

# Atlanta Retail | Q3 2024 Market Report

Pull back in demand for the quarter, but overall fundamentals remain healthy

## Executive Summary

### Q3 In Review

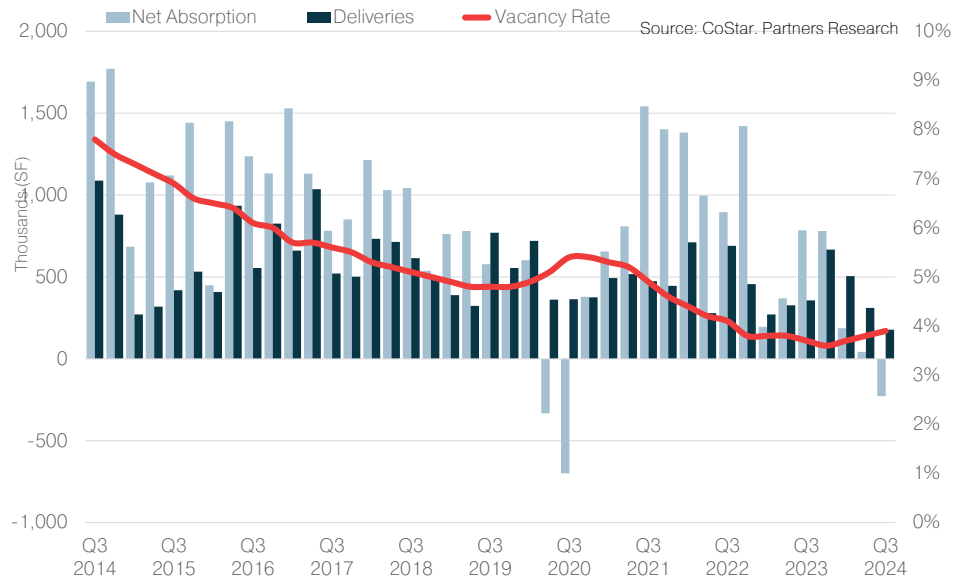
The Atlanta retail market remains resilient, with over 1 million sq. ft. of leasing activity in the third quarter of 2024, bringing the year-to-date total to 3.4 million sq. ft. However, new deliveries and construction activity have slowed significantly, leading to a pause in net absorption, which recorded negative absorption of 227,995 sq. ft. this quarter—the first such decline in four years. The tight market has driven a trend of renewals, as tenants face limited options for new space. Despite these challenges, Atlanta’s vacancy rate remains remarkably low at 3.9%, marking the eighth consecutive quarter below 4%. Meanwhile, new deliveries hit their lowest point in a decade, with only 178,182 sq. ft. completed, well below the historical average. Rental rates continue to climb, reaching an all-time high of \$19.65 per square foot, driven by strong demand and limited supply. Overall, while leasing activity has slowed, Atlanta’s retail market remains healthy with strong fundamentals and low vacancies expected to persist.

### Atlanta Economic Update

The unemployment rate for the Atlanta metro area increased slightly to 4.0% in August 2024, up from 3.9% in July. This is still below the national average and reflects the region’s continued recovery from pandemic-related job losses. Atlanta’s labor force also reached an all-time high in July, with over 3.3 million people. The total number of jobs in the area was approximately 3.09 million, representing an annual growth of 51,200 jobs.

Job growth in Atlanta remains robust, particularly in sectors such as healthcare, finance, and hospitality, which saw notable gains over the past year. Long-term, the city continues to benefit from lower living and business costs compared to major East and West Coast cities, maintaining its competitive edge in attracting businesses and residents.

## Supply & Demand



## Atlanta Retail Market Indicators Q3 2024

	CURRENT Q3 2024	PRIOR QUARTER Q2 2024		PRIOR YEAR Q3 2023	
Vacancy (%)	3.9%	3.8%	▲	3.6%	▲
Net Absorption (SF)	-227,995	42,610	▼	814,106	▼
Leasing Activity (SF)	1,099,327	977,059	▲	1,695,520	▼
Deliveries (SF)	178,182	310,398	▼	382,164	▼
Construction (SF)	678,495	725,309	▼	1,768,795	▼
Inventory (SF)	345,480,667	336,183,370	▲	332,995,826	▲
Avg Asking NNN Rent (\$)	\$19.65	\$19.64	▲	\$19.18	▲

## Market Overview

### Leasing Remains Healthy at over 1 Million sq. ft. for the Quarter

With the new deliveries and the construction pipeline both decreasing over recent quarters, leasing activity has slowed largely due to a limited amount of desirable space to lease-up. For the year so far, leasing activity has totaled 3.4 million sq. ft. Renewals in place have been a growing trend, as there are limited options of new space available to move into.

