INVESTMENT FORECAST

Industrial

Atlanta

IPA INSTITUTIONAL PROPERTY ADVISORS

2026

Demand Drivers Intact as Supply Pressures Ease, Although Vacancy Still Elevated

Tenants navigate recent supply wave. Steady population growth of roughly 1.3 percent annually since 2008 continues to support demand for last-mile logistics and distribution space. At the same time, Georgia's business-friendly tax climate and continued freight investment should help sustain industrial demand, reinforcing Atlanta's standing as a leading production hub. Together with a limited development slate, these trends should help offset some of the softness tied to the 2019-2024 supply wave, when inventory expanded 18 percent. Vacancy, however, is still projected to rise modestly in 2026 as about two-thirds of the incoming pipeline remains speculative. South Atlanta may face greater pressure as deliveries climb 28 percent this year, while new supply in the Interstate 20 East Corridor drops steeply, potentially allowing vacancy to fall below 10 percent. In the northeastern metro, the Blue Ridge Connector's opening in May should improve rail access to the Port of Savannah and strengthen freight connectivity, supporting demand in Gainesville and nearby nodes such as Jefferson over time.

Infrastructure investment shapes capital allocation. Georgia's total trade volume increased 5.8 percent in 2025, elevating the state to the seventh-largest trading market nationally. That backdrop should support investor demand for industrial assets, particularly as the Georgia Port Authority continues its $4.5 billion, 10-year expansion of the ports of Savannah and Brunswick, increasing long-term cargo capacity. As such, warehouses and distribution centers along major trade routes in Atlanta remain well positioned to attract capital. Deal flow in 2025 reflected this outlook, rising 11 percent year-over-year, with most activity concentrated along the I-85 Northeast Corridor, I-75 Northwest Corridor, and South Atlanta — a trend likely to continue into 2026.

2026 MARKET FORECAST

+0.5% — **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.

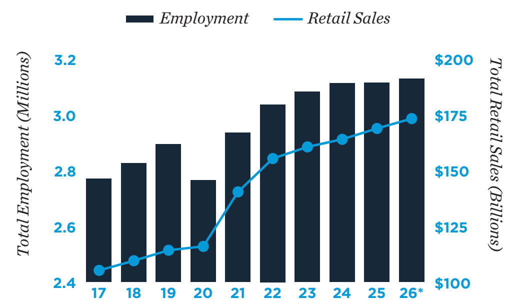
14 million *sq. ft.* — **Construction:** The metro will see its lowest delivery slate in a decade, with inventory growth of 0.4 percent. Deliveries will be heaviest in areas near Midtown, Sandy Springs and Alpharetta.

+70 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.

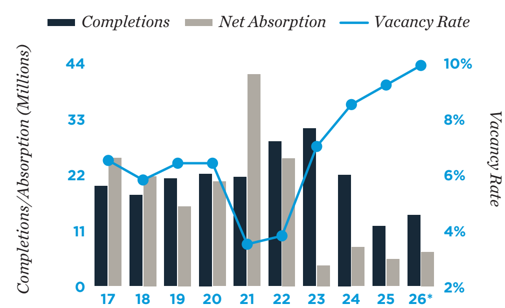
-3.1% — **Rent:** Falling vacancy and a relatively mild construction slate will aid in bolstering asking rent growth momentum, raising the metric to $27.52 per square foot.

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.*

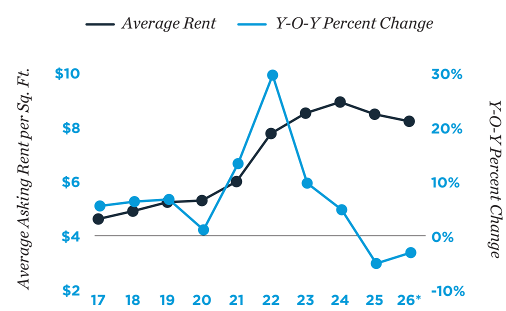
Economic Trends



Supply and Demand



Rent Trends



* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

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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 January 2026. 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 office 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.