

Point of View

Q3 2025



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Letter from the President

Atlanta Market Bumpy Now, Looking Forward to 2026

At the end of the third quarter the Atlanta industrial market saw a vast improvement in net absorption. Even though this quarter was negative at 685,000 square feet (SF), that's certainly better than the negative 8.1 million square feet (MSF) seen in the previous two quarters. Over the past two and a half years, eight quarters went negative and only two quarters remained positive, totaling a negative 15 MSF. I will not be surprised if this trend continues into the fourth quarter as uncertainty remains for the business community.

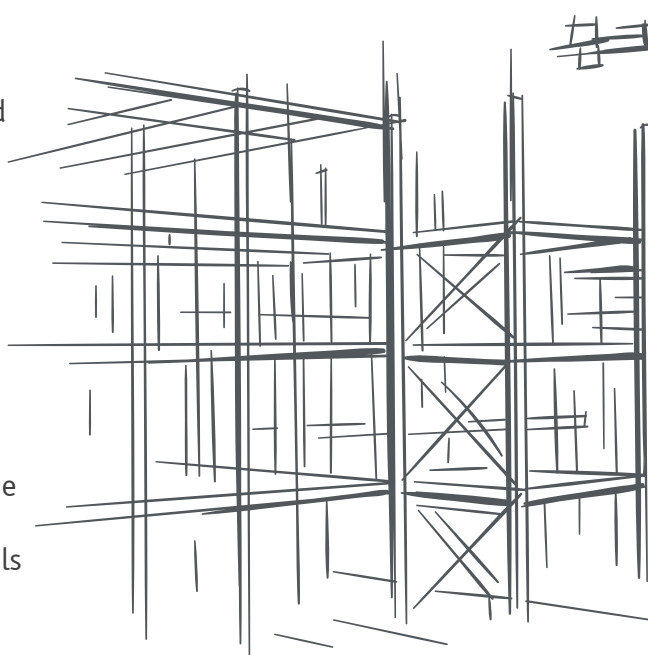
Amazingly, there was 15.8 MSF of activity despite elevated lease rates and negative net absorption. Activity for the past four quarters beat out the previous year (52.4 MSF) with over 57.1 MSF. Prior to the decline of the capital markets in 2007, we recorded our highest activity with just over 50 MSF. Years later, when COVID hit and everyone had to order online from home, the activity numbers spiked up to 80-87 MSF. So, in the Atlanta industrial market, we have gone from great activity to good activity.

New construction continues to be depressed with just over 3.9 MSF reported this quarter and only 12.7 MSF built during the past year. By comparison, the previous years were: 15.1 MSF last year, 26.9 MSF two years ago, 41.2 MSF three years ago, and 43.8 MSF four years ago. So, you can see that there has been a dramatic downturn. Until the current tariff challenges are resolved and interest rates decrease a bit more, new construction development is pretty much on hold.

So, what effect did negative net absorption, restrained construction and decent activity have on the availability? Well, we now have a record setting 130 MSF of available space. The availability rate increased 0.2% from last quarter to 13.8%. To help put this in perspective, a year ago the availability rate was 11.5% with less than 105 MSF - an increase of over 25 MSF in availability!

Where are we now, and where are we headed? Due to the current government shutdown, we are not going anywhere at this moment. It's pure politics and theater with lots of posturing. The shutdown will eventually end (they all do). Then we can finish with the tariffs, continue lowering the Federal Funds Rate, and the Fortune 500 can end its pause on expansion and hiring. There has been a drastic decline in big box deals as evidenced by only six deals done in the 500,000 SF and above range this past year, while four years ago there were 24 deals closed!

"...the Atlanta industrial market saw a vast improvement in net absorption."



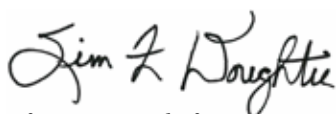
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Atlanta Market Bumpy Now, Looking Forward to 2026

