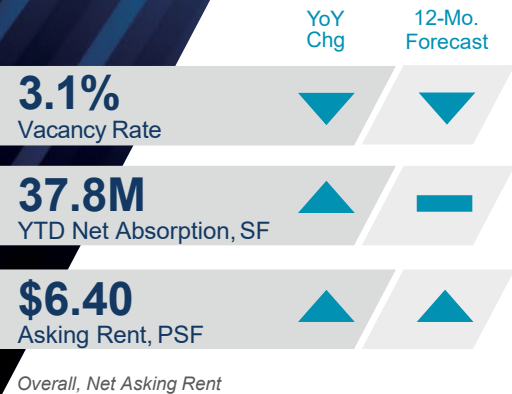


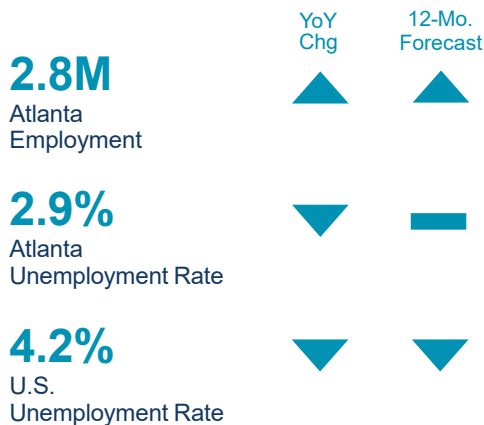
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Industrial Q4 2021



ECONOMIC INDICATORS Q4 2021



Source: BLS

ECONOMY

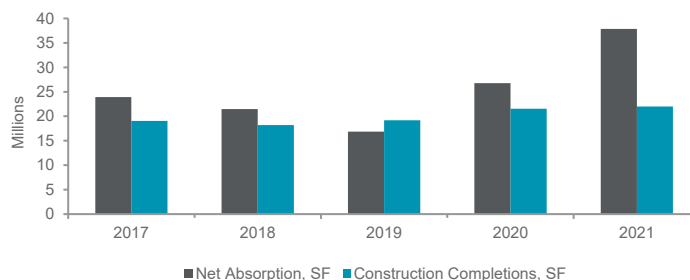
Atlanta's unemployment rate fell to 2.9% during Q4, 30 basis points (bps) below its pre-pandemic level of 3.2% and 130 bps below the U.S. rate. Since one year ago, 23,200 trade, transportation, and utilities jobs were added in the region. Despite highly publicized supply chain bottlenecks and labor supply issues, e-commerce sales were up 11% during the 2021 holiday season and commanded an even larger share of total retail sales (20.9%) compared with the same period in 2020. The Port of Savannah continued to set records, handling 495,750 TEUs (twenty-foot-equivalent units) in November, the highest monthly throughput in history and a 6.7% increase over the same period in 2020. A series of improvements to expand capacity at the Port have begun to come online, with 1.6 million TEUs of new capacity expected by June, which will make Atlanta an even more attractive market for warehouse users.

SUPPLY

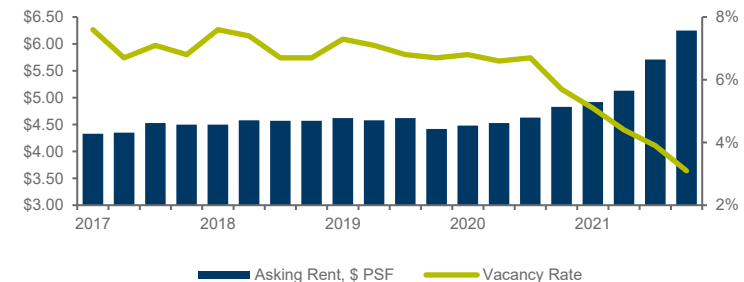
After achieving a sub-4.0% vacancy rate for the first time in history during Q3, Atlanta's industrial vacancy rate declined even more sharply during the fourth quarter, plummeting 80 bps to 3.1% compared with a 40-bps quarter-over-quarter (QOQ) decline during Q3. This represents a new historical low for the Metro and is well below the national average. Home to three of the quarter's five largest move-ins, the I-85 South submarket is the region's tightest, with just 1.2% of current warehouse/distribution (W/D) inventory vacant, an astounding 340-bps improvement since Q3 when it posted the second highest W/D vacancy rate in the market. Six submarkets boasted W/D vacancy rates below 3.0%.

