CUSHMAN & WAKEFIELD

SEPTEMBER 2024

# UNPACKING

## ATLANTA'S INDUSTRIAL LANDSCAPE

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## INTRODUCTION

Atlanta's industrial market continues to recalibrate following the unprecedented pandemic years of 2020-2022. Since the start of 2020, the metro's industrial inventory has expanded significantly, with construction volumes surging in response to heightened consumer demand and tenant activity. As a result, occupiers are adapting their supply chain and logistics strategies, leading to evolving leasing patterns, vacancy rates, and economic indicators that reflect a resilient market.

Although fundamentals have shifted, with some even moderating, across the entire metro, Atlanta's statistics vary greatly within different segments of the market. Vacancy, leasing demand, and rental rates are influenced by factors such as facility size, age, and location. The following report delves into the intricacies of these dynamics across the ten major submarkets of Atlanta.

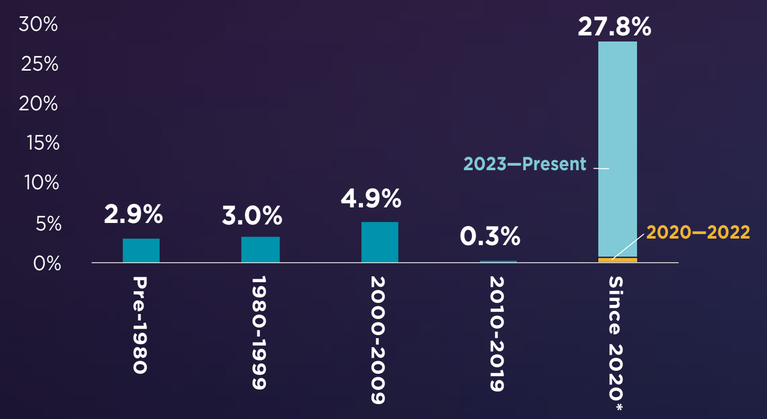
| Current Metro Atlanta Statistics | |
|---|---|
| Inventory | 769.8 msf |
| Direct Vacancy Rate | 7.2% |
| New Leasing Activity (2023-Present)* | 41.0 msf |
| Direct Net Asking Rent | $7.22 psf |

*New Leasing Activity defined as new direct leases and subleases since January 1, 2023. Excludes renewals.
Direct is defined as space available directly through the landlord that is free and clear of any lease obligations. Excludes sublease space.
Million square feet (msf)
Per square foot (psf)

# Year Built Comparison

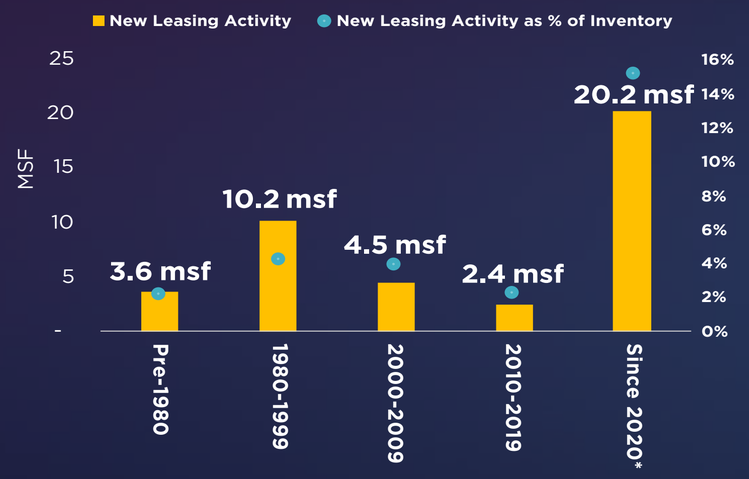
Market fundamentals **segmented by year built** grouping illustrate the need and desire for new product across the market.

## Direct Vacancy Rate

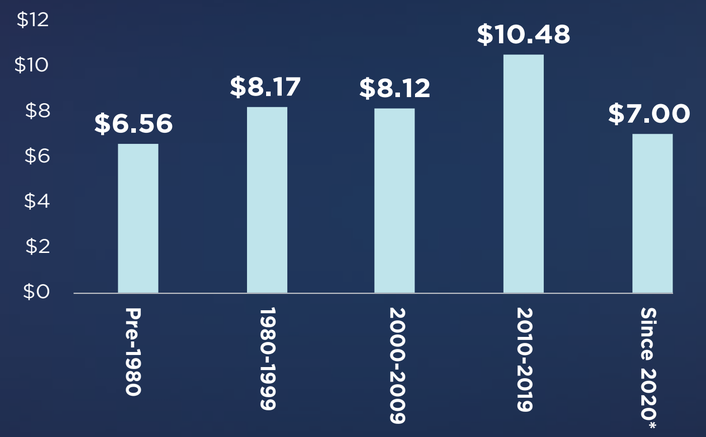



Thousand square feet (k sf)

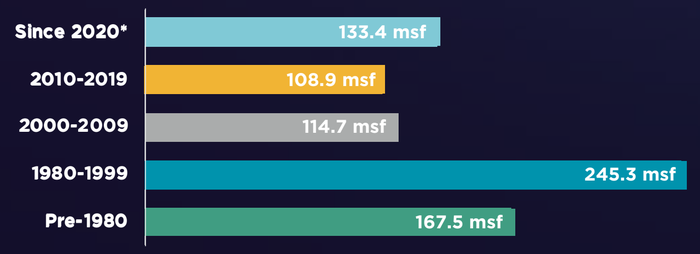
## New Leasing Activity (2023-Present)




## Direct Net Asking Rent (psf)




## Inventory




Properties built before 2009 generally have similarly **low vacancy rates.**

Buildings built from **2010-2019** recorded the lowest vacancy and highest asking rate, yielding minimal leasing activity as a result of the limited space options.

Roll Over Each **Key Takeaway** For Context

Buildings that **delivered since 2020 had the highest vacancy rates**, following the recent period of robust development and modest preleasing across the metro. Importantly, nearly all of the vacancy is in buildings built since 2023 and likely still within their lease up period. Still, demand has been strong in this building segment over the last year and-a-half, and nearly 3.0 msf of space has been secured by tenants who have not yet occupied, thus still contributing to the current vacancy rate.

While the segment recorded the highest vacancy rates, nearly 15.2% of the inventory built since 2020 was leased since the start of 2023, commanding the highest leasing activity across all building age groups—almost double the volume of the second highest group—indicating that tenants are overwhelmingly seeking premium, modern space.

Despite high vacancy, asking rates remain competitive to attract tenants to state-of-the-art space. The average rent for the **new building segment** is weighed down by five full-building vacancies of more than 1.0 msf each.

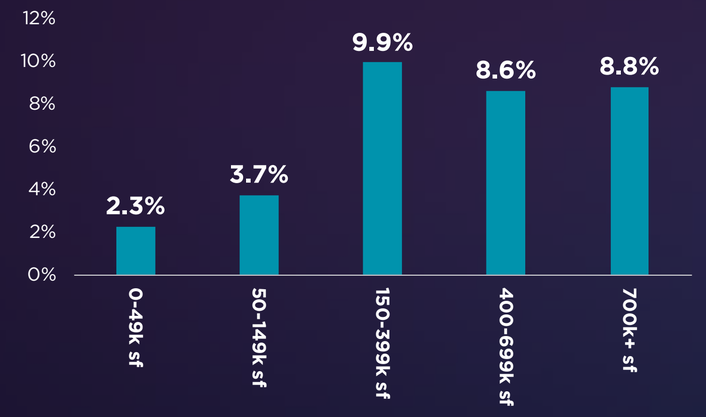
Year Built defined as either the year built or year substantially renovated.

*The "Since 2020" segment's leasing volume is inclusive of preleasing activity within under construction and proposed buildings.

# Size Range Comparison

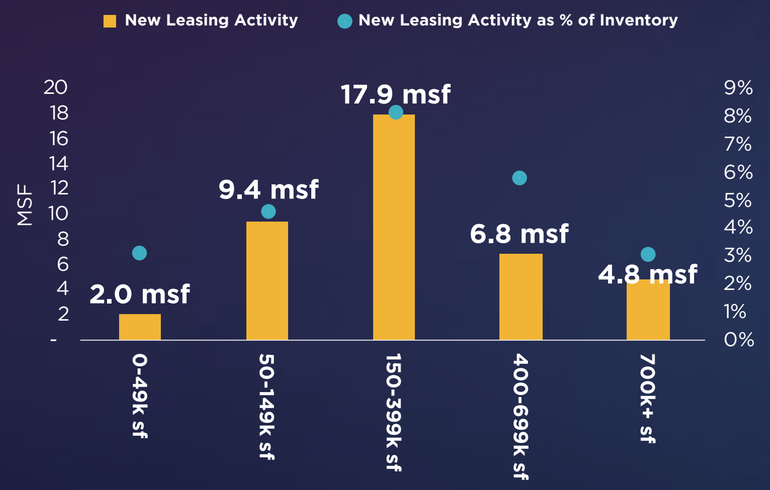
**Building size** plays a crucial role in understanding tenant demand across Metro Atlanta.

