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2026 Atlanta Industrial **FORECAST**



INTRODUCTION

Shifting Currents: Key Predictions for Atlanta's Industrial Market in 2026

Atlanta's industrial market enters 2026 defined by recalibration and forward momentum. After several years of rapid expansion, robust construction and elevated leasing activity, the market is transitioning toward balance rather than slowdown. Developers are approaching new projects with precision, occupiers are optimizing their footprints and investors are reengaging as capital conditions improve. Modernization through automation, efficiency and design continues to reshape operations and elevate the quality of industrial space across the metro. Amid these shifting currents, Atlanta remains one of the Southeast's most resilient and sought-after industrial markets, anchored by strong fundamentals, adaptive demand and long-term growth potential.

The Year Ahead

The forces shaping Atlanta's industrial landscape in 2026 are dynamic but balanced, a market adjusting, not retreating. The following five predictions explore how supply, leasing, pricing, investment and modernization will define the next phase of growth. Together, they illustrate an industrial sector moving with purpose through shifting currents, grounded by enduring demand and strategic adaptability.

2026 PREDICTIONS

1 | Supply & Vacancy Better Balanced

Atlanta's industrial market remains largely balanced—supply is sufficient to support continued absorption and tenant expansion, yet restrained enough to sustain rent growth and keep vacancy healthy. With limited new product delivering early in the year, we expect the current 9.5% vacancy rate to edge down slightly in the first half of 2026. A new wave of completions in the back half of the year will introduce some upward pressure, but overall we anticipate vacancy remaining stable within an 8.5% to 10.5% range, avoiding any dramatic swings.

2 | The Renewal Wave Reaches Shore

A significant wave of renewal activity is set to shape Atlanta's industrial market in 2026 and 2027 as a large cohort of tenants approaches lease expiration. More than 110 million square feet of deals were signed in 2021-2022, when occupiers raced to secure space to support surging consumer demand for goods. The Northeast submarket will see the greatest share of renewals, accounting for roughly 38% of expiring leases, followed by South Atlanta and Northwest.

3 | Moderate Rental Growth

Atlanta has enjoyed exceptional rent growth over the past six years, driven by sustained tenant demand and rapid absorption, with average contract rents more than doubling over the period. Much of this surge occurred between 2020 and 2023, when supply lagged and competition for space peaked. Looking ahead, a more balanced demand-supply environment should temper the pace of increases, with annual rent growth expected to normalize in the 3.5%-4.0% range.

4 | Capital Flows Increase

Industrial fundamentals in Atlanta remain strong, and even modest easing in borrowing costs would help stabilize cap rates and gradually firm up pricing. If the Fed manages a controlled path of rate cuts, we expect improving buyer sentiment and a slow pickup in transaction activity—particularly for modern, functional buildings. While a “higher-for-longer” scenario remains a possibility, the base case points to steady pricing and mild upward pressure on \$/SF as fundamentals remain solid and capital re-enters the market.

5 | Warehouse Modernization Accelerates

With the number of employees per facility flattening as global robot installations accelerate, the industrial sector is hitting a point where automation—not labor—is driving the next wave of productivity gains. In Atlanta, we expect 2026-2027 to bring wider adoption of AI-enabled building systems, robotics-ready design and autonomous warehouse technologies as tenants seek efficiency and owners use automation as a competitive amenity.

