



Market Snapshot

	4Q19	4Q20
Inventory	161.6 msf	161.7 msf
Vacancy	6.0%	6.4%
YTD Net Absorption	552,560 sf	-452,691 sf
YTD Deliveries	429,783 sf	361,415 sf
Under Construction	534.388 sf	1.0 msf
Unemployment	2.6%	5.6%

Absorption, Deliveries & Vacancy



Atlanta's retail market saw a slight shift in activity during the fourth quarter. Although the COVID-19 pandemic still has a strong hold on the commercial real estate market, seasonal stores and discount stores continue to expand. Restaurants as long as they followed CDC protocol have been permitted to have dine-in options as well as to-go/take out. This feature enabled this market segment to maintain a modicum of sales, greatly assisting their operational success.

Metro Atlanta recorded positive absorption in the fourth quarter, 138,926 square feet (sf), bringing the year-to-date total to negative 452,691 sf. Numerous areas saw positive activity, but the South Atlanta submarket recorded the most with 133,612 sf. This was led by Goodwill moving into 30,542 sf at 1905 Mount Zion Road. Even with the positive absorption, the vacancy rate still saw an increase of 40 basis points (bps) year-over-year to end the quarter at 6.4%. This was driven by the two consecutive quarters of negative absorption that were seen in the second and third quarters of the year.

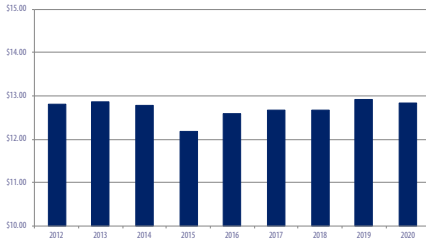
Average asking rental rates recorded a slight decline, down 0.7%, to \$12.83 per square foot (psf) NNN in the fourth quarter. This is the fourth consecutive

quarter the market has recorded a year-over-year decrease, although it is a good sign that it was so small. This was not a trend in all sectors as Power Centers saw their rates increase 9.2% to finish the quarter at \$16.79 psf. The Central Perimeter submarket saw the largest increase in average asking rental rates, up 16.9%, to end the fourth quarter at \$21.06 psf.

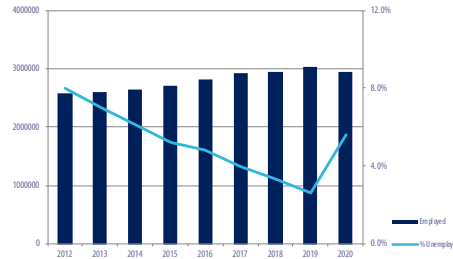
Retail construction activity saw an increase during the fourth quarter with 1.0 million square feet (msf) currently underway. The largest project currently under construction is Monroeville Pavilion, a 385,000-sf Power Center in the Gwinnett submarket. The center is being anchored by Publix and will include national tenants such as Ross, Marshalls and Ulta Beauty. Two properties delivered during the quarter for a total of 105,000 sf which brings the year-to-date total to 361,415 sf of new inventory.

Retail investment sales activity saw a slight increase from the third quarter of 2020, but is still down significantly year-over-year. There are some investors still active in the market, but most have put a hold on any new transactions due to the uncertainty of the pandemic in the last three months of the year.

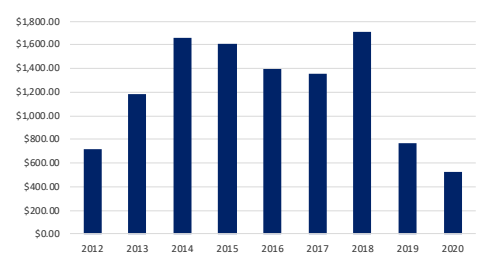
Average Asking Rental Rate (psf/year/NNN)



Metro Atlanta Employment (November of each year)



Retail Investment Sales (in millions)



