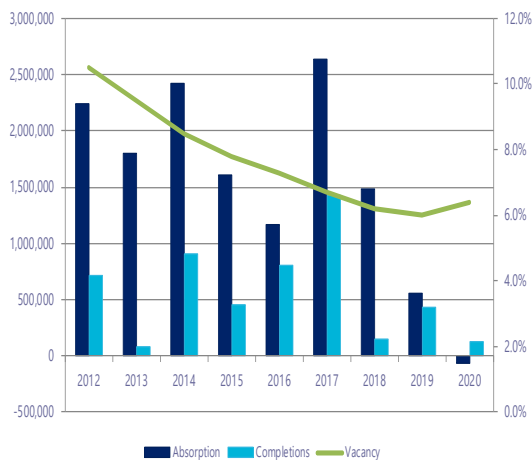




Market Snapshot

| | 2Q19 | 2Q20 |
|--------------------|------------|------------|
| Inventory | 163.0 msf | 162.1 msf |
| Vacancy | 6.1% | 6.4% |
| YTD Net Absorption | 533,351 sf | -70,072 sf |
| YTD Deliveries | 90,783 sf | 127,537 sf |
| Under Construction | 593,401 sf | 393,865 sf |
| Unemployment | 3.2% | 10.3% |

Absorption, Deliveries & Vacancy



Atlanta's retail market struggled at the end of the second quarter as numerous national and local retailers continue to witness stress on their businesses from COVID-19. As real estate is often a lagging indicator, the true impact of this pandemic will likely not begin to show in the numbers until later this year. While the depth and duration still remain to be seen, the Atlanta retail market is sure to see negative impacts of differing degrees due to the public health emergency as retail is often seen as a social experience.

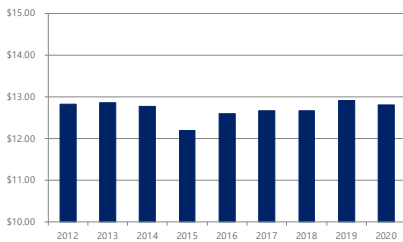
Metro Atlanta recorded negative absorption in the second quarter, -231,374 square feet (sf), the largest amount since 2011. Even though the market saw a strong first quarter, this brings year-to-date absorption to -70,072 sf. Power centers were the only property type to record positive absorption during the quarter, 46,637 sf, due to a few large retailers, such as Ashley Furniture, taking new space. The vacancy rate saw an increase during the second quarter, ending at 6.4%, up 30 basis points (bps) year-over-year. As market conditions continue to change, and online shopping increases due to the pandemic, it is anticipated the vacancy rate will see an upward trend through the remainder of 2020.

Average asking rental rates recorded a significant decline, down 5.5%, to \$12.80 per square foot (psf) NNN in the second quarter. This is the largest year-over-year decline the market has seen since 2015. However, it was not a trend in all sectors as Power Centers saw their rates increase 10.3% to finish the quarter at \$15.46 psf. The Central Perimeter submarket saw the largest increase in average asking rental rates, up 9.4%, to end the second quarter at \$22.40 psf.

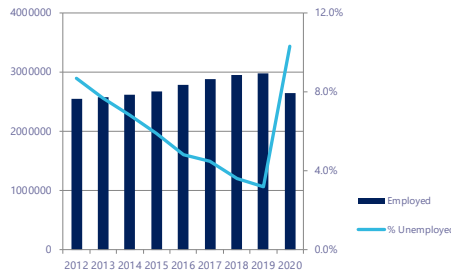
Retail construction activity remained tempered during the second quarter with 393,854 sf currently underway. Approximately 34,000 sf delivered in the quarter for a 12 month total of 466,537 sf of new inventory. While some developers have put plans on hold until they have a better understanding of how the pandemic will affect the retail market, there are a few new projects in the works as a few new centers have been announced.

Retail investment sales activity saw a significant decline in the second quarter, the same as the office and industrial sectors. Most of the deals that closed were already underway before the pandemic, and while some investors are still active in the market, majority have put a hold on any new transactions.

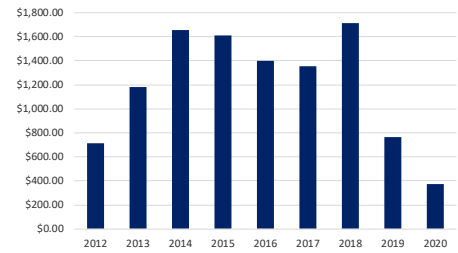
Average Asking Rental Rate (psf/year/NNN)



Metro Atlanta Employment (May of each year)



Retail Investment Sales (in millions)



