

Atlanta Retail

Q4 2024

Atlanta Retail | Q4 2024 Market Report

Atlanta Retail Market Stays Tight with Sub-4% Vacancy and Record-High Rents

Executive Summary

Q4 In Review

Atlanta's retail market remains exceptionally tight, with the overall vacancy rate holding steady at 3.9% in Q4 2024—well below the historical norm of 5.3%. This marks the ninth consecutive quarter of sub-4% vacancy. Leasing activity was robust at 1.3 million square feet, up 19% from the previous quarter but still trailing Q4 2023 levels by 13%. However, with new construction at a multi-year low and demand for space outpacing supply, expansion opportunities remain scarce for tenants across most submarkets. Fitness concepts have been among the most active tenants, with Fitness 2020 and Planet Fitness securing notable leases in late 2024.

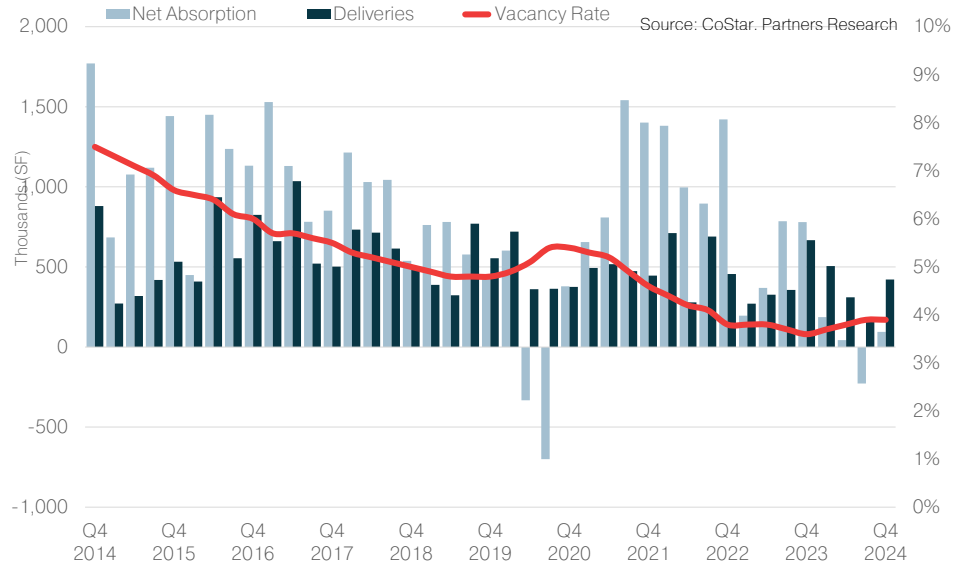
Limited new supply continues to put upward pressure on rental rates, which have reached a record high of \$20.25 per sq. ft., rising 6.6% year-over-year. The construction pipeline has dwindled to just 516,158 square feet underway, down 64% from a year ago. Investment activity remained healthy, with average sale price of \$207 per square foot and a 7.1% average cap rate. With vacancy expected to remain low and new supply constrained, rental growth and competition for space are likely to persist into 2025.

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 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 competitive edge in attracting businesses and residents.

Supply & Demand



Atlanta Retail Market Indicators Q4 2024

	CURRENT Q4 2024	PRIOR QUARTER Q3 2024		PRIOR YEAR Q4 2023	
Vacancy (%)	3.9%	3.9	—	3.5	↑
Net Absorption (SF)	-227,995	94,592	↑	809,735	↓
Leasing Activity (SF)	1,099,327	1,304,047	↑	1,499,841	↓
Deliveries (SF)	178,182	421,218	↑	685,672	↓
Construction (SF)	678,495	516,158	↓	1,432,985	↓
Inventory (SF)	345,480,667	334,077,186	↑	332,460,820	↑
Avg Asking NNN Rent (\$)	\$19.65	\$20.25	↑	\$19.00	↑

Market Overview

Vacancy Rate Unchanged and Extremely Low at 3.9%

The overall vacancy rate in Atlanta's Retail market is at 3.9%, this unchanged from last quarter. This is up 40 basis points over the past year, 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 nine consecutive quarters. All indicators pointed to vacancy rates remaining low for the foreseeable future