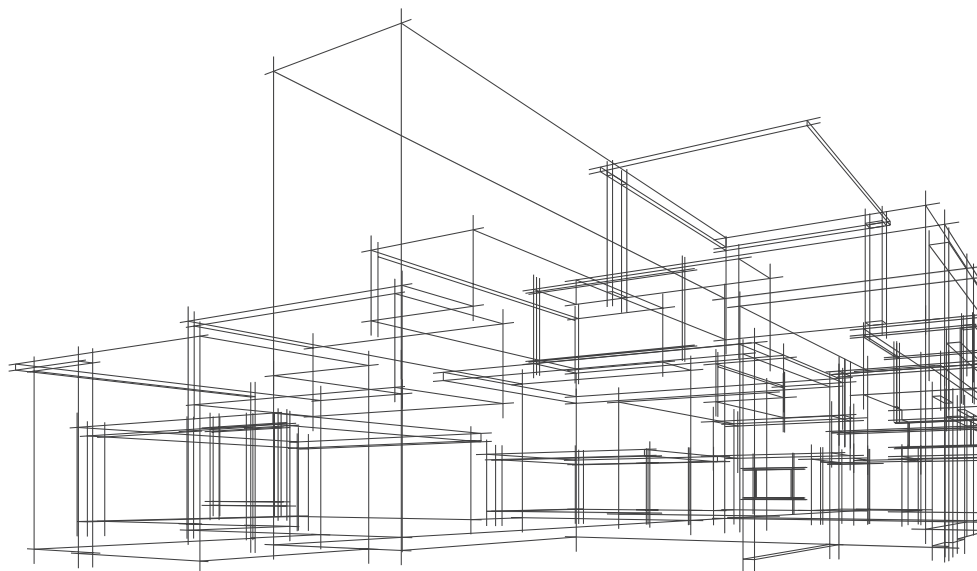
Additionally, a few other things need to fall into place. It's essential for the U.S. to become energy independent (while selling our products overseas), the Manufacturing Sector to continue its expansion and for businesses to expand and hire. Lastly, we need to embrace and deploy AI and technology to be more efficient.

I contend that there is pent-up demand in the business world. Currently, the GDP is higher than expected, inflation is low, unemployment is 4.3% (remember when 5% meant we were at full employment?) and the stock market has been setting records. Once we get over the current obstacles, everything will fall into place, consumer confidence will rise, and the U.S. economy will take off. It's still a little bumpy for the moment, but I still think that 2026 and 2027 will be great years!

"There has been a
drastic decline in
big box deals..."



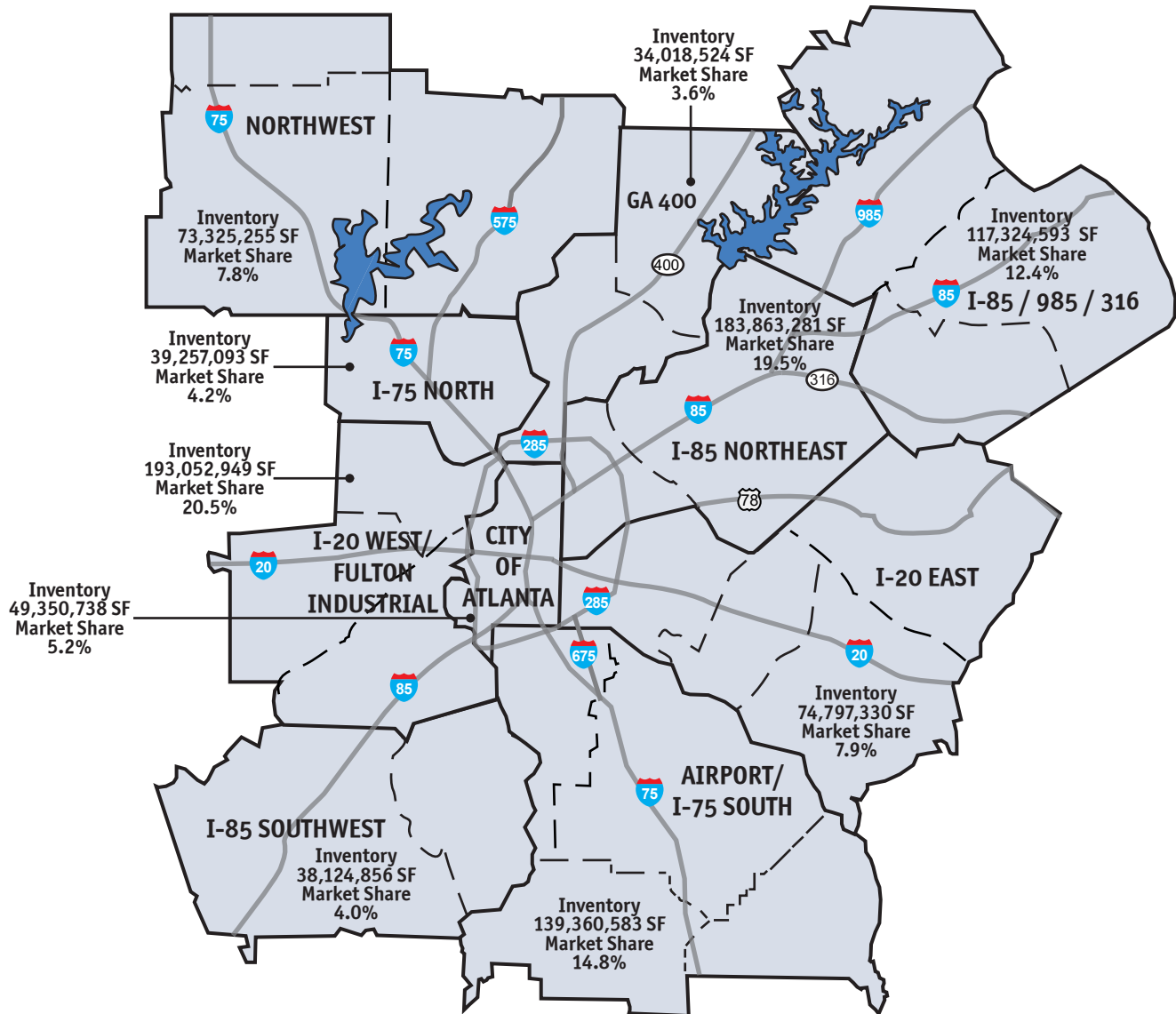
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Distribution Market Inventory

