TRENDLINES

	Q3 2024	Q3 2023	ONE-YEAR TREND	FIVE-YEAR AVERAGE	12-MONTH FORECAST
UNEMPLOYMENT RATE	3.9	3.4	↑	3.9	↑
NET ABSORPTION (MSF)	0.1	4.0	↑	1.4	↑
DIRECT VACANCY RATE	7.9%	5.1%	↑	5.4%	↑
DIRECT VACANT SF (MSF)	67.1	41.5	↑	41.8	↑
UNDER CONSTRUCTION (MSF)	20.7	34.4	↓	32.2	↓
ASKING RENT, NNN (PSF)	$9.87	$9.32	↑	$6.78	↑
SALES VOLUME (MILLIONS)	$1,593	$912	↑	$1,296	↑

Source: Bureau of Labor Statistics, CoStar, Real Capital Analytics, Transwestern

VACANCY RISING AS DELIVERIES OUTPACE LEASING

The Atlanta industrial market continued its trend of leasing being unable to keep up with deliveries, causing a rising vacancy rate despite positive absorption. Over the last two years, Atlanta has seen over 20 million SF (2.4% of current inventory) of positive absorption—an excellent figure. In this same time period however, over 63 million SF (7.4% of current inventory) has delivered, causing the market's direct vacancy rate to more than double.

Atlanta's market fundamentals are strong and point to leasing eventually catching up with this glut of supply, stabilizing and lowering the vacancy rate as long as groundbreakings continue to decline. Rental rates are rising at a 5.9% year-over-year rate, a departure from the 50+% jumps Atlanta saw in early 2023. The amount of space under construction has fallen from a peak of 50 million SF in Q2 of 2022 to 20 million SF now. Investment sales activity is picking up, with over $1.5 billion transacting in Q3 2024 alone

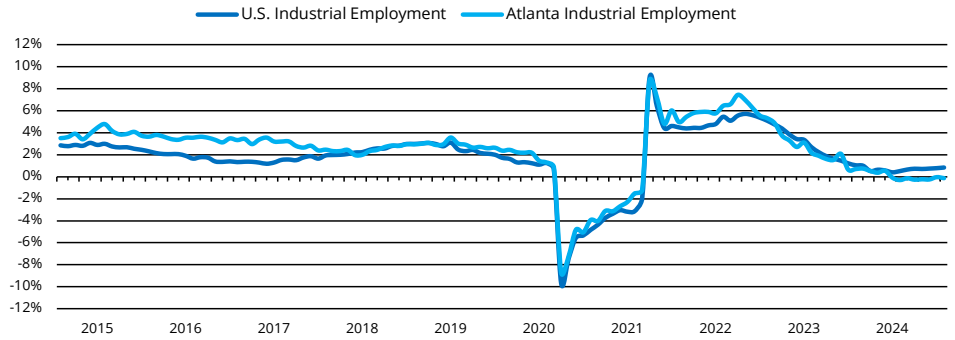
ECONOMY

Small Decline in Industrial-Using Jobs

- Over the 12 months endings in August of 2024, the Atlanta metro area has added 41,100 nonfarm jobs. Within industrial-using jobs however, Atlanta has lost 1,300 jobs in the last year. This is the first time Atlanta has seen negative year-over-year industrial-using jobs growth since March of 2021. The sector seeing decline is "Trade, Transportation, and Utilities", with a year-over-year loss of 0.9% (5,700 jobs). The other two sectors that make up the industrial-using jobs category are Construction and Manufacturing, which have seen 3.0% and 0.1% gains respectively over the same period.
- Atlanta had either matched or slightly outpaced the national industrial-using jobs numbers since 2021, falling behind starting in January of 2024, where Atlanta has seen negative year-over-year growth since. Nationally, the U.S. has yet to turn negative seeing small but steady 0.5%-0.8% growth for most of 2024.
- Atlanta's unemployment rate was 4.0% in August, just slightly below the national rate of 4.1%.
- Jobs in Atlanta have increased by 7.9% since 2018, outpacing the national growth rate of 4.3% by 3.6%. Atlanta is expected to continue this growth in the coming years, led by production from top industries such as Construction, Education, and Health Care.
- The Atlanta metro area is expected to increase its population by 5.3% between now and 2028, adding around 335,000 people. Since 2018 the metro area has grown by 346,000 people, a 5.8% increase.

