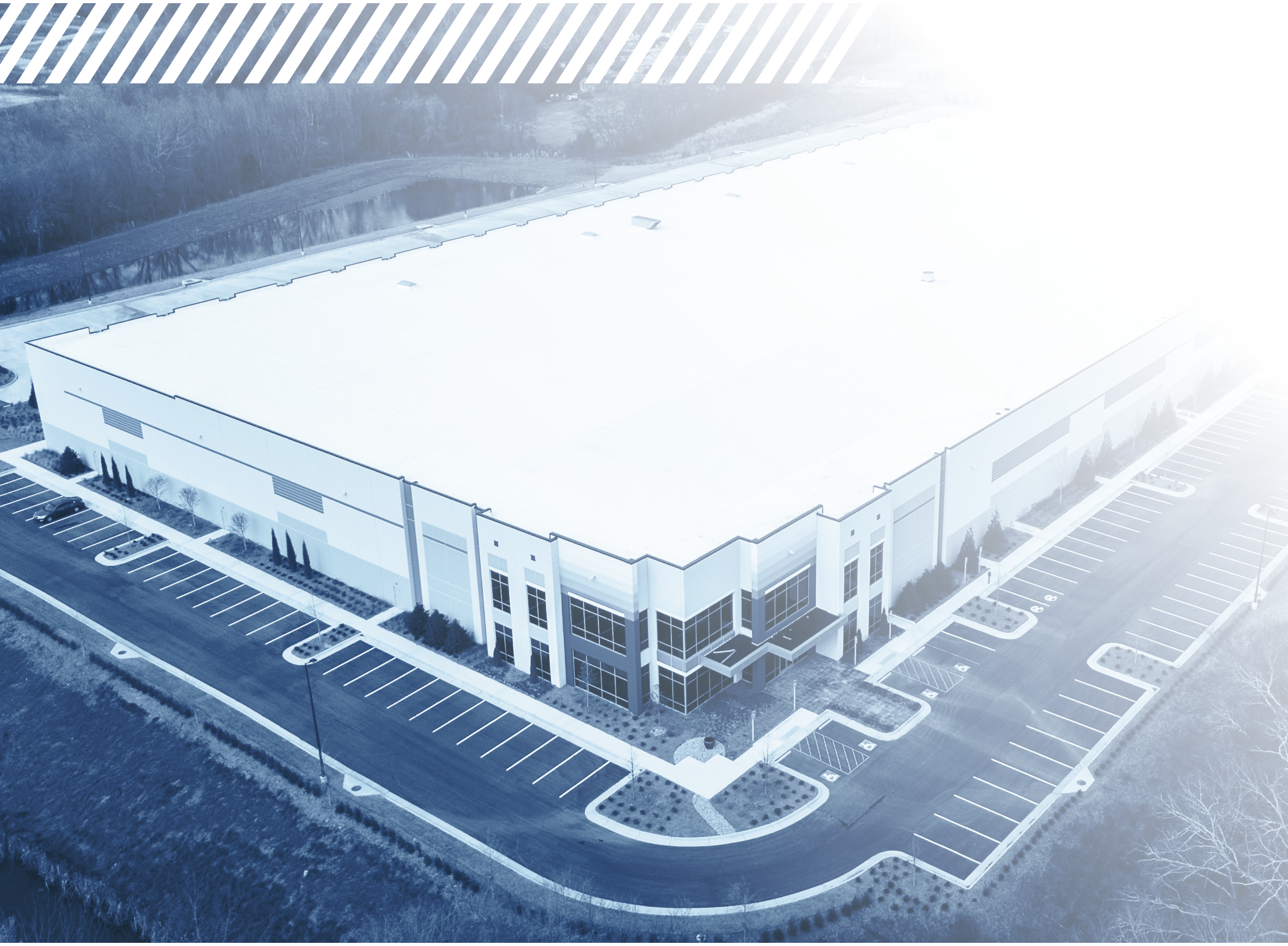
LEE & ASSOCIATES
COMMERCIAL REAL ESTATE SERVICES

ATLANTA INDUSTRIAL MARKET REPORT

Market cools as leasing activity slows, sublease availability rises.



