



**DOLLAR GENERAL + LAUNDROMAT**

21 Lagrange St • Grantville, GA 30220

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DOLLAR GENERAL +  
LAUNDROMAT  
Grantville, GA  
ACT ID ZAB0390304

Marcus & Millichap

# INVESTMENT OVERVIEW





## PROPERTY OVERVIEW

This Atlanta Metro Area 14,000 square foot two-tenant building houses the leading discount retailer Dollar General in 11,550 and a local Laundromat in 2,450 square feet of the space. The property is located on the major thoroughfare through town and is the only dollar store within a five-mile radius. Dollar General has been a tenant since 2002. Original Lease was a five-year term with two renewal options, which was amended to end in 2019. In 2019, the new rent negotiated with Dollar General is more than double the rent they were paying up until then, showing their extreme willingness to stay at this location. The Laundromat lease is on a month-to-month basis and is the only laundromat in a five-mile radius.

The Atlanta metro encompasses 29 counties in northwestern Georgia. With few natural barriers to limit development, tremendous population growth over the past decade expanded the metros borders and the region now has a population of roughly 5.9 million people. Over the next five years the region is expected to add approximately 293,300 residents. Meanwhile, Mercedes-Benz Stadium has been a catalyst for redevelopment in the urban core of Atlanta. New projects in the downtown and midtown sections of the city present a vast array of housing, entertainment and retail opportunities that are enticing residents back into the city and providing options for people moving to the metro.



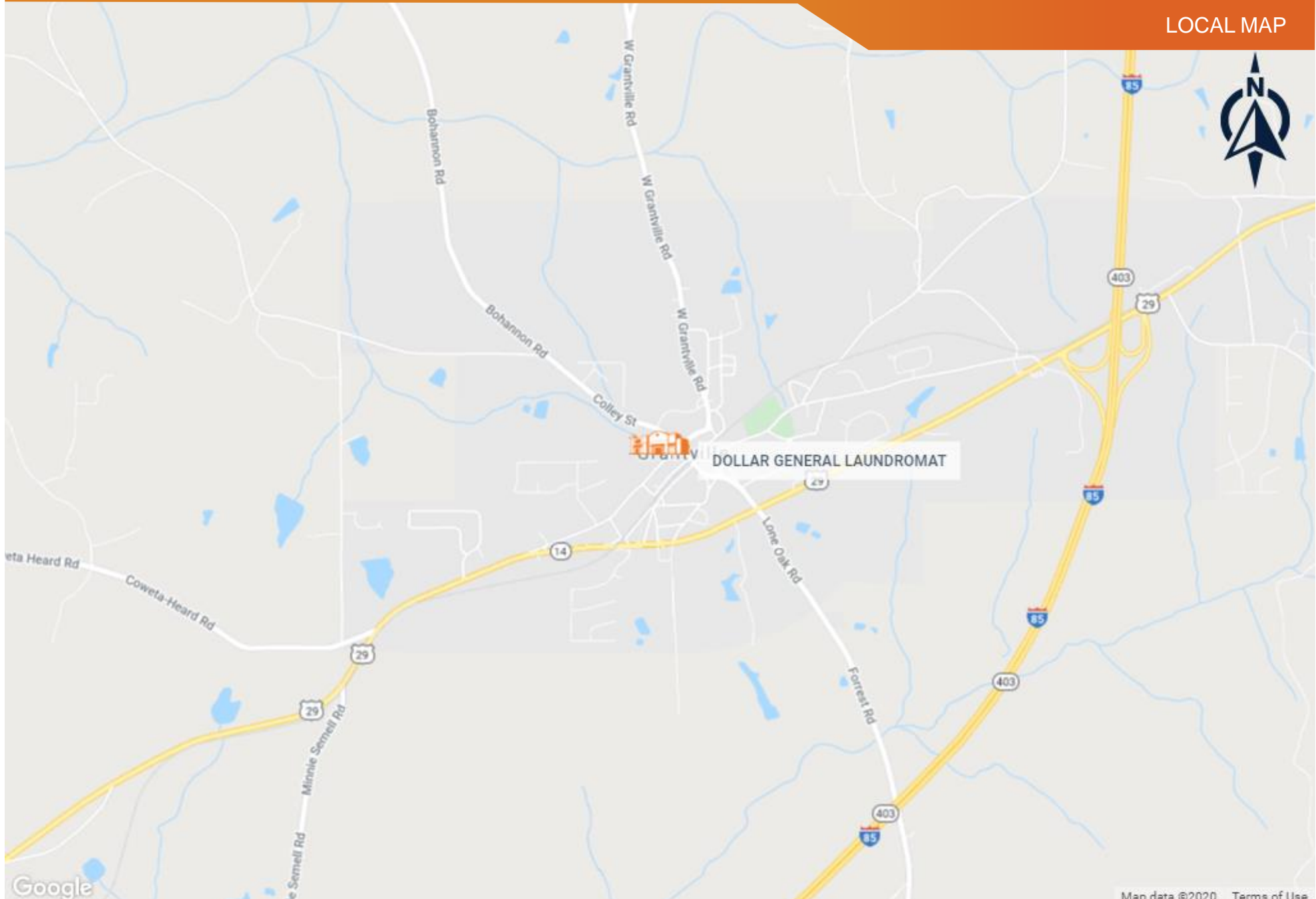
## PROPERTY OVERVIEW

- S & P Rated BBB Investment Grade Tenant (Dollar General)
- Dollar General Agreed to Double the Rent In 2019
- Located On the Main Thoroughfare of Grantville, GA (Atlanta MSA)
- Atlanta Metropolitan Area Is 4th Fastest Growing MSA In the Nation
- Zero Local Competition Only Dollar Store In a 5-Mile Radius



