

	YoY Chg	12-Mo. Forecast
3.9% Vacancy Rate	▼	▼
24.1M YTD Net Absorption, SF	▲	▲
\$5.84 Asking Rent, PSF	▲	▲

Overall, Net Asking Rent

ECONOMIC INDICATORS Q3 2021

	YoY Chg	12-Mo. Forecast
2.8M Atlanta Employment	▲	▲
3.6% Atlanta Unemployment Rate	▼	▼
5.2% U.S. Unemployment Rate	▼	▼

Source: BLS

ECONOMY

Momentum continued to shift toward economic recovery during Q3 2021. Atlanta's unemployment rate remains well below the U.S. rate, falling to 3.6% during Q3, only 40 basis points (bps) higher than its pre-pandemic level. Industrial-focused job sectors continued to outperform, as the trade, transportation, and utilities sector gained 15,500 jobs over the year.

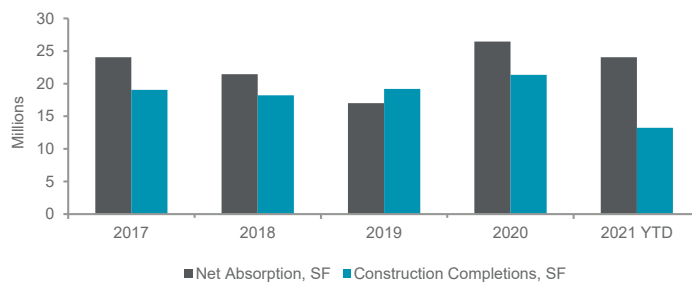
E-commerce sales remain at an all-time high and continue to fuel the need for warehouse space, keeping the industrial sector insulated from the worst of the pandemic's impact. Last quarter, national e-commerce sales totaled \$225B, the highest quarterly revenue in history, and accounted for 13.3% of total U.S. retail sales. The Port of Savannah handled 485,595 TEUs (twenty-foot equivalent unit) in August, its second-busiest month on record, and a 10% increase over August 2020. Consumer confidence dipped in September amid concerns about COVID-19 variants, though spending remains elevated.

DEMAND

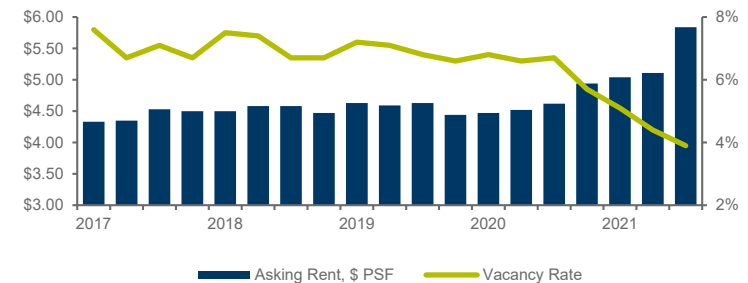
Nearly 14.1 million-square-foot (msf) of new lease transactions were signed during Q3, a 9.5% increase quarter-over-quarter (QOQ). Atlanta's third quarter leasing total was the third highest in the nation, behind only Dallas/Ft. Worth (16.4 msf) and Inland Empire (14.9 msf). Demand was primarily concentrated in warehouse/distribution (W/D) assets, as the product type recorded its highest quarterly demand since Q1 2017. With a quarter still to go, Atlanta's 38.2 msf year-to-date (YTD) leasing total has already nearly caught up to 2020's year-end total of 41.3 msf, placing the Metro in prime position to record its most robust year for leasing activity on historical record for the second consecutive year by the close of the fourth quarter. Staggeringly, the I-85 North Corridor alone accounted for 50.0% of market-wide demand, recording more than 7.0 msf of new leasing activity, nearly quadruple the quarterly demand posted in the next highest submarket, I-75 South (1.8 msf). While the Metro's largest lease of Q3 occurred in the submarket (Ace Hardware's 1.1-msf deal at Jefferson Mill Business Park), the bulk of I-85 North's quarterly leasing total was comprised of mid-size deals with an average transaction size of 107,830 sf.

