ATLANTA

Real Estate Trends

Industrial Market

Third Quarter 2025

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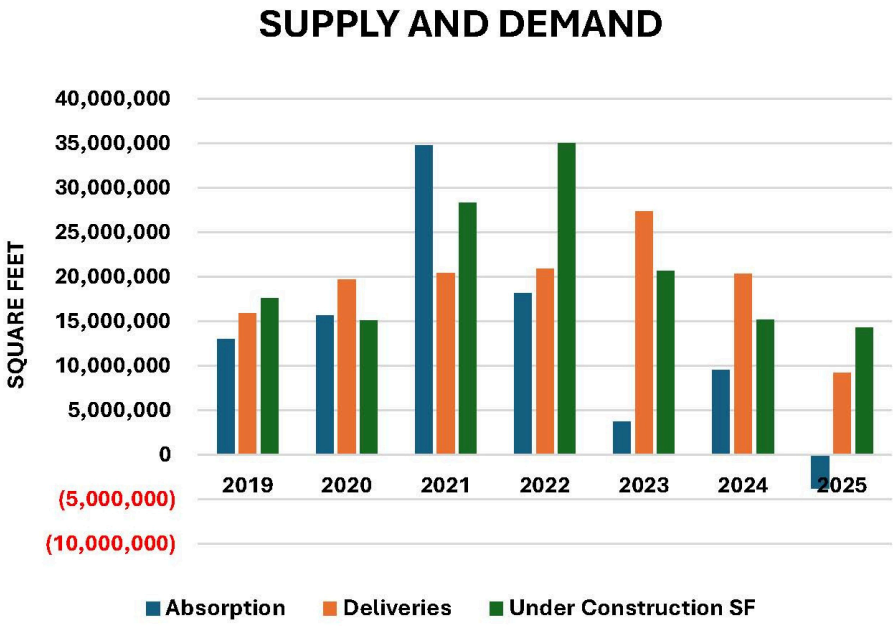
ATLANTA INDUSTRIAL MARKET

Third Quarter 2025

QUICK SUMMARY:

- 865.8 million square feet
- Market vacancy rate: 8.8%
- Avg cap rate: 6.67%
- Quoted market rent: $9.72/sf
- Avg sales price: $108.55/sf

Absorption, Deliveries & Under Construction



- 2023 began a trend of under construction and deliveries outpacing absorption. Although, absorption remained positive and actually increased in 2024. However, this trend has turned in 2025 which has recorded negative net absorption for the first time since prior to the pandemic.

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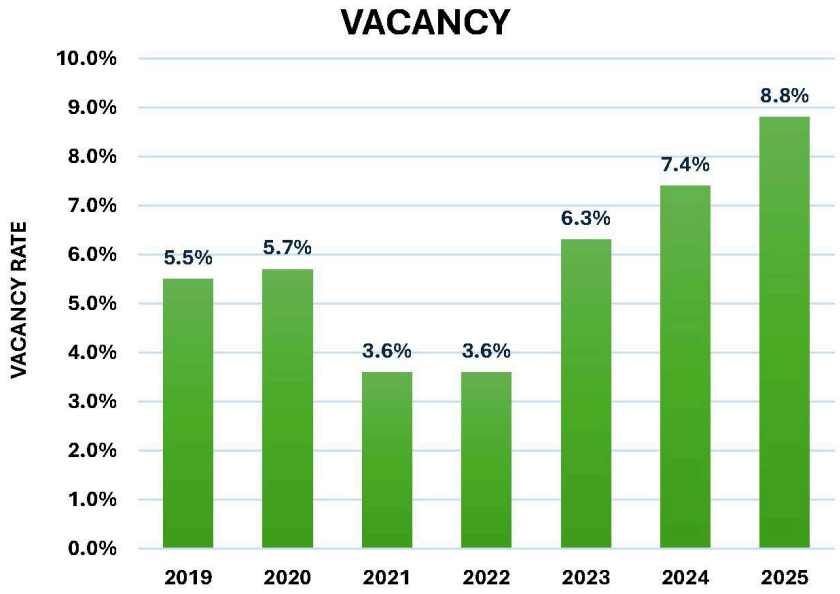
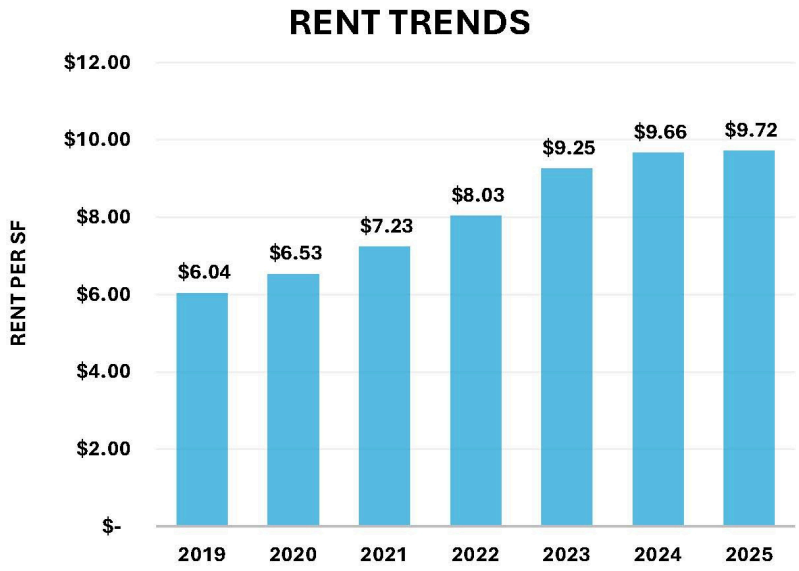
Vacancy Trends



- 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. The upward vacancy trend has continued and accelerated into 2025.

