

THE ROAD TO SUCCESS . . .

To quote Lily Tomlin “*The road to success is always under construction*” and that’s the truth! During the third quarter of 2017, record new construction in the Atlanta industrial market continued to be the big story.

Having set a single quarter record with over 7.2 million square feet of new construction in the second quarter of 2017, the third quarter produced yet another record for a single quarter with almost 7.5 million square feet of new construction. In addition to these totals, in Griffin, Georgia, (outside of our standard reporting area) a 1.2 million square foot build-to-suit for Dollar General sprang to life. With back to back quarters of record new construction, the Atlanta industrial market reached a new four-quarter record of over 22.6 million square feet!

With all the record setting new construction occurring, the expectation would be an increase in the overall availability rate. However, activity and positive net absorption have been so hot, there was no increase in the availability rate in the third quarter of 2017. The rate held steady at 11.7 percent.

Leasing and sale activity in the Atlanta industrial market during the third quarter produced over 15.2 million square feet. Deals of note include 1 million square feet to the British fashion retailer ASOS in College Park and 1 million square feet under construction for Lindt & Sprungli in McDonough. When added to the activity for the previous three quarters, this robust performance produced the second highest total for a four-quarter period with over 62 million square feet of activity.

Record setting levels of activity typically influence net absorption in a positive way and the third quarter of 2017 was no exception. The Atlanta industrial market enjoyed positive net absorption of over 6.1 million square feet. This achievement helped propel the Atlanta industrial market to the second highest number ever recorded for a four-quarter period with over 22.7 million square feet of positive new absorption.

The Atlanta industrial market has been full tilt the past several years, and it doesn’t appear to be slowing down any time soon. Going forward we predict continued success driven by more new construction, vigorous activity and positive net absorption.

Sim F. Doughtie, CCIM, SIOR, MCR, SLCR
President

Total Market

	Total Inventory	Net Absorption	Total Available	% Available	Total Activity	# of Deals	Avg SF Per Deal
Distribution	684,157,846	6,129,329	80,040,931	11.7%	15,263,197	685	22,282
Service Center	25,542,611	179,925	4,213,450	16.5%	638,286	162	3,940

Third Quarter 2017

	Total Inventory	Market Share	Total Available	% Available	Total Activity	# of Deals
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Market Maps

CITY OF ATLANTA

Distribution	50,439,836	7.4%	5,859,216	11.6%	969,146	48
Service Center	891,897	3.5%	115,413	12.9%	6,850	3

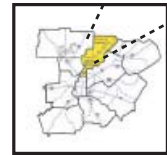
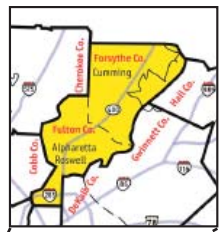
The distribution sector of the City of Atlanta region posted a fourth quarter on the wrong side of the line. Activity of 969,146 square feet was not the culprit. The continuing exodus and redevelopment in the downtown region was responsible for net absorption coming in last place at -198,876 square feet. However, due to the demolition of some vacant buildings, the availability rate improved to 11.6 percent, barely below the metro average of 11.7 percent. The service center sector dug the hole deeper. Activity fell to 6,850 square feet opening the door to net absorption dropping to -2,137 square feet. Due to the removal of inventory designated for redevelopment, the availability rate actually improved a bit, dropping to 12.9 percent.



GA 400

Distribution	27,862,365	4.1%	2,022,862	7.3%	432,800	61
Service Center	3,696,767	14.5%	540,449	14.6%	52,615	12

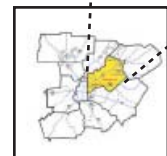
The GA 400 region's distribution sector gained more ground in the third quarter of 2017. Activity slipped to 432,800 square feet, but net absorption remained positive at 24,569 square feet. This lucky break dropped the availability rate slightly to 7.3 percent – well below the metro average of 11.7 percent. A 10,000 square foot spec building was added to inventory this quarter. The service center sector was not as fortunate. Activity wasn't to blame; the 52,615 square feet produced was devoured leaving net absorption at -8,837 square feet. The availability rate remains below the metro average of 16.5 percent, closing the quarter at 14.6 percent.



