NAI Brannen Goddard

Q2 2018

ATLANTA MARKET REVIEW

Industrial

VACANCY

6.8%

46.5 Million square feet of vacant industrial space

▼ from previous qtr

▼ from previous year

NET ABSORPTION

3,644,733 SF

YTD net absorption reached 6,918,002 square feet

▲ from previous qtr

▼ from previous year

LEASING ACTIVITY

4,798,373 SF

A 52% decrease from the previous quarter

▼ from previous qtr

▼ from previous year

AVERAGE RENTAL RATE

$4.93 PSF

A 2.9% increase from the previous quarter ($4.79/SF)

▲ from previous qtr

▲ from previous year

DELIVERIES

2,475,926 SF

13 Buildings completed

▼ from previous qtr

▼ from previous year

UNDER CONSTRUCTION

20,101,002 SF

48 Buildings in progress

▲ from previous qtr

▲ from previous year

LARGEST DELIVERIES

I-20 West Distribution Ctr (Preston Blvd): 499,320 SF
I-20/W Fulton Ind | 0% Occupied

Cherokee 75 Business Ctr (3495 Hwy 92)*: 312,500 SF
Northwest Atlanta Ind | 100% Occupied

Royal 85 Business Ctr (3625 Royal S Pky): 304,320 SF
South Atlanta Ind | 0% Occupied

LARGEST UNDER CONSTRUCTION

Southwest 85 Logistic Center: 1,208,301 SF
South Atlanta Ind | 100% Pre-leased | Delivers Q3'18

UPS Distribution Facility: 1,200,000 SF
I-20/W Fulton Ind | 100% Pre-leased | Delivers Q3'18

Braselton 53 Commerce Center*: 1,081,280 SF
Jefferson Ind | 0% Pre-leased | Delivers Q1'19

**NAI Brannen Goddard Assignment*

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, while smaller industrial buildings inside of the perimeter are converted to better and higher uses. By removing that 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 cyclical 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 (among major metros). Fundamentals are also attractive for investors, who have traded more than $2 billion in industrial assets each of the last four years. Pricing continues to appreciate, with the average over $50/SF in 2018, while cap rates have been in the mid-7% range for over a year.

SIGNIFICANT LEASE DEALS

Building	Tenant	Submarket	Size (SF)
237 Greenwood Ind Ct	XPO Logistics	S Clayton/Henry Cnty Ind	455,000
3495 Highway 92*	Atlanta Bonded Whse	Kennesaw/Acworth Ind	312,500
5025 Fayetteville Rd	N/A	Airport/N Clayton Ind	279,776

SIGNIFICANT BUILDING SALES

Building(s)	Price	Submarket	Size (SF)
11440/11460 Johns Creek Pky (2 Props)	$83.7 M	N Central Atlanta Ind	741,306
Highlands Park (8 Props)	$73.0 M	NW Atlanta Ind	680,756
Franklin Forest/Northwoods (21 Props)	$41.4 M	NE Atlanta Ind	878,971

ALL CONSTRUCTION ACTIVITY

Market	# Bldgs	Total RBA	Preleased SF	Preleased	Available SF
South Atlanta Ind	15	8,262,928	2,314,654	28.0%	5,948,274
Jefferson Ind	7	5,075,242	0	0.0%	5,075,242
I-20 W/Fulton Ind	10	4,085,550	2,216,800	54.3%	1,868,750
Northwest Atlanta Ind	5	1,422,500	681,500	47.9%	741,000
Gainesville Ind	5	765,072	145,000	19.0%	620,072
Stone Mountain Ind	1	189,690	83,464	44.0%	106,226
Northeast Atlanta Ind	2	130,280	18,800	14.4%	111,480
Central Atlanta Ind	1	94,000	0	0.0%	94,000
Snapfinger/I-20 E Ind	1	51,000	51,000	100.0%	0
Chattahoochee Ind	1	24,740	24,740	100.0%	0
Totals	**48**	**20,101,002**	**5,535,958**	**27.5%**	**14,565,044**