Atlanta recorded nearly 7.5 million-square-feet (msf) of construction deliveries during Q4, pushing the 2021 yearly total to 21.9 msf, the second-highest total in the nation, and eclipsing 2020's previously record-breaking year-end total by more than 300,000 sf. An impressive 82.6% of inventory delivered during Q4 has been leased, as supply continues to lag insatiable and unprecedented demand. With developers eager to narrow the gap, more than 32.6 msf of product is currently under development across the metro, though they face headwinds from material shortages, increased supply costs, labor constraints, and other construction delays. Construction is presently underway on nineteen speculative buildings 500,000-sf or larger, which will create much-needed options for large-block users when those facilities are able to deliver, as only five options of that size are currently available for immediate occupancy.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & DIRECT ASKING RENT



MARKETBEAT ATLANTA

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DEMAND

Annual new industrial leasing activity continued to break records as nearly 50.1 msf of transactions were inked across Metro Atlanta throughout 2021, a 20% increase over the previous highwater mark set in 2020. Though fourth quarter demand trailed Q3's leasing total by 27.5%, more than 10.7 msf of new deals were signed, marking the fourth consecutive quarter that leasing totals exceeded 10 msf. The I-75 North submarket led the Metro in fourth quarter demand, recording 2.2 msf of leasing activity, which was primarily driven by the market's two largest deals of the quarter: Amazon's 1.1-msf lease at Northwest 75 Logistics Center and 973,000 sf inked by Vanderlande at Great Valley Commerce Center. I-85 North continued to command a disproportionate share of yearly demand, with 29.5% of new leases signed throughout 2021 concentrated in the submarket. Meanwhile, I-85 South posted the second-highest annual leasing total, exceeding the submarket's 2020 total by an astounding 94.6%. However, yearly demand remained widespread across the market, with six of the Metro's ten industrial submarkets exceeding 5 msf of new leasing activity in 2021.

Atlanta led the nation in quarterly net occupancy gains, posting more than 12.4 msf of positive net absorption during Q4. This boosted the market's year-to-date total to an all-time high of 37.8 msf, a 41.4% increase over 2020's total and the second highest annual absorption total in the nation (behind only Dallas/Fort Worth). The market closed 2021 on a high note as Q4 absorption gains comprised 32.8% of the yearly total. A whopping 42 users took occupancy of spaces 100,000 sf or larger during Q4, five of whom expanded their footprints by more than 500,000 sf, including Amazon (1.1 msf), GXO (907,610 sf), and B&G Foods (573,324 sf).

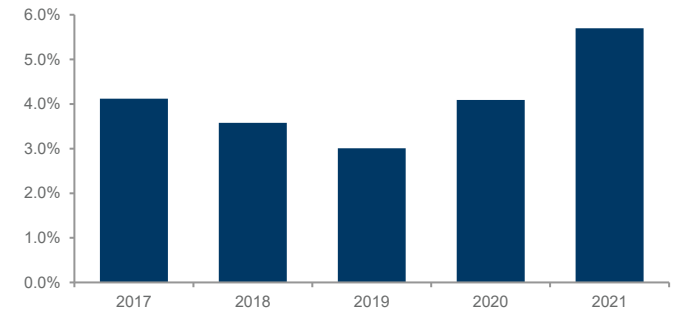
RENTAL RATES

As tremendous competition for high-quality space continued to put upward pressure on pricing, direct average asking rents surged 9.5% QOQ to \$6.25 per-square-foot (psf), yet another historical high for the Metro. Four submarkets saw annual rent growth exceed 20%, with the most pronounced jump occurring in Stone Mountain/Tucker/Decatur where the direct average asking rate jumped 66% to \$7.93 psf. At \$4.99 psf, Atlanta's direct average asking rent for W/D product nearly reached the \$5.00-psf mark for the first time in market history and will almost surely surpass it during the first quarter of 2022. Chattahoochee/CBD (\$10.53 psf), Georgia 400 (\$8.16 psf), and I-75 North (\$5.78 psf) command the largest premiums in the Metro for W/D space.

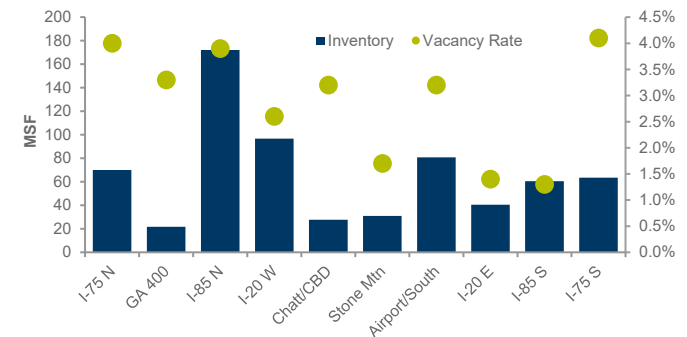
OUTLOOK

- 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. Nevertheless, Atlanta will remain a leading market for industrial demand throughout 2022.
- The Southeast's largest transaction of 2021 was the McDonald Southeast portfolio sale in Atlanta and Savannah, totaling \$395.5M, and 2022 is predicted to be another strong year for Atlanta investment sales. Cap rates are expected to remain steady, encouraging developers to continue building and selling.

