

# Atlanta Industrial Shattered Leasing Records In 2021 As Vacancy Hit All-Time Lows

January 3, 2022 | Jarred Schenke, Bisnow Atlanta (<https://www.bisnow.com/author/jarred-schenke-5711>) (<mailto:jarred@bisnow.com>)

Every year, Atlanta's industrial real estate seems to break new records in terms of activity and rents, evidence of the never-ending demand for warehouse space in the Southeast's primary logistics hub.

But even by those high standards, 2021 blew previous years out of the water.



Companies absorbed 42.2M SF of Metro Atlanta industrial space last year, smashing the previous record for positive absorption of 25.9M SF set in 2017, according to new Colliers (<https://www.bisnow.com/tags/colliers>) data provided to *Bisnow*. The region's industrial vacancy hit an all-time low of 3.4% to close out 2021, compared to 6.2% at the end of 2020.

"I believe we've likely reached the lowest vacancy level we will have in 2021 ... maybe ever. I expect we will see levels increase this year, however not to the point where we have a supply problem," Colliers Director of Research Scott Amoson (<https://www.bisnow.com/tags/scott-amoson>) said in an email. "I feel like the market is just responding to demand and trying to get back in balance."

Six industrial deals larger than 1M SF were signed last year. Cereal maker Kellogg's secured the largest industrial deal of the year with a nearly 1.4M SF build-to-suit (<https://www.bisnow.com/atlanta/news/industrial/safety-stock-feeding-surge-in-atlanta-industrial-demand-109513>) developed by Prologis (<https://www.bisnow.com/tags/prologis>) at 139 Orchard Business Parkway in Newnan (<https://www.bisnow.com/tags/newnan>), according to Colliers.

Industrial tenants signed more than 80M SF of leases overall in 2021, according to King Industrial.

“I do not see the momentum slowing down anytime soon,” King Industrial President Sim Doughtie (<https://www.bisnow.com/tags/sim-doughtie>) told *Bisnow* in an email.

The demand has pushed rents up to record levels in Metro Atlanta. Rents have steadily increased over the past decade, from \$3.40 per SF in 2012 (<https://issuu.com/colliersatlanta/docs/4q12industrialmarketreport>) to more than \$5.30 per SF at the end of 2021, according to Marcus & Millichap (<https://www.marcusmillichap.com/research/market-report/atlanta/atlanta-4q21-industrial-market-report>).

Amazon (<https://www.bisnow.com/tags/amazon>) secured the second- and fourth-largest leases of the year with its 1.15M SF deal at Majestic Airport Center V (<https://www.bisnow.com/tags/majestic-airport-center-v>) in Union City (<https://www.bisnow.com/tags/union-city>), 7.5 miles from Hartsfield-Jackson Atlanta International Airport (<https://www.bisnow.com/tags/jackson-atlanta-international-airport>), and the 1.1M SF deal with IDI Logistics at Northwest 75 Logistics Center in Cartersville (<https://www.gainesvilletimes.com/news/business-industry/amazon-planning-occupy-1-million-square-foot-space-south-hall/>), according to King Industrial.

The third-biggest deal came when Ace Hardware (<https://www.bisnow.com/tags/ace-hardware>) agreed to lease a 1.12M SF build-to-suit distribution center (<https://www.trammellcrow.com/en/about/media-center/tcc-announces-1m-sf-facility-for-ace-hardware-in-georgia>) from Trammell Crow in Jackson County (<https://www.bisnow.com/tags/jackson-county>), more than 60 miles north of Atlanta, according to Colliers.

Other million-foot deals included XPO Logistics (<https://www.bisnow.com/tags/xpo-logistics>) leasing 1.04M SF for aircraft giant Boeing at 2145 Anvil Block Road (<https://www.buzzfile.com/business/Boeing-Distribution-Services-Gil-404-748-8819>) in Forest Park (<https://www.bisnow.com/tags/forest-park>) and CJ Logistics (<https://www.bisnow.com/tags/cj-logistics>) USA taking a 1M SF lease at CRG's Locust Grove Distribution Center 100 (<https://rebusinessonline.com/cj-logistics-america-signs-1-msf-lease-at-distribution-facility-in-locust-grove-georgia/>) in Henry County (<https://www.bisnow.com/tags/henry-county>).

For the past seven years, developers have unleashed 170M SF of new warehouse and distribution space in Metro Atlanta, according to King Industrial, larger than Charlotte's entire industrial market.

