

KBC INSIGHTS | INDUSTRIAL MARKET UPDATE

Atlanta

ECONOMY

- » Atlanta is the Southeast’s main logistics hub and the 5th largest industrial market in the U.S. by volume. In recent decades, Atlanta has rapidly grown to the #18 city globally with a GDP over \$600 billion.
- » The Port of Savannah has seen imports rise over 55% in the past decade, a major driver for Atlanta’s industrial growth. Imports volumes saw volatility in 2025 while growing by 2.6% year-over-year (YOY), showing resiliency in a turbulent trade environment. The Georgia Port Authority has stated a goal of reaching a capacity of 10M twenty-foot equivalent units (TEUs) by 2030, nearly double the volume handled in 2025.
- » Atlanta’s data center market continues to expand and has jumped to the second largest data center market in North America in terms of megawatt (MW) capacity for existing and under construction facilities. This boom has created activity in the manufacturing and logistics markets, as demand for heavy construction materials, natural gas turbines, processing chips, water-cooling systems, and other AI-related hardware has risen substantially over the past two years..
- » January and February saw a meaningful increase in retail sales growth rates after a slowing in retail sales growth rates during the Holiday Season.
- » The first quarter’s average monthly employment growth increased to nearly 70,000, up from 20,000 during the same period last year, albeit with job growth highly concentrated in the healthcare sector and wage growth moderating.

VACANCY

- » Atlanta’s Q1 2026 vacancy rate saw a 50 basis points drop quarter-over-quarter (QOQ), falling to 7.6% and below Atlanta’s long-term average of 8.0% for the first time since Q3 2024.
- » Atlanta’s vacancy rate reached a cyclical peak of 9.0% in Q2 2025 and has dropped significantly since that inflection point where supply and demand trends flipped. In the three quarters since Q2 2025, Atlanta has experienced 13.7 million square feet (M SF) of net absorption and only 4.5M SF of construction completions, driving the 140-basis point drop.
- » In the three quarters since Q2 2025, activity in buildings 1M SF and larger saw a major uptick compared to the trailing quarters. At this time last year, this size range saw over 10% vacancy. As of this quarter, space in 1M SF buildings have fallen below 6% vacancy with just five options.
- » The “Flight to Quality” trend continues in early 2026, with tenants ditching their former Class B warehouse spaces in favor of new construction featuring taller clear heights.
- » Looking further back, Atlanta’s vacancy rate has reached nearly 14% over the course of previous development cycles, far from this most recent cycle’s 9% peak.

TRENDS: LOGISTICS PROPERTIES

	Q1 2025	Q1 2026	Chg YOY
Vacancy	8.3%	7.6%	▼
Net Asking Rents Non-Bulk (<400k SF)	\$9.01	\$9.20	▲
Net Asking Rents Bulk (>400k SF)	\$6.42	\$6.38	▼
Net Absorption, SF	218K	7.8M	▲
Under Construction, SF	10.3M	15.1M	▲
New Deliveries, SF	1.9M	2.0M	▲

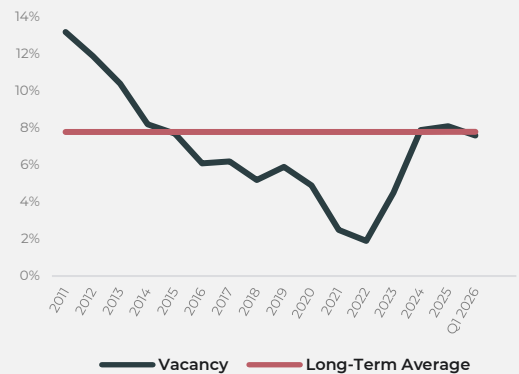
ECONOMIC INDICATORS

	Feb 25	Feb 26	Delta
National Warehousing Employment (thousands)	1,883	1,835	-2.6% ▼

	2025	2026	Delta
Atlanta Population	6.41M	6.48M	1.1% ▲

▲ Increases / Decreases YOY

VACANCY VS. LONG-TERM AVERAGE



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VACANCY CONT'D

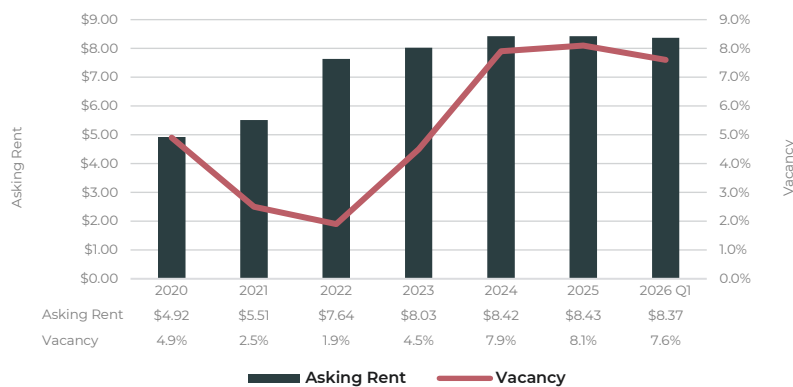
- » Demand greatly exceeded new supply this quarter, resulting in the sharpest QOQ vacancy drop in since 2020. With development continuing to pick back up, dynamics may begin to shift back sooner than expected if momentum on the demand side does not sustain.
- » Sublease vacancy remains at an inflated rate but has been suppressed from its peak in Q3 2025, when sublease space accounted for 14.0% of all availabilities. This figure has dropped to 11.9% in Q1 2026.

