

Q2 2017

Atlanta Industrial Market Report

6,127,566 SF

Q2 Net Absorption ↓
Q1 6,630,091 SF

6.8%

Q2 Vacancy ↓
Q1 7.2%

4,686,730 SF

Q2 Leasing Activity ↓

16,963,258 SF

Under Construction ↓

6,960,252 SF

New Supply Delivered ↑

\$4.49 SF

Average Asking Rent per yr

\$53

Average Sales per SF

\$374 M

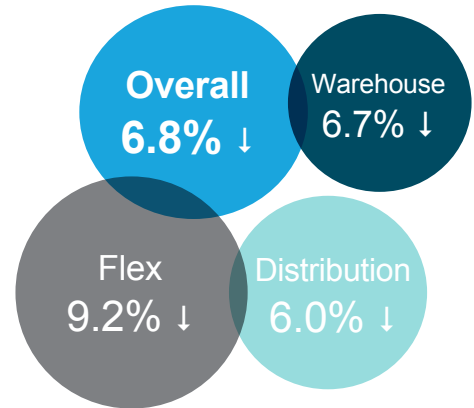
154 Sales Transactions



MARKET OVERVIEW

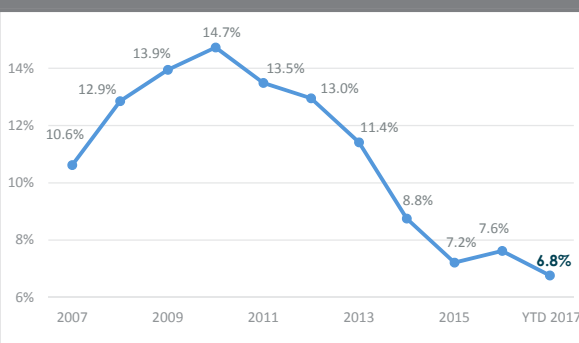
Atlanta's industrial market continues to show a steady and strong performance in the second quarter of 2017. Overall vacancy decreased in Q2 40 basis points to 6.8% with a net absorption of 6.1 million SF and average asking rents remaining steady. Industrial development continues to add new projects as consumer confidence remains high, while capital groups look to grow their presence in Atlanta. Over 16 million SF was under construction in the second quarter with 54% of that being speculative development. Of 16 completed warehouse and distribution facilities year to date 2017, 40% of product is preleased or build-to-suit. With strong market fundamentals coupled with an increasing demand for big box space, Atlanta is one of the top markets in the nation for industrial real estate.

OVERALL VACANCY RATES



VACANCY

percentage, 2007-YTD 2017



ABSORPTION

- Overall net absorption for Metro Atlanta in Q2 2017 was positive 6,127,566 SF, bringing YTD net absorption to 12,757,657 SF

VACANCY RATE

- Vacancy decreased 40 basis points from last quarter to 6.8 %
- Chattahoochee/Central Atlanta reported lowest submarket vacancy at 4.7%

RENTAL RATES

- Average quoted asking rental rate for all classes remained the same at \$4.49 PSF

DEVELOPMENT/CONSTRUCTION

- There was 16,963,258 SF of industrial space under construction in Q2 2017: 19 speculative buildings totaling 9.1M SF & 13 build to suit buildings totaling 7.9M SF

SALES ACTIVITY

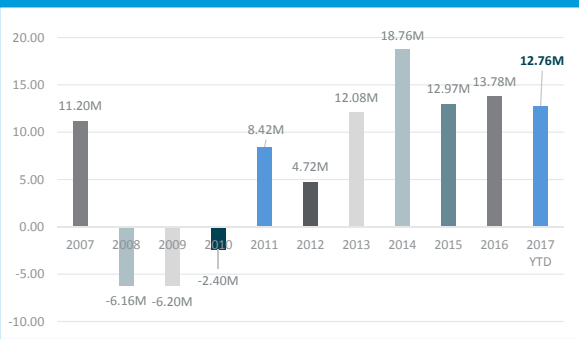
- The largest sale transaction of Q2 was the investment sale of 5000 Bohannon Rd: 873,800 SF for \$71 PSF in South Atlanta

LEASING ACTIVITY

- Leasing activity was 4,686,730 SF in Q2
- The largest lease transaction of Q2 was signed by Owens Corning; 1,044,288 SF renewal in South Atlanta

