



**KEY MARKET METRICS – 2020 EXPECTATIONS**

Annual growth rates, estimated for year-end 2020 vs year-end 2019.

	OFFICE	RETAIL	INDUSTRIAL
Rental Growth	↑↑	↑	↑↑
Vacant Space	↓	→	↑
Construction Levels	↑↑↑	↓↓	↓
Leasing Volume	↑	→	↑
Investment Volume	→	→	→

continue to expand in the Atlanta market due to the proximity to the airport, quick access to major interstates, and short distance to the Savannah port. These factors help e-commerce companies decrease their last mile delivery costs and expand their business around the world.

continues to tighten. Industrial sales activity should see a similar pace of activity as it did in 2019, as owners of older product decide if they should sell their property or repurpose it into creative work space or retail space.

As e-commerce continues to dominate the retail world, Atlanta's retail market has remained stable. Rental rates are seeing moderate growth, especially in the CBD markets as high end retailers expand in the Buckhead submarket. The success of large suburban mixed-use developments such as The Battery at SunTrust Park and Avalon have spurred additional development throughout the metro area. While big-box retailers continue to announce store closings, discount retailers are doing the opposite and have plans to open more stores, particularly in suburban markets, in 2020.

**Atlanta's low cost of living, doing business and robust talent pool will help the market see sustained population and job growth through 2020. However, the pace of growth may slow as current global worries could cause local businesses to put a hold on their expansion decisions until after the 2020 election.**

The Atlanta market saw moderate investment sales activity in 2019 and expect this trend to continue into 2020. While multi-family sales continue to dominate the market, office investment activity should increase as the market

**EXECUTIVE SUMMARY**

- Metro Atlanta is seeing historically low unemployment while gaining over 59,000 jobs from October 2018 to October 2019 for a 2.1% growth rate
- Asking rental rates continue to rise across all property types, however, the pace has begun to slow in the retail and industrial sectors
- Industrial construction activity remains at an all time high and is starting to have a negative effect on the market as more buildings deliver vacant
- Investors are active in the Atlanta market, particularly in the multi-family sector, but activity in some property types is beginning to cool
- Co-working companies continue to lease space in Atlanta and are expanding into suburban markets

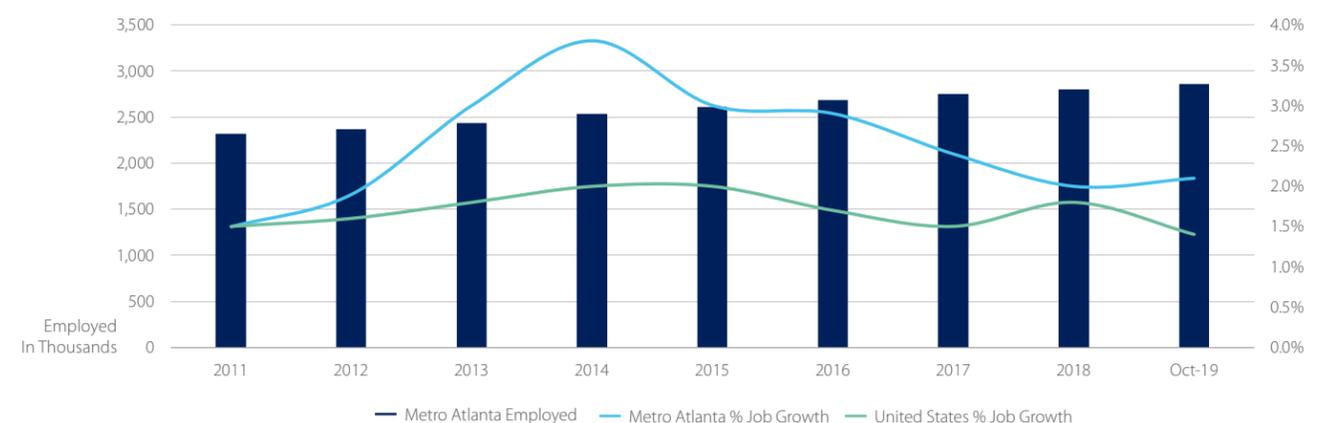
**The Atlanta commercial real estate market remains one of the most active markets in the Southeast. New job announcements dominate the headlines as Georgia was named the No. 1 state in which to do business for the seventh year in a row by Site Selection magazine. While the market may see the pace of growth slow, it should remain stable in 2020.**

Average asking rental rates in Atlanta's office market continue to see unprecedented growth. Buildings in the CBD market are seeing rates in the upper \$50's, especially in new construction projects. While there has been an increase in office construction, preleasing activity remains strong and this trend is expected to continue into 2020. Existing properties now must compete with the new technology and wellness standards that new construction properties will offer. Landlords are looking at installing complimentary Wi-Fi throughout their buildings as well as upgrading existing fitness centers and offering healthy food options besides the standard café. These new improvements, and the cost of upgrading equipment to make existing buildings more sustainable, will be driving factors in the pace of rental rate growth.

Industrial construction activity remains at an all time high in metro Atlanta. Currently there are over 20 million square feet (msf) underway; however, preleasing activity is very light. The market saw the vacancy rate increase year-over-year for the first time since 2011 in the third quarter of 2019, and this trend will continue into 2020 if leasing activity does not pick up in new construction projects. E-commerce will be the industry to watch as it currently is the driving force behind leasing activity in the metro area. Amazon, and other e-commerce companies,

**EMPLOYMENT AND JOB GROWTH**

October of Each Year



Source: BLS.gov