



ATLANTA

Real Estate Trends Industrial Market

Fourth Quarter 2023

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ATLANTA INDUSTRIAL MARKET

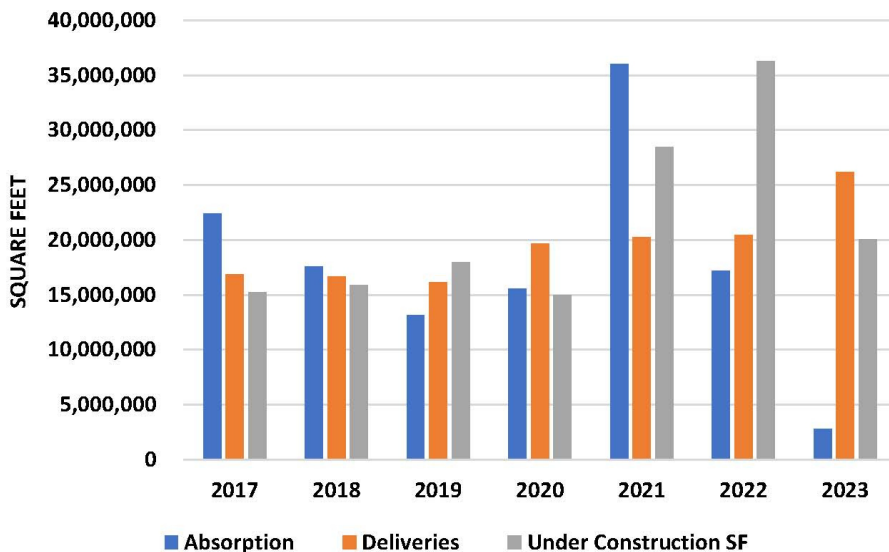
Fourth Quarter 2023

QUICK SUMMARY:

- 830.0 million square feet
- Market vacancy rate: 6.2%
- Avg cap rate: 7.25%
- Quoted market rent: \$9.04/sf
- Avg sales price: \$93.02/sf

Absorption, Deliveries & Under Construction

SUPPLY AND DEMAND



- Under construction and deliveries remain high while absorption set a seven year low in 2023. In fact, Q2 2023 recorded negative net absorption for the first time since well before the pandemic with Q4 also recording negative net absorption.

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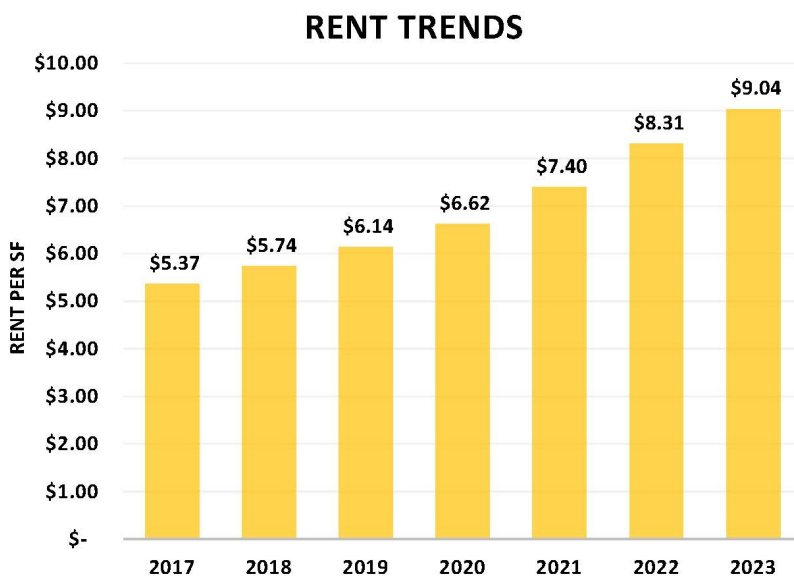
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Vacancy Trends



- In spite of new construction and a pandemic, overall market vacancy was at a seven year low in 2021/2022. However, things turned quickly in 2023 as a result of new deliveries paired with slowed absorption.

Rent Growth



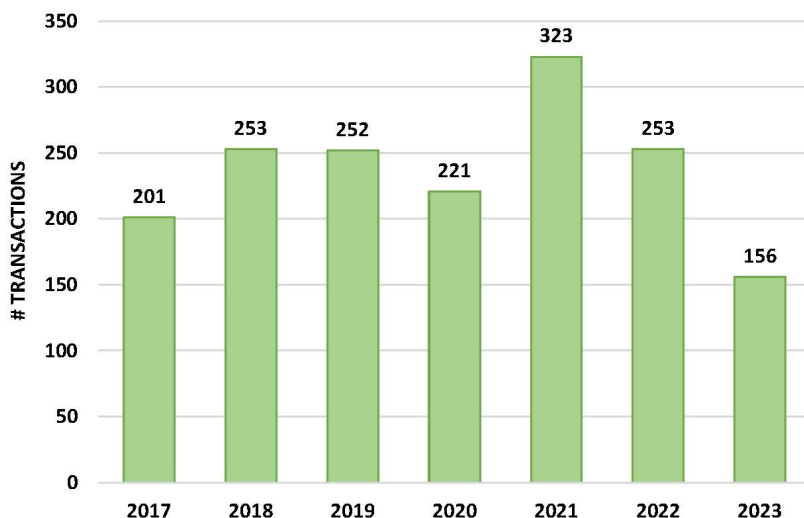
- A positive in this market segment is that rents have continued their upward trend reaching a seven year high in 2023.

