ATLANTA

Real Estate Trends

Industrial Market

First Quarter 2022

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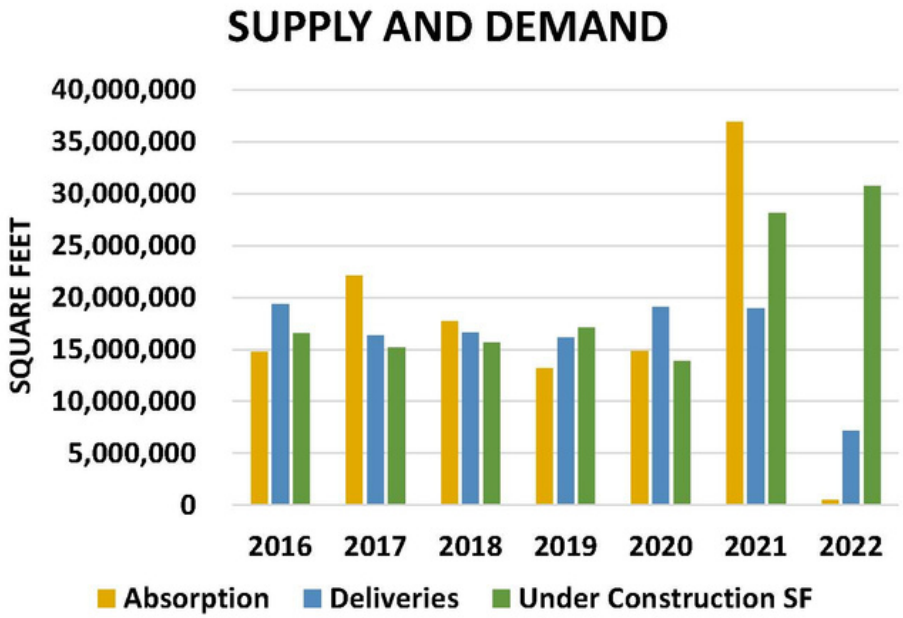
ATLANTA INDUSTRIAL MARKET

First Quarter 2022

QUICK SUMMARY:

- 780.1 million square feet
- Market vacancy rate: 3.8%
- Quoted market rent: $7.48/sf
- Avg 2021 sales price: $91.32/sf
- Avg cap rate: CoStar did not capture any sales with cap rates in Q1

Absorption, Deliveries & Under Construction



- Of slight concern - under construction is currently at a seven year high but this appears to be in response to a seven year high in absorption in 2021.
- Overall, the industrial market continues to outperform all other market segments.

ATLANTA INDUSTRIAL MARKET

First Quarter 2022

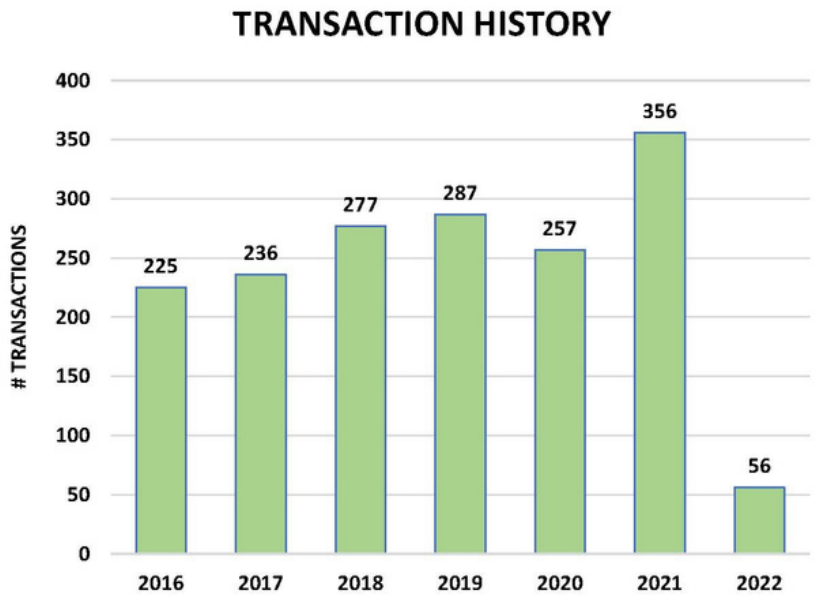
Vacancy Trends

- In spite of new construction and a pandemic, overall market vacancy held relatively level from 2017 to 2020 with a significant drop in 2021 to a seven year low. The uptick in 2022 is a result of new deliveries.

Rent Growth

- Furthermore, even in a pandemic and with significant new construction, rents have continued their upward trend reaching a seven year high in the 1st quarter 2022.

Transaction Volume



- Sales in 2021 set a seven year high. The 1st quarter 2022 was a slow quarter in terms of sales with a current pace that would yield a seven year low in volume if it holds throughout the year.

Valuation History

- Average sales price per square foot continues to climb rapidly while cap rates appear to be flattening out somewhat.

Summary by Quarter

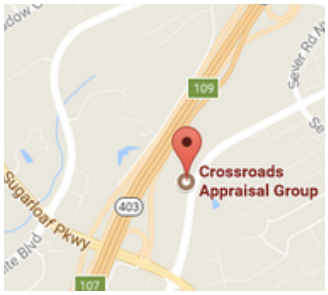
	Running 8 Quarters	2020			2021				2022
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Supply	Supply SF	736.6M	740.9M	749.3M	756.1M	760.3M	764.4M	770.4M	780.1M
	Under Construction	17.2M	20.4M	17.3M	18.5M	21.0M	26.8M	28.3M	30.8M
	Deliveries**	3.0M	3.7M	6.6M	4.8M	3.1M	2.1M	7.8M	7.2M
	Demolitions**	-64k	-316k	-164k	-206k	-151k	-140k	-492k	-72k
	Net Absorption**	2.4M	6.6M	7.3M	9.5M	7.4M	4.4M	12.8M	532k
Sales	Transactions**	37	73	67	56	86	70	109	56
	Average Price Per SF	$54.30	$60.73	$64.17	$82.39	$71.12	$80.10	$80.10	$91.32
	Cap Rate	7.10%	7.10%	7.04%	7.69%	6.72%	6.48%	6.74%	N/A
Lease	Vacancy	6.3%	5.7%	5.5%	5.0%	4.2%	3.9%	3.2%	3.8%
	Market Rent	$ 6.24	$ 6.36	$ 6.46	$ 6.55	$ 6.73	$ 6.94	$ 7.26	$ 7.48
**Indicates a quarterly number									

CONCLUSION:

The industrial market has actually benefited from the COVID-19 crisis as retail demand has shifted to delivery services across the spectrum of products. Thus, demand for warehouse space continues to increase as is reflected in the strong rent and value growth in this market throughout the pandemic. Overall, the industrial market is outperforming the other market segments and is well positioned to continue this trend into the foreseeable future. Of concern, the 1st quarter 2022 had the lowest absorption since the pandemic began while having the highest level of under construction.

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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