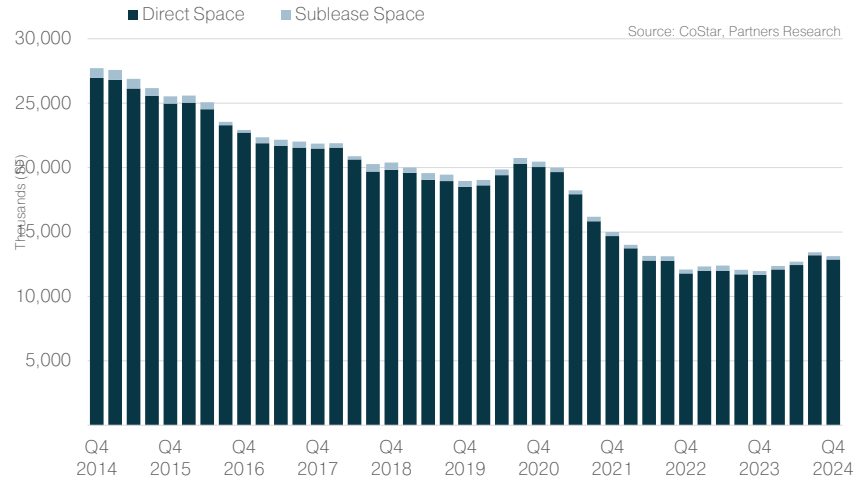
Leasing Remains Healthy at 1.3 Million sq. ft. for the Quarter

Leasing activity (new leases and renewals) came in at 1.3 million sq. ft. for Q4 2024, this was a 19% increase from last quarter, which was still 13% below Q4 2023. With new construction trending downward and the total vacancy below 4%, there are limited viable options for existing retail tenants looking to expand for most submarkets. Until more product is brought to the market, leasing activity is likely to remain below historic norms.

Demand Positive, but Far Below Norms

Demand for space returned to positive territory in Q4 2024, with 94,592 sq. ft. absorbed. This was an improvement from the negative absorption last quarter, but still 88% below the 809,735 sq. ft. absorbed in Q4 2023. Gym and fitness concepts have been growing significantly, with tenants like Fitness 2020 taking 55,000 sq. ft. at 1090 Regency Plaza Blvd, along with expansions by Planet Fitness at multiple locations along with other similar concepts.

Available Space



Deliveries Remain Lower Than Normal, Along with Limited Construction Pipeline

New deliveries have been trending downward with 421,218 sq. ft. delivered for Q4 2024, this was down 39% from Q4 2023. The construction pipeline is down more dramatically over recent quarters, with 516,158 sq. ft. currently underway. This is down 64% over the past year and will limit expansion options for many tenants over the next year or more.

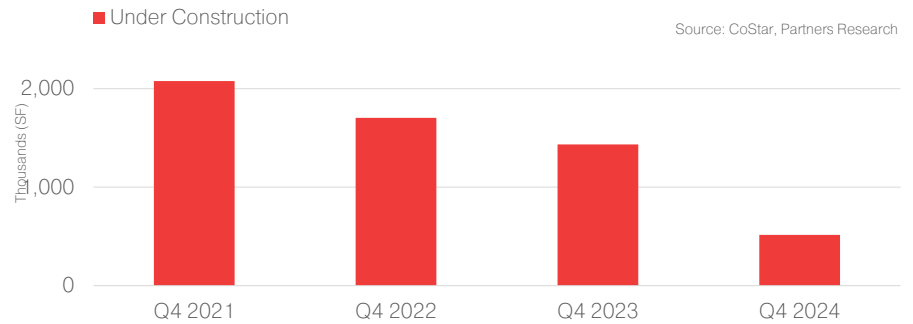
Investment Sales Trends

Over the past year, 715 Retail properties were sold in the Atlanta Retail market with an average transaction price of \$207 per sq. ft. and an average cap rate of 7.1%. Notable sales transactions in late 2024 include Shaked Acquisitions, who acquired the 335,190 sq. ft. Cobb Place for \$189 per sq. ft. The Ashley Furniture and DSW anchored center was 99% occupied at the time of the sale. The Walmart anchored East West Crossroads was acquired by Netsreit. The 198,052 sq. ft. shopping center went for \$98 per sq. ft. and went for a 6.4% cap rate.

