

2024 Q1

Georgia Industrial Results



THE NET LEASE GROUP



2024 Q1 GA Industrial Results

From its strategic location to robust transportation infrastructure, having one of the busiest ports in the country, and business-friendly environment, Georgia is a top state for industrial users.

KEY TAKEAWAYS

- » Atlanta - Industrial vacancies continue to rise, driven by increased supply. Transaction volume returned to pre-pandemic levels in 2024 Q1, with well-leased and well-located assets remaining highly sought after.
- » Savannah - Vacancies are rising, but leasing activity was robust in the first quarter, driven by port-centric users. Properties located near the port commanded premiums, given their convenient location.
- » Georgia is a national leader in both manufacturing and logistics thanks to its talent pipeline, robust transportation infrastructure, and cost-effectiveness for businesses. The state has become a magnet for advanced manufacturing investments, particularly in the automotive and clean energy sectors.
- » The Port of Savannah and Port of Brunswick continue to be key economic drivers, facilitating commercial activity throughout the state. Expansions at the Port of Savannah and Port of Brunswick, the second-busiest roll-on/roll-off port in the U.S., will position them to handle the increasing amount of cargo passing through the ports.



ATLANTA

A THRIVING HUB FOR INDUSTRIAL ACTIVITY

Atlanta, the capital and largest city of Georgia, serves as a major industrial hub. It's a center for logistics, distribution, manufacturing, and technology companies. The city's strategic location and transportation infrastructure contribute to its role as a key industrial center.

Industrial Market KPIs

6.4% Vacancy
6.1M SF 12-Mo Net Absorption
27.3M SF 12-Mo Net Deliveries
3.0M SF Under Construction
\$9.29 Avg. Rent/SF

Vacancies in Atlanta's industrial market are increasing as new supply outpaces demand. Although demand in Atlanta has been relatively strong compared to other markets, supply chain adjustments and broader economic uncertainties have led companies to scale back their need for additional space. Conversely, the vehicle manufacturing sector in Atlanta has seen exponential growth in recent years due to onshoring trends, which will continue to drive demand for manufacturing space in key submarkets.

In the first quarter, most large leases were secured in areas with robust transportation networks and infrastructure. Despite an increase in available supply, higher construction costs have supported rent growth. Additionally, the city's economic resilience and prime location continue to support higher rents for tenants seeking proximity to resources and transportation access.

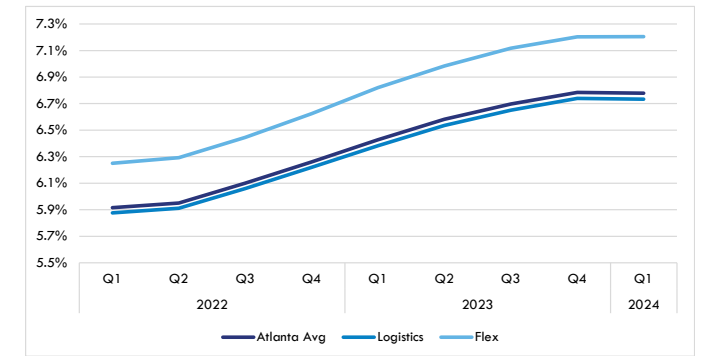


2024 Q1 SIGNIFICANT LEASES

Building Name/Address	Tenant	Submarket	SF Leased	Transaction Type
Cass White Rd	Hanwha Qcells	Kennesaw/Acworth	834,971	Direct
2464 Mt Zion Rd	Devgiri	S Clayton County/Henry County	705,833	Sublease
105 King Mill Rd	Lennox	S Clayton County/Henry County	256,026	Renewal
2323 Brown Rd	FRM	Duluth/Suwannee/Buford	225,609	Direct

SALES ACTIVITY

Sales activity has moderated, returning to pre-pandemic levels, with transaction volume in 2024 Q1 surpassing \$509.7 million. Despite this moderation, there has been a slight increase in sale price per square foot. Investor interest in industrial deals remains strong, particularly for properties with advantageous locations and solid leasing histories. In Atlanta, industrial properties situated near major transportation networks such as I-20, the airport, and I-75/85 are still sought after. In the face of economic uncertainty, Atlanta remains a top market for industrial investment, supported by its robust fundamentals and extensive infrastructure that supports this sector.



