



# Atlanta industrial market report

Q2 2024

---

**AVISON  
YOUNG**

---

# Atlanta industrial market trends

63%

## Smaller space continues to be coveted

Although the demand for more industrial space in Atlanta has remained consistent, smaller availabilities are in high demand. Deals signed for spaces less than 50k sf accounted for 63% of leasing activity during second quarter. Much of the newer inventory that has delivered within the last few years was developed for tenants with larger square footage needs in mind. This has left smaller tenants without viable options and could lead to a shift in the size of new development projects.

85%

## Uptick in transaction volume

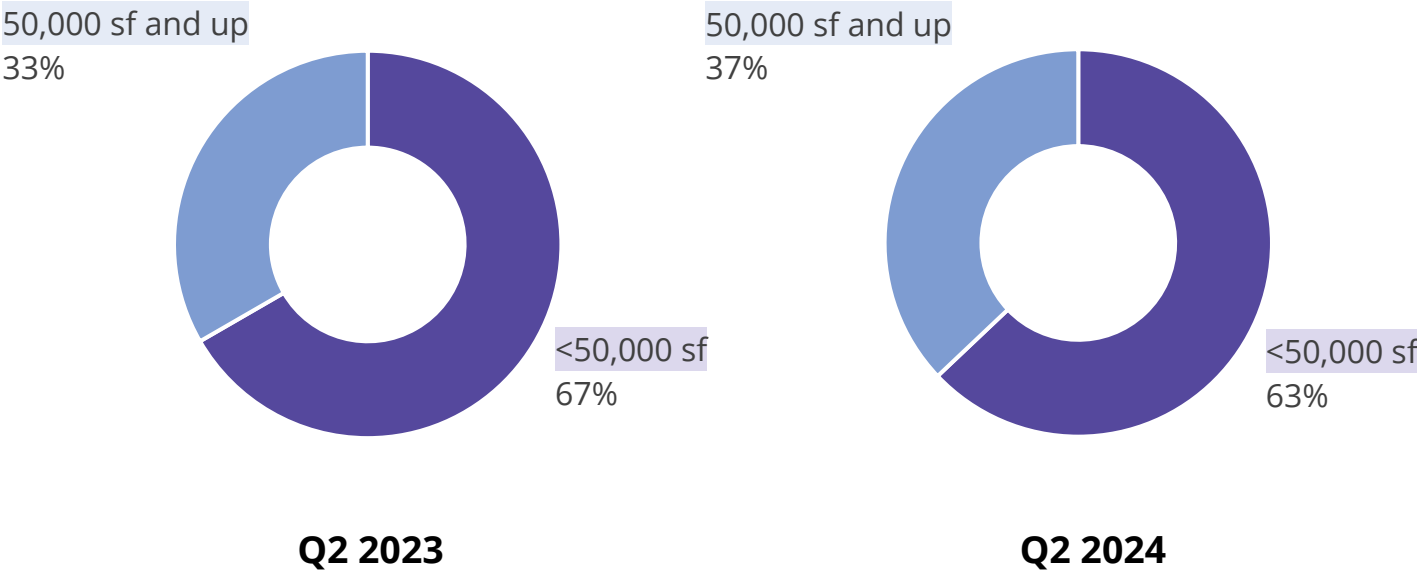
The Atlanta market experienced a positive increase in sales volume during second quarter, displaying an 85% increase in transaction volume quarter-over-quarter and a 20% increase year-over-year. Strong owners are currently capitalizing on market conditions and committing to investing in portfolio opportunities. Transaction momentum is expected to continue to increase with the possibility of a cut in interest rates during the second half of 2024.