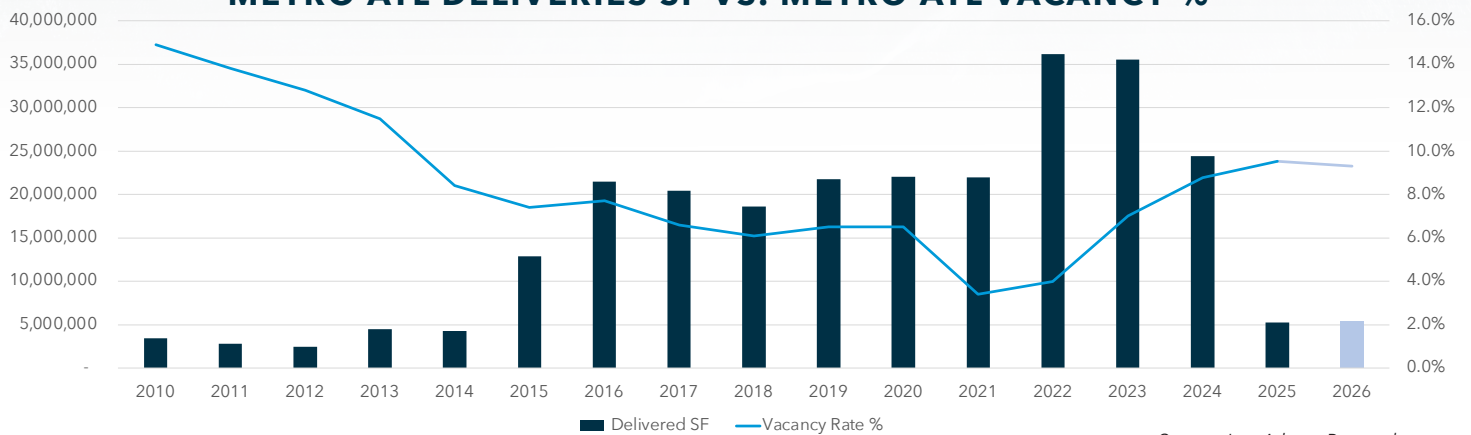
PREDICTION #1

Supply & Vacancy Better Balanced

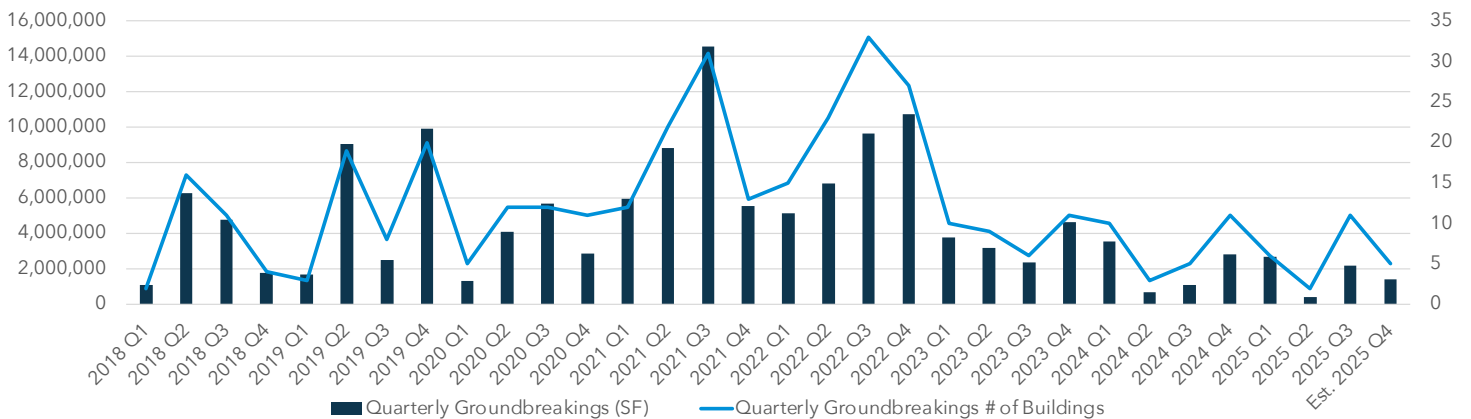
Low Vacancy Early, Slight Lift Later

Defining the trend: Vacancy will remain tight in early 2026 as few building completions enter the market, then gradually ease in the back half of the year as a new round of projects deliver.

METRO ATL DELIVERIES SF VS. METRO ATL VACANCY %



INDUSTRIAL GROUNDBREAKINGS



How the Currents Could Shift...

If stronger than expected absorption occurs early in 2026, vacancy may decrease more rapidly than predicted, paving the way for developers to kickoff new buildings earlier than expected.

