

KBC INSIGHTS | INDUSTRIAL MARKET UPDATE

Atlanta

ECONOMY

- » Atlanta plays a critical role in the national and global supply chain as the Southeast's main logistics hub and the 5th largest industrial market in the U.S. by volume.
- » 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 but are on track to exceed 2024's total. Savannah's imports are diversified through a mix of expanding industries and thus has not seen as sharp a decline in volume due to tariffs, as compared to smaller east coast ports.
- » Atlanta's data center market has grown to become top three in the U.S. with rapid growth in 2024, having the strongest power and connectivity in the Southeast to accommodate both hyperscale AI and colocation users. Large colocation providers have acquired and retrofit existing Class A warehouses into data centers to meet high tenant demand.
- » Looking to 2026, with significant business investment tax incentives, companies have what they need to increase domestic investment while consumers will benefit from larger personal tax refunds supporting consumer spending.
- » Realizing significant economic benefits from these tax incentives will depend on corporate confidence in the economic, financial market, and policy environment as well as consumers' capacity and willingness to spend versus save.

VACANCY

- » Atlanta's Q4 2025 vacancy rate saw a 40 basis points drop quarter-over-quarter (QOQ), falling to 8.1%. This hovers just 10 basis points above the market's historical vacancy rate of 8.0%.
- » Atlanta's vacancy rate reached a cyclical peak in Q2 and has dropped significantly through the second half of the year. Vacancy is expected to continue its decline going into 2026, depending on the pace of construction completions relative to demand.
- » Over the past three years, 80 million square feet (M SF) in newly delivered warehouse space has resulted in near-doubling in vacancy rates across Atlanta. Only since the peak of 9.0% in Q2 has vacancy trended downwards.
- » Many tenants have vacated older Class B and C buildings in favor of new Class A space through 2025, while some developers are still waiting for bulk demand to pick up after over-building in some submarkets.
- » Sublease vacancy remains at an inflated rate but has been suppressed from its peak in Q3, when sublease space accounted for 14.0% of all availabilities. This figure has dropped to 12.5% in Q4.

TRENDS: LOGISTICS PROPERTIES

	Q4 2024	Q4 2025	Chg YOY
Vacancy	7.9%	8.1%	▲
Net Asking Rents Non-Bulk (<400k SF)	\$8.72	\$9.21	▲
Net Asking Rents Bulk (>400k SF)	\$6.51	\$6.45	▼
Net Absorption, SF	2.3M	2.6M	▲
Under Construction, SF	11.1M	12.6M	▲
New Deliveries, SF	6.9M	1.5M	▼

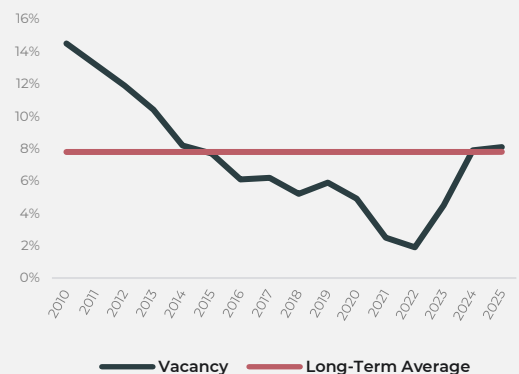
ECONOMIC INDICATORS

	Nov 24	Nov 25	Delta
National Warehousing Employment (thousands)	1,844	1,816	-1.5% ▼

	2024	2025	Delta
Atlanta Population	6.3M	6.4M	1.4% ▲

► Increases / Decreases YOY

VACANCY VS. LONG-TERM AVERAGE



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VACANCY CONT'D

- » Demand that matches supply indicates a balanced market that is stabilizing after a development boom in which vacancy rose substantially.
- » Infill, high population submarkets such as North Central Atlanta, Stone Mountain, and I-20 West / Fulton District continue to see tight market conditions, especially for small-bay tenants.

