Q3 2017

Atlanta Industrial Market Report

2,761,672 SF
Q3 Net Absorption ↓
Q2 6,323,185 SF

6.9%
Q3 Vacancy ↑
Q2 6.8%

6,044,778 SF
Q3 Leasing Activity ↓

18,736,900 SF
Under Construction ↑

3,831,665SF
New Supply Delivered ↓

$4.50 SF
Average Asking Rent per yr

$56
Average Sales per SF

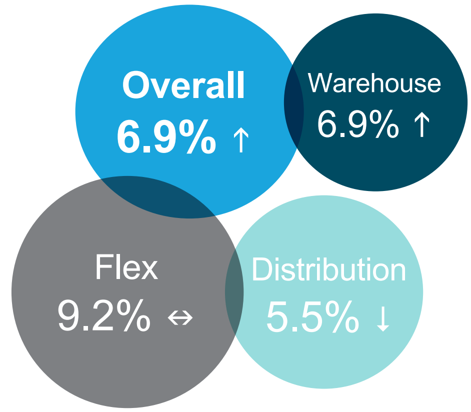
$578 M
178 Sales Transactions

LEE & ASSOCIATES
COMMERCIAL REAL ESTATE SERVICES

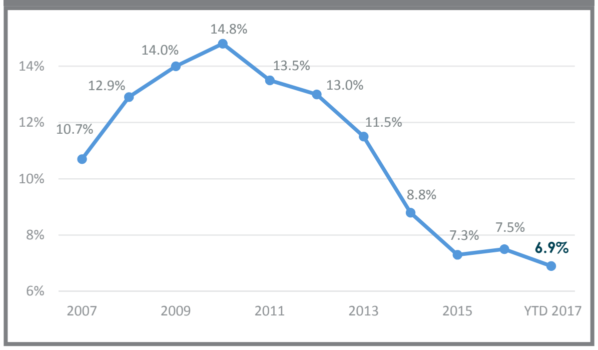
MARKET OVERVIEW

Atlanta continues to be seen as one of the top markets for industrial real estate in the country. Atlanta's industrial showed a steady and strong performance in the third quarter of 2017. Overall vacancy increased in Q3 by only 10 basis points to 6.9% with a net absorption of 2.8 million SF and average asking rents increasing to $4.50 PSF for all classes. Industrial development continues to add new projects as consumer confidence remains high, while capital groups look to grow their presence in Atlanta. Over 18 million SF was under construction in the third quarter, with 76% of that being speculative development. As more e-commerce retailers and third party logistics providers look to expand in the metro area, the supply is not outpacing the increasing demand for big box space in Atlanta.

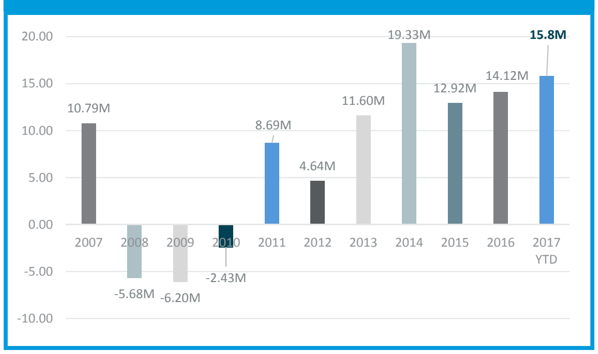
OVERALL VACANCY RATES



VACANCY
percentage, 2007-YTD 2017



ABSORPTION
in SF, 2007-YTD 2017



ABSORPTION

- Overall net absorption for Metro Atlanta in Q3 2017 was positive 2,761,672 SF, bringing YTD net absorption to 15,800,158 SF, highest since 2014

VACANCY RATE

- Vacancy increased 10 basis points from last quarter to 6.9 %
- St. Mountain/Snapfinger reported lowest submarket vacancy at 4.7%

RENTAL RATES

- Average quoted asking rental rate for all classes increased to $4.50 PSF

DEVELOPMENT/CONSTRUCTION

- There was 18,736,900 SF of industrial space under construction in Q3 2017: 28 speculative buildings totaling 14.2M SF & 8 build to suit projects totaling 4.6M SF

SALES ACTIVITY

- The largest sale transaction of Q3 was the investment sale of 490 Westridge Pky; 900,640 SF for $74 PSF by Lexington Realty Trust in South Atlanta

LEASING ACTIVITY

- Leasing activity was 6,044,778 SF in Q3
- The largest lease transaction of Q3 was signed by ASOS; 1,039,570 SF in South Atlanta

LARGEST PROJECTS UNDER CONSTRUCTION as of Q3 2017

Project Location	Building SF	Tenant	Delivery
King Mill Rd	1,555,200	Lindt	Q2 - 18
Charlie Brown Airport	1,200,000	UPS	Q4 - 18
590 Coweta Industrial Pky	1,076,320	Spec	Q2 - 18
500 Palmetto Logistics Pky	1,054,500	Spec	Q4 - 17
Valentine Industrial Pky	1,021,000	Spec	Q3 - 18
Anvil Block Rd	1,017,000	Spec	Q1 - 18
Bridgeport Blvd	1,002,150	Spec	Q4 -18