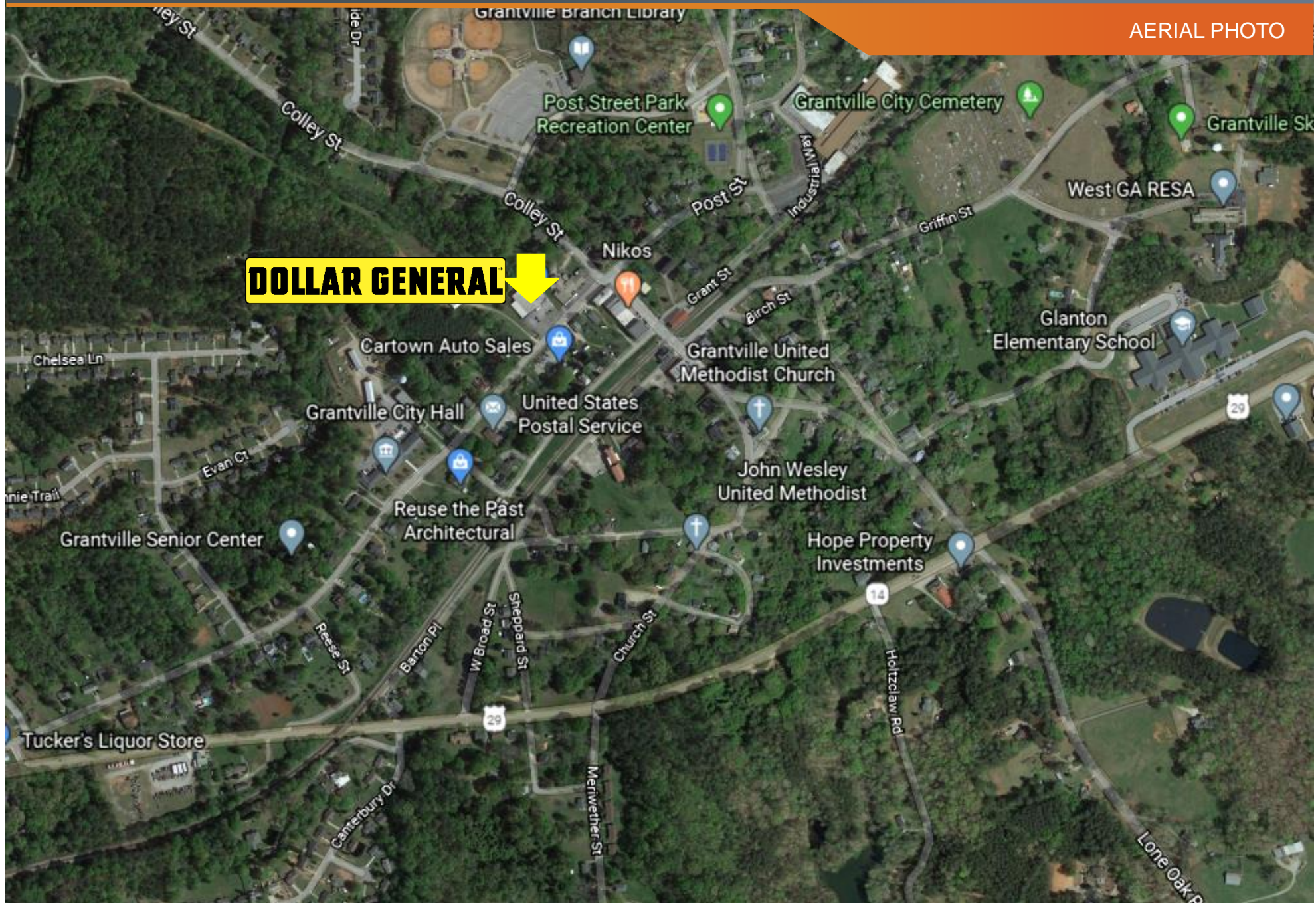






Map data ©2020 Terms of Use







# FINANCIAL ANALYSIS



## OPERATING STATEMENT

As of March, 2020

Tenant Name	Suite	Square Feet	% Bldg Share	Lease Dates		Monthly Rent per Sq. Ft.	Total Rent Per Month	Total Rent Per Year	Changes on	Changes to	Lease Type	Expense Reimbursements	Renewal Options and Option Year Rental Information
Dollar General	North	11,550	82.5%	9/1/19	8/31/26	\$0.56	\$6,500	\$78,000	Sep-2026	\$7,150	NNN	\$7,900	2 Five-Year Options With 10% Increases
Laundromat	South	2,450	17.5%	Month to Month		\$0.33	\$800	\$9,600	TBD	TBD	NNN	\$0	Month to Month
<b>Total</b>		<b>14,000</b>				<b>\$0.52</b>	<b>\$7,300</b>	<b>\$87,600</b>				<b>\$7,900</b>	
		<b>Occupied Tenants: 2</b>		<b>Unoccupied Tenants: 0</b>		<b>Occupied GLA: 100.00%</b>		<b>Unoccupied GLA: 0.00%</b>					

Income	Year 1	Per SF	Year 2	Per SF	Notes
<b>Scheduled Base Rental Income</b>	<b>87,600</b>	<b>6.26</b>	<b>87,600</b>	<b>6.26</b>	
<b>Expense Reimbursement Income</b>					
CAM	3,900	0.28	3,900	0.28	
Insurance	2,000	0.14	2,000	0.14	
Real Estate Taxes	2,000	0.14	2,000	0.14	
<b>Total Reimbursement Income</b>	<b>\$7,900</b>	<b>112.9%</b>	<b>\$7,900</b>	<b>112.9%</b>	<b>\$0.56</b>
<b>Effective Gross Revenue</b>	<b>\$95,500</b>	<b>\$6.82</b>	<b>\$95,500</b>	<b>\$6.82</b>	
<b>Operating Expenses</b>	<b>Year 1</b>	<b>Per SF</b>	<b>Year 2</b>	<b>Per SF</b>	<b>Notes</b>
Common Area Maintenance (CAM)					
Common Area Maintenance	3,000	0.21	3,000	0.21	
Insurance	2,000	0.14	2,000	0.14	
Real Estate Taxes	2,000	0.14	2,000	0.14	
<b>Total Expenses</b>	<b>\$7,000</b>	<b>\$0.50</b>	<b>\$7,000</b>	<b>\$0.50</b>	
<b>Expenses as % of EGR</b>	<b>7.3%</b>		<b>7.3%</b>		
<b>Net Operating Income</b>	<b>\$88,500</b>	<b>\$6.32</b>	<b>\$88,500</b>	<b>\$6.32</b>	



## PRICING DETAIL

Summary		
<b>Price</b>	<b>\$1,086,000</b>	
Down Payment	\$434,400	40%
Number of Suites	2	
Price Per SqFt	\$77.57	
Gross Leasable Area (GLA)	14,000 SF	
Lot Size	0.86 Acres	
Year Built/Renovated	1991	
Occupancy	100.00%	

Returns	Year 1	Year 2
<b>CAP Rate</b>	<b>8.15%</b>	<b>8.15%</b>
Cash-on-Cash	10.72%	10.72%
Debt Coverage Ratio	2.11	2.11

Financing	1st Loan
Loan Amount	\$651,600
Loan Type	New
Interest Rate	4.15%
Amortization	25 Years
Year Due	2025

Loan information is subject to change. Contact your Marcus & Millichap Capital Corporation representative.

