2Q25

Atlanta Industrial Market Overview

NEWMARK

Market Observations

Economy

- The market's unemployment rate remained unchanged year over year at 3.5% at the end of May 2025, which is 73 basis points lower than the national average of 4.2%.
- Job growth closed at 0.4% year over year, reflecting the second slowest yearly growth pace since early 2021.
- Only three out of 10 sectors reported employment growth, led by the education and health sector, which posted a 4.9% year-over-year gain.
- None of the industrial-using sectors recorded job growth. Manufacturing employment was flat year over year, while the trade/transportation/utilities and mining & construction sectors declined by 1.0% and 2.9%, respectively.

Leasing Market Fundamentals

- Industrial average asking rents increased by 0.9% quarter over quarter and 2.3% year over year to an all-time high of $7.06/SF.
- Net absorption dropped substantially in the second quarter of 2025, with move-outs outpacing move-ins by 2.6 MSF, the steepest quarterly decline reported since mid-2009.
- New supply reported a more than fourfold increase to 3.9 MSF quarter over quarter. Coupled with negative absorption, the vacancy rate increased by 70 basis points quarter over quarter to 9.7%, the highest in over a decade.
- The construction pipeline trended downwards for the eighth consecutive quarter, reaching 6.2 MSF in the second quarter of 2025.

Major Transactions

- Amazon inked the quarter's biggest deal, signing up for 933,000 SF in the Airport/South Atlanta submarket. During the quarter, the company also gave back approximately 200,000 SF in the Northwest/I-75 Corridor submarket.
- The quarter's top five largest lease transactions were predominantly renewals, with four renewal deals and one new deal. Additionally, one of the renewals included a 216,384-SF expansion.
- The five largest leases were signed across three different submarkets.
- As of the end of the second quarter of 2025, under-construction assets were 43.1% preleased.

Outlook

- The Atlanta industrial market will likely continue to see a decrease of supply in the near term, as well as decreasing new starts due to an ongoing challenging financing environment for new construction.
- Vacancy rates can be expected to stabilize in the second half of 2025 as net absorption continues to be more aligned closely with a delivery pipeline that is 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.

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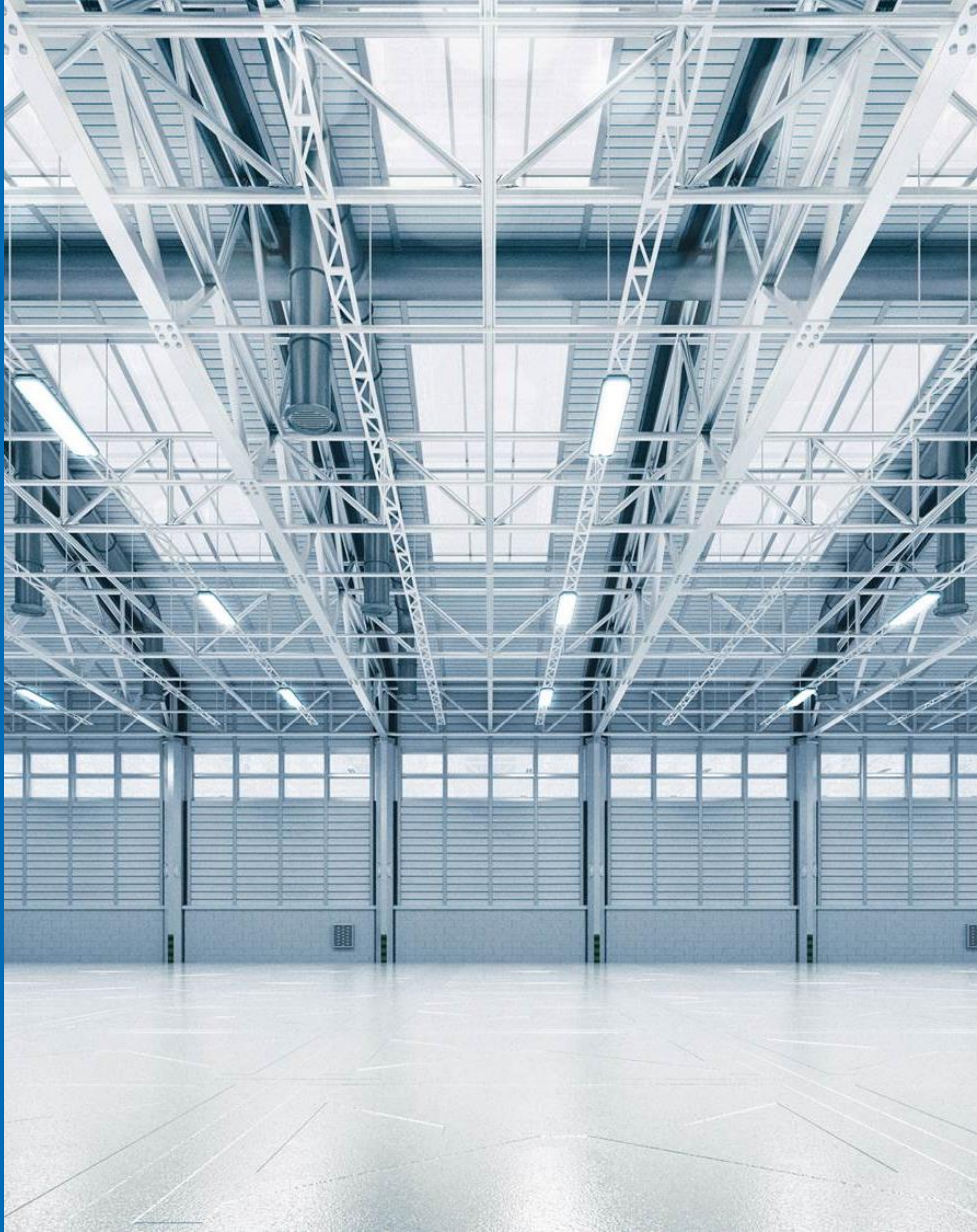
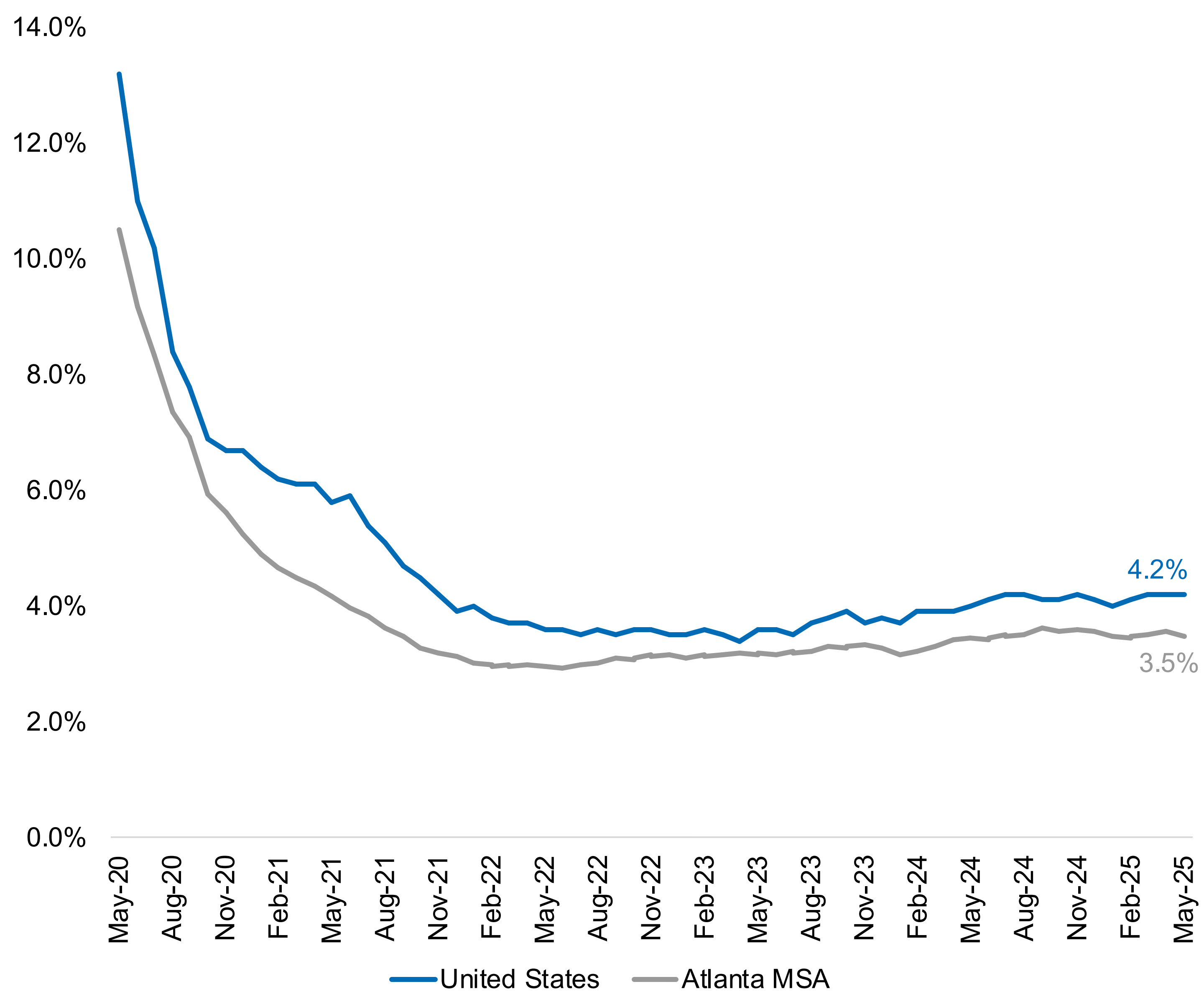


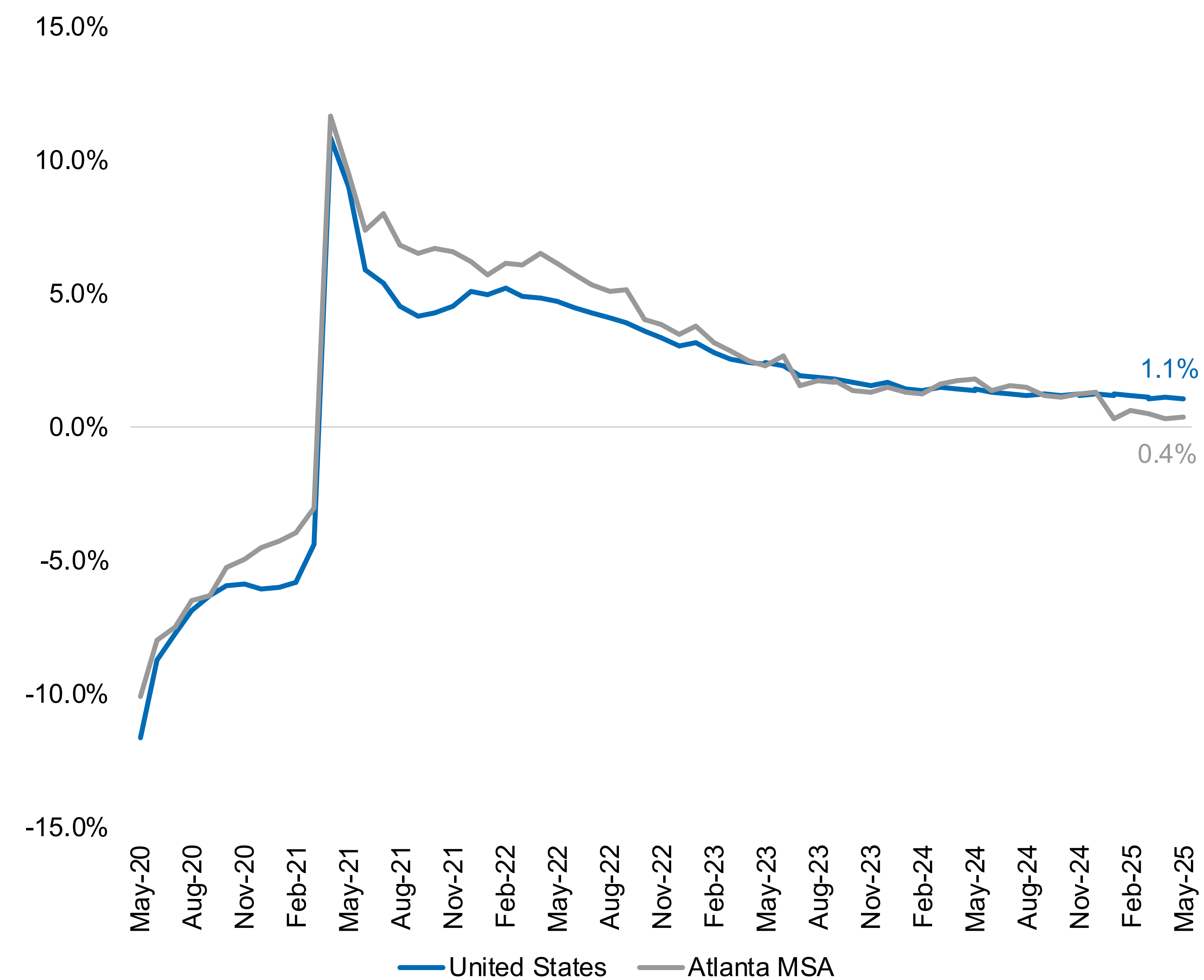
Atlanta Unemployment Below National Average, While Employment Growth Slows

