



ATLANTA

Real Estate Trends

Retail Market

First Quarter 2022

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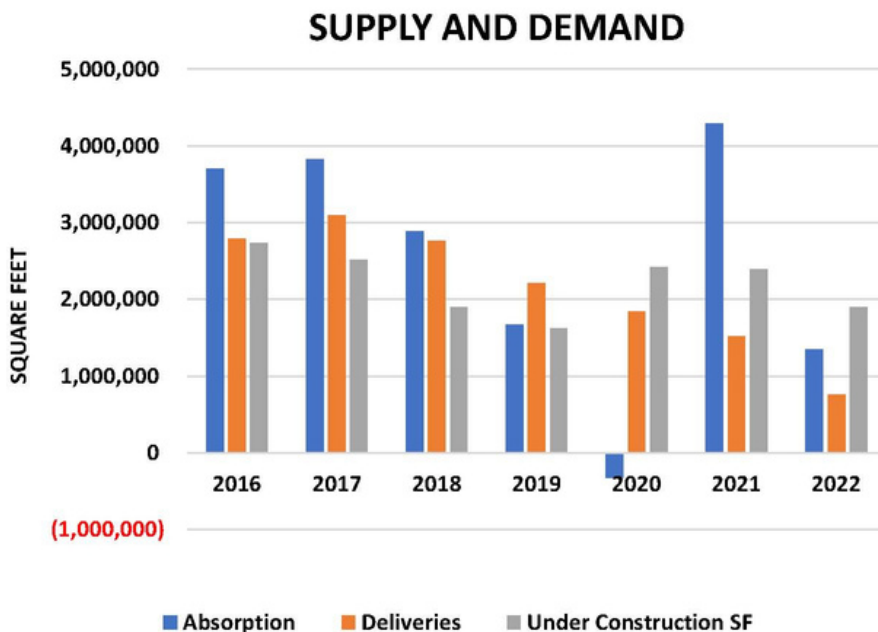
ATLANTA RETAIL MARKET

First Quarter 2022

QUICK SUMMARY:

- 365.9 million square feet
- Market vacancy rate: 4.2%
- Avg cap rate: 6.71%
- Quoted market rent: \$19.50/sf
- Avg 2021 sales price: \$131.53/sf

Absorption, Deliveries & Under Construction



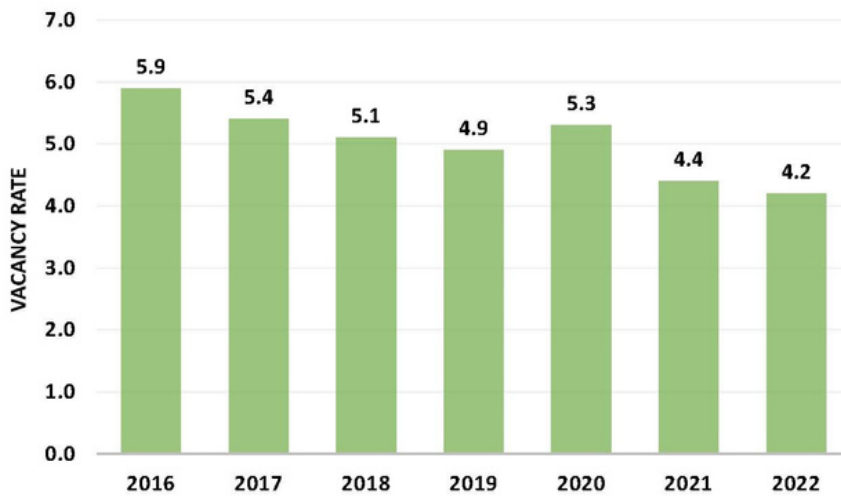
- In 2020, net absorption was negative for the first time since the 2008 recession. The 2nd & 3rd quarters caused the year to be negative. However, there has since been six straight quarters of positive net absorption with 2021 setting the seven year high.

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Vacancy Trends

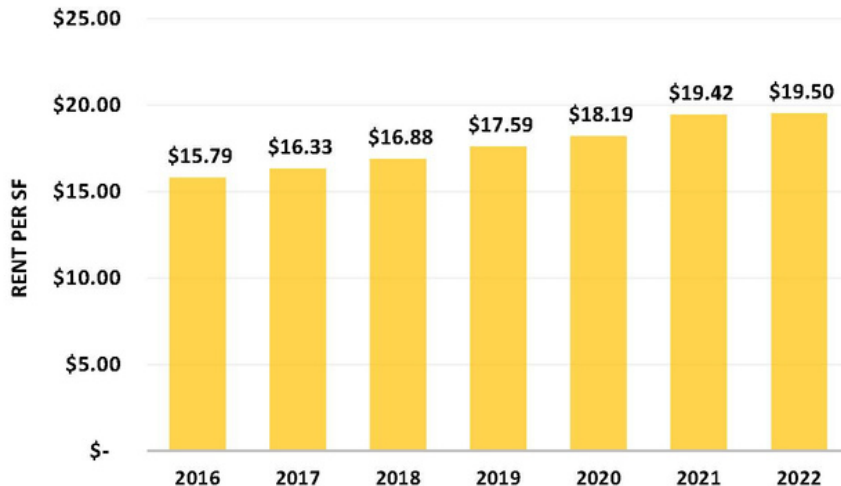
VACANCY



- Vacancies ticked up 40 basis points in 2020 as a result of the COVID-19 pandemic. However, the trend reversed in 2021 which recorded a seven year low and has continued into 2022.