## Operating Data

Income		Year 1		Year 2
<b>Scheduled Base Rental Income</b>		<b>\$87,600</b>		<b>\$87,600</b>
Total Reimbursement Income	9.0%	\$7,900	9.0%	\$7,900
Other Income		\$0		\$0
Potential Gross Revenue		\$95,500		\$95,500
General Vacancy		\$0		\$0
Effective Gross Revenue		\$95,500		\$95,500
Less: Operating Expenses	7.3%	(\$7,000)	7.3%	(\$7,000)
<b>Net Operating Income</b>		<b>\$88,500</b>		<b>\$88,500</b>
Tenant Improvements		\$0		\$0
Leasing Commissions		\$0		\$0
Capital Expenditures		\$0		\$0
Cash Flow		\$88,500		\$88,500
Debt Service		(\$41,923)		(\$41,923)
Net Cash Flow After Debt Service	10.72%	\$46,577	10.72%	\$46,577
Principal Reduction		\$15,168		\$15,810
<b>Total Return</b>	<b>14.21%</b>	<b>\$61,745</b>	<b>14.36%</b>	<b>\$62,387</b>

Operating Expenses		Year 1		Year 2
CAM		\$3,000		\$3,000
Insurance		\$2,000		\$2,000
Real Estate Taxes		\$2,000		\$2,000
Management Fee		\$0		\$0
Other Expenses - Non Reimbursable		\$0		\$0
<b>Total Expenses</b>		<b>\$7,000</b>		<b>\$7,000</b>
<b>Expenses/SF</b>		<b>\$0.50</b>		<b>\$0.50</b>

# Dollar General Corporation



CREDIT RATING: A2

www.fdreports.com | www.creditintell.com | November 01, 2019

## General Information

Address	100 Mission Ridge , Goodlettsville, Tennessee, 37072, United States
Phone	615-855-4000
Website	www.dollargeneral.com

## Key Personnel

Executive Vice President	Steven G Sunderland
Chief Executive Officer	Todd J. Vasos
Chief Operating Officer	Jeffery C. Owen
CFO & EVP	John W. Garratt

## Store Base

Store Count	16,094
TTM Sales	\$27,246,140,000

## Financial Markets

Stock Ticker	DG
Current Price	\$146.12 as of 3/28/20
52 Week High/Low	\$167.44 / \$116.15

Dollar General commands the field of discount general merchandise. The fast-growing retailer boasts some 15,500 discount stores in some 45 US states, mostly in the South, the Midwest, and the Southwest. It generates most of its sales from consumables (including paper and cleaning products; health and beauty aids; and refrigerated, shelf-stable, and perishable foods). The stores also offer seasonal items, cookware and small appliances, and apparel. Dollar General targets low- and fixed-income shoppers, pricing items at \$10 or less. The no-frills stores typically measure around 7,300 sq. ft. and are in small towns that are off the radar of giant discounters.

Fiscal Year Ended February 01, 2019

## Credit Rating Chart Comparison Creditintell | F&Dreports

ⓘ Please note that our rating model is our own proprietary model and is not meant to align with other rating agency models. This comparison was compiled purely for informational purposes based on a representative sampling of ratings on various retailers.

RATING	CREDIT QUALITY	EST. S&P
A1	Excellent	AAA
A2	Excellent	AA (+/-)
B1	Good	A (+/-)
B2	Good	BBB (+/-)
C1	Satisfactory	BB(+/-)
C2	Satisfactory	B+
D1	Below Satisfactory	B
D2	Below Satisfactory	B-
E1	Poor	CCC+/CCC
E2	Poor	CC
F1	Critical	C
F2	Critical	D



Sales

# COMPARABLES





DOLLAR GENERAL + LAUNDROMAT  
(SUBJECT)

- 1 Dollar General - Bloomfield, Iowa
- 2 Dollar General - Ider, AL
- 3 Dollar General - Fonda, NY
- 4 Dollar General - Rich Square, NC
- 5 Dollar General - Patterson, GA
- 6 Dollar General - Franklinton, LA
- 7 Dollar General - Town Creek, AL
- 8 Dollar General - Idalou, TX