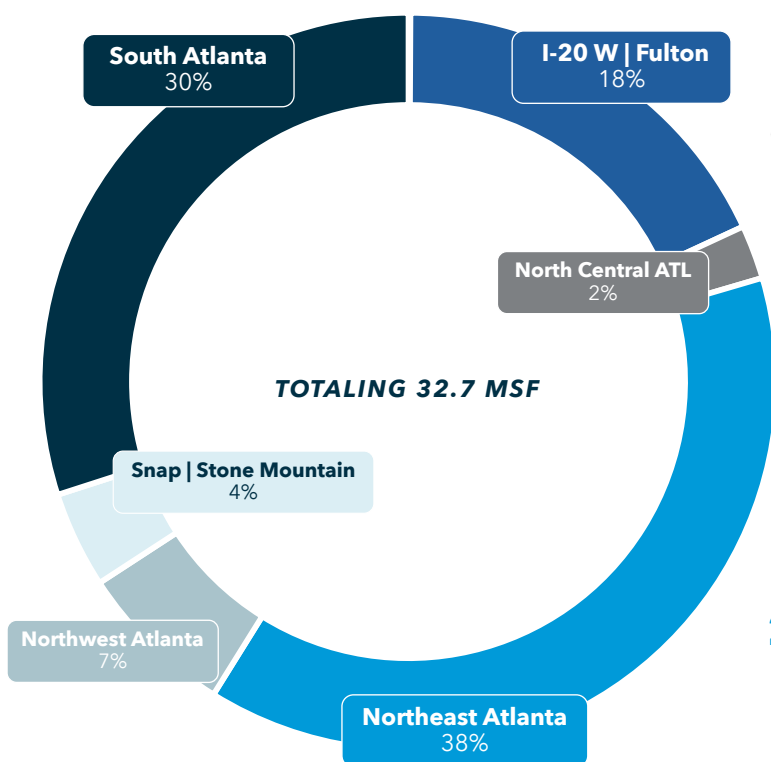
PREDICTION #2

The Renewal Wave Reaches Shore

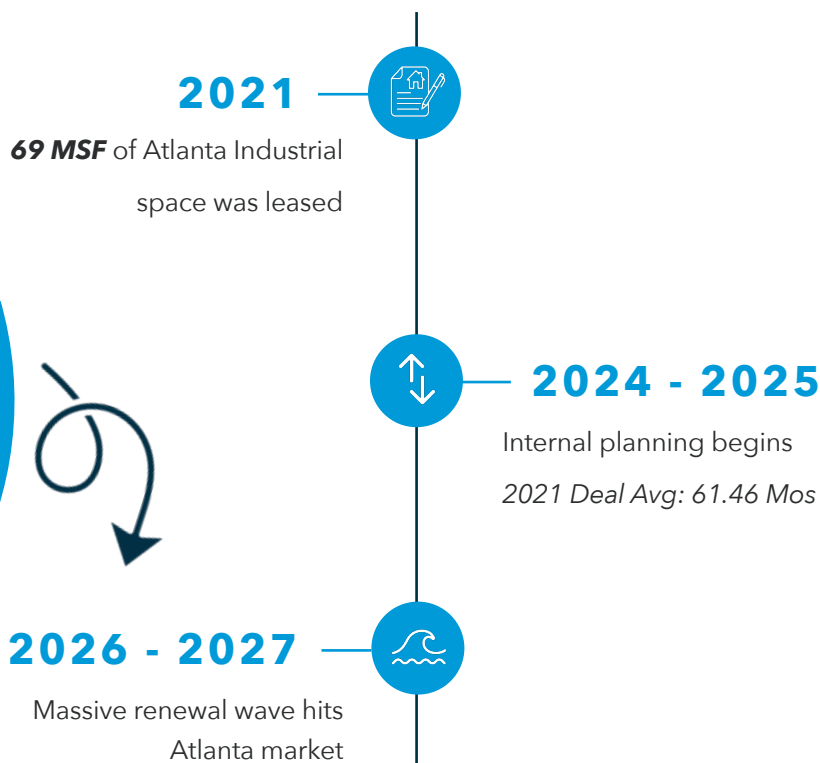
Leasing Activity to Accelerate

A major renewal wave is approaching Atlanta's industrial market. Many tenants who signed leases in 2021 will face expiration in 2026 and 2027, creating one of the largest renewal cycles the market has seen in recent years. With a significant share of these occupiers likely to stay put to avoid the cost of relocation and the risk of operational disruption, renewal activity is expected to climb. As a result, availability will tighten, with fewer spaces returning to the market and turnover slowing compared to typical cycles.

TOTAL SF EXPIRING IN 2026



RENEWAL TIMELINE



How the Currents Could Shift...