Total Inventory

942,475,202 Square Feet



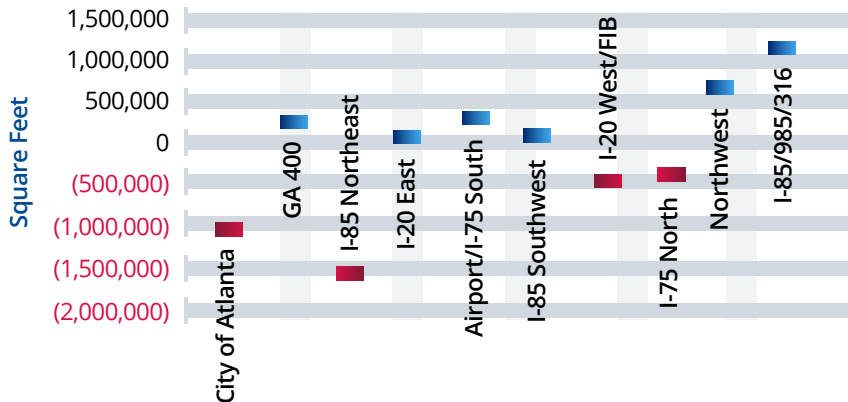
Knowledge Through Experience

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.

Distribution Net Absorption

The Atlanta industrial market's net absorption was still lurking in negative territory with 685,048 SF but wasn't as dismal as last quarter's -5.3 MSF. Six regions left the crypt this quarter and reported positive numbers, with the I-85 / 985 / 316 region leading the charge with 1.1 MSF. The Northwest region worked some magic with 688,388 SF. The I-85 Northeast and City of Atlanta regions dug a deep grave with negative 1.5 and 1.1 MSF respectively. Overall, the quarter was a little ghoulish but not as scary as last quarter to be sure!

