

Atlanta



Quick Stats

6.4%

Overall vacancy up 30 basis points year-over-year

-148,163 SF

Year-to-date absorption for the market in 2021

1.1 MSF

SF under construction during the first quarter

\$13.35 psf

Average asking rate up 5.0% in the last 12 months

4.5%

Metro Atlanta unemployment rate in February 2021

As vaccines become more widely available, the metro Atlanta retail market hopes to begin its recovery in 2021 as warmer weather allows restaurants to have more outdoor seating options, and movie theaters begin to reopen. However, the market did struggle in the first quarter recording negative absorption, 148,163 square feet (sf), after ending 2020 on a positive note. There were a few submarkets that saw minimal positive activity such as the Northeast submarket recording net gains of 48,407 sf. The same occurred in the different property types as strip centers also recorded a small amount of positive absorption for the quarter. Overall vacancy rates increased during the first three months of 2021 to 6.4%, a 30 basis point (bps) increase year-over-year. As the recovery begins to slowly happen, there is still a chance the vacancy rate will continue to increase until the market picks up momentum.

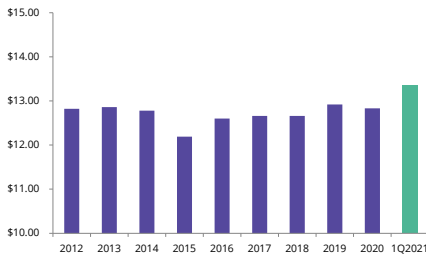
Average asking rental rates recorded a significant increase, up 5.0%, to \$13.35 per square foot (psf) NNN in the first quarter. The increase is being driven by more expensive space coming on the market as national retailers are closing numerous locations either due to the pandemic or the shift to online shopping. The West Metro submarket saw the largest increase

in average asking rental rates, up 21.4%, to end the first quarter at \$11.01 psf. This eastern section of this submarket is very close to the West Midtown boundary line so it is benefiting from the surge in activity in that area driving rates up.

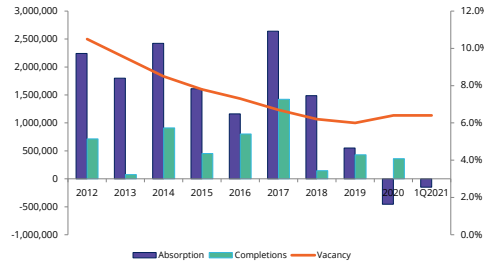
Retail construction activity saw an increase during the first quarter with 1.1 million square feet (msf) currently underway. The only new project to break ground this quarter was 1295 Iris Drive in the South Metro submarket. This 95,400 sf center is being anchored by Floor & Decor and is scheduled to deliver by the end of 2021. No new deliveries were recorded during the quarter as many projects were delayed due to weather or a shortage of construction materials due to the pandemic.

Retail investment sales activity saw an increase from the fourth quarter of 2020, but is still down year-over-year. There was one large sale during the quarter, Lenox Marketplace, sold for approximately \$74 million. Selig Enterprises and STRS Ohio CA Real Estate purchased the 452,000 sf retail center that is anchored by Target, Dick's Sporting Goods, LA Fitness and Publix from EDENS. As the retail market begins its recovery investors should become more active, showing particular interest in high performing assets to boost their portfolios.

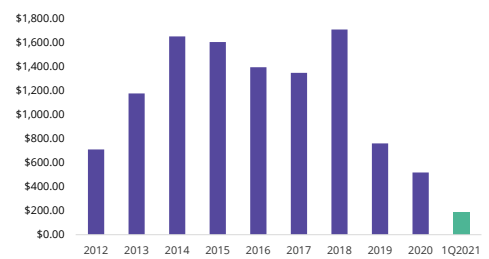
Average Asking Rental Rate (psf/year/NNN)



Absorption vs. Completions



Retail Investment Sales (in millions)



Select 1Q 2021 Sale Transactions

Property	City	Submarket	Buyer	Seller	Total SF	Sale Price	Price/SF
Lenox Marketplace	Atlanta	Buckhead	Selig Enterprises & STRS Ohio CA Real Estate	EDENS	451,941	\$73,865,000	\$163
3585 N Commerce Drive	East Point	West Metro	Spirit Realty Capital, Inc	BJ's Wholesale Club	115,396	\$19,420,725	\$168
River Exchange Shopping Center	Lawrenceville	Gwinnett	America's Realty	Crown Holdings Group	263,651	\$19,300,000	\$73
Conyers Square	Conyers	South Metro	Forge Capital Partners	Skyline Pacific Properties	93,513	\$12,650,000	\$135
Spalding Woods Retail Center	Peachtree Corners	Gwinnett	Insignia Realty	Faropoint	84,635	\$7,750,000	\$92

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
1295 Iris Drive	South Metro	Fourth Quarter 2021	95,399	82%	Floor & Decor
Life Time Athletic	Buckhead	Third Quarter 2021	90,000	100%	Life Time Athletic

*Single-tenant leased property

Trends to watch

Look for these three key trends to continue during 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	1Q21	YTD	Construction	Total
Buckhead	7,640,958	2.9%	(2,075)	(2,075)	90,000	\$32.93
Downtown	562,317	8.7%	(19,523)	(19,523)	-	\$20.00
Midtown	3,213,769	2.1%	(5,688)	(5,688)	-	\$30.61
CBD Total	11,417,044	3.0%	(27,286)	(27,286)	90,000	\$30.01
Central Perimeter	7,135,860	4.9%	(29,347)	(29,347)	32,147	\$27.07
Dekalb	12,188,523	8.9%	10,949	10,949	37,771	\$12.03
Georgia 400	17,194,273	7.1%	(73,385)	(73,385)	-	\$16.52
Gwinnett	32,149,351	7.1%	(30,476)	(30,476)	657,292	\$13.65
North Cobb	20,814,056	6.7%	(21,294)	(21,294)	-	\$14.81
Northeast	5,821,099	8.7%	48,407	48,407	150,000	\$9.65
South Atlanta	15,025,926	6.3%	(7,875)	(7,875)	-	\$11.30
South Cobb	9,655,100	3.8%	757	757	-	\$14.59
South Metro	17,885,796	6.5%	(9,789)	(9,789)	143,786	\$10.17
West Metro	11,647,850	5.4%	(8,824)	(8,824)	-	\$11.01
Suburban Total	149,517,834	6.7%	(120,877)	(120,877)	1,020,996	\$13.20
Total Market	160,934,878	6.4%	(148,163)	(148,163)	1,110,996	\$13.35

BY PROPERTY TYPE	Inventory	Vacancy	1Q Absorption	YTD Absorption	SF Under Construction	Average Rent
Community Center	40,668,972	7.6%	(18,282)	(18,282)	517,399	\$13.63
Mall	26,930,776	7.3%	(18,718)	(18,718)	90,000	\$8.37
Neighborhood	57,413,400	6.5%	(90,638)	(90,638)	118,305	\$13.36
Power Center	25,759,819	3.3%	(42,506)	(42,506)	385,292	\$16.56
Strip Center	10,161,911	6.1%	21,981	21,981	-	\$14.04
Total Market	160,934,878	6.4%	(148,163)	(148,163)	1,110,996	\$13.35

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

Get more
market
information

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