

Q1 2019

Atlanta Industrial Market Report

1,210,119 SF

Q1 Net Absorption ↓
Q4 4,885,721 SF

6.2 %

Q1 Vacancy ↑
Q4 5.8%

5,790,022 SF

Q1 Leasing Activity ↓

17,207,348 SF

Under Construction ↓

2,963,878 SF

New Supply Delivered ↓

\$5.19 SF

Average Asking Rent per YR

\$57

Average Sales per SF

\$629 M

162 Sales Transactions

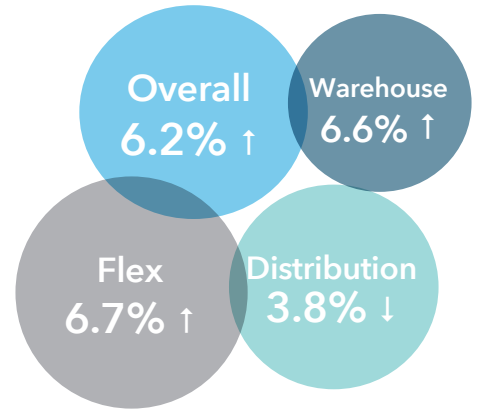


MARKET OVERVIEW

Overall vacancy slightly increased 40 basis points in the Atlanta industrial market to 6.2%. Total industrial inventory is just shy of 700 million SF and on track to break 700 million by mid year 2019. Developers continue to push new spec and built to suit opportunities as six new buildings were broken ground in Q1, totaling 3.28M SF. At the end of Q1, the Atlanta market added 2.96 million SF of new industrial product (100,000 SF plus) to the marketplace, 23% of that being leased. Absorption was still positive at 1.2M SF for the quarter but was the lowest total since Q1 2012.

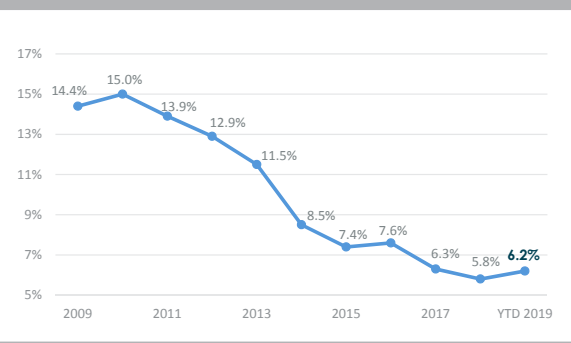
Atlanta is the economic engine of the Southeast and the fastest growing region in the country. As population, job growth and e-commerce continue to surge, the metro Atlanta region will continue to be one of the top industrial markets in the country.

OVERALL VACANCY RATES



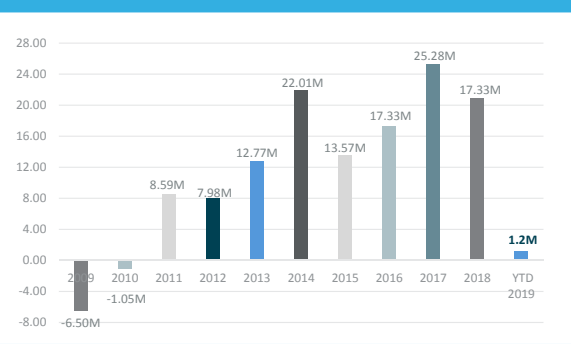
VACANCY

percentage, 2009 - 2019



ABSORPTION

in SF, 2009 - 2019



ABSORPTION

- Absorption was positive 1,210,119 SF in Q1, the lowest since Q1 2012. Trane US (400,125 SF) moved into the Southmeadow Distribution Warehouse and Kuhne & Nagel (304,320 SF) moved into the Royal 85 Business Center in Q1 2019.

VACANCY RATE

- Vacancy increased 40 basis points to 6.2%.

RENTAL RATES

- Average quoted asking rental rate for all classes increased to \$5.19 PSF, an increase of \$1.17 PSF or 19%, since 2009.

DEVELOPMENT/CONSTRUCTION

- Of the 17.21 million SF of industrial space under construction, 13.4 million SF was speculative. Two build to suits broke ground in the Northeast submarket in Q1, SK Innovation (1 M SF) & Auto Metal Direct (318,000 SF).

