



NEWMARK

Market Overview

Atlanta Industrial

1Q26



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Market Observations



Economy

- The market's unemployment rate stood at 3.6% at the end of December 2025, remaining approximately 81 basis points below the national average of 4.4%.
- Job growth remained unchanged year over year, following several years of expansion and reflecting a period of normalization in hiring activity. By comparison the national growth rate was 0.1% over the same period.
- Underlying trends were weaker, with six of ten sectors contracting. Annual growth, meanwhile, was led by the education and health sector at 4.3%.
- Within industrial-using industries, manufacturing rose 1.5% annually. Meanwhile, mining and construction declined by 2.4% and trade/transportation/utilities fell by 2.6% year over year, respectively.



Leasing Market Fundamentals

- Industrial average rents rose 2.2% quarter over quarter and 7.6% year over year to \$7.54/SF, an all-time high.
- Net absorption continued to improve, totaling 4.3 MSF in the first quarter and following on the heels of 7.9 MSF of demand the previous quarter.
- There were only 613,536 SF of deliveries reported during the first quarter of 2026. As a result of demand outpacing supply, the vacancy rate decreased by 50 basis points quarter over quarter to 8.2%.
- The under-construction pipeline in Atlanta edged higher in the first quarter of 2026 to 10.7 MSF, or 1.4% of total inventory, with the speculative portion currently 37.1% preleased.



Major Transactions

- Equipment distributor Kubota inked the quarter's biggest deal, expanding their presence in the market with an 810,000-SF, full-building deal.
- The quarter's five largest lease transactions included three new deals, a sign of continued demand for expansion-driven demand.
- Industrial machinery accounted for 50.4% of total leasing volume among the top five deals, followed by logistics and distribution.
- The five largest leases of the quarter were concentrated in four submarkets, indicating widespread demand across the market.



Outlook

- The Atlanta industrial market will likely see a continued increase in construction starts, given the relatively low level of the current pipeline.
- Vacancy rates can be expected to stabilize over the next few quarters as net absorption continues to be more closely aligned with a delivery pipeline that remains smaller than in recent years.
- Asking rents will likely see modest increases in the near term as the market absorbs new deliveries and works through elevated sublease availabilities.
- Leasing activity will likely remain near current volume over the next few quarters.

Table of Contents

Economy	4
Leasing Market Fundamentals	8
Market Statistics & Map	20

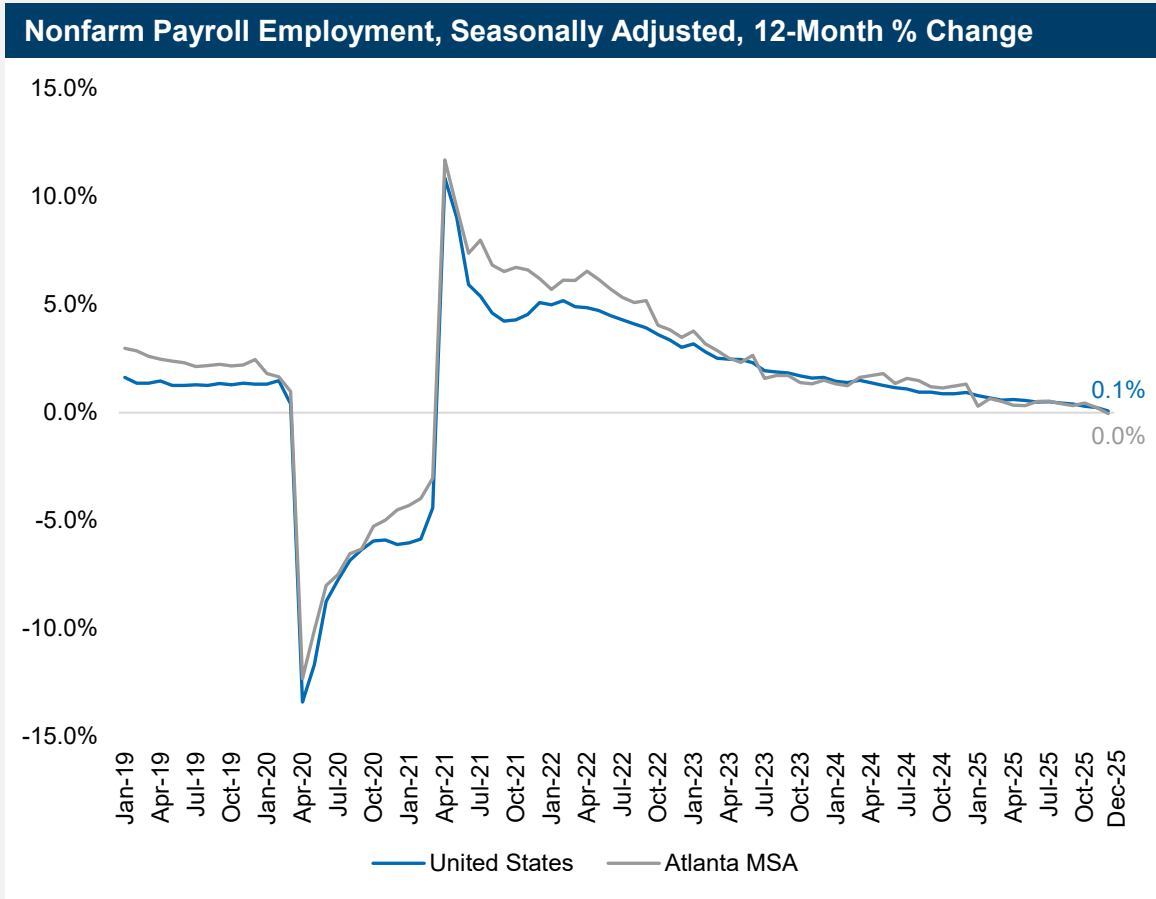
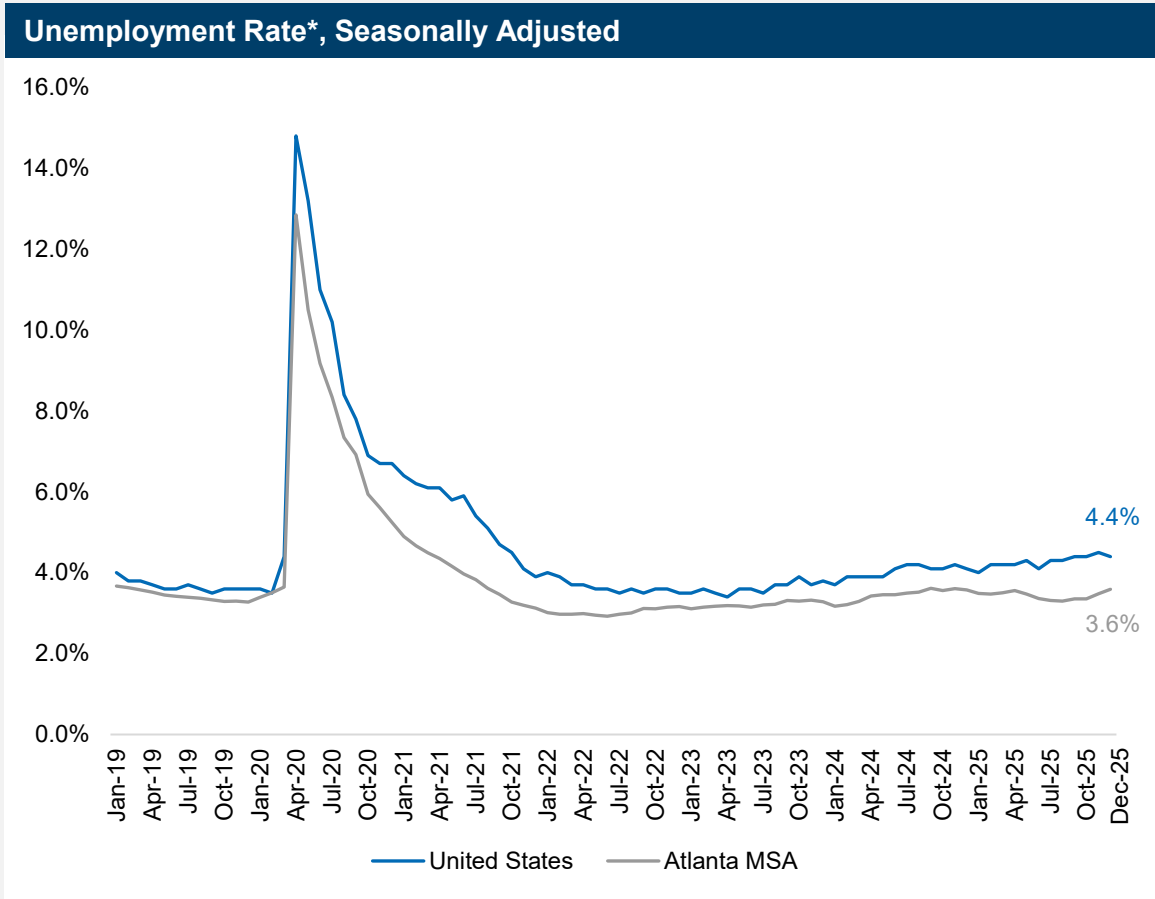
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Economy



Unemployment Inches Up While Employment Growth Levels Off

The Atlanta market has generally reported lower unemployment rates compared with the national average. At the end of December 2025, metro unemployment was 3.6%, remaining 81 basis points below the national rate and up slightly by two basis points year over year, reflecting modest softening in labor market conditions. Total nonfarm employment was essentially flat year over year, continuing a deceleration that began in 2023 as post-pandemic hiring momentum normalized. While elevated capital costs and geopolitical uncertainty may continue to temper near-term hiring, Atlanta’s labor market appears positioned for stabilization should broader macro headwinds ease.

