Big-Box Market Report

ATLANTA, GA

Fall 2018

AVG QUOTED RENT	$3.65

CURRENT BIG-BOX BY SIZE

	# BLDGS/VACANCIES
200,000-499,999 SF	281/37
500,000-749,999 SF	71/9
750,000+ SF	82/17

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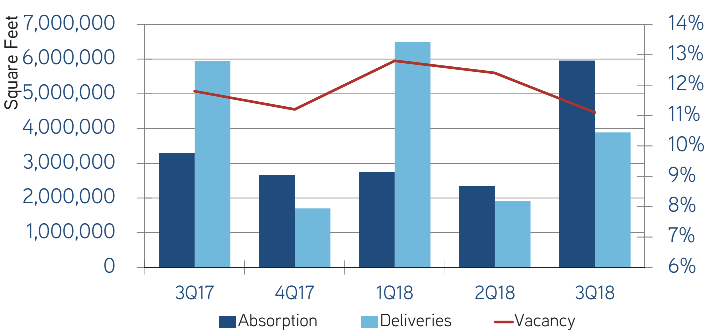
Key Takeaways

- The Atlanta big-box market led the nation in absorption this quarter with a net total of almost 6 million square feet occupied. This brings the year-to-date total to just over 11 million square feet which ranks second in the country behind the Inland Empire.
- The I-20 West/Fulton Industrial submarket experienced the most absorption in Q3, accounting for almost half of the metro area's quarterly amount. The most significant occupancies were UPS moving into its new distribution hub; and also McLane and Southwire moving into new build-to-suits.
- After somewhat plateauing in the back half of last year, Atlanta's bulk rents increased to $3.65/sf NNN on rising demand in the third quarter. This represents a 4% increase since the start of 2018.
- A robust leasing market in the past two quarters bodes well for occupancy gains through the end of the year. Given the continued demand for space related to e-commerce activity, Atlanta's big-box market should see strong absorption levels persist for some time.

Absorption, Deliveries and Vacancy



Market Indicators Relative to prior period	Big-Box Fall 2018	Big-Box Spring 2019*
VACANCY	↓	↓
NET ABSORPTION	+	+
CONSTRUCTION	↑	↓
RENTAL RATE	↑	-

*Projected

Atlanta Big-Box Market Indicators

	Q3 2017	Q2 2018	Q3 2018
# Existing Buildings	378	397	402
Total Inventory (SF) (Millions Square Feet)	180	190	194
Vacancy Rate (%)	11.8%	12.4%	11.1%
Absorption (Millions Square Feet)	3.3	2.4	6.0
Construction Deliveries (Millions Square Feet)	6.0	1.9	3.9
Under Construction (Millions Square Feet)	14.6	17.1	18.2
Asking Rents Per Square Foot Per Year			
Average Quoted NNN	$3.50	$3.61	$3.65

