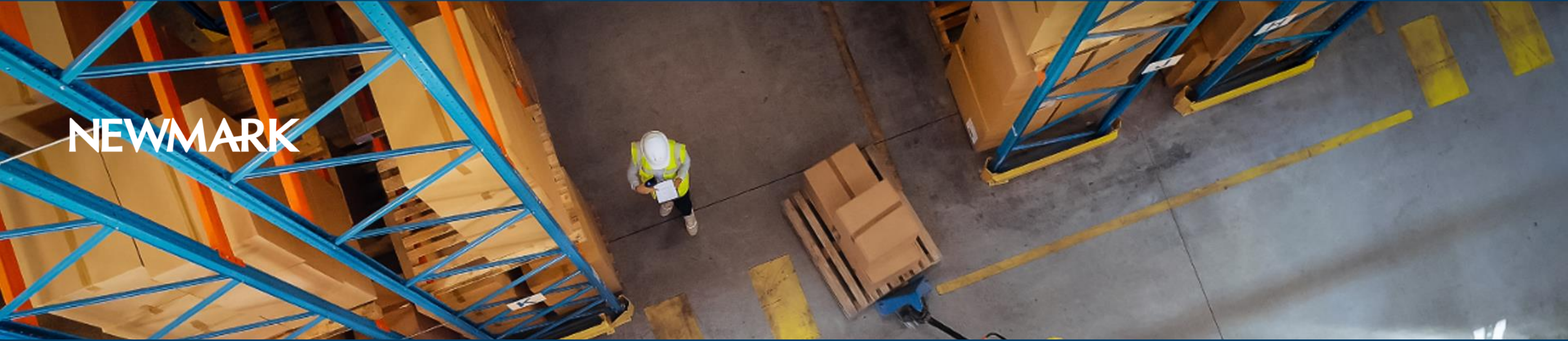
NEWMARK



Market Overview

Atlanta Industrial

4Q25

NMRK.COM

Market Observations

Economy

- The market's unemployment rate increased by 23 basis points year over year to 3.4% at the end of September 2025, although it is 104 basis points lower than the national average of 4.4%. Among the four other largest U.S. markets by population, the average unemployment rate was 4.6%, ranging from 3.8% in Dallas to 5.4% in Los Angeles.
- Job growth grew at 0.3% year over year, below the national average and reflecting some of the slowest annual growth paces since early 2021, in part reflecting Atlanta's near full-employment conditions.
- Six out of 10 sectors reported employment growth, led by the education and health sector, which posted a 4.1% 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 1.6% and 3.1% year over year, respectively.

Leasing Market Fundamentals

- Industrial average rents rose 3.7% quarter over quarter to $7.36/SF, an all-time high. On a year-over-year basis, this represented a 6.2% increase.
- Net absorption increased sharply in the fourth quarter of 2025 to 7.6 MSF, offsetting the 2.8 MSF of negative absorption reported in the second quarter and bringing the 2025 total to 8.9 MSF.
- There was only 766,439 SF of deliveries reported during the fourth quarter of 2025. As a result of supply outpacing demand, the vacancy rate decreased by 80 basis points quarter over quarter to 8.9%.
- Despite inching up to 5.7 MSF in the fourth quarter of 2025—just 0.7% of total inventory—the construction pipeline remains at historically low levels and is currently 34.2% preleased.

Major Transactions

- Atlanta-based children's clothing retailer Carter's inked the quarter's biggest deal, renewing their 1.0 MSF distribution facility in the Northeast/I-85 Corridor.
- The quarter's five largest lease transactions included four new deals – a sign of continued demand for new space – with one renewal.
- Beyond retail, the quarter's top five deals also included users from the consumer goods, logistics, and construction materials sectors.
- The five largest leases of the quarter were concentrated in three submarkets.

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.
- Leasing activity will likely remain near current volume over the next few quarters.

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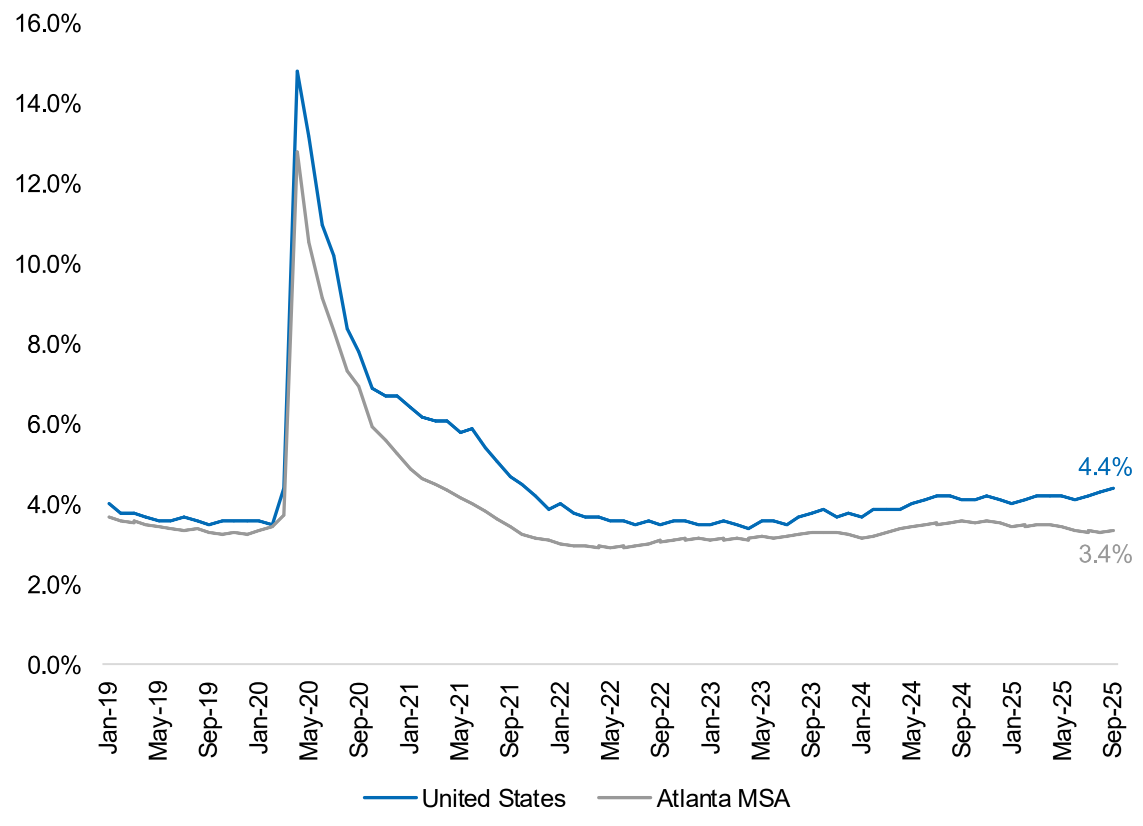
Economy