Source: Lee Atlanta Research

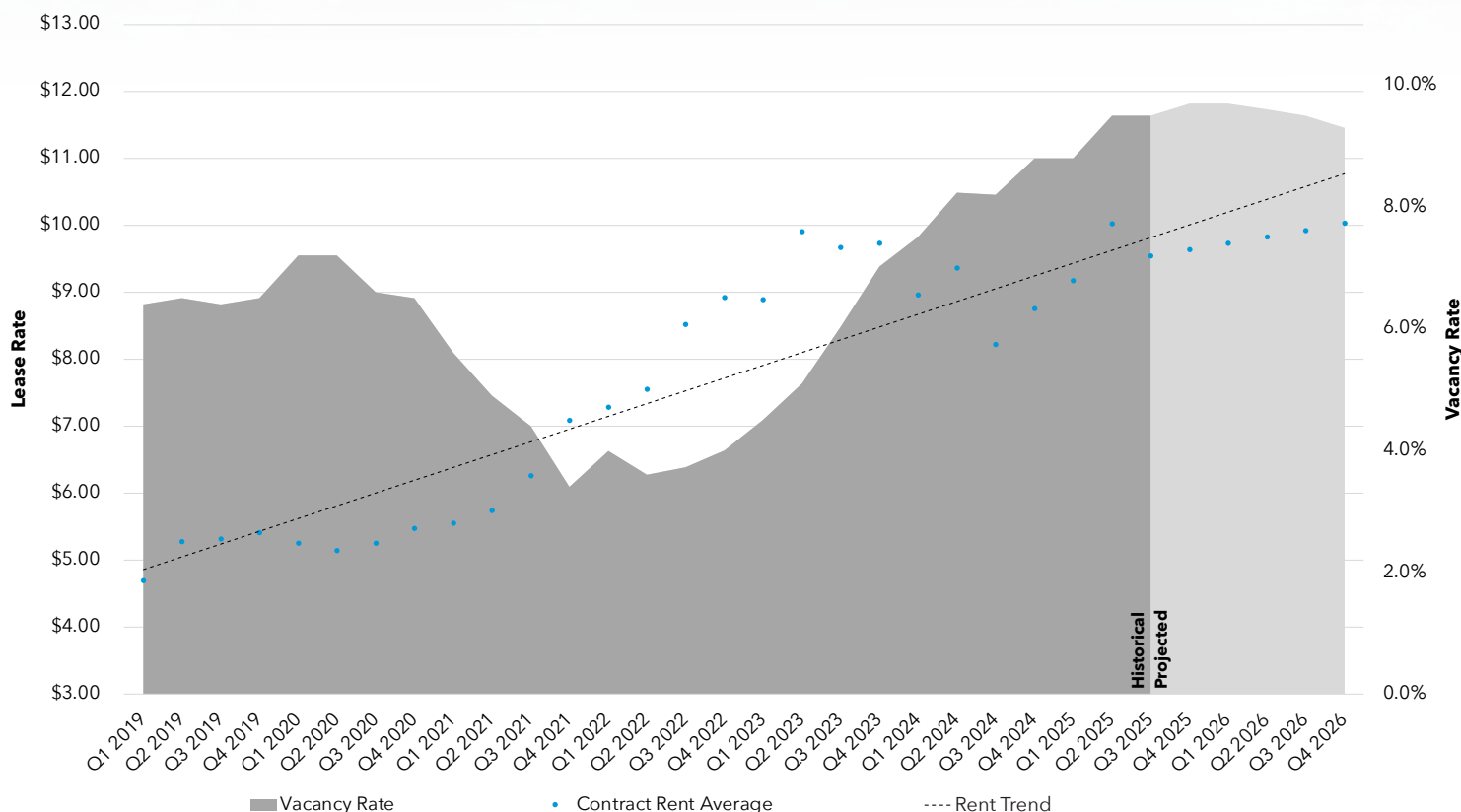
While next year looks to be an active one in terms of leasing volume, any real or perceived economic weakness could impact tenant decisions - and future demand for additional space.

PREDICTION #3

Moderate Rental Growth *Growth at Sustainable Levels*

After several years of double-digit gains, Atlanta's industrial contract rents are projected to grow by 3.8% in 2026. Overall rental increases are on a more sustainable path, while spaces below 80,000 SF continue to command a premium.

INDUSTRIAL RENTAL RATE



Source: Lee Atlanta Research

How the Currents Could Shift...

While rent growth is predicted to land in the 3.5% to 4.0% range next year, significant changes in tenant demand could place additional pressure on pricing.

