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RENTS RECALIBRATED

Analyzing Atlanta's Industrial Rental Rate Growth

December 2025

Atlanta industrial effective rents have surged over the last several years, driven by rising construction costs and shifting supply-demand dynamics.

Introduction

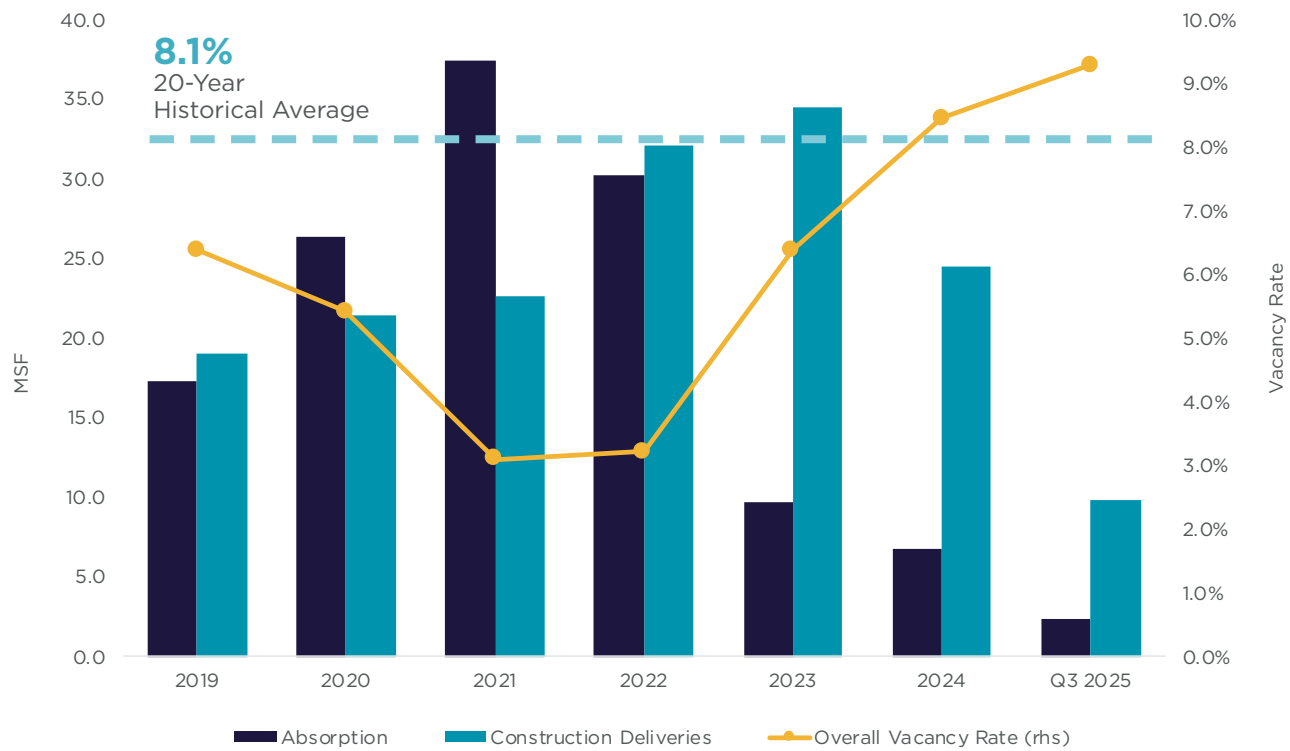
Atlanta's industrial market has undergone a transformative shift in fundamentals over the past few years. Heightened demand from the e-commerce and last-mile logistics boom during the pandemic era pushed development across the metro to new heights. The rapid growth in construction activity, coupled with moderating demand in 2023, raised vacancy rates across the metro, reshaping the landscape.

Rising construction costs also created additional pressure on the industrial market, compelling owners to raise tenant rents higher to recover increased building expenses. While the growth has begun to moderate over the past few months, the continual rise in rents since 2021 despite recent moderation of absorption and higher vacancy rates, underscores the shift in supply and demand dynamics across Atlanta.

This study analyzes rent growth metrics including net effective rents and escalations across Atlanta since 2019. The analysis includes full lease comps tracked by Cushman & Wakefield as of November 2025, excluding subleases.

