



ATLANTA

Real Estate Trends

Retail Market

First Quarter 2023

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ATLANTA RETAIL MARKET

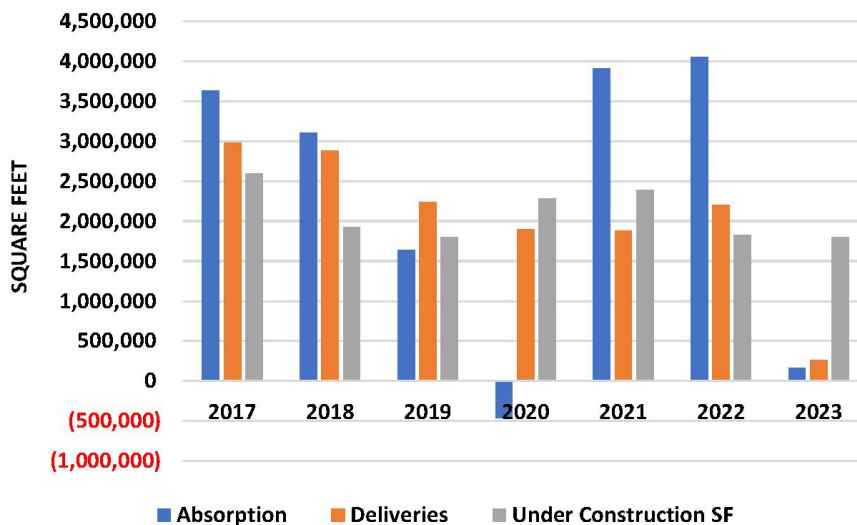
First Quarter 2023

QUICK SUMMARY:

- 368.8 million square feet
- Market vacancy rate: 3.7%
- Avg cap rate: 8.21%
- Quoted market rent: \$21.15/sf
- Avg sales price: \$122.23/sf

Absorption, Deliveries & Under Construction

SUPPLY AND DEMAND



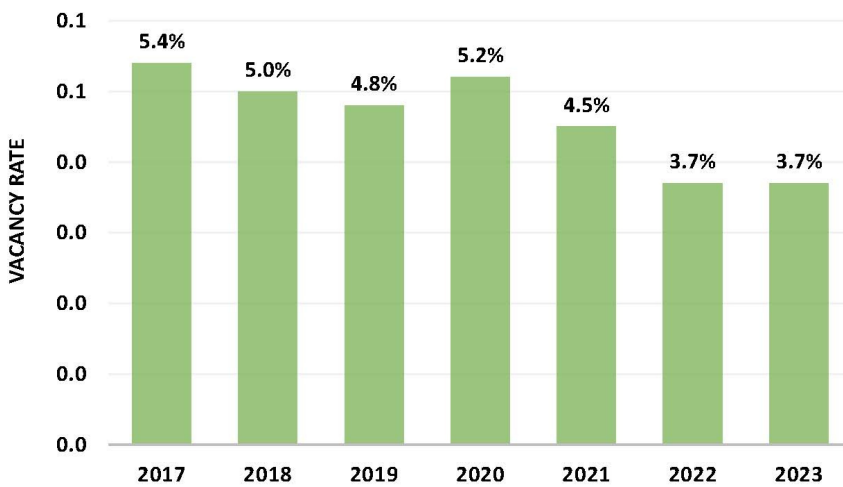
- The retail market recovered from the worst of the pandemic with 2021 and 2022 being record years in terms of absorption.
- Of concern, absorption was slow in Q1 2023 with under construction significantly outpacing absorption.

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Vacancy Trends

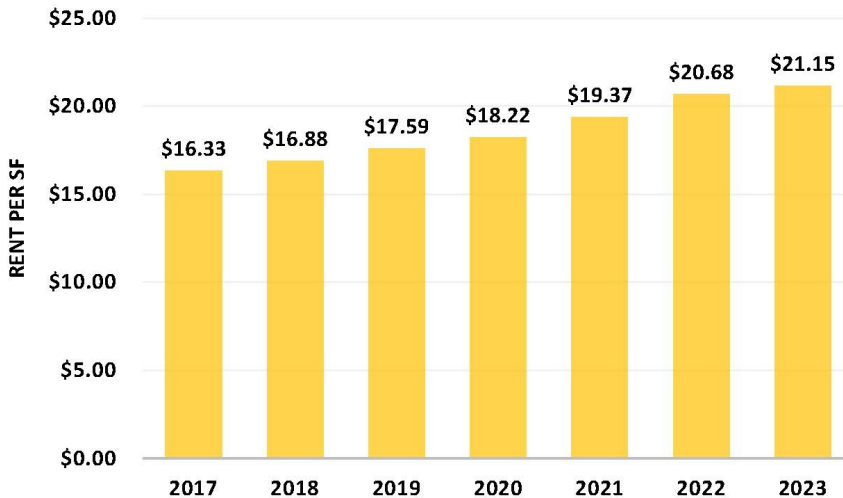
VACANCY



- Vacancies ticked up 30 basis points in 2020 as a result of the pandemic. However, the trend reversed in 2021 and continued into 2022 which recorded a seven year low. Currently, vacancy has flattened out.