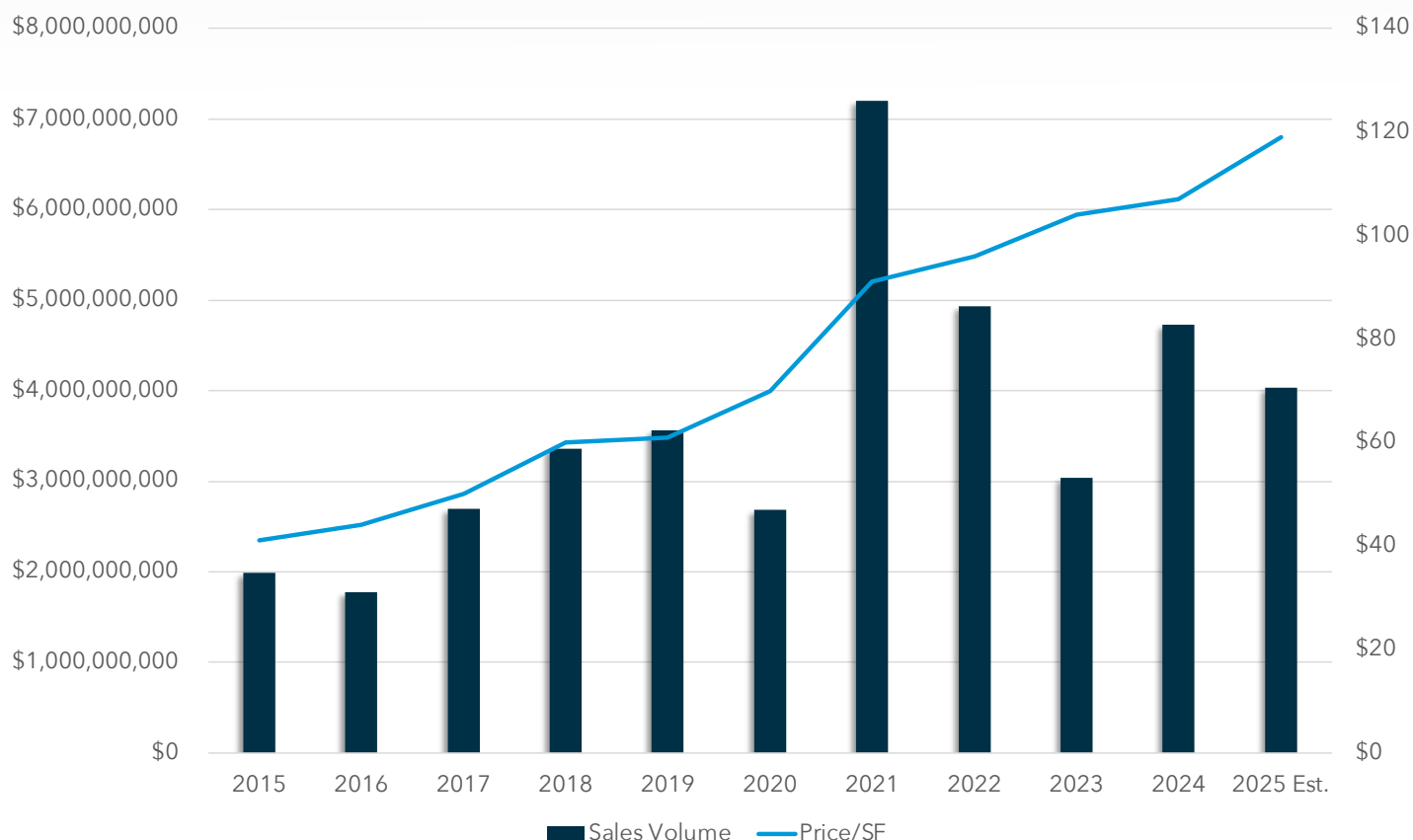
PREDICTION #4

Capital Flows Increase

Flight to Quality Continues

Narrowing debt-cap-rate spreads and easing credit conditions are expected to push the industrial market into a cautious re-engagement phase, rather than a full revival. Investors are likely to return selectively, concentrating on stabilized, well-located assets with durable cash flow.

SALES VOLUME VS PRICE PER SF



Source: CoStar

How the Currents Could Shift...

