

Atlanta Industrial Market Rebalancing Accelerates as Bulk Demand Returns

▼ 7.5%

Direct Vacancy Rate

▼ 4.5M

SF Net Absorption

▲ 1.4M

SF Construction Delivered

▲ 11.1M

SF Under Construction

▲ \$7.68

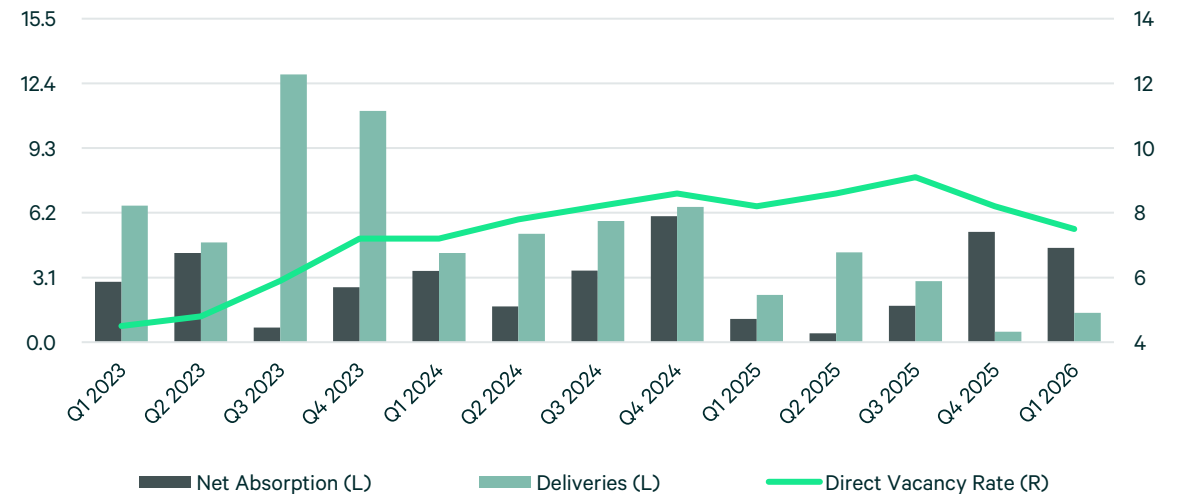
NNN/YR Direct Lease Rate

Note: Arrows indicate change from previous quarter.

Market Overview

The Atlanta industrial market sustained its rebalancing trajectory in Q1 2026 as renewed bulk tenant engagement followed a prolonged period of muted large-format activity. Net absorption totaled 4.5-million sq. ft., building on momentum from Q4 2025 and resulting in the market's strongest first quarter in four years. This demand translated into improved market fundamentals, with the direct vacancy rate declining to 7.5%, reflecting the removal of large blocks of space rather than a slowdown in new supply. Owner-user transactions played a more meaningful role in quarterly absorption, as several credit tenants opted to purchase facilities instead of leasing. Elevated rental rates, increased automation investment, and a preference for long-term cost certainty continued to influence this shift, particularly among large national users. Leasing activity in Q1 2026 reflected stronger tenant conviction rather than higher deal volume, as occupiers focused on larger, long-term commitments. New leasing and expansion activity reached 7.8-million sq. ft., increasing 6.5% YoY, driven by credit tenants securing space for operational growth. On the supply side, deliveries remained limited relative to prior cycle peaks, while construction starts stayed disciplined. Looking ahead, improving bulk demand, firm pricing, and a moderated construction pipeline position the market for continued, though uneven, rebalancing through the remainder of 2026.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy
Sq. Ft. (millions) %