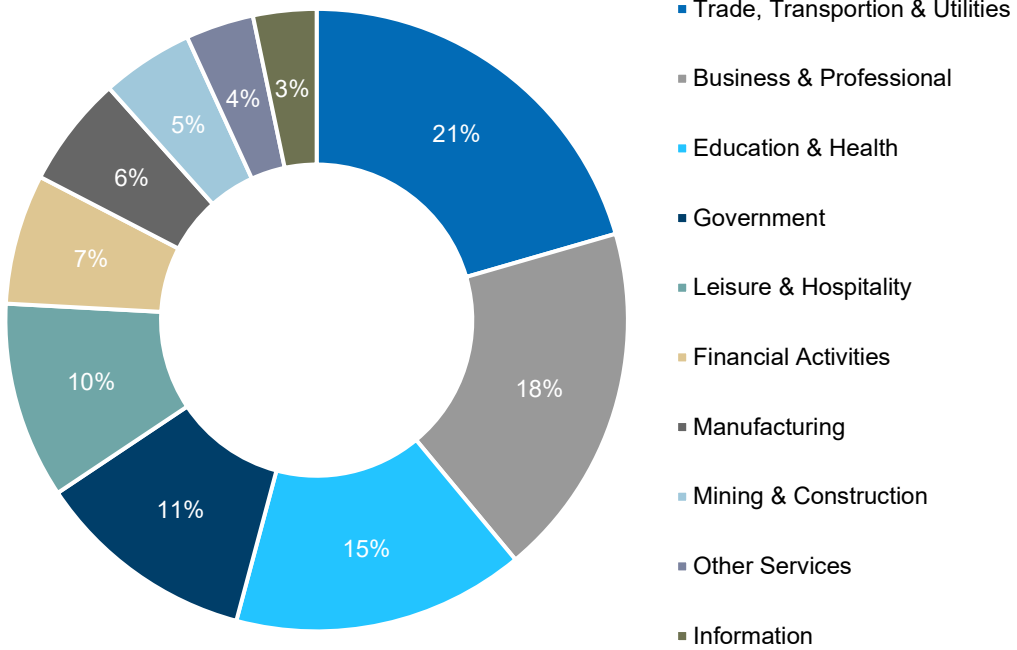


Source: U.S. Bureau of Labor Statistics, Atlanta MSA
 *October 2025 government shutdown missing data addressed with duplicating September 2025's data

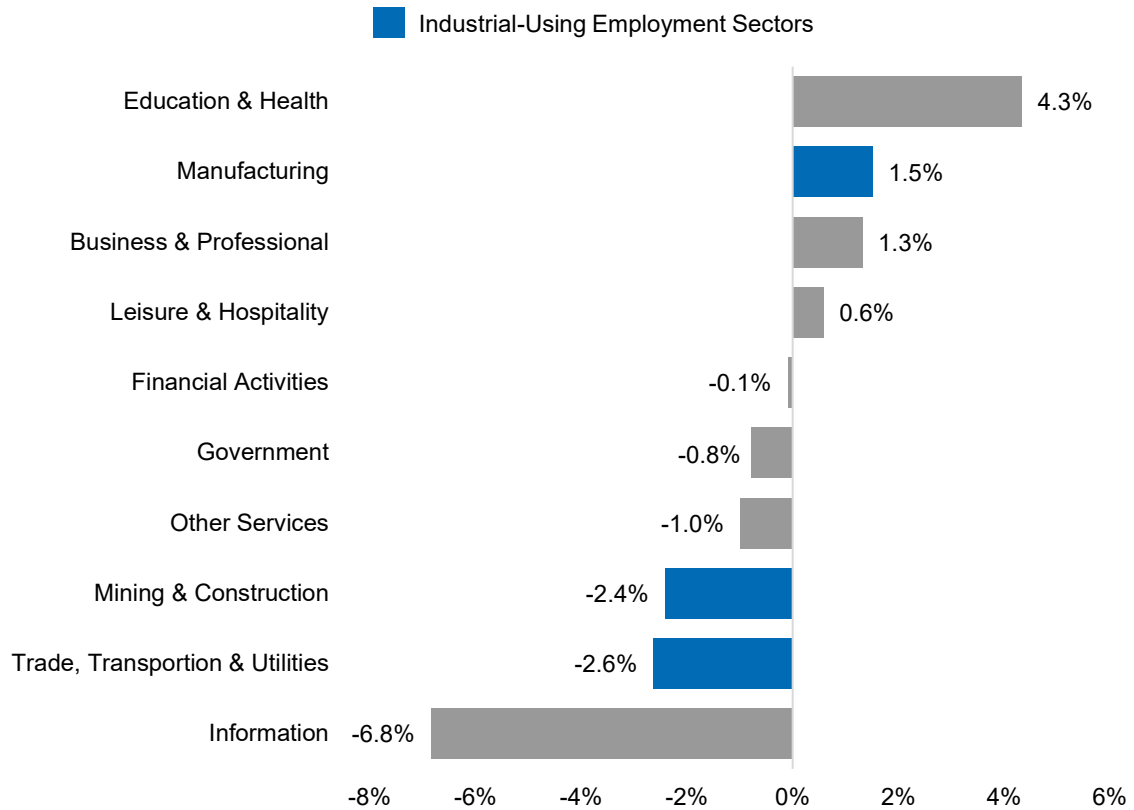
Job Growth Flattens as More Sectors Contract

The Atlanta market is highly diversified, with the top two industries accounting for only 39.0% of total employment. The industrial-using trade/transportation/utilities sector remains the largest in the metro at 20.5%. While overall employment was essentially flat year over year, underlying trends were weaker, with six of ten sectors contracting. Notably, two of the three primary industrial-using sectors declined, as mining and construction declined by 2.4% and trade/transportation/utilities fell by 2.6%. Manufacturing, however, posted a 1.5% increase, partially offsetting broader weakness across industrial employment drivers.

Employment by Industry, December 2025



Employment Growth by Industry, 12-Month % Change, December 2025

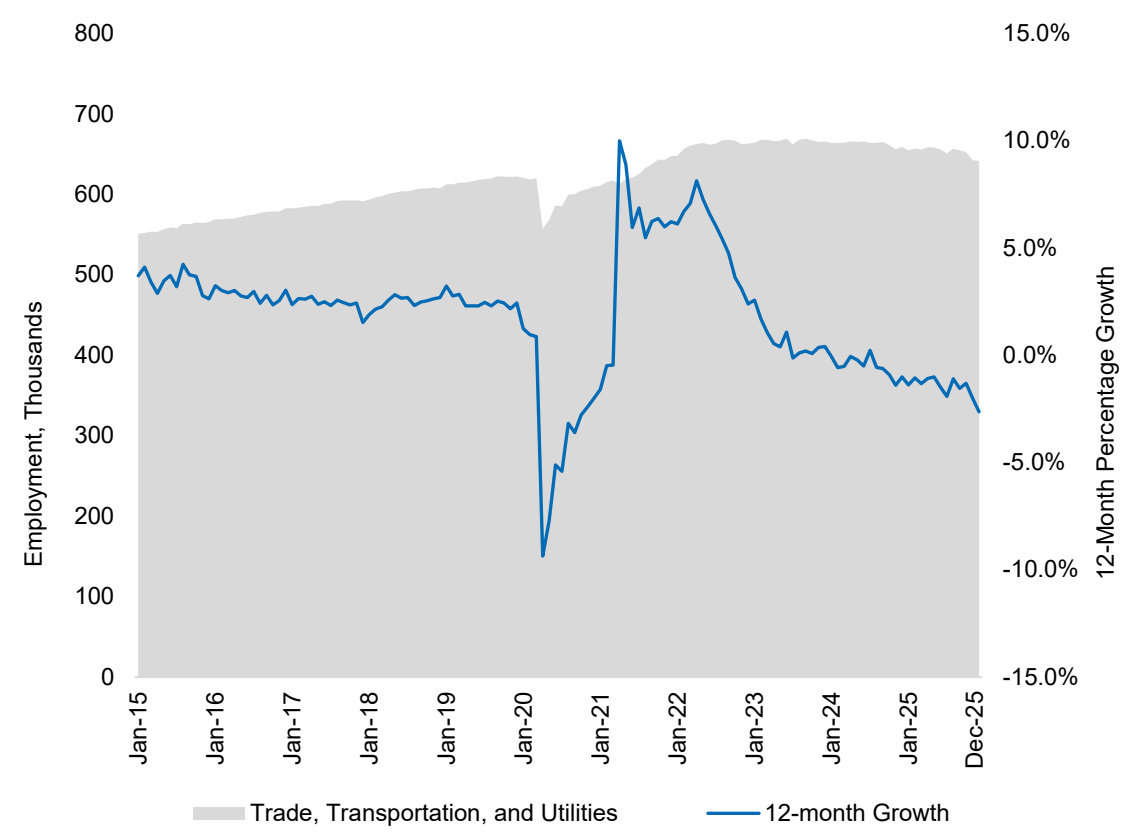


Source: U.S. Bureau of Labor Statistics, Atlanta MSA

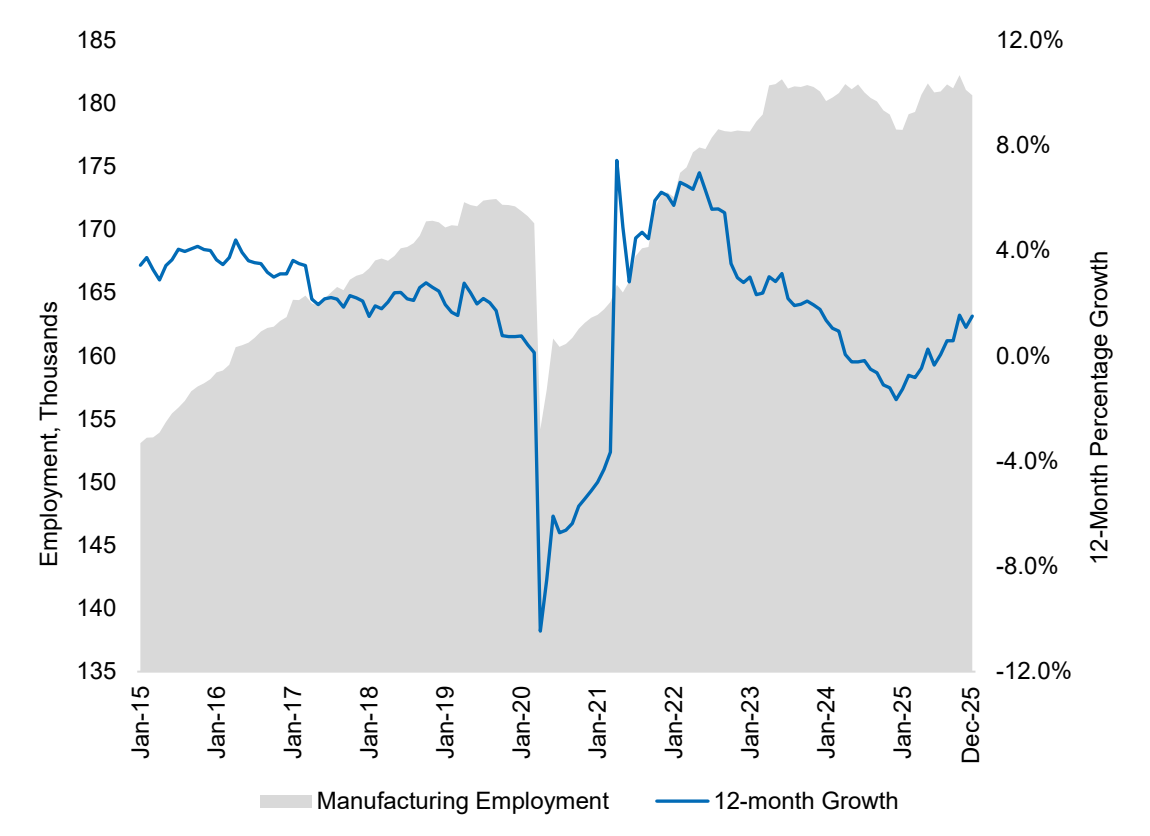
Industrial Employment Moderates but Remains Elevated