Population and Job Projections from Lightcast

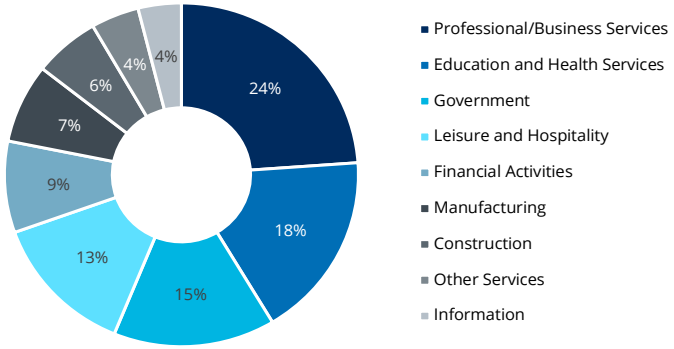
Y-O-Y CHANGE IN OFFICE JOBS



Source: Bureau of Labor Statistics, Transwestern

SHARE OF EMPLOYEES BY INDUSTRY

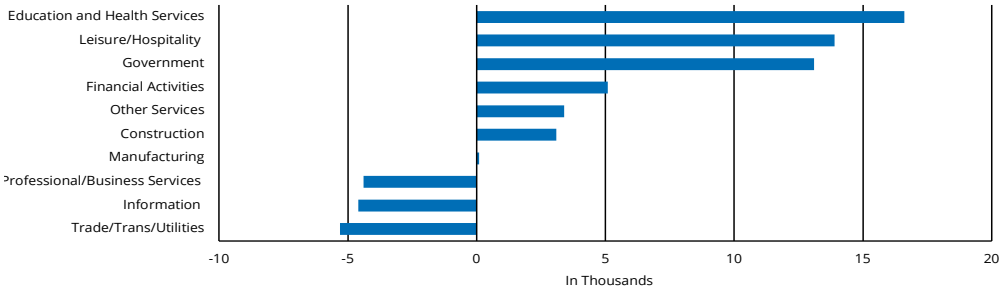
Atlanta | AUGUST 2024



Source: Bureau of Labor Statistics, Transwestern

Y-O-Y CHANGE IN JOBS BY INDUSTRY

Atlanta | AUGUST 2024



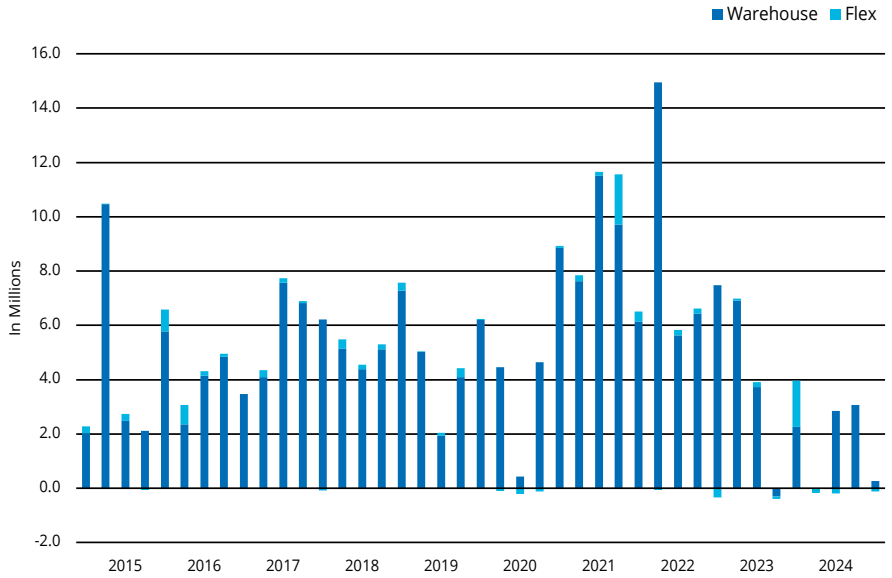
Source: Bureau of Labor Statistics, Transwestern

NET ABSORPTION

Atlanta Slightly Positive in Q3

- The Atlanta Industrial market saw positive absorption of 139,000 SF in Q3 2024, a relatively flat quarter after a hot start to 2024. Year-to-date, the market has seen positive absorption of 5.8 million SF.
- Warehouse space outperformed Flex in Q3, with positive absorption of 259,000 SF for warehouse, compared to a loss of 120,000 SF for flex properties.
- Northwest Atlanta was the best performing submarket in Atlanta, eclipsing 1 million SF of positive absorption in Q3. This was in part thanks to the largest Q3 move-in across the Atlanta market, with Pactra taking 497,842 SF at 1343 Cassville White Rd NE. In total, four submarkets saw gains while five suffered losses in Q3.
- South Atlanta has been the hottest submarket thus far in 2024, despite a negative Q3. With over 3.3 million SF of positive absorption year-to-date and strong leasing activity, South Atlanta is poised for a good finish to the year and strong start to 2025.