Source: CBRE Research, Q1 2026

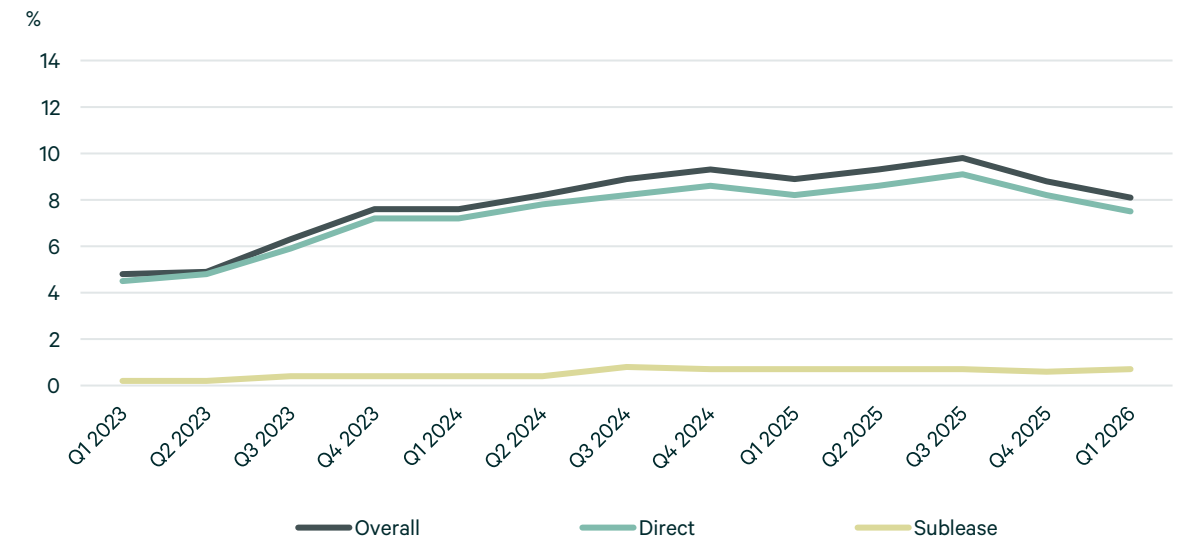
Direct Vacancy Rate

The direct vacancy rate declined to 7.5% in Q1 2026, the lowest level since Q1 2024, reflecting a meaningful shift in market balance driven by renewed bulk tenant demand rather than a slowdown in new supply. Vacancy compression occurred disproportionately at the upper end of the market following an extended period of limited big-box activity. In Q3 2025, fourteen buildings exceeding 1-million sq. ft. had vacant availability on the market. By Q1 2026, the number fell to seven buildings, reflecting the speed at which large blocks of space were absorbed. The reduction in bulk availability reflects a rapid drawdown of large contiguous space as tenants acted on pent-up expansion requirements, accelerating vacancy compression at the upper end of the market. Despite improvement within the bulk segment, vacancy remains more persistent across older and less functional inventory. The ongoing flight-to-quality has slowed leasing velocity within older infill buildings, as tenants continue to prioritize modern specifications and operational efficiency. This trend has been reinforced by the expiration of pandemic-era leases, with some firms vacating space secured during peak demand conditions and consolidating footprints. As a result, vacancy pressure remains concentrated within smaller and obsolete product, even as overall market availability continues to improve.