ABSORPTION

in SF, 2007-YTD 2017



LARGEST PROJECTS UNDER CONSTRUCTION as of Q2 2017

| Project Location | Building SF | Tenant | Delivery |
|--------------------------|-------------|----------------|----------|
| King Mill Rd | 1,555,200 | Lindt | Q3 - 18 |
| Charlie Brown Airport | 1,200,000 | UPS | Q1 - 18 |
| 120 Jackson Rd | 1,200,000 | Dollar General | Q3 - 17 |
| 7705 Roosevelt Hwy | 1,054,500 | Spec | Q4 - 17 |
| Valentine Industrial Pky | 1,021,000 | Spec | Q3 - 18 |
| Anvil Block Rd | 1,017,000 | Spec | Q1 - 18 |
| 700 Price Rd | 1,000,993 | Spec | Q1 - 18 |

| Project Location | Building SF | Tenant | Delivery |
|---------------------|-------------|---------------------|----------|
| Highway 155 S | 1,000,000 | Home Depot | Q4 - 17 |
| 4388 Lunsford Dr | 797,580 | Spec | Q4 - 17 |
| 150 Distribution Dr | 759,495 | Spec | Q4 - 17 |
| Thomas Pky | 617,865 | Kubota | Q3 - 17 |
| White Rd | 600,000 | Empire Distributing | Q3 - 17 |
| Preston Blvd | 498,487 | Spec | Q2 - 18 |
| 3707 N Commerce Dr | 447,606 | Armada | Q3 - 17 |

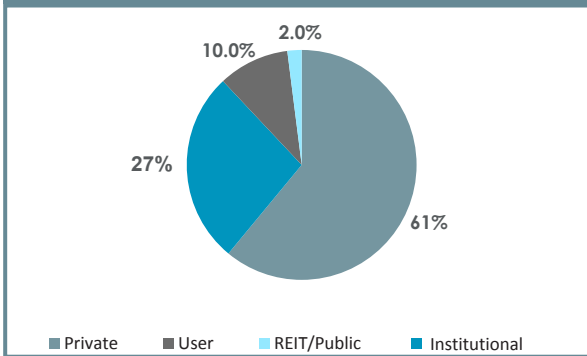
INDUSTRIAL SUBMARKET DATA

| Industrial Submarkets | Total Inventory | Vacancy Total SF | Vacancy Q2 '17 | Net Absorption YTD Total | Under Construction | Building YTD Deliveries | Asking Rent |
|-----------------------------|--------------------|-------------------|----------------|--------------------------|--------------------|-------------------------|---------------|
| Northwest | 68,390,789 | 4,198,414 | 6.1% | 1,155,185 | 566,500 | 944,800 | \$5.35 |
| North Central | 26,846,209 | 1,463,549 | 5.5% | 342,550 | 98,297 | 48,981 | \$8.35 |
| Northeast | 158,491,493 | 10,718,914 | 6.8% | 811,791 | 2,927,651 | 3,161,375 | \$5.40 |
| St. Mountain / Snapfinger | 69,635,885 | 3,909,485 | 5.6% | -796,177 | 480,000 | - | \$4.49 |
| South Atlanta | 171,282,077 | 14,447,292 | 8.4% | 7,825,043 | 9,932,214 | 2,464,998 | \$3.41 |
| I-20 West / Fulton Ind | 98,592,112 | 6,082,107 | 6.2% | 2,977,458 | 2,958,596 | 1,872,173 | \$3.41 |
| Chattahoochee / Central Atl | 33,216,054 | 1,550,090 | 4.7% | 441,807 | - | 55,801 | \$7.47 |
| Total | 626,454,619 | 42,369,851 | 6.8% | 12,757,657 | 16,963,258 | 8,548,128 | \$4.49 |

| Total Submarkets | Total Inventory | Vacancy Total SF | Vacancy Q2 '17 | Net Absorption YTD Total | Under Construction | Building YTD Deliveries | Asking Rent |
|------------------|--------------------|-------------------|----------------|--------------------------|--------------------|-------------------------|---------------|
| Warehouse | 474,631,625 | 31,678,873 | 6.7% | 9,595,979 | 6,454,852 | 1,863,679 | \$3.99 |
| Distribution | 103,350,746 | 6,210,221 | 6.0% | 2,341,345 | 10,508,406 | 5,876,094 | - |
| Flex | 48,472,248 | 4,480,757 | 9.2% | 820,333 | - | 808,355 | \$9.30 |
| Total | 626,454,619 | 42,369,851 | 6.8% | 12,757,657 | 16,963,258 | 8,548,128 | \$4.49 |