8.6%

## Vacancy rate escalates as new product outpaces demand

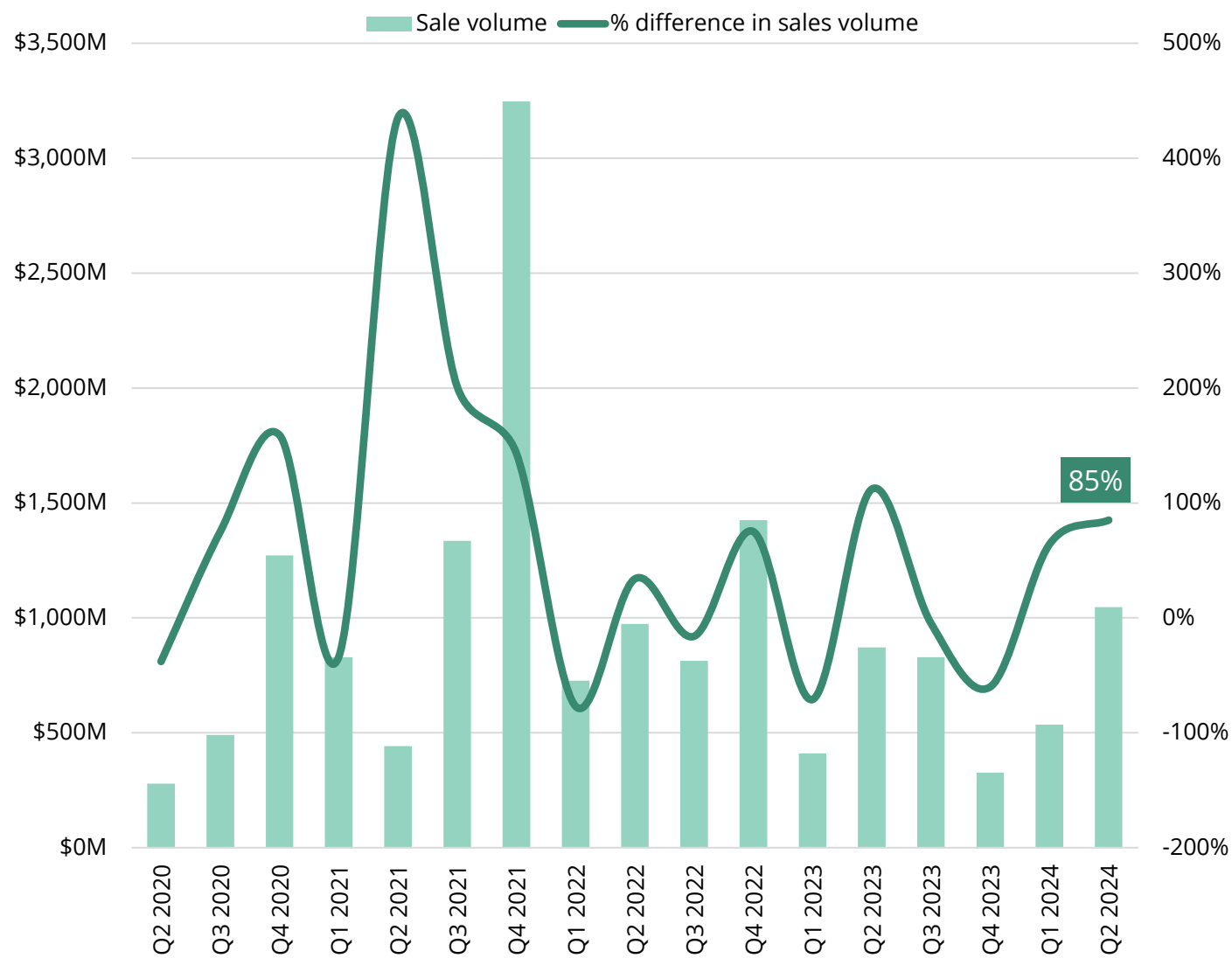
Atlanta encountered an influx of development deliveries the last couple of years, totaling over 32.8 msf in 2022 alone causing the rate to climb to 8.6%. While activity has slowed, 10.6 msf of new product is projected to deliver throughout the remainder of 2024 which could push the vacancy rate even higher. Most of the increase is coming from direct space listed on the market from newly delivered buildings. Sublease space remains at 0.8% showing no change quarter-over-quarter. Although