

Point of View

Q2 2025



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

Serving Metro Atlanta businesses since 1980.

Letter from the President

Atlanta Industrial Market's Roller Coaster Ride Continues!

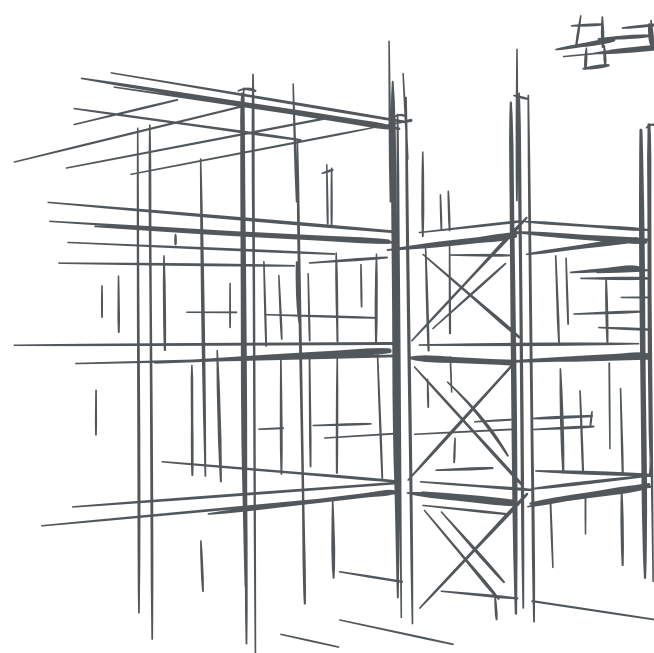
Having just gotten the latest Atlanta industrial numbers in for the second quarter of 2025, I am not that surprised that we experienced 5.3 million square feet (MSF) of negative net absorption. This marks the second consecutive quarter of negative net absorption for a total of -8.1 MSF. The previous two quarters of positive numbers were wiped out and Atlanta saw 1.1 MSF of negative absorption for the year. I believe that this downturn in absorption can be directly related to the current Tariff War. The proposed price increases (for example 145% China Tariff) have led a number of firms to either delay shipments or to refuse delivery of the products altogether. Additionally, we have had several transactions put on hold due to this uncertainty in the marketplace.

Surprisingly, the activity numbers have held up well during this time. The second quarter recorded 10.8 MSF which was just down from the first quarter's numbers of 11.3 MSF. The two previous quarters had 19.2 and 13.6 MSF of activity, so for the past year activity totaled 55 MSF. This number was up over the previous year's number of 49.7 MSF, but it was lower than the year before that which had 66.1 MSF.

With the activity numbers going up and down, and the absorption numbers being negative for the past year, you might wonder how that has affected the availability rate. Currently the availability rate stands at 13.6%, which was higher than the first quarter's 12.8%. Last year, the availability rate was 13.1%, two years ago it was 11.0%, and three years ago it was 9.8%. Atlanta industrial market's availability of 127.1 MSF is the highest number that we have ever recorded!

To say that the new construction numbers are down for the Atlanta industrial market would be an understatement. The figures for the second quarter were only 3.8 MSF, the first quarter numbers were lower than that at 1.5 MSF with the previous two quarters coming in at 3.4 and 1.3 MSF. When added up, the past year only produced 10.1 MSF of new construction. The previous year produced 16.3 MSF, and the prior year produced 36.3 MSF which was lower than the year before at 43.6 MSF. The current construction numbers are low due to a couple of reasons. First, banks are still not lending on speculative construction projects, but they will lend on a built-to-suit project all day long...no problem. Secondly, with all of the uncertainty in the marketplace, Fortune 500 firms have been reluctant to be the pioneer to go lease space first in what has been a down market and economy.

"Atlanta industrial market's availability of 127.1 MSF is the highest number that we have ever recorded"



Letter from the President

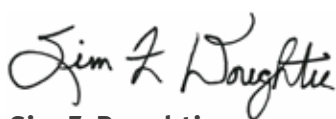
Atlanta Industrial Market's Roller Coaster Ride Continues!