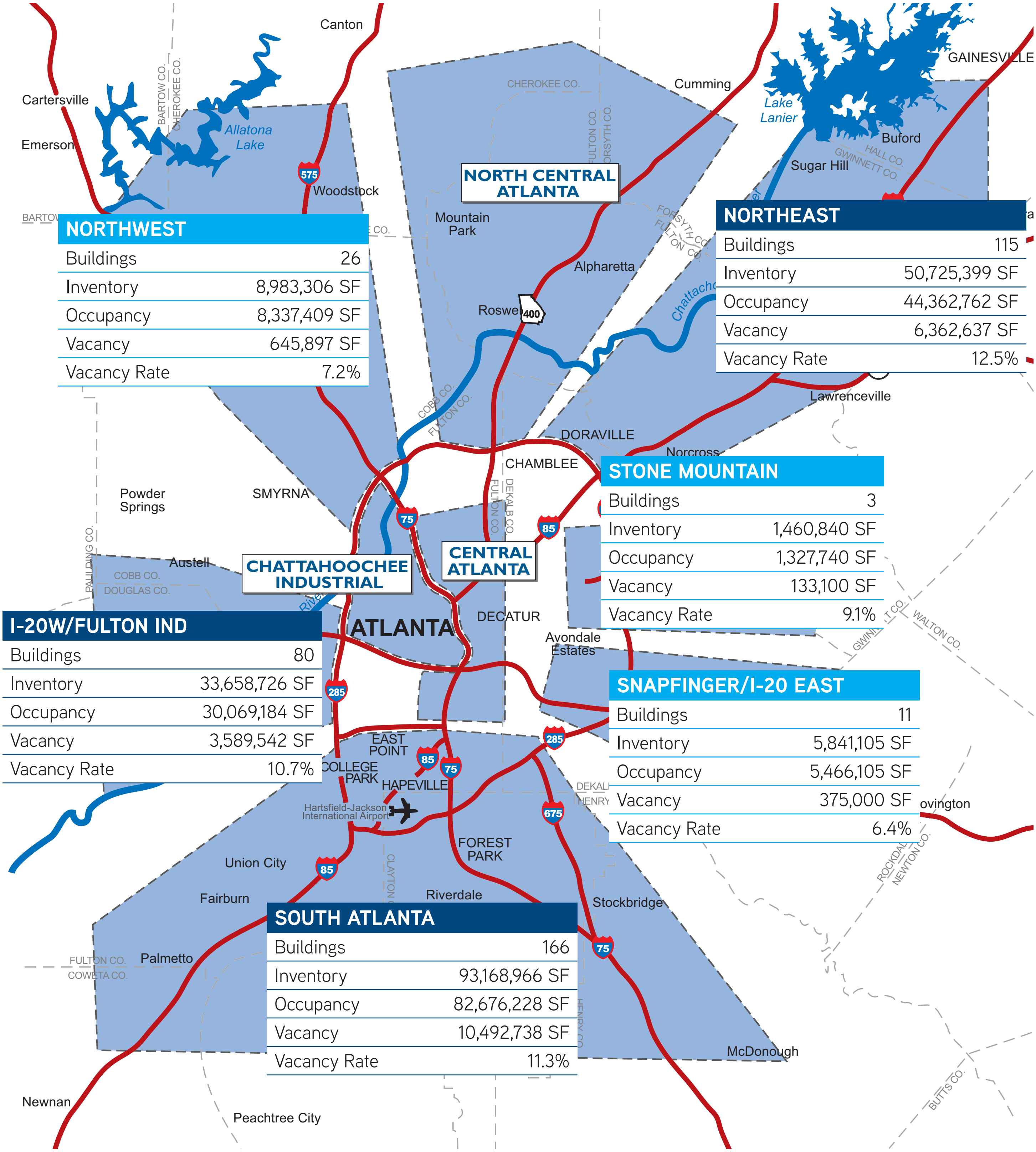
UPDATE - Recent Transactions in the Market

Notable Leasing Activity

TENANT	PROPERTY	SUBMARKET	LANDLORD	SIZE (SF)	TYPE
Haier/GE	Commerce Build-To-Suit	Northeast Atlanta Ind	Ridgeline Property Group	1,100,000	Build-To-Suit
Medical Depot	Palmetto Logistics Park	South Atlanta Ind	River Oak Capital Partners	1,054,500	Distribution Lease
Kellogg	5390 Hunter Road	South Atlanta Ind	LaSalle Investment Mgmt.	903,145	Distribution Renewal
Loloi Rugs	515 Old Cassville White Rd.	Northwest Atlanta Ind	Panattoni	647,000	Build-To-Suit
Office Depot	2500 Mill Center Pkwy.	Northeast Atlanta Ind	Gramercy Property Trust	550,000	Warehouse Renewal
Diversitech	Buford Logistis Ctr. - A	Northeast Atlanta Ind	Invesco Advisors	492,048	Warehouse Lease
Mobis	Jefferson Distribution Ctr.-C	Northeast Atlanta Ind	IDI Logistics	477,662	Distribution Lease
Amazon	235 Hog Mountain Rd. - A	Northeast Atlanta Ind	LaSalle Investment Mgmt.	459,134	Warehouse Lease
XPO Logistics	237 Greenwood Ind. Ct.	South Atlanta Ind	Exeter Property Group	455,000	Warehouse Lease
Mobis	2150 Breckinridge Blvd.	Northeast Atlanta Ind	Panattoni	451,200	Warehouse Renewal