3500 Lenox Road, Suite 1600 | Atlanta, GA 30326 | 404.442.2810 | lee-associates.com/atlanta

WHAT'S HAPPENING

After record-setting activity in 2021 and 2022, Atlanta's industrial market slowed in the first half of 2023. While industrial demand remains high, a slow deal process coupled with market uncertainty led leasing activity to decline to 6,460,974 SF in Q2 2023, the lowest level since Q3 2011. Sublease availability also grew by more than 3.2 MSF in Q2. Decelerating activity has not discouraged landlords from increasing rents, which hit a new record high of $8.32 PSF. Vacancy rose for the fourth consecutive quarter to 5.1% and tenant move-outs dropped net absorption to -557,882 SF in Q2 2023. Despite the Q2 slowdown, developers pushed ahead with new groundbreakings, with 36.2 MSF under construction, 19% of which is pre-committed.

-557,882 SF
Q2 NET ABSORPTION
Q1: 1.9 MSF

5.1%
Q2 VACANCY RATE
Q1: 4.5%

36.2 MSF
Q2 UNDER CONSTRUCTION
Q1: 35.6 MSF

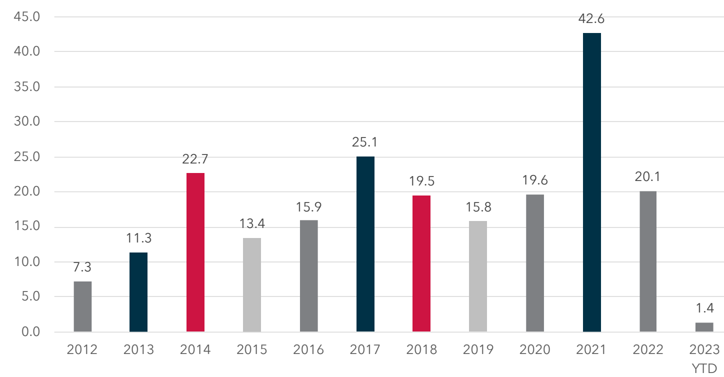
4.4 MSF
Q2 NEW SUPPLY DELIVERED
Q1: 8.8 MSF

$8.32
Q2 AVG. ASKING RENT | YEAR
Q1: $8.24

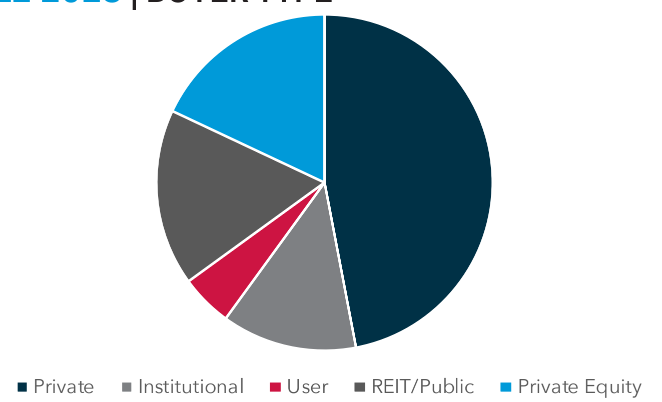
$129 PSF
Q2 AVG. SALES PRICE
Q1: $121 PSF

$3.5 Billion
ROLLING 12-MO VOLUME
Q1: $4.1 Billion

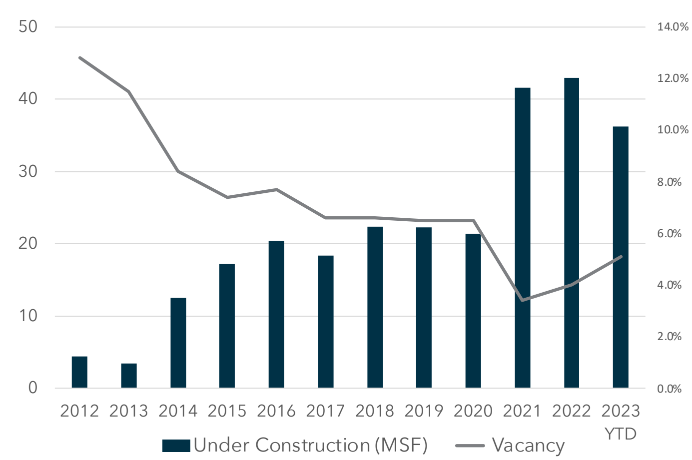
Q2 2023 | ABSORPTION



Q2 2023 | BUYER TYPE



Q2 2023 | VACANCY & UNDER CONSTRUCTION



2023 STATS

TOP SALES

PALMETTO DISTRIBUTION CENTER
PALMETTO, GA 30268

SUBMARKET	South Atlanta
BUYER	KKR Real Estate
SELLER	Becknell Industrial
SIZE (SF)	686.038
SALE PRICE	$85,000,000 *($123.90 PSF)*

