

Point of View

Q1 2021



**Metro Atlanta's #1 Industrial
Real Estate Expert**

Serving Metro Atlanta businesses since 1980.

Letter from the President

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 quarter of negative net absorption being an aberration.

The new construction numbers also made a lot of noise 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 eight two percent (82%) for speculative construction and eighteen percent (18%) for build-to-suit projects.

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 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!**

The size of transactions in the Atlanta industrial market have continued to increase, and this trend has only continued. The last four 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 above. This accounted for over sixty-one percent (61%) of the total space leased and sold which was roughly 43.2 total million square feet.

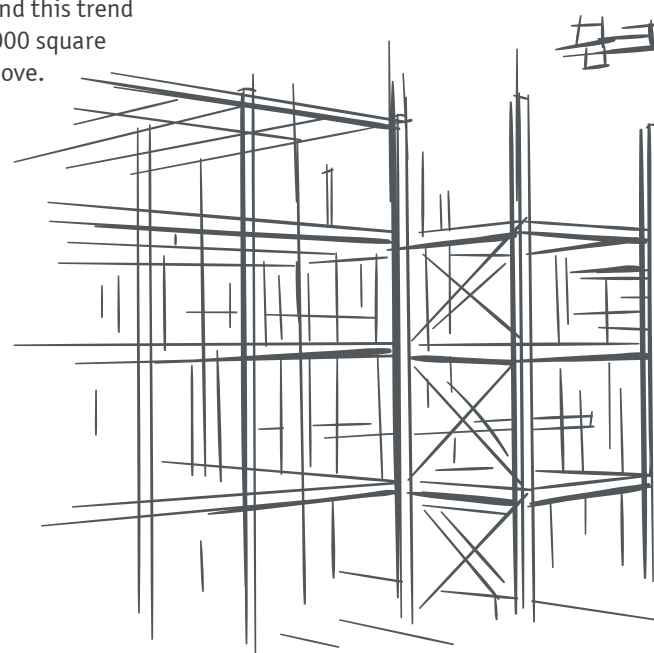
The first quarter of 2021 had more success stories; U.S. jobs created increased to 1,344,000 jobs for the first quarter, unemployment rates continued to drop for the U.S. 6% - Georgia 4.8% - Atlanta 4.5%, and the US manufacturing index continued to increase with January 58.7% - February 60.8% - March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

It is our opinion that the Atlanta industrial market will sustain its winning ways. E-commerce continues to ramp up service to supply the ever-growing demand from the public. Economists continue to predict that the third and fourth quarters will see strong GDP growth, which means the Pandemic, for the most part, will be behind us (kids back in school, parents back at work, cities end their shutdowns) and the U.S. will fully open for commerce again.

Welcome to 2021 and let the **Greatest Of All Times** continue!

“Atlanta set records for quarterly and yearly numbers regarding activity, positive net absorption and new construction – the Greatest Of All Time!”