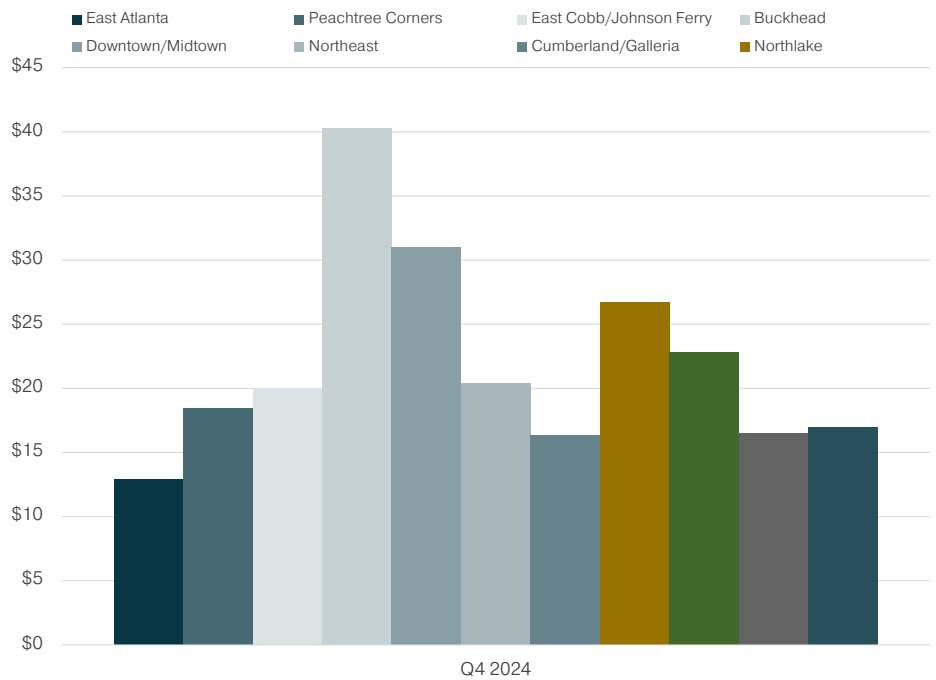
Rental Rates Up, Continue to New Reach All-time Highs

The average monthly rental rate (NNN) for Atlanta's Retail market is \$20.25 per sq. ft. This is up from last quarter (3.1%) and up 6.6% 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)