Rent Growth

RENT TRENDS



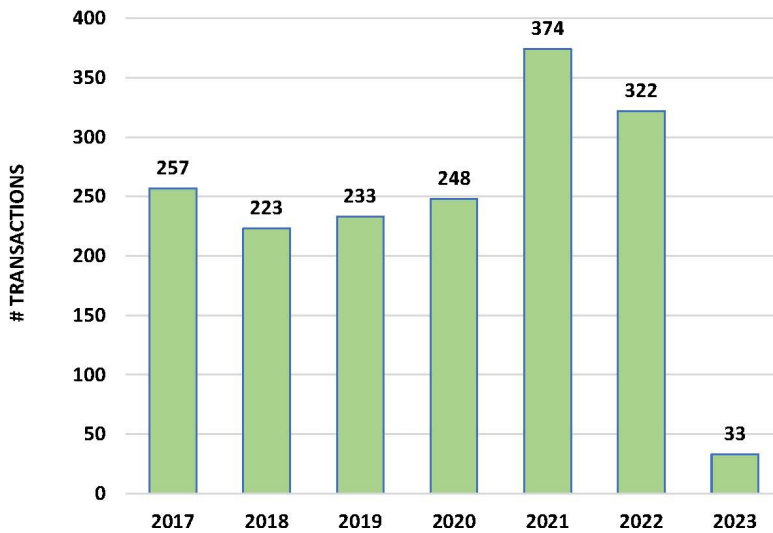
- Rental Rates are at a seven year high. A positive sign is the fact that the worst of the pandemic has passed and rent growth slowed but never went negative.

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Transaction Volume

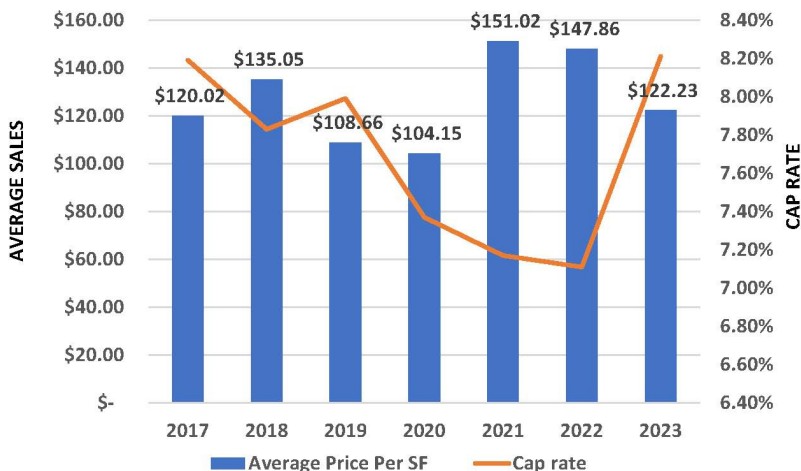
TRANSACTION HISTORY



- Despite the pandemic, 2020 sales were above the prior two years with 2021 setting the seven year high and 2022 the second highest despite rapidly rising cost of capital. Volume is off significantly in Q1 2023.

Valuation History

AVERAGE SALES PRICE & CAP RATE



- Values pulled back 2.1% in 2022 while cap rates leveled off. However, Q1 2023 has seen a significant increase in cap rates and decrease in values reflecting the negative effects of rising interest rates.

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First Quarter 2023

Summary by Quarter

Running 12 Quarters		2020			2021				2022				2023
		Q2	Q3	Q4	Q1	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	367M	367.7M	368.3M	368.8M
	Under Construction	1.7M	2.5M	2.4M	2.4M	2.0M	2.0M	2.2M	1.9M	2.0M	1.8M	1.8M	1.8M
	Deliveries**	319k	320k	400k	274k	401k	440k	385k	762k	260k	572k	633k	262k
	Demolitions**	-97k	-74k	-277k	-13k	-112k	-19k	-167k	-18k	-315k	-305k	-281k	-31k
	Net Absorption**	-924k	-98k	300k	652k	752k	1.8M	1.1M	1.3M	1.0M	428k	1.5M	160k
Sales	Transactions**	23	61	63	63	97	93	70	57	93	63	72	33
	Average Price Per SF	\$113.26	\$115.11	\$104.80	\$131.27	\$140.76	\$129.23	\$175.17	\$131.53	\$133.04	\$138.83	\$139.62	122.23
	Cap Rate	7.22%	7.33%	7.40%	7.39%	7.41%	7.26%	7.21%	6.71%	7.01%	7.23%	7.23%	8.21%
Lease	Vacancy	5.3%	5.5%	5.4%	5.3%	5.2%	4.7%	4.7%	4.2%	4.0%	3.9%	3.7%	3.7%
	Market Rent	\$ 17.70	\$ 17.50	\$ 17.75	\$ 18.07	\$ 18.44	\$ 19.02	\$ 19.37	\$ 19.50	\$ 19.94	\$ 20.50	\$ 20.58	\$21.15

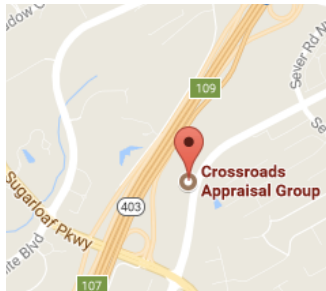
**Indicates a quarterly number

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, the tide turned in the 4th quarter of 2020 with 2021 and 2022 characterized by declining vacancies and increasing values on significant historic volume. The retail market continues to be in transition as a result of the rise of e-commerce which was accelerated by the Pandemic. Currently, the retail market is facing new challenges due to inflation, and rising interest rates to offset said inflation. Furthermore, the uncertainty in the banking industry is causing liquidity concerns and a tightening of the credit markets. These headwinds are appear to be significantly slowing the market as absorption, sales volume and values are down significantly in Q1 2023.

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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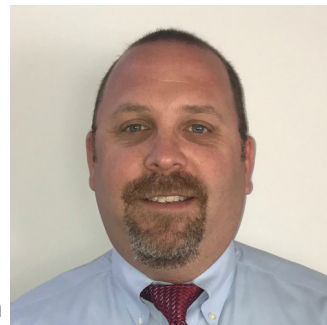
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