

INVESTMENT OUTLOOK

Industrial
Atlanta

IPA
INSTITUTIONAL
PROPERTY
ADVISORS

MIDYEAR 2025

Atlanta's Industrial Market Navigates Supply Challenges Amid Shifting Growth Corridors

Long-term demand drivers underpin resilience amid current oversupply. The Atlanta metro continues to strengthen its position as the Southeast's primary distribution hub, with a growing specialization in logistics and warehousing that supports local industrial demand. Recent additions include major facilities for Southwire, Post Consumer Brands and GreenBox Systems. Despite evolving trade policies, port activity at Charleston and Savannah has stayed relatively stable, ensuring a steady flow of goods into the region and contributing to a generally positive demand outlook. Nevertheless, elevated construction from recent years weighs on fundamentals. Jefferson and Gainesville led the metro in inventory growth year over year in March, producing the highest local vacancy rates. Metrowide, net absorption is expected to remain at a fraction of deliveries this year, pushing vacancy rates higher.

Transactions shift toward Atlanta's northeastern areas. Local sales activity has historically been concentrated along the Interstate 20 and Interstate 75 corridors; however, a recent influx of supply in submarkets like Jefferson and Gainesville has steered more investors to listings along the Interstate 85 Corridor. Here, deal flow doubled on a year-over-year basis during the 12-month period ended in March, supported by an increase in warehouse-related trades. This trend signals investor confidence in the corridor's long-term growth potential. At the metro level, the average price per square foot has climbed steadily and now sits roughly 50 percent above its 2020 level, a dynamic that could influence some owners to capture proceeds via a sale. While cap rates have also risen, reflecting interest rate pressures and some cooling in fundamentals, elevated pricing suggests investors remain confident in Atlanta's broader outlook.

2025 Market Forecast

+0.8%



EMPLOYMENT: Job growth slows in Atlanta, with about 24,000 positions added in 2025. Despite this moderation, the number of jobs created still ranks among the top ten nationally.

17.2 million
sq. ft.



CONSTRUCTION: Deliveries fall to their lowest level in a decade, yet Atlanta still leads the nation in square feet added in 2025. As such, metro inventory grows by 2.1 percent.

+80 bps



VACANCY: Industrial availability has continued to rise steadily since 2021. This upward vacancy movement will continue in 2025, with the local rate reaching a 10-year high of 9.8 percent.

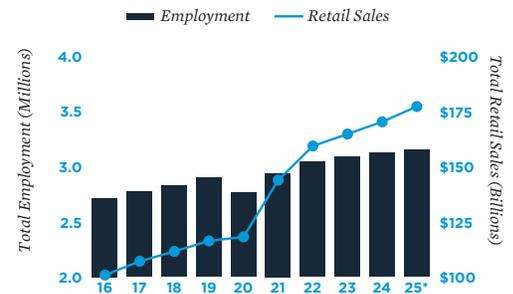
+4.6%



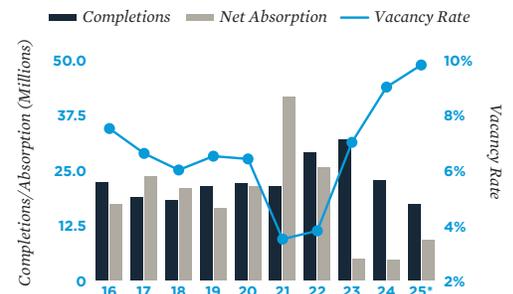
RENT: Atlanta records standout asking rent growth in 2025, despite local vacancy nearing 10 percent. At \$9.28 per square foot, the metro remains one of the lowest-cost major industrial markets.

INVESTMENT: Northwest Atlanta experienced the largest vacancy decline and rent growth among submarkets during the past year. This dynamic may renew investor interest in listings along the I-75 corridor.

Economic Trends



Supply and Demand



Rent Trends



* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

Al Pontius

Senior Vice President
National Director IPA Industrial
Tel: (415) 963-3000 | apontius@ipausa.com

Metro-level employment, vacancy and effective rents are year-end figures and are based on the most up-to-date information available as of December 2023. Effective rent is equal to asking rent less concessions. Average prices and cap rates are a function of the age, class and geographic area of the properties trading and therefore may not be representative of the market as a whole. Sales data includes transactions valued at \$1,000,000 and greater unless otherwise noted. Forecasts for employment and apartment data are made during the fourth quarter and represent estimates of future performance. No representation, warranty or guarantee, express or implied, may be made as to the accuracy or reliability of the information contained herein. This is not intended to be a forecast of future events and this is not a guarantee regarding a future event. This is not intended to provide specific investment advice and should not be considered as investment advice.