Asking Rent

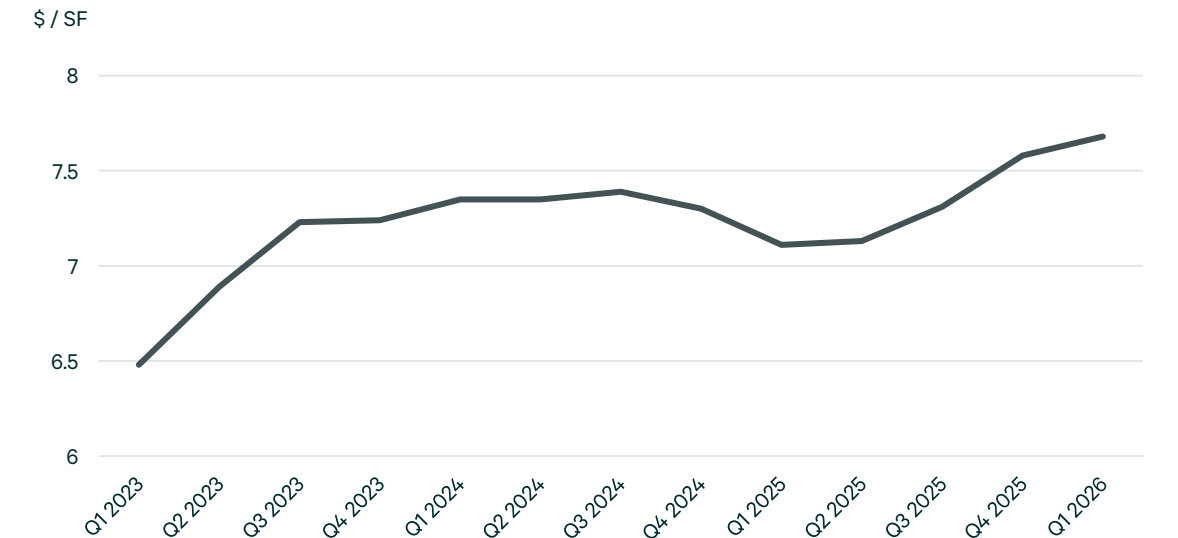
Average asking rents reached \$7.68 per sq. ft. in Q1 2026, with multi-year rent growth continuing to anchor landlord pricing expectations across the market. Pricing outcomes, however, varied meaningfully by building size and availability conditions. Near-term rent growth remains constrained within the 150K to 350K sq. ft. segment, where elevated availability has extended lease-up timelines and expanded tenant choice. A large volume of space delivered over the past several years continues to compete within this cohort, limiting landlord leverage and muting upward pressure on headline asking rents. Pricing adjustments in this segment continue to occur primarily through concessions and deal structure rather than base rent increases. Conditions differ materially within the bulk segment. Vacancy for buildings exceeding 750K sq. ft. declined approximately 660 bps over the past three quarters to 6.5%, coinciding with the return of large-scale tenant demand. While concession packages became more common, landlords largely maintained aggressive asking rents for transactions exceeding 500K sq. ft., reflecting tightening availability and improving leverage. This pricing discipline was most evident among credit tenants, while smaller and regional users remained more rent-sensitive, contributing to longer deal timelines and increased reliance on concessions. Looking ahead, asking rent growth is expected to remain uneven, with competitive conditions in the mid-size cohort continuing to cap market-wide averages, while tightening fundamentals in the bulk segment support incremental upside at the upper end of the market.