Sources: CoStar Property, Colliers Research

Atlanta Industrial Submarkets | Big-Box Universe Snapshot



NORTHWEST	
Buildings	26
Inventory	8,983,306 SF
Occupancy	8,337,409 SF
Vacancy	645,897 SF
Vacancy Rate	7.2%

NORTHEAST	
Buildings	115
Inventory	50,725,399 SF
Occupancy	44,362,762 SF
Vacancy	6,362,637 SF
Vacancy Rate	12.5%

STONE MOUNTAIN	
Buildings	3
Inventory	1,460,840 SF
Occupancy	1,327,740 SF
Vacancy	133,100 SF
Vacancy Rate	9.1%

I-20W/FULTON IND	
Buildings	80
Inventory	33,658,726 SF
Occupancy	30,069,184 SF
Vacancy	3,589,542 SF
Vacancy Rate	10.7%

SNAPFINGER/I-20 EAST	
Buildings	11
Inventory	5,841,105 SF
Occupancy	5,466,105 SF
Vacancy	375,000 SF
Vacancy Rate	6.4%

SOUTH ATLANTA	
Buildings	166
Inventory	93,168,966 SF
Occupancy	82,676,228 SF
Vacancy	10,492,738 SF
Vacancy Rate	11.3%

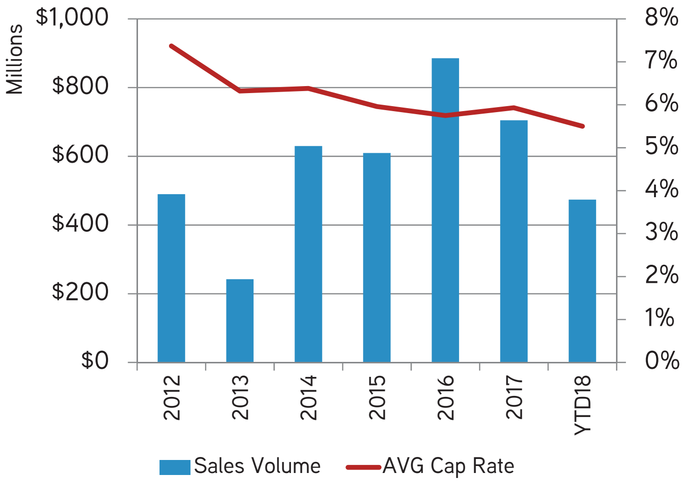
Sources: CoStar Property, Colliers Research

