



Atlanta

Industrial 21Q4

Key Takeaways

- Atlanta experienced the country's highest net industrial absorption in Q4, bringing the YTD total to a record +42M sq. ft.
- Vacancy also reached a record low, ending the year at 3.4%.
- Average warehouse rents surpassed the \$5/sf mark for the first time ever. Atlanta's overall industrial average increased 10% YOY.
- Construction activity ended the year at a record 42.8-msf.
- 2021 will go down as the best year ever for Atlanta industrial.



Vacancy Rate
3.4%

YOY
▲
FORECAST
▲



Annual Net Absorption
+42M SF

YOY
▲
FORECAST
▲



Under Construction
42.8M SF

YOY
▲
FORECAST
▲



Overall Asking Lease Rates (NNN)
\$5.46/SF

YOY
▲
FORECAST
▲

Best Year Ever For Atlanta's Industrial Market...Likely For Some Time

Atlanta experienced its best year ever of industrial activity in 2021. Records were broken across data points including lowest vacancy rate ever, highest annual absorption, highest average rental rate, highest amount of product under construction, highest amount of product leased, and greatest amount of money invested in Atlanta industrial properties. 2021 was truly unprecedented for the market. The foreseeable future sees much of the activity producing these records continuing into 2022; however, it is hard to imagine Atlanta's industrial market will ever aggregate such a scorecard again in a single year.

Market Indicators



3.19%
Unemployment Rate



4.9%
GDP - Quarterly % change yr/yr

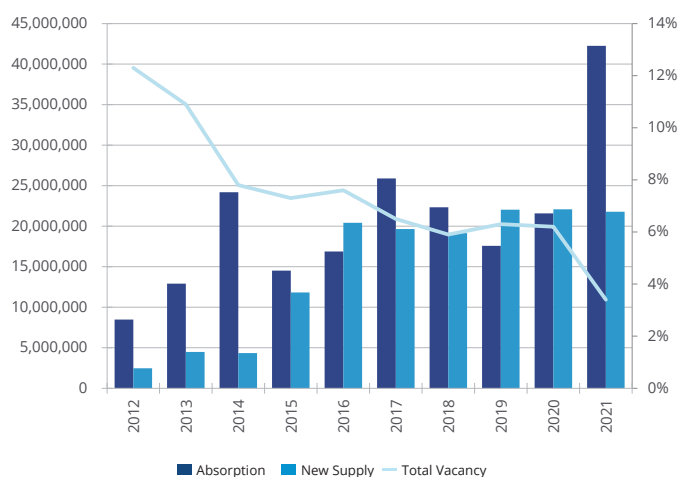


1.514%
U.S. 10 Year Treasury Note

Historic Comparison

	20Q4	21Q3	21Q4
Total Inventory (in Millions of SF)	770.0	783.5	791.8
New Supply (in Millions of SF)	7.0	2.1	8.3
Net Absorption (in Millions of SF)	8.2	5.6	14.8
Overall Vacancy	6.2%	4.3%	3.4%
Under Construction (in Millions of SF)	22.8	39.6	42.8
Overall Asking Lease Rates (NNN)	\$4.95	\$5.35	\$5.46

Market Graph



Atlanta's industrial market finished the year with the strongest quarterly absorption in the nation. Having already achieved record annual absorption in Q3, this has pushed the market to a remarkable year of occupancy gains. Vacancy is also in uncharted territory.

