



ATLANTA

Real Estate Trends

Retail Market

Third Quarter 2023

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

ATLANTA RETAIL MARKET

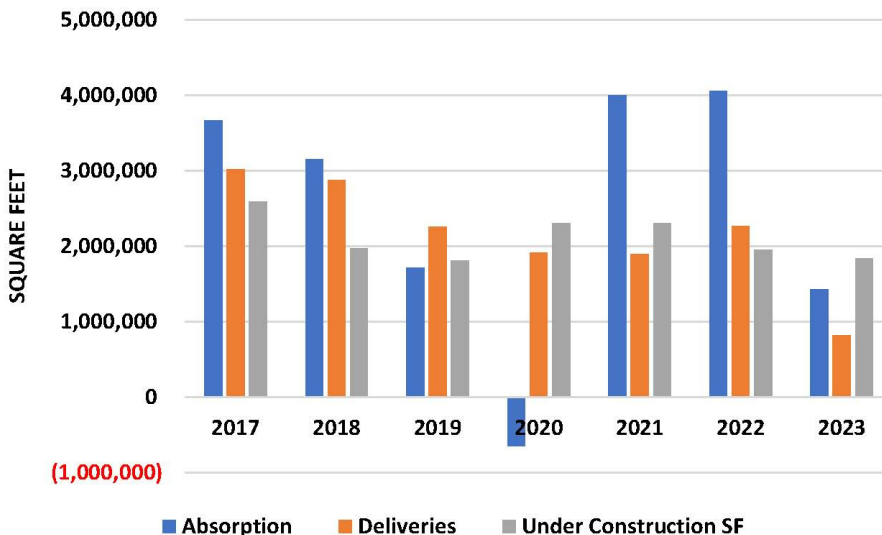
Third Quarter 2023

QUICK SUMMARY:

- 370.4 million square feet
- Market vacancy rate: 3.5%
- Avg cap rate: 7.32%
- Quoted market rent: \$21.55/sf
- Avg sales price: \$151.32/sf

Absorption, Deliveries & Under Construction

SUPPLY AND DEMAND



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

ATLANTA RETAIL MARKET

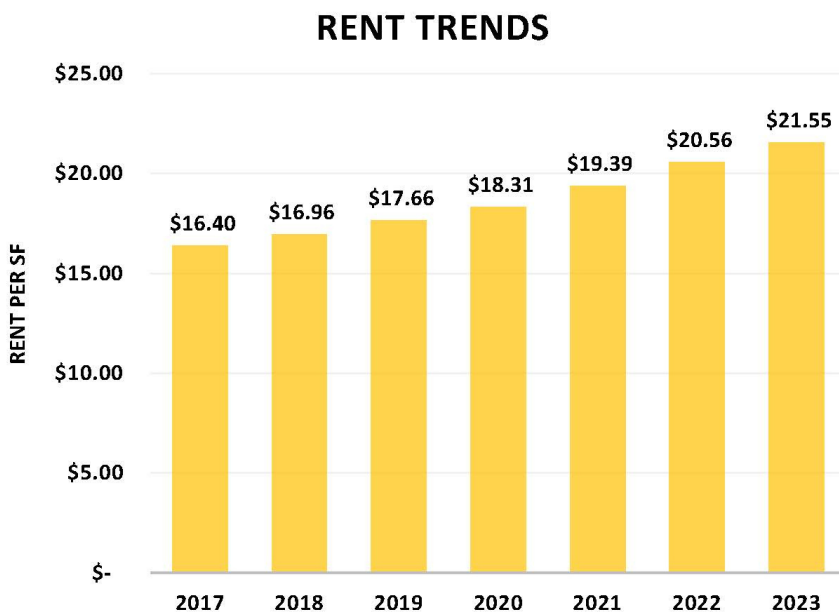
Third Quarter 2023

Vacancy Trends



- Vacancies ticked up 50 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.

Rent Growth



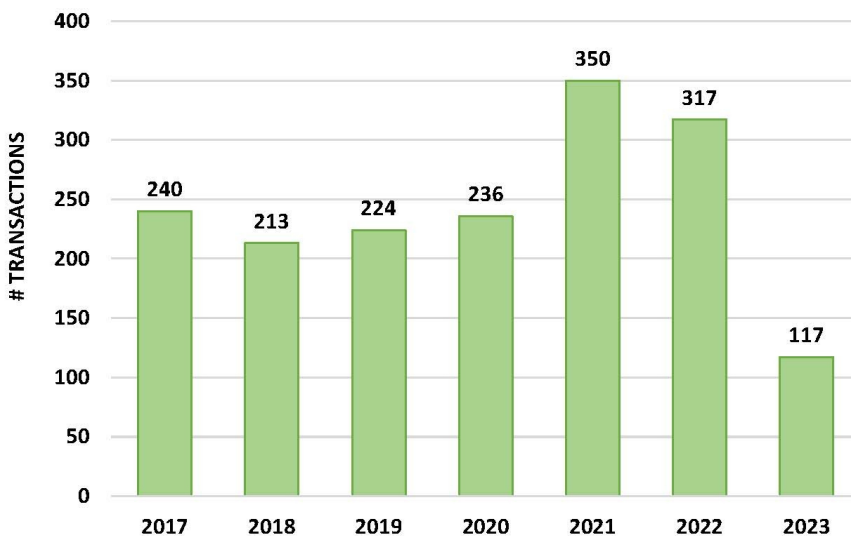
- Rental Rates are at a seven year high. A positive sign is the fact that the worst of the pandemic has passed and rent growth slowed but never went negative.