The trade/transportation/utilities sector contracted by 2.6% year over year to 641,590 employees as of December 2025, reflecting continued deceleration following its post-pandemic expansion. Despite the pullback, employment remains relatively elevated, sitting just 4.1% below its June 2023 peak of 668,980 jobs. Meanwhile, manufacturing employment increased by 1.5% over the same period to 180,630 workers and remains within 0.9% of its recent high, with year-over-year growth reaccelerating since early 2025 following a period of deceleration. Taken together, while industrial employment drivers have softened in recent quarters, overall levels remain elevated by historical standards.

Total Employment and 12-Month Growth Rate, Trade/Transportation/Utilities



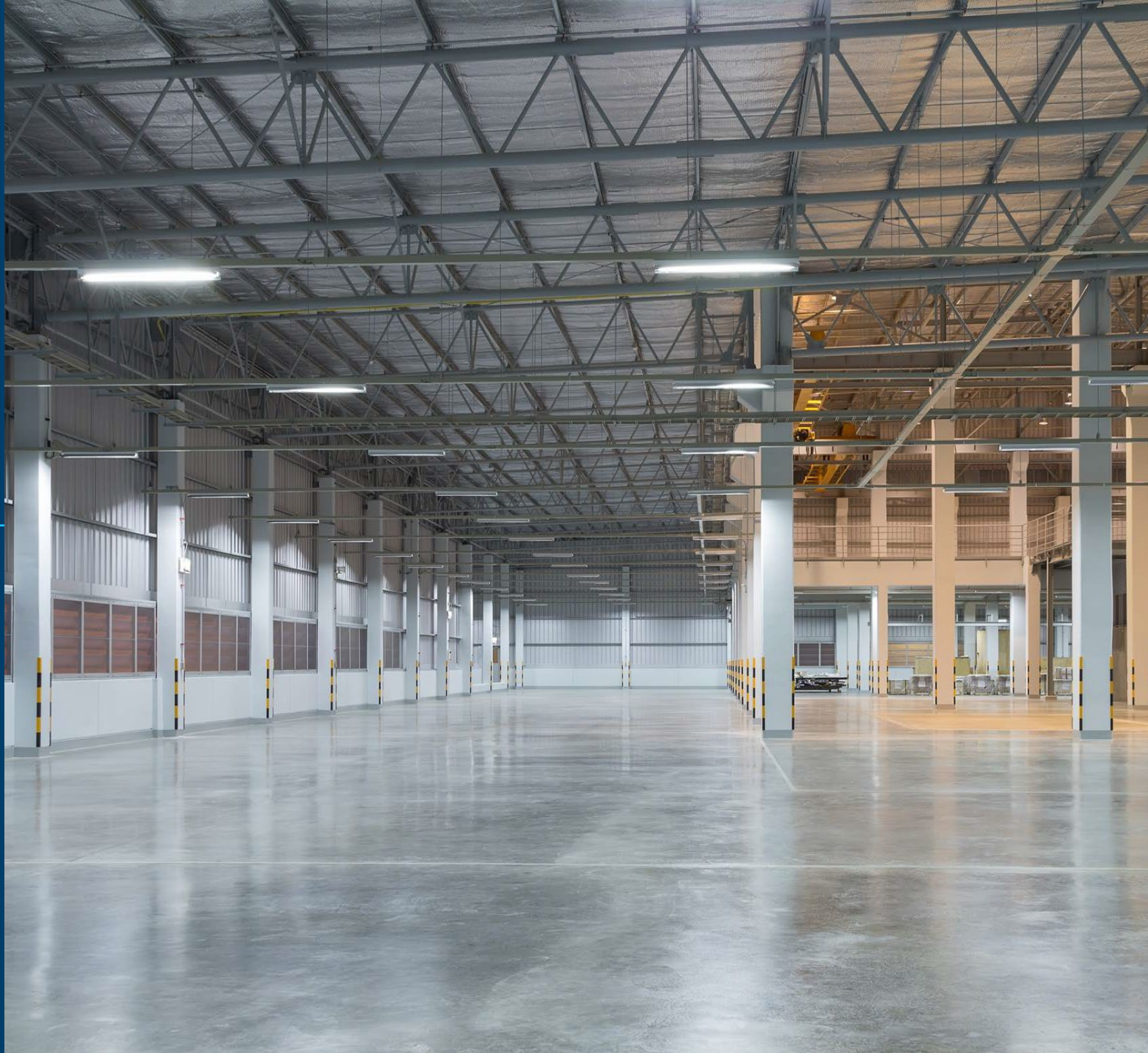
Total Employment and 12-Month Growth Rate, Manufacturing



Source: U.S. Bureau of Labor Statistics, Atlanta MSA

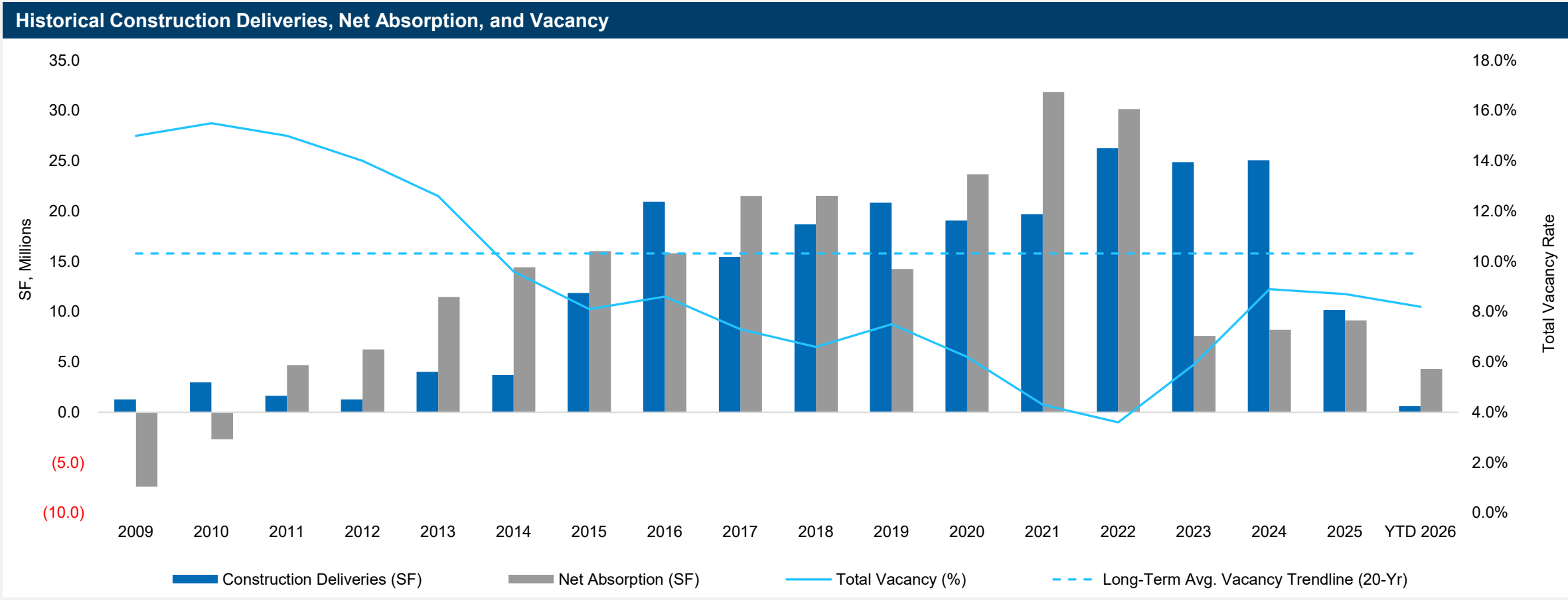
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Leasing Market Fundamentals