2024 Q1 SIGNIFICANT SALES

Building Name/Address	Sale Date	Sale Price	SF	Submarket	Buyer	Seller
Costco - 5390 Hunter Rd	March 2024	\$87.9M	907,000	Airport/North Clayton	Costco	Morgan Stanley
Suwanee Logistics Center - 95 Sawmill Dr	March 2024	\$39.3M	327,825	Duluth/Suwannee/Buford	Longpoint Realty Partners	TPA Group
150 W Vine St	February 2024	\$15.2M	422,000	South Walton County	Nucor	Private Individual
Riverside Business Center - 2223 Thornton Rd	February 2024	\$13.6M	85,133	I-20 W/Douglasville	Sunco Lighting	Huntington Industrial Partners
Atlanta Cold Storage - 4777 Derrick Rd	January 2024	\$54.0M	188,449	Airport/North Clayton	BentalGreenOak	Saxum Real Estate



SAVANNAH

A GATEWAY TO GLOBAL TRADE

In addition to being a major port city, Savannah is a hub for manufacturing and distribution. Proximity to the Port of Savannah makes it an ideal location for companies involved in international trade.

Industrial Market KPIs

11.8%	8.1M SF	20.8M SF	28.3M SF	\$8.69
Vacancy	12-Mo Net Absorption	12-Mo Net Deliveries	Under Construction	Avg. Rent/SF

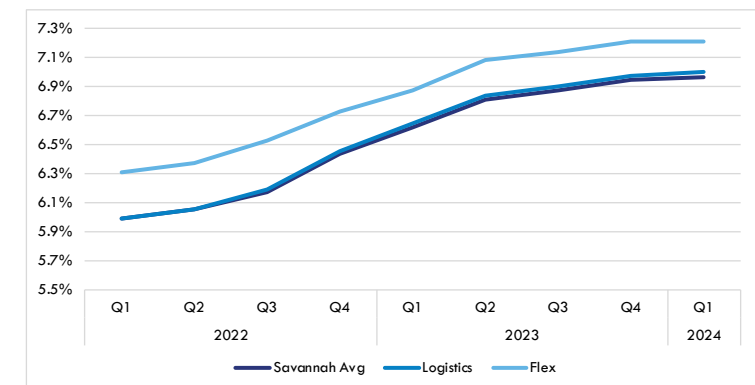
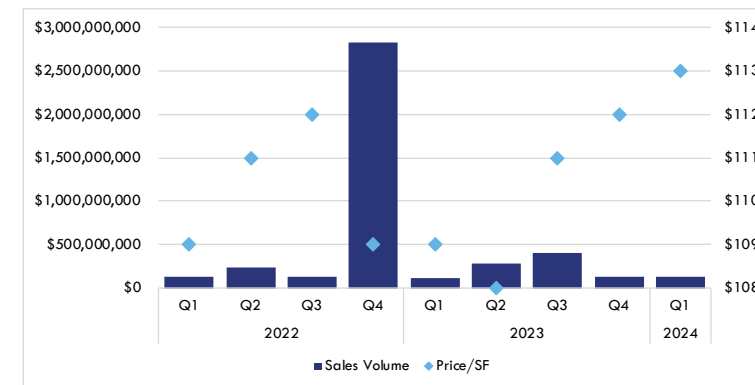
Industrial vacancies in Savannah increased at the start of the year as new supply outpaced demand. However, port-related users bolstered strong leasing activity in 2024 Q1, with over 6.8 million square feet of space leased. This demand was primarily driven by logistics companies occupying large blocks of space near the port, which is expected to support strong absorption trends and reduce vacancy rates later in the year. Savannah's economy remains stable, fueled by port activity and the forthcoming Hyundai EV plant, poised to generate significant job growth. Continued interest from logistics and port-related users is anticipated to sustain rental increases in Savannah, particularly for newer, Class A space.