vacancy rates are climbing, rental rates have increased 4.5% since last quarter as the market remains competitive for tenants and landlords continue to hold the upper hand.

# Smaller space continues to be coveted



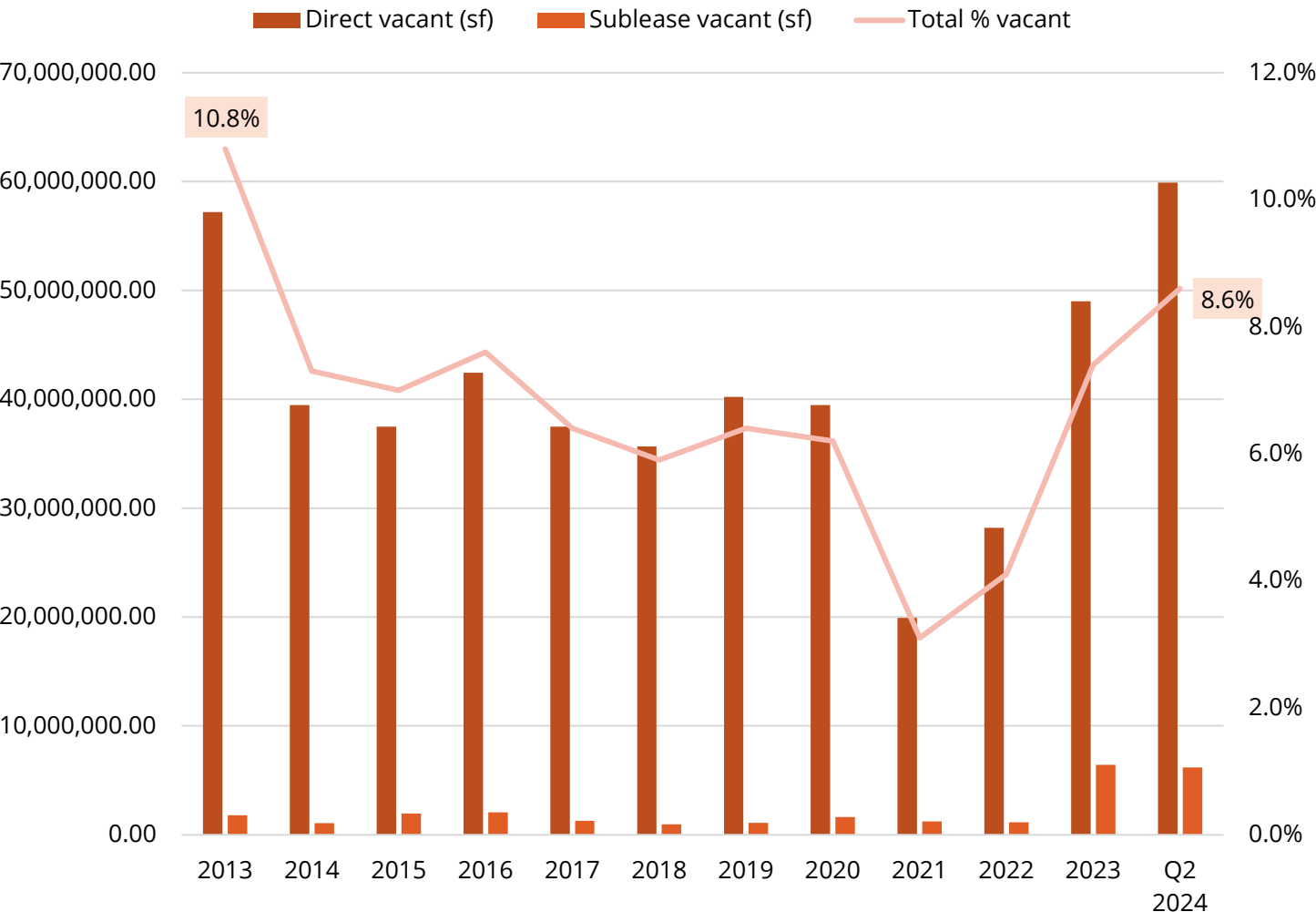
Leasing activity for space less than 50,000 sf is up 7% when compared to the number of leases signed during the same time in 2023. The ongoing demand for smaller spaces is affecting rental rates as well as concessions as landlords continue to have the upper hand and tenants are having to compete for available inventory.

