NAI Brannen Goddard

Q4 2018

ATLANTA MARKET REVIEW

Industrial

VACANCY

5.9%

40.6 Million square feet of vacant industrial space

= from previous qtr

▼ from previous year

NET ABSORPTION

5,648,663 SF

YTD net absorption reached 20,683,488 square feet

▼ from previous qtr

▼ from previous year

LEASING ACTIVITY

4,452,258 SF

A 52% decrease from the previous quarter

▼ from previous qtr

▼ from previous year

AVERAGE RENTAL RATE

$5.08 PSF

A 1.2% increase from the previous quarter ($5.02/SF)

▲ from previous qtr

▲ from previous year

DELIVERIES

5,775,536 SF

14 Buildings completed

▲ from previous qtr

▲ from previous year

UNDER CONSTRUCTION

20,834,683 SF

54 Buildings in progress

▼ from previous qtr

▲ from previous year

LARGEST DELIVERIES

500 Palmetto Logistics Pkwy: 1,054,500 SF
South Atlanta Ind | 100% Occupied

Gillem Logistics Center 150: 1,017,627 SF
South Atlanta Ind | 100% Occupied

8500 Tatum Rd: 982,777 SF
South Atlanta Ind | 0% 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, with logistics space dominating 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 historical low in late 2018. With vacancies now on par with the national average, developers have started construction on a pipeline likely to set a cyclical high in 2019, with over 18 million SF in deliveries.

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, while setting a new all-time high in 2018 at over $3 billion. Pricing continues to appreciate, with the average over $60/SF in 2018. This has helped push cap rates below 7% for the first time in 2018.

SIGNIFICANT LEASE DEALS

Building	Tenant	Submarket	Size (SF)
159 Westridge Pkwy	Blue Buffalo	S Clayton/Henry Cnty	408,195
2510 Mill Center Pkwy*	Radial	Duluth/Suwanee/Buford	301,320
731 Cassville White Rd	Mohawk Industries	Kennesaw/Acworth	265,200

SIGNIFICANT BUILDING SALES

Building(s)	Price	Submarket	Size (SF)
560 Horizon Dr (5 Properties)	$102.6 M	Northeast Atl	1,127,658
1040 W Marietta St NW (4 Properties)	$80.0 M	Chattahochee	1,060,388
705 Braselton Ind Blvd	$70.0 M	Jefferson	1,000,821

ALL CONSTRUCTION ACTIVITY

Market	# Bldgs	Total RBA	Preleased SF	Preleased	Available SF
South Atlanta Ind	19	8,846,646	243,310	2.8%	8,603,336
Jefferson Ind	5	4,227,786	0	0.0%	4,227,786
I-20 W/Fulton Ind	9	3,213,956	18,000	0.6%	3,195,956
Northwest Atlanta Ind	5	1,486,830	665,790	44.8%	821,040
Snapfinger/I-20 E Ind	3	1,290,000	970,000	75.2%	320,000
Gainesville Ind	5	922,572	0	0.0%	922,572
Northeast Atlanta Ind	4	633,175	147,882	23.4%	485,293
N Central Atlanta Ind	3	119,718	11,952	10.0%	107,766
Central Atlanta Ind	1	94,000	0	0.0%	94,000
Totals	**54**	**20,834,683**	**2,056,934**	**9.9%**	**18,777,749**

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FOURTH 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	276	13,247,357	837,842	0	837,842	6.3%	(334,676)	0	94,000	126,333
Chattahoochee Ind	384	18,634,811	647,339	132,806	780,145	4.2%	(439,758)	24,740	0	566,209
Gainesville Ind	301	19,492,390	393,002	0	393,002	2.0%	493,110	145,000	612,572	531,439
I-20 W/Fulton Ind	1,030	104,235,620	4,882,455	128,451	5,010,906	4.8%	5,047,369	3,637,208	3,186,956	4,280,163
Jefferson Ind	99	28,629,367	5,791,981	0	5,791,981	20.2%	1,758,109	3,242,540	4,227,786	1,348,909
North Central Atl Ind	517	26,742,727	1,109,099	5,549	1,114,648	4.2%	220,199	0	0	870,971
Northeast Atlanta Ind	1,934	146,522,871	6,213,828	499,998	6,713,826	4.6%	2,149,856	895,236	174,320	8,618,448
Northwest Atlanta Ind	1,100	70,795,435	2,180,901	305,357	2,486,258	3.5%	1,002,479	404,579	1,428,830	2,750,628
Snapfinger/I-20 E Ind	544	48,280,910	1,174,024	0	1,174,024	2.4%	314,334	480,000	1,290,000	1,499,656
South Atlanta Ind	1,450	187,588,042	14,564,801	543,730	15,108,531	8.1%	10,188,576	9,777,686	8,107,323	11,214,248
Stone Mountain Ind	475	25,710,905	1,181,869	5,000	1,186,869	4.6%	283,890	189,690	0	1,065,731
Totals	**8,110**	**689,880,435**	**38,977,141**	**1,620,891**	**40,598,032**	**5.9%**	**20,683,488**	**18,796,679**	**19,121,787**	**32,872,735**

