7.0%	76,119	0	189,690	301,598
Totals	**8,112**	**679,025,846**	**45,020,530**	**1,567,312**	**46,587,842**	**6.9%**	**3,481,354**	**5,928,954**	**16,965,120**	**6,382,837**

FLEX MARKET STATISTICS

Market	EXISTING INVENTORY		VACANCY				YTD Net Absorption	YTD Deliveries	Under Const SF	Leasing Activity
	# Bldgs	Total RBA	Direct SF	Sublease SF	Total SF	Vac%				
Central Atlanta Ind	60	2,031,093	69,741	0	69,741	3.4%	(15,979)	0	80,000	32,687
Chattahoochee Ind	74	3,603,911	124,759	1,500	126,259	3.5%	(5,179)	0	0	39,750
Gainesville Ind	28	831,949	77,529	0	77,529	9.3%	0	0	0	0
I-20 W/Fulton Ind	62	3,978,971	48,378	0	48,378	1.2%	18,827	0	0	12,476
Jefferson Ind	7	416,563	1,200	0	1,200	0.3%	1,200	0	0	0
North Central Atl Ind	149	7,221,492	564,317	25,190	589,507	8.2%	9,234	0	0	39,755
Northeast Atlanta Ind	379	14,286,040	1,464,431	35,956	1,500,387	10.5%	161,327	0	0	74,129
Northwest Atlanta Ind	186	7,880,871	427,632	23,400	451,032	5.7%	40,994	19,079	48,000	49,902
Snapfinger/I-20 E Ind	62	1,894,600	175,880	0	175,880	9.3%	(2,700)	0	0	16,719
South Atlanta Ind	133	4,049,049	189,002	0	189,002	4.7%	(7,891)	0	0	14,852
Stone Mountain Ind	81	2,702,318	419,516	0	419,516	15.5%	(14,203)	0	0	16,825
Totals	**1,221**	**48,896,857**	**3,562,385**	**86,046**	**3,648,431**	**7.5%**	**185,630**	**19,079**	**128,000**	**297,095**

SHALLOW-BAY DISTRIBUTION MARKET STATISTICS

Market	EXISTING INVENTORY		VACANCY				YTD Net Absorption	YTD Deliveries	Under Const SF	Leasing Activity
	# Bldgs	Total RBA	Direct SF	Sublease SF	Total SF	Vac%				
Central Atlanta Ind	44	1,962,440	39,950	0	39,950	2.0%	(22,600)	0	0	2,750
Chattahoochee Ind	30	1,199,767	0	0	0	0.0%	0	0	0	0
Gainesville Ind	22	856,286	57,500	0	57,500	6.7%	0	0	0	0
I-20 W/Fulton Ind	254	16,824,478	316,488	0	316,488	1.9%	295,662	0	1,200,000	207,016
Jefferson Ind	13	2,581,053	459,008	0	459,008	17.8%	0	368,000	0	0
North Central Atl Ind	105	5,534,382	413,254	0	413,254	7.5%	32,100	0	0	106,560
Northeast Atlanta Ind	491	27,965,093	1,636,219	24,774	1,660,993	5.9%	(405,585)	261,106	0	212,172
Northwest Atlanta Ind	208	12,004,185	150,015	11,465	161,480	1.3%	111,533	0	0	104,415
Snapfinger/I-20 E Ind	111	6,632,860	609,843	3,200	613,043	9.2%	(297,770)	0	0	344,162
South Atlanta Ind	256	25,176,097	1,302,704	111,198	1,413,902	5.6%	349,147	0	982,777	504,764
Stone Mountain Ind	163	7,240,642	345,434	0	345,434	4.8%	(24,060)	0	0	9,439
Totals	**1,697**	**107,977,283**	**5,330,415**	**150,637**	**5,481,052**	**5.1%**	**38,427**	**629,106**	**2,182,777**	**1,491,278**

WAREHOUSE MARKET STATISTICS

Market	EXISTING INVENTORY		VACANCY				YTD Net Absorption	YTD Deliveries	Under Const SF	Leasing Activity
	# Bldgs	Total RBA	Direct SF	Sublease SF	Total SF	Vac%				
Central Atlanta Ind	173	9,137,283	563,284	0	563,284	6.2%	19,370	0	0	18,500
Chattahoochee Ind	287	15,161,795	396,163	88,000	484,163	3.2%	(202,291)	0	24,740	20,172
Gainesville Ind	248	17,611,096	639,472	0	639,472	3.6%	46,702	0	392,181	249,203
I-20 W/Fulton Ind	708	80,091,421	5,609,488	264,720	5,874,208	7.3%	159,880	0	1,419,995	295,491
Jefferson Ind	78	23,168,961	3,911,508	459,134	4,370,642	18.9%	101,877	0	3,925,202	0
North Central Atl Ind	273	14,661,513	436,926	0	436,926	3.0%	61,523	0	0	86,564
Northeast Atlanta Ind	1,068	104,158,995	5,380,769	198,336	5,579,105	5.4%	284,027	392,496	148,954	1,494,226
Northwest Atlanta Ind	706	50,675,071	2,025,715	97,825	2,123,540	4.2%	438,661	0	312,500	286,207
Snapfinger/I-20 E Ind	371	37,689,685	992,372	0	992,372	2.6%	(16,567)	480,000	0	210,310
South Atlanta Ind	1,050	154,149,490	15,148,150	222,614	15,370,764	10.0%	2,249,733	4,408,273	8,241,081	1,658,457
Stone Mountain Ind	232	15,646,396	1,023,883	0	1,023,883	6.5%	114,382	0	189,690	275,334
Totals	**5,194**	**522,151,706**	**36,127,730**	**1,330,629**	**37,458,359**	**7.2%**	**3,257,297**	**5,280,769**	**14,654,343**	**4,594,464**

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