# Uptick in transaction volume



Nearly \$1.1B transacted during second quarter. The top two transactions were both purchased by GLP Capital Partners who invested over \$165.5M in total for both properties that transacted separately. Notable buyers for portfolio acquisitions included ATCAP Partners, Blackstone, and Hartz Mountain Industries.

# Vacancy rate escalates as new product outpaces demand



Although occupier demand remains robust, total vacancy has increased 75% year-over-year and 8.8% quarter-over-quarter. The vacancy rate is the highest that it has been in the Atlanta market since 2013.

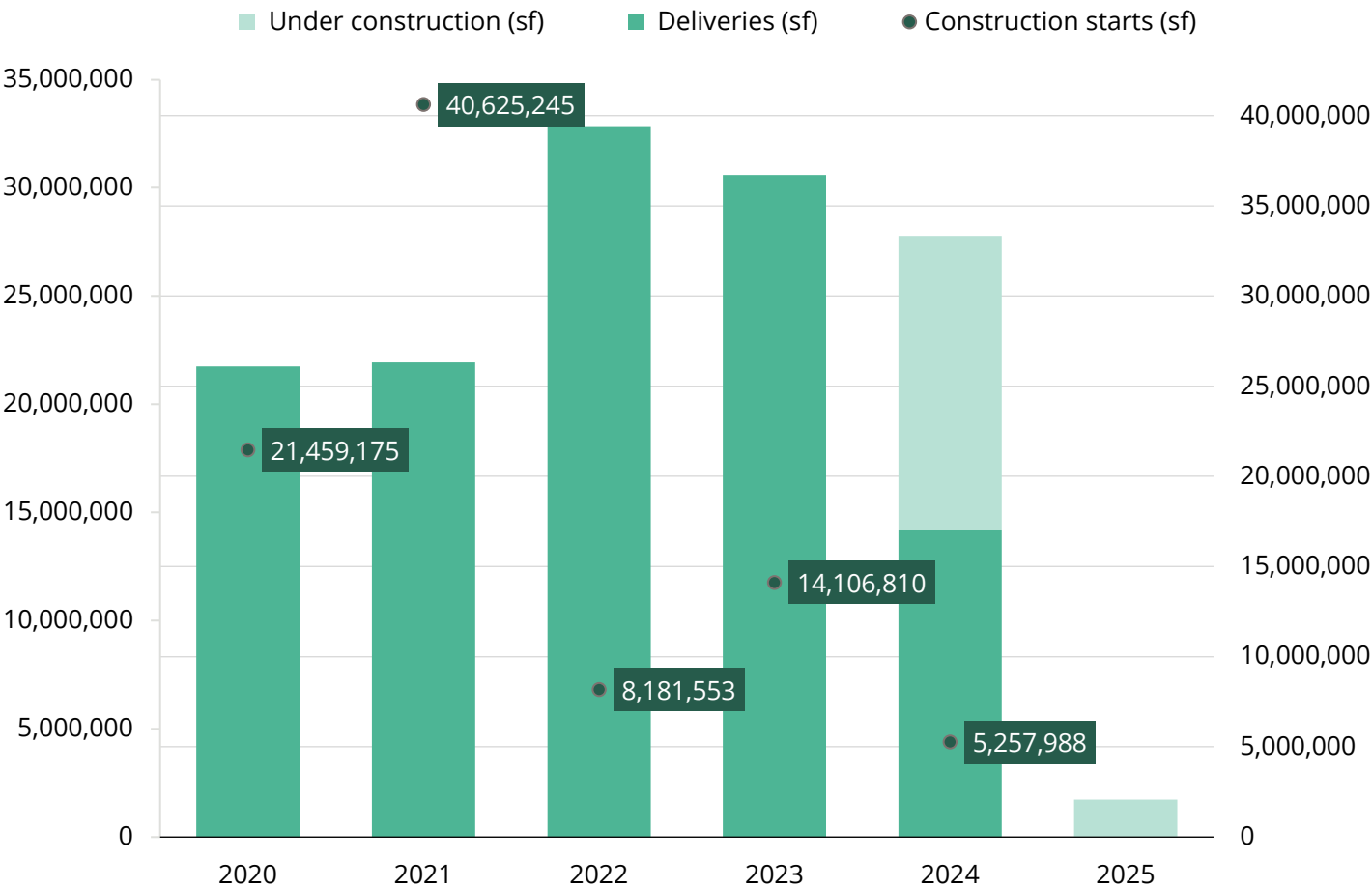


# Atlanta industrial market insights

Let's examine more  
prevailing industrial trends

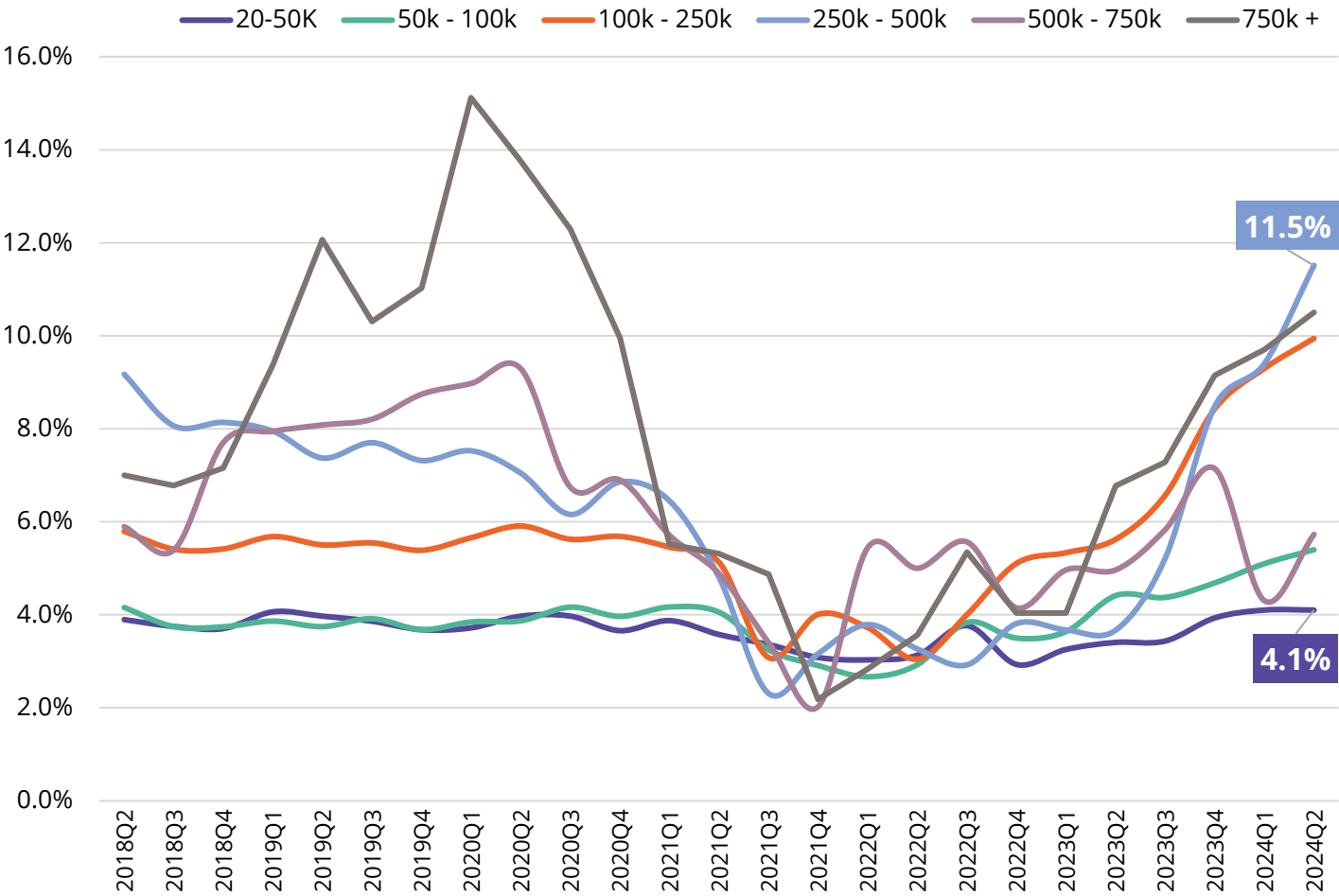


# Development pipeline continues to cool



So far over 5M sf has broken ground in 2024. The pace of new construction is continuing to slow, giving the opportunity for occupancy to catch up with the delivery of new inventory.

