Q4 2017

Atlanta Industrial Market Report

4,083,728 SF
Q4 Net Absorption ↑
Q3 3,168,125 SF

6.4%
Q4 Vacancy ↓
Q3 6.8%

5,014,822 SF
Q4 Leasing Activity ↓

21,032,913 SF
Under Construction ↑

2,043,636 SF
New Supply Delivered ↓

$4.79 SF
Average Asking Rent per yr

$48
Average Sales per SF

$535 M
169 Sales Transactions

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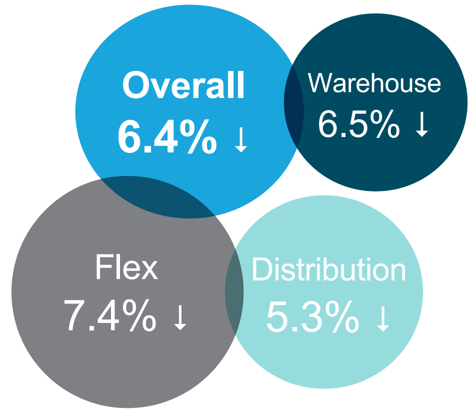
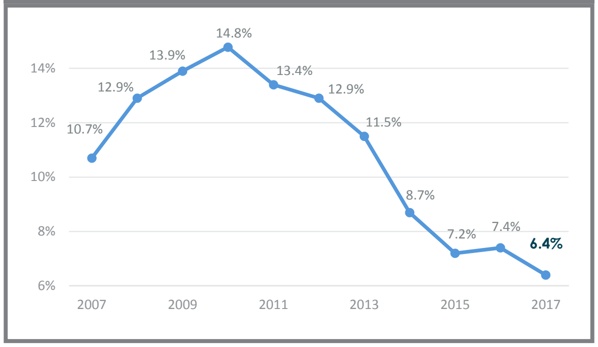
MARKET OVERVIEW

Atlanta's status as a major industrial market is clearly evident with a strong last quarter of 2017. Overall vacancy decreased in Q4 by 40 basis points to 6.4% with a net absorption of 4.1 million SF and average asking rents increasing to $4.79 PSF for all classes. Industrial development continues to add new projects as capital groups look to grow their presence in Atlanta. Corporate expansions and relocations in the metro area are driving residential development and in turn, industrial growth. Over 21 million SF was under construction in the fourth quarter, with 80% 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.

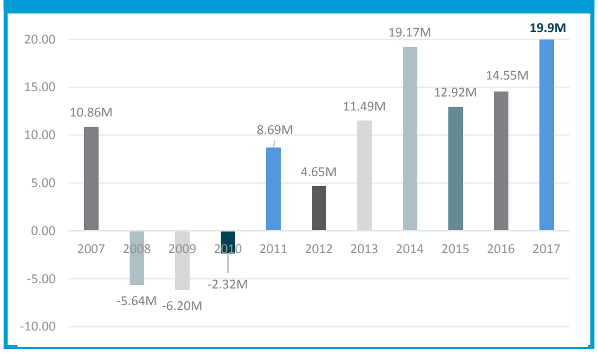
OVERALL VACANCY RATES



VACANCY
percentage, 2007-2017



ABSORPTION
in SF, 2007-2017



ABSORPTION

- Overall net absorption for Metro Atlanta in Q4 2017 was positive 4,083,728 SF, bringing YTD net absorption to 19,982,196 SF, highest since 2014

VACANCY RATE

- Vacancy decreased 40 basis points from last quarter to 6.4%
- Stone Mountain/Snapfinger reported lowest submarket vacancy at 3.4%

RENTAL RATES

- Average quoted asking rental rate for all classes increased to $4.79 PSF

DEVELOPMENT/CONSTRUCTION

- There was 21,032,913 SF of industrial space under construction in Q4 2017: 33 speculative buildings totaling 16.7M SF & 8 build to suit projects totaling 4.3M SF

SALES ACTIVITY

- The largest sale transaction of Q4 was the investment sale of 440 Interstate W Pky; 781,440 SF for $55 PSF by WPT Capital Advisors in the I-20 W submarket

