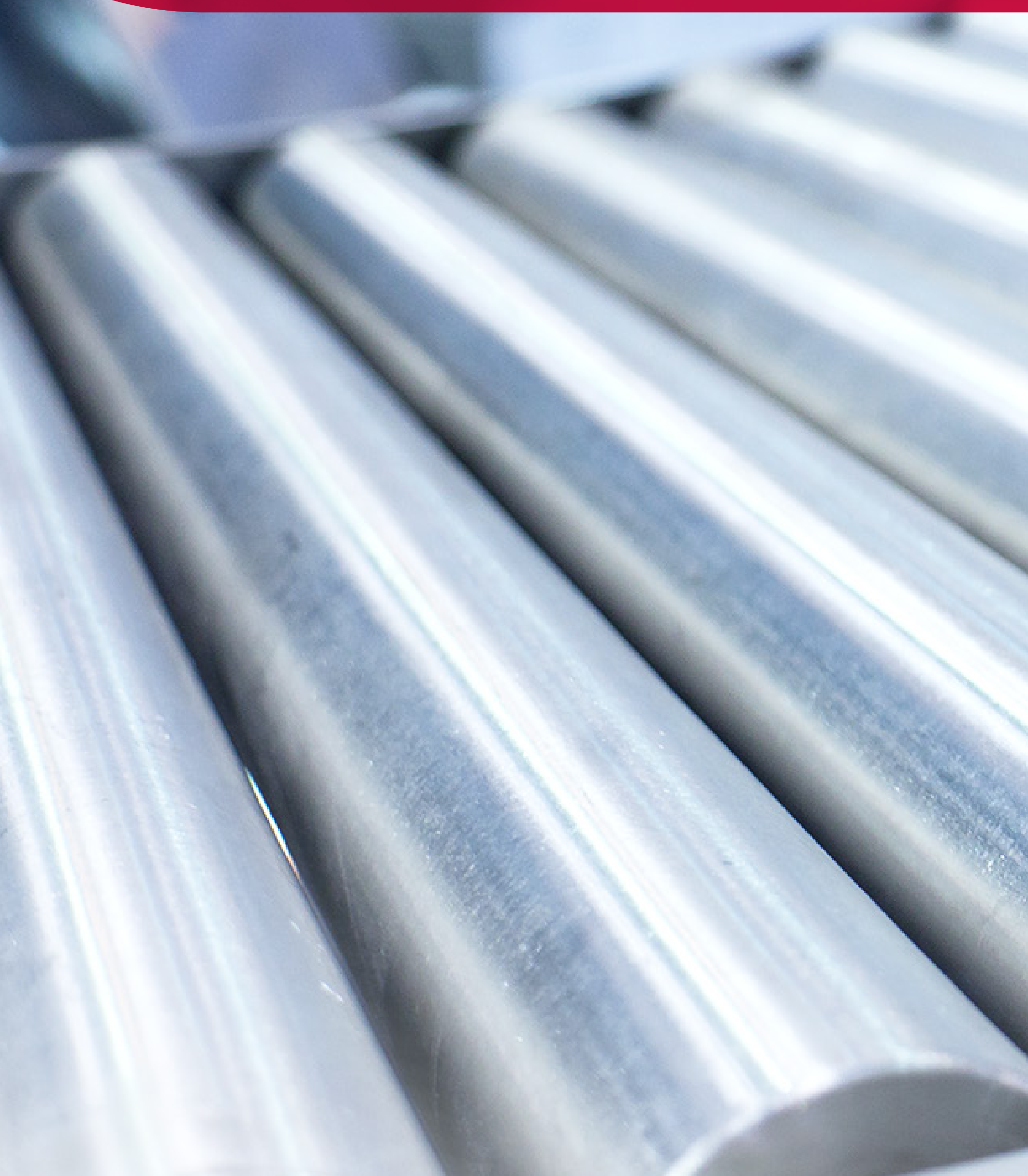
Q4 2018

Atlanta Industrial Market Report



5,648,663 SF
Q4 Net Absorption ↓
Q3 7,764,938 SF

5.9 %
Q4 Vacancy ↓
Q3 6.0%

4,452,258 SF
Q4 Leasing Activity ↓

17,357,431 SF
Under Construction ↓

4,905,636 SF
New Supply Delivered ↑

$5.08 SF
Average Asking Rent per YR

$54
Average Sales per SF

$785 M
246 Sales Transactions

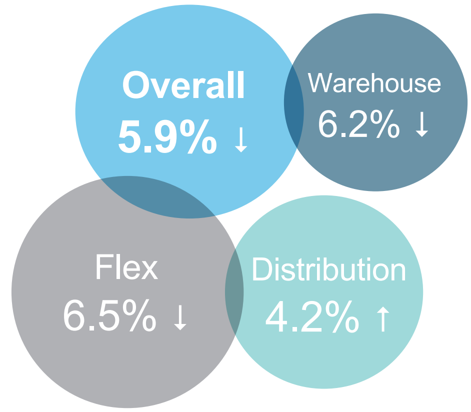
LEE & ASSOCIATES
COMMERCIAL REAL ESTATE SERVICES

MARKET OVERVIEW

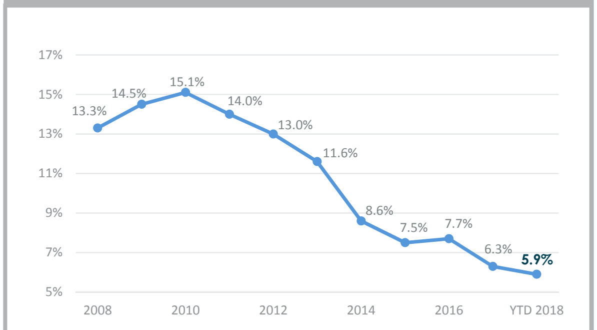
History was made in Q4 of 2018 as overall vacancy hit the lowest percentage the Atlanta industrial market has ever seen at 5.9%. Total industrial inventory is just shy of 700 million SF and in 2018 alone, the Atlanta market added 20.63 million SF of new industrial product (100,000 SF plus) to the marketplace, 5.23 million SF of built to suit space and 15.40 million SF of speculative space. Of the 17.36 million SF under construction, 88% 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.