After negotiating some revisions, the Big Beautiful Bill finally passed, but the tariffs are still up in the air. Consumer confidence has been down, then up, then down again. The energy sector has not taken off yet, but gas prices are down. The stock market has been closing with record numbers. Inflation has been low...not the Fed's target of 2.0%, but low. Unemployment has declined to 3.5% for Atlanta and Georgia and 4.1% for the US. The jobs market appears to be fine with 463,000 jobs created during the second quarter, and the Manufacturing Index has been above 50.0% (which indicates expansion and growth) in the past two months. Despite these positive signs and President Trump's request, the Federal Reserve decided not to lower interest rates.

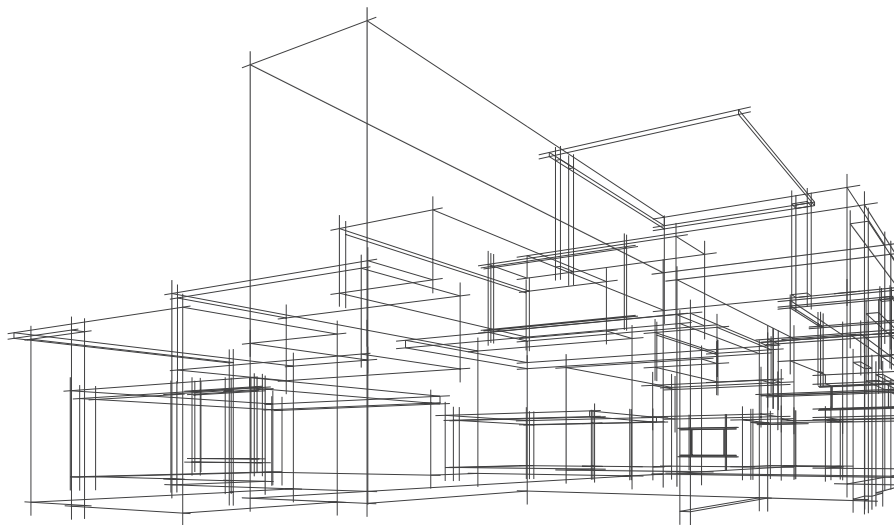
**"Consumer confidence
has been down, then
up, then down again."**

I believe that the tariff issue will be resolved soon, and the energy sector will continue its expansion. This will create certainty where firms can move forward with their expansion plans for their businesses. Energy costs will continue to decrease, transportation costs will follow suit, and we should start to see prices go down across the board. Inflation should also decrease, which would spur the Fed to lower interest rates, hopefully by the end of the year. All of this should have a positive effect on GDP, which is why I believe that 2026 and 2027 will be great years.

It might be a little bumpy going forward in the near term, but I am counting on a smooth ride heading into 2026!



