



KING INDUSTRIAL REALTY

# POINT OF VIEW

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FIRST QUARTER 2021



**King** Industrial  
Realty, Inc.

Industrial • Commercial • Investment



*First Quarter 2021*

## THE GOAT!

To say that the Atlanta industrial market got off to a strong start in 2021 would be an understatement. Atlanta set records for quarterly and yearly numbers regarding activity, positive net absorption and new construction – the **Greatest Of All Time!**

Activity for the first quarter of 2021 for the Atlanta industrial market was over 20.1 million square feet for leasing and sales activity. **GOAT!** When added to the total of the previous three quarters, the first quarter recorded the highest number for activity with over 70.4 million square feet. **GOAT!** The record numbers for activity led to tremendous positive net absorption numbers as well. Absorption for the first quarter was over 9.3 million square feet! **GOAT!** We also recorded the highest number of positive net absorption for a four-quarter period with over 28.5 million square feet. **GOAT!** Over the last nine (9) years, we have seen 34 out of 35 quarters record positive net absorption in the Atlanta industrial market with the one (1) quarter of negative net absorption being an aberration.

The New Construction numbers were off the charts this quarter. New construction for the first quarter of 2021 for the Atlanta industrial market was over 10.9 million square feet. **GOAT!** When added to the total of the three previous quarters, we recorded the highest number for new construction with over 29.2 million square feet. **GOAT!** The break down for new construction was eighty two percent (82%) for speculative construction and eighteen percent (18%) for build-to-suit projects for the past four quarters.

You might suspect that the Atlanta industrial market has been building way too much regarding the new construction of industrial buildings, but that would be a false assumption. Over the past seven (7) years, Atlanta has built over 144 million square feet, and the Availability Rate has fallen from 15.2% down to 10.8%. We are absorbing what we are building and there is more construction on the horizon. **GOAT!**

POINT OF  
VIEW 1Q21

## THE GOAT!!!

*continued..*

As we have stated in the past, the size of transactions in the Atlanta industrial market have continued to increase, and this trend has continued. The last four (4) quarters inked a whopping 151 deals that were 100,000 square feet or above. **GOAT!** Twenty-five of those transactions were 500,000 square feet or higher. This accounted for over sixty-one percent (61%) of the total space leased and sold, which was roughly 43.2 million square feet.

The first quarter of 2021 had more success stories; U.S. jobs created increased to 1,344,000 jobs, unemployment rates continued to drop for the U.S. 6% - Georgia 4.8% - Atlanta 4.5%, and the US manufacturing index continued to increase with January 58.7% - February 60.8% & March 64.7%. All good numbers!

It is our opinion that the Atlanta industrial market will sustain its winning ways. The E-commerce market will continue to ramp up service to supply the ever-growing demand from the public. It seems that the only way this growth could slow down would be if there were disruptions in over-seas manufacturing plants and/or disruptions to the logistics supply chain itself. An example of this would be the latest slowdown in the supply chain with the ship stuck in the Suez Canal for a week, which delayed hundreds of other cargo ships.

We have all heard of Just-In-Time (Last Mile) delivery where a company has close-in locations to the public to facilitate product delivery within an hour or two. These latest delays in the current supply chain system have fueled a desire by companies to implement Just-In-Case inventory. This added system will allow companies to be able to deliver their products to the public, despite an unforeseen supply chain disruption, and not have to fear the loss of market share to their competitors.

As of this writing, the COVID 19 vaccines are being distributed across our country. The pace of distribution has picked up so much that it has been reported that anyone who wants to be vaccinated should be by the end of May. The majority of a small survey of companies have indicated that they will re-open with employees in June. Many firms will still have some employees working remotely, or some sort of hybrid at first.

