

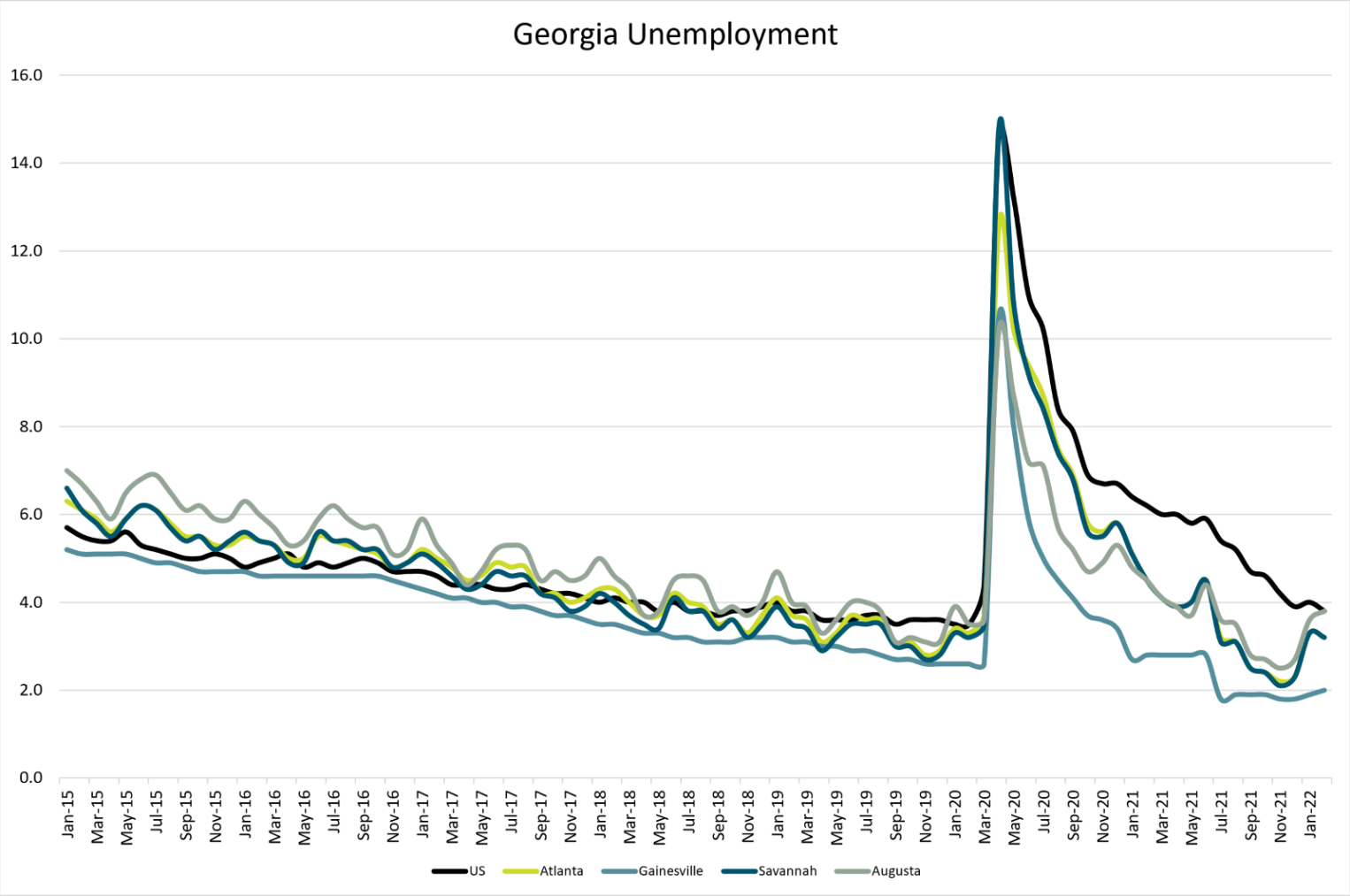
ATLANTA

Q1-22 Industrial Report

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MSA Unemployment



Employment in the Atlanta MSA, like many other major metros, was significantly impacted by the pandemic. Since then, the local economy has been on a quick road to recovery. With a slight uptick in job losses in Q4 of 2021, Q1-22 continued its downward trend. While the national unemployment average is currently at 3.8%, Atlanta is sitting at 3.2%.

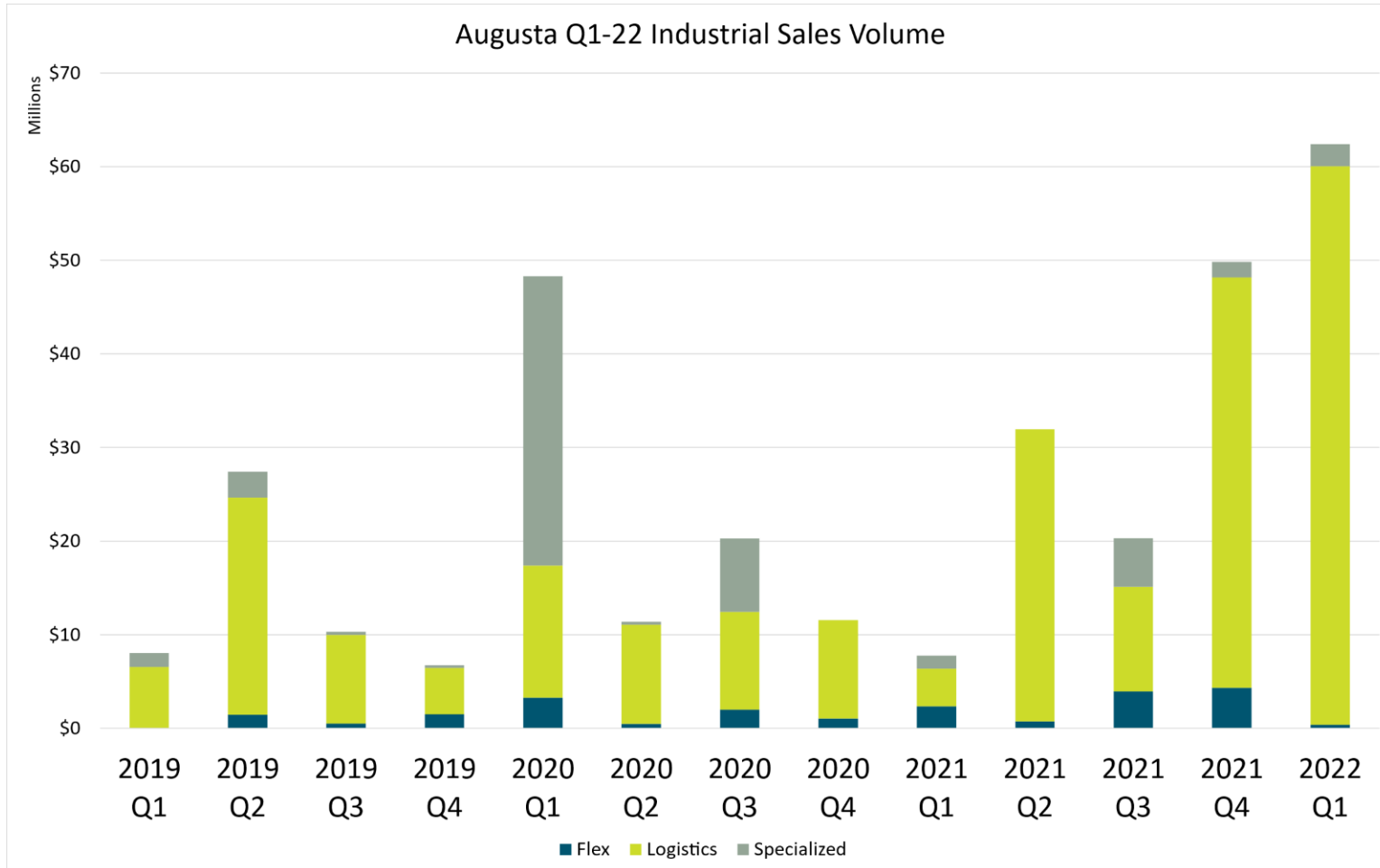


Industrial Sales Volume by Type

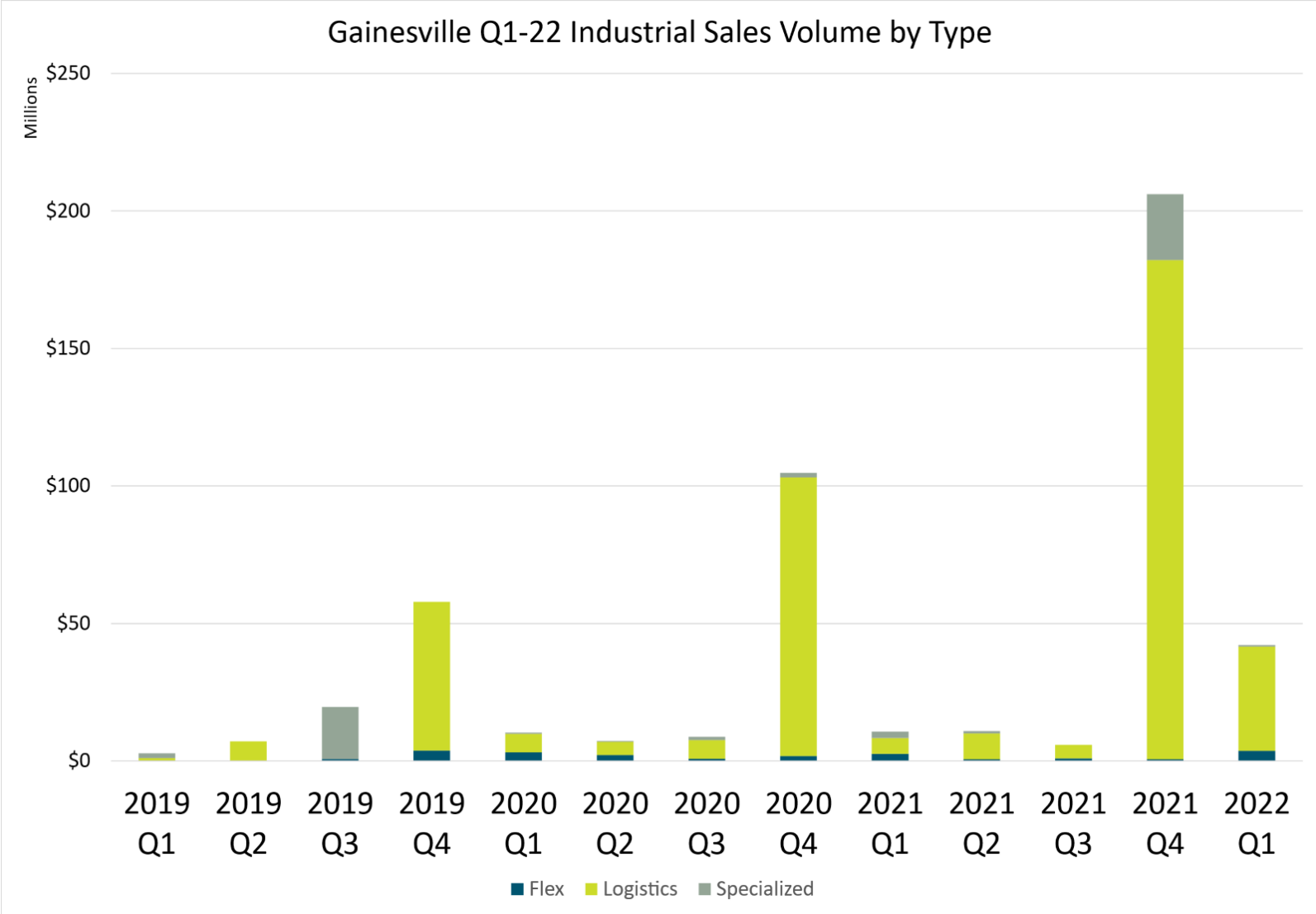
After a record breaking Q4 to end 2021, Q1 of this year started off very strong. There was \$180 million in total sales volume for flex space, \$670.9 million of total sales volume for logistics space, and \$134.2 million total sales volume for specialized space. Large industrial volume for this area is common. Given its geographic location, Atlanta serves as a major hub for shipping and logistics across Georgia and the greater southeastern region.

Augusta: Industrial Sales Volume

Although Augusta's industrial market is much smaller than Atlanta's, the market started this year very strong. Total sales volume for flex space totaled \$375,000, logistics space total sales volume was \$59.6 million, and specialized total sales volume totaled over \$2.3 million.

