

**Total Inventory**  
746,927,477

**Overall Vacancy** ↑  
6.5%

**Net Absorption\*** ↑  
7,070,289

**Under Construction** ↑  
20,101,002

**Total Deliveries\*** ↑  
9,221,874

**Quoted Rates** ↑  
\$4.93

## KEY TAKEAWAYS

- Atlanta's Industrial Market continues to surge forward with 7.07 Million SF absorbed through Mid-Year 2018. Every region submarket is benefiting from tenant demand.
- Rental Rates and Operating Expenses have risen over five percent (5%) on an annual basis for the past seven years. Increased demand, diminishing supply and escalating construction costs are driving rental pricing. Record sales values and associated tax valuations in addition to labor shortages are forcing expense increases on to the tenant community.
- South Atlanta has accounted for 68% of our regions absorption totals and 40% of our under construction inventory for the first six months of this year – an astonishing data point.
- Recently, several investors seeking capital placements are purchasing unleased projects during construction underwritten with virtually target pro-formas. This indicates we are at the top of the recovery cycle.
- Owner/Users are purchasing industrial buildings at replacement cost figures which traditionally generates new development. Increasing construction costs and a scarcity of development sites makes the delivery of smaller buildings (<150,000 SF) very challenging.



## METRO ATLANTA REPRESENTATIVE SALES ACTIVITY

### INVESTMENT SALES

3495 Highway 92 <i>Purchased by Cabot Properties on 05/29/18</i>	312,500 SF	\$64.51/SF
1665 Broadmoor Boulevard <i>Purchased by Invesco on 01/09/18</i>	492,048 SF	\$58.02/SF
2084 Lake Industrial Court <i>Purchased by Black Equities on 03/21/18</i>	180,252 SF	\$61.03/SF

### OWNER/USER SALES

7395 Factory Shoals Road <i>Purchased by McLane on 03/29/18</i>	601,000 SF	\$61.10/SF
1085 Satellite Boulevard <i>Purchased by Star Beauty on 03/09/18</i>	107,928 SF	\$75.05/SF
3660 Swiftwater Drive <i>Purchased by Atlanta Flooring Design on 01/22/18</i>	58,145 SF	\$63.55/SF

# ATLANTA INDUSTRIAL MARKET

## KEY METRO ATLANTA SUBMARKETS

MID YEAR 2018

- The region's stalwart industrial submarket absorbed a modest 362,062 SF since Year End.
- In large part resulting from a robust 2017, Northeast Atlanta's vacancy rate stands at 5.6%.
- With the majority of large developments starting in Jackson County, delivered inventory was just under 800,000 SF for the first six months.

**ACTIVITY:** Century First Protection leased 103,000 SF at 2450 Satellite Boulevard; Star Beauty Distributors purchased 108,000 SF at 1085 Satellite Boulevard; Millennium Mats took 222,000 SF at Horizon Business Center.

## NORTHEAST

	CURRENT	PREVIOUS TIME PERIODS	CHANGE
VACANT SF	8,963,708	Mid-Year '17	8,542,014 +4.94%
		Year End '16	10,617,504 -15.58%
SF UNDER CONSTRUCTION	130,280	Mid-Year '17	783,756 (653,476)
		Year End '16	647,992 (517,712)
RENTAL RATE	\$5.92	Mid-Year '17	\$5.95 (\$0.03)
		Year End '16	\$5.56 +\$0.36
ABSORPTION SF	362,062	Mid-Year '17	2,492,598 (2,1130,536)
		Year End '16	523,070 (161,008)
DELIVERIES	783,756	Mid-Year '17	432,152 +351,604
		Year End '16	1,325,842 (542,086)