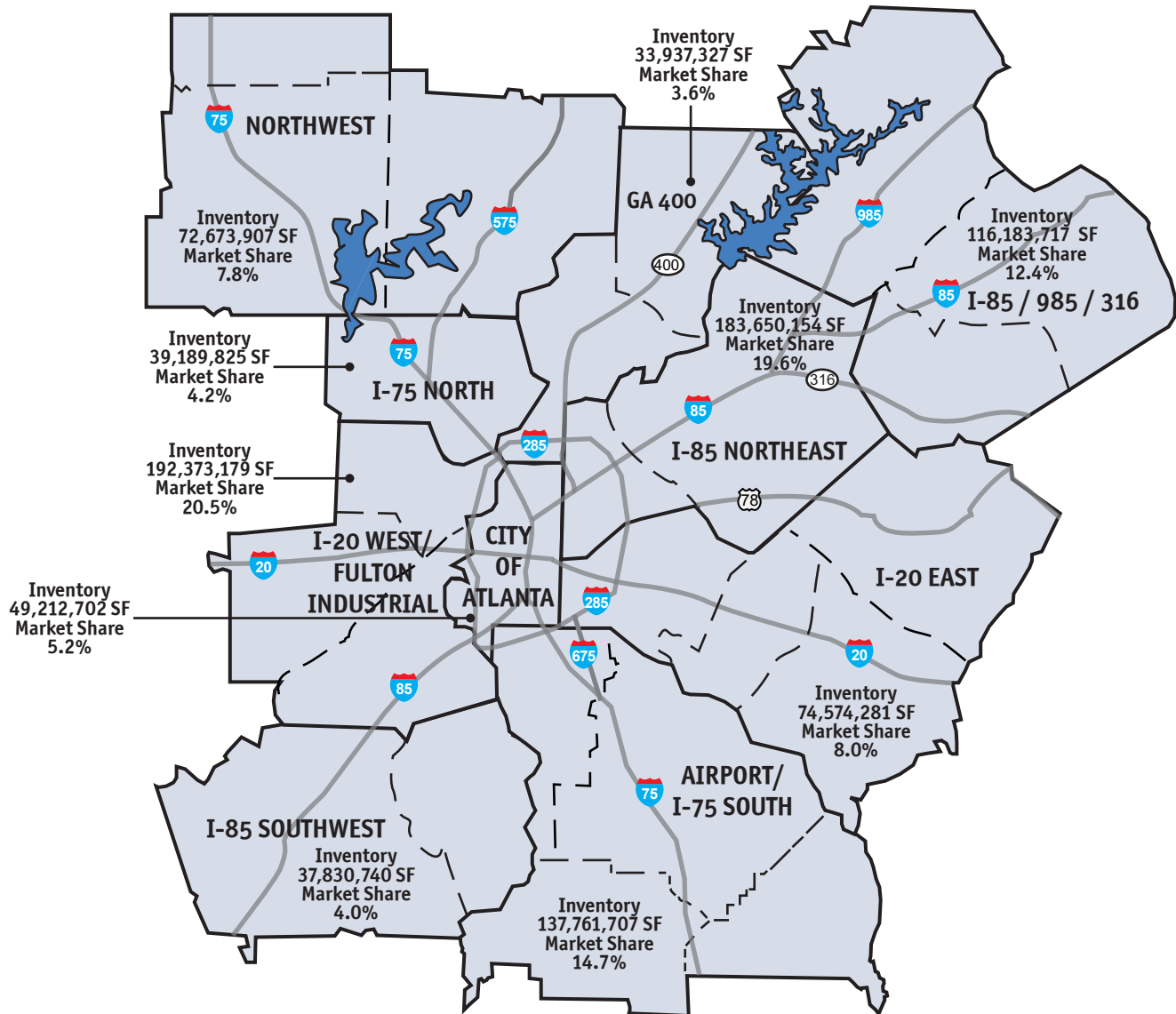
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Distribution Market Inventory

Total Inventory

937,387,539 Square Feet



Knowledge Through Experience

Since 1983, King Industrial Realty has tracked and reported on the Atlanta industrial market using our proprietary database, PinPoint™. PinPoint, combined with our agents' experience and market knowledge, is our client advantage.

New Construction

Atlanta's industrial construction more than doubled compared to last quarter and posted 3.8 million square feet (MSF). The construction numbers are depressed as there is over 59.1 MSF of new construction space currently on the market. The Airport / I-75 South region saw the most construction with over 1.0 MSF and three of the largest projects. Coming in second was the I-85 / 985 / 316 region with almost 1.0 MSF, including the largest project of 349,440 SF. Build-to-suit projects continued to decline from 70% at the end of last year to 6.8% this quarter for a total of 3 projects for 259,850 SF.