Figure 2: Vacancy Rates



Source: CBRE Research, Q1 2026

Figure 3: Average Direct Asking Rate



Source: CBRE Research, Q1 2026

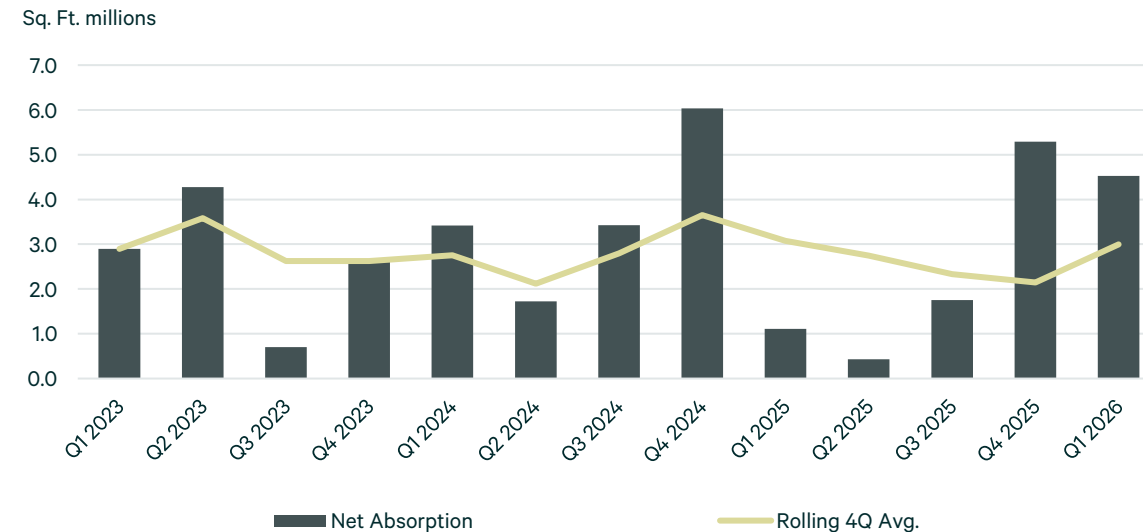
Net Absorption

Net absorption totaled just under 4.4-million sq. ft. in Q1 2026, marking the strongest first-quarter performance since 2021 and signaling a clear inflection in market demand. During the first three quarters of last year, only one transaction exceeding 500K sq. ft. closed in an existing building, underscoring the significance of the shift observed this quarter. Bulk tenant demand re-emerged decisively in Q1 2026 after an extended period on the sidelines, representing the most pronounced big-box re-engagement the Atlanta market has experienced in several years. Owner-user transactions played a central role in quarterly performance, removing large facilities from inventory through purchases rather than leases. Notable transactions included Winsupply’s 1.17-million sq. ft. acquisition and U.S. Immigration & Customs Enforcement’s 1.01-million sq. ft. purchase, accounting for a significant share of quarterly absorption. Elevated rental rates, renewal pricing pressure, automation investment, and tax depreciation benefits continued to push credit users toward ownership as a long-term occupancy strategy. As bulk users re-entered the market, absorption gravitated toward core logistics corridors, led by the Northeast/I-85 submarket, which captured 45.6% of total gains, or just under 2.0-million sq. ft. Together, these dynamics illustrate a market increasingly shaped by fewer, larger, and more strategic occupier decisions within the bulk segment.

Construction Activity

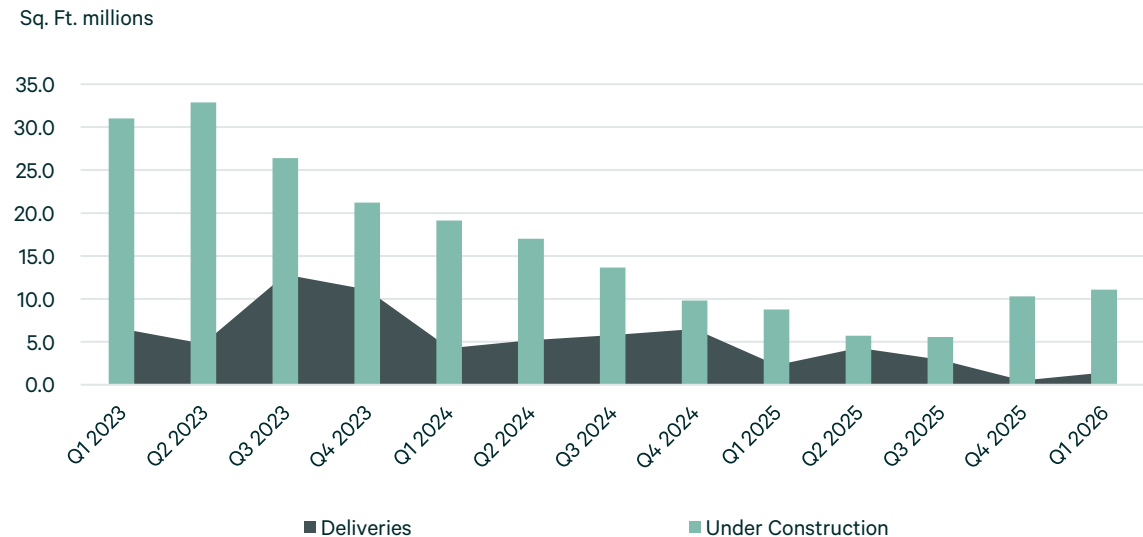
Construction activity remained measured in Q1 2026, as developers maintained a restrained approach to new starts. At quarter-end, development activity totaled 11.1-million sq. ft. under construction, a level well below recent cycle highs, reflecting a materially smaller pipeline than the market carried through much of the past several years. During the quarter, construction starts totaled 2.2-million sq. ft., reinforcing the selective pace of new development rather than a broad expansion of supply. Deliveries reached 1.4-million sq. ft. in Q1 2026. However, land interest increased during the quarter, signaling a shift toward forward-looking pipeline positioning as developers resumed site pursuits after prioritizing lease-up across existing projects. Activity focused on core logistics corridors, though suitable sites for large-scale facilities remain constrained by topography and infrastructure. Most developers continue to target 2027 delivery timelines, indicating future supply is being sequenced cautiously and aligned with sustained bulk demand rather than near-term conditions.

