3Q25

Atlanta Industrial Market Overview

NEWMARK

Market Observations

Economy

- The market's unemployment rate decreased by 22 basis points year over year to 3.2% at the end of August 2025, which is 100 basis points lower than the national average of 4.3%.
- Job growth grew at 0.5% year over year, reflecting the second slowest yearly growth pace since early 2021.
- Five out of 10 sectors reported employment growth, led by the education and health sector, which posted a 4.0% year-over-year gain.
- Within industrial-using industries, manufacturing rose 0.6% annually. Meanwhile, the trade/transportation/utilities and mining and construction sectors declined by 1.2% and 3.4% year over year, respectively.

Major Transactions

- Retailer Williams-Sonoma inked the quarter's biggest deal, renewing their 1.1 MSF distribution facility in the Northeast/I-85 Corridor.
- The quarter's top five largest lease transactions included three new deals – a sign of continued demand for new space – and two renewals.
- The five largest leases were signed across three different submarkets.
- As of the end of the third quarter of 2025, under-construction assets were 24.5% preleased.

Leasing Market Fundamentals

- Industrial average rents remained unchanged quarter over quarter at $7.06/SF, still an all-time high. On a year-over-year basis, this represented a 1.6% increase.
- Net absorption rebounded sharply in the third quarter of 2025 to 2.0 MSF, offsetting some of the 2.8 MSF of negative absorption reported the previous quarter.
- There were 4.4 MSF of deliveries reported during the third quarter of 2025. As a result of supply outpacing demand, the vacancy rate increased by 10 basis points quarter over quarter to 9.8%, the highest in over a decade.
- The construction pipeline trended downwards for the ninth consecutive quarter to 4.1 MSF in the third quarter of 2025, the smallest pipeline in over a decade.

Outlook

- The Atlanta industrial market is likely to see an increase in construction starts, given the historically low levels the construction pipeline is at currently.
- 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 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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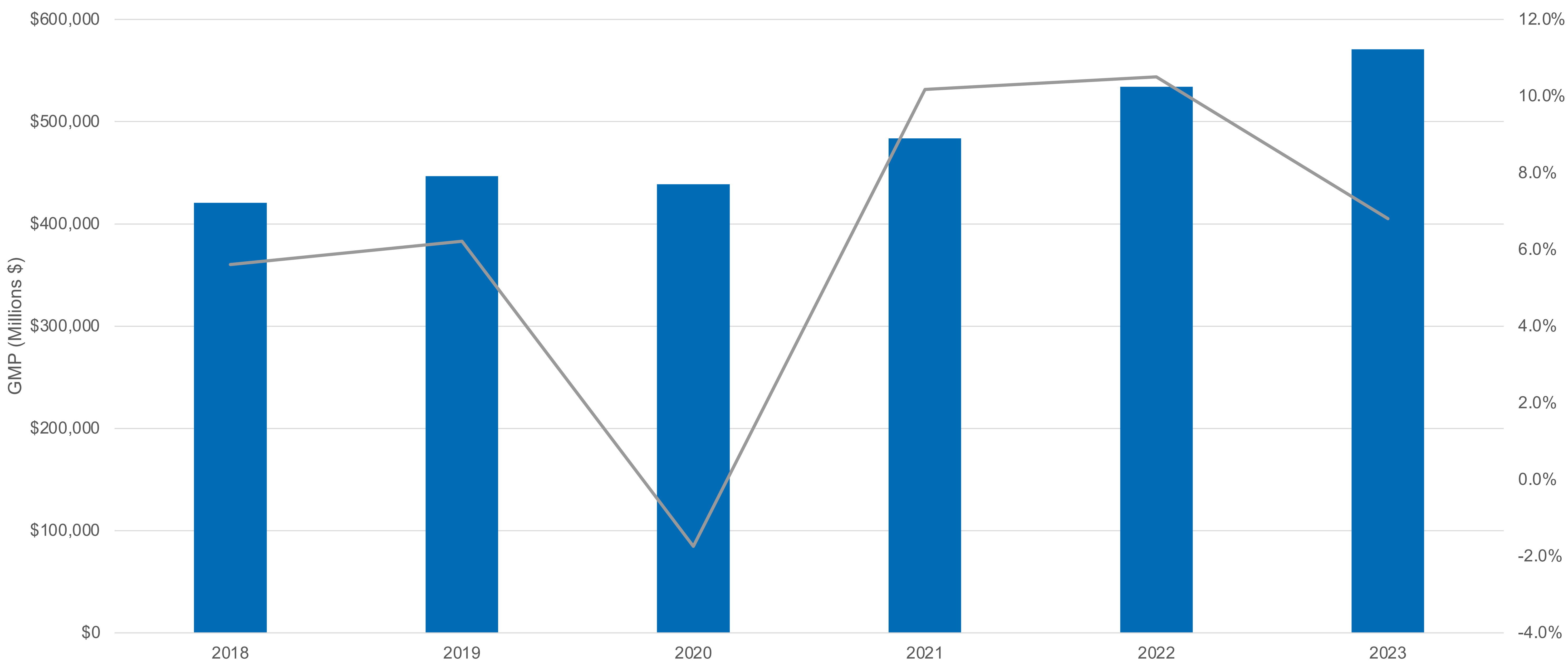
Economy

Atlanta Gross Metropolitan Product

The gross metropolitan product continues to increase despite economic headwinds, albeit at a slower rate. More recently, the gross metropolitan product rose 6.8% year over year to reach a new all-time high of roughly $570 billion.