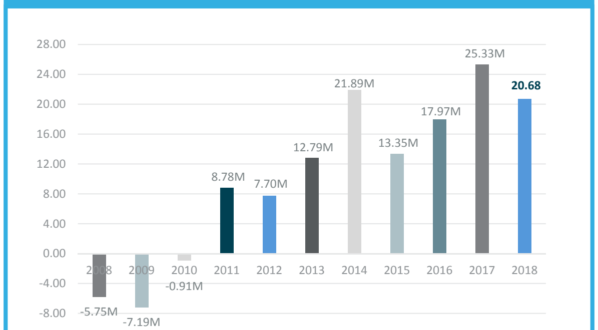
OVERALL VACANCY RATES



VACANCY
percentage, 2008 - 2018



ABSORPTION
in SF, 2008 - 2018



ABSORPTION

- South Atlanta's 10.2M SF of absorption accounted for 49% of Atlanta's market total; tenant Medical Depot occupied 1.05 million SF in Q4 in South Atlanta

VACANCY RATE

- 2018 ended with a record low vacancy of 5.9%, the lowest vacancy the Atlanta market has ever seen

RENTAL RATES

- Average quoted asking rental rate for all classes increased to $5.08 PSF, an increase of $1.06 PSF since 2009

DEVELOPMENT/CONSTRUCTION

- Of the 17.36 million SF of industrial space under construction, 15 million SF was speculative and no new build to suits broke ground in Q4

SALES ACTIVITY

- The largest sale transaction of Q4 was the sale of 705 Braselton Industrial Blvd; 1,000,821 SF for $70 PSF by Uline in Northeast Atlanta. Uline was under a lease agreement to the seller and chose the right to acquire the building.