Developers are trying to meet the market. The pandemic accelerated online shopping adoption (<https://www.weforum.org/agenda/2021/07/global-consumer-behaviour-trends-online-shopping/>), leading e-commerce companies and retailers to devour additional distribution space in the region. Many companies have also pursued warehouse space as a way to beef up their own stockpiles of goods (<https://www.bisnow.com/atlanta/news/industrial/safety-stock-feeding-surge-in-atlanta-industrial-demand-109513>) as the supply chain crisis (<https://www.bisnow.com/tags/supply-chain-crisis>) caused havoc on timely deliveries.

In 2021, 21.5M SF of new construction delivered in the region, up from 2020 but flat from 2019, showing that the pipeline hasn't been able to keep up with demand.

“That’s a lot of new construction, and you might ask the question, are we building too much? ... But the answer would be no,” Doughtie said. “We are absorbing what we are building.”

Roughly 43M SF of new industrial properties are under construction in the region, according to Colliers, and if all of those projects deliver in 2022, it would double the space delivered last year.

Those developers are hoping to capture the pent-up demand, and so far, 30% of that space has been pre-leased.

“I would characterize it as kind of controlled chaos,” Transwestern Development Co (<https://www.bisnow.com/tags/transwestern-development-co>). partner Greg Boler (<https://www.bisnow.com/tags/greg-boler>) told *Bisnow* in an email. “We can't build them fast enough.”

While there is so much product under construction, developers are still struggling to deliver in a timely manner as they wrestle with shortages in labor and construction supplies, said Boler, whose firm developed 5M SF of warehouse space across the East Coast last year and has another 5M SF planned in 2022.

Last year, developers faced shortages in roofing materials, concrete, screws and electrical switches, he said.

“We're still technically in this pandemic,” Boler said. “Again, a lot of that is out of our control.”

Municipalities are beginning to push back against proposed industrial projects, prompted by a growing wave of NIMBYism (<https://www.bisnow.com/tags/nimbyism>) against warehouses near residential neighborhoods, panelists said at a Dec. 15 *Bisnow* industrial event (<https://www.bisnow.com/events/atlanta/industrial/the-continued-rise-of-southeast-industrial-6705>).

During the event, GCP (<https://www.bisnow.com/tags/gcp>) President Gardner Lee (<https://www.bisnow.com/tags/gardner-lee>) said one of the biggest obstacles to new warehouse growth is the lack of land with industrial zoning.

“Availability of land and at reasonable prices from a developer standpoint is definitely the biggest hindrance to us right now,” Lee said. “We're starting to see some pushback from municipalities who don't want to see any more industrial.”

Contact Jarred Schenke at [jarred@bisnow.com](mailto:jarred@bisnow.com) (<mailto:jarred@bisnow.com>)

See Also: Warehouses As Ground Zero For Universal Pay? One Expert Thinks So ([atlanta/news/industrial/warehouses-as-ground-zero-for-universal-pay-one-expert-thinks-so-111325](https://www.bisnow.com/atlanta/news/industrial/warehouses-as-ground-zero-for-universal-pay-one-expert-thinks-so-111325))

Related Topics: Trammell Crow (<https://www.bisnow.com/tags/trammell-crow>), Amazon (<https://www.bisnow.com/tags/amazon>), Scott Amoson (<https://www.bisnow.com/tags/scott-amoson>), Prologis (<https://www.bisnow.com/tags/prologis>), Ace Hardware (<https://www.bisnow.com/tags/ace-hardware>), King Industrial Realty (<https://www.bisnow.com/tags/king-industrial-realty>), XPO Logistics (<https://www.bisnow.com/tags/xpo-logistics>), Kellogg's (<https://www.bisnow.com/tags/kelloggs>), CRG Real Estate (<https://www.bisnow.com/tags/crg-real-estate>), Sim Doughtie (<https://www.bisnow.com/tags/sim-doughtie>), Marcus & Millichap Atlanta (<https://www.bisnow.com/tags/marcus-&-millichap-atlanta>), Transwestern Development Co. (<https://www.bisnow.com/tags/transwestern-development-co>), Greg Boler (<https://www.bisnow.com/tags/greg-boler>), Colliers Atlanta (<https://www.bisnow.com/tags/colliers-atlanta>), CJ Logistics (<https://www.bisnow.com/tags/cj-logistics>), Majestic Airport Center V (<https://www.bisnow.com/tags/majestic-airport-center-v>), APL Logistics (<https://www.bisnow.com/tags/apl-logistics>)