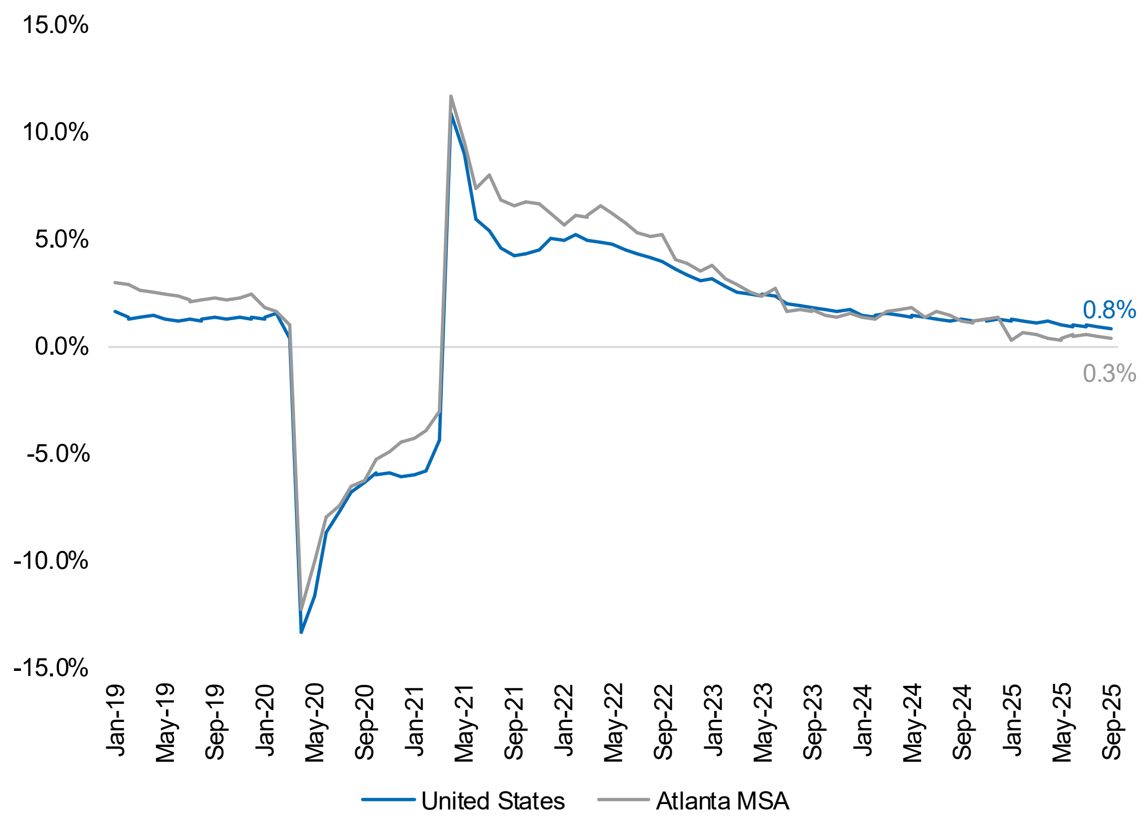
Unemployment Inches Up While Employment Growth Remains Relatively Slow

The Atlanta market has generally reported lower unemployment rates compared with the national average. At the end of September 2025, metro unemployment was 3.4%, remaining 104 basis points below the national rate but 23 basis points higher year over year, reflecting a slower national economy. Total employment grew only 0.3% year over year, slowing by 87 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