*** HARTMAN I**
AUSTELL, GA 30168

SUBMARKET	I 20 W | Fulton Industrial
BUYER	Prologis
SELLER	Blackstone Inc
SIZE (SF)	353,982
SALE PRICE	$47,096,243 *($133.05 PSF)*

*** HARTMAN II**
AUSTELL, GA 30168

SUBMARKET	I 20 W | Fulton Industrial
BUYER	Prologis
SELLER	Blackstone Inc
SIZE (SF)	261,799
SALE PRICE	$37,653,756 *($143.83 PSF)*

MCEVER 985 DISTRIBUTION CENTER
OAKWOOD, GA 30566

SUBMARKET	Northeast
BUYER	Cabot Properties
SELLER	NewStar Asset Mng.
SIZE (SF)	214,479
SALE PRICE	$23,592,910 *($110 PSF)*

* part of a portfolio sale

TOP LEASES

INTERNATIONAL COMMERCE CENTER
ADAIRSVILLE, GA 30103

SUBMARKET	Northwest
TENANT	Broadrange Logistics
SIZE (SF)	691,667
LEASE TYPE	New

GWINNET REGIONAL DISTR. CENTER
DULUTH, GA 30096

SUBMARKET	Northeast
TENANT	Broder Bros Co
SIZE (SF)	320,530
LEASE TYPE	Renewal

601 LOGISTICS PARKWAY
JACKSON, GA 30233

SUBMARKET	South Atlanta
TENANT	Yongsan Automotive
SIZE (SF)	306,035
LEASE TYPE	New

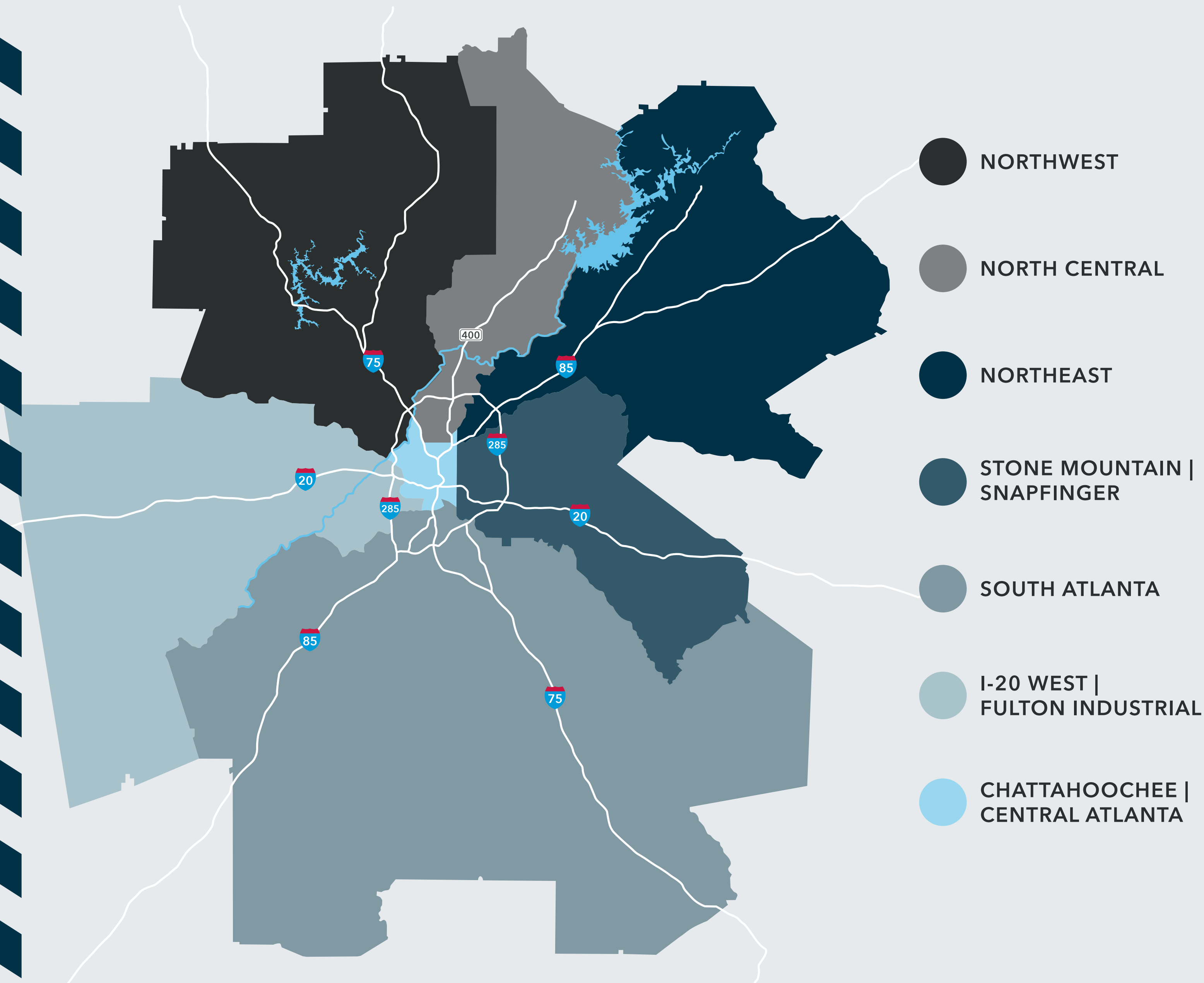
SOUTHPOINT | BUILDING B
FOREST PARK, GA 30297