Net Absorption by Region



Net Absorption

3rd Quarter 2025

-685,048 SF

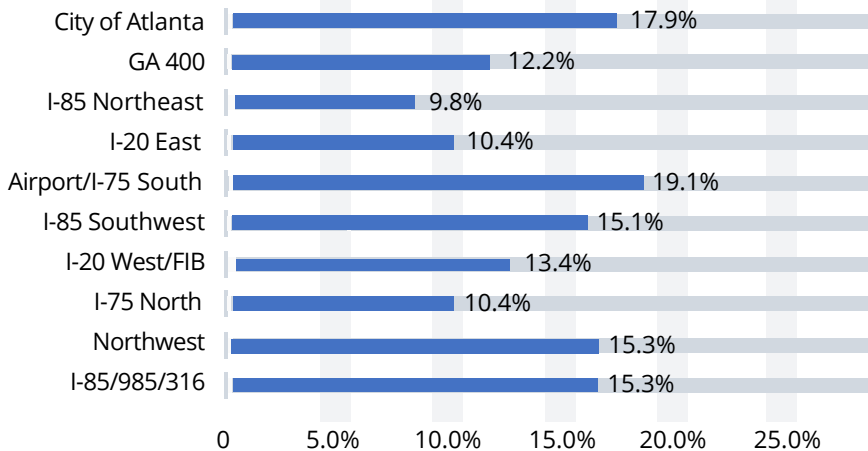


4,587,130 SF

From 2nd Quarter 2025

Distribution Availability

Percent Available by Region



Total Available SF

3rd Quarter 2025

130,222,669 SF

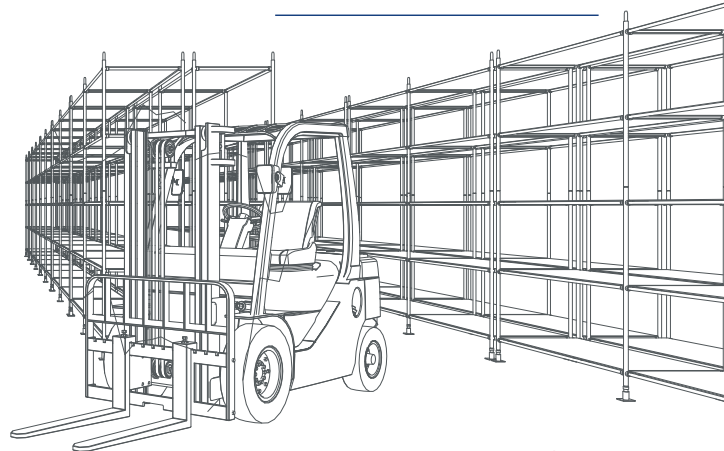
13.8%



0.2%

From 2nd Quarter 2025

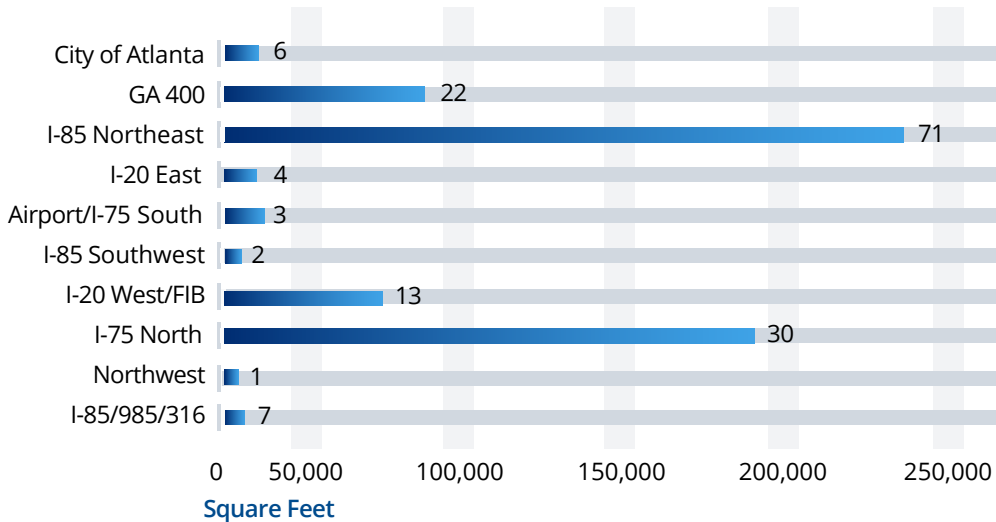
For the third quarter in a row, the availability rate rose landing at 13.8% leaving 130.2 MSF available. The I-85 Northeast region's availability rose by 0.2% but retained the lowest rate of 9.8%. Conversely, the Airport / I-75 region's frightfully high rate of 19.1% also rose 0.2% from last quarter's rate. New space fell to 45.5 MSF - 34.9% of all available space. The kettle of sublease space boiled up 18.2 MSF - 14% of all available space. Over 6.2 MSF of that sublease space is in the I-20 West / Fulton Industrial region.



Service Activity

Activity in the Atlanta Metro Service Center sector took a step down and reported 673,578 SF with an average deal of 4,236 SF. The I-85 Northeast region's activity fell down to 232,978 SF but still boasts the highest activity. The I-75 North region wasn't far behind with 198,425 SF and the two regions accounted for 64% of all activity. Coming in dead last, the Northwest region only managed one deal for 3,420 SF.