Figure 4: Net Absorption Trend



Source: CBRE Research, Q1 2026

Figure 5: Construction Activity

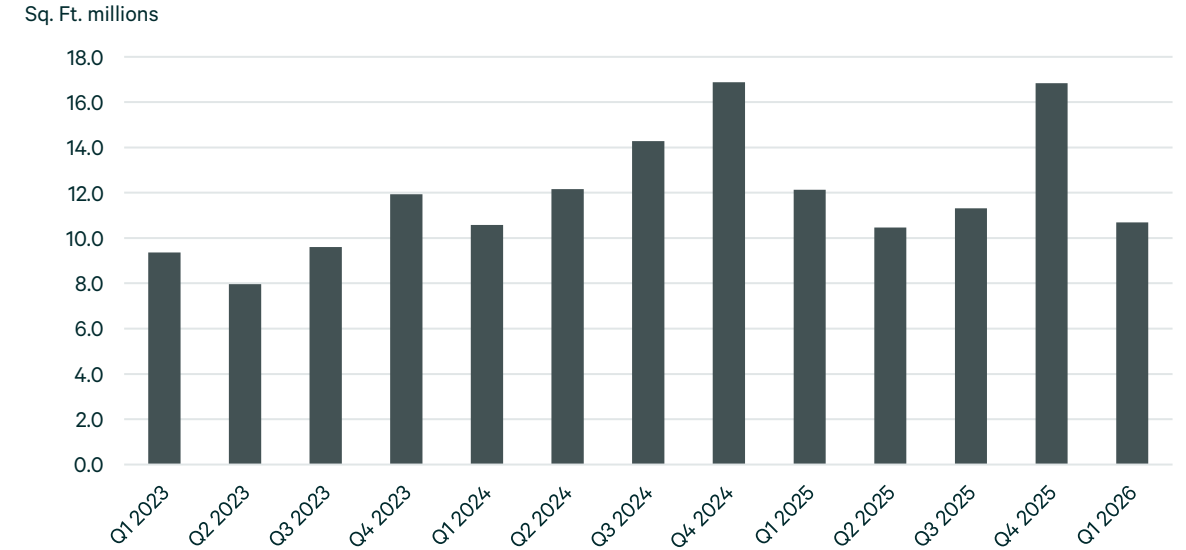


Source: CBRE Research, Q1 2026

Leasing Activity

Leasing activity totaled 11.1-million sq. ft. in Q1 2026, the lowest quarterly volume since Q3 2023, reflecting a decline in transaction count rather than weakening tenant demand. Activity concentrated in fewer, larger deals as occupiers adopted a more deliberate approach to real estate decisions. New leases and expansions totaled 7.8-million sq. ft., increasing 6.5% year over year, underscoring improved demand quality despite lower aggregate volume. Large-scale leasing re-emerged after an extended pause. Only one lease exceeding 500K sq. ft. was completed in an existing building during the first three quarters of last year, providing context for the renewed cadence of bulk leasing activity in Q1 2026. This shift materialized through several large commitments in existing inventory, including Kubota’s 810,000-sq.-ft. lease at Walnut Fork Distribution Center and EAE USA’s 798,793-sq.-ft. lease at Gordon Logistics Center, signaling renewed engagement from big-box users previously sidelined by market uncertainty. The average lease size increased to 64K sq. ft., the highest first-quarter level since 2023, reinforcing a move toward fewer, larger, and more strategic leasing decisions. Looking ahead, leasing momentum is expected to remain selective, with activity increasingly driven by bulk and credit-quality users. Deal flow should continue to skew toward larger transactions, supporting absorption gains even as overall transaction counts remain restrained.