SUBMARKET	South Atlanta
TENANT	Sanofi-Aventis U.S.
SIZE (SF)	297,000
LEASE TYPE	New

TOP UNDER CONSTRUCTION

PROJECT NAME	LOCATION	BUILDING SIZE	SUBMARKET	DELIVERY
Project Archer	Richard Petty Blvd	2,200,000	South Atlanta	Q1 - 2024
Busch Commerce Center	1136 Cassville White Road	1,218,620	Northwest	Q3 - 2023
The Cubes Bridgeport - Bldg D	Bridgeport Blvd	1,201,200	South Atlanta	Q1 - 2024
Jackson 85 North Business Park - Bldg 2	352 Raco Pkwy	1,017,900	Northeast	Q1 - 2024
Georgia North Industrial Park	300 International Parkway	1,010,100	Northwest	Q3 - 2023
Gardner Logistics Park - Phase III	381 Davis Lake Road	1,003,954	South Atlanta	Q3 - 2023
Commerce Logistics Center - Bldg 1	159 Commerce Logistics Dr	937,440	Northeast	Q3 - 2023
Lidl Regional Distribution Center	3301 Iris Dr	925,000	Stone Mountain | Snapfinger	Q4 - 2023

	INDUSTRIAL SUBMARKETS	TOTAL INVENTORY (SF)	TOTAL VACANT (SF)	VACANCY RATE	12 MONTH NET ABSORPTION (SF)	UNDER CONSTRUCTION (SF)	YTD DELIVERIES (SF)	AVG. ASKING RENT / YEAR (PSF)
1	Northwest	87,707,610	4,783,843	5.5%	2,296,338	8,353,064	3,125,986	$9.94
2	North Central	30,126,670	1,480,099	4.9%	38,484	133,000	207,276	$13.68
3	Northeast	228,607,031	11,735,682	5.1%	3,733,802	9,953,919	2,579,637	$7.99
4	Stn. Mountain | Snapfinger	81,118,006	3,650,046	4.5%	-59,207	4,484,156	379,145	$7.10
5	South Atlanta	230,363,232	11,503,438	5.0%	5,471,549	10,602,588	3,451,092	$6.79
6	I-20 West | Fulton Ind.	121,912,648	6,681,138	5.5%	368,733	2,698,881	3,501,601	$6.94
7	Chattahoochee | Central Atl.	29,048,304	1,537,118	5.3%	-9,262	-	-	$16.89
		808,883,501	**41,371,364**	**5.1%**	**11,840,437**	**36,225,608**	**13,244,737**	**$8.32**



Report analysis by: Daniel Wagner, Chief Data Officer | Kate Hunt, Senior Research Analyst
Report created by: Bentley Rysedorph, Sr. Graphic Designer | Hannah Johnson, Sr. Marketing Coordinator

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3500 Lenox Road, Suite 1600 | Atlanta, GA 30326
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