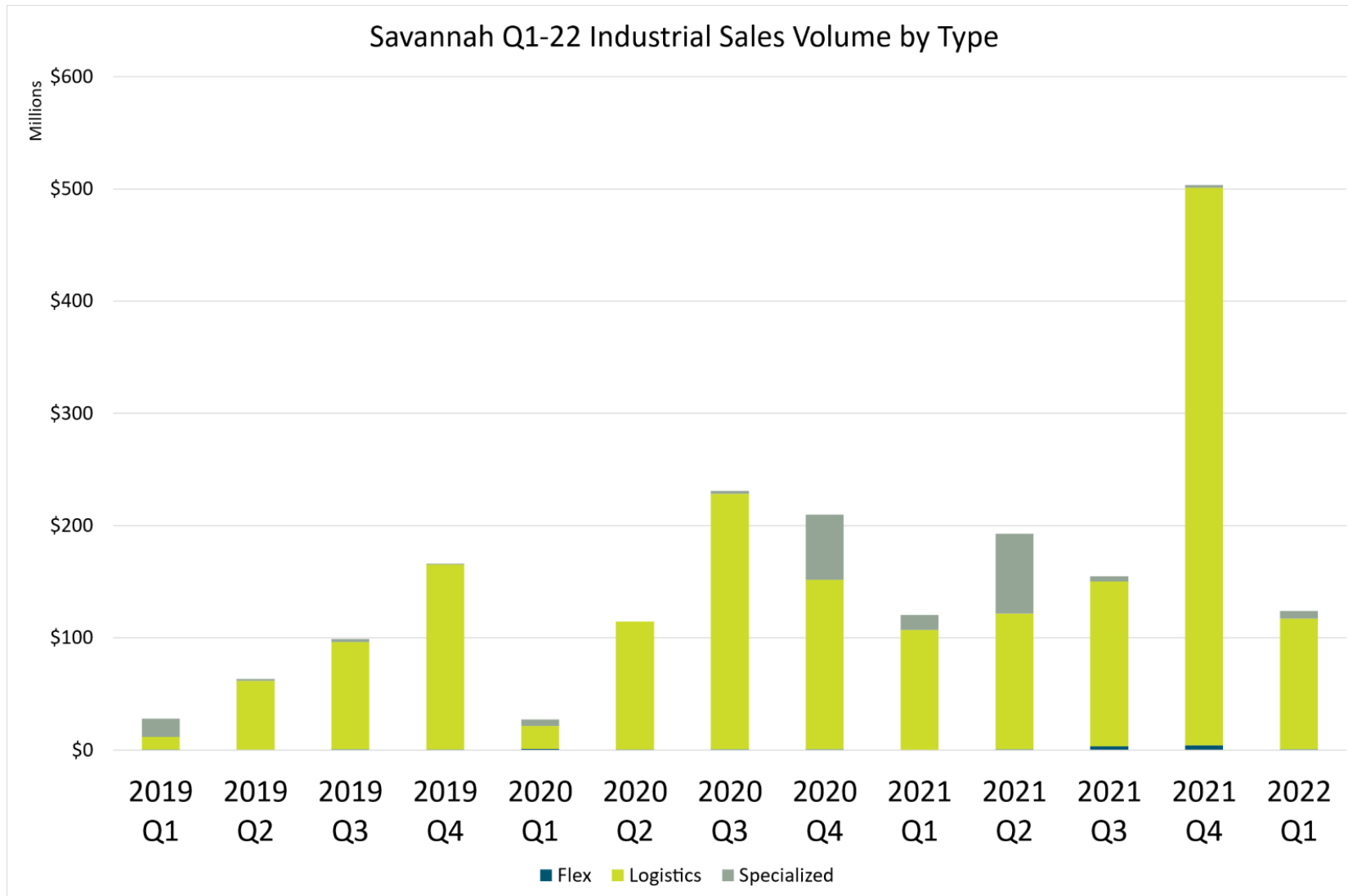


Gainesville: Industrial Sales Volume



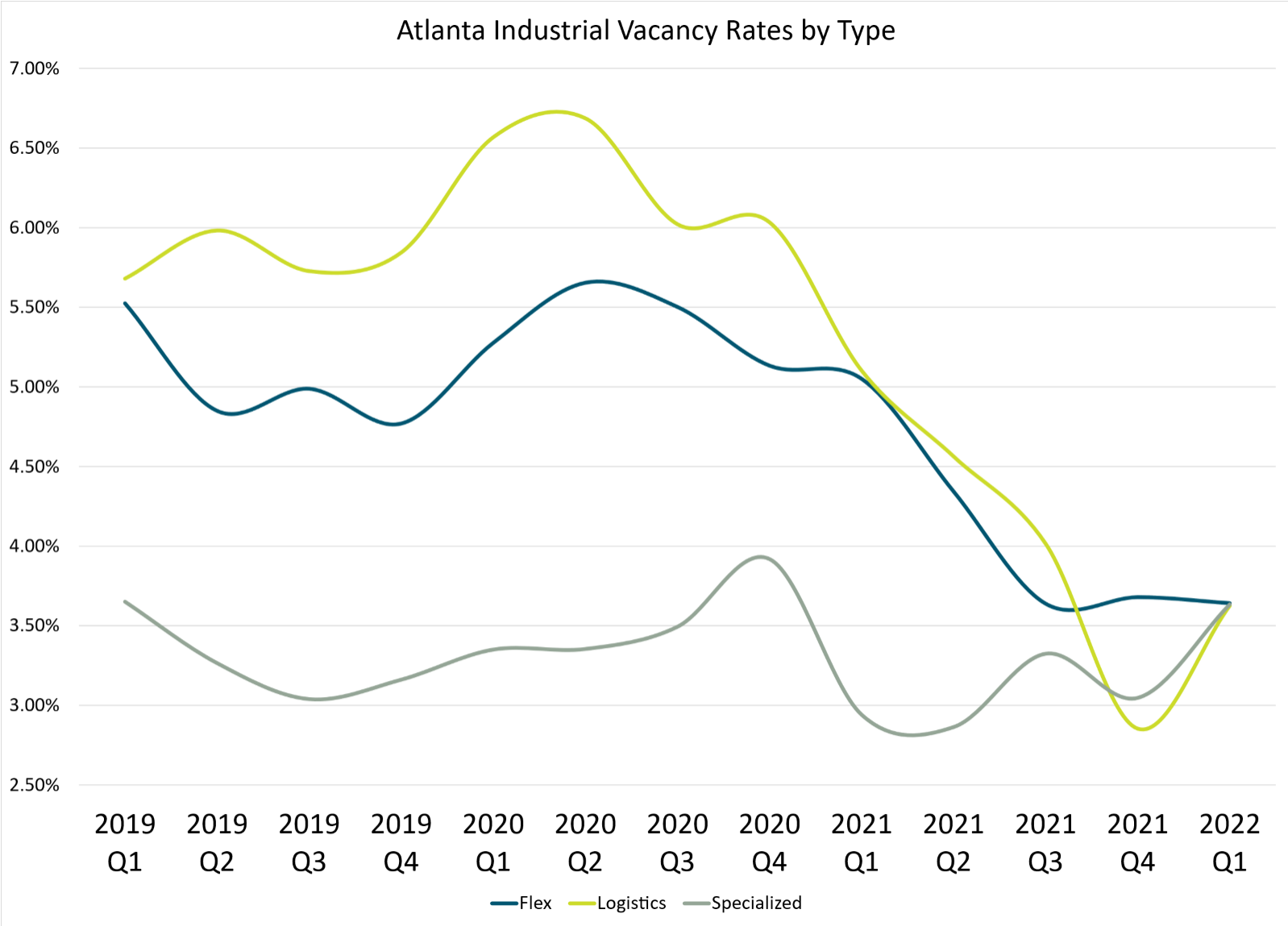
The Gainesville industrial market behaves very similar to Augusta's in terms of sales volume. For Q1, sales volume for flex space totaled \$3.7 million, logistics space sales volume totaled \$37.9 million, and specialized space sales volume totaled \$550,000. Located just northeast of Atlanta, Gainesville serves as a valuable waypoint for traffic, as it sits close to I-85 North, a major highway leading toward Charlotte, South Carolina.

Savannah: Industrial Sales



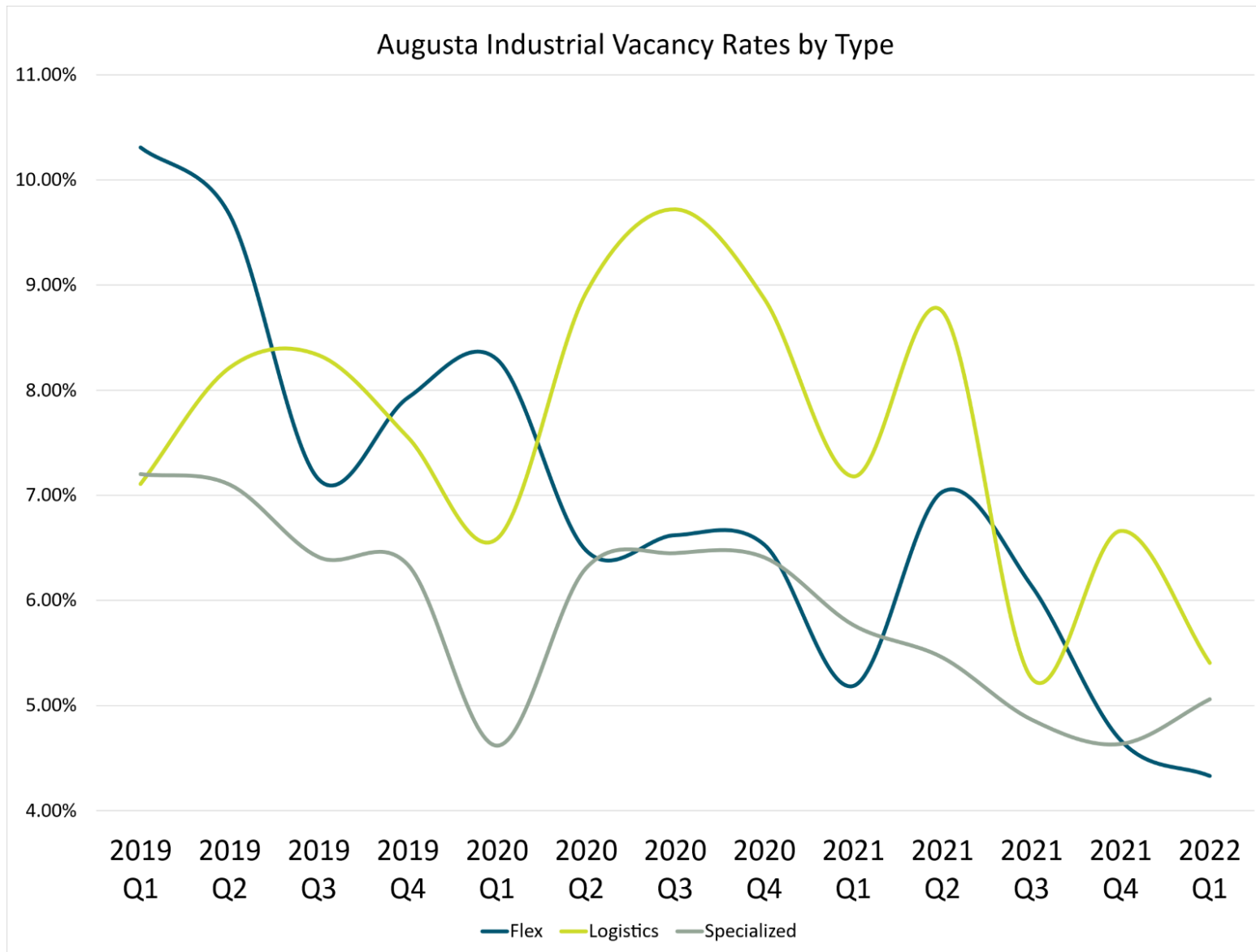
Savannah's industrial market had the second highest total sales volume, behind Atlanta. Sales volume for flex space totaled \$924,000, \$116.3 million for logistics space and \$6.7 million for specialized space. Historically, logistics space in Savannah is incredibly valuable given its location on the coast and proximity to ports.

