

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 ↑

3,831,665 SF

New Supply Delivered ↓

\$4.50 SF

Average Asking Rent per yr

\$56

Average Sales per SF

\$578 M

178 Sales Transactions



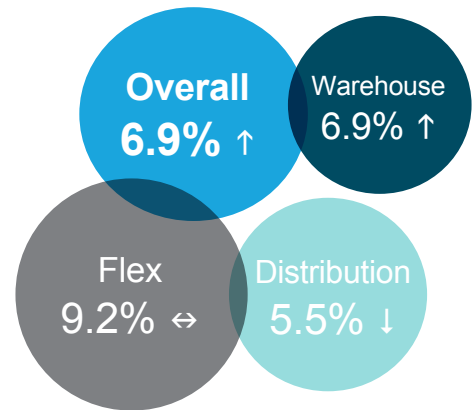
COMMERCIAL REAL ESTATE SERVICES



MARKET OVERVIEW

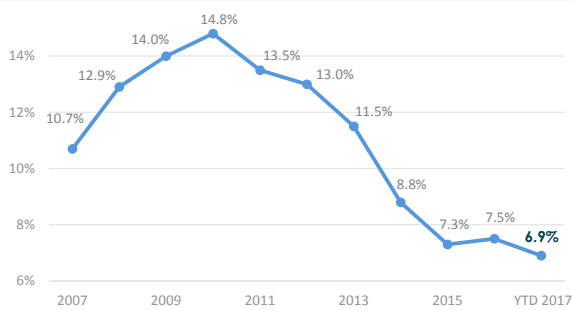
Atlanta continues to be seen as one of the top markets for industrial real estate in the country. Atlanta's industrial showed a steady and strong performance in the third quarter of 2017. Overall vacancy increased in Q3 by only 10 basis points to 6.9% with a net absorption of 2.8 million SF and average 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

- 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

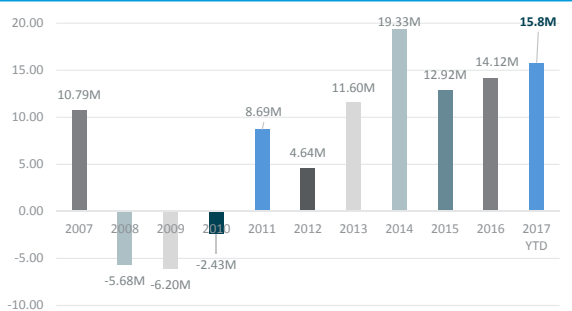
- The largest sale transaction of Q3 was the investment sale of 490 Westridge Pky; 900,640 SF for \$74 PSF by Lexington Realty Trust in South Atlanta

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

ABSORPTION

in SF, 2007-YTD 2017



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

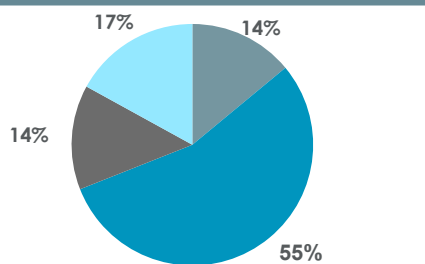
INDUSTRIAL SUBMARKET DATA

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



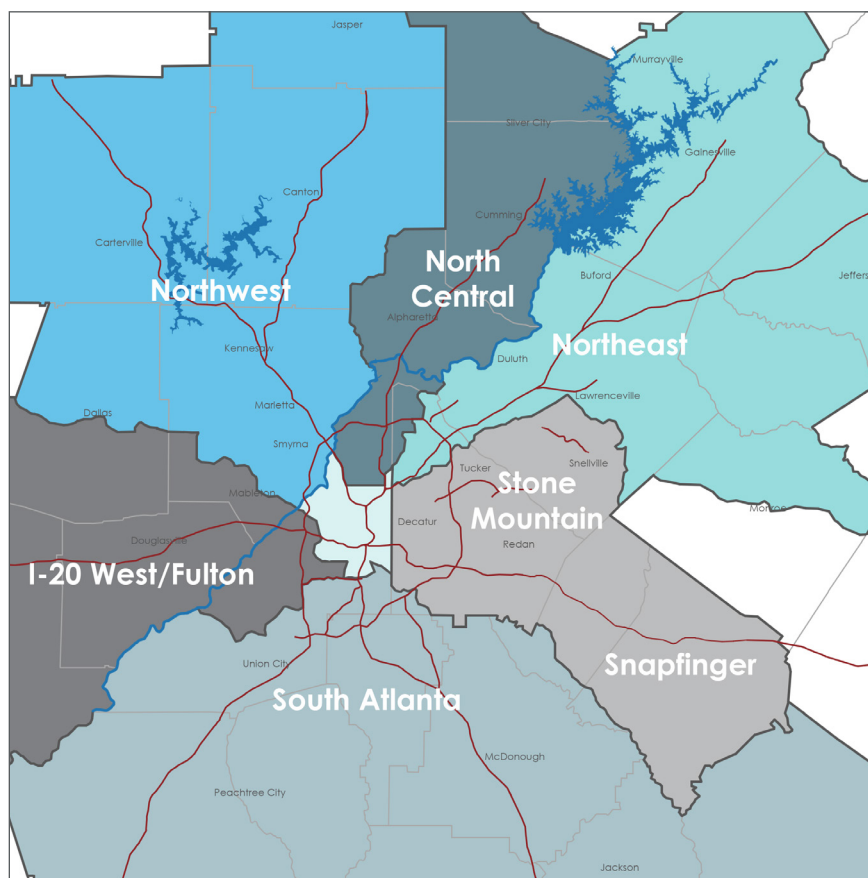
■ Private ■ User ■ REIT/Public ■ Institutional

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.