Sources: CoStar, Colliers Research

Recent Transactions



Lease

NW 75 Logistics Ctr.-B
Northwest | 1.0m SF



Lease

Great Valley Com. Ctr.
Northwest | 973k SF



Lease

1625 Oakley Ind.
South Atl | 908k SF



Sale

5500 S Expy -JCP DC
South Atl | \$55/SF
LBA Realty



Sale

Jefferson Log. Ctr.
Northeast | \$78/SF
BentallGreenOak



Sale

650 Broadway Ave.
Northeast | \$97/SF
J.W. Mitchell Co.



Executive Summary

It was a banner year for Atlanta industrial to say the least. Previous records for the market were shattered in 2021. The most striking of these was the annual net industrial absorption total which ended the year at +42.3-million square feet; blowing by the previous record of +25.9-million square feet in 2017. The occupancy gains throughout the year were a continuation of the robust growth occurring in 2020 which saw a fundamental shift of the retail market move towards industrial warehousing and distribution. Additionally, realignment of supply chains has also produced positive results in the market. This activity has yet to subside and continues to be the demand generators filling Atlanta warehouses. Occupancies in 2021 were dominated by third-party logistics companies and e-commerce related tenants, many of which saw their businesses increase exponentially. Strong gains from the flex sector were also noticeable. The most prominent move-in for this segment was from Facebook which occupied its first phased data center of 970,000 square feet in the Snapfinger/I-20 East submarket in the second quarter. Across the board, all types of industrial tenants were active, whether related to the industries mentioned above, or those associated with food production, consumer goods, and/or manufacturing. One common theme standing out throughout the year was the sheer lack of tenants moving out

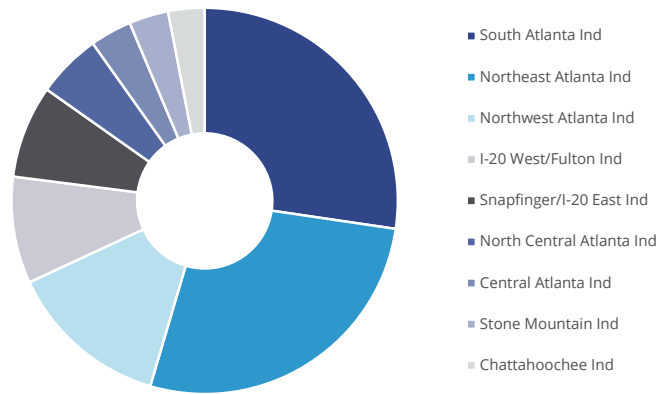
of space each quarter. Without much space given back, and throwing in the resilient market demand, this has led to the lowest vacancy rate ever recorded for Atlanta industrial.

Another record indicative of market conditions is the amount of industrial product currently under construction. At the end of Q4, Atlanta had over 42.5-million square feet of space in development; the most ever for the market in a single quarter, and almost doubling the amount at Year-End 2020. The explosion of new supply is a direct result of the robust industrial demand taking place. Atlanta has averaged just under 26-million square feet of annual absorption over the past five years. Following this year's record, this amount jumps to 32-million square feet since 2020. Developers are catching up to these unprecedented levels, breaking ground on numerous projects in order to capture tenant requirements. The question of whether these levels are sustainable has yet to enter the picture; however, Atlanta's record low vacancy is likely to begin increasing as new projects deliver to the market. Nevertheless, the same dynamics which shaped Atlanta's record gains will continue in 2022. Absorption is likely to be elevated yet again, though not to the same extent as the past twelve months.

Vacancy & Availability

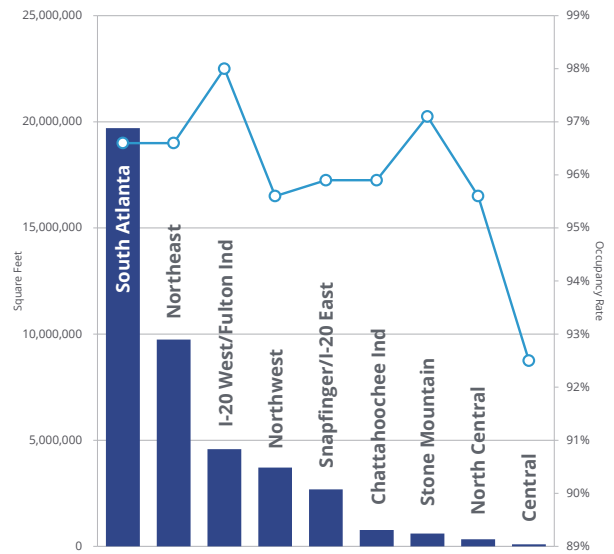
Atlanta ends the year at a 3.4% industrial vacancy rate, representing a 280 basis points (2.8%) year-over-year decline, and by far the lowest level ever recorded in the market's history. Just 27.2-million square feet of space is vacant as of Q4. All of Atlanta's major industrial submarkets experienced record vacancy lows, in spite of 21.8-million square feet of new product delivered this year. I-20 West/Fulton Industrial takes the prize for the lowest rate in the market as only 2% of this submarket is vacant. Tight availability in existing buildings has led to developers responding compellingly which has resulted in record construction activity taking place. As supply catches up, Atlanta is expected to see incremental increases in vacancy over the coming year.