Select 2Q 2020 Sale Transactions

| Property | City | Submarket | Buyer | Seller | Total SF | Sale Price | Price/SF |
|-----------------------------|---------------|-------------------|-----------------------|---------------------------|----------|--------------|----------|
| North Logan Commons | Loganville | Northeast | Big V Property Group | CIM | 176,042 | \$15,600,000 | \$89 |
| 7050 Highway 85 | Riverdale | South Atlanta | NetSTREIT | Tramlaw LLC | 216,772 | \$13,000,000 | \$60 |
| 8610 Roswell Road | Sandy Springs | Central Perimeter | Delza Management, Inc | Najco, Inc | 95,360 | \$7,775,000 | \$82 |
| 6580 Douglas Boulevard | Douglasville | West Metro | Sunrise Builders Inc | Sears Holding Corporation | 132,912 | \$4,200,000 | \$32 |
| 4235 Stone Mountain Highway | Lilburn | Gwinnett | Toyota | Starwood Capital Group | 66,893 | \$3,500,000 | \$52 |

Select Construction Projects

| Property | Submarket | Projected Completion | Total SF | % Preleased | Major Tenant |
|-----------------------|-------------|----------------------|----------|-------------|--------------------|
| Kroger MarketPlace | Gwinnett | Third Quarter 2020 | 102,877 | 100% | Kroger |
| Life Time Athletic | Buckhead | Third Quarter 2021 | 90,000 | 100% | Life Time Athletic |
| Matt Town Center | Georgia 400 | Fourth Quarter 2020 | 56,647 | 100% | Publix |
| 5827 Campbellton Road | West Metro | Third Quarter 2020 | 48,394 | 100% | Publix |

*Single-tenant leased property

Trends to Watch

Look for these three key trends to continue throughout 2020 in the Atlanta retail market.



Investment

Investors will be drawn to the market for value-add properties



Rental Rates

Will fluctuate as construction activity slows but vacancy rises



Construction

Will be limited as more existing space enters the market

Market By The Numbers

| BY SUBMARKET | VACANCY | | NET ABSORPTION | | SF Under | AVERAGE ASKING RENT |
|-----------------------|--------------------|-------------|------------------|-----------------|----------------|---------------------|
| | Inventory | Total | 2Q20 | YTD | Construction | Total |
| Buckhead | 7,523,326 | 3.2% | (5,384) | (54,980) | 90,000 | \$30.93 |
| Downtown | 539,535 | 5.8% | (3,345) | 1,007 | - | \$22.00 |
| Midtown | 3,234,839 | 2.2% | 32,170 | 17,565 | - | \$29.45 |
| CBD Total | 11,297,700 | 3.1% | 23,441 | (36,408) | 90,000 | \$30.27 |
| Central Perimeter | 7,186,784 | 4.0% | 73,784 | 85,338 | - | \$22.40 |
| Dekalb | 12,527,332 | 9.8% | (21,753) | (45,219) | - | \$11.20 |
| Georgia 400 | 17,200,143 | 5.6% | (3,102) | 71,911 | 78,247 | \$16.89 |
| Gwinnett | 32,297,971 | 6.9% | (706) | 23,578 | 102,877 | \$12.92 |
| North Cobb | 21,012,263 | 6.7% | (139,565) | (228,806) | 25,960 | \$14.43 |
| Northeast | 5,818,817 | 6.6% | (20,432) | (11,308) | - | \$9.76 |
| South Atlanta | 15,148,604 | 7.6% | (120,409) | 6,440 | - | \$11.03 |
| South Cobb | 9,862,227 | 4.1% | (24,264) | (65,704) | - | \$14.05 |
| South Metro | 18,175,679 | 6.1% | 77,693 | 213,165 | 48,387 | \$10.07 |
| West Metro | 11,541,106 | 6.8% | (76,061) | (83,059) | 48,394 | \$8.91 |
| Suburban Total | 150,770,926 | 6.6% | (254,815) | (33,664) | 303,865 | \$12.59 |
| Total Market | 162,068,626 | 6.4% | (231,374) | (70,072) | 393,865 | \$12.80 |

| BY PROPERTY TYPE | Inventory | Vacancy | 2Q Absorption | YTD Absorption | SF Under Construction | Average Rent |
|---------------------|--------------------|-------------|------------------|-----------------|-----------------------|----------------|
| Community Center | 41,048,316 | 7.8% | (22,704) | (166,161) | 102,877 | \$12.25 |
| Mall | 27,175,424 | 7.1% | (91,622) | (25,253) | 90,000 | \$8.68 |
| Neighborhood | 57,637,333 | 6.0% | (158,824) | (5,862) | 152,594 | \$13.11 |
| Power Center | 25,770,988 | 3.8% | 46,637 | 216,849 | - | \$15.46 |
| Strip Center | 10,436,565 | 7.2% | (4,861) | (89,645) | 48,394 | \$14.28 |
| Total Market | 162,068,626 | 6.4% | (231,374) | (70,072) | 393,865 | \$12.80 |

Avison Young Atlanta currently tracks retail buildings that are 20,000 square feet or greater and built since 1960.



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