● SALES COMPARABLES

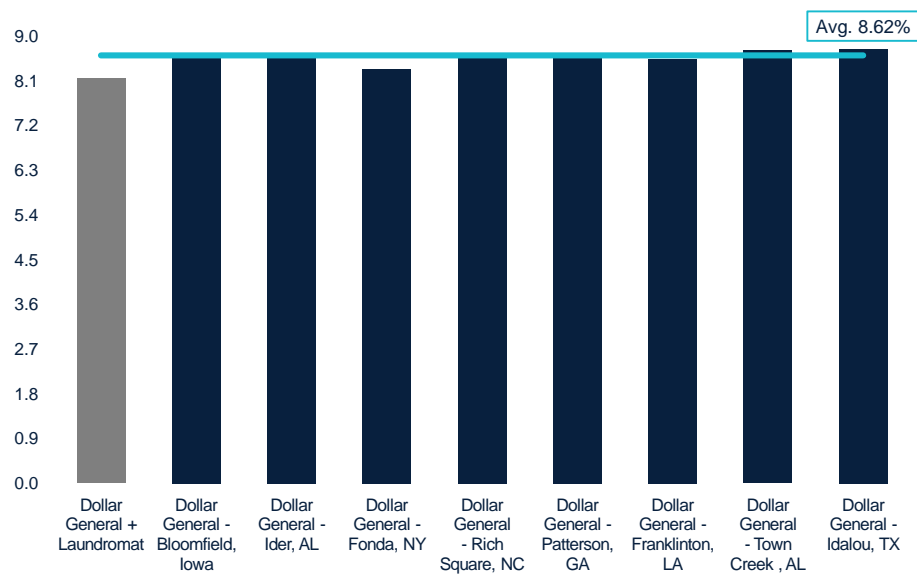
## SALES COMPARABLES MAP



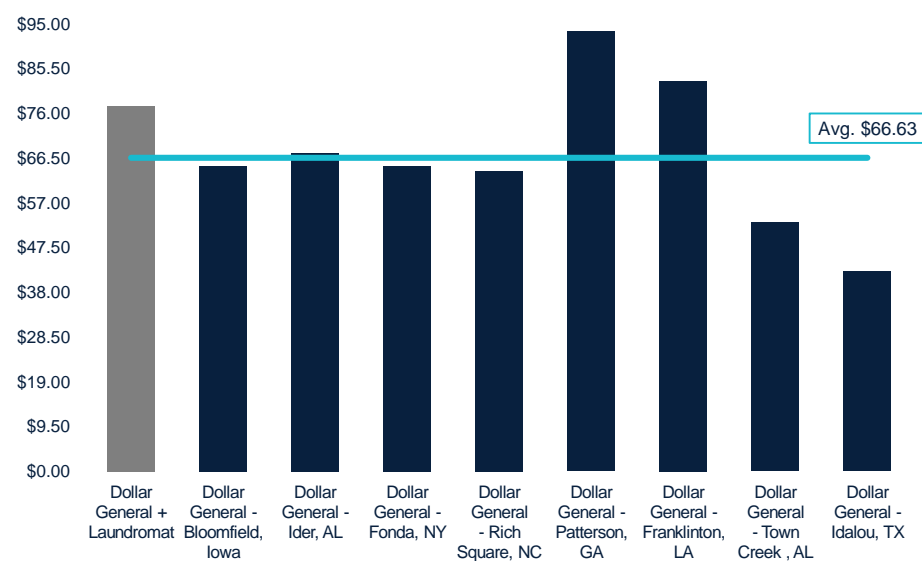


SALES COMPARABLES SALES COMPS AVG

### Average Cap Rate



### Average Price Per Square Foot



## SALES COMPARABLES

### DOLLAR GENERAL + LAUNDROMAT

21 Lagrange St, Grantville, GA, 30220



		Tenants	Lease Type
Asking Price:	\$1,086,000	Dollar General	NNN
Price/SF:	\$77.57		
CAP Rate:	8.15%		
Year Built:	1991		

	Annual	Per SF
Income	\$95,500	\$6.82
Expenses	\$7,000	\$0.50
NOI	\$88,500	\$6.32
Occupancy	100%	

### DOLLAR GENERAL - BLOOMFIELD, IOWA

104 Smith Street, Bloomfield, IA, 52537



Close Of Escrow	1/2/2020
Days On Market	198
Sales Price	\$585,000
Price/SF	\$64.90
CAP Rate	8.62%
GLA	9,014 SF
Lot Size	1.36 acre(s)
Year Built	2005

### DOLLAR GENERAL

19906 AL-117, Ider, AL, 35981



Close Of Escrow	12/27/2019
Days On Market	144
Sales Price	\$610,000
Price/SF	\$67.67
CAP Rate	8.66%
GLA	9,014 SF
Lot Size	2.15 acre(s)
Year Built	2006



## SALES COMPARABLES

## DOLLAR GENERAL

41 West Main St, Fonda, NY, 12068



Close Of Escrow	10/7/2019
Days On Market	69
Sales Price	\$585,000
Price/SF	\$64.90
CAP Rate	8.35%
GLA	9,014 SF
Lot Size	1 acre(s)
Year Built	2005

## DOLLAR GENERAL

509 N Main St, Rich Square, NC, 27869



Close Of Escrow	5/31/2019
Sales Price	\$575,000
Price/SF	\$63.79
CAP Rate	8.61%
GLA	9,014 SF
Lot Size	1.2 acre(s)
Year Built	2005

## NOTES

- 6.1 Years Remaining on Lease Term
- NN Lease
- Lease Extension showing commitment to location

## DOLLAR GENERAL | 10% INCREASE IN 2019

6525 Highway 84 E, Patterson, GA, 31557



Close Of Escrow	3/29/2019
Sales Price	\$850,000
Price/SF	\$93.41
CAP Rate	8.66%
GLA	9,100 SF
Lot Size	.99 acre(s)
Year Built	2009

## SALES COMPARABLES

## DOLLAR GENERAL

626 11th Ave, Franklinton, LA, 70438



Close Of Escrow	3/19/2019
Sales Price	\$755,000
Price/SF	\$82.97
CAP Rate	8.55%
GLA	9,100 SF
Lot Size	0.73 acre(s)
Year Built	2004

## TOWN CREEK DOLLAR GENERAL

2336 Highway 20, Town Creek, AL, 35672



Close Of Escrow	3/18/2019
Sales Price	\$430,000
Price/SF	\$52.92
CAP Rate	8.72%
GLA	8,125 SF
Lot Size	1.03 acre(s)
Year Built	2004

## NOTES

-NN Lease  
-5 Years Remaining

## DOLLAR GENERAL

305 W 1st St, Idalou, TX, 79329



Close Of Escrow	2/26/2019
Sales Price	\$345,000
Price/SF	\$42.46
CAP Rate	8.75%
GLA	8,125 SF
Lot Size	1 acre(s)
Year Built	2004