Atlanta: Industrial Vacancy Rates



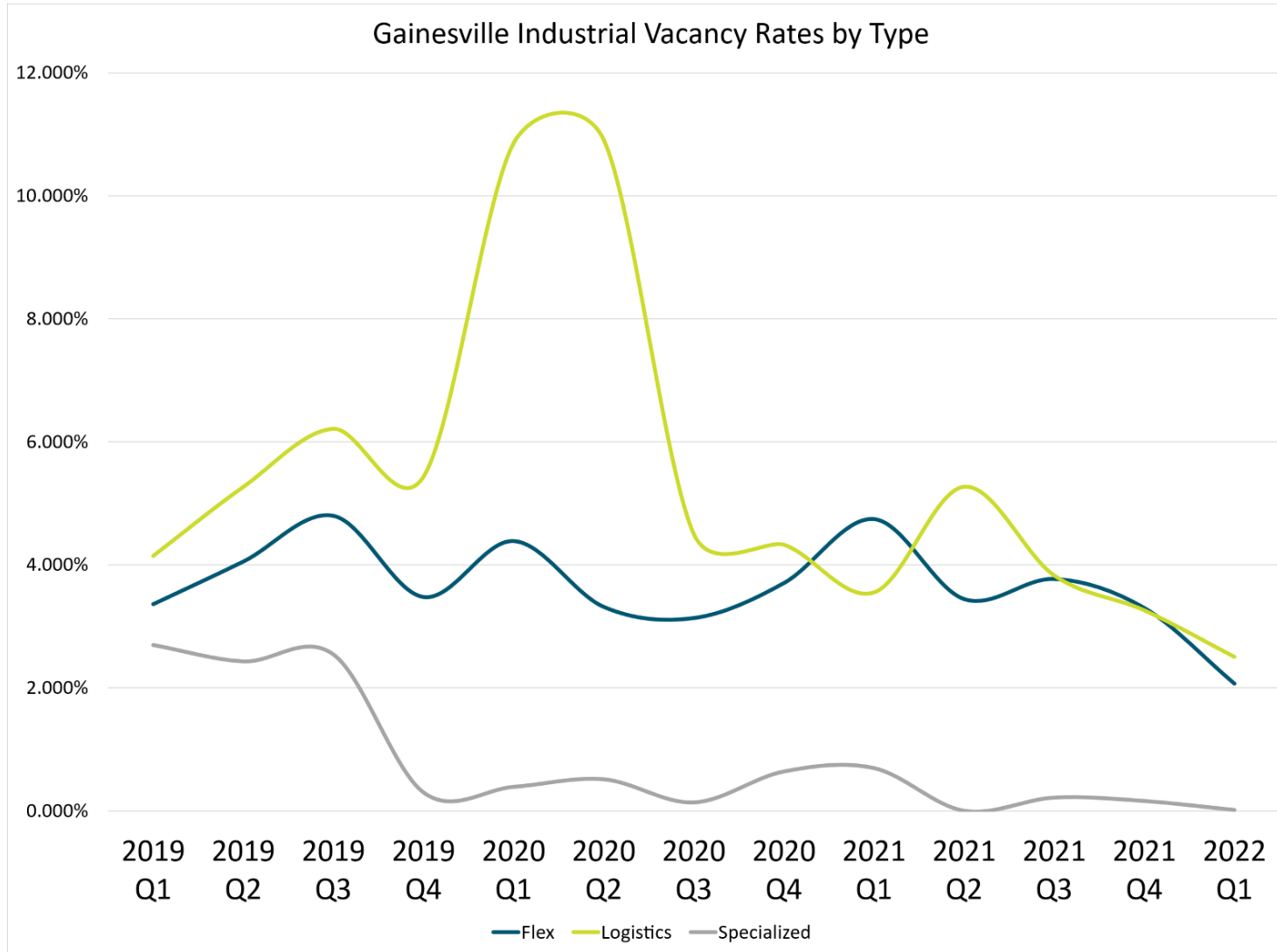
Even throughout the pandemic, vacancy rates among industrial asset types in Atlanta continued to dive to all-time lows. With slight upticks in specialized and logistics vacancy during the quarter, flex space decreased slowly. All three industrial space types finished Q1 around 3.6%, potentially exhibiting a point of equilibrium throughout the metro area.

Augusta: Industrial Vacancy Rates



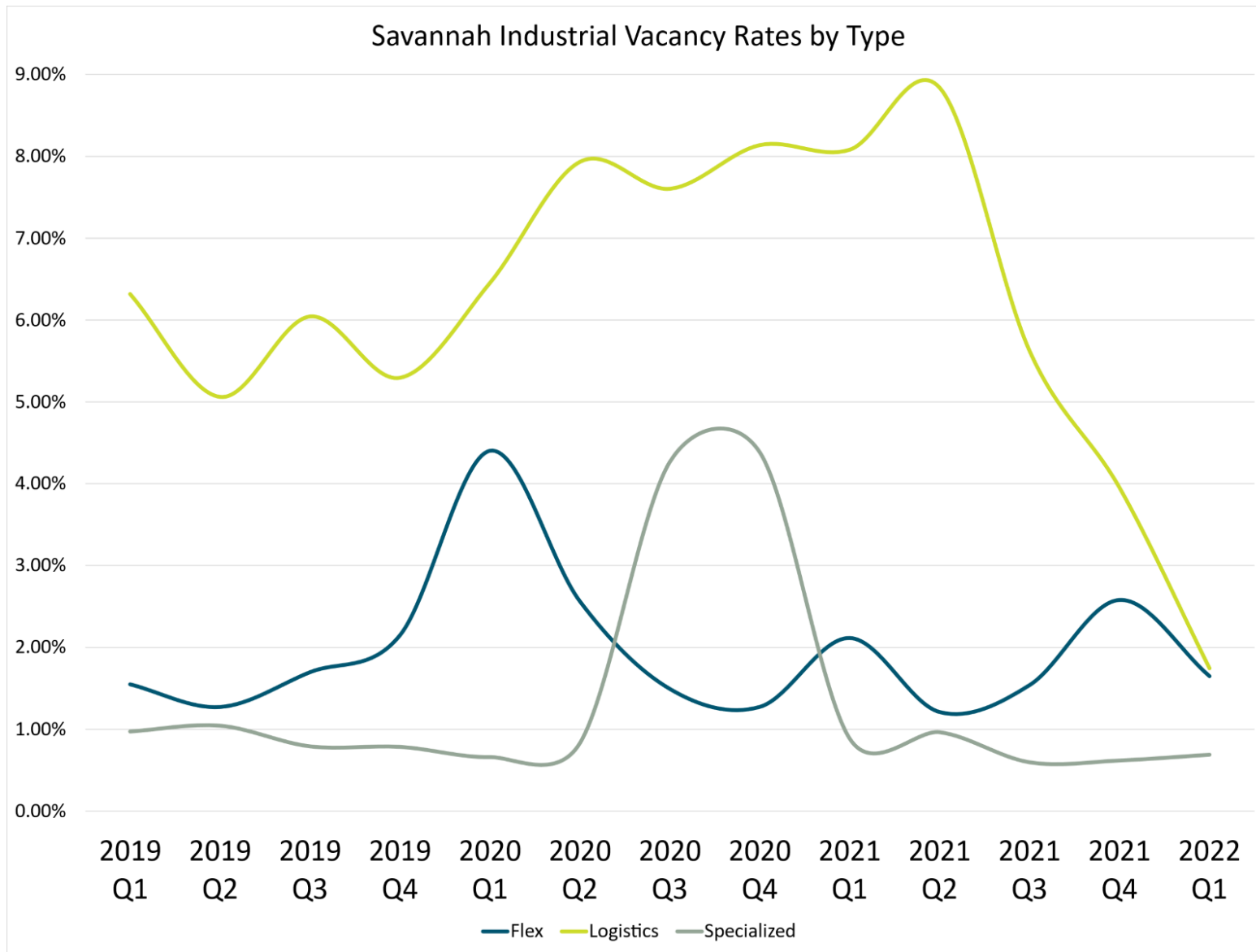
Augusta vacancy rates have decreased significantly throughout the pandemic. Logistics vacancy was turbulent the past few quarters but ended Q1 on a downward trajectory. Specialized space however finished the quarter with an upward trajectory. For Q1, flex space vacancy averaged 4.3%, logistics space vacancy averaged 5.4%, and specialized space vacancy averaged 5.1%. All three types averaged 4.9%, 40 basis points lower than Q4 of 2021.

Gainesville: Industrial Vacancy Rates



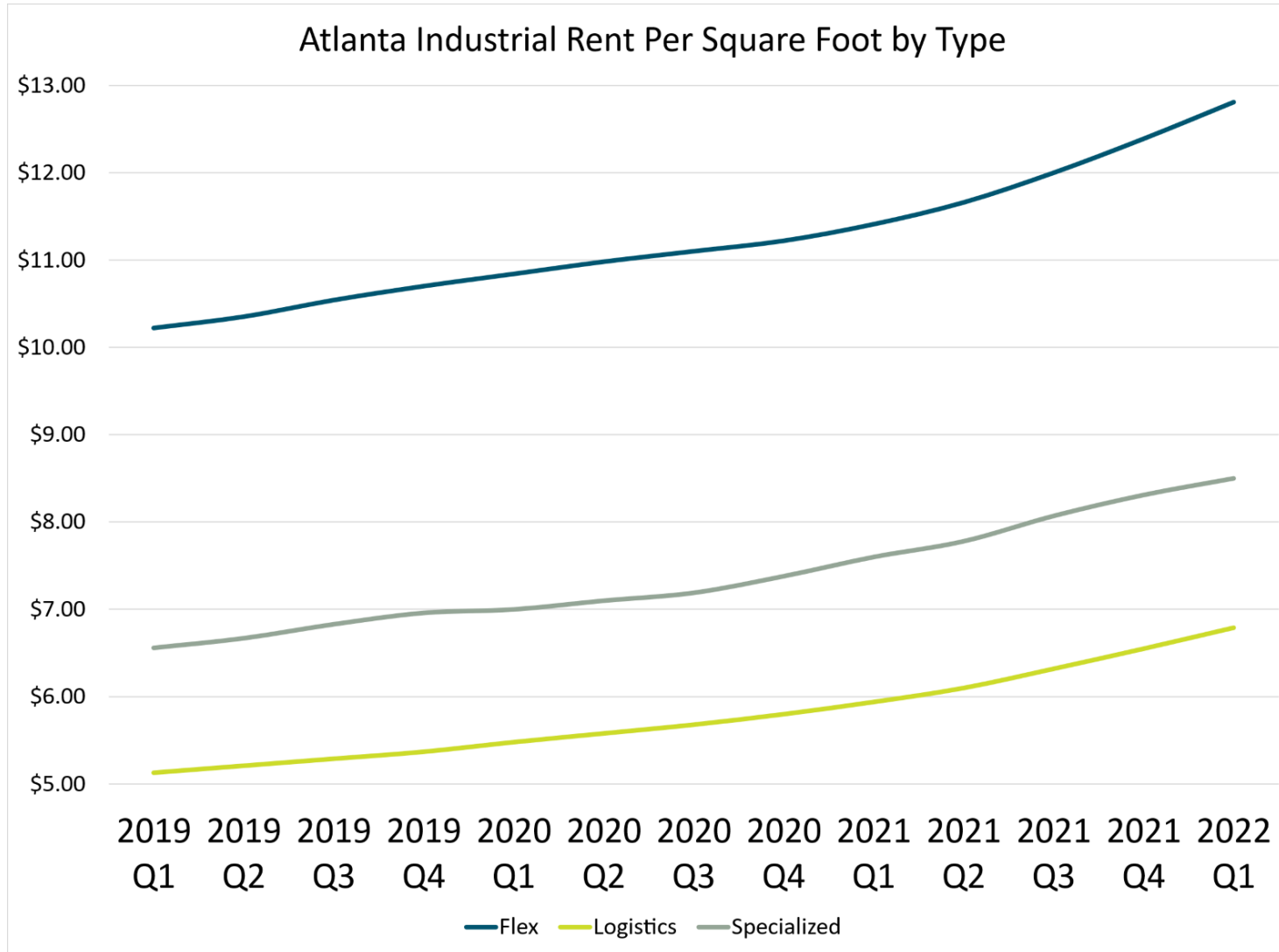
Gainesville's industrial vacancy rates are incredibly low. Logistics space had the highest vacancy at 2.5%, followed by flex space at 2.07%. Specialized space was almost completely occupied with vacancy rates at 0.13%. Given the small size of the area, it may be possible that almost all the available space is currently absorbed given the increased demand for industrial space.

Savannah: Industrial Vacancy Rates



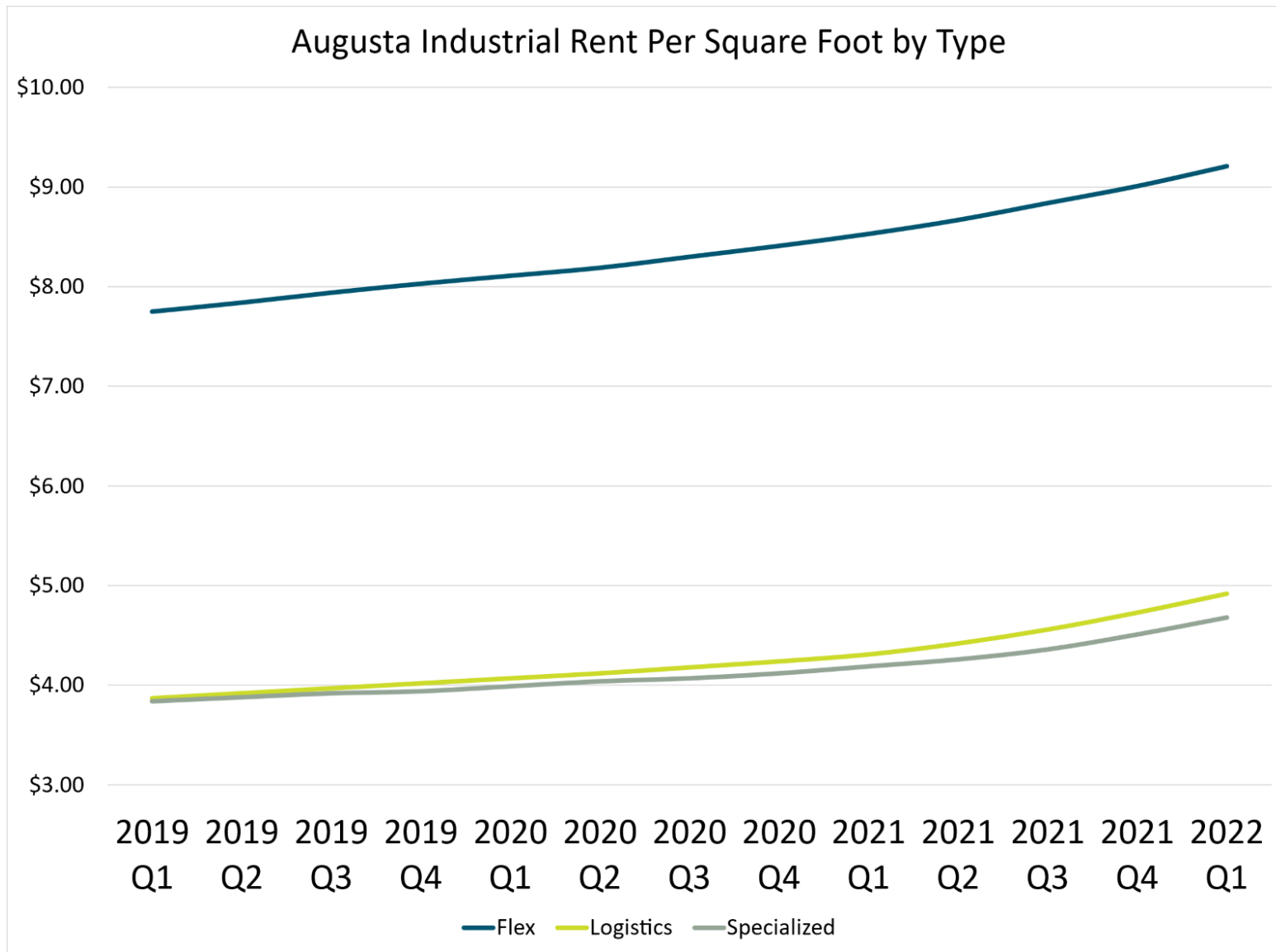
Vacancy rates in Savannah have behaved like the other major markets, starting Q1 in a downward trend across all industrial types. Flex space vacancy averaged 1.6%, logistics space vacancy averaged 1.7%, and specialized vacancy averaged 0.7%.