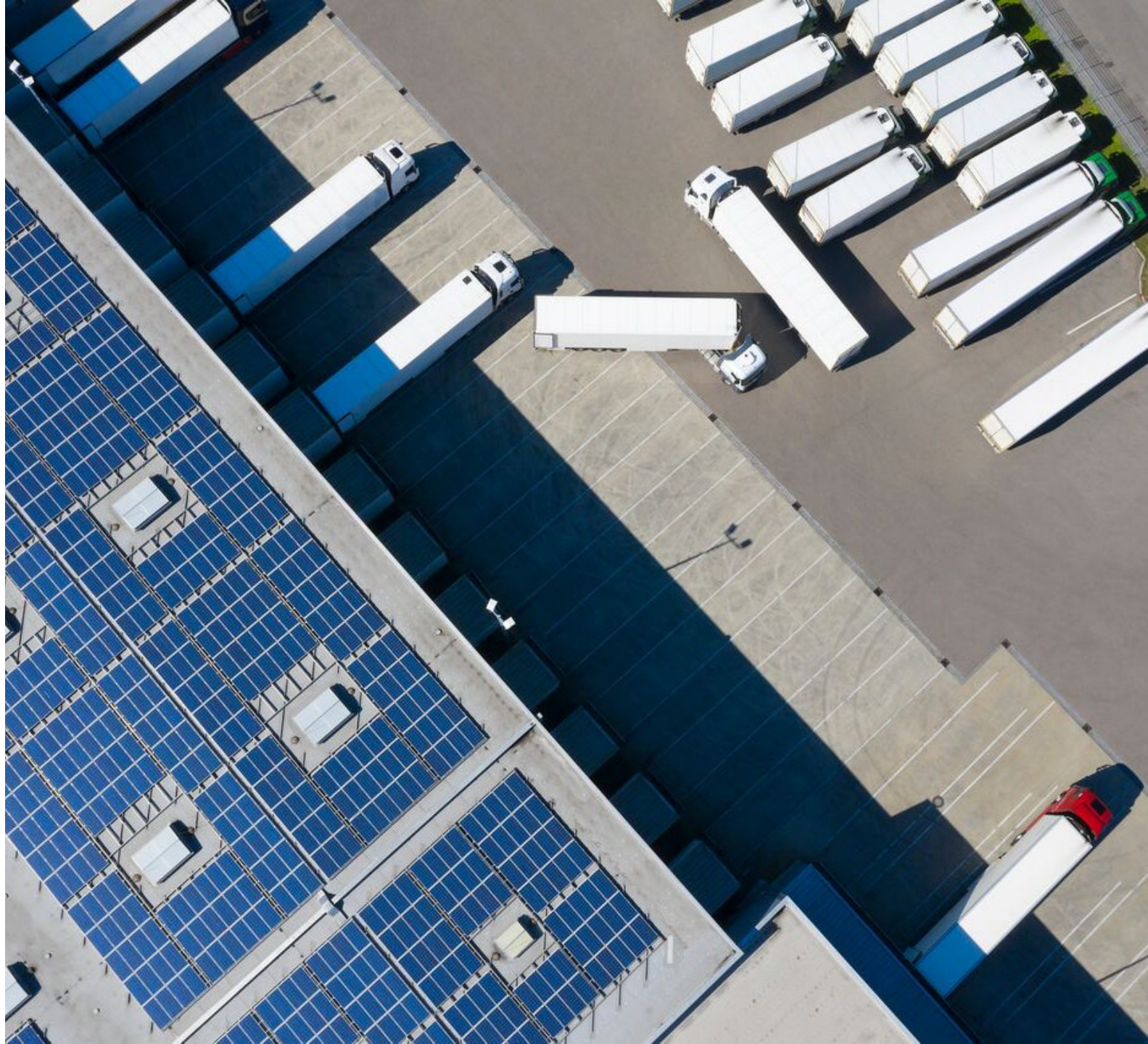
# Total vacancy rate by building size



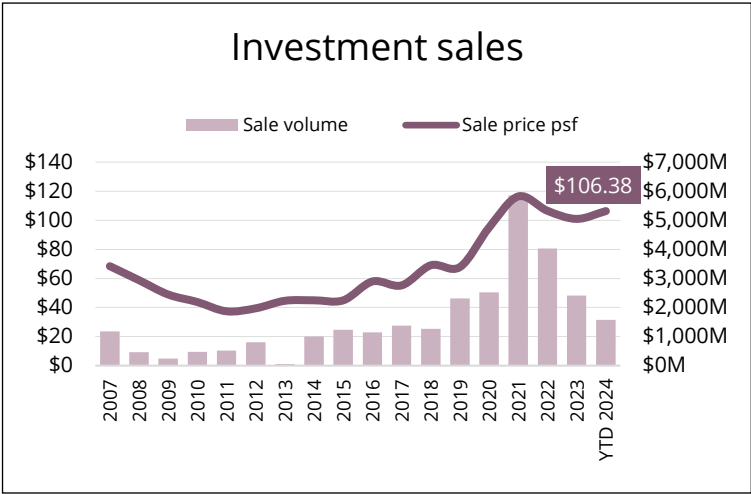
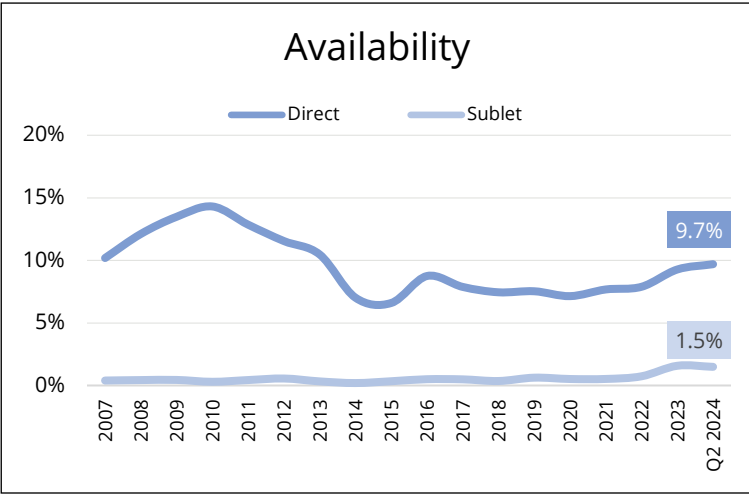
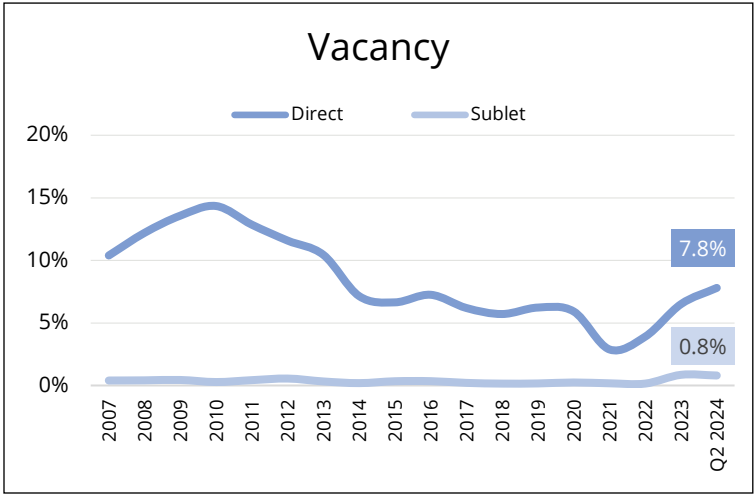
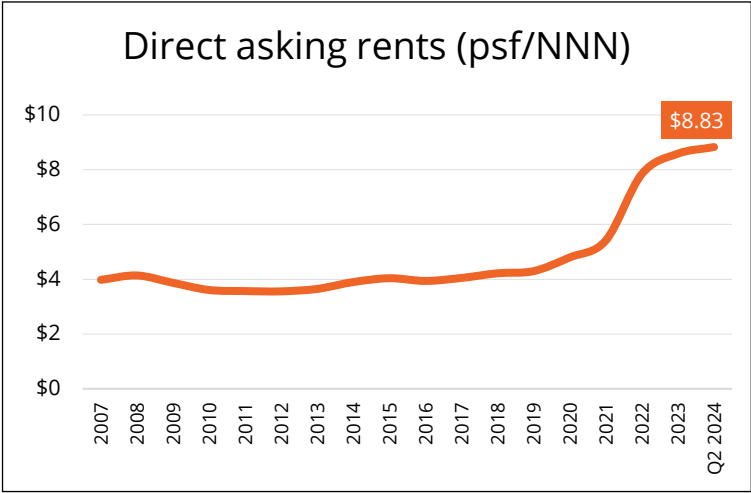
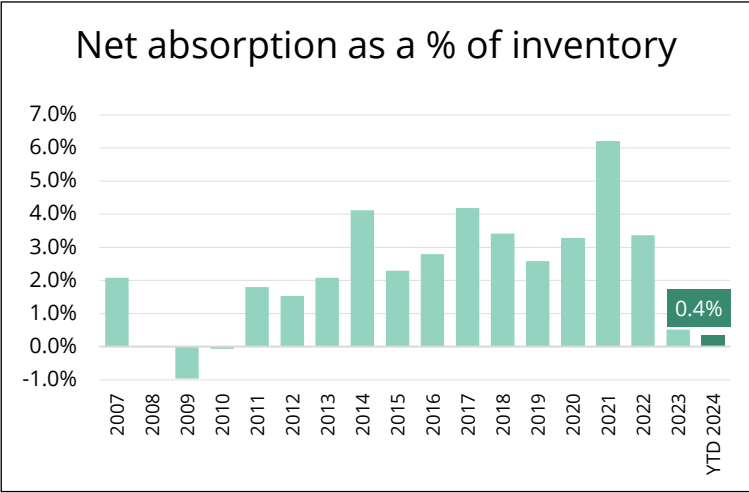