Figure 6: Leasing Activity Trend



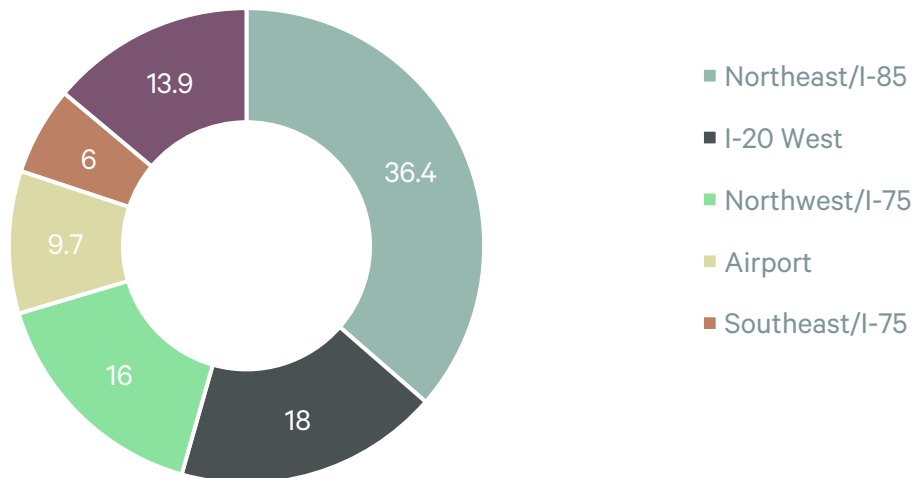
Source: CBRE Research, Q1 2026

Figure 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Kubota	810,000	New Lease	860 John B Brooks Rd	Northeast/I-85
EAE USA	799,000	New Lease	3864 Highway 41 SE	Northwest/I-75
GigaCloud	590,000	Renewal	1380 Jesse Cronic Rd	Northeast/I-85
Veyer	550,000	Renewal	2500 Mill Center Pkwy	Northeast/I-85
CJ Logistics	504,000	Renewal	220-230 Greenwood Ct	Southeast/I-75
Cleveland Electric	489,000	New Lease	1060 Douglas Hill Rd	I-20 West
Confidential	301,000	Renewal	4200 N Commerce Dr	Airport
Electrolux North America	301,000	New Lease	1200 Oakley Industrial Blvd	Southwest/I-85

Source: CBRE Research, Q1 2026

Figure 7: Leasing Activity by Submarket (% of Total Activity)



Source: CBRE Research, Q1 2026

Market Statistics by Size

Figure 9

Size Range	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/yr)	Current Quarter Net Absorption (MSF)	YTD Net Absorption (MSF)	Deliveries (MSF)	Under Construction (MSF)
Under 100,000 sq. ft.	208.43	6.1	8.2	7.3	0.9	10.09	(0.76)	(0.76)	0.03	0.57
100,000-199,999 sq. ft.	130.69	8.7	12.1	10.5	1.6	7.96	0.65	0.65	0.37	2.40
200,000-299,999 sq. ft.	97.35	11.6	16.1	13.9	2.3	7.81	0.07	0.07	0.27	2.02
300,000-499,999 sq. ft.	108.51	7.9	12.8	11.1	1.7	7.04	1.10	1.10	0.74	2.48
500,000-749,999 sq. ft.	77.74	11.0	11.9	11.8	0.1	6.78	(0.34)	(0.34)	-	0.50
750,000 sq. ft.	137.28	6.6	10.4	8.0	2.5	6.43	3.80	3.80	-	3.12
Total	760.00	8.1	11.3	9.8	1.5	7.68	4.52	4.52	1.41	11.09

Source: CBRE Research, Q1 2026

Market Statistics by Product Type

Figure 10

Product Type	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/yr)	Current Quarter Net Absorption (MSF)	YTD Net Absorption (MSF)	Deliveries (MSF)	Under Construction (MSF)
Distribution/Logistics	714.46	8.3	11.6	10.1	1.5	7.56	4.62	4.62	1.41	10.59
Manufacturing - General	5.52	-	-	-	-	-	-	-	-	-
Manufacturing - Advanced	1.21	-	-	-	-	-	-	-	-	0.50
R&D/Flex	38.39	6.7	8.3	6.8	1.5	11.76	(0.10)	(0.10)	-	-
Other Industrial	0.43	-	-	-	-	-	-	-	-	-
Total	760.00	8.1	11.3	9.8	1.5	7.68	4.52	4.52	1.41	11.09

