



KING INDUSTRIAL REALTY

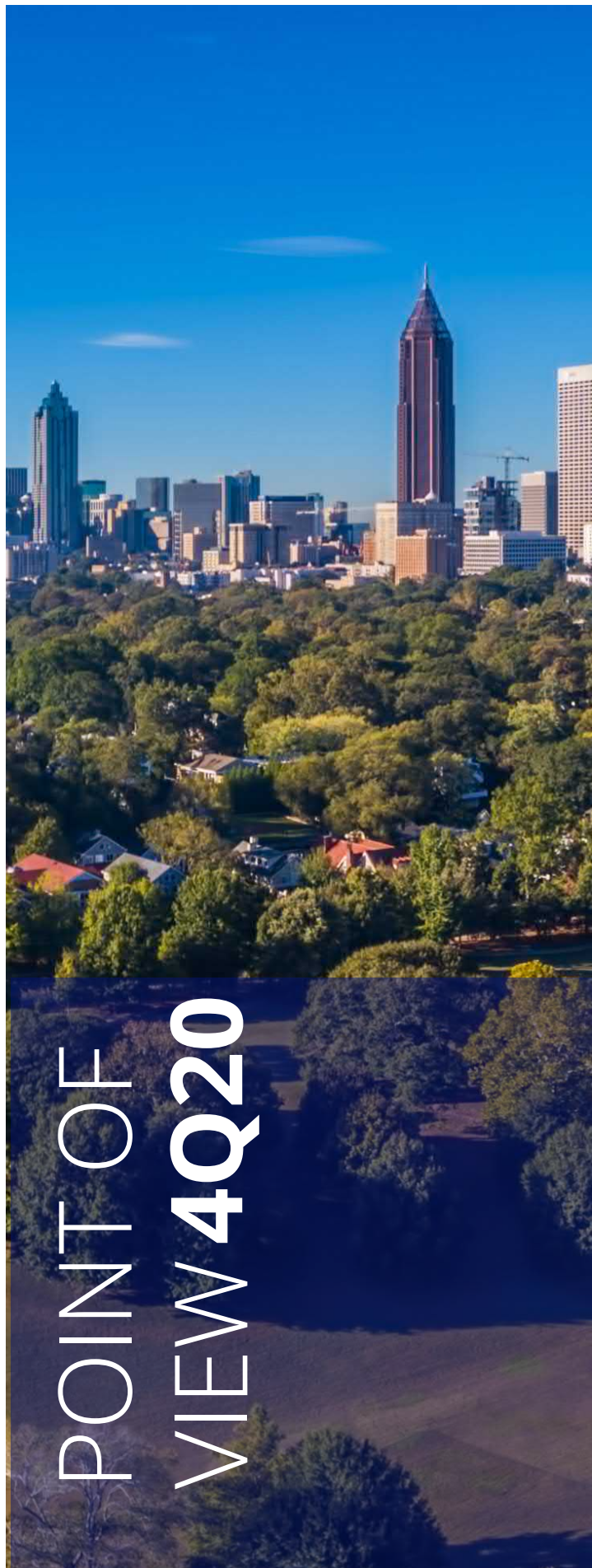
POINT OF VIEW

FOURTH QUARTER 2020



King Industrial
Realty, Inc.

Industrial • Commercial • Investment



Fourth Quarter 2020

GOOD RIDDANCE 2020, WELCOME TO 2021!

Good riddance to 2020 and let the front door hit you on the way out! There was a lot about 2020 that was like being poked in the eye with a sharp stick...like the fact that the entire world was exposed to a new Chinese virus - COVID-19. This virus too often resulted in hospitalization and death for the elderly and vulnerable. It brought lockdowns of citizens and shutdowns of all non-essential businesses (including schools) which led to a 14% unemployment rate. Then came civil unrest in the form of marches that led to violent riots, and let's not forget the confounded shortage of toilet paper!