Bolstered by the move-ins of 19 users occupying spaces 100,000 sf and greater during Q3, 2021 YTD net absorption gains surpassed 24 msf by the close of the quarter. Following a year of record-breaking leasing demand, Metro Atlanta's 2021 absorption total is poised to exceed the 26.4 msf recorded at year-end 2020. Two submarkets – I-85 North and Airport/South Atlanta – accounted for 57.3% of Atlanta's third quarter absorption figure (5.3 msf) and 40.8% of gains YTD.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & DIRECT ASKING RENT



RENTAL RATES

Net new demand and unprecedented competition for high-quality space continued to put upward pressure on rents during Q3, driving Atlanta's direct asking rent to \$5.69 per square foot (psf), an increase of 23.2% year-over-year (YOY) and a new historical high for the Metro. This latest surge marks Atlanta's sixth consecutive quarter of significant rent growth, as well as the third consecutive quarter that direct asking rent has climbed to a record high. Meanwhile, Atlanta's W/D inventory also hit a record-high direct asking rate, jumping 6.2% QOQ to \$4.66 psf. On the submarket level, four submarkets saw YOY rent growth of over 20%. I-75 North experienced the steepest increase, climbing 117% YOY to \$7.55 psf.

SUPPLY

More than 2.5 msf of new W/D product delivered across Atlanta during Q3 2021, 77.1% of which has been leased. Of the 13.2 msf of inventory delivered YTD, only 17.3% remains available. The quarter's largest delivery was Riverside Distribution Center in the I-85 North Corridor, a 367,060-sf speculative facility fully occupied by Target Corporation Inc. Though YTD completions are 10.4% lower than they were at the same point in 2020, 15.1 msf is scheduled to deliver during the fourth quarter, placing the Metro in a prime position to eclipse 2020's year-end total of 21.4 msf of new product delivered by year's end.

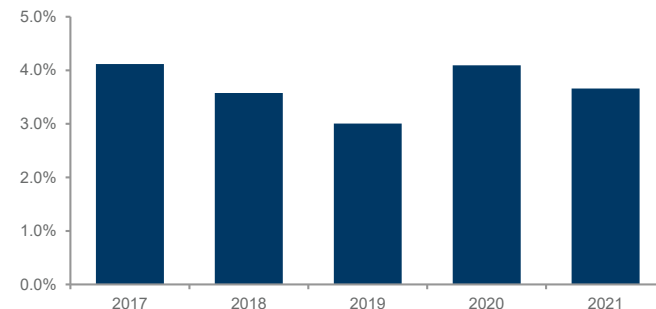
Voracious tenant demand has propelled Atlanta's robust construction pipeline to new heights, with 39.2 msf of industrial product currently under construction across the Metro, the second highest total in the nation behind Dallas/Ft. Worth, and more than double the total volume recorded a year ago. Of the 91 projects under construction, 79% are being built on a speculative basis, which will introduce new high-quality options for tenants seeking space in a growingly supply-scarce market. This space is currently 19.2% pre-leased, with that share increasing to 27.3% for the speculative inventory on track to deliver during Q4 2021.

As demand continues to outpace supply despite the influx of new deliveries, Metro Atlanta's overall vacancy rate hit a new record-low for the fourth consecutive quarter, plummeting 281- bps YOY to 3.9%. This represents the first time in history that the market has achieved a sub-4% vacancy rate. All ten submarkets saw YOY vacancy improvements, and while it still maintains the Metro's highest vacancy rate, the most pronounced drop occurred in I-75 South/Henry County (727 bps).

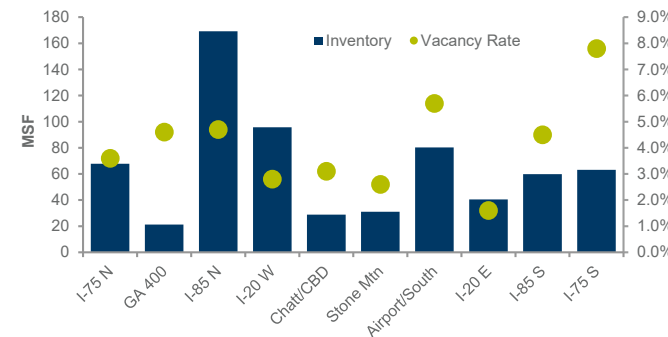
OUTLOOK

- While market fundamentals will remain tight through the coming quarters, rising construction costs, labor shortages, and supply chain bottlenecks are anticipated to create headwinds for Atlanta's industrial market.
- With the most robust pipeline in market history and recent marked increase in construction costs, the delivery of high-quality new supply is anticipated to continue fueling rent growth. Pre-leasing velocity points to continued elevated tenant demand, which will keep vacancy at an all-time low.