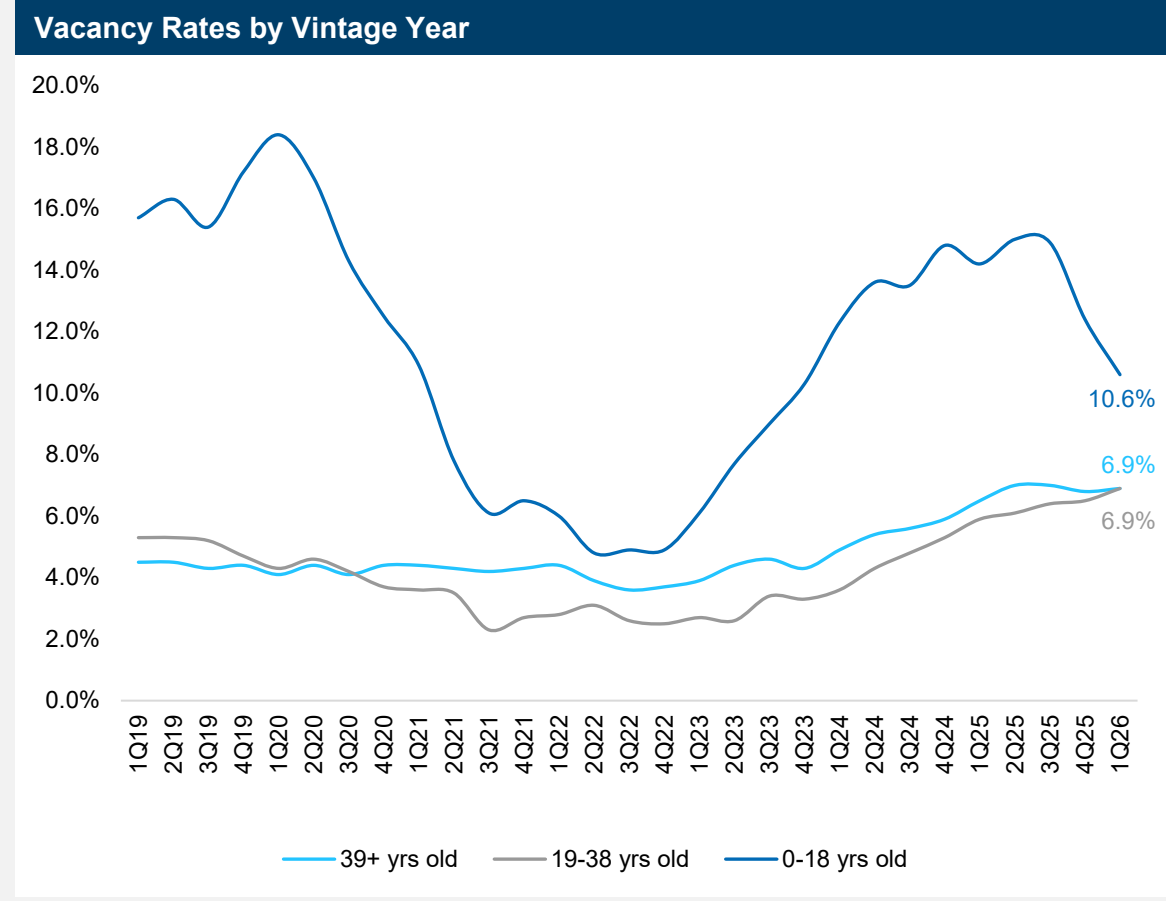
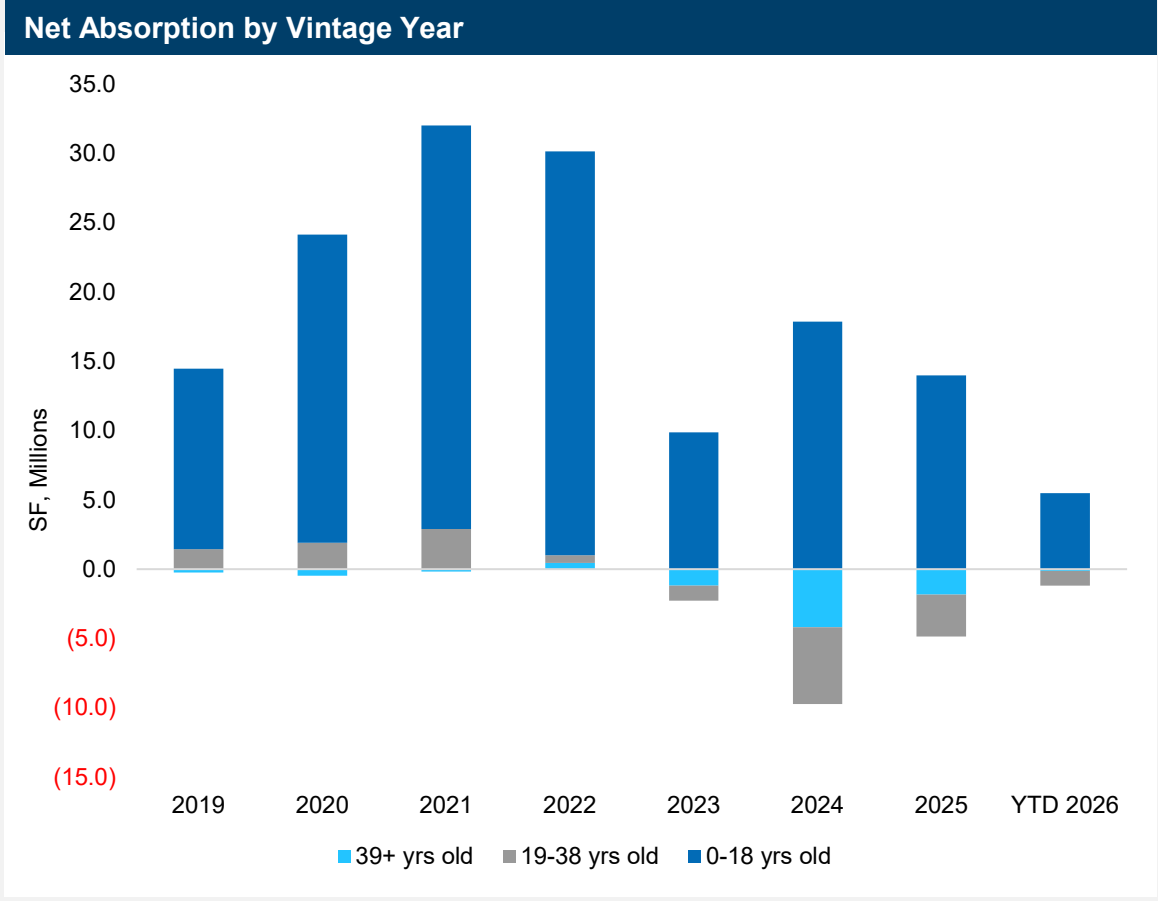
Demand Outpaces Supply for Second Consecutive Quarter, Driving Down Vacancy

Market conditions continued to improve in the first quarter of 2026 as demand remained strong following the sharp acceleration observed at the end of 2025. Net absorption totaled 4.3 MSF, marking a second consecutive quarter of robust demand after the 7.9 MSF recorded in the fourth quarter. With just 613,536 SF delivering during that time period, demand again outpaced supply, driving the vacancy rate down 50 basis points quarter over quarter to 8.2%, extending the reversal from the upward vacancy trend observed earlier in 2025. Absorption was supported by several large occupier move-ins, including Winsupply’s 1.2 MSF occupancy at 421 Toy Wright Rd, Kubota’s 810,000 SF move-in at 860 John B Brooks Rd, and EAE Group’s 798,793 SF lease alongside Stow’s 240,225 SF occupancy at 3864 Highway 41, underscoring the continued role of large-format users in driving near-term demand.