Total Vacant Space in Atlanta by Submarket



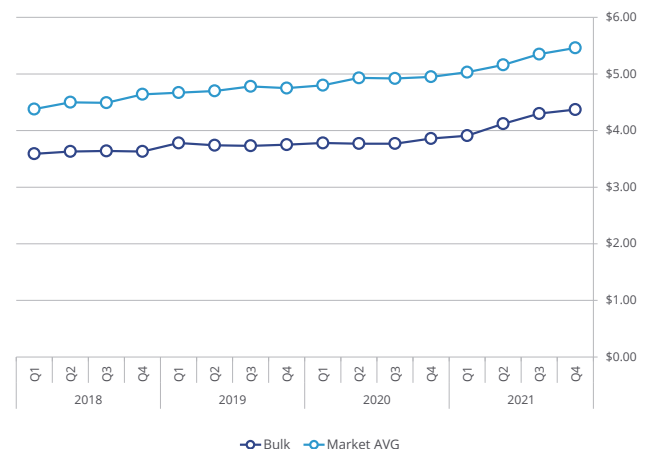
Absorption & Leasing Activity

It was a bellwether year of industrial absorption in Atlanta as the market topped +40-million square feet for the first time ever. The new record annual amount of +42.3-million square feet eclipses the previous record set in 2017 of +25.9-million square feet. South Atlanta was the dominant submarket in 2021 accounting for just under half of the net absorption total. The largest occupiers here were Goodyear (1.5M), CJ Logistics (1M), and Zinus (972K). On the whole, a significant amount of this year's occupancy gains came from tenants occupying between 200K-600K square feet; approximately 46% of the total for the year. Overall leasing activity also came in at its highest level annually as well, surpassing 2020's amount. The 64-plus million square feet of space leased will certainly carry over into the coming year producing positive absorption yet again.



Rental Rates

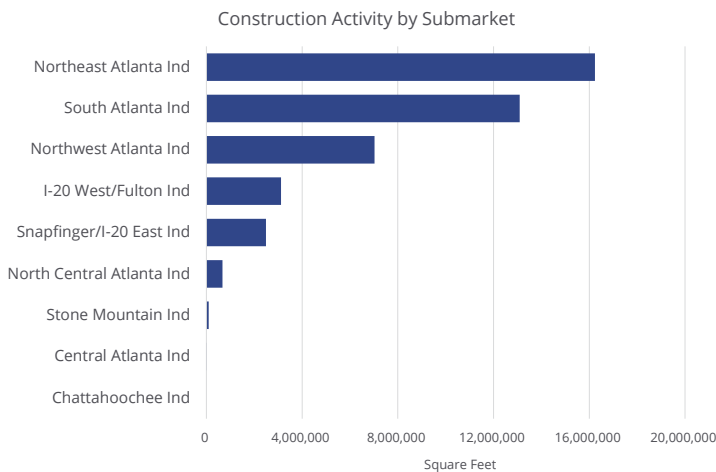
Overall rents increased for a tenth straight year, rising 10% in 2021. Atlanta's warehouse rent crossed the \$5/sf for the first time ever as the average hit \$5.05/sf at the end of Q4. The uptick in rates is a direct result of the strong demand in the market, and record low vacancies. The greatest increase in warehouse rents took place in the Jackson County section of Northeast Atlanta. With vacancy dropping significantly here and newly delivered space minimal over the past twelve months, the subarea's average is up 20% year-over-year. For Atlanta as a whole, rental rates are anticipated to continue escalating; however, increases could begin to tail off slightly as new supply saturates the market.