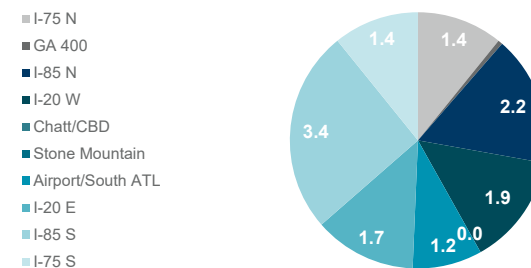
INDUSTRIAL NET ABSORPTION AS % OF INVENTORY



SUBMARKET COMPARISON



2021 YTD CONSTRUCTION DELIVERIES (MSF)



MARKETBEAT ATLANTA

Industrial Q3 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	67,778,130	2,315,013	3.4%	327,969	2,166,912	6,666,432	1,432,402	N/A	\$13.06	\$6.17
Georgia 400 Corridor	21,244,106	756,841	3.6%	239,832	244,652	611,572	76,100	N/A	\$13.42	\$8.94
I-85 North Corridor	169,229,420	6,941,138	4.1%	1,855,517	7,122,896	12,442,960	2,322,271	N/A	\$8.28	\$5.00
I-20 West/Fulton Industrial	95,672,665	2,415,188	2.5%	212,814	2,767,264	3,670,816	1,858,853	N/A	\$4.32	\$4.66
Chattahoochee/CBD	28,896,107	840,517	2.9%	84,061	99,412	162,000	0	\$7.25	\$26.17	\$7.69
Stone Mountain/Tucker	31,021,804	652,324	2.1%	191,406	393,525	0	0	\$5.00	N/A	\$5.20
Airport/South Atlanta	80,247,265	3,399,770	4.2%	1,168,780	2,693,254	3,891,034	682,216	N/A	\$10.48	\$4.10
I-20 East/Snapfinger/Rockdale	40,484,430	692,492	1.7%	66,983	2,440,645	2,791,357	1,708,846	N/A	N/A	\$5.47
I-85 South/Peachtree City	59,788,708	3,030,449	5.1%	570,650	2,917,416	4,710,977	3,387,948	\$3.65	N/A	\$4.30
I-75 South/Henry County	63,190,998	4,705,104	7.5%	561,924	3,213,299	4,221,748	1,430,781	\$5.75	N/A	\$3.54
ATLANTA TOTALS	657,553,633	25,748,836	3.9%	5,279,936	24,059,275	39,168,946	13,229,717	\$4.29	\$13.45	\$4.70

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

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

KEY LEASE TRANSACTIONS Q3 2021

PROPERTY	SUBMARKET	TENANT	SF	LEASE TYPE*
Jefferson Mill Business Park – Bldg. H, 808 Hog Mountain Rd.	I-85 North Corridor	Ace Hardware	1,117,800	New Lease: Pre-lease
Locust Grove Distribution Center – Bldg. 100, 700 Price Dr.	I-75 South/Henry County	CJ Logistics	1,000,993	New Lease
Jefferson Mill Business Park – Bldg. G, 940 Possum Creek Rd.	I-85 North Corridor	Goodman Distribution	749,730	New Lease
McDonough Commerce Center, 2085 Avalon Pky.	I-75 South/Henry County	The Scotts Company	714,560	Renewal
3650 Flat Shoals Rd.	I-85 South/Peachtree City	Amazon	517,200	New Lease
Broadway Distribution Center II, 753 Broadway Ave.	I-85 North Corridor	DSV	500,080	New Lease

*Renewals not included in leasing statistics

KEY CONSTRUCTION COMPLETIONS Q3 2021

PROPERTY	SUBMARKET	MAJOR TENANT	SF	CONSTRUCTION TYPE	OWNER/DEVELOPER
Riverside Distribution Center	I-85 North Corridor	Target Corporation Inc.	367,060	Speculative	High Street
Buford Business Center	I-85 North Corridor	SPEC	273,190	Speculative	Core5 Industrial Partners
Friendship Distribution Center – Building 400	I-85 North Corridor	Link Future	272,160	Speculative	Taylor & Mathis, Inc.

