



# 1Q14 ATLANTA INDUSTRIAL MARKET

**Newmark Grubb Knight Frank**

## RECOVERED AND FULL STEAM AHEAD

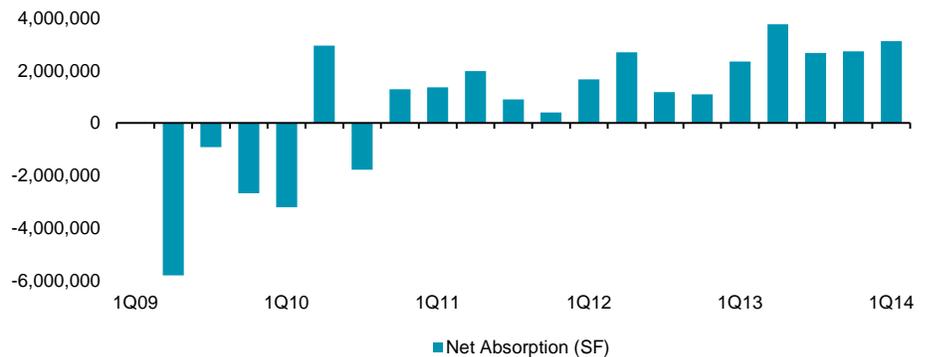
The Atlanta industrial market absorbed more than 3.0 million square feet in the first quarter of 2014, up from 2.7 million square feet in the previous quarter and 2.4 million square feet in the first quarter of 2013. Positive net absorption was driven primarily by the Warehouse / Distribution sector, which added more than 3.0 million square feet, while the general industrial sector absorbed negative 427,706 square feet and the R&D / Flex sector absorbed positive 518,582 square feet. Not surprisingly, the vacancy rate for Warehouse / Distribution space fell sharply in the first quarter of 2014, to 11.6%, an 80-basis-point drop from 12.2% last quarter and a 160-basis-point drop from 13.2% in the first quarter of 2013.

The Fulton Industrial / I-20W submarket leads metro Atlanta with 803,794 square feet of net absorption, 25% of the area's overall net absorption. The submarket continued a positive streak with its sixth consecutive quarter of positive absorption, down from the more than 1.5 million square feet absorbed in the fourth quarter of 2013, but exceeding the 619,867 square feet absorbed in the first quarter of 2013. The area's vacancy rate fell for the first time since the first quarter of 2008, to 10.5%, a decrease of 90 basis points from the fourth quarter of 2013 and 270 basis points from the first quarter of 2013. Rental rates saw little variance, with the average weighted rental rate for the first quarter of \$2.87/SF, up from the \$2.85/SF for the previous quarter but down \$.01/SF from the first quarter of 2013.

**Asking Rent and Vacancy**



**Absorption**



**Key Indicators**

Total Inventory (SF)	595,772,187		
	<b>1Q14</b>	<b>4Q13</b>	<b>1Q13</b>
Asking Rent (Price/SF)	\$3.91	\$3.77	\$3.68
Vacancy Rate (%)	11.2%	11.7%	12.5%
Under Construction (SF)	3,090,141	555,126	4,817,106
	<b>1Q14</b>	<b>4Q13</b>	<b>2014-YTD</b>
Net Absorption (SF)	3,115,977	2,728,519	3,115,977
Deliveries (SF)	665,000	353,400	665,000

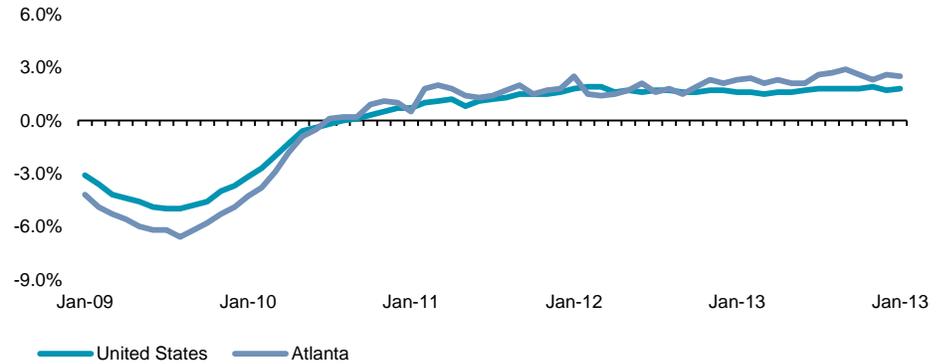


Notable tenant move-ins included Sony's occupancy of 661,098 square feet at 5152 Columbia Drive, Zig Zag's expansion into 216,074 square feet at 4300 Westpark Drive, and IGPS Logistics' tenancy of 70,501 square feet at 6150 Lagrange Boulevard.

Airport / South Atlanta was another leading submarket, with more than 23% of net absorption for metro Atlanta. The submarket realized 729,738 square feet of positive net absorption in the first quarter of 2014, surpassing the absorption from the last quarter of negative 121,384 square feet but short of the 970,967 square feet of the first quarter of 2013. Notable tenant move-ins were Home Depot's 612,070 square feet at 150 Greenwood Industrial Parkway, Summit Racing occupancy of 150,875 square feet at 220 Midland Court and Jacobson Logistics' 146,888 square feet at 7139 Southlake Parkway.