## Direct Vacancy Rate

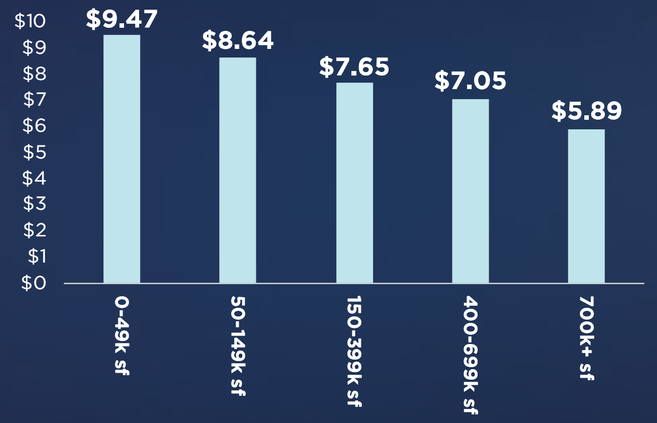



Thousand square feet (k sf)

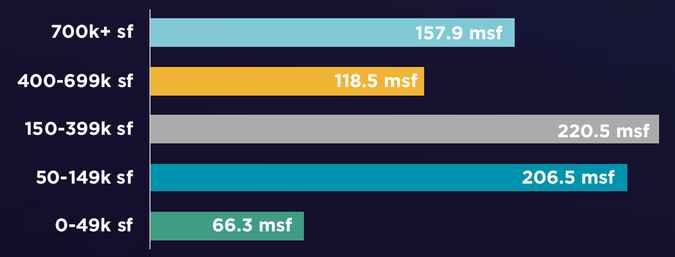
## New Leasing Activity (2023-Present)




## Direct Net Asking Rent (psf)




## Inventory




**Small buildings** have high demand and low supply, reflecting the lowest vacancy rate and highest asking rates.

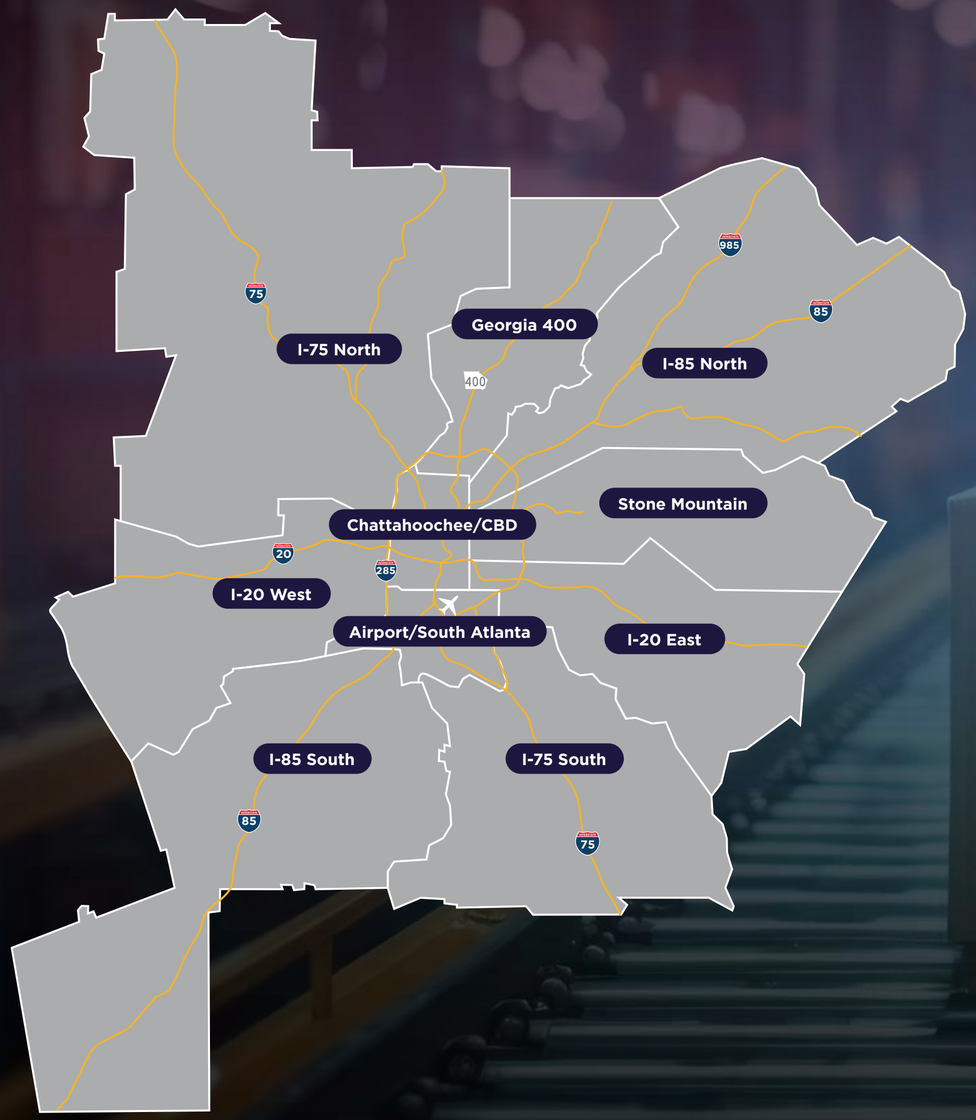
Roll Over Each **Key Takeaway** For Context

**Large buildings** hold similar vacancies in the high 8%-range.

Mid-sized buildings, the largest group by inventory, **hold the most vacancies while also recording the highest leasing volume** of all building segments. Buildings that exceed the 150k sf size threshold record higher vacancies than smaller buildings.

As a result of the lack of vacant space options, new leasing activity across small buildings is the lowest of all size segments, while demand among large users declines as building size increases.

**Asking rates** are correlated to building size, as smaller spaces command the highest rents and larger properties offer a discounted rate. Though, rates are represented on a per square foot basis.