ATLANTA INDUSTRIAL FUNDAMENTALS

TOTAL MARKET



Atlanta industrial vacancy climbed sharply—from 3.1% in 2021 to 9.3% by Q3 2025.

Driven by pandemic-related demand, absorption across Atlanta peaked in 2021 reaching nearly 37.4 million square feet (msf). Since then, absorption gains have slowed.

Construction activity accelerated between 2019 and 2023, with new product reaching an all-time high of 34.5 msf in 2023. The rapid expansion drove competition for materials and services, placing upward pressure on construction costs. The surge in costs translated into higher rental rates for tenants to offset the expenses incurred by developers.

The wave of new supply, much of which was speculative, pushed vacancy rates upward, gradually rising from the low of 3.1% in 2021 to 9.3% in Q3 2025.

The rise in new vacant supply, coupled with higher construction costs, sticky inflation, and resilient fundamentals, helped rents maintain healthy growth rates across Metro Atlanta.

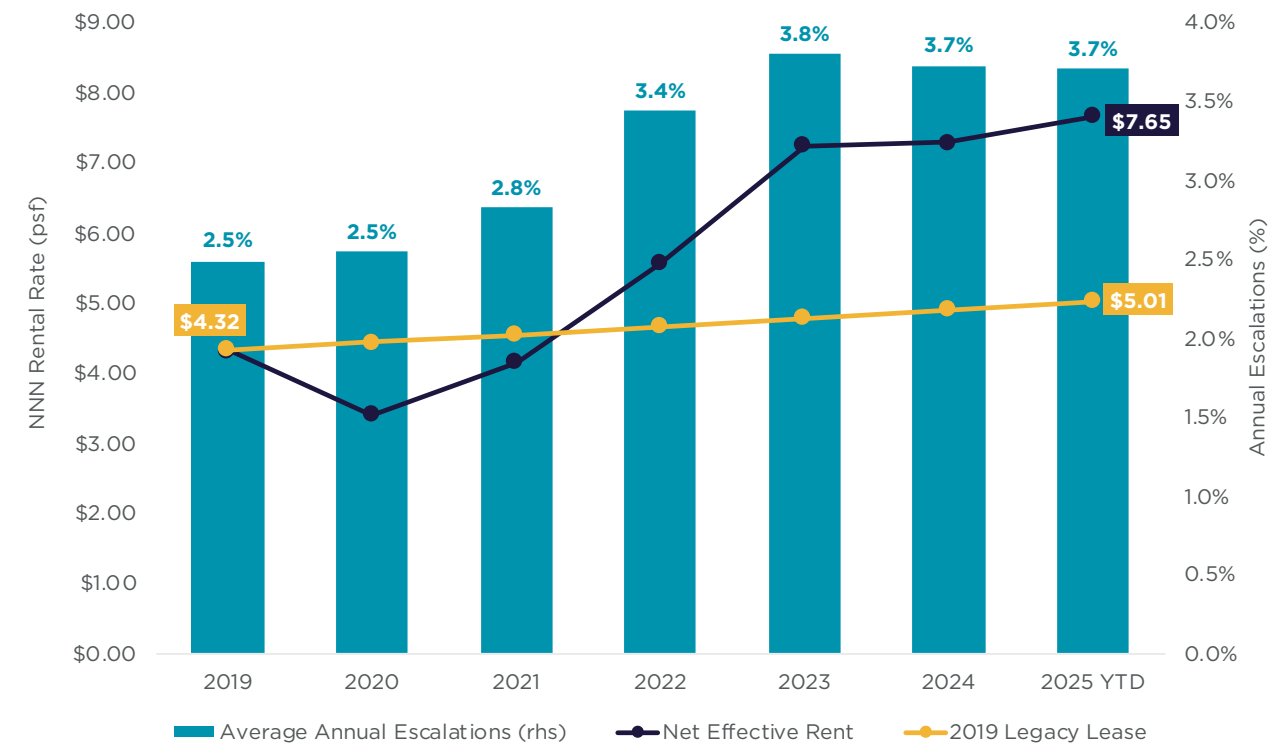




Effective rents in Atlanta have skyrocketed—up 125% since 2020—far outpacing legacy lease economics.