The Atlanta market has generally reported lower unemployment rates compared with the national average. Despite a slower national economy, the metro's unemployment rate closed the second quarter of 2025 at 3.5%, remaining 73 basis points below the national rate. The current unemployment rate remained relatively unchanged on both a quarter over quarter and a year over year basis. The market's year-over-year employment growth rate slowed by 141 basis points to 0.4% in May 2025, continuing to report year-over-year growth below 1.0% since the beginning of the year, a pattern last observed in March 2021 when yearly growth was negative.

Unemployment Rate, Seasonally Adjusted



Nonfarm Payroll Employment, Seasonally Adjusted, 12-Month % Change

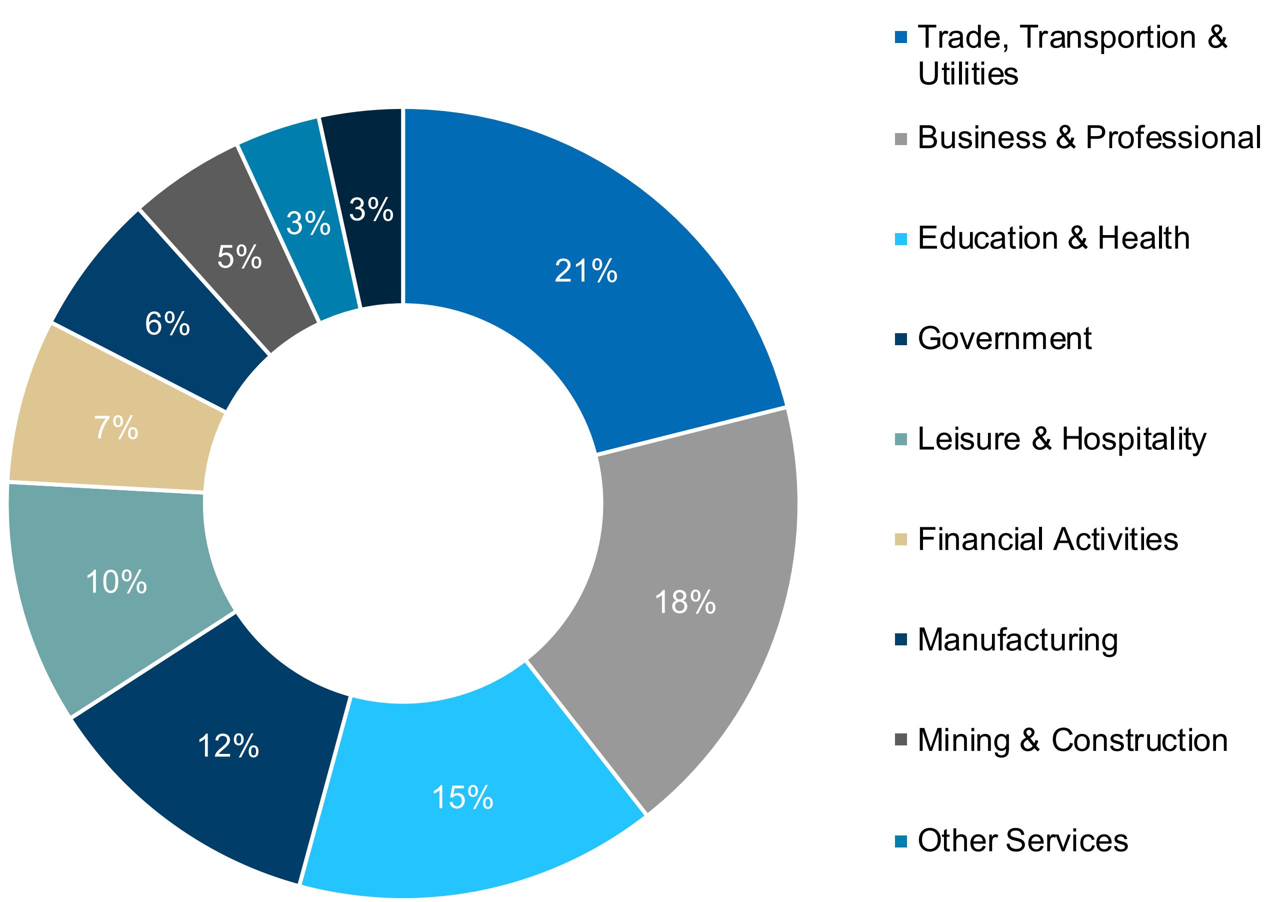


Source: U.S. Bureau of Labor Statistics, Atlanta MSA

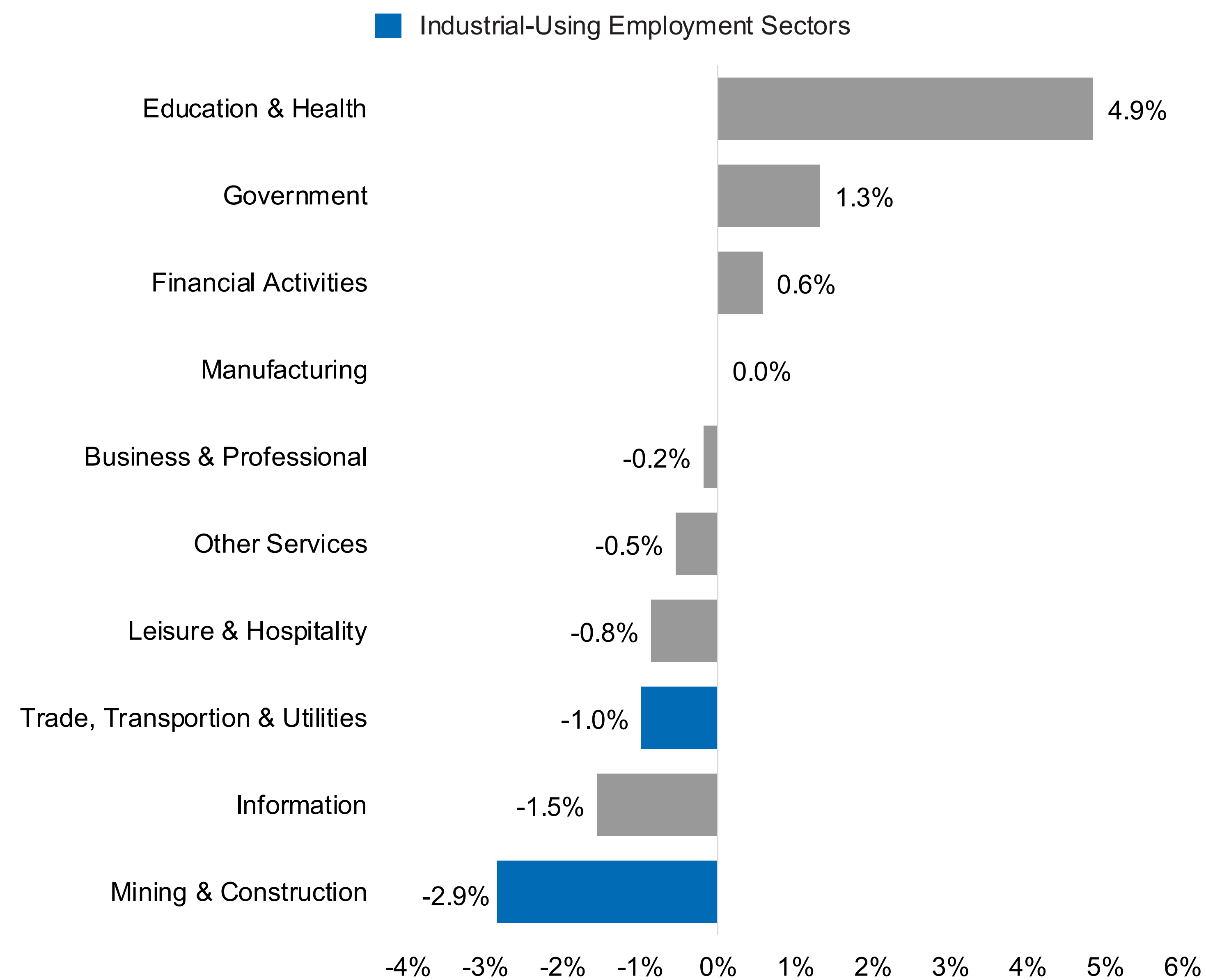
Majority of Employment Industries Report Annual Declines

The Atlanta market exhibits strong industry diversity, with the top two sectors accounting for just 39.4% of total industry employment. The trade/transportation/utilities sector – the largest overall sector – represents 21.1% of the metro's employment base. Overall job growth was modest at 0.4% year over year, with six of the 10 major sectors reporting employment declines, including two of the three industrial-using sectors. Manufacturing employment was flat year over year, while the trade/transportation/utilities and mining and construction sectors declined by 1.0% and 2.9%, respectively, during the same period.