RENT

- » QOQ asking rents held steady with a small uptick, marking an increase of 3.6% driven by growth in small-bay rents while bulk rents remained stagnant.
- » With many new leases of all sizes set to occupy in the coming months, vacancy is set to continue falling across the market, providing for a tighter market in which rents can be pushed higher.
- » Rent for small-bay facilities have continued to rise QOQ across the metro, while rents in bulk spaces have remained stagnant throughout 2025 after seeing growth in the years prior.
- » Strong leasing activity for bulk buildings in 2025 and few bulk developments under construction point toward a tightening bulk market, giving those landlords some power back to negotiate higher rents looking forward to 2026.
- » Sublease rents remain well below the average asking rents for direct leased space following strong rent growth since 2020. Tenants with long-term leases signed prior to 2022 have been well positioned to profit from their unused space.



VACANCY & ASKING RENT



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NET ABSORPTION

- » While 2025 absorption of 4.7M SF lags 2024's total of 10.2M SF, net absorption increased in Q4 2025 indicating accelerating demand as the year ended while strong recent leasing activity bodes well for 2026.
- » Q4 2025 leasing activity was driven by new leases in buildings over 200,000 SF and strong overall activity in the small-bay market. Tenant demand grew substantially with a 49.0% increase in leasing activity QOQ, indicating positive momentum going into 2026.
- » The I-85 North submarket ended the year with Atlanta's strongest net absorption, reaching nearly 3.7M SF through 2025, while I-20 West / Douglasville saw the strongest Q4 absorption following a stagnant year.
- » Atlanta enters 2026 with renewed momentum as the second half of the year saw 5.8M SF, following a weak first half of 2025 in which the market experienced negative 1.1M SF in net absorption.

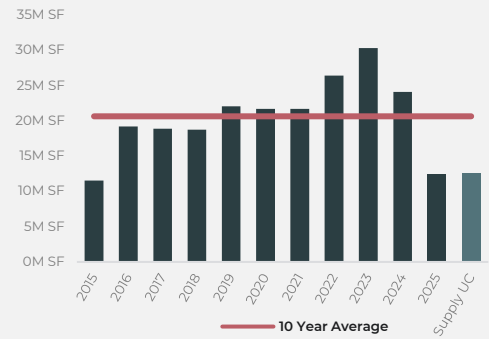
CONSTRUCTION

- » Developers continued to break new ground following the cyclical low in the development pipeline in Q2 of this year. With nearly 4.3M SF in construction starts in Q4 and 1.5M SF delivered, Atlanta's development pipeline rose an additional 30% QOQ to 12.6M SF, nearly double the Q2 pipeline of 7.2M SF.
- » In the first half of 2025, developers were primarily focused on well-performing submarkets across North Atlanta that had seen strong demand in 2024. With leasing activity picking up across other submarkets and long-vacant space being leased in the second half of the year, developers are returning with a surge of construction starts across South Atlanta submarkets in Q4.
- » Developers are seeking infill sites to maximize their potential return on investment but are required to move further outside the city for large developments, due to high pricing and a lack of infill sites over 20 acres.

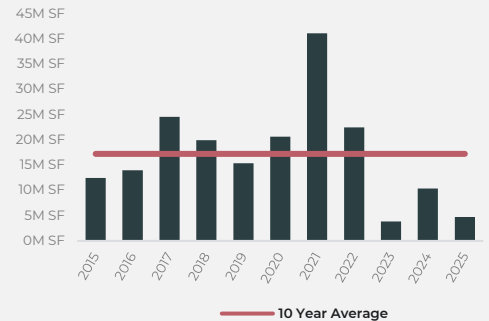
CAPITAL MARKETS

- » Investor activity has increased with capital concentrated in stabilized industrial assets featuring strong in-place cash flow, credit tenancy, and modern specifications in proven logistics corridors.
- » Capital markets are beginning to reawaken as spreads between government and corporate rates narrow, debt capital becomes more accessible, and investors re-enter the market with a selective, disciplined approach.
- » The closing of several large portfolio transactions late in the year highlights a renewed appetite for large-scale deals and increasing confidence across capital markets.