Major Construction Projects

Location	Submarket	Sq. Feet	Type
Lanier Islands Parkway "Buford Creek Business Center"	I-85 / 985 / 316	349,440 SF	Spec
Southpark Boulevard "SouthPark – Building 3200 – CHILL"	Airport / I-75 South	334,467 SF	Spec
Logistics Parkway "River Park – Building 3"	Airport / I-75 South	301,069 SF	Spec
Metcalf Road Extension "Oakmont Gillem"	Airport / I-75 South	214,170 SF	Spec
Gateway Centre Parkway "Gateway Industrial Centre"	I-85 / 985 / 316	207,000 SF	BTS for Auto Metal Direct

New Construction

2nd Quarter 2025

3,807,737 SF

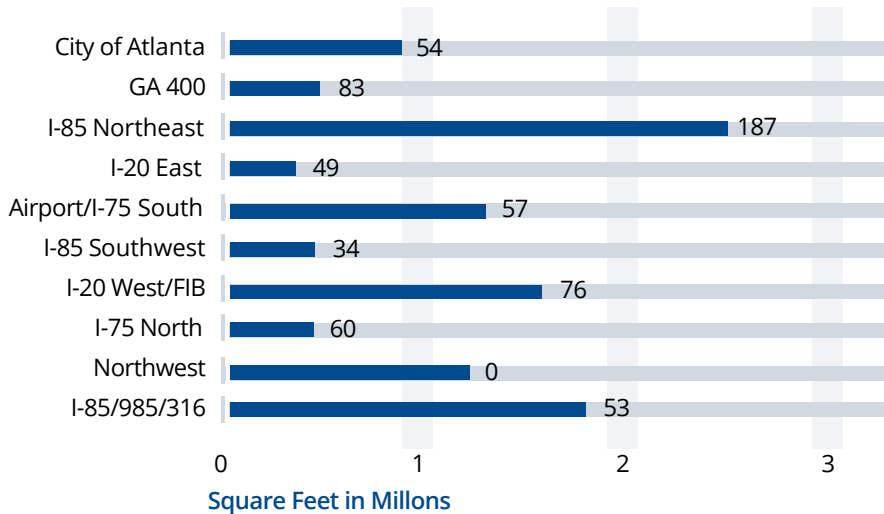


2,293,933 SF

From 1st Quarter 2025

Distribution Activity

Number of Deals by Region



Square Feet in Millions

Total Activity

2nd Quarter 2025

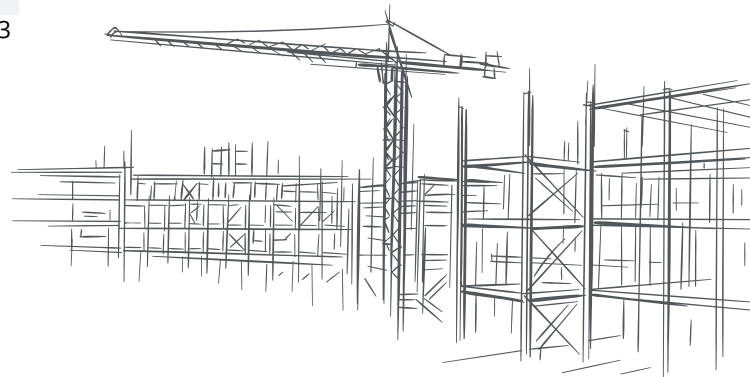
10,815,088 SF



483,818 SF

From 1st Quarter 2025

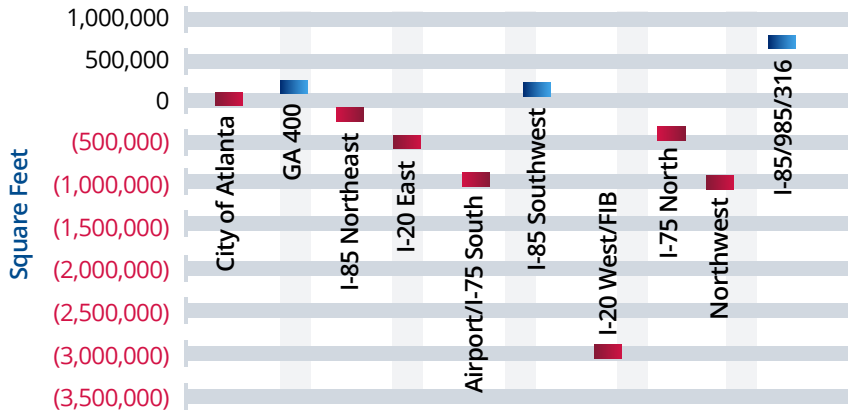
The Distribution Sector saw another decrease in activity down to 10.8 MSF. The average deal size also declined this quarter to 15,765 SF, with over 656 deals below 100,000 SF. First place went to the I-85 Northeast region with 2.4 MSF which included the largest deal of the quarter for 327,825 SF for Staci Americas. Second place went to the I-85 / 985 / 316 region with 1.7 MSF. Last but not least was the I-20 East region with only 316,550 SF reported.



Distribution Net Absorption

The Atlanta industrial market continued down the steep hill, further into negative net absorption for a total of -5.3 MSF. We haven't seen net absorption this low since the third quarter of 2009 – 16 years ago! All but three regions reported negative numbers. The I-20 West / Fulton Industrial region went from first place to last place and reported over half of the total negative absorption with -3.1 MSF. The Airport / I-75 South and the Northwest regions both added to the misery with over -1.0 MSF each. The I-85 / 985 / 316 region stood alone with the highest number of 735,364 SF.

