

Atlanta Industrial

Q4 2024

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Market Report

Atlanta Industrial Market Balances Robust Leasing with Rising Vacancies Amid Evolving Market Dynamics

Executive Summary

Q4 In Review

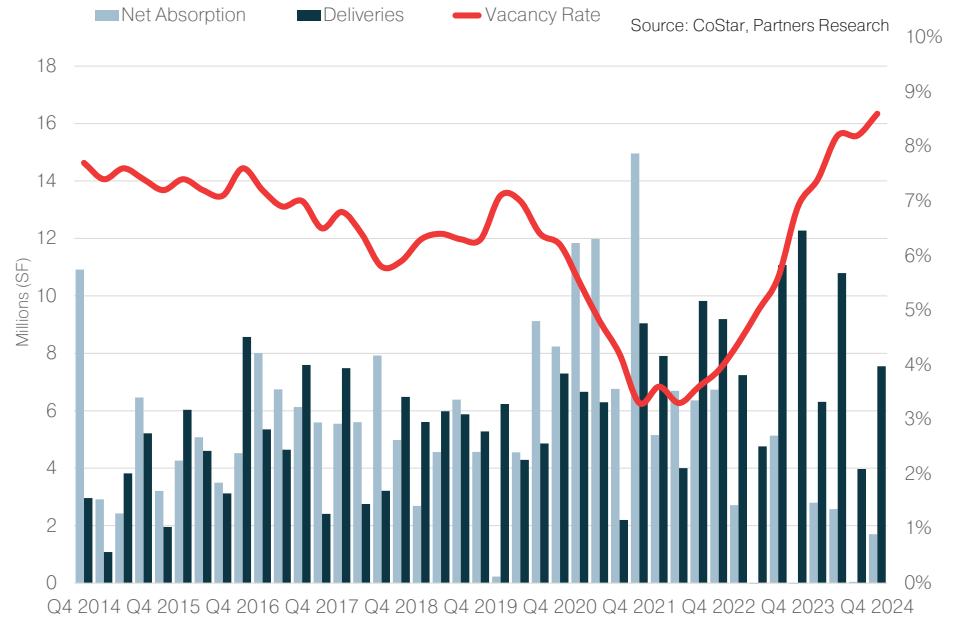
The Atlanta industrial market experienced a mixed performance in Q4 2024, reflecting both opportunities and challenges. Quarterly leasing activity surged to 11.3 million square feet, marking a notable 28% increase from the previous quarter, though still 16% below last year's levels. Major transactions included Travelpro, Conmed Corp., and LCI Services Corp., all signing leases exceeding 295,000 square feet in key industrial parks. Meanwhile, net absorption posted a significant rebound, reaching 1.7 million square feet for the quarter, a sharp rise from Q3's 44,793 square feet. However, annual demand has concentrated almost entirely in Warehouse/Distribution properties, with Flex and Manufacturing spaces underperforming or remaining flat.

The vacancy rate held steady at 8.6% for the quarter but rose year-over-year from 6.9%, as new deliveries outpaced demand. The market transitioned from a landlord-driven environment to more neutral conditions, with future increases in vacancy anticipated. Construction activity remains elevated but is trending downward, with 19.2 million square feet currently underway—a more than 50% reduction from the peak in mid-2022. Rental rates dipped slightly for the quarter but remain up year-over-year, driven by steady demand for Warehouse/Distribution properties. Overall, the Atlanta industrial market is navigating a period of recalibration, balancing robust leasing with rising vacancies and slowing construction.