Employment by Industry, May 2025



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

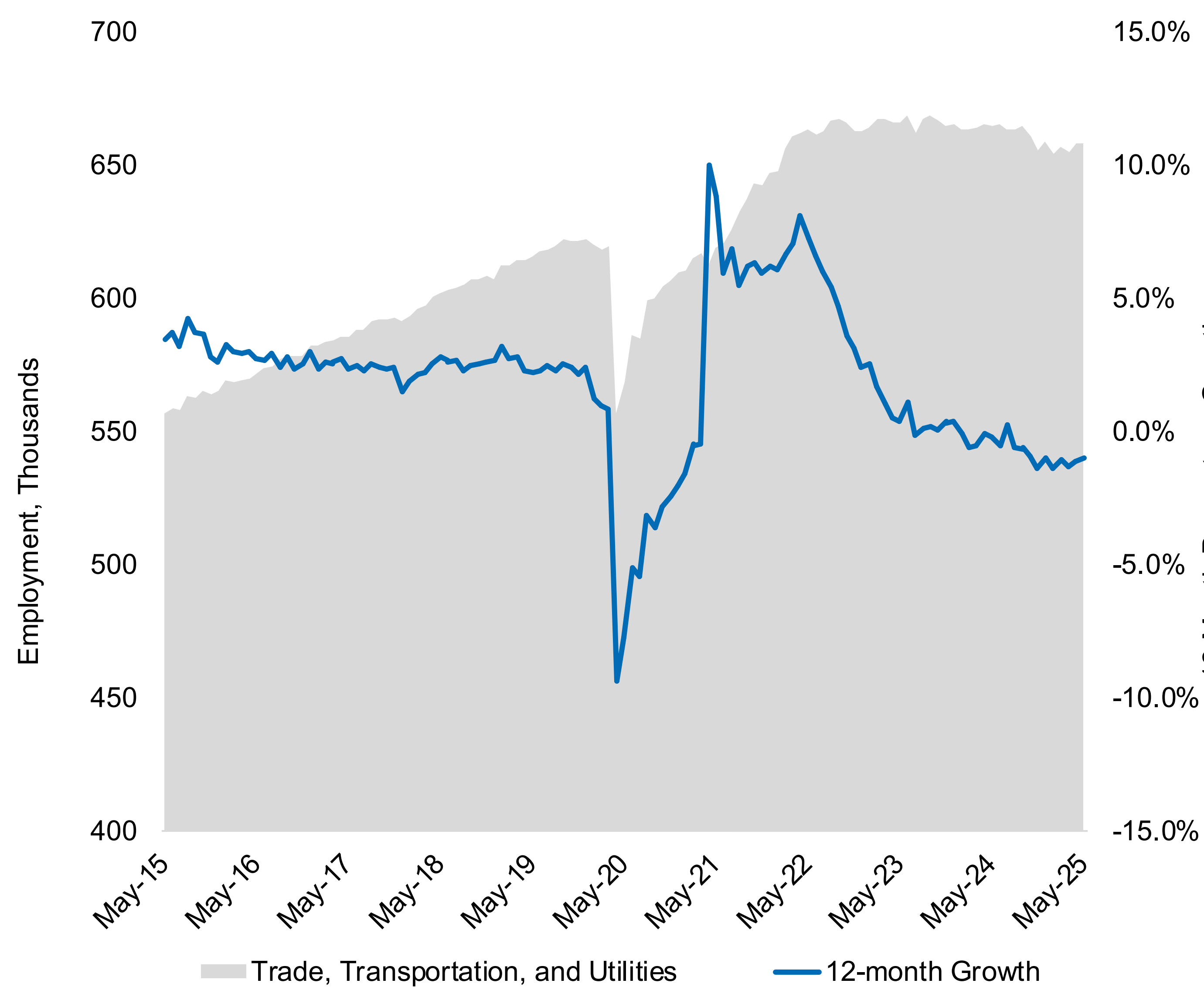


Source: U.S. Bureau of Labor Statistics, Atlanta MSA

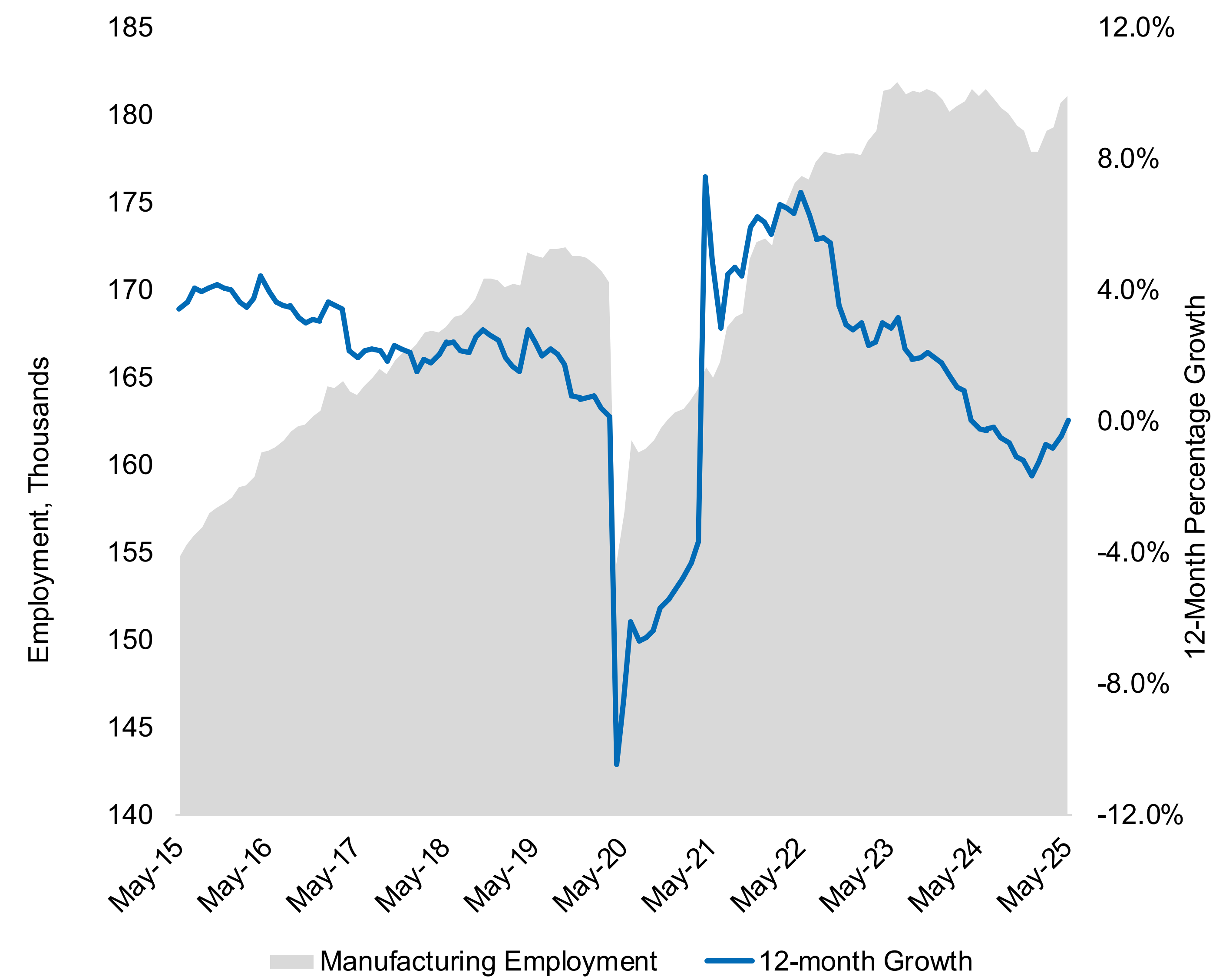
Industrial Employment Eases Slightly from Record Highs

The trade/transportation/utilities sector contracted by 1.0% year over year to 658,380 employees in May 2025. However, this represents only a 1.6% decline from the all-time high of 668,980 jobs reported in June 2023. Meanwhile, manufacturing employment remained essentially flat over the same period at 181,140 workers, reflecting a modest 0.4% decline from its peak in June 2023. Despite recent contraction, industrial employment remains 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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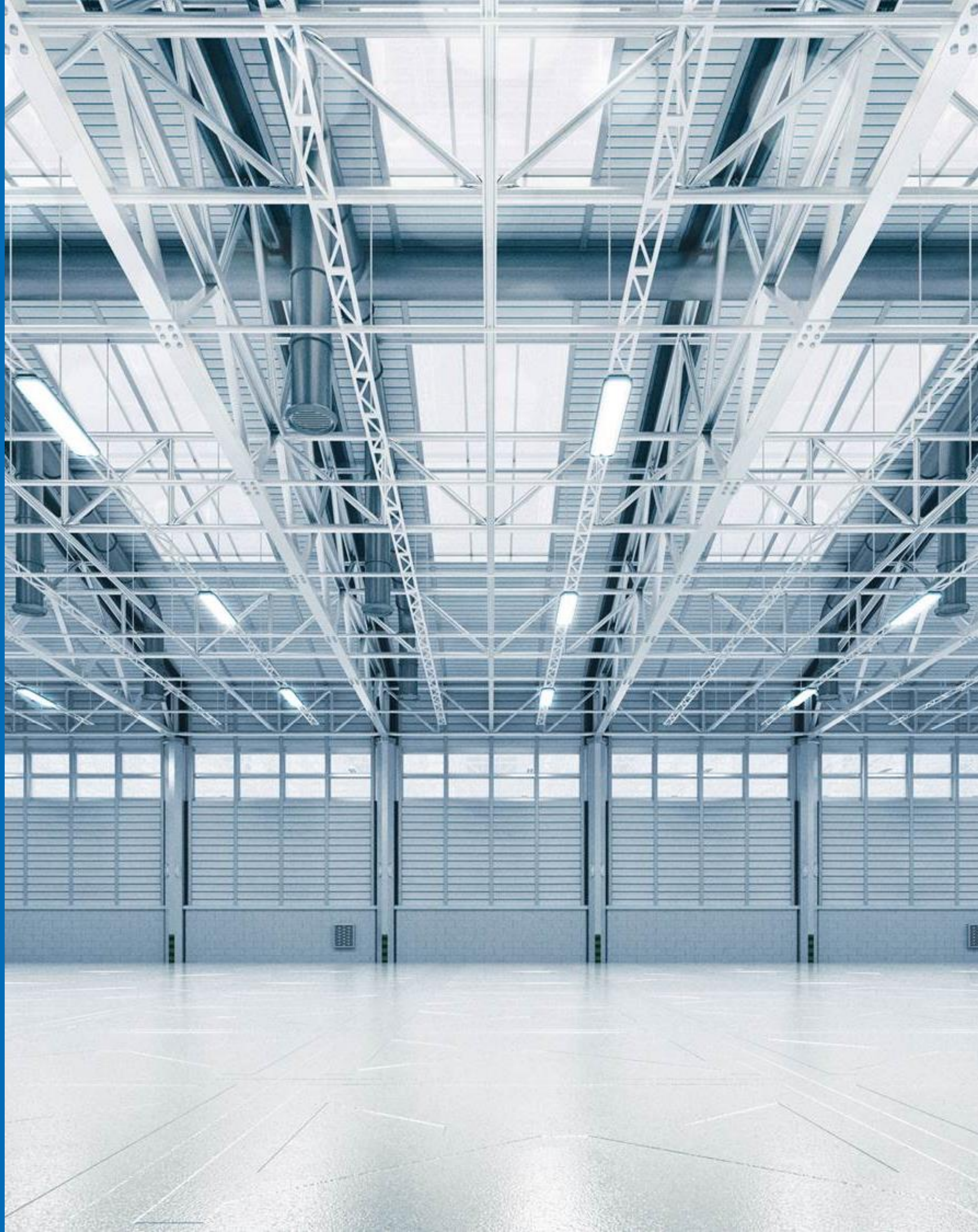
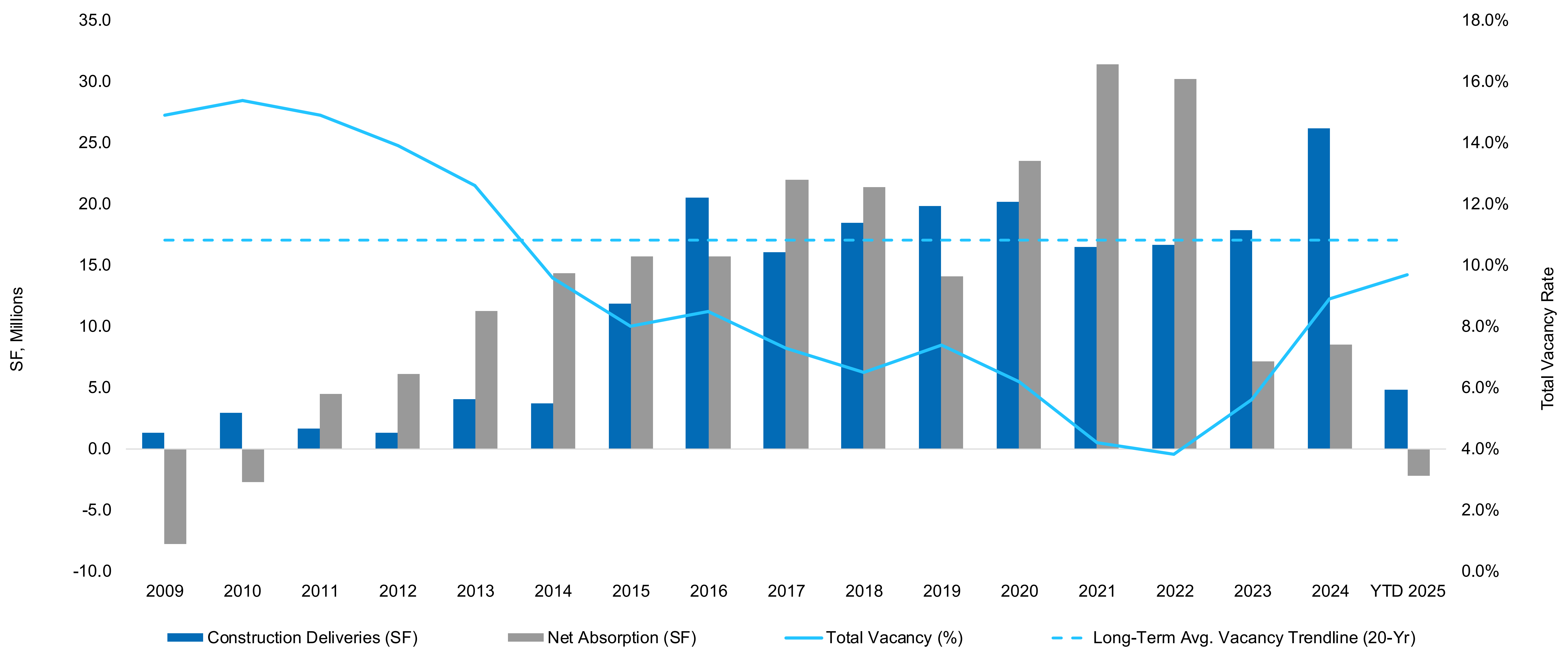
Leasing Market Fundamentals