### Demand Pauses, Along with New Deliveries

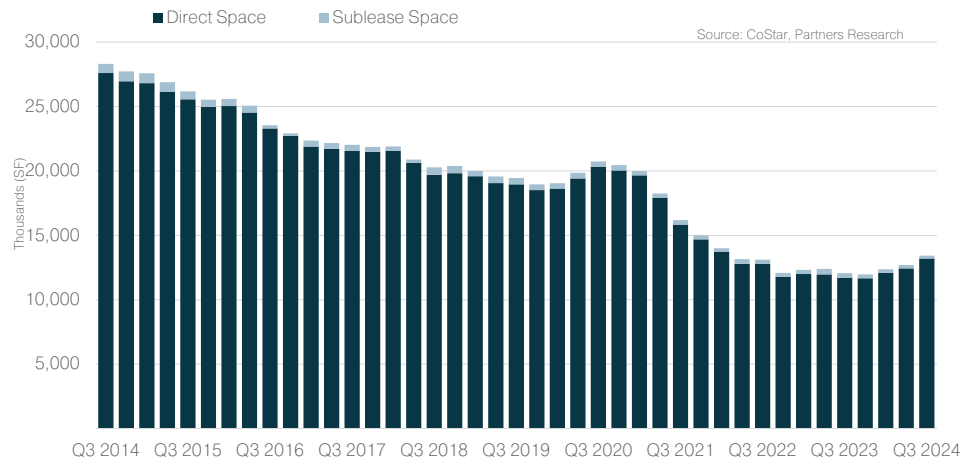
With a large pullback in new deliveries (less than 200,000 sq. ft. completed), net absorption also saw a pause for the quarter. For the first time in four years, the overall market recorded negative absorption for the quarter at 227,995 sq. ft. Over recent years, net absorption has been strongly tied to new construction, with little movement on older, big blocks of retail space. Notable new leases for 2024 include a new 76,139-sq.-ft. Walmart Neighborhood market at Historic West Village; a 60,000-sq.-ft. Yes Foods at Forest Square; Publix moving into 54,964 sq. ft. at 103 Mirror Lake Connector; and The Anchor School leasing 50,000 sq. ft. at Wesley Chapel Crossing.

### Vacancy Rate Extremely Low at 3.9%

The overall vacancy rate in Atlanta's retail market is at 3.9%. This is up 10 basis points over the past quarter, but still well below the historic norm of 5.3%. Like most major retail markets across the country, vacancy is near a record low. Atlanta has maintained a sub-4% vacancy rate over eight consecutive quarters. All indicators pointed to vacancy rates remaining low for the foreseeable future.

Atlanta area employment (number in thousands)	Aug. 2024	Change from August 2023 to August 2024	
		Number	Percent (%)
Total nonfarm	3,095.90	41.1	1.3
Mining and Logging	2.1	0.1	5.0
Construction	149.9	3.2	2.2
Manufacturing	181.8	0.1	0.1
Trade, transportation, and utilities	650.7	-5.3	-0.8
Information	96.4	-4.6	-4.6
Financial activities	210.2	5.1	2.5
Professional and business services	583.3	-4.4	-0.7
Education and health services	428.1	16.6	4.0
Leisure and hospitality	326.6	13.9	4.4
Other services	107.4	4.3	3.3
Government	361.5	13.1	3.8

## Available Space



## Deliveries at Lowest Point in 10 Years, Pipeline also at Historic Low

New deliveries have been trending downward for four consecutive quarters, with less than 200,000 sq. ft. delivered in the third quarter of 2024 (178,182 sq. ft.). To put this low number in perspective, this is the lowest amount of new construction delivered in a single quarter during the past decade. Over the past 10 years, the average quarterly deliveries have been over 500,000 sq. ft. (532,387 sq. ft.) Like the construction deliveries, the under-construction pipeline has been trending downward.

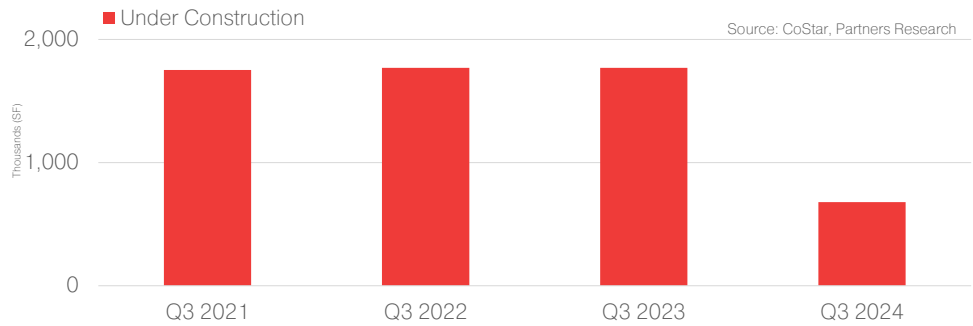
## Investment Sales Trends

Over the past year, 744 retail properties were sold in the Atlanta retail market with an average transaction price of \$201 per sq. ft. and an average cap rate of 7.0%. There has been a notable uptick in transaction volume of portfolio sales for Neighborhood/Community Centers and Power Centers across the Atlanta market. Houston-based 5Rivers CRE and Big V Property out of Charlotte have been some of the more active investors so far this year. Also, AutoNation completed a sale-leaseback of its auto dealership at 869 SE Cobb Pkwy in Marietta for \$205 per sq. ft.