Economic Overview— GMP (Millions $) VS. YoY (%) Change

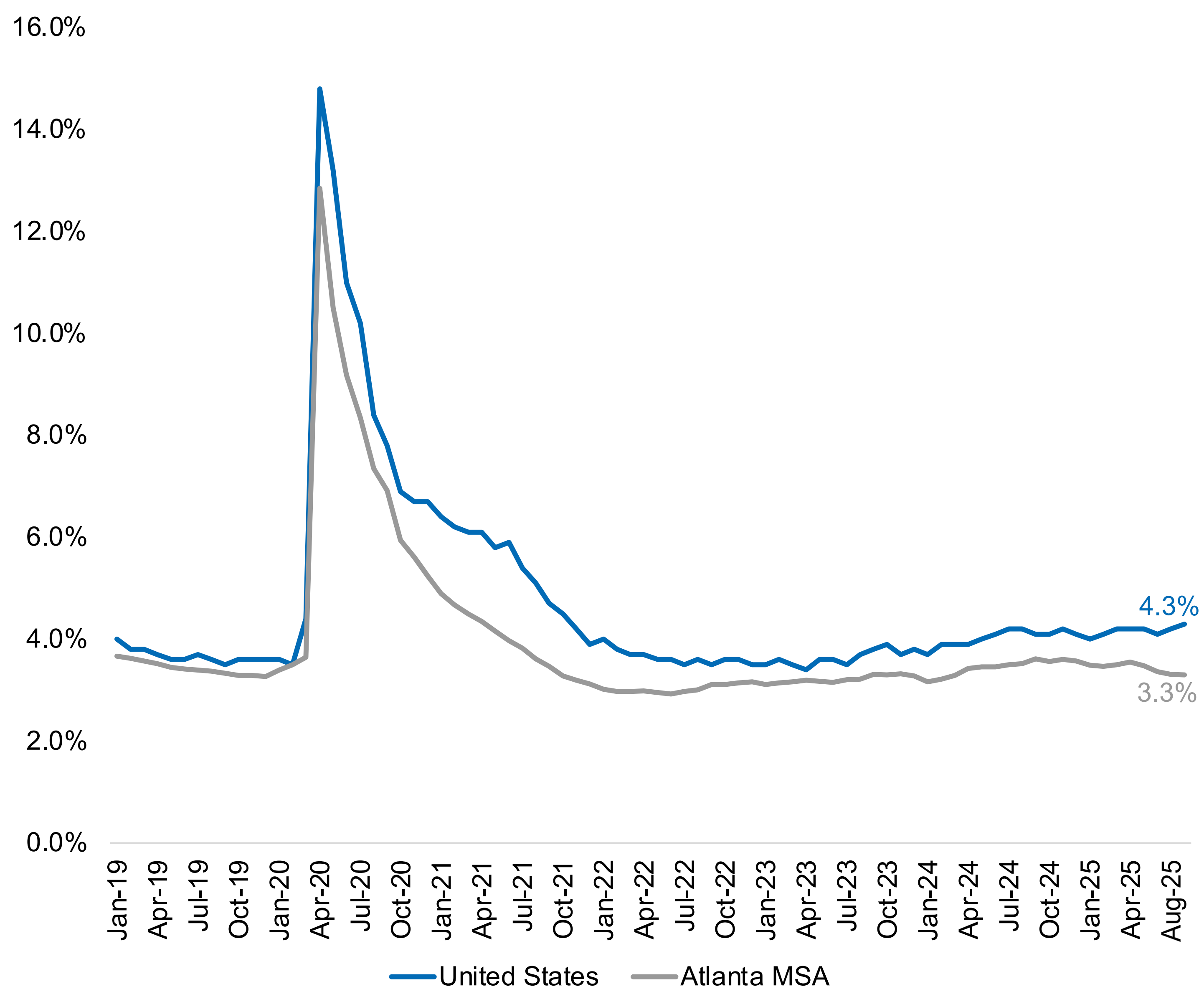


Source: Moody's Analytics

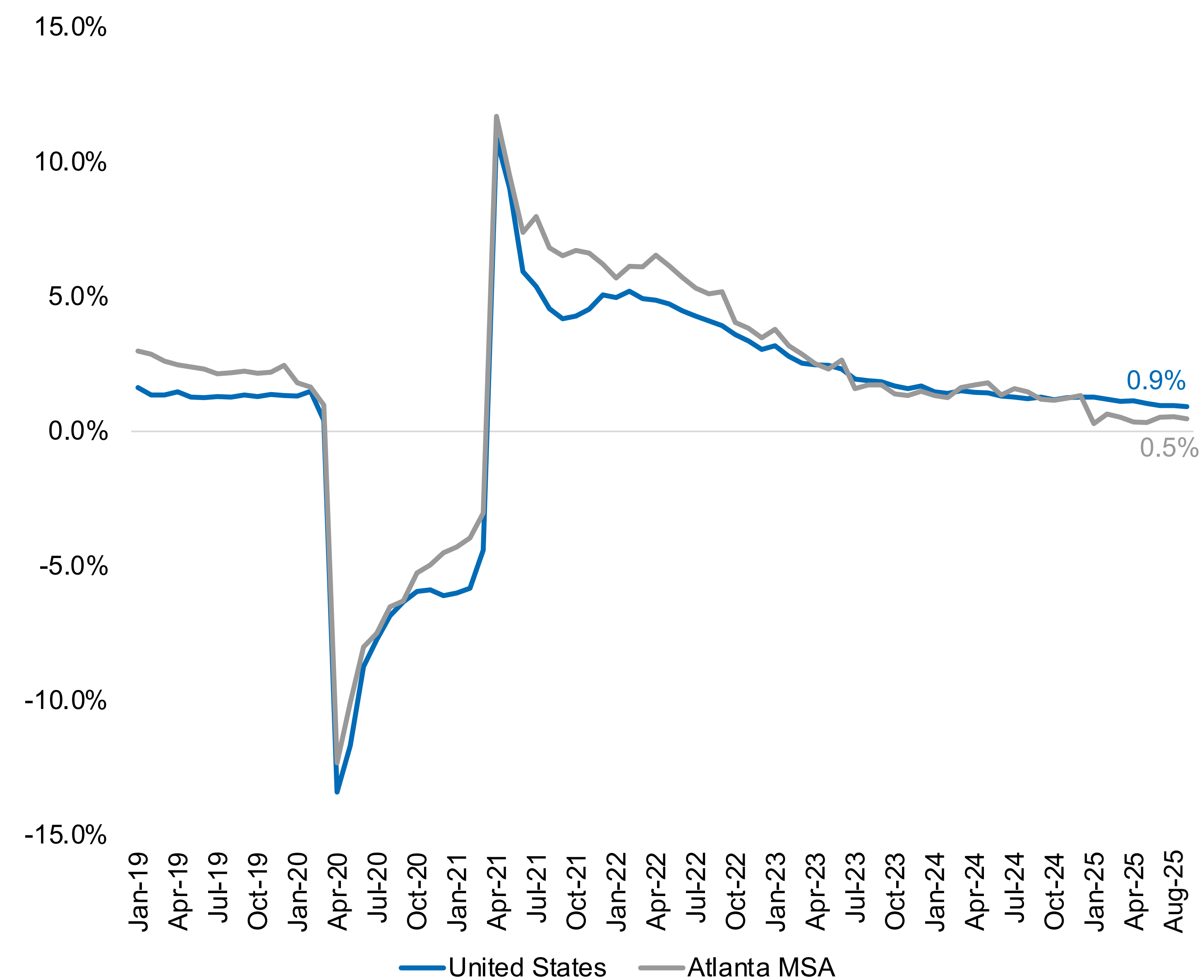
Unemployment Decreases Even as Employment Growth Remains Relatively Slow

The Atlanta market has generally reported lower unemployment rates compared with the national average. At the end of the third quarter of 2025, metro unemployment was 3.3%, sitting 100 basis points below the national rate and 22 basis points lower year over year, despite a slower national economy. Total employment grew 0.5% year over year, but the pace of growth slowed by 101 basis points and has remained below 1.0% through 2025, a pattern last seen in March 2021 when annual job growth was negative.