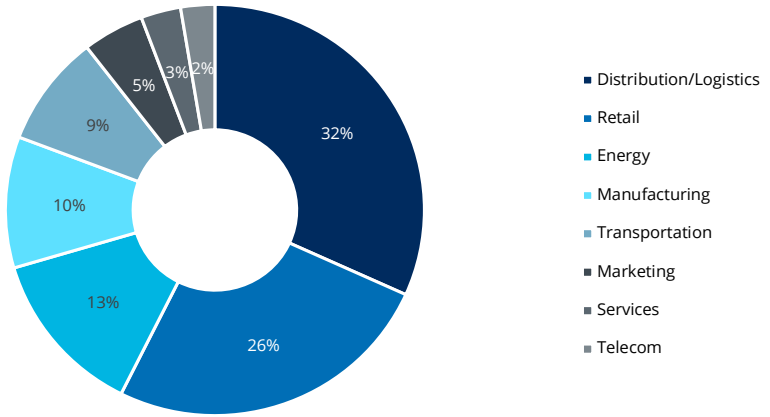
NET ABSORPTION BY CLASS



Source: CoStar, Transwestern

SHARE OF LEASING ACTIVITY BY INDUSTRY

Q3 2024



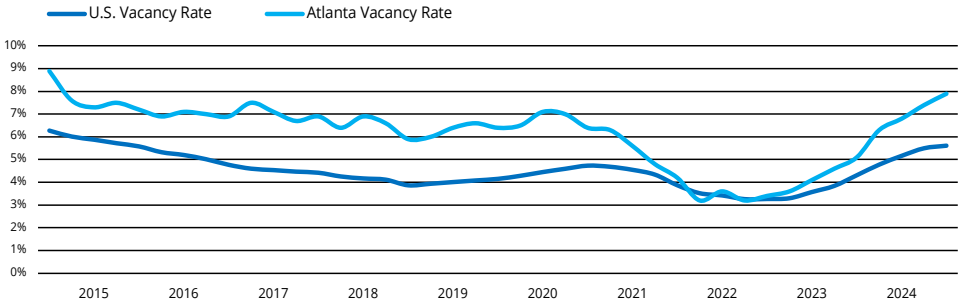
Source: CoStar, Transwestern

VACANCY

Vacancy Rising Despite Positive Absorption

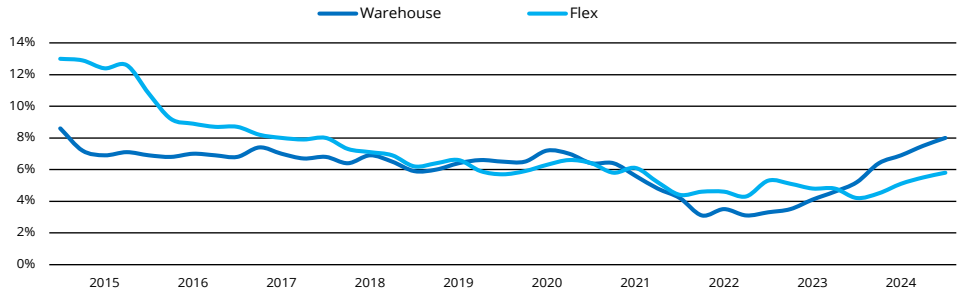
- The Atlanta Industrial market's direct vacancy rate increased by 50 basis points in Q3 of 2024, rising from 7.4% to 7.9%. This marks nine consecutive quarters with a rising vacancy rate for Atlanta, despite positive absorption in seven of those nine quarters. Simply put, this is due to the delivery of new product outpacing the ability for the market to lease space. Since Q2 of 2022, the Atlanta industrial market has seen 77 million SF of new product deliver, compared to 34 million SF of positive absorption during that period.
- Atlanta's leasing momentum is expected to continue, which will eventually drive the vacancy rate back down once the construction pipeline returns to pre-2019 levels. Groundbreakings have slowed over the last year as new product has taken longer to lease up.
- The vacancy rate for warehouse properties increased 50 basis points to 8.0%, while the vacancy rate for flex buildings saw a similar rise, increasing 30 basis points to 5.8%.