Net Absorption by Region



Net Absorption

2nd Quarter 2025

-5,272,178 SF

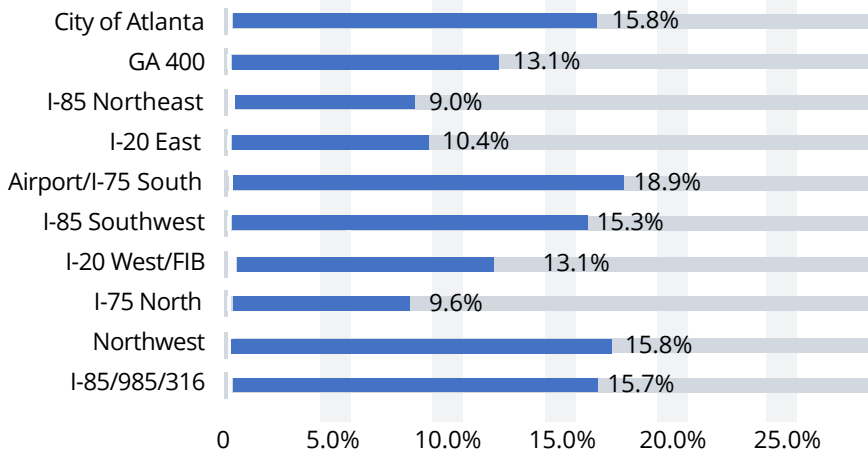


2,440,053 SF

From 1st Quarter 2025

Distribution Availability

Percent Available by Region



Total Available SF

2nd Quarter 2025

127,066,283 SF

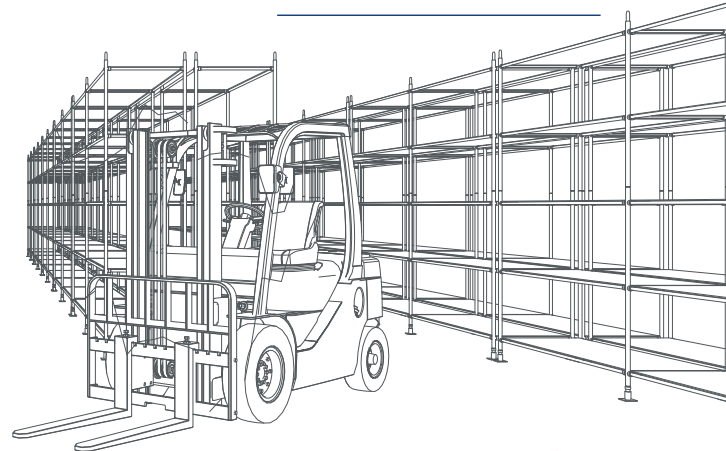
13.6%



0.8%

From 1st Quarter 2025

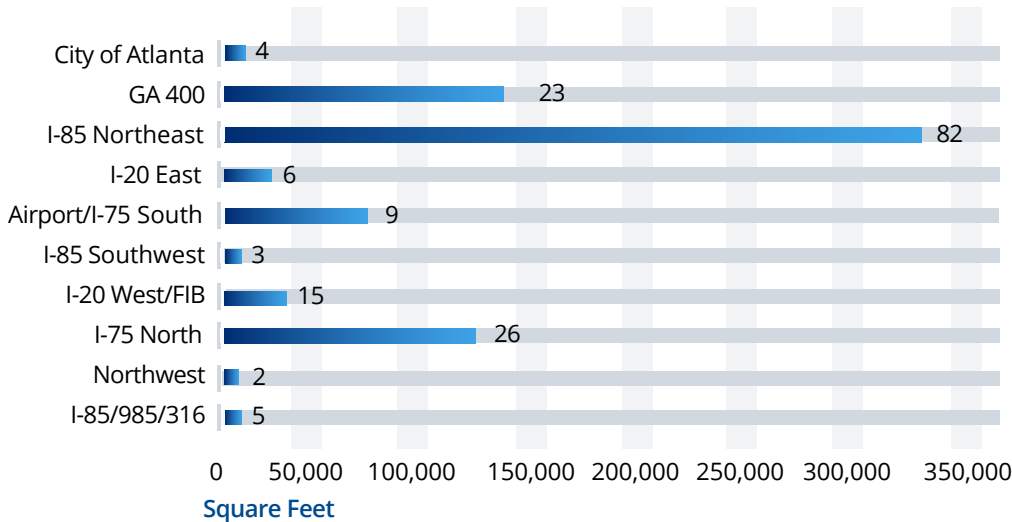
The availability rate rose for the second consecutive quarter and increased to 13.6% with over 127 MSF on the market. Five regions are below the market average, with the I-85 Northeast region reporting the lowest with 9.0%. Conversely, the Airport / I-75 region once again had the highest rate, increasing 1.4% to 18.9%. Of all the available space, 36% is new space (unabsorbed new construction). Sublease space rose again 0.7% up to 13.1% totaling over 16.6 MSF. Of that, over 6.3 MSF can be found in the I-20 West / Fulton Industrial region.



Service Activity

Atlanta Metro Service Center Sector's activity continued to rise as it closed 175 deals for 815,836 SF. The largest region, I-85 Northeast, remains in first position with 338,681 SF, which accounted for 42% of the total activity, including the largest deal for 43,942 SF. Last place went to the Northwest region with 2 deals for 5,420 SF.