Rent Growth

RENT TRENDS

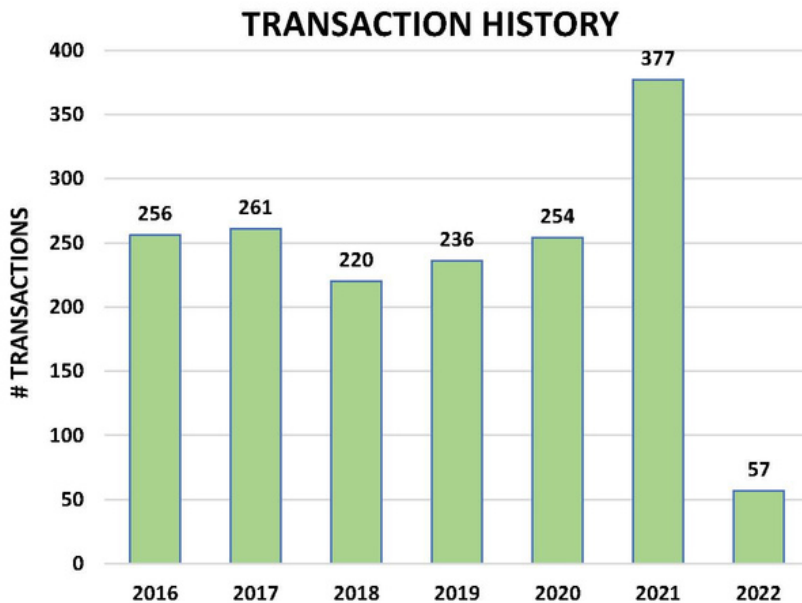


- Rental Rates are at a seven year high. A positive sign is the fact that the worst of the pandemic has passed and rent growth slowed but never went negative. Although, the rate of growth slowed in the 1st quarter 2022.

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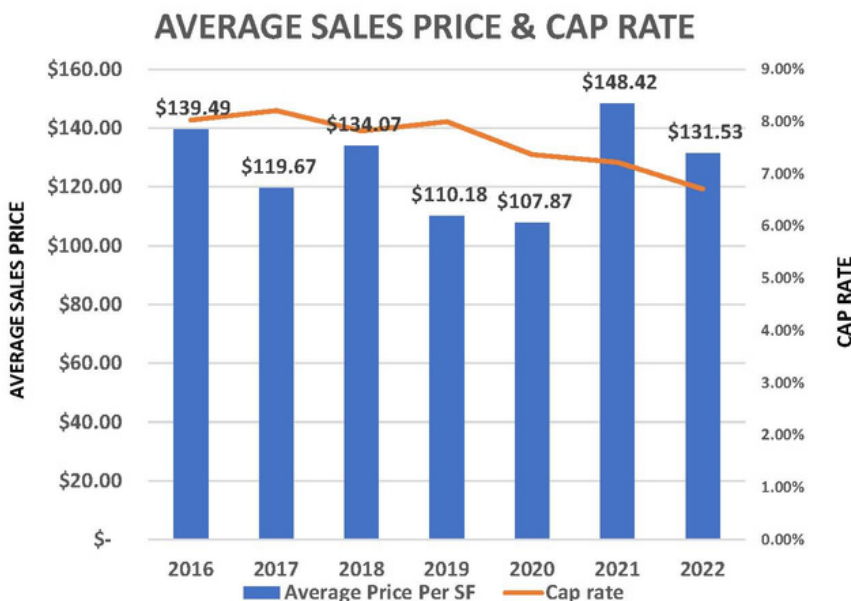
First Quarter 2022

Transaction Volume



- Despite the pandemic, 2020 sales were above the prior two years and 2021 set a seven year high. The 1st quarter 2022 is off to a slow start with a current annual pace of 228 sales.

Valuation History



- Cap rates reached a seven year low and values a high in 2021. Values have pulled back slightly in the 1st quarter 2022 but on slow volume while cap rates continue their downward trend.

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First Quarter 2022

Summary by Quarter

Running 8 Quarters		2020			2021				2022
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Supply	Supply SF	360.3M	360.2M	360.5M	360.9M	361.3M	363.5M	363.9M	365.9M
	Under Construction	1.7M	2.5M	2.4M	2.4M	2.0M	2.0M	2.2M	1.9M
	Deliveries**	319k	320k	400k	274k	401k	440k	385k	762k
	Demolitions**	-97k	-74k	-277k	-13k	-112k	-19k	-167k	-18k
	Net Absorption**	-924k	-98k	300k	652k	752k	1.8M	1.1M	1.3M
Sales	Transactions**	23	61	63	63	97	93	70	57
	Average Price Per SF	\$ 113.26	\$ 115.11	\$ 104.80	\$ 131.27	\$ 140.76	\$ 129.23	\$ 175.17	\$ 131.53
	Cap Rate	7.22%	7.33%	7.40%	7.39%	7.41%	7.26%	7.21%	6.71%
Lease	Vacancy	5.3%	5.5%	5.4%	5.3%	5.2%	4.7%	4.7%	4.2%
	Market Rent	\$ 17.70	\$ 17.50	\$ 17.75	\$ 18.07	\$ 18.44	\$ 19.02	\$ 19.37	\$ 19.50

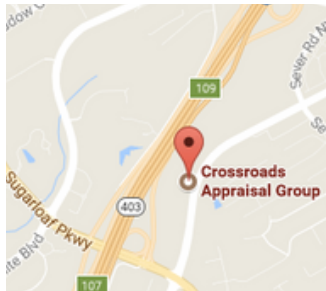
**Indicates a quarterly number

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 tide turned in the 4th quarter 2020 and 2021 was characterized by declining vacancies and increasing values on significant historic volume. 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, 2021 was a record year as the worst of the crisis appears to be well behind us. However, 2022 will face new challenges due to rising inflation and the planned interest rate hikes to offset said inflation. The 1st quarter 2022 figures might be indicating that a cooling off, at a minimum, has begun.

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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