

## ATLANTA RETAIL REPORT

### ATLANTA MARKET OVERVIEW

The Atlanta retail market is thriving as consumers eagerly returned to in-person shopping and dining experiences over the course of 2021. The market continues to attract global companies, including tech firms like Google and Microsoft, that are drawn to the area for its talent pool, low cost of living compared to other major markets and access to the largest airport in the country. Each of these factors have led to an incredible amount of demand from retailers looking to take advantage of Atlanta's growth. This has created an extremely competitive market, expected to bring both challenges and opportunities going forward.

### ATLANTA MSA UNEMPLOYMENT

Unemployment rates across the United States have continued to decrease since mid-2020 when unemployment spiked due to the pandemic. This average U.S. unemployment rate closed 2021 at 4.20%. The state of Georgia finished at 2.80% and the Atlanta-Sandy Springs-Roswell (MSA) closed at 2.20%, representing record low unemployment rates for both geographies and incredibly healthy employment fundamentals overall.

**2.2%**  
Unemployment Rate

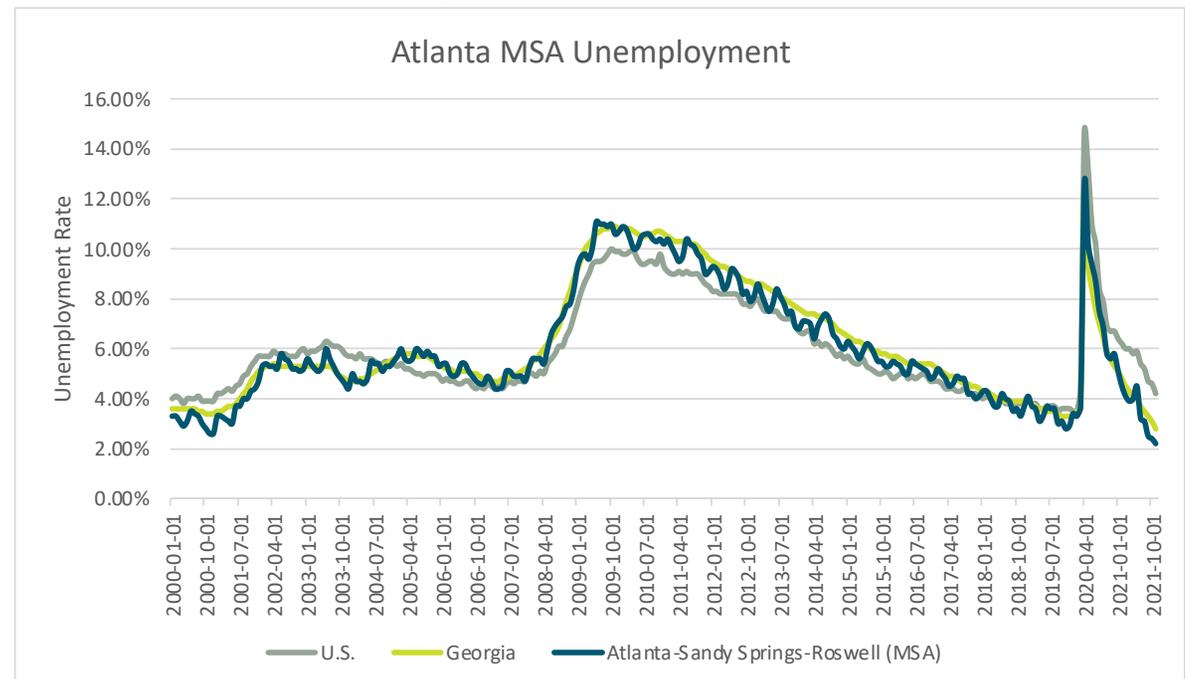
**4.5%**  
Vacancy Rate

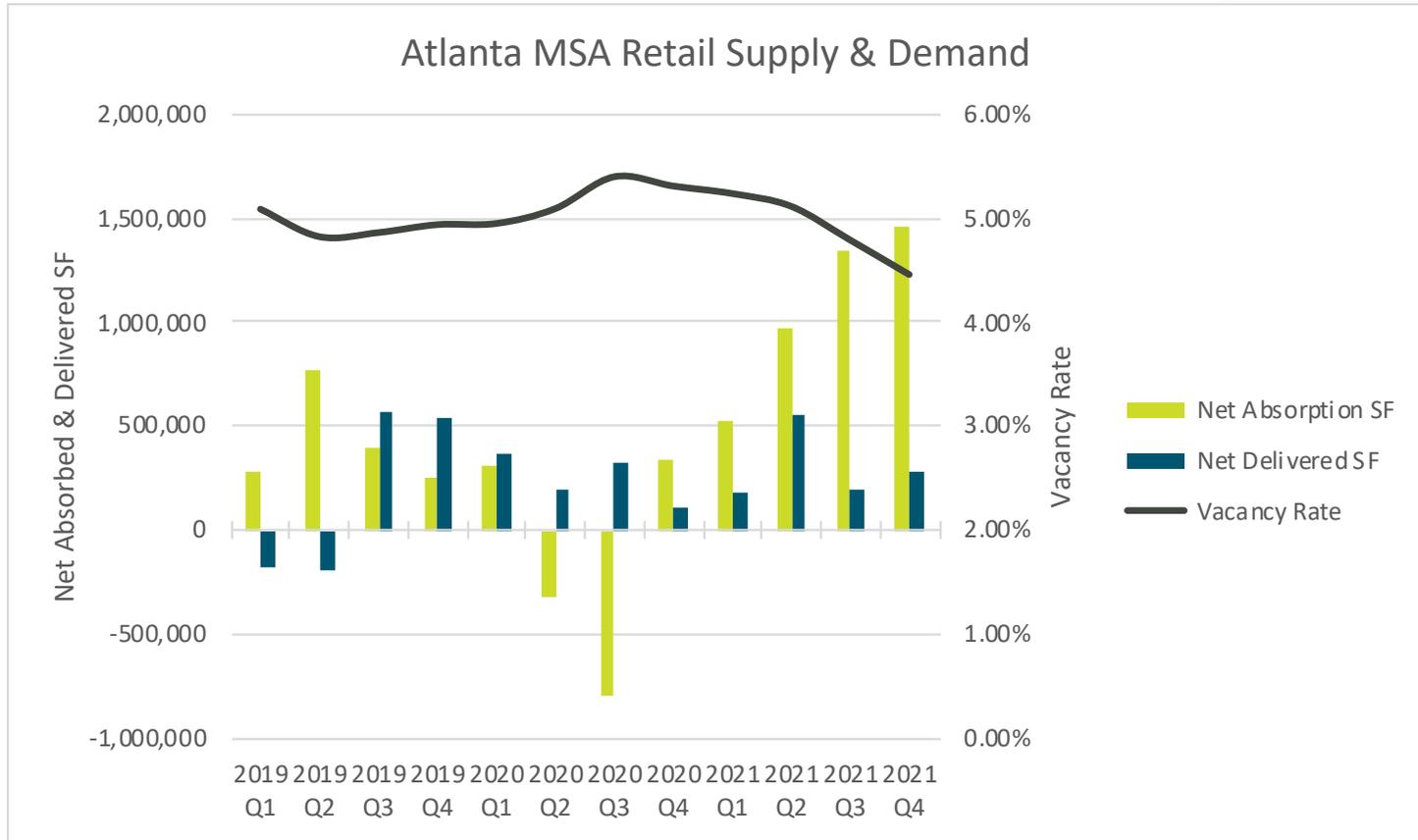
**\$19.39 PSF**  
Avg Rent

**\$188 M**  
Sale Price PSF

“Atlanta, along with most of the South-east, has benefited from fewer Covid-19 restrictions and generally being more ‘open for business’ than many other parts of the country.”