Number of Deals by Region



Total Activity

3rd Quarter 2025

673,578 SF

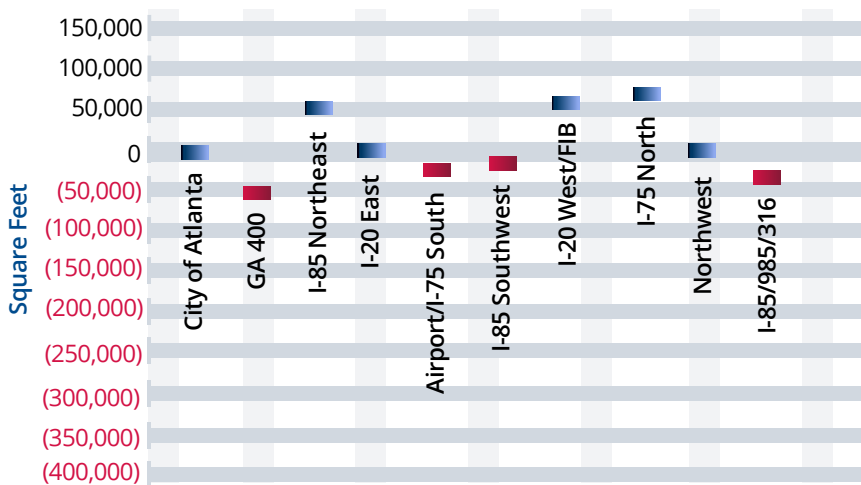


142,258 SF

From 2nd Quarter 2025

Service Net Absorption

Net Absorption by Region



Net Absorption

3rd Quarter 2025

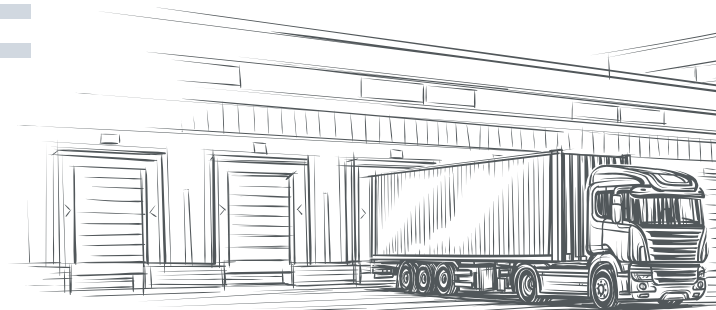
107,165 SF



59,326 SF

From 2nd Quarter 2025

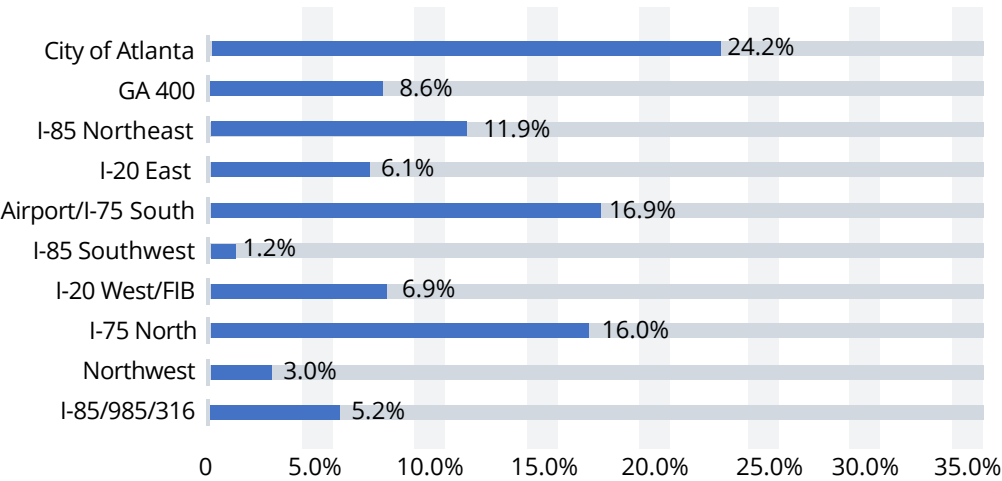
The Service Center repeated with positive net absorption this quarter posting 107,165 SF. More good news was that six regions climbed out of the grave of negativity and reported positive net absorption. Although most were rather paltry, the I-75 North regions came in first with 90,248 SF. On the flip side, the Georgia 400 region had a ghastly time and went from second place last quarter to the worst net absorption with -61,575 SF.



Service Availability Rate

For the second quarter in a row, availability dropped another 0.8% down to 11.6%. There are six regions well below the metro average with I-85 Southwest sitting at 1.2%. Once again, the City of Atlanta has the most available with 24.2%. Construction in Atlanta’s Service Center has been like a ghost town – it’s been five quarters with no new projects and the same 1,000 SF of new space still on the market.

Percent Available by Region



Total Available SF
3rd Quarter 2025

3,269,134 SF
11.6%



0.8%
From 2nd Quarter 2025



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