



ATLANTA

Real Estate Trends

Retail Market

Fourth Quarter 2023

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ATLANTA RETAIL MARKET

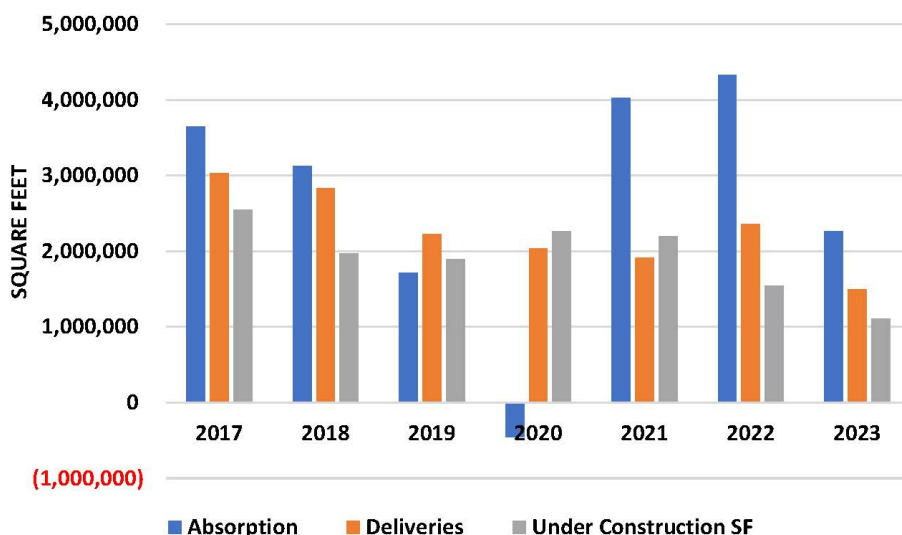
Fourth Quarter 2023

QUICK SUMMARY:

- 371.7 million square feet
- Market vacancy rate: 3.4%
- Avg cap rate: 7.28%
- Quoted market rent: \$22.30/sf
- Avg sales price: \$157.29/sf

Absorption, Deliveries & Under Construction

SUPPLY AND DEMAND



- Post pandemic, 2021 and 2022 were record years in terms of absorption with a significant pullback in 2023.
- While absorption slowed significantly in 2023, under construction has pulled back each of the past two years.

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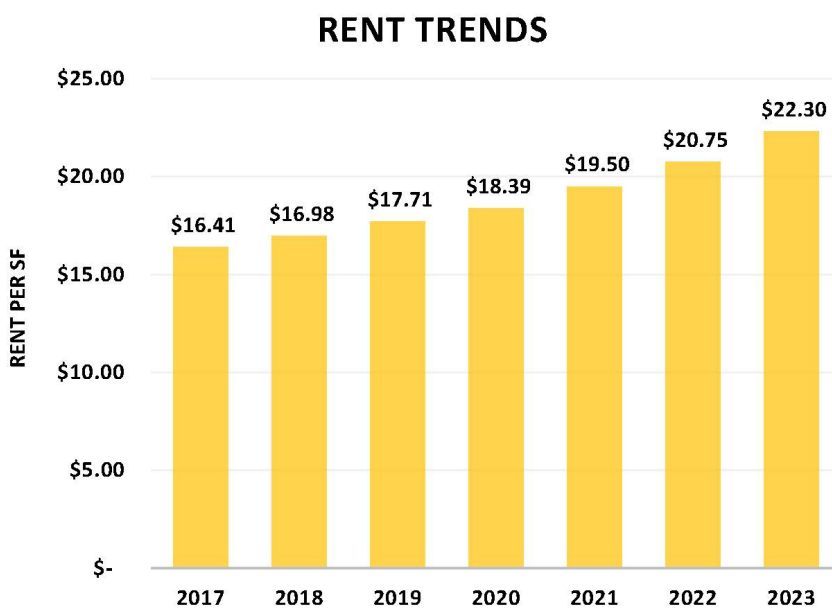
Fourth Quarter 2023

Vacancy Trends



- Vacancies have been trending down since 2020 with 2023 recording the seven year low.

