Northmarq

MARKET INSIGHTS

Transaction activity rises year over year

CONSTRUCTION ACTIVITY

UNDER CONSTRUCTION	18,565
UNITS DELIVERED (YTD)	3,132

MARKET FUNDAMENTALS

VACANCY RATE	6.4%
YEAR-OVER-YEAR CHANGE	-30bps
ASKING RENTS	$1,638
YEAR-OVER-YEAR CHANGE	+0.9%

TRANSACTION ACTIVITY (YTD)

MEDIAN PRICE PER UNIT	$159,900

ATLANTA MULTIFAMILY
Q1 2026

HIGHLIGHTS

- Operating fundamentals in Atlanta were relatively stable during the first quarter, with modest rent growth and a slight uptick in vacancy. Development continued to slow, with roughly 2,000 units delivered, while units under construction represented 3.1% of the existing inventory as of quarter-end.
- Vacancy rose 10 basis points in the first quarter to 6.4% as new supply slightly outpaced demand. Still, vacancy remains 30 basis points below the level recorded one year ago.
- Asking rents ticked higher by 0.1% quarter over quarter to $1,638 per month. On an annual basis, rents increased 0.9%.
- The number of transactions during the first quarter accelerated compared with the same period in 2025, while the average deal size also increased. The median sale price was $159,900 per unit, reflecting a transaction mix skewed toward suburban garden-style properties.

ATLANTA MULTIFAMILY MARKET OVERVIEW

Atlanta's multifamily market started 2026 with relatively stable fundamentals, as rents continued to rise even as vacancy ticked up slightly. Midtown led submarket performance, posting outsized gains with rent growth of 4.2% year over year. Deliveries eased further, with first quarter completions falling to their lowest level since the fourth quarter of 2021, while the construction pipeline also contracted from the prior quarter to roughly 18,600 units underway, representing about 3.1% of the existing inventory. New supply was distributed fairly evenly across submarkets, though absorption was concentrated in the Far North Atlanta suburbs and the Johns Creek/Suwanee/Buford area, where demand exceeded same-quarter deliveries. Following a sharp improvement in 2025, vacancy increased for a second consecutive quarter as deliveries outpaced positive absorption, yet the rate remains below the year-ago level and near pre-surge norms.

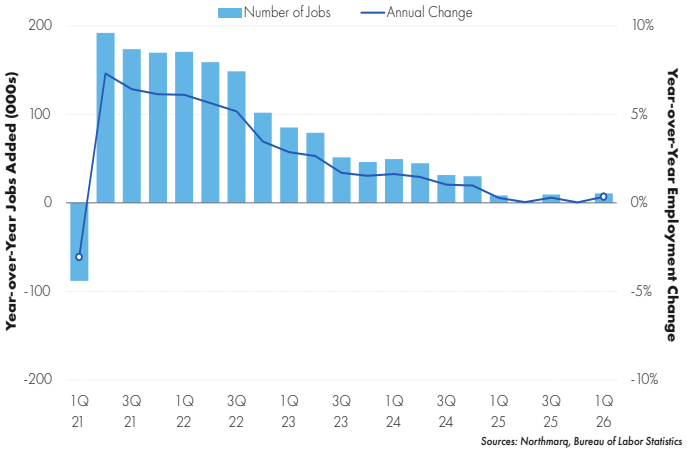
Market activity accelerated year over year in the first quarter of 2026, driven by higher-value deals and increased investor interest in suburban Atlanta submarkets. The year-to-date median price reached $159,900 per unit, down from 2025, largely reflecting a shift in deal mix rather than pricing deterioration. About three quarters of the transactions were garden-style properties, with activity concentrated in secondary submarkets such as Covington, Conyers, McDonough, Austell, and Douglasville, which drove much of the median compression. Momentum built through the quarter, with the number of deals increasing each month. Total sales volume rose 71% year over year despite only a 25% increase in transactions, reflecting larger average deal sizes. Cap rates varied by product, ranging from as low as 4.25% to 4.75% in cases of quality assets selling at discounts to replacement cost or value-add opportunities. Quality stabilized assets have been trading in the high-4% to low-5% range.