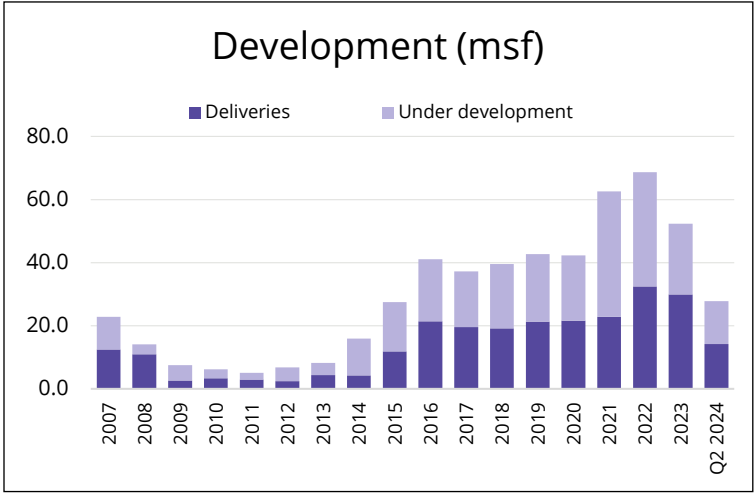
Vacancy rates are highest in buildings 250k to 500k sf at 11.5% and lowest in smaller buildings with 20k to 50k sf at 4.1%. Buildings less than 50k sf accounted for 63% of deals signed during second quarter.