Sources: CoStar, Colliers Research

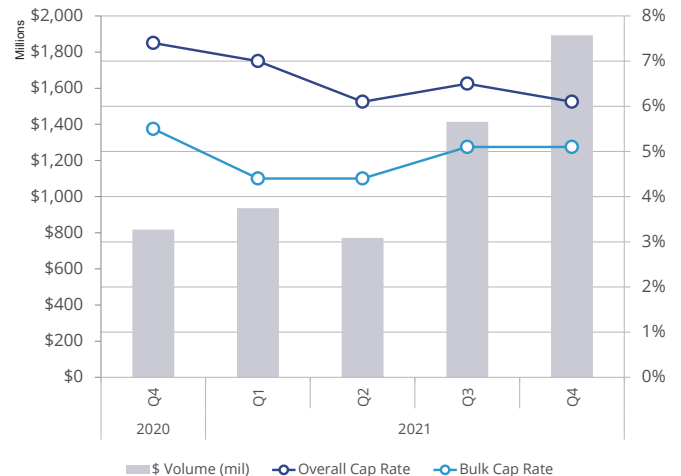
Construction & New Supply

Record demand begets record construction activity. Over 42.5-million square feet of industrial space is currently under construction. For the first time in a year, the majority of the activity is taking place in Northeast Atlanta. Just over half of the properties in development fall within the 100,000 to 500,000 square foot range which has been one of the most in-demand space types for tenants in the past year. Preliminary data suggests 2022 will be a record year of industrial deliveries in Atlanta.



Investment Activity

And to cap off every other record this year, the amount of investment poured into Atlanta industrial product was the highest ever. Close to \$5.5-billion was invested in the market in 2021, beating the previous record amount by more than 100%. Additionally, price per square-foot records were bested. Bulk product in Atlanta transacted at just under \$90/sf on average this year. Investor appetite remains high for industrial real estate, not only in Atlanta but across the nation.



