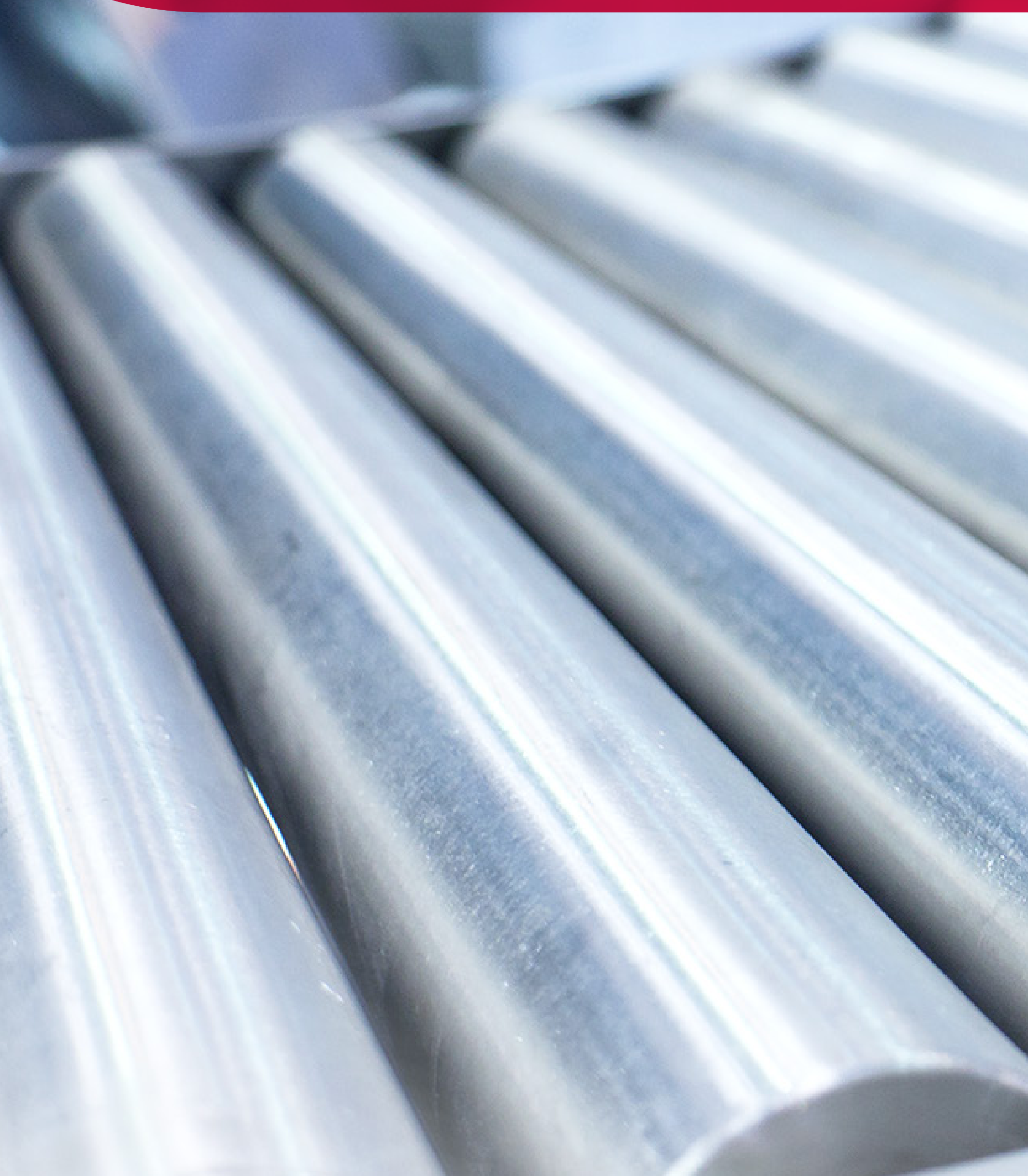
Q2 2018

Atlanta Industrial Market Report



3,644,733 SF
Q2 Net Absorption ↑
Q1 3,273,269 SF

6.8 %
Q2 Vacancy ↓
Q1 7.0%

4,798,373 SF
Q2 Leasing Activity ↓

20,701,208 SF
Under Construction ↑

1,977,636 SF
New Supply Delivered ↓

$4.93 SF
Average Asking Rent per yr

$57
Average Sales per SF

$523 M
179 Sales Transactions

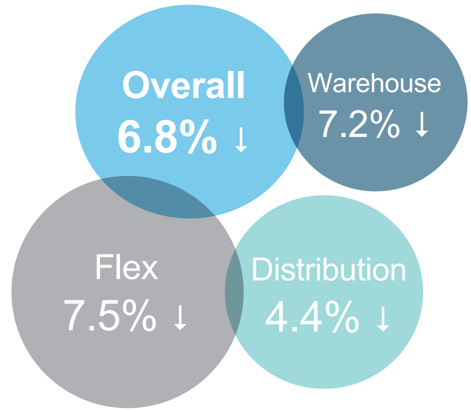
LEE & ASSOCIATES
COMMERCIAL REAL ESTATE SERVICES

MARKET OVERVIEW

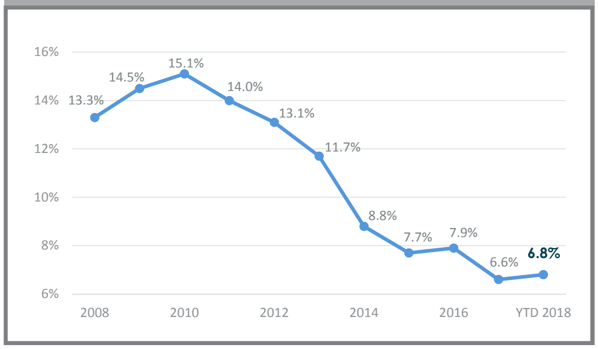
In Q2 of 2018, overall vacancy decreased 20 basis points to 6.8% with a net absorption of positive 3.64 million SF. In the first two quarters of 2018, the Atlanta market added over 11 and a half million SF of new industrial product (100,000 SF +) to the marketplace, 3.5 million SF of built to suit space and 8.18 million SF of speculative space. Even with an influx of delivered speculative product, vacancy remains a healthy percentage. Of the 20.70 million SF under construction, 82% is speculative development, with the Northeast and South Atlanta submarkets dominating development market activity.

Atlanta is the economic engine of the Southeast and the fastest growing region in the country. As population, job growth and e-commerce continues to surge, the metro Atlanta region will continue to be one of the top industrial markets in the country.

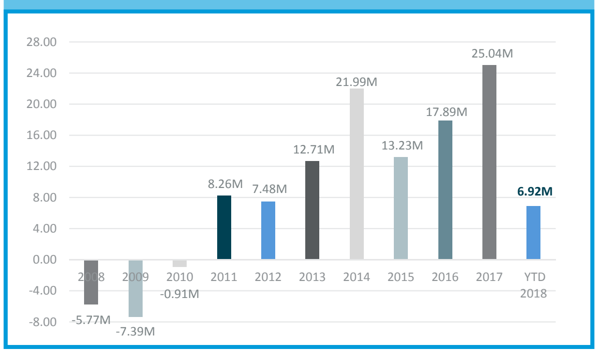
OVERALL VACANCY RATES



VACANCY