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. © Copyright 2017 Lee & Associates Atlanta. All rights reserved.

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PROPERTY CORNER

3RD QUARTER 2017



3600 Southside Industrial Parkway, Fulton Co, Atlanta, GA 30354

± 135,200 SF delivering Spring 2018. Build to suit office, 163' deep, 30' clear height, 50' x 52' column spacing with 60' deep speed bay, 135' - 150' truck court with 60' concrete apron, ESFR sprinkler, 48 dock high doors (9' x 10'), 6 drive in doors (10' x 12'), 231 car parking spaces.

Inquire for lease pricing.



7405 Graham Road, Fairburn, Fulton County, GA 30213

± 104,060 SF available in a ±200,500 SF building. Tilt wall construction, 22'6" clear height, contains 2,380 SF office, T-5 lighting, 28 dock high doors. Possibility that the owner will demise to ±50,000 SF.

Asking \$2.95/SF Net.



Opportunity Zone
Substantial Job
Tax Credits

Building Address	SF Available	Office SF	Ceiling Height	Loading	Dock High	Drive In	Rental Rate PSF Net
3655 Atlanta Industrial Dr.	116,828	3,919	24'	Front	19	1	\$3.85

Available: April 2018



Outside Storage

12046 Westridge Industrial Blvd, McDonough, Henry Co, GA 30253

± 79,513 SF total with ±16,917 SF available for Lease with ±3,082 SF Office, 3 dock high doors, 24' clear height, T-5 lighting, wet sprinkler.

Inquire for Lease and Sale pricing.

LEASED



Heavy Power

6838 Southlake Parkway, Morrow, Clayton County, GA 30260

±70,027 SF free standing building. Great manufacturing facility! Combination tilt wall and brick & block construction. Contains ±1,725 SF office, 20' clear height, abundant electrical power, 9 dock high doors and 1 drive in door. Available November 2017.

Asking \$2.75/SF Net.



PROPERTY CORNER

3RD QUARTER 2017



4820 GA Highway 42, Ellenwood, Clayton County, GA 30294

±54,272 SF with ±5,000 SF office, on ±4.29 acres, 6 dock high doors with pit levelers, clear column space, wet sprinkler, exposure to GA Highway 42 with proximity to Gillem Logistics Center and I-675.

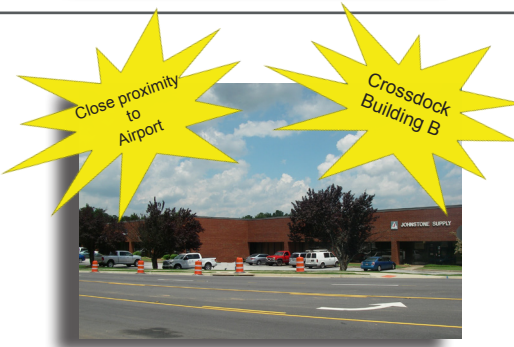
Offered for \$1,485,000.



5356 GA Highway 85, Suite 200, Atlanta, Clayton Co, GA 30349

±50,570 SF available. Unit contains ±5,419 SF office with 20 dock high doors and 1 drive in ramp door, T-5 lighting, ESFR, 24' clear height.

Asking \$4.85/SF Net.



4820 Clark Howell Highway, College Park, Clayton Co, GA 30349

Project consists of 3 buildings with a total area of 109,500 SF, brick on block construction with direct and immediate access to Hartsfield International Airport. All spaces have 18' clear ceiling height, are sprinkered, and have dock high loading.

Available Now:

Suite C-4: 4,500 SF with 1,350 office, 3 docks, major space upgrades, asking \$6.25/SF Net.

Suite C-8: 7,200 SF with 1,190 SF Office, 4 docks, 1 ramp, asking \$5.50/SF Net.

Available 60 Days Notice

Suite B-1: 21,600 SF with 6,260 SF office, 16 docks, 1 ramp, asking \$3.95 - \$4.25/SF Net



5020-5044 Clark Howell Highway, College Park, Clayton Co, GA 30349

2,786-9,923 SF Available: Sullivan Center is high quality brick on block construction with extensive use of insulated bronze glass. All spaces are 100% office finish. Suite 5044 contains approximately 6,176 SF of medical office buildout and can be brought back to office space and split into 2,786 Sf and 3,390 SF increments or combined with Suite 5036 (3,747 SF) for 9,923 SF. Superior access to Airport and interstates via Clark Howell Highway and Forest Parkway.