# Appendix



# Atlanta industrial market indicators



# Atlanta industrial market activity

## Recent leasing activity

Tenant	Address	Submarket	Sign date	Size (sf)	Transaction type	Lease type
GXO Logistics	2201 Thornton Rd	I-20W/Douglasville	May 2024	733,680	New	Direct
Mars	7875 White Rd	Fulton Industrial	May 2024	604,852	Renewal	Direct
Mizuno	920 Highway 124	Northeast	May 2024	520,570	Renewal	Direct

## Recent sales activity

Buyer	Address	Sale date	Building size (sf)	Sale price	Sale price psf	Seller
GLP Capital Partners	11510 Lewis Braselton Blvd	6/28/2024	1,074,596	\$88.0M	\$82.00	Link Logistics/Blackstone
GLP Capital Partners	130 Distribution Dr	4/11/2024	846,496	\$77.5M	\$92.00	American Realty Advisors
Welcome Group	7634 Adairsville Hwy	4/23/2024	691,667	\$66.3M	\$96.00	PGIM

## Top projects under development

Address	Submarket	Delivery date	Building size sf	% Preleased	Developer
1325 Highway 42 - Lambert A	I-75 South	December 2024	1,579,200	22.8%	PNK Holdings
352 Raco Pky - Building 2	Northeast	November 2024	1,017,900	0%	Trammell Crow
2630 Gravel Springs Rd	Northeast	August 2024	1,001,424	0%	IDI Logistics

# Atlanta industrial market stats

	Existing inventory sf	Deliveries sf (YTD)	Under development sf	Direct vacancy	Sublet vacancy	Total vacancy	Net absorption sf (Q2 2024)	Net absorption sf (YTD)	Annual direct asking rent psf NNN
Airport/North Clayton	122,747,203	942,877	316,072	6.6%	1.2%	7.8%	(227,683)	(366,465)	\$8.82
I-75 South	78,819,706	4,480,326	4,873,620	5.5%	1.9%	7.5%	1,629,284	4,257,924	\$6.74
I-85 South	28,652,858	808,996	1,321,900	7.5%	0.1%	7.7%	(38,470)	(717,308)	\$9.83
South Atlanta Total	230,219,767	6,232,199	6,511,592	6.3%	1.3%	7.6%	1,363,131	3,174,151	\$8.46
Central Atlanta	6,645,082	0	0	11.4%	0.0%	11.4%	20,000	-154,734	\$12.42
Chattahoochee	13,259,101	0	0	7.0%	0.7%	7.7%	(30,058)	10,292	\$11.05
Fulton Industrial	53,273,005	0	0	5.6%	0.8%	6.4%	383,835	(188,518)	\$6.82
I-20W/Douglasville	63,139,242	716,399	1,959,107	8.6%	0.9%	9.5%	(649,887)	(1,006,681)	\$9.43
North Central	21,530,559	0	0	3.7%	0.2%	3.8%	91,964	(127,396)	\$12.50
Northeast	221,962,345	4,654,765	3,689,734	9.3%	0.6%	9.9%	(410,718)	(700,539)	\$8.38
Northwest	80,941,965	497,033	851,428	10.6%	0.7%	11.3%	573,105	291,411	\$9.68
Snapfinger/I-20 East	49,551,359	2,099,365	562,745	8.4%	0.2%	8.6%	1,077,938	1,609,689	\$6.94
Stone Mountain	24,947,368	0	0	3.9%	0.3%	4.2%	(239,113)	(153,707)	\$11.30
Market total	765,469,793	14,199,761	13,574,606	7.8%	0.8%	8.6%	2,180,197	2,753,968	\$8.83