NAI Brannen Goddard

SECOND QUARTER 2018

TOTAL ATLANTA INDUSTRIAL MARKET STATISTICS

Market	EXISTING INVENTORY # Bldgs	EXISTING INVENTORY Total RBA	VACANCY Direct SF	VACANCY Sublease SF	VACANCY Total SF	VACANCY Vac%	YTD Net Absorption	YTD Deliveries	Under Const SF	Leasing Activity
Central Atlanta Ind	274	13,012,899	730,856	0	730,856	5.6%	(20,090)	0	94,000	106,839
Chattahoochee Ind	389	19,508,351	557,001	121,681	678,682	3.5%	(291,642)	0	24,740	304,550
Gainesville Ind	299	19,317,615	348,733	0	348,733	1.8%	390,379	0	757,572	294,778
I-20 W/Fulton Ind	1,024	101,414,132	6,474,572	58,284	6,532,856	6.4%	809,494	921,283	3,654,750	1,544,541
Jefferson Ind	98	27,063,727	5,088,446	459,134	5,547,580	20.5%	377,347	1,389,000	5,075,242	120,000
North Central Atl Ind	525	27,289,418	1,504,614	13,949	1,518,563	5.6%	23,981	0	0	446,641
Northeast Atlanta Ind	1,937	146,558,108	8,318,048	308,747	8,626,795	5.9%	372,919	783,756	130,280	3,727,520
Northwest Atlanta Ind	1,101	70,936,609	2,893,938	202,122	3,096,060	4.4%	579,775	379,579	662,750	1,330,096
Snapfinger/I-20 E Ind	543	48,249,960	1,521,656	0	1,521,656	3.2%	(33,298)	480,000	0	822,686
South Atlanta Ind	1,439	183,983,242	15,272,069	714,525	15,986,594	8.7%	4,757,596	5,193,181	8,028,833	5,691,165
Stone Mountain Ind	475	25,530,104	1,943,676	0	1,943,676	7.6%	(48,459)	0	189,690	459,440
Totals	**8,104**	**682,864,165**	**44,653,609**	**1,878,442**	**46,532,051**	**6.8%**	**6,918,002**	**9,146,799**	**18,617,857**	**14,848,256**

FLEX MARKET STATISTICS

Market	EXISTING INVENTORY # Bldgs	EXISTING INVENTORY Total RBA	VACANCY Direct SF	VACANCY Sublease SF	VACANCY Total SF	VACANCY Vac%	YTD Net Absorption	YTD Deliveries	Under Const SF	Leasing Activity
Central Atlanta Ind	61	2,090,531	41,615	0	41,615	2.0%	24,167	0	94,000	56,262
Chattahoochee Ind	73	3,574,308	115,590	5,800	121,390	3.4%	(6,422)	0	0	86,205
Gainesville Ind	28	831,949	61,278	0	61,278	7.4%	16,251	0	0	0
I-20 W/Fulton Ind	63	4,025,196	57,932	0	57,932	1.4%	18,350	0	0	12,476
Jefferson Ind	6	292,713	1,200	0	1,200	0.4%	1,200	0	0	0
North Central Atl Ind	147	7,184,371	595,910	13,949	609,859	8.5%	(11,118)	0	0	117,737
Northeast Atlanta Ind	378	14,254,498	1,501,775	31,467	1,533,242	10.8%	198,906	0	0	287,680
Northwest Atlanta Ind	186	7,864,202	493,033	20,551	513,584	6.5%	18,919	67,079	0	144,717
Snapfinger/I-20 E Ind	62	1,894,600	168,411	0	168,411	8.9%	4,769	0	0	37,954
South Atlanta Ind	128	3,907,164	164,276	0	164,276	4.2%	(5,543)	0	0	64,426
Stone Mountain Ind	81	2,699,442	377,351	0	377,351	14.0%	58,227	0	0	43,323
Totals	**1,213**	**48,618,974**	**3,578,371**	**71,767**	**3,650,138**	**7.5%**	**317,706**	**67,079**	**94,000**	**850,780**