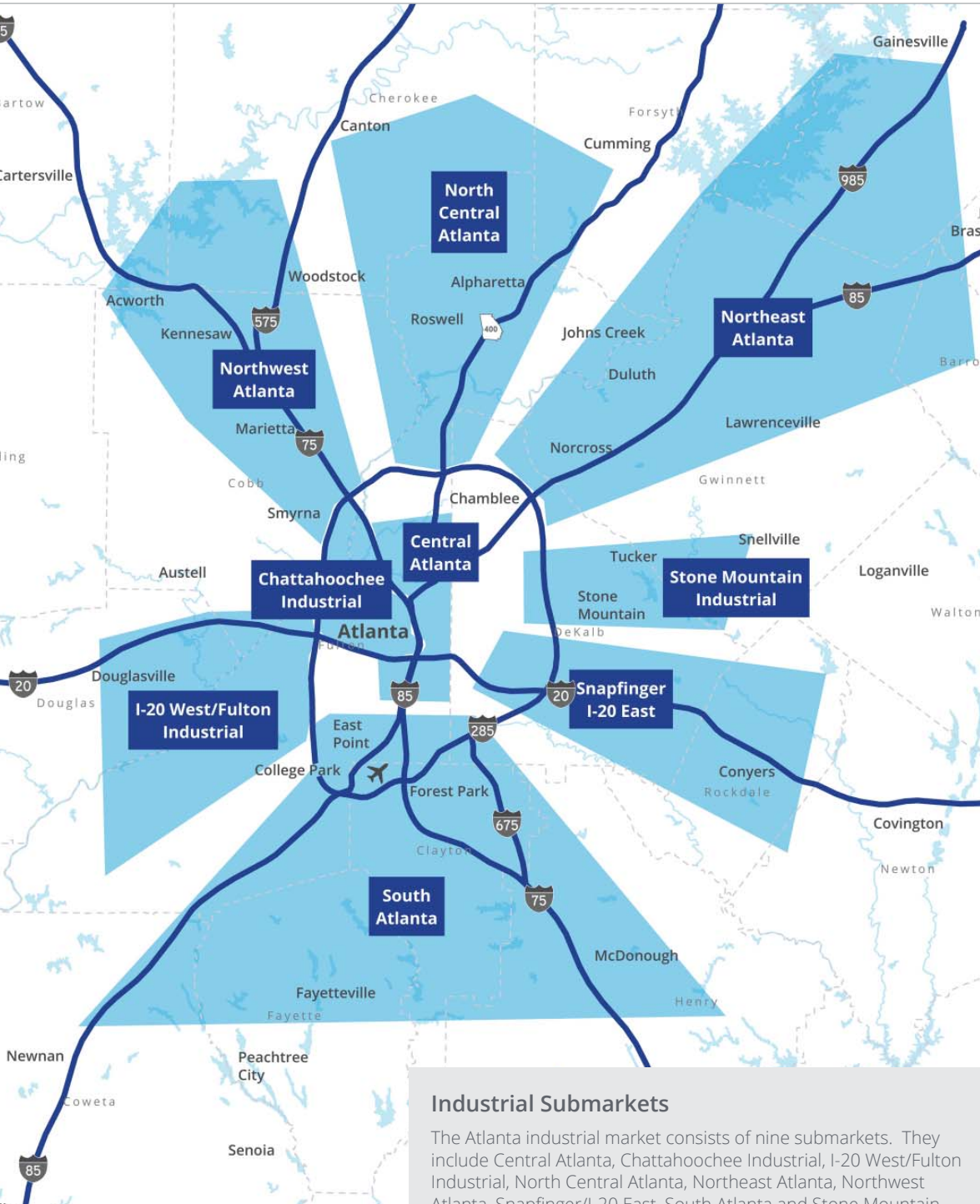
Industrial Development

Construction activity 1-million square feet and up

Property	Submarket	Size (SF)	Delivery Date
Bana 85 Commerce Center - 1	Northeast Atlanta Ind	1,550,000	Q4 2022
Facebook Data Center - Phase II	Snapfinger/I-20 East Ind	1,500,000	Q4 2022
Kellogg's - Prologis Orchard Hills	South Atlanta Ind	1,192,440	Q2 2022
Northeast 85 Logistics Ctr. - Bldg. 2	Northeast Atlanta Ind	1,174,012	Q3 2022
5115 Stonewall Tell Rd.	South Atlanta Ind	1,150,000	Q1 2022
Ace Hardware - 1231 Hog Mountain Rd.	Northeast Atlanta Ind	1,117,800	Q3 2022
McClure 85 Logistics Center	Northeast Atlanta Ind	1,027,000	Q2 2022
Palmetto Logistics Park - 3	South Atlanta Ind	1,008,474	Q1 2022
Greenwood 75	South Atlanta Ind	1,001,700	Q1 2022
Coweta Logistics Center	South Atlanta Ind	1,001,000	Q2 2022
Georgia North Ind. Park - 3	Northwest Atlanta Ind	1,000,600	Q4 2022
SK Innovation - Phase I	Northeast Atlanta Ind	1,000,000	Q1 2022
SK Innovation - Phase II	Northeast Atlanta Ind	1,000,000	Q3 2022

Sources: CoStar, Colliers Research

Submarket Map Overview & Definitions



Industrial Submarkets

The Atlanta industrial market consists of nine submarkets. They include Central Atlanta, Chattahoochee Industrial, I-20 West/Fulton Industrial, North Central Atlanta, Northeast Atlanta, Northwest Atlanta, Snapfinger/I-20 East, South Atlanta and Stone Mountain Industrial. The major interstates in the region include: I-75, I-85, I-285, I-575, I-985, I-675 and I-20. Georgia 400 and US 316 also play important roles to Atlanta's transportation system.

Definitions

Absorption (Net)-The net change in occupied space over a given period of time, calculated by summing all the positive changes in occupancy and subtracting all the negative changes in occupancy.

Vacancy Rate-A percentage of the total amount of physically vacant space divided by the total amount of existing inventory.

Bulk Warehouse-A type of building designed to be used for bulk storage or materials, distribution or heavy manufacturing. Typically has a small amount of office space, ceiling heights of 24' and bay depths of over 190'.