percentage, 2008 - YTD 2018



ABSORPTION
in SF, 2008 - YTD 2018



ABSORPTION

- South Atlanta's 4.8 million SF of absorption accounted for 69% of Atlanta's market total

VACANCY RATE

- Chattahoochee/Central Atlanta reported the lowest vacancy of Q2 at 4.3% as it relates to no construction activity, both under construction or deliveries, thus far in 2018

RENTAL RATES

- Average quoted asking rental rate for all classes increased to $4.93 PSF, an increase of $0.44 PSF since Q2 2017

DEVELOPMENT/CONSTRUCTION

- Of the 20.70 million SF of industrial space under construction, 16 million SF was speculative and 9% of the spec development was preleased at the end of Q2

SALES ACTIVITY

- The largest sale transaction of Q2 was the portfolio sale of 11440-1160 Johns Creek Pky; 741,306 SF for $113 PSF by AVG Partners in North Central ATL

LEASING ACTIVITY

- Leasing activity was 4,798,373 SF in Q2
- The largest lease transaction of Q2 was signed by XPO Logistics: 455,000 SF in the South Atlanta submarket at 237 Greenwood Industrial Ct

LARGEST PROJECTS UNDER CONSTRUCTION as of Q2 2018

Project Location	Building SF	Tenant	Delivery
590 Coweta Industrial Pky	1,208,301	Saddle Creek	Q3 - 18
Charlie Brown Airport	1,200,000	UPS	Q3 - 18
King Mill Rd	1,104,320	Spec	Q2 - 19
Steve Reynolds Blvd	1,100,500	Haier	Q2 - 19
Anvil Block Rd	1,083,000	Spec	Q1 - 19
Highway 53	1,081,280	Spec	Q1 - 19
421-429 Toy Wright Rd	1,053,360	Spec	Q4 - 18