EMPLOYMENT

- Employment growth in Atlanta improved modestly during the first quarter of 2026. Area employers added 10,700 jobs year over year, an annual increase of 0.3%.
- The healthcare and social assistance sector expanded by more than 5.5% in the past year, adding more than 21,000 jobs. Gains in this sector have outpaced total employment growth across all industries during the past year.
- In March 2026, Fulton County approved a resolution to advance negotiations with Grady Health System for a planned $1 billion medical campus in south Fulton, anchored by a 200-bed acute care hospital. The project, expected to include a medical building and an emergency department, could create more than 2,000 jobs and is anticipated to open in phases through 2031, with the county providing up to $300 million in financing.
- **FORECAST:** Hiring is expected to strengthen in 2026, though growth will remain moderate. Employment in Atlanta is projected to increase by 22,000 workers, representing a 0.7% annual increase.

Area employers added 10,700 jobs year over year.

EMPLOYMENT OVERVIEW



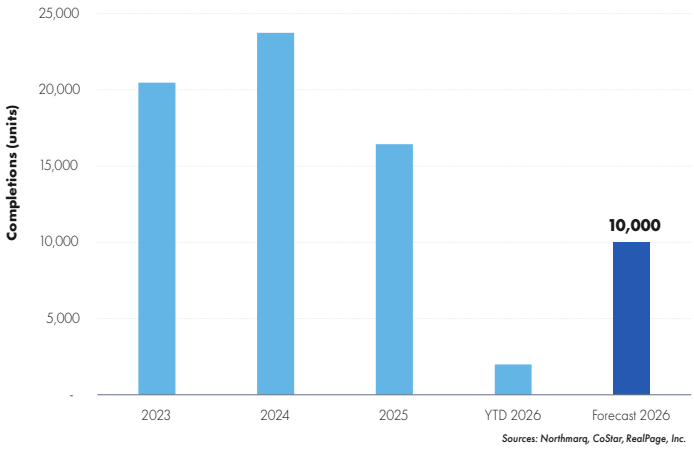
Sources: Northmarq, Bureau of Labor Statistics

DEVELOPMENT & PERMITTING

- Supply pressure continued to ease into 2026, with deliveries reaching their lowest quarterly total since the fourth quarter of 2021. Roughly 2,000 units were completed during the first quarter, down 60% year over year.
- With fewer than 18,600 units under construction, down 17% from a year ago, the pipeline is at its lowest level since 2015. Construction activity is broadly distributed across the Atlanta area, with Northeast Gwinnett County, the Johns Creek/Suwanee/Buford area, Sandy Springs, and Henry County accounting for roughly 30% of active development.
- Multifamily permitting activity ticked higher during the first quarter. Developers pulled permits for roughly 2,900 multifamily units, about 15% higher than a year ago.
- **FORECAST:** Multifamily completions are projected to fall sharply in 2026, bringing three consecutive years of elevated delivery activity to a close. Total deliveries for the year are estimated at approximately 10,000 units.

The pipeline is at its lowest level since 2015.

DEVELOPMENT TRENDS

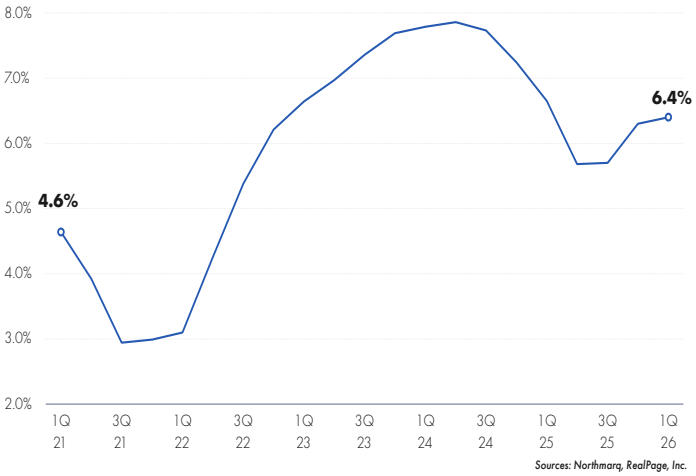


Sources: Northmarq, CoStar, RealPage, Inc.