Unemployment Rate, Seasonally Adjusted



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

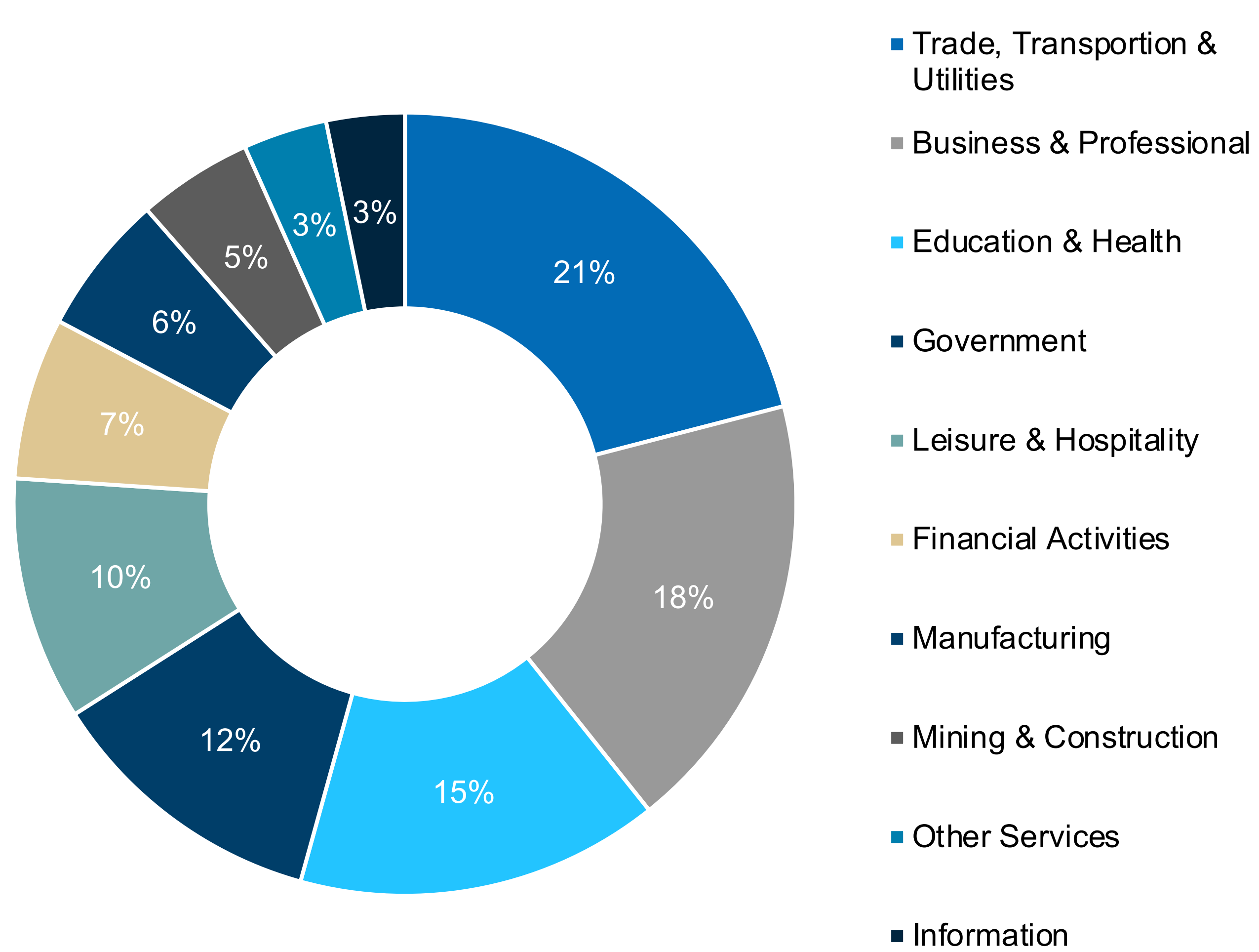


Source: U.S. Bureau of Labor Statistics, Atlanta MSA

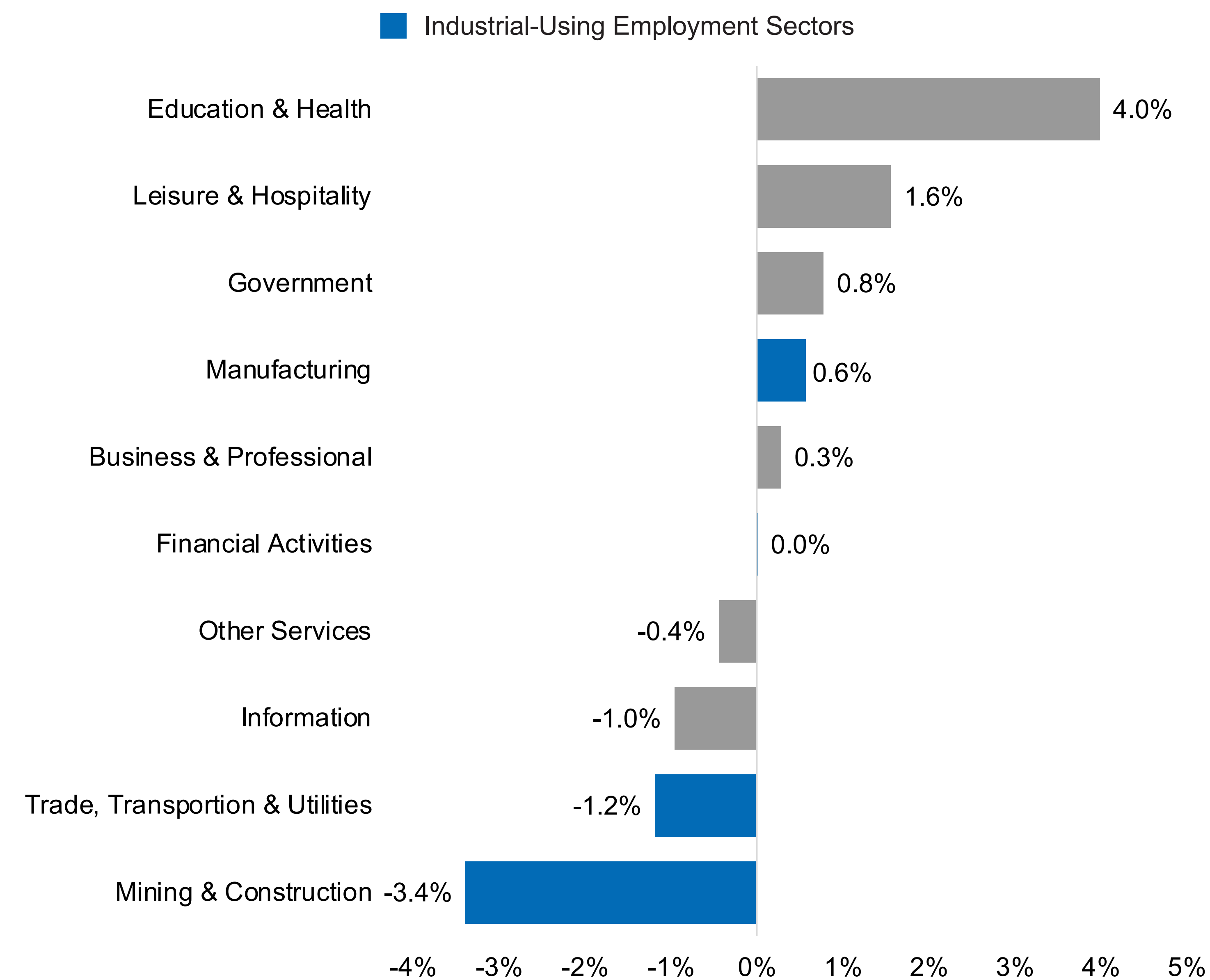
Yearly Job Growth Shows Mixed Results

The Atlanta market is highly diversified, with the top two industries accounting for only 39.3% of the market's industry employment share. The industrial-using trade/transportation/utilities employment's sector is the largest in the metro at 21.0%. Overall employment grew 0.5% year over year, though four of ten sectors contracted. Within industrial-using industries, manufacturing rose 0.6% annually. Meanwhile, the trade/transportation/utilities and mining and construction sectors declined by 1.2% and 3.4% year over year, respectively.

