

# MARKETBEAT ATLANTA



## Industrial Q2 2021

	YoY Chg	12-Mo. Forecast
<b>4.4%</b> Vacancy Rate	▼	▼
<b>18.7 M</b> YTD Net Absorption, SF	▲	▲
<b>\$5.29</b> Asking Rent, PSF	▲	▲

Overall, Net Asking Rent

### ECONOMIC INDICATORS Q2 2021

	YoY Chg	12-Mo. Forecast
<b>2.7M</b> Atlanta Employment	▲	▲
<b>4.2%</b> Atlanta Unemployment Rate	▼	▼
<b>5.9%</b> U.S. Unemployment Rate	▼	▼

Source: BLS

### ECONOMY

Atlanta's unemployment rate fell to 4.2% in June 2021, 170 basis points (bps) below the U.S. average and a 15-month low. A post-pandemic increase in consumer spending fueled job growth, particularly among Metro Atlanta's industrial-focused sectors. Trade, transportation, and utilities employment and manufacturing employment grew 4.2% and 3.0% respectively year-over-year (YOY), driven in part by continued e-commerce demand. U.S. e-commerce sales totaled \$215.0 billion last quarter, a 39.1% YOY increase. National consumer confidence reached its highest point since before the pandemic in June of 2021. The Port of Savannah handled 478,620 TEUs (twenty-foot equivalent unit) in May, the port's second busiest month in history and a 41.9% increase from the same period in 2020.

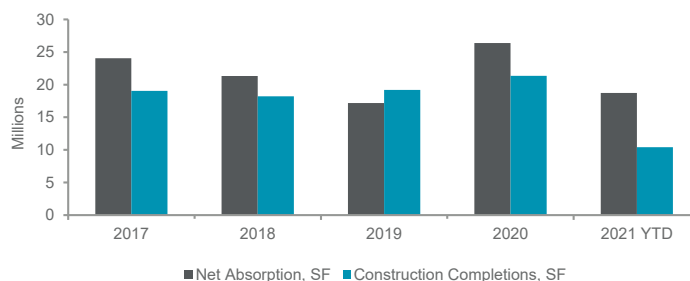
### SUPPLY

Metro Atlanta's robust construction pipeline yielded 5.6 million square feet (msf) of new product deliveries during Q2 2021, increasing the market's year-to-date (YTD) total to 10.4 msf. Atlanta remained among the top markets for newly built supply, outpaced only by Chicago. Six submarkets recorded more than 1.0 msf of construction completions through the first half of the year, with I-85 South accounting for the highest share of new space with 27.1% of the Metro's total. Fueled by increasing construction costs, land constraints, and shifting user preferences, the average size of new buildings continued to trend downward to 347,000 sf, from 395,000 sf in 2020.

More than 21.6 msf is currently under construction, a 51.3% increase quarter-over-quarter (QOQ), the majority of which is concentrated in warehouse/distribution (W/D) facilities being built on a speculative basis. Of the 9.4 msf of speculative space set to deliver before the end of the year, 30.6% has been pre-leased, leaving opportunities for tenants seeking high quality space in an increasingly tight industrial market.

Atlanta's industrial market remained immune to oversupply as overall vacancy continued to plummet, dropping 80 bps QOQ to a new record-low of 4.4% despite the influx of new product. Five submarkets posted overall vacancy rates below 4%, while I-75 South and I-20 East saw the biggest QOQ vacancy improvements, falling 240 bps and 190 bps QOQ respectively. I-20 East is the tightest submarket in the Metro, with just 1.6% of current inventory vacant.

### SPACE DEMAND / DELIVERIES



### OVERALL VACANCY & ASKING RENT



### RENTAL RATES

Propelled by record-high occupancy rates, asking rents rose in tandem, as Atlanta's direct average net asking rental rate climbed 16.7% YOY to \$5.18 per square foot (psf), a historical high for the Metro. Meanwhile, W/D product recorded a slight dip in direct asking rental rates, ending the second quarter at \$4.39 psf, down 1.8% QOQ. I-20 East experienced the steepest increase in W/D asking rents with a 12.1% jump QOQ to \$5.57 psf, joining Chattahoochee/CBD, GA 400, and I-75 North as one of the priciest submarkets in Atlanta for W/D product.