Atlanta: Industrial Rent Rates



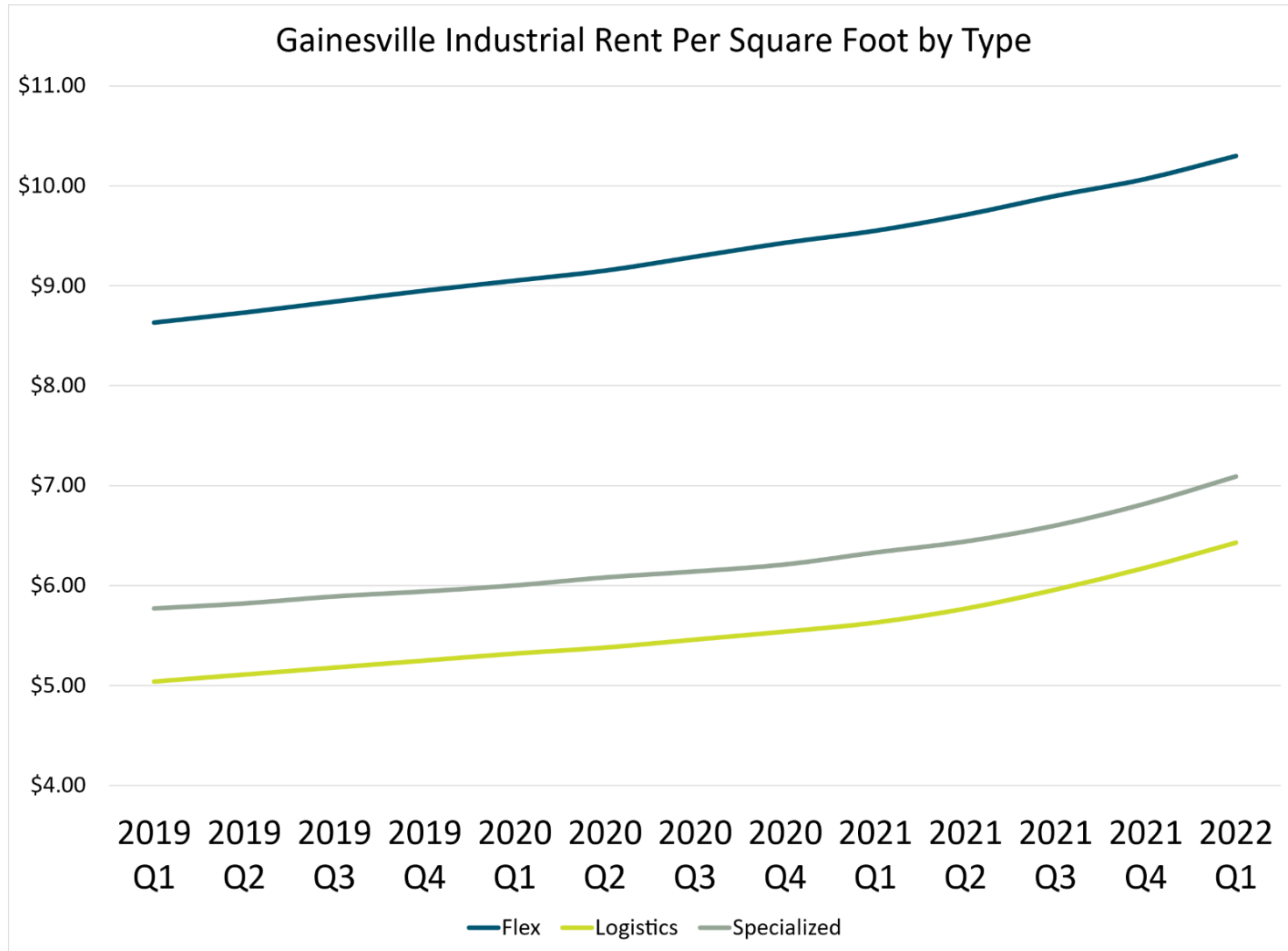
With vacancy rates so low, the competition for industrial space in Atlanta is very tight. The impact is record high rent rates. For Q1 in Atlanta, flex space averaged \$12.81 per square foot, specialized space averaged \$8.50 per square foot, and logistics space averaged \$6.79 per square foot.

Augusta: Industrial Rent



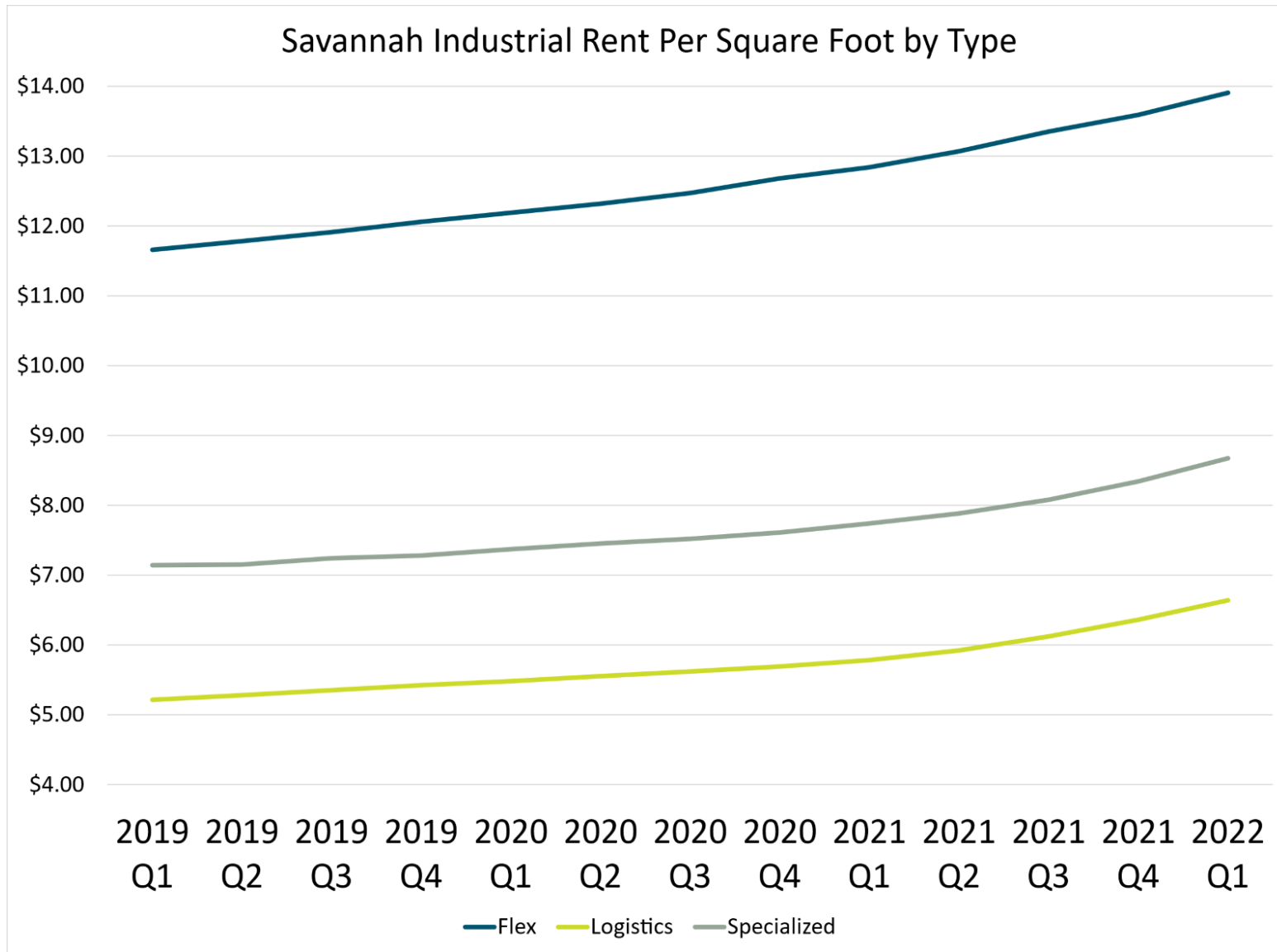
Rental rates across Augusta are also on the rise, with flex space more expensive than logistics and specialized space by a significant margin. In Q1, flex space averaged \$9.21 per square foot, logistics space averaged \$4.92 per square foot, and specialized space averaged \$4.68 per square foot. Also, like Atlanta, competition for industrial space is very tight.

Gainesville: Industrial Rent



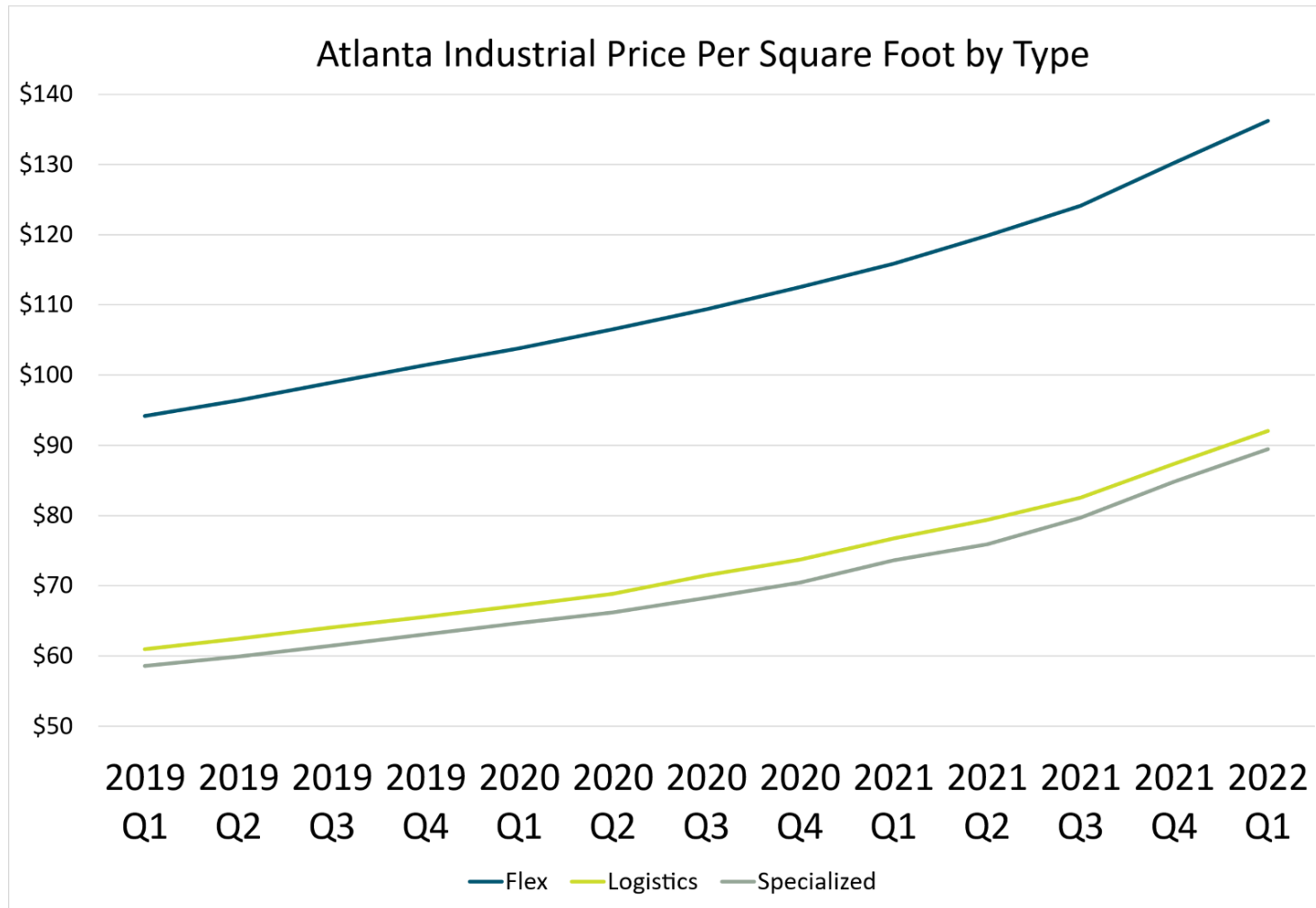
Rent rate trends in Gainesville are behaving in the same way as Atlanta and Augusta. Flex space averaged \$10.30 per square foot in Q1, while logistics and specialized space averaged \$6.43 and \$7.09 respectively. The markets' location plays a huge factor in the competition for industrial space.