Employment by Industry, August 2025



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

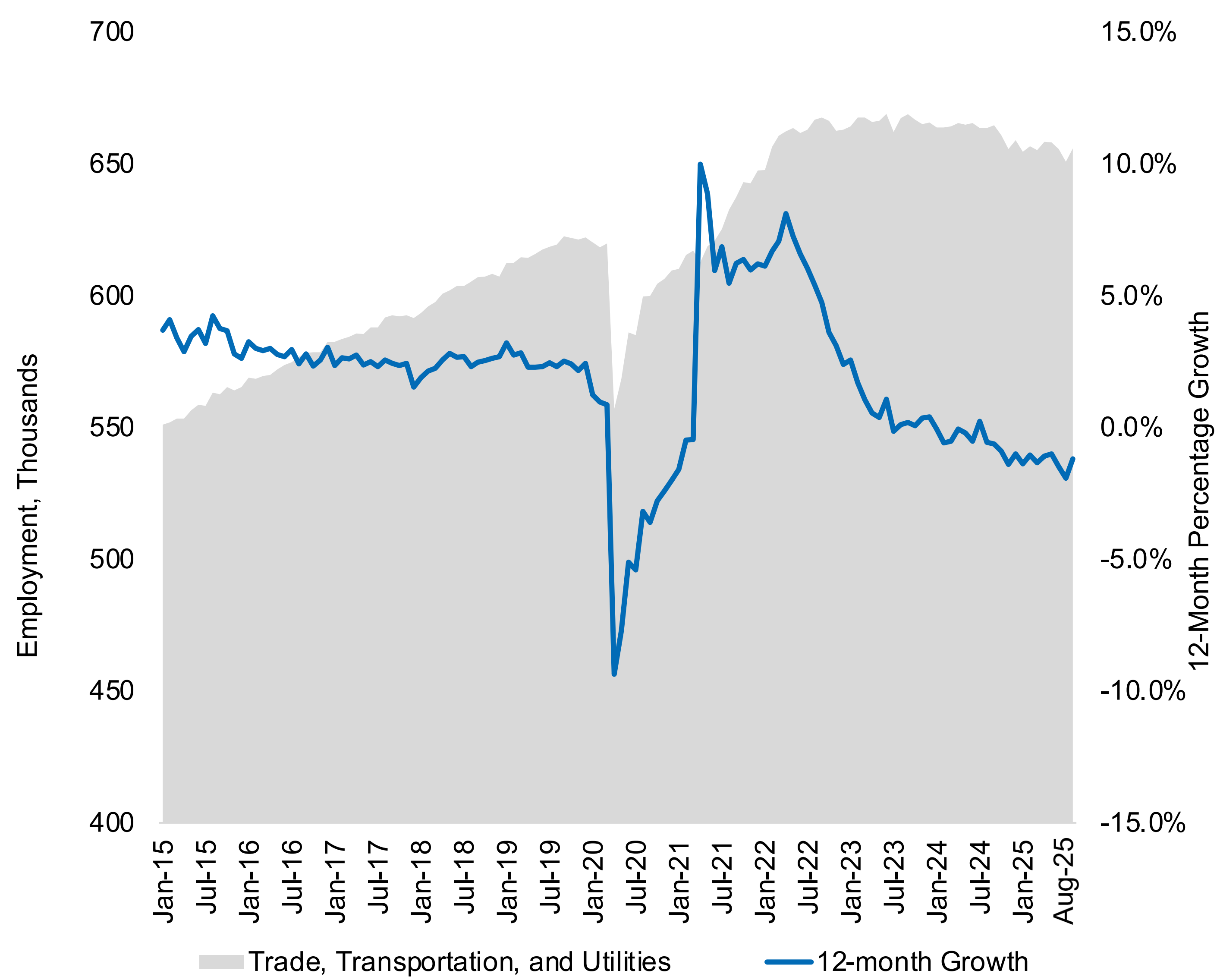


Source: U.S. Bureau of Labor Statistics, Atlanta MSA

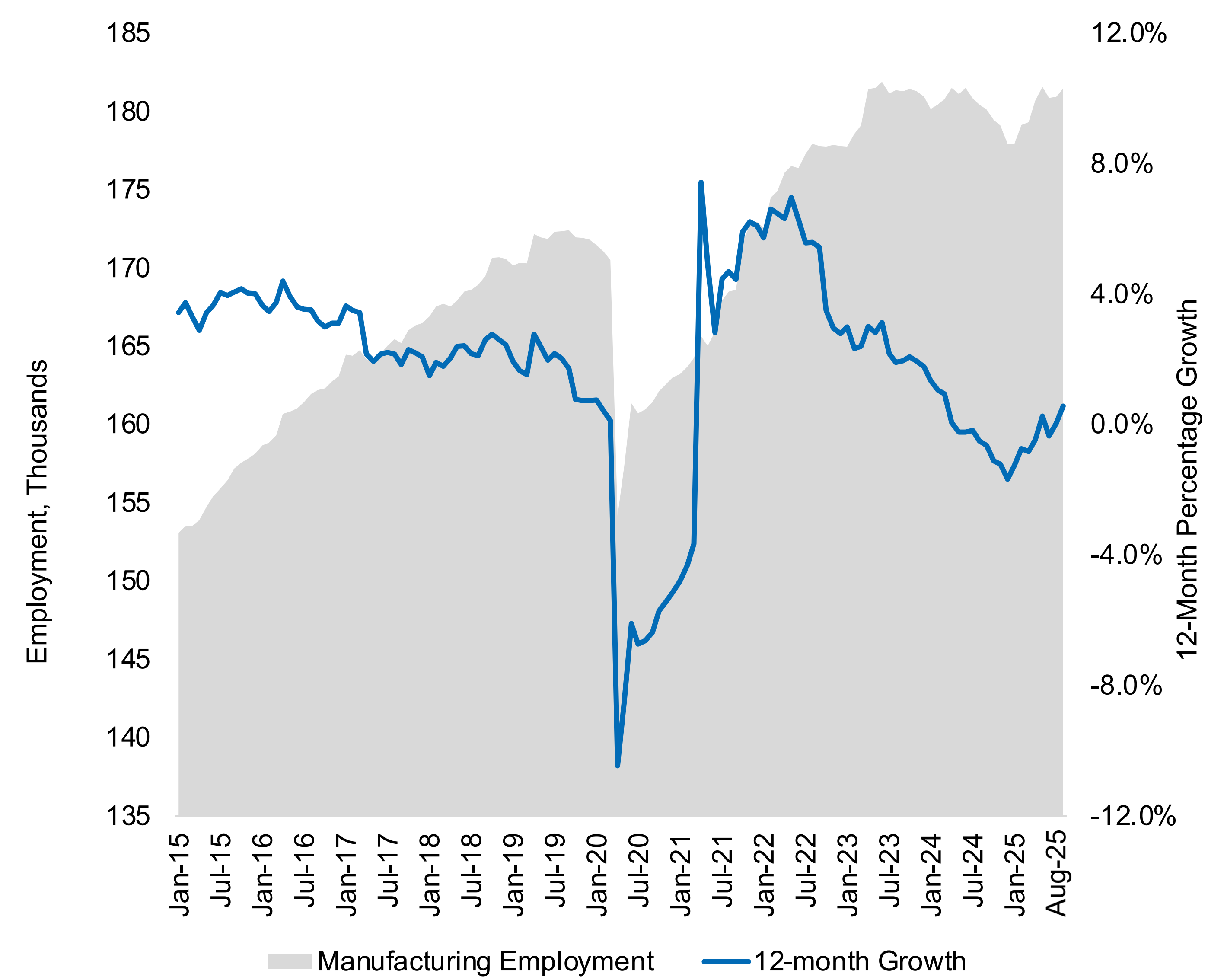
Industrial Employment Eases Slightly from Record Highs

The trade/transportation/utilities sector contracted by 1.2% year over year to 655,840 employees at the end of August 2025. However, this represents only a 2.0% decline from the all-time high of 668,980 jobs reported in June 2023. Meanwhile, manufacturing employment rose by 0.6% over the same period to 181,480 workers, reflecting a modest 0.2% decline from its peak, also 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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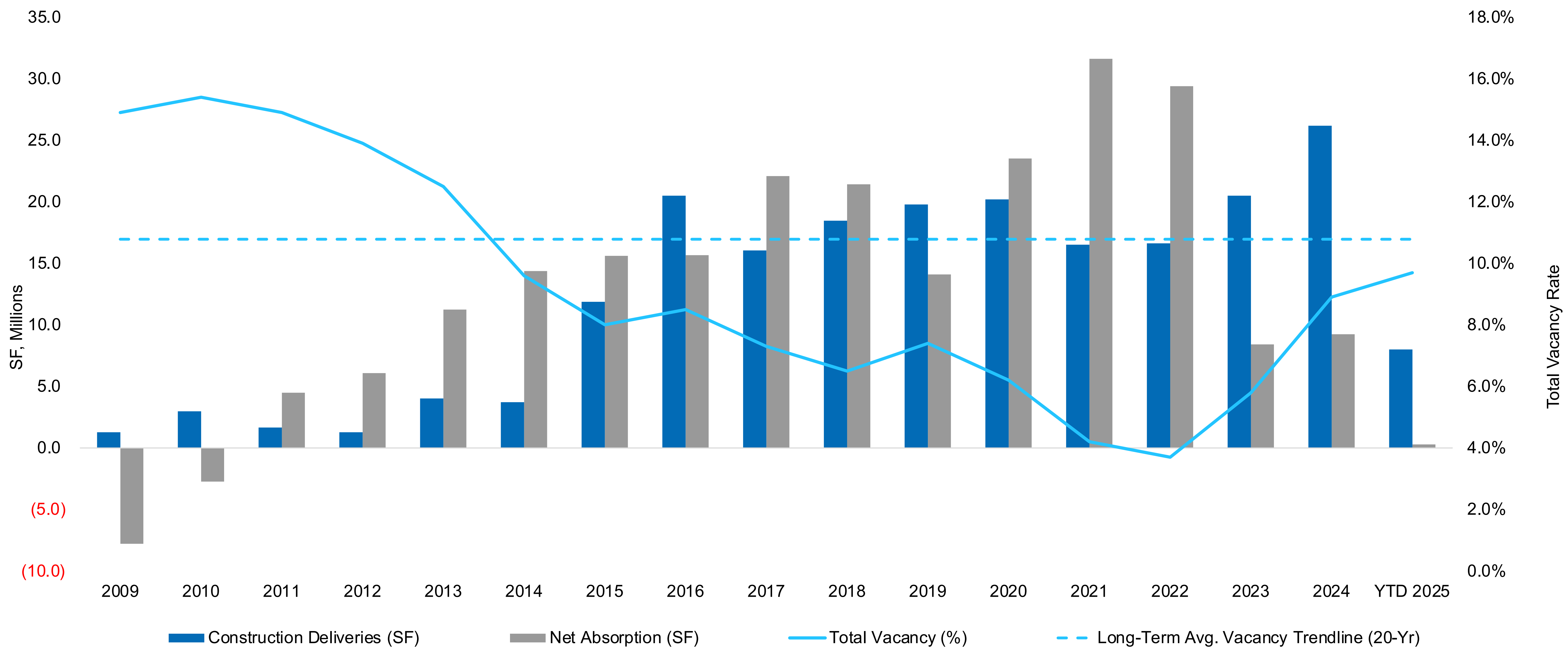
Leasing Market Fundamentals