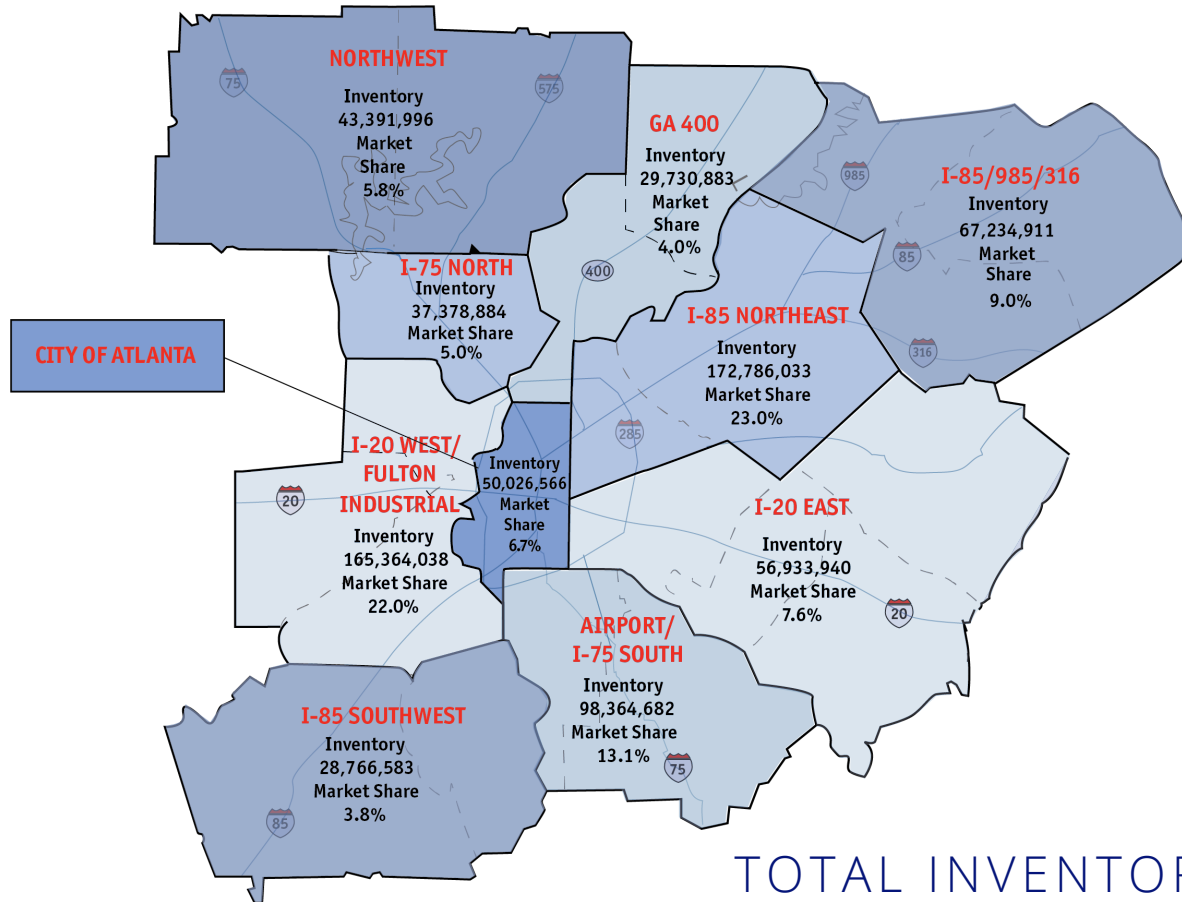
Economists continue to predict that the third and fourth quarters will see strong GDP growth. The COVID-19 Pandemic, for the most part, will be behind us; kids will be back in school, parents will be back at work, cities will end their shutdowns, and the U.S. will fully open for commerce again.

Welcome to 2021 and let the **G**reatest **O**f **A**ll **T**ime continue!

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



# DISTRIBUTION MARKET INVENTORY



TOTAL INVENTORY

**777,595,338**

SQUARE FEET

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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.



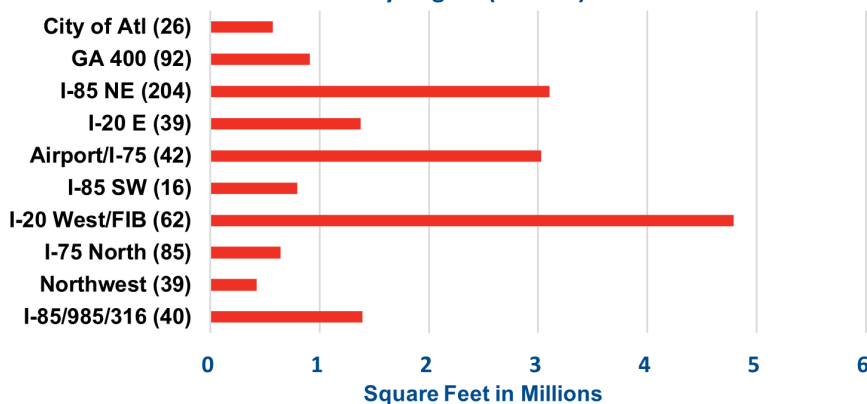
# NEW CONSTRUCTION

New construction set anew record of 10,989,798 square feet in the first quarter of 2021. **GOAT!** There were 4 build-to-suit projects for 194,160 square feet, which was only 1.8% of all new construction. There is 36,159,573 square feet of first-generation space available for new tenant deals.