Select 4Q 2020 Sale Transactions

Property	City	Submarket	Buyer	Seller	Total SF	Sale Price	Price/SF
2892 Browns Bridge Road	Gainesville	Northeast	Casale Development	Carney Management Company	42,288	\$11,886,473	\$281
Heritage Hills	Austell	South Cobb	Garner Group	Holbrook Properties	226,583	\$11,247,799	\$50
Tilly Mill Crossing	Atlanta	Gwinnett	Atlantic Residential	Kaufman Capital Partners	113,000	\$10,500,000	\$93
Shenandoah Plaza	Newnan	South Metro	Hackney Real Estate Partners	Crescent Capital Partners	146,121	\$10,150,000	\$69
Cascade Citi Center	Atlanta	South Atlanta	Heritage Capital Partners	LNR Partners	108,617	\$10,106,250	\$93

Select Construction Projects

Property	Submarket	Projected Completion	Total SF	% Preleased	Major Tenant
Monroe Pavilion	Gwinnett	Third Quarter 2021	385,292	25%	Publix
The Exchange at Gwinnett	Gwinnett	Third Quarter 2021	272,000	63%	Andretti Indoor Karting & Games
Braselton Village	Gwinnett	Second Quarter 2022	150,000	32%	N/A
Life Time Athletic	Buckhead	Third Quarter 2021	90,000	100%	Life Time Athletic
Ola Crossroads	South Metro	Second Quarter 2021	48,387	100%	Publix

*Single-tenant leased property

Trends to Watch

Look for these three key trends to continue into 2021 in the Atlanta retail market.



Investment

Investors will be drawn to the market for value-add properties



Rental Rates

Will fluctuate as construction activity slows but vacancy rises



Construction

Will be limited as more existing space enters the market

Market By The Numbers

BY SUBMARKET	VACANCY		NET ABSORPTION		SF Under	AVERAGE ASKING RENT
	Inventory	Total	4Q20	YTD	Construction	Total
Buckhead	7,635,161	3.7%	(29,268)	(116,317)	90,000	\$32.93
Downtown	539,535	5.4%	7,940	3,257	-	\$14.30
Midtown	3,234,839	2.8%	1,475	(1,280)	-	\$24.70
CBD Total	11,409,535	3.6%	(19,853)	(114,340)	90,000	\$27.57
Central Perimeter	7,135,860	4.4%	(3,678)	78,561	32,147	\$21.06
Dekalb	12,298,861	9.7%	98,936	(45,927)	37,771	\$11.12
Georgia 400	17,198,297	6.6%	(36,071)	(56,964)	-	\$16.84
Gwinnett	32,266,796	7.0%	50,704	69,178	657,292	\$13.34
North Cobb	20,903,053	6.6%	(1,707)	(307,077)	-	\$15.09
Northeast	5,821,099	10.4%	(115,098)	(236,252)	150,000	\$9.73
South Atlanta	15,030,329	6.7%	133,612	102,484	-	\$10.79
South Cobb	9,905,981	4.1%	17,052	(54,816)	-	\$14.16
South Metro	18,122,517	5.8%	(44,861)	62,104	48,387	\$10.08
West Metro	11,589,180	4.5%	59,890	50,358	-	\$8.40
Suburban Total	150,271,973	6.6%	158,779	(338,351)	925,597	\$12.57
Total Market	161,681,508	6.4%	138,926	(452,691)	1,015,597	\$12.83

BY PROPERTY TYPE	Inventory	Vacancy	4Q Absorption	YTD Absorption	SF Under Construction	Average Rent
Community Center	41,161,741	7.3%	30,504	(240,127)	422,000	\$11.82
Mall	27,025,188	7.0%	(111,444)	(240,865)	90,000	\$8.65
Neighborhood	57,513,159	6.5%	160,490	(157,236)	118,305	\$13.20
Power Center	25,754,914	3.8%	27,579	198,710	385,292	\$16.79
Strip Center	10,226,506	6.6%	31,797	(13,173)	-	\$14.71
Total Market	161,681,508	6.4%	138,926	(452,691)	1,015,597	\$12.83

Avison Young Atlanta currently tracks retail buildings that are 20,000 square feet or greater and built since 1960.



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