**CLICK ON** EACH SUBMARKET BUTTON TO UNPACK THE DATA

# UNPACKING I-75 NORTH

Direct Vacancy
**10.7%**

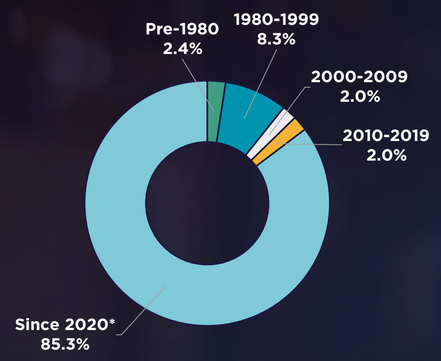
Direct Net Asking Rent
**$6.71 psf**

New Leasing Activity
2023-Present
**8.6 msf**

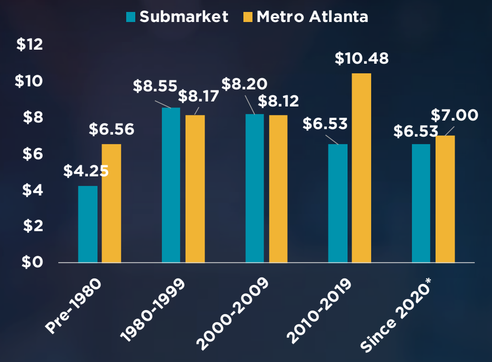
**CLICK ON** EACH SUBMARKET BUTTON TO UNPACK THE DATA

## BY YEAR BUILT

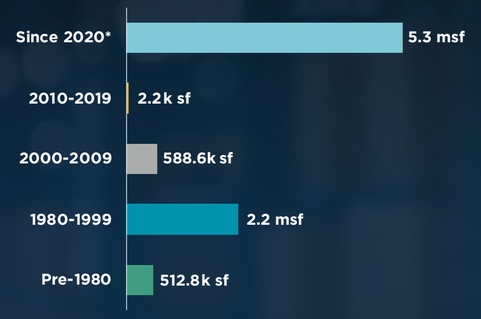
### Share of Direct Vacancy




### Direct Net Asking Rent (psf)

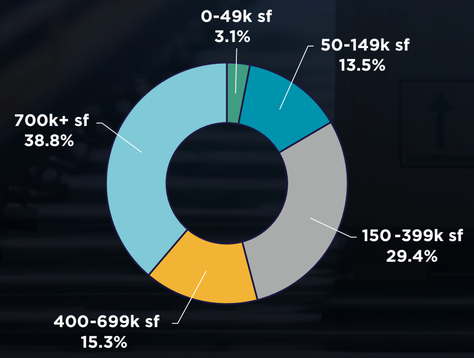



### New Leasing Activity (2023-Present)

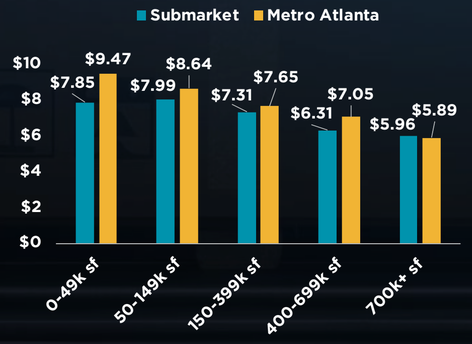



## BY SIZE RANGE

### Share of Direct Vacancy




### Direct Net Asking Rent (psf)




### New Leasing Activity (2023-Present)

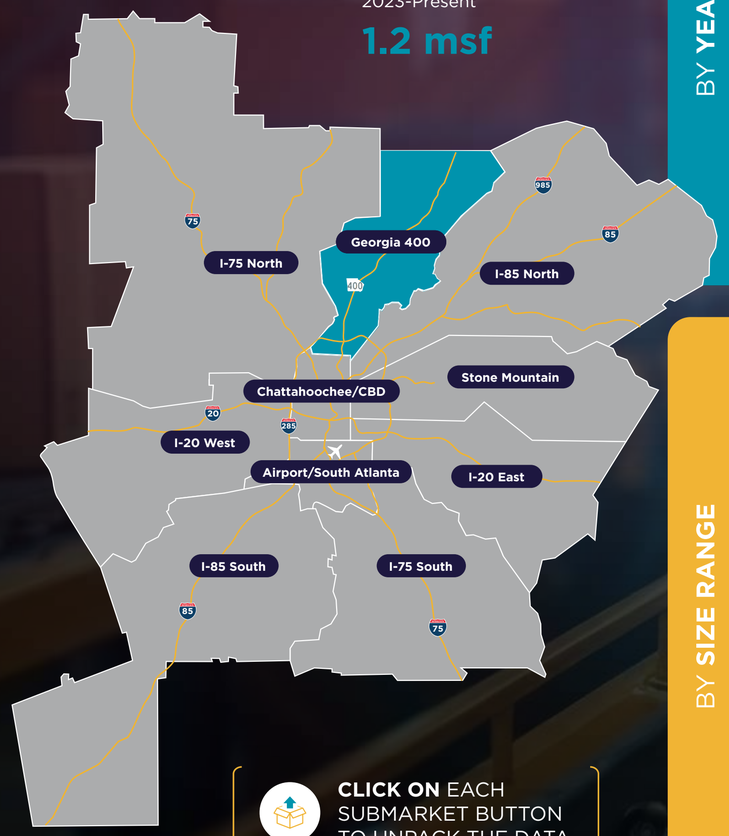
VIEW OUTLOOK

# UNPACKING GEORGIA 400

Direct Vacancy
**3.7%**

Direct Net Asking Rent
**$10.45 psf**

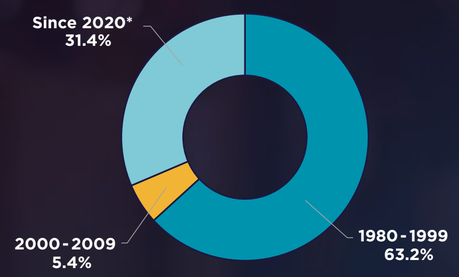
New Leasing Activity
2023-Present
**1.2 msf**



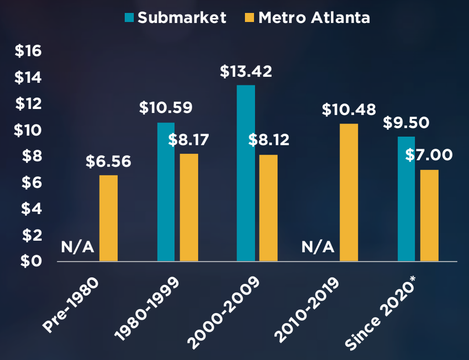

**CLICK ON** EACH SUBMARKET BUTTON TO UNPACK THE DATA

## BY YEAR BUILT

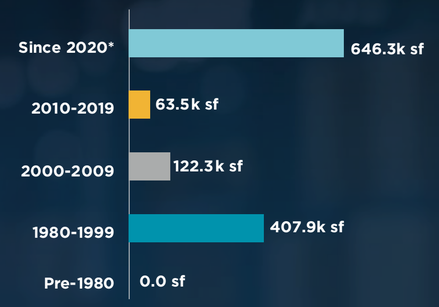
### Share of Direct Vacancy




### Direct Net Asking Rent (psf)

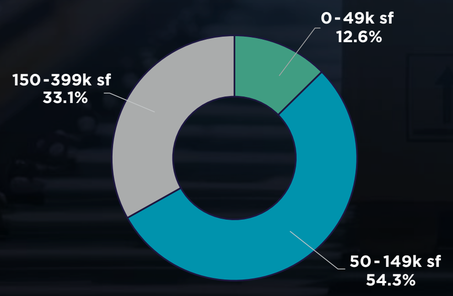



### New Leasing Activity (2023-Present)

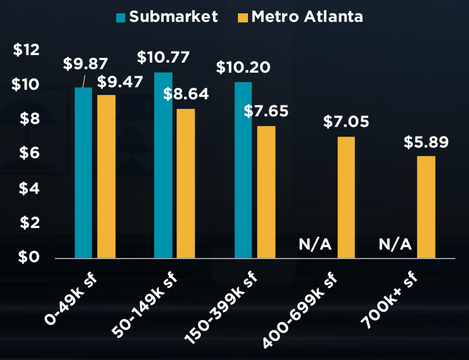



## BY SIZE RANGE

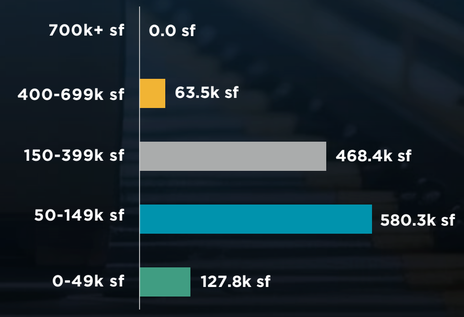
### Share of Direct Vacancy




### Direct Net Asking Rent (psf)




### New Leasing Activity (2023-Present)



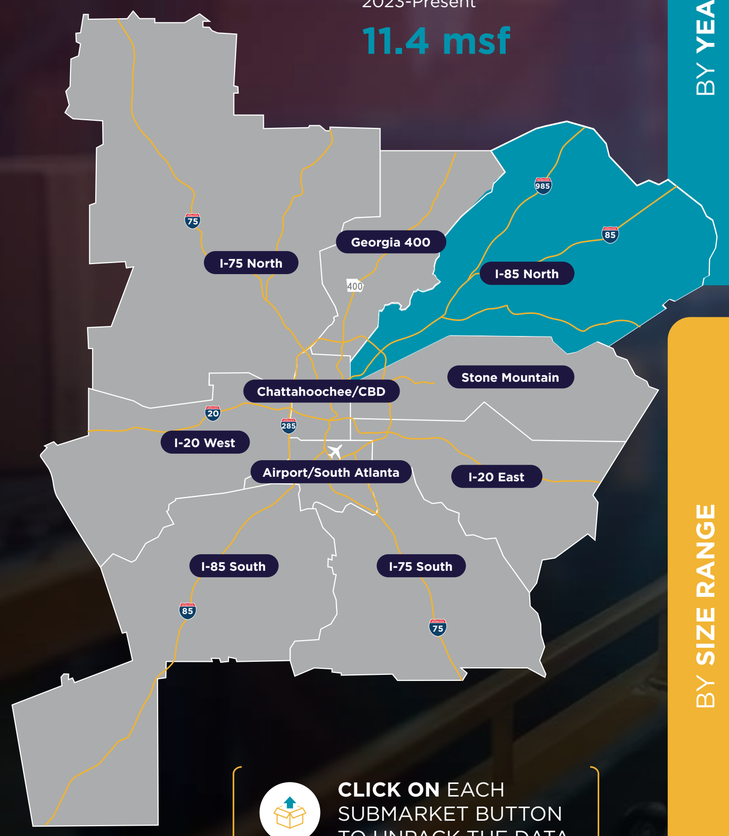

VIEW OUTLOOK

# UNPACKING I-85 NORTH

Direct Vacancy
**8.4%**

Direct Net Asking Rent
**$7.28 psf**

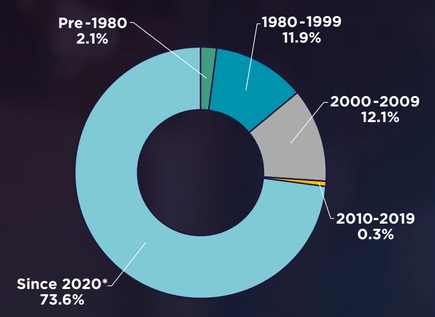
New Leasing Activity
2023-Present
**11.4 msf**