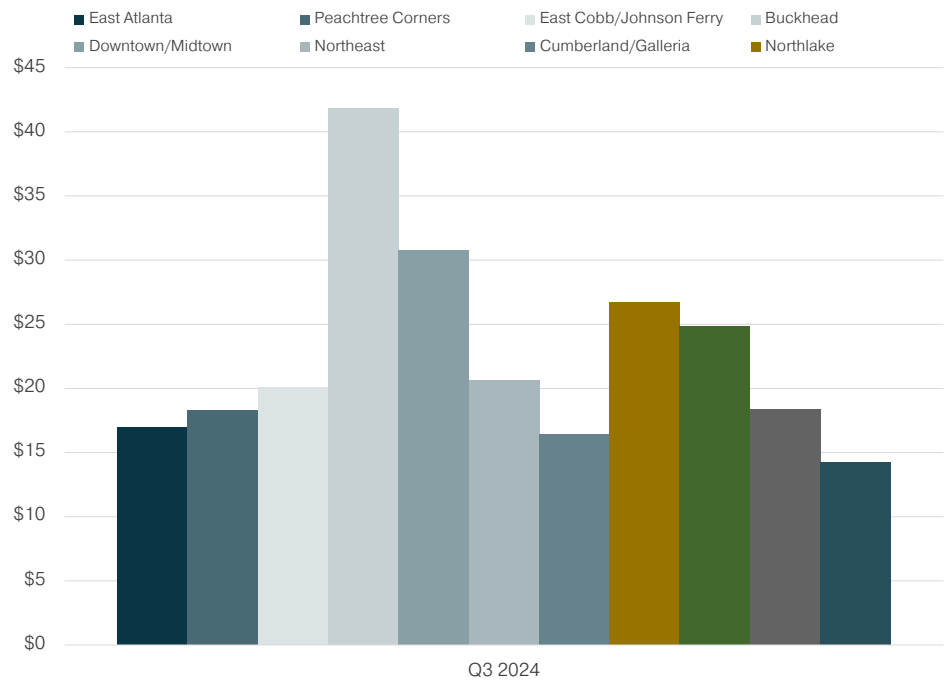
## Rental Rates Up Slightly, Reaching All-time Highs Once Again

The average monthly rental rate (NNN) for Atlanta's retail market is \$19.65 per sq. ft. This is up slightly from last quarter (0.1%) and up 2.5% over the past year. Over recent years, rates have been trending higher and stand at all-time highs for the market overall.