LEASING ACTIVITY

- Leasing activity reamined healthy in Q4 at 4,452,258 SF leased
- The largest lease transaction of Q4 was signed by Blue Buffalo; 408,195 SF in the South Atlanta submarket at 159 Westridge Pky

LARGEST PROJECTS UNDER CONSTRUCTION as of Q4 2018

Project Location	Building SF	Tenant	Delivery
King Mill Rd	1,104,320	Spec	Q1 - 19
Steve Reynolds Industrial Pkwy	1,099,880	Haier	Q2 - 19
421-429 Toy Wright Rd	1,053,360	Spec	Q1 - 19
2160 Anvil Block Rd	1,042,730	Spec	Q3 - 19
3150 Highway 42	1,011,907	Spec	Q3 - 19
94 Logistics Lane	1,003,386	Spec	Q2 - 19
280 Bridgeport Blvd	1,002,150	Spec	Q2 - 19

Project Location	Building SF	Tenant	Delivery
Factory Shoals	925,800	Spec	Q1 - 19
100 International Pky	766,080	Spec	Q2 - 19
515 Old Cassville White Rd	647,000	Lolio Inc	Q2 - 19
1380 Jesse Cronic Rd	589,680	Spec	Q1 - 19
S Fulton Pky & Hwy 92	570,988	Spec	Q2 - 19
753 Broadway Ave	500,080	Spec	Q2 - 19
S Fulton Pky & Derrick Rd	500.000	Spec	Q2 - 19

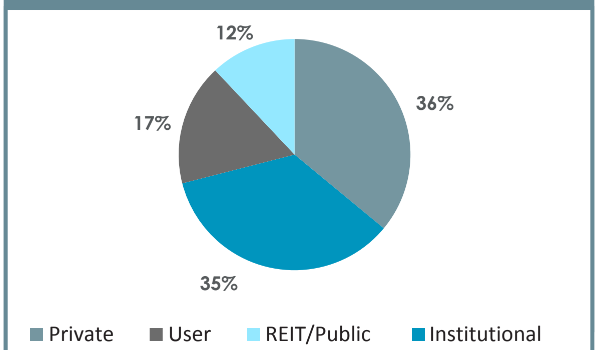
INDUSTRIAL SUBMARKET DATA

Industrial Submarkets	Total Inventory	Vacancy Total SF	Vacancy Q4 '18	Net Absorption 2018 Total	Under Construction	Building 2018 Deliveries	Asking Rent
Northwest	70,795,435	2,486,258	3.5%	1,002,479	1,413,080	446,496	$6.12
North Central	26,742,727	1,114,648	4.2%	220,199	183,578	-	$7.92
Northeast	194,644,628	12,898,809	6.6%	4,401,075	5,598,536	4,781,124	$5.83
St. Mountain / Snapfinger	73,991,815	2,360,893	3.2%	598,224	470,000	669,690	$5.15
South Atlanta	187,588,042	15,108,531	8.1%	10,188,576	7,181,753	10,818,577	$3.82
I-20 West / Fulton Ind	104,235,620	5,010,906	4.8%	5,047,369	2,510,484	3,911,160	$4.39
Chattahoochee / Central Atl	31,882,168	1,617,987	5.1%	(774,434)	-	-	$10.65
Total	**689,880,435**	**40,598,032**	**5.9%**	**20,683,488**	**17,357,431**	**20,627,047**	**$5.08**

Total Submarkets	Total Inventory	Vacancy Total SF	Vacancy Q4 '18	Net Absorption 2018 Total	Under Construction	Building 2018 Deliveries	Asking Rent
Warehouse	533,774,191	32,962,577	6.2%	17,155,380	9,063,753	7,275,789	$4.58
Distribution	107,815,592	4,476,526	4.2%	3,278,718	8,293,678	13,351,258	-
Flex	48,290,652	3,158,929	6.5%	249,390	-	-	$10.30
Total	**689,880,435**	**40,598,032**	**5.9%**	**20,683,488**	**17,357,431**	**20,627,047**	**$5.08**