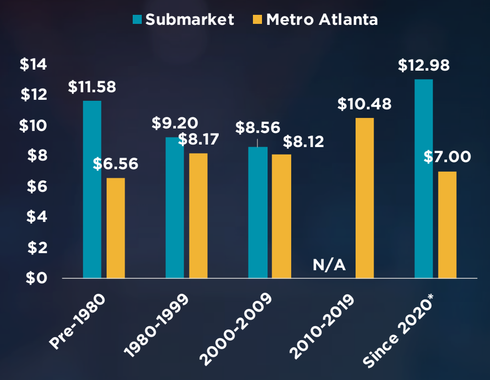

**CLICK ON** EACH SUBMARKET BUTTON TO UNPACK THE DATA

## BY YEAR BUILT

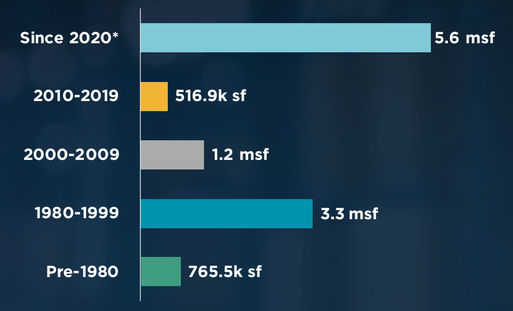
### Share of Direct Vacancy




### Direct Net Asking Rent (psf)

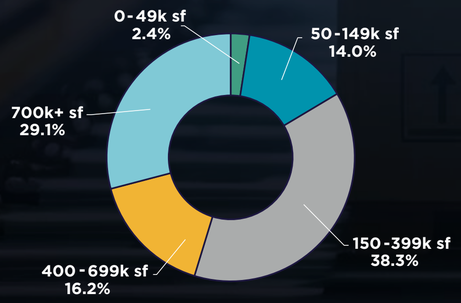



### New Leasing Activity (2023-Present)

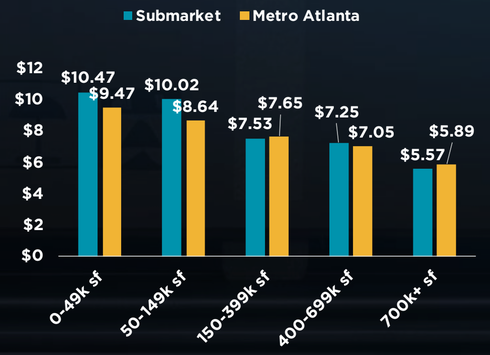



## BY SIZE RANGE

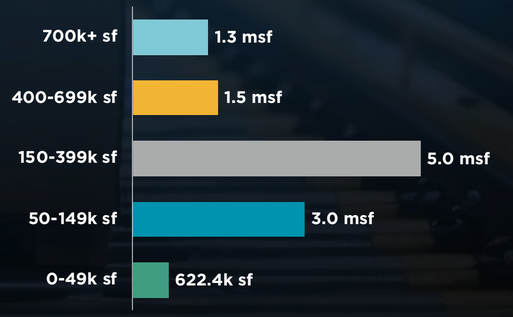
### Share of Direct Vacancy




### Direct Net Asking Rent (psf)




### New Leasing Activity (2023-Present)




VIEW OUTLOOK

# UNPACKING I-20 WEST

Direct Vacancy
**6.1%**

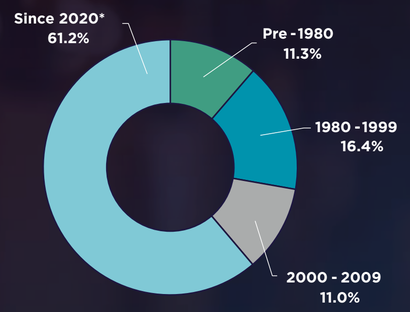
Direct Net Asking Rent
**$7.66 psf**

New Leasing Activity
2023-Present
**7.4 msf**

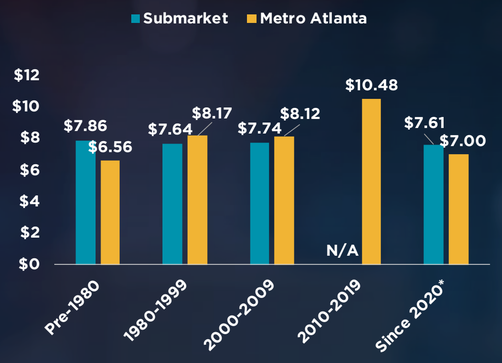
CLICK ON EACH SUBMARKET BUTTON TO UNPACK THE DATA

