

CONSTRUCTION ACTIVITY



UNDER CONSTRUCTION **16,191**

UNITS DELIVERED (YTD) **10,056**

MARKET FUNDAMENTALS



VACANCY RATE **5.7%**

YEAR-OVER-YEAR CHANGE **-220bps**

ASKING RENTS **\$1,628**

YEAR-OVER-YEAR CHANGE **1.3%**

TRANSACTION ACTIVITY (YTD)



MEDIAN PRICE PER UNIT **\$189,100**

ATLANTA MULTIFAMILY
2Q 2025

MARKET INSIGHTS

Vacancy shrinks to lowest level in nearly three years

HIGHLIGHTS

- Renter demand outpaced new deliveries in Atlanta for the fourth consecutive quarter, tightening vacancy conditions. Net absorption totaled about 10,400 units in the second quarter and the figure has surged to nearly 33,000 units over the past 12 months. Units currently under construction represent 2.8% of the market's inventory.
- Vacancy conditions significantly improved during the first half of the year after rising amid elevated deliveries in 2023 and 2024. Area vacancy declined by 100 basis points in the second quarter to 5.7%. Year over year, vacancy dropped by 220 basis points.
- Asking rent growth remained positive but moderated in recent months. Asking rents rose 0.2% in the second quarter to \$1,628 per month. Year over year, rents increased 1.3%.
- Sales activity accelerated during the first half of 2025, outpacing the same period last year by nearly 90%. As of the second quarter, the median sale price is \$189,100 per unit, up 3% from 2024.

ATLANTA MULTIFAMILY MARKET OVERVIEW

Property fundamentals in the Atlanta multifamily market ended the second quarter on a positive trajectory, as vacancy improved and rents continued to rise. While deliveries remain elevated, they have moderated from the peak levels recorded in 2023 and 2024. The construction pipeline has contracted significantly, with approximately 16,200 units underway at midyear, down 50% from one year ago, as development activity returns closer to historical norms. Vacancy improved in the first half as the market absorbed a wave of new supply, supported by record levels of net absorption. For the fourth straight quarter, demand outpaced new deliveries, pushing vacancy down 220 basis points year over year and bringing the rate below 6% for the first time in nearly three years. Rent growth remained in positive territory, reflecting strengthening market conditions.

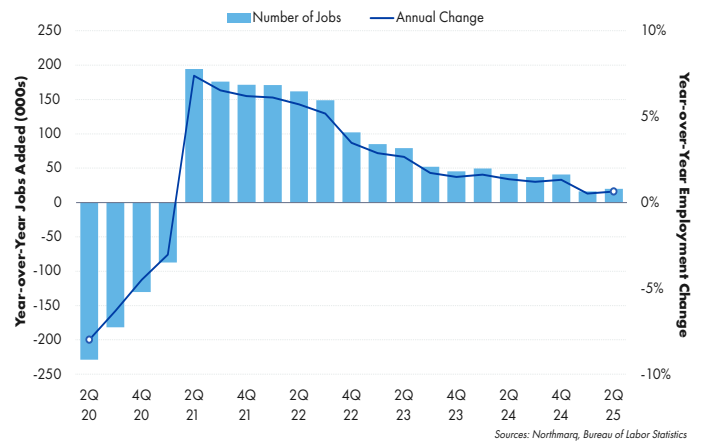
Sales activity in the Atlanta multifamily investment market accelerated in the first half of 2025, surpassing the same period in 2024 by nearly 90%. While still below long-term historical trends, this marks a notable improvement from the previous two years. The median sale price increased 3% year over year to \$189,100 per unit as of the second quarter. The average vintage of traded properties is 1996, about two years older than in 2024, reflecting strong investor interest in mid-cycle assets with value-add potential. Transactions involving newer properties built since 2020 accounted for roughly 9% of sales, down from 19% last year. In 2025, in-place cap rates for quality assets with large discounts to replacement cost and value-add or operational upside have generally been sub-5%. High-quality, stabilized assets with no material upside have been trading in the mid-5% range. Investors continue to pursue yield and growth in fast-growing suburban and outer-suburban submarkets, where nearly 70% of 2025 transactions have occurred.