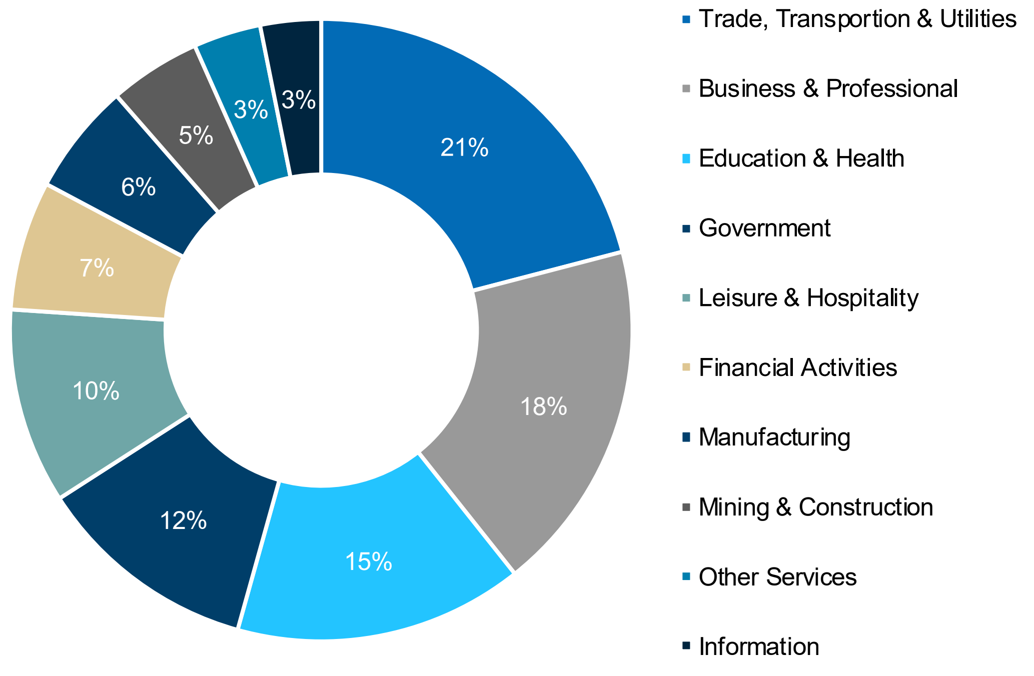


Source: U.S. Bureau of Labor Statistics, Atlanta MSA

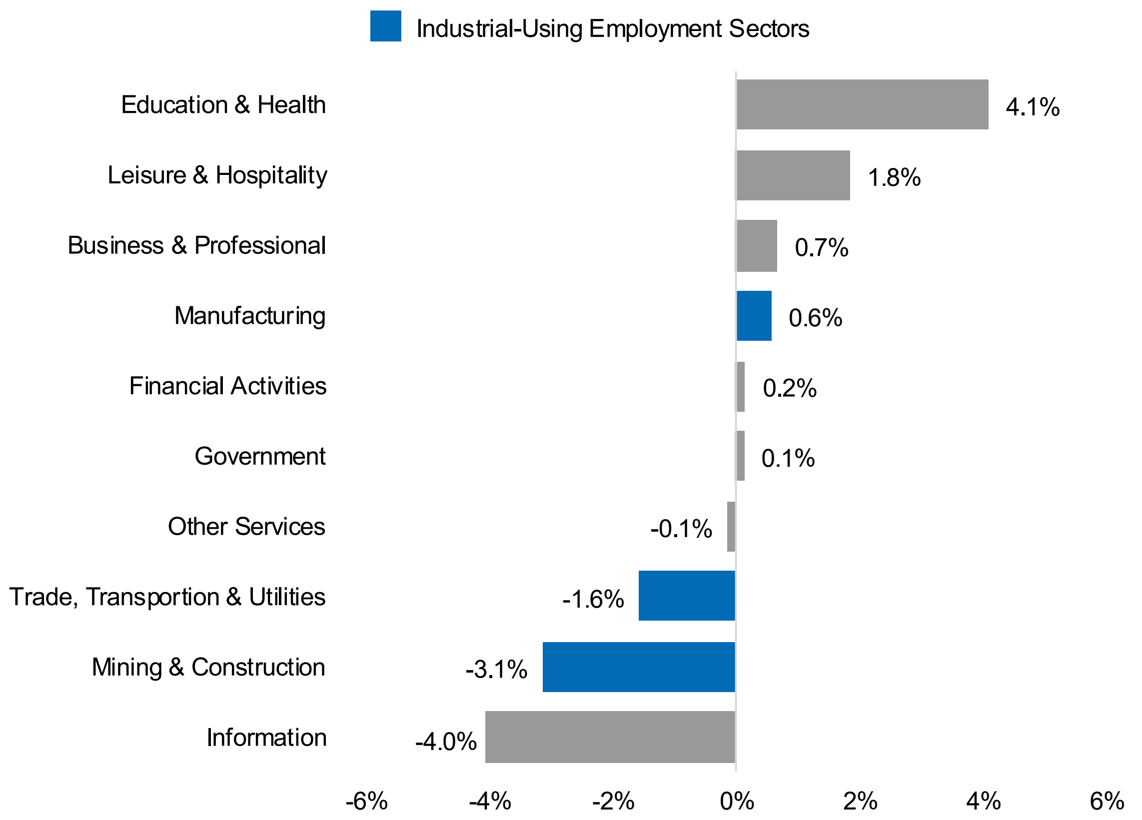
Yearly Job Growth Shows Mixed Results

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 20.9%. Overall employment grew 0.3% 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 1.6% and 3.1% year over year, respectively.

Employment by Industry, September 2025



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

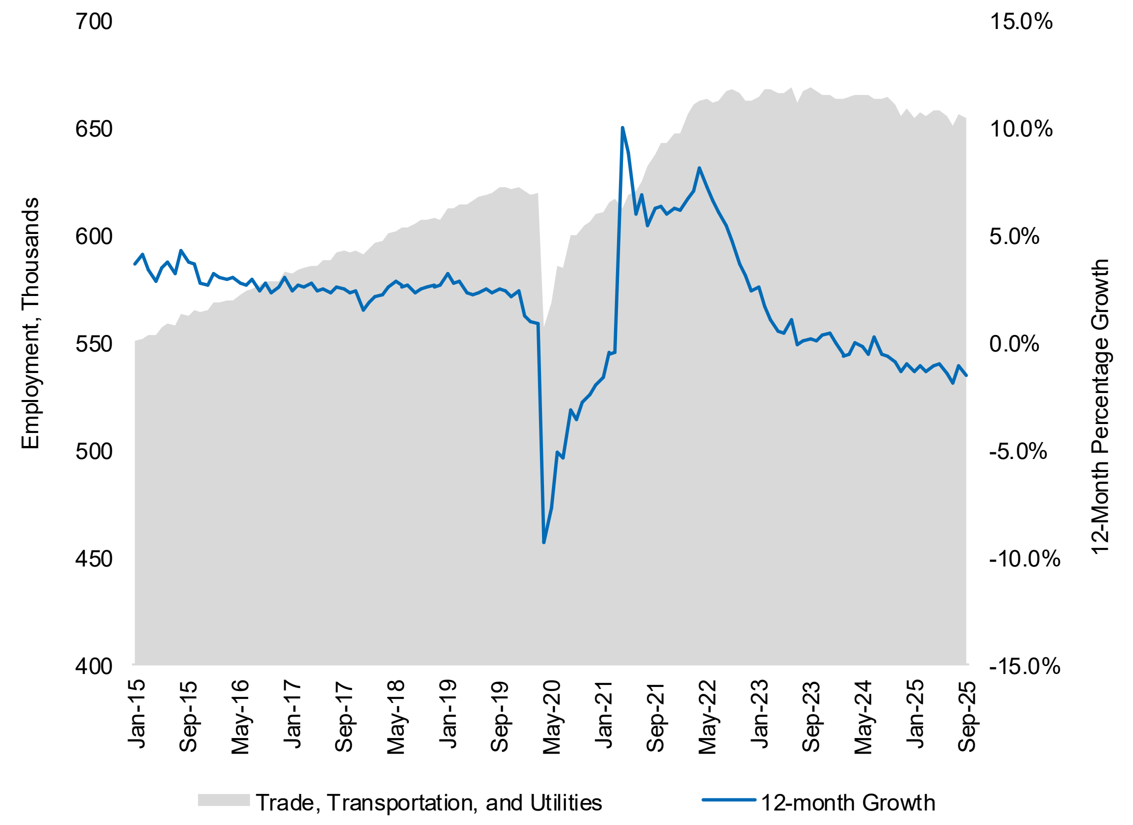


Source: U.S. Bureau of Labor Statistics, Atlanta MSA

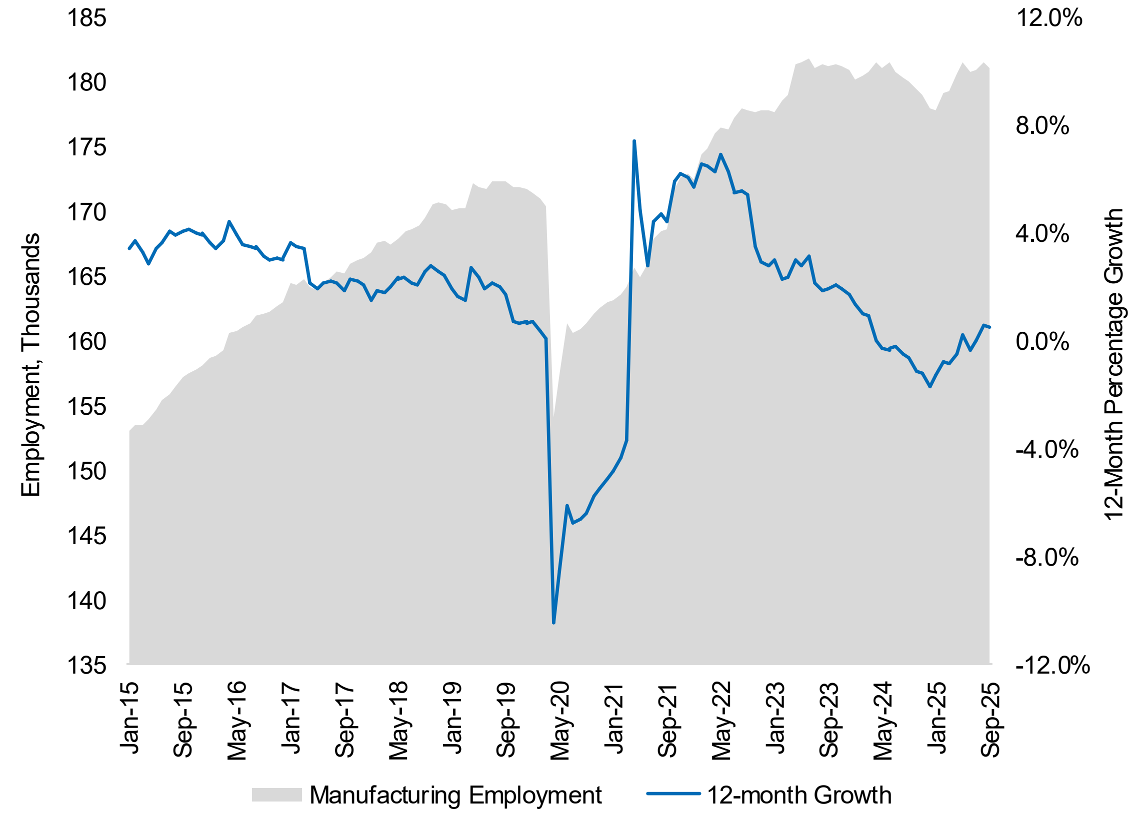
Industrial Employment Eases Slightly from Record Highs