ATLANTA EFFECTIVE RENT & ANNUAL ESCALATIONS

TOTAL MARKET



Source: Cushman & Wakefield Research
1,195 leases included in effective rent analysis; 2,163 leases included in annual escalation analysis
2019 Legacy Lease defined as the average effective rent and annual escalations from 2019

After falling throughout 2020, effective rent* has followed a strong upward trend across Atlanta. Rising 125.4% since 2020, effective rents reached \$7.65 per square foot (psf) by November 2025. By comparison, the average lease signed in 2019 at \$4.32 psf with 2.5% annual escalations would reach \$5.01 psf in 2025—well below market growth, underscoring how current market dynamics have outpaced that of legacy lease economics.

While effective rents recorded the strongest growth in 2022 and 2023 at 33.8% and 30.3%, the annual rate has softened since. Similarly, annual escalations held flat at 2.5% through 2019 and 2020 before rising in 2021. Between 2021 and 2023, escalations accelerated by 100 basis points (bps), reaching 3.8% in 2023. Since then, escalations have moderated, falling 10 bps.

* Effective rents account for starting rent, annual escalations, lease term, rental abatement, and tenant improvement allowance.

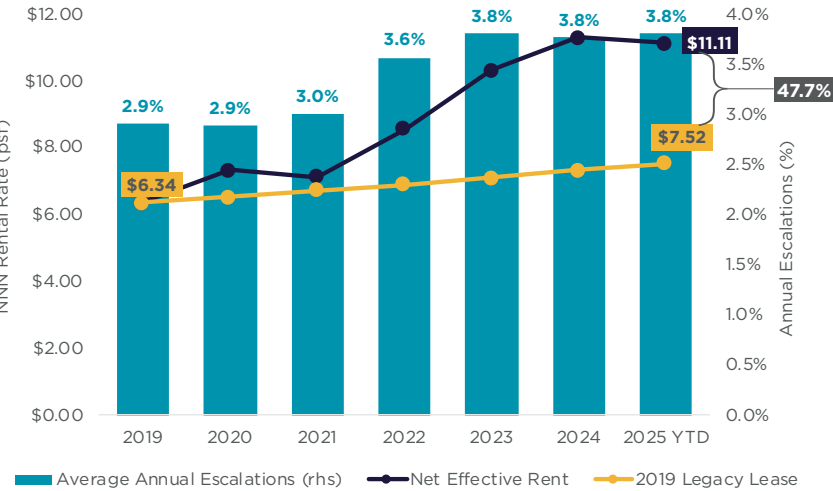


BY TRANSACTION SIZE

Across all size ranges, average effective rents in 2025 YTD far exceeds average legacy leases signed in 2019 by at least \$2.30 psf. The largest difference is within leases under 50,000 square feet (sf) with a \$3.59-psf delta, followed by a \$2.71-psf gap for leases within 250,000 – 499,999 sf.

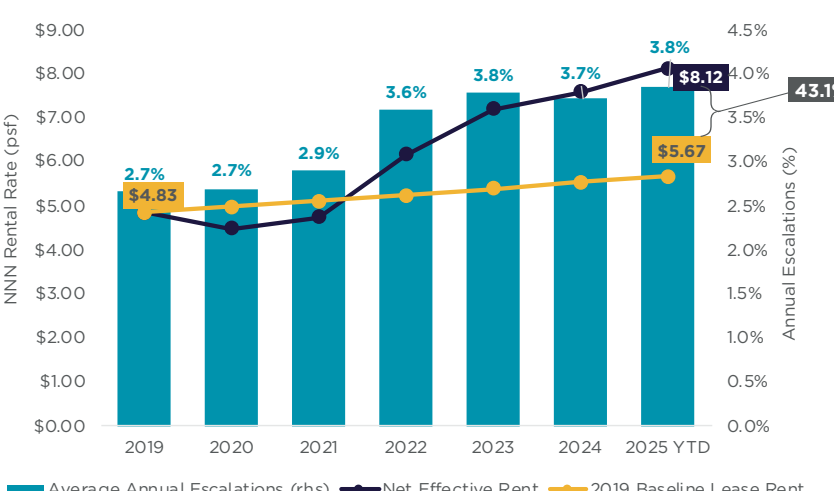
Escalations across all size ranges have stabilized since 2023.