2024 Q1 SIGNIFICANT LEASES

Building Name/ Address	Tenant	Submarket	SF Leased	Transaction Type
Georgia International Trade Center	Armstrong Logistics	Hwy 21	733,821	Direct
Beltway Logistics	GigaCloud	Westside	655,370	Direct
521 Morgan Lakes	East Coast Logistics	Westside	499,200	Sublease
455 Jimmy Deloach	Mayrock	Westside	305,137	Direct

SALES ACTIVITY

Interest continues to grow in Savannah's industrial buildings, particularly near the Port of Savannah. Sales volume remained muted in 2024 Q1 as high interest rates have a ripple effect on the real estate market. Savannah witnessed nearly \$125 million in transaction volume in the first quarter, slightly higher than in 2023 Q1. Properties close to the port are commanding higher prices, especially those with ample land in rapidly developing areas. While cap rates have been steadily rising since 2022, Savannah's industrial cap rates have showed signs of leveling off. On average, cap rates remained virtually unchanged between 2023 Q4 and 2024 Q1, increasing by 0.02%.



2024 Q1 SIGNIFICANT SALES

Building Name/ Address	Sale Date	Sale Price	SF	Submarket	Buyer	Seller
201 Savannah Portside International Pkwy	March 2024	\$104.0M	1,231,693	Effingham County	GEM Realty Capital	Panattoni
44 Toelfair Rd	March 2024	\$6.7M	11,200	Greater Savannah	Precision Stone & Marble	DeMott Development
102 E Lathrop Ave	January 2024	\$6.5M	49,000	Greater Savannah	SCAD	Synovus Financial Corp.
2121 Rankin St	January 2024	\$2.1M	9,730	Greater Savannah	Colonial Group, Inc.	Private Individual
5578 Export Blvd	January 2024	\$1.6M	12,420	N Savannah/ Garden City	DeMott Development	Private Individual

MAJOR MANUFACTURERS IN GEORGIA



Food & Beverage

Coca-Cola Company
Fieldale Farms
Pilgrim's Pride



Aerospace

Delta TechOps
Gulfstream
Lockheed-Martin



Automotive

Blue Bird
Kia/Hyundai Georgia
Rivian



Paper

Georgia-Pacific
International Paper
WestRock



Machinery

Caterpillar
Textron
Yamaha Motor

MANUFACTURING

Driven by a robust automotive industry and clean energy projects, Georgia is a national leader in advanced manufacturing.

ADVANCED MANUFACTURING

Georgia is at the forefront of advanced manufacturing on a national scale, surpassing the U.S. in 10-year GDP growth across various sectors, including machinery, electrical equipment and components, and fabricated metals. The resurgence of manufacturing companies and suppliers relocating operations domestically has Georgia poised to reap significant benefits. The state hosts manufacturers from a variety of sectors, highlighting its strength and appeal. Atlanta and Savannah have emerged as leaders in national manufacturing growth, boasting substantial increases in job opportunities and industrial manufacturing space.

ONSHORING & NEARSHORING

The Infrastructure Investment and Jobs Act (IIJA) and the Inflation Reduction Act of 2022 (IRA) have allocated substantial funds and tax incentives to support domestic manufacturing with an emphasis on clean energy and semiconductor manufacturing. While the growth of U.S. manufacturing is underway, Georgia stands out as a key player thanks to its business-friendly environment, and the availability of talent, utilities, and transportation resources. Georgia offers competitive tax reductions and credits for companies that operate in the state and contribute to local job creation, increased port activity, and R&D activity.





LOGISTICS

Georgia has an extensive transportation infrastructure, two fast-growing ports, and a skilled workforce, making it a premiere southeast logistics hub. With world-class port facilities like the Port of Savannah and Port of Brunswick, Georgia serves as a gateway to global trade, driving the state's economy forward. Supported by robust workforce development programs, Georgia maintains a competitive edge for companies looking for a large pool of top talent. In 2020, Georgia was recognized as the #1 state for a competitive labor environment. The state also has an extensive inventory of logistics and warehouse space with more Class A product in the pipeline, providing companies with more options for operational space.

HARTSFIELD JACKSON ATLANTA INTERNATIONAL AIRPORT

Hartsfield Jackson International Airport served 104.7 million passengers in 2023, designating it as the busiest airport in the world. It is also Georgia's largest employer, with 63,000 workers covering airlines, ground transportation, concessions, government employees, and more. Atlanta's airport offers roughly 200 direct flights, providing convenient global connectivity.

In addition, Atlanta's airport is one of the busiest cargo airports in the U.S., transporting more than 680,000 metric tons of cargo in 2023. Its cargo operations are supported by several airlines including Delta Cargo, FedEx, UPS, and DHL.