EMPLOYMENT

- As of the end of the second quarter, employment growth in Atlanta showed slight improvement over the first quarter but remained relatively flat overall. Area employers added 19,800 jobs year over year, an annual increase of 0.6%.
- The healthcare and social assistance sector has expanded by more than 6% in the past year, adding more than 22,000 jobs. Gains in this sector have outpaced total employment growth across all industries over the past year.
- In May 2025, Mercedes-Benz announced plans to expand its North American headquarters in Atlanta, moving up to 500 jobs to its existing facility in Sandy Springs. The company will also invest in a new Research & Development hub nearby. The expansion, while is expected to be completed in August 2026, will add to the company's existing 800 jobs in the area.
- FORECAST:** Hiring is expected to accelerate in the second half of 2025. Employment in Atlanta is projected to increase by 32,000 workers this year, representing a 1.0% annual increase.

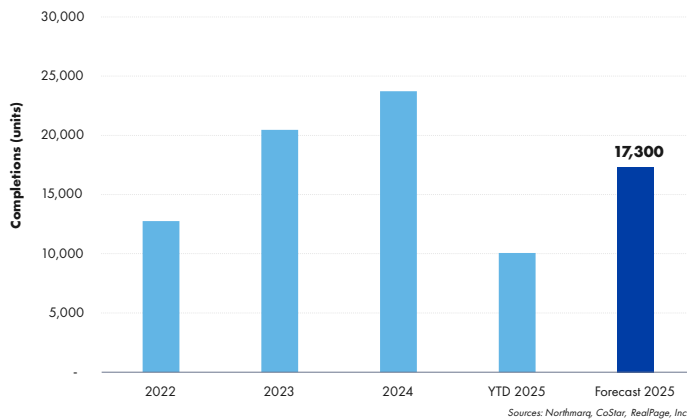
Area employers added 19,800 jobs year over year.

EMPLOYMENT OVERVIEW



Just over 16,000 units are under construction, down 50% from last year.

DEVELOPMENT TRENDS

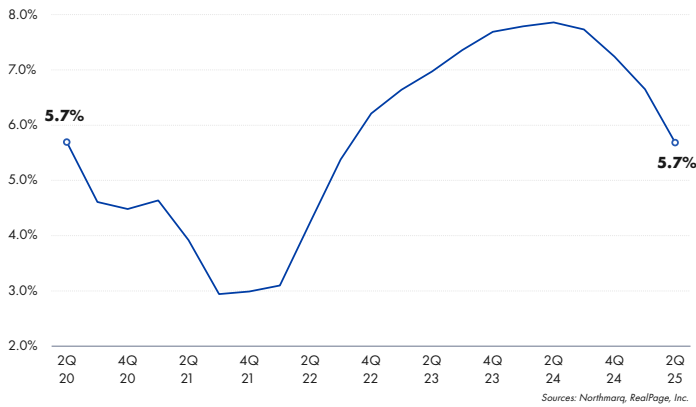


DEVELOPMENT & PERMITTING

- While multifamily deliveries in Atlanta reached a cyclical high in 2024, the pace of completions has since begun to taper. Projects totaling more than 23,700 units came online in 2024, up from 20,500 in 2023, with 10,056 units delivered year to date. From 2017 to 2021, developers completed an average of 8,700 units annually.
- The construction pipeline has contracted during the past year. Projects totaling just over 16,000 units are under construction, down 50% from last year. While development is dispersed throughout the Atlanta area, there is a concentration of projects under construction in the Far North Atlanta Suburbs and Johns Creek/Suwanee/Buford area.
- Multifamily permitting was elevated in 2024 but continued to slow since peaking in 2022. Permits for fewer than 5,000 units have been issued through the first half of 2025, down nearly 40% from levels recorded in the same period last year.
- FORECAST:** Multifamily completions are forecast to decline this year, following elevated deliveries in 2023 and 2024. Projects totaling 17,300 units are expected to come online in 2025.