Market Stabilizes as Demand Rebounds but Supply Outpaces Gains

Market conditions stabilized in the third quarter of 2025 as demand rebounded following last quarter's steep contraction. Net absorption totaled 2.0 MSF, offsetting a portion of the 2.8 MSF of negative absorption recorded the previous quarter. However, with 4.4 MSF delivering, supply again outpaced demand, pushing the vacancy rate up by 10 basis points quarter over quarter to 9.8%. Absorption was strongest in the Northwest/I-75 Corridor, Northeast/I-85 Corridor and Fulton/I-20W submarkets, which together accounted for 1.9 MSF.

Historical Construction Deliveries, Net Absorption, and Vacancy

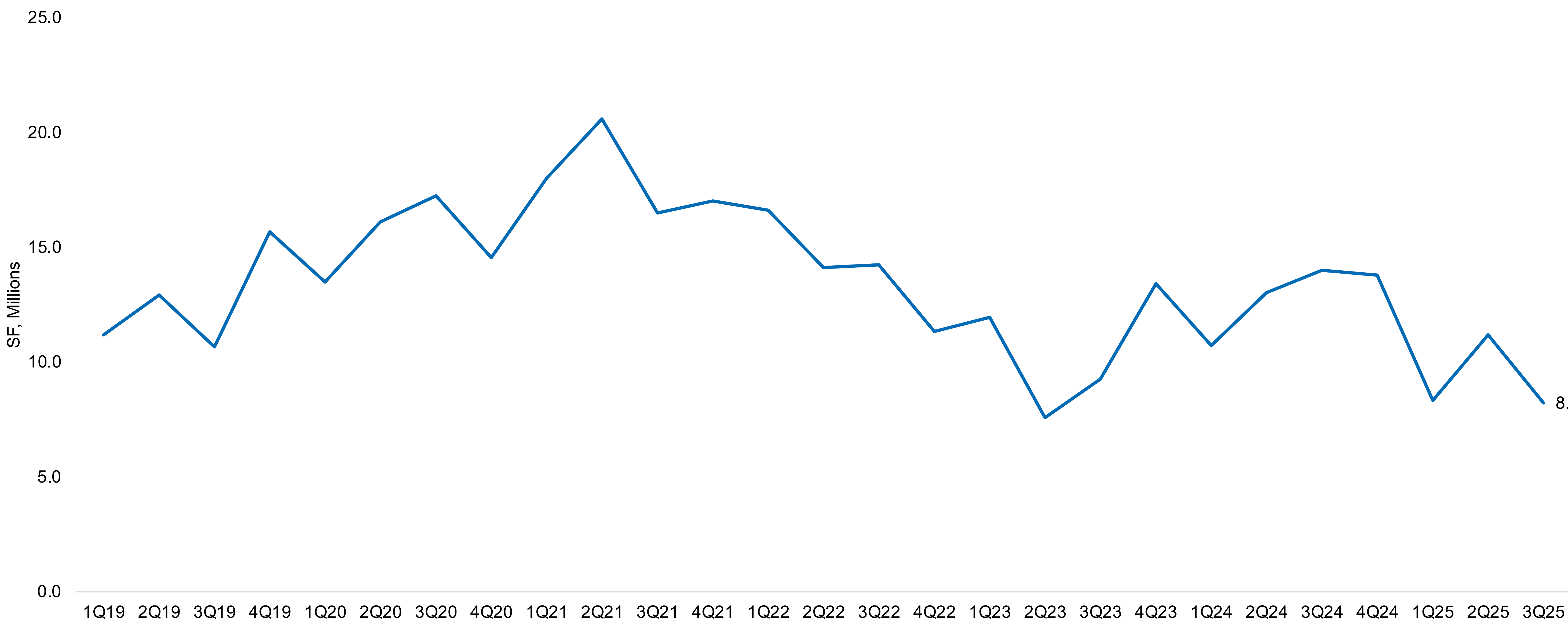


Source: Newmark Research, CoStar

Leasing Moderates Amid Macro Uncertainty but Remains Robust

Leasing activity declined in the third quarter of 2025 to 8.2 MSF, down 26.4% quarter over quarter and 39.7% below the six-year third-quarter average of 13.7 MSF. While strong tenant demand persists, elevated interest rates, corporate cost-containment efforts, and macro uncertainty among large occupiers continue to weigh on transaction volume. Leasing activity this year has averaged 9.3 MSF per quarter, well below the pre-pandemic average of 15.0 MSF, reflecting a more cautious tenant environment as occupiers continue to recalibrate long-term space strategies.

Total Leasing Activity (SF)