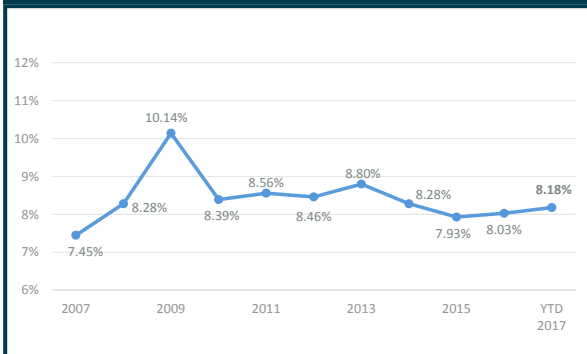
BUYER TYPE

Q2 2017 sales

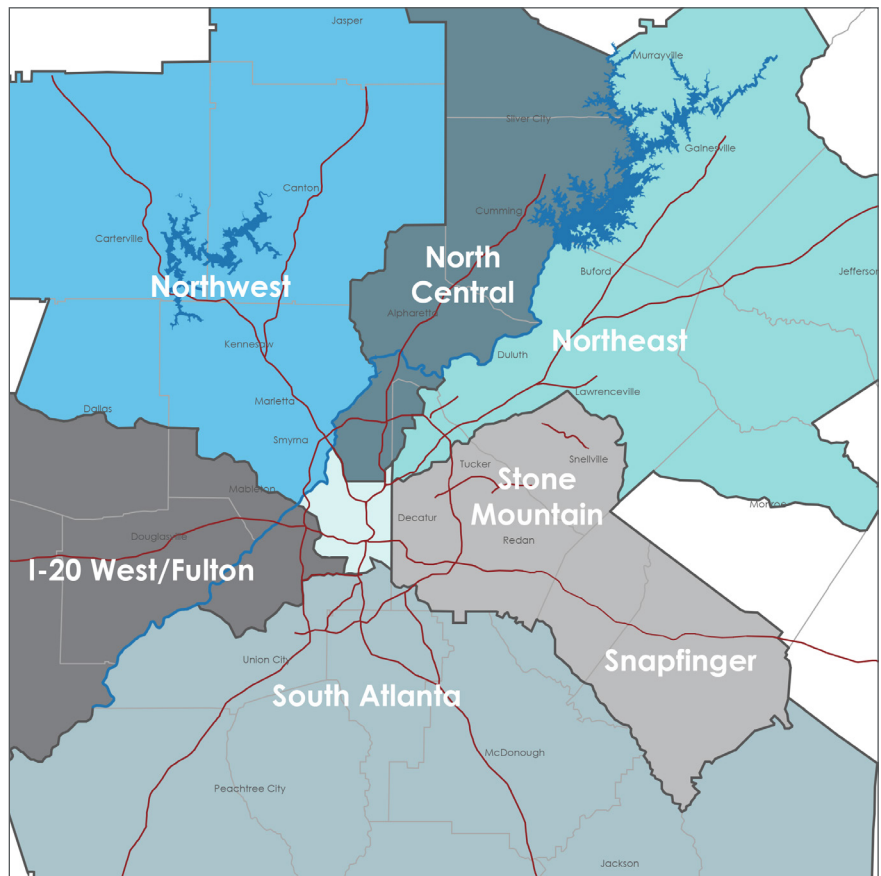


CAP RATE

percentage, 2007-YTD 2017



ATLANTA SUBMARKET MAP



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data sources: CoStar Group, Inc., Real Capital Analytics, and Georgia State Economic Forecasting Center.

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Q2 2017 TOP LEASES

| Property Name | Address | Submarket | Tenant Name | SF | Lease Type |
|--------------------------------|---------------------------|---------------------|---------------------|-----------|------------|
| Owens Corning | 8095 McLarin Rd | South Atlanta | Owens Corning | 1,044,288 | Renewal |
| Lambert Farms Logistics Park | King Mill Rd | South Atlanta | Lindt | 1,004,400 | New |
| Pendergass 85 Logistics Center | 435 Henry D Robinson Blvd | Northeast Atlanta | Kubota | 398,785 | New |
| Hartman III | 600 Hartman Industrial Ct | I-20 W/Douglasville | Keystone Automotive | 350,819 | Renewal |
| Southfield | 5165 Kennedy Rd | South Atlanta | All South Warehouse | 297,000 | Renewal |

*Lee Atlanta Deal

Q2 2017 TOP SALES

| | Address | Submarket | Buyer | Seller | SF | Sales / PSF |
|---|-----------------------------|---------------------|------------------------|----------------------------|-----------|-----------------|
| 1 | 5000 Bohannon Rd | South Atlanta | TA Realty Associates | Core5 Industrial Partners | 873,800 | \$62.0 M / \$71 |
| 2 | 8095 McLarin Rd | South Atlanta | Clarion Partners | USAA Real Estate Company | 1,044,288 | \$54.8 M / \$52 |
| 3 | 7800 Third Flag Pky | I-20 W/Douglasville | Blackstone Real Estate | High Street Realty Company | 344,932 | \$20.5 M / \$59 |
| 4 | 237 Greenwood Industrial Ct | South Atlanta | Exeter Property Group | Starwood Property Trust | 455,000 | \$14.7 M / \$32 |
| 5 | 500 Interstate W Pky | I-20 W/Douglasville | Blackstone Real Estate | High Street Realty Company | 181,800 | \$10.8 M / \$59 |



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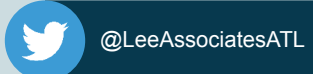
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