### DEMAND

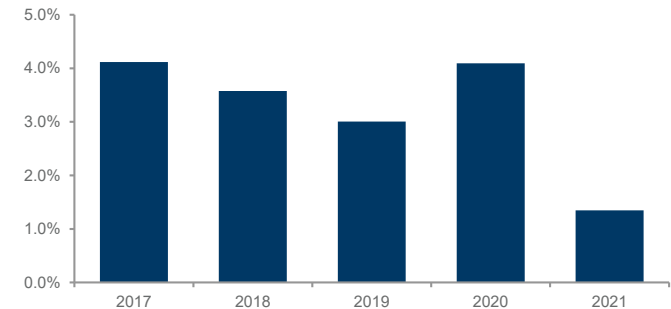
Metro Atlanta's industrial market posted another strong quarter of demand, recording a robust 10.9 msf of new leasing activity, a 28.6% increase QOQ. This brings the 2021 YTD leasing total to 21.5 msf, a 13.9% increase over the same time period in 2020. Seven firms inked deals for spaces 500,000 sf or larger since the start of 2021, five of which were signed during Q2 alone. E-commerce and distribution needs continued to drive industrial demand, as the two largest leases of the quarter were inked by Amazon (Majestic Airport Center V – 1,150,000 sf) and DHL/Johnson & Johnson (Palmetto Logistics Park, Building 2 – 907,610 sf). Amazon's lease was the quarter's sole transaction to exceed 1.0 msf and boosted quarterly leasing activity in the Airport/South Atlanta submarket to 3.0 msf, the highest total in the Metro and an 32.0% increase YOY. Two submarkets, Airport/South Atlanta and the I-85 North Corridor, exceeded 4.1 msf for mid-year leasing totals, accounting for 41.3% of market-wide demand and dominated by transactions 100,000 or larger.

Record breaking leasing activity during the second half of 2020 and Q1 2021 resulted in significant absorption gains during the second quarter as tenants took occupancy of spaces leased during prior quarters. The Metro posted 10.5 msf of positive net absorption, bringing YTD absorption to more than 18.7 msf, an impressive 90.7% percent increase over 2020's mid-year absorption total. The I-85 North Corridor posted the strongest quarterly absorption gains for the second consecutive quarter, bolstered by move-ins of nine users into spaces 100,000 sf and greater, two of which were user-purchases rather than leases. Two of the quarter's three largest move-ins were tenants taking occupancy of build-to-suit facilities: Goodyear in I-85 South and Home Depot in I-20 East. The high volume of leasing activity during the first half of the year positions Atlanta for significant absorption gains during the remainder of 2021 and, with no significant move outs on the horizon, points to the market exceeding the 2020 annual total of 26.5 msf of positive net absorption.

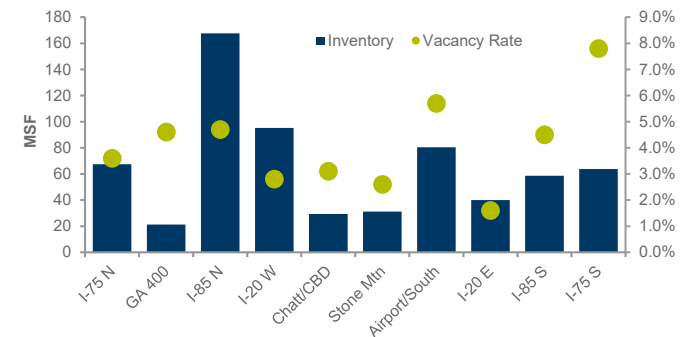
### OUTLOOK

- Atlanta's central location as a distribution hub of the Southeast, proximity to the booming Port of Savannah, highly diversified economy, and comparatively low cost of living and doing business will continue to drive strong interest in the region.
- Historically tight market conditions are projected to continue despite record-breaking construction levels. Asking rents are anticipated to climb further while vacancy remains at an all-time low.

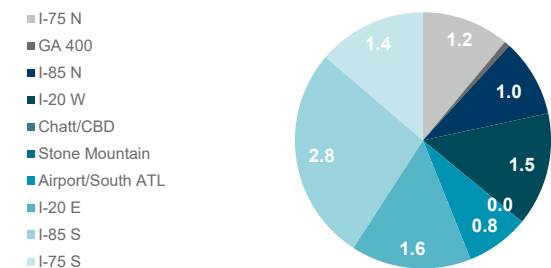
### INDUSTRIAL NET ABSORPTION AS % OF INVENTORY