However, the first quarter of 2020 started off with the US economy really humming along. The unemployment rate was at the lowest that it had ever been, the jobs market was tight, and there was wage growth for the first time in a blue moon. The US GDP was in growth mode and business was cooking. President Trump appeared to be a shoo-in for re-election, but everything changed due to the chaos caused by the virus. Not only did Trump lose to Joe Biden, but the power base in Washington D.C. also shifted from one where there was a division of power to one where the Democrats have total control. Not exactly sure what that all means except that I am pretty sure that taxes will not be going down!

How did all of this affect the Atlanta industrial market? Well, remember the toilet paper shortage? With people sheltered in place, e-commerce and home delivery services started to boom...how could it not? People that had never ordered anything on-line in their lives suddenly took to the internet. So much so, that the supply chains had a hard time keeping up with this increased demand, which meant the industrial market went to work.

Activity for the fourth quarter of 2020 cranked out over 17 million square feet (the fifth highest number ever recorded for a single quarter.) When added to the total activity for the prior three (3) quarters, 2020 saw over 66.3 million square feet of activity for the year. That is the highest total ever recorded for a four (4) quarter period in the Atlanta industrial market!

More good news for the fourth quarter was the net absorption of over 4.1 million square feet. Even better was that net absorption for the year was well over 23.6

GOOD RIDDANCE 2020, WELCOME TO 2021!!

continued..

million square feet - the third highest positive net absorption total ever recorded for a four (4) quarter period in the Atlanta industrial market.

And that's not all... new construction for the fourth quarter continued its hot streak with over 6.2 million square feet. Add that to the prior three (3) quarters and new construction was rocking with over 24.7 million square feet for the year - the second highest four quarter total ever recorded in the Atlanta industrial market! Of the total new construction seventy-five percent (75%) was for speculative construction (18.4+ million square feet) with the remaining twenty-five percent (25%) dedicated to build-to-suit projects

Additionally, over the past seven (7) years, new construction for the Atlanta industrial market has been extremely strong with over 137 million square feet being built during that time frame. Total activity and positive new absorption were so strong, that the availability rate dropped from 14.3% down to 10.7% at the end of 2020 - a new low for the availability rate in the Atlanta industrial market. Another record set amid the chaos.

Last quarter, we reported that the size of the industrial transactions in the Atlanta area were increasing, and this trend continued. During the past four (4) quarters there were 133 deals completed that were 100,000 square feet or larger. The total square footage of those transactions was over 39.2 million square feet for a whopping fifty-nine percent (59%) of the total square footage leased or sold during 2020. The average size of those deals was 292,000+ square feet. Of the transactions that were over 100,000 square feet, 16 deals were 500,000 square feet or above, 5 deals were 750,000 square feet or above, and 4 deals were 1,000,000 square feet or above.

As we start 2021, Covid-19 is still causing havoc, but vaccines are already being distributed around the US and most people are estimating that by summertime the vast majority of the American people (those who want it) will have been vaccinated. This scenario then lends itself to the theory that all schools will be back in session in the fall. That means that parents will be free to go back to work in their offices (provided companies do not want them to continue to work remotely.) Businesses of all types including restaurants, gyms, sporting arenas and stadiums, etc., will re-open to the public and we will get back to life the way it should be.

Despite all the chaos during 2020, we still saw reports that the US economy was moving. There were 743,000 new jobs created during the fourth quarter of 2020, unemployment rates were down (US 6.7%, GA 5.7%, Atlanta 5.6%), and the US manufacturing Index continued to rise during this period (59.3 October, 57.5 November, 60.7 December).

Many economists are now predicting a US economy that will flutter like a butterfly for the first and second quarters of 2021. They are also predicting strong growth of GDP for the third and fourth quarters as schools open, people go back to work, cities end their shutdowns, and the US fully opens to commerce again.

