

# Quarterly Market Report

## Q1 2024

### Quarterly Snapshot

↑ Average Rent/SF  
\$7.60

↑ Vacancy Rate  
6.2%

↓ Net Absorption  
5,229,827 SF

Momentum in Atlanta's industrial market has **stalled significantly** from record-low vacancy and record-high leasing just a few years ago.

The predominance of large-box speculative construction has created significantly **higher availabilities in industrial properties larger than 250,000 SF**

Construction starts have **declined precipitously in Atlanta since mid-2022**, even more so than in other major U.S. markets.

Atlanta's industrial market has slowed, with rising vacancy rates and subdued absorption. Despite positive net absorption in 24Q1, it was significantly below pre-pandemic averages.

Over the past seven quarters, vacancy rates have steadily risen above the 10-year average and have exceeded the national average by the end of 2023, with increases varying across property sizes.

Structural shortages persist in small-bay space, while adaptive reuse projects are on the rise. Big box spaces, especially in the Kennesaw/Acworth Submarket, struggle to fill vacancies. Rent growth has slowed, but a decline in construction starts may lead to tighter vacancies and rent growth in 2025-26. Despite challenges, opportunities for market recovery are anticipated as the industry adjusts to changing dynamics.

### Recent Cresa Transactions

<u>Client Industry</u>	<u>Size</u>	<u>Submarket</u>	<u>Type</u>
Automotive	89,100 SF	I-85/NE	Sublease
Moving/Storage	9.73 Acres	I-85/NE	Purchase
Fulfillment	161,268 SF	I-20 E	New Lease
Entertainment	32,240 SF	GA-400/N	New Lease
Electrical	30,250 SF	I-85/NE	New Lease
Industrial Supply	70,000 SF	I-20 E	New Lease

### Submarket Movement

Vacancy Rate	Direct Asking Rent (\$/SF)*	Submarket
9.6%	\$7.00	I-20E
7.8%	\$7.20	I-20W
4.7%	\$7.25	I-85/NE
7.0%	\$7.75	Airport/N. Clayton
10.1%	\$8.15	I-75/NW
5.3%	\$8.25	GA-400/N

\*Submarket averages based on 200,000+ SF industrial buildings.