Atlanta Economic Update

The unemployment rate for the Atlanta metro area decreased to 3.5% in October 2024, down from 4.0% 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 October, with over 3.4 million people. The total number of jobs in the area was

Supply & Demand



Atlanta Industrial Market Indicators Q4 2024

	CURRENT Q4 2024	PRIOR QUARTER Q3 2024		PRIOR YEAR Q4 2024	
Vacant Total	8.6%	8.2%	▲	6.9%	▲
Vacant Direct	7.9%	7.5%	▲	6.0%	▲
Available Total	10.7%	10.6%	▼	9.4%	▲
Available Direct	9.6%	9.4%	▼	8.1%	▲
Net Absorption (SF)	1,700,697	44,793	▲	-232,886	▲
Leasing Activity (SF)	11,277,370	8,781,920	▲	13,339,525	▼
Construction (SF)	19,233,372	19,982,414	▼	26,947,715	▼
Deliveries (SF)	7,549,973	3,970,238	▼	12,294,024	▼
Avg Asking Rent (NNN)	\$9.12	\$9.48	▼	\$9.09	▲
Inventory (SF)	909,538,826	903,546,087	▲	880,308,379	▲

Market Overview

approximately 3.1 million, representing an annual growth of 28,700 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

Leasing Activity Up Slightly Year-Over-Year

Quarterly leasing velocity—comprised of new leases and renewals—stood at 11.3 million sq. ft.—up an impressive 28% from the Q3 2024, still this was down 16% from last year’s level. Notable recent leasing activity includes Travelpro signing a 330,000 sq. ft. lease at River Park 10, Conmed Corp. signing a 330,000 sq. ft. lease at the Terminus West Business Park and LCI Services Corp. signing a 295,721 sq. ft. lease at the Cass-White Logistics Center.

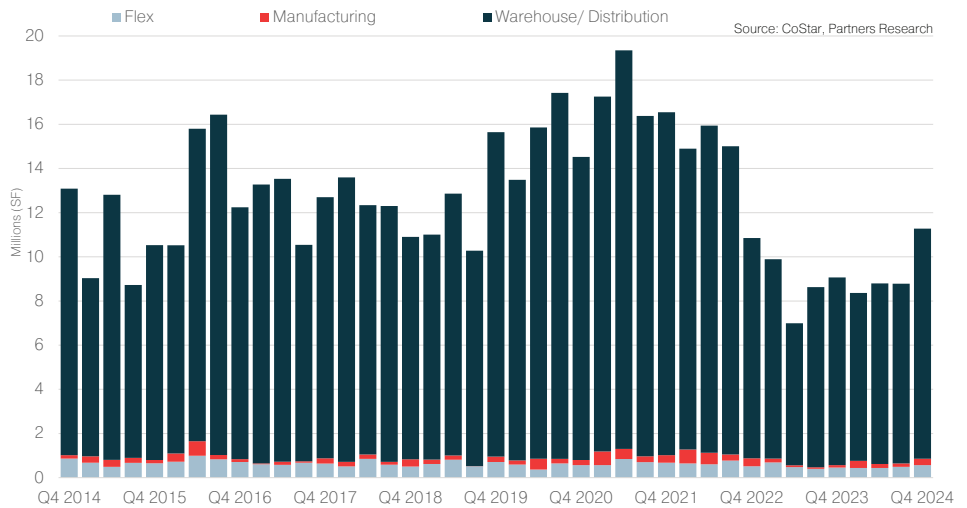
Positive Net Absorption Increased Significantly for the Quarter and Year Over Year

Net absorption—move-ins minus move-outs—was a healthy 1.7 million sq. ft. in Q4 2024. This was up significantly from the 44,793 sq. ft. recorded in the previous quarter. For 2024 as a whole, the demand has been trending downward but remains healthy at 5.4 million sq. ft.. Demand for space in 2024 has been almost completely concentrated in more traditional Warehouse/Distribution space, Flex was a negative 414,001 sq. ft. for the year, while Manufacturing properties were flat with 151,764 sq. ft. of absorption. Notable move-ins in late 2024 include GXO moving into 733,680 sq. ft. at 2201 Thornton Rd, Geodis moving into 499,500 sq. ft. at the Airport Logistics Center, Pactra International moving into 497,842 sq. ft. at the Cass-White Logistics Center and the Ball Corporation moving into 418,192 sq. ft. at the Georgia North Industrial Park.

