

INVESTMENT FORECAST

Office
Atlanta Metro Area

IPA
INSTITUTIONAL
PROPERTY
ADVISORS

2025

Regionally Leading Net In-Migration Accelerates Consumer Spending, Sustains Investor Engagement

Population trends and extensive pre-leasing curtail vacancy rise. Atlanta is set to rank among the nation's top 25 markets for retail sales growth this year, bolstered by the largest net in-migration count in the eastern United States and population growth more than double the national pace. This demographic momentum is joined by easing CPI inflation, as Atlanta's measure dipped below 3 percent year over year in the latter half of 2024. Still-elevated prices nevertheless continue to orient consumer demand toward discounted products, which may prompt further local expansion from value retailers. Publix will open another location this year, attended by a new Ross and multiple Dollar Tree stores. Even if evolving trade policy raises inflation, metrowide vacancy is in a good position, as only a slight increase is expected this year. Record-low completions — over 80 percent of which were pre-leased as of February — should funnel demand into existing spaces, equating to a year-end vacancy rate of just 4 percent.

Limited availability and rising rents warrant investment. While many major metros had stagnant or declining asking rents in 2024, Atlanta's mean marketed rate rose by 5 percent last year, keeping transaction velocity steady despite elevated borrowing costs. Out-of-state buyers accounted for about half of 2024 transactions, taking place predominantly within the urban core, specifically in Forsyth and Fayette counties. Roughly 80 percent of sales rung in under \$5 million. Single-tenant property sales in these areas largely involved restaurants, fast food establishments and auto repair locations. Meanwhile, no dominant strategy emerged among multi-tenant transactions. In 2025, Atlanta is likely to garner attention from both private and institutional investors, as its vacancy rate at the onset of this year was just 30 basis points above its all-time low.

2025 MARKET FORECAST

+0.9%



EMPLOYMENT: Although 27,000 new positions on net is the least substantial gain since 2010, the metro's projected job creation for 2025 ranks as the tenth-largest total among major markets.

640,000

sq. ft.



CONSTRUCTION: The volume of square footage completed in 2025 will represent the lowest tally since at least 2007. Near-term deliveries will raise inventory by just 0.2 percent.

+10 bps



VACANCY: Minimal, well-accounted-for openings and a growing consumer base restrain vacancy's rise. The metric will end the year at 4.0 percent, just 40 basis points above the record-low figure.

+3.8%

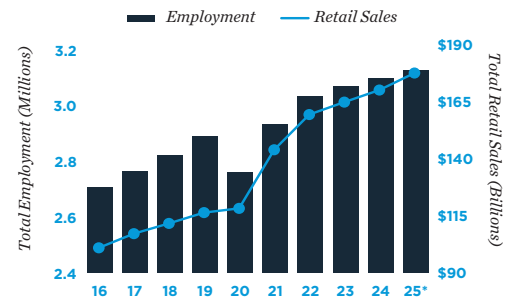


RENT: Limited availability across Greater Atlanta maintains substantial upward pressure on asking rates, driving the mean marketed rent up to \$21.30 per square foot by December.

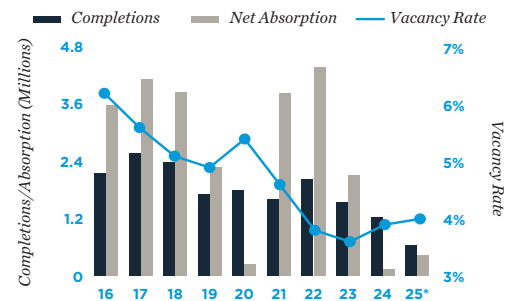
INVESTMENT:

While institutional investors are engaged across Greater Atlanta, the availability of sub-\$2 million properties with high credit-grade tenants may continue to attract new private investors to the market.

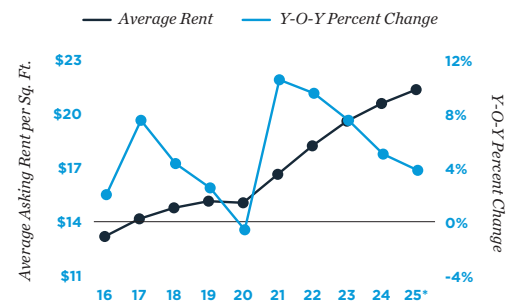
Economic Trends



Supply and Demand



Rent Trends



* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

Atlanta Office:

John M. Leonard

First Vice President, Regional Manager

1100 Abernathy Road, N.E., Bldg. 500, Suite 600

Atlanta, GA 30328

Tel: (678) 808-2700 | john.leonard@marcusmillichap.com

Metro-level employment, vacancy and effective rents are year-end figures and are based on the most up-to-date information available as of December 2024. Effective rent is equal to asking rent less concessions. Average prices and cap rates are a function of the age, class and geographic area of the properties trading and therefore may not be representative of the market as a whole. Sales data includes transactions valued at \$1,000,000 and greater unless otherwise noted. Forecasts for employment and apartment data are made during the fourth quarter and represent estimates of future performance. No representation, warranty or guarantee, express or implied, may be made as to the accuracy or reliability of the information contained herein. This is not intended to be a forecast of future events and this is not a guarantee regarding a future event. This is not intended to provide specific investment advice and should not be considered as investment advice.