The trade/transportation/utilities sector contracted by 1.6% year over year to 654,430 employees at the end of September 2025. However, this represents only a 2.2% 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 181,190 workers, reflecting a modest 0.4% decline from its peak, also in June 2023. Hence, 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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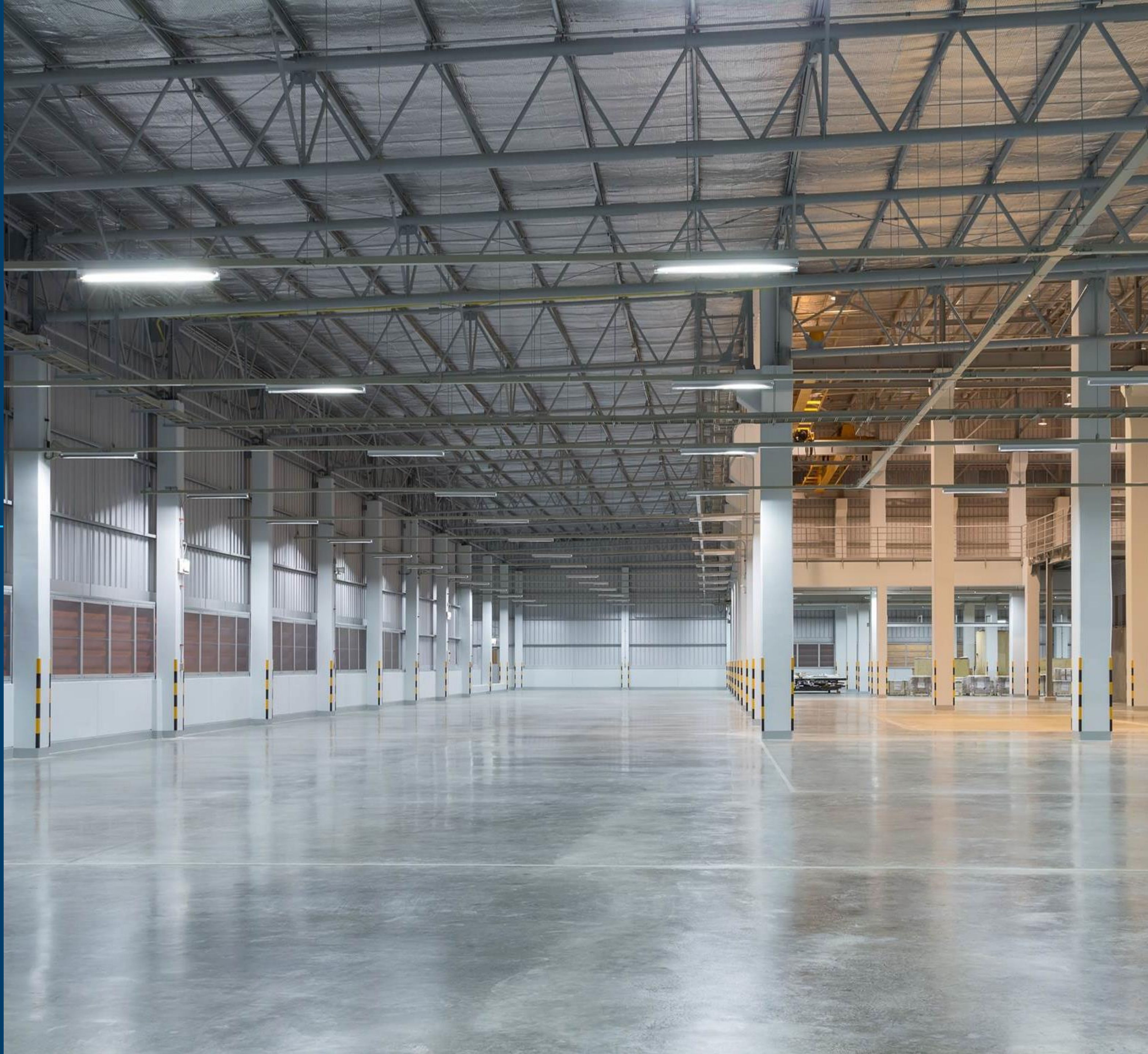
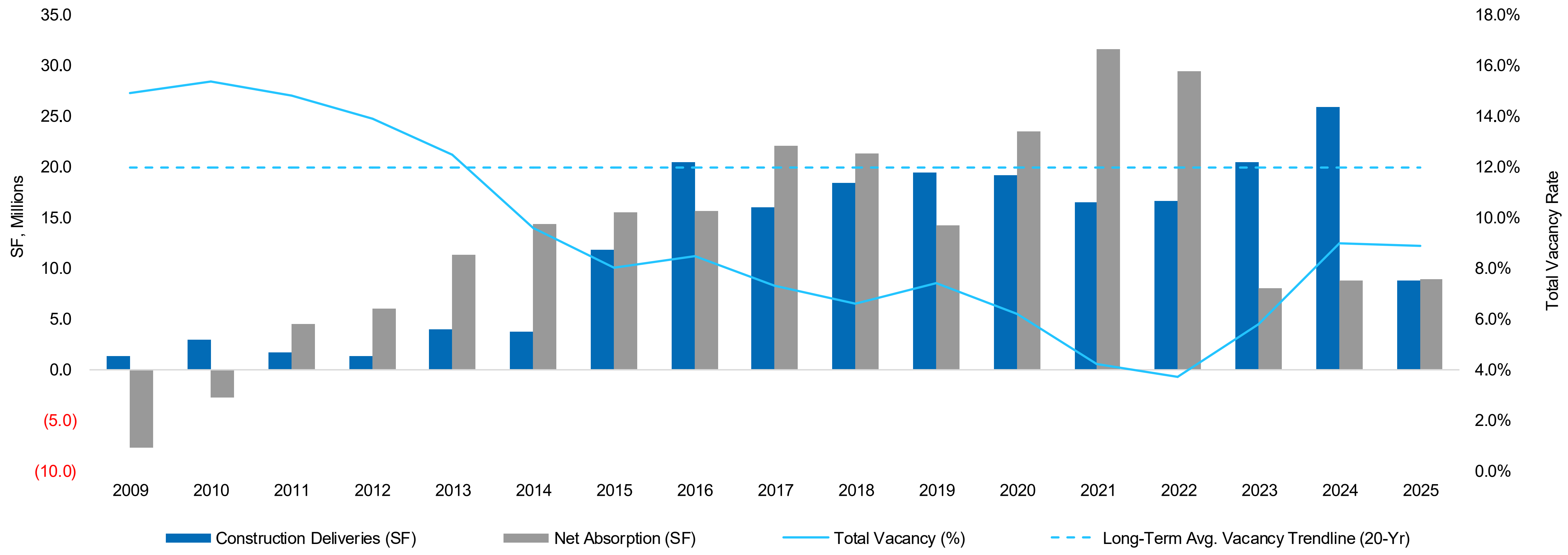
Leasing Market Fundamentals