-Kaitlyn Theriot, Senior Associate of Retail Services



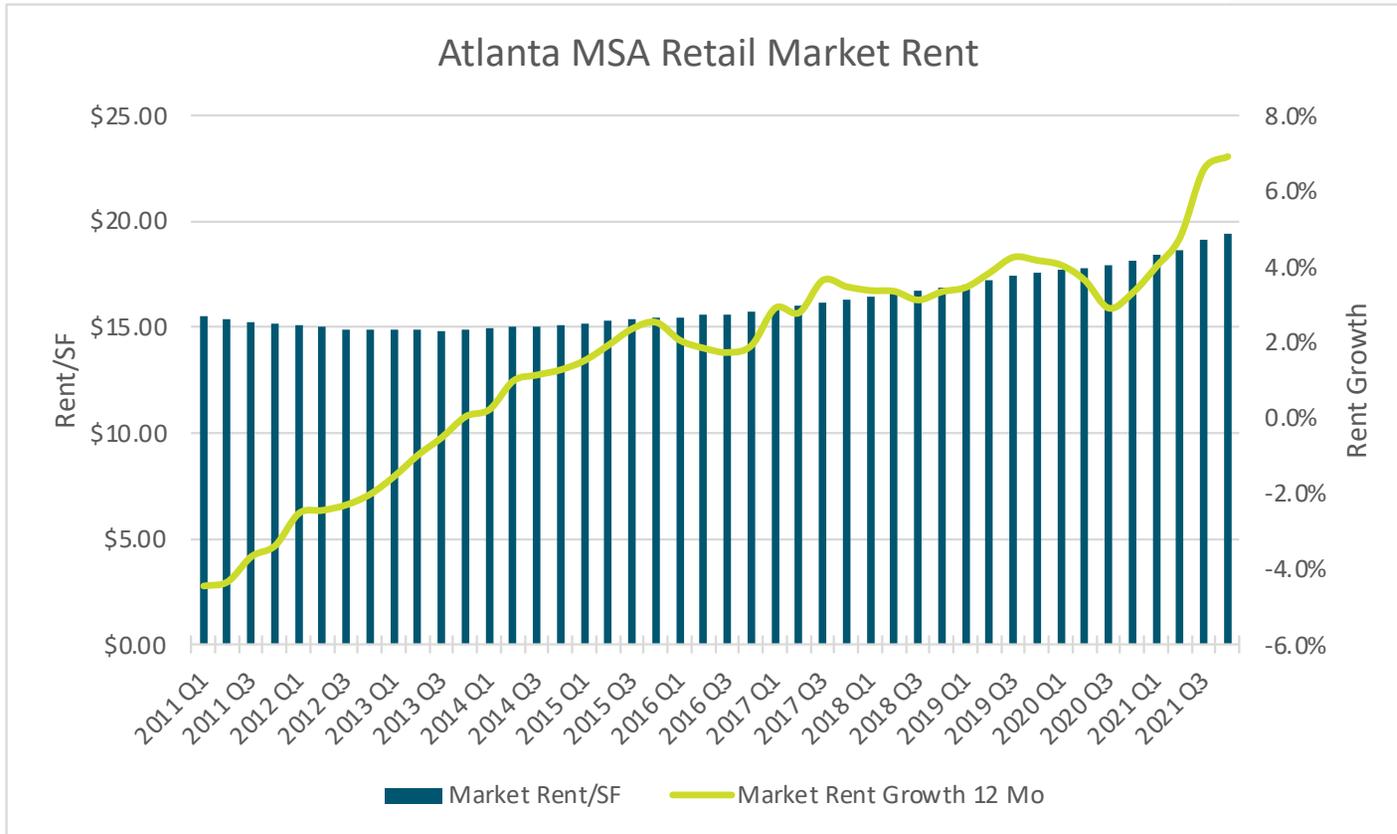


**ATLANTA RETAIL SUPPLY & DEMAND**

Supply and demand fundamentals have remained positive in the Atlanta- Sandy Springs- Roswell (MSA). Net absorption remained high, trumping net delivered square feet all throughout 2021 producing 4,292,744 square feet net absorbed and 1,213,800 square feet net delivered. Vacancy rates descended naturally as absorption exceed delivered square feet and ended Q4-21 at 4.5%. While the low vacancy rate creates an advantageous environment for landlords, it has created strong competition among tenants for quality spaces. However, as the retail market continues to evolve there are sure to be some great opportunities for tenants in Atlanta.

“While vacancies will remain tight, we can expect to see tenants that have struggled over the last two to three years and are now at the end of their lease terms to be replaced with new, more resilient retail categories that better serve customers in the area.”

