NAI Brannen Goddard

Q3 2018

ATLANTA
MARKET REVIEW

Industrial

VACANCY

6.3%

43 Million square feet of vacant industrial space

▼ from previous qtr

▼ from previous year

NET ABSORPTION

6,778,636 SF

YTD net absorption reached 14,291,989 square feet

▲ from previous qtr

▲ from previous year

LEASING ACTIVITY

7,279,408 SF

A 4% decrease from the previous quarter

▲ from previous qtr

▼ from previous year

AVERAGE RENTAL RATE

$5.07 PSF

A 3.0% increase from the previous quarter ($4.92/SF)

▲ from previous qtr

▲ from previous year

DELIVERIES

4,531,069 SF

11 Buildings completed

▲ from previous qtr

▼ from previous year

UNDER CONSTRUCTION

22,294,269 SF

61 Buildings in progress

▲ from previous qtr

▲ from previous year

LARGEST DELIVERIES

590 Coweta Industrial Park: 1,208,301 SF
South Atlanta Ind | 100% Occupied

1100 Fulton Industrial Blvd NW: 1,200,000 SF
I-20/W Fulton Ind | 100% Occupied

7395 Factory Shoals Rd NW: 601,000 SF
I-20/W Fulton Ind | 100% Occupied

LARGEST UNDER CONSTRUCTION

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

Braselton 53 Commerce Center*: 1,081,280 SF
Jefferson Ind | 0% Pre-leased | Delivers Q4'19

980 Douglas Hill Rd*: 1,026,000 SF
I-20/W Fulton Ind | 0% Pre-leased | Delivers Q1'20

NAI Brannen Goddard Assignment

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

Logistics space dominates the market, accounting for nearly 80% of all supply. 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 prized for last-mile connectivity. In removing low-functioning supply in the city core, and adding build-to-suit facilities in the industrial nodes, overall vacancy has steadily fallen throughout the cycle, reaching a cyclical trough in late 2018.

These conditions have created an environment where industrial landlords can 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 five years. Pricing continues to appreciate, with the average over $60/SF in 2018, while cap rates have been in the low-7% range for over a year.

SIGNIFICANT LEASE DEALS

Building	Tenant	Submarket	Size (SF)
500 Palmetto Logistics Pky	Medical Depot, Inc.	Airport/N Clayton Ind	1,054,500
545 Logistics Center Pky*	Mobis	East Jackson Ind	477,662
235 Hog Mountain Rd*	Amazon	East Jackson Ind	459,134

SIGNIFICANT BUILDING SALES

Building(s)	Price	Submarket	Size (SF)
Lambert Farms Logistics Park	$156.1 M	South Atlanta Ind	2,307,790
650 Braselton Pkwy (FedEx)	$61.1 M	Braselton/W Jackson Ind	373,750
Town Park (210 Town Park Dr)	$43.1 M	Northwest Atlanta Ind	232,900

ALL CONSTRUCTION ACTIVITY

Market	# Bldgs	Total RBA	Preleased SF	Preleased	Available SF
South Atlanta Ind	21	10,014,895	1,224,838	12.2%	8,790,057
Jefferson Ind	7	5,613,576	0	0.0%	5,613,576
I-20 W/Fulton Ind	11	3,472,163	15,000	0.4%	3,457,163
Northwest Atlanta Ind	6	1,463,330	687,875	47.0%	775,455
Northeast Atlanta Ind	5	744,655	147,882	19.9%	596,773
Gainesville Ind	6	642,672	12,600	2.0%	630,072
N Central Atlanta Ind	3	197,978	11,952	6.0%	186,026
Central Atlanta Ind	1	94,000	0	0.0%	94,000
Snapfinger/I-20 E Ind	1	51,000	51,000	100.0%	0
Totals	**61**	**22,294,269**	**2,151,147**	**9.6%**	**20,143,122**

