

LEE & ASSOCIATES ATLANTA

INDUSTRIAL MARKET REPORT Q3 2021

5,300,714 SF
Q3 Net Absorption ↓
Q2 9,524,059 SF

4.4 %
Q3 Vacancy ↓
Q2 4.9 %

13,890,220 SF
Q3 Leasing Activity ↓
Q2 15,923,117 SF

38,205,570 SF
Q3 Under Construction ↑
Q2 24,136,258 SF

7,575,978 SF
Q3 New Supply Delivered ↑
Q2 4,698,624 SF

\$6.84 PSF
Q3 Avg. Asking Rent (per yr.) ↑
Q2 \$6.64 PSF

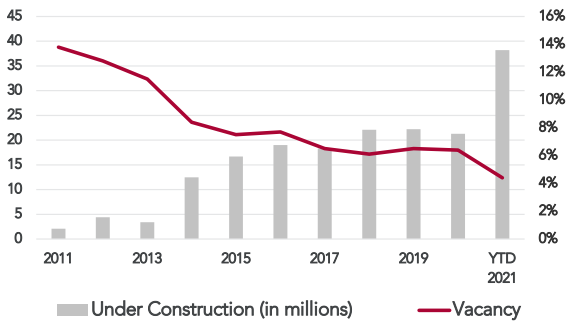
\$92 PSF
Q3 Average Sales ↑
Q2 \$75 PSF

\$605,102,513
Q3 70 Sales Transactions ↑
Q2 \$599,118,093

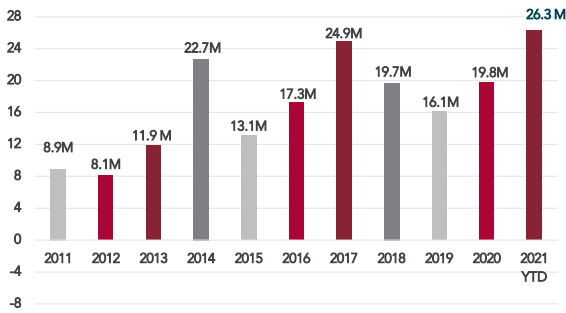
OVERALL VACANCY RATES Q3 2021

4.4% ↓ Overall
 4.8% ↓ Warehouse
 4.6% ↓ Flex
 2.5% ↓ Distribution

VACANCY & UNDER CONSTRUCTION percentage, 2011 - YTD 2021



ABSORPTION in SF, 2011 - YTD 2021



MARKET OVERVIEW

Atlanta’s industrial market continues to roll along to new heights. While net absorption was down this quarter, it was still a robust 5.3 MSF and now top 26.3 MSF for the year, which tops the record set in 2017. In addition, the vacancy rate dropped to a record low of 4.4%, down 50 basis points in just 90 days, and the lowest rate ever seen. Due to the high demand for space, rental rates are climbing quickly, and average asking rents have been up 3% since last quarter.

The Port of Savannah has seen record volume during Q3 and is reporting that many containers are being left at the port because customers have no space to warehouse the contents of the containers. This will drive demand for new space, and with many container ships anchored off the coast awaiting a turn at the port to unload, there is no end in sight for imported goods coming into the US.

At the submarket level, South Atlanta has surpassed the Northeast for the largest submarket (213.8 vs. 212.1 MSF). With over 12 MSF of space under construction, South Atlanta also leads in absorption and space delivered year to date. Fulton Industrial/I-20 West remained the tightest market, with a vacancy rate of 1.7%, and had the most significant jump in new construction starts in Q3, with over 5.5MSF underway.

ABSORPTION Q3 was the lowest so far in 2021 for new absorption at 5.3 MSF, down from 11.4 MSF in Q1 and 9.5 MSF in Q2. Due to previous quarters’ leasing activity, Q4 absorption will increase, and the forecast for 2021 will reach 31 MSF.

VACANCY RATE Down another 50 basis points this quarter and year over year down 220 basis points (4.4% vs. 6.6%). There are now six submarkets below 5% vacant. With over 38 MSF of new construction, the vacancy rate should rise to start in Q1 of 2022.

RENTAL RATES Asking average rates are up 4.5% so far in 2021 and an astonishing 35.7% since the end of 2019. As new buildings flood the market, rates should moderate by the middle of 2022.

DEVELOPMENT/CONSTRUCTION The pipeline of new buildings has topped 38 MSF; this is a record, eclipsing the previous record of 26 MSF. Once all these new buildings are delivered, the Atlanta marketplace will have grown by 5%. There are also a notable 11 buildings over 1 MSF, all currently under construction.

SALES ACTIVITY Buyers continue to comb the Atlanta market, looking for buildings that can be purchased. Prices have jumped into the mid \$90’s to low \$100’s because interest rates remain low, and the thought that rental rates will continue ever higher.

LEASING ACTIVITY While the market remains red hot, activity has dropped to 13.8 MSF, from 15.9 MSF last quarter. Activity is still above pre-pandemic quarterly averages of 2018 and 2019 of 11.8 MSF.