Modern Vacancy Declines as Legacy Vacancy Continues to Rise

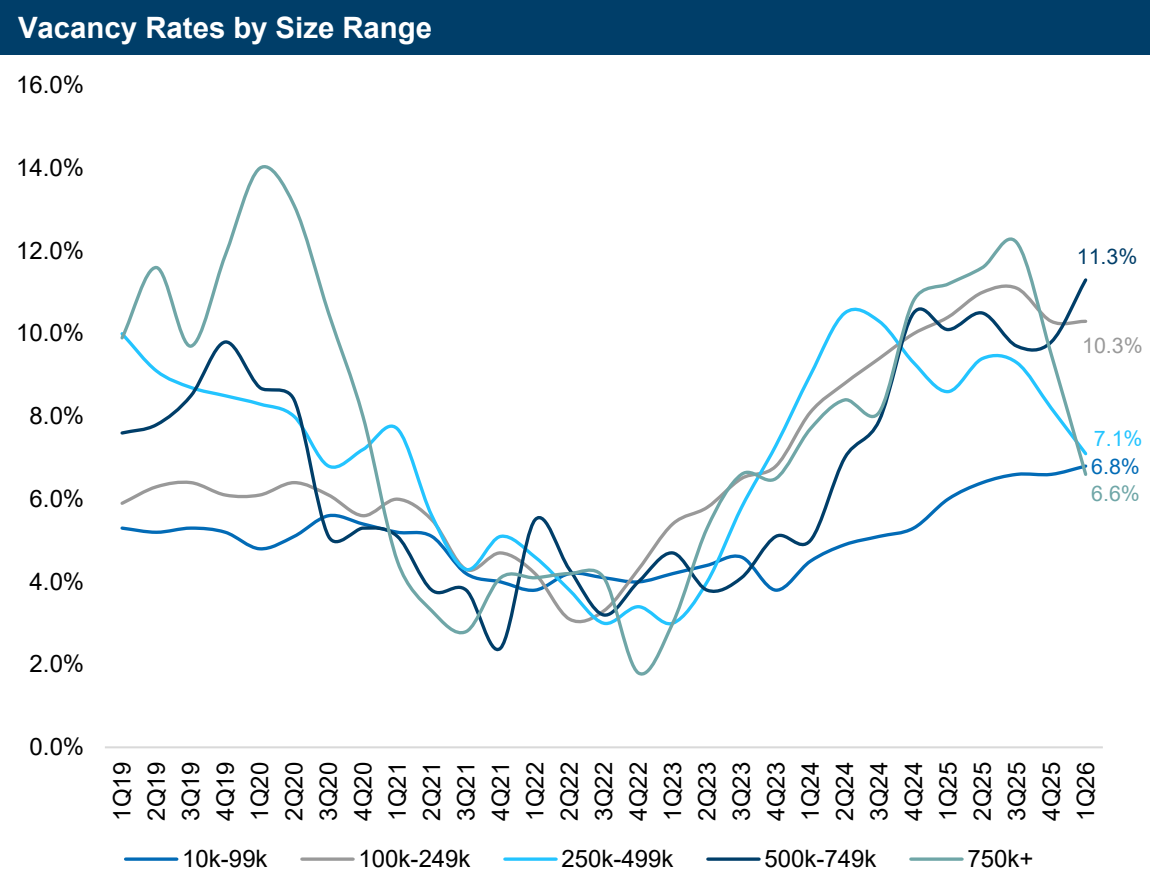
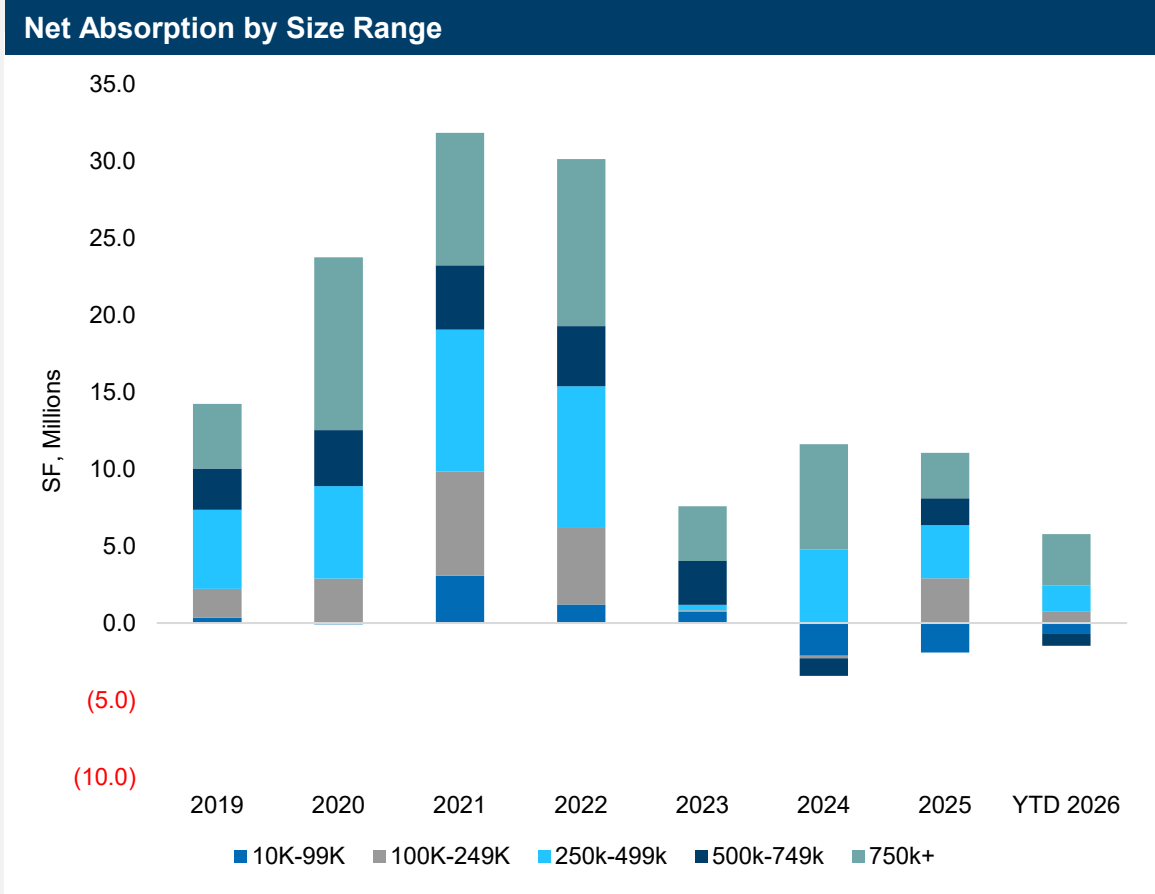
Modern industrial buildings, those 18 years old or newer, have continued to capture the entirety of positive net absorption, underscoring sustained user preference for newer, higher-efficiency facilities. In 2025, the modern cohort recorded 14.0 MSF of demand, more than offsetting 4.9 MSF of combined negative absorption across legacy assets, a trend that has persisted into the first quarter of 2026. Vacancy within modern product, while elevated due to recent supply additions, has begun to compress meaningfully, declining 440 basis points from its mid-2025 peak to 10.6% as of the first quarter of 2026. In contrast, vacancy among legacy properties has continued to rise, reaching 6.9% during the same period, reflecting ongoing demand erosion that reinforces the flight-to-quality dynamic.



Source: Newmark Research, CoStar

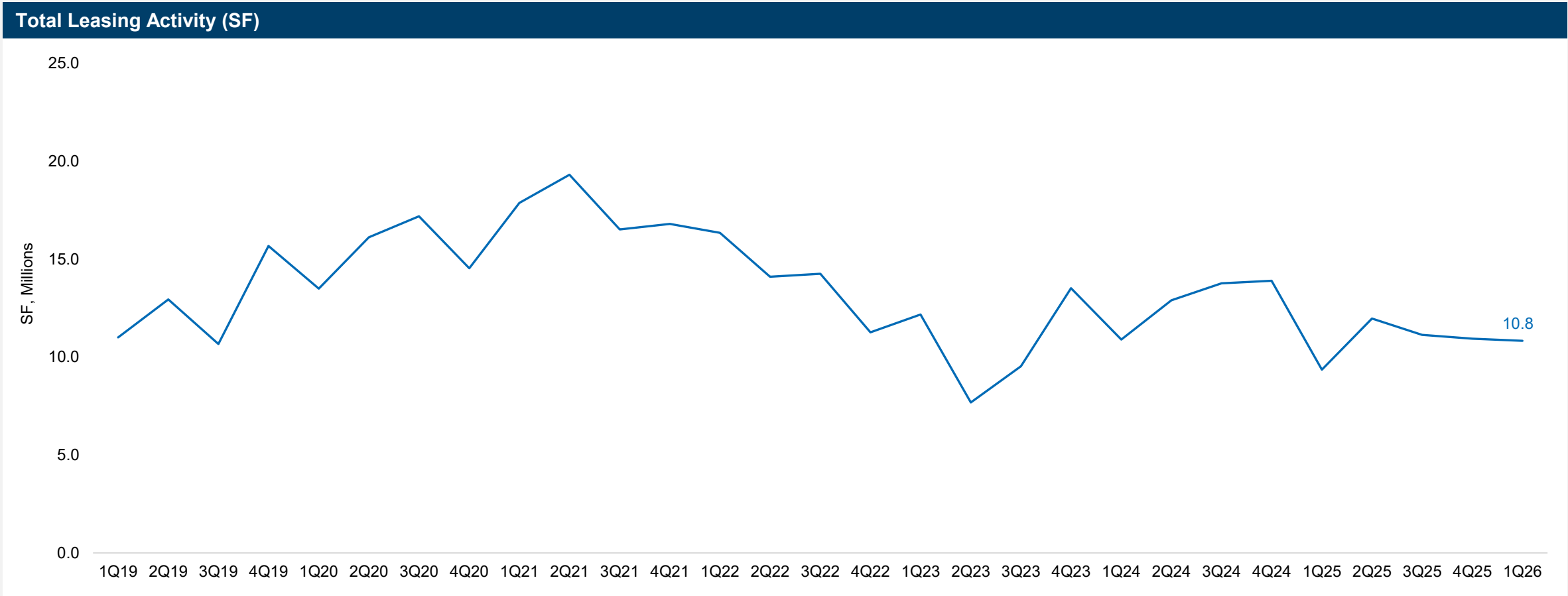
Demand Remains Concentrated in Mid and Large-Size Tranches

Demand has remained concentrated in mid and large-format industrial space, though below the peak levels recorded during the 2021 to 2022 expansion. Since 2019, buildings that are 250,000 SF and larger have accounted for the majority of net absorption, led by the 750,000 SF and larger cohort. More recently, demand has broadened across mid-to-large size ranges, with the 250,000 to 499,999 SF segment emerging as the most consistent driver of positive absorption, alongside continued but more variable activity in larger tranches. Vacancy trends reflect this dynamic, with mid-box and larger-format space beginning to tighten, while select size ranges, particularly the 500,000 to 749,999 SF segment, remain elevated due to prior supply additions.



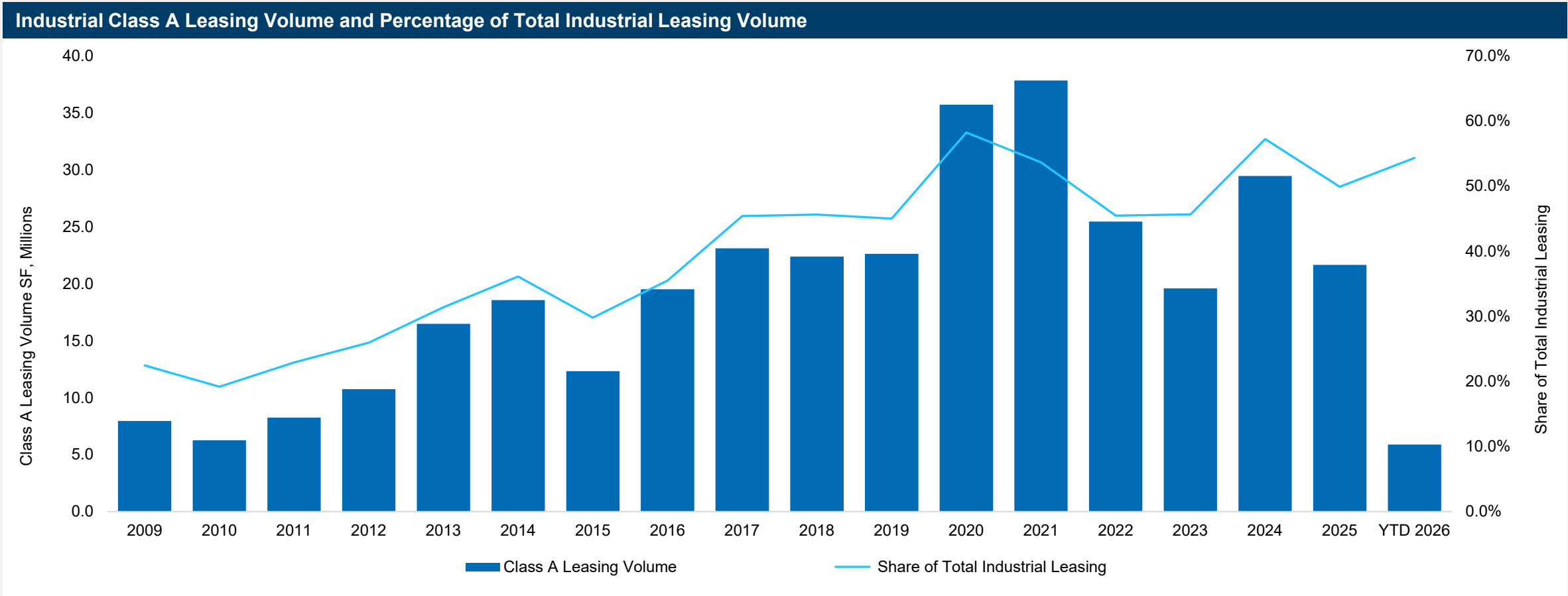
Leasing Activity Stabilizes but Remains Below Historical Averages

Leasing activity totaled 10.8 MSF in the first quarter of 2026, declining 1.1% quarter over quarter but increasing 15.8% year over year. While activity remains below the six-year first-quarter average of 13.0 MSF, leasing volume has stabilized in recent quarters following more pronounced volatility earlier in the cycle. Elevated interest rates, corporate cost-containment strategies, and ongoing macroeconomic uncertainty among larger occupiers continue to weigh on transaction activity, though overall demand remains durable.