Rent Growth



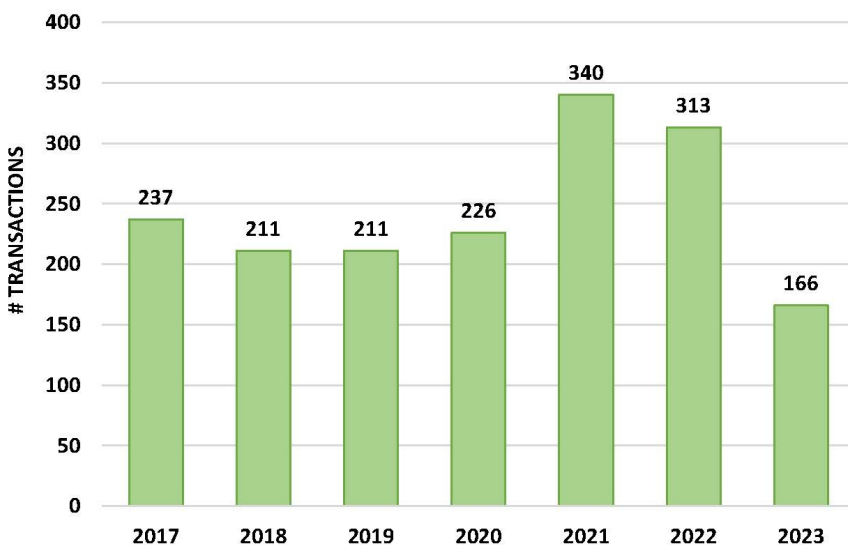
- Rental Rates are at a seven year high. A positive sign is the fact that the worst of the pandemic has passed and rent growth slowed but never went negative.

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Transaction Volume

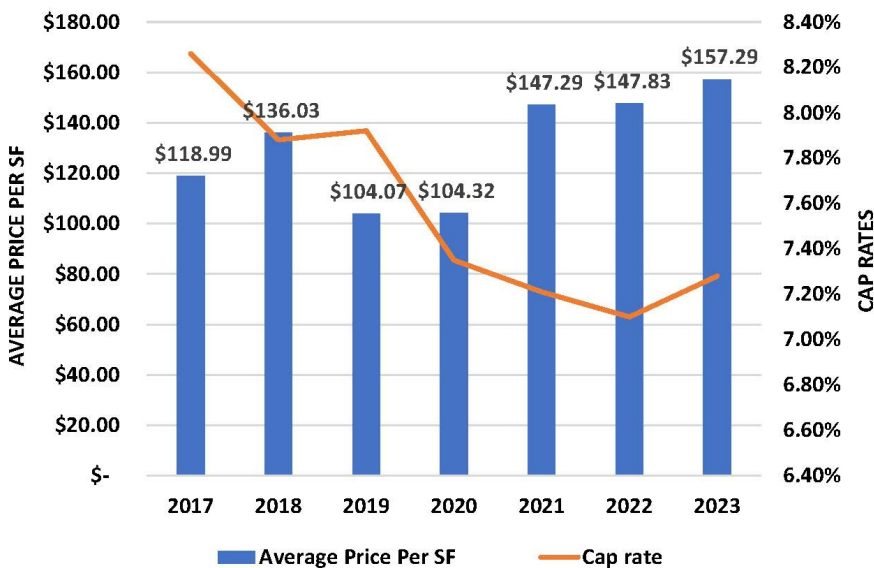
TRANSACTION HISTORY



- 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. Sales volume was off in 2023 as cost of capital increased during the year.

Valuation History

AVERAGE SALES PRICE & CAP RATES



- Values were relatively level from 2021 to 2022 with cap rates bottoming out in 2022. Values increased in 2023 along with an increase in cap rates; however, this was on very low volume.

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Fourth Quarter 2023

Summary by Quarter

		2020	2021	2022				2023			
		Q4	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Supply	Supply SF	360.5M	363.9M	365.9M	367M	367.7M	368.3M	368.8M	369.5M	370.4M	371.7M
	Under Construction	2.4M	2.2M	1.9M	2.0M	1.8M	1.8M	1.8M	2.1M	1.8M	1.1M
	Deliveries**	400k	385k	762k	260k	572k	633k	262k	305k	252k	680k
	Demolitions**	-277k	-167k	-18k	-315k	-305k	-281k	-31k	-10k	-34k	-9k
	Net Absorption**	300k	1.1M	1.3M	1.0M	428k	1.5M	160k	502k	762k	841k
Sales	Transactions**	63	70	57	93	63	72	33	46	38	49
	Average Price Per SF	\$ 104.80	\$ 175.17	\$ 131.53	\$ 133.04	\$ 138.83	\$ 139.62	122.23	149.08	151.32	157.29
	Cap Rate	7.40%	7.21%	6.71%	7.01%	7.23%	7.23%	8.21%	7.37%	7.32%	7.28%
Lease	Vacancy	5.4%	4.7%	4.2%	4.0%	3.9%	3.7%	3.7%	3.7%	3.5%	3.4%
	Market Rent	\$ 17.75	\$ 19.37	\$ 19.50	\$ 19.94	\$ 20.50	\$ 20.58	\$ 21.15	\$ 21.36	\$ 21.55	\$ 22.30

**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, 2023 experienced rent growth, vacancy declines and increasing values mixed with increasing cap rates and low transaction volume. The intent of the FED in raising interest rates was to slow the markets which has played out in the retail market in 2023. Nevertheless, the retail market is outperforming 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.



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