ATLANTA

Real Estate Trends

Retail Market

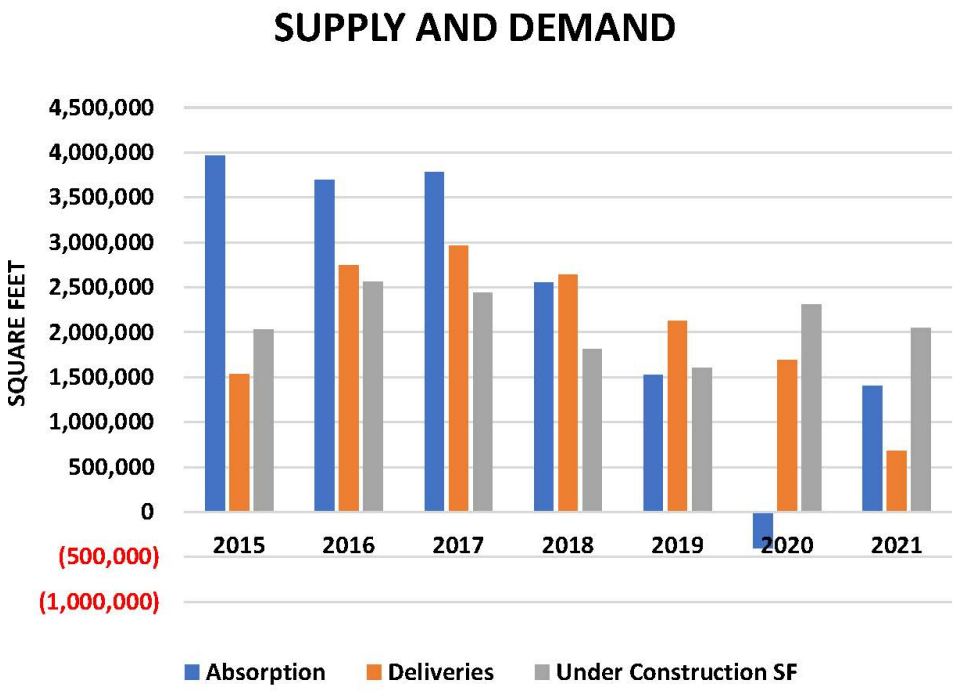
Second Quarter 2021

For more information, visit our website: www.CrossroadsAppraisalGroup.com

QUICK SUMMARY:

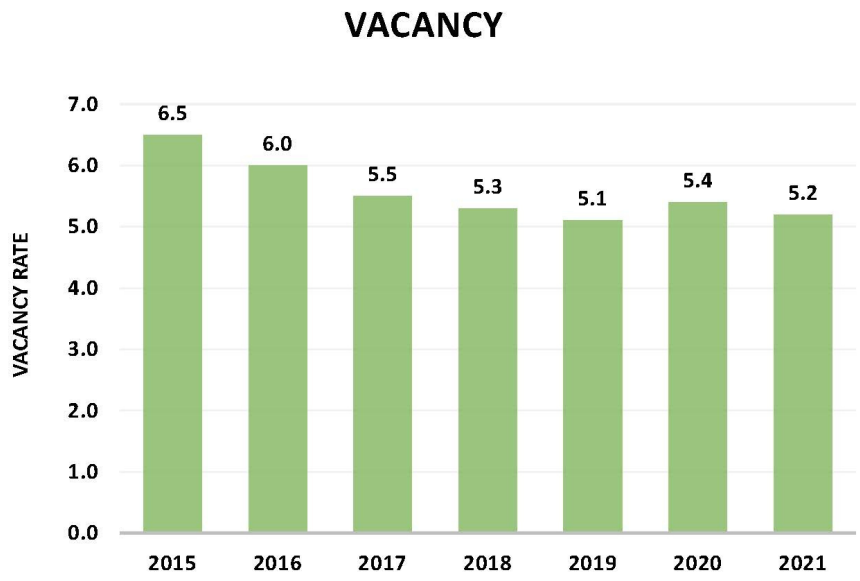
- 361.3 million square feet
- Market vacancy rate: 5.2%
- Avg cap rate: 7.41%
- Quoted market rent: $18.44/sf
- Avg 2021 sales price: $140.76/sf