### SUBMARKET COMPARISON



### 2021 YTD CONSTRUCTION DELIVERIES (MSF)



# MARKETBEAT ATLANTA



## Industrial Q2 2021

### MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (W/D)
I-75 North Corridor	67,384,852	2,410,135	3.6%	625,438	1,798,398	5,589,872	1,150,839	N/A	\$13.06	\$6.08
Georgia 400 Corridor	21,244,106	979,296	4.6%	62,034	22,197	0	76,100	N/A	\$13.50	\$7.76
I-85 North Corridor	167,550,418	7,893,413	4.7%	2,843,228	4,965,193	5,569,600	1,023,759	N/A	\$8.72	\$4.40
I-20 West/Fulton Industrial	95,248,703	2,677,953	2.8%	1,214,565	2,435,596	1,871,863	1,493,733	N/A	\$4.32	\$4.57
Chattahoochee/CBD	29,374,599	919,004	3.1%	40,733	20,925	0	0	\$7.25	\$26.65	\$7.95
Stone Mountain/Tucker	31,121,804	810,280	2.6%	147,819	197,093	0	0	\$5.00	\$13.76	\$4.73
Airport/South Atlanta	80,429,662	4,567,669	5.7%	518,501	1,719,355	2,406,874	832,216	N/A	\$9.49	\$4.30
I-20 East/Snapfinger/Rockdale	39,973,946	647,423	1.6%	1,343,949	2,361,544	1,979,440	1,584,676	N/A	N/A	\$5.57
I-85 South/Peachtree City	58,656,246	2,608,449	4.5%	1,777,266	2,252,466	2,978,470	2,825,298	\$3.65	N/A	\$4.13
I-75 South/Henry County	63,750,997	4,961,493	7.8%	1,908,450	2,956,910	1,222,748	1,430,781	\$5.75	N/A	\$3.28
<b>ATLANTA TOTALS</b>	<b>654,735,333</b>	<b>28,475,115</b>	<b>4.4%</b>	<b>10,481,983</b>	<b>18,729,677</b>	<b>21,618,867</b>	<b>10,417,402</b>	<b>\$4.29</b>	<b>\$13.29</b>	<b>\$4.43</b>

\*Rental rates reflect weighted net asking \$psf/year

MF = Manufacturing OS = Office Service/Flex W/D = Warehouse/Distribution

### KEY LEASE TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	TENANT	SF	LEASE TYPE*
Majestic Airport Center V, 5115 Stonewall Tell Road	Airport/South Atlanta	Amazon	1,150,000	New Lease: Pre-lease
Palmetto Logistics Park – Bldg. 2, 700 Palmetto Logistics Pky	I-85 South/Peachtree City	DHL/Johnson & Johnson	700,000	New Lease
Broadway Distribution Center, 650 Broadway Avenue	I-85 North Corridor	Amazon	613,440	Renewal
85 South Commerce Center, 5220 Highway 138	I-85 South/Peachtree City	B&G Foods	573,324	New Lease
Fairburn Logistics Center – Bldg. 200, 2000 Logistics Center Dr.	I-85 South/Peachtree City	Georgia-Pacific	495,625	Renewal
Greenwood Industrial Park, Bldg. 5, 165 Greenwood Ind. Pky	I-75 South/Henry County	Big Lots	485,091	New Lease

\*Renewals not included in leasing statistics

### KEY CONSTRUCTION COMPLETIONS Q2 2021

PROPERTY	SUBMARKET	MAJOR TENANT	SF	CONSTRUCTION TYPE	OWNER/DEVELOPER
Prologis Orchard Hills	I-85 South/Peachtree City	Goodyear	1,514,040	Build-to-Suit	Prologis Logistics Services
Shugart Farms	I-85 South/Peachtree City	SPEC	907,610	Speculative	Red Rock Developments
100 Stonecrest Industrial Way	I-20 East/Snapfinger/Rockdale	Home Depot	614,676	Build-to-Suit	Trammell Crow