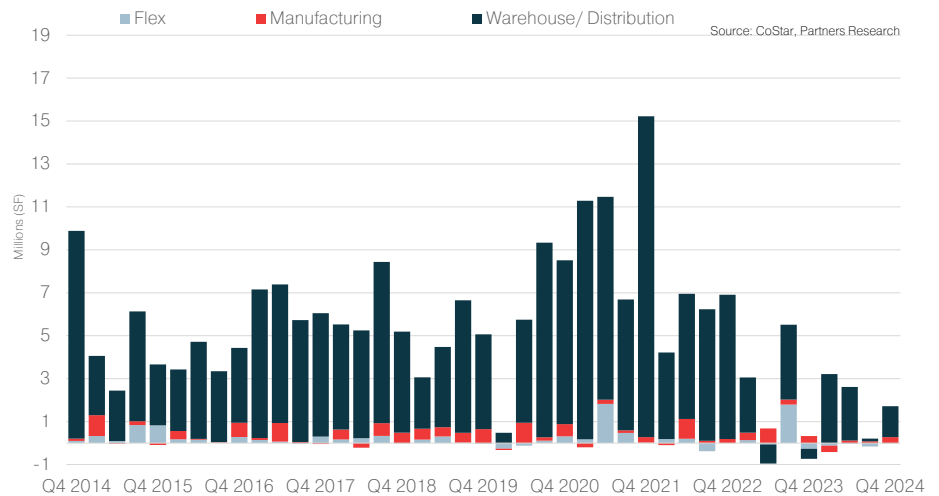
Vacancy Rate Increased to 8.6% as New Deliveries Outpaced Demand

The overall vacancy rate in Atlanta’s industrial market remained flat for the quarter at 8.6%. Like most major industrial markets across the country, a robust pipeline of new construction over the past two years has moved the overall market

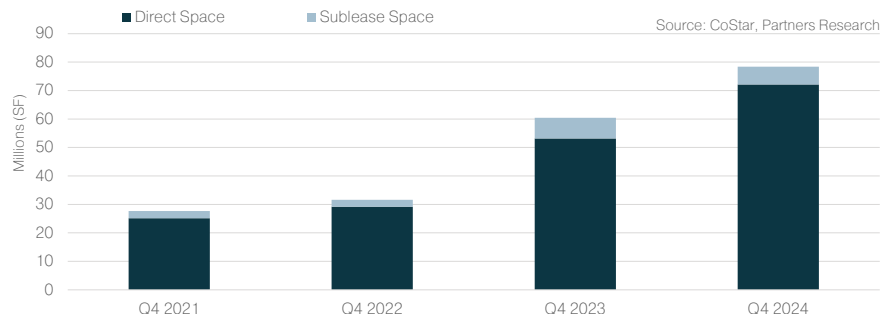
Leasing



Net Absorption



Vacancy | YOY



from a landlord market to more neutral conditions (8% to 10% vacancy). Year-over-year, the vacancy rate increased 170 basis points from 6.9%. Flex, Manufacturing, and Warehouse/Distribution space had vacancy rates of 5.8%, 3.5%, and 9.4%, respectively. As new deliveries continue to outpace demand, the overall vacancy rate is forecasted to increase over the next few quarters.

Under Construction Pipeline Still Elevated But Trending Downward

New deliveries for 2024 so far have outpaced net absorption with 28.6 million sq. ft. completed in 2024 versus the 71 million sq. ft. absorbed for the same time period. Still the under construction pipeline has been trending down from all-time highs of over 50 million sq. ft. reached in mid-2022. The current under construction pipeline stands at 19.2 million sq. ft., this is down almost 30% over the past year.