Vacancy Declines as Quarterly Demand Exceeds Supply

Market conditions improved meaningfully in the fourth quarter of 2025 as demand accelerated sharply following more moderate gains in the prior quarter. Net absorption totaled 7.6 MSF, more than offsetting the 2.8 MSF of negative absorption recorded in the second quarter of 2025 and marking the strongest quarterly demand since the post-pandemic expansion. With just 766,439 SF delivering during the quarter, demand materially outpaced supply, driving the vacancy rate down 80 basis points quarter over quarter to 8.9%, which marks a reversal from the upward vacancy trend observed earlier in the year. Absorption was bolstered by several large occupier move-ins, including Greenbox Systems' 1.0 MSF occupancy and Georgia Power's 825,000 SF owner-user move-in, underscoring the continued importance of large-format logistics and owner-occupied facilities in driving near-term demand.

Historical Construction Deliveries, Net Absorption, and Vacancy

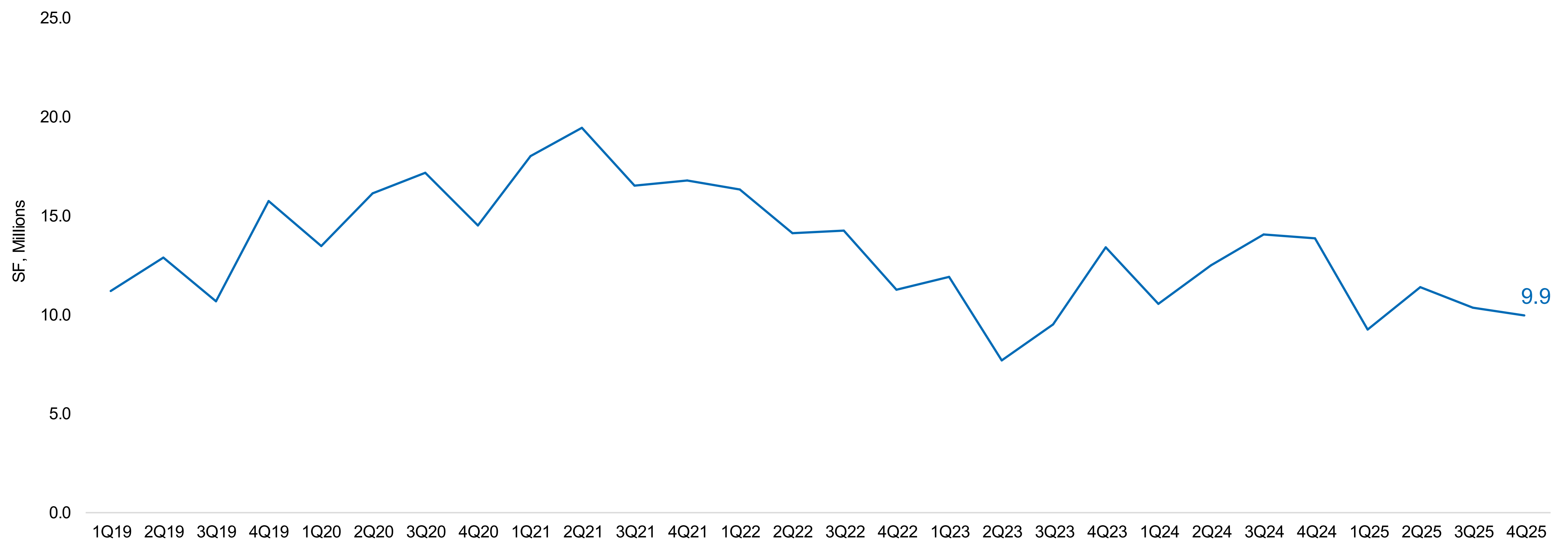


Source: Newmark Research, CoStar

Leasing Moderates Amid Macro Uncertainty but Remains Robust

Leasing activity declined in the fourth quarter of 2025 to 9.9 MSF, down 4.3% quarter over quarter and 30.4% below the six-year fourth-quarter average of 14.3 MSF. At 40.9 MSF for 2025, demand remains strong, though elevated interest rates, corporate cost-containment efforts, and macro uncertainty among large occupiers continue to weigh on transaction volume.

Total Leasing Activity (SF)