TOTAL ATLANTA INDUSTRIAL MARKET STATISTICS

Market	EXISTING INVENTORY		VACANCY				YTD Net	YTD	Under	Leasing
	# Bldgs	Total RBA	Direct SF	Sublease SF	Total SF	Vac%	Absorption	Deliveries	Const SF	Activity
Central Atlanta Ind	275	13,212,957	735,461	0	735,461	5.6%	(196,295)	0	94,000	121,093
Chattahoochee Ind	387	19,392,474	631,162	117,184	748,346	3.9%	(339,881)	24,740	0	413,108
Gainesville Ind	301	19,490,801	512,408	0	512,408	2.6%	373,704	145,000	612,572	398,256
I-20 W/Fulton Ind	1,028	103,716,458	5,456,519	183,601	5,640,120	5.4%	3,919,030	3,138,083	2,880,163	2,724,857
Jefferson Ind	97	27,234,077	5,153,366	0	5,153,366	18.9%	1,010,934	1,856,750	4,610,190	1,057,996
North Central Atl Ind	524	27,122,065	1,411,005	15,549	1,426,554	5.3%	106,694	0	0	693,477
Northeast Atlanta Ind	1,937	146,405,701	7,358,433	335,960	7,694,393	5.3%	1,162,603	783,756	285,800	6,664,439
Northwest Atlanta Ind	1,100	70,834,868	2,719,200	208,617	2,927,817	4.1%	550,822	379,579	662,750	1,856,693
Snapfinger/I-20 E Ind	543	47,743,866	1,307,171	0	1,307,171	2.7%	181,187	480,000	0	1,210,408
South Atlanta Ind	1,442	185,407,350	14,746,300	686,277	15,432,577	8.3%	6,805,836	6,676,020	9,074,054	8,930,625
Stone Mountain Ind	475	25,705,146	1,367,552	0	1,367,552	5.3%	717,355	189,690	0	696,253
Totals	**8,109**	**686,265,763**	**41,398,577**	**1,547,188**	**42,945,765**	**6.3%**	**14,291,989**	**13,673,618**	**18,219,529**	**24,767,205**

FLEX MARKET STATISTICS

Market	EXISTING INVENTORY		VACANCY				YTD Net	YTD	Under	Leasing
	# Bldgs	Total RBA	Direct SF	Sublease SF	Total SF	Vac%	Absorption	Deliveries	Const SF	Activity
Central Atlanta Ind	61	2,090,531	47,795	0	47,795	2.3%	17,987	0	94,000	67,516
Chattahoochee Ind	71	3,518,906	102,999	3,600	106,599	3.0%	5,054	0	0	65,836
Gainesville Ind	28	831,949	61,278	0	61,278	7.4%	16,251	0	0	13,000
I-20 W/Fulton Ind	61	2,747,683	72,823	0	72,823	2.7%	3,459	0	0	12,476
Jefferson Ind	5	275,313	7,000	0	7,000	2.5%	(4,600)	0	0	1,200
North Central Atl Ind	147	7,636,621	588,700	5,549	594,249	7.8%	(36,804)	0	0	157,905
Northeast Atlanta Ind	378	14,258,961	1,368,793	55,103	1,423,896	10.0%	194,334	0	0	566,090
Northwest Atlanta Ind	187	7,970,598	572,754	5,308	578,062	7.3%	(46,050)	67,079	0	196,465
Snapfinger/I-20 E Ind	62	1,894,600	127,852	0	127,852	6.7%	45,328	0	0	44,465
South Atlanta Ind	128	3,897,654	135,992	0	135,992	3.5%	24,241	0	61,000	54,629
Stone Mountain Ind	81	2,770,642	185,848	0	185,848	6.7%	278,530	0	0	68,560
Totals	**1,209**	**47,893,458**	**3,271,834**	**69,560**	**3,341,394**	**7.0%**	**497,730**	**67,079**	**155,000**	**1,248,142**