Year over year, vacancy declined by 220 basis points.

VACANCY TRENDS



VACANCY

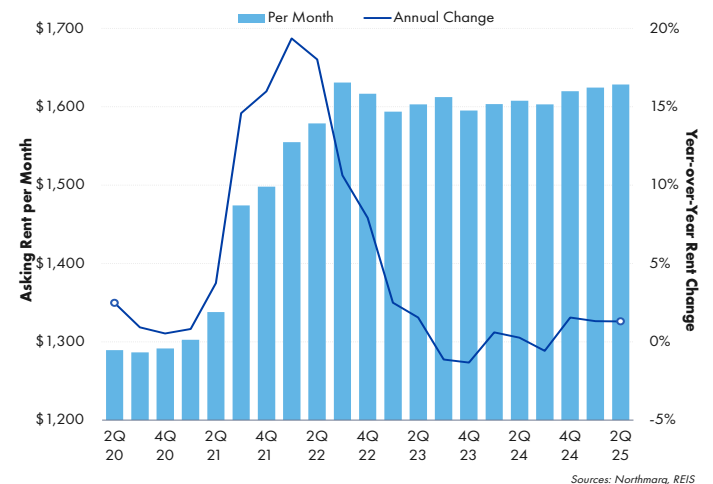
- Vacancy in Atlanta continued its sharp decline in recent months, driven by record absorption levels and a slowdown in new construction deliveries. In the second quarter alone, the vacancy rate dropped by 100 basis points to 5.7%. Year over year, vacancy declined by 220 basis points.
- Among submarkets with at least 15,000 units, Midtown Atlanta posted the largest vacancy improvement during the past year, as new deliveries began to lease up. Vacancy dropped 280 basis points year over year to 5.0%.
- Vacancy conditions have declined sharply in recent quarters, reversing the upward trend in 2023 and peaking in the first half of 2024. The vacancy rate has now returned to its second-quarter 2020 level, signaling a full recovery from the pandemic-era development boom.
- FORECAST:** The vacancy rate is expected to improve in 2025, supported by strong renter demand and a slower pace of deliveries. Area vacancy is projected to end the year at 5.9%, down 130 basis points from 2024.

RENTS

- Rent growth remained positive but moderated slightly in recent months. Asking rents rose 0.2% in the second quarter to \$1,628 per month. Rents increased by 1.3% year over year.
- Rent trends in Atlanta began to stabilize in late 2024 after recording rapid gains in 2021 and 2022 which were followed by a downturn in 2023. Rent gains were modest in 2024, rising 1.6% for the full year.
- While rent trends have been uneven in recent years, average rents have increased in each of the past three quarters, and have posted gains in five of the past six quarters.
- FORECAST:** The annual pace of rent growth this year is expected to finish close to 2024 levels. Apartment rents are expected to rise 1.5% in 2025, reaching \$1,645 per month. Historically, rents have increased at a faster pace; rent growth averaged nearly 5% per year since 2011.

Rents increased by 1.3% year over year.