KEY PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SF	CONSTRUCTION TYPE	OWNER/DEVELOPER
Jefferson Mill Business Park – Building H	I-85 North Corridor	Ace Hardware	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

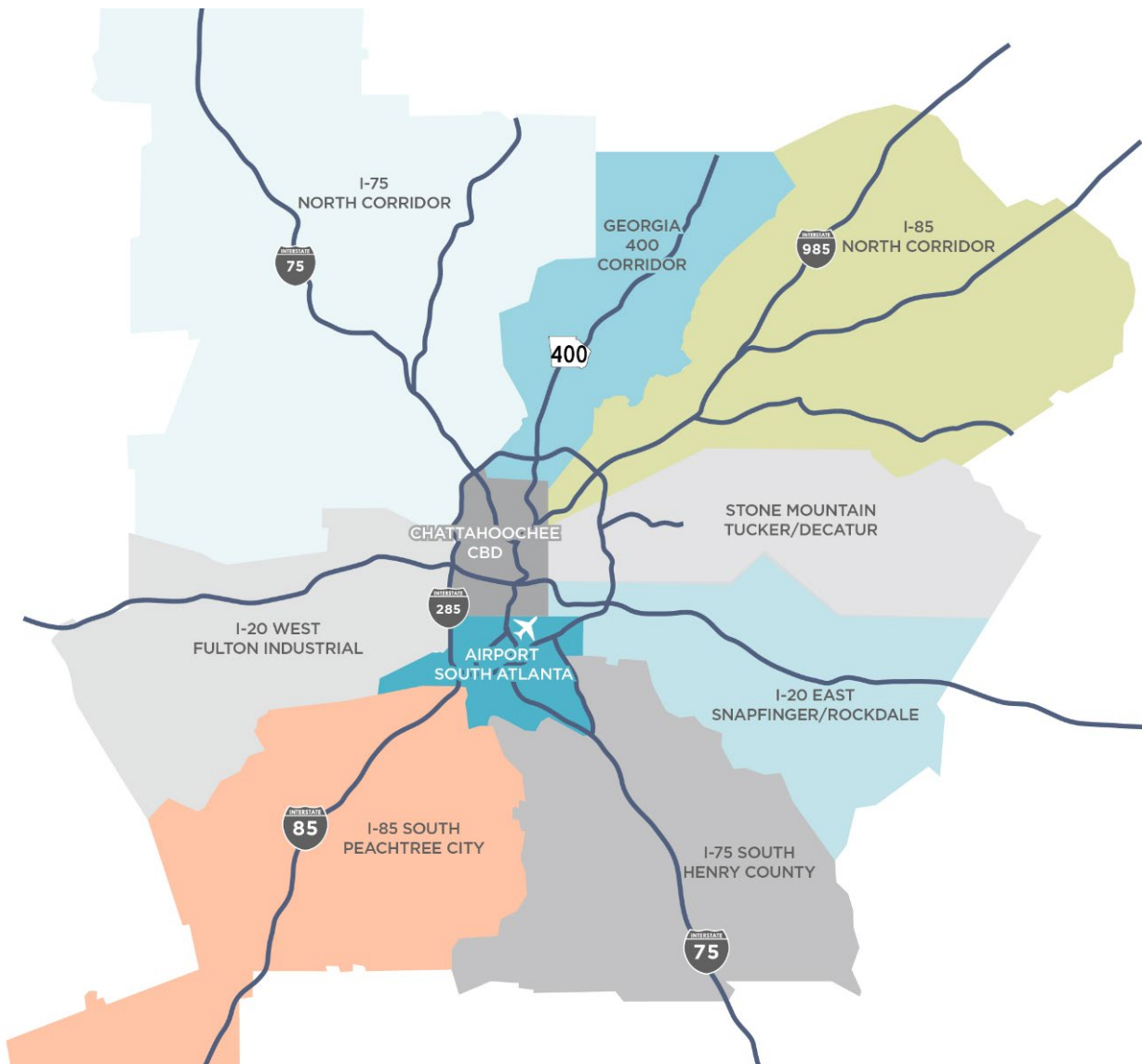
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Industrial Q3 2021



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INDUSTRIAL SUBMARKETS



Christa DiLalo

Director, Southeast

Tel: +1 404 853 5231

christa.dilalo@cushwake.com

Riley McMullan

Associate Director

Tel: +1 404 853 5295

riley.walker@cushwake.com

Brandon LaBord

Senior Analyst

Tel: +1 404 853 5245

brandon.labord@cushwake.com

Shaundi McDaniel

Analyst

Tel: +1 404 853 5381

shaundi.mcdaniel@cushwake.com

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