Number of Deals by Region



Total Activity

2nd Quarter 2025

815,836 SF

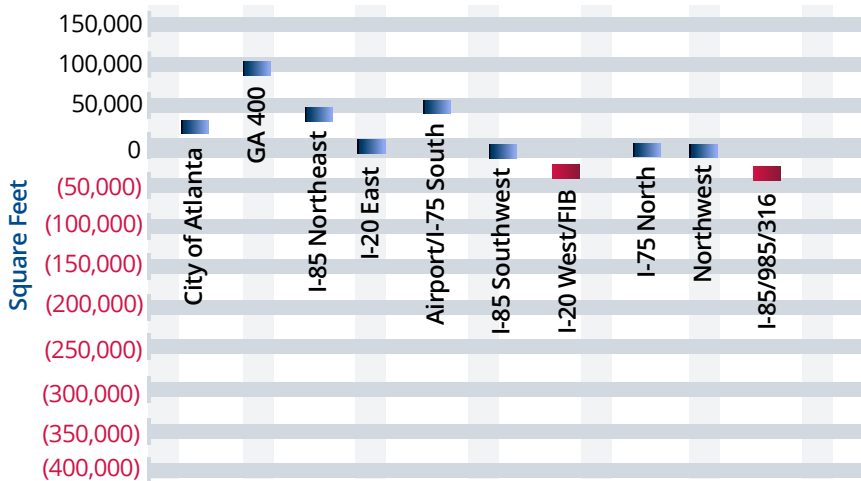


118,702 SF

From 1st Quarter 2025

Service Net Absorption

Net Absorption by Region



Net Absorption

2nd Quarter 2025

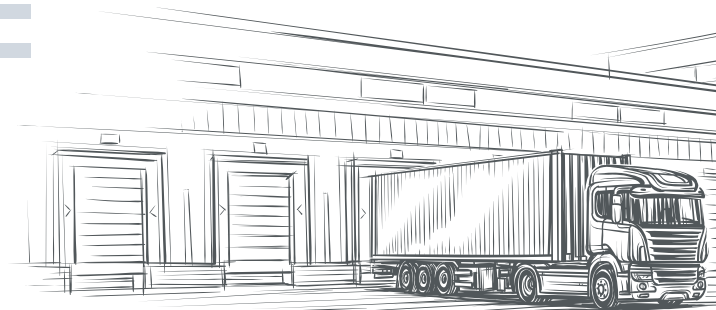
166,491 SF



477,170 SF

From 1st Quarter 2025

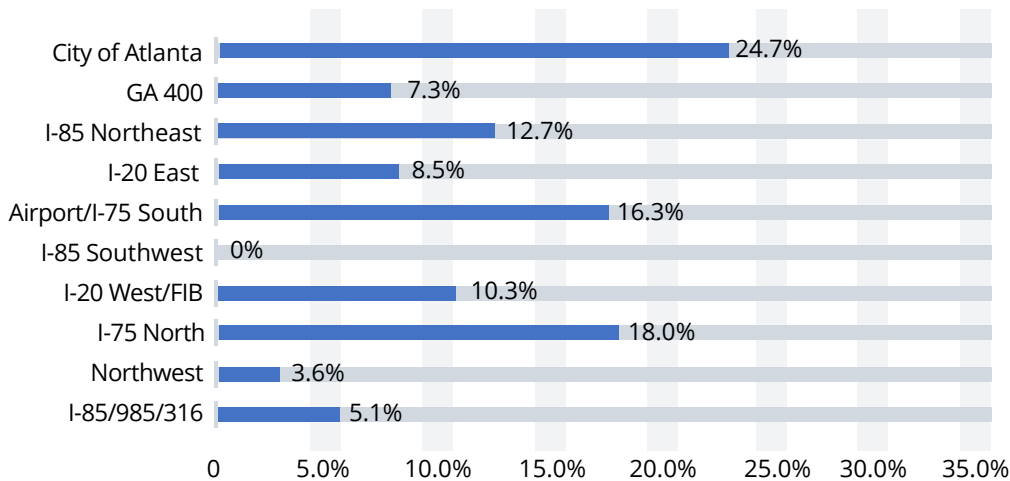
After 6 consecutive quarters of negative net absorption, the Service Center rebounded back into positive territory with 166,679 SF. This represents a 447,170 SF increase over last quarter. All but the I-20 West / Fulton Industrial and I-85 / 985 / 316 regions posted positive numbers. Taking the crown was the Georgia 400 Region, with 82,819 SF, almost half of all net absorption. Second place went to Airport / I-75 South reporting 44,380 SF.



Service Availability Rate

The strong activity and positive net absorption caused the Service Center Sector's availability rate to fall to 12.4%. While this is still high, it's a move in the right direction. Currently the smallest region, I-85 Southwest, has zero availability and five other regions remain below the Metro average. The City of Atlanta continues to hold the highest rate of 24.7%. New construction has been non-existent and there is only 1,000 SF of new space.

Percent Available by Region



Total Available SF

2nd Quarter 2025

3,494,416 SF

12.4%



0.8%

From 1st Quarter 2025



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INTERNATIONAL

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