Manufacturing-A sub-type of an industrial building primarily used for manufacturing products. May also include warehousing or distribution areas.

Flex-A type of building designed to be versatile, which may be used in combination with office, R&D, quasi-retail sales and industrial warehouse and distribution uses. Typically has at least 50% office and ceiling heights under 18'.

Leasing Activity-The volume of square footage that is committed to and signed for under a lease obligation for a specific building or market in a given period of time. It includes direct leases, subleases and renewals of existing leases. It also includes any pre-leasing activity for buildings under construction or planned.

Build-To-Suit-A term describing property that was developed specifically for a certain tenant to occupy. Can be either leased or owned by tenant.

Speculative Construction-A term describing property being developed without a tenant commitment.

Triple Net (NNN)-A rental rate in which a tenant is responsible for all expenses associated with their proportional share of occupancy of the building.

Atlanta | Q4 2021 | Industrial | Market Statistics



Property Type	# Bldgs.	Total Inventory Sq Ft	Direct Vacancy Rate	Sublease Vacancy Rate	Total Vacant Sq Ft	Vacancy Rate Current	Vacancy Rate Prior	Net Absorp Current	Net Absorp YTD	New Supply	New Supply YTD	Under Constr	Avg Rent (NNN)
Central Atlanta Ind													
Flex	84	2,499,721	2.1%	0.0%	52,306	2.1%	2.5%	11,290	45,145	-	-	-	\$19.27
MFG	11	900,589	12.8%	0.0%	115,000	12.8%	13.0%	1,770	-	-	-	-	\$16.55
Warehouse	242	9,254,290	8.4%	0.0%	780,440	8.4%	9.6%	112,318	55,571	-	-	20,000	\$8.25
Total	337	12,654,600	7.5%	0.0%	947,746	7.5%	8.5%	125,378	100,716	-	-	20,000	\$10.37
Chattahoochee Ind													
Flex	92	3,943,934	2.4%	0.0%	94,521	2.4%	2.3%	(4,492)	513,509	-	495,000	-	\$16.93
MFG	17	1,683,414	0.0%	0.0%	-	0.0%	1.2%	20,474	20,604	-	-	-	\$10.16
Warehouse	341	14,350,171	4.9%	0.2%	731,745	5.1%	6.2%	160,841	241,897	-	-	-	\$10.26
Total	450	19,977,519	4.0%	0.1%	826,266	4.1%	5.0%	176,823	776,010	-	495,000	-	\$12.09
I-20 West/Fulton Ind													
Flex	114	3,925,759	2.3%	0.0%	91,987	2.3%	0.9%	(58,116)	228,766	-	264,500	259,285	\$9.83
MFG	64	8,345,185	1.8%	0.0%	150,087	1.8%	1.8%	-	22,438	-	-	-	\$4.85
Warehouse	1,156	107,490,946	1.9%	0.1%	2,187,320	2.0%	1.9%	1,019,329	4,331,538	1,227,911	2,769,742	2,858,739	\$4.96
Total	1,334	119,761,890	1.9%	0.1%	2,429,394	2.0%	1.8%	961,213	4,582,742	1,227,911	3,034,242	3,118,024	\$4.99
North Central Atlanta Ind													
Flex	242	8,507,684	5.9%	0.1%	512,675	6.0%	5.6%	(39,189)	(97,533)	-	50,000	-	\$12.81
MFG	39	3,358,454	5.5%	0.0%	185,178	5.5%	5.5%	-	-	-	-	-	\$7.15