Atlanta Big-Box Investment Market

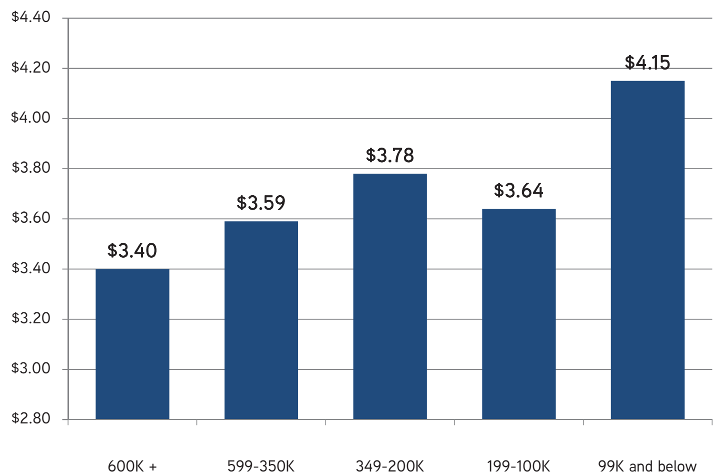
Notable Sales Activity

PROPERTY	SALES DATE	SALE PRICE	SIZE (SF)	PRICE / SF	BUYER
Lambert Farms Logistics Park	7/3/2018	$156,100,000	2,307,790	$67.64	CBRE Global Investors
Braselton Logistics Center	10/3/2018	$70,022,100	1,000,821	$69.96	Route 124, LLC
650 Braselton Pkwy.	9/6/2018	$61,113,365	373,750	$163.51	Monmouth Real Estate Investment
Midland Logistics Center	8/1/2018	$42,000,500	698,068	$60.95	TA Realty
Clayton Commerce Center	6/1/2018	$40,760,000	797,580	$51.10	American Realty Advisors
1255/1265 Terminus Dr.	6/8/2018	$30,450,000	729,400	$41.75	Exeter Property Group
Braselton 85 Business Center	7/12/2018	$22,900,000	432,000	$53.01	Cabot Properties
Cherokee 75 Business Center	5/29/2018	$20,160,000	312,500	$64.51	Cabot Properties
1001 Cherry Drive	10/4/2018	$16,320,000	455,602	$35.82	Novaya Real Estate Ventures
Buford Logistics Center II - Bldg. D	7/31/2018	$14,188,608	208,656	$68.00	Kohlberg Kravis Roberts & Co. LP

INVESTMENT MARKET - Sales Volume & Cap Rates



AVERAGE ASKING RATES - Per SF Avail (NNN)



Atlanta Big-Box Available Space

Maximum Contiguous Availabilities by Submarket and Micro-Areas

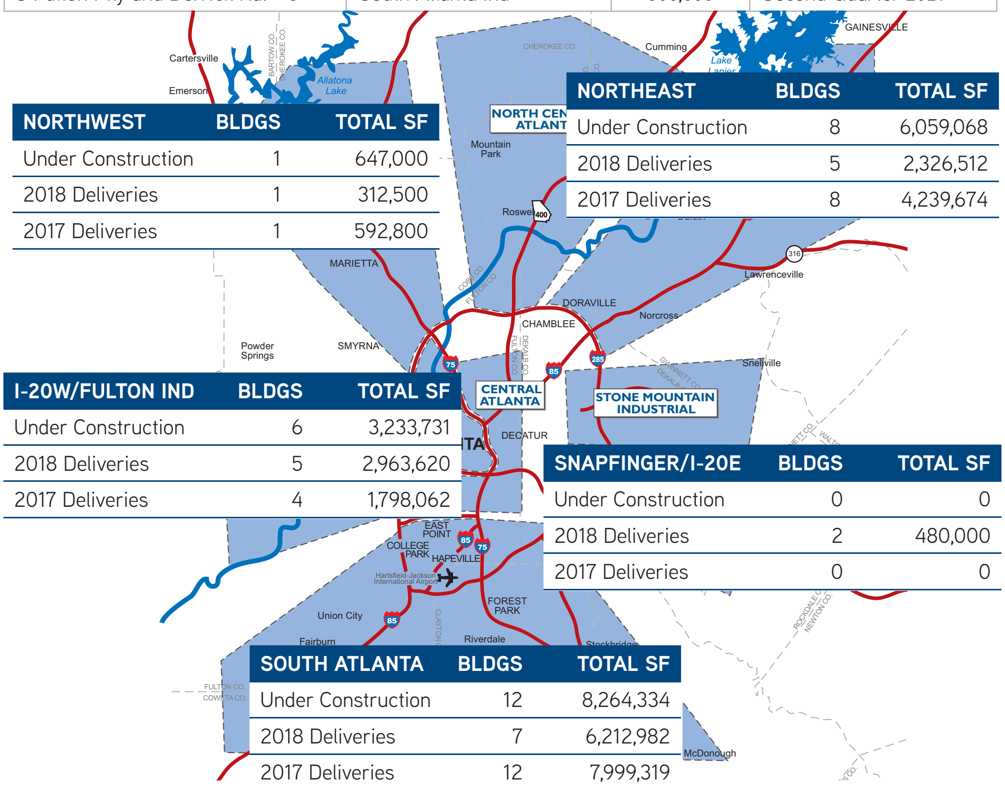
SUBMARKET	TOTAL AVAILABLE SF	VACANCY RATE	> 600K	500-600K	400-500K	300-400K	200-300K	100-200K
I-20 West/Fulton Industrial	**6,768,205**	**10.7%**	**3**	**1**	**5**	**3**	**7**	**4**
-Fulton Industrial	500,812	4.3%			1	1	1	1
-I-20 West Ind	6,267,393	13.4%	3	1	4	2	6	3
Northeast Atlanta Industrial	**10,902,224**	**12.5%**	**6**	**3**	**5**	**5**	**9**	**9**
-I-285/Gwinnett Co./Hwy. 316	1,441,179	6.1%					1	4
-I-985/Jackson County	9,461,045	20.6%	6	3	5	5	8	5
South Atlanta Industrial	**18,153,247**	**11.3%**	**11**	**9**	**12**	**12**	**20**	**17**
-85 South/Airport	9,282,128	8.0%	5	4	4	7	11	10
-75 South/Henry County	8,871,119	15.7%	6	5	8	5	9	7
Northwest Atlanta Industrial	**627,057**	**7.2%**					**2**	**1**
Snapfinger/I-20 East Industrial	**240,000**	**6.4%**					**1**	**1**
Stone Mountain Industrial	**133,100**	**9.1%**						**1**
ATLANTA TOTAL	**36,958,833**	**11.1%**	**20**	**13**	**22**	**20**	**39**	**33**