Project Location	Building SF	Tenant	Delivery
700 Price Rd	1,000,993	Spec	Q1 -18
8500 Tatum Rd	982,777	Spec	Q2 - 18
Hwy 16 @ I-75	842,000	Spec	Q2 - 18
4388 Lunsford Dr	797,580	Spec	Q4 - 17
150 Distribution Dr	760,256	Spec	Q4 - 17
White Rd	600,000	Empire Distributing	Q1 - 18
Preston Blvd	498,487	Spec	Q1 - 18

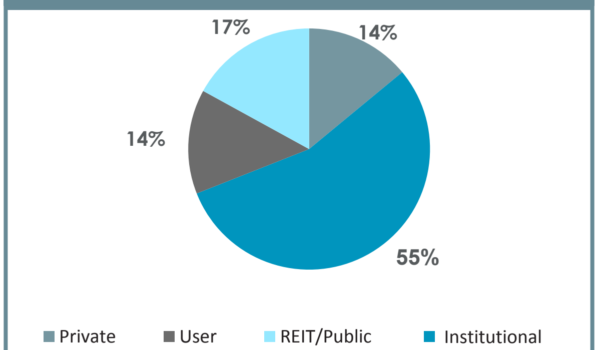
INDUSTRIAL SUBMARKET DATA

Industrial Submarkets	Total Inventory	Vacancy Total SF	Vacancy Q3 '17	Net Absorption YTD Total	Under Construction	Building YTD Deliveries	Asking Rent
Northwest	68,419,355	3,904,372	5.7%	1,433,027	626,496	1,153,800	$5.30
North Central	26,759,380	1,556,841	5.8%	249,258	-	98,297	$8.33
Northeast	160,872,707	10,662,048	6.6%	1,383,219	2,405,602	3,835,280	$5.40
St. Mountain / Snapfinger	69,470,499	3,284,150	4.7%	-401,197	480,000	-	$4.35
South Atlanta	175,437,378	15,390,845	8.8%	10,341,426	12,372,800	5,112,604	$3.41
I-20 West / Fulton Ind	98,972,769	7,151,445	7.2%	2,391,767	2,852,002	2,153,230	$3.46
Chattahoochee / Central Atl	33,219,501	1,657,145	5.0%	402,658	-	-	$6.80
Total	**633,151,589**	**43,606,846**	**6.9%**	**15,800,158**	**18,736,900**	**12,353,211**	**$4.50**

Total Submarkets	Total Inventory	Vacancy Total SF	Vacancy Q3 '17	Net Absorption YTD Total	Under Construction	Building YTD Deliveries	Asking Rent
Warehouse	480,082,655	33,344,132	6.9%	12,001,200	6,826,415	3,776,897	$4.01
Distribution	104,476,188	5,778,485	5.5%	2,923,711	11,910,485	7,767,959	-
Flex	48,592,746	4,484,229	9.2%	875,247	-	808,355	$9.41
Total	**633,151,589**	**43,606,846**	**6.9%**	**15,800,158**	**18,736,900**	**12,353,211**	**$4.50**