## BY YEAR BUILT

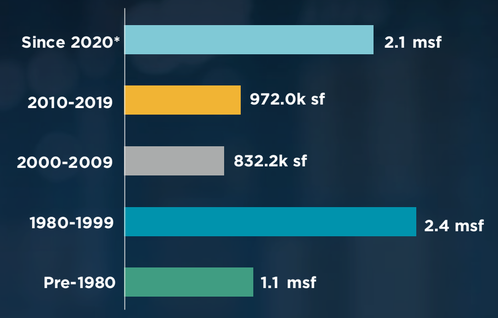
### Share of Direct Vacancy




### Direct Net Asking Rent (psf)

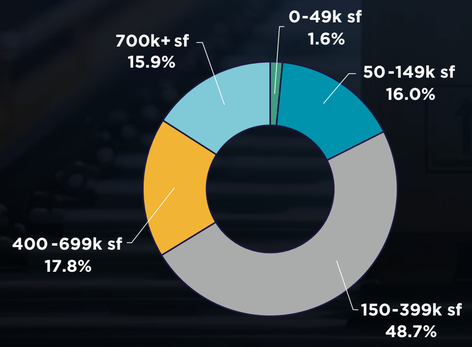



### New Leasing Activity (2023-Present)

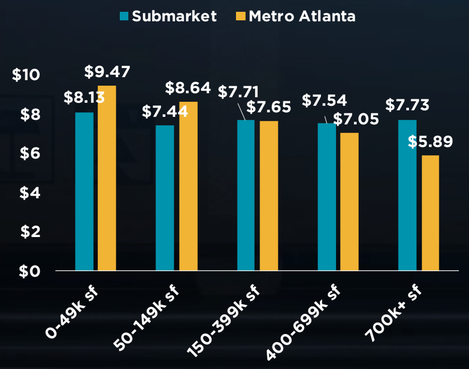



## BY SIZE RANGE

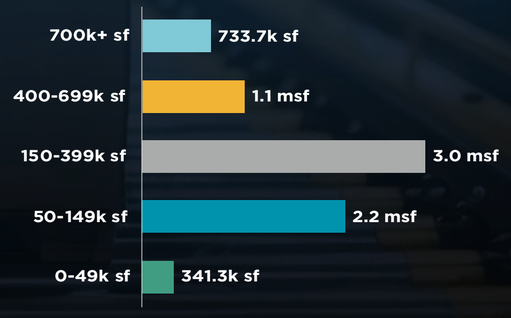
### Share of Direct Vacancy




### Direct Net Asking Rent (psf)




### New Leasing Activity (2023-Present)



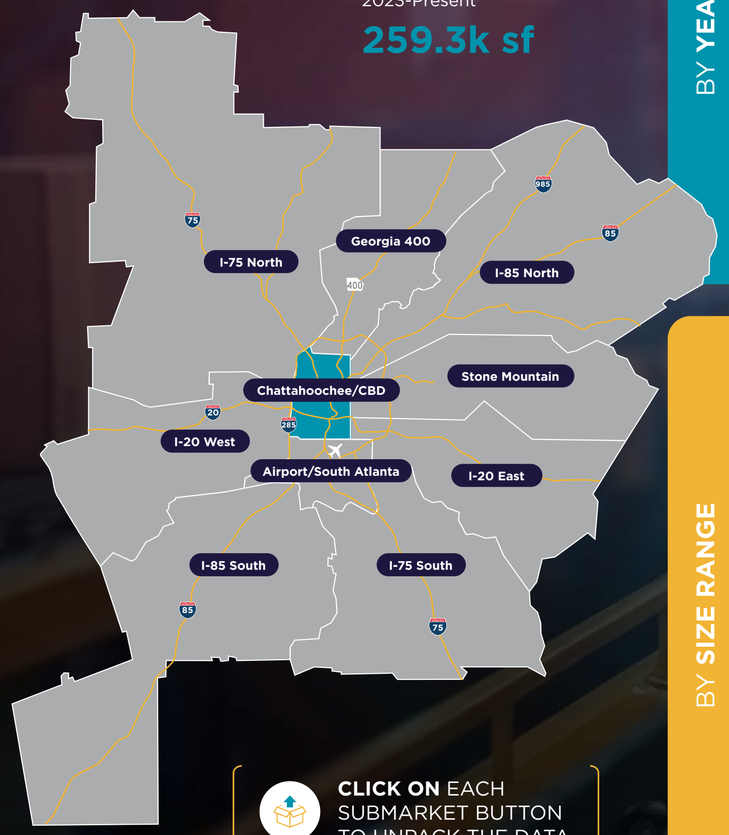

VIEW OUTLOOK

# UNPACKING CHATTAHOOCHEE/ CBD

Direct Vacancy
**2.5%**

Direct Net Asking Rent
**$15.57 psf**

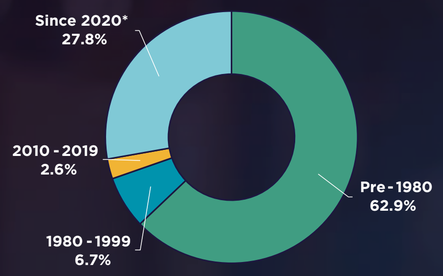
New Leasing Activity
2023-Present
**259.3k sf**



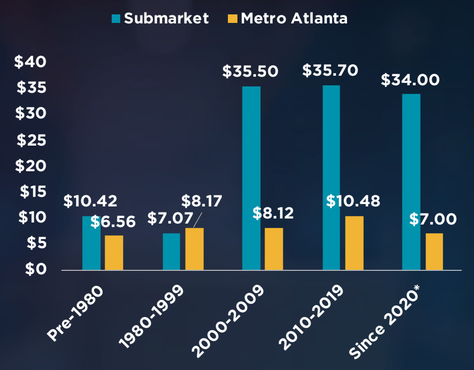

CLICK ON EACH SUBMARKET BUTTON TO UNPACK THE DATA

## BY YEAR BUILT

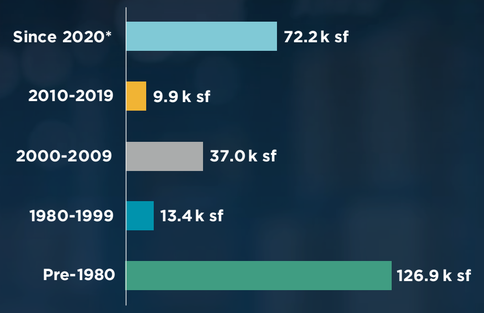
### Share of Direct Vacancy




### Direct Net Asking Rent (psf)

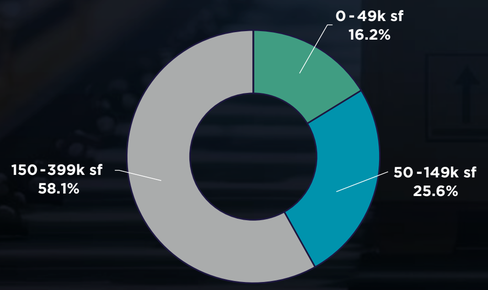



### New Leasing Activity (2023-Present)

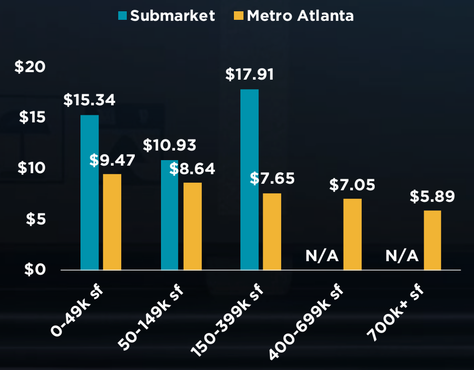



## BY SIZE RANGE

### Share of Direct Vacancy




### Direct Net Asking Rent (psf)




### New Leasing Activity (2023-Present)

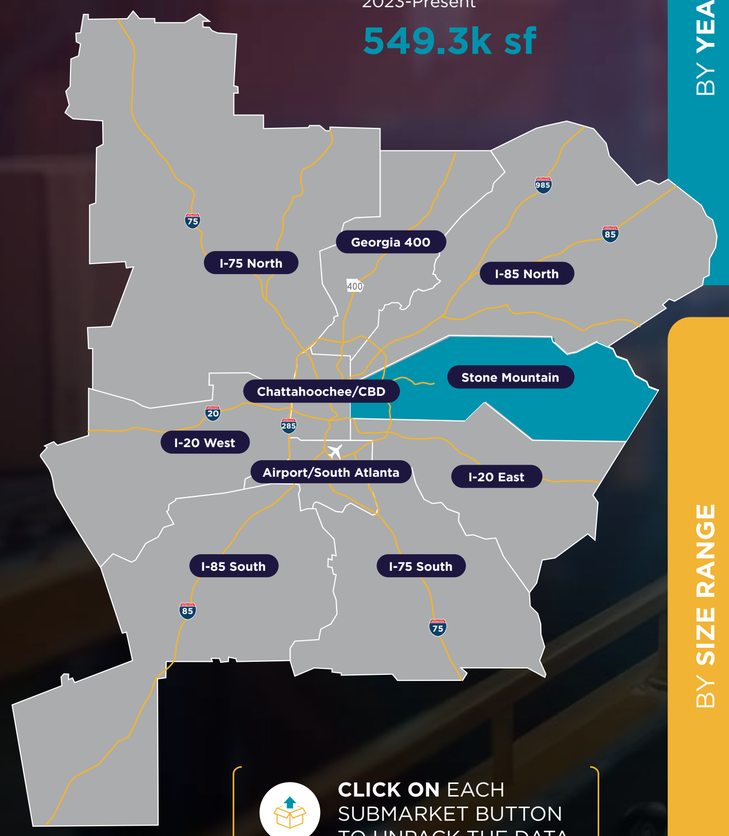
VIEW OUTLOOK

# UNPACKING STONE MOUNTAIN

Direct Vacancy
**1.9%**

Direct Net Asking Rent
**$7.95 psf**

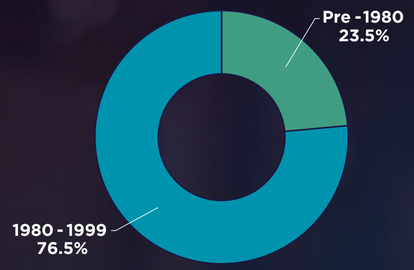
New Leasing Activity
2023-Present
**549.3k sf**