Project Location	Building SF	Tenant	Delivery
Bridgeport Blvd	1,002,150	Spec	Q4 - 18
1015 Collinsworth Rd	1,000,200	Spec	Q4 - 18
8500 Tatum Rd	982,777	Spec	Q3 - 18
Factory Shoals	925,800	Spec	Q1 - 19
120 Midway Rd	840,000	Spec	Q1 - 19
Hog Mountain Rd	749,730	Spec	Q3 - 18
515 Old Cassville White Rd	647,000	Lolio Inc	Q1 - 19

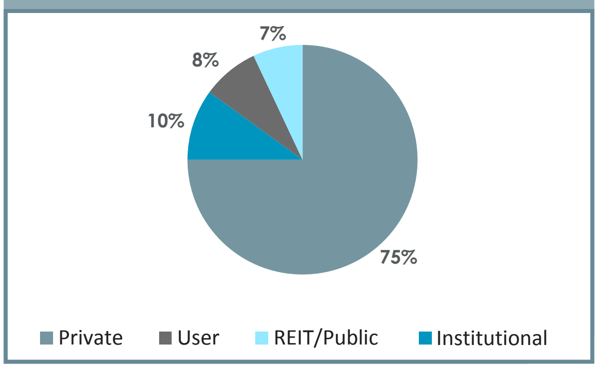
INDUSTRIAL SUBMARKET DATA

Industrial Submarkets	Total Inventory	Vacancy Total SF	Vacancy Q2 '18	Net Absorption YTD Total	Under Construction	Building YTD Deliveries	Asking Rent
Northwest	70,936,609	3,096,060	4.4%	579,775	647,000	446,496	$5.63
North Central	27,289,418	1,518,563	5.6%	23,981	86,660	-	$8.83
Northeast	192,939,450	14,523,108	7.5%	1,140,645	7,176,422	2,262,602	$4.65
St. Mountain / Snapfinger	73,780,064	3,465,332	4.7%	(81,757)	285,000	480,000	$4.83
South Atlanta	183,983,242	15,986,594	8.7%	4,757,596	7,444,796	7,010,181	$3.75
I-20 West / Fulton Ind	101,414,132	6,532,856	6.4%	809,494	4,647,330	1,522,283	$4.17
Chattahoochee / Central Atl	32,521,250	1,409,538	4.3%	(331,732)	-	-	$9.29
Total	**682,864,165**	**46,532,051**	**6.8%**	**6,918,002**	**20,701,208**	**11,721,562**	**$4.93**

Total Submarkets	Total Inventory	Vacancy Total SF	Vacancy Q2 '18	Net Absorption YTD Total	Under Construction	Building YTD Deliveries	Asking Rent
Warehouse	526,788,283	38,124,767	7.2%	5,973,518	9,564,800	5,088,960	$4.35
Distribution	107,456,908	4,757,146	4.4%	626,778	11,136,408	6,632,602	-
Flex	48,618,974	3,650,138	7.5%	317,706	-	-	$10.21
Total	**682,864,165**	**46,532,051**	**6.8%**	**6,918,002**	**20,701,208**	**11,721,562**	**$4.93**