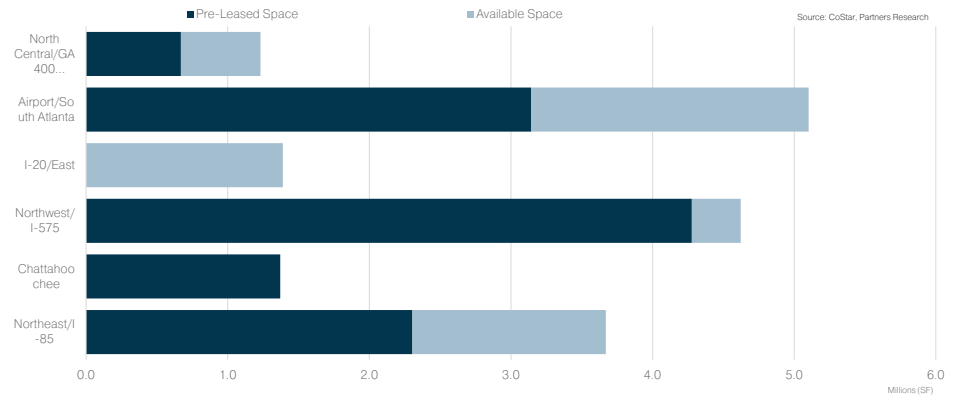
Investment Sales Trends

Over the past year, 769 industrial properties were sold in the Atlanta industrial market with an average transaction price of \$111 and an average cap rate of 6.8%. Notable sales transactions in late 2024 include EQT Exeter acquired the 1,044,288 sq. ft. Owens Corning leased building at 8095 McLarin Rd from FHR Capital for \$90,000,000 or \$86 per sq. ft. Also, Blackstone purchased the 744,000 sq. ft. Interstate 85 Distribution Center, which is 100% occupied by Amazon.

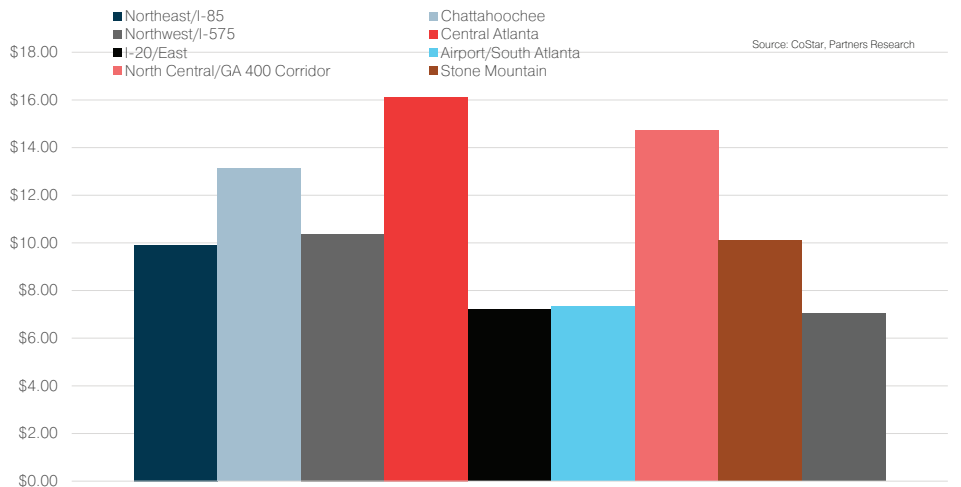
Rates Dip for the Quarter but Still Up Year Over Year

The average monthly rental rate (NNN) for Atlanta's industrial market is \$9.12 per sq. ft. This is a 3.8% decrease over the past quarter but still 0.3% higher than one year ago, when the average rate was \$9.09 per sq. ft. Most of the rental rate increases have been for Warehouse/Distribution properties, Flex and Manufacturing rates have been much more flat in comparison over recent quarters.

