

# Industrial Highlights

Atlanta | Q1 2014



## Speculative development on the horizon, riding the coattails of job growth and vacancy decline

The Atlanta market's unemployment rate was 6.9 percent in February, which exceeded the state of Georgia at 7.1 percent. Both, though, have been on a general decline since mid-2013. Even though jobs were added, the numbers were stifled by extreme weather conditions across the country, including the Atlanta market. However, industrial activity is remaining strong, which bodes well for better conditions during the rest of the 2014. The market's total nonfarm employment was at 2.4 million jobs, which is up from 2013 by 1.8 percent, an additional 42,600 jobs. The industries with the most job growth since this time last year are construction, leisure and hospitality, and trade, transportation, and utilities, at 7.4, 3.5, and 2.4 percent respectively.

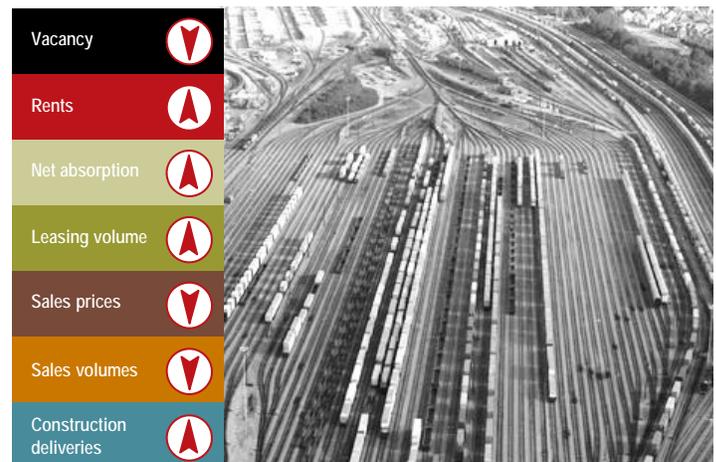
Much of the industrial growth was focused in the Northeast, South I-75, and I-20 West submarkets, with high, positive absorption illustrating attractiveness and highlighting as centers for industry. Trade through the Port of Savannah was off to a strong start this quarter. The Georgia Port reported a 6.2-percent increase in container growth from this past fiscal year, July to February, in which the Port also handled 10.9 percent of all U.S. containerized exports. Port officials expect only forward momentum in their growth particularly due to the deepening of the harbor, which will allow for bigger ships once the Panama Canal is widened next year. The coming increase in trade means more need for warehouse and distribution space in Atlanta as trucks and rail see the benefit.

For the remainder of 2014, expect to see the market lend itself more and more to landlords as vacancy rates continue to decline. We will see continued increases in construction, especially a reignited shift toward speculative development of Class A facilities.

### Leasing activity

#### Airport/South I-85

- ADT solutions moved into 58,000 square foot at Camp Creek Business Center at 4800 N Commerce Drive with Duke Realty.



Arrows represent change from prior quarter

- Future Forwarding is now at 4380 International Parkway and will grow into 140,000 square feet from 80,000 square feet.
- Majestic Airport Center now houses GE Power Systems at 4955 Mason Road in a 63,000-square-foot space.

#### I-20 West

- Menlo Worldwide Logistics renewed its lease at 2200 Thornton Road for 173,436 square feet.
- DCT's 4300 S Westpark Drive is newly occupied by Zig Zag in 216,074 square feet.
- Southeast Pet moved into 7775 The Bluffs for a new lease of 133,666 square feet.
- Steelcase signed a lease with Prologis's 6070 Fulton Industrial for 277,600 square feet.

#### Northeast

- Hillwood moved Ollie's Bargain Outlet into 1523 Steve Reynolds Industrial Parkway in a 962,280-square-foot space.
- The 486,000-square-foot space at 1001 McClure Industrial Drive is the new home to Kubota.
- Millennium Mat is occupying 256,000 square feet at 2300 Shawnee Industrial Way.
- Hitachi has a new lease at 1111 Broadway Avenue for 544,838 square feet.

#### Northwest

- The Atlanta Trading Company signed a new lease for 21,870 square feet at 1925 Shiloh Road.