Savannah: Industrial Rent



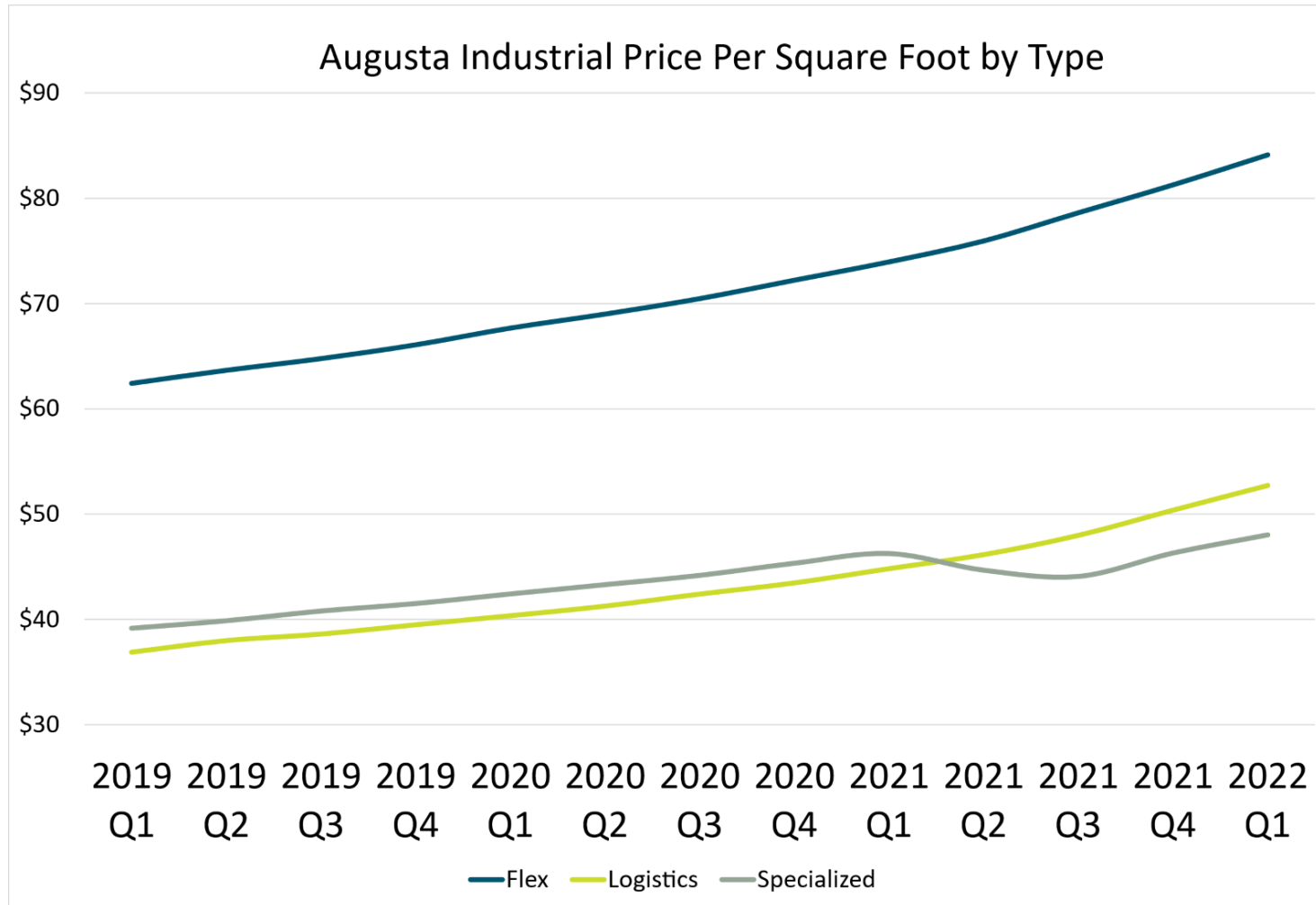
Rental rates in Savannah have behaved no differently than the other major markets. Flex space is pricing higher than logistics and specialized space and increasing steadily quarter over quarter. In Q1-22, flex space averaged \$13.91 per square foot, logistics space averaged \$6.64 per square foot and specialized space averaged \$8.67 per square foot.

Atlanta: Industrial Price



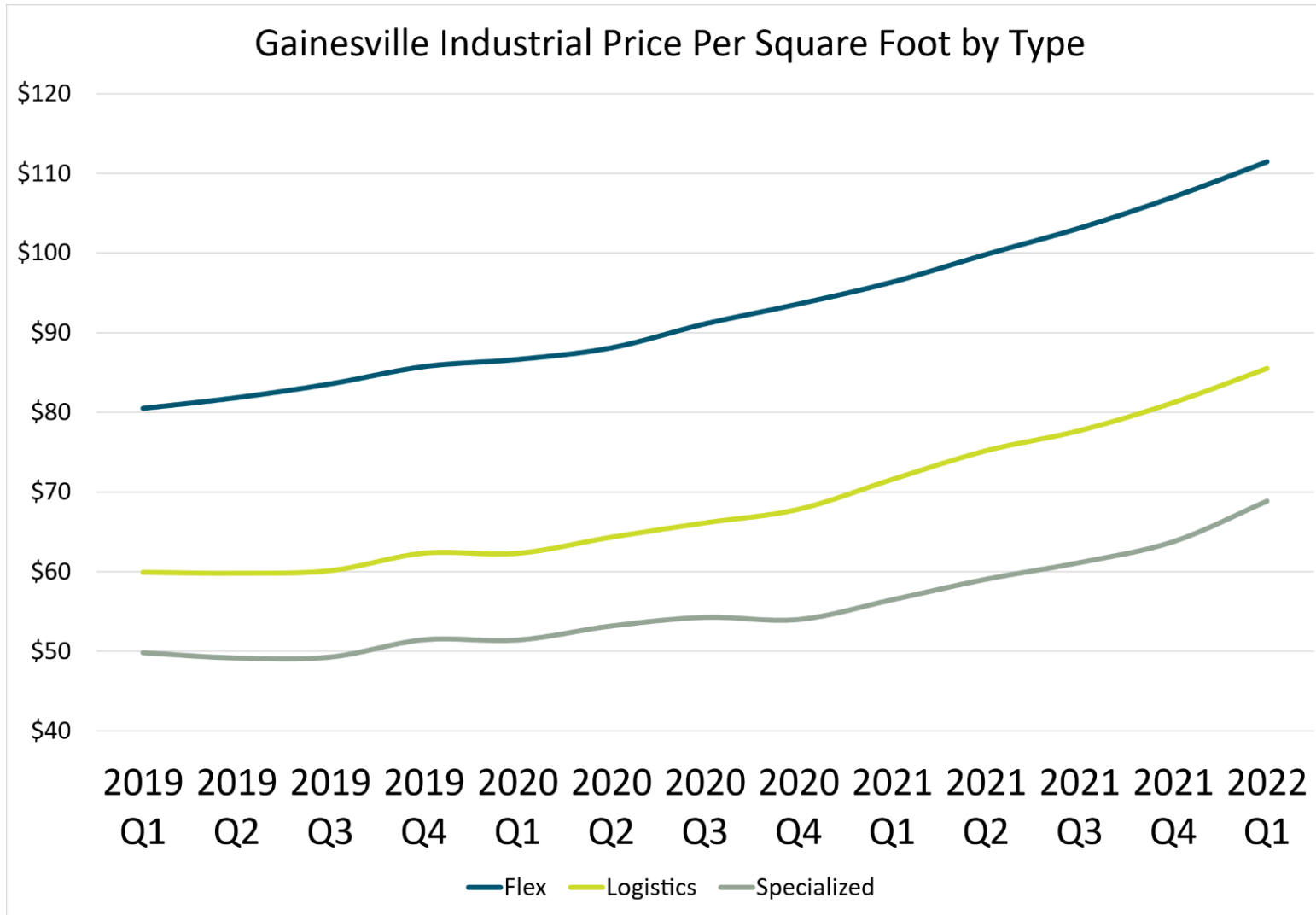
Similar to rent rates, the sale price per square foot in Atlanta and the other major markets are also being pressured upward as companies compete for space. In Atlanta, flex space achieved the highest pricing at \$136.19 per square foot. Logistics and specialized space average \$92.05 and \$89.44 per square foot, respectively.

Augusta : Industrial Price



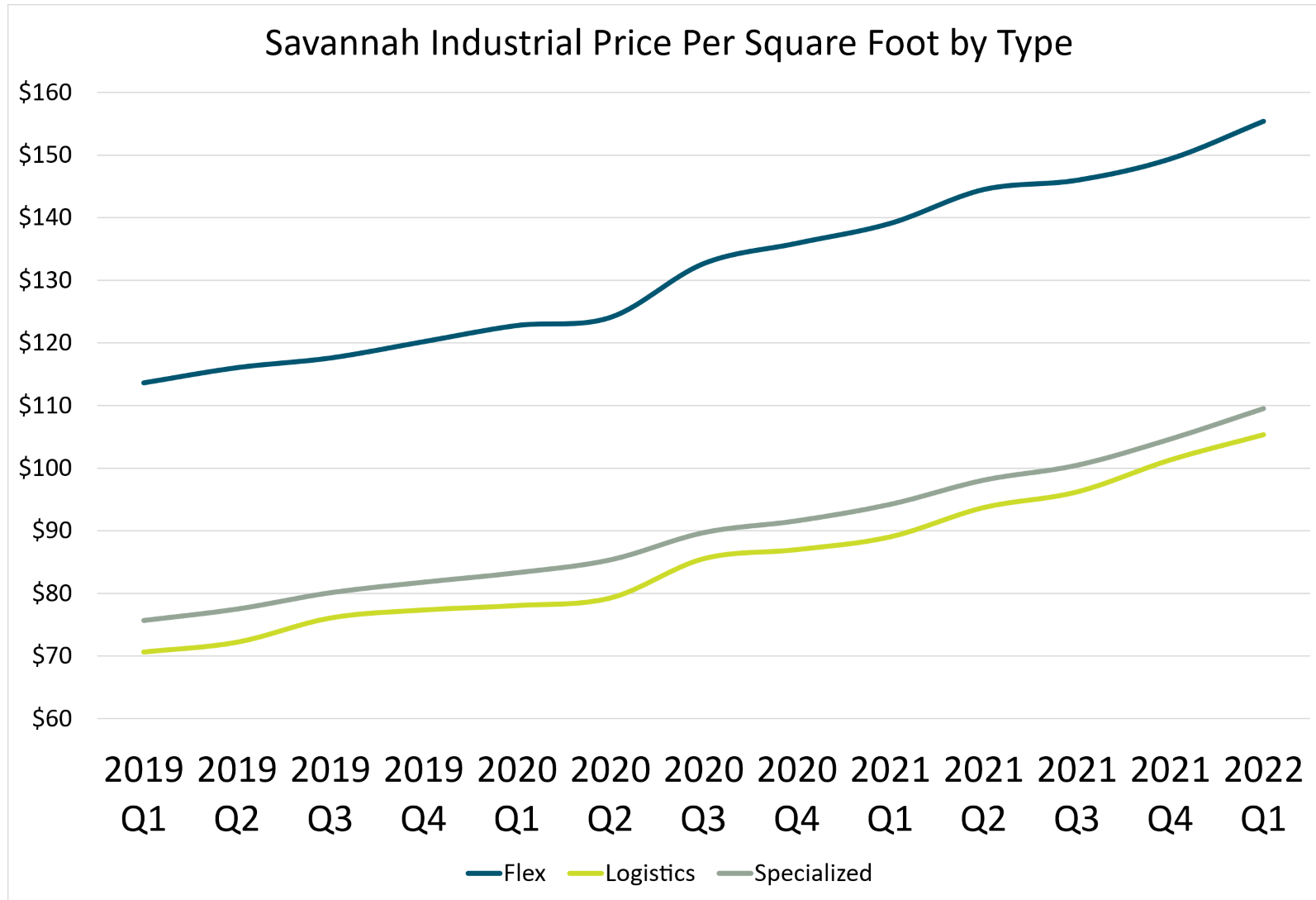
Augusta is no exception to the increased pricing for industrial space. All three main industrial types finished Q1 at rates higher than ever. Flex space averaged \$84.14 per square foot, logistics space averaged \$52.71 per square foot, and specialized space averaged \$48.02 per square foot. All three types are maintaining a strong upward trend and we do not anticipate this trend to reverse.

