



Atlanta industrial market report

Q2 2022

**AVISON
YOUNG**

Industrial market trends

01

Lease escalations on the rise

The average industrial annual lease escalation in metro Atlanta has been at 3% for many years. Now that the market is at a 2.0% vacancy rate, landlords have begun to push escalations to a new standard of 4%. Another factor that could impact rising escalation rates is the increase in inflation. Metro Atlanta currently has the second highest rate with a CPI of 10.8% per the Bureau of Labor Statistics.

02

Increase in sublease space

Although leasing and absorption activity have witnessed record highs over the last year, there has been an increase in the amount of sublease space on the market. Currently 3.9 msf of sublease space is available, up 18.2% year-over-year. A few of the larger spaces on the market are companies that have leased more space than they currently need with plans to grow their business over the next few years. They have listed the additional space on the market until they are ready to expand.

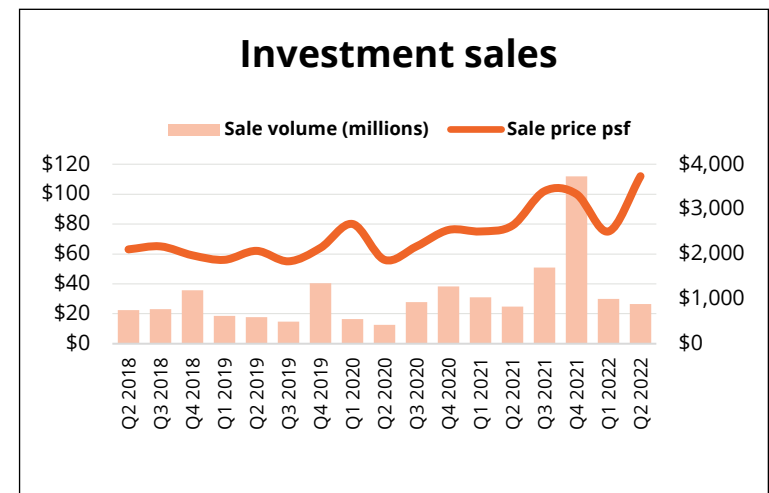
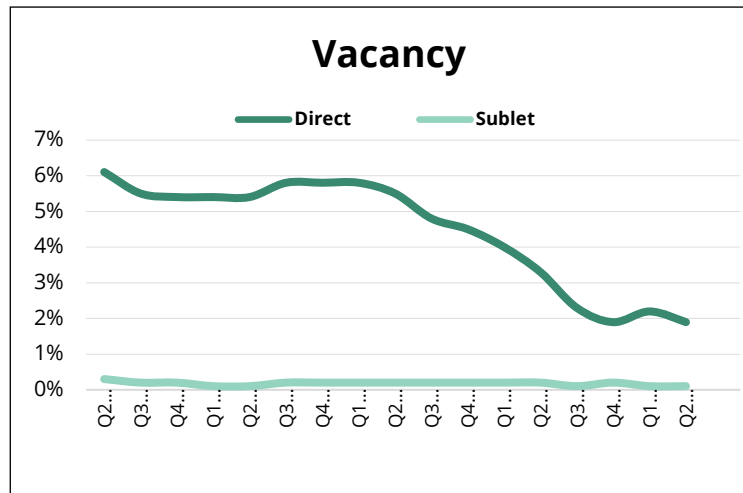
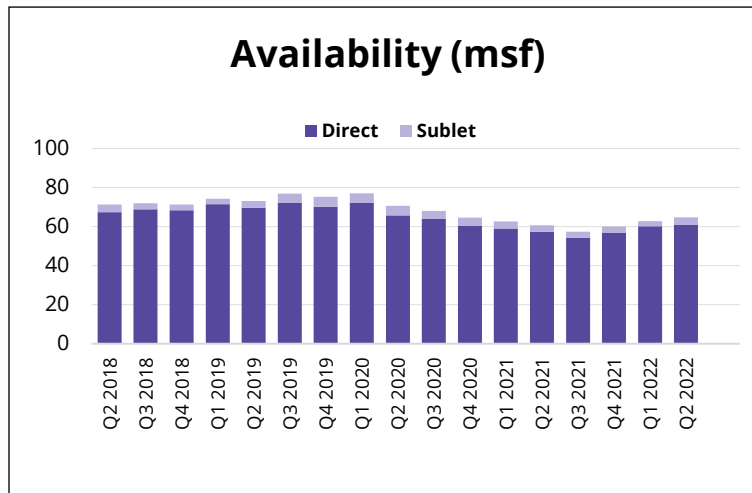
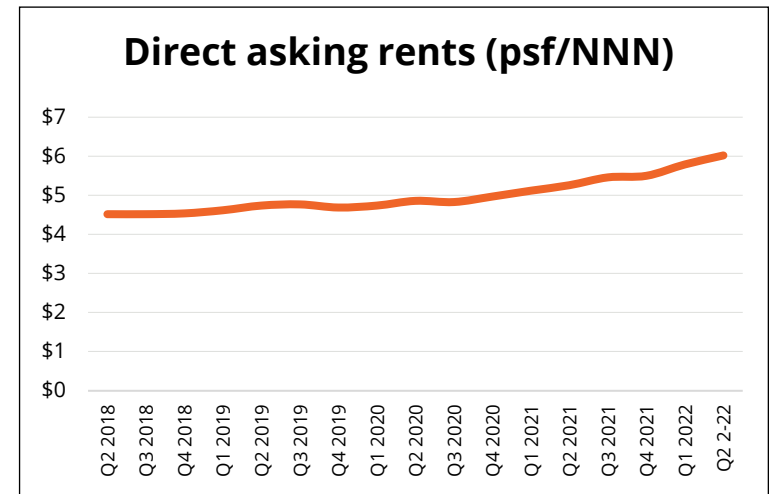
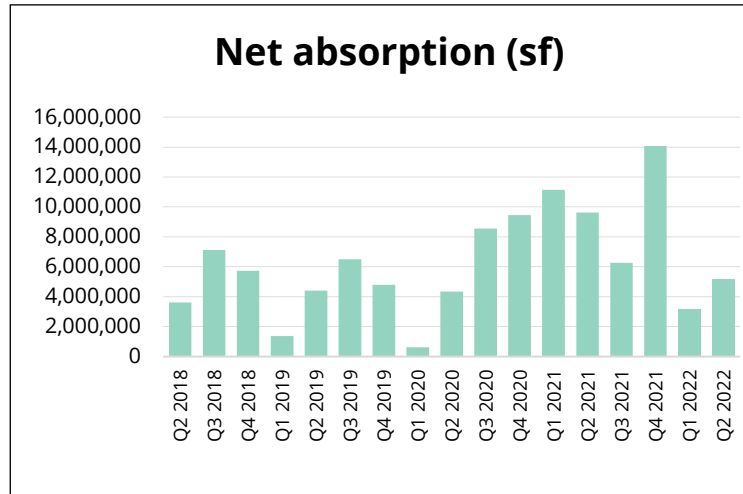
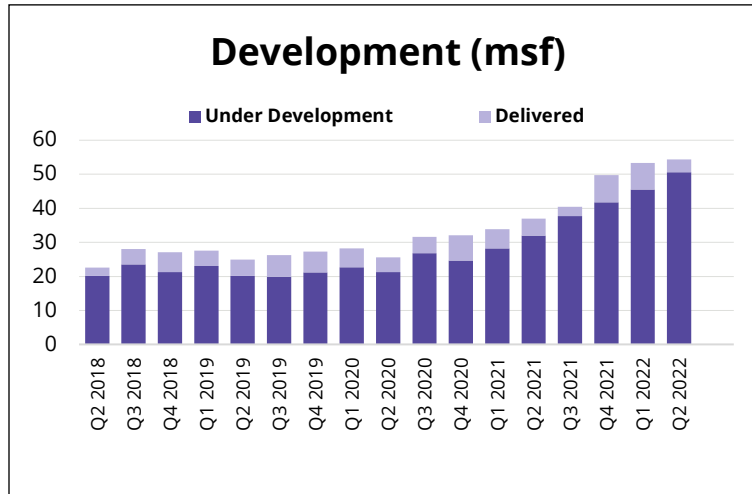
03