LEASING ACTIVITY

- Leasing activity was 5,014,822 SF in Q4
- The largest lease transaction of Q4 was signed by S&S Activewear; 505,000 SF in the South Atlanta submarket

LARGEST PROJECTS UNDER CONSTRUCTION as of Q4 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
Southern Gateway	1,104,320	Spec	Q4 - 18
590 Coweta Industrial Pky	1,076,320	Spec	Q2 - 18
500 Palmetto Logistics Pky	1,054,500	Spec	Q1 - 18
Toy Wright Rd	1,053,360	Spec	Q4 - 18
Valentine Industrial Pky	1,021,000	Spec	Q3 - 18

Project Location	Building SF	Tenant	Delivery
Anvil Block Rd	1,017,000	Spec	Q1 - 18
Bridgeport Blvd	1,022,150	Spec	Q4 - 18
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	Q1 - 18
New Salem Church Rd	639,112	Spec	Q4 - 18

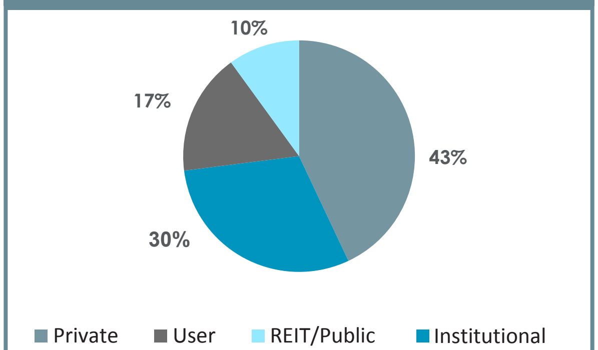
INDUSTRIAL SUBMARKET DATA

Industrial Submarkets	Total Inventory	Vacancy Total SF	Vacancy Q4 '17	Net Absorption YTD Total	Under Construction	Building YTD Deliveries	Asking Rent
Northwest	68,410,940	3,278,035	4.8%	2,119,216	446,496	1,018,800	$5.40
North Central	27,098,113	1,503,036	5.5%	412,960	-	98,297	$8.71
Northeast	161,133,742	9,041,471	5.6%	3,271,354	4,417,074	4,203,280	$5.66
St. Mountain / Snapfinger	69,484,631	2,361,735	3.4%	528,449	480,000	-	$4.80
South Atlanta	176,556,986	16,233,810	9.2%	10,561,745	12,804,548	6,572,700	$3.60
I-20 West / Fulton Ind	98,813,652	7,060,636	7.1%	2,380,891	2,884,795	2,368,770	$3.85
Chattahoochee / Central Atl	33,156,021	1,073,192	3.2%	707,581	-	-	$8.63
Total	**634,654,085**	**40,551,915**	**6.4%**	**19,982,196**	**21,032,913**	**14,261,847**	**$4.79**

Total Submarkets	Total Inventory	Vacancy Total SF	Vacancy Q4 '17	Net Absorption YTD Total	Under Construction	Building YTD Deliveries	Asking Rent
Warehouse	482,210,046	31,410,701	6.5%	15,321,929	9,520,471	3,978,857	$4.24
Distribution	104,061,823	5,546,159	5.3%	2,937,961	11,512,442	9,474,635	-
Flex	48,382,216	3,595,055	7.4%	1,722,306	-	808,355	$9.68
Total	**634,654,085**	**40,551,915**	**6.4%**	**19,982,196**	**21,032,913**	**14,261,847**	**$4.79**