DIRECT VACANCY RATE



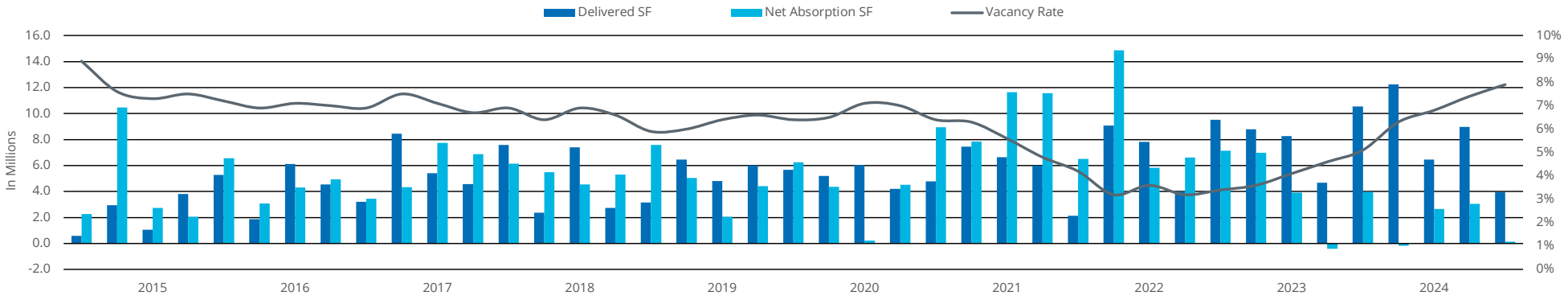
Source: CoStar, Transwestern

DIRECT ATLANTA VACANCY RATE BY PRODUCT TYPE



Source: CoStar, Transwestern

DELIVERY IMPACT ON KEY INDICATORS



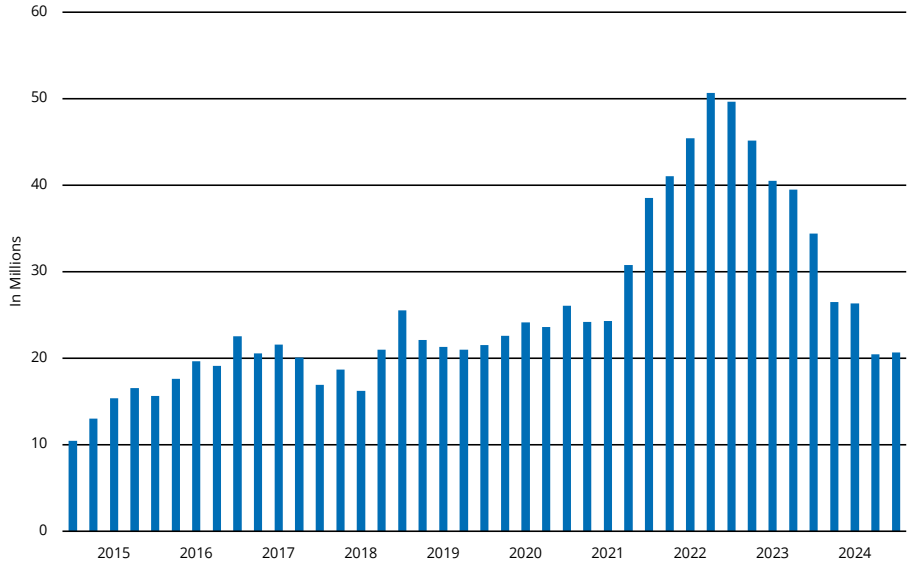
Source: CoStar, Transwestern

CONSTRUCTION

15 Buildings Deliver, 17 More Break Ground in Q3

- There are currently 68 buildings totaling 20,660,280 SF under construction in the Atlanta industrial market. This is the least amount of SF under construction since Q1 of 2018, significantly down from a peak of over 50 million SF (across 156 buildings) in Q3 of 2022.
- 15 buildings totaling just over 3.9 million SF delivered in Q3 of 2024, the smallest quarterly delivery figure since Q3 of 2021.
- South Atlanta saw the majority of these Q3 deliveries, with the completion of 5 buildings totaling 2.1 million SF. The highlight delivery was the 1,201,200 SF Building D at The Cubes Bridgeport development in Newnan. The Clayco owned and developed distribution center is currently unleased.
- The current construction pipeline is approximately 50.3% pre-leased, with the majority of construction activity occurring in the South Atlanta and Northeast Atlanta submarkets. Combined, those two submarkets make up 62.1% of the total construction pipeline.
- There is a major anticipated groundbreaking in Q4 of 2024: the Hyundai SK Battery Plant in the Northwest Atlanta submarket. Located in Kingston, Georgia in Bartow County, the Hyundai SK Battery Plant is a 3.3 million SF manufacturing facility slated for a late-2025 completion.