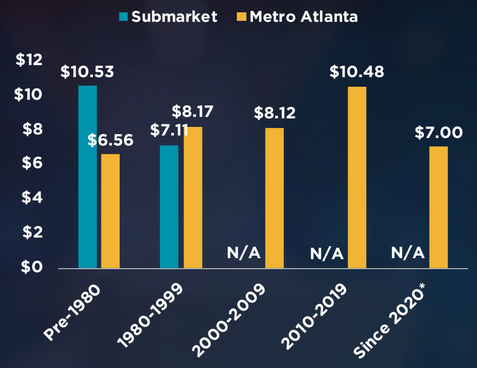

**CLICK ON** EACH SUBMARKET BUTTON TO UNPACK THE DATA

## BY YEAR BUILT

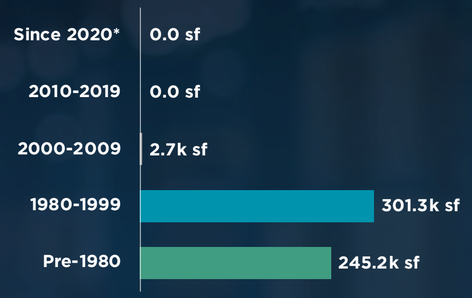
### Share of Direct Vacancy




### Direct Net Asking Rent (psf)

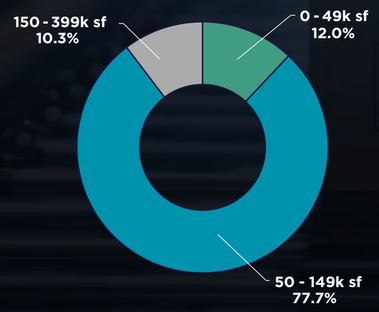



### New Leasing Activity (2023-Present)

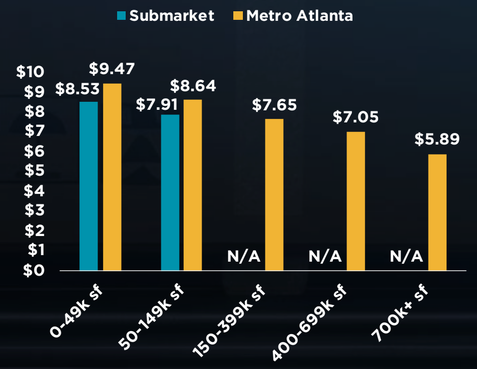



## BY SIZE RANGE

### Share of Direct Vacancy




### Direct Net Asking Rent (psf)




### New Leasing Activity (2023-Present)

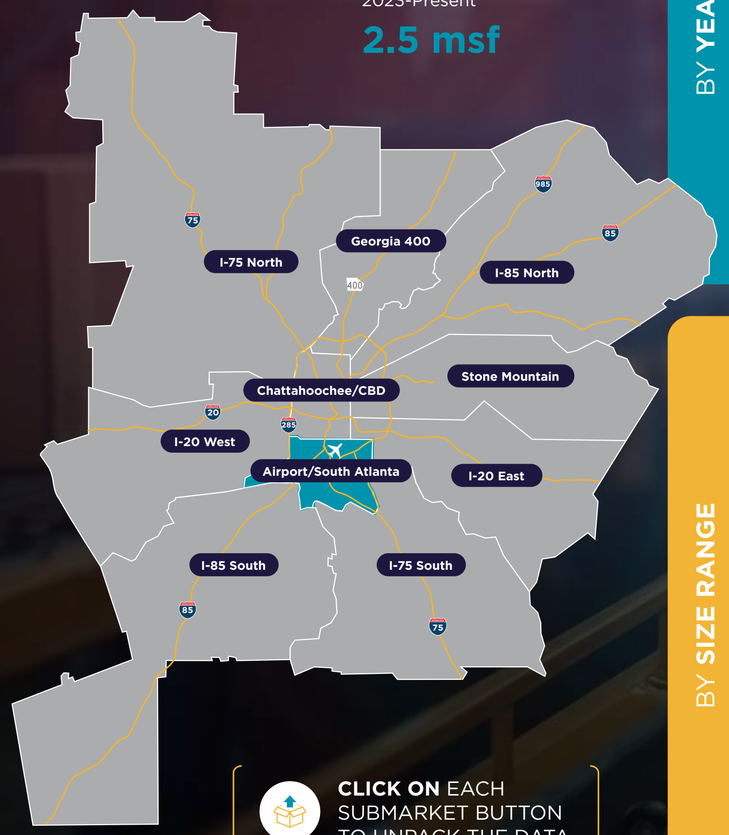
VIEW OUTLOOK

# UNPACKING AIRPORT/ SOUTH ATLANTA

Direct Vacancy
**6.4%**

Direct Net Asking Rent
**$7.08 psf**

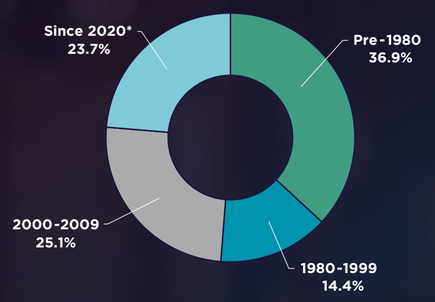
New Leasing Activity
2023-Present
**2.5 msf**