ATLANTA RETAIL MARKET

Third Quarter 2023

Transaction Volume

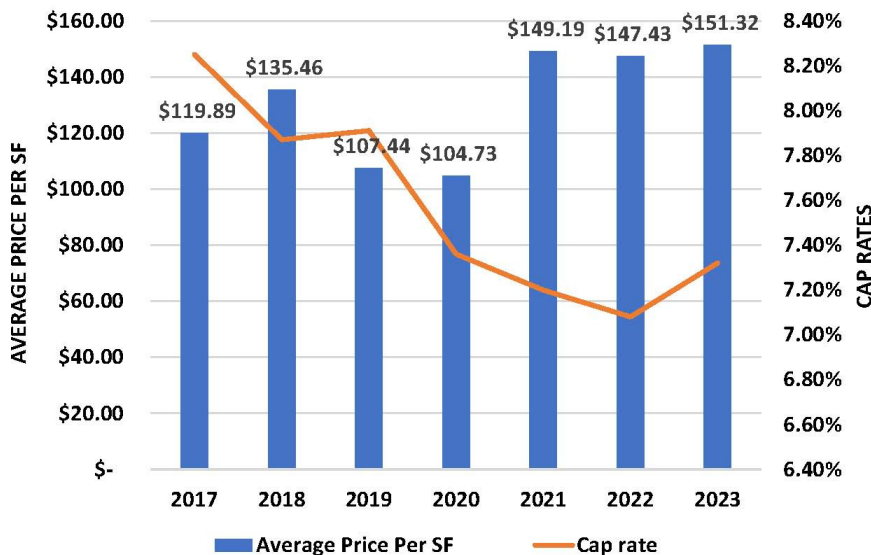
TRANSACTION HISTORY



- 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 2023 which is on pace for 156 transactions.

Valuation History

AVERAGE SALES PRICE & CAP RATES



- Values pulled back 1.3% in 2022 while cap rates leveled off. The first three quarters of 2023 has seen a slight increase in value on low volume paired with rising cap rates reflecting the negative effects of rising interest rates.

ATLANTA RETAIL MARKET

Third Quarter 2023

Summary by Quarter

		2020	2021	2022				2023		
		Q4	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Supply	Supply SF	360.5M	363.9M	365.9M	367M	367.7M	368.3M	368.8M	369.5M	370.4M
	Under Construction	2.4M	2.2M	1.9M	2.0M	1.8M	1.8M	1.8M	2.1M	1.8M
	Deliveries**	400k	385k	762k	260k	572k	633k	262k	305k	252k
	Demolitions**	-277k	-167k	-18k	-315k	-305k	-281k	-31k	-10k	-34k
	Net Absorption**	300k	1.1M	1.3M	1.0M	428k	1.5M	160k	502k	762k
Sales	Transactions**	63	70	57	93	63	72	33	46	38
	Average Price Per SF	\$ 104.80	\$ 175.17	\$ 131.53	\$ 133.04	\$ 138.83	\$ 139.62	122.23	149.08	151.32
	Cap Rate	7.40%	7.21%	6.71%	7.01%	7.23%	7.23%	8.21%	7.37%	7.32%
Lease	Vacancy	5.4%	4.7%	4.2%	4.0%	3.9%	3.7%	3.7%	3.7%	3.5%
	Market Rent	\$ 17.75	\$ 19.37	\$ 19.50	\$ 19.94	\$ 20.50	\$ 20.58	\$ 21.15	\$ 21.36	\$ 21.55

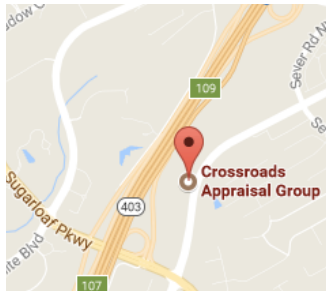
**Indicates a quarterly number

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. However, the first three quarters of 2023 has seen the retail market slow but outperform other market segments.

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.



Lawrenceville Office

1755 North Brown Road
Suite #200-2046
Lawrenceville, Georgia 30043



Kennesaw Office

125 TownPark Drive
Suite 300
Kennesaw, Georgia 30144



Casey Lyon, MAI

President,
Crossroads Appraisal Group

Contact Info:
(404) 724-5110
Casey@CrossroadsAppraisalGroup.com



Kevin Lyon, MAI

Certified General Appraiser
Principal of Vinings Office

Contact Info:
(404) 382-9876
Kevin@CrossroadsAppraisalGroup.com

The preceding information was compiled by Crossroads Appraisal Group Inc. (CAG) from information obtained by Costar. CAG & CoStar may revise reported quarterly and final year-end figures. Reproduction in whole or part is permitted only with the written consent of CAG. Some of the data in this report has been gathered from third party sources and has not been independently verified by CAG. CAG makes no warranties or representations as to the completeness or accuracy thereof.