Warehouse	562	21,162,586	3.4%	0.3%	766,476	3.6%	3.2%	203,045	434,382	291,625	424,966	669,572	\$8.14
Total	843	33,028,724	4.2%	0.2%	1,464,329	4.4%	4.1%	163,856	336,849	291,625	474,966	669,572	\$10.58
Northeast Atlanta Ind													
I-285/Gwinnett County/I-985 Ind													
Flex	625	17,687,632	4.6%	0.5%	899,140	5.1%	5.9%	144,396	434,205	-	20,000	138,000	\$10.46
MFG	127	13,124,305	0.0%	0.2%	20,000	0.2%	0.0%	30,000	247,379	50,000	50,000	500,000	\$5.77
Warehouse	2,258	152,586,968	2.0%	0.2%	3,446,523	2.3%	2.8%	1,350,595	5,492,323	539,538	3,002,750	6,509,670	\$5.85
Total	3,010	183,398,905	2.1%	0.3%	4,365,663	2.4%	2.9%	1,524,991	6,173,907	589,538	3,072,750	7,147,670	\$6.33
Jackson County Ind													
Flex	6	326,113	0.9%	0.0%	3,000	0.9%	0.9%	-	(1,500)	-	-	-	\$16.00
MFG	13	2,112,628	14.4%	0.0%	304,755	14.4%	14.4%	-	-	-	-	2,430,000	\$2.97
Warehouse	127	33,987,021	7.9%	0.1%	2,727,833	8.0%	11.3%	1,451,413	3,568,719	378,618	603,618	6,659,012	\$4.38
Total	146	36,425,762	8.2%	0.1%	3,035,588	8.3%	11.4%	1,451,413	3,567,219	378,618	603,618	9,089,012	\$4.38
Subtotal - Northeast Atlanta Ind													
Flex	631	18,013,745	4.6%	0.5%	902,140	5.0%	5.8%	144,396	432,705	-	20,000	138,000	\$10.46
MFG	140	15,236,933	2.0%	0.1%	324,755	2.1%	2.0%	30,000	247,379	50,000	50,000	2,930,000	\$5.77
Warehouse	2,385	186,573,989	3.1%	0.2%	6,174,356	3.3%	4.3%	2,802,008	9,061,042	918,156	3,606,368	13,168,682	\$5.24
Total	3,156	219,824,667	3.1%	0.2%	7,401,251	3.4%	4.3%	2,976,404	9,741,126	968,156	3,676,368	16,236,682	\$5.60
Northwest Atlanta Ind													
Flex	306	9,265,295	4.9%	0.3%	484,954	5.2%	5.1%	(13,806)	142,269	-	-	50,000	\$12.74
MFG	97	10,912,004	1.4%	0.0%	150,398	1.4%	1.4%	90,000	449,951	90,000	418,000	-	\$5.13
Warehouse	1,255	64,182,877	4.5%	0.3%	3,044,822	4.7%	3.3%	812,697	3,123,807	1,818,144	2,776,506	6,978,319	\$5.51
Total	1,658	84,360,176	4.1%	0.2%	3,680,174	4.4%	3.2%	888,891	3,716,027	1,908,144	3,194,506	7,028,319	\$6.03
Snapfinger/I-20 East Ind													
Flex	117	4,191,575	2.7%	0.0%	111,706	2.7%	2.8%	7,029	991,916	-	970,000	1,500,000	\$13.28
MFG	58	8,478,760	5.0%	0.0%	420,000	5.0%	5.5%	43,410	10,000	-	-	-	\$2.50
Warehouse	549	39,345,476	3.9%	0.1%	1,577,918	4.0%	2.8%	886,027	1,684,593	1,382,593	1,506,763	991,337	\$4.99
Total	724	52,015,811	4.0%	0.1%	2,109,624	4.1%	3.3%	936,466	2,686,509	1,382,593	2,476,763	2,491,337	\$5.30
South Atlanta Ind													
75 South/Henry County Ind													
Flex	63	1,613,300	0.0%	0.0%	-	0.0%	0.0%	-	18,339	-	-	-	\$4.10
MFG	52	6,819,243	0.7%	0.0%	45,000	0.7%	0.7%	-	12,500	-	-	-	\$5.63
Warehouse	442	64,246,092	3.0%	0.4%	2,162,960	3.4%	7.9%	3,312,897	8,683,791	425,660	1,012,350	3,410,359	\$3.82