Rent Growth



- Nevertheless, rents continue to increase into 2025, albeit at a slowing rate of growth.

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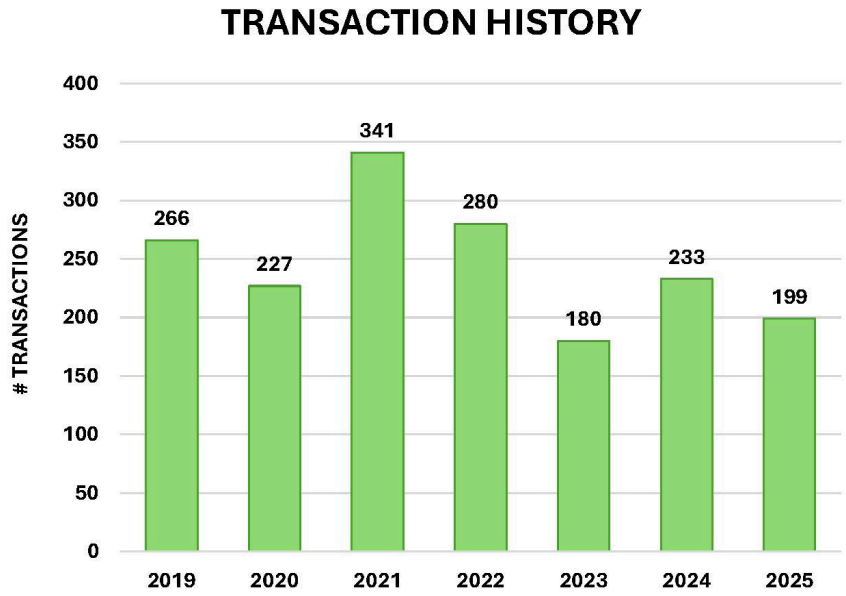
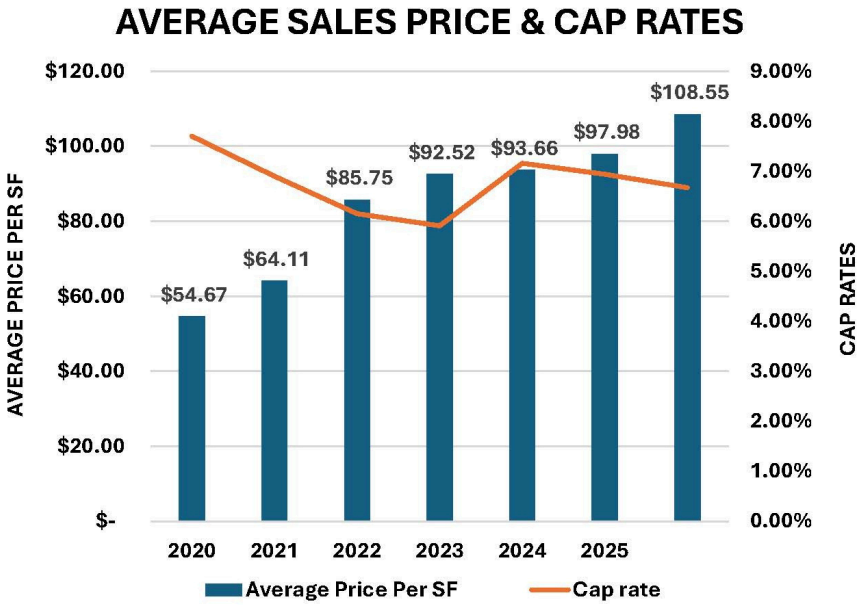
Transaction Volume



- Sales in 2021 set a seven year high with 2022 normalizing. 2023 set the seven year low in this metric as the cost of capital increased dramatically with 2024 at the second lowest mark for the data set. 2025 is on pace for 265 sales.

Valuation History



- Average sales price per square foot has generally been trending up since 2018 with the high mark set in 2025.

CONCLUSION:

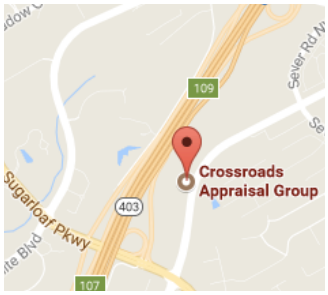
The industrial market actually benefited from the COVID-19 crisis as retail demand shifted to delivery services across the spectrum of products. Thus, demand for warehouse space continued to increase as reflected in the strong rent and value growth in this market in 2022. Throughout the pandemic, the industrial market outperformed the other market segments.

However, of concern, the interest rate environment and tight credit markets appear to be negatively impacting absorption and sales volume which both recorded seven year lows in 2023. There was slight improvement in 2024 as compared to 2023. Also, under construction remains high which is showing in rising vacancy rates. Thus, in 2023 & 2024, the market showed the first real signs of weakness since Q3 2020.

Currently, 2025 has recorded the first negative net absorption since prior to the pandemic. Although, average sales price is up significantly. Overall, more time/data is needed to understand if 2025 is an outlier or a true trend reversal for the Atlanta Industrial market.

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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