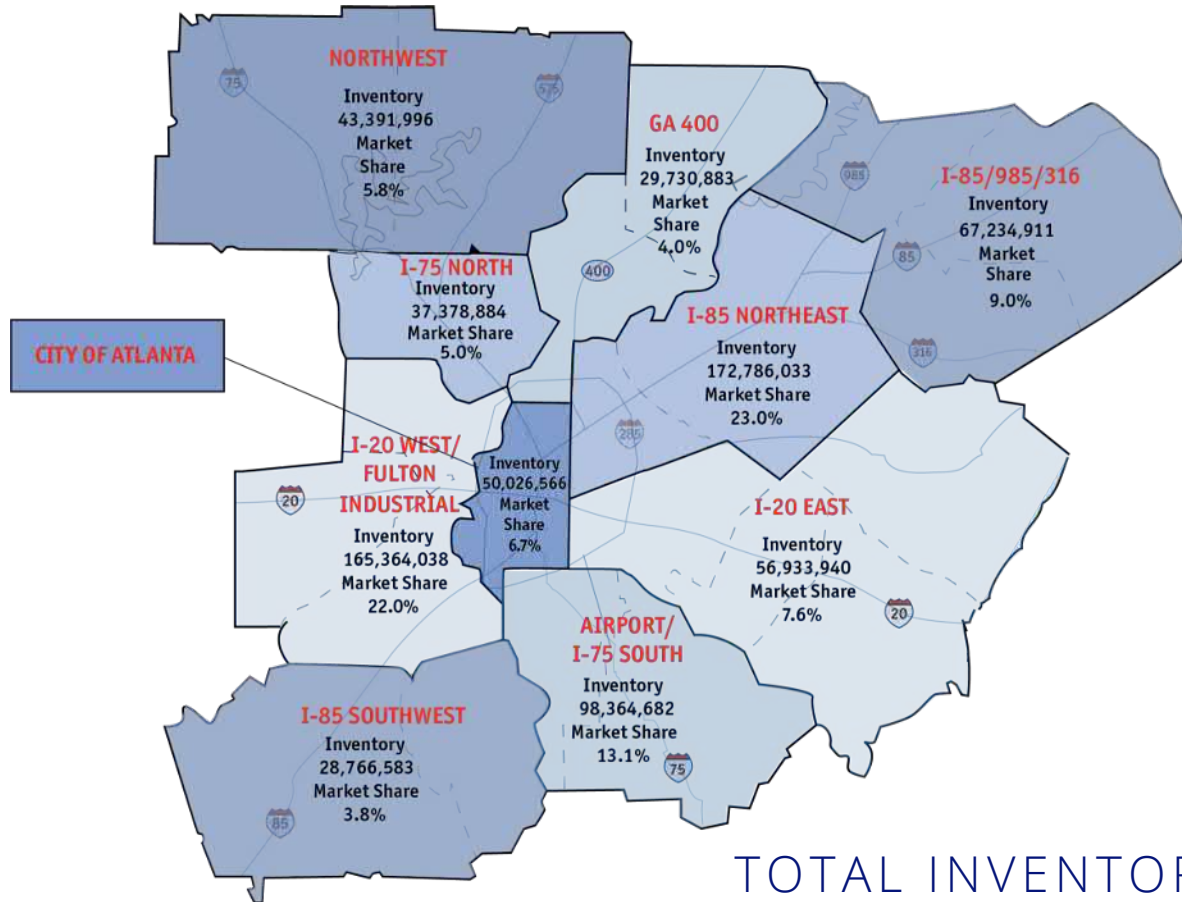
Until we get there...STAY SAFE, and welcome to 2021!

Sim F. Doughtie, CCIM, SIOR, MCR, SLCR
President



POINT OF
VIEW 4Q20

DISTRIBUTION MARKET INVENTORY



TOTAL INVENTORY

758,203,898

SQUARE FEET

Information based on data supplied by PinPoint™.