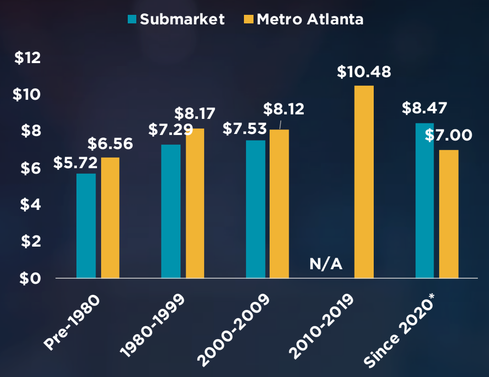

**CLICK ON** EACH SUBMARKET BUTTON TO UNPACK THE DATA

## BY YEAR BUILT

### Share of Direct Vacancy



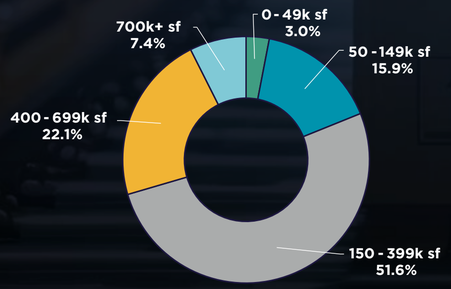

### Direct Net Asking Rent (psf)



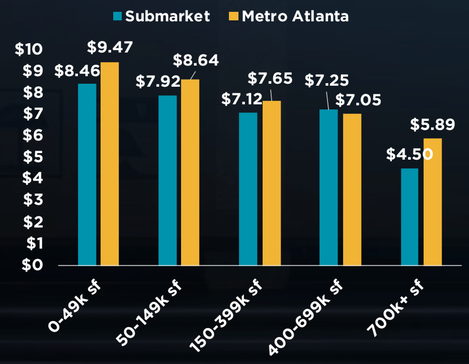

### New Leasing Activity (2023-Present)

## BY SIZE RANGE

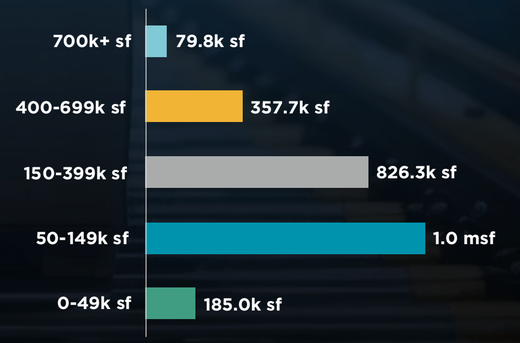
### Share of Direct Vacancy




### Direct Net Asking Rent (psf)




### New Leasing Activity (2023-Present)



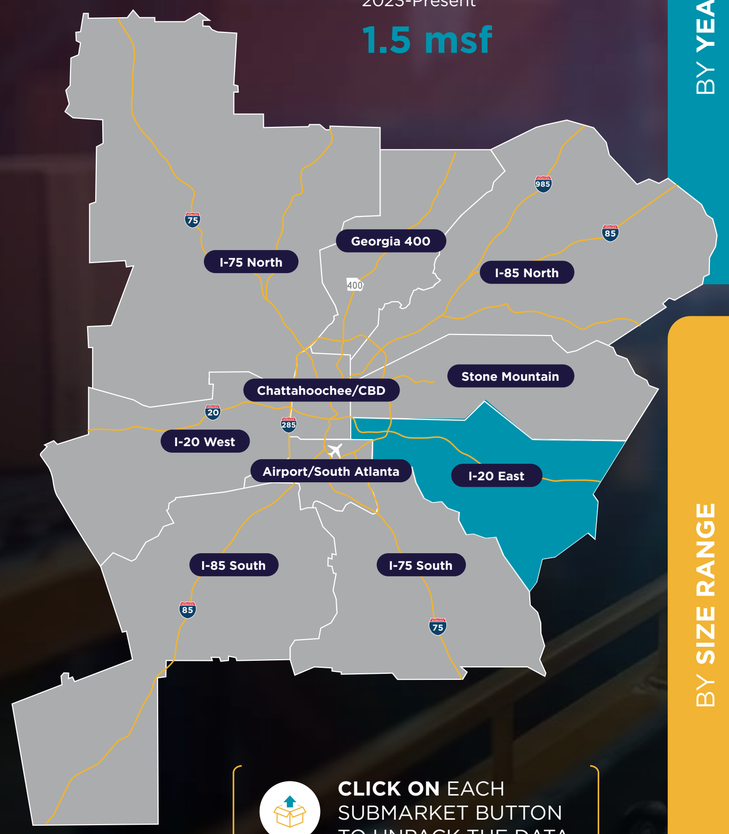

VIEW OUTLOOK

# UNPACKING I-20 EAST

Direct Vacancy
**6.9%**

Direct Net Asking Rent
**$6.58 psf**

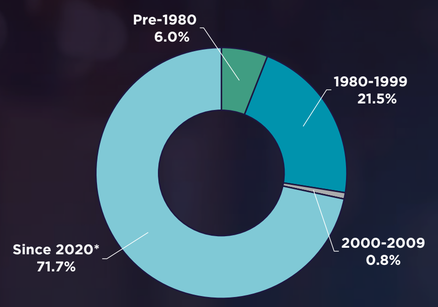
New Leasing Activity
2023-Present
**1.5 msf**



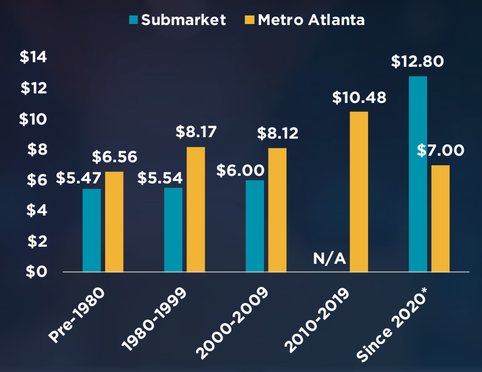

**CLICK ON** EACH SUBMARKET BUTTON TO UNPACK THE DATA

## BY YEAR BUILT

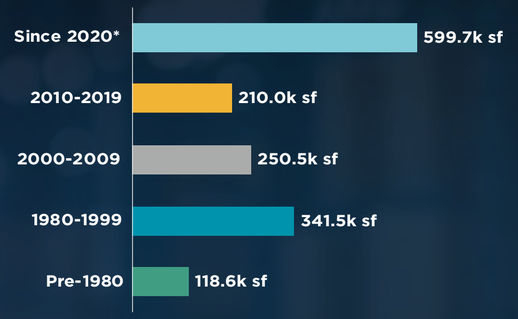
### Share of Direct Vacancy




### Direct Net Asking Rent (psf)

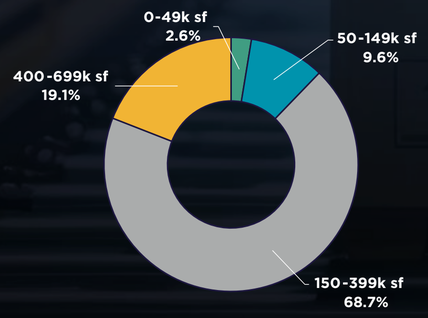



### New Leasing Activity (2023-Present)

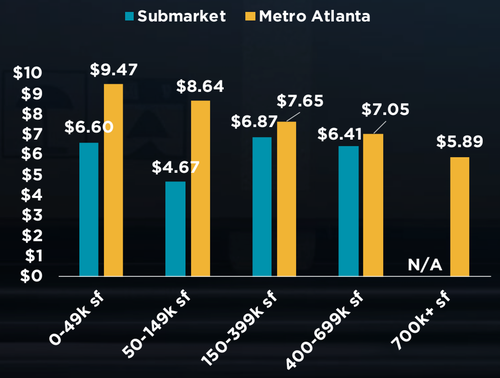



## BY SIZE RANGE

### Share of Direct Vacancy




### Direct Net Asking Rent (psf)




### New Leasing Activity (2023-Present)

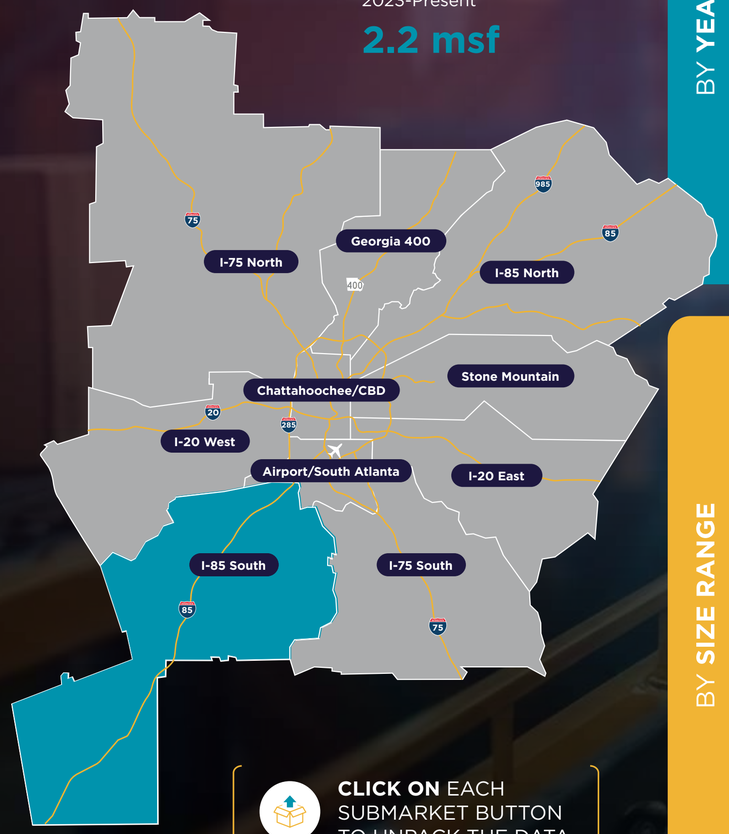
VIEW OUTLOOK

# UNPACKING I-85 SOUTH

Direct Vacancy
**6.4%**

Direct Net Asking Rent
**$6.96 psf**

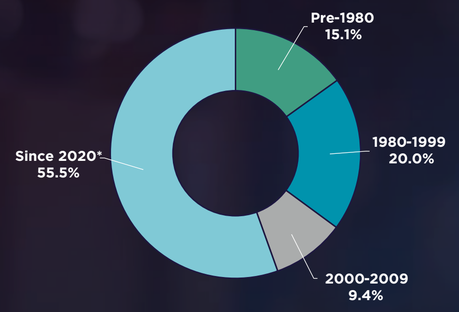
New Leasing Activity
2023-Present
**2.2 msf**