### KEY PROJECTS UNDER CONSTRUCTION

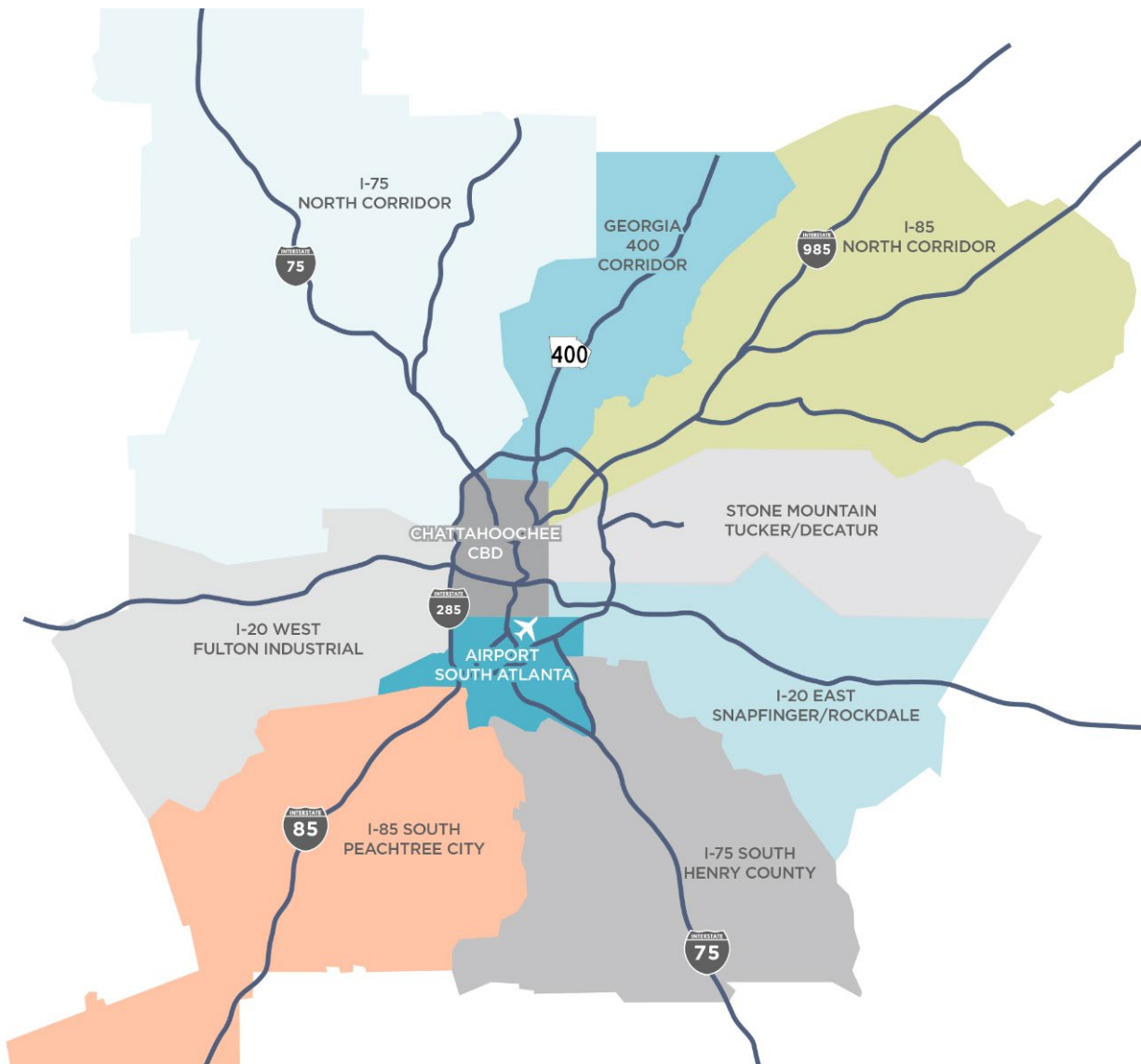
PROPERTY	SUBMARKET	MAJOR TENANT	SF	CONSTRUCTION TYPE	OWNER/DEVELOPER
Jefferson Mill Business Park – Building H	I-85 North Corridor	N/A	1,577,825	Speculative	Trammell Crow
Prologis Orchard Hills – Building 100	I-85 South/Peachtree City	Kellogg's	1,192,440	Build-to-Suit	Prologis Logistics Services
Northeast 85 Logistics Center – Building 2	I-85 North Corridor	N/A	1,174,768	Speculative	Core5 Industrial Partners

# MARKETBEAT ATLANTA

Industrial Q2 2021



## INDUSTRIAL SUBMARKETS



### Christa DiLalo

Director, Southeast

Tel: +1 404 853 5231

[christa.dilalo@cushwake.com](mailto:christa.dilalo@cushwake.com)

### Riley McMullan

Associate Director

Tel: +1 404 853 5295

[riley.walker@cushwake.com](mailto:riley.walker@cushwake.com)

### Brandon LaBord

Senior Analyst

Tel: +1 404 853 5245

[brandon.labord@cushwake.com](mailto:brandon.labord@cushwake.com)

### Shaundi McDaniel

Analyst

Tel: +1 404 853 5381

[shaundi.mcdaniel@cushwake.com](mailto:shaundi.mcdaniel@cushwake.com)

### A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 50,000 employees in 400 offices and 60 countries. In 2020, the firm had revenue of \$7.8 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. To learn more, visit [www.cushmanwakefield.com](http://www.cushmanwakefield.com) or follow @CushWake on Twitter.

©2021 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.

[cushmanwakefield.com](http://cushmanwakefield.com)