

LEE & ASSOCIATES ATLANTA

INDUSTRIAL MARKET REPORT Q3 2020

8,180,358 SF
Q3 Net Absorption ↑
Q2 4,592,814 SF

6.6 %
Q3 Vacancy ↓
Q2 7.1%

11,668,202 SF
Q3 Leasing Activity ↓
Q2 13,161,499 SF

19,597,300 SF
Q3 Under Construction ↓
Q2 22,032,920 SF

7,171,712 SF
Q3 New Supply Delivered ↑
Q2 4,237,577 SF

\$6.35 PSF
Q3 Avg. Asking Rent (per yr.) ↑
Q2 \$6.01PSF

\$63 PSF
Q3 Average Sales ↔
Q2 \$63 PSF

\$721,906,987
Q3 182 Sales Transactions ↑
Q2 \$396,100,553



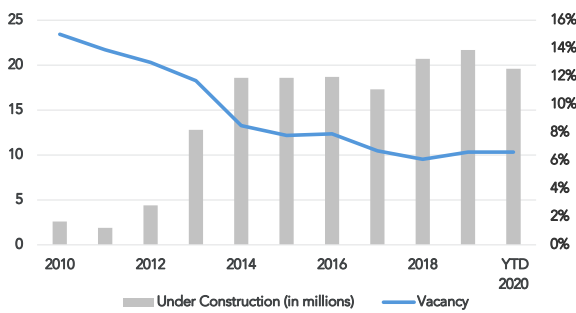
OVERALL VACANCY RATES Q3 2020

6.6% ↓ Overall
 7.3% ↓ Warehouse
 6.6% ↑ Flex
 3.0% ↑ Distribution

MARKET OVERVIEW

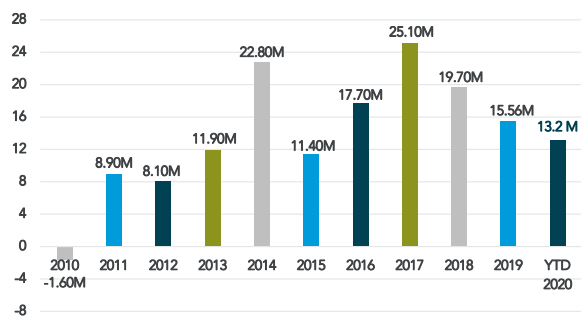
Even with the economic impact of the COVID-19 pandemic, Atlanta’s industrial real estate market continued to thrive with exceptional demand in Q3 2020. Vacancy dropped 50 basis points to 6.6%, even with seven million SF of new industrial inventory entering the market. Leasing activity, while not as robust as quarters past, still showed strength in numbers as industry giants Amazon and Home Depot grew their Atlanta footprints in Q3. These expansions and new relocations are leading to thousands of new jobs in the Atlanta marketplace. In the October 2020 release by the US Bureau of Labor Statistics, Atlanta’s unemployment rate was 6.3% in August 2020, a 2.3% decrease from June and July 2020’s 8.6% unemployment rate. While unemployment is still higher than pre-pandemic levels, we are hopeful the Atlanta market will finish out 2020 with continued job growth fueled by its robust industrial market.

VACANCY & UNDER CONSTRUCTION percentage, 2010 - YTD 2020



Under construction has hovered in the 20-millions since 2018, and we are not seeing a slow down in new projects. At the end of the third quarter, there were 51 projects under construction totaling 19.6 million SF. Of that, 41 projects were speculative and 9% preleased. As restrictions ease, we expect to see an increase in activity as developers capitalize on tenant demand in e-commerce and transportation sectors.

ABSORPTION in SF, 2010 - YTD 2020



ABSORPTION Absorption nearly doubled from Q2 (4.6 million SF) to Q3 (8.2 million SF) thanks to large tenants moving into new space, specifically Amazon occupying 2 million SF in the South Atlanta submarket and 815k in the Northeast submarket.

VACANCY RATE Vacancy declined 50 basis points in Q3 to 6.6%.

RENTAL RATES Avg. asking rates jumped \$0.34 to \$6.35 per SF.

DEVELOPMENT/CONSTRUCTION 7.2 million SF of new industrial inventory was delivered in Q3. Of that, 2.8 million SF was Amazon’s fulfillment center in Stone Mountain which is projected to create 1,000 new jobs in the Metro Atlanta area.

SALES ACTIVITY Remained stagnant at an average of \$63 PSF. However the number of transactions grew, showing increased confidence in the Atlanta market.

LEASING ACTIVITY While slightly down from Q1 and Q2, leasing activity still remains strong in Q3 at 11.7 million as e-commerce, transportation and logistics continue to drive market growth.

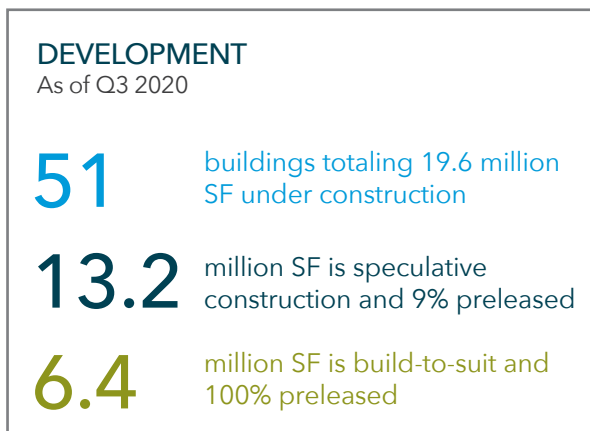
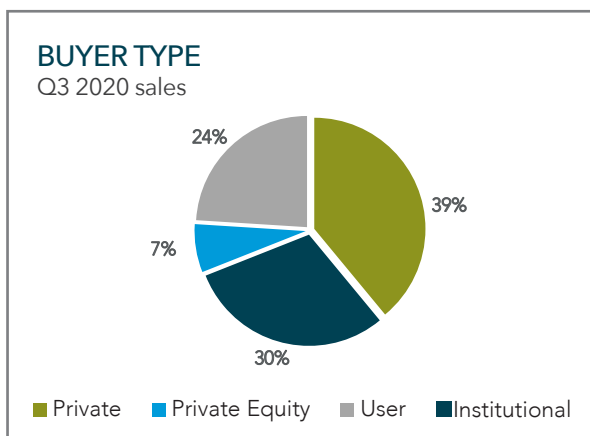
LARGEST PROJECTS UNDER CONSTRUCTION as of Q3 2020