<50,000 SF

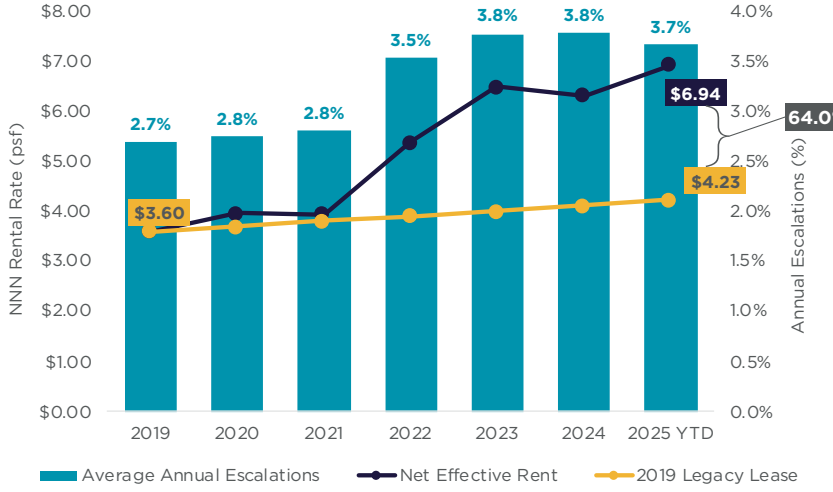


2025 rents exceed 2019 levels by \$2.30+ psf—smaller spaces lead with a \$3.59 gap.

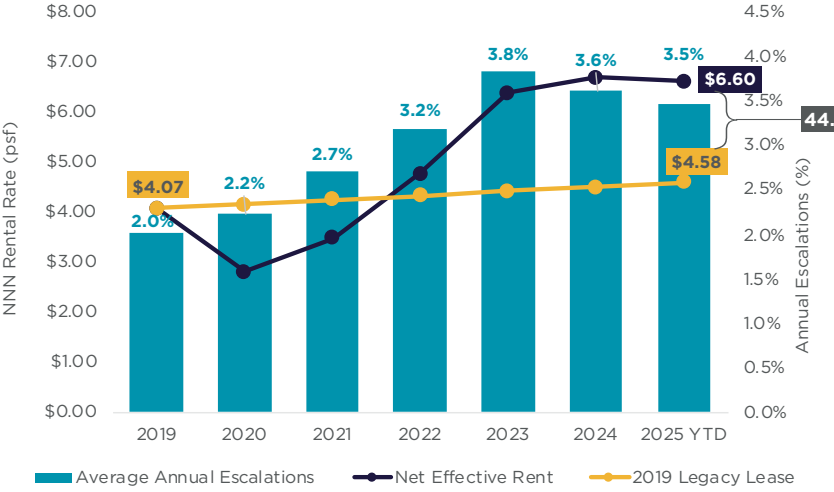
50,000 – 249,999 SF



250,000 – 499,999 SF



500,000+ SF



Source: Cushman & Wakefield Research
2019 Legacy Lease defined as the average effective rent and annual escalations from 2019



OUTLOOK

Industrial rates across Metro Atlanta have surged over the past five years, with effective rents and annual escalations reaching new heights for tenants.

While the pace of growth has begun to stabilize, rates are expected to remain well above historical norms.

For industrial users, higher rents are prompting tenants to reevaluate real estate strategies—optimizing footprints and shifting toward modern, efficient facilities.

Strategic lease negotiations can mitigate rates, including rental abatements, tenant improvement allowances, and escalation concessions.

The shifting dynamics are reshaping market fundamentals and creating a new baseline for industrial users across Atlanta.





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ABOUT CUSHMAN & WAKEFIELD

Cushman & Wakefield (NYSE: CWK) is a leading global commercial real estate services firm for property owners and occupiers with approximately 52,000 employees in nearly 400 offices and 60 countries. In 2024, the firm reported revenue of \$9.4 billion across its core service lines of Services, Leasing, Capital markets, and Valuation and other. Built around the belief that Better never settles, the firm receives numerous industry and business accolades for its award-winning culture. For additional information, visit www.cushmanwakefield.com.

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