

## What's Happening in... Atlanta?



While there are many things that make the capital city of Georgia famous, Atlanta is perhaps best known as the birthplace of Martin Luther King, Jr. and for its pivotal role in the American Civil Rights movement.

Atlanta is also home to a thriving arts and culture scene and a vibrant film industry. In fact, the nearby city of Covington, which falls within the Atlanta metro area, has been dubbed “The Hollywood of the South.”

Rounding out its claims to fame, the city is also well-known as the home of one of the most recognizable brands in the world, Coca-Cola, with the iconic 29-story Coca-Cola tower forming a central part of Atlanta’s identity since 1979.

With all that in mind, it’s no surprise that Atlanta boasts a bustling commercial real estate (CRE) industry – so how is the market faring as we reach the middle of 2023?

### Logistics Hub

One of Atlanta’s key economic drivers is the city’s position as a logistics hub capable of shipping to 80% of the US in just two hours.

This rapid turnaround is possible thanks to the presence of the Hartsfield-Jackson Atlanta International Airport, which moves around 725,000 metric tons of cargo a year. The city’s proximity to rail and road networks, along with its connection to the Port of Savannah just four hours away, cements the metro’s place as a logistics powerhouse.

Naturally, all of this translates into a robust industrial real estate market. According to a Q1 report from NAI Brannen Goddard, the city is one of the top six US markets for net absorption of industrial space, with vacancy at just 4.5% (a slight increase from 2022).

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With leasing activity holding steady, and rents still on the rise for “well-located assets,” the outlook for industrial space is strong. Another factor likely to bolster demand in the next few years is the vehicle manufacturing industry, especially given the growing trend toward electric vehicle production in Georgia.

### Holding Off on Office

Atlanta's office sector is, however, facing a tougher time, with “new leasing declining considerably” according to NAI Brannen Goddard.

In their March 2023 National Office Report, CommercialEdge also noted that the Atlanta market is one of the top three in terms of vacancy rates at 20.5%, and cited additional concerns given that a large portion of Atlanta's office stock is subject to maturing loans in the next few years.

Despite this, it's worth noting that Atlanta remains one of the more affordable office markets, and one likely to benefit from a rapidly growing metro population in the long term.

### Mixed-Use on the Horizon

Even with concerns about the office sector, there are still some big developments coming that include the asset class. Last year, the Centennial Yards Company broke ground on an ambitious new \$5 billion project that includes multifamily, hospitality, office and retail in downtown Atlanta.

Quoted in a recent Fortune article, one of the key investors behind the project, Tony Ressler, noted: “Higher or lower interest rates may change your rate of return but will not determine the success or failure of a project. For us, the project is funded and we're full steam ahead.” Speaking to the office issue, Ressler added: “There will still be office. Downtown is a really attractive office location.”

### Strength in Retail

Another sector that seems to be going strong in the city is retail, with a Q1 report from the National Association of Retailers noting that: “rent prices rose faster than nationwide and vacancy rate is lower” in the Atlanta metro area.

Atlanta is also in the midst of a restaurant revival, with a host of new eateries, coffee shops and bars slated to open over the next year.

With that said, it's worth noting that there's still some uncertainty in broader US retail that may impact the city in the months to come, so potential investors will need to keep a close eye on the trends as they develop.

### Investing in Atlanta

As the above figures show, there are some decidedly promising opportunities available for investors in Atlanta. As always, however, our top advice when contemplating a new investment is to seek out local expertise before putting pen to paper.

*Interested in investing in Atlanta? Contact the local office, NAI Brannen Goddard, for more information.*