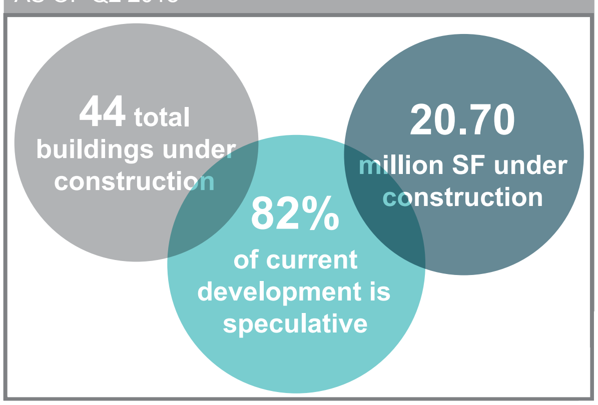
BUYER TYPE

Q2 2018 sales

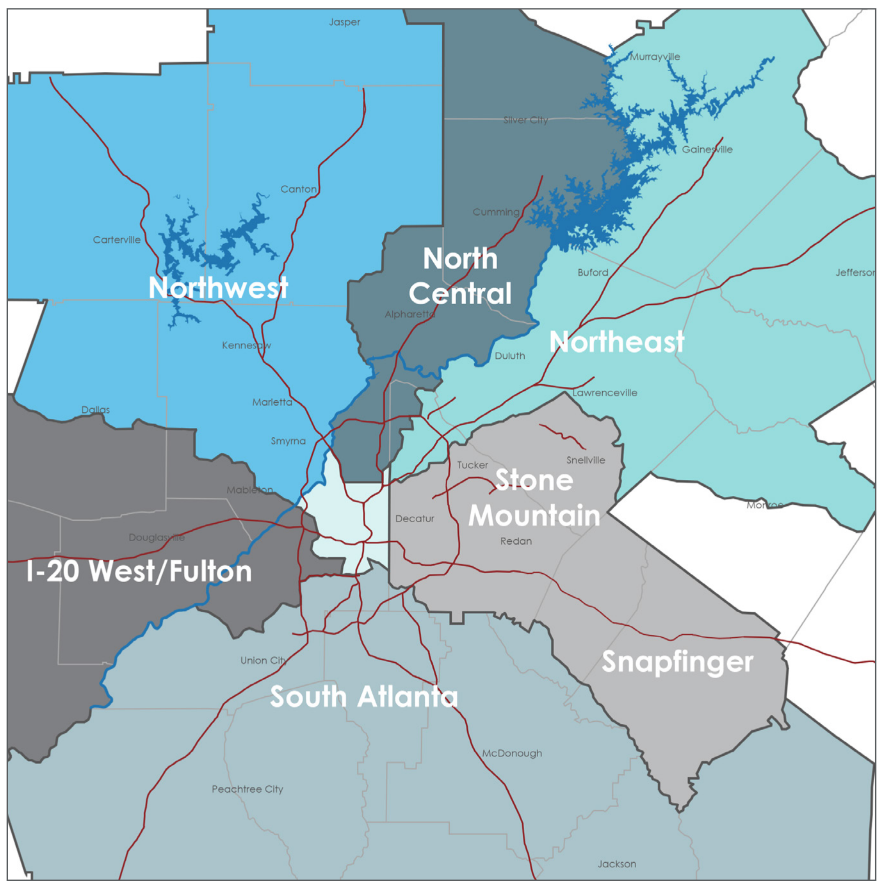


DEVELOPMENT

AS OF Q2 2018



ATLANTA SUBMARKET MAP



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Q2 2018 TOP LEASES *Lee Atlanta deal

Property Name	Address	Submarket	Tenant Name	SF	Lease Type
Greenwood Industrial	237 Greenwood Industrial Ct	South Atlanta	XPO Logistics	455,000	New
Cherokee 75 Business Center	3495 Highway 92	Northwest	Atlanta Bonded Warehouse	312,500	New
Greenwood Industrial Bldg 400	150 Greenwood Industrial Pky	South Atlanta	Georgia Pacific	306,070	New
Southpark Bldg 2	5025 Fayetteville Rd	South Atlanta	Nestle Purina Petcare Co	279,776	New
Phase 1 - SouthPark*	5395 Oakley Industrial Blvd	South Atlanta	Ainsworth Pet Nutrition	150,866	New

Q2 2018 TOP SALES +Portfolio sales as individual property sales

	Address	Submarket	Buyer	Seller	SF	Sales / PSF
1	11440-11460 Johns Creek Pky	North Central	AVG Partners	MetLife Real Estate Investments	741,306	$83.7 M / $113
2	3475 International Park Dr+	Snapfinger/Stn Mtn	Blackstone RE Income Trust, Inc	Highridge Provender	409,214	$22.7 M / $55
3	1265 Terminus Dr+	I-20 W/Douglasville	Exeter Property Group	Starwood Capital Group	527,000	$22.0 M / $42
4	3495 Highway 92	Northwest	Cabot Properties, Inc	Core5 Industrial Partners	312,500	$20.2 M / $66
5	675 Metropolitan Pky+	Central Atlanta	Carter USA	Candler Warehouses LLC	253,548	$16.2 M / $64

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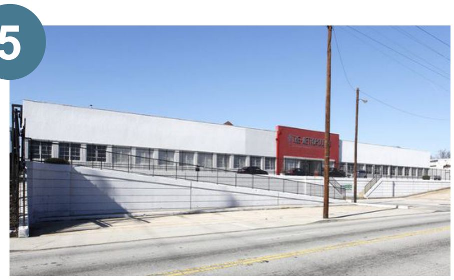

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COMMERCIAL REAL ESTATE SERVICES

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.

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