

Market Report

The Atlanta industrial market has proven resilient in the first quarter of 2023. Low vacancy has continued to be a theme as the metro-wide rate hovers right around 4.1%, but this figure has increased by roughly 50 basis points from the end of 2022. Despite modest increases in the vacancy rate, rental rates are continuing to rise as inflation persists and money has become more expensive in the debt markets. While mentioning the capital markets, it is worth noting that cap rates have risen to about 6% across the metro as the cost of debt has diminished investors' buying power, and operating income has re-emerged as a leading value driver in sales transactions. The opportunity for occupiers lies in the 31.6 million square feet of industrial space currently under construction coupled with the aforementioned upward trend in vacancy rates. Present day, fewer industrial speculative projects are breaking ground as developers have hit pause due to interest rate hikes. This will keep the Atlanta vacancy rates relatively low and existing, in-fill product will continue to lease at a premium.

Atlanta remains one of the least expensive major industrial markets in the country compared to its west coast counterparts. The growing port of Savannah and parts of I-85 are helping position Atlanta as a major distribution hub in the United States. Industrial space in Atlanta is primarily occupied by national eCommerce and distribution companies, and the region is growing as a hot spot for EV manufacturers.

Market Trends



31.6 million square feet is under construction, but speculative projects are slowing.

Reshoring is bringing manufacturing jobs back to the United States.

Growing **port of Savannah** helping position Atlanta as a major distribution hub.

Atlanta is growing as a hot spot **for EV manufacturing groups.**

Atlanta Industrial Submarkets

	NE I-85	NW I -75	I-20 W/ Fulton Industrial	I-20 E	North Central	South Atlanta	Stone Mountain
Rental Rate/SF	\$9.00	\$8.09	\$7.05	\$7.32	\$10.50	\$6.75	\$7.50
Purchase Price/SF	\$119.00	\$110.00	\$108.00	\$104.00	\$175.00	\$100.00	\$102.00



Cresa Transactions Completed in Q1 2023

Industry	Type	SF	Submarket
Trucking Company	Purchase	14 acres	I-20 W
Food Group	New facility	215,328	I-20 E
Government Contractor	Renewal	205,645	I-85/Gwinnett
Food Group	New facility	204,568	I-85/Gwinnett
Metal Fabricator	New facility	250,000	Out of Market
Pharmaceutical Manufacturer	Sale/Leaseback	92,000	Out of Market
Fabric Distributor	New facility	52,920	Out of Market
Restaurant Equipment Distributor	New facility	46,020	Norcross-P Corners
Furniture Distributor	Renewal	42,919	I-85/Gwinnett
Building Materials Distributor	Purchase	40,139	Out of Market
Electrical Wholesaler	New facility	30,250	I-85/Gwinnett
Distributor	Renewal	27,136	NW/Kennesaw
Food Group	New facility	26,710	I-85 Inside I-285
Distributor	Renewal	25,307	I-20 E
Fabric Distributor	Renewal	21,657	Norcross-P Corners
Technology Distributor	Renewal	21,414	Out of Market
Technology Distributor	Renewal	15,600	I-85/Gwinnett
Technology Distributor	Expansion	14,450	Out of Market
Electrical Contractor	New facility	13,498	Norcross-P Corners