Gainesville: Industrial Price



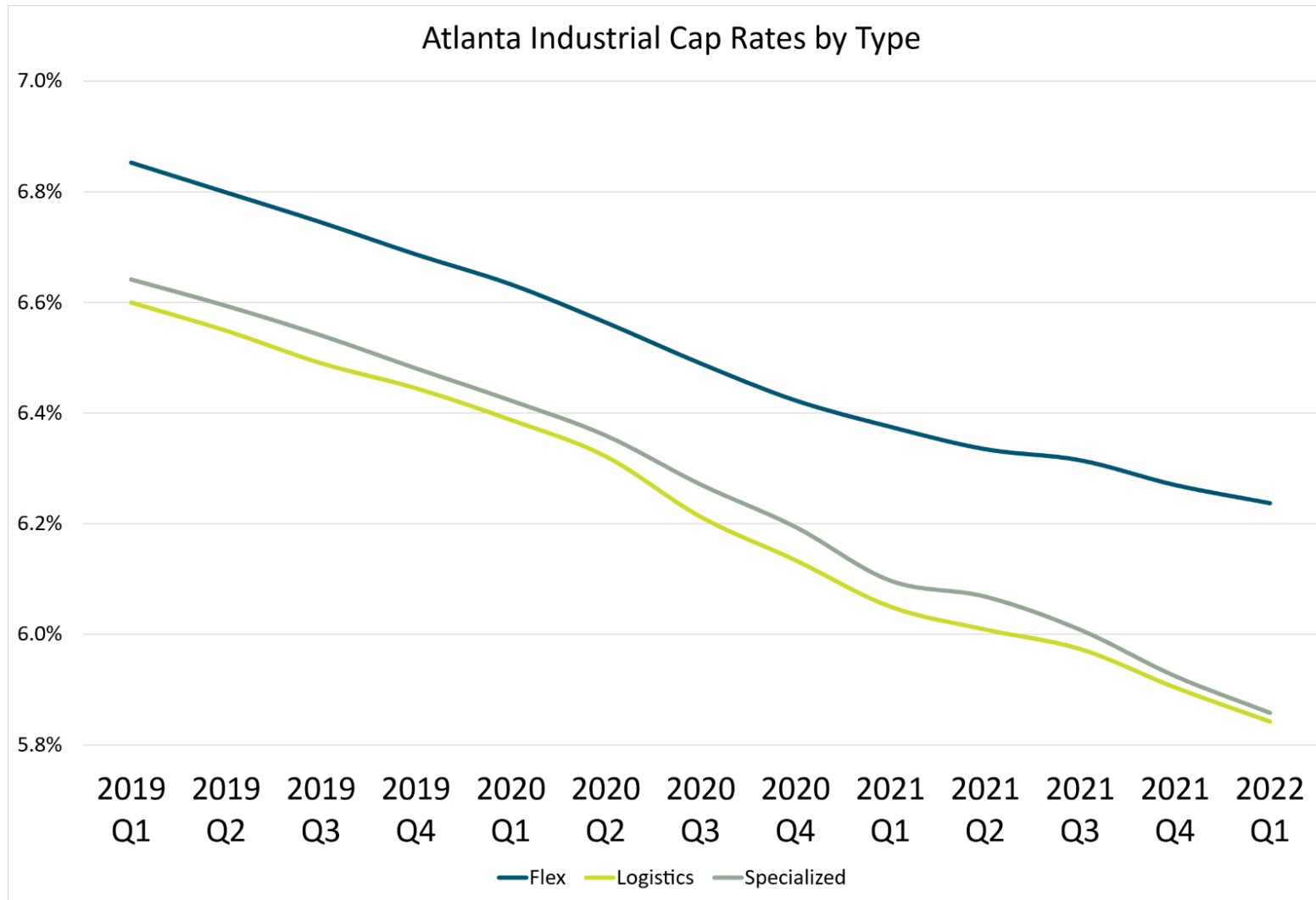
Price per square foot for industrial space in Gainesville has also taken a strong upward path. Flex space ended Q1 at an average of \$111.47 per square foot, logistics space averaged \$85.50 per square foot, and specialized space averaged \$68.87 per square foot. Although prices are at all-time highs, we do anticipate them to continue to climb throughout the year. Demand for industrial space is currently too high to reasonably expect prices to come down.

Savannah: Industrial Price



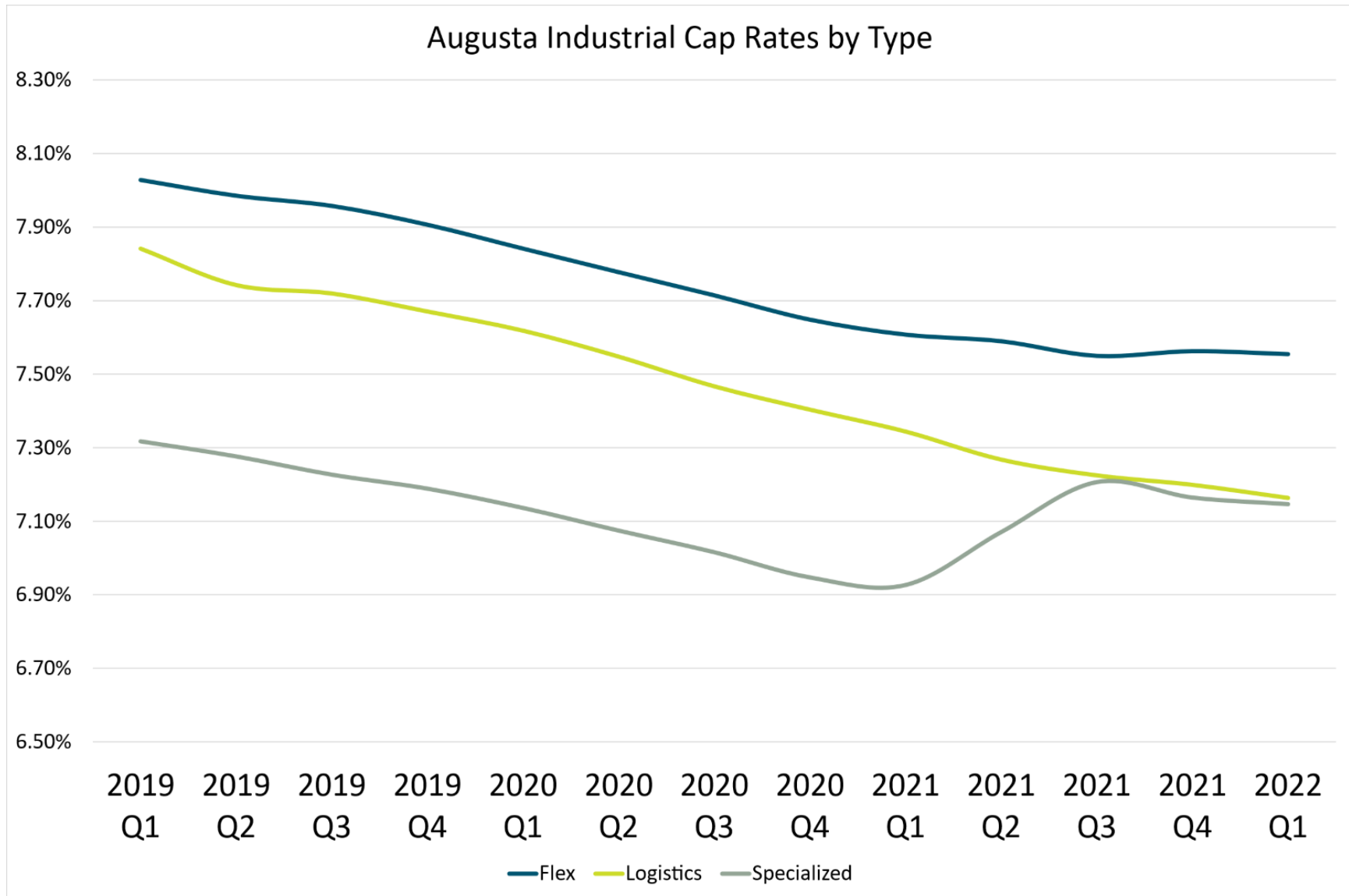
The Savannah market also saw large increases in price per square foot rates, leading to the highest total prices in all four of the main submarkets —even Atlanta. Flex space ended Q1 at \$155.40 per square foot, logistics space ended the quarter at \$105.37 per square foot, and specialized space ended the quarter at \$109.51 per square foot. The close proximity to I-95 and the Port of Savannah makes this market an incredibly valuable location for industrial space. We believe these price trends will continue to rise throughout the year.

Atlanta: Industrial Cap Rates



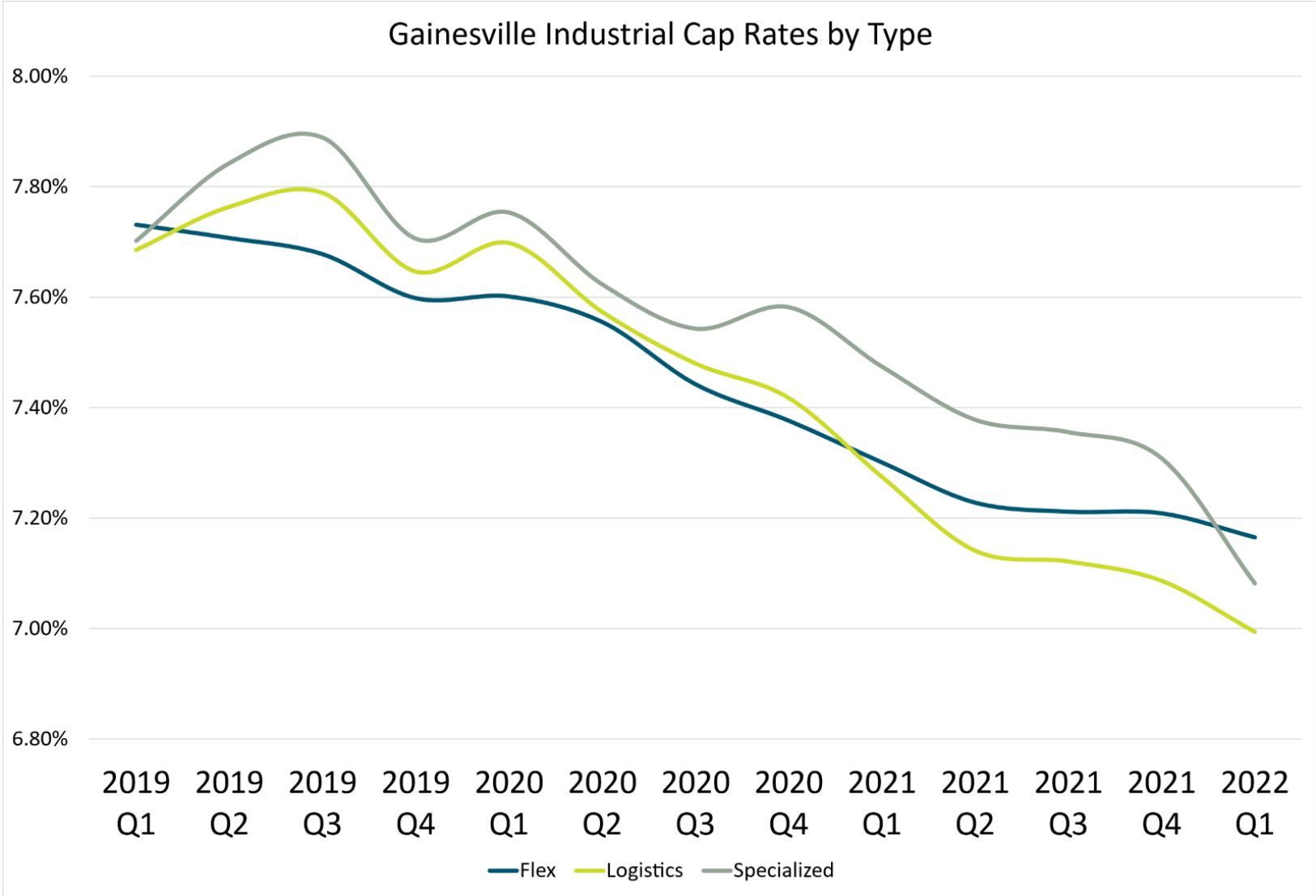
Given what we know about the inverse relationship between cap rates and prices, the persistent growth in prices has been coupled with steady cap rate compression across all the major Georgia submarkets. The Atlanta metro saw the largest compression, leading to the lowest cap rates in all four of the major submarkets. In Q1, cap rates averaged 6.24% for flex space, 5.84% for logistics space and 5.86% for specialized space.