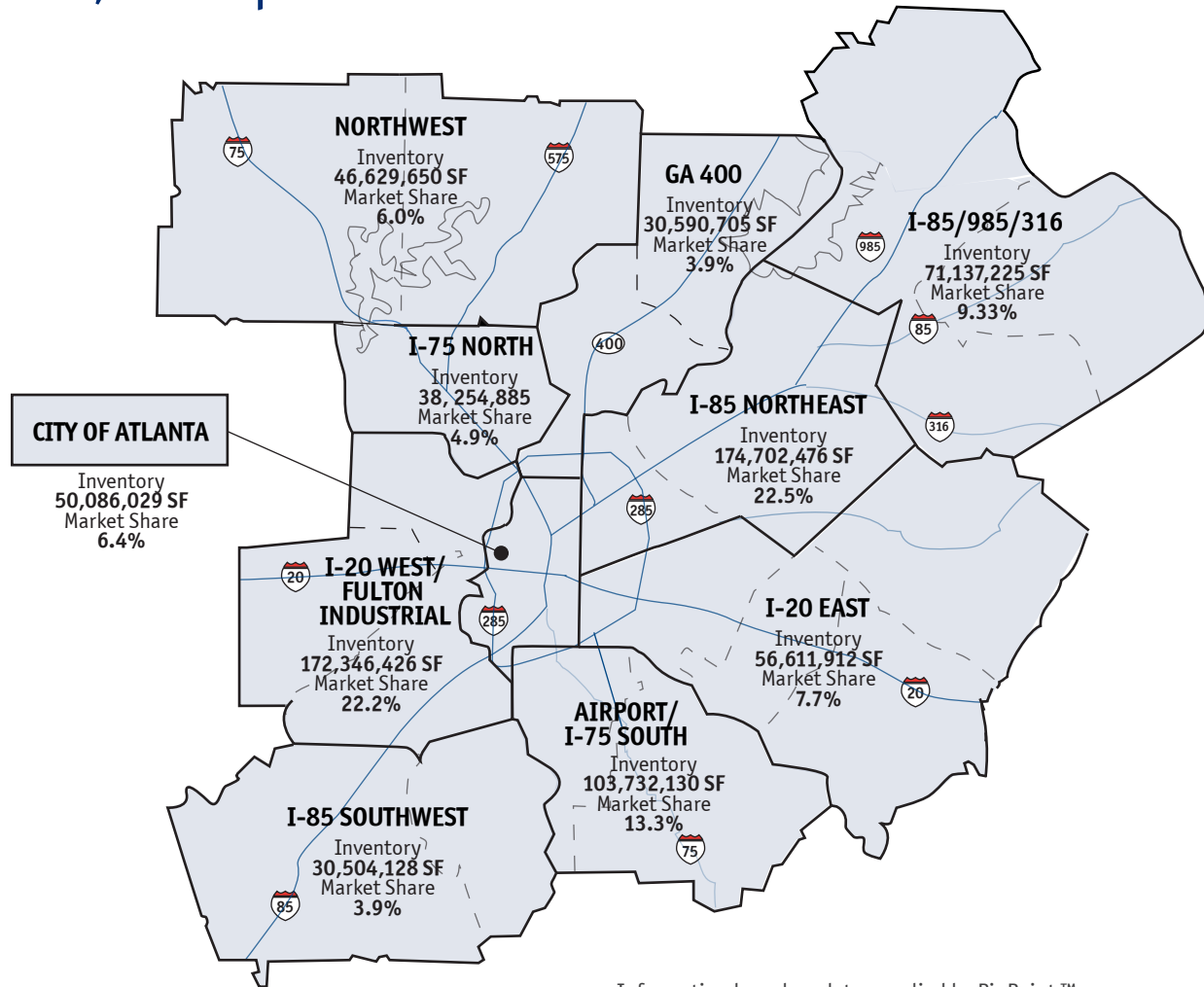
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Distribution Market Inventory

Total Inventory

758,203,898 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 a new record of 10,989,798 square feet in the first quarter of 2021. 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.

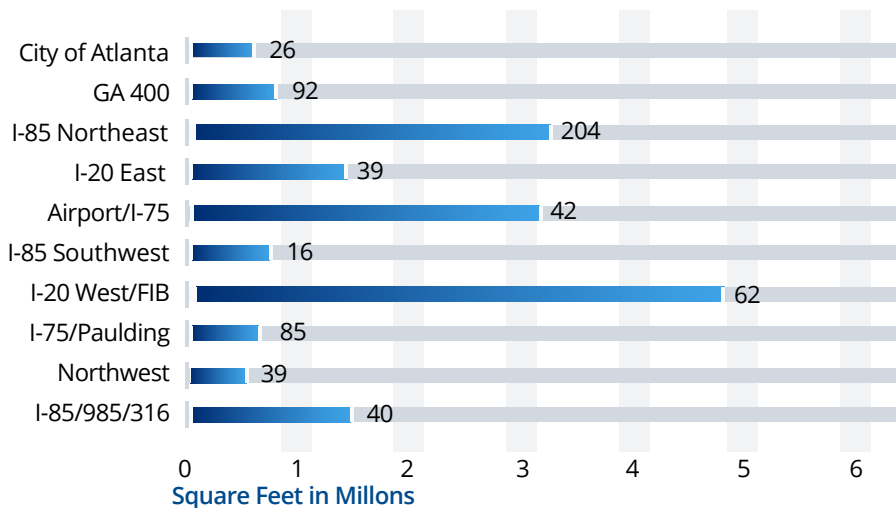
| Location | Submarket | Square Feet | Type |
|---------------------------|-----------------------------|-------------|------|
| Thomas Parkway | 1-85/985/316 | 1,027,000 | Spec |
| Greenwood Place | Airport/1-75 South | 1,001,700 | Spec |
| Coweta Industrial Parkway | Airport/1-75 South | 1,001,000 | Spec |
| Fairburn Road | 1-20 West/Fulton Industrial | 798,000 | Spec |
| Old Grassdale Road | Northwest | 526,400 | Spec |