Net Absorption Turns Sharply Negative Amid Major Move-Outs

In the second quarter of 2025, supply again outpaced demand, extending a trend that began in late 2022. Net absorption dropped to negative 2.6 MSF, the steepest quarterly decline in occupied space since mid-2009. Major move-outs in the consumer goods and 3PL sectors – including Procter & Gamble, Georgia-Pacific, COPE Services, GXO Logistics and Home Depot – accounted for 2.4 MSF of negative absorption, concentrated in the Airport/South Atlanta submarket. Deliveries rose to 3.9 MSF, up from just 906,751 SF in the prior quarter. The 6.5 MSF imbalance increased the vacancy rate by 70 basis points quarter over quarter to 9.7%, the highest in over a decade.

Historical Construction Deliveries, Net Absorption, and Vacancy

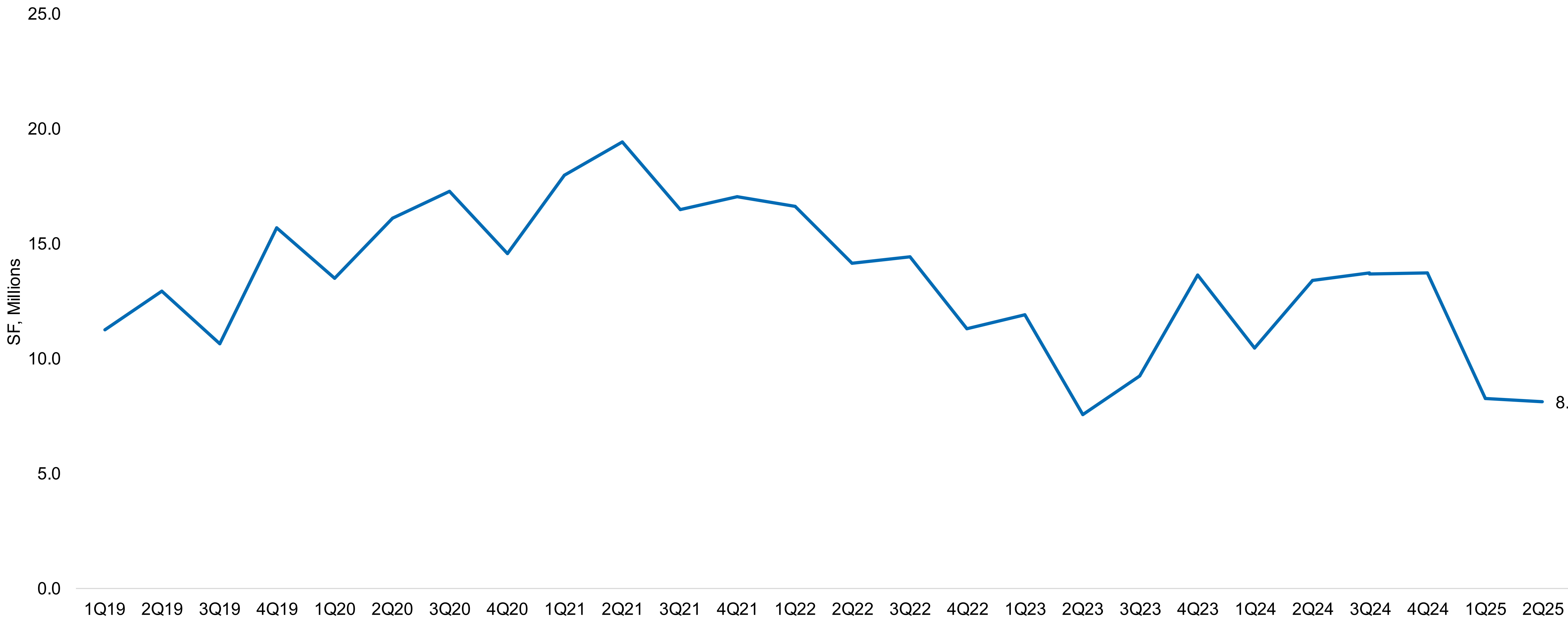


Source: Newmark Research, CoStar

Industrial Leasing Declines Slightly, Remains Below Post-Pandemic Quarterly Average

In the second quarter of 2025, leasing activity held relatively steady at 8.2 MSF, down just 1.5% quarter over quarter. However, the quarter's volume was substantially below the average second-quarter leasing of 14.0 MSF reported from 2019 to 2024. Despite subdued activity, overall demand remains positive, with leasing volume outpacing the quarter's combined total of negative net absorption and new supply by 1.8 MSF, underscoring continued occupier activity despite headwinds. Still, economic uncertainty and higher borrowing costs appear to be dampening large-scale leasing decisions so far this year.

Total Leasing Activity (SF)

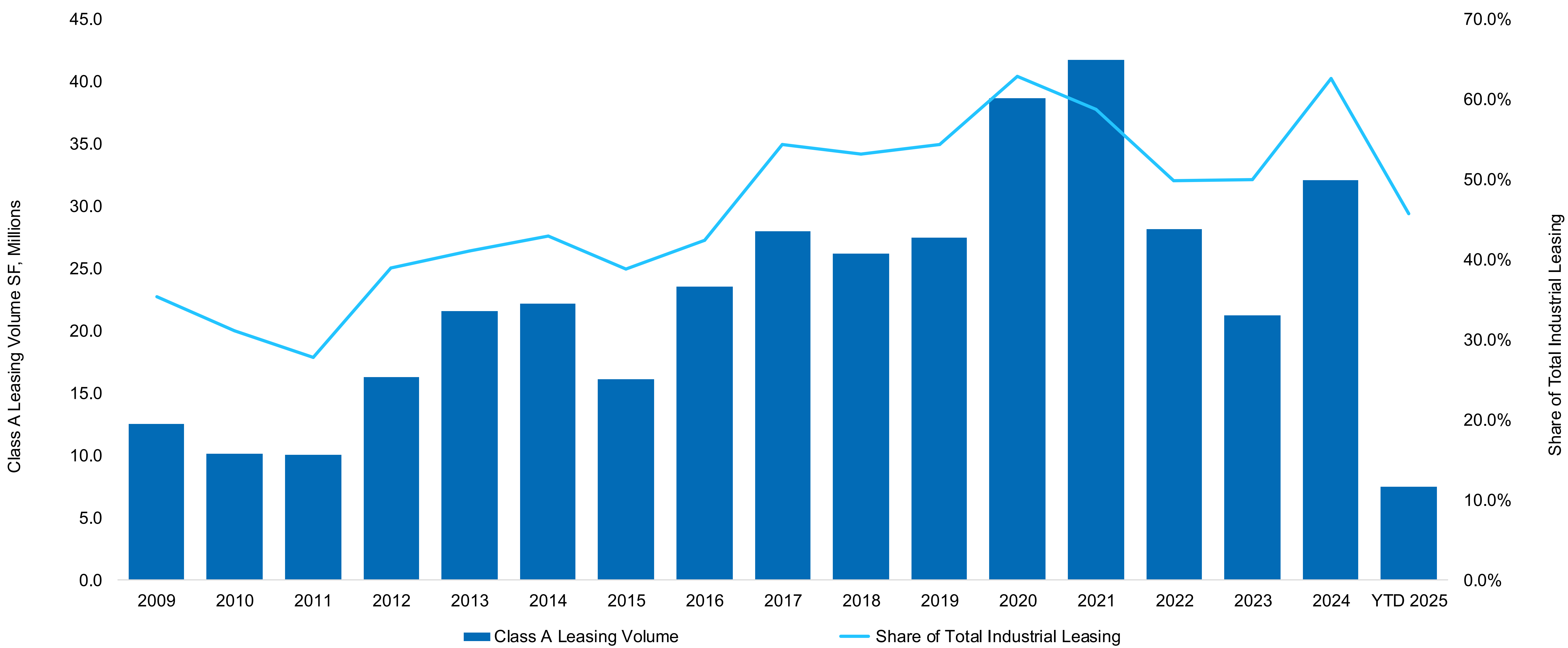


Source: Newmark Research, CoStar

Class A Warehouse Leasing Ticks Up

Leasing activity for Class A warehouse space totaled 4.2 MSF in the second quarter of 2025, increasing by 26.3% quarter over quarter. Class A leasing comprised 51.5% of total leasing activity in the quarter, marking a notable rebound from 40.2% recorded in the first quarter of 2025 and reinforces the relative significance of Class A activity.