UNDER CONSTRUCTION



Source: CoStar, Transwestern

UNDER CONSTRUCTION BY SUBMARKET

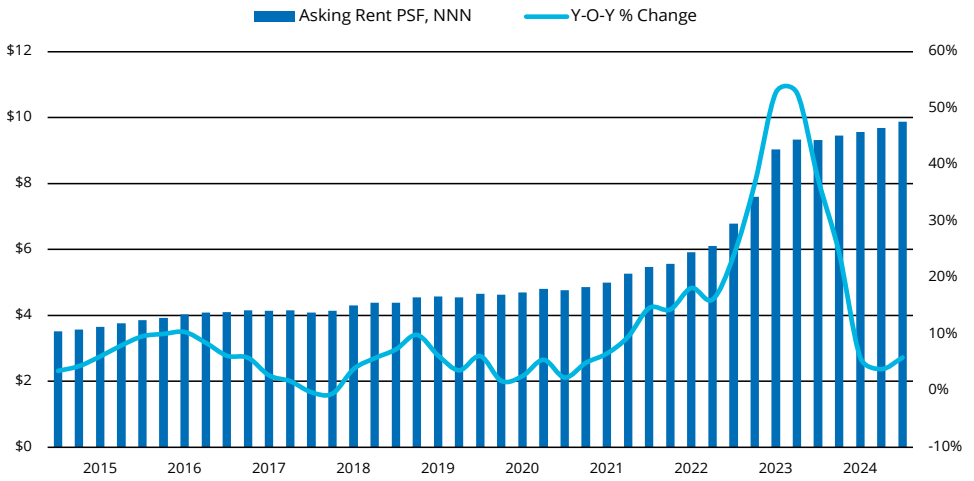
Source: CoStar, Transwestern

RENTAL RATES

Asking Rents Continue to Rise

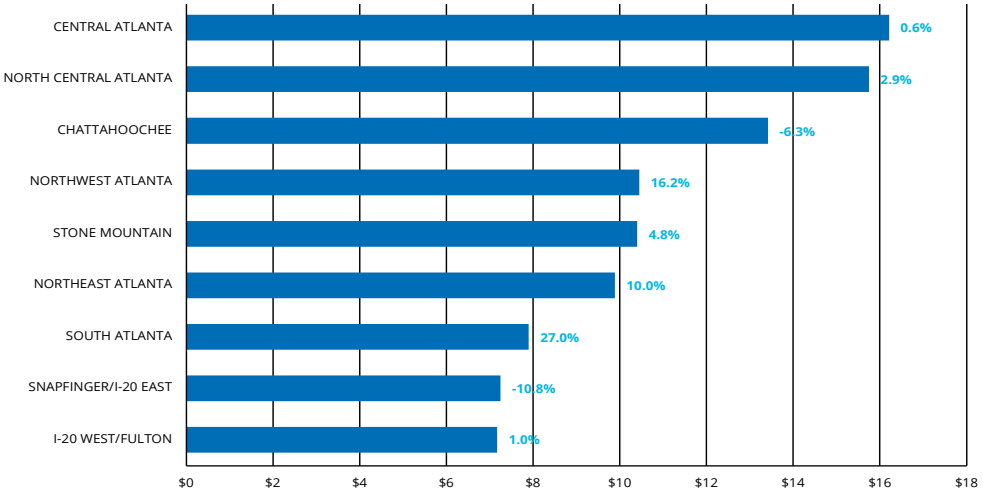
- Average NNN asking rents rose 1.9% from $9.69 PSF to $9.87 PSF in Q3 2024 across the Atlanta industrial market. Year-over-year, rental rates have risen 5.9%.
- Since the start of 2023 the Atlanta industrial market has seen very steady rental rate growth in the 1-2% range each quarter, increasing from $9.03 PSF in Q1 2023 to $9.87 PSF now. This comes on the heels of two years of unprecedented growth, with Atlanta's average NNN asking rate nearly doubling: jumping 80.6% over two years from just $5.00 PSF in Q1 of 2021.
- The Central Atlanta, North Central Atlanta, and Chattahoochee submarkets boast the highest rental rates in the Atlanta market. These are in-town submarkets with a higher percentage of flex properties where land is at a premium.
- South Atlanta and Northwest Atlanta have seen the largest rises in rental rates over the last year, increasing 27.0% and 16.2% respectively. South Atlanta is the largest submarket in Atlanta at over 244 million SF, and also boasts the largest construction pipeline. The submarket currently has a 7.8% direct vacancy rate, 10 basis points below the market average, and has seen its average asking rents rise from $6.22 PSF to $7.90 PSF over the last four quarters.