SHALLOW-BAY DISTRIBUTION MARKET STATISTICS

Market	EXISTING INVENTORY # Bldgs	EXISTING INVENTORY Total RBA	VACANCY Direct SF	VACANCY Sublease SF	VACANCY Total SF	VACANCY Vac%	YTD Net Absorption	YTD Deliveries	Under Const SF	Leasing Activity
Central Atlanta Ind	43	1,918,940	14,600	0	14,600	0.8%	2,750	0	0	2,750
Chattahoochee Ind	30	1,199,967	4,000	0	4,000	0.3%	(4,000)	0	0	0
Gainesville Ind	23	873,161	57,500	0	57,500	6.6%	0	0	0	0
I-20 W/Fulton Ind	251	16,532,522	258,836	0	258,836	1.6%	170,087	0	1,200,000	329,664
Jefferson Ind	13	2,581,053	91,008	0	91,008	3.5%	368,000	368,000	1,081,280	0
North Central Atl Ind	105	5,409,934	425,458	0	425,458	7.9%	19,896	0	0	132,622
Northeast Atlanta Ind	490	27,994,023	1,389,729	53,499	1,443,228	5.2%	(168,948)	261,106	0	582,429
Northwest Atlanta Ind	208	12,026,185	255,048	59,669	314,717	2.6%	(41,704)	0	0	247,863
Snapfinger/I-20 E Ind	111	6,632,860	482,493	0	482,493	7.3%	(167,220)	0	0	490,865
South Atlanta Ind	255	25,042,497	1,026,011	111,198	1,137,209	4.5%	654,640	0	982,777	597,812
Stone Mountain Ind	163	7,245,766	528,097	0	528,097	7.3%	(206,723)	0	0	56,219
Totals	**1,692**	**107,456,908**	**4,532,780**	**224,366**	**4,757,146**	**4.4%**	**626,778**	**629,106**	**3,264,057**	**2,440,224**

WAREHOUSE MARKET STATISTICS

Market	EXISTING INVENTORY # Bldgs	EXISTING INVENTORY Total RBA	VACANCY Direct SF	VACANCY Sublease SF	VACANCY Total SF	VACANCY Vac%	YTD Net Absorption	YTD Deliveries	Under Const SF	Leasing Activity
Central Atlanta Ind	170	9,003,428	674,641	0	674,641	7.5%	(47,007)	0	0	47,827
Chattahoochee Ind	286	14,734,076	437,411	115,881	553,292	3.8%	(281,220)	0	24,740	218,345
Gainesville Ind	248	17,612,505	229,955	0	229,955	1.3%	374,128	0	757,572	294,778
I-20 W/Fulton Ind	710	80,856,414	6,157,804	58,284	6,216,088	7.7%	621,057	921,283	2,454,750	1,202,401
Jefferson Ind	79	24,189,961	4,996,238	459,134	5,455,372	22.6%	8,147	1,021,000	3,993,962	120,000
North Central Atl Ind	273	14,695,113	483,246	0	483,246	3.3%	15,203	0	0	196,282
Northeast Atlanta Ind	1,069	104,309,587	5,426,544	223,781	5,650,325	5.4%	342,961	522,650	130,280	2,857,411
Northwest Atlanta Ind	707	51,046,222	2,145,857	121,902	2,267,759	4.4%	602,560	312,500	662,750	937,516
Snapfinger/I-20 E Ind	370	39,722,500	870,752	0	870,752	2.2%	129,153	480,000	0	293,867
South Atlanta Ind	1,056	155,033,581	14,081,782	603,327	14,685,109	9.5%	4,108,499	5,193,181	7,046,056	5,028,927
Stone Mountain Ind	231	15,584,896	1,038,228	0	1,038,228	6.7%	100,037	0	189,690	359,898
Totals	**5,199**	**526,788,283**	**36,542,458**	**1,582,309**	**38,124,767**	**7.2%**	**5,973,518**	**8,450,614**	**15,259,800**	**11,557,252**

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