Location	Submarket	Square Feet	Type	1st Quarter 2021 10,989,798 SF
Thomas Parkway	I-85/985/316	1,027,000	Spec	 4,732,641 SF from 4th Quarter 2020
Greenwood Place	Airport/I-75 South	1,001,700	Spec	
Coweta Industrial Parkway	Airport/I-75 South	1,001,000	Spec	
Fairburn Road	I-20 West/Fulton Industrial	798,000	Spec	
Old Grassdale Road	Northwest	526,400	Spec	

## Distribution Activity

by Region (# Deals)



Activity in the distribution sector broke all records with 20,155,750 square feet in the first quarter of 2021. **GOAT!** The new powerhouse, I-20 West / Fulton Industrial region, accounted for almost one fourth of that activity or 4,649,301 square feet. The I85/985/316 region come in second with 3,859,726 square feet, setting a new record for the region. **GOAT!** The I-85 Northeast region, came in a close third with 3,825,742 square feet. The Northwest region must be mentioned, as it too posted a record number with 3,020,099 square feet of activity. **GOAT!**

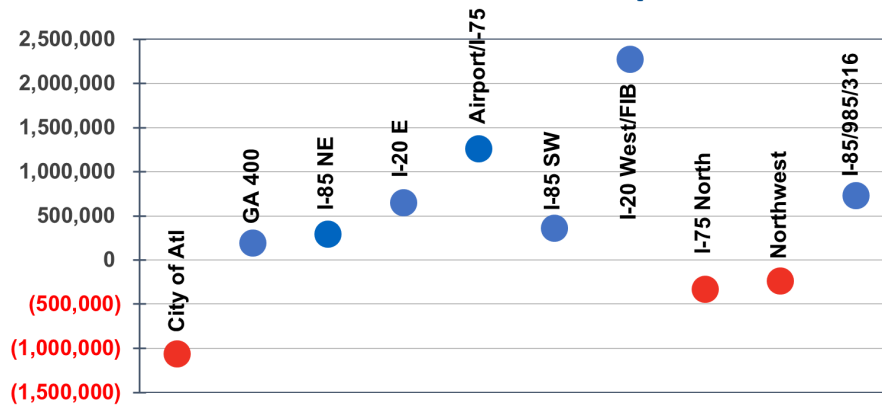
Total Activity  
1st Quarter 2021  
20,155,750 SF



3,123,140 SF  
from 4th Quarter 2020

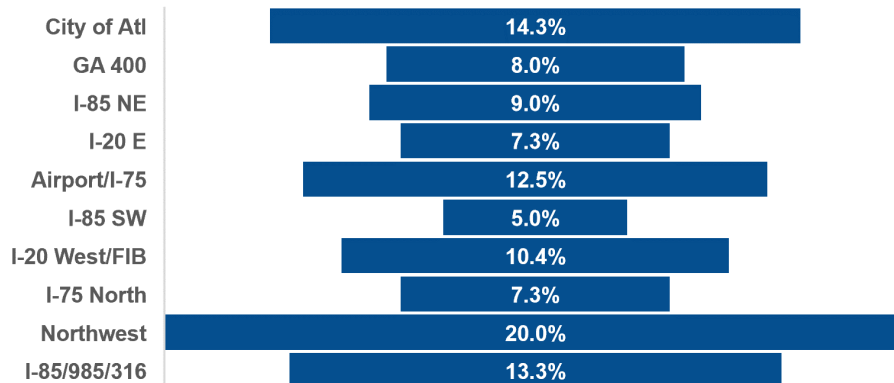


## Distribution Net Absorption



Not to be outdone, Metro Atlanta's distribution sector set another record for positive net absorption with 9,332,783 square feet, a 56% increase over last quarter. **GOAT!** The I85/985/316 region out muscled all other regions with 3,205,681 square feet and set a region record as well. The I20 West/FIB region still came in strong with 2,648,439 square feet and the Northwest region broke their ceiling to take 3rd place with 2,359,768 square feet. **GOAT!**

## Distribution % Available



Available space increased slightly to 10.8 percent, but it is the second lowest rate ever seen in the distribution market. Despite almost 11 million square feet of new construction, the available new space only went up by just under two million square feet due to all the activity in the quarter. The Northwest region now holds the highest rate at 16.1%, due to over 4.5 million square feet of new construction in the region over the last 4 quarters. The I-20 East market is the lowest of its peers with 7.0%.

