

Q1 2018

Atlanta Industrial Market Report

3,378,277 SF

Q1 Net Absorption ↓

Q4 5,933,100 SF

6.4 %

Q1 Vacancy ↑

Q4 6.1%

6,402,157 SF

Q1 Leasing Activity ↓

14,403,354 SF

Under Construction ↓

9,742,926 SF

New Supply Delivered ↑

\$4.86 SF

Average Asking Rent per yr

\$43

Average Sales per SF

\$325 M

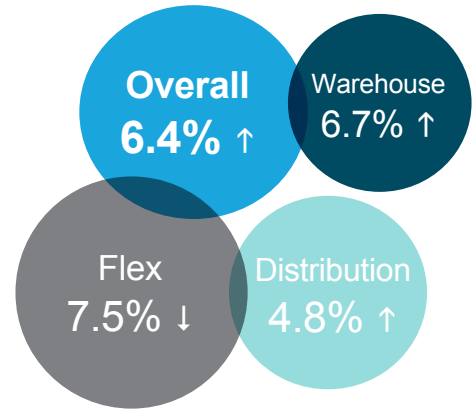
107 Sales Transactions



MARKET OVERVIEW

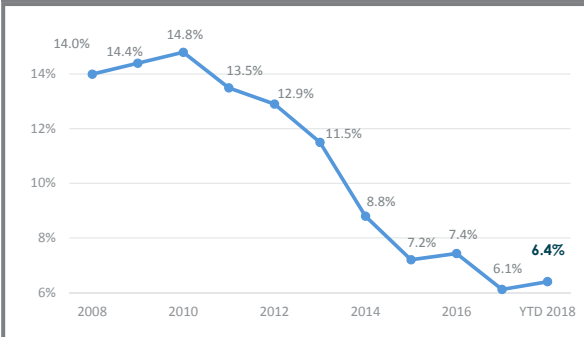
Strong market fundamentals coupled with increasing demand for big box space have made Atlanta an industrial powerhouse. In Q1 of 2018, overall vacancy increased slightly to 6.4% with a net absorption of 3.38 million SF. In the past 5 years, the Atlanta market has added over 54 million SF of new industrial product to the marketplace, 9M of that was delivered in Q1 18, with vacancy remaining a healthy percentage with the influx of new delivered speculative product. Today, 74% of all active development is speculative and 61% of that speculative development has a minimum of 36' clear height. With new tenants entering the marketplace, such as e-commerce users, the need for the additional clear height and modern buildings is paramount for efficient space requirements. 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



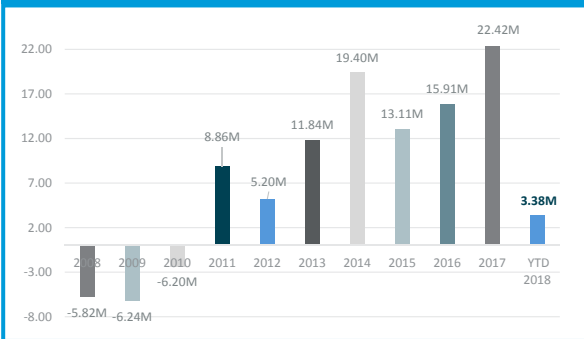
VACANCY

percentage, 2008 - YTD 2018



ABSORPTION

in SF, 2008 - YTD 2018



ABSORPTION

- Overall net absorption for Metro Atlanta in Q1 2018 was positive 3,378,277 SF

VACANCY RATE

- Vacancy increased 30 basis points from last quarter to 6.4%
- Chatthoochee/Central Atlanta reported lowest submarket vacancy at 3.9%

RENTAL RATES

- Average quoted asking rental rate for all classes increased to \$4.86 PSF

DEVELOPMENT/CONSTRUCTION

- There was 14,403,354 SF of industrial space under construction in Q1 2018: 23 speculative buildings totaling 11.5 M SF & 8 build to suit projects totaling 2.9M SF

SALES ACTIVITY

- The largest sale transaction of Q1 was the investment sale of 4400 International Pky; 292,000 SF for \$110 PSF by Realterm US in the South Atlanta submarket