1st Quarter 2021
10,989,798 SF


4,732,641 SF
from 4th Quarter 2020

Distribution Activity

Number of Deals by Region

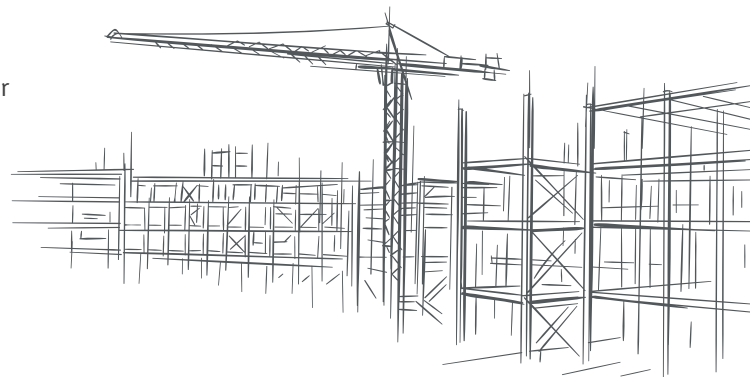


Total Activity
1st Quarter 2021

20,155,750 SF


3,123,140 SF
from 3rd Quarter 2020

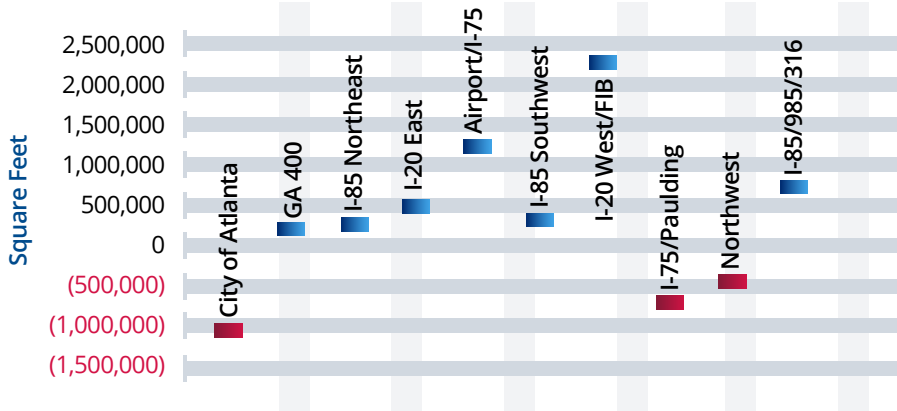
Activity in the distribution sector broke all records with 20,155,750 square feet in the first quarter of 2021. **GOAT!** The new powerhouse, I-20 West / Fulton Industrial region, accounted for almost one fourth of that activity or 4,649,301 square feet. The I-85/985/316 region came in second with 3,859,726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



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 I-85/985/316 region out muscled all other regions with 3,205,681 square feet and set a region record as well. **GOAT!** The I-20 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!**

