

INVESTMENT FORECAST

Office
Atlanta Metro Area

IPA
INSTITUTIONAL
PROPERTY
ADVISORS

2025

Atlanta Witnessing Potential Turning Point As Investors Adjust and Deploy Capital

Leasing dynamics shift in an expanding economy. Boasting the seventh-most Fortune 500 headquarters of U.S. metros, Atlanta's office market is projected to experience the third-fastest annual GMP growth rate among the country's 10 largest economies in 2025. This trend aligns with local business development – including Atlanta's second Tech Village and PrizePicks' expanded headquarters – fueling downward momentum in both direct and sublet vacancy over 2024. Continued corporate expansions and fewer deliveries should encourage further vacancy compression and support Class A demand after nearly all submarkets saw upper-tier vacancy decline in 2024. Notably, Buckhead, Brookhaven and Sandy Springs may continue to attract firms that seek to relocate into suburban areas near clients and employees. Expected corporate relocations to this area from Asbury Automotive, Morris Manning & Martin, and AIG should foster local business development and promote leasing activity from auxiliary firms. Elevated demand from finance, insurance and real estate firms here coinciding with an increase in deal terms extending into ten years signal tenant confidence.

Flight to quality and corporate clusters show shifting investor demand. Entering 2025, office vacancy in the metro hit an inflection point as vacancy began to compress. This, coupled with robust Class A fundamentals in 2024, may have boosted investor confidence, encouraging the deployment of sidelined capital for upper-tier assets. Preliminary data shows increased transaction activity near northern residential zones where businesses are expanding and moving to. Private and institutional buyers here have targeted Class A assets over 100,000 square feet and B assets under 50,000 renovated in the last 20 years, appealing to tenants seeking newer spaces.

2025 MARKET FORECAST

+0.9%



EMPLOYMENT: Atlanta's labor market will expand by 27,000 positions this year, with growth in typically office-centric positions accounting for 2,000 of these new roles.

1,250,000

sq. ft.



CONSTRUCTION: The metro will see its lowest delivery slate in a decade, with inventory growth of 0.4 percent. Deliveries will be heaviest in areas near Midtown, Sandy Springs and Alpharetta.

-90 bps



VACANCY: Less new supply, combined with an expanding economy, will bolster vacancy declines this year. The metric is anticipated to drop to 19.4 percent by year-end.

+1.1%

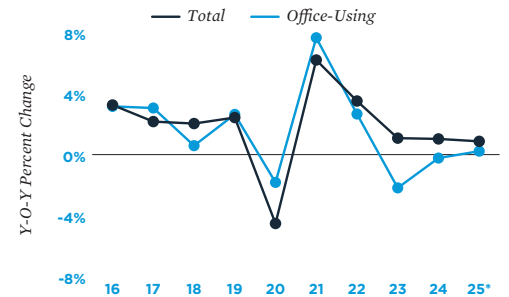


RENT: Falling vacancy and a relatively mild construction slate will aid in bolstering asking rent growth momentum, raising the metric to \$27.52 per square foot.

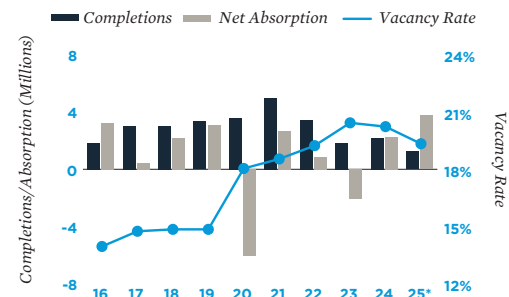
INVESTMENT:

Northwest Atlanta and Northlake may see greater investor appeal as the only two submarkets to note a triple-digit vacancy slide, along with asking rent growth over 1 percent during 2024.

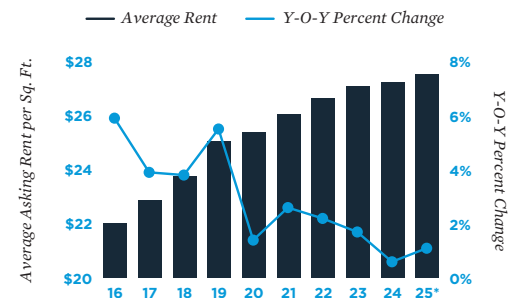
Employment Trends



Supply and Demand



Rent Trends



* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

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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.