LEASING ACTIVITY

- Leasing activity was 6,402,157 SF in Q1
- The largest lease transaction of Q1 was signed by Saddle Creek: 1,208,301 SF in the South Atlanta submarket at the Southwest 85 Logistics Center

LARGEST PROJECTS UNDER CONSTRUCTION as of Q1 2018

Project Location	Building SF	Tenant	Delivery
590 Coweta Industrial Pky	1,208,301	Saddle Creek	Q2 - 18
Charlie Brown Airport	1,200,000	UPS	Q2 - 18
King Mill Rd	1,104,320	Spec	Q4 - 18
421-429 Toy Wright Rd	1,053,360	Spec	Q4 - 18
Bridgeport Blvd	1,002,150	Spec	Q4 - 18
Collinsworth Rd	1,000,200	Spec	Q1 - 19
8500 Tatum Rd	982,777	Spec	Q2 - 18

Project Location	Building SF	Tenant	Delivery
Factory Shoals	925,800	Spec	Q1 - 19
Hwy 16 @ I-75	842,000	Spec	Q2 - 18
New Salem Church Rd	636,060	Spec	Q3 - 18
Preston Blvd	499,320	Spec	Q2 - 18
11665 Lewis Brasleton	462,000	Spec	Q3 - 18
5820 Trade Center Ct	415,800	Southwire	Q3 - 18
350 King Mill Rd	400,000	Burris Logistics	Q2 - 18

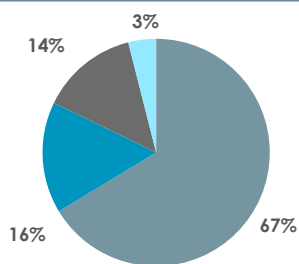
INDUSTRIAL SUBMARKET DATA

Industrial Submarkets	Total Inventory	Vacancy Total SF	Vacancy Q1 '18	Net Absorption YTD Total	Under Construction	Building YTD Deliveries	Asking Rent
Northwest	70,560,127	2,736,052	3.9%	591,188	446,496	-	\$5.47
North Central	27,417,387	1,439,687	5.3%	102,857	-	-	\$9.04
Northeast	165,709,459	9,514,986	5.7%	86,471	2,556,420	2,182,602	\$5.80
St. Mountain / Snapfinger	71,806,501	3,570,128	5.0%	(240,918)	189,690	480,000	\$4.69
South Atlanta	183,374,636	16,973,668	9.3%	2,590,989	7,298,616	6,305,861	\$3.62
I-20 West / Fulton Ind	100,894,870	6,239,074	6.2%	474,369	3,912,132	774,463	\$4.11
Chattahoochee / Central Atl	33,096,289	1,283,397	3.9%	(226,679)	-	-	\$9.15
Total	652,859,269	41,756,992	6.4%	3,378,277	14,403,354	9,742,926	\$4.86

Total Submarkets	Total Inventory	Vacancy Total SF	Vacancy Q1 '18	Net Absorption YTD Total	Under Construction	Building YTD Deliveries	Asking Rent
Warehouse	498,982,745	33,087,717	6.7%	3,155,420	6,280,708	3,503,824	\$4.35
Distribution	105,396,230	5,022,044	4.8%	38,427	8,122,646	6,239,102	-
Flex	48,480,294	3,647,231	7.5%	184,430	-	-	\$10.21
Total	652,859,269	41,756,992	6.4%	3,378,277	14,403,354	9,742,926	\$4.86