RENT

- » QOQ asking rents held steady with a small downtick, marking a decrease of 0.7% driven by growth in small-bay rents while bulk rents remained stagnant.
- » As bulk tenants have leased and occupied vacant new construction buildings over the past few quarters, vacancy has fallen significantly to 7.6% this quarter from the peak of 9.0% in Q2 2025. As vacancy tightens, landlords will regain some power in their ability to raise rents, provided this momentum continues.
- » Rent for small-bay facilities rose significantly in 2025, while rent for bulk spaces declined due to cyclical highs in vacancy and slow leasing momentum in the first half of the year. In 2026, we expect asking rents to rise through the rest of the year after a stagnant first quarter.
- » Bulk developers are getting back to work, with multiple 1M SF and larger buildings breaking ground over the past two quarters. Until these new projects deliver, bulk vacancy will remain comparatively tight relative to the past few years in which bulk vacancy exceeded 10%.
- » Developable land suitable for big box warehouse development will continue to become scarcer and more expensive as industrial developers return and data center developers continue to expand in the metro, requiring higher industrial rents in underwriting.



VACANCY & ASKING RENT



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NET ABSORPTION

- » 2026 kicks off with over 7.8M SF of logistics space net absorption, greatly exceeding 2025's entire year total of 4.7M SF.
- » Multiple 1M+ SF tenant move-ins, combined with a few of bulk tenants vacating their spaces, resulted in this sharp net absorption gain relative to quarterly averages in recent years.
- » The I-85 North submarket started 2026 with Atlanta's strongest net absorption, reaching nearly 2.3M SF in Q1. In recent years, we have not seen overall market demand this healthy – Q1 has four submarkets above 1M SF of net absorption, and another one just below that mark.
- » Atlanta enters 2026 continuing the momentum seen in the second half of 2025. The past three most recent quarters total 13.7M SF of net absorption, following a weak first half of 2025 in which the market experienced negative 1.1M SF in net absorption.

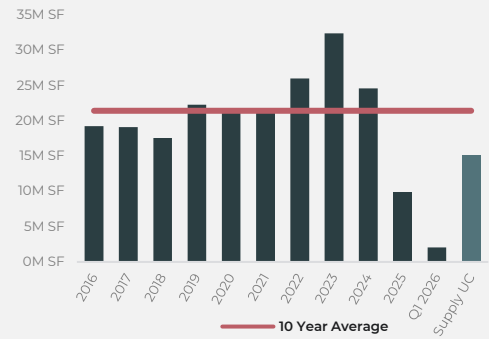
CONSTRUCTION

- » Developers continued to break new ground following the cyclical low in the development pipeline in Q2 of last year. Atlanta's development pipeline rose an additional 20% QOQ to 15.1M SF, more than double the cyclical low Q2 2025 pipeline of 7.2M SF.
- » Strong absorption and leasing activity are driving construction starts. As a result of long-vacant bulk spaces being leased in the second half of 2025, developers have returned with renewed confidence in demand.
- » Developable land in the Atlanta market has become significantly constrained following the post-Covid warehouse development boom, combined with new site competition from data center developers. Warehouses and office campuses are being demolished and redeveloped to make way for new Class A warehouse facilities.

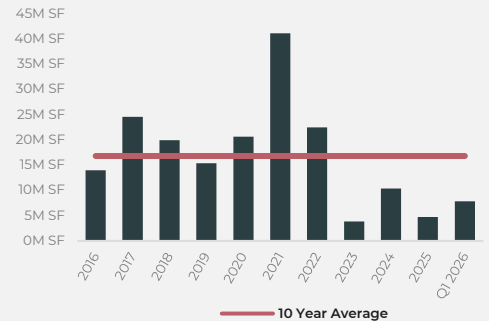
CAPITAL MARKETS

- » Development capital remains active in the market, but it is being deployed selectively, with investors and lenders focused on projects that offer strong fundamentals, clear demand drivers, and experienced sponsorship. Capital is prioritizing well-located sites with compelling basis, proven leasing prospects, and limited execution risk, while more speculative opportunities continue to face heightened scrutiny.
- » Deal flow remains healthy, but the pipeline of quality opportunities is still relatively constrained, creating a favorable environment for groups actively in the market today. With limited supply of institutional-caliber offerings, well-positioned assets continue to attract outsized attention from buyers seeking to deploy capital.
- » The uptick in large portfolio transactions completed in Q1 highlights growing appetite from institutional groups for larger-scale deals, signaling increased confidence in both pricing and broader market fundamentals.