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## Tenants in the market

### *Metro Atlanta/State of Georgia*

- ConAgra Foods is in a metro-wide search for a 800,000 to 1.6 million-square-foot leased facility.
- Wal-Mart has a need for a 1.5 million-square-foot build-to-suit in the state.
- Restoration hardware is looking for a facility ranging from 800,000 to 1.0 million square feet in either Atlanta, Savannah, or Charleston.

### *Airport/South I-85*

- Kroger is looking for a 500,000- to 1.0 million-square-foot building near the airport. Considering sites at Ft. Gillem and Charlie Brown Airport.
- UPS is in need of 100,000 square feet to lease.

### *I-20 West*

- Athens Paper is searching for 100,000 square foot space to lease in Fulton Industrial or west.
- Coca-Cola is out with a 200,000-square-foot build-to-suit or renewal requirement.
- Inmar is likely to renew its 200,000-square-foot space.

### *Northeast*

- GA Steel is searching for 350,000 square feet in the Northeast submarket.
- Samsung requires 150,000 square feet for a facility.
- Contemporary Marketing is likely to renew its 175,000-square-foot space.

### *South I-75*

- Kimberly Clark is searching for 1.2 million square feet for a build-to-suit or renewal.

## Sales activity

### *Airport*

- KTR Capital Partners bought 3605 Royal South Parkway, three properties total, for \$46 per square foot at 441,339 square feet, formerly owned by the Opus Group.
- Duke Realty gained KTR Capital Partners' Airport Distribution Center III at 3781 Southside Industrial Court for \$43 per square foot at 406,989 square feet.
- Exel Logistics sold 339,362 square feet at 4795 Coates Drive to Prologis for \$31 per square foot.

### *I-20 West*

- Westmount Realty sold 264,788 square feet at 560 Wharton Circle AIC Ventures for \$31 per square foot.
- Commercial Property Professionals acquired CIGNA's at 560 Wharton Circle, 305,224 square feet for \$15 per square foot.

### *Northeast*

- Hardie Real Estate Group sold 544,838 square feet at Braselton

Distribution Center to Hillwood Investment Properties for \$39 per square foot, with the option to expand to 960,000 square feet.

- Exeter Property Group gained 275,000 square feet at Progress Distribution Center III from Mirage Partners for \$36 per square foot.
- Colony Realty sold four properties at 3140 Northwoods Parkway to Trident Capital Group, a total of 331,800 square feet for \$54 per square foot.
- KTR Capital Partners bought 388,481 square feet at 6600 Governors Lake Parkway from Western Devcon for \$58 per square foot.
- Atlanta Property Group sold 455,602 square feet at 1001 Cherry Drive to Mayfield Properties for \$28 per square foot.

### *South I-75*

- Elcom Inc sold a 509,000-square-foot space at 375 Airport Road to 1888 Mills for \$5 per square foot.

## Construction activity

### *Airport/South I-85*

- McDonald Developers has over 2.0 million square feet of warehouse and distribution partially completed at Camp Creek Business Center.

### *I-20 East*

- Baxter has 1.0 million square feet of manufacturing space under construction at 6229 Stanton Road in Social Circle with expected completion date starting in 2015 but no later than 2018.

### *I-20 West*

- IDI completed Riverside Business Center at Riverside Parkway in Lithia Springs and it's now fully leased.
- McMaster Carr has a 700,000-square-foot, e-commerce build-to-suit in Douglasville due second quarter of 2014.

### *Northeast*

- Raco completed Jackson 85 Distribution Center, 1.8 million square feet of warehouse and distribution space.
- Patillo completed a 1.4 million-square-foot build-to-suit development at its McClure Industrial Park, housing Kubota, and still much of the park is proposed.
- TJX has a 826,000-square-foot build-to-suit e-commerce distribution facility in Jefferson under construction due fourth quarter 2014.

### *Northwest*

- Inalfa Roof Systems has a 400,000-square-foot manufacturing facility in Ackworth under construction, due this year.
- Panattoni has the Interroll Hiram Regional Center of Excellence, a 100,000-square-foot manufacturing center, completed this quarter.

### *South I-75*

- Home Depot completed its 1.0 million-square-foot warehouse and distribution RDC in Locust Grove center in February.

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