All rights reserved. Information deemed reliable, but not guaranteed.

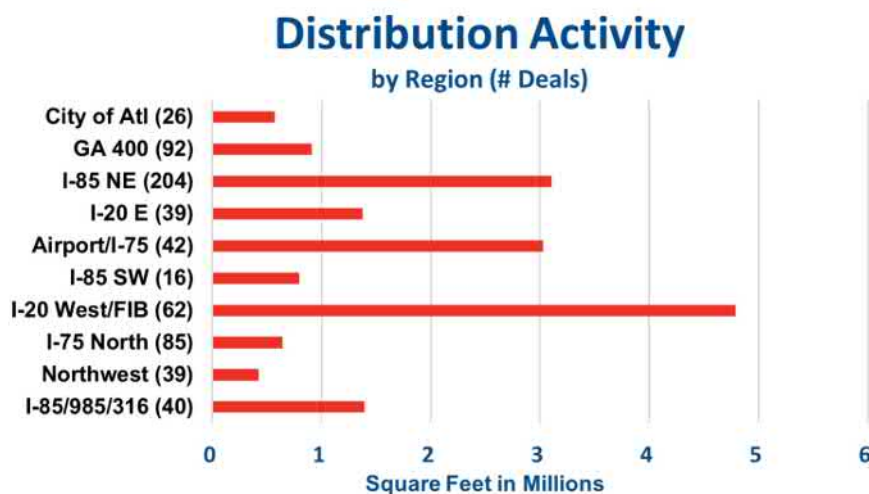
KNOWLEDGE
THROUGH
EXPERIENCE

Since 1983, King Industrial Realty has tracked and reported on the Atlanta industrial market using our proprietary database, PinPoint™. We pride ourselves in remaining the only complete and independent source of industrial data in the Atlanta metro area.

NEW CONSTRUCTION

New construction fell by 1.2 million square feet in the fourth quarter of 2020, but remained strong. The 6,257,157 square feet recorded was categorized as 29% build-to-suit and 71% speculative construction. Available first-generation space rose by almost 500,000 square feet to 34,228,062 square feet or 41.7% of all available space.

Location	Submarket	Square Feet	Type	4th Quarter 2020 6,257,157 SF
Logistics Parkway, NE	Northwest	973,218	Spec	 1,244,977 SF from 3rd Quarter 2020
Shire Parkway	I-20 East	970,000	BTS	
Dr. Luke Glenn Garrett Jr	I-20 West/Fulton Industrial	595,225	Spec	
Anvil Block Road	Airport/I-75 South	375,000	BTS	
Highway 42	Airport/i-75 South	371,750	Spec	



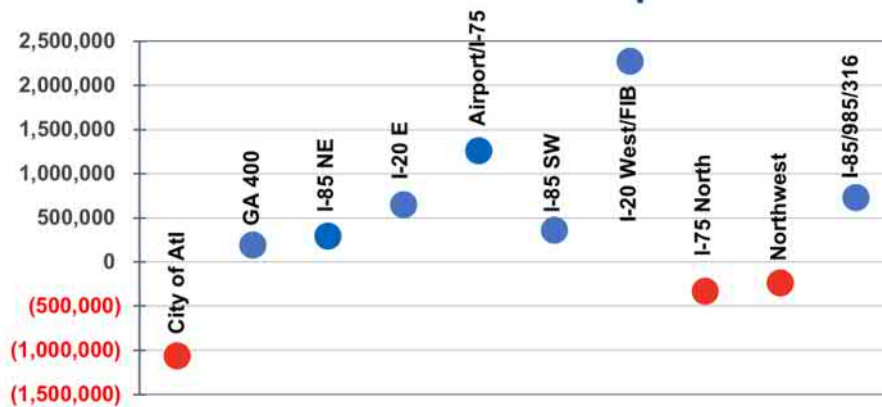
Activity in the distribution sector totaled 17,032,610 square feet in the fourth quarter of 2020. This is the fifth highest activity ever recorded. Once again, the I-20 West / Fulton Industrial, the I-85 Northeast and the Airport / I-75 regions came in the lead and reported a whopping 64% of all activity with 4,790,572 and 3,103,371 and 3,030,035 square feet, respectively. The Northwest region added to their activity this quarter but remains at the bottom with 422,280 square feet.