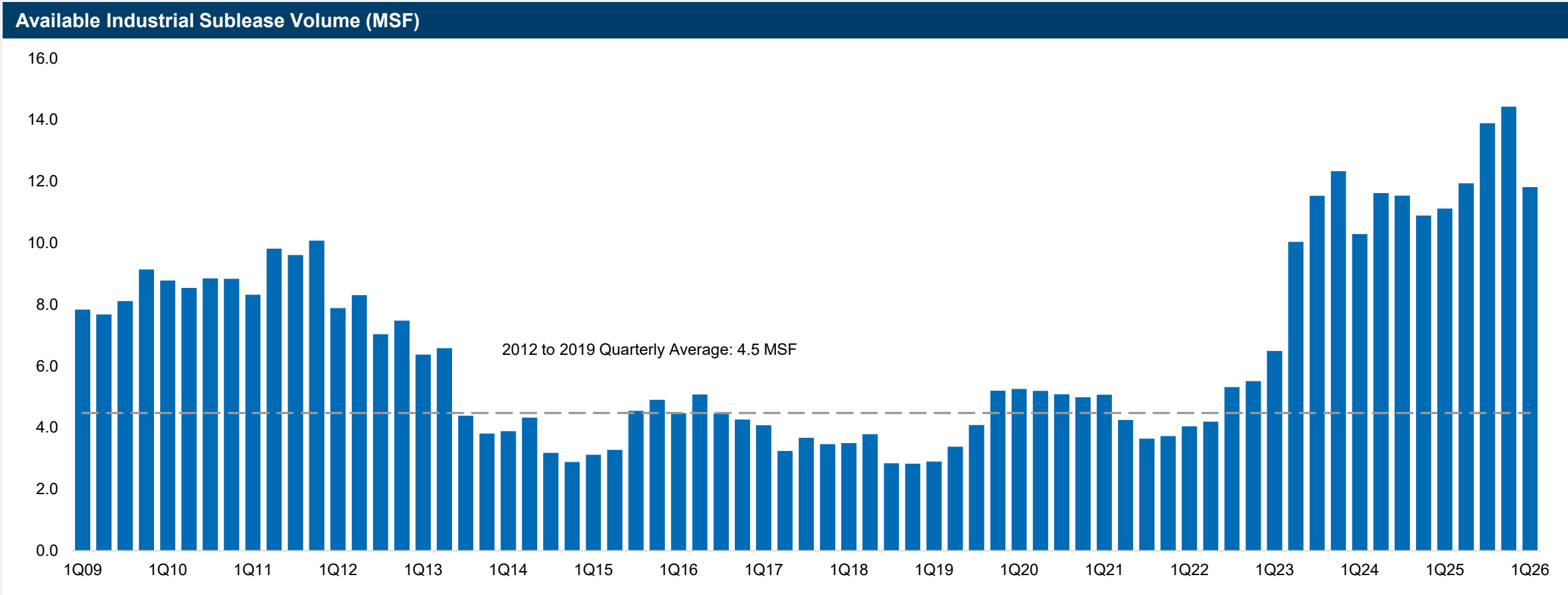
Class A Share Rebounds and Remains a Market Driver

Class A leasing activity totaled 5.9 MSF in the first quarter of 2026, increasing 2.4% quarter over quarter as overall leasing activity stabilized. Class A space accounted for approximately 54.3% of total leasing, rebounding from 49.9% in the prior quarter and remaining well above historical averages. The sustained share reinforces continued tenant preference for modern, high-efficiency product, even as elevated financing costs and ongoing cost-containment efforts continue to temper expansion decisions among larger users.



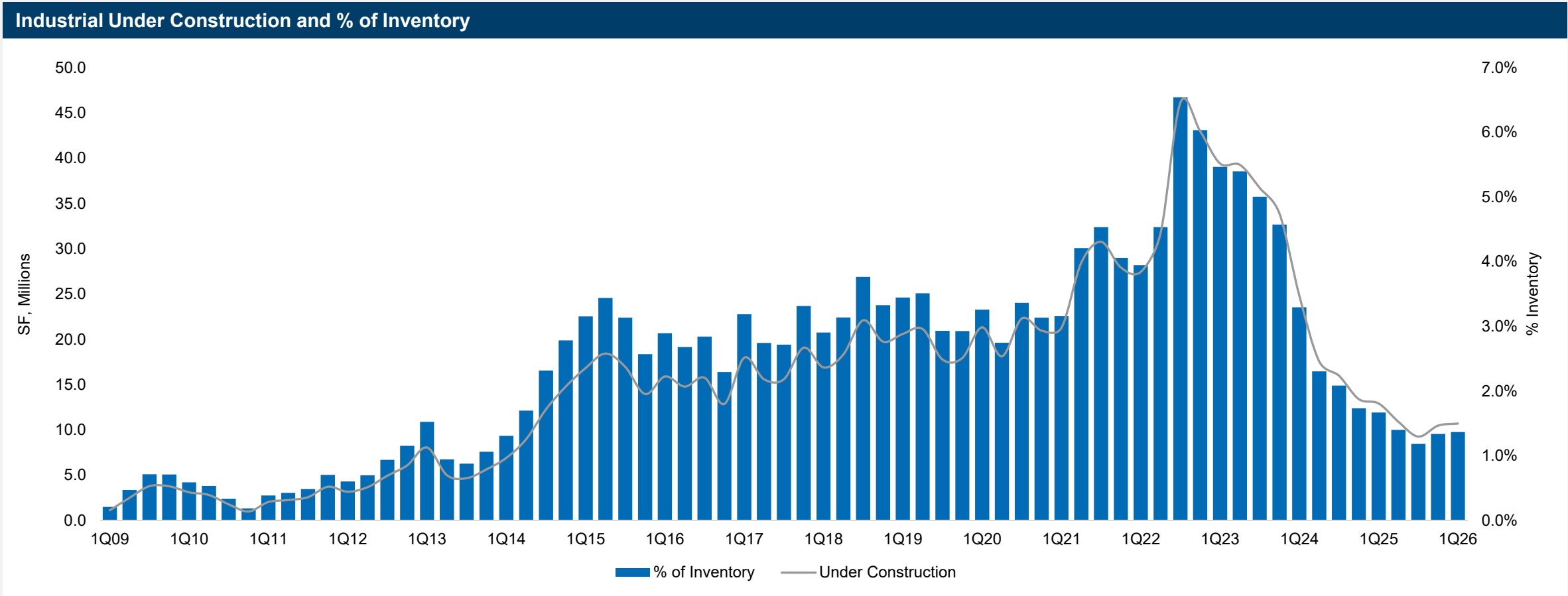
Sublease Availability Pulls Back from Recent Peak

Sublease availability totaled 11.8 MSF in the first quarter of 2026, declining 18.1% quarter over quarter from the recent peak of 14.4 MSF recorded at year-end. Despite the pullback, sublease space remains elevated relative to historical norms and above levels observed throughout most of the past decade. After rising sharply since 2023, the recent decline suggests some stabilization, though continued elevated availability indicates that larger occupiers remain cautious and are still optimizing space usage.



Pipeline Stabilizes, Driven by BTS and Owner-Built Projects

The under-construction pipeline edged higher in the first quarter of 2026, increasing to 10.7 MSF, or 1.4% of total inventory, following several quarters of sustained contraction. While development activity remains below historical norms, the pipeline continues to be anchored by large build-to-suit and owner-occupied projects, including Southwire’s 1.2 MSF facility and Hyundai’s 3.3 MSF owner-built development, limiting near-term competitive supply. Excluding these projects, the speculative portion of the pipeline is currently 37.1% preleased. In the near term, restrained construction levels continue to afford existing inventory additional time to absorb vacancies, supporting a gradual rebalancing of supply and demand.