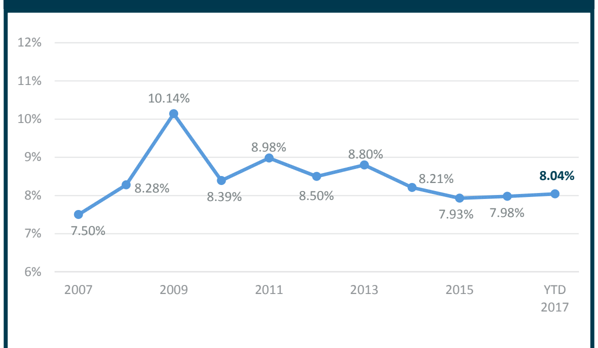
BUYER TYPE

Q3 2017 sales

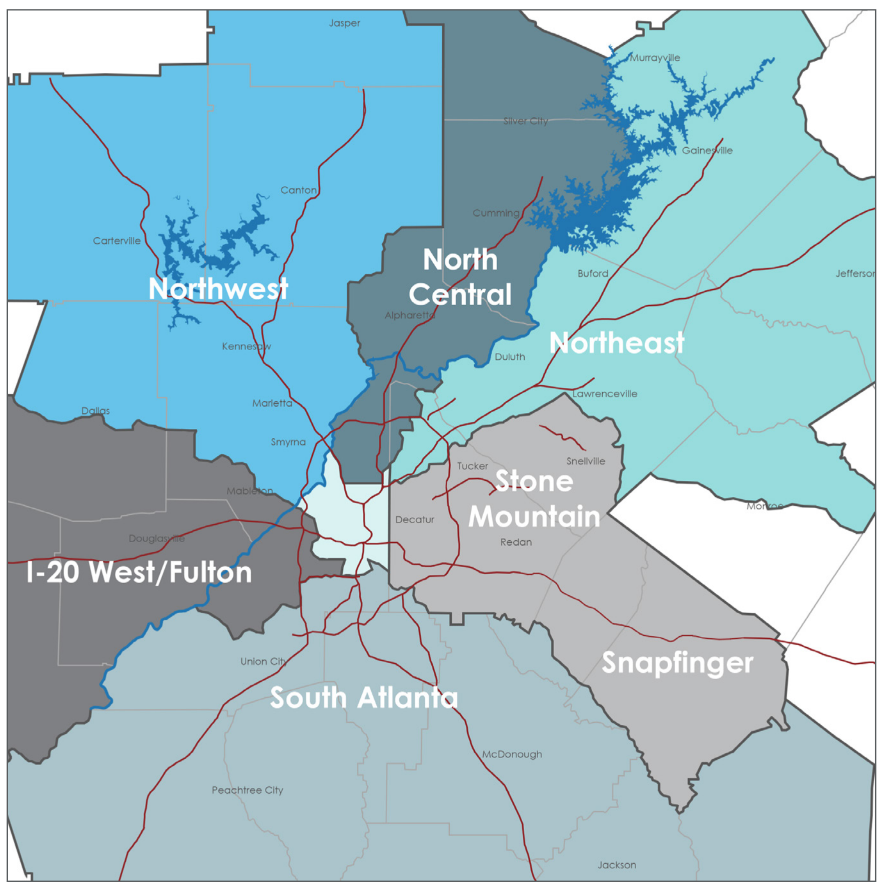


CAP RATE

percentage, 2007-YTD 2017



ATLANTA SUBMARKET MAP



The information and details contained herein have been obtained from third-party sources believed to be reliable; however, Lee & Associates Atlanta has not independently verified its accuracy. Lee & Associates Atlanta makes no representations, guarantees, or express or implied warranties of any kind regarding the accuracy or completeness of the information and details provided herein, including but not limited to the implied warranty of suitability and fitness for a particular purpose. Interested parties should perform their own due diligence regarding the accuracy of the information. The information provided herein, including any sale or lease terms, is being provided subject to errors, omissions, changes of price or conditions, prior sale or lease, and withdrawal without notice. Third-party data sources: CoStar Group, Inc., Real Capital Analytics, and Georgia State Economic Forecasting Center.

The Lee & Associates Atlanta Office Market Report compiles market data by using a third-party database for the proprietary analysis of over 15,000 office properties in the Atlanta Metropolitan Area.

Market report analysis by: Kate Hunt, Research and Database Coordinator
Market report created by: Brittany Sturdivant, Marketing Coordinator

Q3 2017 TOP LEASES

Property Name	Address	Submarket	Tenant Name	SF	Lease Type
Majestic Airport Center IV Building A	S Fulton Pky & Stonewall Tell Rd	South Atlanta	ASOS	1,039,570	New
3475 International	3475 International Park Dr SE	Stone Mtn/Snapfinger	Blackall Studios	386,864	New
1500 Medline	1500 Medline Pl	South Atlanta	Travel Pro	295,000	New
DCT N Satellite Distribution Center	1750 Satellite Blvd	Northeast	Integrated Supply Network	226,878	New
Jefferson Building B	350 Logistics Center Pky	Northeast	Titan Tire	216,384	New

Q3 2017 TOP SALES

	Address	Submarket	Buyer	Seller	SF	Sales / PSF
1	490 Westridge Pky	South Atlanta	Lexington Realty Trust	Georgia Pacific Corporation	900,640	$66.7 M / $74
2	2160 Anvil Block Rd	South Atlanta	Barings Real Estate Advisors	Robinson Weeks Partners	848,421	$46.2 M / $54
3	7980 Spence Rd	South Atlanta	GLP US Management LLC	Huntington Industrial Partners	317,520	$21.2 M / $67
4	4286 E Southmeadow Pky	South Atlanta	IPT Southmeadow LLC	RQ Southmeadow LLC	400,125	$21.0 M / $52
5	4370 Old Dixie Rd	South Atlanta	AEW Capital Management	Colony Northstar, Inc.	246,200	$18.7M / $76

1

2

3

4

5

Stay Connected!

Follow Lee & Associates Atlanta on Social Media

LinkedIn

Facebook

@LeeAssociatesATL

LEE & ASSOCIATES
COMMERCIAL REAL ESTATE SERVICES

About Lee & Associates

In 2010, our Atlanta office joined Lee & Associates, the largest broker-owned commercial real estate sales organizations in the U.S. As a local office of this highly respected national firm, the Atlanta team capitalizes on Lee's stellar reputation to continue its paradigm of establishing long-term, client-driven relationships to develop customized solutions for every client's specific real estate requirement.

3500 Lenox Road
Suite 200
Atlanta, GA 30326
404.442.2810