SALES ACTIVITY

- The largest sale transaction of Q1 was the sale of 590 Coweta Industrial Park, 1,208,301 SF for \$66 PSF by GLL Real Estate Partners Inc in South Atlanta. Southwest 85 Logistics Center was built in 2018 and fully occupied by tenant Saddle Creek at the time of the sale.

LEASING ACTIVITY

- Leasing activity remained healthy in Q1 at 5,790,022 SF leased
- The largest lease transaction of Q1 was signed by PVH Corp; 982,777 SF in the South Atlanta submarket at 8500 Tatum Rd.

LARGEST PROJECTS UNDER CONSTRUCTION as of Q1 2019

Project Location	Building SF	Tenant	Delivery
King Mill Rd	1,104,320	Spec	Q2 - 19
Steve Reynolds Industrial Pkwy	1,099,880	Haier	Q2 - 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
Steve Reynolds Industrial Pkwy	1,000,000	SK Innovation	Q1 - 21

Project Location	Building SF	Tenant	Delivery
Factory Shoals	925,800	Spec	Q2 - 19
100 International Pky	766,080	Spec	Q2 - 19
875 Highway 42 S	728,000	Spec	Q1 - 20
4955 Oakley Industrial Blvd	703,080	Post Consumer Brands	Q1 - 20
515 Old Cassville White Rd	647,000	Lolio Inc	Q2 - 19
S Fulton Pky & Hwy 92	570,988	Spec	Q2 - 19
753 Broadway Ave	500,080	Spec	Q3 - 19

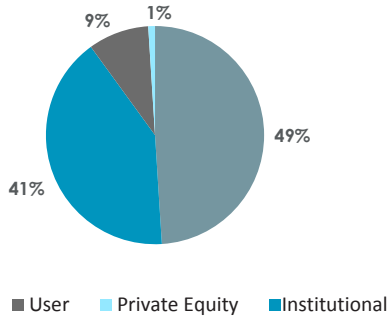


INDUSTRIAL SUBMARKET DATA

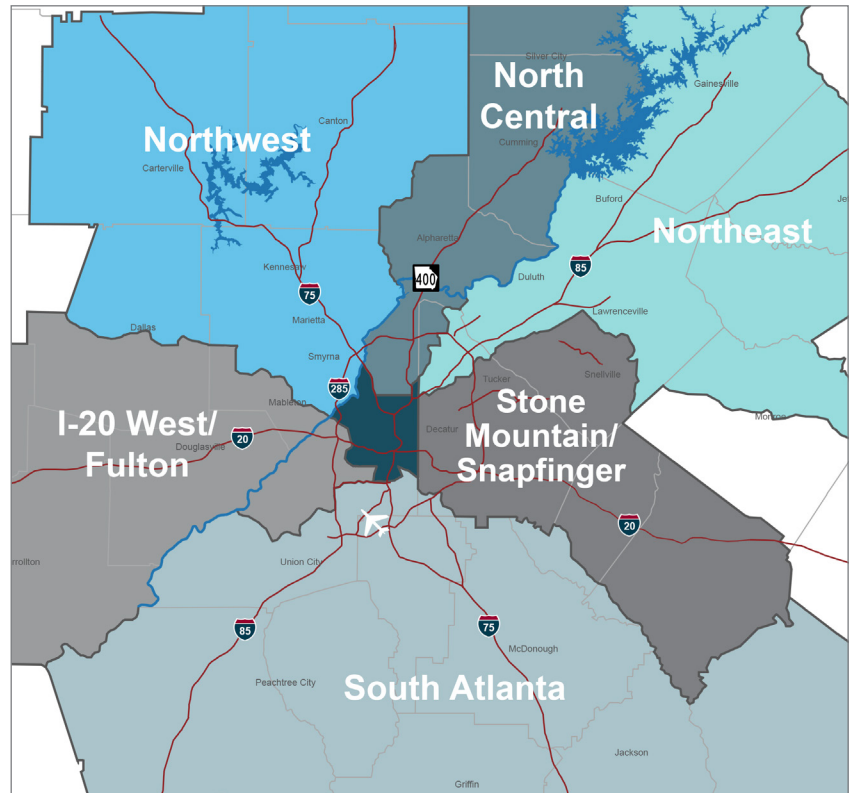
Industrial Submarkets	Total Inventory	Vacancy Total SF	Vacancy Q1 '19	YTD 2019 Net Absorption	Under Construction	YTD 2019 Deliveries	Asking Rent
Northwest	71,913,950	2,506,136	3.5%	(11,013)	1,413,080	-	\$6.41
North Central	26,819,773	1,170,578	4.4%	40,229	183,578	-	\$8.06
Northeast	197,113,638	14,562,074	7.4%	564,463	5,598,536	1,445,120	\$4.92
St. Mountain / Snapfinger	73,995,698	2,821,118	3.8%	(45,966)	470,000	669,690	\$4.66
South Atlanta	188,400,596	14,744,085	7.8%	765,671	7,181,753	193,440	\$3.98
I-20 West / Fulton Ind	105,018,710	5,496,293	5.2%	30,644	1,823,495	1,325,318	\$4.44
Chattahoochee / Central Atl	31,573,976	1,866,377	5.9%	(133,909)	-	-	\$10.42
Total	694,836,341	43,166,661	6.2%	1,210,119	17,207,348	2,963,878	\$5.19