INQUIRE FOR PRICING.

Information is deemed reliable but not guaranteed

Rick Tumlin, CCIM, SIOR

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PROPERTY CORNER

3RD QUARTER 2017



3041 Commerce Way, Atlanta, Fulton County, GA 30354

ONE SPACE LEFT!

3025 Commerce Way: ±8,906 SF brick and block constructed multi-tenant building with exposure to I-75. Space contains 3,044 SF office, with 2 dock high doors.

Asking \$3.50/SF Net to lease.



Graham Road, Fairburn, Fulton County, GA 30213

±25 acres located at the intersection of Graham Road and Bumbley Court near Oakley Industrial Boulevard in the I-85 South submarket. ±4 acres currently utilized as a gravel drop-lot with perimeter fencing with dolly pads. Remaining ±6 acres in pad A is rough-graded and can be converted to a gravel drop-lot within 60 days. Two points of ingress/egress. Expandable up to net ± 20 acres (pads A & B)

Offered at \$2,000,000 for sale. Inquire for lease pricing.



400 Northside Drive, Atlanta, Fulton County, GA 30318

±15,351 SF Free standing building on ±1.46 acres. Ideal for Conversion or Redevelopment of Commercial, Retail, Hospitality, Office, Student Housing, and/or Multifamily. Within one mile of Georgia Tech, Georgia Aquarium, World of Coca-Cola, Centennial Olympic Park, the Georgia World Congress Center, Philips Arena, and the new Mercedes-Benz Stadium.

For Sale: \$1,800,000.

SOLED



510 Plaza Drive, Atlanta, Fulton County, GA 30336

Two Story Office Building. ±46,896 SF Total: ±350 - 3,000 contiguous RSF Available. Close proximity to Hartsfield-Jackson International Airport. Easy access to I-75, I-85, and I-285. Up to ±8,000 RSF available for Lease.

Ample free parking. Hotel and restaurant amenities nearby. Move in ready. \$17 - \$18/SF Full Service.



309 Johnson Road, Bldg. 200, Forest Park, Clayton Co, GA 30297

57,600 SF building on ±6.06 acres of tilt wall construction
Suite 130-140: ±28,800 SF available with office are ±1,360 SF. Building is 120' deep with 40' x 40' column spacing, 24' minimum ceiling height, 14 (9' x 10') dock high doors and 1 (9' x 10') ramped drive in door, 2.2/1,000 auto parking, \$4.95/SF Net.

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PROPERTY CORNER

3RD QUARTER 2017

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

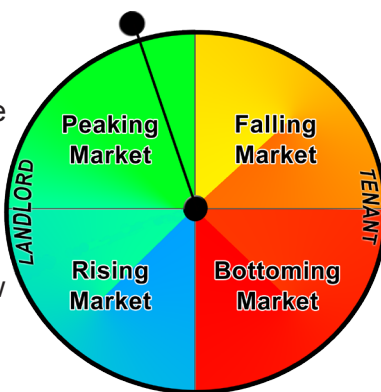
ATLANTA'S INDUSTRIAL REAL ESTATE MARKET CYCLE

Peaking Market

- Vacancy below stable levels and approaching cyclical low
- Rental rates hover around or above replacement costs and continue to rise
- Increase in new speculative construction

Rising Market

- Vacancy decreases from high to below stable levels
- Rental rates rise from cyclical lows toward replacement costs



Falling Market

- Vacancy increases to above stable levels
- Rental rates fall from cyclical highs rapidly
- Demand decreases while new construction continues to deliver
- No new construction starts

Bottoming Market

- Vacancy Rises above stable levels and approaches cyclical high
- Rental rates fall below replacement costs to cyclical lows

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ABOUT LEE & ASSOCIATES

In 2004, 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 specialized 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.



RICK TURLIN, CCIM, SIOR
SENIOR PARTNER—LEE & ASSOCIATES COMMERCIAL REAL ESTATE SERVICES

A graduate of Georgia State University, Rick has more than 30 years experience as a real estate broker. Since 1987, he has specialized in the leasing and sale of industrial properties. Rick was one of the first real estate brokers in Georgia to attain both the Certified Commercial Investment Member (CCIM) and Society of Industrial and Office Realtors (SIOR) designations, (currently one of few practitioners in the state of Georgia carry this dual designation) representing the highest degree of professionalism in commercial and industrial real estate.

For the past five years, Rick has been among the top producers in the Georgia Region. He has been honored as a Top Industrial Producer by the Atlanta Commercial Board of Realtors numerous times and received the CoStar Power Broker Award. Rick is currently involved with the Georgia Chapter SIOR, as President emeritus and various Atlanta Commercial Board of Realtors committees, along with the Boy Scouts of America.

Rick specializes in the leasing & sales of industrial properties in the Metro Atlanta Market. If you are considering leasing, buying and/or selling an industrial property, please contact him using the information below.

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