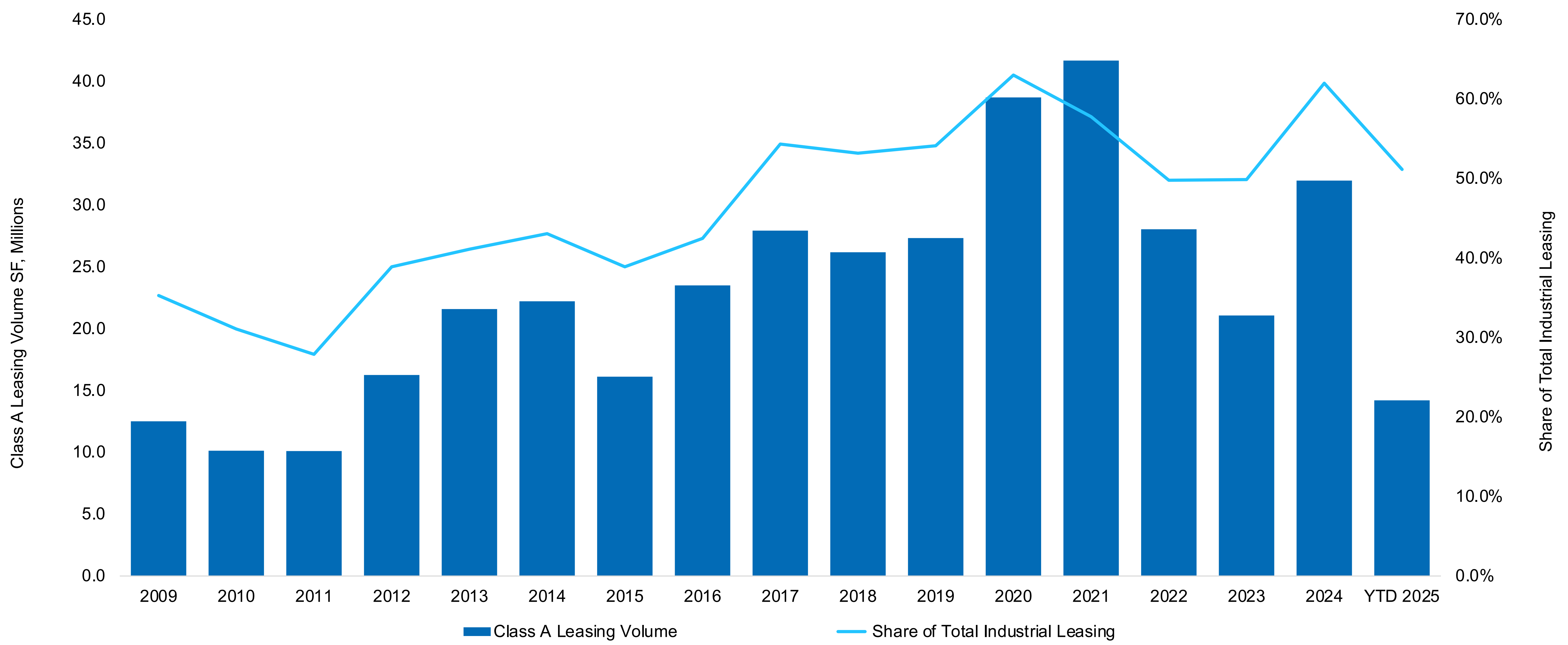


Source: Newmark Research, CoStar

Class A Activity Declines but Remains a Market Driver

Class A leasing activity totaled 4.3 MSF in the third quarter of 2025, declining 34.6 % quarter over quarter as overall leasing slowed. Despite the pullback, Class A space continued to account for most of the market's activity, comprising 52.6 % of total leasing, up slightly from 51.5 % in the prior quarter. The sustained share underscores the continued preference for modern, high-efficiency product even as economic uncertainty and elevated financing costs temper expansion decisions among large users.

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

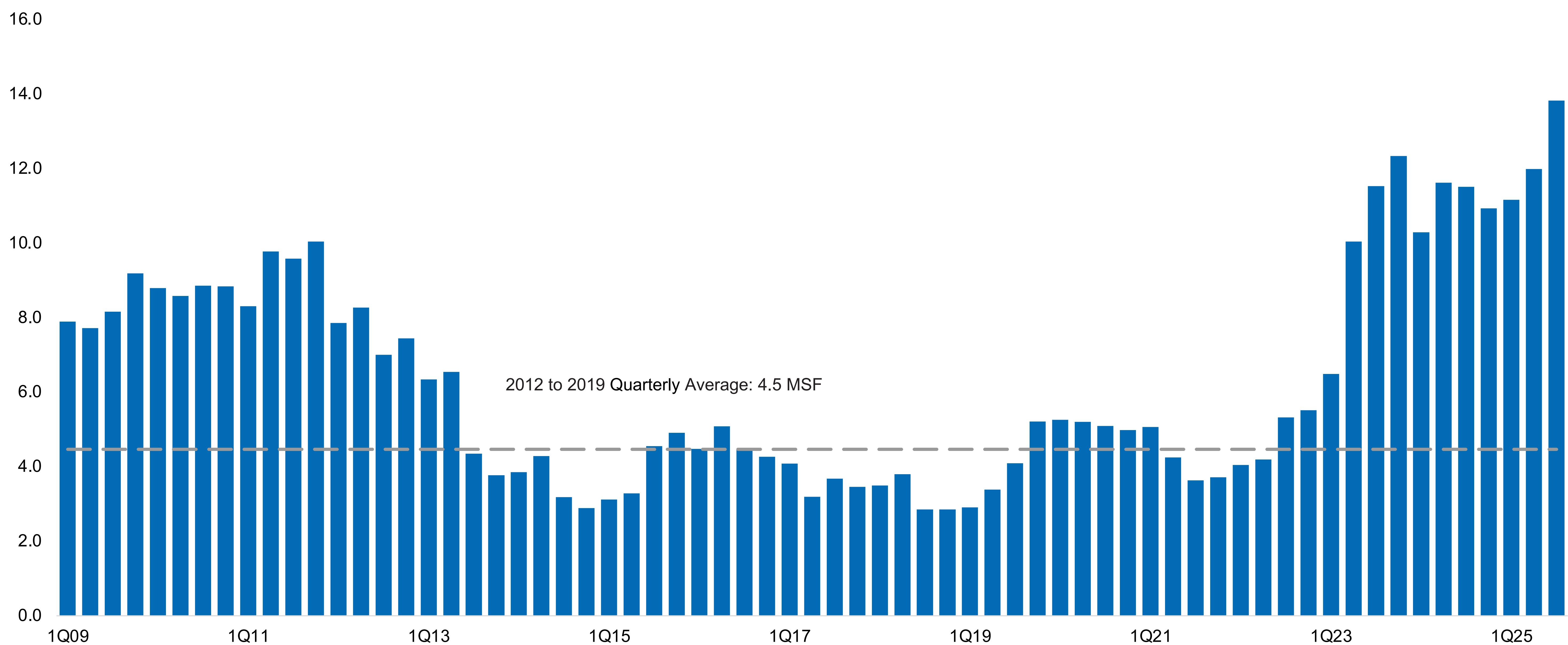


Source: Newmark Research, CoStar

Sublease Volume Climbs to New Record High

Sublease availability increased by 1.8 MSF, or 15.3% quarter over quarter, reaching a record 13.8 MSF in the third quarter of 2025. Major contributors to the increase included DHL and mattress company Zinus both putting 1.0 MSF spaces on the market in the Airport/South Atlanta submarket. The gain marks a new high, surpassing the previous peak of 12.3 MSF recorded at year-end 2023. The increase reflects ongoing portfolio adjustments among large distributors and retailers as occupiers optimize logistics networks to improve efficiency and align footprints with evolving demand patterns.

Available Industrial Sublease Volume (msf)