VACANCY

Vacancy remained 30 basis points below a year ago.

VACANCY TRENDS



Sources: Northmarq, RealPage, Inc.

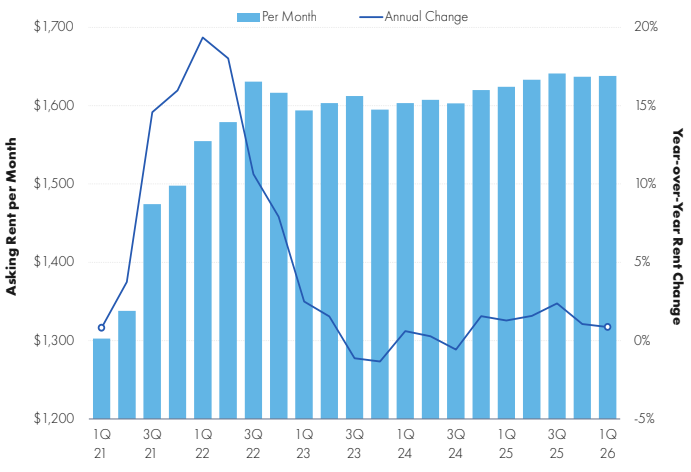
- Although absorption improved from the previous quarter and new supply continues to shrink, deliveries outpaced demand during the first quarter, pushing vacancy up 10 basis points to 6.4%. Vacancy remained 30 basis points below the same period a year ago.
- Among submarkets with at least 15,000 units, South Atlanta posted the largest vacancy improvement across all property classes over the past year, as demand remained positive and no new supply delivered. Vacancy fell 310 basis points year over year to 5.9%. Similar trends were recorded in Sandy Springs and Buckhead, where vacancy declined 140 basis points and 80 basis points, respectively, to 5.6% and 5.9%.
- Vacancy varied by asset class, with Class A leading all segments at 6.3% after dipping 10 basis points year over year. Class C posted the largest improvement, falling 100 basis points to 6.4%, while Class B edged modestly higher by 20 basis points to the same level.
- **FORECAST:** As new supply continues to taper and recently delivered units are absorbed, vacancy is projected to decline 30 basis points by year-end to 6.1%.

RENTS

- Asking rents rose 0.1% during the first quarter to $1,638 per month. Annual growth of 0.9% remains positive, though it has moderated slightly in recent periods.
- Performance varied across submarkets in the opening months of 2026. Midtown posted the strongest gains, with asking rents increasing 4.2% year over year to $2,328 per month, while Buckhead recorded more modest growth of 1.4% to $2,143 per month.
- Class A asking rents led the market, rising 0.1% quarter over quarter and 1.1% year over year to $1,873 per month. Meanwhile, Class B and Class C rents edged down 0.9% during the quarter and 0.5% annually to $1,259 per month.
- **FORECAST:** Annual rent growth in 2026 is expected to outpace 2025 levels. Apartment rents are projected to rise 1.3% during the year, reaching $1,658 per month.

Rents increased 0.9% year over year.