Sources: CoStar Property, Colliers Research

Atlanta Big-Box Construction Snapshot

Construction Activity (500,000 SF+)

PROPERTY	SUBMARKET	SIZE (SF)	DELIVERY DATE
Southern Gateway B - King Mill	South Atlanta Ind	1,104,320	First Quarter 2019
Haier/GE Applicance BTS	Northeast Atlanta Ind	1,100,000	Third Quarter 2019
NE 85 Logistics Ctr.-421 Toy Wright	Northeast Atlanta Ind	1,053,360	Fourth Quarter 2018
Gillem LC - Bldg. 900	South Atlanta Ind	1,043,418	Fourth Quarter 2019
Prologis RiverWest - 3	I-20 West/Fulton Ind	1,026,000	First Quarter 2020
Gillem LC - Bldg. 150	South Atlanta Ind	1,017,627	Fourth Quarter 2018
94 Logistics Ln	Northeast Atlanta Ind	1,003,386	Second Quarter 2019
Bridgeport	South Atlanta Ind	1,002,150	First Quarter 2019
Palmetto Logistics Ctr.	South Atlanta Ind	1,000,200	Fourth Quarter 2018
8500 Tatum Rd.	South Atlanta Ind	982,777	Fourth Quarter 2018
Prologis RiverWest - 2	I-20 West/Fulton Ind	925,800	First Quarter 2019
Liberty Commerce Center	South Atlanta Ind	840,000	Fourth Quarter 2018
Gillem LC - Bldg. 800	South Atlanta Ind	831,600	Fourth Quarter 2019
Jefferson Mill Bus. Park - G	Northeast Atlanta Ind	749,730	Fourth Quarter 2018
Loloi Rugs - 515 Old Cassville	Northwest Atlanta Ind	647,000	First Quarter 2019
New Salem Church Rd.	Northeast Atlanta Ind	636,060	Fourth Quarter 2018
1380 Jesse Cronic Rd.	Northeast Atlanta Ind	589,680	Fourth Quarter 2018
Parkway West Commerce Ctr.	South Atlanta Ind	570,988	Second Quarter 2019
Buford Distribution Ctr. II	Northeast Atlanta Ind	500,080	Second Quarter 2019
S Fulton Pky and Derrick Rd. - 3	South Atlanta Ind	500,000	Second Quarter 2019



NORTHWEST	BLDGS	TOTAL SF
Under Construction	1	647,000
2018 Deliveries	1	312,500
2017 Deliveries	1	592,800

NORTHEAST	BLDGS	TOTAL SF
Under Construction	8	6,059,068
2018 Deliveries	5	2,326,512
2017 Deliveries	8	4,239,674

I-20W/FULTON IND	BLDGS	TOTAL SF
Under Construction	6	3,233,731
2018 Deliveries	5	2,963,620
2017 Deliveries	4	1,798,062

SNAPFINGER/I-20E	BLDGS	TOTAL SF
Under Construction	0	0
2018 Deliveries	2	480,000
2017 Deliveries	0	0

SOUTH ATLANTA	BLDGS	TOTAL SF
Under Construction	12	8,264,334
2018 Deliveries	7	6,212,982
2017 Deliveries	12	7,999,319

FOR MORE INFORMATION

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What constitutes a **big-box** building?

*200,000 square feet or larger industrial buildings

*Primarily used for warehousing and/or distribution

*Ceiling heights of 28' clear or greater

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