Total Activity
4th Quarter 2020
17,032,610 SF

1,222,151 SF
from 3rd Quarter 2020

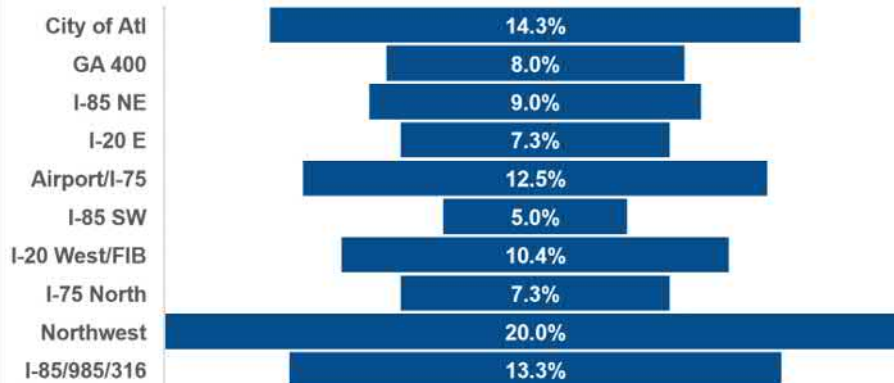


Distribution Net Absorption



The I-20 West / Fulton Industrial region put in a stellar performance with 2,275,370 square feet of net absorption - more than half of the 4,105,539 square feet recorded in the fourth quarter. The Airport / I-75 region came in strong with 1,256,512 square feet and the I-85 / 985 / 316 region came in third with 728,856 square feet. Three regions reported negative net absorption, but the City of Atlanta gave an atrocious performance, bringing up the rear with -1,069,125 square feet.

Distribution % Available



The distribution availability rate topped its achievement from last quarter, dropping 0.1% and setting a new record of 10.7% - the lowest rate ever recorded by King despite the new construction activity. The Northwest region still holds the highest percentage available, going up to 20.0% with an astounding 71.2% of this space labeled first-generation. The I-85 / 985 / 316 region added 1.1% bringing the rate up to 13.3% of its space available, with 81.5% being new space. The Airport / I-75 rate fell 1.1% of 13.4% but still holds one of the highest rates. The I-85 SW region kept the lowest availability rate, down to 5.0% of available space in their inventory.

Net Absorption
4th Quarter 2020
4,105,539 SF



4,682,648 SF
from 3rd Quarter 2020



4th Quarter 2020
Total Available SF
82,159,692
Metro Availability
10.7%

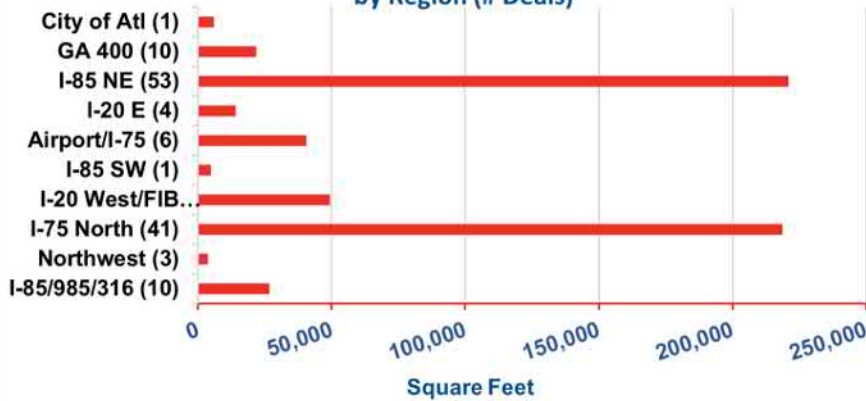


0.1%
from 3rd Quarter 2020



Service Activity

by Region (# Deals)