ASKING RENT



Source: CoStar, Transwestern

ASKING RENTS BY SUBMARKET AND Y-O-Y GROWTH



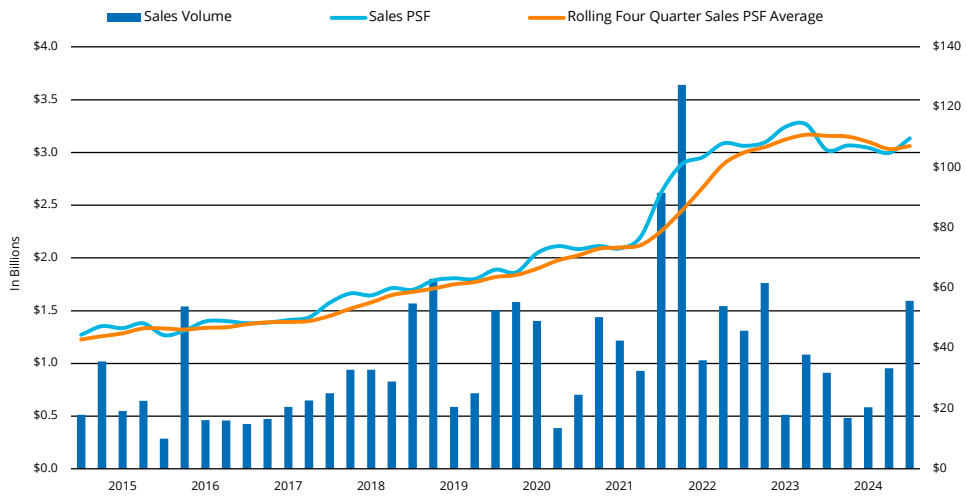
Source: CoStar, Transwestern

SALES

Increasing Investment Sales Activity in Atlanta

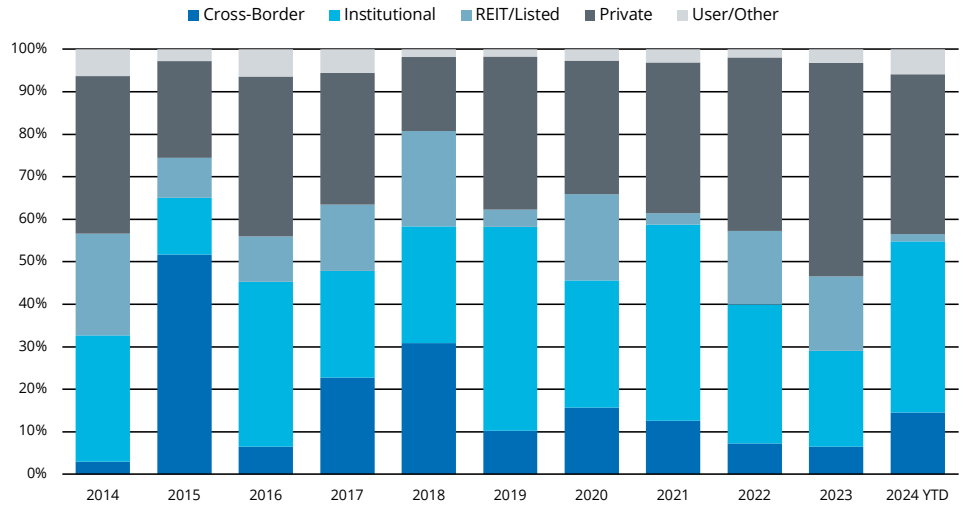
- Q3 2024 saw $1.5 billion in Atlanta industrial investment sales. This was the largest single-quarter sales volume for Atlanta since Q4 of 2022 and pushes the market's 2024 year-to-date sales volume of $3.1 billion past 2023's total of 2.9 billion.
- The largest sale in Q3 2024 was the acquisition of 11510 Lewis Braselton Blvd in the Braselton Commerce Center by GLP Capital Partners. The California-based GLP acquired the Northeast Atlanta distribution facility from Link Logistics Real Estate for $88,000,000, or $81.89 PSF. Williams-Sonoma signed a lease in 2016 for the entirety of the 1,074,596 SF building.
- Northeast Atlanta and South Atlanta, in addition to being the two largest submarkets on an inventory basis, saw the highest volume of investment sales activity in Q3 of 2024. Of the 17 largest (total deal value) Q3 sales, 15 of them were in one of those two submarkets.
- Atlanta has seen an increase in industrial investment sales activity each quarter since Q4 of 2023. The interest rate environment could become friendlier to investors, with the Federal Reserve lowing interest rates in Q3 2024 for the first time since 2020 and more potential cuts on the horizon. In the meantime, Atlanta remains a solid market for buyers that are currently in the market, with great long-term demographics and market fundamentals.

