

LEE & ASSOCIATES ATLANTA

INDUSTRIAL MARKET REPORT

Q3
2022

5,590,261 SF

Q3 Net Absorption

3.7%

Q3 Vacancy Rate

44,038,314 SF

Q3 Under Construction

8,011,206 SF

Q3 New Supply Delivered

\$7.05 PSF

Q3 Avg. Asking Rent / Year

\$112.00 PSF

Q3 Average Sales Price

\$789,298,066

Q3 Total Sales Volume

MARKET OVERVIEW

Developers continued to respond to the heightened demand for industrial space in Atlanta in Q3 2022 with 10.8M SF of groundbreakings, bringing total under construction to 44 MSF. Twenty-two percent of under construction space is pre-committed, despite a slower quarter of leasing activity relative to previous quarters. Vacancy increased 10 basis points in Q3 to 3.7%, which is still far below the market's 10- year average of 6.7%. The Atlanta region is emerging as a major electric vehicle manufacturing and supply hub, boosting industrial demand. SK Innovation, a battery manufacturer for electric vehicles, recently completed and occupied Phase II of its plant in Jackson County, its second 1 MSF facility in the Northeast Atlanta region. Sales volume fell significantly in Q3, driven in part by the challenge of rising financing costs and the consequent delta between buyer and seller expectations. While significant downward pressure on pricing has yet to be realized, average cap rates rose by 70 basis points in Q3 as buyers and sellers paused and/or renegotiated terms.



5,590,261 SF

Q3 Net Absorption
Q2: 5,994,107 SF



3.7%

Q3 Vacancy Rate
Q2: 3.6%



44,038,314 SF

Q3 Under Construction
Q2: 47,750,348 SF



8,011,206 SF

Q3 New Supply Delivered
Q2: 6,873,269 SF



\$7.05 PSF

Q3 Avg. Asking Rent / Year
Q2: \$6.18 PSF



\$112.00 PSF

Q3 Average Sales Price
Q2: \$93.00 PSF

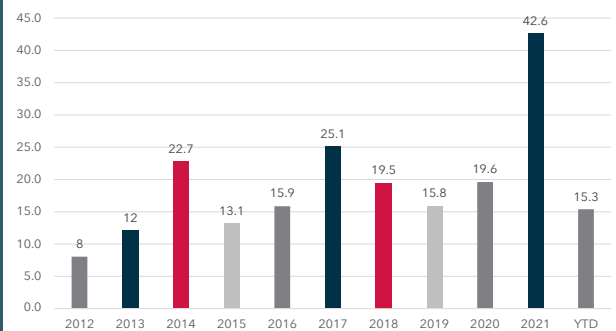


\$789,298,066

Q3 Total Sales Volume
Q2: \$1,247,896,534

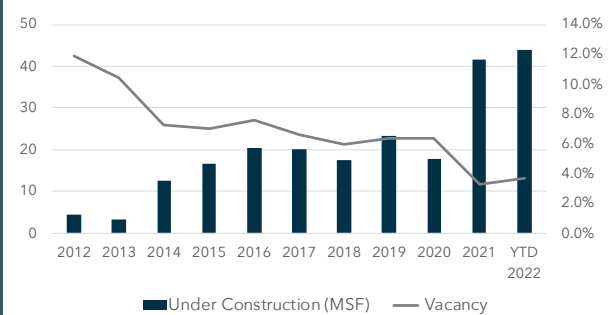
ABSORPTION

in MSF | 2012 - YTD 2022



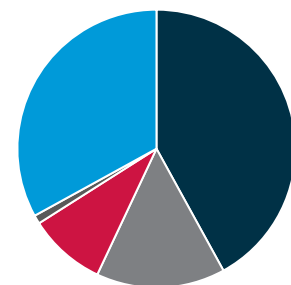
VACANCY & UNDER CONSTRUCTION

in MSF | 2012 - YTD 2022



BUYER TYPE

YTD 2022



■ Private ■ Institutional ■ User ■ REIT/Public ■ Private Equity

INDUSTRIAL SUBMARKETS	TOTAL INVENTORY (SF)	TOTAL VACANT (SF)	Q3 VACANCY RATE	YTD NET ABSORPTION (SF)	UNDER CONSTRUCTION (SF)	YTD DELIVERIES (SF)	AVG. ASKING RENT / YEAR (PSF)
1 Northwest	83,781,901	3,575,605	4.27%	3,372,921	9,592,742	6,185,234	\$8.26
2 North Central	29,219,438	952,688	3.26%	362,284	477,276	772,021	\$12.30
3 Northeast	221,059,441	7,645,830	3.46%	5,303,880	12,793,252	8,717,955	\$6.26
4 Stn. Mountain / Snapfinger	80,289,180	2,253,285	2.81%	922,549	3,377,973	736,022	\$6.96
5 South Atlanta	224,417,220	10,161,616	4.53%	4,523,832	11,461,412	7,968,877	\$5.64
6 I-20 West / Fulton Ind.	118,002,022	3,323,052	2.82%	796,600	6,335,659	1,889,644	\$6.13
7 Chattahoochee / Central	28,982,994	1,351,383	4.66%	-43,707	-	-	\$13.18
TOTAL	785,752,196	29,263,459	3.70%	15,238,359	44,038,314	26,269,753	\$7.05



