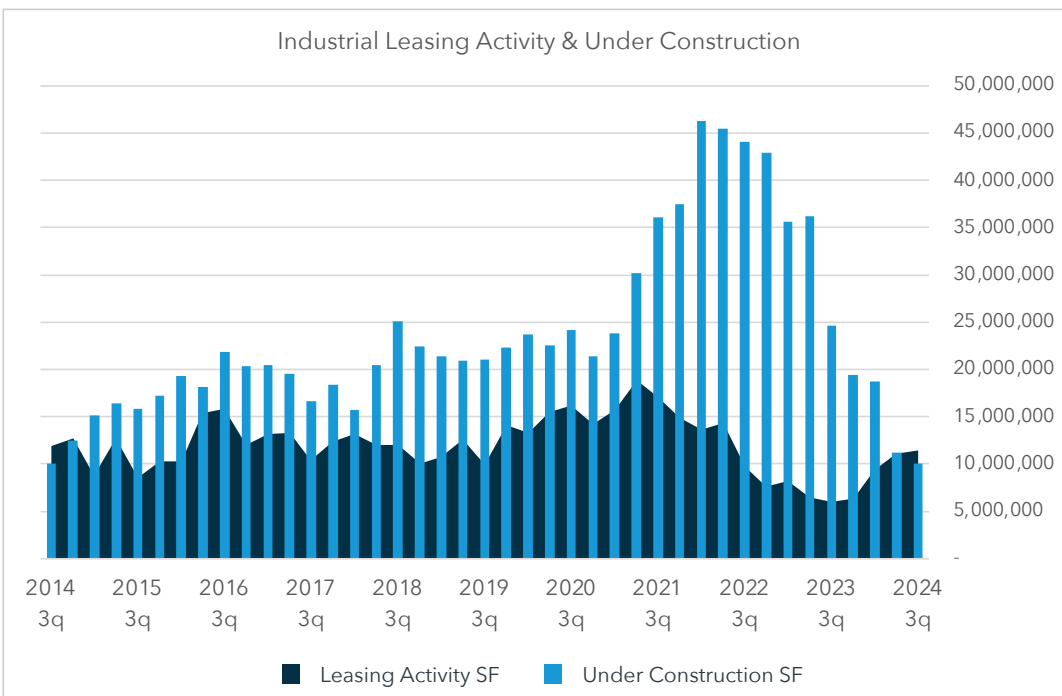


Atlanta's Industrial Development Reaches Decade Low

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Industrial development activity reached its peak in early 2022, with more than 46 million square feet being constructed at the time. Today, less than 10 million square feet is currently underway, marking a construction peak-to-trough timeline of roughly 2.5 years. The about-face and rapid deceleration is remarkable on its own, but it's paired with another recent trend - an increase in leasing activity. While increasing from a smaller base than at earlier periods this cycle, year-over-year leasing activity remains impressive, accelerating by more than 89%. This renewed demand is a positive sign for building owners and investors. Tenant requirements have reached the highest level since Q2 2022, highlighting a strong recovery driven by sustained demand and a return to market fundamentals following the initial post-pandemic surge.

Vacancy remained steady in Q3, but it's poised to decline as construction volumes dwindle and leasing activity accelerates. The small window of above-trend supply in Atlanta is closing, along with opportunities for tenants to secure space in Atlanta's tightening market. We foresee heightened competition for available space and a decline in overall vacancy next year as the construction pipeline slows, along with upward pressure on rents.



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