SALES VOLUME



Source: Real Capital Analytics, Transwestern

BUYER CAPITAL COMPOSITION



Source: Real Capital Analytics, Transwestern

NOTABLE LEASES

TENANT	PROPERTY	SUBMARKET	TYPE	SF LEASED
DICK'S SPORTING GOODS	3909 N Commerce Dr	South Atlanta	Renewal	913,700
GE VERONA	4955 Mason Rd	South Atlanta	Renewal	660,000
PETCO	930 Highway 124	Northeast Atlanta	Renewal	506,200
GEODIS	4900 Stonewall Tell Rd	South Atlanta	New Lease	499,500
PACTRA INTERNATIONAL CO.	1343 Cassville White Rd	Northwest Atlanta	New Lease	497,842
EFULLFILL	545 Lake Careco Rd	I-20 West/Fulton	New Lease	468,827

Source: CoStar, Transwestern

NOTABLE SALES

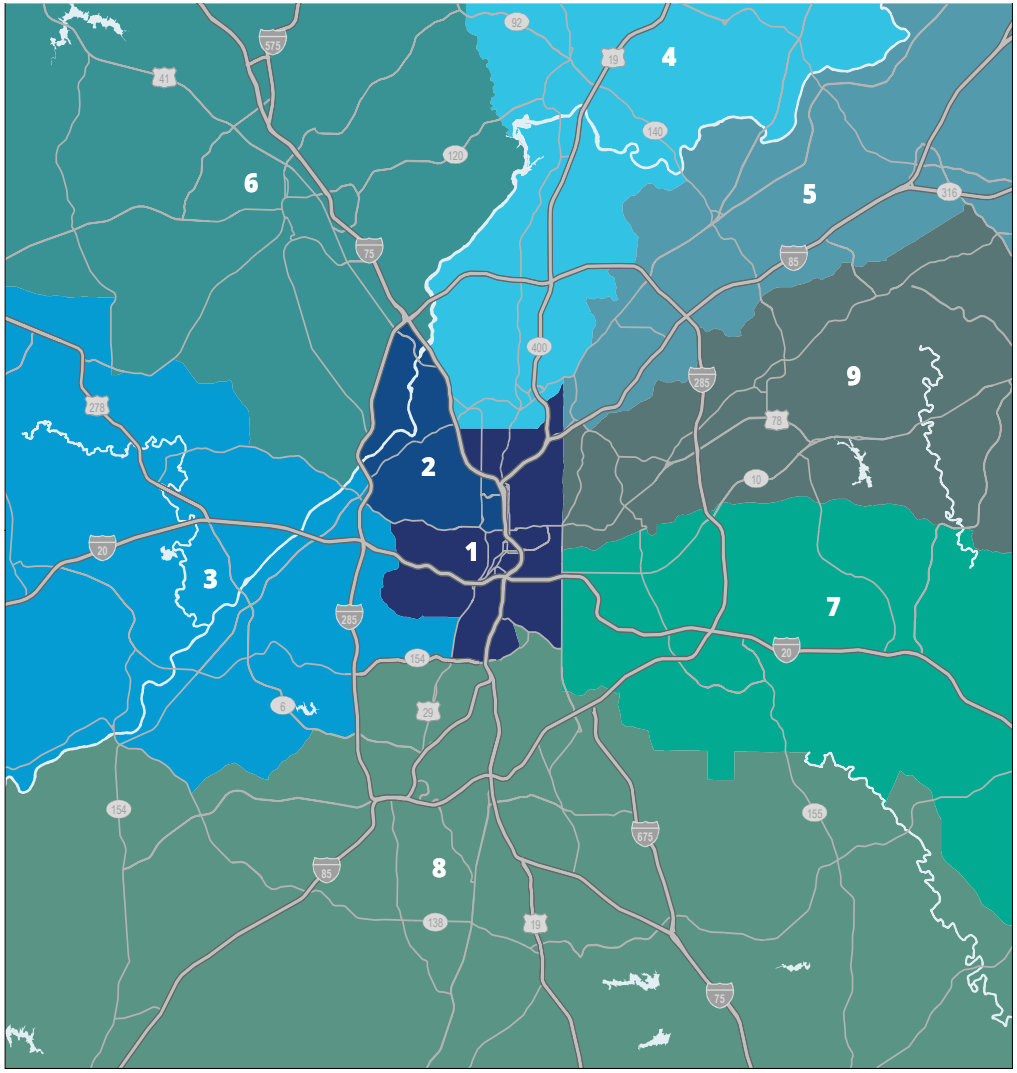
PROPERTY	SUBMARKET	SALES PRICE	BUILDING SF	PRICE PSF	BUYER	SELLER
11510 LEWIS BRASELTON BLVD	Northeast Atlanta	$88,000,000	1,074,596	$82	GLP Capital Partners	Link Logistics Real Estate
BUSCH LOGISTICS PARK	Northwest Atlanta	$67,500,000	731,530	$92	EQT Exeter	Hines / Stonemont
1090 BROADWAY AVE	Northeast Atlanta	$55,500,000	805,954	$69	Northwood Investors	UBS Realty Investors
4811 FLAT SHOALS RD	South Atlanta	$48,500,000	360,180	$135	Cabot Properties	AEW Capital Management
130 GREENWOOD INDUSTRIAL PKY	South Atlanta	$48,000,000	488,346	$98	EssilorLuxottica	J.P. Morgan Asset Management
425 HARTMAN RD	I-20 West/Fulton	$41,850,000	354,620	$118	TA Realty	Morgan Stanley