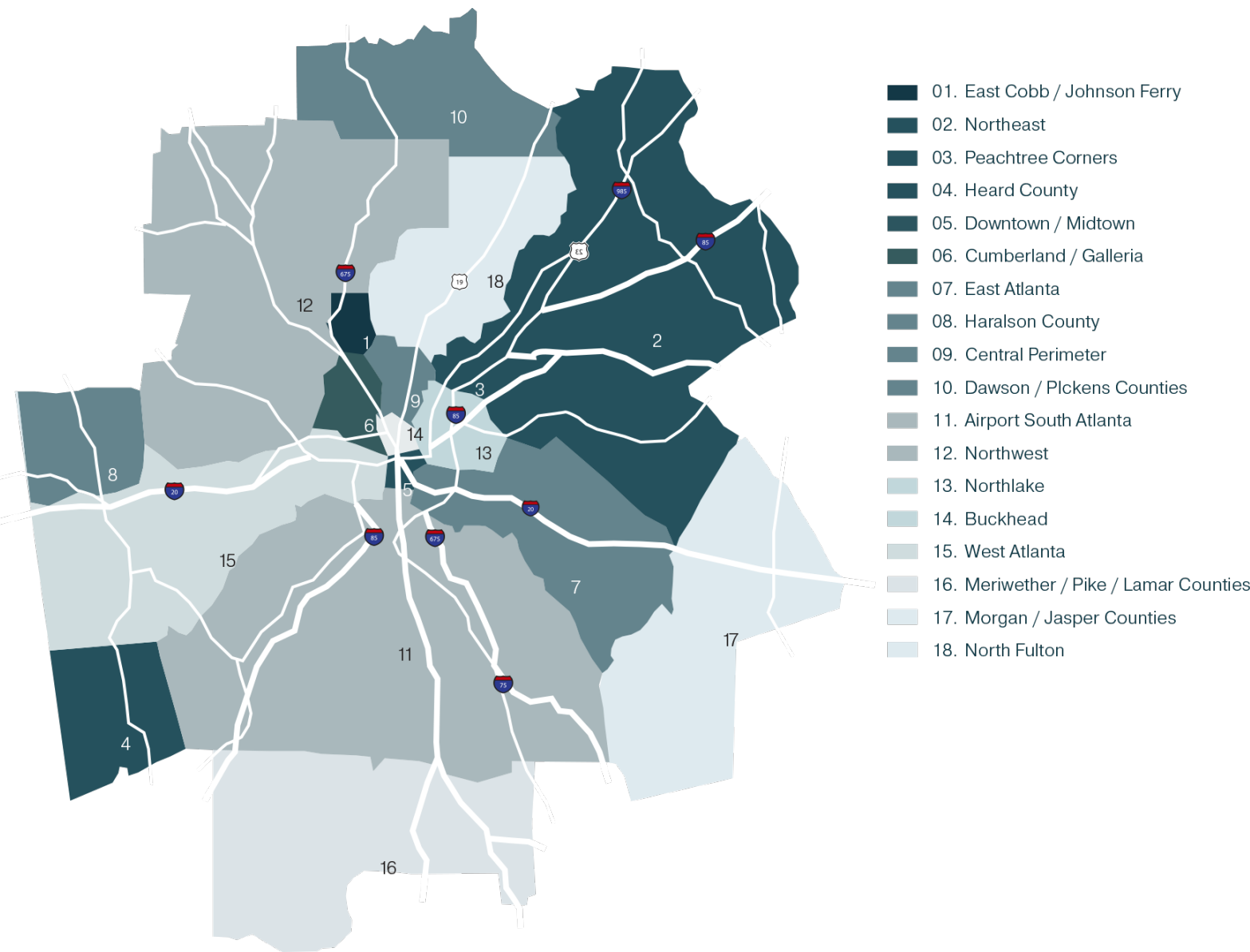
Market Overview

Submarket Stats

Submarket	Net Rentable Area	Vacancy	Q4 2024 Net Absorption	YTD Net Absorption	Q4 2024 Leasing Activity	Q4 2024 Deliveries	YTD Deliveries	Under Construction	Total Avg Asking Rent NNN
	(SF)	(%)	(SF)	(SF)	(SF)	(SF)	(SF)	(SF)	(\$/PSF)
East Cobb/Johnson Ferry	24,559,867	4.1	49,698	-34,800	150,371	23,889	23,889	32,600	20.02
Northeast	66,760,231	4.1	70,341	181,034	233,666	167,122	324,243	75,807	20.40
Peachtree Corners	14,688,754	3.7	60,701	-5,124	60,375	0	13,000	6,458	18.42
Downtown/Midtown	14,539,162	5.1	48,576	50,444	21,844	10,000	70,000	70,911	30.97
Cumberland/Galleria	19,023,850	3.0	-25,274	-56,072	47,293	0	0	5,800	16.33
East Atlanta	25,303,491	4.2	-50,769	-32,514	75,355	14,414	81,439	36,700	12.88
Central Perimeter	9,907,156	3.4	44,769	315,408	9,700	0	150,000	25,000	28.02
Airport/South Atlanta	65,350,974	4.4	-194,100	-336,298	325,168	62,493	288,002	134,098	16.95
Northwest	18,032,989	2.0	-20,566	-95,763	98,989	0	6,500	57,200	16.51
Northlake	6,655,027	8.7	-5,929	-13,196	18,730	0	0	0	26.70
Buckhead	12,681,153	2.1	35,281	-40,947	27,620	55,000	55,000	0	40.26
West Atlanta	28,013,644	3.1	-35,209	35,057	121,668	0	73,686	43,058	14.84
North Fulton	21,421,986	5.4	97,922	85,020	100,573	83,300	139,064	7,126	22.79
Atlanta Total	334,077,186	3.9	94,592	96,012	1,304,047	421,218	1,249,823	516,158	20.25

Market Overview

Atlanta Retail Submarkets





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