## NORTH CENTRAL

	CURRENT	PREVIOUS TIME PERIODS	CHANGE
VACANT SF	1,687,023	Mid-Year '17	1,645,839 +2.50%
		Year End '16	1,523,274 +10.75%
SF UNDER CONSTRUCTION	0	Mid-Year '17	17,000 (17,000)
		Year End '16	251,726 (251,726)
RENTAL RATE	\$8.83	Mid-Year '17	\$8.70 +\$0.13
		Year End '16	\$8.32 +\$0.51
ABSORPTION SF	(24,184)	Mid-Year '17	129,161 (153,345)
		Year End '16	436,123 (460,307)
DELIVERIES	17,000	Mid-Year '17	251,726 (234,726)
		Year End '16	48,981 (31,981)

- Activity remains limited in the North Central industrial submarket which posted (24,184 SF) in absorption for the first half of 2016.
- The submarket's vacancy rate rose slightly to 5.1% as of Mid-Year.
- With no speculative inventory announced we forecast improved leasing metrics for the near future.

**ACTIVITY:** Acella Pharmaceuticals subleased 58,000 SF at Bluegrass Valley I; CMON Inc. occupied 90,000 SF at 1275 Ridgeland Parkway; Boosterthon expanded into 50,000 SF at Windward XI.

- Northwest Atlanta's continues to perform well registering 617,034 SF of space absorbed during the past six months.
- This submarket's vacancy rate dropped to 4.3%, near historical lows.
- Developers have almost 1.5 Million SF in the pipeline to satisfy projected demand.

**ACTIVITY:** TexTron Vehicles leased 101,000 SF at 4105 Royal Drive; Yamaha occupied 86,000 SF at Chastain Meadows 100; Imbera Cooling committed to 80,000 SF at 1925 Shiloh Road.

## NORTHWEST

	CURRENT	PREVIOUS TIME PERIODS	CHANGE
VACANT SF	3,488,332	Mid-Year '17	3,708,714 -5.94%
		Year End '16	4,564,648 -23.58%
SF UNDER CONSTRUCTION	1,422,500	Mid-Year '17	402,654 +1,019,846
		Year End '16	445,025 +977,475
RENTAL RATE	\$5.63	Mid-Year '17	\$5.44 +\$0.19
		Year End '16	\$5.25 +\$0.38
ABSORPTION SF	617,034	Mid-Year '17	967,184 (350,150)
		Year End '16	1,386,930 (769,896)
DELIVERIES	402,654	Mid-Year '17	91,375 +311,279
		Year End '16	991,811 (589,157)

# ATLANTA INDUSTRIAL MARKET

## KEY METRO ATLANTA SUBMARKETS

MID YEAR 2018

### I-20 WEST/FULTON INDUSTRIAL

	CURRENT	PREVIOUS TIME PERIODS		CHANGE
VACANT SF	6,757,041	Mid-Year '17	6,599,879	+2.38%
		Year End '16	6,051,456	+11.66%
SF UNDER CONSTRUCTION	4,085,550	Mid-Year '17	3,331,595	+753,955
		Year End '16	2,869,817	+1,215,733
RENTAL RATE	\$4.17	Mid-Year '17	\$3.84	+\$0.33
		Year End '16	\$3.57	+\$0.60
ABSORPTION SF	794,121	Mid-Year '17	592,074	+202,047
		Year End '16	2,672,545	(1,878,424)
DELIVERIES	951,283	Mid-Year '17	1,130,497	(179,214)
		Year End '16	1,261,505	(310,222)

- In a flip to 2017, this submarket posted a great start to 2018 posting 794,121 SF of absorption.
- An influx of speculative development (951,283 SF) offset leasing activity raising I-20 West's vacancy rate to 6.3%.
- Quoted rental rates for newer projects now consistently exceed \$4.25/SF.

**ACTIVITY:** Anderson Windows & Doors leased 247,000 SF at 7550 Wood Road; United Natural Foods grew into 327,000 SF at Lakeview Business Park; Dade Paper committed to 320,000 SF at 440 Interstate West Parkway.

- Metro Atlanta's largest submarket absorbed a robust 4,801,423 SF during the first half of 2018.
- South Atlanta leads the region in construction activity with 8.2 Million SF currently in the development stage.
- Of note, this submarket absorbed 68% of the entire Atlanta industrial space leased over the past six months.