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Transaction Volume

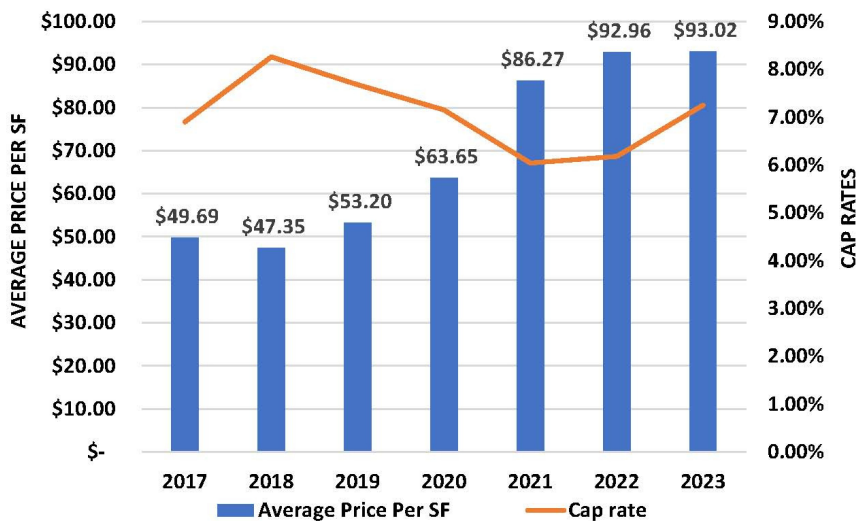
TRANSACTION HISTORY



- Sales in 2021 set a seven year high with 2022 normalizing. 2023 has set the seven year low in this metric as the cost of capital increased dramatically.

Valuation History

AVERAGE SALES PRICE & CAP RATES



- Average sales price per square foot reached a high mark in 2022 and stabilized 2023 in spite of cap rates trending up.

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Summary by Quarter

		2020	2021	2022				2023			
		Q4	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Supply	Supply SF	749.3M	770.4M	780.1M	783.6M	790.2M	797.7M	806.5M	810.3M	819.2M	830.0M
	Under Construction	17.3M	28.3M	30.8M	38.6M	37.7M	33.7M	30.6M	28.2M	25.3M	20.0M
	Deliveries**	6.6M	7.8M	7.2M	4.6M	4.1M	6.6M	4.9M	4.3M	8.0M	8.9M
	Demolitions**	-164k	-492k	-72k	-1.3M	-648k	-75k	-53k	0	-114k	-33k
	Net Absorption**	7.3M	12.8M	532k	7.0M	4.2M	4.6M	2.1M	-.4M	2.4M	-1.3M
Sales	Transactions**	67	109	56	75	64	47	35	35	46	40
	Average Price Per SF	\$ 64.17	\$ 80.10	\$ 91.32	\$ 81.27	\$ 89.32	\$ 92.36	\$ 81.10	\$ 100.29	\$ 91.74	\$ 93.02
	Cap Rate	7.04%	6.74%	N/A	6.09%	6.08%	6.38%	5.30%	6.90%	7.09%	7.25%
Lease	Vacancy	5.5%	3.2%	3.8%	3.1%	3.4%	3.6%	4.0%	4.5%	4.8%	6.2%
	Market Rent	\$ 6.46	\$ 7.26	\$ 7.48	\$ 7.81	\$ 8.10	\$ 8.29	\$ 8.50	\$ 8.80	\$ 8.89	\$ 9.04

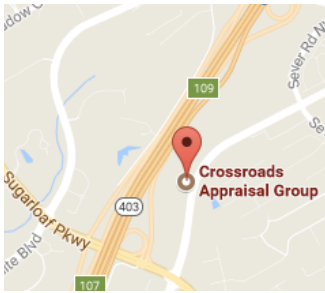
**Indicates a quarterly number

CONCLUSION:

The industrial market actually benefited from the COVID-19 crisis as retail demand shifted to delivery services across the spectrum of products. Thus, demand for warehouse space continued to increase as reflected in the strong rent and value growth in this market throughout 2022. Throughout the pandemic, the industrial market outperformed the other market segments. However, of concern, rising interest rates and tightening credit markets appear to be negatively impacting absorption and sales volume which both recorded seven year lows in 2023. Also, under construction remains high which is starting to show in rising vacancy rates. Thus, the market is showing the first real signs of weakness since Q3 2020.

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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