Q4 2024 Construction



Overall Average Asking NNN Rents



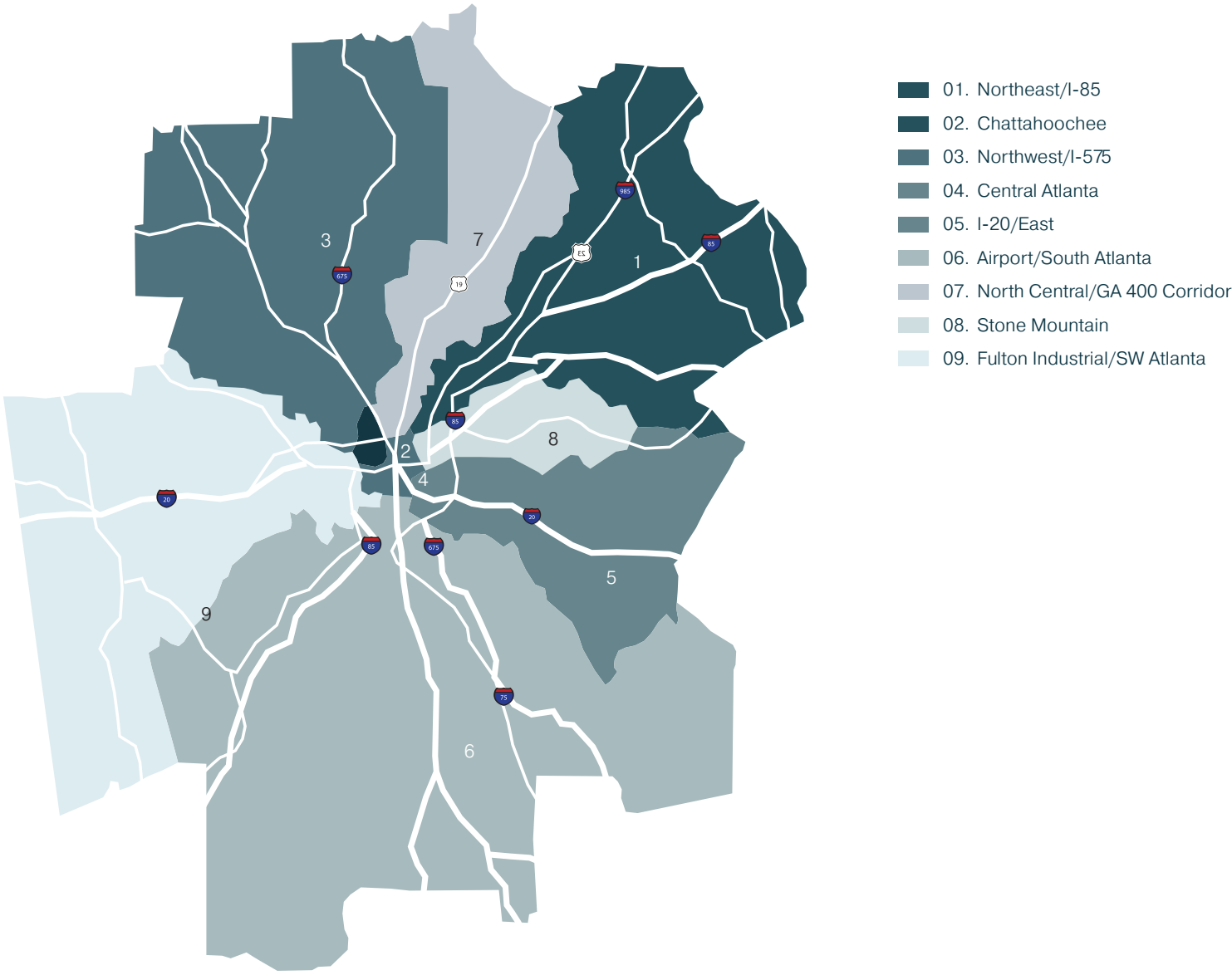
Market Overview

Submarket Stats

Submarket Statistics	Inventory (SF)	Total Vacancy (%)	Total Availability (%)	Q4 2024 Total Net Absorption (SF)	YTD Total Net Absorption (SF)	Q4 2024 Deliveries (SF)	Under Construction (SF)	Total Avg Asking Rent (\$/SF/NNN)
Atlanta Market Total	909,538,826	8.60%	10.70%	1,700,697	7,119,334	7,549,973	19,233,372	9.12
Flex	61,278,157	5.80%	8.40%	-18,922	-414,001	0	1,219,726	14.94
Manufacturing	82,105,676	3.50%	3.50%	275,163	151,764	400,000	4,230,000	5.00
Warehouse/Distribution	766,154,993	9.40%	11.80%	1,444,456	7,381,571	7,149,973	13,783,646	8.34
Northeast/I-85	257,507,844	9.40%	10.50%	451,406	181,028	3,219,933	3,669,477	9.41
Flex	18,376,671	6.40%	8.50%	11,248	-64,278	0	0	13.23
Manufacturing	21,349,067	1.40%	1.40%	-38,964	-2,234	0	430,000	10.74
Warehouse/Distribution	217,782,106	10.40%	11.60%	479,122	247,540	3,219,933	3,239,477	8.69
Chattahoochee	20,233,854	7.60%	7.70%	-7,317	-274,394	0	1,370,863	13.12
Flex	4,281,090	5.60%	6.10%	-36,720	-53,345	0	0	17.76
Manufacturing	1,556,154	6.40%	8.90%	-2,683	4,971	0	0	12.95
Warehouse/Distribution	14,396,610	8.30%	8.30%	32,086	-226,020	0	1,370,863	11.60
Northwest/I-575	104,680,304	8.10%	8.30%	1,297,313	3,675,195	0	4,621,999	10.37
Flex	9,190,237	4.30%	8.40%	-45,110	21,612	0	28,126	14.02
Manufacturing	12,172,322	1.90%	1.90%	2,283	-169,201	0	3,800,000	9.65
Warehouse/Distribution	83,317,745	9.40%	11.30%	1,340,140	3,822,784	0	793,873	9.19
Central Atlanta	12,062,653	9.70%	13.20%	-63,727	-347,160	0	0	16.13
Flex	2,899,008	6.20%	25.20%	-53,137	-91,463	0	0	25.41
Manufacturing	814,343	14.50%	14.50%	1,002	10,691	0	0	24.28