Augusta: Industrial Cap Rates



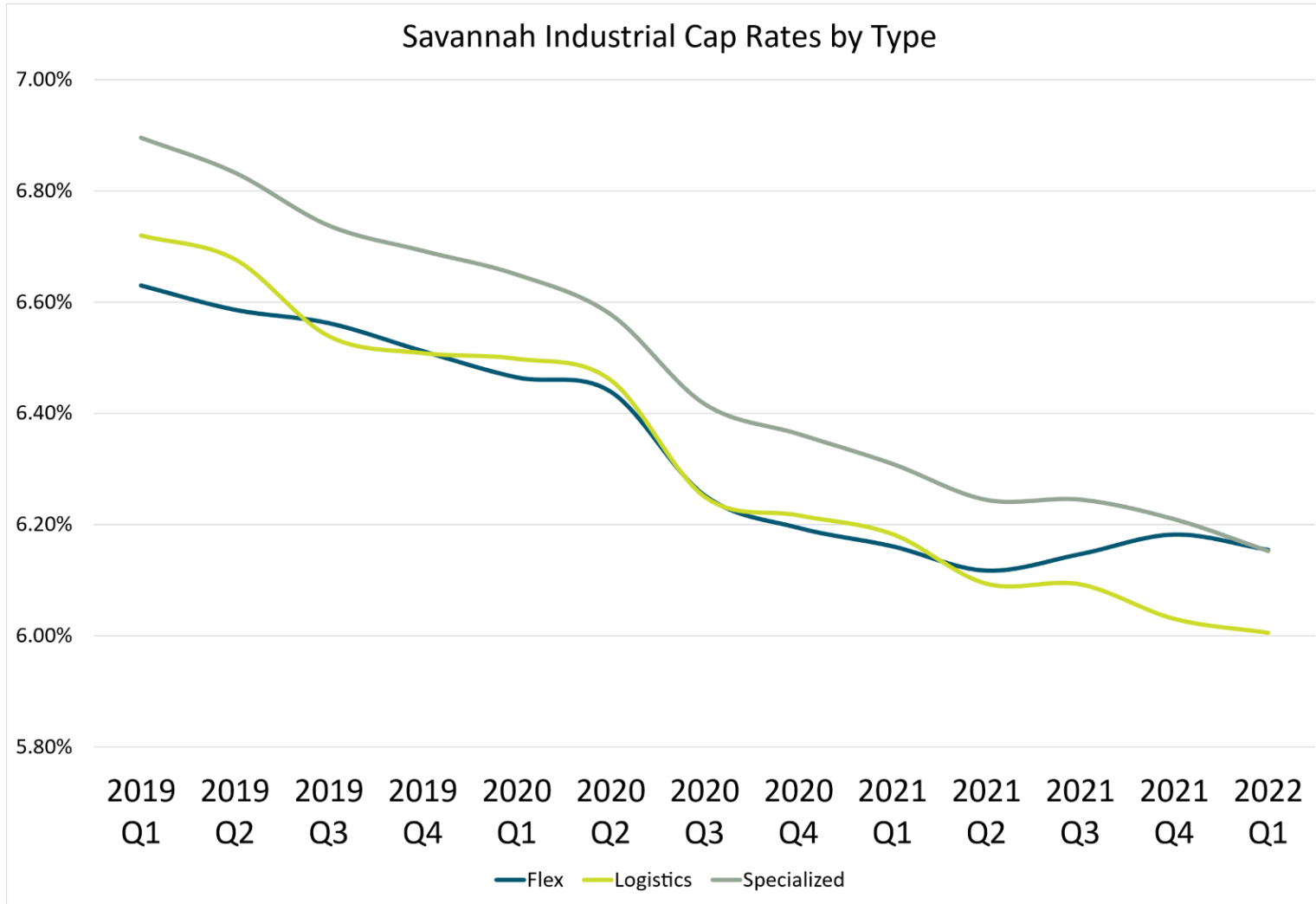
Augusta experienced the least cap rate compression and currently has the highest cap rates of the four markets. For Q1, flex space averaged 7.55%, logistics space averaged 7.16%, and specialized space averaged 7.15%.

Gainesville: Industrial Cap Rates



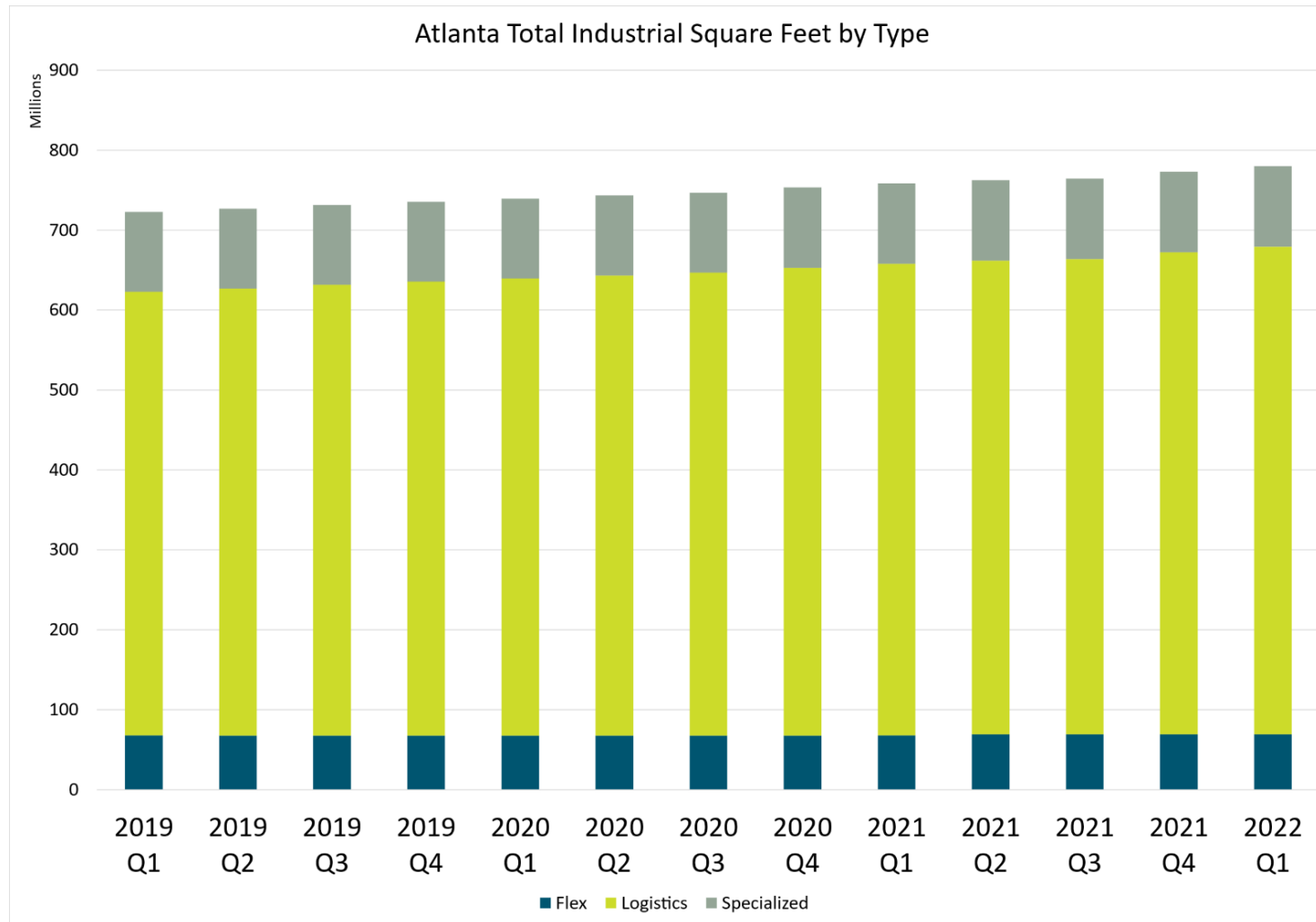
Gainesville also saw moderately low cap rate compression. For Q1, flex space averaged 7.17%, logistics space averaged 6.99%, and specialized space averaged 7.08%. As ecommerce demand grows so does demand for industrial space, and Gainesville will continue to be a critical location for industrial investment.

Savannah: Industrial Cap Rates



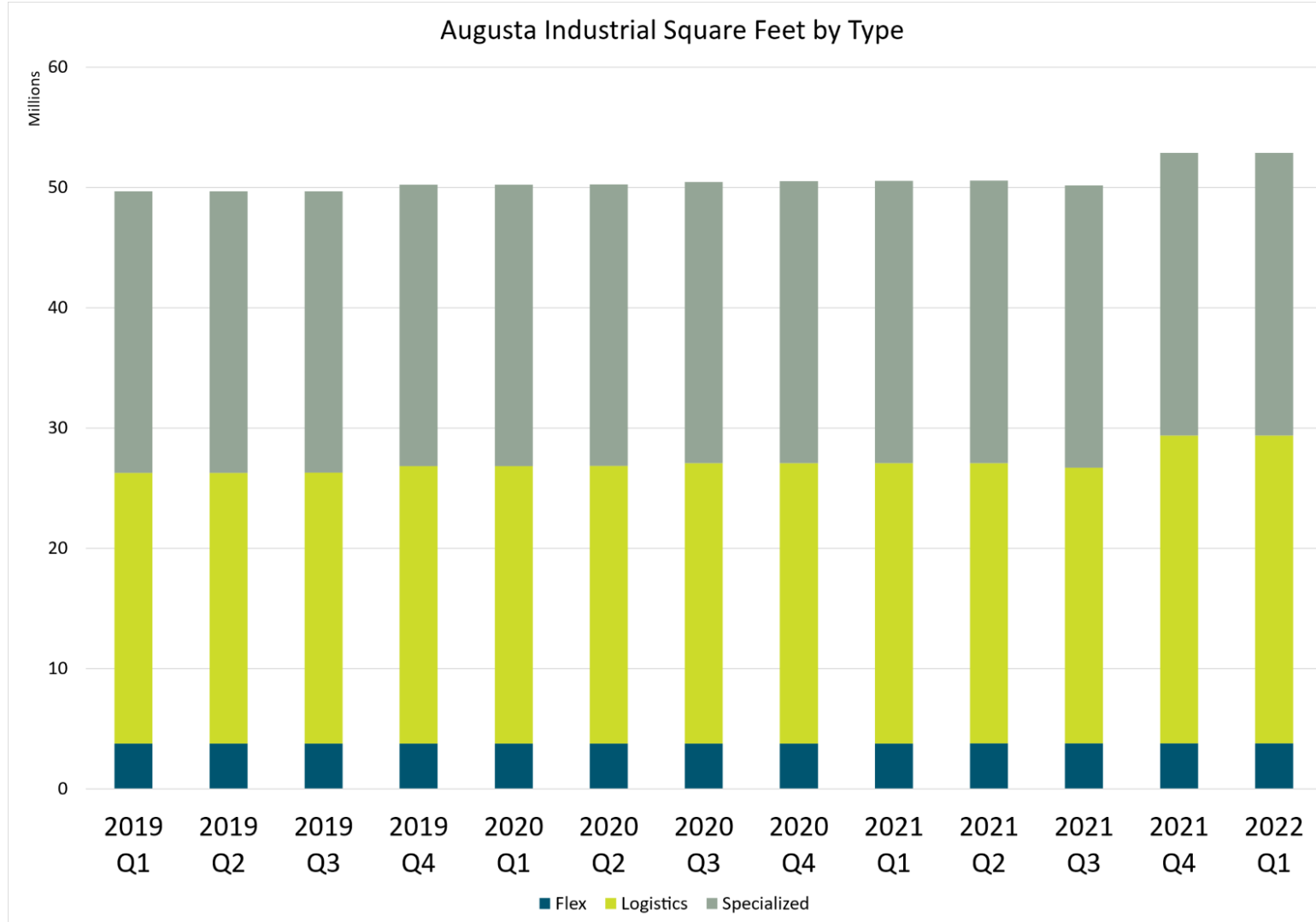
Industrial space in Savannah saw significant cap rate compression. Although not as low as Atlanta, the area is still experiencing record low cap rates. For Q1, flex space and specialized space both averaged 6.25% while logistics space averaged 6.01%.