80% of U.S.

Less than 2 hours



150 U.S. Cities

Nonstop



70 International Cities

Direct to 50 Countries

OTHER TRANSPORTATION HIGHLIGHTS

Georgia possesses robust logistics capabilities, leveraging its strategic location in the Southeast. With the Port of Savannah ranking among the nation's busiest and most efficient ports, coupled with a world-class airport and a well-connected network of highways and railways, Georgia offers seamless transportation solutions for businesses, enhancing supply chain efficiency and facilitating economic growth in the region. With a network of 67 cold storage facilities throughout the state, Georgia provides solutions for transporting various product types.



#1

for logistics and infrastructure



85%

of the world's Top 3PL's operate in Georgia



80%

of the U.S. Market is within a 2-hour flight or 2-day truck drive

GEORGIA PORTS

SAVANNAH: ONE OF THE NATION'S FASTEST-GROWING PORTS

The Port of Savannah is home to the largest single container terminal in North America and is one of the fastest-growing and third-busiest container gateway in the United States. With nearly 10,000 feet of continuous berth space, the Port of Savannah provides greater efficiency and seamless transportation for goods and materials. The port handled more than 1.3 million TEUs in 2024 Q1, an 11.1% increase from 2023 Q1. With these strong numbers, Georgia Ports Authority is preparing for continued growth. A planned third container terminal will increase the port's capacity by one-third by 2030. Last year, a few major expansions at the port were completed, including berth renovations and the addition of new, larger cranes.

BRUNSWICK: A TOP AUTOMOBILE PORT

With an annual capacity for more than 900,000 vehicles, Colonel's Island Terminal is the second-busiest port in the U.S. for total roll-on/roll-off (Ro/Ro) cargo after the Port of Baltimore. Georgia Ports Authority is currently working on expansions at the Port of Brunswick, which will include adding a fourth ship berth at Colonel's Island and widening and deepening the Brunswick harbor.

GA PORTS ECONOMIC IMPACT

561,087

Full and Part Time Jobs

\$59 Billion

State GDP

\$7.4 Billion

Federal Taxes

\$2 Billion

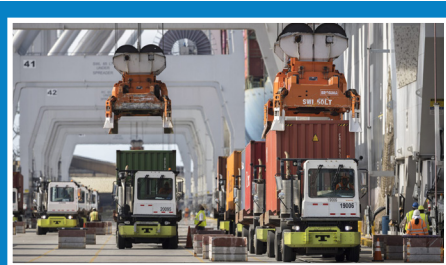
State Taxes

THE PORT OF BRUNSWICK IS POISED FOR GROWTH

The Port of Baltimore has been the top U.S. port for automobile imports in the nation, but with ongoing repairs following the collapse of the Francis Scott Key Bridge, the Port of Brunswick is poised to handle some of its diverted cargo. Ongoing expansions at the Port of Brunswick will simultaneously expand its capacity to handle the added number of automobiles passing through the port.

GEORGIA PORTS NEWS

SELECT THE HEADLINE TO READ THE FULL ARTICLE.



GPA Board Approves \$65M For Ocean Terminal

\$82.7M in Federal Dollars will Fund Expansion at Ports of Savannah and Brunswick.