Source: CBRE Research, Q1 2026

Market Statistics by Class

Figure 11

Property Class	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/yr)	Current Quarter Net Absorption (MSF)	YTD Net Absorption (MSF)	Deliveries (MSF)	Under Construction (MSF)
Class A	249.34	12.2	16.7	14.6	2.1	7.28	4.75	4.75	0.14	7.18
Institutional	236.26	12.4	16.9	14.9	2.1	7.16	4.80	4.80	0.11	-
Other Class A	13.08	8.6	12.9	10.6	2.2	11.54	(0.05)	(0.05)	0.03	7.18
All Other Industrial	510.66	6.1	8.7	7.5	1.2	8.15	(0.22)	(0.22)	1.27	3.91
Total	760.00	8.1	11.3	9.8	1.5	7.68	4.52	4.52	1.41	11.09

Source: CBRE Research, Q1 2026

Market Statistics by Submarket

Figure 12

Submarket	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/yr)	Current Quarter Net Absorption (MSF)	YTD Net Absorption (MSF)	Deliveries (MSF)	Under Construction (MSF)
Airport	85.70	8.5	15.5	11.9	3.6	7.29	(0.32)	(0.32)	-	1.37
Central Atlanta	6.90	8.6	9.9	9.9	-	10.98	0.09	0.09	0.27	0.35
Chattahoochee	14.55	5.3	8.1	6.9	1.3	10.72	0.11	0.11	-	-
I-20 East	44.10	7.9	9.4	8.2	1.2	7.32	1.28	1.28	-	0.39
I-20 West	108.89	7.0	10.1	9.2	0.9	7.31	0.66	0.66	-	1.77
North Central/GA 400 Corridor	25.38	5.8	7.2	6.6	0.6	12.57	0.18	0.18	-	0.96
Northeast/I-85	216.88	7.0	9.4	8.2	1.1	8.07	2.24	2.24	0.65	2.80
Northwest/I-75	84.41	10.3	12.6	11.1	1.5	8.01	0.33	0.33	-	1.05
Southeast/I-75	81.35	13.1	18.9	16.0	2.9	6.65	0.06	0.06	0.46	1.94
Southwest/I-85	64.11	6.6	8.0	7.8	0.3	7.44	0.35	0.35	0.03	0.45
Stone Mountain	27.75	6.9	8.9	7.8	1.1	9.49	(0.46)	(0.46)	-	-
Total	760.00	8.1	11.3	9.8	1.5	7.68	4.52	4.52	1.41	11.09

Source: CBRE Research, Q1 2026

Market Area Overview



Definitions

Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant. Availability Rate: Total Available Sq. Ft. divided by the total building Area. Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage. Building Area: The total floor area sq. ft. of the building, typically taken at the "drip line" of the building. Gross Activity: All sale and lease transactions completed within a specified time period. Excludes investment sale transactions. Gross Lease Rate: Rent typically includes real property taxes, building insurance, and major maintenance. Net Absorption: The change in Occupied Sq. Ft. from one period to the next. Net Lease Rate: Rent excludes one or more of the "net" costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate. Occupied Sq. Ft.: Building Area not considered vacant. Vacancy Rate: Total Vacant Sq. Ft. divided by the total Building Area. Vacant Sq. Ft.: Space that can be occupied within 30 days. Class A industrial are buildings built after 2000, with 32' or greater clear height and ESFR sprinklers.

Survey Criteria

Includes all classes of competitive warehouse/distribution, shallow bay, and flex space 10,000 sq. ft. and greater in Barrow, Bartow, Carrol, Cherokee, Clayton, Cobb, Coweta, Dawson, DeKalb, Douglas, Fayette, Forsyth, Fulton, Gordon*, Gwinnett, Hall, Haralson, Heard, Henry, Jackson, Newton, Rockdale, and Walton counties. Buildings under construction are evidenced by site excavation or foundation work. Excludes self-storage, specialized manufacturing, data centers, and industrial outdoor storage.

Contacts

David Lanier

Senior Managing Director
david.lanier@cbre.com

Scott Amoson

Associate Research Director
scott.amoson@cbre.com

Tashieka Moore

Data Intelligence Manager
tashieka.moore@cbre.com

Justin Vines

Field Research Analyst
justin.vines@cbre.com