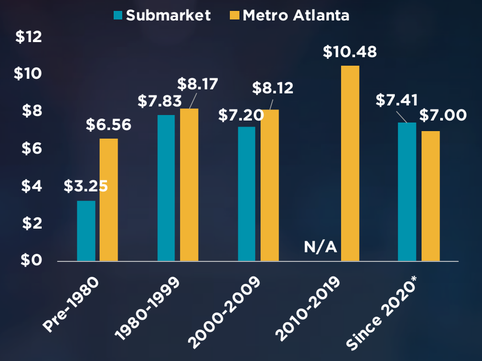

**CLICK ON** EACH SUBMARKET BUTTON TO UNPACK THE DATA

## BY YEAR BUILT

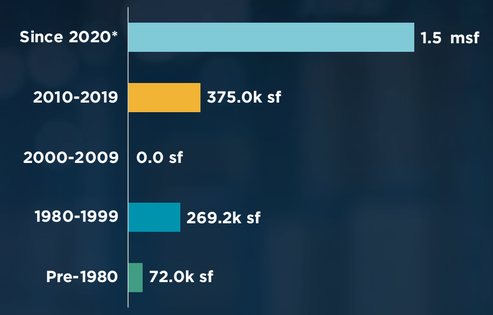
### Share of Direct Vacancy




### Direct Net Asking Rent (psf)

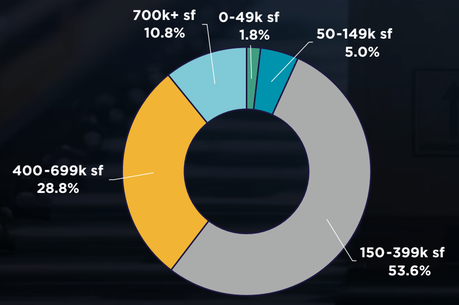



### New Leasing Activity (2023-Present)

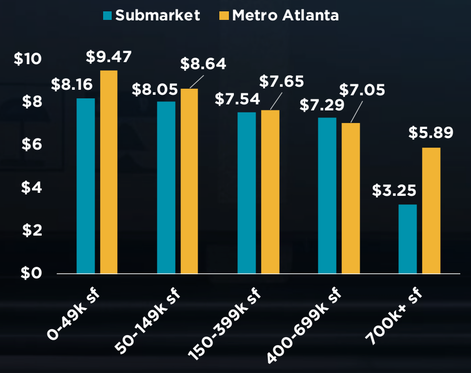



## BY SIZE RANGE

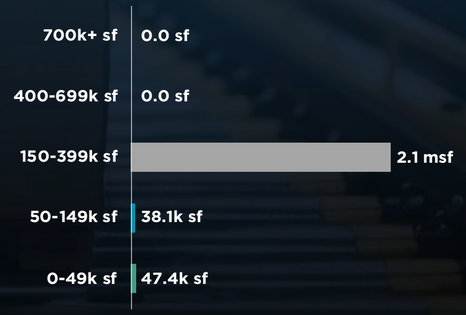
### Share of Direct Vacancy




### Direct Net Asking Rent (psf)




### New Leasing Activity (2023-Present)



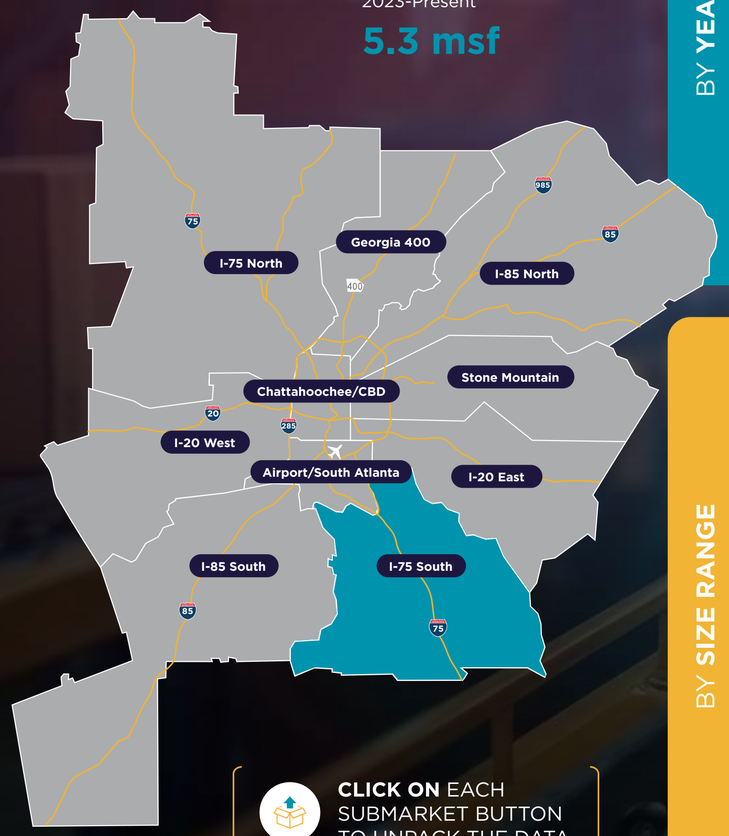

VIEW OUTLOOK

# UNPACKING I-75 SOUTH

Direct Vacancy
**6.8%**

Direct Net Asking Rent
**$6.57 psf**

New Leasing Activity
2023-Present
**5.3 msf**

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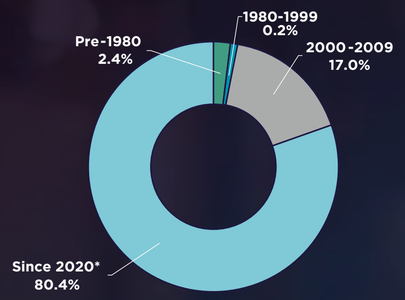
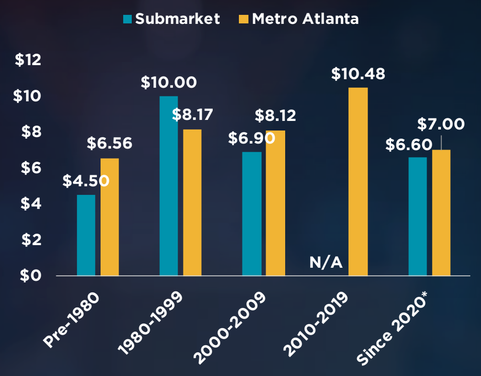
## BY YEAR BUILT

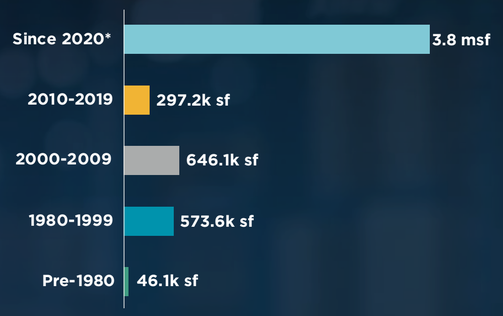
### Share of Direct Vacancy




### Direct Net Asking Rent (psf)

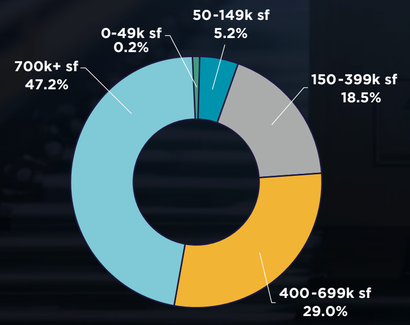



### New Leasing Activity (2023-Present)

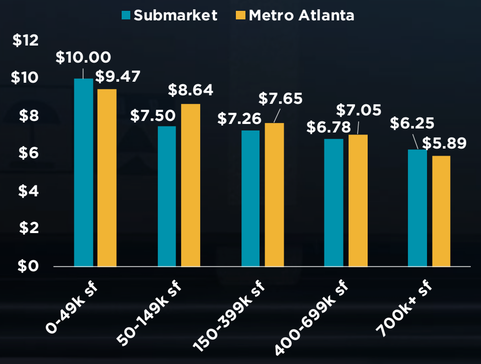



## BY SIZE RANGE

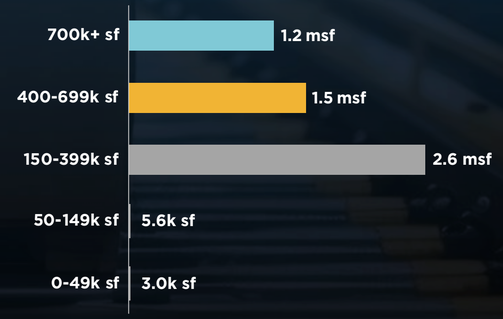
### Share of Direct Vacancy




### Direct Net Asking Rent (psf)




### New Leasing Activity (2023-Present)




VIEW OUTLOOK

CUSHMAN & WAKEFIELD

# UNPACKING

## ATLANTA'S INDUSTRIAL LANDSCAPE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About Cushman & Wakefield

Cushman & Wakefield (NYSE: CWK) is a leading global commercial real estate services firm for property owners and occupiers with approximately 52,000 employees in nearly 400 offices and 60 countries. In 2023, the firm reported revenue of $9.5 billion across its core services of property, facilities and project management, leasing, capital markets, and valuation and other services. It also receives numerous industry and business accolades for its award-winning culture and commitment to Diversity, Equity and Inclusion (DEI), sustainability and more. For additional information, visit www.cushmanwakefield.com.

Better never settles


## OUTLOOK

Despite the difference in fundamentals by building segment, Metro Atlanta's overall industrial market remains stable with vacancy below historical averages and high rental rates.

Looking ahead, industrial dynamics will provide crucial insights and analysis into understanding supply and demand. Owners are likely to meet the persistent demand for mid-size space by demising existing large-block vacancies into multiple units. The number of sizable options can be expected to dwindle as several large users seeking space should make decisions in the final months of 2024, and competitive pricing will keep the remaining vacancies attractive. Additionally, tenants' desire for new, premium space will likely continue over the next several quarters. As a result, the demand for new product, coupled with a shrinking construction pipeline will position the market to tighten as new builds continue to lease up across the metro.

Source: Cushman & Wakefield Research