Warehouse/Distribution	8,349,302	10.40%	10.40%	-11,592	-266,388	0	0	12.25
I-20/East	59,486,770	8.20%	8.80%	137,763	2,018,048	400,000	1,389,595	7.21
Flex	3,993,308	4.30%	6.10%	71,861	-86,232	0	0	8.90
Manufacturing	10,556,400	0.00%	0.80%	396,278	437,648	400,000	0	-
Warehouse/Distribution	44,937,062	10.40%	10.40%	-330,376	1,666,632	0	1,389,595	7.06
Airport/South Atlanta	256,212,096	9.50%	13.60%	6,747	3,153,606	3,387,680	5,101,779	7.33
Flex	5,813,240	4.80%	4.80%	8,352	-33,063	0	728,378	12.87
Manufacturing	20,121,349	9.20%	9.20%	6,700	142,056	0	0	3.57
Warehouse/Distribution	230,277,507	9.60%	14.60%	-8,305	3,044,613	3,387,680	4,373,401	7.58
North Central/GA 400 Corridor	34,806,139	5.50%	7.70%	-79,399	-450,168	0	1,230,791	14.71
Flex	9,386,559	8.30%	10.20%	12,697	-93,939	0	463,222	16.59
Manufacturing	3,498,868	2.30%	2.30%	-2,622	-2,291	0	0	15.00
Warehouse/Distribution	21,920,712	4.80%	7.40%	-89,474	-353,938	0	767,569	12.54
Stone Mountain	30,498,149	4.70%	5.30%	-117,778	-273,090	0	0	10.10
Flex	3,441,329	5.50%	8.20%	-1,804	-38,800	0	0	11.77
Manufacturing	2,338,686	1.10%	1.10%	-9,660	-5,370	0	0	12.80
Warehouse/Distribution	24,718,134	5.00%	5.30%	-106,314	-228,920	0	0	9.64
Fulton Industrial/SW Atlanta	134,051,017	7.80%	9.40%	75,689	-563,731	542,360	1,848,868	7.04
Flex	3,896,715	3.30%	3.70%	13,691	25,507	0	0	13.13
Manufacturing	9,698,487	1.30%	1.30%	-77,171	-264,506	0	0	6.00
Warehouse/Distribution	120,455,815	8.50%	10.30%	139,169	-324,732	542,360	1,848,868	6.87

Market Overview

Atlanta Industrial Submarkets



Steve Triolet

SVP of Research and Market Forecasting

tel 214 223 4008

partners

ATLANTA

+ 404 595 0500

999 Peachtree Rd, Suite 1250

Atlanta, GA 30309

PARTNERSREALESTATE.COM