Although the activity in the I-85 NE service center sector slid down from last quarter, but it still took first place recording 221,050 square feet. Coming in a close second was the I-75 / Paulding region, with 218,871 square feet. The Northwest region only inked three deals totaling 3,689 square feet and brought up the rear of all the regions. Total activity for the service center sector increased 21% from last quarter to 606,637 square feet.

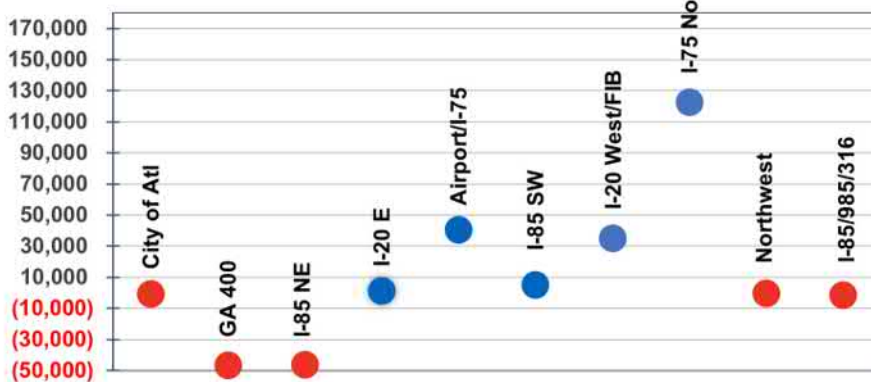
Total Activity
4th Quarter 2020
606,637 SF



128,548 SF
from 3rd Quarter 2020



Service Net Absorption



The metro Atlanta service center net absorption came out of negative territory this quarter with 108,065 square feet – the highest recorded since the first quarter of 2019. The I-75 / Paulding region did all the work and exceeded the overall net absorption with 122,557 square feet. This achievement was possible due to five other regions in negative territory. The Airport / I-75 region converted all its activity into 40,436 square feet of net absorption. While the I-20 West / Fulton Industrial region did its part and weighed in with 35,189 square feet. The I-85 NE service center sector remained deep in negative territory again this quarter but gave up the last place seat to GA 400 region with -46,638 square feet.