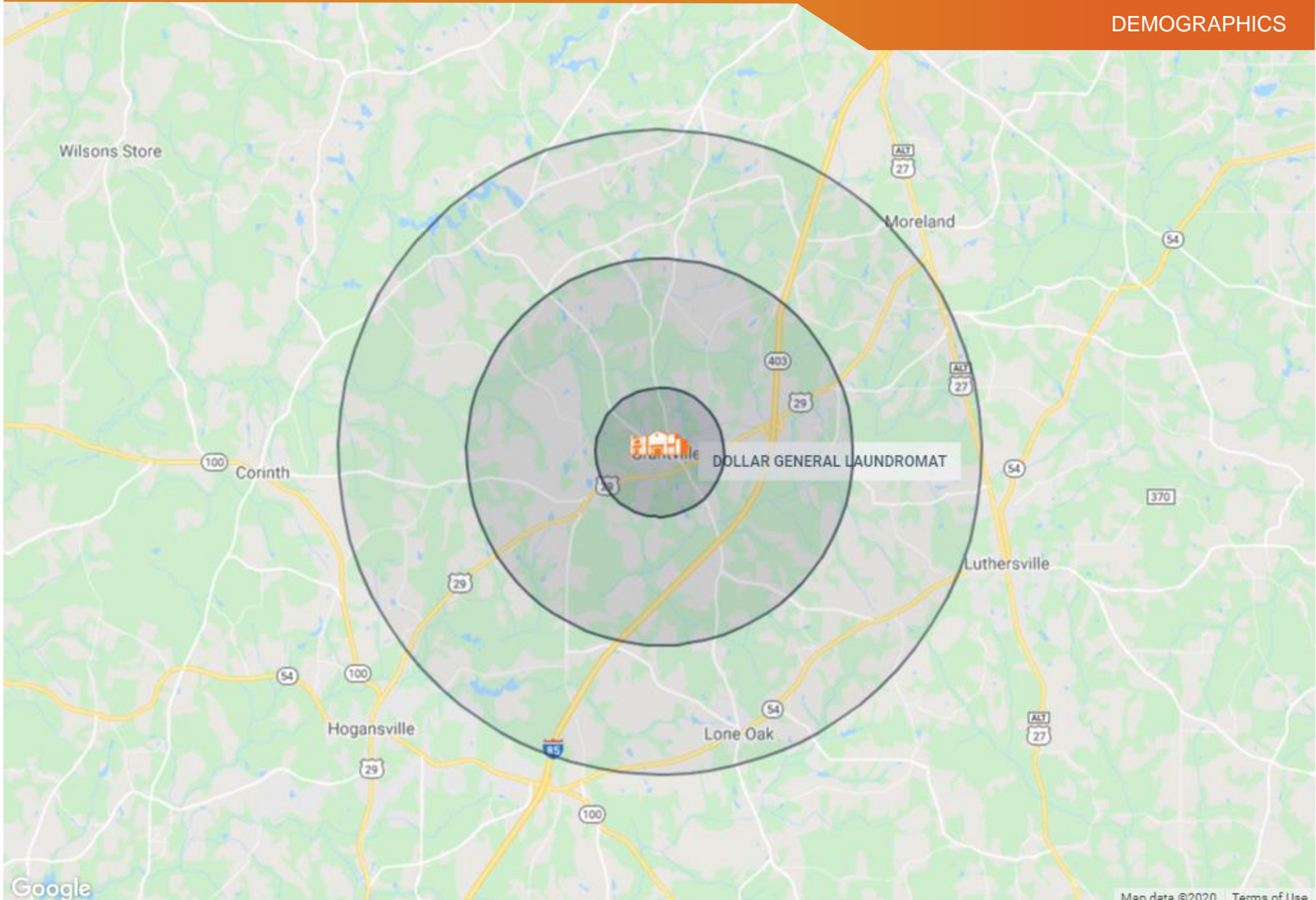
## NOTES

-NN Lease  
-4.9 Years Remaining

# MARKET OVERVIEW







Created on March 2020

POPULATION	1 Miles	3 Miles	5 Miles
■ 2024 Projection			
Total Population	2,639	4,547	8,491
■ 2019 Estimate			
Total Population	2,491	4,296	8,091
■ 2010 Census			
Total Population	2,264	3,889	7,390
■ 2000 Census			
Total Population	1,517	2,677	5,296
■ Current Daytime Population			
2019 Estimate	1,073	1,912	3,819
HOUSEHOLDS	1 Miles	3 Miles	5 Miles
■ 2024 Projection			
Total Households	884	1,542	2,981
■ 2019 Estimate			
Total Households	839	1,461	2,838
Average (Mean) Household Size	2.92	2.88	2.84
■ 2010 Census			
Total Households	762	1,324	2,597
■ 2000 Census			
Total Households	556	963	1,910
■ Occupied Units			
2024 Projection	884	1,542	2,981
2019 Estimate	918	1,602	3,126
HOUSEHOLDS BY INCOME	1 Miles	3 Miles	5 Miles
■ 2019 Estimate			
\$150,000 or More	7.36%	7.99%	7.39%
\$100,000 - \$149,000	11.77%	11.35%	11.25%
\$75,000 - \$99,999	15.06%	14.74%	13.75%
\$50,000 - \$74,999	24.67%	23.58%	22.42%
\$35,000 - \$49,999	13.16%	12.93%	12.46%
Under \$35,000	27.98%	29.40%	32.75%
Average Household Income	\$71,042	\$71,103	\$68,383
Median Household Income	\$60,552	\$59,691	\$55,944
Per Capita Income	\$23,933	\$24,183	\$23,984

HOUSEHOLDS BY EXPENDITURE	1 Miles	3 Miles	5 Miles
Total Average Household Retail Expenditure	\$69,768	\$70,416	\$70,300
■ Consumer Expenditure Top 10 Categories			
Housing	\$18,850	\$18,884	\$18,694
Transportation	\$12,455	\$12,340	\$12,058
Shelter	\$10,638	\$10,649	\$10,519
Food	\$7,361	\$7,513	\$7,588
Personal Insurance and Pensions	\$6,596	\$6,652	\$6,581
Health Care	\$4,440	\$4,547	\$4,593
Utilities	\$4,149	\$4,170	\$4,160
Entertainment	\$2,892	\$2,989	\$3,026
Cash Contributions	\$1,800	\$1,880	\$1,981
Household Operations	\$1,753	\$1,744	\$1,708
POPULATION PROFILE	1 Miles	3 Miles	5 Miles
■ Population By Age			
2019 Estimate Total Population	2,491	4,296	8,091
Under 20	33.82%	31.10%	28.25%
20 to 34 Years	21.96%	20.87%	19.74%
35 to 39 Years	7.25%	6.95%	6.72%
40 to 49 Years	11.38%	11.94%	12.55%
50 to 64 Years	15.81%	17.54%	19.21%
Age 65+	9.78%	11.59%	13.54%
Median Age	31.45	33.66	36.48
■ Population 25+ by Education Level			
2019 Estimate Population Age 25+	1,492	2,693	5,311
Elementary (0-8)	4.30%	4.37%	4.52%
Some High School (9-11)	10.05%	10.00%	10.85%
High School Graduate (12)	37.29%	37.52%	38.53%
Some College (13-15)	22.01%	22.47%	23.09%
Associate Degree Only	5.98%	5.83%	5.61%
Bachelors Degree Only	13.35%	12.41%	10.82%
Graduate Degree	5.24%	5.50%	4.83%

Source: © 2019 Experian



### Population

In 2019, the population in your selected geography is 2,491. The population has changed by 64.21% since 2000. It is estimated that the population in your area will be 2,639.00 five years from now, which represents a change of 5.94% from the current year. The current population is 48.18% male and 51.82% female. The median age of the population in your area is 31.45, compare this to the US average which is 38.08. The population density in your area is 792.93 people per square mile.