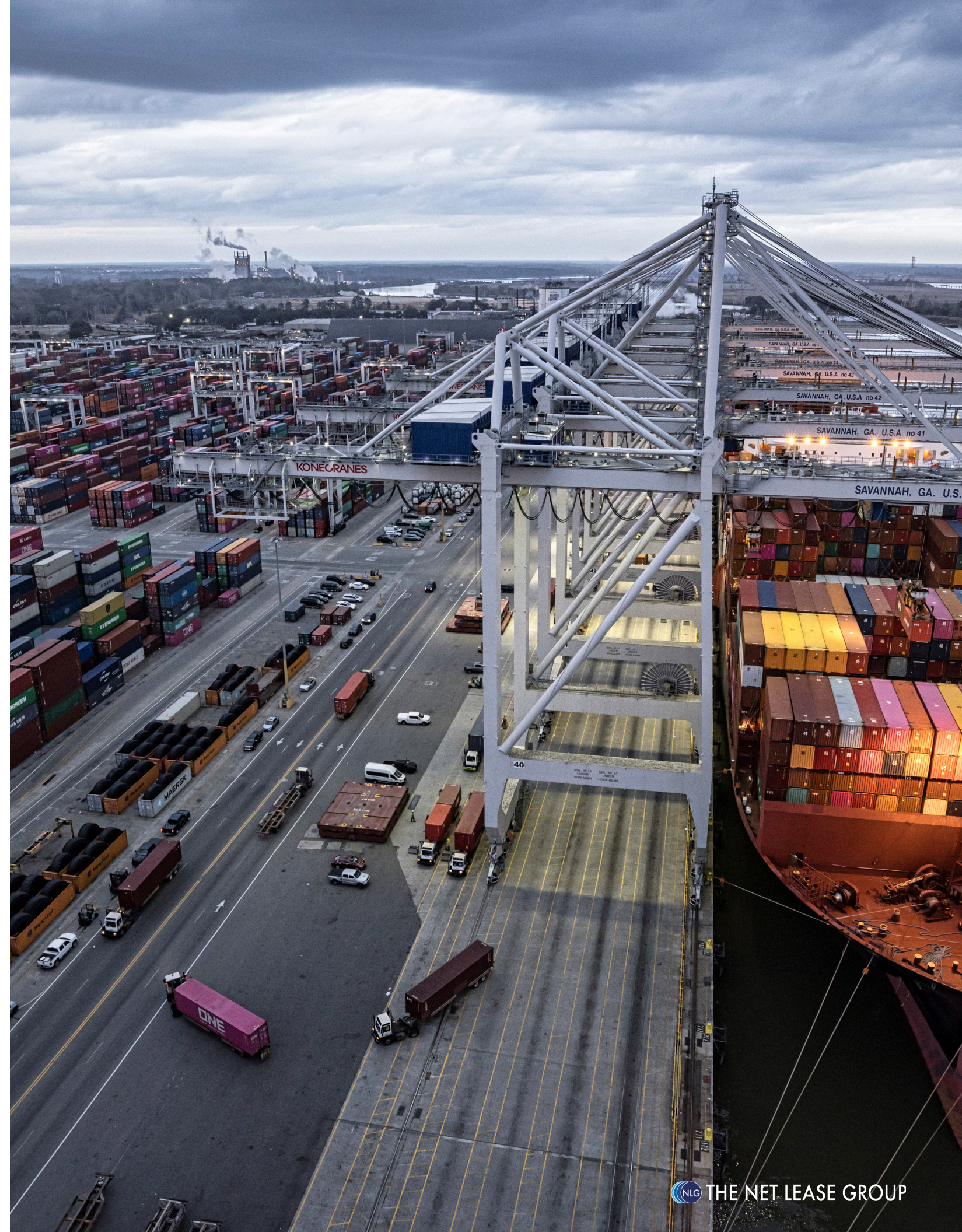
Blue Ridge Connector Creates Growth in Northeast GA

Opening in 2026, the Blue Ridge Connector will serve as an important connection for this growing distribution area.



GA Ports Handled 436K TEUs in March

Total container trade up 18.5%, rail volumes up 22%; rail dwell time is less than one day on imports, delivering supply chain velocity.





THE NET LEASE GROUP

Mark Lewensohn
Managing Director & Head of Capital
Markets
312.523.8408
mlewensohn@thenetleasegroup.com

Joe Durkin
Vice President
843.897.6978
jdurkin@thenetleasegroup.com

Mike King
Vice President
781.927.9558
mking@thenetleasegroup.com

C. Ross Wood
Vice President
404.551.2028
rwood@thenetleasegroup.com

Marketing & Research

Sarah Driscoll
Vice President, Marketing
404.551.2007
sdriscoll@thenetleasegroup.com

Victoria Lim
Sr Marketing & Research Analyst
470.857.4215
vlim@thenetleasegroup.com

Hannah Koval
Marketing Associate
404.551.2267
hkoval@thenetleasegroup.com

Sources:
NLG Research
CoStar
Forbes
NAIOP
Georgia.org
Georgia Ports Authority
Real Capital Analytics
Hartsfield-Jackson Atlanta Airport

Atlanta • Chicago • Miami • Charleston

www.thenetleasegroup.com

3350 Riverwood Parkway, Suite 725, Atlanta, GA 30339

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