Industrial Class A Leasing Volume and Percentage of Total Industrial Leasing Volume

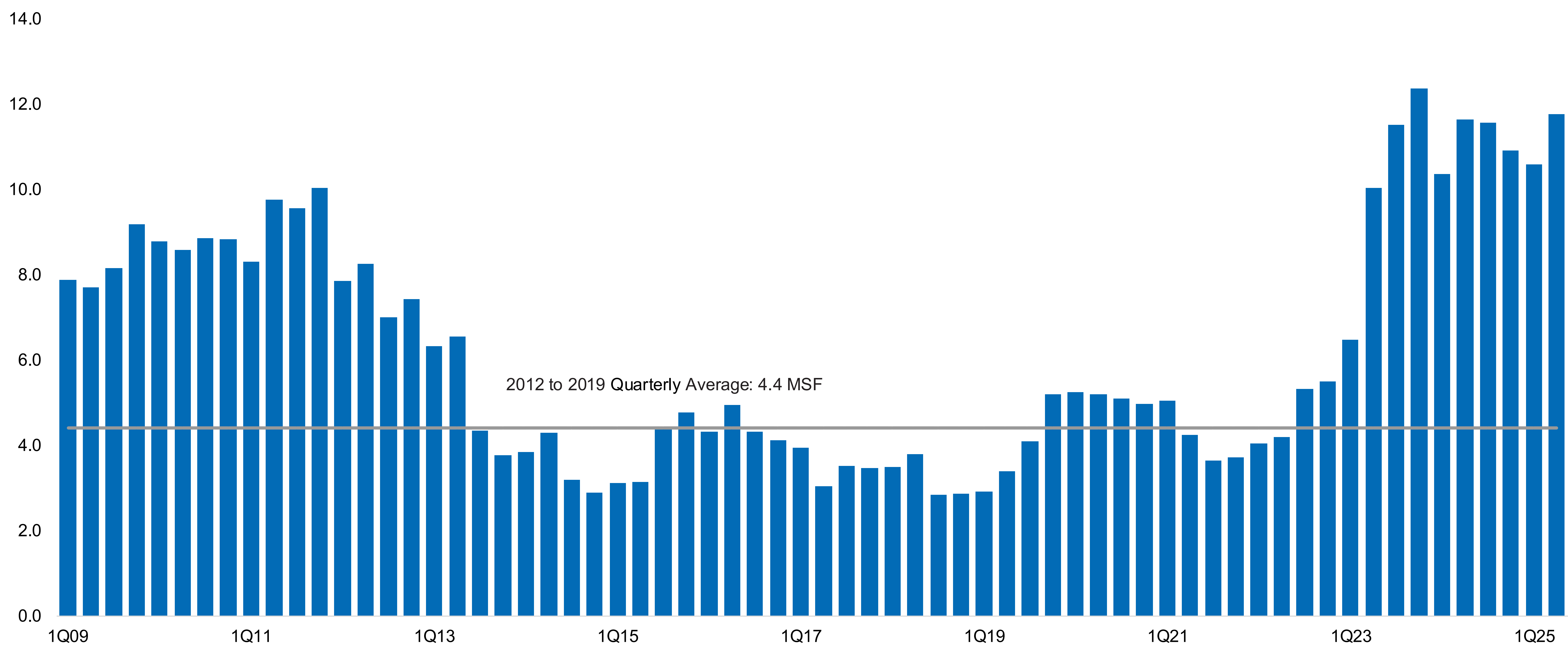


Source: Newmark Research, CoStar

Sublease Volume Climbs Again, Nearing Historic Highs

Sublease availability rose by 1.2 MSF, or 11.2% quarter over quarter, reaching 11.8 MSF in the second quarter of 2025 – the highest level recorded since the fourth quarter of 2023. The increase was largely driven by DHL subletting its 1.0 MSF space at Majestic Airport Center IV – Building A. While volume remains elevated relative to historical norms, it is 4.8% below the market's peak of 12.4 MSF observed at year-end 2023. Elevated interest rates and softer consumer demand have prompted many occupiers to consolidate operations and optimize distribution networks, often resulting in users placing underutilized warehouse space up for sublease.

Available Industrial Sublease Volume (msf)

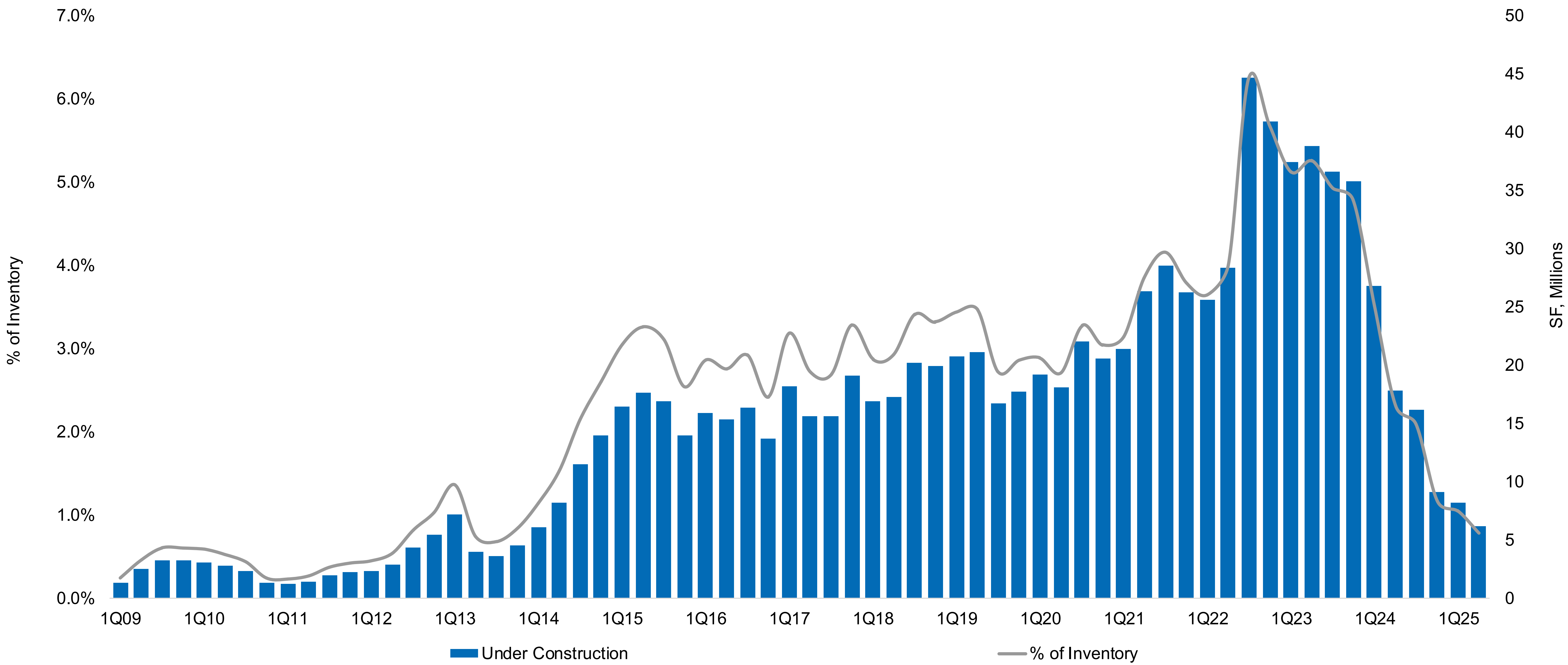


Source: Newmark Research, CoStar

Under-Construction Pipeline Continues to Decline

The construction pipeline trended downwards for the eighth consecutive quarter, reaching 6.2 MSF in the second quarter of 2025. This reflects a 25.0% quarter-over-quarter decline, marking the steepest decline since the fourth quarter of 2024. The pipeline remains at historically low levels, as developers are still navigating a cautious environment marked by high financing costs and economic uncertainty. Should demand strengthen, financing conditions improve, and current trade uncertainty become more predictable, there may be potential for supply constraints to develop in the near future.