Total Submarkets	Total Inventory	Vacancy Total SF	Vacancy Q1 '19	YTD 2019 Net Absorption	Under Construction	YTD 2019 Deliveries	Asking Rent
Warehouse	538,367,103	35,777,861	6.6%	1,068,965	8,824,081	1,136,278	\$4.71
Distribution	107,640,818	4,135,971	3.8%	53,464	8,383,267	1,827,600	-
Flex	48,828,420	3,252,829	6.7%	87,690	-	-	\$10.28
Total	694,836,341	43,166,661	6.2%	1,210,119	17,207,348	2,963,878	\$5.19

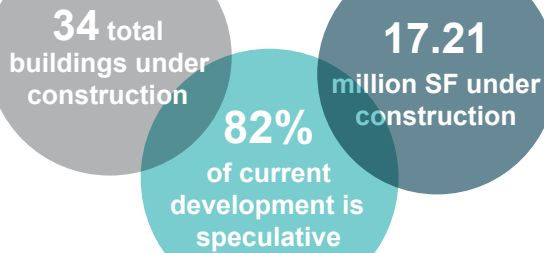
BUYER TYPE Q1 2019 sales



ATLANTA SUBMARKET MAP



DEVELOPMENT As of Q1 2019



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Third-party data sources: CoStar Group, Inc., Real Capital Analytics, and Georgia State Economic Forecasting Center.

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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Q1 2019 TOP LEASES - SIGNED

Property Name/Park	Address	Submarket	Tenant Name	SF	Lease Type
Shugart Farms - Bldg 2	8500 Tatum Rd	South Atlanta	PVH Corp	982,777	New
Southmeadow Distribution Warehouse	4286 E Southmeadow Pky	South Atlanta	Trane US, Inc	400,125	New
Southfield Logistics Center	5345 Old Dixie Hwy	South Atlanta	XPO Logistics	373,900	Renewal
Camp Creek 4505	4505 N Commerce Dr	South Atlanta	POP Displays	336,960	New
Westfork Business - Bldg B4	875 Maxham Rd	I-20 W/Fulton Ind	Sugar Foods	247,000	New

Q1 2019 TOP SALES

	Address	Submarket	Buyer	Seller	SF	Sales / PSF
1	590 Coweta Industrial Park	South Atlanta	GLL Real Estate Partners Inc	Core5 Industrial Partners	1,208,301	\$79 M / \$66
2	2160 Anvil Block Rd	South Atlanta	TA Realty	Barrings LLC	848,421	\$57 M / \$67
3	1015 Collinsworth Rd	South Atlanta	MCB Real Estate LLC	TPA Group LLC	1,000,200	\$51 M / \$51
4	117 Valentine Industrial Pky	Northeast	Hillwood, A Perot Company	USAA Real Estate Co	1,021,440	\$45 M / \$44
5	2500 Mill Center Pky	Northeast	Invesco Advisers Inc	Gramercy	550,000	\$40 M / \$73



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