Net Absorption  
1st Quarter 2021  
9,332,783 SF



5,227,244 SF  
from 4th Quarter 2020



1st Quarter 2021  
Total Available SF  
83,846,578  
Metro Availability  
10.8%



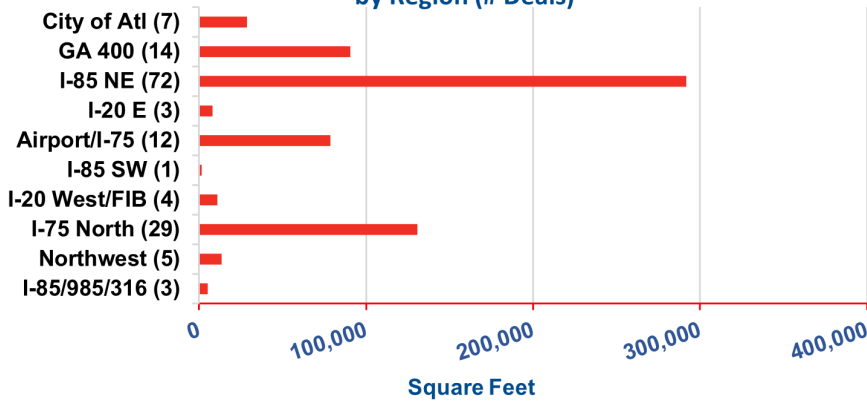
0.1%  
from 4th Quarter 2020





## Service Activity

by Region (# Deals)



Activity in Metro Atlanta's service sector made some gains this quarter and posted 659,450 square feet, the highest seen in the last 2 years. The I-85 Northeast region was responsible for almost half of all the activity and deals with 291,727 square feet and 72 deals. The smallest region, I-85 Southwest came in last with only one deal at 1,500 square feet.

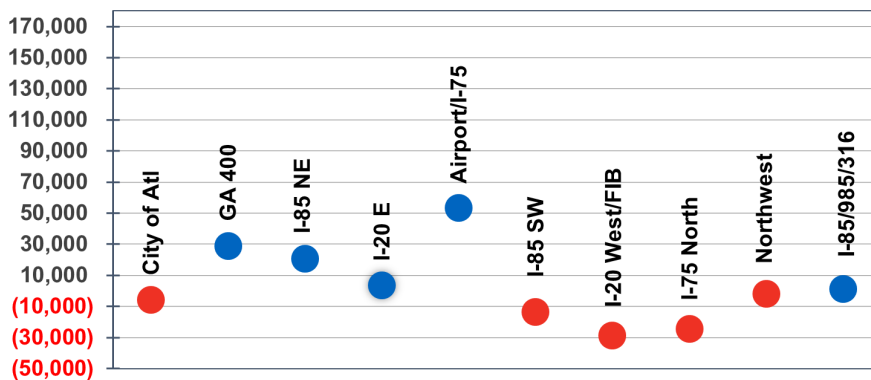
Total Activity  
1st Quarter 2021  
659,450 SF



52,813 SF  
from 4th Quarter 2020



## Service Net Absorption



While the metro Atlanta service sector net absorption remained out of negative territory again this quarter, it fell from 108,065 down to 31,406 square feet. This wasn't enough to keep 5 regions from falling into negative territory. The Airport/I-75 region was the king with 53,272 square feet of net absorption. The I-20 West/FIB region, who was second in activity, came in dead last with negative 28,934 square feet of net absorption due to a mass exodus of tenants.