Industrial Under Construction and % of Inventory

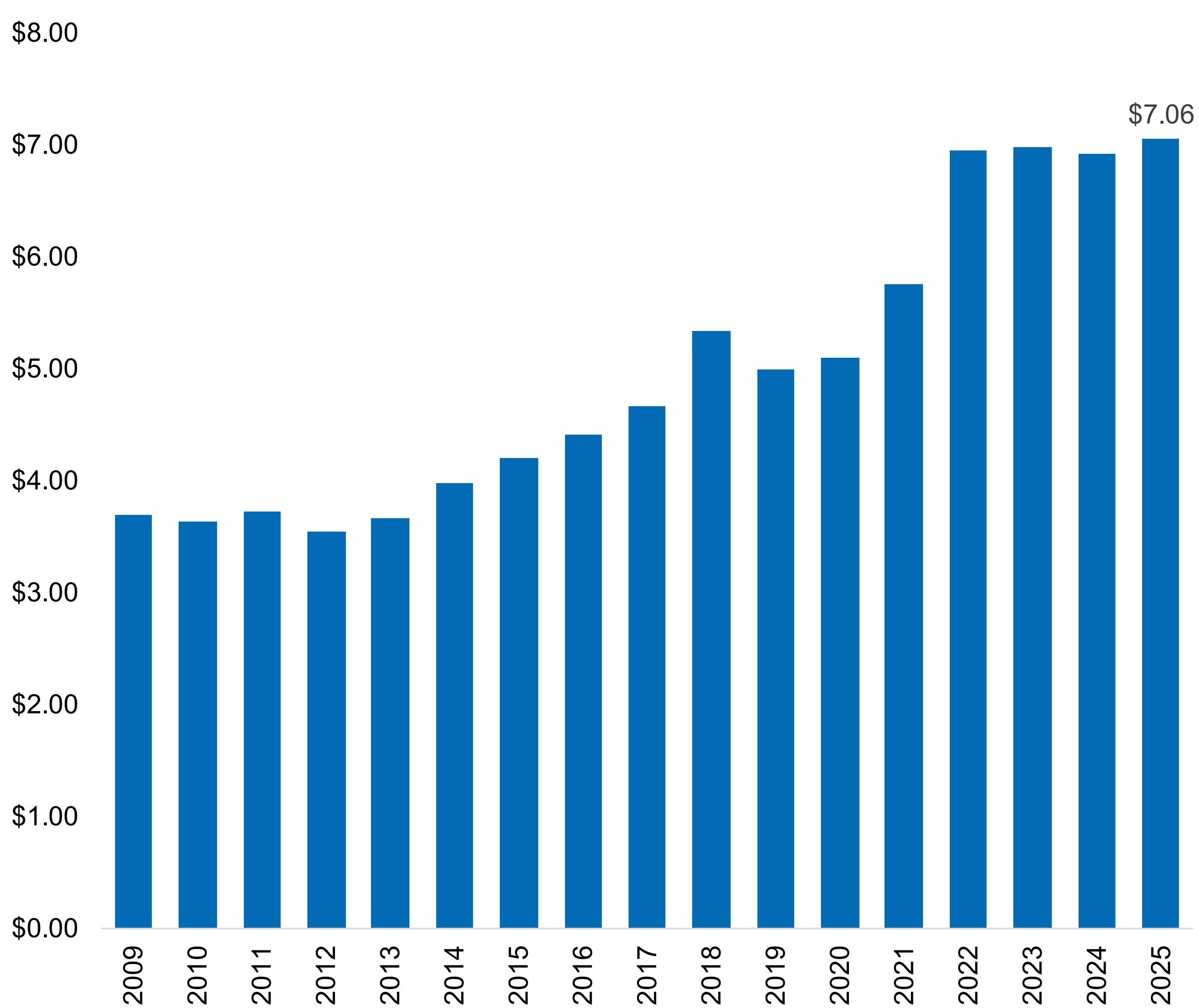


Source: Newmark Research, CoStar

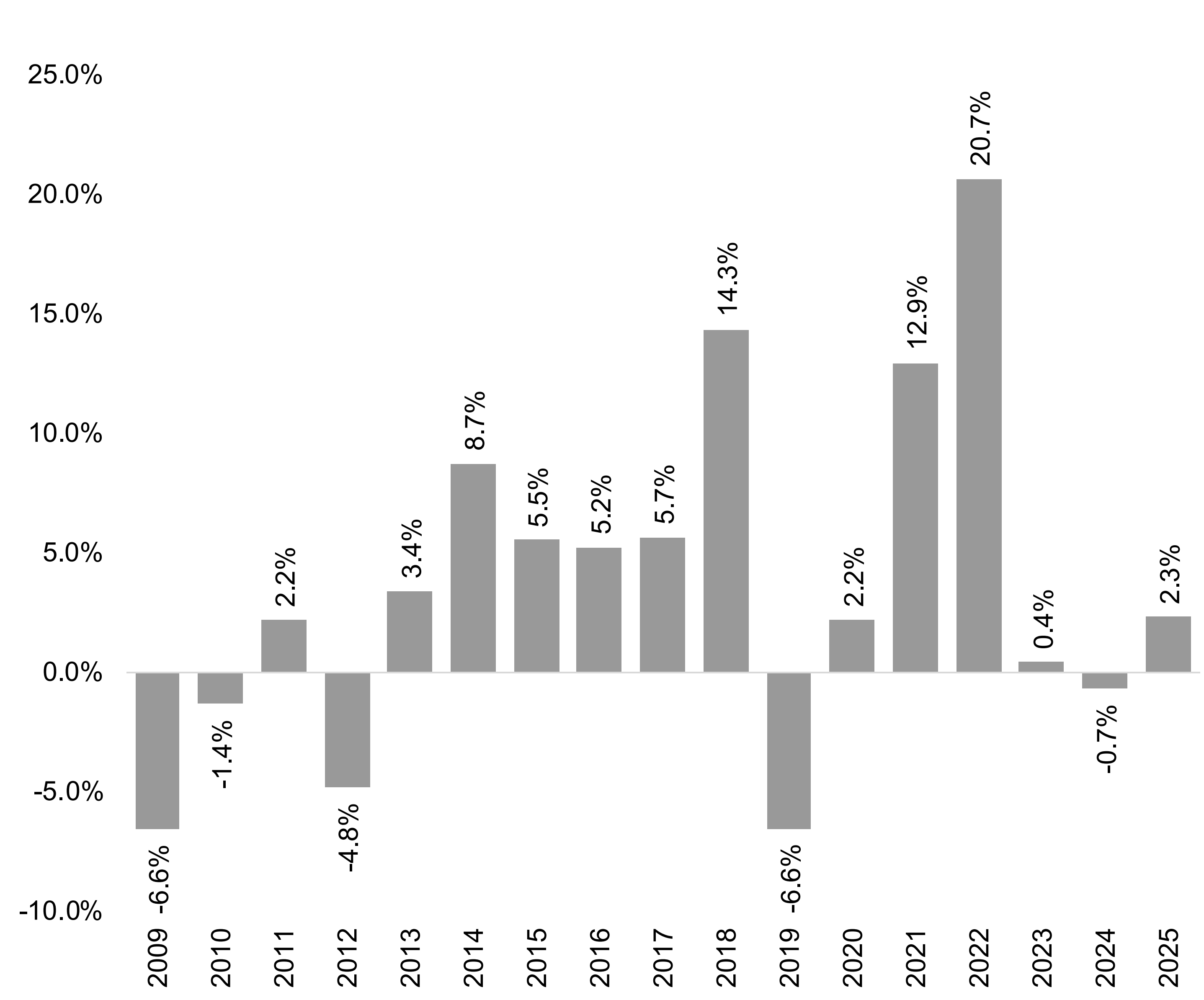
Asking Rents Reach New High

Industrial asking rents increased in the second quarter of 2025, rising by 0.9% quarter over quarter and 2.3% year over year to a new high of $7.06/SF. However, the pace of future rent growth is expected to remain moderate, especially if leasing activity stays at historically subdued levels and the market continues to face both new deliveries and elevated sublease availability.

Industrial Average Asking Rent, $/SF, NNN



Year-over-Year Asking Rent Growth Rate % Change



Source: Newmark Research, CoStar

Second Quarter Activity Driven Mainly by Renewals

The quarter's top five lease transactions included four renewals and only one new lease. The Airport/South Atlanta and Northeast/I-85 Corridor submarkets each recorded two deals, while one deal was completed in the Fulton Industrial/I-20W submarket. As of the end of the second quarter of 2025, under-construction assets were 43.1% preleased.

Notable 2Q25 Lease Transactions

Tenant	Building	Submarket	Type	Square Feet
Amazon	201 Wallace Rd	Airport/South Atlanta	Direct New	933,000
The e-commerce giant signed a nearly 1.0 MSF build-to-suit deal in the Airport/South Atlanta submarket, despite giving back approximately 200,000 SF during the same quarter in the Northwest/I-75 Corridor.				
Coleto Brands	350 Logistics Center Pky Jefferson Distribution Center	Northeast/I-85 Corridor	Renewal/Expansion	839,712
Coleta Brands provides residential lighting fixtures and is a new parent company name following the merger of Progress Lighting and Kichler. The company renewed their existing 623,328-SF lease and expanded by an additional 216,384 SF to occupy the full building.				
Colgate-Palmolive	2501 Rock House Rd WestPoint at Riverside - A	Fulton Industrial/I-20W	Renewal	744,331
The consumer-products company renewed its full-building lease at Building A within WestPoint at Riverside, where the consumer-products company has maintained a presence since 2019.				
Mondelez International	5355 Highway 92 Parkway West Commerce Center	Airport/South Atlanta	Renewal	570,988
Mondelez is a multinational confectionery, food, and beverage company. The building originally delivered in 2020.				
Best Buy	1605 Broadmoor Blvd Buford Logistics Phase II	Northeast/I-85 Corridor	Renewal	469,309
The consumer electronics company renewed its full-building lease at Building B within Buford Logistics Phase II, which the company originally occupied in 2015.				

Source: Newmark Research

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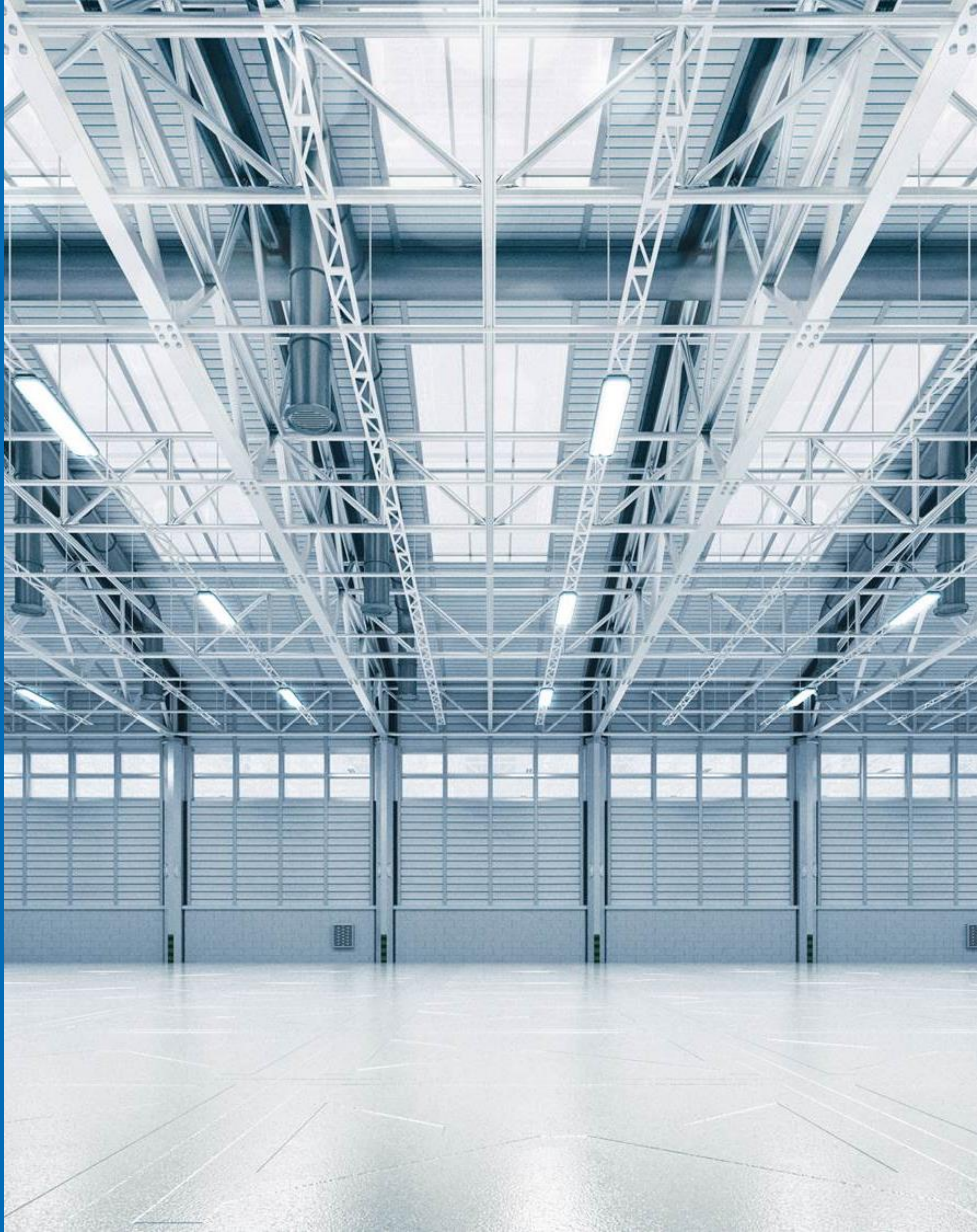
Market Statistics & Map



Atlanta Industrial Submarket Overview

Please reach out to your
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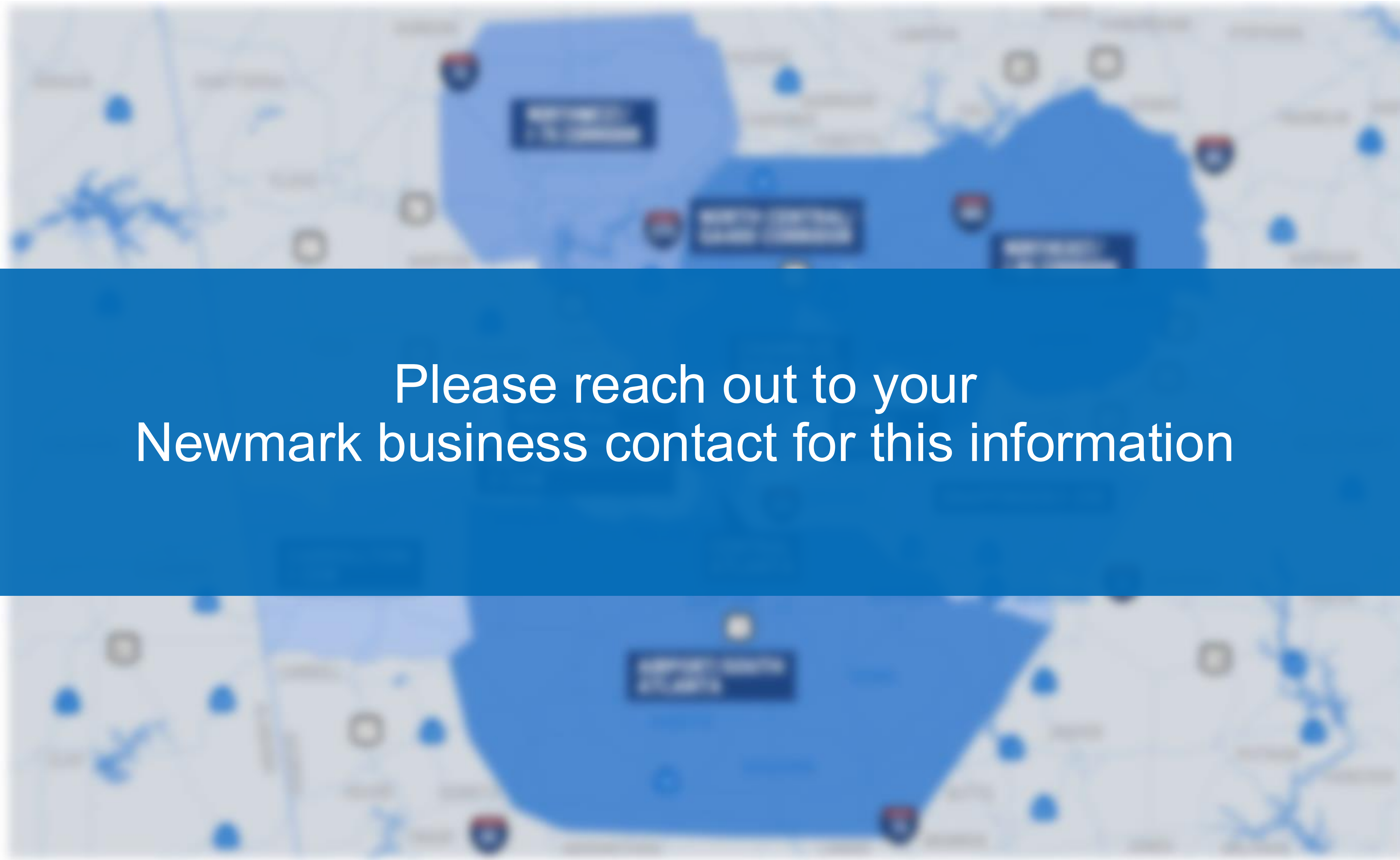
Source: Newmark Research