BUYER TYPE

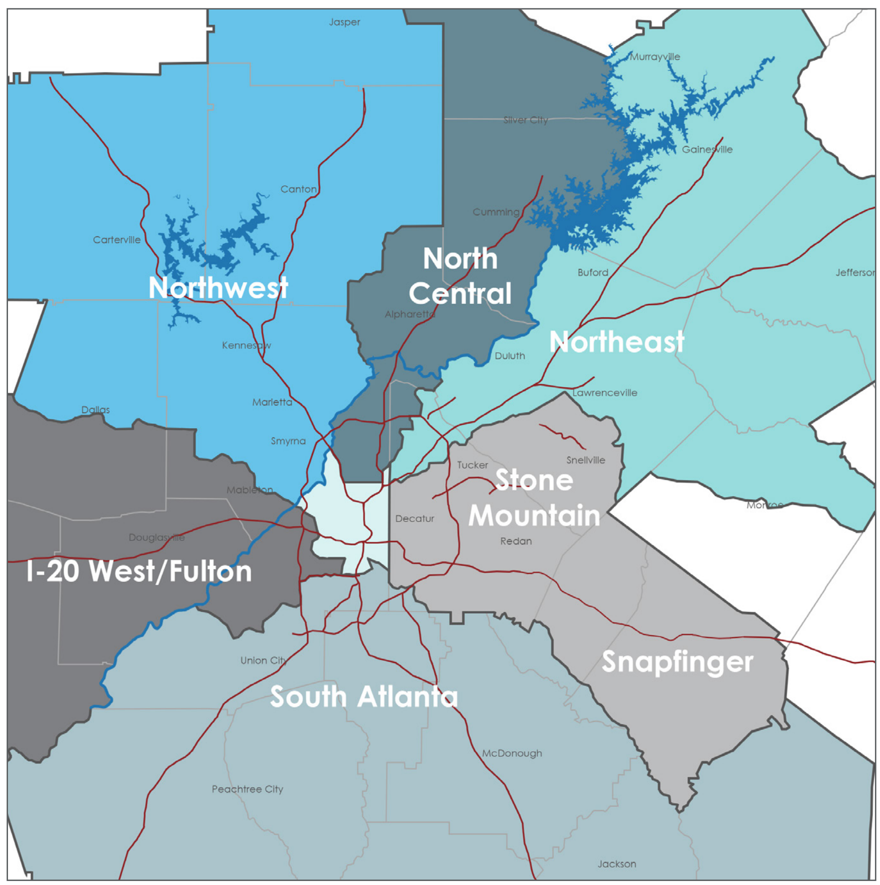
Q4 2017 sales



SUBMARKET SIZE & OCCUPANCY

Submarket	Size	Occupancy %
Northwest	68.4 M	95.2%
North Central	27.1 M	94.5%
Northeast	161.1 M	94.4%
St Mountain/Snapfinger	69.5 M	96.6%
South Atlanta	176.6 M	90.8%
I-20 W/Fulton	98.8 M	92.9%
Chattahoochee/ Central Atlanta	33.2 M	96.8%

ATLANTA SUBMARKET MAP



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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.

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Q4 2017 TOP LEASES

Property Name	Address	Submarket	Tenant Name	SF	Lease Type
Midland Logistics Center	225 Midland Ct	South Atlanta	S&S Activewear	505,000	New
Camp Creek 3201	3201 Centre Pky	South Atlanta	CEVA Logistics	404,700	New
Trade Center II	200 Eagles Landing	South Atlanta	KL Outdoor	308,703	New
Greenwood 400	150 Greenwood Industrial Pky	South Atlanta	Viega	254,930	Renewal
7550 Wood	7550 Wood Rd	I-20 W/Douglasville	Andersen Windows & Doors	247,500	New

Q4 2017 TOP SALES

	Address	Submarket	Buyer	Seller	SF	Sales / PSF
1	440 Interstate West Pky	I-20 W/Douglasville	WPT Capital Advisors, LLC	Core5 Industrial Partners	781,440	$43.0 M / $55
2	1 Nestle Ct	South Atlanta	LIT Industrial LP	H & R Reit	848,421	$40.0 M / $51
3	150 Distribution Dr	South Atlanta	Pure Industrial Real Estate	Allstate Investments, LLC	760,256	$36.5 M / $48
4	159 Westridge PKy	South Atlanta	GPT 159 Westridge Owner LLC	C5LC At Westridge LLC	612,557	$27.6 M / $45
5	9250 S Main St	South Atlanta	Blackstone Real Estate	Clarion Partners	499,960	$19.7 M / $39

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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.

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