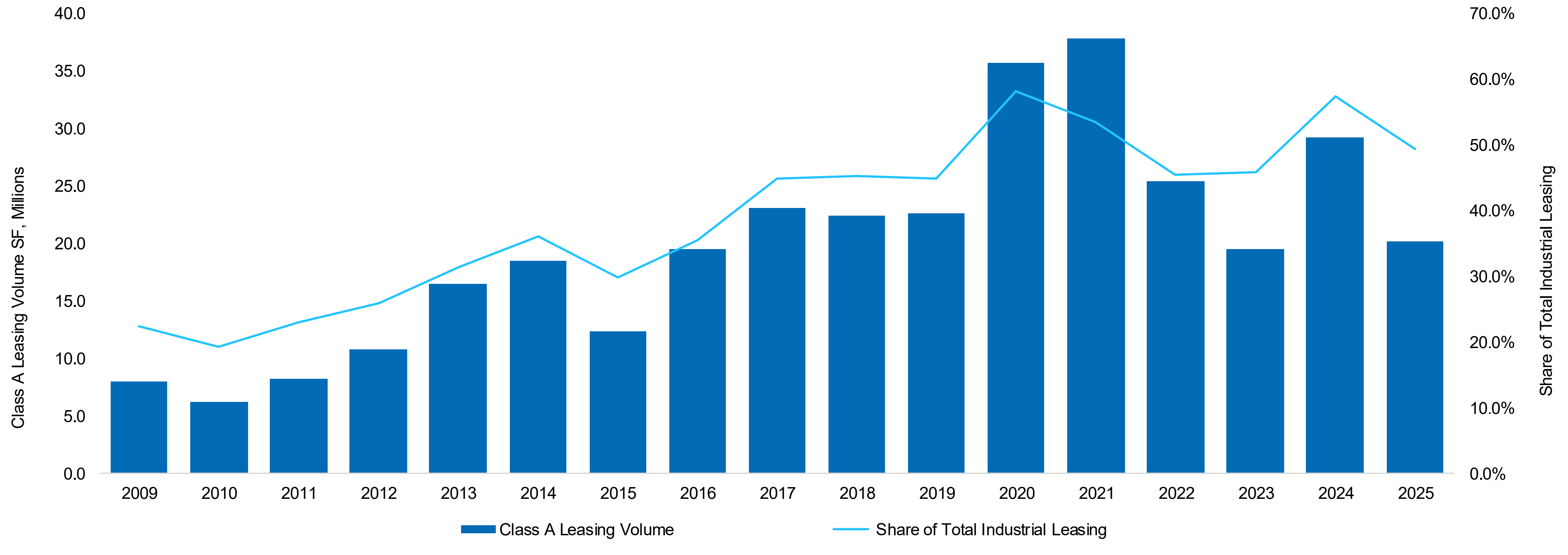


Source: Newmark Research, CoStar

Class A Activity Declines but Remains a Market Driver

Class A leasing activity totaled 4.9 MSF in the fourth quarter of 2025, declining 15.2% quarter over quarter as overall leasing moderated toward year-end. Despite the pullback, Class A space continued to account for a larger share of the market's activity, comprising 48.9% of total leasing, down modestly from 55.3% in the prior quarter. 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.

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

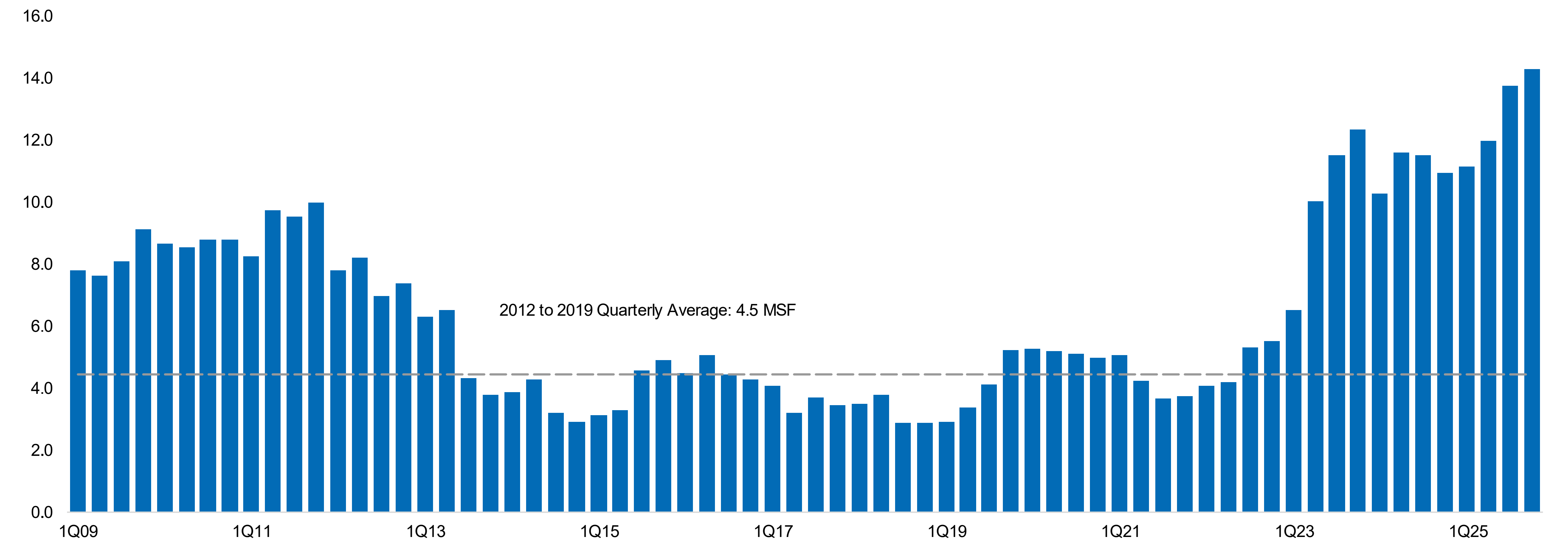


Source: Newmark Research, CoStar

Sublease Volume Climbs to New Record High

Sublease availability continued to climb in the fourth quarter of 2025, increasing by 537,222 SF, or 3.9% quarter over quarter, to a new record of 14.3 MSF. The increase extends the upward trend observed throughout 2025 and builds on the record-setting levels reached in the prior quarter. While no single offering matched the scale of the third quarter's largest blocks, availability remains concentrated among large-format spaces, reflecting ongoing portfolio rationalization by distributors and logistics users. Elevated sublease volume continues to signal occupier caution as tenants refine network footprints and manage excess capacity amid a more measured demand environment.

Available Industrial Sublease Volume (msf)