Absorption, Deliveries & Under Construction



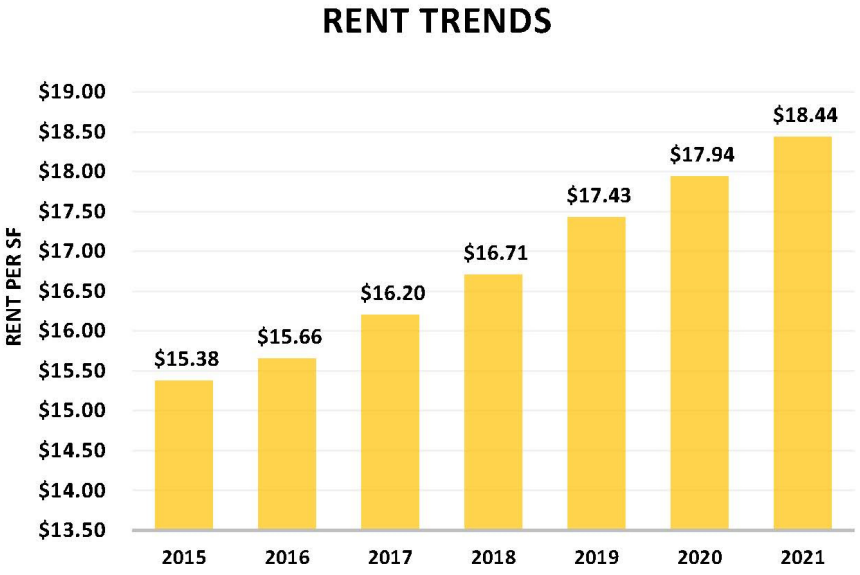
- In 2020, net absorption was negative for the first time since the 2008 recession. The 2nd & 3rd quarters caused the year to be negative with the 4th quarter 2020 and the first half of 2021 returning to positive net absorption.

Vacancy Trends



- Vacancies ticked up 40 basis points in 2020 as a result of the COVID-19 pandemic. However, the first half of 2021 gained 20 basis points returning to near pre-pandemic levels.

Rent Growth



- Rental Rates are at a seven year high. A positive sign is the fact that the worst of the pandemic has passed and rent growth has slowed but never went negative.

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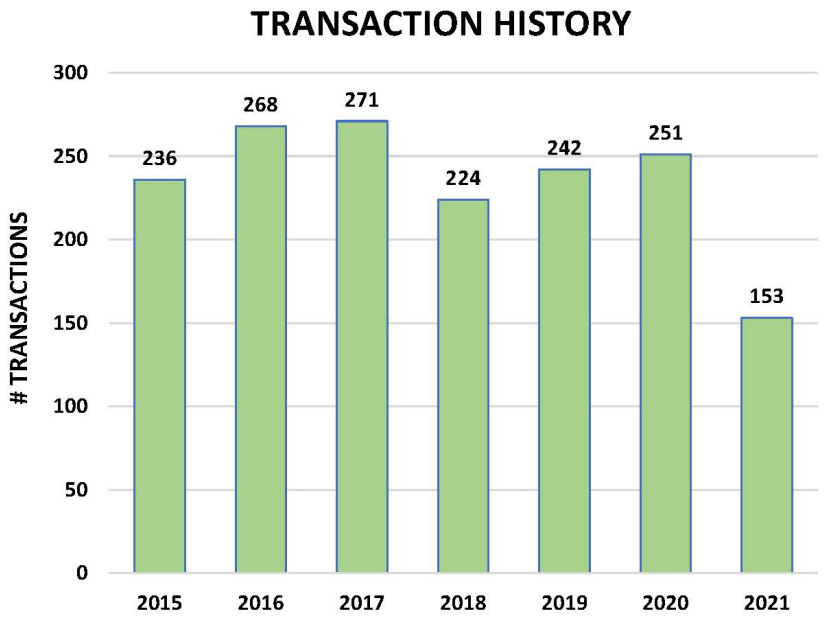
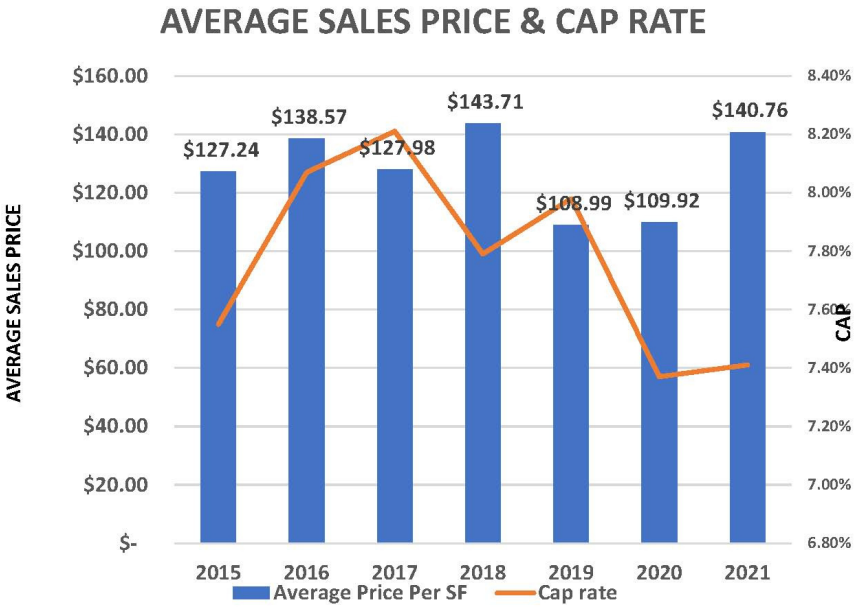
Transaction Volume