## Payroll Employment

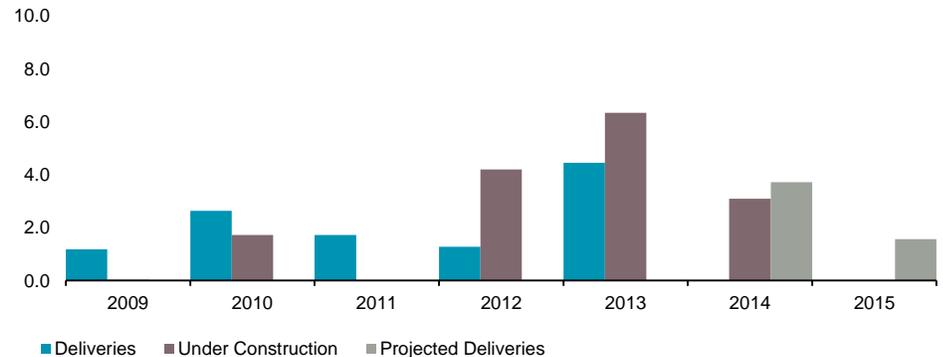
Total Nonfarm, Not Seasonally Adjusted, 12-Month % Change



Source: U.S. Bureau of Labor Statistics

## Construction and Deliveries

Square Feet, millions



## Select Lease Transactions

Tenant	Building	Submarket	Square Feet
Millennium Mat Company	3200 Shawnee Industrial Way	Northeast/I-85 Corridor	256,700
AVENT	2100 Evergreen Boulevard	Northeast/I-85 Corridor	182,000
HD Supply Power Solutions	3710 Atlanta Industrial Parkway	Fulton Industrial/I-20W	142,300
Future Forwarding	4380 International Parkway	Airport/South Atlanta	140,400
F3 Solutions	80 Liberty Industrial Parkway	Airport/South Atlanta	85,107

## Select Sales Transactions

Building	Submarket	Square Feet	Sale Price	Price/SF
201 King Mill Road	Airport/South Atlanta	570,586	\$30,800,000	\$54
130 Greenwood Industrial Parkway	Airport/South Atlanta	298,475	\$21,800,000	\$73
6600 Governors Lake Parkway	Chamblee/Doraville/Norcross	366,814	\$21,300,000	\$58
3980-4000 DeKalb Tech. Parkway	Chamblee/Doraville/Norcross	282,702	\$20,900,000	\$74
3605 Royal South Parkway	Airport/South Atlanta	440,678	\$20,200,000	\$46



Submarket Statistics								
	Total Inventory (SF)	Under Construction (SF)	Total Vacancy Rate	Qtr Absorption (SF)	YTD Absorption (SF)	WH/Dist Asking Rent (Price/SF)	R&D/Flex Asking Rent (Price/SF)	Total Asking Rent (Price/SF)
Airport/South Atlanta	144,516,088	2,035,015	13.2%	729,738	729,738	\$2.89	\$6.16	\$2.96
Carrollton/I-20W	3,995,017		25.7%	645,833	645,833	\$1.94		\$1.44
Central Atlanta	16,471,666		10.5%	-109,035	-109,035	\$3.14	\$4.00	\$3.23
Chamblee/Doraville/Norcross	75,877,816		10.7%	470,020	470,020	\$4.22	\$6.19	\$4.88
Chattahoochee Industrial	26,128,175		7.3%	-24,843	-24,843	\$4.94	\$6.37	\$5.30
Fulton Industrial/I-20W	85,752,343		10.5%	803,794	803,794	\$2.78	\$3.73	\$2.87
North Central/GA 400 Corridor	25,882,623		10.7%	83,715	83,715	\$5.37	\$8.47	\$7.01
Northeast/I-85 Corridor	98,085,066	577,126	10.8%	425,939	425,939	\$3.50	\$7.92	\$3.87
Northwest/I-75 Corridor	59,701,857		10.0%	-146,209	-146,209	\$4.37	\$7.96	\$5.28
Snapfinger/I-20E	31,631,011	478,000	12.4%	107,442	107,442	\$3.05	\$4.83	\$4.20
Stone Mountain	27,730,525		8.7%	129,583	129,583	\$3.48	\$4.57	\$3.70
<b>Atlanta</b>	<b>596,772,187</b>	<b>3,090,141</b>	<b>11.2%</b>	<b>3,115,977</b>	<b>3,115,977</b>	<b>\$3.39</b>	<b>\$6.53</b>	<b>\$3.91</b>



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**Atlanta**

Monarch Tower  
3424 Peachtree Road, NE  
Suite 800  
Atlanta, GA 30326  
770.552.2400  
404.926.1100

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**Kristen Hickcox**

Research and Marketing Manager  
770.552.2475  
khickcox@ngkf.com

**Roddy Bodin**

Research Analyst  
770.552.2477  
rbodin@ngkf.com

**Glossary of Terms****Absorption**

A measure of the change in occupied space

**Availability**

Space marketed for lease regardless of when the space will be available or whether the space is vacant or occupied

**Deliveries**

The total RBA of properties added to the inventory once construction has been completed

**Direct Space**

Available space offered for lease by the building owner, landlord, or owner representative

**Leasing Activity**

The volume of leases signed including new leases, direct and sublet leases, extensions and renewals, and leases signed in proposed or under construction buildings

**Occupancy**

Any space physically occupied by a tenant, regardless of lease status of the space

**Rentable Building Area (RBA)**

A measurement of the total square feet in a building including the tenant and common areas such as the lobby and hallways

**Sublet Space**

Available space offered for lease by a building tenant seeking a subtenant to fulfill the remaining lease obligation

**Under Construction**

Buildings under construction are defined by the time the foundation is poured through the time the building is certified for occupancy

**Vacancy**

Space not physically occupied by a tenant, regardless of the lease status or availability of space

**Weighted Average Rent**

The asking dollar amount for the use of available space, weighted by size--the average does not include negotiable or unpublished rates and is reported as full service including operating costs

Industrial inventory includes all multi-tenant and single tenant buildings at least 10,000 square feet in total rentable building area. Owner occupied buildings are included in the inventory.

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