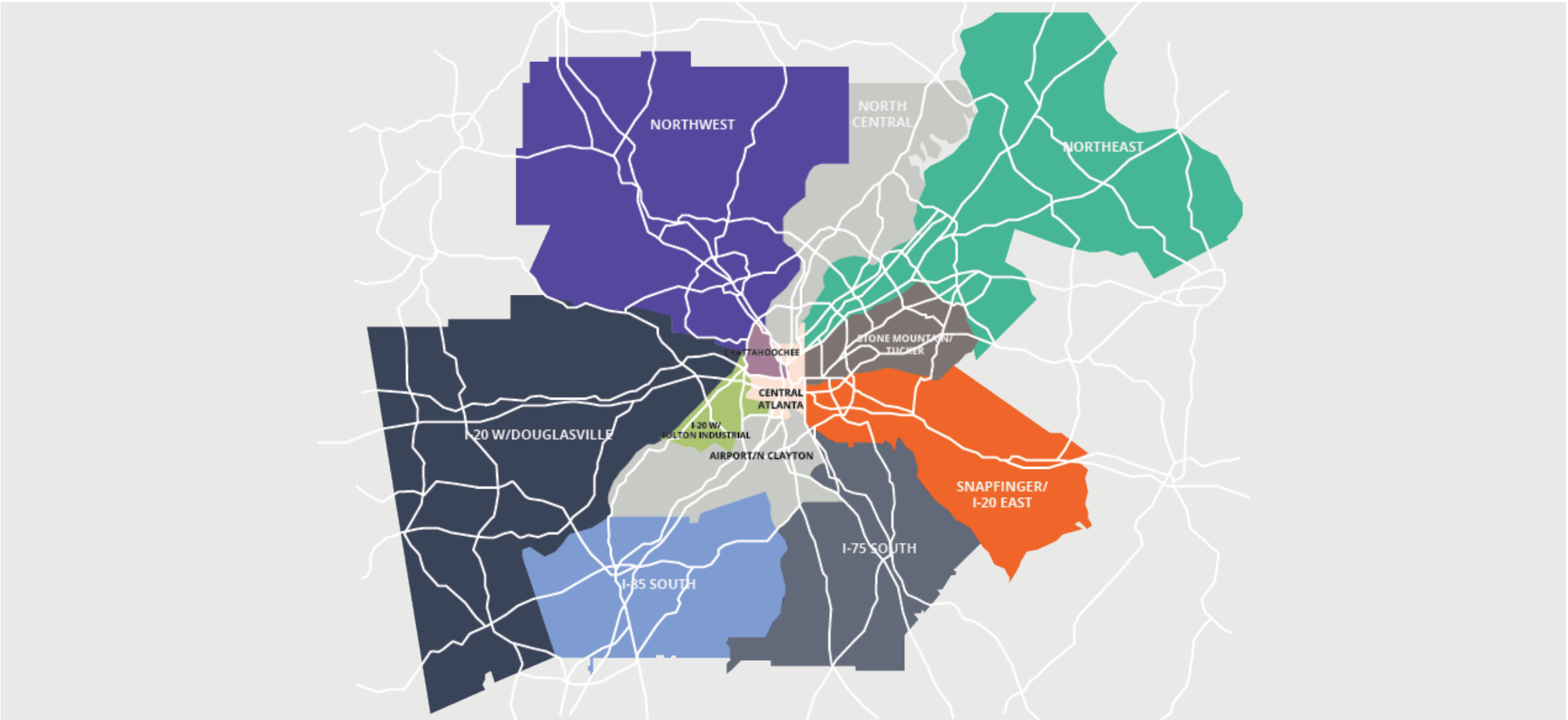


# Atlanta industrial market stats by property subtype

	Existing inventory sf	Deliveries sf (YTD)	Under development sf	Direct vacancy	Sublet vacancy	Total vacancy	Net absorption sf (Q2 2024)	Net absorption sf (YTD)	Annual direct asking rent psf NNN
Distribution	333,841,763	9,211,440	7,608,067	8.8%	1.1%	9.9%	1,899,412	2,472,306	\$9.99
General Warehouse	351,975,875	4,988,321	5,116,539	7.8%	0.7%	8.5%	242,990	518,990	\$8.75
Manufacturing	79,652,793	0	850,000	3.7%	0.0%	3.7%	47,795	(237,110)	\$6.07
Market total	765,469,793	14,199,761	13,574,606	7.8%	0.8%	8.6%	2,180,197	2,753,968	\$8.83



# Atlanta submarket map



# Industrial insights glossary of terms

## Demand

- **Leasing activity:** total square footage of relocations, renewals, expansions and subleases expressed when the leases are signed, not when tenants take physical occupancy of the space
- **Absorption:** period-over-period change in occupied square footage

## Supply

- **Direct vacancy rate:** space operated by landlords that is ready for immediate occupancy
- **Sublease vacancy rate:** space operated by sublandlords that is ready for immediate occupancy
- **Total vacancy rate:** sum of direct vacancy rate and sublease vacancy rate
- **Availability rate:** space that is vacant plus space that will become vacant over an indefinite time horizon, including spaces that are occupied by vacating tenants and under-construction properties

## Industrial rents and concessions

- **Triple net rents:** tenant is responsible for paying rent, utilities, taxes, operating expenses and common area maintenance
- **Asking rents:** pricing guidance provided by landlords to tenants for available space expressed as triple net (NNN)
- **Base rents:** fair market value of market-level lease pricing based on representative executed leases, expressed as triple net (NNN)
- **Free rent period:** months of free rent that are typically provided upfront by landlords to tenants as a concession to offset the total cost of a lease and/or the construction timeline of an industrial suite
- **Tenant improvement allowance:** an allowance expressed in dollars per square foot provided from landlords to tenants to offset build-out, engineering, space planning and related permit costs
- **Net effective rent:** base rents discounted by the dollar values of tenant improvement allowance and free rent concessions expressed as full service (FS)

## Property subtypes

- **Distribution:** properties used primarily to ship goods with higher proportions of dock doors and taller clear heights
- **General Warehouse:** properties used to store goods and materials
- **Manufacturing:** properties where goods are produced and assembled with heavier power and stronger floor loads for equipment

## Capital markets

- **Investment volume:** industrial sales dollars expressed when the transactions close and based on inventory thresholds; partial-interest sale dollar amounts are not grossed-up to reflect the 100% value of the sale
- **Asset pricing:** unweighted average per-square-foot asset pricing of market-level closed sales
- **Cap rate:** net operating income divided by sale price; this measurement of market-level investment returns is calculated as an unweighted average based on closed investment sales

For more market insights and  
information visit **avisonyoung.com**

**Haley Leek**

Market Intelligence Analyst  
Haley.leek@avisonyoung.com

**Sara Barnes**

Manager  
Market Intelligence – Southeast Region  
Sara.barnes@avisonyoung.com

**Brad Sinclair**

Managing Director  
Brad.sinclair@avisonyoung.com