Total	557	72,678,635	2.7%	0.4%	2,207,960	3.0%	7.1%	3,312,897	8,714,630	425,660	1,012,350	3,410,359	\$3.86
85 South/Airport Ind													
Flex	159	3,796,903	3.1%	0.0%	117,042	3.1%	1.0%	(78,884)	6,928	-	-	-	\$9.05
MFG	95	12,162,994	6.0%	0.0%	733,194	6.0%	6.4%	47,352	21,517	-	-	-	\$3.61
Warehouse	1,139	130,742,175	3.2%	0.1%	4,365,781	3.3%	5.8%	5,231,903	10,957,038	2,106,532	7,414,461	9,685,875	\$4.87
Total	1,393	146,702,072	3.5%	0.1%	5,216,017	3.6%	5.7%	5,200,371	10,985,483	2,106,532	7,414,461	9,685,875	\$4.73
Sub Total - South Atlanta Ind													
Flex	222	5,410,203	2.2%	0.0%	117,042	2.2%	0.7%	(78,884)	25,267	-	-	-	\$7.49
MFG	147	18,982,237	4.1%	0.0%	778,194	4.1%	4.3%	47,352	34,017	-	-	-	\$3.97
Warehouse	1,581	194,988,267	3.1%	0.2%	6,528,741	3.3%	6.5%	8,544,800	19,640,829	2,532,192	8,426,811	13,096,234	\$4.19
Total	1,950	219,380,707	3.2%	0.2%	7,423,977	3.4%	6.2%	8,513,268	19,700,113	2,532,192	8,426,811	13,096,234	\$4.20
Stone Mountain Ind													
Flex	128	3,544,342	4.1%	0.0%	146,897	4.1%	3.4%	(27,989)	149,780	-	-	-	\$8.80
MFG	37	2,524,451	0.2%	0.0%	5,000	0.2%	0.0%	(5,000)	16,600	-	-	-	\$5.00
Warehouse	462	24,708,792	2.8%	0.2%	746,385	3.0%	3.4%	90,381	444,917	-	-	96,000	\$6.32
Total	627	30,777,585	2.8%	0.2%	898,282	2.9%	3.1%	57,392	611,297	-	-	96,000	\$6.75
Grand Total													
Flex	1,936	59,302,258	4.0%	0.2%	2,514,228	4.2%	4.1%	(59,761)	2,431,824	-	1,799,500	1,947,285	\$11.78
MFG	610	70,422,027	3.0%	0.0%	2,128,612	3.0%	3.2%	228,006	800,989	140,000	468,000	2,930,000	\$4.77
Warehouse	8,533	662,057,394	3.2%	0.2%	22,538,203	3.4%	4.4%	14,631,446	39,018,576	8,170,621	19,511,156	37,878,883	\$5.05
Total	11,079	791,781,679	3.3%	0.2%	27,181,043	3.4%	4.3%	14,799,691	42,251,389	8,310,621	21,778,656	42,756,168	\$5.46
QUARTERLY COMPARISON AND TOTALS													
Q4-21	11,079	791,781,679	3.3%	0.2%	27,181,043	3.4%	4.3%	14,799,691	42,251,389	8,310,621	21,778,656	42,756,168	\$5.46
Q3-21	11,042	783,471,058	4.1%	0.2%	33,670,113	4.3%	4.8%	5,630,401	27,451,698	2,088,064	13,468,035	39,614,688	\$5.35
Q2-21	11,030	781,382,994	4.5%	0.2%	37,212,450	4.8%	5.4%	10,068,977	21,821,297	5,575,493	11,379,971	32,101,039	\$5.16
Q1-21	11,005	775,807,501	5.2%	0.2%	41,705,934	5.4%	6.2%	11,752,320	11,752,320	5,804,478	5,804,478	25,572,930	\$5.03
Q4-20	10,982	770,003,023	5.9%	0.2%	47,653,776	6.2%	6.4%	8,199,022	21,574,639	6,997,919	15,064,754	22,779,337	\$4.95

351 offices in 67 countries on 6 continents

United States: 115
Canada: 41
Latin America: 12
Asia Pacific: 33
EMEA: 78



\$3.3B
in revenue



2B
square feet under management



18,000 +
professionals and staff

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