Net Absorption by Region



Net Absorption

1st Quarter 2021

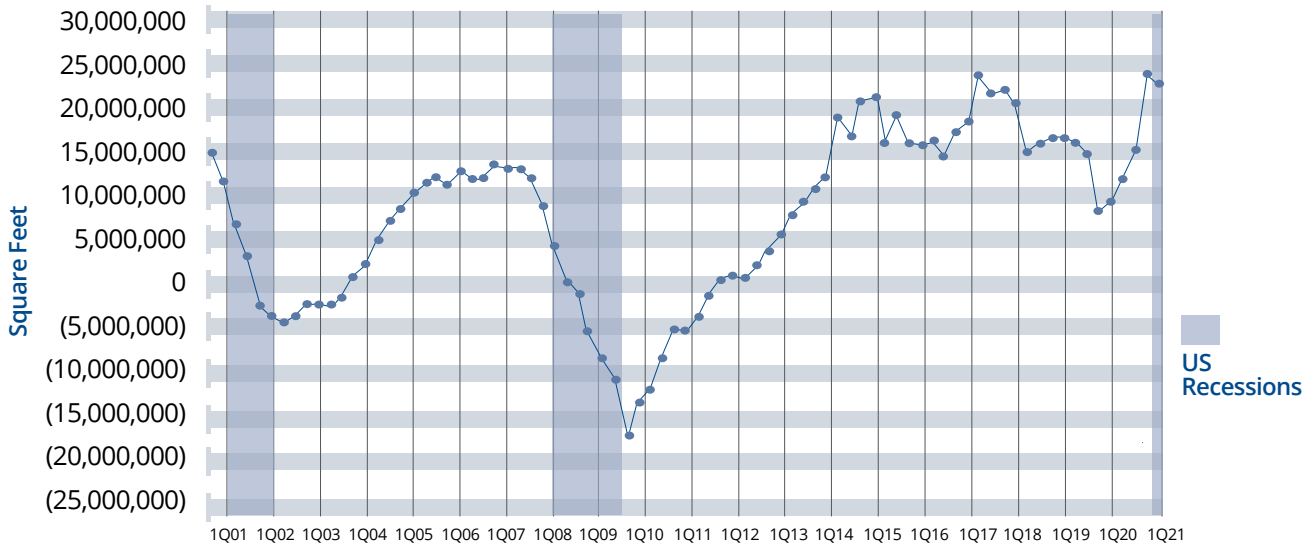
9,332,783 SF



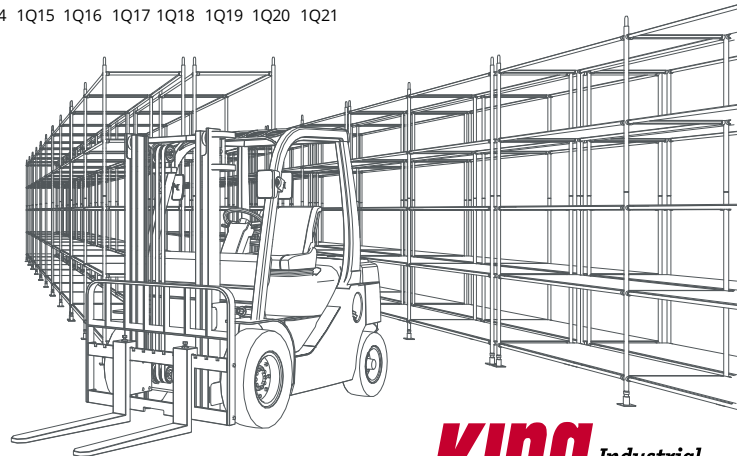
5,227,244 SF

from 4th Quarter 2020

Net Absorption (2001 - 2021)