1st Quarter 2021

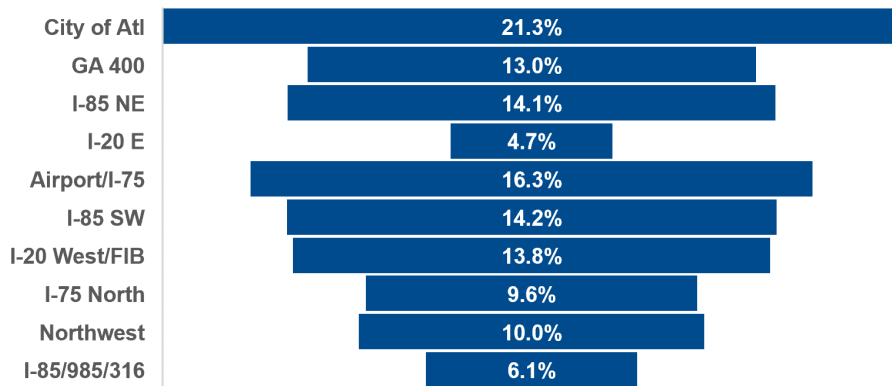
Net Absorption  
31,406 SF



76,659 SF  
from 4th Quarter 2020



### Service % Available



### 1st Quarter 2021

Available SF

3,391,021 SF

Metro Availability

12.7 %



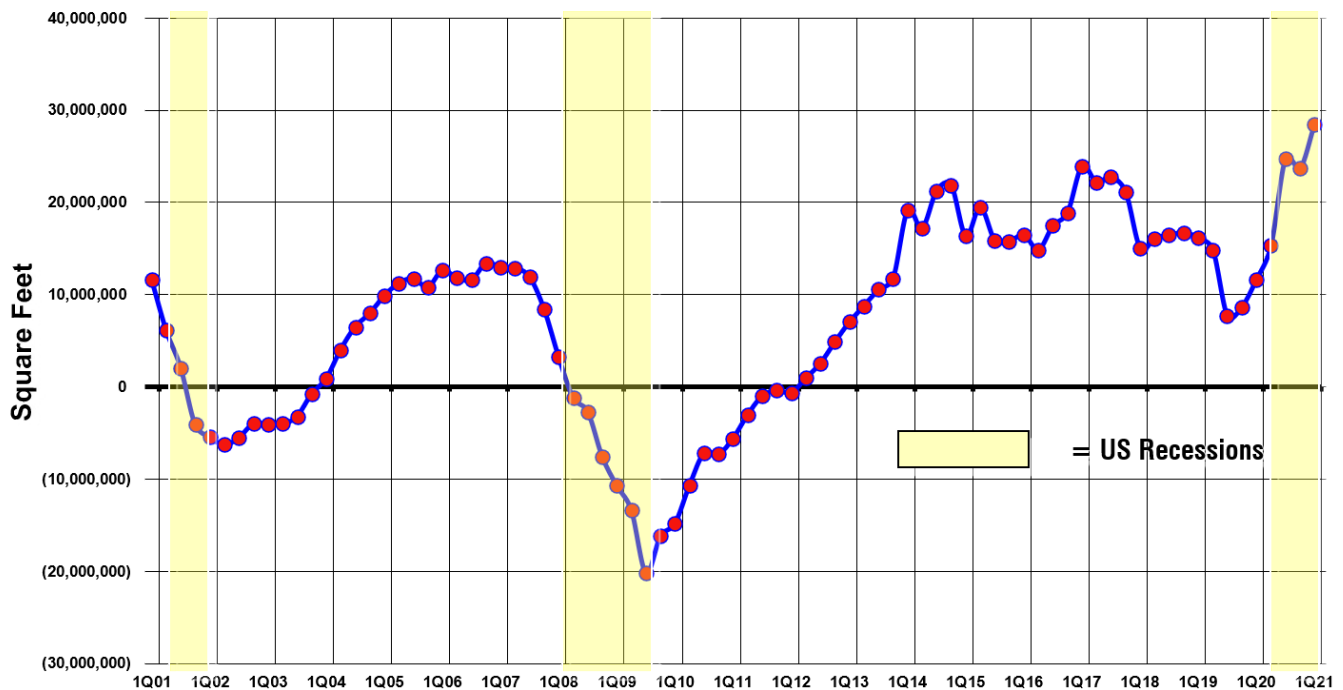
0.2%

from 4th Quarter 2020



With no new construction seen in the Metro Atlanta service sector since the third quarter of 2019, the availability rate managed to shave off 0.2% down to 12.7%, setting a new record low during the last 20 years. The City of Atlanta region came out in front with the highest rate at 21.3% of all service centers. One of the smaller regions, I-20 East remained in first place with the lowest availability rate of 4.7%.

### DISTRIBUTION NET ABSORPTION (2001-2021)



Numbers represent four rolling quarters.

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