RENTS TRENDS

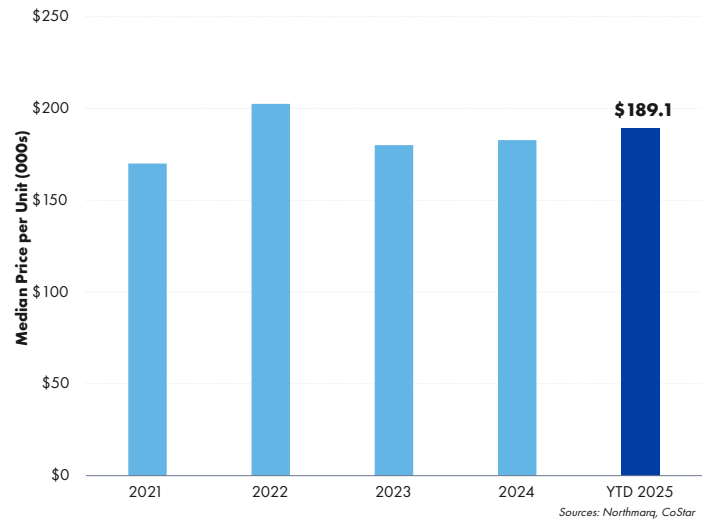


MULTIFAMILY SALES

- Transaction activity in the first half of 2025 outpaced levels recorded in the same period of last year by nearly 90%. While still well below historical norms, this marks a notable improvement from the previous two years.
- As of the second quarter, the median sale price is \$189,100 per unit, up 3% from 2024. The average vintage of properties that have traded in 2025 is 1996, or about two years older than in transactions from 2024.
- Properties built since 2020 represented roughly 9% of deals so far this year, down from nearly 19% in 2024.
- Approximately 70% of year-to-date transactions occurred in suburban and outer suburban submarkets, led primarily by Forsyth County, Outer Gwinnett County, and Outlying Fulton County.
- In-place cap rates for quality assets with large discounts to replacement cost and value-add or operational upside have generally been sub-5%. High-quality, stabilized assets with no material upside have been trading in the mid-5% range.

The median sale price is \$189,100 per unit.

INVESTMENT TRENDS



RECENT TRANSACTIONS MULTIFAMILY SALES ACTIVITY

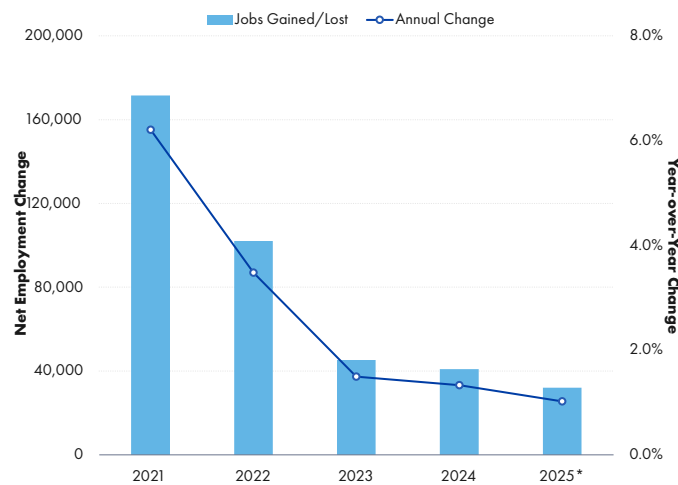
| PROPERTY NAME | STREET ADDRESS | YEAR BUILT | UNITS | SALES PRICE | PRICE/UNIT |
|--------------------------|------------------------------|------------|-------|--------------|------------|
| Connect Decatur | 2641 E College Ave., Decatur | 2019 | 378 | \$90,500,000 | \$239,418 |
| Maddux at Shadowood | 2180 Shadowood Pky., Atlanta | 2023 | 287 | \$87,600,000 | \$305,226 |
| Marquis Midtown District | 415 NE Armour Dr., Atlanta | 2008 | 372 | \$71,250,000 | \$191,532 |
| Skye Suwanee Town Center | 500 Buford Hwy., Suwanee | 2020 | 233 | \$64,750,000 | \$277,897 |

LOOKING AHEAD

Operating conditions are expected to continue stabilizing in the near term as the pace of supply growth moderates following peak completions in 2023 and 2024. Projects totaling approximately 17,300 units are forecast to come online in 2025, which is below the levels recorded in the previous two years but nearly 90% above the average from 2017 to 2022. As deliveries slow in the coming months, strong absorption is anticipated to keep pace with inventory growth, supporting further improvement in vacancy rates compared to the prior two years. Vacancy is forecast to end 2025 at 5.9%, down 130 basis points year over year, close the five-year average of 5.7%. Rent growth is expected to continue through year-end as the market absorbs new inventory at record-high levels.