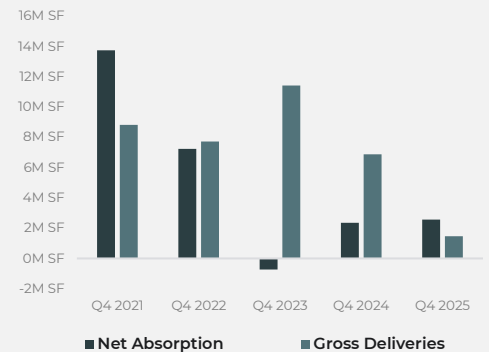
NEW SUPPLY



NET ABSORPTION



SUPPLY & DEMAND



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MARKET SUMMARY Q4 2025

Submarket Cluster	Total Inventory	Vacancy Rate	Availability Rate	Q4 2025 Total Net Absorption	2025 YTD Total Net Absorption	Q4 2025 New Leasing Activity	Under Construction	Q4 2025 Construction Completions	Overall Asking Net Rent
Airport	129,361,784	10.1%	17.0%	81,264	(3,168,615)	3,689,766	963,326	-	\$8.18
Central Atlanta	8,127,050	6.4%	13.9%	(12,168)	(177,848)	65,821	626,176	-	\$12.69
I-20 West / Douglasville	58,394,689	7.4%	12.4%	756,995	876,596	870,838	606,669	6,050	\$8.26
I-20 West / Fulton District	50,369,130	6.2%	8.5%	(287,999)	69,346	744,843	-	-	\$7.52
Chattahoochee	13,639,115	4.5%	6.9%	5,933	322,159	26,015	-	-	\$12.22
I-20 East / Snapfinger	43,728,028	7.7%	10.1%	(32,521)	(321,813)	665,833	428,830	-	\$7.12
North Central Atlanta	21,930,820	5.4%	9.0%	427,297	409,599	261,034	869,931	40,000	\$12.58
I-85 North	216,963,770	7.4%	12.1%	288,389	3,660,941	4,775,991	2,493,417	365,603	\$8.52
I-75 North	103,826,505	8.8%	12.3%	664,802	1,997,076	1,314,746	826,705	245,978	\$8.28
I-85 South	35,330,841	8.8%	12.0%	103,395	454,942	388,467	3,034,843	60,000	\$8.77
I-75 South	72,448,976	10.6%	18.5%	541,285	918,597	2,886,119	2,729,002	751,541	\$7.28
Stone Mountain	24,722,119	5.3%	7.7%	33,080	(316,508)	140,770	-	-	\$9.93
Atlanta Total	778,842,827	8.1%	12.9%	2,569,752	4,724,472	15,830,243	12,578,899	1,469,172	\$8.43

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

SIGNIFICANT LEASE TRANSACTIONS Q4 2025

Property Address	Submarket	Tenant	Square Feet	Lease Type
340 Westridge Parkway	I-75 South	Kimberly Clark	1,638,000	Renewal
625 Braselton Parkway	I-85 North	Carter's, Inc.	1,061,663	Renewal
6720 Oakley Industrial Boulevard	Airport	Google	1,001,983	New Lease
175 Candler Road	I-75 South	Nucor	498,160	New Lease
1277 Dry Pond Road	I-85 North	Win Sun	497,094	New Lease
2475 Highway 155	I-75 South	BroadRange Logistics	427,240	New Lease

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SIGNIFICANT SALES TRANSACTIONS Q 4 2025

Property Name	Submarket	Buyer	Square Feet (Total)	Transaction Date
Blue Ridge Distribution Center	I-85 North	Sterling Investors	261,792	Q4 2025
Pepsi Distribution Center	I-20 East	Talanian Realty	215,328	Q4 2025
Town Point	I-75 North	Link	301,660	Q4 2025
Forsyth Business Center	North Central	Link	90,689	Q4 2025

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

TOP PROJECTS UNDER CONSTRUCTION Q 4 2025

Property Name	Submarket	Developer	Square Feet (Total)	Completion Date
Prologis 75 Distribution Center	I-75 South	Prologis	933,656	Q2 2026
Prologis Intown Station – Buildings A & B	Central Atlanta	Prologis	626,176	Q1 2026
Lakepoint Commerce Center – Buildings 100 & 300	I-75 North	Core5	550,899	Q3 2026
Alliance 985 Business Park – Buildings 100 & 200	I-85 North	Alliance	540,408	Q1 2026



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