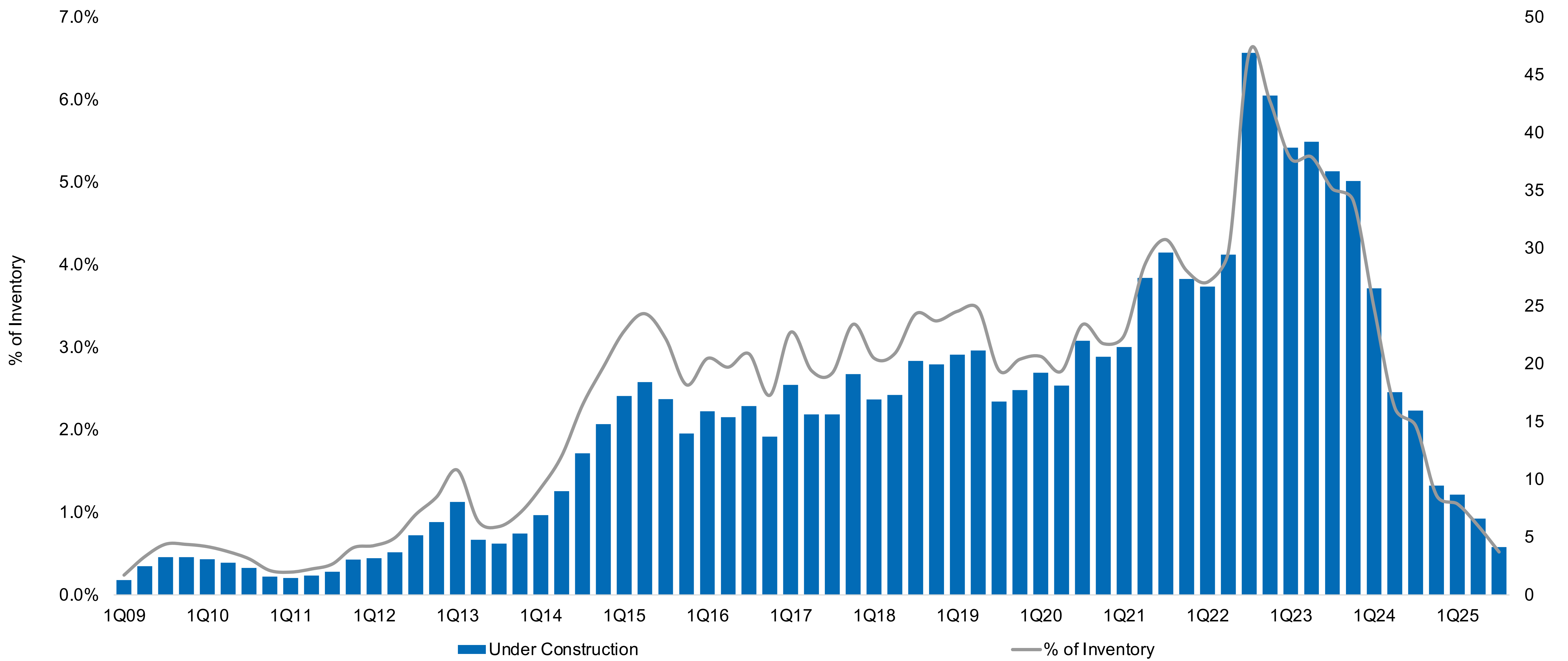


Source: Newmark Research, CoStar

Construction Pipeline Falls to Lowest Level in Over a Decade

The under-construction pipeline declined for the ninth consecutive quarter, falling to 4.1 MSF in the third quarter of 2025 – a 37.4% decrease from the previous quarter and down 74.1% year over year. At just 0.5% of total inventory, this represents the lowest level of development in more than a decade. The continued slowdown underscores developer caution amid elevated financing costs and moderate leasing velocity. However, the smaller pipeline affords existing inventory additional time to absorb vacancies, paving the way for a more balanced supply-demand environment should conditions improve in 2026.