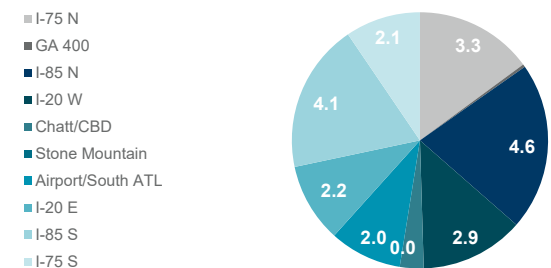
INDUSTRIAL NET ABSORPTION AS % OF INVENTORY



SUBMARKET COMPARISON



2021 YTD CONSTRUCTION DELIVERIES (MSF)



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Industrial Q4 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	69,981,304	2,777,072	4.0%	1,509,419	3,794,246	4,600,018	3,263,036	N/A	\$13.18	\$5.82
Georgia 400 Corridor	21,662,328	714,475	3.3%	39,894	290,378	611,572	76,100	N/A	\$14.00	\$10.53
I-85 North Corridor	172,049,583	6,711,875	3.9%	2,222,784	10,139,690	10,757,960	4,754,641	N/A	\$8.24	\$4.85
I-20 West/Fulton Industrial	96,635,639	2,500,292	2.6%	1,060,851	3,706,799	2,706,777	2,863,492	N/A	\$6.82	\$4.63
Chattahoochee/CBD	27,633,632	896,310	3.2%	141,594	724,946	0	657,000	\$7.25	\$26.36	\$8.16
Stone Mountain/Tucker	31,024,156	535,526	1.7%	3,880	459,758	0	0	\$5.50	\$16.98	\$4.82
Airport/South Atlanta	80,809,611	2,623,133	3.3%	1,264,583	4,282,965	2,655,010	1,999,590	N/A	\$10.48	\$4.18
I-20 East/Snapfinger/Rockdale	40,556,722	580,479	1.4%	447,759	3,032,098	2,311,917	2,188,286	N/A	N/A	\$5.15
I-85 South/Peachtree City	60,521,069	780,442	1.3%	3,313,441	5,830,857	4,741,829	4,120,054	\$3.95	N/A	\$5.20
I-75 South/Henry County	63,438,529	2,584,410	4.1%	2,407,330	5,585,349	4,253,540	2,077,489	\$5.75	N/A	\$4.15
ATLANTA TOTALS	664,312,573	20,704,014	3.1%	12,411,535	37,847,086	32,638,623	21,999,688	\$4.80	\$13.94	\$5.02

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

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

KEY LEASE TRANSACTIONS Q4 2021

PROPERTY	SUBMARKET	TENANT	SF	LEASE TYPE*
Northwest 75 Logistics Ctr, Bldg. B, 1200 Cassville White Rd	I-75 North Corridor	Amazon	1,108,990	New Lease – 1 st Generation
Great Valley Commerce Center, 200 Logistics Parkway NE	I-75 North Corridor	Vanderlande	973,218	New Lease – Pre-Lease
Shugart Farms Bldg. II, 1625 Oakley Industrial Blvd.	I-85 South/Peachtree City	GXO Logistics	907,610	New Lease – 1 st Generation
Majestic Airport Center II, 5390 Hunter Road	Airport/South Atlanta	Costco	903,000	New Lease – 2 nd Generation
Majestic Airport Center II, Bldg. 4, 4475 South Fulton Parkway	Airport/South Atlanta	Saddle Creek	780,000	Renewal
150 Greenwood Industrial Parkway	I-75 South/Henry County	GFA Total Logistics Solutions	612,070	Renewal

*Renewals not included in leasing statistics

KEY CONSTRUCTION COMPLETIONS Q4 2021

PROPERTY	SUBMARKET	MAJOR TENANT	SF	CONSTRUCTION TYPE	OWNER/DEVELOPER
Northwest 75 Logistics Ctr, Bldg. B, 1200 Cassville White Rd	I-75 North Corridor	Amazon	1,108,990	Speculative	IDI Logistics
Intermodal Logistics Center, 0 Dr. Luke Glenn Garrett Hwy	I-20 West/Fulton Industrial	Pratt	529,761	Build-to-Suit	PME Oakmont Cobb Intl
3650 Flat Shoals Road	I-85 South Corridor	Amazon	517,200	Speculative	Majestic Realty