## Deliveries



## Overall Gross Avg Asking Rent (\$PSF)



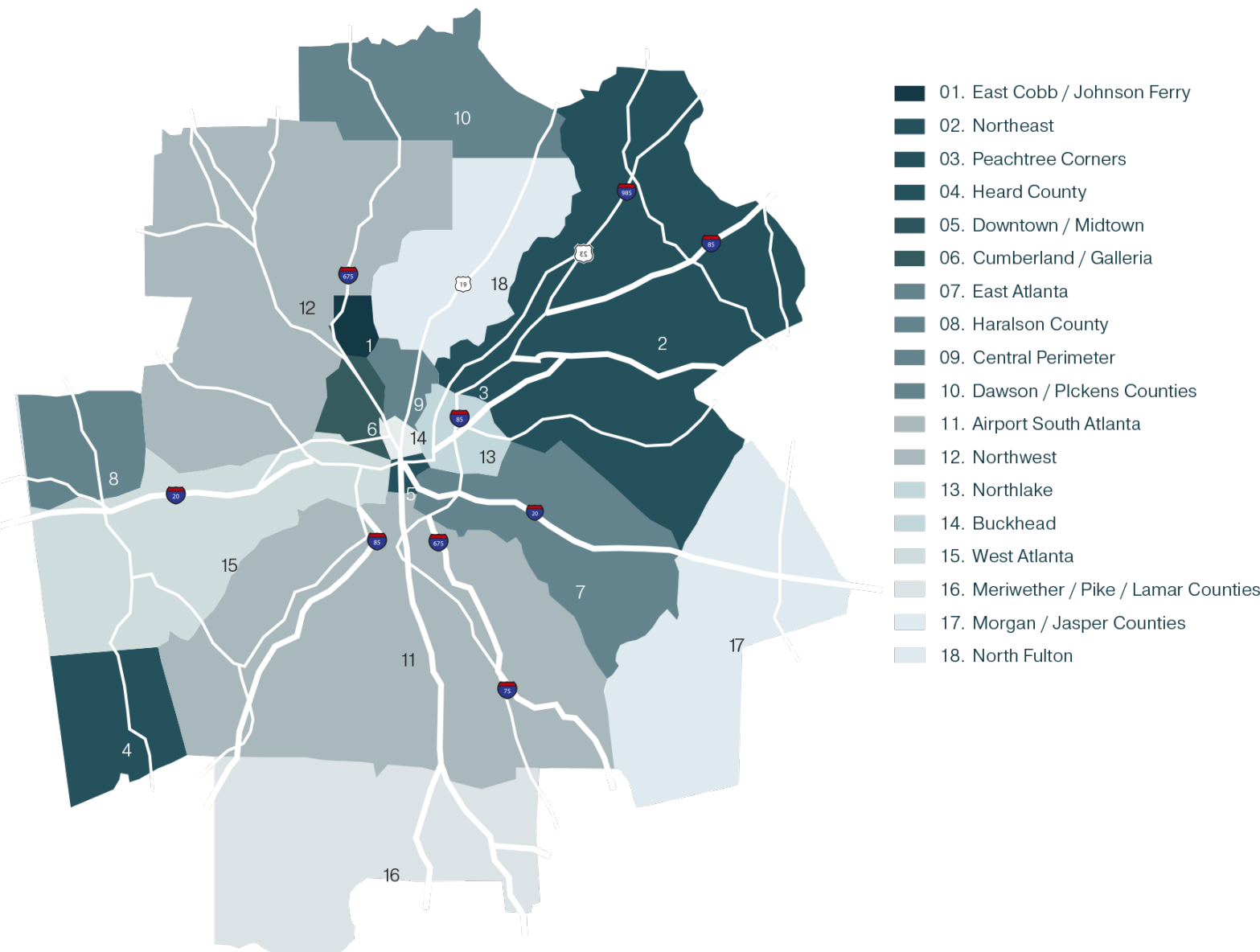
# Market Overview

## Submarket Stats

Submarket	Net Rentable Area (SF)	Vacancy (%)	Q3 2024 Net Absorption (SF)	YTD Net Absorption (SF)	Q3 2024 Leasing Activity (SF)	Q3 2024 Deliveries (SF)	YTD Deliveries (SF)	Under Construction (SF)	Total Avg Asking Rent NNN (\$/PSF)
East Cobb/Johnson Ferry	24,492,114	4.3	-19,520	-84,498	145,078	5,650	0	45,700	20.04
Northeast	66,233,296	4.0	36,951	110,693	239,470	15,500	157,121	96,330	20.60
Peachtree Corners	14,665,288	4.1	8,859	-65,825	49,356	13,000	0	6,458	18.25
Heard County	123,700	0.0	0	0	0	0	0	0	-
Downtown/Midtown	16,146,387	4.4	-101,368	1,868	22,717	0	60,000	79,990	30.73
Cumberland/Galleria	19,020,881	2.9	-50,717	-30,798	59,517	0	0	5,800	16.37
East Atlanta	25,450,855	3.8	-33,782	18,255	20,148	0	67,025	11,700	16.99
Haralson County	772,512	1.1	5,000	5,000	0	5,000	0	0	-
Central Perimeter	9,894,541	3.9	89,995	270,639	64,598	0	150,000	25,000	28.82
Dawson/Pickens Counties	4,523,246	1.5	18,066	19,612	24,784	0	20,000	16,000	12.76
Airport/South Atlanta	76,083,612	3.8	-103,816	-142,198	205,447	87,080	225,509	167,291	14.22
Northwest	17,943,391	2.0	-20,831	-75,197	92,596	0	6,500	20,000	18.37
Northlake	6,693,083	11.4	-128	-7,267	27,678	0	0	0	26.68
Buckhead	12,636,730	2.0	1,935	-76,228	10,568	0	0	55,000	41.79
West Atlanta	27,721,546	3.0	-27,665	70,266	82,292	40,752	73,686	28,200	15.64
Meriwether/Pike/Lamar Counties	1,482,718	0.9	0	0	0	0	0	0	14.00
Morgan/Jasper Counties	198,277	0.0	0	0	0	0	0	0	-
North Fulton	21,398,490	5.7	-30,974	-12,902	55,078	11,200	55,764	121,026	24.86
Atlanta Total	345,480,667	3.9	-227,995	1,420	1,099,327	178,182	815,605	678,495	19.65

# Market Overview

## Atlanta Retail Submarkets



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