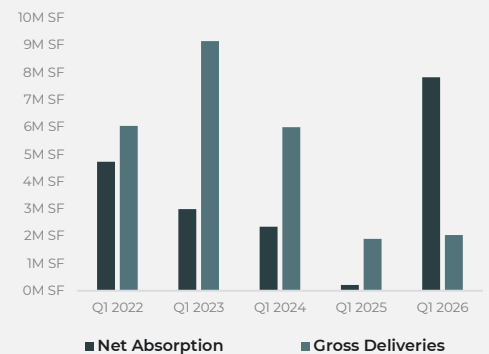
NEW SUPPLY



NET ABSORPTION



SUPPLY & DEMAND



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MARKET SUMMARY Q1 2026

Submarket Cluster	Total Inventory	Vacancy Rate	Availability Rate	Q1 2026 Total Net Absorption	2026 YTD Total Net Absorption	Q1 2026 New Leasing Activity	Under Construction	Q1 2026 Construction Completions	Overall Asking Net Rent
Airport	128,819,656	9.2%	16.1%	1,793,256	1,793,256	2,180,541	1,472,932	229,776	\$8.04
Central Atlanta	7,825,230	9.3%	14.3%	113,461	113,461	89,500	351,230	274,946	\$12.43
I-20 West / Douglasville	58,913,476	7.0%	11.7%	998,985	998,985	1,481,754	1,486,613	-	\$8.02
I-20 West / Fulton District	50,999,670	6.1%	10.4%	113,334	113,334	540,828	85,000	-	\$7.08
Chattahoochee	13,564,972	4.8%	7.2%	(31,799)	(31,799)	23,938	-	-	\$11.52
I-20 East / Snapfinger	43,039,471	7.2%	10.9%	207,912	207,912	442,414	436,830	-	\$7.25
North Central Atlanta	22,110,265	4.8%	11.1%	95,568	95,568	310,418	1,205,518	12,250	\$12.88
I-85 North	216,915,356	6.8%	11.5%	2,281,406	2,281,406	4,943,878	3,424,817	256,911	\$8.50
I-75 North	104,497,143	9.1%	12.4%	473,518	473,518	1,638,688	672,422	16,200	\$8.36
I-85 South	36,025,403	8.0%	9.8%	1,011,656	1,011,656	1,095,893	2,592,502	496,500	\$8.92
I-75 South	72,613,581	11.6%	21.5%	1,080,177	1,080,177	989,865	3,387,061	762,181	\$7.22
Stone Mountain	24,725,325	6.4%	7.9%	(309,717)	(309,717)	101,081	-	-	\$9.98
Atlanta Total	780,049,548	7.6%	12.2%	7,827,757	7,827,757	13,838,798	15,114,925	2,048,764	\$8.37

Statistics reflect logistics buildings of all sizes. Data centers and manufacturing facilities are excluded from statistics.

SIGNIFICANT LEASE TRANSACTIONS Q1 2026

Property Address	Submarket	Tenant	Square Feet	Lease Type
860 John B Brooks Road	85 North	Kubota	810,600	New Lease
801 Logistics Parkway	75 South	Porsche	806,000	New Lease
3864 Highway 41 SE	75 North	EAE USA	798,793	New Lease
650 Broadway Avenue	85 North	Confidential	613,440	Renewal
1380 Jessie Cronic Road	85 North	GigaCloud	589,680	Renewal
2500 Mill Center Parkway	85 North	Office Depot	550,000	Renewal

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SIGNIFICANT SALES TRANSACTIONS Q1 2026

Property Name	Submarket	Buyer	Square Feet (Total)	Transaction Date
Northeast 85 Logistics Center – Building 2	I-85 North	Winsupply, Inc.	1,174,796	Q1 2026
Newpoint Distribution Center	I-85 North	NorthPoint	215,328	Q4 2025
Buffington Business Center	Airport	CenterPoint	207,684	Q4 2025
Chattahoochee Logistics Center	I-20 West / Fulton District	Confidential	1,128,400	Q1 2026

For more information, please reach out to Hassan Mahmood or Bill Robertson

TOP PROJECTS UNDER CONSTRUCTION Q1 2026

Property Name	Submarket	Developer	Square Feet (Total)	Completion Date
Hogansville Sortation Center	I-85 South	Seefried	1,646,650	Q3 2026
PNK Griffin – Building 2	I-75 South	PNK	1,028,831	Q4 2026
River Park – Building 11A	I-75 South	Pacific Group	1,005,074	Q3 2026
Prologis 75 Commerce Center – Building E	I-75 South	Prologis	933,656	Q2 2026
Lakepoint Commerce Center – Buildings 100 & 300	I-75 North	Core5	550,899	Q3 2026
Soprema BTS / Southpoint Logistics Center	I-85 South	Euphoric	499,986	Q2 2026



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