Atlanta Industrial Submarket Map



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Source: Newmark Research

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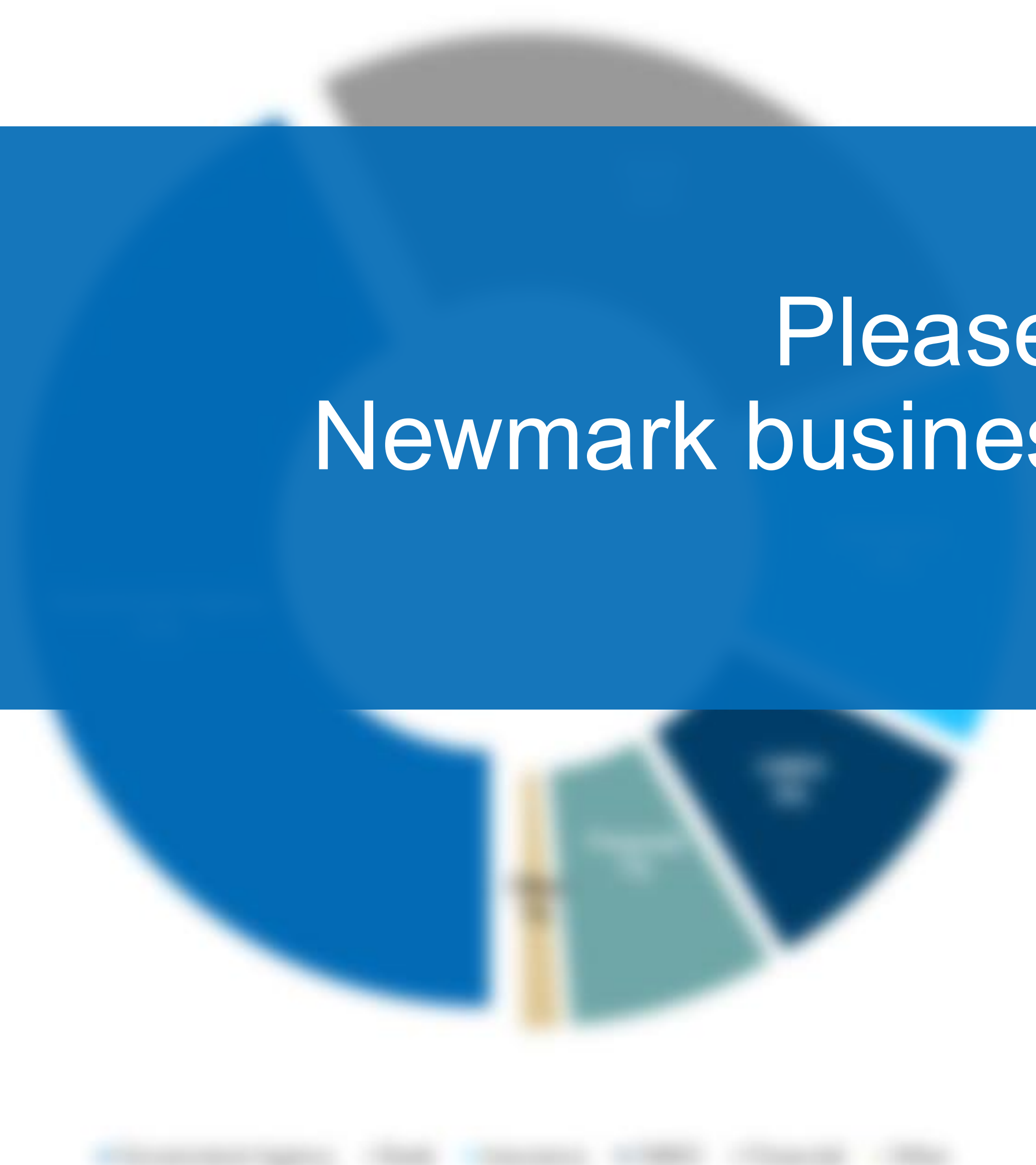
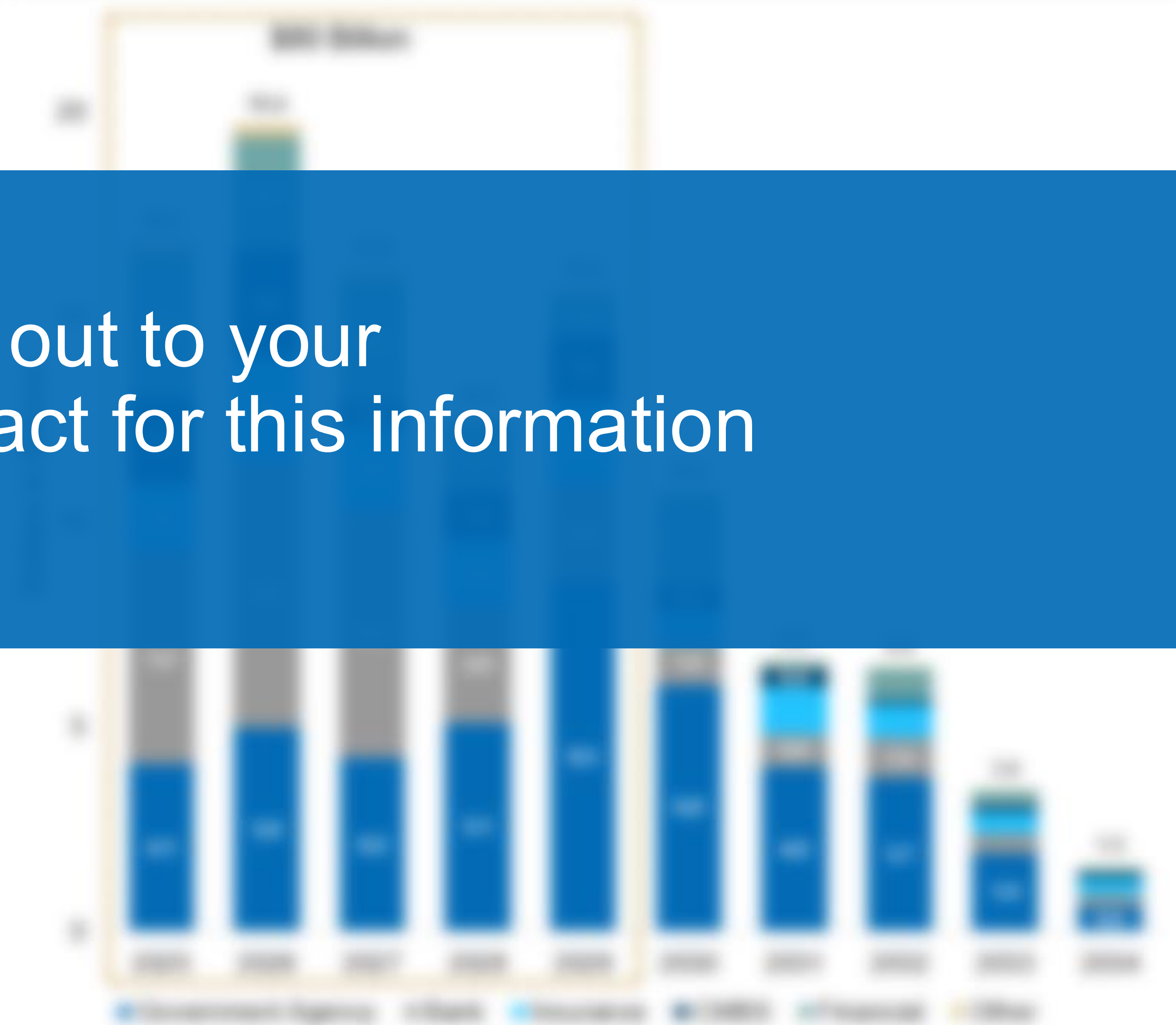
Debt Maturity Snapshot and Economy

Absolute Value of Five-Year Maturity Volume Up





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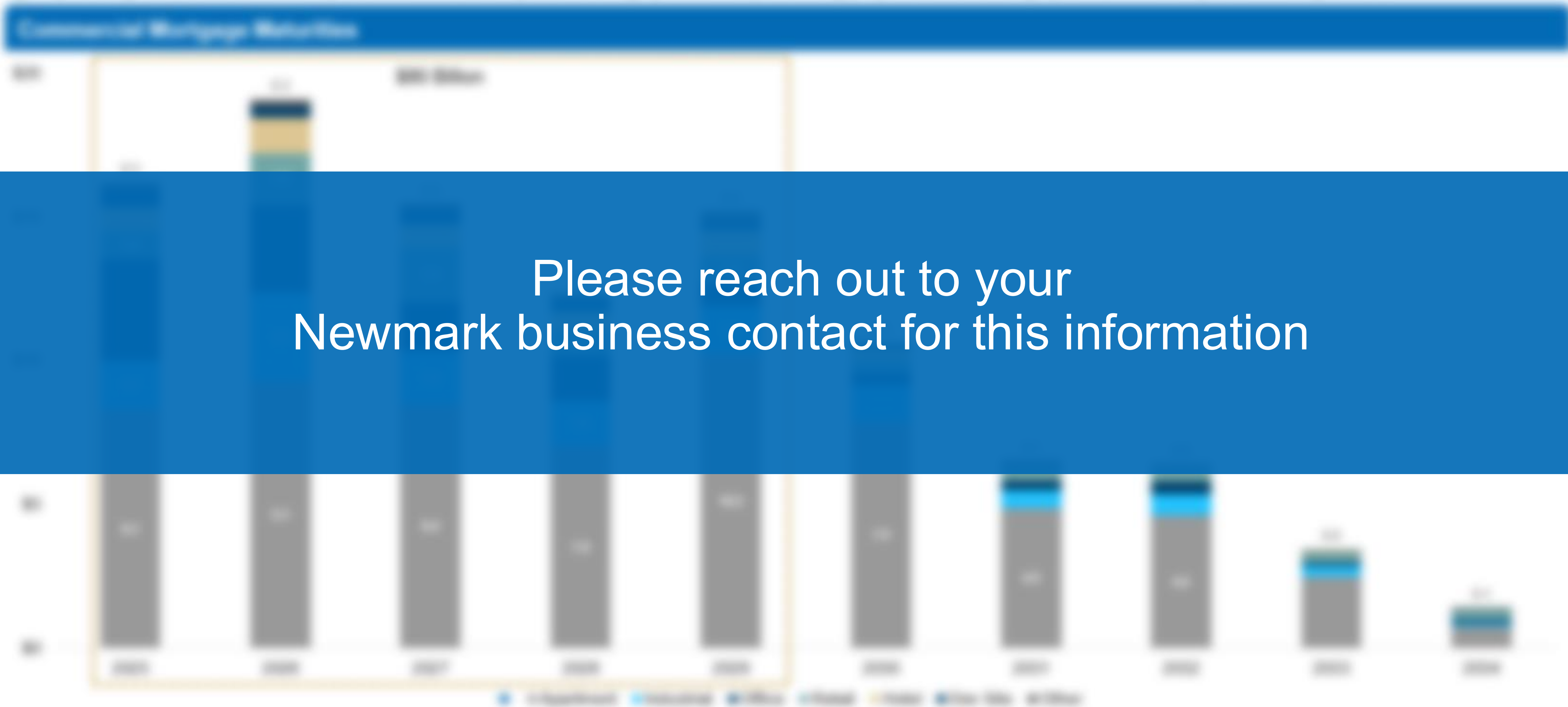
Source: RCA, Newmark Research