**ACTIVITY:** Vert Logistics committed to 759,000 SF at Liberty Distribution Center; Georgia Pacific leased 306,000 SF at 150 Greenwood Industrial; Future Forwarding commenced its 363,000 SF lease at 6180 Buffington Road.

### SOUTH ATLANTA

	CURRENT	PREVIOUS TIME PERIODS		CHANGE
VACANT SF	16,510,715	Mid-Year '17	16,033,957	+2.97%
		Year End '16	14,800,762	+11.55%
SF UNDER CONSTRUCTION	8,262,928	Mid-Year '17	9,962,729	(1,699,801)
		Year End '16	10,505,446	(2,242,518)
RENTAL RATE	\$3.75	Mid-Year '17	\$3.59	+\$0.16
		Year End '16	\$3.37	+\$0.38
ABSORPTION SF	4,821,423	Mid-Year '17	3,644,575	+1,176,851
		Year End '16	3,713,549	+1,107,874
DELIVERIES	5,198,181	Mid-Year '17	4,905,770	+292,411
		Year End '16	3,713,549	+1,484,632

## PRODUCT TYPES

**FLEX BUILDING (F):** A type of building designed to be versatile, which may be used in combination with office (corporate headquarters), research and development, quasi-retail sales, and including but not limited to industrial, warehouse, and distribution uses.

**SHALLOW-BAY DISTRIBUTION BUILDING (D):** A type of building designed to be used for the distribution of materials or as a medium-sized light manufacturing facility. A typical shallow-bay distribution building will have 10% to 30% of its rentable area made up of office space, ceiling heights anywhere from 18 to 24 feet, bay depths of 120 to 190 feet, and could have both dock-high and drive-in loading doors.

**BULK WAREHOUSE BUILDING (WH):** A type of building designed to be used for bulk storage of materials, distribution, or heavy manufacturing. A typical bulk warehouse building will have a small amount of office space (typically less than 10%), ceiling heights of 24 feet and higher, bay depths of over 190 feet and have dock-high loading doors. Rail service and trailer parking may be offered as well.

# ATLANTA INDUSTRIAL MARKET

KEY METRO ATLANTA SUBMARKETS

MID YEAR 2018



## LAVISTA ASSOCIATES, INC. REPRESENTATIVE INDUSTRIAL TRANSACTIONS

### SALE TRANSACTIONS

**Ryan Blackburn** represented High Street Realty in the acquisition of the 257,000 SF Oakbrook Business Center in Norcross.

Representing both the City of Lilburn and Taylor & Mathis, **Ed O'Connor**, **Will Grogan** and **Scott Horowitz** brokered the sale of 40 acres in Lilburn.

**Charlie Fiveash** represented Auto Metal Direct in their 31 acre parcel purchase facilitating a 320,000 SF build-to-suite in Gainesville.

Representing MDI Management Group, **Tom Hunter** brokered the sale of 37,000 SF at 3450 Corporate Way in Duluth.

### LEASE TRANSACTIONS

**Bobby Mayson** represented Ashley Capital in their 105,000 SF lease with SKC Corporation at 1990 Twin Creeks Parkway in Conyers.

Representing Rothenberg-Rosenfield Inc., **Tom Hunter** and **Joe Gonsalves** procured a 41,000 SF lease with Color Chrome Atlanta in Norcross.

**Will Grogan** represented Booster Enterprises in their 50,000 SF expansion/renewal at 389, 393 & 399 Currie Drive in Alpharetta.

Representing E-Star Trading, Inc. **Ryan Blackburn** facilitated a 41,000 SF lease with Landlord TA Realty at 2410 Tech Center Parkway in Lawrenceville.

Sources include: CoStar Office Market Report: Year-End 2017 & Lavista Associates, Inc.

No warranty or representation, expressed or implied, is made as to the accuracy of information contained herein. In consideration of the within information, all parties agree to rely solely on their right, and assume the duty to independently obtain and analyze all information.

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**45**  
YEARS  
1972 - 2017

08.31.18