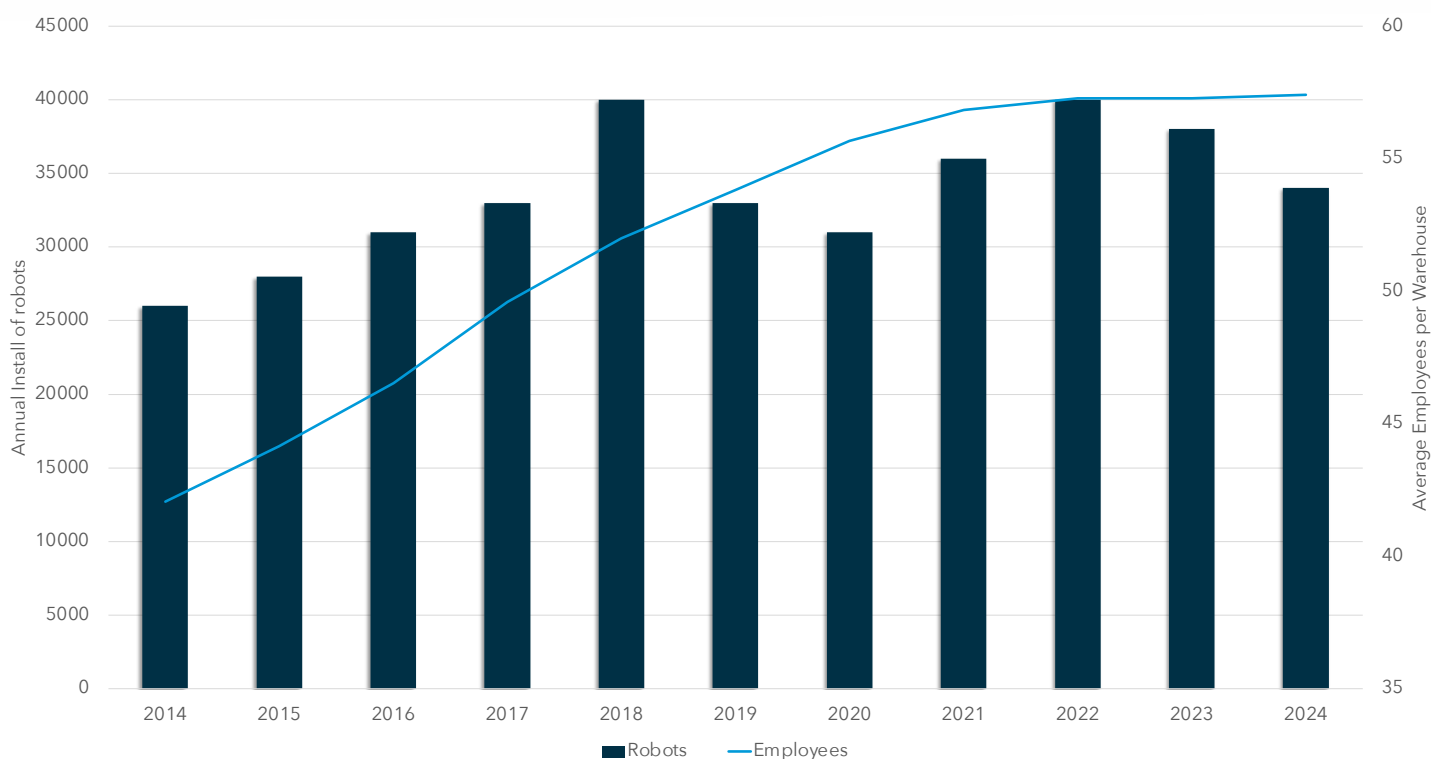
If inflation proves sticky or the Fed delays further cuts, borrowing costs could remain elevated. This would widen spreads again and potentially suppress acquisitions activity.

PREDICTION #5

Warehouse Modernization Accelerates *Efficiency Is The New Expansion*

Automation, robotics, and AI are allowing occupiers to move more volume through the same footprint, driving demand toward modern Class A facilities with higher power, clear heights, and floor performance. These systems increase tenant stickiness through longer lease terms and greater capital commitment, while older assets risk functional obsolescence as the automation gap widens.

EMPLOYEES VS ROBOTICS FOR INDUSTRIAL WAREHOUSES (US)



Source: International Federation of Robotics

How the Currents Could Shift...

Several currents could shift this outlook, including a reversal in labor costs, slower e-commerce growth or rising capital constraints that delay automation investments. Supply-chain or utility limitations—especially power availability—could also stall adoption, reducing demand for high-spec Class A facilities.



Prepare for 2026

Atlanta's industrial market is entering 2026 from a position of stability and strategic alignment. While the breakneck pace of recent years has eased, the fundamentals shaping the year ahead remain strong. Vacancy should hold within a balanced range as new supply is absorbed, and a major renewal wave will reinforce occupancy and limit large-scale turnover. Rent growth is expected to return to sustainable, long-term levels, offering predictability for both occupiers and owners. Capital markets, though still sensitive to interest-rate movements, are poised for gradual improvement as investor confidence strengthens. At the same time, the rapid rise of automation and robotics will accelerate the shift toward higher-spec, next-generation facilities. Taken together, these dynamics reveal a market not stepping back, but stepping forward—guided by operational efficiency, thoughtful planning, and Atlanta's enduring role as one of the Southeast's premier industrial hubs.

- Lee Atlanta Research Team



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