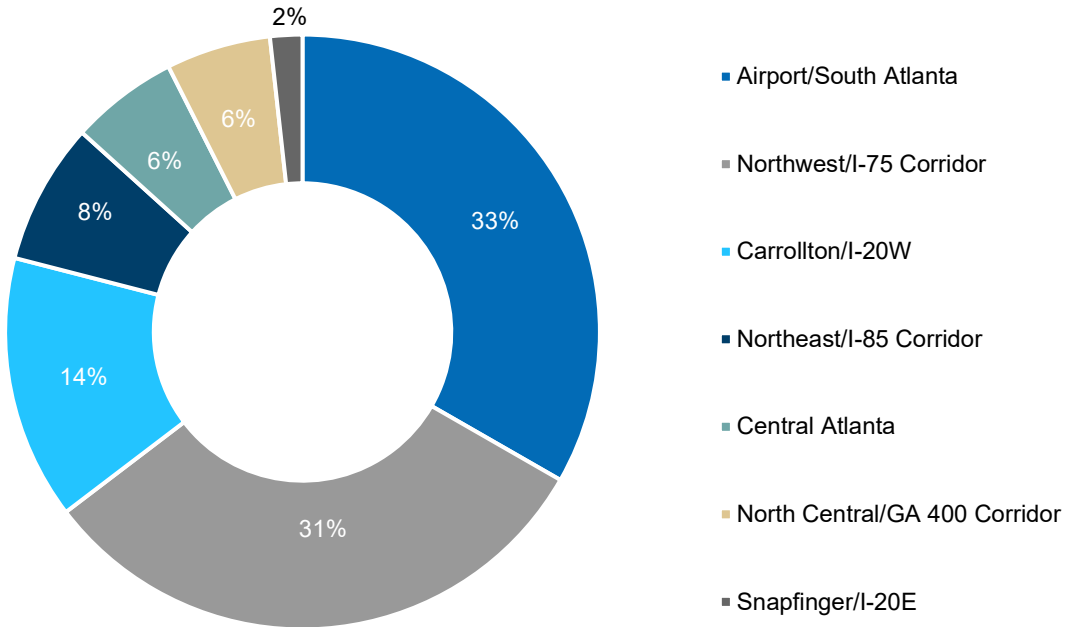


Source: Newmark Research, CoStar

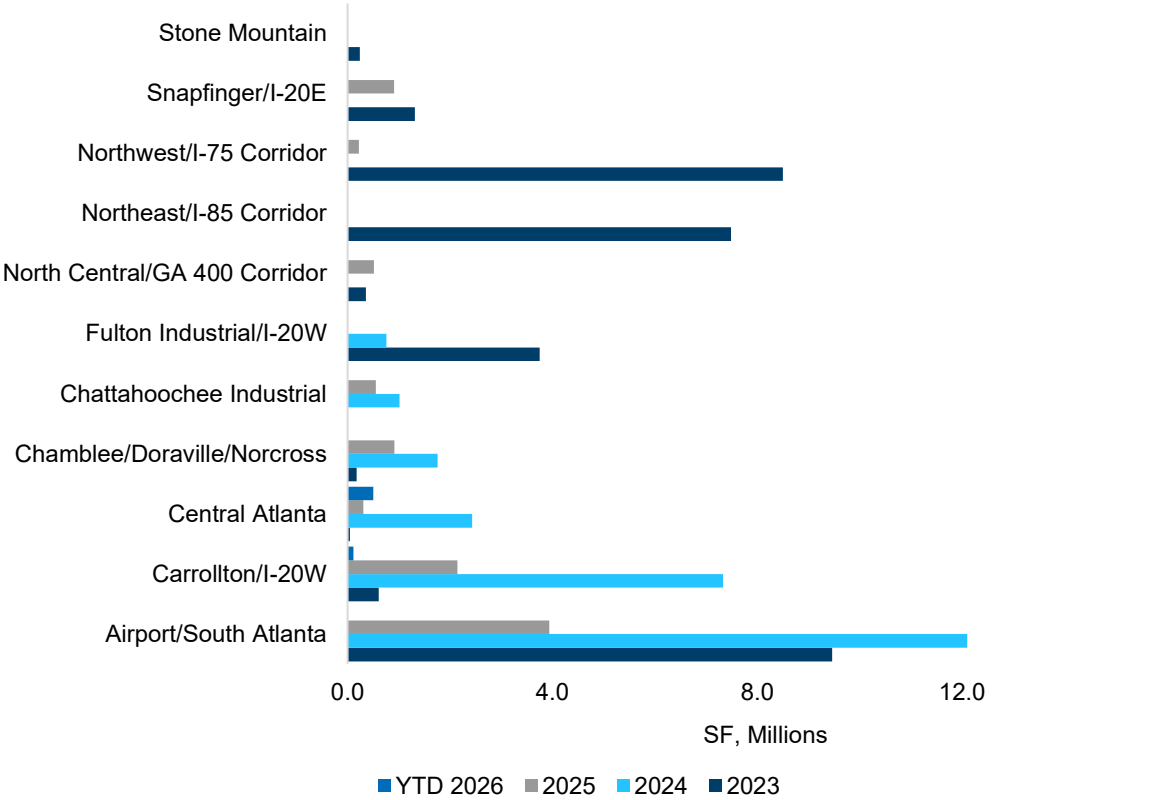
Construction and Deliveries Concentrated in Key Submarkets

Construction activity remains concentrated in a handful of key submarkets, with Airport/South Atlanta and the Northwest/I-75 Corridor accounting for nearly two-thirds of all space underway. Much of this activity is driven by large build-to-suit and owner-occupied developments, which continue to limit the volume of competitive speculative supply being delivered to the broader market. Consistent with this trend, recent deliveries have also been concentrated in Airport/South Atlanta and the Northeast/I-85 Corridor, with these submarkets leading new supply additions since 2023.

Currently Under Construction Industrial Activity by Submarket

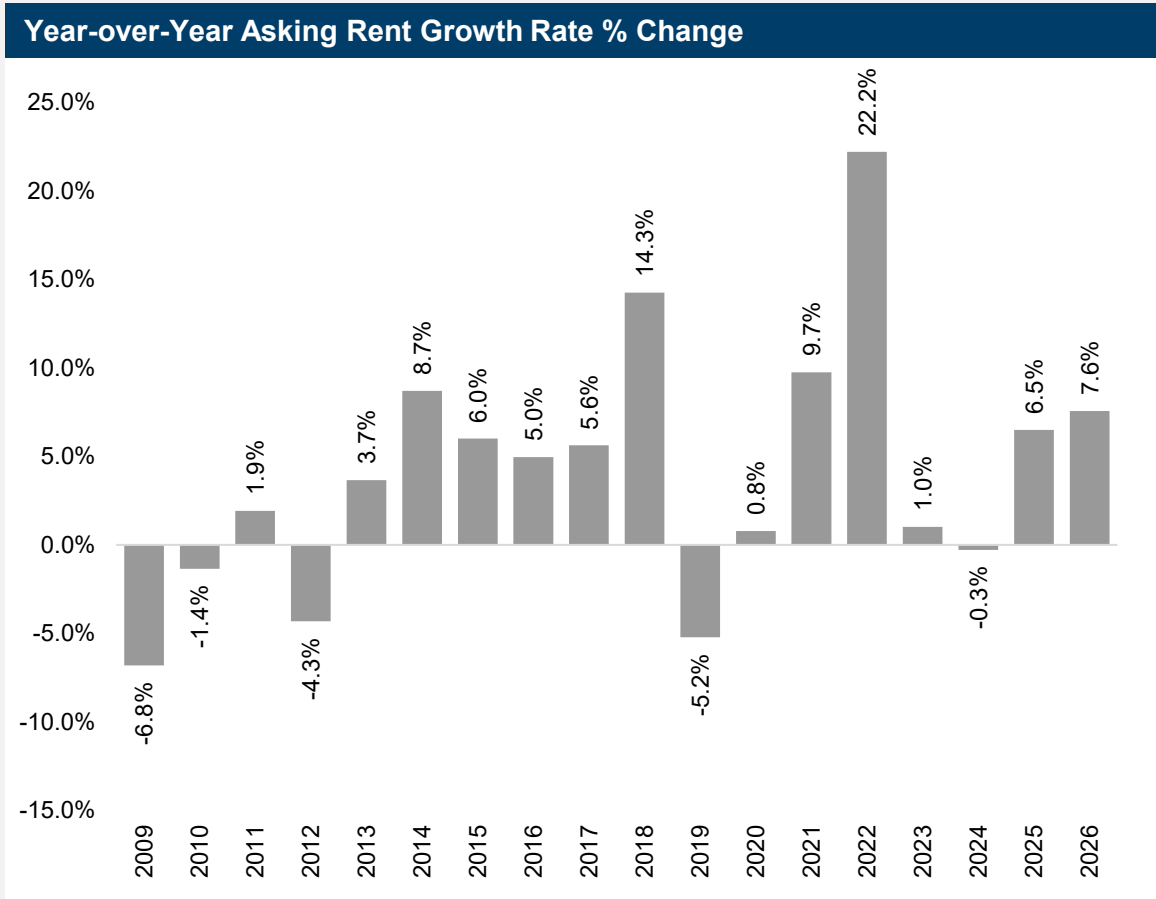
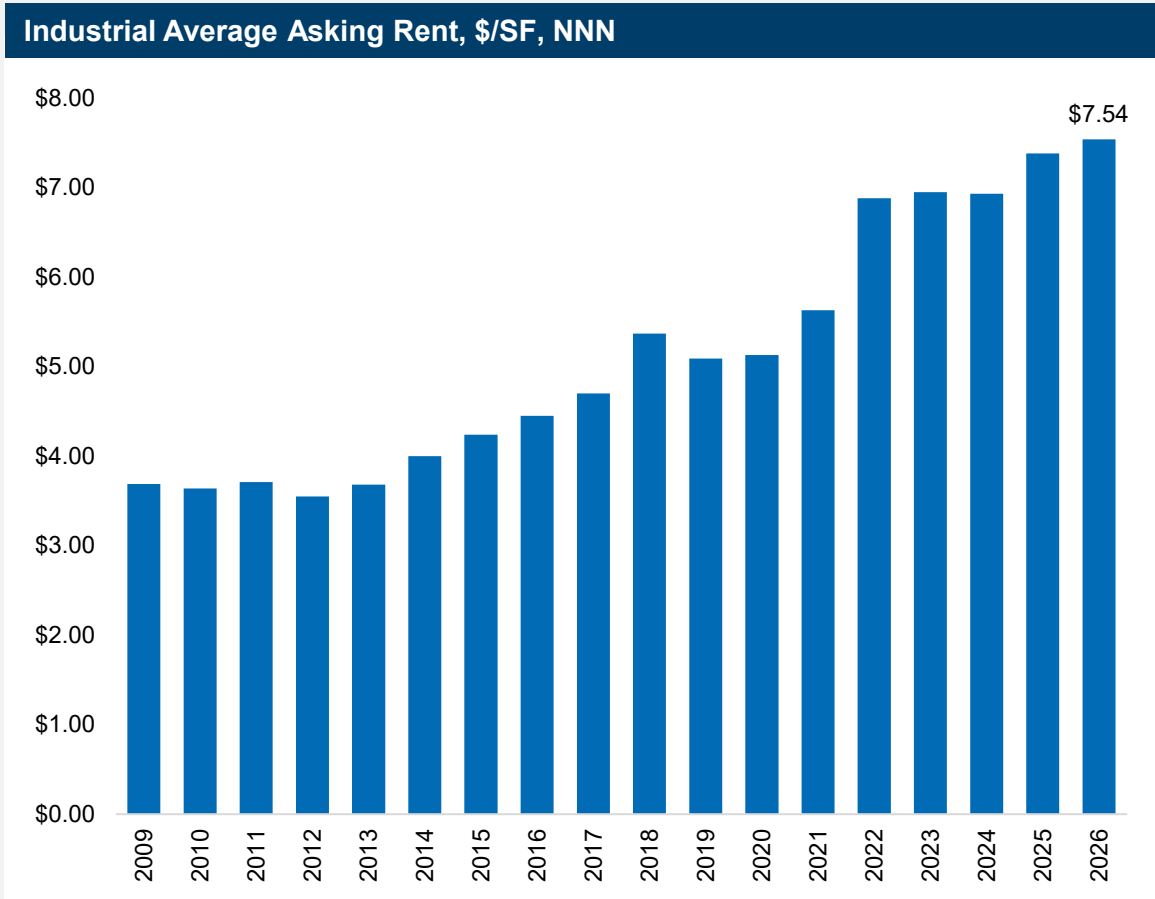