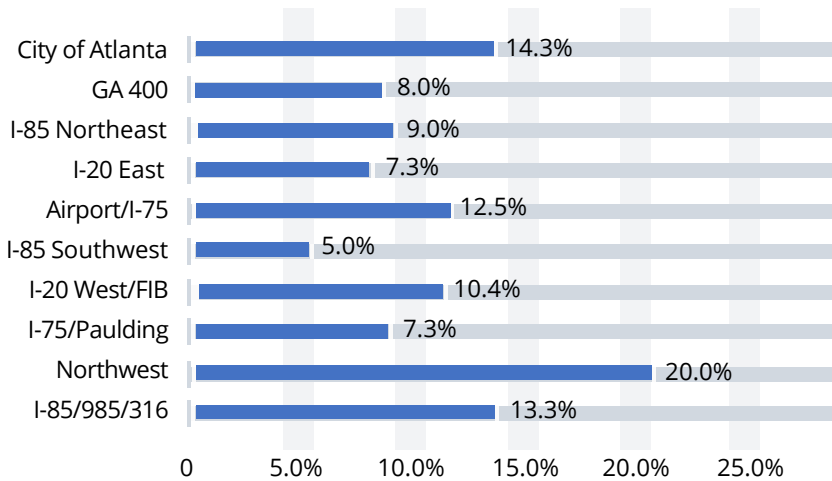
Numbers represent four rolling quarters



Distribution Availability

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%, compliments of over 4.5 million square feet on new construction in the region over the last 4 quarters. The I-20 East market is the lowest of its peers with 7.0%.