RENTS TRENDS



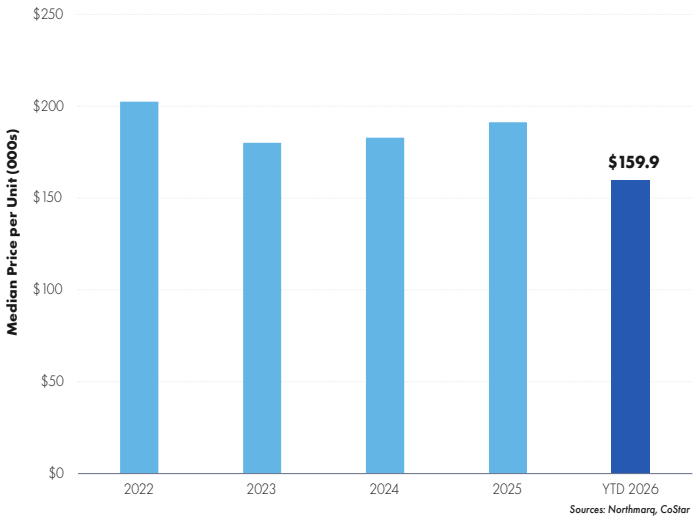
Sources: Northmarq, REIS

MULTIFAMILY SALES

- Transaction volume in the first quarter of 2026 rose 71% from the same period in 2025, led by not only an increase in the number of deals but also a rise in the average deal size. The market recorded 25 closings at an average of $50.3 million, up from 20 deals averaging $36.7 million in the prior year period.
- The year-to-date median sale price is $159,900 per unit, down from 2025. The first quarter included a transaction mix heavily weighted towards garden-style, second-tier suburban properties. The quarter's suburban deals were concentrated in Covington, Conyers, McDonough, Austell, and Douglasville, none of which appeared among 2025's premium performers, and that submarket substitution accounts for most of the median decline rather than underlying price deterioration.
- Atlanta intown pricing is trending above 2025 norms, with first-quarter deals posting a median of $230,400 per unit, up about 12% from the 2025 median, driven by a higher share of 2013 to 2019 vintage transactions relative to last year's broader mix.
- In-place cap rates for quality assets with discounts to replacement cost or value-add opportunities were generally in the 4.25% to 4.75% range, while high-quality, stabilized assets traded in the high-4% to low-5% range. Commodity product in high-supply pockets is difficult to trade, but buyers are generally looking for mid-5% caps in that space.

The year-to-date median sale price is $159,900 per unit.

INVESTMENT TRENDS



RECENT TRANSACTIONS MULTIFAMILY SALES ACTIVITY

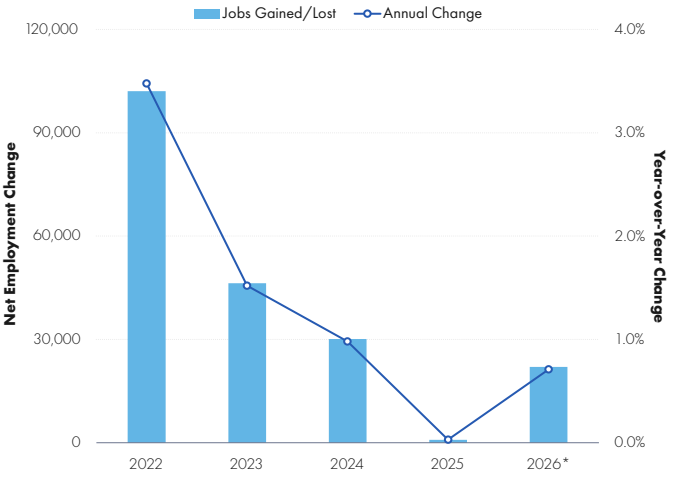
PROPERTY NAME	STREET ADDRESS	YEAR BUILT	UNITS	SALES PRICE	PRICE/UNIT
Elan Brookwood	3890 Floyd Road, Austell	2023	395	$103,500,000	$262,025
92 West Paces	92 W. Paces Ferry Road N.W., Atlanta	2013	210	$90,750,000	$432,143
Aura Creekside Apartments	GA-400, Cumming	2023	310	$85,000,000	$274,194
SkyHouse Buckhead	3390 Stratford Road, Atlanta	2015	362	$83,400,000	$230,387
Revel Ballpark	2855 Crescent Pkwy., Atlanta	2019	275	$80,250,000	$291,818
Landmark at Bella Vista	4015 Satellite Blvd., Duluth	1985	564	$77,000,000	$136,525

LOOKING AHEAD

Operating conditions are expected to stabilize further through 2026 as supply growth moderates following peak completions during the last four years. Projects totaling approximately 10,000 units are forecast to come online in 2026, well below levels recorded in the most recent years and more in line with the annual average from 2017 to 2021. Vacancy is expected to continue easing as absorption closely tracks or slightly exceeds new supply, with the rate projected to reach 6.1% by year-end, down 20 basis points year over year and consistent with the five-year average. Rent growth is expected to modestly outpace 2025 levels as the market benefits from a shrinking development pipeline.