I-85 NORTHEAST

Distribution	167,265,599	24.4%	16,547,905	9.9%	3,817,441	213
Service Center	10,420,280	40.8%	1,903,658	18.3%	241,688	71

The distribution sector of the I-85 Northeast region reversed course in the third quarter of 2017. Activity came back to life posting at 3,817,441 square feet. The real accomplishment, however, was the 1,677,678 square feet of recorded net absorption. That coup erased a full point from the availability rate. It closed at 9.9 percent – almost two percent below the metro average of 11.7 percent. Two build-to-suit projects totaling 140,800 square feet sprang to life during the quarter. The service center sector had similar results. Activity of 241,688 square feet led the pack among the service center sectors. Net absorption of 65,353 square feet erased six-tenths of a percent from the availability rate. At 18.3 percent, however, it remains above the metro average of 16.5 percent.



I-85/316/985

Distribution	53,644,412	7.8%	8,805,418	16.4%	759,626	39
Service Center	786,304	3.1%	101,542	12.9%	51,169	21

The distribution sector of the I-85/316/985 region saw mixed results in the third quarter of 2017. Activity fell from second quarter results coming in at 759,626 square feet. The larger drop was in net absorption falling to 322,406 square feet. The addition of 1,063,360 square feet of spec construction and two build-to-suit projects totaling 241,594 square feet was responsible for the down-side. The availability rate increased to 16.4 percent, remaining above the metro average of 11.7 percent. The service center sector out-performed itself this quarter. Activity went on record at 51,169 square feet. Net absorption, however, was the star of the show. The 36,410 square feet of net absorption sent the availability rate tumbling to 12.9 percent, back below the metro average of 16.5 percent.



	Total Inventory	Market Share	Total Available	% Available	Total Activity	# of Deals
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Market Maps

I-20 EAST

Distribution	54,906,877	8.0%	3,542,724	6.5%	857,838	54
Service Center	946,438	3.7%	79,674	8.4%	6,680	2

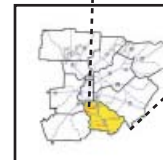
The I-20 East distribution sector redeemed itself this quarter. Activity was up to 857,838 square feet, but the redemption was a return to positive net absorption. The 172,582 square feet posted pushed the availability rate down to 6.5 percent claiming title of the lowest rate among the distribution sectors. The service center sector eked out a win in the third quarter. Activity was a scant 6,680 square feet leaving room for a measly 1,380 square feet of net absorption. The availability rate took a tiny step in the right direction and closed at 8.4 percent – the low among its peers as well.



AIRPORT/I-75 SOUTH

Distribution	89,620,761	13.1%	16,687,818	18.6%	2,716,156	45
Service Center	1,023,846	4.0%	266,619	26.0%	9,897	3

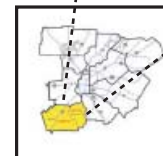
The distribution sector of the I-20 East region scored a big win in the third quarter of 2017. Activity skyrocketed to 2,716,156 square feet. That victory allowed net absorption to shoot up to 1,549,249 square feet. The availability rate made progress as well. Unfortunately, even the fall to 18.6 percent left it the highest rate among its peers. New construction of a 1,004,400 square foot build-to-suit and a 550,000 square foot spec building materialized during the quarter. Sadly, there was nothing victorious about the service center sector. Activity plummeted to 9,897 square feet and net absorption fell back to negative numbers. Additionally, the -3,768 square feet of net absorption bumped the availability rate up to 26.0 percent – well above the metro average of 16.5 percent.



I-85 SOUTHWEST

Distribution	24,504,398	3.6%	3,373,620	13.8%	400,196	19
Service Center	315,063	1.2%	138,450	43.9%	4,800	1

The distribution sector of the I-85 Southwest region started a whole new chapter in the third quarter of 2017. Activity came in last place at 400,196 square feet and net absorption went on the books at 206,536 square feet. The story changed with the availability rate. After years of no significant spec construction, 3 projects totaling 2,378,470 square feet told the tale. The availability rate took a giant leap up to 13.8 percent; now above the metro average of 11.7 percent. The poor little service center sector surprised everyone by adding a 100,000 square foot spec building to inventory. That did nothing to save them from falling short. Activity was 4,800 square feet, but net absorption dropped to -2,400 square feet. That slip, plus the addition of the spec building, sent the availability rate through the roof to 43.9 percent – undeniably the highest among the service center sectors and almost three times the metro average of 16.5 percent.