### Households

There are currently 839 households in your selected geography. The number of households has changed by 50.90% since 2000. It is estimated that the number of households in your area will be 884 five years from now, which represents a change of 5.36% from the current year. The average household size in your area is 2.92 persons.



### Income

In 2019, the median household income for your selected geography is \$60,552, compare this to the US average which is currently \$60,811. The median household income for your area has changed by 76.54% since 2000. It is estimated that the median household income in your area will be \$65,997 five years from now, which represents a change of 8.99% from the current year.

The current year per capita income in your area is \$23,933, compare this to the US average, which is \$33,623. The current year average household income in your area is \$71,042, compare this to the US average which is \$87,636.



### Race and Ethnicity

The current year racial makeup of your selected area is as follows: 71.42% White, 22.33% Black, 0.03% Native American and 1.51% Asian/Pacific Islander. Compare these to US averages which are: 70.07% White, 12.87% Black, 0.19% Native American and 5.66% Asian/Pacific Islander. People of Hispanic origin are counted independently of race.

People of Hispanic origin make up 4.71% of the current year population in your selected area. Compare this to the US average of 18.17%.



### Housing

The median housing value in your area was \$141,172 in 2019, compare this to the US average of \$212,058. In 2000, there were 431 owner occupied housing units in your area and there were 125 renter occupied housing units in your area. The median rent at the time was \$329.



### Employment

In 2019, there are 138 employees in your selected area, this is also known as the daytime population. The 2000 Census revealed that 43.85% of employees are employed in white-collar occupations in this geography, and 53.79% are employed in blue-collar occupations. In 2019, unemployment in this area is 4.62%. In 2000, the average time traveled to work was 37.00 minutes.



## ATLANTA OVERVIEW

The Atlanta metro encompasses 29 counties in northwestern Georgia. With few natural barriers to limit development, tremendous population growth over the past decade expanded the metro's borders and the region now has a population of roughly 5.9 million people. Over the next five years the region is expected to add approximately 293,300 residents. Meanwhile, Mercedes-Benz Stadium has been a catalyst for redevelopment in the urban core of Atlanta. New projects in the downtown and midtown sections of the city present a vast array of housing, entertainment and retail opportunities that are enticing residents back into the city and providing options for people moving to the metro.

### METRO HIGHLIGHTS



#### HEAVY CONCENTRATION OF CORPORATE HEADQUARTERS

Atlanta ranks among the top 10 in the nation in the number of Fortune 500 headquarters with 15 firms, including UPS, Delta Airlines and Coca-Cola.



#### STRONG EMPLOYMENT GAINS

The metro places among the highest in the nation for job growth. More than 328,900 jobs were added in the last five years.



#### LOW COST OF LIVING AND DOING BUSINESS ATTRACTS EMPLOYERS

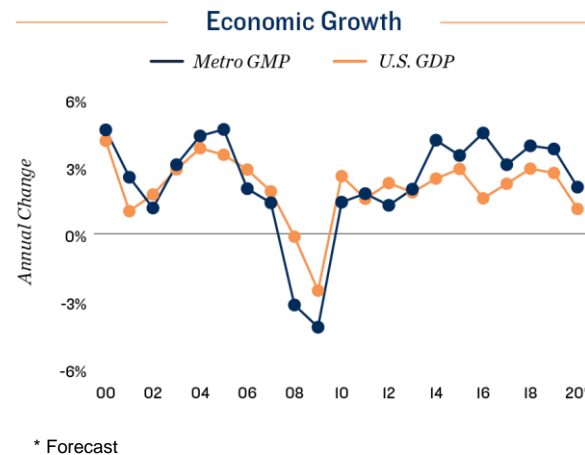
A pro-business environment and affordability helped Atlanta lure new companies to the metro.



# ECONOMY

- Gross metropolitan product (GMP) and retail sales progress above national levels.
- The area serves as an economic hub for the Southeast. Many of the country's largest corporations have selected the Atlanta metro for their headquarters.
- Atlanta is favored by businesses for its low corporate taxes, pro-business climate, and access to national and global markets. Among the numerous corporate headquarters are those for Home Depot, Pulte Group and Genuine Parts. Other major firms include NCR, Mercedes-Benz, Porsche and State Farm.

MAJOR AREA EMPLOYERS
Delta Airlines
The Home Depot
AT&T
WellStar Health Systems
UPS
Northside Hospital
Piedmont Healthcare
Children's Healthcare of Atlanta
Cox Enterprises
Bank of America



## SHARE OF 2019 TOTAL EMPLOYMENT





## DEMOGRAPHICS

- The local population is projected to exceed 6.2 million people during the next five years, after adding roughly 293,000 residents.
- Nearly 125,000 households will be created by the end of 2024, generating the need for additional housing options.
- A skilled workforce includes nearly 36 percent of residents age 25 and older with a bachelor's degree, which places the metro above the national level.

### 2019 Population by Age



## QUALITY OF LIFE

The Atlanta metro features a surging business environment and modern infrastructure while providing entertainment and attractions. Affordable housing in the outer perimeters has lowered the average cost of living. The metro has several acclaimed cultural institutions, including Zoo Atlanta and the High Museum of Art. More than 50 institutions of higher learning call Atlanta home, including Emory University, Georgia Institute of Technology and Spelman College. Outdoor and sports enthusiasts will find plenty to enjoy. Mild weather year-round allows residents to hike, paddle and bike on the many trails in and around Atlanta. Atlanta is home to professional sports franchises in the NFL, MLB, NBA and WNBA.