Atlanta: Total Industrial



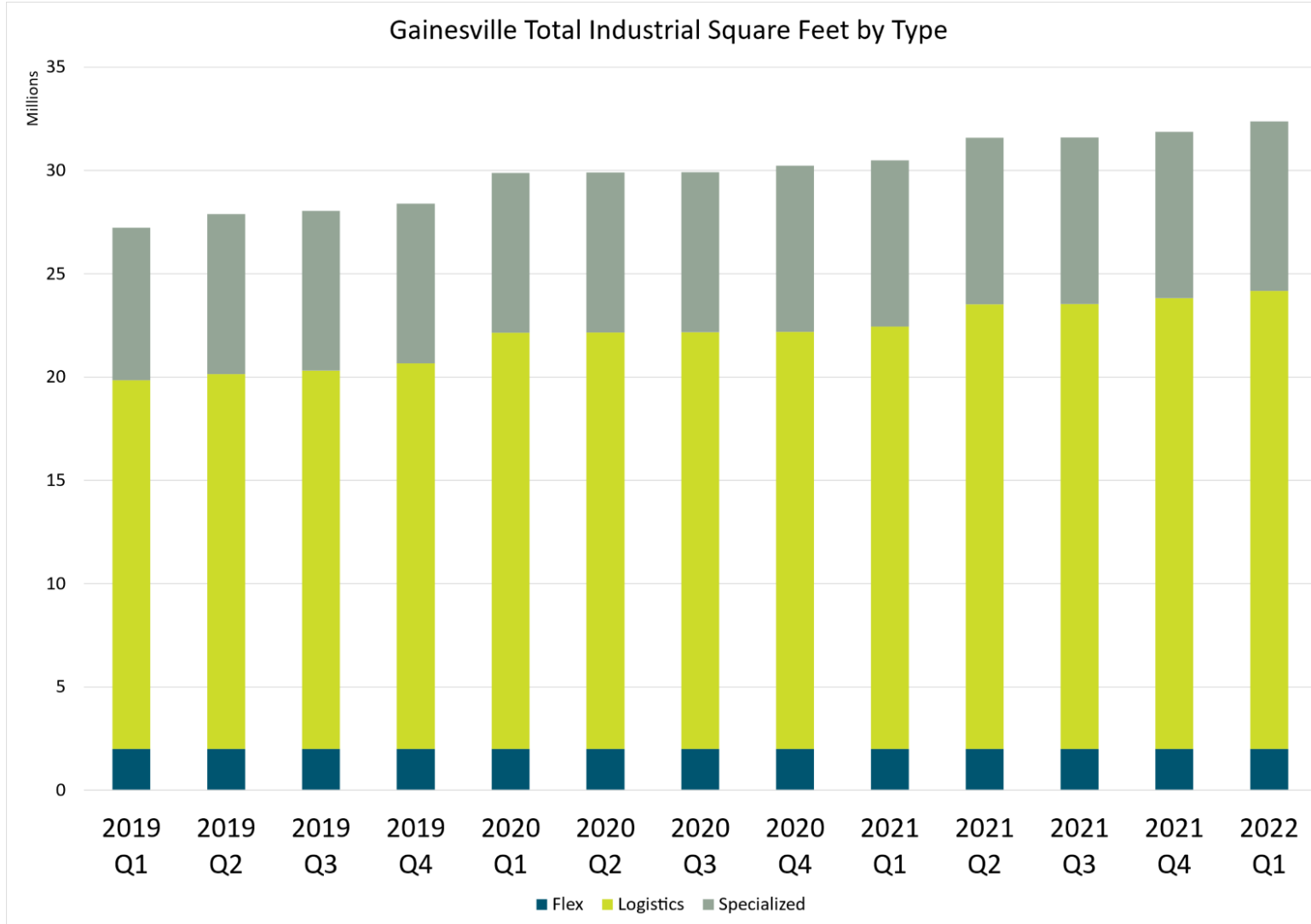
The pace of industrial development over the past few years has been somewhat slow for Atlanta. Since 2019, there has been 52 million square feet added to the Atlanta market. Q1 ended with a total of 780 million total square feet. Flex space accounted for 69.3 million square feet, logistics space accounted for 609.8 million square feet, and specialized space accounted for 100.9 million square feet.

Augusta: Total Industrial



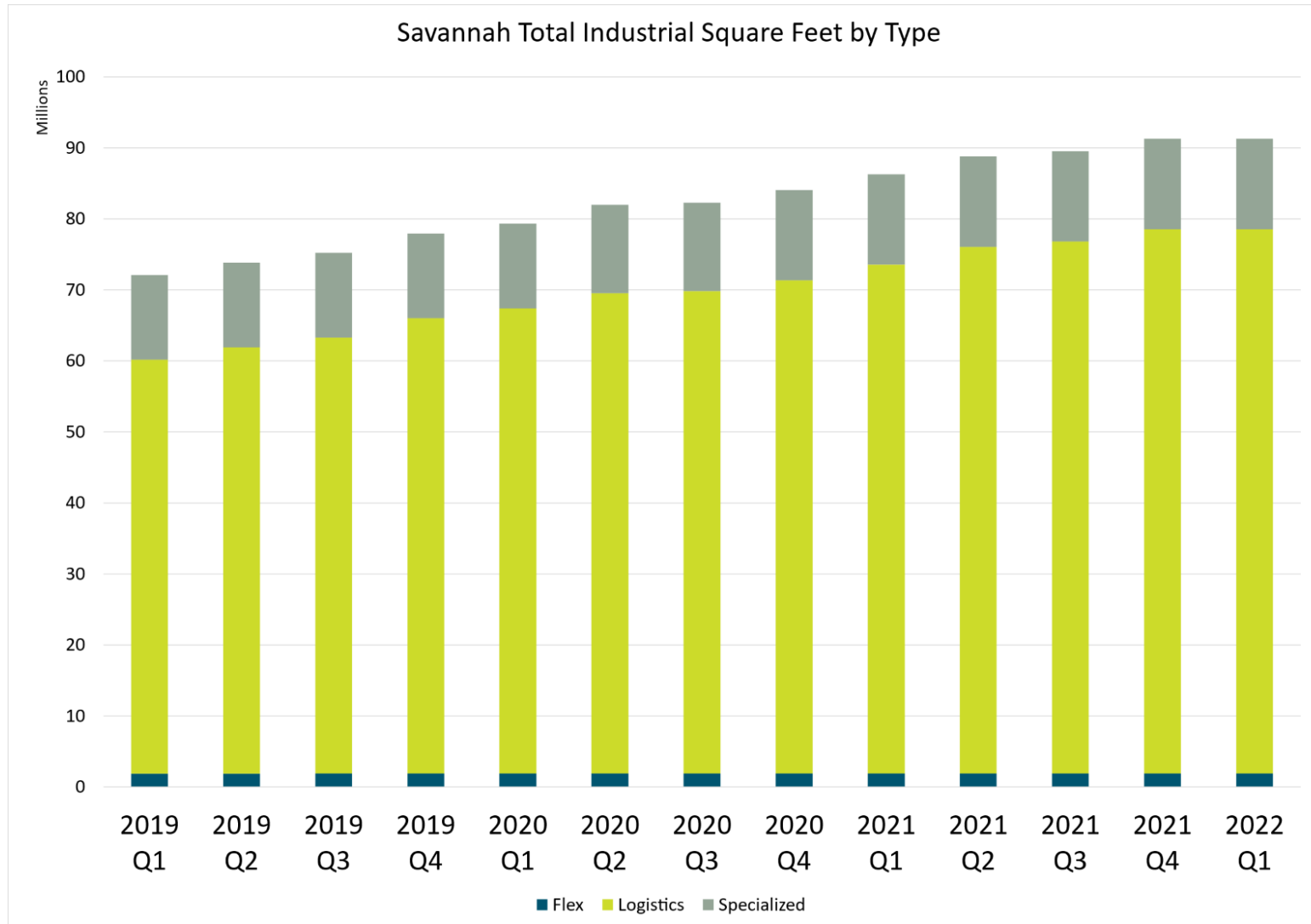
The pace of industrial development has been slow for Augusta. Since 2019, there has only been 3.2 million total square feet added to the Augusta market. However, 2.7 million of that 3.2 million was delivered to the market after Q3 of 2019. As of Q1 this year, there was a total of 52.8 million total industrial square feet in the Augusta market. Of that, flex space accounted for 3.7 million square feet, logistics space accounted for 25.6 million square feet, and specialized space accounted for 23.4 million square feet.

Gainesville : Total Industrial



Since 2019, there was 5.14 million total square feet of industrial space added to the market. While substantially less than nearby Atlanta, this is roughly 16% of the total square feet available in Gainesville. With 32.2 million total industrial square feet in the market, flex space accounted for 1.9 million square feet, logistics space accounted for 22.1 million square feet, and specialized space accounted for 8.2 million square feet.

Savannah: Total Industrial



Over 20% of the total industrial square feet in Savannah was added to the market since 2019. Today, there is currently 91.2 million total industrial square feet in the area. Of that, flex space accounted for 1.9 million square feet, logistics space accounted for 76.6 million square feet, and specialized space accounted for 12.7 million square feet.

Geography Name	Vacancy Rate	Market Rent/SF	Market Rent Growth 12 Mo	Inventory SF	Net Delivered SF 12 Mo	Under Construction SF	Net Absorption SF 12 Mo	Market Sale Price Per SF	Market Cap Rate
Airport/North Clayton	4.2%	\$6.47	14.6%	124,163,499	5,535,806	4,883,854	7,821,547	\$93.12	5.7%
Butts County	0.0%	\$5.52	14.9%	3,062,119	0	1,006,500	348,016	\$86.74	5.8%
Central Atlanta	7.4%	\$10.52	12.2%	14,106,750	-452,934	20,000	-266,190	\$116.85	5.8%
Central Perimeter	3.9%	\$14.76	11.9%	488,493	0		16,261	\$171.53	5.9%
Chamblee	3.0%	\$10.54	12.3%	8,417,786	-35,500		118,018	\$126.66	6.0%
Chattahoochee	4.6%	\$9.93	12.6%	21,066,403	341,510		554,833	\$123.00	5.8%
Dawson County	1.5%	\$10.36	11.7%	1,531,223	0	13,000	20,801	\$86.78	6.2%
Doraville	2.0%	\$8.27	13.6%	33,986,599	168,193		1,226,014	\$106.52	5.8%
Duluth/Suwanee/Buford	2.0%	\$8.20	14.5%	56,433,226	1,155,730	4,133,373	1,640,905	\$112.00	5.7%
Fayette/Coweta County	5.7%	\$6.84	13.6%	31,956,399	2,989,912	691,766	1,908,953	\$86.15	5.8%
Fulton District	1.8%	\$5.36	14.8%	54,137,628	473,914	1,559,592	925,409	\$71.28	5.8%
Lawrenceville	3.3%	\$8.19	13.8%	21,787,058	445,460	391,031	42,731	\$106.01	6.1%
Haralson County	1.4%	\$5.70	12.6%	2,604,696	0		33,750	\$50.30	6.6%
Heard County	0.0%	\$8.19	11.6%	374,742	0		2,500	\$72.54	5.9%
Douglasville	2.1%	\$6.65	14.2%	60,401,225	1,437,058	5,503,853	2,311,204	\$87.98	5.8%
Jasper County	8.4%	\$6.60	13.4%	635,266	0		19,100	\$80.70	6.0%
Kennesaw/Acworth	7.3%	\$7.87	13.5%	51,893,798	4,764,990	5,631,609	3,189,522	\$86.92	6.0%
Lamar County	0.0%	\$6.21	12.0%	1,792,403	0		0	\$51.95	6.4%
Meriwether County	32.3%	\$5.95	17.0%	1,277,771	0		282,396	\$81.09	6.1%
N Fulton/Forsyth Cnty	3.3%	\$11.53	13.0%	33,635,074	328,575	793,128	671,486	\$146.27	6.0%
Norcross	2.4%	\$9.14	13.5%	33,362,116	0	140,408	1,118,659	\$114.54	5.9%
North Walton County	0.3%	\$8.26	13.4%	2,271,216	56,000		50,000	\$66.75	5.8%
Pickens County	1.2%	\$7.89	11.9%	2,087,710	29,582	14,000	73,477	\$74.35	6.8%
Pike County	0.0%	\$8.11	11.6%	489,079	0		10,370	\$62.32	6.5%
Rockdale/Newton Cnty	2.3%	\$7.35	13.5%	30,348,886	1,597,477	2,704,982	1,829,238	\$73.51	6.3%
S Barrow	4.5%	\$7.05	12.9%	9,423,251	0	745,000	73,692	\$77.64	6.1%
S Clayton/Henry Cnty	5.5%	\$5.71	14.2%	70,646,176	1,655,840	3,959,570	3,761,728	\$81.53	5.9%
SE Cobb Cnty/Marietta	2.2%	\$10.08	12.9%	29,339,305	111,549	50,000	511,651	\$115.52	6.2%
Snapfinger	5.0%	\$6.84	13.3%	17,625,773	893,286	480,970	600,094	\$84.61	5.7%
South Walton County	5.4%	\$6.21	13.6%	9,008,063	5,625		23,450	\$60.69	6.0%
Stone Mountain	2.4%	\$8.05	13.3%	32,915,894	0	96,000	736,092	\$101.45	5.8%
W Carroll County	0.1%	\$6.30	12.4%	6,643,443	260,000	303,000	277,358	\$69.36	5.9%
Woodstock/Canton	0.9%	\$9.34	12.3%	11,325,410	49,510	15,000	103,620	\$108.69	6.7%

The background of the slide is a light gray architectural floor plan. It features various rooms, corridors, and circular elements, all rendered in thin, light gray lines. The plan is complex and detailed, showing the layout of a building or facility.

Georgia Industrial Market Outlook

Atlanta and Savannah markets are arguably some of the most important areas for industrial real estate across the Southeast. The area has been a hub for distribution centers for a long time and will continue to be so for years to come. With ecommerce now the norm in our country, the demand for industrial space will continue to heat up.

Moving forward, we can expect a lack of available land, construction delays and rising building costs to keep prevent supply from exceeding demand. Whether or not we are seeing long run averages in prices per square foot or rent per square foot rates is yet to be seen. But for the time being, the industrial market in Georgia is extremely hot, and investors have been taking notice.

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