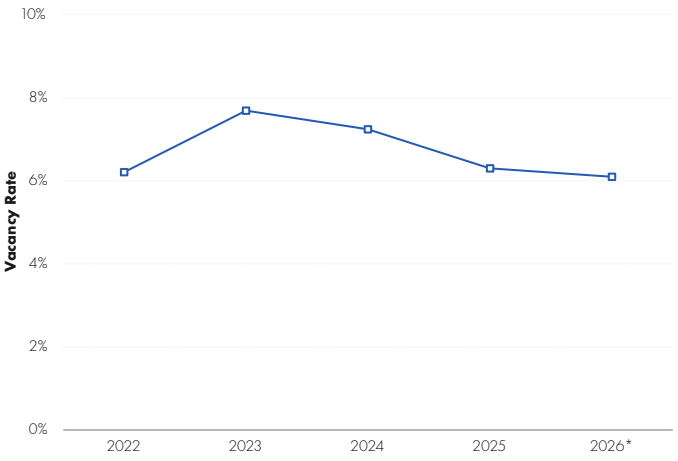
The Atlanta multifamily investment market is expected to carry forward its recent momentum through the remainder of 2026 after strengthening in 2025. Investor demand continues to favor newer, higher-quality assets, while older properties remain attractive to buyers pursuing value-add or repositioning strategies. Transaction volume is projected to expand across both urban and suburban areas, with an increasing share of higher-priced deals similar to transactions recorded during the first quarter. Cap rates are expected to remain largely stable or compress gradually, with most deals settling in the low-4% to mid-5% range. While activity should remain consistent in the near term, a full recovery to historically typical levels is more likely in the first half of 2027.

EMPLOYMENT FORECAST



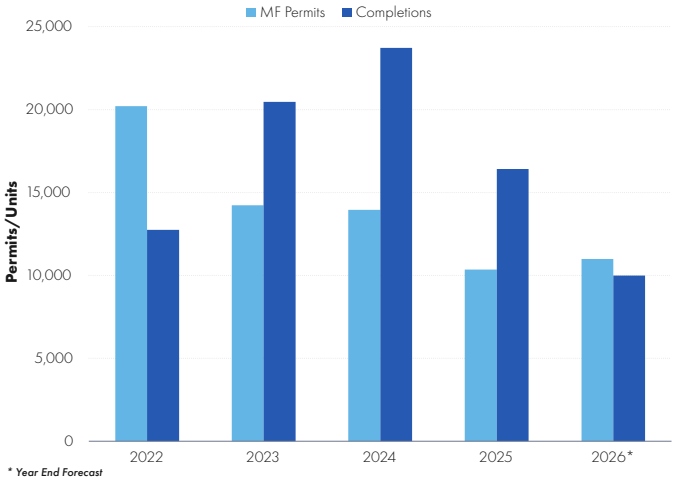
** Year End Forecast*
Sources: Northmarq, Bureau of Labor Statistics

VACANCY FORECAST



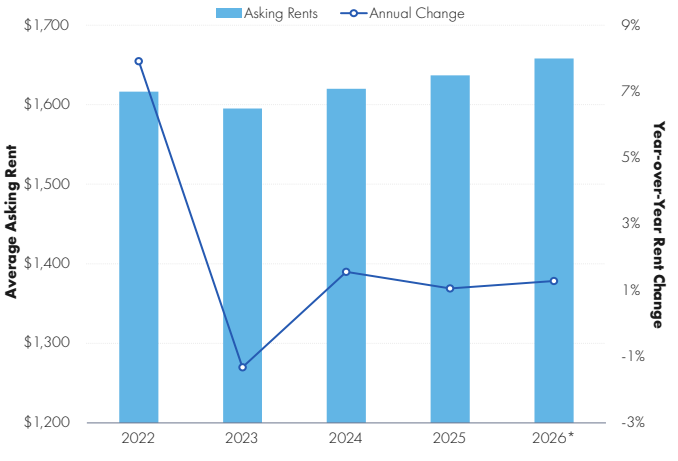
** Year End Forecast*
Sources: Northmarq, RealPage, Inc.

CONSTRUCTION & PERMITTING FORECAST



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

RENTS FORECAST



** Year End Forecast*
Sources: Northmarq, REIS

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