\* Forecast

Sources: Marcus & Millichap Research Services; BLS; Bureau of Economic Analysis; Experian; Fortune; Moody's Analytics; U.S. Census Bureau



## SPORTS



## EDUCATION



## ARTS & ENTERTAINMENT







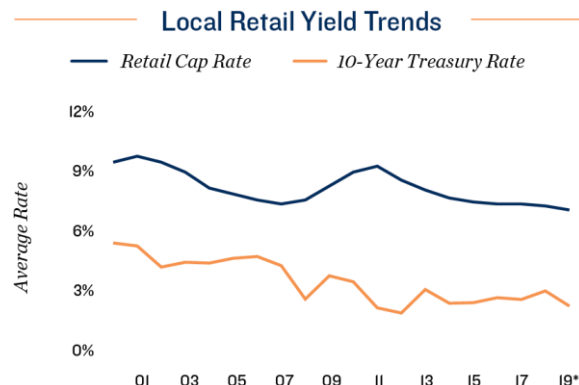
## ATLANTA METRO AREA

### Consumer Spending and Retailer Expansion

#### Ramp Up Capital Migration to Atlanta

**Atlanta draws an increasingly wealthy employment base, boosting retail spending.** The metro is known as the home to 16 Fortune 500 company headquarters, where Atlanta employers continue to create new jobs. Degreed positions including attorneys, accountants, and engineers account for 8.3 percent of the metro's employment base, 2.0 percent higher than the sector's national contribution. As these are typically higher-paying jobs, this trend has helped lift the median household income annually since 2011, totaling a 25 percent increase over the past eight years. After growing 13 percent over the same time period, household growth will continue to intensify metrowide as these newly created positions are filled and new residences formed. As a result of this economic expansion, consumer spending in Atlanta has raised retail sales 3.9 percent year over year or an annual average of 4.8 percent over the past eight years.

**Limited construction pushes vacancy rates to historical lows.** Retail development will be lower this year compared with 2018. Many of the completions have been mixed-used projects that included a retail component, while solo shopping center construction has come to a standstill throughout the metro. A large concentration of these new mixed-use developments are near Interstate 285 ramps. Others have emerged within urban redevelopment programs, such as Atlanta Beltline's Eastside Trail. Here, Publix constructed a 50,000-square-foot grocery store within the mixed-use development Madison Yards. Metrowide, though construction is down, tenants continue to lease vacant retail space, contracting Atlanta's vacancy to its lowest level in the past decade. The limited availability of retail space paired with a growing population will continue to elevate rent prices.



\* Cap rates trailing 12 months through 2Q19  
Sources: CoStar Group, Inc.; Real Capital Analytics

#### Retail 2019 Outlook

**1.5 million**  
sq. ft. will be  
completed

##### Construction:

Development will ease slightly from the 1.6 million square feet added in the previous year. Most projects will be located in proximity to the Interstate 285 Perimeter.

**50 basis point**  
decrease vacancy

##### Vacancy:

Vacancy is projected to contract to 4.9 percent, down 160 basis points over the past three years. This will be the metro's lowest vacancy rate in the current cycle.

**5.3%** increase in  
asking rents

##### Rents:

Average asking rent will escalate following a 1.4 percent advance the previous year. At \$15.80 per square foot, rent will reach its highest level of this decade.

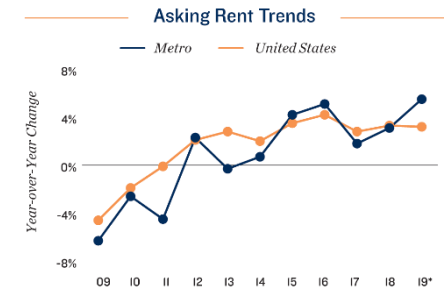
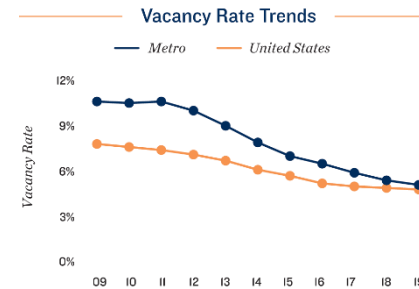
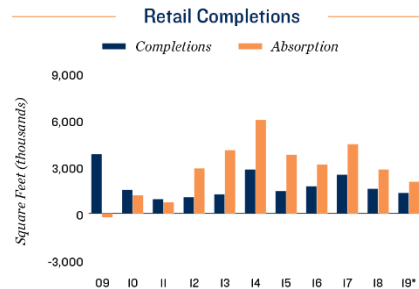
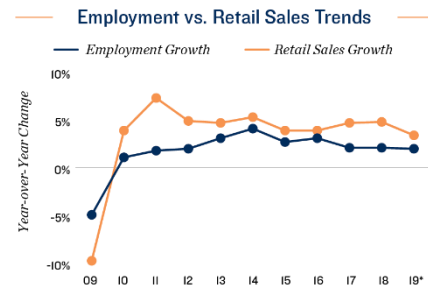
#### Investment Trends

- Class A transaction velocity has experienced a noticeable increase over the past year, particularly in the \$1 million to \$10 million range, which has swelled nearly 40 percent. Deal flow for Class B/C assets has remained consistent with the previous period as a whole; however, trading in the \$10 million to \$20 million range is up 25 percent.
- Private investors have shown recent interest in multi-tenant retail assets, accounting for 72 percent of trades over \$2.5 million the past 12 months. Grocery-anchored centers remain an attractive investment, offering favorable yields. There has also been an uptick in investor interest regarding fitness centers and entertainment-oriented retail.
- The average cap rate for Atlanta retail holds in the high-6 percent to low- 7 percent range, providing yields higher than many out-of-market investors find in their home markets. Specifically, shopping centers have drawn interest as they provide first-year yields in the 7.7 percent range, 70 basis points higher than the national rate.



## ATLANTA METRO AREA

### 2Q19 – 12-Month Trend



### EMPLOYMENT



**1.9%** increase in total employment Y-O-Y

- Over the past four quarters ending in June, Atlanta employers added 53,200 new payrolls as job growth slowed from the 59,900 new positions one year prior.
- The professional and business sector piloted employment growth, tacking on 18,500 jobs. Leisure and hospitality, as well as education and health services sectors, contributed roughly 10,000 new jobs a piece.

### CONSTRUCTION



**1.1 million** square feet completed Y-O-Y

- Following a period of 1.9 million square feet in deliveries, the past 12 months ending in June experienced 800,000 square feet fewer completions. Another 700,000 square feet is underway and scheduled to be finalized into 2020.
- The submarket surrounding Georgia 400 has accommodated 270,000 square feet of retail construction over the past year, the largest of any other Atlanta submarket. McFarland Parkway in Alpharetta has been the primary target for developers.