Project Location	Building SF	Tenant	Delivery
139 Orchard Business Pky	1,514,040	Goodyear	Q1 - 21
5115 Stonewall Tell Rd	1,150,000	Spec	Q1 - 21
1250 Cassville White Rd	1,108,990	Spec	Q2 - 21
1522 Steve Reynolds Industrial Pky	1,000,000	SK Innovation	Q1 - 21
1522 Steve Reynolds Industrial Pky	1,000,000	SK Innovation	Q1 - 23
1625 Oakley Industrial Blvd	907,610	Spec	Q1 - 21
1000 Logistics Way	664,000	Home Depot	Q1 - 21
3150 Highway 42	657,600	Home Depot	Q4 - 20
100 Stonecrest Industrial Way	614,676	Home Depot	Q2 - 21
5220 Hwy 138 Rd	573,324	Spec	Q4 - 20
Dr. Luke Glenn Garrett Jr. Pky	529,761	Spec	Q2 - 21
4900 Stonewall Tell Rd	499,500	Spec	Q4 - 20
165 Greenwood Industrial Pky	485,091	Spec	Q4 - 20
200 Riverpoint Rd	401,774	Spec	Q4 - 20

INDUSTRIAL SUBMARKET DATA

Industrial Submarkets	Total Inventory	Vacancy Total SF	Vacancy Q3 2020	YTD 2020 Net Absorption	Under Construction	YTD 2020 Deliveries	Asking Rent
Northwest	74,323,713	3,611,483	4.9%	204,635	3,094,127	700,683	\$6.90
North Central	27,954,624	1,381,269	4.9%	(232,962)	270,242	286,361	\$8.67
Northeast	210,016,495	15,532,658	7.4%	3,244,730	3,832,899	3,556,573	\$6.04
St. Mountain / Snapfinger	76,310,533	3,828,477	5.0%	549,075	926,676	4,136,371	\$5.60
South Atlanta	203,467,327	18,159,724	8.9%	6,716,183	9,071,486	5,059,752	\$5.11
I-20 West / Fulton Ind.	110,326,345	3,435,900	3.1%	3,135,991	2,401,870	1,535,610	\$4.70
Chattahoochee / Central Atl.	31,768,051	2,413,654	7.6%	(412,357)	0	0	\$7.36
Total	734,167,088	48,363,165	6.6%	13,205,295	19,597,300	15,275,350	\$6.35

Total Submarkets	Total Inventory	Vacancy Total SF	Vacancy Q3 2020	YTD 2020 Net Absorption	Under Construction	YTD 2020 Deliveries	Asking Rent
Warehouse	573,606,450	41,883,488	7.3%	12,670,115	7,137,470	3,305,375	\$5.77
Distribution	112,591,314	3,423,250	3.0%	722,200	12,459,830	11,969,975	-
Flex	47,969,324	3,056,427	6.4%	(187,020)	-	-	\$11.82
Total	734,167,088	48,363,165	6.6%	13,205,295	19,597,300	15,275,350	\$6.35



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Forecasting Center.
The Lee & Associates Atlanta Industrial Market Report compiles market data by using a third-party database for the proprietary analysis of building sizes of 15,000 SF and larger in the Atlanta Metropolitan Area.
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Q3 2020 TOP LEASES - SIGNED

Property Name/Park	Address	Submarket	Tenant Name	SF	Lease Type
Gardner Logistics Park	3150 Highway 42	South Atlanta	Radial Logistics	760,608	New
2182 Coffee Rd	2182 Coffee Rd	Snapfinger/I-20 East	Home Depot	615,000	New
Southern Gateway	1325 Highway 42 S	South Atlanta	Purple Innovation	519,680	New
Majestic Airport Center IV	4905 Derrick Rd	South Atlanta	Amazon	500,000	New
McClure Industrial Park	200 Thomas Pkwy	Northeast	Factory Direct	458,640	New

Q3 2020 TOP SALES *portfolio sale

Address	Submarket	Buyer	Seller	SF	Sales / \$ PSF
1 860 John B Brooks Rd	Northeast	Exeter Property Group	Oak Street Real Estate	811,000	\$43.9 M / \$54
2 830 Georgia 42	South Atlanta	Zinus, Inc	LRC Properties	972,350	\$43.3 M / \$44
3 7705 Staples Dr	I-20 West	Bang Energy	LRC Properties	644,040	\$41.0 M / \$64
4 1720 Peachtree Industrial*	Northeast	PGIM, Inc	Crow Holdings	442,000	\$30.5 M / \$69
5 5300 Kennedy Rd	South Atlanta	MDH Partners, LLC	Broadrange Logistics	425,300	\$25.1 M / \$59



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