- Despite the pandemic, 2020 sales were in line with prior years with 2021 on pace to set a seven year high.

Valuation History



- Cap rates reached a seven year low along with values in 2020. The first half of 2021 recorded a significant increase in values despite a slight uptick in cap rates.

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Summary by Quarter

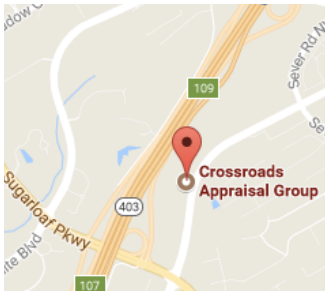
	Running 5 Quarters	2020			2021	
		Q2	Q3	Q4	Q1	Q2
Supply	Supply SF	360.3M	360.2M	360.5M	360.9M	361.3M
	Under Construction	1.7M	2.5M	2.4M	2.4M	2.0M
	Deliveries**	319k	320k	400k	274k	401k
	Demolitions**	-97k	-74k	-277k	-13k	-112k
	Net Absorption**	-924k	-98k	300k	652k	752k
Sales	Transactions**	23	61	63	63	97
	Average Price Per SF	$113.26	$115.11	$104.80	$131.27	$140.76
	Cap Rate	7.22%	7.33%	7.40%	7.39%	7.41%
Lease	Vacancy	5.3%	5.5%	5.4%	5.3%	5.2%
	Market Rent	$ 17.70	$ 17.50	$ 17.75	$ 18.07	$ 18.44
**Indicates a quarterly number						

CONCLUSION:

The quarterly data reflects the impact of the COVID-19 crisis with the biggest impact being in the 2nd quarter 2020 when the nation was locked down. Overall, in 2020, values and sales volume were down while vacancies were up. Furthermore, rent growth slowed. However, the 1st half of 2021 is encouraging as vacancies declined and values are up significantly. Overall, the retail market continues to be in transition as a result of the rise of e-commerce which was accelerated by the Pandemic. The general consensus is that the retail market will continue to face challenges, at least in the short term. Nevertheless, the 1st six months of 2021 has provided some good news as the worst of the crisis appears to be well behind us.

Company Profile

Crossroads Appraisal Group is a respected commercial appraisal firm specializing in the valuation of commercial, industrial, multifamily and special use properties. We serve the greater Atlanta area with offices in Lawrenceville and Vinings. Please reach out to us if we can be of service to you as we would like the chance to meet your valuation needs.



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