Record breaking rental rates

As existing available space remains limited, average asking rental rates continue to rise. Up 14% year-over-year there is no sign of things slowing down. Landlords are limiting concessions that are offered or removing them all together. They also are pushing for shorter term leases on smaller shallow bay spaces to maintain flexibility for additional rental rate increases.



Industrial market indicators



*Tracking Industrial & Flex buildings 10,000 sf and up

Industrial market activity

Recent leasing activity

Tenant name	Address	Sign date	Size	Transaction type	Lease type	Submarket
Undisclosed	700 Palmetto Logistics Parkway	June 2022	1,008,474	New	Direct	Airport/N Clayton
DG Distribution	1057 Coweta Industrial Parkway	April 2022	1,001,000	New	Direct	I-85 South
Spreetail	200 Metcalf Road	April 2022	909,509	New	Direct	Airport/N Clayton
Conn's Appliances	2464 Mount Zion Road	June 2022	705,833	New	Direct	Airport/N Clayton
Fulton County	5600 Campbellton Fairburn Road	April 2022	600,000	New	Direct	Northwest

Recent sales activity

Buyer	Address	Sale date	Sale price	Sale price psf	Submarket	Seller
Ares Management Corporation	350 Logistics Center Parkway & 4620 Thompson Mill Road	April 2022	\$111,150,000	\$134	Northeast	IDI Logistics
Taurus Investment Holdings	2110-2135 Lawrence Avenue, 5824-5834 Peachtree Crossing and 5885 Peachtree Industrial Boulevard	June 2022	\$79,600,000	\$141	Airport/N Clayton & Northeast	Summit Real Estate Group
Jones Lang LaSalle Income Property Trust	200 Thomas Parkway	April 2022	\$54,050,000	\$118	Northeast	Factory Direct Wholesale
Brookfield Property Group	4020 Falcon Parkway	May 2022	\$46,249,176	\$71	Northeast	CA Ventures

Under development projects

Address	Submarket	Size	Percent Preleased	Major Tenant	Project Completion	Owner
503 Shire Parkway*	Snapfinger/I-20 E	1,500,000	100%	Facebook	November 2022	Facebook
381 Davis Lake Road	I-75 South	1,454,520	0%	N/A	April 2023	Scannell Properties
Cass White Road	Northwest	1,218,620	0%	N/A	May 2023	MDH Partners
421 Toy Wright Road	Northeast	1,174,012	0%	N/A	July 2022	Core5

*Owner-occupied property

Industrial market stats by submarket

By Submarket	Inventory (sf)	Total %	Vacancy		Net Absorption		SF Under	Average Asking Rent		
			W / D	Flex	2Q22	YTD	Construction	Total	W / D	Flex
Airport/North Clayton	114,139,098	2.5%	2.5%	5.4%	-413,555	-98,155	7,872,029	\$6.36	\$6.27	\$13.91
I-75 South	70,052,653	2.1%	2.2%	0.0%	1,047,967	287,726	6,018,398	\$3.98	\$3.98	-
I-85 South	30,176,237	1.3%	1.4%	0.30%	34,443	1,252,438	1,161,026	\$4.36	\$4.13	\$7.71
South Atlanta Total	214,367,988	2.2%	2.2%	2.5%	668,855	1,442,009	15,051,453	\$4.46	\$4.39	\$8.28
Central Atlanta	6,870,103	1.2%	1.5%	0.0%	23,906	9,713	20,000	\$12.66	\$11.72	\$22.06
Chattahoochee	16,689,391	1.1%	0.9%	1.9%	-25,154	4,463	-	\$10.73	\$10.14	\$17.90
Fulton Industrial	53,412,078	1.1%	1.0%	4.7%	-222,663	19,209	1,559,592	\$5.92	\$5.88	\$8.50
I-20 W/Douglasville	57,939,489	1.4%	1.4%	2.7%	575,271	644,453	5,069,127	\$5.81	\$5.77	\$11.75
North Central	32,826,937	2.0%	1.20%	4.3%	27,500	396,269	789,365	\$11.74	\$10.18	\$13.05
Northeast	216,129,557	1.7%	1.5%	3.6%	2,745,035	4,073,295	15,922,242	\$5.88	\$5.35	\$11.24
Northwest	86,799,597	4.0%	4.2%	2.3%	1,320,550	1,307,414	8,853,692	\$6.64	\$6.06	\$13.13
Snapfinger/I-20 East	43,702,212	2.0%	2.0%	2.3%	-228,962	50,718	3,186,252	\$6.32	\$5.89	\$18.80
Stone Mountain	29,719,700	0.9%	0.6%	2.8%	289,109	390,198	96,000	\$7.04	\$6.47	\$10.66
Market Total	758,457,052	2.0%	1.9%	3.0%	5,173,447	8,337,741	50,547,723	\$6.01	\$5.50	\$12.10

Industrial market stats by product type

By Product Type	Inventory (sf)	Vacancy	2Q Absorption	YTD Absorption	SF Under Construction	Available Sublease
Warehouse / Distribution	702,796,495	1.9%	4,991,995	8,014,470	48,203,518	3,576,160
Flex	55,660,557	3.0%	181,452	323,271	2,344,205	319,572
Market Total	758,457,052	2.0%	5,173,447	8,337,741	50,547,723	3,895,732

For more market insights
and information visit
[avisonyoung.com](https://www.avisonyoung.com)

Sara Barnes

Southeast Region Lead, Innovation & Insight, Avant Team
+ 1 770 916 6125
sara.barnes@avisonyoung.com

Steve Dils

Managing Director, Principal
+ 1 404 865 3666
steve.dils@avisonyoung.com