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	61	2,090,531	45,691	0	45,691	2.2%	20,091	0	94,000	67,516
Chattahoochee Ind	71	3,462,902	109,875	4,000	113,875	3.3%	(35,230)	0	0	93,517
Gainesville Ind	28	830,933	48,278	0	48,278	5.8%	29,251	0	0	13,000
I-20 W/Fulton Ind	63	3,020,574	79,362	0	79,362	2.6%	(3,080)	0	0	25,657
Jefferson Ind	5	275,313	7,000	0	7,000	2.5%	(4,600)	0	0	1,200
North Central Atl Ind	141	7,309,226	361,704	5,549	367,253	5.0%	5,911	0	0	184,046
Northeast Atlanta Ind	377	14,162,232	1,383,649	60,893	1,444,542	10.2%	139,101	0	0	832,125
Northwest Atlanta Ind	189	8,010,648	477,930	19,912	497,842	6.2%	59,170	92,079	0	322,550
Snapfinger/I-20 E Ind	63	2,426,244	181,171	0	181,171	7.5%	(7,991)	0	0	70,115
South Atlanta Ind	128	3,906,654	148,411	3,000	151,411	3.9%	7,322	0	61,000	65,870
Stone Mountain Ind	82	2,795,395	217,504	5,000	222,504	8.0%	39,445	0	0	108,217
Totals	**1,208**	**48,290,652**	**3,060,575**	**98,354**	**3,158,929**	**6.5%**	**249,390**	**92,079**	**155,000**	**1,783,813**

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	43	1,916,778	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	15,000
Gainesville Ind	23	873,161	57,500	0	57,500	6.6%	0	0	0	30,000
I-20 W/Fulton Ind	253	18,148,322	274,108	0	274,108	1.5%	1,770,615	1,615,800	0	469,091
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	4,920,822	262,574	0	262,574	5.3%	182,780	0	0	261,011
Northeast Atlanta Ind	488	27,590,943	838,789	125,238	964,027	3.5%	63,597	0	0	1,047,627
Northwest Atlanta Ind	207	11,914,475	119,411	32,480	151,891	1.3%	127,452	0	0	386,841
Snapfinger/I-20 E Ind	110	6,621,760	180,938	0	180,938	2.7%	114,335	0	0	593,299
South Atlanta Ind	255	24,969,433	1,963,519	141,610	2,105,129	8.4%	755,535	982,777	0	941,233
Stone Mountain Ind	161	7,202,728	374,751	0	374,751	5.2%	(112,096)	0	0	286,464
Totals	**1,686**	**107,815,592**	**4,177,198**	**299,328**	**4,476,526**	**4.2%**	**3,278,718**	**2,972,327**	**1,081,280**	**4,033,316**

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	172	9,240,048	777,551	0	777,551	8.4%	(357,517)	0	0	56,067
Chattahoochee Ind	284	14,101,542	537,464	128,806	666,270	4.7%	(404,528)	24,740	0	457,692
Gainesville Ind	250	17,788,296	287,224	0	287,224	1.6%	463,859	145,000	612,572	488,439
I-20 W/Fulton Ind	714	83,066,724	4,528,985	128,451	4,657,436	5.6%	3,279,834	2,021,408	3,186,956	3,785,415
Jefferson Ind	81	25,767,251	5,693,973	0	5,693,973	22.1%	1,388,959	2,868,790	3,146,506	1,347,709
North Central Atl Ind	272	14,512,679	484,821	0	484,821	3.3%	31,508	0	0	425,914
Northeast Atlanta Ind	1,069	104,769,696	3,991,390	313,867	4,305,257	4.1%	1,947,158	895,236	174,320	6,738,696
Northwest Atlanta Ind	704	50,870,312	1,583,560	252,965	1,836,525	3.6%	815,857	312,500	1,428,830	2,041,237
Snapfinger/I-20 E Ind	371	39,232,906	811,915	0	811,915	2.1%	207,990	480,000	1,290,000	836,242
South Atlanta Ind	1,067	158,711,955	12,452,871	399,120	12,851,991	8.1%	9,425,719	8,794,909	8,046,323	10,207,145
Stone Mountain Ind	232	15,712,782	589,614	0	589,614	3.8%	356,541	189,690	0	671,050
Totals	**5,216**	**533,774,191**	**31,739,368**	**1,223,209**	**32,962,577**	**6.2%**	**17,155,380**	**15,732,273**	**17,885,507**	**27,055,606**

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