BUYER TYPE

Q1 2018 sales

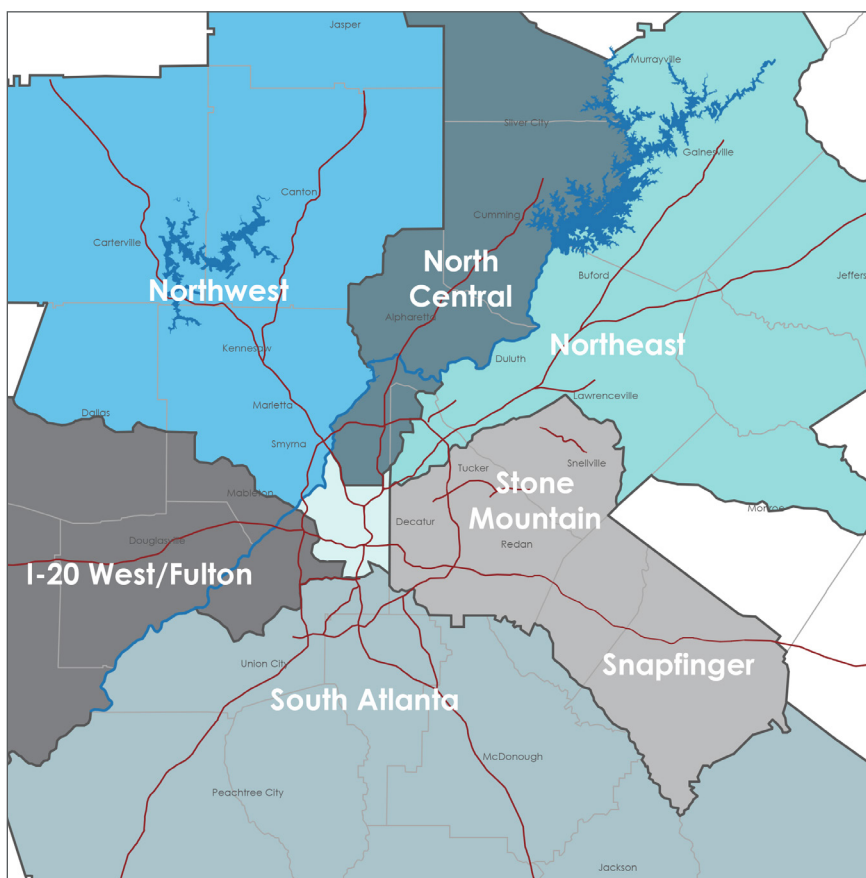


■ Private ■ User ■ REIT/Public ■ Institutional

SUBMARKET SIZE & OCCUPANCY

Submarket	Size	Occupancy %
Northwest	70.56 M	96.1%
North Central	27.42 M	94.7%
Northeast	165.71M	94.3%
St Mountain/Snapfinger	71.81 M	95.0%
South Atlanta	183.37 M	90.7%
I-20 W/Fulton	100.89 M	93.8%
Chattahoochee/ Central Atlanta	33.10 M	96.4%

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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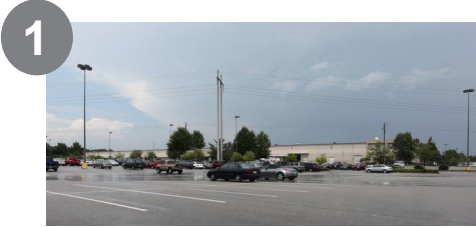


Q1 2018 TOP LEASES

Property Name	Address	Submarket	Tenant Name	SF	Lease Type
Southwest 85 Logistics Center	590 Coweta Industrial Park	South Atlanta	Saddle Creek	1,208,301	New
Gillem Logistics Center	Anvil Block Rd	South Atlanta	HD Supply	1,017,627	New
Liberty Distribution Center	250 Declaration Dr	South Atlanta	Vert Logistics	759,300	New
Bluelinx	200 Hosea Rd	Northeast	Bluelinx Corporation	585,637	Renewal
2529 Old Anvil	2529 Old Anvil Block Rd	South Atlanta	Expeditors International	402,500	New

Q1 2018 TOP SALES *Portfolio sales as individual property sales

	Address	Submarket	Buyer	Seller	SF	Sales / PSF
1	4400 International Pky*	South Atlanta	Realterm US, Inc	Kendall Associates	292,000	\$32.3 M / \$110
2	1665 Broadmoor Blvd	Northeast	Buford Logistics Owner	Buford Logistics Center Blvd	492,048	\$28.6 M / \$58
3	7705 Staples Dr	I-20 W/Douglasville	Lithia Springs LLC	Bedford Systems LLC	617,969	\$23.8 M / \$38
4	200 Hosea Rd*	Northeast	Arch Street Capital Advisors LLC	BlueLinX Corporation	585,637	\$22.0 M / \$38
5	850 Douglas Hills Rd	I-20W/Douglasville	Industrial Property Trust, Inc	Core5 Industrial Partners	282,415	\$17.0 M / \$60



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