### VACANCY



**50** basis point decrease in vacancy Y-O-Y

- The vacancy rate fell to 5.1 percent, reaching the lowest level in the past decade. Net absorption of 2.6 million square feet year over year paired with a decrease in completions, supported the contraction.
- North Cobb and Coweta County submarkets each encountered vacancy drops of at least 100 basis points during the past 12 months. Coweta County's 2.1 percent vacancy rate was the metro low.

### RENTS



**1.7%** increase in the average asking rent Y-O-Y

- As vacancy rates reached decade lows, available supply became more expensive, leading to asking rent increases throughout the metro. The average rent reached \$15.68 per square foot, Atlanta's highest average spanning back to 2009.
- Buckhead and Central Atlanta, two of the most expensive submarkets, continued to undergo rent increases to \$30.73 and \$25.41, respectively.

\* Forecast

# ATLANTA METRO AREA

## Demographic Highlights

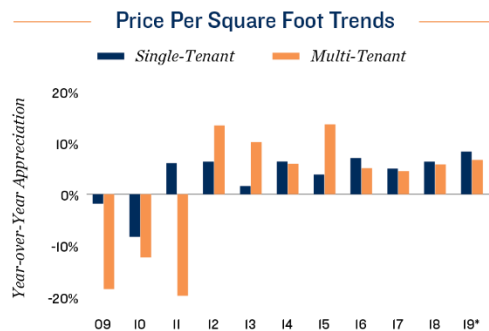


\* Forecast \*\* 2018-2023

## Sales Trends

### Single-Tenant Trading Activity Heats Up; Sale Prices Escalate Across Asset Types

- **Multi-Tenant:** Trading activity remained relatively constant during the past four quarters ending in June. Over this time frame, the average price elevated 6.7 percent to \$227 per square foot, while cap rate dropped 20 basis points to 7.7 percent.
- **Single-Tenant:** Transaction velocity escalated roughly 10 percent year over year, meanwhile average price rose 8.3 percent to \$423 per square foot. Cap rate held steady in the mid-6 percent range.



\* Trailing 12 months through 2Q19 over previous time period  
Pricing trend sources: CoStar Group, Inc.; Real Capital Analytics

**Outlook:** Strong property operations and competitive bidding by buyers should keep values in Atlanta appreciating, encouraging many investors on the sidelines to trade and transfer their equity into larger assets.

## Submarket Trends

### Lowest Vacancy Rates 2Q19\*\*

Submarket	Vacancy Rate	Y-O-Y BasisPoint Change	Asking Rent	Y-O-Y % Change
Buckhead	3.3%	60	\$30.73	3.7%
Central Atlanta	3.6%	60	\$25.41	12.4%
West Metropolitan	3.8%	-90	\$11.25	-3.2%
North Cobb	4.0%	-130	\$15.95	7.6%
South Cobb	4.5%	-30	\$14.29	-16.1%
Gwinnett	5.1%	-20	\$14.74	5.7%
Georgia 400	5.3%	-60	\$18.84	16.3%
NE Atlanta Outlying	5.6%	0	\$13.86	-6.3%
Central Perimeter	5.7%	90	\$21.28	-18.7%
South Metropolitan	6.4%	-80	\$13.32	2.2%
South Atlanta	6.7%	-70	\$11.12	-3.5%

\*\* Includes submarkets with more than 9 million square feet of inventory





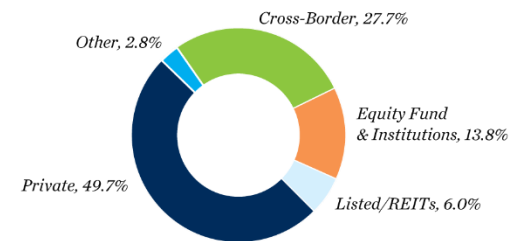
## ATLANTA METRO AREA

### Capital Markets

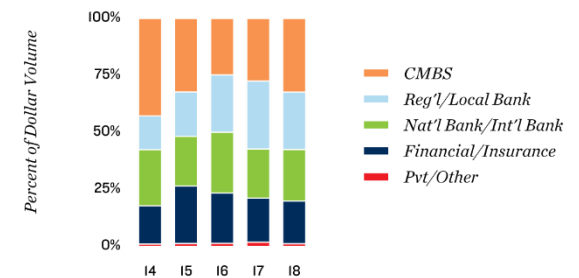
By DAVID G. SHILLINGTON, President, Marcus & Millichap Capital Corporation

- **Fed drives rates lower, yet future policy still undecided.** The Federal Reserve cut the overnight rate by 25 basis points in September, the second reduction in 50 days amid muted inflationary pressure and continued trade tensions with China. Though the rate cut supports an extension of the economic growth cycle, the market remains cautious as the Fed declined to commit to additional rate cuts through the remainder of the year. While some Fed members are advocating on further reductions, others hold a different stance, citing positive economic indicators like sound retail spending, sustained job creation and strong consumer confidence as reasons to maintain the current target rate. These factors have helped moderate recession risk, putting the 10-year Treasury back in the upper-1 percent range and above the two-year note following a yield-curve inversion in late August. While recession risk remains, the economy's solid foundation points to continued domestic growth in the near future. Global developments including the trade war with China as well as the progression of Brexit and its potential aftermath will help determine future Fed decisions.
- **Lenders shift focus to tenant blends as transforming sector opens new doors.** The evolving nature of the retail sector is providing opportunities for investors and giving underwriters more confidence in the long-term outlook of retail. Lending habits remain relatively conservative; however, a wide range of financing is available for strong proposals. Underwriters are beginning to focus more on tenant mixes while emphasizing the inclusion of tenants with sustainable business models before they sponsor a deal. Active lenders include local, regional and national banks, insurance companies, debt funds and CMBS lenders. Net-leased assets and premier, mixed-use structures remain the most desirable asset types. Meanwhile, outlying malls and non-credit tenants will be heavily scrutinized and underwritten in a conservative manner. Loan-to-value (LTV) ratios are in the 60 to 70 percent range with typical debt service coverage (DSC) ratios above 1.30x depending on borrower, asset and location factors. Mezzanine and bridge loan structures have been more frequently used in this environment, with owners financing capital improvements at higher leverage ratios on short-term debt before seeking long-term financing options once their operations have been stabilized.

2Q19\* Retail Acquisitions  
By Buyer Type



Retail Mortgage Originations  
By Lender



\* Trailing 12 months through 2Q19  
Include sales \$2.5 million and greater  
Sources: CoStar Group, Inc.; Real Capital Analytics

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