Historical Submarket Deliveries, 2023 – YTD 2026



Rents Reach New High as Growth Accelerates

Asking rents increased to \$7.54/SF in the first quarter of 2026, rising 2.2% quarter over quarter and 7.6% year over year to a new market high. The acceleration reflects strengthening pricing momentum following a more muted period in 2023 and 2024. While overall leasing activity moderated slightly, demand remained concentrated in Class A and modern product, supporting higher achievable rents. With sublease availability easing, rent growth is increasingly being driven by product quality and replacement costs, keeping pricing well above pre-pandemic levels.



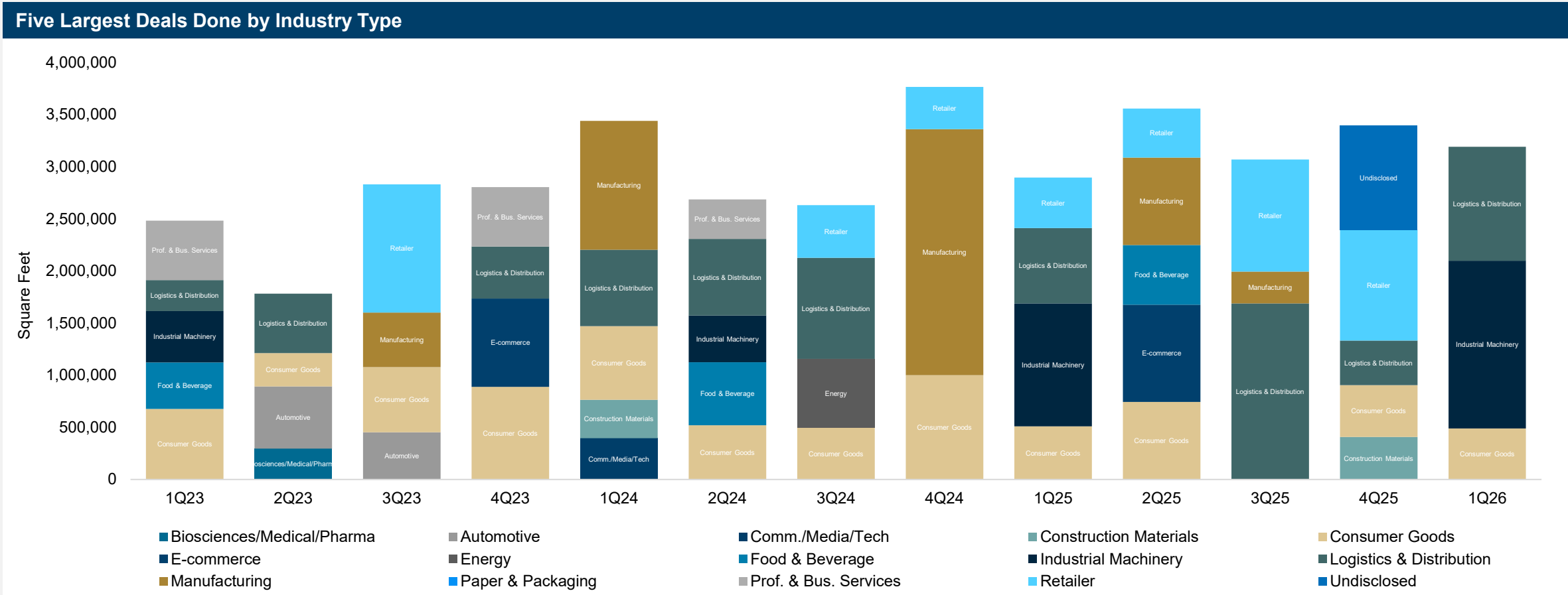
New Leases Lead Top Transactions

The quarter's top lease transactions were primarily driven by new deals, which accounted for three of the five largest leases, including the two largest occupancies. Activity was concentrated in the Northeast/I-85 Corridor, with additional deals in the Northwest/I-75 Corridor, Airport/South Atlanta, and Fulton Industrial/I-20 West, while renewal activity remained more limited.

Notable 1Q26 Lease Transactions				
Tenant	Building	Submarket	Type	Square Feet
Kubota	Walnut Fork Distribution Center 860 John B. Brooks Rd	Northeast/I-85 Corridor	Direct New	810,000
<i>Kubota, which distributes agricultural and construction equipment, executed the quarter's largest lease. The company has been establishing a significant manufacturing presence in the metro, occupying multiple facilities in Gainesville, approximately 30 minutes from the new location.</i>				
EAE Group	Gordon Logistics Center 3864 Highway 41 SE	Northwest/I-75 Corridor	Direct New	798,793
<i>The company is a distributor of advanced electrical power distribution systems. The deal brings the Gordon Logistics Center to full occupancy.</i>				
GigaCloud	1380 Jesse Cronic Rd	Northeast/I-85 Corridor	Renewal	589,680
<i>GigaCloud, a global B2B e-commerce platform specializing in large-parcel merchandise fulfillment, renewed its 589,680-SF lease at 1380 Jesse Cronic Road in Braselton, where the company has been an occupant since 2021.</i>				
CJ Logistics	Greenwood Industrial Park 220-230 Greenwood Ct	Airport/South Atlanta	Renewal	504,000
<i>The logistics operator renewed its 504,000-SF lease at 220-230 Greenwood Court within Greenwood Industrial Park in McDonough, continuing its presence in one of South Atlanta's premier bulk distribution facilities adjacent to I-75.</i>				
Cleveland Electric	1060 Douglas Hill Rd	Fulton Industrial/I-20W	Direct New	489,416
<i>Cleveland Electric, a specialty electrical contractor serving the Southeast for nearly a century, signed a 489,416-SF lease at West Fulton Commerce Park on Douglas Hill Road in the Fulton Industrial/I-20 West submarket.</i>				

Industrial Machinery Leads the Quarter's Largest Deals

The industry mix among the quarter's largest leases shifted in the first quarter of 2026, with activity led by industrial and logistics-oriented users. This marks a departure from prior periods when retailer-driven demand featured more prominently among top deals. Industrial machinery accounted for 50.4% of total leasing volume among the top five deals, driven by Kubota and EAE Group, which represented the two largest transactions.



Source: Newmark Research, CoStar

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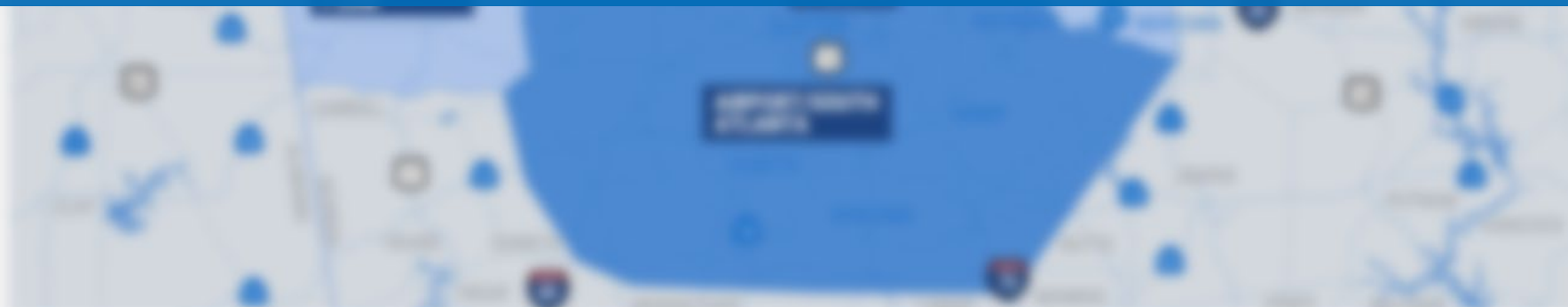
Market Statistics & Map



Atlanta Industrial Submarket Map



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Atlanta Industrial Submarket Overview

Submarket Statistics – All Classes								
	Total Inventory (sq ft)	Available Inventory (sq ft)	Occupancy (%)	2023 Inventory (sq ft)	2024 Inventory (sq ft)	2025 Inventory (sq ft)	2026 Inventory (sq ft)	2027 Inventory (sq ft)
Manufacturing	1,200,000	1,000,000	83%	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Warehouse	1,500,000	1,300,000	87%	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000

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Manufacturing	1,200,000	1,000,000	83%	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Warehouse	1,500,000	1,300,000	87%	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Other	1,000,000	0	0%	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Total	3,700,000	2,300,000	62%	3,700,000	3,700,000	3,700,000	3,700,000	3,700,000

Neil Matthee

Research Manager, Southeast Research
Neil.Matthee@nmrk.com

Alain Perez

Senior Research Analyst
Alain.Perez@nmrk.com

Ching-Ting Wang

Head of Southeast Research
ChingTing.Wang@nmrk.com

Atlanta

3455 Peachtree Rd
Suite 1800
Atlanta, GA 30326
t 770-552-2407

New York Headquarters

125 Park Ave.
New York, NY 10017
t 212-372-2000

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