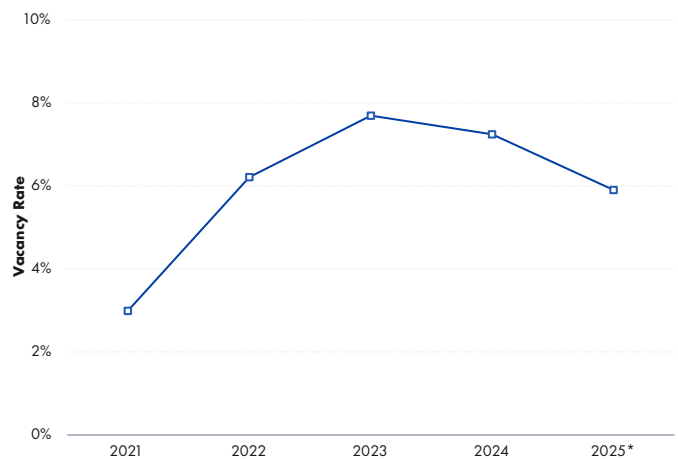
Sales activity in the Atlanta multifamily investment market is expected to continue gaining momentum through the remainder of 2025, trending closer to long-term norms but still likely to lag historical averages. Properties built in the 2000s represent the largest share of transactions year-to-date, nearly 30%, highlighting investor interest in assets around 15-25 years old that are often well-positioned for value-add strategies or repositioning. While newer vintages have made up a smaller portion of recent trades, those assets are expected to enter the transaction pipeline more frequently in the second half of the year. Cap rates may compress slightly, though most deals continue to settle in the low-to-mid-5% range, a level that will likely hold in the near term. Overall, sales activity is projected to improve in the coming months, but a full return to traditional transaction levels may not materialize until 2026.

EMPLOYMENT FORECAST



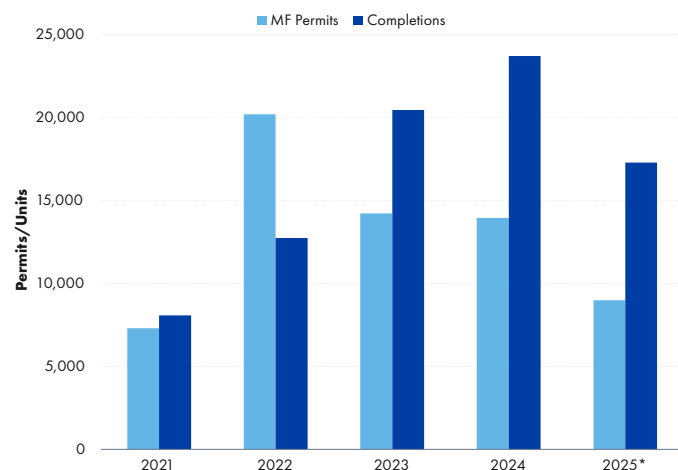
* Year End Forecast
Sources: Northmarq, Bureau of Labor Statistics

VACANCY FORECAST



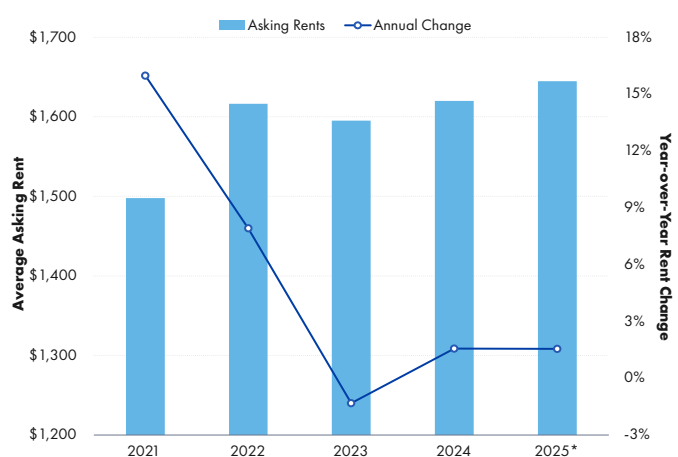
* Year End Forecast
Sources: Northmarq, RealPage, Inc.

CONSTRUCTION & PERMITTING FORECAST



* Year End Forecast
Sources: Northmarq, RealPage, Inc., Census Bureau

RENTS FORECAST



* Year End Forecast
Sources: Northmarq, REIS



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