Percent Available by Region



Total Available SF

1st Quarter 2021

83,846,578 SF

Metro Availability

10.8%

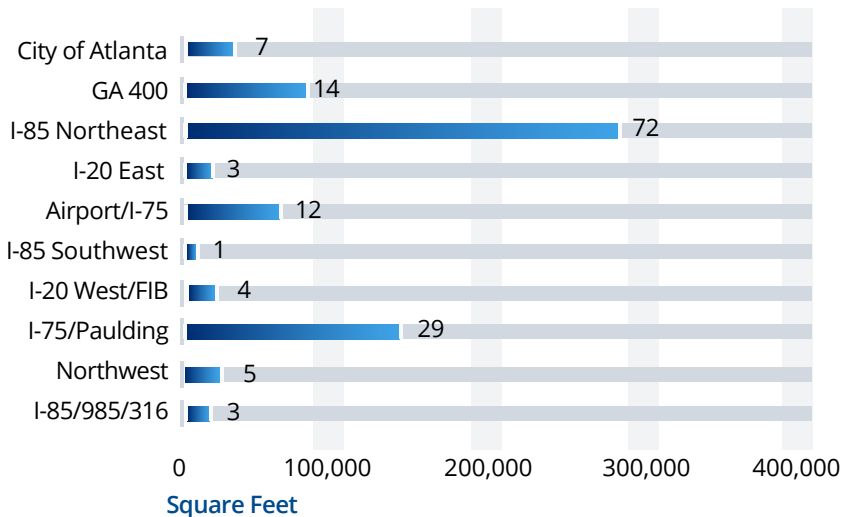


0.1%

from 4th Quarter 2020

Service Activity

Number of Deals by Region



Total Activity

1st Quarter 2021

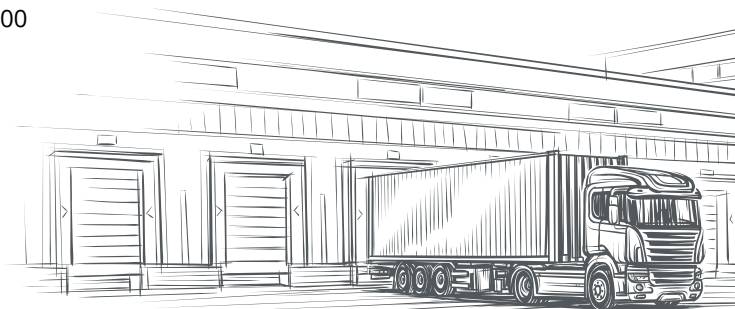
659,450 SF



52,813 SF

from 4th Quarter 2020

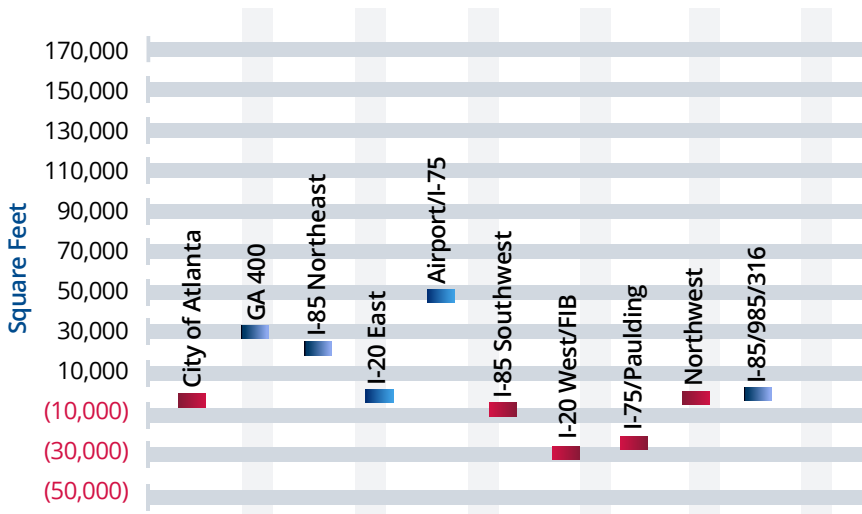
Activity in Metro Atlanta's service sector made some gains this quarter and posted 659,450 square feet, the highest seen in the last 2 years. The I-85 Northeast region was responsible for almost half of the of all the activity and deals with 291,727 square feet and 72 deals. The smallest region, I-85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



Service Net Absorption

While the metro Atlanta service center net absorption remained out of negative territory again this quarter, it fell from 108,065 down to 31,406 square feet. This was not 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.

Net Absorption by Region



Net Absorption

4th Quarter 2020

108,065 SF

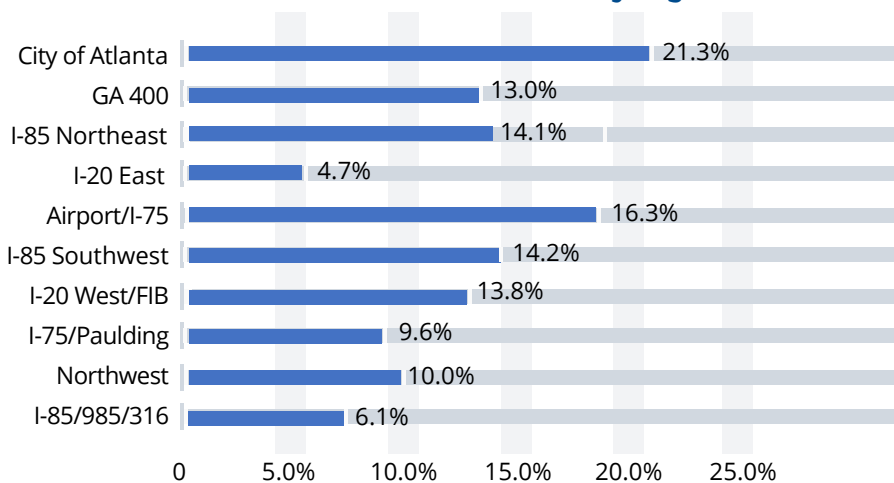


135,641 SF

from 3rd Quarter 2020

Service Availability Rate

Percent Available by Region



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%.

Total Available SF

1st Quarter 2021

3,391,021 SF

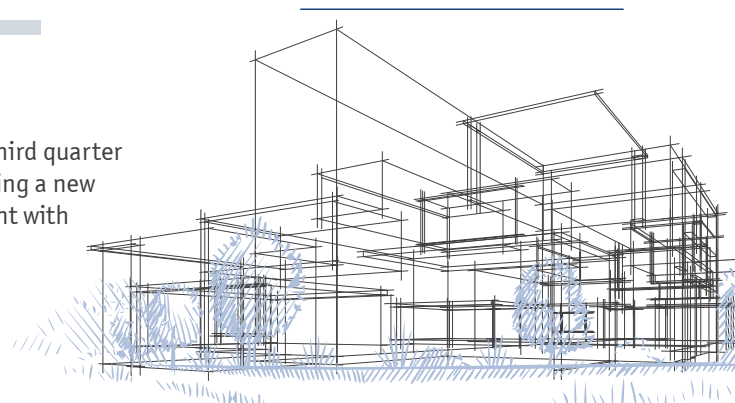
Metro Availability

12.7%



0.2%

from 4th Quarter 2020



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Serving Metro Atlanta businesses since 1980.

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