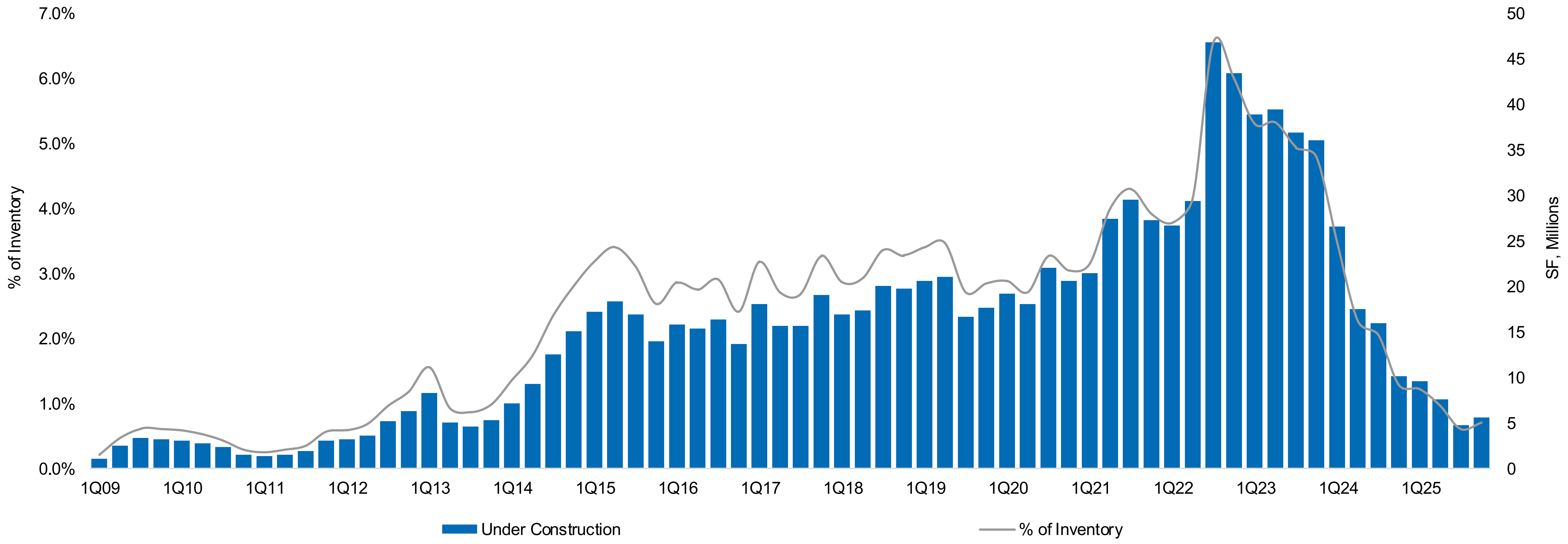


Source: Newmark Research, CoStar

Development Pipeline Inches Up, Remains Historically Low

The under-construction pipeline—which is currently 34.2% preleased—edged higher in the fourth quarter of 2025, increasing to 5.7 MSF following several quarters of sustained contraction. While development activity remains historically muted at just 0.7% of total inventory, the limited pipeline reflects not only prior caution tied to elevated financing costs and more measured leasing velocity, but also a growing selectivity among developers evaluating new starts. Should demand conditions continue to improve and capital markets become more accommodating, the unusually low pipeline by historical standards may begin to expand over the coming quarters. 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.