4th Quarter 2020

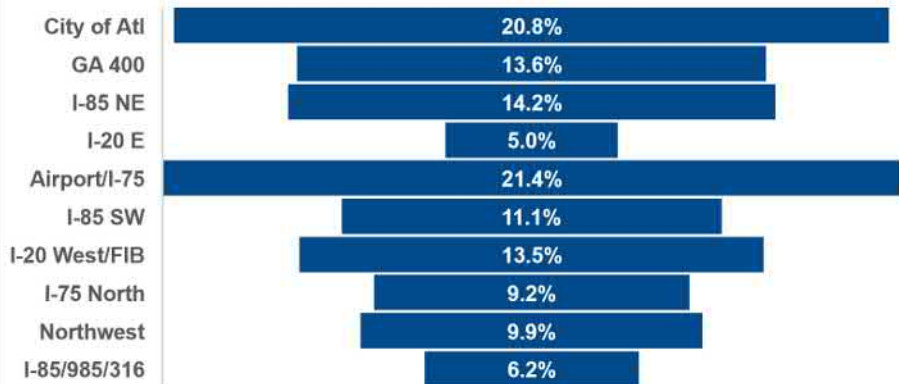
Net Absorption
108,065 SF



135,641 SF
from 3rd Quarter 2020



Service % Available



4th Quarter 2020

Available SF

3,433,685 SF

Metro Availability

12.9 %



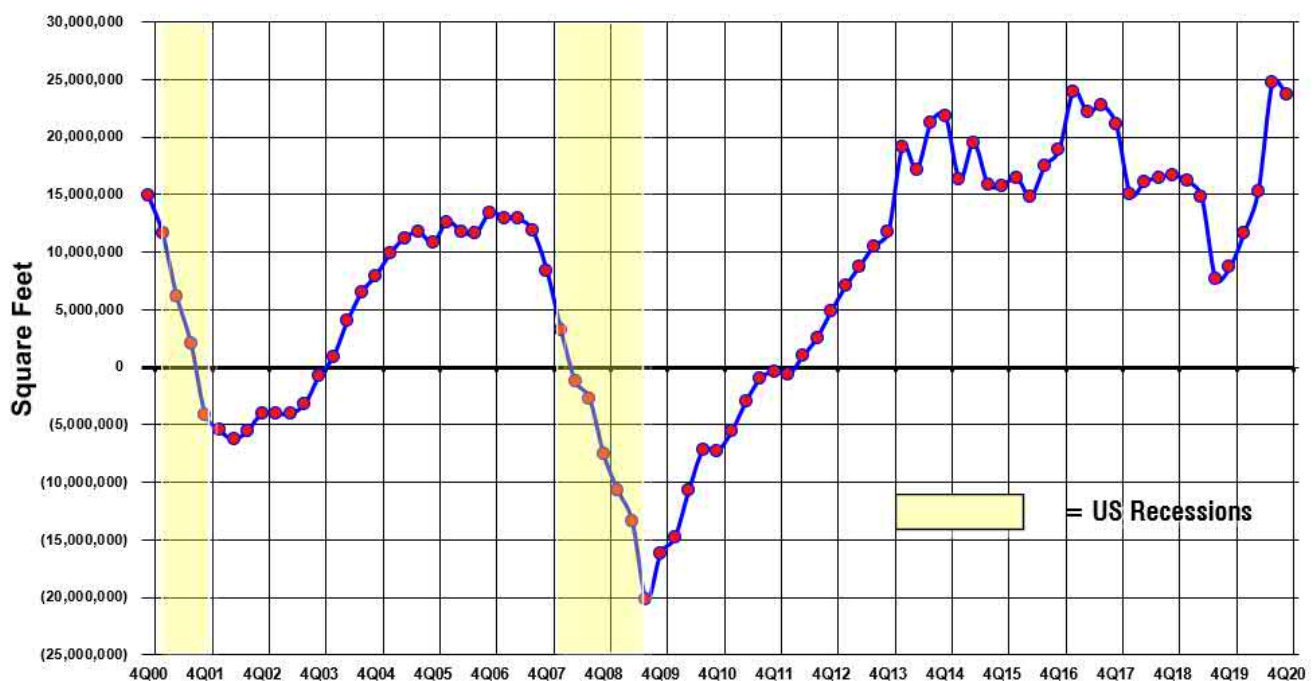
0.5%

from 3rd Quarter 2020

The metro service center's availability rate fell 0.5% and landed at 12.9% for the end of the fourth quarter – the lowest seen in the last 20 years! The Airport / I-75 region razed a significant 3.7% off last quarter's rate, but still hung on to the highest rate among the service center sectors with 21.4%. The City of Atlanta region didn't fare much better at 20.8%. With only 48,359 square feet available, the I-20 E region once again retained the lowest rate at 5.0%.



DISTRIBUTION NET ABSORPTION (2000-2020)



Numbers represent four rolling quarters.

Property of King Industrial Realty, Inc. The information is for your personal and non-commercial use and may not be duplicated, modified, distributed or published without prior consent of King Industrial Realty, Inc.

Information based on data supplied by PinPoint™. All rights reserved. Information deemed reliable, but not guaranteed.