I-20 WEST/FULTON INDUSTRIAL

Distribution	144,736,669	21.2%	16,308,699	11.3%	4,096,460	97
Service Center	1,881,728	7.4%	370,188	19.7%	23,912	8

The I-20 West/Fulton Industrial distribution sector ended the third quarter sitting pretty. This region led the pack in both activity (4,096,460 square feet) and net absorption (2,396,714 square feet). Even more delightful is that the availability rate fell to 11.3 percent – now below the metro average of 11.7 percent. All this was accomplished while adding a 1.2 million build-to-suit project and 5 spec buildings totaling 754,583 square feet. The service center sector couldn't complain either. Activity posted at 23,912 square feet. Net absorption stayed positive for a second quarter. The 4,732 square feet shaved a bit off the availability rate, although at 19.7 percent it remains above the metro average of 16.5 percent.



	Total Inventory	Market Share	Total Available	% Available	Total Activity	# of Deals
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Market Maps

I-75 NORTH

Distribution	36,263,514	5.3%	3,214,802	8.9%	499,152	67
Service Center	5,004,176	19.6%	564,360	11.3%	223,703	37

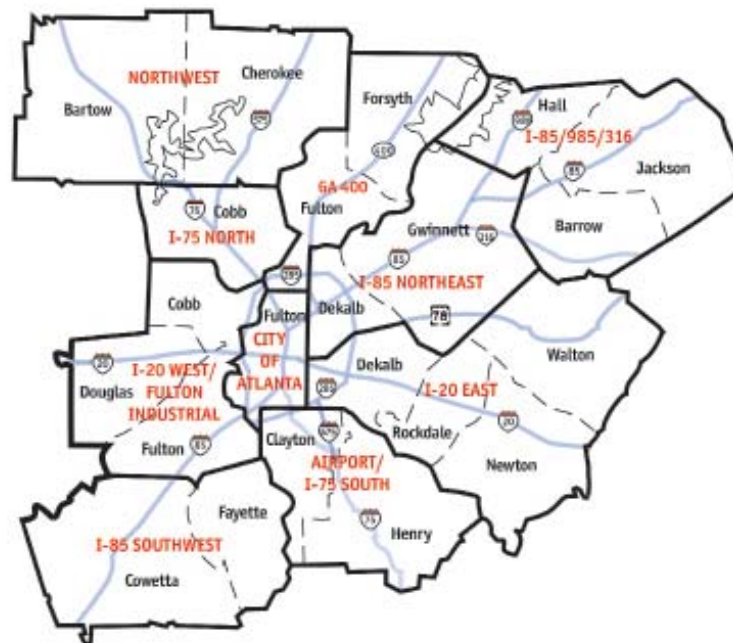
The distribution sector of the I-75 North region crashed in the third quarter of 2017. Activity fell short at 499,152 square feet. Worse was net absorption in negative territory for the first time in a year and a half. The -74,736 square feet of net absorption added to the availability rate. The resulting 8.9 percent, however, remains below the metro average of 11.7 percent. An 8,000 square foot spec building was added to inventory during the quarter. The service center sector saw a better outcome. Activity and net absorption were both up at 223,703 square feet and 80,838 square feet respectively. This double whammy shoved the availability rate down to 11.3 percent.



NORTHWEST

Distribution	34,913,415	5.1%	3,677,867	10.5%	714,382	42
Service Center	576,112	2.3%	133,097	23.1%	16,972	4

The Northwest region's distribution sector stumbled during the third quarter of 2017. Activity held steady at 714,382 square feet. However, net absorption of 53,207 square feet was the lowest seen in this region in almost two years. New construction of 131,900, combined with this low level of net absorption, pushed the availability rate up to 10.5 percent; fortunately, still below the metro average of 11.7 percent. The service center sector came back to life this quarter. Activity was up to 16,972 square feet, but it was net absorption that was resuscitated. The 8,354 square feet achieved not only dropped the availability rate to 23.1 percent, but was a return to positive territory.



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