**-Sam Krueger, Director of Retail Landlord Services.**

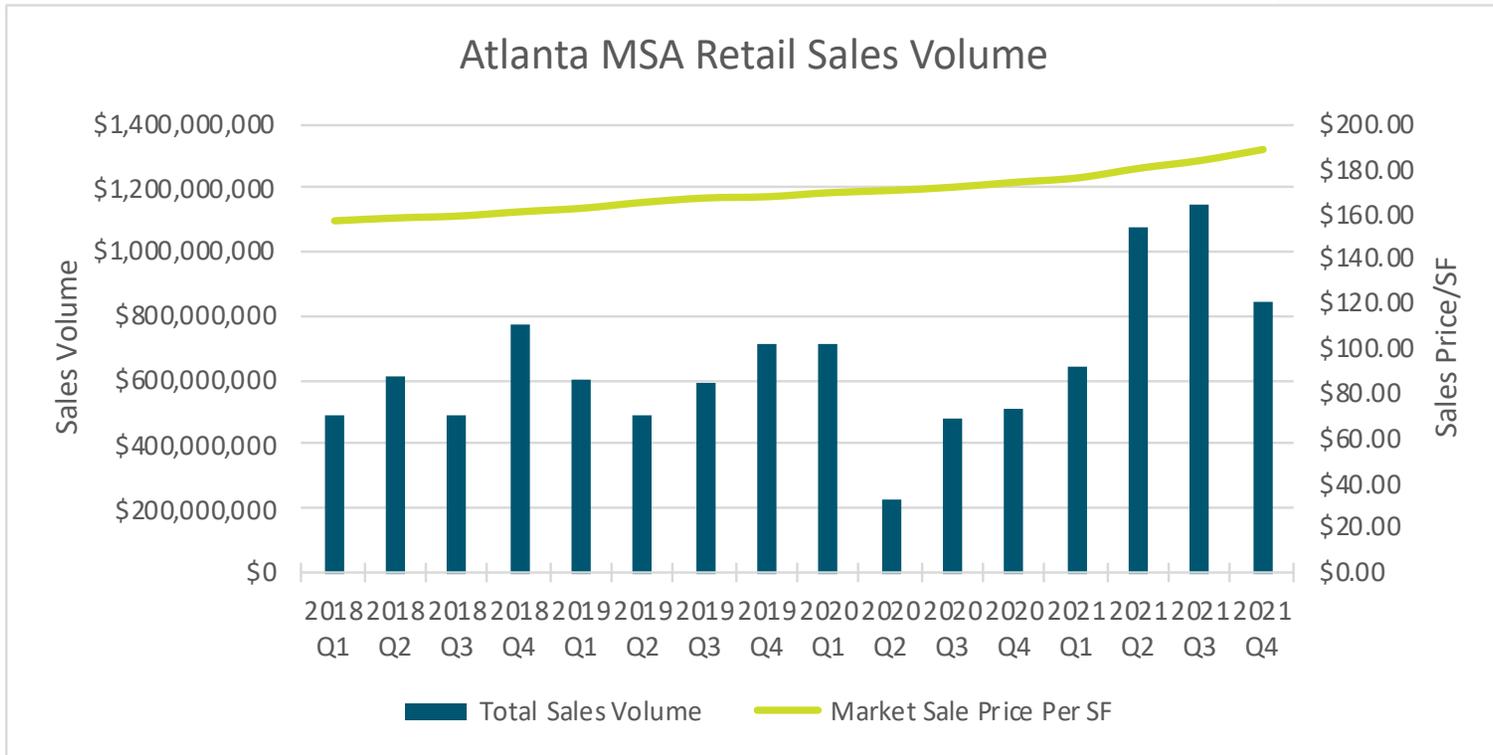


**ATLANTA MSA RETAIL MARKET RENT**

Market rents have continued to climb over the years. Twelve-month market rent growth finished the quarter at 6.9% and market rent per square foot finished the quarter at \$19.39. Rents have and will continue to increase as demand continues to exceed supply.

*“Because we are not expecting a reversal in rent growth trends any time soon, tenants motivated to expand in the Atlanta market are encouraged to act quickly on quality availabilities.”*

**-Kaitlyn Theriot, Senior Associate of Retail Services**



#### ATLANTA INVESTMENT ACTIVITY

Although sales volume was not as high as Q2-21 and Q3-21, price per square foot, reached an all-time high of \$188 at the end of Q4. This is in part due to inflation and rising costs of construction, as well as overall strong demand.

“Grocery-anchored shopping centers will continue to attract high investor demand due to their resilience throughout the pandemic and continued high traffic levels. New development opportunities, especially those that are mixed-use, will also remain highly sought after, with the limited amount of existing retail availability in the market.”

**-Sam Krueger, Director of Retail Landlord Services**

**DEVELOPMENT PIPELINE**

**Centennial Yards:** A 50-acre redevelopment project in South Downtown, set to transform the downtown retail environment and landscape. The \$5 billion dollar mixed use development will feature a mix of apartments, retail, hotel, entertainment and office space. The location was formerly known as The Gulch, which consisted of an underground parking lot and train tracks.

**The Exchange at Gwinnett:** A 106-acre, \$350 million dollar project that is starting to attract more tenants in the Covid-19 recovery. The property includes national brands such as Starbucks and Chipotle and will continue to add more major retailers over the next 18 months.

**North DeKalb Mall:** In a long anticipated move, retail developer Edens has filed preliminary plans to dramatically transform the mostly shuttered suburban mall. If plans are approved, the site could be home to 1,700 apartments, 100 townhouses, 300,000 square feet of retail, 200,000 square feet of office and a 150-key hotel.

**The Front Porch on Auburn Avenue:** A mixed-use redevelopment project with 32,000 square feet of retail space and 50,000+ square feet of residential space. The Front Porch is considered Atlanta’s premier “equity-project” in the exceptionally diverse residential neighborhood of Sweet Auburn.