Source: CoStar, Real Capital Analytics, Transwestern

MARKET INDICATORS
ALL PROPERTY TYPES | Q3 2024

SUBMARKET	INVENTORY SF	DIRECT VACANT SF	DIRECT VACANCY RATE	SUBLEASE VACANT SF	OVERALL VACANCY RATE	UNDER CONSTRUCTION SF	NET ABSORPTION SF	YTD NET ABSORPTION SF	ASKING RENT PSF, NNN
CENTRAL ATLANTA	10,461,006	1,047,220	10.0%	9.5%	0	28,272	(255,314)	$16.21	**$31.28**
CHATTAHOOCHEE	17,523,038	1,291,887	7.4%	8.3%	1,580,863	(311,207)	(57,831)	$13.42	**$31.04**
I-20 WEST/FULTON	126,979,709	9,316,873	7.3%	8.1%	2,082,651	(12,635)	(511,873)	$7.17	**$27.12**
NORTH CENTRAL ATLANTA	29,396,323	1,564,012	5.3%	5.6%	1,154,091	(57,809)	(286,829)	$15.75	**$28.79**
NORTHEAST ATLANTA	238,804,694	20,386,009	8.5%	9.2%	5,161,965	181,022	(428,893)	$9.89	**$27.10**
NORTHWEST ATLANTA	95,372,387	9,025,756	9.5%	10.0%	1,276,049	1,076,914	2,371,087	$10.45	**$25.77**
SNAPFINGER/I-20 EAST	56,858,564	4,405,145	7.7%	7.9%	1,729,595	(259,331)	1,724,158	$7.25	$22.48
SOUTH ATLANTA	244,924,568	19,047,687	7.8%	8.6%	7,675,066	(568,399)	3,358,127	$7.90	$23.45
STONE MOUNTAIN	27,236,571	1,059,318	3.9%	4.2%	0	62,173	(79,378)	$10.40	$39.51
TOTAL	**847,556,860**	**67,143,907**	**7.9%**	**8.6%**	**20,660,280**	**139,000**	**5,833,254**	**$9.87**	**$31.77**

Source: CoStar, Transwestern



Atlanta Industrial Submarkets

1. Central Atlanta
2. Chattahoochee
3. I-20 West/Fulton
4. North Central Atlanta
5. Northeast Atlanta
6. Northwest Atlanta
7. Snapfinger/I-20 East
8. South Atlanta
9. Stone Mountain

RESEARCH METHODOLOGY

The information in this report is the result of a compilation of information on flex and industrial properties located in the Atlanta metro area and key surrounding counties. This report includes single tenant, multi-tenant and owner-user properties 20,000 SF and larger, excluding properties owned by a government agency.

FOR INFORMATION

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