STANDARD INDUSTRIAL

TOTAL INVENTORY (SF)	733,875,036
TOTAL VACANT (SF)	26,676,120
VACANCY RATE	3.60%
YTD NET ABSORPTION (SF)	15,213,529
UNDER CONSTRUCTION (SF)	41,781,629
YTD DELIVERIES (SF)	26,042,833
AVG. ASKING RENT / YR. (PSF)	\$5.99

standard industrial is comprised of warehouse and shallow bay distribution



FLEX

TOTAL INVENTORY (SF)	51,877,160
TOTAL VACANT (SF)	2,587,339
VACANCY RATE	5.00%
YTD NET ABSORPTION (SF)	25,370
UNDER CONSTRUCTION (SF)	2,256,685
YTD DELIVERIES (SF)	226,920
AVG. ASKING RENT / YR. (PSF)	\$13.00

Q3 2022 TOP SALES



1595 OAKLEY INDUSTRIAL BLVD
SOUTH CREEK

SUBMARKET	South Atlanta
BUYER	Kin Properties, Inc
SELLER	Blackstone Inc
SIZE (SF)	1,505,690
SALE PRICE	\$134,500,000 (\$89.33 PSF)



700 PALMETTO LOGISTICS PKY - BLD 3
PALMETTO LOGISTICS PARK

SUBMARKET	South Atlanta
BUYER	Black Creek Group
SELLER	PGIM Real Estate
SIZE (SF)	1,008,474
SALE PRICE	\$81,648,000 (\$80.96 PSF)



6760 MAPLE AVE - BLD 2
BUFORD COMMERCE PARK

SUBMARKET	Northeast
BUYER	Black Creek Group
SELLER	PGIM Real Estate
SIZE (SF)	336,900
SALE PRICE	\$54,237,428 (\$160.99 PSF)



1420 GREENWOOD RD
GREENWOD INDUSTRIAL PARK

SUBMARKET	South Atlanta
BUYER	United States Cold Storage
SELLER	LXP Industrial Trust
SIZE (SF)	296,972
SALE PRICE	\$28,000,000 (\$94.28 PSF)

Q3 2022 TOP LEASES



381 DAVIS LAKE RD
GARDNER LOGISTICS PARK - PHASE III

SUBMARKET	South Atlanta
TENANT	Kuhne & Nagel
SIZE (SF)	1,003,954
LEASE TYPE	New



500 BUSINESS CENTER DR
500 BUSINESS CENTER

SUBMARKET	South Atlanta
TENANT	Dollar General
SIZE (SF)	712,040
LEASE TYPE	New



2464 MT. ZION RD
CLAYTON 75

SUBMARKET	South Atlanta
TENANT	Conn's
SIZE (SF)	705,833
LEASE TYPE	New



7965 BOWEN RD
PALMETTO DISTRIBUTION CENTER

SUBMARKET	South Atlanta
TENANT	Syncreon Technology
SIZE (SF)	686,038
LEASE TYPE	New

Q3 2022 TOP UNDER CONSTRUCTION

PROJECT NAME	LOCATION	BUILDING SIZE	SUBMARKET	DELIVERY
Busch Commerce Center	1136 Cassville White Road	1,218,620	Northwest	Q2 - 23
Ace Hardware	1231 Hog Mountain Road	1,117,800	Northeast	Q4 - 22
RiverWest Distribution Center	980 Douglas Hill Road	1,110,960	1-20 West/Fulton Ind	Q1 - 23
McClure 85 Logistics Center	00 Jett Roberts Rd	1,027,000	Northeast	Q4 - 22
Georgia North Industrial Park	300 International Parkway	1,010,100	Northwest	Q3 - 23
Cubes at River Park	0 GA Highway 16	1,006,500	South Atlanta	Q1 - 23
Gardner Logistics Park - Phase III	381 Davis Lake Road	1,003,954	South Atlanta	Q2 - 23
Coweta Logistics Center	1057 Coweta Industrial Parkway	1,001,000	South Atlanta	Q4 - 22



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