

MARKETBEAT

Atlanta

Retail Q2 2018



ECONOMIC INDICATORS

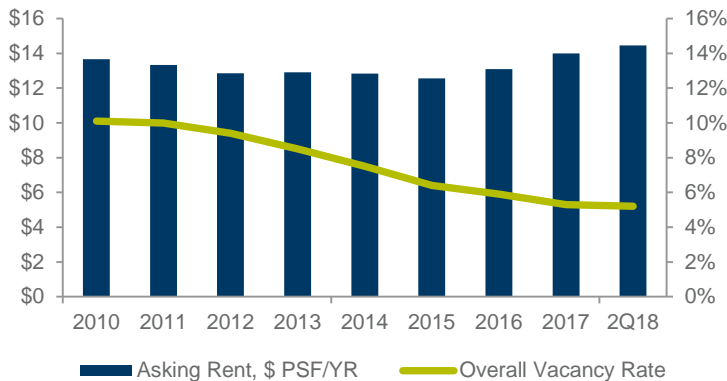
National	Q2 17	Q2 18*	12-Month Forecast**
GDP Growth	2.2%	3.0%	▲
CPI Growth	1.9%	2.8%	▲
Consumer Spending Growth	2.7%	2.5%	▲
Retail Sales Growth	4.3%	5.3%	▲

*Q2 18 Estimates. Values represent year-over-year % change
 **Forecast by Cushman & Wakefield.

Regional	Q2 17	Q2 18	12-Month Forecast
Household Income	\$64,023	\$65,155	▼
YOY Population Growth	1.5%	1.9%	▲
Unemployment	4.6%	4.1%	■

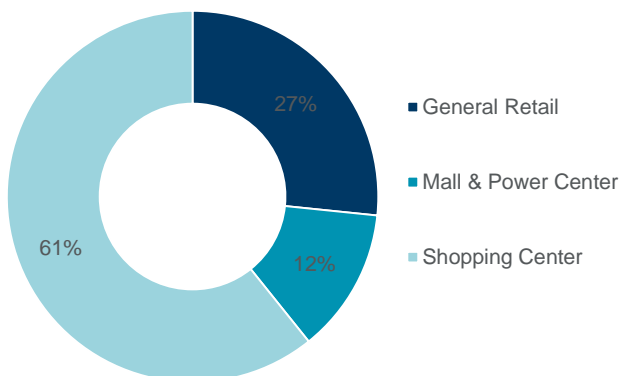
Source: Moody's Analytics

Rental Rate vs. Overall Vacancy



Source: CoStar

Availability by Type



Source: CoStar

Economy

The Atlanta economy continued to expand through the second quarter of 2018 and gained 40,750 jobs year-over-year (YoY), up 1.5% compared to 1.6% YoY job growth nationwide. Atlanta's unemployment rate fell from 4.6% in the second quarter of 2017 to 4.1% in the second quarter of 2018. The 50-basis-point (bps) improvement in Atlanta's unemployment rate over the past year equaled that of the nation, which reached a historic low of 3.8% as of preliminary second quarter data. Migration to Atlanta continues to accelerate and is forecast to nearly double in the next two years, rising from 53,700 new residents in 2017 to over 96,000 in 2020.

Market Overview

The Atlanta retail market continued to defy national trends with declining vacancy and increased average rental rates. Year-to-date (YTD) net absorption was positive 992,392 square feet (sf). As a result, vacancy fell from 5.4% in the fourth quarter of 2017 to 5.2% in Q2 2018. Quoted rental rates increased to \$14.45 per square foot (psf), which is the highest quoted average rent since 2009. Atlanta retail's 10-year historical rent peak was \$15.70 psf in 2008.

During the first half of 2018, 505,015 sf of retail was delivered in the Atlanta market, leaving 1.7 million square feet (msf) of space under construction. The largest retail projects underway are Snellville Exchange (351,092 sf), Whole Foods on 14th St & W Peachtree Street (72,000 sf), and Madison Yards (a 65,000 sf movie theater).

The largest sales in the first half of 2018 include Kennesaw Marketplace (sold in second quarter for \$64.3 million), Parkaire Landing in Marietta (sold in first quarter for \$42.1 million), and The Shops at Buckhead Crossing in Woodstock (sold in first quarter for \$29.7 million).

Outlook

Atlanta's retail rental rates are re-approaching former highs in the last decade, while vacancy has steadily been declining for the past six years. The market's performance will rely heavily on the local economy, which is posting positive employment gains, declining unemployment, and attracting major businesses to the metro area.

Retail Submarket Breakdown

The Buckhead, Central Atlanta, and Central Perimeter submarkets continue to dominate the metro's retail landscape maintaining low vacancy rates while garnering twice the triple-net overall average asking rents of the remaining submarkets. Of these three, Central Atlanta has the most square footage under construction with 483,098 sf of space underway. The submarket covers in-town micromarkets including Ansley Park, Atlantic Station, Midtown, West Midtown, Downtown, Old Fourth Ward, Southwest Atlanta, Glenwood Park, Sweet Auburn, Cabbagetown, Glenwood Park, and Ormewood Park. The largest projects in this submarket that were recently completed or are currently under construction are: 725 Ponce de Leon (represented by Cushman & Wakefield) with 60,000 sf, the 45,600-sf Publix at 2275 Marietta Boulevard, and the 40,000-sf Atlanta Dairies property that is currently under construction (represented by Cushman & Wakefield). Central Atlanta surpassed Coweta County for the lowest vacancy rate at 3.1%, as the market strengthens in core submarkets.