Industrial Under Construction and % of Inventory

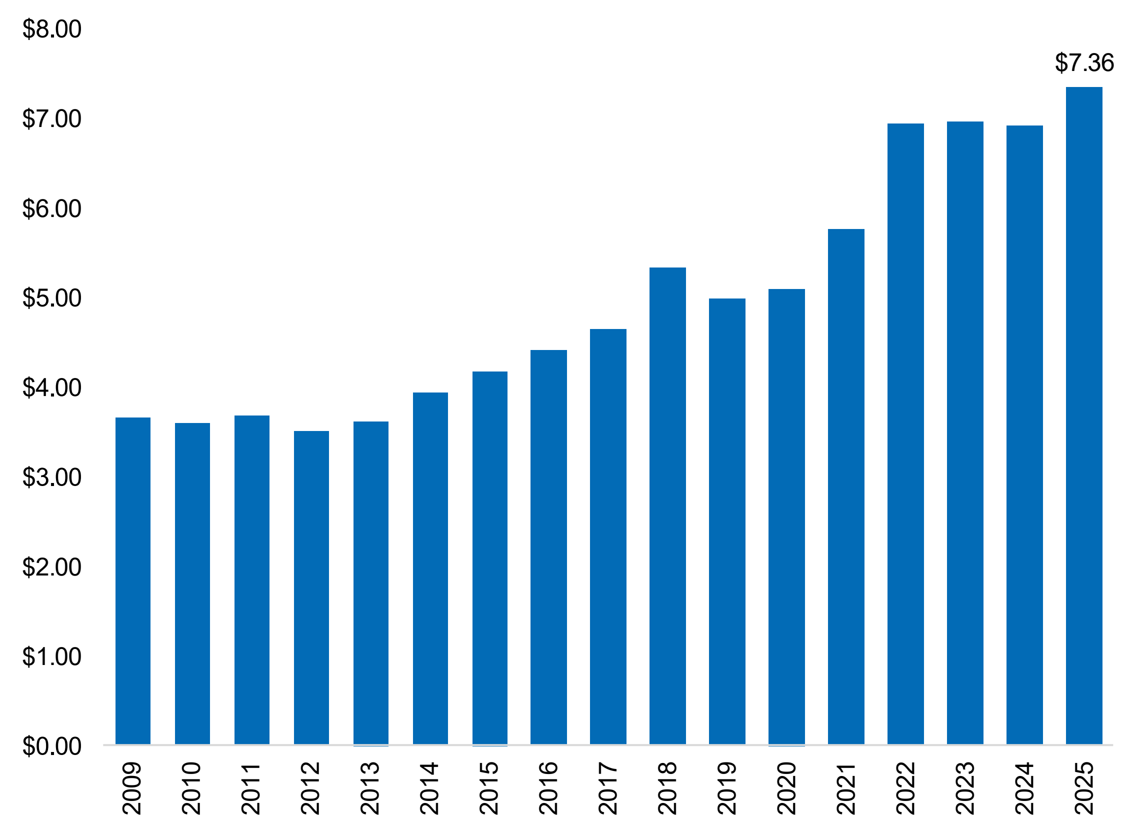


Source: Newmark Research, CoStar

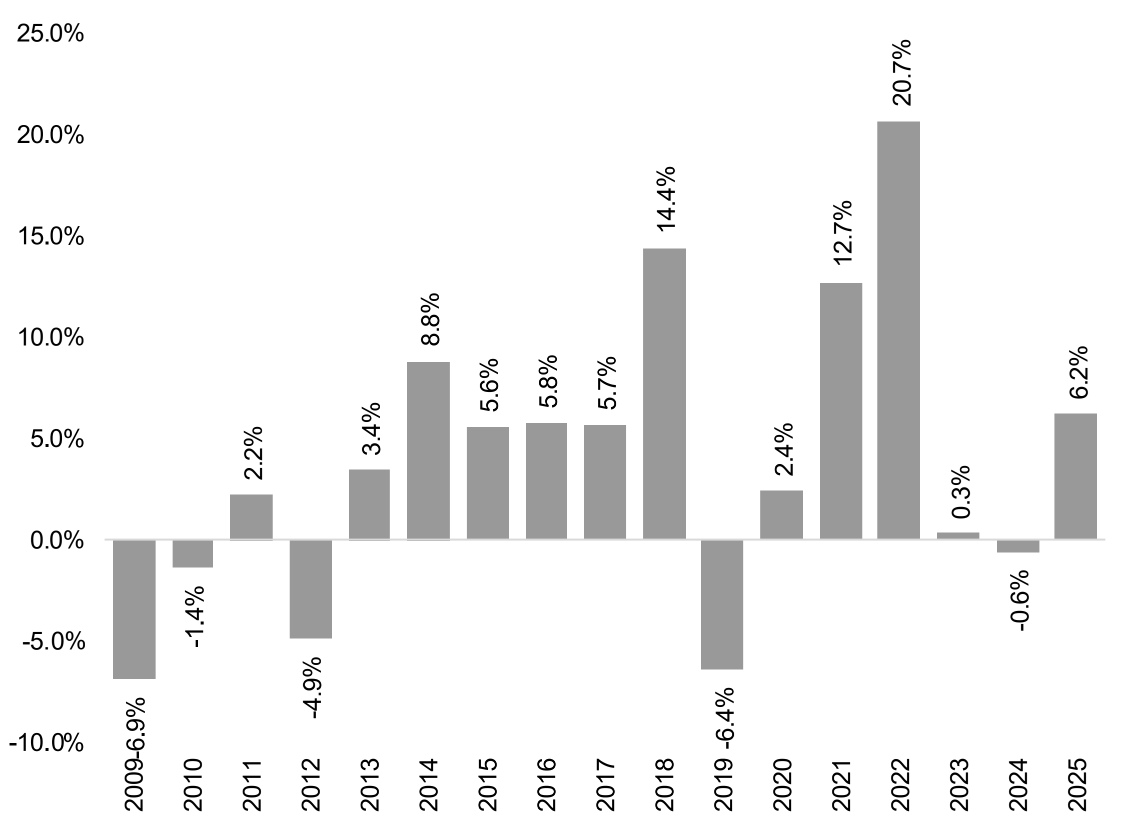
Asking Rents Reach New High

Asking rents increased in the fourth quarter of 2025 to $7.36/SF, rising 3.7% quarter over quarter and 6.2% year over year, establishing a new market high. The increase marks a clear acceleration following two years of muted growth, during which rents rose 2.5% in 2023 and declined 1.0% in 2024, suggesting pricing momentum has begun to reassert itself. While elevated vacancy and rising sublease availability continue to temper landlord leverage in some segments, asking rents remain well above pre-pandemic levels, reflecting higher replacement costs and sustained tenant preference for modern, well-located distribution facilities.

Industrial Average Asking Rent, $/SF, NNN



Year-over-Year Asking Rent Growth Rate % Change



Source: Newmark Research, CoStar

Fourth Quarter Activity Driven Mainly by New Leases

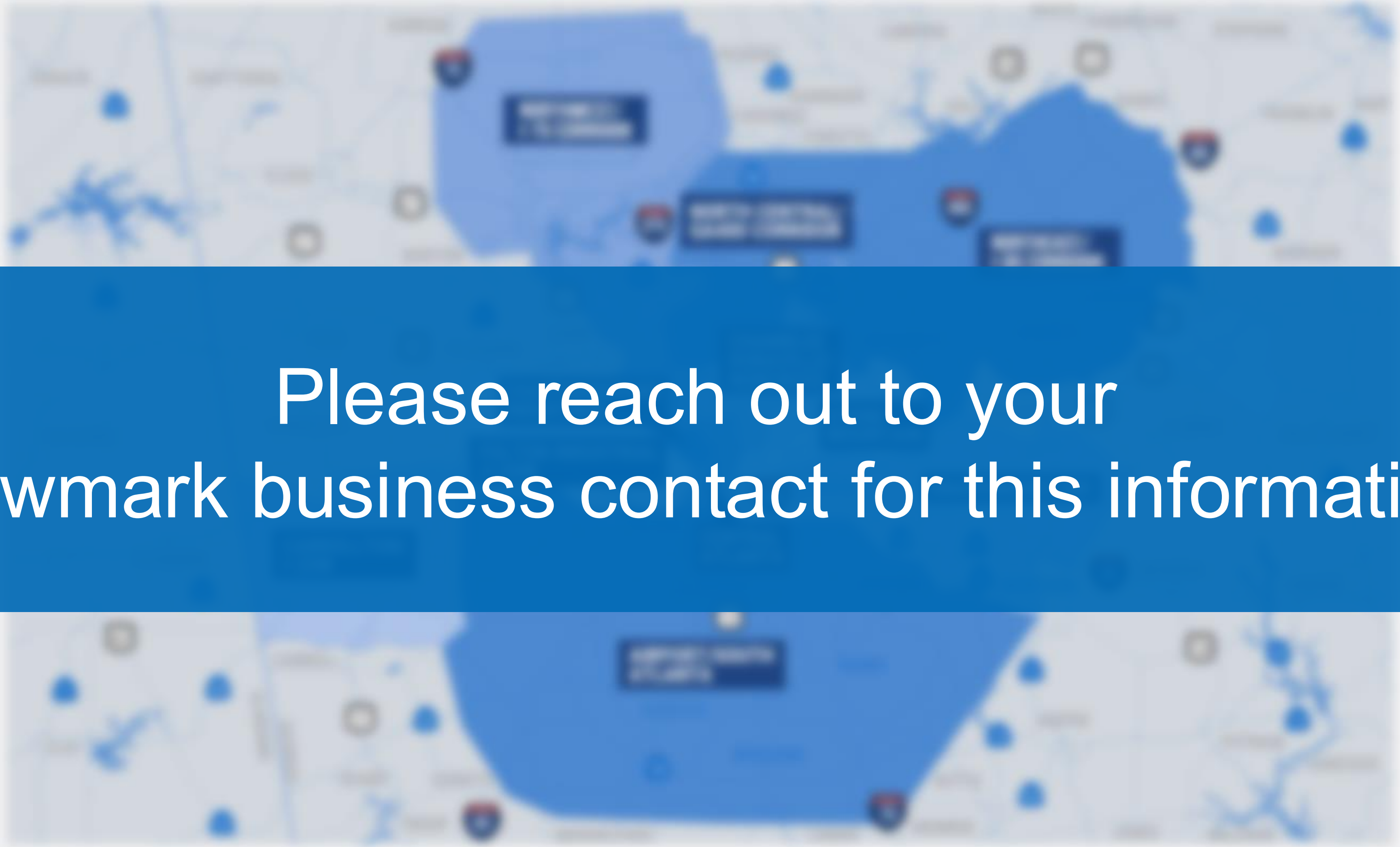
The quarter's top five lease transactions included four new leases and one renewal. The Airport/South Atlanta and Northeast/I-85 Corridor submarkets each recorded two deals, while one deal was completed in the Northwest/I-75 Corridor.

Notable 4Q25 Lease Transactions

Tenant	Building	Submarket	Type	Square Feet
Carter's	625 Braselton Pky Park 85 at Braselton	Northeast/I-85 Corridor	Renewal	1,061,663
The children's apparel retailer renewed its full-building lease at Park 85 at Braselton. OshKosh B'gosh, one of their core brands, has occupied the space since at least 2013.				
Confidential	6720 Oakley Industrial Blvd Majestic Airport Center III – Bldg. 1	Airport/South Atlanta	Direct New	1,001,893
A confidential tenant secured the Airport/South Atlanta submarket's biggest new industrial lease in the fourth quarter of 2025.				
Winsum	1277 Dry Pond Rd Jefferson 85 Logistics Center	Northeast/I-85 Corridor	Direct New	497,094
Winsum, which designs apparel—including casualwear, outerwear, and private-label collections—plans to occupy its full-building lease in the first quarter of 2026.				
BroadRange Logistics	2475 Hwy 155 McDonough 75 Logistics Center	Airport/South Atlanta	Direct New	427,200
The 3PL expanded its footprint with a full-building lease and operates at least six other locations in the Atlanta metro.				
FieldTurf USA	3048 US Highway 41 Adairsville Logistics Center	Northwest/I-75 Corridor	Direct New	408,240
FieldTurf, a global supplier of artificial turf playing surfaces, signed a full-building lease, making it the first-generation tenant.				

Source: Newmark Research,

Atlanta Industrial Submarket Map



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Source: Newmark Research

Atlanta Industrial Submarket Overview

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