BUYER TYPE

Q4 2018 sales



DEVELOPMENT

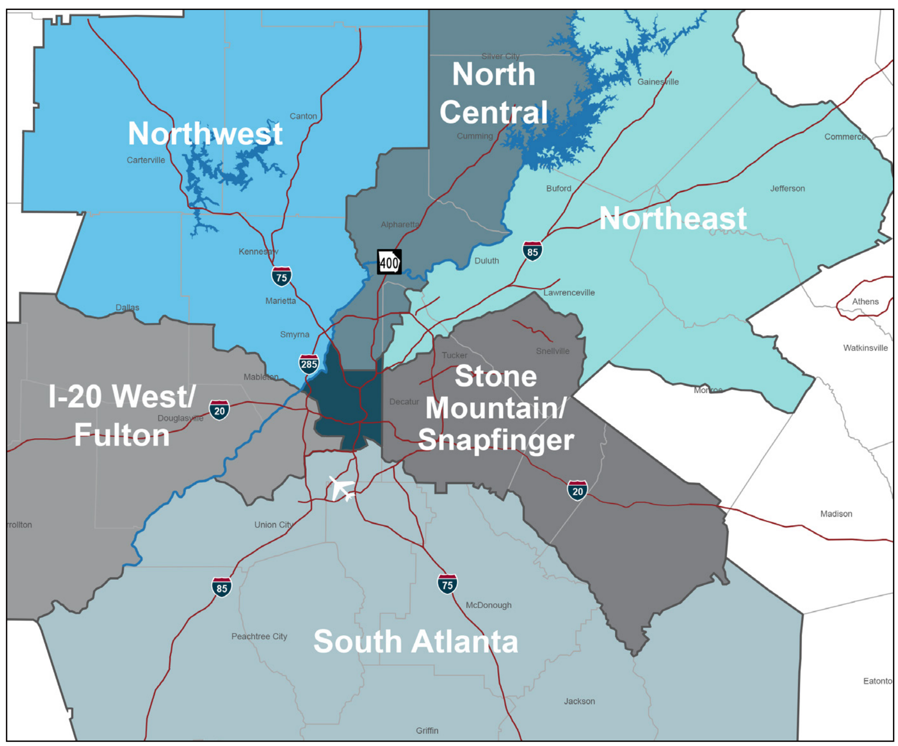
As of Q4 2018

37 total buildings under construction

17.36 million SF under construction

88% of current development is speculative

ATLANTA SUBMARKET MAP



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The Lee & Associates Atlanta Industrial 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 2018 TOP LEASES - SIGNED Lee Atlanta deal highlighted

Property Name/Park	Address	Submarket	Tenant Name	SF	Lease Type
Westridge Logistics Center	159 Westridge Pky	South Atlanta	Blue Buffalo	408,195	New
Hartman Rd Business Park	425 Hartman Rd	I-20 W/Douglasville	Global Beauty Supply	354,620	New
Oakmont/85 South	7225 Goodson Rd	South Atlanta	Interface	370,000	Renewal
Hamilton Mill Business Center	2510 Mill Center Pky	Northeast	Radial	301,320	New
Prologis Park I-85	435 Henry D Robinson	Northeast	Royston	257,313	New

Q4 2018 TOP SALES *Portfolio sales as individual property sales

	Address	Submarket	Buyer	Seller	SF	Sales / PSF
1	705 Braselton Industrial Blvd	Northeast	Uline	Ackerman & Co	1,000,821	$70 M / $70
2	95 Innovation Way	South Atlanta	Agellan Commercial REIT US	LRC Properties	1,917,084	$53 M / $28
3	1040 W Marietta St*	Chattahoochee	QTS Realty Trust Inc	WestRock Co	724,454	$48 M / $66
4	2500 W Park Dr	Northeast	Farallon Capital Management LLC	Industrial Realty Group	758,488	$25 M / $33
5	3750 Blue Ridge Dr*	Northeast	Clarion Partners	Taylor & Mathis Inc	261,106	$25 M / $95

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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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