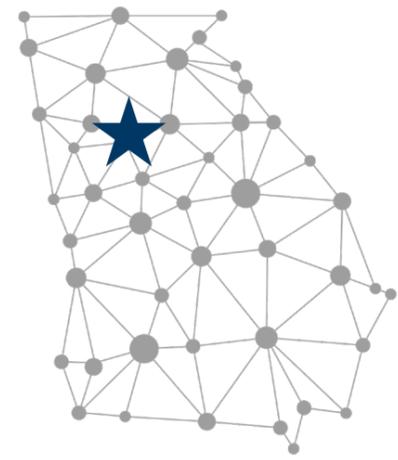


WAREHOUSE FORECAST

Atlanta Market | Q3 2021



An updated Q3 2021 forecast for the national and local industrial markets is now available from Cushman & Wakefield Americas Research.



WAREHOUSE/DISTRIBUTION OUTLOOK

WAREHOUSE/DISTRIBUTION MARKET NNN ASKING RENTS & VACANCY



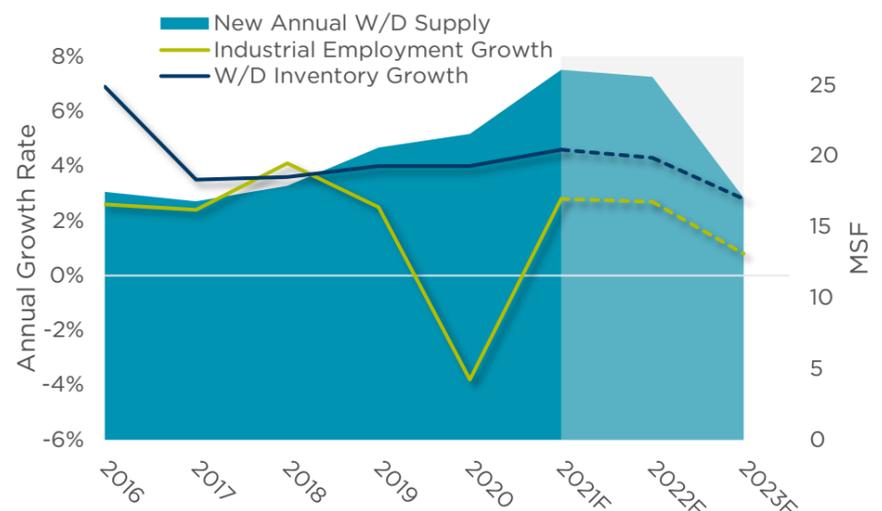
Vacancy is expected to fall below the 4% mark for the first time in history within the next several months. The continued strong demand for new space coupled with the rising cost of construction will continue to drive rents upwards. Rents climbed nearly 15% last year and Atlanta is forecasted to record 7.6% YOY growth in 2021, followed by continued strong upward pressure on rents in 2022 and beyond in response to the decline in availability. By 2023, average rents will be in the mid-\$5's PSF.

EMPLOYMENT OUTLOOK

FUNDAMENTALS SUMMARY FORECAST

	2020	2021F	2022F	2023F
New Supply	21,550,400	26,068,000	25,567,500	17,048,600
Overall Vacancy Rate	6.1%	4.1%	3.3%	3.0%
NNN Asking Rents, Year-End	\$4.46	\$4.80	\$5.11	\$5.39
Growth Rate	14.7%	7.6%	6.5%	5.5%
Total Industrial Employment	471,000	484,000	497,300	501,400
Growth Rate	-3.8%	2.8%	2.7%	0.8%
Net New Industrial Jobs	(18,600)	13,100	13,300	4,100

INDUSTRIAL SECTOR EMPLOYMENT ANNUAL JOB GROWTH VS. W/D SUPPLY GROWTH



In the face of explosive warehouse/distribution supply growth, industrial employment growth has not kept pace. By the end of 2021 more than 120 MSF of new product will have delivered since the start of 2016, while 47,400 jobs were added in that time.

KEY TAKEAWAYS

Despite ample new supply, Atlanta's vacancy rate will continue to decline.

The national outlook for industrial rents is more bullish than it was earlier in 2021.

Industrial employment growth is expected to remain modest despite the influx of new W/D facilities.

Rent growth appears more modest than the market indicates. Much of Atlanta's highest-quality product is leased before construction delivery. Since rental rate methodology encompasses the weighted average asking rents of vacant space, much of the premium product in Atlanta does not sit on the market long enough to be factored into rental rate statistics.

TAILWINDS

Atlanta is the most affordable top-tier warehouse/distribution market in the nation, even with the substantial recent rent growth.

The comparatively low cost of living and significant net migration will continue to fuel the demand for warehouse product across the Metro.

HEADWINDS

Atlanta is expected to experience many of the same pain points as those seen across the country:

- Tightening labor supply
- Supply chain disruptions, extended lead times, material shortages, and rising construction costs

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Source: Bureau of Labor Statistics, Moody's Analytics, Cushman & Wakefield Research

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