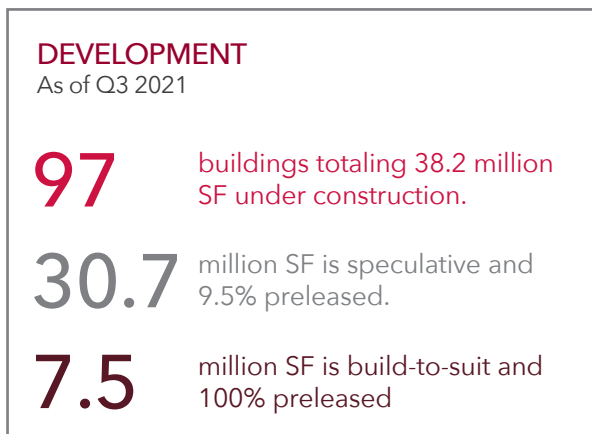
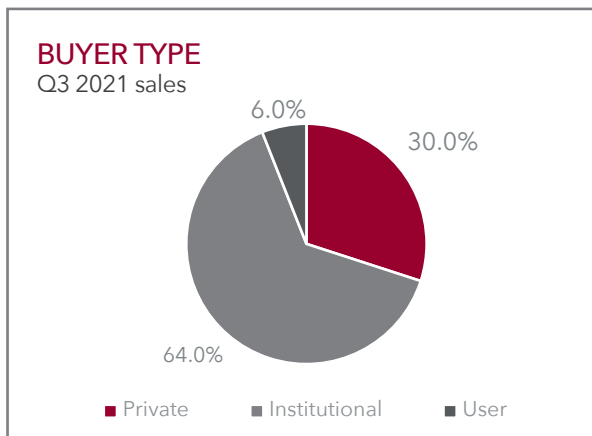
LARGEST PROJECTS UNDER CONSTRUCTION as of Q3 2021

Project Location	Building SF	Tenant	Delivery	Project Location	Building SF	Tenant	Delivery
139 Orchard Business Pky- Bldg 100	1,192,440	Kellogg’s	Q1-22	00 Jett Roberts Rd	1,027,000	Spec	Q2-22
421 Toy Wright Rd	1,174,796	Spec	Q2-22	700 Palmetto Logistics Pky	1,008,474	Spec	Q1-22
1231 Hog Mountain Rd	1,117,800	ACE Hardware	Q2-22	0 W Highway 16	1,006,500	Spec	Q3-22
960 Douglas Hill Road	1,110,960	Spec	Q4-22	315 Greenwood Place	1,001,700	Spec	Q4-21
1250 Cassville White Rd	1,108,990	Spec	Q4-21	1057 Coweta Ind. Pkwy.	1,001,000	Spec	Q4-22

INDUSTRIAL SUBMARKET DATA

Industrial Submarkets	Total Inventory	Vacancy Total SF	Vacancy Q3 2021	2021 Net Absorption	Under Construction	2021 Deliveries	Asking Rent
Northwest	76,986,652	2,477,440	3.2%	2,657,902	7,099,952	1,082,512	\$8.20
North Central	28,671,394	1,237,545	4.3%	143,820	1,042,297	165,141	\$11.34
Northeast	212,068,769	9,480,937	5.7%	6,030,995	9,642,194	1,906,525	\$7.84
St. Mountain / Snapfinger	80,380,413	2,505,797	3.2%	2,157,655	2,197,974	1,094,170	\$6.48
South Atlanta	213,886,705	13,699,352	6.4%	11,101,415	12,648,486	5,872,383	\$5.83
I-20 West / Fulton Ind.	116,115,002	2,003,939	1.7%	3,698,309	5,574,667	1,794,331	\$5.46
Chattahoochee / Central Atl.	31,315,773	2,210,599	7.6%	500,905	0	495,000	\$9.57
Total	759,424,708	33,615,609	4.4%	26,291,001	38,205,570	12,410,062	\$6.84

Total Submarkets	Total Inventory	Vacancy Total SF	Vacancy Q3 2021	2021 Net Absorption	Under Construction	2021 Deliveries	Asking Rent
Warehouse	593,789,762	28,430,226	4.8%	23,169,194	33,611,847	10,209,362	\$6.18
Distribution	114,499,471	2,831,796	2.5%	721,349	2,670,123	401,200	\$6.31
Flex	51,135,475	2,353,587	4.6%	2,400,458	1,923,600	1,799,500	\$11.81
Total	759,424,708	33,615,609	4.4%	26,291,001	38,205,570	12,410,062	\$6.84



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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 2021 TOP LEASES - SIGNED

Property Name/Park	Address	Submarket	Tenant Name	SF	Lease Type
Locust Grove Distr Center	700 Price Dr	South Atlanta	CJ Logistics	1,000,993	New
Union Station Business Center	6000 Studio Way	Airport	DHL	987,840	Renewal
Jefferson Mill Business Park	940 Possum Creek Rd	South Atlanta	Goodman Manu.	749,730	New
Lambert Farms Logistics Park	405 King Mill Rd	South Clayton	Undisclosed	550,800	New
Broadway Distribution Center II	753 Broadway Ave	Northwest	Undisclosed	500,080	New

Q3 2021 TOP SALES *portfolio sale

Address	Submarket	Buyer	Seller	SF	Sales / \$ PSF
1 1325 Hwy 42 S	South Clayton	Kohlberg Kravis Roberts & Co.	PNK Group	1,104,320	\$103MM/ \$92.27
2 6710 Oakley Industrial Blvd	Airport	Goldman Sachs & Co.	The Blackstone Group	977,608	\$134MM/\$137.07
3 6265 Atlantic Blvd	Norcross	Kohlberg Kravis Roberts & Co.	Link Logistics Real Estate	315,176	\$95.5MM/\$303.01
4 4561 Greer Cir	Stone Mt.	Oxford Properties Group	Kohlberg Kravis Roberts & Co.	189,690	\$22.97M/\$121.09
5 4970 Fulton Ind. Blvd SW	Fulton Ind	Longpoint Realty	Socm Properties LLC	157,032	\$11.46MM/\$72.99



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