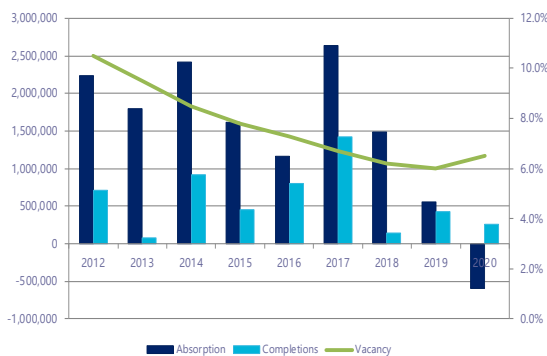




Market Snapshot

	3Q19	3Q20
Inventory	162.0 msf	161.7 msf
Vacancy	6.1%	6.5%
YTD Net Absorption	581,974 sf	-591,617 sf
YTD Deliveries	263,448 sf	256,374 sf
Under Construction	578,661 sf	995,638 sf
Unemployment	3.5%	6.3%

Absorption, Deliveries & Vacancy



Atlanta's retail market continued to struggle at the end of the third 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.

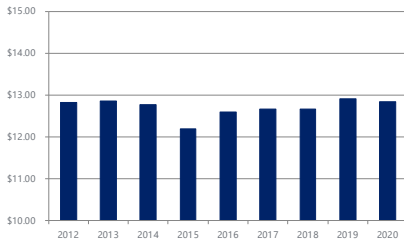
Metro Atlanta recorded negative absorption in the third quarter, 521,545 square feet (sf), bringing the year-to-date total to negative 591,617 sf. Strip centers were the only property type to record positive absorption during the quarter, 44,675 sf, due to majority of the spaces being filled by smaller tenants that had signed their leases before the pandemic. The vacancy rate saw an increase during the third quarter, ending at 6.5%, up 40 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 4.5%, to \$12.85 per square foot (psf) NNN in the third quarter. This is the third consecutive quarter the market has recorded a year-over-year decrease. However, it was not a trend in all sectors as Power Centers saw their rates increase 12.2% to finish the quarter at \$15.60 psf. The South Atlanta submarket saw the largest increase in average asking rental rates, up 13.8%, to end the third quarter at \$11.45 psf.

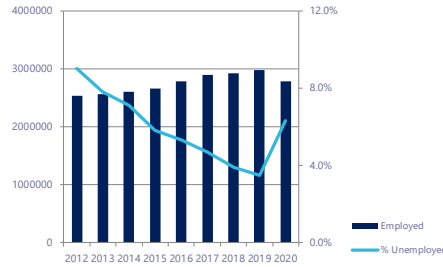
Retail construction activity saw an increase during the third quarter with 995,638 sf currently underway. The largest project to break ground was Monroe Pavilion, a 385,000-sf Power Center in the Gwinnett submarket. The center is being anchored by Publix and will include national tenants such as Ross, Marshalls and Ulta Beauty. Approximately 129,000 sf delivered in the quarter for a 12 month total of 423,000 sf of new inventory.

Retail investment sales activity saw a slight increase from the second quarter of 2020, but is still down significantly year-over-year. There are some investors still active in the market, but most have put a hold on any new transactions due to the uncertainty of the pandemic in the last three months of the year.

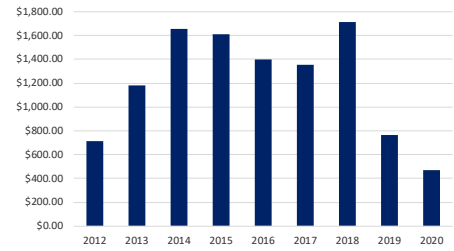
Average Asking Rental Rate (psf/year/NNN)



Metro Atlanta Employment (August of each year)



Retail Investment Sales (in millions)



Select 3Q 2020 Sale Transactions

Property	City	Submarket	Buyer	Seller	Total SF	Sale Price	Price/SF
Hickory Flat Commons	Canton	North Cobb	Phillips Edison & Company	Cole Capital	114,045	\$18,600,000	\$163
Newnan Crossing	Newnan	South Metro	Apollo Net Lease Capital	Retail Value Inc	130,497	\$15,550,000	\$119
Peachtree Corners Shopping Center	Norcross	Gwinnett	Nelkin Real Estate Company	Flanders Properties	106,257	\$7,100,000	\$67
Indian Creek Crossing	Stone Mountain	Dekalb	Vishal Indian Creek	Indian Creek Improvements	63,650	\$3,800,000	\$60
525 Moreland Avenue	Atlanta	Downtown	Rea Ventures Group	Rohrig Investments	76,160	\$3,400,000	\$45

Select Construction Projects

Property	Submarket	Projected Completion	Total SF	% Preleased	Major Tenant
Monroe Pavilion	Gwinnett	Third Quarter 2021	385,292	25%	Publix
Braselton Village	Northeast	Second Quarter 2022	150,000	0%	N/A
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	3Q20	YTD	Construction	Total
Buckhead	7,520,029	3.2%	(32,069)	(87,049)	90,000	\$30.19
Downtown	539,535	6.9%	(5,690)	(4,683)	-	\$14.30
Midtown	3,234,839	2.8%	(20,320)	(2,755)	-	\$27.46
CBD Total	11,294,403	3.2%	(58,079)	(94,487)	90,000	\$27.46
Central Perimeter	7,134,937	3.7%	(3,099)	82,239	32,147	\$21.99
Dekalb	12,492,958	10.6%	(99,644)	(144,863)	37,771	\$11.02
Georgia 400	17,119,677	6.0%	(92,804)	(20,893)	56,647	\$16.91
Gwinnett	32,302,741	6.9%	(5,104)	18,474	532,292	\$12.87
North Cobb	20,910,303	6.8%	(76,564)	(305,370)	-	\$14.80
Northeast	5,818,817	8.5%	(109,846)	(121,154)	150,000	\$9.48
South Atlanta	15,148,556	7.4%	(37,568)	(31,128)	-	\$11.45
South Cobb	9,882,254	4.3%	(6,164)	(71,868)	-	\$14.51
South Metro	18,085,418	6.7%	(106,200)	106,965	48,387	\$10.01
West Metro	11,540,786	5.4%	73,527	(9,532)	48,394	\$9.04
Suburban Total	150,436,447	6.7%	(463,466)	(497,130)	905,638	\$12.62
Total Market	161,730,850	6.5%	(521,545)	(591,617)	995,638	\$12.85

BY PROPERTY TYPE	Inventory	Vacancy	3Q Absorption	YTD Absorption	SF Under Construction	Average Rent
Community Center	41,178,092	7.8%	(104,470)	(270,631)	297,000	\$11.70
Mall	27,095,115	7.1%	(104,168)	(129,421)	90,000	\$8.68
Neighborhood	57,362,492	6.5%	(311,864)	(317,726)	174,952	\$13.44
Power Center	25,738,505	3.8%	(45,718)	171,131	385,292	\$15.60
Strip Center	10,356,646	6.5%	44,675	(44,970)	48,394	\$14.60
Total Market	161,730,850	6.5%	(521,545)	(591,617)	995,638	\$12.85

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



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