Atlanta MSA Annual Retail Statistics								
Year	Vacancy Rate	Mkt Rent/Sf.	MKT Rent Growth 12 Mo	Inventory Sf.	Net Delivered SF	Net Absorp Sf.	Mkt Sale Price/Sf.	Mkt Cap Rate
2011	10.0%	\$15.19	-3.4%	349,963,627	1,422,646	666,131	\$118.63	8.4%
2012	9.7%	\$14.88	-2.0%	350,990,132	1,026,505	708,931	\$126.65	8.1%
2013	8.6%	\$14.89	0.0%	351,941,901	951,769	1,541,969	\$129.76	8.0%
2014	7.6%	\$15.08	1.3%	354,339,516	2,397,615	1,902,016	\$144.18	7.7%
2015	6.5%	\$15.46	2.5%	354,446,144	89,428	1,528,626	\$152.09	7.5%
2016	5.9%	\$15.76	1.9%	356,690,056	2,243,912	1,118,874	\$155.10	7.4%
2017	5.5%	\$16.30	3.5%	359,383,985	2,663,224	769,644	\$156.20	7.5%
2018	5.2%	\$16.85	3.3%	361,644,623	2,229,008	-34,490	\$160.53	7.5%
2019	4.9%	\$17.55	4.2%	362,489,401	749,538	249,289	\$167.18	7.5%
2020	5.3%	\$18.13	3.3%	363,504,916	1,000,259	337,416	\$173.56	7.3%
2021	4.5%	\$19.39	6.9%	364,735,716	1,213,800	1,457,571	\$188.02	7.1%

Atlanta MSA Q4-21 Retail Statistics									
Retail Product Type	Vacancy Rate	Mkt Rent/Sf.	MKT Rent Growth 12 Mo	Inventory Sf.	Net Delivered SF	Net Absorp Sf.	Mkt Sale Price/Sf.	Mkt Cap Rate	
General Retail	2.1%	\$18.13	7.5%	165,601,557	118,180	720,789	\$216.50	7.0%	
Mall	10.8%	\$27.58	5.8%	27,861,966	42,200	16,866	\$178.92	6.9%	
Neighborhood Center	6.4%	\$18.95	6.7%	109,665,959	119,062	472,328	\$154.10	7.4%	
Other	8.6%	\$21.60	6.7%	3,057,834		-3,352	\$161.02	7.3%	
Power Center	3.6%	\$21.89	6.2%	26,893,510		89,212	\$159.85	7.4%	
Strip Center	4.0%	\$17.89	7.3%	31,271,139		191,010	\$191.03	7.1%	

## CONCLUSION

Atlanta's retail market will continue to operate with limited vacancy, however, big box closures and shrinking footprints will create some advantageous availabilities throughout the year. While the new developments will add options for tenants, retailers should expect to pay a premium for newly developed space, as inflation and supply chain shortages continue to drive up construction costs.

**"Rents will remain consistent and demand is going to continue to increase as competitors in multiple sectors of retail start opening locations in the Southeast. Vacancies will remain limited, which will create a demand for new developments but also create competitive lease terms giving landlords more options as to who fills their spaces."**

**"We anticipate a lot of new-to-market users to source and open locations in the next 12-24 months due to demand drivers in Atlanta."**

**-Jessica Branch, Senior Associate of Retail Tenant Services.**



**BRYAN BELK**  
Senior Director  
Retail Investment Sales

Atlanta, GA  
404.832.1250 x 0400  
Bryan.Belk@FranklinSt.com



**JOHN TENNANT**  
Senior Director  
Retail Investment Sales

Atlanta, GA  
404.832.1250 x 0409  
John.Tennant@FranklinSt.com



**GREG EISENMAN**  
Senior Director  
Retail Tenant Representation

Atlanta, GA  
404.832.1250 x 0400  
Greg.Eisenman@FranklinSt.com



**JESSICA BRANCH**  
Director  
Retail Tenant Representation

Atlanta, GA  
404.832.1250 x 0446  
Jessica.Branch@FranklinSt.com



**SAM KRUEGER**  
Senior Director  
Retail Landlord Representation

Atlanta, GA  
404.832.1250 x 0438  
Sam.Krueger@FranklinSt.com



**KAITLYN THERIOT**  
Senior Associate  
Retail Landlord Representation

Atlanta, GA  
404.832.1250 x 0426  
Kaitlyn.Theriot@FranklinSt.com



**ANDREW CONDON**  
Data & Analytics Manager  
Data & Research

Tampa, FL  
813.839.7300 x 0421  
Andrew.Condon@FranklinSt.com