The Gwinnett submarket is also leading the way in several categories for the Atlanta market. Gwinnett dominated absorption in the first half of 2018 with 398,704 sf of space absorbed YTD. Gwinnett's pipeline is robust with more than 380,000 sf under construction. Despite over 190,000 sf of deliveries so far this year, the Gwinnett submarket's vacancy rate has declined YoY to 5.4%.

SUBMARKET	TOTAL BLDGS	INVENTORY (SF)	OVERALL VACANCY RATE	OVERALL YTD NET ABSORPTION (SF)	UNDER CNSTR (SF)	OVERALL AVERAGE ASKING RENT (NNN)*
Buckhead Retail	692	13,081,290	3.9%	2,501	34,061	\$29.08
Central Atlanta Retail	1,284	14,598,484	3.1%	111,187	483,098	\$23.36
Central Perimeter Retail	516	10,987,652	4.8%	10,762	47,880	\$23.29
Coweta County Retail	648	7,641,379	3.7%	17,665	9,000	\$16.73
DeKalb Retail	2,579	30,158,383	5.7%	39,970	108,734	\$14.55
Georgia 400 Retail	2,218	37,234,087	5.6%	104,671	201,519	\$16.11
Gwinnett Retail	4,150	65,685,841	5.4%	398,704	573,053	\$14.55
NE Atlanta Outlying Retail	1,543	16,917,292	5.1%	(17,323)	12,225	\$14.37
North Cobb Retail	3,307	46,279,583	4.9%	165,371	60,593	\$14.01
South Atlanta Retail	3,558	38,209,540	6.6%	13,037	86,255	\$11.39
South Cobb Retail	1,573	21,535,540	4.3%	18,091	29,650	\$14.79
South Metropolitan Retail	3,033	37,091,821	6.1%	(130,158)	49,532	\$13.28
West Metropolitan Retail	2,398	29,592,559	4.8%	257,914	37,312	\$11.71
ATLANTA TOTALS	27,499	369,013,451	5.2%	992,392	1,732,912	\$14.45

*Rental rates reflect Triple Net asking \$ psf/year

Source: CoStar

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About Cushman & Wakefield

Cushman & Wakefield is a leading global real estate services firm that delivers exceptional value by putting ideas into action for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with 48,000 employees in approximately 400 offices and 70 countries. In 2017, the firm had revenue of \$6.9 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. To learn more, visit www.cushmanwakefield.com or follow @CushWake on Twitter.

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Retail Subsector Breakdown

RETAIL TYPE	TOTAL BLDGS	INVENTORY (SF)	OVERALL VACANCY RATE	OVERALL YTD NET ABSORPTION ((SF)	OVERALL YTD DELIVERIES (SF)	UNDER CNSTR (SF)	OVERALL AVERAGE ASKING RENT (NNN)
General Retail	20,859	160,565,210	3.2%	655,075	388,938	920,441	\$16.16
Mall	40	28,948,741	3.0%	92,641	12,220	360,153	\$13.64
Power Center	68	30,587,935	5.1%	-269,183	0	0	\$13.01
Shopping Center	3,316	144,916,639	8.1%	522,263	103,857	452,318	\$13.86
Specialty Center	18	3,994,926	2.3%	-8,404	0	0	\$10.37

*Rental rates reflect Triple Net asking \$ psf/year

Definitions – General Retail: secondary types; Mall: lifestyle center, regional mall, and super regional mall; Power Center: several freestanding anchors with few small specialty tenants (250,000 sf to 600,000 sf); Shopping Center: strip/convenience, neighborhood, outlet, theme/festival, airport retail; Specialty Center: highly-targeted, typically-upscale tenants and no anchor tenant

Source: CoStar

Retail Transaction Activity

The following table includes the major retail transactions in 2018:

Key Sales Transactions 2018

PROPERTY	SF	BUYER / SELLER	PRICE / \$PSF	SUBMARKET
Kennesaw Marketplace	114,000	Inventrust / Fuqua Development	\$64,300,000 / \$564	Kennesaw/NW Cobb Retail
Parkaire Landing	161,464	Jamestown / Sun Life Financial	\$42,100,000 / \$261	Town Center/Marietta Retail
Decatur Crossing	81,900	Westwood Financial / Fuqua Development	\$40,200,000 / \$491	Decatur/East Atlanta Retail

Source: CoStar

Key Lease Transactions 2018

PROPERTY	SF	TENANT	QUARTER	SUBMARKET
2901 Clairmont Rd	128,776	Sam's Club	First	Buckhead/Lenox Ret
2875 N Decatur Rd	98,000	Kroger	First	Decatur/East Atl Ret
Bellemeade Shopping Center	64,930	City Farmer's Market	Second	Powder Spring/Austell Ret

Source: CoStar

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