Multifamily Maturities Particularly Elevated Through 2029, Industrial Not So Much



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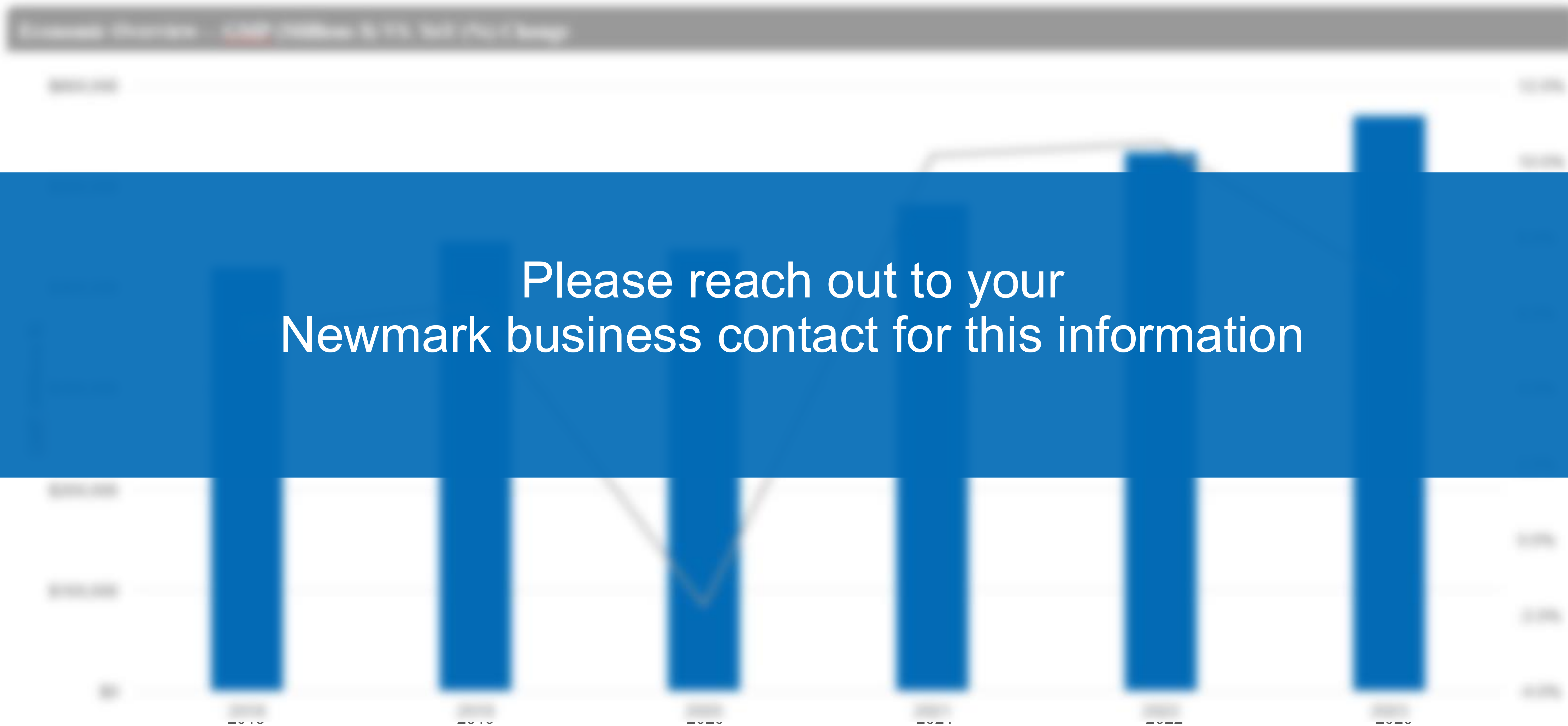
Source: RCA, Newmark Research

Atlanta Gross Metropolitan Product



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Source: Moody's Analytics

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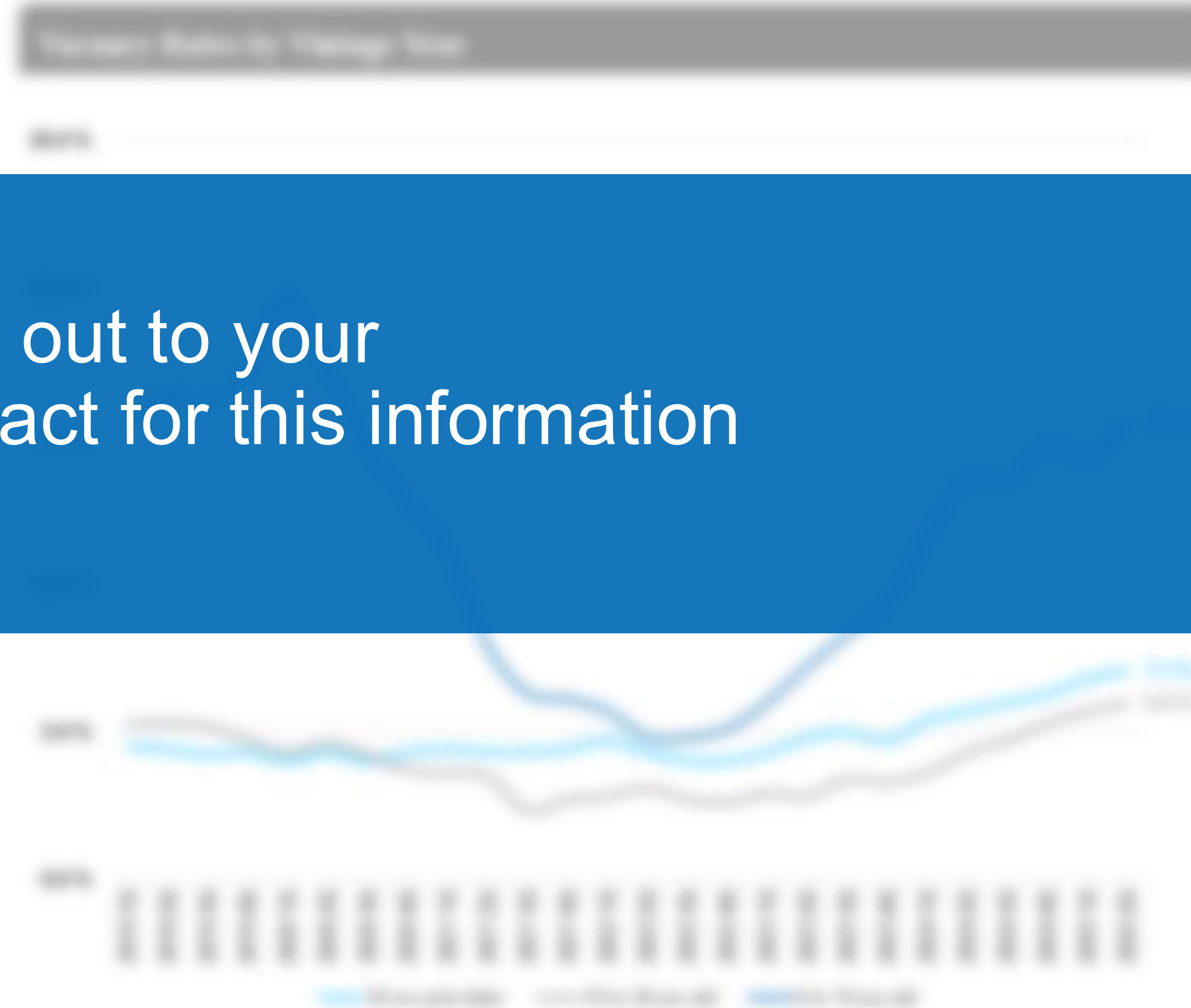
Absorption Analysis by Vintage and Size

Preference for Modern Industrial Buildings Drives Demand



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Source: Newmark Research

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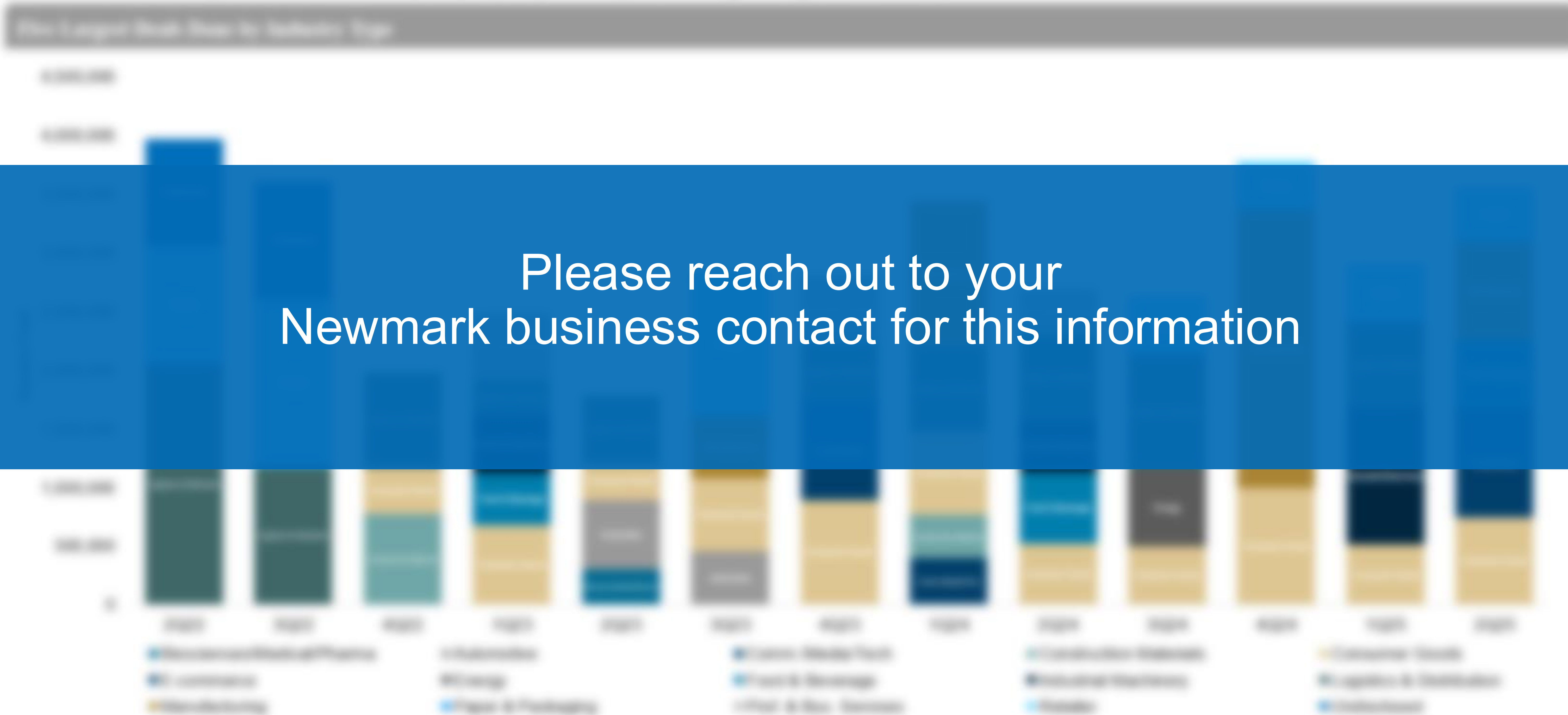
Top Five Largest Deals Done by Industry Type

Top Five Largest Deals Done by Industry Type



Source: Newmark Research, CoStar

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Atlanta Industrial SWOT Analysis

Atlanta Industrial Market

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