KEY PROJECTS UNDER CONSTRUCTION

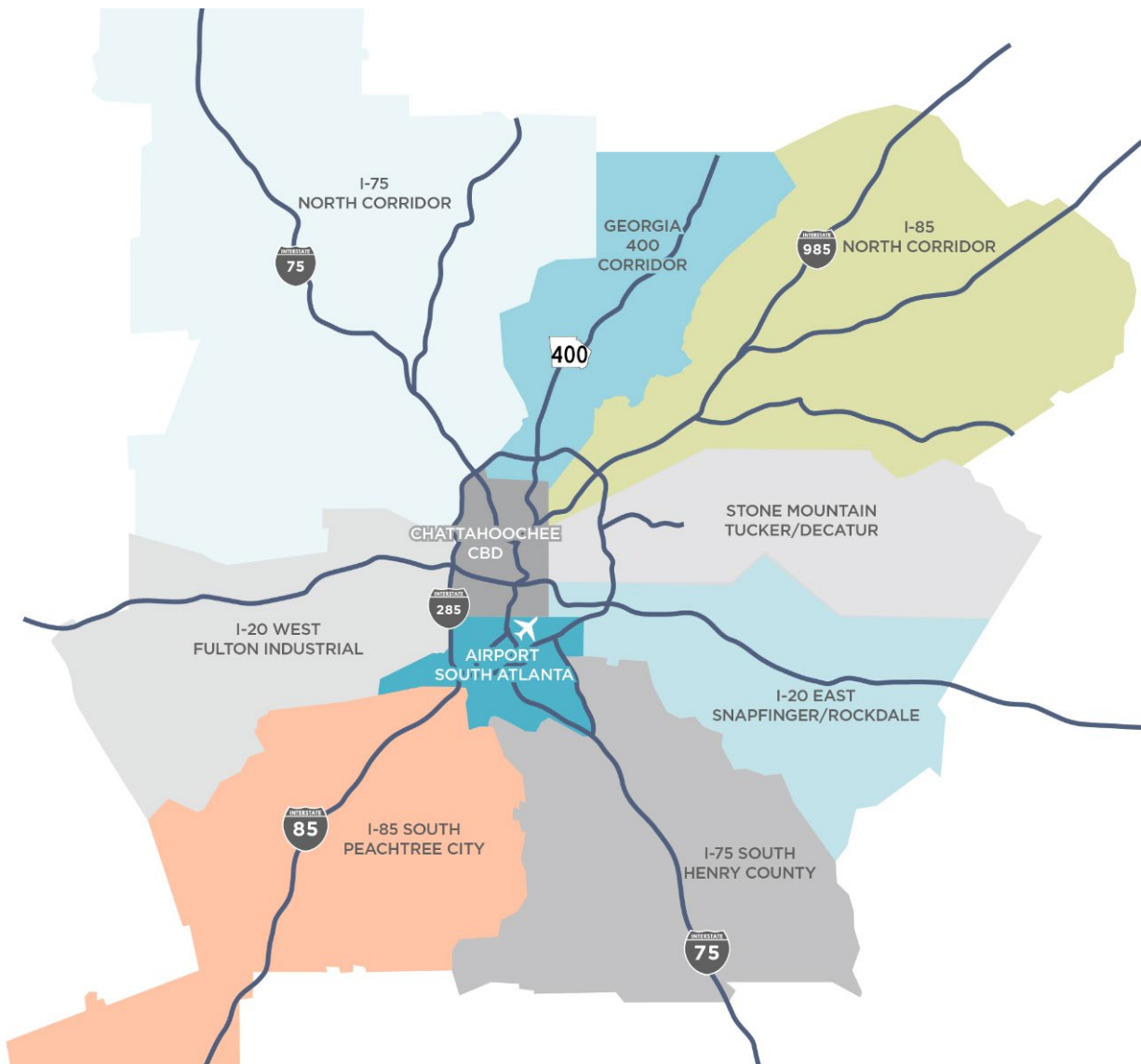
PROPERTY	SUBMARKET	MAJOR TENANT	SF	CONSTRUCTION TYPE	OWNER/DEVELOPER
Jefferson Mill Business Park – Building H	I-85 North Corridor	Ace Hardware	1,577,825	Speculative	Trammell Crow
Prologis Orchard Hills – Building 100	I-85 South/Peachtree City	Kellogg's	1,192,440	Build-to-Suit	Prologis Logistics Services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

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