Industrial Under Construction and % of Inventory

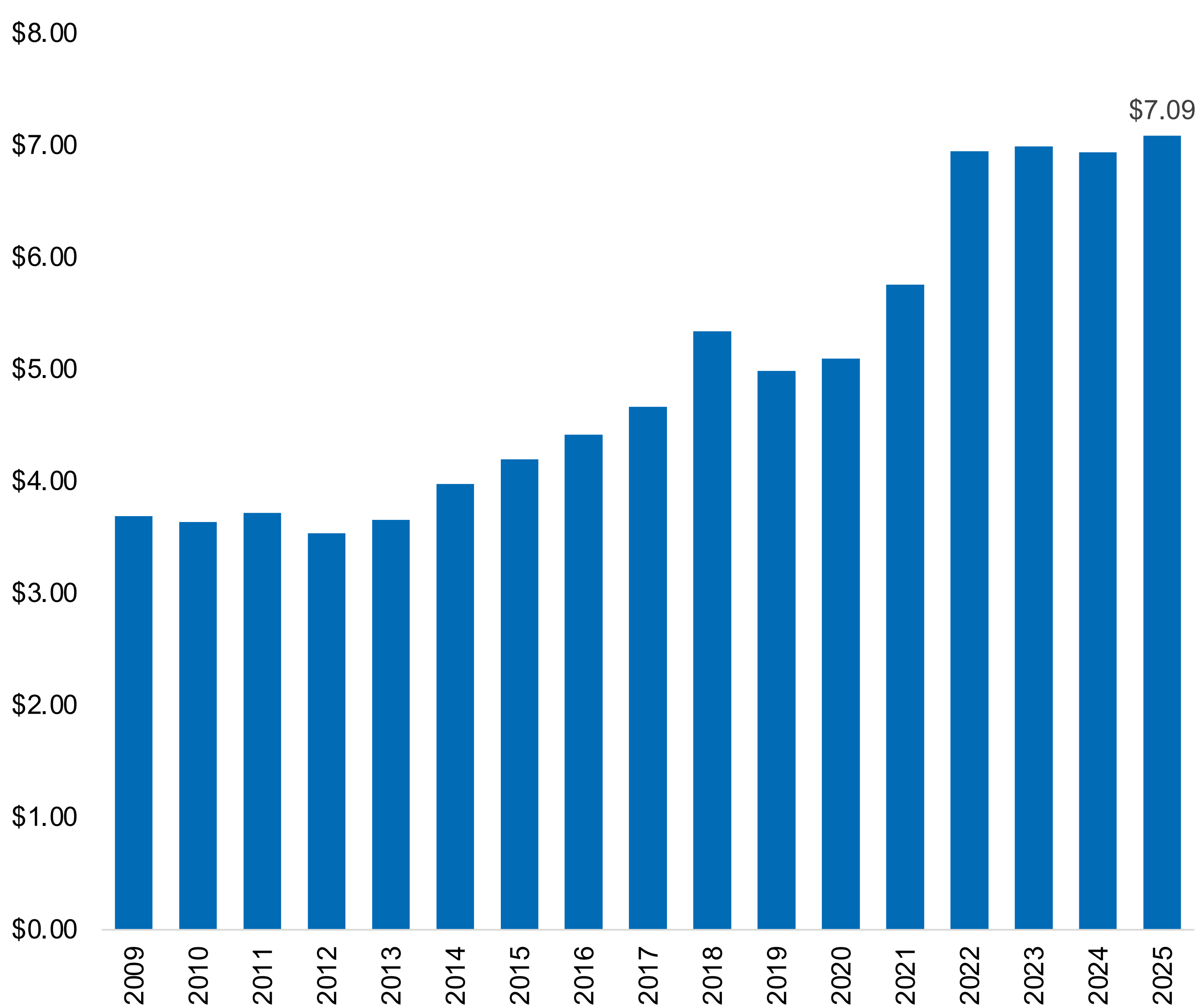


Source: Newmark Research, CoStar

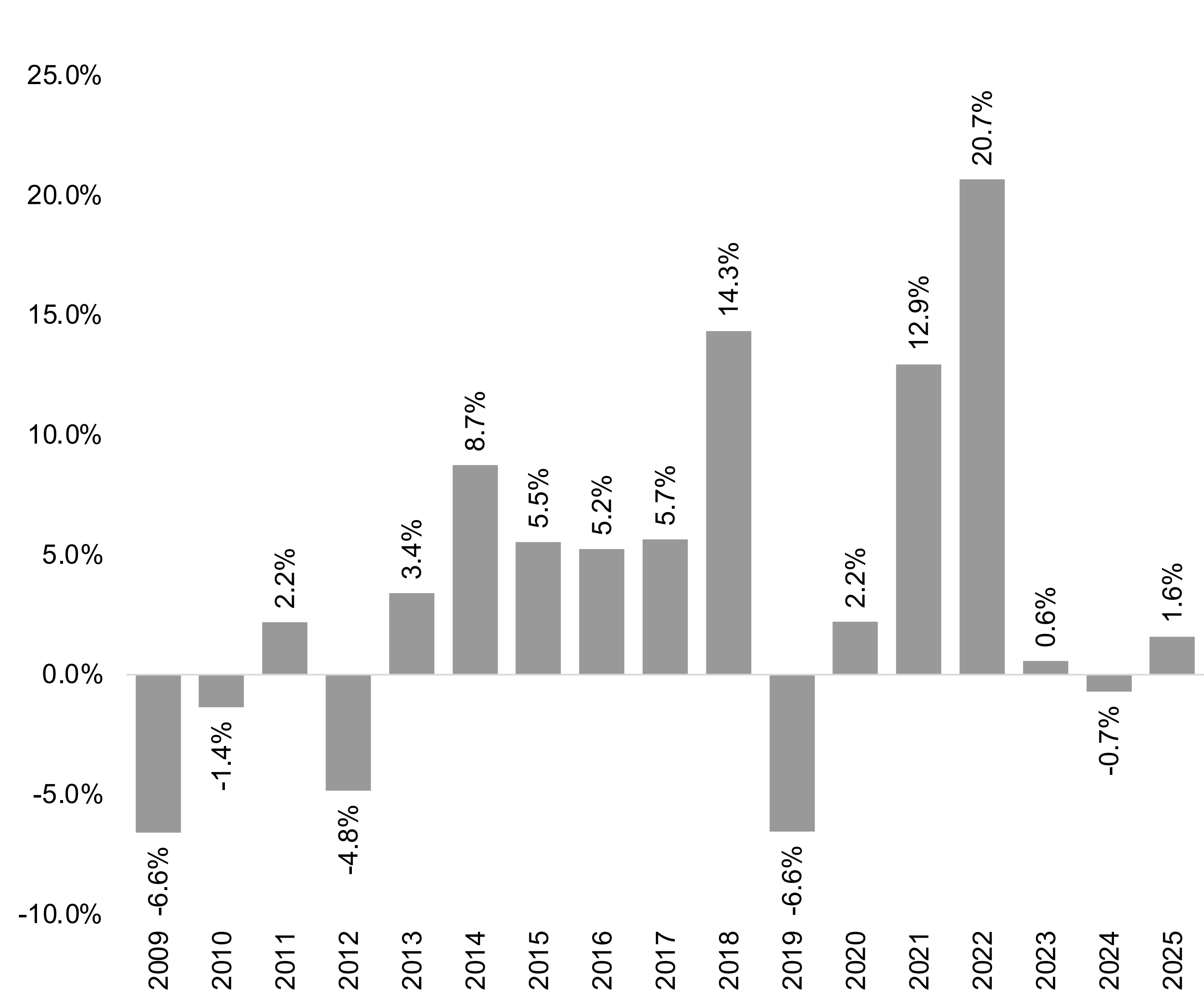
Rents Hold Steady at Record Highs

Asking rents remained unchanged in the third quarter of 2025 at $7.09/SF, maintaining the record high reported in the previous quarter and up 1.6% year over year. The increase marks a modest rebound following rent growth of just 0.6% in 2023 and a 0.7% decline in 2024, indicating that pricing momentum has begun to stabilize after two years of deceleration. Despite the pause in quarterly growth, asking rents remain well above pre-pandemic levels, reflecting the lasting impact of both increased landlord costs as well as tenant preference for high-quality distribution space.

Industrial Average Asking Rent, $/SF, NNN



Year-over-Year Asking Rent Growth Rate % Change



Source: Newmark Research, CoStar

Third Quarter Activity Driven Mainly by New Leases

The quarter's top five lease transactions included three new leases and two renewals. 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 third quarter of 2025, under-construction assets were 24.5% preleased.

Notable 3Q25 Lease Transactions

Tenant	Building	Submarket	Type	Square Feet
Williams-Sonoma	11510 Lewis Braselton Braselton Commerce Center	Northeast/I-85 Corridor	Renewal	1,074,596
The home products retailer renewed its full-building lease at Braselton Commerce Center, which the company originally occupied in 2016.				
US eLogistics	1950 Oak Lawn Ave West Fulton Commerce Park – Bldg. 4	Fulton Industrial/I-20W	Direct New	633,269
US eLogistics is new to the Atlanta market. The Houston-based company provides e-commerce fulfillment, warehousing, and global logistics services.				
GXO	6705 Oakley Industrial Blvd Majestic Airport Center III – Bldg. 4	Airport/South Atlanta	Renewal	560,625
GXO renewed its full-building lease at Majestic Airport Center III – Building Four. The logistics company originally took occupancy when the building delivered in 2014.				
Elogistek	2150 Buford Hwy Downtown Buford Logistics Center	Northeast/I-85 Corridor	Direct New	494,804
Elogistek – a logistics and supply chain firm – leased a new full-building facility, marking its third location in the Atlanta metro..				
Rinnai America Corporation	Arthur K. Bolton Hwy PNK Griffin	Airport/South Atlanta	Direct New	306,160
The full-building lease by Rinnai America initiated construction of PNK's multiphase PNK Griffin project. Rinnai America – the North American subsidiary of Japan-based Rinnai Corporation – manufactures gas appliances, including water heaters, grills, and fryers.				

Source: Newmark Research

Atlanta Industrial Submarket Overview

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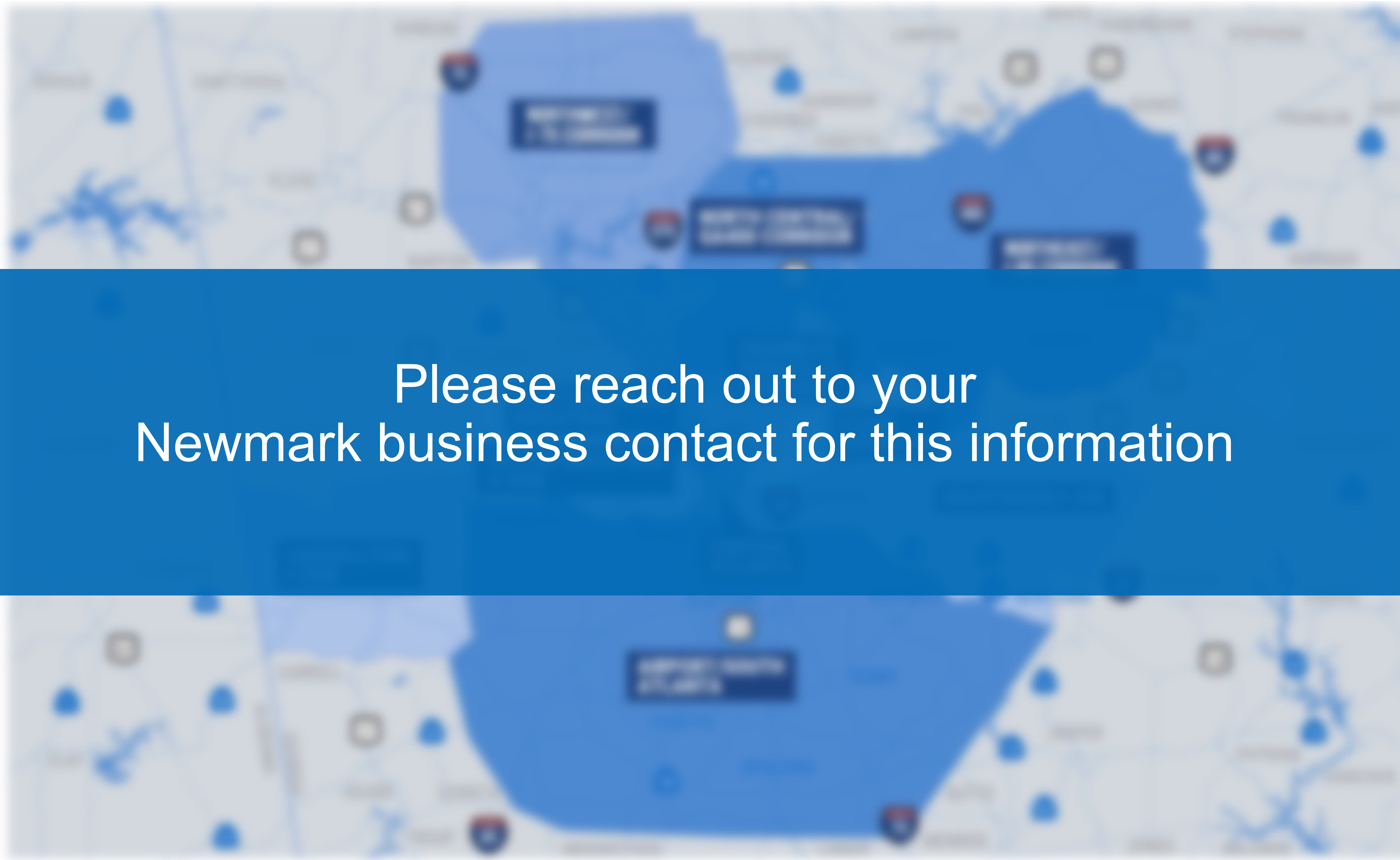
Source: Newmark Research

Atlanta Industrial Submarket Map



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Source: Newmark Research

For more information:

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

Jamil Harkness
Senior Research Analyst
Southeast Research
Jamil.Harkness@nmrk.com

Ching-Ting Wang
Head of Southeast Research
ChingTing.Wang@nmrk.com

Atlanta
3455 Peachtree Rd NE 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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