SHALLOW-BAY DISTRIBUTION MARKET STATISTICS

Market	EXISTING INVENTORY		VACANCY				YTD Net	YTD	Under	Leasing
	# Bldgs	Total RBA	Direct SF	Sublease SF	Total SF	Vac%	Absorption	Deliveries	Const SF	Activity
Central Atlanta Ind	43	1,918,940	14,600	0	14,600	0.8%	2,750	0	0	2,750
Chattahoochee Ind	29	1,070,367	0	0	0	0.0%	0	0	0	0
Gainesville Ind	23	873,161	57,500	0	57,500	6.6%	0	0	0	0
I-20 W/Fulton Ind	253	18,148,322	308,154	0	308,154	1.7%	1,736,569	1,615,800	0	340,214
Jefferson Ind	13	2,586,803	91,008	0	91,008	3.5%	373,750	373,750	1,081,280	0
North Central Atl Ind	104	4,921,244	304,397	0	304,397	6.2%	140,957	0	0	202,049
Northeast Atlanta Ind	489	27,571,309	1,086,547	101,535	1,188,082	4.3%	(174,908)	0	0	743,508
Northwest Atlanta Ind	207	11,911,391	165,796	88,469	254,265	2.1%	25,078	0	0	295,572
Snapfinger/I-20 E Ind	110	6,621,760	160,531	0	160,531	2.4%	134,742	0	0	550,182
South Atlanta Ind	256	25,007,787	1,030,637	141,610	1,172,247	4.7%	619,602	0	982,777	707,481
Stone Mountain Ind	163	7,246,318	481,942	0	481,942	6.7%	(160,568)	0	0	85,715
Totals	**1,690**	**107,877,402**	**3,701,112**	**331,614**	**4,032,726**	**3.7%**	**2,697,972**	**1,989,550**	**2,064,057**	**2,927,471**

WAREHOUSE MARKET STATISTICS

Market	EXISTING INVENTORY		VACANCY				YTD Net	YTD	Under	Leasing
	# Bldgs	Total RBA	Direct SF	Sublease SF	Total SF	Vac%	Absorption	Deliveries	Const SF	Activity
Central Atlanta Ind	171	9,203,486	673,066	0	673,066	7.3%	(217,032)	0	0	50,827
Chattahoochee Ind	287	14,803,201	528,163	113,584	641,747	4.3%	(344,935)	24,740	0	347,272
Gainesville Ind	250	17,785,691	393,630	0	393,630	2.2%	357,453	145,000	612,572	385,256
I-20 W/Fulton Ind	714	82,820,453	5,075,542	183,601	5,259,143	6.4%	2,179,002	1,522,283	2,880,163	2,372,167
Jefferson Ind	79	24,371,961	5,055,358	0	5,055,358	20.7%	641,784	1,483,000	3,528,910	1,056,796
North Central Atl Ind	273	14,564,200	517,908	10,000	527,908	3.6%	2,541	0	0	333,523
Northeast Atlanta Ind	1,070	104,575,431	4,903,093	179,322	5,082,415	4.9%	1,143,177	783,756	285,800	5,354,841
Northwest Atlanta Ind	706	50,952,879	1,980,650	114,840	2,095,490	4.1%	571,794	312,500	662,750	1,364,656
Snapfinger/I-20 E Ind	371	39,227,506	1,018,788	0	1,018,788	2.6%	1,117	480,000	0	615,761
South Atlanta Ind	1,058	156,501,909	13,579,671	544,667	14,124,338	9.0%	6,161,993	6,676,020	8,030,277	8,168,515
Stone Mountain Ind	231	15,688,186	699,762	0	699,762	4.5%	599,393	189,690	0	541,978
Totals	**5,210**	**530,494,903**	**34,425,631**	**1,146,014**	**35,571,645**	**6.7%**	**11,096,287**	**11,616,989**	**16,000,472**	**20,591,592**

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